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HOUSE OF REPRESENTATIVES—*Thursday, September 24, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious Lord, as You have created us in Your image and given us the values and hopes of all people, we pray that You would manifest to us the unity of spirit that is Your gift. We necessarily express ourselves thinking of our own interests and plans and we confess that we do not listen to others as we ought, nor do we easily grasp truth when spoken by an adversary. Fill our hearts with the fullness of Your love that we will see others, not only as contestants in life's race, but as fellow partakers of Your divine grace. This we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 187. An act to authorize the Secretary of the Interior to convey certain lands near Miles City, Mont., and to remove certain reservations from prior conveyances;

S. 634. An act to authorize the exchange of certain lands in Idaho and Wyoming;

S. 763. An act to authorize and direct the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands that were withdrawn or acquired for the purpose of relocating a portion of the city of American Falls out of the area flooded by the American Falls Reservoir; and

S. 892. An act to amend the Federal Grant and Cooperative Agreement Act.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 1181) entitled "An act to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. TOWER, Mr. JEPSEN, Mr. COHEN, Mr. QUAYLE, Mr. DENTON, Mr. STENNIS, Mr. EXON, Mr. HARRY F. BYRD, JR., and Mr. NUNN to be the conferees on the part of the Senate.

PERMISSION FOR SUBCOMMITTEE ON SEAPOWER AND STRATEGIC AND CRITICAL MATERIALS, AND SUBCOMMITTEE ON MILITARY PERSONNEL AND COMPENSATION OF COMMITTEE ON ARMED SERVICES TO SIT TODAY DURING 5-MINUTE RULE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that the Subcommittee on Seapower and Strategic and Critical Materials, and the Subcommittee on Military Personnel and Compensation of the Committee on Armed Services be permitted to sit today during proceedings under the 5-minute rule for hearings only, no markup.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, can the gentleman assure us it is for hearings only?

Mr. MONTGOMERY. That is correct.

Mr. ROUSSELOT. I thank the gentleman.

I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

APPOINTMENT OF CONFEREES ON S. 1181, UNIFORMED SERVICES PAY AND BENEFITS ACT OF 1981

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1181) to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes, insist on the House amendments thereto, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? The Chair hears none, and appoints the following conferees: Messrs. PRICE, NICHOLS, MONTGOMERY, ASPIN, and WON PAT, Mrs. BYRON, Messrs. DICKINSON, and MITCHELL of New York, Mrs. HOLT, and Mr. HILLIS.

PETER PEYSER'S POEM TO THE PRESIDENT

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, I have heard that poetry can sometimes be the best way of getting a message across, so I am going to try.

Mr. President we all agree
To balance the budget would be great to see

To have interest fall and inflation drop
Would help to solve the problems we've got

Your plans, however, seem to fall apart,
Where you use all head and so little heart

There are people's lives who you represent
Whose futures will dim unless you relent

Education and food, jobs, housing and health,
Are the things that will keep our great natural wealth

Mr. President listen to the heartbeat of this land,
It does not grow strong with just numbers and plans

It needs understanding and a sense of fair play
If you give it all that, you will carry the day

PERSONAL EXPLANATION

Mr. RODINO. Mr. Speaker, yesterday I was recorded as voting "aye" on

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

the passage of H.R. 4 on rollcall 219. I intended to vote "no," and I ask unanimous consent that this statement appear in the permanent RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

REPEAL OIL TAX BREAKS

(Mr. DASCHLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DASCHLE. Mr. Speaker, I do not know how this body, or this Government, can seriously consider cutting social security benefits when it has so recently handed the oil industry almost $12 billion in brandnew tax handouts. I fail to understand how we can talk about equality of sacrifice when we hammer veterans and farmers and children over and over again, then actually invent new tax loopholes for oil.

The bill I introduce today would deal with this gross inequity in a straightforward manner. It would repeal the $12 billion in tax breaks we gave the oil industry last August.

Everyone in this Congress knows those oil tax breaks were thrown into the tax bill as part of a vote-buying war. They are unjustified. They are an insult to the millions of Americans we are asking to sacrifice toward the cause of a balanced budget. They should be repealed without delay.

TRIBUTE TO NATHANIEL CROSBY

(Mr. RUSSO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUSSO. Mr. Speaker, someone once commented that victories that are easy are cheap. Those worth having are the ones that come as the result of hard fighting.

Recently a young man of dauntless determination and commitment was the victor in the 81st U.S. Amateur Golf Championship. It was not an easy win and it came as the result of fighting through the years, not others, but the forces in one's self that can lead one to give up—sometimes you want to give up when you are tired, so you decide not to practice, or you come in out of the rain because you are cold, or give up when you see the competition, and slow down when it looks like the odds are against you. Nathaniel Crosby never gave up or slowed down and earlier this month it meant the victory he fought for.

Nathaniel has said that, "All I ever wanted was to make my dad proud," and he vowed in 1977, the year his father Bing died, to win a major tournament before he turned 20. He did it. It is that simple—you make a plan, you commit yourself to it, and you do it. And with a style that would surely make his dad proud and the family and friends that were pulling for him, Nathaniel came from behind in the tournament, then sank a dramatic 20-foot birdie putt on the first hole of a sudden-death playoff. The countless hours of practice showed.

Sports Illustrated described it as a storybook finish, and I agree. And I wish we had more of them. It was a sentimental time and it makes the victory all the sweeter that the desire for it grew from generous impulses and love. I think Nathaniel exemplifies what is good and commendable in our young people who set goals for themselves and I know his mother Kathryn must be especially proud of him—a good student in college, a good citizen, a respectful and loving son who has never taken advantage of his position in a famous family. And he has carried on in the tradition of his father the Crosby family charity assistance, raising $1 million for charity with last year's Bing Crosby Pro-Am alone.

Asked what his father would have said about the win, Nathaniel replied, "He'd say, 'Kid, don't let it go to your head.' " That is the sort of young man Nathaniel is. It was my pleasure to meet him last year at the Bing Crosby Pro-Am and I can attest to his skill with people as well as golf—he brings the same honesty and concentration to his dealings with people as he does to the greens. He may still be playing amateur, but he is every bit a pro. I know my colleagues join with me in congratulating Nathaniel Crosby on this great victory.

REASSURING TO KNOW THAT REAGAN ADMINISTRATION IS DIRECTLY AIDING AFGHAN FREEDOM FIGHTERS

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, why Anwar Sadat chose to reveal that the United States has been buying old Soviet-made arms from Egypt and secretly supplying them through Pakistan to the Afghan rebels is anyone's guess.

It surely is not helpful to the rebel's cause to make this information public.

But after 4 years of ineptitude and weakness in the White House in dealing with Soviet aggression and adventurism around the world, it certainly is reassuring to the American people to know that this administration is providing direct help to those fighting for freedom against Soviet tyranny and imperialism.

WASTE, FRAUD, AND ABUSE IN FOOD STAMP PROGRAM

(Mr. COLEMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLEMAN. Mr. Speaker, waste, fraud, and abuse are no longer adequate words to describe what is happening in the food stamp program. This year alone, over 600 arrests or indictments have been handed down for illegal food stamp trafficking. In Virginia—40 persons were arrested last week for running a food stamp brokerage operation. In Wichita, Kans., an undercover agent was nearly shot to death by gangsters bent on illegally selling some $30,000 worth of food stamps per week. In my hometown of Kansas City, Mo., a lawyer was convicted of conspiracy to violate the food stamp laws. He was accused of illegally purchasing and possessing $13,000 in food stamps and in New York City criminal violations of $29 million were reported by the Inspector General to our committee this week.

Things have gotten to the point in this $11.5 billion program that criminals view food stamps as a second currency with which to buy guns, cars, stolen merchandise, and even illegal drugs.

The Department of Agriculture's Inspector General's office has done much to prosecute food stamp criminals. But they are presently limited in what they can do. Often they must totally rely upon the cooperation of local law-enforcement offices. At other times, undercover agents have found their lives in danger without any real protections.

In order to combat this growing illegal trafficking in food stamps, and to help counter the virtual theft of food from the mouths of the poor, I have introduced H.R. 4530, the Food Stamp Law Enforcement Act of 1981.

This legislation would give certain limited law-enforcement powers to criminal investigators in the USDA's office of the Inspector General. Subject to carefully proscribed rules, to be issued by the Secretary of Agriculture, these law-enforcement investigators would have the authority to carry firearms; to make arrests without warrants for criminal violations committed in their presence; to conduct a search of the premises and to seize evidence involved in these arrests; and, to execute warrants for an arrest where there is probable cause to believe there was a violation of the law.

These may seem like strong measures to propose. They are meant to be. We are no longer just dealing with the abuse of the system by the so-called con artist, but with hardened criminals who are stealing from the truly needy for whom the program exists and from the taxpayers who have been held up once too often.

HIGH INTEREST RATES HIT HARD BACK HOME

(Mr. ROGERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROGERS. Mr. Speaker, yesterday I introduced a bill to provide small businessmen and farmers with some relief from the impossible interest rates. Because I know this is an issue of extreme importance to folks in all of our districts, I was eager to tell my colleagues about this legislation and to urge your support.

Over the past year, businessmen and farmers have been writing to tell me how much damage the high interest rates are causing.

Then I spent the month of August traveling through each of the counties in the Fifth District of Kentucky. And in all of the town meetings and in all my conversations with folks in restaurants, stores and street corners, the message was loud and clear. The high interest rates are ruining good businessmen and farmers.

I wish that the Chairman of the Federal Reserve, Paul Volcker, could have been there with me in these town meetings, so he could have heard firsthand what his policies are doing.

He would have had to face a man who had worked hard at his homebuilding business. He had spared no effort as he had built his business up over the years. He had survived hard times before and he had survived competition from other businesses—but now his own Government was putting him out of business.

He would have listened to this man telling me how he goes out all day trying to hunt down some business, wasting money on gasoline. And when he gets to place a bid, it is so low that it is hardly worth it for him to do it. But he just cannot sit idle and he does not want to have to lay his men off. But with these high rates, no one can afford to build—so after all his hard work, he is being absolutely ruined.

If he came and sat with me in a restaurant in Russell County, he would have seen farmers coming in for a cup of coffee who were wondering how they would be able to last another year. I wonder if he has ever even talked to one of these farmers. Unlike a bunch of Washington bureaucrats, these farmers and their families do not have much money to spare. When the interest rates go up as high as they have been, it does not mean that they buy one less house—it means they go out of business.

If he had come out there with me, he would have had to look square in the face of a farmer who works every single day of the week and who had not been able to take a vacation for the last 10 years. He had struggled to build up his herd of dairy cows, so he would be able to take care of his family the way he wanted to and so he would be able to take care of himself and his wife in their old age.

He should have been there himself. He would have realized that all the figures and statistics and charts he has been studying in his Washington office do not tell the real story of the people's lives he is ruining. But since he will not come out to Kentucky to meet with these farmers and businessmen, I have had to tell him their message.

He has to understand that he is putting the hard-working men and women of my district out of business.

The bill I have introduced today will help us to correct this situation.

It directs the Secretary of the Treasury to come up with a definite plan to lower the interest rates. It tells him to make sure to spell out a specific plan to get some relief for small businesses and farmers who have been hurt by the high rates. It mentions a few specifics for him to consider in developing his plan—such as coming up with some incentives for new construction.

But most of all, it tells him that he has just 60 days to come up with a plan. Chairman Volcker's been dragging his feet about solving these interest rate problems. And our constituents cannot hold out much longer.

I think the men and women of my district are some of the hardest working folks in this entire country. I will not stand idly by and watch the Government run them out of business. The small businessmen and farmers are the backbone of our country. It is high time we got them some relief from these impossible interest rates. Enough is enough.

□ 1015

SOCIAL SECURITY SOLUTIONS NEEDED, NOT BUMPER STICKERS

(Mr. WALKER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, as I drove to the Hill this morning, I followed a car that had a bumper sticker that said, "Save Social Security, Vote Democratic."

It seemed to me that the bumper art poses a serious question. I think the Members of the House might be interested in that question which is: "From whom and how?"

The Democrats have seen that the social security system is teetering toward financial insolvency in the retirement account. Are they doing anything about it? Have they brought forth any kind of a plan? No. They are more interested in designing bumper stickers than they are in designing a program to save social security.

From whom? It was the Democrats who came to the floor just a couple of months ago with a proposal to cut the cost-of-living benefits for every social security recipient for next year. Not the President, not the Republicans, it was the Democrats.

Mr. Speaker, if the American people want to save social security, I think they had better continue to vote Republican.

U.S. INTEGRITY COMPROMISED BY PROPOSED AWACS SALE TO SAUDI ARABIA

(Mr. SCHUMER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, the administration would like the Congress to view the proposed sale of AWACS to Saudi Arabia as a special favor to reward the Saudis for their moderating influence in the Middle East.

But for what moderate actions do we owe the Saudis favors? The Saudis have consistently undermined U.S. peacemaking efforts in the Middle East by leading the Arab League in condemnation of the Camp David treaty and by organizing an economic and political boycott of Egypt. Since the signing of the Camp David agreement, they have redoubled their financial and rhetorical support of the terrorist Palestine Liberation Organization—hardly a stance of moderation. At a recent conference, the Saudis led the Moslem states in reiterating their call for a "jihad" or holy war against Israel for which they have pledged their military potentials.

The integrity of the United States should not be compromised by rewarding such actions which are not moderate, but extreme. Our own national interest would be best served by demanding that the Saudis support the Camp David agreement, cease aiding the PLO, and curb the call for a jihad against Israel. Without these and other guarantees, the Saudis have no right to military favors.

SUPPORT ASKED FOR SUGAR PROVISIONS OF 1981 FARM BILL

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AKAKA. Mr. Speaker, for approximately 40 years, we in this country have had a sugar program. From 1934 through 1974, U.S. sugar policy was based on a series of sugar acts which both prescribed a U.S. market price objective and limited the import of sugar in defense of that price objective. And, throughout the 40-year history of the domestic Sugar Act, the domestic production bases and the domestic price levels proved to be stable.

In 1973, before the expiration of the Sugar Act, world sugar prices averaged 9.6 cents per pound. After the expiration of the Sugar Act, however, the story is different. From 1974 to 1976, world sugar prices climbed to an average of 20.7 cents per pound.

From 1977 through 1979, when the last sugar program was in effect, world sugar prices averaged 8.53 cents per pound. And again, when the sugar program expired, prices shot up. In fact, in 1980, just a year after the expiration of the Sugar Act, world sugar prices jumped to an average of over 29 cents per pound. Without the 600,000 tons of sugar forfeited to the Commodity Credit Corporation between 1977 and 1979, and resold in part during 1980, the world price for sugar would have climbed even higher. The cost to the American consumer would have been staggering.

The facts are very simple: a domestic sugar program keeps both the sugar market and subsequent sugar prices stable.

A sugar program in support of our domestic sugar industry will finally put an end to the dumping of cheap foreign sugar on U.S. markets.

We in the United States import almost half of the 15 percent of world production which makes up the so-called free market sugar.

It is time that we realized the necessity of protecting our domestic sugar industry from the random and indiscriminate dumping of foreign sugar on our markets.

I ask my colleagues in the House to lend their full support to the sugar provisions of the 1981 farm bill.

JAMES WATT

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, I am appalled by the continued unconscionable attacks on our Interior Secretary, James Watt, by extremist environmental groups.

The Wilderness Society sends out fundraising mailings, calling Secretary Watt a dangerous man and a destroyer who has no compassion for anyone or anything. They make personal attacks against his religion and have created a special wilderness watch task force as a gimmick so they can raise contributions.

All of these allegations are ill founded and are unworthy of any group to mention. James Watt has a deep and abiding concern for the environment. He is rehabilitating our national parks. He believes in multiple use. He believes that our natural resources must be wisely used and that we must cut our dependence on unstable foreign energy sources. He understands that environmental goals must be balanced with economic priorities.

May I suggest that the real danger to our environment lies with those extremist groups who do not give us the full story.

PLAYING POLITICS WITH SOCIAL SECURITY

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, the moaning and the whining goes on. We hear complaints about reforming the social security system and that Ronald Reagan is not doing it right.

But this past week, Mr. Speaker, you took the chairman of our social security Subcommittee into the woodshed and said, "We don't want any kind of change in Social Security except maybe a little interfund borrowing." Then you told him that our House Social Security Subcommittee could not continue to reform the system, as we have been trying to do in markup sessions for 4 months but he was to go ahead and play politics with it some more because you think it is a good political issue. You, Mr. Speaker, apparently do not really want to reform the system; but want to continue to play politics with it while the 36 million recipients remain unsure of whether the Congress is going to save the system and prevent its bankruptcy in November of 1982.

Shame on you, Mr. Speaker, for trying to pull in the chairman of the Social Security Subcommittee, who genuinely wants to reform the system and save it when you want to continue playing politics with it. Mr. Speaker, the American people will soon "catch on" to you and your Democratic leaders who do not want to really save the system but just whine and complain about it.

CONFUSION CONTINUES OVER PROPOSED SOCIAL SECURITY REFORM

(Mr. HOWARD asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. HOWARD. Mr. Speaker, I do not intend to say, "For shame" on any of the Members of the House or any of the political parties, but I think maybe we ought to have it clear as to why the millions of senior citizens in this country are nervous and worried about the situation and really have no idea what the situation really is. So perhaps we ought to remind ourselves of just a couple of things.

We had heard about the safety net. We had heard that the senior citizens would not be hurt, and then we found out that we took action to hurt them already. We took that action with minimum benefits.

We had a chance with a legislative move by the Democratic majority leader to change that back. But would the Republicans go along with it? No.

And then there came a little more confusion for our senior citizens. We heard earlier this week that "Ronald Reagan will not hurt social security." We found out later that he really meant by what he said that he will not hurt the social security recipients any further for now, and they wonder, "What does he mean, for now?"

Then the next day it came out from the White House again that the "for now" meant only for a day or two because he wanted to delay the increase for 3 months. That confused them all the more. And then we heard that he might not delay it.

So, Mr. Speaker, I certainly hope that tonight the President will make it clear not whether he is going to hurt them—we know he already has—but how much more he is going to hurt them.

SOCIAL SECURITY SHOULD NOT BE A POLITICAL ISSUE

(Mr. CRAIG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CRAIG. Mr. Speaker, as the public debate on social security continues, I think it is imperative that we remind ourselves, once again, that this is not a political issue.

Social security affects most of the people of this country, and that fact in itself warrants the true need for objective and bipartisan consideration of the social security system.

In May of this year, President Reagan proposed a plan of action for dealing with the financial problems of the troubled social security system. This plan was not, by any means, the final plan. But it did serve to bring this subject to the attention of the people the system serves as well as Members of Congress.

Since this problem has thus been brought to the Nation's attention, I think it is vital that we give it the attention it deserves.

With the thousands of letters that I have personally received on the subject of social security, it becomes increasingly evident that the Congress could be in closer touch with the people of this country—on this issue—than on any other. I believe the American people understand better than Congress the need for adjustment within the system. They deserve to have their system made strong.

I truly hope this body will have the ability to accommodate that perception of communication with the people of this Nation.

OUR DOMESTIC SUGAR INDUSTRY NEEDS HELP

(Mr. ALBOSTA asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. ALBOSTA. Mr. Speaker, I think this body is going to have to face the real decision very shortly as to whether or not we are going to continue to be a domestic producer of sugar. We have a major problem, which we have reviewed in the last two sessions of Congress, and to which we must really address ourselves.

We look around this country and see 17 sugar mills close their doors in the last 2 years. They probably will be closed forever, and never will we see them operate again, simply because we cannot find the people to manage and work in those particular mills, nor can we find the farmers to produce the sugar.

I think we ought to be very careful that we do not allow ourselves to get into a position where we are going to be reliant upon some other nation for all of our sugar needs. We are approaching that situation now, because there are not very many of those mills left any longer.

□ 1030

Michigan is one of the last holdouts in the eastern area of the United States that still produces sugar. My colleagues from Michigan and I want to continue that industry in our State. We have lost part of the automobile industry. We have lost other industries in our State. We do not want to lose another one. That is a very real element of employment and a very real element in terms of the economy of our State and we need to maintain it.

EXTENDING BY 1 YEAR THE DEFENSE PRODUCTION ACT OF 1950 EXPIRATION DATE

Mr. BLANCHARD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2903) to extend by 1 year the expiration date of the Defense Production Act of 1950, with a Senate amendment thereto, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

That the first sentence of section 717(a) of the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982".

GOLD COMMISSION EXTENSION

SEC. 2. Section 10(b) of Public Law 96-389 (31 U.S.C. 822a note) is amended by striking out "one year after the date of enactment of this Act" and inserting in lieu thereof "March 31, 1982".

The SPEAKER pro tempore (Mr. RATCHFORD). Is there objection to the request of the gentleman from Michigan?

Mr. STANTON of Ohio. Mr. Speaker, reserving the right to object, I do so in order to take the opportunity to ask the distinguished chairman of the subcommittee a couple of questions.

No. 1, it is my understanding, I wish the House to understand the committee, that this is a 1-year extension of the Defense Production Act that we have already passed overwhelmingly in this body; is that correct?

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. I yield to the gentleman from Michigan.

Mr. BLANCHARD. That is exactly right.

Mr. STANTON of Ohio. And second, it is my understanding that the amendment was added in the other body that would extend the time for the reporting of the Gold Commission approximately 6 months, from October 7 to March 31. Am I correct in that regard?

Mr. BLANCHARD. That is correct; that is the only difference between our bill and the Senate bill.

Mr. STANTON of Ohio. Further reserving the right to object, Mr. Speaker, could we get some kind of assurances from the chairman of the subcommittee that this will be the last extension of this Commission.

The reason I asked that is, there is justification for some extension. I am not sure I would have gone along this long, but certainly there is justification for the fact that the appointees were late in being appointed by the present administration, but it seems to me that a 5½-month extension would be ample time and, further, that I am anxious in this Commission or any other that they do not put through a report and then go on and on as the HUD Commission and others have in previous times.

So this would be the last extension, could I get some assurance?

Mr. BLANCHARD. It is my hope that will be the case. I share the views of the gentleman from Ohio on this Commission and question its need, but let me do something. Perhaps I should yield at this point, because I do share the gentleman's views.

Mr. REUSS. Mr. Speaker, will the gentleman yield?

Mr. STANTON of Ohio. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. REUSS. I thank the gentleman for yielding and I am delighted to have this opportunity to vigorously associate myself with the remarks on the Gold Commission of the gentleman from Ohio (Mr. STANTON), and the gentleman from Michigan (Mr. BLANCHARD).

I am a member of the Gold Commission. A year ago, when the bill setting up that Commission passed, I made no objection to it because gold is always something that should be studied. The law setting it up provided that the report should be made by the Commission no later than October 7, 1981.

Apprehensive that we were spinning our wheels, not moving fast enough, I wrote the convening officer of the Commission, the Secretary of the Treasury, early last spring, suggesting that we get on with it, without in any way being critical of Secretary Regan, who has had his problems getting the Commission together.

Here we are just a few days before the October 7 deadline. We cannot make it. I, like the gentleman from Ohio (Mr. STANTON), am against commissions with an eternal life. They eat up money, and in this particular case, they add to uncertainties, because while the United States and the world are waiting for the report of the Gold Commission, we do not have a policy on gold, and, therefore, any interest group with an ax to grind can make political and financial capital out of it.

So while I think that we could have given a little less time than March 31, that was the date that met with general favor on the Commission, and I thank the gentleman from Michigan and the gentleman from Ohio for being willing to go along with it. And I add my personal assurance that this will be the last extension and that if the Commission does not do that which it is well able to do, namely, report by March 31, 1982, it will then ignominiously go out of existence with its job undone.

Mr. STANTON of Ohio. With that understanding, Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan (Mr. BLANCHARD)?

There was no objection.

Mr. BLANCHARD. Mr. Speaker, on July 13, the House of Representatives—as part of its suspension calendar—passed by voice vote a simple 1-year extension of the Defense Production Act of 1950, as amended. The legislation was H.R. 2903.

Unless Congress acts, the Defense Production Act will expire next Wednesday, September 30.

The House agreed on a simple 1-year extension to enable the House Banking, Finance and Urban Affairs Committee to conduct a fully bipartisan study of actions needed to modernize and strengthen the U.S. defense industrial base. The committee also is examining how to improve our domestic capability and capacity to produce critical and strategic materials.

The Senate Banking Committee also has a similar effort underway. It, too, proposed a simple 1-year extension.

That bill was brought to the Senate floor for a vote on Tuesday. At that time, a committee amendment was adopted extending the life of the Gold Commission for an additional 6 months to complete its report. My colleagues on the House Banking Committee will address the merit of that action following my remarks.

What I want to emphasize is simply this: Extension of the Defense Production Act is absolutely essential to the national security of the United States. For 30 years, every administration, including President Reagan, has stressed that point.

The act provides the authority to order priority performance of contracts and to allocate materials and facilities to promote the national defense.

The DPA also contains authorities which provide for the expansion of productive capacity and supply of materials and services for national defense through the use of loans, loan guarantees, and purchase agreements. The synthetic fuels effort is part of this authority.

In addition, the law includes authority to promote small business participation in defense production, the National Defense Executive Reserve and voluntary agreements in the private sector when our national security is threatened.

Mr. Speaker, extension of the Defense Production Act is vital to keep the United States in a strong state of defense industrial preparedness and mobilization readiness. This is truly an effort in which we can all unite. It is our duty to do so.

MOTION OFFERED BY MR. BLANCHARD

Mr. BLANCHARD. Mr. Speaker, I move that the House concur in the Senate amendment.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. BLANCHARD).

The motion was agreed to.

A motion to reconsider was laid on the table.

HIGH INTEREST RATES

(Mr. EDWARDS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. EDWARDS of California. Mr. Speaker, in the hope that the problem will simply go away, the administration has chosen to ignore the exorbitant rate of interest which is ruining people's businesses and lives, and if allowed to continue to run rampant, may eventually destroy our country.

These problems are only being compounded by the current administration's hands-off approach. Mr. Reagan is reluctant to involve himself in this particular area of the economy and is looking at his economic recovery package as a panacea for what is wrong. As a consequence, interest rates continue to greatly harm the economy. Until the Government, and Mr. Reagan in particular, attack inflation as a major component of the problem, efforts to control it through higher and higher interest rates will not only be futile, but will serve to wreak havoc with our economy.

The time has come for Mr. Reagan to directly confront the problems of high interest rates and inflation. They are simply not going to resolve themselves. The head-in-the-sand position which he has chosen to take has done nothing to alleviate them. We must also realize that the American economy is no longer a pure, autonomous entity, but rather a key component in the world economy, where our monetary problems have created even greater problems for our Western allies. If we fail to resolve our economic ills, they will also fail.

PROVIDING FOR CONSIDERATION OF H.R. 3210, FEDERAL-AID HIGHWAY ACT OF 1981

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 224 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 224

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3210) to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works and Transportation, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Public Works and Transportation now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and all points of order against said substitute for failure to comply with the provisions of clause 7, rule XVI and of clause 5, rule XXI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instruction.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. BONIOR) is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Arizona (Mr. RHODES) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 224 provides for the consideration of H.R. 3210 to amend the Surface Transportation Assistance Act of 1978, to establish obligational limitations for fiscal year 1982, and for related purposes.

The resolution provides an open rule with 1 hour of general debate to be equally divided between the chairman and the ranking minority member of the Committee on Public Works and Transportation.

The resolution further makes in order a committee amendment in the nature of a substitute printed in the bill as an original bill for purposes of amendment under the 5-minute rule.

Points of order against the substitute concerning compliance with clause 7, rule XVI, the germaneness rule, are waived because the provisions of the substitute are somewhat broader in scope than was H.R. 3210 as introduced.

Likewise, the Rules Committee recommended a waiver of points of order which might lie against the substitute for possible failure to comply with the provisions of clause 5, rule XXI which prohibits appropriations in a legislative bill. If any member disagrees with the inclusion of any provision in the substitute, a motion to strike remains in order.

Mr. Speaker, H.R. 3210 raises the ceilings of existing law for Federal-aid highway programs under the Surface Transportation Act of 1978 to accommodate the administration's fiscal year 1981 budget estimates.

Under the bill, the current "3R" program would be changed to "4R" by adding the category of reconstruction to those of resurfacing, restoration, and rehabilitation. Additionally, a new apportionment formula is provided for this program. Instead of distributing 75 percent of the funds to States based upon vehicle-miles and 25 percent based upon lane-miles, the new formula provides equal weight for these two categories. The authorized ceiling for this program is raised by $525 million, as are the ceilings for primary roads, $50 million; and bridge replacement, $100 million.

The bill also establishes a formula for the apportionment of Federal interstate funds based upon the amount of work left to be done in each State to complete the Interstate System. Additionally, the one-half of 1 percent minimum allotment for each State is proposed for elimination.

H.R. 3210 also requires recipient States to establish substantial laws to deter violation of the national maximum speed limit.

Finally, for those of you who have been as dismayed as I to see whole segments of the interstate countryside disappear behind barriers that have all the charm and estheticism that cement and sheet metal have to offer, the committee has assured me that no additional funds have been authorized for such purposes through this bill. Unfortunately, they have also disclosed that no new money was provided for rest areas. Thus, while you may not have access to the "relief" of a rest area, at least you will no longer have to scale a 10-foot wall to reach the woods. Such is the nature of compromise.

Nevertheless, the Committee on Public Works and Transportation has worked long and hard on this important legislation. I know of no controversy concerning this rule and urge its acceptance in order to proceed to consideration of H.R. 3210.

Mr. Speaker, I reserve the balance of my time.

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 224 provides for the consideration of H.R. 3210, the Federal Highway Act of 1981. This bill amends the Surface Transportation Act of 1981 and provides funding authority for the Nation's highway programs.

House Resolution 224 grants an open rule, providing 1 hour of general debate to be divided between the chairman and ranking minority member of the Public Works and Transportation Committee.

The rule makes in order consideration of the committee amendment in the nature of a substitute as an original bill for the purpose of amendment. All points of order against the substitute for failure to comply with the provisions of clause 7 of rule XVI are waived. This waiver is necessary because provisions in the committee substitute extend certain funding authorities beyond the 1-year authorizations of the original bill. Further, all points of order against the substitute for failure to comply with clause 5 of rule XXI, which prohibits appropriations by a legislative committee, are waived.

Finally, one motion to recommit, with or without instructions, is in order.

The administration does not oppose the bill, the Rules Committee heard no testimony opposing the bill, and the open rule allows the House to fully work its will on this legislation. With this in mind, Mr. Speaker, I urge adoption of the rule.

Mr. Speaker, I have no further requests for time.

SOCIAL SECURITY

(By unanimous consent, Mr. Rhodes was allowed to speak out of order.)

Mr. RHODES. Mr. Speaker, I hope that the social security situation will not become a political football, but it appears that it probably is going to, and, therefore, I think that whenever the occasion arises, that people who have some knowledge in this area should try to at least set the record straight.

My good friend from New Jersey (Mr. Howard) made a remark about the fact that the President of the United States might ask for the COLA for social security to be deferred for 3 months.

□ 1045

I do not know whether he is going to ask for that or not, but I remind my friend, the gentleman from New Jersey, that in the Howard bill—not the Howard bill; excuse me, that was a Freudian slip—the Jones bill, which came out of the Budget Committee, that that very same proposal for a suspension of the COLA for 3 months in social security was included.

If one party suggests something and the other party thinks it is a good idea and takes it up, I do not think that it is very good form for the original party to say, "Oh, tut-tut, you should not do those things." I think you should instead compliment the President for following the lead of your party leaders, if, indeed he does.

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from New Jersey.

Mr. HOWARD. I thank the gentleman for yielding.

Mr. Speaker, I would like to say that I disagree with the delay in the COLA bill. Had there ever been a Howard bill that had anything to do with our budget or reconciliation, there would have been no delay in the COLA provision.

Mr. RHODES. I think you could probably say that about a Rhodes bill, too. But, nevertheless, the fact remains that it was proposed and it was proposed by the majority side.

Also, it has been mentioned that there is this bumper sticker that people seem to be putting on cars, "Save Social Security, Vote Democratic." Now, the mental picture that I get when people suggest that the Democrats could save social security, after 28 years of Democratic Congresses which have brought social security into the situation that it is in today, is one of little wolves parading in front of the henhouse with a sign which says "Open the doors, let me save the chickens." Certainly, there is no track record of the Democrats in the House or in the Senate which would lead anyone to believe that they would do anything other than continue social security along the line of decline and ruin upon which they set its feet in the past.

Mr. BONIOR of Michigan. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that during the consideration of the bill, H.R. 3210, in the Committee of the Whole House on the State of the Union, all Members be permitted to revise and extend our remarks and include therein extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

FEDERAL-AID HIGHWAY ACT OF 1981

Mr. ANDERSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3210) to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. Anderson).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3210, with Mr. Fowler in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from California (Mr. Anderson) will be recognized for 30 minutes, and the gentleman from California (Mr. Clausen) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California (Mr. Anderson).

Mr. ANDERSON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have before us today a rather straightforward piece of legislation, a 1-year highway bill, H.R. 3210. The drafting of this bill was entered into with one primary objective, to bring the fiscal year 1982 Federal-aid highway authorizations up to the level requested by the President. We have done that with this legislation.

H.R. 3210 increases funding for the bridge replacement and rehabilitation program from $900 million to $1 billion. The Federal-aid primary program is increased by $50 million, with the additional amount earmarked as priority primary funding. And I might say here, parenthetically, that the Committee on Public Works and Transportation chose very wisely this year to designate no new priority primary, discretionary bridge, or emergency relief projects. Members of the committee, acting in the public interest, demonstrated a great amount of discipline in refraining from recommending any new projects. So, we would expect that the $50 million in additional priority primary money would go toward those projects designated in past years.

H.R. 3210 imposes an $8.2 billion obligation ceiling on highway spending for the fiscal year beginning October

1. This ceiling is consistent with the one contained in the Omnibus Budget Reconciliation Act. And, with a technical amendment I will be offering shortly, our highway safety obligation ceiling will also be consistent with the will of the House as has been reflected in the now-enacted reconciliation bill.

Perhaps the most significant aspect of H.R. 3210, and that provision I would call our colleagues attention to at this time, is the redefinition of the Interstate System. The cost of completing the Interstate System, under present law, is estimated to be $53 billion. With a 10-percent inflation rate, and at current spending levels, we could expect to complete the system by the year 2011.

H.R. 3210 would assist us in meeting our goal of completing the system by 1990, by making certain types of projects ineligible for the construction program. Generally excluded from construction eligibility would be projects such as those related to noise abatement, landscaping, scenic overlooks, and weigh stations. This type of work can generally be viewed as good and desirable. And if circumstances were different, I would hope that each of these projects in the current costs estimate, would eventually be built. But, the Federal highway program, like other programs, must face certain realistic constraints.

It is in recognition of these constraints, by the way, that we have imposed an $8.2 billion obligation ceiling—a level of spending which must be viewed as totally inadequate if continued into the future.

By dropping certain projects from the interstate construction program; landscaping and the like, and additional lanes in some lower-population areas, we are reducing the cost of completing the interstate from about $53 billion to around $37 billion.

Any project newly ineligible for funding out of the construction program will be eligible for the expanded 4R program.

H.R. 3210 takes the interstate 3R program—restoring, resurfacing, and rehabilitation, and adds a fourth "R"—reconstruction. With a program increase from $275 million to $800 million, this revision will help to begin shifting our interstate program into a reconstruction mode. The Federal match for the 4R program is increased under this legislation from 75 to 90 percent. This program realinement is necessary, as so much of the interstate reaches its design life of 20 years.

The Interstate System, which carries 20 percent of our total traffic, has had its mileage which is rated as being in poor condition, double between 1975 and 1980. And in just 3 years, between 1975 and 1978, the interstate mileage, rated in good condition has dropped from 74 to 63 percent. Because it takes much less time for road surface to deteriorate from fair to poor condition, than from excellent to good, we must be particularly concerned, and begin to prepare ourselves for, the many miles of poor roads we will be seeing in the very near future.

H.R. 3210 is a good first step in this preparation. I can assure our colleagues that the $800 million authorized for 4R work represents a major capital investment in the Nation's future.

With the reminder to our colleagues that enactment of H.R. 3210 will help result in the eventual savings of about $16 billion in interstate construction, Mr. Chairman, I urge all our colleagues to join in support of H.R. 3210.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I would like to clarify the intent of Congress concerning two aspects of the highway bridge replacement and rehabilitation program that have come under question on a bridge replacement project in central Illinois. The State intends to use Federal bridge funds to replace the existing U.S. 36 bridge in Florence, Ill., with a new structure to be located 4½ miles away near Valley City, and to retain the existing bridge to serve local traffic. Although the Federal Highway Administration has approved this action, the project's eligibility for Federal bridge funds has been questioned because of the distance between the existing bridge and its replacement and because of the decision to retain the existing facility.

While the new bridge is in a slightly different location, it is part of an overall replacement of the existing U.S. 36 in that area with a new freeway. The new bridge will serve the same general traffic corridor as the existing bridge and is therefore a functional replacement for it. It was decided to allow the old bridge to remain open to local traffic in order to make best use of highway facilities and to meet overall system needs.

I want to clarify that the FHWA properly understood the intent of Congress when it approved the Florence bridge replacememt project. Congress intended that the term "replace" include the construction of a new facility in the same general traffic corridor, and not necessarily in the exact same spot. It further intended that the replaced structure be allowed to remain and carry traffic if the Secretary of the U.S. Department of Transportation determines that the combined use of the replaced and new facilities was necessary to meet system needs. As a sponsor of this bill and chief sponsor of the 1978 Highway Act that broadened the bridge program and provided the funds made available by FHWA for replacement bridge structures, do you agree with this clarification of congressional intent and its application to the new Florence bridge project?

Mr. ANDERSON. Yes, I agree with your statement of congressional intent concerning replacement bridge language and with the assessment that the Florence bridge project in central Illinois is an eligible use of Federal highway bridge replacement and rehabilitation funds.

Mrs. HOLT. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentlewoman from Maryland.

Mrs. HOLT. Mr. Chairman, I am planning to offer an amendment at the appropriate time today to provide full Federal funding for rebuilding the Woodrow Wilson Bridge that carries I-95 over the Potomac River.

As the gentleman will recall, that was included in the Surface Transportation Act of 1980. I understand that there are budget problems, that it will be difficult to include it in this bill today.

It is my understanding that if this amendment is not offered today, that it will be included in the omnibus surface transportation bill of 1982 that will come out later this year or early next year?

Mr. ANDERSON. Mr. Chairman, I commend our colleagues from Virginia and Maryland for their work to help finance a safe Woodrow Wilson Bridge, the only bridge in the country owned by the Federal Government.

Last year, during our consideration of the surface transportation bill on the House floor, an amendment to reconstruct this structure was accepted and added to our bill. I would hope that next year, when we again take up a major comprehensive multiyear surface transportation bill, we will have the opportunity to work with our colleagues once again on this matter and include in that legislation a provision which will lead to the construction of that bridge.

Mrs. HOLT. Is the gentleman saying that he will include that in the legislation?

Mr. ANDERSON. I am saying that I will do what I can. I am not the whole committee. But we did it last year, and I see no reason why we would not be doing it next year. I think it is the intention of most of us to do that.

Mrs. HOLT. I thank the gentleman for yielding, and I thank him for his assurances that that will be included in the legislation, to the best of his ability.

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from Virginia.

Mr. WOLF. Mr. Chairman, I also want to thank the gentleman from California (Mr. ANDERSON) and the distinguished committee chairman, the gentleman from New Jersey (Mr. HOWARD), for their pledge to work with us on legislation to finance the repair of the Woodrow Wilson Bridge. This bridge, which carries about 100,000 vehicles daily across the Potomac River, has deteriorated severely in recent years to the point where today the erosion of its concrete deck coupled with an inadequate shoulder area for disabled vehicles and a shortage of traffic lanes creates an intolerable situation.

I am pleased to cosponsor Mrs. HOLT's bill to finance reconstruction of this important link for commuters in northern Virginia as well as a vital connector for east coast interstate traffic. The Wilson Bridge is in a dangerous state of disrepair and a daily headache for commuters and interstate travelers. According to preliminary accident figures for 1980 from the Virginia Department of Highways, 35 persons were injured, 1 person was killed and almost $100,000 in damages accrued from accidents on the bridge and in its immediate vicinity.

I look forward to working with my colleagues from Virginia and Maryland and the gentleman from New Jersey and California to secure passage of this crucial legislation.

● Mr PARRIS. Mr. Chairman, for some time now the Woodrow Wilson Memorial Bridge has been in desperate need of repair and is closely approaching the point where it will have to be closed for safety reasons if it is not resurfaced soon. The bridge serves as a vital link, crossing the Potomac River and passing through the three jurisdictions of Virginia, Maryland, and the District of Columbia. On weekdays, over 100,000 vehicles cross over the bridge bringing area residents to their jobs. There is not a day that goes by without my office receiving a phone call or a letter from a resident concerned with the bridge's horrible condition.

The original construction of the bridge was financed completely with Federal funds. This particular bridge is unique, however, because it is the only federally owned bridge in the country. Since the construction of the bridge, Virginia, Maryland, and the District of Columbia have shared equally the cost of the ordinary maintenance and operation of the bridge. All concerned parties, including the Federal Highway Administration, recognize that the repairs which are now required are far beyond the scope of ordinary maintenance and that the cost of such repairs should be financed with Federal funds. Since the repairs are so extensive, and the bridge belongs solely to the Federal Government, I am in strong support of 100 percent Federal funding for the cost of rehabilitating the bridge.

Normally, such financing would be provided through an interstate construction project with FHWA providing 90 percent of the funds and each jurisdiction providing 10 percent matching funds. Each of the jurisdictions involved, however, have many other projects with much higher priority. This, coupled with the Federal ownership of the bridge, have made the various jurisdictions unwilling to accept the 90-10 interstate rehabilitation scheme.

The Wilson Bridge plays a key role in bringing thousands of Washington area residents to their jobs each morning. It has been let go long enough. It has deteriorated to the point where it is no longer safe. I urge my colleagues to support our efforts to repair the bridge by supporting 100 percent Federal financing.●

Mr. BRINKLEY. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from Georgia.

Mr. BRINKLEY. I thank the gentleman for yielding.

Mr. Chairman, I just came on the floor, and I know of the gentleman's scholarship and his work on this committee and the work of the gentleman from New Jersey on this committee.

In past years, of course, we have been very supportive of the leadership and planning that has been provided to supplement the Interstate System of this country through priority primary highways. The gentleman from New Jersey (Mr. HOWARD) in past years, supported by the gentleman from California (Mr. ANDERSON), and others, has provided money above and beyond that normal supply for a certain period of years, for 4 years. And I wonder if I might just get a comment from the gentleman with reference to the status of priority primary highways.

As the gentleman from California knows, we in Georgia have identified what we have labeled "Corridor Z," to supplement the system which is deficient at this time, which would stretch from Columbus, Ga., on a southeasterly direction to Brunswick, Ga., on the Atlantic Ocean. We are encouraged by developments so far and would hate to see this system diminished in any substantial way.

□ 1100

Could the gentleman state the status of the system?

Mr. ANDERSON. If I might first just say that I am aware of your project. I have talked with the gentleman many times on it and I think he knows that I am personally supportive of it.

It is my understanding that Corridor Z has been designated a priority primary route, and that it is eligible for such funding.

Mr. HOWARD. Will the gentleman yield?

Mr. ANDERSON. I yield to the gentleman from New Jersey (Mr. HOWARD).

Mr. HOWARD. I agree with the chairman. We feel this is a vital program. We do know that we may be running into difficulties in the future because of the number of these priority primary roads. We have been attempting to increase money to keep our commitments to the States, and this committee I believe on both sides of the aisle has every intention of doing that. I thank the gentleman for bringing this up at this time.

Mr. BRINKLEY. I thank both gentlemen.

Might I say in conclusion, if the gentleman will continue to yield, that obviously it is a working relationship with the States and you have to identify the primary priority routes, have environmental hearings, and have the final action before the moneys can be allocated. But our State has done that and we certainly invite your continuing attention to our needs in this region.

Mr. ANDERSON. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the full committee, the gentleman from New Jersey (Mr. HOWARD).

Mr. HOWARD. Mr. Chairman, I want to thank the distinguished chairman of the Surface Transportation Subcommittee, as well as our counterparts on the other side of the aisle, for their fine efforts which resulted in this legislation. Mr. Chairman, the basic purpose of H.R. 3210 is to augment the fiscal year 1982 program first adopted by Congress in the 1978 Surface Transportation Assistance Act. In addition, H.R. 3210, due in great part to the efforts of the gentleman from Pennsylvania (Mr. SHUSTER) makes important adjustments in the future course of the Interstate Highway System program.

The bill establishes an overall program obligation ceiling in fiscal year 1982 of $8.2 billion. The bill would increase the primary program by $50 million, the interstate 3R program by $525 million, and the bridge replacement and rehabilitation program by $100 million, and would decrease the interstate construction program by $100 million, all 1982 expenditures being subject to the obligation limitation.

The adjustments in the Federal-aid interstate program will result in a new, more realistic concept of Interstate System completion. The gentleman from California has explained the new minimum design feature changes which the bill includes. However, I want to emphasize that in expanding the 3R program to a 4R or reconstruction program, the State can fund those construction items and design features no longer covered in the basic program with these new 4R funds.

Mr. Chairman, I would be remiss in explaining the recommended interstate program amendments, if I did not discuss an extremely novel and somewhat disturbing interpretation which the Federal Highway Administration has recently issued concerning the application of Davis-Bacon prevailing wage rate determinations to the current 3R program. On May 14, 1981, the Federal Highway Administration, announced, in the Federal Register, a new policy regarding the application of 23 U.S.C. section 113, the Federal-aid highway Davis-Bacon provisions, to certain federally assisted projects for the resurfacing, restoration, and rehabilitation of roadways on the Federal-aid systems.

The cursory, conclusory, and superficial analysis and explanation of this policy concentrates on the two words "initial construction" which appear in the first sentence of 23 U.S.C. 113(a). The announcement treats those two words completely out of context from the surrounding language of that section. Let me read the complete sentence:

> The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on the initial construction work performed on highway projects on the Federal-aid systems, the primary and secondary, as well as their extensions in urban areas, and the Interstate System, authorized under the highway laws providing for the expenditure of Federal funds upon the Federal-aid systems, shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the act of August 30, 1935, known as the Davis-Bacon Act. . . .

The word "initial" was inserted by the House Committee on Public Works during its original markup of the Interstate program legislation in July 1955. Its intended meaning, then, and its intended meaning when actually enacted through the other body the following year, was to distinguish the work done with Federal-aid on a specific project from the work done without Federal-aid to maintain that project. When the Congress expanded the application of section 113 to the Federal-aid systems other than the Interstate system, through the enactment of the Federal-Aid Highway Act of 1968 (Public Law 90-495), nothing changed that broad application of section 113 to essentially all work, other than work performed by State, local, or utility forces, supported by the Federal-aid highway program. This broad interpretation parallels the very extensive definition of the word "construction" in 23 U.S.C. 101(a). Mr. Chairman, pursuant to a previous order of the House, I insert the following opinions of two distinguished Federal Highway Administration chief counsels, one a Democrat, the other a Republican, supporting the conventional interpretation of the Davis-Bacon requirements in title 23, United States Code:

MARCH 27, 1969.

Mr. JOHN B. KEMP,
Regional Federal Highway Administrator, Kansas City, Mo.
HOWARD A. HEFFRON,
Chief Counsel

Federal-Aid Highway Act of 1968, prevailing wage requirements; applicability

This is in reply to Mr. Roger P. Turner's memorandum on the subject dated September 6, 1963, and subsequent telephonic conversations between members of our respective staffs. Mr. Turner's memorandum referred specifically to labor standards application to Defense Access, Highway Beautification and Safety Projects.

Prior to enactment of the Federal-Aid Highway Act of 1968, contract labor standards, pursuant to 23 U.S.C. 113(a), applied only to initial construction work on Interstate projects which were ". . . authorized under section 108(b) of the Federal-Aid Highway Act of 1956, ..." Section 108(b) authorized the appropriation of moneys from the Highway Trust Fund for expediting construction of the Interstate System. Contract labor standards coverage, therefore, depended upon the source of the funds.

In consideration of the relationship between labor standards application and section 108(b), this office had held, and the Solicitor of labor had concurred, that initial construction work on the Interstate System financed solely with Highway Beautification Act of 1965 funds, or with funds appropriated pursuant to the Highway Safety Act of 1966, was not covered work.

Under the 1968 Act, however, coverage is no longer keyed to the source of the funds. As amended, 23 U.S.C. 113, applies the labor standards to ". . . initial construction work performed on highway projects on the Federal-aid systems . . . authorized under highway laws providing for the expenditure of Federal funds upon the Federal-aid systems . . ."

The Solicitor of Labor has recently agreed with this office that all initial construction work on the several Federal-Aid Highway Systems authorized by Title 23, United States Code, including such work as may be performed pursuant to the Highway Safety Act of 1966, and to 23 U.S.C. 131, 136, or 319(b), is subject to the labor standards requirements of 23 U.S.C. 113. Copies of recent correspondence in this regard are enclosed for your information.

In our opinion, the Federal-Aid Highway Act of 1968 applies to any Federal-aid construction contract which meets all of the following four criteria: (1) Involves Federal funds, regardless of the source of the appropriation; (2) is let by or through a State highway department; (3) is for initial construction work performed on highway projects on a Federal-aid system; and (4) is authorized, in whole or in part, under any section of Title 23, United States Code.

If a contract for a Defense Access project meets the first three criteria and is authorized pursuant to 23 U.S.C. 210, contract labor standards in accordance with 23 U.S.C. 113, as amended, will apply.

Enclosures.

DEPARTMENT OF TRANSPORTATION,
FEDERAL HIGHWAY ADMINISTRATION,
May 23, 1975.

To: Mr. J. J. Crowley, Director, Office of Traffic Operations, (Attention: Mr. David M. Baldwin), Chief, Traffic Performance and Analysis Division.
From: Chief counsel.
Subject: Applicability of 23 U.S.C. 113 to safety programs provided for in 23 U.S.C. 151 and 23 U.S.C. 405, and on the definition of "Initial Construction Work" in 23 U.S.C. 113 (Your memo, 4-1-75).

As per your request, I have prepared a memorandum of law in answer to the following questions concerning 23 U.S.C. 113: (1) When and where does this section apply to 23 U.S.C. 405 and that portion of 23 U.S.C. 151 off the Federal-aid system? (2) What is the definition of the term "initial construction work" as used in 23 U.S.C. 113?

Section 113 does not apply to projects under section 405, nor does it apply to off-system projects under section 151.

The definition of "initial construction work" in section 113 was not intended to limit the scope of that section but refers to all construction projects on a Federal-aid system.

DAVID E. WELLS.

Attachment.

[Memorandum of law]

APPLICABILITY OF 23 U.S.C. 113 TO CONSTRUCTION WORK PERFORMED UNDER 23 U.S.C. 151 AND 23 U.S.C. 405

QUESTIONS

(1) When and where does this section apply to 23 U.S.C. 405 and that portion of 23 U.S.C. 151 of the Federal-aid system?

(2) What is the definition of the term "initial construction work" as used in section 113?

DISCUSSION ON QUESTION 1

Section 113 of title 23, United States Code, reads in pertinent part: "(a) The Secretary shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on the initial construction work performed on highway projects on the Federal-aid systems, the primary and secondary, as well as their extensions in urban areas, and the Interstate System, authorized under the highway laws providing for the expenditure of Federal-aid systems, shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of August 30, 1935, known as the Davis-Bacon Act. . . ."

Section 405 of title 23, United States Code, reads in pertinent part: "(a) the Federal-aid safer roads demonstration project shall consist of all public roads or segments thereof not on a Federal-aid system needing improvements to correct safety hazards selected or designated by each State subject to the approval of the Secretary.

* * * * *

"(c) . . . The provisions of chapter I of this title relating to the obligation, period of availability, and expenditure for Federal-aid primary funds shall apply to funds apportioned to carry out this subsection."

Whether section 113 applies to section 405 projects depends on the interpretation given to the phrase, ". . . The provisions of chapter I of this title relating to the obligation, period of availability and expenditure for

Federal-aid primary funds . . . ," in section 405(c). There is little indication in the legislative history of section 405 as to what Congress meant by the use of this phrase. It is, though, the opinion of this office that Congress intended, by section 405(c), merely to adopt in a shorthand way the provisions of chapter I pertaining to project approval and financial administration. In our opinion, section 113 is not a provision of chapter I "relating to the obligation, period of availability and expenditure for Federal-aid primary funds. . . ."

If section 113 were to apply to section 405 projects, Congress could have made that clear in section 405(c). Instead, Congress referred to only certain provisions of chapter I. In reaching this conclusion, we used the principle of statutory construction which holds that judicial interpretation of statutes is conditioned by various presumptions in which the courts indulge on the basis of a belief in the essential reasonableness of the legislature. Thus, legislative language will be interpreted on the assumption that the legislature was aware of existing statutes. Sutherland Statutory Construction, Vol. 2(a), Section 45.12, p. 37.

We must assume that the Congress, when it enacted section 405 into law, was aware of section 113. Accordingly, a specific reference would have been necessary to incorporate the provisions of that section into section 405.

Section 151 projects are intended for all roads not on the Interstate System. This includes both on- and off-system roads. There is no provision in section 151 which would indicate a congressional intent to apply section 113 to section 151 projects on roads which are entirely off-system. It is our opinion that section 113 would apply to all 151 projects which are on-system. Those 151 projects on roads which are both on- and off-system are covered by section 113 because of the administrative difficulties involved in determining which portions of a project would be covered. ("Relaxation of Federal-aid Requirements for Off-System Projects," Memorandum from Assistant Chief Counsel for General Law to Associate Administrator for Engineering and Traffic Operations, April 15, 1975.)

DISCUSSION ON QUESTION 2

The term "initial construction work" means construction as defined by section 101(a) of title 23, United States Code. It is our opinion that the term "initial" does not restrict the meaning of construction. The legislative history of section 113 does not provide a meaning for "initial construction work," and thus its meaning must be derived from its application.

The coverage of section 113 was expanded to include projects on all Federal-aid systems by section 12 of the Federal-Aid Highway Act of 1968. Originally, section 113 had applied only to the Interstate. The congressional intent behind the passage of section 12 is reflected in the following excerpt from the Senate Public Works Committee Report:

"At present the wage protection provided by the Davis-Bacon Act extends to construction workers on virtually all Federal construction programs. * * *

"The major exception, however, is the regular Federal-aid highway construction program. The committee can find no reasonable basis for this exception. Therefore, the committee recommends that the provisions of the Davis-Bacon Act be extended to cover the construction workers on the ABC highway system." (Senate Report No. 1340, June 28, 1968, on S. 3418, pages 15-16, 30.)

Though the term "initial" was not deleted by section 12 from the original section 113 which had been part of the Federal-Aid Highway Act of 1956, its effect has been minimized by the Chief Counsel's office. Our position is reflected in the following interpretation:

"Section 12 of the Federal-Aid Highway Act of 1968 amended 23 U.S.C. 113 to provide for the applicability of contract labor standards to all construction projects on the Federal-aid Primary, Secondary, and Interstate Systems. There are no exceptions set forth in this provision and none were intended to be created by the continued use of the term 'initial construction' in the 1968 amendment." ("Applicability of 23 U.S.C. 113 to Various Federal-aid Highway Construction Programs," Letter to Regional Administrator, Fort Worth, Texas, December 15, 1969.)

CONCLUSION

Section 113 does not apply to projects under section 405, nor does it apply to off-system projects under section 151.

The definition of "initial construction work" in section 113 was not intended to limit the scope of that section but refers to all construction projects on a Federal-aid system.

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The clear message of these opinions is that the phrase "initial construction work" had the same meaning as the defined term "construction" at the time Congress enacted the 3R program in 1976. When the Congress enacted the Federal-Aid Highway Act of 1976, establishing the so-called 3R program for the Interstate System, resurfacing, restoration, and rehabilitation work had already been eligible in many cases for years before on the other Federal-aid systems, because much 3R work is embraced by the word "reconstruction." In addition, many projects of the "3R" type were permitted on the Interstate System prior to the Federal-Aid Highway Act of 1976, because of the recognized need to bring all segments of the Interstate System up to current standards while at the same time pursuing the elusive goal of simultaneous completion. All of these 3R type projects have always been subject to the Davis-Bacon provisions to the same extent that new construction work on these systems has been subject to Davis-Bacon. With the 3R program's inception in the 1976 Highway Act, the Congress, fully aware of the significance of the defined term "construction," amended that definition in 23 U.S.C. 101(a), through section 108 of that 1976 act, to include "resurfacing, restoration, and rehabilitation." Since the term "construction" has always embraced "reconstruction," I would expect all work funded under the new 4R program to be fully subject to the Davis-Bacon Act, and I look forward to working with the administration to rectify this situation.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. HOWARD. I am happy to yield to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. I thank my friend for yielding.

As author of the amendment the gentleman spoke of, I have not had an opportunity to see the colloquy with regard to Davis-Bacon, so I would simply reserve judgment. I would not want the record to suggest that I am either concurring or disagreeing with what my good friend is saying at this point. I simply would have to look at the language before I can make that judgment.

Mr. HOWARD. Absolutely, and I would not ask the gentleman to make a judgment at this time.

Mr. CLAUSEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of H.R. 3210 which establishes the obligation limitation for the fiscal year 1982 highway program.

I would also like to take this opportunity to very briefly commend our distinguished chairman from New Jersey (Mr. HOWARD), as well as the subcommittee chairman, the gentleman from California (Mr. ANDERSON), and the ranking minority member, the gentleman from Pennsylvania (Mr. SHUSTER), in particular, for their work in bringing about a cooperative effort with the members of the committee in presenting this legislation to the floor.

Mr. Chairman, H.R. 3210 is a 1-year bill. It is, to be sure, simply a stopgap measure which recognizes the fiscal crunch we are currently in.

However, I would be remiss if I did not bring to my colleagues' attention the fact that our highway system is deteriorating and that the funding in H.R. 3210 falls far short of what is needed to reconstruct and rehabilitate it. Unfortunately, our current economic situation does not permit us to allocate the substantial funds that would be necessary to rehabilitate the Nation's highways.

As the economy improves, hopefully by the time we consider multiyear highway legislation, it will be necessary to reevaluate the level of funding for our transportation programs. We simply cannot let our national highway system, which connects and integrates all parts of the country, fall apart.

While I would have preferred, and I think other members of the committee would have preferred seeing multiyear highway legislation before us today, H.R. 3210, which is a 1-year highway bill, would help us address some of the immediate and pressing needs of our highway program.

I agree with the direction this bill takes in areas such as the redefining of the interstate system to make completion a more realistic objective the expanding of the 3R, 4R program, and other efforts to concentrate on interstate rehabilitation.

Additionally, I am particularly pleased that the funding levels for fiscal year 1982 are brought into conformance with the President's budget under this legislation. I think the committee clearly is deserving of recognition and credit for the great negotiating effort that took place, with the accommodations that were reached during the budget reconciliation process.

So I urge my colleagues to support H.R. 3210 and look forward to reviewing a comprehensive multiyear highway bill sometime in the near future in this Congress.

Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Chairman, as the chairmen of the full committee and subcommittee well know, I would have preferred to have been rising in support of a multiyear highway bill. I remain convinced that now would have been the time to enact such a bill. However, with these reservations aside, I support H.R. 3210, which at least effectively meets the immediate needs of our Nation's highway program.

Let me state at the outset that the funding levels in H.R. 3210 are consistent with the President's budget and most importantly, we have adopted a realistic approach to the completion of the Interstate System.

Given our current funding and revenue projections, completion of the Interstate System by 1990 is an illusion no one believes any more. At the same time, we are becoming more and more aware that vast expenditures will be required to abate the serious deterioration of some existing interstate segments as they reach the end of their design life. Under the provisions of H.R. 3210, the cost to complete the Interstate System would be reduced by some $17 billion by the redefinition of the Interstate System and make its completion a more achievable objective. It would also expand our interstate restoration efforts to include reconstruction and adjust the Federal share to make this alternative more attractive.

Beginning October 1, 1981, interstate construction funds would be available only to construct interstate segments to a minimum level of acceptable service consisting of full access control and a pavement designed to accommodate traffic anticipated for the next 20 years. This would permit essential construction to open gaps on segments now open to traffic, as well as essential stage construction on sections already open to traffic. In rural areas of 400,000 population, four lanes would be required. In rural areas and urban and urbanized areas up to 400,000 population, four lanes, not including HOV lanes, would be permitted. For areas between 400,000 and 1 million, up to six lanes, exclusive of HOV lanes, would be permitted, and in areas over 1 million population, up to eight lanes, exclusive of HOV lanes, would be permitted.

In addition, the bridge program would receive $100 million more in authorizations for the replacement and rehabilitation of some of our Nation's deteriorating bridges.

I recognize that today we are dealing with only a 1-year bill. Moreover, comprehensive surface transportation legislation providing program funding and stability for the next 3 to 4 years will be closely examined by this committee later in this Congress. Different philosophical approaches will undoubtedly be debated at that time. However, I am sure that we will have unanimity on the need to redefine interstate completion and to greatly expand our interstate maintenance effort. However, H.R. 3210 permits us to make these universally agreed upon interstate program changes now.

Accordingly, I urge my colleagues to seize the initiative and support the bill.

There are two final points I would make, Mr. Chairman. First of all, there have been many Members who have expressed interest in having individual projects in their district included in this bill. The approach to this legislation on a bipartisan basis was not to include such projects this year but, rather, recognizing that we will have comprehensive legislation next year, to consider such projects at that time.

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I myself had a project I was very interested in my own district. It is not included because we believe it is wrong to take that approach this year in this very limited bill.

Last, let me comment that I have heard some discussion about the funding formulas favoring or disfavoring various States. The approach from the very beginning with regard to funding has been a sound approach and that is to put the money where the need is, to recognize that this is a national system and therefore we must address the needs on a national basis.

My own State of Pennsylvania contributes several million dollars more each year than it gets back, yet it is in the interest of a national system that this is proper and should be done.

So for those Members who feel the urge to try to change formulas in order to bring about more money for their own parochial areas and interests, I would urge them to recognize the historic framework in which this national system has been put together, to recognize that we must put the money where the need is, to recognize that we must have an integrated national highway system, rather than simply dealing on a parochial basis with bits and pieces.

So having made those observations, Mr. Chairman, I conclude by saying that I strongly support this legislation before us and urge its adoption.

Mr. CLAUSEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Delaware (Mr. EVANS).

Mr. EVANS of Delaware. Mr. Chairman, I thank the distinguished gentleman for yielding.

Mr. Chairman, I have asked for this time to engage in a colloquy with the distinguished gentleman from Pennsylvania (Mr. SHUSTER), the ranking minority member on the Surface Transportation Subcommittee.

Let me say at the outset that I, too, agree that our system should be integrated as a national system; but as the gentleman knows, I am especially concerned over one provision in H.R. 3210 which eliminates the set-aside of funds which was created so that all States receive a minimum of one-half of 1 percent of the interstate construction funds. I think we have to be much more creative in this particular atmosphere in finding ways in which to cut back, in which to exercise restraint in the increase in Federal spending. However, that exercise of restraint must be handled in an equitable and fair manner. Elimination of this provision would have a severe impact on Delaware and several other States by reducing their share of interstate funds by an average of 52 percent. These States are Vermont, New Hampshire, North Dakota, South Dakota, Maine, Nebraska, and Wyoming. In fact, Delaware, Vermont, North Dakota, and Nebraska lose about 70 percent by elimination of this set-aside.

In Delaware, the minimum allocation of interstate construction funds makes up 40 percent of the total Federal highway funds received by the State. Since excess interstate funds can be transferred for use on other systems within the State, virtually all of Delaware's highway programs depend on adequate and fair Federal interstate construction funds.

Mr. SHUSTER. Mr. Chairman, if the gentleman will yield.

Mr. EVANS of Delaware. Of course, I yield to the gentleman.

Mr. SHUSTER. If the gentleman will yield, I certainly recognize the importance of these funds to Delaware and the other affected States. I am sympathetic to the impact an abrupt reduction in Delaware's interstate funds will have on highway programs in the State, and in States facing a similar situation.

Mr. EVANS of Delaware. I do not propose, as the gentleman knows, that we adopt a hold-harmless provision which would prevent any State from losing funds, and disrupt the integrated national system. Perhaps a measure more narrowly targeted to only those very few States that now qualify for the minimum and stand to lose such a great deal under H.R. 3210 could be agreed to in further negotiations on interstate funding formulas.

Mr. SHUSTER. If the gentleman will yield further, we will certainly keep the gentleman's interests well in mind as we make further adjustments in this act, especially as we develop a position all parties can agree to in conference with the other body.

Mr. EVANS of Delaware. I thank the gentleman for acknowledging the seriousness of this situation in Delaware and the other minimum allocation States. The minimum apportionment of interstate funds and the ability to transfer excess interstate funds to other highway systems is a crucial component of Federal highway policy for Delaware and other similar States.

Mr. ANDERSON. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from California.

Mr. ANDERSON. Mr. Chairman, those of us on the majority side are also aware of the impact this legislation will have on Delaware and other States which now receive the minimum allocation.

I would hope that working with the minority and the other body that we might work something out that would address the gentleman's concerns without doing harm to the spirit and intent of H.R. 3210 as it is presently before us.

Mr. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from California.

Mr. CLAUSEN. Mr. Chairman, I just want to associate myself with the remarks that were made, because this was a concern that he has discussed with me and as he knows was enacted into law a few years ago.

Clearly, the gentleman from Delaware has not only articulated his case here today, but on a continuing basis brought this to the attention of members of the committee.

I believe that we are going to have to address the issue of the funding commitment for some of these States that have actually completed their interstate systems.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I want to thank the gentleman for bringing this issue before the House and before the committee. I know, having worked with the committee members before, that they will take our concerns into consideration, as they have in the past on similar problems.

I want to compliment the chairman of the committee, Mr. HOWARD, the gentleman from California (Mr. ANDERSON), and the gentleman from Pennsylvania (Mr. SHUSTER), the ranking minority member on the Surface Transportation Subcommittee, for their willingness to work with the small States on matters of great concern to us. The chairman has demonstrated a sensitivity to our critical highway needs over the years. I recall that when then-President Carter deferred Federal-aid highway funds last year, causing disproportionate funding cutbacks for Vermont and other small States, Mr. HOWARD helped us in seeking a return to equity.

There is much about H.R. 3210 that is good. First and foremost, I think, it adds $525 million to the expanded interstate maintenance program, formerly the 3R program, now the 4R, for fiscal year 1983. The bill also introduces a one-half of 1 percent minimum apportionment guarantee for each State under the 4R program, effective October 1, 1981, and the Federal share is raised from 75 to 90 percent. The Federal-aid highway system is deteriorating at an alarming rate—nearly 26,000 miles of interstate, arterial and collector highways are in need of immediate resurfacing or reconstruction. This shift in priorities in the bill, then, is timely and forward looking, because clearly maintenance of the roads we have built over the years is going to be one of our chief concerns in the years to come.

Second, H.R. 3210 increases the bridge replacement and rehabilitation authorization to $1 billion from the 1981 level of $900 million. This is another area that requires immediate attention, as we have more than 55,000 bridges that are deficient. I am also pleased that the measure sets a fiscal year 1982 obligations ceiling for Federal-aid highways and highway safety construction which is in agreement with Public Law 97-35, the Omnibus Reconciliation Act of 1981, and that it contains a revised estimate of the cost to complete the Interstate System in accordance with 23 U.S.C. 104(b)(5) and in order to reflect the most current cost data.

However, as the Chairman knows, my State of Vermont will have a very substantial loss under this bill. We serve as the main commercial corridor between eastern New York, Boston and Montreal. Much of the service we render is to other States, not our own people. We had over 700 million vehicle-miles last year and have one of the higher ratios of interstate miles per capita in the country. Although a few people stop off in Vermont, and we are glad to see them because they do spend some money in the State, we have an exceptional burden. Vermont is a very low-income State with a very high tax effort, and to cut us back, as this bill would, would be a substantial problem.

Let me be more specific. This year, Vermont received $1.688 million under the 3R program, $17.064 million for interstate construction and $10.3 million for our bridges. Under H.R. 3210, the respective numbers would be $3.9 million, $998 thousand, and somewhat less than $10.3 million. According to our State transportation agency, and as the numbers I have just recited indicate, Vermont stands to lose roughly on the order of $14 million if this legislation is adopted in its present form. Although the threatened funds are interstate funds, they are transferable and are slated for use by the State on crucial primary projects on Vermont Route 7 and Route 2. Projects of this kind employ many Vermonters, and are thus doubly important to us. The State also planned to use some of this money for defective guardrail replacement and building safety embankments.

The 1-year scope of the bill is disturbing as well. I understand the chairman feels that, due to the time constraints imposed by the May 15, 1981, deadline for reporting authorization bills, the committee was unable to give thorough consideration to the administration's and other multiyear proposals. I know he also understands that the limited approach he has adopted makes it very difficult for the States to plan for their future highway needs. The Vermont Legislature, for example, is rewriting the State's 10-year construction program, and accordingly needs long-term information. I realize full well the chairman has good reasons for his preference, and I am aware of his overall strategy, but the bill will cause difficulties for Vermont nonetheless.

Mr. EVANS, I know, has an amendment which would redress the minimum apportionment problem for the small States, but is not planning to offer it because, realistically, we just do not have the numbers here to carry it. But, Mr. Chairman, we trust you will do everything in your power to correct the interstate construction apportionment situation in the conference with the Senate.

I thank the gentleman for yielding.

Mr. DORGAN of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from North Dakota (Mr. DORGAN).

Mr. DORGAN of North Dakota. Mr. Chairman, I thank the gentleman for yielding.

States such as North Dakota and Delaware are concerned about the one-half of 1 percent interstate set-aside. This does not sound like a great deal of money, but it turns out to be a substantial amount of money for highway purposes in North Dakota. North Dakota completed its Interstate System on a priority basis. By doing so, we finished our highway sections at lower cost.

We now would like to utilize some of those savings by continuing to draw upon the pool of money provided by the one-half of 1 percent set-aside. It is very important for our State.

I also want to associate myself with the remarks of the gentleman from Delaware.

Mr. BEREUTER. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from Nebraska.

Mr. BEREUTER. Mr. Chairman, I thank the gentleman from Delaware for yielding and I certainly commend the gentleman for bringing this matter to the attention of the House. I know that the committee has a difficult task in pursuing its responsibility, but I am surprised and disappointed, in some respects, at the aid allocation formula proposed. It is unfair. It is inequitable to my State and to a variety of other States, as has been pointed out here in the last few minutes.

I would call attention to the fact that there are only a few States that have only one interstate route. Most States have multidirectional systems.

I happen to represent a State that has only one interstate route through it, with no North-South route. I think this proposed formula only accentuates the inequitable interstate highway situation already faced by Nebraska.

Therefore, I must rise in opposition to the funding allocation which is achieved under the Federal-Aid Highway Act of 1981 because of the severe, adverse impact which passage of this measure will have upon those States which have substantially completed their interstate systems. Although I appreciate the effort which the committee has made in providing the special account of $71 million for those seven States which suffer the greatest loss as a result of the elimination of the one-half percent minimum, the new formula, if adopted, will result in the reduction of Nebraska's share of interstate highway funds from $18.6 million under current law to $7.3 million, a 1-year loss of more than 60 percent of the funds upon which Nebraska depends for the maintenance of its interstate system.

While I recognize and support the need to refine the Federal highway program and reduce Federal expenditures, I most certainly do not believe that these efforts should be made solely at the expense of our smaller and less densely populated States. The one-half percent minimum was provided under prior law to protect these States which do not have the advantage of large congressional delegations and important committee chairmanships. I most strongly oppose these new efforts to undercut that protective mechanism, and I must protest the inequitable treatment which these few small States will receive should this measure become law. I urge my colleagues, in the interest of fairness, to reject this measure in its present form.

Mr. CLAUSEN. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Chairman, I want to take this opportunity to compliment the chairman and ranking minority member of the full Committee on Public Works and the Subcommittee on Surface Transportation for bringing to the floor a highway bill which retains the priority primary program. In my State of Florida we have a unique problem with our highways and that is not only do our constituents drive on the highways but so do many of yours. Because of our warm climate and annual migration of winter residents, we have literally millions of people, from every State and every congressional district in the country, who use our highways. As a result, we also have some of the most congested highways in the country. One of those highways is U.S. 19 along the west coast of Florida. U.S. 19 at some parts of the year is literally a 50-mile traffic jam. Some describe it as the world's longest parking lot. Now with the help of my good friend, the ranking minority member of the subcommittee, U.S. 19 is eligible for funding under the priority primary program and I am most grateful to him for his help in seeing that this highway retains that designation in this bill. I would like to ask my colleague a few questions about this bill if he would care to respond.

Mr. SHUSTER. I would be happy to discuss this legislation with my colleague from Florida, and I might add that I know firsthand of the problems on U.S. 19 in Florida, because several years ago it was my misfortune to drive on that highway when I visited his district.

Mr. YOUNG of Florida. It is my understanding that the level of funding for the priority primary program in this legislation is actually increased by some $50 million. Would that indicate that the committee and the Congress still consider the priority primary program to be very important to our country's highways?

Mr. SHUSTER. Yes. The gentleman is correct. The level of funding for this program is being increased from $125 million to $175 million. The very nature of the program is that the Congress considers those segments on the priority primary program to be of national priority.

Mr. YOUNG of Florida. Should the States then also consider those highways to be of the highest priority?

Mr. SHUSTER. I would say so.

Mr. YOUNG of Florida. Now, in times like these when money is in short supply and the Congress imposes limitations on the obligational authority the States have available to them, it forces the States to pick and choose between projects. In effect, they must decide a priority ranking for each of their projects. Will that be true under this year's legislation?

Mr. SHUSTER. The gentleman is correct. The competition for scarce dollars requires the States to establish their own priorities.

Mr. YOUNG of Florida. Since the Congress has specifically designated these particular segments of highway to be a high national priority, should not the States also place them high on their own priority ranking?

Mr. SHUSTER. I would say so.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I would be more than happy to yield to the distinguished gentleman.

Mr. HOWARD. Mr. Chairman, I would say I wish to agree with both gentlemen. I would like to say that at the time we have more roads and more expense under priority primaries than we have funding for; so if the State does not pay attention to this, that money is not going to be sitting around waiting for that State. There are many other roads in many other parts of the country that can use it; so I would like to thank the gentleman for bringing this up and agree with the gentleman from Pennsylvania.

Mr. YOUNG of Florida. The gentleman from Pennsylvania and I both know that there are some here in Washington who would prefer that there be no priority primary program.

Mr. SHUSTER. The gentleman is correct again. In fact, there are those in the other body who would rather the designation of priorities be left entirely to the States and they wish to do away with this discretionary program.

Mr. YOUNG of Florida. In the case of those roads which are dependent on this program and are right in the middle of multiyear projects that would be tragic. When a State delays a priority primary project because of the shortage of obligational authority, does that strengthen or weaken the case for the priority primary program?

Mr. SHUSTER. I would say it weakens it. Whenever there is a shortage of funds the first programs to go are the ones which are not being used or are being delayed.

Mr. YOUNG of Florida. Then if a State were to favor the continuation of the program, it would be wise for it to use its priority primary funding in a expeditious manner?

Mr. SHUSTER. That is right.

Mr. YOUNG of Florida. I thank the gentleman for his comments and yield back the balance of my time.

Mr. ANDERSON. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina (Mr. Rose).

Mr. ROSE. Mr. Chairman, I rise to voice my strong support for this legislation and as my predecessor in the well, Congressman Young of Florida, so ably pointed out, to stress the importance of the priority primary portion of this legislation.

I want to thank the members of the majority and the minority and the chairman of the full committee for the work that they have done in bringing this legislation closer to a reality. The administration, unfortunately, has come out against the priority primary system of completing necessary highways.

The gentleman from Florida (Mr. Young) stated a minute ago that in his State of Florida the State had chosen to disregard the priority primary situation that this committee had recognized. In my State of North Carolina, fortunately for us, our State government has put its full support and its full weight behind the work of this committee, but this bill must move forward.

I ask my colleagues to support this legislation.

Mr. ANDERSON. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. Young).

Mr. YOUNG of Missouri. Mr. Chairman, I rise in support of the immediate passage of H.R. 3210, the Federal-Aid Highway Act of 1981.

It is widely recognized that the interstate program as it is presently constituted and funded is incapable of realizing the goals of system completion by 1990 and preservation.

In the third decade of construction, the Interstate System is still far from achieving the goal of completion as the term is currently defined. At the beginning of 1980, nearly 96 percent of the designated system was either serving traffic or under contruction. Yet, the Interstate System will require over $50 billion in Federal funds to complete as now defined. In other words, the Interstate System completion, may well be a goal that is unattainable, under today's definitions.

My objective and that of the Committee on Public Works and Transportation is to make completion of the Interstate System an attainable end, while preserving equity in the program for the States.

If interstate completion is to be redefined, it is estimated that several billion dollars could be saved in completing the system. For completion of the interstate to become a reality, more than a change in definition is required. The program must be funded at a level necessary to complete the system, including the effects of inflation.

I believe H.R. 3210 is the first step in the 97th Congress toward that effort. This legislation will insure the earliest possible completion of the Interstate System, by adhering to deadlines established in the Surface Transportation Assistance Act of 1978.

The last major highway authorization act in 1978 provided authorizations for Federal highway funding for fiscal years 1979 through 1982. The funding decisions at that time substantially lowered the funding for 1982. I concur with my colleagues on the committee, that authorizations for fiscal year 1982 should be increased to the Reagan administration level as provided in H.R. 3210.

The legislation before you today redefines the Interstate System and limits the obligation of funds to the construction necessary to provide a minimum level of acceptable service on the system. This redefinition of the interstate completion will permit us to shift more of our available resources to interstate restoration. We cannot afford to defer attention to the problem of maintaining our investment in the Nation's highways.

H.R. 3210 has increased the authorization of the Federal funds for the bridge replacement and rehabilitation program to the needed level of $1 billion. The continuation of this categorical program is essential to the safety of the traveling public.

In summary, I support H.R. 3210 as an expeditious and short-range piece of legislation. I feel it is imperative that the House pass this legislation to insure the continued safety and progress of our Nation's highways.

I urge my colleagues to support H.R. 3210.

□ 1130

Mr. ANDERSON. Mr. Chairman, I yield 2 minutes to the gentleman from Michigan (Mr. Albosta).

Mr. ALBOSTA. Mr. Chairman, I would first like to take an opportunity to thank both sides on the Committee on Public Works and Transportation, particularly the subcommittee that did the major part of the work on this particular bill. I think that I have seen probably the best bipartisan cooperation of any committee that I can think of.

I certainly want to commend the full chairman, the gentleman from New Jersey (Mr. Howard), and the subcommittee chairman, the gentleman from California (Mr. Anderson).

Mr. Chairman, the House of Representatives is considering an extremely important piece of legislation today, the Federal-Aid Highway Act of 1981. This legislation will increase the amount of money that can be spent to complete our Nation's Interstate System, repair and rebuild our roads and continue the massive job of repairing unsafe bridges around the country.

As a member of the House Public Works and Transportation Committee and the Subcommittee on Surface Transportation, I can remember the hearings that were held on this bill and on the future needs of our highway system beyond 1981. There is no question that more money must be put into the Federal highway program from the Federal highway trust fund. Funding that was approved for 1981 in the Surface Transportation Act of 1978 is inadequate now because of inflation.

Over the past 25 years, the United States has created a great highway system. It would be a shame to see that system deteriorate now because we did not earmark the necessary funds for repair and reconstruction. I urge all of my colleagues to support the Federal-Aid Highway Act of 1981 that will raise the spending ceiling from $7.8 billion in fiscal year 1981 to $8.2 billion. The bill will also increase the amount of money that can be used for repair, rehabilitation, and reconstruction work to $800 million. The Congress needs to pass the Federal-Aid Highway Act of 1981 as quickly as possible.

Mr. ANDERSON. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. Oberstar).

Mr. OBERSTAR. I thank the gentleman for yielding.

I compliment the gentleman on his splendid work in bringing this bill to the floor in such an orderly and expeditious manner, and the professionalism with which he has handled these very complicated subjects.

I do want to touch on a subject which has not been the focus of this particular bill, but which is within the purview of this subcommittee and the House Committee on Public Works and Transportation. That is the "buy American" provision of the Federal-aid highway program.

On November 16, 1978, President Carter signed into law Public Law 95-599 amending the Federal-aid highway program, which included, in section 401, a requirement that preference be given to—I will read the language specifically from the bill—"domestic articles, materials and supplies" in federally funded highway procurement. On November 15, 1978, the Federal Highway Administration promptly issued emergency regulations to implement those "buy American" provisions of the act. But then, for the next 2½ years, this whole matter of completing the issuance of regulations has dragged along.

Earlier this year, when President Reagan issued his memorandum postponing and suspending all rulemaking, this particular rulemaking was stopped. Then, on April 8, 1981, the Federal Highway Administrator issued a notice calling for public comments on a number of existing program requirements which are considered to be "costly or controversial." That includes the "buy American" provision.

What I am very upset about is that the Congress very clearly established "buy American" provisions in the Federal Highway program, and sitting on the docks in Duluth, Minn., are hundreds of tons of Japanese steel, rusting, I might add, to go into the Arrowhead Bridge to be built between Minnesota and Wisconsin. The administration is doing nothing about issuing regulations to cover future procurement of steel which will be going into other bridges, other sections of highways, elsewhere in the United States.

I would just urge upon the chairman of the subcommittee—and I know he is concerned about it and will excuse my enthusiasm over this issue, but it does involve jobs, jobs in my district and in steel-producing districts elsewhere in the United States—that he hold hearings to focus on this matter.

Mr. ANDERSON. I thank the gentleman for bringing the matter before us. I want to assure him that we are aware of the problem, and the committee will be looking into the problem. We will be having hearings, if not sooner, early this coming year.

I yield 1 minute to the gentleman from Florida (Mr. NELSON).

Mr. NELSON. I thank the gentleman for yielding to me.

I want to call to the attention of the Committee of the Whole a classic problem in the bridge replacement program of the Federal Government dealing with a bridge in my hometown of Melbourne, the Melbourne Causeway Bridge. This is a high-level bridge going across the Inland Waterway.

The project design is complete, it is ready to go, and the Florida DOT is ready to construct it. It is a $10.3 million program that would be at the discretion of DOT, coming out of their special bridge replacement program.

I would urge the consideration of the committee, indeed of the Department of Transportation, through the Federal Highway Administration, on this bridge. It is the only project in the whole State of Florida that is ready to go in this special bridge replacement program.

Mr. ANDERSON. I am pleased to respond to the gentleman from Florida with respect to the Melbourne Causeway Bridge. I am very happy the gentleman brought it to us.

I want to point out, however, that as was mentioned earlier, we already have too many bridges designated and not enough funds for them. The committee has disciplined itself, and has refrained from recommending additional projects for designation at this time. However, we will be taking this matter up, as I mentioned earlier, in a multiyear bill next year, and we hope that we can take another good look at it at that time. It may be that we will need to work with the gentleman from Florida in revising the program.

I would inquire of the Chair how much time we have remaining on this side.

The CHAIRMAN. The gentleman from California (Mr. ANDERSON) has 3 minutes remaining.

Mr. ANDERSON. Mr. Chairman, I yield 2 minutes to the gentlewoman from Tennessee (Mrs. BOUQUARD).

Mrs. BOUQUARD. Mr. Chairman, I thank the gentleman from California for yielding to me for the purpose of discussing an important highway project located in my congressional district. As my friend will recall, in the fall of 1979, the State of Tennessee was forced to close down an important traffic thoroughfare in the city of Chattanooga, the Walnut Street Bridge, because the structure was determined to be unsafe. This action has caused a major disruption in traffic in downtown Chattanooga and significantly increased the number of vehicles utilizing alternative routes, in some cases surpassing the design capacity of portions of these alternative routes.

To alleviate this hardship, the city of Chattanooga, and the State of Tennessee are not in the process of negotiating funding for a replacement structure with the Federal Highway Administration, utilizing funding available from the secretary's discretionary bridge replacement program. Can the gentleman assure me that the committee is aware of the interest expressed in this project by local officials and citizens, and that the committee shares my concern and interest in completing negotiations and bringing this project into fruition.

Mr. ANDERSON. I would say to my friend, the gentlewoman from Tennessee, that we are aware of her interest in this project, and the committee recognizes the effort that she has put forth on behalf of this structure. The committee would intend that, upon the successful completion of negotiations, and with the approval of the Federal Highway Administration, that this project eventually be completed.

But I would also say to the gentlewoman that we already have too many bridges designated under the discretionary bridge program and not enough money to cover all the projects. Next year when we take up the major highway bill, we will have to either reform the program or add more money. In the interim we cannot in good conscience give this bridge the legislative history the gentlelady is apparently seeking. But I can assure you, we will consider it next year.

Mrs. BOUQUARD. I thank the gentleman.

Mr. CLAUSEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Chairman, if I might have the attention of our distinguished subcommittee chairman, it has come to our attention that a minor modification to H.R. 3210 would make the Federal matching funds for interstate 4R more consistent and more workable. Many States utilize their primary funds to assist in the growing job of repairing and maintaining our Interstate System. Primary funds for the primary system are now at a 75-25 Federal match and would stay at that level if those funds were used for interstate 4R. H.R. 3210 raises the Federal match for the new interstate 4R to 90-10. It is only consistent that the match be the same in circumstances or primary funds being used for interstate 4R work. I would like to ask the chairman of our committee if we can explore means as the legislation proceeds in conference and elsewhere to attempt to find a solution.

Mr. ANDERSON. I recognize this situation but since this problem has just been brought to our attention, I think it best to try to work out some solution, if possible, in conference.

I look forward to working with the distinguished ranking member of our subcommittee in the future.

Mr. CLAUSEN. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. PORTER).

Mr. PORTER. Mr. Chairman, there is no doubt in any Member's mind of the importance of highways to the Nation's commerce, nor of the impossibility of the States funding road construction if the current act lapses in fiscal year 1982. Everyone knows a new authorization must be approved which will insure highway trust funds are available to the State and local governments to meet their transportation needs.

Indeed, the highway trust fund is created by user fees and is not a product of general revenues. It is perhaps the most successful program developed by the Federal Government in assuring that those who use the service of Government—in this case transportation—pay equitably for their use.

But while there are no doubts about the need for roads, there is significant doubt about the efficacy of the measure before us today. Though this bill contains many worthwhile new provisions, it extends the Federal aid program for only a year, and would require us to review the trust fund and the roads situation again next year.

Mr. Chairman, a 1-year bill at this time is absurd. State and local governments must know where they stand before they can even plan. If we authorize these expenditures for only 1 year, we actually mandate inefficiency in developing long-term plans. Engineers and elected officials alike will be forced to wait while funds are reviewed a year from now.

The highway planning cycle consists of three stages: plan, design, and construction. Each of these steps has assumptions made about the availability of money during succeeding steps. If local planners have no realistic idea of the limits, how can they effectively anticipate and efficiently move through each step to a completed road?

This need to project ahead is especially acute in the Federal aid urban system. At a time when municipal revenues are strained to the bursting point, it is especially important that we be sensitive to those pressures and allow local governments a realistic framework in which to plan.

Though at this point, the House undoubtedly has very little choice but to pass this 1-year bill, we can hope that the other body will send over to us for our consideration sometime soon the multiyear bill that I understand they have under consideration.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

The gentleman from California (Mr. CLAUSEN) has 10 minutes remaining.

Mr. CLAUSEN. Mr. Chairman, I yield 2 minutes to the distinguished gentlewoman from Nebraska (Mrs. SMITH).

Mrs. SMITH of Nebraska. Mr. Chairman, I rise to express my concern about changes this legislation would make in the apportionment formula for interstate resurfacing funds.

H.R. 3210 would change the existing formula to 50-percent lane miles and 50-percent vehicle miles without recognition of age or type of vehicle. This change will siphon interstate resurfacing funds away from Nebraska and is being suggested without any study of the factors that influence repair needs.

Earlier design standards for the interstate were based on vehicles not exceeding 73,280 pounds of gross weight. Federal law was not changed until 1975 when limits were increased to 80,000 pounds of gross weight. States which completed their Interstate System early, such as Nebraska, have a higher proportion of their mileage designed to earlier Federal standards and will be doubly penalized for their efforts if age of the system is no longer recognized.

I believe the committee has made the right choice in opting for just a 1-year authorization. However, changes in funding formulas should not be made in an interim bill like H.R. 3210. It is my hope that Congress will take another look at this formula change after adequate studies are completed. States like Nebraska should not be penalized for the long-term commitment they have made to our Nation's highway system and early completion of their share of that system.

□ 1145

Mr. CLAUSEN. Mr. Chairman, I yield 1 minute to the gentlewoman from Illinois (Mrs. MARTIN).

Mrs. MARTIN of Illinois. Mr. Chairman, I wish to extend my compliments to the chairman and the ranking minority member of the committee, who have produced a bill under difficult constraints and pressures, budgetary and otherwise.

I would not suggest that this bill is not good for my district, because indeed it is, but, more importantly, it is good for the future of highways in America. The increase in cost in both building and maintenance makes the thought of facing increases in taxes one that must be considered.

This committee has worked hard to produce a 1-year bill that will continue the demands Congress has placed on the Nation for better, safer transportation.

Mr. Chairman, it is important to me as a Member of Congress but, more importantly, I think, to all citizens of this Nation that the commitment to good highways and to good transportation systems be maintained. My compliments go to the committee for helping to do so with this bill.

Mr. CLAUSEN. Mr. Chairman, I yield 1 minute to the gentleman from New Hampshire (Mr. GREGG).

Mr. GREGG. Mr. Chairman, I rise to ask the committee and to associate myself with other Members who have asked the committee to reconsider the installation of the minimum level payments for interstate construction for certain low apportioned States, of which New Hampshire is one.

This money is, of course, essential for our construction projects. We have a fairly large State relative to our population. We have a lot of roads to work on, and, therefore, it becomes important that we receive a reasonable amount of the apportionment to maintain those roads.

Mr. CLAUSEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Colorado (Mr. BROWN).

Mr. BROWN of Colorado. Mr. Chairman, I rise to express a concern for the very unique and special aspects of the Glenwood Canyon Highway that has a potential significant impact by the changes involved in this bill.

If the gentleman from Pennsylvania (Mr. SHUSTER) would be willing to answer, I would like to make an inquiry of him with regard to that highway.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, it is my understanding the situation there is unique, and I think when we go to conference with the Senate, we may be able to try to find a way to accommodate both of the Members involved in this subject on both sides of the aisle. If it cannot be accomplished in conference, it is a matter we surely should consider for the major legislation next year.

Mr. BROWN of Colorado. Mr. Chairman, I thank the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. ANDERSON. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentleman from California.

Mr. ANDERSON. Mr. Chairman, I would like to say to the gentleman from Colorado (Mr. BROWN) that we are aware of the unique character of the Glenwood Canyon project and of the environmental amenities that would not be available for interstate construction funding under the committee bill. I hope we will be able to work something out in conference, because we do recognize the unique character of this project.

Mr. BROWN of Colorado. Mr. Chairman, I thank the gentleman from California (Mr. ANDERSON) for his comments.

Mr. CLAUSEN. Mr. Chairman, I yield 1 minute to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I thank the gentleman from California (Mr. CLAUSEN) for that kindness, and I have a question that I want to direct to the gentleman from New Jersey (Mr. HOWARD).

I will ask the gentleman from New Jersey (Mr. HOWARD), am I correct in my understanding that in reauthorizing the priority primary program, it was the committee's intent to fund only those projects previously authorized by the committee which included the Kolb Road-Valencia Road project in my district, Grant Road at Sahuaro Avenue east to Wilmot Road, through Davis-Monthan Air Force Base to Interstate 10, and Valencia Road west from Kolb to Country Club Road? Is this correct?

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from New Jersey.

Mr. HOWARD. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I say to the gentleman from Arizona (Mr. UDALL), yes, we have discussed this, and as the gentleman knows, I am familiar with the Kolb Road project. I have been out there and seen it, and I say to the gentleman, yes, with the limited money we have, we feel that for roads like this that have already begun to be funded, they should have priority funding. We obviously are not in this difficult a position in projects such as this, and I say to the gentleman, yes, he is correct in his understanding of the intent of the committee.

Mr. UDALL. Mr. Chairman, I thank the gentleman from New Jersey (Mr. Howard).

Let me say that he is a leading figure on the East Side of Tucson, and we may have room for his statue out there once the project is completed.

Mr. HOWARD. Mr. Chairman, I am sure that could not come from the trust fund.

Mr. CLAUSEN. Mr. Chairman, if the gentleman will yield, will that statue be bipartisan?

Mr. UDALL. Yes. Mr. Chairman, if the gentleman from California (Mr. Clausen) will take off a little weight, we can have his statue right there with Jim Howard's.

● Mr. RAHALL. Mr. Chairman, I rise in support of H.R. 3210, the Federal-Aid Highway Act of 1981, and specifically, would like to congratulate the Committee on Public Works and Transportation for not transferring the Appalachian Regional Commission highway program for fiscal year 1982 to the Federal Highway Administration as some had originally proposed.

The ARC highway program has a long record of success. It was created as an entirely new approach to highway building; an approach based on a concept of building highways to encourage development in an isolated, economically depressed region.

New, also, was the process through which the highway system would be planned and built. This is a partnership process through which 13 Governors and an appointee of the President meet together to make mutually acceptable decisions involving a multibillion-dollar highway system cutting 3,000 miles through rugged terrain.

The developmental concept has worked: The income and job figures, factories along the highways and other evidence show that.

The Federal-State process also works. Difficult problems among the States and between the States and the Federal Government have been amicably resolved again and again over the years as ARC made basic policy decisions on corridor locations, construction priorities, allocations, design standards and center line locations. At the same time, the Federal Highway Administration has handled the mechanical aspects of administering the program.

The Commission has also provided a way for the State highway departments to work with State and local development organizations so that highway construction can be coordinated with other public and private investments.

The ARC program has been tested over a period of 16 years with virtually no criticism. Republicans and Democrats in the White House and the Congress have supported the program.

Today, I am glad to see they still support this program which is such a vital part of the successful development of Appalachia.

I am also pleased to see that the East-End Bridge, which spans the Ohio River between Huntington, W. Va., and Ohio, is excluded from the spending limitation on highway construction programs as an emergency bridge project. The people of Huntington, I am sure, will be eternally grateful for this emergency relief funding to complete this most important transportation link.

In closing, I would like to offer my sincere congratulations to the distinguished chairman of the Committee on Public Works and Transportation, James Howard, and to the chairman of the Subcommittee on Surface Transportation, Glenn Anderson, for handling this legislation in the most efficient manner possible.●

● Mr. PURSELL. Mr. Chairman, I rise in support of this bill (H.R. 3210) and urge my colleagues to unanimously approve its passage.

I believe this bill adequately addresses the highway transportation needs of this Nation while accomplishing budgetary restraint. I highly commend the members of the Public Works and Transportation Committee for their superb effort. While there are always areas for improvement, the economies achieved will permit our highway transportation system to be built without major disruptions in the scheduled completion, and will accelerate the maintenance of the existing network.

This Congress has the duty to undertake the most far-reaching overhaul of the Federal aid highway program since the creation of the interstate program in 1956. The highways of America are vitally important to the people and the movement of goods—the central transportation network upon which all other modes are dependent. Even with all the advances made in providing mass transportation, reviving railroads and improving aviation, America's highways are and will remain the backbone of the Nation's transportation system. Highways have made possible our life style as Americans, and provided us with freedom of movement to reach our jobs, our schools, our churches, and the places where we play.

We all await the economic renaissance of America. Our highway transportation system will be an essential ingredient to achieving this revival. Meeting the challenge before us will take resources, imagination, cooperation, and initiative.

The need now is for a comprehensive program that addresses the differing needs of our States effectively and with equity, and that can produce the kind of highway system needed by Americans as we face the next century. This legislation is the first stepping stone toward realizing this goal.

Ahead, we face many challenges. Clearly, the biggest obstacle confronting us is the 40,253-mile Interstate Highway System. Construction expenses have gone up so much that it will cost nearly as much to complete construction of the final 5 percent of the system as it did to build the first 95 percent—$65 billion.

Maintaining the interstate will cost many times more. The highways were designed to go only 20 years without repairs, and few expected the beating they would take from heavy traffic. According to the Federal Highway Administration, the backlog of immediate repairs needed in the system grew from $2.3 billion in 1976 to $6.1 billion in 1980. Currently, over 10 percent of the existing Interstate System has exceeded its design life and will require reconstruction, a need which increases each year. The FHWA further reports that to make the interstate highway surfaces adequate again and to keep abreast of the wear and tear will cost $16.8 billion in the next decade.

Also haunting cities and States is the $41.1 billion pricetag to replace or rehabilitate the more than 200,000 deficient bridges in the Nation. According to the General Accouting Office, 98,000 bridges are structurally weak or unsound and must be closed, restricted to lighter vehicles, or immediately rehabilitated to prevent further deterioration and collapse. The other 102,000 deficient bridges are functionally obsolete because they are narrow, have inadequate underclearances, have insufficient load-carrying capacity, or are poorly alined with the roadway and can no longer safely service today's traffic.

The cost of this decay is not borne solely by Federal and State transportation officials. The American Automobile Association figures that it now costs 24.8 cents per mile to own and operate a medium-sized car. In future years, damage inflicted by deteriorating streets and highways could rival high-gasoline prices as a cause of spiraling car-ownership costs.

As matters stand, the situation can only get worse, because roads will get a bigger beating than ever. Despite rising fuel prices, the National Transportation Policy Commission predicts a 69-percent rise in auto travel and a 142-percent increase in truck travel by the year 2000.

Adequate levels of investment and revenues designed to meet our essential highway needs is imperative to sustain America's economic strength. While I applaud the efforts of the administration to trim Federal outlays and balance the budget, we must strive for a careful balance between the need to curb Federal spending and the need to insure that our present highway transportation network will be preserved. While it is possible and, perhaps, desirable to defer some of these expenditures a while, in so doing it should be understood that the cost to recover in future years will be significantly greater.●

● Mr. GOLDWATER. Mr. Chairman, I rise today in support of H.R. 3210, the Federal-Aid Highway Act of 1981. I commend my colleagues on the Public Works and Transportation Committee, particularly the chairman, the distinguished gentleman from New Jersey, and the ranking minority member of the subcommittee, the gentleman from Pennsylvania, for their dedicated work on this bill.

I believe that this piece of legislation is timely and proceeds in the direction that we have to take now regarding our Nation's highways. This country has possibly the finest system of roads in the world, from our country roads to our interstates. The bill we have before us today, while not a comprehensive statutory review or multiyear bill, takes a new direction in redefining the proper role for the Federal Government vis-a-vis the Interstate System; that of protecting our investment in this network of highways.

Our Interstate System is now 96 percent complete. The remaining 4 percent, although probably more expensive and difficult to construct than the preceding 96 percent, will be finished by 1990 under the provisions of this bill. However, some of the oldest sections of the Interstate System are approaching the end of their designed lifespan of 20 years. We have invested billions of dollars in interstate construction. Much of the system is deteriorating from good to fair—and it is a fast slide from fair to poor. We cannot let this happen. This bill, by including reconstruction under eligible activities funded by the Federal Government, will permit us to abate the serious deterioration of parts of the system.

I also believe that the redefinition of eligible types of construction realistically assures the completion of the Interstate System. While we all feel that such items as noise abatement design, landscaping, scenic overlooks, and way stations are esthetically important, the actual completion of the system is far more so. By reducing the cost of the system by some $16 billion and constructing to "minimum level of acceptable design" we can look forward to having a finished system by 1990.

Finally, I am quite concerned about the condition of our Nation's bridges. I understand that a comprehensive bridge repair and reconstruction program is a priority of the administration, and I would like to say that I am completely in support of such a priority. I am pleased that we could include in H.R. 3210 language which directs the Federal Highway Administration's attention to this matter.

I urge my colleagues to support this vital piece of legislation.●

● Mr. CORRADA. Mr. Chairman, I rise in support of H.R. 3210, the Federal Aid Highway Act of 1981.

The legislation before us today is important since it continues the Federal Highway Administration's programs which allocate funds to States, and to Puerto Rico, for continuing highway construction and maintenance programs.

Given the administration's emphasis on cutting back some of the equally important mass transit and UMTA programs, the highway bill before us today becomes more important since the upgrading of the Nation's highway systems, and those in Puerto Rico, will become increasingly used by our citizens as a traffic resource.

The authorization levels of $1.55 billion for the Nation's primary system will allow completion of priority routes, and the additional funds of $800 million interstate resurfacing, restoration, and rehabilitation is an important ingredient in the upgrading of our highway system.

Mr. Speaker, the Surface Transportation Act of 1978, the last major transportation legislation passed which affected the highway construction and mass transit needs of our country, contained a provision which called for a study of the special needs of both Alaska and Puerto Rico.

Neither of these political jurisdictions participate in the National Interstate System.

The study was completed and I have previously submitted it, along with a description of the transportation needs of Puerto Rico, in the House Surface Transportation Committee's recent hearings on future transit needs of this country.

I wish to commend Congressman GLENN ANDERSON and the subcommittee of the Public Works and Transportation Committee for their foresight and considerable diligence in conducting this important series of hearings.

It is my hope that the legislation before us today will be speedily implemented by the administration if it becomes public law. I am aware that the Senate is shaping a different legislative version of highway legislation, one based on the administration's proposed revamping of the present highway aid formula.

This is being proposed since the highway needs were judged to be so great by the study I mentioned before that recommends additional funding since Puerto Rico is not in the Interstate System.

I hope these points will be kept in mind as future legislation is shaped by the House Surface Transportation Subcommittee.

In the interim, however, this subcommittee should be commended for bringing this bill to the floor, and for continuing our vital highway assistance programs.●

Mr. ANDERSON. Mr. Chairman, I yield back the balance of my time.

Mr. CLAUSEN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the substitute committee amendment recommended by the Committee on Public Works and Transportation now printed in the reported bill as an original bill for the purpose of amendment.

Mr. ANDERSON. Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The committee amendment in the nature of a substitute reads as follows:

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Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 104(a)(1) of the Surface Transportation Assistance Act of 1978 is amended by striking out "and $1,500,000,000 for the fiscal year ending September 30, 1982." and inserting in lieu thereof "and $1,550,000,000 for the fiscal year ending September 30, 1982.".

(b) The first sentence of section 104(c) of the Surface Transportation Assistance Act of 1978 is amended by striking out "September 30, 1981, and September 30, 1982," and inserting in lieu thereof "and September 30, 1981, and $175,000,000 of the sums authorized for the fiscal year ending September 30, 1982,". The second and third sentences of such section 104(c) are each amended by striking out "$125,000,000" each place it appears and inserting in lieu thereof at each such place "unapportioned amount".

SEC. 2. The first sentence of section 105 of the Surface Transportation Assistance Act of 1978 is amended by striking out "per fiscal year for each of the fiscal years ending September 30, 1982 and September 30, 1983." and inserting in lieu thereof "for the fiscal year ending September 30, 1982, and not to exceed $800,000,000 for the fiscal year ending September 30, 1983.".

SEC. 3. Section 202(6) of the Surface Transportation Assistance Act of 1978 is amended by striking out "$900,000,000 for the fiscal year ending September 30, 1982." and inserting in lieu thereof "$1,000,000,000 for the fiscal year ending September 30, 1982.".

SEC. 4. The Secretary of Transportation shall apportion for the fiscal years ending September 30, 1983, and September 30, 1984, the sums authorized to be apportioned for such period by section 108(b) of the Federal-Aid Highway Act of 1956, as amended, for expenditures on the National System of Interstate and Defense Highways, using the apportionment factors contained in revised table 5 of the committee report numbered —— of the Committee on Public Works and Transportation of the House of Representatives, entitled "Federal Aid Highway Act of 1981.".

SEC. 5. (a) Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs for fiscal year 1982 shall not exceed $8,200,000,000. This limitation shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, or projects covered under section 147 of the Surface Transportation Assistance Act of 1978, or any ongoing emergency project for replacement or rehabilitation of a bridge the Federal share of the costs of which is obligated at the discretion of the Secretary under section 144 of such title 23. No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978 or upon any ongoing emergency project for replacement or rehabilitation of a bridge the Federal share of the costs of which is obligated at the discretion of the Secretary under section 144 of such title 23.

(b) For fiscal year 1982, the Secretary of Transportation shall distribute the limitation imposed by subsection (a) by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned or allocated to each State for fiscal year 1982 bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned or allocated to all the States for such fiscal year.

(c) During the period October 1 through December 31, 1981, no State shall obligate more than 35 per centum of the amount distributed to such State under subsection (b), and the total of all State obligations during such period shall not exceed 25 per centum of the total amount distributed to all States under such subsection.

(d) Notwithstanding subsections (b) and (c), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which have been apportioned or allocated to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1, 1982, revise a distribution of the funds made available under subsection (b) if a State will not obligate the amount distributed during fiscal year 1982 and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during fiscal year 1982; and

(3) not distribute amounts authorized for administrative expenses and forest highways.

SEC. 6. Notwithstanding any other provisions of law, the total of all obligations for highway safety programs and school bus driver training under sections 402 and 406 of title 23, United States Code, for the fiscal year 1982 shall not exceed $110,000,000.

SEC. 7. (a) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is amended by striking out "the additional sum of $3,200,000,000 for the fiscal year ending September 30, 1983," and inserting in lieu thereof the following: "the additional sum of $3,100,000,000 for the fiscal year ending September 30, 1983,".

(b) Subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, is further amended by adding at the end thereof the following: "Effective October 1, 1981, the obligation of funds authorized by this subsection, except for advance construction interstate projects approved before October 1, 1981, shall be limited to the construction necessary to provide a minimum level of acceptable service on the Interstate System which shall consist of (1) full access control; (2) a pavement design to accommodate the types and volumes of traffic anticipated for the twenty-year period from date of authorization of the initial basic construction contract; (3) a design of four lanes (exclusive of high occupancy vehicle lanes) in rural areas and all urban and urbanized areas under four hundred thousand population, up to six lanes (exclusive of high occupancy vehicle lanes) in urbanized areas of four hundred thousand to one million population, and up to eight lanes (exclusive of high occupancy vehicle lanes) in urbanized areas of one million or more population as shown in the 1980 Federal census; and (4) those high occupancy vehicle lanes (including approaches and all directly related facilities) included in the interstate cost estimate for fiscal year 1981. The obligation of funds authorized by this subsection shall be further limited to the actual costs of only those design concepts, locations, geometrics, and other construction features included in the 1981 interstate cost estimate. For purposes of this subsection, construction necessary to provide a minimum level of acceptable service on the Interstate System shall include, but not be limited to, any construction on the Interstate System which is required under a court order issued before January 1, 1981.".

(c) Section 104(b)(5)(A) of title 23, United States Code, is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provisions of this subparagraph, the Secretary in making the revised estimate of the cost of completing the then designated Interstate System for the purpose of transmitting it to the Senate and House of Representatives within ten days subsequent to January 2, 1983, or thereafter, shall include only those costs eligible for funds authorized by subsection (b) of section 108 of the Federal-Aid Highway Act of 1956, as amended, including the amendments made by section 7 of the Federal-Aid Highway Act of 1981.".

(d) The Secretary of Transportation shall make a full and complete investigation and study of the effects of limiting Interstate System construction (1) to a design of four lanes in rural areas and all urban and urbanized areas under four hundred thousand population, not more than six lanes in urbanized areas of four hundred thousand or more population as shown in the 1980 Federal census, and (2) by eliminating high occupancy vehicle lanes (including approaches and directly related facilities). The Secretary shall report to Congress not later than November 15, 1981, the results of such investigations and study together with recommendations for necessary legislation.

SEC. 8. (a) Section 104(b)(5)(B) of title 23, United States Code, is amended to read as follows:

"(B) For resurfacing, restoring, rehabilitating, and reconstructing the Interstate System:

"Fifty per centum in the ratio that lane miles on the interstate routes designated under section 103 of this title (other than those on toll roads) in each State bears to the total of all such lane miles in all States; and 50 per centum in the ratio that vehicle miles traveled on lanes on the interstate routes designated under section 103 of this title (other than those on toll roads) in each State bears to the total of all such vehicle miles in all States. Notwithstanding the preceding sentence, no State excluding any State that has no interstate lane miles shall receive less than one-half of 1 per centum of the total apportionment made by this subparagraph for any fiscal year.".

(b) The amendments made by this section are effective October 1, 1981.

SEC. 9. (a) Section 119(a) of title 23, United States Code, is amended by striking out the words "and rehabilitating" and by inserting in lieu thereof the words "rehabilitating, and reconstructing" and by striking out the words "those lanes in use for more than five years on the Interstate System (other than those on toll roads not subject to a Secretarial agreement provided for in section 105 of the Federal-Aid Highway Act of 1978)." and inserting in lieu thereof the words "routes of the Interstate System designated under section 103 of title 23, United States Code, which are not toll roads.".

(b) The amendments made by subsection (a) of this section are effective October 1, 1981.

SEC. 10. Subsection (a) of section 119 of title 23, United States Code, is amended by adding at the end thereof the following: "Effective October 1, 1981, the Federal share for projects financed by funds apportioned under section 104(b)(5)(B) of title 23, United States Code, for resurfacing, restoring, rehabilitating, and reconstructing routes of the Interstate System designated under section 103 of this title and which are not toll roads shall be that set forth in section 120(c) of this title.".

SEC. 11. Section 104(b)(1) of the Federal-Aid Highway Act of 1978 is amended in the first sentence by striking out "1982, and 1983," and inserting in lieu thereof "and 1982," and in the third sentence by striking out "September 30, 1982, and September 30, 1983." and inserting in lieu thereof "and September 30, 1982.".

SEC. 12. In any case in which the city of Santa Rosa, California, has incurred costs on behalf of the State of California for the acquisition, between the date of enactment of Public Law 94-154 and the date of enactment of the Federal-Aid Highway Act of 1976 (Public Law 94-280), of land which was utilized in a Federal-aid urban system project at an intersection with a segment of the Federal-aid primary system, the Secretary of Transportation is authorized, notwithstanding any other provision of law, to reimburse the State of California from funds apportioned to the State of California under section 104(b)(6) of title 23, United States Code, 75 per centum of such costs.

SEC. 13. Whenever any law of the United States, enacted after January 1, 1970, and before the date of enactment of this Act, authorizing payment, in financing the relocation of an existing road, for the cost of construction of a two-lane bridge with a substructure and deck truss capable of supporting a four-lane bridge, payment for the cost of completing the construction of such bridge as a four-lane bridge is authorized upon the completion of such substructure and deck truss.

Sec. 14. Section 115(b)(2) of title 23 of the United States Code is amended by striking out "1978" each place it appears and inserting in lieu thereof "1982".

Sec. 15. Section 154(a) of title 23, United States Code, is amended by inserting immediately after the first sentence the following new sentence: "The Secretary of Transportation shall not approve any project under section 106 in any State whose laws do not constitute a substantial deterrent to violations of the maximum speed limit on public highways within its jurisdiction.".

Sec. 16. This Act may be cited as the "Federal-Aid Highway Act of 1981".

AMENDMENT OFFERED BY MR. ANDERSON

Mr. ANDERSON. Mr. Chairman, I offer a technical amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDERSON: Page 3, strike out line 14 and all that follows down through line 19 on page 5 and insert in lieu thereof the following:

Sec. 5. (a) Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs for fiscal year 1982 shall not exceed $8,200,000,000. This limitation shall not apply to obligations for emergency relief under section 125 of title 23, United States Code, or projects covered under section 147 of the Surface Transportation Assistance Act of 1978. No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978.

(b) For fiscal year 1982, the Secretary of Transportation shall distribute the limitation imposed by subsection (a) by allocation in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to each State for fiscal year 1982 bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned to all the States for such fiscal year.

(c) During the period October 1 through December 31, 1981, no State shall obligate more than 35 per centum of the amount distributed to such State under subsection (b), and the total of all State obligations during such period shall not exceed 25 per centum of the total amount distributed to all States under such subsection.

(d) Notwithstanding subsections (b) and (c), the Secretary shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which have been apportioned to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1, 1982, revise a distribution of the funds made available under subsection (b) if a State will not obligate the amount distributed during fiscal year 1982 and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during fiscal year 1982; and

(3) not distribute amounts authorized for administrative expenses and forest highways.

Sec. 6. Notwithstanding any other provision of law, the total of all obligations for highway safety programs carried out by the National Highway Traffic Safety Administration under section 402 of title 23, United States Code, shall not exceed $100,000,000, for the fiscal year ending September 30, 1982, and the total of all obligations for highway safety programs carried out by the Federal Highway Administration under section 402 of title 23, United States Code, shall not exceed $10,000,000, for the fiscal year ending September 30, 1982.

Mr. ANDERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ANDERSON. Mr. Chairman, my technical amendment conforms H.R. 3210 to the Omnibus Reconciliation Act and the House-passed DOT appropriations bill.

The first provision would distribute fiscal year 1982 obligational authority for the Federal-aid highway program on the basis of legislative formulas only, rather than on the basis of legislative formulas and discretionary and other nonformula fund allocations as presently contained in H.R. 3210. This amendment adds no new budget authority but merely provides a means of distributing the $8.2 billion ceiling for the Federal-aid highway program.

The second provision would impose a $100 million ceiling for fiscal year 1982 for highway safety programs administered by the National Highway Transportation Safety Administration and a $10 million ceiling for highway safety programs administered by the Federal Highway Administration, rather than a $110 million ceiling on highway safety programs and school bus driver training programs under sections 402 and 406 of title 23, United States Code, as presently contained in H.R. 3210.

These two provisions are consistent with the Omnibus Reconciliation Act and the House-passed DOT appropriations bill and I urge their adoption.

Mr. SHUSTER. Mr. Chairman, I rise in support of the conforming amendment offered by the gentleman from California (Mr. ANDERSON).

The amendment does exactly as described by our distinguished chairman. It conforms both to the Reconciliation Act and the DOT appropriations bill. We support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ANDERSON).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HOWARD

Mr. HOWARD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOWARD: Page 7, line 3, before the period insert the following: ", except in any case where the Secretary of Transportation determines that a provision of Federal law requires a different design, location, geometric, or other construction feature of a type authorized by this subsection".

Mr. HOWARD. Mr. Chairman, one of the most significant provisions in the bill is an amendment by the distinguished gentleman from Pennsylvania (Mr. SHUSTER) which reduces the remaining cost to complete the Interstate Highway System from $53 billion to $37 billion by limiting the obligation of funds to construction necessary to provide for a minimum level of traffic service on the Interstate System. His amendment accomplishes this by generally excluding from the interstate fund eligibility items such as weigh stations, noise barriers, landscaping, pedestrian and bikeway facilities, and additional lanes over the maximum allowed by the bill.

Furthermore, the amendment limits the obligation of funds to the actual cost of only those design concepts, locations, geometrics, and construction features included in the 1981 interstate cost estimate. Mr. Chairman, my amendment seeks to modify this latter restriction which has significant potential to adversely affecting interstate projects throughout the country.

Let me cite an example. Suppose we have a route which a court rules must be realined to avoid traversing parkland, and the cost of the realined route is significantly greater than the originally designed route. Where will the additional funding come from to build the realined route? The Shuster amendment prohibits the use of interstate construction funds, and interstate 4R funds may not be adequate to make up the difference. The project could die as a result. This provision might also operate in an environmentally destructive way in that the funding limitations may result in projects being advanced which may appear to be low cost but which may have very high environmental costs.

By adopting this amendment, Mr. Chairman, we will insure that decisions are based upon the requirements of Federal law rather than by any arbitrary financial restriction.

I urge adoption of the amendment.

Mr. SHUSTER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, as the author of the overall amendment in question, I reviewed this language. I think it helps the amendment which I offered and which was adopted in committee.

This is simply a conforming type amendment which provides that if a provision of the Federal law requires a different design, then we simply acknowledge that that can occur.

So, Mr. Chairman, I have no problem with this amendment at all. I think it improves the language before us, and I support it.

Mr. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. CLAUSEN. Mr. Chairman, I join in the comments made by the committee chairman and by the ranking minority member, the gentleman from Pennsylvania (Mr. SHUSTER).

This amendment improves the language by allowing for a design change potential. It allows more flexibility, and, of course, it will be subject to the approval of the Secretary.

□ 1200

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. HOWARD).

The amendment was agreed to.

Mr. GONZALEZ. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise mostly for the purpose of directing some questions. But prefacing the interrogation I would state that I compliment the chairmen of the committee and the subcommittee on both sides for coming up with a bill, even though I know the constraints they confront with the administration asking for cutbacks and all. But I must go on the record as protesting the situation because, as in the case of other areas of great social need, housing, community health, drainage, sewage, and so forth, what it means is that the Congress has given its imprimatur to a do-nothing administration which is in dereliction of the fundamental responsibility we have—to address ourselves to the needs of the country.

Here we are constraining and saying that a highway plan visualized several years ago is going to be petrified and that the completion of the Interstate System, such as was determined as needed a few years ago, is what is definitely and permanently decided upon at a time when we have turned over our highways and roads to the big truckers that hog and menace just us individual drivers on the highways.

We have highways that we say, even if we complete construction, are inadequate. When we throw heavy tandem trucks, cement mixers, on the same roadbeds with Volkswagens, jerry-built compacts from other countries, bicycles, motorcycles, and we just remain unmoved, I think that rather than being challenged by constructing we ought to rise to the challenge of building and fulfilling what is needed today—a really adequate highway system that will in a very serious way help eliminate the carnage on the highways. I do not see how in the world the carnage is every going to be reduced when we find ourselves on the same roadway with the Volkswagen, the motorcycle, and a little compact with a three-tandem monster on the road, the driver of which feels that he owns the road and is heedless of even the essential elements of courtesy. I speak out of personal experience on the highways of several States, not only my own State of Texas.

I need a question answered in respect to the language in the bill and its impact on the Texas system and administration.

On page 3 of the report it states:

> With respect to the limitation on the number of lanes, the committee wishes to make it clear that the lane limitation applies to each Interstate "route". Thus, where two Interstate routes are on a common alignment, the total number of lanes which would be permitted would be the sum of the number of lanes permissible for each route. For example, in Atlanta the full number of lanes (including HOV lanes) in the 1981 Interstate Cost Estimate for I-75/I-85 would be eligible for Interstate construction funding under the proposed redefinition.

What about Texas? We all know that Texas, despite the tabulation showing the distribution and allocation of funds, is the biggest single State with probably the best and most refined interstate and intrastate system. Yet what about this language? What does this mean to Texas, a State like Texas? If the gentleman is in a position to answer, I would appreciate it. If not, I would like to have the question addressed in the RECORD. But it seems to me as if that does have an immediate impact on Texas, but I could be wrong. If it does, I would like to be apprised of its net impact.

Does this mean actually that in the redefinition, in effect, we are limiting the Texas lane construction?

Mr. ANDERSON. Mr. Chairman, will the gentleman yield?

Mr. GONZALEZ. I yield to the gentleman from California (Mr. ANDERSON).

Mr. ANDERSON. The cost to complete the Interstate System in Texas would be increased by about $6 million. In other words, this provision actually benefits the State of Texas.

Mr. GONZALEZ. I would appreciate that.

AMENDMENT OFFERED BY MR. STARK

Mr. STARK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. STARK: Page 11, after line 10, insert the following:
>
> SEC. 16. The State of California shall not restrict or require the restriction of the use of any lane on any Federal-aid highway in the unincorporated areas of Alameda County, California, to high occupancy vehicles, exclusive of approaches to toll roads or bridges.
>
> Page 11, line 11, strike out "SEC. 16." and insert in lieu there of "SEC. 17.".

Mr. STARK. Mr. Chairman, for more than 3 years commuters in my district have wasted thousands of hours in traffic because on a 5-mile stretch of a six-lane Federal-aid highway in my district, two lanes have been restricted to high-occupancy vehicles.

My amendment would require the State of California to remove these lane restrictions.

Mr. Chairman, I am not opposed to the principle of high-occupancy vehicles lanes. In many cases they may, indeed, promote ridesharing and that is a laudable goal.

However, Mr. Chairman, they simply do not work on this particular stretch of highway. Instead these lane restrictions—we call them diamond lanes—have promoted conjestion, impeded the flow of traffic, and probably resulted in the waste of tens of thousands of gallons of gasoline by commuters stuck in traffic.

The Federal Aid Highway Act clearly states that it is in the national interest to reduce congestion and facilitate the flow of traffic. The diamond lanes on this highway in Alameda County—which incidentally were built with 90 percent Federal financing—work against this national interest.

I would also like to bring to the attention of my colleagues the results of a referendum conducted last year in the affected communities. Eighty-three percent of the people opposed the diamond lanes.

Mr. Chairman, this amendment is necessary because of an agreement between the Federal Highway Administration, the State of California, and the Sierra Club. This agreement was signed in 1975 to forestall a lawsuit by the Sierra Club which would have sought to enjoin a much-needed expansion of the highway.

I do not often disagree with my friends in the Sierra Club. But here they were wrong—dead wrong. Not only is this agreement immensely unpopular with the people who live in the area, it has not achieved its purpose of slowing growth and protecting the environment. It has simply resulted in frustrated commuters and more pollution as the result of cars stuck in traffic.

I urge the adoption of the amendment.

Mr. SHUSTER. Mr. Chairman, I rise reluctantly in opposition to this amendment. I would emphasize that there may well be merit in the proposal that is before us. However, in accordance with the bipartisan agreement which we came to the floor with today, which was that this small bill was not the place for amendments or changes but, rather, matters such as this should, indeed, be considered next year when we consider our overall surface transportation legislation, I would say that that is the place for us to consider this matter.

I would say further to my friend from California (Mr. STARK) that I believe the committee should have the benefit of the views of the State of California if, indeed, we are considering saying that the State of California shall not restrict or require, as this language says.

So I would strongly be in favor of giving consideration to the gentleman's amendment as a part of our overall surface transportation legislation next year but, based on the agreement to which I alluded between the majority and the minority that we would oppose amendments such as this today, I must reluctantly oppose my friend.

Mr. STARK. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California.

Mr. STARK. Obviously, if I must go down to ignominous defeat, I would like to blame it on the gentleman across the aisle. He is much too clever for that, so I am going to have to go home and blame it on the bureaucracy.

Mr. SHUSTER. I thank the gentleman.

Mr. CLAUSEN. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from California (Mr. CLAUSEN).

Mr. CLAUSEN. The gentleman approached me last year and again this year about this matter, I had supported that particular amendment in last year's bill. I would continue to support the effort, but I think where there has been a policy set by the committee not to open up this minor bill for other amendments, I think we should stick with the committee position.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. STARK).

The amendment was rejected.

Mr. LANTOS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have just blamed the bureaucracy for problems, and I would like to raise a question with the distinguished chairman of the committee in connection with that item.

There is a life-threatening situation in my district at the interchange of Highways 92 and 101 which has created a major, longstanding, serious problem for our community. I understand that before the end of the current fiscal year, funds are supposed to be allocated for the purpose of completing the interchange. But since we have been victimized by bureaucratic snafoos and inaction in previous years, I would like an assurance from my good friend, the distinguished chairman, that this will not happen; and should it happen, funds would be made available for the 92/101 interchange in this bill.

Mr. ANDERSON. Will the gentleman yield?

Mr. LANTOS. I would be happy to yield.

Mr. ANDERSON. I want to thank the gentleman for raising this matter. I understand that the bridge mentioned by my good friend and colleague has already been designated as a discretionary bridge project and I would hope that by exercising some discipline and refraining from designating new projects at this time, we can begin to finish work on such fine projects as the 92-101 project in San Mateo.

Mr. LANTOS. I thank the chairman for his answer and yield back the balance of my time.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

Under the rule, the Committee rises.

□ 1215

Accordingly the Committee rose; and the Speaker pro tempore (Mr. ANNUNZIO) having assumed the chair, Mr. FOWLER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3210) to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes, pursuant to House Resolution 224, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. McDONALD. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 377, nays 25, not voting 31, as follows:

[Roll No. 224]

YEAS—377

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bethune
Bevill
Biaggi
Bingham
Blanchard
Bliley
Boggs
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Brown (CO)
Burgener
Burton, John
Burton, Phillip
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Coleman
Collins (IL)
Conable
Conyers
Corcoran
Courter
Coyne, James
Coyne, William
Crockett
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daschle
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Dickinson
Dicks
Dingell
Donnelly
Dorgan
Dornan
Dougherty
Dowdy
Downey
Dreier
Duncan
Dunn
Dwyer
Dymally
Dyson
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (GA)
Evans (IN)
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fithian
Flippo
Florio
Foglietta
Foley
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gingrich
Ginn
Glickman
Goldwater
Goodling
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Hollenbeck
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Madigan
Markey
Marks
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Oxley
Panetta
Pashayan
Patterson
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Robinson
Roe
Roemer
Rogers
Rose
Rosenthal
Rostenkowski
Roth
Roukema
Rousselot
Roybal
Rudd

Sabo
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skelton
Smith (AL)
Smith (IA)
Smith (NJ)
Smith (PA)
Snowe
Snyder
Solarz
Spence
St Germain
Stangeland
Stanton
Stark
Staton
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tauke
Tauzin
Taylor
Thomas
Traxler
Trible
Udall
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Washington
Watkins
Waxman
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

NAYS—25

Bereuter
Broyhill
Collins (TX)
Craig
Crane, Daniel
Crane, Philip
Daub
Evans (DE)
Hansen (ID)
Hansen (UT)
Jeffords
Jeffries
Johnston
Marlenee
McDonald
Paul
Roberts (SD)
Russo
Sensenbrenner
Skeen
Smith (NE)
Smith (OR)
Solomon
Weaver
Williams (MT)

NOT VOTING—31

Badham
Boland
Bolling
Brown (OH)
Cheney
Conte
Coughlin
Danielson
Derwinski
Dixon
Early
Evans (IA)
Fary
Fish
Ford (MI)
Gilman
Gonzalez
Hagedorn
Harkin
Holland
McClory
McCloskey
Moffett
Parris
Patman
Pursell
Rodino
Santini
Savage
Stump
Whitten

☐ 1230

The Clerk announced the following pairs:

Mr. Ford of Michigan with Mr. Derwinski.
Mr. Moffett with Mr. Gilman.
Mr. Fary with Mr. McCloskey.
Mr. Boland with Mr. McClory.
Mr. Dixon with Mr. Hagedorn.
Mr. Rodino with Mr. Brown of Ohio.
Mr. Whitten with Mr. Conte.
Mr. Early with Mr. Badham.
Mr. Danielson with Mr. Coughlin.
Mr. Gonzalez with Mr. Parris.
Mr. Harkin with Mr. Fish.
Mr. Patman with Mr. Pursell.
Mr. Santini with Mr. Evans of Iowa.
Mr. Holland with Mr. Cheney.
Mr. Stump with Mr. Savage.

Mr. DANNEMEYER changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ANDERSON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed, H.R. 3210.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

REMOVAL OF NAME OF MEMBER AS SPONSOR OF H.R. 4531

Mr. FORD of Tennessee. Mr. Speaker, I ask unanimous consent to have my name removed as a sponsor of the bill, H.R. 4531.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

LEGISLATIVE PROGRAM

Mr. LOTT. Mr. Speaker, I ask for this time for the purpose of receiving the schedule for the rest of this week and next week.

Mr. WRIGHT. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I would be happy to yield to the distinguished majority leader for the purpose of learning what the schedule is for the rest of this week and next week.

Mr. WRIGHT. I thank the gentleman for yielding.

Adoption of the bill just passed concludes the business scheduled for today.

There will be a session tomorrow, but it will be a pro forma session. Our purpose in meeting tomorrow is to receive from the other body the continuing resolution on appropriations.

Mr. LOTT. If I may ask the gentleman a question, What is the intent for the rest of the day? Is the House going to remain in session to see if there would be any way possible to receive the continuing resolution, or is it anticipated at this point that we would adjourn until tomorrow for the pro forma session?

Mr. WRIGHT. It is my expectation that we would adjourn as soon as we have concluded whatever normal business might flow following the legislative business today, and in a moment, I shall ask unanimous consent that the Speaker may call a recess at any time tomorrow in order to await action in the other body on the continuing resolution. It may be that we would possibly want to appoint conferees at some time tomorrow. It is at least conceivable that those conferees might be meeting over the weekend.

As the gentleman is so well aware, we must act ultimately upon that continuing resolution in its conference committee form by no later than Wednesday because the new fiscal year begins on next Thursday, and if we have not concluded action on the continuing resolution, the Government would be in serious straits. So that is our hope.

We hope that Monday we may have the opportunity to vote on that continuing resolution in its final form.

That is the only business that we have scheduled for Monday except for adopting the rule on the Voting Rights Act extension. It is an open rule, with 2 hours of general debate, but we do not expect to get into general debate on Monday, only to adopt the rule.

On Tuesday, there are five suspensions scheduled. They are:

H.R. 4048, Kansas-Missouri boundary agreement;

H.R. 2896, North Carolina-South Carolina seaward boundary agreements;

S. 1475, Energy Policy and Conservation Act amendments;

H.R. 3495, Toxic Substances Control Act; and

S. 304, conference report on the Tourism Act.

Any votes requested upon them will be postponed until Thursday so that the members of the Jewish faith may confidently understand that there will be no votes on Tuesday during the Jewish religious holiday, and we would hope that there would be no votes on Wednesday.

The only reservation I would hold out on the possibility of a vote on Wednesday would be the conceivable situation in which we would not receive from the conference committee the continuing appropriations bill in time for floor action on Monday. And in that case, we would have to take action upon it on Wednesday.

If that has cleared by Monday, as we hope that it will, then there will be no votes on either Tuesday or Wednesday.

On Wednesday, we will consider the bill H.R. 3112, voting rights, general debate only.

On Thursday, we will take votes on whatever suspensions there may be on which Members would demand recorded votes.

Then we would hope to begin and conclude the Labor, Health and Human Services appropriations bill for fiscal year 1982. We believe we can finish that on Thursday.

The remaining order of business for Thursday and Friday—and we anticipate a session on Friday, a week from tomorrow—would include the Voting Rights Act extension; the Agriculture and Food Act of 1981, subject to the granting of a rule; and authorizations for nonperforming arts functions for the Kennedy Center.

The House will adjourn by 3 p.m. on Friday next, with adjournment times for all other days to be announced from day to day.

Conference reports, of course, can be brought up at any time and any further program would have to be announced later.

Mr. LOTT. I would like to ask a couple of questions about the schedule, if I could.

First, there has been a lot of uncertainty about next Monday, whether we would be here, whether we would or would not have a vote. I realize that that depends totally almost on what and when the Senate acts.

Can the gentleman give us an indication, first of all, if we have any votes anticipated there would only be one vote on the continuing resolution on Monday?

Is it possible that that vote would come not on Monday, but on Wednesday?

Mr. WRIGHT. Yes, it is possible, It is possible that the conferees might not conclude their work in time for us to adopt the conference committee report on Monday, in which event, we would have to vote on Wednesday, since the new fiscal year begins on the following day, Thursday.

Mr. LOTT. If it is on Wednesday, I take it it would come after sundown on that day; is that a fact or a consideration?

Mr. WRIGHT. That is consideration; but I am not in a position to give the gentleman a categorical answer at this time. We try to accommodate our colleagues.

Mr. LOTT. I understand that. The gentleman is saying at this point that the Members can expect the possibility of a vote on the continuing resolution on Monday. And that is the way the leadership wants to leave it at this point?

Mr. WRIGHT. That is what we would like to have happen. If the conferees can conclude their deliberations in time that we may vote on it Monday, that is what we want to see happen. So we are leaving it open to that possibility.

Now, we realize also that we have a problem on Monday because the religious holiday begins at sundown on Monday.

Mr. LOTT. I note here on the tentative schedule that it does indicate that we might have a vote on adopting the rule on the Voting Rights Act also; is that correct?

Mr. WRIGHT. Well, we hope to adopt the rule on the Voting Rights Act, and whether Members insist upon a rollcall vote is something I cannot prophesy. I do not know of any disposition on this side of the aisle to demand a recorded vote on the adoption of that rule, since it is a simple open rule, with 2 hours of general debate. There is no closed rule involved, and for that reason it seems to me plausible that we might be able to adopt that rule by voice vote.

I am not aware of any opposition to the rule. If there is opposition to the rule, then one might expect there would be a recorded vote demanded on the rule. We hope to adopt that rule on Monday.

Mr. LOTT. One other question. I note here on the schedule that the gentleman is reading, the Labor-HHS appropriations bill with no indication that it was subject to a rule being granted.

Is it anticipated that there would be a need for a rule on that bill?

Mr. WRIGHT. I am not aware of any rule. I do not think there is any rule required on that appropriations bill.

Mr. LOTT. And the gentleman does anticipate at this time that the agriculture bill would be brought up next Thursday or Friday, assuming we complete the Voting Rights Act; is that correct?

Mr. WRIGHT. Yes; and assuming that a rule is granted previous to that time.

The Rules Committee has not even reported a resolution on the Agriculture Act.

The Voting Rights Act, of course, is a matter on which we will adopt the rule Monday. But if we were able to complete all of this then it is possible we might get to the Agriculture and Food Act if previously a rule had been recommended by the Rules Committee and were capable of being adopted on the floor.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to our distinguished minority leader, the gentleman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding.

Is there any possibility the agriculture bill would preempt the voting rights bill next week; or is that absolutely out of the question?

Mr. WRIGHT. Well, I would not rule anything out of the question at this stage.

Mr. MICHEL. The gentleman knows the act expires on October 1. There is always that problem, too, of milk price supports moving in what I consider to be the wrong direction, as a result of a lack of legislative authority. There may be a legislative vehicle also in the works before the end of the fiscal year here to bind us over in the event that we do not address that agriculture bill. And I think we ought to also throw that out as a possibility here.

☐ 1245

I would hate to think that Members would think they were absolutely home free on Monday when in fact it would not appear that they would be and to protect themselves accordingly.

Mr. WRIGHT. Well, I appreciate the gentleman calling that to our attention. The gentleman is absolutely right. The act does expire and we hope we will be able to get to it also.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from California.

Mr. ROUSSELOT. I wonder if our distinguished majority leader could tell us if for some reason the Voting Rights Act was not brought up or it was brought up and we completed action on it on Wednesday, is there a possibility that other legislation would be put on the schedule for Wednesday?

Mr. WRIGHT. No; I do not think that is likely to happen at all, because we plan to take only general debate on Wednesday. There is not any way that we can get into anything else of a substantive nature because we are assiduously putting off voting on any of the amendments to the Voting Rights Act in deference to our colleagues of the Jewish faith, so that there will not be any votes.

Mr. ROUSSELOT. There would be no votes on amendments to the Voting Rights Act on Wednesday?

Mr. WRIGHT. That is correct, general debate only.

Mr. ROUSSELOT. I appreciate my colleague's comments.

Mr. LOTT. Mr. Speaker, I would like to ask just a couple more questions so the Members can get as clear an impression as possible on all this.

I noted the gentleman said that we would probably recess subject to the discretion of the Chair tomorrow, realizing that the conferees might meet over the weekend.

What is the reason for that? What is the real purpose? Does that have any particular meaning to the Members that we would recess, rather than adjourn until Monday?

Mr. WRIGHT. I am sorry. I must have left the wrong impression. I would hope to ask when I am free to do so unanimous consent that the Speaker may find it in order at any time tomorrow, on Friday, to declare a recess subject to the call of the Chair.

The purpose of that would be to permit us to go out of session temporarily awaiting the report of a conference committee on the continuing appropriation, so that it is not necessary for Members to sit around in the Chamber and conduct make-work business awaiting the action of the conferees.

It does not contemplate recessing at the conclusion of business Friday. It simply contemplates a recess during the conduct of business Friday and awaiting the report of the conferees.

Mr. LOTT. One final question. I wonder if it is evident that there will not be a vote or we would not be able to take up the continuing resolution appropriations bill on Monday, if that being going over until Wednesday, may be also the rule on the Voting Rights Act might be in effect tied to it so that we would not just be stuck with the possiblity of having one vote on the rule on Monday.

Mr. WRIGHT. Well, I think the gentleman could control that one way or another by whatever influence the gentleman may have over those who would or would not be inclined to ask for a recorded vote on the rule for the Voting Rights Act extension.

I have no way of contemplating whether Members will ask for a recorded vote. I cannot imagine any reason why they would, since it is an open rule; but the gentleman knows as well as I do that the whims of the Members are unpredictable.

Mr. LOTT. I thank the gentleman for his statement.

ADJOURNMENT OF THE HOUSE FROM FRIDAY, SEPTEMBER 25, 1981, TO MONDAY, SEPTEMBER 28, 1981

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns on tomorrow, Friday, September 25, 1981, it stand adjourned until noon on Monday, September 28, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING THE SPEAKER TO DECLARE A RECESS AT ANY TIME ON FRIDAY, SEPTEMBER 25, 1981, SUBJECT TO THE CALL OF THE CHAIR

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that it shall be in order for the Speaker to declare a recess at any time on Friday, September 25, 1981, subject to the call of the Chair.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

SECRETARY SCHWEIKER'S PRESS CONFERENCE ON AGENT ORANGE

Mr. MONTGOMERY. Mr. Speaker, the Secretary of the Department of Health and Human Services, Secretary Schweiker, at a press conference yesterday announced that new data had been discovered concerning aerial spraying of herbicides, including agent orange, on American forces in Vietnam.

Now, Mr. Speaker, had Secretary Schweiker paused for a moment and contacted other departments of the Government, or even the Congress, he would have discovered that this is not new data. This new data released by the Secretary was revealed to the Committee on Veterans' Affairs by the Department of the Air Force in an oversight hearing held on September 16, 1980, when the gentleman from South Dakota (Mr. TOM DASCHLE), raised the question as to whether herbicides had been dropped on troops due to aborted U.S. air missions. He was told by Air Force witnesses that this had occurred on a number of occasions. In many cases the planes did get to the sea before releasing the chemicals.

We just passed legislation in this House tackling further the problem of the effects of agent orange on the American soldier. Now, if the Secretary will come up here and see what we are doing on agent orange and join and work with us, we would be a lot better off than making a sensational announcement that gives the impression he really does not know what is going on.

There follows a copy of the Secretary's press release and a portion of the hearing record before our Committee on Veterans' Affairs on September 16, 1980, on the new data announced by Secretary Schweiker at his press conference yesterday.

PRESS RELEASE

HHS Secretary Richard S. Schweiker today announced that the administration's Agent Orange Working Group has received significant new data about emergency aerial dumpings of herbicides that could help scientists determine the possible long-term health effects of the defoliant on Vietnam veterans.

As part of a continuing search of Vietnam war files, Department of Defense records personnel discovered that approximately 90 chemical spraying missions had been aborted and their cargo dumped due to enemy fire or engine failure. Agent Orange apparently was involved in 41 such dumps, some directly over or near U.S. air bases and other military installations.

Until now, approximately 1,200 pilots and support personnel who sprayed Agent Orange were the only group documented and identified to have been heavily exposed to the defoliant.

Veterans groups fear it is causing a variety of illnesses among soldiers who were exposed to the chemical and birth defects in their offspring.

On July 17, President Reagan elevated a government-wide Agent Orange Working Group to cabinet council level. HHS Deputy Under Secretary James Stockdale was named chairman by Secretary Schweiker.

This new information is of particular interest to the working group's scientific panel, because it may help in identifying additional exposed populations for potential health effect study. Information is now being developed by the Department of Defense on exact locations, times, weather conditions, personnel present and the extent of possible exposure.

AFTERNOON SESSION

Chairman SATTERFIELD. The subcommittee will come to order. We will continue with the testimony of the Air Force. We had begun questioning of our witnesses. The next gentleman to be introduced for questions is Mr. Daschle. If you will proceed, Mr. Daschle.

Mr. DASCHLE. Thank you, Mr. Chairman. General, I would like to clarify again, if I could, when you first found out that agent orange contained the deadly contaminant dioxin.

General MYERS. My perception of that is that the Department of Defense became aware of that 1969 study which was shown on the chart and that use was suspended then in 1970.

Mr. DASCHLE. So it was in 1969 that you became aware of it. Were you ever notified by the producers of agent orange that they had done any tests prior to 1970 with regard to the contaminant? In other words, at the time that you made the decision to use it, were you provided any material which showed that it might cause health hazards?

General MYERS. I would ask Major Young if he would respond.

Major YOUNG. Not in regard to the dioxin. We conducted our own toxicological tests, animal tests with the early formulations used in Vietnam. We have a publication on purple, a 2,4-D/2,4,5-T formulation, which is a toxicological evaluation. There were a number of publications also put out during the Vietnam period on the toxicology of 2,4-D and 2,4,5-T. The issue of TCDD, however, did not come about until 1969. We saw no report prior to that. At least the records reflect that of those that I have seen.

Mr. DASCHLE. Major Young, in going through your reports of the history of the use of this, did you have any records where the herbicide was dumped at a time when perhaps they were under attack or had to flee a given area? Was the 1,000 gallons ever dumped on a given area?

Major YOUNG. Indeed, anytime that the crew found that it was necessary because of any number of circumstances, but usually the aircraft was in danger of crashing, they then would jettison the tank. Jettison the herbicide not the tank itself. They would have to file a report and those reports are available. They have been maintained. We have them on microfiche so we know how many times the herbicide was jettisoned due to complications in flying and we know approximately where. Many times it took place outside of Da Nang and was actually dumped in the ocean. I think it occured on about 11 occasions.

Mr. DASCHLE. Do you know what the total number of jettisoned incidences was during this period of time?

Major YOUNG. That can be provided. I believe the figure is 21, but I am not absolutely certain.

Mr. DASCHLE. Twenty-one cases were——

Major YOUNG. Yes.

Mr. DASCHLE. The 1,000 gallon tank or parts of it thereof were actually dumped.

Major YOUNG. It took 20 seconds to jettison the entire load.

Mr. DASCHLE. Twenty seconds.

Major YOUNG. Yes.

Mr. DASCHLE. And so that jettison material fell over an area the size of what? Could it be said that it falls pretty directly below the aircraft so most likely that would have fallen in a very concentrated form on a given area?

Major YOUNG. Exactly. It would just be like pouring it out of a bucket.

Mr. DASCHLE. You poured it out of a bucket.

Major Young. The hose was 6 inches in diameter. You can imagine how quickly it poured out?

Chairman Satterfield. Will the gentleman yield at that point.

Mr. Daschle. Yes.

Chairman Satterfield. May I ask a question? When that occurred, what altitude level would it normally be?

Major Young. Typically on the way to a mission and returning from a mission they would fly about 1,000 to 1,500 feet. Of course, it would depend on what kind of terrain they were going over. If they were over a very hostile area, they would fly at least 3,000 feet in elevation, altitude above the ground.

TIME TO LEGALIZE DMSO

(Mr. AuCOIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. AuCOIN. Mr. Speaker, recently, the Oregon Legislature petitioned Congress to allow Oregon to regulate the medical distribution of the drug DMSO under the terms of a new State law.

As a long-time advocate of legalizing the pharmaceutical use of DMSO, I have given up waiting for the FDA to stand up to the pharmaceutical industry and release this wonder drug on its own.

Today I am introducing legislation to allow Oregon to manufacture, prescribe, and dispense pharmaceutical grade DMSO without interference by the FDA. Identical legislation is being introduced in the Senate by Senator Packwood.

It has been almost 20 years since DMSO was first demonstrated to relieve chronic pain and a host of other ailments, including rheumatoid arthritis. Now is the time to put it to use. Let us not pretend DMSO is not already being used widely and illicitly by the American public—because it is.

The real danger is not the use—but the unregulated and self-administered use of DMSO widely available today in which customers have no guarantee of quality—no assurance against impurities. The situation is a ticking bomb that could explode at any time on thousands of users if a bad batch of this drug finds its way into the market.

I urge my colleagues to join the Oregon delegation in providing this unique opportunity for the State that gave birth to DMSO so that its value can be demonstrated for once and under carefully controlled conditions. By placing DMSO in safe medical channels, Oregon will establish a model system from which the country can learn and from which all Americans will benefit.

An estimated 10,000 dealers now sell the compound as a solvent, at wildly inflated prices, without guarantee for its quality since under FDA regulations, DMSO cannot lawfully be represented or marketed for medical use, except for one specific disorder.

Oregon's DMSO memorial requests that the U.S. Congress allow Oregon to carry out its own policy regarding the use of DMSO for medical purposes. The entire Oregon congressional delegation has urged the Federal Food and Drug Administration to expedite the testing and approval of DMSO, with no satisfactory response.

I am convinced that this special waiver for Oregon—the State in which the University of Oregon Health Sciences Center pioneered research studies on DMSO and demonstrated its success—will assure safe use of the drug at a much lower cost to the patient, and encourage medical research to continue. The bill follows:

H.R. 4586

A bill to permit, under certain circumstances, the manufacture, sale, prescribing, and dispensing of the drug dimethyl sulfoxide (DMSO) in the State of Oregon and the importation into such State of such drug or any ingredient or intermediate thereof, including dimethyl sulfide compound or mixture thereof

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding section 505 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355), a person may manufacture, sell, prescribe, or dispense the drug dimethyl sulfoxide (DMSO) in the State of Oregon, or may import into such State such drug or any ingredient or intermediate thereof, including dimethyl sulfide compound or mixture thereof, if the manufacture, sale, prescribing, or dispensing of such drug in such State, or the importation of such drug into such State, is conducted in accordance with the provisions of the laws of such State.

THERE IS NO WORLD MARKET FOR SUGAR

(Mr. TRAXLER asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and to include extraneous matter.)

Mr. TRAXLER. I must say, Mr. Speaker, that I have serious doubts now about the worthiness and veracity of 1-minute speeches.

Mr. Speaker, let me say to the Members of the House that I rise in strong support——

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. TRAXLER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, do I understand the gentleman evidently was referring to this gentleman?

Mr. TRAXLER. Mr. Speaker, is the gentleman pleading guilty to something?

Mr. WALKER. Mr. Speaker, the gentleman made a comment. Was he referring to this gentleman?

Mr. TRAXLER. Mr. Speaker, I was just talking about 1-minute speeches.

Mr. WALKER. Mr. Speaker, will the gentleman yield further?

Mr. TRAXLER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, let me ask, was the gentleman referring to this gentleman?

Mr. TRAXLER. I think the gentleman misunderstands what I was referring to.

May we have regular order, Mr. Speaker?

The SPEAKER. Regular order.

Mr. TRAXLER. Mr. Speaker, I hope this will not take time from my 1 minute.

The SPEAKER. The gentleman will be allowed to use a full 1 minute.

Mr. TRAXLER. I thank the Chair.

I am here to talk about sugar.

Mr. Speaker, the House will soon be considering H.R. 3603, the Food and Agriculture Act of 1981. One very important component of this bill is the establishment of a sugar price support program, currently envisioning a nonrecourse loan rate of 19.6 cents per pound.

Those who oppose sugar price supports frequently argue that sugar can be purchased more cheaply on the so-called world market, where supply and demand set the price, not governmental support programs.

Mr. Speaker, as I and several of my colleagues have argued so many times in the past, this is simply not true. There is no such thing as a "world market" for sugar. There is no world market because what that market actually is is a bargain basement for sugar without a home. Producing nations dump surplus sugar on this market when they cannot sell it at profitable levels, and when the price for this sugar is combined with the guaranteed contract price, often in excess of 25 cents per pound, a third higher than the level we are proposing in the sugar loan program, the producers of those nations still have a net profit.

One of the worst offenders is the Common Market, which has never ratified the International Sugar Agreement, the document that many had hoped would bring world sugar prices into some measure of stability.

On September 22, the Wall Street Journal published an article titled, "Root of Sugar's 29% Price Drop Is Found in Common Market's Lush Crop, Subsidies." The article clearly demonstrates that Common Market producers get more protection than our own sugar beet and sugarcane growers could ever hope to receive. I commend this article to all of my colleagues so they can continue to learn the real story about the "world market" for sugar. Mr. Speaker, I include the article in the Record at this point:

[From the Wall Street Journal, Sept. 22, 1981]

ROOT OF SUGAR'S 29% PRICE DROP IS FOUND IN COMMON MARKET'S LUSH CROP, SUBSIDIES

(By Neil Behrmann)

LONDON.—The Common Market's lush sugarbeet crop and the bloc's agricultural subsidies are at the root of a 29 percent drop in the price of sugar on the world market during the past three months.

"There has perhaps been no time on record when the European crop has had more significance on the market," says Christopher Carter, a director of E.D. & F. Man, London sugar brokers.

Europe is expecting a big crop and no matter what the world price of sugar is, the Common Market guarantees its growers the equivalent of about 27 cents a pound. The current world price is about 11.5 cents a pound.

As a result, even at today's low prices, European producers have every reason to grow and sell sugarbeets. London dealers estimate the Common Market's sugar crop this year at between 14.4 million metric tons and 15.5 million metric tons, up from last year's output of 13 million metric tons. A metric ton is about 2,205 pounds.

GOOD GROWING YEAR

Europe's bumper crop came about because farmers planted more sugarbeets last season, when sugar's price was high and they hoped it would stay that way. The price peaked at 43 cents last November.

This year, weather conditions have been excellent for sugar growers. As soon as there were indications that the Common Market's crop would be huge, sugar prices fell, creating resentment among dealers and other sugar producing nations. They claim that the European Community produces large quantities of sugar because it subsidizes growers and has consistently refused to be a member of the International Sugar Agreement, which restricts producer exports through quotas.

As a result, producers export their sugar at world prices, knowing that the community will refund the difference between the low export quotas and the higher Common Market price. "No wonder other nations are complaining. Common Market producers can dump more than five million metric tons on world markets this season, compared with last year's three million tons, because they are assured of a profit," says an analyst at a large London sugar broking house.

The exports are significant, dealers say. Although total world output is estimated at 93 million metric tons for the current season, most of the sugar is sold under long-term contracts, leaving about 18 million tons for sale at whatever the free market will bear. Common Market sugar exports would be nearly a third of free-market trade.

U.S. agricultural officials also are concerned that the European Community is pursuing an aggressive export policy by dumping subsidized agricultural products on world markets. A senior U.S. official recently said he was "seriously disturbed"' by the EC's subsidies on farm produce.

Australia, another large producer, is so peeved with the EC subsidy that it will challenge its legality under the General Agreement on Tariffs and Trade at a special meeting to be held soon.

COMMUNITY CRIES FOUL

EC officials, however, reply that the complainants are exaggerating and that most of the sugar market's problems arose because last year's high prices encouraged excessive production on an international scale.

"It is unfair to blame the EC's huge crop on the community's agricultural policy. Only 11.9 million metric tons qualify for export refunds and the rest must be exported at the going free market price," says a Common Market spokesman in Brussels. Community producers, he adds, were aware that a portion of their crop wouldn't be subsidized and still planted more beets because they hoped that world prices would remain high.

The community also contends that the international trading community accepts subsidies provided countries don't try to increase their share of the world market. "GATT doesn't outlaw export refunds. The crux of the matter is whether the EC has increased its market share and clearly it hasn't," says the spokesman.

Some dealers believe that European producers will stockpile sugar and this will stabilize the price.

"I think that the worst is over, and I would be surprised if the price falls below 10 cents a pound," said Gilbert Vines, research director of Inter Commodities Ltd., a London broker.

"Rather than the gloomy past, the future is encouraging because consumption is rising."

REAGAN PLAN SHOULD BE GIVEN OPPORTUNITY TO WORK

(Mr. BONER of Tennessee asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONER of Tennessee. Mr. Speaker, in February, President Reagan proposed a comprehensive package whose objective was to achieve a full and vigorous recovery for our Nation's economy. The four key elements of that package were:

A budget reform plan that would cut the rate of growth in Federal spending;

A series of proposals to reduce personal income tax rates over 3 years and to create jobs by accelerating depreciation for business investment in plant and equipment;

A far-reaching program of regulatory relief; and

In cooperation with the Federal Reserve Board, a new commitment to a monetary policy that would restore a stable currency and healthy financial markets.

"Taken together," the President said, these four proposals would "put the Nation on a fundamentally different course—a course leading to less inflation, more growth, and a brighter future for all our citizens."

In May, the President proposed a budget substitute that was the foundation of his economic package. As we all know, that budget was subsequently passed by the House. I voted against the budget because I disagreed with both the distribution and depth of the cuts.

In June, the President sent for our consideration a tax proposal consistent with both the economic assumptions contained in his budget and the projections made on the basis of his overall economic recovery package. Like many of my colleagues, I expressed reservations about the economic assumptions underlying both the budget and tax proposals. However, parts of the tax proposal were attractive and I subsequently supported it.

Both the budget and tax bills are important and essential elements of the economic recovery package the President outlined earlier. Their passage represented a substantial break with past policy. As the President said, his new policy "is based on the premise that the people who make the economy * * * do not need the Government to make reasoned and intelligent decisions about how best to organize and run their own lives." His new recovery plan was designed to bring to all aspects of Government policy a greater sense of purpose and consistency.

Fortunately, with the presentation of his economic recovery package, the President included guidelines for measuring the success or failure of his proposals. These guidelines are, in fact, the benefits that would flow from the enactment of the budget and tax proposals presented to the Congress. Specifically, they are:

Keeping the Federal deficit below $42.5 billion for fiscal 1982;

Reducing the rate of annual inflation to about 8.3 percent in 1982, and to 4.2 percent by 1986;

Reducing the rate of unemployment to 7.2 percent in 1982, and to 5.6 percent by 1986;

Lowering the 91-day Treasury bill interest rate to 8.9 percent in 1982, and to 5.6 percent in 1986;

And lastly, to increase the rate of real economic growth to 3 to 4 percent in 1982, and to nearly 4 to 5 percent by 1986.

I believe these are very fair and effective measures for us to use in determining the success or failure of the President's economic package. However, I must remind both the President and my colleagues that neither success nor failure is quickly determined. It will take time before we can reasonably expect to see any of the benefits that will flow from the legislation the Congress and the President enacted into law. While we have the guidelines for measuring success, we need to give the programs time to affect those segments of the economy to which they were directed.

So, I ask my colleagues, before criticizing the President before criticizing the economic program that has been enacted, give the program time to work. President Reagan has only been in office 7 months and, while he has initiated parts of his program, the major thrust will not take effect until October 1, 1981.

I say the same to you, Mr. President. Before you make additional recommendations to the Congress about what budget cuts need to be made, or about additional tax reductions, give your program time to work. Do not be hasty in making a critical judgment about the success or failure of your economic recovery package. The benefits of your program are not expected to come overnight, nor in a fortnight.

Mr. Speaker, we have in place an economic recovery program. We have the necessary guidelines for measuring whether it works. Let us not immediately tinker with it. Let us not be too quick in our actions to make adjustments in either the budget or tax cuts. Let us allow the President an adequate amount of time for the program that he outlined for the Nation earlier this year to have a chance to work.

FURTHER SUGGESTED BUDGET CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANNEMEYER) is recognized for 30 minutes.

Mr. DANNEMEYER. Mr. Speaker, we are being told that the "Good Ship Reaganomics" is quickly sailing for a rendezvous with the iceberg of economic reality. In the ensuing mad dash to see who can scramble overboard in the shortest time into the fewest possible lifeboats, many of my colleagues are not only committing a disservice to the cause of long-overdue fiscal responsibility, deserting the President, and prematurely labeling concepts yet to go into effect as failures, they are insulting the good citizens of this Nation who clamored for a change, voted for a change, and are now willing to sacrifice to insure that this change does, indeed, take place. To retreat now would be an unjustified, uncalled for and unspeakable slap in the face of the American people, those millions of beleaguered taxpayers who are not afflicted with "federalitis," who do not worship at the shrine of the congressional money machine. To those millions who for years—decades—have pleaded with us to get this house in order, are we going to simply shrug and sweep more money under the rug?

I commend to my colleagues an article in the Washington Post of Monday, September 24, in which several of these good citizens were interviewed. I suggest that the people of Gainesville, Ga., have a clearer understanding of what needs to be done than many of the legislators, political pundits, and opinionmakers here in Washington. And I congratulate my colleague, ED JENKINS, who has the good fortune to represent these fine people here in the House of Representatives.

Among the many opinions expressed by the citizens of Gainesville was an oft-heard expression that we have been borrowing from Peter to pay Paul for the last 50 years. What we have not acknowledged, however, is that Peter has been printing "funny money" all these years. And, as the gentleman added, "there comes a time when you have to fess up."

A father with a retarded teenage daughter who has been affected by budget cuts in special education programs stated "the cuts are hurting me and many other people, but there's no other way. We'll be nationally bankrupt otherwise."

And on federally sponsored welfare and subsistence programs, a black poultry worker and an elderly real estate appraiser agreed: "Everybody should have an opportunity, but no one should have a premium." These people have both the heart to feel compassion for the truly needy and the commonsense to know when they are being ripped off.

I believe it was Disraeli who remarked, on what criteria determined the success of proposed social reforms, "it is well with the child?" We ought to ask ourselves "is it well with the Nation?" The road toward healing the economy of this Nation of ours is not an easy one. But we should not abandon our destination or detour from our journey simply because the road is rocky. Let us keep faith with the American people who have asked us to clean up the Government's act.

Consistent with that assessment, I bring to the attention of the Members a resumption this afternoon of a course that I have undertaken over the course of the past couple of weeks whereby on each of the days at the close of the session I have read from a list of 272 proposed cuts in Federal spending for fiscal year 1982. These cuts project savings of some $52 billion if they are all implemented.

I think it is high time that we in this House understand what is needed in order to bring down the cost of credit in the credit markets of our country.

Depending on the person to whom you speak, you get different answers, but in my experience it is pretty well understood that the Federal Government is assuming and consuming an overly large portion of the credit in the credit markets of this Nation every week and every month. Currently that estimate varies anywhere from 40 percent up to 70 percent.

In other words, the reason we Americans are being asked to pay such high credit costs today when we borrow money from our banks is because the Federal Government is borrowing so much to finance its irresponsible spending, thereby creating such a demand on the credit markets that it drives up the cost of credit to all Americans who need to borrow.

In this current year, which ends in 6 days, the deficit, that is, the new borrowing the Federal Government will have to borrow, has been estimated at about $87 billion by OMB Director Dave Stockman.

In the new fiscal year starting October 1, the projected deficit varies anywhere from $40 billion to $60 billion of new debt. That will bring the total debt of this Nation to well over a trillion dollars and that is a level of debt which makes the interest payment necessary to service it the third highest items in our Federal budget, estimated in the fiscal year 1982 to be in the neighborhood of $90 billion.

There is just one way that we can bring down the cost of credit: stop the ever-rising size of the debt. And that means cutting spending in fiscal year 1982.

The question comes up, but where? That is the reason for this work product to which I previously alluded. It will be my purpose during the course of the next few minutes this afternoon to read certain items from this list pertaining to the Departments of Labor, State, and Transportation. When you hear these items being mentioned, ask yourselves this question: Will the implementation of this particular proposed cut truly adversely impact on the interests of the handicapped, the deprived, and the downtrodden of our society, those in our country who really have difficulty in coping with the economic facts of life?

I think in almost every instance you will find the answer is no, it does not.

The first one is in the Department of Labor, Labor-Management Service Administration. Our analysis indicates that this activity is redundant. It is competitive with the NLRB. It is not needed and if we eliminated it, it would result in a savings of some $59,550,000.

OSHA, salaries and expenses. Projected spending for this activity in 1982 represents an increase of 198.8 percent over what was spent in 1980, which is excessive and extravagant. We would prefer to allow an increase in fiscal year 1982 of 20 percent over what was spent in 1980 and if this is implemented it would result in a net reduction for this activity in 1982 of $36,612,200.

□ 1300

The next item is departmental management, salaries and expenses. We would allow 20-percent growth over what was spent in 1980. Here, again, the proposal represents an increase of 38.6 percent over what was spent in 1980.

Now, what justification is there for a percentage increase of that magnitude? If we limit the growth to 20 percent, the savings would total $16,850,400.

Departmental management. Here, again, we would limit growth in this program to 20 percent over what was spent in 1980. The proposed increase is 80.2 percent over what was spent in 1980. Who can justify that? This savings would save the taxpayers $66,800,000 in 1982.

Departmentwide, correcting audit procedures recommended by GAO would total, if implemented, $294,107,000.

In the Department of State, the Administration of Foreign Affairs, Acquisition, Operation, and Maintenance of Buildings Abroad. Our committee suggestion is to allow an increase of 20 percent over what was spent in 1980. The proposal, if you can believe this, represents an increase of 64.2 percent over what was spent in 1980. That, in our judgment, is excessive and should not be tolerated. If this item is implemented, it would save $40,336,400.

"Administration of foreign affairs, acquisition, operation and maintenance of buildings abroad, foreign currency program." We would allow a 20-percent increase over what was spent in 1980. Here, again, the proposed increase over 1980, if it goes unabated, will total 158.9 percent. If we implement this suggestion, we can save $14,686,200.

"International organizations and conferences, contributions to international organizations." We would cut 10 percent from what is proposed to be spent in 1982. The U.S. assessment for the U.N. is 25 percent but we pay closer to 30 percent. In addition, UNESCO funding projects an 84-percent increase in 1 year. This is grossly out of line. We should pay something less than that. If we implemented this suggestion, we would save $43,888,400.

Other expenses of the Department of State. "Migration and refugee assistance." We would cut 10 percent from what was spent in 1981. The program is growing by leaps and bounds. Taxpayers around the country, I know for sure in my district, and I do not think I am unique in this regard, are seriously concerned about the extent to which we are expending welfare assistance for refugees coming into this country. This program pays for refugees in other countries, not those in the United States. I do not believe we need to pauperize the taxpayers of this Nation by subsidizing other nations' refugee problems. If we cut 10 percent from what would be spent in 1981, we would save $133,546,000.

Another category of the Department of State: "U.S. bilateral science and technology agreements." We would eliminate this. As it relates to foreign nations, some of them in the Communist bloc. We do not feel that the interests of this country are such that we should continue this program. If implemented, it would save $3,700,000.

Finally, for the Department of State, the GAO has recommended correcting audit procedures which would result in savings of $749,000.

In the Department of Transportation, "FAA, airport and airway trust funds." We would allow an increase of 40 percent above 1981. We would increase user fees to offset these cost increases. We would allow an increase approximating that from 1980 to 1981, which was $200 million. If this item is implemented, it would save in fiscal year 1982 $1.215 billion.

"FHA, railroad highway crossings demonstration project." We would allow 10-percent growth above what was spent in 1981. The proposed expenditure represents an increase of 75 percent over what was spent in 1981, and we believe that to be excessive. If implemented, this would save $2,600,000.

"FHA, bicycle program." We would eliminate this program on the grounds that we seriously question whether the FHA should be involved in this program at all, and in so doing we could save $300,000.

"FHA, car pool/van pool project." We would eliminate this on the grounds that it is more properly performed at the local level than the FHA. A Federal agency should not be involved in it. This would save, if implemented, $2,200,000.

"FHA, Appalachian highway system." We would eliminate this. The highway funds already being expended in the region are sufficient. There is no need to single out this particular region of the country for special interest. If this were implemented, it would result in a savings of $31,800,000.

"FHA, right-of-way revolving fund." We would rescind the remaining unobligated balance. The proposed increase since 1980 of 72 percent is unnecessary, and this would save, if implemented, $9,775,000.

"National Highway Traffic Safety Administration." We would eliminate this organization in the Federal Government on the grounds that it is redundant, considering that every State in the Union has their own traffic safety program under a State Highway Commission. And this, if implemented, would save $204,748,000.

"FRA, rail service assistance." We would eliminate this supplemental request. The regular appropriated amount is still 54.2-percent greater than was spent in 1981. There is no need for this supplemental appropriation. If implemented, this would save $45 million.

"FRA, Alaska Railroad revolving fund." We would eliminate this. Alaska is one of the wealthiest States in our Union. It has the highest per capita income of the States in the Union, and one has to seriously question whether or not the Federal taxpayer should be subsidizing the Alaska Railroad revolving fund to the tune of $5 million a year.

"UMTA." We would eliminate the nonurban formula grants of $120 million, and we would allow a 20-percent increase in administrative costs above 1980. If implemented, this would save $126,686,000.

Finally, for the Department of Transportation, we would implement recommendations of the GAO, correcting audit procedures, which, if followed, would save $294,008,000.

In summary, for the Department of Transportation, there were altogether 11 items totaling $1,937,117,000.

In the Department of State there were six items totaling $236,906,600.

In the Department of Labor, there were six items totaling something in excess of $407 million.

In conclusion, let me remind the Members of the House that there is only one way that we can bring this Government of ours, which is currently out of control in terms of spending, under control, and that is to exercise the discipline to match the outgo with the income. And if you choose not to accept these particular cuts that have been suggested here, I think it constructive and responsible to suggest suitable alternatives.

We cannot continue on our present course. We must develop a sense of responsibility and it is in this spirit that the House Republican Research Committee, Economic Task Force, Budget Study Subcommittee, has produced its work product with the spirit that it should be a bipartisan approach to reducing Federal spending, reducing the cost of credit in this country in order to lay the foundation for the economic revival of our country.

I thank the Members and I yield back the balance of my time.

1984 SUMMER OLYMPIC GAMES COINS

The SPEAKER pro tempore (Mr. HOYER). Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 15 minutes.

Mr. ANNUNZIO. Mr. Speaker, the purpose of the Olympic games is to promote athletic competition among the greatest amateur athletes in the world. The games are designed to benefit the athletes.

Unfortunately, the 1984 summer Olympic games in Los Angeles may well be the games where the concerns of private outside interests are more important than the athletes.

Unless Congress acts to protect the interests of the athletes, the U.S. Government and the American people, a new event, "World Scandal," may be added to the 1984 summer Olympic games.

At the present time there are two coinage proposals before the Congress designed to raise money to help finance the massive costs of the 1984 games, and to help train American athletes for those games. These proposals are significantly different and it is important that the differences be known.

I am a strong supporter of the Olympic program and our Olympic athletes. I was the author of legislation last year to provide gold medals to our entire Olympic team, and I was proud to stand on the steps of the Capitol when the members of our team were awarded these medals by the President of the United States. While these gold medals in no way made up for the disappointment of our athletes not participating in Moscow, they nevertheless were designed to recognize these men and women for their athletic excellence.

Because of my feeling toward our Olympic athletes, I introduced legislation on June 11 of this year, designed to raise money to train athletes. The legislation, H.R. 3879, provides for the minting of 90 percent silver dollar coins that would be sold directly to the public by the U.S. Mint. Half the proceeds of the sale would be used to reduce the national debt, and the other half would go to the United States Olympic Committee to train our Olympic athletes.

The legislation calls for the minting of 25 million silver dollars. The coins would be sold at a price in the $20 to $25 range. At that price my legislation would raise between $100 to $275 million if all the coins were sold. Given the success of the recent Carson City silver dollar sale, I fully anticipate a sellout of the Olympic coins.

My legislation provides for a General Accounting Office audit of both the sale of the coins and the use of the proceeds by the U.S. Olympic Committee, to make certain that the money goes directly to the benefit of athletic training.

The week after introduction of my bill a second bill, which I call the Lazard-Occidental bill, was introduced. This legislation calls for the striking of 29 different coins by the U.S. Mint, with all of the coins being sold directly to a marketing group composed of the investment banking firm of Lazard Freres and Occidental Petroleum, who have been given a license by the Los Angeles Olympic Committee to sell Olympic coins. The bulk of the proceeds from the sale of these coins would go to the private marketers. In fact, the private interests can earn as much as $94 million profit on this deal.

A portion of the funds raised by the 29 coin bill would be given to the Los Angeles Olympic Organizing Committee (LAOOC), and an even smaller amount would be funneled to the U.S. Olympic Committee. The legislation does not allow for the General Accounting Office to audit any portion of the transaction. And in fact, it virtually turns control of the U.S. Mint over to Lazard Freres and Occidental.

I am deeply concerned that the Lazard-Occidental bill will lead to scandal. Not only will our athletes be tainted, and the American people disillusioned, but the bill actually may provide little or no money for training our athletes.

In February, 4 months prior to the introduction of any legislation, the LAOOC quietly awarded exclusive worldwide marketing rights for Olympic coins to a concern composed of Lazard Freres and Occidental. Lazard-Occidental gave the LAOOC $5 million, of which $1 million is nonrefundable. The LAOOC is also entitled to keep all the interest earned on the other $4 million. In March, the LAOOC gave the U.S. Olympic Committee a check for $500,000 as their share of the nonrefundable $1 million. In effect, the LAOOC and the U.S. Olympic Committee sold their rights in any coins to Lazard Freres and Occidental Petroleum. This is morally and ethically wrong, and casts doubt on the ability of the LAOOC and the Olympic Committee to speak objectively on this issue.

Secrecy seems to surround the details of the relationship between the LAOOC and Lazard-Occidental. For the past 3 months I have tried without success to obtain a copy of the contract between the LAOOC and Lazard Freres-Occidental. I have received a copy of the letter of understanding between the parties, but despite assurances from those representing the coin marketers that I would get a copy of the contract, it has never been presented.

I can well understand why they would not make the contract available to me, because the letter of understanding is so shocking that the complete contract is probably too hot to be made public.

Lazard-Occidental are no strangers to the world of marketing Olympic and sports-related coins. Last year they had the exclusive rights to marketing Soviet Olympic coins in the free world. It is ironic that they were pushing these coins in the American market at the very same time our athletes had made a decision not to participate in the Moscow games. While I stood on the Capitol steps as our Olympic athletes received medals for boycotting the Moscow games, Lazard-Occidental were busy raising American money to stage those games.

As with the agreement with LAOOC, information about the financial aspects of the sale of Soviet coins is hard to come by. As far as I know, no information has been released, although various members of the media have requested it from both the Russians and the Lazard-Occidental marketing concern.

Recently, I learned that a company called Numarco Distributing Co. has been accused of improprieties in Greece in obtaining the exclusive marketing rights for coins commemorating the 1982 European games. An official of Numarco apparently used his contacts to assure that competing bids were not even considered. Numarco is a coin marketing subsidiary of Lazard Freres.

I have been informed that a top official of Numarco was the person who conceived the idea of the 29 Olympic coin bill and may actually have written much of the bill.

As chairman of the Subcommittee on Consumer Affairs and Coinage, I have studied the issue of commemorative coinage very carefully over the past 3 years. No commemorative coins have been struck in the United States in the last 25 years, largely because of abuses in the private marketing of such coins. These abuses have included price manipulation, misleading advertising, favoritism in distributing the coins, and lack of accounting of the proceeds from the sale of the coins. I cannot but foresee that history would repeat itself should we permit these coins to be marketed under the provisions of the Lazard-Occidental bill.

Once the coins were minted they would be turned over to the Lazard-Occidental marketing concern. The Federal Government would have no control whatever over the sale, even though the coins would be legal U.S. tender.

To show how little control the Government would have over the sale of these coins, let me read from the January 23, 1981, letter of understanding between the LAOOC and Lazard-Occidental. In part it says:

> For instance, it is crucial that the supply of coins remain slightly below demand so that secondary market prices appreciate progressively. This is the ultimate test which gives credibility to the concept of product scarcity and insures the long-term success of a program.

That is about as close to price fixing as I have seen committed to paper. And while such manipulation of the market may not be totally illegal, I wonder if this is the type of activity that should be undertaken by LAOOC or the U.S. Olympic Committee.

What of our athletes, who are supposed to benefit from the sale of these coins in the Lazard-Occidental bill? One hears of our athletes going for the gold, but in this case I fear it may be fool's gold.

The Lazard-Occidental bill provides only that the proceeds received by the LAOOC be used for staging and promoting the 1984 games and assisting the U.S. Olympic Committee and amateur athletics. The bill does not say that the money must be used to train our athletes. The bill does not say that the money must be used to provide facilities for our athletes. The bill does not provide that the athletes benefit at all. And remember, under the bill there would be no audit of the use of the funds.

My bill requires that the money be used solely by the U.S. Olympic Committee to train our athletes, and the watchdog eyes of the General Accounting Office to guarantee it.

I am not alone in my concern that the Lazard-Occidental bill is a serious mistake. The Treasurer of the United States, Angela Buchanan, testified against the bill at Senate hearings in July calling it "not * * * in the best interest of the public or the Government." She expressed, as I do, concern with "exploitation of the public for private gain."

Virtually every major coin publication has come out in opposition to the Lazard-Occidental bill.

The coin publications are concerned that only the most wealthy coin collectors would be able to obtain a set of the 29 coins which could cost a collector as much as $8,000. Under my bill the price would be low enough so that every American would not only contribute to the Olympic effort, but could have a valuable memento of this historic event.

One of the most distressing parts of the Olympic coin problem has been the letters that I have received from well-meaning and well-intentioned representatives of the Olympic Committee and the Olympic athletes themselves. Apparently, these officials and athletes were told to write me and to express support for the 29-coin bill. From the information contained in their letters, they were not given complete information and were never told that I had introduced my own bill in this area.

When I made the facts available to the letter writers, I received a number of letters of apology from both athletes and officials that said that they were never told the complete story.

I think it is time for the complete story to be told, and I think it is time for the athletes, the Olympic Games, and the American people to have a chance to answer the question, Do we want an Olympic Games that we can be proud of or do we want worldwide scandal?

□ 1315

SMALL BUSINESS AND INNOVATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LaFalce) is recognized for 15 minutes.

● Mr. LaFALCE. Mr. Speaker, our Nation faces an innovation and productivity gap that is threatening to overwhelm our economy and put us at a competitive and technological disadvantage in world markets. Strong and prompt action is required if we are to get back the productive and innovative edge that will allow our economy to grow rather than stagnate, create new jobs rather than lose them, and compete rather than retreat.

Last week, the House Small Business Oversight Subcommittee, which I chair, held hearings on legislation that would be a major step toward solving these problems. Specifically, the legislation would strengthen the role of small, technology-based firms in federally funded research and development programs and actively promote innovation by these types of companies.

The hearings heard compelling testimony on the need for this legislation. I especially want to bring to your attention the testimony of one witness who discussed the sorry history of the failure of the executive branch to promote innovation. He presented clearly the case for why Congress has to act to direct Government agencies to award a fair share of their R. & D. funds to small business to stimulate innovative research.

When reading these remarks, three points should be remembered. Small, high-technology companies have been generators of most pioneering innovations over the past three decades. The Federal Government finances 56 percent of all research and development activities in the United States. Yet small business receives only 4 percent of the Federal R. & D. money. This is an intolerable situation that Congress must end.

The following is the testimony presented by Jere W. Glover, general counsel of the National Council on Industrial Innovation:

STATEMENT OF JERE W. GLOVER

Mr. Chairman and members of the Subcommittee, thank you for asking me to testify.

Today you are discussing an area dear to my heart—"Small Business and Innovation." During the past four years I have been involved with the issue of small business and innovation in a variety of ways. My first involvement was as counsel to Congressman John Breckinridge's Subcommittee on Antitrust, Consumers and Employment of the House Small Business Committee. I later went to work for Milt Stewart as his Deputy Chief Counsel for Interagency Activities. I served as SBA's representative on President Carter's Domestic Policy Review on Industrial Innovation and as staff to the Office of Advocacy's task force on small business and innovation. I was also Advocacy liaison with the various Congressional committees concerning legislation, including S. 1860 and H.R. 5607, the Innovation Acts of 1980. On July 11, 1981, I left advocacy and entered the private practice of law. I also serve as General Counsel to the National Council on Industrial Innovation and am appearing on behalf of the Council.

Throughout my involvement in this area, it has become obvious to me that without strict, specific legislative direction to the government agencies with research and development funds, small business will not receive a fair share of the innovation funding. I recognize that my position is contrary to that of most government agencies. Notwithstanding what any government official has said or says about their willingness to do it voluntarily, in my opinion it is imperative that there be specific, direct legislation requiring agencies to award a fair share of their procurement research and development awards to small business. The Federal Government finances 56 percent of all research and development activities in the U.S. How the government spends its R. & D. dollars is of critical importance to the future not only of small business but of this country. Let me ask the Committee to consider the question Congressman Breckinridge put to witnesses in the 1978 hearing:

"If small business accounts for over 50 percent of all innovations, and does it 24 times more efficiently, why doesn't small business receive at least 50 percent of the Federal R. & D. dollars?"

Let me go through some of the history of innovation of small business and the government as I know it—some 25 years of unfulfilled promises. As I mentioned, my first involvment was in hearings conducted by the House Small Business Committee in joint session with the Senate Small Business Committee concerning underutilization of small business. During these hearings, the Small Business Committee called a number of government agencies to testify. Each official was asked what his agency had done, would do, and could do for small business. All we heard from the agencies was that the major issues were being "studied."—studies and more studies. Remember that several other congressional committees had held hearings on the issue of innovation during the late 1960s and early 1970s. In fact, as far back as 1967, an exhaustive report on innovation was issued by the Commerce Department. It detailed the importance of small business and innovation and made numerous recommendations. Nothing happened. Nine years later a blue ribbon task force of government employees was selected to review the issue and develop recommendations to increase innovation. This panel studied innovation in great detail. The solution to increasing innovation was obvious—help small businesses make innovations by giving them more R. & D. funds. Nothing happened. The OMB task force assigned to encourage utilization of small business in the R. & D. activities issued a report which was circulated to a number of government agencies.[1] According to this report, small business was the most efficient and productive supplier of research and development dollars, yet less than 4 percent of total R. & D. procurements went to small business. Still nothing happened. Professor Richard Morse summed up the government's actions toward small business from 1967 until 1977 better than I could:

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[1] The OMB report (which I will refer to as the OMB March 10, 1977 Memorandum) was not issued finally until September 1978. When asked what happened to it, the comment was simply "It must

"In 1967, as members of the Panel on Innovation and Inventions, several of us were involved with the preparation of a study for the Secretary of Commerce under the direction of Dr. Robert A. Charpie. This report was widely disseminated both here and abroad. . . .

"No effective U.S. legislative or executive action has resulted from this study other than to initiate endless other studies which often plow ground which has already been investigated. . . ."

Turning to the joint Senate and House hearings on small business and innovation it is important to note that in every government agency officials explained that they could not understand why small business had not received a larger share of the R. & D. procurement and they all promised to do better. Let me recount for you some of the events that happened after these 1978 Congressional hearings. Remember that both Jordan Baruch, Assistant Secretary of Commerce for Science and Technology and Frank Press, the President's science adviser, testified that they would find out why small business wasn't doing better in the area of R. & D. awards and report back to the committee. During these hearings, both officials stated that they did not want to take any action until they had completed yet another exhaustive government-wide and private industry investigation into the issue of innovation. So they launched into one of the most extensive and comprehensive reviews of government innovation ever conducted by the government. Dozens of business leaders from across the country were asked to serve on panels and to present their views on what was needed to be done to encourage industrial innovation in the United States. It's interesting that even after these hearings and statements on the importance of small business to innovation, no small businessmen were named to this industrial innovation group. Finally, after an inquiry was made from Congress as to why small business and even SBA had been excluded from the domestic policy review on innovation, SBA and several small businessmen were named. I was appointed as SBA's lead representative to the domestic policy review.

Remembering Richard Morse's previous testimony, I went into the task with a commitment to try to make sure that this domestic policy review was different from previous government studies. I, along with almost a hundred government officials, began the task. After months of toiling in the vineyards of government policy procedures, the domestic policy review finally made its recommendations in March 1979. This was, if you remember, some nine months after the key government officials had promised to rush out the report to help small businesses. What came out of the domestic policy review was an October 31, 1979 memorandum from the president to the government agencies. Turning to that memorandum, I think it's important to note that one of the key recommendations was that the SBIR program currently being considered affects all federal agencies. The one thing everyone in the domestic review agreed on was that small business procurement and the SBIR program should be expanded. So here finally was a strong pronouncement from the President on the importance of small business in innovation and a strong directive regarding federal procurement.

Unfortunately, merely because the President directs something to be done does not insure that it will be done, as I soon found out. Some six months later, when I inquired as to what agencies were doing in this regard, I observed puzzled glances. What program, what memorandum, what Presidential directive? For example, I was a representative at a government-wide meeting on the President's memorandum when I asked which agencies had implemented the President's directive and what its current status was. I was disappointed to find that with the exception of the Department of Defense, which was beginning to undertake such a program, not one single additional agency had taken any steps to implement the Presidential directive. The same agencies that had been "studying" the problem to death for 12 years, that had received blue ribbon reports telling them to improve the innovation process by involving more small businesses, that had been nudged by Congress in countless hearings, were now ignoring the President. But the story goes on.

As a result of that meeting, I was directed to prepare a memorandum for the Secretary of Commerce again transmitting the Presidential directive to all the government agencies and, insisting on immediate implementation. I promptly prepared such a memo and submitted it to the SBA official responsible for transmitting it to the Secretary of Commerce and his assistants. I'm attaching a copy of this memorandum for the committee's review. You will notice it is marked "Draft". Unfortunately, this memorandum apparently was never transmitted nor was any other similar directive ever sent to the various government agencies reiterating the President's orders. So please forgive me if I sound a little jaded when I tell you that, quite frankly, you are never going to get any of these agencies off dead center without legislation.

The dozens of private citizens and government officials who spent their time on the domestic policy review, various study groups and on task forces have all wasted their time.[2]

Remember: Not only is small business being harmed by the government's continued failure to act, but so is the taxpayer. These short-sighted and wasteful government practices are depriving the economy of sorely-needed economic growth and squandering taxpayer's dollars. Small Business has been found to be 24 times more cost effective at innovating than large firms. Let me now show you why it is my opinion, based on four difficult frustrating years of attempting to improve the plight of small business, that there must be mandatory requirements to change the government's way of doing business.

I've attached a copy of a table to my testimony which shows the procurement awards of small businesses by agency in the most recent year available—1980. Compare the agencies' performance in 1980 with their performance in 1974 or 1975. In between we had the studies, the hearings, and the Presidential directive.[3] Take a look at the numbers: Despite numerous hearings, promises by government officials, and even Presidential directives, nothing changed. Small business had a mere token of the R. & D. awards—less than four percent in 1975, and has the same mere token—less than four percent—today.

The record of the five administrations since 1967 shows nothing but stalling and willful neglect. This Congress must say once and for all no more meetings, no more task forces, no more domestic policy reviews, no more blue ribbon intergovernmental panels, no more discussion, no more promises and no more lies. There is now going to be a change in the law. Every appropriate agency must, at a bare minimum, establish an SBIR program.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PATMAN (at the request of Mr. WRIGHT), for today, on account of a death in the family.

Mr. FORD of Michigan (at the request of Mr. WRIGHT), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HOYER) to revise and extend their remarks.)

Mr. GONZALEZ, for 15 minutes, today.

Mr. LAFALCE, for 15 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

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have slipped through the cracks." Unfortunately, small businesses have been slipping through the cracks in the area of procurement, and especially R. & D. procurement, for some time. OMB did not issue this March 10th Memorandum for a year and a half because it was not that important to OMB. When it was finally issued, it was because the director of the Office of Federal Procurement Policy was requested to testify before the Small Business Committee and explain why it had not been issued. Miraculously, within five days of his receiving that letter, the memorandum was located and issued.

[2] The Office of Advocacy's role in the area of small business and innovation was extensive. Milton Stewart made innovation one of this top priorities. A task force of small business innovators was established under the Office of Advocacy's authority. After several days of intensive meetings, these individuals came up with a number of recommendations. The Office of Advocacy prepared a report of these recommendations, transmitted to the Congress, which printed this report. Subsequently, Chairman Neal Smith and Gaylord Nelson requested staff briefings on the recommendations of the task force and the Office of Advocacy assisted in drafting legislation in the Senate S. 1860 and in the House H.R. 5607. As you will perhaps remember, those bills were endorsed by the White House Conference and became one of the top fifteen recommendations at the conference.

[3] The data in both instances was prepared by William Schirer. When Mr. Schirer prepared the original data it was for the 1977 OMB report. The 1980 data was prepared at my request before I left the Office of Advocacy. Mr. Shirer has advised me that the data is roughly comparable.

(The following Members (at the request of Mr. KRAMER) and to include extraneous matter:)

Mr. GILMAN.
Mr. BEREUTER.
Mr. MCGRATH.
Mr. PURSELL.
Mr. FIELDS in two instances.
Mr. BEARD.
Mr. DUNN.
Mr. ROTH.
Mr. DAUB.
Ms. FIEDLER.

(The following Members (at the request of Mr. HOYER) and to include extraneous matter:)

Mr. EDWARDS of California.
Mr. MARKEY in 10 instances.
Mr. TRAXLER.
Mr. SCHEUER.
Mr. PATTERSON in three instances.
Mr. SHANNON.
Mr. ROE.
Mr. BARNES.
Mr. MILLER of California.
Mr. DWYER.
Mr. MINISH.
Mr. EARLY.
Mr. SYNAR.
Mr. HOYER.
Mr. FUQUA.
Mr. HATCHER.
Mr. RODINO.
Mr. SCHUMER.
Mr. AKAKA.
Mr. LANTOS.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 187. An act to authorize the Secretary of the Interior to convey certain lands near Miles City, Mont., and to remove certain reservations from prior conveyances; to the Committee on Interior and Insular Affairs;

S. 634. An act to authorize the exchange of certain lands in Idaho and Wyoming; to the Committee on Interior and Insular Affairs;

S. 763. An act to authorize and direct the Secretary of the Interior to convey, by quitclaim deed, all right, title, and interest of the United States in and to certain lands that were withdrawn or acquired for the purpose of relocating a portion of the city of American Falls out of the area flooded by the American Falls Reservior; to the Committee on Interior and Insular Affairs; and

S. 892. An act to amend the Federal Grant and Cooperative Agreement Act; to the Committee on Government Operations.

ADJOURNMENT

Mr. ANNUNZIO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 25 minutes p.m.), the House adjourned until tomorrow, Friday, September 25, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2237. A letter from the Chairman and the President, Federal Crop Insurance Corporation, transmitting the 1980 annual report of the Corporation, pursuant to section 508(a) of the Federal Crop Insurance Act; to the Committee on Agriculture.

2238. A letter from the Deputy Chief of Naval Personnel (Contracts and Business Management), transmitting certification as to the validity of a claim against the United States by Bethlehem Steel Corp., pursuant to section 848 of Public Law 95-111; to the Committee on Appropriations.

2239. A letter from the Principal Deputy Assistant Secretary of Defense (comptroller), transmitting a list of contract award dates for the period September 15 to December 15, 1981, pursuant to 10 U.S.C. 139(b); to the Committee on Armed Services.

2240. A letter from the Secretary of Education, transmitting proposed final regulations to govern the State-administered program for continuing education outreach, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2241. A communication from the President of the United States, transmitting a report on progress toward conclusion of a negotiated solution of the Cyprus problem, pursuant to section 620C(c) of the Foreign Assistance Act of 1961, as amended (H. Doc. No. 97-93); to the Committee on Foreign Affairs and ordered to be printed.

2242. A letter from the Assistant Secretary of the Treasury for Legislative Affairs, transmitting various reports prepared by the International Bank for Reconstruction and Development and the Asian Development Bank, pursuant to section 301(e)(3) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2243. A letter from the Special Assistant, Office of the Secretary of Defense, transmitting a report on Department of Defense procurement from small and other business firms for the period October 1980 to June 1981, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

2244. A letter from the U.S. Trade Representative, Executive Office of the President, transmitting the annual report for fiscal year 1981 on the operation of the International Coffee Agreement, pursuant to section 5 of Public Law 96-599; to the Committee on Ways and Means.

2245. A letter from the Acting Comptroller General of the United States, transmitting a report on the Federal Communications Commission's regulation of domestic telecommunications common carriers (CED-81-136, Sept. 24, 1981); jointly, to the Committees on Government Operations and Energy and Commerce.

2246. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title III of the Outer Continental Shelf Lands Act Amendments of 1978 to clarify claims, financial responsibility, and civil penalty provisions; jointly, to the Committees on Interior and Insular Affairs and Merchant Marine and Fisheries.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AUCOIN (for himself, Mr. WEAVER, Mr. WYDEN, and Mr. SMITH of Oregon):

H.R. 4586. A bill to permit, under certain circumstances, the manufacture, sale, prescribing, and dispensing of the drug dimethyl sulfoxide (DMSO) in the State of Oregon and the importation into such State of such drug or any ingredient or intermediate thereof, including dimethyl sulfide compound or mixture thereof; to the Committee on Energy and Commerce.

By Mr. DASCHLE:

H.R. 4587. A bill to amend the Economic Recovery Tax Act of 1981 to repeal the provisions which provide exemptions and credits against the windfall profit tax for royalty owners, reduce the tax on newly discovered oil, and exempt independent producers from the tax with respect to certain stripper well oil; to the Committee on Ways and Means.

By Mr. GILMAN:

H.R. 4588. A bill to increase the effectiveness of U.S. development and food assistance in preventing and alleviating hunger, with special emphasis on food security in sub-Saharan Africa; to the Committee on Foreign Affairs.

By Mr. GOODLING (for himself and Mr. BAILEY of Pennsylvania):

H.R. 4589. A bill to establish a supplemental insurance fund administered by the Secretary of Energy to pay the costs of necessary remedial action following damage to nuclear powerplants, including certain remedial action at the Three Mile Island facilities in Pennsylvania, to require participation in such fund by the licensees of nuclear powerplants as a condition for the licensing and continued operation of such plants, and for other purposes; jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

By Mr. DORNAN:

H.R. 4590. A bill to amend the Export Administration Act of 1969 to prevent the export to certain countries of goods or technology which have any potential application for military, law enforcement, or intelligence gathering purposes; to require the President to notify the Congress of any approval of a license for the export of goods or technology to such countries; to provide for congressional disapproval of any such license application; to require the Secretary of Defense to prepare a military impact statement for the Congress with respect to certain export license applications, and for other purposes; to the Committee on Foreign Affairs.

By Mr. HAMMERSCHMIDT:

H.R. 4591. A bill to amend the mineral leasing laws of the United States to provide for uniform treatment of certain receipts under such laws, and for other purposes; to the Committee on Armed Services.

By Mr. HOLLAND:

H.R. 4592. A bill to amend the Internal Revenue Code of 1954 to eliminate the withholding requirement with respect to gambling winnings, to provide that information returns with respect to gambling winnings shall be required only in cases of payments of $10,000 or more, and to allow a 3-year carryover of net gambling losses; to the Committee on Ways and Means.

By Mr. MATSUI:

H.R. 4593. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment of national research service awards; to the Committee on Ways and Means.

By Mr. SUNIA (for himself, Mr. Phillip Burton, Mr. de Lugo, Mr. Montgomery, and Mr. Won Pat):

H.R. 4594. A bill to amend title 10, United States Code, to authorize the Delegate in Congress from American Samoa to have the same right to nominate persons for appointment to the U.S. Military Academy, U.S. Naval Academy, and U.S. Air Force Academy as the Delegates in Congress from Guam and the Virgin Islands; to the Committee on Armed Services.

By Mr. DASCHLE (for himself, Mr. Bonker, Mr. Barnes, Mr. Roe, Mr. Fazio, Mr. Markey, Mr. Dwyer, Mr. Phillip Burton, Mr. Downey, Mr. Mitchell of Maryland, Mr. Wolpe, Mr. Ratchford, and Mr. Lowry of Washington):

H. Con. Res. 190. Concurrent resolution expressing the sense of the Congress with respect to proposals to postpone scheduled cost-of-living adjustments in certain social security and veterans benefits; jointly, to the Committees on Ways and Means and Veterans' Affairs.

By Mr. LeBOUTILLIER:

H. Con. Res. 191. Concurrent resolution expressing the sense of the Congress that all athletic teams from the United States should refuse to participate in any sports event with athletic teams from the Union of Soviet Socialist Republics; to the Committee on Foreign Affairs.

By Mr. ANDREWS:

H. Res. 231. Resolution expressing the sense of the House of Representatives that, upon the occasion of the 10th anniversary of the retired senior volunteer program (RSVP) administered by the ACTION Agency, the program should be commended for its success in providing meaningful opportunities for retired persons to serve their communities; to the Committee on Education and Labor.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. EMERY introduced a bill (H.R. 4595) for the relief of the Grace Baptist Church, Portland, Maine, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 27: Mr. Roberts of Kansas.

H.R. 852: Mr. Kastenmeier.

H.R. 1519: Mr. Oxley.

H.R. 1603: Mr. Daniel B. Crane, Mr. Jones of Tennessee, Mr. Trible, Mr. Whitten, Mr. Fazio, Mr. Conable, and Mr. Hagedorn.

H.R. 2022: Mr. Hagedorn.

H.R. 2207: Mr. Archer, Mr. James K. Coyne, Mr. Patterson, Mr. Andrews, Mr. Hughes, Mr. Prichard, and Mr. Gingrich.

H.R. 2305: Mr. Bingham.

H.R. 2306: Mr. Bingham, Mr. Frenzel, Mr. Lehman, and Mr. Nowak.

H.R. 2333: Mr. Mitchell of Maryland, Mr. Synar, Mr. Williams of Montana, Mr. Gore, Mr. Rahall, Mr. Jacobs, Mr. Weber of Minnesota, Mr. Snyder, Mr. Fazio, Mr. Morrison, and Mr. Dwyer.

H.R. 2455: Mr. Richmond.

H.R. 3363: Mr. English, Mr. Lowery of California, Mr. Stokes, and Mr. Railsback.

H.R. 4360: Mr. Lundine.

H.R. 4382: Mr. Fazio, Mr. Mottl, Mr. D'Amours, Mr. Dunn, Mr. LaFalce, Mr. Coelho, Mr. Frost, Mr. Findley, Mr. Gray, Mr. Vento, Mr. Forsythe, Mr. Gore, Mr. Napier, Mr. Nelligan, Mr. McCurdy, Mr. Petri, Mr. Downey, Mr. Fary, Mr. Simon, Mr. Sensenbrenner, Mr. Mitchell of Maryland, Mr. Stenholm, Mrs. Bouquard, Mr. Wyden, Mr. Lehman, Mr. Hopkins, Mr. McHugh, Mr. Miller of California, Mr. Bevill, Mr. Bedell, Mr. Neal, Mr. Biaggi, Mr. Traxler, Mr. Albosta, Mr. Dwyer, and Mr. Seiberling.

H.R. 4452: Mr. Jenkins and Mr. Duncan.

H.R. 4457: Mr. Rodino, Mr. Donnelly, Mr. Ginn, Mr. Foglietta, Mr. Roe, Mr. Kindness, Mr. Dwyer, Mr. Minish, Mr. Rinaldo, Mr. Wirth, Mr. Guarini, Mr. McCloskey, Mr. Trible, and Mr. Florio.

H.R. 4467: Mr. Edgar, Mr. Mitchell of Maryland, and Mr. Whitehurst.

H.R. 4526: Mr. Winn and Mr. Jeffries.

H.R. 4528: Mr. Erdahl, Mr. Lott, and Mr. Stump.

H.R. 4534: Mr. Fauntroy and Mr. Mitchell of Maryland.

H.R. 4576: Mr. Rahall.

H.J. Res. 260: Mrs. Schneider and Mr. Burgener.

H.J. Res. 314: Mr. Addabbo, Mr. Barnard, Mr. Beard, Mr. Benedict, Mr. Bereuter, Mr. Bethune, Mr. Bonior of Michigan, Mr. Broyhill, Mr. Campbell, Mr. Cheney, Mr. Collins of Texas, Mr. Derwinski, Mr. Dickinson, Mr. Dougherty, Mr. Dreier, Mr. Dunn, Mr. Dwyer, Mr. Eckart, Mr. Edgar, Mr. Emery, Mr. Evans of Delaware, Mr. Fauntroy, Mr. Fazio, Ms. Fiedler, Mr. Fish, Mr. Forsythe, Mr. Frost, Mr. Hagedorn, Mrs. Heckler, Mrs. Holt, Mr. Hopkins, Mr. Howard, Mr. Huckaby, Mr. Hughes, Mr. Jeffries, Mr. Jones of Tennessee, Mr. LaFalce, Mr. Lagomarsino, Mr. LeBoutillier, Mr. Loeffler, Mr. Lott, Mr. Lowery of California, Mr. Lungren, Mr. McClory, Mr. Madigan, Mr. Marriott, Mr. Martin of North Carolina, Mr. Mavroules, Mr. Michel, Mr. Minish, Mr. Molinari, Mr. Montgomery, Mr. Murphy, Mr. Myers, Mr. Napier, Mr. Nelligan, Mr. Ottinger, Mr. Oxley, Mr. Won Pat, Mr. Petri, Mr. Rinaldo, Mr. Robinson, Mr. Roe, Mr. Roth, Mrs. Roukema, Mr. Rousselot, Mr. Smith of New Jersey, Mr. Smith of Pennsylvania, Mr. Solomon, Mr. Stenholm, Mr. Stratton, Mr. Stump, Mr. Sunia, Mr. Weaver, Mr. Weber of Ohio, Mr. Winn, Mr. Wolf, Mr. Wortley, Mr. de la Garza, Mr. Mazzoli, Mr. Young of Florida, Mr. Horton, Mr. Guarini, and Mr. Ashbrook.

H. Con. Res. 189: Mr. Bonior of Michigan, Mr. English, Mr. Lowry of Washington, Mr. Clay, Mr. Santini, Mr. William J. Coyne, Mr. Shannon, Mr. Weaver, Mr. Studds, Mr. Dwyer, Ms. Oakar, Mr. Markey, Mr. Mitchell of Maryland, Mr. Conyers, Mr. Fauntroy, Mr. Walgren, Mr. Murphy, Mr. Peyser, Mr. Nowak, Mr. Yates, Mr. Glickman, Mr. Zeferetti, Mr. AuCoin, Mr. Mica, Ms. Mikulski, Mr. Lantos, Mr. Harkin, Mr. Gejdenson, Mrs. Schroeder, Mr. Mottl, Mr. Scheuer, Mr. Moffett, Mr. Stark, Mr. Synar, Mr. Garcia, and Mr. Gonzalez.

H. Res. 101: Mr. Brodhead.

H. Res. 211: Mr. Won Pat and Mr. Ginn.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 4531: Mr. Ford of Tennessee.

PETITIONS, ETC.

Under clause 1 of rule XXII,

214. The SPEAKER presented a petition of Stewart W. Pierce, Richmond, Va., relative to prices for the delivery of commodities; which was referred to the Committee on Public Works and Transportation.

SENATE—*Thursday, September 24, 1981*

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The PRESIDENT pro tempore. Our morning prayer will be delivered by Sister Gottemoeller, president of the Federation of the Sisters of Mercy of the Americas, Cincinnati, Ohio.

Sister Doris Gottemoeller, RSM, offered the following prayer:

Let us pray.

God, our Creator, we come to You with grateful hearts: Your mercy and goodness are unending. In time of distress as well as prosperity, You are ever with us. Prompted by your constant love and invitation, we pray for our country: May we continue to offer all men and women—the immigrant and the native, the privileged and the deprived, black and white—the opportunity to make their unique contributions to our Nation's wellbeing. May we always cherish the weak and seek out the marginated, helping them to lead lives of human dignity. May we use the Earth and its fruits and the products of human enterprise in a spirit of stewardship. May we love the ways of peace and spurn the legislation to violence. May we protect and encourage the churches and religious groups which express Your mercy through works of justice and charity.

We pray especially for this body assembled here, the heir to a living tradition of reverence for human and civil rights. In all of its deliberations, may the successful and the powerful claim no more than the poor, the alienated and the powerless. May the temptations to expediency and personal gain yield to the search for truth and the common good, and may the demands of war and the race for armaments give way to the claims of peace.

May this Senate continue to pursue under Your guidance the blessings of liberty and justice for all. We place our prayer before You, confident of Your providence and committed to make ourselves agents of Your peace and love in the world. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. Mr. President, I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I expect that at 10 o'clock today we will seek the consent of the Senate to proceed to the consideration of the continuing resolution, House Joint Resolution 325, as announced yesterday.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order and the expiration or yielding back of time allocated to them, and the recognition of a Senator or Senators on special orders as the same has or may be provided for, there be a brief period for the transaction of routine morning business to extend not past the hour of 10 a.m., in which Senators may speak for not more than 2 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

MILTON FRIEDMAN'S LATEST ADDITION TO THE ANNALS OF ECONOMIC SCHOLARSHIP

Mr. BAKER. Mr. President, I read it first last week, when it appeared in Newsweek magazine. I read it again this morning, as an escape from yet another week of somber economic interpretating.

Milton Friedman's latest addition to the annals of economic scholarship contains perhaps the most valuable, perhaps humble, and certainly realistic explanation of our current fiscal dilemmas that I have yet read.

"The best explanations for the interest-rate puzzle," Friedman writes, "may be the herd instinct and Wall Street's myopia."

I am sure that I am joined by many of my colleagues in this Chamber, Mr. President, in embracing such a perspective, and I ask unanimous consent that the entire article by Mr. Friedman be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MILTON FRIEDMAN'S LATEST ADDITION TO THE ANNALS OF ECONOMIC SCHOLARSHIP

Current high interest rates offer a puzzle for which, so far as I can see, we have no satisfactory explanation. While many explanations are glibly offered, all of them are contradicted by past experience.

ABERRANT BEHAVIOR

Since the mid-1960s short-term interest rates have tended to move up and down both with current inflation and, after a lag, with ups and downs in monetary growth. Inflation has been declining for some time now, despite the isolated sharp rise in the consumer price index for the month of July. Similarly, monetary growth declined moderately from April to May and has been relatively stable since. Yet interest rates have stubbornly stayed at record levels.

The chart documents the abnormality of interest-rate behavior during the past year. For each month since 1970 it plots a real interest rate, the difference between the average rate of interest on a three-month Treasury bill and the rate of inflation in consumer prices over the prior three months. This difference is the amount a holder of the bill has left from his interest payment after allowing for inflation. As the chart makes clear, the real rate has been negative for most of the 1970s. Investors—even if they were tax-exempt—have ended up with less purchasing power. Investors who had to pay taxes on the paper interest they received have done even worse.

The real yield not only was negative but was moving around a downward trend. Yet suddenly, in July 1980, it turned positive and zoomed. In the four years prior to July 1980, the real rate was positive in only two months, and even in those months, it was only .3 and .6 percent. In the thirteen months since, the real rate was negative only once, and then only −.4. It was positive in the remaining twelve months, ranging from .1 to 9.3.

Clearly, this needs explanation.

WRONG EXPLANATIONS

And there has been no shortage of proposed explanations. The trouble is, all of them are wrong. Herewith a small sample.

1. Federal Reserve tight money.—This is probably the most widely cited explanation. However, money has not been tight by past standards. Institutional change, notably the explosion in moneymarket mutual funds, has rendered narrow monetary aggregates misleading. A broader aggregate, M_2, which includes deposits in money-market funds as well as savings deposits and small-time deposits, grew 9.1 percent in the twelve months prior to July 1981, and 8.9, 9.5 and 8.5 percent in the three prior years. All in all, average M_2 growth has been flat for the past four years, though subject to sharp short-term fluctuations. There is a marked contrast between the talk about "tight money" and the reality.

2. High current budget deficits.—Here again, the reality is very different from the talk. The current deficit is not as large as in many past years, if it is measured, as it should be, not in dollars but as a fraction of the national income or gross national product. The deficit (including off-budget items) for the current fiscal year ending Sept. 30, 1981, is expected to be less than 3 percent of GNP. The corresponding percentages were 3.6, 4.5, 2.9 and 2.8 for fiscal years 1975, 1976, 1977 and 1978. Those earlier deficits were associated with T-bill rates of less than 8 percent, and with negative real rates. Why should a similar or smaller deficit now lead to T-bill rates of 15 percent and positive real rates of 5 to 9 percent?

3. Prospect of high future deficits.—Well, it is said, maybe the current deficit isn't so frightening, but what about future ones? Don't tax cuts plus increased military spending mean even bigger future deficits? Whether these fears are justified or not, they

cannot explain current interest rates. Higher future deficits and higher future inflation would lead investors to expect high interest rates in future years. That should make long-term interest rates higher than short-term, yet the opposite is true. In the jargon of Wall Street, the yield curve is negatively sloping, yet this explanation requires it to be positively sloping. So this explanation, too, can be rejected out of hand.

A BUBBLE?

Space does not permit me to discuss four other proposed explanations that I have examined in a fuller analysis. I can only report that they too are wholly unsatisfactory.

The failure to find a reasonable explanation does not mean that there is none. But it does raise the uneasy suspicion that perhaps we have been witnessing a bubble compounded out of uncertainty plus Wall Street's myopia and herd instinct. If that is so, the bubble will soon burst. If it does not—back to the computer.

FIDDLIN', CALLIN', AND DANCIN'—THE SQUARE DANCE

Mr. BAKER. Mr. President, yesterday, the Senate passed a joint resolution designating the square dance as the national folk dance of the United States. I was pleased that I was able to cosponsor this resolution with 27 of my colleagues. But today, I wish to express my admiration and commendation to my most distinguished colleague and friend the minority leader, Senator ROBERT C. BYRD of West Virginia. For it is the distinguished minority leader, a geographic neighbor, a kindred spirit in the appreciation of American custom and folklore, and an erudite student of our history, who had brought this matter to my attention—through his sponsorship of Senate Joint Resolution 59.

Of course, I must admit, Mr. President, that my original intentions in cosponsoring this resolution was of a more dubious nature. Convinced that a so lively and energetic expression of the American spirit most certainly would have had its origin in Tennessee rather than West Virginia, I was prepared to, shall we say, appropriate this resolution. I must say to the minority leader, however, in the spirit of historical accuracy, that my research in this regard has been disappointing. And it is a disappointment I fear I must deliver to Senator BYRD's State as well. My research indicates square dancing in this country has its roots in neither Tennessee nor West Virginia, but in New England of all places.

Rebuffed on that count, Mr. President, I have nonetheless comforted myself in the knowledge that the "clog dancing" form of the square dance, which as I am sure the minority leader will agree is most artfully performed in Tennessee, is now the vanguard of America's square dancing boom.

Seriously, Mr. President, the square dance is indeed a rich element of our heritage—a reflection of the vitality, resourcefulness, creativity and imagination of our people. That its popularity is increasing throughout our land is as reassuring to me as any other symbol of the continued creativity and vitality in our country.

So finally, Mr. President, with the permission of Senator BYRD, I renew my request that my name be added to this resolution and I would say to my friend, the minority leader, "If he'll do the fiddlin', I'll do the callin' and perhaps we can persuade our friends from New England to do the dancin'."

Mr. President, I have no need for my time remaining under the standing order. I am prepared to yield it to any Senator or to yield it to the distinguished acting minority leader.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. DIXON. Mr. President, I reserve the remainder of the minority leader's time.

Mr. BAKER. Mr. President, as I have no need for my time remaining, and I judge that the minority has no need for theirs at this moment, I am prepared to yield so that the Senator from Wyoming (Mr. WALLOP) may speak on his special order.

I ask unanimous consent that the time allocated to the two leaders be reserved until after the expiration of that time.

The PRESIDING OFFICER. (Mr. DURENBERGER). Without objection, it is so ordered.

RECOGNITION OF SENATOR WALLOP

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

REVIEW OF TAPES AND RECORDINGS IN THE MATTER OF SENATOR WILLIAMS

Mr. WALLOP. Mr. President, I rise again to encourage Senators to inform themselves on the matter concerning the recommendation and resolution for expulsion of Senator WILLIAMS.

To date, roughly a third of the Senators have seen the films and heard the tape material, and that is progress which is, obviously, pleasing to the committee. But that still leaves two-thirds of the Senators who have not seen them. The original schedule was for but two more showings of the shortened versions of those on Friday next, this coming Friday. Those will still be shown at 9:15 a.m. and 2:15 p.m. in room 457 of the Russell Building.

We had also at the same time scheduled Tuesday and Thursday of next week for Senators who have requested to see the entire balance of the film. We had requested and reserved the same morning and afternoon hours for that.

What I propose to do now—and I will send a letter to the offices of those Senators who have not taken advantage of the opportunity—is that we again, instead of presenting the remaining tapes, put on four more showings of the same tape material which has been presented this week. I do this because no matter how broadly one tries to sow the seeds of opportunity on the agenda of the Senate, there are still numerous Senators who have a hard time accommodating themselves to those schedules. I think there should be no excuse, then, for Senators not to take advantage of this schedule.

I remind Senators that the opportunity cannot be indefinitely offered to the Senate, partly because of the expense and partly because of the need for that room for other Senate committees.

I think it is wise, frankly, that Senators do avail themselves of this opportunity. We have in front of us a resolution which is historic. Should the Senate be forced to act and should the Senate act favorably on that resolution, it will be the first time since the Civil War that a Member of the Senate has been expelled. It is no light matter and should not be taken lightly by Members of the Senate.

I had one Senator explain to me today that should the judge rule against Senator WILLIAMS that he would then go see the materials. There are two things about which I would remind Senators: One is the judge's ruling is inconsequential to the judgment of the Senate. The judge's ruling is on a matter of due process and for a new trial. The Senate's obligation, by its committee, has been fulfilled on the evidence presented to us and the Senator has been judged by a higher standard than that of the courts.

I invite Senators not to wait on Judge Pratt's ruling. When you have seen the films there is also a good deal of printed material which I think it is the obligation of everybody to become familiar with in order that the judgment of the Senate may be fair, fair to the Senate, fair to Senator WILLIAMS in any case he may present, and fair to the American public which demand that this be done with care, with caution, and with a good deal of informed knowledge on the facts that have been and will be presented.

Mr. President, I will again remind Senators, and a letter will go to the offices of those who have not attended the hearings, suggesting to them that the benefit is more than just being an informed Senator. The benefit is that when we get to the debate, and I am certain we will, the debate will home in on the issues which are the issues for the Senate to judge.

I again point out that it has no relevance as to whether or not Judge Pratt rules or what Judge Pratt rules.

The leadership on both sides, the majority and minority leaders, have given notice to the Senate of their intention to proceed to discharge the Senate's obligation. I expect they will do that. Senators are asked to judge on the basis of information available to the Senate, the arguments of special counsel, and the arguments of Mr. WILLIAMS' counsel in rebuttal.

Mr. President, I thank the Chair and I yield back the remainder of my time.

Mr. BAKER. Mr. President, I thank the distinguished Senator from Wyoming. I commend him and I commend his distinguished vice chairman for the diligence and careful attention to detail which they have demonstrated.

Mr. President, I am advised now that there is no request for time on this side of that time remaining to the majority leader. I inquire of the acting minority leader if he has need for his time.

Mr. DIXON. Mr. President, may I advise the majority leader that the acting minority leader is prepared to yield back the remainder of our time.

Mr. BAKER. I thank the acting minority leader. I yield back my time as well, Mr. President.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period of time, not to extend beyond the hour of 10 a.m., for the transaction of routine morning business.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SIMPSON). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is concluded.

CONTINUING APPROPRIATIONS, 1982

Mr. BAKER. Mr. President, in accordance with the order previously entered, and after consulting with the minority leader, I ask that the Chair lay before the Senate House Joint Resolution 325, the continuing resolution.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 325) making continuing appropriations for the fiscal year 1982, and for other purposes.

The Senate proceeded to consider the joint resolution, which was reported from the Committee on Appropriations with amendments.

Mr. BAKER. Mr. President, I understand that the distinguished chairman of the Appropriations Committee has left the committee room in the Capitol and is on his way to the floor of the Senate.

I understand, as well, on the advice of the minority leader, that the distinguished ranking minority member of the committee, the Senator from Wisconsin, is in company with the chairman and will reach the Chamber shortly.

In order to provide time for them to appear, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, the Senate Appropriations Committee met yesterday afternoon in a well-attended full committee markup session to consider House Joint Resolution 325, the continuing resolution, as well as Senate items normally included in the regular legislative appropriations bill but not provided for in H.R. 4120, the legislative appropriation bill reported by the House of Representatives on July 9, 1981, and incorporated in House Joint Resolution 325 as passed by the House of Representatives. After extended consideration, the committee reported House Joint Resolution 325 with amendments including our Senate items.

In order to bring the bill to the floor as soon as possible, allowing time for Senate floor consideration in conference with the House of Representatives, prior to the end of the current fiscal year, next Wednesday, the committee did not submit a written report on the measure to the Senate.

Instead, I am submitting for the RECORD an explanatory statement of the committee's action, and I shall ask unanimous consent that the statement appear at the close of my remarks. We have also provided copies to be placed on the desk of all Senators.

Mr. President, I ask the indulgence of my colleagues for this unusual procedure. I assure the Senate it will not be a common practice.

In this instance, however, due to the rapidly approaching deadline of September 30 and the desire of the leadership to bring this measure to the floor as soon as possible, it was deemed appropriate.

Mr. President, I will confine my opening remarks to a summation of the continuing resolution's principal provisions and will yield to Senator MATTINGLY, the chairman of the Legislative Appropriations Subcommittee, for an explanation of the committee's action relative to those items normally contained in the regular legislative appropriation bill.

The resolution's principal provisions are as follows:

No. 1, the HUD is covered at the rate and under the conditions of the conference agreement now pending in the Senate.

No. 2, the Treasury and Interior bills are deemed to have been passed in a provision similar to that used by the House of Representatives and the projects and activities in those bills will be funded at the rate of the Senate or House-passed bill, whichever is lower.

No. 3, defense and foreign authorizations continue at the current rate or the budget estimate, whichever is lower.

No. 4, the legislative bill is funded for the full fiscal year.

No. 5, all other bills are funded at the current rate.

No. 6, the expiration date is changed to November 20, 1981.

Mr. President, the committee made every effort to keep this resolution simple and straightforward. It is our view that a continuing resolution should never be regarded as a routine replacement for the 13 regular appropriations bills but instead a stopgap measure, intended for a relatively short interim period to be used only when unusual circumstances dictate.

I think everyone will agree that this year has been replete with unusual circumstances.

First, our hearings on the 1982 budget were delayed 2 months pending the receipt of the President's revisions to the January submission of President Carter. Then the reconciliation resolution, the reconciliation bill, the supplemental rescission bill, and the tax cut, all integral parts of the President's economic recovery program further delayed this bill and House consideration and passage of fiscal year 1982 appropriations bills.

While the Senate committee has expedited its consideration of those bills holding committee markup following House committee action rather than awaiting receipt of the House bill, we cannot report appropriation bills to the Senate prior to referral of the House-passed bill to our committee.

Now we await further revision to the President's budget request which will be presented to the public tonight.

Mr. President, these circumstances have necessitated this continuing resolution, providing funds for ongoing Government functions until November 20 or whichever date is finally agreed to with the House of Representatives in conference and allowing time for the Senate to proceed with the regular fiscal year 1982 bills.

I wish to assure the Senate that the committee does not view this as the normal way of doing our business. Only congressional action on the 13 regular appropriations fulfills our constitutional responsibility to maintain control over Federal spending.

As an aside I might suggest we keep that in mind when we contemplate the seemingly uncontrollable growth of entitlement programs outside the annual scrutiny of Congress in appropriation bills.

In order to avoid the continuing resolution coming to be viewed as a substitute for the regular process, I urge that any amendments to the resolution beyond those essential to the normal provisions of a continuing resolution be withheld for consideration with the regular fiscal year 1982 bills.

I wish to thank my colleagues on the committee for their cooperation in that regard.

While the committee did adopt several issues, specific amendments, I believe they reflect unusual, unforeseen circumstances.

I hope my colleagues here on the floor will follow suit and not unnecessarily delay floor consideration, reserving their amendments for floor action on the regular bills.

I realize that many Senators have strong interests in various appropriation matters, as I do, and I promise that those interests will be given every consideration as the regular process proceeds during the time of this joint resolution.

Mr. President, I wish to especially thank the ranking member of the committee on the minority side, Senator WILLIAM PROXMIRE of Wisconsin.

I really do not believe that I have experienced a more cooperative relationship with any leader of either side of the aisle than I have with Senator PROXMIRE in this committee setting.

This has not been an easy year for any of us. It has been an adjustment on the part of the Republicans in becoming the majority party; it has been an adjustment on the part of the Democrats in becoming the minoriy party after 23 years in the majority status.

Those adjustments in the Appropriations Committee both at the membership level and at the staff level have been a remarkable example of political maturity and political cooperation.

So, not only do I wish to pay tribute to Senator PROXMIRE as representative of the minority but every one of the minority members as well.

Mr. President, also on the majority side I wish to make an observation that we have almost half of the new Republican majority as first termers on that committee.

That is in itself a rather monumental task, to undertake a new committee year with such a high proportion of the majority members as freshmen members on the committee.

We have cases, as in the case of Senator MATTINGLY of Georgia, who won his first election to the U.S. Senate, won a seat on the Appropriations Committee, and acted as chairman of a subcommittee without any experience on that committee before, let alone experience in the Senate, and who has done a remarkable job in performing in that task as a subcommittee chairman, an example of your new subcommittee chairmen who are freshmen members of our committee.

So there we have an example of the tasks we have before us not only dealing with these difficult budgetary questions but in dealing with a committee that was newly formed in terms of leadership.

I also want to pay special tribute to the staff, Mr. President. I do not think we often appreciate the fact that under such crises circumstances under which the Appropriations Committee has been functioning and the Budget Committee and other committees as well, that our staff works far into the night, early in the morning and far into the night, day after day to meet deadlines and to meet requirements set before them by the leadership of the committee.

I know for certain that the staff of the Appropriations Committee, Mr. Keith Kennedy, heading up the majority, and Tom van der Voort, heading up the minority staff, have both spent literally around-the-clock days on staff work and leadership to the general staff in order to bring us not only this continuing resolution but to deal with the rescission packages and to deal with the reconciliation problem and bill, and to deal with all these other matters we have been dealing with.

This has indeed been an extraordinary and unique year. So I think many people deserve credit for the expeditious way in which the committee has been able to act upon this continuing resolution today or yesterday and bring it to the floor today.

(EXHIBIT 1)

EXPLANATORY STATEMENT OF THE COMMITTEE ON APPROPRIATIONS ON HOUSE JOINT RESOLUTION 325 AS REPORTED, WITH AMENDMENTS

The Congress has not yet completed final action on any of the 13 regular appropriations bills for fiscal year 1982. The Committee consideration of these bills has been unusually delayed this year because of the extraordinary circumstances surrounding the budgetary program submitted by the new administration. This includes major budget revisions in the original budget submittal of the former administration which were not finalized until nearly 2 months after Congress normally begins its consideration of the budget. The Congress, furthermore, engaged in an unprecedented review of ongoing statutory authorities for both entitlement and discretionary programs as part of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35). Finally, the President has informed Congress that he will shortly submit yet another major budget revision package to the pending fiscal year 1982 budget requests.

For the foregoing reasons the Committee has suspended consideration of the regular appropriations bills for fiscal year 1982 and it is clear that no regular appropriations bill will be enacted by October 1, 1981, the start of the new fiscal year. This requires that Congress rapidly consider and pass a continuing resolution to maintain the ongoing operations of the Government until Congress has the opportunity to complete action on the regular appropriations bills. It is the firm intention of this Committee to resume consideration of the regular appropriations bills as soon as possible and to report these measures to the Senate within the period allowed by this continuing resolution.

The Committee agrees with, and reaffirms the position contained in the House report accompanying this joint resolution (H. Rept. 97-223) regarding the nature of this measure:

The Committee recognizes, as should others involved in the Federal budget and appropriations process, that continuing resolutions are interim, stop-gap financing devices and are not intended to replace regular annual appropriation bills. The Committee has attempted to keep the continuing resolution as simple as possible and enlists the support and cooperation of the financial officials in administering the orderly operations under the continuing resolution.

The continuing resolution provides temporary financing for Federal programs at restrictive rates until November 20, 1981 or until the regular appropriations bills are enacted. It is based upon the status of the individual bills as of the last day of the current fiscal year. In summary, the operating levels which obtain under the resolution are as follows:

1. Section 101(a) provides continuing authority for nine appropriation bills. Under this section, where the particular appropriation bill has passed both Houses as of October 1, 1981, and the amount as passed by the House is different than that as passed by the Senate, projects or activities are continued under the lesser amount or more restrictive authority. Where the particular appropriation bill has not passed both Houses as of October 1, 1981, the rate of operation shall not exceed the current rate. Where an item is provided in only one version of an Act as passed by both Houses it continues at a rate not exceeding the current rate or the rate permitted by the action of one House, whichever is lower.

2. Section 101(b) provides continuing authority for the Defense and Foreign Assistance programs at the current rate or the rate of the budget estimate, whichever is lower.

3. Section 101(d) provides continuing authority at the current level for certain activities not otherwise provided for.

4. The resolution does not augment appropriations contained in the regular bills for fiscal year 1982. Section 105 provides that expenditures made pursuant to the continuing resolution shall be charged to the applicable appropriation or fund when the regular bill is enacted into law.

5. Section 101(a)(3) as amended provides that bills reported by the Committee, but not passed the Senate as of October 1, 1981 be deemed as having passed the Senate for the purposes of this joint resolution. This amendment will allow those projects and activities funded under the Department of Interior and Related Agencies Appropriation Act, 1982 and the Treasury, Postal Service and General Government Appropriation Act, 1982, to be continued at the lesser of the House-passed or the Senate reported levels.

6. The Committee has also recommended an amendment which will continue the projects and activities financed under the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1982, at the level and in the manner agreed to in conference on that measure, as if that bill were enacted into law. This provision, however, is effective for only the period ending November 20, 1981.

7. As discussed below, the Committee recommends that activities funded under the Legislative Appropriations bill be continued for the full year, with amendments to address Senate items, striking House and House building items, and to modify other joint appropriation accounts.

In addition to the committee amendments discussed in the summary above, the Committee is recommending a number of other amendments which address other critical issues.

The Department of Commerce has announced a reorganization of the Economic Development Administration and reduction-in-force. The reorganization contemplates that 50 percent of the 47 Economic Development Representatives (EDR's) now located in the various States will be offered jobs in EDA's six regional offices (Philadelphia, Atlanta, Chicago, Denver, Austin, and Seattle). The Committee has inserted an amendment (section 110) that will maintain the 47 EDR's in place in the States to monitor the almost $1.1 billion in uncompleted projects that require on-site EDA supervision. In addition the Committee believes that the States ought to have the availability of these long-term economic development specialists whose expertise goes far beyond developing EDA projects. As the States grope for new ways to solve their economic development problems without the previous Federal assistance, the EDR's can be a ready source of technical assistance.

The National Oceanic and Atmospheric Administration (NOAA) has a purchase option on a Turbo Commander 690 aircraft that expires September 30, 1981. By exercising the option, NOAA can save $1,300,000 over the minimum expected life of the aircraft compared to continued leasing for that period.

Public law requires that purchase of aircraft be specifically authorized in an agency's appropriation. The Committee, therefore, recommends a new provision (section 133) to authorize this purchase.

The Committee recommends an amendment (section 134) to enable the Department of Health and Human Services, the General Services Administration, and the Office of Management and Budget to complete in an orderly manner close-out activities of existing Community Services Administration grants awarded in prior fiscal years, to provide for the termination expenses of CSA employees, and for other appropriate costs. It is currently estimated that $30.1 million will be required for such purposes as severance pay and annual leave costs, GSA expenses, and HHS audit and related close-out activities. This separate authority is required in order that these agencies undertake an array of administrative tasks related to these close-out responsibilities.

The Committee does not intend that any balance of the Rural Development Loan Fund be used for such close-out purposes.

The authority provided by this section is available through the end of fiscal year 1982.

The Committee recommends an amendment (section 135) which prohibits payments to school districts under the impact aid program for the duration of this continuing resolution. The amendment eliminates payments under section 5(b)(2) of Public Law 81-874, the Impact Aid Authorization Act.

Under section 5(b)(2) of the impact aid authorizing legislation, school districts are entitled to receive—within 1 month after the start of the new fiscal year—a so-called preliminary impact aid payment equal to 75 percent of the amount of impact aid they received in the previous year. However, the Committee notes that 75 percent of the fiscal year 1981 impact aid appropriation is $464,000,000, whereas the authorized level for impact aid in fiscal year 1982 is $435,000,000, a difference of $29,000,000.

Without this amendment, the continuing resolution would permit more spending for impact aid in October than the total amount of money authorized for impact aid for all of fiscal year 1982.

The Committee recommends an amendment (section 136) which conforms the continuing resolution to current law with respect to financing the acquisition and transportation of petroleums for the Strategic Petroleum Reserve. In the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), the Congress mandated that such acquisition and transportation of petroleum be provided from a special, "off-budget" account established by the Secretary of the Treasury. The amendment adopted by the Committee makes it clear that funds provided for this purpose—whether the lower of the House or the Senate—will be made available from this special account in accordance with the law.

Section 137 of the joint resolution authorizes Department of Defense support for the Yorktown Battlefield Bicentennial. Both the Senate and House versions of the fiscal year 1982 authorization bill for the Department of Defense approve such support. The ceremony commemorating the 200th anniversary of this historic event will occur in October, therefore, necessary funding authority for the Department can be provided only through this resolution. This provision merely grants legal authority for Army participation and does not involve any additional spending. The Army will absorb the estimated $750,000 cost of its support.

The Committee recommends a new provision (section 138) directing the Secretary of Agriculture to expeditiously make loan guarantees for alcohol production facilities as authorized under the Rural Development Insurance Fund. The Committee has been advised that it is the interpretation of the administration that such loan guarantees need not be obligated as currently authorized. This view is contrary to congressional intent, and the Committee therefore believes this additional provision is necessary to implement the direction of Congress.

During the consideration by the Committee, there was raised a concern that the language of the continuing resolution would permit the administration to reduce funding allocations to the States below current levels for the Women, Infants, and Children Nutrition program, know as "WIC," and the Commodity Supplemental Feeding Program (CSFP), thereby causing reductions from the current levels of participation in those programs. Such reductions would be clearly contrary to the intent of this joint resolution.

The Agriculture, Rural Development, and Related Agencies Appropriations Act, as passed by the House and as recommended by the Senate subcommittee to the full Appropriations Committee, provides for continuation of the 1981 levels of participation for these programs. The clear intent of the Congress, therefore, will be to maintain current participation levels.

The administration is therefore directed to recognize this intent in carrying out the WIC and CSFP programs in accordance with this resolution.

The Omnibus Reconciliation Act of 1981 altered the funding mechanism of several Federal programs to targeted block grants to States. It is the intent of the Committee that these block grants be implemented with the beginning of the new fiscal year. Since the new block grants continue the same kinds of activities as provided under their predecessor programs, funding of these programs does not constitute a new start.

The level of funding that would be available for the block grants therefore will be the current rate for the combined total of each separate account included in the block grant.

It is recognized also that during the period of this continuing resolution Federal agencies will be reducing their work force as a consequence of the alterations to program operations effected through the Reconciliation Act. Due to these reductions-in-force, it is directed that within the annualized rate as established by this continuing resolution higher-than-average funds availability will be permitted at any one time in order to accomplish the orderly and timely termination of those activities and employees affected by these changes.

The Committee recommends deletion of section 110 in the House passed resolution. The authority granted by this section has already been passed by Congress in a separate bill, which is currently awaiting Presidential approval.

LEGISLATIVE BRANCH

The Committee has included the substance of the Legislative Branch Appropriations Act for fiscal year 1982 in H.J. Res. 325. This eliminates the necessity of working one entire appropriations bill into the crowded floor schedule in the next 2 months. The House of Representatives funded its items for the full fiscal year. In order to insure the enactment of appropriations necessary for the Senate and its administrative provisions, as well as to propose reductions in House recommendations for related agencies, the Committee has also included appropriations for the entire fiscal year in the joint resolution for the legislative branch.

The legislative portion of H.J. Res. 325 includes appropriations totalling $934,616,108 for the Senate, joint items such as joint committees, and associated offices such as the Library of Congress, General Accounting Office, and Government Printing Office. The resolution includes no funding for the House of Representatives, which did not include any Senate items in its resolution.

Following the mandate of the Senate to hold down our own spending, the figure recommended represents a 10-percent reduction in the budget requests considered by the Committee. The figures in this resolution, when added to House items already approved by the other body, represent less than a 5-percent increase in the legislative bill over fiscal year 1981. In contrast, the projected increase for the executive branch is 8.8 percent.

Section 101(c) includes the specific dollar recommendations of the Committee for the entire Legislative Branch, with the exception of the House of Representatives.

The Committee intends that the Secretary of the Senate should use the following guidelines in allocating his appropriations during fiscal year 1982, deviations from which will require reprograming approval:

FISCAL YEAR 1982 GUIDELINES

Department	SOE lump-sum budget request	Current staffing level	Proposed range for staffing [1]
Legislative/administrative	$2,599,700	63	62–68
Disbursing Office [2]	866,600	34	34–38
Document room	425,800	19	18–20
Library	410,600	18	18–20
Stationery room [2]	369,000	16	16–18
Office of Public Records	207,800	9	7–9
Office of Classified National Security Information	196,200	5	5
Historian	159,600	5	5–7
Curator	106,600	3	3–4
Total	5,341,900 [3] 5,342,000	172	168–189

[1] The figures represent full-time professional and clerical staff. They do not include the interns who work from 6 to 10 weeks during the summer months.

[2] Departments now under lump-sum authority.

[3] Rounded figure which does not reflect the committee's recommendation for funding.

The Committee has included an additional $75,000 to transfer two bookbinders from the Government Printing Office to the Office of the Secretary of the Senate. An offsetting reduction was made to the GPO budget.

For the Office of the Sergeant at Arms and Doorkeeper, an amount of $80,000 has been included to accommodate the creation of the Senate Placement Office. This new office is necessitated by the closing of the Congressional Placement Office which was jointly operated by the Senate and the House of Representatives.

The following table sets forth the apportionment of funds under the headings "Contingent Expenses of the Senate," "Miscellaneous items".

MISCELLANEOUS ITEMS APPORTIONMENT SCHEDULE

Item	Fiscal year 1981	Budget estimate fiscal year 1982	Committee recommendation	Committee versus Fiscal year 1981	Committee versus Fiscal year 1982
Office of Senate Legal Counsel	$350,000			−$350,000	
Resolution and reorganization reserve	236,439	$275,698	$265,698	+39,259	
Miscellaneous items (reserve for contingencies)	500,438	524,000	524,000	+23,562	
Employees fund compensation fund reimbursement	72,372	66,850	66,850	−5,522	
Civil service retirement fund reemployed annuitants	500,000	500,000	500,000		
Commission on Art and Antiquities (S. Res. 382, 90th Congress)	17,500	17,500	17,500		
Committee on Rules and Administration—calendars (S. Res. 520, 96th Congress)	47,840	55,120	55,120	+7,280	
Senators' official office expense accounts (Public Law 92–607)	5,490,000	5,490,000	5,490,000		
Reception of foreign dignitaries	25,000	25,000	25,000		
Foreign travel—Members and employees	400,000	400,000	400,000		
Unemployment compensation—Federal employees		1,000,000	900,000	+900,000	−$100,000
Subtotal	7,639,589	8,354,168	8,254,168	+614,579	−100,000
Office of the Secretary of the Senate	278,411	273,000	245,000	−33,411	−28,000
Office of the Sergeant at Arms and Doorkeeper:					
Administrative offices:					
GSA office rental	$3,200,000	$3,200,000	$2,844,000	−$356,000	−$356,000
GSA alterations	50,000	55,000	55,000	+5,000	
GSA furniture and furnishing	850,000	850,000	850,000		
Commercial offices	1,800,000	1,800,000	1,387,000	−413,000	−413,000
Telegraph services—committees and official telegrams	23,000	15,000	15,000	−8,000	
Travel (Public Law 94–303)	13,000	13,000	13,000		
Furniture	125,000	125,000	125,000		
Contingencies	39,000	39,000		−39,000	−39,000
Cabinet shop	32,000	32,000	32,000		
Custodial services	72,000	90,000	90,000	+18,000	
Telecommunications department	4,699,000	5,290,000	5,257,000	+558,000	−33,000
Service department	3,537,000	5,833,000	5,014,000	+1,477,000	−819,000
Computer center	16,837,000	10,219,000	8,708,000	−8,129,000	−1,511,000
Subtotal	31,277,000	27,561,000	24,390,000	−6,887,000	−3,171,000
Total	39,195,000	36,188,168	32,889,168	−6,305	−3,299,000
Less: undistributed reduction	−1,000,000		−320,000	+680,000	−320,000
Grand total	38,195,000	36,188,168	32,569,168	−5,625,832	−3,619,000

The allocations included in the preceding table are advisory and are to be used by the various components of the Senate to effect cost control and program planning. The Committee is aware, however, that unforeseen circumstances can arise during the year—for example, utility rate hikes—which may necessitate some adjustments to the amounts included in the apportionment table. The Committee expects that the various components affected will notify the Committee in accordance with the customary reprograming procedures.

The Committee has included no appropriations for elevator operators under the heading "Architect of the Capitol," "Senate Office Buildings" and has reduced the appropriation for elevator operators in the Senate side of the Capitol by $99,000 and 9 positions by providing for 15 such positions rather than the 24 positions requested.

For Capitol Grounds under the Architect of the Capitol, specific reductions have been made by deferring the following projects:

Replacement of broad walkways	$2,037,000
Capitol Plaza resurfacing	235,000
Resurfacing concrete paving	200,000
Replacement of shuttle van	25,000
Total reduction	$2,497,000

For Capitol Buildings, the Committee has included $1,500,000 for a project to replace the Minton tile on the Senate side of the Capitol. The original tile, laid over 100 years ago is extremely worn and is a safety hazard.

For Senate Office Buildings under the Architect of the Capitol, specific reductions are recommended as follows:

Replacement of sections of air-conditioning in Dirksen Building	$2,000,000
Covering exposed beams in Immigration Building	67,000
Elevator modernization	170,000
Architectural studies—Dirksen and Russell Buildings	2,000,000
Cafeteria renovating—Dirksen Building	2,500,000
Equipment procurements	85,000

Under the Government Printing Office's appropriation for Congressional Printing and Binding, the Committee has included the amount requested for printing the United States Code in its entirety.

ADMINISTRATIVE PROVISIONS

Sections 111 through 131 of the joint resolution are administrative provisions. These administrative provisions are printed below, together with a short statement for those provisions not self-explanatory.

SEC. 111. (a) The first section of the joint resolution relating to the payment of salaries of employees of the Senate, approved April 20, 1960 (Public Law 86–426, first section; 2 United States Code 60c–1), is amended—

(1) in the first sentence, by striking out clause (1),

(2) in the second sentence, by inserting "purposes of the Internal Revenue Code of 1954 and for" immediately after "For", and

(3) by striking out the last sentence thereof (as added by section 108 of the Supplemental Appropriations Act, 1979 (Public Law 96–38, section 108).

(b) the amendment made by subsection (a) shall be effective in the case of compensation payable for months after December 1982.

This provision eliminates the traditional full month's compensation payable on December 20 of each year. This will mean that disbursements for salaries for December will be handled in the same manner as for other months.

SEC. 112. (a) The first sentence of the first section of the joint resolution relating to the payment of salaries of employees of the Senate, approved April 20, 1960 (Public Law 86–426); 2 United States Code 60c–1) is amended by striking out "officers (other than Senators) and employees" and inserting in lieu thereof "Senators and officers and employees".

(b)(1) The second paragraph under the heading "SENATE" of the act entitled "An act making appropriations for sundry civil expenses of the Government for the fiscal year ending June 13, 1884, and for other purposes" (approved March 3, 1883, c. 143, 22 Stat. 632) is repealed.

(2) The eighth paragraph under the heading "SENATE" of the Deficiency Appropriation Act, fiscal year 1934 (approved June 19, 1934, c. 648, title I, section 1, 48 Stat. 1022; 2 United States Code 33) is amended by striking out "monthly".

(c) On and after the effective date of the amendments and repeals made by this section, section 39 of the Revised Statutes (2 United States Code 35) shall not be construed as being applicable to a Senator.

(d) Section 40 of the Revised Statutes (2 United States Code 39) is amended by inserting "(or other periodic payments authorized by law)" immediately after "monthly payments".

(e) The amendments and repeals made by this section shall be effective in the case of compensation payable for months after December 1981.

This provision authorizes the Secretary of the Senate to disburse the compensation of Senators in the same manner as officers and employees of the Senate as provided for by section 60(c)–1 of title II of United States Code.

SEC. 113. Hereafter, the Secretary of the Senate as Disbursing Officer of the Senate is authorized to make such transfers between appropriations of funds available for disbursement by him for fiscal year 1982, as he deems appropriate, subject to the customary reprograming procedures of the Committee on Appropriations of the Senate.

This administrative provision would authorize the Secretary of the Senate, as Disbursing Officer of the Senate, to shift funds from accounts with small surpluses to accounts with small deficits, thus obviating the necessity for small supplemental appropriation requests.

SEC. 114. Effective October 1, 1981, all statutory positions in the Office of the Secretary (other than position of the Secretary of the Senate, Assistant Secretary of the Senate, Parliamentarian, Financial Clerk, and Director of the Office of Classified National Security Information) are abolished, and in lieu of the positions hereby abolished the Secretary is authorized to establish such number of positions as he deems appropriate and appoint and fix the compensation of employees to fill the positions so established; except that the annual rate of compensation payable to any employee appointed to fill any position established by the Secretary shall not, for any period of time, be in excess of $1,000 less than the annual rate of compensation of the Secretary for that period of time; and except that nothing in this section shall be construed to affect any position authorized by statute, if the compensation for such position is to be paid from the contingent fund of the Senate.

This provision enables the Secretary of the Senate to set staffing levels and salary levels within the nine functional areas of his Office. A more detailed explanation of the effect of this provision is contained in the discussion of section 101(c), above.

SEC. 115. Effective October 1, 1981, section 105 of the Legislative Branch Appropriation Act, 1979 (2 United States Code, 72a note) is reenacted with the following amendments—

(1) in subsection (a), strike out "October 1, 1978, and ending on December 31, 1980," and insert in lieu thereof "October 1, 1981, and ending September 30, 1986,", and

(2) at the end thereof add the following new subsection:

"(e) All records, documents, and data in the Office for which funds were made available under Senate Resolution No. 570, 96th Congress, are transferred to the Office established by subsection (a).".

This administrative provision reestablishes the Office of Classified National Security Information for a 5-year period beginning October 1, 1981 and expiring September 30, 1986 in the same manner as provided for by Public Law 95–391. The provisions of Public Law 95–391 expired on December 31, 1980 and the Office was continued through September 30, 1981 by Senate Resolution 570, 96th Congress, with the expenditures being paid from the contingent fund of the Senate. The Secretary of the Senate has advised the Committee that this Office is the only repository for top secret and other highly classified documents in the possession of the Senate and has the only room on the Senate side of the Capitol suitably designed for hearings that encompass national security matters that are highly classified. This recommendation has the concurrence of the majority leader, the minority leader, and the chairman of the Committee on Rules and Administration.

SEC. 116. Effective October 1, 1981, all statutory positions in the Office of the Sergeant at Arms and Doorkeeper (other than the position of the Sergeant at Arms and Doorkeeper, Deputy Sergeant at Arms and Administrative Assistant) are abolished, and in lieu of the positions hereby abolished the Sergeant at Arms and Doorkeeper is authorized to establish such number of positions as he deems appropriate and appoint and fix the compensation of employees to fill the positions so established; except that the annual rate of compensation payable to any employee appointed to fill any position established by the Sergeant at Arms and Doorkeeper shall not; for any period of time, be in excess of $1,000 less than the annual rate of compensation of the Sergeant at Arms and Doorkeeper for that period of time.

This will enable the Office of the Sergeant at Arms to establish salary levels for various employees under his jurisdiction within certain restrictions. The Committee feels this will assist him in carrying out his responsibilities in a more efficient manner. A similar provision is also recommended for the Secretary of the Senate.

SEC. 117. For each fiscal year (beginning with the fiscal year which ends September 30, 1982), the Sergeant at Arms and Doorkeeper of the Senate is hereby authorized to expend from the contingent fund of the Senate an amount not to exceed $60,000 for;

(1) the procurement of individual consultants at a daily rate of compensation not in excess of the per diem equivalent of the highest gross rate of annual compensation which may be paid to employees of a committee of the Senate.

(2) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Payments made under this section shall be made upon vouchers signed by the Sergeant at Arms and Doorkeeper of the Senate.

Within the amounts apportioned above, the Sergeant at Arms has requested authority to obligate and expend not more than $10,000 for the purpose of securing the services of firms and individuals to assist in the development and presentation of training seminars. The Committee concurs in this recommendation, with the provision that the rate of pay for the services of any individual procured under this authority shall not exceed the maximum rate allowable by the Committee on Rules and Administration for the procurement of consultant services. The Committee expects to be kept advised of activities conducted with these funds, and to receive copies of all reports.

SEC. 118. Section 103 of the Legislative Branch Appropriations Act, 1978 (2 United States Code 59c) is amended to read as follows:

"SEC. 103. Effective October 1, 1981, the Sergeant at Arms and Doorkeeper of the Senate is authorized to dispose of used or surplus furniture and equipment by trade-in or by sale directly or through the General Services Administration. Receipts from the sale of such furniture and equipment shall be deposited in the U.S. Treasury for credit to the appropriation for 'Miscellaneous items' under the hearing 'Contingent expenses of the Senate'."

This provision will credit all proceeds from sales of furniture and equipment by the Sergeant at Arms to the contingent fund of the Senate. Previously, certain receipts from such sales were deposited in the U.S. Treasury. The Committee intends that such proceeds be used to offset costs of procuring like items.

SEC. 119. (a) Notwithstanding any other provision of law, there is hereby established an account, within the Senate, to be known as the "Expense Allowance for the Secretary of the Senate, Sergeant at Arms and Doorkeeper of the Senate, and Secretaries for the Majority and for the Minority, of the Senate" (hereinafter in this section referred to as the "Expense Allowance"). For each fiscal year (commencing with the fiscal year ending September 30, 1981) there shall be available from the Expense Allowance an expense allowance not to exceed $2,000 for each of the above specified officers. Amounts paid from the expense allowance of any such officer shall be paid to him only as reimbursement for actual expenses incurred by him and upon certification and documentation by him of such expenses. Amounts paid to any such officer pursuant to this section shall not be reported as income and shall not be allowed as a deduction, under the Internal Revenue Code of 1954.

(b) For the fiscal year ending September 30, 1981, and the succeeding fiscal year, the Secretary of the Senate shall transfer, for each such year, $8,000 to the Expense Allowance from "Miscellaneous Items" in the contingent fund of the Senate. For the fiscal year ending September 30, 1983, and for each fiscal year thereafter, there are authorized to be appropriated to the Expense Allowance such funds as may be necessary to carry out the provisions of such subsection.

SEC. 120. For each fiscal year (beginning with the fiscal year which ends September 30, 1892) there is authorized to be expended from the contingent fund of the Senate an amount, not in excess of $30,000, for the conference of the majority and an equal amount for the conference of the minority. Payments under this section shall be made only for expenses actually incurred by such a conference in carrying out its functions, and shall be made upon certification and documentation of the expenses involved, by the chairman of the conference claiming payment hereunder and upon vouchers signed by such chairman.

SEC. 121. Notwithstanding any other provisions of this joint resolution, effective October 1, 1981, the compensation of the Chaplain of the Senate shall be $52,750 in lieu of $40,110.

SEC. 122. Subsection (c) of section 506 of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(c)) is repealed effective January 1, 1982.

This section strikes language restricting the percentage of a Senator's Official Office Expense Allowance which can be drawn each month. It does not affect the overall level of this allowance.

SEC. 123. Section 304 of H.R. 4120 is hereby amended to read as follows:

"SEC. 304. (a) Subsections (c) and (d) of section 491 of the Legislative Reorganization Act of 1970 (Public Law 91–510); 2 United States Code 88b–1(c) and (d) are repealed.

(b) Section 303 of the Supplemental Appropriations Act, 1979 (Public Law 96–38) is repealed.".

This section will allow Pages of the Senate and House of Representatives to remain on the payroll during periods of recess or adjournment.

SEC. 124. In applying section 305(c) of H.R. 4120, the term "20 per centum" shall be substituted for "25 per centum".

This section limits payment of bonuses of SES personnel to no more than 20 percent of qualified personnel.

SEC. 125. The first sentence of section 110 (a) of the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97–12) is amended by inserting immediately before the period at the end thereof the following: "; except that the total amount so transferred from any such balance remaining as of the close of the fiscal year 1981 shall not exceed an amount equal to $15,000 or 25 percent of the amount of such Senator's official office expense account, whichever is greater, as determined under section 506(b)(1) of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(b)(1)), for the calendar year 1981".

This section limits the amount that may be transferred from Senators "clerk hire" accounts to office expense allowances to $15,000 or 25 percent of the amount of such Senator's official office expense account, whichever is greater.

SEC. 126. The second proviso of the paragraph of section 101 of the Legislative Branch Appropriation Act, 1974, which appears under the heading "Committee Employees" (87 Stat. 529; 2 U.S.C. 68–1) is amended by striking out "one committee employee" and inserting in lieu thereof "the committee Auditor and the committee Assistant Auditor".

The section allows the auditor and assistant auditor of the Rules Committee to sign vouchers.

SEC. 127. (a) (1) The Secretary of the Senate is authorized and directed to procure and furnish each fiscal year (commencing with the fiscal year ending September 30, 1982) to the President of the Senate, upon request by such person, United States special delivery postage stamps in such amount as may be necessary for the mailing of postal matters arising in connection with his official business.

(2) That part of the paragraph under the heading "Contingent Expenses of the Senate", relating to the procurement of air mail and special delivery postage stamps by the Secretary of the Senate, appearing under the heading "SENATE" in the Legislative Branch Appropriation Act, 1942, as amended and supplemented (2 U.S.C. 42a), is hereby repealed.

(b)(1) The Secretary of the Senate is authorized and directed to procure and furnish each fiscal year (commencing with the fiscal year ending September 30, 1982) to the Chaplain of the Senate, United States postage stamps in such amounts as may be necessary for the mailing of postal matters arising in connection with his official business.

(2) That paragraph of the Second Supplemental Appropriations Act, 1976, with the caption "Postage Stamps" and relating to postage allowance for the Office of the Chaplain of the Senate, appearing under the heading "SENATE", in the matter preceding section 115 of such Act (2 U.S.C. 61d–2), is hereby repealed.

SEC. 128. In the event of the death, resignation, or disability of the Sergeant at Arms and the Doorkeeper of the Senate, the Deputy Sergeant at Arms and Doorkeeper shall act as Sergeant at Arms and Doorkeeper in carrying out the duties and responsibilities of that office in all matters until such time as a new Sergeant at Arms and Doorkeeper shall have been elected and qualified or such disability shall have been ended. For purposes of this section, the Sergeant at Arms and Doorkeeper of the Senate shall be considered as disabled only during such period of time as the Majority and Minority Leaders and the President Pro Tempore of the Senate certify jointly to the Senate that the Sergeant at Arms and Doorkeeper is unable to perform his duties. In the event that the Sergeant at Arms and Doorkeeper of the Senate is absent, the Deputy Sergeant at Arms and Doorkeeper shall act during such absence as the Sergeant at Arms and Doorkeeper in carrying out the duties and responsibilities of the office in all matters.

SEC. 129. Of the unexpended balance of the funds appropriated for the Senate under the appropriation account heading "Salaries, Officers and Employees" for the fiscal year ending September 30, 1980, $1,505,000 is rescinded.

SEC. 130. (a) In subsection (a), section 441(i), title 2, United States Code, strike out all after the word "speech," down to and including "year." and insert: or article.

(b) In subsection (a)(1)(A), section 702, title 2, United States Code, after the word "source" where it appears the last time in the paragraph and insert: including speeches, appearances, articles, or other publications.

The Committee amendment requires that additional items of income be reported on the annual financial disclosure forms submitted by officers and employees of the Legislative Branch to the clerk of the House and the Secretary of the Senate.

In addition, the amendment removes the aggregate dollar limitation previously imposed on outside earned income of elected or appointed officers or employees of the Federal Government received for such things as speeches and public appearances.

SEC. 131. Sections 111 through 130 of this joint resolution shall be effective without regard to the provisions of sections 102 and 106 of this joint resolution.

GENERAL PROVISIONS

This resolution follows the general provisions of H.R. 4120, the Legislative Branch Appropriations Act, 1982 as approved by the House Appropriations Committee on July 9, 1981, as follows:

Section 301 prohibits the use of funds for the care and maintenance of private vehicles except for such emergency assistance and cleaning as may be provided under regulations issued by the Committee on House Administration. Section 302 is the usual provision that no part of any appropriation contained in this act shall remain available for obligation beyond the current fiscal year unless so provided herein. Section 303 makes permanent any officer or position, not specifically established by the Legislative Pay Act of 1929, appropriated for in this bill, and any change in the rate of compensation or designation of position established in the act. Section 304 authorizes the pages of the Senate and House of Representatives to remain on the payroll during the period between the recess or adjournment of the first session and the convening of the second session of the 97th Congress. Provisions similar to section 304 have been carried in previous appropriation bills. Section 305 provides for a pay freeze for high ranking officials and employees of the legislative, judicial, and executive branches of the Federal Government or in the District of Columbia, and places a limitation on bonuses provided to senior executive service personnel, or under similar personnel systems of no more than 20 percent of those qualified. The Committee recommends concurrence with section 306 which limits contracting funded through the bill to expenditures which are a matter of public record and are available for public inspection.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc and that the joint resolution as amended be considered as original text for the purpose of further amendment, with the understanding that no point of order be considered as having been waived by reason thereof. This is the boilerplate language we offer each time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, after line 16, insert the following:

Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982;

Energy and Water Development Appropriation Act, 1982;

Department of the Interior and Related Agencies Appropriation Act, 1982;

Treasury, Postal Service and General Government Appropriation Act, 1982;

On page 3, line 23, after "1981", insert the following:

": Provided further, That for the purposes of this joint resolution, when an Act listed in this subsection has been reported to a House but not passed by that House as of October 1, 1981, it shall be deemed as having been passed by that House.";

On page 4, beginning on line 3, strike "been passed by only one House", and insert the following:

"not been passed by both Houses";

On page 4, line 6, beginning with "under", strike through and including "Lower," on line 9, and insert the following:

"at a rate for operations not exceeding the current rate";

On page 4, line 12, beginning with the colon, strike through and including line 16;

On page 5, line 23, strike "November 1, 1981", and insert "November 20, 1981";

On page 5, after line 25, insert the following:

Notwithstanding the provisions of sections 102 and 106 of this joint resolution, for continuing projects and activities for which disbursements are made by the Secretary of the Senate, the amounts set forth under the following appropriation account headings for fiscal year 1982:

Under the heading "COMPENSATION AND MILEAGE OF THE VICE PRESIDENT AND SENATORS", $6,932,000; under the heading "EXPENSE ALLOWANCES OF THE VICE PRESIDENT, THE PRESIDENT PRO TEMPORE, MAJORITY AND MINORITY LEADERS, AND MAJORITY AND MINORITY WHIPS": For expense allowances of the Vice President, $10,000; President Pro Tempore of the Senate, $10,000; Majority Leader of the Senate, $10,000; Minority Leader of the Senate, $10,000; Majority Whip of the Senate, $2,500; and Minority Whip of the Senate, $2,500; in all, $45,000; under the headings "SALARIES, OFFICERS AND EMPLOYEES", "OFFICE OF THE VICE PRESIDENT", $945,000; "OFFICE OF THE PRESIDENT PRO TEMPORE", $126,000; "OFFICES OF THE MAJORITY AND MINORITY LEADERS", $566,100; "FLOOR ASSISTANTS TO THE MAJORITY AND MINORITY LEADERS", $109,000; "OFFICES OF THE MAJORITY AND MINORITY WHIPS", $264,600; "OFFICES OF THE SECRETARIES OF THE CONFERENCE OF THE MAJORITY AND THE CONFERENCE OF THE MINORITY", $143,100; "OFFICE OF THE CHAPLAIN", $76,640; "OFFICE OF THE SECRETARY", $4,990,000; "CONFERENCE COMMITTEES", $415,350 for each such committee; in all, $830,700; "ADMINISTRATIVE, CLERICAL, AND LEGISLATIVE ASSISTANCE TO SENATORS", $86,016,000; "OFFICE OF SERGEANT AT ARMS AND DOORKEEPER", $23,399,000; "OFFICES OF THE SECRETARIES FOR THE MAJORITY AND MINORITY", $583,000; "AGENCY CONTRIBUTIONS AND LONGEVITY AND MERIT COMPENSATION", $13,731,000; under the heading "OFFICE OF THE LEGISLATIVE COUNSEL OF THE SENATE", $1,020,600; under the heading "OFFICE OF SENATE LEGAL COUNSEL", $495,000; under the heading "SENATE PROCEDURE" for compiling, preparing, and editing "Senate Procedure", 1980 edition, $5,000, to be paid to Floyd M. Riddick, former Parliamentarian of the Senate under the headings "CONTINGENT EXPENSES OF THE SENATE", "SENATE POLICY COMMITTEES", $761,850 for each such committee; in all, $1,523,700; "AUTOMOBILES AND MAINTENANCE", $75,000; "INQUIRIES AND INVESTIGATIONS", $41,224,500; "FOLDING DOCUMENTS", at a gross rate of not exceeding $5.15 per hour per person, $128,000; "MISCELLANEOUS ITEMS", $32,569,168; "POSTAGE STAMPS", for postage stamps for the offices of the Secretaries for the Majority and Minority, $300; Chaplain, $300; and for special delivery postage for the Office of the Secretary, $6,000; Office of the Sergeant at Arms and Doorkeeper, $500; and the President of the Senate, as authorized by law, $1,600; in all, $9,000; "STATIONERY (REVOLVING FUND)", for stationery for the President of the Senate, $4,500, and for committees and officers of the Senate, $38,500; in all, $43,000.

Notwithstanding the preceding provisions of this subsection, no funds are provided thereunder for the House of Representatives or for the House Office Buildings.

For purposes of this subsection, H.R. 4120, as reported July 9, 1981, shall be treated as appropriating the following amounts:

Under the headings "JOINT ITEMS", "CONTINGENT EXPENSES OF THE SENATE", "JOINT ECONOMIC COMMITTEE", $2,250,000; "JOINT COMMITTEE ON PRINTING", $816,000; "CONTINGENT EXPENSES OF THE HOUSE", "JOINT COMMITTEE ON TAXATION", $2,967,000; "OFFICE OF THE ATTENDING PHYSICIAN", $603,000; "CAPITOL POLICE", "GENERAL EXPENSES", $887,000; "EDUCATION OF PAGES", $244,000; "OFFICIAL MAIL COSTS", $75,095,000; "CAPITOL GUIDE SERVICE", $734,000; "STATEMENTS OF APPROPRIATIONS", $13,000; under the headings "OFFICE OF TECHNOLOGY ASSESSMENT", "SALARIES AND EXPENSES", $12,019,000; under the headings "CONGRESSIONAL BUDGET OFFICE", "SALARIES AND EXPENSES", $12,868,000; under the headings "ARCHITECT OF THE CAPITOL", "OFFICE OF THE ARCHITECT OF THE CAPITOL", "SALARIES", $3,760,000; "CONTINGENT EXPENSES", $210,000; "CAPITOL BUILDINGS AND GROUNDS", "CAPITOL BUILDINGS", $10,100,000 of which $1,767,000 shall remain available until expended; "CAPITOL GROUNDS", $2,430,000 of which $10,000 shall remain available until expended; "SENATE OFFICE BUILDINGS", $14,851,000, of which $2,600,000 shall remain available until expended; "SENATE GARAGE", $99,000; "CAPITOL POWER PLANT", $20,916,000, of which $1,290,000 shall remain available until expended; under the headings "LIBRARY OF CONGRESS", "Congressional Research", OF CONGRESS", "Congressional Research Service", "SALARIES AND EXPENSES", $29,000,000; under the headings "GOVERNMENT PRINTING OFFICE", "Congressional Printing and Binding", $84,843,000; under the headings "BOTANIC GARDEN", "Salaries and Expenses", $2,311,000; under the headings "LIBRARY OF CONGRESS", "Salaries and Expenses", $111,989,000· "Copyright Office", "SALARIES AND EXPENSES", $9,123,000; "Books for the Blind and Physically Handicapped", "SALARIES AND EXPENSES", $33,221,000; "Collection and Distribution of Library Materials (Special Foreign Currency Program)", $4,405,000; "Furniture and Furnishings", $1,089,000; under the headings "ARCHITECT OF THE CAPITOL", "Library Buildings and Grounds", "STRUCTURAL AND MECHANICAL CARE", $8,715,000; under the headings "COPYRIGHT ROYALTY TRIBUNAL", "Salaries and Expenses", $400,000; under the headings "GOVERNMENT PRINTING OFFICE", "Printing and Binding", $17,888,000; "Office of Superintendent of Documents", "SALARIES AND EXPENSES", $27,120,000; under the headings "GENERAL ACCOUNTING OFFICE", "Salaries and Expenses", $229.300,000: *Provided*, That no part of any appropriation contained in this or any other Act in excess of the standard level user charge for fiscal year 1981, as established pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended, shall be available for paying to the Administrator of General Services the standard level user charge for fiscal year 1982 for space and services for the General Accounting Office.

On page 11, after line 2, insert the following:

(e) Notwithstanding any other provision of this joint resolution, except section 102, such amounts as may be necessary for projects or activities provided for in the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1982 (H.R. 4034), at a rate of operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (H. Rept. No. 97-222) filed in the House of Representatives on September 11, 1981, as if such Act had been enacted into law.

On page 11, line 19, strike "November 1, 1981", and insert "November 20, 1981";

On page 13, strike line 16, through and including page 14, line 2, and insert the following:

Sec. 110. Notwithstanding any other provision of this joint resolution or any other law, there shall be forty-seven permanent positions designated as Economic Development Representatives out of the total number of permanent positions funded in the Salaries and Expenses account of the Economic Development Administration for fiscal year 1982, and such positions shall be maintained in the various States within the approved organizational structure in place on June 1, 1981, and where possible, with those employees who filled those positions on that date.

Sec. 111. (a) The first section of the joint resolution relating to the payment of salaries of employees of the Senate, approved April 20, 1960 (Public Law 86-426, first section; 2 U.S.C. 60c-1), is amended—

(1) in the first sentence, by striking out clause (1),

(2) in the second sentence, by inserting "purposes of the Internal Revenue Code of 1954 and for" immediately after "For", and

(3) by striking out the last sentence thereof (as added by section 108 of the Supplemental Appropriations Act, 1979 (Public Law 96-38, sec. 108)).

(b) The amendments made by subsection (a) shall be effective in the case of compensation payable for months after December 1982.

Sec. 112. (a) The first sentence of the first section of the joint resolution relating to the payment of salaries of employees of the Senate, approved April 20, 1960 (Public Law 86-426; 2 U.S.C. 60c-1), is amended by striking out "Officers (other than Senators) and employees" and inserting in lieu thereof "Senators and officers and employees".

(b)(1) The second paragraph under the heading "SENATE" of the Act entitled "An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, eighteen hundred and eighty-four, and for other purposes" (approved March 3, 1883, c. 143, 22 Stat. 632) is repealed.

(2) The eighth paragraph under the heading "SENATE" of the Deficiency Appropriation Act, fiscal year 1934 (approved June 19, 1934, c. 648, title 1, sec. 1, 48 Stat. 1022; 2 U.S.C. 33) is amended by striking out "monthly".

(c) On and after the effective date of the amendments and repeals made by this section, section 39 of the Revised Statutes (2 U.S.C. 35) shall not be construed as being applicable to a Senator.

(d) Section 40 of the Revised Statutes (2 U.S.C. 39) is amended by inserting "(Or other periodic payments authorized by law)" immediately after "monthly payments".

(e) The amendments and repeals made by this section shall be effective in the case of compensation payable for months after December 1981.

Sec. 113. Hereafter, the Secretary of the Senate as Disbursing Officer of the Senate is authorized to make such transfers between appropriations of funds available for disbursement by him for fiscal year 1982, as he deems appropriate, subject to the customary reprograming procedures of the Committee on Appropriations of the Senate.

Sec. 114. Effective October 1, 1981, all statutory positions in the Office of the Secretary (other than the positions of the Secretary of the Senate, Assistant Secretary of the Senate, Parliamentarian, Financial Clerk, and Director of the Office of Classified National Security Information) are abolished, and in lieu of the positions hereby abolished the Secretary of the Senate is authorized to establish such number of positions as he deems appropriate and appoint and fix the compensation of employees to fill the positions so established; except that the annual rate of compensation payable to any employee appointed to fill any position established by the Secretary shall not, for any period of time, be in excess of $1,000 less than the annual rate of compensation of the Secretary of the Senate for that period of time; and except that nothing in this section shall be construed to affect any position authorized by statute, if the compensation for such position is to be paid from the contingent fund of the Senate.

Sec. 115. Effective October 1, 1981, section 105 of the Legislative Branch Appropriation Act, 1979 (2 U.S.C. 72a note) is reenacted with the following amendments—

(1) in subsection (a), strike out "October 1, 1978, and ending on December 31, 1980," and insert in lieu thereof "October 1, 1981, and ending September 30, 1986,", and

(2) at the end thereof add the following new subsection:

"(e) All records, documents, and data in the office for which funds were made available under Senate Resolution Numbered 570, Ninety-sixth Congress, are transferred to the Office established by subsection (a).".

Sec. 116. Effective October 1, 1981, all statutory positions in the Office of the Sergeant at Arms and Doorkeeper of the Senate (other than the positions of the Sergeant at Arms and Doorkeeper of the Senate, Deputy Sergeant at Arms, and Administrative Assistant) are abolished, and in lieu of the positions hereby abolished the Sergeant at Arms and Doorkeeper of the Senate is authorized to establish such number of positions as he deems appropriate and appoint and fix the compensation of employees to fill the positions so established; except that the annual rate of compensation payable to any employee appointed to fill any position established by the Sergeant at Arms and Doorkeeper of the Senate shall not, for any period of time, be in excess of $1,000 less than the annual rate of compensation of the Sergeant at Arms and Doorkeeper of the Senate for that period of time; and except that nothing in this section shall be construed to affect any position authorized by statute, if the compensation for such position is to be paid from the contingent fund of the Senate.

Sec. 117. For each fiscal year (beginning with the fiscal year which ends September 30, 1982), the Sergeant at Arms and Doorkeeper of the Senate is hereby authorized to expend from the contingent fund of the Senate an amount not to exceed $60,000 for:

(1) the procurement of individual consultants, or a temporary or intermittent basis, at a daily rate of compensation not in excess of the per diem equivalent of the highest gross rate of annual compensation which may be paid to employees of a standing committee of the Senate; and

(2) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, use on a reimbursable basis (with reimbursement payable at the end of each calendar quarter for services rendered during such quarter) of the services of personnel of any such department or agency.

Payments made under this section shall be made upon vouchers approved by the Sergeant at Arms and Doorkeeper of the Senate.

Sec. 118. Section 103 of the Legislative Branch Appropriation Act, 1978 (2 U.S.C. 59c) is amended to read as follows:

"Sec. 103. Effective October 1, 1981, the Sergeant at Arms and Doorkeeper of the Senate is authorized to dispose of used or surplus furniture and equipment by trade-in or by sale directly or through the General Services Administration. Receipts from the sale of such furniture and equipment shall be deposited in the United States Treasury for credit to the appropriation for 'Miscellaneous Items' under the heading 'Contingent Expenses of the Senate'.".

Sec. 119. (a) Notwithstanding any other provision of law, there is hereby established an account, within the Senate, to be known as the "Expense Allowance for the Secretary of the Senate, Sergeant at Arms and Doorkeeper of the Senate and Secretaries for the Majority and for the Minority, of the Senate" (hereinafter in this section referred to as the "Expense Allowance"). For each fiscal year (commencing with the fiscal year ending September 30, 1981) there shall be available from the Expense Allowance an expense allotment not to exceed $2,000 for each of the above specified officers. Amounts paid from the expense allotment of any such officer shall be paid to him only as reimbursement for actual expenses incurred by him and upon certification and documentation by him of such expenses. Amounts paid to any such officer pursuant to this section shall not be reported as income and shall not be allowed as a deduction, under the Internal Revenue Code of 1954.

(b) For the fiscal year ending September 30, 1981, and the succeeding fiscal year, the Secretary of the Senate shall transfer, for each such year, $8,000 to the Expense Allowance from "Miscellaneous Items" in the contingent fund of the Senate. For the fiscal year ending September 30, 1983, and for each fiscal year thereafter, there are authorized to be appropriated to the Expense Allowance such funds as may be necessary to carry out the provisions of subsection (a) of this section.

SEC. 120. For each fiscal year (beginning with the fiscal year which ends September 30, 1982) there is authorized to be expended from the contingent fund of the Senate an amount, not in excess of $30,000, for the Conference of the Majority and an equal amount for the Conference of the Minority. Payments under this section shall be made only for expenses actually incurred by such a Conference in carrying out its functions, and shall be made upon certification and documentation of the expenses involved, by the Chairman of the Conference claiming payment hereunder and upon vouchers approved by such Chairman.

SEC. 121. Notwithstanding the provisions of this joint resolution or any other provision of law, effective October 1, 1981, the compensation of the Chaplain of the Senate shall be $52,750 in lieu of $40,110.

SEC. 122. Subsection (c) of section 506 of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(c)) is repealed effective January 1, 1982.

SEC. 123. For the purposes of this joint resolution section 304 of H.R. 4120 shall be deemed to read as follows:

"SEC. 304. (a) Subsections (c) and (d) of section 491 of the Legislative Reorganization Act of 1970 (Public Law 91–510; 2 United States Code 88b–1(c) and (d)) are repealed.

"(b) Section 303 of the Supplemental Appropriations Act, 1979 (Public Law 96–38) is repealed.".

SEC. 124. For the purposes of this joint resolution in applying section 305(c) of H.R. 4120, the term "20" shall be substituted for "25 per centum".

SEC. 125. The first sentence of section 110 (a) of the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97–12) is amended by inserting immediately before the period at the end thereof the following: "; except that the total amount so transferred from any such balance remaining as of the close of the fiscal year 1981 shall not exceed an amount equal to $15,000 or 25 per centum of the amount of such Senator's official Office Expense Account, whichever is greater, as determined under section 506(b)(1) of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(b)(1)), for the calendar year 1981".

SEC. 126. The second proviso of the paragraph of section 101 of the Legislative Branch Appropriation Act, 1974, which appears under the heading "Committee Employees" (87 Stat. 529; 2 U.S.C. 68–1) is amended by striking out "one committee employee" and inserting in lieu thereof "the committee Auditor and the committee Assistant Auditor".

SEC. 127. (a)(1) The Secretary of the Senate is authorized and directed to procure and furnish each fiscal year (commencing with the fiscal year ending September 30, 1982) to the President of the Senate, upon request by such person, United States special delivery postage stamps in such amount as may be necessary for the mailing of postal matters arising in connection with his official business.

(2) That part of the paragraph under the heading "Contingent Expenses of the Senate", relating to the procurement of air mail and special delivery postage stamps by the Secretary of the Senate, appearing under the heading "Senate" in the Legislative Branch Appropriation Act, 1942, as amended and supplemented (2 U.S.C. 42a), is hereby repealed.

(b)(1) The Secretary of the Senate is authorized and directed to procure and furnish each fiscal year (commencing with the fiscal year ending September 30, 1982) to the Chaplain of the Senate, upon the request of the Chaplain of the Senate, United States postage stamps in such amounts as may be necessary for the mailing of postal matters arising in connection with his official business.

(2) That paragraph of the Second Supplemental Appropriations Act, 1976, with the caption "Postage Stamps" and relating to postage allowance for the Office of the Chaplain of the Senate, appearing under the heading "Senate", in the matter preceding section 115 of such Act (2 U.S.C. 61d–2), is hereby repealed.

SEC. 128. In the event of the death, resignation, or disability of the Sergeant at Arms and Doorkeeper of the Senate, the Deputy Sergeant at Arms and Doorkeeper shall act as Sergeant at Arms and Doorkeeper in carrying out the duties and responsibilities of that office in all matters until such time as a new Sergeant at Arms and Doorkeeper shall have been elected and qualified or such disability shall have been ended. For purposes of this section, the Sergeant at Arms and Doorkeeper of the Senate shall be considered as disabled only during such period of time as the Majority and Minority Leaders and the President Pro Tempore of the Senate certify jointly to the Senate that the Sergeant at Arms and Doorkeeper is unable to perform his duties. In the event that the Sergeant at Arms and Doorkeeper of the Senate is absent, the Deputy Sergeant at Arms and Doorkeeper shall act during such absence as the Sergeant at Arms and Doorkeeper in carrying out the duties and responsibilities of the office in all matters.

SEC. 129. Of the unexpended balance of the funds appropriated for the Senate under the appropriation account heading "Salaries, Officers and Employees" for the fiscal year ending September 30, 1980, $1,505,000 is rescinded.

SEC. 130. (a) In subsection (a), section 4411, title 2, United States Code, strike out all after the word "speech," down to and including "year." and insert "or article.".

(b) In subsection (a)(1)(A), section 702, title 2, United States Code, after the word "source" where it appears the last time in the paragraph and insert "including speeches, appearances, articles, or other publications".

SEC. 131. Sections 111 through 130 of this joint resolution shall be effective without regard to the provisions of sections 102 and 106 of this joint resolution.

SEC. 132. Effective September 23, 1981, the appropriation "Operations, research, and facilities" of the National Oceanic and Atmospheric Administration for Fiscal Year 1981 is amended by adding "purchase (one)" before the words "maintenance, operation, and hire of aircraft".

SEC. 133. Notwithstanding any other provisions of this joint resolution, such sums as may be necessary shall be available during fiscal year 1982 for close-out expenses of the Community Services Administration.

SEC. 134. Notwithstanding any other provision of this joint resolution, none of the appropriations and funds made available and none of the authority granted pursuant to this joint resolution shall be available for payments under section 5(b)(2) of Public Law 81–874.

SEC. 135. Notwithstanding any other provision of this joint resolution, for the acquisition and transportation of petroleum for the Strategic Petroluem Reserve such amount as provided in section 101 of this joint resolution shall be pursuant to and in accordance with section 167 of the Energy Policy and Conservation Act of 1975 (Public Law 94–163), as amended by the Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35).

SEC. 136. Notwithstanding any other provision of this joint resolution, the Department of Defense is authorized to obligate and expend not more than $150,000 of the funds provided by this joint resolution to support the Yorktown Bicentennial Celebration and to participate in and support such celebration as would be authorized by the Department of Defense Authorization Act, 1982, as passed by the Senate on May 14, 1981.

SEC. 137. Notwithstanding any other provision of law, amounts made available under this Act for loans to be guaranteed under the Rural Development Insurance Fund for alcohol production facilities shall be used expeditiously for the making of loan guarantees to applicants that the Secretary determines are qualified to receive such guarantees.

Mr. HATFIELD. Mr. President, before I yield to the Senator from Georgia for the statement on the legislative branch portion of the bill that is incorporated in this continuing resolution, I yield for the purposes of an opening statement to the ranking minority member.

Mr. PROXMIRE. Mr. President, I have the greatest admiration and respect for the chairman of the Appropriations Committee. I think anybody who was present at yesterday's markup session would have been deeply impressed.

In the years I have been in the Senate, and I have been here for 24 long years, I cannot recall a more difficult time for the Appropriations Committee. The Appropriations Committee was faced with enormous, deep cuts in program after program. I favor those cuts, as do most Members of the Senate. We voted for them. Putting the cuts into effect is an extraordinarily painful and difficult kind of a duty, but we have to do that.

Our tasks are compounded now because the President of the United States is going to speak tonight and advocate further cuts. We, therefore, have to delay the regular appropriation bills, although I think the chairman has done a superb job of persuading members of the subcommittees to get lined up and to act on these bills, and I think we probably would have been able to pass most of the appropriation bills by October 1 if we had not had this change. However it is an understandable change, and I hope, frankly, the President is successful in getting further reductions. But this does complicate the situation certainly, Mr. President.

The demeanor, intelligence, and understanding of the distinguished Senator from Oregon yesterday were something to really behold and were the great unifying strength for both Democrats and Republicans on the committee.

Mr. President, having said that, I think we should recognize that this continuing resolution is a very, very serious mistake, and I say that because this continuing resolution reverses what the Congress did only a few weeks ago.

The most historic achievement of this Congress, perhaps the most historic achievement in this century as far as appropriations is concerned, was our reversal of 50 years of continuous expansion and spending.

As we all know, the President's recommended reductions, including the increase in defense spending, will result in fiscal 1982 in a reduction in real spending by the Federal Government. Now we come to a continuing resolution that is going to have a serious effect on that and we should be well aware of it and sensitive to what it will do.

Only a few weeks ago, Mr. President, the Congress, including the Senate, passed a reconciliation bill that mandated this body to slash 1982 spending—that is, spending that will begin 1 week from Thursday, on October 1, 1981—by billions of dollars below the current year.

Keep in mind that 1982 spending for most of our appropriations, except for the military, will be—indeed, must be—below, and I mean billions of dollars below, spending in 1981.

Now, today we take up this continuing resolution I have spoken to that moves these appropriations measures for 50 days into fiscal 1982 on the basis of the Senate resolution.

So keep in mind that we know that nonmilitary spending in 1982 must be below 1981 in appropriation bill after appropriation bill. In my judgment, the House sent this body a logical resolution. It provides that for the next several weeks spending in each appropriation bill must not exceed the lower of the House reported bill or the 1981 level.

The House will have reported some 11 appropriations bills by October 1. These bills, in aggregate, are far, far below the 1981 appropriations. As a matter of fact, State, Justice, and Commerce is $1 billion below; Agriculture, $2.3 billion below; and Labor and Health and Human Services, $6 billion below. If we add up these three, the House is at a $9.3 billion lower level than 1981.

Now, what this means is that if we take the House language when we enact the continuing resolution, whether or not we accept further cuts the administration intends to propose, all the cuts made by the House thus far will be moved into 1982, without a disruptive and shocking change in the second, third, and fourth quarters of 1982. But that disruptive and shocking change is precisely what will happen if we adopt the resolution as reported by the Appropriations Committee.

Why? Because the resolution would toss out the House proposal to fund each of these appropriations at the lower figures of the House-passed bill or the 1981 level appropriations and settle for the 1981 figures, which are usually higher. The Senate bill goes higher. Maybe we can shock ourselves awake by recognizing this is a Republican Senate with a Republican majority. They go higher than the Democratic House by billions of dollars.

Now, since the 1981 figure is the higher figure in all of the really significant cases—not in all cases, but virtually all cases—that not only means that the Senate would go to conference with the bill billions of dollars above the House, but if the Senate's position should prevail in these areas where we are above the House, we would be funding the agencies provided for in that particular bill at a level that they not only could not sustain but that would require them to cut sharply below the level contemplated even by the administration for the remainder of the fiscal year to make up for the spending in October and early November.

Of course, we may go to conference and give in to the House on most or all of these differences. If the Senate passes this resolution that would be the only wise course. But what a way to go to conference—offering nothing but a white flag of surrender before the conference comes to order.

On the other hand, if the House and Senate conference does what we do so easily and so often, simply split the difference, we would still fund these agencies at levels hundreds of millions of dollars above the level at which the action on the budget resolution constrains us.

There are several ways the Senate might correct the problem. The simplest solution would be to reject the Senate Appropriations Committee amendment and return to the House language. This would limit spending to the 1981 rate or to the House markup level for 1982, whichever is lower.

I realize, Mr. President, that we take pride in this body and we do not like to give in to the other body wholesale on something as important as this. But I hope Senators will march into this resolution recognizing what they are doing. What we are doing is increasing spending for the first 50 days of the year, spending which—because the amount is so great, $9 billion—would increase by hundreds of millions of dollars 1982 spending and make it extremely difficult to adjust in subsequent quarters to this higher level of spending.

Furthermore, Mr. President, we checked this with the committee counsel yesterday and were informed that the administration does not have the power to reduce this spending. They cannot, under the Budget and Accounting Act, impound the money. We had an exchange on that and it was agreed in the Appropriations Committee that the administration cannot slow down that spending or say that we are not going to spend the money. They have to spend the money. They are forced to. So we are putting them in a position where this money is going to be spent.

Another possible solution would be to amend the Senate committee amendment by specifying that in no event shall spending exceed the rates established in the Reconciliation Act.

That seems to me to be an absolute minimum that we can do, in view of the fact that we are constrained by the Reconciliation Act for the whole year. We would, however, be passing appropriation bills that would, in effect, compel spending in the first 50 days of the year at a higher rate. So the logical thing to do would be to constrain ourselves to the Budget Reconciliation Act. Though this would not save us additional money, it would at least prevent the Congress from undoing the savings it thought it established in the reconciliation bill. Still another possibility would be to impose a flat percentage reduction below the 1981 rate. To do that on the floor would be difficult. It is not the most orderly way to proceed.

Mr. President, I regret very much having to raise this issue, because, as I said at the beginning, I do have the greatest admiration and respect for Senator HATFIELD. I think he is a brilliant Senator. I think he did an excellent job, under the toughest kind of conditions, in the Appropriations Committee.

But I would be derelict in my duty if I did not call the attention of the Senate to the fact that this resolution, this continuing resolution, does reverse what we accomplished—the proudest accomplishment, in the view of some people, or the worst accomplishment, in the view of others, of the Senate in cutting spending.

I think if we go home and talk to our people who are concerned about high interest rates and concerned about inflation, I think they would say that the worst thing Congress can do now is to reverse its position and go ahead and increase spending. You can debate whether or not we can cut it further, as the President is going to urge us to do. But for us to do what this resolution does—and I think most Senators perhaps did not realize this—for us to do what this resolution does, increase the level of spending for the first 50 days of 1982, is a very serious mistake.

Remember Wrong Way Corrigan and Wrong Way Roy Riegle? Roy Riegle was the man who picked up the fumble and ran 80 yards the wrong way and lost the Rosebowl game in 1920. Corrigan was the Irishman who presumably took off for California and ended up in England. He took off in New York and flew the wrong way. We are certainly flying the wrong way on this baby. It is a combination of Riegle and Corrigan, and then some, if we follow the policy recommended by the Appropriations Committee.

Mr. President, I yield the floor.

The **PRESIDING OFFICER**. The Senator from Georgia is recognized.

Mr. **MATTINGLY**. I thank the Chair, and I thank the Senator from Oregon, the distinguished chairman of the Appropriations Committee.

Mr. President, the legislative branch appropriations bill for fiscal year 1982, as reported by the committee in House Joint Resolution 325, contains appropriations totaling $934,616,108. That represents a cut of $107,652,892, or approximately 10 percent below the budget requests of $1,042,269,000 considered by the committee.

Major recommendations include—

For Senate items, appropriations totaling almost $216 million. That is a reduction of 6.5 percent or just over $14 million below the budget requests. Included in the bill is the full budget request of $86,016,000 for Senators' clerk-hire accounts.

For the House of Representatives, the committee voted to delete all appropriations. That will put us on an equal footing with the House in conference, since they exclude Senate items.

For joint items, which include joint committees, the physician's office, education of pages, official mail costs, and the

Capitol Guide Service, the committee recommends agreement with the House appropriations totaling $83,609,000. That is $6,167,000 below the budget requests.

For the programs of the Architect of the Capitol, except for Library Buildings and Grounds, the committee recommends appropriations totaling $53,266,000. This is a reduction of $31,834,000 below the budget requests. Of the reductions, $20,292,000 results from deletion of the appropriation for House Office Buildings. Here again, they deleted the appropriation for Senate Office Buildings, so we will work that out in conference.

For Library Buildings and Grounds, the committee recommends appropriations of $8,715,000. That is approximately $14 million below the budget request. The reduction relates to the restoration of the Jefferson and Adams Buildings. The budget request was $18,000,000 for that project, but the committee allowed only $2,650,000 for fire protection improvements and $1,350,000 for detailed architectural and engineering studies before funding the actual construction.

For the Library of Congress, other than the Congressional Research Service, the committee recommends $160 million. That is a reduction of $5.5 million below the budget request and $1.2 million under the House bill.

For the GPO, the committee recommends total appropriations of $129,851,000. That is under the budget request by $32,326,000. But, the major reduction results from the denial of the request of $22.3 million for purchase of land for a new GPO building. That project is not authorized.

For GAO, the bill includes $229.3 million. That is a cut of $15.6 million below the budget request.

For CRS, the bill includes an appropriation of $29 million—a cut of $3,288,000 below the budget request.

For the Congressional Budget Office, $12.9 million is recommended. That is a cut of $1,430,000 below the budget request.

For OTA, the committee reported an appropriation of $12,019,000, the same as the House allowance.

For the Botanic Garden, the full $2.3 million budget request is recommended; for the Copyright Royalty Tribunal, $400,000; and finally, for the Railroad Accounting Principles Board the budget request of $1,000,000 has been denied.

Mr. President, there are numerous administrative provisions included in the resolution which relate to the legislative branch. The explanatory statement of the committee, which accompanies the resolution, provides an explanation of each such provision, so I will not repeat them at this time.

Mr. President, I ask unanimous consent that a table which compares the committee's recommendations for appropriations for the legislative branch versus the House allowances and the fiscal year 1981 appropriations be included in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MATTINGLY. Mr. President, I would like to refer the Offices of the Senate, as well as the other agencies which receive their appropriations through the Legislative Branch Appropriations Subcommittee, to the explanatory statements accompanying House Joint Resolution 325 for further direction as to what the committee's intent is relative to their 1982 appropriations.

Mr. President, I want to mention one item that is included in the resolution which I strongly oppose. It relates to honorariums that Senators may earn. By a slim vote last night of 10 to 8, the committee adopted an amendment offered by Senator STEVENS which repeals the existing cap of $25,000 on such income. This means that unless we change the language of section 130 of this resolution, there will be no cap on honorariums.

As chairman of the Legislative Branch Subcommittee, I just want to point out we had no hearings prior to that time, and I just do not feel that this is a matter that should be adopted by the Senate without hearings and full debate in the Appropriations Committee.

There will be other items raised today. One will be on lifting partially part of the pay cap, on bonuses earned by some people in the Government.

I think when the President is getting ready to speak to the United States tonight, to all the American people, about more restraint and more cuts we have to make in this budget, the most incentive we could have not only on the outside but by people who work for the Government, who are striving for a balanced budget by 1984, would be to strive for that themselves individually.

I thank the Chair, and I thank the chairman of the committee, and I yield the floor.

Mr. HATFIELD. I thank the subcommittee chairman, and again commend him for the remarkable feat of cutting 10 percent below the budget request which he has achieved with careful scalpel-like action on that budget. He has done a remarkable job.

EXHIBIT 1

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY—FISCAL YEAR 1982

	New budget authority				Committee compared with—		
	Enacted fiscal year 1981	Estimates fiscal year 1982	House action	Senate committee	Enacted	Estimates	House bill
TITLE I—CONGRESSIONAL OPERATIONS							
SENATE							
Compensation and Mileage of the Vice President and Senators and Expense Allowances of the Vice President, the Leaders, and Whips of the Senate							
Compensation and mileage of the Vice President and Senators	6,827,000	7,984,000		6,932,000	+105,000	−1,052,000	+6,932,000
Expense allowances of the Vice President, President pro tempore, majority and minority leaders and majority and minority whips:							
Vice President	10,000	10,000		10,000			+10,000
President pro tempore of the Senate	10,000	10,000		10,000			+10,000
Majority leader of the Senate	10,000	10,000		10,000			+10,000
Minority leader of the Senate	10,000	10,000		10,000			+10,000
Majority whip of the Senate	2,500	2,500		2,500			+2,500
Minority whip of the Senate	2,500	2,500		2,500			+2,500
Total, expense allowances	45,000	45,000		45,000			+45,000
Total, Vice President and Senators	6,872,000	8,023,000		6,977,000	+105,000	−1,052,000	+6,977,000
Salaries, Officers and Employees							
Office of the Vice President	945,000	945,000		945,000			+945,000
Office of the President pro tempore	140,000	140,000		126,000	−14,000	−14,000	+126,000
Offices of the Majority and Minority Leaders	629,000	629,000		566,100	−62,900	−62,900	+566,100
Floor assistants to the majority and minority leaders	109,000	128,000		109,000		−19,000	+109,000
Offices of the Majority and Minority Whips	294,000	294,000		264,600	−29,400	−29,400	+264,600
Offices of the secretaries of the conference of the majority and the conference of the minority	159,000	159,000		143,100	−15,900	−15,900	+143,100
Office of the Chaplain	64,000	64,000		76,640	+12,640	+12,640	+76,640
Office of the Secretary	5,105,000	5,342,000		4,990,000	−115,000	−352,000	+4,990,000
Committee employees	12,825,000				−12,825,000		
Conference committees	923,000	923,000		830,700	−92,300	−92,300	+830,700
Administrative, clerical, and legislative assistance to Senators	83,379,000	86,016,000		86,016,000	+2,637,000		+86,016,000
Office of Sergeant at Arms and Doorkeeper	24,815,000	26,378,000		23,399,000	−1,416,000	−2,979,000	+23,399,000
Offices of the secretaries for the majority and minority	588,000	588,000		588,000			+588,000
Agency contributions and longevity compensation	14,324,000	14,731,000		13,731,000	−593,000	−1,000,000	+13,731,000
Total, salaries officers and employees	144,299,000	136,337,000		131,785,140	−12,513,860	−4,551,960	+131,785,140
Office of the Legislative Counsel of the Senate							

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY—FISCAL YEAR 1982—Continued

	New budget authority				Committee compared with—		
	Enacted fiscal year 1981	Estimates fiscal year 1982	House action	Senate committee	Enacted	Estimates	House bill
Salaries and expenses	$1,015,000	$1,134,000		$1,020.600	+$5,600	−113,400	$+1,020,600
Office of Senate Legal Counsel							
Salaries and expenses	390,000	550,000		495,000	+105,000	−55,000	+495,000
Senate procedure				5,000	+5,000	+5,000	+5,000
Contingent Expenses of the Senate							
Senate policy committees	1,693,000	1,693,000		1,523,700	−169,300	−169,300	+1,523,700
Automobiles and maintenance	65,000	75,000		75,000	+10,000		+75,000
Inquiries and investigations	35,227,000	45,305,000		41,224,500	+5,997,500	−4,580,500	+41,224,500
Folding documents	128,000	128,000		128,000			+128,000
Miscellaneous items	38,195,000	36,189,000		32,569,168	−5,625,832	−3,619,832	+32,569,168
Postage stamps	7,000	9,000		9,000	+2,000		+9,000
Stationery (revolving fund)	42,000	43,000		43,000	+1,000		+43,000
Total, contingent expenses of the Senate	75,357,000	83,942,000		75,572,368	+215,368	−8,369,632	+75,572,368
Subtotal, Senate	227,933,000	229,992,000		215,855,108	−12,077,892	−14,136,892	+215,855,108
Less: undistributed reduction under sec. 109 of Public Law 97-12	−21,420,000				+21,420,000		
Rescissions of fiscal year 1980 appropriations				−1,505.000	−1,505,000	−1,505,000	−1,505,000
Total, Senate	206,513,000	229,992,000		214,350,108	+7,837,108	−15,641,892	+214,350,108
HOUSE OF REPRESENTATIVES							
Payments to Widows and Heirs of Deceased Members of Congress							
Gratuities, deceased Members	121,326				−121,326		
Compensation and Mileage for the Members							
Compensation of Members	29,254,300	29,382,000	$29,382,000		−29,254,300	−29,382,000	−29,382,000
Mileage of Members	210,000	210,000	210,000		−210,000	−210,000	−210,000
Total, compensation and mileage for the Members	29,464,300	29,592,000	29,592,000		−29,464,300	−29,592,000	−29,592,000
House Leadership Offices							
Office of the Speaker	641,700	642,000	642,000		−641,700	−642,000	−642,000
Office of the Majority Floor Leader	472,500	523,000	523,000		−472,500	−523,000	−523,000
Office of the Minority Floor Leader	572,700	573,000	573,000		−572,700	−573,000	−573,000
Office of the Majority Whip	487,600	438,000	438,000		−487,600	−438,000	−438,000
Office of the Minority Whip	387,400	388,000	388,000		−387,400	−388,000	−388,000
Total, House leadership offices	2,561.900	2,564,000	2,564,000		−2,561,900	−2,564,000	−2,564,000
Salaries, Officers and Employees							
Office of the Clerk	10,883,000	11,057,000	11,057,000		−10,883,000	−11,057,000	−11,057,000
Office of the Sergeant at Arms	14,665,500	15,679,000	15,337,000		−14.665,500	−15,679,000	−15,337,000
Office of the Doorkeeper	5,517,800	5,662,000	5,662,000		−5,517,800	−5,662,000	−5,662,000
Office of the Postmaster	1,485,100	1,544,000	1,544,000		−1,485,100	−1,544,000	−1,544,000
Office of the Chaplain	52,800	53,000	53,000		−52,800	−53,000	−53,000
Office of the Parliamentarian	292,000	305,000	305,000		−292,000	−305,000	−305,000
Compilation of precedents of the House of Representatives	190,000	190,000	190,000		−190,000	−190,000	−190,000
Technical assistant, Office of the Attending Physician	38,700	38,000	38,000		−38,700	−38,000	−38,000
House Democratic Steering Committee	371,800	372,000	372,000		−371,800	−372,000	−372,000
House Democratic Caucus	108,800	109,000	109,000		−108,800	−109,000	−109,000
House Republican Conference	480,600	481,000	481.000		−480,600	−481,000	−481,000
6 minority employees	316,500	317,000	317,000		−316,500	−317.000	−317,000
L.B.J. interns and former Speakers' staff	742,900	753,000	700,000		−742,900	−753,000	−700,000
Total, salaries, officers and employees	34,145,500	36,560,000	36,165,000		−35,145,500	−36,560,000	−36,165,000
Committee Employees							
Professional and clerical employees (standing committees)	29,225,000	29,225,000	29,225,000		−29,225,000	−29,225,000	−29,225.000
Committee on Appropriations (Studies and Investigations)							
Salaries and expenses	3,669,000	3,685,000	3,685,000		−3,669,000	−3,685,000	−3,685,000
Committee on the Budget (Studies)							
Salaries and expenses	245,000	218,000	218,000		−245,000	−218,000	−218,000
Office of the Law Revision Counsel							
Salaries and expenses	521,000	525,000	525,000		−521,000	−525,000	−525,000
Office of the Legislative Counsel							
Salaries and expenses	2,202,000	2,390,000	2,390,000		−2,202,000	−2,390,000	−2,390,000
Members' Clerk Hire							
Clerk hire	138,348,000	138,813,000	138,813,000		−138,348,000	−138,813,00	−131,883,000
Contingent Expenses of the House							
Allowances and Expenses							
Official expenses of Members	43,049,000	43,049,000	43,049,000		−43,049,000	−43,049,000	−43,049,000
Supplies, materials, administrative costs and Federal tort claims	10,695,000	15,137,000	11,970,000		−10,695,000	−15,137,000	−11,970,000
Furniture and furnishings	2,000,000	1,670,000	1,670,000		−2,000,000	−1,670,000	−1,670,000
Reporting hearings	1,810,000	1,511,000	1,511,000		−1,810,000	−1,511,000	−1,511,000
Reemployed annuitants reimbursement	2,209,000	2,300,000	2,300,000		−2,209,000	−2,300,000	−2,300,000
Government contributions	17,700,000	17,709,000	17,709,000		−17,700,000	−17,709,000	−17,709,000
Miscellaneous items	514,000	647,000	647,000		−514,000	−647,000	−647,000
Total, allowances and expenses	77,977,000	82,023,000	78,856,000		−77,977,000	−82,023,000	−78,856,000
Special and Select Committees							
Salaries and expenses	41,500,000	45,761,000	41,761,000		−41,500,000	−45,761,000	−41,761,000
Total, contingent expenses of the House	119,477,000	127,784,000	120,617,000		−119,477,000	−127,784,000	−120,617.000
Total, House of Representatives	360,980,026	371,356,000	363,794,000		−360,980,026	−371,356,000	−363,794,000

COMPARATIVE STATEMENT OF NEW BUDGET AUTHORITY—FISCAL YEAR 1982—Continued

	New budget authority				Committee compared with—		
	Enacted fiscal year 1981	Estimates fiscal year 1982	House action	Senate committee	Enacted	Estimates	House bill
JOINT ITEMS							
Contingent Expenses of the Senate							
Joint Economic Committee	$2,207,000	$2,250,000	$2,250,000	$2,250,000	+$43,000		
Joint Committee on Printing	760,000	922,000	816,000	816,000	+56,000	−$106,000	
Total, contingent expenses of the Senate	2,967,000	3,172,000	3,066,000	3,066,000	+99,000	−106,000	
Contingent Expenses of the House							
Joint Committee on Taxation	2,759,000	2,967,000	2,967,000	2,967,000	+208,000		
Office of the Attending Physician							
Medical supplies, equipment, expenses, and allowances	503,900	603,000	603,000	603,000	+99,100		
Capitol Police							
General expenses	834,000	925,000	887,000	887,000	+53,000	−38,000	
Capitol Police Board	915,000				−915,000		
Total, Capitol Police	1,749,000	925,000	887,000	887,0000	−862,000	−38,000	
Education of Pages							
Education of congressional pages and pages of the Supreme Court	245,000	267,000	244,000	244,000	−1,000	−23,000	
Official Mail Costs							
Expenses	52,033,000	81,095,000	75,095,000	75,095,000	+23,062,000	−6,000,000	
Capitol Guide Service							
Salaries and expenses	731,000	734,000	734,000	734,000	+3,000		
Statements of Appropriations							
Preparation	13,000	13,000	13,000	13,000			
Total, joint items	61,000,900	89,776,000	83,609,000	83,609,000	+22,608,100	−6,167,000	
OFFICE OF TECHNOLOGY ASSESSMENT							
Salaries and expenses	11,183,000	13,100,000	12,019,000	12,019,000	+836,000	−1,081,000	
CONGRESSIONAL BUDGET OFFICE							
Salaries and expenses	12,519,000	14,298,000	13,458,000	12,868,000	+349,000	−1,430,000	−590,000
ARCHITECT OF THE CAPITOL							
Office of the Architect of the Capitol							
Salaries	3,327,000	3,964,000	3,760,000	3,760,000	+433,000	−204,000	
Contingent expenses	210,000	210,000	210,000	210,000			
Total, Office of the Architect of the Capitol	3,537,000	4,174,000	3,970,000	3,970,000	+433,000	−204,000	
Capitol Buildings and Grounds							
Capitol buildings	7,330,000	9,971,000	8,937,000	10,100,000	+2,770,000	+129,000	+1,163,000
Capitol grounds	2,264,000	4,927,000	4,234,000	2,430,000	+166,000	−2,497,000	−1,804,000
Acquisition of property as an addition to the Capitol grounds	11,500,000				−11,500,000		
Memorial to Hale Boggs, Architect of the Capitol, 1981	7,000				−7,000		
Senate office buildings	11,881,000	21,849,000		14,851,000	+2,970,000	−6,998,000	+14,851,000
Senate garage	104,000	99,000		99,000	−5,000		+99,000
House office buildings	16,560,000	20,292,000	19,899,000		−16,560,000	−20,292,000	−19,899,000
Capitol Power Plant (operation)	19,101,000	22,888,000	21,348,000	20,916,000	+1,815,000	−1,972,000	−432,000
Total, Capitol buildings and grounds	68,747,000	80,026,000	54,418,000	48,396,000	−20,351,000	−31,630,000	−6,022,000
Total, Architect of the Capitol (except Library buildings and grounds)	72,284,000	84,200,000	58,388,000	52,366,000	−19,918,000	−31,834,000	−6,022,000
LIBRARY OF CONGRESS							
Congressional Research Service							
Salaries and expenses	29,689,000	32,288,000	31,575,000	29,000,000	−689,000	−3,288,000	−2,575,000
GOVERNMENT PRINTING OFFICE							
Congressional printing and binding	82,400,000	91,218,000	87,918,000	84,843,000	−2,443,000	−6,375,000	−3,075,000
Total, title I—congressional operations	836,568,926	926,228,000	650,761,000	489,055,108	−347,513,818	−437,172,892	−161,705,892
TITLE II—OTHER AGENCIES							
BOTANIC GARDEN							
Salaries and expenses	1,644,000	2,311,000	2,311,000	2,311,000	+667,000		
LIBRARY OF CONGRESS							
Salaries and expenses	105,089,000	115,443,000	111,989,000	111,989,000	+6,900,000	−3,454,000	
Copyright Office, salaries and expenses	10,201,000	10,623,000	10,305,000	9,123,000	−1,087,000	−1,500,000	−1,183,000
Books for the blind and physically handicapped, salaries and expenses	34,337,000	33,243,000	33,221,000	33,221,000	−1,116,000	−22,000	
Collection and distribution of library materials (special foreign currency program):							
Payments in Treasury-owned foreign currencies	3,175,100	4,043,000	3,976,000	3,976,000	+800,900	−67,000	
U.S. dollars	389,900	431,000	429,000	429,000	+39,000	−2,000	
Release of sec. 311 funds		(300,000)				(−300,000)	
Total, collection and distribution of library materials	3,565,000	4,474,000	4,405,000	4,405,000	+840,000	−69,000	
Furniture and furnishings	1,775,000	1,540,000	1,039,000	1,039,000	−686,000	−451,000	
Total, Library of Congress (except Congressional Research Service)	154,967,000	165,323,000	161,010,000	159,827,000	+4,860,000	−5,496,000	−1,183,000

	New budget authority				Committee compared with—		
	Enacted fiscal year 1981	Estimates fiscal year 1982	House action	Senate committee	Enacted	Estimates	House bil
ARCHITECT OF THE CAPITOL							
Library Buildings and Grounds							
Structural and mechanical care	$4,753,000	$22,718,000	$8,715,000	$8,715,000	+$3,962,000	−$14,003,000	
COPYRIGHT ROYALTY TRIBUNAL							
Salaries and expenses	470,000	500,000	461,000	400,000	−70,000	−100,000	−$61,000
GOVERNMENT PRINTING OFFICE							
Printing and binding	16,250,000	19,380,000	17,888,000	17,888,000	+1,638,000	−1,492,000	
Office of Superintendent of Documents, salaries and expenses	24,000,000	29,279,000	27,120,000	27,120,000	+3,120,000	−2,159,000	
Total, Government Printing Office (except congressional printing and binding and acquisition of site and general plans and designs of building)	40,250,000	48,659,000	45,008,000	45,008,000	+4,758,000	−3,651,000	
GENERAL ACCOUNTING OFFICE							
Salaries and expenses	220,602,000	244,878,000	233,000,000	229,300,000	+8,689,000	−15,578,000	−3,700,000
RAILROAD ACCOUNTING PRINCIPLES BOARD							
Salaries and expenses		1,000,000				−1,000,000	
Total, title II—other agencies	422,686,000	485,389,000	450,505,000	445,561,000	+22,857,000	−39,828,000	−4,944,000
TITLE III—CAPITAL IMPROVEMENTS							
GOVERNMENT PRINTING OFFICE							
Acquisition of site and general plans and designs of building		22,300,000				−22,300,000	
Grand total, titles I, II and III: New budget (obligational) authority	1,259,254,926	1,433,917,000	1,101,266,000	934,616,108	−324,638,818	−493,300,892	−166,649,892
RECAPITULATION							
Title I—Congressional operations	836,568,926	926,228,000	650,761,000	489,055,108	−347,513,818	−437,172,892	−161,705,892
Title II—Other agencies	422,686,000	485,389,000	450,505,000	445,561,000	+22,875,000	−39,828,000	
Title III—Capital improvements		22,300,000				−22,300,000	−4,944,000
TITLE I—CONGRESSIONAL OPERATIONS							
Senate	206,513,000	229,992,000		214,350,108	+7,837,108	−15,641,892	+214,350,108
House of Representatives	360,980,026	371,356,000	363,794,000		−360,980,026	−371,356,000	−363,794,000
Joint items	61,000,900	89,776,000	83,609,000	83,609,000	+22,608,100	−6,167,000	
Office of Technology Assessment	11,183,000	13,100,000	12,019,000	12,019,000	+836,000	−1,081,000	
Congressional Budget Office	12,519,000	14,298,000	13,458,000	12,868,000	+343,000	−1,430,000	−590,000
Architect of the Capitol (except Library buildings and grounds)	72,284,000	84,200,000	58,388,000	52,366,000	−19,918,000	−31,834,000	−6,022,000
Congressional Research Service, Library of Congress	29,689,000	32,288,000	31,575,000	29,000,000	−689,000	−3,288,000	−2,575,000
Congressional printing and binding, Government Printing Office	82,400,000	91,218,000	87,918,000	84,843,000	+2,443,000	−6,375,000	−3,075,000
Total, title I—congressional operations	836,568,926	926,228,000	650,761,000	489,055,108	−347,513,818	−437,172,892	−161,705,892
TITLE II—OTHER AGENCIES							
Botanic Garden	1,644,000	2,311,000	2,311,000	2,311,000	+667,000		
Library of Congress (except Congressional Research Service)	154,967,000	165,323,000	161,010,000	159,827,000	+4,860,000	−5,496,000	−1,183,000
Library buildings and grounds, Architect of the Capitol	4,753,000	22,718,000	8,715,000	8,715,000	+3,962,000	−14,003,000	
Copyright Royalty Tribunal	470,000	500,000	461,000	400,000	−70,000	−100,000	−61,000
Government Printing Office (except congressional printing and binding)	40,250,000	48,659,000	45,008,000	45,008,000	+4,758,000	−3,651,000	
General Accounting Office	220,602,000	244,878,000	233,000,000	229,300,000	+8,698,000	−15,578,000	−3,700,000
Railroad Accounting Principles Board		1,000,000				−1,000,000	
Total, title II—other agencies	422,686,000	485,389,000	450,505,000	445,561,000	+22,875,000	−39,828,000	−4,944,000
TITLE III—CAPITAL IMPROVEMENTS							
Government Printing Office		22,300,000				−22,300,000	
Grand total, new budget (obligational) authority	1,259,254,926	1,433,917,000	1,101,266,000	934,616,108	−324,638,818	−499,300,892	−166,649,892

Mr. HATFIELD. Mr. President, I would just like to make a few brief remarks, because I think the Senator from Wisconsin has raised a very legitimate question, and that is the target figures that have been used or the target levels of funding in comparing the House to the Senate versions of this continuing resolution.

I would say that, No. 1, in all of these matters that have occurred during this session relating to the fiscal crises that we are in. I think we have had a tendency to sacrifice the procedures and the precedents of the institution for the more, I suppose, important, at least it is considered so by some, the important matters dealing with figures—figures that have to be ultimately translated not only into the impact upon people, but the impact upon the institution of the legislative process known as the Congress. I think we made a lot of sacrifices that we will live to regret in those practices that have been so tested by time to prove very worthy, when we engaged in the reconciliation resolution here only a few weeks ago and yielded the legislative prerogatives, not in terms of grabbing and holding power, but in terms of protecting the public and maintaining a viability of the three branches of Government.

I have felt very constrained to support that only under the crises conditions which we face.

I would say to the Senator that if we had adopted the House language resolution we would have been, therefore, yielding to the House and yielding the Senate role in the whole reconciliation process. At least we now have enough substantial differences in the two resolutions where we can go to conference and in the normal process of conference with the House resolve these differences, yielding and receiving. The House will yield and the Senate will yield as we go through this process of conference.

So I think in this kind of resolution we are preserving more the legitimate role and the accountable role of the Senate in this whole continuing resolution action.

Second, I would like to remind the Senator that we are proposing that we have this continuing resolution on a very short-term basis, 30 days or perhaps 45 days, whatever the final figure is. The House calls for a 30-day life for the resolution, and the Senate calls for a 50-day life of the resolution.

Mr. President, I also recognize that in that period of time there could possibly be some changes in the level of funding, but I want to assure the Senator from

Wisconsin that I think the overwhelming evidence points to the fact that we are not going to have a change in the level of funding during this hiatus which we call the continuing resolution. That is further underscored by the language in the resolution itself as presented to us by the House. I quote from page 3 of the report of the resolution:

> The Committee continues to feel that it is essential that officials responsible for administering programs during the period covered by the resolution take only the limited action necessary for orderly continuation of projects and activities, preserving to the maximum extent possible the flexibility of Congress in arriving at final decisions—

That means 1982 appropriation bills, not continuing resolution levels—

> Accordingly, the rates of operation for programs and activities under the resolution are to be interpreted as ceilings and not as mandatory spending levels. This is necessary in order to preserve congressional prerogatives in the course of the regular authorization and appropriation process. The Committee expects that departments and agencies will carefully avoid the obligation of funds, for specific budget line items or program allocations on which congressional committees may have expressed strong criticism, at rates which would impinge upon discretionary decisions otherwise available to the Congress.

Here we have not only the strong, explicit language in the report of the resolution, but we have the legislative record indicating that we do not expect those levels of spending to be changed that we are freezing into status quo. Let me remind you that freezing the status quo on continuing the spending levels at 1981 levels will mean a saving in excess of $3 billion a month. I think that is significant. I am hoping that will be more than 1 month because I want to get back to the appropriations process.

Third, Mr. President, I would like to observe that in talking directly with Mr. Stockman, the Director of the Office of Management and Budget, his office has assured us that they will exercise every authority they have under the Budget Act to hold the spending levels during this continuing resolution at the lowest possible level until we can get the bills out and acted upon.

So I think that the fears which have been raised by the Senator from Wisconsin can be answered. I think they are legitimate concerns that he has expressed, but I think there is also evidence that we can meet those concerns and we can hold the line and, therefore, the Senate has preserved as well the senatorial role in the whole appropriations process and the continuing resolution process.

Mr. GARN. Mr. President, on September 10, 1981, the conferees on H.R. 4034 convened and concluded action on the HUD-independent agencies fiscal year 1982 appropriations bill. Section 101(e) of the joint resolution provides for interim funding of the activities and programs under the jurisdiction of the HUD-Independent Agencies Appropriations Subcommittee at the level contained in the conference agreement on H.R. 4034. The conference agreement contains $60.837.970.200 in new budget authority. This is $2.410.482.300 below the administration's request and $3,600,000,000 below the subcommittee's 302(b) allocation

On the outlay side, the Senate version contained an estimated $56,182,000,000 in outlays before conference. Under the terms of the conference agreement, the expected fiscal year 1982 outlays are estimated to be $56,203,000,000 or $373,000,000 above the administration's request and $600,000,000 below the subcommittee's 302(b) outlay target. Two items, VA medical care and the National Consumer Cooperative Bank, account for $320,000,000 of this overage. In both cases, the administration has supported the inclusion of these funds, but has neither modified its budget request accordingly nor has it recommended specific offsetting reductions.

At this point, I might note that in order to achieve the President's objectives of reducing the growth rate in Federal spending, budget decisions must be made that will impact on the long term obligations of the Federal Government. With this in mind, the conference agreement reduces future outlays by about $2,500,000,000 below the administration's recommendations.

The committee also expects to review the September budget amendments in order to determine where additional savings might be realized. Upon completion of this review, the committee will recommend additional cuts when the conference report on H.R. 4034 is considered in the Senate. Until that time, the committee believes that funding should coincide with the latest congressional action, that is, the conference agreement.

Mr. President, before I discuss the specific conference agreements cited in the joint resolution, I would just like to take a moment to compliment the members of the Appropriation Committees. My Senate colleagues on the subcommittee have been particularly supportive of the difficult discussion that we have been asked to make and have made. I know that many members would have liked to see the higher levels of funding for various programs, however, the economic problems besetting this country do not allow us that luxury. The distinguished Senator from Kentucky (Mr. HUDDLESTON) has been a source of great wisdom and knowledge.

I would be remiss if I did not compliment the House subcommittee chairman, Mr. BOLAND, for the spirit of cooperation he has shown throughout this process. Although neither he nor I were totally satisfied with the outcome on each of the items in disagreement, the entire package represents a wholehearted attempt to minimize Federal expenditures in fiscal year 1982.

TITLE I—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANNUAL CONTRIBUTIONS

The conferees have agreed to provide $17.939,370.000 in budget authority for annual contributions for assisted housing. Of this $17.939.370,000 in budget authority, $2,354.400.000 will be allocated for public housing new construction. This limitation. however. is not to be interpreted as restricting local public housing authorities from allocating funds between section 8 and low-income housing projects. Rather, local governments will have the discretion of allocating this $2,354,400,000 according to local needs.

Finally, the conferees agreed to provide $916,233,800 in annual contract authority for assisted housing. Of this $916,233,800 in contract authority, $25,112,000 would be allocated for 4,000 Indian housing units.

Since we have had inquiries from the Department on this provision, I would like to expand upon it for a moment. Although the Secretary is required to initially allocate the prescribed amount of funds for public housing development on a national basis, we want to reiterate that this does not prevent these funds from being used for other purposes on the local level. For example, many communities with existing public housing projects which are beginning to deteriorate may well decide that these funds would be better used to modernize those units rather than to build new units. Such shifting of resources is permitted under the authorizing language and would be consistent with the intent of the conferees on appropriations.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

The conferees agreed to provide $148,000,000 for payments for the operation of low-income housing projects. These funds are to remain available until December 31, 1981 in order that public housing authorities will be able to meet increases in operating costs during fiscal year 1981. The conferees intend HUD to allocate these funds in early October and make them available as soon thereafter as possible.

TROUBLED PROJECTS OPERATING SUBSIDY

The conferees agreed to provide $4,000,000 for troubled projects operating subsidy as proposed by the Senate, rather than $50,176,000 as proposed by the House.

TEMPORARY MORTGAGE ASSISTANCE PROGRAM

The conferees agreed to delete language proposed by the Senate which would have provided $75,960,000 for the temporary mortgage assistance program. Although the program was authorized in October 1980, HUD has not yet issued regulations implementing the program.

While denying the request, the conferees expect HUD to continue implementing the regulations for the program. After the regulations have been issued and reviewed by the Appropriations Committees, consideration will be given to providing funds for the program.

MORTGAGE INSURANCE COMMITMENTS

The conferees agreed to limit commitments for mortgage insurance to $40.000.000.000 rather than $39.000.000,000 as proposed by the House and $41,000.000.000 as proposed by the Senate.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

SPECIAL ASSISTANCE FUNCTION FUND

The conferees agreed to establish a limitation of $1.973.000.000. rather than $3.600.000.000 proposed by the House for mortgage purchase commitments under the Government National Mortgage Association's section 8 tandem and targeted tandem programs. The statement of the managers also urges HUD to implement a financing adjustment factor to compensate section 8 projects for higher financing rates.

MORTGAGE-BACKED SECURITIES

The conferees agreed to limit commitments for guarantees of mortgage-backed securities to $68,250,000,000 rather than $67,000,000,000 proposed by the House and $69,500,000,000 proposed by the Senate.

SOLAR ENERGY AND ENERGY CONSERVATION BANK

The conferees agreed to provide $25,000,000 for the Solar Energy and Energy Conservation Bank.

COMMUNITY DEVELOPMENT BLOCK GRANTS AND URBAN DEVELOPMENT BLOCK GRANTS

The conferees agreed to provide $3,666,000,000 for community development block grants and $500,000,000 for urban development block grants.

With respect to this provision, I would like to present a technical clarification. I want to point out that at the time the House bill was passed, the omnibus reconciliation bill had not been enacted. Consequently, the statutory authorizations cited in the House bill referred to the sections of the then existing title I of the Housing and Community Development Act of 1974. The clear intent of the conferees is to provide the appropriations within the authorizations as now enacted and on the basis of the current citations. Therefore, the reference under "Community Development Grants" to "section 103(a)" should read "section 103," and the references to "urban development action grants" to "section 103(c)" should read "section 119(a)."

Of the $3,666,000,000 for the community development block grant program, the conferees agreed that $2,000,000 from the Secretary's discretionary fund will be devoted to the work-study program to aid disadvantaged minority students.

Finally, the conferees agreed to limit total commitments for guarantee loans under section 108 of the Housing and Community Development Act of 1974, as amended, to $225,000,000 rather than $200,000,000 as proposed by the House and $250,000,000 as proposed by the Senate.

POLICY RESEARCH AND DEVELOPMENT

The conferees agreed to provide $23,000,000 for policy research and development, rather than $20,000,000 as proposed by the House and $30,000,000 as proposed by the Senate. Both Houses earmarked $1,000,000 for the Housing Assistance Council, within this account.

TITLE II—INDEPENDENT AGENCIES

ENVIRONMENTAL PROTECTION AGENCY

SALARIES AND EXPENSES

The conferees agreed to provide $583,747,000 for salaries and expenses as proposed by the Senate, rather than $583,691,000 as proposed by the House. In addition, the conferees agreed with the recommendations contained in the House report with the following changes: Plus $500,000 in program direction for the Office of Air, Noise and Radiation; plus $56,000 in program direction for the Office of Press Services; plus $500,000 in Office of Planning and Management contract studies; minus $870,000 in rent, communications and utilities; and minus $130,000 from the Office of Legislation.

RESEARCH AND DEVELOPMENT

The conferees agreed to provide $181,250,700 for research and development, rather than $191,247,000 as proposed by the House and $180,750,700 as proposed by the Senate.

ABATEMENT, CONTROL, AND COMPLIANCE

The conferees agreed to provide $421,840,500 for abatement, control, and compliance as proposed by the Senate, rather than $422,553,000 as proposed by the House. In addition, the conferees agreed with the recommendations contained in the Senate report with the following changes: Minus $3,000,000 in the clean lakes program; and plus $3,000,000 to be applied at the discretion of EPA in programs proposed for reduction by the Senate. Included in the agreement, by reference, was an additional $1,000,000 for the completion of the Chesapeake Bay study.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY

The conferees agreed to provide $1,044,000 for the Council on Environmental Quality and the Office of Environmental Quality as proposed by the House rather than $1,544,000 as proposed by the Senate.

FEDERAL EMERGENCY MANAGEMENT AGENCY

STATE AND LOCAL ASSISTANCE

The conferees agreed to provide $134,789,000 for State local assistance as proposed by the Senate. With the funds provided in this and the following account, $115,151,000 will be available for civil defense related activities.

EMERGENCY PLANNING AND ASSISTANCE

The conferees agreed to provide $65,456,000 for emergency planning and assistance, rather than $29,010,000 as proposed by the House and $67,456,000 as proposed by the Senate. The $2 million reduction from the level of funding proposed by the Senate should be taken from the earthquake hazard mitigation program.

NATIONAL FLOOD INSURANCE FUND

The conferees restored language proposed by the House and stricken by the Senate providing $373,000,000 for the National Flood Insurance Fund to be used to retire fund indebtedness and urged the agency to continue its efforts to place the fund on an actuarial basis.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

The conferees agreed to provide $1,344,000 for the Consumer Information Center as proposed by the Senate, rather than $1,314,000 as proposed by the House. The additional $30,000 will be used to conduct a study to determine the feasibility of charging customers a handling fee on free publications.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

RESEARCH AND DEVELOPMENT

The conferees agreed to provide $4,973,100,000 for research and development, rather than $4,398,100,000 as proposed by the House and $4,994,500,000 as proposed by the Senate. The $70,000,000 added above the budget request is to be applied only for the solar electric propulsion system, the international solar polar mission, the Shuttle/Spacelab payload development, the upper atmosphere research satellites experiment, technology transfer, materials processing, search and rescue, technology utilization, aeronautical research and technology and the mid-level facility in Hawaii. NASA is directed to apply this $70 million in such a manner and in such amounts as to bring about a meaningful programmatic enhancement of each of these programs.

In addition, the conferees restored language proposed by the House and stricken by the Senate to limit certain programs within NASA's research and development account to the budget request. These limitations may be exceeded only with the approval of the Appropriations Committees.

Finally, the conferees agreed that none of NASA's research and development funds can be used to support the definition and development of techniques to analyze extraterrestrial radio signals for patterns that may be generated by intelligent sources.

CONSTRUCTION OF FACILITIES

The conferees agreed to provide $99,800,000 for construction of facilities, rather than $95,800,000 proposed by the House and $104,800,000 proposed by the Senate.

RESEARCH AND PROGRAM MANAGEMENT

The conferees agreed to provide $1,114,300,000 for research and program management as proposed by the Senate, rather than $1,100,000,000 as proposed by the House.

NATIONAL CONSUMER COOPERATIVE BANK

SELF-HELP DEVELOPMENT

The conferees restored language proposed by the House and striken by the Senate providing $5,000,000 for the self-help development fund, and establishing a direct loan limitation of $14,000,000 for the fund.

NATIONAL CONSUMER COOPERATIVE BANK FUND

The conferees restored language proposed by the House and striken by the Senate establishing $260,000,000 of a direct loan limitation for the National Consumer Cooperative Bank Fund. In addition, the conferees deleted language proposed by the Senate that would restrict the bank from making further loans.

NATIONAL INSTITUTE OF BUILDING SCIENCES

The conferees agreed to provide $1,500,000 for salaries and expenses as proposed by the Senate, rather than $500,000 as proposed by the House. Language, however, proposed by the Senate to make the $1,500,000 available upon enactment of the bill into law was deleted. Instead, the conferees agreed that all the funds should be apportioned during fiscal year 1982.

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

The conferees agreed to provide $1,-

040,000,000 for research and related activities, rather than $1,065,000,000 as proposed by the House and $1,024,100,000 as proposed by the Senate. In addition, the conferees included language proposed by the Senate which will limit funding for biological, behavioral, and social sciences to $184,600,000.

SCIENCE EDUCATION AND ENGINEERING ACTIVITIES

The conferees agreed to provide $27,450,000 for science education and engineering activities rather than $35,000,000 proposed by the House and $19,900,000 proposed by the Senate.

NEIGHBORHOOD REINVESTMENT CORPORATION

The conferees agreed to provide $14,450,000 for payment to the Neighborhood Reinvestment Corporation rather than $13,950,000 proposed by the House and $14,950,000 proposed by the Senate.

DEPARTMENT OF THE TREASURY

INVESTMENT IN THE NATIONAL CONSUMER COOPERATIVE BANK

The conferees agreed to provide $47,000,000 for investment in the National Consumer Cooperative Bank, rather than $58,000,000 as proposed by the House. In providing this $47,000,000, the conferees included report language stating that the fiscal year 1982 appropriations is the final appropriations for the bank.

VETERANS' ADMINISTRATION

COMPENSATIONS AND PENSIONS

The conferees agreed to provide $12,881,600,000 for compensation and pensions, rather than $12,914,000,000 as proposed by the House and $12,857,400,000 as proposed by the Senate.

READJUSTMENT BENEFITS

The conferees agreed to provide $1,638,300,000 for readjustment benefits rather than $1,626,000,000 proposed by the House and $1,658,000,000 proposed by the Senate. In addition, rather than eliminating payments for all flight and correspondence trainees as proposed by the House, the conferees agreed to language which would exempt persons enrolled in flight training on August 31, 1981 and correspondence training on September 30, 1981.

MEDICAL CARE

The conferees agreed to provide $6,966,418,000 for medical care as proposed by the Senate, rather than $6,964,661,000 as proposed by the House. The agreement includes funding of an additional 5,181 staff years, as proposed by the House.

MEDICAL AND PROSTHETIC RESEARCH

The conferees agreed to provide $150,699,000 for medical and prosthetic research, instead of $153,699,000 as proposed by the House and $145,699,000 as proposed by the Senate. The level of funding agreed to by the conferees will support an average employment of 4,487 an increase of 194 staff years above the budget request.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

The conferees agreed to provide $62,400,000 for medical administration and miscellaneous operating expenses as proposed by the Senate, instead of $62,572,000 as proposed by the House.

CONSTRUCTION, MAJOR PROJECTS (DEFERRAL)

The conferees disapproved $35,961,000 of the proposed deferral (D81-98) relating to construction, major projects, as proposed by the Senate, instead of $23,361,000 as proposed by the House. The deferred projects disapproved by the conferees are the nursing home care and garage project in Washington, D.C., and the research and education addition at Long Beach, Calif.

CONSTRUCTION AND OPERATION OF GARAGE AND PARKING FACILITIES

The conferees deleted language proposed by the Senate providing $4,692,000 for construction and operation of garage and parking facilities. In denying the request of funds for this account, the conferees agree that the Veterans' Administration should continue to fund such maintenance, construction and operational expenses from existing resources.

TITLE IV—GENERAL PROVISIONS

SECTION 409

The conferees restored language proposed by the House and stricken by the Senate which prohibits an agency from using personnel compensation and benefit funds for other purposes without the approval of the Appropriations Committees.

SECTION 413

The conferees deleted language proposed by the House which would limit an agency from spending funds for an activity in excess of the agency's budget estimates without the approval of Appropriations Committees. Instead, the conferees included report language which provides agencies with guidelines on reprogramings.

SECTION 414

The conferees deleted the provision proposed by the House which would prohibit overtime pay for employees above GS-9.

SECTION 415

The conferees deleted language proposed by the Senate which would have prohibited an employee from taking annual leave while on official travel. Instead, the conferees included report language on the use of annual leave in conjunction with official travel.

SECTION 416

The conferees deleted provision proposed by the Senate which would prohibit HUD from making housing assistance payments for section 8 units which are vacant for more than 30 days. Instead, the conferees included language urging HUD to review the benefits of modifying future contracts to provide for a 30 rather than the current 60-day vacancy payments.

TECHNICAL CORRECTIONS IN SENATE REPORT 97-163

On page 93 of the Senate committee report, the total FTE in the nonadministrative expense account for the Federal Home Loan Bank Board should be 914 rather than 915.

On page 83 of the Senate committee report, in the medical care chart for the Veterans' Administration, funding for patients in community nursing homes should be $164,206,000 rather than $145,453,000 for both the House and Senate recommendations. In addition, in the same chart, funding for equipment supplies and materials should be $1,402,441,000 rather than $1,267,982,000 for both the House and Senate recommendations.

Mr. STEVENS. I thank the Senator.

Mr. President, it is my intention today to offer two amendments. I might say at the outset that because of the problem I have been informed of, meetings which are occurring in the Capitol, committee meetings that might be disturbed otherwise, it is my intention to ask that the votes if they are requested on the amendments I will offer, take place following the votes already ordered.

It is my understanding that there are two votes ordered to start at 1 o'clock. Unless the debate continues beyond that time, I would hope that if votes are ordered between now and 1 o'clock they be ordered to take place after the two scheduled votes. I will not make that request at this time. I wanted Members to understand that.

UP AMENDMENT NO. 420

(Purpose: Relating to away from home living expenses of Members of Congress)

Mr. STEVENS. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS) proposes an unprinted amendment numbered 420.

Mr. STEVENS. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following section:

SEC. . (a) It is the sense of the Congress that the dollar limits on tax deductions for living expenses of Members of Congress while away from home shall be the same as such limits for businessmen and other private citizens.

(b)(1) The last sentence of section 162(a) of the Internal Revenue Code of 1945 is amended by striking out all after "home" and inserting in lieu thereof a period.

(2) Public Law 471, Eighty-second Congress, approved July 9, 1952 (66 Stat. 464), is amended by striking out the proviso in the second paragraph of the matter under the heading "HOUSE OF REPRESENTATIVES, Salaries, Mileage, and Expenses of Members" (66 Stat. 467; 2 U.S.C. 31c).

The amendments made by this subsection shall apply to taxable years beginning after December 31, 1981.

Mr. STEVENS. Mr. President, it is always difficult on the floor of either body to discuss and have Members vote on items that affect each Member personally. This is one of those amendments. It is an amendment to correct a situation which has developed which is a strange one.

In 1952 there was attached to a legislative appropriations bill an amendment that limited the deductions that a Member of Congress could take as a person away from home. We are away from home when we are here in Washington; we are away from home when we travel throughout the country on items where there are not reimbursable expenses, so far as the Senate is concerned. Most of us maintain two homes.

The difficulty is this: In 1952 when the limitation of $3,000, which is in existing law, was imposed, the salary of a Member of Congress was $22,500. The difficulty is that the costs have risen to a staggering amount, and yet that figure has never been changed. The reason it has never been changed is that no one could agree on what it should be. The effect of this amendment is to treat Members of Congress the same as all other citizens who are away from home on business.

We have already adjusted the provision concerning State legislators. We have looked at the question for business people in general. At the time it was considered an indirect benefit to Members of Congress because of the $3,000 limit in the 1950's. I might add parenthetically that at that time, and since that time, there has been no necessity to itemize the deductions under the $3,000 but to just claim the $3,000 deduction.

The effect of my amendment is that each Member would have to justify the expenses he or she seeks to claim on their income tax return. As I said, the effect of the change since the time this $3,000 limit was imposed, which was at the time a high figure, has now become such a floor that it is really an item that puts a burden on people.

I think this is much more important to people in the other body, perhaps, than it is to us. Very frankly, there are more people in the House who do in fact commute back and forth.

Just imagine this, Mr. President: Your cost of commuting between your homes is deductible if that cost exceeds reimbursement, but the expenses while you are away from home is not deductible no matter what it might amount to in excess of $3,000.

That, as I said, would limit expenses away from home, whether it is in Washington or anywhere else, when you are on business and do not claim reimbursement.

The impact of this is that I seek to treat Members of Congress the same as all other persons in deducting reasonable and necessary business expenses. The impact of this would be that since our home is, by law, in our State or district, those expenses that a Member wishes to claim as deductions will have to be justified by each Member.

There are many Members who do not seek reimbursement from the Federal Government for such expenses and I believe that it is fair that they should be allowed to deduct them on an individual basis as far as such expenses are concerned.

Mr. President, I know there are going to be arguments that this is an indirect salary increase. It is not an indirect salary increase. It means that expenses that we are incurring anyway will be treated for purposes of the tax law the same as they would be treated for anyone else. That limitation would come off. I am hopeful that Members will realize that this should be done and it should be done now. With the Consumer Price Index up well over 200 percent since the time of the imposition of the limitation of $3,000, it is time, I believe, for us to take this limitation and deal with it on an individual basis according to each Member's particular circumstance.

It is something I would be willing to answer any questions about, Mr. President. It is a matter which I think must be faced and I hope that the Senate will take this action. I know that it is something that is needed. As I said, this item was put on originally in a legislative appropriations bill. It came from a provision in a legislative appropriations bill in 1953. That action was before 1953, the action having been taken in 1952. I hope that Members of Congress, particularly the Senate, today will approve this amendment.

Mr. President, I take it to be a technicality. We passed such a provision affecting State legislators, incidentally, this year, and it was considered a technicality. It is not necessarily identical, because they have per diem and, in the past, we used to tax their per diem and not allow them to deduct the amount of their expenses up to their per diem. We changed that.

I might say, incidentally, that a group of us explored the possibility of the concept of per diem for Members when they are away from home. That involves an increase in expenditures, something that we thought would be not proper and, frankly, not achievable.

These expenses we are incurring now will mean that we shall have a greater portion of our income available to us because we will not be paying taxes and paying those expenses, too, so there is an economic benefit for all Members who seek to claim their deductions in excess of $3,000.

That is an individual decision, Mr. President. Not everyone will claim this as expenses. As a matter of fact, not every business person claims exactly the same type of expenses when they are traveling. It should be an individual matter.

The first portion of my amendment states that it is the sense of the Congress that the dollar limits on tax deduction for living expenses of Members of Congress while away from home shall be the same as such limits for businessmen and other private citizens. I hope that the Senate will agree with me that that type of amendment is timely and it should take place.

Mr. President, we have limitations on our travel expenses now. They are built-in limitations that have become more realistic because of the impact of increased transportation costs.

When I first came to the Senate some 13 years ago, it cost about $350 for me to fly to my State and I was given an allowance for a specific number of trips home. Since that time, the cost has gone up to over $1,300 and the travel allowance is the same. I still make approximately the same number of trips back and forth and those trips are expenses that are, in fact, deductible. I just point that out because the increase in our travel expenses is not limited. They are not considered expenses away from home. They are traveling expenses. Therefore, costs of transportation are deductible.

The increase in the cost of facilities that Members rent to live in while they are here, or that they acquire for the purpose of living while they are here, is just as realistic as the increase in travel expenses. Yet, what, back in 1952, was considered to be a very generous ceiling has now become a floor that is totally unrealistic. I think that, rather than argue about what the level should be, each Member of Congress should decide in his or her wisdom what expenses should be deducted for the purpose of income taxes.

Mr. President, I hope that the Senate will agree. I see my good friend from Georgia on the floor. He, I am certain, feels this is a problem that should not be addressed. This is a continuing resolution. It deals with the legislative item on the basis of a full calendar year. It is the last vehicle we are going to deal with in this Congress, I feel, where it would be in order, since it is the legislative item that is before us. Notwithstanding what I know will be his comments, I hope the Senate agrees with me that it is timely to make this adjustment now.

Mr. MATTINGLY addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. MATTINGLY. Once again, Mr. President, I must speak in opposition. I think that, today, we are going to see a series of things brought up in the Senate. The first item is that we in the U.S. Senate and the House of Representatives should have a greater deduction on our expenses.

I think that if we look back over the past few months, when the House first brought up the item, they backed off because of the heat from the public. I hope the heat from the public comes in today. I think that this is the wrong time to bring up this item.

Mr. President, I am chairman of the Subcommittee on the Legislative Branch. This item did not come up in subcommittee; neither did it come up in full committee. I think that it needs to be aired clearly and publicly. If necessary, then it can be made retroactive at that time. But I think this is the wrong time and place.

As I said before, Mr. President, we are going to have several other things we are going to be talking about. One will be lifting the cap on the honoraria that we may earn. We are going to talk about lifting some of the pay caps on Government workers and all at the same time, the President of the United States will come out tonight and talk about the need to cut the budget back. I think at this time, each of us will be asked: Whom are we looking after, the public or us?

I ask that this not be passed by a voice vote but, rather, when the proper time comes, that we do ask for the yeas and nays so we can all go on record and the public will know how we stand.

Mr. STEVENS. Mr. President, the Senator makes a good point, as always. He has been most consistent in his feelings about some of these items. Again, let me point out that the approaches and the options that were available to Members of Congress other than this all would involve budgetary considerations and we opted not to seek any kind of changes in reimbursement.

As a matter of fact, we have agreed to reduce our reimbursement by 10 percent for official expenses. By doing so, there are more of these items that I have spoken of that are, in fact, incurred that we pay out of our own income that, at the present time, would not be deductible because of the $3,000 limitation.

I feel that at a time when we are saying that we should not spend more of the public's money, that we should reduce the amount of taxpayers' funds that are available to Members of Congress for the operation of their offices and their activities as Members of Congress, we should recognize, at the same time, that these Members of Congress should be treated the same as other business people. We are business people.

Mr. President, Congress, in its wisdom over the years, has treated each of us as a small business person. We get allowances to run our offices. We are not told what salaries we should set. We are not told what priorities we should use. We can determine whether we use those allowances for transportation or telephone or telegraph or other office expenses.

However, when it came to the point of personal expenses back in 1952, in an attempt to deal with the problem of not having had a salary increase for a number of years, Congress, in its wisdom, put in a $3,000 limitation, which I said at the time was in fact an indirect pay increase. It was so debated on the floor. It amounted to a pay increase because Members were able to deduct $3,000, which exceeded the expenses most of them were incurring at the time.

Now we find that the $3,000 is not in that situation. It is way below the amount of expenses that the individual Members incur.

The Senator from Georgia has mentioned the situation in the House. I do not see fit to refer to individual Members of the House, but it is true that Members of the House are very concerned about this and have visited with me about it.

It has impacted Members of the House to the extent that there are even Members of the House living in their official offices. The expenses they have incurred over the years are such that they no longer rent hotel rooms, no longer rent condominiums or places to stay. They actually are living in their offices.

Many of them have split up their families. They do not bring their families to Washington. I should think that the people who do talk about families and the necessity to keep families together should realize the impact on a Member of Congress so far as his or her family is concerned, when it comes to these expenses.

It is impossible to maintain a second home for your family here for $3,000. Yet, every Member of Congress must maintain a home in his or her State. Not only is it necessary to maintain a residence, but also, we spend a great deal of our time at home—and that is our home. For some Members of the House, as I have mentioned, it has meant that they have gone away from the idea of having a second home here because they cannot afford it, under the current expenses they face.

I would rather say to a Member of Congress: "Use as much of your own personal income as you see fit for expenses away from home and deduct them, and face your Internal Revenue Service audit to see if they are reasonable and necessary expenses incurred away from home."

That is what would happen to other people who come here, whether they are labor groups or environmental groups or any other groups that come here to work in conjunction with Congress, whether they be lobbyists or people working on issues that affect Congress. They all deduct their necessary and reasonable expenses away from home.

However, those of us who come here elected by the people to conduct the public's business can deduct only $3,000 because this is an effective limit now. It is not what it was in the beginning.

I recall arguing at one time on the floor that we should create some form of entity to deal with matters concerning congressional pay, congressional allowances, and such items as this, and we should not have to vote on it. As things exist now under the law and under the Constitution, we must vote on these matters. We tried, to the extent we could, with the Pay Reform Act to set up an automatic mechanism to deal with such things, but it has not been automatic.

As a matter of fact, both Congress and the President have disapproved the recommendation, and there is only one way to do it, and that is to face each issue. We are going to face one today, primarily of interest to the House, which is the matter of expenses away from home. One is primarily of interest to the Senate, and that is the honorarium limitation. The other is primarily of interest to the executive branch, and that is the level of salaries paid to members of the executive branch and the effect of what we call compression.

Mr. President, I do not know of anyone who has sought time to speak.

Does the Senator from Vermont wish to speak?

Mr. LEAHY. Mr. President, if the Senator from Alaska will yield, I should like to make sure I fully understand this.

Mr. STEVENS. I yield.

Mr. LEAHY. Under the present law, any Member of Congress can take a $3,000 deduction for living expenses down here, without having to justify a single cent of it. That is the current law.

Mr. STEVENS. It has been my advice that you are allowed to take your statutory deduction for expenses away from home, and they have been presumed to be $3,000.

Mr. LEAHY. Under the amendment of the Senator from Alaska, Members of Congress would be required to justify any deduction they took for expenses while here. Is that correct?

Mr. STEVENS. Each item claimed would have to be justified, even those up to $3,000. That is correct. I just believe that Congress, as a whole, should take notice of what is happening because of the increased expenses of a number of people who have decided that they cannot maintain two homes, who, in fact, have left their family in their home State or district and have come here alone and live here, and some have decided to live in their office. It is not good, in my opinion.

I believe we are people who should have the advantage of family life here for the time we are here. We are spending a great deal more time in our districts and our States since we have reformed matters. We do have the periods we call district work periods or State work periods. We are taking those times to go home. But while we are there, the expenses continue for the living quarters we have here. We still have the expense of rent or a condominium or a house when we take time off for the August period or the Christmas period or the weeks we take off to work at home. There is no question that there are expenses here, extraordinary expenses, that are faced by Members of Congress because they do maintain two homes.

The law today is discriminatory. When it was put into effect in 1952, it was put into effect for the purpose of bringing about a pay increase. The passage of time has made it such that today it is a limitation which has forced a change in living habits for many Members of Congress, which I do not see. I brought my family to Washington with me when I came to the Senate. My family situation has changed, as everyone knows, but I would never dream of attempting to leave my family 4,500 miles away.

The distance should not make the determination. Today, the determination is made by expense. Those people who can get home on Thursday or Friday and come back on Monday or Tuesday are doing that and actually are spending less and less time here on their duties, because they are trying to live at home and to be here on a part-time basis. I believe that this change would have a salutary impact on the whole workload of Congress, if we realize that people should be able to deduct necessary and reasonable expenses of living away from home while they are here in Congress.

Mr. LEAHY. Is it not a fact, I ask the Senator from Alaska, that it has been the experience and testimony here in Congress that most State legislators are actually given a direct per diem when they are in attendance upon the State legislatures?

Mr. STEVENS. That is correct.

I served in the State legislature in my home State of Alaska and for every day that we were away from home on official business we received a per diem in addition to our salary.

Members of Congress have never received, so far as I can determine, a per diem for being away from home, even though we are away from home for longer periods than members of the State legislature.

Mr. LEAHY. The irony, if I might tell my good friend, is I know in my own State of Vermont, which is a small State and has a small legislature, I can drive in Vermont from my driveway of my home in Vermont to the parking lot of the State capital in just a matter of minutes, and yet if I were a legislator there I would be entitled to I think somewhere in the neighborhood of $50 or more a day for the expenses of being there, and yet when I come 550 miles from my home in Vermont to the Nation's Capital there is no provision whatsoever for any kind of out-of-pocket expenses while here in the Nation's Capital.

If I have members of the staff from my Vermont office come down here, we can reimburse them for the expenses while being here. If the director of the Farmers Home Administration in Vermont or employees of any of the other Federal agencies were to come down here to work with the parent office for a week, 2 weeks, 3 months, whatever, their per diem will be covered; yet I realize ours are not.

I understand there is nothing in the amendment of the distinguished majority whip that would suggest that we be paid a per diem, although I think a legitimate argument could be made on that question.

But to make sure I fully understand what the amendment says, it is that we will simply be treated the same as any other business people are being treated. If we want a deduction, then we have to justify the deduction. We have to show, indeed, it is related to the fact that we have to be away from home to be here, and then we get that deduction the same as all other citizens in this country would, with the exception of the 100 people who serve in this body and the 435 people who serve in the other body.

Mr. STEVENS. The Senator is absolutely correct.

I might point out that in connection with one item I recall handling here in the Senate there was a group of Alaskans who were here in town for a substantial number of months. Many of them stayed as Government employees who received per diem. A couple of them were here for so long they did rent condominiums and had semihomes away from home. They received per diem. All of their expenses that they incurred were deductible against their total income, including per diem.

But that situation does not apply to a Member of Congress. We do not receive the per diem and also the expenses are not deductible beyond $3,000.

I frankly, as I said, explored the possibility of looking at a per diem in terms of dealing with this problem. But I did not propose per diem because of the budgetary circumstances, because of the feeling that we were cutting expenses in connection with the running of Congress rather than increasing our allowances. I point out we have not increased allowances in any area, despite increased transportation cost, increased cost of all kinds. We have cut those allowances by 10 percent, meaning we will pay more of those expenses that we feel we must incur anyway out of our own pocket. I think they should be deductible. I do believe that making them deductible relieves the pressure of demanding ever-increasing allowances to meet these costs out of the Federal Treasury.

So I believe the amendment is one that should be agreed to.

Mr. MATTINGLY. Mr. President, will the Senator yield for a question?

Mr. STEVENS. I yield.

Mr. MATTINGLY. With reference to this going back home, I feel it is the wrong time and the wrong place to bring the amendment up.

We are trying to look after, really, the House Members because as the Senator said they are severely impacted. Yet they did not put this in their legislative branch bill.

Mr. STEVENS. I think the Senator has already mentioned that. There is a problem that we all know exists from time to time. It develops between committee jurisdiction. It is a problem that has resulted in the House of Representatives not taking the initiative on this matter. It applies to us and affects us as well. I do not want to mislead. That is not something just for the House of Representatives. It would affect Members of the Senate as well as Members of the House of Representatives. It is a matter which I decided to raise. But I do not get into the operation of the other body.

I did that one year and learned that the difference between the House of Representatives and the Senate is as abrupt as the difference between Harvard and Yale. These are many people who think that because they are two Ivy League colleges one can treat them the same.

The difference between the House of Representatives and the Senate is very real when it comes to internal workings, and I respect their judgment that it is not something that they can raise over there. They also have a different circumstance in terms of their rules as to what can be raised there.

This matter can be raised here by a Member who is concerned about it in the Chamber, and it is not possible to raise this in the hall of the House of Representatives in this manner.

Mr. MATTINGLY. It was brought up one time in the House of Representatives.

Mr. STEVENS. In committee.

Mr. MATTINGLY. And they saw fit from the heat to not bring it up and put it in legislation.

Mr. STEVENS. That was in committee. I am not certain it referred to heat. I think it was a jurisdictional matter between committees there as I understood it.

Again I do not see any reason to go into personalities or the matters of dealing with the problems of the House of Representatives. But there are individual Members I feel in the House of Representatives who would raise the matter if they were able to do so in the House of Representatives. They cannot raise this matter in this fashion.

Under our rules, we can, and I have determined that it is a matter that is proper for me to raise.

I have raised several issues of this type in the past, and I do so knowing that there will be some criticism, but as a practical matter this is not going to affect my lifestyle.

As I have said, I brought my family here. I have two homes. I do maintain two homes. I do not maintain, I will say, the big home that I had when I came to the Senate. I moved to a condominium in my home State because of the problems that are associated with this. I regret the day that I had to sell my home at home, but I could not maintain my family here in the way I wanted to maintain them while we were here and at the same time maintain that big house at home. So we did move to a condominium, and it was a matter of this item that caused me to make that decision.

But I made that judgment. My children, except my new little one, are not at home here living with us here. We really do not call this our home. Our home is still in Alaska, and they do go there.

But I do not feel that others who come behind me should have to make that same decision that we had to make at the time we sold that house, and I tell the Senator from Georgia when the day comes that he faces that question because of the impact of restrictive laws like this it makes one think twice about the very necessity to bring his family here and of being involved in public business.

I see more and more Members of Congress are looking at this question.

Just think of this. For the first time in history since Reconstruction days, and I say that advisedly with the two Senators I am facing at this time, there are 54 Senators here who are in their first term. We have had such a rapid turnover in the 13 years I have been here that I am now 20th in seniority in 13 years, and when I came here the person who was 50th in seniority had been here 20 years. We have a rapid turnover, with more retirements at an earlier age in the House of Representatives and the Senate than ever before, and we face them again, and the problem is, as we have been unwilling to look at the problems of living that we face, of having a home in our home State or district and the requirements of expenses of bringing our families here.

I feel more and more people are opting to leave. Fewer people are coming here unless they are absolutely very, very wealthy, and it is becoming a place that more and more people feel they should come here after they have made their mark and made their money that they can afford to come here.

I think that is wrong. I think we should structure our laws so that an average family person can afford to serve in Congress, and that is what this amendment is all about.

We find those people who are living in their homes and have their family at home and living in the House office buildings are people who feel very strongly about the amount of money that should be available to dedicate to their homes at home, to dedicate to their families, their families' education, and this is an item that impacts that.

Why should a Member of Congress not have available the provisions of general law that apply to people away from home?

The reason is that in 1952 in order to give a salary increase indirectly when they would not face the problem of voting a salary increase they put that high expenses away from home limit which in effect gave them a salary increase.

Today it is so low that it impacts the judgment of many people, in my opinion. That is the lifestyle of Washington, in my opinion, and it ought to be changed.

Mr. MATTINGLY. Mr. President, I respect Senator Stevens' views on this subject. I am totally on the other side, of course. But I repeat, the House did not see fit to put it in their legislative branch appropriations bill, and I think there is no lack of candidates when you begin to run for office. So I do not think people think they are destitute when they get here.

At the same time, when they voted yesterday to lift the cap from the honorariums, where do you draw the line? So, as I said before, I just feel this is the wrong time, the wrong place, and the wrong signal to send to the public.

With that, Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. East). Is there a sufficient second?

Mr. STEVENS. Mr. President, I join in the request for the yeas and nays, but we must confer before we can get a unanimous-consent agreement that I wish to obtain.

The PRESIDING OFFICER. There is not a sufficient second.

Mr. STEVENS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DURENBERGER. Mr. President, I am sympathetic to the intentions behind the resolution offered today by my distinguished colleague from Alaska.

I am sure everyone in Congress receives the same letters I do every day. They come from constituents telling me to give up my chauffeur, my free health care, and my fat expense account. I write back to tell them that I carpool to work, my health plan was better and less expensive when I was in private business, and the only fat is on the cheaper cuts of meat my family now buys.

All of us have made financial and personal sacrifices to be here. We know the cost of maintaining two homes separated by airports and we know the cost of lost hours with our families.

Senator Stevens' amendment tries to address part of those costs and, as I said, I am sympathetic to his intention, especially having come from private business only 3 years ago.

However, there is one important point my distinguished colleague overlooks. It is, for me, the critical point that will cause me to vote against this amendment.

That point is choice. All of us made the choice to be in public service to our country. We did so for a variety of reasons, but mostly because of our sense of duty to our country and our belief that we could contribute to public policy.

I do not believe that on the day the President of our country will tell us that everyone must do more belt-tightening that we should loosen our belt a notch or two.

Frankly, I am concerned by the increasing image of the U.S. Senate as a millionaires club. I am even more concerned by the economic realities that are denying people of ordinary means the opportunity to seek public office.

We need more people in elective office who have to budget to raise a family, send their kids to college, or buy a home. In other words, we need elected representatives who feel the same pinches as their constituents.

In different ways we have all called on the President to send a signal to Wall Street. Today, we in Congress, by rejecting this amendment, have the opportunity to send a signal to Main Street.

Mr. STEVENS. Mr. President, I ask unanimous consent that this amendment be temporarily set aside so that I might consider a technical amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum so I might prepare the amendment.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 421

Mr. STEVENS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

> The Senator from Alaska (Mr. Stevens) proposes an unprinted amendment numbered 421.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 4, line 2, after the period, insert the following:
>
> Provided further that except that funds that would be available under H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriations Act, 1982, for the Government payment for Annuitants, Employees' Health Benefits, shall be available under the authority and conditions in H.R. 4121 as reported to the Senate.

Mr. STEVENS. Mr. President, this is an item that is a difficult one but is a technical one in connection with the consideration of the Treasury, Postal Service, and general Government appropriation bill. We took up the problem of the Office of Personnel Management that deals with the payment for newest employees' health benefits and the deficit that is going to occur of $58 million in this year's payment. There is a payment due this month, in September, for which there are no funds available, but the funds are in the 1982 bill.

We seek to have this authority, pursuant to this amendment, to allow the OPM to use the money from the 1982 bill for a payment of this item.

Now, I was informed of this by the Office of Personnel Management, as the chairman of the Civil Service and Postal Service Subcommittee of the Government Affairs Committee. It is necessary to meet a shortfall of funds of the 1981 year, as I indicated. Those estimates for 1981 were made in early 1980 and they turn out to be 7 percent in error, which really is not an extraordinary error, in view of the fact that they were made a full 18 months before and based upon data supplied by contractors.

Incidentally, I might say, at my request, the OPM has gone back to the contractors and demanded that they monitor these items so we have advance notice of such occurrences if they ever occur again.

The shortfall is directly attributable to inadequate actuarial projections that were made in 1980 and the fact that OPM, in its reorganization, now is able to reduce the backlog on claims under this program more rapidly. They have speeded up the processing of claims and, therefore, this fund, which is established to pay insurance carriers under the Federal employees health benefits program, will not have the $58 million necessary now to meet the bill that falls due this month unless they have the authority to use a portion of the fund, that amount, from the 1982 appropriation.

If we do not remedy this shortfall, payments to carriers under the Federal employees health benefit program would have to be suspended until the funds are available for the fiscal year 1982. That would not only result in possible temporary discomfort to those who are entitled to receive the payments, but also it could lead to some lawsuits, as far as OPM is concerned.

I might say to the Senate that this type of shortfall has not occurred before, mainly because, in the process of considering supplemental appropriations in the past, we added sufficient amounts for contingencies in this program. That amount was not included this year because of the budgetary constraints that we have all been trying to impose on our budget.

This is the only exception that I know of that deals with this type of problem. In order to correct the problem, I offered an amendment in connection with the consideration of the Treasury, Postal Service, and general Government appropriations, and that was unanimously approved in the committee after the explanation.

It is not something that we like to do, but I consider it to be a highly technical amendment. Again, I say it does not have a budgetary impact. It allows them to pay on the 1st of October the bills that were due on Septembr 30, in effect, but from the new appropriation, rather than the old.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President. I would accept this amendment offered by the Seantor from Alaska and take it to conference. But I would like to attach a couple of conditions which I am sure the Senator will agree to.

No. 1, I think we ought to have from OPM information relating to this problem. I think OPM has information that we should have as part of our overall record. Second, I would like to ask GAO why this cannot be covered or why this is not covered under the continuing resolution. I think those two agencies have some accountability to assist us, because frequently we find ourselves in these bail-out roles, and that is really basically what we are doing now is a bail out.

I think, in order to prevent that from happening in the future, the agencies owe to the Congress some explanation in the data and information as to why this reached to this crisis situation before we were called upon to act.

If the Senator would be willing to accept those contingencies, I would be very happy to accept the amendment.

Mr. STEVENS. Mr. President, the distinguished chairman is making a reasonable request. I might say that as far as OPM, I have satisfied myself in connection with my role as chairman of the subcommittee to insure that the information they have does justify this action. I can see no reason why we should not make that a matter of record in the Appropriations Committee.

Second, I also believe it is reasonable to ask GAO if the interpretation given by the executive branch in this situation is correct so that when we go to conference we can inform Members of the House of that fact.

I do believe that the requirements are reasonable and we will communicate them immediately if the amendment is agreed to.

Mr. PROXMIRE. Will the Senator yield?

Mr. HATFIELD. I am happy to yield.

Mr. PROXMIRE. This amendment is one that I was not familiar with until a minute or two ago when it was put in front of me.

It says:

Provided further that except that funds that would be available under H.R. 4121, entitled the Treasury, Postal Service, and General Government Appropriations Act, 1982, the Government payment for annuitants, employee health benefits, shall be available under the authority and conditions of H.R. 4121 as reported to the Senate.

I understand there will be a substantial cost. May I ask the Senator if that is correct. What would the cost be?

Mr. STEVENS. I have previously stated it is a $58 million item that represents the 7-percent shortfall as far as the moneys that were appropriated for 1981. The bills will become due this month. We are asking that 1982 funds be available to pay that bill. It is a bill that came about because of the circumstances of relying upon the contractors, the carriers' estimates of the amounts to become due. We did not appropriate enough money to satisfy this item in the 1981 fiscal year.

In addition, I might point out that the OPM advised me that they have speeded up their processing of these claims and eliminated some of the backlog. As a result, these bills fall due this year. The carriers present them this year and they are payable out of 1981 funds. They must be paid. The estimates I indicated were made in early 1980. They were 7 percent in error because of actuarial projections made based upon the data provided by the carriers. OPM tells me that they will not be able to make the payments due unless they have authority to use the 1982 funds to meet these bills for 1981.

Mr. PROXMIRE. May I ask, is this a wash between 1981 and 1982?

Mr. STEVENS. Yes.

Mr. PROXMIRE. What is the administration's position on this?

Mr. STEVENS. It was presented to me by the head of the Office of Personnel Management and it is my understanding that it is the desire of the administration. It does not have budgetary impact.

Mr. PROXMIRE. OPM has no objection?

Mr. STEVENS. That is my understanding .

Mr. PROXMIRE. Will this require a supplemental in 1982?

Mr. STEVENS. No, it will not be in a supplemental in 1982. They must absorb these funds in 1982. and to do so they will require some changes within the program. It is an item which has been reduced, as the Senator will recall. They must absorb it in that amount.

Mr. PROXMIRE. I have no objection.

Mr. STEVENS. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. Is there further debate? If not. the question is on agreeing to the amendment of the Senator from Alaska.

The amendment (UP No. 421) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UNANIMOUS CONSENT AGREEMENT—UP NO. 420

Mr. STEVENS. Mr. President. resuming the amendment which I offered previously, that is automatic, is it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. STEVENS. Mr. President, I ask unanimous consent that the rollcall vote ordered on that amendment not occur until after we have resumed consideration of the continuing resolution following the rollcall votes that are ordered on the foreign assistance bill, and that at that time, when we do resume consideration of the continuing resolution following those votes, there be a period of debate of 10 minutes on this amendment to be equally divided according to normal procedure, and that thereafter, after that 10 minutes, there be a vote on this amendment for the regular amount of time of 15 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. PROXMIRE. Mr. President, the minority leader approves this agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 422

(Purpose: To impose certain limitations on the "pay cap")

Mr. STEVENS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Does the Senator ask that the pending amendment be temporarily set aside?

Mr. STEVENS. I do, under the terms of the unanimous-consent agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS), for himself, Mr. CHAFEE, and Mr. WARNER, proposes an unprinted amendment numbered 422.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 11, after line 12, (at the end of section 101) insert the following new subsection:

( )(1) Notwithstanding the provisions of section 305 of H.R. 4120 (as described in, and incorporated by reference by, subsection (c) of this section), but subject to paragraph (2) of this subsection, nothing in such section (as so incorporated) shall (or shall be construed to) authorize or require that the rate of salary or basic pay, payable to any individual for or on account of services performed after September 30, 1981, shall be limited or reduced to an amount which is less than—

(A) $59,500.00, if such individual has an office or position the salary or pay for which is (i) fixed at a rate which is equal to or greater than the rate of basic pay for level III of the Executive Schedule under section 5314 of title 5, United States Code, or (ii) limited to a maximum rate which is equal to or greater than the rate of basic pay for such level III (or to a percentage of such maximum rate) by reason of any provision of law (other than the provisions of such section 305, as incorporated by reference by subsection (c) of this section) or congressional resolution;

(B) $58.500.00, if such individual has an office or position the salary or pay for which is (i) fixed at a rate which is equal to or greater than the rate of basic pay for level

IV of the Executive Schedule under section 5315 of title 5, United States Code, or (ii) limited to a maximum rate which is equal to or greater than the rate of basic pay for such level IV (or a percentage of such a maximum rate) by reason of any provision of law (other than the provisions of such section 305, as incorporated by reference by subsection (c) of this section) or congressional resolution; or

(C) $57,500.00, if such individual has an office or position the salary or pay for which is (i) fixed at a rate which is equal to or greater than the rate of basic pay for level V of the Executive Schedule under section 5316 of title 5, United States Code, or (ii) limited to a maximum rate which is equal to or greater than the rate of basic pay for such level V (or to a percentage of such a maximum rate) by reason of section 5308 of title 5, United States Code, or any other provision of law (other than the provisions of such section 305, as incorporated by reference by subsection (c) of this section) or congressional resolution.

(2) The provisions of paragraph (1) of this subsection shall not be applicable to any individual who holds any of the following offices:

(A) United States Senator, Member of the House of Representatives, Delegate to the House of Representatives, or Resident Commissioner from Puerto Rico,

(B) President pro tempore of the Senate, Majority Leader of the Senate, or Minority Leader of the Senate, or

(C) Speaker of the House of Representatives, Majority Leader of the House of Representatives, or Minority Leader of the House of Representatives.

Mr. STEVENS. Mr. President, I have been giving a series of statements on the floor of the Senate dealing with the problem of executive pay and the effects of the pay cap. The effect of that pay cap which we imposed some time ago is that members of the executive branch who are at level grade 14 step 8 are now impacted because of the cap we put on because of the decision not to increase congressional salaries.

First, we considered lifting the pay cap and that did not seem to be consistent with the objectives that the Congress and the administration are seeking.

This amendment has this effect: For those people who make the same salaries as Members of Congress, including Members of Congress and above, there would be no increase in salary permitted.

What this amendment does is that below that level, the levels of compensation would be adjusted so that the compression on the areas below that at an individual level would be relieved.

Currently, the executive 2 schedule level, which is the same as Members of Congress, is the top level. Beneath that is level 3, which has a compensation now of $55,387.50. This amendment would lift that level so that the maximum compensation for executive level 3 would be $59,500.

For level 4, which currently is $52.750, this amendment would raise that limit to $58,500.

The $50.112.50 level of executive 5 would be lifted to $57,500. That is the key level, Mr. President, because today, because of the impact of the pay cap, no member of the executive branch in the career service can earn more than that level. It is because there are so many levels, as I said, from the executive schedule level 5 through senior executive service, all six levels, through the level of the general services from 14, 15, 16, 17, 18, and all of them are capped. But without regard to longevity service or promotions, all members of the executive branch, all of those levels through executive level 5 and 18 receive the same compensation.

It has led to the problems I have mentioned on the floor in the past, the severe exodus. I call it the brain drain from Government.

Last year, 95 percent of those people who were eligible to retire early from the Federal Government really in fact retired. That is the highest level in history and represents a staggering loss of senior career service.

I have been convinced that Congress, in its wisdom, will not adjust its own salary, but we can no longer have a situation where we are losing experienced people in the executive branch because there is no possibility of any compensation increase once you hit grade 14, step 8.

As I said, I have a list of the vacancies that have occurred and still persist in the Government. Let me read just some of them, and I shall ask unanimous consent to have the full list printed in the Record, Mr. President.

In the Department of Defense: Director of Air Force's Turbine Engine Division; the Director of Solid State Sciences Division; the Director of mathematical and informational sciences program; the Assistant to the Secretary of Defense (Atomic Energy)/Chairman, Military Liaison Committee; the Deputy Under Secretary of Defense (international programs and technology); the Deputy Under Secretary of Defense (AM); a Staff Specialist for Propulsion in the Office of Engineering Technology; the Assistant Director for Maintenance Management, Office of the Deputy Chief of Staff for Logistics, Department of Army; the Director, study management program, Office of Chief of Staff, Army; and the Army Spectrum Manager, Office of Assistant Chief of Staff for Automation and Communication.

Director, Data Processing Directorate, Ballistic Missile Defense Advance Technology Center; a GS–15 position at the Naval Ocean Research and Development Agency; the top financial position in the Office of Deputy Comptroller of the Navy; the Principal Deputy Assistant Secretary of the Air Force for Research, Development and Logistics: the Deputy Assistant Secretary for Systems; the Deputy Assistant Secretary in Air Force Research and Development; the Deputy Assistant and Principal Deputy Assistant to Secretary of Defense (Reports, Followup and Management); the Technical Director, Space and Satellite Communications Office, U.S. Air Force; the Deputy Director, Submarine Logistics Division; the Director, Procurement Control and Clearance Division; the Assistant Director for Telecommunication and Information Systems, Defense Logistics Agency.

Mr. President, I could go into any number. We have 40 to 60 percent of our senior Foreign Service officers in the Department of State who are now retirees. In the Federal Reserve System—imagine this in this critical period—the positions of 10 officers of the Board of Governors, a small staff, are vacant and remain vacant because no one can be paid in excess of $50,112 in any portion of the career service above Grade 14, Step 8.

In NASA, the Deputy Director of the Kennedy Space Center; the Associate Administrator for Space Science; the Chief, Analysis and Computation Division; and the Director, Space Science Laboratory, George Marshall Flight Center.

At the National Labor Relations Board, 11 of its regional director positions are vacant; 20 of its administrative law judges; and the assistant general counsel of the Washington office.

At the Tennessee Valley Authority, the second ranking executive in the electric power program; the Director of Division of Nuclear Power; the Assistant Director of Nuclear Power; and the Executive in Charge of Engineering Design Organization.

At Treasury, the Director of the Office of International Investment and the Director of the Office of International Energy Policy.

Mr. President, I could go on and on reading this list. I ask unanimous consent that it be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Department of Defense

Director of Air Force's Turbine Engine Division.

Director of Solid State Sciences Division.

Director of Mathematical and Informational Sciences Program.

Assistant to the Secretary of Defense (Atomic Energy)/Chairman, Military Liaison Committee.

Deputy Under Secretary of Defense (International Programs and Technology).

Deputy Under Secretary of Defense (AM).

Staff Specialist for Propulsion in the Office of Engineering Technology.

Assistant Director for Maintenance Management, Office of the Deputy Chief of Staff for Logistics, Department of Army.

Director, Study Management Program, Office of Chief of Staff, Army.

Army Spectrum Manager, Office of Assistant Chief of Staff for Automation and Communication.

Director, Data Processing Directorate, Ballistic Missile Defense Advance Technology Center.

GS–15 position at the Naval Ocean Research and Development Agency.

Top financial position in the Office of Deputy Comptroller of Navy.

Principal Deputy Assistant Secretary of the Air Force for Research, Development and Logistics.

Deputy Assistant Secretary for Systems.

Deputy Assistant Secretary in Air Force Research and Development.

Deputy Assistant and Principal Deputy Assistant to Secretary of Defense (Reports, Followup and Management).

Technical Director, Space and Satellite Communications Office, U.S. Air Force;

Deputy Director, Submarine Logistics Division;

Director, Procurement Control and Clearance Division;

Assistant Director for Telecommunication and Information Systems, Defense Logistics Agency.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Director of Laboratory of Molecular Virology.

Director of Bureau of Medical Devices.

Director of Division of Cancer Cause and Prevention, National Cancer Institute.

Director of Center for Research for Mothers and Children. National Institute for Child Health and Human Development.

Director for Division of Heart and Vascular Diseases, National Heart, Lung and Blood Institute.

Director, Office of Financial and Actuarial Analysis, Health Care Financing Administration.

Chief, Office of Actuary, Social Security Administration.

Director of National Cancer Institute.

Chief of Clinical Center's Critical Care Medicine Department.

Associate Commissioner for Operations, Social Security Administration.

Assistant Secretary for Management and Budget, Social Security Administration.

Deputy Director, National Institute of Mental Health.

Associate Commissioner, Office of Systems, Social Security Administration.

Chief of Laboratory of Chemical Biology, National Institute of Arthritis, Diabetes, and Digestive and Kidney Diseases.

Director of National Heart, Lung and Blood Institute.

DEPARTMENT OF STATE

40 percent to 60 percent of retirees are Senior Foreign Service Officers.

FEDERAL RESERVE SYSTEM

10 officers of Board of Governors.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Deputy Director of Kennedy Space Center.

Associate Administrator for Space Science.

Chief, Analysis and Computation Division.

Director, Space Science Laboratory, George Marshall Flight Center.

NATIONAL LABOR RELATIONS BOARD

11 of its Regional Directors.

20 of its Administrative Law Judges.

Assistant General Counsel of Washington Office.

SECURITIES AND EXCHANGE COMMISSION

Deputy Chief Accountant.

Director of Economic and Policy Research.

General Attorney (Finance), Office of General Counsel.

Corporate Analysis and Examination Officer, Division of Corporation Finance.

Attorney-Advisor (Finance), Executive Staff, Office of the Chairman.

Supervisory Attorney-Advisor (Finance) Associate Director, Division of Market Regulation, Office of Associate Director (Legal Policy and Trading Practices).

POSTAL SERVICE

2 key office Directors in the Information Resources Organization.

2 General Manager positions in the Information Resources Organization.

Regional Director, Mail Processing, Northeast Regional Headquarters.

General Manager, Real Estate Division, Western Regional Headquarters.

General Manager, Accounting Division.

TENNESSEE VALLEY AUTHORITY

Second ranking executive in Electric Power Program.

Director of Division of Nuclear Power.

Assistant Director of Nuclear Power.

Executive in charge of engineering design organization.

Chief Assistant to above executive.

Assistant Director of power plant operations.

Two leaders of coal purchasing operations.

Chief of electric power rate branch.

Head of Nuclear Plant Simulator Training Section.

DEPARTMENT OF TREASURY

Director, Office of International Investment.

Director, Office of International Energy Policy.

NUCLEAR REGULATORY COMMISSION

Chief, Methodology and Data Branch, Division of Risk Analysis.

EXECUTIVE OFFICE OF PRESIDENT

Deputy Assistant, U.S. Trade Representative.

OFFICE OF MANAGEMENT AND BUDGET

Deputy Chief, National Security Division.

ARMS CONTROL AND DISARMAMENT AGENCY

Administrative Director.

CENTRAL EUROPEAN OPERATING AGENCY

Director of Finance.

Mr. STEVENS. What this amounts to Mr. President, is a brain drain of unheard of proportions caused by the impact of Congress saying we are not going to raise our pay and no one in the career service can have a salary in excess of executive level 5. So, since we cannot change that and since we now have a situation where these people have seen everyone below them have three cost-of-living allowances—we are not talking abut a salary increase, we are talking about cost-of-living allowances.

On three separate occasions—really four for some of them—October 1977, October 1978, October 1979, October 1980; now we come to one proposed for October 1981. These people have seen other members of Government receive five cost-of-living adjustments. Yet, at the mid-level of Government, and that is what it is—the 14's to 18's—there have been no increases permitted in that period of time.

There is only one way to get to it, in my opinion. Again, using the staff of the Civil Service Subcommittee and working with the Office of Personnel Management, we have now devised a change in the levels of executive compensation and we have narrowed the brackets below the level that Congress will not raise and we have said, in effect, that in those brackets, they will be entitled to some of the cost-of-living increases that they have been entitled to in the past.

I might state that the impact of my amendment, the expenditures involved, will be some $217 million and it is the intention of the amendment that those expenses will be absorbed in the executive pay that is provided in the continuing resolution. There is is no budgetary impact, because that money is already provided.

We have had studies which have shown that the cost to the taxpayer of the executive branch under the pay cap is more than the cost-of-living expenses would be because we have had early retirements. The minute those people retire, they in fact, under the law, are entitled to their cost-of-living adjustments. They automatically get them. So their pay on retirement exceeds their pay if they had stayed in office.

Second, because of acceleration at the top of these people leaving, there have been promotions in training not only of people prematurely in terms of their career experience, but also training for those who moved up from midmanagement to top management. We have had an increase in the rapidity with which we must train people and the expenses in connection with that expensive program plus retirements, plus cost of resignations—we were told in our subcommittee that that exceeds the savings that might take place because of the pay cap in the career level.

Mr. President, we have had a tremendous change in our economy since October 1979. The Consumer Price Index increased over 140 percent. The hourly earnings index for private sector has increased 135 percent. Private sector executive salaries increased 125 percent, not counting bonuses and fringe benefits. Those under grade 14 have received pay increases of 119 percent due to the cost-of-living adjustments in this period. In that same period, those in the area I have mentioned have received none.

Mr. President, the effect of pay compression on seven distinct levels of management is that they have increased responsibilities and we have the situation where people now are not accepting the promotion that they might have available because it means no increased compensation. It means increased responsibility with no compensation and we have a problem in terms of transferring.

We have very interesting testimony from the FBI, for instance. A person who has a grade 14 position in a smaller office, say, in the West, who has done a good job and is looked at as a good man to take on a very responsible position. as was pointed out, for instance, New York—let us say he was transferred from Arizona or New Mexico to New York. The living costs in Arizona or New Mexico are less. They are transferred to New York where they have increased responsibility. They go from, literally, supervision of about 100 agents to a supervision of 2,000 agents.

The living costs are higher. The transportation costs are higher. We have a situation in which agents are legitimately saying, "Why should we take that change of duty station, in view of the fact that it really is not a promotion?" They, in fact, get a different salary schedule. They might go from grade 14 to 15, 16, 17, or 18; but the numbers mean nothing in terms of increased compensation for the increased responsibilities and increased costs involved in taking that type of job by virtue of the move.

I put in the RECORD yesterday a statement made by one of the people in the Internal Revenue Service, and I call the attention of the Senate to that. I hope Members have reviewed the statements that I have provided to the Senate as a preliminary to the consideration of this amendment.

Again, I know that my good friend from Georgia is going to say, "Why this bill?" The reason is that this is a continuing resolution. This is not an amendment now to the legislative section. This is an amendment to the continuing resolution as such. It affects the whole Government.

It is time we looked at the adverse effects of the pay cap on these people in the career service. The General Accounting Office reported to us that the morale of these people is very low. The GAO has conducted a survey which indicates a widespread, growing dissatisfaction, frustration, and bitterness over this inability to receive even cost-of-living increases, let alone any pay increases.

Many of the Departments have tried ways to get around this situation; and, frankly, it is one reason why I spoke so long about some of the adjustments in the Navy. In the pay schedules of the enlisted people, the uniformed people in the Defense Department, we have taken action. Congress has responded to increase those. But as to the civilian managers—we should remember that this is a Government that insists that civilians must control the military effort—we find vacancy after vacancy after vacancy in the important offices which review military planning, logistics, and control.

We are not going to solve that by assuming that we are going to get executives coming in from the private sector, into a situation where there is absolutely no hope of increased remuneration from the time they enter the Government at level 14. No matter how high they might go in the executive schedule, they would never get an increase.

This is something that has brought about a turnover in the Federal Government of experienced people at a dramatic rate, an alarming rate.

The retirement rate for executives at the pay ceiling increased from 27.6 percent in 1978 to 67 percent in the period that ended on August 31 of last year. The rate of retirement during that period for career executives, as I indicated, in the age group 55 to 59—again, premature retirement, where they are entitled to retire at a decreased retirement—went up to a staggering 95 percent. Ninety-five percent of all executives in this bracket retired once they reached 55 years of age.

The FBI indicated that of 105 respondents, 42 percent indicated that they intended to take advantage of that provision.

I refer now to the GAO's consideration of this matter. We asked the GAO to look at this, and I quote from their report:

> The exodus of valuable and able executives is costly. It results in lost productivity and continuity while the new executive learns how the system works. In today's environment when the government is being asked to do more with less, experienced executives with the knowledge base are in a much better position than new, inexperienced executives to offer and properly execute workable solutions to the ever-increasing demand for better services and increased productivity.
>
> In terms of direct outlays, encouraging competent, experienced executives to remain in the federal work force, instead of retiring, could have the immediate effect of avoiding further increases in federal expenditures. Because executives who retire are generally replaced, total government outlays increase since not only must the replacement's salary be paid, but new training and development costs may be incurred, and a retirement annuity is payable to the former executive. This can best be illustrated by the following examples.
>
> If an executive age 55 with 30 years of services whose salary has been at the $50,112 ceiling over three years retired today, that person would, over the next three years, receive pension payments totaling $92,828. During this same three year period, his/her replacement, assuming no increase in the executive pay ceiling, would receive $150,336 in salary payments. Thus, total salary and pension payments for that period would be $243,164.
>
> In comparison, if the experienced executive received a 16.8 percent salary increase today—

Which is what he would be entitled to under this amendment—

> And continued to work for three more years before retiring, total outlays for the three year period would be $175,593, or $67,573 less than if the executive retired now.

It is because we are paying one in retirement and the other in training that the costs pyramid.

> Further, even if in addition to an immediate 16.8 percent salary increase, the experienced executive received subsequent annual pay and adjustments of 4.8 percent, 7 percent, and 7 percent over the three year period—

As might be provided in this approach—

> Total outlays would still be $48,887 less than if the executive retired now. Thus, raising executive salaries to encourage experienced executives to continue working, instead of retiring, could not only prevent the loss of valuable managerial talent but also be cost effective.

Mr. President, I ask unanimous consent that a series of charts and statements I have be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. STEVENS. Mr. President, I ask the Senate to consider seriously saving the taxpayers' money by doing away with this compression on executive pay levels because we refuse to face the question of whether or not congressional compensation should be adjusted.

I stated last year, and I say again today: I am not seeking to change congressional pay. I do not do that. What I do seek to change is the levels of pay to the executive branch, to adjust those levels so that they will be permitted to creep up the way inflation has, so that the difference between pay grades is less.

I am particularly concerned with the grades 14, 15, and 16, the people in key career jobs, who have to decide whether they are going to stay in Government and finish their career in Government or leave Government and go into the private sector—so that they will have an incentive to stay in Government, so that they will know there can be additional compensation for a job well done and promotion that is really earned. I believe this will bring that about.

I believe that the impact of this in 1981 can be demonstrated graphically, and one of the charts I shall place in the RECORD shows this.

The effect of this will be that there will be $217 million of funds in the bill for executive compensation for the whole executive branch which could be available to pay the cost of living increases which were voted and approved in the past.

Against that would be the impact of the savings that take place by not having these retirements, the cost of the replacements foregone, and the total adjustments over this period would be in excess of the cost of this amendment to the taxpayer.

Incidentally, it seems to me that we have been inconsistent. We have tried our best to keep members of the military from leaving the military with pay increases. Those people, in fact, in the past have received the cost-of-living adjustments, but those above them, those who supervise them from the civilian side, have been denied any increase in compensation at all and have been leaving the Government at this alarming rate.

Again I point out that the cost to the taxpayers is nothing. We are actually going to have a result, and this is the result of the testimony that has been before our subcommittee, that the savings that will occur to the taxpayers will exceed this cost even if we added money to the budget for it. The savings would be more. That is why they tell us they do not want any additional money. They can absorb this and it will be absorbed by not having to pay in the Government those early retirement rates. They will not have the impact of replacement costs and training costs, and the net amount is that the figure that I have would be that there would be a net savings to the Government by doing this because these people stay in place for the last part of their career.

Again I point out I am not just concerned with those at the top of the executive scale; I am even more concerned with the area of true compression in the GS-14, 15, 16, and 17 area.

I should point out that at each Member's desk I will be delivering a copy of this chart which shows the impact of my amendment on the executive branch. There are about 700 people in Government above executive level 5, including that level, and in the senior executive service there are 6,400 people, in the GS level from 15 up there are 25,000 people. This amendment does not totally relieve the compression, I might add. It is not possible to do that without changing the congressional level and, as I said, that is not possible.

Under this amendment of mine, I hasten to point out that these people in the uniformed services who were denied an increase by the bill we passed, those people at lieutenant colonel level and above would in fact receive a portion of their past cost-of-living allowances which they too have been denied, that is, the cost-of-living salary increases which they have been denied because of the past action of Congress.

Mr. President, I know that I am presenting to the Senate some subjects that people in the Senate wish would go away. I see no way to do that and as I think I am the one person in the Senate that can say I have served on this committee that has jurisdiction over civil service since the day I came to the Senate. I have been there 13 years now. I know the impact of these past actions on the career service. There is no question that unless we change it we are going to have even worse results.

I have made my statement, but let me summarize for those who may not have heard the first part of it. The Office of Personnel Management tells me that in the last 2 years 1,700 career executives have either retired or resigned. The impact of what we have done is we have seen agency losses which if we consider the size of the agencies have just been, in my opinion, staggering.

In the Nuclear Regulatory Commission, with all the problems concerning the nuclear area, 16 executives and 29 GS–15's and above have left them. The Tennessee Valley Authority lost more than a dozen. The National Aeronautics and Space Administration lost 90 senior executives in 1980 alone.

The Federal Reserve System I mentioned examples where they have lost officers. For an agency that size it is just impossible to think that it can function as it should function when 10 of its senior career people have left.

In the Securities and Exchange Commission, 48 GS–15's and above have resigned or retired early, and as I pointed out in the State Department, 40 to 60 percent of the losses due to retirement are from the senior Foreign Service.

In the Department of Energy, 107 senior executive service people left in this period.

And the Department of Defense tells us that their attrition rate has increased 20 percent.

I can think of no action that we can do that is consistent with the judgment of Congress not to deal with the pay levels of our salary above other than to do what I have suggested, and I hope the Senate will listen to those of us who have spent our full career in the Senate dealing with civil service matters when we tell Senators that there is no alternative.

We either adjust these salaries or we see an increase exodus in the coming year, and it is the coming year, not years, when the dissatisfaction of the executive branch and the career level has never been worse. It is not political. It has nothing to do with politics.

It is strictly a matter of economics, and I do not think there is one of us here who would decide to stay in a career having reached mid-career if we knew for the remainder of our lifetime there would be no adjustment under the policy of Congress as it has been enunciated in the past. That is the case from grade 14 step 8 and above.

Once they reach that in the executive branch, under the policies we have had in the past, there is not one possibility of increased compensation unless we either do what I have suggested now or we increase the pay of Members of Congress. Then it would be automatic. Incidentally, if we changed the pay for Members of Congress, this would all happen automatically. We know that is impossible. It is impossible under the current circumstances, but again I point out there is no budget impact from the amendment I offered. It is an adjustment at the discretion of the executive branch to pay salaries necessary to retain our experienced civil servants.

I ask the Senate to heed my advice.

EXHIBIT 1

IMPACT OF STEVENS' AMENDMENT

	Current salary	Salary under amendment
Executive schedule:		
I	$69,630.00	$69,630.00
II	60,662.50	60,662.50
III	55,387.50	59,500.00
IV	52,750.00	58,500.00
V	50,112.50	57,500.00
SES schedule:		
ES 1	50,112.50	54,755.00
ES 2	50,112.50	55,670.00
ES 3	50,112.50	56,585.00
ES 4	50,112.60	57,500.00
ES 5	50,112.50	58,000.00
ES 6	52,750.00	58,500.00
GS schedule:		
GS–15	50,112.50	52,00.000–57,500.00
GS–16	50,112.50	54,755.00–57,500.00
GS–17	50,112.50	57,500.00
GS–18	50,112.50	57,500.00

Note: Leaves 7,000 to 8,000 compressed, Sept. 22, 1981.

GOVERNMENTWIDE LOSSES

OPM figures: Almost 1700 career executives left in last two years; 52 percent of retiree eligibles at pay cap in 1980 retired; and 67 percent of retiree eligibles (age 55–59) at pay cap in 1980 retired.

AGENCY LOSSES

Nuclear Regulatory Commission: 16 executives; and 29 GS–15's.

Tennessee Valley Authority: More than a dozen executives.

National Aeronautics and Space Administration: Lost 90 senior executives in fiscal year 1980.

Department of Health and Human Services: Lists 16 examples of executive losses.

Federal Reserve System: Lists 10 examples of lost officers; and shows 20 percent attrition rate.

Department of Housing and Urban Development: Lost 20 career executives in fiscal year 1980; and lost 55 career executives in fiscal years 1978, 1979, and 1980.

Department of Labor: 14 percent retirement rate.

Security and Exchange Commission: Lost 48 GS–15 and SES individuals since October 1978.

State Department: 40–60 percent of monthly losses to retirement are Senior Foreign Service Officers.

Department of Energy: 107 SES separations in 1980; and 18 percent SES turnover rate.

National Labor Relations Board: Lost ⅓ (11) of their Regional Directors in last 2 years; and lost 20 Administrative Law Judges in last 20 months.

Department of Defense: Attrition rate of approximately 20 percent for last 2 years.

General Accounting Office: Lost 20 of 116 senior executives: and only 4 of executives who are eligible to retire have not done so.

COST COMPARISON OF ADJUSTING EXECUTIVE SALARIES TO RETAINING THE CURRENT CAP

Full catch-up increases of 22.4 percent—$280,000,000:

Relieve some of the pay compression;

Provide needed pay relief to senior executives;

Positive effect on morale, recruitment, and retention; and

Deter voluntary early retirements of executives at the pay cap; they would stay to build their high-3 average salary.

January 1981:

Senior executives at pay cap eligible to retire	5,560
Who will become eligible during the year	+440
	6,000
Present rate of retirement	×67%
Retirements foregone	4,020
Tax-free annuity (1st year)	×$30,000
Cost avoidance-annuities	120,600,000
Replacements foregone	4,020
Replacement salary	×20,000
Cost avoidance-salaries	80,400,000
(After taxes and other deductions)	40,200,000

Taxes and increased contributions returned to the Government, 50 percent.

Income tax on pay increases, 40 percent.

Retirement contribution, 7 percent.

Life insurance, 3 percent.

Replacements foregone	4,020
Replacement salary	×$50,000
Cost avoidance-salaries	201,000,000
Cost avoidance (after taxes and other deductions)	100,500,000

Net first-year cost (savings) to taxpayers:

Gross amount of 22.4 percent raise	$280,000,000
Taxes and other deductions which the Government would keep (50 percent)	−140,000,000
	140,000,000
Less:	
Cost avoidance-retirement annuities (tax free 1st 18 months)	−120,600,000
Cost avoidance-replacement salaries (assuming $20,000 replacement salary)	−40,200,000
or	
(Assuming $50,000 replacement salary)	−100,500,000

Net first-year cost (assuming $20,000 replacement rate), ($20,800,000).

Net first-year cost (assuming $50,000 replacement rate), ($81,100,000).

Savings would be even more over next 2 years if salary increases are permitted in fiscal years 1983 and 1984.

Mr. MATTINGLY. Mr. President, first I wish to commend the Senator from Alaska, because he is a most eloquent spokesman for the Federal workers.

I respect both his knowledge and experience in the Senate on this subject.

But I still have to follow my own feelings and speak out against this amendment.

His amendment he says has absolutely no cost to the Government. It has a cost to the taxpayers. In fact, his own document here says it cost $217.5 million per year, or over $0.5 billion over the next 3 years, when we are trying to balance the budget of our country.

As I said before, the President will come out tonight and speak and will ask for further restraints in the budget, which I am for. I do not think this is restraint. The amendment needs to be rejected.

He spoke out that this was good economics. It is only good economics for those who are the recipients of the passage of this legislation. I think what needs to happen is that this needs to be looked at in full committee hearings, not just abruptly brought up on the floor of the Senate today.

I think that we need to look at the

Federal retirement system. I have placed legislation in our Governmental Affairs Committee to try to cap the pensions. The Senator from Alaska spoke that there were 700 people who were retiring early because of the lack of sufficient pay. I would rather say they are probably leaving early so they can join the lucrative pension system that the Federal Government provides for them.

If we want to look at something constructive to do, we should raise the age limit on retirement for Federal workers.

I am sure that he would agree with that, with a pension system like they currently have, where they spend approximately 20 years in Federal Government service, and they can draw out all they paid in in approximately 18 to 24 months. That is not a bad deal. That is why it should not be passed on today. That is why it should be looked at in the full light of a committee and given full hearings.

The pension system is costly. To give a pay raise at this time would also be costly.

The senior Senator from Alaska refers to the morale of Federal workers as critical. I think the morale of the American taxpayers is critical. I think we need to improve the morale of the taxpayers by cutting the Federal deficits, and then worry about the morale of the capped Federal employees.

I think it should be clarified that when we come up for an up-or-down vote with yeas and nays in the light of day we should show that this cost will be over $0.5 billion in the next 3 years. There is no way we can hide that.

As I said before, this is the wrong time and place. We are talking about lifting part of the pay cap, we are talking about changing the expense deductions for the Senate. Last night against my wishes they lifted the cap on honorariums totally in the Legislative Branch Subcommittee, and the next thing you know we will be talking about increasing the bonuses for the Federal employees.

As I said before, it is the wrong time and the wrong place. I do not see why it is politically expedient not to raise our pay but it is politically expedient to raise the pay for Federal employees.

There is much to be said about what we are talking about today. But it is not the time to raise the salaries of Government workers. We need to hold off lifting this pay cap until it can be coupled with a complete revision of the Federal pay system as part of the Federal retirement system.

Mr. President, I yield the floor.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. KASTEN). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Virginia is recognized.

Mr. WARNER. Mr. President, as a cosponsor of the measure proposed by the distinguished Senator from Alaska, I wish to associate myself with his remarks this morning and to indicate to my colleagues of the Senate that much of my work in this body relates to national security programs and, in particular, those programs referred to as the black programs; namely, ones which are highly classified and the funding for them is reviewed by a small number of us here in the Senate.

These programs, many of which I have had over a decade of experience in observing their administration, and now relating to the legislative aspects, are operated by individuals who fall directly within the category of persons whom my colleagues from Alaska and others are endeavoring to assist here today by these moves.

While I cannot in specific terms relate to these programs or the individuals, I wish to assure my colleagues that the area of intelligence, highly classified programs, is being severely affected by the loss of these competent individuals who hopefully will be retained if we are successful with the measure submitted by my distinguished colleague from Alaska.

I thank the Chair and I thank my distinguished colleague from Alaska.

Mr. STEVENS. I thank the Senator from Virginia.

Is it my understanding that we are now changing to the consideration of the Foreign Assistance Act, Mr. President?

The PRESIDING OFFICER. At 12:30 we are scheduled to change. We are not quite at 12:30 at this time.

Mr. STEVENS. I yield the floor.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 p.m. having arrived, the Senate will now resume consideration of S. 1196, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, to provide authorities for the Overseas Private Investment Corporation, and for other purposes.

The Senate resumed consideration of the bill.

HELMS AMENDMENT NO. 563 TO LUGAR AMENDMENT NO. 562

The PRESIDING OFFICER. The Chair wishes to advise the Senate that the pending question is the amendment of the Senator from North Carolina as a substitute to the amendment of the Senator from Indiana.

Who seeks recognition?

Mr. STEVENS. Mr. President, there is a time specifically set for voting on the pending amendment, is there not?

The PRESIDING OFFICER. The Senator is correct.

Mr. STEVENS. What is that time, Mr. President?

The PRESIDING OFFICER. The votes are scheduled to occur at 1 p.m.

Mr. STEVENS. I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. STEVENS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk resumed the call of the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. RUDMAN). Is there objection?

Mr. STEVENS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DODD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. A parliamentary inquiry is not in order while the quorum call is in progress.

The clerk will continue the call of the roll.

The legislative clerk continued the call of the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that there be 10 additional minutes for debate and that the time be equally divided between and under the control of the distinguished managers of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Who yields time?

Mr. PERCY. Mr. President, I am pleased to yield 5 minutes to the distinguished Senator from North Carolina, a member of the Foreign Relations Committee.

Mr. HELMS. Mr. President, I thank the distinguished chairman and manager of the bill.

Mr. President, let me emphasize that the Helms amendment does not oppose land reform. Indeed, it is entirely neutral on the subject.

Yesterday I proposed eliminating the phrase about land reform because the United States currently has a statutory provision against using AID money for land reform, either for compensation or for the planning that goes along with land reform.

It seems to me to be bordering on the hypocritical to urge El Salvador to take steps toward a goal which is contrary to U.S. policy under the law.

Notwithstanding that, in order to accommodate the distinguished Senator from Indiana I have no objection whatsoever to inserting the phrase "including land reform" in paragraph (b) (4) after the words "implementing essential economic and political reforms."

It seems to me that this would please both sides in this debate since the distinguished Senators from Connecticut, Rhode Island, and Indiana have all endorsed the concept of land reform.

Any objection, it seems to me, would logically be interpreted as a vote against land reform.

So, therefore, I ask unanimous consent that my amendment be modified as I have indicated.

The PRESIDING OFFICER. Is there objection?

Mr. DODD. Mr. President, it is out of order at this point, but I am willing to debate the issue, and I assume at the appropriate time, once we are back, such a motion could be offered, but I understood——

Mr. HELMS. It is not a motion. It is a unanimous-consent request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Carolina?

Mr. DODD. Mr. President, reserving the right to object, I wish to inquire of my good friend from North Carolina whether or not his views on this issue have changed at all? As of yesterday, of course, the amendment was to strike that particular language from his proposed amendment. I was curious as to whether or not lightning had struck in the last 12 or 14 hours and he had arrived at a different decision than one he held yesterday.

Mr. HELMS. We had fair weather in the last 24 hours.

My position has not changed. The same questions remain in my mind that were there yesterday.

I am simply trying to accommodate all sides on this question so that we can get an up or down vote on essentially the Lugar amendment.

The parliamentary situation that we have now is that if the Helms amendment, which represents the administration's position, is defeated, then the pending business, as I understand it, will be the Lugar amendment as perfected by the Pell amendment.

Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I thank the Chair.

So I think the administration should have a shot at finding out how the Senate feels about this matter.

I think I have made a reasonable offer to reinsert the words that were excluded yesterday in my substitute amendment.

Mr. DODD. If I could further inquire and further reserve the right to object, as I understand the position of the distinguished Senator from North Carolina, his views on land reform have not changed basically but rather this is a move to merely accommodate the parties involved in the legislative debate?

Mr. HELMS. That is correct.

Mr. DODD. It is more of a parliamentary type of move than a substantive change in his views on land reform?

Mr. HELMS. That is correct.

The PRESIDING OFFICER. Without objection, it is so ordered.

Will the Senator please send his modified amendment to the desk?

Mr. HELMS. I will certainly do that.

The modified amendment is as follows:

In lieu of the language proposed by Mr. Lugar, substitute the following:

Sec. 707. (a) The Congress finds that peaceful and democratic development in Central America is in the interest of the United States and of the Community of American States generally, that the recent civil strife in El Salvador has caused great human sufferings and disruption to the economy of that country, and that substantial external assistance to El Salvador is necessary to help alleviate that suffering and to promote economic recovery within a peaceful and democratic process.

(b) It is the sense of the Congress that assistance furnished to the Government of El Salvador, both economic and military, should be used to encourage—

(1) the realization of the United States policy objective of achieving a peaceful and democratic resolution to the strife in El Salvador;

(2) full observance of internationally recognized human rights in accordance with sections 116 and 502B of the Foreign Assistance Act of 1961;

(3) full respect for all other fundamental human rights, including the right of freedom of speech and of the press, the right to organize and operate free labor unions, and the right to freedom of religion;

(4) continued progress in implementing essential economic and political reforms, including land reform and support for the private sector;

(5) a complete and timely investigation of the deaths of all United States citizens killed in El Salvador since October 1979;

(6) an end to extremist violence and the establishment of a unified command and control of all government security forces in this effort;

(7) free, fair, and open elections at the earliest date, the modalities of which should be negotiated between all groups which renounce and refrain from further military or paramilitary opposition activity in pursuit of an equitable resolution of the conflict;

(8) increased professional capability of the Salvadoran Armed Forces in order to establish a peaceful and secure environment in which economic development and reform and the democratic process can be fully implemented, thereby permitting a phased withdrawal of United States military training and advisory personnel at the earliest possible date.

(c) Within six months after the date of enactment of this section, the President shall report to the Congress concerning the status of his efforts in implementing the United States policy objective of a peaceful and democratic resolution to the strife in El Salvador and shall identify any remaining obstacles to achieving that objective.

Mr. HELMS. Mr. President, I wish to thank my friend from Connecticut and my friend from Rhode Island for their patience and understanding on this, and I also thank our distinguished chairman.

Mr. PERCY. Mr. President, I am gratified that this situation has been resolved because I was concerned yesterday when the distinguished Senator from North Carolina struck out those words that it might be an implication that land reform was not supported by this administration and would not be supported by the Senate.

I think land reform is an essential part of stability and progress in El Salvador.

I was delighted to hear from the distinguished Senator from North Carolina that he concurs, that as it is being done, in the context in which it is being done, it is an element that can help stabilize the government there.

So I am pleased that we have this matter resolved. It is now a case as to whether or not we should have a sense-of-the-Senate resolution aiming for these goals.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

The Senator from Rhode Island has 5 minutes remaining.

Mr. PERCY. Mr. President, will the Senator from Rhode Island yield me 2 minutes?

Mr. PELL. Mr. President, I yield 2 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 2 additional minutes.

Mr. PERCY. Mr. President, the essence of the question now is, Do we have a sense of the Senate resolution or do we embody this in the statute?

Mr. HELMS. That is correct.

Mr. PERCY. The judgment of the Senator from Illinois is that it is far better to put it in the statute.

It is like the illustration I used yesterday. If I want to borrow $1 million from the bank, I can say: "I wish to do this on a handshake," or "just tell me how you feel about my paying it back?"

The banker would look at me and say, "Well, that is awfully nice from the borrower's standpoint, but from the lender's standpoint, we would like you to sign this and make it a part of the agreement between us."

So we sign a note. I did not want to, but I did in order to get the money.

All we are saying to El Salvador is, that while we agree on these goals and objectives and we are authorizing these funds for the President's use, because we do not have investigative resources, we want the President to certify twice a year that these goals are being pursued.

I offered, with the administration, to work out a colloquy in the Chamber—and Senator Dodd has indicated he would join with me—to remove any problems with this language.

President Duarte said in our room the other day, "You can have conditions, but you cannot tell us what to do."

That is true. But just as when one wants to borrow money from a bank, the banker can say, "Well, if you want that money, then these are the conditions that must be met from our standpoint."

We do not want another Vietnam. We do not want to tell another government what to do. We do want to be certain that we are aiding a government down there that continues to attract support. That is what we are attempting to say in asking for a certification.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. PERCY. I thank my distinguished colleague for yielding.

Mr. PELL. Mr. President, I yield the remainder of my time to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. I thank the Senator from Rhode Island for yielding.

Mr. President, I simply wish to echo the remarks just expressed by the distinguished chairman of the committee, the Senator from Illinois.

This is really an insurance policy. That is exactly what the Senator from Illinois is talking about.

We are just providing, if you will, the taxpayers of this country with an insurance policy that their funds that are going to be used in El Salvador are going to be used to achieve the agreed-upon goals by everyone.

President Duarte, as the distinguished chairman noted the other day, endorsed every single one of the goals included in the original committee bill without exception. In fact, he applauded the committee for those goals.

The administration agrees with those goals without any hesitation whatsoever.

All we are saying is that we want those goals to be supported and that over the next 2 years on four different occasions over the next 24 months we would like certification from the administration that, in fact, we are moving in that direction.

I do not think that is an unreasonable claim. We have compromised substantially on this proposition, beginning with the original committee language, which only had an open door certification. I think that was a little too broad. So I agreed to this compromise.

I think we have come a great distance. We have eliminated an indefinite period of time and said it would be over the next 2 years, so we have come a long way, and my hope will be that our colleagues today will reject the Helms amendment and support the language that was approved by this body yesterday, the Pell-Dodd language, which includes the certification process.

The language that the distinguished chairman of the Foreign Relations Committee, the Senator from Illinois, has supported is the bipartisan view of the members of this committee. It is the view of the bipartisan colleagues yesterday as was voted upon. We should reject the Helms amendment and support the language we approved yesterday.

Mr. PERCY. Mr. President, if the Senator will yield for one word of comment, I would say that I fully support the language of the committee and the Pell amendment and hope we will vote against the Helms substitute for that reason so we come back to the committee position which I firmly believe is the right position for the Senate to take.

Mr. DODD. I thank the chairman for his comments and I yield back the floor.

Mr. DENTON. Mr. President, the decision that this body will soon make with respect to El Salvador will have implications extending far beyond the legislation now being considered, not least its effect on a friendly government. Indeed, the determination made here today will be an index of the commitment of the United States to insure the stability and integrity of the Western Hemisphere.

The present conditions of turmoil and civil strife that plague El Salvador are alien to our experience. However, failure on our part to understand the dynamics causing these conditions seriously jeopardizes the steps being taken by the Duarte government to work toward the ultimate goal of peaceful democracy. In my view, the action taken on the floor yesterday does not serve the best interests of the United States or El Salvador, and by its very nature undermines the trust and cooperation necessary to return peace and stability to the people of El Salvador.

Linking continued assistance to El Salvador to arbitrary, ill-defined levels of progress severely hampers the ability of the United States to assist a friendly government committed to democratic reform. Moreover, enactment of such constraints fails to take into account actions of Communist supported insurrectionists preventing such reform. It is a documented fact that the leftist guerilla faction in El Salvador continues to receive arms, training, and logistic support from Communist Cuba and the Soviet Union.

To place the blame for terrorism and repression on the Duarte government reflects a lack of understanding that I submit obscures the crucial point in this debate. Contrary to the opinion of some, it is my firm belief that increased constraints on aid to El Salvador will reduce, rather than increase, the prospects for achieving peace and democracy in that nation.

Mr. LEAHY. Mr. President, I am forced to raise the painful and seemingly intractable problem of human rights in El Salvador. Despite firm and frequent assurances by the Reagan administration that the El Salvadoran junta has established a government committed to reform, early return to constituted rule and control of terrorist elements in the Army, we are forced to read each week of a new round of senseless killings of civilians and of the complicity of El Salvador's military forces in many of these murders. We cannot ignore the testimony of religious and philanthropic organizations which report that American military equipment continues to be used to decimate women and children, many of whom have been attacked in the very process of abandoning their homes and seeking sanctuary in Honduras.

The U.S. policy of sustaining the Duarte government remains deeply suspect. A State Department paper prepared after Ambassador White's recall attributing El Salvador's problems largely to foreign-supported Communist insurgency has been disputed and indeed in some crucial aspects been judged inaccurate and misleading. Subsequent reports fail to provide convincing evidence that the human rights situation in El Salvador has improved.

The conduct of the El Salvadoran junta has exacerbated this credibility gap. President Duarte's visits to Washington stir fears in the hearts of those who see a "domino" style collapse of Latin American states in the face of an external Communist threat. But his government still cannot explain why four American missionaries were murdered last winter on a road patrolled by the military, why an investigation conducted by the El Salvadoran Army and assisted by the FBI remains stymied, and why evidence linking six soldiers to the death of the missionaries has not been presented to a judge.

Under questions during his most recent visit to the United States, President Duarte has challenged our credulity by citing a series of conflicting factors which stymies the El Salvadoran legal process. Our own highest officials have gone even further in undermining the character of our involvement in El Salvador by impugning the motives of the missionaries, by dismissing their deaths as perhaps the unfortunate byproduct of gunfire on the road, and by advising the aggrieved relatives to purchase the expensive services of legal counsel in El Salvador.

This will not do. I am well aware that a heritage of reactionary rule in El Salvador, sustained by values and institutions little changed since the colonial era, poses enormous obstacles to any program of reform. I am well aware that a number of civilian leaders in El Salvador are genuinely committed to reform, and that President Duarte himself was once barred from office and forced into exile after winning a Presidential election.

But we are deluding ourselves if we pursue the strategy of downplaying the sanguinary behavior of elements in the National Guard, or assuring ourselves that these elements are now fully responsive to the reform program. And we defy the logic of El Salvador's tragic history by maintaining that, by augmenting the junta's military arsenal and capabilities, we will promote peace and justice for El Salvador.

The United States is now deeply involved in El Salvador's troubled affairs. In fiscal year 1981, the administration pledged $35 million in military aid alone. We are invited to become even more deeply involved by pledging an additional $21 million in fiscal year 1982. I cannot avoid believing that this assistance, fraught with so much danger to our larger foreign policy in Latin America, must be monitored ever so closely. Section 707 of this bill provides a mechanism for guaranteeing that U.S. involvement in El Salvador is dedicated directly to the administration's objectives and for insuring that the responsibilities assumed by the Congress are vindicated.

Unless there is significant progress in controlling gross violations of internationally recognized human rights, unless the unlawful and sanguinary activities of the armed services are curbed, unless progress already made in the field of economic and political reforms is maintained and accelerated, unless free elections are held within a year. and unless the government commits itself to negotiations with dissident groups, there can be no peace in El Salvador. Without peace, there can be no restoration of democracy in El Salvador. And without the restoration of democratic institutions, our larger aspirations to contain Marxist communism in Latin America and to insure that every nation controls its own destiny will come to naught.

The Congress and the American public cannot be placated simply by assurances that all will be well in El Salvador. We need to impress upon President Duarte our unswerving determination to see the promised reforms implemented, and to impress on the National Guard in El Salvador that violence and mayhem cannot be condoned. The reporting requirement incorporated in the amendment proposed by Senator PELL is central to an effort to avert a tragedy for our own country in El Salvador.

The PRESIDING OFFICER (Mr. RUDMAN). The clerk will now report the modified Helms amendment.

The legislative clerk read as follows:

The Helms amendment No. 563 has been modified. Page 2, line 15 in subsection (4) reads as follows: continued progress in implementing essential economic and political reforms, including land reform and support for the private sector;

The PRESIDING OFFICER. All time having expired and having been yielded back, under the previous order, a vote will now occur on the amendment of the Senator from North Carolina, as modified, as a substitute for the amendment of the Senator from Indiana as perfected. The question is on agreeing to the amendment, as modified. The yeas and nays have been ordered, and the clerk will now call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. MATSUNAGA) and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan (Mr. RIEGLE) would vote "nay."

The PRESIDING OFFICER. Are there other Senators in the Chamber wishing to vote?

The result was announced—yeas 47, nays 51, as follows:

[Rollcall Vote No. 278 Leg.]

YEAS—47

Abdnor
Andrews
Armstrong
Baker
Byrd, Harry F., Jr.
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heflin
Helms
Humphrey
Jepsen
Kasten
Laxalt
Long
Lugar
Mattingly
McClure
Murkowski
Nickles
Nunn
Packwood
Quayle
Roth
Rudman
Schmitt
Simpson
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NAYS—51

Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Hatfield
Heinz
Hollings
Huddleston
Inouye
Jackson
Johnston
Kassebaum
Kennedy
Leahy
Levin
Mathias
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Sarbanes
Sasser
Specter
Stennis
Tsongas
Weicker
Williams
Zorinsky

NOT VOTING—2

Matsunaga
Riegle

So Mr. HELMS' amendment (No. 563), as modified, was rejected.

Mr. PELL. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. CRANSTON. I move to lay that motion on the table.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RANDOLPH. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senator from West Virginia is correct. A quorum call is underway, and the Senate will be in order. The Chair requests that Senators clear the well so we may proceed with the quorum call.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LUGAR. Mr. President, I ask for the yeas and nays on the motion to table.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

Mr. BAKER. Mr. President, we have the yeas and nays on something, and I frankly could not hear what. May we have order in the Senate?

The PRESIDING OFFICER. The Chair will please request all Senators to take their seats. Please clear the well. Will staff take their seats at the rear of the Chamber?

The question is on agreeing to the motion to lay on the table the motion to reconsider the vote by which the amendment was rejected.

Mr. BAKER. I thank the Chair.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. MATSUNAGA) and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 52, nays 46, as follows:

[Rollcall Vote No. 279 Leg.]

YEAS—52

Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Hatfield
Heinz
Hollings
Huddleston
Inouye
Jackson
Johnston
Kassebaum
Kennedy
Leahy
Levin
Long
Mathias
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Percy
Pressler
Proxmire
Pryor
Randolph
Sarbanes
Sasser
Specter
Stennis
Tsongas
Weicker
Williams
Zorinsky

NAYS—46

Abdnor
Andrews
Armstrong
Baker
Byrd, Harry F., Jr.
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Hayakawa
Heflin
Helms
Humphrey
Jepsen
Kasten
Laxalt
Lugar
Mattingly
McClure
Murkowski
Nickles
Nunn
Packwood
Quayle
Roth
Rudman
Schmitt
Simpson
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner

NOT VOTING—2

Matsunaga
Riegle

So the motion to lay on the table the motion to reconsider was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana (Mr. LUGAR), as amended.

Mr. LUGAR. Mr. President, I ask unanimous consent that the order for the yeas and nays be vitiated.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment.

The amendment (No. 562) was agreed to.

Mr. PELL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONTINUING APPROPRIATIONS, 1982

The PRESIDING OFFICER. The Senate will continue with the consideration of House Joint Resolution 325, which will be stated by title.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 325) making appropriations for fiscal year 1982, and for other purposes.

The PRESIDING OFFICER. The Senate will be in order. Members of the staff at the rear of the Chamber will please take their seats. The Senate will suspend until there is order.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DENTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRASSLEY). Without objection, it is so ordered.

Mr. STEVENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEVENS. What is the pending business?

UP AMENDMENT NO. 420

The PRESIDING OFFICER. The pending business is the unprinted amendment by Senator STEVENS, on which there is a time limit of 10 minutes, equally divided.

Mr. PERCY. Mr. President, will the Senator yield for a question?

Mr. STEVENS. I yield to the Senator, and I ask unanimous consent that the time not be charged against my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Would it be possible—because OPIC dies on Wednesday, and this may be the last chance to enact it—to see if we can get clearance so that we can take up this uncontested bill and pass it?

Mr. STEVENS. I yield to the majority leader.

Mr. BAKER. Mr. President, it is cleared on this side, and I understand that the clearance process is underway on the other side and as yet has not been completed.

So I recommend to the distinguished managers of the bill on both sides that at a later time, after the clearance process has been completed, they might seek, by unanimous consent, to momentarily lay aside the continuing resolution and proceed. I should like to see the bill taken up and disposed of, but it cannot be done at this moment.

Mr. CRANSTON. We will try to clear it, but it cannot be done at this time.

Mr. STEVENS. I yield myself 4 minutes.

Mr. President, the pending amendment provides that it is the sense of the Senate that living expenses of Members of Congress while away from their home—which, by law, is in their district or their State—will be treated the same way as business people or other private citizens are treated under the code.

The amendment goes on to amend the existing law to permit this to take place. This amendment would leave the $3,000 limit on expenses away from home. That limit was imposed in the Revenue Act of 1953.

Mr. President, may we have order? I ask that the time not be charged against our time.

The PRESIDING OFFICER. The Senator from Alaska raises the point that the Senate is not in order.

Mr. STEVENS. I ask unanimous consent that this time not come out of our time. We agreed to a very limited time on each side so that we might debate this matter, and it is not fair to take it out of our time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Will Senators who find it necessary to discuss business please retire from the Chamber, so that the Senator from Alaska can be heard?

Mr. STEVENS. I thank the Chair.

Mr. President, this amendment would remove the $3.000 limit that was imposed by the legislative appropriations bill in 1953, when congressional salaries were $22.000. If we go back and look at the record at that time, we see that the action was complained of because, in fact, it constituted a pay raise for Congress at the time.

Because of the passage of time and some 200-percent change in the cost-of-living index, the $3,000 limit is no longer an advantage. It is a tremendous disadvantage for Members of Congress, because that is the limit for expenses away from home, not only while Members of Congress are in Washington. No matter where they are, that is the limit on expenses away from home—expenses away from your home State.

This amendment would treat every Member of Congress the same as business people are treated. This means that you could deduct the amount you believe is reasonable and necessary for your being away from home. You would not be able to deduct for your family's expenses. I have heard comments here today about people believing it is totally unlimited. That is not true. You can deduct only those expenses which would be reasonable and necessary for you to be away from home, when you are away from your home State or Congressmen are away from their home districts. It would be an individual decision as to how much a Member would claim for expenses away from home.

I will be glad to answer any questions about that. I hasten to assure everyone that this does not mean all the expenses a Member incurs away from home are deductible. It would be only those expenses which are reasonable and necessary, meaning living expenses and those expenses associated with being away from home.

I have offered this amendment because I believe that the existing situation is discriminatory, and we should be on the same basis as any other person who travels away from home, under the general tax concepts.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. STEVENS. I yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I say to the Senator from Alaska that I am not prepared to either support or oppose the proposal, but this is a far-reaching proposal dealing with the compensation of Members of the Senate and the House of Representatives.

I hope that we will not be called upon to decide an issue of this magnitude with 5 minutes of debate.

Mr. STEVENS. I say to the Senator that we debated at length. We were asked to raise it early today so the matter would be debated. We debated it this morning. We sent out word that it was being debated. We agreed at the time to have additional debate. If the Senator wishes to have additional debate this afternoon, I am pleased to accommodate the request, but as a practical matter, this does not deal with compensation of Members.

Mr. HARRY F. BYRD, JR. It deals with giving Members money from the Government of the United States.

Mr. STEVENS. No. I disagree. There will be no payments from the Government of the United States by virtue of the Senator's amendment. This amendment would allow Senators and Members of the House of Representatives to claim if they so desire expenses that they might incur while away from home.

Mr. HARRY F. BYRD, JR. Claim from whom, from the Government?

Mr. STEVENS. Claim it as a deduction from their income tax, the amount that they pay. That is not taking money away from the Government in my mind. It is just not paying the Government as much money, but they are not taking anything away from the Government.

Mr. HARRY F. BYRD, JR. That clarifies a point I was not clear on.

Mr. STEVENS. Mr. President, has my time expired?

The PRESIDING OFFICER. Four minutes of the Senator's time have expired. There is 1 minute remaining.

The Senator from Wisconsin is recognized.

Mr. PROXMIRE. Mr. President, I agree with the distinguished Senator from Virginia. This is a far-reaching amendment. This is an amendment that would provide that Senators who have large incomes and who have large mortgages might very well be able to deduct expenses where they could not otherwise do so.

Mr. CRANSTON. Is not a mortgage already deductible?

Mr. PROXMIRE. The principal might be deductible.

At any rate, I wish the Senator from Alaska would explain how this amendment would benefit or would not benefit Senators. We have a $3,000 limitation now. We have had no real explanation of this amendment.

Frankly, I never would have consented to a 5-minute limitation on debate on something that affects every Senator in this body and gives us a big benefit, in addition to the benefit we conferred upon ourselves by putting language into the bill yesterday knocking out the $25,000 ceiling on honoraria by a 10 to 8 vote. This is going to be a real Christmas tree for Members of this body.

Mr. STEVENS. Mr. President, I have only 1 minute remaining.

Mr. PROXMIRE. Mr. President, I think before we act on a matter of this consequence it is obviously going to be an issue in every campaign. I have been through eight statewide campaigns in my experience, and I know that my opponent would raise this issue if I voted for this kind of a matter.

We should have it explained in full. After all, we should have the case made that $3.000 is not enough. Should Senators be allowed to deduct $6.000, $10,000, $20,000, $50,000, or how much?

It is true it would simply mean that we would be able to reduce the taxes we pay to the Federal Government. But as we know tax expenditures also affect the revenues of the Federal Government and the deficit of the Federal Government. At a time when we are cutting everything in sight and then some it is wrong for us to be generous in this way with our own measure. I understand that the House of Representatives considered a provision of this kind in marking up their legislative appropriations bill, and that because it was exposed by the press, discussed by the press, they were embarrassed by the press, and it was withdrawn.

We are asked to carry water for the House of Representatives and the Senate by accepting a rule, allowing 5 minutes debate on each side. It seems to this Senator that is not wise and that is not the way we should proceed. We should know exactly how this is affecting Senators. We should have some examples of Senators that will be able to benefit to the extent of $15,000 or $20,000 or more and why a Senator would need more than a $3,000 limit on his Washington expenses.

Mr. President, I yield a minute to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I ordinarily follow the fine leadership of the Senator from Alaska.

Mr. CHAFEE. Mr. President, will the Senator use his microphone.

Mr. STENNIS. Yes.

Mr. President, I think that the setting, though, here on this continuing resolution, right in the midst of the situation of reducing expenditures where we have cut dozens and dozens of items, for us, even though there is much that could be said ordinarily for genuine expense accounts kept properly, it does not fit in with this proposal at all. To the contrary, it is not in keeping with the times, and to that extent I very strongly think that it is inadvisable that we put an amendment as this on a continuing resolution that is a review of the whole Government, of over $600 billion, in a way. This is a resolution for a limited time. To make this permanent law, I believe it would be error and we should oppose it for that reason.

I thank the Senator.

Mr. STEVENS. Mr. President, how much time remains?

Mr. PROXMIRE. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. One minute to each side remains.

Does the Senator from Alaska desire the floor?

Mr. STEVENS. No.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Does the Senator from Georgia wish time?

Mr. MATTINGLY. Yes.

Mr. PROXMIRE. Mr. President, I yield time to the Senator from Georgia.

Mr. MATTINGLY. Mr. President, we debated this this morning and I do not want to take up that much time as we only have 1 minute remaining so I will not take much time.

I feel this is the wrong time and the wrong place to bring it up. I felt all along that it should have complete hearings in the legislative branch or whatever committee that would be deemed appropriate by the Senator from Alaska.

I think that today what we are talking about is releasing part of the pay cap on Government employees and other financial matters that I think should be considered with the full hearing in the legislative branch and the other appropriate committees.

I think, as many other people said, it does have far-reaching effects. I am not saying that Senator STEVENS may not prevail and be correct in the long run. I just feel that today is not the day this should be brought up.

The PRESIDING OFFICER. All time of the Senator from Wisconsin has expired.

The Senator from Alaska.

Mr. STEVENS. Mr. President, again I am perfectly willing to extend the debate. The limitation on debate took place because we finished debate and there was no one else here to debate, and we went to another amendment.

If the Senate wishes to debate this, fine with me, but do not accuse me of putting a gag rule on. I take personal offense to that.

Beyond that, this is not something that will permit us to deduct the principal of our home mortgage. We can only deduct the reasonable and necessary expense of being away from home. That is for each Senator and Member of the House of Representatives. It is not for their families. It is just for the Member.

If one has a six-bedroom house, it is not reasonable to think he has to have the six-bedroom house. He can only deduct that portion that is reasonable and away from home as every businessman does and every person, every State legislator, every Government employee, except Members of Congress, make the same judgment when they file their tax return. We do not. Today we just get the expense away from home of $3,000 because that is the limit, and the IRS presumes that we do, in fact, have the expenses that meet the limit.

All I want us to do is to be treated the same as every other taxpayer in the country.

The PRESIDING OFFICER. All time has expired. The yeas and nays have been ordered, and the question is on agreeing to the amendment of the Senator from Alaska.

Mr. PROXMIRE. Mr. President, I raise the point of order that this is legislation on an appropriation bill, that it amends the Internal Revenue Code.

Mr. STEVENS. Mr. President, I wish to be heard on that point of order.

The PRESIDING OFFICER. The point of order is not debatable.

Mr. STEVENS. Mr. President, it is a constitutional question.

The PRESIDING OFFICER. The Chair will entertain debate on its own motion.

The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, this bill originated in the House appropriation bill. This in fact is a revenue bill and it is a bill that is dealing with revenue now on matters that are not authorized, and I hope that the Senate realizes that there are many items for which authorization bills have not been extended, that this bill in fact takes the place of an authorization bill and an appropriation bill and becomes a revenue bill under the precedents of the House of Representatives and the precedents of the Senate.

The PRESIDING OFFICER. The Chair is prepared to rule. The Chair will state the amendment is legislation on an appropriation bill.

Mr. STEVENS. Mr. President, I then raise the question of germaneness.

The PRESIDING OFFICER. Under the precedents of the Senate if there is no House language on the subject then the Chair must rule on the question of legislation. There is no House language. The point of order is sustained.

Mr. STEVENS. Mr. President, I appeal the ruling of the Chair.

I say again this is a bill that originated in the House. It is a matter that is germane to the whole subject of the bill, which is really the question before this body. We are dealing with a legislative appropriations bill, and this provision originated in a legislative appropriations bill, and I am seeking to take it out in a legislative appropriations bill.

The legislative appropriations bill is, in fact, contained in toto in the continuing resolution and, therefore, it is germane to the legislative appropriations bill. It was the vehicle that created it and it ought to be the vehicle that removes it.

The PRESIDING OFFICER. The question is, Shall the decision of the Chair stand as the judgment of the Senate? Debate is not in order.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Is debate on the Senator from Alaska's appeal from the ruling of the Chair under some limitation?

The PRESIDING OFFICER. It is under the discretion of the Chair.

Mr. BUMPERS. I was just curious as to whether the Senator from Wisconsin would be accorded a similar amount of time if he sought it.

The PRESIDING OFFICER. The Senator from Wisconsin would be authorized to speak.

Mr. BUMPERS. Does the Senator from Wisconsin choose to debate it?

Mr. PROXMIRE. May I say the Chair has stated my position, stated it clearly and correctly, that under the precedents this is not in order. I agree with the position taken by the Chair and I think he stated my position more eloquently than I could. But I thank the Senator from Arkansas.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. CHAFEE. Does that matter that was appealed, the decision of the Chair, involve both the amendment dealing with the $3,000 limitation and also the matter dealing with certain executive branch officers?

The PRESIDING OFFICER. It does not deal with the latter matter.

Mr. CHAFEE. The second question I

put to the Chair is should the Chair's ruling be sustained on the pont of order concerning the limitation of senatorial deductions, would that same ruling apply to the salaries of certain executive branch officers?

The PRESIDING OFFICER. The Chair is not prepared to rule in advance on amendments that have not been offered.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. RANDOLPH. Mr. President, a point of order. The Senate is not in order.

The PRESIDING OFFICER. The Senate will be in order. The Senator from West Virginia has raised the point that the Senate is not in order. Under the rules of the Senate, the well should be cleared for those Senators who are voting.

The clerk will resume the calling of the roll.

The assistant legislative clerk resumed and concluded the call of the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from Michigan (Mr. RIEGLE), are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The yeas and nays resulted—yeas 44, nays 54, as follows:

[Rollcall Vote No. 280 Leg.]

YEAS—44

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
DeConcini
Dixon
Durenberger
Exon
Ford
Glenn
Grassley
Hart
Heflin
Heinz
Huddleston
Kassebaum
Kasten
Kennedy
Leahy
Levin
Long
Mattingly
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Percy
Pressler
Proxmire
Randolph
Roth
Sarbanes
Sasser
Schmitt
Stennis
Zorinsky

NAYS—54

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Chafee
Cochran
Cohen
Cranston
D'Amato
Danforth
Denton
Dodd
Dole
Domenici
Eagleton
East
Garn
Goldwater
Gorton
Hatch
Hatfield
Hawkins
Hayakawa
Helms
Hollings
Humphrey
Inouye
Jackson
Jepsen
Johnston
Laxalt
Lugar
Mathias
McClure
Melcher
Murkowski
Nickles
Packwood
Pryor
Quayle
Rudman
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams

NOT VOTING—2

Matsunaga
Riegle

The PRESIDING OFFICER. On this vote, there are 44 yeas and 54 nays. The decision of the Chair does not stand.

Mr. JOHNSTON. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSTON. Mr. President, do I understand the effect of this ruling to now be to reverse that 1979 ruling so that henceforth if there is a question of germaneness, that germaneness question is submitted immediately to the Senate for a vote without the Chair ruling upon that point of order?

The PRESIDING OFFICER. That is not the issue. The issue was whether or not this amendment was legislation on an appropriations bill.

Mr. STEVENS. Mr. President, I beg to differ with the Chair. I did raise the question of germaneness. Following that question, the Chair ruled that under the precedents of the Senate the matter of germaneness, in effect, was not involved because of the prior ruling in 1979, as I understood it. Under those circumstances, by having raised the question of germaneness, I was denied the right of submitting that matter to the Senate on germaneness by the effect of the Chair's ruling. So in this Senator's opinion, this does mean that a Senator would have the opportunity to submit the question of germaneness to the body if it is raised at the appropriate time.

Mr. THURMOND. Mr. President, the pending amendment by the distinguished senior Senator from Alaska, Mr. STEVENS, is one that I cannot support.

The practical effect of this proposal would be to increase the net compensation for most Members of Congress. While the amendment would not entail any increase in spending, it would probably diminish Federal income tax revenues, and thereby make it more difficult to balance the budget. At a time when the President and Congress are asking for sacrifice from others who receive benefits or payments from the Federal Government, it is neither fair nor wise to take any action that has the effect of benefiting Members of Congress from the Federal Treasury.

Mr. President, under current law the amount of tax deductible expenses incurred by Members of Congress in living away from their home States is limited to $3,000 annually. This amendment would remove that $3,000 cap, allowing Senators and Representatives to deduct the full amount of reasonable and necessary expenditures associated with living in Washington, D.C., while serving in Congress. While arguments can be made in favor of treating Members of Congress similar to other commuting business persons for tax purposes, I believe this is the wrong time to be taking this action.

Congress needs to set an example for the rest of the Nation by exercising the utmost restraint with respect to the cost of its own operations, including the compensation for Members. We know that further, substantial cuts must be made in Federal spending if we are to maintain the course toward a balanced budget by fiscal year 1984. This objective must be achieved if we are to get inflation under control and bring interest rates down. While this amendment may have only a limited fiscal impact, nevertheless, it sends the wrong signal to the country, and I must oppose it at this time.

Mr. President, while I am opposed to the Stevens amendment on its merits, on the previous procedural vote I voted to overturn the ruling of the Chair because I felt it would have established too broad a precedent with regard to what constitutes legislation on an appropriations bill.

The PRESIDING OFFICER. The question now is on agreeing to the amendment. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. MATSUNAGA) and the Senator from Michigan (Mr. REIGLE), are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan (Mr. RIEGLE) would vote "nay."

The PRESIDING OFFICER (Mr. MATTINGLY). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 50, nays 48, as follows:

[Rollcall Vote No. 281 Leg.]

YEAS—50

Abdnor
Andrews
Armstrong
Baker
Baucus
Chafee
Cranston
D'Amato
Denton
Dixon
Dodd
Dole
Domenici
Eagleton
East
Garn
Goldwater
Gorton
Hatch
Hatfield
Hawkins
Hayakawa
Hollings
Huddleston
Humphrey
Inouye
Jepsen
Johnston
Laxalt
Leahy
Long
Lugar
Mathias
McClure
Melcher
Murkowski
Packwood
Percy
Quayle
Rudman
Specter
Stafford
Stevens
Symms
Tower
Tsongas
Wallop
Warner
Weicker
Williams

NAYS—48

Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cochran
Cohen
Danforth
DeConcini
Durenberger
Exon
Ford
Glenn
Grassley
Hart
Heflin
Heinz
Helms
Jackson
Kassebaum
Kasten
Kennedy
Levin
Mattingly
Metzenbaum
Mitchell
Moynihan
Nickles
Nunn
Pell
Pressler
Proxmire
Pryor
Randolph
Roth
Sarbanes
Sasser
Schmitt
Simpson
Stennis
Thurmond
Zorinsky

NOT VOTING—2

Matsunaga
Riegle

So Mr. STEVENS' amendment (UP No. 420) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 422

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER (Mr MATTINGLY). The Senator from Alaska.

Mr. HATFIELD. Mr. President, may we have order?

Mr. STEVENS. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS. On this amendment we previously discussed, there are other

Senators who wish to discuss this amendment.

This amendment is an amendment to adjust the pay schedules of the executive branch. What it does is—and there is a letter on each Member's desk to explain it—that because we could not get an agreement on raising the congressional pay, which would automatically eliminate the compression in the general schedule, I point out to you it is now down to grade 14, step VIII.

We tried to find a way to alleviate the problem of compression and stop the exodus that is taking place from the executive branch because pay is frozen now at grade 14, step VIII, all the way up through 15, 16, 17, 18, executive 6, 5, 4, 3, 2, and 1, and then the executive schedule V, IV, III, and II. In other words, all of those schedules, the pay is the same because the beginning salary of those grade levels is impacted by our decision not to raise the congressional salary.

Having tried to deal with that last year on that matter, and being unable to get the Congress to change its mind on that level, which is the executive II level, all Members of Congress and executive II level receive the same amount of pay. We determined—and I did hold a hearing on this to see if there was general acceptance of it, and there was, and we determined—to attempt to allow the cost-of-living raises to go into effect by lifting the pay schedule generally.

In other words, again as I pointed out before, the pay level III right now is $55,387, approximately $5,000 less than that of a Member of Congress.

Level V is $50,112, and that is the affected impact level. What we did was to raise those salaries up so that instead of having a $5,000 difference between the brackets, we have approximately a $1,000 difference between the brackets. The effect of that is down at the bottom of the scale there are some 25,000 people on general schedule at grade 14 and above who have not had any of these cost-of-living allowances, the raises that have been taking place now for the last 4 years.

The effect of this amendment is that they will in fact get a portion of the cost-of-living allowance they were entitled to by decreasing the distance between each grade level compensation in the executive schedule up to that of the Member of Congress, but it will not—and I repeat this will not—affect Members of Congress.

It will not affect anyone in the executive branch above the level or at above the level of the Member of Congress. It will not affect judges. It affects only those who are in the general schedule, the career service, plus those in executive schedule level III, IV, and V which are below those of that level of Members of Congress. We will not touch the congressional pay level.

(At this point there was a statement by Mr. HARRY F. BYRD, JR. and a colloquy with Mr. MOYNIHAN, which is printed later in today's RECORD. Thereafter the proceedings continued as follows:)

Mr. STEVENS. Mr. President, we again resume consideration of the amendment I have offered to deal with the primary problem of those 25,000 civil servants who are in the level of grade 14, 15, 16, 17, and 18 who have not received their cost-of-living adjustments that were provided in the October of 1977, October of 1978, October of 1979, and October 1980.

I might say that the impact of this would be that they would not get the 4.8 this year either, which is going to be the amount that the general schedule will be raised, because the levels that we set in this amendment, of necessity, will not accommodate any further adjustment.

I would urge the Senate to consider the statements I have made, which indicate we have this tremendous brain drain. We are losing people. Again, I point out that it is in the technological and scientific areas in which we are hurting, in defense, NASA, throughout the Government where we have highly capable people in the area of advanced technology and science. Those people cannot afford to stay in Government at this level of Government unless they can look forward to some kind of increased remuneration if they in fact accept a promotion.

Every Member of the Senate, I think, has to ask himself what he would do if he was offered a job with a great deal of responsibility, which required a move to another town, at a different level, to go from a 14 to a 17. That is possible. Would you take that additional responsibility, the impact on your family of not having as much time available, and impact on your own finances with the increased costs? I have to tell you that the answer of the people affected, most of them, is no.

I did put into the RECORD the statement of a distinguished public servant, an Internal Revenue Service regional representative who did make that judgment, who did do it. He came down to our hearings and documented very vividly the experience of himself, as far as he was concerned, as far as his family was concerned, and the cost they incurred in taking additional responsibilities.

We have similar testimony from members of the FBI. They are impacted in the same manner as these scientific and technical agencies. We know that they are highly qualified people, accountants, lawyers, who go into these jobs because they are interested in them. They start at a lower level and suddenly they find that having entered the Government at grade 11 once they hit grade 14 there is no more increase in compensation available, none.

We have to adjust this pay schedule. I urge the Senate to do that. I understand my good friend from Georgia wants the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. MATTINGLY. I thank the Senator from Alaska. As I said earlier today, I respect his position, but I disagree with him. I think this is the wrong time and the wrong place, in the Senate, to try to lift the pay cap on Government employees when, in fact, this amendment that is being offered will cost the taxpayers $217.5 million a year, and over the next 3 years that will be over one-half billion dollars.

When the President speaks tonight he will be asking us to make further restraints on the Federal budget, with which I agree. But at the same time, I think everybody needs to have restraints, even Federal employees.

A lot of the so-called brain drain has been due, again, to the retirement system that encourages people to depart early. I believe this package needs to go into a full hearing on pension and pay, going before the proper committees, and then let the Senate make a wise decision.

As I said earlier today, this is the wrong time, I feel, to bring this up. I think we need to retain the pay cap. I think we need to show restraint here, as we are asking Americans everywhere to show restraint.

Mr. President, I do not desire to speak any further on this issue. I ask my senior colleague from Alaska if we could ask for the yeas and nays at this time on the amendment.

Mr. STEVENS. We have the yeas and nays.

The PRESIDING OFFICER. The Chair advises the Senator that the yeas and nays have been ordered.

Mr. MATTINGLY. Mr. President, I ask that we proceed with the vote.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. We are ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Ohio (Mr. GLENN), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan (Mr. RIEGLE) would vote "nay."

The PRESIDING OFFICER (Mr. QUAYLE). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 50, nays 45, as follows:

[Rollcall Vote No. 282 Leg.]

YEAS—50

Baker
Baucus
Bentsen
Boschwitz
Chafee
Cochran
Cohen
Cranston
D'Amato
Danforth
Denton
Dole
Durenberger
Eagleton
Garn
Goldwater
Gorton
Hatch
Hatfield
Hayakawa
Hollings
Inouye
Jepsen
Kennedy
Laxalt
Leahy
Long
Lugar
Mathias
McClure
Melcher
Moynihan
Murkowski
Nunn
Packwood
Pell
Percy
Quayle
Randolph
Rudman
Sarbanes
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Weicker

NAYS—45

Abdnor
Andrews
Armstrong
Biden
Boren
Bradley
Bumpers
Burdick
Byrd,
 Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
DeConcini
Dixon
Dodd
Domenici
East
Exon
Ford
Grassley
Hart
Hawkins
Heflin
Heinz
Helms
Huddleston
Jackson
Johnston
Kassebaum
Kasten
Levin
Mattingly
Metzenbaum
Mitchell
Nickles
Pressler
Proxmire
Pryor
Roth
Sasser
Schmitt
Simpson
Stennis
Williams
Zorinsky

NOT VOTING—5

Glenn
Humphrey
Matsunaga
Riegle
Warner

So Mr. STEVENS' amendment (UP No. 422) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

UP AMENDMENT NO. 423

(Purpose: To provide funding for the United States' contribution to the Multinational Force and Observers)

Mr. KASTEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. KASTEN) proposes an unprinted amendment numbered 423.

At the appropriate place in the Joint Resolution insert the following new section:

"Notwithstanding any other provision of this Joint Resolution, $125,000,000 shall be available for expenses necessary for the participation of the United States in a Multinational Force and Observers to implement the Treaty of Peace between Egypt and Israel."

Mr. KASTEN. Mr. President, this matter was discussed yesterday in the full Appropriations Committee, and at the request of the Chairman of the committee, Senator HATFIELD, I agreed to postpone offering this amendment until today for consideration on the floor of the Senate. Before getting into the merits of this amendment, I would like to express my appreciation to the chairman of the full committee for his cooperation and his statement yesterday indicating that he would support this amendment. I appreciate this because I know his strong desire, which I agree with, to have a continuing resolution which is as clean as possible.

Mr. Preident, the amendment now before the Senate will provide the funding necessary for U.S. participation in the Sinai peacekeeping efforts which are part of the Camp David Peace Accords. The administration views this particular amendment as absolutely necessary, a position illustrated by the fact that it included this language in its draft of the continuing resolution as one of the very few exceptions to the normal continuing resolution framework. Another indication of the urgency with which it views this matter is the communication and proposed budget amendment which was sent to the chairman of the committee yesterday by the Office of Management and Budget. I ask unanimous consent that that material be printed as part of the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KASTEN. Mr. President, I do not believe there is a need to take much time to discuss this amendment, although I am prepared to do so in detail. However, let me make the following points with respect to this matter:

In early August of this year Israel and Egypt entered into an agreement formally establishing and governing the operations of a multinational force and observers to play the peacekeeping role originally envisioned for the United Nations in the 1979 treaty of peace. The United Nations indicated in April of this year that it would be unable to fulfill that function. As part of this August agreement, the United States has committed itself, subject to congressional action, to furnish 60 percent of the startup costs for this organization, and beginning in fiscal year 1983 one-third of the operation costs.

Under the peace treaty, this force in the Sinai must be in place by March 20, 1982, with the final Israeli withdrawal taking place on April 25, 1982.

In trying to meet these dates, the multinational peacekeeping forces are already well behind schedule due to delays in funding.

Egypt and Israel have each provided $20 million.

The administration has reprogramed $10 million of fiscal year 1981 funds, which, together with the funds provided by Egypt and Israel will be exhausted by mid-October.

If we do not include this matter in the current legislation, the procurement of necessary items for peacekeeping operations and for the protection and safety of peacekeeping personnel will have to be deferred.

If funds are not available by mid-October, according to the administration, the peacekeeping forces will be forced to tell the contractors now working to stop work.

Mr. President, the points I have just made are practical problems which would arise without this amendment. In addition, more importantly, there are a number of significant political and foreign policy considerations which, I believe, strongly weigh in favor of including this special provision. Again, while I am prepared to discuss those in detail, let me just say that the Israeli Government is fully committed to withdrawal from the Sinai by April 25, 1982, as called for in the treaty, and I do not believe we want to forgo an action which might cause that government problems in fulfilling this commitment. As well, President Sadat has staked his personal and political reputation on full recovery of the Sinai, and obviously any delay, perhaps caused by our inability to fund these peacekeeping operations, could seriously damage him.

Mr. President, at the urging of the chairman of the committee, my subcommittee and the Department of State searched for other ways to do this, but the only possible avenue, reprograming, falls far short of requirements due to a provision in the law which does not allow transfer of more than $10 million into this activity. Much of this money which would be provided by this amendment would be used in the first month.

EXHIBIT 1

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., September 23, 1981.

Hon. MARK O. HATFIELD,
Chairman, Senate Appropriations Committee, U.S. Senate, Washington, D.C.

DEAR MARK: The President believes that the Multinational Force and Observers (MFO) for the Sinai is an extremely important project which must go forward in October. Consequently, I hereby request special treatment for this program in the first Continuing Resolution for fiscal year 1982. Attached for your information is the budget amendment for this project which the President intends to transmit to the Congress soon.

Sincerely,

DAVID A. STOCKMAN.

FUNDS APPROPRIATED TO THE PRESIDENT

1982 budget appendix page	Heading	1982 budget request	1982 amendment pending	1982 proposed amendment	1982 revised request
	INTERNATIONAL SECURITY ASSISTANCE				
I-D6	Foreign military sales credit (In the appropriations language under the above heading delete "2,572,600,000" and insert in lieu thereof *3,063,500,000*.)	$850,000,000	$631,800,000	−$490,900,000	$990,900,000
I-D8	Peacekeeping operations	19,000,000		125,000,000	144,000,000

This proposal provides funds to pay the 1982 cost to the United States of the Multinational Force and Observers in the Sinai. This force must be in place before the final stage of the Israeli withdrawal can take place next April as envisioned in the Camp David agreement. This proposal would not increase total 1982 outlays as it is offset by a reduction in the proposed direct loan program for foreign military sales.

Mr. KASTEN. Mr. President, I urge my colleagues to adopt this amendment and I now yield to the distinguished chairman of the full committee, the senior Senator from Oregon.

Mr. HATFIELD. Mr. President, I thank the Senator from Wisconsin for yielding and for raising this issue.

The Senator has very succinctly stated the problem that we face at this time.

We do have a letter which constitutes a budget request which we did not have when this matter first was brought to our attention yesterday afternoon.

I do not think there is any question that this is one of those emergency situations that, as unhappy as it may make us to have to legislate on an appropriation measure, we are on a continuing resolution which is up against a deadline; therefore, I think we have really little choice but to follow the lead of the chairman of the Subcommittee on Foreign Operations.

Therefore, I accept the amendment on that basis.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

This matter has been discussed with the full committee and that was the understanding of the full committee expressed yesterday.

So, I am ready to accept the amendment of the Senator from Wisconsin. I thank him for his leadership.

Mr. KASTEN. I thank the chairman of our Appropriations Committee. I wish to point out to the Senate that I have discussed this amendment with the Senator from Hawaii, the ranking minority member of the Foreign Operations Subcommittee of the Appropriations Committee. I have also consulted with both the majority and the minority on the Foreign Relations Committee. They all understand the urgency of this particular amendment, and we have unanimous support among that group of Senators.

Mr. President, I move the adoption of this amendment.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment (UP No. 423) was agreed to.

The **PRESIDING OFFICER.** The Senator from Florida is recognized.

Mr. CHILES. Mr. President, I yield to the distinguished Senator from Maryland.

UP AMENDMENT NO. 424

Mr. MATHIAS. Mr. President, I have two very short noncontroversial amendments at the desk. I believe they have been cleared on all sides. With the indulgence of the Senator from Florida, I wish to call them up at this time. They are already at the desk.

The **PRESIDING OFFICER.** Does the Senator from Maryland wish the amendments to be considered en bloc?

Mr. MATHIAS. Mr. President, I send these two amendments to the desk and ask unanimous consent that they be considered en bloc and ask for their immediate consideration.

The **PRESIDING OFFICER.** Without objection, the amendments of the Senator from Maryland will be considered en bloc.

The amendments will be stated.

The bill clerk read as follows:

The Senator from Maryland (Mr. MATHIAS) for himself and Mr. FORD proposes en bloc unprinted amendment No. 424.

Mr. MATHIAS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 18, line 23, insert the following:

Before the colon add the phrase: "with the prior consent of the committee on Rules and Administration."

On page 21, line 6, insert the following:

Strike the period after "chairman" and add the language: "and by the committee on Rules and Administration."

Mr. MATHIAS. Mr. President, both these amendments refer to sections in the continuing resolution, and they merely require that the appropriations provided in those sections will only be made with the prior consent of the Committee on Rules and Administration. That is the only purpose of the amendment.

Mr. CHILES. Mr. President, does the Senator know whether they have been cleared on this side of the aisle?

Mr. MATHIAS. Yes; they have been cleared. They have been cleared, I was told, by the minority leader and by the Senator from Kentucky, who is in the Chamber, the ranking minority member of the Rules Committee. I believe he has approved these amendments.

Is that true?

Mr. FORD. The statement of the Senator from Maryland is correct.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment en bloc of the Senator from Maryland.

The amendment en bloc (UP No. 424) was agreed to.

Mr. MATHIAS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. FORD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 425

(Purpose: To prohibit the use of funds by the Comptroller of the Currency in connection with interstate operation of trust companies by national banks)

Mr. CHILES. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Florida (Mr. CHILES), for himself, Mrs. HAWKINS, and Mr. BENTSEN, proposes an unprinted amendment numbered 425.

Mr. CHILES. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following:

None of the funds available to the comptroller of the Currency may be used to review, process, or approve an application the effect of the approval of which would be to permit a national banking association to open, branch, or acquire trust companies on an interstate basis: *Provided*, That subsection (c) of section 712 of Public Law 96–221 is amended by striking out "October 1, 1981" and inserting in lieu thereof "October 1, 1983": *And provided further*, That this paragraph shall cease to be effective upon the enactment, after the date of enactment of this Act, of legislation relating to interstate acquisition, ownership, or operation of trust companies by national banking associations.

Mr. CHILES. Mr. President, the amendment that I am proposing is a very straightforward amendment. It simply extends for 2 years an existing moratorium against interstate branching or acquisition of trust companies by national bank associations. The current prohibitions contained in section 712 of Public Law 96–221 are scheduled to expire on October 1 of this year, and on behalf of myself, Senator HAWKINS, and also as a cosponsor, Senator BENTSEN, I wish to propose this amendment.

Interstate trust company expansion or acquisition is certainly not a new issue. In fact, the Senate has already taken a strong stand on it. In 1979, when we considered the Depository Institutions Deregulation Act, we overwhelmingly approved an amendment that prohibited bank holding companies from branching or acquiring trust companies across State lines. When the bill went to conference, an 18-month moratorium was agreed to since the House version of the bill contained no similar provision.

The reason for the initial prohibition was a move by the Comptroller of the Currency to allow interstate trust branching without congressional approval. When Congress passed the Financial Institutions Reform Act (FIRA) in 1978 it included section 1504 to affirm the Comptroller's authority to issue national bank charters limited to trust powers within a State. There was nothing in this amendment, however, intended to allow the Comptroller to approve these charters across State lines. This can be clearly seen in an August 14, 1979, letter from the then chairman of the Senate Banking Committee, Senator PROXMIRE, along with his counterpart in the House, Congressman REUSS, to the Comptroller expressing their concern and indicating in no uncertain terms that they know of no intention by either the Senate or House Banking Committees to provide the Comptroller with the authority to charter trust operations on an interstate basis.

Even though this letter spells out the intent of Congress in this matter, some banks filed applications to establish interstate trust operations and the Comptroller ruled that since trust companies did not take deposits or make loans, they were not banks as defined by the Douglas amendment to the Bank Holding Company Act of 1955. Congress reacted to the Comptroller's ruling by including limited trust charters in the definition of a bank under the Douglas amendment and approved the moritorium against interstate trust branching or acquisitions. I think it is important to remember that the Senate overwhelmingly voted for an outright prohibition and the 18-month moritorium was a creature of the conference committee on the bill.

In my view, the moritorium makes good sense and needs to be extended. It keeps in place a competitive balance in the industry pending a review of the many other issues involved in the interstate banking and merger question. For years we have viewed competition as a positive element of our dual banking system and I am very concerned that we may allow the moritorium to lapse before

Congress has had the opportunity to consider the impact of interstate trust operations on Florida and many other non-money center States. Since the Comptroller has pending before him many applications to establish such operations once the moritorium ends, I think it is important to look at what local bankers would have to contend with, at least in Florida.

The banking and trust assets of just a few of the large bank holding companies tower above those of Florida's institutions. First, the total banking assets of the money-center banks attempting to do business in my State amount to a little over $37 billion. Second, the trust assets of the money-center operations have the potential to be equally overpowering in any other State. Also keep in mind that if the big bank holding companies are allowed to go and do business as they please, they will certainly have a large competitive advantage over smaller, local banks and could very well capture much of the local trust business.

This means that money that would ordinarily stay in a locality or State would end up going to the home office of one of these big money-center banking operations. In an economic era when the big seem to get bigger and the small seem to get smaller, this would strike just one more blow against a free enterprise system which is heavily dependent upon local lending institutions making adequate credit and money available to small farms, small business, and young people just getting started in life.

I do not think there is any doubt that interstate trust branching or acquisition concerns are part of the larger interstate banking and merger question. As many of you know, a congressionally mandated review of this issue was only released earlier this year but because of the many changes that have taken place, the Senate Banking Committee has not had the opportunity or time to carefully review this report or the interstate banking issue generally. I understand that the distinguished chairman of the Senate Banking Committee, Senator GARN, is presently putting the finishing touches on a legislative package that will address many of the issues involved in interstate banking and I would imagine that it may be difficult to overlook the trust question during committee consideration of this bill.

Since we are getting close to revising some aspects of the interstate banking issue, I think it would be unwise to allow the present moratorium to lapse on October 1 and in effect settle a major interstate banking question on an ad-hoc basis without the benefit of congressional review or action. I would hope my colleagues agree with me on this point and support my amendment to extend the moratorium in order to give the Congress ample time to carefully review this important question. It may well be that we act to approve some sort of interstate banking, say on a regional basis. OK. But we have got a lot at stake here and we should remember that what we are considering is a major overhaul of our banking system that has served this country very well over the years and has given us the most competitive banking structure in the world.

In my mind this may be one of the most important issues we deal with this year and I would hate to see an important element of this issue resolved without Congress having a say in it. Consequently, I urge my colleagues to support this amendment, which would extend the current moratorium against interstate trust branching or acquisition for a period of 2 years.

I would say to the distinguished chairman of the Banking Committee, who is now on the floor, that we also provide in the amendment that this paragraph, which is the extension paragraph, that it shall cease to be effective upon the enactment, after the date of enactment, of this act or of legislation relating to interstate acquisition, ownership or operation of trust companies by national banking associations.

So, Mr. President, although we are making a 2-year extension or moving that in this bill, we have the further proviso that should Congress enact legislation in this field that that would terminate the extension, and I feel that certainly would give the Banking Committee the leeway that they need, and I wish them well in their taking up of the whole question in regard to reform of the banking institutions.

Mr. GARN addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, I must rise in opposition to this extension of the moratorium. The Secretary of the Treasury, Federal Reserve Board, and the Comptroller of the Currency oppose the extension of the moratorium.

The operation of a trust company is a nonbank activity, and there are no other restrictions on interstate activities of nonbanking activities of bank holding companies, except this one.

Savings and loan holding companies and investment banking firms are able to operate trust activities on an interstate basis, and it seems unfair to me to deny equal freedom to banks.

No hearings were held before the moratorium was imposed in 1980. This spring, in April and May, the Banking Committee held 7 days of hearings on the financial services industry. The transcript of those hearing, some 2,000 pages of text, detail the revolution that is occurring in the financial services industry. Those hearings clearly show the wisdom of letting the moratorium expire on October 1.

Those hearings have just been printed, and they are probably the most detailed hearings that have ever come out of the Banking Committee. As I say, there are 2,000 pages of them.

Within 2 weeks we will be starting more hearings on specific legislation to deal with the problems of the many banking and savings and loan institutions whose problems have been brought forcefully to the forefront by the high interest rates, and I expect, before this year is over, for not only the Banking Committee but for the Senate to pass an omnibus banking bill that will deal with many of these problems.

So I cannot in good conscience consider a 2-year extension of this particular moratorium which, I think, is highly discriminatory, primarily aimed at one State.

Section 712 of the Depository Institutions Deregulation and Monetary Control Act of 1980, Public Law 96–221, created an 18-month moratorium on the further establishment or acquisition of trust companies by a bank holding company in any State other than the State in which the holding company has its principal office. The moratorium is scheduled to expire on October 1 of this year. The moratorium does not represent sound public policy, and its extension should be rejected.

MORATORIUM IS CONTRARY TO LONG-ESTABLISHED FEDERAL FINANCIAL REGULATORY POLICY

Neither the Congress nor the Federal financial regulatory agencies has ever recommended or seriously considered the imposition of geographic constraints on the operation of nonbank, financial subsidiaries of bank holding companies. The imposition of geographic constraints has always been directed solely at the banking subsidiaries of these companies. The Bank Holding Company Act of 1956 defines a bank as:

> . . . Any institution . . . which (1) accepts deposits that the depositor has a legal right to withdraw on demand, and (2) engages in the business of making commercial loans. . . .

Under clearly defined regulatory policy of the Federal Reserve Board, bank holding company trust subsidiaries are expressly prohibited from taking deposits and making commercial loans—their operations are limited to the provision of traditional trust and fiduciary services. Institutions chartered by the U.S. Comptroller of the Currency under a limited charter for trust companies are similarly restricted in their activities.

Accordingly, under well-established Federal regulatory policy, trust company subsidiaries of bank holding companies are true nonbank enterprises. Not only has Federal regulatory policy consistently avoided the establishment of geographic constraints on the nonbank functions of bank holding companies, it has in fact been the policy of the Federal Reserve Board in the case of acquisitions of nonbank activities by larger bank holding companies to encourage such acquisitions to occur outside a holding company's "home market." A provision such as the moratorium contained in Public Law 96–221 thus flies directly in face of existing Federal financial regulatory policies that have been designed to stimulate and enhance competition.

MORATORIUM IS HIGHLY DISCRIMINATORY TO BANK HOLDING COMPANIES

The moratorium on interstate trust operations is applicable solely to bank holding companies. Its practical effect is to create an unjustified discriminatory barrier to bank holding companies in their competitive relationships with other diversified financial enterprises. For example, the self-same act which created this moratorium on interstate trust operations of bank holding companies expressly authorized federally-chartered savings and loan associations to offer trust services. Having no statutory geographic constraints on their operations, savings and loan holding companies will enjoy a clear competitive advantage over bank holding companies so long as the moratorium remains in effect.

Likewise, there is growing evidence that investment banking firms will be moving into corporate trust operations, and these companies do not have any geographic constraints on their marketing activities. One major New York-based investment banking firm has recently acquired a trust company in Massachusetts, and another New York-based securities firm is operating a trust company in New York City under a charter from the U.S. Comptroller of the Currency and several trust companies in Florida under State charter. Because of these developments, the application of the moratorium to bank holding companies is patently discriminatory.

MORATORIUM IS ANTICOMPETITIVE IN ITS EFFECT

The practical effect is to limit the optimal competitive conditions for the provision of trust and fiduciary services. It serves to protect less efficient trust companies from the natural competition that will otherwise occur from market extension by aggressive and efficient trust operations. Protection against undue competition or monopolistic behavior is already amply provided in the Federal antitrust laws and through the provisions of the Bank Holding Company Act administered by the Federal Reserve Board.

The moratorium's blanket prohibition on interstate trust operations even prohibits the establishment of a de novo trust company by a bank holding company outside the boundaries of its home State. Market extension through establishment of new facilities is pro-competitive in nearly every conceivable market circumstance.

MORATORIUM WAS ENACTED WITHOUT ADEQUATE CONGRESSIONAL CONSIDERATION

The fact that the Congress approved in 1980 a moratorium which in its practical operations is both discriminatory and anticompetitive, can best be explained on the basis of grossly inadequate legislative review.

In the initiating body, the U.S. Senate, no committee hearings were held with respect to moratorium provisions. In the House of Representatives, a limited amount of testimony was received in the course of a hearing which dealt with an array of proposals affecting bank holding companies.

The moratorium has been consistently opposed by the Federal Reserve Board, which has the principal authority for regulating bank holding companies, and by the Comptroller of the Currency, which has the authority to issue national trust company charters. The Congress should not consider the extension of this moratorium, in any form, unless that consideration is preceded by full and adequate public hearings in the appropriate committees of the Senate and House.

Mr. President, to repeat, as chairman of the Banking Committee, I cannot favor this amendment for a 2-year extension period. I must oppose it. I do not feel that it is good public policy. It sets up some arbitrary barriers to competition that only apply to this one very narrow segment of the financial services industry.

As I have pointed out, it is contrary to the regulatory policy and specific provisions in H.R. 4986 of last year that gave this authority to savings and loans.

I regret that I have to oppose my distinguished colleagues from Florida, both of them, but I urge the Senate to defeat this amendment.

Mr. CHILES addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. CHILES. Mr. President, I think certain things should be made clear. One is that we have never allowed branching across interstate lines of trust companies. That has been the law since we set up the banking laws that we have allowed. We prohibit that from happening.

We have also not allowed in the banking community, as opposed to Federal savings and loans, which are different institutions, we have not allowed interstate branching of the regular banking facilities, of the mortgage facilities, and also of the trust facilities.

Congress never intended to do that. There was an act passed in 1979 in which the Comptroller of the Currency, because of a definition that was put in for trust companies, seized on that and said: "Aha, we could now have some branching across State lines." When he did that, the then chairmen of the Banking Committees in both the House and the Senate wrote him and said: "You're off base. You should not do this. This is not a provision of the 1979 amendment. There was no intent to do this."

But the Comptroller persisted. And when he did, this body overwhelmingly, by a vote of 60 to something, said: "We do not intend to have branching, interstate branching of trust companies. We do not intend to allow the money center banks in about three States in this country to come into the rest of our States and suck the money out of the trust and take it all up to those money center banks."

This does apply to Florida. Certainly, we have 17 applications for interstate banking or trust companies in Palm Beach County in my State. Is that not remarkable that they would be in Palm Beach County, where there are some big estates and some big trusts, that they want to come down there and suck that money out?

But they are going to do that in all of the rest of the States. So the Senators better be alert that what they are talking about here now is whether they are going to have their States have New York and the money center banks coming down and opening up a trust operation, which is a giant vacuum cleaner.

It is going to be down there and sucking the money out and sucking it back up into the money centers, because that is exactly what this means. It is something that Congress has never allowed. Only the House, and that is where that moratorium language came from, because the Senate had an outright prohibition. That is what the Senate voted. That has always been the law of the land. But the House set the moratorium on and, of course, it was felt at that time that within 18 months there could be comprehensive legislation with regard to this whole subject. That just did not happen. We have not had a chance to do that.

What this amendment says is that until that happens or until 2 years passes, we will continue the existing law which has been the law of the land since we first started setting up our banking laws; that we are not going to allow interstate banking or trust companies or interstate trusting branches or trust companies.

I yield to my distinguished coleague from Florida, if she has any remarks to make at this time.

Mrs. HAWKINS addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mrs. HAWKINS. Mr. President, this moratorium passed in 1980 was a return to prior law. Prior to 1978, I understand there was little interstate operation of trust entities by either banks or bank holding companies because it was made illegal by the McFadden Act and the Douglas amendment. In 1978, in an amendment to the Financial Institutions Regulatory Act, the Office of the Comptroller of the Currency was authorized to issue a national bank charter which was limited only to trust powers. It is important to note that it was not the intent or purpose of the amendment to authorize national banks to open offices across State lines. Interstate trust operations were legal for 2 years until 1980 when the Federal trust moratorium was enacted. There must not be another change in this banking law until Congress has given it full consideration.

Local State banks can best serve the interests of local residents. As my colleague from Florida has said, we know the banks in Florida provide extraordinary service to Floridians. If the moratorium is not extended, the OCC has announced that it will approve the issuance of limited bank charters regardless of the place of business of the parent holding company.

This amendment will extend the moratorium by prohibiting the use of funds by the Comptroller of the Currency in connection with interstate operation of trust companies by national banks for the 2 years that we have talked about, which seems adequate. It seems like everything here has to move by crisis and it is a crisis in that it expires October 1.

We feel that this is an adequate period of time to enable Congress to review the national banking system. I know they have had hearings, extensive hearings, but the banks in our State would like some time to examine the results of those hearings and have sufficient time to find out the advantages and disadvantages of interstate trust operations.

We would like to have further hearings, then we could make an informed decision on this issue. We must not decide this issue by simply allowing the moratorium to expire. I speak in support of the amendment.

I yield the floor.

Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I rise in opposition to the extension of the moratorium. I would say that this is not a case of big money center banks, as has been suggested. There is a bank in my State that is 130th in size in the Nation. It is hardly a national money center bank. It is a modest-size bank. As we all know, the difference between a bank that is 130th in size and, say, a bank that is 50th in size is very, very substantial.

Interstate bank holding companies, of course, are nothing new. To the contrary, for obviously procompetitive reasons, the Fed has encouraged holding companies making acquisitions, to do so out of their natural market area.

It seems to me this is a very simple case. What we are trying to do here is to permit those banks that have had long customer relationships to be able to continue those customer relationships.

I might say that many other kinds of financial institutions provide trust services and these are unaffected by the moratorium that is suggested here today. American Express, for example, has recently acquired a trust company in Massachusetts; Bessemer Securities, a New York securities firm, is operating several trust companies in Florida; and even Sears, which has recently stated its intent to become a one-stop financial service institution, could, if it chose to, operate a trust company notwithstanding this amendment.

So, Mr. President, I do want to stress that this is a case of big fellows. If we want some legislation solely against big fellows, let us so design it. But this legislation hurts a lot of little fellows, while leaving many large financial institutions unaffected.

I was looking over a list of those banks which have applications pending. I see Lincoln First Banks of Rochester which hardly fits the description of a big money center bank. Among those already conducting interstate trust activities, I see Central Bankshares of the South, which is an Alabama institution. I see Northwest Bancorporation and First Bank System, both of Minnesota. None of these are big money center banks either. In my own State we have hospital trust, which is as I mentioned 130th in size.

Hospital trust has developed longstanding relationship with its customers, many of whom have retired to other parts of the country. They desire to continue to service those customers. Indeed, the customers want them to continue that service.

I think we have to look at it both ways, if it is beneficial to the people and do the people want to continue that relationship.

Mr. President, I am opposed to the amendment. I notice that the Treasury Department is also opposed and so wrote the Banking Committee during the 1981 oversight hearings on this matter.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I rise in opposition to continuing the moratorium on interstate acquisition of trust companies by bank holding companies. The administration in a letter dated September 16, 1981, has gone on record against extending the moratorium. Let me also quote from testimony given to the Senate Banking Committee:

We, meaning the administration, do not favor continuation of the moratorium. The administration believes the Government should not restrict free market activities unless there is an overriding policy reason for doing so. In this instance we find none. We would like to join with Congress in an early review of the appropriate interstate activities of all depository institutions.

The Banking Committee will review financial institutions and will look into this issue. I urge my colleagues to let the Banking Committee study this issue and make a recommendation to this body.

Let me suggest that it is totally inappropriate to move for this kind of relief at this point in time. There was ample opportunity to do so before the Banking Committee. To tack this legislation on at this time perpetuates something which is an inequity under the guise that the big, bad banks from the Northeast are going to come in and acquire or take over or knock out some of the little guys. That kind of speechmaking rhetoric has persisted for far too long. It is doing great damage to the economy of our Nation and to the free flow of capital. We are not going to restrict it. Money market funds are here. We have more institutions doing banking business which are not legitimate banks. We should do something to correct that situation.

But, Mr. President, we do not do it by continuing the moratorium. So I am opposed to the amendment.

I deeply respect my colleague from Florida and his problems vis-a-vis the parochial interests. Again I will say if I were there, I might look for the same kind of an amendment, but I am not. I have to look at the bigger picture.

We must determine what foreign banks in this country will be permitted to do, and then compare that with what we allow our own banks to do in this Nation. We unduly restrict the economy of this Nation.

So. Mr. President, I rise in strong opposition to this proposal.

Mr. CHILES. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATFIELD. Mr. President, I would not dare suggest that there is virtual consistency here in the Senate on matters of procedure, but I think this is clearly a matter of legislation on an appropriation measure. Therefore, to get a clarification of whether this is just a single person's opinion or not, I would ask the Chair to rule on a point of order as to whether or not this constitutes legislation on an appropriation measure.

The PRESIDING OFFICER. Does the Senator from Florida wish to be heard on the point of order?

Mr. CHILES. I will await the ruling of the Chair.

The PRESIDING OFFICER. The amendment attempts to amend section 712 of Public Law 96-221, and it is certainly legislation on an appropriation bill. Therefore, the point of order is sustained.

Mr. CHILES. Mr. President, I appeal the ruling of the Chair and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second. The yeas and nays are ordered.

The question is, Shall the decision of the Chair stand as the judgment of the Senate? The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maine (Mr. COHEN), the Senator from Pennsylvania (Mr. HEINZ), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Ohio (Mr. GLENN), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 60, nays 32, as follows:

[Rollcall Vote No. 283 Leg.]

YEAS—60

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Bradley
Burdick
Chafee
Cochran
Cranston
D'Amato
Danforth
DeConcini
Dixon
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hart
Hatch
Hatfield
Hayakawa
Helms
Jepsen
Kassebaum
Kasten
Kennedy
Laxalt
Levin
Long
Lugar
Mathias
Mattingly
McClure
Melcher
Moynihan
Murkowski
Nickles
Packwood
Pell
Percy
Pressler
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Weicker

NAYS—32

Baucus
Bentsen
Biden
Boren
Bumpers
Byrd, Robert C.
Cannon
Chiles
Denton
Dodd
Eagleton
Exon
Ford
Hawkins
Heflin
Hollings
Huddleston
Inouye
Jackson
Johnston
Leahy
Metzenbaum
Mitchell
Nunn
Proxmire
Pryor
Randolph
Sarbanes
Sasser
Stennis
Williams
Zorinsky

NOT VOTING—8

Byrd,
Harry F., Jr.
Cohen
Glenn
Heinz
Humphrey
Matsunaga
Riegle
Warner

So, the ruling of the Chair was sustained as the judgment of the Senate.

UP AMENDMENT NO. 426

(Purpose: To provide such amounts as may be authorized and requested for EPA Wastewater Construction Grants not exceeding $2,400,000,000 for fiscal year 1982)

Mr. GARN. Mr. President, I have an unprinted amendment at the desk, and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Utah (Mr. Garn) proposes an unprinted amendment numbered 426.

Mr. GARN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place add a new section as follows:

Sec. . Notwithstanding any other provision of this joint resolution, $2,400,000,000 shall be provided for necessary expenses to carry out Title II of the Federal Water Pollution Control Act, as amended: *Provided*, That the budget authority shall not be considered to be appropriated nor may funds be expended, until the authorizing legislation, including necessary reforms in the program as requested by the President are enacted, and a fiscal year 1982 budget request is received: *Provided further*, That the amount obligated under this section shall not exceed the amount contained in a fiscal year 1982 budget request.

Mr. HATFIELD. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. Gorton). The Senate will be in order. Senators will please clear the well.

Mr. GARN. Mr. President, I have sent an amendment to the desk that addresses a time critical issue affecting all of the States. As my colleagues are well aware, the President has indicated the intent to forward $2,400,000,000 for EPA wastewater construction grants program during fiscal year 1982. At this time, there is a total unobligated balance of $2,300,000,000 nationwide for this program. Although this may seem a substantial sum of money, I call my colleagues attention to the fact that over 20 States are projected to have used over 90 percent of the available funds allocated to them by September 30 and, in fact, 4 States will be completely out of funds by the end of this month (Florida, Tennessee, South Dakota, and Utah.

The administration is awaiting the enactment of reforms before submitting their request for funding. I recognize the need to continue to press for meaningful programmatic reform, and I certainly do not intend to propose anything here today that would undercut that effort. In particular, I would like to lend my strong support to the work being done by the Senate Environment and Public Works Committee under the able leadership of the distinguished Senator from Rhode Island (Mr. Chafee) in implementing some of these reforms. I am concerned, however, that we assure project continuity by providing a funding vehicle at this time rather than waiting for the completion of the authorizing process and the submission of a request.

I have included in the amendment a reference to both the enactment of authorizing legislation and the submission of a request as a precondition for funding. Thus I am merely attempting to set in place a mechanism to assure that there will be no unnecessary hiatus in the construction grants program due to our inability to expeditiously provide the required funding.

I would remind the Members of this Chamber that we are not talking about just one or two isolated instances but literally 11,400 wastewater construction programs in some stage of funding. The cost of stopping these projects dead in their tracks and then restarting them at a later time is incalculable (conservatively estimated at $25,000,000 a month).

Currently, there are 21 localities under Federal court order to implement wastewater treatment improvements in order to conform to Federal standards. In addition, there are approximately 50 to 70 other communities under State court order. All of these communities will be seriously impacted by any delay in the wastewater construction grants program.

This amendment has three qualifications in it. The first one is that these funds could not be expended until an authorization bill was passed.

Second, that the President has sent up a budget request for these funds. And third, the reforms he asked for in the construction grants program have been approved.

This amendment is necessary so that States, more than 20 of them, are not cut off from receiving funds after September 30. However, I assure my colleagues that the funds will not be expended until all the conditions I cited above take place.

It is my understanding that the amendment has been agreed to by both the minority and the majority.

Mr. President, I ask unanimous consent that the name of the Senator from Rhode Island (Mr. Chafee) be added as a cosponsor of the amendment.

Mr. CHAFEE. Mr. President, I am pleased today to join my colleague Mr. Garn in proposing this amendment. As the Senator has stated, the Public Works Subcommittee on Environment Pollution has been working diligently to be responsive to the President's charge to reform the construction grants program to reduce the future Federal exposure.

Earlier this year during the reconciliation process, the authorization for 1982 was zeroed out. Subsequent to that, the President sent to Congress a package of reforms which he asked to be considered before he would request funding in 1982. I am pleased to say that under the able leadership of Senator Stafford, yesterday, the Environment and Public Works Committee reported out legislation that satisfies the President's request.

It is not the intention of our subcommittee to stop projects or to delay completion of needed facilities. On the contrary, we want this program to move forward smoothly and to function properly. This amendment will help us achieve that goal. Once a bill is passed by the Congress and sent to the President, necessary funding will come forth.

I want to make it clear to everyone that this amendment will not diminish our reform efforts. Very clearly the amendment protects the right of Congress to continue working expeditiously on those reforms. If nothing else, this amendment will keep the pressure on the Congress to respond to the President's mandate.

I also assure my colleagues that the amendment will not be operable until the President actually puts his signature on reforms. Until that time, the cost of this amendment is zero.

I urge my colleagues to support this amendment just as in a few weeks I will be urging them to support reforms. This amendment is necessary to insure that upon enactment of those reforms, funds will be made available to keep our efforts to clean up the Nation's waters moving forward.

Mr. HATFIELD. Mr. President, I point out that, like so many things we do on a continuing resolution, we are pressed up against a time factor that always creates a lot of bad procedure.

I point out that this is one of those situations that may be very necessary, and I am willing to accept the amendment. However, I am constrained again to make a record here that this action is contingent action—appropriating without a budget request and without authorization.

Both of those will be prospective actions before this amendment will take effect. Thereby, we do have that protection, but I do feel that it is unfortunate we find ourselves in that circumstance because I do not think it is really the best way to legislate or to appropriate either.

But having made that observation, I am willing to accept and ready to accept the amendment.

Mr. PROXMIRE. I accept the amendment.

Mr. HATFIELD. Mr. President, the minority party has been consulted on this and has agreed to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah.

The amendment (UP No. 426) was agreed to.

Mr. GARN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HATFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Tennessee.

UP AMENDMENT NO. 427

(Purpose: to achieve budget savings by eliminating unnecessary executive travel)

Mr. SASSER. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. Sasser), for himself, Mr. DeConcini, and Mr. Mitchell, proposes an unprinted amendment numbered 427.

Mr. SASSER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill add the following section: "Notwithstanding any provision of this joint resolution, for the purposes of Section 101(a)(1) any amounts made available for travel, except by the Federal Bureau of Investigation, the Secret Service, the Customs Service, the Drug Enforcement Administration, and the Immigration and Naturalization Service shall not, in the aggregate, exceed ninety-five percent of the fiscal year 1981 rate."

Mr. SASSER. Mr. President, the purpose of my amendment is to reduce the travel budgets of nondefense agencies by 5 percent.

I emphasize that this reduction does not affect the travel budgets of the various defense agencies. This amendment will have the effect of cutting Federal spending by $79 million on an annual basis.

Frankly, travel in the executive branch has risen astronomically despite the efforts of this Congress and preceding Congresses to reduce excessive travel as part of the Government agencies.

The travel of all nondefense agencies have increased more than $400 million in the last 2 years alone.

Today the total travel budgets of executive agencies, not counting the Department of Defense, is $1.5 billion. Travel costs are increasing at a rate 33 percent faster than the Federal budget as a whole.

I point out that this amendment proposed on behalf of myself and Senator DECONCINI excepts defense travel and also excepts travel by the Federal Bureau of Investigation, the Secret Service, the Customs Service, the Drug Enforcement Administration, and the Immigration and Naturalization Service.

We propose to leave their travel untouched because we wish to make sure that there are adequate funds for proper law enforcement to be prosecuted.

Mr. President, we are committed to reducing wasteful Federal spending, and this amendment reduces spending in an area where there has been waste and there has been abuse.

We have heard a lot said in the Chamber today and on previous days about sending the right signal to the American people. We must send the right signal to the American people that we are serious about getting the house of the Federal Government in order with regard to nonessential and nonproductive and in many cases frivolous travel, that we are serious about cutting out waste in Federal spending, and, frankly, I know of no better way to send the right signal that we want to cut out waste in the Federal Government than by cutting out unnecessary Government travel.

UP AMENDMENT NO. 428

(Purpose: To continue the minimum social security benefit for current recipients)

Mr. CHILES. Mr. President, I send to the desk an amendment to the amendment of the Senator from Tennessee and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. GORTON). The amendment will be stated.

The legislative clerk read as follows:

The Senator from Florida (Mr. CHILES), for himself, Mr. RIEGLE, Mr. ROBERT C. BYRD, Mr. RANDOLPH, Mr. HUDDLESTON, Mr. CANNON, Mr. BRADLEY, Mr. EXON, Mr. BURDICK, and Mr. HEFLIN, proposes an unprinted amendment numbered 428.

Mr. CHILES. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

MINIMUM SOCIAL SECURITY BENEFIT

SEC. . (a) Section 2201(h)(1) of the Omnibus Budget Reconciliation Act of 1981 is amended by striking out "with respect to" and all that follows, and inserting in lieu thereof the following: "only with respect to benefits payable for months after October 1981, and only in the case of individuals who initially become eligible for benefits under title II of the Social Security Act after October 1981.".

(b) Section 1622 of the Social Security Act is repealed.

Mr. CHILES. Mr. President, this amendment will restore the social security minimum benefit for all current beneficiaries.

I think that it will return peace of mind to 3 million social security beneficiaries, most of them very old—most are over age 70, and 25 percent are over age 80, and most of them women (75 percent are women)—who have been worried about what was going to happen to them ever since this Congress repealed the minimum benefit just a short time ago.

My position has always been that the minimum benefit can and should be phased out, and that we can safely eliminate it for all future beneficiaries. But I have argued many times before, and I will again, that: it is not fair to eliminate a social security benefit for any current recipient in such a drastic way; and it is cruel to eliminate the benefit for the 1 million or more of these beneficiaries who have very little or no income other than the minimum benefit.

There are at least that many now receiving the minimum benefit who are at or below the poverty line. This is the group I am most concerned about. We cannot even identify fully who these people are, but we know they are very old, most are women, and they are living in poverty.

The Congressional Budget Office recently estimated that 1.3 million current recipients of the minimum benefit will suffer a loss of income because of the repeal we recently enacted into law.

Some, apparently, have incomes from other sources, such as annuities or private pensions. The CBO estimates that about 360 thousand of the 1.3 million are in this category.

But we do not know how large these other sources of income are. Most of them may be very small amounts. As a matter of fact, as the CBO Director pointed out in recent testimony to the Ways and Means Committee: "Since most State and local government pensions are not indexed to keep pace with inflation, older retirees are more likely to have small annuities."

So here we have many of the so-called windfallers—the double dippers—who are now receiving the minimum benefit. They are also very old, mostly women, and probably have very small annuities.

Another one-half million people who will suffer a loss of income, according to the Congressional Budget Office, already have incomes low enough to qualify for SSI; but, for whatever reason, they do not now participate in the SSI program.

The argument for repealing the minimum benefit for these people was that the loss of income would make no difference to them, because the difference would be made up through the SSI program. But how can we assume this to be the case, if they could be receiving SSI benefits now and have chosen not to? We will never be assured that these people—however many there are—will be taken care of. They would not go on "welfare" before. Now we are telling them they have to in order to survive.

And we really do not know what the income situation is for the other 500,000 minimum benefit recipients who may have some other source of income just high enough to disqualify them for SSI. How many of these people also have incomes very close to the poverty level? How many have virtually no other income at all, but have some possessions which would disqualify them?

I will ask the question again.

Do we really want to eliminate a very minimal social security benefit for 3 million people—when we do not even know for sure what the effect will be?

There have been other approaches to this problem proposed. Some would argue that the minimum benefit should be restored just for those who are at the poverty level.

That sounds fair—and if we could know for sure just who those people are—if we could accurately identify them—I might agree that this is what we should do.

But we cannot do that. We do not know.

Any half-way measure to restore the minimum benefit for just a single subgroup of current recipients would also be an administrative nightmare.

The administration has already told us that. During Committee on Aging hearings earlier this year, the Undersecretary of the Department of Health and Human Services testified that it would take "upwards of 9,000 manyears" to just identify the so-called "windfallers" who were receiving the minimum benefit. This argument was used to justify the administration's proposal to eliminate the minimum benefit altogether—for all current as well as future recipients.

To separate them out, according to the Undersecretary, would be "much more administratively complex" than just eliminating the benefit for everyone—and "would take upwards of 9,000 manyears to accomplish."

The Finance Committee agreed today that some restoration was necessary. Everyone now agrees that what the Congress did before was a mistake.

The only argument left for doing it

any other way than what this amendment calls for is to say "We can't afford to restore the benefit for all current recipients because we can't afford the cost."

But if you accept the administration's own estimate of the administrative complexity involved in a half-way restoration measure—it would cost more to restore it for some recipients than to restore it for all current recipients.

Even if we leave the repeal the way it is in current law—eliminating the benefit for all current and future beneficiaries—it is not going to save much money.

The Congressional Budget Office estimated less than $1 billion would be saved by the current law in fiscal year 1983. That is because there would be additional Federal SSI and medicaid costs of anywhere between $400 million and $750 million. These "offsetting" costs do not even include increased State SSI and Medicaid payments which would have to be paid because of the loss of the minimum benefit. Nor does this estimate include the increased administrative costs just to implement the new law. We could actually find ourselves with no difference at all.

As a matter of fact, the House Committee on Aging recently estimated that, over the 5-year period 1982 to 1986, the Federal "offsetting" costs for administrative expenses and increased Federal expenses for medicaid and SSI would actually exceed the savings to the social security fund by about $2 million. That would be the case if the current law worked the way its proponents say it will—if everyone who would be eligible for SSI—and therefore for medicaid—as a result of elimination of the minimum benefit actually applied for the SSI program. And again, even these figures do not take into account increased State costs for SSI State supplements and for the State share of medicaid.

No matter how you look at it—it just does not make any sense to approach this problem in any way other than what we are proposing in this amendment.

Mr. HATFIELD addressed the Chair.

Mr. CHILES. I have not yielded the floor.

The PRESIDING OFFICER. The Senator had not yielded the floor.

Mr. HATFIELD. I do not want to intrude.

Mr. CHILES. I now yield the floor.

UP AMENDMENT NO. 427

Mr. HATFIELD. Mr. President. I want to comment, first of all. on the amendment offered by the distinguished Senator from Tennessee (Mr. SASSER). Mr. SASSER is a member of the Appropriations Committee and has been giving very diligent leadership to the proposition which has been incorporated in this amendment, namely, of setting a general reduction and tightening up the travel allowances being administered by the various and sundry agencies. I think this is, of course, in line with his traditional view and his traditional efforts on this committee.

Mr. President, I would like to point out that administratively the travel allowances have been reviewed, and there has been a general trend downward. The Appropriations Committee itself has been in a context where we can more effectively deal with these travel problems agency by agency rather than this kind of an across-the-board proposal that is contained in this amendment. I think that procedure really bears more results and is a more responsible way to attack this problem than to take this approach at this time.

I have encouraged Senator SASSER as chairman of the committee, and I continue to encourage his leadership along this line. But I do feel it would be much more appropriate to handle this through the process that has brought about this reduction trend and will certainly continue to support Senator SASSER's effort within the context of the Appropriations Committee.

Mr. SCHMITT. Mr. President, will the Senator yield in that regard?

Mr. HATFIELD. Yes, I yield.

Mr. SCHMITT. First of all, I would like to support the distinguished chairman's statement about the specific travel expenses stimulated not in small part by the Senator from Tennessee. Certainly in the Labor, Health and Human Services appropriation bill, and in all the subcommittees I sit on, there has been a very fine surgical effort to cut travel in the specific accounts where it is clear that such cuts are appropriate.

In the case of the Labor, Health, Human Services, and Education bill the recommendation the subcommittee has made to the full committee does cut travel in all the departmental management accounts covered by the bill, and also specifically cuts travel in Labor-Management Services Administration, Employment Standards, in OSHA and MESA, so I think we are doing that, and I again commend the Senator for his efforts to make sure that we do it.

But the across-the-board cut does make it very difficult to handle, and the process can, I think, be more appropriately done and more extensively done within the budgets themselves.

UP AMENDMENT NO. 428

With respect to the question of the minimum benefit, in preparation for the subcommittee markup of the Labor, Health and Human Services, and Education bill it became obvious that we need to try, we are going to have to try, to figure out, if at all possible, what the future costs to the SSI would be with the repeal of the minimum benefit.

We spent a number of hours and there was a lot of discussion with the Health and Human Services Agency, the Social Security Administration, and the Finance Committee and others trying to figure out just what that cost will be and, frankly, Mr. President, we could not figure that out. So it was decided to recommend to the subcommittee and, in turn the subcommittee agreed to recommend to the full committee, that we establish a moratorium on the implementation of the minimum benefit until the Finance Committee and the Ways and Means Committee of the House could come to a conclusion, a final conclusion, on the best way to handle this issue of the minimum benefit.

I would strongly recommend to my colleagues that we proceed in that vein, at least to the markup at full committee level so that we can deal with this issue in a context, deliberative context, outside the situation we are faced with here today.

I think it is clear that the issue is far broader than has been presented and as is presented by this amendment. I know the distinguished Senator from Kansas and his committee are looking very carefully at this issue and will have recommendations to the Senate and, in fact, it may not be necessary even to follow through on the moratorium suggested by our subcommittee to the full committee.

But I think the appropriate way to do it is within the committee's discussion in cooperation with the Finance Committee, and to decide just what is the best way to handle this and not do it on the floor at this time.

Mr. HATFIELD. I thank the Senator for his clarification and for his contribution.

Mr. DOLE. Mr. President, will the Senator yield to me?

Mr. HATFIELD. I yield to the distinguished Senator from Kansas.

Mr. DOLE. Mr. President, I am happy to report to everyone here that we just acted on the minimum benefit in committee. By unanimous vote of 19 to 0 we have restored about 85 or more percent of the minimum benefit. It now will affect only a very small number of people, those with pensions in excess of $300. Everybody else will receive their minimum benefit, and even those there will be a dollar-for-dollar offset. That has just happened within the last 5 minutes.

We have just walked out of room S-224. Senator LONG was there. We had a nearly full attendance, as I have indicated. In addition to that we adopted a provision for interfund borrowing and reallocation of taxes, and we also adopted two provisions to pay for the restoration of the minimum benefit.

We are prepared at the earliest opportunity—and I assume that will come very soon, knowing that that feeling is about to expire—to offer this as a committee amendment, and we believe it will redress the concerns of the distinguished Senator from Florida.

I know of his concern in this area, and I appreciate his concern. But we believe we have just resolved it in the full Finance Committee less than 5 minutes ago.

I hope, therefore, we will not now cloud the action taken. I think I am correct in saying it was unanimous, is that correct?

Mr. LONG. Yes.

Mr. DOLE. Mr. President, I ask unanimous consent that a summary of the proposal for Finance Committee consideration relating to social security be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF PROPOSAL FOR FINANCE COMMITTEE CONSIDERATION RELATING TO SOCIAL SECURITY[1]

[In billions of dollars]

	Cost or savings in calendar year—					
	1982	1983	1984	1985	1986	1982-86
Reallocation and interfund borrowing authority						
Restoration of minimum benefit to present beneficiaries, with certain limitations	+0.8	+1.1	+1.1	+1.1	+1.1	+5.3
Extend payroll tax to first 6 months of sick pay (increased receipts)	−.4	−.4	−.5	−.6	−.6	−2.5
Extend disability maximum family benefit to retirement and survivor cases	−.1	−.5	−.6	−.8	−1.0	−3.0
Net cost (+) or savings (−) in trust funds	+.3	+.2		−.3	−.5	−.2

[1] Prepared by the staff of the Committee on Finance.

PROPOSAL AS TO REALLOCATION OF SOCIAL SECURITY TAX RATES AND INTERFUND BORROWING

(1) The combined tax rates for OASDI and HI would be left the same as present law in all future years.

(2) The tax rate allocated to OASI would be increased for 1982 and after (see attached table).

(3) The tax rate allocated to DI would be reduced for 1982 and after (see attached table).

(4) The tax rate for HI would be reduced for 1982–85, would remain the same for 1986–89, and would be increased for 1990 and after (see attached table).

(5) Interfund borrowing would be allowed as between the OASI and DI Trust Funds, in amounts and times at the discretion of the Managing Trustee (the Secretary of the Treasury). The loans would be repayable with appropriate interest.

Present law.—Under present law, the largest of the three trust funds supported by the social security payroll tax is the Old-age and Survivors Insurance (OASI) fund. This fund is responsible for the basic retirement and survivors benefits program. The assets of this fund are now quite low in relation to its annual benefit obligations and action is required to assure that payments can continue through 1982. By contrast, both the Disability Insurance and Hospital Insurance funds have assets which should be adequate for a somewhat longer period. Under present law, however, the funds cannot be interchanged in such a way that a deficit in one fund could be met by a transfer from the other funds.

Proposal.—To lengthen the period over which benefits obligations of the OASI fund can be met, the allocation of the social security tax collection among the three trust funds could be changed in such a way as to place a much greater proportion of the overall tax in the OASI fund and a lesser portion in the HI and DI funds. In effect, this would result in a drawing down of the this would result in a drawing down of the HI and DI fund balances in order to strengthen the OASI fund over the next ten years. The proposal includes a further change in allocations to take effect in 1990 when the situation in the cash benefits funds becomes more favorable so as to return to the HI fund much of the amounts which are now being diverted to the OASI fund. These changes would be accomplished by a statutory change in the tax rates and allocations applicable to these funds but would involve no change in the overall social security tax rate.

In order to provide additional flexibility in meeting benefit obligations over the next ten years, the proposal would also give the Secretary of Health and Human Services authority to further modify the allocation of taxes as between the OASI and DI funds so as to enable these two funds, in effect, to borrow from each other. Such action would be necessary only if the present projections as to the relative demands on those two funds prove incorrect. This interfund borrowing authority would expire at the end of 1990 and it would involve only the two cash benefits funds.

The following table shows the proposed statutory reallocation among the funds.

POSSIBLE REALLOCATION OF SOCIAL SECURITY TAX RATES FOR EMPLOYERS AND EMPLOYEES, EACH

[In percent]

Calendar year	OASI		DI		HI		Total	
	Present law	Proposal	Present law	Proposal	Present law	Proposal	Present law	Proposal
1982–84	4.575	4.985	0.825	0.655	1.30	1.06	6.70	6.70
1985	4.750	5.150	.950	.650	1.35	1.25	7.05	7.05
1986–89	4.750	5.100	.950	.600	1.45	1.45	7.15	7.15
1990 and later	5.100	5.150	1.100	.750	1.45	1.75	7.65	7.65

Note: The above allocations are based on preliminary actuarial calculations and are intended to show the general nature of the tax rates under the proposal. However, it is believed that the results from the final calculations will differ only slightly.

PARTIAL RESTORATION OF THE MINIMUM BENEFIT

Present law.—The minimum benefit will be eliminated for all people who become eligible for benefits for the month of November 1981 and later. The minimum benefit will be eliminated for all other beneficiaries beginning with benefits for March 1982.

Proposal.—Restore the minimum benefit for all people who are eligible for benefits before November 1981 and who are residents of the United States.[1] Minimum beneficiaries with governmental pensions would have their minimum benefit reduced dollar-for-dollar for the portion of their governmental pension above $300, but not below the amount of the benefit based on their actual earnings. Notwithstanding the provisions of the Tax Reform Act of 1976, the Social Security Administration would have the authority to use the reports of pension income transmitted to the IRS by pension plans.

Members of religious orders would continue to receive the minimum benefit for 10 years under certain circumstances.

The pension offset provision is effective June 1, 1982.

COSTS

[In billions of dollars]

	Calendar year—				
	1982	1983	1984	1985	1986
Short range	0.5	0.8	0.8	0.8	0.8
Long range (percent of taxable payroll)	.01				

EXTEND SOCIAL SECURITY PAYROLL TAX TO FIRST 6 MONTHS OF SICK PAY

Present law.—Sick pay is subject to social security taxes and is treated as covered earnings unless it is either: (1) paid under a qualified plan or system or (2) paid more than 6 months after the last month the employee worked. A plan or system is "qualified" if it applies to the employees of a firm generally (or to classes of employees) and has definite standards both for eligibility, and for duration and amount of benefits. If the employer's plan or system is qualified, the payments are excluded regardless of whether they are made from the employer's regular wage or salary account or from a separate fund or insurance.

Proposal.—Remove exclusion of sick pay under a plan or system during the first 6 months the employee is off work if the payments are made from the employer's regular wage or salary account. This provision would be effective for sick pay paid in January 1982 and thereafter.

ADDITIONAL INCOME

[In billions of dollars]

	Calendar year—				
	1982	1983	1984	1985	1986
Short range	0.4	0.4	0.5	0.6	0.6
Long range (percent of taxable payroll)	.02				

Note: The cost effects over the long range represent an excess of increased OASDHI revenue over benefit outgo. In the short range the primary effect would be increased OASDHI revenues.

EXTEND DISABILITY MAXIMUM FAMILY BENEFIT TO RETIREMENT AND SURVIVOR CASES

Present Law.—There is a limit on the amount of monthly benefits that can be paid on the earnings record of one worker. This limit is known as the maximum family benefit (MFB). In retirement and survivor cases, the MFB ranges from 150 percent to 188 percent of the PIA (primary insurance amount). In disability cases, the MFB can be no more than 85 percent of the worker's average indexed monthly earnings (AIME) or 150 percent of the PIA, but, in any case, no less than 100 percent of the PIA.

Proposal.—The present law disability maximum family benefit formula would be extended to retirement and survivor cases, for workers reaching age 62 or dying after 1981.

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[1] Residents of the 50 States, District of Columbia, Puerto Rico, Guam, Virgin Islands, and American Samoa.

SAVINGS

[In billions of dollars]

	Calendar year—				
	1982	1983	1984	1985	1986
Short range	0.1	0.5	0.6	0.8	1.0
Long range (percent of taxable payroll)	.10				

MOTION TO TABLE UP AMENDMENT NO. 427

Mr. HATFIELD. Mr. President, at this time I move to table the Sasser amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon (Mr. HATFIELD) to table the amendment of the Senator from Tennessee (Mr. SASSER). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maine (Mr. COHEN), the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Ohio (Mr. GLENN), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Michigan (Mr. RIEGLE), and the Senator from Mississippi (Mr. STENNIS) are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan (Mr. RIEGLE) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 46, nays 44, as follows:

[Roll Vote No. 284 Leg.]

YEAS—46

Abdnor
Andrews
Armstrong
Baker
Boschwitz
Chafee
Cochran
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Gorton
Grassley
Hatch
Hatfield
Hayakawa
Helms
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Proxmire
Quayle
Roth
Rudman
Schmitt
Simpson
Stafford
Stevens
Symms
Thurmond
Tower
Wallop

NAYS—44

Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Hart
Hawkins
Heflin
Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pressler
Pryor
Randolph
Sarbanes
Sasser
Specter
Tsongas
Weicker
Williams
Zorinsky

NOT VOTING—10

Byrd,
Harry F., Jr.
Cohen
Glenn
Goldwater
Heinz
Humphrey
Matsunaga
Riegle
Stennis
Warner

So the motion to lay on the table UP amendment No. 427 was agreed to.

Mr. HATFIELD. I move to reconsider the vote by which the motion was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The Senate will be in order.

The tabling of the first-degree amendment carries the second-degree amendment with it. Therefore, the joint resolution, is, once again, open to amendment.

Mr. HATFIELD. Mr. President, I am attempting to locate the majority leader. I yield momentarily to the Senator from Idaho.

Mr. McCLURE. Mr. President, I thank the Senator for yielding. I think the Senator from Ohio, the Senator from Vermont, and I would like to make a comment for the RECORD with respect to the Office of Special Counsel in the Department of Energy. We have had private discussions throughout the day with respect to the personnel staffing of that office and I have solicited from the Secretary of Energy and received from him a letter addressed to me today, in which he outlines the number of personnel——

Mr. METZENBAUM. Mr. President, may the Senator from Idaho have order so he may be heard?

The PRESIDING OFFICER. The Senator from Ohio is correct. The Senate will be in order so the Senator from Idaho may be heard.

Mr. McCLURE. Mr. President, I thank the Chair. I thank the Senator from Ohio.

The Office of Management and Budget has, today, signed off on an additional 250 positions to be made available to the Department. The Secretary, in a letter, describes the manner in which those positions will be used, together with the assurance that the activities within the Office of Special Counsel will be maintained. I think with that assurance from the Secretary, the continuing resolution funding would be adequate, together with this guarantee that an appropriate level of activity during the period of the continuing resolution is in effect.

Mr. METZENBAUM. Mr. President, this issue revolves around the matter of the Office of Special Counsel in the Department of Energy, which shares the responsibility of recovering billions of dollars of excess charges made by the oil companies. As the Senate will recollect, the President made——

Mr. FORD. May we have order, please, Mr. President, so the Senator may be heard?

The PRESIDING OFFICER. The Senator from Kentucky makes a valid point. The Senate will be in order.

Mr. METZENBAUM. Mr. President, this has to do with the fact that the President indicated at an early point that that office would be cut down to a budget of $11 million. The issue then became one in which the House had set a figure of. I believe it was, $47 million or $44 million and the Senate bill has a figure of something around 11.

Mr. McCLURE. May I indicate to the Senator that the budget request for this office was $6 million. The amount has been increased to 11.1 in the Senate. The House figure is, I believe, $28 million, with the Office of Special Counsel. So the matter will be in conference.

Mr. METZENBAUM. But the matter still has to come to the floor of the Senate. I know the Senator from Vermont and I expect to question the exact amount that is included in the bill, but because the way this was drafted, the figure would be set at the level already set in the bill as it came out of committee. Because we had reservations about that, this letter serves, I believe, to resolve the matter to indicate that Mr. Edwards is committed to have no further reduction in force until such time as the committees have had an opportunity to deal with the matter, with a firm commitment that, for a period of 6 months in fiscal year 1982, there would be no reductions and that, in all probability, there would be none for the second half of the fiscal year 1982, although that is not as firm a commitment.

I believe the letter gives us an adequate opportunity to resolve this issue when the matter comes to the floor appropriately.

I appreciate the cooperation of the Senator from Idaho. I believe that in our joint actions, it will assure that the Department of Energy Office of Special Counsel, which is charged with the responsibility of recovering the billions of dollars of oil company overcharges, will not be cut back until the Senate has an opportunity to deal with it in a proper manner.

Mr. McCLURE. Mr. President, I ask unanimous consent that the letter addressed to me, dated September 24, 1981, signed by Secretary James B. Edwards, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF ENERGY,
Washington, D.C., September 24, 1981.

Hon. JAMES A. MCCLURE,
Chairman, Subcommittee on Interior and Related Agencies, U.S. Senate, Washington, D.C.

DEAR SENATOR MCCLURE: I understand concerns have been expressed concerning the Administration's policies regarding execution of the Department of Energy's Compliance Program.

Let me assure you of my strong commitment to aggressively pursuing this program to an orderly completion in a manner which will assure no general amnesty for violators of regulations under the Emergency Petroleum Allocation Act. To this end the Director of the Office of Management and Budget recently provided 250 additional positions to the Department, and we have determined to allocate these positions to enhance the Compliance Program. This addition would bring the budgeted manpower level for the compliance activity to a total of 479 for FY 1982. In addition, I am committed to allocate additional resources as may be necessary from within the Department to meet our program objectives.

As a result of the actions described above, I do not anticipate the need for a general reduction in force in the Compliance Program within the next six months and possibly at any time during FY 1982 due to resource constraints. Of course, some localized reductions could be necessitated by organizational or workload adjustments.

I intend to closely monitor developments in this program during the coming months to assure that it is adequately staffed to meet these commitments.

Sincerely,

JAMES B. EDWARDS.

Mr. LEAHY. Mr. President, will the Senator from Idaho yield?

Mr. McCLURE. I yield.

Mr. LEAHY. Mr. President, I also express my appreciation to the Senator from Idaho in helping us work out this stopgap measure. It will be far more appropriate to have this matter taken up when the bill itself is before us and not now.

Mr. President, the continuing resolution before us today funds the Office of Special Counsel at the Senate Appropriations Committee approved level of $11.1 million. While I do not today intend to offer my amendment to alter this level, I want to make it clear in the strongest terms that this is not the last word the Senate will speak on this matter.

I fully expect that the Senate will debate the Interior and related agencies' appropriations bill (H.R. 4035) in the near future and at that time, I fully intend to offer an amendment to raise the level of funding for this Office.

The Office of Special Counsel audits, investigates, and prosecutes the 35 largest domestic oil refiners for alleged pricing violations that may have occurred during the period petroleum product price controls were in effect. In fiscal year 1981, this Office settled more than $2 billion in overcharge cases resulting in a direct rebate of more than $200 million to taxpayers. The fiscal year 1981 budget for this office was $37 million. I do not intend to let the Office of Special Counsel continue at a level of $11.1 million.

This Office is a necessary program of the Federal Government. There have been violations of the law. These outstanding cases can and must be resolved. We would otherwise achieve false economy at the expense of the American consumer and small businessmen, and to the advantage of the 35 largest oil refiners in this country.

The continuing resolution is a temporary, short-term measure and should not be interpreted by DOE as the final word of the Senate on this matter.

Mr. McCLURE. I thank both Senators who participated in this colloquy for their assistance in this matter and for handling it in this manner on this continuing resolution.

SCHEDULE

Mr. ROBERT C. BYRD. Mr. President, I take the floor at this time, with my apologies to the distinguished Senator from Wisconsin, to inquire of the majority leader what the plans are for the remainder of today and tomorrow.

Mr. BAKER. I thank the minority leader.

Mr. President, I should like to ask the Senate to continue with the consideration of the continuing resolution, notwithstanding the briefing going on now. A number of Senators, I believe, have felt it necessary to attend that briefing. Notwithstanding, I believe that the distinguished chairman of the Appropriations Committee and the ranking minority member will continue with the deliberations on this measure. I wonder whether the Senate would be agreeable to stacking any votes that are ordered from now until 7:30 p.m.

Mr. METZENBAUM. I have to object to that.

Mr. BAKER. I had understood that we might. I will not, therefore, make the request. But I suggest that the managers of the bill go ahead and take up those amendments.

Mr. President, I am aware of two amendments on which I believe time agreements have been arrived at. I should like to put this request now. We will see how it works out.

I understand that there is a Senate staffing amendment to be offered by the Senator from Wisconsin, the distinguished ranking minority member of the committee. Would the Senator from Wisconsin be agreeable to accepting a short-time limitation—say, 10 minutes equally divided?

Mr. PROXMIRE. I will be happy to accept 5 minutes on a side. It is quite simple. It is a limitation on Senate staffing and a limitation on new Senate office buildings—in one package.

Mr. BAKER. Mr. President, I ask unanimous consent that there be a time limitation on the Senate staffing amendment, to be offered by the Senator from Wisconsin, of 10 minutes.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object——

Mr. BAKER. If there is any question about it, I am not trying to impose a time on anybody. I withdraw the request for the time being.

Mr. ROBERT C. BYRD. Mr. President, I withdraw the reservation.

Mr. BAKER. Mr. President, I understand there is an objection on our side now. I withdraw the request.

I understand that there is another amendment, dealing with honoraria limitations, also to be offered by the Senator from Wisconsin. I will not now ask for a time limitation on that. I think we are sort of caught betwixt and between here.

I suggest, if I may, that Senators continue with the debate on these two amendments, and we will see what can be done after that.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. BAKER. First, let me answer the question of the minority leader.

I hope we can finish this bill tonight. That may not be possible. But these are the only two amendments of which I am aware. Other statements are to be made, including one, I believe, by the distinguished chairman of the Budget Committee (Mr. DOMENICI).

I believe it is entirely possible that we could complete this bill at a reasonable time and decent hour—say, 8 or 8:30 in the evening. I yield to the judgment of the distinguished chairman of the committee, the manager of the bill, and the ranking minority member as to whether they wish to do that. If they do, it will be my intention tomorrow to ask the Senate to proceed to the consideration of the debt limit. If we do not finish the bill tonight, we will be on this bill until we do.

Mr. ROBERT C. BYRD. Will the majority leader say how long he plans to be in tomorrow?

Mr. BAKER. I would not expect tomorrow to be a late day. I hope we can get in a good day's work tomorrow. The leadership on this side has no intention of asking the Senate to stay in late.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. BAKER. I yield to the Senator from Alaska.

Mr. STEVENS. Mr. President, I ask the majority leader if he will explore the possibility that we might have the debate on the first Proxmire amendment and then set it aside and have the debate on the second Proxmire amendment; then go back to the vote on the first one, rather than to stack votes? That way, we will save time. I do not believe we are going to get the unanimous-consent agreement to stack votes, but I believe we could dispose of the debate within this period of time and have the votes occur in that fashion and actually save time.

Mr. BAKER. The Senator from Alaska makes a good point.

Let me put the request in a different way. Let me include both amendments and then a time certain to vote on those amendments or any other votes ordered.

I ask unanimous consent that on an amendment to be offered by the distinguished Senator from Wisconsin on staffing, there be a time limitation of 10 minutes, equally divided; that on an amendment to be offered by the Senator from Wisconsin on honoraria, there be a time limitation of 20 minutes, to be equally divided.

I further ask unanimous consent that on both those amendments, any second-degree amendment be limited to 5 minutes, equally divided; that any motion or appeal, if the same is submitted, be limited to 5 minutes, equally divided.

Mr. ROBERT C. BYRD. Would the amendments in the second degree be required to be germane to the amendments in the first degree?

Mr. BAKER. I include that in my request.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. BAKER. I also ask unanimous consent that no vote occur on either of those amendments and that after debate is concluded on them, they be set aside in sequence until 7:30 p.m., at which time the votes will occur back to back.

The PRESIDING OFFICER. Is there objection?

Mr. METZENBAUM. Mr. President, reserving the right to object, I advise the majority leader that I would have no objection, provided that we in the Senate were accorded what I believe to be appropriate consideration.

As I see it, we are sitting around here now waiting while a number of Members saw fit to go downtown to the White House, for reasons best known to them.

If the majority leader can secure the agreement of the Members of the Senate to handle the Proxmire amendments and such other amendments as are available and bring them to a vote certain by 7 o'clock, and agree to have a final vote with respect to this measure by 7:30, then I would have no objection.

Mr. STEVENS. I say to the Senator that it is going to take more time than that, in terms of the amendments we know are coming.

Mr. METZENBAUM. We thought there were only two amendments.

Mr. STEVENS. We have not foreclosed other amendments.

Mr. METZENBAUM. Are there other amendments?

Mr. STEVENS. There have been some discussed.

Mr. HART addressed the Chair.

Mr. STEVENS. The Senator from Colorado seeks recognition.

Mr. BAKER. Mr. President, I have a request pending. Then I am willing to yield to the Senator from Colorado.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

Mr. METZENBAUM. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. Mr. President, now I yield to the Senator from Colorado.

Mr. HART. Mr. President, I rise only to inform the majority leader that I may offer an amendment. I would not consider debating it at length. I do wish to reserve the possibility of offering that after the two he is discussing. I wish to put him and other Senators on notice of that possibility. I will let the majority leader know it.

Mr. BAKER. I thank the Senator from Colorado, and, of course, either request I put will include other amendments. I am grateful to the Senator giving me that advance notice.

Mr. President, I guess there is no likelihood that we can get an agreement for the time being.

With the hope that the managers will proceed as best they can, I yield the floor.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 79-565, appoints the Senator from Nebraska (Mr. ZORINSKY) to the U.S. National Commission for the United Nations Educational, Scientific and Cultural Organization.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, I renew the request I previously made in respect to a time limitation on two amendments to be offered by the Senator from Wisconsin and renew the request that the votes thereon be stacked and occur beginning at 7:30 p.m. back to back.

Mr. STEVENS. Mr. President, reserving the right to object, and I shall not object, it is my understanding that time on either Proxmire amendment could be used in that period of time that would expire no later than 7:30 p.m.

Mr. BAKER. Let me amend it in that way.

Mr. President, I ask unanimous consent that the time between now and 7:30 p.m. be equally divided between the Senator from Wisconsin and the Senator from Oregon and devoted to debate on the two amendments to be offered by the Senator from Wisconsin under the same terms and conditions in respect to control, the second-degree amendment and germaneness, and the like previously scheduled.

The PRESIDING OFFICER. Is there objection?

Mr. PROXMIRE. Mr. President, will the Senator yield for a question on his unanimous-consent agreement?

Mr. BAKER. I yield.

Mr. PROXMIRE. It is my understanding that the Senator from Montana (Mr. MELCHER) may have an amendment and Senator Hart has indicated that he may have an amendment, and I would not want to agree to a limitation that would prevent them from having time to debate their amendments.

Mr. BAKER. The Senator from Wisconsin is correct. I believe there may be one or two, perhaps even three other amendments, and I have not included in this request any limitation on the right of any Senator to offer amendments. This is solely for the purpose of establishing a time in which the two Proxmire amendments to be offered and debated and the time certain to begin the votes, back to back votes, on those two amendments.

Mr. PROXMIRE. Very good.

Mr. METZENBAUM. Mr. President, reserving the right to object, and I shall not object, but if the Proxmire amendment debate time, if debate has been concluded, will Senator HART or Senator MELCHER or any other Member be in position to call up their amendment before 7:30? Will the amendment be set aside so they might?

Mr. BAKER. Yes.

By unanimous consent another amendment could be called up but in the formulation I have just put to the Chair and which is now pending all of the time between now and 7:30 p.m. would be committed to debate on these two amendments.

Mr. METZENBAUM. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE LTV TAKEOVER OF GRUMMAN

Mr. HARRY F. BYRD, JR. As one who has long been concerned both with the need for a strong defense and the need for restraint in Government spending, I was concerned this morning when I read that the LTV Corp., a conglomerate with major defense contracts, has just announced a plan to acquire Grumman Corp., another large defense supplier.

Should the takeover become a reality, the resulting firm would be tied for seventh place among defense contractors in terms of dollar volume.

I fully recognize that there are times when companies must come together for survival, and sometimes after merger they are able to produce better products for less cost.

But the reverse is also true.

Frankly, I am concerned about the implications of this particular takeover.

In a pluralistic democracy, all of us need to be on guard against excessive concentrations of power—be it concentration of economic power in giant companies and labor unions.

More particularly, in the economic sphere, I am especially concerned when large firms with billions in sales in a single industry join forces—namely, when giants gobble giants.

Certainly, I do not favor mindless trustbusting, which I would describe as indiscriminate breaking up of large but efficient companies already in being and performing a valuable service within the bounds of the antitrust laws. But at the same time I think that proposed consolidations of giants in the same industry must undergo closest scrutiny.

My concern is heightened when the firms involved do a substantial share of their business with the Government.

In the case of the takeover plan announced yesterday, LTV through its Vought subsidiary, holds major defense contracts, including a new multibillion dollar multiple launch rocket system for the Army. Grumman Corp does three-fourths of its business with the Pentagon and is producing five major aircraft for the Navy.

Right now no problem is of greater concern, or ought to be of greater concern, than that of paying for defense.

Over recent years the Soviet Union has carried out the most massive arms buildup in human history, and it is essential that our defense capabilities be upgraded to meet the challenge posed by this unprecedented armament program.

But there is one inescapable limitation to what we can do: we cannot buy what we cannot afford. In defense, cost relates directly to capability. As costs soar, we are constrained to buy less, and that reduces our potential strength.

Sixteen years of experience on the Senate Armed Services Committee have taught me that this Nation needs more defense contractors, not fewer. We have too little competition for most weapons systems now. The merger of huge contractors could further reduce that competition and inevitably raise prices.

It is important to bear in mind that the reduced competition would not only apply to major contracts but also to subcontracts. LTV and Grumman both compete as subcontractors, and this competition would be totally eliminated.

There has been a long-term trend toward consolidation of firms in defense industry, which almost certainly has contributed to higher defense cost increases. Already the rate of increase in defense procurement costs is running at about double the inflation rate for goods and services generally.

Yet another consolidation could add to

the upward pressure on defense costs and make matters worse.

In addition—and importantly—beyond the issue of cost competition is the reduction in research and development capability which takes place when big defense contractors are swallowed up by still bigger ones.

Where once there were two independent R. & D. centers, after the takeover there is one. That means a loss in independent research and creativity which we can ill afford.

It seems clear to me that there are major national security implications in the LTV proposal to take over Grumman.

Secretary of Defense Weinberger has stated that he will look into the impact of the proposed takeover on the Nation's defense interests, and I welcome the Secretary's statement.

I think the Senate Armed Services Committee should convene a hearing on this matter to see what are the likely effects, in terms of national defense, if LTV and Grumman become a single entity.

Of course there would be no effort on the part of the Armed Services Committee to intrude into the domain of the Judiciary Committee's antitrust jurisdiction. I would hope that the Judiciary Committee would hold hearings on the antitrust aspects.

The administration is now wrestling with the problem of how to pay for defense without busting the budget. The same question, a very difficult one, is likewise very high on the list of priorities for the Congress.

An LTV-Grumman consolidation could have important effects on the cost of our defense effort. It needs close study.

Mr. MOYNIHAN. Will the Senator yield?

Mr. HARRY F. BYRD, JR. I am delighted to yield to the Senator from New York.

Mr. MOYNIHAN. Mr. President. I rise to associate myself with the extraordinarily forceful and pointed remarks of the senior Senator from Virginia. The news that the LTV Corp. intends to buy the Grumman Corp. is indeed cause for great concern on the part of those of us who care about the defense of the Nation.

My concern about the lack of competitive bidding in arms procurement programs, which has grown of late as the President has begun to speak of reducing defense spending in order to balance the Federal budget, has been heightened further by the news that these two major defense contractors may merge. Defense Secretary Weinberger has made clear that he shares that concern. But it remains unclear how he will be able to increase competition in this area. What would he do—what could anyone do—with respect to the Trident submarine, for example, there being but one firm in the country that could bid?

With this proposal to merge LTV with Grumman we face precisely the same prospect in the areospace industry: greater concentration, fewer bidders and, inevitably, higher costs. It is now entirely possible that when the next aircraft procurement program begins—the day is not far off—there may be but one bidder because competing groups will have merged. We will soon confront a problem of precisely this nature, should LTV succeed in its attempt to take over Grumman: the two today compete as subcontractors, and this competition will surely disappear.

Mr. President, what is the meaning of the incentive to investment and development that we thought was the foundation of the President's tax program, when all that seems to have happened in the consequence is that oil companies are merging with chemical companies, and defense contractors with defense contractors? What have we done?

I would hope that the Armed Services Committee would hold hearings. I would hope that the Judiciary Committee would hold hearings.

Congressman DOWNEY, of New York, and I are today writing Secretary Weinberger to ask: Does the Department of Defense think this is in the interest of the Armed Forces? We are also raising the matter with other officials of the Government. I would hope the Attorney General would not let the matter escape his attention.

The question of mergers for financial purposes and not for any industrial or competitive purpose is looming once again in this economy. I very much share the concern of the Senator from Virginia.

(Mr. SYMMS assumed the chair.)

Mr. HARRY F. BYRD, JR. Mr. President, I thank the able and distinguished senior Senator from New York for his strong words today.

I think this is a very serious matter which could—maybe it will—which could have severe implications for our entire national defense program.

Now, if a hearing were held before the Senate Armed Services Committee, maybe facts will be brought out which would indicate that a merger would be helpful. I would doubt that it would work out that way, but it very well could work out that way. In that case, this Senator would not object on the ground of national defense.

When it gets to the question of antitrust, two giants in the same industry, then that is a matter that I think also needs to be considered by the Congress and, as the able Senator from New York said, by the Department of Justice.

I would hate to see this country get into a position where we have so few defense contractors that we have to go overseas to buy our weapons systems to protect the United States of America. That would be a ridiculous situation for the United States to get in.

We need more defense contractors. We need more companies doing business with the Government rather than less. We need more competition between companies for the business of the Government of the United States.

Mr. MOYNIHAN. I thank the Senator from Virginia. I hope the business community will hear this from the floor of the Senate; if profits mean so much that the vitality of the American Government means less, then the most agonizing choices are going to face not just this Chamber but this Nation.

I thank the Senator very much.

Mr. HARRY F. BYRD, JR. I thank the Senator.

CONTINUING APPROPRIATIONS, 1982

UP AMENDMENT NO. 429

(Purpose: Strikes section 130 which removes cap on honorarium income for Members of the Senate)

Mr. PROXMIRE. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered **429**.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 24, strike lines 18 through 24.

Mr. PROXMIRE. Mr. President, at the Appropriations Committee meeting yesterday on the continuing resolution the Appropriations Committee by a closely divided, 10-to-8 vote decided to take out the $25,000 limitation on honoraria which Senators are now allowed to earn.

Mr. President, this amendment restores the $25,000 limitation on honoraria that Senators can earn.

As I say, by a closely divided 10-to-8 vote in committee that limitation was stricken. Of course, this would probably be an item that would not be in conference in the House of Representatives inasmuch as it would not affect the House of Representatives. If this prevails in conference, it would mean Senators could earn $50,000 to $100,000, no limitation.

Many of us in the Senate have taken advantage of this, including this Senator, and have made $25,000 and in the past before there was this limitation have made more than that.

But I think we have to recognize this is the year of the big cuts, this is the year, the only year, in the last 50 years in which the President has persuaded Congress to reduce spending in real terms in the following year compared to what it was last year.

We have cut spending for education of poor children. We have cut spending for health programs. We have cut spending for nutrition programs. I voted for all those cuts. I think we had to make them. For us in this year to turn around and provide, in effect, an ending to the ceiling of $25,000 so Senators cannot only have a $60,000 salary but a $25,000, $30,000, $40,000, or $50,000 honoraria income and already be about to lift the limitation we have had in the past on their expenses here in Washington so they could get not $3,000, as they have in te past, as a limitation, but $6,000, $10.000, $15,000 or more, this bill is becoming a Christmas tree bill for Senators. Furthermore, this is the Rules Committee jurisdiction.

This is not the place for us to pass on an amendment of this kind. It is not within the jurisdiction of the Appropriations Committee. It is within the jurisdiction of the Rules Committee and the Rules Committee should have an opportunity to have hearings on it and to bring to the floor a report on it, and not have it brought up as it was brought up just the day before we act on the floor of the Senate.

Furthermore, Mr. President, there is plenty of time to consider whether or not we should permit this limitaton to go back to the $9,000 which the permanent law would limit honoraria to.

The permanent law passed by the Rules Committee and by the Congress provides that the honoraria shall not exceed 15 percent of the aggregate amount of salary of the Senators and, of course, that is now about $9,000.

However, we lifted that ceiling and made that lift effective until January 1, 1983.

So in the event the Senate should want to preserve the $25,000 ceiling and not have it go back to $9,000 we would have a full year, we would have the jurisdiction of the Rules Committee and hearings in the Rules Committee and a formal recommendation brought to the floor of the Senate so we could discuss it.

Furthermore, Mr. President, I think this is a highly discriminatory provision. Some Senators are capable of earning $100,000 or $150,000 through outside honoraria. Some Senators do not get that opportunity, and we have already made a discriminatory provision by lifting the $3,000 limit on expenses that could be deducted here in Washington. So here we are creating a situation in which we have a basic salary of $60,000 where some Senators are going to make $40,000, $50,000, $100,000 in honoraria, and have a reduction in their taxes because of the limitation on the reduction of their expenses while they are here in Washington.

So I hope, Mr. President, that the Senate will agree with the eight members of the Appropriations Committee who voted against lifting this ceiling, and restore the $25,000 ceiling, which is what my amendment does.

Mr. STEVENS. Mr. President, will the Senator from Oregon yield time to me on this matter?

Mr. HATFIELD. I yield whatever time the Senator needs.

(Mr. DANFORTH assumed the chair.)

Mr. STEVENS. I thank the Senator.

Mr. President, I seem to have been involved in these matters considerably today, and I am constrained to remark that it is probably because my new young daughter awakened me at 3 o'clock in the morning that I had a nice, long time to think of the issues that should come before the Senate today. This is one of the issues that is before the Senate because of the action taken by the Appropriations Committee yesterday.

The existing rules of the Senate that pertain to outside income are, I would say to my friend from Wisconsin, discriminatory to begin with. The limitation on outside earned income does not include advances on books that come under contract terms, royalties from books, proceeds from creative or artistic works, the buyout of partnerships, income from family enterprises, a distributive share of partnership income or the income that is received from investments made by Members of the Senate.

When we look at this, the real problem is that the existing situation comes from, as far as the limitation on income, outside income, from speeches or public appearances, from the basic law which sets a limitation of $25,000.

The committee amendment does not remove the $2,000 limitation on public appearances or speeches. I might say I think it probably should because we have a strange circumstance that if a Member does not go to a convention but writes an article for the convention journal or magazine he can receive any amount of money he wishes because those are the proceeds of a creative or artistic work. But if he goes and makes a speech, if he is not someone who writes articles but makes a speech, the limitation is $2,000 and the total limitation is $25,000 annually.

If a Member of Congress, and particularly the Senate, is wealthy and makes investments there is no limitation at all. If he or she is capable of writing books and having them sell—and many of our Members have that ability—there is no limitation at all.

The difficulty comes for those people who do get involved in a very extensive demand that comes on all of us to make speeches, to be on the so-called Chautauqua circuit, and make speeches throughout the country before groups that seek the appearance of a Member of Congress, particularly the Senate.

I might say I think the Senate is involved in this much more than the House of Representatives. But, it does apply to the House, too.

The difficulty I found with this was that for those people who decide to make appearances rather than write, there is a limitation. For those people who have their own money there is no limitation. For those people who have talents, and they come from public speaking—it is part of the talent of our business to be involved in public speaking—we have arbitrarily put a limit on that.

I will state for the RECORD, and be happy to prove it for anyone who wants to question it, that I have never received $25,000 a year in honoraria for the simple reason that I live so far from the Senate that it takes 10 to 12 hours each way to travel to and from Alaska. Therefore, my time is consumed in travel, and I do not have time to conduct my business here, be home as often as I want to, and make income from this source.

It may be that sometime in the future that opportunity might be available, but it certainly has not been the case in the past. This amendment is not going to affect me personally, of that I can assure the Senate. But, it does affect by judgment of the way the Senate should operate to see this discrimination built into the law and into our rules against those people who do earn income in this fashion.

Let me mention to you, two distinguished Members of the Senate who, during the time when they were in the majority, earned in excess of $100,000. Hubert Humphrey and, I believe, Senator Muskie were good speakers on the circuit and they were very much in demand. There was no reason to put a limitation on the income from that source upon the new people who take their place. People who occupy both sides of the aisles, I might say. I am not sure they are equally talented now, but they could become equally talented in terms of delivering the kind of address that these gatherings wish to have throughout the country, which by the way takes their personal time. It is personal time that Members of Congress take to these areas in order to make speeches, and it is something that members of associations and conventions throughout the country really desire and appreciate.

As a matter of fact, some of the worst exchanges I have had since I have been in the Senate have been with people who asked me to come and make a speech and I have told them I just could not do it because of the restrictions imposed by the Senate. I think other Members of the Senate have had the same kind of exchanges. Many people believe it our duty, and it is not our duty, to go Saturday night or Sunday and fly all night from one place to another and make this kind of a speech.

If one wants to make income in excess of $25,000 a year one must work hard to do it. You take time away from your family to do it, but people who do that are people who do not have investments from which they can derive income; they are people who do not have writing ability. They do not normally write the articles the books from which income is derived, and they are people who do not have family partnerships and enterprises to get income from to supplement their income.

The Senator from Wisconsin mentioned the budgetary impact. This does not affect the budget. On the contrary, a Member who has honoraria income pays taxes, which in turn increases the revenues to the U.S. Government, it does not decrease it.

There is not one single budgetary impact from this or any other amendment I have offered today. The amendments I have offered are not amendments that deal with the budget; they do not cost the taxpayers money. As a matter of fact, this is one of the items that takes the pressure off a request for increased income from being a Member of Congress, specifically being a Member of the Senate.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. STEVENS. Yes, I am happy to yield.

Mr. JOHNSTON. Is it correct that if we do not adopt this amendment or some other similar action dealing with the same provision, that at the end of this Congress the honoraria amount reverts to $8,600? Is that correct?

Mr. STEVENS. The honoraria limit is $8,600 and is suspended for a 2-year period. It would still have to be doubled, by the rules. But, without this amendment, the Senator is correct; I am certain that it will revert back.

Mr. PROXMIRE. Will the Senator yield on that?

Mr. STEVENS. Yes.

Mr. PROXMIRE. It is my understanding, and I am positive that this is correct, that you would go back to the $9,000, 15 percent of our salary, in any event, whether my amendment carries or whether the Stevens amendment which is in the bill, prevails. In any event, it would go back in 1983, under the Senate rules.

I have a copy of the rules here. Effective January 1, 1983. That was the rule that the Senate adopted and this would not affect that rule. The language in the continuing resolution that is now there would not affect the rule, either.

Mr. JOHNSTON. I thank the Senator.

Mr. STEVENS. It was this Senator's amendment to the rule that accomplished that. The Senator, as Mammy Yokum would say, "is essentially correct." But the debate on that rules change centered around the limitation in the law which we are now removing. It is my judgment, and has been my judgment, that we will not change the rule again without changing the basic law.

We are facing that problem and the only vehicle to be available in this Congress to do so in time is the legislative appropriation bill that does pertain to Members of Congress on both sides.

Incidentally, there would have to be a similar change in the House rules. It would not be automatically effective, if that is what the Senator is saying. This will not lift the ceiling for the honoraria automatically. It is a problem which must be dealt with by the rules but, under the rules, we could not lift the ceiling until we faced the law first. I am sure my friend from Wisconsin would agree with that.

We were not able to do it before. We would have taken out the limitation before but we cannot do it and, as a consequence, we seek to take out the limit now.

Mr. PROXMIRE. Will the Senator yield?

Mr. STEVENS. Yes.

Mr. PROXMIRE. It is my understanding that before January 1, 1983, we will have to make a decision, one way or the other. If we do nothing, then the rule which we have put into effect until January 1, 1983, would again prevail.

Now, the Senator makes an excellent point. If we change the law now, it may well be that the Rules Committee will say: "Well, the law is there is no limitation, so we are not going to act."

But, in either event, it would seem clear, in view of the action taken by the Committee on Rules, we would have a $9,000 limitation after January 1, 1983.

Mr. STEVENS. As one who was involved in the consideration of the rule, the reason the $25,000 limitation is in rule 36 is because of the statute. It was required by the statute that it could not be in excess of $25,000.

Later, the problem came about with regard to the desire to set that at 15 percent of the aggregate of the salary of a Member of the Senate, and that was done later.

But all I am saying is if the $25,000 limitation is going to be removed, it must first be removed from the law, in the judgment of this Senator. I believe when we do this, we will face the question then of what do we do with the rule. The rule presently is suspended, as the Senator knows. The rules do provide the limitations of 15 percent. The Senate, I think, in its wisdom, listened to the argument then, at the time we suspended that, because of its impact on those people who are one, not wealthy; are not talented in writing; and do not have family enterprises from which they earn money and they are exempt from the outside earnings limitation and do not have a distributive share of the income from the partnership or business that they were involved in before they came here. I am sure the Senator knows there are many situations like that.

Incidentally, I never had one of those, either. This does not affect me personally. But, to me it is a question of what do you do about the people who are not in those categories. They ought to be able to earn outside income. And if you do not face that question, you must face the question of changing the compensation of Members of Congress. And it has been decided Congress is not going to do that.

So, since we are not going to do that, why not take the pressure off the motivation to do that? And that motivation comes because there are Members in this body—and I will admit there are few in number—who are capable of earning substantial amounts of moneys as speakers.

Now, that, obviously, is not this Senator, but it is a talent that Members have here and they should not be denied that talent if they do not have the business wherewithal to make investments and have investment income or be able to come within these other exemptions. That was the reason for offering this.

I might also say to my good friend that it just makes sense to me to get some stability back, in terms of this Senate, as to what can or cannot be done and to eliminate some of these built-in discriminations that have come because of past snowballs that rolled across the floor here to put limitations on some people that did not affect others at all. It did not affect Members of the Senate who are very wealthy to limit outside income, earned income, because they do not have outside earned income. They have outside unearned income. It did not affect those who write books, because they have those royalties and they have those proceeds from their writing ability and they still get it. It did not affect those who had buyout arrangements from previous businesses, because that was made before they became Members of the Senate and that was outside income from past work.

But it does affect those who are here now who have this ability and want to use it. I personally believe we should encourage it. I think it takes the time of a Member to answer this need, to answer this demand for those who can give the kind of speeches that people want. They will not get very far unless they are making speeches that are informative and are in demand, because I can assure you no Member will be invited back to give speeches under other circumstances.

So I say to the Senate that it would be wrong to maintain this discrimination in the law. It will not lift the ceiling on us today, I will admit that. We will have to have a change in the rule which, as the Senator says, is within the jurisdiction of the Rules Committee to pursue. We will pursue that course of action. If they do not do it, I will tell the Senator that I will bring it to the floor myself before too long, because I think this discrimination must be changed.

It is time for the Senate and the Congress as a whole to face up to this attempt to belittle the abilities of some Members. Those who attack this and try to limit the people who have the ability to make speeches when they, themselves, on their own abilities, are not constrained, I think are making a very serious mistake. I believe that the Senate should lift this honoraria limitation, even though it will not make one single bit of difference to me in terms of my personal situation.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I would just say a word or two more before we go to the next amendment.

In the first place, the orderly way to act on this amendment, as on any issue of this kind, is to act on the proper committee of jurisdiction, where they have the expertise, where they can have the hearings, where they have laid down the rules, and where, in the past, they have governed the rules. That is the Rules Committee.

The Appropriations Committee should not take this up, especially on a continuing resolution, and clutter up the continuing resolution with this kind of a special action.

Furthermore, I cannot resist pointing out to my good friend from Alaska that one of the reasons why Members of the Senate—and I am one—are invited to speak is because we chair a committee or we chair a subcommittee, because we have clout in this body. Let us face it, we do not get asked strictly on the basis of talent or because somebody is eloquent. We get asked because a special group wants to hear us and also would not mind paying us, knowing that they would like to have our ear.

I think that the overwhelming majority of people who go out on these matters handle them with complete ethical behavior. We have full disclosure. It is available to the whole country, including all of our constituents in our States, the information on the groups to whom we speak and how much they pay us.

But, Mr. President, there is not any question that if a Senator is in a position of power, he is going to be asked to speak. And that power is conferred on him not because of any ingrained talent. It is conferred on him because he is a Member of this body and because, through seniority and so forth, he has worked up into a position of influence and authority. Part of that is being purchased when he goes to make a speech.

I think, as long as it is disclosed and it is within limitation and it is limited to $25,000—which is a reasonably moderate amount these days, particularly—it seems to me it is all right. If we go above that, take the limit off entirely, we certainly should give the Rules Committee the responsibility for holding hearings and coming forward with a report, making findings, and determining whether or not we should proceed with something like this on which all of us know we are going to provoke criticism and concern on the part of our constituents.

Mr. President, unless the Senator has something further to say, I want to bring up my amendment.

Mr. STEVENS. Will the Senator allow me to correct one error?

Mr. PROXMIRE. Surely.

Mr. STEVENS. I meant to say that in 1983 the rule will revert to the approximately $8,600 limit. There is no limit now. The 15 percent is not in effect. The honorarium limit would be taken off for 1982. But it would go to $8,600 at the end of this Congress if we do not amend the rule.

Mr. PROXMIRE. In either event, regardless of how we act tonight, it would revert to the lower figure unless we amend the rules.

Mr. STEVENS. That is correct. But the effect of our action would be to take the ceiling off where there is no ceiling now under the rule. We would have to amend the rules, as the House will, too, before the end of this session, if we wish the next session not to be covered by the $8,600 limitation.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. I yield.

Mr. BOSCHWITZ. I would like to engage in a colloquy with Senator PROXMIRE. First, I will point out that I voted against the amendment that would increase the deduction for Senators to $3,000. I voted against that because I felt it was a private matter that should not be beyond our constituencies, that this was not a matter that was reported. However, now we are dealing with a matter which we must report to our constituencies. I have a difficult time in determining what the differences are between the incomes which are reportable and those which are not reportable. Why put a limit on the income that is reportable?

I quite agree with the Senator from Wisconsin that it is not our talent which gets us invited to give speeches but, rather, the supposed power that comes to us as seniority grows.

I might also point out that I have made a number of speeches and have received very few honorariums, giving most of them to charity. Actually, my position is such that I am able to do that.

But it is my understanding that there are all kinds of other activities that a Senator can engage in which are not restricted.

For instance, if he writes an article for the same association to whom he would go out and speak and receives an honorarium for that article, that does not come within the $25,000 limitation. Is that correct?

Mr. PROXMIRE. The Senator is correct. It seems to me the Rules Committee might very well consider that. I am not a member of the Rules Committee. However, they decided to let you earn all the royalties you could on the writing of a book.

But certainly on a matter of outside investment or earnings, you get that regardless of your position in the Senate. I think a book is kind of a halfway in between.

Mr. BOSCHWITZ. I am not talking about a book.

Mr. PROXMIRE. Let me just say that most of the speeches that Senators give are given before various groups. Of course, we have to report who those groups are. If you speak before a group which has an interest in a committee in which you have jurisdiction, it seems to me it is clear and you should be realistic and honest about it that the reason you are there is because you have that jurisdiction and that power. If you write a book or an article, it may be true to a lesser extent.

Mr. BOSCHWITZ. The Senator is straying from the question. I agree that a Senator is invited to these affairs because of positions on various committees, and so forth. My question is this: Suppose I say I will not go and they say, "Why don't you write an article for our monthly magazine and we will send you an honorarium?" That is not within the $25,000 limitation, as I understand. Is that correct?

Mr. PROXMIRE. I think the Senator makes a good point. I think this is something on which the Rules Committee may very well provide a limitation. They chose not to do it. Because they have chosen not to do it, it seems to me hardly a reason for us to say that there should be no ceiling on a speaking honorarium.

Mr. BOSCHWITZ. I was just asking why there should not be a limitation.

Mr. PROXMIRE. I have no idea why there should not be.

Mr. BOSCHWITZ. In any event, if a Senator has an outside income on investments he has made and spent a good deal of his time and effort in order to gain outside income from investments, there is no limitation on that, is there?

Mr. PROXMIRE. There is no limitation on that. It seems to me that is clearly in a different category because that has nothing to do with a position of influence or authority which the Senate has conferred.

Mr. BOSCHWITZ. It does have something to do with one's duties in the Senate. I was somewhat surprised when I came here and found how all consuming duties here in the Senate were. I also was surprised, very frankly, at the cost of living here in Washington. It exceeded my expectations. Again, I am personally forunate in that regard. I am able to cover whatever deficiencies might exist.

I might say that despite the fact that I have four children, 40 percent of my income is deducted and I do not even have local insurance here. I continue my local insurance with my own company, which is far better.

Be that as it may, I find myself very busy here. If I had to supplement my income and go out and start trading in commodities, stocks, real estate, other things, that work could become all time consuming, as this job is. I think that would have a bearing on what we are able to achieve. That does fit into the same type of situation that the Senator suggests, because of our position and because we are Members of this body, probably having opportunities to invest, opportunities to find investments that others might not be able to find.

Yet the Senator from Wisconsin is seeking to restrict the one element of income that is out in the open.

Mr. PROXMIRE. Let me say to my friend from Minnesota that what I am trying to do is to keep the status quo, and if it is changed to have it changed in an orderly way. Let the Rules Committee proceed and act as they have in the past on this matter. They have the expertise, the authority, the jurisdiction. Let them do it. We should not take it up on the floor of the Senate with four or five Senators here.

It is an interesting issue which the Senator from Minnesota has made. This is exactly why this is something that ought to be done in an orderly way by a Senate committee, with a record, with a transcript, to be made available for Senators to work on, with the press reporting what is publicly done rather than to slip it through in a day or two in the Appropriations Committee on a continuing resolution in a few minutes on the floor of the Senate.

Mr. STEVENS. If the Senator will yield, and if it is all right with the distinguished chairman, the Senator makes reference to the Rules Committee. The Rules Committee cannot lift this limitation. We can take this matter to the Rules Committee and all they can do is to continue the status quo, which is if the rule is suspended and we are living under the law, we must change the law to change the rule. All we did at the time we suspended the rules was to put into effect the limitation of the law. The Rules Committee cannot recommend to this Senate anything which violates the law. That law is the $25,000 limitation. I do not know how to articulate it any better than that to the Senator from Wisconsin.

Mr. PROXMIRE. I think the Senator knows that there is no reason in the world why the Rules Committee cannot make a recommendation to the Senate that we change the rule, and we can change the rule.

Mr. STEVENS. But you could not change the rule to allow compensation in excess of $25,000.

Mr. PROXMIRE. There is no reason why the Rules Committee cannot recommend a change in the law.

Mr. STEVENS. This came out of a joint effort, if the Senator will remember, from three committees. In the time we dealt on this before, we had three committees involved in this, not just one. As a matter of fact, it becomes four, under the new division of responsibility. There are the Rules Committee, the Governmental Affairs Committee, the Finance Committee, and the Appropriations Committee. I chose one of those, the Appropriations Committee.

Mr. PROXMIRE. I understand what the Senator has done, but nevertheless what we have before us is an amendment to the continuing resolution to act on this provision on which, as I say, the Rules Committee has a great deal of expertise.

He agrees that the Rules Committee has done a great deal of consideration and has the expertise and has a heavy responsibility.

Mr. BOSCHWITZ. But the Rules Committee cannot report out such legislation as the Senator speaks of. That is my understanding. As I watch to see who runs, as I watch to see new Senators coming into this body, I so often see, and more and more see——

Mr. PROXMIRE. Mr. President, may I ask the Senator what he means when he says the Rules Committee cannot report out a change?

Mr. BOSCHWITZ. It is my understanding that the Rules Committee cannot report out such a change.

Mr. STEVENS. It is within the jurisdiction of both, as I understand it. It is within the jurisdiction of this committee, too, and we reported it out.

Mr. PROXMIRE. Mr. President, we reported it out without any hearings. I was there when the Senator brought this up. We had a very short debate, we had a vote, a 10-to-18 vote. I am saying we ought to have some input from other committees that have jurisdiction, particularly the Rules Committee.

Mr. BOSCHWITZ. As the Senator knows, I have been here only 2½ years. This matter has been debated and redebated. Perhaps some new issues have come up and probably just this evening, when the President will call upon us to be economical, is not the right moment to defend the expansion of a Senator's ability to go out and earn additional honoraria.

But to restrict the income of a Senator in the only area where he has to make a meaningful report of that income, so that his constituents can observe what he is doing, what he is about, is anomalous. It is not the area to restrict. There are so many ways around that. There is no restriction on a Senator's spending virtually his whole time going out and seeking other forms of income, whether it be from real estate investments or even seeking other forms of income, I suppose, in the connections that he makes, from his service in the Senate.

Mr. President, I have voted against lifting the limit quite consistently. But I see some Senators coming into a body who are almost, by necessity, independently financed in one way or another, it is important that we not restrict access to this body.

A Senator coming here and having limitations of this type imposed upon him creates a difficulty, a hardship. As the Senator from Alaska said, it is not going to change his habits much at all, if at all. The same would go for me. But I think we can find better ways to restrict and to make more open the elements of income, if that is the Senator's desire.

Mr. President, this is an area where there is complete disclosure. I repeat, I voted against expansion of the $3,000 deduction on the basis that there really is no disclosure there. But inasmuch as these honoraria are matters of public record for all to see, for all to criticize—and the Senator knows that you would be criticized when you run for reelection, if you took them—I think this is the wrong area to make restrictions.

Mr. PROXMIRE. Mr. President, I thank my good friend from Minnesota. I point out that the Rules Committee—I have a copy of the rule that governs this matter we are discussing now. The Rules Committee not only sets the limitation on the amount that the Senators can earn by honoraria; it says that an officer or employee of the Senate covered by paragraph 1 shall not receive honoraria in excess of $300 for each appearance, speech or article. That is our staff. They can only get $300, $1,500 in the aggregate in any 1 calendar year. We limit them to $1,500.

For us to pluck it out of that rule and put it into this continuing resolution and debate it for a few minutes on the floor and take off the limit completely for ourselves—do nothing about the staff, do nothing about any other aspect of this particular rule—it seems to me indicates why the Senate is wrong in acting in this particular way. It should be done by the Rules Committee comprehensively. It should be done affecting all people who are restrained and constrained by this action, not simply Members of the Senate.

Mr. President, the Rules Committee, as I say, has had hearings on this. They have made the findings. They are the appropriate body to act.

Mr. GRASSLEY. Will the Senator from Wisconsin yield?

Mr. PROXMIRE. I am happy to yield to my friend from Iowa.

Mr. GRASSLEY. Mr. President, in support of Mr. PROXMIRE's position—and I am going to vote for his amendment—I should like to say that there is one significant difference between the income that our friend, the Senator from Minnesota, said is not reported, as opposed to that which is reported. The difference is based on the public perception people have of the income we receive from speaking. Whether it be reported or not, is of relative importance when compared to the public's perception of that income.

My concern—and it is one that I hear verified by my constituents—is that whenever the public reads that we are collecting fees for speeches, they obviously get the impression that we are not very attentive to our duties.

I think this is a possibility even when there is a limit of $25,000. But the extent to which you go beyond that $25,000 by raising the limit or removing it only serves to reinforce the perception that we are not going to be as attentive to our duties.

I think it simply boils down to this, Mr. President, that in this body, I think we have to do what we can to leave the public with the impression—and I hope it is a real, honest impression; I would have to say candidly that it might not always be—but that we leave the impression that we are here tending to our duties, doing those things that are part of being a Senator for the people of our State and, hence, not do those things that tend to detract from the credibility of this institution. One only had to see a recent Gallup poll to see that we are only a few points above the Members of the other body as far as our credibility with the people. We are low among public officials generally.

I would think that whatever we can do to enhance that image that we have is going not only to strengthen our position with the public at large, but the institution that we represent here, the Congress of the United States. I think that is a worthy goal. If that is something that can come from keeping this limit on, then I think we ought to do that.

Mr. President, one way to do that today would be to keep this limit at its previous level of $25,000. That is the way I am going to vote.

Mr. PROXMIRE. I thank my friend from Iowa for what I think is an excellent statement. I think it makes a good deal of sense. I have another amendment I want to call up, Mr. President.

Mr. STEVENS. Mr. President, I have one last statement if the Senator will permit me.

What the Senator from Iowa says makes a lot of sense about this public perception. I want to say that the two Members of Congress in my experience who had the highest income from this activity had the greatest acceptance as Members of the Senate with the public, who had knowledge of that. That was the time when Senator Muskie and Senator Humphrey were involved extensively in speechmaking throughout the country. Their incomes were disclosed. They saw fit to do it, to their credit, at the time, even though they were not required. It did not detract one iota from the public perception of the two Members who sought that income.

On the contrary, the Members of the Senate who take the time and have the time to do it, in my opinion, help the image of the Senate throughout the country by going and facing the questions that come from the press wherever they go, facing the questions of small groups at conventions, when they do make a convention speech, addressing issues of great interest to the members of the convention.

Contrary to the public impression that is assumed, in my opinion, those Members who do go on these speaking tours do more for the Senate than those who do not. But the problem is that those who do not do so put the limitation of $25,000 on that activity.

Mr. HART. Mr. President, I support the amendment offered by the distinguished Senator from Wisconsin. The Senator has taken what is most certainly an unpopular position with many of his colleagues, and he is to be congratulated for his courage. This issue has a long and controversial history in this Chamber, and the Senator from Wisconsin has never wavered in his beliefs that reasonable limits should be placed on Senators' outside earned income.

In fact, the Senate debated this issue at length a little over 2 years ago when a resolution was quietly passed—without debate and on a voice vote—suspending the effective date of an earlier resolution which would have limited a Senator's annual outside earned income to $8,628. I led the battle shortly thereafter to force this issue to a rollcall vote, so I have a good deal of sympathy for the Senator's position today.

Mr. President, in many cases those of us who oppose any repeal or heightening of the outside earned income limit do not do so because we begrudge our colleagues the right to be compensated for their talents in public speaking or article writing. Indeed, we all recognize that, with the rigors of travel and the incidental expenses that Members of Congress often must absorb, many of us rely on this outside earned income as a vital portion of our overall income.

But the issue here is accountability to the general public, and it becomes a matter of ethics for Senators. As we all know, the honoraria received by Senators for their services are frequently—if not almost exclusively—provided by individuals, groups or other entities which are directly or indirectly affected by legislation this body must consider. Certainly reasonable limits are not out of order for such income, and the Senate has, after exhaustive debate, repeatedly determined that $25,000 per year is an adequate limit for a public servant to earn from outside sources.

Our constituents deserve to know exactly how each of us feel about this issue, and I thus urge the Senate to consider this amendment with a rollcall vote.

Mr. President, the Senate is a consentual body, and gains achieved by short-term parliamentary devices—in effect, passed quietly and with little or no debate—erode not only the integrity of this Senate tradition, but the confidence of the public in the Senate.

I urge my colleagues to support the amendment of the Senator from Wisconsin.

Mr. THURMOND. Mr. President, this amendment would delete from the continuing resolution section 130. This section contains language which would remove the current $25,000 cap on outside earned income from speech honoraria permitted Members of Congress and other Federal employees.

As the former vice chairman of the Special Committee on Official Conduct in the 95th Congress, I was closely involved in the background and process of changing the Senate rules to encourage higher ethical standards.

After extensive hearings, our committee made a number of recommendations which became a part of the Senate rules. I felt strongly about the key provisions in the ethics code then, and still do today. One of these was the limitation on outside earned income.

This particular issue was probably the most controversial of the then-proposed code of official conduct. This is a difficult question. In a country where free enterprise is recognized as the foundation of our economic system, why should not an individual, even though he or she may be an elected official, be able to earn as much income as possible because of personal abilities or talents? At first, probably no one would disagree with that notion. However, elected officials are really different. That is why I could not agree with those who felt Members of Congress should be able to earn as much outside income as they wanted.

We are elected to Congress for one purpose: to serve our constituents. Someone who is spending too much time involved in outside speaking engagements or business activities cannot give the voters the representation they expect when they elect us. Outside speaking engagements for an honorarium on an occasional basis should be allowed, but limitations in the current statute should be retained.

Mr. President, when the Senate first adopted the code of official conduct as part of its permanent rules, it voted to limit outside earned income, including speaking honoraria, to 15 percent of a Senator's salary. Later, against my wishes and votes, the 15 percent limitation was vitiated in favor of the present $25,000 cap on outside earned income applicable to all Federal employees. The action of the Senate Appropriations Committee yesterday would completely remove the current ceiling on honoraria income, a step that I believe is most unwise, especially at this time.

This is a period in which all those who have been on the receiving end of Federal expenditures are being asked to sacrifice in order that we can bring the Federal budget into balance as soon as practicable. While removal of the ceiling on honoraria income may not have any direct fiscal impact, it certainly gives the wrong impression to those whom we are elected to serve. Now is definitely not the time to be taking any action that gives the appearance of enriching our own pockets and those of other Federal employees. Rather, we should be setting the example by exercising the utmost restraint and fiscal discipline in all internal congressional operations and especially in matters pertaining to our own compensation.

In closing, Mr. President, I shall always remember the words of my father on the subject of one's conduct. He said: "One must not only be right, one must appear right." That in short is what is involved here. Members of Congress should refrain not only from conduct that is illegal, morally wrong, or self-enriching, but avoid as well conduct that may appear to be so. I hope the Senate will adopt this amendment.

UP AMENDMENT NO. 430

(Purpose: Placing a "CAP" on Senate staff and prohibiting any more Senate Office Buildings)

Mr. PROXMIRE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered 430.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 26 after line 14 insert the following two new sections:

SEC. 138. None of the funds appropriated in this Act shall be used to fund in excess of 8,037 full-time officers and employees of the Senate of the United States and full-time officers and employees in the Office of the Architect of the Capitol who are assigned to the Senate. The Committee on Rules and Administration, in cooperation with the Committee on Appropriations in the Senate, shall establish rules and regulations for the equitable allocation among the offices and committees of the Senate and the Office of the Architect of the Capitol of the total number of full-time officers and employees established by the preceding limitation.

SEC. 139. None of the funds appropriated in this Act shall be used for the development, initiation, or implementation of plans drawings, architectural engineering work, design work, site preparation or acquisition for or the construction of any new Senate office building or addition to existing Senate office buildings. This provision does not apply to construction and completion of the Philip A. Hart Senate Office Building currently under construction.

Mr. PROXMIRE. Mr. President, I am offering this amendment on behalf of Senator DECONCINI, Senator SASSER, and myself.

This amendment does two things: It places a ceiling of 8,037 on full-time officers and employees of the Senate and of the Architect of the Capitol assigned to the Senate.

The second part will be particularly interesting to the present Presiding Officer, the Senator from Missouri (Mr. DANFORTH).

It prohibits the use of funds provided in this bill for the development of plans, design work, or construction of any new Senate office building after completion of the Hart Building.

Why is this amendment needed? The Architect of the Capitol, in phase III of his master plan for future development of the Capitol grounds and related areas, indicates, among other things, that if congressional staffs continue to grow even at one-half the rate experienced over the past 20 years, Congress will need another 5-million square feet of space, including another Senate office building and as many as five new House office buildings, at an estimated cost of $500 million.

I might say that $500 million is a masterpiece of understatement. I believe we could multiply that by 10 and be conservative. At any rate, that is a half-billion dollars down the road, if we fail to control staff proliferation.

My amendment would take the crucial first step by placing a ceiling on full-time Senate staff and Architect of the Capitol staff that deals primarily with the Senate. I hope that my colleagues in the House will follow suit, especially since they are next in line for a new building.

Second, this amendment will prohibit the use of legislative appropriations to begin planning, design, or construction of any new Senate office building or additions to existing office buildings. This amendment would not affect work on the Hart Building. This prohibition, coupled with the cap on staff should slow the momentum of the Architect's master plan and put both staff and construction on "hold" for at least the next fiscal year.

Finally, by putting a ceiling on Senate employment and saying "no" to future Senate office building construction, this committee will be sending a signal to the American taxpayers that the Senate of the United States is not exempting itself from the tough economy measures that must be imposed in order to bring Federal employment and spending under control.

Why the ceiling, and why do I arrive at the figure I do? The figure is 8,037. Back in March of this year, I submitted Senate Resolution 97, which would do essentially what I am proposing to do today. That resolution contained a ceiling of 7,372 positions, including full-time Senate employees of 6,550 and 822 full-time Architect of the Capitol personnel, either directly or indirectly assigned to Senate functions.

As of April 30, Senate employment stood at 6,477 according to the Senate Disbursing Office. That is the latest figure. So this is a very reasonable ceiling. In fact it is far above the present level.

As of May 30, 1981, full-time Senate staff had jumped to 6,767; by the end of June to 7,215; and by the end of August, full-time Senate employment had dropped back to 6,668. A large part of this fluctuation in full-time staff is due to the inclusion of summer interns in the full-time Senate staff figures. Senate Disbursing does not separate out interns from permanent full-time Senate staff. Therefore, the August figures are probably a more realistic estimate of actual permanent full-time Senate employment.

Nevertheless, in arriving at my ceiling of 8,037 contained in this amendment, I used the end of June employment figure of 7,215 and then added the same 882 Architect of the Capitol employees assigned to the Senate that I used in Senate Resolution 97 to reach the "cap" of 8,037. Since the figure of 7,215 probably included 400–600 interns, I consider my ceiling to be a generous one, with plenty of room for additional hiring by the Senate before hitting my proposed "cap."

In fact, you could have more than a 10-percent increase without hitting the cap I propose here and a 10-percent increase over the maximum that the Senate has had at any time in the past year.

My intention is not to give the Senate license to grow but, for the first time, to provide a precedent, a lid, on Senate staff which will prevail throughout fiscal 1982; and it is hoped that in the future we can follow this precedent and continue to put a lid on and have an up-and-down vote in the future on how much we expand the Senate staff.

The reason I do this is that the only way you are going to put a limit on new Senate and House office buildings is to limit the staff. What happens is that we build an office building and increase our staff—our committee staff and our personal staff. The staff grows and grows, and the argument is that we have to quarter them all over town, that it is inefficient to have them a distance from the place where the Senator works; so we need a new Senate office building. Then we build the new Senate office building and expand the staff further.

In the last 20 years, the staff has grown at such a rate that we are going to need 5 million square feet of space in the future to house the staff.

So if we are realistic and honest about passing legislation that will limit office buildings, we, unfortunately, will also have to put a limit on our staffs.

Mr. President, I realize that any limitation is going to be difficult because, how are you going to do it? We do not want to do it by saying—certainly not freeze it into the statute—that a particular Senator will have to have a limit of a certain number of staff people. So the amendment reads:

> The Committee on Rules and Administration, in cooperation with the Committee on Appropriations in the Senate, shall establish rules and regulations for the equitable allocation among the offices and committees of the Senate and the Office of the Architect of the Capitol of the total number of full-time officers and employees established by the preceding limitation.

That would mean that we would have flexibility here. Senators from larger States, of course, have to have larger staffs. They receive more mail and have to respond to that mail. But each Senator would have his or her staff and the committee staff adjusted.

Of course, this is only a limitation that would apply perhaps for a year or two.

After that, if the Senate decided it should increase its staff, it could do so. It could do so with its eyes wide open and recognize that when we are doing that, we are going to increase the burden on the American taxpayer not only for staff but also for space, which is enormously expensive.

The PRESIDING OFFICER (Mr. ABDNOR). Who yields time?

Mr. HATFIELD. I yield time to the Senator from Alaska.

Mr. STEVENS. I thank the Senator.

Mr. President, unfortunately we do not know the demands that are going to come from those new facilities; and until we know the demands, this is like telling your wife, when you have an income of $5.000 more, that she can have $2,500 of it because it is not there.

This is an iffy amendment. We are not anywhere near this limitation now. We have no intention to go near it. But the impact of putting it there means that should the time ever come, God forbid, it would be another hurdle for someone to get over, such as the other things we have been addressing today.

I oppose the amendment, because I believe we should face realistic problems and answer those problems on a current basis. We have done that with our staff now.

Since the beginning of the year, we have reduced our staff. We are doing so on a voluntary basis, with the cooperation of every Member of the Senate. I cannot understand why we should adopt an amendment which indicates that we have not.

The effect of this amendment is to tell the American people we are going to limit our employees far above the level that we have already achieved by reducing them.

I hope the Senator from Oregon will oppose this amendment. It is not, in my opinion, timely legislation.

I really do not understand its genesis. I would be happy to have the Senator from Wisconsin explain to me why it is necessary to put a limit on employees of the Senate that far exceed the number we employ now when we are under a voluntary discipline program not to do so and everyone will say, "Oh, look, there, the Senate has limited its employees to an increase of *x* number."

It is sort of like advertising that we are going to do so. It is wrong. The psychology is wrong.

Mr. PROXMIRE. The Senator asked me why I did this and the genesis of this. The genesis is that we have gone through these new Senate office buildings over and over and over again. We come to it and we say, "Why do we do it?"

We are all against it, but we have that much money in the pot. We have the plans for it.

The Architect has a master plan. He is telling us he is going to build another office building. He has plans now. He is working for it.

We limit the amount of money he will have available for it.

Why do we have the plans for further office space? Because our staffs grow and grow geometrically.

As I pointed out, in the event the staffs grow at only half the rate they have in the last 20 years, we are going to need three new office buildings and another new Senate office building costing another $100 million or more.

So that is the genesis of it.

We wanted to put a stop to this colossal growth here in the Senate.

The Senate is a different kind of a body than being an executive.

A Senator functions better if he has a small staff and does his own work. We know that, but somehow it gets out of control and our staffs grow enormously and our committee staffs grow immensely. We have to house them. The cost to the taxpayer is hundreds of millions of dollars, and will probably go now to $1 billion for Congress. That is too much money.

Mr. STEVENS. Mr. President, I say what the Senator states is not true since we started limiting the functions of the Senate. Since we started that on a voluntary basis, we have, in fact, reversed the trend of 20 years, and we have done so by our going to each Senator and saying, "We are going to hold the line, here are your funds." We have actually given them the funds and urged them not to spend at least 10 percent of it. To my knowledge, everyone is doing that. To my knowledge, the concept of fiscal management and being able to say, "I have the funds and I will manage it, I return so much money," is holding on.

Mr. PROXMIRE. Hurrah.

Mr. STEVENS. And we will save more. We are today, at less than we were a year ago.

Mr. PROXMIRE. Exactly.

Mr. STEVENS. A year ago was less than the year before that.

Mr. PROXMIRE. That is right.

Mr. STEVENS. The Senator mentioned the trend of building up through the constant buildup during the period of the Vietnam war days and all the things that occurred from the days of Korea through Vietnam war days. We reversed that trend.

He wants to let the public think we are thinking about hiring more than 8,600. We are now at a level of 5,800.

Mr. PROXMIRE. May I say to my friend that I do not want the public to think that at all. I want to let the public know we are not going to go along with the master plan we are told by the Architect of the Capitol that he has.

This is not any theory he is spending on. He is spending money designing.

Let me read what the memorandum said:

> It is generally agreed in the planning profession that the realistic limit for reliable planning projections is 50–75 years, as demonstrated by the 78 year old McMillan plan, and it is to this "middle range future" that the Capitol Hill Master Plan study has been addressed. Accordingly, based upon rates of growth of Congressional employment of approximately one half that actually experienced in the last 20 years, the Phase II report, of which a copy is attached, suggested sites for buildings that would accommodate such growth needs for the next 50–75 years.

This is not my idea. This is the Architect of the Capitol. It is what he tells us he indicates is going to happen.

The Senator is right. I commend the majority in the Senate today. The Republicans have done an excellent job of telling Senators to hold down their staffs, and we have complied. For how long though? For a matter of months?

Any realistic appraisal of this would make us recognize that with the Senate going back and forth between the Democrats and the Republicans, as time goes on we are going to start increasing our staffs again as we have in the past. Let us be realistic about this and recognize it.

We have not reached that millennium that we are going to go down and reduce the size of the Senate for very long. The Senator knows that.

Mr. STEVENS. I will not accept the Senator's position on that. As a matter of fact, the facts are to the contrary. There is no money in this fiscal year budget for any master plan. We have fought the question of the new building, and that has been settled.

The effect of the Senator's amendment would be to limit the number of people who might be in the new building.

Mr. President, let me tell you if I am fortunate to get any additional space because of the new building, I just will relieve the crowded conditions in my own office.

If the people who serve in my office were in the executive branch or were in any area covered by OSHA, do you know that each one of them would have an average of three times the space we allocate to them today in the Senate?

The staffs have already grown. The building is necessary in order to properly house them.

I contemplate no increase in staff if additional space is available. I will just make it so I do not have six young people in an office which was made for one.

I remember the first time I came to this Senate and walked down the hall and met Senator O'Mahoney, and I met one of his assistants and he was sitting in a room all alone with a nice, big fireplace. I entered there and I was impressed with the interview I had with him.

Mr. President, do you know who has that office now? I do. Do you know how many people are in there now? Six.

That is the problem with this building. It is not a question of more staff. There again, I have great respect for my friend from Wisconsin, but the impression he gives people is we are building the new building in order to increase staff, and nothing is further from the truth. Nothing is further from the truth.

We are building that building to adequately house the people we have now.

Again I say if it were not for the fact we exempt Congress from the laws we pass that apply to every other person in the country, you could not keep the people in your office and I could not keep people in mine for health reasons, for OSHA reasons, for safety reasons, and everything else.

It is not right what we are doing. That is why everyone who attacked the new building has lost.

We are building the new building in order to accommodate the people who are here now.

Mr. PROXMIRE. Mr. President, I am not talking about the new building. I am not talking about the Hart Building. That is a fait accompli. I fought the new building. I opposed it. I voted against it. I worked against it, but I lost, and that money is expended. It is going to be opened in a few months.

What I am talking about is a master plan that we have already paid for, a master plan of the Architect of the Capitol. I read:

> A Master Plan for future developments within the U.S. Capitol Grounds, for the future enlargement of such grounds through the acquisition and development of areas in the vicinity thereof . . . in order to provide for future expansion, growth and requirements of the legislative branch. . . .

That has already been provided. It has already been appropriated. The money has already been spent. And that is their plan.

That is why I think it is necessary for us to step in and stop it.

Mr. President. I think you and I know and all of us know that if we do not arrest this growth in staffing in the Senate, we are going to have great pressure to house our people by building another new Senate Office Building, which, I as I say, the Architect already plans to construct, and three new House Office Buildings, or five new House Office Buildings. It is interesting.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays.

Mr. STEVENS. On each amendment or one?

Mr. PROXMIRE. On each of the two amendments en bloc.

Mr. STEVENS. Mr. President, I ask unanimous consent that it be in order to have both votes at the same time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GOLDWATER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GOLDWATER. How many Senators have to respond for the request for the yeas and nays?

The PRESIDING OFFICER. One-fifth of the Senate body present constitutes a sufficient second.

Mr. GOLDWATER. About 11? There are not 11 here.

Mr. STEVENS. There are 10.

Mr. HATFIELD. We had five a while ago to constitute a sufficient second.

Mr. STEVENS. If there are not enough, we will get them out of the cloakroom.

Mr. PROXMIRE. We have some additional Senators here now.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. HATFIELD. Does the Senator need a sufficient second?

Mr. PROXMIRE. The yeas and nays have been ordered on each amendment?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. HATFIELD. On both?

Mr. PROXMIRE. On both.

Mr. President, I suggest the absence of a quorum because we agreed not to vote until 7:30.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. Mr. President. I ask unanimous consent that we proceed with the vote.

The PRESIDING OFFICER. Is there objection?

Mr. HATFIELD. Mr. President, reserving the right to object, what is the request?

The PRESIDING OFFICER. The Senator asks unanimous consent that we proceed with the vote now.

Mr. HATFIELD. I have to object because, on behalf of the leadership we reached a unanimous-consent agreement 1 hour ago—I am ready to vote, I have been here ready to vote—but I would be reluctant not to object at this time on behalf of the leadership, and I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, what is the pending business?

UP AMENDMENT NO. 429

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to unprinted amendment No. 429, offered by the Senator from Wisconsin (Mr. PROXMIRE), relative to limits on Members honoraria. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. TOWER (when his name was called). Mr. President, I have a pair with the Senator from Maine (Mr. COHEN). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "no." I, therefore, withhold my vote.

Mr. STEVENS. I announce that the Senator from Maine (Mr. COHEN), the Senator from Pennsylvania (Mr. HEINZ), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Delaware (Mr. BIDEN), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Ohio (Mr. GLENN), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Michigan (Mr. RIEGLE), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan (Mr. RIEGLE) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 43, nays 45, as follows:

[Rollcall Vote No. 285 Leg.]

YEAS—43

Abdnor
Andrews
Baucus
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
DeConcini
Dixon
Exon
Ford
Gorton
Grassley
Hart
Heflin
Helms
Jackson
Kasten
Kennedy
Leahy
Levin
Long
Mattingly
Melcher
Metzenbaum
Mitchell
Moynihan
Nunn
Pressler
Proxmire
Pryor
Randolph
Rudman
Sarbanes
Sasser
Schmitt
Stafford
Thurmond
Williams
Zorinsky

NAYS—45

Armstrong
Baker
Boschwitz
Chafee
Cochran
Cranston
D'Amato
Danforth
Denton
Dodd
Dole
Domenici
Durenberger
Eagleton
East
Garn
Goldwater
Hatch
Hatfield
Hawkins
Hayakawa
Hollings
Huddleston
Inouye
Jepsen
Johnston
Kassebaum
Laxalt
Lugar
Mathias
McClure
Murkowski
Nickles
Packwood
Pell
Percy
Quayle
Roth
Simpson
Specter
Stennis
Stevens
Symms
Wallop
Weicker

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Tower, against.

NOT VOTING—11

Bentsen
Biden
Byrd,
Harry F., Jr.
Cohen
Glenn
Heinz
Humphrey
Matsunaga
Riegle
Tsongas
Warner

So Mr. PROXMIRE's amendment (UP No. 429) was rejected.

Mr. HATFIELD. Mr. President, I move to reconsider the vote.

Mr. STEVENS. I move to lay that motion on the table.

Mr. EXON. Mr. President, I object to the rollcall vote for reconsideration if it is in order.

The PRESIDING OFFICER. The Senator cannot object to laying it on the table, but be may ask for the yeas and nays on the motion to table.

Is the Senator asking for the yeas and nays on the motion to table?

Mr. EXON. Mr. President, I believe I heard a motion to lay that motion on the table.

The PRESIDING OFFICER. The Senator is correct and it is in order.

Mr. EXON. I object.

The PRESIDING OFFICER. An objection is not in order.

The question is on agreeing to the motion to lay the motion to reconsider on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 430

The PRESIDING OFFICER. The question is on agreeing to unprinted amendment No. 430, offered by the Senator from Wisconsin relating to staff. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maine (Mr. COHEN), the Senator from Pennsylvania (Mr. HEINZ), the Senator from New Hampshire (Mr. HUMPHREY), and the Senator from Virgina (Mr. WARNER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Texas (Mr. BENTSEN), the Senator from Delaware (Mr. BIDEN), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Michigan (Mr. RIEGLE), and the Senator from Massachusetts (Mr. TSONGAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Michigan (Mr. RIEGLE) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 76, nays 15, as follows:

[Rollcall Vote No. 286 Leg.]

YEAS—76

Abdnor
Andrews
Armstrong
Baucus
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Durenberger
Eagleton
East
Exon
Ford
Garn
Glenn
Gorton
Grassley
Hart
Hatch
Hawkins
Hayakawa
Heflin
Helms
Huddleston
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Leahy
Levin
Lugar
Mattingly
McClure
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Roth
Sarbanes
Sasser
Simpson
Specter
Stafford
Stennis
Symms
Thurmond
Tower
Wallop
Weicker
Williams
Zorinsky

NAYS—15

Baker
Cochran
Cranston
Domenici
Goldwater
Hatfield
Hollings
Inouye
Kennedy
Long
Mathias
Packwood
Rudman
Schmitt
Stevens

NOT VOTING—9

Bentsen
Biden
Cohen
Heinz
Humphrey
Matsunaga
Riegle
Tsongas
Warner

So the amendment (UP No. 430) was agreed to.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SCHMITT). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, if I may take a few minutes, I wish to have a colloquy with Senator ANDREWS.

The Amtrak Board of Directors is meeting tomorrow in Chicago. During that meeting, a decision will be made regarding the future of the Cardinal, and the board may decide to terminate it. The continuing resolution provides for the continued operation of numerous programs and activities at current levels. Could Senator ANDREWS clarify for me, please, as chairman of the Transportation Appropriations Subcommittee, if this provision applies to Amtrak's operation of the Cardinal along its existing route?

Mr. ANDREWS. Yes, it does. Under the terms of the continuing resolution, funds will be made available to Amtrak to continue its current activities. Since the Cardinal is a current activity, Amtrak would be allowed to operate the train along its existing route under the terms of the resolution.

The Senator from West Virginia, a member of the Subcommittee on Transportation Appropriations, has written me to the effect that the continuance of the Cardinal will be an issue at the appropriations markup.

Mr. ROBERT C. BYRD. I thank the Senator from North Dakota, who, I am sure, would not want such an issue pending before his committee to be preempted by a premature administrative action, especially since it will be only a very few weeks before Congress decides this question.

So, again, I thank my distinguished colleague for this clarification, and I appreciate the interest he has shown in the Cardinal.

Mr. President, I ask unanimous consent that information regarding the Cardinal's increasing ridership over the last several years be printed in the RECORD.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

> The Cardinal's ridership has grown consistently and significantly over the last several years. In fiscal year 1978, the train's ridership was 58.9 PM/TM. In fiscal year 1980, the Cardinal's ridership climbed to 87.5 PM/TM. Growth has continued in fiscal year 1981. Ridership figures recently provided by Amtrak clearly indicate steadily improving ridership on the Cardinal. For the year from May, 1980 to May, 1981, ridership increased by 32.8 percent. More significantly, the Cardinal met the congressionally mandated criteria of 150 PM/TM in June and July. In June, the PM/TM was 150.7, and in July, it was 164.7 PM/TM.

Mr. SASSER. Mr. President, I support this restoration of the minimum benefit. Many, many Tennesseans depend on this benefit. Most are elderly women below the poverty line. Others are farmers, and still others are clerics.

We made a mistake and repealed the minimum benefit during reconciliation. I opposed that action.

The House of Representatives corrected that action and made an overwhelming vote 404 to 20 to restore the minimum benefit.

The House recognized the need to correct this inequity, and we can move now to also correct this inequity.

In my State, some 50,000 individuals receive the benefit. They receive $122 per month or about $1,400 per year. For many this is their lifeline. This enables them to keep their heads above water even though all too many are below the poverty line.

We know some restoration of the minimum benefit will occur.

But let us act now and stop scaring all those who are duly entitled to the minimum benefit. Let us keep our rightful promise to them to keep the minimum benefit.

Let us join our Republican and Democratic colleagues in restoring the minimum benefit.

Mrs. KASSEBAUM. Mr. President, I should like to address a question to the chairman of the Defense Subcommittee of the Appropriations Committee on a matter that directly affects a major unit of the U.S. Air National Guard, which is based in Wichita, Kans.

I am referring to the 184th Air National Guard Tactical Fighter Group, which is based at McConnell Air Force Base in Wichita, Kans. That unit is the largest in the entire Air National Guard and performs the essential mission of training all Air National Guard air crews on the F-4 fighter-bomber, which is now coming into the Air National Guard in increasing numbers.

As the Senator knows, no military unit can operate properly, let alone be "ready," without skillful and experienced maintenance and support. Of course, this is all the more true of air units which operate difficult-to-maintain aircraft, such as the F-4. The 184th is having a unique and seriously troublesome experience in this regard.

In the Wichita area are several civil aviation manufacturers, including Boeing's largest plant in the United States which is virtually a short walk from the facilities of the 184th. Boeing and other civil aviation manufacturers are able to offer extraordinarily attractive salaries to the maintenance personnel of the 184th for similar jobs. As a result, this very important Air National Guard unit has lost many of its most qualified people to these civilian producers.

That is only part of the problem. These maintenance personnel are Federal wage-grade employees. The level of their pay grades is set by biannual wage-rate surveys which compare their salaries to those of civilians doing similar jobs in the area. "Comparability" is the objective. Unfortunately, the latest wage-rate survey in the Wichita area underestimated the going rate for comparable jobs in the area to the extent that the 184th's maintenance personnel are not only not receiving pay comparable to their civilian counterparts, but also are not getting pay comparable to their wage-grade counterparts in other areas where the cost-of-living is at least the same. Other military bases have been advertising in the Wichita area newspapers to acquire many of these maintenance personnel.

The result is that the 184th has lost approximately 160 personnel in the past 2 years. This is happening at a time when the unit should be expanding to accommodate its new, expanded mission. Furthermore, the experience level of the personnel still in the unit has dropped dramatically.

Hopefully, the new Wichita area wage-rate survey will return the Wichita area to its appropriate place in pay rates. However, even when this is done, it will be impossible to actually raise the pay of the affected personnel because of the legislatively imposed pay raise cap which has been a part of the congressional continuing resolution for the past 2 years and which continues to be in effect.

I do not intend to remove or cripple that pay raise cap. Nor do I intend to meddle in the complicated and delicate Federal wage-grade system. However, I do strongly believe that the affected employees at the 184th in Wichita deserve to be brought up to comparability.

I had intended to offer an amendment to effect the appropriate legislative change to repair this problem and yet not to disrupt the complicated wage-grade system and the pay raise cap. I have been assured that administrative procedures exist to resolve the problem; however, I am concerned that they may not be able to be effected promptly and broadly enough to address the serious retention problem at this unit at McConnell Air Force Base.

I would very much appreciate the comments and support of the chairman of the Defense Appropriations Subcommittee as to whether this administrative solution can be pursued aggressively and promptly enough to bring prompt and real relief. I hope I will not have to pursue the legislative route unless absolutely necessary.

Mr. STEVENS. Mr. President, I have discussed this problem at some length with the Senators from Kansas. Their concern over the problem of retaining skilled employees at the 184th Tactical Fighter Group in Wichita is serious enough that I asked the subcommittee staff to investigate it. I commend the Senators for their determination to solve this problem. But I do not believe an amendment to statutory law, particularly in a continuing resolution, is necessary.

We have learned that there is existing statutory authority for the Secretary of Defense to address this problem. Although there is a pay cap on wage-grade employee pay, the Secretary clearly has the authority to adjust these wage scales when it can be shown that such adjustments are necessary to attract and retain qualified skills.

The problem here is that wages under the current pay cap are no longer competitive with those of private industry in Wichita and certain other areas. I would call on the Secretary of Defense as a part of the legislative history on this resolution to take immediate steps to correct this apparent wage disparity under the statutory authority he currently has. I would also urge the Secretary to make every effort to streamline the cumbersome procedures that I understand serve to delay quick action on matters such as these.

I further say to the Senator from Kansas that I am prepared to support formal language in the statement of the managers when we go to conference on this continuing resolution. It is my hope, therefore, that no further statutory language is needed, and certainly no additional appropriations are needed to bring these wage-grade employees back to comparability in Wichita and other sections.

Mrs. KASSEBAUM. I thank the Senator, and I hope his remarks reflect the full committee's position.

Mr. HATFIELD. Mr. President, let me say that the Senator from Alaska has accurately stated the case. I support his remarks, and I shall be happy to seek strengthening language in the conference report on the continuing resolution.

Mrs. KASSEBAUM. I appreciate the committee's continuing interest in resolving this problem.

Mr. KENNEDY. Mr. President, section 955(a) of the Omnibus Reconciliation Act of 1981 extended and expanded the adolescent pregnancy program that was authorized under title VI of the Health Centers amendments of 1978, which was funded at $10 million in 1981. Is it the Senator's understanding that, under the committee amendment to House Joint Resolution 325, only the existing adolescent pregnancy program will be continued at the current rate?

Mr. HATFIELD. Yes. Under the provisions of the committee amendment, funds will be available to the Office of Adolescent Pregnancy to carry out only the existing program activities authorized under title VI of the Health Centers Amendments of 1978 at the current rate.

Mr. KENNEDY. I thank the Senator.

Mr. GORTON. Does the appropriation bill, as reported, require HHS to continue in operation those Public Health Service hospitals for which a plan for transition to local control or of financial self-sufficiency has been or will be approved by the Secretary of HHS?

Mr. SCHMITT. Yes, and it is the intention of the committee to support either on the regular Labor-HHS appropriations bill or on any additional continuing resolution that may be required, the continued operation of those hospitals for which the Secretary approves a local transition plan, as provided by the Reconciliation Act. The only issue for which the chairman cannot give a definite answer is how much money is justified for activities over and above those required for continued operation. This narrower issue must be resolved by further interaction between the committee and HHS and other Members of the Senate.

Mr. GORTON. Does the appropriations bill—and I refer here to section 101 of the continuing resolution—allow HHS to close those hospitals for which a plan has not ben approved pursuant to the Reconciliation Act of 1981?

Mr. SCHMITT. It is believed that under the continuing resolution HHS may be able to close hospitals that do not have approved plans since this is an activity that was contemplated by the 1981 Rescission/Supplemental Appropriations Act and therefore is regarded as a continuing activity. However, this judgment is subject to legal interpretation by the General Counsel of HHS and, therefore, no conclusive statement can be made at this time.

Mr. ABDNOR. This continuing resolution merely continues the prohibitions and provisions in effect at the current time.

The Supplemental Appropriations and Rescissions Act of 1981 (Public Law 97-12) contained language explicitly forbidding the Department of Treasury from using any funds to implement any changes in the time for, or mode of payment of excise taxes. I am extremely concerned that the Department of the Treasury may not understand the ramifications of a continuing resolution.

The House passed bill making appropriations for fiscal year 1982—which may be considered by the Senate as early as next month—also contains the same electronic fund transfer prohibition that appears in the Supplemental Appropriation Act.

Mr. President, the Department of the Treasury should also be aware that this continuing resolution (H.J. Res. 325) as passed the House contains a provision, section 101(a)(4), which states essentially that funds are available under the authority and conditions provided in applicable appropriations acts for the fiscal year 1981. One of the conditions in the applicable appropriation act for fiscal year 1981 is the prohibition against implementation of the electronic fund transfer program and thus that prohibition is continued into 1982. The continuing resolution as reported by the Senate Appropriations Committee contains language in section 101(a)(3) which is even more restrictive than that contained in the House passed bill.

I take this occasion to send a message to the officers and lawyers of the Department of the Treasury that if, irrespective of current law and this continuing resolution, they take it upon themselves to violate the public law with respect to the time or mode of payment of excise taxes, they do so at their peril.

Mr. BUMPERS. Mr. President, during the Appropriations Committee markup yesterday, I offered an amendment to the continuing resolution which would have assured the continued funding for the Hope Migrant Labor Center in Hope, Ark., for fiscal year 1982. In deference to the distinguished chairman of the committee, Senator HATFIELD, I withdrew the amendment with the understanding that I would offer it on the floor of the Senate today absent a firm commitment from the Department of Labor to fund this vital project.

I am pleased to announce, Mr. President, that I have now received that commitment, and I ask unanimous consent that the letter from Donald E. Shasteen, Deputy Under Secretary for Legislation and Intergovernmental Relations, U.S. Department of Labor, be inserted in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BUMPERS. Mr. President, the Hope Migrant Labor Center is funded with CETA title III section 303 funds. The 1981 level has been $170,000. This center has been there for 21 years serving migrant laborers on their way from Texas to other parts of the country, primarily the Northeast and Midwest. About 45,000 migrants and their families stay there overnight each year. The center provides sleeping and cooking facilities, showers, and restroom facilities, and a laundry. Each room has four beds, and the rate per room is $1 a night. The farmworkers pay this nominal amount because usually they are too proud to stay for free.

There is vigorous local support for the center. The city council for the city of Hope, Ark., recently passed a resolution of strong support for continued funding, and the Southern Baptist Convention has funded a $35,000 program to provide counseling, food, and entertainment to the migrants. The center thus allows local organizations and individuals to provide needed support and services to these itenerant laborers as they journey to orchard and fields in other parts of the country.

By providing migrant farmworkers with a place to stay while on the road, the Center encourages productive work. Continued funding of this project is consistent with sound immigration policy as well; the migrants who stay there overnight are Mexican Americans and must produce a social security card to register. To my knowledge, this center is the only one like it in the country. It is a sound expenditure of a relatively small amount of public funds for a necessary and humanitarian purpose. These farmworkers toil in the fields and orchards of this Nation to provide the fruits and vegetables all of us enjoy each day. The decision to provide continued funding for this program is a victory for decency and good sense, and I would like to commend the Department of Labor for exercising the good judgment to provide the commitment to fund it again in fiscal year 1982.

EXHIBIT 1

U.S. DEPARTMENT OF LABOR,
Washington, D.C., September 24, 1981.

Hon. DALE BUMPERS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BUMPERS: This is to inform you that the Hope Migrant Labor Center in Hope Arkansas will be funded at the level of $170,000 when the grant cycle comes up.

Sincerely,

DONALD E. SHASTEEN,
Deputy Under Secretary for Legislation and Intergovernmental Relations.

WIC AND FOOD STAMP FUNDING IN CONTINUING RESOLUTION

Mr. EAGLETON. Mr. President, during consideration of the continuing resolution by the Appropriations Committee, I offered an amendment which would have specifically required the Secretary of Agriculture to maintain current levels of participation in the commodity supplemental feeding program (CSFP) and the women, infants and children nutrition program (WIC). I withdrew my amendment, however, after having received the assurance of the distinguished chairman of the Appropriations Committee that any effort by the administration to reduce current levels of participation during the effective period of the continuing resolution would be totally inconsistent with the intent of that resolution.

The current total program level for CSFP and WIC is approximately $970 million. President Carter's original budget for fiscal year 1982 had called for a total spending level of $1,068,100,000 for WIC and CSFP. President Reagan's March 10 budget revisions called for a significantly reduced level of activity. Since President Reagan's March 10 budget submittal, in every action taken by the Congress on President Reagan's budget, through the reconciliation process, through the first concurrent resolution, and including action by the full House as well as the Senate Appropriations Subcommittee on the Agriculture, Rural Development and Related Agencies appropriations which funds these programs, the Congress has rejected the reduced levels of funding and, consequently, it has rejected reduced participation levels for these programs.

Mr. President, it is quite clear, therefore, that not only would an action by the administration to reduce participation be inconsistent with the terms of the continuing resolution, it would also clearly be inconsistent with all of the legislative history as to the intent of the Congress on the continuation of these highly successful nutrition programs.

We are talking here about low income, pregnant, and post partum women and their infants who have been found by a competent health professional to be at nutritional risk. To cut these individuals off from the supplemental food they receive through these programs would be unconscionable from the human aspect and would be shortsighted from a budgetary standpoint.

Studies have shown that CSFP and WIC reduce the incidence of low birth weight in infants, thus reducing the potential for serious physical and mental handicaps in children, and that for each $1 spent in the prenatal component of WIC, $3 in health costs are saved.

Let me turn briefly to one other program whose level of benefits should not be affected by this resolution—that being the food stamp program. As is the case with all other programs funded by this resolution, the food stamp program should be continued under this resolution at the current rate of operations.

Since we have not provided for a full year's appropriation under this resolution, the Secretary may not implement across-the-board benefit reductions as provided for in section 18(b) of the Food Stamp Act of 1977, since a determination to reduce benefits under that section must be based on the level of funding provided for an entire fiscal year. The Congress has not yet decided at what level it will support the food stamp program for entirety of fiscal year 1982. Therefore, any action to decrease benefits at this time would certainly be premature.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Mr. JOHNSTON. Mr. President, I share the serious concerns about funding for child feeding programs expressed by the distinguished Senator from Missouri, Mr. EAGLETON. Two programs, in particular, are critically important to the well being of poor children in Louisiana, WIC which operates throughout the State and the commodity supplemental food program, which operates in Orleans Parish.

Study after study has shown that these programs, which provide specific packages of nutritious foods to pregnant and postpartum women, their infants and preschool children, are cost-effective. For each $1 spent on these programs, an estimated $3 in health costs in the prenatal portion of the program alone are saved. That is, by providing a nutritionally sound diet for expectant mothers, the incidence of low birth rates is significantly reduced, decreasing hospitalization costs and, most important, significantly reducing the potential for serious mental and physical handicaps in these children.

These packages have also been sited as one of the significant factors in helping reduce the rate of infant mortality, which is particularly significant to my State which had the dubious distinction of having the highest such incidence in the Nation in 1970. We have made progress in reducing infant mortality in Louisiana, but key to continuing this trend is providing steady, certain nutrition assistance.

Initially, the Reagan administration proposed deep cuts in both these programs, recommending funding for WIC at $720 million and for CSFP at about $20 million. Both of these suggested cuts were soundly rejected, through bipartisan efforts, in the Budget Committees and in the appropriations action on the fiscal year 1982 bills to date.

Nonetheless, I am informed that the administration plans to resubmit these cuts at an even deeper level in this new round of budget estimates, recommending that WIC be funded at $633 million and CSFP at $19.5 million. This funding level would force 50-percent cuts in the current rate of participation, cuts which would seriously jeopardize the future of these programs and which I have no doubt would seriously injure the progress we have made to date in improving the health of our children.

It is my clear understanding that the Appropriations Committee, in adopting the language for USDA programs to be operated at not to exceed the current level intends that the current participation rate in these programs will be the benchmark. Given the clear congressional directives adopted by bipartisan majorities on the fiscal year 1981 second revised concurrent budget resolution, the fiscal year 1982 first concurrent budget resolution, the Omnibus Reconciliation Act, the Department of Agriculture and Related Agencies Act of fiscal year 1982 and the omnibus farm bill of 1981, I am certain that the administration understands the commitment we have made to maintaining the current participation rates in these programs. Nonetheless, I believe it is critically important that this commitment be underlined and understood as the intent of this funding measure for the next 6 weeks.

Mr. President, unlike other programs, any drop—however temporary— in WIC or CSFP participation cannot be made up later in the year. Once women and children are ripped out of these programs, they are not easily reentered.

Moreover, the health benefits are gained as a result of steady, daily nutritional improvement, not on-again, off-again diet improvements. Moreover, in Louisiana the vast majority of participants have annual income well below the official cutoff points and reducing funding would therefore not result in taking those at the upper levels of eligibility off this program. Instead, I am told that it would inevitably result in many, many poor mothers and children no longer receiving this modest, yet effective, assistance.

A continuing resolution is a temporary, emergency measure which is meant to do nothing more—or less—than maintain the status quo. That is my understanding of the impact of this resolution on WIC and CSFP—that it will maintain the current participation status quo and I am confident that with this clarification, that is precisely what the administration will do.

WIC, CSFP AND FOOD STAMP FUNDING

Mr. LEAHY. Mr. President, although I think the intent in the continuing resolution is clear, I want to emphasize for the RECORD that the continuing resolution does not contemplate any cutbacks in current services for WIC, CSFP—commodity supplemental food program—and food stamp participants.

As far as WIC and CSFP, the current operating level in fiscal year 1981 is about $970 million. House Joint Resolution 325 contemplates that these programs would continue to operate at least at this level. My understanding is that no cut whatsoever in WIC or CSFP caseload should occur.

Under the continuing resolution, no reductions in food stamp benefits could occur under section 18(b) of the Food Stamp Act of 1977. Congress has not yet made a decision on food stamp funding levels for the full fiscal year. Until such time, the Secretary of USDA lacks the authority to implement benefit reductions.

Mr. RUDMAN. Mr. President, I have a question with regard to the continuing resolution.

Mr. HATFIELD. I yield to the Senator from New Hampshire.

Mr. RUDMAN. Mr. President, section 101(a)(3) of the resolution states, in part:

> That for the purposes of this joint resolution, when an Act listed in this subsection has been reported to a House but not passed by that House as of October 1, 1981, it shall be deemed as having been passed by that House.

It is my understanding that this statement applies to any act once it is reported by the Appropriations Committee and that, even if the Senate decides to recommit a previously reported act to enable the committee to reconsider some of its previous decisions, that act will still be deemed as having been reported and, therefore, as passed. Is this correct?

Mr. HATFIELD. Yes, this is my understanding.

NUTRITION PROGRAM IMPLICATIONS OF CONTINUING RESOLUTION

Mr. DOLE. Mr. President, while we have this continuing resolution before us for consideration, the Senator from Kansas would like to clarify the funding situation for some vital nutrition programs that are covered by the language of H. J. Res. 325. As chairman of the subcommittee on nutrition, it is my understanding that the intent of this continuing resolution is to provide for full funding for the food stamp program, the special supplemental food program for women, infants, and children (WIC), and the commodity supplemental food program (CSFP).

Although further budget cuts remain a possibility for the food stamp program for fiscal year 1982, I wish to reiterate at this time that Congress, as well as the administration, fully intends to support funding to accommodate current services for these programs. The operating level for fiscal year 1981 for WIC and CSFP is about $970 million, with about $11.5 billion for food stamps.

In addition, under the provisions of the continuing resolution, no reductions in food stamp benefits should occur under section 18(b) of the Food Stamp Act of 1977. As my colleagues are aware, the Senate already passed food stamp reauthorizing legislation last June, and program reforms and significant savings measures were incorporated in the Reconciliation Act. We are now waiting for the House of Representatives to authorize appropriations for the next fiscal years in conjunction with the farm bill that is pending. However, I just want to make it clear that, until the Congress decides on food stamp funding levels for the full fiscal year, the Secretary of Agriculture does not have the authority to implement benefit reductions for the food stamp program during the time the continuing resolution is in effect.

ST. JONES RIVER BRIDGE

Mr. ROTH. Mr. President, the St. Jones River Bridge is located on U.S. route 113 in Delaware serving the only major highway between the Wilmington and Philadelphia metropolitan areas and the Delaware-Maryland beaches. The Delaware Department of Transportation had been planning to dualize this last remaining two-lane section of U.S. 113 over several years but several emergency closures of the bridge during peak travel times this past summer have made it evident that replacement cannot be delayed much longer.

The national bridge inventory list of November 1980 reflected a sufficiency rating of 6.0 which indicates an extremely deteriorated condition, bordering on closure. The closure of the bridge prior to completion of the replacement span would have severe effects. U.S. 113 at this location is a defense highway, being just several miles from Dover Air Force Base. There are no suitable alternative or detour routes, only secondary rural routes involving some small town residential streets. Thus a forced closing would have serious defense implications as well as impacts on Delaware tourist and agricultural industries.

Finally, the cost of replacement is estimated to be between $10.8 and $13.3 million, depending upon the choice of design alternatives. Delaware's fiscal year 1981 apportionment of bridge replacement and rehabilitation funds was only $2.3 million. Thus the cost of replacing the St. Jones River Bridge is greater than $10 million and greater than twice the State's annual bridge apportionment.

It would appear that this project is one that not only requires immediate attention but one which precisely meets the criteria which Congress intended to be used as a basis for the Secretary of Transportation's allocation of moneys from the discretionary highway bridge replacement and rehabilitation fund.

I would like to ask the chairman of the Appropriations Subcommittee on Transportation if my understanding of the intended use of this fund is correct and if so is it appropriate to assume that the Secretary of Transportation should allocate moneys from the discretionary highway bridge replacement and rehabilitation fund for the replacement of the St. Jones River Bridge.

Mr. ANDREWS. Mr. President, the Senator is correct in his understanding of the Congress intent. This project is among those that should be funded and I hope that the Secretary will include it in his list of priorities.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I am prepared to say that there will be no further votes tonight. I hope we will be able to complete this bill shortly after we convene on tomorrow. As soon as I confer with the minority leader, I will have a further statement to make with regard to the schedule.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, at this time I ask unanimous consent that there be a brief period for the transaction of routine morning business, not to extend beyond 8:55 p.m., during which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

SOCIAL SECURITY MINIMUM BENEFIT

Mr. ROBERT C. BYRD. Mr. President, in July, President Reagan, in a nationally televised address, pledged the following:

> In any plan to restore fiscal integrity of Social Security, I personally will see that the plan will not be at the expense of you who are now dependent on your monthly Social Security checks.

This statement directly contradicts the President's May 12 social security plan and his budget-cutting plan of February 18.

In those plans, among other things, the President proposed eliminating the minimum retirement benefit currently received by 3 million of the Nation's elderly. He proposed delaying the date on which social security benefits are adjusted for inflation.

We have already had five rollcall votes in the Senate this session regarding the administration's repeal of the social security minimum benefit. There has been extensive debate, and none of us here can claim to be unfamiliar with the issues involved in restoring the payment for current beneficiaries.

The Democrats have stood firmly against creating the precedent of cutting social security benefits as part of the Federal budget-cutting process. Senate Democrats have stood firmly against taking promised social security retirements benefits away from retired Americans already depending upon those benefits. We are against elimination of the minimum benefit for current retirees, and we are ready to continue our fight against the repeal.

By repeated party line votes, my friends on the other side of the aisle have steadfastly supported the President's proposal to cut the benefit for retired Americans, a proposal which has been consistently and forcefully advocated by the administration.

In sharp contrast, the House has not treated this matter as a partisan question; it voted 404 to 20 to restore the payment.

All of us here know that the reconciliation act takes away the minimum monthly benefit from some of the very poorest social security retirees—in many cases, from people who have depended upon those monthly checks for years. In light of this fact, I do not know how the President can continue to promise that he "will not stand by and see" retired Americans deprived of their social security benefits.

The President cannot continue to assure the American people that their social security benefits will not be cut, when as a result of the administration's budget victory, the President signed the bill into law which eliminates the minimum benefit for 3 million retirees.

The amendment before the Senate would restore the social security minimum benefit for current beneficiaries. I urge all Senators to vote for the pending amendment.

NATIONAL SCHOOL LUNCH PROGRAM IN JEOPARDY: ALREADY DOWN TO KETCHUP, PICKLES

Mr. SASSER. Mr. President, as we see the shape of the second round of budget cuts taking shape, I am shocked to learn that the administration may be recommending further cuts in the national school lunch program.

This program, established in 1946, pledged the National Government to the goal of providing sound nutrition to our Nation's school children.

The school lunch program was approved when it was discovered that the major reason for the rejection of men and women examined for service in our Armed Forces was that they were unfit physically because of malnutrition. They had not had the proper foods as children. That is the background and justification for the school lunch program—the need to assure children the proper nutrition.

A number of educators and nutritionists have testified that the school lunch program is necessary to assure the health and well-being of our Nation's school children. It has helped them to grow up as sound human beings mentally and physically, rather than being afflicted with deficiencies caused by lack of sufficient nutrition. Also, the school lunch program enables them to be better students by giving them the nutrients they need to perform their school work.

Yet, despite these findings, we have

seen a massive assault on the school lunch program. In the recent round of budget cuts, $1.4 billion was cut from the school lunch program despite repeated warnings from a number of sources—including this Senator—that such budget cuts would cause so many paying students to drop out of the school lunch program that many schools would simply have to close their programs down, depriving all students of a hot lunch.

In debate on the budget reconciliation bill, I offered an amendment that would have restored some $450 million to the school lunch program in 1982 and 1983. I did so because Tennessee school food service professionals told me that nearly 70 percent of Tennessee students might have to drop out of the program because of the prohibitive cost increases. This would be especially burdensome to many rural school districts who need a high rate of school lunch participation to maintain their programs.

My amendment, unfortunately, was defeated by a vote of 35 to 54. My amendment would have helped more school lunch programs survive the massive budget cuts.

But the administration has not been content to cut funds from the school lunch program, it also wishes to reduce the quantity and nutritional quality of food offered in school lunches.

We see daily allotments of milk reduced from 8 ounces to 6 ounces. We see new regulations that will permit local school lunch programs to serve catsup and relish as two vegetables in a hot school lunch. And now we find that schoolchildren will be treated to "topless" hamburgers because schools are having to cut back on the amount of bread that they can serve with their meals—from eight to five slices per week.

But the most disturbing fact of all is that the most recent Department of Agriculture school lunch regulations will sharply cut the nutritional content of our school lunches. Such lunches once could provide at least one-third of a child's nutritional requirements. We now find that under the new regulations, school lunches may be served that may provide only 17 percent of a child's basic nutritional requirements

That fact, Mr. President, is outrageous.

Our priorities are distorted. What happened to the children in the budget shake and shuffle?

First, we cut funding for the program. Then the Federal Government says to hard-pressed local food service personnel: Now cut the quantity and the quality of the food we serve.

Raise the price. Reduce the supply. Cut the quality. Feed the children less bread and less vegetables and meat—load them up with catsup and pickles. That is what the administration has already done to the program, Mr. President, and that is a national outrage. I cannot believe this is happening in 20th century America where supposedly we have learned a few things about nutrition and the importance of proper nutrition to children.

But, now in his perverse zeal, Mr. Stockman wants to go further. He wants to cut more. Perhaps he wants to substitute mustard for meat and mayonnaise for milk. That way, you can give the children one small pad of meat substitute on one slice of bread and condiments—and that is it.

Mr. Stockman wants to lop off another $500 million for the school lunch program. Another $500 million in cuts, Mr. President, which will bring funding down for the Nation's 27 million children down to $2.2 billion.

I must assume that if Congress approves such cuts, we are in for another round of these absurd pickle, catsup type of regulations that would further reduce the nutritional content of school lunches.

The school food service personnel in my State work very hard to maintain the nutritional quality of the school lunch. So far, they tell me they have been successful. But I am worried that the pickle and catsup regulations may be too much even for their dedicated efforts.

As the administration cuts funding, it adds more pressure on school food personnel to further cut the quantity and quality of food put into school lunches. In effect, the administration is out to get the school lunch program.

And this is being done without ever having a full-scale debate on the national school lunch program. Does the Congress think that the national school lunch program is obsolete? Do we not have an obligation to provide sound nutrition to our school children? Do we believe that all of our school children can find sound nutrition without the school lunch program?

These are questions that the administration certainly does not propose to answer, Mr. President.

They just send up the budget cuts and propose new regulations that reduce the nutritional value of school lunches. And mark my words, Mr. President, if we continue down the path of budget cuts and regulations that reduce the quality of school lunch programs, we are going to wake up one day and find that there is no more national school lunch program.

If some in this body think that is progress, I draw attention to the "1946 Congressional Declaration of Policy" on the school lunch program:

> It is declared to be the policy of Congress, as a measure of national security, to safeguard the health and well-being of the nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other food, by assisting the states, through grants-in-aid and other means, in providing an adequate supply of foods and other facilities for the establishment, maintenance, operation, and expansion of nonprofit school-lunch programs.

Speaking as one Senator, I am deeply saddened by the administration's abandonment of their commitment in 1946. I intend to stand by the school lunch program, and I urge my colleagues to do the same.

FUNDING FOR THE BARNWELL NUCLEAR FUEL PLANT

Mr. THURMOND. Mr. President, because the Department of Energy will be funded for the start of fiscal year 1982 by a continuing resolution, I want to call the Department's attention to the fact that the current R. & D. program at the Barnwell Nuclear Fuel Plant in South Carolina should be continued under this resolution on an uninterrupted basis.

On September 11, the Energy and Water Development Subcommittee of the Senate Appropriations Committee approved continuation of the Barnwell program through fiscal year 1982 at a level of $10 million. The House has already voted to appropriate the same amount and the Senate Energy and Natural Resources Committee, under the leadership of Chairman McCLURE, has authorized continuation of the Barnwell program through fiscal year 1982.

I ask unanimous consent that a copy of my recent letter to Chairman HATFIELD, which outlines the reasons why I believe it is essential to continue the Barnwell program for 1 more year, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON THE JUDICIARY,
Washington, D.C., September 10, 1981.

Hon. MARK O. HATFIELD,
Chairman, Subcommittee on Energy and Water Development, Committee on Appropriations, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: It is my understanding that the Subcommittee on Energy and Water Development of the Committee on Appropriations plans to begin markup of H.R. 4144, the Energy and Water Development Appropriation Bill of 1982, on Friday of this week. The purpose of this letter is to inform you of my interest in continuing funding for the current research program at the Barnwell Nuclear Fuel Plant in South Carolina through FY'82.

As you are aware, the House has appropriated $10 million for a FY'82 program at Barnwell. The same amount was approved in the Omnibus Budget Reconciliation Act. The Senate Energy and Natural Resources Committee authorized the Secretary of Energy to continue the Barnwell R&D program through FY'82 at a level that would maintain this national asset. Secretary Edwards has also indicated his interest in seeing that Barnwell is maintained in its current status and his intention to spend the $10 million efficiently and effectively, if appropriated by Congress.

The proposed program for FY'82 at Barnwell would, for example, involve further research into sophisticated nuclear safeguards systems. Training courses would be held at Barnwell during FY'82 to train experts from other nations on procedures and technology essential to the safeguarding of special nuclear materials.

Continuing the Barnwell program at $10 million will provide an additional year necessary for the Department of Energy, the owners of Barnwell, and other private investors to come together with a plan to operate this facility. As you know, President Reagan favors a resumption of private reprocessing activities. It will take time, however, to license this facility and establish the waste management programs necessary for Barnwell to operate.

Having closely followed and supported the development of the Barnwell Plant for the last 13 years, I have a strong interest in seeing that Barnwell is used for its intended purpose of reprocessing. Continuing the R&D program at Barnwell through FY '82 is necessary to achieve this objective.

Please do not hesitate to contact me if you have any further questions regarding the

Barnwell program or if I may be of assistance to you in any way.

With kindest personal regards and best wishes,

Sincerely,

STROM THURMOND,
Chairman.

AN INTEREST RATE RECESSION AHEAD?

Mr. BENTSEN. Mr. President, signs of economic distress are popping up everywhere as the debilitating impact of our sky-high interest rates spread throughout the economy. For example, business capital investment spending was projected by the Department of Commerce last March to rise 10.2 percent this year. Those plans have been scaled back due to soaring interest costs and are now projected to rise 8.8 percent in 1981.

Since business expects inflation to average 8.6 percent this year, this latest cutback in business spending means that real investment will scarcely rise at all this year—which is a devastating blow to early hopes for a turnaround in the capital:labor ratio and productivity.

FARMERS

Farmers are being jeopardized in a much more alarming fashion by our sky-high interest rates. With interest rates propelling production costs up currently at a 17-percent rate, they have had no choice but to borrow additional credit to meet ordinary expenses necessary to plant and harvest their 1981 crops. The Federal Reserve Bank of Chicago reports, for example, that loans by production credit associations for such expenses were up in July by 11 percent over July 1980. Over the first half of 1981, PCA loans are up an even higher 14 percent.

These large increases in debt coming on top of predicted low crop prices and earnings may well push a number of farmers out of business. Even before the crops are in, a number of PCA's are seeing a sharp rise in troubled loans. I can only see more trouble ahead as our hard pressed farmers seek to pay off these loans and other production costs with shrinking earnings.

INDUSTRY OUTPUT

U.S. industry faces trouble ahead, as well, due to sagging demand related to high interest rates. Consumer goods production was off 0.3 percent in July, but fell an even sharper 1 percent in August. The output of materials rose in July, but then fell sharply in August. Autos and housing continued their plunge in August, as well, as the depressions in these critical industries deepened. The weakness in these sectors led to a 0.4 percent overall decline in U.S. industrial production in August—the largest drop since July 1980, and the first decline since April. In addition, the rate of factory utilization declined in August to 79.3 percent, a reversal of the pattern in August which saw that figure rise 1 percent.

Adding to this interest rate induced decline in output are signs that inventories are starting to pile up across our country. Inventories rose 1.1 percent in July for retailers, wholesalers, and manufacturers—an ominous sign for the future. Another sign of future trouble is the decline in August of durable goods orders from wholesalers and retailers. Their orders fell off a sharp 2.5 percent, the first decline in 7 months—another sign that business inventories are starting to pile up on store shelves.

HOUSING

Let me review the disastrous status of our housing industry in detail. I said a moment ago, Mr. President, that we have a housing depression, and indeed we do as a result of soaring mortgage rates now at 18 percent and more. Housing starts are the most recognized indicator of the financial health of that key industry. That statistic tumbled 10.7 percent in August to a bare 937,000 units—the third lowest monthly level since World War II and the lowest level in 5 years.

In collapsing through the psychologically important 1 million unit level, the housing industry is poised for further sharp declines, perhaps to as low as 800,000 units in the months ahead. One indicator of future housing activity is the number of building permits issued. In August, only 863,000 permits, at an annual rate, were issued, 5 percent below the July rate and a whopping 36 percent below August 1980. Things are going to get worse unless interest and mortgage rates fall quickly.

Other statistics tell the same tragic story. Unemployment in the construction industry was 15 percent last month, more than twice the annual rate. The sale of new houses in July was down 55 percent from the peak rate of 900.000 houses attained in October 1978. The sales of used homes in August was off 32 percent from the peak period 1978 and 1979. Construction of single family homes in August was the lowest recorded in the postwar period.

The soaring pace of mortgage rates has priced 90 to 95 percent of first home buyers out of the market. Monthly principal and mortgage interest costs at 17 percent, for example, are fully 62-percent above these same costs at a 10-percent mortgage rate. A $50.000 mortgage which cost $439 per month at 10 percent, for example, will cost $713 per month at 17 percent. New families simply cannot afford housing at that price.

UNEMPLOYMENT, CONSUMERS

Other bad news abounds, as well. Unemployment appears headed up as a consequence of the squeeze interest rates are putting on business and consumers. Unemployment compensation claims at State offices around the country jumped to 511.000 in the latest week of September for which data are available from 449.000 the preceding week. And it is tragically easy to predict that the number of men and women in America who are seeking work without success will rise even further unless a break occurs in interest rates.

Sagging output, high interest rates, and rising unemployment directly affects the ability of consumers to pay their bills on time. There are increasing signs that consumers are facing serious economic distress. For example, it was reported in the Wall Street Journal on September 18 that delinquent mortgage payments—payments late for more than 60 days—at the standard Federal Savings and Loan Association in Detroit were running 50 percent ahead of last year's pace. Mortgage foreclosures in Detroit are running at a rate of 10 a day this year, up 53 percent from 1980, despite efforts by thrift institutions to accommodate homeowners in distress.

INTERNATIONAL

Our sky-high interest rates have been transmitted abroad, of course, through international money markets. They have cut like a scythe through business and consumers in Europe as they have here. Demand for goods and services is ebbing abroad as here at home, and idle factory capacity and unemployment is spreading. A broad index of industrial output developed by the 19-country organization for economic cooperation and development has fallen 3 percentage points since February. Sky-high interest rates, in fact, have left that index lower now than it was 2 years ago.

The OECD's midyear report is even more pessimistic about the future. It projects that unemployment in all industrial nations will rise by 2 million persons during 1982 to reach 26 million men and women. In Europe, the unemployment rate could hit 9 percent by the end of 1982 and the number of men and women vainly seeking work will hit depression-era levels. Even the robust Japanese economy will see its growth rate slashed by half next year by high interest rates.

WALL STREET

Wall Street, itself, is suffering under an avalance of stock and bond selling that reveals fears of continuing high interest rates and a less than robust economic future. Paper losses on Wall Street are estimated at better than $200 billion now, with the New York Stock Exchange itself down to an 18-month low; it has lost over 150 points since its high of 1024 on April 27. Even the heretofore strong dollar is sagging on foreign exchange markets. It has been falling for over a week now and is down 11 percent since August 10 as fears abroad of soaring deficits and continued high U.S. interest rates grow. A declining dollar is bad news in our fight to slow inflation, as well.

The Wall Street and foreign fears for the future hinge directly on interest rates. Yet, there are no signs that help is ahead to deal with our interest rate crisis.

STEPS TO REDUCE INTEREST RATES

The Federal Reserve Board controls the Nation's credit supply. Since January, the most widely used indicator of our money supply, M–1B, has risen at an annual rate of only 1.4 percent. This is well below the 3.5 to 6.0-percent target range which Fed Chairman Paul Volcker presented to Congress last February. He is very low of the target and soaring interest rates show it. Yet, Chairman Volcker insisted last Wednesday in Congressional testimony that the Fed is not far off its course. He is wrong. And he should get back on course as quickly as he can to ease pressure on interest rates.

Moving M-1B growth into the Fed's own target range will not renew inflation, particularly in light of our sagging economic outlook. But it will ease interest rate pressures.

The Federal Reserve action will have an important impact on reducing interest rates. But an even bigger step would be to corral the Federal deficit. I know its fashionable for some to argue that deficits do not matter. Do not believe it. The soaring Federal deficit is crowding out billions of dollars in productive capital investments needed to restore our battered productivity. New plants and new, more productive machines and equipment are not being built and R. & D. work is not occurring because interest rates have been pushed sky high by the need to finance the Federal deficit.

As Chairman Volcker said last week, there is currently a clash in capital markets between private and public needs. And the Government is claiming the lion's share, taking as much as one-half of the savings available in recent weeks to all borrowers.

A RECESSION AHEAD?

Until the deficit is brought down, we cannot hope for a major drop in interest rates. Federal Reserve Board jawboning and meeting its target money growth rates will help cut interest rates to some extent. And those steps should be rapidly adopted by the Fed. But the real solution remains easing the enormous financing requirements and credit demand posed by the deficit.

The administration tells us it will take time for them to gain control of the deficit. I am not sure we have much time to spare, however, there are many, too many, omninous signs, including preliminary indications from the Commerce Department, that our economy is becoming spongy soft, that we could be headed for a recession in a runaway car fueled by high interest rates. These signs are not overwhelming, but they are persuasive that demand has become soggy enough to yield negative real growth this quarter for the second quarter in a row. That would put us officially in a recession. And the worst may be yet to come.

Estimates of the scale year 1982 deficit made by a variety of credible analysts range from $55 billion to $77 billion—well above the midyear $42.5 billion administration forecast. As much as $10 billion of that slippage is due to continued high interest costs on the national debt. But the balance reflects lagging real growth prospects for fiscal year 1982 which begins next week and the related slowing of Federal tax receipts.

If this second guessing of administration forecasts turns out to be accurate, we face renewed interest rate pressure and an extension of the present period of economic stagnation well into calendar 1982.

THE HUMAN COST OF HIGH INTEREST RATES

This talk of deficits and dollars does not capture the tragedy which could unfold in our Nation this fall. High interest rates have pushed millions of farmers, small businessmen, and households against the wall. They will be going under later this year unless interest rates fall—forced out of homes, offices, stores, and off land which they have spent a lifetime building and improving. In a good economy or even a fair one, they could make it. They are not asking to become rich. What they do want is to be left alone to live relatively prosperous lives. To do that though, they need a growing economy where their costs of production are not being driven to unheard-of levels by soaring interest rates.

If they do not get some relief from interest costs soon—either an economic recovery or falling interest rates—it will be too late. They are putting the word out, Mr. President. Every Member of this body has heard from them. I am listening to them. And I hope my colleagues and the administration are too. It is time for lower interest rates and that means first, action by the Fed and, second, action on the deficit.

We have run out of time to talk. It is now time for action.

NATIONAL CYSTIC FIBROSIS WEEK

Mr. DOLE. Mr. President, last April, the Senator from Kansas, along with many of his distinguished colleagues, introduced a resolution designating this week as "National Cystic Fibrosis Week." As this week progresses, it is my hope that efforts to bring the message of cystic fibrosis—the implications of the disease, and its impact on victims and families alike—to the attention of the American public will be successful.

Only by building upon the foundation of knowledge already established through public education activities, primarily generated by the Cystic Fibrosis Foundation, can we realize the dream of the conquest of this dread disease that strikes small children and curtails their hopes for a productive adult life.

Although medical science has not yet found a cure or long-term control for CF, there have been significant advances in treatment, medications, and diagnostic procedures that have been able to extend the life expectancy of people with cystic fibrosis from 10 to 21 years of age. However, the disease remains fatal.

Over the years, Members of Congress have had the opportunity to vote for legislation designed to support research into the many aspects of cystic fibrosis. It is our hope that, with the growing public awareness of the implications of this disease, more support for continued research toward improvements in treatment, as well as a possible cure will result.

During this week, I would like to mention again a very special person who spent several weeks during the summer of 1980 on my staff. I feel very privileged to have known Keith Jones during this brief time, because he provided an inspiring example to all of us who worked with him.

Keith suffered from cystic fibrosis and lived with the constant knowledge that his life was not destined to be as long as others.

Yet, he continued to plan ahead for a career in the legal field. Keith was a very hard worker, and expressed the kind of positive approach toward life that left everyone with whom he came in contact a little bit happier that he had been part of their day.

I regret to say that shortly after Keith completed his term as an intern in my office, he was hospitalized for treatment and, from that time on, although he tried to return to college, he did not have the strength to maintain a full schedule. His time out of hospitals became more and more rare, until he passed away earlier this year.

Mr. President, not all of us have the opportunity to know an individual with cystic fibrosis, but I think that it is extremely important that we be aware of the realities with which they have to contend on a daily basis. It is for this reason, that I introduced this resolution designating "Cystic Fibrosis Week"—the more that can be done to generate awareness and support for efforts to assist victims of cystic fibrosis and their families, the closer we will come to finding a cure.

I ask unanimous consent to have printed in the RECORD a copy of the resolution and a fact sheet on CF from the Cystic Fibrosis Foundation, and congratulate this organization on its tremendous contribution to the cause of CF.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S.J. RES. 62

Whereas cystic fibrosis is the number one genetic killer of children in America, and between one thousand five hundred and two thousand five hundred are born each year in this country with the disease; and

Whereas public understanding of cystic fibrosis is essential to enhance early detection and treatment of the disease and reduce the misunderstanding and confusion concerning the symptoms of cystic fibrosis; and

Whereas a national awareness of the cystic fibrosis problem will stimulate interest and concern leading to increased research and eventually a cure for cystic fibrosis: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of September 20 through 26, 1981, is designated as "National Cystic Fibrosis Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe that week with appropriate ceremonies and activities.

CF FACTS

One of the major goals of National Cystic Fibrosis Week is increased public awareness of the disease, its symptoms, and the continuing need for research in all aspects of cystic fibrosis. Every American can contribute to the success of CF Week by having a sure grasp on the basic facts about cystic fibrosis—and sharing them with others.

WHAT IS CYSTIC FIBROSIS?

Cystic fibrosis (CF) is an inherited disease of children, adolescents, and young adults. In the United States, CF is the number one genetic killer of children and young adults. Cystic fibrosis is a disorder of certain glands of the body, predominantly the sweat glands and the mucous glands. In cystic fibrosis the sweat glands produce a very salty sweat, and the mucous glands secrete an abnormal, thick mucous. It is this glue-like mucous that leads to both the lung damage and the digestive problems that complicate cystic fibrosis.

WHAT IS THE CAUSE OF CF?

Cystic fibrosis is an inherited disorder—it is not contagious. A child is born with CF only if both parents carry genes for the trait and both genes are transmitted to the child at conception. The abnormality or defect of the gene that causes CF has not yet been identified.

About one in every 20 Americans carries the cystic fibrosis gene, and parents cannot control the kinds of genes they pass on to their children. However, when both parents are carriers of the CF gene, their children will not automatically have CF. Each time a woman carrier of the CF gene and a man who is also a carrier of the gene conceive a baby, there is a 25 percent chance that the child will inherit CF; a 75 percent chance that the child will not have CF; and a 50 percent chance that the infant also will be a carrier.

These odds apply to each pregnancy. A pregnancy that resulted in a child with CF doesn't guarantee that the next pregnancies will escape CF.

CAN CF CARRIERS BE IDENTIFIED?

At present, there is no reliable method for identifying the symptom-free carriers of cystic fibrosis. Research is under way to develop safe and effective tests for detecting the CF gene. The development of such a test will be of great assistance in predicting the likelihood of CF for prospective parents.

HOW COMMON IS CF?

CF affects approximately one in every 1,800 newborns, making it the most common, fatal genetic disease in the United States.

WHAT ARE THE SYMPTOMS OF CF?

Generally, three major symptoms are associated with CF:

Respiratory problems

At some time during their lives, most patients with CF develop lung disease. The thick mucus produced in CF obstructs the airways of the lungs and respiratory system. This interferes with the normal breathing process, and eventually leads to damage of the lung tissue. Respiratory complications cause over 90 percent of all deaths of patients with CF. CF patients are also very susceptible to certain types of lung infections which are often difficult to treat with drugs that are currently available.

Digestive problems

The pancreas and other organs of the digestive system secrete enzymes into the intestine where they help to break down food into the components which the body uses for energy, growth, and maintenance. In CF, thick, sticky mucus blocks the passageways that carry these enzymes to the intestine. This results in improper digestion so that much of the food consumed cannot be used by the body and is excreted. Thus, persons with CF often have large appetites but still may appear malnourished.

Excessive salt loss

Parents and grandparents are often the first to notice one of the signs of cystic fibrosis: When they kiss the baby they taste salt on the infant's skin. This excessive salt loss among CF patients can place them at risk of heat exhaustion or dehydration during periods of increased sweating, such as during exercise, hot weather, or fever.

The symptoms and effects of CF vary from patient to patient, and are sometimes similar to symptoms of other childhood disorders. This often complicates quick and accurate diagnosis of the disease.

WHEN (AT WHAT AGE) DO THE SYMPTOMS OF CF APPEAR?

In approximately 10 to 15 percent of the cases, the earliest symptom of CF appears at birth, in the form of an intestinal blockage known as meconium ileus. In many individuals with CF, the symptoms of the disease appear within the first few months of life. In these cases, the thick mucous secretions hamper the infant's breathing and digestion, and the child fails to grow properly. Other patients with CF do not develop symptoms until later in childhood or adolescence.

HOW IS CF DETECTED?

A sweat test, which measures the amount of salt in the sweat, is a simple, painless, and reliable test for cystic fibrosis. Other clues that provide a basis for diagnosing CF include: frequent respiratory infections; malnutrition or failure to grow; frequent bulky bowel movements; rectal prolapse; and nasal polyps.

Identification of any of these symptoms should be followed by a medical check-up and laboratory tests. Because of the genetic nature of CF, brothers/sisters and first cousins of a child with CF should also be screened for the disease, using the sweat test procedure.

HOW IS CF TREATED?

While there is at present no cure for cystic fibrosis, intensive research has resulted in effective treatment methods, and an increasing number of young patients with the disorder survive into adulthood.

The intestinal problems of cystic fibrosis are generally managed with dietary adjustments (for example, increased calorie and protein intake) and enzyme supplements to aid digestion.

Treatment for the lungs helps clear the airways of the thick, sticky mucus that results from cystic fibrosis and helps prevent respiratory infections. Chest physical therapy (postural drainage) is used to reduce or prevent blocking of the airways. Parents (or the patients themselves, when they are old enough) perform postural drainage at home as a regular treatment.

In addition, infection is a major hazard to the person with cystic fibrosis, so antibiotics are often given to prevent and/or treat infections in the bronchi and lungs.

Some CF patients take as many as 40 to 60 pills a day. Recent figures show that the average individual cost of CF treatment and care is more than $2,000 a year for non-hospitalized patients and average $10,000 a year for patients who are hospitalized.

WHAT IS THE OUTLOOK FOR CF PATIENTS?

While researchers are continuing their efforts to find the basic cause of cystic fibrosis, to develop better therapies, and ultimately, to find a cure, the outlook for children and young adults with cystic fibrosis is better than ever before.

Fifteen years ago, few children with CF lived beyond six years of age. Today, with improvements in diagnosis and medical treatment, half of the CF patients born today will live past 20 years of age.

With good all-around care, many cystic fibrosis patients can lead relatively normal lives.

However, there remain many unanswered questions regarding the cause, cure, and prevention of CF. For answers to these questions, we must continue to look to biomedical research.

WHAT IS THE CYSTIC FIBROSIS FOUNDATION?

The Cystic Fibrosis Foundation (CFF), established in 1955, is a nonprofit, voluntary health organization, dedicated to improving the outlook for the CF patient and ultimately finding the answer to the cause of CF.

The Foundation, through its National Headquarters and network of 74 state and local chapters across the United States, supports programs in:

Scientific/Medical Research—which may provide new clues to understanding the cause treatment and cure of CF;

CF Medical Centers—a network of more than 125 treatment-centers nationwide which provide the latest in specialized diagnosis and high-quality medical care for CF patients and services for CF families:

Young Adult/Consumer Services—to identify and help solve psychosocial, educational, and financial problems that may arise in the lives of persons affected by cystic fibrosis, including patients, families, and caregivers;

Public and Professional Education—which provides information and training to health professionals, as well as educational materials for patients, families, and the general public regarding CF;

Public Policy—which monitors and influences decisions made at local, state, and Federal levels of government affecting the programs, rights, and benefits of patients and their families.

The Foundation's programs are supported through contributions from the public.

CATASTROPHIC EFFECTS OF HIGH INTEREST RATES

Mr. BOREN. Mr. President, repetition is sometimes effective—if a person repeatedly and consistently tries to correct an unjust and unhealthy situation, sometimes the light finally breaks through. I do not like getting up here every day going over and over the catastrophic effects that high interest rates are having. Many of my colleagues in the Senate share this frustration with me.

But I intend to continue my vigil; I intend to continue to speak out about this situation, I intend to continue to point out to the administration, the Treasury Secretary, and the Federal Reserve Board where their responsibilities lie in returning interest rates to a reasonable level.

In past days, I have quoted from the newspapers and from other knowledgeable sources about the devastating effects of high interest rates. Let me change from that course a little and put into perspective the effect of interest rates on a young family.

Only 2 years ago, loans were available to young working couples at reasonable rates, ranging from 9 to 11 percent. An individual that I know bought a house on the fringe of the rising interest rates—they received a rate of 10¾ percent. At the time, they were tempted to resist buying their long-awaited home because the interest rate was so high that their financial limits were almost reached. It was lucky they did not wait; at the time of their closing, interest rates had already reached 12 percent, with no signs of coming down.

Had that couple waited to buy their home even 2 months, they would not have been able to qualify for financing at the higher interest rate. And that was back when interest rates were 10 to 12 percent. What do young people do now? They continue to watch their savings dwindle while paying rent—and watch their dreams of owning their own home vanish.

Check with any real estate company in any State in the Nation. If I have not made the situation obvious, they can personally tell you how serious it really is. Homes that 2 or 3 years ago could have been affordable are now completely out of reach because the payments have ballooned to such outrageous proportions due to interest rates.

The average priced home in America today is about $76,000, with 1,500 square feet of living space. Let me give you a startling statistic. Of all of the eligible buyers in our Nation, only 3 percent would be able to purchase that average home.

How many examples do we need to give the administration to get their attention about the hardships caused by high interest rates? What kind of justification can the administration provide to small businesses and individuals who are forced to file for bankruptcy because of high interest rates?

I could go on and on. This is a ridiculous situation. The hardships to our citizens and businesses could be and should be alleviated by prompt Executive action. I will continue to fight until that finally dawns on the administration.

GENOCIDE AND INTERNATIONAL LAW

Mr. PROXMIRE. Mr. President, one of the most frequently raised objections to the Genocide Convention is that genocide is a matter of national jurisdiction, not international law, and thus is not a proper subject for treatymaking.

There are two points that can be made in response. First, if genocide is not of international concern, then I do not know what possibly could be considered a matter of international concern.

Genocide is the intent to destroy, in whole or in part, a national, racial, ethnic, or religious group. One of the magnificent aspects of the human race is its diversity. Our culture, itself a product of a wide range of subcultures, is dramatically influenced by other peoples and cultures.

When a particular group is eliminated, all of mankind is impoverished. The fact that a particular ethnic group is, for example, a minority in its own country and subject to persecution does not mean that it has no rights as a part of the world community.

The second problem with the claim that genocide is not an international matter is that this claim contradicts our history of treatymaking. The Supreme Court declared in 1890 that:

> The treaty power of the United States extends to all proper subjects of negotiation between our Government and the governments of other nations.

Many treaties in the past have had a direct application to domestic matters.

Mr. President, there is no logic to the claim that genocide lies outside the proper boundaries of treatymaking. Genocide is of concern to any moral actor in the world community. We must ratify the Genocide Convention.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the ACTING PRESIDENT pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

HOUSE BILL REFERRED

The following bill was read twice by unanimous consent, and referred as indicated:

H.R. 4522. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1982, and for other purposes, to the Committee on Appropriations.

MESSAGES FROM THE HOUSE

At 9:37 a.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bill, with amendments:

S. 1210. An act amending the Environmental Quality Improvement Act of 1970.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4522. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1982, and for other purposes.

At 12:15 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House insists upon its amendments to the bill (S. 1181) to amend titles 10 and 37, United States Code, to increase the pay and allowances and benefits of members of the uniformed services and certain dependents, and for other purposes, disagreed to by the Senate; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and has appointed Mr. PRICE, Mr. NICHOLS, Mr. MONTGOMERY, Mr. ASPIN, Mr. WON PAT, Mrs. BYRON, Mr. DICKINSON, Mr. MITCHELL of New York, Mrs. HOLT, and Mr. HILLIS as managers of the conference on the part of the House.

The message also announced that the House has agreed to the amendment of the Senate to the following bill:

H.R. 2903. An act to extend by one year the expiration date of the Defense Production Act of 1950.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The President pro tempore (Mr. THURMOND) signed the following enrolled bills and joint resolution received from the House of Representatives yesterday:

H.R. 618. An act to convey certain interests in public lands to the City of Angels, California;

H.R. 2218. An act to direct the Secretary of Agriculture to convey certain National Forest System lands in the State of Nevada, and for other purposes; and

S.J. Res. 65. Joint resolution proclaiming Raoul Wallenberg to be an honorary citizen of the United States and requesting the President to ascertain from the Soviet Union the whereabouts of Raoul Wallenberg and to secure his return to freedom.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary reported that on today, September 24, 1981, he had presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 65. Joint resolution proclaiming Raoul Wallenberg to be an honorary citizen of the United States, and requesting the President to ascertain from the Soviet Union the whereabouts of Raoul Wallenberg and to secure his return to freedom.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1969. A communication from the Chairman and the President of the Federal Crop Insurance Corporation, Department of Agriculture, transmitting, pursuant to law, the 1980 annual report of the Federal Crop Insurance Corporation; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1970. A communication from the Clerk of the U.S. Court of Claims, transmitting, pursuant to law, a copy of the court's judgment in the case of the Navajo Tribe v. the United States; to the Committee on Appropriations.

EC-1971. A communication from the Chairman of the Federal Communications Commission, transmitting the initial portion of the proposed legislative program of the Commission for the 97th Congress; to the Committee on Commerce, Science, and Transportation.

EC-1972. A communication from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title III of the Outer Continental Shelf Lands Act Amendments of 1978 to clarify claims, financial responsibility, and civil penalty provisions; to the Committee on Energy and Natural Resources.

EC-1973. A communication from the U.S. Trade Representative, transmitting, pursuant to law, the annual report on the operation of the International Coffee Agreement; to the Committee on Finance.

EC-1974. A communication from the Assistant Secretary of State, Bureau of International Organizations, transmitting, pursuant to law, certain documents relevant to the work of the United Nations Joint Inspection Unit; to the Committee on Foreign Relations.

EC-1975. A communication from the Acting Secretary of the Interior, transmitting, pursuant to law, a report on donations received and allocations made from the fund "14X8563 Funds Contributed for the Advancement of the Indian Race, Bureau of Indian Affairs"; to the Select Committee on Indian Affairs.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-425. A petition from a citizen of Oklahoma City, Okla., favoring congressional cooperation with the efforts of the Reagan Administration to strengthen the Nation's defense; to the Committee on Armed Services.

POM-426. A resolution adopted by the Arizona School for the Deaf and Blind Education Association, favoring legislation now in the Congress relating to use of telephones by hearing-impaired persons; to the Committee on Commerce, Science, and Transportation.

POM-427. A resolution adopted by the City Council of Duluth, Minnesota, relating to the decontrol of natural gas; to the Committee on Energy and Natural Resources.

POM-428. A joint resolution adopted by the First Olbiil Era Kelulau, requesting an appropriation of special funds to cover anticipated deficit for fiscal year 1981 for the Republic of Palau; to the Committee on Energy and Natural Resources.

POM-429. A resolution adopted by the Senate of the State of South Carolina; to the Committee on Finance:

"A SENATE RESOLUTION

"Whereas, the volume of textile and apparel imports to the United States has increased by eleven percent in 1981 in comparison with 1980; and

"Whereas, this increase has resulted in a nineteen percent jump in the textile apparel trade deficit; and

"Whereas, the actual dollar value of textile imports was 5.8 billion dollars in 1980, up thirteen percent; and

"Whereas, these substantial import increases have created severe problems and concern in our textile industry which require prompt and effective action by the Federal Government. Now, therefore, be it

"Resolved by the Senate: That the Congress of the United States and the Reagan Administration are memorialized to seek to negotiate a multi-fiber import agreement with major textile importing countries which would relate textile apparel import growth to the growth of the domestic textile market.

"Be it further resolved that copies of this resolution be forwarded to President Reagan, Secretary of State Haig, Vice President Bush, Speaker of the House O'Neill and each member of the South Carolina Congressional Delegation in Washington, D.C."

POM-430. A resolution adopted by the House of Representatives of the State of South Carolina; to the Committee on Finance:

"A HOUSE RESOLUTION

"Whereas, the volume of textile and apparel imports to the United States has increased by eleven percent in 1981 in comparison with 1980; and

"Whereas, this increase has resulted in a nineteen percent jump in the textile apparel trade deficit; and

"Whereas, the actual dollar value of textile imports was 5.8 billion dollars in 1980, up thirteen percent; and

"Whereas, these substantial import increases have created severe problems and concern in our textile industry which require prompt and effective action by the Federal Government. Now, therefore, be it

"Resolved by the House of Representatives: That the Congress of the United States and the Reagan Administration are memorialized to seek to negotiate a multi-fiber import agreement with major textile importing countries which would relate textile apparel import growth to the growth of the domestic textile market.

"Be it further resolved that copies of this resolution be forwarded to President Reagan, Secretary of State Haig, Vice President Bush, Speaker of the House O'Neill and each member of the South Carolina Congressional Delegation in Washington, D.C."

POM-431. A joint resolution adopted by the Legislature of the State of California; to the Committee on Foreign Relations:

"SENATE JOINT RESOLUTION No. 8

"Whereas, Rudolf Hess, 86, who was convicted of one of the most heinous crimes in the history of mankind for his involvement in the genocide of 6 million Jews during World War II, has petitioned the governments of the United States, France, Great Britain, and the Soviet Union, asking to be released from his life prison term due to his advanced age; and

"Whereas, He was Adolph Hitler's second in command, and was instrumental in the creation of the first concentration camps in 1933, the burning of synagogues and the formulation of the plans for the death camp at Auschwitz, and has, since his conviction, shown no signs of rehabilitation, remorse, or regret for the millions of Jewish victims lost during the Nazi regime; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and Congress of the United States to oppose the release of convicted war criminal Rudolf Hess from Spandau Prison near Berlin, Germany; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-432. A petition from a citizen of Tacoma, Wash., relating to the "Gay Bill of Rights"; to the Committee on the Judiciary.

POM-433. A resolution adopted by the City Council of Broadview Heights, Ohio, requesting the Congress to examine the roll, selection, function, and tenure of Federal judges; to the Committee on the Judiciary.

POM-434. A petition from a citizen of Lawrence. Kans., relative to abortion; to the Committee on the Judiciary.

POM-435. A resolution adopted by the Board of Directors of the National Easter Seal Society, relative to greater involvement of the private sector in the Nation's social programs: to the Committee on Labor and Human Resources.

POM-436. A resolution adopted by the Labor and Economic Development Committee of the House of Representatives of the State of Washington, relative to marine terminal standards; to the Committee on Labor and Human Resources.

POM-437. A resolution adopted by the General Assembly of the Presbyterian Church in America, relative to the date of national elections: to the Committee on Rules and Administration.

POM-438. A petition from a citizen of Los Angeles, Calif., relative to veterans' benefits; to the Committee on Veterans' Affairs.

REPORT OF THE COMMITTEE ON APPROPRIATIONS SUBMITTED DURING THE RECESS

Under the authority of the order of the Senate on January 5. 1981, the following report of a committee was submitted on September 23, 1981, during the recess:

By Mr. HATFIELD, from the Committee on Appropriations, with amendments:

H.J. Res. 325. Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. STAFFORD, from the Committee on Environment and Public Works:

Matthew Norman Novick, of the District of Columbia, to be Inspector General, Environmental Protection Agency; pursuant to the order of the Senate of July 24, 1981, referred to the Committee on Governmental Affairs for not to exceed 20 days.

By Mr. TOWER, from the Committee on Armed Services:

Thomas K. Turnage, of California, to be Director of Selective Service; and

James F. Goodrich, of Maine, to be Under Secretary of the Navy.

John S. Herrington, of California, to be an Assistant Secretary of the Navy.

Mr. TOWER. From the Committee on Armed Services, I report favorably the following nominations: Lt. Gen. James V. Hartinger, U.S. Air Force, to be general, Maj. Gen. James A. Williams, U.S. Army, to be lieutenant general, in the Marine Corps there are 39 temporary and permanent appointments/promotions to the grade of major general and below (list begins with James L. Day), and Brig. Gen. Harold L. Gwatney, U.S. Army Reserve, to be major general. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. In addition, in the U.S. Navy there are 2,070 permanent promotions to the grade of commander (list begins with Charles S. Abbot), and in the Navy there are 106 permanent and temporary appointments/promotions to the grade of lieutenant junior grade and below (list begins with Franklin W. Morgan). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORDS of September 11 and 16, 1981, at the end of the Senate proceedings.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

BY Mr. PACKWOOD:

S. 1659. A bill to permit, under certain circumstances, the manufacture, sale, prescribing, and dispensing of the drug dimethyl sulfoxide (DMSO) in the State of Oregon and the importation into such State of such drug or any ingredient or intermediate thereof, including dimethyl sulfide compound or mixture thereof; to the Committee on Labor and Human Resources.

BY Mr. WALLOP:

S. 1660. A bill to validate certain oil placer mining claims in Hot Springs County, Wyoming; to the Committee on Energy and Natural Resources.

BY Mr. GRASSLEY:

S. 1661. A bill to authorize the Secretary of the Interior to acquire certain lands by exchange for addition to Effigy Mounds National Monument in the State of Iowa, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. McCLURE (for himself, Mr. STAFFORD, Mr. DOMENICI, Mr. SIMPSON and Mr. SYMMS):

S. 1662. A bill to establish a limited program for Federal storage of spent fuel from civilian nuclear powerplants, to set forth a Federal policy, initiate a program, and establish a national schedule for the disposal of nuclear waste from civilian activities, and for other purposes; to the Committee on Energy and Natural Resources and the Committee on Environment and Public Works, jointly, by unanimous consent with the proviso that if either committee reports the bill, the other committee shall be obligated to report the bill in 30 calendar days (not including days on which the Senate is in recess for more than three days) or be discharged from further consideration thereof.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. PACKWOOD:

S. 1659. A bill to permit, under certain circumstances, the manufacture, sale, prescribing, and dispensing of the drug dimethyl sulfoxide—DMSO—in the State of Oregon and the importation into such State of such drug or any ingredient or intermediate thereof, including dimethyl sulfide compound or mixture thereof; to the Committee on Labor and Human Resources.

REGULATION OF DMSO

● Mr. PACKWOOD. Mr. President, I am introducing legislation that would allow the State of Oregon to regulate and monitor the use of DMSO. The significance of this legislation is that it requests that responsibility be transferred from the Federal level to the State level.

In July 1981, the Governor of Oregon signed into law an act which requests that the Congress take appropriate action to remove "any" Federal impediments to the full implementation of the Oregon law governing DMSO.

The Food and Drug Administration has known about DMSO for many years. Dr. Stanley Jacob, from the University of Oregon, has pioneered the research behind DMSO and continues to do so. Dr. Jacob's research found that DMSO can help control pain caused by: First, scleroderma, a debilitating disease; second, arthritis, bursitis, and rheumatism; and third, acute brain and spinal cord injuries. Yet, despite these dramatic breakthroughs in Dr. Jacob's work, the FDA has only approved the use of DMSO for treatment of bladder disease.

There are over 300,000 persons in the United States who are afflicted by scleroderma, and at least 80 percent of all seniors suffer from some form of arthritis. DMSO could help these people.

Legislation enacted by the State of Oregon is designed to make absolutely sure that all necessary safeguards are taken when the State of Oregon regulates the use and distribution of DMSO.

Mr. President, I ask unanimous consent the text of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1659

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding section 505 of the Federal Food, Drug, and Cosmetic Act, a person may manufacture, sell, prescribe, or dispense the drug dimethyl sulfoxide (DMSO) in the State of Oregon, or may import into such State such drug or any ingredient or intermediate thereof, including dimethyl sulfide compound or mixture thereof, if the manufacture, sale, prescribing, or dispensing of such drug in such State, or the importation of such drug into such State, is conducted in accordance with the provisions of the laws of such State.●

By Mr. WALLOP:

S. 1660. A bill to validate certain oil placer mining claims in Hot Springs County, Wyo.; to the Committee on Energy and Natural Resources.

VALIDATION OF CERTAIN MINING CLAIMS

● Mr. WALLOP. Mr. President, today I am introducing a private relief bill to prevent an injustice not foreseen by this august body in the enactment of the recordation of mining claims and abandonment section of the Federal Land Policy and Management Act of 1976, 43 U.S.C. § 1744.

This bill is for the benefit of Petro-Lewis Corp., the owner of two oil placer mining claims located in Hot Springs County, Wyo. The claims were originally located June 27, 1917 and were acquired by Petro-Lewis from Ashland Exploration Inc., January 1, 1979. These claims have since been declared abandoned by the Bureau of Land Management, which decision was recently affirmed by the Interior Board of Land Appeals, for failure to record the claims under section 314 of the Federal Land Policy and Management Act. Ironically, on the legal date of abandonment—October 21, 1979, the claims were in production and have continued in production.

Clearly, the purpose behind the recordation provision of section 314 of the act otherwise known as the BLM Organic Act, was simply to clear the public land records of stale mining claims. It was never intended that the act should operate to declare abandoned mining claims that are in production.

My bill intends to remedy this unfortunate result as it relates to Petro-Lewis by giving them 60 days from the date of enactment of this bill within which to file the appropriate papers with the Bureau of Land Management. In effect, if Petro-Lewis files properly within this time frame, the mining claims will be deemed to have continued, uninterrupted by the previous failure to comply with the law.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1660

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) notwithstanding section 314(c) of the Federal Land Policy and Management Act of 1976 (90 Stat. 2769; 43 U.S.C. 1744(c)) and any other applicable provision of law, the Secretary of the Interior shall receive, consider and act upon any certificate of location or notice of location covering East End Nos. 3 and 4 unpatented oil placer mining claims, situated within and covering the W ½ of Section 31, Township 43 North, Range 93 West, 6th P.M., Hot Springs County, Wyoming, filed by the Petro-Lewis, Corporation (hereinafter in this Act referred to as the "owner") pursuant to subsection (b) of this Act.

(b) Any certificate or notice filed pursuant to subsection (a) must be filed within sixty days of the date of enactment of this Act and shall include—

(1) a copy of the official record of the notice of location or certificate of location, including a description of the location of the mining claim sufficient to locate such claim on the ground, in the office of the Bureau of Land Management designated by the Secretary of the Interior in accordance with the recordation requirements of the Federal Land Policy and Management Act of 1976 (Public Law 94-579); and

(2) all fees which are required by the Secretary of the Interior for unpatented mining claims under the Federal Land Policy and Management Act of 1976.●

By Mr. GRASSLEY:

S. 1661. A bill to authorize the Secretary of the Interior to acquire certain lands by exchange for addition to Effigy Mounds National Monument in the State of Iowa, and for other purposes; to the Committee on Energy and Natural Resources.

EXCHANGE OF CERTAIN LANDS

● Mr. GRASSLEY. Mr. President, I am introducing today legislation that will provide for the exchange of two small parcels of land between the Federal Government and a private citizen of the State of Iowa. Not more than 7 acres are involved in the transaction that will be authorized by enactment of this legislation.

The land in question is located in Allamakee County, Iowa, adjacent to the Effigy Mounds National Monument. My perception is that the impetus for this land transfer comes from the National Park Service and State of Iowa conservation officers. They believe that establishing a contiguous boundary for the monument would improve administration and protection of the monument grounds.

My understanding is that passage of the bill will not result in increased costs or otherwise burden the Federal Government. The text of this legislation is similar to language included in the bill S. 924, which passed the House and Senate but failed to secure final approval by the Congress in the closing days of the session last year.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1661

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, (a) the Secretary of the Interior is authorized to accept a conveyance of approximately four acres of land adjacent to the Effigy Mounds National Monument in the State of Iowa, and in exchange therefor to convey the grantor, without monetary consideration, approximately three acres of land within the monument, all as described in subsection (b) of this section. Effective upon consummation of the exchange, the land accepted by the Secretary shall become part of Effigy Mounds National Monument, subject to the laws and regulations applicable thereto, and the land conveyed by the Secretary shall cease to be part of the monument and the boundary of the monument is revised accordingly.

(b) The land referred to in subsection

(a) which may be accepted by the Secretary is more particularly described as that portion of the southeast quarter of the southeast quarter of section 28 lying south and east of County Road numbered 561, and the land referred to in subsection (a) which may be conveyed by the Secretary is more particularly described as that portion of the northeast quarter of the northeast quarter of section 33 lying north and west of County Road numbered 561, all in township 96 north, range 3 west, fourth principal meridian, Allamakee County, Iowa.●

By Mr. McCLURE (for himself, Mr. STAFFORD, Mr. DOMENICI, Mr. SIMPSON, and Mr. SYMMS):

S. 1662. A bill to establish a limited program for Federal storage of spent fuel from civilian nuclear powerplants, to set forth a Federal policy, initiate a program, and establish a national schedule for the disposal of nuclear waste from civilian activities, and for other purposes; by unanimous consent referred jointly to the Committee on Energy and Natural Resources and the Committee on Environment and Public Works, with the proviso that if either committee reports the bill, the other committee shall be obligated to report the bill in 30 calendar days (not including days on which the Senate is in recess for more than 3 days) or be discharged from further consideration thereof.

NATIONAL NUCLEAR WASTE POLICY ACT OF 1981

Mr. McCLURE. Mr. President, it is a great pleasure and with a special pride that I join my colleagues on the Committee on Energy and Natural Resources and the Committee on Environment and Public Works of the Senate in introducing today the National Nuclear Waste Policy Act of 1981.

Mr. President, that measure is being introduced today by me on my own behalf for Mr. STAFFORD, Mr. DECONCINI, Mr. SIMPSON, and Mr. SYMMS.

Mr. President, I also received the concurrence from the chairman and ranking minority member of the Committee on Environment and Public Works to request that this matter be jointly referred to the two committees because we have both about equal interest and equal responsibility with respect to the subject matter of that legislation, and that is by agreement of the parties on both sides.

I am pleased to say that the bill we are introducing today represents the collective judgment of all the cosponsors representing themselves and their respective committees on this side of the aisle with regards to the appropriate and necessary nuclear waste policy for the United States. I believe that this action deserves special note in that these two committees have been working for the past three Congresses to fashion just such a consensus piece of legislation. Such legislation must deal with this most critical and serious national issue in the areas of both national energy policy and national environmental policy to assure the predictable and long-term viability of the nuclear power option for this Nation, and indeed for the free world.

I commend each of my colleagues with whom I am a cosponsor today and all of those who have assisted and contributed to the efforts in reaching this action. Hopefully, the spirit of good faith, accommodation, and conciliation required to achieve the common goal represented by the totality of this bill will engender a special spirit in the Senate, in the House, and in the administration to expedite and facilitate enactment finally of a comprehensive nuclear waste policy and program for America in the months immediately ahead.

Mr. President, this bill is a truly comprehensive approach to the ultimate solution to disposition of the large and varied quantities of nuclear waste existing today in the United States and nuclear wastes which will be created in the years and decades ahead. The bill includes aggressive and predictable action in several major programmatic areas.

An interim spent fuels storage program, which would maximize the existing at reactor storage capacity, while at the same time providing all of the necessary elements for alternative storage for spent fuel, including away from reactor storage facilities, would be immediately implemented under the bill.

The interim spent fuel provisions would include a streamlined regulatory process in the Nuclear Regulatory Commission to support both increased at reactor storage and necessary away from reactor facility availability on a timely basis. The combination of these several initiatives and the interim spent fuel program would insure predictable and timely measures necessary to keep America's nuclear powerplants in full operation without any threat of reduced operations or shut-down because of a failure by the Federal Government to provide for interim spent fuel management.

In a similarly aggressive manner, the bill includes a much accelerated program for the ultimate disposal of commercial high-level waste and spent fuel elements in mined geologic repositories. The objective of this much accelerated geologic disposal program would be to bring on line in the 1988 time frame this Nation's first commercial geologic repository for high-level waste.

The specific provisions within this part of the bill provide for the necessary actions for all Federal agencies to support the 1988 objective. Additionally, this part of the bill would establish a program for having at least one test and evaluation facility in full operation prior to 1988 to provide all necessary information to support the geologic repository program. Also, for the first time, the bill would create a mandatory national site survey program to identify acceptable sites to provide for additional geologic repositories which might be sited on various regions of the United States.

While the combination of the interim spent fuel storage program and the geologic disposal program may conceivably provide two direct steps, one following the other, to a final disposition of high-level waste and spent fuel, the bill incorporates the Senate-passed proposal for a third, potentially necessary, program to be sequenced between interim spent fuel storage on the one hand, and ultimate geologic disposal, on the other hand in the form of a retrievable monitored storage facility program.

This program would require the initial efforts necessary to prepare for congressional consideration in the next Congress of a retrievable-monitored storage facility proposal as an intermediate step or phase in the event that there are any unforeseen time delays because of institutional or technical difficulties in the geologic disposal program.

The retrievable monitored storage program would be the extra insurance under this bill to give complete confidence to the American people that nuclear wastes will be properly managed in the event of any foreseeable circumstances in the future. That approach of total confidence underlies the entire bill and is intended to insure that there can no longer be any valid question raised with regard to that complete confidence.

The bill includes several new or modified concepts from the bill passed by the Senate in the last Congress. One of the most noteworthy of those is the proposal in this bill for an assured full-cost recovery by the Federal Government from nuclear power-supplied rate payers for the nuclear waste programs included in the bill. By establishing a mandatory one mill-per-kilowatt-hour users fee on nuclear generated electricity, this bill for the first time would provide a direct financial linkage between the beneficiaries of nuclear power and the cost for interim management and ultimate disposal for nuclear wastes.

This funding mechanism would provide an assured source of funds to carry out the programs and would eliminate not only annual budgetary perturbations in an ever more constrained Federal budget, but the too often repeated shifts of policy direction under succeeding administrations. The nuclear waste policy, programs and required financing would be statutorily fixed and quite predictable under this approach.

One of the more challenging issues which the Congress has confronted in attempting to develop such comprehensive legislative proposals for nuclear waste has been and continues to be the question of State participation in the siting, development, construction, and operation of interim storage facilities and geologic repositories for nuclear waste. This bill incorporates a modification of the formulation passed by the Senate in the last Congress, which was the subject of intense negotiation with various parties over the past year.

The bill incorporates a combination of the so-called consultation and concurrence methodology developed and enacted, and now in practice for the waste isolation pilot project in New Mexico pursuant to statutory provisions, on the one hand, and the State-congressional approach adopted in the Senate-passed bill of last Congress and negotiated at length with our colleagues in the House and other interested parties. The formulation in this bill should insure, we sincerely hope, the best of the available methods reflecting our national experience in this area in the past several years.

I believe it is fair to say that the cosponsors of this legislation believe that these provisions carefully balance the constitutional, equitable, legal, and practical interests of the several parties at the Federal, State, and local levels with legitimate interests in these facility matters. I would hope that these provisions will receive the most serious and thoughtful consideration by our colleagues in the Senate and also in the House, in the administration, the several States and in the various elements of the nuclear industry.

We are ready, anxious, and willing to work with all of these parties to fashion a consensus approach to this most essential and important aspect of nuclear waste management in this country.

Mr. President, let me turn now to a brief review of the nuclear waste issue as we now confront it with this comprehensive legislation. The election of President Carter led this Nation into a 4-year period of chaos and turmoil in dealing with the back end of the nuclear fuel cycle generally, and particularly, the nuclear waste issue. All of us who are cosponsors on this bill and many of our colleagues in Congress have spent enormous amounts of time over the past 4 years reacting to that circumstance. Beginning with President Carter's April 7, 1977, ban on commercial reprocessing, the resulting dismissal of the generic environmental statement on mixed oxides (GESMO), and the Carter domestic and foreign spent fuel policies, the entire back end of the nuclear fuel cycle has been in a state of confusion and everchanging and conflicting policies and programs.

A number of different initiatives and amendments in enacted bills, several which I authored, particularly in the areas of domestic and foreign spent fuel policy, attempted to deal piecemeal with the problems posed by the Carter administration's nuclear waste activities. Finally, in the middle of 1979, comprehensive nuclear waste legislation was introduced and referred to several Senate committees.

The Committee on Energy and Natural Resources promptly considered and reported such a comprehensive bill, S. 2189, in December 1979. Shortly thereafter, President Carter on February 12, 1980, announced his nuclear waste policy. The announced February 12 policy was characterized quite objectively as a blueprint for delay, study, litigation, eternal research, and more and more delay.

Analysis of the February 12 policy led to persuasive analyses suggesting the year 2007 as the earliest possible date for an operational nuclear waste facility in this country, almost 30 years after announcement of the policy. Prior to the announced Carter policy, but during the several year process of formulation, the Circuit Court of Appeals for the District of Columbia, in response to a lawsuit challenging the predictable disposal of nuclear waste in proceedings for licensing a nuclear powerplant, ordered the Nuclear Regulatory Commission to initiate the so-called waste confidence proceedings to establish for legal purposes a national confidence with regard to a predictable disposal of nuclear waste.

This court-ordered proceeding thus linked legally the prospective licensing of future nuclear powerplants and a national confidence in the ultimate disposal of nuclear waste. At the same time, a number of States scheduled referendum dealing with the nuclear power issue generally and various elements of the nuclear waste question specifically.

At that point, it was clear to all of us with an interest in preserving the nuclear option, that congressional action was imperative to achieve any predictable result in the nuclear waste issue. After waiting several months for other committees to complete their action on pending nuclear waste bills, the Senate finally took up S. 2189 in late July of last year and passed for the first time in either House of Congress a comprehensive nuclear waste legislation.

On December 3, 1980, after extensive negotiations among the three House committees with jurisdiction, the House passed a less comprehensive, but still significant, nuclear waste bill. Almost around-the-clock negotiations ensued at the end of the last Congress to attempt to develop an acceptable compromise bill for the two Houses. Unfortunately, these negotiations were not successful in leading to such a compromise comprehensive bill.

Perhaps the best effort in accommodation was represented by a printed amendment, No. 2912 to S. 2189 which was introduced by myself, Senator DOMENICI, Senator JACKSON, and Senator JOHNSTON on December 10, 1980.

Although the Congress adjourned without final action on amendment No. 2912 or any other comprehensive legislation, these negotiations did lead to enactment of one title of the comprehensive bill, as the Low Level Radioactive Waste Policy Act, Public Law 96-573, passed by Congress on December 13 and enacted on December 22, 1980. I am pleased to note that this low level waste law, which was the subject of such intense negotiation in the final hours of the last Congress, has led to very positive State actions throughout the Nation.

Additionally, I am pleased that several elements of the Senate-passed bill have served to form the basis for a far more aggressive program at the Department of Energy and the Nuclear Regulatory Commission in the Reagan administration. Many of us, in fact, have been waiting on this legislation in order to allow those programs in the fiscal year 1982 budget process to proceed to the point where we could make informed judgments as to what could be done administratively without legislation, and what remains to require legislative action to accomplish the objectives we have had in mind.

Those outlines of administrative versus legislative action have now become clear and we have now become prepared to initiate aggressive action, today.

The bill we are introducing today represents another, and I would hope, final attempt at enacting comprehensive nuclear waste legislation for this Nation. It represents the collective judgment of the respective full committee and subcommittee chairmen of the two primary committees of jurisdiction in the Senate, as well as other interested and concerned Members. It includes essential elements of S. 2189, as reported almost 2 years ago by the Energy and Natural Resources Committee, of S. 2189 passed by the Senate last year, and the final negotiated printed amendment No. 2912 to S. 2189.

It also includes several new or refined concepts, such as private financing which I discussed earlier, which have emerged in the intervening time. The combination of all of the elements will insure that this bill is in fact a late 1981 legislative initiative to address the nuclear waste issue for the remainder of this administration, this decade and, indeed, this century. The bill truly is a blueprint or battle plan for a final and successful assault on the financial, legal, institutional and technical hurdles which have frustrated the achievement of an early demonstrated solution to the nuclear waste challenge in the predictable future.

Mr. President, I would be remiss if I did not speak as a representative of the people of my home State of Idaho in introducing this bill. The good people of Idaho have been waiting for many, many long years for a predictable, near term conclusion to the nuclear waste issue and the management of nuclear wastes which have accumulated over the past three decades in our State.

Our people have waited through those many long years with great patience, while meanwhile continuing to support enthusiastically efforts in Idaho in the nuclear weapons program, the naval nuclear power program, and the civilian nuclear power research and development program.

Candidly, our people in Idaho have been promised more than once by various Federal officials a near-term solution to our waste management concerns. While the patience of our people may have been tested over time, and sorely tested in the last administration, the aggressive programs already proposed by this administration and the provisions of this bill should give the people of Idaho great comfort and great confidence at long last that the nuclear waste issue will be addressed constructively, positively, and successfully.

At long last, action by a seriously committed and concerned Congress will forge exactly the kind of partnership between the executive and legislative branches of the Federal Government needed to insure swift and responsible action on the nuclear waste issue. I am compelled to commend the people of my State for their continued efforts to deal with this issue. I sincerely hope that this Congress will mark a successful and more than acceptable conclusion to their long wait for promised Federal action. Again, I thank and commend my colleagues who are cosponsors.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1662

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Nuclear Waste Policy Act of 1981".

TITLE I—FINDINGS AND PURPOSE

FINDINGS

SEC. 101. The Congress finds and declares that—

(a) a reliable system adequate to provide sufficient electrical energy to meet the Nation's current and anticipated needs is an essential part of a comprehensive national energy policy and is vital to national security and public welfare;

(b) an adequate electrical system requires a diversified base of primary energy sources in order to avoid excessive reliance upon any single alternative energy source;

(c) a diverse base of primary energy sources can be achieved only if each available source competes on an equal footing in decisions on the siting and construction of facilities for generating commercial electric power;

(d) nuclear energy can—

(1) make a significant contribution to national supplies of electricity;

(2) offer site-specific advantages in environmental impact, cost, and fuel availability over other primary sources of energy; and

(3) help reduce United States dependence on insecure sources of foreign oil;

(e) lack of an effective Federal policy for the interim storage of spent fuel and disposal of nuclear waste from civilian nuclear activities unreasonably burdens the choice of nuclear energy as an alternative primary source in decisions on siting and construction and operation of powerplants and unduly constrains efforts to establish a diverse base of primary energy sources;

(f) the persons owning and operating civilian nuclear powerplants have the primary responsibility for providing for the interim storage of spent fuel from civilian nuclear powerplants, but the Federal Government has the responsibility to provide sufficient capacity for interim storage of spent fuel for those civilian nuclear powerplants that cannot reasonably provide adequate on-site storage capacity when needed to assure the continued, orderly operation of the powerplant;

(g) the Federal Government has the responsibility for the disposal of high-level radioactive waste from civilian nuclear activities in order to protect the public health and the safety, the environment, and the common defense and security;

(h) the costs associated with the storage and disposal of nuclear waste from civilian activities should, to the greatest extent possible, be borne by the direct beneficiaries of such activities and should be considered in the selection or rejection of nuclear energy over alternative primary energy sources;

(i) the technology exists and is under development which would provide reasonable assurance that spent fuel and high-level radioactive waste can be safely disposed of and that disposal facilities for spent fuel and high-level wastes can be available when needed;

(j) nuclear wastes generated in the national defense program have been accumulating for more than thirty years, and spent nuclear fuel and nuclear wastes from the commercial industry are increasing rapidly;

(k) nuclear waste has become a major issue of public concern, and stringent precautions must be taken to ensure that nuclear wastes do not adversely affect the public health and safety of this or future generations;

(l) the siting, development, and loading of nuclear waste repositories are responsibilities of the Federal Government;

(m) confidence in the ability of the Federal Government to manage a program providing for the safe and permanent disposal of nuclear wastes must be substantially increased if nuclear power is to contribute significantly to meeting the energy needs of the United States in the future;

(n) Federal nuclear waste disposal programs have been ineffective due to—

(A) inadequate coordination among the various Federal agencies and departments which have responsibilities relating to nuclear waste management;

(B) the lack of policymaking process which integrates the views of all Federal agencies and departments into a comprehensive Government-wide policy; and

(o) the Secretary must increase his efforts to consult and cooperate with States and localities concerning Federal repository siting, development, and loading activities;

(p) a successful nuclear waste management strategy requires the full participation of State and local officials, Indian representatives and the public in a step-by-step, technologically sound program, to promote public confidence in the safe disposal of nuclear waste, consistent with the responsibility of the Federal Government to determine public health and safety matters related to such program; and

(q) the first step in a successful nuclear waste management strategy is the establishment of a national schedule for the development of programs and facilities for the storage and disposal of high-level radioactive waste and spent fuel in a timely manner.

PURPOSE

SEC. 102. The purpose of this Act is to—

(a) assume the Federal responsibility for the acquisition and interim storage of spent fuel from civilian nuclear powerplants where needed to assure the orderly operation of such plants, and for the disposal of high-level radioactive waste from civilian nuclear activities;

(b) establish a definite Federal policy for the disposal of high-level radioactive waste from civilian nuclear activities and a national schedule for developing the facilities and programs needed to carry out that policy in a timely manner;

(c) authorize the Secretary to—

(1) acquire or construct at least one facility for the interim storage of spent fuel from civilian nuclear powerplants not to exceed a specified total storage capacity; and

(2) establish systems for the long-term storage and disposal of high-level radioactive waste generated by civilian nuclear activities, and to develop, construct and put in operation the facilities comprising these systems;

(d) establish a system for financing the construction, operation, and maintenance of Federal storage and disposal facilities for high-level radioactive waste and spent fuel from civilian nuclear activities;

(e) improve coordination of Federal nuclear waste management programs; and

(f) provide for improved consultation and cooperation between the Department of Energy and States and localities concerning Federal storage and repository siting and development activities, consistent with the responsibility of the Federal Government to determine public health and safety matters related to such activities.

TITLE II—DEFINITIONS

SEC. 201. As used in this Act the term—

(1) "civilian nuclear powerplant" means a utilization or production facility required to be licensed under section 103 or 104 b. of the Atomic Energy Act of 1954, as amended;

(2) "Commission" means the Nuclear Regulatory Commission;

(3) "disposal" means the long-term isolation of radioactive waste as spent fuel in a repository;

(4) "environmental impact statement" means any document prepared pursuant to or in compliance with the requirements of section 102(2)(C) of the National Environmental Policy Act of 1969 (83 Stat. 852);

(5) "Secretary" means the Secretary of the Department of Energy;

(6) "spent fuel" means nuclear fuel that has been irradiated in and recovered from a civilian nuclear powerplant or from other civilian nuclear activities;

(7) "Department" means the Department of Energy;

(8) "Governor" means the Governor of a State, or successors to the Governor, during their respective terms of office, or their designees;

(9) "nuclear waste" means high-level waste, transuranic contaminated waste, and low-level waste;

(10) "high-level waste" means the highly radioactive wastes resulting from the reprocessing of spent nuclear fuel, and includes both the liquid waste which is produced directly in reprocessing and any solid material into which such liquid waste is made;

(11) "repository" means a facility for the permanent, deep geologic disposal of high-level waste, transuranic contaminated waste, or spent nuclear fuel, whether or not such facility is designed to permit the subsequent recovery of such material, except for facilities to be used exclusively for research and development purposes containing an insignificant amount of such material;

(12) "storage" means retention of nuclear waste or spent nuclear fuel with the intent to recover such material for subsequent use, processing, or disposal;

(13) "affected State" means the State in which a long-term storage or disposal facility for high-level radioactive waste or spent fuel is proposed to be located;

(14) "Indian tribe" means an Indian tribe, as defined in the Indian Self-Determination and Education Assistance Act (Public Law 93–638);

(15) "affected Indian tribe" means any tribe in an affected State whose rights reserved through statutes, treaties, Executive orders, judicial decision, or other applicable law could reasonably be expected to be adversely affected by the development, construction or operation of a facility for the long-term storage or disposal of radioactive waste;

(16) "nuclear waste and spent nuclear fuel management" means the transport, storage, and disposal of nuclear waste and spent nuclear fuel; and

(17) "site characterization" means the program of exploration and research, both in the laboratory and in the field, undertaken to establish the geologic conditions and the ranges of those parameters of a particular site relevant to the procedures under this part. Site characterization includes borings, surface excavations, excavation of exploratory shafts, limited subsurface lateral excavations and borings, and in situ testing needed to determine the suitability of the site for a geologic repository, but does not include preliminary borings and geophysical testing needed to decide whether site characterization should be undertaken.

TITLE III—INTERIM STORAGE OF SPENT FUEL FROM CIVILIAN NUCLEAR POWERPLANTS

SEC. 301. (a) It is the policy of the Federal Government that—

(1) the persons owning and operating civilian nuclear powerplants have the primary responsibility for providing interim storage of spent fuel from such powerplants, by maximizing, to the extent practical, the effective use of existing storage facilities at the site of each civilian nuclear powerplant, by adding new onsite storage capacity in a timely manner where practical, and by the use of privately owned and operated offsite storage facilities where practical;

(2) the Federal Government has the responsibility to encourage and expedite the effective use of existing storage facilities and the addition of needed new storage capacity

at the site of each civilian nuclear powerplant; and

(3) the Federal Government has the responsibility to provide, as soon as possible, sufficient capacity for interim storage of spent fuel for those civilian nuclear powerplants that cannot reasonably provide adequate storage capacity at the site of the powerplant when needed to assure the continued, orderly operation of the powerplant.

(b) The policy under subsection (a) shall provide for—

(1) the utilization of available spent fuel pools at the site of each civilian nuclear powerplant to the extent practical and the addition of new spent fuel storage capacity where practical, either at the site of the powerplant or at a privately owned and operated offsite storage facility; and

(2) the establishment of a Federally owned and operated system for the interim storage of spent fuel at one or more away-from-reactor facilities with a limited capacity sufficient to prevent disruptions in the orderly operation of nuclear powerplants that cannot reasonably provide adequate spent fuel storage capacity at the powerplant site when needed.

Sec. 302. (a) The Secretary, consistent with such criteria as he prescribes under the policy set forth in section 301 and as are required under this section, shall offer to enter into, and may enter into, contracts with persons owning and operating civilian nuclear powerplants that the Secretary determines cannot reasonably provide adequate spent fuel storage capacity at the powerplant site to ensure the continued orderly operation of the powerplant, through the maintenance of a full core reserve storage capability, either by utilizing available spent fuel pools to the extent practical or by adding new spent fuel storage capacity at the site of the powerplant: *Provided, however,* That the Secretary shall not enter into contracts for spent fuel in amounts in excess of the available storage capacity specified in subsection 305.(a). Those contracts shall provide that the Federal Government will (1) take title to such amounts of spent fuel from the powerplants as the Secretary determines cannot be stored onsite, (2) transport the spent fuel to a Federally owned and operated interim away-from-reactor storage facility, and (3) store such fuel in the facility pending further processing, storage or disposal.

(b) Not later than ninety days after the date of enactment of this Act, the Secretary shall propose, by rule, procedures and criteria for making the determination required by subsection (a) that a nuclear powerplant cannot reasonably provide adequate spent fuel storage capacity at the powerplant site when needed to ensure the continued orderly operation of the powerplant.

(c) Nothing in this Act authorizes the Secretary to take title to spent fuel, transport spent fuel, store or dispose of spent fuel or the waste products associated with spent fuel from a nuclear powerplant not located within the United States.

Sec. 303. A contract entered into under section 302 shall provide—

(a) for a one-time payment at the time the Federal Government acquires the spent fuel of a charge per unit of spent fuel, as such unit is defined by the Secretary, which charge is determined by the Secretary to be adequate to cover—

(1) the cost of transportation of such spent fuel; and

(2) the proportion of the costs of the construction and operation, maintenance and decommissioning of Federal interim away-from-reactor storage facilities, which proportion is associated with such spent fuel.

(b) for the retention by the owner of such spent fuel of a nontransferable right to the value of the remaining fuel resource less the costs of recovery, as determined at the time of recovery. The right ends when the Federal Government—

(1) takes action resulting in the recovery of the remaining fuel resource and gives to the owner of the right an amount of money equal to the value of the recovered fuel less the costs of recovery; or

(2) disposes of such fuel in a repository.

(c) that title to the spent fuel together with all rights to such fuel, except as otherwise provided in this Act, passes to the Secretary at the site of the powerplant at the time the Secretary takes possession of the spent fuel; and

(d) that the contract becomes effective when the interim away-from-reactor storage facility is available as determined by the Secretary by notice in the Federal Register.

Sec. 304. (a) The Secretary shall provide notice of intent to enter into such contracts by publishing notice in the Federal Register not later than one hundred and eighty days after the date of enactment of this Act. Such notice shall contain such information as the Secretary considers appropriate concerning proposed terms and conditions of such contracts.

(b) The Secretary shall establish the one-time payment charge per unit of spent fuel required by subsection 303.(a) on an annual basis, based on calculation of the costs listed in subsection 303.(a), and shall publish such annual one-time payment charge and the calculation thereof in the Federal Register. Each such annual one-time payment charge shall become effective thirty days after publication and shall remain effective for a period thereafter of twelve months as the charge for the costs listed in subsection 303. (a) for any spent fuel, title to which is transferred to the Federal Government during that twelve-month period.

Sec. 305. (a) The Secretary shall construct, acquire or lease one or more away-from-reactor facilities for the interim storage of spent fuel from civilian nuclear powerplants with a total storage capacity at all such facilities of not more than 2,800 metric tons of uranium. The facilities shall—

(1) be made available in a timely manner to accommodate all spent fuel for which commitments have been made pursuant to section 302 of this Act; and

(2) be subject to a license under the provisions of section 202.(3) of the Energy Reorganization Act of 1974 (88 Stat. 1233), as amended: *Provided,* that in determining whether to issue a license for such a facility, the Commission shall not consider the need for the facility. The Secretary shall submit to the Commission a license to construct, acquire or lease, and operate such a facility not later than January 1, 1983.

(b) The Secretary, in providing for the transportation of spent fuel under this Act, shall utilize by contract private industry to the fullest extent possible in each aspect of such transportation. The Secretary shall use direct Federal services for such transportation only upon a determination of the Secretary of Transportation, in consultation with the Secretary, that private industry is unable or unwilling to provide such transportation services at reasonable cost. The authority of the Secretary to enter into contracts under this section shall be limited to the extent or in such amounts as are provided in appropriations Acts.

(c) The Secretary, on a continuing basis, shall analyze and make projections of the availability when needed of spent fuel transportation casks required to support transportation requirements pursuant to subsection (b). The Secretary and the Commission are authorized and directed to take such actions as the Secretary and the Commission, respectively, deem necessary and appropriate to ensure the timely availability when needed of such spent fuel transportation casks.

Sec. 306. When an interim away-from-reactor storage facility is available, the Secretary shall take possession of and transport to a designated storage facility any spent fuel covered by a contract made under section 302 of this Act. The Secretary shall take this action within thirty days after the date on which the owner of such spent fuel provides notice in writing to the Secretary that such spent fuel is available.

Sec. 307. Funds made available to the Secretary for the purpose of—

(a) acquiring plant and capital equipment or land; or

(b) for planning, construction, or modification of facilities,

to make available facilities for the interim storage of spent fuel from civilian nuclear powerplants away from the reactor under any law making appropriations of funds or authorizations for appropriations of funds for the fiscal year ending September 30, 1979, or the fiscal year ending September 30, 1980, including funds authorized and appropriated for Project 79–1–p (Away-From-Reactor Spent Nuclear Fuel Storage Capacity) in legislation authorizing appropriations for the Department of Energy for the fiscal year ending September 30, 1980, shall be available to carry out the purposes of section 305.

Sec. 308 (a) In carrying out the provisions of sections 301 through 307 with regard to any facility for the interim storage of spent fuel from civilian nuclear powerplants which the Secretary is authorized by section 305(a) to construct, acquire or lease, the Secretary shall:

(1) as soon as practicable, but not later than 90 days after enactment of this section, notify in writing the Governor and the legislature of any State in which is located a potentially acceptable site for such a facility or an existing facility potentially suitable for interim storage of spent fuel of his intention to investigate that site or facility;

(2) during the course of investigation of such site or facility, keep the Governor and the legislature currently informed of the progress of work and results of the investigation;

(3) at the time of selection by the Secretary of any site or existing facility, but prior to undertaking any site-specific work or alterations, promptly notify the Governor and the legislature in writing of such selection;

(4) throughout the course of any subsequent work on that site or existing facility, furnish the Governor all relevant information on a current basis and provide him with the opportunity for review and comment from time to time.

(b) If within a reasonable time after the Governor has received notice of selection required by subsection (a)(3), the Governor notifies the Secretary in writing of his objections to the facility, the Secretary shall suspend further work on such facility and promptly transmit the Governor's objections together with the Secretary's comments and recommendations to the President.

(c) Unless within ninety days after receipt of the Secretary's notification under subsection (b) the President determines that such facility is essential to the national interest, the Secretary shall terminate activities specific to the facility. Such determination shall not be subject to judicial or administrative review.

(d) During the regulation and monitoring of the facility, the Governor or his designee shall have the right to be currently informed of all relevant information, and shall have the right to review and comment on such matters from time to time.

Sec. 309. Section 202(3) of the Energy Reorganization Act of 1974 is amended to read:

"(3) Facilities used primarily for the receipt and storage or disposal of high-level radioactive waste or spent fuel resulting from activities licensed under such Act or spent fuel from foreign reactors transferred under a subsequent arrangement authorized under such Act."

SEC. 310. Transportation of spent fuel under section 303(a) shall be subject to licensing and regulation by the Commission as provided for transportation of commercial spent fuel under existing law.

SEC. 311. (a) The Secretary, the Commission and other appropriate Federal officials shall take such actions as they consider necessary to encourage and expedite the effective use of existing storage facilities and the addition of needed new storage capacity at the site of each civilian nuclear powerplant consistent with—

(1) the protection of the public health, safety and the environment;

(2) economic considerations;

(3) continued operation of the powerplant;

(4) the sensibilities of the population surrounding such powerplant; and

(5) otherwise applicable law.

(b) The Secretary, in consultation with the Commission, shall establish a cooperative program to assist and encourage the private development of alternate technologies for the storage of spent fuel at the sites of civilian nuclear powerplants, with the objective of developing one or more alternate technologies that can be licensed by the Commission on a generic basis for use at the sites of all civilian nuclear powerplants without the need for additional site-specific approvals by the Commission to the maximum extent practicable. For the purposes of this subsection, "alternate technologies" shall include, but are not limited to, spent fuel storage casks.

SEC. 312. (a) any person filing an application with the Commission after the date of enactment of this Act for a license, or for an amendment to an existing license, to expand the spent fuel storage capacity at the site of a civilian nuclear powerplant, through the use of high density fuel storage racks, fuel rod compaction, the transshipment of spent fuel to another powerplant within a utility system, the construction of additional spent fuel pool capacity, or by other means, may submit a petition to the Commission for issuance of the license or license amendment on an interim basis prior to the conduct or completion of any required hearing upon such application.

(b) The Commission shall grant the petition submitted under subsection (a) and issue the license or license amendment on an interim basis if the Commission or its designee determines that—

(1) in all respects other than the conduct or completion of any required hearing, the requirements of law are met; and

(2) in accordance with such requirements, there is reasonable assurance that the activities authorized by the license or license amendment during the interim period, in accordance with the terms and conditions of such license or license amendment, will provide adequate protection to the public health and safety and the environment during the interim period.

SEC. 313. (a) In any Commission hearing pursuant to section 189 of the Atomic Energy Act of 1954, as amended, on an application for a license, or for an amendment to an existing license, filed after the date of enactment of this Act, to expand the spent fuel storage capacity at the site of a civilian nuclear powerplant, through the use of high-density fuel storage racks, fuel rod compaction, the transshipment of spent fuel to another such powerplant within a utility system, the construction of additional spent fuel pool capacity or dry storage capacity, or by other means, the Commission shall first provide the parties to the proceeding an opportunity to submit for the record such written data, views or arguments as the hearing board may specify. At the request of any party, the hearing board shall provide an opportunity for oral argument with respect to any matter identified in the written submissions which the hearing board determines to be in controversy among the parties. The hearing shall be preceded by such discovery procedures as the rules of the Commission shall provide, and as ordered by the hearing board. The hearing board shall require each moving party, including the Commission staff, to submit in written form, at the time the proceeding is initiated, all the facts and arguments upon which that party proposes to rely that are known at such time to that party.

(b)(1) At the conclusion of any hearing under subsection (a) of this section, the hearing board shall designate any disputed question of fact, together with any remaining questions of laws, for resolution in an adjudicatory hearing only if it determines that—

(A) There is a genuine and substantial dispute of fact involving factual assumptions or methodology upon which expert opinion is based, or concerning the credibility or competence of an expert witness significantly relied upon by one or more of the parties to the proceeding, which can only be resolved with sufficient accuracy by the introduction of reliable and specifically identified evidence in an adjudicatory hearing; and

(B) The decision of the Commission is likely to depend in whole or in part on the resolution of such dispute.

(2) In making a determination under this subsection, the hearing board shall designate in writing the specific facts that are in genuine and substantial dispute, the reason why the decision of the agency is likely to depend on the resolution of such facts, and the reason why an adjudicatory hearing is likely to resolve the dispute.

(c) No court shall hold unlawful or set aside a decision of the Commission in any proceeding described in subsection (a) because of a failure by it to use a particular procedure pursuant to this section unless—

(A) an objection to the procedure used was presented to the hearing board in a timely fashion or there are extraordinary circumstances that excuse the failure to present a timely objection, and

(B) the court finds that such failure has precluded a fair consideration and informed resolution of a central issue of the proceeding taken as a whole.

SEC. 314. In any proceeding on an application for a license, or for an amendment to an existing license, filed after the date of enactment of this Act, to expand the spent fuel storage capacity at the site of a civilian nuclear powerplant, through the use of high-density fuel storage racks, fuel rod compaction, the transshipment of spent fuel to another such powerplant within a utility system, the construction of additional spent fuel pool capacity or dry storage capacity or by other means, the Commission shall not consider as alternatives the storage of spent fuel in away-from-reactor storage facilities.

TITLE IV—DISPOSAL OF HIGH RADIOACTIVE WASTE AND SPENT FUEL FROM CIVILIAN NUCLEAR ACTIVITIES

SEC. 401(a) It is the policy of the Federal Government that—

(1) the Federal Government has the responsibility to provide for the permanent disposal of solidified high-level radioactive waste and spent fuel from civilian nuclear activities;

(2) spent fuel, unless otherwise processed, and high-level radioactive waste from civilian nuclear activities must be permanently disposed of in a Federally owned and operated repository;

(3) the Federal Government has the responsibility to assure that repositories capable of safely disposing of solidified high-level radioactive waste and spent fuel from civilian nuclear activities are available with sufficient capacity when needed; and

(4) the Federal Government has the responsibility to demonstrate as soon as possible that high-level waste and spent fuel from civilian nuclear activities can be disposed of in a manner that provides adequate protection to the public health, safety and the environment.

(b) The policy under subsection (a) shall provide for—

(1) the establishment of a Federally owned and operated program for the siting, development, construction and operation of repositories capable of safely disposing of solidified high-level radioactive waste and spent fuel from civilian nuclear activities, which repositories are to be licensed by the Commission;

(2) a national schedule for accomplishing the regulatory and programmatic actions needed to achieve the objective of obtaining by January 1, 1988, a Commission authorization to construct the first full-scale, operational repository capable of safely disposing of solidified high-level radioactive waste and spent fuel from civilian nuclear activities, and achievement of operational status for the repository as soon thereafter as possible; and

(3) the development, construction and operation of at least one test and evaluation facility for the purpose of developing the packaging, handling and emplacement technology for solidified high-level radioactive waste and spent fuel needed to further the demonstration of disposal of such waste and spent fuel, with the objective of achieving operational status of one such facility by January 1, 1988.

DEVELOPMENT OF EPA STANDARDS AND NRC TECHNICAL CRITERIA

SEC. 402. (a) EPA STANDARDS.—

Not later than June 1, 1982, the Administrator of the Environmental Protection Agency, pursuant to authority under existing law, shall, by rule, promulgate generally applicable standards for offsite releases of radioactivity from repositories capable of disposing of solidified high-level radioactive waste and spent fuel from civilian nuclear activities.

(b) NRC TECHNICAL CRITERIA.—

Not later than January 1, 1983, the Commission, pursuant to authority under existing law, shall, by rule, promulgate technical criteria for review of an application—

(1) for authority to construct a repository capable of disposing of solidified high-level radioactive waste and spent fuel from civilian nuclear activities,

(2) for a license to emplace such waste and spent fuel in the repository, or

(3) for a license amendment to decommission the repository. Such criteria shall provide for the use of multiple barriers in the design of the repository and shall limit the retrievability of the waste and spent fuel emplaced in the repository unless such action is needed to protect the public health, safety and the environment.

IDENTIFICATION OF SITES FOR REPOSITORIES

SEC. 403. (a) Guidelines for Repository Site Recommendation.—Not later than January 1, 1982, the Secretary, in consultation with the Commission, the Environmental Protection Agency and the United States Geological Survey, shall issue general guidelines for the recommendation of sites for repositories capable of safely disposing of solidified high-level radioactive waste and spent fuel from civilian nuclear activities. Under such guidelines, the Secretary shall specify factors that would disqualify a site from development as a repository, including factors pertaining to the location of valuable natural resources, proximity to population, hydrogeophysics activity, and nuclear defense activities. The guidelines shall require the Secretary to consider the various geologic media in which sites for repositories may be located and, to the extent practicable considering the schedule of actions contained in this title, to recommend sites in different geologic media. The Secretary shall use the guidelines established under this subsection in considering sites to be recommended under subsection (b).

(b) SITE RECOMMENDATION BY THE SECRETARY.—

(1) Not later than June 1, 1982, the Secretary shall identify and recommend to the President at least two sites that the Secretary determines are suitable for site characterization. Not later than January 1, 1983, the Secretary shall identify and recommend to the President at least one additional site which the Secretary determines is suitable for such purpose. Each recommendation of a site shall include a detailed statement of the basis for the recommendation. If the Secretary recommends a site to the President, the Secretary shall notify the Governor of the State in which the site is located and the Tribal Council of any affected Indian tribe of the Secretary's recommendation and the basis for such recommendation.

(2) Before recommending to the President any site for characterization, the Secretary shall notify the Governor of the State in which the site is located and the Tribal Council of any affected Indian tribe of the proposed recommendation, and the Secretary shall hold public meetings in the vicinity of the site to inform the residents of the area in which the site is located of the proposed recommendation and to receive their comments.

(c) PRESIDENTIAL REVIEW OF RECOMMENDED SITES.—

(1) The President shall review each site recommendation of the Secretary under subsection (b). Within 60 days after the submission of a recommendation for a site, the President in his discretion shall either approve or disapprove the site, and transmit his decision to the Secretary, to the Governor of the State in which the site is located, and to the Tribal Council of any affected Indian tribe. If the President fails to approve or disapprove the site in accordance with this paragraph during such 60-day period, or within such period fails to invoke his authority under paragraph (2) to delay the determination, the site shall be considered to be approved.

(2) the President may delay for not more than 6 months his decision under paragraph (1) to approve or disapprove a site upon determining that the information provided with the recommendation is not sufficient to permit a decision within the 60-day period referred to in paragraph (1). The President may invoke his authority under this paragraph by submitting written notice to the Congress, within such period, of his intent to utilize the authority provided under this paragraph. If the President invokes this authority under this paragraph but fails to approve or disapprove the site at the end of such 6-month period, the site shall be considered to be approved.

(d) Any activity of the President or the Secretary under this section shall be considered a preliminary decision-making activity and shall not be subject to the National Environmental Policy Act of 1969 (83 Stat. 852).

SITE CHARACTERIZATION

SEC. 404. (a) The Secretary shall carry out in accordance with this section appropriate site characterization activities at each site approved under section 403.

(b)(1) Before proceeding to sink shafts at any site, the Secretary shall submit for such site to the Commission, to the Governor of the State in which the site is located, and to the Tribal Council of any affected Indian tribe, for their review and comment—

(A) an environmental assessment of the nonradiological impacts of the site characterization activities planned for such site, and a discussion of alternative activities for purposes of site characterization which may be undertaken to avoid such impacts;

(B) a general plan for site characterization activities to be conducted at such site, which plan shall include—

(i) a description of the site;

(ii) a description of the site characterization activities, including the extent of planned excavations, plans for any onsite testing of radioactive material or nonradioactive material, investigation activities that may affect the ability of the site to isolate radioactive waste and spent fuel, and provisions to control likely adverse, safety-related impacts from site characterization activities;

(iii) plans for decontaminating and decommissioning the site if it is determined unsuitable for application for licensing as a repository; and

(iv) any other information required by the Commission; and

(C) proposals describing the possible form of packaging for the waste material and spent fuel that would be emplaced in the repository.

(2) During the conduct of site characterization activities at a site, the Secretary shall report to the Commission, to the Governor of the State in which the site is located, and to the Tribal Council of any affected Indian tribe, on the nature and extent of such activities and the information developed from such activities.

(c) The Secretary shall conduct such tests as the Secretary deems necessary to provide the necessary data for an application for a construction authorization by the Commission for a repository at the site and for compliance with the National Environmental Policy Act of 1969 (83 Stat. 852). The Secretary shall report to the Commission, to the Governor of the State in which the site is located, and to the Tribal Council of any affected Indian tribe, on the tests conducted at a site pursuant to this subsection and on the information developed from such tests.

(d)(1) In conducting site characterization activities or tests pursuant to subsection (c)—

(A) the Secretary may not use radioactive materials at a site unless the Commission concurs that such use is necessary to provide data for the submission of an application for a construction authorization for a repository at the site;

(B) if radioactive materials are placed in a site, the Secretary shall place the smallest quantity necessary to determine the suitability of the site for a repository, but in no event more than the curie equivalent of 10 metric tons of spent fuel; and

(C) any radioactive material used or placed on a site shall be fully retrievable:

Provided, however, That the restrictions of subparagraphs (1)(A) and (1)(B) shall not apply to the test and evaluation facility authorized under section 407.

(2) If characterization activities are terminated at a site for any reason, the Secretary shall remove any nuclear waste, spent fuel or other radioactive materials at or in the site as promptly as practicable.

SITE APPROVAL AND CONSTRUCTION AUTHORIZATIONS

SEC. 405. (a) Prior to submitting a recommendation to the President for approval of a site, the Secretary shall hold public meetings in the vicinity of the site to inform the residents of the area in which the site is located of the determination of the Secretary and to receive their comments. Upon completion of the meetings, the Secretary may submit to the President a recommendation that the President approve the site for the development of a repository.

(b) Not later than January 1, 1985, the President shall select at least one site that the President considers qualified for application for license as a repository.

(c) The Secretary shall submit to the Commission an application for authorization to construct a repository at a site selected by the President within 90 days after the date on which the President selects a site under subsection (b). The Secretary shall provide a copy of such license application to the Governor of the State in which the site is located and to the Tribal Council of any affected Indian tribe.

(d) Not later than 18 months after the date on which an application is submitted under subsection (c), the Commission shall submit to the Congress a report describing the proceedings on the application undertaken through such date, including a description of—

(1) major unresolved safety issues, and the Secretary's explanation of design and operation plans for resolving such issues;

(2) matters of contention regarding the application; and

(3) any Commission actions regarding the granting or denial of the application.

(e) The Commission shall consider a license application for the construction of a repository in accordance with the laws applicable to such applications, except that the Commission shall issue a final decision approving or disapproving the first such application not later than January 1, 1988.

(f) The Commission shall consider an application for authorization to construct a repository in accordance with the laws applicable to such applications, except that—

(1) the Commission need only consider as alternate sites for the proposed facility those sites approved for site characterization under subsection 403.(c), and

(2) the Commission shall issue a final decision approving or disapproving the first such application not later than January 1, 1988.

Federal officials shall take such actions as they consider necessary, consistent with the protection of the public health, safety and the environment, to achieve operational status of a repository licensed under subsection 405.(e) as soon thereafter as possible.

TEST AND EVALUATION FACILITY

SEC. 407. (a) Not later than January 1, 1983, the Secretary shall transmit to the Congress a proposal for at least one test and evaluation facility for the purpose of developing the packaging, handling and emplacement technology for solidified high-level radioactive waste and spent fuel from civilian nuclear activities needed to further the demonstration of disposal of such waste and spent fuel. The proposal shall include site-specific designs, specifications and cost-estimates adequate to solicit bids for the construction of an initial facility, and a schedule for the construction of a facility, consistent with the objective of achieving facility operation not later than January 1, 1988.

(b) The facility shall be designed to—

(1) be constructed and operated at a site approved by the President for site characterization in accordance with subsection 403.(c), and in accordance with applicable site characterization requirements, as provided in section 404, to preserve the availability of the site for use for a repository;

(2) accept a total of not more than 300 packages of solidified high-level radioactive waste and spent fuel;

(3) permit continuous monitoring, management and maintenance of the solidified high-level radioactive waste and spent fuel to be emplaced in the facility;

(4) accept waste and spent fuel packages incorporating multiple barrier design; and

(5) permit full retrievability of the waste and spent fuel to be emplaced in the facility.

(c) In formulating the proposal, the Secretary shall consult with the Commission and the Environmental Protection Agency, and shall transmit their comments on the final proposal to the Congress together with the proposal.

(d)(1) Preparation and transmittal of the proposal to the Congress is not a major Federal action significantly affecting the quality of the human environment within the meaning of section 102(2)(C) of the National Environmental Policy Act of 1969 (83 Stat. 852), but an environmental assessment shall be prepared on the proposal to accompany such transmittal.

(2) When Congress authorizes construction of the facility, the requirements of the National Environmental Policy Act shall apply, except that any environmental impact statement in connection with such facility need not consider any alternative to the design criteria set forth in subsection (b), as may have been amended by such subsequent congressional authorization.

(e) Notwithstanding any other provision of law, the test and evaluation facility authorized under this section shall not be subject to a license by the Commission: *Provided, however,* That the Secretary shall obtain the concurrence of the Commission in the siting, design, construction and operation of the facility.

NATIONAL SITE SURVEY PROGRAM

Sec. 408. (a) The Secretary and the United States Geological Survey shall conduct a national site survey program, to be completed not later than January 1, 1986, for the purpose of identifying sites that may be suitable for site characterization for a repository in addition to those recommended by the Secretary under subsection 403(b).

(b) The national site survey program established by subsection (a) shall include every State that may contain acceptable sites for a repository.

(c) The Secretary shall use the results of the national site survey program established by subsection (a) in identifying and recommending sites for site characterization leading to the development of a repository in addition to the repository licensed in accordance with section 405; *Provided,* That in recommending such additional sites for site characterization, the Secretary shall consider the cost and impact of transporting to the repository site the solidified high-level radioactive waste and spent fuel to be disposed of in the repository, and the advantages of geographical distribution in the siting of repositories.

TITLE V—LONG-TERM STORAGE OF HIGH-LEVEL RADIOACTIVE WASTE AND SPENT FUEL FROM CIVILIAN NUCLEAR ACTIVITIES

Sec. 501. Within one year after the date of enactment of this Act, the Secretary shall transmit to the Congress a proposal for a system consisting of at least one facility for the long-term, retrievable, monitored storage of solidified high-level radioactive waste and spent fuel resulting from civilian nuclear activities. The long-term storage of solidified high-level radioactive waste and spent fuel in such facilities shall not constitute an alternative to the disposal of such waste or spent fuel in a repository. Such facilities shall be designed to—

(a) accommodate spent fuel and solidified high-level radioactive waste from civilian nuclear activities;

(b) permit continuous monitoring, management, and maintenance of the spent fuel and solidified high-level radioactive waste for the foreseeable future;

(c) provide for the ready retrieval of any spent fuel and solidified high-level radioactive waste; and

(d) safely contain such solidified high-level radioactive waste and spent fuel so long as may be necessary, by means of maintenance, including, but not limited to, replacement as necessary, of such facility.

Sec. 502. The proposal shall include—

(a) the general description, cost estimates, and construction schedule for a system;

(b) site-specific designs, specifications, and costs estimates adequate to solicit bids for the construction of an initial facility within the system which will demonstrate the feasibility of long-term, retrievable, monitored storage of spent fuel and solidified high-level radioactive waste; and

(c) a plan for integrating such long-term, retrievable, monitored storage facilities with the interim spent fuel storage facilities and repositories authorized by titles III and IV of this Act.

Sec. 503. In formulating the proposal, the Secretary shall consult with the Commission and the Environmental Protection Agency, and shall transmit their comments on the final proposal to the Congress together with the proposal.

Sec. 504. (a) Preparation and transmittal of the proposal to the Congress is not a major Federal action significantly affecting the quality of the human environment within the meaning of section 102(2)(C) of the National Environmental Policy Act of 1969 (83 Stat. 852), but an environmental assessment shall be prepared on the proposal to accompany such transmittal based upon available information regarding alternative technologies for waste storage.

(b) When Congress authorizes construction of the initial facility, the requirements of the National Environmental Policy Act shall apply, except that any environmental impact satement in connection with such facility need not consider any alternative to the design criteria set forth in section 501 of this Act as may have been amended by such subsequent congressional authorization.

(c) Any facility authorized under this title shall be subject to a license under section 202(3) of the Energy Reorganization Act of 1974 (88 Stat. 1233), except that in its consideration of the application filed by the Secretary for the initial facility, the Commission may not consider any alternative to the design criteria set forth in section 501 of this Act but shall comply with the requirements of the licensing process as otherwise provided by law.

TITLE VI—FINANCIAL ARRANGEMENTS

Sec. 601. (a) There is hereby established in the Treasury of the United States a separate account to provide for costs directly related to (1) the acquisition, lease or construction, and operation of Federal away-from-reactor interim storage facilities for spent fuel in accordance with title III of this Act; (2) the construction and operation of repositories for the disposal of such spent fuel or solidified high-level radioactive waste from civilian nuclear activities in accordance with title IV of this Act; (3) the construction and operation of one or more test and evaluation facilities in accordance with title IV of this Act; (4) the construction and operation of facilities for the long-term storage of such spent fuel or solidified high-level radioactive waste in accordance with title V of this Act; and (5) the related handling and transportation of such spent fuel or waste. Amounts appropriated under section 308 or otherwise appropriated to the Secretary to carry out any of the purposes of titles III, IV, V and VI of this Act, all charges under section 303, receipts derived from the sale of any reprocessed fuel, all fees collected under section 603, and the proceeds from any obligations issued pursuant to section 602 of this title shall be deposited into the account.

(b) To the extent or in such amounts as are provided in appropriations Acts, the Secretary may draw on such account to carry out the purposes of titles III, IV, V and VI of this Act: *Provided,* That the Secretary shall not construct or acquire any major nuclear waste facility unless the specific expenditure of funds for the initiation of such construction or acquisition is explicitly approved in an appropriation Act.

Sec. 602. (a) To carry out the purposes of this Act the Secretary may borrow money from the Treasury of the United States in amounts provided in appropriation Acts. The Secretary and the Secretary of the Treasury shall agree on terms, maturities, and conditions of the obligations, but the maturities may not be more than thirty years. The Secretary may redeem the obligations before maturity. The Secretary of the Treasury shall decide the interest rate of the obligations considering the average market of outstanding marketable obligations of the United States Government of comparable maturities during the month before the obligations are issued. The interest payments on such obligations may be deferred with the approval of the Secretary of the Treasury but any interest payment so deferred shall bear interest. Such obligations shall be issued in amounts and at prices approved by the Secretary of the Treasury. The Secretary of the Treasury shall purchase any obligations of the Secretary issued under this section and for this purpose the Secretary of the Treasury is authorized to use as a public debt transaction of the United States the proceeds from the sale of any securities issued under the Second Liberty Loan Bond Act. Securities may be issued under that Act to purchase obligations from the Secretary under this section.

(b) Appropriations made available pursuant to section 307 of this Act and any other appropriations made to the Secretary to carry out the purposes of titles III, IV, V and VI of this Act shall be repaid into the General Fund of the Treasury out of the account, together with interest until the date of repayment at a rate determined by the Secretary of the Treasury taking into consideration the average market on long-term obligations of the United States during the fiscal year in which appropriations are made. The Secretary shall repay such appropriations together with interest within thirty years from the time at which such appropriations become available for expenditure after the date of enactment of this Act, and no appropriations to the Secretary are authorized to carry out the purposes of titles III, IV, V and VI of this Act unless the amounts appropriated are deposited into the account established in section 601(a).

Sec. 603. (a) There is hereby imposed a mandatory fee in the amount of 1.0 mil per kilowatt-hour on electricity generated by civilian nuclear powerplants and sold on or after the date 90 days after the date of enactment of this Act. Such fee shall be for the purpose of paying the costs to be incurred by the Federal Government for the long-term storage and permanent disposal of solidified high-level radioactive waste and spent fuel from civilian nuclear activities.

(b) The fee imposed by subsection (a) shall be collected by the person owning and operating each civilian nuclear powerplant and shall be paid to the Treasury of the United States and deposited in the separate account established by section 601.

(c) Not later than 90 days after the date of enactment of this Act, the Secretary shall establish procedures for the collection and payment of the fee established by subsection (a).

TITLE VII—STATE PARTICIPATION IN THE DEVELOPMENT OF REPOSITORIES AND RETRIEVABLE, MONITORED STORAGE FACILITIES FOR SOLIDIFIED HIGH-LEVEL RADIOACTIVE WASTE AND SPENT FUEL

Sec. 701. (a) The Secretary shall identify the States with one or more potentially acceptable sites for a repository or for a retrievable, monitored storage facility for solidified high-level radioactive waste or spent fuel. Within ninety days of such identification, or within ninety days of enactment of this Act, the Secretary shall notify the Governor, the State legislature, and the Tribal Council of any affected Indian tribe in any affected State of the potentially acceptable sites within such State.

(b) Each affected State and affected Indian tribe notified under subsection (a) shall have the right to participate in a process of consultation and concurrence, based on public health and safety and environmental concerns, in all stages of the planning, siting, development, construction, and operation of a repository or a retrievable, monitored storage facility that is required to be licensed by the Commission. Upon the approval of a site for site characterization for such a repository, or upon the designation of a site for such a retrievable, monitored storage facility, the Secretary shall promptly enter into negotiations with each such State and Indian tribe to establish a cooperative agreement under which the State or Indian tribe may exercise such right. Public participation in the negotiation of such agreement shall be provided for and encouraged by the Secretary, the States and the Indian tribes. The Secretary, in cooperation with the States and Indian tribes, shall develop and publish minimum guidelines for public participation in such negotiations, but the adequacy of such guidelines or any failure to comply with these guidelines shall not be a basis for judicial review.

(c) The cooperative agreement may include, but need not be limited to, the sharing in accordance with applicable law of all technical and licensing information, the utilization of available expertise, the facilitating of permitting procedures, joint project review, and the formulation of joint surveillance and monitoring arrangements to carry out applicable Federal and State laws. Such cooperative agreement shall provide procedures for negotiating and resolving objections of the State or Indian tribe in any stage of the planning, siting, development, construction or operation of such a facility within the State: *Provided, however*, That any such agreement shall not affect the Nuclear Regulatory Commission's authority under existing law.

(d) For the purpose of this part of this title, "process of consultation and concurrence" means a methodology by which the Secretary (A) keeps the State or affected Indian tribe fully and currently informed about the aspects of the project related to any potential impact on the public health and safety, (B) solicits, receives, and evaluates concerns and objections of the State or affected Indian tribe with regard to such aspects of the project on an ongoing basis, and (C) works diligently and cooperatively to resolve, through arbitration or other appropriate mechanisms, such concerns and objections.

(e) The Secretary and the State or affected Indian tribe shall seek to conclude the agreement required by subsection (b) not later than one year after the date of notification under section (a). The Secretary shall report to the Congress annually thereafter on the status of the agreement approved under subsection (c). Any report to the Congress on the status of negotiations under subsection (b) of the agreement under subsection (c) by the Secretary shall be accompanied by comments solicited by the Secretary from the State or affected Indian Tribe.

(f)(1) The Secretary shall notify the Governor, the State legislature, and the Tribal Council of any affected Indian tribe in an affected State at least ninety days prior to submitting an application to the Commission for authorization to construct a repository or retrievable, monitored storage facility of the Secretary's intention to file such application.

(2) If at any time after the Governor or an affected Indian tribe has received the notice required under paragraph (1), but no later than ninety days after receipt of such notice, the Governor or the Indian tribe notifies the Secretary in writing of objections to the proposed repository or retrievable, monitored storage facility, the Secretary shall promptly transmit such objections together with the Secretary's comments and recommendations to the Congress.

(3) If the Governor or the Indian tribe has filed objections in accordance with paragraph (2), the Secretary shall not submit such an application and shall suspend further site-specific activities on the proposed repository or retrievable, monitored storage facility if during the sixty-day period of continuous session following submittal to Congress of the objections, either House of Congress passes a resolution pursuant to section 703 stating in substance that the proposal for the repository or retrievable, monitored storage facility does not sufficiently address State and local concerns to permit the Secretary to apply to the Commission for an authorization to construct the facility.

SEC. 702. (a) For the purpose of this Act (1) continuity of session is broken only by an adjournment of Congress sine die; and (2) the days on which either House is not in session because of an adjournment of more than three days to a day certan are excluded in the computation of any period of time in which Congress is in continuous session.

(b) Sections 702 through 706 of this Act are enacted by Congress (1) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by section 703 of this Act; and they supersede other rules only to the extent that they are inconsistent therewith; and (2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

SEC. 703. For the purposes of this Act "resolution" means only a resolution of either House of Congress, the matter after the resolving clause of which is as follows: "That the ------------ believes that the proposed development of a repository or retrievable, monitored storage facility at ------------ within the State of ----------, which is the basis of objections transmitted to Congress by the Secretary of Energy on ------------, 19   does not sufficiently address State and local concerns to permit the Secretary to apply to the Nuclear Regulatory Commission for an authorization to construct such repository or retrievable, monitored storage facility," the blank spaces therein being appropriately filled.

SEC. 704. (a) No later than the first day of session following the day on which objections by a State or Indian tribe are transmitted to the House of Representatives and the Senate under subsection 601.(f), a resolution, as defined in section 703, shall be introduced (by request) in the House by the chairman of the committee to which the report is referred, or by a Member or Members of the House designated by such chairman; and shall be introduced (by request) in the Senate by the chairman of the committee to which the report is referred, or by a Member or Members of the Senate designated by such chairman.

(b) A resolution with respect to a proposed facility which is the basis of such objections shall be referred to the appropriate committees of the House and Senate (and all resolutions with respect to the same report shall be referred to the same committee) by the President of the Senate or the Speaker of the House of Representatives, as the case may be. The committee shall make its recommendations to the House of Representatives or the Senate, respectively, within forty-five calendar days of continuous session of Congress following the date of such resolution's introduction.

SEC. 705. If the committee to which is referred a resolution introduced pursuant to subsection (a) of section 604 (or, in the absence of such a resolution, the first resolution introduced with respect to the proposed facility which is the basis of such objections, has not reported such resolution or identical resolution at the end of forty-five calendar days of continuous session of Congress after its introduction, such committee shall be deemed to be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

SEC. 706. (a) When the committee has reported, or has been deemed to be discharged (under section 705) from further consideration of, a resolution with respect to a reorganization plan, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. The motion shall not be subject to amendment, or to a motion to postpone, or a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

(b) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between individuals favoring and individuals opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to shall not be in order.

(c) Immediately following the conclusion of the debate on the resolution with respect to a reorganization plan, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final approval of the resolution shall occur.

(d) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to a reorganization plan shall be decided without debate.

SEC. 707. In considering any objections by a State or Indian tribe submitted to the Congress pursuant to this title, the Congress may obtain the views and comments of the Nuclear Regulatory Commission on such objections. The provision of views by the Commission shall not be construed as binding the Commission with respect to any licensing action pertaining to the facility which is the subject of such objections.

SEC. 708. The passage of a resolution by the Congress pursuant to this title shall in no way be considered as binding with respect to any licensing action of the Nuclear Regulatory Commission pertaining to the facility which is the subject of such resolution.

● Mr. DOMENICI. Mr. President, I do not believe there is any Senator in this body who does not understand the need to legislate a Federal policy for the disposal of high-level nuclear waste from civilian powerplants. This issue has been before Congress in the past and most unfortunately we have not been successful in enacting a law. I believe the legislation we are introducing today which is built around the bill which passed the Senate during the 96th Congress is likely to prove to be the bill which does become law in this Congress.

Many of my colleagues know that my primary interest in the issue of nuclear waste disposal is not how it will be done technically, but how the institutional side will be solved. I believe the technology exists for disposal. What is still unresolved is what role States will play in the siting and construction of waste repositories. This legislation would end that uncertainty by specifying the role that States are to play.

Generally speaking, Mr. President, this role would provide States with substantive input into the siting, construction and operation of a repository for civilian high-level nuclear waste. States would have the opportunity through direct arbitration with the Department of Energy to participate in concerns of health and safety. If the States' concerns were not resolved by the time the Secretary of Energy was to apply for authorization to construct a repository the Congress would have an opportunity to halt the project. If the Congress failed to disapprove the proposed repository the States would still have the opportunity to participate through the Nuclear Regulatory Commission licensing process.

Mr. President, I hope we will be able to act on this legislation as quickly as possible. We have taken far too long already, the disposal of nuclear waste must not stand in the way of nuclear power development.●

Mr. BAKER. Mr. President, I ask unanimous consent that the National Nuclear Waste Policy Act of 1981 be referred jointly to the Committee on Energy and Natural Resources and the Committee on Environment and Public Works, with the proviso that if either committee reports the bill, the other committee shall be obliged to report the bill in 30 calendar days, not including days on which the Senate is in recess for more than 3 days or be discharged from further consideration thereof.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL COSPONSORS

S. 267

At the request of Mr. DeConcini, the Senator from Iowa (Mr. Grassley) was added as a cosponsor of S. 267, a bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes.

S. 814

At the request of Mr. Nunn, the Senator from Washington (Mr. Gorton) was added as a cosponsor of S. 814, a bill to improve the administration of criminal justice with respect to organized crime and the use of violence.

S. 881

At the request of Mr. Rudman, the Senator from Georgia (Mr. Nunn), the Senator from Minnesota (Mr. Boschwitz), and the Senator from Georgia (Mr. Mattingly) were added as cosponsors of S. 881, a bill to amend the Small Business Act to strengthen the role of the small, innovative firms in federally funded research and development, and to utilize Federal research and development as a base for technological innovation to meet agency needs and to contribute to the growth and strength of the Nation's economy.

S. 900

At the request of Mr. Heinz, the Senator from Nebraska (Mr. Exon), the Senator from Nebraska (Mr. Zorinsky), the Senator from Florida (Mr. Chiles), and the Senator from Mississippi (Mr. Cochran) were added as cosponsors of S. 900, a bill to assure that job skills training, and employment opportunities are furnished through Opportunities Industrialization Centers and other community based organizations of demonstrated effectiveness in certain block grant programs involving the creation of urban jobs in enterprise zones, and for other purposes.

S. 1320

At the request of Mr. Heinz, the Senator from Oklahoma (Mr. Boren) was added as a cosponsor of S. 1320, a bill to amend the Internal Revenue Code of 1954 to modify the excise tax on trucks, buses, tractors, and so forth, and for other purposes.

S. 1421

At the request of Mr. Eagleton, the Senator from Kansas (Mrs. Kassebaum) was added as a cosponsor of S. 1421, a bill entitled the "National Archives and Records Administration Act of 1981."

S. 1498

At the request of Mrs. Kassebaum, the Senator from Hawaii (Mr. Matsunaga), and the Senator from Mississippi (Mr. Cochran) were added as cosponsors of S. 1498, a bill to establish an office in the National Institutes of Health to assist in the development of drugs for diseases and conditions of low incidence.

S. 1586

At the request of Mr. Hatfield, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of S. 1586, a bill to establish national policy of promoting and facilitating the operation, maintenance, and development of deep-draft seaports, inland river ports and waterways necessary to domestic and foreign waterborne commerce; and to require recovery of certain expenditures of the U.S. Army Corps of Engineers for the operation, maintenance, and construction of inland shallow-draft and deep-draft navigational channels and other projects as appropriate.

S. 1589

At the request of Mr. Heflin, the Senator from North Dakota (Mr. Burdick) was added as a cosponsor of S. 1589, a bill to improve the security of the electric power generation and transmission system in the United States.

S. 1598

At the request of Mr. Stennis, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of S. 1598, a bill to establish a National Commission on Interest Rates.

S. 1631

At the request of Mr. Specter, the Senator from South Carolina (Mr. Hollings), the Senator from Connecticut (Mr. Weicker), and the Senator from New Jersey (Mr. Williams) were added as cosponsors of S. 1631, a bill to establish a Presidential Commission on the Bicentennial of the U.S. Constitution.

S. 1635

At the request of Mr. Weicker, the Senator from Montana (Mr. Melcher) was added as a cosponsor of S. 1635, a bill to delay the application of Revenue Ruling 81-216 until January 1, 1983.

S. 1651

At the request of Mr. Bentsen, the Senator from Louisiana (Mr. Johnston) was added as a cosponsor of S. 1651, a bill to combat international terrorism.

SENATE JOINT RESOLUTION 58

At the request of Mr. Thurmond, the Senator from Montana (Mr. Melcher) was added as a cosponsor of Senate Joint Resolution 58, a joint resolution proposing an amendment to the Constitution altering Federal fiscal decisionmaking procedures.

SENATE JOINT RESOLUTION 107

At the request of Mr. Robert C. Byrd, the Senator from Vermont (Mr. Stafford), the Senator from North Carolina (Mr. East), the Senator from Louisiana (Mr. Johnston), the Senator from Virginia (Mr. Warner), the Senator from South Dakota (Mr. Pressler), and the Senator from Texas (Mr. Tower) were added as cosponsors of Senate Joint Resolution 107, a joint resolution to designate the 7th day of October 1981, as "National Guard Day."

SENATE CONCURRENT RESOLUTION 29

At the request of Mr. Hollings, the Senator from New Jersey (Mr. Williams), the Senator from Massachusetts (Mr. Kennedy), the Senator from Hawaii (Mr. Inouye), the Senator from Washington (Mr. Gorton), and the Senator from South Carolina (Mr. Thurmond) were added as cosponsors of Senate Concurrent Resolution 29, a concurrent resolution disapproving certain Coastal Zone Management Federal Consistency Regulations.

SENATE RESOLUTION 175

At the request of Mr. Boren, the Senator from Massachusetts (Mr. Tsongas) was added as a cosponsor of Senate Resolution 175, a resolution to congratulate the State of Oklahoma on the celebration of its Diamond Jubilee.

SENATE RESOLUTION 199

At the request of Mr. NUNN, the Senator from Indiana (Mr. QUAYLE), and the Senator from Alabama (Mr. DENTON) were added as cosponsors of Senate Resolution 199, a resolution to authorize National Productivity Improvement Week.

AMENDMENTS SUBMITTED FOR PRINTING

INCREASE IN PUBLIC DEBT LIMIT

AMENDMENT NO. 564

(Ordered to be printed and to lie on the table.)

Mr. EXON (for himself and Mr. BRADLEY) submitted an amendment intended to be proposed by them to the joint resolution (H.J. Res. 265) to provide for a temporary increase in the public debt limit.

REDUCTION OF THIRD YEAR TAX CUT

Mr. EXON. Mr. President, I am about to send an amendment to the desk, and will send it to the desk at the end of my remarks.

It is no secret that expectations for our country's economy have suffered a serious decline in the past 2 months, and Congress now faces a dilemma. We offer an amendment to the debt ceiling bill which will assure more favorable expectations for smaller deficits and lower interest rates.

The amendment we will offer is keyed to interest rates. When the Reagan economic package was proposed and passed, its success hinged on quickly falling interest rates and lower inflation leading to greater economic growth, all of which would help the country and the Federal Treasury.

It has not turned out that way thus far, and even the most optimistic economists are predicting continued high interest rates over the next several months. People throughout the country are currently more concerned about this problem than any other.

This condition cannot be allowed to persist for both social and economic reasons. Economically, high interest rates will cause higher Federal spending for interest on the debt and for many other purposes, they will discourage economic growth, and the need for Federal borrowing to cover the resulting Federal deficits will tend to keep interest rates high. In human terms, high interest rates will continue to cause high levels of individual and business bankruptcies, unemployment, and all the attendant human suffering.

The amendment offer is the only legislative effort, other than nonbinding resolutions, to deal directly with high interest rates.

It is based upon the President's predicted 10.5 percent cost of Federal borrowing and a $42.5 billion deficit for fiscal 1982.

The amendment simply provides that if 91-day Treasury bill interest rates do not fall to an average of 10.5 percent as projected for fiscal year 1982, then the size of the July 1983, individual tax cut will be reduced in order to hold down the size of the 1983 and 1984 Federal deficits.

This amendment was debated previously in the Senate, at which time it received substantial support in spite of the fact that it was not a part of the original Reagan administration package, and the debate followed on the heels of the President's televised appeal to the Nation to urge Congress to pass his program without change.

Now that the hope of a quick moderation of interest rates has been shattered, we believe fiscal policy should be adjusted accordingly.

Here is how the amendment would work and some points in favor of its adoption:

First. To give some examples of this amendment's possibilities, if the average 91-day T-bill rate is 10.5 percent or less, the full 5–10–10 reduction goes into effect. But if the T-bill rate is 11.0 percent and the deficit is $63 billion, the tax cut would be 5–10–5, since reducing the size of the July 1, 1983, tax rate cut by half represents a revenue increase of approximately $21 billion for 1984. Other examples:

1982 deficit:	(1)
$42.5 billion or less	5–10–10
$46 billion	5–10–9
$50 billion	5–10–8
$55 billion	5–10–7
$58 billion	5–10–6
$63 billion or more	5–10–5

[1] **Individual 81–82–83 tax rate cut if T-bill rate exceeds 10.5 percent.**

Second. Adoption of the amendment would have a positive effect on financial markets. The demonstration by Congress that we are determined not to let 1983 and 1984 deficits get out of hand will change expectations on the amount of future Federal borrowing and on interest rates.

Passage of this amendment would work to restore more optimistic expectations, and therefore may be the last chance to make the Reagan economic program work without more drastic changes.

Third. Recent polls show that the American people want the Reagan program to have an opportunity to succeed. This amendment gives the Reagan economic program its chance since it calls for no immediate rollback of the tax legislation we have just passed; it allows all the business and savings tax incentives to remain intact, and even if it were to become effective due to continuing high interest rates, it would not change individuals' behavior significantly, since there is surely very little difference in expectations between a 23-percent individual income tax reduction and, for example, an 18- or 20-percent reduction.

Fourth. Congress must now realize that the alternatives to this amendment present extremely difficult choices. There is a natural reluctance to delay or otherwise change the tax cut which was just passed. Budget cuts can probably still be made in some areas, but in order to make any real dent in a potential $100,000,000,000 Federal deficit in 1984, there would have to be significant cutbacks in defense spending or in social security, or both. The prospect of Congress making big cuts in either social security or defense is not good or advisable.

Fifth. This amendment should be adopted as soon as possible since it is likely to have a positive effect on the economy and it does not foreclose other options. Our economy should not be allowed to drift while Congress and the administration argue bitterly about other remedies. Such an insuing battle could easily spill over and result in a much divided Nation.

In spite of the fact that many of us had differences with the original Reagan administration proposal, we are not offering this amendment to go back and undo what Congress has already done.

Instead, we offer this amendment as an attempt to salvage the best part of what has been enacted and, by concentrating on interest rates and a reduction in the size of future year deficits, avoid some very difficult and divisive questions which, without this amendment, surely will face us in the days and months ahead.

NOTICES OF HEARINGS

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the Senate Budget Committee will hold a hearing to examine the effects of the President's economic proposals upon the U.S. financial markets on Monday, September 28, at 10 a.m. in room 6202 of the Dirksen Senate Office Building. Witnesses scheduled to testify are: Walter Stein, vice chairman of Capital Research Co.; David Williams, chairman of the board, Alliance Capital Management Corp.; and Joel Leff, managing partner of Fortsmann-Leff Associates.

For further information call Lynn Pearson of the Senate Budget Committee staff at 222–0544.

COMMITTEE ON ENERGY AND NATURAL RESOURCES AND SUBCOMMITTEE ON NUCLEAR REGULATION, COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing which will be held jointly before the Committee on Energy and Natural Resources and the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works.

The hearing will be held on Tuesday, October 6, beginning at 10:30 a.m. in room 3110 of the Dirksen Senate Office Building to consider S. 1662, the National Nuclear Waste Policy Act of 1981; and S. 637, a bill to establish a program for Federal storage of spent fuel from civilian nuclear powerplants, to set forth a Federal policy and initiate a program for the disposal of nuclear waste from civilian activities, and for other purposes.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding the hearing, you may wish to contact Mr. Paul Gilman of the Energy and Natural

Resources Committee staff at 224-4431, or Mr. James Asselstine of the Nuclear Regulation Subcommittee staff at 224-2991.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON FINANCE

Mr. STEVENS. Mr. President, I ask unanimous consent that the Finance Committee be authorized to meet during the session of the Senate today, Thursday, September 24, at 4 p.m., to discuss social security legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet today, Thursday, September 24, to hold a business meeting the subject of which will be S. 1503, standby oil control legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

GREECE

● Mr. HOLLINGS. Mr. President, with so many of my colleagues today seizing the opportunity to make some comments on Greece, I am delighted to have a moment to inject some thoughts of my own.

When we talk of Greece, our minds inevitably go back to those ancient ideals which did and do more to move the hearts and minds of men than any other system of political thought ever devised.

These ideals translate into good citizenship, into participatory democracy, into each citizen becoming a politician in the best sense of the word. I am reminded of a Republican Secretary of State, Elihu Root, who said it best many years ago:

> Politics is the practical art of self-government and somebody must attend to it if we are to have self-government . . . the principle ground for reproach against any American citizen should be that he is not a politician.

This is the kind of approach whose roots trace back to ancient Greece and it is the approach I see among my friends in the Greek community today.

I do not know of any group or community that is part of this great country of ours that has contributed so much and worked so diligently through the years as our Greek friends. As they built democracy thousands of years ago on the shores of the Aegean, so have they been builders of democracy here in America. They have striven for the highest ideals and have always sought to live within the laws their heritage helped to forge. From the precinct to the Congress, they have provided the finest kind of example.

I know others have traced in detail the history of that heritage and also the unfolding of the Greek chapter of the American saga. Perhaps I should be able to say just a word on the strategic importance of Greece. Anyone with even a cursory knowledge of geopolitics is aware that Greece's position is crucial to the maintenance of freedom. This is so not only in the intellectual sense but in the military, national security sense. In the event of conflict with the Warsaw Pact countries, our adversaries would seek to drive a wedge between Italy and Turkey. Then they could press on toward the Middle East or Southern Italy or North Africa.

But it is not just a geographical locale that is important to the national security posture of freedom—there are many other factors such as its enormous merchant marine. But standing above them all is that indomitable thirst for national independence that Greece has always displayed. Fighting alongside us in world wars, Greece has shed, in proportional terms, far more than its fair share of blood and sacrifice.

Today Greece spends nearly 32 percent of its national budget—almost 6 percent of its GNP—on defense. Percentage-wise, this is the highest amount of military spending by any EEC country. When we recall that this sacrifice comes from a country with the lowest per capita income in the European Community, it demonstrates Greece's will to freedom and its determination to perpetuate the values of liberty that sprang up on its own shores.

Mr. President, I hope that our two countries will soon be able to move ahead on an agreement for the extension of our basing rights in Greece. It is unarguable that continuation of these basing rights serves the interest of the United States and Greece specifically, and the cause of freedom generally. For in the final analysis, it is the freedom to which Greece gave birth that our alliance is sworn to protect.●

MORAL ORGANIZATIONS IN POLITICS

● Mr. GOLDWATER. Mr. President, recently, I have spoken of the dangers that I sense in organizations carrying names that indicate a religious interest but who are basically wrapped up in politics. I intend to continue making comments on this subject because I feel, as the Founding Fathers did, that these organizations are of extreme danger to our country. I am not going to argue for one moment that this country does not need moral adjustments and I would suggest that if these organizations of whom I speak would devote their energies to the bettering of American morals, nobody could have an argument with them, but when they inject themselves completely into the subject of politics under the guise of morality, that is when we run into danger.

In reading pieces which come across my desk, I was impressed by one given by His Royal Highness Prince Charles before the Washington Oxford and Cambridge Dinner here in Washington in 1981. I am sure our colleague, Senator BRADLEY, will remember this. It was appealing to me because in it Prince Charles spoke to the point that I have been trying to make and I want to take the liberty of copying his remarks made during that speech so that my colleagues can have the benefit of his sound thinking on the subject. I ask that that portion of the speech to which I refer be printed at this point in the RECORD.

The excerpt follows:

EXCERPT

> Few things I think, have done more harm in this history of mankind than the belief on part of individuals, or groups, or tribes, or states, or nations, or churches that he or she or they are in sole possession of the truth, especially in the case of how to live, what to be and do, and that those who differ from them are not merely mistaken, but wicked or mad, and need restraining or suppressing. It is a terrible and dangerous arrogance to believe that you alone are right and somehow have a magical eye which sees the truth. And that others cannot be right if they disagree. There are many ways of living, there are many ways of believing and behaving; all knowledge provided by history or anthropology or literature, art and law makes it clear that the differences of cultures and characters are as deep as the similarities which make men human; and we are never the poorer for this rich variety. Knowledge of this opens the windows of the mind and the soul and makes people wiser, nicer and much more civilised. Absence of it breeds innate prejudice, hatred, ghastly extermination of heretics and those who are different. Unscrupulous people will, of course, feed on this lack of knowledge and will prey on others' fears. If the two great wars, together with Hitler's genocides, haven't taught us that, then we are incurable. The most valuable, or one of the most valuable elements in the British tradition, is precisely the relative freedom from political, racial and religious fanaticism and monomania. Compromising reasonably with people with whom you don't sympathise or altogether understand is indispensable to any decent society, however difficult it is to make the effort required. Nothing is more destructive than a happy sense of one's own, or one's nation's, infallibility, which lets you destroy others with a quiet conscience, because you were doing God's work, as was the case with the Spanish Inquisition or the superior races, as with Hitler, or history, as with Lenin or Stalin.●

BUDGET CUTS AND HISPANIC UNEMPLOYMENT

● Mr. KENNEDY. Mr. President, unemployed Hispanics encounter many barriers in their attempts to obtain productive employment. A recent article in the Boston Globe by Maggie Rivas provided an informative discussion of these roadblocks. The article emphasized three: The language barrier, the lack of educational and employment experience among unemployed Hispanics, and prejudice directed against Hispanics by employers. Together these barriers created a 14.5-percent Hispanic unemployment rate in Massachusetts for 1979 compared to a 5.1-percent rate among whites. Even that figure is likely to be an underestimate due to inadequate population information.

Despite this bleak situation, many Hispanics continue to search and hope for employment. According to the article, their hope remains because Federal employment programs under the Comprehensive Employment and Training Act (CETA) continue to fund local organizations such as Alianza Hispana, Casa del Sol, ABCD, and the United

Latino Construction Workers. These organizations have succeeded in training unemployed Hispanics for a variety of jobs, in providing them with a workable knowledge of English, and in placing them in productive jobs. They have permitted Hispanics to overcome the barriers to employment.

It is truly heartening to read of successes like Gloria Ortega's. Her training as a nurse's aide qualified her for a job at the Boston City Hospital. It allowed her to say:

> I think my family is much prouder of me. At school, everybody else's mother is a secretary or a teacher. Now my child can say his mother is a nurse's aide.

It is truly disheartening to realize that the Reagan administration is threatening to end these successes and destroy the hopes of the unemployed Hispanics and of all unemployed Americans. The reductions already imposed on the Federal employment programs will result in a significant reduction of the services that they provide. Now the administration is talking of ending these programs entirely to fulfill their need for more cuts from the Federal budget. As a result, many Americans who desperately desire to work will be unable to do so.

The Boston Globe article closes with this sobering statement from a Boston employment project director:

> You're almost eliminating hope . . . People had the hope that they could elevate themselves out of poverty . . . that they could become productive members of society and taxpayers. Now there's a sense of hopelessness.

We must not permit the Reagan administration to create this sense of hopelessness among the unemployed of our country. We must preserve such fine and successful programs as CETA.

Mr. President, I ask that Maggie Rivas' article from the Boston Globe be printed in the Record.

The article follows:

[From the Boston Globe, Sept. 20, 1981]

FOR HISPANICS, LONG ODDS ON FINDING JOBS

(By Maggie Rivas)

It is early afternoon in front of a small variety store on Dudley street in Roxbury. Ruben Acevedo has spent the morning in a fruitless job search and now he is standing in front of Kito's Grocery Store, smoking a cigarette and talking to his friends.

For Acevedo, who is 36, this afternoon is not unlike others. Since he was laid off as a clerk from a Roxbury grocery store about four months ago, he says he leaves his Dorchester home almost every morning looking for work as a janitor or a clerk and often winds up here, just hanging around.

They tell me there's nothing, or to come back tomorrow and tomorrow and tomorrow," he says in Spanish of the employers who don't have a job for him.

Acevedo is not alone. In Boston's Hispanic community of more than 20,000, unemployment totaled 14.5 percent of the work force in 1979, according to the latest figures available from the Massachusetts Division of Employment Security (DES). During the same period, unemployment among blacks in the city was 11 percent and among whites, 5.1 percent. No figures are available for Boston's Hispanic teenage unemployment rate.

Nationwide, Hispanic unemployment stood at 10.5 percent in 1980 as compared with 6.3 percent for whites and 14.1 percent for blacks, according to the Bureau of Labor Statistics.

Human service agencies in Boston that are working to reduce Hispanic unemployment say the DES statistics are too low. Nelson Merced, the director for Alianza Hispana, a Hispanic social service organization in Roxbury, questions the accuracy of the figures.

"The unemployment rate [in Boston] is higher than that," Merced said in an interview. "If you drive through the Hispanic community, you'll see a lot of idle people . . . But there's no way of actually seeing how much higher it is. There's not even a way of showing how many Hispanics there are in Boston. So if we have bad population statistics, it's very hard to say what tho unemployment is.

"If you minimize the number of people, you minimize the problem" and it becomes easy to ignore, he said.

Obstacles facing unemployed Hispanics are more overwhelming than those other minority groups face, officials who work with the unemployed agree. Their Hispanic clients speak little or no English and have low educational attainments. Most are Puerto Rican, they say, and worked as farm laborers or clerks in stores in their native country. There is also the element of prejudice against newcomers who have not been assimilated into the mainstream society.

Acevedo fits the description: a vendor in the market at Ponce, Puerto Rico, he went as far as the "first or second grade" and can read and write in Spanish a little, he says. His English is limited; he can understand a few words and can speak fewer.

The groups that provide training for unemployed Hispanics say planned reductions in federal and state funds will seriously jeopardize their efforts. Some, who will be operating on a fraction of what they spent last year, say they will have to turn away clients to maintain the quality of their programs.

In addition to the savings to taxpayers when the unemployed find work, there are also immeasurable psychological benefits to having a job, officials say.

"Puerto Ricans and other Hispanics want to assume responsibility for what's happening in their surroundings and employment provides the opportunity to assert this responsibility," says Robert Garcia, formerly the state director of the National Puerto Rican Forum.

Gloria Ortega, 34, who recently concluded a training program to become a nurse's aide, has been hired by Boston City Hospital. She says she now earns $186 weekly.

"When I get home and my children and nephews see me in my uniform, they say, 'There goes your mother the doctor.' I think my family is much prouder of me," said Ortega. "At school, everybody else's mother is a secretary or a teacher. Now my child can say his mother is a nurse's aide."

At least a dozen community and government agencies throughout Boston work with unemployed Hispanics. Mostly found in areas with large Hispanic populations—Roxbury, Jamaica Plain, the South End and Dorchester—these organizations rely mostly on federal funds, primarily the federal Comprehensive Employment Training Act (CETA), and to a lesser extent on city, state and private money.

In preparing their clients for jobs, agencies first find a way to overcome any language problem. Many offer classes that lead to a General Equivalency Diploma and special training. Some go a step further and try to match up employers and workers.

One way to get a non English-speaking Hispanic a job is to find a place where bilingual persons already work, or get the non English-speaker hired along with a bilingual person. The Third World Construction Workers Job Clearing House, which is mostly funded through funds from CETA, has had some success with that approach.

"Here we have a carpenter who was a carpenter for 20 years in South America," said Carmelo Iglesias, who worked until recently with the construction workers' group. "We get the employer to hire two persons, one who is a journeyman and the other one who works and who can translate the boss's instructions. It's been done, not often—not even frequently. But it's been done."

Iglesias's group last year placed 255 persons, about 40 percent of them Hispanic, according to Reggie Williams of that agency. "You want to fight poverty?" Iglesias said in an interview at the group's offices in the South End. "Give a guy without a job work on a construction site for $9 an hour."

Another construction group, the United Latino Construction Workers, a grass roots organization, tries to pressure contractors to hire Hispanics.

Jorge Palmarin of that organization said he had once been hired on a nonunion construction site in Boston after his organization had protested the contractor's failure to hire minority workers.

Although Palmarin was a trainee on the construction site, he says he was not taught skills. Instead, he worked as a laborer, while earning a trainee's smaller wages.

"So they were using me," he said. "They were paying me less and they weren't training me. A union steward, if he's white, doesn't care. . . . They look at you as if you don't belong there."

William Kane of the Associated General Contractors of Massachusetts said in an interview that patronage once determined who could join the building unions, but that more recently the Equal Employment Opportunity Commission has mandated that certain levels of minorities be hired. Of the 3395 apprentices in Boston building trade unions last year, 14.4 percent were racial minorities. Of that number, 91 persons were Hispanic, Kane said.

Inroads are being made in other areas. The Work Incentive Program (WIN) at the Cardinal Cushing Center for the Spanish Speaking, has been able to get clients clerical and nursing jobs.

Persons who receive Aid to Families with Dependent Children (AFDC) are required to register with WIN, unless they are exempt for medical or family reasons. WIN then tries to find them jobs in the private sector and reimburses cooperating employers the workers' salaries. At the end of the year, the employers are eligible for tax breaks.

Wally Barys, a staff member for WIN, said the obstacles he faces in securing employment for his 1861 Hispanic clients are language skills and the fact that many have large families, thus necessitating relatively high-paying jobs.

"Ninety percent of our clients don't speak any English at all," Barys said. "Ten percent speak a smattering—they can get by."

Barys' boss, Linda Dobbert, Boston's WIN coordinator, says: "We're not dealing with the whole Hispanic community, you understand: we're just dealing with the people who are on AFDC. Of all my teams, the Hispanic team has the lowest educational level of other teams."

Overall, their work experience is also limited, Barys said. The answer has been programs to train clients as secretaries, nurses' aides, mechanics and car body repairmen. So far this year, WIN has been involved in getting jobs for 146 clients.

The special problems of the Hispanic unemployed, Barys said, has meant that he has adjusted his goals. "We know they're going to take longer to deal with and we're going to have less success than we do in other areas [of the city]."

Recently, 13 women trained as nurses'

aides by a Colombian physician in a WIN program were hired by Boston City Hospital. Hospital officials, impressed by the women's preparation, told Barys they were "overtrained."

"Something like that is a great morale-booster," he said.

Because the Hispanics face more barriers, WIN's Dobbert said: "I think we do get a feeling of success because we have helped people overcome a lot."

The future of agencies that work with unemployed Hispanics, however, is clouded primarily because of federal budget cuts.

Alianza Hispana (Hispanic Alliance), for instance, will get $70,000 less next year from the federally funded Community Development Block Grant Program. That represents 14 percent of Alianza's total budget.

At the Cardinal Cushing Center for the Spanish-Speaking, 40 percent of the Comprehensive Employment Training Act (CETA) funds for the English classes has been slashed.

Casa del Sol (House of the Sun), which is described by some as the most prominent of the community groups, is also facing a 50 percent cutback in its CETA funding. CETA last year provided two-thirds of Casa del Sol's $360,000 budget. With those funds, Casa del Sol placed about 80 percent in secretarial and clerical jobs. Others were enrolled in area colleges.

Action for Boston Community Development (ABCD), a private group, will lose 40 percent of its CETA funding for its adult programs, according to Nick Avitabile, ABCD's director of employment and training.

"You're almost eliminating hope," Avitabile said. "That's one thing you could always count on, that you could change things. People had the hope that they could elevate themselves out of poverty . . . that they could become productive members of society and taxpayers. Now there's a sense of hopelessness."●

THE PEACE CORPS

● Mrs. KASSEBAUM. Mr. President, 20 years ago today Congress created a Peace Corps to promote the social, educational, and economic advancement of the developing nations and to promote a better understanding between the American people and the peoples of those nations.

Since its creation, over 97,000 Peace Corps volunteers have served in 88 countries. Today, almost 6,000 volunteers and trainees are serving in 60 countries.

All too often, the emphasis on overseas development has been placed on financial resource transfers. The argument is made that only a new international economic order will bring about development. Yet, as many of the OPEC nations have learned, financial resources alone cannot develop a country.

In its 20 years, the Peace Corps has made an important contribution toward developing the human resources of the less developed nations through the efforts of 31,000 volunteers who have taught at universities, secondary schools, and specialized training institutes. Formal education has been only one method the Peace Corps has helped develop the human resources of the Third World, because in essence every Peace Corps project is an educational project, as volunteers seek to introduce new ways into a traditional society.

With 20 years of direct people-to-people involvement abroad, Peace Corps volunteers have contributed to a deeper understanding and knowledge in our own country of the forces at work in the developing nations. Returned Peace Corps volunteers are now to be found in the State Department and the Agency for International Development, they can be found in many of the private voluntary agencies such as CARE, International Voluntary Services, and they can even be found overseas representing American businesses or at home directing corporate activities abroad. Two of our distinguished colleagues on the Foreign Relations Committee, Senators TSONGAS and DODD, are former volunteers and their knowledge of the Third World drawn from their experiences as volunteers has been especially valuable to the committee.

The Peace Corps' record of contribution to both the developing nations and to the United States over the past 20 years has been outstanding. I wish to thank each and every volunteer and former volunteer for the oftentimes arduous and frustrating tasks they performed on behalf of their fellow man. With today's new emphasis on voluntary service to one's fellow man, I am confident the Peace Corps will prosper in the years to come.●

PETER B. BENSINGER HAS BEEN EFFECTIVE DEA ADMINISTRATOR

● Mr. NUNN. Mr. President, Peter B. Bensinger, who has left the Drug Enforcement Administration after a 5-year tour as Administrator, was an effective, competent and imaginative leader, a credit to the Government, to DEA and to the many dedicated law enforcement personnel he so ably represented.

I commend Mr. Bensinger for his distinguished service to the public and to law enforcement and extend to him my best wishes for continued success in all his future endeavors.

Mr. Bensinger took charge of DEA in January 1976. He promptly began taking actions to strengthen the Agency and to improve Federal law enforcement generally. Nine of his policies were particularly noteworthy.

First. Mr. Bensinger directed that DEA's principal objective would be to immobilize and disrupt the operations of the major drug syndicates. DEA had been criticized for devoting too many resources to the pursuit of lower level drug violators.

Second. Countering critics who said DEA's internal integrity standards were inadequate, Mr. Bensinger instituted procedures to assure the suitability of personnel for sensitive law enforcement assignments.

Third. Mr. Bensinger committed additional DEA resources to the mounting of financial investigations against major narcotics traffickers. The big-time dealers are adept at hiding their drug transactions, but they are often less effective in concealing the huge profits that result from them. That is why many of the most successful prosecutions against major narcotics violators have been based on solid, comprehensive financial investigation. Mr. Bensinger began training programs to improve the ability of his agents to conduct financial investigation.

Fourth. In building financial investigations against drug traffickers, DEA agents looked forward to cooperation from the Internal Revenue Service. IRS agents are the most skilled of all law enforcement personnel in putting together financial investigation. Knowing the value of IRS agents in major drug cases, Mr. Bensinger worked hard to remove restrictions from the Tax Reform Act of 1976 which served to prohibit IRS from cooperating with other law enforcement agencies. I share Mr. Bensinger's belief that the disclosure provisions of the Tax Reform Act should be amended and the Senate recently adopted my legislation to achieve that objective.

Fifth. Just as he was a strong supporter of amending the disclosure provisions of the Tax Reform Act of 1976, Mr. Bensinger also worked effectively on behalf of my legislation to enable the Armed Forces to assist civilian law enforcement in investigating the smuggling of drugs into the United States and other drug violations. Without altering the intention of the posse comitatus doctrine of not using the military for civilian law enforcement, Mr. Bensinger wisely pointed out that the Nation's ability to control its borders against drug smuggling would be strengthened if DEA could turn to the Armed Forces for technical assistance. I am pleased to note that this measure has been adopted by both the Senate and the House.

Sixth. As Administrator, Mr. Bensinger improved DEA's working relationships with other Federal agencies. He has been especially forceful in forging better ties with the FBI, the IRS, the Customs Service and the Coast Guard.

Seventh. The amount of money earned by major drug traffickers is often so large that it has required that we reexamine our concept of bail for alleged narcotics violators. Mr. Bensinger has been in the forefront of those who have called for reform of bail procedures. A $250,000 bond, for example, large by ordinary standards, can be met easily by some drug dealers. They post bond and then, learning that the Government's case against them is very strong, flee, deciding the $250,000 is a small price to pay for avoiding a prison sentence.

Eight. In addition to urging more realistic bail for major drug dealers, Mr. Bensinger also has called for longer prison terms and more uniform sentencing practices. In both the bail and sentencing proposals, I share Mr. Bensinger's views and he has been of assistance to me in drafting bail and sentencing reform legislation.

Ninth. While the Nation's foreign policy is the responsibility of the Department of State, DEA, under Mr. Bensinger, has had the sensitive assignment of working with officials of the source producing countries in hammering out mutually acceptable drug enforcement policies and programs. Mr. Bensinger has always advocated that the executive and legislative branches form a partnership to agree upon and affirm a national and international policy that would bring strong action to fight the global drug problem in a unified way.

Under Mr. Bensinger's guidance, DEA has tried to reduce the adverse impact of illegal drugs on the American society. Despite limited resources, DEA and local law enforcement agencies have had some positive results in removing dangerous drugs from our streets. However, the drug trade continues to flourish, and the problem persists for reasons tied to the enormous supply of and demand for drugs.

As the former chairman of the Permanent Subcommittee on Investigations and now its ranking minority member, I have had the pleasure of knowing, befriending and working closely with Peter Bensinger.

A man gifted with a good mind, sound judgment and well developed managerial skills, Peter Bensinger has been an articulate spokesman for Federal drug enforcement. He has been of great assistance to the subcommittee in its continuing effort to exercise its oversight function in regard to organized and syndicated crime and the Federal Government's ability to combat it.

Again, I wish Peter Bensinger the very best in all his future endeavors.●

SOUTH CAROLINA RESOLUTION ON TEXTILES

● Mr. HOLLINGS. Mr. President, this week important negotiations are taking place in Geneva, Switzerland, which will help determine the future of our Nation's textile industry.

As every textile worker knows, the United States continues to run large deficits in the world trade of textile and apparel products. Last year this amounted to $4.1 billion. This year it is running at a $4.4 billion annual rate.

These are vitally important negotiations for our country. Tightening up the MFA is of utmost importance. The current agreement provides for 6-percent annual growth in many categories—even to such well-developed countries as Korea, Hong Kong and Taiwan—and when this is combined with certain flexibility provisions, growth rates can swell to 24 percent. With the domestic market growing in the 2-percent range, this inundation is obviously highly detrimental to our industry. An improved MFA would relate the growth of imports directly to the growth of the domestic market.

Indeed, during his campaign for the Presidency, Ronald Reagan went on record in support of relating import growth from all sources to the growth in our domestic market. The need now is to make good that commitment. The alternative is inundation of our market by foreign goods, produced at low cost and subsidized by favorable treatment on the part of their home government.

America's textile and apparel jobs are vitally important to our economy. They account for 10 percent of our country's manufacturing work force; 65 percent of the industry's employees are women, and 27 percent are minorities—jobs among groups and in areas that should be preserved. But if present import trends continue, by 1990 some 630,000 of these jobs will be gone and that translates into a GNP loss of $57 billion.

Just last week the South Carolina House of Representatives passed a resolution memorializing the Congress and the Reagan administration to seek to negotiate a multifiber agreement on textile imports which would relate import growth to the growth of the domestic market. Copies of this resolution have been forwarded to the President and other officials responsible for the negotiations now taking place. I ask that the text of this resolution be printed in the RECORD. It is important and timely and my hope is that the policy it enunciates will be translated into action in the weeks ahead.

The resolution follows:

HOUSE RESOLUTION 3187

Whereas, the volume of textile and apparel imports to the United States has increased by eleven percent in 1981 in comparison with 1980; and

Whereas, this increase has resulted in a nineteen percent jump in the textile apparel trade deficit; and

Whereas, the actual dollar value of textile imports was 5.8 billion dollars in 1980, up thirteen percent; and

Whereas, these substantial imports increases have created severe problems and concern in our textile industry which require prompt and effective action by the Federal Government. Now, therefore, be it

Resolved by the House of Representatives: That the Congress of the United States and the Reagan Administration are memorialized to seek to negotiate a multi-fiber import agreement with major textile importing countries which would relate textile apparel import growth to the growth of the domestic textile market.

Be it further resolved That copies of this resolution be forwarded to President Reagan, Secretary of State Haig, Vice President Bush, Speaker of the House O'Neill and each member of the South Carolina Congressional Delegation in Washington, D.C.●

NUCLEAR ARMS NEGOTIATIONS WITH THE SOVIET UNION

● Mr. HART. Mr. President, the news that the administration intends to resume nuclear arms negotiations with the Soviet Union is welcome. A return to the negotiating table is a necessary step toward our mutual goal of reducing the possibility of nuclear war.

But the focus of the proposed talks is too narrow. The State Department has reported that negotiations will be confined to medium-range missiles based in Europe. There is no question that theater nuclear weapons are a matter of great concern, both in terms of United States-Soviet relationships and in terms of our own relations with our European allies. But effective limits on theater nuclear weapons can be achieved only as part of a comprehensive limit on strategic nuclear weapons. The definition of theater nuclear forces is so difficult that if we negotiate only on these limits, we run the risk of leaving a loophole for the Soviets to mount an unrestrained threat against Europe with weapons outside the focus of these limited negotiations.

Unfortunately, the administration continues to be opposed to strategic arms limitation negotiations with the Soviets because it continues to misconstrue the purpose of arms limitation treaties. It seems to think they are a reward to our friends—rather than a control on our rivals.

President Reagan's letter to Chairman Brezhnev is new evidence of this view. In it he implies the administration still intends to delay negotiations on strategic nuclear arms until the Soviets show greater restraint and reciprocity in its activities around the world. This policy of linkage holds that until Soviet adventurism diminishes, we must delay arms negotiations. But, the Reagan administration has linkage backward. It is exactly because of Soviet conduct that we must pursue an arms limitation treaty. The only linkage that makes sense is linkage between our distrust of the Russians' intentions and the need for an arms treaty that limits their capabilities.

The administration still fails to understand that we should negotiate an arms control treaty because it is in our national interest:

It would limit the size of the Soviet nuclear threat.

It would provide greater certainty for the United States defense planning.

It would provide greater ability to focus our resources on conventional forces.

It would help provide a consensus on national security issues.

Until we begin negotiations to limit strategic nuclear arms, we are neglecting our national security in the most fundamental way. The administration should broaden the negotiations immediately.●

DIRECTING SENATE LEGAL COUNSEL TO APPEAR IN CERTAIN MATTERS

Mr. BAKER. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

Senate resolution (S. Res. 216) to direct the Senate Legal Counsel to appear in the name of the Senate as amicus curiae in *Pacific Legal Foundation, et al.* v. *Watt* and *Mountain States Legal Foundation, et al.* v. *Watt, et al.*

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. BAKER. Mr. President, the purpose of this resolution is to direct the Senate legal counsel to appear as amicus curiae in the name of the Senate in the consolidated cases of Pacific Legal Foundation against Watt and Mountain States Legal Foundation against Watt, which are pending in the

U.S. District Court for the District of Montana.

The plaintiffs in these cases are challenging the constitutionality of section 204(e) of the Federal Land Policy and Management Act of 1976. That section establishes a procedure by which the Senate Energy and Natural Resources Committee or the House Interior and Insular Affairs Committee may require the Secretary of the Interior to report to them about the proposed use of Federal lands.

Under the statutory procedure, lands designated by either of these committees are to be temporarily withdrawn for a period not to exceed 3 years. The function of the statute is to provide the Congress with the information and the time to determine whether it should act legislatively with respect to the lands which are subject to the temporary withdrawal.

The claims made by the plaintiffs in opposition to the statute are similar to those raised in pending cases concerning the constitutionality of legislative review of actions and rules of executive and independent agencies. The Department of Justice has joined the plaintiffs in a challenge to the constitutionality of the statute, although the Department is also asking the court to dismiss these cases on preliminary grounds.

The Attorney General has suggested that the two Houses consider an appearance in these cases, and the chief judge of the U.S. District Court for the District of Montana has invited and urged that the Senate and House appear as amicus curiae. An appearance in these cases in support of the act of Congress which has been challenged would be consistent with the decision of the Senate to appear in other pending cases on the constitutionality of legislative review.

Section 204(e) of the Federal Land Policy and Management Act was invoked, in the present matter, by the House Interior and Insular Affairs Committee. By this appearance the Senate would take no position on the environmental and development issues underlying the action by the House committee.

The purpose of the Senate appearance would be solely to present to the court additional nonconstitutional grounds for decision and, in the event the merits of the constitutional issue are reached, a defense of the constitutionality of the statute. As amicus there should be no occasion to address other collateral issues among the parties.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 216) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. Res. 216

Whereas, in the consolidated cases of *Pacific Legal Foundation, et al.* v. *Watt* and *Mountain States Legal Foundation, et al.* v. *Watt, et al.*, Nos. 81-141-BLG and 81-168-BLG, pending in the United States District Court for the District of Montana, the constitutionality of section 204(e) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. § 1714(e)) has been challenged;

Whereas, that Act of Congress establishes a procedure by which the Secretary of the Interior may be required to report to the Senate Energy and Natural Resources Committee and the House Interior and Insular Affairs Committee about designated federal lands and to temporarily withdraw those lands so that the Congress may determine whether any legislation with respect to them is warranted;

Whereas, the Department of Justice has filed a brief which challenges the constitutionality of that Act of Congress;

Whereas, the United States District Court for the District of Montana has invited the Houses of Congress to appear in these cases;

Whereas, pursuant to sections 703(c), 706(a), and 713(a) of the Ethics in Government Act of 1978 (2 U.S.C. §§ 288b(c), 288e(a), and 288*l*(a) (Supp. III 1979)), the Senate may direct its Counsel to appear as amicus curiae in the name of the Senate in any legal action in which the powers and responsibilities of Congress under the Constitution are placed in issue: Now, therefore, be it

Resolved, That the Senate Legal Counsel is directed to appear as amicus curiae in the name of the Senate in the consolidated cases of *Pacific Legal Foundation, et al.* v. *Watt* and *Mountain States Legal Foundation, et al.* v. *Watt, et al.*

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDERS FOR FRIDAY

Mr. BAKER. Mr. President, I have not yet had an opportunity to confer with the minority leader, but may I make a suggestion in connection with the schedule on tomorrow? It is not possible to complete the continuing resolution debate tonight. I know of no other amendments to the resolution. I hope and trust there will be no further amendments and that we can proceed to third reading and passage very expeditiously in the morning.

Mr. President, in order to accommodate that, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 a.m. tomorrow; and that after recognition of the two leaders under the standing order, the distinguished Senator from Wyoming (Mr. Wallop) be recognized for not to exceed 5 minutes on special order; that, after the recognition of the Senator from Wyoming, there be a brief period for the transaction of routine morning business not to extend past the hour of 10 a.m., in which Senators may speak for not more than 1 minute each; and that at 10 a.m., the Senate resume consideration of House Joint Resolution 325, the continuing resolution.

I make that request, as I say, without having had an opportunity to confer with the minority leader, but I trust that is satisfactory with him.

Mr. ROBERT C. BYRD. Mr. President, I think that is a very satisfactory approach and I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE DEBT LIMIT

Mr. BAKER. Mr. President, as I say, I hope and trust we shall finish the continuing resolution very promptly. It will be my intention then tomorrow to ask the Senate to start consideration of the debt limit. It is not expected that we shall be in late tomorrow. I hope that after opening statements on the debt limit and the disposition of a few amendments, we shall be in a position to ask the Senate to recess by midafternoon, I hope by 3 or 4 p.m.

RECESS UNTIL 9:30 A.M. TOMORROW

Mr. BAKER. Mr. President, I have no further business to bring before the Senate. I inquire if the minority leader has anything further?

Mr. ROBERT C. BYRD. I thank the distinguished majority leader. I have nothing, Mr. President.

Mr. BAKER. I move, then, in accordance with the order previously entered, that the Senate stand in recess until 9:30 a.m. tomorrow.

The motion was agreed to and, at 8:53 p.m., the Senate recessed until tomorrow, Friday, September 25, 1981, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate September 24, 1981:

Equal Employment Opportunity Commission

Michael Joseph Connally, of Michigan, to be General Counsel of the Equal Employment Opportunity Commission for a term of 4 years, vice Leroy D. Clark, resigned.

Interstate Commerce Commission

Frederic N. Andre, of Indiana, to be a Member of the Interstate Commerce Commission for the term of 7 years from January 1, 1981, vice Charles L. Clapp, term expired.

Malcolm M. B. Sterrett, of Maryland, to be a Member of the Interstate Commerce Commission for the term of 7 years from January 1, 1981, vice George M. Stafford, resigned.

In the Coast Guard

The following-named Reserve officers of the Coast Guard to be permanent commissioned officers in the grades indicated:

To be lieutenant commander

Malcolm D. Stevens

To be lieutenant

Patrick J. Danaher
Mark C. Gould
William C. Paradise

To be lieutenant (junior grade)

James S. Dick
Francis K. Koob
John W. Schoen
Richard C. Simonson

In the Air Force

The following Air National Guard of the U.S. officers for promotion in the Reserve of the Air Force under the provisions of section 593(a) title 10 of the United States Code, as amended:

LINE OF THE AIR FORCE

To be lieutenant colonel

Maj. Douglas K. Acheson, 480-50-4219.
Maj. Donald W. Armington, 478-48-3065.
Maj. Gregory C. Bassett, 049-32-7739.
Maj. Joseph B. Bellino, 019-34-1633.
Maj. Dee C. Brecheisen, 512-40-6533.
Maj. James C. Burdick, 123-32-9214.
Maj. Gary M. Burge, 405-52-1240.
Maj. John R. Butler, 178-36-8331.

Maj. Robert E. Carlson, 502-34-5882.
Maj. John C. Curran, Jr., 417-44-9421.
Maj. Patrick J. Dirk, 501-40-8447.
Maj. Dennis J. Ellithorpe, 508-48-8102.
Maj. Myron O. Everson, 390-23-6929.
Maj. Jerome A. Fosheim, 501-38-5032.
Maj. Peter S. Goewey, 221-28-0492.
Maj. Paul E. Grant, 521-42-3582.
Maj. William G. Greenlee, 433-46-2360.
Maj. William M. Guy, 411-66-3110.
Maj. Ronald G. Harrington, 054-32-5972.
Maj. Walter D. Heinlen, 481-50-3619.
Maj. Jerry L. Hendrickson, 377-42-5971.
Maj. Gerald H. Hersey, 006-40-2974.
Maj. Charles W. Holland, 465-66-7637.
Maj. Jerome L. Hume, 448-40-5838.
Maj. Peter D. Jensen, 529-54-3291.
Maj. Jerold F. Johnson, 511-30-9389.
Maj. Curtis P. Jones, 470-26-2953.
Maj. Gary E. Kaiser, 476-44-1808.
Maj. George M. Kerner, 071-32-2338
Maj. William R. Kostan, 172-26-3538.
Maj. Phillip L. Latham, 250-62-6471.
Maj. Gerald E. Lesney, 377-36-7157.
Maj. Paul W. Madgett, 505-46-2542.
Maj. Ralph T. Maraman, 417-48-7745.
Maj. Dennis D. Marquardt, 474-40-7082.
Maj. Scott A. Mikkelsen, 265-74-9268.
Maj. Andrew R. Miller, 203-32-6156.
Maj. David B. Mitchell, 533-36-6397.
Maj. Richard N. Morris, 509-40-4994.
Maj. Donald E. McAuliffe, 204-30-5181.
Maj. James P. McMenamin, 550-58-7156.
Maj. James F. McMurray, 157-32-8375.
Maj. Terry W. Nelson, 275-36-5448.
Maj. Kim L. Peterson, 472-46-1435.
Maj. Steven K. Reynolds, 509-44-7377.
Maj. Charles S. Rizzone, Jr., 051-22-9895.
Maj. Douglas B. Routt, 334-34-3484.
Maj. John A. Schmieder, 470-48-9769.
Maj. Robert E. Schneider, 285-32-6134.
Maj. Philip L. Shadle, Jr., 159-34-6258.
Maj. Henry C. Shero, 354-32-5512.
Maj. Richard A. Shutack, 152-30-8864.
Maj. James M. Skiff, 075-38-1243.
Maj. James F. Stockner, 224-36-4133.
Maj. Michael J. Sullivan, 439-60-8983.
Maj. Richard F. Sutherland, 236-50-5161.
Maj. Edward L. Sykes, 406-60-2878.
Maj. Charles A. Takos, 276-32-7097.
Maj. Arturo J. Torres, 582-70-4367.
Maj. Giles E. Vanderhoof, 530-24-8468.
Maj. Charles H. Vaughn, 374-46-2570.
Maj. Dale F. Vavra, 504-48-2833.
Maj. Thomas M. Walsh, 023-32-2143.
Maj. Melvin L. Watson, 530-22-8177.
Maj. Walter T. Wick, 089-32-9074.
Maj. Charles D. Williams, 414-52-6944.

LEGAL

Maj. Allen C. Pate, 248-56-3370.

CHAPLAIN

Maj. Phillip L. Tillman, 427-52-3461.

MEDICAL CORPS

Maj. James A. Capps, Jr., 429-76-1464.
Maj. Ernest N. Charlesworth, 452-68-9273.
Maj. Paul A. Howard, 455-64-9018.
Maj. Leonard W. Kozoman, 347-32-4006.
Maj. Roger G. Santala, 228-66-9581.

IN THE AIR FORCE

The following-named officers for promotion in the Regular Air Force, under the appropriate provisions of chapter 835, title 10, United States Code, as amended. All officers are subject to physical examination required by law:

LINE OF THE AIR FORCE

Captain to major

Aarnio, Paul R., 158-32-6690.
Abate, Nicholas, 062-36-5873.
Abbott, John F., 402-60-8465.
Abels, James A., 484-56-5560.
Ackert, James E., 324-38-5602.
Acree, William A., 240-74-0605.
Adams, Thomas M., 425-88-3552.
Adleman, Ronald W., 522-54-2478.
Ahern, Daniel B., 565-64-0395.
Alber, Steven C., 539-46-9141.
Albers, Robert M., 493-46-9557.
Alcala, Gabriel J., 515-42-1425.
Aldebol, Anthony W., 249-78-0575.
Alder, Gordon S., 325-38-5656.
Aldrich, Kenneth H., 284-44-0644.
Alexander, David W., 526-70-4796.
Alexander, Dean C., 462-70-0303.
Alexander, Michael D., 420-44-9757.
Alexander, Roger A., 258-66-7240.
Alexander, William D., Jr., 257-60-8642.
Allard, David C., 521-68-7883.
Alldredge, Aaron C., 307-44-2246.
Allen, John C., 147-32-8855.
Allen, Robert G., Jr., 156-38-3996.
Allenson, Stephen P., 088-34-8449.
Allison, Ronald L., 545-66-0076.
Almond, Edward E., Jr., 339-28-1831.
Alsup, Larry W., 440-46-3470.
Altemose, James L., 421-62-6237.
Altiere, Michael P., 150-40-4658.
Ames, Robert R., 274-42-3442.
Ammirati, Louis J., 546-64-5536.
Anders, Gregory E., 344-36-7524.
Anderson, Carles E., 009-30-7116.
Anderson, Charles R., Jr., 437-66-4885.
Anderson, Glen M., 483-58-3497.
Anderson, Jon G., 516-38-2689.
Anderson, Phillip G., 347-34-4529.
Anderson, Ted K., 481-52-8487.
Anderson, Wayne H., 503-38-0300.
Andes, Randy T., 574-16-2558.
Andrea, Ronald L., 225-64-7158.
Andrejak, Gary E., 363-44-4192.
Andrews, William J., 228-62-2491.
Anglemyer, Richard M., 2844-40-9546.
Anthony, Michael D., 275-40-0385.
Applegate, William J., 153-40-2649.
Applewhite, Jim R., 451-46-8262.
Aramanda, Michael G., 061-34-1242.
Arkfeld, Gerald L., Jr., 508-54-5243.
Arlen, Richard D., Jr., 459-66-8883.
Armbrust, John S., 515-44-0157.
Armington, Judie A., 557-54-1884.
Armour, Harold M., Jr., 438-66-7327.
Armstrong, Bill L., 535-46-4161.
Armstrong, Donald J., Jr., 507-52-7709.
Armstrong, Michael E., 557-58-6927.
Arneson, Paul S., 474-50-9555.
Asato, Morris T., 576-42-1935.
Ashmore, Frederick M., 418-60-8749.
Atherton, Michael E., 264-58-8297.
Atwood, Charles R., 365-44-8939.
Au, Patrick A., 572-74-4990.
Aubrey, James R., 206-34-3772.
Auwarter, Carmen E., 504-56-8462.
Avery, Gerald N., 044-36-1571.
Ayen, William E., 396-46-4381.
Aylsworth, George W., 438-70-2935.
Babcock, Richard R., Jr., 228-58-9049.
Bagby, Daniel J., 324-38-2999.
Bagby, Richard C., Jr., 238-68-7154.
Baggett, Roy G., 435-52-4230.
Bailey, Brooke P., 553-66-0591.
Bailey, Edward L., Jr., 113-38-2132.
Baird, Wayne J., 462-80-6854.
Baker, Ellery E., 038-26-7014.
Baker, John P., III, 194-36-5743.
Baker, John R., 124-38-5720.
Baker, Michael D., 564-64-5806.
Baker, Norman R., 181-34-6936.
Baker, Samuel B., 266-68-2838.
Baker, Vincent T., 481-56-0760.
Baker, William H., 437-62-4489.
Baker, William T., Jr., 020-34-4978.
Bala, Walter A., 347-38-6000.
Balazs, Brent W., 362-48-4165.
Baldassari, Ronald J., 044-34-3264.
Ballard, Laurence L., Jr., 510-46-9983.
Balthun, Wayne E., 354-36-9269.
Bangs, Terry L., 264-70-9903.
Bannon, Edward A., 045-36-6381.
Barber, Jensen E., 244-66-5899.
Barber, Michael A., 526-64-9935.
Barberg, Robert V., 468-54-9390.
Barclay, Robert L., 017-32-3607.
Barco, Leroy G., 561-58-4302.
Barker, Daniel J., 585-10-4066.
Barnard, Douglas M., 001-32-8601.
Barnes, Larry R., 552-66-6872.
Barnett, Barbara J., 191-34-7600.
Barr, Robert D., 457-74-2058.
Barbara, Arturo R., Jr., 455-72-1409.
Barrett, Robert M., Jr., 559-58-4889.
Barrows, Donald K., 543-52-0915.
Bartanowicz, Robert S., 266-62-3378.
Bartlett, Michael D., 268-42-7688.
Bass, Marvin G., 266-70-1053.
Bassett, Frederick E., 521-66-3192.
Bassett, Kenneth W., 027-34-0540.
Batchelder, Floyd P., 002-32-6214.
Bates, Eugene F., 486-50-6912.
Batstone, Brian G., 266-68-4523.
Bauer, George C., III, 071-38-1333.
Bauer, Lee A., 322-36-0134.
Bauer, Stephen A., 342-38-9667.
Baugh, John R., 462-72-1601.
Baughn, Donald T., 512-44-0257.
Bayley, John S., 104-30-9496.
Bazar, William A., 566-62-9859.
Beam, Danny A., 458-74-7316.
Bean, Gary P., 497-50-0711.
Beard, Michael W., 417-58-6464.
Beauchamp, Mark G., 522-60-2945.
Beauregard, Avery J., 507-58-3355.
Beck, Christopher A., 163-36-2312.
Becker, Allan R., 394-44-7234.
Bednarz, Michael H., 271-46-2924.
Bedwell, James W., 499-46-8550.
Beekman, William D., 299-42-0946.
Beeman, Kenneth A., 543-44-2687.
Beemer, James E., 271-40-8594.
Beens, Lynn R., 529-64-9069.
Begert, William J., 033-32-2790.
Behr, Robert D., 291-42-0207.
Beishke, John J., Jr., 151-34-7046.
Belche, George R., 261-68-2352.
Bell, Charles T., 421-62-8684.
Bell, Edwin M., Jr., 260-70-2292.
Bell, Robert L., 576-46-8465.
Bellinger, Robert W., 536-42-6921.
Belwood, Lloyd E., 404-66-4186.
Bennett, Frederick L., 454-70-7086.
Bentley, Bedford T., Jr., 214-50-6360.
Benton, Jeffrey C., 447-46-3614.
Benton, Richard D., 109-34-6962.
Bergquist, Ronald E., 454-74-2947.
Berndt, William L., 278-36-9336.
Berner, Brent A., 524-50-3606.
Bernott, Michael J., 369-46-8097.
Berry, Alan L., 562-64-8108.
Berry, Alfred N., 496-48-8691.
Berry, Arnold M., 422-60-2311.
Berry, Edward M., III, 145-36-1188.
Berry, Sammy L., 488-48-8144.
Bessom, Roger A., 560-62-5028.
Best, Melvin L., Jr., 190-32-5763.
Bethart, Edgar J., Jr., 582-90-6846.
Bettcher, James R., 526-48-0192.
Beverly, Gerald M., 570-62-7247.
Billick, Donald M., 571-66-3862.
Birk, Frank T., 024-34-4452.
Bishop, Gerald K., 507-58-4302.
Bishop, Harold T., 404-62-2766.
Bitner, Charles B., 527-68-3060.
Blamey, John T., 510-46-7485.
Blanchard, Warren C., Jr., 114-34-1389.
Bland, Lewis H., 265-68-8858.
Blankenbeker, Joan W., 175-38-4421.
Blevins, John E., 232-74-0277.
Bloom, Richard L., 571-64-6431.
Bogard, Barbara J., 506-56-1549.
Bogart, David B., 584-03-5175.
Boggan, James F., 436-66-7706.
Bohman, Richard T., 041-34-3351.
Bohnsack, Richard D., 356-34-8538.
Bolalek, Philip J., 081-36-9466.
Boland, Thomas R., 196-36-2182.
Bole, Samuel J., 521-60-2785.
Bollinger, Timothy J., 493-46-6501.
Bomersbach, Richard L., 574-18-1900.
Boneske, Franklin, 100-46-7413.
Bonfiglio, Victor J., 227-60-0020.
Bonin, James J., Jr., 438-60-4132.
Bonin, Martin E., 575-42-5858.
Bonitz, William A., 509-46-9535.
Bonner, John H., 467-70-4151.
Booker, John C., Jr., 457-78-4890.
Booker, Michael P., 449-76-1488.
Booker, Richard L., 446-46-2530.
Boots, Robert J., 003-34-9226.
Borah, Steve B., 271-42-9040.
Bordenave, Robert J., 470-52-1336.
Boroczk, Dennis M., 314-48-5551.
Bortfeld, Stephen R., 570-62-4039.

Borum, John P., 263-72-0664.
Bossart, Roger A., 178-36-7777.
Bostick, James K., 500-48-0595.
Boswell, Irving W., III, 255-68-6245.
Boswell, James W., 452-66-5018.
Botta, Joseph E., 209-34-0868.
Botula, Charles, III, 130-34-8122.
Boudreaux, Lionel P., III, 438-64-3818.
Bourke, Thomas J., 183-30-0499.
Bowles, Robert J., 020-34-5630.
Bowman, William R., 457-74-3068.
Boyce, Earl J., 472-54-2868.
Boyer, David G., 214-50-5482.
Brackett, Howard R., Jr., 028-32-3807.
Brackin, William W., 419-44-4988.
Bradford, Craig S., 548-62-1924.
Brady, Doyle E., 522-58-0446.
Bragaw, Charles L., 522-62-9696.
Braley, Howard J., 008-30-3020.
Brantner, John A., 261-72-3348.
Bras, Victor D., 098-36-7641.
Brashear, Dick D., II, 459-74-5737.
Brauer, Harold E., 516-50-7933.
Brearey, Jonathan L., 243-76-8049.
Breeden, Herbert O., 483-46-9866.
Breen, Paul M., 017-34-6345.
Breese, David L., 287-42-6686.
Brennan, Edward J., 407-62-6310.
Breshears, George C., 428-84-0637.
Brewer, Donald R., 424-42-1753.
Brewer, Edward G., 131-34-2051.
Brewer, Gordon L., Jr., 257-66-6282.
Brewer, Richard R., 460-74-8520.
Brezina, Gerald W., 270-40-2383.
Bridal, Donald D., 448-46-7035.
Brink, Ernest F., Jr., 411-68-5620.
Bristow, Richard D., 267-74-3632.
Broadstreet, Ralph E., 559-58-9502.
Broas, Michael J., 363-48-1770.
Brock, Ronald O., 237-70-7996.
Brod, Thomas J., 154-36-4062.
Brogan, Dennis M., 076-36-2101.
Broome, William M., 241-74-9196.
Brothers, James T., Jr., 028-36-3071.
Broussard, Raymond D., 260-72-7883.
Brower, Stephen A., 574-18-3198.
Brown, Aubry A., 260-66-5208.
Brown, Charles B., 266-74-6059.
Brown, David A., Jr., 448-44-3850.
Brown, David E., 268-40-7169.
Brown, Donald E., 404-50-6632.
Brown, Douglas J., 336-38-8179.
Brown, Doyle D., 485-52-6082.
Brown, Gerald W., Jr., 133-34-5007.
Brown, Herbert R., III, 028-38-3512.
Brown, James T., 464-74-5779.
Brown, Samuel D., Jr., 452-68-0007.
Brown, William J., 395-44-1964.
Brown, William R., 312-48-6479.
Bruchas, James M., 172-38-9491.
Brummert, Kenneth L., 281-40-9474.
Bruner, Richard E., 133-34-4199.
Brunson, Richard L., 569-62-2546.
Bryan, Oscar V., Jr., 254-70-8018.
Bryan, Richard T., 560-50-6888.
Bryden, James F., 568-62-9386.
Buchanan, Paul E., Jr., 412-72-9345.
Buckley, David C., 521-60-0874.
Buckmelter, James R., 150-32-4974.
Budzinski, Willard C., Jr., 161-34-7363.
Buffin, John K., 449-76-0851.
Buffkin, Bobby D., 237-68-7816.
Bulat, Antone S., 503-48-4145.
Bull, Brenda L., 372-42-5765.
Buono, Bruce J., 085-38-9583.
Burditt, William R., 456-72-6965.
Burk, Dannie O., 462-70-4466.
Burke, Joseph P., Jr., 494-50-3501.
Burke, Thomas L., Jr., 157-30-0966.
Burleson, Lynn T., 393-44-2121.
Burleson, Thomas H., Jr., 400-60-1078.
Burnham, John M., II, 046-36-0005.
Burns, Edward J., III, 258-74-5662.
Burns, Robert A., 263-80-7254.
Burrill, Michael J., 563-64-0442.
Burton, Charles D., Jr., 165-36-0784.
Bury, Stanley J., 213-42-2635.
Busch, William W., 524-56-8802.
Busse, William B., 504-54-8691.
Butt, Edward L., 446-46-9890.
Buttell, William M., 564-60-7916.
Byers, Norman P., 515-42-0049.
Byrum, Phillip R., 528-66-3638.
Cabe, Robert D., 288-40-4559.
Cahill, James F., 159-36-4656.
Caldwell, Al J., 522-68-2862.
Calhoun, Russell C., 540-50-9729.
Calhoun, William L., 253-76-7361.
Callahan, James P., 569-64-5793.
Callahan, Russell J., 294-38-0370.
Callen, John M., 396-42-2425.
Campany, Richard C., Jr., 571-74-8247.
Campbell, Clifford E., 531-44-4884.
Campbell, Edward L., 220-40-2512.
Campbell, Wayne D., 489-48-8752.
Cancellieri, Robert, 067-34-6932.
Capella, William L., 435-64-3253.
Cardona, Angel A., 582-62-7182.
Carlson, Dennis A., 533-50-6859.
Carlton, Dennis E., 542-48-9702.
Carlton, James A., 483-52-0843.
Carney, John M., 397-34-4606.
Carosella, Peter, 079-36-8232.
Carpenter, Bryan F., 367-46-6145.
Carpenter, Francis E., 341-36-2816.
Carpenter, Gary E., 266-66-5363.
Carreras, Gilbert D., 262-72-1274.
Carroll, Jerald E., 293-38-7489.
Carson, Charles A., Jr., 238-70-9625.
Carson, John P., III, 002-34-3775.
Carter, Robert E., 499-48-6222.
Carter, William A., 382-40-7604.
Carvell, Frank J., 232-70-0306.
Cary, Mitchell D., 281-42-9603.
Casati, Richard W., 313-48-2300.
Casteel, Terence L., 465-82-8880.
Cates, Charles E., 542-60-8978.
Caughlin, Donald J., Jr., 569-60-8727.
Certain, John N., 256-70-7560.
Chabot, Gary A., 568-74-8035.
Chadsey, David E., 014-36-2216.
Chalmer, Lawrence R., 076-36-9657.
Chambers, Howard B., Jr., 242-74-9564.
Chandler, John W., 445-46-8357.
Chandonnet, Patrick W., 515-42-8155.
Chaney, Joseph A., 511-44-6467.
Chapman, John C., Jr., 304-50-5485.
Chapman, Michael G., 105-34-0790.
Chappelear, James W., Jr., 247-70-9704.
Chappell, James R., Jr., 412-72-7945.
Chase, Malcolm P., Jr., 027-34-3272.
Chatmon, Albert I., 577-62-4719.
Chelchowski, Richard D., 508-60-3438.
Chenard, Wayne P., 018-34-4604.
Chenette, Rudolph L., 044-26-5957.
Chenevey, Randall J., 279-38-2495.
Cheney, Kevin J., 261-76-5695.
Chervenka, Michael E., Jr., 102-38-0815.
Chesnut, David J., 370-46-2634.
Chilcott, Gary A., 056-38-3215.
Childs, Robert G., 174-36-0441.
Chipman, John C., 444-40-5573.
Chipman, Robert C., 526-64-6396.
Choate, Charles M., Jr., 217-42-0928.
Christensen, David A., 504-56-2374.
Christensen, John L., Jr., 049-36-2201.
Christensen, Peter K., 398-42-3601.
Christensen, Robert G., 528-58-6841.
Christopherson, James E., 399-48-8980.
Chunn, Curtis W., 574-16-1615.
Churchill, William H., III, 441-44-2218.
Cicci, Henry E., 164-34-4267.
Cinnamon, Charles E., 542-46-2525.
Cisar, Alexander M., 138-36-8840.
Clapp, John K., 055-36-1146.
Clark, David C., 091-38-0844.
Clark, Donald A., 534-42-8427.
Clark, James R., 432-82-3679.
Clark, Jerry W., 437-66-9242.
Clark, Lawrence E., 481-48-7048.
Clark, Peter H., 420-62-7563.
Clark, William W., 523-54-5906.
Claxton, Bernard D., 306-44-2976.
Claybaugh, Thomas A., 348-34-2874.
Claybourn, Bobby E., Jr., 321-38-1310.
Clough, David N., 264-82-1181.
Clover, William H., 350-36-3599.
Coates, Donald R., 248-74-8595.
Cobb, William P., 227-58-8840.
Cobb, William T., 237-74-5153.
Cochard, Douglas D., 311-48-2535.
Cochran, James E., 294-42-0882.
Cochran, Michael H., 554-64-8453.
Coco, Malcolm P., Jr., 439-70-3488.
Coe, Richard E., 230-60-5539.
Coffman, William R., 183-36-2896.
Cole, Alvin B., 426-70-3250.
Cole, Ray M., Jr., 453-78-5581.
Coleman, Joseph W., 173-36-3422.
Coleman, Kenneth R., 213-38-5883.
Collazodavila, Vicente, 465-80-7665.
Collins, Fredric R., 503-32-2413.
Collins, Orville M., 448-42-6200.
Combs, Michael B., 555-60-4229.
Comer, Edward A., Jr., 249-78-0686.
Condit, Dale O., 287-38-4482.
Conley, Willie D., 524-56-4530.
Connely, John M., 445-42-1938.
Conner, Michael A., 463-82-3651.
Connolly, Thomas V., III, 136-38-5821.
Converse, Larry E., 511-44-1897.
Cook, Charles A., Jr., 049-32-4435.
Cook, Edward D., 316-46-9316.
Cooke, Damon L., 236-70-0701.
Cooley, Kenneth R., 175-40-8385.
Coolidge, Charles H., Jr., 411-78-6287.
Cooper, Floyd L., Jr., 457-76-6700.
Cooper, Harvell F., 409-76-2757.
Cooper, Stanley J., 093-34-7043.
Cooper, William T., 483-50-9490.
Copeland, Larry J., 427-84-5564.
Corbit, Richard E., 334-36-3854.
Corlett, Clair R., 446-42-8386.
Cormany, Timothy P., 277-44-3846.
Cornell, Donald A., 275-40-1609.
Cornell, Joel R., 014-34-8068.
Corson, Robert A., 451-72-6950.
Corum, Larry E., 404-58-8555.
Costello, John J., 048-34-5755.
Cottrell, Taylor C., Jr., 405-60-5646.
Couch, Richard S., 432-82-6350.
Coughlan, Peter, 127-32-2324.
Courter, Jimmie R., 511-46-8171.
Courter, Robert J., Jr., 140-34-9691.
Cousins, Paul A., 316-48-1457.
Covert, Robert L., 186-26-1935.
Covey, Richard O., 262-74-0107.
Cowan, Jay W., 510-44-8070.
Cowart, Eddy D., 422-60-7064.
Cowgill, John A., 266-86-3746.
Cox, Donald J., 484-46-4696.
Cox, James F., Jr., 500-46-4029.
Cox, Joseph H., Jr., 238-66-1541.
Cox, William M., 568-66-2670.
Coy, Jerry D., 413-70-4130.
Cozza, Charles S., 554-58-7021.
Craig, Donald A., 276-46-8468.
Cramlet, John B., 393-34-1906.
Crawford, Frederick L., II, 445-42-3840.
Crawley, Glenn S., 241-56-7890.
Crews, David T., 514-44-7937.
Crimmel, William W., 173-38-0725.
Criss, George W., III, 223-68-9466.
Crockett, Ray A., 264-74-4032.
Crombar, Barry R., 323-32-4777.
Cronin, Andrew T., 165-36-0184.
Crosby, Michael W., 568-66-8675.
Croslin, Georgie C., 407-62-7156.
Cross, Roderick S., 004-42-1477.
Crossen, John G., 468-48-9332.
Crossman, Peter L., 018-34-6174.
Crouch, Edwin M., 449-54-2989.
Crowell, Donald M., Jr., 037-28-5156.
Crum, Daniel F., 271-40-0156.
Cruz, David J., 527-62-9341.
Cull, George M., 487-48-7082.
Culley, Larry L., 562-72-6888.
Cunningham, John L., 327-36-6710.
Cunningham, Mell G., 249-74-2216.
Cunningham, Nevin N., 566-68-4907.
Cunningham, Paul M., Jr., 395-46-4506.
Curatola, Carl, 353-30-7542.
Current, William E., 245-72-5853.
Currier, Louis F., 008-30-8439.
Curtis, Larry G., 538-42-0278.
Cusic, Wayne K., 434-66-1839.
Cvancara, Dennis A., 502-54-5040.
Cykoski, Russell C., 462-80-1007.
Cyr, Henry L., Jr., 015-34-3048.
Dade, Robert W., 266-66-9570.
Dahljelm, Harvey D., 365-50-5138.
Dailey, David M., 412-72-1869.
Dale, Mark C., Jr., 254-68-4899.
Dalrymple, Thurman E., Jr., 252-78-5372.

Dalton, Robert E., 241-78-7826.
Danforth, Timothy E., 277-44-6707.
Daniels, Charles W., 516-52-3257.
Dannelly, Larry R., 248-74-2543.
Daszewski, Edmund D., 102-36-5173.
Dauth, Michael A., 545-66-2523.
Davenport, George R., 143-36-2431.
Davidson, Sally L., 520-48-9754.
Davidson, Thomas E., 521-68-7788.
Davidson, William A., Jr., 267-78-5720.
Davis, Arthur P., 559-60-8637.
Davis, Charles R., 494-50-9486.
Davis, Jerome N., Jr., 299-44-9501.
Davis, Jonathan W., 419-60-6649.
Davis, Linn E., 236-70-8709.
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MEDICAL SERVICE CORPS

Baker, David J., 217-46-7801.
Beezer, Frederick J., 188-32-8235.
Best, Gordon W., 535-40-2640.
Cleary, John J., Jr., 496-46-4655.
Daft, Rodger H., 492-48-7988.
Dalton, James D., 524-40-3506.
Daves, Laurence M., 314-46-1960.
Draper, Richard P., 261-70-0254.
Dunkle, Jeffrey H., 008-36-0311.
Elder, Timothy J., 193-36-8470.
Hardy, William R., 532-46-3996.
Hauser, Robert S., 331-30-7459.
Holes, John E., 571-50-1996.
Hunter, Harold H., Jr., 251-76-1865.
Kinder, Curtis J., Jr., 439-62-0491.
Knoop, David M., 309-46-8478.
Labash, John D., 209-34-7515.
Lothes, John E., 233-62-4246.
Lyons, Michael W., 544-50-5445.
Miller, Donald G., 429-90-4128.
Mirick, Steven C., 269-40-1164.
Moss, Robert J., Jr., 229-66-3095.
Nicholson, Henry B., 523-60-0857.
Partridge, Stephen L., 065-36-4736.
Penwell, Gary W., 273-40-8696.
Pfannstiel, Ray J., 465-78-6080.
Rep, Gerald T., 397-42-1595.
Russell, Sydney S., 459-72-0516.
Sanders, Jimmy D., 420-54-8101.
Schafer, Jeffery C., 526-66-4796.
Snyder, Allen T., 461-80-5481.
Starr, Gerald A., 527-48-0316.
Szwast, Gary W., 256-66-5818.
Troyer, John E., 314-44-1991.
Vojtasko, Michael C., 159-36-9612.
Willauer, Glenn R., 126-34-5988.
Williams, Carroll C., 385-42-8523.

BIOMEDICAL SCIENCES CORPS

Bittner, Edwin C., Jr., 195-36-5634.
Blouse, Diane M., 264-62-6717.
Brock, Samuel L., 312-52-6919.
Brown, Phillip G., 439-60-9353.
Burr, John G., 021-36-4103.
Buth, Jonathan A., 399-40-7608.
Cairney, William J., 153-34-3903.
Capell, Robert A., 127-34-8361.
Carmichael, Richard C., 579-54-5752.
Cerha, Henry T., 275-40-0475.
Christensen, William D., 121-36-2890.
Collins, Richard, 366-38-6345.
Crigler, Joseph C., 228-54-9338.
Curry, Charles L., 499-48-9315.
Eisenbrandt, David L., 491-48-0742.
Farinacci, Nicholas A., 457-68-5806.
Flory, William A., 264-74-0320.
Greene, John R., Jr., 559-62-5632.
Hale, Forrest B., 557-62-3879.
Hayes, Charles P., 232-62-4083.
Hinders, Douglas E., 468-44-3306.
Hull, Warren R., 435-64-9912.
Hundley, Kenneth E., 228-52-0741.
Jackson, Jerry W., 450-66-0460.
Johnson, Judith C., 387-46-4783.
Krieg, Richard E., Jr., 138-34-2819.
Ksiazek, Thomas G., 514-44-5747.
Lambert, Edward D., 334-36-0489.
Langloss, John M., 345-32-9410.
Latendresse, John R., II, 504-50-0683.
Leone, Charles H., 111-34-6602.
McElwey, David W., 031-34-6007.
McNutt, Gary R., 271-42-0426.
Nelson, Robert C., 515-44-2249.
Nemmers, Stephen J., 480-54-3052.
Orrell, Doyle L., 515-40-5354.
Readinger, Sharon A., 478-44-7104.
Reynes, Robert L., 010-34-5033.
Roy, Ronald D., 509-52-1804.
Schendel, Thomas L., 314-42-2954.
Schiller, Ronald L., 486-50-9880.
Shaver, Neil C., 570-54-6647.
Sherman, Robert E., 585-03-0473.
Shingler, Larry H., 287-34-2531.
Simpson, David C., 535-36-1956.
Smogur, Thomas G., 496-50-8808.
Stamp, Gary L., 360-32-0476.
Straayer, James A., 147-34-5266.
Sutay, Robert J., 098-38-6703.
Sweigart, Marlin L., 168-34-8685.
Tatum, Larry A., 420-62-1951.
Tedor, John B., 202-34-6746.
Valder, Stephen M., 505-50-4339.
Vanek, Kenneth N., 455-74-5940.
Varner, Harold L., 453-42-3294.
Warner, Ronald D., 298-44-5283.
Washeleski, Michael C., 140-36-4293.

Weisenfels, Charles W., III, 490-48-6649.

Woessner, William M., 223-56-8146.

Wolcott, John H., 284-36-1522.

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with dates of rank to be determined by the Secretary of the Air Force.

To be lieutenant colonel

Singleton, James A., III, 239-52-3654.

To be captain

Geary, David L., 167-38-4998.
Lamkin, Kenneth A., 463-68-0528.

IN THE NAVY

The following-named commanders of the U.S. Navy for permanent promotion to the grade of commander in the line and various staff corps, as indicated, pursuant to title 10, United States Code, sections 5780 (line officers), 5782 (staff corps officers), and 5791, or section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Bahr, Stephen M.
Baker, Robert W.
Baller, Elmer W.
Barker, Wilbert B.
Beck, Melvin D.
Berley, Leonard E.
Boyd, Gerald G.
Breidert, William E.
Brewer, Joe R.
Brown, Oval D.
Burnett, Robert V.
Bush, Harold S.
Cameron, John F.
Campbell, Archibald G.
Carroll, Charles C.
Ceigler, Edmund E.
Clark, Vander, Jr.
Colburn, Herbert T.
Cornell, Clifford L.
Cornia, Howard
Creamer, George U.
Dameron, Jack E.
Davis, Lee A.
Donahue, William C.
Dunn, Donald B.
Elliott, Shirley H.
Erickson, Richard O.
Estes, William R., Jr.
Feeback, Ralph S.
Ferguson, Lawrence L.
Fitzpatrick, Thomas G.
Fortney, Doyle W.
Fox, Franklin O.
Gallagher, Tilden M.
Gee, Daryl L.
Gildersleeve, Elmer J.
Goddard, Glen L.
Hearn, Ellison J.
Hendricks, Judson J.
Hitchcock, Terrace W.
Hudson, Charles E.
Hunt, Edmund, II
Irvine, Pickens W.
Jacobson, Richard L.
Jensen, Robert J.
Johnson, Douglas J.
Joyce, John J.
Kautz, John F.
Kennedy, James J.
Kincheloe, James W.
King, Carl
King, Francis E.
King, Harold W.
Lavelle, Donald L.
McFearin, Allen L.
McGrath, James M.
McMahon, Thomas W.
McMullin, Lynn D.
Miller, William P.
Morgan, Benny M.
Morrison, Virgil E.
Mumford, Thomas F.
Murkland, Richard B.
Myers, Ronald W.
Nester, Oletis M.
Newton, William J.
Odonnell, Robert
Patten, Freddie, J.
Peak, Jack R.
Perkins, Thomas M.
Peterson, Brent L.
Price, Thomas D. J.
Pritchard, Paul E.
Pryor, Edwin R. I.
Ralston, Gene D.
Reynolds, Claude D.
Richardson, Forney N.
Ritz, Richard W.
Roberts, William A.
Roderick, Clinton O.
Roffey, Robert C.
Rogers, Paul H., Jr.
Sawyer, Ivan E.
Sicari, Anthony C.
Smith, Gerald C.
Snodgrass, Carl E.
Stratton, Phil Z.
Taylor, Kermit A.
Texeira, Antone, Jr.
Thompson, Henry M.
Tucker, Douglas
Vanpelt, Richard J.
Waters, James L.
Weisensee, William J.
Welsh, Walter L.
Welton, Donald E.
Willan, Robert F.
Wood, Grover E.
Wright, James R.

SUPPLY CORPS

Earlston, Robert P.
Evans, Neale W.
Hall, Robert L.
Moran, Thomas A.

CIVIL ENGINEER CORPS

Gunn, Alexander
Hartman, Franklyn J.
King, Jerry W.

The following-named temporary lieutenant commanders of the U.S. Navy for permanent promotion to the grade of lieutenant commander in the line and various staff corps, as indicated, pursuant to title 10, United States Code, sections 5780 (line officers), 5782 (staff corps officers), and 5791, or section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable, subject to qualifications therefor as provided by law:

LINE

Beasley, Roy W.
Benning, Vale J.
Billick, Dan R.
Boor, Leo J.
Boorom, Robert F.
Brown, Donald C.
Byrd, William J.
Campbell, Cager W.
Carey, John D.
Carlson, Robert S.
Chambers, Harold D.
Crain, Robert L., Jr
Edwards, Kenneth P.
Fluker, James A.
Fowler, Boyd C.
Goodrich, Boyd L.
Goss, Marlin E.
Green, Marion W.
Greenberger, David
Hagenbruch, Robert II.
Harry, Robert M.
Helton, James N.
Horton, William G.
Husted, George G.
John, Paul M.
Lucero, Seferino
Lyon, Edward T.
Maiden, Jesse J.
Martinson, Raymond F.
McCowan, Kenneth E.
McMaster, Timothy R.
McNab, John D.
Nechvatal, Charles J.
Orourke, Ernest R.
Parker, James A.
Parsons, Robert E.
Peach, Ellis E.
Pichardo, Fortunato
Ragghianti, Charles F.
Rhodes, John A.
Rice, Charles O.
Romito, Vincent A.
Rucker, Joseph T.
Salter, Jesse E.
Scheine, Murray
Sears, Everett E.
Smith, Chester B.
Sowers, Bobby G.
Sronce, Frank T.
Taylor, Donald W.
Thomason, William R.
Tow, James D.
Treadway, Alton G.
Turner, Jack E.
Varley, John C.
Verbic, Alan R.
Wade, Phillip M.
Wertz, Bruce N.
Williams, Thomas Y.
Wiltzius, Lawrence N., Jr.

SUPPLY CORPS

Frial, Ernesto F.

CIVIL ENGINEER CORPS

Kannesieser, Andrew A.
Keith, Donald R.

IN THE MARINE CORPS

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade of lieutenant colonel under the provisions of title 10, United States Code, section 5911:

Jeffrey L. Abate
William H. Alley, Jr.
Barbara A. Ampagoomian
Michael M. Anello
James T. Aspbury, Jr.
John C. Astle
Douglas C. Barney
Stephen C. Berg
Donald F. Bittner
Alec M. Blascoibanez
Terry A. Bond
Randall P. Bonner
Raymond J. Brennan
Carol W. Brown
Terrance D. Brown
Gilbert S. Buffington
Markham B. Campaigne
Joseph L. Cannava, Jr.
Wilmer L. Carroll
James V. Cayo
Stephen P. Clark
David C. Cleveland
Dennis A. Conroy
Paul J. Cook, Jr.
Winifred D. Cook
Norman G. Crane
Francis J. Cuddy, Jr.
Charles W. G. Currier
Neil B. Danberg, Jr.
William R. Daniel
Dean G. Davidge
Mary C. Douglass
Dennis M. Duffy
Randall W. Eakin
Ken A. Elmendorf
Jerry W. Ford
Thomas G. Furlong
Jeffrey A. Gaugush
Paul F. Geitner
John W. Gordon, Jr.
Robert W. Guilford
Stanley R. Gustafson
Martin D. Guyer
Patrick C. Hagans
Harold D. Hansen, Jr.
William R. Hargett, Jr.
Michael T. Harrigan
Henry S. Harrison
Ronald J. Hartnett
Thomas A. Hazel
Bruce A. Heitz
Byron E. Hill
David C. Hill
Robert T. Hill III
David L. Hillbrook
Russel D. Hiller III
James D. Holt
Joseph L. Howard, Jr.
Jack D. Howell II
Dennis D. W. Jackson
James G. Jaeger
Robert M. Johnstone
John M. Kaheny
Mark C. Kalin
Robert L. Kirkman
Robert W. Kirkpatrick
Elinor M. Konkiel
John H. Leighton
Michael J. Levin
Michael J. Little
William R. Macbeth
David A. Marshall
Joseph P. McCann
Thomas J. McHugh, Jr.
Thomas J. McKnight III
Edward L. McMenamy, Jr.
William E. Means, Jr.
Patrick F. Mee
Fred J. Meier, Jr.
Leonard P. Melancon
Charles D. Melton
Manuel E. Menezes
Dennis L. Mierzwa
John W. Moffett
Dennis K. Mulligan
Arthur R. Murdoch
George J. Murdock
Richard C. Murphy
Paul J. Nestor
Doyle A. Nicholson
Francis W. Nose
Paul J. O'Brien, Jr.
Robert W. O'Connor
James P. Perkins
Roger K. Petersen
William S. Peterson
Ronald J. Petrie
Richard J. Polhemus
Michele E. Prokopchal
Thomas M. Quinn
David L. Reed
Richard G. Rollins
Paul K. Romey, Jr.
John C. Roots
William L. Rosbe
Donald R. Saxon
Paul M. Sheehan
Donna J. Sherwood
William R. Sinkinson, Jr.
James L. Skiles
Paul A. Skrabut, Jr.
Roderick V. Smith
Stanley A. Smith
Joseph D. Snyder
Thomas P. Speer
Edward R. Sypniewski
John C. Thomas
Larry M. Topping
Larry Q. Vann
Michael C. Veysey
Paul Viano, Jr.
Richard J. Viola
Jerry E. Ward
Frank P. Wilbourne II
Rex M. Williams
John P. Wilson
Don Winkler
Richard G. Wise
Laurence A. Woods
Brian T. Wright
William R. Young
John W. Zody

The following-named officers of the Marine Corps for permanent promotion to the grade of major, pursuant to title 10, United States Code, sections 5771, 5780 and 5791 as appropriate, or section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable subject to qualifications therefor as provided by law:

Arthur A. Adkins
Michael J. Aguilar
Donald P. Amiotte
Jerry S. Anderson, Jr.
Christophe M. Arey
Leon B. Arthur
William G. Ashley
Allan R. Bacon, Jr.
William L. Bair
Larry E. Bankester
James H. Barnes
Paul B. Barron
Frederick T. Beale, Jr.
Charles R. Bell, Jr.
John E. Bengier
Kevin M. Bestick
Roger R. Birkholz
James T. Bishop
Paul J. Blemberg
Gregory D. Bogert
Frank X. Braun IV
David L. Breed
Kenneth A. Bridges
Bruce H. Brothers
Mary L. Brown
Richard A. Broz
Ronald D. Bussey
Aaron X. Butler
Timothy J. Butler
Joseph A. Byrtus, Jr.
Donald J. Call
William F. Campbell III
Louis J. Campomenos
William V. Cantu
Troydale Caraway
Cesare Cardi
Steven D. Carlson
Stephen A. Carnevale
Thomas P. Carney, Jr.
Robert W. Carrick
Charles T. Carroll
John G. Castellaw
Eric C. Christenson
Frank H. Clayburn
Wendell D. Clemons
Johann A. Clendenin
Michael F. Clough
Stewart J. Cobain, Jr.
Ronnie T. Coley
Russel C. Colten
Darrell L. Combs
Bart J. Connolly IV
George M. Conroy
Alfred A. Cortez
Phillip E. Cotton
Michael A. Coulman
David C. Covert
Truman W. Crawford
John A. Cross
Jack C. Crutchfield
Russel J. Currer
Richard B. Daley
Andrew L. Davis
Douglas R. Davis
John R. Daymude
Michael N. Derchak
Daniel B. Diviney
Jerry L. Dixon
Paul F. Donohue
Timothy E. Donovan
Stephen E. Downing
Susen A. Driggs
Frederick J. Ducat
William D. Durrett, Jr.
Brian E. Dyck
James E. Ebert
Arthur E. Edinger
William R. Edwards
Michael E. Ennis
James E. Evans, Jr.
Michael S. Fagan
Peter B. Farley
Elliott D. Fellman
Paul M. Fenlon

John K. Feuerriegel
Robert C. Figlock
John L. Finklea
Donald L. Fleming, Jr.
Douglas N. Frazier
Patrick F. Gallagher
Jon A. Gallinetti
John R. Garvin
Frederick J. Geier
Rodney S. Getz
James R. Gevock
Paul A. Gido
James A. Gillis III
Clifford J. Gion
Dale E. Giordano
Philip E. Goble
Mark T. Goodman
Brian P. Graham
Robert R. Grider
Gerald J. Guevin
Ronald G. Guilliams
Theodore N. Hamilton
Christophe N. Hawkins
James W. Head
Michael J. Hedin
Joseph P. Heine
Patrick T. Henry
James D. Hildreth
David C. Hilmers
Tony L. Holm
Paul C. Hoover
James P. Hopkins
Harvey A. Hopson, Jr.
James A. Horn, Jr.
Russell J. Howald
Timothy P. Hudson
James O. Huggins
Phillip W. Hughey
Michael R. Humberd
Terrence C. Jacobson
Bruce D. Jameson
Joseph F. Jennings, Jr.
Larry E. Johnson
Ronnie S. Johnston
Donnie B. Jordan
Frank R. King
John W. Kinsel
Roderick M. Kippen
David A. Kratochvil
Raymond M. Kruse
Michael M. Kurth
Wilfred A. Lachapelle
Robert W. Leas
Thomas C. Lenke
Charles D. Lewis
Donald C. Lewis
Richard J. Linhart, Jr.
Russell L. Llewellyn III
Rudolph Lowery
Dean T. Lucas
Michael T. Lundblad
Ralph F. Marchewka
Leo T. Marier
George F. Martin
Joseph Martin, Jr.
Lawrence R. Martin
Paul W. Martin
Maria Matlak
James N. Mattis
Ruthanna M. McBride
Patrick H. McGann, Jr.
Robert W. McLean
Edward L. Melton
Harold A. Mercer
Charles W. Miller
Peter T. Miller
Henry P. Mitchell
Steven W. Mock
Stephen T. Moffatt
William P. Moore, Jr.
Terry L. Morin
Richard W. Morrell II
Ralph C. Morse, Jr.
Richard E. Motl
Robert S. Nasby
Gordon C. Nash
Harry A. Nordgren, Jr.
Clayton W. Noto
Larry B. Nutt
James S. O'Connell
David D. O'Dell
John A. O'Donovan
Jack E. Owen, Jr.
Larry B. Parker
Ralph E. Parker, Jr.
Robert M. Patten
Thomas S. Phillips
Joseph M. Poirier
Robert R. Pospischil
Truman C. Preston, Jr.
Gary J. Price
William S. Proctor
Michael G. Przepiora
Bryan S. Quint
Linda S. Rains
Daniel G. Ralston
Michael L. Rapp
Randy F. Rasmussen
Earl K. Reed
John W. Reed, Jr.
Michael L. Reynolds
Donald E. Rice
Ronald W. Richards
Guy B. Roberts
James E. Robinson, Jr.
Frank Rocker, Jr.
Shelley Rogers
John R. Rosewarne
James L. Rust III
David K. Saffle
Robert F. Salkowski
Wayne P. Samuelson
Thomas A. Santos
Michel P. Schaefer
Frederick H. J. Schneider
Gerald C. Schoppe
William L. Scoggins
Benjamin B. Selvitelle I
Gregory L. Sheffer
William M. Sigler III
Mark R. Sinclair
Charles B. Smelcer
Randall T. Smith
James W. Smoots
Peter K. Solecki
John B. Sollis
Lawrence D. Staak
Creighton G. Staff
Cortez D. Stephens
Nelson H. Stewart
Ronald P. Stirrat
Mary M. Sullivan
Michael W. Sullivan
Steven D. Summers
Gene F. Taxis
James L. Taylor
John A. Tempone
Clayton R. Thomas
Lloyd M. Thorne
William C. Tourek
Henry K. Tripp
Jimmy T. Turner
John G. Upton
James L. Vance
Perry E. Vanover
Kenneth A. Vincent
Joseph M. Vizzier
Robert J. Wallace
James P. Walsh
Steven M. Walsh
Douglas G. Warner
Glenn I. Warrick
Gary E. Washburn
Richard V. Weidner
Randall B. West
Roderick E. White
Thomas E. White
Robert S. Whitehead
William A. Wilburn
Richard P. Wilks
William J. Williamson
Larry D. Wilson
Gary F. Wines
Francis C. Winter
Michael B. Woods
William A. Woods
Michael S. Woodson
William R. Young
Robert R. Zimmerman
Anthony G. Zographos

The following-named officers of the Marine Corps for permanent promotion to the grade of captain, pursuant to title 10, United States Code, sections 5771, 5780 and 5791 as appropriate, or section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable subject to qualifications therefor as provided by law:

David J. Abbott
James M. Abbott
Charlie H. Adams, Jr.
Andrew M. Allen
John M. Almeida
Charles B. Altman
Bruce C. Anderson
Charles E. Angersbach, Jr.
Russell J. Armentrout
Ralph B. Arquiette
John L. Bacon
Gerard B. Baigis
John J. Baker, Jr.
Peter L. Bann
Bruce M. Barnes
Ralph S. Battles, Jr.
Luther M. Beaty
Gary L. Beaver
Larry G. Beavers
Curtis L. Beckner
Martin D. Benes
Debora K. Benton
John L. Bergstrom, IV
David W. Bick
Robert L. Biely
Paul E. Billips
Eileen C. Bishop
Glenn C. Bixler
James A. Bixler
Benjamin A. Blair
Harry J. Blair, III
Dalfin D. Blaske, Jr.
Arthur L. Blodgett
Robert A. Booth, Jr.
John F. Bower
John J. Bradunas
Edward A. Bream
John M. Brereton
Jerry D. Bristow
Richard W. Britton
Stephen A. Bucher
William R. Bucher
John A. Bukauskas
Ronald E. Burgess
Martin T. Burnett
Janie M. Burns
Daniel J. Butler
Guyfrank M. Candelaria
Rex A. Capro
John M. Carria, Jr.
James B. Chamberlain
Louis M. Chiodo
James W. Cluck, Jr.
Robert J. Coates
Carl G. Cobb
James J. Coghlan
Samuel R. Coleman, Jr.
Harold L. Compton
Terrence P. Cook
Patrick F. Coonrod
Rick D. Craig
Robert L. Creamer, Jr.
John T. Cunnings
Stuart D. Currier
Melvin J. Daniels
Raymond M. Davids
James M. Davis
Simmie R. Dean
Milton Dearman
Charles E. Delair
Gilbert B. Diaz
Michael E. Dick
Roger K. Diehl
Frank J. Difalco
Brian D. Dingess
Stanley M. Donham II
Rick O. Donovan
Harry M. Downey III
Milan E. Dubois, Jr.
Russell E. Duenow
Joseph F. Dunford, Jr.
John M. Dunn
Johnny W. Eason, Jr.
Timothy D. Eason
Steven M. Eddy
Thomas D. Edwards
Frank M. Elliott III
Dennis J. Ellis
John T. Enoch, Jr.
Nicholas J. Episcopo, Jr.
Frank W. Esposito
Donald V. Evans
Gregory T. Falzetta
Jay C. Farrar
Stephen M. Fenstermacher
Samuel E. Ferguson
Robert E. Foulk
Raymond C. Fox
Timothy J. Fox
Larry Foye
William D. Frost
David W. Furtnett
Martin A. Galchutt
Victor M. Gardner III
David L. Garrard
Royce Gibson
Bradley A. Glas
Jack H. Glowen
Henry C. Gold, Jr.
Joseph W. Goodrow
Brian G. Goodson
Richard D. Graham
Lynette M. Gray
Thomas C. Greenwood
Peter W. Grieve
Allen E. Griffin
Mark A. Grubb
James M. Gubachy
William F. Guilfoyle
John D. Gumbel
Larry J. Gwin
David P. Haeusler
Terry Hamilton
Paul A. Hand
Otto L. Hanneman
Roy D. Hannigan
Dale A. Hansen
William D. Hardy
Rodger C. Harris
Craig T. Hartigan
Joseph A. Hauser
Robert W. Hawkins
Charles T. Hayes
Jimmy R. Hayes
Karen E. Heck
Arthur S. Hickle
James B. Hill
Willie E. Hires
Arthur E. Hockman II
Eddie L. Holcomb
Donald R. Holmes
Floyd D. Houston
Lawrence L. Hubert
Glenn S. Huelskamp
Larry D. Huffman
Steven A. Hummer
Ernest D. Ibarra
Kenneth A. Inman, Jr.
Joseph P. Innerst
William A. Jackson
Richard M. Jakucs
John W. James
James F. Janecek
Gail E. Jennings
Jeffrey N. Jones
Erik L. Jorde
Stephen E. Joseph
Steven P. Junkersfeld
Michael A. Kachilla
Michael E. Kampsen
George M. Kelley
William G. Kellogg
David L. Kempf
Terence K. Kerrigan
Lester H. Knight
Michael P. Knobel
Mark A. Kocourek
William C. Koehler, Jr.
Jonathan A. Kolp
Thomas F. Koontz
Joseph W. Kosewicz
Brandon J. Kostelny
Lawrence J. Kovalchik
Stephen J. Kubik, Jr.
Demetrios G. Kyres
Richard M. Lake
Jeffrey M. Lancaster
John L. Ledoux
John S. Lee
Daniel D. Leshchyshyn
Michael A. Lewis
Thomas P. Lhuillier
Robert E. Lindsey, Jr.
Thomas E. Lloyd
Tracy K. Loftis
Alfredo Longoria, Jr.
Karl R. Lopez
Robert E. Love
Timothy S. Lucey
Douglas C. Lynn
Gerard J. Lyons
Richard J. Machado
Colin S. Mackenzie III
Robert A. Maguire
Douglas J. Markosky
John Marley
William L. Martin, Jr.
Daniel P. Mathern
Stanley A. Mattos
Heinz M. McArthur
Robert K. McCabe
Robert A. McClain
George P. McGinn, Jr.
James F. McGowan III
Peter A. McGuire
William L. McKenna
Everett R. McNair
John T. McNeill IV
Samuel D. McVey
Richard C. Meckel, Jr.
Harold E. Meeks, Jr.
Bret C. Merriam
Terenco J. Meyer
David A. Miles
Daniel R. Miller
David S. Miller, Jr.
Kenneth E. Miller
Steven R. Million
Maynard J. Monson, Jr.
Gregory A. Morrison
John A. Murray
John J. Muskovac
Matt A. Myers
Steven W. Myhre
Maurice J. Neitzey III
Michael J. Nelson
Carl W. Neuhardt
Donald A. Nicholas
James D. Nichols
Christophe M. O'Connor
Patrick M. O'Donogue
Michael J. Ohler
John A. Olson
George A. Osmer
James A. Pace
George M. Panasuk
Jeffrey J. Patterson
Elverse A. Pearson, Jr.
Dennis C. Pederson
David H. Peeler
Steven E. Perry
Ronald Pickrahn
Julian L. Pinner
Daniel J. Pollock
Swain C. Potter, Jr
Jeffrey H. Potts
Jeffrey A. Powers
Larry L. Price
Lawrence B. Prior III
Galen R. Quinn
John Q. Ratajczak
William T. Reagan
James M. Redman
Michael P. Rendon
Gregory C. Reuss
Barry A. Riddle
David M. Rilling
James F. Rizy
Wayne L. Robbins
John R. Robertson
Ronald L. Rodgers
Jennings B. Rogerson II
Jerome F. Rolinger
Charles A. Romans, Jr.
James G. Ross
Robin R. Rowlader
Scott D. Ryan
Tim L. Rydell
Beth A. Salamanca
Lourie A. Salley III
Jerry A. Sammons
Russell W. Samson
Daniel K. Sayner
John A. Scarborough
John C. Schelling III
Robert W. Schick, Jr.
Charles W. Schmitt
Michael H. Schoelwer
Mark G. Schultz
Craig R. Scott
James B. Sell
David H. Sexton
John C. Sharp
Robert K. Sheldon
Craig W. Sherman
Steven C. Shultis
Mark D. Sifford
Thomas H. Simpson
Henry H. Slack III
Philip A. Smeltzer
Harold G. Smith, Jr.
Neal R. Smith
Randy R. Smith
Marshall K. Snyder
Richard F. Snyder
Brandon N. Sosik
Shawn L. Speight
Steven W. Sprecher
Donovan J. Spurgeon
Gene A. Steffanetta
Kurt C. Stinemetz
Mark D. Stotzer
William A. Stuver
Daniel D. Sullivan
Jeffrey M. Summers
Gary S. Supnick
Thomas B. Sward
Harold D. Sweeney
Kenneth W. Sweltz
Timothy H. Swindle
Neri G. Terry, Jr.
Robert C. Thirion II
James M. Thomas
Barry M. Thompson
Michael F. Thompson
Keith A. Thrasher
Keith A. Tibbits, Jr.
William G. Treadway
Timothy M. Tressler
Thomas M. Traux, Jr.
John A. Turner, Jr.
Paul F. Turner

Paul W. Underwood
Jeffery H. Valentine
Anthony W. Valentino
Cary L. Vanderberry
William S. Vandermeer, Jr.
Peter W. Varvaris
Victor C. Veturis III
James I. Vik
Denise M. Villarta
James E. Vlahovich
Gregory T. Wallick
William G. Washington, Jr.
Robert J. Watson
Earl S. Wederbrook
Thomas F. Western
Scott Westervelt
Montague G. Westmore III
John C. White, Jr.
Reginald F. White
Ronald B. Wilkinson
Kenneth L. Williams
Charles L. Wilson
Timothy J. Wilson
Cedric L. Windley
Walter E. Wint, Jr.
Bruce R. Woodard
Richard N. Woodman
Billy F. Woods
John L. Wozniak, Jr.
John P. Wurtz, Jr.
Warren M. Yarbrough III
Thomas A. Young
James P. Zonar

The following-named officers of the Marine Corps for temporary promotion to the grade of captain, pursuant to the provisions of title 10, United States Code, sections 5769 and 5791, or section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same act, as applicable subject to qualification therefor as provided by law:

John H. Alderson, Jr.
Winston E. Anding
Richard F. Beatty
Jimmie L. Blick
John C. Bradford
William L. Burke
Joseph B. Burroughs, Jr.
Merritt L. Cogswell
Matthew W. Conley
Charles L. Crabill
Dale A. Dye II
Benjamin Palacios, Jr.
Rodney Frazee
Thomas E. Fultz
George V. Gaulin
Lawrence R. Green
James B. Harris
Earl W. Heister
Steven B. Hockensmith
Steven R. Hulland
Joseph M. Jones
Frederick J. Keegan
Michael D. Labonne
Elbert Laymance, Jr.
Joseph R. Lyon, Jr.
Frank S. Manaea
Christobol H. Mendez
Daniel S. Mullins
John K. Neel
Loren D. Primmer, Jr.
Teryl L. Reiman
John W. Rothwell, Jr.
John R. Sloan
Wilbur M. Smith, Jr.
Gerald R. Sorensen
Peter W. Tallman
James C. Taylor
James G. Thorpe
John T. Trosper
Wayne G. Twilliger
John M. Vandeursen
Daniel G. Walczak
David M. White
Richard P. Williams
Alva R. Windham
Richard D. Young

EXTENSIONS OF REMARKS

CONGRESSIONAL BLACK ASSOCIATES

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. RODINO. Mr. Speaker, I wish to express for the record my support for and appreciation of the contributions to the Congress and the community of the Congressional Black Associates.

This organization of black employees on Capitol Hill was founded 1 year ago. Its mission, in its own words, is to enhance "the political, social, and economic capabilities of black Americans nationwide and throughout the world." It is "dedicated to the pursuit of black advancement and black excellence in all aspects of life."

Two valuable members of my staff, Arlene Williams and Mary Turner, are active members of this organization, so I am personally aware of the services it is providing. The members have organized drives to provide food for the poor people of Washington. They have provided forums of discussion to educate citizens here on some of the key issues that confront our society. They have sponsored field trips for area pupils to Capitol Hill, so that they might witness firsthand the workings of the Congress. They have conducted memorial services for murder victims here and in Atlanta.

The motto of Congressional Black Associates succinctly states its intentions and its determination: "We're a community connection. We've come too far to give up." CBA members' knowledge of the political process and their determination to make the system work put them in an excellent position to press toward their goals.

All my life, I have shared those goals: To eliminate racism from our society and to provide decent education, a chance to work, housing fit to live in, adequate health care, equal justice, equal opportunity for all still denied these basic human rights.

I therefore am honored to have been selected to receive the Congressional Black Associates Award for meritorious service to the black community of America. I am proud that the distinguished mayor of Newark, N.J., Kenneth Gibson, also will receive the service award from the Congressional Black Associates this week. Mayor Gibson's efforts on behalf of social justice for black Americans are admired by people all over our country, but we in Newark hold a special affection for him.

This is an award that I deeply appreciate, and one in which I take great pride. It also will be a constant reminder that I share with this group a continuing responsibility to go on working to correct injustices and improve the quality of life for all Americans. It is an award I will long treasure.

PERSONAL EXPLANATION

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. DAUB. Mr. Speaker, yesterday I inadvertently missed three rollcall votes. If I had been present I would have voted "yes" on rollcall votes 217, 218, and 222.●

THE DOMESTIC SUGAR INDUSTRY IS LOSING MONEY

HON. BOB TRAXLER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. TRAXLER. Mr. Speaker, those who oppose efforts to provide for a sugar price support loan program often claim that this kind of assistance is not needed. They claim that our domestic producers can weather the bad years because they have a few good ones.

When we last considered sugar price support legislation in the House, I argued that we need to have a support program in order to restore some stability to the marketplace. We cannot afford to have the roller-coaster price scheme that we have encountered since the Sugar Act expired in 1974. Every time prices go down, sugar producers, both beet and cane, go out of business. Processing plants close, and never has one of these plants reopened.

We are again receiving reports that our entire domestic sugar industry—an industry that provides a little more than 50 percent of all of the sugar consumed in this Nation—is facing severe economic difficulties. Prices are below the cost of production, and farmers cannot survive while losing money. It has always amazed me that we are willing to let farmers go out of production when we need to turn to the farmer three times a day for our meals.

Sugar price support loan programs do not cost the Government money. Farmers have traditionally paid back their commodity support loans, and when they have not, the Government has been able to sell the commodities that it obtains as a result of the terms of the loans at a profit. Under the loan program that was in effect for the early years of the Carter administration, the Government actually made more than $67 million on the loan program.

Mr. Speaker, today's Wall Street Journal published a story titled "Sugar Growers See Losses as Prices Hit 2-Year Lows on Expected Bumper Crops." This story very clearly demonstrates the problems that our sugar beet and cane growers are facing this year, and lends further evidence to the belief that we need a sugar price support program in the farm bill this year.

I commend this article to all of my colleagues, and ask permission to insert the article in the RECORD at this point.

[From the Wall Street Journal, Sept. 24, 1981]

SUGAR GROWERS SEE LOSSES AS PRICES HIT 2-YEAR LOWS ON EXPECTED BUMPER CROPS

(By Anne Mackay-Smith)

The roller coaster of sugar prices is near the bottom again, as anticipated bumper crops have sent prices to two-year lows.

The news is bad for sugar producers, who have enjoyed unusually high profits for the past 18 months and now figure to start showing losses. But users from Coca-Cola Co. to housewives can expect reduced costs. For Washington policy makers, there is a new headache: The low price, about 12 cents a pound yesterday, revives the politically complex issue of supporting the price of sugar

A system designed in 1979 to support prices at 15 cents a pound has come into effect again with a penny-a-pound levy on imported sugar, which accounts for about half of U.S. usage. The aim is to allow domestic producers to sell their sugar for more. Congress is considering legislation that would support a 17-to-18-cent a pound price for domestic farmers.

"Nonetheless, we expect all but the most efficient sugar producers to lose money next year," reports Lee Tawes, a sugar specialist at Oppenheimer & Co.

MIDDLEMEN LOSSES

Players from all sides of the market are trying to discover how the supports are likely to affect them. All consumers will pay more than the world price, but far less than they did last year when prices skyrocketed to 43 cents a pound. Middlemen who hadn't counted on prices falling this far may be serious losers because they sold long-term contracts at fixed prices. And some particularly profitable producers, whose costs are below the support level, may find themselves well rewarded.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Florida growers, who benefit from an excellent climate for sugarcane growing, are foremost among the profitable producers. Oppenheimer estimates that both U.S. Sugar Corp. and Gulf & Western Industries Inc., two of the nation's largest producers, have costs of only 12 cents a pound—far below the protected prices being considered by Congress.

Other producers, however, aren't in such a comfortable position. Major producers Amstar Corp. and Amfac Inc. have costs of 19 cents a pound or more, Mr. Tawes estimates. Small producers may be even less profitable, other analysis add. Higher transportation and fertilizer costs, together with the need to replace aging machinery, are driving many growers out of the sugar business. Price supports of 17 cents or 18 cents a pound may help them stay in business temporarily, but in the long run may just prolong the agony, an analyst says.

"It comes down to a choice of how you prefer to die—slow starvation or a bullet through the head," he adds.

PRICE SUPPORTS EFFECT

Price supports may not affect industrial sugar users very quickly, because most contract for sugar well in advance, fixing prices at levels where they believe they can make a profit. Companies may be paying prices ranging from 15 cents to 40 cents a pound for unrefined sugar, depending on when they decided to buy, says a sugar economist for a major refiner.

The lower costs of the past six months have been good for the food industry, though spokesmen say they won't come as a windfall. Many food companies absorbed much of the last year's huge price gains in sugar to avoid losing customers. Extra profits now make up for previous losses and provide a cushion in case of future volatility, they say.

"You can look at it one time and say, 'Hm, Coca-Cola really made a killing on sugar.' But we can show you a lot of other times when that wasn't the case," says Carleton Curtis, a spokesman for Coke.

Sugar dealers who play a middleman role between growers and users may bear the brunt of import duties and fees. When a dealer agrees to sell sugar to a user over a period of time, he sets a price equal to the market price for sugar plus a comprehensive fee, for duties, import fees and transportation costs. Many dealers believed prices wouldn't fall to levels low enough to warrant import fees, so they charged only about 2.5 cents a pound for all these costs. Taxes and transportation today are about 4.5 cents a pound, and the dealers must absorb the extra two cents, which currently is more than 10% of their cost of sugar.

"The operators are the ones who are left holding the bag, because they'd be guaranteed the price," says Donald Westfall, sugar analyst for Schnittker Associates in Washington. "Some of them are hurting very badly right now," another analyst adds.

If the farm support price of sugar is raised to 17 cents or 18 cents a pound, as now seems likely, import duties and fees must be raised to those levels. A 15-cent-a-pound price is supported by duties and fees. Sugar dealers will be liable for the extra costs if the fees are raised.●

A TRIBUTE TO CHARLES MENDEZ

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. SCHUMER. Mr. Speaker, I rise to pay tribute to Charles Mendez of Boy Scout Troop 395 Resurrection Church, Gerittsen Beach, Brooklyn. I have the pleasure of announcing that Charles has attained the highest rank in Scouting before his 18th birthday, that of Eagle Scout.

A liberal arts student of Brooklyn College, Charles has proved himself a fine example to his friends, family, and his community. Charles is a young man of great quality; we in Brooklyn are proud to call him one of our own.●

NATIONAL CYSTIC FIBROSIS WEEK

HON. JOSEPH D. EARLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. EARLY. Mr. Speaker, President Reagan has signed a proclamation designating the week of September 20-26 as National Cystic Fibrosis Week, to focus the Nation's attention on the disease and to pay tribute to the thousands of courageous children and young adults who wage a daily battle with this number one genetic killer of children and young people in the United States.

Throughout its 26-year history the Cystic Fibrosis Foundation has been engaged in a race against time. It is not a race with a clear finish line. Every year they succeed when life expectancy of people born with cystic fibrosis is extended. Every day the need to do more is underscored when additional children and young adults die from cystic fibrosis.

But, the record of progress is promising. Data from the patient registry of CF centers show that the life expectancy of people born today with cystic fibrosis is now 21 years, a figure important in both human and symbolic terms.

Major research efforts are underway to find a genetic marker for cystic fibrosis and to understand the basic genetic problem that causes the disease. Scientists in Europe and North America, many with Cystic Fibrosis Foundation support, have reported positive findings from a number of different approaches. All of these findings are very preliminary, and the results need to be confirmed by other scientists and standardized before they could be put into use, but there is more cause for optimism than ever before.

Research into the process of secretion is developing new information about the mechanisms of excess mucus production in cystic fibrosis. While this is still very basic research, it could lead to better means to control this important aspect of cystic fibrosis.

Immunology, the study of the body's defenses against infection, is a growing area of cystic fibrosis research. Scientists are developing a better understanding of why pseudomonas infections are so common, and so hard to combat, in cystic fibrosis. This understanding could lead to new strategies to treat the infections that are the most serious of cystic fibrosis' effects on the body.

In terms of effort and support, the last few years have shown a great acceleration in cystic fibrosis research. In 1977, the Cystic Fibrosis Foundation was funding slightly more than $1 million in research, while the Federal Government, through the National Institutes of Health, funded grants, contracts, and other research into cystic fibrosis totaling about $4.6 million.

These figures have grown significantly. The current research budget of the Cystic Fibrosis Foundation is $2 million, and it now includes innovative programs to attract new investigators and to provide money for feasibility studies. At NIH, cystic fibrosis research exceeds $12 million for the current fiscal year, with important research in six different institutes and divisions. More scientists are investigating more research leads than ever before.

These researchers need continued, and growing, support. Congress must continue to consider health research a priority, even in a time of restraint, because very little that Congress does touches so many people in such an important way as the effort to conquer disease and disability.●

NATIONAL JOB CORPS IS A GOOD FEDERAL INVESTMENT

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. CONYERS. Mr. Speaker, I want to take this opportunity to make some comments about the National Job Corps program that has resulted in significant benefits to the Nation since its inception. As you know, the first National Job Corps Competition Exposition is being held this week in the Nation's Capital to give participants from throughout the United States an opportunity to exhibit their training techniques and skills to the American people. The Job Corps, one of the oldest national efforts to increase the skills of our youth, offers services to economically disadvantaged youth between the ages of 14 and 21 at 105 residential training centers throughout the country. These centers, operated by private and public organizations, offer services ranging from basic literacy and high school equivalency through advanced skill training in a variety of occupational areas. A recently instituted advanced center training (ACT) program allows Corps members to attend college or receive other advanced training for 2 years at Job Corps expense.

From its inception the Job Corps has represented a noble effort on the part of the Federal Government to address the problem of a lack of marketable skills among a significant percentage of our rural and urban youth. It has been supported by Democrats and Republicans and has a wide base of support among the American people. It has seen its budget increase to as much as $600 million during the Carter administration and decrease to as little as $175 million during the Nixon era. It was one of the few programs spared by the ax of the Reagan administration during the reconciliation process, and was allowed $560.7 million for fiscal 1981. Its budget for fiscal 1982 has not been finalized.

This level of funding will support approximately 43,000 enrollees. In the city of Detroit we have had a very good experience with the Job Corps. With an unemployment rate in double figures, we are fortunate to have a Job Corps center. Ms. Patricia Williams, acting director of the center, is to be commended for the outstanding job she is doing at the center. There are 305 students enrolled in the city's program consisting of basic clerical, nurses aide, auto mechanic, welding—including advanced welding—high school GED, driver education, and building maintenance. The center has 105 students living on campus and 155 commuters; 40 of these students are enrolled in the ACT program.

Tuesday, I had the pleasure of meeting three individuals from my district who are participating in the Washington exposition. I wish to congratulate Ms. Naomi Becton, Ms. June Craig, and Ms. Juanita Williams for being selected to represent the Detroit center in the clerical field. Their selection indicates significant effort on their part, and we in Detroit are proud of them. Ms. Craig and Ms. Becton are enrolled at Wayne State University majoring in criminal law and accounting respectively. They were accompanied to Washington by Ms. Gwendolyn Dudley, clerical instructor at the center and Ms. Patricia Williams, acting director.

The Detroit Job Corps Center, operated by the Singer Career System, has a staff of 88 people and an operating budget of $2.4 million. We have seen evidence that the Corps is working in Detroit. In September 1980 an alumni chapter of the Detroit center was formed. The chapter, composed of young men and women who have graduated from the Job Corps, is involved in helping those enrolled in the program realize that they can make it, too.

I would encourage my colleagues who have not visited the exposition on the Mall to do so. You will be able to see firsthand how the Federal dollars appropriated for Job Corps are helping to shape the citizens of tomorrow.

Congratulations to the Detroit Job Corps Center for a job well done.●

HUNGER PREVENTION AND AFRICAN FOOD SECURITY ACT

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. GILMAN. Mr. Speaker, at a time when the global hunger and malnutrition problem is worsening, it is imperative that our Nation's resources and energies directed toward combating that critical problem be utilized as effectively as possible. To help achieve that objective, I am introducing today, the Hunger Prevention and African Food Security Act.

In his recent address before the U.N. General Assembly, Secretary of State Alexander M. Haig stated that:

> International development reflects the worldwide search for economic progress, social justice, and human dignity. Short of war itself, no other issue before us will affect more people, for good or ill, than this search. And peace itself cannot be truly secured if the aspirations of mankind for a better life are frustrated.

I commend Secretary Haig for stressing the international development issue, of which hunger is such an integral part, and for underscoring the importance of that issue to the United States.

As a member of the Committee on Foreign Affairs and as a former member of the Presidential Commission on World Hunger, I have come to more fully recognize the critical importance of the hunger problem. Traditional appeals have emphasized the moral and humanitarian concern of increasing the poor's access to food. However, in an increasingly interdependent world, we must realize also that our national security and the security of the international community is linked to resolving world hunger—a problem with the potential for breeding explosive political, social, and economic instability.

Mr. Speaker, estimates indicate that between 500 million to 1 billion people throughout the world suffer from hunger and chronic malnutrition. Indeed, the World Bank calculates that approximately 40 percent of the population of the developing countries (excluding China) live in absolute poverty, a condition of life so limited by malnutrition and other aspects of poverty, as to be beneath any rational definition of human decency.

Poverty of this magnitude drastically aggravates the hunger problem in certain regions of the world. In its recent publication, "Food Problems and Prospects in Sub-Saharan Africa," the U.S. Department of Agriculture identified "seriously declining per capita food production in Sub-Saharan Africa" as "one of the most critical of world food problems in the 1980's." USDA concluded that "Sub-Saharan Africa is the only region in the world where per capita food production declined over the past 2 decades." The legislation I am introducing today, seeks to intensify the commitment of our Nation's development assistance program to ameliorating absolute poverty, especially those appalling conditions engulfing Sub-Saharan Africa.

The Hunger Prevention and African Food Security Act has three major objectives:

First. Targeting not less than 50 percent of the funds available through U.S. developmental assistance programs, to support facilities, goods, and services which will be used primarily by those individuals living in absolute poverty. In carrying out this provision, special emphasis shall be placed on alleviating hunger in Sub-Saharan Africa and in facilitating the participation of women in agricultural production in that region.

Second. Increase from 15 percent to 25 percent the proportion of the value of Public Law 480, title I agreements which shall be available to title III food for development programs.

Such title III programs allow that the proceeds from commodities sold by the United States to developing countries can be applied against repayment obligation to the United States, if a recipient country undertakes agreed upon programs promoting agricultural and rural development.

Third. Target not less than 20 percent of the funds designated to Public Law 480, title III toward creating commodity reserves and strengthening food distribution systems in famine-prone countries, especially those in Sub-Saharan Africa.

Mr. Speaker, I urge my colleagues to support the Hunger Prevention and African Food Security Act. Passage of this measure will enable our Nation to be more responsive to the critical needs of those millions of individuals now suffering the tragic debilitations of absolute poverty. I request that the full text of this measure be inserted at this point in the RECORD:

H.R. 4588

A bill to increase the effectiveness of U.S. development and food assistance in preventing and alleviating hunger, with special emphasis on food security in Sub-Saharan Africa

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Hunger Prevention and African Food Security Act".

FINDINGS

SEC. 2. (a) The Congress finds that, according to the International Bank for Reconstruction and Development, approximately 40 percent of the population of the developing countries (excluding China) live in absolute poverty, a condition of life so limited by malnutrition and other aspects of poverty as to be beneath any rational definition of human decency. United States assistance designed to increase self-reliant development too often fails to reach these poorest people.

(b) Among the more glaring examples of this situation is the widespread and continuing malnutrition in Africa south of the Sahara. Sub-Saharan Africa is the only major region where per capita food production has declined over the past two decades. Approximately half the region's people live in absolute poverty. Because so many families cannot afford the basic goods and services required for survival, Sub-Saharan Africa has the highest infant death rate and the lowest life expectancy of any of the world's major geographical regions.

(c) The appalling conditions among impoverished people in Sub-Saharan Africa underscore the need for United States development assistance to be more carefully targeted to benefit the needy. Efforts should also be undertaken to prepare in advance for anticipated food shortages in famine-prone African countries.

ASSISTANCE TO THOSE LIVING IN ABSOLUTE POVERTY

SEC. 3. Chapter 1 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 128. ASSISTANCE TO THOSE LIVING IN ABSOLUTE POVERTY.—(a) In carrying out this chapter for the fiscal year 1983 and each fiscal year thereafter, the President shall use not less than 50 percent of the funds made available to carry out this chapter for that fiscal year to provide facilities, goods, and services which will be used primarily by those individuals who are living in absolute poverty as determined under the standards adopted by the International Bank for Reconstruction and Development and the International Development Association. Such facilities, goods, and services may include, for example, irrigation facilities, extension services and credit for small farmers, roads, safe drinking water supplies, and health and family planning services.

"(b) In carrying out subsection (a), special emphasis shall be placed on alleviating hunger in Sub-Sahara Africa. Particular attention shall be paid to facilitating the participation of women in agricultural production in the Sub-Sahara region.".

PREVENTION OF HUNGER AND INCREASING FOOD SECURITY

SEC. 4. (a)(1) Section 302 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727a) is amended by amending subsection (c)(1) to read as follows:

"(c)(1) Except as provided in paragraph (2) of this subsection, the aggregate value of all agreements entered into under this title for the fiscal year 1983 and each fiscal year thereafter shall be not less than 25 percent of the aggregate value of all agreements entered into under title I of this Act for such fiscal year.".

(2) The amendment made by paragraph (1) of this subsection shall take effect on October 1, 1982.

(b) Such section is further amended by adding at the end thereof the following new subsection:

"(d) In order to help lessen the severity of food shortages in famine-prone countries, the agreements entered into under this title for the fiscal year 1983 and for each year thereafter shall, in the aggregate, provide that—

"(1) commodities made available for that fiscal year under this title, or

"(2) funds generated from the sale of those commodities in participating countries,

totaling in value not less than 20 percent of the aggregate value of all agreements entered into for that fiscal year under this title, shall be used to establish commodity reserves and otherwise strengthen food distribution systems in famine-prone countries, especially those in Sub-Saharan Africa. Each agreement implementing this subsection shall specify the measures to be undertaken to ensure that the use of commodities and funds pursuant to this subsection benefits primarily the poor.".●

TRIBUTE TO JOSEPH KLEGMAN

HON. BERNARD J. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. DWYER. Mr. Speaker, I rise today to pay tribute to Joseph Klegman, a pioneer in quality community college education in New Jersey and one of its most dedicated spokesmen.

Joe is retiring at the end of this month from his present post as chairman of the board of Middlesex County College. He is one of the founding fathers of this institution, recognized nationally as an innovator in the field of higher learning. It stands as a powerful monument to his two decades of service, years marked by a profound commitment to excellence.

That commitment has manifested itself in a number of ways. Since the early sixties, Joe has been active on a number of committees, commissions, and task forces which first brought about the creation of our 2-year institutions and then assisted in bringing them to their current level of importance in the State.

The challenge of maintaining this system during these difficult fiscal times has probably never been greater. But Joe has faced similar challenges during his tenure, with tenacity, drive and a willingness to chart new courses, so important in educational endeavors. What remains in his stead is a strong, viable, and affordable option for people of all ages and backgrounds who seek more learning and advanced skills.

I feel privileged to be among that huge body of students, faculty, colleagues, and friends who have in some way reaped the benefits of Middlesex County College's stunning growth under Joe Klegman's leadership.●

A TRIBUTE TO FORMER CONGRESSMAN JOHN LEONARD PILCHER

HON. CHARLES HATCHER

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. HATCHER. Mr. Speaker, it is with great sadness that I come before you today to note the passing of former Congressman John L. Pilcher of Meigs, Ga. Congressman Pilcher died Thursday, August 20, 1981, at the Pelham Parkway Nursing Home in Georgia. He was 82.

Congressman Pilcher served for six consecutive terms in the U.S. House of Representatives, from 1953 until retiring in 1965. He worked tirelessly for America's farmers and the farmers of southwest Georgia.

But his life of public service was not limited to the U.S. House of Representatives. Before becoming a Member of the 83d Congress, he served as a councilman and mayor of Meigs, Ga. Congressman Pilcher's community interests led him to serve on the board of education and the county commission in Thomas County.

From 1940 until 1944 he served in the Georgia General Assembly as, first, a member of the house of representatives, and, then, the senate.

He served as a State purchasing agent in 1948 and 1949 and attended every State and national Democratic convention for 30 years.

Just as he was a man of the people, he was also a man of the soil and engaged in agricultural pursuits for over 35 years. He operated a general mercantile business, a cotton gin and was a warehouser. He operated a fertilizer manufacturing plant as well as a syrup canning plant.

As a businessman he was owner of J. L. Pilcher & Sons and served as president of a bank in Meigs, Ga.

His community involvement led him to memberships in the Masonic Lodge and the Hasan Temple of Albany. He was a devoted member of the Meigs United Methodist Church.

Congressman Pilcher was a hard working and conscientious man who served our country, State, and district well.

Those who knew him personally will miss him as a good friend. Those who knew him through his many good deeds will miss him because of the contributions he made.●

AN AMBASSADOR TO IRELAND

HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. SHANNON. Mr. Speaker, on St. Patrick's Day at the Embassy of Ireland, President Reagan expressed pride in his Irish heritage and concern over the current situation in Northern Ireland. That was 6 months ago. The President has been in office now for 8 months. In Ireland, that time has been marked by increasing political division and by increasing violence. But the United States still has not sent an ambassador to Ireland.

Irish Americans are troubled and frustrated by failed attempts to resolve the causes of the conflict in Ireland; they are beginning to question President Reagan's expressions of concern. I hope it will be possible for our ambassador to be appointed with no further delay, so the United States can take an active, constructive part in bringing about an end to the violence and division that have troubled the Irish people for so long. The good will and the concern of the United States must not go unrepresented in Ireland any longer.●

IN TRIBUTE TO "MIZ MAC"

HON. RONNIE G. FLIPPO

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. FLIPPO. Mr. Speaker, "It is one of the most beautiful compensations in this life that no person can sincerely try to help another without helping himself," Ralph Waldo Emerson said.

The more one gives to others, the more he has for his own.

If that be true, Mrs. Elizabeth Womack McDonald is probably the richest person I know.

Though she retired several years ago at age 70, "Miz Mac" has still not stopped giving of herself. She devoted 45 years of her life to teaching young people, but her greatness lies in the fact that when the final bell rang every day, Miz Mac did not stop teaching and giving.

The first 10 years of her teaching career were spent in the Lauderdale County School System teaching at Stony Point, Cloverdale, Weeden (which was then a county school), Central, and Killen. At Killen, she started the first free school lunch program in Alabama.

In 1937, she returned to her alma mater, Coffee High School and began 35 years of dedicated public service that has led to her being one of the best known and best loved citizens of Florence.

She made immeasurable contributions to the young people of Florence. Some were her history students, many were participants in the innumerable activities she sponsored, but still more were just Coffee students.

Mrs. McDonald gained the nickname Miz Mac from her students. There are many reasons for this nickname. Among the reasons are the fact that Miz Mac symbolizes the spirit of Coffee High School. She has always been willing and anxious to give of her time and ability to do anything necessary to promote pride and spirit for Coffee High School.

In 1947-48, the O Club, under her sponsorship, won every oratorical contest in the State of Alabama. She conducted the coronation of Mr. and Mrs. Coffee High School from 1946 until 1972.

Mrs. McDonald sponsored the student council at Coffee from 1952 until 1972. During her years of sponsorship, Miz Mac and the student council assumed not only the normal responsibilities of student government but also decorated the school at Christmas and decorated floats at homecoming. Many breakfasts and receptions were held at her house for Coffee athletes. In general, Miz Mac and her students did anything that contributed to the spirit of Coffee High School.

The community is much richer because of her contributions. In 1968 and 1969, Mrs. McDonald's history students put on the production, "My Land Is the Red Land" depicting this area's early history. Frequently, she speaks to civic clubs, schools, and other groups regarding history.

Because of this lifetime of public service, the community has designated October 2, 1981 as Miz Mac Day in Florence, and she will be honored by city, county, and State government, as well as the legions of her former students.

I want to thank Miz Mac for the contributions she has made to my life and the lives of my children, and to recognize her for being a model that all young people would do well to follow.●

TRIBUTE TO JAMES A. HALEY

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 23, 1981

● Mr. FUQUA. Mr. Speaker, it is with a deep sense of sadness and loss that I join my colleagues today in paying tribute to former Congressman James A. Haley, of Sarasota, Fla.

Jim Haley represented the people of west central Florida in Congress for 24 years, rising to chairmanship of the Interior and Insular Affairs Committee in this House.

His stewardship of the Nation's resources, his commitment to preserving our environment, and his tireless devotion to assuring that the beautiful Nation passed on to us by our forefathers would be left unsullied to our children, were hallmarks of his service.

But he was more than just an effective committee chairman.

He was a man of whom any other would be proud to proclaim friendship.

Already a veteran of 10 years in Congress when I arrived in this House, Jim Haley was always available to counsel me on the job of being a representative of the people. His guidance and advice served me well through the early years of my own service and I feel a deep debt of gratitude to his patience, understanding, and wisdom.

Jim Haley was a true friend, a tireless Congressman, and a great patriot.

His service to this House and the American people will be long remembered and his memory cherished by all who were fortunate enough to know him.●

EXTENSION OF THE VOTING RIGHTS ACT

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. EDWARDS of California. Mr. Speaker, I am pleased to submit for the record a resolution in support of the extension of the Voting Rights Act passed by the San Diego City Council on August 11, 1981. The resolution specifically endorses the extension of the bilingual election provisions which have been vitally important in opening up the political process to American Indians, Asian Americans, Eskimos, and Hispanics in my home State of California and throughout the country.

RESOLUTION NUMBER R-254798

Adopted on August 11, 1981.

Whereas, the Voting Rights Act of 1965 as amended is presently before Congress for reauthorization; and

Whereas, the Voting Rights Act has had a major impact on the minority communities by increasing their political participation; and

Whereas, the Voting Rights Act has afforded minorities at the local level protection from manipulation of local voting laws that dilute their voting strength; and

Whereas, the Voting Rights Act has afforded minorities an opportunity, for the first time ever, to be represented on local school boards, city, county, state and federal elective offices; and

Whereas, the County of San Diego has created a cost effective targeting system that guarantees to non-English-speaking citizens voting assistance in their language and that complies with the Voting Rights Act which Congress should use as a model for other U.S. counties to follow; and

Whereas, the continued survival of the democratic process in the United States depends on the participation of a significant majority of the citizens of the United States and the effectiveness of the enforcement of the Voting Rights Act would be diminished if it were to apply nationwide; and

Whereas, our democracy must include the participation of all citizens regardless of racial and ethnic origin at all levels of government in order to remain valid and San Diego has experienced an increase in the confidence citizens have in City government as a result of reforms encouraged by the Voting Rights Act; now, therefore,

Be it Resolved, by the Council of The City of San Diego, that this Council, for and on behalf of itself and its citizens, hereby urges President Reagan and members of Congress to reauthorize the Voting Rights Act as it is presently written, including the minority language provisions adopted by Congress in 1975.

Approved: John W. Witt, City Attorney.

By Jack Katz,
Chief Deputy City Attorney.

Passed and adopted by the Council of The City of San Diego on August 11, 1981, by the following vote: Yeas: Mitchell, Golding, Williams, Schnaubelt, Gotch, Murphy, Killea; Nays: None; Not present: Cleator, Wilson.

Authenticated by: Pete Wilson, Mayor of The City of San Diego, California; Charles G. Abdelnour, City Clerk of The City of San Diego, California.

[Seal]

By Ellen Bovard, Deputy.

I hereby certify that the above and foregoing is a full, true and correct copy of resolution No. R-254798 passed and adopted by the Council of The City of San Diego, California, on August 11, 1981.●

PARRIS HALTS PUBLIC UNIT HOUSE PLAN

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. BEARD. Mr. Speaker, in this morning's Washington Post there is an article which really needs to be brought to the attention of this body.

The newspaper story reports that one of our colleagues, Congressman Stan Parris, led a successful fight against a subsidized housing project in Fairfax County, Va. Obviously, our colleague's principal objection was an estimated cost of about $100,000 per unit.

I, for one, would like to congratulate Congressman Parris. He has demonstrated an unusual courage by turning away a $3.5 million project for his district. It is the kind of political courage we need more of.

Mr. Speaker, please allow me to submit the entire article at this time.

[From the Washington Post, Sept. 24, 1981]

Parris Halts Public Unit House Plan

(By Fred Hiatt)

Northern Virginia Rep. Stanford Parris, capitalizing on his position on a key housing committee and the Reagan administration's lack of enthusiasm for subsidized housing, has blocked a $3 million public housing project that a Fairfax County housing agency had been planning for three years.

The assistant secretary for housing, responding to a barrage of telephone calls from the Republican congressman's office and a spirited letter from Parris himself, last month took the unusual step of ordering his Washington area office to clear every step of the project with him. Since the developer's option to purchase the land expired last week, the delay effectively has derailed the proposed 30-home development.

"It's not very often you turn down a $3.5 million gift, but then, beware of those bearing gifts," Parris said during a budget markup session in May. Parris said this week he hopes his continued opposition to the project—along with a cut in the subsidized housing funds in the 1982 federal budget he helped shape—will convince U.S. officials to send the money elsewhere once and for all.

"He (Parris) has been very, very persistent," said Jeanne Smith, HUD assistant for congressional relations. "As a result of his persistence, we are where we are today."

Parris' success reflects not only his persistence, but the Reagan administration's reluctance to force public housing into resistant suburban neighborhoods.

"This is one reason the Reagan administration is trying to move in the direction of more local control over how these funds are spent," Smith said. The administration proposed funding 175,000 public housing units in 1982, down from this year's 280,000. Congress eventually authorized only 153,000.

The case also demonstates the difficulty of providing shelter for poor families in Fairfax, where subsidized apartments often are opposed as incompatible with existing homes and single-family houses are attacked as too expensive. The single-family houses in Coventry, the project that Parris has opposed, would cost the government at least $85,000 each.

There are currently 500 public housing units in the county, which has a population of 596,900.

The Fairfax County Redevelopment and Housing Authority, as determined to develop as Parris is to prevent development, last week purchased the 11½-acre site in West Springfield for $445,000 when the developer's option expired. Although federal funds for future development are very much in doubt and although they would have to begin the cumbersome development process all over again, housing officials still hope to build something on the site, at Hillside and Center roads.

"We don't take this as a defeat," said housing authority spokeswoman Deirdre Coyne. "It may take a little more time, but we'll do it."

The land purchase prompted Parris to fire off another letter last week, this time to Housing and Urban Development Secretary Samuel R. Pierce, Jr.

"As a member of the committee of Banking, Finance and Urban Affairs, I continue to oppose this project as inefficient, a poor selection of site and a true example of government extravagance," Parris wrote on Sept. 18.

And John F. Herrity, chairman of the Fairfax Board of Supervisors and another Coventry opponent, has summoned housing authority officials to the board's Monday meeting to explain the land purchase. Although the authority is independent, it depends on the supervisors for much of its budget.

Parris said he objects to the West Springfield site because of neighborhood opposition, but even more because of the projected cost of the houses. The authority says it is willing to spend $85,000 for each house on the site and a developer proposed charging more, $102,000 per house. Because of Parris' opposition the authority and the developer never negotiated a final price.

"I think subsidized housing does not necessarily have to be the classiest housing in the community," Parris said. "I think we should be building acceptable shelter, not the equivalent of what the president of a bank would own."

Coyne said land prices and building costs are expensive in Fairfax, no matter who the developer. "Fairfax County is saying, 'we do want to provide housing for low- and moderate-income families,'" Coyne said. "Well, we can't build cheap, shoddy stuff, and if we could, we wouldn't."

Coventry originally was conceived as a 50 town house turnkey project, with a private developer buying the land, building the houses and then turning them over to the housing authority for sale to low- and moderate-income families. Partly due to mistakes made by the housing authority—allowing a change from town house to single family without re-advertising, for instance—and to the zeal with which opponents found those mistakes, developer Ray W. Lotto has spent more than two years and $40,000 on the project.

"As far as I'm concerned, the community managed to delay it long enough that time just ran out," Lotto said yesterday. Lotto, who said he believed no public housing design would satisfy Fairfax County residents, has built more than a dozen federally subsidized projects, mostly in Seattle and Portland.

In those communities, he said, "the people usually compete for these funds, believe it or not."●

REDUCE HIGH INTEREST RATES

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. MARKEY. Mr. Speaker, this summer the Reagan administration rammed through Congress an economic program based on the gospel of supply-side economics. But reality has dealt a cruel blow to the supply-side fantasies. It is going to take more than blind faith in the Laffer curve to reduce the intolerably high interest rates.

Mr. Speaker, the President and the leaders of his party are placing the blame for high interest rates on anyone they can find: Wall Street, the Federal Reserve Bank, nervous investors. I suggest that the administration look at its own supposed economic prescriptions for the source of our problems. The administration could not call for a massive increase in defense expenditures, an enormous decrease in tax revenues, and a sizable budget deficit without forcing the Fed into a tight monetary policy. The administration has clearly shown its tacit support for soaring interest rates by failing to institute any alternative policy to fight inflation.

Mr. Speaker, high interest rates entail enormous suffering for virtually every sector of the economy: For homeowners and homebuilders, for land developers, for farmers, for small businessmen, and eventually for every American. The administration now has the nerve to claim that Congress must make deeper cuts in domestic social programs as the only way to cut these interest rates. The American people will not stand for this shirking of responsibility. Mr. Speaker, the time is now for the administration to take positive steps to reduce the overwhelmingly high interest rates.●

AFTER OCTOBER 1—THEN WHAT?

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. BIAGGI. Mr. Speaker, as an ardent opponent of President Reagan's budgetary priorities as reflected in the Omnibus Reconciliation Act Amendments of 1981, I begin an ongoing series of articles discussing in human terms—the impact of the budget cuts approved. The President has stated on numerous occasions that it is premature to criticize his economic program because it has not even taken effect. That is true and my purpose today and in future statements is to present what is going to happen after October 1. I point out that the figures and tales I will present are based on cuts already approved. If additional cuts are recommended and approved—the suffering will intensify.

The employment and training programs under CETA provide a vivid example. As a senior member of the House Education and Labor Committee which has responsibility for this program, I have seen firsthand its impact and its effectiveness. under provisions in the reconciliation bill—which I actively opposed—my own city of New York is especially hard hit. Six billion dollars in employment and training funds under CETA titles II-D and VI were eliminated. Of what remains, titles II-A, B, and C, training programs, youth programs under title IV, and private sector employment programs under title VII, New York will be left with fewer dollars for jobs at a time when unemployment hovers at 8 percent.

Last year, New York City received $154.5 million for these programs under titles II, IV, and VII. This money allowed us to serve 91,426 participants and provide them with the training and education they need in order to cope in today's dismal job market. With the cuts approved in the budget, this coming year envisions New York City taking a 31.2-percent reduction in funds from last year in these three titles to $120.1 million. This will mean that the number of CETA participants will shrink nearly 30,000 to 69,910 at a time when the economy threatens continued decline.

This is but one example of the real effect that these budget cuts—adopted in this House—will mean for people. On October 1 when the new Federal year begins, and more and more programs are eliminated, the suffering in human terms will become graphic examples of what so-called economic recovery really means.●

A STORY OF HOPE AND COURAGE

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. SCHEUER. Mr. Speaker, I rise today to pay tribute to a very courageous family, the Gackstetters, of Sunland, Calif. They were here in Washington last week to give testimony before the Subcommittee on Natural Resources, Agriculture Research and Environment, which I chair. The Gackstetters gave us a very personal view of the implications for human life and health which are posed by the policies of the Food and Drug Administration (FDA) regarding the approval of newly discovered pharmaceutical drugs for use by American consumers.

The Gackstetters' story is one of courage in the face of adversity and hope for the future—hope for themselves as well as for thousands of Americans who must cope with similar trials.

Michelle Gackstetter was 11 years old when she was stricken by Subacute Sclerosing Panencephalitis (SSPE), a measle infection of the spinal fluid that attacks the base of the brain. An experimental medication known as Isoprinisine was Michelle's only hope for survival and the recovery of a normal lifestyle.

Isoprinisine has been used with great success and no demonstrable adverse effects in 47 countries; but our own FDA has yet to approve the drug for general use in the United States, despite the fact that it is the only medication that can save the lives of people like Shelly Gackstetter. It is only a special exemption from the Isoprinisine ban that has allowed Shelly to continue to receive this lifesaving drug; and it is only through a tangled jumble of inconveniences and administrative redtape that Shelly and her family are able today to receive Isoprinisine at all.

I hope that each of our colleagues will take a moment to read Michelle's testimony to our subcommittee. It is a story told with simple eloquence and great courage in response to a terrible test of faith and character. It is also a moving plea for a more reasonable and responsible FDA policy on the approval of safe, effective, and lifesaving new drugs.

With the help of Dr. Arthus Hayes, the FDA's new Commissioner, and with the help of other concerned policymakers, I hope that we will soon see the day when needless obstacles to the prompt approval of new, breakthrough drugs will be removed. When that day comes, Shelly Gackstetter and her remarkable family will know that they have played an important part in achieving relief for many thousands of Americans who are afflicted with diseases that can only be treated with the newest and most dramatic pharmaceutical drugs.

Michelle Gackstetter's testimony of September 16, 1981 follows:

> Thank you, Mr. Chairman, Ladies and Gentlemen for the opportunity to be here. My name is Michelle Kay Gackstetter. I will be twenty-two years old on November 10 of this year
>
> When I was about ten, I got very sick with SSPE. Once before I went to the hospital I thought I had died and gone to Heaven because I saw my grandmother.
>
> After I went to the hospital, they operated on me. I started to take a medication called Isoprinisine. Since that time, for over ten years, I have taken that medicine every day. That's a lot of pills, 38,690 pills.
>
> It's not much fun taking the medication but it keeps me alive. I know that there are many other girls and boys who are also taking this medication and I hope it will be there for anyone who has SSPE because if it is not there the chances are that they will die—quickly.
>
> I have been keeping a diary of my experiences and someday Daddy and I are going to make it into a book so other people can learn about what has happened to me and maybe that will help them learn how to live with this problem.
>
> I hope soon, with the Lord's help and with the doctor's help that I will be cured. I want to live a normal life and get married and have children and have a home. I want to be able to help other people so they don't have to go through what I have.
>
> It's not much fun not being able to do things by yourself when your younger brothers and sisters and friends can. I know that I am sick and I know that right now there isn't any cure. But I know that there are lots of people working to try to find a cure. I want to do everything I can to help them find it.
>
> I don't think anyone should try to stop them or hold them back. I believe that if I hadn't received Isoprinisine when I did, I probably would be dead now. I hope you understand and will help.
>
> Thank you very much for letting me tell you about my life.●

LET US CREATE A WINNING ATTITUDE

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. BEREUTER. Mr. Speaker, everyone talks about the economy, but talk about the economy may just be one of its problems. Do economists who constantly predict recessions actually contribute to creating them? Don Gillen of the York News-Times in Nebraska editorialized about this topic last August. I was particularly impressed with his suggestion that if everyone started believing that the economy was moving forward, it might do just that.

As we face the difficult decisions that are to be made in the next few months, let us also create the winning attitude that Mr. Gillen has so perceptively stated we need.

I request permission to have the editorial reprinted in the CONGRESSIONAL RECORD.

[From the York News-Times, Aug. 1, 1981]

MISDIAGNOSIS

(By Don Gillen)

Some months ago I fired off a few salvos at the federal government for talking us into a recession. The gist of my thinking was that the feds for so long had talked about how we were going to have a recession that we finally did have one—although whether it could be blamed on the economy or our thinking wasn't settled.

The news media, both print and electronic, were not totally blameless because we promulgated the federal line, parroting federal economic "experts" who told us that there was no way we could escape a recession. Since those who ought to know said we'd have a recession, well, dad-gum-it, we decided we ought to have one and we did.

Is the same thing happening now, only in reverse? Is our economy not moving ahead because we listen to federal experts tell us that it isn't and then our natural disinclination to get out and move the buying public to spend a buck or two becomes more firmly entrenched and sure enough, the economy doesn't move?

I sometimes think that we talk ourselves into a lot of difficult situations that really didn't start out to be sticky but became so because of our way of thinking or handling them according to the advice of those experts we keep listening to.

Everybody knows that an expert is anybody more than 50 miles from home. Everybody should also realize that experts are much more capable of making errors than those who are sitting right on top of the situation—you and me.

Maybe if all salespeople would sell, all production workers would produce and all service people would handle their areas with responsibility, our econony would turn around and move ahead. And, just maybe, it already is and we don't know it because the experts have not yet figured out that this nation could progress without their finely-honed diagnoses of all our economic ills.

If the economy is as bad as everybody keeps saying it is, why are there individuals who are making things happen, selling things, getting the economy moving again when the general attitude is that it can't happen? Well, of course, it can happen and it is happening. There are people right here in York County whose activities are a direct contravention to the federal economic theory that our finances are going down the tube—more slowly than in the past few years but down the tubes nevertheless.

I simply don't believe it. I think our economy is a product of our brain-washed thinking by Washington experts whose only real knowledge is that they are getting a heckuva salary to fool the people. It may take a little more than a winning attitude for us to get out of the economic doldrums in which we seem to have settled, but that winning attitude would be a great start for a comeback.●

SOLIDARITY DAY

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. BARNES. Mr. Speaker, I would like to bring to the Members' attention two recent news articles about Solidarity Day. Whatever one may think about the significance of the Solidarity Day march, one fact cannot be denied: Those who participated represented a true cross section of American workers, who came to Washington in droves to contradict the popular assertion that the administration's social and economic policies represent the mandate of "Middle America." These two articles describe well the diversification of these protesters and the symbolic importance of their message.

The articles follow:

[From the Times, Sept. 22, 1981]

MIDDLE CLASS ON THE MARCH

(By Robert Curvin)

Lane Kirkland, president of the A.F.L.-C.I.O., took a big gamble by calling his rank and file to the nation's capital last weekend. But by the time he moved to the podium on the Mall, at least 250,000 had answered the call, and he could speak with the confidence of a winner.

"We are out of step with no one but the cold-hearted, the callous, the avaricious and the indifferent . . .," he said. "The winds are changing . . . the winter's chill is approaching, and the bloom is fading from false mandates."

This was the symbolic battleground on which minorities, the poor, draft protesters and other interest groups have repeatedly played out political wars over 20 years. But never before has the popular army been so diverse, so mature and so dominated by middle-class working people.

There were Government clerks and ironworkers, fired air-traffic controllers and schoolteachers. There were also civil rights demonstrators, environmentalists, women calling for passage of the Equal Rights Amendment. But they were all guests. This was clearly labor's show.

William Bland, a mine worker from Flemington, W. Va., said that cutbacks in the black-lung program had brought him to Washington. A pudgy Connecticut ironworker in a hard hat was more general, shouting: "What has Reagan done for you?" Others ridiculed Mrs. Reagan's $5,000 dresses, the President's $1,000 cowboy boots, the $200,000 White House china.

What, aside from an outing, did Solidarity Day accomplish? Probably the most important message lay in the diversity—that so many people of so many backgrounds are upset enough about Mr. Reagan's budget-cutting and his attitude toward labor to travel to Washington to march.

The President may have left town for the weekend, but there's no escaping the fact that many blue-collar people who voted for him are upset—or frightened by economic uncertainty.

This was the first protest of Mr. Reagan's policies to stir wide public interest. In that sense, it presents a special opportunity for Mr. Kirkland. For a quarter century, under his predecessor, George Meany, the labor movement avoided overt political activism. Now, at a time when liberals are still in disarray, still looking for an agenda, labor is showing some muscle.

The new winds to which Mr. Kirkland referred in his Solidarity Day speech remain barely breezes by comparison with the conservative gales blowing across the country. But the coalitions evident on the streets during Solidarity Day may well have put organized labor back in the middle of something.

[From the Chicago Tribune, Sept. 22, 1981]

WASHINGTON MEETS THE NATION—AND DISCOVERS THE PEOPLE ARE US

(By Anne Keegan)

WASHINGTON.—Even the people of Washington were impressed.

And they've gotten so very used to these things—marches, rallies, and protests in their town.

But the one over the weekend that brought in a quarter of a million people from all over the United States—and that was no mean feat considering none of them would cross PATCO picket lines and fly—this one impressed them.

It was not the size of the crowd that impressed them. It was who was in that crowd.

One did not have to look at the signs in their hands or the placards on their backs to know. A long, steady gaze at them gathering on the Mall told every Washingtonian who these people were.

They were a cluster of Slavic women from New York gabbing merrily in their own language, members of the International Ladies Garment Workers Union.

They were three silver-haired black women hiding in the shade from the sun—a common-sensical Southern tradition—up from the land of cotton and tobacco.

They were suburban-looking ladies in pastel pantsuits, teachers down from New England.

They were five mustachoed Detroit auto workers in hard hats and parka vests watching the girls saunter by.

They were clumps of bronze-skinned families with slick black hair picnicking on the grass, farmworkers up from Texas.

They were bearded miners from West Virginia, steelworkers from Chicago, electrical workers from Michigan, chemical workers from Rhode Island.

They were bricklayers, carpenters, engineers, crane operators, government employes, butchers, television writers, teachers' aides, checkout clerks, aluminum workers, and dock loaders.

Some had college educations, others never finished high school. Some had thick foreign accents, others spoke perfect English.

They were black, white, and every other possible color of human skin. They were old and they were young. Some had just gotten their first jobs. Others had been retired for years.

They were from the Deep South, the West Coast, the cold North, the vast Midwest, and the East.

They were Catholic, Protestant, and Jewish. They were Republicans and Democrats.

They were the people Washingtonians too often forget about and seldom see, the ones scattered out there for thousands of miles beyond the Potomac. The ones who make Washington, with its genteel life, possible.

They are the ones who do not often come to Washington—perhaps once in a lifetime, when their kids are old enough, and then only to look through the fence bars at the White House and to climb the Washington Monument.

They are the ones who couldn't give you the home address of one influential man in Washington. But they are the ones everyone in Washington courts every four years. Who suddenly meet important politicians at their plant gates every four years or at a construction site or maybe even a union retirement party.

They were well-dressed. They stayed sober. There was no odor of marijuana along the Mall. They respected the law.

They met for one day in Washington, looked around at each other, and liked what they saw. And then, after giving each other strength, they climbed aboard their 15,000 buses and left, happy to have come yet happier still to be going back to their homes.

They were not a violent mob. They were not even an angry crowd.

No wonder Washingtonians were impressed. Impressed not by the numbers that were there but WHO was there. For they don't see them very often.

Who was it that was so impressive? It was Middle America. It was the people that built this country and want to keep on doing it. It was the meat-and-potatoes people, the ones who put in eight hours and have no company expense account. The ones who fight our wars. The ones who pay our taxes and have no loopholes.

It was the working class. And they came to Washington because they want to stay that way.●

A BILL TO STOP INFANT FORMULA MARKETING ABUSES

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. HARKIN. Mr. Speaker, I would like to call the attention of my colleagues to H.R. 4535, which I introduced earlier this week. The bill is designed to amend the Internal Revenue Code of 1954 to deny any deduction or credit to infant formula manufacturers for activities which are not consistent with the World Health Organization's International Code of Marketing of Breast Milk Substitutes. In addition, this bill would extend its application to foreign tax credits accrued from subsidiaries of American infant formula companies.

The WHO code is the product of many years of research and negotiation by governments, scientists, industry, and consumer groups. Its purpose is to contribute to the provision of safe and adequate nutrition for infants, by the protection and support of breast feeding. The code further seeks to insure the proper use of breast milk substitutes, when these are necessary, on the basis of adequate information and through appropriate marketing and distribution.

Children raised under conditions of poverty and poor sanitation are particularly vulnerable to the disease and high rates of malnutrition associated with improper bottle feeding. A notable decline in breast feeding within developing countries has been in part attributed to aggressive infant formula promotional campaigns. In the words of James Grant, executive director of UNICEF:

> In the crucial first few months of life, breast feeding is usually the young child's lifeline. And the recent drift toward the bottle feeding of babies, a drift for which the industrialized world has provided both the example and the means, has cost tens of thousands of young lives * * *. In part, the campaign for breast feeding must also be a campaign to regulate those who promote and sell commercial infant formula to mothers who do not need it, cannot afford it, and are unable to safely use it."

The rationale for H.R. 4535 is simple. Infant formula manufacturers who continue practices deemed unnecessary and dangerous by the international health community do not deserve the same tax breaks reserved for responsible and legitimate businesses.

Massive corporate tax cuts, designed to restore the vitality and growth of our economy, may indeed prove to be an effective prescription for economic stimulation. But the discouraging interest rates which exist as a stark reminder of the inevitable budget deficits ahead, dictate the need for a more rational and selective revenue policy. While the financial returns resulting from enactment of this bill will not alone bridge the deficit gap, moral principle demands that we relinquish the individual taxpayer's burden from subsidizing such undesirable practices.

I ask my colleagues, can we really justify tax writeoffs for deceptive infant formula marketing policies which have been condemned nearly unanimously by the world's highest health authorities?

Do we truly believe that mass advertising of breast milk substitutes to poverty-stricken regions, material inducements to health personnel in exchange for product endorsement, and indiscriminate dispensation of free samples to mothers lacking a clean water supply is behavior deserving of Government subsidies at a time when AID, WIC, and other Federal agencies are instructed to promote the nutritionally superior and less expensive practice of breast feeding?

Can we rationally expect the hard-pressed individual taxpayer, suffering from relentless double-digit inflation, to not feel betrayed when the Government rewards unethical business practices which are estimated to contribute to over 1 million infant deaths annually?

I believe the answers to these questions are clearly "no" and I trust the vast majority of this body will agree.

My colleagues will recall the public outrage which followed the administration's decision last May to stand alone as the only nation to oppose the WHO Code. This response exemplified the concern of the American people for improving the health and well-being of infants throughout the world. They flooded the White House and State Department with thousands of letters protesting the callousness of the administration's position.

Editorials in major U.S. newspapers lined up four to one in favor of the code. Even more dramatically, letters to the editor concurred at a ratio of more than eight to one.

In addition, a wide variety of groups spanning the political spectrum passed resolutions in support of the code, including many organizations advocating opposite opinions on the abortion issue. The American Baptist Church, The National Council for International Health, the American Nurses Association, The Church of Disciples of Christ, and the American Public Health Association are just examples of the prominent opponents to the U.S. vote at the World Health Assembly.

To the credit of members of this body, our reaction to this diplomatic blunder was swift and decisive. Within 3 weeks following the close of the World Health Assembly, we overwhelmingly passed House Joint Resolution 287, introduced by the distinguished chairman of the Foreign Affairs Committee, Mr. ZABLOCKI. By 301 to 100, we expressed "dismay" at the negative U.S. vote and urged "the U.S. infant formula industry to abide by the guidelines of that code." The Senate passed 89 to 2 a similar resolution 2 days later.

As significant and well intentioned as such "sense of Congress" statements may be, activities of infant formula manufacturers indicate business as usual. To my astonishment, these companies seem to have ignored the will of Congress, much as they have persistently ignored the many health, church, labor, women's, and consumer organizations who have been seeking responsible marketing practices for several years.

In June hearings before the House Subcommittee on International Economic Policy and Trade and the House Subcommittee on Human Rights and International Organizations, the three major U.S. infant formula manufacturers—Abbott Laboratories, Bristol-Myers, and American Home Products—gave no indication of their willingness to abide by the actual provisions of the code. They noted their support for the general aim of the code, but will only alter specific marketing practices banned by the code when forced to do so by power of law.

With voluntary compliance apparently rejected, it appears that the Congress must once again assert itself and place the force of law behind our publically mandated position. Concerned Americans expect nothing less when such injustices are at stake.

While direct regulation of infant formula marketing may seem to present the obvious solution, I believe my approach is more equitable and less costly. Less costly because current budget constraints render prohibitive the establishment of new regulatory systems. More equitable because companies would be penalized proportionately to the extent of their infractions. Gross violators would automatically be subjected to higher penalties than the more marginal offenders. If, as the present administration believes, tax incentives can revive a sluggish economy, cannot they also produce socially responsible commercial activities?

I would like to invite my colleagues to suggest any revisions designed to increase the effectiveness of this legislation. For instance, I am presently exploring the feasibility of earmarking the extra revenues collected from violators toward breast feeding educational programs already in existence. This would provide needed funds for programs intended to balance the negative effects of infant formula promotion. Since the industry claims to be among the greatest advocates of breast feeding, they surely would not object to such productive use of their tax dollars.

Whatever its final form, this bill warrants the serious consideration of anyone concerned with improving infant health. The infant formula controversy has not vanished with the House's adoption of the commendable Zablocki resolution last June, and I urge my colleagues to join me in cosponsoring H.R. 4535 and insuring its early passage.●

THE 75TH ANNIVERSARY OF ST. MARY'S HOSPITAL

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. MINISH. Mr. Speaker, 1981 marks the 75th anniversary of St. Mary's Hospital in Orange, N.J. I believe that it is fitting to recognize the tradition of humane service and the admirable philosophy which continues to motivate this valuable institution.

An urban community hospital which serves 28,000 people of the Oranges and Maplewood every year, St. Mary's practices a philosophy of patient care which has distinguished it with an outstanding reputation. The administration of the Felician Sisters has made St. Mary's a place notable for its scrupulous attention is given to providing a friendly homelike, yet medically professional environment which is so beneficial to its patients. This caring attention is most dramatically evident in the hospital's interior, which blends bright colors, warm furnishings, and original artwork to create a decidedly noninstitutional setting. Walking through St. Mary's corridors gives you the feeling that you are in a deluxe hotel rather than a hospital.

Sister Mary Fidelise, C.S.S.F., St. Mary's administrator, claims that there is an important reason for maintaining a happy and bright atmosphere in her hospital. It is her belief that patients will recover from their ills more readily in attractive surroundings, which are not unlike those of their own homes, as opposed to an environment which is cold, impersonal, and threatening.

Perhaps more important than appearances is the fact that the hospital's 600 employees make a great effort to see that St. Mary's is a very special place. More than anything else it is this effort which causes the hospital's community to regard it as a close friend rather than just a necessary institution.

In this its Diamond Jubilee Year, St. Mary's can proudly look back on a rich history. It has developed into an ultra modern 228 bed hospital from humble beginnings as a small clinic, which was established in a donated private home, to serve the health care needs of the many immigrants who settled in the city of Orange around the turn of the century. In subsequent years, which saw the hospital operated by the Sisters of St. Francis of Hastings-on-the-Hudson, and since 1962, the Felician Sisters of Lodi, N.J., it has been a shining example of efficient and compassionate service to the ill and infirm. This is in the highest tradition of the voluntary sector, that unique creation of a free and caring American society.●

CYSTIC FIBROSIS POSTER REPRESENTATIVES

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Ms. FIEDLER. Mr. Speaker, for the first time in the history of the Cystic Fibrosis Foundation, three national poster representatives have been chosen for 1981 to illustrate the fact that cystic fibrosis—CF—affects young people at many ages. I am pleased to note that two of the three are from southern California.

Jennifer Hanniger, 3, of Fullerton, Calif.; Ottilio (Otto) D'Agostino, 8, of Agoura, Calif.; and Doug Mohler, 18, of Oregon, Ohio, represent the thousands of children in the country who suffer from this incurable disorder. CF, a chronic, degenerative disease that primarily affects the lungs and digestive system, is the Nation's No. 1 genetic killer of children and young adults.

Twenty-five years ago, few children like Jenny, Otto, and Doug who were born with cystic fibrosis reached school age. Today, thanks to the progress of medical research that has resulted in early diagnosis and effective treatment, about half of those born with CF are expected to live past their teen years.

Although the three poster representatives are not always able to keep up with the pace of their peers, they nevertheless have managed to stay active in various school and recreation activities. Jenny, a naturally photogenic and outgoing child, ranks swimming and gymnastic lessons among her favorite activities. According to her parents, Judy Ann and Edward Hanninger, Jenny was diagnosed with CF when she was 6 months old.

An alert family physician noted that her history of persistent coughing and wheezing, a salty taste to her skin and her slow weight gain could be symptoms of cystic fibrosis. A sweat test, which measures the high salt content in the perspiration of a cystic fibrosis patient, confirmed his suspicions.

A daily regimen of medication and routine respiratory therapy, however, has enabled Jenny as well as Otto and Doug to combat the disease. Two or three times a day, their parents or other family members administer postural drainage treatments, a form of physical therapy that helps clear the thick, glue-like mucus that accumulates in their lungs and impairs breathing. In addition, each of the three must take large quantities of vitamins, enzymes replacements, and nutritional supplements to aid their digestive processes.

Despite the physical demands of cystic fibrosis, Otto D'Agostino, a sportsminded third grader, is determined to participate in his favorite sports. He played on a youth baseball team last summer and is a member of the Agoura Rattlers soccer team.

According to his parents, Saverio and Antoinette D'Agostino, he also enjoys backpacking and camping, and is turning into a junior geologist. Fortunately, Otto's penchant for sports benefits his health, since the physical activity also helps break up the mucus in his lungs.

The interests of the oldest of the poster representatives, 18-year-old Doug Mohler, lie in music. A member of Clay High School Concert Band, the musically talented high school senior plays the clarinet, bass clarinet, trombone, and drums. When he is not marching in the band during football and basketball games, Doug is parading around in an eagle costume as the school's mascot.

He is also president of his church's youth fellowship group and, together with his father, Dick, has formed an amateur magician act called "The Magical 2 D's." As one of the 1981 national poster representatives, Doug hopes to bring attention to the problem of job discrimination against young CF adults.

In their public roles, the three poster representatives will be featured in a variety of public service announcements, photo sessions, and feature stories, all designed to educate and inform the public about cystic fibrosis.

Through their displays of determination, courage, and vitality, Jenny, Otto, and Doug serve as an inspiration for the thousands of other young people across America who share the same disease, and as a reminder that efforts must continue and accelerate to find the means for the prevention, control, and effective treatment of CF.●

THE MARTYRS OF BABI YAR

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. ROE. Mr. Speaker, this great Nation of ours is one of many different peoples and many different beliefs. But there is one great single belief, we can proudly say unites us all, our belief in the sanctity of human life and the right of existence for each and every human being on this planet. I know we would like to believe that modern man, as we know him, always has placed human life upon the highest pedestal. And sometimes, in our naivete, we believe this is actually the case. Unfortunately, sometimes certain events show us that there is a dark, uncivilized side to mankind, a side we would rather not recognize, but one which we cannot deny and one for which we must be ever vigilant lest it rear its ugly head and catch us by surprise. Sunday, October 4, will mark the 40th anniversary of one of those events. For it was during a mere 36-hour period during September 29-30 in 1941 that the Nazis systematically murdered 33,771 Soviet Jews at a ravine near Kiev known as Babi Yar. These Soviet Jews were part of the estimated 100,000 to 200,000 Soviet citizens murdered at Babi Yar before the Germans were driven from Kiev in 1943.

Mr. Speaker, to fathom at least some understanding of what an unspeakable, totally inhumane deed was committed at Babi Yar, one need only refer to the description in the July 26, 1976, issue of Time magazine. It reads, in part:

> A 150-man SS extermination team assembled the Jews of the German-occupied capital of the Ukraine (Kiev), stripped them naked, lined them up on the edge of the ravine and machine-gunned them. Children were thrown into the ravine alive. The team halted only long enough to shovel sand over each layer of bodies. When the job was done 36 hours later, 33,771 Jews had perished—a record of efficiency unsurpassed even at Auschwitz.

It is certainly not pleasant for any of us to confront the reality that man is capable of such deeds. But it is imperative that we keep reminding ourselves—and anyone we can manage to make listen—that it is indeed possible for man to commit such acts in the future if he forgets they were committed in the past.

The oppressed Jews who live in the Soviet Union probably understand this better than any of us. For years now, they have been actively seeking to commemorate the martyrs of Babi Yar, and to honor those survivors who are still cursed by the horrible memory. Unfortunately, according to the best information available to us, Soviet Jews seeking to hold commemoration services at the massacre site of Babi Yar are continually turned away by Soviet police and, in fact, some Jewish activists have been arrested and thrown into prison. This is especially sad because one of the most important traditions of the Jewish people is remembering and honoring their dead. To add further injustice to this situation, a powerful monument was erected at Babi Yar in 1976 to honor the Soviet citizens murdered there, but nowhere on the memorial is there any mention of the Soviet Jews who were slain.

Mr. Speaker, in light of this unjust situation, I have written to the Soviet Ambassador, His Excellency Anatoly Dobrynin to ask, in the name of mankind and human rights, that Soviet Jews be permitted to remember and commemorate the martyrs of Babi Yar. I am happy to report that 89 of my colleagues here in the House have joined me in signing the letter, which reads:

> CONGRESS OF THE UNITED STATES,
> HOUSE OF REPRESENTATIVES,
> *Washington, D.C., September 22, 1981.*
>
> His Excellency ANATOLY DOBRYNIN,
> *Ambassador, Union of Soviet Socialist Republics, Washington, D.C.*
>
> DEAR MR. AMBASSADOR: October 4th will mark the 40th anniversary of one of the blackest days mankind has ever known, the outright slaughter of 33,771 Soviet Jews by the Nazis at the ravine near Kiev known as Babi Yar. These Soviet Jews were among more than 100,000 Soviet citizens murdered at Babi Yar before the Nazis were driven from Kiev in 1943. This slaughter is an episode in inhumanity whose memory, no matter how painful, we must keep forever alive so that future generations understand the depths to which man can sink if he does not keep himself ever vigilant.
>
> And yet, despite the need for commemorating such an infamous event, it has been reported that each year Soviet Jews who have attempted to gather at Babi Yar and recite memorial prayers in honor of those who were so brutally slain are prevented by Soviet police from partaking in this simple but important tribute. Purportedly, these Soviet Jews are turned away and some, it has been said, have been arrested and put in prison.
>
> We know that a powerful monument to those massacred at Babi Yar was erected at the site in 1976. And yet, according to the best information we have, nowhere on the memorial is there any mention of the many thousands of Soviet Jews who were among those murdered there. This is especially significant because among the most important traditions of the Jewish people is the remembering and honoring of their dead.
>
> In the name of human rights and mankind, therefore, we the undersigned members of the United States Congress respectfully request that Soviet Jews be permitted to conduct, with freedom and dignity, memorial services in honor of their numbers who were murdered at Babi Yar.
>
> To grant so humble a request would be to help guard against another Babi Yar in the future.
>
> Sincerely,
>
> Robert A. Roe, Les AuCoin, James M. Collins, Henry A. Waxman, Peter Rodino, Patricia Schroeder, Timothy E. Wirth, Don H. Clausen, Walter E. Fauntroy, Don Edwards, James L. Oberstar, James J. Howard, Edwin B. Forsythe, Hamilton Fish Jr., Frank Horton, Norman F. Lent, Claude Pepper, Sidney R. Yates.
>
> Jonathan B. Bingham, Shirley Chisholm, Larry Winn, Jr., Anthony C. Beilenson, Pete Stark, Bill Archer, William M. Brodhead, Tom Corcoran, Millicent Fenwick, Floyd J. Fithian, Clay Shaw, Bill Lowery, Bill Green, Lawrence J. DeNardis, Ron Wyden, Harold C. Hollenbeck, John Edward Porter, Steven J. Solarz, Dan Glickman, Barney Frank, Bobbi Fiedler, William Carney.
>
> Toby Moffett, Don Ritter, Toby Roth, Bruce F. Vento, Thomas J. Downey, Sam B. Hall, Jr., Benjamin A. Gilman, Charles E. Schumer, Sam Gibbons, George Wortley, Bernard Dwyer, John LeBoutillier, Ralph S. Regula, Martin O. Sabo, Christopher H. Smith, Marc L. Marks, Martin Frost, John J. La-

Falce, William D. Ford, Joseph G. Minish.

Ed Weber, Guy V. Molinari, Don Bailey, Dan Lungren, Nicholas Mavroules, Mike Lowry, William Lehman, Gerald B. H. Solomon, Glenn M. Anderson, Frank Guarini, Tom Harkin, Berkley Bedell, Bob Edgar, James Scheuer, Vic Fazio, Charles F. Dougherty, Edward J. Markey, Buddy Roemer, Don Bonker, Raymond McGrath.

Clement J. Zablocki, Robert T. Matsui, Tom Lantos, Jack Kemp, Mary Rose Oakar, Dale E. Kildee, James J. Blanchard, Michael D. Barnes, William J. Hughes, Thomas Foglietta.

Mr. Speaker, it is my fervent hope that all of us, regardless of race, creed, color, ethnic background, or religious affiliation will always remember this terrible event and other events like them, for we most certainly know that those who forget the past are doomed to repeat it. Thank you.●

MASSPORT: THE SMALL BUSINESS EXPORT PROGRAM

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. MOAKLEY. Mr. Speaker, the Massachusetts Port Authority (Massport) has been running a highly successful small business export business program which places New England firms into world trading market permanently. The recent issue of the Department of Commerce publication "Business America" focuses in on the notable story of the Massport program. I take this opportunity to share this article with my colleagues:

MASSPORT: THE SMALL BUSINESS EXPORT PROGRAM

The Small Business Export Program of the Massachusetts Port Authority (Massport) is attracting nationwide attention. Its success during the past four years in helping small New England manufacturers break into international markets has prompted many inquiries. States, port authorities and other groups from all over the United States are asking Massport for its formula.

A staff of three in Boston and three in Antwerp, Belgium, teaches small New England manufacturers about the intricate, often intimidating, details of selling overseas. They arrange week-long trade missions to Europe, so the manufacturers can make contacts. The staff supports them every step of the way, scheduling business appointments in advance, obtaining translators, making hotel and travel arrangements and helping to convert currencies. Participating firms pick up their own tabs but receive Massport's assistance free.

Kathleen F. Hagan, program director in Boston, says that although other U.S. ports conduct trade promotion programs, Massport is the first to zero in on small businesses that do not export and to offer individualized, guided assistance straight to the door of foreign buyers.

In carrying out these functions, Massport works closely with the Small Business Association of New England (SBANE), a trade association for New England firms with 500 or fewer employees. The two organizations maintain what Miss Hagan describes as a "dynamic relationship—an open marriage."

Massport, an agency of the Commonwealth of Massachusetts, runs the export program on an annual budget of $100,000, but Miss Hagan says the port incurs indirect costs that make the expense somewhat higher. The return on this investment is expected to be a boost to the New England economy and to increase cargo revenues for the port over the years.

Since the program began in 1977, 42 companies have taken part in seven trade missions to Europe. They have sold more than $5 million worth of products and signed 23 foreign distributors. Nineteen European companies have sent representatives to the United States for further negotiations.

In recognition of these achievements, Massport received the President's "E" Award for Excellence in Export Service last January. At the award ceremony, Francis J. O'Connor, Director of the Boston District Office of the U.S. Department of Commerce, said that the Massport staff interacts regularly with Commerce specialists.

The Massport program accepts only firms that do little or no exporting. The typical participant has been in business in New England for 28 years, employs 55 people and has annual revenues of $1.9 million.

Massport is very careful in selecting participants. Before taking a firm on a trade mission, the staff must satisfy themselves that its products have a good overseas sales potential and that the firm is in sound enough condition to take on the added responsibilities of exporting. The staff must also be convinced that the management truly desires to export and has the ability to do so. Even then, Massport will not accept a firm unless it feels certain that exporting will improve its profitability on a permanent basis. Massport received applications for 200 firms for its trade mission last November, and it winnowed them down to six.

Aware that small firms are often financially pinched, Massport provides interest-free loans to help cover travel expenses. The loans can amount to one-half of the economy round-trip air fare plus $100 per diem during the trade mission and $200 per trip for such services as secretaries and interpreters.

On a typical trade mission, the participants fly on Friday to London. They are allowed to rest much of Saturday to help them recover from jet lag. On Saturday night and Sunday morning they attend briefings. On Sunday afternoon, they go their separate ways to keep business appointments in several European countries. They return to London on Friday night for a debriefing. On Saturday they fly home.

The Massport staff is on the scene throughout to make sure everything goes like clockwork.

"They spoonfed me through the 'get feet wet' stage," says Jack Rennie, who went on Massport's first trade mission to West Germany in 1977. He is the president of Pacer Systems, Inc., of Burlington, Mass., which makes flight simulators and airspeed equipment.

The trade mission taught Rennie that "there are lots of people to help with the details of exporting, such as freight forwarders and the Commerce Department . . . Now I know how to put together a team of people to help me."

Rennie now has an "organized" export campaign, and is looking beyond Europe to South America, India and Malaysia.

John Hegarty of Cohasset Colonials, Cohasset, Mass., made his Massport trip to Europe only last June. His 27-employee company makes antique furniture kits that buyers can assemble into authentic reproductions of Colonial era furniture.

Massport's interest-free loan for trip expenses was an inducement for Hegarty to participate, because "financing is always a problem. Without Massport, he doubts that he could have accomplished so much—certainly not for the money. "If I had made the trip on my own, it would have taken me eight or more times as much time and cost me ten times as much money," he estimates.

"I never worked harder—11 business appointments in six countries," he recalls. "The trip was very compressed, but I was never late for an appointment."

As a result of the trip, Hegarty is now talking with good sales prospects in Denmark, France, England, Belgium and Holland. Even now, he is getting follow-up counseling from Massport, which recently helped him confirm a shipping date for a sale in France.

Alvin Stallman, president of Pak Foam Products of Pawtucket, R.I., kept a dozen business appointments in eight European countries in seven days on a Massport trade mission in 1979. His company manufactures gear for backpacking, camping, mountaineering and bicycling. He credits the trip with "opening up my eyes to the advantages and opportunities in exporting."

However, he regards his second trip to Europe as more effective. He obtained a booth at the International Sports Equipment Fair in Munich, Germany, in 1980, under the sponsorship of the New England Regional Commission; he plans a return engagement at that exhibition this fall.

Stallman has located distributors in France, Holland, Austria and Germany. When he has solidified his position in the European market, he intends to look to the Far East.

John Laundon, president of Abbott's Seafoods of Noank, Conn., says there is no way a 15-employee company like his could, on its own, pay for the introduction to the European market it received on a Massport trade mission a year ago. The firm cans clam chowder, clam fritters, lobster bisque and other seafood products.

Massport helped Laundon establish that there is a "wide open" market overseas for his New England seafood products. He believes that advance groundwork such as distributing samples in Europe and introductions by telephone assured the success of his trip. Laundon is now following up on sales contacts made in France, Belgium and England.

"Before this is over, exports will be a significant part of our business," Laundon predicts. In October, Abbott's will take part in a special seafood trade mission to Cologne, Germany, organized by Massport. Along with companies from the Boston Fish Pier and other New England seafood firms, it will display its products at ANUGA '81, the World Food Market exhibition.

Tod H. Schweizer, president of Traditional Management Company, Inc., of Hanover, N.H., estimates that he received the benefit of "tens of thousands of dollars" in market research alone from participating in Massport's trade mission in November 1980. The research indicated that a market existed in

Europe for his firm's pre-cut log housing and post and beam housing.

Massport arranged 12 appointments for Schweizer in Belgium, France, Germany, Austria and England. Five months later his business partner revisited four of those contacts in a follow-up trip.

Schweizer is particularly optimistic about sales in France. He has printed a brochure in French with attractive outside and inside pictures of his log homes.

Our reason for the rapport between these companies and the Massport staff, in Kathleen Hagen's view, is that "we are firmly rooted in the private sector. We are perceived as an independent agency."

Massport's export program resulted from a request by the Smaller Business Association of New England for the Port Authority to devise a program to benefit the small businesses of New England. In its first year (1977), the program was open only to Massachusetts companies; it was expanded in the fall of 1978 to include firms throughout the six New England states.

So far, all of Massport's trade missions have gone to Europe. The staff hopes to send a mission soon to Singapore, which it considers an entry point for all of Southeast Asia.

Massport provides a variety of other export services in addition to its trade missions. It helps individual firms find answers to such questions as "How do I find a freight forwarder?" or "How do I do business in Eastern Europe? It recently published a handbook on "How to Export." It distributes trade leads and information about international trade fairs, helps chambers of commerce and other business groups with export seminars, and conducts seminars of its own; it held one in June on "How to export services."●

A TRIBUTE TO THE STATE OF HAWAII

HON. DANIEL K. AKAKA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. AKAKA. Mr. Speaker, this year the World Trade Club will honor the State of Hawaii during its international nights program. This is a singular honor for Hawaii since the World Trade Club traditionally only honors foreign countries.

Countries are selected by the World Trade Club for their importance to the United States, specifically to northern California in the areas of trade and commerce. There can be no doubt that Hawaii plays an important role in trade in the Pacific from the Orient to the coast of California. The crossroads of the Pacific is an apt description of the role Hawaii plays in world trade. I am proud to have Hawaii recognized for its contribution to world trade by the World Trade Club.●

SACRED HEART CHURCH'S FIRST 100 YEARS

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. VENTO. Mr. Speaker, this weekend Sacred Heart Catholic Church in St. Paul, Minn., celebrates its first 100-year anniversary. It is a genuine example of the important role that churches and their parishioners have played in the development of our communities and our country.

Sacred Heart Church stands—like an impressive, inspirational monument—on a high bank in the Dayton's Bluff neighborhood on St. Paul's East Side. It is really appropriate that this magnificent edifice dominates the entire skyline for, since it was founded in 1881, Sacred Heart has been a strong spiritual and moral leader in the community.

The church was built a century ago to meet the needs of the large population of German immigrants who had fled the religious persecution in their homeland and settled in St. Paul. Recognizing the unique needs of its parishioners, the Archdiocese of St. Paul requested that the Franciscan Friars assume the pastoral duties at Sacred Heart. The Franciscans have nobly carried out this responsibility since 1909.

With the growth of the East Side-Dayton's Bluff community, it became apparent that a new, larger church was needed. It was because of the support and generosity of the parishioners that the Franciscans were able to build the new church.

Education has always been an important priority for the parishioners of Sacred Heart. Sacred Heart School was built in 1925 and in 1960, an addition was constructed. I grew up in the East Side neighborhood and I have many fond memories of Sacred Heart School. As a teenager, I spent many weekends in the gymnasium for the weekly Sacred Heart roller skating parties. Later on I worked with Father Charles Strack on community problems.

Since its inception, Sacred Heart has been under the direction of the School Sisters of Notre Dame. The sisters have been responsible for instilling the highest standards of academic and spiritual excellence in all Sacred Heart students.

As it begins its second century, Sacred Heart Church continues to play a vital role in strengthening the families who live in the local community. The Christian Youth Center, under the direction of Brother Benedict Baer, has been extremely active in its work with teenagers and young men and women. The senior citizen organization provides spiritual and social activities to meet the special needs of the parish's oldest members. Church volunteers also assist at the Wicklough Center for the mentally handicapped, and the church's community leadership is further exemplified by its service and support for the patients and staff at nearby St. John's Hospital.

Since the German immigrants first founded Sacred Heart Church, it has served its parishioners and the local community well. This first 100 years are filled with a long list of notable achievements and contributions to the entire city. Under the direction of Father Gieson, Sacred Heart Church is entering a new era. I wish the parishioners of Sacred Heart well and I am certain that they will carry on their work in the same rich and full tradition.●

AGENT ORANGE CLARIFICATION

HON. JIM DUNN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. DUNN. Mr. Speaker, as a member of the Subcommittee on Hospitals and Health Care of the House Veterans' Affairs Committee, I would like to further explain recent announcements concerning agent orange.

Yesterday, Health and Human Services Secretary Richard S. Schweiker announced that the administration's Agent Orange Working Group had received significant new data about emergency aerial dumpings of herbicides that could help scientists determine the possible long-range health effects of the defoliant agent orange on Vietnam veterans.

Upon hearing this announcement, I immediately contacted both the Veterans' Affairs Committee and the Air Force officer who designed the ranch-hand study—an ongoing study that is clearing out Defense records on defoliant sprayings in Vietnam.

I have learned that while some of Secretary Schweiker's statement was old news, he did indeed present us with some new information.

It is a fact that on September 16, 1980, Maj. Alvin Young, the Air Force officer who designed the ranch-hand study, testified before the Medical Facilities and Benefits Subcommittee of the House Veterans' Affairs Committee that a number of herbicide missions had been jettisoned, forcing the dumping of thousands of gallons of herbicide. The text of that conversation betwen Major Young and Congressman DASCHLE follows:

Mr. DASCHLE. Major Young, in going through your reports of the history of the use of this, did you have any records where the herbicide was dumped at a time when perhaps they were under attack or had to flee a given area? Was the 1,000 gallons ever dumped on a given area?

Major Young. Indeed, any time that the crew found that it was necessary because of any number of circumstances, but usually the aircraft was in danger of crashing, they then would jettison the tank. Jettison the herbicide not the tank itself. They would have to file a report and those reports are available. They have been maintained. We have them on microfiche so we know how many times the herbicide was jettisoned due to complications in flying and we know approximately where. Many times it took place outside of Da Nang and was actually dumped in the ocean. I think it occurred on about 11 occasions.

Mr. Daschle. Do you know what the total number of jettisoned incidences was during this period of time?

Major Young. That can be provided. I believe the figure is 21, but I am not absolutely certain.

Mr. Daschle. Twenty-one cases were——

Major Young. Yes.

Mr. Daschle. The 1,000 gallon tank or parts of it thereof were actually dumped.

Major Young. It took 20 seconds to jettison the entire load.

Mr. Daschle. Twenty seconds.

Major Young. Yes.

Mr. Daschle. And so that jettison material fell over an area the size of what? Could it be said that it falls pretty directly below the aircraft so most likely that would have fallen in a very concentrated form on a given area?

Major Young. Exactly. It would just be like pouring it out of a bucket.

Mr. Daschle. You poured it out of a bucket.

Major Young. The hose was 6 inches in diameter. You can imagine how quickly it poured out?

I called Major Young yesterday for further clarification. According to Major Young, as a result of recent data comparison with the HERBS tape, a record of the missions of herbicide sprayings in Vietnam from 1965 to 1971, Air Force personnel working at the Veterans' Administration have been able to determine that there were 90 aborted herbicide missions during those years and that 41 of those missions involved agent orange. Major Young also explained that several of those missions were aborted near two ranch-hand bases—the bases from which the herbicide operations were run—Bienho and Da Nang. This means that thousands of gallons of herbicide spray was dumped near areas populated with American soldiers.

Prior to yesterday's announcements, it was not known whether aborted herbicide missions had occurred near areas populated with American soldiers.

The significance of this information is that the Veterans' Administration may now be able to define a population of Vietnam veterans who were verifiably near agent orange dumpings. This in turn will help scientists determine the possible long-range health effects of the defoliant on Vietnam veterans.

The personnel conducting the ranch-hand study are now in the process of verifying the time of the release of the aborted missions, the altitude and the speed of the aircraft in order to determine what populations in the area at the time of the aborts might have been affected.

It is imperative that Congress continue to press for the facts in this matter. As a member of the House Veterans' Affairs Committee, I intend to pursue this matter vigorously. The manner in which this problem is addressed by our Government will be seen by our servicemen as a test of our commitment to take full responsibility for the health care of our veterans.●

CBS NEWS AND ANGOLA

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. FIELDS. Mr. Speaker, there has recently appeared a number of reports in the media concerning South Africa's incursion into Angola for the purpose of eliminating SWAPO terrorist bases. Having done so, the South African forces pulled out of Angola. The whole exercise was conducted much as Israeli raids into southern Lebanon, and for the same reasons of self-defense.

However, some reports in the press, as well as hysterical speeches in the U.N., have distorted these facts. Also, the statements of U.S. Ambassador Kirkpatrick have been distorted.

Mr. Speaker, for the benefit of my colleagues, I am pleased to place in the Record a commentary on these recent events, written by William F. Buckley, Jr.

As Mr. Buckley points out, to represent defensive actions against communist terrorists as proracist is a disservice to all Americans, white and black:

CBS News and Angola

(By Wm. F. Buckley, Jr.)

New York, September 9.—If you desired, Thursday last, to take your news from evening television, and relied on CBS, you would have come upon the story of the South African incursion into Angola as follows.

Dan Rather: "South Africa's incursion into Angola evoked condemnations from governments around the world—with one major exception. The only vote supporting South Africa's right to participate in the discussion on the future of the territory of Namibia [was the United States']. . . . Its lone support for the South Africans has evoked some comments."

(Camera to Julian Bond, black activist in Atlanta.)

Bond: "This nation is a blot on the conscience of the world. For the United States to be in alliance with it lowers us to a level that no President previously has ever done."

(Camera to Andrew Young, former U.S. Ambassador to the UN, now running for mayor of Atlanta.)

Young: "[The action by the United States] will cost American corporations billions as black Africans take their business elsewhere. Supporting racist South Africa in Angola [we are] thereby sanctioning the slaughter of blacks by 4.5 million whites in a continent of 450 million blacks."

(Camera to Donald McHenry, former U.S. Ambassador to the UN.)

McHenry: "The U.S. risks being identified as a country which will do nothing unless we are opposing the Cubans and the Soviets. If the devil were to scream that he is being attacked by the Cubans and the Soviets . . . we would go to the help of the devil.

(Camera to an assistant to Dan Rather.)

Assistant: "Black leaders are planning to express protest. . . . If South Africa is permitted to invade Angola without any protest, who is to say that Zimbabwe won't be next."

Had enough? There is no way in which that question can be negatively answered—because there is no more. I mean, that is CBS's entire treatment of the entire incident. Three black leaders telling us that South Africa is a racist country, and that the United States, by voting for South Africa, is derivatively pro-racist.

What, then, was the story all about?

In 1975 the Cubans, directed by the Soviet Union, landed a detachment of troops in Angola. Their goal was, of course, to Communize Angola. To take advantage of (a) the departure of the Portuguese, and (b) the confusion in Washington over the loss of Saigon, to do to Angola what the Communists were simultaneously doing to Mozambique, and would later do to Ethiopia. I.e., establish Communist dictatorships aimed at bringing convulsion to non-Communist African states.

The United States was enjoined by such as Senators Church, Cooper, and Javits from resisting the colonization of Angola by Cuba. However, anti-totalitarian forces, notably championed by Jonas Savimbi, have ever since continued to resist the central Communist tyranny.

South Africa, which has been running Namibia (South West Africa) ever since World War I, notwithstanding that the old mandate has been revoked by the United Nations, is unwilling to turn Namibia over to the South West African People's Organization (SWAPO), because this movement, quite simply put, is an arm of the Soviet Union. SWAPO has engaged in concerted acts of terrorism against Namibia from its guerrilla bases in Angola. The South Africans announced that this must end, and struck the guerrilla bases in Angola; and, having struck them, pulled out.

The United Nations, led by such exemplars of freedom and justice as the Soviet Union and China, drew up a resolution condemning South Africa and a second resolution banning South Africa from participating in any of the conferences that would determine the future of Namibia. With the exception of Great Britain, which abstained, other countries took what one must these days call the "Mitterrand line."

The United States, through Ambassador Kirkpatrick and Charles Lichenstein, voted No, with a carefully worded statement which said a) we don't approve of violence; b) we don't approve of apartheid; but c) this isn't pure and simple a case of South Africa attacking a peaceful Angola, but one of a series of violent actions and counteractions, precipitated by Angola; and d) the issue before the UN is the action against Angola, not the domestic policies of South Africans, as to which the U.S. is fully on record. And finally, e) there would not seem to be much point in discussing the future of Namibia, which is governed by South Africa, without the participation in those discussions of South Africa.

This is a complicated world, but it really isn't so complicated that CBS News should leave us feeling that we would get a clearer account of what is going on by reading comic strips than by listening to three U.S. black leaders who find nothing to criticize in the Cuban totalitarianization of Angola, and who seek to frighten us into good behavior by the awful specter of a black Africa boycott of American industry.●

FARM BILL

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. ROTH. Mr. Speaker, I am alarmed at the Senate's action on the farm bill. Shortly, my colleagues will be called upon to debate the merits of legislation which decimates the dairy price support program and protects tobacco and sugar subsidies.

Mike Austin, a man who is uniquely qualified and follows farm issues daily from Green Bay, Wis., summed up dairy farmers' concerns this way:

> The dairy price support program was established to provide a reliable market for consumers, not dairy farmers. The farmer can live with 70 to 90 percent parity; what bothers him is the wide discretionary authority of the Secretary of Agriculture to eliminate yearly adjustments in the Senate's farm legislation.

Mr. Austin went on to say:

> Projections for 1982 and 1983 indicate that Government dairy surplus purchases will exceed the $750 million limit imposed in the Senate's farm bill, and that accordingly, the Secretary of Agriculture will be empowered to eliminate adjustments for those years. The effects on the dairy farmer will be disastrous. Dairy farmers' incomes will be frozen for 4 years while costs of production are conservatively estimated to rise from 15 to 20 percent.

I hope that my colleagues reject the arbitrary provisions in the Senate's plan for dairy price supports. Can we in good conscience freeze dairy farmers' incomes for 4 years and continue the gratuitous support of tobacco subsidies?

I urge my colleagues to reject this regressive legislation and subject all commodity support programs to the same test of fairness and commonsense when considering the Food and Agriculture Act of 1981.●

DIVISION OF THE FIFTH CIRCUIT COURT OF APPEALS

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. RODINO. Mr. Speaker, a year ago we enacted legislation that divided the U.S. Court of Appeals for the Fifth Circuit into two autonomous circuits. That division will take place formally on October 1.

On September 30 and October 1 there will be ceremonies in New Orleans marking the closing of the old fifth and the opening of the new one, which consists of Mississippi, Louisiana, Texas, and the Canal Zone. Ceremonies in Atlanta on October 2 will celebrate the opening of the new 11th circuit, which comprises Alabama, Florida, and Georgia.

This formal division of the unwieldy fifth circuit into two smaller courts of workable size is a historical occasion for these six States of the South, the Southeast, and the Southwest and their 40 million residents. It is the result of 10 years' work by judges of the court, Members of Congress, and private citizens.

As you will recall, Mr. Speaker, many of us for years were wary of splitting the fifth circuit, which has been a bastion for civil and constitutional rights to which the oppressed have looked for justice. It has been described as—

> The best Federal court of appeals on the civil rights issues in the Nation * * *.

We hesitated to divide the circuit, even though we were fully aware of the serious problems of effectively administering justice in a court that included 26 active judges and stretched from El Paso, Tex., to Miami, Fla.—the largest appellate court in our history.

We were cautious because we feared that dividing the circuit could create an imbalance that might prevent the continuation of civil rights advancement through our judicial system.

In the course of our hearings last year, my reservations about dividing the circuit were allayed, and I became convinced that division along the lines we wrote into law would in no way diminish the cause of equal justice in these States. In fact, a convincing case was made that, with 26 judges rendering more than 2,000 written opinions a year, there could be an adverse effect on the quality of justice in civil rights cases.

The direction that some in government appear to be taking on issues involving individual rights and liberties demands that we have Federal courts that continue to hold out the promise of equality and justice for all Americans. There can be no retreat from full judicial protection for those who have suffered the ignominy of discrimination in schools, in housing, in employment, and in other aspects of their lives.

I am confident that these two new circuits will improve the administration of justice in these States, that they will benefit all citizens and that they will continue the traditions of the old fifth circuit, and, divided, become two citadels of civil rights for the Nation.●

NOTICE OF HEARING

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. BLANCHARD. Mr. Speaker, the House Subcommittee on Economic Stabilization will conduct a hearing at 10:30 a.m., Thursday, October 1, in room 2128, Rayburn House Office Building, on the proposed $1.1 billion loan guarantee for the Colony shale project in Colorado. At that time, we will ask the Department of Energy and the Department of Defense for their comments on a recent GAO review of the project contract.

This hearing was originally scheduled for Monday afternoon, September 28, but is being changed to permit the attendance of more Members.●

TRIBUTE TO LEONARD W. BROCK

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. ANDERSON. Mr. Speaker, this September 30, Leonard W. "Lenny" Brock, the director of oil properties for the city of Long Beach and a friend of mine for many years, will be honored by the California Independent Refiner's Association on the occasion of his retirement. The 59-year-old Brock has spent his entire career, apart from 3 years in the Navy, in the petroleum industry. In 1949, Lenny graduated from the University of Southern California, where he earned a B.E. in petroleum engineering. During the 3 succeeding years, he worked as a trainee with the petroleum engineer for the Long Beach Oil Development Co. In 1952, Lenny left the Long Beach area and went overseas to work as a drilling engineer for the International Petroleum Co. in Branquila, Colombia. After a year in Colombia, Lenny Brock realized how much he missed southern California, and he returned to Long Beach to work in the Wilmington oilfield. Here, as the project engineer for the first pilot water flood in the Wilmington field, he authored the "Brock Subsidence Report", which was the most conclusive proof that compaction in the oil zones caused surface subsidence that eventually reached 29 feet in areas of Wilmington and Long Beach.

As a member of the California State Land Commission for 8 years, 1959-67, and as chairman of the commission for several years, I can attest firsthand to the leadership Lenny has shown during these crucial years. The California State Land Commission and the city of Long Beach worked closely together in developing what has proved to be a most successful program.

In 1962, Lenny became petroleum adviser to the city of Long Beach. During this period he expanded the potential of the east Wilmington field and encouraged the referendum that ended the city's ban on offshore drilling.

As result of his demonstrated abilities, Brock was appointed director of the Department of Oil Properties by the city of Long Beach in 1965. Under his guidance, contractors built Long Beach's offshore drilling islands and commenced a water-injection program that brought subsidence under control. During his 16-year directorship, which extended from 1965 to the present, the city of Long Beach received $169,000,000 and the State of California $722,000,000 from the oil properties operated under his supervision. During this same time an active exploration program led to the drilling of 810 new wells. More recently, Lenny Brock has been a leader in developing and testing new methods of tertiary recovery. These developments have the potential of recovering many millions of barrels of oil from wells throughout our Nation that are no longer producing by customary recovery techniques.

Throughout his career, Leonard Brock has been active in numerous professional societies. He is, or has served as a director of the following organizations: Independent Petroleum Association of America, California Independent Producers Association, West Coast Division American Petroleum Institute, Society of Petroleum Engineers, Independent Oil and Gas Association, member of the Federal Energy Administration's Petroleum and Natural Gas Exploration, Development and Production Advisory Committee, advisory committee to the California Conservation Committee, and committee member to Interstate Compact Commission.

My wife, Lee, joins me in wishing the very best in the years ahead for Leonard Brock, his wife Marilyn, and their children Michael, Steve, and Luanne.●

DO NOT BLAME WALL STREET FOR REAGAN'S PROBLEMS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. LaFALCE. Mr. Speaker, it has often been said that, "in hindsight, everyone has 20/20 vision." And now that the tax cut bill, which James R. Schlesinger has dubbed "the singlemost irresponsible fiscal action of modern times," has been signed into law for some weeks, many noted economists and commentators have theories on who is to blame for bringing to bear upon the country the staggering deficits which are likely to result.

The President blames Wall Street for not getting behind his economic recovery package. Wall Street responds: "Nothing personal, mind you, but the President's income and outlay numbers just don't add up to any kind of a figure which instills confidence in the financial markets." Hobart Rowen has articulated, rather succinctly, that this frantic search for a scapegoat is rather ironic. Indeed, if it were not for the suffering which the impending Federal deficits will cause, the specter of the administration and Wall Street trading barbs over who is to blame for the resulting mess would almost have a touch of humor.

Perhaps if some of the Members of the Congress read Mr. Rowen's editorial they may find the responsibility lying closer to home than they had thought—or wanted to believe.

Mr. Rowen's column, reprinted from the September 17, 1981, Washington Post, follows:

DON'T BLAME WALL STREET FOR REAGAN'S PROBLEMS

Returning home after a couple of weeks in Japan, and reading the newspapers and newsmagazines, I am struck by two facts. First, the political pundits have discovered the economy and the importance of economic issues. Second, some of them join the Reagan administration in accusing Wall Street of "nonsupport" of Reaganomics.

My colleague, David S. Broder, for example, is concerned "to see the big wheels of Wall Street so callously scuttling the very program that American business, in a literally unprecedented fashion, had pressured Congress to pass just a few weeks ago."

In looking for scapegoats (apart from the While House and its ideologues) for the present mess, congressional Democrats would be a much more logical target than Wall Street. The Democrats, mesmerized by the president's political charisma, played a me-too game on Capitol Hill. In fact, Democrats on the House side bid up the ante on the tax bill enough to make the final legislation even more inflationary than the original Republican proposals.

It is true, as Broder says, that businessmen supported Reagan's budget-cutting as well as personal and business tax-rate proposals. But businessmen, in or out of Wall Street, never were seduced, as was the Reagan administration, by the supposed magic of supply-side economics that could translate huge Treasury tax losses into Treasury revenue gains. Even if the process took time, the supply-siders told Reagan, the intervening budget deficits didn't really matter. Businessmen didn't buy that notion, either.

Reagan's monetarists also assured him that the deficits wouldn't be inflationary so long as the Federal Reserve didn't "monetize" the debt—that is, print money to cover the deficits. But in the real world, deficits do matter: The government is forced to borrow huge amounts of money, and the American economy doesn't generate enough savings to supply all of the demands for credit from the government and the private sector together.

What happens, of course, is that the people with money to lend insist on—and get—a higher rate of interest. And those who borrow have a choice: pay the rate or go without.

That's the way a market economy works, and it's interesting—to say the least—to find an administration like Reagan's, theoretically committed to the free-enterprise system, grumbling at the market's response to its policies.

A review of the facts will show that, from the very beginning, respected Wall Street analysts, notably Henry Kaufman of Salomon Bros, and Albert Wojnilower of the First Boston Corp., warned that the arithmetic of Reaganomics didn't add up, and no act of faith, for which the president had begged in his April 28 speech to Congress, could change the numbers.

How could you cut taxes $732 billion over a four-year cycle and come up with a balanced budget? they said. How could you brag about cutting civilian expenditures $40 billion this year at the same time you were making a $1.5 trillion commitment for defense by the year 1986? How could you stimulate economic growth when a stringent monetary policy would depress business activity?

Now the predictions made by Kaufman, Wojnilower and others are turning out to be highly accurate, we have a classic situation in which the messenger boy—in this case, Wall Street—is being chastised for the message conveyed on the ticker tape showing sharp declines in stock and bond prices. But jawboning Wall Street to be more supportive isn't going to work. Brokers and their customers still know how to add and subtract. Says Edgar Fiedler, vice president for research of The Conference Board, an association of industrialists in New York: "Seeing is believing—behavior has to change."

Unhappily, the genie may be out of the bottle on tax cuts, but the president still has a chance to reduce the outlandish size of the defense commitment, and to make other budget cuts as well. The pending $13 billion reductions (in proposed increases) in defense spending announced last weekend aren't enough.

If there is a hopeful sign in a dismal picture, it is that Reagan may be beginning to recognize that he was sold a bill of goods by fanatics who told him that rose-colored expectations are a substitute for reality.

To me, the big mystery is not Wall Street's highly rational lack of confidence in Reagan, but why the Democrats continue to sidestep a golden opportunity to jump all over Reagan and Reaganomics. Where are Teddy Kennedy, John Glenn, Gary Hart, Jimmy Carter, Fritz Mondale, Hugh Carey, Jerry Brown, or any other Democrats with pretensions to high national office?

There appears, still, to be no Democratic alternative to Reaganomics. By default, the only effective political criticism I hear comes from the AFL-CIO.●

PERSONAL EXPLANATION

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. HOYER. Mr. Speaker, I was not able to be present yesterday during House proceedings on H.R. 4, the Intelligence Agencies Protection Act. I would have supported the bill in the form reported by the Permanent Select Committee on Intelligence, because I think it is vitally important to the security of our country to protect the lives of the men and women who gather intelligence information. The committee did a good job in drafting a bill on a difficult subject, and displayed sensitivity to the important civil liberties concerns raised by the legislation. It was a balanced product, and, in my view, served the public interest.

However, I could not support the bill after the adoption by the House of the amendment offered by the gentleman from Ohio (Mr. ASHBROOK). I was paired against the Ashbrook amendment, House rollcall No. 217, and had I been present I would have voted "no." Since the Ashbrook amendment was adopted by a vote of 226 to 181, I would have also been forced to vote "no" on final passage of the bill, rollcall No. 219. The Ashbrook amendment recklessly expanded the scope of the penalties in the bill and would potentially penalize the press and others who have no intention of endangering the lives of intelligence operatives. The entire bill could be ruled unconstitutional by the courts because of this defect, and the majority of the House has moved onto dangerous ground by so thoughtlessly overturning the careful work by the gentleman from Massachusetts (Mr. BOLAND) and others who have spent years examining the ramifications of this delicate subject.

Mr. Speaker, I would hope that a good bill could be resurrected in the Senate and/or in conference. If it is, I would be pleased to support it.●

INDUSTRY PRESS ENDORSES REFORM OF ORANGE MARKETING ORDER

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. MILLER of California. Mr. Speaker, the major journal of the California fruit industry, the Packer, has recently editorialized in favor of the elimination of the "pro rate," or volume control, in the navel orange industry. Under marketing order 907, a small number of powerful growers have been unwisely given the authority to order their competitors and all growers to restrict the flow of perfectly edible and marketable produce to the fresh market.

The pro rate does not serve grower, packer, or consumer. I have introduced H.R. 3022, which would modify the current marketing order process to assure that consumers are better represented on that board which makes decisions under order No. 907. In addition, however, the right to order the withholding of perfectly good food against the wishes of growers should be prohibited, as it is in the case of most other marketing orders.

The General Accounting Office recently completed a review of the 1980-81 navel orange season and the impact of the marketing order, and the results of that survey further support the need to reform the marketing order program. While GAO did not find that food was actually destroyed, it did conclude:

First, the Navel Orange Administrative Committee is not representative of the diversity of views within the industry, and does not provide the public with an effective voice in marketing decisions which affect consumers;

Second, nearly half of the crop was barred from the fresh market by order of the NOAC. Over 80,000 tons were fed to cattle, and most of the rest went to processed products, the manufacture of which is controlled by the same powerful special interest which unfairly dominates the NOAC, Sunkist;

Third, most of the oranges which were kept off the market were grown with federally supplied, taxpayer subsidized water. So now we have a situation in which subsidized products are used to deliver subsidized water to subsidized land to grow crops, which are then kept off the market by a cabal of growers in order to force up consumer prices. And we are called upon to preserve that ludicrous system in the name of free enterprise.

It should be noted that growers receive minimal compensation, if anything, for that portion of their crop which is kept out of the fresh market. They receive little for the cattle feed, and only $30-$35 a ton for process, about their cost of picking and shipping. Naturally, under those circumstances, many good oranges are never even picked, and are left to rot in the orchards. By contrast the very same oranges are worth $225 or more per ton on the fresh market.

Mr. Speaker, this is a program which has grown far beyond its original intention, which benefits the few at the expense of the many, which undermines efficiency and initiative by subsidizing inefficiency. Before we become too emotional about the claims of supporters of the marketing order that the system preserves small farmers, let us recall that these are the same spokesmen who have denounced and are attempting to undermine the Federal reclamation program on the ground that small farming cannot be preserved through Government action. I believe small farming is desirable and can survive, and that it can thrive without the market manipulations imposed by the pro rate.

The Packer has spoken forcefully on this subject, and I want to share those views with my colleagues. While I know that no one challenges my own strong support for California agriculture, the Packer has even a stronger reputation for advocating what is in the best interest of the agriculture community and the American consumer.

The Reagan administration is currently conducting several reviews of the marketing order program. At a recent hearing in Exeter, Calif., numerous witnesses documented the abuses and unfairness of the present system, moving a high ranking Department of Agriculture official to advocate changes in the order.

Lastly, I want to note that a referendum on order 907 will be held in October. I would imagine that the vote in support of retaining the order will be overwhelming. Even the major opponents of the pro rate will, in all likelihood, vote to retain the order. Their objection, and mine, is not to the order but to select abuses within the order. No one should interpret a vote in favor of keeping order 907 as a vote in favor of its shortcomings.

The recent editorial in the Packer offers thoughtful observations on the pro rate and the need for reform of the marketing order. I want to share it with you in hopes that it will accelerate efforts within the administration and Congress to eliminate this archaic abuse, the pro rate.

[From the Packer, Aug. 22, 1981]

PRORATE SHOULD BE ABOLISHED

A month has passed since California-Arizona citrus growers and handlers presented their statements for and against Marketing Order 907 before a U.S. Department of Agriculture-Agricultural Marketing Service hearing in Exeter, Calif.

The Navel orange marketing order has drawn increasing criticism in recent years from growers and shippers who believe the prorate or volume-control provisions of the federal marketing order infringe upon their right to compete without federal restrictions in the free-enterprise system.

Proponents of the order have argued vociferously that absence of volume controls would be disastrous, because it is not possible for a citrus grower simply to expand and contract with the laws of supply and demand. Growers could not continue to provide citrus in the marketplace at the steady pace and price currently enjoyed by the consumer.

Clearly, both sides are looking at the same facts but coming up with different conclusions. The hearings are especially pertinent, in that the new administration currently is scrutinizing the nation's 48 marketing orders covering 33 fruit and vegetable crops. And, it was just announced this week (Aug. 17-22) that the Navel Orange Administrative Committee, Los Angeles, has called for a referendum on whether to sustain the federal Navel orange marketing order.

With good friends on both sides of this hotly contested issue, the easy way out for The Packer would be to ignore editorial comment, or at the very least to straddle the fence and suggest that there is merit on both sides of the issue.

However, The Packer historically has spoken out for free enterprise, and, after much deliberation, we keep coming back to the overriding question that should be before the industry—how to devise a system that does not infringe upon the rights of any grower, packer or shipper to compete in the free-enterprise system.

While the prorate system has some advantages, it just as clearly does not allow an individual grower, packer or shipper to rise above the crowd. And, certainly under the free marketing system, government regulations should not impede the ability of people to compete in the marketplace.

It is important to point out here that The Packer strongly supports the marketing-order system. Marketing orders have enabled growers to join together to promote their product and to maintain high quality standards. In recent years, The Packer vigorously supported the National Potato Council's efforts to get legislation enacted to form the Potato Board, but we also strongly were opposed to volume-control legislation for the potato industry.

For the record, only five orders have provisions for prorate systems that regulate the flow to market. In addition to the California-Arizona Navel and Valencia orange marketing orders, there are the California-Arizona lemon order and the Indian River and Interior grapefruit marketing orders in Florida. In actuality, controls rarely have been used in the Florida marketing orders.

As stated earlier, we believe it is time to abolish the prorate systems as they presently are structured, because they are anticompetitive and therefore inconsistent with the free-enterprise system. We hope the USDA and the citrus growers now will take a long, hard look at changing the provisions of Marketing Order 907 to eliminate volume control. They should adopt quality and promotion regulations much like those that exist in the California tree-fruit industry.

Although birth pangs probably will accompany a system void of prorate, as packers fight for their share of the marketplace, we feel confident that, within a short time, the excellent businessmen who are in the industry will rise to the top, and an orderly marketing system based upon supply and demand will prevail.●

DELAWAREANS SUPPORT BARRIER ISLAND BILL

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. EVANS of Delaware. Mr. Speaker, since I introduced the comprehensive Coastal Barrier Resources Act, H.R. 3252, this spring, I have been gratified at the widespread support it has received through newspaper editorials, letters, and resolutions. I am especially pleased at the great interest and support that has been generated in our Coastal States from Maine to Texas, most of which have barrier islands that would be affected if H.R. 3252 were to be enacted. Because it is important that Members of Congress are aware of public opinion regarding pending bills, I will from time to time bring examples of these many articles, letters, and resolutions to the attention of my colleagues.

The Coastal Barrier Resources Act prohibits most Federal expenditures and financial assistance on storm-prone, undeveloped barrier islands on our Atlantic and Gulf of Mexico coastlines. In an editorial dated April 29, 1981, the Seaford Leader, one of Delaware's fine newspapers, called our Atlantic coastline one of "Delaware's most valuable natural assets". In endorsing H.R. 3252, the Seaford Leader succinctly stated the twin objectives of my legislation:

> The Evans-Chafee bill would eliminate * * * federal funds which * * * encourage development in hazardous coastal areas * * * (and it) would help to preserve what little undeveloped land remains on Delaware and the nation's barrier coast lands.

The Legislature of the State of Delaware has also expressed support for H.R. 3252. A resolution authored by Representative Gwynne Smith and approved by the general assembly on May 28, 1981, described the objectives of H.R. 3252 as follows:

> First, reduce waste associated with many federal programs which encourage unwise development on barrier islands;
>
> Second, help reduce the safety hazard associated with hurricanes and other storms; (and)
>
> Third, help to protect the important natural, historic and cultural resources associated with barrier ecosystems.

Mr. Speaker, in these difficult economic times it is important that we be creative in finding ways to reduce Federal spending. The Coastal Barrier Resources Act will result in significant savings for the U.S taxpayers, and I am very pleased at the support for this legislation which has come from Delaware and other Coastal States.

The full texts of the editorial from the Seaford Leader and the resolution approved by the Delaware General Assembly follow:

[From the Seaford Leader, Apr. 29, 1981]

SAVE OUR SHORELINE

When one takes stock of Delaware's most valuable natural assets, our short but wide and beautiful Atlantic coastline is very near the top of the list along with mild weather and fertile soil.

Like most of America's lands bordering two oceans and the Gulf of Mexico, Delaware's coastline is becoming increasingly heavily developed. Almost all of the Delaware shoreline is upon a coastal barrier similar to parts of the coast of lower New Jersey, Maryland and the Atlantic coast from Virginia to northern Florida.

All of the barrier coastline from Maine to Texas is very vulnerable to storms and erosion. In the early 1960s, a hurricane devastated the entire east coast of the United States, including Delaware, when most of the highway from Cape Henlopen to Fenwick Island was washed away and destruction of seaside homes and business properties was in the millions of dollars.

In more recent years, the state of Delaware has spent large amounts of money combatting the severe beach erosion north of Indian River Inlet caused by winter storms.

This week Delaware's Congressman Tom Evans and U.S. Senator John Chafee of Rhode Island joined together in an effort to preserve our vulnerable coastal barrier lands by introducing the Coastal Barrier Resources Act.

In addition to protecting these erosion and storm-prone lands, the legislation is designed to save taxpayers from $200 to $500 million a year by eliminating federal funds which encourage development of coastal barriers land.

The legislation, if enacted, would protect a strip of approximately a mile of Delaware's coastline north of Bethany Beach to present state owned seashore parkland.

Sea Colony North has been attempting to build a high-rise condominium complex on the site for several years, but work has been held up several times through litigation by interests seeking to block construction.

Under present federal statutes, funds are available for sewer construction, roads and bridges on coastal barrier lands. More importantly, federally subsidized flood insurance in high hazard zones is available and is costing taxpayers $14 million a year.

The Evans-Chafee bill would eliminate these federal funds which not only encourage development in hazardous coastal areas but would help to preserve what little undeveloped land remains on Delaware and the nation's barrier coast lands.

The legislation only covers lands not presently developed.

Congressman Evans said this week that he is not sure if the 135-acre Sea Colony North tract would be covered in his bill. County Administrator Joseph Conaway has called the tract the most valuable undeveloped land in Sussex County.

We heartily support the legislation proposed by Congressman Evans and Senator Chafee and suggest that Delawareans concerned with the preservation of their small but precious coastline urge the state's two Senators Roth and Biden to support the Coastal Barrier Resources Act.

Our Delaware coastline must be saved for future generations to enjoy as we have enjoyed it during our lifetime.

Resolution

Requesting the members of the Delaware Congressional Delegation to support legislation protecting the National Barrier Island System.

Whereas, committees of the Senate of the 96th Congress of the United States reported unanimously for legislation protecting the estimated 300 barrier islands, barrier spits and bay barriers off the Atlantic and gulf coasts; and

Whereas, the favorable action by the committees came too late to permit the Congress to act; and

Whereas, H.R. 3252, directing the Secretary of the Interior to provide for the protection of the nation's barrier islands, has been introduced into the House of Representative of the 97th Congress; and

Whereas, the barrier beaches and islands are part of nature's priceless gifts to our nation, providing momentary respose for migrating birds, favorable habitat for fish and shellfish, and panoramas of beauty through the seasons; and

Whereas, the barrier beaches and islands serve a practical purpose by providing storm protection for our mainland, preventing erosion of our recreational sites, and offering scientific study and education for millions of our citizens; and

Whereas, it is essential considering the fragile and constantly-changing contours of the barrier beaches and islands, often destroyed or physically changed by great storms, that a system be created to protect and preserve them; and

Whereas, H.R. 3252 is designed to accomplish three objectives—(1) reduce waste associated with many federal programs which encourage unwise development on barrier islands; (2) help reduce the safety hazard associated with hurricanes and other storms; (3) help to protect the important natural, historic and cultural resources associated with barrier ecosystems: Now, therefore be it

Resolved, That the House of Representatives of the 131st General Assembly of Delaware, the Senate concurring, requests the members of the Delaware Congressional Delegation to support legislation protecting the national barrier island system; Be it further

Resolved, That, copies of this resolution be sent to the members of the Delegation—U.S. Senator William V. Roth, U.S. Senator Joseph R. Biden, Jr., and U.S. Representative Thomas B. Evans, Jr.●

FRANCIS J. BECKER

HON. GREGORY W. CARMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. CARMAN. Mr. Speaker, on September 4, former Congressman Francis J. Becker died at the age of 82. I wish to thank my colleague from Long Island, Congressman Ray McGrath, for taking a special order on September 17 for this fine man, who devoted a lifetime to the service of Nassau County and his country. It is an honor to give tribute to a man who expressed through his life his love for God, for country, and for family.

His family life, 58 years of marriage, three children, and 21 grandchildren, speak for themselves. His introduction of legislation which allowed American servicemen under NATO command to be tried by Americans demonstrates his concern for those who defend their country, and his own service during World War I provides his personal example of sacrifice. Last, but certainly not least, he strove to return voluntary prayer to the schools. He was one of the first Congressmen to take up this cause, which continues today spurred on by the eloquent words and actions of men such as he.

I want to extend my deepest sympathy to his wife, Claire, his three children, and all his family. I also want to express my hope that they will find comfort from knowing the fine example that Frank Becker set for all of us.●

LUDWIG VON MISES: A CENTENARY

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. FIELDS. Mr. Speaker, there are few things in this world that I dislike more than socialism, including all of its variant forms from Hitler's national socialism to Lenin's Union of Soviet Socialist Republics.

Instead, I have cherished all of my life the ideas and fruits of liberty and voluntarism. Few men have espoused those ideas better than Ludwig von Mises. His contributions are of abiding importance for all Americans, and particularly our youth, in understanding the illusions and dangers of all forms of coercive, centralized planning models.

Mr. Speaker, September 29 is the 100th anniversary of the birth of Ludwig von Mises. I insert in the Record, and recommend to all my colleagues, a birthday tribute written by the noted editor and columnist, Mr. Tom Bethell.

[From the National Review, Sept. 2, 1981]

Ludwig von Mises: A Centenary

(By Tom Bethell)[1]

Ludwig von Mises, the one-hundredth anniversary of whose birth we celebrate on September 29, is a name still only vaguely familiar to a good many U.S. policymakers, journalists, and students of public affairs. Nevertheless he may well have been the greatest twentieth century economist—the leading exponent of the Austrian School founded by Karl Menger and Eugen Böhm von Bawerk (his teachers), and in turn the teacher of Friedrich von Hayek, Eric Voegélin, Fritz Machlup, and Henry Hazlitt, among many.

Born in Lemberg (then a part of the Austro-Hungarian Empire), Mises studied and taught (as an unsalaried lecturer) at the University of Vienna. He then took a position at the Vienna Chamber of Commerce, where he conducted an informal seminar attended by Voegelin and Hayek. "Living through one world war, on the side of the defeated," Hazlitt has written, "frustrated by the intellectual decline in Austria after the war, Mises lived to see the rise of Hitler. Driven from Vienna by the threat of a Nazi takeover, he spent six comparatively happy years as a professor at the Graduate Institute of International Studies at Geneva."

"The spirit of genuine liberalism flourished in this unique institution," Mises later wrote. "But all around us the barbarian flood was rising and we all knew we were fighting with nothing but forlorn hope." On August 2, 1940, Mises and his wife, Margit, arrived in New Jersey. Five years later he was appointed visiting professor at the Graduate School of Business Administration at New York University.

Then began the second prominent seminar in Mises's life, this one lasting until 1969, by which time he was 88 years old. Mises was "often treated as a second-class citizen by the university authorities, remote from prestigious academic centers, and surrounded largely by time-serving uncomprehending majors in accounting or business finance," Murray Rothbard, one of his students, has written. But still, Mises also instructed a younger generation of economists, some of whom are teaching in American universities today.

In 1947, Mises joined the staff of the Foundation for Economic Education (publisher of The Freeman), founded by Leonard Read, and in this decade wrote, among other works, Omnipotent Government, Bureaucracy, and Planned Chaos. His magnum opus, Human Action, was published by Yale University Press in 1949, but its second edition 15 years later was marred by an atrocious array of misprints, omissions, and transposed pages. A respectable edition was later published by Henry Regnery, in 1966.

Von Mises died in New York in 1973, aged 92. His voice, although influential, still seems to be almost inaudible in the babel of aggregates, equilibria, and mathematics that is modern economics. His name is not mentioned in Economics: Private and Public Choice, by Gwartney and Stroup, perhaps the best of the contemporary mainstream textbooks, and is relegated to a single footnote in Paul Samuelson's Economics.

In the course of his Notes and Recollections, written shortly after his arrival in America, von Mises wrote his own somber epitaph—perhaps his most famous passage:

> Occasionally I entertained the hope that my writings would bear practical fruit and show the way for policy. Constantly I have been looking for evidence of a change in ideology. But I have never allowed myself to be deceived. I have come to realize that my theories explain the degeneration of a great civilization; they do not prevent it. I set out to be a reformer, but only became the historian of decline.

All his life Mises reasoned that agreement both materially and morally improved mankind. But the Misesian remedy—voluntary exchange, free prices, limited government—was no match for the terrible plague of socialism that spread across the world in the course of his lifetime. The ideas of liberty and voluntarism that he espoused, ideas that one might imagine would have some appeal for university professors and intellectuals in an age of supposed enlightenment, to this day have remained partially concealed in the shadows of command and coercion—ideas that are far more appealing to the intelligentsia. Why this should be remains perhaps the greatest intellectual conundrum of our era.

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[1] Mr. Bethell is a Washington editor of Harper's and a regular columnist for The American Spectator; he holds the DeWitt Wallace Chair in Communications at the American Enterprise Institute.

The date of von Mises's birth almost bisects the interval between the arrivals on earth of Lenin and Hitler, exponents of variant forms (Marxism and National Socialism) of a totalitarian ideology which has been fanatically expounded, ardently embraced, and murderously enforced in our time. The mild von Mises—courtly gentleman, professor of the old school—was no match for these zealots; his antidote less appealing than their poison.

It is worth reviewing one Misesian contribution because it is of such abiding importance and yet is so little understood. As early as 1920—long before the evidence from the Soviet Union was available—Mises argued that socialism as originally conceived could only work in the most crude, approximate, and inefficient manner. Early Marxists wanted to do away with money entirely and institute a central planning authority which would allocate raw materials to factories, and then allocate the finished goods to consumers—by command rather than by price.

Mises saw that this could never work, because prices incorporate far more information, and more up-to-date information, than can ever possibly be at the disposal of the central planners. The amount of lumber that a factory manager orders depends on its price, just as the amount the lumberjack provides also depends on its price. Prices convey information to users about relative scarcity, and so ensure that resources are channeled to their most highly valued uses (in the same way that an item sold at auction goes to the highest bidder). Prices also perform the signal feat of equalizing supply and demand. When prices are established by law, then supply and demand get out of balance, and bureaucracies are needed to bend them back together again. Meanwhile there are queues, as we found when market pricing of gasoline was forbidden by the U.S. Government in the 1970s.

Mises's argument about prices was allegedly refuted by Oskar Lange and Fred Taylor, and one or two other socialist economists, who argued that central planners could arrive at the appropriate prices by "trial and error." In fact it is not possible to do this, as Thomas Sowell points out in Knowledge and Decisions, because the information at the disposal of the central planners is always out of date, whereas prices instantly incorporate information about supply and demand.

Moreover, as Paul Craig Roberts pointed out in Marx's Theory of Exchange, Alienation, and Crisis, the original socialist idea was to do away with prices altogether. If the socialist concedes that he must "simulate" them, then why not restore actual market pricing and abolish the central planning authority? The problem with the planned economy, says Roberts, rephrasing Mises's original point, is that it is not possible to make something in a factory and be sure that the thing made is worth more than its component parts. Prices tell us that; and if they still don't get the message across, then the quarterly balance sheet certainly will.

Governments themselves may be defined as institutions whose outputs have less value than their inputs. But here one begins to branch off into Mises's ideas about bureaucracy—the hopeless task of trying to reassemble information and authority at the center once it has been outlawed at the periphery (i.e., in the country at large). Bureaucrats fail not because they are lazy or incompetent but because they are unequal to the massive task of "commanding" an economy. Prices could allocate gasoline, but twenty thousand DOE bureaucrats could not. The Soviet economy functions to the extent that it does, despite being centrally planned, because its planners "mimic" Western prices; but these ersatz prices also tend to be ineffective because they do not reflect local supply and demand conditions.

Mises's point about prices and socialism is still terribly important, because what, after all, are we quarreling with the Soviets about if not this? It would be so much easier in many ways to lay down our arms and concede that they are basically a peaceloving lot. Those who believe in central planning may indeed think in just this way.

But we should not forget that banning genuine prices from a nation means declaring voluntary transactions between consenting adults to be illegal. If such a law is to be enforced then a huge new police force must be created—in effect an army. (It is obvious, of course, that the central-planning model is at bottom a military vision of society.) Why must this be done if the result is inefficient to boot? Coercion, corruption, and militarization may perhaps be justified if the overall efficiency of production is thereby increased; but if it is decreased, then such enslavement looks singularly pointless—as indeed the Soviet Union looks today.

It tells us something about the covertly authoritarian (totalitarian?) tendencies of academia that Oskar Lange et al. were widely assumed to have carried the day in the aforementioned debate with Mises. The professors wanted socialism, in America as elsewhere, and they weren't about to let a little obstacle called von Mises prevent them from finding it to be the better system.

Hayek later came to Mises's rescue with a new and crushing reply to the central planners: a central plan can only be implemented, he pointed out, if individuals are prevented from implementing their own plans. Thus central planning puts a government at war with its citizens—a two-sentence synopsis of The Road to Serfdom. But was anyone listening even then? The grandiose, moral-sounding promises of socialism (justice, equality) always managed to drown out such civil appeals to reason in Mises's lifetime.

How about now? Is the situation any better today? One must be on one's guard against undue optimism, as Mises always was. The totalitarians of the Left never give up, it is now clear, and seem to be gathering strength in Western Europe at present (although declining in Eastern Europe). Nevertheless, there are signs of hope. Serious academic attempts to justify socialism seem to be on the decline at last, after a period of supremacy almost exactly corresponding to Mise's lifetime.

In addition, the new supply-side movement in economics, which incorporates many ideas from von Mises and the Austrian School generally, seems to be imbued with a measure of that zeal and passion which enabled the socialists to win so many earlier battles, and without which no ideas ever prevail.

At the end of "My Years with Ludwig von Mises" Margit von Mises writes: "If I myself could realize one special dream, it would be that every President of the United States should get for his inauguration a complete set of Lu's books, destined for the Oval Office in the White House." Well, her dream has partly been realized, because the current occupant of the Oval Office, at least, has long been a devoted reader of her husband's books. At NR's twentieth anniversary dinner, held just five years before he was elected President, Ronald Reagan came up to Margit von Mises's table and said: "Mrs. von Mises, I am honored to meet you. You don't know how often I consult the books of your husband before I make a speech."

Von Mises was not an optimistic man, but even he might have been encouraged if he had heard those words, and then later had a chance to meet the man who spoke them in the office that he occupies today.●

TRIBUTE TO MIKE MICHAELSON

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. RODINO. Mr. Speaker, on October 1, Mike Michaelson, our mutual friend and valued employee for three decades, will be leaving us to continue his career in the private sector.

On that day, Mike will retire as superintendent of the House Radio and TV Press Gallery to become executive vice president of Cable Satellite Public Affairs Network (C-SPAN).

Mike became superintendent of the gallery in 1974. It was in that year that I came to know him best and to appreciate his talents and his personality. In the face of extraordinary and often heated demands by the electronic media during the impeachment proceedings, he proved himself to members of the media and of the Congress ever professional, unfailingly cooperative and thoroughly unflappable.

If he "rode herd," on reporters, as one of them put it, he did it in a manner that satisfied their needs and thereby those of the public, and he earned the respect of us all. The Congress and the radio-TV industry will miss him. We wish him success as he sets out to address this new challenge he is taking on.●

SPECIAL ORDER ON JAMES A. HALEY

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. SEIBERLING. Mr. Speaker, I rise to join with my colleagues in paying tribute to our late colleague, James A. Haley, who died August 6.

Jim Haley became chairman of the House Interior Committee the first year I was a member of that committee. I had sought to join the Interior Committee because of my concern for managing and protecting our natural resources. Jim Haley gave distinguished leadership to the conservation of our Nation's natural resources and environment as chairman of the Interior Committee; and he also ran the committee with dedication, integrity, and fairness to even the lowest ranking member of the committee. Despite the heated battles over such controversial issues as stripmining and land-use planning, Jim Haley guided the proceedings with dignity and without rancor. His calm voice quieted many an emotional outburst of some of his colleagues.

Jim Haley left many personal achievements behind him. He guided the passage of the Alaska Native Claims Settlement Act. He directed the passage of the Blue Lake bill restoring the sacred Blue Lake to the Taos Pueblo Indians. He directed passage of the Big Cypress National Water Preserve to protect the water supply of the Everglades National Park. And he led the fight to compensate the Seneca Indian Nation for the loss of their lands taken for construction of the Kinzua Dam by the Federal Government in violation of one of the oldest existing treaties of the United States. His knowledge of American Indian affairs and his abiding sympathy for our Indian citizens were unsurpassed.

I have only mentioned some of his achievements which relate to his work as member and chairman of the House Interior Committee, and I know that others of my colleagues will note achievements of Jim Haley in his work for veterans and his work on the economy. But to speak of his achievements is not sufficient to describe the man. Jim Haley was a man who was respected and admired by his political adversaries because of his integrity, his sincerity, and his open, fair way of dealing with the opposition. He and I did not always agree, but Jim Haley was the kind of man who would work to find areas of agreement with those who opposed him. In public life, patience is often disparaged, and tolerance is sometimes equated with weakness. It takes a strong, dedicated public servant to rise above such ephemeral evaluations and persist in working for the public welfare. That was the kind of public servant we had in Jim Haley. I am grateful that I had the opportunity to know him and work with him.●

RESOLUTION ON FOOD SAFETY

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 24, 1981

● Mr. SYNAR. Mr. Speaker, for the information of my colleagues, I am inserting in the RECORD the resolutions adopted by the executive board of the United Food & Commercial Workers International Union. It is the largest AFL-CIO affiliate with a membership of 1.3 million members.

S. 1442 and H.R. 4014, the so-called "Food Safety Amendments of 1981" would cut an immense swatch of destruction in the nation's food protection and would tie the Food and Drug Administration and the meat, poultry and egg inspection programs into procedural knots.

Calling the legislation "food safety amendments" represents false claims. These numerous, complicated and far reaching provisions create a mine field in existing food safety laws. When one mine fails to destroy a program's effectiveness and leaves regulatory blocks in the way of possibly dangerous substances, another mine is available to be exploded and another and another. The bill should honestly be titled, "The Destruction of Food Safety Amendments of 1981."

The bill specifically deals with cancer-causing substances. It is advertised by industry and by supporting Senators and Representatives as amending—it really effectively repeals—the Delaney Clause. This provision in current law requires the banning of any food additive for human consumption which has been proved to cause cancer in animals. Scuttling the Delaney Clause protection would be bad enough, but the bill goes far beyond this action.

In very clever and sometimes deceptive ways, the measure would tie up federal regulatory agencies for eight or nine years while attempting to take off the market an existing additive even though great evidence has been found that it is cancer-causing. At the same time, the bill would immensely speed the process of permitting a new additive to the market.

FDA or the U.S. Department of Agriculture could no longer ban a substance simply because it is cancer-causing. They would have to study and determine whether the substance posed a "significant risk." Yet, nowhere in the bill is "significant risk" defined. Must the substance kill or maim three human beings in a thousand, five, ten, twenty? Assuming that the agency decided somehow there was a "significant risk," it still could not ban the substance. It would then have to undergo years of study and decision on the cost and benefit of a ban. The economic cost to the industry would have to be balanced against the cost in human health and lives.

These examples fail to do justice to the enormity and complexity of the bill. In a time when industry complains bitterly of regulatory excesses, it has piled one regulatory complexity upon another to preserve possibly dangerous cancer-causing substances.

The misnamed "Food Safety Amendments of 1981" pose dangers far beyond their consumer problems. They could lead to the destruction of consumer confidence in safety of processed foods. Such a situation would be an unmitigated disaster for consumers, the food industry and food workers—more than a million of whom are members of the UFCW.

Consumer groups strongly oppose the misnamed "Food Safety Amendments of 1981." They have asked the UFCW for help in view of our Union's and its predecessor organizations' long-held policy of support for consumer protection.

Therefore be it resolved by the International Executive Board of the United Food and Commercial Workers International Union that the UFCW will strongly oppose the weakening and breakdown of food safety protection—particularly as represented by S. 1442 and H.R. 4014. We will support—and lead, if necessary—lobbying efforts to maintain the integrity of government regulatory activities concerning food safety. This effort is literally a life and death matter.

RESOLUTION ON SOCIAL SECURITY

The social security system does face short and long term problems. The former are due to the twin economic difficulties of recent years: the high unemployment rate, which reduced revenues; and the high inflation level, which raised social security payments. The long term problems will be caused by the increased costs of social security benefits when the men and women born in the post-World War II baby boom reach retirement age.

President Reagan and his Administration have vastly exaggerated these problems to achieve budget balancing cuts of immense proportions—$82 billion. They have pictured the problem as being in far greater difficulty than it actually is. They have created great fear among America's elderly.

Some 14 percent of the nation's senior citizens currently live in poverty. Millions more are kept above the poverty line only by social security benefits. Tens of millions live a tenuous economic existence threatened by the ravages of inflation and fixed incomes.

Under pressure from the Administration, Congress has already made large and ill-advised cuts in the social security program. The budget reconciliation bill severely reduced benefits for children of deceased or disabled parents and eliminated the minimum benefit payments.

Yet, President Reagan and his Administration have proposed still more social security cuts. They are much larger than necessary to meet either the short term or long term problems, are extremely inequitable and are very dangerous. For decades, they would cause immense increases in poverty and suffering among the nation's elderly, crippled workers, orphans and widows.

These social security changes would:

Slash the benefits of persons retiring early—between age 62 to 65—by 30 percent for all of their retirement years;

Change the formula for determining benefits in future years for all other retirees, so that they would receive fewer benefits than under present law;

Postpone cost of living adjustments for all retirees; and

Limit disability benefits to persons completely unable to work for medical reasons and whose expected period of disability will be at least two years.

The Administration program, as a whole, was so extreme that overwhelming majorities in both the U.S. Senate and House of Representatives—Republicans, as well as

Democrats—passed resolutions opposing the proposals. But the individual items are not dead. Congress will deal with at least the short term problems this Fall.

The labor movement has long proposed a program for shoring up the social security system. Its cornerstone is a stable, full employment economy with programs of aid, such as the food stamps, low income energy assistance and subsidized housing, for the poor of all ages. Such a foundation runs counter to the Reagan policies of high interest rates, tax cuts for the rich and budget cuts in Federal job creation and social welfare programs.

The system's short term problems can be solved by inter-fund borrowing from social security's disability and health insurance. The long term problems may be easily remedied by some contributions to social security from the nation's general revenue—on top of the current employee-employer takes. These actions can avoid massive cuts in benefits, which are undesirable for humanitarian reasons and for the sake of the economic well being of the nation.

Therefore be it resolved by the International Executive Board of the United Food and Commercial Workers International Union that the UFCW will work for equitable and beneficial solutions for the short and long term social security problems. It will strongly oppose massive cuts in social security benefits. It will not permit those persons who paid so much in social security taxes during their long working lives to be shortchanged when they enter retirement in their senior years.

Resolution on the "Guestworker" Proposal

The United States has serious economic problems. Unemployment has long remained at seven percent or above and is expected to go sharply higher. Yet, the Reagan Administration urges a "pilot project" to import 50,000 "guestworkers" from Mexico into the United States annually.

As a major part of a contradictory, ineffective and dangerous immigration policy, the Administration has asked Congress to approve the "guestworker" program. The proposal has been widely reported in the media and is regarded on Capitol Hill as a political payoff to Reagan-supporting business interests—especially in the West—by establishing a docile, low wage, union-proof labor surplus.

The proposal flies in the face of the nation's sad experience over two decades with the bracero program. It was a major factor in keeping farm workers as the most exploited, deprived, and poverty stricken work in the nation. A semi-captive force of Mexican workers—numbering up to nearly a half million men—pitted Mexican poverty against United States poverty to create still more misery.

One of the UFCW's predecessor unions, the Amalgamated Meat Cutters and Butcher Workmen, led a successful seven year lobbying campaign which brought an end to the bracero program in 1964. Farm labor wages and working conditions sharply improved in the bracero-dominated areas. Most important, the elimination of the program allowed, for the first time, the establishment of a stable union of farm workers in the West.

Also, Western European countries have greatly ruled their experiment of the 1960's with "guestworkers" programs. Begun when full employment and labor shortages existed and concentrated in jobs which Western Europeans did not want to perform, the program became a Frankenstein in the 1970s. As joblessness developed, racial and national hatreds, social, civil rights, civil liberty, housing, educational, welfare and a myriad of other complicated problems became the existing heritage of the "guestworker" programs.

The Reagan Administration argues that its "guestworker" program would curtail illegal immigration. Experience and common sense deny this point. The bracero program did not stop illegal border crossing by those workers who could not pay bribes in Mexico or who could not participate for other reasons. The program actually increased the desire and effort to enter the United States. The pressure of Mexico's extreme poverty will foster illegal border crossing—"guestworker" program or no.

While the bracero program involved only farm employment, the "guestworker" proposal is slated for any industry. It will probably be especially concentrated in agriculture and the service industries. It would badly affect wages and working conditions in industries in which UFCW members are employed.

Therefore be it resolved by the International Executive Board of the United Food and Commercial Workers International Union that the UFCW will strongly oppose either the Reagan proposal or any other version of the "guestworker" program. America does not need further joblessness, downward pressure on wages, reduced working conditions or social problems.

Resolution on Reaganomics

The Reagan Administration is literally carrying out a counter-revolution in the economic life of the nation. It promises that these policies will bring about an economic revival, but apparently even the nation's business and financial leaders do not believe the rosy forecasts and expect, instead, varying degrees of economic disaster.

For five decades, U.S. Presidents and Congresses have sought a goal of equity in U.S. economic, fiscal and social policies. The Reagan Administration has been highly successful in reversing this long trend.

Its tax legislation has skewed the tax system immensely more toward benefiting the rich. It makes workers bear an even greater burden of raising the government's revenue.

Government programs to aid the poor, protect workers, safeguard consumers, prevent business abuses, clean the nation's air and water are being sharply reduced, crippled and even killed. The infamous and discredited "trickle down" theory of economics has come out of the closet and become economic the gospel of the federal government again. The goal of a just society has been put into the closet as the wish list of political and economic right wingers become legislative and regulatory realities.

Ironically, while business hails its new economic windfalls and increasing freedom from regulation, it is uneasy. The stock and bond markets, instead of rallying, are depressed and appear to be going steadily down. Business sentiment is significant for its pessimism. The specter of similar policies by Great Britain's Prime Minister Margaret Thatcher and the resultant economic disasters haunts our nation.

Unemployment is high and expected to sharply increase. Inflation remains at or near double digit levels. High interest rates and the tight money policy cause tremendous injury to the housing, auto, small business, family farming and savings and loan industries, as well as state and local governments.

The poor are becoming poorer, while millions of middle class persons, including workers, are thrown into poverty. In the coming year, mass hunger—which because of the nation's food stamp and other nutrition programs, had been banished from the U.S.—is expected to make a comeback. Social disorders in our nation's urban areas are likely as the suffering and misery caused by the budget cuts in job creation and other economic and social programs take hold.

The nation need not follow this road to economic and social chaos. Unwise policies can be reversed. The goal of economic equity can be reinstated. Traditionally, conservatism has not meant making the rich richer and the poor poorer. In fact, the first protective economic and social welfare legislation in western industrial countries were put into effect by conservatives.

Therefore be it resolved that the International Executive Board of the United Food and Commercial Workers International Union strongly denounces the Reagan Administration's economic policies which are reversing the goal of equity and causing economic chaos. We urgently ask the President and the Administration to reverse these disastrous policies before Thatcherism and its consequences take hold in the United States.

Resolution on Voting Rights Act

The Voting Rights Act, as President Lyndon Johnson reminded us on the occasion of its signing into law, "flows from a clear and simple wrong." Its only purpose is to right that wrong. The wrong is one which no American in his heart can justify. The right is one which no American, true to his or her principles, can deny.

But as we all know, the 1965 Voting Rights Act was designed by Congress to banish the blight of racial discrimination in voting which had infected the electoral process in parts of our country for nearly a century.

It is evident that there still remains a solid determination in some quarters to block equality of voting rights.

Therefore be it resolved by the International Executive Board of the United Food and Commercial Workers International Union that the UFCW will strongly support and work toward the extension of Section 5, the preclearance provision of the Act, while providing strong and reasonable incentives for States and counties to bail out from the preclearance requirement.

Be it further resolved that we support the extension of the Bi-Lingual election material and voting assistance requirement of the Act until 1992.

Resolution on Civil Rights

Despite the progress in eliminating discrimination in the workplace, attained since passage of the Civil Rights Act of 1964, more needs to be done.

The present Administration and its anti-labor forces have all but completed their efforts to dismantle the Federal programs that have provided the unemployed, the aged and the disadvantaged a modest measure of economic dignity. There is every indication that the present Administration target is a full attack on major Federal Civil Rights laws enacted to enhance the economic, political and social rights of the victims of discrimination.

The United Food and Commercial Workers International Union will therefore intensify its efforts on behalf of enforcement of Title VII and development of voluntary affirmative action programs. Specifically, we will:

1. Oppose efforts to weaken the Equal Employment Opportunity Commission.
2. Intensify the collection and dissemination of information through the Civil Rights and Women's Affairs Department about programs to expand equal employment opportunity, affirmative action and the participation of minorities and women in our union and their communities.
3. Reaffirm our support of apprenticeship outreach programs that enable minorities and women to better compete.
4. Support the need to provide sufficient CETA Title III funds to continue the national union and community-based employment and training programs such as those conducted by the AFL-CIO's Human Resources Development Institute, the National Urban League's Labor Education Advancement Program, the Opportunities Industrialization Centers and the Recruitment Training Program.
5. Continue to work closely with our allies in the Civil Rights movement to insure equal opportunity for all Americans.
6. Maintain our support for the activities of the Coalition of Labor Union Women, the Coalition of Black Trade Unionists to encourage greater participation by women and minorities in the labor movement and in the community.
7. Continue to strengthen coalitions with Civil Rights organizations like the National Association for the Advancement of Colored People, the National Urban League, Operation PUSH, The Martin Luther King, Jr. Center for Non-violent Social Change, the Southern Christian Leadership Conference, supportive religious orders, and the revitalized Southern Regional Council, in progressive programs to eliminate segregation in education, housing, jobs and voting.

Now therefore be it resolved that the United Food and Commercial Workers International Union Executive Board call upon its Local Unions to work with the AFL-CIO through our International Civil Rights and Women's Affairs Department and through its local committees in carrying out an aggressive program to eliminate discrimination in the workplace and to enhance the Civil Rights of all Americans.

EQUAL RIGHTS AMENDMENT

While 63 percent of Americans favor the Equal Rights Amendment, it has yet to be ratified.

With ten more months to go, we call upon the UFCW International Executive Board and our Local Unions to redouble their efforts and supportive activities in those targeted unratified states, working with those support groups who are allies of the trade union movement.

RESOLUTION ON THE PATCO STRIKE

The Reagan Administration's actions in the air controllers' strike must send shock waves of fear into every labor union in the United States. The massive power of the federal government is being used—or abused—not only to break a strike, but also to break a union.

Candidate Ronald Reagan wrote to the Professional Air Controllers Association (PATCO), the first union to endorse his election efforts, that he understood and sympathized with their problems. To other union members, he spoke of his respect for and adherence to the American collective bargaining system. Yet, President Reagan directs, condones and defends a policy of refusal to bargain, punishment of workers for striking and decertification of a union. These are extremely dangerous precedents and actions for the leader of a free nation.

The President and his Administration justify their activities by arguing that the air controllers broke a pledge not to strike. The President and the Administration forget that the United States Constitution guarantees against involuntary servitude.

Therefore be it resolved by the International Executive Board of the United Food and Commercial Workers International Union that the UFCW sharply condemns the strike breaking and union breaking policy of the Reagan Administration in the air controllers' strike. The UFCW pledges its continued strong support in the air controllers' efforts to win legitimate improvements in their working conditions.●

HOUSE OF REPRESENTATIVES—*Friday, September 25, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

O God, protector of all who trust in You, we commit ourselves to Your abiding care. Enrich the lives of any who are anxious or fearful, of those who are alone or who face the uncertainties of the day. We are grateful that we receive needed strength from family and friends, but we also reach out to You for those gifts of forgiveness and renewed life that Your Spirit alone can give. Bless those who seek Your presence in this our prayer. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 306. An act to authorize the Secretary of the Interior to construct, operate, and maintain hydroelectric powerplants at various existing water projects, and for other purposes;

S. 1365. An act to amend the Bankruptcy Act regarding farm produce storage facilities, and for other purposes;

S.J. Res. 4. Joint resolution to authorize the President to issue a proclamation designating the week beginning November 22, 1981, as "National Family Week"; and

S.J. Res. 59. Joint resolution designating the square dance as the national folk dance of the United States.

The message also announced that the Vice President, pursuant to Public Law 79-565, appointed Mr. ZORINSKY as a member of the U.S. National Commission for the United Nations Educational, Scientific, and Cultural Organization.

CONFERENCE REPORT ON S. 304, NATIONAL TOURISM POLICY ACT

Mr. DINGELL submitted the following conference report and statement on the Senate bill (S. 304) to establish a national tourism policy and an independent Government agency to carry out the national tourism policy:

CONFERENCE REPORT (H. REPT. NO. 97-252)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 304) to establish a national tourism policy and an independent Government agency to carry out the national tourism policy, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

Short title

Section 1. This Act may be cited as the "National Tourism Policy Act".

National tourism policy

Sec. 2. (a) The International Travel Act of 1961 (hereinafter in this Act referred to as the "Act") is amended by striking out the first section and inserting in lieu thereof the following: "That this Act may be cited as the 'International Travel Act of 1961'.

"TITLE I—NATIONAL TOURISM POLICY

"Sec. 101. (a) The Congress finds that—

"(1) the tourism and recreation industries are important to the United States, not only because of the numbers of people they serve and the vast human, financial, and physical resources they employ, but because of the great benefits tourism, recreation, and related activities confer on individuals and on society as a whole;

"(2) the Federal Government for many years has encouraged tourism and recreation implicitly in its statutory commitments to the shorter workyear and to the national passenger transportation system, and explicitly in a number of legislative enactments to promote tourism and support development of outdoor recreation, cultural attractions, and historic and natural heritage resources;

"(3) as incomes and leisure time continue to increase, and as our economic and political systems develop more complex global relationships, tourism and recreation will become ever more important aspects of our daily lives; and

"(4) the existing extensive Federal Government involvement in tourism, recreation, and other related activities needs to be better coordinated to effectively respond to the national interest in tourism and recreation and, where appropriate, to meet the needs of State and local governments and the private sector.

"(b) There is established a national tourism policy to—

"(1) optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, and the international balance of payments of the United States;

"(2) make the opportunity for and benefits of tourism and recreation in the United States universally accessible to residents of the United States and foreign countries and insure that present and future generations are afforded adequate tourism and recreation resources;

"(3) contribute to personal growth, health, education, and intercultural appreciation of the geography, history, and ethnicity of the United States;

"(4) encourage the free and welcome entry of individuals traveling to the United States, in order to enhance international understanding and goodwill, consistent with immigration laws, the laws protecting the public health, and laws governing the importation of goods into the United States;

"(5) eliminate unnecessary trade barriers to the United States tourism industry operating throughout the world;

"(6) encourage competition in the tourism industry and maximum consumer choice through the continued viability of the retail travel agent industry and the independent tour operator industry;

"(7) promote the continued development and availability of alternative personal payment mechanisms which facilitate national and international travel;

"(8) promote quality, integrity, and reliability in all tourism and tourism-related services offered to visitors to the United States;

"(9) preserve the historical and cultural foundations of the Nation as a living part of community life and development, and insure future generations an opportunity to appreciate and enjoy the rich heritage of the Nation;

"(10) insure the compatibility of tourism and recreation with other national interests in energy development and conservation, environmental protection, and the judicious use of natural resources;

"(11) assist in the collection, analysis, and dissemination of data which accurately measure the economic and social impact of tourism to and within the United States, in order to facilitate planning in the public and private sectors; and

"(12) harmonize, to the maximum extent possible, all Federal activities in support of tourism and recreation with the needs of the general public and the States, territories, local governments, and the tourism and recreation industry, and to give leadership to all concerned with tourism, recreation, and national heritage preservation in the United States.".

Duties

Sec. 3. (a) The following heading is inserted before section 2 of the Act:

"TITLE II—DUTIES".

(b) Section 2 of the Act (22 U.S.C. 2122) is amended by striking out "purpose of this Act" and inserting in lieu thereof "the national tourism policy established by section 101(b)".

(c) Section 3(a) of the Act (22 U.S.C. 2123(a)) is amended by striking out "section 2" and inserting in lieu thereof "section 201", by striking out "and" at the end of paragraph (6), by striking out the period at the end of paragraph (7) and inserting in lieu thereof a semicolon, and by adding after paragraph (7) the following new paragraphs:

"(8) shall establish facilitation services at major ports-of-entry of the United States;

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

“(9) shall consult with foreign governments on travel and tourism matters and, in accordance with applicable law, represent United States travel and tourism interests before international and intergovernmental meetings;

“(10) shall develop and administer a comprehensive program relating to travel industry information, data service, training and education, and technical assistance;

“(11) shall develop a program to seek and to receive information on a continuing basis from the tourism industry, including consumer and travel trade associations, regarding needs and interests which should be met by a Federal agency or program and to direct that information to the appropriate agency or program;

“(12) shall encourage to the maximum extent feasible travel to and from the United States on United States carriers;

“(13) shall assure coordination within the Department of Commerce so that, to the extent practicable, all the resources of the Department are used to effectively and efficiently carry out the national tourism policy;

“(14) may only promulgate, issue, rescind, and amend such interpretive rules, general statements of policy, and rules of agency organization, procedure, and practice as may be necessary to carry out this Act; and

“(15) shall develop and submit annually to the Congress, within six weeks of transmittal to the Congress of the President's recommended budget for implementing this Act, a detailed marketing plan to stimulate and encourage travel to the United States during the fiscal year for which such budget is submitted and include in the plan the estimated funding and personnel levels required to implement the plan and alternate means of funding activities under this Act.”.

(d)(1) Paragraph (5) of section 3(a) of the Act is amended (A) by striking out “foreign countries.” and inserting in lieu thereof “foreign countries;”, (B) by striking out “this clause;” and inserting in lieu thereof “this paragraph.”, (C) by inserting the last two sentences before the first sentence of subsection (c), and (D) by striking out “this clause” in such sentences and inserting in lieu thereof “paragraph (5) of subsection (a)”.

(2) Paragraph (7) of section 3(a) of the Act is amended by striking out “countries. The Secretary is authorized to” and inserting in lieu thereof “countries; and the Secretary may” and by striking out “this clause” and inserting in lieu thereof “this paragraph”.

(3) Section 3 of the Act is amended by striking out “clause (5)” each place it appears and inserting in lieu thereof “paragraph (5)”.

(e)(1) Sections 2 and 3 of the Act are redesignated as sections 201 and 202, respectively, and section 5 is inserted after section 202 (as so redesignated) and redesignated as section 203.

(2) Section 203 of the Act (as so redesignated) is amended by striking out “semi-annually” and inserting in lieu thereof “annually”.

(f) The following section is inserted after section 203 of the Act (as so redesignated):

“Sec. 204. (a) The Secretary is authorized to provide, in accordance with subsections (b) and (c), financial assistance to a region of not less than two States or portions of two States to assist in the implementation of a regional tourism promotional and marketing program. Such assistance shall include—

“(1) technical assistance for advancing the promotion of travel to such region by foreign visitors;

“(2) expert consultants; and

“(3) marketing and promotional assistance.

“(b) Any program carried out with assistance under subsection (a) shall serve as a demonstration project for future program development for regional tourism promotion.

“(c) The Secretary may provide assistance under subsection (a) for a region if the applicant for the assistance demonstrates to the satisfaction of the Secretary that—

“(1) such region has in the past been an area that has attracted foreign visitors, but such visits have significantly decreased;

“(2) facilities are being developed or improved to reattract such foreign visitors;

“(3) a joint venture in such region will increase the travel to such region by foreign visitors;

“(4) such regional programs will contribute to the economic well-being of the region;

“(5) such region is developing or has developed a regional transportation system that will enhance travel to the facilities and attractions within such region; and

“(6) a correlation exists between increased tourism to such region and the lowering of the unemployment rate in such region.”.

Administration

Sec. 4. (a)(1) The first sentence of section 4 of the Act (22 U.S.C. 2124) is amended to read as follows: “There is established in the Department of Commerce a United States Travel and Tourism Administration which shall be headed by an Under Secretary of Commerce for Travel and Tourism who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall report directly to the Secretary.”.

(2) The second sentence of section 4 of the Act is amended by striking out “Assistant Secretary of Commerce for Tourism” and inserting in lieu thereof “Under Secretary of Commerce for Travel and Tourism”.

(3) Section 4 of the Act is amended by striking out the last sentence and inserting in lieu thereof the following: “The Secretary shall designate an Assistant Secretary of Commerce for Tourism Marketing who shall be under the supervision of the Under Secretary of Commerce for Travel and Tourism. The Secretary shall delegate to the Assistant Secretary responsibility for the development and submission of the marketing plan required by section 202(a)(15).”.

(4) Section 5314 of title 5, United States Code, is amended by striking out “Under Secretary of Commerce” and inserting in lieu thereof “Under Secretary of Commerce and Under Secretary of Commerce for Travel and Tourism”.

(b) Section 4 of the Act is amended by inserting “(a) after “Sec. 4.”, and by adding at the end the following:

“(b)(1) The Secretary may not reduce the total number of foreign offices of the United States Travel and Tourism Administration or the number of employees assigned to the offices of the Administration in foreign countries to a number which is less than the total number of employees of the United States Travel Service assigned to offices of the Service in foreign countries in fiscal year 1979.

“(2) In any fiscal year the amount of funds which shall be made available from appropriations under this Act for obligation for the activities of the offices of the United States Travel and Tourism Administration in foreign countries shall not be less than the amount obligated in fiscal year 1980 for the activities of the offices of the United States Travel Service in foreign countries.”.

(c)(1) The following heading is inserted before section 4 of the Act:

“TITLE III—ADMINISTRATION”

(2) Section 4 of the Act is redesignated as section 301 and the following new sections are inserted after that section:

“Sec. 302. (a) In order to assure that the national interest in tourism is fully considered in Federal decisionmaking, there is established an interagency coordinating council to be known as the Tourism Policy Council (hereinafter in this section referred to as the ‘Council’).

“(b)(1) The Council shall consist of—

“(A) the Secretary of Commerce who shall serve as Chairman of the Council;

“(B) the Under Secretary for Travel and Tourism who shall serve as the Vice Chairman of the Council and who shall act as Chairman of the Council in the absence of the Chairman;

“(C) the Director of the Office of Management and Budget or the individual designated by the Director from the Office;

“(D) an individual designated by the Secretary of Commerce from the International Trade Administration of the Department of Commerce;

“(E) the Secretary of Energy or the individual designated by such Secretary from the Department of Energy;

“(F) the Secretary of State or the individual designated by such Secretary from the Department of State;

“(G) the Secretary of the Interior or the individual designated by such Secretary from the National Park Service or the Heritage Conservation and Recreation Service of the Department of the Interior;

“(H) the Secretary of Labor or the individual designated by such Secretary from the Department of Labor; and

“(I) the Secretary of Transportation or the individual designated by such Secretary from the Department of Transportation.

“(2) Members of the Council shall serve without additional compensation, but shall be reimbursed for actual and necessary expenses, including travel expenses, incurred by them in carrying out the duties of the Council.

“(3) Each member of the Council, other than the Vice Chairman, may designate an alternate, who shall serve as a member of the Council whenever the regular member is unable to attend a meeting of the Council or any committee of the Council. The designation by a member of the Council of an alternate under the preceding sentence shall be made for the duration of the member's term on the Council. Any such designated alternate shall be selected from individuals who exercise significant decisionmaking authority in the Federal agency involved and shall be authorized to make decisions on behalf of the member for whom he or she is serving.

“(c)(1) Whenever the Council, or a committee of the Council, considers matters that affect the interests of Federal agencies that are not represented on the Council or the committee, the Chairman may invite the heads of such agencies, or their alternates, to participate in the deliberations of the Council or committee.

“(2) The Council shall conduct its first meeting not later than ninety days after the date of enactment of this section. Thereafter the Council shall meet not less than four times each year.

“‘(d)(1) The Council shall coordinate policies, programs, and issues relating to tourism, recreation, or national heritage resources involving Federal departments, agencies, or other entities. Among other things, the Council shall—

“‘(A) coordinate the policies and programs of member agencies that have a significant effect on tourism, recreation, and national heritage preservation;

“‘(B) develop areas of cooperative program activity;

“‘(C) assist in resolving interagency program and policy conflicts; and

“‘(D) seek and receive concerns and views of State and local governments and the Travel and Tourism Advisory Board with respect to Federal programs and policies deemed to conflict with the orderly growth and development of tourism.

“‘(2) To enable the Council to carry out its functions—

“‘(A) the Council may request directly from any Federal department or agency such personnel, information, services, or facilities, on a compensated or uncompensated basis, as he determines necessary to carry out the functions of the Council;

“‘(B) each Federal department or agency shall furnish the Council with such information, services, and facilities as it may request to the extent permitted by law and within the limits of available funds; and

“‘(C) Federal agencies and departments may, in their discretion, detail to temporary duty with the Council, such personnel as the Council may request for carrying out the functions of the Council, each such detail to be without loss of seniority, pay, or other employee status.

“‘(3) The Administrator of the General Services Administration shall provide administrative support services for the Council on a reimbursable basis.

“‘(e) The Council shall establish such policy committees as it considers necessary and appropriate, each of which shall be comprised of any or all of the members of the Council and representatives from Federal departments, agencies, and instrumentalities not represented on the Council. Each such policy committee shall be designed—

“‘(1) to monitor a specific area of Federal Government activity, such as transportation, energy and natural resources, economic development, or other such activities related to tourism; and

“‘(2) to review and evaluate the relation of the policies and activities of the Federal Government in that specific area to tourism, recreation, and national heritage conservation in the United States.

“‘(f) The Council shall submit an annual report for the preceding fiscal year to the President for transmittal to Congress on or before the thirty-first day of December of each year. The report shall include—

“‘(1) a comprehensive and detailed report of the activities and accomplishments of the Council and its policy committees;

“‘(2) the results of Council efforts to coordinate the policies and programs of member agencies that have a significant effect on tourism, recreation, and national heritage preservation, resolve interagency conflicts, and develop areas of cooperative program activity;

“‘(3) an analysis of problems referred to the Council by State and local governments, the tourism industry, the Secretary of Commerce, or any of the Council's policy committees along with a detailed statement of any actions taken or anticipated to be taken to resolve such problems; and

“‘(4) such recommendations as the Council deems appropriate.

“Sec. 303. (a) There is established the Travel and Tourism Advisory Board (hereinafter in this section referred to as the ‘Board’) to be composed of fifteen members appointed by the Secretary. The members of the Board shall be appointed as follows:

“‘(1) Not more than eight members of the Board shall be appointed from the same political party.

“‘(2) The members of the Board shall be appointed from among citizens of the United States who are not regular full-time employees of the United States and shall be selected for appointment so as to provide as nearly as practicable a broad representation of different geographical regions within the United States and of the diverse and varied segments of the tourism industry.

“‘(3) Twelve of the members shall be appointed from senior executive officers of organizations engaged in the travel and tourism industry. Of such members—

“‘(A) at least one shall be a senior representative from a labor organization representing employees of the tourism industry; and

“‘(B) at least one shall be a representative of the States who is knowledgeable of tourism promotion.

“‘(4) Of the remaining three members of the Board—

“‘(A) one member shall be a consumer advocate or ombudsman from the organized public interest community;

“‘(B) one member shall be an economist, statistician, or accountant; and

“‘(C) one member shall be an individual from the academic community who is knowledgeable in tourism, recreation, or national heritage conservation.

The Secretary shall serve as an ex officio member of the Board. The duration of the Board shall not be subject to the Federal Advisory Committee Act. A list of the members appointed to the Board shall be forwarded by the Secretary to the Senate Committee on Commerce, Science, and Transportation and the House Committee on Energy and Commerce.

“‘(b) The members of the Board shall be appointed for a term of office of three years, except that of the members first appointed—

“‘(1) four members shall be appointed for terms of one year, and

“‘(2) four members shall be appointed for terms of two years,

as designated by the Secretary at the time of appointment. Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his term until his successor has taken office. Vacancies on the Board shall be filled in the same manner in which the original appointments were made. No member of the Board shall be eligible to serve in excess of two consecutive terms of three years each.

“‘(c) The Chairman and Vice Chairman and other appropriate officers of the Board shall be elected by and from members of the Board other than the Secretary.

“‘(d) The members of the Board shall receive no compensation for their services as such, but shall be allowed such necessary travel expenses and per diem as are authorized by section 5703 of title 5, United States Code. The Secretary shall pay the reasonable and necessary expenses incurred by the Board in connection with the coordination of Board activities, announcement and reporting of meetings, and preparation of such reports as are required by subsection (f).

“‘(e) The Board shall meet at least semi-annually and shall hold such other meetings at the call of the Chairman, the Vice Chairman, or a majority of its members.

“‘(f) The Board shall advise the Secretary with respect to the implementation of this Act and shall advise the Assistant Secretary for Tourism Marketing with respect to the preparation of the marketing plan under section 202(a)(15). The Board shall prepare an annual report concerning its activities and include therein such recommendations as it deems appropriate with respect to the performance of the Secretary under this Act and the operation and effectiveness of programs under this Act. Each annual report shall cover a fiscal year and shall be submitted on or before the thirty-first day of December following the close of the fiscal year.”.

Authorizations

Sec. 5. (a) Section 6 of the Act (22 U.S.C. 2126) is redesignated as section 304 and the first sentence is amended to read as follows: “For the purpose of carrying out this Act there is authorized to be appropriated an amount not to exceed $8,600,000 for the fiscal year ending September 30, 1981.”.

(b) Section 7 of the Act (22 U.S.C. 2127) is redesignated as section 305 and sections 8 and 9 of the Act (22 U.S.C. 2128) are repealed.

Effective date

Sec. 6. The amendments made by this Act shall take effect October 1, 1981.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

John D. Dingell,
J. J. Florio,
Managers on the Part of the House.

Bob Packwood,
Barry Goldwater,
Harrison H. Schmitt,
Larry Pressler,
Howard W. Cannon,
Daniel K. Inouye,
J. J. Exon,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 304) to establish a national tourism policy and an independent Government agency to carry out the national tourism policy, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE

Senate bill

Provides that the Act may be cited as the National Tourism Policy Act.

House amendment

The House amendment provides that the Act may be cited as the "Tourism Promotion Act of 1981."

Conference substitute

Same as the Senate bill.

NATIONAL TOURISM POLICY—TITLE I

Senate bill

Section 101(a) sets forth findings describing the national interest in having a national tourism policy.

Section 101(b) declares that it is the policy of the Federal government in cooperation with State and local governments, and other concerned public and private organizations, to use all practicable means and measures, including financial and technical assistance to: (1) optimize the contribution of the tourism and recreation industries to economic prosperity, full employment, and the nation's international balance of payments; (2) make the opportunity for and benefits of tourism and recreation universally accessible to residents of the United States and foreign countries and to insure that all citizens of present and future generations be afforded adequate tourism and recreation resources; (3) contribute to personal growth, health, education and intercultural appreciation of the geography, history and ethnicity of the United States; (4) encourage the free and welcome entry of foreigners traveling to the United States in order to enhance international understanding and goodwill consistent with immigration laws, the laws protecting the public health, and laws governing the importation of goods to the United States; (5) eliminate unnecessary trade barriers to the United States tourism industry operating throughout the world; (6) encourage competition in the tourism industry and maximum consumer choice through the continued viability of the retail travel agent industry and the independent tour operator industry; (7) promote the continued development and availability of alternative personal payment mechanisms which facilitate national and international travel; (8) promote quality, integrity and reliability in all tourism and tourism-related services; (9) preserve the historical and cultural foundations of the nation as a living part of community life and development, and insure future generations an opportunity to appreciate and enjoy the rich heritage of the nation; (10) insure the compatibility of tourism and recreation with other national interests in energy development and conservation, environmental protection, and judicious use of natural resources; (11) assist in the collection, analysis, and dissemination of data which accurately measure the economic and social impact of tourism to and in the United States, in order to facilitate planning in the public and private sector; and (12) harmonize to the maximum extent possible, all Federal activities in support of tourism and recreation with the needs of the general public and the States, territories, local governments and private and public sectors of the travel/recreation industry, and to give leadership to all concerned with tourism, recreation and national heritage preservation in the United States.

House amendment

Essentially the same as the Senate bill.

Conference substitute

Same as the Senate bill.

UNITED STATES TRAVEL AND TOURISM ADMINISTRATION—TITLE II

Senate bill

The Senate bill establishes an independent agency of the United States called the United States Travel and Tourism Administration (USTTA). The Administration would take over the functions of the present United States Travel Service in the Department of Commerce.

The USTTA is given the responsibility of developing a comprehensive and detailed tourism development plan, which is to be submitted to Congress by April 15, 1982.

House amendment

The House amendment establishes a United States Travel and Tourism Administration (USTTA) in the Department of Commerce. The USTTA will replace the present United States Travel Service and will be headed by an Under Secretary of Commerce for Travel and Tourism who shall be confirmed by the Senate.

The Secretary of Commerce is directed to designate an Assistant Secretary of Commerce for Tourism Marketing who shall be under the supervision of the Under Secretary for Travel and Tourism. The Assistant Secretary for Tourism Marketing shall have the responsibility for developing the marketing plan.

In addition to assuming the duties currently residing in the USTS, the new Under Secretary of the USTTA is to: (1) establish facilitation services at major ports-of-entry of the United States; (2) develop and administer a comprehensive program relating to travel industry information, data service, training and education, and technical assistance; (3) develop a program to seek and receive information from the tourism industry and other interested groups regarding needs and interests which should be met by a Federal program; (4) encourage travel to and from the U.S. on U.S. carriers; (5) assure the effective coordination and use of departmental resources to carry out the national tourism policy; (6) develop and submit to the Congress an annual marketing plan for stimulating and encouraging travel to the United States. The marketing plan is to be transmitted to Congress within six weeks of transmittal to the Congress of the President's recommended budget for implementing the National Tourism Policy Act, and is to include the estimated funding and personnel levels required to implement the plan and alternative means of funding activities under this Act.

Conference substitute

Same as the House amendment.

Additionally the conference substitute adopts the Senate provisions which allows the USTTA to promulgate only such interpretive rules, general statements of policy, and rules of agency organization, procedure, and practice as may be necessary to carry out the act. The USTTA has no authority to promulgate rules regulating the tourism and travel industry.

The conference substitute also includes the Senate provision which forbids the Secretary from reducing the total number of overseas offices and the total number of employees of the USTTA assigned to foreign countries and forbids the Secretary from reducing the amounts obligated to the operations of the offices located in foreign countries below the amount obligated in fiscal year 1980.

The conference committee expects that the marketing plan transmitted six weeks after submission of the fiscal 1983 budget will include provisions for encouraging tourism to the U.S. for the balance of the 1982 fiscal year.

TOURISM POLICY COUNCIL—TITLE III

Senate bill

No provision.

House amendment

The House amendment establishes an interagency coordinating council called the Tourism Policy Council which shall coordinate policies, programs and issues relating to tourism, recreation, or national heritage resources involving Federal departments, agencies, or other entities.

The Council shall be chaired by the Secretary of Commerce and would include the Under Secretary for Travel and Tourism, who shall serve as Vice-Chairman; the Director of the Office of Management and Budget or a designate; a representative of the International Trade Administration, appointed by the Secretary; and the Secretaries of Energy, State, Labor, Interior and Transportation, or their designates.

The Council is required to meet within 90 days of the date of enactment of the bill and shall meet not less than four times each year. It may establish such policy councils as it deems necessary and shall submit an annual report to the President for submittal to the Congress.

The Report must include a comprehensive and detailed description of the activities and accomplishments of the Council and its policy committees; the results of the Council's efforts to coordinate policies and programs; and any recommendations it deems appropriate.

The Tourism Policy Council may request directly from any Federal department or agency, such personnel, information, services, or facilities as are necessary to carry out the functions of the Council.

Conference substitute

Same as the House amendment.

ADVISORY BOARD

Senate bill

The Senate bill establishes a Travel and Tourism Advisory Board composed of 17 members appointed by the Secretary of Commerce. The members of the Board shall include 14 representatives to be appointed from the senior executive officers of organizations engaged in the travel and tourism industry, including a senior representative from a labor organization representing employees of the tourism industry, and a representative of the States who is knowledgeable about tourism promotion. The three remaining members of the Board shall include a consumer advocate; an economist, statistician, or accountant; and a member from the academic community.

The members of the Board shall be appointed for a 3-year term except that the first member appointed to the Board will serve just one or two years in order to have staggered terms. If a vacancy on the Board develops, an orderly procedure to appoint a successor is provided. The members of the Board shall receive no compensation for their services, but the Secretary shall pay the reasonable and necessary expenses of the Board in connection with its meetings. The Board shall meet at least semi-annually and shall advise the Secretary with respect to the implementation of the National Tourism Policy and advise the Assistant

Secretary for Tourism Marketing with regard to the preparation of the marketing plan.

The Board shall prepare and submit an Annual Report concerning the results of its review of the Department of Commerce's tourism activities.

House amendment

The House amendment is identical to the Senate bill except the Advisory Board in the House amendment is composed of 15 members, twelve of whom are to be appointed from the senior executive officers of organizations engaged in the travel and tourism industry.

Conference substitute

Same as the House bill.

AUTHORIZATION OF APPROPRIATIONS

Senate bill

The Senate bill authorizes $8.6 million to carry out the purposes of the Act.

House amendment

Authorizes $6.5 million.

Conference substitute

Same amount as the Senate bill.

EFFECTIVE DATE

The Conference substitute provides that the amendments to the Act will take effect on October 1, 1981.

JOHN D. DINGELL,
J. J. FLORIO,
Managers on the Part of the House.

BOB PACKWOOD,
BARRY GOLDWATER,
HARRISON H. SCHMITT,
LARRY PRESSLER,
HOWARD W. CANNON,
DANIEL K. INOUYE,
J. J. EXON,
Managers on the Part of the Senate.

WE NEED FAIRNESS AND HONESTY IN BUDGET CUTTING

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, I watched the President's speech last night. In all candor I found it replete with examples of unfairness and deception.

In the first place, we are still talking about enormous increases in the defense budget, 21½ percent in budget authority, and 15½ percent in outlays this year, but, at the same time, the President then goes on to say that he wants enormous additional cuts in the nondefense side of the budget.

The President said that he wanted a 12-percent cut in nondefense spending. But what he was really saying, if one reads his speech, is that he wants a 12-percent cut beyond the requests that he made to Congress last March, which means much, much, much deeper cuts in areas like education for the handicapped, guaranteed student loans, Amtrak, and title I, than the Congress and President agreed on when we gave the President everything he wanted this summer.

Let me give my colleagues some examples. Education for the handicapped could be cut an additional 30 percent, from $1.15 billion to $783 million.

Guaranteed student loans will be cut an additional 43 percent. This is from what Congress has already recommended, from $2.7 billion to $1.6 billion.

Amtrak would be gutted. It would cut an additional 46 percent, from $735 million to $394 million, and title I would be cut an additional 30 percent from what the Congress approved in the budget reconciliation bill, from $3.5 billion to $2.475 billion.

I am willing to look at these items, item by item, but I demand fairness, as I am sure most of my colleagues do, and I will not be coerced into accepting draconian and confiscatory cuts while a variety of sacred cows are left protected.

THE PRESIDENT HAS SOME STRANGE PRIORITIES

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, it is time that we began to face the fact that the President's program is income redistribution from the bottom 40 percent of our society to the top 10 percent. That is inherent in the tax bill which provides fully 35 percent of the tax benefits to 5 percent of the people.

The President has found that he is in trouble economically because the tax bill is too large. He grossly miscalculated what the Federal interest rates would be. So we are faced with the spectacle of having to reduce the student loan program further, cut school lunches, and emasculate the constructive parts of the Federal Government so that we can provide major tax breaks to oil companies and big businesses that do not need them.

Mr. Speaker, the time has come for the American people to awaken to the fact that this President has some very strange priorities.

He will be asking us in the next round of budget cuts to reduce low-income energy assistance 34 percent, aid to the handicapped 29 percent, student loans 43 percent, Conrail 89 percent, Federal highway money 14 percent, EDA, Economic Development Administration 89 percent.

Add that to the wholesale cuts in other programs, and the fact that the military is left alone, and we have a very, very strange set of national priorities.

RESPONSE TO THE PRESIDENT'S TELEVISION ADDRESS

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, the single most important factor necessary for economic recovery is lower interest rates.

Last evening, the President recommended additional budget cuts of more than $13 billion. Congress has already reduced the fiscal year 1982 budget by more than $35 billion.

During his address, the President said:

> In the euphoria just after our budget bill was approved this summer, we did not point out immediately that while we did get most of what we had asked for, most is not all. Some of the savings in our proposal were not approved; and since then, the Congress has taken actions that could add even more to the cost of government.

The facts do not support the President. The House Appropriations Committee to date has reported a total of 11 appropriations bills, which are $3.5 billion below the amounts requested in spending authority by the President in his March request.

The additional reductions will be painful to millions of Americans. Thirteen billion more in reductions will be lost in our trillion dollar economy and will have little effect on lowering interest rates.

During the last 6 weeks, the financial markets have responded to President Reagan's economic assumptions with disbelief and disapproval. The business community's conclusions mean that the President's assumptions have been judged to be invalid.

Most financial analysts have concluded that the deficit for fiscal year 1982 will be approximately $60 billion, even if the President's third round of budget cuts as proposed last night by the President are approved.

I am alarmed, Mr. Speaker, by the numerous reports that the only hope for lower interest rates under the President's programs is a deep recession which will take private borrowers out of the credit market, thereby reducing demand for credit and lowering interest rates.

There is a better and less painful alternative, which is to remove the Government from the credit markets. The best way is to defer parts of the 1983 and 1984 tax cuts which are estimated to produce more than $150 billion in deficits. This will increase revenues and lessen Government demand on credit.

I have joined in an effort with my colleagues, Congressman ED JONES, BUTLER DERRICK, MARTIN FROST, and RONNIE FLIPPO, in introducing H.R. 4523 which, if enacted, would balance the budget and produce a $1.9 billion surplus by fiscal 1984. I urge the President to reconsider his economic policy in the light of this alternative.

I submit the following material in support of this proposal, to wit: The letter to our colleagues concerning H.R. 4523; a summary of revenue effects prepared from data compiled by the Joint Committee on Taxation and Congressional Budget Office; and a copy of H.R. 4523:

CONGRESS OF THE UNITED STATES,
September 24, 1981.

DEAR DEMOCRATIC COLLEAGUE: The President's economic programs were barely in place when the business and financial community began to express great concern over the effect on high interest rates of continued budget deficits. It is clear that the President's programs, which for the most part do not go into effect until October 1, have not had a chance to work as anticipated.

Unfortunately, the reaction of the financial community threatens to doom the President's policies to failure by insuring an additional protracted period of high interest rates. Wall Street and Main Street need assurances that budget deficits will be brought under control on schedule—by 1984.

H.R. 4523, which will furnish that assurance to the financial community, was introduced on September 18, 1981, by Mr. Alexander. The bill would defer parts of the tax cut scheduled for 1983 and beyond until such time as the federal budget is brought into essential balance. The bill will provide a small surplus in the 1984 budget, even under the more pessimistic assumptions of the Congressional Budget Office. A summary of the bill is attached. The analysis of budgetary and revenue effects was prepared from data furnished by the Joint Committee on Taxation and CBO.

This approach to the problem will afford a reasonable opportunity for the President's programs to work as anticipated. At the same time, it will send a signal to the financial community that the Congress is prepared to take whatever action is necessary to achieve the kind of fiscal responsibility that the President has promised. Further, it will allow growth in defense and will remove Social Security from the zone of vulnerability for unwarranted cuts made urgent by budgetary constraints.

We hope you will join in this effort by cosponsoring H.R. 4523. Should you wish to do so, or if you need further information, please call Hal Ponder or Lois Richerson at 5-0080 or Hal Lacey at 5-4076.

With kindest regards, we are

Sincerely,

BILL ALEXANDER,
BUTLER DERRICK,
RONNIE G. FLIPPO,
ED JONES,
MARTIN FROST,
Members of Congress.

SUMMARY OF BUDGET AND REVENUE EFFECTS OF H.R. 4523

H.R. 4523 would defer the individual and windfall profits tax rate reductions provided in the Economic Recovery Tax Act of 1981 for any taxable year after 1982 which was preceded by a fiscal year in which the Federal budget reflected a deficit of $10 billion or more. The business tax, estate and gift tax and all other provisions of the Economic Recovery Tax Act would remain intact and would go into effect as scheduled.

The bill would require the deferral of the appropriate rate reductions and would have the following revenue effects on currently anticipated receipts:

TABLE 1

[In millions of dollars]

Fiscal years	1983	1984	1985	1986
Retention of 2/bbl per day exemption after 1984			+174	+232
Delay exemption of independent stripper wells until 1985	+525	+721	+172	
Delay scheduled reductions in rates on newly discovered oil from 27.5 percent until 1985	+101	+304	+422	+697
Delay individual rate reductions beginning in 1983 to 1985	+23,548	+49,851	+42,038	+40,358
Total	+24,174	+50,876	+42,806	+41,287

Source: Joint Committee on Taxation, estimate of revenue effects of H.R. 4523, Sept. 21, 1981.

TABLE 2.—REVENUE LOSS FROM PRE-EXISTING POLICY BASE

[In billions of dollars]

	Fiscal year—				
	1982	1983	1984	1985	1986
Economic Recovery Tax Act of 1981	−37.7	−92.7	−150.0	−199.3	−267.6
H.R. 4523	−37.7	−58.5	−99.1	−156.5	−226.3
Additional revenue under H.R. 4523		+24.2	+50.9	+42.8	+41.3

Sources: Summary of H.R. 4242, Joint Committee on Taxation, Aug. 5, 1981 and estimate of revenue effects of H.R. 4523, Sept. 21, 1981.

TABLE 3.—ESTIMATED BUDGET EFFECTS OF H.R. 4523

[In billions of dollars]

	Fiscal year—				
	1982	1983	1984	1985	1986
Projected outlays	720.0	753.1	797.1	[1] 844.0	[1] 912.0
Projected receipts-current law	654.9	698.1	748.1	[1] 811.1	[1] 859.9
Estimated deficit	−65.1	−55.0	−49.0	−32.9	−52.1
Estimated budget effects of H.R. 4523 on the deficit	−65.1	−30.8	+1.9	(2)	(2)

[1] Projected outlays as reflected in 1982 Budget Revisions, OMB, March 1981.

[2] Deficit/Surplus projections for fiscal years 1985 and 1986 cannot be estimated due to changed economic assumptions occasioned by the effects of the deferral.

Source: Congressional Budget Office, using OMB projections for outlays and receipts with CBO economic assumptions.

JOINT COMMITTEE ON TAXATION,
LONGWORTH HOUSE OFFICE BUILDING,
Washington, D.C., September 24, 1981.

Hon. BILL ALEXANDER,
House of Representatives,
Washington, D.C.

DEAR MR. ALEXANDER: The attached table is provided in response to your request for revenue estimates for H.R 4523—a proposal which defers certain individual and windfall profits tax reductions until the Federal budget is balanced. For the purpose of these estimates it was assumed that the budget would be balanced in fiscal year 1984 so that the "balanced budget year" is calendar 1985.

Sincerely,

MARK MCCONAGHY.

Enclosure.

ESTIMATED REVENUE EFFECTS OF H.R. 4523 CALENDAR AND FISCAL YEARS 1983-86

[In millions of dollars]

	1983	1984	1985	1986
Retain 2 barrels per day royalty exemption after 1984:				
Calendar year			+227	+234
Fiscal year			+174	+232
Delay exemption of independent stripper oil until 1985:				
Calendar year	+687	+732		
Fiscal year	+525	+721	+172	
Delay reduction of newly discovered oil rates from 27.5 percent until 1985:				
Calendar year	+143	+367	+438	+796
Fiscal year	+101	+304	+422	+697
Delayed individual rate reductions and indexing:				
Calendar year	+30,549	+54,750	+41,937	+44,263
Fiscal year	+23,548	+49,851	+42,038	+40,358
Total:				
Calendar year	+31,379	+55,849	+42,602	+45,293
Fiscal year	+24,174	+50,876	+42,806	+41,287

NATION'S BUSINESSMEN COULD HELP SCHOOL LUNCH PROGRAM

(Mr. MILLER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of California. Mr. Speaker, last night the President of the United States told this country that once again he was recommending severe cuts in programs which help the needy, programs which help the elderly. Yet, he also admitted that he is running a little short of revenues, so he intends to propose a tax bill to close some loopholes to the tune of about $3 billion.

Mr. Speaker, I would like to help the President in that effort. So, today I am introducing legislation which will reduce the Federal subsidy of the three-martini lunch and other business entertainment expenses from 100 percent to 70 percent, and target the additional revenues into maintaining the school lunch program. I think we ought to ask wealthy businessmen in this country, who are now having the Federal taxpayer pick up half of the cost of every lunch for them and their friends on a business day, to give up a little bit of their subsidy before we close down school lunch programs all over the country, before we tell young people, many of whom depend on school lunches for half of their daily nutritional intake, that their program is shutting down.

And programs are closing. This week, the Committee on Education and Labor heard testimony that people are dropping out of the programs in far greater numbers than the U.S. Department of Agriculture anticipated. The people who testified in July of this year that nobody would drop out are now telling us that almost 20 percent of the people in some districts have dropped out. The administration has asked for cuts in the portion sizes of these lunches which the U.S. Department of Agriculture, the administration spokesmen confessed, have no nutritional rationale. The nutritional standards advocated by this administration for growing schoolchildren are lower than those we guarantee to convicted felons in prisons in California. These reductions are being ordered only because the administration has cut the funds so drastically already.

I suggest we ask the businessmen in this country, in the spirit of the volunteerism that the President has idealized, to give up part of their subsidy for their three-martini lunch.

This bill will not cost the Federal taxpayer a dime. Enactment of my bill will reduce the subsidy of the business lunch by $700 million in fiscal 1982, and by $1.2 billion in 1983. Those funds would be transferred to a special fund in the Treasury which would be used solely to maintain the school lunch program.

Before we throw more elderly people off social security, before we deny to high-risk pregnant women the nutritional benefits of the WIC program, before we shut down school lunch programs for children throughout this country, could we not ask the business people to give up not their entire entertainment subsidy, but just one-third of that subsidy, which would allow us to continue to serve the school lunch population? Or would this administration, and this Congress, prefer to justify the continued subsidization of the $50, three-martini lunch by shutting down $1.19 school lunches for needy schoolchildren?

DEPARTMENT OF ENERGY SHOULD NOT BE ABOLISHED

(Mr. FAZIO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FAZIO. Mr. Speaker, I rise today to denounce the President's recommendation that the Congress abolish the Department of Energy. The recommendation allows the President to fulfill a campaign promise. It allows him to put into a speech politically critical to him a symbol of frugality and commonsense. In fact, "abolition" of the DOE is an act of bold semantics. The programs within DOE he would propose, or be required by necessity, to keep—he will keep anyway: Nuclear weapons development, the filling of the SPRO—half the budget right there—energy data collection, nuclear waste disposal, nuclear research and development in general, and so forth. These programs and more would be scattered into a variety of agencies and would be made more inefficient thereby, but they will not go away and we will spend no less on them.

The programs the President targets are those he calls unnecessary intrusions into the marketplace, the boldness and imagination of which have not been evident thus far. By this he means the programs for conservation and renewable energy forms; these alternatives promise a greater degree of independence from OPEC sooner than any others. We are within several years of viable photovoltaics systems: Ocean thermal with its vast baseload potential and export potential as well would basically be abandoned to the Japanese; the applicability of wind energy could be multiplied over tenfold within several years by a modest Federal commitment. Conservation alone could sustain economic growth through the remainder of this century.

Japan is a marvel of ingenuity and industrial strength. Government and industry work together. In 10 years they will be selling us what the President proposes to throw away for the sake of a symbol. I do not understand how Wall Street will feel more secure about the future of this country by abandoning efforts at energy independence.

Crude oil decontrol has been an asset to this country but it cannot be the sum and total of an energy policy. Let us not once again reshuffle the energy bureaucracy; let us press ahead.

THE PRESIDENT'S ADDRESS

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, there will be much heard around the land concerning President Reagan's address last night, and I think Members of both parties and all Americans realize that we have got to do something, working together cooperatively, to bring down the high deficits that we now face, to reduce the outrageously high interest rates, and to fight high inflation in order to restore the health of our economy. As we again approach this enormous task I hope we can do it in a cooperative way constructively. Cooperation, of course, means a two-way street. The problems are so large that no one person has all the answers.

The President made a beginning in that regard last night, by admitting he had been wrong. He admitted that he had been wrong about trying to abolish the meager minimum benefits for present social security beneficiaries. Those of us in Congress who opposed that from the beginning knew it was wrong to take away this small sum from the elderly who needed it. There were other places to reduce spending more humanely.

Last night, President Reagan said that he did not intend to do it and yet the provision to abolish the minimum social security payment was in the reconciliation bill which was drafted by his own Office of Management and Budget, which he sent up to Congress, which he campaigned for, and which he signed into law. But it takes a big man to say he had been wrong, and last night President Reagan did just that. I commend him for it.

Now Mr. Reagan proposes a Commission on Social Security, a bipartisan commission approved by him, the Speaker, and the Senate leadership. But I should point out there has already been a bipartisan commission, the National Commission on Social Security, structured just precisely the way the President has now recommended. The problem is that the report of the National Commission, that was given to him earlier this year was discarded by the President. Why would this new Commission do any better or be listened to any closer?

The Vice Chairman of the National Commission, it so happens, is today the Deputy Commissioner of Social Security. So do we need to make these additional studies with more commissions? The information is there. I hope President Reagan will look at the National Commission's studies. What we need to do now is get on with the job of saving the social security system, improving it, and reducing the tax increase. The President perhaps has made a beginning by admitting he was wrong in the first place about social security and now we can go forward.

☐ 1015

RADIO MARTI TO CUBA

(Mr. ROTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROTH. Mr. Speaker, I want to call to my colleagues' attention the announcement by the White House to establish Radio Marti, which will broadcast news and information to the people of Cuba.

For more than 20 years, the Cuban people have lived in a police state, have been denied access to information, and have been subjected to intentionally distorted and false information.

As National Security Adviser Richard Allen stated:

> Radio Marti will tell the truth to the Cuban people about their government's domestic mismanagement and its promotion of subversion and internation terrorism in this hemisphere and elsewhere.

I call on my colleagues to join with me in taking prompt action on the President's proposal so that in the very near future, Radio Marti will be on the air and telling the truth to the Cuban people. Radio Marti will fill an important void in the international broadcasting efforts of this Government—a void which has existed for far too long. Radio Marti deserves our support and prompt action so that we can effectively compete in the struggle for the minds of men.

HOUSE PREVAILS ON MINIMUM BENEFITS

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, I am very pleased that the House of Representatives has prevailed in terms of achieving restoration of the minimum benefit. The action of the Senate yesterday on Congressman BOLLING's bill, H.R. 4331, which was passed by the House subsequent to the reconciliation measure which repealed the minimum benefits, gives me some hope. Of course, the President's remarks last night that he is now reversing his position and intends to go along with restoration of the minimum benefit is a great victory for this House and certainly for the 3 million beneficiaries that currently are eligible for the minimum social security benefit.

I am concerned, however, about the introduction of a means test by the Senate and President Reagan with regard to this social security minimum benefit. This I might add is not a new benefit but rather has been in the social security system since its start.

With regard to the President's economic program, I think he missed the entire point that Wall Street actions are communicating to us. That point is that the overly generous tax cut which provides significant benefits for special interests cannot be afforded with respect to our budget. The increases, the unprecedented increases in defense spending, the unprecedented special interest measure with regard to taxes really, I think, provide for a very negative economic scenario in terms of where we are going and directly result in the extraordinarily high interest rates that are hurting our economy.

The matter of fact is that the $20 billion in unspecified cuts with regard to Federal credit guarantees will impact the very safety valve that small businessmen, homeowners, and many farmers utilize when these high cost and scarce credit circumstances prevail; so I am very concerned about the nature of the President's message, especially when we are just 1 week away from the fiscal year, we are asked after giving his program unprecedented consideration, literally standing the legislative process on its head, to accommodate the President now with further revisions with regard to the 1982 budget. Mr. Speaker, surely we deserve a better answer than just additional cuts of social programs that have been offered as a cure-all to the Reagan economic dilemma.

THE PRESIDENT'S NEW FLEXIBILITY

The SPEAKER pro tempore (Mr. MURTHA). Under a previous order of the House, the gentleman from Massachusetts (Mr. O'NEILL) is recognized for 4 minutes.

Mr. O'NEILL. Mr. Speaker, last night the President addressed the Nation. On one particular issue, he demonstrated a new flexibility. It is a tribute to the courage of the men and women of this Congress who opposed the President's initial proposal that he has modified his position on the matter of social security.

I am sure that the actions of the Members of this Congress in informing the American people what was in the President's proposal concerning social security and the reaction of the American public have changed the President's mind.

I am happy to see the President's new flexibility on this vital question. I remain very concerned about the specifics of his position.

I would like to cite an example: The President said last night that he would like to restore minimum benefits for those social security recipients who "truly need it."

Now, what does the President mean by this? If he means, as he has said before, that this would exclude all those otherwise eligible for welfare, than I disagree. Welfare is not the same as social security.

On another point, the President said he now supports interfund transfers to meet the near-term needs of the system. This is a view that we have taken for some time. I am glad to see that the President has now come around to that view himself. I will work with him to assure that this measure is enacted quickly.

There are other points in the President's speech that concern me. He continues to argue for a severe penalty for those who have planned to retire at the age of 62. I believe that such penalties work a severe hardship on those who have already made their retirement plans.

He also continues to argue for a 3-month delay in the cost-of-living adjustments for those on social security. This delay amounts to a 25-percent annual reduction in the social security cost-of-living adjustment.

I repeat that, because I can see that by the reaction of some Members that there is concern. This delay, by permanently moving to an October adjustment in benefits, which is my understanding of what they intend to do, is a 25-percent annual reduction in the social security cost-of-living increase. It takes from the social security recipients a tremendous amount of money.

Finally, the President proposes the establishment of a new Commission on Social Security. This is a new idea. The President never discussed this with me. I had the opportunity to be with him twice last week, both times in the company of the Republican leader of the House. The first notice I had of this was last night.

I want to emphasize my personal determination that the social security system remain solvent. If we are to form a new commission, it is vital that this new panel be fully committed to the future of social security. It should be established in consultation with the Ways and Means Committee, the committee that today handles social security. Any reform of the social security system should be consistent with the congressional processes. I await further discussion with the President and his leaders on this matter; but let me say this: I remain fully committed to assuring that the budget will not be balanced on the backs of the social security recipients.

THE PRESIDENT EXTENDS AN OLIVE BRANCH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 4 minutes.

Mr. MICHEL. I thank the Speaker.

I appreciate the Speaker taking the floor this morning to outline a position, I think, of some conciliation. I appreciate the Speaker complimenting the President on being as flexible as the President has been on his view with respect to immediate changes on social security.

I would remind the distinguished Speaker, however, that through his party's reconciliation package, the Speaker endorsed the proposition of a cost-of-living adjustment delay in social security. So, to say that one party or the other is the only one looking out for the interest of the social security recipients——

Mr. O'NEILL. Will the gentleman yield at that point?

Mr. MICHEL. Yes, I would be happy to.

Mr. O'NEILL. It is true at this time that we were attempting a compromise in order to save the minimum benefit and so many people in this country who were going to be hurt. Our proposal did less than half of what the President proposed in the first year. It was a method and a means to try and salvage at that particular time—to save the minimum benefit and other programs at a time when it appeared obvious that the country was supporting the President, because it did not know the severity of his cuts we were trying to salvage at that time. I will admit that the gentleman is partly correct.

Mr. MICHEL. That is all well and good, but the Speaker's budget reconciliation bill had in it the very same thing the President was talking about on COLA.

Now, admittedly, on minimum benefit, ours was a different proposal and the President has backed away from that. I am telling the Speaker and the membership itself, that interfund borrowing is a short-range answer. It is not a long-range answer and we are only kidding ourselves if we think we can really buttress the entire social security trust fund over the long haul by an interfund transfer.

Mr. O'NEILL. Will the gentleman yield again?

Mr. MICHEL. Yes, surely.

Mr. O'NEILL. The gentleman has been as inaccurate as the President in addressing the Congress.

Mr. MICHEL. Will the distinguished Speaker tell this gentleman how?

Mr. O'NEILL. The gentleman knows that our proposals—the proposals reported from the Ways and Means Committee—went half as far as the proposals presented by the President. At that particular time, as the gentleman knows, we were engaged in a salvaging operation on our part to improve the program, to stop the people from being hurt as badly as under the President's program.

The Republicans passed their bill.

Now, I say pride to the Members of this House who reacted at that time against the President of the United States. I say pride to the people of America who have responded and have made the Republican Party and the President of the United States change their view. It is a beautiful thing when the Congress of the United States reacts to the people of America. That is what the President did last night; he reacted to the people of America who said, "Mr. President, you are wrong on this issue. We all have care and concern for the Golden Ager who has made America great."

Mr. MICHEL. Well, the Speaker is right in the sense that in our reconciliation, we were proposing other measures. If the distinguished Speaker wants to say that the other side had half the loss as ours, I will accept that; but to run away completely from the fact that the gentleman's side originally had a COLA delay in social security as one of the means for helping bail us out of this, I think is wrong.

Then to say, for example, that the delay of a COLA for 3 months means that social security beneficiaries were going to be cut 25 percent from the balance of the life of the program is erroneous, too.

You know, Mr. Speaker, yesterday the Wall Street Journal carried an editorial page interview with our distinguished colleague, the gentleman from California, LEON PANETTA. Some of his remarks were so refreshing, I think the Democratic leadership ought to note. This is what he said:

> Democrats simply can't ignore the issues of controlling federal spending lowering deficits, moving toward a balanced budget—issues that, frankly, Democrats did ignore for a long time.

He then stated about his fellow Democrats, and this is LEON PANETTA, distinguished Democrat on the Budget Committee, chairman of the task force:

> We've always argued that jobs were important. Yet some of our programs were almost providing incentives for people not to work.
>
> We've never really paid enough attention to the fiscal implications of our policies.
>
> I don't think we as a country will ever return to the sixties and seventies, when we just kept adding programs. But let's not get back into our old habit of throwing money at problems.

That is Mr. PANETTA speaking.

Mr. Speaker, such wisdom and candor deserve our highest praise. It is my hope that LEON PANETTA'S realism replaces some of the nostalgic fantasies that have kept the Democratic leaders so much out of touch.

So I think there is room for us to get together here. The President has thrown out the olive branch. I appreciate the conciliatory tone in some measure of the Speaker's remarks.

The Speaker very well knows my personal inclination is to get together with him on this floor and then if we cannot work it out, go from there.

Mr. O'NEILL. Does the gentleman recall early in the year the Democrats came out with an alternative—the gentleman has yielded?

Mr. MICHEL. Well, I had not yet. I wanted to make one sentence, and then I would be happy to yield.

You know, and I wanted to tell the distinguished Speaker, the Speaker knows me well enough that my inclination is let us get together in this body and work together.

Mr. O'NEILL. The gentleman was not able to convince the President of the United States earlier in the year on the subject of the budget cuts when we sat with him, or on the subject of the tax bill when we sat with him. There was no olive branch extended at that particular time.

The gentleman knows when we went down and talked about what we thought would be in the best interests of America, there was only one way and that was the Reagan way. There was no olive branch at that time.

If there is an olive branch now it is because the President is reacting to the American people who are not satisfied with his budget cuts, with his inflation, with his interest rates, with his projected unemployment.

Mr. MICHEL. I would remind the Speaker that he must share responsibility for interest rates. They were 5 percent when Carter came into office and they went up to 15 percent, the same thing with the inflation rate, double digit. Look at the curve coming down now in just 7 months of expectations, this year.

Mr. O'NEILL. I thought August 4 was the happiest day the Republicans ever had. The President had left for California, beaming with his new boots on. America was going to be beautiful.

What happened along the line? The gentleman got everything he wanted. The administration did not need new cuts, they did not need new taxes. America was going to turn around.

☐ 1030

Investments were going to be made everywhere. How do we have investments when the people have no confidence?

Mr. MICHEL. But the program will not go in for 5 days and I think it is just ridiculous to be criticizing a program that has not even taken effect. It will not take effect until October 1.

Mr. O'NEILL. Now, is that not interesting, that you come for changes before it has taken effect?

Mr. MICHEL. Excuse me?

Mr. O'NEILL. You come for changes before it has taken effect.

Mr. MICHEL. Well, let me say that when the President initially proposed his reductions in the budget, he asked for $48 billion or $49 billion reduction under the Carter budget proposals.

Mr. O'NEILL. You and I know that he was responding to the polls of America.

Mr. MICHEL. You and I know that the figure was set in reconciliation at $35 billion, and there was a cushion there between what the President originally proposed and what we finally enacted in reconciliation. That is really in essence what we are still talking about, and with those projections we are making our case.

Mr. O'NEILL. Last night the President asked for a 12-percent cut below his March budget and you know that when the Gramm-Latta bill came here, the gentleman from Ohio (Mr. LATTA) had not even seen it; it came from Mr. Stockman. We thought it included all the cuts, and you took it on face value.

Mr. MICHEL. It was passed by a majority of this House, and I know the Speaker was rather perturbed because there was a significant number of Members on his side who thought the way we did, and I can well understand the Speaker's disappointment.

Mr. O'NEILL. That was with all the pledges and promises that were made. As I read the President's message of last night he is now going back on them.

Mr. MICHEL. Those Members are representing the American people just as well as you are as Speaker of this House, and we will have to rest our case on that. I guess there will be continuing argument, and they will be carried on in a good, gentlemanly like fashion because that is the nature of this House.

Mr. O'NEILL. You were a part and parcel of putting a deal together with the 20-odd Midwest-Northeast Republicans to restore the fuel assistance from $1.2 to $1.8 billion.

Mr. MICHEL. Yes.

Mr. O'NEILL. You were part and parcel of some of the other restorations?

Mr. MICHEL. Yes.

Mr. O'NEILL. Now, you sat down with the President. I presumed the deal was made. Now, in view of the fact that you made a deal, are you going to allow the President to break his word to those Republicans? You and the Republicans sat down and made that deal.

Mr. MICHEL. No, that was flexible and the President gave us that very flexibility you were talking about in your remarks. We will have to do the best we can to work it out in a reasonable and rational way here on the floor of the House.

I thank the Speaker for participating in this dialog.

INTRODUCTION OF PEACE CORPS REFORM ACT

(Mr. BONKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BONKER. Mr. Speaker, I am pleased to introduce legislation to establish the Peace Corps as a nonprofit Government corporation. The reason is simple: It is time to set this very special organization free from the bureaucratic entanglements, political machinations, and policy implications of the ACTION Agency or any other Government entity.

The Congress has long been concerned about the independence and integrity of the Peace Corps program, which many of us feel is the best "ambassador" the United States has. Unfortunately, the Peace Corps' 10-year association with the ACTION Agency has not been a happy one, and the dream that started with President Kennedy in 1961 has been obscured and tarnished by bureaucratic infighting and redtape within the ACTION Agency.

In the years since the sublimation of the Peace Corps to ACTION, volunteer participation has declined from a high point of 15,000 volunteers in 1967 to some 5,400 today. Even though the reputation of the Peace Corps far outstrips that of the ACTION Agency, potential volunteers must apply through ACTION. In the past, policy differences between ACTION and the Peace Corps were so intense that the Peace Corps' first black and woman Director, Carolyn Payton, was forced to resign.

The Peace Corps is a people-to-people program, not a government-to-government program, and herein lies its special contribution for both our country, the volunteers themselves, and the people of the Third World they work with. In many developing countries, the only American that people meet is the Peace Corps volunteer, ready to work side by side with them to grow better crops, teach children to read, or to achieve better health and nutrition. While U.S. policy might be criticized in many Third World countries, Peace Corps volunteers are not only welcomed, but urged to stay and expand their activities in many areas.

Such a unique organization needs and deserves bureaucratic autonomy. The Peace Corps itself has broad bipartisan support in both Houses of Congress and a consensus has clearly emerged this year that the Peace Corps should be removed from the ACTION Agency. The House Foreign Affairs Committee unanimously passed an amendment to separate the Peace Corps from ACTION and establish it as an independent executive agency. The Senate Foreign Relations Committee passed a similar amendment on the foreign assistance authorization, and the full Senate recently added comparable language to the State Department authorization. It seems clear that the full Congress will agree to separate the Peace Corps from the ACTION Agency this year. In my view, however, this is only a first step. The legislation I am introducing today goes a step further by establishing the Peace Corps as a nonprofit Government corporation, separate and distinct from the ACTION bureaucracy or other formal ties with the Executive branch.

The Peace Corps Reform Act recognizes the need for the Peace Corps to be an innovative, creative, and flexible institution and restores to the agency its control over volunteer recruitment, personnel operations, and other essential Peace Corps functions. The bill directs the Peace Corps to improve communication and coordination with other domestic and international development and volunteer organizations and concentrate on meeting the basic human needs of those living in the poorest of the developing countries.

The Peace Corps Reform Act establishes a Board of Directors appointed by the President and confirmed by the Senate. The terms of each Board member are staggered so that the Board remains independent of any particular Presidential administration. In addition to the Board, this bill establishes a Peace Corps Advisory Council composed of 15 members appointed by the President. The Advisory Council consists of representatives of private voluntary organizations, business, labor, and academic groups, former Peace Corps volunteers, and citizens of Third World nations. Again, the terms of the Advisory Council are staggered to prevent politicization of the Council.

The Peace Corps Reform Act establishes a Director and Deputy Director of the Peace Corps to be appointed by the Peace Corps Board of Directors. These individuals are directly responsible for the administration of the Peace Corps and accountable to the Board of Directors.

To implement these new structures, the Peace Corps Reform Act allows not more than $200,000 of the 1982 Peace Corps authorization to be expended.

This act proposes several changes with respect to Peace Corps volunteers themselves. The monthly allowance has been raised from $125 to $150. This allowance has not been raised since the creation of the Peace Corps in 1961. The act stipulates that no volunteer may serve more than 5 years in any 10-year period, unless the Director of the Peace Corps approves an extension. The act also includes instructions to the Peace Corps to carry out a program to help integrate returned volunteers and staff and to use their skills and experience in helping promote a better understanding between the American public and the peoples of developing countries.

This year marks the 20th anniversary of the founding of the Peace Corps. Sargent Shriver, the first Director of the Peace Corps, delivered an address at a commemoration, and had this to say about its efforts:

> The power of our peaceful efforts lies within ourselves and can be given to others. Many Peace Corps volunteers have possessed this kind of peace * * *. It's the quality of caring—caring for others, willingness, even eagerness to teach the ignorant or bathe the dirty, nurse the leper or serve as a farmer, lawyer, doctor, technician, nurses' aid, in places where thousands, even millions need what you have, in skills, yes, but most of all, in human warmth.

It is my hope that we in Congress can commemorate this special organization by granting it the autonomous structure that it needs and deserves to carry out its unique mandate.

AREA REDEVELOPMENT PLANS

(Mr. OBERSTAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OBERSTAR. Mr. Speaker, with their usual flair for overstatement and oversimplification, the President and his speechwriters last night made this incredible statement: "We built the West without an area redevelopment plan."

Well, demeaning responsible planning for orderly economic growth will not give credibility to the President's failed economic program. The city of New York, the city of Cleveland, the city of Detroit, and, indeed, the entire State of Michigan have orderly economic redevelopment plans for renewed growth in their areas.

In northeastern Minnesota, the area I represent, numerous communities have orderly plans for redevelopment and area economic growth. I do not think they want to hear about the West that was built 100 years ago without an area redevelopment plan as justification for swallowing the President's economic program.

In fact, let us take a look at the West. We see water tables drawn down to dangerously low levels because of growth that occurred helter-skelter, we see the development of communities scrambling to cope with the rapid pace of energy development. Now they are looking for a rational plan for an orderly economic plan.

Mr. Speaker, the President's game plan is not the one. I suggest that, instead of changing his budget program before it has gone into effect, the President and his team should go back to the drawing board and come up with a new tax program—one that will give away less to the wealthiest 6 percent of Americans and give the country a balanced budget tax bill, one that can get us back on track.

PRESIDENT'S PLAN PROMISES FISCAL SANITY

(Mr. CAMPBELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CAMPBELL. Mr. Speaker, in January, when the new administration was sworn in, this country was racked by double-digit inflation and high interest rates—as a matter of fact, the highest interest rates and the highest double-digit inflation rate, in combination, in the peacetime history of this country—and the administration embarked on a course to try to bring under control the excessive Federal spending that had caused our problems.

As a result, inflation is now about half of what it was when President Reagan first took office, and interest rates have started down.

The President last night told the American people that he intended to stay on that course until we got back to fiscal sanity. He asked the question: If not us, who will do it? If not now, when will it be done?

I ask the question: Would the American people rather have the 20-percent inflation and the high interest rates of the past administration or would they rather stay on the course to fiscal sanity?

FACT AND FICTION IN THE ADMINISTRATION'S ECONOMIC PROGRAM

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANTOS. Mr. Speaker, I was in my office listening to the exciting colloquy between the distinguished minority leader and our Speaker and I felt that I had to come over as a professional economist to make just a couple of observations.

We have been told time and time again that the administration's program has not yet taken effect, that it is supposed to begin only on October 1. This is not correct on two counts.

In the first place, many features of the administration's program are retroactive. They took effect on January 1, 1981. They have now been operative for 9 months.

More importantly, Mr. Speaker, the economy functions on expectations. The sharp decline of the stock market and the unwillingness of the financial community to believe figures which simply do not add up are an indication that the administration's program is not working.

In addition, Mr. Speaker, the very fact that midcourse corrections are proposed while claiming that the program has not yet begun is an indication of the flaws in the administration's economic policies.

POSITIVE ECONOMIC PROGRAM WOULD HELP THE POOR

(Mr. BROWN of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Colorado. Mr. Speaker, as I listened to the remarks of my colleagues today I was struck by the fact that what we have heard are complaints about potential or recommended budget cuts without the Members making recommendations of their own as to where the budget ought to be cut.

I am struck by the fact that we hear complaints about interest rates and inflation without a recognition of the fact that the interest rates and the inflation we live with now are the product of past fiscal policies, not the ones that have been recommended by the President.

Let me suggest to this House and its membership that nothing hurts the poor of this country more than inflation and high interest rates. If we truly care about those citizens we will not just complain about what has been done or recommended, but we will talk about positive programs. Higher spending and higher deficits are not going to help the poor of this country. What will help the poor of this country is a program that truly seeks to reduce the deficit and solve the other problems that face them.

Mr. Speaker, our positive actions and positive recommendations are the road to turning this country around.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. MURTHA). The Chair will announce that special orders will be taken up before the House recesses, as announced yesterday.

VLADIMIR AND CARMELLA RAIZ

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Massachusetts (Mrs. HECKLER) is recognized for 10 minutes.

● Mrs. HECKLER. Mr. Speaker, I rise today to speak in behalf of another brave family that has had to bear the tragic burden of the Soviet Union's relentless anti-Semitic persecution. As part of the congressional vigil for Soviet Jewry I want to bring to the attention of all my colleagues the plight of Vladimir and Carmella Raiz, refuseniks in the city of Vilnius, Lithuania—more victims of the most systematic and thoroughgoing policy of religious persecution in the modern world.

Vladimir and Carmella Raiz—along with their 4-year-old son, Moshe—are Jews, and by virtue of that have drawn the special wrath of the Soviet authorities. That they remain proud of their heritage and faith—that they have not buckled under the collective weight of a totalitarian dictatorship—typifies the determination and courage of the many thousands of refuseniks whose fate they share. The story of that courage must be told.

Vladimir Raiz is, by education and training, a molecular biologist, and he worked in that capacity until 1973. Then he and his wife, Carmella—a talented concert violinist—made a decision that was inevitable in light of the Soviet Government's denial of their ancient heritage. They applied for a visa to emigrate to Israel.

Just as inevitable was the action of the authorities. Not only was the request for a visa denied, but the familiar pattern of harassment, persecution and downright terrorism began.

Vladimir Raiz, a briliant young man of science, now works part time as a mailman in Vilnius. He is denied access to his life's work, unable to keep current on new developments in a fast-changing field—unable to maintain his standing in the field in which he was suited to excel, and therefore unable ever to resume this important work without years of catch-up work that he is not allowed to begin.

His wife Carmella has been allowed to continue her work as a violinist, although Soviet authorities will not allow her to travel with her orchestra abroad. Her work has been interrupted, because she would not trust her son to the woefully inadequate Soviet day-care system, but she at least has managed to serve her art within narrowly prescribed limits.

But the harassment of the authorities has not been limited to this one couple; it has, in the most despicable fashion, been extended to other members of their family. When Carmella's mother took ill at an Israeli Independence party in Vilnius, doctors at a local hospital refused to treat her, claiming her illness was incurable. Less than 2 weeks later she was dead of a perforated ulcer—a death that Vladimir is convinced stemmed not from mere medical incompetence, but from a deliberate pattern of abuse and neglect.

Vladimir's parents, who have continually supported the efforts of their son's family to emigrate, became unwilling objects of a propaganda campaign in the Soviet press. Those reports frequently stated that Vladimir's father opposed his son's wish to emigrate—that he hoped that his son would never leave, and be buried along side him within the USSR.

Part of that grisly prediction has already come true. In July of 1980 Vladimir's father, already a gravely ill man who had been denied proper medical attention, collapsed and died. The cruelty of the Soviet authorities had taken yet another toll.

Mr. Speaker, I am proud to report that despite this inhuman abuse, Vladimir Raiz and his family have not given up. They insist on their right to emigrate, and they defy the Soviet authorities by persisting in their studies of Jewish culture, Israeli history and the Hebrew language. They will not accept defeat, because they know that to give up the quest for freedom and dignity is to surrender the essence of one's own humanity.

It is incumbent on all of us in the Congress to speak out in favor of Vladimir and Carmella Raiz, and all the refuseniks who share their plight—because it is incumbent on us to defend the cause of freedom wherever it is threatened. Together we can press for an end to the repulsive policies that have brought tragedy and pain to Vladimir and Carmella Raiz. We must do so—the call of freedom demands no less.●

A REVIEW OF THE PROBLEMS OF SOCIAL SECURITY

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from South Carolina (Mr. CAMPBELL) is recognized for 10 minutes.

Mr. **CAMPBELL**. Mr. Speaker, we heard the President of the United States last night in the latter part of his speech address an issue that is most sensitive to all of us, that being the issue of social security.

I take this time today to present a review of what we have done in social security and where we have gone. I think it is most important that we put it in perspective and that we get away from the political rhetoric that surrounds the issue.

I think it is important that we objectively try to find a solution to the problem of the draining trust funds which jeopardize the benefits of all of those who have retired. No one in this body wants to see a situation come to pass where a person who is dependent upon social security has a check delayed or cut off because of irresponsible actions of the Congress of the United States in not facing up to the fiscal crisis with which we are confronted today.

Let us go back and review briefly, if we may, the history of social security. If a person were to have retired in 1980, having started on social security at its very beginning, in the late 1930's, having paid the maximum benefit every year he worked, that person throughout his lifetime would have paid a little over $12,000 into social security. That person retiring today under full benefits will drawback every penny that he paid in during a lifetime in the first 18 months to 2 years of his retirement.

So I think we can look at the problem we are faced with. Back then we had about 16 people working for every person retired. Now we have a little over three working for every one retired.

So let us be realistic. We have a problem. The problem is how do we keep the taxes on the working Americans below 30, 40, or 50 percent of their income when we get down to one person working for each one retired?

□ 1045

If that is not a problem, I do not know what is, and I think it is time we addressed it.

Let us look at how we began to get into trouble in social security, not just passing along the fact that we have more retired and less working to support them now; but we had other problems.

In the late 1950's, we decided that we would undertake to allow early retirement at the age of 62. Basically, this was done because of the women that we had in the work force. It was felt that there was a need to provide a differential in retirement. We worked on and did provide an 80-percent level of retirement at that time, and we have held to it ever since.

No one argues with that, no one had an argument. That is, until the early 1970's, when we started indexing benefits to inflation. And then we hit the late 1970's, under the last administration, where 15- and 20-percent inflation became the order of the day. Then, people's benefits started going up every year at a rate of 12 or 15 percent.

Now, the American people are very smart people. It did not take people long to understand they could retire at 62, have a cost-of-living increase of 11 or 12 or 13 percent a year, and draw more by the time they were 64 than if they had stayed and worked until they were 65. This compounded the problem we had. As you can see, these are realistic problems. These are things that must be addressed.

But, as if this were not enough, we went further. We decided that rather than make people have to earn their benefits on social security, as most working Americans I know have had to do, we would put in a minimum foundation, to make sure that people could draw social security at a certain amount, whether they earned it or not. That began to drain away from people who had earned it. But that was not bad in all cases, because we were trying to take care of the poor workers, something the President said he wants to take care of now, and something that he will reinstate.

However, we had another group in the society. We had a group of people in America, the people who had retired under other systems, who had never paid into social security, who found the loophole, the loophole of the minimum benefit, and they retired—yes, some Federal employees—rushed out and worked a minimum number of quarters under social security just so they could draw a double retirement. Some of them paid in as little as $100, total into social security taxes, and are now drawing over $3,000 a year in benefits.

What does that do to Mr. and Mrs. America who have worked a lifetime in a mill and who have paid 100 percent of their taxes, to have these people drawing minimum benefits and draining them?

That is the kind of thing that has to be corrected on this social security program. That is what the President of the United States has talked about. That is the responsible action. You cannot just sit back and say that social security should be allowed to go down the drain. You have to come forward and say that social security should be protected for those who earned the benefits and are entitled to the benefits, but in no way should their benefits be jeopardized to provide a payment to people who never earned these benefits in the first place. That is the only responsible way to go about it. Now, the President has raised the issue. It is not a popular political issue.

But, let us go a little further. The gentleman from Massachusetts (Mr.

O'Neill) had said earlier that the solution was to borrow from the trust funds because one trust fund was broke and two were not. The President said, "Fine, I will meet you halfway. We will borrow from the trust funds. But you know and I know that that will not last but 2 or 3 years. Now, please join me, and let us get out of the politics of this, let us get out of the political rhetoric, let us start worrying about that person who is 80 years old, dependent upon that check, and let us do something to make sure this system stays intact."

Yes, the challenge has been thrown out. And, yes, I think that the Speaker indicated that he in fact would try to cooperate, to some degree. And I hope that the American people will see the Congress of the United States, liberal and conservative, Republican and Democrat, join together with one common goal; that is, to strengthen the social security system so that the people who have earned their benefits and are planning retirement in the future can bank on it and not worry about it.

God forbid that we ever see a day in this Nation when the elderly of America, who have given us so much through the things that they have provided this Nation, are ever set off against the young of America who resent paying taxes to support a system set up to take care of them in their retirement.

Yet I can tell you that I can see storm clouds on the horizon. There is no question that if you ask a young worker going into the marketplace today to pay 35, 40, or 50 percent of their salary in social security taxes, that that young worker is going to resent it. And there is then going to be a resentment against those who are drawing it. We do not want that in America. We do not need that in America.

I think the President of the United States has put forth some proposals that we should consider. I am a member of his party, I do not agree with all of them. But neither do I agree with any type of demagogic position against him. I might agree with a solid position if an alternative were offered. I have seen no alternatives. Where are the alternatives? Where are those, who have come forth with all of the criticism, with their alternate plans? I should hope that we can overcome this today and that in fact we will have constructive alternatives and in the future that we can look at the American people and say we rose and we met the challenge and we protected that which should have been protected and we made the decisions that had to be made. For, in the words of the President, "If not us, who? If not now, when?"

I do not think we can afford to wait until 1990 and still be asking those questions.

DEPOSIT INSURANCE FLEXIBILITY ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. St Germain) is recognized for 10 minutes.

● Mr. ST GERMAIN. Mr. Speaker, today, Messrs. Stanton of Ohio, and Wylie and I are introducing legislation requested by the Federal depository institution regulatory agencies. As you know, officials of these agencies have come before the Committee on Banking, Finance and Urban Affairs over the last several months to stress the need for this legislation. They are confronting an ever-increasing number of institutions which are being strained by present economic conditions. The regulators' ability to act expeditiously is hampered by restrictions contained in present law, and the bill would provide them with more flexible authority to handle the number and variety of cases they now have.

Change in the financial marketplace is occurring very rapidly, and we have announced that the committee will commence in October a full-scale review of the changes which have taken place in the financial markets, of the need for restructuring existing financial institutions, and the proper role of the Federal Government in this area.

It is clear, however, that conditions in the economy necessitate the consideration of the legislation requested by the agencies. They are moving quickly to devise solutions to problem cases which may not be the most efficient. The bill contains two changes from the version requested by the regulators. One, the increase in the Treasury line of credit for the Federal Savings and Loan Insurance Corporation, and the National Credit Union Share Insurance Fund is deleted. Second, the bill would sunset all of the provisions on December 31, 1982. Since the subject of deposit insurance and regulation is a vital portion of the overall subject of financial institutions restructuring, the changes in authority for the agencies must be sunsetted to allow the committee to review their operation and need in the future. It is our intent on Tuesday, September 29, 1981, to consider the regulators bill.

After completion of our consideration of that bill, the committee can then begin a thorough analysis of the broader issues that we must address in the near future. At this time, I include a section-by-section summary of the bill in the Record immediately following these remarks:

Section-by-Section Analysis of Assistance Legislation (Deposit Insurance Flexibility Act)

Section 1: This section expands the circumstances under which the FDIC can provide financial aid to insured banks. Present law limits FDIC's authority to situations in which an insured bank that the FDIC deems essential to provide adequate banking service in the community closes or is in danger of closing. FDIC may then extend loans to the bank, make deposits in it, or purchase its assets. The language in the bill permits FDIC to extend this assistance when severe financial conditions threaten the stability of a significant number of insured banks. Such assistance can only be extended, however, when the FDIC finds that doing so would substantially reduce its risk of loss.

Section 2: This section permits the FDIC to provide merger-related assistance to an acquiring institution that is insured by the FSLIC. Existing law allows such assistance to go to insured banks, thereby excluding FSLIC-insured associations.

Section 3: This section permits the FDIC to indemnify the FSLIC for a period of five years against losses when a State-chartered mutual savings bank converts, under this bill's emergency authority, into a Federal stock savings bank that is insured by the FSLIC. The amount of the indemnity will be determined by agreement of the two corporations. The existing indemnity provision which prescribes a five-year decreasing percentage formula governing FDIC reimbursement in non-emergency situations, would govern conversions that result in formation of a Federal mutual savings bank, rather than a stock savings bank.

Section 4: This section permits the FDIC to treat as an expense the earnings it foregoes by extending loans at rates below what the FDIC could earn in its investment portfolio.

Section 5: Subsection (a) of this section permits waiver of the notice and hearing requirements of the Bank Holding Company Act when the Federal Reserve Board finds that an emergency exists regarding an application involving a thrift institution. Subsection (b) defines the term "thrift institution", for purposes of the Bank Holding Company Act, to include a Federal stock savings bank or stock savings and loan association. Subsection (c) is an explicit exception to the Bank Holding Company Act prohibition on interstate acquisitions for emergency transactions authorized by Section 15 of the bill.

Section 6: This section allows the Federal Home Loan Bank Board, if one of three prescribed conditions is met, to approve the conversion of a savings and loan association or savings bank from a mutual to a stock form. The three conditions are:

(1) If an institution is in receivership;

(2) If severe financial conditions exist which threaten the stability of the institution, and conversion is likely to improve the institution's financial condition; or

(3) If either the FDIC or the FSLIC has contracted to assist the institution through loans, contributions, asset purchases and the like.

The Bank Board can require the conversion of a Federal mutual institution, or authorize a state-chartered mutual institution to convert. The FSLIC must insure any Federal stock savings bank resulting from a conversion, and the Board can condition the conversion on FDIC agreeing to provide a reasonable indemnity for a period of five years to the FSLIC. The new stock institution can, to the extent permitted by the Board, continue to engage in any activities engaged in by its predecessor institution on December 31, 1977. The section also makes technical changes to FSLIC's insurance authority and to the Home Owners' Loan Act to recognize the Federal stock savings bank as a thrift institution.

Section 7: This section broadens the FSLIC's authority to assist troubled thrift institutions. Current law allows the FSLIC to make loans or contributions to or purchase the assets of an institution to prevent its default, or, if it is in default, to restore it to normal operation. In addition, the FSLIC currently can take similar actions to facilitate a merger with another insured thrift institution. The draft bill would expand the range of financial assistance that the FSLIC can provide (to include making deposits in and purchasing securities of the troubled thrift institution). In addition, the draft bill would permit FSLIC to act when severe financial conditions exist which threaten the stability of a significant number of insured institutions or which threaten insured institutions having significant financial resources. As under existing law, the amount of FSLIC assistance is limited to that necessary to save the cost of liquidation, unless the FSLIC finds that the institution is essential to providing adequate savings or home financing services in its community, in which case the assistance limit does not apply. This section also permits the FSLIC, in deciding what steps to take to help a Federal savings and loan association that is in default, to take into account the best interest of the FSLIC as well as the savers who have money in the association. The FSLIC is also required, as conservator or receiver of a defaulted S&L, to pay all valid credit obligations of the association.

Section 8: This section allows the FSLIC to approve a merger or a transfer of assets and liabilities between two FSLIC-insured institutions, regardless of where they are located, or between an insured institution and any other company, if the FSLIC finds that severe financial conditions threaten the stability of a significant number of insured institutions or the stability of insured institutions with significant financial resources. The section requires the FSLIC to give paramount consideration to minimizing the financial assistance provided by the Corporation. The section sets priorities relating to the types of institutions that would merge and their geographic locations. First preference goes to institutions of the same type within the same state; second to institutions of the same type in different states; third to institutions of different types in the same state; and fourth to different types in different states. Mergers or transfers involving a bank or bank holding company must be approved by the Federal Reserve and the FSLIC.

Section 9: This section permits temporary suspensions of Federal Home Loan Bank payments to their reserve accounts, and allows dividends to be paid out of the Banks' undivided profits, when severe financial conditions exist threatening the stability of member institutions.

Section 10: This section amends the existing prohibition on FSLIC borrowings from sources other than Treasury to permit the Corporation to borrow from Federal Home Loan Banks. FSLIC borrowings from Federal Home Loan Banks must be at interest rates at least as high as the Banks' current marginal cost of funds, and those loans must be adequately secured, as determined by the Board.

Section 11: This section permits the FSLIC to avoid rebating its secondary reserve to insured institutions, when it determines that extraordinary financial conditions exist that increase the FSLIC's risk.

Section 12: This section permits the NCUA Board to authorize the National Credit Union Share Insurance Fund to borrow from the NCUA Central Liquidity Facility.

Section 13: This section allows the NCUA Board to approve mergers or purchases and assumption transactions between two insured credit unions, if one of the credit unions is insolvent or in danger of becoming so, if an emergency is found to exist and if no other reasonable alternatives are available. The field of membership of the surviving credit union cannot be expanded as a consequence of the acquisition. The Board may also authorize a purchase and assumption arrangement between an insured credit union facing insolvency and any other federally-insured financial institution other than a credit union.

Section 14: This section permits the NCUA Central Liquidity Facility to advance funds to the Share Insurance Fund.

Section 15: This section allows the FDIC, when appointed receiver for a closed insured bank that has assets greater than 0.12% of the U.S. total, to sell the assets of the bank to a subsidiary of an out-of-state bank or bank holding company regardless of Federal or state laws which now may prohibit the transaction. The subsidiary must be insured and must be located in the same state as the closed bank. The section prescribes a process to give first priority to in-state financial institutions and second priority to institutions in adjacent states, before sale to subsidiaries of other out-of-state institutions is allowed. Prior to soliciting offers for a sale and assumption, the FDIC must consult with the State bank supervisor in the state in which the closed bank was chartered. The FDIC must take into account the antitrust implications before authorizing a sale under this section.

Section 16: This section sunsets the Act on December 31, 1982, but preserves the validity of actions taken under the Act prior to that date.

Section 17: This section prescribes the short title of the Act, the Deposit Insurance Flexibility Act.●

RECESS

The SPEAKER pro tempore. Pursuant to the order of the House of September 24, 1981, the Chair declares the House in recess subject to the call of the Chair.

Bells will be rung 15 minutes before the House reconvenes.

Accordingly (at 10 o'clock and 52 minutes a.m.), the House stood in recess subject to the call of the Chair.

☐ 1315

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. Murtha) at 1:15 p.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a joint resolution of the House of the following title:

H.J. Res. 325. Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes.

The message also announced that the Senate insists upon its amendments to the joint resolution (H.J. Res. 325) entitled "A joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes," disagreed to by the House; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Hatfield, Mr. Stevens, Mr. Weicker, Mr. McClure, Mr. Laxalt, Mr. Garn, Mr. Schmitt, Mr. Cochran, Mr. Andrews, Mr. Abdnor, Mr. Kasten, Mr. D'Amato, Mr. Mattingly, Mr. Rudman, Mr. Specter, Mr. Proxmire, Mr. Stennis, Mr. Robert C. Byrd, Mr. Inouye, Mr. Hollings, Mr. Eagleton, Mr. Johnston, Mr. Huddleston, Mr. Burdick, Mr. Leahy, Mr. Sasser, Mr. DeConcini, and Mr. Bumpers to be the conferees on the part of the Senate.

APPOINTMENT OF CONFEREES ON HOUSE JOINT RESOLUTION 325, CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1982

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the joint resolution (H.J. Res. 325) making continuing appropriations for the fiscal year 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi? The Chair hears none and, without objection, appoints the following conferees: Messrs. Whitten, Boland, Natcher, Smith of Iowa, Addabbo, Long of Maryland, Yates, Roybal, Bevill, Benjamin, Ginn, Dixon, Fazio, Conte, McDade, Edwards of Alabama, Myers, Young of Florida, Kemp, Burgener, and O'Brien.

There was no objection.

MAKING IN ORDER ON MONDAY, SEPTEMBER 28, 1981, OR ANY DAY THEREAFTER, CONSIDERATION OF CONFERENCE REPORT ON HOUSE JOINT RESOLUTION 325, CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1982

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Monday, September 28, 1981, or any day thereafter, to consider the conference report and any amendments in disagreement on the joint resolution (H.J. Res. 325) making continuing appropriations for fiscal year 1982, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

WE NEED SOCIAL SECURITY ACTION NOW

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, we do not need another task force to study social security problems. We know what the problems are, and we have known them for a long time. What we need are specific long and short range recommendations and specific legislation by the administration. We need the leadership of the President and the administration, and the Congress.

If the Senate will advance a meaningful bill, I am still confident the House will consider it on a bipartisan basis. Everybody is ducking the tough decisions. These social security problems will not go away—they will only get worse as our emotions and fears or distrusts grow. Action so far has been shortsighted and political. The real tragedy is that the participants in social security will suffer additional years of uncertainty about this program, and the younger Members of this great Congress will see social security rising out of the mist like Banquo's ghost to haunt them again and again.

Let us hope the Congress will meet its obligation now. If the Commission is established—and it looks like it might be—I hope the President will speed up its work and will participate in it himself so that we can know what his views are.

LEGISLATIVE PROGRAM

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I take this time simply to describe to the Members the situation, from a parliamentary standpoint.

We await the opportunity to act upon the conference committee report, to go to conference with the other body on the continuing resolution.

I am informed that we do not have the papers, and will not have them for some little time yet, and that it seems improbable that we would be likely to have a conference report on Monday. Not impossible, but improbable.

I yield to the distinguished chairman of the Committee on Appropriations, the gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Speaker, the House, just having acted on the two unanimous-consent requests I made, I expect to call the Senator who heads the Appropriations Committee in the other body and see what is possible in the way of getting together.

Mr. WRIGHT. Let me suggest, then, that if it becomes evident beyond a reasonable doubt that we cannot expect to have a vote on Monday, then we will instruct the whips' offices in order that they may call all Members and advise them to that effect, because there has been quite some considerable interest on the part of Members with respect to the possibility of votes on Monday.

Mr. WHITTEN. May I say to my leader that on this side we expect to do everything we can to get together. But as the gentleman knows, dealing with the other body and the many problems here, as I advise the leadership to go with, I do not know what success we will have; but we are ready to go on our side.

Mr. WRIGHT. I suppose, Mr. Speaker, we have to leave it at that.

The probability seems to be that it is unlikely that there is less than an even chance that we would have a conference committee report on which we might be able to vote Monday. If it becomes evident beyond a reasonable doubt that we cannot, then we will advise the minority leadership, and we would expect the whips' offices from both the majority and the minority leaders' offices to advise the Members.

Mr. MICHEL. Mr. Speaker, will the distinguished majority leader yield?

Mr. WRIGHT. I yield to the gentleman from Illinois.

Mr. MICHEL. Then would we expect that if this were to go over until Wednesday, the continuing resolution conference report would be the priority business of the day?

Mr. WRIGHT. It is the most necessary business of the day, quite obviously, and it would be the only vote that we would entertain on Wednesday, since Wednesday is the second day of the Jewish religious holidays. By preference, we would rather not have any votes on Wednesday, but because of the inexorable approach on the following day of the new fiscal year, it would be necessary for us to act on Wednesday. If it becomes necessary for us to forego any possibility of a vote on Monday, it will be put over until Wednesday. That would be the only vote that we would expect to entertain on Wednesday.

Mr. MICHEL. I thank the gentleman.

Mr. PICKLE. Mr. Speaker, will the distinguished majority leader yield?

Mr. WRIGHT. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Speaker, the other body has now presented us the continuing resolution, and conferees have been appointed. It is likely, then, we will get a vote on Monday or Wednesday, as it appears now.

When the gentleman from Mississippi presented the continuing resolution, he indicated that it would be in order Monday, or whenever the continuing resolution is considered, to make certain motions pertaining to that particular resolution.

My inquiry is: Is there any intention of the chairman of the committee offering amendments or making in order amendments pertaining to the social security program?

Mr. WHITTEN. If the gentleman will yield, there is no intention on the part of the gentleman from Mississippi. And may I say, I agree with the majority leader that the outlook of getting together is very dark indeed, so I do not think we would be ready with anything on Monday. But I have no intention of making any motions at this time.

Mr. PICKLE. I thank the gentleman.

Social security is a difficult question. It is not in the continuing resolution, and it ought to be left to the jurisdiction of the committee concerned. I appreciate the clear statement of the gentleman from Mississippi that they will not be in order.

Mr. WRIGHT. Mr. Speaker, I yield back the balance of my time.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. O'NEILL (at his own request), for 4 minutes, today.

Mr. MICHEL (at his own request), for 4 minutes, today.

(The following Members (at the request of Mr. BROWN of Colorado) to revise and extend their remarks and include extraneous material:)

Mr. HILER, for 20 minutes, today.

Mrs. HECKLER, for 10 minutes, today.

Mr. GOLDWATER, for 5 minutes, today.

Mr. CAMPBELL, for 10 minutes, today.

(The following Members (at the request of Mr. SUNIA) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. ST GERMAIN, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. BROWN of Colorado) and to include extraneous matter:)

Mr. MCGRATH.

Mr. GOODLING.

Mr. SENSENBRENNER.

Mr. LENT in two instances.

Mr. RITTER.

Mr. CONTE.

Mr. SAWYER.

Mr. GINGRICH.

Mr. FINDLEY.

Mr. HAMMERSCHMIDT.

Mr. LUJAN.

(The following Members (at the request of Mr. SUNIA) and to include extraneous matter:)

Mr. CONYERS.

Mr. VENTO.

Mr. OBEY in five instances.

Mr. SHAMANSKY.

Mr. SANTINI.

Mr. STARK.

Mr. PICKLE.

Mr. HOYER.

Mr. WAXMAN.

Ms. FERRARO.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 306. An act to authorize the Secretary of the Interior to construct, operate, and maintain hydroelectric powerplants at various existing water projects, and for other purposes; to the Committee on Interior and Insular Affairs;

S. 1365. An act to amend the Bankruptcy Act regarding farm produce storage facilities, and for other purposes; to the Committee on the Judiciary;

S.J. Res. 4. Joint resolution to authorize the President to issue a proclamation designating the week beginning November 22, 1981, as "National Family Week"; to the Committee on Post Office and Civil Service; and

S.J. Res. 59. Joint resolution designating the square dance as the national folk dance of the United States; to the Committee on Post Office and Civil Service.

BILLS PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on September 24, 1981, present to the President, for his approval, bills of the House of the following title:

H.R. 618. An act to convey certain interests in public lands to the city of Angels, Calif.; and

H.R. 2218. An act to direct the Secretary of Agriculture to convey certain National Forest System lands in the State of Nevada, and for other purposes.

ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 24 minutes p.m.) under its previous order, the House adjourned until Monday, September 28, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2247. A letter from the Acting General Counsel, U.S. General Accounting Office, transmitting a report on the status of certain budget authority proposed by the President for rescission, but rejected by Congress; to the Committee on Appropriations.

2248. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Army's proposed sale of certain defense equipment and services to Turkey (Transmittal No. 81-100), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2249. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Army's proposed sale of certain defense equipment and services to Greece (Transmittal No. 81-102), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2250. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Force's proposed sale of certain defense equipment and services to Korea (Transmittal No. 81-106), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2251. A letter from the Chairman, Federal Energy Regulatory Commission, transmitting a proposed rule to exempt from incremental pricing natural gas used as boiler fuel in the manufacture of fertilizer, agricultural chemicals, animal feed, and food, pursuant to section 206(d)(2) of the Natural Gas Policy Act of 1978; to the Committee on Energy and Commerce.

2252. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment and services to Turkey (Transmittal No. 81-100), pursuant to section 36(b) of the Arms Export Control Act, together with certification that the sale is consistent with the principles contained in section 620C(b) of the Foreign Assistance Act of 1961, pursuant to section 620C(d) of the act; to the Committee on Foreign Affairs.

2253. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment and services to Greece (Transmittal No. 81-102), pursuant to section 36(b) of the Arms Export Control Act, together with certification that the sale is consistent with the principles contained in section 620C(b) of the Foreign Assistance Act of 1961, pursuant to section 620C(d) of the act; to the Committee on Foreign Affairs.

2254. A letter from the Director, Defense Security Assistance Agency, transmitting, notice of the Air Force's intention to offer to sell certain defense equipment and services to Korea (Transmittal No. 81-106), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2255. A letter from the Acting Secretary of Commerce, transmitting a draft of proposed legislation to amend the Magnuson Fishery Conservation and Management Act of 1967, and for other purposes; to the Committee on Merchant Marine and Fisheries.

2256. A letter from the Vice Chair, Merit Systems Protection Board, transmitting a report on the Senior Executive Service, pursuant to 5 U.S.C. 1205(a)(3); to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DINGELL: Committee of conference. Conference report on S. 304 (Rept. No. 97-252). And ordered to be printed.

Mr. ZABLOCKI: Committee on Foreign Affairs. House Concurrent Resolution 176. Concurrent resolution with respect to the proposed Agreement for Cooperation Between the United States and Egypt Concerning Peaceful Uses of Nuclear Energy (Rept. No. 97-253). Referred to the Committee of the Whole House on the State of the Union.

Mr. DINGELL: Committee on Energy and Commerce. S. 1475. A bill to extend the expiration date of section 252 of the Energy Policy and Conservation Act (Rept. No. 97-254). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 1184. A bill to amend the Tariff Schedules of the United States regarding the rate of duty that may be proclaimed by the President with respect to sugar imports; with an amendment (Rept. No. 97-255). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROSTENKOWSKI: Committee on Ways and Means. House Concurrent Resolution 95. Concurrent resolution to encourage the reduction of export credit subsidies in world trade (Rept. No. 97-256, Part I). And ordered to be printed.

Mr. ROSTENKOWSKI: Committee on Ways and Means. H.R. 4566. A bill to reduce certain duties, to suspend temporarily certain duties, to extend certain existing suspensions of duties, and for other purposes (Rept. No. 97-257). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BONKER:

H.R. 4596. A bill to establish the Peace Corps as a Government corporation, and for other purposes; to the Committee on Foreign Affairs.

By Mr. JONES of North Carolina:

H.R. 4597. A bill to amend the Outer Continental Shelf Lands Act, the Outer Continental Shelf Lands Act Amendments of 1978, and the Coastal Zone Management Act of 1972; jointly to the Committees on Interior and Insular Affairs and Merchant Marines and Fisheries.

By Mr. LUJAN:

H.R. 4598. A bill to amend subchapter II of chapter 73 of title 10, United States Code, to eliminate certain inequities in the survivor benefit plan provided for under such subchapter, to improve such plan by authorizing certain new options for participants in such plan, and for other purposes; to the Committee on Armed Services.

By Mr. MILLER of California:

H.R. 4599. A bill to amend the Internal Revenue Code of 1954 to reduce the deduction for business meals and to earmark the savings from such reduction for the school lunch programs; jointly to the Committees on Education and Labor and Ways and Means.

By Mr. PRICE (for himself and Mr. Dickinson) (by request):

H.R. 4600. A bill to amend title 10, United States Code, to repeal provisions of such title that impose certain restrictions on enlisted members of the Armed Forces and on members of military bands; to the Committee on Armed Services.

By Mr. RODINO:

H.R. 4601. A bill to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period, and for other purposes; to the Committee on the Judiciary.

By Mr. SAWYER:

H.R. 4602. A bill to suspend for 2 years the duty on certain prostheses if imported for charitable therapeutic use, or for free distribution by certain public or private nonprofit institutions; to the Committee on Ways and Means.

By Mr. ST GERMAIN (for himself, Mr. Stanton of Ohio, and Mr. Wylie):

H.R. 4603. A bill to provide flexibility to the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, and the Federal supervisory agencies to deal with financially distressed depository institutions; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SENSENBRENNER (for himself and Mr. Bennett):

H.R. 4604. A bill to amend title 18 of the United States Code to prohibit the interstate restraint of children in violation of rights of custody and visitation; to the Committee on the Judiciary.

By Mr. LONG of Maryland:

H. Con. Res. 192. Concurrent resolution to direct the Commissioner of Social Security and the Secretary of Health and Human Services to immediately develop and present to the Congress a plan to correct the social security benefit disparity which has become known as the notch problem; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 25: Mr. Gregg, Mr. Hance, Mr. Huckaby, Mr. Montgomery, and Mr. Morrison.

H.R. 190: Mr. Kogovsek, Mr. Bonior of Michigan, Mr. Barnes, Mr. Murphy, Mr. Mazzoli, Mr. Bedell, Mr. Gingrich, Mr. Pepper, Mr. Carney, Mr. Gregg, Mr. Barnard, Mr. Fazio, Mr. Atkinson, Mr. Frost, Mr. Hughes, Mr. Ertel, Mr. Gray, Mr. Dougherty, Mr. Garcia, Ms. Mikulski, Mr. Gore, Mr. Harkin, and Mr. Kramer.

H.R. 443: Mr. Moffett.

H.R. 444: Mr. Jeffords, and Mr. Fowler.

H.R. 1042: Ms. Ferraro, Mr. Molinari, Mr. Rangel, Mr. Rinaldo, Mr. Walgren, Mr. Wirth, Mr. Zeferetti, Mr. Hammerschmidt, and Mr. Roybal.

H.R. 2297: Mr. Oberstar, Mr. Edwards of Oklahoma, Mr. Solarz, Mr. Kemp, Mr. Gilman, Mr. Sharp, and Mr. Bailey of Pennsylvania.

H.R. 2319: Ms. Ferraro.

H.R. 2646: Mr. Howard.

H.R. 3393: Mr. Studds.

H.R. 3575: Mrs. Collins of Illinois, Mr. Fascell, and Ms. Fiedler.

H.R. 3719: Mr. Hiler.

H.R. 3909: Mr. Hyde, Mr. Porter, Mr. Frenzel, Mr. Hansen of Idaho, Mr. Won Pat, Mr. Oberstar, Mr. Butler, and Mr. Edgar.

H.R. 4070: Mr. Weaver, Mr. Bedell, and Mr. McHugh.

H.R. 4351: Mr. Hagedorn, Mr. Stump, Mr. Winn, Mr. Martin of North Carolina, Mr. Kramer, and Mr. Spence.

H.J. Res. 100: Mr. Napier.

H.J. Res. 128: Ms. Ferraro.

H.J. Res. 268: Mr. Barnard, Mr. Beard, Mrs. Boggs, Mr. Butler, Mr. Carman, Mr. Carney, Mr. Conte, Mr. Daniel B. Crane, Mr. Daub, Mr. de la Garza, Mr. Dickinson, Mr. Edgar, Mr. Edwards of California, Mr. Emerson, Mr. Evans of Delaware, Mr. Findley, Mr. Fish, Mr. Gonzalez, Mr. Goodling, Mr. Hansen of Utah, Mr. Hawkins, Mr. Latta, Mr. Livingston, Mr. Long of Maryland, Mr. McDade, Mr. McHugh, Mr. Martin of New York, Mr. Mazzoli, Mr. Miller of Ohio, Mr. Mitchell of New York, Mr. Mottl, Mr. Porter, Mr. Rhodes, Mr. Stangeland, Mr. Stanton, of Ohio, Mr. Stump, Mr. Traxler, Mr. Udall, Mr. Washington, Mr. Walker, Mr. Zablocki, and Mr. Zeferetti.

H.J. Res. 323: Mr. Oberstar, Mr. Bereuter, Mr. Weaver, Mr. Skeen, Mr. Long of Maryland, Mr. Ford of Tennessee, Mr. Smith of Iowa, Mr. Dyson, Mr. Kemp, Mr. Wyden, Mr. Spence, Mr. Derrick, Mr. Campbell, Mr. Napier, Mr. Hartnett, Mr. Flippo, and Mr. Stratton.

H. Con. Res. 60: Mr. Archer, Mr. Bafalis, Mr. Barnes, Mr. Benjamin, Mr. Coelho, Mr. Courter, Mr. D'Amours, Mr. Daschle, Mr. Fazio, Mr. Ford of Tennessee, Mr. Forsythe, Mr. Gore, Mr. Gradison, Mr. Horton, Mr. Hutto, Mr. Lagomarsino, Mr. Lee, Mr. Lott, Mr. Lungren, Mr. Montgomery, Mr. Morrison, Mr. Murphy, Mr. Neal, Mr. Perkins, Mr. Pickle, Mr. Porter, Mr. Roe, Mr. Scheuer, Mr. Smith of Pennsylvania, Mr. Stump, Mr. Sunia, Mr. Udall, and Mr. Winn.

H. Con. Res. 166: Mr. Early, Mr. Donnelly, Mr. Phillip Burton, Mr. Mavroules, and Mr. Pepper.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

215. By the SPEAKER: Petition of the Arizona School for the Deaf and Blind Education Association, Tucson, Ariz., relative to telephone access for persons who use hearing aids; to the Committee on Energy and Commerce.

216. Also, petition of the General Assembly, Presbyterian Church in America, Fort Lauderdale, Fla., relative to the proposal to change Federal election days from Tuesdays to Sundays; to the Committee on House Administration.

SENATE—*Friday, September 25, 1981*

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Almighty God who art just and merciful in all Thy ways, on this significant day in our national life, we pray for the Supreme Court and especially for the new Associate Justice. May they be strengthened in their awesome responsibility. Preserve them against all that would defame or impugn their high office. In recognition of their sacred trust, help us never to fail to pray for them.

With profound gratitude we contemplate the extraordinary vision and wisdom with which our founders composed the Constitution providing a form of government unprecedented in history. We are amazed when we realize the strength, versatility, and flexibility of a system conceived two centuries ago which endures so effectively to this day despite the magnitude of change.

As righteousness and justice are the foundation of Thy throne.—Psalm 89: 14.

Grant to every branch of government the will and the wisdom to be faithful to the legacy left us by the fathers of this Republic. Let not Isaiah's words be true of us:

No one enters suit justly, no one goes to law honestly; they rely on empty pleas, they speak lies . . . Justice is turned back, and righteousness stands afar.—Isaiah 59: 4, 14 RSV.

Thou has shown us what is good, what Thou dost require of us:

To do justice, to love mercy, and to walk humbly with our God.—Micah 6: 8.

Help us O Lord, to obey. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. WALLOP. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. WALLOP. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WALLOP). Without objection, it is so ordered.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDING OFFICER. The majority leader is recognized.

PRESIDENT REAGAN'S SPEECH LAST NIGHT

Mr. BAKER. Mr. President, on last evening the President of the United States addressed the Nation on a matter of extraordinary importance.

This Nation's foundation for economic recovery was planted this past January, and construction since then, in the form of the largest budget reduction and tax relief packages ever, has progressed faster and more successfully than many had expected. Although the building is not finished, President Reagan last night proved once again that he is leading us on a firm and responsible course.

President Reagan's task last night was not an easy one. Burgeoning budget deficits have necessitated another round of commitments to restrain the size and cost of Government.

While there are some that have chosen to look away from such realities, I believe the President has not. He prescribed the essential sacrifices, and articulated his determination to carry out the will of the American public.

Salient among the issues raised by the President, was social security, I believe that President Reagan and the Congress are dealing with a complex and sensitive issue; seeking to guarantee its future, while reassuring those dependent on it now, that they will not be left alone.

In his speech last night, the President called for the establishment of a special bipartisan task force which would by January of 1983, develop a permanent solution to the problems facing the social security system. He requested that Speaker O'NEILL and I each name five members to this council.

I agree with the President on this proposal and I will begin this week to determine which Senators shall be named.

Such a long-term approach coincides with the action taken by the Senate Finance Committee yesterday, which is designed to address short-range problems in the system. By a vote of 19 to 0, the committee provided for the restoration of minimum benefits to most present recipients, and additionally permits interfund borrowing.

I wish to thank the chairman of the committee, Senator DOLE, the ranking Democratic member, Senator LONG, and all the members of the committee from both sides of the aisle for their efforts.

There is an old saying that "three things are to be looked to in a building: That it stand on the right spot, that it be securely founded; that it be successfully executed."

The building that we have been working on this year, is such a building. What the President proposed last night, and what I believe Congress will do in the next few weeks, will reinforce it.

Mr. President, I ask unanimous consent that the text of the President's speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
OFFICE OF THE PRESS SECRETARY,
September 24, 1981.

TEXT OF AN ADDRESS BY THE PRESIDENT TO THE NATION

Shortly after taking office, I came before you to map out a four-part plan for national economic recovery:

- —Tax cuts to stimulate more growth and more jobs;
- —Spending cuts to put an end to continuing deficits and high inflation;
- —Regulatory relief to lift the heavy burden of government rules and paperwork;
- —And finally, a steady, consistent monetary policy.

We have made strong, encouraging progress on all four fronts. The flood of new governmental regulations, for example, has been cut by more than a third.

I was especially pleased when a bipartisan coalition of Republicans and Democrats enacted the biggest tax cuts and the greatest reduction in Federal spending in our nation's history. Both will begin to take effect a week from today.

These two bills would never have passed without your help. Your voices were heard in Washington, and were heeded by those you've chosen to represent you in government.

Yet, in recent weeks we've begun to hear a chorus of other voices protesting that we haven't had full economic recovery. These are the same voices that were raised against our program when it was first presented to Congress. Now that the first part of it has been passed, they declare it hasn't worked. Well it hasn't—it doesn't start until one week from today.

There have been some bright spots in our economic performance these past few months. Inflation has fallen and pressures are easing on both food and fuel prices. More than a million more Americans are now at work than a year ago. And recently there has even been a small crack in interest rates.

But let me be the first to say that our problems won't suddenly disappear next

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

week, next month or next year. We are just starting down a road that I believe will lead us out of the economic swamp we've been in for so long.

It will take time for the effect of the tax rate reductions to be felt in increased savings, productivity and new jobs. It will also take time for the budget cuts to reduce the deficits which have brought us near runaway inflation and ruinous interest rates.

The important thing now is to hold to a firm, steady course.

Tonight I want to talk with you about the next steps that we must take on that course—additional reductions in Federal spending that will help lower our interest rates, our inflation and bring us closer to full economic recovery.

I know that high interest rates are punishing many of you—from the young family that wants to buy its first home to the farmer who needs a new truck or tractor. But all of us know that interest rates will only come down and stay down when government is no longer borrowing huge amounts of money to cover its deficits.

These deficits have been piling up every year, and some people here in Washington just throw up their hands in despair. Maybe you'll remember that we were told in the spring of 1980 that the 1981 budget would be balanced. Well, that budget—like so many in the past—hemorrhaged badly and wound up in a sea of red ink.

I have pledged that we shall not stand idly by and see that same thing happen again. When I presented our economic recovery program to Congress, I said we were aiming to cut the deficit steadily to reach a balance by 1984.

The budget bill that I signed this summer cut $35 billion from the 1982 budget and slowed the growth of spending by $130 billion over the next three years. We cut the government's rate of growth nearly in half.

Now we must move on to a second round of budget savings—to keep us on the road to a balanced budget.

Our immediate challenge is to hold down the deficit in the fiscal year that begins next week. A number of threats are now appearing that will drive the deficit upward if we fail to act. For example, in the euphoria just after our budget bill was approved this summer, we didn't point out immediately that while we did get most of what we'd asked for, most isn't all. Some of the savings in our proposal were not approved; and since then, the Congress has taken actions that could add even more to the cost of Government.

The result is that without further reductions, our deficit for 1982 will be increased by some $16 billion. The estimated deficit for '83 will be increased proportionately. And without further cuts, we can't achieve our goal of a balanced budget by 1984.

It would be easy to sit back and say, "Well, it will take longer than we thought. We got most of what we proposed, so let's stop there." But that's not good enough.

In meeting to discuss this problem a few days ago, Senator Pete Domenici of New Mexico, Chairman of the Senate Budget Committee, recalled the words of that great heavy-weight champion Joe Louis just before he stepped into the ring against Billy Conn. There had been some speculation that Billy might be able to avoid Joe's lethal right hand. Joe said "Well, he can run but he can't hide."

Senator Domenici said to me, "That's just what we're facing on runaway Federal spending. We can try to run from it but we can't hide. We have to face up to it."

He's right, of course. In the last few decades we started down a road that led to a massive explosion in Federal spending. It took about 170 years for the Federal budget to reach $100 billion. That was in 1962. It only took 8 years to reach the $200 billion mark and only 5 more to make it $300 billion. In the next 5 we nearly doubled that.

It would be one thing if we'd been able to pay for all the things government decided to do, but we've only balanced the budget once in the last 20 years.

In just the past decade, our national debt has more than doubled. And in the next few days it will pass the trillion dollar mark. One trillion dollars of debt—if we as a nation need a warning, let that be it.

Our interest payments on the debt alone are now running more than $96 billion a year. That's more than the total combined profits last year of the 500 biggest companies in the country; or to put it another way, Washington spends more on interest than on all of its education, nutrition and medical programs combined.

In the past, there have been several methods used to fund some of our social experiments. One was to take it away from National Defense. From being the strongest nation on earth in the post WW II year we steadily declined, while the Soviet Union engaged in the most massive military buildup the world has ever seen.

Now with all our economic problems, we are forced to try to catch up so that we can preserve the peace. Government's first responsibility is national security, and we are determined to meet that responsibility. Indeed, we have no choice.

Well, what all of this is leading up to is—what do we plan to do? Last week I met with the Cabinet to take up this matter. I'm proud to say there was no hand-wringing, no pleading to avoid further budget cuts. We all agreed that the "tax and tax, spend and spend" policies of the last few decades lead only to economic disaster. Our government must return to the tradition of living within our means and must do it now. We asked ourselves two questions—and answered them: "If not us—who? If not now—when?"

Let me talk with you now about the specific ways that I believe we ought to achieve additional savings—savings of some $16 billion in 1982 and a total of $80 billion when spread over the next three years. I recognize that many in Congress may have other alternatives, and I welcome a dialogue with them. But let there be no mistake: we have no choice but to continue down the road toward a balanced budget—a budget that will keep us strong at home and secure overseas. And let me be clear that this cannot be the last round of cuts. Holding down spending must be a continuing battle for several years to come.

Here is what I propose.

First, I am asking Congress to reduce the 1982 appropriation for most government agencies and programs by 12 percent. This will save $17.5 billion over the next several years. Absorbing these reductions will not be easy, but duplication, excess, waste and overhead is still far too great and can be trimmed further.

No one asked to be exempt from belt-tightening. Over the next three years, the increase we had originally planned in the Defense budget will be cut by $13 billion. I'll confess, I was reluctant about this because of the long way we have to go before the dangerous window of vulnerability confronting us will be appreciably narrowed. But the Secretary of Defense assured me he can meet our critical needs in spite of this cut.

Second, to achieve further economies, we will shrink the size of the non-defense payroll over the next three years by some 6½ percent—some 75,000 employees. Much of this will be attained by not replacing those who retire or leave. There will, however, be some reductions in force simply because we are reducing our administrative overhead.

I intend to set the example here by reducing the size of the White House staff and the staff of the Executive Office of the President.

As a third step, we propose to dismantle two Cabinet departments—Energy and Education. Both Secretaries are wholly in accord with this. Some of the activities in both of these departments will, of course, be continued either independently or in other areas of government.

There is only one way to shrink the size and cost of big government—that is by eliminating agencies that are not needed and are getting in the way of a solution.

We do not need an Energy Department to solve our basic energy problem as long as we let the forces of the marketplace work without undue interference, the ingenuity of consumers, businesses, producers and inventors will do that for us.

Similarly, education is the principal responsibility of local school systems, teachers, parents, citizen boards and State governments. By eliminating the Department of Education less than two years after it was created, we can not only reduce the budget but insure that local needs and preferences—rather than the wishes of Washington—determine the education of our children.

We also plan the elimination of a few smaller agencies and a number of boards and commissions, some of which have fallen into disuse or which are now being duplicated.

Fourth, we intend to make reductions of some $20 billion in Federal loan guarantees. These guarantees are not funds that the Government spends directly; they are funds that are loaned in the private market and insured by Government at subsidized rates. Federal loan guarantees have become a form of backdoor, uncontrolled borrowing that prevent many small businesses—that aren't subsidized—from obtaining financing of their own. They are also a major factor in driving up interest rates. It is time we brought this practice under control.

Fifth, I intend to forward to Congress this fall a new package of entitlement and welfare reform measures—outside Social Security—to save nearly $27 billion over the next three years. In the past two decades, we have created hundreds of new programs to provide personal assistance. Many of these programs may have come from a good heart, but not all have come from a clear head. And the costs have been staggering. In 1955, these programs cost $8 billion. By 1965 the cost was $79 billion. Next year it will be $188 billion.

Let there be no confusion on this score. Benefits for the needy will be protected. But the black market in food stamps must be stopped. The abuse and fraud in Medicaid by beneficiaries and providers alike cannot be tolerated. Provision of school loans and meal subsidies to the affluent can no longer be afforded.

In California when I was Governor and embarked upon welfare reform, there were screams from those who claimed that we intended to victimize the needy. But in a little over three years we saved the taxpayer some $2 billion at the same time we were able to increase the grants for the deserving and truly needy by an average of more than 40 percent. It was the first cost of living increase they had received in 13 years. I believe progress can also be made at the national level.

We can be compassionate about human needs without being complacent about budget extravagance.

Sixth, I will soon urge Congress to enact new proposals to eliminate abuses and obsolete incentives in the tax code. The Treasury Department believes that the deficit can be reduced by $3.0 billion next year and $22 billion over the next three years with prompt enactment of these measures.

Now that we have provided the greatest incentives for saving, investment, work and productivity ever proposed, we must also insure that taxes due the government are collected and that a fair share of the burden is borne by all.

Finally, I am renewing my plea to Congress to approve my proposals for user fees—proposals first suggested last spring, but which have been neglected since.

When the Federal Government provides a service directly to a particular industry or to a group of citizens, I believe that those who receive benefits should bear the cost. For example, this next year the Federal Government will spend $525 million to maintain river harbors, channels, locks, and dams for the barge and maritime industries. Yacht owners, commercial vessels and the airlines will receive services worth $2.8 billion from Uncle Sam.

My spring budget proposals included legislation that would authorize the Federal Government to recover a total of $980 million from the users of these services through fees. That is only a third of the $3.3 billion it will cost the Government to provide those same services.

None of these steps will be easy. We are going through a period of difficult and painful readjustment. I know that we are asking for sacrifices from virtually all of you. But there is no alternative. Some of those who oppose this plan have participated over the years in the extravagance that has brought us inflation, unemployment, high interest rates and an intolerable debt. I grant they were well intentioned but their costly reforms didn't eliminate poverty or raise welfare recipients from dependence to self-sufficiency, independence and dignity. Yet in their objections to what we've proposed they offer only what we know has been tried before and failed.

I believe we've chosen a path that leads to an America at work, to fiscal sanity, to lower taxes and less inflation. I believe our plan for recovery is sound and it will work.

Tonight I'm asking all of you who joined in this crusade to save our economy to help again. To let your representatives know that you'll support them in making the hard decisions to further reduce the cost and size of government.

Now if you'll permit me, I'd like to turn to another subject which I know has many of you very concerned and even frightened. This is an issue apart from the economic reform package we've just been discussing, but I feel I must clear the air. There has been a great deal of misinformation and for that matter pure demagoguery on the subject of Social Security.

During the campaign I called attention to the fact that Social Security had both a short and a long range fiscal problem. I pledged to do my best to restore it to fiscal responsibility without in any way reducing or eliminating existing benefits for those now dependent on it.

To all of you listening and particularly those of you now receiving Social Security, I ask you to listen very carefully: First to what threatens the integrity of Social Security and then to a possible solution.

Some thirty years ago, there were 16 people working and paying the Social Security payroll tax for every one retiree. Today that ratio has changed to only 3.2 workers paying in for each beneficiary.

For many years we've known that an actuarial imbalance existed and that the program faced an unfunded liability of several trillion dollars.

The short range problem is much closer than that. The Social Security retirement fund has been paying out billions of dollars more each year than it takes in and it could run out of money before the end of 1982 unless something is done.

Some of our critics claim new figures reveal a cushion of several billions of dollars which will carry the program beyond 1982. I'm sure it's only coincidence that 1982 is an election year.

The cushion they speak of is borrowing from the Medicare fund and the disability fund. Of course doing this would only postpone the day of reckoning. Alice Rivlin of the Congressional Budget Office told a Congressional committee day before yesterday that such borrowing might carry us to 1990, but then we'd face the same problem. And as she put it we'd have to cut benefits or raise the payroll tax. Well we're not going to cut benefits and the payroll tax is already being raised.

In 1977 Congress passed the largest tax increase in our history. It called for a payroll tax increase in January of 1982, another in 1985, and again in 1986 and in 1990.

When that law was passed we were told it made Social Security safe until the year 2030. But we're running out of money 48 years short of 2030.

For more and more working Americans, the Social Security tax is already the biggest tax they pay. In 1935 we were told the tax would never be greater than 6 percent of the first $3,000 of earnings. It is presently 13.3 percent of the first $29,700 and the scheduled increases will take it to 15.3 percent of the first $60,600. And that's when Mrs. Rivlin says we would need an additional increase.

Some have suggested reducing benefits, others propose an income tax on benefits or that the retirement age should be moved back to age 68. And there are some who would simply fund Social Security out of general tax funds as welfare is funded. I believe there are better solutions.

I am asking the Congress to restore the minimum benefit for current beneficiaries with low incomes. It was never our intention to take this support away from those who truly need it. There is, however, a sizable percentage of recipients who are adequately provided for by pensions or other income and should not be adding to the financial burden of Social Security.

The same situation prevails with regard to disability payments. No one will deny our obligation to those with legitimate claims. But there is widespread abuse of the system which should not be allowed to continue.

Since 1962 early retirement has been allowed at age 62 with 80 percent of full benefits.

In our proposal we asked that early retirees in the future receive 55 percent of the total benefit. But, and this is most important, those early retirees would only have to work an additional 20 months to be eligible for the 80 percent payment. I don't believe very many of you were aware of that part of our proposal.

The only change we proposed for those already receiving Social Security had to do with the annual cost of living adjustment.

Those adjustments are made on July 1 each year, a hangover from the days when the fiscal year began in July. We proposed a one time delay in making that adjustment, postponing it for three months until October 1st. From then on it would continue to be made every 12 months. That one-time delay would not lower your existing benefits but on the average would have reduced your increase by about $86 next year. By making these few changes we would have solved the short and long range problems of Social Security once and for all.

In addition we could have canceled the increases in the payroll tax by 1985. To a young person just starting in the work force the savings from cancelling those increases would, on the average, amount to $33,000 by the time he or she reached retirement. Add compound interest to this and it makes a tidy nest egg to add to the Social Security benefits.

However, let me point out our feet were never embedded in concrete on this proposal. We hoped it could be a starting point for a bi-partisan solution to the problem. We were ready to listen to alternatives and other ideas which might improve on or replace our proposals. But the majority leadership in the House of Representatives has refused to join in any such cooperative effort.

I therefore am asking, as I said, for restoration of the minimum payment and for interfund borrowing as a temporary measure to give us time to seek a permanent solution.

To remove Social Security once and for all from politics, I am also asking Speaker TIP O'NEILL of the House of Representatives and Majority Leader in the Senate HOWARD BAKER each to appoint five Members, and I will appoint five to a task force which will review all the options and come up with a plan that assures the fiscal integrity of Social Security and that Social Security recipients will continue to receive their full benefits.

I cannot and will not stand by and see financial hardship imposed on the more than 36 million senior citizens who have worked and served this Nation throughout their lives. They deserve better from us.

Now in conclusion, let me return to the principal purpose of this message—the budget and the imperative need for all of us to ask less of Government; to help us return to spending no more than we take in; to end the deficits and bring down interest rates that otherwise can destroy what we've been building here for two centuries.

I know that we are asking for economies in many areas and programs that were started with the best of intentions and a dedication to a worthwhile cause or purpose. But I know also that some of those programs have not succeeded in their purpose. Others have proven too costly, benefiting those who administer them, rather than those who were intended beneficiaries.

This does not mean we should discontinue trying to help where help is needed. Government must continue to do its share, but I ask all of you as private citizens to join this effort, too.

As a people we have a proud tradition of generosity. More than a century ago a Frenchman came to America and later wrote a book for his countrymen telling them what he had seen here. He told them that in America when a citizen saw a problem that needed solving, he would cross the street and talk to a neighbor about it and the first thing you know a committee would be formed and before long the problem would be solved. "And then," he added, "you may not believe this but not a single bureaucrat would ever have been involved."

Some years ago when we were a young Nation and our people began visiting the lands of their forefathers, the American tourist was rather brash, unsophisticated by European standards but blessed with a spirit of independence and pride.

One such tourist, an elderly, small-town gentleman and his wife, were listening to a tour guide go on about the wonders of the volcano Mount Etna. He spoke of the great heat it generated, the boiling lava, etc. Finally, the old boy turned to his wife and said "we got a volunteer fire department at home—put that thing out in 15 minutes."

He was typical of those Americans who helped build a neighbor's barn when it burned down. They built the West without an area redevelopment plan and cities across the land without Federal planners.

I believe the spirit of volunteerism still lives in America. We see examples of it on every hand—the community charity drive, support of hospitals and all manner of nonprofit institutions, the rallying around when disaster or tragedy strikes.

The truth is we've let Government take away many things we once considered were really ours to do voluntarily out of the goodness of our hearts and a sense of community pride and neighborliness. I believe many of you want to do those things again, want to be involved if only someone will ask you or offer the opportunity. Well, we intend to make that offer.

We are launching a nationwide effort to encourage our citizens to join with us in finding where need exists and then to organize volunteer programs to meet that need. We have already set the wheels of such a volunteer effort in motion.

As Tom Paine said 200 years ago: "We have it within our power to begin the world over again."

What are we waiting for?

ORDER OF PROCEDURE TODAY

Mr. BAKER. Mr. President, at 10 o'clock today, under the previous order, the Senate will resume consideration of the continuing resolution, House Joint Resolution 325. I hope, Mr. President, we can reach third reading and final passage very promptly.

I intend then to ask the Senate to proceed to the consideration of the debt limit extension. Mr. President, barring unforeseen complications and difficulties, it is not my intention to ask the Senate to stay late in its session today, and I anticipate, other things being normal and equal, that we should have our final vote at 3 o'clock.

Mr. President, I have no further need for my time under the standing order, and I am prepared to yield it back.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I thank the Chair and I thank the distinguished majority leader.

Mr. President, I yield back my time. I ask the distinguished majority leader if he would need that time.

Mr. BAKER. I thank the distinguished minority leader. I have no further request for time and no need for my time, and I yield back my time.

RECOGNITION OF SENATOR WALLOP

The PRESIDING OFFICER (Mr. QUAYLE). Under the previous order, the Senator from Wyoming (Mr. WALLOP) is recognized for not to exceed 5 minutes.

REVIEW OF TAPES AND RECORDINGS IN THE MATTER OF SENATOR WILLIAMS

Mr. WALLOP. Mr. President, I thank the Chair.

I again encourage Senators to view and listen to the video and audio material in the matter regarding Senator WILLIAMS. The response of the Senate to date, given the heavy schedule we have been under, is remarkably creditable. But there are still some Senators who, through the press of business, have simply not been able to get down and make themselves acquainted with those materials.

So to the end that we will try yet to accommodate those Senators' schedules who have been unable to make it, I have asked for an additional presentation of the same tapes to be held on Monday and Tuesday and Thursday, both in the morning and in the afternoon on the same schedule as before. Those Senators who have not attended will have personal letters sent to their offices describing the times at which those viewings will be held. It is 9:15 a.m. and 2:15 p.m. on Monday, Tuesday, and Thursday of next week, again, in room 457. I urge those Senators who have not done so to make every effort to see and listen to those tapes in order that the Senate may exercise its constitutional function in a fair and judicious way.

The committees had originally scheduled next Tuesday and Thursday for a presentation, on request, of still other tapes received at the hearings. Since there have been no such requests, those presentations are being canceled.

Both the majority and minority leaders have expressed their intent to proceed with the resolution and to bring it to the attention of the Senate. Senators should be aware that it is possible that Judge Pratt will not have ruled by the time the Senate gets to it, and whether or not he has ruled is irrelevant to the judgment that the Senate must make. The Senate is making a judgment as to whether or not the rules of the Senate were broken by the Senator from New Jersey.

The committee's recommendation is one thing; the judgment of the Senate is entirely another thing, and that is the matter of individual accountability of each Senator to the task before us and the historic recommendation that the committee has made. The committee is not all wise and is not all powerful in this matter. Each Senator owes it to the Senate of the United States, to the public of the United States, and to Senator WILLIAMS to make as clear headed a judgment in those matters as he or she individually can.

So, Mr. President, to that end, I hope Senators are accommodated by these additional times and showings. I hope, as well, that they will study the report of the special counsel and the report of the committee; and I hope, in addition, they will study the response of counsel to Senator WILLIAMS and the attachments thereto which have been printed and are now available to Senators.

I ask unanimous consent to have printed in the RECORD, the letter being sent today to Members who have not yet attended a presentation.

With that, Mr. President, I yield back the remainder of my time.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
SELECT COMMITTEE ON ETHICS,
Washington, D.C., September 25, 1981.

Re: S. Res. 204, a resolution expelling
Senator HARRISON A. WILLIAMS, Jr.

DEAR COLLEAGUE: Our September 15 "Dear Colleague" letter announced the schedule for your viewing, and listening to, the "ABSCAM" tape recordings relating to Senator WILLIAMS: on Monday, Wednesday, and Friday of this week a presentation of approximately 3½ hours of the 6 hours of tapes played at the Committee hearings, with the remaining tapes to be played, on request, on Tuesday and Thursday of next week.

In response to the request of Senators who have been unable to attend this week's presentations, we are adjusting the schedule and will play again, on a "last chance" basis, the 3½ hours of tapes (listed on the enclosure to our September 15 letter) on Monday, September 28, Tuesday, September 29, and Thursday, October 1. There will be two identical presentations each day: the first presentation each day will be from 9:15 a.m. to 12:45 p.m., the second from 2:15 p.m. to 5:45 p.m. At this time we are not scheduling the remaining tapes played at the Committee hearings. The presentations will all be in room 457, Russell Senate Office Building. As with the presentations this week, only Senators will be admitted.

Sincerely,

MALCOLM WALLOP,
HOWELL HEFLIN.

Mr. SIMPSON. Mr. President, I commend my colleague from Wyoming for the work he is doing as chairman of the Ethics Committee. I do hope that Senators will heed his expressions and pay close attention to the evidence that we must consider in a grievous task, a most difficult task that we have before us. I commend my colleague for his exceptional efforts of fairness and grace in that task.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond 10 a.m., in which Senators may speak for not more than 1 minute each.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. SIMPSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WALLOP). Without objection, it is so ordered.

NATIONAL NUCLEAR WASTE MANAGEMENT PROGRAM

Mr. SIMPSON. Mr. President, I am pleased to join in cosponsoring (S. 1662), legislation to establish a national nuclear waste management program for finally solving the problem of storing and disposing of commercial high-level radioactive waste.

I think the most pleasing thing about that is that finally the Energy and Natural Resources Committee and the Environment and Public Works Committee have come together on that issue and have reached a supportive position, coordinated position. That cannot help but be good for America as we, for the first time in 30 years, I believe, firmly will address the issue of nuclear waste and the proper disposal of it.

I believe this legislation provides a sound basis for the consideration of nuclear waste management legislation by both the Energy and Natural Resources Committee and the Environment and Public Works Committee. I am particularly pleased that we have been able to develop a single, comprehensive proposal that deals with both the programs needed to solve the commercial nuclear waste problem, and the essential regulatory features of such programs in order to assure that they are carried out in a safe and environmentally sound manner.

Mr. President, there are several useful and innovative elements in this bill. First, the bill establishes that the utilities owning and operating nuclear plants bear the principal responsibility for providing spent fuel storage capacity. However, the bill recognizes that a number of utilities may face difficulties in providing the necessary storage capacity when needed.

For this reason, the bill establishes a limited Federal away-from-reactor spent fuel storage program to assure that no nuclear plant in this country will face disruptions in operation due to the inability to provide sufficient onsite spent fuel storage capacity. At the same time, the bill provides expedited procedures to assure that utilities will be able to expand onsite storage capacity by a variety of possible means, and otherwise meet their spent fuel storage needs without the need to rely on the limited Federal away-from-reactor storage capacity.

Mr. President, a second important feature of the bill is the establishment of a national policy that the highly radioactive wastes generated by commercial nuclear activities will be disposed of, and that the disposal will be in a geologic repository. The bill establishes a careful, step-by-step process for the development of the first of these repositories, including essential regulatory features such as the use of multiple barrier design and the characterization of several sites in different geologic media. At the same time, the bill calls for an aggressive schedule for obtaining the necessary NRC license to construct the first repository, which I believe represents an improvement over earlier timetables for establishing one of these facilities.

The bill would also allow the construction and operation of a smaller test and evaluation facility to obtain needed technical information on the handling, packaging, and emplacement of nuclear wastes in geologic formations. Although the bill allows such a facility on an expedited basis, it includes important safeguards to assure that the facility is limited to the intended purpose of obtaining this technical information; that the site at which such a facility is located is preserved for possible later use as an NRC-licensed repository; that the capacity of the facility is carefully defined, and that all nuclear materials in the facility are fully monitored and retrievable.

In addition to these fundamental elements of the national nuclear waste program, the bill would authorize the development of a retrievable, monitored storage facility, that would be integrated with the spent-fuel storage and permanent repository programs established by the bill. It is clear, however, that such a facility cannot serve as a substitute for the permanent disposal of high-level wastes in a repository.

Mr. President, the bill also addresses the issue of State participation in the development of repositories and monitored storage facilities that are subject to NRC licensing. This would include both those facilities for commercial nuclear wastes and those licensed facilities for defense high-level waste. In my judgment, this is an essential element in solving the nuclear waste problem—both for commercial and for defense wastes. I believe the mechanism for State participation and the rights that are guaranteed to the States in the bill are fair, and reflect the legitimate interests of the States in the welfare of their citizens as well as the overall Federal responsibility to provide a timely solution to this problem in a safe and environmentally acceptable manner.

Finally, Mr. President, the bill incorporates a new and innovative means for funding the costs of developing the needed nuclear waste storage and disposal facilities from the commercial nuclear power program. This new means—consisting of a small mandatory fee on the nuclear generation of electricity—should provide the necessary funding at the front end of the program and would impose the cost of nuclear waste management more directly on those who benefit from the activities that generate the wastes. At the same time, this fee structure should not impose excessive burdens on the ratepayers, given the ongoing nature of the fee. I believe this fee mechanism will be of great benefit in assuring the necessary funding to carry out the solution to the waste management problem.

Mr. President, I view this bill as a significant step toward finally putting in place a sound and reliable solution to the nuclear waste problem. I look forward to working closely with my colleagues on the Environment and Public Works Committee, and with the members of the Energy and Natural Resources Committee on this legislation. It is far overdue for resolvement. I believe this legislation is the nuclear waste management solution we have been seeking for over three decades. I am greatly heartened by that.

TRIBUTE TO WALTER J. STEWART

Mr. PRYOR. Mr. President, I wish to add my own to the many congratulations extended in this Chamber to Walter "Joe" Stewart, who has left our Halls for a new career and new responsibilities elsewhere. The U.S. Senate loses in this move, for we all will miss his dedication, loyalty, and efficiency, those qualities that most define and characterize a true public servant.

Joe Stewart began his tenure in the Senate in 1951, when he came to Washington as a page under Senator Spessard Holland of Florida. This date has special meaning for me, Mr. President, because I, too, came to Washington as a page in the summer of 1951. I well remember that session of Congress, and I recall vividly the heat of summer, the excitement of the streets of the city, and the massive Government buildings resplendent in their white, majestic marble.

There is a magic in this city that attracted me and brought me back. It attracted Joe Stewart as well. It brought him back to a distinguished career as assistant to the majority in the Senate, as a valuable member of the staff of the Committee on Appropriations, as legislative assistant to Senator ROBERT C. BYRD, our distinguished colleague from West Virginia, and as secretary for the majority.

He is my friend, and he continues to inspire me in the ways of service to the Government, to the Senate, and to the people of this country. I wish him well in his new endeavors and join his friends on the Hill in sending my best regards for every future success.

Mr. CRANSTON. Mr. President, without question, it is hard for me, as I know it is for my colleagues, to imagine the U.S. Senate without the presence of Joe Stewart.

Joe lived and worked in the Senate during some of its greatest, most dramatic and most infamous times—the McCarthy area, the Cold War, President Kennedy's idealism and President Johnson's achievements, the Civil Rights Act, Vietnam, Watergate, and beyond. Through all of this, Joe Stewart has been at the heart of the Senate, first as a page, then in the Democratic Cloakroom, assistant to the secretary of the majority, professional staff member on the Appropriations Committee, Senator BYRD's majority whip staff, assistant to Senator BYRD as majority leader, and finally, elected to be secretary for the majority and secretary for the minority.

In June 1981, Joe Stewart completed 30 years with the U.S. Senate and decided it was time to leave us at last.

I know I will always be personally grateful to him for his ready assistance on Senate floor action, for his efficient handling of key aspects of Senate compromise, and most of all, for his easy, helpful manner when I or members of my staff have needed to consult with him. He has served the Senate—and the Democrats in the Senate—with great loyalty and dedication. We wish him the very best in his future work.

Mr. LEAHY. Mr. President, the Senate lost one of its most able and dedicated employees when Walter "Joe" Stewart left recently to accept a position in the private sector. His 30 years of loyal service will be missed, not only by the distinguished minority leader, with whom he has been most closely associated, but also by all of us who have benefited from his able assistance on the Senate floor over the years.

Joe went beyond the call of duty in accommodating the busy schedules and often conflicting needs of the many Senators he assisted in his capacities as secretary for the majority and then the minority, and as executive secretary for the Democratic Steering Committee.

The Senate, and I personally, will miss Joe, but I wish him the best in his new undertaking.

Mr. INOUYE. Mr. President, one of the most enjoyable aspects of serving in the U.S. Senate has been my association with outstanding support staff. I can think of few more capable and dedicated staff members than Walter "Joe" Stewart.

In my capacity as secretary of the Democratic Conference, I have worked closely with Joe Stewart over the years, and found him always dependable and most efficient in his work.

Since Joe Stewart arrived in Washington some 30 years ago as a Senate page, he has earned respect and admiration throughout the Senate, eventually resulting in his positions as secretary for the majority and minority.

His departure from the Senate, to accept a position in private business, will be deeply felt. His invaluable experience and skill have assisted all Members of the Senate in the discharge of our duties.

I know that all of the Members share the fondest hopes for Joe Stewart's continued success in the future.

Mr. KENNEDY. Mr. President, all of us are saddened by Joe Stewart's retirement from the Senate.

For 30 years, Joe served this body with great distinction and remarkable ability. From his early days as a page in the 1950's, he rose to a position of extraordinary responsibility and prestige as secretary for the majority of the Senate.

In that capacity, he exercised the complex and essential role of coordinating many of the vital functions of this Chamber. And he always performed those duties with a unique blend of skill and good nature that was the Joe Stewart hallmark in the Senate.

Throughout the 19 years I have served here, I have worked closely and often with Joe. I have always admired his dedication and the high quality of work. He has been a true friend and an outstanding public servant. We will miss him in the Chamber, and remember how much he meant to all of us.

THE CALENDAR

Mr. BAKER. Mr. President, I have noted on my calendar a number of items that might be disposed of at this point by unanimous consent. I inquire of the minority leader if he would be in a position to consider these items: Calendar Orders Nos. 277, 278, 279, 280, and 281, as they appear on today's Calendar of Legislative Business.

Mr. ROBERT C. BYRD. Mr. President, the minority is ready to proceed.

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the items just identified.

Mr. ROBERT C. BYRD. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL NURSE-MIDWIFERY WEEK

The joint resolution (S.J. Res. 67) to establish National Nurse-Midwifery Week, was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 67

Whereas the health and safety of childbearing families is of paramount importance in our society;

Whereas nurse-midwives have practiced in this country since coming to the mountains of eastern Kentucky in 1925;

Whereas the Federal Government has a long history of support for the nurse-midwifery practice and education;

Whereas certified nurse-midwives have demonstrated their ability to give high-quality care to normal mothers and babies throughout the maternity cycle, and their emphasis on health teaching and high-quality care for well mothers and babies makes them a valuable part of the health care team and makes their services increasingly in demand by the public;

Whereas nurse-midwifery care has a proven record in reducing infant morbidity and mortality;

Whereas nurse-midwifery care has been demonstrated to be cost effective for families and for the Nation;

Whereas childbearing families have found nurse-midwives responsive to their wishes for more participatory maternity care; and

Whereas the Congress has already recognized the autonomous practice of certified nurse-midwives under both medicaid and the Department of Defense civilian health and medical program of the uniformed services (CHAMPUS): Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress declares April 19 to 26, 1982, as National Nurse-Midwifery Week, and Congress recognizes the unique contribution that nurse-midwives have made to mothers and babies in the United States during the past half century.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DIAMOND JUBILEE OF OKLAHOMA

The Senate proceeded to consider the resolution (S. Res. 175) to congratulate the State of Oklahoma on the celebration of its diamond jubilee.

Mr. NICKLES. Mr. President—

> Congress meets tomorrow morning. Let us all pray: Oh, Lord, give us strength to bear that which is about to be inflicted upon us. Be merciful with them, oh Lord, for they know not what they're doing. Amen.

These words were spoken by one of Oklahoma's favorite sons, Will Rogers—a man who is a symbol of what makes the State of Oklahoma great.

It is the people of Oklahoma who make the State one of our Nation's greatest resources—thus, the reason we recognize the State's diamond jubilee.

For 75 years, Oklahoma has been at the forefront of national thought. It has been the subject of countless books and songs that permeate the Nation's consciousness. The people of Oklahoma maintain a spirit reminiscent of the great land rush of 1889. Like Will Rogers, Oklahomans embody an honest, down-to-earth insight about the world in which we live. They are a hard-working people, who are thankful for God's many blessings, and it is fitting that they should be honored today by America's highest legislative body on the occasion of Oklahoma's diamond jubilee.

The resolution was considered and agreed to, as follows:

S. Res. 175

Whereas Oklahoma, founded with an unparalleled pioneering spirit, became a State on November 16, 1907;

Whereas Oklahoma will celebrate its seventy-fifth anniversary on November 16, 1982; and

Whereas the weekend of June 13, 1981, marks both the seventy-fifth anniversary of the Oklahoma Statehood Act and the beginning of a seventy-five-week period of activities to celebrate the Oklahoma Diamond Jubilee: Now, therefore, be it

Resolved, That the Senate congratulates the State of Oklahoma and its people and leaders on the celebration of their Diamond Jubilee.

SEC. 2. The Secretary of the Senate shall transmit copies of this resolution to the Governor, the speaker of the house of representatives, and the president pro tempore of the senate of the State of Oklahoma.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL PRODUCTIVITY IMPROVEMENT WEEK

The resolution (S. Res. 199) to authorize National Productivity Improvement Week, was considered and agreed to, as follows:

S. Res. 199

Whereas the desire of American citizens to maintain a decent standard of living has been seriously hampered by the damaging effects of continued economic inflation, and

Whereas a positive stance to reduce inflation involves a total commitment by all private and public sectors of the United States economy, and

Whereas increases in the rate of productivity in industry, business, and government can have a substantial role in reducing inflation, and

Whereas many different techniques, systems, and incentives are available which could significantly enhance productivity growth, and

Whereas an awareness of the critical need of productivity improvement will promulgate wider application of productivity improvement methods, and thereby help eliminate the inflationary cancer which threatens our Nation: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President of the United States by proclamation designate the week of October 5 through October 11, 1981, to be "National Productivity Improvement Week", for the purpose of providing for a better understanding of the debilitating effects of stagnating productivity on the economic well-being of the United States, for an increased public awareness of the potential for significantly reduced inflation offered by productivity growth, and for encouraging the development of methods to improve individual and collective productivity in the public and private sectors.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL RECOGNITION DAY FOR NURSES

The joint resolution (H.J. Res. 263) to designate May 6, 1982, as "National Recognition Day for Nurses," was considered, ordered to a third reading, read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL GUARD DAY

The Senate proceeded to consider the joint resolution (S.J. Res. 107) to designate the 7th day of October 1981 as "National Guard Day," which had been reported from the Committee on the Judiciary with an amendment as follows:

On page 2, line 7, strike "7", through and including "1981)", and insert, "7, 1981".

Mr. ROBERT C. BYRD. Mr. President, I am very appreciative of the fact that the majority leader has called up this resolution to designate the 7th day of October 1981, as National Guard Day.

This is timely, for on October 7 the National Guard will celebrate its 345th birthday. In 1636 the Massachusetts Bay Colony organized its militia into a regiment, followed by similar action by other colonies. These regiments became known as the National Guard, and my resolution pays tribute to the unique nature and important mission of the Guard.

The National Guard is made up of men and women in every walk of life, who dedicate much of their free time to training for the protection and defense of our Nation. These citizen-soldiers are combat ready, and it should be noted that the National Guard represents a significant amount of the total U.S. military strength in the early days of a national emergency or in time of war.

The designation of October 7 as National Guard Day gives recognition to the Army and Air National Guard men who volunteer their services to the Nation. I thank my colleagues in the Senate for supporting the resolution.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, as amended, and the preamble, are as follows:

S.J. Res. 107

Whereas the First Militia Regiment of the Massachusetts Bay Colony was organized three hundred and forty-five years ago as the first step toward citizen self-defense and the beginning of our National Guard, the oldest military organization in the United States; and

Whereas the past three centuries have witnessed the unflagging spirit shown by the citizen soldier—a willingness to leave home and serve the Nation when need arises; and

Whereas the National Guard and its antecedents have served with distinction in every major military conflict involving the United States, from the earliest of colonial times through the Vietnam conflict; and

Whereas the National Guard is equally ready to serve when disaster strikes at home; and

Whereas the National Guard continues to serve as the major reserve military force for the Regular Army and Air Force; and

Whereas the National Guard currently consists of approximately four hundred and eighty thousand volunteer soldiers and airmen organized into approximately four thousand five hundred military units located in the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands; and

Whereas the people of the United States owe a debt of gratitude to the citizen soldiers and airmen of the National Guard for their past and continuing contributions to the security of the United States: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to designate October 7, 1981, as "National Guard Day", and to call upon Federal, State, and local government agencies and the people of the United States to observe the day with appropriate programs, ceremonies, and activities.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

CONTINUING APPROPRIATIONS, 1982

The PRESIDING OFFICER. Under the previous order, the hour of 10 o'clock having arrived, the Senate will now resume consideration of the pending business, House Joint Resolution 325, which the clerk will state by title.

The assistant legislative clerk read as follows:

> A joint resolution (H.J. Res. 325) making appropriations for fiscal year 1982, and for other purposes.

The Senate proceeded to consider the joint resolution (H.J. Res. 325).

Mr. BAKER. Mr. President, it is my understanding that there will be a colloquy quite shortly between the distinguished chairman of the Appropriations Committee and the equally distinguished chairman of the Budget Committee. It is my hope that after that colloquy is completed, we will be in position to proceed to third reading and final passage.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I am delighted at this time to yield to the chairman of the Budget Committee, the Senator from New Mexico and my very close personal friend, Senator DOMENICI, for a colloquy for the purpose of underscoring and clarifying for the legislative history certain mutual concerns that we have shared and that we have discussed during the consideration of the continuing resolution before and probably will discuss after as well. At this time, I yield to my friend from New Mexico.

Mr. DOMENICI. I thank my good friend from Oregon.

Mr. President, I should like to ask the distinguished chairman of the Appropriations Committee some questions about this continuing resolution which relate to budget decisions Congress has already made and also the scenario which we may expect in weeks ahead so far as appropriations bills are concerned.

I am particularly concerned that we not relax our fiscal guard on this resolution and thereby make it even more difficult for us to deal responsibly with additional budget reductions President Reagan proposed last night.

Mr. President, my first question to my good friend, the chairman of the Appropriations Committee, is this: Do I understand correctly that, for most programs and activities of the Federal Government, this resolution provides for operations at the current rate, meaning levels of operations that has existed in fiscal year 1981?

Mr. HATFIELD. That is correct. The House version, as the Senator knows, of this resolution proposes a different policy. That policy is tied to preliminary decisions made on fiscal year 1982 appropriation bills. The Senator has correctly characterized the resolution now before the Senate before we go to conference.

Mr. DOMENICI. Does the Senator from Oregon agree that for many programs and activities, the 1981 current rate is higher than the new authorization levels which were established by the recently enacted Omnibus Reconciliation Act?

Mr. HATFIELD. I believe that is the case, yes.

Mr. DOMENICI. Is it also the case that the 1981 current rate is higher than the fiscal year 1982 requests submitted by President Reagan, even before the budget revisions that he announced last night?

Mr. HATFIELD. I think that is generally true, but there are some exceptions to that. I should like to point them out, the fiscal year 1982 request, that is, the budget request submitted by the administration: The defense, energy, water resources, and military construction bills are higher than the current rate.

Mr. DOMENICI. The requests are higher than the current amounts?

Mr. HATFIELD. That is correct. The budget requests are higher than the current amounts.

Mr. DOMENICI. Does this mean that if this resolution is enacted, we will allow many programs and activities to operate at levels that cannot be sustained throughout the year and that this will complicate further the already difficult task we face in dealing with the President's new proposals?

Mr. HATFIELD. No; I believe the answer would have to be in the negative, because this resolution does not dig us into a deeper hole in the way that the Senator would indicate or imply by his question.

The continuing resolution establishes ceilings on expenditures. I want to underscore the word "ceilings." It does not establish minimum funding levels in the way a regular appropiration bill does.

It provides that spending shall not exceed the current rate. The executive branch will be able to control the costs so that they are consistent with the Reconciliation Act and the President's request during the time this resolution is in place.

Mr. DOMENICI. Does the Director of OMB agree with the Senator on this?

Mr. HATFIELD. Yes; I say to the chairman of the Budget Committee, I have talked with Mr. Stockman's office and he has checked it with his legal counsel. They agree that the administration has that flexibility if this resolution is enacted. The administration, I might add, does not object, or has no objection, to the Senate version of this resolution as it now stands.

I want to underscore another point, and that is this is not, obviously, the final version of the continuing resolution, because we must have a conference with the House and negotiate out the differences between the two versions.

Mr. DOMENICI. Does the chairman have any indication of how the House of Representatives views this important question?

Mr. HATFIELD. Yes; I do have, and not only in the verbal and informal discussions that I have had with the chairman of the House Appropriations Committee, Congressman JAMIE WHITTEN, that the House has the same view that I have just expressed; but let me quote from their written record, the report of the House Appropriations Committee, on this very resolution. I want to quote directly by reading from page 3 of the House report.

> The committee continues to feel that it is essential that officials responsible for administering programs during the period covered by the resolution take only the limited action necessary for orderly continuation of projects and activities, preserving to the maximum extent possible the flexibility of Congress in arriving at final decisions. Accordingly, the rates of operation for programs and activities under the resolution are to be interpreted as ceilings and not as mandatory spending levels. This is necessary in order to preserve congressional prerogatives in the course of the regular authorization and appropriation process. The committee expects that departments and agencies will carefully avoid the obligation of funds for specific budget line items or program allocations on which congressional committees may have expressed strong criticism at rates which would impinge on discretionary decisions otherwise available to the Congress.

Mr. DOMENICI. I thank the Senator for his general answer and the very specific one quoting from the House report.

Let me present just one more question on this issue.

Does this mean, in the opinion of the chairman, that if the reconciliation decisions require the shutdown or substantial phasedown of a program or activity, the executive branch could proceed with that shutdown or phasedown during the 30 to 50 days covered by this resolution?

Mr. HATFIELD. Yes; a very emphatic yes, is my response to this question. I am confident that it can proceed with such actions.

In addition to the direction given in the House report and in this particular colloquy that we are engaging in to establish legislative history, it is my understanding the Anti-Deficiency Act could be a useful tool.

I ask unanimous consent to have printed in the RECORD at this point a document from the Executive Office of the President, the Office of Management and Budget, which further underscores their view, that this is possible. Let me quote one paragraph from it at this moment, if I may. They have given two particular reasons, but let me quote the second one.

> Second, in all other cases the President has the responsibility and authority under the Anti-Deficiency Act and other acts to provide for the most prudent and efficient use of funds. It would be expected that he would use authority that is presently available to him to preserve future options of the Congress regarding appropriations, as is always the case with operations of Federal agencies under a continuing resolution.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

H.J. RES. 325: CONTINUING RESOLUTION FOR FISCAL YEAR 1982

For most of the appropriations bills covered by the Senate version of H.J. Res. 325, funds are provided until November 20, 1981, at a rate for operations not exceeding the current rate. A question has arisen concerning how this provision will be interpreted when the current rate exceeds the rate permitted by the Reconciliation Act. Consistency with the Reconciliation Act will be maintained in two ways:

First, where neither the House-approved appropriations bill nor the Reconciliation Act would authorize or provide funds for the program, consistency is assured by Sec. 101 (a)(1) of H.J. Res. 325. That section states: "Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1981 *and for* which *appropriations, funds, or other authority would be available* . . . ." (added)

If the appropriations bill makes no funds available for the program, no funds are provided for it by H.J. Res. 325.

Second, in all other cases, the President has the responsibility and authority under the Anti-Deficiency Act and other acts to provide for the most prudent and efficient use of funds. It would be expected that he would use authority that is presently available to him to preserve future options of the Congress regarding appropriations, as is always the case with operations of Federal agencies under a continuing resolution.

Mr. HATFIELD. Let me say to my friend that I believe that this does underscore in a very specific way the answer to the concern expressed in the question, and, by the way, which I share. After the President's speech last night, it is obvious that the Appropriations Committee's work is not finished, even after we thought we were at the subcommittee level by having the markups on the 1982 bills. It appears that we are going to have to return to the drafting board. Therefore, it is all the more fundamental that the base from which we move any further reductions be as low as possible so that we can expedite the whole appropriations process.

Mr. DOMENICI. I wholeheartedly agree with the Senator. I am confident that with the chairman's help, and with the commitment of the Appropriations Committee along the line the chairman has discussed, such will be the case. I am reassured by this discussion. I will not offer the amendment that I and other Senators had been considering to specifically limit the operations of Government during the period covered by this resolution to the lower of the current rate or the authorization levels which now exist.

I do want to pursue, just briefly, the question of what happens down the road on the appropriations bills.

Let us assume for the moment that the regular appropriations bills that can be passed through both Houses of Congress are simply unacceptable to the President and he vetoes them and the vetoes are sustained. If that occurs, does the Senator anticipate that this version of the continuing resolution would be left in place for all of the fiscal year?

Mr. HATFIELD. First of all, let me respond by saying that it is my conviction, and that of all the members of the Appropriations Committee, that we intend to do everything in our power to avoid the stalemate, which it would be, about which the question speculates. I believe we can and will pass appropriation bills which the President can and will sign, and that the situation that the Senator from New Mexico described will not arise.

I do not have a crystal ball. I am only giving my best judgment under the present circumstances. But if events prove me wrong, which is always a possibility, and we face the necessity, which we would have to under those circumstances, of a new continuing resolution, its terms will not necessarily be those in this resolution and, in fact, could not be. The second continuing resolution could not be targeted the same as this resolution if we are to meet our targets, our ultimate targets, in these accounts.

This is not the final version of even this resolution, let me underscore again. That would be a new situation, obviously, and it would call for the most careful deliberation and consultation with the administration and with all the other resources we have at our command, including the Budget Committee and others who are involved in this whole process of trying to bring Federal spending down, in line, and under control in order to get this country back on the track toward economic prosperity.

Mr. DOMENICI. Before I yield the floor, Mr. President, let me thank the Senator from Oregon for this colloquy. I believe that, for a number of Senators who share some of the concerns, this will be very reassuring.

I also say to the chairman that I believe he shares with me the conviction that we have to get back to the individual appropriations bills as a process of funding this Government. Today, we are discussing some very fundamental issues that are made very complicated because of circumstances that have not permitted this committee and Congress to vote on the individual bills.

I compliment the chairman for his continued effort to run Government by appropriations rather than by continuing resolution. Sometimes events overtake us and the best of what we want to do cannot be done. In this case, I also hope that the Senator shares my concern that, whether it is 30 or 50 days—and he indicated to me it is going to be somewhat in between—at the earliest practical time, we find out whether we are going to get appropriations bills so that both the President and people like the Senator and others, are not put to it, 24 hours before the closure of Government, to find out what we can do to reestablish for the rest of the year the kinds of levels that the Senator clearly indicates he wants for all of the Government.

I hope that will occur because the speculation on the scenario I gave the chairman, the speculative scenario he said he would not crystal ball but was highly improbable—it seems to me we do not want to let the situation go repeatedly up until the last 24 hours so that we must have a resolution to continue Government. We must put ourselves in a position to accomplish the goals of the chairman of the Committee on Appropriations. Would the Senator agree with that?

Mr. HATFIELD. I wholeheartedly subscribe to the comments of the distinguished Senator from New Mexico. I say to the Senator again, through this colloquy, to all my colleagues, that the Appropriations Committee is cranked up to move rapidly, as we were even before this recent event that has caused this hiatus. It is our expectation that we shall have, if not all, at least the overwhelming majority of the remaining 12 of the 13 appropriations bills passed on the floor, through conference, and on the President's desk. That would make unnecessary the extension or the rollover of this continuing resolution.

Mr. DOMENICI. I thank my good friend.

Mr. SCHMITT. Will the Senator yield?

Mr. HARRY F. BYRD, JR. Will the Senator yield?

Mr. HATFIELD. I yield to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, just to reinforce Senator HATFIELD's commitment in the colloquy that has just occurred, and to add to that my own commitment as chairman of the subcommittee that has jurisdiction over most of the area of concern expressed by my colleague from New Mexico, we have moved already to markup; the House has moved to report their Labor and Education bill.

We intend to continue that process with markup shortly—we believe by some time next week. I think that progress is real. We have many difficult hurdles ahead of us but, nevertheless, the commitment on my part and on the part of my subcommittee is very strong, as is that of the chairman of the full committee.

I believe we can do it and must do it. If we continue to operate this Government on a continuing resolution basis, we are going to have to look to an entirely different approach, one that I do not think is desirable to any Member of Congress.

I thank the chairman.

Mr. HATFIELD. Mr. President, I thank the Senator from New Mexico. He has been my right arm on many of these tasks we have faced in the Appropriations Committee. I am happy to have his support.

I am happy to yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I realize the difficulties facing the

Appropriations Committee. I should like to support this continuing resolution. However, I am not totally reassured by the colloquy between the distinguished senior Senator from New Mexico and the distinguished Senator from Oregon. Let me ask this, if I may:

Is my understanding correct that the continuing resolution would, in fact, be a higher figure than the reconciliation resolution called for?

Mr. HATFIELD. No; that is not correct. It does not mandate any specific spending levels whatsoever. It says that funding of programs and activities shall not exceed the current rate.

Mr. HARRY F. BYRD, JR. But it permits it up to those rates?

Mr. HATFIELD. First of all, let me respond. Under the current Senate version of the resolution, we use the 1981 levels. We were trying, in effect, to do what a continuing resolution should do, to freeze the situation at the moment.

Mr. HARRY F. BYRD, JR. You asserted that the 1981 levels in the Senator's reply to the Senator from New Mexico, in many cases are higher than the levels provided for in the reconciliation resolution.

Mr. HATFIELD. That is correct. There are some that are higher, some that are lower. Consequently, in freezing the status quo, we obviously have a situation that does not precisely match the 1982 budget resolutions or appropriations bill.

But bear in mind three factors that I think have to be very carefully understood. One is that the continuing resolution does not mandate those levels of expenditures. It says they shall not be exceeded. That is all a continuing resolution is attempting to do, freeze a status quo.

Second, we have been assured and we have, ourselves, been satisfied that the administration that is in charge of these programs, which, even last night, called for lower levels of expenditures, can and will exercise the authority to hold those expenditures at the lowest possible levels.

Mr. HARRY F. BYRD, JR. Why do we not put it in this resolution, then?

Mr. HATFIELD. Third, we have yet to go to conference with the House to establish the final resolution. This is the wisdom and the collective judgment of the Committee on Appropriations as the best possible approach: to go to conference with the House. We may have those lower levels in some instances, or we may have some different adjustments to make after we have finished the conference with the House.

I say to the Senator from Virginia that we are facing a very difficult task. It may look very simplistic from the outside, but when we are dealing with these programs category by category, line-item by line-item, we are doing our best in the continuing resolution to achieve one basic goal: to bring Government control over all programs and bring those levels down, with the exception of the Defense Department, for which the Senator from Virginia has always supported increases. But I want to say that, in general, every one of the House-passed bills in the House resolution are at or lower than the congressional budget targets.

Bear in mind that beyond these continuing resolution ceilings which will eventually arise out of conference with the committee in the House, we shall have to go back to the drafting boards to reconsider those new recommendations the President has asked as of last night.

Mr. HARRY F. BYRD, JR. Let me say, if I may, Mr. President, that I prefaced my remarks by saying I recognize that the Appropriations Committee has a very difficult assignment. I do not downgrade that in any way. I started my comments in that fashion.

Now, with respect to the Senator's mentioning the House figures being lower, that is the point I am suggesting.

Mr. HATFIELD. I am very happy to take that suggestion to conference and I can assure the Senator——

Mr. HARRY F. BYRD, JR. But that is not what we are voting on today.

Mr. HATFIELD. That is correct.

Mr. HARRY F. BYRD, JR. We are voting on higher levels than in the House resolution. How much higher?

Mr. HATFIELD. The Senator is not correct. He is implying that, somehow, this continuing resolution is going to raise the level of spending, and in that, the Senator is totally incorrect.

Mr. HARRY F. BYRD, JR. May I ask a question, then? How do the figures in this resolution compare with the figures in the House resolution?

Mr. HATFIELD. Let me say to the Senator that the figures are targets only, not mandated spending levels.

Mr. HARRY F. BYRD, JR. I understand they are targets but spending is permitted to the target level.

Mr. HATFIELD. In some instances, the figures are higher; in some instances the figures are lower. The overall factor is that these are but targets and not mandatory spending levels. So the Senator's concerns are totally unfounded.

Mr. HARRY F. BYRD, JR. Would the Senator be willing to give me a figure—two figures: the total provided in this resolution and the total provided in the House resolution?

(Mrs. KASSEBAUM assumed the chair.)

Mr. PROXMIRE. If the Senator will yield, while the distinguished chairman is checking, it seems to this Senator that there is no way that the Senate resolution can be lower than that of the House.

Mr. HARRY F. BYRD, JR. What is that?

Mr. PROXMIRE. The House provides that the figure for each appropriation bill will be the House-passed bill or 1981, whichever is lower.

Mr. HARRY F. BYRD, JR. Does this resolution so provide?

Mr. PROXMIRE. The Senate resolution provides 1981. In some cases it is as high. In aggregate there are appropriation bills that are $9 billion on an annual basis higher than the House. So we pass this and there is no way we go below the House anywhere as long as that House language maintains.

Mr. HATFIELD. Let me say, in answer to the Senator, that the Senator is asking a question that really is not relevant for this reason.

Mr. HARRY F. BYRD, JR. Maybe it is not relevant, but the Senator from Virginia would like to know the figures.

Mr. HATFIELD. If the Senator would wait a moment, I will explain why it is not relevant. The question is not relevant because we are talking about apples and oranges and, in fact, the House did not include it in the total budget. The Senator asked for a comparison between the total figures; let me tell him why it is not relevant. The House did not include five bills—Agriculture, Energy and Water Resources, Interior, Transportation, and Treasury-Postal Service; whereas, the Senate did include those five bills. So I cannot give the Senator an answer that would be any meaningful answer at all when he is talking about apples and oranges, as between the two resolutions.

Mr. HARRY F. BYRD, JR. How does the House resolution deal with those five items that the Senator is talking about?

Mr. HATFIELD. It does not cover them.

Mr. HARRY F. BYRD, JR. If we leave out those five items that the Senator is talking about, how does the Senate resolution compare with the House resolution in dollars?

Mr. HATFIELD. The Senator obviously wants an answer. Let me just say for the bills that they included in their resolution, the total is $285 billion, but they excluded five bills.

For the Senate, which included all the bills, it is the figure of $412 billion. What the Senator does with that figure is obviously the Senator's privilege, but let me say to the Senator this is not a way to make a judgment between the two resolutions.

Mr. HARRY F. BYRD, JR. May I say to the Senator that my last question was this: If we leave out those five items that the Senator is speaking of but which are not in the House bill, then how do the House bill and the Senate bill compare?

Mr. HATFIELD. Again, we will have to recompute that, because we have been busy about what we consider to be the relevant matters that relate to this resolution.

Mr. HARRY F. BYRD, JR. I say to the Senator from Oregon that the Senator from Virginia regards as relevant—maybe the Senator from Oregon does not—the total figures. I think the Senate is entitled to know the total figures and know the comparison between the two bills.

Mr. HATFIELD. Let me give the Senator, then, a very rough estimate if he wants to make some comparison. If we include those bills that were not included in the House-passed resolution, the total of the House could total as high as $481 billion. The best estimate of the resolution on the Senate side, which incorporates all these bills is $412 billion.

Mr. HARRY F. BYRD, JR. Which is the House bill and which is the Senate bill?

Mr. HATFIELD. The Senate bill is the latter bill, $412 billion at current rate; whereas the House bill, adjusted for the five that they did not include, could total $481 billion.

Mr. HARRY F. BYRD, JR. Would the Senator do it the other way for me?

Would he deduct from the Senate bill those items not included in the House bill?

Mr. STEVENS. We have not finished those.

Mr. HOLLINGS. We have not finished those bills.

Mr. HARRY F. BYRD, JR. The Senator has something in the resolution.

Mr. HATFIELD. We have the current level, but we have not finished those bills. To give a parallel to the Senator: apples with apples and oranges with oranges. The Senator is still asking a question that results in comparing apples with oranges which is why these cost estimates are not really appropriate.

Mr. HARRY F. BYRD, JR. I do not quite follow the Senator's reasoning.

Mr. HATFIELD. The House has considered as completed five bills that were not incorporated. We take those same five bills and put them into the resolution at current level because we have not completed those five bills. If we had completed those five bills on the Senate side, then we would have apples and apples.

Mr. HARRY F. BYRD, JR. If the Senator took those five bills out of the Senate proposal, then what figure would he have?

Mr. HATFIELD. The best estimate that the staff can provide right now is $216 billion.

Mr. HARRY F. BYRD, JR. What figure does the House have?

Mr. HATFIELD. It is $285 billion.

Mr. HARRY F. BYRD, JR. So the Senator is saying that his proposal is lower than that of the House.

Mr. HATFIELD. That is correct according to this estimate.

Mr. STEVENS. On the matters that have been completed.

Mr. HATFIELD. On the matters we have been dealing with. But I just hate to leave it hanging at that comparison, because again we are at different points in the road of creating and developing the 1982 budgets and the appropriation measures as between the House and the Senate. We cannot act on these matters until the House has acted, as the Senator knows.

Mr. HARRY F. BYRD, JR. The Senator from Wisconsin mentioned a moment ago on the floor that the House proposal specifies that the lower of two figures shall be taken. The Senate proposal does not have that provision, as I understand it.

Mr. HATFIELD. That is correct. We went straight on freezing the status quo, recognizing we had to have something to negotiate with the House, and we recognize that is not what we would come out with. We would eventually have to come out with something as between the status quo of 1981 and what the House has in its resolution. We did not feel that a thing as important as a continuing resolution should be immediately accepted as the House version without some kind of discussions and negotiations with the House of Representatives.

We needed to preserve, we felt, the Senate role in the final product. There were those who said, "Why not just accept the House version and not even go to conference?" But let me remind the Senator, because he has some interest in this, I know, by his personal involvement in some of these projects, that when we take a subcommittee bill out of the appropriation, it often is composed of more than one account. In other words, there are a number of accounts. Maybe it is a Corps of Engineers, Forestry Department, and several others that are in one bill.

Therefore, when we look at the total of those bills, that does not always tell us the exact story, because as between the House and Senate versions, there may be a different configuration within the bill as between accounts. So the Senate had in its subcommittee work computed out some of their priorities within these and between these accounts which were different from the House.

Therefore, we were having to deal with something more than just total figures. We were having to deal with it in comparison with the House-passed bills and yet-to-be-passed bills, the accounts within each bill, and what had been expressed as Senator BYRD's desires for Virginia in some of these accounts, or Senator PROXMIRE's desires or Senator STEVENS' or mine or other Senators, out of the whole body of the Senate, that might be different from the House version as between the accounts and within the accounts. That is why we felt it was necessary to go to conference rather than to toss in the towel and merely accept the House version.

Mr. HARRY F. BYRD, JR. Is the Senator from Virginia correct in his understanding from the Senator's comments that the Senate proposal is less than the House proposal? The Senator is saying it is?

Mr. HATFIELD. Yes, again, according to these rough estimates.

Mr. HARRY F. BYRD, JR. Then, would it be the plan of the Senator from Oregon to insist on the lower Senate figures?

Mr. HATFIELD. What I wish to reassure the Senator is that we are not restricted necessarily to those two comparisons. We may find that there is a reconciliation resolution target that may be lower than either the House or the Senate versions and, therefore, we want to preserve the option of achieving the lowest possible level as between the House, the Senate and the possibility of even introducing the reconciliation target. We do not want to get locked into a target ultimate decision or a compromise with the House that would be only as between the House and the Senate, because this Senator is seeking to achieve the lowest possible level.

Let me tell the Senator why.

We are going to go back to the drafting board; and the President last night has recommended, in effect, another $7 billion in nondefense appropriated funds reductions. Mind you, that is $7 billion, not lower than what has already been done by the House, but from the level from which they started. So, the lower level that we can achieve in this continuing resolution, the less of a problem we will have going back to the drafting board to find the $7 billion. In other words, I am trying to lower the base as much as possible so that there will be less of that $7 billion impact on the 1982 budgets or appropriations bills that are in process in the appropriation pipeline.

So we are looking at it from a philosophical commitment I have to achieve the lowest level of governmental spending, and I share that commitment with the Senator from Virginia, who stood on this floor hundreds of times to speak out on this objective and that goal.

Also, it is a very practical point of view, and that is that we are going to have to spend less staff time, less committee time, and be able to get those appropriation bills up here on the floor far quicker by reducing the base from which we have to make the additional cuts for 1982 that the President recommended as of last night.

Mr. HARRY F. BYRD, JR. I support the President in what he recommended last night. I think it is important that we have additional reductions.

Mr. HATFIELD. Yes.

Mr. HARRY F. BYRD, JR. That is what concerns me about this resolution, whether it is going to make it more difficult to achieve those reductions by this resolution.

Mr. HATFIELD. Because, as the Senator has alluded to, it is not a question of just what he and I may think about the levels of spending in these 13 separate bills. We have to send them downtown to get the President's signature ultimately on them in order to avoid another continuing resolution. So we are mindful, therefore, of what the President's recommendations are and what impact they will have on our ability to get his signature on the work that we complete through the appropriations process.

Mr. STEVENS. Madam President, will the Senator yield? The Senator from Virginia asked me to remain so that I could respond to some questions. I have someone waiting in my office, and I wondered if I could respond to the Senator's questions.

Mr. HARRY F. BYRD, JR. I would be glad for you to do so, but I should like to finish this.

Mr. STEVENS. I will be glad to wait.

Mr. HARRY F. BYRD, JR. The Senator is going to be here anyway, I suppose. Anyway, I guess we are almost through.

Mr. HATFIELD. I appreciate the Senator's focusing on this point and drawing it to our attention, because it is a complex issue, and I say to the Senator that in my view we are on frequency in terms of the objectives and goals to be achieved. I think the Senator, looking at my voting record, will see that while we may not, in the configuration of our voting records, be exactly the same, in the final bottom line figure we will probably end up much the same, as we have in the past, in the future on our voting records. I say maybe it will be through a different mix, but the point the Senator is making is in trying to get this Government under some kind of fiscal control and a control that implies—or I think automatically implies—a lower level of expenditures.

Mr. HARRY F. BYRD, JR. Right. I do not want to vote for a resolution that is more than what we have been voting for in the past.

Mr. HATFIELD. That is correct.

Mr. HARRY F. BYRD, JR. I want to vote for something that is less.

Mr. HATFIELD. Exactly. I want to assure the Senator that is not only his privilege——

Mr. HARRY F. BYRD, JR. I am speaking about the vote I need to cast in an hour.

Mr. HATFIELD. Exactly. But I want to say to the Senator not only is that figure permitted in this measure, but also, I think I can bring back from conference perhaps even a lower figure.

Mr. HARRY F. BYRD, JR. My last comment: The Senator from Oregon made reference earlier to my support for defense expenditures, and that is true. I favor a strong defense. I think it is very important. One area where I did not agree with the President last night is that I think there can be a greater reduction in the tremendous increase in defense spending than the $13 billion spread over 3 years.

Mr. HATFIELD. That is music to my ears. We are even getting closer together than we have been in the past, I say to the Senator, and I am just delighted.

Mr. HARRY F. BYRD, JR. We cannot give the Pentagon a blank check.

Mr. HATFIELD. I agree.

Mr. HARRY F. BYRD, JR. Yet, that is what has been done in the last few months. I think we have got to take an even keener look at that——

Mr. HATFIELD. Exactly.

Mr. HARRY F. BYRD, JR. (continuing). Than the President has recommended.

Mr. HATFIELD. I assure the Senator we are going to put the same magnifying glass of cost effectiveness for the money spent in the Pentagon dollar that is put in the dollars spent for food stamps, because I think that in dollars across the board, regardless of the program, the taxpayer has a right to know that we have carefully followed those dollars and made sure they are most efficiently expended, and as effectively expended as possible.

Mr. HARRY F. BYRD, JR. In ending this colloquy, I must say it is immenselv complex. I am not totally sure that I fully understand precisely the figures vis-a-vis the House. The Senator from Oregon gives one set of figures and the Senator from Wisconsin a different set. Senator PROXMIRE, citing language in the resolution, points out there is no way the Senate figures can be lower than the House.

As I gather it from what the Senator from Oregon, the chairman of the committee, says, what we are being asked to vote on now in this resolution is within the reconciliation figures and is lower than the House proposals insofar as they are analogous one to the other.

Mr. HATFIELD. To the extent we can make comparisons on a parallel basis at this point in time, the Senator is correct. In fact, overall, even if we maintain the full current rate, if we should maintain last year's level of expenditures in this resolution—and I pray that we not be from the standpoint of having to be under a continuing resolution; I do not want to be under one any longer than I have to be—but if we should, we would be $20 billion some under the budget request for the 1982 budget.

Mr. HARRY F. BYRD, JR. And under the House, also?

Mr. HATFIELD. Well, the House has not acted on all those, so, therefore——

Mr. HARRY F. BYRD, JR. But the House language specifies that spending must be held to the lower of the two figures which language the Senate does not have.

Mr. HATFIELD. That is correct.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. PROXMIRE. Mr. President, will the Senator yield? May I—what is the matter, I thought the Senator was through?

Mr. STEVENS. The Senator asked me to remain.

Mr. PROXMIRE. I want to ask questions of the chairman.

Mr. STEVENS. I will be happy to come back.

Mr. PROXMIRE. I have no questions of the distinguished Senator from Alaska.

Mr. HARRY F. BYRD, JR. I thank the Senator from Alaska.

May I ask the Senator from Alaska, just for information purposes and for clarification, about the amendment which the Senate approved yesterday. Although I did not support it, it was approved, and I am not arguing the merits or the demerits of it. I merely want to get some clarification, if I may. It was the amendment dealing with eliminating the ceiling of $3,000 on the deductions for income tax purposes that Members of Congress may take for living expenses in Washington. With the elimination of that ceiling, how does one determine the appropriate figure for income tax purposes?

Mr. STEVENS. A Member of Congress would make the same judgment that any citizen does as to the amount he or she wishes to claim as reasonable and necessary expenses of being away from home on business. I am referring to the Member—not the family, solely for the Member.

There is a whole body of decisions on that already.

Mr. HARRY F. BYRD, JR. There is a whole body of decisions, that is, dealing not with citizens, employees of a business?

Mr. STEVENS. No, it deals with the State legislators, it deals with individual businessmen, it deals with employees of business, and it deals with Government employees. We are the only people in the country who have such a ceiling.

Mr. HARRY F. BYRD, JR. Government employees, am I not correct—the Senator is the expert on it—there is a precise figure Government employees use?

Mr. STEVENS. No, there is a precise figure they mav be reimbursed for in the way of per diem, but there is no precise figure they may claim on their income tax return for business deductions away from home.

Mr. HARRY F. BYRD, JR. How would it work for a Member of Congress under the proposal adopted yesterday? A Member of Congress buys a house in Washington, D.C. Of course, his mortgage interest payments are already deductible; there is no change there.

Now, start at that point. How does he arrange his deductions?

Mr. STEVENS. A Member would determine the amount of expenses for maintaining that home which are necessary for him personally to be in Washington, D.C., on business and those amounts would be deductible.

Mr. HARRY F. BYRD, JR. Is that his food?

Mr. STEVENS. His food would be deductible.

Mr. HARRY F. BYRD, JR. And heat?

Mr. STEVENS. A percentage of whatever heat was——

Mr. HARRY F. BYRD, JR. Light, telephones?

Mr. STEVENS. Whatever expenses he, the Member, has. There would be a reasonable limit in terms of what would be available commercially. If the Senator rented a condominium or a hotel room, I assume that would be the standard of what would be the reasonable alternative to living alone, and that is the same judgment that every person other than Members of Congress makes. Today, the Senator just takes $3,000 expenses and does not have to justify them. Now every Member of Congress will have to face the same judgment that every businessman or businesswoman faces, and I think that will be very salutary. They will know the problems that individual people face with the IRS. If you seek to deduct any expenses, you must justify them.

Mr. HARRY F. BYRD, JR. There is no limit on the total expenditures.

Mr. STEVENS. The limit, as I have previously mentioned, is what is reasonable and necessary, and there really is a limit. As I say to the Senator, there are many, many decisions on what is reasonable and necessary.

Mr. HARRY F. BYRD, JR. A Member of Congress rents an apartment for, say, $2,000 a month. That rent is deductible?

Mr. STEVENS. If that is solely for the purpose of the Member and it is reasonable and necessary and in review it is justified, it would be deductible. We are all audited, as the Senator knows, once every 6 years, if not more often, but most of us are audited once every year.

Mr. HARRY F. BYRD, JR. So with business deductions, they, for the most part, need to be approved by whatever company is involved, so a businessman is limited by what his company will permit.

Mr. STEVENS. You must keep records for any expenditure in excess of $25 you wish to deduct, and you must justify them in terms of your tax return if you seek to deduct them. Expenses away from home would be deductible if they are reasonable and necessary.

Mr. HARRY F. BYRD, JR. It permits a total deduction for any business expenditures incurred by a Member of Congress while he is in Washington?

Mr. STEVENS. No, only those expenses incurred that are reasonable and necessary for the business purpose of being in Washington. Not all of the expenses incurred by a Senator would be deductible.

Mr. HARRY F. BYRD, JR. By business expenses, the Senator means his living expenses while he is here?

Mr. STEVENS. Expenses he would incur for his shelter, his food, and his business expenses would be deductible to the extent that they are reasonable and necessary.

Mr. HARRY F. BYRD, JR. But without limit.

Mr. STEVENS. No, the limit is what is reasonable and necessary. The Senator obviously could not go and spend any amount of money he wanted and claim it as a deduction. Neither can a businessman. They are subject to the limitation of what is reasonable and necessary.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. HATFIELD. Madam President, I should like to make a statement as a matter of information. If we are to keep this resolution on schedule in terms of getting the conferees appointed, we have to complete it by noon, so I hope we can get this measure voted on and completed by noon in order that the House can appoint conferees and we can go to conference.

Mr. BAKER. Madam President, I urgently request that we go to third reading and final disposition. The noon hour figure is correct; but, really, the presentation I made to the Speaker and to the minority leader was that we would have it to them by noon. The clerks would be hard put to do that even if we passed it by noon.

I do not want to short-circuit anybody right now, but I hope we can proceed promptly with the final disposition of this matter.

Mr. PROXMIRE. Madam President, I would be perfectly happy to have third reading right now and then have a colloquy.

UP AMENDMENT NO. 431

Mr. HATFIELD. Madam President, before we get to third reading, I send to the desk some technical amendments. I ask for their immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oregon (Mr. HATFIELD) proposes an unprinted amendment numbered 431.

Mr. HATFIELD. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 7, line 14, after the word "Senate", add ";"

On page 16, line 24, after the word "Secretary", add "of the Senate".

On page 17, line 23, after the word "Arms", add "and Doorkeeper".

On page 22, line 8, strike the word "official", and add "Official".

On page 23, line 24, after the word "Doorkeeper", add "of the Senate".

On page 24, line 1, after the word "Doorkeeper", add "of the Senate".

On page 24, line 8, after the word "Doorkeeper", add "of the Senate".

On page 24, line 12, after the word "Doorkeeper", add "of the Senate".

On page 24, line 23, strike the word "and".

On page 7, line 14, strike the words "former Parliamentarian", and insert "Parliamentarian Emeritus".

On page 21, line 23, strike "20", and insert "20 per centum".

On page 26, line 10, strike "Act", and insert "joint resolution".

On page 26, line 13, after the word "Secretary", insert "of Agriculture".

On page 10, line 11, after the amount "$229,300,000", strike ": Provided, That no" and insert in lieu thereof ". No".

On page 25, line 1, after "130", insert "and sections 140 through 142".

In amendment 421 adopted by the Senate yesterday, amend the same to read as follows: "Provided further, That funds which would be available under H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, for the Government payment of annuitants and employees health benefits, shall be available under the authority and conditions set forth in H.R. 4121 as reported to the Senate on September 22, 1981.

Mr. HATFIELD. Madam President, this amendment makes minor technical changes in the resolution, such as adding a semicolon in one place in the resolution and capitalizing a word in another. I move the adoption of these amendments.

Mr. PROXMIRE. Madam President, I have had an opportunity to review this amendment. It is, indeed, a technical amendment. I am happy to support it.

The amendment (UP Amendment No. 431) was agreed to.

Mr. HATFIELD. Now, Madam President, may we have third reading?

The PRESIDING OFFICER. The joint resolution is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the joint resolution.

The amendments were ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution (H.J. Res. 325) was read the third time.

Mr. HATFIELD. Madam President, I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Madam President, I apologize to my good friend. He has been so patient. It has taken a long time, but I do want to make some additional record here.

First, it is clear that there are some very substantial appropriations where the Senate continuing resolution is well above the House on an annual rate. That applies to Labor, Health and Human Services, which is some $6 billion over the House on an annual basis, and for 50 days it would be $800 million over the House; and State, Justice, Commerce, which is about a billion dollars over the House; Agriculture, which is about $2.3 billion over the House; adding up to about $9.6 billion over the House in those respects.

Now, there are some other bills, Treasury, and Interior, particularly, because we had a SPRO provision which is not going to save money in the long run but technically puts us well under the House with that particular passage of the Interior bill. However, it is clear that the language in the appropriations bill in the House version that came over here would provide that we would, in that event, go to the Senate's position. We would go to the lower figure. Therefore, this Senator is convinced, as he was when he opened the debate yesterday, opened my part of the debate yesterday, and indicated—and I thought that the chairman conceded—that the House is, indeed, below the Senate and below the Senate overall, and that if we had the House version, which goes to the lower of the House-passed figure or 1981, we would be below the Senate figures.

Now, if the Senator has reversed his position on that, I would like to know, because I think that record was one we made quite clear yesterday. I understood him, in response to the Senator from Virginia, to take a different position.

Mr. HATFIELD. Madam President, I am happy to respond to the Senator from Wisconsin. The Senator from Oregon has not reversed his position one bit or one whit.

Let me just say, again—and I hate to constantly use this analogy, but it is the only one I can think of that is most adequate for the illustration. We are talking about apples and oranges.

Let me say very clearly that what the Senator is doing is talking about a precise figure, on one hand, which is the House bill. That is before the fiscal year has been started, before the bill has been implemented. That is an apple.

On the other hand, he is talking about an orange. And that is the fluctuating character of a spending program or a program in the fiscal year and during the life of the fiscal year.

Now, what I mean by that is simple. He is talking about a target figure in both cases, but not at a level of spending. The current level of spending, according to the assurances given to the administration, is lower than the target figure given in the fiscal year 1981 budget. So when you take the fiscal year 1981 spending target level as determined by Congress, that is one figure, but the rate of spending is another figure.

So I think that is where we have an apple and an orange. That does not really clarify the situation we are in. We are dealing with the precise figure in the House-passed bill that has not been implemented. We are dealing with a floating crap game type of situation, so to speak, in the matter of the current level of spending, in contrast to the current ceiling that is established in the fiscal year 1981 bill.

Mr. PROXMIRE. Madam President, I do not want to belabor this, but it just seems clear to me that when the House says we will go to the 1981 figure or the House-passed bill, whichever is lower, and the House-passed figure is lower in case after case, and lower, as I pointed out by billions of dollars, then it is clear to me that the House is below. The Senator and I disagree and I will not pursue that further.

However, I am surprised at the Senator's indication that somehow these are simply goals and that the administration is able to fund this at a lower level. This is the language:

> Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

Now, we went through a great deal to prevent the administration from impounding funds. And they cannot impound. They cannot impound for a week; they cannot impound for a year. They can send a deferral to the House or Senate, or rescission, but they cannot impound. So that when we provide these funds on this basis, they have to, to the extent available. That is the language here. It seems to this Senator they have no discretion except to spend. I thought our colloquy in the Appropriations Committee made that clear.

Mr. HATFIELD. Madam President, the Senator from Wisconsin is talking about budget authority, and we are not talking about that. On page 4, we are talking about not to exceed, and that is the spending, which is another matter: "not exceeding the current rate."

I merely summarize my position that we are in a position in this resolution to achieve the lowest possible spending level in a practical application, rather than in a theoretical situation in which you are comparing apples and oranges.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Madam President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not.

Mr. BAKER. I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. I thank the Senator.

Mr. PROXMIRE. Madam President, once again, I apologize. I will not take more than a couple of more minutes. But I do want to point out that we only deal in budget authority. That is all we deal with. We deal with budget authority. That is what we have.

When we deal with budget authority, we say that "to the extent and in the manner which would be provided by the pertinent appropriation Act."

We went through a great deal in 1975 and 1976 to make it clear that the President could not impound. It seems to me that this invites the administration to impound. I think that is something we should be very careful about and we should not design our legislation to do that. It also invites lawsuits, which should hold it up.

Finally, Madam President, in any event, I do hope that the President will send the details of his budget cuts up very promptly. I do hope that the distinguished chairman of the Appropriations Committee, and I, as ranking member, have an opportunity to get to work on this just as quickly as we possibly can, because the 12-percent cut that the President recommended is going to be much harder to implement as the days pass. At the very least, we will be proceeding on the basis that it is 12-percent higher than that.

As I pointed out, the administration has no discretion to impound. They cannot assume that we are going to pass these reductions and, indeed, we might not. So it is of the greatest importance that we have an opportunity to see the President's recommendation specifically and have an opportunity to act on it.

Madam President, I yield the floor.

Mr. SIMPSON. Madam President, I support the continuing resolution, House Joint Resolution 325, which will provide appropriations for the Federal Government for a period of 45 days into the new fiscal year. As chairman of the Veterans' Affairs Committee, my support is directed primarily at section 101(e) of the continuing resolution, which sets forth appropriations for HUD and independent agencies, including the Veterans' Administration. Since the HUD appropriations bill is the only appropriations bill to have passed both the House and Senate and to have survived conference, I am pleased that the continuing resolution will incorporate the appropriations levels set forth in that conference report. The inclusion of this painstakingly worked out conference report will permit the restoration of about $330 million and 5,181 staff positions in the VA medical care account. This restoration makes the appropriations for the VA entirely consistent with the levels set forth in the administration-backed Gramm-Latta plan.

Madam President, the continuation and support of the VA hospital and health care system at present strength should be regarded as an item of the very highest priority in fulfilling this Nation's duty to its veteran population. Recognizing that appropriations deliberations will be engaged in during the period of the continuing resolution, it is vital that we not prejudge the outcome of that process by any precipitous and ill-considered reductions in critical veterans services.

I should note, Madam President, that I have a strong misgiving about the conference report on the HUD appropriations bill: It terminates VA funding for correspondence training, with a September 30 "grandfather clause," instead of following the authorizing committees' reconciliation agreement which was simply to reduce the VA's reimbursement level from 70 percent to 55 percent. I emphatically do not support this action of the conferees, taken unilaterally in disregard of the legislative plans so carefully worked out by both the House and Senate Veterans' Affairs Committees, passed by both full Houses of Congress and signed into law just 1 month ago by the President. One does not even have to be a determined supporter of the correspondence training program to question the wisdom of this type of backdoor legislating; as Representative MONTGOMERY, chairman of the House Veterans' Affairs Committee, so ably pointed out in the House debate on the conference report, "it is not a function of the Appropriations Committees or appropriations bills to seek to terminate entitlements by withholding funds."

Nevertheless, in spite of my misgivings on this issue, I support the HUD/independent agencies conference report as a whole, and I urge my colleagues to support its inclusion in the continuing resolution and to then support the continuing resolution itself.

Mr. SASSER. Madam President, I will vote against the continuing resolution. Certainly, we must provide continuing authority to operate the various departments and agencies of the Government until the regular appropriation bills have passed. But there are several "Congressional Christmas Tree" items which have been added to this resolution which do not merit support.

I voted against lifting the pay cap for senior executives. I voted against lifting the cap on honorariums for Members of the Senate. I voted against lifting the cap on expense deductions for Senators. Unfortunately, however, by narrow margins the Senate approved these items.

In my opinion, September 24, 1981, will become known as a shameful day for the Senate. For on September 24, 1981, this legislative body granted itself and high level Government employees unjustified giveaways while voting to restrain Government spending for the rest of the Nation.

Under these circumstances, I cannot support this resolution.

Mr. LEVIN. Mr. President, I fully understand how critical this continuing resolution is. However, I also understand that we have at least a few days before this legislation must be in place. Unlike previous years, therefore, I do not feel compelled to vote for this bill in order to assure that vitally needed Government services will be continued.

Given this relative freedom from the artifical pressures of the calendar, I intend to vote against this bill. I do so because I simply can not accept or endorse the disparity between the gifts that we have agreed to give the Members of Congress and senior Federal employees and the sacrifices we have demanded of those citizens who are not fortunate enough to serve in the Congress or work for the Federal Government.

On the very day that the President called for further budget cuts, we decided to increase the pay of senior level Federal workers, eliminate the cap on the money Senators can earn through speaking engagements, give Members of Congress unlimited tax deductions for living expenses and refused to cut by even 5 percent the money we allocate to travel. Mr. President, the dichotomy between the way we have treated ourselves and the way we have treated our fellow citizens is just too great. The contrast is just too stark. The inequity is just too compelling. I cannot support this bill.

I know that Members of the Congress have real financial problems, I realize that senior level Federal employees have real needs, I acknowledge that the simple fact that one makes more than $50,000 a year does not mean that one is sitting in the cat bird seat. But there are a lot of people who are sitting under the cat bird seat, and I just cannot see how we can reasonably call upon them to make sacrifices which we evade and avoid our responsibility to share.

I hope, Mr. President, that this bill will come back to us stripped of all of the special interest legislation we adopted yesterday. If it does, I think we will have done more than save the Federal Government some money—we will have also saved the reputation of the Senate from this mistake.

VETERANS' ADMINISTRATION APPROPRIATIONS

Mr. CRANSTON. Mr. President, although I will vote against this continuing resolution as an expression of my extreme dissatisfaction with the process of delaying Senate consideration of the regular appropriations bills, I nevertheless want to note my strong support for the portion of the continuing resolution that provides funding for the Veterans' Administration.

In that regard, as the ranking minority member of the Veterans' Affairs Committee, I would like to address certain matters relating to appropriations for the Veterans' Administration for fiscal year 1982.

At the outset, I would like to note my disappointment that the conference report on H.R. 4034, the HUD-Independent Agencies Appropriations Act, 1982 (H. Rept. No. 97-222), which the House of Representatives passed on September 15, has not been brought before the Senate for action. Although I believe the HUD appropriations contained in the conference report are far too low, I strongly support the VA appropriation items in that measure and believe that they should be enacted as soon as possible in order to resolve definitely the levels of funding for VA programs for the full fiscal year.

In this connection, I was very surprised to learn of the threat of a veto of the conference report. The basis for the threat was that the conference report provides approximately $300 million in funding for VA health care programs that the President, according to an Office of Management and Budget spokesperson, will not agree to unless a similar amount is taken from other programs for which the conference report provides funding.

A veto on those grounds would clearly be a reversal of President Reagan's endorsement of the Gramm-Latta budget levels for function 700, veterans' benefits and services, and a breach of faith with those who supported Gramm-Latta with the understanding that the administration had agreed to the veterans' programs funding level that Gramm-Latta had set.

FUNDING FOR VA HEALTH-CARE PROGRAMS

Despite the unfortunate delay now being experienced with respect to Senate consideration of the conference report and the resulting need for a continuing resolution with respect to Veterans' Administration fiscal year 1982 funding, I am pleased to note that the resolution before us contains VA funding at the conference report levels until November 20, 1981.

In this regard, I want to express my gratitude to my distinguished colleagues, the Appropriations Subcommittee on HUD-Independent Agencies chairman (Mr. GARN) and ranking minority member (Mr. HUDDLESTON), as well as the full Appropriations Committee chairman (Mr. HATFIELD) and ranking minority member (Mr. PROXMIRE), for their excellent cooperation in insuring that the H.R. 4034 conference report and now the continuing resolution provide an adequate level of funding for VA programs.

Mr. President, I am especially pleased to note that the joint explanatory statement accompanying the conference report, which is expressly incorporated by reference in the continuing resolution, specifies the same VA medical care account staffing levels—186,287 full-time employee equivalents (FTEE's)—that the House had specified in the report accompanying the original House-passed appropriations bill (H. Rept. No. 97-162).

During consideration of the appropriations bill in the Senate on July 30 (CONGRESSIONAL RECORD S8803, daily edition), the distinguished chairman of the HUD-Independent Agencies Subcommittee (Mr. GARN) discussed this issue with me and the Senators from Wyoming (Mr. SIMPSON) and South Carolina (Mr. THURMOND) in terms of the need to insure that the Department of Medicine and Surgery has adequate staffing levels in order to carry out its responsibility for providing quality health care services to our Nation's veterans.

I am thus very pleased that the Senate conferees agreed to the House-approved earmarking of funds for the 736 medical care full-time employee equivalents deleted in the Senate-passed measure. It should be noted that the agreement with the House on this issue did not entail the addition of funds in the medical care account and is in full conformity with the explicit assumptions underlying the Gramm-Latta budget level for veterans' programs, which, as I have indicated, had been endorsed by the President.

I also congratulate the conferees for specifying in the joint explanatory statement an average employment level of 4,487 FTEES's—an increase of 194 above the Reagan-reduced budget request—for the medical and prosthetic research account. The VA's research efforts have an important role in insuring the provision and maintenance of quality health care. Of importance also is the excellent decision of the conferees to specify in the joint explanatory statement that the $4,000,000 add-on for the medical administration and miscellaneous operating expenses account is earmarked for the nurse scholarship program authorized by the Veterans' Administration Health-Care Personnel Act of 1980, Public Law 96-33. Given the continuing chronic shortages of nurses in VA facilities, this program will provide greatly needed assistance in the recruitment and retention of nurses by establishing a program of educational assistance in return for obligated service.

I am also most grateful to the House and Senate conferees for their cooperation in retaining in the conference report and joint explanatory statement, and thus in this continuing resolution as reported, the disapproval of the deferral of funding for construction of a research and education building at the Long Beach VA Medical Center.

This long-awaited project—it was first planned in 1971 and funds were finally appropriated for fiscal year 1981—is a key to maintaining a productive affiliation between the Long Beach Veterans' Administration Medical Center and the College of Medicine at the University of California at Irvine for all concerned—veteran patients, VA hospital staff, and university medical students and staff. In light of the contribution to patient care that the new facility will make, the physical conditions of the current structures housing the research and education programs, and the substantial cost of deferring the project, I am very pleased that the conferees and both bodies have recognized the importance and urgency of moving ahead with construction without further delay.

CONTRACTING OUT HEALTH-CARE SERVICES

Mr. President, I am greatly concerned about plans underway to implement in VA health care facilities OMB Circular A-76, which prescribes policies for acquiring by contract commercial and industrial products and services, including health services.

As I stated on Monday at the Veterans' Affairs Committee hearing to receive the legislative recommendations of the American Legion, there are three aspects of the A-76 process, as it is now being forced on the VA's Department of Medicine and Surgery, that I find very disturbing.

First, VA medical centers across the country are being required to conduct an enormous number of studies to evaluate the comparative costs of having various functions performed by contractors rather than, as they are now, by VA employees. The cost of these studies—estimated at as much as $29 million—will have to come out of funds appropriated for the provision of health care services to veterans. I believe that that money should be spent on caring for veterans—not studying contracting for veterans' care.

Second, in light of my commitment to the maintenance of a strong, independent VA health care system, I am very concerned that a push for contracting out services that is based almost exclusively on the desire to save money may be counterproductive to the goal of good health care. Moreover, it may not even be cost effective in the long run.

Third, the VA's General Counsel ruled over a year ago that, in light of the specific statutory structure and functions of D. M. & S., the application of A-76 "to the basic medical care operations of D. M. & S. cannot be justified either legally or on a policy basis."

Mr. President, I ask unanimous consent that a copy of that opinion be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER Without objection, it is so ordered.

(See Exhibit 1.)

Mr. CRANSTON. Mr. President, I raise this issue in the context of our deliberations on this continuing resolution because it appears that the VA will be required to spend for the conduct of literally thousands of circular A-76 studies a significant portion of the funding we are now acting to provide. That is a very troublesome prospect. I am not aware of any legislative history behind this resolution—or in the conference report and the accompanying joint explanatory statement on H.R. 4034 or the two committee reports on H.R. 4034—to indicate that any of the funds for the VA's medical care account are intended to be diverted from the provision of health care services to the costs of the A-76 studies.

In view of the legal opinion of the VA's General Counsel that basic medical care operations may not, consistent with D. M. & S.'s statutory responsibilities under title 38, United States Code, be contracted out pursuant to A-76 and that only certain support activities in D. M. & S. may be, the vast scope of the A-76 process being imposed on D. M. & S. seems clearly to encompass many functions that the VA may not lawfully contract out. This is true particularly in light of the total absence of any indication that Congress, in appropriating medical care funds for the operation of that department intends anything other than that it carry out its responsibilities under title 38, United States Code.

Thus, I do not see how the VA can properly or lawfully be called upon to proceed as it has been with the A-76 surveys with respect to functions that, by law, are committed to performance by VA employees. Therefore, I call upon the VA Administrator to terminate the A-76 surveys in connection with those basic medical care functions.

I would note in this regard, that I have not heard any debate in the course of the Senate's consideration of this measure to suggest that it is the intention of any Senator, in voting for this continuing resolution, to vote for the expenditure of VA medical care account funds on surveys with respect to functions that may not lawfully be contracted out or on any resulting contracts for the performance of these functions.

The potential misapplication of VA medical care funds and the other substantial legal and policy issues that the implementation of circular A-76 in the VA's Department of Medicine and Surgery has raised deserve very careful congressional scrutiny. Thus, on Tuesday the other minority members of the Veterans' Affairs Committee and I, in a letter to the distinguished chairman of our committee, my good friend from Wyoming (Mr. SIMPSON), urged that oversight hearings be conducted on this matter at an early date.

Mr. President, I ask unanimous consent that a copy of that letter also be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

ANNUAL LEAVE WHILE ON TRAVEL STATUS

Mr. CRANSTON. Mr. President, I would also like to thank the distinguished leadership of the Appropriations Committee and the conferees on H.R. 4034 for agreeing to delete section 415 of the Senate-passed measure which would have prohibited all annual leave while on official travel status by employees of the VA and other affected departments and agencies. This matter was also the subject of a colloquy on July 30 during consideration of that **measure (CONGRESSIONAL RECORD page 18636) and the Senators from Utah and Wisconsin have certainly acted fully in accordance with their undertakings at that time. Again, I express my appreciation to them.**

GI BILL CORRESPONDENCE TRAINING

Mr. President, before closing, I would like to note that I agree fully with the views that the very able and distinguished chairman of the Committee on Veterans' Affairs in the other body expressed during the debate on the conference report on H.R. 4034 (CONGRESSIONAL RECORD H6202, daily edition, September 15, 1981) as to the effect that enactment of the conference report would and would not have on GI bill correspondence training benefits. Those remarks seem even more apt in light of the once-removed nature of the action now being taken by this body with respect to that conference report.

CONCLUSION

In conclusion, Mr. President, I express again my appreciation to the leadership and members of the Appropriations Committee with respect to VA appropriations thus far for fiscal year 1982.

EXHIBIT 1

MEMORANDUM

MARCH 21, 1980.

To Chief Medical Director (13)

From General Counsel (023)

Subject: Draft of VA Circular 00-79—Policies for acquiring commercial or industrial products and services needed by the government

1. You have requested our opinion regarding the application of OMB Circular A-76 dated March 29, 1979, to Department of Medicine and Surgery (DM&S) activities. Circular A-76 prescribes "Policies for acquiring Commercial or Industrial Products and Services Needed by the Government." Because attachment "A" to the circular lists among its other examples of commercial and industrial activities, health services of almost every kind, your question and concerns are well founded.

2. In attemping or each a rational understanding of the application of the circular to DM&S operations, certain concepts fundamental to the operation of our system of Government must be considered. First, the President and the executive branch of the Government administer laws enacted by the legislative branch of the Government. Thus, any Executive order or other Presidential directive issued in carrying out the responsibility of the executive branch to administer the laws must be consistent with the law being administered. Second, when Congress enacts a law specifically directing an agency in the executive branch to take a prescribed course of action, that law is generally deemed to preempt the field.

3. In applying Circular A-76 to DM&S activities, careful attention must be given to the specific language and intent of the circular, itself, and the accompanying transmittal memorandum. In that transmittal memorandum it is stated that the circular reaffirms the general policy of relying on the private sector for goods and services, while recognizing that cerain functions are inherently governmental in nature and must be performed by Government personnel. The transmittal memorandum also points out that in those areas not inherently governmental in nature, relative cost must be given appropriate consideration in making decisions between in-house performance and contracting out. The circular reiterates the basic premise that in a democratic free economic system, the Government should not compete with its citizens and, thus, follows the general policy of relying on competitive private enterprise to supply the products and services it needs. Bulletins and circulars of OMB have articulated this policy in 1955, 1957, 1960, 1966, 1967 and 1976, before this latest version in 1979.

4. In defining the scope of the circular, OMB in paragraph 6.b. has specifically exempted governmental functions which are defined in paragraph 5(f) as a function "which must be performed in-house due to a special relationship in executing governmental responsibilities." Categories of such functions include "[d]iscretionary application of Government authority . . . as in management of Government programs requiring value judgments, as in directing the national defense; . . . selection of program priorities. . . ."

5. Given the fundamental concepts of our form of Government discussed above, the language discussing the intent of the circulars, the history of OMB pronouncements on contracting out, and the language of the latest circular relating to its scope, we believe it abundantly clear that the basic provision of health care by DM&S is not significantly impacted by the latest version of OMB Circular A-76.

6. Under current statutes, OMB cannot direct the VA to contract out its basic health care function. The Congress in enacting Public Law 79-293 preempted this field when it created in the VA a DM&S under a Chief Medical Director, having as its primary (i.e., governmental) function to provide a complete medical and hospital service for the care and treatment of veterans. This is a national policy established by the Congress, and can be changed only by the Congress. Indeed, President Carter's letter of August 27, 1979, to Senator Alan Cranston recognized this and voiced the President's continuing support for such policy.

7. Moreover, we believe that Congress, in establishing specific authority for certain limited types of contracting by DM&S, was clearly aware of the general restrictions on contracting authority within DM&S. That the contracting out policy under title 38 is separate and distinct from that of Circular A-76 is given clear expression in section 621 of title 38 which authorizes the Administrator to prescribe: (1) rules and procedures governing furnishing of hospital, nursing home and domiciliary care and (2) limitations in connection with the furnishing of such care. Chapter 17 of title 38 sets forth in detailed provisions the Department's role as a direct provider of hospital, nursing home, domiciliary, and medical care. By its terms chapter 17 poses specific restrictions on contracting for the provision of those services. In qualifying the scope of the VA's authority to furnish those modes of care to eligible veterans, the statute has long provided that such services could only be furnished "within the limits of VA facilities." VA facilities were defined in chapter 17 to include private facilities with which the VA may contract. But such authority is available only for very limited classes of beneficiaries. There has long been a specific limitation on fee-basis care, for example, particularly where it involves care for a nonservice-connected condition. Furthermore, in Pub. L. No. 94-581, Congress, in responding to the rapid growth of VA fee-basis medical care, imposed still further limits on such contract care. The authorizing committee which reported out the legislation that formed the core of Pub. L. No. 94-581 described the amendment as making clear "that the VA may contract for fee-basis service only when VA or other Federal hospitals or clinics 'are

not capable of furnishing economical care because of geographical inaccessibility or of furnishing the particular language is to limit the authorization of fee-basis service for service-connected or nonservice-connected disabilities to those situations when regular VA hospitals and clinics (or other Federal facilities) are genuinely unable to provide the needed services themselves." SEN. REP. No. 94–1206, 94th Congress, 2d Session, p. 75.

8. VA care is by statute defined to exclude contract care except in specified areas. In providing specific limits on contracting for hospital and medical care, Congress has imposed an exclusive restriction. In other words, the very statutory scheme of chapter 17 supersedes and excludes any application an OMB circular on contracting out might have on the VA as a direct provider of medical care.

9. Title 38 also establishes specific, exclusive policy on contracting in the areas of research and insurance (§ 4101), central administration of house staff stipend and benefits (§ 4114(b)(3)), scarce medical specialist services (§ 4117), staffing of Regional Medical Education Centers (§ 4122), and specialized medical resources (§ 5053). Because the VA is directed or authorized by law to contract in these specific areas, we believe Congress has established a rationale for such contracting different, in most circumstances, from the rationale behind Circular A–76. Under A–76 the intent is that the Government not compete with the private sector and that, in nongovernmental functions, cost-effectiveness must be a criterion for decisions on contracting out. On the other hand, under title 38, the underlying policy is to provide a complete and separate medical and hospital service for the care and treatment of veterans. Where conflict arises between A–76 guidelines and specific title 38 mandates or authorities, title 38 must prevail. In other areas where Congress has not been specific, we believe the VA and DM&S must follow the directives of A–76.

10. In your memorandum you specifically pose the question "whether the maintenance and management of DM&S facilities be solely by VA personnel." We believe that Congress intended the management of DM&S facilities and the direct provision of health care, to be a governmental function, but specifically authorized contracting out where deemed necessary to ensure that the VA could meet its mission of providing a complete medical and hospital service. The many specific provisions in title 38 relating to employment preclude any other conclusion. See 38 U.S.C. sections 4103, 4104, 4111, 4114, all relating to employment of personnel to operate the DM&S. See also 38 U.S.C. sections 4105 (qualifications of certain employees); 4106 (exemption of qualifications from Civil Service requirements and a probationary period); 4107 (rates of pay); 4108 (authority of Administrator for personnel administration, hours and conditions of employment, etc.); 4113 (travel expenses of employees); 4115 (authority of Chief Medical Director relating to employment in DM&S).

11. As regards the specific question cited, in the above paragraph, however, it is not clear what you may have contemplated in asking whether "the maintenance" in addition to the "management" of DM&S facilities is to be solely by VA personnel. We note that the phrase "management and maintenance" appears, albeit in a somewhat more specific context, in the text of Circular A–76, March 29, 1979. Paragraph 5.f of the circular which defines the term "governmental function" includes among the categories of such functions "[i]n-house core capabilities in the area of research, development, and testing, needed for technical analysis and evaluation and technology base management and maintenance." However, as distinct from the management of the Department and its facilities, as well as the direct provision of medical care, we question whether the "maintenance" of those facilities, if you are referring to routine building and grounds maintenance, for example, can indeed be considered exempt from A–76 coverage.

12. We have not attempted in this memorandum to delineate with specificity which areas are or are not covered by OMB Circular A–76. As a general matter, however, we believe that, as distinct from the Department's direct medical care activities and managerial role, support activities (not directly related to patient care and not unique to the Department) for which VA might contract under section 213 of title 38 would be covered by A–76. For example, we consider general maintenance, grounds care, and laundry service, as among those functions to which A–76 would apply. We will, of course, be pleased to discuss the applicability of A–76 to specific services which might not appear to fall clearly on either side of the line we have attempted to draw.

13. In summary, we believe differing policies are operative in OMB Circular A–76, and in the management of DM&S. The general policy that the Government not compete with the private sector for commercial or industrial products and services underlies A–76. A national policy to provide, as a governmental function, a complete medical and hospital service for our Nation's veterans underlies title 38 and DM&S operations. To apply the rules of A–76 to the basic medical care operations of DM&S, where specific statutes establish the parameters of the mandated governmental function, cannot be justified either legally or on a policy basis. Thus, with the general exception noted above, we believe A–76 does not affect the day-to-day medical care operations of DM&S as delineated in title 38, United States Code.

Exhibit 2

U.S. Senate,
Committee on Veterans' Affairs,
Washington, D.C., September 22, 1981.

Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

Dear Al: As you know, on July 29, the Veterans' Administration published in the Federal Register a schedule setting forth a timetable for VA action to "study certain commercial-industrial type activities" (CITAs) in the Department of Medicine and Surgery (DM&S) as part of the agency's compliance with OMB Circular A–76.

We recognize that there is a need to find economies in the VA budget, but we are concerned that there are many questions about the impact of OMB Circular A–76 on DM&S that should be answered before the VA goes forward in the manner anticipated by that Circular with wide-scale and very costly (some estimates are as high as $29 million) surveys of the feasibility of contracting out functions currently performed by DM&S employees. Among the questions that we believe must be answered satisfactorily are ones concerning the impact on the overall ability of DM&S to fulfill its various missions, especially its primary mission of providing quality health care to eligible veterans and, in fact, whether A–76, as applied to those functions of DM&S that relate directly to this primary mission, is consistent with the statutory responsibilities of DM&S set forth in title 38. In an opinion issued on March 21, 1980, the VA's General Counsel ruled that, in light of the specific statutory structure and functions of DM&S, "the application of A–76 to the basic medical care operations of DM&S cannot be justified legally. . . ."

As an example of the possible impact of Circular A–76 on DM&S, one of the CITAs that was listed for review in the schedule published in the Federal Register was food services, including preparation and delivery services. Many persons familiar with the DM&S system and with other health-care systems generally have suggested very persuasively that a medical center's dietetics service is an integral part of the health-care system and, thus, have questioned the result of such a contracting in terms of effective management of overall health care.

Questions have also been raised about the agency's ability to provide uninterrupted health care to eligible veterans if some, many, or most important functions were carried out by an outside contractor and the contractor became unable to provide the contracted services because of an employee work action, such as a strike, a result that is forbidden by current law. Another concern that has been raised about the impact of Circular A–76 is the possibility that once the agency contracts with a private entity for a service it will lose the capacity to perform the function in-house itself; in areas where there is only one qualified contractor available, that contractor would be in a position to demand increasingly greater fees for performing the function. We have received reports of such situations that have already occurred but have not yet had the opportunity to verify them.

Among those expressing concerns to us about Circular A–76 have been VA employees, both individually and collectively. We have also heard from organizations representing these employees. Naturally, many employees have expressed legitimate concerns about the impact of Circular A–76 on their own positions. Many also have raised larger concerns about the VA's overall ability to provide quality health care when many of the providers lack employee identification with or loyalty to the system.

Hence, we strongly question whether the initial phase of the agency's compliance with Circular A–76, as set forth in the Federal Register notice, in view of the very significant investment of funds, time, and effort that will be required, is warranted until there is a more complete understanding of whether and to what extent DM&S is being legally and properly required to comply with Circular A–76.

In light of these and other concerns, we strongly urged that the Committee hold at least one day of oversight hearings in October at which the Administration, including representatives of OMB involved with Circular A–76, veterans and veterans' organizations, VA employees and organizations who represent these employees, and others concerned could testify.

With warm regards,
Cordially,

Alan Cranston,
Jennings Randolph,
Spark M. Matsunaga,
Dennis DeConcini,
George J. Mitchell.

P.S. I know that your schedule for the remainder of this session will be quite tight because of your responsibilities in connection with the immigration issue and, if you decide to schedule this hearing, I would be willing to see if I could chair at least part of the hearing.

Alan.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Maryland (Mr. Mathias), the Senator from South Dakota (Mr. Pressler), and the Senator from Virginia (Mr. Warner), are necessarily absent.

Mr. CRANSTON. I announce that the

Senator from Texas (Mr. Bentsen), the Senator from Delaware (Mr. Biden), the Senator from New Jersey (Mr. Bradley), the Senator from Arizona (Mr. DeConcini), the Senator from Hawaii (Mr. Inouye), and the Senator from Hawaii (Mr. Matsunaga) are necessarily absent.

The PRESIDING OFFICER (Mr. D'Amato). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 47, nays 44, as follows:

[Rollcall Vote No. 287 Leg.]

YEAS—47

Abdnor
Andrews
Baker
Boschwitz
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Gorton
Hatfield
Hayakawa
Heinz
Hollings
Humphrey
Jackson
Johnston
Kassebaum
Kasten
Kennedy
Laxalt
Long
Lugar
Mattingly
McClure
Murkowski
Packwood
Pell
Percy
Quayle
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Thurmond
Tower
Wallop
Weicker
Williams

NAYS—44

Armstrong
Baucus
Boren
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cranston
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Goldwater
Grassley
Hart
Hatch
Hawkins
Heflin
Helms
Huddleston
Jepsen
Leahy
Levin
Melcher
Metzenbaum
Mitchell
Moynihan
Nickles
Nunn
Proxmire
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Stennis
Symms
Tsongas
Zorinsky

NOT VOTING—9

Bentsen
Biden
Bradley
DeConcini
Inouye
Mathias
Matsunaga
Pressler
Warner

So the joint resolution (H.J. Res. 325), as amended, was passed.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the resolution was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I yield to the Senator from Oregon.

Mr. HATFIELD. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives on the disagreeing votes of the two Houses thereon; and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. D'Amato) appointed Mr. Hatfield, Mr. Stevens, Mr. Weicker, Mr. McClure, Mr. Laxalt, Mr. Garn, Mr. Schmitt, Mr. Cochran, Mr. Andrews, Mr. Abdnor, Mr. Kasten, Mr. D'Amato, Mr. Mattingly, Mr. Rudman, Mr. Specter, Mr. Proxmire, Mr. Stennis, Mr. Robert C. Byrd, Mr. Inouye, Mr. Hollings, Mr. Eagleton, Mr. Chiles, Mr. Johnston, Mr. Huddleston, Mr. Burdick, Mr. Leahy, Mr. Sasser, Mr. DeConcini, and Mr. Bumpers conferees on the part of the Senate.

Mr. BAKER. Mr. President, I take this opportunity to extend my congratulations to the distinguished chairman of the Committee on Appropriations for his skillful management of this matter and, as well, to the distinguished ranking minority member, the Senator from Wisconsin (Mr. Proxmire). They worked well together in the best traditions of the Senate in a bipartisan operation. They, as well as other Senators, are to be congratulated for a job well done.

Now we can all take a deep breath—but just for a moment. Our action on the continuing resolution today will enable our vital Government programs to continue while Congress progresses with fiscal year 1982 appropriations.

Again, I thank the distinguished chairman of the Appropriations Committee (Mr. Hatfield) and the distinguished ranking member of that committee (Mr. Proxmire) for their cooperation and leadership on this bill. Senator Mattingly, chairman of the Legislative Branch Subcommittee, should also be commended.

Staff members of the Appropriations Committee, Keith Kennedy, Don Massey, and Tom Vandervoort, also contributed significantly to the passage of this crucial measure.

I am grateful to the entire committee for providing the Senate with the forum for avoiding an unnecessary fiscal emergency.

ORDER OF PROCEDURE

Mr. RANDOLPH addressed the Chair.

Mr. BAKER. Mr. President, does the Senator from West Virginia wish me to yield?

Mr. RANDOLPH. If the Senator would yield for a question, Mr. President.

Mr. BAKER. I yield to the Senator from West Virginia.

Mr. RANDOLPH. I thank the Senator.

Mr. President, the able majority leader may have said something on this subject, and I was not in the Chamber to hear him. Could he at this time, if he has not in a prior explanation, give us the schedule from, let us say, the middle of the afternoon into the evening?

Mr. BAKER. Mr. President, I must say facetiously to the Senator, although I am serious as well, that the plans of this Senator from the middle of this afternoon into the evening will be personal and not official, because I hope we will have completed our official duties by 3 or 4 o'clock in the afternoon and can devote our attention to other matters.

This has been a difficult week. The Senate has performed very, very well on a range of important and controversial issues, and it is time to go out.

I say to my friend from West Virginia, assuming that I can next proceed successfully to the debt limit bill, which is House Joint Resolution 265, assuming we can get it laid before the Senate and get opening statements and perhaps proceed to an amendment or two, my hope would be to go out about 3 or 4 p.m. this afternoon.

Mr. RANDOLPH. Mr. President, will the majority leader yield further?

Mr. BAKER. I yield.

Mr. RANDOLPH. I wish to be here, of course, for this workday and all workdays, and my percentage of answering rollcalls is approximately 97 percent. That is for the record. I know all Members try, as do I, to be here.

Mr. BAKER. The Senator's diligence, may I say to the Senator, is so obvious that it is a source of embarrassment to me, and I am sure to other Members, that we cannot match that record.

Mr. RANDOLPH. It is no record to be matched.

I have now completed almost 9,400 rollcalls on Capitol Hill—not quorum calls—but rollcalls.

But there is work to be done in the West Virginia hills and those hills are calling me, and I must leave on a flight at 3:40 p.m.

I was very sincere in trying to know the schedule for the afternoon.

Mr. ROBERT C. BYRD. Mr. President, will my colleague yield?

Mr. RANDOLPH. I yield.

Mr. ROBERT C. BYRD. Has my distinguished colleague brought to the attention of the Senate the fact that we are having a great molasses festival over in Grantsville, Calhoun County? We have apple festivals. We have pumpkin festivals. We have coal festivals. We have forest festivals. We have poultry festivals.

Mr. RANDOLPH. Sorghum molasses.

Mr. ROBERT C. BYRD. And are now having a molasses festival.

We have ramp festivals.

I hope our colleagues will join us sometime in a ramp festival in West Virginia.

But the molasses festival is taking place this evening. I wish to be there.

Mr. BAKER. Mr. President, if the Senator will yield to me, we have a ramp festival in Cocke County, Tenn., at Newport, and I attended that ramp festival one time. I love the people of Cocke County, but I am never going back to another ramp festival. That is the smelliest vegetable I have ever smelled in my life. It makes an onion smell like rare perfume imported from the continent of Europe.

Mr. RANDOLPH. It is good for one's health.

Mr. BAKER. Mr. President, I do not know how much more of this you can stand.

Mr. President, I wish to answer my friends from West Virginia. I think they can catch the 3:40 plane if we get on with the business at hand.

Mr. RANDOLPH. I thank our able leader.

Mr. BAKER. I thank the Senator from West Virginia.

TEMPORARY DEBT LIMIT INCREASE

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House Joint Resolution 265, the debt limit bill.

The PRESIDING OFFICER (Mr. D'Amato). The joint resolution will be stated by title.

The assistant legislative clerk read as follows:

> A resolution (H.J. Res. 265) to provide for a temporary increase in the public debt limit.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. BAKER. Mr. President, House Joint Resolution 265 is the so-called big debt limit bill. It is not the 1-day bill. I think that the clerk will find that House Joint Resolution 266 is the 1-day measure.

The PRESIDING OFFICER. If the majority leader wishes, the clerk will read the bill. It is very brief.

The clerk will read the joint resolution.

The assistant legislative clerk read as follows:

> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That during the period beginning on October 1, 1981, and ending on September 30, 1982, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by $679,800,000,000.

Mr. BAKER. Mr. President, this is the so-called large debt limit. It is not the 1-day one.

Mr. President, it is my hope that the distinguished managers of the bill, the Senator from Kansas (Mr. DOLE), the chairman of the Finance Committee, and the Senator from Louisiana (Mr. LONG), the ranking minority member and former chairman, could make their opening statements and perhaps dispose of an amendment or two this afternoon. If that can be done, I would not expect rollcall votes this afternoon beyond that point.

I am willing, if the minority leader and the managers of the bill think well of the idea, to enter into a unanimous-consent agreement that any rollcall votes ordered today would be put over until Monday.

Mr. McCLURE. What time on Monday?

Mr BAKER. Mr. President, since I understand the clearance procedures on both sides would be necessary, I withhold making that request at this time. But I ask my cloakroom to check and see if there would be any objection to a unanimous-consent order to stack votes ordered today until Monday; and if the minority leader sees fit to do the same. I will be prepared to make such a request later if that seems appropriate.

Mr. DOLE. Does the majority leader know of any amendment? Maybe we could dispose of this right now.

Mr. BAKER. I think it is a clean bill, and should go to third reading right now.

Mr. DOLE. I am happy to do that. Otherwise we will be on it about 3 days.

Mr. BAKER. Noting the smile on the minority leader's face, I do not think that is going to happen.

Mr. President, I am prepared to yield the floor. I do not anticipate further votes this afternoon. I expect the Senate will be asked to recess at perhaps 3:30 or 4 p.m. today.

Mr. DOLE. Mr. President, we are ready to proceed to the consideration of the extension of the debt ceiling.

I might say that I assume that we will spend considerable time today, Monday, Tuesday, and perhaps on Wednesday, to dispose of a number of amendments which may be offered to this proposal.

I will be outlining why we need to act not later than midnight on Wednesday of next week; and I know that by scheduling this bill at this time, we are probably going to inconvenience my distinguished colleague from Louisiana, who planned to be elsewhere on Monday. But I must say to the distinguished Senator from Louisiana that I know the dilemma he faces on Monday. However, I hope he may be here to offer again assistance to the beleaguered chairman of the Finance Committee, who is now still about 10 votes short of passing this $1 trillion-plus extension of the debt ceiling.

Mr. LONG. Mr. President, the Senator from Louisiana finds himself in somewhat of an embarrassing situation. The President invited the Senator from Louisiana to go down to New Orleans on his airplane with him. It is not often that a Senator has an opportunity to fly with a President on Air Force One to visit his home State.

I would love to accept the President's invitation. I did accept it. But if the Senator needs me here, I hope the President will excuse me. I hate to turn the President down. particularly one of the other party who is so kind as to invite a Democrat to go to Louisiana with him.

But if the President will excuse me, I plan to be here and try to support the Senator. I know he has a difficult problem. I have experienced that problem myself. It is a difficult and unpleasant chore in some respects, but I think it is something that must be done.

Mr. DOLE. I appreciate the willingness of the Senator from Louisiana to help. Perhaps the President will excuse him and take me to Louisiana, and the Senator from Louisiana can handle the bill on Monday, Tuesday, and Wednesday. But I understand.

Mr. LONG. No thanks.

Mr. DOLE. I understand the dilemma that the Senator has, and I appreciate his willingness to be here on Monday. I know the distinguished majority leader wishes to complete action on this bill Monday and not later than Tuesday, and I pledge to the majority leader, as the Senator from Louisiana just has, that we are prepared to move ahead. If there are amendments to be proposed that we can dispose of this afternoon, I am very happy to entertain those amendments to accommodate the decision of Senators. If we can bring up some this afternoon between now and 4 p.m., it will be that many less we will have on Monday or Tuesday of next week.

I hope, I say at the outset, that no amendments are adopted to the debt ceiling. If we do that, then it must go back to the House of Representatives, and there is some doubt that the House of Representatives could pass the extension. Plus, there are some over there who have a lot of ideas of what might be added to the extension.

So I urge my colleagues, if they feel constrained to propose an amendment, to bring it up and let us vote it up or down or to table it or even, better yet, withdraw it after considerable discussion.

Mr. President, I do understand the majority leader wishes to finish this not later than Tuesday.

Mr. BAKER. Mr. President, the chairman of the committee and the ranking minority member are both right, and they understand the urgency of this situation certainly as well as I do.

Wednesday midnight is our absolute deadline. We simply must pass this resolution by Wednesday midnight and in advance of that time, as a practical matter, because of a religious holiday that begins on Sunday and on Monday and continues until sundown on Tuesday. As a practical matter, that does not leave us anything except part of the day on Monday, and a fairly short day at that, and part of the day on Tuesday, assuming that we run past sundown on Tuesday, and then Wednesday.

For a resolution of this magnitude, if there are any significant amendments, we are going to be in very, very tough shape to try to get it passed.

Mr. President, let me outline, if I may, just very briefly, what was told to me by the Secretary of the Treasury today as to what would happen if we did not pass this.

The first thing that would happen is that the Treasury could not issue any new securities. What that means, of course, is that the Government of the United States would have to operate on a cash basis—that is, cash on hand.

The Secretary of the Treasury says that as of the morning of October 1, the Treasury would have cash on hand of approximately $18.9 billion, approximately $19 billion. That may sound like a lot, but on October 1 and October 2 there would be bonds and obligations that come due that would take about $8 billion of that $19 billion in 1 day.

In addition to that, there would be checks that would have to be issued on the 2d, 3d, and 4th of October which would consume more than the remaining $11 billions.

As of the 1st of October, benefit checks which were mailed on September 28 begin to be cashed, and the cash balance would be reduced as those checks were presented.

The Treasury is unable as of October 1 to invest trust fund money, resulting in the loss of interest on those funds. This loss of interest would be borne by the corpus of those trusts, such as by the social security program and others which must bear that additional cost.

The cash balance projected at the end of the day on October 1 would be $8.2 billion if this resolution did not pass by midnight on September 30.

The next day, Friday, October 2, social security benefit checks would be cashed, and the recipients would further draw down the cash on hand of the U.S. Treasury to an estimated $3.5 billion remaining on hand at the close of business on Friday.

On Monday, October 5, the Treasury would exhaust its cash balances, and any outstanding checks could not be honored when they were presented for collection, for the first time in the history of the Government of the United States.

It is projected that we would have a cash balance deficit at the end of the business day on Monday, October 5, of $400 million.

Mr. President, that is simply unconscionable. I do not mean to be vain. I believe I express the sentiments of every Member of the Senate when I assert that we will not permit the first default of financial obligations of the United States of America to occur while we are the trustees of the welfare of this country. In the words of a great Tennessean, "That ain't going to happen on my watch if I can help it."

That is why it is urgent that we finish this resolution, why we pass it and have it in the hands of the President in advance of the stroke of midnight on September 30. If we do not, the obligations, the checks issued, and the requirements of the Government of the United States will be in default no later than October 5. That, Mr. President, is unacceptable.

Mr. DOLE. Mr. President, I know that over the years there has been, as administrations change, some shift in the voting. When you have a Republican administration, sometimes the Democrats are less likely to vote to extend the debt limit. When you have a Democrat in the White House, the Republicans are less likely to vote to increase the debt ceiling.

Just checking over the past few years, though, I find in 1978, when we increased the debt limit in August of that year, there were 22 Republicans who voted "Yea," 40 Democrats who voted "Yea," 15 Republicans who voted "Nay," and 16 Democrats who voted "Nay."

The point I make is that, dating back to 1965, it is clear that, notwithstanding the temptation to play politics in increasing the debt ceiling, over the years responsible Members of both parties did, when necessary, vote to extend the debt ceiling.

I know it is particularly difficult at this time because it exceeds $1 trillion. But, as the distinguished majority leader just pointed out, if somebody has a good alternative or if somebody has another option, then, perhaps, he will volunteer that information to the chairman of the Senate Committee on Finance; because, as he has outlined, unless the debt limit is extended by not later than—I guess we can get by until a week from today—then we would be doing a great disservice to the American taxpayers, regardless of their party.

But over the years, including the extension of the debt ceiling this past February, we had substantial bipartisan support.

I hear all kinds of rumors that the Democrats have caucused and they have agreed not to furnish any votes to increase the debt ceiling, that they want the President to, in effect, go it alone. The Senator from Kansas can understand that challenge to the Republicans in the Senate. But I suggest to my colleagues in the other party—and they are all responsible Members in the other party—that we are going to debate the merits of the extension, and we are willing to debate amendments. Certainly, amendments were offered when the Democrats were in control of the Senate and Republicans were in the minority party, and the Senator from Kansas has no disagreement with that, as long as we can defeat the amendments, and we hope we can do that.

So, I urge my colleagues to help us move as quickly as we can. If the amendments are to be offered, then I hope they will be soon offered, because there is a certain urgency to what we are asking that we do.

I have heard the arguments, pro and con. Some say, "Just let the Government stop and they will understand what a problem we have in this country." But for all the recipients of Government checks, including social security beneficiaries and others who may be looking forward to receiving their checks on October 3, the Senator from Kansas suggests that the time is now for action.

So, I hope we can proceed, as I know we will proceed, that we can call up amendments. I assume there will be efforts to repeal the tax cut, which does not take effect until next Thursday; efforts to delay the tax cut, efforts to somehow phase it out or drop the third year, drop the second year. There will be all kinds of amendments. But I hope, based on the unanimous action taken yesterday by the Senate Committee on Finance, by a vote of 20 to 0, that we might resolve all amendments involving social security, whether it is restoration of minimum benefits or whether it is reallocation of the tax or interfund borrowing. These matters were addressed yesterday by the Committee on Finance. By 5:15 yesterday afternoon, by unanimous vote, 9 Democrats and every Republican, 11 Republicans, the committee took the steps necessary to provide at least a short-term answer to those who are concerned about not receiving their social security checks unless Congress acted.

To me, that should take care of a lot of the debate. I hope we can work out some agreement to offer that social security package to a bill that is now on the calendar and send it back to the House, perhaps even before we take final action on the extension of the debt limit ceiling.

So, Mr. President, if there are others who would like to make opening statements at this time, I would be very happy to yield the floor. Otherwise I will suggest the absence of a quorum.

Mr. LONG. Mr. President, I simply would like to say that in the judgment of the Senator from Louisiana, this resolution must be passed. Congress has authorized the funds, appropriated the money. The money has been spent, the contracts have been signed, work has been done, and it is simply a matter of paying the bills, having placed the order and received delivery.

It would be highly irresponsible in the view of this Senator to refuse to pay one's honest debts on the theory that we are bankrupt when, in fact, this is the richest Nation on the face of the Earth.

There tends to be a considerable amount of partisanship involved in passing a debt limit bill. Senators on the minority side tend to look upon this matter as an opportunity to talk about fiscal responsibility and to decry the fact that the Government is deeply in debt, that money has been spent, and in many instances it was money they voted to spend.

It would be a disaster for this country to default on its obligations and refuse to pay. I hope that is something that never does happen. In the event that it should ever happen, Mr. President, I for one, would want to have nothing to do with it. As a matter of responsibility, having done the best we can to curtail spending and economize in Government operations, and having agreed on the amount we will spend for various and sundry purposes, the only responsible thing to do is to either tax enough to pay, which we have not done, or to borrow the money to make up the difference, and that is all that is involved with this debt limit bill.

Therefore, Mr. President, I shall support the resolution and support the leadership of the distinguished chairman of the committee, the Senator from Kansas.

Mr. DOLE. I thank the distinguished Senator from Louisiana.

It is my hope, after we have had our fun and games—and certainly I do not fault the Democrats for that, because we have engaged in some of those ourselves over the years—that we can do that, set aside 3 or 4 hours for that, and then go on and pass the debt ceiling extension so we can do as the Senator from Louisiana has indicated, pay our bills. The Government must pay its bills, and I know that many Americans would be stunned if it did not happen. They might not understand why it did not happen, but they would understand who kept it from being passed.

So I think most Members understand we have responsibilities, and that we will assume those responsibilities at the appropriate time.

THE PUBLIC DEBT LIMIT FOR FISCAL YEAR 1982

Mr. President, our purpose here today is to act promptly to protect the fiscal integrity of the Federal Government. To some it may seem contradictory that to do so we must raise the ceiling on the public debt. Nevertheless, that is the unpleasant task we once again face. We should recognize that our job will be much more unpleasant if we delay in carrying out our responsibility to insure that the Government can honor its outstanding commitments.

This is the second time this year that the Congress has been obliged to address the question of the limit on the public debt. In February, we approved the present debt limit of $985 billion through September 30. At that time this Senator, and many others in this Chamber, indicated that there would be a great deal of reluctance to approve further debt ceiling increases unless substantial and dramatic changes in the fiscal policy of the Federal Government were undertaken. Now we are again faced with a debt ceiling increase, while many budget analysts express concern about our ability to bring deficits under control over the next few years.

Mr. President, in the judgment of this Senator, there is no question that since February there has been an unprecedented reversal of the attitude toward Federal spending that for too long prevailed in this Congress. No longer do we see it as our job to promulgate new programs and add new items to the budget without considering the consequences for the fiscal well-being of the country. Now we are obliged to weigh competing programs in shaping the budget, and to set an overall limit and adhere to it. These changes are all to the good.

The change has come about because President Reagan showed his determination to control Federal spending. Because of his leadership, we have cut $35 billion from the budget for fiscal 1982. The savings from those cuts will grow in future years. The President last night indicated his continued belief that we cannot let up the pressure on the budget. That is what we have to agree on, or we will see no end to these debt limit increases.

Mr. President, this Senator is prepared to support the administration request to raise the debt ceiling for fiscal 1982. The President has shown his good faith, and then some, with those of us who fear the consequences or perpetual deficits that mortgage future generations. He has made more progress on this issue than any Chief Executive in recent history. He deserves a vote of confidence from this body, and we should approve his request for a debt ceiling that will keep the operations of the Government on an even keel.

I will ask to have printed in the RECORD a chronology outlining the difficulties the Government will face if this debt limit increase is not approved. Every obligation of the U.S. Government hinges on timely approval of this resolution, from Treasury bill offerings to social security and Federal retirement payments. These obligations are crucial to the recipients of Federal benefits, and to investors. If we want to upset financial markets and frighten the recipients of Federal entitlements, we can reject this debt ceiling increase. But if we want to reassure the financial community that we will act responsibly, the administration request ought to be approved. I urge my colleagues to approve it.

Mr. President, I know that every Member of this body is extremely reluctant to approve a debt ceiling in excess of a trillion dollars. The present resolution provides a limit of $1 trillion, $79.8 billion through September 30 of 1982. But this question must be faced and dealt with promptly, because it shows how far we have gone astray in the past and how we must act differently in the future. Because of the explosive growth of Federal deficits in recent decades, the debt ceiling was raised on 13 separate occasions in the 1960's, and 18 times during 1970's.

Worse yet, on three occasions in recent years the temporary limit has expired without timely legislative action to extend it. Sales of savings bonds and other securities had to be suspended, as will happen again if we fail to act. Such suspensions only undermine investor confidence and lead bidders for Government securities to demand higher interest premiums in the future. That means permanently higher financing costs for the Government, when we all know that those costs must be reduced.

I am convinced that with further cooperation between this administration and this Congress we can gain sufficient command over fiscal policy to avoid frequent increases in the debt ceiling. But clearly we cannot fail to act now, in view of the obligations the U.S. Government is bound to honor. We will continue to work for a consensus on fiscal policy to demonstrate our good faith with the American people.

At the same time, we must remember that our problems were not generated overnight, but over a period of decades. There are no quick solutions or easy answers. A firm and steady course over a period of years is the only sensible policy. I know the President agrees with that, and I am sure most Senators will also agree.

Mr. President, I ask unanimous consent to have printed in the RECORD the "Record Votes on Debt Limit Extension from 1965 to 1980" in the House and Senate, the "Chronology of Events If the Debt Limit is Not Extended and Increased"—this was furnished, I might add, by the Treasury—and another staff document entitled "Increase in the Public Debt Limit" with an attachment, so that these might be made a part of the record and available to Members and their staffs in the CONGRESSIONAL RECORD they will receive on Monday.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

RECORD VOTES ON DEBT LIMITATION EXTENSION, 1965–80

HOUSE

Date of vote	Yeas	Nays
June 9, 1965:		
Republican	6	122
Democrat	223	43
June 9, 1966:		
Republican	1	121
Democrat	198	44
Feb. 8, 1967:		
Republican	21	173
Democrat	213	26
June 7, 1967:		
Republican	0	176
Democrat	197	[1] 35
June 21, 1967:		
Republican	0	176
Democrat	217	20
CHANGE OF ADMINISTRATION		
Mar. 19, 1969:		
Republican	140	41
Democrat	173	52
June 3, 1970:		
Republican	107	59
Democrat	129	68
Mar. 3, 1971:		
Republican	105	62
Democrat	123	100
Feb. 9, 1972:		
Republican	92	69
Democrat	155	78
June 27, 1972:		
Republican	98	59
Democrat	113	109
Nov. 10, 1972:		
Republican	141	21
Democrat	80	142
Nov. 7, 1973:		
Republican	93	88
Democrat	160	65
May 23, 1974:		
Republican	75	93
Democrat	160	65
Feb. 5, 1975:		
Republican	62	76
Democrat	186	94
June 16, 1975:		
Republican	46	[1] 88
Democrat	129	137
June 24, 1975:		
Republican	60	81
Democrat	163	115
Oct. 29, 1975:		
Republican	42	87
Democrat	136	130
Nov. 13, 1975:		
Republican	13	122
Democrat	200	76
Feb. 25, 1976:		
Republican	46	92
Democrat	166	97
June 14, 1976:		
Republican	37	8
Democrat	147	9
CHANGE OF ADMINISTRATION		
Sept. 19, 1977:		
Republican	16	[1] 114
Democrat	164	87
Sept. 28, 1977:		
Republican	19	121
Democrat	194	81
Mar. 7, 1978:		
Republican	84	[1] 133
Democrat	157	110
Mar. 21, 1978:		
Republican	27	113
Democrat	206	59
May 17, 1978:		
Republican	54	129
Democrat	162	99
July 19, 1978:		
Republican	9	128
Democrat	196	74
Feb. 28, 1979:		
Republican	3	149
Democrat	191	73
Mar. 10, 1979:		
Republican	3	142
Democrat	209	53
Sept. 20, 1979:		
Republican	3	145
Democrat	197	70
Sept. 26, 1979:		
Republican	54	146
Democrat	214	52
Feb. 5, 1981:		
Republican	150	36
Democrat	155	68

SENATE

Date of vote	Yeas	Nays
June 16, 1965:		
Republican	12	16
Democrat	49	10
June 16, 1966 (tabled):		
Republican	0	21
Democrat	45	1
June 16, 1966 (passed):		
Republican	10	9
Democrat	40	8
June 27, 1967:		
Republican	15	15
Democrat	45	15
CHANGE OF ADMINISTRATION		
Mar. 26, 1969:		
Republican	31	4
Democrat	36	14
Mar. 12, 1971:		
Republican	37	0
Democrat	43	0
Mar. 16, 1971:		
Republican	37	0
Democrat	39	0
Mar. 8, 1971:		
Republican	28	12
Democrat	25	17
June 30, 1972:		
Republican	36	1
Democrat	42	2
Oct. 13, 1972:		
Republican	28	3
Democrat	33	8
June 27, 1973:		
Republican	24	16
Democrat	48	3
Nov. 27, 1973:		
Republican	14	24
Democrat	44	10
Dec. 3, 1973:		
Republican	32	6
Democrat	16	30
June 26, 1974:		
Republican	23	17
Democrat	35	21
Feb. 18, 1975:		
Republican	24	10
Democrat	46	10
June 26, 1975:		
Republican	26	10
Democrat	46	11
CHANGE OF ADMINISTRATION		
Aug. 2, 1978:		
Republican	22	15
Democrat	40	16
Mar. 27, 1979:		
Republican	14	23
Democrat	48	10
Sept. 28, 1979:		
Republican	15	19
Democrat	34	10
May 30, 1980:		
Republican	21	7
Democrat	26	3
June 4, 1980:		
Republican	24	14
Democrat	43	6
Feb. 6, 1981:		
Republican	45	2
Democrat	28	16

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[1] Defeated.

CHRONOLOGY OF EVENTS IF DEBT LIMIT IS NOT EXTENDED AND INCREASED

If the $985 billion temporary debt limit is not increased before October 1, the limit will drop on October 1 to the permanent level of $400 billion. At that point, Treasury will be unable to sell any securities, and heavy early October outlays will have to be met with cash on hand. The projected level of cash on September 30 is $18.9 billion. This cash will be adequate only through Friday, October 2, as $8.4 billion of three- and six-month bills mature October 1, and heavy social security and other benefit payments occur on these days as well. The following points indicate the daily chronology of events if the debt limit should not be passed.

Monday, September 28.—If it were determined that social security, civil service retirement fund, railroad retirement and other benefit checks should be delayed, disbursing officers would have to be notified by September 28. These checks are scheduled to be in the recipients' hands October 3. While this delay would conserve cash, it is *not* recommended since it would serve no purpose except to postpone the inevitable—complete cash depletion.

Treasury would normally delay its regularly scheduled weekly bill auction. $9.0 billion of three- and six-month bills are scheduled for sale this day, settling on October 1. Settlement could not take place without passage of the debt limit. Treasury has already announced this auction, with a caveat that a delay may occur due to debt limit problems.

Cash balance projected at $18.5 billion.

Tuesday, September 29.—40,000 Saving Bond issuing agents must be notified to suspend all sales beginning October 1.

Cash balance projected at $18.7 billion.

Wednesday, September 30.—The Civil Service Trust Fund could not be fully invested due to the $985 billion ceiling currently in effect. (This, however, is not a function of the 1982 debt limit, but rather of the 1981 limit.)

Treasury would have to delay the presently scheduled auction of $1.75 billion 20-year bonds, settling October 7.

Cash balance projected at $18.9 billion.

Thursday, October 1.—$8.4 billion bills mature and are paid off.

Benefit checks (mailed on September 28) begin to be cashed, further depleting the cash balance.

Treasury is unable to invest trust fund money, resulting in loss of interest to these funds. This loss of interest would be borne by the trusts' beneficiaries and would further exacerabate the Social Security financing problem. It does not deplete cash, however.

Cash balance projected at $8.2 billion.

Friday, October 2.—Social Security benefit checks continue to be cashed by recipients, resulting in further cash rundown.

Cash balance projected at $3.5 billion.

Monday, October 5.—Treasury exhausts its cash balances, and any outstanding checks would not be honored when presented for collection. At that point, the U.S. Government would not be able to meet its money obligations.

Cash balance projected at $—.4 billion.

INCREASE IN THE PUBLIC DEBT LIMIT

(Prepared by the Staff of the Committee on Finance)

The Reagan administration has requested a $94.8 billion increase in the statutory limit on the public debt. This would raise the debt limit to $1.079.8 billion and should be sufficient to cover the government's financing needs through September 30, 1982.

The Treasury Department estimates the present limit of $985 billion will be exceeded on September 30, 1981. Accordingly, the administration is also requesting that the present limit, which is valid through September 30, be raised to $999.8 billion, an increase of $14.8 billion. The present limit is comprised of a $400 billion permanent ceiling and a $585 billion temporary ceiling. It is the temporary ceiling that the administration seeks to raise.

BACKGROUND

As is the case with all revenue measures, legislation to increase the public debt limit originates in the House Ways and Means Committee and is reported to the House floor. After House approval a debt limit bill normally goes to the Finance Committee and then to the Senate floor.

In 1979 the House adopted a new procedure for enacting debt limit legislation. Under this procedure, a debt limit is established in connection with the First and Second Concurrent Budget Resolutions. In the House, the vote for the budget resolution is also deemed a vote for the appropriate debt limit, and a joint resolution establishing that limit is then sent to the Senate for further legislative action. The Senate has not adopted a similar procedure, and still votes on the debt limit extension as a separate matter. The debt limit may still be changed by a separate act in either House, as was done in February of this year when the present limit was adopted.

In connection with the First Concurrent Budget Resolution for fiscal year 1982, the House passed two debt limit bills under its revised procedure. The first, H.J. Res. 265, provides a limit of $1,079.8 billion through September 30, 1982. This follows the administration request for $94.8 billion increase through FY 1982. The second, H.J. Res. 266, provides a limit of $999.8 billion through the end of fiscal 1981. This, again, follows the administration recommendation for fiscal 1981.

LEGISLATIVE STATUS

H.J. Res. 265 has been reported by the Finance Committee, and if passed by the Senate without change could go directly to the President for signature. H.J. Res. 266 was also referred to the Finance Committee and was used by the Committee as a vehicle for its tax cut proposal. H.J. Res. 266 still is pending on the Senate calendar as amended by the Senate, with the tax cut provisions substituted for the original House language. H.J. Res. 266 has gone to third reading as amended, and it would require unanimous consent to rescind the third reading. If the third reading were rescinded, the resolution could then be restored to its House-passed form by securing unanimous consent to rescind the Senate amendment. H.J. Res. 266 could then be passed by the Senate in the same form as passed by the House, and could go to the President for signature.

TABLE A1.—STATUTORY DEBT LIMITATIONS, FISCAL YEARS 1947 THROUGH 1981

[In billions of dollars]

Fiscal year	Permanent	Statutory debt limitation Temporary additional	Total
1947–54	275		275.0
1955 through Aug. 27	275		275.0
1955: Aug. 28 through June 30	275	6.0	281.0
1956	275	6.0	281.0
1957	275	3.0	278.0
1958 through Feb. 25	275		275.0
1958: Feb. 26 through June 30	275	5.0	280.0
1959 through Sept. 1	275	5.0	280.0
1959: Sept. 2 through June 29	283	5.0	288.0
1959: June 30	285	5.0	290.0
1960	285	10.0	295.0
1961	285	8.0	293.0
1962 through Mar. 12	285	13.0	298.0
1962: Mar. 13 through June 30	285	15.0	300.0
1963 through Mar. 31	285	23.0	308.0
1963: Apr. 1 through May 28	285	20.0	305.0
1963: May 29 through June 30	285	22.0	307.0
1964 through Nov. 30	285	24.0	309.0
1964: Dec. 1 through June 28	285	30.0	315.0
1964: June 29 and 30	285	39.0	324.0
1965	285	39.0	324.0
1966	285	43.0	328.0
1967 through Mar. 1	285	45.0	330.0
1967: Mar. 2 through June 30	285	51.0	336.0
1968 [1]	358		358.0
1969 through Apr. 6 [1]	358	7.0	365.0
1969 after Apr. 6 [1]	358		358.0
1970 through June 30 [1]	365	12.0	377.0
1971 through June 30 [1]	380	15.0	395.0
1972 through June 30 [1]	400	50.0	450.0
1973 through Oct. 31 [1]	400	50.0	450.0
1973 through June 30 [1]	400	65.0	465.0
1974 through Nov. 30 [1]	400	65.0	465.0
1974: Dec. 3 through June 30 [1]	400	75.7	475.7
1975 through Feb. 18 [1]	400	95.0	495.0
1975: Feb. 19 through June 30 [1]	400	131.0	531.0
1976 through Nov. 15 [1]	400	177.0	577.0
1976 through Mar. 15 [1]	400	195.0	595.0
1976 through June 30 [1]	400	227.0	627.0
TQ: from enactment through Sept. 30, 1971 [1]	400	236.0	636.0
1977: from Oct. 1, 1976 through Mar. 31, 1977 [1]	400	282.0	682.0
1977: from Apr. 1 through Sept. 30, 1977 [1]	400	300.0	700.0
1978: from Oct. 1, 1977, through July 31, 1978 [1]	400	352.0	752.0
1978: from Aug. 3, 1978, through Mar. 31, 1979 [1]	400	398.0	798.0
1979: from Apr. 2 through Sept. 30, 1979 [1]	400	430.0	830.0
1980: through June 30, 1980 [1]	400	479.0	879.0
1981: through Feb. 28, 1981 [1]	400	525.0	925.0
1981: through Sept. 30, 1981 [1]	400	585.0	985.0

[1] Includes FNMA participation certificates issued in fiscal year 1968.

TABLE A3.—OUTSTANDING PUBLIC DEBT SUBJECT TO LIMITATION AT END OF FISCAL YEAR 1916–80, AND ON JAN. 27, 1981

Fiscal year:	Millions	Fiscal year:	Millions
1916	$1,225	1950	$255,382
1917	2,976	1951	253,283
1918	12,455	1952	257,233
1919	25,485	1953	264,220
1920	24,299	1954	269,379
1921	23,977	1955	272,348
1922	22,963	1956	270,619
1923	22,350	1957	269,120
1924	21,251	1958	275,395
1925	20,516	1959	282,419
1926	19,643	1960	283,827
1927	18,512	1961	286,308
1928	17,604	1962	296,374
1929	16,931	1963	302,923
1930	16,185	1964	308,583
1931	16,801	1965	314,126
1932	19,487	1966	316,293
1933	22,539	1967	323,143
1934	27,053	1968	[1] 348,534
1935	28,701	1969	[1] 356,107
1936	33,779	1970	[1] 372,600
1937	36,425	1971	[1] 398,650
1938	36,882	1972	[1] 427,751
1939	40,371	1973	[1] 458,264
1940	43,219	1974	[1] 475,181
1941	49,494	1975	[1] 534,207
1942	74,154	1976	[1] 620,556
1943	140,469	Transition quarter	[1] 635,822
1944	208,077	1977	[1] 699,963
1945	268,671	1978	[1] 772,691
1946	268,932	1979	[1] 827,614
1947	255,767	1980	[1] 908,723
1948	250,381	1981 [2]	[1] 978,300
1949	250,965		

[1] Includes FNMA participation certificates issued in fiscal year 1968 in debt of fiscal years 1968–79.

[2] Debt at close of business, Sept 8, 1981.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

UP AMENDMENT NO. 432

(Subsequently designated Amendment No. 568.)

(Purpose: To provide a limitation with respect to use of funds under the National School Lunch Act)

Mr. MELCHER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Montana (Mr. MELCHER) proposes an unprinted amendment numbered 432.

On page 2, after line 2, insert a new section as follows:

"SEC. 15. None of the funds authorized or to be appropriated under any act may be used to carry out a school lunch program under the National School Lunch Act under which the goal in effect as of September 25, 1981 of providing one-third of the Recommended Dietary Allowances of nutrients for children as established by the National Academy of Sciences is modified.".

Mr. MELCHER. Mr. President, I ask unanimous consent that the names of Senator PRYOR and Senator EAGLETON be added as cosponsors.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. MELCHER. Mr. President, first of all, I point out to the Senate what the amendment is designed to do. It is designed to make sure that we retain as a goal in our school lunch program the requirement of one-third of the recommended dietary allowances of nutrients for children as established by the National Academy of Science. I want to retain that. It is a goal. It is a goal which has not been completely satisfied. It is a goal which is sometimes met in school lunches, but not always. Nevertheless, it is a worthwhile goal. The reason it is important right now is that the proposed rules from the Department of Agriculture would modify that.

Let me go over those rules in detail.

On September 4, the Department of Agriculture proposed new regulations for the school lunch program in an effort to reduce the cost of meal production by 8 to 10 cents per meal. The action by the Department was in response to a reduction in Federal support for the program.

There can and should be some new rules and regulations that will allow flexibility for schools in the school lunch program. Administrative costs can and should be reduced. The administrative costs in administering the program for many schools are really a burden.

The proposed new rules will lighten that burden. They will cut some administrative costs, and they will allow schools to have more flexibility. But the line must be drawn. When we talk about economy to reduce the nutritional value of school lunches from one-third of a child's daily needs, you are really not talking about true economy. You cannot expect hungry kids to concentrate on learning.

Let me repeat. Kids who are hungry simply are not going to be attentive. We can buy a lot of books, build libraries, build magnificent new schools, pay teachers what they are worth, which is an increasing amount; we can provide visual education equipment. We can do a lot to make sure that children in school have a better opportunity to learn. And we are doing it.

But I point out to the Senate that a child who is hungry will not concentrate. A child who has inadequate nutrition is not likely to be up to the full capability of learning that he otherwise would be capable of doing.

Let us review what these regulations are. This is a little bit of a detail, but I think it is important that the Senate understand this and understand the urgency of presenting an amendment promptly to make sure that adverse parts of these new rules will not go into effect.

As I said, the rules were proposed on September 4 by the Department of Agriculture. They are out for comment now. The final time for comment will end as of October 5, 1981.

I am going to read where the comments should be directed, because I think it is important that those who read the CONGRESSIONAL RECORD throughout the country should be aware that October 5 is fast approaching, but they will still have time to send in a mailgram or, perhaps, if they are close by, a letter that will be delivered in time.

These comments should be mailed to Cynthia Ford, branch chief, room 556, Technical Assistance Branch, Nutrition and Technical Services Division, Food and Nutrition Service, USDA, Washington, D.C. 20250. Comments may be delivered to the above address during reglar business hours. Those business hours are 8:30 a.m. to 5 p.m., Monday through Friday.

What do they seek to do?

This proposed rule will substantially decrease costs by providing States, School Food Authorities, and institutions with more flexibility in administering the child nutrition programs. The proposal will not have adverse effects on competition, employment, investment, innovation, or on the ability of U.S. enterprises to compete with foreign enterprises.

So much, so good. Who can argue with that? That is what we have been asking for, and I personally advocate what is stated. I continue to quote:

Because the Omnibus Reconciliation Act of 1981 requires that these cost savings to become effective 90 days after enactment and because the Department needs to provide for public comment, it is impracticable for the Department to follow the procedures set forth in Executive Order 12291. As provided by section 8(a) of that order, the Director of OMB has been notified of this conflict. An impact analysis will be available when the final rule is published.

The proposal has also been reviewed with regard to the requirements of Pub. L. 96–354. Since this action may have a significant economic impact on a substantial number of small entities, the impact analysis will address the issues required in Section 603 of Pub. L. 96–354, the Regulatory Flexibility Act.

This regulation does not contain reporting and recordkeeping requirements subject to approval by OMB under the Paperwork Reduction Act.

INTRODUCTION

The U.S. Department of Agriculture (USDA) is responsible for the administration of the child nutrition programs. These include the National School Lunch Program, the School Breakfast Program, the Child Care and Summer Food programs, and the Special Milk Program for Children. USDA issues regulations for the operation of the child nutrition programs, and State agencies that operate the programs in conformance with the regulations earn Federal payments based on the number of meals served to eligible children by schools and institutions. Similarly, schools and institutions receive payments from their State agencies to cover the cost of their program food service.

I am going to deviate from reading the regulations, Mr. President, to say this: All of what I have read would lead one to believe that we are going on the right track as Congress has recommended in the reconciliation budget bill. Where we get into a problem with these proposed rules follows:

The National School Lunch Act and the Child Nutrition Act of 1966 require that the Secretary of Agriculture set minimal nutritional requirements for meals served in the child nutrition programs, but give the Secretary broad discretion to determine those requirements. Meal pattern requirements have been established for specific types and amounts of food to be served in each of the programs that the Department administers. The meal patterns are minimal standards, based on the most current knowledge about the nutritional needs of program participants and their food consumption habits and preferences. The patterns are designed to allow for sufficient flexibility so that the meals planned are appealing as well as nutritionally sound. USDA also provides guidance materials related to menu planning and to the nutritional composition and cost of foods that are available for use in the programs.

The National School Lunch Program, the largest of the child nutrition programs, was first authorized by the National School Lunch Act in 1946. At that time, the school lunch pattern was established, with a goal of providing approximately one-third of the Recommended Dietary Allowances (RDA) of nutritions for 10- to 12-year-old children as established by the Food and Nutrition Board, National Research Council, National Academy of Sciences.

Mr. President, to deviate from reading the regulations again, let me tell the Senate about a meal I had yesterday that would follow the pattern, that would satisfy what the Department hopes to accomplish in these new rules. Much of the rule, I believe, is productive, necessary, and essential. The amendment I am offering does not disturb that. What I am going to zero in on is how much. How much do you propose, I ask the Department of Agriculture, to be required to satisfy the nutritional goals in a school lunch?

I ate one of those lunches yesterday. It was awful. There was not much on the plate to begin with. Mind you, one of the complaints has been, why do we not cut down on plate waste—meaning why do we not make sure that the portions we serve a child in the school lunch program will be actually consumed by that child? I think they have gone too far. At least, the meal I had yesterday, if typical, was going much too far.

First of all, there was not much on the plate to waste. Second, the main course was absolutely repulsive. Let me state in a little more detail what I am talking about regarding that lunch—and I use the term "lunch" in quotes.

Yesterday, a number of us ate this lunch. First, I shall start with the milk. Each child receives a 6-ounce portion of milk. That is less than one of those small half-pint cartons. It is deliberately less than one glass. The usual glass is 8 ounces of milk. That is a half-pint. But my problem—I guess I speak for my wife and myself—our problem, at times, with our youngsters was, do they like milk? Will they drink milk? We found out that as they reached the age of 8, 9, 10, or 11, they develop a taste for milk, and let me tell you, one glass is nothing. We have five children. They are all grown up now. But one glass of milk was just a small part of their meal. But to deliberately say that 6 ounces is the right amount for a child in a school lunch program seems to me to defy all logic.

First, we have youngsters who really do not want to drink milk, so for those youngsters, 6 ounces is plenty. But for those who like milk, and that is by far the majority, it seems almost insulting to say, "Well, here is a little more than half a glass." But it is self-defeating in this country, right now, when we have such hugh surpluses of milk that under our laws, we are required to purchase from dairy producers. We dry it and put it into storage as dried milk, or convert it into butter and we put that into storage. Or it is converted into cheese and we put that into storage. So one of the problems that we have right now is a hugh surplus of dairy products that starts with milk. That we do not want schoolchildren to drink at least 8 ounces—a full glass, a regular glass of milk—at a school lunch seems to me to be preposterous.

It really points out that the same Department of Agriculture that administers the milk program and that is required to buy the surplus milk on the one hand is going to buy that surplus milk—on the other hand—is going to say, "Well, we are not going to have as much milk in the school lunches; we are going to cut it down from a regular glass to two-thirds of a glass or three-fourths of a glass." That does not make any sense at all.

I go on to the rest of the meal. We had one slice of bread; just one slice of bread, not a big slice, not a thick slice, just an ordinary slice of bread that you get out of a loaf of bread that is precut, sandwich-size bread. No butter.

Again, I wonder why. We have the dried milk in surplus, we have the butter in surplus, and we are paying storage costs on it. Why would we not want butter for a school lunch on that one piece of bread? If it is practical, to provide one piece of bread to a child, that is all the child wants or is going to eat, but why not the butter? We have it in surplus. Just a few weeks ago, we sold out of that surplus huge quantities to New Zealand at 70 cents a pound. We paid a lot more for it, mind you. But we sold it for 70 cents a pound. Is there something wrong that we would not want it to continue to be a part of the school lunch pattern—to contribute to the nutrition of a school lunch for a child?

The rest of the meal amounted to this: There were 6 or 8, maybe even 10, tiny pieces of French-fried potatoes. The quantity was so limited in those skinny little fries on the plate that it almost appeared to be a mistake to have any there at all—an afterthought.

On the plate with those few little skinny pieces of French fries was the main course. It was not much of a main course. It was 1½ ounces of some type of fried patty. I found out it was made of soybeans and some kind of meat. It tasted terrible. Mr. President, a discerning child could do one of two things: Gobble it up as quickly as possible and still be hungry, or taste it and reject it.

Were there any vegetables? No, but there was 1 ounce of catsup. I understood we could have had, in lieu of that, 1 ounce of pickle relish. The catsup, believe it or not, was to take the place of a vegetable. Catsup is one-half sugar, I understand. It is not the best of nutrition, but it does have sugar.

Mr. HEINZ. Will the Senator yield?

Mr. MELCHER. I am delighted to yield.

Mr. HEINZ. Mr. President, there is a certain amount of irony in my being here managing the debt ceiling bill as the Senator offers his amendment and when he brings up some of the specifics of the regulation, particularly, where the Secretary has proposed that catsup and, I am afraid, relish as well, be considered as a vegetable for the purposes of the school lunch program. Inasmuch as I do not think any great purpose would be served by defaming catsup, per se, let me say to the Senator only that I think it is ludicrous that the regulation has been made to treat catsup or relish as a vegetable. They are condiments. They should not substitute for vegetables. It is one of the most ridiculous and patently absurd proposals that this Senator has ever heard of. I do not suppose that I have to add that I do know a little bit about catsup and relish—at least, I did at one time. So I think the Senator makes a point that I would like to strongly agree with.

Mr. President, I shall ask the Senator some questions and make some comments about his amendment at the appropriate time, but I thank the Senator for yielding at this point.

Mr. MELCHER. I thank my friend from Pennsylvania for his comments.

Mr. President, I want to go back to what is in the proposed rules. I want to point out some good and bad points.

There are ways of saving money on the school lunch program and some of the proposed rules will, indeed, do that. I want to read again from the proposed regulations:

> Prior to the passage of Public Law 97-35 the Department formed task forces of regional, State and local food service personnel and members of public interest groups, to identify areas in which to reduce costs, directly or indirectly, by reducing Federal regulation. The task forces covered five subjects: the State plan, meal patterns, administrative requirements, review and oversight, and financial management accountability.

(Mr. GARN assumed the chair.)

Mr. MELCHER. Mr. President, there are at least two broad program areas in which the Department might be able to reduce local cost without affecting the metal patterns: General administration, including counting and claiming meals and cost accounting, and eligibility determinations.

The following program changes to reduce local costs are currently under consideration by the Department or are required by the Omnibus Reconciliation Act of 1981.

Mr. President, again, these are worthwhile, but these are the points that we should agree to and then draw the line on the nutritional requirements.

Let me read some of these points.

The administration eliminates the requirement to report cost records except for the special milk program and for severe-need breakfast reimbursements.

Reduce reporting requirements. Besides eliminating the requirement to report cost, the Department is reducing other costly paperwork burdens.

What are some of these?

Simplified midyear announcements: The Department is planning to simplify the procedures that schools must follow if the income eligibility guidelines change during the school year by eliminating the requirement that school food authorities send home to parents new letters and new applications at that time.

This simplification will save schools the cost of time and materials and printing and distributing these papers. Fine.

How about meal patterns? Some meal patterns can be changed. There should be some flexibility. I do not disagree with that.

But I repeat again that we draw the line on reducing the nutrition on eliminating goals—and it is a goal—of providing in a school lunch one-third the daily nutritional requirement of a child.

Going again back to the rules, cost savings from changes in administration and eligibility determinations are very difficult to quantify at the national level due to the many variations among local programs. None of these changes by themselves results in substantial cost savings, though taken together they provide important relief in administrative burdens to local operators. There are at least three related areas in which meal pattern changes can be made to realize cost savings.

First of all, administration.

Second, crediting requirements.

Third, quantity requirements.

It is the point that we must be very careful about, because the quantity requirements to avoid plate waste, that portion of the meal that is apparently too big a serving for the child to eat, is one thing; but lowering the standards on nutritional value of the meal is not appropriate. That is not an appropriate place to meet this problem, what is described as plate waste.

There are a number of things that can be done to simplify the administration.

The proposed rules on number of age, grade groups can be simplified.

There can be simplification of what is known as consistency. That proposal makes meal pattern portions sizes consistent for the school lunch, school breakfast, and child care programs.

Again, that is a worthwhile, practical means of making sure that we are not spending too much but that you can go too far in that and use that as a back door to lower the nutritional requirements.

The Department is also developing a separate rulemaking proposal describing a Federal meal monitoring system for the school program, and that is very good. The monitoring of how many children actually eat in a school lunch program has become burdensome. The requirements as developed by previous regulations of the Department of Agriculture have been very detailed. Perhaps most schools feel that they are overdetailed.

Now the proposed rules will change that and modify that to make it more simple.

Also, the proposed rule would simplify crediting requirements.

Now I get into parts that really do not satisfy me at all because they really lead to abandoning the nutritional goal.

We have used in the school lunch program peanut butter as a meat alternative—that is, from the very start of the school lunch program and the child care program.

Peanuts have not been credited as a meat, but peanuts have been considered a snack food, not a main dish item. Allowing peanuts as a meat alternate might conflict with nutrition education.

They are right. It should not become the main item at all, or be a complete substitute for meat.

Tofu food is a soybean curd which has a general color and shape of light cheese, and there are three basic types of tofu food.

Three basic types of it are manufactured in this country. I will not go into the different types, but I do not think we want it to substitute for the main course.

Nor do I believe that the equivalency of cooked dried beans should be allowed to stand as a meat alternate. Until now, most school lunches have provided an entree. It should not be watered down too much, but the proposed rules—and again I am quoting—"could easily do that." The main dish—and I am quoting now—

> The main dish and one other item and an additional change within the meats or meat alternate components involves the current requirement that the meat or meat alternates must be in the main dish or the main dish and one other menu item. This requirement was made to prevent the planning of the menu which would have small amounts of meat or meat alternates spread throughout the meal without a recognized entree.
>
> To increase the flexibility at the local level and to achieve food cost reduction, the Department is proposing to delete this requirement. This would allow all meats or meat alternates to be counted toward the total meat or meat alternate requirement regardless of how many menu items are represented.

That is the end of my quote, Mr. President, from the proposed rules.

I point out, as I understand these proposed rules, that is what permitted the main part of the meal yesterday to be that 1½-ounce patty or what was described to me as part soybean and part meat of some type.

That is not acceptable. As I said, it tasted awful and certainly did not satisfy any hunger, either.

Mr. President, let me describe some of the nutritional values that are contemplated in the new regulations.

The very significant goal we are presently engaged in is attaining in the school lunch program one-third the nutritional requirements of a child. My amendment simply leaves in place the other point of these regulations that will cut down on the paperwork and some of the administrative costs, but it would prevent the Department of Agriculture from lowering or abandoning that goal of providing one-third of the recommended dietary allowance of nutrients for children as established by the National Academy of Sciences. But the new regulations would say, for instance, that for children in elementary school aged 5 to 11 that a school lunch need only provide 17 percent of the nutritional requirements, daily nutritional requirements, regarding energy or calories, 17 percent.

If you are in high school, they would say 18 percent.

If you want to really zero in on how many calories that is, let me say that for those of the age 5 to 11, it would be 364 calories, or for those in high school it would be 440 calories. And there are not any weight-watcher groups that would not be delighted if they could, in their diets, limit their consumption of lunch, the noon meal, to 364 to 440 calories. But it is absolutely wrong to suggest that that should be the goal of a school lunch program for a growing child.

Let us look at some of the other requirements and what they mean in the daily nutritional requirements of a growing child.

On thiamine, they say 26 percent. Well, that is close to a third. On vitamin B–6, it would be 23 percent; on iron, very important, very important for children, it would say that the school lunch would only need to provide 24 percent of the daily nutritional requirement for those of the age 5 to 11. And for those in high school, secondary school, it would be 16 percent.

Well, that does not make much sense. Iron is not that hard to come by. It can be provided and it can be provided economically. It is not costly. To shrug it off and to say, "Well, we will reduce the requirements in the school luncheon," is not cost effective under any type of measurement. It is not economy; it is not true economy at all. It is simply abandoning a very important point in what the nutrition should be in the school lunch program.

Mr. President, I want to return to the lunch I ate yesterday, which I previously described. I think one could gather that I did not think it would be worth a dollar. Yet, I understand that that is what the school lunch should cost; that lunch should cost a dollar.

Well, what will a child do when he sees that? I do not think the child will want to spend a dollar for something like that. A candy bar, a few potato chips, and a bottle of pop will look much more attractive and, in fact, will probably satisfy a child's hunger better. I do not think it would add anything too significant to good nutrition. Indeed, that is what we have been trying to get away from by providing school lunches—to make sure that schoolchildren will get a good lunch.

What is the school lunch program for if the children will not eat the meals and are going to avoid the meals? What good is the school lunch program if it does not provide a reasonable level of nutrition? How did we get into this bind?

Well, in the President's budget there was a proposal that $1.9 billion be cut from child nutrition programs. We did not agree with that exactly. We went as far as $1.5 billion in the reductions in the nutrition program for children. That is a 35 percent cut in Federal contributions.

Even as modified from the President's budget, the child nutrition cuts enacted by Congress were too deep. They have resulted in parents and children across the Nation paying significantly higher prices for less food.

The question is: Pay more, what for? That lunch, if it was typical—and I was told it was typical of what the Department is proposing in their new rule—was terrible.

Why would you want to pay any more for it? First of all, why would you want to pay for it? You would not want it.

We are no different at our age from children. We probably do not have the appetites nor the hunger they do, but we are no different in discerning what is good to eat and what is a good buy than they are. They will not feel that is a good buy. They would not want to pay for it, period. But I would ask all of us to reflect on this: Why would you want to pay more for something that is less?

Well, the Department of Agriculture's proposed regulations that I have been reading from, those that they proposed on September 4, are an attempt to lower the cost of producing the school lunch. Many school lunch administrators fear that the cost of lunches will be so high that there will be a wholesale dropout from the program by middle-income children. These regulations are an attempt to keep school lunch costs down.

By these regulations, the Department appears to be admitting that it was wrong when it claimed that its school lunch cuts would not drive children and schools from the program.

While some parts of these regulations are helpful, they go much, much too far. I read a significant portion of the rules that I agree with and I think all of us agree with and I know school administrators throughout the country agree with them, and I think the taxpayers agree with them. But they still go way beyond that when they get to nutritional requirements, because they are inadequate on a nutritional basis.

The rules have been proposed only to cut costs. And they are inconsistent with section 818 of the Omnibus Budget Reconciliation Act of 1981, which we passed, which requires a cost savings be achieved "without impairing the nutritional value of such meal."

Now, that is part of the Reconciliation Act. That is part of the Reconciliation Act which we voted for and which the President signed and now will be defined by these proposed rules.

These rules undermine public confidence in the nutritional value of the school lunch program. The Department of Agriculture admits in its regulations that changing in the accrediting guidelines such as counting catsup and relish as vegetables will not achieve significant savings.

They say in the regulations—the ones they have out for comment, the ones they want to put into effect—that if you count the catsup or the relish as vegetables, you are not going to save any money. So why do it? Why do it? You know you lower the nutritional goals that we are seeking.

And, if that is the case, why should they propose to undermine the public credibility in the school lunch program? One of the basic missions of the program—nutrition education—will be sandbagged by those regulations. And I guess it would be proper, if those rules were adopted, that they do sandbag nutrition education in the same rules, because it is nutritionally deceitful to propose these rules as being adequate on a nutritional basis.

These regulations would cut the milk portion standards so the growing children would not get a full glass of milk. Particularly with the elimination of the special milk program this year—and we have eliminated that—if we would allow these rules to come into effect, then many children would get only that 6 ounces of milk during the entire schoolday. These regulations have a particularly harsh effect on poor children. Studies show that poor children receive on-third to one-half of their daily nutrients from the school lunch. If the proportions are cut as proposed, these children will not be able to make up for the loss, especially given the deep cuts in the food stamp program and the aid for dependent children program which we have already enacted.

These regulations will make future cuts in the school lunch program easier to justify because the nutritional foundation of the program will have been shaken.

This may be beginning of the end of the school lunch program, a program that started in 1946, a program that was instigated by Congress after we realized that during World War II many of the young men who were drafted were not found to be eligible on a medical basis because they had not had adequate nutrition during their growing years. The school lunch program came into being at that time. Our constant goal has been that school lunch, would provide at least one-third of the nutritional requirement of the child. We want to retain that. We should retain that goal. My amendment would simply say that goal cannot be abandoned in these proposed regulations.

Last night, the President addressed the Nation and spoke of Government waste. We have already cut $35 billion from the Federal budget. The President suggests that we must cut another $13 billion.

Well, we have passed the President's budget cuts so far and we agreed with the President's tax cuts. Just last week, we passed the administration's farm bill, which is not adequate for American agriculture.

I would say that this year we have given the President virtually all he has asked for, but it is time for Congress right now to pause and say, "Wait a minute. We have a responsibility as a legislative body."

We should not serve little children small amounts, such as I ate yesterday in the proposed school lunch program, a small, little patty of goop, as the main course in a school lunch.

We have to use some commonsense. We have to keep our priorities in order. There are 110,000 children in Montana who will be affected by this new school lunch regulation which has been proposed by the Department of Agriculture. All across this country there are millions more children. They will be told, if these rules go into effect, that their Federal Government is too busy to worry about whether they get a decent meal in the school lunch program.

We are just not built that way, Mr. President, as a country. We have the largest amount of food available of any country on this Earth. We have more food available in this country than any other country has had in all of history. We produce it at very low prices. We are very efficient in agriculture. We have a food distribution system that matches every other country's dream of what they would like to have for their own country.

We have the ability and the knowhow to put into effect not only producing the food very cheaply, processing it very efficiently, transporting it all across this broad country of ours, but then retailing very effectively. That is what we have as a blessing for every citizen in this country.

We have found at times that nutrition and hunger have not been satisfied among certain groups of people. There are the poor and those who, for one reason or another, simply do not have the opportunity, even though it is the most efficient means and the best way to produce the cheapest food anywhere in the world, or the means for purchasing. So we have adopted nutrition programs, whether food stamps, the women, infant and children extra nutrition program, commodities for institutions, or helping senior citizen centers with their meals, or Meals on Wheels. We have attempted to provide this abundance of food to all our citizens so that their hunger is satisfied and their nutritional requirements are met. The oldest program of those I have spoken of is the school lunch program. It is a combination program. It is not just designed to help poor children. That is one big part of it, to make sure that poor children who would not otherwise have adequate nutrition get a good shot at a school lunch.

It is also out of the deep desire of every one of us to make certain that children at school do get a good meal at noon.

Your children and my children who are still of school age, now my grandchildren, will have adequate sources of income to be able to buy a good lunch and pay for it. But what I want them to do, and what I think every one of us wants them to be able to do, is to buy something which is nutritionally adequate.

That is the danger of these regulations. They would simply scrap that goal we have had from its inception, the school lunch program, in 1946, the original act. That goal has remained constant, to meet one-third of the daily nutritional requirements of a growing child. That should retain our goal. We should not scrap it. But these proposed rules would scrap it.

That is the portion that I seek, through the amendment, to prohibit from becoming adopted.

I know the argument will be made, "Well, you are right, but we should not do it on the debt ceiling bill."

There is nothing wrong with doing it on a debt ceiling bill, not at all. First of all, it is timely, because these rules will go into effect, if the Department so chooses, before we could pass any other bill. That is for the timeliness of it.

Second, we should do it on this bill because there is no question but that we are promptly going to get this bill out of the Senate, out of the House, down to the President's desk, and that he is going to sign it. So we would be doing the Senate a favor, we would be doing the House a favor, we would be doing the President a favor, we would be doing the country a favor, and we would be doing a favor for every child who has a school lunch by saying that we will not abandon our nutritional goals in the school lunch program.

Really, Mr. President, this amendment should not have to go to a rollcall vote. There is not any one of the 100 Senators who wants to vote against it. This amendment ought to be locked into this bill. It has no effect on the cost. It has nothing to do with cost.

If these rules went into effect, they will have some effect on cost because it will be an adverse cost on nutrition without saving any dollars.

We cannot ignore the fact, Mr. President, that with the abundance of food we have in this country it is easy to provide the daily nutritional requirements—one-third—in a school lunch without upping the cost. But we have gone through this exercise on how we reduce the cost. We can get rid of the paperwork and give a little more flexibility to the schools themselves to reduce costs. But do not have the Department of Agriculture recommending that they lower the nutritional values because the nutritional values can be attained without lowering the cost. The flexibility for the schools can be attained without lowering the nutritional values. In doing so, cutting down on the paperwork, giving more flexibility to the schools, they will be able to meet what we have provided for in our reconciliation budget, a reduction in actual Federal dollar outlays.

On all bases there is no reason, Mr. President, that this amendment should be opposed.

Last, let me add this point: No matter who the child is, no matter what type of home they come from—the poor, the middle class, or the very affluent—the school lunch program is an extremely valuable program for all children.

To allow it to dwindle, to allow it to be covered up, to allow the foolish proposals in the rules that would remove the nutritional goal to come into effect seriously jeopardizes the future success of the program. I urge every Senator to reflect upon these facts and to join with me in support of the amendment. It is most reasonable, it is most timely, and it is most needed.

Mr. President, I ask unanimous consent that the names of Senator Sasser, Senator Bradley, and Senator Cranston be added as cosponsors of the amendment.

The PRESIDING OFFICER (Mr. Danforth). Without objection, it is so ordered.

Mr. MELCHER. Mr. President, I yield the floor.

Mr. SYMMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I have at the desk, and shall call up at an appropriate time during the debate over the debt ceiling, an amendment to House Joint Resolution 265, which has been reported by the Committee on Finance. It simply strikes the date, September 30, 1982, which is the period for which the new temporary debt ceiling that has been referred to is authorized, replacing that with March 31, and reducing the amount of the new ceiling, in effect, by about $30 billion—reducing the $679.8 billion figure to $649.2 billion.

Mr. President, this is simply, as will be obvious, cutting the period of time in half and the amount of increase to something less than half.

There are two reasons which I shall briefly outline but will expand upon when the Senate takes the matter up and the amendment is before us.

The first is—and I stated this in the Committee on Finance, where it was a new experience for me to have to vote against this normally necessary measure, not because I do not think it is necessary but because I do not think it was fairly presented to the committee by the administration—that the $1,079.8 billion debt limit the administration proposes assumes that there will be $42.5 billion deficit in fiscal year 1982.

Mr. President, this is not going to happen.

The Secretary of Commerce, Mr. Baldridge, in an address to the New York State Business Council not 2 weeks ago, agreed it was not going to happen.

This is unrealistically hopeful, and it means that the administration will have to come back to Congress. Since there is only a margin of $5 billion that would allow for an underestimate, I say to the Senator, that they would face the prospect of the administration asking for an emergency increase in July or August or September or October of next year, when it would certainly be at least agreeable for Members to have to make such a decision because in the end we have to protect the credit of the United States and we will raise the debt limit.

The issue is not the integrity of our Government's commitment, and there is no one in this body who would ever in the end see that integrity impaired.

A second reason is that there have been a number of suggestions, and I am one of those who made them, that the scheduled tax cuts should be reviewed to see if they really are consistent with a sound economic policy.

Only last evening President Reagan proposed increasing taxes by some $23 billion. He understands just as well as the next of us about taking away certain tax benefits.

So it seemed wise that we have a midcourse correction period the 31st of March, when we can ask whether the Treasury estimates of debt need are on schedule or whether, as some of us think, a larger number would be necessary, and when we can ask whether, on the other hand, we may by then enact tax revenue increasing measures or whether they were pending and promising such that a lower ceiling might be appropriate.

Both the prospects for a higher ceiling and a lower one are sufficiently before us, it seems to me. So it seems to me a prudent decision would be simply to limit this increase in the debt ceiling in effect to $1,049,200,000.

That, Mr. President, is my purpose. I hope it will be greeted with some interest and perhaps approval by the body when I call it up, as I will do later in the debate early next week.

I thank the Chair for its courteous attention, and I yield the floor.

UP AMENDMENT NO. 432

(Subsequently designated Amendment No. 568.)

Mr. HELMS. Mr. President, the Melcher amendment is the pending business, is it not?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I thank the Chair.

Mr. President, the amendment offered by the able Senator from Montana is in direct contradiction to the language which Congress approved on July 31 of this year as a part of the Omnibus Budget Reconciliation Act of 1981. For the Record at this point, I shall read item 16 of the conference report, title VII of the Omnibus Budget Reconciliation Act of 1981.

(16) Regulatory changes in nutrition and other requirements

The House bill instructs the Secretary to review regulations governing programs under the National School Lunch Act and the Child Nutrition Act of 1966, for the purpose of determining ways in which to accomplish cost savings at the local level without impairing the nutritional value of meals. The House bill also directs the Secretary to promulgate changes in regulations on the basis of such review within 90 days of enactment in order to effectuate such savings.

The Senate amendment is comparable except that the provision is an amendment to section 10 of the Child Nutrition Act of 1966 and there is no specific instruction to review regulations.

The Conference substitute adopts the House provision.

It is the intent of the conferees that, before the Secretary changes current meal pattern requirements, he shall exhaust all alternatives for lowering local program costs. Further, any proposed change must have a demonstrated local fiscal impact and a sound nutritional basis. The conferees understand that the phrase "without impairing the nutritional value of meals" should not be interpreted as requiring one-third RDA for every meal provided.

Mr. President, let me reiterate the last sentence of item 16 for the purpose of perspective in terms of the amendment of the distinguished Senator from Montana:

> The conferees understand that the phrase "without impairing the nutritional value of meals" should not be interpreted as requiring one-third RDA for every meal provided.

I call that to the attention of my colleagues because I think it is entirely relevant to the debate.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I have just filed an amendment which is identical to one I offered to the Economic Recovery Tax Act and which was adopted by the Senate on a rollcall vote of 97 to 2. Unfortunately, the provision was dropped in conference. I believe it is needed to reassure the public as to the integrity of social security financing—and perhaps other trust fund financing as well—from our deliberations on the rest of the budget. I know all the arguments in support of the unified budget. But, I also know that more and more Americans are coming to doubt that the benefits they are paying for and being taxed for will be there when they retire. Somehow, we have to assure the public that social security will not become a political football.

One way to do that, without doing violence to the unified budget concept at the same time, would be to require that any proposal affecting social security revenues or expenditures be the subject of a separate reconciliation bill, separately voted on. I reserve the right to offer such an amendment at another time.

The parliamentary situation being what it is today, however, I will content myself with the modest amendment now at the desk.

Very simply, the amendment requires a factual report which will contrast the revenues, expenditures, and surplus or deficit situation of the social security trusts with that for all other functions and activities of Government. Most important, the amendment requires a statement and explanation of the economic assumptions behind the numbers. I believe that if we are going to have a unified budget, we should have a unified set of economic assumptions behind it, and not one set for social security and a completely different set for other parts of the budget. By highlighting the facts, this report may move us toward basic consistency in this matter.

The President has called for a bipartisan approach to the social security problem, a sentiment I am sure all of us endorse in principle. But, the fact is, we will not be able to objectively discuss solutions until we can first agree on a common set of numbers and assumptions as to the magnitude and duration of the problem.

For all its merits as a tool in elevating the impact of Federal activities on the economy, the unified budget does create confusion about the extent to which social security trust funds are separated from other budget revenues and expenditures. Since the inception of the unified budget in fiscal year 1969, there have been charges that unnecessary trust fund surpluses were being engineered to disguise the true deficit in other parts of the budget. That same charge is being made today with regard to the social security system. So long as that dispute continues, there is little prospect for bipartisanship on this issue.

Most of the information which this amendment would cause to be assembled in a single and separate report is already available, but scattered throughout the budget and reports of the social security trustees. The objective is to bring this information together in one place and to require, in the same place, a full explanation of the economic assumptions involved. The amendment in no way changes the present unified budget process. It merely adds a new element which should help explain the condition and interrelationship of social security and other Federal funds.

By itself, this amendment will resolve none of the substantive problems with the social security system. But, it would be a small step toward clarifying basic facts and assuring the public that social security will not become a political football.

Mr. President, I have now filed a second amendment. I listened as the distinguished floor manager plead for early passage of this bill so that—and I quote him—"the Federal Government can pay its bill."

Now, I am all for the Federal Government paying its bills. But, I am even more concerned that our retired citizens be able to pay their bills and that is what my amendment seeks to assure.

This week President Reagan went on national television to announce that he really did not mean it when he proposed to cut minimum benefits for social security recipients, defer for 3 months the next scheduled cost of living increase, slash benefits for those retiring at age 62, and the host of other reductions he has at one time or another asked Congress to enact. His exact words, I think, were "our feet were never in cement on this." So be it, Mr. President. I am satisfied that the White House has retreated on this and has now accepted the position long held on this side of the aisle that minimum benefits for present recipients be restored and that the short-term problems of the social security system be met primarily through interfund borrowing. That proposal now has the Presidential seal of approval and I am not going to question how it came to get there.

Mr. President, I support interfund borrowing, but I think prudence requires we go a step beyond that to provide a margin of safety for the system. President Reagan's economic program is in very serious difficulty in my opinion, and in the opinion of much of the financial community. We cannot, in good conscience, pretend that under Reaganomics everything will work out for the best. There is a prospect at least that the economy could be in for some very rough times and the first program to suffer would be social security.

Personally, I do not believe this Congress will allow that to happen. I think in the weeks and months ahead there will be very substantial changes made in the Reagan program and I think we can avoid the economic calamity we seem to be headed for.

Mr. President, my amendment will provide a margin of safety by repealing the $33 billion tax break given to the oil industry out of windfall profit revenues in the recent tax act. The amendment would traansfer those revenues instead to the social security trusts where they would serve as a reserve and a cushion against unforeseen economic difficulties. I do not think much, if any, of the reserve will be needed in which case it would be invested in high-yielding Government securities and earn interest for the system. No one can tell me that there is a need within the oil industry for additional profits which the last tax bill gave it. Certainly the case for subsidizing oil producers cannot take precedence over the needs of our elderly citizens. My amendments would take from the truly greedy and give to the truly needy.

COMMODITY FEEDING PROGRAMS AND WIC

Mr. RIEGLE. Mr. President, yesterday a colloquy took place between Senators EAGLETON, DOLE, LEAHY, and JOHNSTON concerning the funding status for the commodity supplemental food program (CSFP) and the women, infants and children nutrition program (WIC). I would like to add my sentiments to those expressed, and feel strongly that spending for these programs must be maintained at current levels.

The importance of these programs to the health of our Nation's mothers and children cannot be understated. Studies have established the tremendous nutritional benefits that the CSFP and WIC projects have provided to low-income women, children, and infants through country. Further reductions in these programs currently being contemplated by the administration would have a devastating effect on the truly needy of our society.

I understand that the distinguished chairman of the Subcommittee on Nutrition, Senator DOLE, has indicated his full understanding that spending for these programs will continue at current levels. I am pleased that he has added his voice to this issue, since there has been some confusion over the actual funding status.

Mr. President, I take this opportunity to commend Focus Hope of Detroit which is the Nation's largest commodity supplemental feeding program. Their annual budget of $875,000 enables the program to provide over $9 million worth of food to over 38,000 eligible participants. Clearly, this is an efficient program which strives to provide the maximum service for the least amount of money and which provides enormous benefits.

If the proposed cuts in this program were implemented, the citizens of Detroit could literaly starve. The proposed reduction to a level of $19.5 million would force the Detroit program alone to eliminate over 15,000 people from the commodity supplemental feeding program. These are the most truly needy people of Detroit, and those least able to fend for themselves—the pregnant women, infants and children too young to receive school lunches.

The health effects of these reductions are incalculable. As I have so often stated, nutrition is probably the most important factor in the development of a child both before and after birth. I would strenuously oppose any reductions in these vital programs and sincerely hope that USDA officials take note the diversity of support that has been shown in the Senate for these programs.

Mr. BAKER. Mr. President, I have consulted with the representatives of the minority and the manager on this side. Might I inquire now, is there any other amendment that we can deal with today?

Mr. SYMMS. I say to the distinguished majority leader that I think Senators have had ample opportunity today to offer amendments that they wanted to.

Mr. BAKER. I think they all may have gone home.

Mr. SYMMS. That may be the case.

Mr. BAKER. Mr. President, seriously, it appears that there is no further business for the Senate to transact today. I believe that the Senate has done an enormous amount of work this week. It is not surprising that we cannot proceed further on the debt limit extension on this Friday afternoon. It is clear that we must deal with this piece of legislation which is now pending. It will be pending when we return on Monday.

Mr. BAKER. Mr. President, earlier there had been a discussion between the distinguished minority leader and myself about the possibility of stacking votes on Monday. I regret to advise my friend, the minority leader, that I came a cropper, and I found all sorts of conflicts and, based on the difficulties involved, I feel it would not be productive to make that request.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader.

Would the majority leader be in position at this time to get an order with respect to rollcall votes on Monday, providing that they not occur after sundown on Monday and not prior to sundown on Tuesday in accordance with the suggestions that he made on a previous day? Also, would it be possible to get an order that there be no votes on Monday prior to a certain hour?

Mr. BAKER. Mr. President, I cannot do the prior-to-a-certain-hour part. I think the suggestion of the minority leader is very well taken on the time. Let me propose that we do it at a particular hour.

NO VOTES AFTER 5 P.M. ON MONDAY AND BEFORE 7 P.M. ON TUESDAY

Mr. BAKER. Mr. President, I ask unanimous consent that in deference to the recognition of the religious holidays to begin on Monday and continue through most of Tuesday, that no votes occur in the Senate, as previously ordered, after the hour of 5 p.m. on Monday, or before the hour of 7 p.m. on Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, to complete that request, any votes ordered during that period will be put over until after 7 p.m. on Tuesday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, the effect of that now is clear, I hope—that is to say, the Senate will be in session on Monday, we will be on the debt limit on Monday, and I expect there will be votes on Monday. It is not possible to clear a stacking of votes on Monday nor a particular time to begin with on Monday, although I believe we tried to do that in both Cloak Rooms, and it is not possible to do this on this side of the aisle, I will say. But there will be no votes after 5 p.m. on Monday, which will be in advance of sundown, nor prior to 7 p.m. on Tuesday, which will be after sundown.

Mr. ROBERT C. BYRD. Would it be possible—I realize the reluctance of the distinguished majority leader, reluctance because of circumstances I am sure that require him to be reluctant—would it be possible to order that there be no roll call votes on Monday prior to 1 p.m.?

Mr. BAKER. I really regret that I cannot do that. I am genuinely sorry that I cannot. I realize that by my inability to do so I am inconveniencing a number of Senators, but, by the same token, I wish Senators to know that I tried a series of formulations of time not before and not after, and none of them worked. There were so many crosscurrents, it just was not possible to do.

ORDER FOR RECESS UNTIL 11 A.M. ON MONDAY NEXT

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 11 a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. While I cannot give assurance on what time we will begin voting, it is fairly safe to assume that at least half an hour or perhaps longer will be necessary to go through the opening ritual and the necessary housekeeping chores that usually accompany the beginning of the week, so I would not expect the first rollcall before 11:30 or 12.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. LONG. Did not the Senator say that in his judgment it was important that we try to pass this resolution Monday if we can?

Mr. BAKER. Yes, Mr. President, I think it is urgent that we pass it. As I pointed out in my earlier statement, since we cannot vote until after 7 p.m. on Tuesday, and since there are all sorts of dire consequences—we have to finish before Wednesday midnight, pass it through both Houses, and have it on the President's desk for him to sign—it seems to me that our real opportunity to pass this bill, in order to go to conference, go through the conference procedure, if that is necessary, and have it engrossed for the President's signature requires that we do our part no later than 5 p.m. Monday. I realize it is a short time.

Mr. LONG. Is it not true that so far as the leadership is concerned—I know that certainly so far as those of us on the committee are concerned, the manager of the bill and the ranking member on the minority side—we have been ready to vote since the moment the resolution came up?

Mr. BAKER. Yes, I think that is clearly so, and I hope it is a good omen for Monday. It means there may not be quite as much weight to be carried by this resolution as had originally been thought.

But, Mr. President, I do hope we can finish this bill on Monday.

I would have liked to ask the Senate to remain later on Monday and Tuesday, but in view of the requirement of the religious holiday and the requirement under the precedents of the Senate, we cannot do that. But that puts us in tight constraint and a light situation and adds importance to the asking by the ranking minority member of the committee that, if at all possible, we should finish this bill.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

Mr. BAKER. I thank the distinguished minority leader.

I wish to announce that there will be no further rollcall votes today, which every Senator knows by now.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, there are items on the executive calendar to which I invite the attention of the minority leader, especially those beginning, apearing on page 2 beginning with the Judiciary and going to page 7, nominations placed on the secretary's desk in the Department of State and the Navy. I inquire of the minority leader whether it has been cleared on his side of the aisle?

Mr. ROBERT C. BYRD. The nominations have been cleared on this side of the aisle.

Mr. BAKER. I thank the minority leader.

I ask unanimous consent that the Senate go into executive session for the purpose of considering the aforementioned nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, they are considered and confirmed en bloc.

The nominations considered and confirmed in bloc are as follows:

The Judiciary

Roger J. Miner, of New York, to be U.S. district judge for the northern district of New York.

Joseph M. McLaughlin, of New York, to be U.S. district judge for the eastern district of New York.

John E. Sprizzo, of New York, to be U.S. district judge for the southern district of New York.

Henry R. Wilhoit, Jr., of Kentucky, to be U.S. district judge for the eastern district of Kentucky.

Conrad K. Cyr, of Maine, to be U.S. district judge for the district of Maine.

John C. Coughenour, of Washington, to be U.S. district judge for the western district of Washington.

Department of Justice

J. Paul McGrath, of New Jersey, to be an Assistant Attorney General.

Department of State

David Eugene Zweifel, of Maryland, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Yemen Arab Republic.

Jack F. Matlock, Jr., of Florida, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Czechoslovak Socialist Republic.

Robert P. Paganelli, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Syrian Arab Republic.

George Southall Vest, of Maryland, a Foreign Service officer of the class of career minister, to be the Representative of the United States of America to the European Communities, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

John E. Dolibois, of Ohio, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Luxembourg.

Raymond C. Ewing, of Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plentipotentiary of the United States of America to the Republic of Cyprus.

Michael H. Newlin, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Democratic and Popular Republic of Algeria.

Arthur Adair Hartman, of New Jersey, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Union of Soviet Socialist Republics.

Faith Ryan Whittlesey, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland.

Richard W. Murphy, of Maryland, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Saudi Arabia.

Joseph Verner Reed, Jr., of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Morocco.

International Joint Commission, United States and Canada

L. Keith Bulen, of Indiana, to be Commissioner on the part of the United States on the International Joint Commission, United States and Canada, vice Jean Lande Hennessey, resigned.

U.S. International Development Cooperation Agency

Paul J. Manafort, Jr., of Virginia, to be a member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring Dec. 17, 1983, vice Wallace F. Bennett, term expired.

Nyle C. Brady, of New York, to be an Assistant Administrator of the Agency for International Development, vice Sander Martin Levin, resigned.

Asian Develpment Bank

John Augustus Bohn, Jr., of California, to be United States Director of the Asian Development Bank.

Selective Service System

Thomas K. Turnage, of California, to be Director of Selective Service.

Department of Defense

James F. Goodrich, of Maine, to be Under Secretary of the Navy.

John S. Herrington, of California, to be Assistant Secretary of the Navy.

U.S. Air Force

Lt. Gen. James V. Hartinger, to be general.

U.S. Army

Maj. Gen. James Arthur Williams, to be lieutenant general.

Brig. Gen. Harold L. Gwatney, to be major general.

Nominations Placed on the Secretary's Desk in the Department of State and the Navy

Senior Foreign Service nominations beginning Morton I. Abramowitz to be a career member of the U.S. Senior Foreign Service, class of career minister, and ending Albert Roland, to be a career member of the Senior Foreign Service, class of counselor, a consular officer, and a secretary in the Diplomatic Service of the United States of America, which nominations were received by the Senate and appeared in the Congressional Record of September 14, 1981.

Navy nominations beginning Charles Stevenson Abbott, to be commander, and ending Dan R. White, to be commander, which nominations were received by the Senate and appeared in the Congressional Record of September 11, 1981.

Navy nominations beginning Franklin H. Morgan, to be chief warrant officer, and ending Robert W. Henderson, to be ensign, which nominations were received by the Senate and appeared in the Congressional Record on September 16, 1981.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were considered and confirmed en bloc.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the action just taken.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

THE CALENDAR

Mr. BAKER. Mr. President, I have a number of housekeeping details. One of them involves the distinguished Senator from Arizona, who I know is anxious to leave the Chamber in order to attend the induction ceremonies of our newest Justice of the Supreme Court, Justice O'Connor.

I ask, then, if the minority leader will be in a position to consider Calendar Order No. 273, S. 929, the Amateur Radio Service Act.

Mr. ROBERT C. BYRD. I love to accommodate the distinguished Senator from Arizona on that. I heard him call my name in a very complimentary way this morning. I am just delighted to accommodate him in this matter.

I have no objection and I urge that no other Senator object, as a matter of fact.

Mr. BAKER. I thank the minority leader.

AMATEUR RADIO SERVICE AND PRIVATE LAND MOBILE SERVICES ACT OF 1981

Mr. BAKER. Mr. President, I ask unanimous consent that the Chair lay before the Senate S. 929, Calendar Order No. 273.

The **PRESIDING OFFICER.** (Mr. Murkowski). The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 929) to amend the Communications Act of 1934 to provide for improved administration of the amateur radio service and private land mobile and fixed services by the Federal Communications Commission, to address the problem of radio-frequency interference to certain electronic equipment, to permit volunteer assistance to the Federal Communications Commission in the area of examinations, licensing, and enforcement in the amateur radio service, and for other purposes.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Commerce, Science, and Transportation with an amendment.

Mr. GOLDWATER. I just want to say to the minority leader it was very early in the morning and I listened to the minority leader for quite some time. When I was asked for my comments, they might not have been complimentary, but an hour after I was talking to a friend in New Zealand, and I was most complimentary of the Senator from West Virginia.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. BAKER. My inference is that it all comes out even on balance.

Mr. ROBERT C. BYRD. The Senator's diplomacy overwhelms me.

Mr. BAKER. There is an amendment to be proposed to this bill. Does the Senator wish me to send it to the desk?

Mr. GOLDWATER. Yes.

Mr. BAKER. Mr. President, I ask unanimous consent that the committee amendment to S. 929 be adopted and be considered original text for the purpose of further amendment.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The committee amendment agreed to is as follows:

Strike out all after the enacting clause and insert the following:

That this Act may be cited as the "Amateur Radio Service and Private Land Mobile Services Act of 1981".

ELECTRONIC EQUIPMENT

SEC. 2. (a) Section 302 of the Communications Act of 1934 (47 U.S.C. 302) is amended by—

(1) inserting "(1)" immediately after "governing" in the first sentence of subsection (a);

(2) striking out the period at the end of the first sentence of subsection (a) and substituting ", and (2) establishing minimum performance standards for audio and visual electronic equipment to reduce their susceptibility to interference from radio frequency energy."; and

(3) striking out "shipment, or of such devices" in the second sentence and substituting "or shipment of such devices and electronic equipment or the use of such devices".

(b) Subsection (b) of such section is amended by striking out "ship, or use devices" and substituting "or ship devices and electronic equipment or use devices".

(c) Subsection (c) such section is amended by—

(1) inserting "or electronic equipment" immediately after "devices" wherever such term appears in the first sentence;

(2) inserting "and electronic equipment" immediately after "devices" in the second sentence; and

(3) striking out "the common objective of reducing interference to radio reception," in the second sentence and substituting "the objectives of reducing interference to radio reception and to electronic equipment,".

(d) The heading for section 302 of such Act is amended to read as follows:

"INTERFERENCE WITH RADIO COMMUNICATIONS AND ELECTRONIC EQUIPMENT"

APPLICABILITY

SEC. 3. Any minimum standard established by the Federal Communications Commission under section 302(a)(2) of the Communications Act of 1934, as amended by section 2 of this Act, shall not apply to any audio or visual electronic equipment manufactured before the date of the enactment of this Act.

AMATEUR STATION TRANSMITTAL

SEC. 4. Section 605 of the Communications Act of 1934 (47 U.S.C. 605) is amended by striking out the last sentence thereof and substituting the following: "This section shall not apply to the receiving, divulging, publishing, or utilizing the contents of any radio communication which is transmitted by any amateur station, or by any station for the use of the general public, or which refers to ships, aircraft, vehicles, or persons in distress.".

LICENSES

SEC. 5. Subsection (d) of section 307 of the 1934 Act is amended to read as follows: "No license granted for the operation of a television broadcasting station shall be for a longer term than 5 years and no license so granted for any other class of station (other than a radio broadcasting station) shall be for a longer term than 5 years, or

10 years for licenses in the Amateur or Personal (Citizens) Radio Services, and any license granted may be revoked as hereinafter provided. Each license granted for the operation of a radio broadcasting station shall be for a term not to exceed 7 years. Upon the expiration of any license, upon application therefor, a renewal of such license may be granted from time to time for a term of not to exceed five years in the case of television broadcasting licenses, for a term of not to exceed 7 years in the case of radio broadcasting station licenses, not to exceed 10 years in the case of Amateur or Personal (Citizens) Radio Service licenses, and for a term of not to exceed 5 years in the case of other licenses, if the Commission finds that public interest, convenience, and necessity would be served thereby. Pending any hearing and final decision on such an application and the disposition of any petition for rehearing pursuant to section 405, the Commission shall continue such license in effect. Consistently with the foregoing provisions of this subsection, the Commission may by rule prescribe the period or periods for which licenses shall be granted and renewed for particular classes of stations, but the Commission may not adopt or follow any rule which would preclude it, in any cae involving a station of a particular class, from granting or renewing a license for a shorter period than that prescribed for stations of such class if, in its judgment, public interest, convenience, or necessity would be served by such action.".

PRIVATE LAND MOBILE SERVICES

Sec. 6. Part I of title III of the Communications Act of 1934 is amended by adding at the end thereof the following new section:

"PRIVATE LAND MOBILE SERVICES

"Sec. 332. (a) In managing the spectrum to be made available for use by the private land mobile services the Commission shall consider and make findings, consistent with section 1, as to—

"(1) whether present and proposed use of various allocated bands by these and other services promotes safety of life and property, provides services to large numbers of the public, and promotes competition;

"(2) the existence of interservice sharing opportunities between these and other services; and

"(3) actions which will improve the efficiency of spectrum use and reduce the regulatory burden on spectrum users which are based upon sound engineering principles, user operational requirements, marketplace demands, desirable social impacts, and appropriate legal considerations.

Nothing in this paragraph shall be construed to authorize the Commission to employ auctions or similar economic methods.

"(b) The Commission, for the purpose of facilitating the expeditious granting of licenses, may delegate to non-Federal Government coordinating committees the function of coordinating the assignment of frequencies about 30 megahertz to stations in the private land mobile services.".

ADMINISTRATION

Sec. 7. Section 4(f) of the Communications Act of 1934 is amended by adding at the end thereof the following new paragraph:

"(4)(A) For purposes of monitoring any violation of any provision of this Act, and of any regulation made by the Commission pursuant to this Act, relating to amateur station transmissions, the Commission, without regard to part III of title 5, United States Code, may (i) recruit and train any individual licensed by the Commission to operate an amateur station; and (ii) accept and employ voluntary and uncompensated services of such individual. For purposes of recruiting and training such individual, the Commission, without regard to part III of title 5, United States Code, may accept and employ voluntary and uncompensated services of any amateur station operator organization.

"(B) For purposes of monitoring any violation of any provision of this Act, and of any regulation made by the Commission pursuant to this Act, relating to transmissions of any citizens band radio service station, the Commission, without regard to part III of title 5, United States Code, may (i) recruit and train any individual licensed by the Commission to operate a citizens band radio service station; and (ii) accept and employ voluntary and uncompensated services of such individual. For purposes of recruiting and training such individual, the Commission, without regard to part III of title 5, United States Code, may accept and employ voluntary and uncompensated services of any citizens band radio service station operator organization.

"(C) For purposes of preparing or administering examinations for amateur station operator licenses, the Commission, without regard to part III of title 5, United States Code, may accept and employ voluntary and uncompensated services of any individual who is licensed by the Commission to operate an amateur station.

"(D) Any person who provides voluntary and uncompensated services under this paragraph shall not be considered, by reason of having provided such services, a Federal employee for any purpose.".

DEFINITION

Sec. 8. Section 3 of the Communications Act of 1934 is amended by adding at the end thereof the following new paragraph:

"(gg) 'Private Land Mobile Services' are those which provide a regularly interacting group of base, mobile, portable, and associated control and relay stations intended to provide private one-way or two-way land mobile radio communications over a designated area of operations.".

UP AMENDMENT NO. 433

(Purpose: Amend section relating to general provisions regardiing radio transmission)

Mr. BAKER. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. Baker), for Mr. Goldwater, proposes an unprinted amendment numbered 433.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Add at the end thereof the following new section:

"GENERAL PROVISIONS

"Sec. 9. Section 301 of the Communications Act of 1934 is amended by adding at the end thereof the following new sentence: 'Notwithstanding any other provision of this section, the Commission may by rule authorize the operation of radio stations without individual licenses in the Radio Control or Citizens Band Radio Services, as defined by Commission rule, except that the operator of any such station shall comply with the provisions of this Act and with applicable Commission rules and regulations.'."

Mr. GOLDWATER. The contributions of the over 400.000 amateur radio operators nationwide to the welfare and safety of the United States through the furnishing of of public service communications, emergency communications, technical self-training, self-regulation and advancement of the modern radio and television arts are too well documented to require elaboration.

Nonetheless, threats to the continuation of amateur radio's unblemished record of service to the public exist from a number of sources including governmental fiscal restraints, unintentional statutory restraints and problems arising from interference to home entertainment equipment through no fault of the amateur radio station. These problems can be easily solved at essentially no cost and in most cases the apparent solutions are actually cost-saving measures. Despite the simplicity and cost-saving aspects of these solutions, however, the need for them remains acute.

Amateur radio constitutes one of the best educational opportunities for America's youth and one of the most worthwhile pastimes for its elderly. The unavailability of Federal funds to administer this service need not and should not be permitted to preclude amateur radio involvement for the young or elderly. Amateurs must be permitted, through voluntary efforts supervised by the FCC, to supply the services, including examinations, to those who would benefit from them, as funds are not available to supply these services any longer.

In that regard, the FCC must insure that there are no conflicts of interest in the preparation and administration of amateur examinations and that no one is treated unfairly.

Judicial construction of statutory limitations have bound the hands of amateurs who would work together to identify intruders into the frequency bands used for amateur radio public service communications. It is imperative that amateurs be unfettered in their efforts to continue the cooperative self-regulation that has impressed regulatory authorities since the dawn of radio.

The problem of interference to television and other home entertainment equipment from transmitting equipment has plagued our citizens for years. Complaints are increasing at an exponential rate. This is not because of the transmitting equipment, but because of the need to incorporate inexpensive filtering mechanisms in home entertainment equipment.

The need for better design now in such home entertainment equipment is critical to stem the tide of electromagnetic incompatibility now throughout our atmosphere and creating disputes among neighbors. The millions of purchasers of television and radio receivers and other electronic devices each year deserve and need protection from interference.

At a time of governmental belt-tightening at all levels, this bill is timely. It provides a means of cutting costs, eliminating problems which have plagued a most worthy public service-oriented avocation, and yet actually permits an increase in the availability of services to amateur radio, the most self-regulated radio service in the United States.

In an electronic age, it is critical to nurture an interest in technical experimentation and development. Amateur radio inherently fosters such an interest. This bill is necessary to insure continued growth of the service and its continued effectiveness as a source of public service involvement.

In addition, I am proposing an amendment to S. 929 which will enable the FCC to eliminate licensing of Citizens Band Radio—CB—and Radio Control—RC—Services. This position was also supported by NTIA.

Attached to my statement is a copy of the September 9, 1981 letter from Chairman Mark S. Fowler of the FCC, which details the justification for such delicensing. I believe this is a necessary step, and one which will result in significant savings to everyone concerned. I ask unanimous consent to have it printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., September 9, 1981.

HON. BARRY GOLDWATER,
Chairman, Subcommittee on Communications, Committee on Commerce, Science and Transportation, U.S. Senate, Russell Building, Washington, D.C.

DEAR CHAIRMAN GOLDWATER: We were recently requested by your staff to prepare an analysis of the savings which would accrue to the Government if the licensing of Citizens Band Radio (CB) and Radio Control (RC) Services was discontinued. Based on this review, we estimate 15 workyears (12.5 workyears of direct processing and 2.5 workyears of computer support) and $213,000 in pay and benefits would be saved if we eliminate licenses on these radio services.

In addition to the above, another $317,000 in "Other Object" costs would be saved. These costs include computer time, postage for the license and data entry services. Some additional "rule-making" time will also be saved by this proposal but we are unable to determine exactly how much until we have gained experience in dealing with a large unlicensed service. In the short term (two to three years) we estimate that approximately three to five workyears of the total savings would be reallocated to activities dealing with the return of CB license applications and inquiries by applicants created by the elimination of CB/RC licensing.

We strongly endorse the proposal to eliminate CB/RC licensing and believe that the option to extend the concept to other Private Radio services, where appropriate, would provide additional significant benefits to the public and would assist us in our program to reduce government costs. We are available to discuss the details of our cost analysis with you or your staff at your convenience.

Sincerely,

MARK S. FOWLER.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment (UP No. 433) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and to be read a third time, was read the third time, and passed, as follows:

S. 929

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Amateur Radio Service and Private Land Mobile Services Act of 1981".

ELECTRONIC EQUIPMENT

SEC. 2. (a) Section 302 of the Communications Act of 1934 (47 U.S.C. 302) is amended by—

(1) inserting "(1)" immediately after "governing" in the first sentence of subsection (a);

(2) striking out the period at the end of the first sentence of subsection (a) and substituting ", and (2) establishing minimum performance standards for audio and visual electronic equipment to reduce their susceptibility to interference from radio frequency energy."; and

(3) striking out "shipment, or use of such devices" in the second sentence and substituting "or shipment of such devices and electronic equipment or the use of such devices".

(b) Subsection (b) of such section is amended by striking out "ship, or use devices" and substituting "or ship devices and electronic equipment or use devices".

(c) Subsection (c) of such section is amended by—

(1) inserting "or electronic equipment" immediately after "devices" wherever such term appears in the first sentence;

(2) inserting "and electronic equipment" immediately after "devices" in the second sentence; and

(3) striking out "the common objective of reducing interference to radio reception," in the second sentence and substituting "the objectives of reducing interference to radio reception and to electronic equipment,".

(d) The heading for section 302 of such Act is amended to read as follows:

"INTERFERENCE WITH RADIO COMMUNICATIONS AND ELECTRONIC EQUIPMENT".

APPLICABILITY

SEC. 3. Any minimum standard established by the Federal Communications Commission under section 302(a)(2) of the Communications Act of 1934, as amended by section 2 of this Act, shall not apply to any audio or visual electronic equipment manufactured before the date of the enactment of this Act.

AMATEUR STATION TRANSMITTAL

SEC. 4. Section 605 of the Communications Act of 1934 (47 U.S.C. 605) is amended by striking out the last sentence thereof and substituting the following: "This section shall not apply to the receiving, divulging, publishing, or utilizing the contents of any radio communication which is transmitted by any amateur station, or by any station for the use of the general public, or which refers to ships, aircraft, vehicles, or persons in distress.".

LICENSES

SEC. 5. Subsection (d) of section 307 of the 1934 Act is amended to read as follows: "No license granted for the operation of a television broadcasting station shall be for a longer term than 5 years and no license so granted for any other class of station (other than a radio broadcasting station) shall be for a longer term than 5 years, or 10 years for licenses in the Amateur or Personal (Citizens) Radio Services, and any license granted may be revoked as hereinafter provided. Each license granted for the operation of a radio broadcasting station shall be for a term not to exceed 7 years. Upon the expiration of any license, upon application therefor, a renewal of such license may be granted from time to time for a term of not to exceed 5 years in the case of television broadcasting licenses, for a term of not to exceed 7 years in the case of radio broadcasting station licenses, not to exceed 10 years in the case of Amateur or Personal (Citizens) Radio Service licenses, and for a term of not to exceed 5 years in the case of other licenses, if the Commission finds that public interest, convenience, and necessity would be served thereby. Pending any hearing and final decision on such an application and the disposition of any petition for rehearing pursuant to section 405, the Commission shall continue such license in effect. Consistently with the foregoing provisions of this subsection, the Commission may by rule prescribe the period or periods for which licenses shall be granted and renewed for particular classes of stations, but the Commission may not adopt or follow any rule which would preclude it, in any case involving a station of a particular class, from granting or renewing a license for a shorter period than that prescribed for stations of such class if, in its judgment, public interest, convenience, or necessily would be served by such action.".

PRIVATE LAND MOBILE SERVICE

SEC. 6. Part I of title III of the Communications Act of 1934 is amended by adding at the end thereof the following new section:

"PRIVATE LAND MOBILE SERVICES

"SEC. 332. (a) In managing the spectrum to be made available for use by the private land mobile services the Commission shall consider and make findings, consistent with section 1, as to—

"(1) whether present and proposed use of various allocated bands by these and other services promotes safety of life and property, provides services to large numbers of the public, and promotes competition;

"(2) the existence of interservice sharing opportunities between these and other services; and

"(3) actions which will improve the efficiency of spectrum use and reduce the regulatory burden on spectrum users which are based upon sound engineering principles, user operational requirements, marketplace demands, desirable social impacts, and appropriate legal considerations.

Nothing in this paragraph shall be construed to authorize the Commission to employ auctions or similar economic methods.

"(b) The Commission, for the purpose of facilitating the expeditious granting of licenses, may delegate to non-Federal Government coordinating committees the function of coordinating the assignment of frequencies above 30 megahertz to stations in the private land mobile services.".

ADMINISTRATION

SEC. 7. Section 4(f) of the Communications Act of 1934 is amended by adding at the end thereof the following new paragraph:

"(4)(A) For purposes of monitoring any violation of any provision of this Act, and of any regulation made by the Commission pursuant to this Act, relating to amateur station transmissions, the Commission, without regard to part III of title 5, United States Code, may (i) recruit and train any individual licensed by the Commission to operate an amateur station; and (ii) accept and employ voluntary and uncompensated services of such individual. For purposes of recruiting and training such individual, the Commission, without regard to part III of title 5, United States Code, may accept and employ voluntary and uncompensated services of any amateur station operator organization.

"(B) For purposes of monitoring any violation of any provision of this Act, and of any regulation made by the Commission pursuant to this Act, relating to transmissions of any citizens band radio service station, the Commission, without regard to part III of title 5, United States Code, may (i) recruit and train any individual licensed by the Commission to operate a citizens band radio service station; and (ii) accept and employ voluntary and uncompensated services of such individual. For purposes of recruiting and training such individual, the Commission, without regard to part III of title 5, United States Code, may accept and employ voluntary and uncompensated services of any citizens band radio service station operator organization.

"(C) For purposes of preparing or administering examinations for amateur station operator licenses, the Commission, without regard to part III of title 5, United States Code, may accept and employ voluntary and uncompensated services of any individual who is licensed by the Commission to operate an amateur station.

"(D) Any person who provides voluntary and uncompensated services under this paragraph shall not be considered, by reason of having provided such services, a Federal employee for any purpose.".

DEFINITION

SEC. 8. Section 3 of the Communication Act of 1934 is amended by adding at the end thereof the following new paragraph:

"(gg) 'Private Land Mobile Services' are those which provide a regularly interacting group of base, mobile, portable, and associated control and relay stations intended to provide private one-way or two-way land mobile radio communications over a designated area of operations.".

GENERAL PROVISIONS

SEC. 9. Section 301 of the Communications Act of 1934 is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, the Commission may by rule authorize the operation of radio stations without individual licenses in the Radio Control or Citizens Band Radio Services, as defined by Commission rule, except that the operator of any such station shall comply with the provisions of this Act and with applicable Commission rules and regulations.".

The title was amended so as to read:

A bill to amend the Communications Act of 1934 to provide for improved administration of the amateur radio service and private land mobile services by the Federal Communications Commission, to address the problem of radio-frequency interference to certain electronic equipment, to permit volunteer assistance to the Federal Communications Commission in the area of examinations, licensing, and enforcement in the amateur radio service, and for other purposes.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ACTIVITIES OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION

Mr. BAKER. Mr. President, I inquire of the distinguished minority leader if he is in position to consider at this time H.R. 3136, a bill relating to the Overseas Private Investment Corporation.

Mr. ROBERT C. BYRD. Mr. President, the measure has been cleared on this side of the aisle.

Mr. BAKER. I thank the distinguished minority leader.

I ask unanimous consent that the Senate now proceed to the consideration of H.R. 3136.

The PRESIDING OFFICER. The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 3136) to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

The PRESIDING OFFICER. The bill will be deemed to have been read the first and second times by title and, without objection, the Senate will proceed to the consideration of the bill.

UP AMENDMENT NO. 434

(Purpose: To substitute title V of S. 1196 for text of H.R. 3136; legislation extending and amending authority of the Overseas Private Investment Corporation)

Mr. BAKER. Mr. President, I send to the desk an amendment on behalf of the distinguished chairman of the Committee on Foreign Relations (Mr. PERCY), and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER) for Mr. PERCY proposes an unprinted amendment numbered 434.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after enacting clause and insert in lieu thereof the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Overseas Private Investment Corporation Amendments Act of 1981".

PURPOSE AND POLICY

SEC. 2. (a) The second undesignated paragraph of section 231 of the Foreign Assistance Act of 1961 is amended—

(1) by striking out "and" at the end of subparagraph (1);

(2) in subparagraph (2)—

(A) by striking out "$520 or less in 1975 United States dollars" and inserting "$680 or less in 1979 United States dollars";

(B) by striking out "$1,000 or more in 1975 United States dollars" and inserting in lieu thereof "$2,950 in 1979 United States dollars"; and

(C) by striking out the period and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following new subparagraph:

"(3) seek to support those developmental projects having positive trade benefits for the United States.".

(b) Such section, as amended by subsection (a), is further amended by adding at the end thereof the following undesignated paragraphs:

"When deciding whether to insure, reinsure, or finance investments, the Corporation shall consider whether the investment would be likely to proceed in the absence of insurance, reinsurance, or financing by the Corporation.

"The Corporation shall refuse to insure, reinsure, or finance any investment subject to incentives or performance requirements which would tend to reduce significantly the positive trade benefits likely to accrue to the United States from the investment.".

ORGANIZATION AND MANAGEMENT

SEC. 3. (a) The first undesignated paragraph of section 233(b) of the Foreign Assistance Act of 1961 is amended—

(1) by striking out in the first sentence "eleven" and "six" and inserting in lieu thereof "fifteen" and "eight", respectively;

(2) by inserting after the second sentence the following: "The United States Trade Representative shall be the Vice Chairman of the Board, ex officio, except that the United States Trade Representative may designate the Deputy United States Trade Representative to serve as Vice Chairman of the Board in place of the United States Trade Representative.";

(3) by striking out "Six", "six", and "two" in the fourth, fifth, and seventh sentences of such section, as amended by paragraph (2), and inserting in lieu thereof "Eight", "eight", and "three", respectively;

(4) by striking out in the fifth sentence of such section, as amended by paragraph (2), "one" the first place it appears and inserting in lieu thereof "two"; and

(5) by striking out in the fourth sentence of such section, as amended by paragraph (2), "also serve as a Director" and inserting in lieu thereof "serve as a Director, ex officio".

(b) The second undesignated paragraph is amended by inserting "including an official of the Department of Labor," after "Government of the United States".

INVESTMENT INSURANCE AND OTHER PROGRAMS

SEC. 4. Section 234 of the Foreign Assistance Act of 1961 is amended—

(1) in subsection (a)(1)(C), by striking out "or insurrection" and inserting in lieu thereof "insurrection, or civil strife";

(2) in subsection (a)(2), by striking out "total project financing" and inserting in lieu thereof "project";

(3) in subsection (a)(3), by striking out "authorized to issue under this subsection" and inserting in lieu thereof "permitted to have outstanding under section 235(a)(1)";

(4) by adding at the end of subsection (a) the following new paragraph:

"(4) Before issuing civil strife insurance for the first time, and in each subsequent instance in which a significant enlargement is proposed in the type of risk to be insured under the definition of civil strife, the Corporation shall file a report with the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives at least 60 days before issuance of such insurance, and the report shall include a thorough analysis of the risks to be covered, anticipated losses, and proposed rates and reserves.";

(5) in subsection (b), by striking out in the last proviso "authorized to issue under this subsection" and inserting in lieu thereof "permitted to have outstanding under section 235(a)(2)";

(6) in subsection (f)(1)—

(A) by striking out "(A)"; and

(B) by striking out all after "equitable terms" and inserting in lieu thereof a period; and

(7) in the second undesignated paragraph of subsection (f)—

(A) by striking out in the second sentence thereof "exceed $600,000,000 in any one year, and the amount of such reinsurance shall not"; and

(B) by striking out in the last sentence all after "whether first loss or otherwise" and inserting in lieu thereof a period.

ISSUING AUTHORITY, DIRECT INVESTMENT FUND AND RESERVES

SEC. 5. Section 235 of the Foreign Assistance Act of 1961 is amended—

(1) in subsection (a)(2)—

(A) by striking out all after "$750,000,000" and inserting in lieu thereof a period; and

(B) by adding at the end thereof the following: "Commitments to guarantee loans are authorized for any fiscal year only to the extent or in such amounts as provided in appropriation Acts.";

(2) in subsection (a)(4), by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1985";

(3) by adding at the end of subsection (a) the following:

"(5) The Corporation shall not make any commitment to issue any guaranty which would result in a reserve less than 25 per centum of the maximum contingent liability then outstanding against guaranties issued or commitments made pursuant to section 234(b) or similar predecessor guaranty authority."; and

(4) in subsection (b), by adding at the end thereof the following new sentence: "Loans from the Direct Investment Fund are authorized for any fiscal year only to the extent or in such amounts as provided in appropriation Acts.".

GENERAL PROVISIONS RELATING TO INSURANCE AND GUARANTY PROGRAM

Sec. 6. Section 237 of the Foreign Assistance Act of 1961 is amended—

(1) in subsection (f), by striking out the first sentence and inserting in lieu thereof the following: "compensation for insurance, reinsurance, or guaranties issued under this title shall not exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the Corporation plus interest, earnings, or profits actually accrued on said investment to the extent provided by such insurance, reinsurance, or guaranty, except that the Corporation may provide (1) that appropriate adjustments in the insured dollar value be made to reflect the replacement cost of project assets; and (2) that compensation for a claim of loss under insurance of equity investment may be computed on the basis of the net book value attributable to such equity investment on the date of loss."; and

(2) by striking out the third sentence of subsection (f).

DEFINITIONS

Sec. 7. Section 238(a) of the Foreign Assistance Act of 1961 is amended by inserting "or commitment" after "includes any contribution".

GENERAL PROVISIONS AND POWERS

Sec. 8. Section 239 of the Foreign Assistance Act of 1961 is amended—

(1) in subsection (d), by inserting after "applicable to Government corporations;" the following: "to collect or compromise any obligations assigned to ór held by the Corporation, including any legal or equitable rights accruing to the Corporation;";

(2) in subsection (e), by striking out in the first sentence thereof "shall have the responsibility for planning and directing the execution of audits," and inserting in lieu thereof "may conduct"; and

(3) by striking out subsections (f), (j), and (k) and redesignating subsections (g), (h), (i), and (l) as subsections (f), (g), (h), and (i), respectively.

REPORTS

Sec. 9. Section 240A of the Foreign Assistance Act of 1961 is amended—

(1) by striking out "(a)" immediately before the first sentence;

(2) in paragraph (1), by striking out "section 239(i)" and inserting in lieu thereof "section 239(h)";

(3) in paragraph (2)(A), by striking out "section 239(l)" and inserting in lieu thereof "section 239(i)"; and

(4) by striking out subsection (b).

EFFECTIVE DATE

Sec. 10. The amendments made by this Act shall take effect on October 1, 1981.

Mr. BAKER. Mr. President, unless the legislation extending the authority of the Overseas Private Investment Corporation is passed by September 30, OPIC will cease to insure U.S. investments abroad against political risks. OPIC legislation has been passed by the House and is included in only slightly different form as title 5 of the foreign aid bill, S. 1196.

Because the foreign aid bill cannot be completed by September 30, it is necessary to split out the OPIC provisions today and pass them in the Senate. This action will provide the best chance for final enactment of OPIC legislation by next Wednesday.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment (UP No. 434) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. ROTH. Mr. President, I support the extension of the Overseas Private Investment Corporation's (OPIC's) authority. OPIC plays a vital role in our export promotion effort, combining political risk insurance with financing and investment promotion activities to facilitate U.S. firms' participation in the international marketplace. Without OPIC's assistance, many of our firms would be at a decided disadvantage in worldwide competition for investment projects.

OPIC works to the advantage of the U.S. economy in two major ways. First, by encouraging or supporting investments overseas, OPIC spurs global development and, hence, foreign countries' ability to purchase U.S. goods and services. Second, specific OPIC-assisted investments result in exports of U.S. machinery and equipment for initial plant construction and follow-on exports of spare parts and supplies. Thus, by improving the attractiveness of private sector overseas investment, OPIC directly enhances U.S. export opportunities.

I believe there is an undeniable link between investment and trade, and OPIC is a good example of public recognition of this link.

In addition to its value to the Nation as a whole, OPIC has been an important resource for my own State of Delaware. Since 1971, OPIC has covered 21 Delaware-related projects, worth over $450 million. These Delaware contracts are directly responsible for U.S. exports of plant, equipment, and services in such diverse sectors as metal working fluids, polypropylene resins, ranching, and banking. These contracts have been placed in countries—such as South Korea, Thailand, and the Dominican Republic—where OPIC-encouraged development efforts increase purchasing power and demand for U.S. products.

It is estimated that, in fiscal year 1980 alone, total U.S. project investments assisted by OPIC will lead to over $1 billion in U.S. exports over 5 years. These same investments are expected to generate approximately 17,500 jobs during those 5 years.

Mr. President, I urge my colleagues to support the 4-year extension of OPIC's operating authority for yet another reason. OPIC's operations are performed on a self-supporting basis. At a time when we so desperately need to rationalize and limit Government spending, OPIC stands out as a good example of a program that pays its own way. OPIC coverage is financed by repaid loans and service fees.

Here in Congress, Senators have come to recognize the value of international trade to our domestic economy and employment outlook. Certainly the extensive membership in my Export Caucus and the widespread support for its work are testament to that. We must also come to recognize the importance of overseas investment as a vehicle for accelerated national growth.

Support for OPIC and approval of this legislation would be steps in the right direction.●

Mr. PERCY. Mr. President, S. 1196 includes as title V provisions concerning the Overseas Private Investment Corporation (OPIC). OPIC is a U.S. Government corporation created in 1969 to insure U.S. private investments in developing countries against political risks. OPIC is backed by the full faith and credit of the United States of America.

OPIC's purpose is:

> To mobilize and facilitate the participation of United States private capital and skills in the economic and social development of less developed countries and areas, thereby complementing the development assistance objectives of the United States.

With the intention of increasing OPIC's ability to realize its developmental purpose, the Foreign Relations Committee has reported favorably a number of statutory changes. I will take time to mention a few of the major changes, but refer my colleagues to the committee's report for a more thorough description of the recommended changes in law.

The legislation would extend OPIC's operating authority for 4 years, through September 30, 1985. Four years is the customary period of extension of OPIC authority, and was requested by the administration.

The current statutory restriction on OPIC support for investments in countries with average annual per capita incomes of $1,000 or more in 1975 U.S. dollars would be raised to a level of $2,950 or more in 1979 U.S. dollars. The restriction is not a prohibition, and has not been regarded as such by OPIC.

The committee report includes a lengthy list of exceptions used by OPIC to justify support for investments in high-income developing countries despite the statutory restriction. OPIC has also used a "case-by-case" exception where the general exceptions did not apply. I assume OPIC will continue to use the case-by-case exception as well as the general exceptions in the same manner and as conservatively as they have in the past.

OPIC has agreed to report to the Foreign Relations Committee regularly on the justification for case-by-case exception. With these policies and understandings, I believe OPIC will have sufficient operating flexibility, but the purpose of the statutory restriction on support in high-income countries can be retained.

The committee report also mentions that OPIC is expected:

> To scrutinize closely all proposals for insurance or other OPIC assistance for projects in higher-income developing countries, . . .

I wish to state for the record that the committee did not intend in its comments to imply that OPIC does not currently give sufficient scrutiny to proposals which come before it, nor to establish any tests or standards not contained in nor reasonably inferred from statutory provisions. The committee expects OPIC to scrutinize closely all proposals, regardless of the income level of the country in which the investment is to be made.

The legislation would also add a provision requiring OPIC, when deciding whether to insure projects, to "seek to support those developmental projects having positive trade benefits for the United States." OPIC has repeatedly assured me that this new provision, "will in no way denigrate OPIC's prime developmental purpose." I understand that OPIC will continue to evaluate thoroughly the development impact of proposed investments, and will not lower by a single millimeter the threshold of acceptable development impact it applies.

The purpose of the new provision is not to encourage OPIC to support investments which do not have an acceptable level of development benefits just because there would be positive trade benefits for the United States. The purpose of the amendment is to emphasize OPIC's positive contribution to U.S. trade. OPIC supports only investments which are expected to have positive net trade benefits for the United States, and where OPIC's financial ability to support investments is limited, OPIC will give priority to supporting those investments meeting its development impact standards which have the highest net positive trade benefits for the United States.

The legislation also authorizes OPIC to begin offering insurance against "civil strife" risks to U.S. investments in developing countries. OPIC would be required to report to the Foreign Relations Committee in detail on its plans for such insurance coverage before actually offering such insurance.

The bill also adds two new members to the OPIC Board of Directors: A representative of the Department of Labor and an additional small business sector representative. These additional members should assist OPIC in carrying out the intent of Congress and the recommendations contained in the report of the General Accounting Office dated February 27, 1981.

The bill also adds a provision requiring OPIC when deciding whether or not to support investments in developing countries to consider whether the investment is likely to be made without OPIC support. I recognize that there may be instances in which OPIC might come to the conclusion that there was very little likelihood of additionality, but OPIC might support an investment for reasons of U.S. national interest. I would consider such action consistent with the overall statutory framework in which OPIC operates.

The bill also contains a provision intended to address the growing detrimental impact on U.S. trade arising from the application by foreign governments of performance requirements to U.S. investments. Such requirements include local content and reexport requirements which tend to distort trade flows to the disadvantage of the United States. The provision would require OPIC to refuse to support any investment subject to incentives or performance requirements which would tend to reduce significantly the positive U.S. trade benefits which would otherwise arise from the investment.

OPIC and a number of users of OPIC have expressed concern that this provision could discourage U.S. investors. The provision leaves considerable discretionary judgment to OPIC, however, including the assessment of the impact of the performance requirements and the magnitude of the reduction in trade benefits sufficient to preclude OPIC support for an investment.

In any case, OPIC does not support investments which do not have net positive trade benefits to the United States, and there would be few cases in which the positive trade benefits were significantly reduced without becoming negative and therefore precluding OPIC support. Foreign governments should not, in any case, be led to expect the United States to subsidize investments through government insurance, when those foreign governments apply measures which impose significant trade losses on the United States.

Mr. GOLDWATER. Mr. President, I represent a major citrus producing State. A substantial part of Arizona's production is exported, one-third or more. Our growers have worked very successfully for decades to develop and expand their markets in foreign countries. Also, we happen to produce most of the Nation's copper in Arizona. A few years ago, foreign copper producers almost destroyed our industry by dumping surplus production on the world markets.

With this background, I would like to have some assurance that nothing in the pending bill will injure American farm exports, such as citrus, or vulnerable industries, such as copper. Specifically, it is my understanding that OPIC, the Overseas Private Investment Corporation, could not approve loan requests for citrus or copper production in foreign countries which would result in reduced U.S. employment in these industries or disrupt our exports which would have a negative impact on our balance of payments and employment. Am I correct?

Mr. PERCY. The senior Senator from Arizona is absolutely correct: OPIC would not be authorized to approve insurance or any other support for U.S. investments abroad which would reduce U.S. employment in the citrus industry or the sugar industry, or the copper industry or any other U.S. industry, nor to support any investment which would disrupt U.S. exports and have a negative impact on the U.S. balance of payments. Subsections 231(1) and related provisions of OPIC's charter provide sufficient assurance on that point.

The administration's position which is supported by the Foreign Relations Committee in the reported bill—and by the House of Representatives in the bill it passed yesterday—is that the specific commodity provisions presently in the OPIC statute are duplicative and, therefore, unnecessary. They may even have the perverse effect of suggesting that investments in commodities not listed in the statute could be supported by OPIC.

Let me assure the Senator that the deletion of these provisions is not intended to change OPIC's current policies one iota.

Mr. GOLDWATER. I thank the distinguished chairman of the Foreign Relations Committee for his explanation.

The PRESIDING OFFICER. If there are no further amendments to be proposed, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time. The bill was read the third time, and passed.

MESSAGE FROM THE HOUSE

At 2:30 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the joint resolution (H.J. Res. 325) making continuing appropriations for the fiscal year 1982, and for other purposes; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. WHITTEN, Mr. BOLAND, Mr. NATCHER, Mr. SMITH of Iowa, Mr. ADDABBO, Mr. LONG of Maryland, Mr. YATES, Mr. ROYBAL, Mr. BEVILL, Mr. BENJAMIN, Mr. GINN, Mr. DIXON, Mr. FAZIO, Mr. CONTE, Mr. MCDADE, Mr. EDWARDS of Alabama, Mr. MYERS, Mr. YOUNG of Florida, Mr. KEMP, Mr. BURGENER, and Mr. O'BRIEN as managers of the conference on the part of the House.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

> H.R. 1520. An act to authorize appropriations for activities for the National Science Foundation for the fiscal year 1982.

HOUSE BILL PLACED ON THE CALENDAR

The following bill was read twice by unanimous consent, and ordered placed on the calendar:

> H.R. 1520. An act to authorize appropriations for activities for the National Science Foundation for the fiscal year 1982.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1976. A communication from the Deputy Chief of Naval Material (Contracts and Business Management), transmitting, pursuant to law, a report on a claim against the United States over $5,000,000 and the examination thereof; to the Committee on Appropriations.

EC-1977. A communication from the Principal Deputy Assistant Secretary of Defense (Comptroller), transmitting, pursuant to law, a listing of contract award dates for the period September 15 to December 15, 1981; to the Committee on Armed Services.

EC-1978. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Air Force's proposed letter of offer to Korea for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-1979. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Army's proposed letter of offer to Greece for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-1980. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on the Department of the Army's proposed letter of offer to Turkey for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC-1981. A communication from the Acting Chairman of the Federal Trade Commission, transmitting, pursuant to law, the "66th annual report of the Federal Trade Commission covering fiscal year 1981; to the Committee on Commerce, Science, and Transportation.

EC-1982. A communication from the Acting Secretary of Commerce, transmitting a draft of proposed legislation to amend the Magnuson Fishery Conservation and Management Act of 1967, and for other purposes; to the Committee on Commerce, Science, and Transportation.

EC-1983. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Legislative and Regulatory Actions Needed To Deal With A Changing Domestic Telecommunications 'Industry"; to the Committee on Commerce, Science, and Transportation.

EC-1984. A communication from the Vice President for Government Affairs of the National Railroad Passenger Corporation, transmitting, pursuant to law, a report on total itemized revenues and expenses of each train operated by the Corporation for June 1981; to the Committee on Commerce, Science, and Transportation.

EC-1985. A communication from the Administrator of the Energy Information Administration, Department of Energy, transmitting, pursuant to law, a report on sales of refined petroleum products and sales of retail gasoline for June 1981; to the Committee on Energy and Natural Resources.

EC-1986. A communication from the Chairman of the Federal Energy Regulatory Commission, transmitting, pursuant to law, a rule which provides for an exemption from incremental pricing pursuant to section 206(d) of the Natural Gas Policy Act of 1978; to the Committee on Energy and Natural Resources.

EC-1987. A communication from the Assistant Secretary of the Treasury (Legislative Affairs), transmitting, pursuant to law, project performance audit reports prepared by the International Bank for Reconstruction and Development, special studies prepared by the External Review and Evaluation Office of the Inter-American Development Bank, and project performance audit reports or project completion reports prepared by the Asian Development Bank; to the Committee on Foreign Relations.

EC-1988. A communication from the Vice-Chair of the Merit Systems Protection Board, transmitting, pursuant to law, a report on the Senior Executive Service; to the Committee on Governmental Affairs.

EC-1989. A communication from the Acting Deputy Assistant Secretary of the Interior (Indian Affairs), transmitting, pursuant to law, a report on the participation of the Absentee Delaware Tribe in the use of distribution of certain awarded claims; to the Select Committee on Indian Affairs.

EC-1990. A communication from the Secretary of Education, transmitting, pursuant to law, final regulations for continuing education outreach-state-administered program; to the Committee on Labor and Human Resources.

EC-1991. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend the Act of September 30, 1950, with respect to assuring a free public education for military dependents residing on Federal property; to the Committee on Labor and Human Resources.

EC-1992. A communication from the Architect of the Capitol, transmitting, pursuant to law, the Master Plan for the United States Capitol; to the Committee on Rules and Administration.

EC-1993. A communication from the Special Assistant to the Secretary of Defense, transmitting, pursuant to law, a report on Department of Defense procurement from small and other business firms; to the Committee on Small Business.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-439. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, relative to improving forestry management in the south; to the Committee on Agriculture, Nutrition, and Forestry.

POM-440. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, supporting President Reagan's position on the air traffic controllers strike; to the Committee on Commerce, Science, and Transportation.

POM-441. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, relative to the Clean Air Act Amendments; to the Committee on Environment and Public Works.

POM-442. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, relative to alternatives to the Federal Reserve Board's present methods for controlling inflation; to the Committee on Finance.

POM-443. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, relative to State severance taxes; to the Committee on Finance.

POM-444. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, relative to Federal regulation of State and local pension funds; to the Committee on Governmental Affairs.

POM-445. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, rejecting an extension of the Voting Rights Act; to the Committee on the Judiciary.

POM-446. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, relative to a revision of the Voting Rights Act; to the Committee on the Judiciary.

POM-447. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, relative to an amendment of the Longshoremen's and Harbor Workers Compensation Act; to the Committee on Labor and Human Resources.

POM-448. A resolution adopted by the Southern Legislative Conference of the Council of State Governments, relative to coal slurry pipelines; to the Committee on Energy and Natural Resources.

POM-449. A resolution adopted by the Board of Directors of the Meridian Community Action Agency, opposing the decontrol of natural gas; to the Committee on Energy and Natural Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. RUDMAN, from the Committee on Small Business, with an amendment (in the nature of a substitute):

S. 881. A bill to amend the Small Business Act to strengthen the role of the small, innovative firms in Federally funded research and development, and to utilize Federal research and development as a base for technological innovation to meet agency needs and to contribute to the growth and strength of the Nation's economy (Rept. No. 97-194).

INTRODUCTION OF BILLS AND JOIN RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SIMPSON (for himself, Mr. Kennedy, Mr. Thurmond, Mr. DeConcini, and Mr. Grassley):

S. 1663. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. ROTH:

S. 1664. A bill to amend title 10, United States Code, to allow supplies under the control of departments and agencies within the Department of Defense to be transferred to the Federal Emergency Management Agency as if it were within the Department of Defense and to amend the Federal Civil Defense Act of 1950 to authorize the Federal Emergency Management Agency to loan to State and local governments property transferred to such agency from other Federal agencies as excess property; to the Committee on Armed Services.

By Mr. INOUYE:

S. 1665. To amend section 1086(c) of title 10, United States Code, to provide for payment under the CHAMPUS program of certain health care expenses incurred by certain members and former members of the uniformed services and their dependents to the extent that such expenses are not payable under medicare; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SIMPSON (for himself, Mr. Kennedy, Mr. Thurmond, Mr. DeConcini, and Mr. Grassley):

S. 1663. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

IMMIGRATION AND NATIONALITY ACT AMENDMENTS OF 1981

Mr. SIMPSON. Mr. President, I am introducing today, on behalf of myself, Senator Kennedy, and the other members of the Subcommittee on Immigration and Refugee Policy, a bill to amend certain provisions of the Immigration and Nationality Act, for the purpose of: First, improving the efficiency of the Immigration and Naturalization Service; and second, eliminating the need for Congress to consider certain categories of private immigration bills.

This is the so-called efficiency bill. It has been a joint effort of myself and Senator Kennedy, who has been most cooperative and supportive of the efforts of this chairman of the Subcommittee on Immigration and Refugee Policy, as we grappled with this rather significant national issue.

This bill is very similar to the bill approved last Congress by the House of Representatives and reported last week from the House Judiciary Committee. It is also similar to the noncontroversial portions of a bill reported by the Senate Judiciary Committee in the last Congress.

The bill is supported by the Departments of Justice and State and I know of no current opposition by any group—public or private.

The bill does not deal with any of the controversial areas on which the Select Commission on Immigration and Refugee Policy made recommendations in April, nor with subjects covered by the administration's proposed immigration reforms announced in July. Those controversial areas are being considered carefully by the subcommittee in a series of hearings and consultations which are already in progress. I intend to introduce a comprehensive immigration reform bill by the end of this session of Congress.

The bill I am introducing today will enable the INS to shift nearly $2 million of its budget from activities with very little benefit to others which have more urgent functions.

Mr. President, at this time I will briefly summarize the major provisions of the bill. At the conclusion of my remarks I will ask unanimous consent that a section-by-section analysis of the bill, as well as the text itself, be placed into the Record.

I. PROVISIONS TO INCREASE INS EFFICIENCY

Mr. President, provisions which would increase INS efficiency include:

Repeal of certain requirements of INS reports to Congress (sections 3 and 4(2) of the bill): CBO estimate of cost savings which would have been produced if the change had been in effect for 1981: $40,000;

Repeal of certain naturalization requirements, including the requirement that a petitioner be accompanied by two witnesses (section 15): CBO estimate of cost savings: $1.1 million;

Partial repeal of requirement that deported aliens obtain the Attorney General's consent before seeking to enter the United States (section 4(1));

Extension of time of validity of reentry permits (section 6): CBO estimate of cost savings: $25,000;

Repeal of mandatory annual alien registration (section 11): CBO estimate of cost savings: $800,000 per year less the cost of any registrations which the Attorney General may require pursuant to the discretion provided in the bill; and

Amendment of current law relating to the forfeiture of vehicles used in bringing in or harboring aliens who enter the United States illegally (section 12): CBO estimate of cost savings: $100,000.

II. PROVISIONS TO REDUCE THE NUMBER OF PRIVATE BILLS

Mr. President, provisions which would reduce the number of private bills which Congress must consider include:

Raising of the age by which children must be adopted to be entitled to certain immigration benefits (section 2(b));

Modification of the law relating to certain drug offenses, specifically: Elimination of the absolute bar to naturalization for those who have committed certain offenses involving the possession of marihuana (section 2(c)); authorization for the Attorney General, in his discretion, to waive exclusion or deportation based on such drug offenses for the immediate relatives of a U.S. citizen or permanent resident in cases of extreme hardship (sections 4(3) and 8); and

Exemption from numerical limitations for certain aliens who made investments in the United States before 1978 (section 19).

The bill also includes in section 5 certain provisions modifying the law with respect to foreign medical school graduates.

III. CONTROVERSIAL PROVISIONS DELETED

Mr. President, the bill does not include certain provisions which were deemed to be quite controversial in the last Congress. Specifically, the bill does not provide for: "Special immigrant" status for certain holders of G–IV visas (employees of international organizations and their immediate families); a visa waiver system; increased visa numbers for Mexico; clearance of second preference backlogs. But you may be assured that all of these issues will be considered and acted upon in the course of the subcommittee's development of a comprehensive immigration reform bill.

IV. DIFFERENCES FROM THE HOUSE BILL

Mr. President, the bill I am introducing today is nearly identical to the House bill reported by the House Judiciary Committee last week. There are, however, a few differences. The Senate bill:

Narrows provisions relieving aliens from the consequences of drug offenses and, with respect to the Attorney General's discretion to waive deportation based on extreme hardship, narrows the provision to cover only parents, spouses, and minor unmarried sons or daughters of U.S. citizens or permanent residents (sections 2(c), 4(3), and 8);

Adds discretion for the Attorney General to require alien registration (section 11);

Returns to section 5(d) an English language competency requirement for "special immigrant" status for certain foreign medical graduates; and

Requires that annual and percountry ceilings be reduced by the number of foreign medical graduates and investors adjusting their status pursuant to sections 5(d) and 19 of the bill, consistent with existing practice for private bills (section 20).

Mr. President, I ask unanimous consent that the text and a brief section-by-section analysis be printed in the Record.

There being no objection, the bill and analysis were ordered to be printed in the Record, as follows:

S. 1663

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Immigration and Nationality Act Amendments of 1981".

(b) Except as specifically provided in this Act, whenever in this Act an amendment or repeal is expressed as an amendment to, or repeal of, a provision, the reference shall be deemed to be made to the Immigration and Nationality Act.

Sec. 2. (a) Subsection (a)(15) of section 101 (88 U.S.C. 1101) is amended—

(1) by striking out "institution of learning or other recognized place of study" in subparagraph (F) and inserting in lieu thereof "college, university, seminary, conservatory, academic high school, elementary school, or other academic or language training institution"; and

(2) by adding after subparagraph (L) the following new subparagraph:

"(M)(i) an alien having a residence in a foreign country which he has no intention of abandoning who seeks to enter the United States temporarily and solely for the purpose of pursuing a full course of study at an established vocational or other recognized nonacademic institution (other than a language training institution) in the United States particularly designated by him and approved by the Attorney General, after consultation with the Secretary of Education, which institution shall have agreed to report to the Attorney General the termination of attendance of each nonimmigrant nonacademic student and if any such institution fails to make reports promptly the approval shall be withdrawn, and (ii) the alien spouse and minor children of any such alien if accompanying him or following to join him.".

(b) Subsection (b) of such section is amended by striking out "fourteen" in subparagraphs (E) and (F) and inserting in lieu thereof "sixteen".

(c) Subsection (f) of such section is amended—

(1) by striking out paragraph (2); and

(2) by striking out "paragraphs (9), (10), and (23) of section 212(a)" in paragraph (3) and inserting in lieu thereof "paragraphs (9) and (10) of section 212(a) and paragraph (23) of such section, except as it relates to the simple possession of 30 grams or less of marihuana."

Sec. 3. Section 204 (8 U.S.C. 1154) is amended by striking out subsection (d).

Sec. 4. Section 212 (8 U.S.C. 1182) is amended—

(1) by inserting "and who seek admission within five years of the date of such deportation or removal," in subsection (a)(17) after "section 242(b),";

(2) by striking out the second sentence of paragraph (6) of subsection (d); and

(3) by inserting "or paragraph (23) of this section to the extent it relates to the simple possession of 30 grams or less of marihuana," after "(12) of this section,".

Sec. 5. (a)(1) Section 212 (8 U.S.C. 1182) is amended by striking out the semicolon at the end of paragraph (32) of subsection (a) and inserting in lieu thereof a period and the following: "For the purposes of this paragraph, an alien who is a graduate of a medical school shall be considered to have passed parts I and II of the National Board of Medical Examiners examination if the alien was fully and permanently licensed to practice medicine in a State on January 9, 1978, and was practicing medicine in a State on that date;".

(2) Subsection (j)(1)(B) of such section is amended by inserting before the semicolon at the end a period and the following: "For the purposes of this subparagraph, an alien who is a graduate of a medical school shall be considered to have passed parts I and II of the National Board of Medical Examiners examination if the alien was fully and permanently licensed to practice medicine in a State on January 9, 1978, and was practicing medicine in a State on that date;".

(3) Section 602 of the Health Professions Educational Assistance Act of 1976 (Public Law 94–484), added by section 307(q)(3) of Public Law 95–83, is amended by striking out subsections (a) and (b).

(b) Subsection (j) of section 212 is amended—

(1) by striking out "(including any extension of the duration thereof under subparagraph (D))" in paragraph (1)(C);

(2) by striking out "Commissioner of Education" and "Secretary of Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Secretary of Education" and "Secretary of Health and Human Services", respectively;

(3) by striking out the semicolon at the end of each of subparagraphs (A) and (B) and "; and" at the end of subparagraph (C) and inserting in lieu thereof a period in each case;

(4) by amending subparagraph (D) of paragraph (1) to read as follows:

"(D) The duration of the alien's participation in the program of graduate medical education or training for which the alien is coming to the United States is limited to the time typically required to complete such program, as determined by the Director of the International Communication Agency at the time of the alien's entry into the United States, based on criteria which are established in coordination with the Secretary of Health and Human Services and which take into consideration the published requirements of the medical specialty board which administers such education or training program; except that—

"(i) such duration is further limited to seven years unless the alien has demonstrated to the satisfaction of the Director that the country to which the alien will return at the end of such specialty education or training has an exceptional need for an individual trained in such specialty, and

"(ii) the alien may, once and not later than two years after the date the alien enters the United States as an exchange visitor or acquires exchange visitor status, change the alien's designated program of graduate medical education or training if the Director approves the change and if a commitment and written assurance with respect to the alien's new program have been provided in accordance with subparagraph (C).";

(5) by inserting after subparagraph (D) the following new subparagraph:

"(E) The alien furnishes the Attorney General each year with an affidavit (in such form as the Attorney General shall prescribe) that attests that the alien (i) is in good standing in the program of graduate medical education or training in which the alien is participating, and (ii) will return to the country of his nationality or last residence upon completion of the education or training for which he came to the United States.";

(6)(A) by striking out "(ii)" in paragraph (1)(B) and inserting in lieu thereof "(ii)(I)";

(B) by inserting, in paragraph (1)(B), "(II)" before "has competency", "(III)" before "will be able to adopt", and (IV)" before "has adequate prior education";

(C) by striking out "December 31, 1981" in paragraph (2)(A) and inserting in lieu thereof "December 31, 1983";

(D) by striking out "and (B) of paragraph (1)" in paragraph (2)(A) and inserting in lieu thereof "and (B)(ii)(I) of paragraph (1)";

(E) by inserting after "if" in paragraph (2)(A) the following: "(i) the Secretary of Health and Human Services determines, on a case-by-case basis, that";

(F) by striking out the period at the end of paragraph (2)(A) and inserting in lieu thereof the following:

", and (ii) the program has a comprehensive plan to reduce reliance on alien physicians, which plan the Secretary of Health and Human Services finds, in accordance with criteria published by the Secretary, to be satisfactory and to include the following:

"(I) A detailed discussion of specific problems that the program anticipates without such waiver and of the alternative resources and methods (including use of physician extenders and other paraprofessionals) that have been considered and have been and will be applied to reduce such disruption in the delivery of health services.

"(II) A detailed description of those changes of the program (including improvement of educational and medical services training) which have been considered and which have been or will be applied which would make the program more attractive to graduates of medical schools who are citizens of the United States.

"(III) A detailed description of the recruiting efforts which have been and will be undertaken to attract graduates of medical schools who are citizens of the United States.

"(IV) A detailed description and analysis of how the program, on a year-by-year basis, has phased down and will phase down its dependence upon aliens who are graduates of foreign medical schools so that the program will not be dependent upon the admission to the program of any additional such aliens after December 31, 1983."; and

(G) by inserting at the end of paragraph (2)(B) the following:

"The Secretary of Health and Human Services, in coordination with the Attorney General and the Director of the International Communication Agency, shall (i) monitor the issuance of waivers under subparagraph (A) and the needs of the communities (with respect to which such waivers are issued) to assure that quality medical care is provided, and (ii) review each program with such a waiver to assure that the plan described in subparagraph (A)(ii) is being carried out and that participants in such program are being provided appropriate supervision in their medical education and training.

"(C) The Secretary of Health and Human Services, in coordination with the Attorney General and the Director of the International Communication Agency, shall report to the Congress at the beginning of fiscal years 1982 and 1983 on the distribution (by geography, nationality, and medical specialty or field of practice) of foreign medical graduates in the United States who have received a waiver under subparagraph (A), including an analysis of the dependence of the various communities on aliens who are in medical education or training programs in the various medical specialties."; and

(7) by adding at the end the following new paragraph:

"(3) The Director of the International Communication Agency annually shall transmit to the Congress a report on aliens who have submitted affidavits described in paragraph (1)(E), and shall include in such report the name and address of each such alien, the medical education or training program in which such alien is participating, and the status of such alien in that program.".

(c) The amendments made by paragraphs (1), (4) and (5) of subsection (b) shall apply to aliens entering the United States as exchange visitors (or otherwise acquiring exchange visitor status) on or after January 10, 1978.

(d)(1) Section 101(a)(27) (8 U.S.C. 1101(a)(27)) is amended by striking out "or" at the end of subparagraph (F), by striking out the period at the end of subparagraph (G) and inserting in lieu thereof "; or", and by adding after subparagraph (G) the following new subparagraph:

"(H) an immigrant, and his accompaning spouse and children, who—

"(i) has graduated from a medical school or has qualified to practice medicine in a foreign state,

"(ii) was fully and permanently licensed to practice medicine in a State on January 9, 1978, and was practicing medicine in a State on that date,

"(iii) has competency in oral and written English,

"(iv) entered the United States as a nonimmigrant under subsection (a)(15)(H) or (a)(15)(J) before January 10, 1978, and

"(v) has been continuously present in the United States in the practice or study of medicine since the date of such entry.".

(2) Section 245(c)(2) (8 U.S.C. 1255(c)(2)) is amended by inserting "or a special immigrant described in section 101(a)(27)(H)" after "an immediate relative as defined in section 201(b)".

(e) The Secretary of Health and Human Services, after consultation with the Attorney General, the Secretary of State, and the Director of the International Communication Agency, shall evaluate the effectiveness and value to foreign nations and to the United States of exchange programs for the graduate medical education or training of aliens who are graduates of foreign medical schools, and shall report to Congress, not later than January 15, 1983, on such evaluation and include in such report such recommendations for changes in legislation and regulations as may be appropriate.

Sec. 6. Section 223(b) (8 U.S.C. 1203(b)) is amended by striking out "one year from the date of issuance: *Provided*, That the Attorney General may in his discretion extend the validity of the permit for a period or periods not exceeding one year in the aggregate" and inserting in lieu thereof "two years from the date of issuance and shall not be renewable".

Sec. 7. (a) Subsection (a) of section 237 (8 U.S.C. 1227) is amended to read as follows:

"(a)(1) Any alien (other than an alien crewman) arriving in the United States who is excluded under this Act, shall be immediately deported, in accommodations of the same class in which he arrived, unless the Attorney General, in an individual case, in his discretion, concludes that immediate deportation is not practicable or proper. Deportation shall be to the country in which the alien boarded the vessel or aircraft on which he arrived in the United States, unless the alien boarded such vessel or aircraft in foreign territory contiguous to the United States or in any island adjacent thereto or adjacent to the United States and the alien is not a native, citizen, subject, or national of, or does not have a residence in, such foreign contiguous territory or adjacent island, in which case the deportation shall instead be to the country in which is located the port at which the alien embarked for such foreign contiguous territory or adjacent island. The cost of the maintenance including detention expenses and expenses incident to detention of any such alien while he is being detained shall be borne by the owner or owners of the vessel or aircraft on which he arrived, except that the cost of maintenance (including detention expenses and expenses incident to detention while the alien is being detained prior to the time he is offered for deportation to the transportation line which brought him to the United States) shall not be assessed against the owner or owners of such vessel or aircraft if (A) the alien was in possession of a valid, unexpired immigrant visa, or (B) the alien (other than an alien crewman) was in possession of a valid, unexpired nonimmigrant visa or other document authorizing such alien to apply for temporary admission to the United States or an unexpired reentry permit issued to him, and (i) such application was made within one hundred and twenty days of the date of issuance of the visa or other document, or in the case of an alien in possession of a reentry permit, within one hundred and twenty days of the date on which the alien was last examined and admitted by the Service, or (ii) in the event the application was made later than one hundred and twenty days of the date of issuance of the visa or other document or such examination and admission, if the owner or owners of such vessel or aircraft established to the satisfaction of the Attorney General that the ground of exclusion could not have been ascertained by the exercise of due diligence prior to the alien's embarkation, or (C) the person claimed United States nationality or citizenship and was in possession of an unexpired United States passport issued to him by competent authority.

"(2) If the government of the country designated in paragraph (1) will not accept the alien into its territory, the alien's deportation shall be directed by the Attorney General, in his discretion and without necessarily giving any priority or preference because of their order as herein set forth, either to—

"(A) the country of which the alien is a subject, citizen, or national;

"(B) the country in which he was born;

"(C) the country in which he has a residence; or

"(D) any country which is willing to accept the alien into its territory, if deportation to any of the foregoing countries is impracticable, inadvisable, or impossible.".

(b) Subsection (b) of such section is amended—

(1) by striking out "to the country whence he came" in clause (3) and inserting in lieu thereof "to the country to which his deportation has been directed"; and

(2) by striking out "collector of customs" each place it appears and inserting in lieu thereof "district director of customs".

(c) Subsection (c) of such section is amended to read as follows:

"(c) An alien shall be deported on a vessel or aircraft owned by the same person who owns the vessel or aircraft on which the alien arrived in the United States, unless it is impracticable to so deport the alien within a reasonable time. The transportation expense of the alien's deportation shall be borne by the owner or owners of the vessel or aircraft on which the alien arrived. If the deportation is effected on a vessel or aircraft not owned by such owner or owners, the transportation expense of the alien's deporation may be paid from the appropriation for the enforcement of this Act and recovered by civil suit from any owner, agent, or consignee of the vessel or aircraft on which the alien arrived.".

Sec. 8. Section 241(f) (8 U.S.C. 1251(f)) is amended to read as follows:

"(f)(1)(A) The provisions of this section relating to the deportation of aliens within the United States on the ground that they were excludable at the time of entry as aliens who have sought to procure or have procured visas or other documentation, or entry into the United States, by fraud or misrepresentation, whether willful or innocent, may, in the discretion of the Attorney General, be waived for any alien (other than an alien described in subsection (a)(19)) who—

"(i) is the spouse, parent, or child of a citizen of the United States or of an alien lawfully admitted to the United States for permanent residence; and

"(ii) was in possession of an immigrant visa or equivalent document and was otherwise admissible to the United States at the time of such entry except for those grounds of inadmissibility specified under paragraphs (14), (20), and (21) of section 212(a) which were a direct result of that fraud or misrepresentation.

"(B) A waiver of deportation for fraud or misrepresentation granted under subparagraph (A) shall also operate to waive deportation based on the grounds of inadmissibility at entry described under subparagraph (A)(ii) directly resulting from such fraud or misrepresentation.

"(2) The provisions of subsection (a)(11) (to the extent it relates to the simple possession of 30 grams or less of marihuana) may, in the discretion of the Attorney General, be waived for any alien (other than an alien described in subsection (a)(19)) who—

"(A) is the spouse or child of a citizen of the United States or of an alien lawfully admitted for permanent residence, or

"(B) has a child who is a citizen of the United States or an alien lawfully admitted for permanent residence,

if it is established to the satisfaction of the Attorney General that the alien's deportation would result in extreme hardship to the United States citizen or lawfully resident spouse, parent, or child of such alien and that such waiver would not be contrary to the national welfare, safety, or security of the United States.".

Sec. 9. Subsection (f) of section 244 (8 U.S.C. 1254) is amended to read as follows:

"(f) The provisions of subsection (a) shall not apply to an alien who—

"(1) entered the United States as a crewman subsequent to June 30, 1964;

"(2) was admitted to the United States as a nonimmigrant exchange alien as defined in section 101(a)(15)(J), or has acquired the status of such a nonimmigrant exchange alien after admission, in order to receive graduate medical education or training, regardless of whether or not the alien is subject to or has fulfilled the two-year foreign residence requirement of section 212(e); or

"(3)(A) was admitted to the United States as a nonimmigrant exchange alien as defined in section 101(a)(15)(J) or has acquired the status of such nonimmigrant exchange alien after admission other than to receive graduate medical education or training, (B) is subject to the two-year foreign residence requirement of section 212(e), and (C) has not fulfilled that requirement or received a waiver thereof.".

Sec. 10. Section 248 (8 U.S.C. 1258) is amended by striking out "except" and all that follows through the end and inserting in lieu thereof the following:

"except in the case of—

"(1) an alien classified as a nonimmigrant under subparagraph (C), (D), or (K) of section 101(a)(15),

"(2) an alien classified as a nonimmigrant under subparagraph (J) of section 101(a)(15) who came to the United States or acquired such classification in order to receive graduate medical education or training, and

"(3) an alien (other than an alien described in paragraph (2)) classified as a nonimmigrant under subparagraph (J) of section 101(a)(15) who is subject to the two-year foreign residence requirement of section 212(e) and has not received a waiver thereof, unless such alien applies to have the alien's classification changed from classification under subparagraph (J) of section 101(a)(15) to a classification under subparagraph (A) or (G) of such section.".

Sec. 11. Section 265 (8 U.S.C. 1305) is amended to read as follows:

"Sec. 265. (a) Each alien required to be registered under this title who is within the United States shall notify the Attorney General in writing of each change of address and new address within ten days from the date of such change and furnish with such notice such additional information as the Attorney General may require by regulation.

"(b) The Attorney General may in his discretion, upon 10 days notice, require the natives of any one or more foreign states, or any class or group thereof, who are within the United States and who are required to be registered under this title, to notify the Attorney General of their current address and furnish such additional information as the Attorney General may require.

"(c) In the case of an alien for whom a parent or legal guardian is required to apply for registration, the notice required by this section shall be given to such parent or legal guardian."

Sec. 12. Subsection (b) of section 274 (8 U.S.C. 1324) is amended to read as follows:

"(b)(1) Any conveyance, including any vessel, vehicle, or aircraft, which is used in the commission of a violation of subsection (a) shall be subject to seizure and forfeiture, except that—

"(A) no conveyance used by any person as a common carrier in the transaction of business as a common carrier shall be forfeited under the provisions of this section unless it shall appear that the owner or other person in charge of such conveyance was a consenting party or privy to the illegal act; and

"(B) no conveyance shall be forfeited under the provisions of this section by reason of any act or omission established by the owner thereof to have been committed or omitted by any person other than such owner while such conveyance was unlawfully in the possession of a person other than the owner in violation of the criminal laws of the United States or of any State.

"(2) Any conveyance subject to seizure under this section may be seized without warrant if there is probable cause to believe the conveyance has been used in a violation of subsection (a) and circumstances exist where a warrant is not constitutionally required.

"(3) All provisions of law relating to the seizure, summary and judicial forfeiture, and condemnation of property for the violation of the customs laws; the disposition of such property or the proceeds from the sale thereof; the remission or mitigation of such forfeitures; and the compromise of claims and the award of compensation to informers in respect of such forfeitures shall apply to seizures and forfeitures incurred, or alleged to have been incurred, under the provisions of this section, insofar as applicable and not inconsistent with the provisions hereof, except that duties imposed on customs officers or other persons regarding the seizure and forfeiture of conveyances under the customs laws shall be performed with respect to seizures and forfeitures carried out under the provisions of this section by such officers or persons authorized for that purpose by the Attorney General.

"(4) Whenever a conveyance is forfeited under this section the Attorney General may—

"(A) retain the conveyance for official use;

"(B) sell the conveyance, in which case the proceeds from any such sale shall be used to pay all proper expenses of the proceedings for foreiture and sale including expenses of seizure, maintenance of custody, advertising, and court costs; or

"(C) require that the General Services Administration take custody of the conveyance and remove it for disposition in accordance with law.

"(5) In all suits or actions brought for the forfeiture of any conveyance seized under this section, where the conveyance is claimed by any person, the burden of proof shall lie upon such claimant: *Provided*, That probable cause shall be first shown for the institution of such suit or action. In determining whether probable cause exists, any of the following shall be prima facie evidence that an alien involved in the alleged violation was not lawfully entitled to enter, or reside within, the United States:

"(A) Records of any judicial or administrative proceeding in which that alien's status was an issue and in which it was determined that the alien was not lawfully entitled to enter, or reside within, the United States.

"(B) Official records of the Service showing that the alien was not lawfully entitled to enter, or reside within, the United States.

"(C) Testimony, by an immigration officer having personal knowledge of the facts concerning that alien's status, that the alien was not entitled to enter, or reside within, the United States.".

Sec. 13. Section 286 (8 U.S.C. 1356) is amended—

(1) by redesignating subsection (b) as subsection (c) and by inserting "and subsection (b)" in that subsection after "Except as otherwise provided in subsection (a)", and

(2) by inserting after subsection (a) the following new subsection:

"(b) Moneys expended from appropriations for the Service for the purchase of evidence and subsequently recovered shall be reimbursed to the current appropriation for the Service.".

Sec. 14. Section 316(b) (8 U.S.C. 1427(b)) is amended by adding at the end the following: "The spouse and dependent unmarried sons and daughters who are members of the household of a person who qualifies for the benefits of this subsection shall also be entitled to such benefits during the period for which they were residing abroad as dependent members of the household of the person.".

Sec. 15. (a) Section 329(b) (8 U.S.C. 1440(b)) is amended by inserting "and" at the end of paragraph (3) striking out "; and" at the end of paragraph (4) and inserting in lieu thereof a period, and by striking out paragraph (5).

(b) Section 334(a) (8 U.S.C. 1445(a)) is amended by striking out "and duly verified by two witnesses,".

(c) Section 335 (8 U.S.C. 1446) is amended—

(1) by striking out "and the oaths of petitioner's witnesses to the petition for naturalization" in the second sentence of subsection (b);

(2) by striking out subsections (f), (g), and (h); and

(3) by redesignating subsection (i) as subsection (f).

(d) Section 336 (8 U.S.C. 1447) is amended—

(1) by striking out "and the witnesses" each place it appears in subsections (a) and (b);

(2) by striking out subsection (c);

(3) by redesignating subsection (d) as subsection (c);

(4) by redesignating subsection (e) as subsection (d) and striking out the last sentence thereof; and

(5) by redesignating subsection (f) as subsection (e).

(e) Section 328(b)(2) (8 U.S.C. 1439(b)(2)) is amended by striking out "and section 336(c)" and "and the witnesses".

Sec. 16. Section 344(c) (8 U.S.C. 1455(c)) is amended by striking out "$6,000" each place it appears and inserting in lieu thereof "$40,000".

Sec. 17. Section 13(b) of the Act of September 11, 1957 (71 Stat. 642; 8 U.S.C. 1255b(b)), is amended by inserting after "Attorney General" the first place it appears the following: "that the alien has shown compelling reasons demonstrating both that the alien is unable to return to the country represented by the government which accredited the alien or the member of the alien's immediate family and that adjustment of the alien's status to that of an alien lawfully admitted for permanent residence would be in the national interest,".

Sec. 18. (a) Section 101 (8 U.S.C. 1101) is amended—

(1) by striking out "Office of Education of the United States" in subsection (a)(15)(F) and inserting in lieu thereof "Secretary of Education";

(2) by striking out the period at the end of each of subparagraphs (H), (J), and (K) of subsection (a)(15) and inserting in lieu thereof a semicolon;

(3) by striking out the period at the end of subparagraph (L) of subsection (a)(15) and inserting in lieu thereof "; or";

(4) by striking out the second sentence of subsection (a)(33); and

(5) by striking out the period at the end of subparagraphs (C) and (E) of subsection (b)(1) and inserting in lieu thereof "; or".

(b) Section 204 (8 U.S.C. 1154) is amended by redesignating the subsection (f) which was added by section 7(b) of Public Law 94–571, as subsection (g).

(c) Section 212 (8 U.S.C. 1182) is amended by adding at the end the following new subsection:

"(k) Any alien, excludable from the United States under paragraph (14), (20), or (21) of subsection (a), who is in possession of an immigrant visa may, if otherwise admissible, be admitted in the discretion of the Attorney General if the Attorney General is satisfied that exclusion was not known to, and could not have been ascertained by the exercise of reasonable diligence by, the immigrant before the time of departure of the vessel or aircraft from the last port outside the United States and outside foreign contiguous territory or, in the case of an immigrant coming from foreign contiguous territory, before the time of the immigrant's application for admission.".

(d) Section 221(a) (8 U.S.C. 1201(a)) is amended by striking out the period after "is charged" and inserting in lieu thereof a comma.

(e)(1)(A) The tenth sentence of subsection (b) of section 242 (8 U.S.C. 1252) is amended by striking out "or (18)" and inserting in lieu thereof "(18), or (19)".

(B) Subsection (e) of such section is amended by striking out "or (18)" and inserting in lieu thereof "(18), or (19)".

(2) Subsection (a) of section 244 (8 U.S.C. 1254) is amended by inserting "(other than an alien described in section 241(a)(19))" after "in the case of an alien" in the matter before paragraph (1).

(f) Section 244(d) (8 U.S.C. 1254(d)) is amended—

(1) by striking out "nonpreference", and

(2) by striking out "203(a)(7)" and inserting in lieu thereof "201(a) or 202(a)".

(g) Section 309 (8 U.S.C. 1409) is amended—

(1) by striking out "(3), (4), (5), and (7) of section 301(a)" in subsection (a) and inserting in lieu thereof "(c), (d), (e), and (g) of section 301", and

(2) by striking out "301(a)(7)" in subsection (b) and inserting in lieu thereof "301(g)".

(h) Sections 320(b), 321(b), and 322(b) (8 U.S.C. 1431(b), 1432(b), 1433(b)) are each amended by striking out "a child adopted while under the age of sixteen years who" and inserting in lieu thereof "an adopted child only if the child".

(i) Section 322 (8) U.S.C. 1433) is further amended by adding after subsection (b) the following new subsection:

"(c) In the case of an adopted child (1) who is in the United States at the time of naturalization, and (2) one of whose adoptive parents (A) petitions for naturalization of the child under this section, (B) meets the criteria of clauses (A), (B), and (C) of section 319(b)(1), and (C) declares before the naturalization court in good faith an intention to take up residence within the United States immediately upon the termination of the employment described in section 319(b)(1)(B), no specified period of residence within the jurisdiction of the naturalization court or proof thereof shall be required.".

(j) The fourth sentence of section 337(a) (8 U.S.C. 1448(a)) is amended by striking out "or 323".

(k) Section 341 (8 U.S.C. 1452) is amended by striking out "(3), (4), (5), or (7) of section 301(a)" and inserting in lieu thereof "(c), (d), (e), or (g) of section 301".

(l) Section 349 (8 U.S.C. 1481), as amended by section 4 of Public Law 95–432, is amended by striking out the second "(a)" after "349.".

(m) Section 351 (8 U.S.C. 1483) is amended—

(1) by striking out "paragraphs (7), (8), and (9) of section 349" in subsection (a) and inserting in lieu thereof "paragraphs (6) and (7) of section 349(a)", and

(2) by striking out "(5), and (6)" in subsection (b) and inserting in lieu thereof "and (5)".

(n) Section 404 (8 U.S.C. 1101 note) is amended by inserting "(other than chapter 2 of title IV)" after "this Act".

(o) The table of contents is amended by striking out the items relating to sections 350, 352, 353, 354, and 355.

(p)(1) Section 1429 of title 18, United States Code, is amended by striking out "subsection (e)" and inserting in lieu thereof "subsection (d)".

(2) The Act of March 16, 1956 (8 U.S.C. 1401a) is amended by striking out "301(a)(7)" and inserting in lieu thereof "301(g)".

Sec. 19. The numerical limitations contained in sections 201 and 202 of the Immigration and Nationality Act shall not apply to any alien who is present in the United States and who, on or before June 1, 1978—

(1) qualified as a nonpreference immigrant under section 203(a)(8) of such Act (as in effect on June 1, 1978);

(2) was determined to be exempt from the labor certification requirement of section 212(a)(14) of such Act because the alien had actually invested, before such date, capital in an enterprise in the United States of which the alien became a principal manager and which employed a person or persons (other than the spouse or children of the alien) who are citizens of the United States or aliens lawfully admitted for permanent residence; and

(3) applied for adjustment of status to that of an alien lawfully admitted for permanent residence.

Sec. 20. (a) Section 201(a) (8 U.S.C. 1151(a)) is amended by inserting after "two hundred seventy thousand" the following:

"*Provided*, That to the extent that in a particular fiscal year the number of aliens who are issued immigrant visas or who may otherwise acquire the status of aliens lawfully admitted for permanent residence, and who are subject to the numerical limitations of this section, together with the aliens who adjust their status to aliens lawfully admitted for permanent residence pursuant to subparagraph (H) of section 101(a)(27) or section 19 of the Immigration and Nationality Amendments Act of 1981, exceed the annual numerical limitation in effect pursuant to this section for such year, the Secretary of State shall reduce to such extent the annual numerical limitation in effect pursuant to this section for the following fiscal year".

(b) Section 202(a) (8 U.S.C. 1152(a)) is amended by inserting after "year" the following:

"; *and provided further,* That to the extent that in a particular fiscal year the number of such natives who are issued immigrant visas or who may otherwise acquire the status of aliens lawfully admitted for permanent residence and who are subject to the numerical limitation of this section, together with the aliens from the same foreign state who adjust their status to aliens lawfully admitted for permanent residence pursuant to subparagraph (H) of section 101 (a)(27) or section 19 of the Immigration and Nationality Amendments Act of 1981, exceed the numerical limitation in effect for such year pursuant to this section, the Secretary of State shall reduce to such extent the numerical limitation in effect for the natives of the same foreign state pursuant to this section for the following fiscal year".

SEC. 21. (a) Except as provided in subsection (b) and in section 5(c), the amendments made by this Act shall take effect on the date of the enactment of this Act.

(b)(1) The amendments made by section 2(a) shall apply on and after the first day of the sixth month beginning after the date of the enactment of this Act.

(2) The amendment made by section 16 shall apply to fiscal years beginning on or after October 1, 1981.

SECTION-BY-SECTION ANALYSIS

Section 1—Short title; References to Immigration and Nationality Act.

Section 2—Amendments to Definitions.

Section 2(a)—Limits "F" student visas to students in academic and language training institutions and creates a new "M" visa for students in nonacademic and vocational schools. (By amending Immigration and Nationality Act ("INA") Sec. 101(a)(15).)

Section 2(b)—Raises the age by which a child must be adopted to be entitled to immigration benefits under the INA from 14 to 16. (By amending INA Sec. 101(b)(1) (E) and (F).)

Section 2(c)—Eliminates the absolute bar to naturalization for those who have engaged in adultery or committed offenses relating to the simple possession of 30 grams or less of marijuana. (By amending INA (Sec. 101 (f).)

Section 3—Congressional Reports on Third and Sixth Preference Immigrants.

Repeals Congressional reporting requirements on approved third and sixth preference applicants. (By amending INA Sec. 204.)

Section 4—Amendments to Section 212.

Section 4(1)—Limits to five years the requirement that the Attorney General consent to the reapplication for admission of a previously deported alien. (By amending INS Sec. 212(a)(17).)

Section 4(2)—Eliminates the requirement that the Attorney General report to Congress on each case where he waives exclusionary grounds for a nonimmigrant. (By amending INA Sec. 212(d)(6).)

Section 4(3)—Allows the Attorney General to waive exclusion based on an offense relating to simple possession of marijuana for an immediate relative of a citizen or permanent resident in cases of extreme hardship. (By amending INA Sec. 212(h).)

Section 5—Foreign Medical Graduates (FMGs).

Section 5(a)—Waives the requirement that alien foreign medical graduates coming to the U.S. to practice medicine, as nonimmigrants, pass the medical competency examination, if they have been licensed and practicing in a State since at least January 9, 1978. (By amending INA Sec. 212(a)(32), and 212(j)(1)(B) and Sec. 602 of the Health Professions Educational Assistance Act of 1976.)

Sections 5(b) and (c)—Extends duration of stay permitted "J" exchange visitor FMGs until they have completed the graduate medical education program (up to a maximum of 7 years) and adds a requirement that in each year of study, the FMG must sign an affidavit submitted to the Attorney General committing the FMG to leaving the U.S. after the course of study is completed. (By amending INA Sec. 212(J)(1).)

Provides for a 2 year extension of the "substantial disruption" waiver, which exempts such "J" exchange visitor FMGs from certain requirements, including passing the medical competency exam and showing competency in English. (By amending INA Sec. 212(j)(1).)

Section 5(d)—Makes "special immigrant" visa available to certain alien FMGs who entered and have been fully licensed and practicing in a State since January 10, 1978, thereby exempting them from the numerical ceilings of INA Sec. 201 and 202. (By amending INA Sec. 101(a)(27).)

Section 5(e)—Provides for a report to Congress not later than January 15, 1983 on the value of the graduate medical exchange program to foreign countries and the United States.

Section 6—Reentry Permits.

Provides that reentry permits for lawful permanent resident aliens traveling abroad temporarily could be issued for up to a two-year period (with no extension available), rather than, as in existing law, for an initial one year period, which could be extended for up to one additional year. (By amending INA Sec. 223(b).)

Section 7—Deportation of Excludable Aliens.

Provides that aliens who are excluded from entry into the United States but who cannot be returned to the country "whence they came", may be sent to other countries, as in the case with aliens who have entered the United States and are later deported. (By amending INA Sec. 237.)

Section 8—Waiver of Deportation for Family Members.

Eliminates the existing mandatory waiver of deportation based on visa fraud or misrepresentation in the case of an alien spouse, parent, or child of U.S. citizen or lawful permanent resident who was otherwise admissible at the time of entry. Replaces it with a discretionary waiver if such alien was in possession of an immigrant visa or equivalent document and was otherwise admissible at the time of entry except for specified grounds.

Also provides a discretionary waiver for aliens subject to deportation on the basis of an offense relating to the simple possession of 30 grams or less of marijuana, if the alien is an immediate relative of a U.S. citizen or permanent resident, the deportation would cause extreme hardship, and the waiver would not be contrary to the national welfare, safety, or security. (By amending INA Sec. 241(f).)

Section 9—Suspension of Deportation and Adjustment of Status.

Provides for suspension of deportation and adjustment of status for "J" nonimmigrant exchange visitors who are not subject to a requirement of returning to their home countries for two years and elimination of the restriction on such suspension in the case of certain natives of contiguous countries and adjacent islands. Prohibits such suspension for FMGs. (By amending INA Sec. 244(f).)

Section 10—Prohibition of Adjustment of Nonimmigrant Classifications.

Provides that exchange visitors who are not subject to a requirement of returning to their home countries for two years may adjust to a visitor or diplomat nonimmigrant status. Prohibits the adjustment of nonimmigrant status by financee or fiance ("K") nonimmigrants, FMGs, and "C" aliens in transit. (By amending INA Sec. 248.)

Section 11—Resident Alien Address Reports.

Eliminates the annual registration requirement of permanent resident aliens, but retains the existing requirement that those aliens required to register must notify the Attorney General in writing of changes of address and provides that the AG in his discretion may require the registration of aliens from one or more foreign states. (By amending INA Sec. 265.)

Section 12—Seizure and Forfeiture of Conveyances.

Revises current law relating to the forfeiture of vehicles used in bringing in or harboring undocumented aliens to make it consistent with the vehicle forfeiture provisions used in drug smuggling: eliminates the requirement that the Federal Government determine if the owner was involved in illegal activity before seizing the vehicle; bear administrative and incidental expenses where an innocent owner is involved; and satisfy any valid lien or other third party interest in the vehicle. (By amending INA Sec. 274(b).)

Section 13—Recovery of Funds by INS.

Provides that INS may retain funds spent out of the INS appropriation for the purchase of evidence when such funds are later recovered. (By amending INA Sec. 286.)

Section 14—Continuity of Residence for Dependents of Certain Employees of the United States, U.S. Firms, and International Organizations Abroad.

Extends to the spouse, and unmarried children or employees of the United States, U.S. firms, or international organizations the exemption enjoyed by such employees from the requirement that in determining continuity of residence for purposes of naturalization, absence from the United States for more than one year breaks that continuity. (By amending INA Sec. 316(b).)

Section 15—Two Witnesses and 30-day Waiting Period Requirements for Naturalization Proceedings.

Eliminates the requirement that two U.S. citizen witnesses submit affidavits and testify during naturalization proceedings regarding the moral character and background of the applicant for naturalization. Also eliminates the requirement for a 30-day waiting period between the filing of a petition for naturalization and naturalization. (By amending INA Sec. 329(b), 334(a), 335, 336, and 328(b) (2).)

Section 16—Retention of Naturalization Fees by State Courts.

Provides that state courts which have jurisdiction over naturalization may retain annually $20.000 of the fees collected in connection with naturalization proceedings, rather than the $3.000 they may retain under current law. (By amending INA Sec. 344(c).)

Section 17—Adjustment of Status of Diplomats.

Revises section 13(b) of the Act of September 11, 1957, to require that alien diplomats seeking adjustment to permanent residence status show compelling reasons demonstrating that they are unable to return to their countries of accreditation and that their adjustment would be in the national interest.

Section 18—Miscellaneous Technical and Conforming Amendments.

Section 18(a)—Changes the reference to the Office of Education in INA Sec. 101(a) (15)(F) to Secretary of Education, and makes other editorial and conforming changes in Sec. 101;

Section 18(b)—Corrects an error in subsection numbering in INA Sec. 204;

Section 18(c)—Adds new subsection (k) to INA Sec. 212, giving the Attorney General discretionary authority to waive certain technical defects in immigrant visas, if he is satisfied that the aliens involved are innocent of wrongdoing;

Section 18(d)—Makes an editorial correction in INA Sec. 221(a);

Section 18(e)—Amends INA Secs. 242 (b)

and (e) and 244(a) to bar aliens who participated in Nazi persecution from suspension of deportation or voluntary departure;

Section 18(f)—Makes conforming changes in INA Sec. 244(d) relating to the immigrant visa chargeability of aliens who are beneficiaries of suspension of deportation;

Section 18(g)—Corrects section references in INA Secs. 309 (a) and (b);

Section 18(h)—Makes technical and conforming change in INA Secs. 320(b), 321 (b), and 322(b) dealing with the naturalization of adopted children;

Section 18(i)—Amends INA Sec. 322, which also deals with naturalization of adopted children;

Section 18(j)—Deletes reference in INA Sec. 337(a) to repealed section;

Section 18(k)—Corrects section reference in INA Sec. 341;

Section 18(l)—Makes an editorial correction in INA Sec. 349;

Section 18(m)—Corrects section references in INA Sec. 351;

Section 18(n)—Amends the general authorization of appropriation provision contained in INA Sec. 404 to exclude from it the refugee assistance provisions, which have their authorization in Sec. 414;

Section 18(o)—Corrects the table of contents of the INA;

Section 18(p)—Corrects references in 18 U.S.C. 1429, and in the Act of March 16, 1956.

Section 19—Adjustment of Status of Certain Alien Investors.

Provides that the numerical limitations on imigrant visas will not apply to aliens seeking adjustment of status who on or before June 1, 1978 had applied for such adjustment, were qualified as nonpreference immigrants, and were determined to be exempt from labor certification because of their actual investment in a U.S. business in which they were a principal manager.

Section 20—Reduction of Numerical Ceiling.

Requires reduction of the numerical limitation of INA Sec. 201(a) and the per-country numerical limitation of INA Sec. 202(a) in effect for a certain year by the number of FMGs and investors who adjust their status to permanent resident in such year pursuant to sections 5(d) and 19 of this bill.

Section 21—Effective Dates.

Provides that all provisions will take effect on the date of enactment, except section 2 (a), which will become effective six months after the date of enactment; section 16, which will apply to fiscal years beginning on or after October 1, 1981; and as provided in section 5(c), which states that section 5(b)(1), (4), and (5) shall apply to aliens with "J" exchange visitor status on the basis of graduate medical education or training who acquired such status on or after January 10, 1978.

● Mr. KENNEDY. Mr. President, I am pleased to join my distinguished colleague from Wyoming (Mr. SIMPSON), chairman of our Subcommittee on Immigration and Refugee Policy, in introducing today the Immigration and Nationality Act Amendments of 1981.

Except for a few omissions, this bill is basically similar to S. 1763, the immigration efficiency bill that we unanimously reported out of the Judiciary Committee last session—and which was passed by the House of Representatives—but did not receive final action in the Senate.

Mr. President, I strongly support this bill because it brings some urgently needed remedial reforms to our immigration law. It improves the efficiency of the Immigration and Naturalization Service. It eliminates unnecessary paperwork. And it will save several million tax dollars every year.

Like the bill last year, this bill is strictly remedial in nature. It does not attempt to deal with the overall immigration reforms proposed by the Select Commission on Immigration and Refugee Policy—which are now under active review in our subcommittee as well as in the House Judiciary Subcommittee on Immigration, Refugees and International Law.

Although this bill does not go as far as the bill I introduced last year, I am hopeful we can deal with these other areas in the context of the bill we are drafting based upon the Select Commission's recommendations. I particularly regret that we were unable to get agreement to act upon last year's provisions relating to G-4 visa holders and the transmission of citizenship for Americans born overseas.

But the bill we are introducing nonetheless achieves a number of urgently needed immigration reforms and I hope we can act upon it expeditiously—since it really should have passed the Senate last session and been signed into law.●

By Mr. INOUYE:

S. 1665. A bill to amend section 1086 (c) of title 10, United States Code, to provide for payment under the CHAMPUS program of certain health care expenses incurred by certain members and former members of the uniformed services and their dependents to the extent that such expenses are not payable under medicare; to the Committee on Armed Services.

PAYMENT OF CERTAIN HEALTH CARE EXPENSES

● Mr. INOUYE. Mr. President, I am introducing legislation to provide for continuing coverage under the Department of Defense civilian health and medical program of the uniformed services (CHAMPUS) for those retirees who reach the age of eligibility for medicare.

Under our current law, when an individual CHAMPUS beneficiary becomes eligible for coverage under medicare, he or she automatically loses his or her CHAMPUS entitlement. This is not common practice in the private sector and I understand it can be especially traumatic for those families who live overseas. My proposal would make CHAMPUS a second payor to medicare and only require the Department to cover those services not covered by medicare.

Mr. President, I request unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1665

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1086(c) of title 10, United States Code, is amended by striking out the last sentence.

(b) Section 1086(d) of such title is amended—

(1) by inserting "in full" after "is not payable"; and

(2) by adding at the end thereof the following new sentence: "Upon any such certification, benefits shall be payable under any plan covered by this section in an amount equal to the difference between the deficiency resulting from the failure of the other plan to pay the particular benefit in full and an appropriate charge under subsection (b) of this section.".●

ADDITIONAL COSPONSORS

S. 312

At the request of Mr. LEVIN, the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 312, a bill for the relief of Maria and Timofei Chmykhalov, and for Lilia, Peter, Liubov, Lidia, and Augustina Vashchenko.

S. 398

At the request of Mr. ARMSTRONG, the Senator from Wyoming (Mr. SIMPSON) was added as a cosponsor of S. 398, a bill to amend the Walsh-Healey Act and the Contract Work Hours Standards Act to permit certain employees to work a 10-hour day in the case of a 4-day workweek, and for other purposes.

S. 881

At the request of Mr. RUDMAN, the Senator from Oregon (Mr. PACKWOOD) was added as a cosponsor of S. 881, a bill to amend the Small Business Act to strengthen the role of the small, innovative firms in federally funded research and development, and to utilize Federal research and development as a base for technological innovation to meet agency needs and to contribute to the growth and strength of the Nation's economy.

S. 1086

At the request of Mr. DENTON, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor to S. 1086, a bill to extend and revise the Older Americans Act of 1956, and for other purposes.

S. 1182

At the request of Mr. NICKLES, the Senator from Alabama (Mr. DENTON) was added as a cosponsor of S. 1182, a bill to amend the Longshoremen's and Harbor Workers' Compensation Act to revise the manner of computing the benefits provided under such act, to provide for certification of physicians eligible to provide medical care to workers covered by such act, to provide for an attorney to serve as the representative of the special fund established under such act, to establish a benefits review board the members of which are appointed by the President, to establish an advisory committee to evaluate the manner in which the provisions of the act are carried out, and for other purposes.

S. 1406

At the request of Mr. LUGAR, the Senator from Idaho (Mr. SYMMS) was added as a cosponsor of S. 1406, a bill to amend the Depository Institution Deregulation and Monetary Control Act of 1980.

S. 1543

At the request of Mr. THURMOND, the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 1543, a bill to amend the Federal Alcohol Administration Act to require a health warning on the labels of containers of certain alcoholic beverages.

S. 1598

At the request of Mr. STENNIS, the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Kentucky (Mr. HUDDLESTON) were added as cosponsors of S. 1598, a bill to establish a National Commission on Interest Rates.

S. 1607

At the request of Mr. D'AMATO, the Senator from North Carolina (Mr. EAST), the Senator from Maryland (Mr. MATHIAS), and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of S. 1607, a bill to amend the Internal Revenue Code of 1954 to provide a minimum interest and dividend exclusion of $200 for each individual.

S. 1626

At the request of Mr. NICKLES, the Senator from North Carolina (Mr. EAST) was added as a cosponsor of S. 1626, a bill to amend the Department of Energy Organization Act to clarify the jurisdiction of the Federal Energy Regulatory Commission, to reform and improve the regulation of oil pipelines, and for other purposes.

S. 1649

At the request of Mr. SASSER, the Senator from Ohio (Mr. METZENBAUM), and the Senator from Pennsylvania (Mr. HEINZ) were added as cosponsors for S. 1649, a bill to improve the highway bridge replacement and rehabilitation program.

S. 1656

At the request of Mr. DURENBERGER, the Senator from Montana (Mr. MELCHER) was added as a cosponsor of S. 1656, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds, and for other purposes.

SENATE RESOLUTION 207

At the request of Mr. DENTON, the Senator from Nebraska (Mr. ZORINSKY) was added as a cosponsor of Senate Resolution 207, a resolution to disapprove of D.C. Act 4–69, relating to the reform of the sexual assault laws of the District of Columbia, and for other purposes.

AMENDMENTS SUBMITTED FOR PRINTING

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

AMENDMENT NO. 565

(Ordered to be printed and to lie on the table.)

Mr. MOYNIHAN submitted an amendment intended to be proposed by him to the joint resolution (H.J. Res. 265) to provide for a temporary increase in the public debt limit.

AMENDMENT NOS. 566 AND 567

(Ordered to be printed and to lie on the table.)

Mr. EAGLETON submitted two amendments intended to be proposed by him to the joint resolution, House Joint Resolution 265, supra.

AMENDMENT NO. 568

(Ordered to be printed.)

Mr. MELCHER proposed an amendment to the joint resolution, House Joint Resolution 265, supra.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES AND SUBCOMMITTEE ON NUCLEAR REGULATION COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public that the hearing on S. 1662 and S. 637 regarding nuclear waste policy will begin on Monday, October 5 at 2 p.m. and continue on Tuesday, October 6 at 10:30 a.m., as previously scheduled. The hearings will be held in room 3110 of the Dirksen Senate Office Building.

ADDITIONAL STATEMENTS

THE DELINQUENT PAYMENTS ACT OF 1981

● Mr. DANFORTH. Mr. President, earlier this year, I introduced legislation which would require Federal agencies to pay interest to Government contractors whenever the agencies failed to pay their bills on time. Forty-seven of my colleagues have now joined as cosponsors of that measure, S. 1131, the Delinquent Payments Act of 1981. Hearings were held on the bill this spring.

At that time, the administration opposed the bill, arguing that it is unnecessary. I found the administration's arguments unpersuasive then, and I continue to be disappointed by its failure to support the bill. There is not a week that goes by that my office does not receive a letter or phone call describing the unfortunate experience of some small business that is owed money by the Federal Government.

Now a glimmer of light appears at the end of the tunnel. I am informed that OMB Director David Stockman issued a memorandum to agency heads on September 14 reminding them that OMB requires the inclusion of clear payment terms in all contracts, and calling their attention to Treasury's Fiscal Requirements Manual, which establishes guidelines for timely payment. The memorandum goes further and asks the agencies to provide the Office of Federal Procurement Policy with a report on their record in making timely payments on bills. That report is to be made by December 31, 1981.

I am encouraged to see that the administration is showing some interest in this problem, and if their increased interest has been spurred in some small way by the increasing number of cosponsors of S. 1131, I shall not complain that they are seeking to steal the limelight, and I suspect my colleagues will be similarly humble.

I remain unconvinced, however, that management directives are enough to do the job. Unless and until agencies are forced to pay for their tardiness by paying interest on overdue accounts, I do not believe they will ever get serious about paying their bills. Therefore, it continues to be my intention to move to markup on this legislation in the near future. Meanwhile, I wish every success to OMB in its new efforts to improve bill payment performance by Federal agencies.

Mr. President, I ask that the text of Mr. Stockman's memorandum be printed at this point in the RECORD.

The text referred to is as follows:

"I ask that you first review the record of timeliness in payments made by your agency and furnish a copy of your findings to the Office of Federal Procurement Policy by December 31, 1981. In addition, I ask that you take such action as is necessary to:

"a. Include specific payment terms in each contract or purchase order. Please use standard 30-day payment terms as a norm.

"b. Designate an individual who is responsible for payments. Please make sure that responsibility for making payments and answering related inquiries is clear.

"c. Include clear payment instructions and reference to any necessary standard payment forms in each contract.

"d. Improve compliance with Treasury Fiscal Requirements Manual, I.TFRM 6–8000.

"e. Make timely bill payment a criterion in employee performance appraisals."●

TRIBUTE TO WILLIAM SAROYAN

● Mr. LEVIN. Mr. President, the Armenian General Benevolent Union's Washington, D.C., chapter tonight will hold a special tribute to author and playwright, William Saroyan, who died May 18.

William Saroyan was most responsible for perpetuating the name "Armenian" in American literature. His loss will be felt by those who identified themselves with his written word and all those who love language.

His writings captivated the hearts of his readers. His story, "The Time of Your Life," was the first to win both the New York Drama Critics Award and the Pulitzer Prize in 1940.

Born on August 31, 1908 in Fresno, Calif.—a mecca for immigrant Armenians starting a new life and taking advantage of the opportunities offered to them by the United States—Saroyan's youth was filled with hardship. His father died when young William was 3 years old, leaving his mother with three children to care for by herself. Left penniless in a foreign land and a foreign language, young William's mother was forced to place the children in an orphanage. But Mrs. Saroyan worked as a maid, saving every cent she could. She reunited her family 4 years later.

Young William wasted no time helping his mother care for the family as he went to work selling newspapers when he was 8 years old. He worked after school every day until he was 15 years old when he quit school. He wanted to be a writer and at this young age and embarked on a career that was to last 57 years.

Saroyan's early writings expressed the culture of the immigrant Armenian community in which he was raised. He developed a rich style that was to bring forth, "The Man on the Flying Trapeze," "My Name Is Aram," and "The Human Comedy," along with countless more that would bring him great honor and respect.

Saroyan was a man full of love for life; he lived with great zest but was always tender and appreciative of his fellowman. His great love next to his children was Armenia and the Armenian people.

He traveled many times to Armenia—his first trip there in 1935, his last in 1980. A great thrill for Saroyan while visiting Armenia in 1980 was to see his story, "My Heart Is In the Highlands," portrayed on stage in the Armenian language by an Armenian cast. Throughout the performance Saroyan was heard saying, "Wonderful . . . Amazing . . . It's unbelievable." He was moved to tears, tears of joy and happiness.

He was a man who loved to laugh; a great humorist who wrote with laughter. When asked to comment on the passing of another year in December 1977, Saroyan wrote, "1977 was one hell of a year. I didn't die." Knowing that he was dying in May, he called the Associated Press and said, "Everybody has got to die, but I have always believed an exception would be made in my case. Now what?" A great Armenian, a great author and playwright, a great man is gone. We shall miss him.●

JAYE DYER AND DYCO PETROLEUM

● Mr. DURENBERGER. Mr. President, when I think of the great entrepreneurial spirit and the small business people who are moving this country forward, I cannot help but think of Jaye Dyer. Jaye is a doer.

He started out with a strong belief in himself and a sound base of knowledge. He has turned that into profit margins that are tops among the 100 fastest growing companies in the country.

I should also point out that Jaye is a community leader involved in a variety of activities outside of his business interests. Jaye is representative of the thousands of small business people who will put our economy back into full gear as we implement the President's economic recovery program.

I ask that an article about Jaye Dyer and his company be made a part of the Record.

The article follows:

Luck, Shrewdness Pay Off Handsomely for Dyco's Jaye Dyer

(By Dick Youngblood)

It takes a bit of luck to succeed in the oil and gas business, particularly the competitive game of selling oil and gas investment programs to the public, and Jaye Dyer freely admits that he's had his share of it.

Take, for example, that phone call he received in mid-1971, shortly after leaving his job as executive vice president of Apache Corp. to take a shot at running his own oil and gas program company.

It was Bud Grossman, then and now the chief executive officer of Gelco Corp., for which Dyer had served as a director for several years. If you need a little financial backing, Grossman said, he and his brother, Twin Cities auto dealer Harold Grossman, had their checkbooks poised.

The result: Instead of hanging by the proverbial shoestring, Dyer was armed with a $500,000 line of credit and a $1 million guarantee on future debts on the day he opened the doors of his new company, Dyco Petroleum Corp.

And then, a few months later, there was that "marginal" gas well some other company had abandoned down in Harper County, Okla. Dyer thought the geology of the area looked "very promising"—an understatement, as it turned out—and bought up the leases on 1,920 acres in the area for just $10,000.

The first well, the No. 1 Freeman, turned into a bonanza. It has since produced 7.3 billion cubic feet of gas, worth about $7.5 million, and is less than halfway through its estimated reserves of 15 billion cubic feet.

Moreover, an investor who put up $5,000 for a unit of the 1972 Dyco investment program that includes the No. 1 Freeman and five other gas wells in that area has since collected a total of $35,000, and will receive another $5,000 in 1981.

The leases for which Dyer paid $10,000 a decade ago would now go for nearly $1 million.

"We haven't had anything like that since, and probably never will," Dyer conceded in an interview last week. "But something like that does tend to build your confidence—and your credibility."

Luck? "It's a funny thing," observed a securities analyst familiar with the company, "but you always seem to be luckier when you're smart."

Another analyst who follows the company agreed: "They've got just an awful lot of smart people out there."

Was it luck, for example, that Dyco (as well as Apache, it might be noted) was one of the first companies to launch a major leasing drive to support its exploration of the deep horizons of what is now one of the country's hottest natural gas areas, the Anadarko Basin of Oklahoma and Texas? (Prices on gas from the deeper formations, below 15,000 feet, are now fully deregulated.)

And was it luck that, when Dyco wound up with more acreage than it could possibly develop before the leases expired, it was able to sell off a half-interest in those Anadarko leases earlier this year for $35 million—the total cost of acquiring all of the leases?

Whatever the reasons—luck, shrewdness or a combination of the two—Dyco has developed in less than 10 years into the nation's 86th fastest-growing company, according to a recent survey published by INC. magazine.

Between 1975 and 1980 the growth in all categories has been enough to make a grown entrepreneur cry:

Revenues and earnings have grown at a compound annual rate of 60 percent—revenues from $3.4 million to $32.4 million, net earnings from $871,000 to $8.5 million. And securities analysts are estimating that in 1981 revenues will jump nearly 40 percent, to more than $45 million, and earnings will climb another 55 percent, to $13.5 million or more.

Subscriptions to Dyco's oil and gas investment programs have grown at nearly a 45 percent clip, reaching $45 million in 1980 and $65 million this year, with another $90 million planned for 1982.

Natural gas reserves have grown at a compound annual rate of 18.6 percent, despite the fact that production has been rising at an annual rate of 37 percent. At the end of 1980 about 38.2 billion cubic feet of proved developed gas reserves were worth nearly $90 million, and that value is expected to rise with higher prices in the future.

Crude oil reserves have grown at an annual rate of 28 percent, while production has been rising at a 35 percent rate. Proved developed reserves of 822,000 barrels were worth about $21 million at year-end.

Return on average shareholder equity has been running at 35 percent, and has been slightly above that level the past two years.

Clearly, such startling growth rates become more difficult to match with growing size, but securities analysts in the Twin Cities and New York are telling clients that Dyco can maintain an above-average 25 to 30 percent rate over the next several years.

The architect of all this success is a slight, white-maned 54-year-old executive who left a high-ranking job with Apache, a much larger oil and gas program company, because he felt uncomfortable with Apache's effort to diversify into a variety of industrial operations.

"I'm a geologist, an oilman," Dyer explained, "and I'd sit in those management meetings and not have the faintest idea what they were talking about. It just wasn't my cup of tea."

Moreover, while Dyer recognized that the diversification of the 1960s helped Apache prosper when the oil business was in a slump, he had been listening to petroleum economists who projected sharp price improvement as supply and demand began to balance in the 1970s and '80s.

"It was ready to happen (recovery of the oil and gas industry) and I wanted to concentrate on that," Dyer explained. Two years later, of course, the Arabs made it all happen a mite sooner than he expected.

Because Dyco has a registration statement before the Securities and Exchange Commission, Dyer is forced to mute his more exuberant inclinations when it comes to talking about his company.

Interviews with analysts and others close to the industry, however, indicate several factors in Dyco's success.

One is the cost to investors, which undercuts the oil and gas program industry by about 10 percent. Unlike many program companies, Dyco pays all dealer fees and registration costs. In addition, the spread between its investment and its share of potential production (Dyco puts in 25 percent of a program's investment and receives 40 percent of program revenues) is at the low end of the industry. In addition, Dyco charges no management fee, as others do.

"This cuts into our profit margins obviously, but I think it lowers our sales cost," Dyer explained. Under any circumstances, Dyco's profit margins—its return on revenues—was at 26.6 percent last year, tops among the 100 "fastest-growing" companies cited by INC. in its May issue.

Moreover, Dyer dictated a conservative approach to putting Dyco's drilling programs together.

"My objective was to bring consistency—stability—to the business," he explained. As a result, Dyco's programs are tilted more heavily toward drilling near proved production than toward rank wildcats.

For example, early in the company's history, Dyer picked up some leases in the Anadarko Basin on some shallow gas production that had been abandoned because of low output and low prices.

Dyer, convinced that the economics of the industry was bound to improve, redrilled those marginal producers as close to the high-production areas as the spacing rules allowed.

Result: Thanks to the Arab oil embargo, prices for the first production from those leases stood at about 45 cents per million cubic feet, nearly three times the price when the leases were acquired.

In short, the biggest risk was not whether commercial quantities of production could be located, but rather what the price might be. And Dyer's analysis had made that a reasonable risk.

In a high-risk program, heavily oriented toward exploratory drilling, the investor must be prepared to absorb steep losses and hang in long enough to average those out with the potential sharp gains.

In the more conservative Dyco programs, however, the aim is to flatten out those peaks and valleys and, in effect, "shorten the hand-wringing period" that the investor must endure, as Dyers puts it.

"It keeps the customer happy, and a happy customer keeps coming back," he explained. "And that means lower selling costs. And higher profits."

BUSINESS FAILURES APPROACHING DEPRESSION LEVELS

● **Mr. SASSER.** Mr. President, it is often said that correction does not necessarily mean causation, and how true this is. On the other hand, I believe it is more than just a statistical coincidence that the record high interest rate levels we have experienced over the past 2 years have accompanied near-record totals in the number of American businesses that are failing—especially in the number of small businesses that are failing.

As a matter of fact, if the current rate of failures does not diminish, we may very well witness the failure of more American businesses in a single year since the Great Depression year of 1933.

I hold high interest rates as the culpable factor and principal force behind this direction.

Here are the facts, from data reported by Dun & Bradstreet, Inc., which I shall insert in the RECORD at the conclusion of my remarks.

Dun & Bradstreet recently reported that, during the week which ended September 3, 1981, 304 American businesses failed. In the following week—a shortened business week because of the Labor Day holiday—309 businesses failed. The nationwide total date for 1981 is 11,385, an increase of over 40 percent for the same period during 1980.

A September 13 article in the New York Times quoted a Dun & Bradstreet vice president as saying that "This is the most pervasive rise in business failures in at least 10 years."

According to that article, it is expected that the total for business failures in the United States will exceed 13,000 in 1981; the last time this figure was exceeded was in 1966.

What is really ominous, however, is the weekly rate of business failures. This now stands at 316 a week. If this rate does not change, we will witness the failure of over 16,400 American businesses this year—slightly less than the 17,075 business failures in 1961.

It is not unreasonable to expect that the weekly failure rate will increase during the final quarter of 1981, as bankruptcies, foreclosures, and receiverships take place at accelerated rates for a number of reasons.

So, it is quite possible that the 1961 total would be surpassed, giving 1981 the dubious distinction of the worst year for business failures in the United States since the Great Depression.

What the crunch of these figures does not reveal is the severe human impact they have on the Nation's small businesses and entrepreneurs. More than 90 percent of the businesses that failed this year had liabilities of less than $1,000,000.

Mr. President, a large firm with a healthy cash flow situation can cope with high interest rates more readily than a small business can. The actual cost of a million-dollar loan at 20 percent for the purchase of a piece of equipment is substantially reduced through interest rate and depreciation writeoffs.

For the small businessman, however, the problem is that he will probably go under before he can take advantage of any such writeoffs because small businesses simply do not have the cash flow capability that large firms have.

If a small businessman were to secure the same million dollar loan, chances are that he would probably have to lay off several employees in order to have the ready cash to make the large interest payments. So, jobs would be lost and productivity would be lost. Income would be affected and so would ability to meet payments.

Of course, there are businesses that fail every year. And of course, there are a number of variables involved, including poor management, poor marketing, and poor products.

But consider this: Nationwide failure totals began to increase significantly at the end of 1979, precisely the time at which the Federal Reserve Board decided to put the squeeze on money supply by pushing up interest rates.

In 1979, business failures totaled 7,564. This increased half again in 1980, and will probably do the same this year.

What other independent factor can anyone identify to account for such a dramatic leap? Is it because people do not want to work? Is it a lack of confidence in an economic recovery program? Is it a decline in productivity among small businesses? Is it the price of OPEC oil?

I think that none of these is so directly responsible for the increase in the number of failed American businesses as is the rate it costs to borrow money.

At this point, it does little good for the business community—especially for the particularly vulnerable small business community—to curse the sickness wrought by high interest rates. I want to take this occasion to urge my colleagues once again to support legislation introduced by Senator JOHN STENNIS. This legislation, which I have joined in sponsoring, would establish a National Commission on Interest Rates.

Since the high interest rate problem is a national problem, it requires a resolution that has the backing of a national consensus. This commission, with its broad based membership, would seek such a resolution, and would report back to the President and the Congress with its recommendations.

I do not believe the American people, the American business community, or the American economy can long stand the single-minded "go-it-alone" approach of the Federal Reserve Board, which wants to chasten the economy and slow inflation through a high interest rate policy, because I do not believe the American people want to experience any repetition—statistical or otherwise—of the Great Depression.

I ask that the Dun & Bradstreet report be printed in the RECORD.

The report follows:

FAILURES CLIMB ABOVE SEVEN-WEEK LOW

NEW YORK, September 8.—After a three-week slackening, commercial and industrial failures increased in the week ended September 3 to 304 from the 280 in the previous week which had been the smallest total in seven weeks, reports Dun & Bradstreet. Business casualties were over twice as heavy as last year when they numbered 125 in the similar calendar week.

Liabilities of $100,000 or more were incurred by 148 of the concerns failing during the week, up from 132 a week earlier and far above the 66 of this size a year earlier. Smaller casualties with liabilities under $100,000 also upturned, to 156 from 148 in the preceding week and outpaced their rate of 59 in the like week of 1980.

Most of the increase during the week just ended was concentrated in construction while slight upturns took place in manufacturing and service. A contrasting ebb appeared in casualties among wholesalers and retailers. In all functions except retailing, however, more than twice as many businesses failed as in the comparable week last year. And the toll in retailing came close to running that high.

The Pacific and Middle Atlantic States accounted for nearly all of the upturn in casualties in the latest week.

Number of failures

Week Ended Sept. 3, 1981	304
August 27, 1981	280
August 20, 1981	335
August 13, 1981	349
August 6, 1981	354
July 30, 1981	346
Year to date	11, 076
Average per week	317
Average per week (liabilities $100,000 or more)	157

Comparable number previous year

Week Ended Sept. 4, 1980	125
Year to date	7, 812
Average per week	223
Average per week (liabilities $100,000 or more)	109

FAILURES HOLD STEADY PACE IN HOLIDAY WEEK

NEW YORK, September 14.—Commercial and industrial failures held nearly steady at 309 in the holiday-shortened week ended September 10, reports Dun & Bradstreet. While only slightly more than the 304 in the preceding week, business casualties exceeded their year-ago total of 273 in the corresponding calendar week—a post-holiday week in 1980 when Labor Day came earlier.

Concerns failing with liabilities of $100,000 or more levelled at 149, close to the 148 in the previous week but above the 129 of this size last year. Smaller casualties involving liabilities under $100,000 edged to 160 from 156 a week earlier and climbed moderately from their year-earlier rate of 144.

Mixed trends prevailed by types of operation. Among retail and service businesses, failures increased during the holiday week whereas declines occurred in other functions. In fact, casualties also fell short of 1980 levels in manufacturing and wholesaling though a climb persisted in other categories with a particularly strong rise from a year ago in retailing.

In five geographic regions, business casualties increased during the week just ended. The West South Central States led the upturn. In the four other major areas, failures slackened, with the steepest drop in the Pacific States.

Number of failures

Week Ended September 10, 1981	309
September 3, 1981	304
August 27, 1981	280
August 20, 1981	335
August 13, 1981	349
August 6, 1981	354
Year to date	11,365
Average per week	316
Average per week (liabilities $100,000 or more)	156

Comparable number previous year

Week Ended Sept. 11, 1980	273
Year to date	8,085
Average per week	225
Average per week (liabilities $100,000 or more)	110

FAILURE TRENDS SINCE 1920

Year	Number of failures	Total failure liabilities	Failure rate per 10,000 listed concerns	Average liability per failure
1920	8, 881	$295, 121, 000	48	$33, 230
1921	19, 652	627, 401, 000	102	31, 926
1922	23, 676	623, 895, 000	120	26, 351
1923	18, 718	539, 387, 000	93	28, 817
1924	20, 615	543, 226, 000	100	26, 351
1925	21, 214	443, 744, 000	100	20, 918
1926	21, 773	409, 233, 000	101	18, 795
1927	23, 146	520, 105, 000	106	22, 471
1928	23, 842	489, 559, 000	109	20, 534
1929	22, 909	483, 252, 000	104	21, 094
1930	26, 355	668, 282, 000	122	25, 357
1931	28, 285	736, 310, 000	133	26, 032
1932	31, 822	928, 313, 000	154	29, 172
1933	19, 859	457, 520, 000	100	23, 038
1934	12, 091	333, 959, 000	61	27, 621
1935	12, 244	310, 580, 000	62	25, 366
1936	9, 607	203, 173, 000	48	21, 148
1937	9, 490	183, 253, 000	46	19, 310
1938	12, 836	246, 505, 000	61	19, 204
1939	14, 768	182, 520, 000	70	12, 359
1940	13, 619	166, 684, 000	63	12, 239
1941	11, 848	136, 104, 000	55	11, 488
1942	9, 405	100, 763, 000	45	10, 713
1943	3, 221	45, 339, 000	16	14, 076
1944	1, 222	31, 660, 000	7	25, 908
1945	809	30, 225, 000	4	37, 361
1946	1, 129	67, 349, 000	5	59, 654
1947	3, 474	204, 612, 000	14	58, 898
1948	5, 250	234, 620, 000	20	44, 690
1949	9, 246	308, 109, 000	34	33, 323
1950	9, 162	248, 283, 000	34	27, 099
1951	8, 058	259, 547, 000	31	32, 210
1952	7, 611	283, 314, 000	29	37, 224
1953	8, 862	394, 153, 000	33	44, 477
1954	11, 086	462, 628, 000	42	41, 731
1955	10, 969	449, 380, 000	42	40, 968
1956	12, 686	562, 697, 000	48	44, 356
1957	13, 739	615, 293, 000	52	44, 784
1958	14, 964	728, 258, 000	56	48, 667
1959	14, 053	632, 808, 000	52	49, 300
1960	15, 445	938, 630, 000	57	60, 772
1961	17, 075	1, 090, 123, 000	64	63, 843
1962	15, 782	1, 213, 601, 000	61	76, 898
1963	14, 374	1, 352, 593, 000	56	94, 100
1964	13, 501	1, 329, 223, 000	53	98, 454
1965	13, 514	1, 321, 666, 000	53	97, 800
1966	13, 061	1, 385, 659, 000	52	106, 091
1967	12, 364	1, 265, 227, 000	49	102, 332
1968	9, 636	940, 996, 000	39	97, 654
1969	9, 154	1, 142, 113, 000	37	124, 767
1970	10, 748	1, 887, 754, 000	44	175, 638
1971	10, 326	1, 916, 929, 000	42	185, 641
1972	9, 566	2, 000, 244, 000	38	209, 099
1973	9, 345	2, 298, 606, 000	36	245, 972
1974	9, 915	3, 053, 137, 000	38	307, 931
1975	11, 432	4, 380, 170, 000	43	383, 150
1976	9, 628	3, 011, 271, 000	35	312, 762
1977	7, 919	3, 095, 317, 000	28	390, 872
1978	6, 619	2, 656, 006, 000	24	401, 270
1979	7, 564	2, 667, 362, 000	28	352, 639

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CONSULTATION ON U.S. REFUGEE PROGRAMS FOR 1982

● Mr. SIMPSON. Mr. President, yesterday the Committee on the Judiciary conducted a hearing on the President's proposed admission of refugees to the United States for fiscal year 1982 under the terms of the Refugee Act of 1980, Public Law 96-212. The chairman of the committee, Senator STROM THURMOND, requested that I chair this consultation hearing in my capacity as chairman of the Subcommittee on Immigration and Refugee Policy.

At the hearing the President's representatives; Attorney General William French Smith; Ambassador Walter J. Stoessel, Jr., Under Secreary for Political Affairs, Department of State; and David B. Swoap, Under Secretary of Health and Human Services, Department of Health and Human Services, submitted the report on U.S. refugee programs required by section 207(e) of the act.

In fulfillment of the statutory obligation that the committee act to have the results of the hearing printed in the RECORD, I am submitting today the summary of the President's report to Congress, the Attorney General's prepared statement, the opening statement of Senator STROM THURMOND, chairman of the Committee on the Judiciary and my opening statement.

I ask that they be printed at this point in the RECORD.

The material follows:

SUMMARY OF REPORT TO THE CONGRESS ON PROPOSED REFUGEE ADMISSIONS AND ALLOCATIONS FOR FISCAL YEAR 1982

BACKGROUND

This is a summary of the Report to the Congress on Refugee Admissions and Allocations for Fiscal Year 1981 which initiates the "appropriate consultation" set out in Section 207(e) of the Refugee Act of 1980. The Report, which embodies the President's proposals for refugee admissions for Fiscal Year 1982, provides a unique opportunity for the Congress and the Administration to focus on the domestic and international concerns which influence the complex decisionmaking process of determining refugee admissions levels.

The hearings on refugee admissions, which include discussions in person by designated cabinet-level representatives of the President, are intended to review the refugee situation, to project the extent of possible participation of the United States and to discuss the reasons for believing that the proposed admission of refugees is justified by humanitarian concerns or is otherwise in the national interest. The President's proposal has been developed with regard to the views expressed by state and local governments, private voluntary organizations and public interest groups. Refugee reports received from U.S. embassies throughout the world, the Special Refugee Advisory Panel report, and studies done and views expressed by concerned persons have also been considered in developing proposed admissions levels. After receiving the responses from the members of the Committees on the Judiciary of the Senate and the House of Representatives, the President will make his final determination on refugee admissions levels and allocations for Fiscal Year 1982.

U.S. REFUGEE POLICY

The United States emphasizes the use of diplomatic means to minimize the underlying causes of refugee flows and supports the principal of international responses to refugee problems by encouraging the broadest possible participation of other countries.

The U.S. response to worldwide refugee problems consists of two major components—relief and resettlement. Within these categories, our basic policy is: (1) to emphasize emergency relief assistance to refugees in place; (2) to support voluntary repatriation whenever possible; (3) to facilitate resettlement in country of asylum or in a third country; (4) and in the case of those for whom U.S. resettlement is the only alternative, to admit refugees who are of special humanitarian concern to the United States, or otherwise in the national interest.

To carry out these policy objectives, the United States places maximum reliance on appropriate international organizations, including the United Nations High Commissioner for Refugees (UNHCR), the International Committee of the Red Cross (ICRC), the United Nations Children's Fund (UNICEF), the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) and the Intergovernmental Committee for Migration (ICM).

Refugee relief

During FY 1981, U.S. support for international relief programs which are often more humane and less costly than resettlement in the United States, included major relief programs in Kampuchea, Pakistan, Somalia, and for Palestinian refugees in the Middle East (Table I).

Voluntary repatriation

In addition to providing humanitarian relief for refugees overseas during FY 1981, the United States participated through international organizations and with other governments to support voluntary repatriation. Large-scale repatriation of Africans in 1979 and 1980 resulted in the return of approximately 500,000 refugees.

In recent years, the UNHCR successfully completed the voluntary repatriation of refugees in Bangladesh to Burma. Despite difficulties, the UNHCR continues to work for possible voluntary repatriation of Lao and Khmer.

Resettlement in third countries

The United States encourages the international community to provide resettlement opportunities for refugees. Countries which have resettled significant numbers of Indochinese refugees since 1975 include China, France, Canada, Australia, the Federal Republic of Germany, the United Kingdom, and Hong Kong (Table IV). As part of this effort, the United States is working closely with UNHCR and voluntary agencies in exploring resettlement possibilities for Indochinese refugees in Suriname and Belize.

U.S. refugee admissions

The U.S. refugee admissions program strives to ensure that refugees admitted to the United States have appropriate sponsorships, receive adequate services upon arrival, and that Federal resources available for refugee resettlement are effectively utilized.

In fiscal year 1981 an admissions ceiling of 217,000 refugees was established. Approximately 155,000 will have been admitted by September 30 (Table II). The difference between the ceiling and actual admissions numbers reflects increasingly restrictive emigration policies of the Soviet Union and the management decision to delay admission of significant numbers of Indochinese to permit overseas English-language training and orientation.

Because of the increasing numbers of refugee applicants for U.S. admission and the limited resources for absorbing refugees we have developed and are continuing to refine criteria for refugee admissions and have established a priority system for applicants with special ties to the United States for groups determined to be of special humanitarian concern.

PROPOSED FISCAL YEAR 1982 ADMISSIONS

In response to urgent humanitarian needs together with domestic and foreign policy concerns, the President proposes to admit up to 173,000 refugees to the United States during FY 1982, dependent upon the continuing need for refugee resettlement at anticipated levels throughout the twelve month period (table III).

The 173,000 projected admissions include 120,000 refugees from Asia, 42,500 refugees from the Soviet Union and Eastern Europe, 5,500 refugees from the Near East, 3,000 refugees from Africa and 2,000 refugees from Latin America and the Caribbean.

In addition, consideration will be given to the adjustment to permanent resident alien status of up to 5,000 persons who were previously granted asylum in the United States and have been in the United States as refugees for at least one year, pursuant to Title II, Section 209(b) of the Refugee Act of 1980.

Asia

The proposed admissions ceiling for Asian refugees for FY 1982 is 120,000. Of the proposed admissions, 200 will be reserved for Asians other than Indochinese.

The situation in Southeast Asia continues to present a major threat to the safety of refugees and the stability of the region. By the end of September 1981, the refugee population will be approximately 300,000, but at least another 120,000 are projected to arrive during FY 1982.

Countries in the region granting temporary asylum do so in the expectation that their existing refugee populations will continue to decrease and that the world community, with the United States in the lead, will provide resettlement for new arrivals.

An inadequate resettlement effort could signal a change in U.S. refugee policy, with a resultant surge in the flight of refugees, and could lead to forcible repatriation or push-offs of boats back to sea. There is need to continue a U.S. policy which will maintain the principle of first asylum, save lives and reduce political instability in the region.

Soviet Union and Eastern Europe

The proposed admissions ceiling for the Soviet Union and Eastern Europe is 42,500. Although continuing restrictive Soviet emigration policies are likely to result in lower admissions numbers, the proposed admissions manifest the clear commitment of the United States to the principles of freedom of emigration.

Eastern Europeans, on the other hand, are fleeing to the West in increasing numbers. There is substantial domestic support for the admissions programs from this region for reasons of ethnic and religious ties and as a means of assisting those fleeing the consequences of the communist systems (Table VI).

Near East

The proposed admissions ceiling to meet resettlement needs for refugees from the Near East is 5,500 and is in response to, but not limited to, situations in Afghanistan and Iraq.

Africa

The proposed admissions number for refugees from Africa is 3,000. This projection is based on a best estimate of the numbers who may qualify for refugee status and may wish to apply. Despite the turbulence in a number of African countries, many refugees have been granted asylum within the region where the U.S. provides a major portion of funding for care and maintenance through international organizations.

Latin America and the Caribbean

The proposed admissions number for refugees from Latin America and the Caribbean is 2,000 and will be used primarily for political prisoners and their families, persons under life-threatening conditions and for family reunification. Current and former political prisoners and other cases of special humanitarian concern within their country of nationality or habitual residence will be considered for admission pursuant to Section 102(a)(42)B of the INA as amended.

The refugee resettlement program historically has enjoyed broad public support in the United States. During Fiscal Years 1980 and 1981, an estimated 373,000 refugees (excluding Cuban and Haitian entrants) have been resettled in U.S. communities, generating unprecedented levels of commitment and involvement on the part of U.S. citizens, private agencies, ethnic communities and state and local governments. Resettling refugees in these numbers has caused some strain on state, community and private resources.

Many of the new refugee arrivals tend to have less education, fewer transferable job skills and less knowledge of English than earlier arrivals. Consequently they have a greater need for transitional assistance once they arrive in the United States. Due in large part to the demographic characteristics of the new refugee arrivals combined with prevailing economic conditions, there has been a sharp rise in the use of cash assistance by refugees. Available data, however, show that refugee employment and self-sufficiency increase with the length of time a refugee is in the country.

To help ease the transition before a refugee arrives in the United States, a program of English-language training and cultural orientation has been implemented in the overseas Refugee Processing Centers in Southeast Asia during the last year.

High concentrations of refugees in certain localities have had substantial impacts on community resources, particularly low cost housing and education. Therefore, efforts are being made to coordinate refugee resettlement planning among state and local officials, private voluntary resettlement agencies and the Federal Government, and to alleviate the impact in communities where many refugees live. While problems in resettling large numbers of refugees are genuine, so is the commitment to the American tradition of providing a homeland to those fleeing persecution at all levels (Table VII). It is anticipated that consultations with regard to the resettlement process will increase in the coming year.

ESTIMATED COST OF REFUGEE MOVEMENT AND RESETTLEMENT

Cost associated with the care and maintenance, processing, transportation and initial reception and placement of refugees are borne by the Department of State. Once refugees arrive in this country, they are eligible for many of the same services available to disadvantaged Americans. Costs associated with these services are borne by many other federal agencies, but primarily by the Department of Health and Human Services (HHS).

This estimate includes expenditures for programs which directly assist refugees. Significant expenditures for refugee assistance are also made through job training, programs, public housing activities and various other federal and state programs which assist refugees as part of a broader population of needy Americans (Table VIII).

[Attachment to Draft Summary Report to the Congress on Proposed Refugee Admissions and Allocations for Fiscal Year 1982]

INTRODUCTION TO FULL REPORT

The annual Congressional consultations on refugee admissions provide a unique opportunity for the Congress and the Administration to focus on both the domestic and international aspects of U.S. refugee policy.

This Report to the Congress, prepared in accordance with the Refugee Act of 1980, consists of four sections. Section I provides a description of the nature of the world refugee situation, the U.S. refugee policy and the implementation of the Refugee Act of 1980 during Fiscal Year 1981. Attachment I, Country Reports on the World Refugee Situation, contains 81 country reports on refugee policies, programs and problems and draws attention to trends which may have a bearing on U.S. policies and programs in the months ahead.

Section II proposes ceilings for refugee admissions for Fiscal Year 1982 and justifies the allocation of these numbers among refugees of special concern to the United States. Refugee admissions criteria and prioritized admissions categories are provided. General plans for processing and moving refugee applicants are indicated. Refugee resettlement in other countries and the impact of the U.S. refugee admissions program on our foreign policy interests are also included. Attachment II provides specific procedures for selecting and processing Indochinese refugee applicants to the United States.

Section III describes the present U.S. domestic resettlement process and analyzes the demographic, social, and economic impact of refugee admissions. The need for improvements in the quality and quantity of consultations with state and local governments, voluntary resettlement agencies, and the federal government is indicated.

Section IV provides the estimated costs of U.S. refugee admissions and resettlement for Fiscal Year 1982.

The Administration is committed to strengthening and implementing the U.S. refugee policy consistent with our domestic and international concerns. The task of balancing these fatcors has become even more difficult in recent years as increased refugee admissions and economic conditions in this country have heightened public concern about the domestic impact of our refugee program.

At the same time, however, Americans offer to sponsor new arrivals and constituent interest in specific groups of refugees continues. With the support of the Congress and the American people, the Administration will continue to review and strengthen the refugee admissions program so that it meets humanitarian as well as national and international requirements within available resources.

The Refugee Act of 1980 provides a framework for this cooperative effort and mandates the development of coordinated policies and programs. Meeting this challenge will require close collaboration among state and local governments, private voluntary agencies, international organizations, federal agencies, and the Congress.

In the spirit of the Refugee Act, this document embodies the President's proposals for Fiscal year 1982 and is intended to initiate the Congressional consultations set out in Section 207 of the Act and to elicit responses from the House and Senate Judiciary Committees. After considering the views of the Congress expressed during consultations, the President will determine refugee admissions levels and allocations for Fiscal Year 1982.

TABLE I.—U.S. REFUGEE ASSISTANCE

	Fiscal year 1981 estimate as of Sept. 15, 1981	Fiscal year 1982 appropriation request
United Nations High Commissioner for Refugees (UNHCR):		
Care and maintenance assistance in Southeast Asia	$37, 820, 000	$29, 535, 000
Orderly Departure Program	300, 000	300, 000
Africa	50, 000, 000	58, 000, 000
Latin America	3, 500, 000	1, 000, 000
Pakistan	30, 000, 000	24, 150, 000
Other	1, 000, 000	1, 000, 000
UNHCR subtotal	122, 620, 000	113, 985, 000
United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)	62, 000, 000	67, 000, 000
Soviet and Eastern European Refugees Resettling in Israel	25, 000, 000	12, 500, 000
International Committee of the Red Cross (ICRC):		
Ordinary budget	1, 500, 000	1, 500, 000
Political prisoners	1, 500, 000	
Africa	7, 000, 000	7, 000, 000
Latin America:		
El Salvador	500, 000	
Nicaragua	250, 000	
Near East:		
Pakistan	1, 000, 000	
Lebanon	1, 000, 000	
Iraq	200, 000	
Other (East Timor)	200, 000	
ICRC subtotal	13, 150, 000	8, 500, 000
Other:		
Khmer relief	30, 000, 000	20, 000, 000
Pakistan relief	12, 000. 000	
Africa: special projects	750, 000	12, 000, 000
Intergovernmental Committee for Migration (ICM) [1]	5, 000, 000	4, 450, 000
Refugee resettlement projects	2, 400, 000	1, 000, 000
Other subtotal	50, 150, 000	37, 450, 000
Subtotal, refugee program	272, 920, 000	239, 435, 000
Other assistance:		
Food for Peace (Public Law 480, title II)	80, 900, 000	74, 800, 000
AID 495(f)	14, 250, 000	
African rehabilitation assistance		20, 000, 000
Grand total	368, 070, 000	334, 235, 000

[1] In addition to these contributions, the United States also provided ICM with $95,000,000 in fiscal year 1981 and will provide up to $112,000,000 in fiscal year 1982 for transportation costs of refugees resettled in the United States.

TABLE II.—ESTIMATED REFUGEE ADMISSIONS, FISCAL YEAR 1981

Area of origin	Authorized admissions	Estimated arrivals in the United States
Indochina	165, 600	125, 000
Soviet Union and Eastern Europe	39, 900	20, 800
Near East	4, 500	4, 000
Africa	3, 000	2, 200
Latin America and the Caribbean	4, 000	2, 000
Total	217, 000	154, 000

TABLE III.—PROPOSED REFUGEE ADMISSIONS, FISCAL YEAR 1982

Area of origin	Proposed admissions
Asia	120, 000
Soviet Union and Eastern Europe:	42, 500
Soviet Union	(33, 000)
Eastern Europe	(9, 500)
Near East	5, 500
Africa	3, 000
Latin America and the Caribbean	2, 000
Total	[1] 173, 000

[1] It is understood that this is a ceiling and not a goal and that to the extent possible consistent with needs and objectives the program will be managed to admit fewer than the authorized ceiling.

TABLE IV.—INDOCHINESE DEPARTURES TO THE UNITED STATES AND THIRD COUNTRIES, APRIL 1975 TO JULY 1981

	From—												
	Hong Kong	Indonesia	Japan	Macau	Malaysia	Philippines	Singapore	Thailand (boat)	Thailand (land)	Other	Direct departures [1]	RPC's	Total
To—													
Argentina	29	2	0	0	0	0	1	0	1, 242	7	0	0	1, 281
Australia	2, 321	8, 643	212	166	23, 240	1, 030	1, 622	4, 826	8, 708	3, 616	183	49	54, 623
Belgium	155	175	72	0	467	29	231	56	1, 746	842	653	4	4, 429
Canada	13, 309	8, 821	200	1, 492	20, 819	1, 891	715	4, 484	17, 374	7, 325	871	16	77, 317
China	34	0	0	0	2	0	0	5	2, 547	0	263, 000	0	265, 588
Denmark	617	158	8	61	354	46	375	237	16	199	3	7	2, 081
France	930	1, 113	46	3	4, 270	716	1, 928	2, 264	50, 317	12, 945	3, 228	27	77, 787
Federal Republic of Germany	2, 241	2, 275	16	12	3, 889	463	2, 497	1, 103	3, 650	574	937	1, 445	19, 102
Italy	111	28	0	0	771	6	1, 006	149	631	177	103	0	2, 982
Netherlands	396	59	25	0	1, 316	265	1, 462	185	147	155	281	4	4, 278
New Zealand	272	413	2	0	1, 312	158	18	271	1, 245	261	23	19	3, 994
Norway	333	34	169	5	95	94	1, 269	333	92	0	1	216	2, 641
Sweden	105	731	0	289	1, 148	4	6	2	1	0	381	2	2, 669
Switzerland	584	542	55	94	2, 475	182	1, 645	312	2, 067	761	202	11	8, 930
United Kingdom	11, 622	46	84	111	341	238	564	601	455	1, 027	145	5	15, 239
Other [2]	10, 334	200	113	152	993	417	551	206	3, 667	545	188	1	17, 367
Total Third Country	43, 393	23, 240	1, 002	2, 385	61, 499	5, 539	13, 890	15, 034	93, 905	28, 434	270, 199	1, 806	560, 329
Total United States	41, 063	37, 875	2, 500	1, 945	79, 649	8, 037	4, 500	22, 188	149, 391	2, 632	125, 341	39, 908	515, 029
Grand total	84, 456	61, 115	3, 502	4, 330	141, 148	13, 576	18, 390	37, 222	243, 296	31, 066	395, 540	41, 717	1, 075, 358

[1] "Other country" direct departures do not include 5,000 locally settled in Hong Kong between 1975 and late 1978, who were moved from Vietnam to Hong Kong by "semi-direct departure". "Other country" direct departures further exclude about 4,000 ethnic Chinese moved from Vietnam by ICRC for local settlement in Taiwan between 1976 and 1980.

[2] "Other country" departures from Hong Kong camps include 9,000 boat refugees who arrived there in 1975 and were locally settled in Hong Kong. "Other country" departures from "other" exclude 6,000 refugees locally settled in Taiwan in 1975. "Other country" also excludes about 5,000 Muslims from Kampuchea, moved from camps in Thailand to settle in Malaysia, about 2,000 in 1975–76 and 3,000 in 1980–81.

TABLE V.—FISCAL YEAR 1981 MONTHLY INDOCHINESE REFUGEE ARRIVALS IN COUNTRIES OF TEMPORARY ASYLUM

Countries	October	November	December	January	February	March	April	May	June	July	August	September	Total, fiscal year 1981
Boat refugees:													
Hong Kong	445	328	299	273	204	816	1,051	1,239	1,110	1,434			7,199
Macau	47	74	26	86	0	14	30	43	123	87			530
Indonesia	2,027	734	142	147	427	294	1,170	1,489	992	346			7,768
Japan	195	5	340	0	30	9	81	117	325	111			1,213
Malaysia	2,046	2,201	1,200	2,464	1,215	1,094	3,500	5,370	2,325	1,022			22,437
Philippines	958	688	28	154	289	463	1,015	923	1,434	1,118			7,070
Singapore	978	868	41	116	182	153	609	1,914	948	423			6,232
Thailand	1,575	1,511	2,266	2,331	1,683	2,250	3,273	3,209	2,677	201			20,976
Other	22	1	0	53	0	57	62	0	215	0			410
Total boat	8,293	6,410	4,342	5,624	4,030	5,150	10,791	14,304	10,149	4,724			73,835
Land refugees to Thailand:													
From Laos	6,322	3,725	4,029	4,506	4,966	3,800	3,460	1,542	1,891	1,800			36,041
New Khmer [1]	4,600	850	1,211	1,831	1,717	17,826	13,938	2,513	0	0			44,486
Total land	10,922	4,575	5,240	6,337	6,683	21,626	17,398	4,055	1,891	1,800			80,527
Grand total	19,215	10,985	9,582	11,961	10,713	26,776	28,189	18,359	12,040	6,542			154,362

[1] Figures for New Khmer represent refugees transferred from holding centers into Phanat Nikhoa and Mairut (II) for resettlement processing. Relatively small numbers of Vietnamese moved from Thai-Kampuchean border are also included in "New Khmer" when moved to these processing sites.

TABLE VI.—REFUGEE ARRIVALS TO THE UNITED STATES FROM THE SOVIET UNION AND EASTERN EUROPE, FISCAL YEAR 1981

Area	October	November	December	January	February	March	April	May	June	July	August (estimate)	September (estimate)	Total (estimate)
Soviet Union TCP	494	502	612	859	596	287	214	147	90	58	40	35	3,934
Soviet Union non-TCP	595	657	975	787	508	721	859	1,115	900	818	800	800	9,535
Total Soviet Union	1,089	1,159	1,587	1,646	1,104	1,008	1,073	1,262	990	876	840	835	13,469
Romanian TCP	222	214	192	113	213	203	178	163	100	100	198	200	2,096
Other Eastern Europe	244	270	233	118	296	257	241	225	235	326	1,196	1,163	4,804
Total Eastern Europe	466	484	425	231	509	460	419	388	335	426	1,394	1,363	6,900

TABLE VII.—ARRIVALS OF SOUTHEAST ASIAN REFUGEES, FIRST 10 MO OF FISCAL YEAR 1981, AND ESTIMATED STATE TOTALS FOR SOUTHEAST ASIAN REFUGEES ARRIVING SINCE 197

State	Arrivals fiscal year 1981 (Oct. 1, 1980 July 30, 1981)	Estimated total
Alabama	475	2,317
Alaska	81	446
Arizona	700	3,378
Arkansas	451	2,658
California	33,537	177,005
Colorado	1,358	8,596
Connecticut	900	4,766
Delaware	38	274
District of Columbia	1,614	1,539
Florida	1,941	9,520
Georgia	1,972	5,825
Hawaii	1,163	6,420
Idaho	200	947
Illinois	3,797	19,153
Indiana	532	3,890
Iowa	1,211	7,925
Kansas	1,203	6,742
Kentucky	339	1,860
Louisiana	1,716	11,901
Maine	232	785
Maryland	864	5,923
Massachusetts	2,538	9,178
Michigan	1,314	8,992
Minnesota	3,001	17,001
Mississippi	209	1,494
Missouri	1,300	4,848
Montana	77	1,050
Nebraska	364	2,018
Nevada	262	2,054
New Hampshire	72	336
New Jersey	810	4,804
New Mexico	661	2,535
New York	3,896	15,084
North Carolina	753	4,270
North Dakota	172	601
Ohio	1,571	7,088
Oklahoma	1,354	7,075
Oregon	3,335	15,489
Pennsylvania	3,471	19,980
Rhode Island	748	2,944
South Carolina	437	1,902
South Dakota	152	902
Tennessee	666	3,244
Texas	8,437	45,812
Utah	1,404	6,607
Vermont	73	286
Virginia	2,185	15,327
Washington	4,840	23,826
West Virginia	97	488
Wisconsin	827	6,673
Wyoming	23	371
Guam	17	349
Puerto Rico	0	33
Virgin Islands	0	10
Other	0	0
Unknown	0	78
Total	99,390	514,615

Note: Preliminary figures: Prepared by HHS/ORR.

TABLE VIII.—ESTIMATED COSTS OF REFUGEE MOVEMENT AND RESETTLEMENT IN THE UNITED STATES

[Dollars in millions]

Agency	1981 program total cost	1982 Arrivals	1982 Prior arrivals	1982 Total
Department of State:				
Voluntary agencies abroad	$29.7	$39.1		$39.1
Transportation	94.3	112.5		112.5
Reception and placement grants	79.5	83.6		83.6
English as a second language		10.8		10.8
Total, State	203.5	246.0		246.0
Department of Health and Human Services:				
Office of Refugee Resettlement:				
State-administered programs	539.0	135.0	$404.5	539.5
Voluntary agency programs	9.6	9.0		9.0
Education assistance for children	44.3	21.0		21.0
Federal administration	6.0		7.1	7.1
Preventive health	7.9	7.1		7.1
Services for asylum applicants	5.0			
Cuban program phasedown	36.8			
Total, ORR	648.6	172.1	411.6	583.7
Other HHS:				
Aid for families with dependent children	107.9	25.0	74.9	99.9
Medicaid	38.9	12.5	37.6	50.1
Supplementary security income	13.0	2.5	7.3	9.8
Total, HHS	808.4	212.1	531.4	743.5
Department of Agriculture: Food and Nutrition Service	168.0	28.1	114.2	142.3
Grand total	1,179.9	486.2	645.6	1,131.8

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STATEMENT OF WILLIAM FRENCH SMITH

Mr. Chairman: I am pleased to appear before the Committee today to discuss with you the Administration's proposals for refugee admissions in Fiscal Year 1982. Our discussions during these consultations are particularly important because the Refugee Act of 1980 is still relatively new and the efficacy of the consultative framework established by the Act remains a somewhat open question. The Administration is firmly committed to making the consultations effective, and it is for that reason that we particularly look forward to these joint deliberations with the Committee.

The Refugee Act of 1980, in some aspects, broke new ground and, in others, represented a codification of practices which had developed since World War II. As you know, prior to 1980 the Immigration and Nationality Act provided two avenues for the admission of refugees.

The admission of conditional entrants was permitted under the seventh preference of the Immigration and Nationality Act as persons with a well-founded fear of persecution from Communist or Communist-controlled countries, or countries in the Middle East.

For persons not fitting this definition but otherwise qualified under the United Nations Protocol or who were in excess of available seventh preference numbers, the only alternative was the use of the Attorney General's parole power found in Section 212(d)(5) of the Immigration and Nationality Act.

Normally, before this parole power was utilized for group admissions, representatives of the Administration consulted informally with the Judiciary Committees and, when requested, testified in formal hearings. The new Act codifies these procedures and provides for more flexible refugee admissions authority but, at the same time, makes consultations mandatory, and specifies much more precisely the type of information desired by the Congress.

In conformity with United Nations Protocol relating to refugees, the definition of refugee was changed to eliminate geographical and ideological limits, and provision was made for the admitting of persons from their own country of nationality, thus making it possible to deal with political prisoners and with other situations requiring the evacuation of refugees directly from their country of origin. The law also went a long way toward establishing a more comprehensive framework for domestic resettlement of refugees.

The Act was an important and historic step forward in the formulation and implementation of refugee policy. In its implementation, it requires frequent contact with the Congress and other parties involved in refugee affairs.

We are here today to consult formally, as provided by the Act, on the proposed numbers and allocations of admissions of refugees of special concern to the United States in the coming fiscal year. These numbers are a product of intensive interagency consultation within the Administration and are intended to reflect our best judgment about the complex mix of domestic, foreign policy, and humanitarian considerations which will be affected by these numbers. Additionally, however, we are here to discuss the various problems and questions which have arisen in the implementation of the Act.

In looking at the requirements for the U.S. refugee admissions program, we must take into account a number of considerations. These include a major description of the major refugee situations with which the international community currently must deal.

In considering the extent to which an admissions program to the United States should play a part in the solution to such a problem, the other traditional methods pursued by the United Nations High Commissioner for Refugees (UNHCR) must be evaluated.

These include the possibility of voluntary repatriation to the refugee's country of origin, resettlement in a country of first asylum, resettlement in a third country other than the United States, and as a last resort, admission into the U.S. refugee program.

Certainly, the first focus of our attention must be to assure that we are fully utilizing all available alternative means to deal with such problems before turning to the solution of resettlement in the United States. Although the refugees in the world number in the millions, only a small portion can be considered for admission to this country.

At the same time, our refugee admissions program serves extremely important United States humanitarian and foreign policy interests. There are certain refugees who are of particular interest to the United States, either by virtue of previous association with this country or because the implementation of United States foreign policies may have placed such refugees in particularly threatening situations.

Additionally, some refugees have close family ties with persons in the United States; family reunification—which underlies much of our immigration law—is a major factor in selecting refugees for admission to the United States.

For Fiscal Year 1982, the President is recommending the admission of up to 173,000 refugees for resettlement in the United States. This figure is broken down into the following ceilings for particular refugee groups of special humanitarian concern to the United States:

Soviet Union	33,000
Eastern Europe	9,500
Latin America	2,000
Africa	3,000
Near Eastern	5,500
Asian	120,000

As the Committee is aware, the Soviets have severely restricted emigration during the past year. Only about 16,000 persons have been allowed to leave this fiscal year. Of that group, approximately 13,000 will have entered the United States by the end of this month, as compared with the authorized admissions level of 33,000.

By contrast, the number of Eastern Europeans seeking refuge has risen sharply this year placing heavy burdens in countries of first asylum, particularly Austria. In order to respond to this situation, we reallocated 2,400 refugee numbers for Eastern Europeans last July, and anticipate that nearly all of those will be used.

We will continue to press for a liberalization of Soviet emigration policies; we must also take note of the considerably increased numbers of people fleeing Eastern Europe. For 1982, therefore, the administration is proposing to maintain our admissions ceiling for persons from the Soviet Union at the same level as last year's ceiling of 33,000 to send the clearest possible signal that we do not accept restrictive Soviet emigration policies. We also propose an admissions ceiling of 9,500 for Eastern Europeans, an increase that will permit us to contribute to international resettlement efforts for persons escaping repression and persecution in their home countries.

The Administration is recommending the admission of up to 2,000 refugees from Latin America and the Caribbean. This is 2,000 less than the ceiling authorized for FY 1981, but closely reflects the level of actual admissions in the last fiscal year. The proposed admissions are a relatively small number because of the traditional practice of countries in this area of the world of granting political asylum to persons fleeing neighboring countries. Thus, the problems are largely solved within the region.

Special problems, however, are posed by the existence of substantial numbers of political prisoners in some of these countries. In conforming with the Refugee Act of 1980, a special Presidential determination will be required to allow these prisoners to be processed as refugees directly from their own country of nationality.

While nationals of Cuba are eligible to apply for these numbers, the present status of our relations with the Castro Government does not afford a means by which this could be accomplished. I should stress that mass asylum situations such as that encountered in the Mariel boatlift in 1980 present quite different problems, to a large extent involving questions of illegal immigration under the cover of application for asylum.

The Administration is dealing with these questions separately, and as I had the opportunity to discuss with the Immigration and Refugee Policy Subcommittee of this Committee, the Administration has prepared a series of legislative measures intended to prevent the recurrence of such mass migrations, which will be submitted to the Congress shortly.

Africa is an area with immense refugee problems but also an area where asylum and local resettlement in neighboring countries is usually a possibility. Additionally, voluntary repatriation has often proven possible. Zimbabwe, Tanzania, and Angola are countries in which repatriation has been successful.

Thus, the major effort by the international community, with the United States playing a leading role, has been to provide financial support for emergency care and feeding in first asylum refugee camps. Given the extent of the unrest in Africa, however, there are instances where refugees are unwelcome and third country resettlement must be provided.

The Administration proposal provides for the admission of up to 3,000 refugees from Africa, the great majority of whom are expected to flee repression in Ethiopia. This proposal represents no change from the FY 1981 ceiling. Actual admissions in the last fiscal year were approximately 2,200.

The ceiling proposed for refugees from the Near East is for up to 5,500 in Fiscal Year 1982, an increase of 1,000 over the FY 1981 ceiling; actual admissions in FY 1981 were 4,400. This is in recognition of the volatile and unpredictable situation in the area generally, but with particular reference to problems in Afghanistan and Iraq. At present, the very great bulk of the refugees from Afghanistan are being cared for by Pakistan but authority is needed to admit those few with special ties to the United States. In addition, numbers are proposed to authorize admission of some Iraqi Christians who qualify as refugees.

By far, the largest group which the Administration proposes to admit is again those fleeing the continuing process of radical reorganization of their societies along Communist lines by the three states of Indochina. As in the case of other refugee situations, the United States has looked first to other solutions before turning to resettlement in the United States. However, several factors which are unique to this problem make a continuing program of significant, though declining, size necessary.

A major factor continues to be our close involvement in the events of Indochina for the two decades prior to the fall of that area to Communist domination.

The early life of the Indochinese Communist regime has been dominated in ways that almost totally exclude those with previous influence from participating meaningfully in the life of the nation.

As these authorities cannot yet claim full control of their societies, they continue to rely heavily on repressive measures. These fall most harshly on those with whom the United States was previously associated.

Other nations also assume a leading role in refugee situations which relate back to their previous international roles; for example, Germany in Eastern Europe and France in North Africa. Similarly, nations sharing most fully in meeting the challenge posed by the Indochinese refugee problem are Australia, Canada, France, and the People's Republic of China.

While pressing hard for the participation of others, it seems inevitable that the United States must play a major role in dealing wih the problem.

A second major factor is the extreme ethnic and cultural animosities in the region which have made it impossible to rely on local settlement in the same fashion as in Africa and Latin America.

While the countries of first asylum in Southeast Asia, especially Thailand, have borne a heavy burden as a result of the instabilities in Indochina since 1975, they have not been prepared to do so without an assurance that the international community intended to continue to provide its assistance in the onward resettlement of most of these refugees.

When in 1979 it appeared that the problem had outrun the capability of the international community, tens of thousands of Kampuchean refugees were forced back the Thai/Kampuchean border and thousands of boat refugees forced back to sea by the first asylum nations.

This not only had serious humanitarian consequences, including extensive loss of life, but also created instabilities in the area which threatened ASEAN cohesion and unity, an important United States foreign policy goal.

Thus, the Administration believes an admissions ceiling of up to 120,000 Indochinese refugees should be set for Fiscal Year 1982. This is based on our best estimates of new arrivals in first asylum areas, the possibilities of voluntary repatriation and local resettlement, and the likely resettlement rate by other countries. In light of all these factors, we believe that this level is the maximum that may be needed to maintain continuing first asylum in Southeast Asia. I can assure you that every effort will be made to change the program to achieve lower admissions as we have done this year.

I stress that this is a ceiling and the aim of the Administration will be to manage the program so that, if at all possible, fewer actual admissions are required. In Fiscal Year 1981, up to 168,000 Indochinese admissions were authorized.

In fact, only about 125,000 Indochinese will actually be admitted, but had this figure been set in September 1980 as the ceiling for Fiscal Year 1982, we would have risked serious reaction among the first asylum nations.

The Administration intends to use Fiscal Year 1982 to seek further ways to markedly reduce the number of Indochinese refugees for which resettlement in the United States is the only answer.

We intend, for example, to explore with first asylum nations the possibility of developing additional means of humane deterrence to discourage the departure from their homelands of those leaving for reasons other than persecution, and those not experiencing such severe persecution that they see no tolerable alternative to flight.

We support humane deterrence not in contradiction to, what I spoke of earlier—the right of emigration, but rather in view of the fact that not all those who would like to come here are in fact refugees and also in recognition of the harsh realities of life: the limitations—political, social, and financial—on the first asylum and permanent resettlement systems of the international community.

The implementation of the United States refugee program in the field involves a coordinated effort by the personnel of the State Department and the Immigration and Naturalization Service plus the assistance of contract organizations from among the American voluntary resettlement agencies and international organizations. Voluntary agency personnel provide the bulk of the effort in the initial screening of refugee populations and preparation of biographic dossiers.

State Department officers review this material and apply the Selection Priorities described in Part II of the Consultation Document to choose refugees for the United States program. These priorities are important when choosing from a larger pool of refugees, those to be admitted to the United States program, and rely heavily on family reunification and other measures of association with the United States.

The selection priorities should not, however, be confused with a bonafide individual claim as a refugee. They are employed only to select which of the bonafide refugees from a particular area should be admitted to the United States within the available admissions numbers.

Ideally, the United States program might take mainly refugees with close associations with the United States. However, this is not always possible.

For example, in 1979, the Indochinese boat refugee crisis was created by the flight of tens of thousands of ethnic Chinese Vietnamese nationals who, while having little previous connection with the United States, were a persecuted minority, clearly meriting the assistance of the international community, including the United States.

Similarly, relatively few of the Eastern European asylum seekers who have been arriving in Austria in sharply increased numbers this year have close personal ties to other countries. Consequently, resettlement programs must also deal with these refugees who require assistance but have made distant association with other resettlement countries.

Final decisions on the admission of refugees under the Refugee Act of 1980 lies with the Attorney General or his designee. In practice this means that the INS officer in the field interviews and screens the refugee applicant both with respect to the applicant's conformity with the definition of refugee contained in Section 101(a)(42) of the Immigration and Nationality Act and to the refugee's possible inadmissibility under various provisions of the law.

There has been considerable discussion of this subject, in the press and otherwise, in recent months and I expect that the members of this Committee will wish to discuss it further. Let me make a number of points briefly to outline the Administration's position on this matter:

Each refugee application is unique and must be analyzed individually to determine the nature of the applicant's claim in the light of the political situation in his country of origin.

Persons who leave solely to seek economic betterment do not meet the definition of refugee upon departure, but

Persecution can and very often does take an economic form. Consequently, refugees often express their concerns in economic terms when their economic hardships derive primarily from political status.

Whatever an individual's reasons for departure, if he has a well-founded fear of persecution upon return, he should not be forcibly repatriated to his country or origin.

This position reflects judicial decisions in this country, international practice, the guidance in the Handbook of the United Nations High Commissioner for Refugees, and our obligations under the United Nations Protocol Relating to the Status of Refugees.

An INS officer will take into account not only the personal account of the refugee but such other relevant facts as are available to him, especially those bearing on the political situation in the country of origin.

Historically, the Department of State has been considered the most authoritative source of such information.

Mr. Chairman, I believe it is well-known to the members of this Committee that, with respect to the Indochinese refugees, the question of the proper application of the definition of refugee has been a matter of considerable interagency discussion. The above principles have guided the resolution of that discussion.

In the course of those discussions, because of my concerns and the concerns of some members of this Committee, that the definition of refugee be applied even-handedly and rigorously, I asked the Office of Legal Counsel (OLC) to provide me its views regarding the interpretation of the refugee definition in the context of our current programs. I am pleased to make that OLC opinion, with which I concur, available to the Committee.

As the opinion states, the Justice Department recognizes that economic privation is not of itself a form of persecution. Although political persecution may take the form of economic reprisals, and impoverished persons can be persecuted, economic migrants, as such, are not refugees. Thus, persons fleeing Indochina for economic reasons, without more, should not be considered to be refugees.

The opinion goes on to note, however, that if a person would be persecuted upon return for the act of leaving his country, he would still qualify as a refugee, notwithstanding the fact that originally he left for economic reasons.

This would present a question of fact in each case where such a claim was raised. In making such factual determinations, INS officers accord substantial weight to the views of the Department of State, while also drawing upon all other information available to them.

Secondly, the OLC opinion sets forth our position that applications for refugee status normally should be reviewed on an individual basis. Although the Act does not in terms prescribe case-by-case determinations, individual interviews would seem the most appropriate way to determine whether a fear of persecution is well-founded.

Thus, absent extraordinary circumstances which I do not now contemplate, INS officers should make all determinations only after an individualized inquiry into the facts of each person's case.

As I understand it, this is the position of the Department of State as well. However, while the Administration rejects the idea of establishing a presumption as to whether certain groups or nationalities qualify as refugees, we cannot ignore established facts that may be common to large numbers of persons.

One such fact, regrettable though it is, is the relentless pattern of persecution perpetrated by the Communist regimes in Indochina. In the State Department's view, with which I concurred, persons fleeing Laos, Cambodia, and Vietnam in the past have, with rare exceptions, in fact been threatened with persecution, and if returned forcibly to Indochina would be subject to even more severe persecution, since the Indochinese regimes view the very act of flight as a hostile political act.

Whether such a fear of persecution is well-founded in a given case is a question of fact for the INS field officer to determine on an individual basis, and I have instructed the INS Commissioner that a diligent inquiry is to be made into the circumstances surrounding each claim of refugee status. This process, I am confident, will assure the proper administration of the Refugee Act.

The Refugee Act of 1980 established a framework for dealing with the domestic resettlement of refugees in the United States, strengthening the role of both the U.S. Coordinator for Refugee Affairs and the Director of the Office of Refugee Resettlement in the Department of Health and Human Services. This Administration has given serious consideration to the domestic impact of the recommended level of refugee admissions.

With the high levels of refugee admissions in recent years, considerable domestic difficulties have arisen in the resettlement process, accompanied by increasing levels of dependence on cash assistance. Additionally, the refugee admission levels have important budgetary implications both for the Federal Government and for State and local entities, as well.

This is a matter of concern and careful attention by all concerned agencies and by the President. It is for this reason that proposed admission levels have been set as low as possible in light of urgent foreign and humanitarian policy considerations and that every effort will be made to implement the program at an even lower level in terms of actual admissions.

In closing, Mr. Chairman, I want to stress the importance which the President attached to these recommendations. Certainly, our nation faces serious problems of both legal and illegal immigration.

This Administration takes these problems seriously and has placed them at the forefront of our attention. At the same time the admission of refugees, in response to United States foreign and humanitarian policy interests, is a small part of the overall immigration picture but is a continuing and major element in the United States leadership of the free world. Our readiness to receive these victims of repression and persecution is central to the way we view ourselves.

They, in turn, bring to us a reaffirmation of our basic beliefs in the worth of an open society with a free, democratic process of government.

Mr. Chairman, I will be pleased to answer any questions which the members of the Committee may have.

Statement by Senator Strom Thurmond

Mr. Chairman, today, the Committee engages in the consultation with the Executive Branch on the admission of refugees as provided for by the Refugee Act of 1980.

The influx of refugees to American shores has always been a difficult problem for the American Government. It requires balancing a history of foreigners emigrating to America with a recognition that our Nation cannot possibly take all of those who want to come. The surge of Southeast Asians into America since the end of the Vietnam War and the more recent arrival of more than 125,000 Cubans in the spring of last year have only drawn more attention to this problem.

Mr. Chairman, let me congratulate you for taking the active role you have both as Chairman of the Subcommittee on Immigration and Refugee Policy and as a member of the Select Commission on Immigration and Refugee Policy in responding to this problem. I share your concern about the direction we may be going with regard to refugee matters.

First, the definition of "refugee" must be given the meaning in the 1980 Refugee Act which states that a Refugee is one who leaves his country "because of a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion . . ." This must not be a fear generated by a potential refugee through acts that may not meet the approval of his government. Political persecution must be clear and ascertainable by American government officials. We cannot continue to admit refugees who are simply seeking a better life in America by using the guise of political persecution as a way to gain entry into the United States.

Second, we must develop a better policy of finding other Nations to take some of these refugees and diplomatic methods of returning them directly to their country of origin. In that regard, it is clear that the State Department must take a stronger role than it has in recent months to use American foreign policy objectives to address this problem of refugee admissions.

Finally, the absence of a refugee coordinator at the State Department and a Commissioner of Immigration and Naturalization at the Justice Department may be part of the reason there has been a delay in the development of a viable refugee admissions policy. A number of Senators who are from states where this problem is a significant one have expressed to me their concern about the slow movement of the Administration in this area. Mr. Attorney General, I hope you will see to it that this entire area of refugee admissions and immigration policy will receive the attention it deserves.

We welcome you to the Committee this morning, Mr. Attorney General.

Opening Statement by Senator Alan Simpson on Refugee Consultation—Fiscal Year 1982

Senator Strom Thurmond, the gracious and supportive Chairman of the Senate Committee on the Judiciary, has requested that I chair this consultation on refugee admissions for fiscal year 1982 in my capacity as Chairman of the Subcommittee on Immigration and Refugee Policy. Therefore, we will now address yet another of the tough issues before us in an effort to examine and reform this nation's immigration and refugee policies.

During the past eighteen months, the United States has carried out the major provisions of the Refugee Act of 1980, with varying degrees of success. The Act requires this annual consultation between the Executive Branch and the Judiciary Committees of the Congress in order to provide legislators with the opportunity to consider the Administration's proposals for refugee admissions to the United States in 1982. Following this consultation, members will meet, and the Senate Committee on the Judiciary will then forward its recommendations on admissions levels to the President. In its oversight function relating to the federal agencies charged with administering the programs authorized by the Act, the Committee will also assess the persons fleeing from governments whose standards of freedom do not match our own.

The United Nations High Commissioner for Refugees (UNHCR) has estimated that there are over 15 million persons ranging the earth who cannot safely return to their homelands. Clearly then, this is an international problem requiring international responsibility and solutions.

The Refugee Act establishes a "normal flow" of refugees to be accepted for permanent resettlement to the United States at 50,000 per year. However, since the enactment of this law, the Congress has been asked to approve three and four times that number, and sometimes with only very sketchy data to examine.

Moreover, these refugee numbers do not include the 133,000 Cuban-Haitian entrants paroled into the U.S. during 1980. Neither does this figure include—and please note the import of this—the 95,000 persons who have arrived on our shores and are awaiting determination of their asylum petitions.

This is significant because 10 years ago, there were only 440 of these petitions pending. In 1978 there were 1,684; in 1979 4,189; in 1980 28,824; and currently there are 95,000 asylum applications pending. It is indeed unfortunate that we come down to simple "numbers" when we deal with human beings, but that is where we are at this time in our country's history.

I do very much believe that the American people wish to shoulder our fair share in addressing the plight of the world's refugees. The international caring community must be made aware of this fact of "numbers." In the majority of cases, it would seem more humane for our country to render assistance by helping in providing care effectiveness of the policies and procedures governing the federal refugee assistance efforts in order to determine whether they are working properly.

The traditional generosity of the American people is richly illustrated by the leadership this nation has assumed in assisting all victims of persecution throughout the world. By offering haven to those singled out for persecution by their governments, the United States has indicated in a very real way its commitment to freedom and the inherent dignity of the individual. Throughout our history, refugees have earnestly demonstrated their gratitude by becoming productive American citizens and enriching the communities where they reside.

As Chairman of the Subcommittee on Immigration and Refugee Policy, I wish to reaffirm this commitment to assist those victims of persecution who are of special humanitarian interests to the United States, and who indeed meet the definition of refugee as stated in the Refugee Act of 1980.

I feel that we must firmly embrace the statutory provisions limiting refugee admissions to those persons who leave their homeland because of "persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion . . ."

Often, in discussions of refugees as defined in the Act, the focus is on "persecution" and the last portion of the definition—the criteria for persecution—is often omitted.

I emphasize the need to apply these criteria to each and every refugee application since it is not feasible or possible for the United States to accept for permanent resettlement all of those and maintenance funds and services to countries of first asylum until the refugees are able to return to their homelands, and also by directing our foreign policy initiatives to address the root causes of all refugee situations.

A focus on such activities would seem to better ensure that the "normal flow" of refugees will approximate that which was intended by the Refugee Act, in order that domestic resettlement programs may more accurately assist those admitted for permanent resettlement to the United States, in order that they may more swiftly attain self-sufficiency in their adopted land.

Congress has a clear duty in this consultation process—and I see every indication that we will perform it well. I feel we are now fully and finally prepared to do that.●

PAKISTANI NUCLEAR PROGRAM

Mr. CRANSTON. Mr. President, earlier today I spoke in the Senate Foreign Relations Committee regarding new information on the Pakistani nuclear program. I ask unanimous consent that this statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR ALAN CRANSTON ON THE PAKISTANI NUCLEAR PROGRAM

This week the full Senate was prepared to vote on an Administration proposal, contained in the foreign aid bill which has been on the floor; to waive nonproliferation restrictions on aid to Pakistan and to authorize the first increment of a proposed six-year $3.2 billion program of economic and military assistance to Pakistan.

The Administration proposes an open-ended waiver of the restrictions of the Symington Amendment—which prohibits aid to countries pursuing nuclear weapons development—for Pakistan. The Administration has announced plans to furnish advanced F-16 fighter aircraft to Pakistan, for delivery beginning in the next twelve months. The Administration has attached no conditions on this aid to the not wholly stable, and not totally popular Zia regime.

In a narrow 10-7 vote, the Senate Foreign Relations Committee last May approved lifting the nonproliferation restrictions on aid to Pakistan, but added language exhorting the President not to waive existing provisions of law which are unaffected by the change in the Symington Amendment and which would terminate all U.S. assistance to any country which tests a nuclear weapon. The members of the Senate Foreign Relations Committee at that time expressed deep concern about the course of Pakistan's nuclear development program.

Administration spokesmen have since tried to reassure us about the course of the Pakistani nuclear program. For example, while arguing in favor of the proposed Pakistani aid package, Undersecretary of State James Buckley told the Senate's Nuclear Proliferation Subcommittee last June that "I was assured by the president (Mohammed Zia ul-Haq) himself that it is not the intention of the Pakistani government to develop nuclear weapons".

When the Senate Foreign Relations Committee was considering the changes in the Symington Amendment, I revealed information that Pakistan had in fact been preparing a nuclear test site in the Baluchistan Mountains. The Administration did not volunteer this information to the Congress. But my information was subsequently confirmed when the Committee delayed action on the Pakistani aid proposal until we received a full briefing from the Executive Branch.

New information has come to me this week which shows that yet again the Administration has failed in its statutory obligation to keep the Congress "fully and currently informed" on proliferation developments. Again, I have verified this information to my satisfaction with three Executive Branch entities.

Pakistan has recently taken steps to find the "missing link" for their nuclear weapons development program. They need spent (used) nuclear fuel from which to extract plutonium for bombs. My information is that the Pakistanis have been fabricating some of their own fresh fuel for use in their 137-megawatt CANUP reactor near Karachi. Since certain amounts of this Pakistani-fabricated fuel have been used in their reactor, it is no longer possible for the International Atomic Energy Agency to make an accounting of fuel at CANUP. The IAEA can no longer verify whether Canadian-supplied, or Pakistani-fabricated nuclear fuel has been diverted after use in CANUP for plutonium extraction in Pakistan's clandestine reprocessing facility, which is not open to international inspection.

This situation has become so serious that for the first time in memory, the Director General of the IAEA, Sigvard Eklund, last week informed the IAEA Board of Governors in Vienna, Austria, that the Agency can no longer have confidence in their accounting "safeguards". Eklund reportedly indicated that the use of indigenously fabricated fuel by Pakistan has made impossible the task of effectively 'safeguarding' their reactor. He indicated that the same is true for the Indian RAPP-1 reactor at Rajasthan, another "CANDU", Canadian reactor which is fueled by raw uranium. This means that both the Indians and the Pakistanis now have potential sources for undetected plutonium diversion to facilitate nuclear weapons options.

I am deeply concerned by these developments, which represent another in a series of relentless steps towards a nuclear arms race on the South Asian subcontinent. They point again to the weakness of IAEA safeguards, to the fragility of international nonproliferation efforts, and to the questionable wisdom of providing Pakistan with massive amounts of U.S. military aid, without the attachment of some explicit conditions. I am also deeply concerned by the Administration's failure to share this new information with the members of this Committee and of the Senate on the eve of our vote on the nonproliferation waiver for Pakistan.

ORIGIN OF THE WORD "GENOCIDE"

Mr. PROXMIRE. Mr. President, today "genocide" is a common enough word heard around the world. Yet for a barbarity which has been committed by man against man throughout history, genocide has only within the last generation been declared a crime and even given a name.

The late Dr. Raphael Lemkin started the world movement against the mass killings of people for religious and racial reasons. Dr. Lemkin was a man whom professional diplomats and press correspondents called the unofficial man because he did not represent any government or private agency. Leading a lonely crusade against this hideous violation of life, Lemkin coined the word for this nameless crime—genocide.

After having escaped from the Nazis and fleeing to Sweden in 1940, Dr. Lemkin heard a broadcast of Churchill describing Nazi activities in Poland: "We are in the presence of a crime without a name." Lemkin was not satisfied with such names as "race murder," "barbarity," and "mass murdering."

After rereading Plato, Dr. Lemkin created a new word, genocide. As he himself defined the word in 1944:

> Genocide comes from the Greek, *genos* meaning race, and the Latin, *cide*, meaning killing. It is the mass murder of people for religious or racial reason.

The word "genocide" first appeared in Lemkin's book entitled "Axis Rule in Occupied Europe," published by the Carnegie Endowment for International Peace in 1944. Lemkin described techniques of genocide used by the Nazis. In describing "an old practice in its modern development," Lemkin declared that—

> The entire problem of genocide needs to be dealt with as a whole; it is too important to be left for piecemeal discussion and solution in the future. Many hope that there will be no more wars, but we dare not rely on mere hopes for protection against genocidal practices by ruthless conquerors.

Whereas the dictionary definition of genocide is the systematic extermination of a national or racial human group, the United Nations Convention on the Prevention and Punishment of Genocide, which Lemkin helped to draft, applies to religious and cultural groups as well. The present convention defines genocide as the intent to destroy, "in whole or in part, a national, ethnical, racial or religious group."

I urge the Senate to ratify the Genocide Treaty, a treaty to deal with a crime which has long been a part of history, with or without a name.

TRIBUTE TO BETH LUTZ

Mr. TOWER. Mr. President, achievement in the face of adversity inspires all of us to reach even deeper within ourselves for that extra margin of effort. One such example from my own State is that of Dallas native Beth Lutz.

In the recent World Games for the Deaf held in West Germany, Miss Lutz captured six gold medals and one silver in swimming to help the United States become overall winner. She led all participants with her seven medals, and her exemplary performance enabled the Americans to win a total of 46 gold, 30 silver, and 35 bronze medals. Second in the 38-nation competition was the Soviet Union.

The 22-year-old Miss Lutz, deaf since the third grade, also excels outside a swimming pool's racing lanes. She is a 1981 Phi Beta Kappa graduate of the University of Arizona and has just moved farther west to begin her computer programing career in California. Her fellow Texans would only hope that she eventually intends to bring her talents back to her home State.

The Texas Legislature paid tribute to Miss Lutz' extraordinary athletic success and indomitable spirit in resolutions passed by both House and Senate.

Mr. President, I ask unanimous consent that the resolution honoring Miss Lutz be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

RESOLUTION

> Whereas, At the World Games for the Deaf in Cologne, West Germany, that ended Saturday, August 1, 1981, Beth Lutz earned six gold medals and one silver medal in swimming to help the United States become the overall winner in the 10-day event; and
>
> Whereas, The seven medals won by Beth, who was an All-District swimmer at Lake Highlands High School in Dallas, were the most won by an individual in a field of 1,500 athletes, including 184 Americans, from 38 nations competing in 12 different sports; and
>
> Whereas, Miss Lutz's hard work and dedication in athletics shows in her academic endeavors as well; she graduated Phi Beta Kappa from the University of Arizona in May, 1981; now, therefore, be it
>
> *Resolved*, That the House of Representatives of the State of Texas, 67th Legislature, 1st Called Session, congratulate Beth Lutz on her splendid accomplishments in sports and in her studies and express its pride in this fine young Texan for her victories in this international competition; and, be it further
>
> *Resolved*, That a copy of this resolution be prepared, under the seal of the House of Representatives, for her as an expression of the esteem of the Members of the House of Representatives of Texas, and that best wishes be extended to Beth for every success in the future.

TWENTIETH ANNIVERSARY OF THE PEACE CORPS

Mr. GOLDWATER. Mr. President, just a few days ago, this country marked another historic milestone when we noted the 20th anniversary of the Peace Corps which was created by the Peace Corps Act on September 22, 1961.

I have admired and supported the Peace Corps since its inception. With a modest budget, the Peace Corps has provided over 80,000 volunteers in 88 countries. I am proud to say that admost 1,000 of these volunteers have come from Arizona.

The Peace Corps is a program which has taught people in the developing world how to better their own lives in the areas of health, agriculture, and education, to name a few.

Just the other day, Secretary Alexander Haig called for immediate international attention to be given to three areas, one of which was international cooperation in food and energy. The Peace Corps is just such a valuable conduit for this type of international cooperation. As an example, the volunteers of the Peace Corps have gone into villages and taught the people how to construct fish ponds and water-borne sanitation projects, to build energy sources and develop agricultural innovations that have helped foster food independence in the Third World.

The Peace Corps is a very effective means of international cooperation. I would like to congratulate the Peace Corps on its 20th anniversary. As President Ronald Reagan's statement on the Peace Corps' 20th anniversary notes:

> For the last twenty years, more than eighty-thousand American volunteers have fought, and often conquered, illiteracy, hunger, poverty and illness in more than ninety countries. Their efforts, dedicated to world peace through international goodwill, have done much to replace fear and mistrust with mutual understanding.
>
> These Americans are past and present Peace Corps volunteers. On this anniversary, and on behalf of all their countrymen, I commend them today for their personal contributions to international friendship and peace.

CYSTIC FIBROSIS WEEK

● Mr. DENTON. Mr. President, this week has been declared Cystic Fibrosis Week by President Reagan. CF is the leading genetic killer of children and young adults in America, a crippling disease whose cure will be found only through intensified efforts on the parts of many groups and individuals.

As a former cystic fibrosis State campaign chairman, I am pleased that a new cystic fibrosis research center has been created in my home State at the University of Alabama Medical Center in Birmingham. The center is the culmination of the tireless efforts of leaders in the scientific, lay, and civic sectors, and another major step in the fight to conquer CF.

An undertaking of this magnitude requires the energies and commitment of many, and I wish to commend my fellow Alabamians and every person involved for their devotion to this project. But, as always, there are those whose dedication and drive stood above, and without whose leadership a vision would have remained just that, a vision.

First, the center would not have been possible without the commitment of Fob James, Governor of Alabama, and his wife Bobbie, who lost one of their children to CF. Mrs. James currently serves as honorary chairperson of the CF Foundation's Alabama chapter. Governor James has granted $100,000 in revenue-sharing funds to the Alabama research center, with an additional promise of $200,000 in State funds.

Second, the people of the Cystic Fibrosis Foundation, a leading organization in the battle against CF, have provided direction and technical assistance to this project from its inception. Their guidance was an invaluable catalyst in bringing together many sectors involved in such an undertaking. The center reflects the foundation's goal of expanding the number of CF research centers and the breadth of their research.

If I may boast about an institution in my own State, the University of Alabama at Birmingham is a fitting location for the cystic fibrosis research center. UAB serves the State and the Nation through its educational and research programs. The UAB Medical Center is Alabama's leading medical referral facility, and has patient care programs that are among the best in such areas as heart and kidney disease, and spinal cord injury. A strong clinical center for CF is already located within the UAB children's hospital.

Dr. Roy Curtiss of the university's department of microbiology will serve as the first director of the CF research center. He is recognized internationally for his work in recombinant DNA research. According to Dr. Curtiss, planned studies will involve basic determination of genetic controls affecting cystic fibrosis. Recombinant DNA technologies will be used to define genetic information that may facilitate screening and diagnosis of CF in patients and carriers. It is estimated that some 10 million Americans are unsuspecting, symptomless carriers of the defective gene that causes CF.

While Dr. Curtiss and his colleagues will be seeking answers to the many questions surrounding CF, they also want to help the public understand the disease, which is called the great masquerader because of the way it mimics other lung and digestive problems.

I have every confidence in the potential of the research center to make great strides in the pursuit of information about CF. I hope it enjoys the success which UAB as a whole has achieved in the field of medicine.●

ASEAN AND KAMPUCHEA

Mr. HAYAKAWA. Mr. President, all of us who have been following the Kampuchean situation were gratified to observe the degree of cooperation achieved between the Association of Southeast Asian Nations—ASEAN—and China on this issue at the United Nations conference in July. While differing over the future role of the Khmer Rouge, also known as Democratic Kampuchea, disarming the contending anti-Vietnam factions, and the procedures for establishing a future government, the ASEAN nations and China are united on the necessity for removing the Vietnamese forces from Kampuchea.

However, during my recent trip to Thailand, Malaysia, Singapore, Indonesia and the Philippines—all the ASEAN nations, I discovered that deep-seated suspicions of China's policies and long-term intentions remain. Part of this fear is the result of China's longstanding support of the Communist parties in several ASEAN countries. Historically, these parties have been composed primarily of ethnic Chinese, and have been supported by radio propaganda, arms, and supplies from China. In recent years, China has decreased such support in an attempt to improve state-to-state relations with members of ASEAN.

In August of this year, China's Prime Minister Zhao Ziyang visited the region in an attempt to reassure the ASEAN countries of China's friendship. Zhao argued that China's aid to Southeast Asian Communist parties in strictly "political and moral," and that severing "party-to-party" links with guerrilla movements would create a vacuum which would be filled by the Soviet Union and Vietnam.

This rivalry between the Soviet Union and the Peoples Republic of China continues right into the backwoods of these ASEAN nations.

My discussions with ASEAN leaders indicate that they hold serious reservations about China's "change of heart." Many consider China a greater long-term threat than the Soviet Union, or Vietnam. Some leaders, while deploring Vietnamese occupation of Kampuchea, feel a strong Vietnam serves as a buffer to Chinese expansion.

In conclusion, we must bear in mind the differing views some ASEAN States have on China and Vietnam in working closely with the ASEAN nations on the Kampuchean problem. If our efforts are to have any chance of success, we should not identify ourselves too closely with the Chinese position.

Upon returning to the United States, I noticed an article in the August 13 issue of the Christian Science Monitor entitled, "Southeast Asia: Checking the Domino Theory." In my judgment, it provides an excellent summary of the complexities of the situation and the varying views of Southeast Asian leaders, as I found them on my trip. I ask unanimous consent that this informative article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SE ASIA: CHECKING THE "DOMINO THEORY"

(By Frederic A. Moritz)

In Southeast Asia the "domino theory" has a long past.

But does it have a future there?

It has been six years since communist revolutionaries came to power in South Vietnam and Cambodia. So far, contrary to the most pessimistic predictions by advocates of the "domino theory," none of the other Southeast Asian nations have "fallen" to communist guerrillas.

But the leaders of noncommunist Southeast Asia are taking no chances.

Countries like Burma, Thailand, Malaysia, and the Philippines, where there are communist-oriented guerrilla movements, see a danger that stepped-up support for insurgents by an outside power could threaten the region's stability.

Indonesia, which brutally suppressed its China-oriented Communist Party in 1965, is still concerned that Peking might someday aid a comeback attempt.

This is why Southeast Asian leaders press China for firmer assurances that it will refrain from stirring up revolution in Southeast Asia. This is also why China—so eager to gain Southeast Asian support against "Soviet expansionism"—feels compelled to reassure its Southeast Asian neighbors.

So far China has only partly succeeded in providing convincing reassurances.

Southeast Asian leaders are not satisfied with China's explanation that aid for communist revolutionaries is limited to "political and moral" support. Nor do they always accept Peking's argument that if it severs fraternal "party to party" links with the region's guerrilla movements, the Soviet Union and Vietnam would step in and take over.

There is an underlying suspicion that China keeps contact with guerrillas to hold a club over the heads of Southeast Asia government, should they openly defy Peking.

The rift has persisted despite China's increased cooperation with the Association of Southeast Asian Nations (ASEAN) in the campaign for Vietnamese withdrawal from Cambodia. Numerous diplomatic excursions have sought to bridge the gap.

The latest is Chinese Prime Minister Zhao Ziyang's swing through the Philippines, Malaysia, Singapore, and Thailand. This follows visits by Mr. Zhao to Thailand and Burma.

Viewed as the toughest parts of Mr. Zhao's assignment were his stops in Malaysia and Singapore. Both of these countries strongly oppose China's involvement with the China-oriented Communist Party of Malaya.

Singapore Prime Minister Lee Kuan Yew was reported to have vigorously pressed his case in private in Peking last November.

Continuing disagreement again became public after Mr. Zhao's visit to Malaysia.

Before he took office earlier this year, Malaysian Foreign Minister Tan Sri Ghazali, had attacked China's policy toward Southeast Asian nations as "two faced." He called China as great a threat to Southeast Asia as the Soviet Union.

After Prime Minister Zhao's visit, Mr. Ghazali said his government could not accept the China explanation for continuing relations between Peking and the outlawed Communist Party of Malaya.

Mr. Zhao had been quoted as saying that if Peking did not "handle the situation properly," the Soviet Union and Vietnam would fill the vacuum and exploit communist parties in the region.

"We do not agree with that in Malaysia," Tan Sri Ghazali said. "I do not know the situation with the Thai or Burmese Communist Parties, but I am certain it is not possible for the Communist Party of Malaya, with its present leaders and present membership to establish a link with the Soviets or the Vietnamese.

"The whole leadership of the Communist Party of Malaya is composed ethnically of Chinese and more than 80 percent of the members are Chinese, he said.

China has moved to allay Southeast Asian suspicions. A year ago it closed the radio station in China that broadcast to Thailand propaganda of the Thai Communist Party.

At the end of June this year China closed the Voice of Malayan Revolution, a southern China radio station that was broadcasting to Malaysia propaganda of the Communist Party of Malaya. But the impact of this step was quickly undermined. The very next day a new station, the new Voice of Malayan Democracy, resumed the propaganda broadcasts, this time from southern Thailand.

Meanwhile the China-oriented Communist movements in both Thailand and Burma began to change their tune.

China's move toward cooperation with the Thai government in an effort to end Vietnam's occupation of Cambodia had a sharp impact on the Thai Communist Party. Chinese material support for the revolutionaries declined. Efforts by the party's China-oriented leaders to adapt to Peking's new policy caused splits in the revolutionary ranks.

Many young members defected from the party's jungle hide-outs. Thai officials seized the opportunity to step up operations against guerrillas. The result is a new communist policy of offering to negotiate with the Thai government. Copying a lesson from China, the Thai Communist Party is apparently seeking to form a "united front" with the government against the No. 1 enemy, Vietnam.

So far, Thai officials have refused open negotiations, but left the door open to secret talks. Bangkok wants to avoid any public move that would increase the party's stature.

In Burma there have been similar changes. Last September the Burma Communist Party offered to open talks with Burma's President Ne Win. The President met with Burma Communist Party chairman Ba Thein Thin in China in October. It was widely assumed that Burma's communists were being urged by Peking to make a deal.

But in Burma communist guerrillas firmly control important strategic areas near China. The talks broke down. According to Ne Win, the communists set unacceptable conditions: that their party and armed forces be recognized and that their "liberated zones" along the Chinese border continue to exist.

So, despite Prime Minister Zhao's tour, there is still no sign the basic problem has been solved. China's need for better relations with the Asean countries has clearly lowered Peking's fervor for revolution abroad. But so long as China maintains its links with guerrilla groups, the "domino theory" never completely disappears.

TRIBUTE TO LEN BROCK

Mr. CRANSTON. Mr. President, one seldom hears the oil industry praise Government regulation, Government officials, or the public servants with whom their field operations bring them into necessary contact.

For example, no matter how supportive of "Big Oil" the Department of Energy seemed to other observers at various times in its relatively short history, to discuss DOE or its employees with almost any oil man is to invite epithets.

But, on the occasion of his retirement after almost 30 years of service to the city of Long Beach, Leonard W. Brock stands as a singular exception to that rule.

He is a public servant admired and respected by the oil industry, held in equal esteem by the city and State officials with whom he has worked for so long, and by those of us in the Federal Government and the members of a grateful public familiar with his work.

No wonder, then, that both the independent oil producers in the California Independent Producers Association, of which he is a long-time member, and the "Big Oil" people in the five major oil companies—Texaco, Humble, Union, Mobil and Shell—that comprise the (THUMS) consortium conducting Long Beach drilling operations under contract with the city, have such affection and esteem for this warm and talented human being.

After all, he is one of them.

After obtaining his petroleum engineering degree from the University of Southern California in 1949, Len Brock trained with the Long Beach Oil Developmnet Co. for 3 years, then spent another year as drilling engineer for the

International Petroleum Co. at Branquila, Colombia, South America.

Returning to the United States in 1953, he began his long association with the oil operations at Long Beach as project engineer for the first water flood project in the old Wilmington Oil Field, functioning in this capacity for 9 years.

During this period, he conducted a series of studies of the growing problem of surface subsidence which was centered in the Long Beach inner harbor area and which eventually depressed the surface by as much as 29 feet.

Len prepared the "Brock Subsidence Report," offering proof that compaction in the oil zone was causing the subsidence.

In 1962, Mr. Brock became petroleum adviser to the city of Long Beach—a position he held until assuming his present job as director of Long Beach's Department of Oil Properties—3 years later.

In the former capacity, Lenny served as technical adviser in the State and local governmental efforts which produced the necessary legislative changes to permit the current Long Beach oil operations to go forward; he designed the unique net profits contracts still in use at Long Beach; he conducted bidding on both the city uplands leases and the (THUMS) contract; and then negotiated that contract on behalf of the city.

In addition to all this highly worthwhile paperwork, Len supervised the drilling of core holes that proved the potential of the east Wilmington oilfield, and not coincidentally, sweetened the bidding on the contracts he was negotiating on behalf of the public entities he represented.

Those contracts have indeed been profitable for all parties and especially for the people of the city of Long Beach and the State of California.

Since 1965, the city contractors under the supervision of Len Brock's department of oil properties have produced almost 1 billion barrels of oil, returning just under $2 billion to the State of California and about $200 million to the proprietary account of the city of Long Beach.

And Long Beach—which is California's fifth largest city—has managed to produce all that oil while carefully protecting its environment.

The four internationally famous offshore oil islands—named after our four deceased astronauts: Grissom, White, Freeman, and Chaffee, and each consisting of about 10 manmade acres—were designed, constructed, and are now operated by contractors under the direct supervision of the staff headed by Len Brock.

This masterful engineering effort—named by a local chapter of the National Society of Professional Engineers as the outstanding engineering achievement of 1966, has won awards for environmental protection from local, State, and national groups.

It has served as a prime example of how productive oil operations can function compatibly with sensitivity to the environment—Secretary Watt, are you listening?—when both industry and Government share these concerns.

As anyone who has visited the Long Beach area is well aware, the oil islands look like clusters of high rise hotels or condominia in a tropical island setting, which mysteriously change their location from time to time, and which not only camouflage the appearance of the oil operations in a very appealing way, but also baffle their noise.

And Len Brock has always enjoyed reporting that while the oil companies strongly resisted the extra cost of this unique engineering feat when it was suggested—even though it made possible the oil operations by insuring public support—at least one of the companies proudly featured a picture of the islands on the cover of its annual report after they were completed.

Len's staff also supervised design and construction of the reinjection system of all oil-field-produced water, which finally made possible, after 1974, complete control of the subsidence problem.

In all, Mr. President, Mr. Brock's career reflects a unique combination of creative and sound engineering, enthusiastic and prolific oil production, environmental sensitivity coupled with an engineer's practical approach to problem-solving, and dedicated and honest public service—which began with a 3-year Navy tour of duty during World War II—all approached with a warmth that affected all with whom he has come in contact.

I first became acquainted with Len Brock when I was State controller of California, in charge of the State's proprietary interests in oil.

I know that as Len retires and stops producing oil and starts producing fish from the waters around Long Beach, he will leave behind a job well done and many, many friends who will miss him, of whom I am proud to call myself one.

THE PRESIDENT'S PROGRAM

● Mr. SYMMS. Mr. President, last evening the President of the United States submitted to the Congress and the Nation this administration's proposed budget reductions which, in my opinion, are not heinous but extremely sensible in view of our current economic condition.

The President has recommended a course which absolutely must be taken if we are to avoid a liquidity crisis and debt inflation. There are a variety of forces in the economy and financial system which are combining to produce a very delicate situation that can only be addressed by significantly reducing the budget immediately.

The simple fact is that 40 years of accumulated debt is coming due. The administration inherited a situation in which expenditures have been growing faster than GNP and were projected to do so under existing law. It is not the fault of this administration that they are faced with the enormous problems resulting from a 40-year effort to spend ourselves into prosperity. However, it is the responsibility of this administration and the 97th Congress to attempt to resolve these problems.

President Reagan and a considerable majority of the 97th Congress ran for office on a platform of reducing Government expenditures and providing adequately for our defense combined with reducing inflation, and increasing productivity and prosperity. President Reagan is delivering the promise he made to the American electorate and I believe that the 97th Congress should not cancel their commitment to that same American electorate.

We only have three choices at this time: Reducing Government spending and therefore decreasing the Government's involvement in the credit markets, maintaining the current spending levels and therefore further squeezing the private sector's ability to obtain credit resulting in increased bankruptcies, or significantly increasing the money supply in order to monetize existing debt, resulting in an immediate increase in interest rates.

Obviously, the only resolution to our present economic dilemma is to reduce Federal expenditures in those areas of the budget which have grown uncontrolably in recent years. Simply reducing defense expenditures will not address this issue. There are those that will make the argument that a strong economy is more important than a strong defense and that a strong defense is not possible without a strong economy. However, historically the corollary has also been true—it is impossible to maintain a strong economy without a strong defense.

At this point I cannot help but recall the history of Carthage and Rome. Carthage was, in its day, the world's strongest economic power; but it failed to reckon with the growing military might of Rome. The same is true today of the United States and the Soviet Union. If the Congress refuses to support President Reagan's defense program, and thus allows the Soviet Union to maintain strategic superiority over the United States during the rest of the century, it will be impossible for us to have a strong and viable economy.

In recent years Congress has attempted to reduce the size of the Federal budget by cutting defense spending and increasing taxes. During the 1970–80 period, the budgets for income transfer programs increased 350 percent, while defense expenditures increased only 150 percent.

Unless Congress addresses the problem of the transfer payment and entitlement programs, we will never balance the budget. Even if defense spending were to be cut substantially this year, we would be faced with exactly the same situation next year. The entitlement spending would continue to grow, and still further cuts would be required in defense the following year. This would be a never-ending process until we reached the point where there was nothing left in the Department of Defense to cut—the end being a defenseless welfare state.

Furthermore, attempting to reduce

the size of the budget by increasing taxes is not reasonable since it is not possible to increase productivity while strangling the economy with high tax rates. If the trend that was set in recent years continues, the market reaction will be "business as usual—Congress does not have the leadership or the fortitude to make the necessary budget reductions." As a result, I am certain that the market's inflationary expectations will worsen.

In order to adequately understand the relationship between inflation, high interest rates, monetary policy and the need to reduce the deficit, it is essential to understand the volume and the nature of debt in the economy, as well as the revolution that has occurred in the financial system and the resultant supply and velocity of the money supply.

Initially, I would like to disabuse the popular belief that "someone" controls interest rates, for example, the Federal Reserve, the New York Stock Exchange, and so forth.

The market sets the level of interest rates. The level of interest rates derives from millions of individual and daily transactions between those who hold money and those who wish to use it. Borrowers will pay rates according to the urgency of their needs, the security they offer, or their prospects of gain from its use. Lenders will lend at a rate that reflects their loss of the use of the money plus a premium to cover the anticipated loss in purchasing power while the money is out on loan. All of this is apparent in the different yields and daily fluctuations in yield on various issues of bonds and notes in the market.

It is also necessary to disabuse the notion that the Federal Reserve controls the entire money supply. One of the major developments of the past 10 years has been the revolution in the financial system. An integral part of this revolution has been a progressive deregulation, reflected in near elimination of interest rate ceilings and the power of financial institutions to issue an enormous variety of new monetary instruments. These new instruments or substitutes are not controlled by the Federal Reserve nor are they reflected in the official monetary aggregates—particularly M-1B. These new instruments include:

First, a personal loan from a commercial bank which an individual deposits in a money market mutual fund;

Second, a corporate loan from a bank credited as an asset of a financial intermediary but treated as an "overnight repurchase agreement" which is "a deposit that does not count as a deposit"—a domestic Eurodollar, in effect;

Third, CD's with checks, whereby a bank will lend an individual any balance he needs to be able to purchase CD's in $10,000 blocks, allowing the customer to write checks—drafts on NOW accounts—on the entire balance of the CD, thus creating, in effect a money market fund within the bank;

Fourth, "retail purchase agreement," a collateralized loan to an S. & L., for which the customer receives interest rates competitive with money market funds on a very short-term basis—from 1 to 21 days—and check-writing privileges if he continues to roll over the loan.

There have been three major consequences of the revolution.

First, a bewildering proliferation of monetary liabilities has developed, making it impossible to clearly define a monetary aggregate which is suitable for central bank control.

Second, the interest rate subsidy to borrowers has been sharply reduced as individuals have been increasingly able to get market-related interest rates on their savings. This has caused a sharp secular shift upward in the whole spectrum of interest rates.

Third, monetary control is not assisted any longer by interest rate ceilings which in the past created disruptions to credit flows. Control works now almost completely through interest rates. The shift to reserve-based monetary control is really only a way of getting interest rates to change more quickly. It in no way makes such changes unnecessary. Tight money within a competitive financial system must mean high real interest rates. It is not possible to talk down interest rates while at the same time advocating tight money.

Yet, I would say our monetary policy is not necessarily tight because of the proliferation of monetary "substitutes" and the availability of credit. It only seems very tight because of the increased demand due to the size and nature of public and private debt.

Just because monetary policy has been accommodative enough to prevent the overall private sector from turning down further does not mean that policy has not been tight enough to do severe damage to the economy and financial system except in certain sectors. Because the financial deregulation movement has gained momentum, credit flows have remained much stronger at current interest rates than in any other period. The demand for credit has remained very high and the supply has been forthcoming. Liquidity and profitability have eroded dramatically because of the massive expansion of debt in recent years being financed a very high average level of interest rates. Interest rates will not decline unless there is a decrease in the demand for money and credit.

However, there is no indication that the Federal Government or the private sector will reduce their demand for money or credit unless the Federal budget is significantly reduced or there are a considerable number of bankruptcies. The private sector will continue to demand money and credit because they have to roll over existing loans. The borrowing has nothing to do with financing inventories or expanding plant and equipment. The borrowing is simply a means by which these companies are keeping alive.

The Federal Government is in the same position. The U.S. Government is now spending $1 billion a day. The interest payments on U.S. Government debt will exceed the capital-generating capacity of the United States by 1983. The grim fact is that the Treasury is now bidding for new billions of dollars almost weekly while refinancing old paper—often in the 5- to 10-percent rate area—at today's near record rates of 15 to 16 percent. The result of this adding and compounding action is to increase U.S. Government expenses beyond imagination. The average maturity of U.S. Treasury debt is down to approximately 3.9 years, and this debt is now rolling over and compounding at the highest rates in history The result is that the Treasury is literally cannibalizing itself.

The demand for money and credit is very apparent in examining the debt structure both domestically and in the offshore sectors. In both areas the problems are equally acute.

In the United States, the sum of all debt is referred to as the gross domestic debt. Ten years ago, such debt totaled roughly $1.8 trillion—today it stands at over $5.3 trillion. The largest increases were posted during the past 5 years. Although the gross domestic debt encompasses many other sectors as well, the dramatic rise in the debt of the Federal Government contributed heavily to this growth.

The Federal debt burden was almost reduced to zero in the midthirties. World War II, and the subsequent reconstruction effort, increased the debt to nearly $300 billion. Later, America's engagement in Vietnam caused a further surge in the debt spiral. By the midseventies the figure had reached the $500 billion mark. It took over 40 years to build up a debt of $500 billion; however, it took less than 5 years to virtually double that figure: On Monday September 28, the Senate will be voting on legislation to increase the debt ceiling tc $1.079 trillion.

The steady growth in the debt has caused a vicious cycle. First, the deficit must be paid for with money that cannot be raised by taxation or other revenues. Therefore, the Government resorts to the issuance of more paper obligations: It monetizes the debt. This has a direct impact on the rate of inflation.

Inflation, in turn, increases borrowing demand in all sectors of the economy, unless interest rates are held at prohibitive levels. And, predictably, high interest rates put the pressure right back onto Government, which then faces drastically increased service costs for its existing debt. There are other problems as well. As the Government enters the credit market more frequently, the competition between itself and other borrowers increases. This forces up interest rates even further, only compounding the problem.

Another factor has been Government's response to the sharply escalating cost of servicing the debt. Quite often, it turned to private and corporate citizens for the answer, simply taxing them more heavily to meet the bill. This however, adds to inflationary pressures also, because it obliges companies and individuals to finance their capital needs by going further into debt in order to stay solvent or maintain a certain standard of living. At the same time, it slows the economy down as a whole, creating a climate of stagflation.

Is there anything which will prevent the rate of inflation from being pushed higher? The answer is quite simply: Nothing. Since the increases in the money supply are not tied to increases in U.S. production or a fixed commodity, there is no theoretical limit. There is however, a psychological barrier. And, I am hopeful that the 97th Congress has the fortitude to reduce the budget, as the President has suggested, because the debt has been the key contributor to inflation.

Another part of the U.S. domestic debt is the debt in the mortgage and loan sector. Although debt in this area is common to all economies, the American consumer's balance sheet has come under increasing pressure, in recent years. Largely to blame is the inflationary psychology, which characterized the late seventies and is still much in evidence.

In fact we are at a point where even a moderate downturn in interest rates will be perceived as a great bargain by a myriad of credit users who are now sitting on the sidelines. The most recent statistics show a marked decline in personal savings rates, which may only be the beginning of a great new trend. As mortgages have to be refinanced at current rates and banks ask for more interest on outstanding consumer loans, the private citizen's pocketbook will be directly affected. Since 1971, mortgage and consumer debts have risen 274 percent.

An area of particular concern is that of State and local governments, now contributing only 7 percent to the total of U.S. domestic debt. This figure could rise dramatically over the coming 2 or 3 years. State treasuries have had several good years during which, in the aggregate, modest surpluses were achieved. However, with the reduction in Federal expenditures, a greater burden will be imposed on State governments to finance programs that the Federal Government previously funded. Furthermore, measures such as proposition 13 add pressure to State budgets if the State continues to attempt to provide nonproductive services.

Perhaps of even more concern are local problems. New York City's close encounter with bankruptcy or Cleveland's financial near-collapse are two recent examples. The paper obligations of a number of American cities involve billions of dollars, and the risk of default appears more likely now more than at any time since the 1930's.

In the corporate sector, the debt problem is concentrated on individual industries, rather than as an economy as a whole. Particular problems have surfaced in the automotive industry, although they are not the result of the current financial condition alone. One important point is that whenever sizeable industrial or commercial firms are on the threshold of bankruptcy, this translates into a direct addition to the debt burden of governments. There is no indication that the current Congress will discontinue this tradition of bailing out mismanaged private empires, but the Government seems to at least negotiate harder or even participate in the potential recovery of such corporations.

In recent months, the U.S. economy has shown remarkable resilience. I believe that many of the traditional industrial activities will become less important. New industries, many of them in the service sector, will gradually replace them. Such industries include oil and gas exploration, resource development, computer technology, et cetera. The fact that most of these new sectors of economic activity are in a strong expansion phase may be part of the current strength of U.S. performance.

All is not well, however, in the service sector of the economy. The best example of a highly endangered industry are the savings and loan companies.

The recent flurry of media coverage has accurately pointed out the seriousness of this problem. The emergence of money market funds caused large-scale withdrawals from savings and loan firms, cutting deeply into their profits. As an industry, S. & L.'s depend on short-term money, which is used to fund longer term loans. Together with high interest rates, which have an added negative impact on small financial intermediaries, this development proved fatal. The S. & L. sector is in sufficient trouble to have regulators scrambling for acceptable changes in the operating rules governing the industry. Such rule changes may postpone the problem, but will not effectively remove it. Whether financial government assistance will be necessary is too early to judge. One thing, however, is certain: the savings and loan sector is very important to the Government. It affects millions of small American savers and if bailouts are needed, the Government will be there.

Serious questions also overhang the opposite end of the banking scale: the very large, internationally active lenders. Most of their difficulties are in the area of offshore banking. Quite obviously the debt problem is vast and reaches into every corner of American life.

As intricate and hopeless as the labyrinth of domestic debt may be, it is easily surpassed in complexity by the Euromarket. At first glance the problem of offshore debt seems less alarming. After all, debt dollars outside the United States amount to $700 billion, a fraction of the massive $5.3 trillion domestic debt. A quick look at its growth pattern, however, destroys this notion; the Eurocredit market grew to its current size in just over 20 years.

Another important point is that a comparison of the sizes of the two markets is not realistic to begin with. The U.S. domestic debt includes a number of credit activities which exist in every economy—they are neither bad nor do they necessarily represent a problem. Public mortgage debt, for instance, is part and parcel not only of American life, but also of the Japanese, Dutch, or Swiss economies. Eurocredit, on the other hand, does not include any such traditional lending activities.

The Eurodollar market partly owes its existence to the cold war. In the late fifties the Eastern European governments decided to transfer their dollar accounts from New York to Europe. This step was no doubt motivated by the fear that their funds could be blocked in the United States if the political situation deteriorated further.

At the same time, many Third World transactions started to be denominated in American currency, replacing the Pound Sterling as the leading currency. The combination of these factors led to a dramatic expansion of this new market. But other advantages soon became evident. First, no one had any jurisdiction over U.S. dollars outside of the United States. Second, the growing activity in the Eurodollar sector created exciting interest rate differentials vis-a-vis the domestic dollar market. Moreover, there was a very good chance that the new Eurodollar would remain freely convertible: the U.S. balance of payments deficits of the early 1950's had contributed sufficient liquidity to the international markets.

Before long, the Eurodollar flow made the development of whole new offshore banking centers possible. Initially London dominated the scene, but Nassau, Singapore, Luxembourg, and the Cayman Islands followed—the prefix "Euro" became a misleading one. The freedom with which international bankers were able to operate, made the new market into the prime arena for their creativity.

But there are many challenges to that creativity. In the late sixties, and throughout the seventies, the Euromarket became the principal haven for OPEC surpluses. Scores of less developed countries (LDC's) hard hit by a sequence of drastic oil price increases tapped the market as anxious borrowers. As the wealth-disparity between those having oil and those using it increased, the Euromarket became not only a source for survival for nations resorting to deficit financing, but of unexpected riches for many international banks.

Its nature and function allowed many to profit. After an initial placement is made with one of the Eurobanks, funds enter the "interbank market" where, in part or lumped together, they may be deposited several times at fractionally higher rates, before the final bank in this sequence finally lends to a user. The risk is therefore spread around which gives the market a certain strength. This very strength, on the other hand, is in one way also the Euromarket's greatest weakness.

As a result of the interbank process, there is no clear indication to the initial lender where his funds will ultimately be put to work. Add to this the fact that Eurobanking operates outside of conventional banking jurisdictions and the danger becomes apparent. Without reserve controls and defined rules of credit risk assessment, the Euromarket is limited in its potential only by each bank's willingness to extend loans. And, as has become obvious in the past 4 or 5 years, the desire to realize profits and be an aggressive lender often surpassed normal standards of caution.

The willingness of international banks to reschedule delinquent debts provides sufficient evidence. The most recent case in point is the Polish debt problem. Behind all of the cautious doubletalk conveyed through the news media lay one frightening fact: As the world awaited a Soviet invasion of its satellite, Poland was delinquent in paying interest on nearly $25 billion and had failed to make repayment of a large sum which was due.

In the meantime, the German banks who had been the most aggressive lenders to Poland, have been forced to defer such payments for a period of 3 to 5 years. But that was not the end—the banks also had to provide additional funds to keep the defaulting country going in the meantime. The sad alternative, of course, would have been a total default on Poland's part and, on its heels, an international banking crisis.

In view of today's political developments, Western credits to the Community economies (Comecon) provide an interesting study. Dollar-dominated debt to such nations now tops $50 billion. To begin with, the economic problems of Eastern Europe are becoming increasingly intolerable, which already reduces the chances of prompt and trouble-free repayment of this debt. Perhaps even more important, the rapid return to a cold war atmosphere, may also contribute to the potential of additional Comecon defaults.

Most of the credits to the Communist nations, incidentally, are related to East-West trade. And, as the students of history well know, trade has been used as a political weapon before. Of course, the assumption that these vast sums due to Western interests will be used as the pawn to some political maneuver is speculative.

But Comecon is not the only source from which trouble may emanate. Far greater in its proportions is the debt due from less developed countries (LDC's). The credits extended by the private sector to the leading 11 borrowing nations alone exceeded $80 billion. Add to that literally dozens of smaller countries and take into account funds lent by governments of industrialized nations in the form of export credits, official aid, and so forth, and the total debt burden is nearly $400 billion.

It is fairly easy to trace the expansion of this sector of the international credit market. As already mentioned, the origin of all problems involving LDC's lies in the rapid adjustment of oil prices in the late sixties and throughout the seventies. At the time OPEC started its plan to catch up with the devaluation of the U.S. dollar, the LDC's were achieving a relatively good rate of growth. This was primarily due to significant economic support they received from the industrialized West. The shock wave caused by the quadrupling of oil prices, however, staggered the Western economies, plunging the Third World into a deep crisis.

The continued development of LDC's was imperative because a drastic change in the level of aid to the 800 million people affected could have caused the economic crisis to escalate into a social and political one, a trend that would have been unacceptable at the time.

During that time, LDC's scrambled for money everywhere. Unable to stretch their export capacity and production further, they turned to international relief and development agencies for help. To a small extent they were accommodated, but the major part of their borrowing had to be financed through the private sector. There, unforeseen liquidity had been added by the massive surpluses realized by OPEC nations. Although private money was more expensive and there was by no means a lack of bidders, LDC's managed to secure loans at relatively favorable rates throughout the early seventies. Recently this pattern has changed.

As oil prices continued to spiral upward, funds from international agencies disappeared. The governments of Western industrialized nations now faced opposition to their contributions to organizations like the World Bank or the International Monetary Fund. Unable to attract further funds from industrialized countries because of a change in political atmosphere, these agencies turned to OPEC for assistance. Predictably, the oil-rich nations were reluctant to contribute to these organizations, which were decidedly under the political and economic influence of the West. Instead, an independent development fund was proposed and this project is still in the process of being established.

For the past few years then, the private sector has been saddled with a much larger share of debt financing. Such credit activity peaked in 1979 when funds due to international banks amounted to nearly $40 billion. In 1980, this figure dropped but significant further reductions will remain to be seen.

By far the largest problem is that of debt-rescheduling. Increasingly many nations are unable to pay back maturing loans. So often have desperate lenders gone through the motions of throwing good money after bad that it has become somewhat of a ritual. Although few are impressed by the accompanying rhetoric and the subtle terminology chosen for these refinancing operations, the media have kept remarkably quiet about them.

In 1980 there were at least six nations who were unable to repay their maturing debt. Not only did they have their credit renewed, but they also received additional funds to be able to pay interest. The international banking community appears painfully aware of the problem. And predictably, this makes life even more difficult for the credit hungry LDC nations.

As in all sectors of our financial system, interest rates rise when the risk increases. Brazil, now the heaviest borrower in the Euromarket, now has to pay between 2 and 3 percent above the London Interbank offered rate, an important indicator. A number of other countries have been asked to pledge collateral for all future loans. On average, over 40 percent the LCD's export proceeds are used to service the debt. In a vicious circle, one of the very consequences of the principle of deficit financing is hitting right back at the market—escalating interest rates and the resulting state of disrepair in the bond market.

Just how pressing the Third World plight is can be illustrated in a very basic comparison. At present price levels, the cost of Third World oil imports is twice as high as the aid received from all sources. This situation is obviously untenable and will, before long, lead to a crisis of enormous proportions. Not only do these nations need additional money

Some time ago, Fidel Castro addressed

to meet their current needs, but it has also been estimated that they require three times their present import levels of crude oil to return to their growth and productivity levels they had in 1973. the United Nations and suggested that the Third World unite and declare to the West that their loans granted for "exploitative and selfish reasons" would not be repaid. What was frightening was not that a Communist leader would make that statement but that he received a standing ovation.

It seems certain that if difficulties arise, the difficulties will not be confined to just one area of the credit spectrum. The financial statements of large American banks and their subsidiaries clearly show that a significant portion of profits are generated by offshore lending activities.

It follows that the default of one or more Comecon or LDC nations could affect the financial health of individual banks. Once the overseas operation of a banking institution has a problem, it inevitably translates into the domestic sector. Thus, these individual financial institutions are far more interdependent than appears at first glance.

Based on Federal Government statistics, 56 percent of the present debt is mortgages and loans; 20 percent of the debt is Federal; 10 percent of the debt is corporate bonds; 7 percent of the debt is State and municipal bonds; 4 percent of the debt is foreign debt; and 3 percent of the debt is money market debt. The life of all debt is becoming more short-lived and is being refinanced at ever increasing interest rates.

The rundown in liquidity has occurred in all sectors of the economy—businesses, households, depository financial institutions, and State and local governments. The effect of the U.S. monetary squeeze has been internationalized because of the strong dollar and the U.S. balance of payments surplus. Thus, the entire world is caught in an enormous liquidity squeeze. All inflations necessarily lead to reduced liquidity. The longer the inflation goes on, the greater the rundown in liquidity. The danger is that when monetary policy moves to contain inflation, liquidity is necessarily eroded even faster for a time.

This phenomenon worsens as inflation increases. The dynamic force of inflationary destruction of purchasing power assumes a life of its own, which is beyond the control of any central bank or governmental authority. The velocity of currency in circulation increases in almost geometric proportions, as the dynamism of currency debasement intensifies. It signals that as a monetary unit progressively loses purchasing power, it has to work harder and harder to match the ever-rising price level.

Thus, the speed at which checks and

banknotes change hands to maintain economic activity becomes faster and faster. Under such conditions, a larger proportion of any demand stimulus will go toward increasing prices than toward real growth.

At present there are two monetary forces engaged in a fearful tug-of-war. On the one side, the historically high interest rates strive to generate economic contraction. And on the other side, the rising deficits in the Federal budget are keeping the dynamism of inflationary momentum intact.

According to Treasury's statistics, $252 billion of old debt will have to be refinanced in the near future and $90 billion of new debt will soon be offered. At present interest rates, the increased cost of financing the Federal debt alone is staggering.

Monetary policy is, in effect, the only tool of restraint at present since the uncontrollables in the budget have not been controlled. A tight monetary policy, if maintained, and if other policies are adopted which are consistent with this objective, is capable of bringing inflation under control without first destroying the economy—but not without some pain. Theoretically, monetary policy is capable of controlling and sharply reducing inflation. However, it is simply not feasible to instruct the central bank not to increase the supply of reserves if the result is the destruction of the private sector of the economy. What causes the destruction is the role of the public sector in imposing excessive claims on the economy.

The existence of an excessively large public sector greatly complicates the operation of monetary policy when it is operated in a freely competitive economy and financial system. The problem stems from the fact that the public sector is essentially immune from the effects of monetary policy. When rising interest rates are used as the essential control tool, they are never aimed at reducing public sector demands. In fact, they actually increase those demands.

The immunity of the public sector from monetary policy means that the impact of monetary policy is concentrated in the private sector—particularly the manufacturing sector. To make matters worse, over time the private sector has been declining in proportion to the rest of the economy, while the proportion taken by the public sector has been growing. With this shift in relative size, the only way inflation will be squeezed out of the economy and interest rates reduced is by an avalanche in private sector bankruptcies and an unemployment rate of over 20 percent.

If the immunity of the public sector to monetary policy were not enough, certain items of public sector expenditure are deliberately designed to offset the effect of monetary policy. The so-called automatic stabilizers, for example unemployment benefits, plus deliberate attempts to maintain demand, coming on top of the general indexing of the majority of expenditure to inflation, act in direct opposition to the contractionary effect of a tight money policy. There is a major conflict between monetary policy and fiscal policy, between attempts to reduce inflation and attempts to maintain demand which sustains inflationary pressure. As a result, monetary policy has to be very much tighter than would otherwise have been the case, and it will have to be maintained longer. The conflict that is set up also implies much greater volatility in financial markets and the economy in general.

These conflicts in the application of policy create increasing distortions within the economy. In particular, they imply added penalties for the private industrial sector, which in any free market economy provides the major engine for growth and productivity increases. The reliance on monetary policy to control inflation without at the same time recognizing the conflicts created by an inconsistent fiscal policy is unnecessarily reducing the growth potential of the economy by squeezing the size of the private industrial sector relative to the public sector.

There is another aspect to this conflict which arises within the central bank itself. It must quickly become clear how monetary policy crushes certain sectors of the private economy and this will tend to make the central bank back away from actually destroying what might otherwise have been viable enterprises. The only other option the central bank would have would to either wipe out whole industries or drive them into the arms of the public sector.

Discipline has worked its way back into the system but now it rests entirely on monetary policy. Tight money will provide temporary relief from inflation, however, when faced with an opposing fiscal policy there is an increasing cost. A long-term solution depends crucially on the public sector reducing its own financial demands. It is important for the 97th Congress to recognize the limitations of Government action and ease to some extent the props that have been put under demand. I urge all of my colleagues to join with the President and continue down the course that has been set to economic recovery.●

THE AMERICAN ECONOMY

● Mr. DANFORTH. Mr. President, since my first year as attorney general of Missouri, 1969, Alex Netchvolodoff has served as my administrative assistant. He is not only one of the finest public servants I have known, he is a perceptive and articulate observer of our national scene.

I ask that an address recently delivered by him in North Kansas City, Mo., be printed in the RECORD.

The address is as follows:

ADDRESS BY ALEX V. NETCHVOLODOFF

The sputtering American economy has become a national preoccupation. For very good reason, President Reagan has devoted almost exclusive attention to it during the first nine months of his presidency. Long-term adverse trends have become so familiar they are not subject to the typical obscure interpretations of bickering economists. The fact of the matter is, our economic troubles are obvious to everyone. Steadily declining growth in goods and services produced, persistent hyper-inflation and interest rates, and unrestrained growth of the government sector have begun to differentiate dramatically our very poor economic performance from that of our major trading partners.

A few statistics, dry as they are, may be useful to amplify this point. Our Gross National Product has grown an anemic 1½ percent during the last two years. Japan's performance was more than 3½ times better—Germany's twice as good.

During the last fifteen years, American federal tax receipts have increased 345 percent—from $118 billion to $580 billion.

More importantly in the same period, tax receipts as a function of our total economy have risen from about 17 percent in 1965 to approximately 21 percent in 1980, an increase of more than 20 percent. Outlays as a percent of GNP have risen from an historical level of about 18 percent to more than 22 percent.

During the last decade our federal debt has increased from $372 billion to $932 billion, an upsurge of 150 percent. Interest on the federal debt will cost the taxpayers about $80 billion this year. Next year, unless the prime rate moderates, interest on the federal debt will exceed $100 billion, an expenditure almost as large as the entire federal budget just fifteen years ago.

Today, government consumes more than a fifth of our total economic activity and almost half of all available credit in the marketplace.

Against this background there are many theories about the political meaning of last year's election. President Reagan has taken the position that the American electorate perceived the exploding size and scope of the federal government as a principal cause of our economic problems. He has interpreted his election as a mandate to initiate an economic program to restrain this growth by reducing federal taxes, expenditures and regulations simultaneously. Under direction from the White House we have now seen an unprecedented combination of legislation enacted to move in this direction. A 1982 budget cut of $35 billion and tax reductions of $38 billion in 1982, $93 billion in 1983 and $150 billion in 1984 have been signed by the President and will begin to take effect shortly. As a footnote, without this tax cut, federal tax receipts would have more than doubled between 1980 and 1985—from $520 billion to $1.1 trillion, a staggering 24 percent of GNP.

These reductions in the size of government reverse an opposite trend that has enjoyed a virtually uninterrupted growth for more than thirty years. However, no one can know with certainty whether the implementation of the cuts over the next three years will have the desired effect on inflation and economic growth.

Important arguments are surfacing over whether the budget cuts are deep enough, whether military spending ought to be included in a second round of cuts this year, whether the tax cuts are too deep to achieve a balanced budget by 1984. These are not trivial questions. Significant adjustments may have to be made on the expenditure side or the revenue side of the Administration's equation for economic recovery. Honest and profound differences of opinion do exist.

But one thing absolutely clear is this: President Reagan has moved to change the economic course of this country by beginning a systematic reduction in the size of federal government. Nevertheless, such a process, as unprecedented and dramatic as it is, will not produce correspondingly dramatic results overnight and no doubt some adjusting will occur as time passes—but the President has acted decisively and with courage to implement his program. I believe the American people will insist that his economic package be given a chance to work over the next three years. I for one am optimistic that we are indeed moving in the correct direction. The great danger, in the short run, is that political pressures resulting from painful budget reductions and very recalcitrant high interest rates, could shatter the President's underlying strategy for reducing the size of government.

The business of cutting budgets is one of the riskiest activities that any politician can undertake. No administration and none of the people who work in Congress ever enjoy cutting worthwhile government programs. No one takes satisfaction in cutting back Export-Import Bank financing or student loans or mass transit subsidies or small business loans or farm programs or any other of the literally tens of thousands of government expenditures that are designed to help real people improve their lives. It is an unhappy business.

Even sadder is the effect of budget reductions on the less advantaged. And make no mistake, the poor, the sick and the disabled are affected indeed by the current round of cuts, try as hard as the President has to establish a reasonable safety net under these vital programs. Just as the surgeon who piliates cancer often produces pain and suffering even in instances where the prognosis is very hopeful, so too the piliation of inflation and high interest through fiscal restraint is a procedure bound to result in pain, suffering and even anger.

The President showed the courage and the determination to undertake this risky and agonizing ordeal on behalf of all of us because, it is my guess, he saw clearly that our broken economy was literally in the process of killing the goose that layed the golden egg. There is nothing at all compassionate about 20 percent inflation, 20 percent interest and a stagnant economy. From 1970 to 1980, the United States increased budget outlays for social programs by 300 percent. No nation, no matter how compassionate, can continue to finance such expanding social programs from a GNP growth of 1.5 percent. If we have learned anything about the fabulous economic growth of the American past it is that social programs and improvements in the quality of life have been financed from a growing healty GNP and not from stagnation.

I believe the American people have the fortitude, the maturity and the desire to see the President's program through. Few, if any, American Presidents have accomplished so much in so short a period of time. But the effects of this administration's economic program will be phased in throughout the remainder of the President's term. My fervent hope, for the sake of ourselves as well as the rest of the free world, is that slow but steady economic progress can be made during this time. We cannot deal with social inequity or the defense of the free world without a healthy economy. The President conceded recently that the prescription for economic recovery is bitter medicine. There is no way to sugar coat the difficult months and years ahead but I believe that we are ready to meet the test.

Now I would like to speculate on the long-term economic prospects of the United States. Let me begin by noting two specific problems with our economy that are, in my judgment, especially serious. First, we have become a nation of spendthrifts. People in the United States save only four percent of their disposable income. We have the worst savings rate of any developed country in the world. For example, in Japan 24 percent of disposable income is saved and in West Germany the figure is 17 percent. Even lowly Great Britain does twice as well as do we with personal savings.

Second, coupled to our pitiful savings rate is our very large federal debt, the result of which is that the government is soaking up an incredible 45 percent of the available credit in the marketplace this year. The comparable figure in Japan is only 20 percent. The preemption of such a large percentage of our domestic capital market by government has a very troublesome long-range implication, because there is an important relationship between the availability of capital for investment in the private sector and productivity and economic growth. There are only two sources for long-range economic growth: labor input and productivity. During the 1980's there is a general agreement, manhours will increase no more than one percent per year. Therefore, if we wish to improve our puny current GNP growth rate of 1.5 percent, American productivity must increase or we will be relegated to indefinite stagnation. There is no cheap escape from the confines of this formula.

The President's commitment to prudent monetary and fiscal policy is the primary weapon against inflation, but productivity growth remains a strong influence on the rate of price increases because productivity gains offset wage increases and thereby help check unit labor cost rises. A recent New York Stock Exchange study by Professor John W. Kendrick estimates that a one percent improvement in productivity can induce a decrease of several points in the rate of inflation.

Professor Kendrick's study reveals a very significant connection between research and development and gains in productivity. He concludes that fully 50 percent of American advances in productivity during the past eighty years resulted from the product of research and development. Yet during the last ten years, American investment in research and development has been in a persistent decline. According to the National Science Foundation, research and development spending constituted approximately three percent of our GNP fifteen years ago. Today we invest about two percent of GNP in research, an astonishing thirty percent decline. Meanwhile, Japan and Germany have overtaken the United States in their relative commitments to this important area.

What I am suggesting is that the long-range economic future of the United States is bound up absolutely in two critical goals: we must stimulate greater personal savings and we must reduce the extent to which the federal government sops up available capital which otherwise would be available for private investment. Obviously, the war on inflation is an essential step. Inflation is fueled by deficit spending and it drives up interest on the federal debt and it rewards consumption and discourages savings.

President Reagan's fiscal policy has a double-edged effect because it simultaneously attacks inflation and reduces government's need to borrow.

The tax code also is being used to stimulate savings, first by reducing the marginal tax rate for individuals and, second, by exempting various kinds of interest income from taxation. For example, in the tax bill just enacted, personal tax rates are reduced 25 percent across the board over three years and the maximum rate on investment income is reduced from 70 percent to 50 percent.

A wide range of interest tax exemptions are created such as the All Savers Certificate which provides up to $2.000 of exempt interest income on joint returns. The maximum contribution to an IRA increases from the lesser of 15 percent of earned income or $1.500 to the lesser of 100 percent of earned income or $2.000. The maximum contribution for a spousal IRA increases from $1,750 to $2.250. Individuals who are covered by an employer-sponsored retirement plan will now be able to deduct $2.000 a year for IRA contributions. And the maximum deductible Keogh contribution for self-employed people increases from $7.500 to $15.000.

At a time when American wage earners save only $4 of every $100 earned income as compared to $24 in Japan, such use of the tax code is long overdue.

I believe that a preoccupation with our pitiful savings performance is altogether appropriate because if we do not improve it—soon—we will have given away the future. It is from accumulated savings that a nation launches the research, development and innovation which induces greater productivity. And it is from savings that the plants and the production lines spring up to implement those creative ideas. It is no mystery that our European and Japanese trading partners are moving ahead at a more rapid pace because their savings rates are four to six times better than ours.

And what a future we have if we can get our savings pumped up and our investments in research and development back up to historical levels. The infrastructure is already in place to take advantage of what many foresee, myself included, as the coming of a second industrial revolution. We Americans have always prided ourselves on our great tradition of innovation. The world has admired it and copied it but good old American know-how is still a unique force in the world. We have the most highly trained work force. We have the greatest system of higher education. Such assets cannot be reproduced overnight. They are priceless investments gained after years of work and attention.

Mankind is poised on the threshold of a quantum leap forward in productivity. Two developments are about to come together which make such predictions increasingly frequent: the exponential advance of computer technology and the development of a new energy source that is virtually limitless.

Last year I had a conversation with Professor Melvin Gottleib who is Chairman of the Plasma Physics Laboratory at Princeton University. He is confident that a 1000 megawatt fusion power reactor will be demonstrated by the turn of the century. Fusion power, if it comes, will put an absolute end to the world's energy problems. The fuel is cheap and limitless. Power plants would be safe to operate and non-polluting.

There is enough deuterium and tritium fuel in one cubic mile of sea water to generate more energy than could be produced from all fossil fuels past, present and future on the face of this earth. Fusion power will bring to mankind an unlimited capacity to work with minimal environmental consequences. The marriage of fusion power (the capacity to do work) and computers (the capacity to manage work) creates so much potential for gains in productivity that it is hard to comprehend. Such a second industrial revolution would have an extraordinary impact on the creation of new wealth and higher standards of living for the world community. Computerized robots could work 24 hours a day; be programmed to repair themselves and recycle everything used in production.

America is on the cutting edge of these developments. We have the science. We have the imagination. What we lack is the capital stock and the ongoing commitment to research and development.

The energy facilities and the robot assembly lines of the 21st Century will not be inexpensive. Professor Gottlieb estimates that each fusion reactor will cost, in today's money, about one billion dollars to construct and untold billions in pre-construction development costs.

The capital investments for future recycling facilities and robot assembly lines will cost enormous amounts of money.

So many new technologies and new frontiers in science are emerging that it is hard to list them. For example, genetic research is on the verge of vast new breakthroughs in medicine, including cures for cancer. In agriculture, nitrogen fixing legumes and food grown without expensive land use, offer great hope that sufficient highly nutritious protein foodstuffs can be produced to eradicate world hunger. The frontiers of space are just now unfolding. The future is very exciting indeed.

I would like to make one final point. Science, research and development, capital investment in plant and equipment, government policy to increase savings and hold down inflation—these are but the tools of a vital society. They are important, and in my view they do indeed hold the keys to a better future. But life's struggle is worthwhile because we hold dear, values which make life worth living.

Some might argue that it makes little difference whether we do these things or perhaps the Soviets or the Chinese. I believe that it makes a substantial difference that we do these things rather than someone else because I am convinced that the values, traditions and faith of the West, as reflected in our Judeo-Christian ethnic, is terribly precious to mankind. These values are worth preserving. We cannot preserve what's important if we withdraw from the responsibility of confronting the future. We cannot preserve what's important if we live only for today. The vast differences in wealth between nations and between persons can be mitigated if new wealth is created and distributed wisely as God has commanded us to do. Justice and equity are not the tools of science or capital investments, they are the tools of men operating under the Commandments of a higher authority. We must preserve and we must plan for a future full of hope because to do otherwise would be to deny our basic humanity.●

ORDER FOR RECORD TO REMAIN OPEN UNTIL 5 P.M. TODAY

Mr. BAKER. Mr. President, I know of no further business that can be transacted by the Senate today. I ask unanimous consent that the Record be held open until 5 o'clock for statements, the introduction of bills, resolutions, memorials, and amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, as I indicated earlier, on Monday the Senate will convene at 11 o'clock. We expect to reach this bill and resume consideration of the debt limit extension as soon as reasonably possible. We will continue with debate and votes throughout the day on this measure. Members are urged to bring their amendments to the floor and to present them as expeditiously as possible. That will be until 5 o'clock on Monday.

There will be no further rollcall votes after 5 o'clock on Monday in respect of the religious holiday which begins at that time and which continues until Tuesday at 7 o'clock.

During the day on Tuesday, the Senate will be in session. Debate will be conducted on the debt limit bill. Amendments will be considered. No votes will occur in the Senate until after 7 o'clock on Tuesday next.

I reiterate my earlier admonition: The Senate has a very short time in which to deal with this measure. It is my hope, my profound wish, that the Senate will complete work on the debt limit on Monday. If we cannot, we should expect to be in late on Tuesday so we can resume voting after 7 o'clock, after sundown, the expiration of time for the religious observance during that period.

Wednesday midnight, Mr. President, is the magic hour when the authority of the Government of the United States to fund its debt and issue securities expires. We simply must have this bill passed well in advance of that time. That means, as a practical matter, that we must pass the bill in the Senate. We must either pass it in the form submitted to the House and send it to the President, or be prepared to send it back to the House of Representatives with a request that they concur in any amendments that we offer, or agree to a conference on the disagreeing votes of the two Houses.

After the matter is finally disposed of by the two Houses of Congress, it must, of course, be engrossed and transmitted to the President for his consideration and signature, all before midnight on Wednesday. So it is important, Mr. President, that we act expeditiously on Monday, during the day on Tuesday, and, if necessary, that the bill be completed and ready for the President's signature in advance of the strike of midnight on Wednesday.

RECESS UNTIL MONDAY, SEPTEMBER 28, 1981, AT 11 A.M.

Mr. BAKER. Absent any other Senators seeking recognition or any other business to be transacted by the Senate today, I move, in accordance with the order previously entered, that the Senate stand in recess until 11 a.m. on Monday.

The motion was agreed to and the Senate, at 2:56 p.m., recessed until Monday, September 28, 1981, at 11 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 25, 1981:

Department of State

David Eugene Zweifel, of Maryland, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Yemen Arab Republic.

Jack F. Matlock, Jr., of Florida, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Czechoslovak Socialist Republic.

Robert P. Paganelli, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Syrian Arab Republic.

George Southall Vest, of Maryland, a Foreign Service officer of the class of Career Minister, to be the Representative of the United States of America to the European Communities, with the rank and status of Ambassador Extraordinary and Plenipotentiary.

John E. Dolibois, of Ohio, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Luxembourg.

Raymond C. Ewing, of Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Cyprus.

Michael H. Newlin, of Maryland, a Foreign Service Officer of Class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic and Popular Republic of Algeria.

Arthur Adair Hartman, of New Jersey, a Foreign Service Officer of the Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Union of Soviet Socialist Republics.

Faith Ryan Whittlesey, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland.

Richard W. Murphy, of Maryland, a Foreign Service officer of the Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Saudi Arabia.

Joseph Verner Reed, Jr., of Connecticut, to be Ambassador Extraordinary and Plentipotentiary of the United States of America to the Kingdom of Morocco.

International Joint Commission, United States and Canada

L. Keith Bulen, of Indiana, to be a Commissioner on the part of the United States on the International Joint Commission, United States and Canada.

U.S. International Development Cooperation Agency

Paul J. Manafort, Jr., of Virginia, to be a Member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring December 17, 1983.

Nyle C. Brady, of New York, to be an Assistant Administrator of the Agency for International Development.

Asian Development Bank

John Augustus Bohn, Jr., of California, to be U.S. Director of the Asian Development Bank.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

The Judiciary

Roger J. Miner, of New York, to be U.S. district judge for the northern district of New York.

Joseph M. McLaughlin, of New York, to be U.S. district judge for the eastern district of New York.

John E. Sprizzo, of New York, to be U.S. district judge for the southern district of New York.

Henry R. Wilhoit, Jr., of Kentucky, to be U.S. district judge for the eastern district of Kentucky.

Conrad K. Cyr, of Maine, to be U.S. district judge for the district of Maine.

John C. Coughenour, of Washington, to be U.S. district judge for the western district of Washington.

Department of Justice

J. Paul McGrath, of New Jersey, to be an Assistant Attorney General.

Selective Service System

Thomas K. Turnage, of California, to be Director of Selective Service.

Department of Defense

James F. Goodrich, of Maine, to be Under Secretary of the Navy.

John S. Herrington, of California, to be an Assistant Secretary of the Navy.

In the Air Force

The following officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be general

Lt. Gen. James V. Hartinger, 298–12–6337 FR, U.S. Air Force.

In the Army

The following-named officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in grade as follows:

To be lieutenant general

Maj. Gen. James Arthur Williams, 149-22-4991, Army of the United States (brigadier general, U.S. Army).

IN THE ARMY

The following officer for appointment as a Reserve Commissioned Officer in the Adjutant General's Corps, Army National Guard of the United States, Reserve of the Army, under the provisions of title 10, United States Code, section 593(a) and 3392:

To be major general

Brig. Gen. Harold L. Gwatney, 431-38-7814.

IN THE MARINE CORPS

The following-named temporary officers of the Marine Corps for permanent promotion to the grade of major general, pursuant to title 10, United States Code, sections 5780 and 5791, or section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same Act, as applicable subject to qualifications therefor as provided by law:

James L. Day
David B. Barker
George B. Crist
D'Wayne Gray
Richard A. Kuci
Thomas R. Morgan
Ernest C. Cheatham, Jr.
John V. Cox
John Phillips
Wesley H. Rice
Gregory A. Corliss
Harold G. Glasgow

The following-named temporary officers of the Marine Corps for permanent promotion to the grade of brigadier general, pursuant to title 10, United States Code, sections 5780 and 5791, or section 611(a) of the Defense Officer Personnel Management Act (Public Law 96-513) and title 10, United States Code, section 624 as added by the same Act, as applicable subject to qualifications therefor as provided by law:

Donald J. Fulham
Joseph E. Hopkins
William H. J. Tiernan
Walter D. Fillmore
John I. Hudson
Anthony Lukeman
Jacob W. Moore
James R. Vandenelzen
William G. Carson, Jr.
Lloyd W. Smith, Jr.

Edwin J. Godfrey
William R. Etnyre
Eugene B. Russell
Donald L. Humphrey
William A. Bloomer
Paul D. Slack
George H. Leach
Hugh T. Kerr
Joseph B. Knotts
John H. Gary III

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade of major general under the provisions of title 10, United States Code, section 5902:

Kenneth W. Weir
John B. Hirt

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade of brigadier general under the provisions of title 10, United States Code, section 5902:

John J. Krasovich
Ronald K. Nelson
John J. Salesses
Constantine Sangalis
William H. Gossell

DEPARTMENT OF STATE

Senior Foreign Service nominations beginning Morton I. Abramowitz, to be a Career Member of the U.S. Foreign Service, class of Career Minister, and ending Albert Roland, to be a Career Member of the Senior Foreign Service, class of Counselor, a Consular Officer, and a Secretary in the Diplomatic Service of the United States of America, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of September 14, 1981.

IN THE NAVY

Navy nominations beginning Charles Stevenson Abbott, to be commander, and ending Dan R. White, to be commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of September 11, 1981.

Navy nominations beginning Franklin H. Morgan, to be chief warrant officer, and ending Robert W. Henderson, to be ensign, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of September 16, 1981.

EXTENSIONS OF REMARKS

HEALTH CARE FOR ALL THROUGH CONSUMER CHOICE AND COMPETITION

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. GEPHARDT. Mr. Speaker, through the good offices of the Subcommittee on Health of the House Committee on Ways and Means, hearings will be held next week on September 30 and October 1 and 2 regarding consumer choice and competition in the health care field. As one of the major sponsors of legislation in this area, to-wit: H.R. 850, the National Health Care Reform Act, I feel obligated to explain the principles involved in our effort to provide access to quality health care for all citizens at an affordable price. The following summary of H.R. 850 is submitted for this purpose:

NATIONAL HEALTH CARE REFORM ACT OF 1981, H.R. 850

SUMMARY

The National Health Care Reform Act would deregulate the health care industry and permit competition to contain health care costs. The main changes it would introduce in the nation's health care delivery system are the following:

It would introduce financial incentives for health care insurers and providers to contain costs while improving quality and would remove the methods of payment which now make meaningful cost containment impossible.

It would permit the American people, rather than layers of government bureaucracies, to determine what health care they want, how much they wish to pay for it, and how much insurance they wish to obtain. It would require the development of innovative and cost-effective ways of delivering care responsive to the wishes of people rather than of regulations.

It would enable those Americans who now have little or no insurance to buy basic health care protection.

It would make increased benefits available for Medicare beneficiaries and give them the option of selecting new methods of delivery and of benefiting from the cost savings.

It would federalize Medicaid (at the option of each state) and permit the poor and needy to join the mainstream of the community health care delivery system.

It would phase out cost-based reimbursement for hospitals and other providers, which is generally recognized as being a major deterrent to effective cost containment. Providers would then compete in terms of quality and price.

It would prevent inefficient and expensive hospitals from continuing to count on the cushion of reasonable cost reimbursement. At the same time, providers would keep the rewards of delivering high quality care at lower costs, and consumers would be rewarded for choosing providers who deliver quality care at lower costs.

It would replace government regulation of the financial aspects of the health care delivery system. In effect, it would largely deregulate the health care industry, without affecting government efforts to insure quality of care.

Federal dollars are now funneled into the system largely through reasonable cost reimbursement which, in itself, provides no financial discipline on the providers and no incentive to reduce costs. Moreover, most private health insurance reimburses hospitals on methods related to cost.

At the same time, workers are permitted to purchase health insurance with contributions made by their employers which are tax-free without limitation, thus providing no incentive for workers to care about the price of the insurance they buy. Thus, both patients and health care providers have strong incentives to provide more and more care regardless of cost. This cycle can be broken only if providers are not assured of recouping their costs but must provide care for a predetermined amount and if consumers and providers have financial incentives to consider the cost of care. For consumers to have the ability to make cost decisions and to keep a lid on the price of care, providers must be forced to compete. In order to carry out these goals, this bill would move the health care field from regulation to competition.

How the bill works

The bill is based on Qualified Healthcare Plans which could be sponsored by any person or agency of government. The sponsors could be hospitals, doctors, Blue Cross, Blue Shield, commercial insurance companies, or others who would develop innovative delivery mechanisms.

Each citizen would receive a Healthcare Contribution from the federal government in one of the following forms:

(1) The present exclusion from income tax for health care premiums paid by employers on behalf of their workers would be maintained, but the exclusion would be provided only if the contribution is used by the employee to pay for the premium in a Qualified Plan. However, the exclusion would no longer be unlimited. It would be limited to the average premiums paid by similarly situated individuals in an area, although no worker would have an exclusion which is less than what his employer paid him on his behalf before the bill was enacted. Also, and most importantly, unlike the present system, a worker who chooses a Plan with a premium which is less than the payment being made by his employer would be able to pocket the difference in cash—and tax free.

In short, an employee who chooses a Plan more costly than the Contribution would incur additional costs; but an employee who selected a Plan with a premium lower than the employer's payment would be entitled to receive the difference as a tax free refund. Thus, individuals would shop among Plans looking for the combination of price, coverage, and quality which would suit their needs.

(2) For people whose employers do not pay the cost of the premiums in Qualified Healthcare Plans or who are themselves self-employed, a tax credit would be granted. The credit would be equal to the amount spent by the person for the premium of a Qualified Healthcare Plan—but no higher than the tax benefit of the exclusion provided for workers whose employers do pay for Plan premiums. The tax credit would be far more valuable than the present deduction. Moreover, the tax credit would be refundable so that the individual would receive the money from the government even if the cost of the Plan premium was greater than his tax liability.

(3) Medicare beneficiaries would have the option of remaining with the present Medicare benefits system or of choosing to receive the benefits of Plans being offered by the competitive system. Medicare beneficiaries who took this option would be provided a direct Healthcare Contribution by the Federal Government in an amount equal to the average cost of Plans purchased by Medicare beneficiaries. Plans providing services to Medicare individuals would be required to provide benefits which are greater than those currently covered by Medicare. For instance, outpatient drugs would be provided and there would be no limitation on the number of hospital days. If they selected a Plan whose premium was less than the amount of the Healthcare Contribution, they would be able to keep the difference as a tax-free refund.

(4) After a four-year period for the competitive system to become established, Medicaid recipients and poor people not now eligible for Medicaid would be eligible to come under the Act. States would have the option to go onto a federalized Medicaid system. If they made the selection, they would avoid further increases in their Medicaid costs. The bill provides that expenditures for health care for the poor by states electing to be covered by the new program would be no greater than it was this year, indexed for inflation. In states which elected to be covered by the federalized Medicaid system, the eligible people would be provided a direct Healthcare Contribution. This would enable them to join the mainstream of community health care delivery by selecting from among the Plans and making their own decisions. Plans for these beneficiaries would have no cost-sharing. The contribution would be equal to the average of the premiums paid and out-of-pocket expenditures incurred by the other members of the community for health care provided by Qualified Plans. In short, the governmental contribution to Medicaid beneficiaries is set by the amount spent on health by the other residents of their own communities.

Consumers who joined Qualified Healthcare Plans that effectively manage costs would get more for their money. Plans that were not cost effective and performed inadequately in providing services would lose customers and risk going out of business. Out of this gradual evolution would emerge a system based on incentives to provide quality services to patients at the lowest cost.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

People would have the freedom to make choices about the kind of health insurance and type of care they obtain and would have complete and reliable information enabling them to make informed choices.

A pamphlet would be prepared each year to specify in clear and readily understandable language the terms and conditions of coverage provided by each Plan offered in an area. The pamphlets would be distributed to all eligible persons in October, preceding the beginning of the Plan year of January 1.

To further improve customers' ability to make health care purchasing decisions, they would be allowed to choose consultants to give them help in the selection of Plans. This would give customers the benefit of professional expertise; and the agents would be representing a number of customers, to be able to obtain care for the lowest cost and see that customers received quality care.

Qualified Healthcare Plans would be required to accept all applicants without regard to health status. They would provide all covered services for a prepaid premium, putting them at financial risk for their efficiency and encouraging them to avoid the delivery of unnecessary services. They would be required to charge the same premiums for all people in broad categories of age, residence, and family status. They would be required to market at the same period of time each year to facilitate comparison shopping (while provision is made for members to select a Plan outside of the enrollment period, if necessary). The Plans would be required to provide a specified minimum level of care and would be free to provide additional care if they wished and to charge additionally for it.

How qualified plans work

In providing services, Qualified Healthcare Plans and providers of services would not be restricted by artificial governmental contraints on how care is delivered or by whom—a Plan would choose the most appropriate method. Undoubtedly, some Plans will utilize prepaid provider systems, some fee-for-service mechanisms, and some will innovate in ways yet unknown. The bill deliberately does not direct the development of a system of care or its payment in a certain way, as toward HMOs or fee-for-service. It deliberately encourages and facilitates competition of all sorts.

In addition, the bill sets out certain rights of a Plan and its affiliated providers, such as the right to charge any premium, the right to provide services in addition to Basic Healthcare Services, and the right to refuse membership if a person could not pay premiums.

Plans would be encouraged to compete on the amount of care provided for the premiums charged. But to ensure the basic level of care is provided by Plans, all Plans would, at a minimum, be required to provide all acute care services for the treatment of illness, disease or accident after a member of the Plan had spent no more than $2,900 in one year. That is, of course, only a maximum. It is expected, because of employer contributions to premiums and because of competitive pressures, that most Plans will be marketed with far lower levels of required out-of-pocket expenditures. Some will market plans with no out-of-pocket expenditures if a market for such Plans continues to exist. The level is set in the bill at this figure to ensure that at least basic protection will be provided to all Americans. After the Plan-specified out-of-pocket expenditure amount is met by a family, the Plan would be responsible for all their acute care, without financial or durational limitations. And the Plan and its providers would be permitted to make its own judgment as to the appropriate means of delivering care—all of which will be known and agreed to by Plan members—so that innovative and cost-effective methods will be encouraged.

A Qualified Plan would be required to accept for membership all residents of an area but could limit the number accepted each year under a priority system specified in the bill. All contracts would be for a single year, enabling dissatisfied members to switch Plans when their contract period would end. As security for the customer, the bill would establish a corporation in the Treasury Department to provide a system for protecting members enrolled in Plans which experience financial difficulties or fail.

Conclusion

The current non-system of providing health care is a vicious circle of "reasonable" cost reimbursement and insulation from the effects of competition that provides little incentive for doctors, hospitals or patients to consider the cost of care. Hospitals, doctors and patients must have meaningful incentives to consider costs, as they do in every other function of life. The collective effect of these decisions would determine the amount of the national resources allocated to health care. The American people, not a regulatory superstructure, should determine how they will obtain health care and at what cost. This can be done only if economic competition replaces government control, and if customer responsibility replaces government determination. Government efforts to combat these factors by a never-ending flood of regulatory controls have not and will not work. They freeze initiative and discourage innovation. The cure is not more government regulations. What is needed is a fundamental change in the structure of the system, and that is what this bill would create.●

PERSONAL EXPLANATION

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. DOWNEY. Mr. Speaker, because I was meeting with my constituents I was not present when the House considered House Joint Resolution 220, honorary U.S. citizenship for Raoul Wallenberg, and House Concurrent Resolution 183, sense of Congress that the National Rugby Team of South Africa should not play in the United States. As a cosponsor of both these resolutions, I would have strongly supported both measures.

As many of my colleagues have pointed out, Raoul Wallenberg's heroic and selfless actions in Nazi Germany have made him one of the true heros of our age, and his barbaric treatment by the Soviets after the war ranks high on the role of unconscionably brutal acts of our age, in the same category as the fascist brutalities that Wallenberg bravely opposed.

In glaring contrast with Raoul Wallenberg's championship of human rights and human dignity stands the degrading and ignoble policy of apartheid in the Republic of South Africa today. While it is true that rugby is only a sport and sportsmen are not politicians, the spectacle of a South Africa national team playing matches in the United States sends a signal to the rest of the world that I do not believe the U.S. Congress should condone. Once again, I regret that events prevented me from being present to lend my full support to these two measures.●

PRIDE IN ELMONT DAY

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. McGRATH. Mr. Speaker, I would like to draw the attention of my colleagues to the activities which are scheduled for this weekend to salute the community of Elmont, which lies within New York's Fifth Congressional District.

"Pride in Elmont" is an opportunity for residents to express their appreciation for the many good things about their neighborhood.

The events this weekend will begin Saturday night with a grand ball to be held at Belmont Racetrack. Then on Sunday, beginning at 12:30 p.m., there will be a spectacular parade with over a thousand marchers, including the U.S. military band from Fort Wadsworth and the police fife-and-drum band. After the parade, there will be many community activities at the Dutch Broadway Elementary School, including a family square dance. Later in the evening, the festivities will conclude with a big race at Belmont with a special salute to the community of Elmont.

Mr. Speaker, at a time when people complain about a lack of community involvement, I think it is important that we recognize events like those which are occurring this weekend in Elmont. Perhaps the editor of the Elmont Herald, Mrs. Rita Mezzapelle, put it best:

> Elmont has long been recognized for dedicated residents who have worked from time immemorial to upgrade and improve community life. If you compare the hopes and dreams of the pioneers to those of present community leaders, you will find that they are identical.

I encourage all Members of Congress to urge their constituents to follow Elmont's lead and express pride in their local communities with appropriate ceremonies and activities.●

THINGS ARE LOOKING UP FOR THE ARMY

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. DYSON. Mr. Speaker, not long ago the U.S. Army was constantly being criticized for their personnel being undereducated and undertrained. I would like to join a newspaper in my congressional district, the Salisbury Daily Times, in paying tribute to an individual who has greatly contributed to the improvement of our Armed Forces personnel, Gen. Edward C. Meyer. If it were not for General Meyer's diligence and perseverance, as Chief of Staff for the U.S. Army, the military caliber of our men would not be what it is today. They are better conditioned, better educated, and better trained to defend our country. We can rest assured that the Nation is in good hands when men like General Meyer provide such vigorous and effective leadership in America's defense.

In closing, I would like to submit a recent editorial from the Salisbury Daily Times which gives General Edward Meyer the kind of commendation he so rightly deserves.

THINGS ARE LOOKING UP

Things are looking up for the U.S. Army and its chief of staff, Gen. Edward C. Meyer, must be credited for much of the improvement.

A year ago, the general reported to Congress that he commanded a "hollow army"—a force beset with shortages of personnel and lack of training, weapons and maintenance.

Last year six out of 10 Army divisions in the United States were unfit for combat because of shortages and inexperience. Today, nine out of 10 are combat-ready because Meyer brought 6,000 of his top sergeants from Europe to whip divisions here into shape.

Recent figures show the Army is filling 98 percent of its recruiting quota, bringing in 96,300 men and women. Sixty-nine percent of the recruits now are high school graduates, compared to former 40 percent.

A year ago U.S. soldiers scored low in international competitions. Last month Army helicopter crews outpointed the Poles, West Germans and Russians in precision flying and navigation tests. Last May American tank crews placed third in competition against 20 teams from eight nations.

The remarkable turnabout in the Army is good news for the entire nation.●

TRIBUTE TO GABE NAVA

HON. MANUEL LUJAN, JR.

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. LUJAN. Mr. Speaker, it was with great sadness that I learned of the senseless slaying of one of New Mexico's finest young talents—Gabe Nava.

Gabe Nava, 30, burned with ambition to make a better life for his family, his community, and himself. A popular and handsome young man, Gabe gave New Mexico's numerous basketball fans many thrills as a star guard for the University of New Mexico Lobos. Upon his graduation from the university he continued his basketball career as a player for the Mexican national team. Gabe's graduation from UNM was no ordinary accomplishment. He was the first member of his extended family to earn a college degree.

Gabe pursued excellence in all of his endeavors. He most recently was named administrator of the Albuquerque Country Club. Then, on September 10, Gabe Nava's life was abruptly ended. He was shot to death for no apparent reason. New Mexican's are saddened and alarmed by this tragic turn of events. I take this time today to extend my deepest condolences to the Nava family from my constituents and from my family. Gabe Nava set a fine example for the youth of today. His presence will be missed but his accomplishments and spirit will be long remembered in the many lives he touched and inspired.●

TRIBUTE TO MURIEL SIEBERT

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. LENT. Mr. Speaker, earlier this week, we had occasion to acknowledge the achievements of a noted woman jurist, Judge Sandra O'Connor, as the Senate unanimously approved her nomination to the U.S. Supreme Court.

Today, I would like to direct the attention of my colleagues to the achievements of a most remarkable woman from my own State of New York, Ms. Muriel Siebert. She has established a record of "firsts" in the business world, equal to that of Judge O'Connor in the field of jurisprudence.

A native of Cleveland, Ohio, Ms. Siebert early in her life displayed an intense interest in the world of business and finance, which led her to the Nation's financial capital, New York City.

She began her business career on Wall Street as a research trainee. Her business brilliance was quickly recognized, and she progressed from the lowly trainee's position to that of a security analyst and then to industrial specialist. Her specialization in the aviation industry brought industry-wide recognition of her capabilities in dealing with the very complex business matters involving the industry this led the way to consultantships and partnerships in that field.

Her success led to a precedent-shattering move. In 1967, Ms. Siebert became the first woman member of the New York Stock Exchange.

She organized Muriel Siebert & Co., Inc. and served as the Chairman and President of her Corporation for 10 years.

In 1977 Ms. Siebert took on a new challenge. New York's Governor Carey named her to be superintendent of the banks of New York State, a position she continues to hold today. In addition to this State office of high responsibility, Ms. Siebert also serves on the boards of directors of the State's Urban Development Corporation, Job Development Authority, and the New York Mortgage Agency.

In her rapid rise to her position of leadership in the business world, Ms. Siebert has still found time for many civic duties. Included among those her current posts as a trustee of Manhattan College, N.Y., and as Vice President of the Boy Scouts of America. She also has served as a member of the board of the Women's Forum and the New York State Economic Development Board.

Several universities have recognized her outstanding achievements with honorary doctorates. And I am pleased to report to my colleagues that still another distinguished institution of higher education is joining in these accolades. Molloy College, of Rockville Centre, N.Y., will, on October 3, confer upon Ms. Siebert the honorary degree of Doctor of Commercial Science. It is particularly appropriate that this distinguished woman be the recipient of such an award from Molloy College, for the college was founded primarily for the total education of women.

Mr. Speaker, I know that my colleagues join me in extending warmest congratulations to Ms. Siebert on this latest recognition of her achievements, and in wishing her continued success in her chosen field.●

LASTING LEGISLATIVE LESSONS

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. STARK. Mr. Speaker, I have happy news to share. Betsy Stover and George Granger, formerly of my staff, are being married tomorrow, Saturday, September 26, 1981. They met on Capitol Hill and their romance flourished in its legislative ambience. Their marriage should thrive. In their stay here, they learned tact, compromise, discretion and patience, all of which should serve them well. Please join me in congratulating them.●

TWENTIETH ANNIVERSARY OF THE PEACE CORPS

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. CONTE. Mr. Speaker, this week marks the 20th anniversary of the enactment of the Peace Corps Act, an act which launched an unprecedented, and unduplicated, people-to-people mutual assistance program in the underdeveloped world. As one who was, as they say, present at the creation, I take this opportunity to congratulate the more than 80,000 Americans of all ages who have worked in 88 countries to make life just a little better for impoverished millions.

While President Kennedy is generally given credit for starting the Peace Corps, those of us who were around then will recall that it was our able colleague, Henry Reuss, and the late Senator Hubert Humphrey who initiated the idea back in the 1950's. In any event, it was a good idea which has succeeded in its basic goals.

Congress itself defined the Peace Corps' goals in the act as follows: First, to help the people of interested countries and areas in meeting their needs for trained manpower; second, to help promote a better understanding of Americans on the part of the peoples served; and third, to help promote a better understanding of other peoples on the part of Americans.

The Peace Corps is accomplishing these goals. It is conservatively estimated that in the field of education alone, the Peace Corps has contributed some 63,000 classroom work-years to nearly 5 million Third World students. Peace Corps volunteers, who speak the local language, live under local conditions, and work alongside their local hosts, are showing the American flag in a far more effective manner than we will ever do with military visits or multinational corporation investments. And returned Peace Corps volunteers are now located in virtually every American community, where they actively promote better understanding of Third World peoples, problems and ideals.

These accomplishments have been achieved at an amazingly low cost, especially in view of the growth of Federal Government programs over the past 20 years. Back in 1964, when the Peace Corps was really getting established, their budget was $96 million. The fiscal 1982 foreign assistance appropriations bill we recently reported out of committee includes $100 million for the Peace Corps, representing an increase of less than 5 percent since 1964. Of course, in terms of constant dollars, the Peace Corps is operating at a far lower level than in the 1960's.

This record has been achieved through the dedicated efforts of many, and in particular the 10 Peace Corps Directors who have served since its inception: Sargent Shriver, Jack Vaughn, Joseph Blatchford, Kevin O'Donnell, Donald Hess, Nicholas Craw, John Dellenback, Carolyn Payton, Richard Celeste, and the able new Director, Loret Miller Ruppe.

I congratulate them all and wish the Peace Corps a very happy 20th birthday.●

THAT CHAMPIONSHIP SEASON

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. SOLARZ. Mr. Speaker, I rise today to congratulate my dear friend and colleague, Mario Biaggi, whose coed softball team captured the coveted Robert Rota Championship Trophy the other night.

In what has been described as the greatest comeback since the 1951 Giants, Biaggi's Bronx Bombers battled from an 11-3 defeat to win in a dramatic extra inning effort by a score of 15-14 over the fearsome Yellow Journalists.

I am particularly proud today to be a New Yorker. Not only did the Bronx Bombers sweep the Rota Tournament, but my own team, the Solarz System, won the "A" League Red Division title and finished the season with a 21 and 2 record. In fact, the combined Biaggi-Solarz record was 50 and 6. For those of us in politics—where numbers mean so much—this is clearly a most impressive achievement.

I am sure my colleagues will want to toast Mario Biaggi on his victory and also raise a glass to the Big Apple itself for having the two finest teams on Capitol Hill.●

WHY SINGLE OUT THE DAIRY FARMER?

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. OBEY. Mr. Speaker, the administration-backed farm bill just passed by the Senate is an outrageous example of gouging one group while playing pattycake with another. The package barely lays a glove on the tobacco program. The sugar program will result in a cost increase to consumers. But dairy farmers are being clobbered.

The President's plan, in effect, freezes the dairy support price for 4 years. It will mean that dairy farmers in my part of the country will be tied to the existing support price—$12.80 per hundredweight of 3.5 percent test milk—through 1984. That means that from now through 1984 dairy farmers will be caught in the most vicious cost-price squeeze in history. Their income will remain tied to the $12.80 support price but they will be forced to absorb every penny of the cost of inflation out of their pocketbooks over the next 4 years. They will be one of the few groups in society whose incomes will not be adjusted in any significant way for inflation.

There can be little doubt that this program is part of a one-two punch being crafted by the rigid ideologies within the administration who are aiming for a total elimination of the dairy support program.

The game plan goes like this:

First, limit the support price for the next 4 years to its present dollar level. That could mean that by 1984 the effective support price is little higher than 50 percent of parity.

Second, at that point they will then be able to say "Well, the support price is so low, it's already meaningless. So we might as well abolish the whole program."

Let us not fool ourselves, Mr. Speaker, that is what the long-term plan is. It represents a brutal disregard for the needs of rural America in my part of the country. It means the rapid disintegration of the family farm movement as we have known it. It means that as dairy farmers are squeezed out of business by lower price levels and high interest rates, consumers will be moved rapidly to reliance upon limitations, artificial substitutes, and imported dairy products. And it means this country will become more dependent upon foreign sources to provide the most basic of all foods.

Obviously we must act in a responsible fashion to reduce the levels of Government purchases of dairy products required at the moment. But that action must be equitable. It must be an intelligent mix of adjustment in support prices, expansion of consumption and sensible import and export policies. And it must be part of a plan which treats all farmers and all citizens in an equitable way. The administration package does not do that and it should not be supported.

I am including in the Record at this time an excellent editorial on this subject by my hometown newspaper, the Wausau Record Herald. My hometown is not a rural community but it is close enough to dairy country to understand the critical relationship that exists between the health of rural America and the health of our cities and towns. I urge every Member to read it.

Why Single Out the Dairy Farmer?

Central Wisconsin dairy farmers are doing their part to hold down federal spending and lick this demon inflation. And news out of Washington indicates they're doing so whether they like it or not.

The Reagan administration is seeking further reductions in milk price supports in order to help balance the budget. This fiscal year, dairy price supports will cost $1.9 billion. A version of the budget passed in August called for a drop to $1.4 billion. Now John R. Block, secretary of agriculture, says the administration wants that cut to $1 billion.

That's not good news in this part of the country. But it has not produced a cry of outrage.

Perhaps that's because dairy farmers have been doing relatively well in recent years. Mechanization has enabled many of them to acquire larger herds than their fathers dreamed of 20 years ago. That means bigger milk checks, but it also means debts their fathers couldn't have imagined either.

We have some doubts about the administration's plan.

First of all, will it work? Milk prices didn't go up as expected in April because Reagan skipped a scheduled increase in dairy price supports. That made it tougher for many small farmers to stay in business.

Now they face the prospect of a price support freeze for two or more years. Some, especially the small family operations, won't survive.

They do have an option, of course. If they decide to go deeper in debt and can borrow money, they can produce more milk, thus keeping their income stable or perhaps increasing it. But that produces more dairy products, something the government is trying to discourage with its lower supports.

Secondly, we question the fairness of holding milk prices stable while most of the rest of the country continues on the inflation merry-go-round of higher prices-higher wages-higher prices-higher wages.

Block says the government won't curtail price supports for sugar, tobacco or peanut farmers. His explanation: The administration has enough to battle without taking on the tobacco industry.

That's not good enough. Is Block saying the dairy farmers have to become militant or organize a more powerful lobby to get equal treatment?

And what about the rest of us? Are we willing to work for the same income next year as this year? Have you heard of any unions settling for no increase, or permitting a scheduled increase to be set aside?

A reduction in dairy price supports may well be in order. It may be part of the sacrifice the country as a whole must make to bring some sense back into our economics.

But what's fair for the dairy farmer is fair for all. The dairy farmer struggled for many years to be able to make a living comparable to that of his city cousin. He shouldn't be asked now to live with a fixed income while his fellow citizens in factories and on tobacco and peanut farms are not.●

STATE DEPARTMENT CANNOT BE IMMUNE TO NEED FOR BUDGET RESTRAINT

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Ms. FERRARO. Mr. Speaker, last Thursday I joined with a majority of this House in voting against H.R. 3518, the Department of State Authorizations Act of 1981.

My concern in voting against this bill was strictly budgetary. As reported by the Committee on Foreign Affairs, H.R. 3518 was $815 million over the budget targets that had been proposed by the administration for fiscal year 1983.

Mr. Speaker, in the past 8 months, this House has voted, against my better judgment, to slash funding levels for many vital domestic programs by many hundreds of millions and even billions of dollars over the next few years. We have cut social security, student loans, mass transit, school lunches, and many other critical programs. We are now facing another round of budget cuts, totaling some $16 billion, that as proposed by the President, will include the termination of between 30 and 40 Federal agencies, and phasing out the Federal job training program.

In the face of the cuts we have already voted, and the further cuts we will be considering, I simply could not justify voting for a bill which, even after being cut by almost $500 million during floor consideration, was still some $300 million over budget for foreign affairs.

I want to make it clear that I am not making a negative judgment on State Department personnel or programs by casting this vote. But with domestic programs being trimmed to the bone, we cannot afford to spend any extra money on State Department programs.●

PARKETTE NATIONAL GYMNASTIC TEAM

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. RITTER. Mr. Speaker, a monument is taking shape in Allentown, Pa.

Normally, we perceive monuments as memorials for heroic deeds or memorials for community benefactors. This monument is different. It now consists of brick, mortar, and rising steel girders. It is a monument to a vision, a monument to our future Olympic gymnastic hopefuls.

This monument will be a $700,000 gymnasium to house the Parkette National Gymnastic Team. Support from area businesses and individuals will make this building a reality. A fundraising telethon on October 31 will climax a far-reaching campaign for support.

From this facility will come our future Olympic gymnasts and leaders of tomorrow. The lessons these young people learn in their hard work and dedication to excellence will follow them for the rest of their lives.

These fine athletes deserve our support. They need this facility for training under world class conditions in order to compete on an even keel with foreign teams which have only to look to their governments for athletic funds. As you know, in this country in amateur athletics, we rely on the support of fellow Americans.

The Parkette National Gymnastic Team has evolved from the vision of its founders, Bill and Donna Strauss, who have given freely of their time and efforts. In 1969 they took a handful of girls and formed a tumbling club after school hours.

The founding was a humble beginning, but Bill and Donna persisted in their dream to help our youth. Today, the Parkette team has more than 600 girls and boys involved in classes 6 days a week, more than 40 girls involved in 5 different levels of competition with national and international caliber gymnasts, and a newly formed boys team.

This excellence in gymnastic competition did not come easily. The Parkettes persevered by practicing, through the years, in a barn, a church basement, backyards, and a makeshift second-floor gym.

The new training facility is a community undertaking. The city of Allentown donated the land on which to build a structure for our future athletes. And, Mack Trucks and Air Products & Chemicals, Inc. have been most generous as leading corporate supporters in helping to fulfill this dream.

The Parkette record is a proud record that speaks for itself. Let me just touch on just two key accomplishments. The team is ranked second nationally, barely losing out in its efforts to gain the top rung. And, four girls are members of the U.S. National Gymnastic Team. Kym Fischler of Center Valley and Gina Stallone of Wyomissing are represented on the senior team, while Nicole Kushner of Coplay and Cindy Rosenberry of Barto are on the junior team. No other team in the country has more than two members on the teams.

I am proud to have the opportunity to support these youngsters as they compete at the highest levels. The Parkettes have demonstrated what they can accomplish with adequate backing. As Americans, we should support their counterparts all across the country.●

WE NEED SOCIAL SECURITY ACTION NOW

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. PICKLE. Mr. Speaker, we do not need another task force to study social security problems. We know what the problems are, and we have known them for a long time. What we need are specific long- and short-range recommendations and specific legislation by the administration. We need the leadership of the President and the administration, and the Congress.

If the Senate will advance a meaningful bill, I am still confident the House will consider it on a bipartisan basis. Everybody is ducking the tough decisions. These social security problems will not go away—they will only get worse as our emotions and fears or distrusts grow. Action so far has been short-sighted and political. The real tragedy is that the participants in social security will suffer additional years of uncertainty about this program, and the younger Members of this great Congress will see social security rising out of the mist like Banquo's ghost to haunt them again and again.

Let us hope the Congress will meet its obligation now. If the Commission is established—and it looks like it might be—I hope the President will speed up its work and will participate in it himself so that we can know what his views are.●

DON'T BLAME WALL STREET

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. GEPHARDT. Mr. Speaker, in recent weeks, Wall Street has become the scapegoat for the Reagan administration. Henry Kaufman, writing in today's Washington Post, states that Wall Street is principally an intermediary between demanders and suppliers of funds. As we all know, interest rates are a function of the future expectations of the borrowers. The claim by the Reagan administration that Wall Street is the cause of continuing high interest rates is erroneous; interest rates have remained high because of the expected effects of the Reagan economic program. I commend to you Henry Kaufman's column for a further discussion of this issue.

DON'T BLAME WALL STREET

The recent charges by important Washington officials that Wall Street in one fashion or another is responsible for the high level of interest rates are wrong. They reflect a failure to understand the central role of Wall Street in the domestic and international financial system, and they malign a vital economic sector that is struggling valiantly to perform an essential, if not pivotal, service in a very volatile and difficult setting.

In the popular sense, Wall Street consists of security dealers and brokers and a relatively small number of large money market institutions, such as banks. One of their main roles is to bring to market new issues of the federal government, corporations, state and local governments, and of financial institutions. These new issues are sold to investors at a price or interest rate that is acceptable to them. The other role is to provide liquidity for investors by making a market in outstanding securities.

In the performance of these roles, Wall Street is principally an intermediary between demanders and suppliers of funds. The price of money—the interest rate—reflects, therefore, the interaction of millions of participants in the credit market, very few of whom are located on Wall Street. These participants include not only the many demanders of credit but also millions of individual investors and thousands of institutions, such as deposit-type institutions, insurance companies, public and private retirement funds and mutual funds that are domiciled throughout the nation, as well as important demanders and suppliers of funds outside the United States. They are the ones that are liable for, or have invested in, the more that $4 trillion of outstanding credit market debt and over $1 trillion of equities. Indeed, only some of these credit transactions are consummated in organized exchanges or in the over-the-counter securities market. Many are directly negotiated between borrowers and saver and/or financial intermediaries.

If not Wall Street, who then is responsible for the high level of interest rates? Here, too, no simple answer is possible, but a few related explanations deserve consideration.

One explanation lies in our official national stabilization policies.

For these policies to have an immediate positive influence on interest rates, they should be so formulated as to ensure that past mistakes will not be repeated. Governmental promises are inadequate. The irregular upward ratcheting of inflation and of interest rates for nearly two decades, and the guns-and-butter approaches of the past, are too vivid in our memory. Only policies that strike forcefully can overcome this bitter legacy.

A major part of our new policy, however, stresses fiscal stimulation through large tax cuts and substantial increases in military outlays over an extended period. If most of the step-up in defense is essential for national reasons (which I agree with), then the tax cut should be viewed as a prudent discretionary decision only if the resultant budgetary position is in reasonable balance. Otherwise, large deficits such as the likely net new U.S. Treasury cash needs of $80 billion in fiscal 1982 will contribute to upward interest rate pressures. Both the likelihood and the nearness of these borrowings have affected market expectations adversely.

From an interest rate perspective, it is also easily perceived that stimulative fiscal policies will place an extraordinarily heavy burden on monetary policy if reasonable economic and financial stability is to be achieved. By emphasizing that only a moderate volume of new reserves be provided to the banking system, the new approach in Federal Reserve policy—monetarism—is relying mainly on interest rates to ration demands for credit. Of course it is conceptually true that budget deficits need not be inflationary as long as the central bank does not provide an excessive volume of new reserves or as long as we are in a real recession. However, it would be folly to assume that state and local governments, corporations and consumers will readily forgo some of their credit demands because the U.S. Treasury has large cash needs. It should also be noted that as the nation moves through an economic recovery, it is typical for the credit demands of the private sector to increase rather than to diminish.

The volatility and lofty levels of interest rates have also been partly the consequence of other important developments. These include financial deregulation, introduction of the many new liquid and marketable credit instruments (particularly variable interest rates obligations) that are now available and liberalization of credit standards. These developments have allowed much more of a competitive struggle on the interest rate front than was true a few decades ago, when rules and regulation, including interest rate ceilings, ended the escalation of interest rates at much lower levels. This competitive struggle ended at 6 percent for the prime loan rate during the credit squeeze of 1966, and at 8½ percent and 12 percent during the financial crises of 1969-70 and 1974, respectively. Today, funds are readily available to prime borrowers at 20 percent. This is an extraordinarily high rate, to be sure, but it also reflects the evolving new freedoms in the credit markets that most had favored when they were proposed and legislated in Washington, and few have challenged their efficacy.●

PARENTAL KIDNAPING ACT OF 1981

HON. F. JAMES SENSENBRENNER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. SENSENBRENNER. Mr. Speaker, today I am introducing the Parental Kidnaping Offense Act of 1981, a bill which would amend the Federal kidnaping statute to make it applicable to certain egregious and particularly shocking cases of child abduction by parents. This bill is virtually identical to part of a bill which over 60 of my colleagues and I sponsored in the last Congress. The remainder of that bill was enacted as the Parental Kidnaping Prevention Act of 1980.

Yesterday I had the privilege of testifying before the Subcommittee on Crime of the Committee on the Judiciary during its hearings on the implementation of the 1980 act. At that time, I outlined the reasons behind my belief that a Federal parental kidnaping statute should be enacted without further delay. In sum, they are, first, that FBI assistance is imperative in locating missing children when State and local efforts are inadequate, and, second, that the executive branch will not get serious about this tragic problem until the Congress does.

Mr. Speaker, for the benefit of my colleagues, I am submitting for the RECORD today my testimony before that subcommittee. I urge my colleagues to join me in the effort to enact this needed legislation by cosponsoring my bill.

STATEMENT OF HON. F. JAMES SENSENBRENNER, JR.

Mr. Chairman, Mr. Sawyer, and Members of the Subcommittee on Crime, I am pleased to appear before you today to address the perplexing problem of parental kidnapping that has plagued this country in recent years. During the last Congress, as a Member of this Subcommittee, I joined over 60 of my colleagues in co-sponsoring a bill to address this disturbing trend. I also served as a conferee on the Conference Committee that fashioned the Parental Kidnapping Prevention Act of 1980. I would like to take this opportunity to provide you with some background on the legislative history in this area.

During our Subcommittee hearing last year, we heard disturbing testimony from various parents whose children had been snatched. One of them, in response to my questions, indicated that she and her second husband spent $30,000 on private detectives to find her child, but to no avail. Even though she was concerned about the child's health, she was unable to get the FBI and the Justice Department to enter the case. She believed, as I do, that prompt intervention by the federal government might have made the difference in locating the child.

Shortly after that hearing, I was appointed as a conferee on the Domestic Violence Prevention and Services Act (H.R. 2977), with respect to the parental kidnapping provisions which had been included in the Senate version of the bill. The Senate provisions, which were nearly identical to the bill I co-sponsored, contained a three-prong approach by: (1) requiring, under certain circumstances patterned after the Uniform Child Custody Jurisdiction Act (UCCJA), that state courts give "full faith and credit" to the custody decisions of other states; (2) allowing access to the Social Security Administration's Parent Locator Service to locate abductors; and (3) amending the federal kidnapping statute, 18 U.S.C. § 1201, which currently exempts parental kidnappers, to permit prosecutions where the abduction violates a custody order entitled to full faith and credit under the first section of the act.

During the meeting of the conferees, I expressed strong opposition to any dilution of these criminal penalties. My primary reason for this was a fear that milder language would not provide the strong direction to the executive branch that is needed when a major change in policy is made. However, the sentiment of the conference was clearly in favor of the compromise approach. As a result, we included an expression of our intent that the Justice Department prosecute parental kidnappers under the Fugitive Felony Act, or UFAP, with the same vigor that they demonstrate with respect to other offenders who have committed state felonies and have crossed state lines. We also approved the Full Faith and Credit and Parent Locator Service Provisions.

When the Domestic Violence bill died a well-deserved death in the Senate, the enterprising Senator from Wyoming, Mr. Wallop, succeeded in adding our Domestic Violence conference report provisions as an amendment to, of all things, the Pneumococcal Vaccine Bill, which was signed into law on December 28, 1980 (P.L. 96-611). Soon after its enactment, however, the problems which I had envisioned during conference became painfully clear. My office was contacted by a determined Assistant District Attorney in Milwaukee County, Wisconsin, Christopher Foley, who will be appearing before you later this afternoon. Following exhaustive state and local efforts to locate three snatched children, they were discovered in Florida. Lack of cooperation by Florida officials prompted Mr. Foley to contact the Justice Department for help under the Fugitive Felon Act. The issuance of a UFAP warrant by the U.S. Attorney's Office was apparently the deciding factor in the father's decision to return the children. Fortunately, this took place before he learned that the Justice Department withdrew the warrant that it has issued because, among other reasons, the U.S. Attorney failed to get the prior approval of the Criminal Division in Washington pursuant to Department guidelines.

I firmly believe that the Justice Department will have no incentive to get serious about parental kidnapping until the Congress does so. For that reason, I am introducing in the House of Representatives tomorrow a bill which would add a new section 1203 to title 18 of the United States Code. My bill includes the criminal provisions of the Wallop amendment to the Domestic Violence bill. If enacted, it would impose criminal penalties for the intentional restraint of a child of 14 or less, by a relative by blood or marriage, guardian, foster parent or agent of such person, in violation of another person's custody or visitation rights arising out of a custody determination entitled to the benefits of the full faith and credit provisions we enacted last year. Restraint is only penalized where the child is restrained "without good cause." If the child is held in a place where he is not likely to be found for more than a week, the penalty is imprisonment up to six months and/or a maximum fine of $10,000. If the child is not concealed, the penalty is up to thirty days imprisonment and/or a $10,000 fine. However, in any case where the child is transported across a U.S. border, the maximum penalty is at least one year imprisonment and a $10,000 fine.

The bill contains several restrictions on the imposition of criminal penalties, many of which were included on the basis of criticisms voiced against parental kidnapping bills introduced in prior Congresses:

(1) The child must be "willfully transported" in interstate or foreign commerce;

(2) It is a bar to prosecution that the person whose custody rights have been violated failed to notify local law enforcement authorities within 120 days after the restraint began;

(3) The FBI may not commence an investigation until 30 days after the complainant notified local law enforcement authorities unless there is grave danger to the child's physical or mental health, or in other appropriate cases;

(4) Return of the child unharmed within 30 days after an arrest warrant is issued is a bar to prosecution of a first offense; and

(5) Any sentencing guidelines must provide for a reduction in penalty if the child is returned unharmed.

I believe that the prompt enactment of this legislation is needed and I am hopeful that this Subcommittee will seriously consider reporting to the full Committee the criminal provisions that eluded us last year.●

PROPOSAL FOR SUSPENSION OF CERTAIN TARIFF DUTIES

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. SAWYER. Mr. Speaker, I am introducing a bill today which seeks to suspend, for at least 2 years, the tariff duties on the importation of certain prosthetic devices and their parts, which are specifically used by juvenile amputees. The bill is virtually identical to one which became Public Law 94-451 in 1976 but which expired in June 1978.

As drafted, my bill will suspend the duties on externally powered electric prostheses designed for children if they are imported solely for charitable therapeutic use or free distribution by public or private nonprofit institutions.

Mary Free Bed Hospital is one of many fine medical institutions located in my hometown of Grand Rapids, Mich. In 1945, the hospital obtained the first child amputee center in the country. The center is operated by the Michigan Department of Public Health and it is currently the only federally funded project of its kind. The center has approximately 350 child patients and it provides training and technical assistance to many other clinics throughout America. The children range in age from newborn to 21 years old with more than half having lost more than one limb due to disease or trauma. The area child amputee center's contribution is truly national in scope since upward of 40 percent of the children come from outside Michigan with some from as far away as Puerto Rico and the Virgin Islands.

Most of the externally powered electric prosthetic devices and parts which the center's patients use are, as far as is known, not being currently manufactured in the United States. This necessitates the importation of prostheses from two Canadian manufacturers, one in Toronto and one at the University of New Brunswick in Saint John. U.S. tariff schedules presently require that a 10-percent ad valorem duty be figured into the cost of these devices and parts before entry into this country.

Unfortunately, due to inflation and a limited budget, the center does not have the financial resources to readily obtain the necessary prostheses for all of its children. A suspension of this duty will save thousands of dollars annually and will greatly aid the area child amputee center in its nonprofit efforts to provide therapeutic assistance to disabled American children.

I hope my colleagues will join me by supporting this important piece of legislation.●

TRIBUTE TO JAMES J. DUFFY

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. LENT. Mr. Speaker, I rise to bring to the attention of my colleagues a tribute being paid to one of the most respected and influential labor leaders in my State of New York, James J. Duffy. Jim is a resident of the village of Wantagh in the Fourth Congressional District I have the honor to represent, and a longtime friend.

On October 3, Jim will be awarded the honorary degree of doctor of laws by Molloy College, of Rockville Centre, N.Y.

Mr. Speaker, I can testify from personal knowledge that this is a richly deserved honor.

Jim Duffy is one of those rare human beings who combines forceful and effective leadership in his chosen profession with tremendously productive activities in civic and charitable organizations in his community. Beyond that, his outgoing friendly personality has won him a host of friends. He is indeed an outstanding man.

Jim Duffy entered the ranks of labor as a member of the Operating Engineers Union. His powerful leadership qualities soon elevated him to positions of increasing responsibility within his union, first in committee chairmanships, then as treasurer, then business representative. In 1970, Jim Duffy was elected president and business manager of Operating Engineers Union Locals 138, 138A, and 138B, which office he commands to this day. As president of the locals, Jim has been a responsible leader, always alert to the needs of the union membership, and always effective in pursuing the goals of the union.

But despite the heavy burdens of his union office, Jim Duffy has always found time to devote to his fellow man in civic and charitable activities. I could stand here for an hour, Mr. Speaker, and list the organizations and activities to which he has given his time and talent. Just mentioning a few of these will give some idea of the broad extent of Jim Duffy's interests.

He has served on the Governor's Committee for Long Island Sound Bridge and Ferry Study. He has served on the town of Hempstead's Housing Commission. He has served on the boards of Mercy Hospital and St. Charles Hospital. He has been a member of the executive board of the Nassau County Boy Scouts Council. He has been honored repeatedly for his dedicated work for charitable organizations including the achievement award from the Industrial Home for the Blind; 1980 Man of the Year Award from Cooley's Anemia Organization; honors from the Heart Fund and the Cerebral Palsy Association.

Mr. Speaker, Jim Duffy is truly a man for all seasons—a man whose keen sensitivity to the needs of his fellow man shines through his every action. I am proud, indeed, to call Jim Duffy a friend. And I know you my colleagues will join me in extending to him our congratulations for this new honor he is receiving, as well as to give him our best wishes for every success in the future.●

PUTTING THINGS INTO PERSPECTIVE

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. GINGRICH. Mr. Speaker, we all know that there are many critical issues facing our country today. We have high interest rates, the decision of selling AWACS to Saudi Arabia, more budget cuts, and the debate over increased defense spending.

Only Lewis Grizzard has managed to sift through the trivial issues that most of the country is preoccupied with.

Grizzard has found the real issue. It happened last Saturday in Clemson, S.C. I would like to share his column with my colleagues.

HIS RED TIE GOES FINE WITH A BLACK ARMBAND

(By Lewis Grizzard)

I was walking in just as the doctor was walking out.

"How is he, doc?" I ask.

"He's resting quietly now," said the doctor.

"Can I see him?"

"Just for a minute," said the doctor. "He's had a terrible shock, you know."

I know.

Dorsey Hill, the world's biggest Bulldog fan, and thousands of others who wear the red-and-black suffered trauma Saturday when Clemson ended the Georgia football winning streak at 15.

I was especially worried about Dorsey. I don't think he was prepared for Georgia to lose another game as long as Herschel Walker was in uniform.

I rapped lightly on his door.

"Come in," a weak voice answered.

The room was nearly dark. Dorsey sat listening to a tape of Larry Munson describing the 1980 Georgia-South Carolina game. "We're ahead but South Carolina is driving," Dorsey said.

HE'S BACK IN 1980

The shock was worse than I thought. The loss to Clemson had caused him to regress to 1980.

"We need a fumble," he said, as Munson described the play.

"Fumble!" Munson screamed suddenly.

You remember the play, George Rogers fumbled and Georgia held on in 1980 to defeat Carolina and eventually go on to the national championship.

"How do you think we'll do against Florida next week?" Dorsey asked me.

Somebody had to bring him back to reality.

"Georgia doesn't play Florida next week," I said. "This is 1981. This is a new season. You can't live in the past. You must accept the fact Georgia can lose a football game."

I could read the pain in his face.

"I know," he said. "But how could we lose to Clemson?"

"Clemson has a good team," I said.

"Yeah," Dorsey replied, "But I hate to lose to a bunch of football players dressed up like orange popsicles."

"Don't be bitter," I said.

"We gave them the game," Dorsey continued. I could see some color returning to his face now.

NINE GEORGIA TURNOVERS

"We turned the ball over nine times. We couldn't have beaten William and Mary turning the ball over nine times. We couldn't have beaten William by himself turning the ball over nine times. If he'd brought Mary, it would have been a rout."

This was the old Dorsey.

"Clemson should be embarassed it scored only 13 points against us," he went on, rolling now. "If we had given those pinko liberals from Berkeley nine turnovers last week, they would have scored 50 points. How about that? Clemson can't outscore a bunch of pinko liberals from California!"

I could tell that bit of logic made Dorsey feel much better. "Listen," I said, "you can always find a silver lining if you look closely enough into the clouds."

"You're right," Dorsey replied, smiling for the first time. "Tech got beat, that's one good thing. And Notre Dame lost. That's good news. And I think my red tie will go just fine with my black armband at work next week."

"So you'll be OK now?" I asked.

"I'll be fine," he assured me, switching on the tapes of Munson's description of the 1980 Florida game.

"Florida's leading 21-20," Dorsey said, "but anything can happen in football * * *."●

RUSSIAN ARMS BUILDUP IN ASIA: A BIG THREAT TO UNITED STATES

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. FINDLEY. Mr. Speaker, Adm. Robert L. J. Long, commander in chief of U.S. Forces, Pacific, in an August 1981 interview with U.S. News & World Report has described the Soviet threat to the United States in the Pacific in a concise and chilling fashion.

"The Soviet Pacific fleet is now the largest of their"—the Soviets'—"fleets and very modern," Admiral Long states. He continues on to say that the outcome of a U.S.-U.S.S.R. confrontation in the Pacific would be "too close to call."

I recommend to my colleagues this excellent interview with Admiral Long which follows and his assessment of the steps which the United States and its allies in the Pacific, particularly Japan, must take in order to counter the Soviet threat to the vital sea lanes in the region.

The interview follows:

RUSSIAN ARMS BUILDUP IN ASIA: HOW BIG A THREAT TO UNITED STATES

JAPAN AND CHINA CAN HELP TO MEET THE NEW DANGER IN THE FAR EAST, SAYS A TOP OFFICER, BUT AMERICA MUST DO A LOT MORE ITSELF

[Interview With Adm. Robert L. J. Long, Commander in Chief of U.S. Forces, Pacific.] Admiral Long, 61, joined the Navy as an ensign in 1943, became a submarine specialist and has been the top commander in the Pacific since 1979.

Q. Admiral Long, how much of a challenge does the U.S. face in the Soviet military buildup in the Pacific region?

A. About 10 to 15 years ago, the United States clearly was dominant in all areas of warfare in the Pacific. At that time, the Soviet ground, air and naval forces were not all that much of a threat. I believe that about 10 years ago the Soviets made a very definite decision to be prepared to fight on two fronts—a major war in Europe, a major war in the Far East. Since then, they have systematically built up their ground forces so that they now have over 50 Soviet ground divisions in the Far East.

They have built up their air forces with the new Backfires at Belaya, north of China, and Navy Backfires, near Vladivostok, to augment their older bombers. Last year alone, they added over 200 modern fighters to their Pacific air forces—more than the total of United States Air Force fighters in the Pacific.

Looking to their Navy: The Soviet Pacific fleet is now the largest of their fleets and very modern. It includes the latest Soviet operational nuclear and cruise-missile-firing submarines as well as modern cruisers and one of their two aircraft carriers.

In addition to the forces themselves, the Soviets have greatly improved their command and control as well as vital logistic and resupply lines in the Pacific area in order to conduct simultaneous operations on two fronts.

Q. In this Soviet buildup, how vital is the Cam Ranh Bay naval base and other installations the U.S. constructed in Vietnam?

A. There are several aspects of Soviet involvement in Vietnam that are important. One is the assistance they provide that enables the Vietnamese to conduct their aggression in Kampuchea. Then, too, the Soviet presence in that area—and having a Soviet surrogate there—gives them additional leverage against China.

Finally, the point you raise in your question: The Soviets occupy critical bases there in Vietnam—and specifically Cam Ranh Bay—where they're able to position long-range aircraft and to support and station a sizable naval flotilla.

Cam Ranh Bay is also important to the Soviets in that it supports naval forces going into and out of the Indian Ocean. The Soviets routinely conduct long-range reconnaissance flights from Cam Ranh Bay, which enables them to cover areas beyond the reach of their own bases in the Soviet Union to the north.

Q. What are Russia's goals in the Pacific?

A. I think their objectives have remained constant for years—that is, they are constantly, doggedly, aggressively pursuing the goal of world domination. The Pacific is only one part of that grand design.

Q. Does the U.S. have sufficient naval strength in the Pacific to counter the Soviets?

A. In 1980, I testified before Congress that I thought we had a slim margin of superiority in the overall balance of power in the Pacific Command. This year, when I was asked before a congressional committee who would win in a confrontation with the Soviets, my response was it was too close to call.

We have insufficient forces in the Pacific to handle all of the contingencies simultaneously. Our forces are spread too thin. We have drawn down the naval forces in the western Pacific in order to move forces into the vital Arabian Sea area. We do not have sufficient air forces. I have estimated that we are short somewhere around 25 to 30 percent of what we need within the Pacific Command.

Q. Do you envisage the United States maintaining a large naval force permanently in the Indian Ocean?

A. The vital interests not only of the United States but of the free world as a whole are at stake there. And I anticipate—certainly in the foreseeable future—that the United States will be required, along with other nations of the free world, to maintain a military presence in that area to indicate the will and resolve of the United States to protect their vital interests there.

Q. Couldn't the Japanese take on a bigger defense role in that region—for example, by protecting the sea-lanes farther away from their home islands?

A. Let me say first that the security relationship between Japan and the United States today is the healthiest that it's ever been since World War II. For several years, we have had active bilateral military planning that has been blessed by both the Japanese and U.S. governments. There is an acceptance by most of the Japanese people of the need for a security relationship with the United States—which may not always have been the case. There's a growing concern, I believe, within Japan as to the military threats that they face.

I believe that the Japanese are making progress on developing effective army, navy and air forces. However, in our judgment, the Japanese military forces today do not have the capability of handling a minor military contingency. It has been our objective to convince the Japanese government that there must be a sharing of roles in which they should assume the primary responsibility for the defense of Japan. We recognize the limitations on some of those efforts caused by their Constitution, by their non-nuclear principles and by the general attitude of the public. However, we believe that the threat is very real, and we believe that time is running out.

We have not asked the Japanese to develop a nuclear capability. The United States provides a nuclear umbrella. We are not asking the Japanese to develop strategic or offensive systems, such as carrier battle groups or long-range bombers or amphibious task forces. The United States is providing that capability.

Q. Specifically, what defense role does the U.S. want Japan to play?

A. We are asking Japan to pick up the defense of the Japanese homeland and the surrounding waters. In our view, they need to pay particular attention to the defense of the air above and the sea around Japan. That means a more effective air defense and antisubmarine warfare and sea-control capability. It also means the modernization of Japan's ground forces to repel any sort of invasion and a much better command-and-control system to facilitate the exercise of those forces in the event that the defense of Japan is challenged. And they must have sufficient stockpiles of ammunition and other critical war materials to sustain combat.

I am hopeful that the Japanese—the public as well as their government—will recognize the threat and eventually see the need to significantly increase the effort that they're putting into their own defense. But we need to understand that Japanese government affairs are not handled in the same way as government affairs are handled here in the United States.

Q. How do they differ?

A. The Japanese government, for example, normally takes action after there is a broad consensus within the Japanese public. The objective of responsible officials within Japan today is to insure that the Japanese public is educated to the real need to increase the defenses of the homeland.

Q. Does the contingency planning by the U.S. and Japan that you mentioned earlier include joint military exercises?

A. The Japanese currently conduct combined operations with U.S. forces in naval exercises such as we had last year. They also periodically conduct combined exercises with U.S. air forces for air defense and so on. We hope that someday soon we will be able to conduct combined ground-force exercises. In all of these exercises, Japan's forces remain under national command. I believe Japan needs a much-better-defined command-and-control system for its own forces in wartime for the defense of the home islands of Japan.

Q. Turning to another onetime enemy: How much can the United States count on China to cooperate in Pacific security matters against the Soviet Union?

A. Well, that question has a lot of political implications, and I want to make sure that you understand that I'm the United States field commander in the Pacific and not the Secretary of State. But from a purely military viewpoint, we need to recognize that the Soviets today have about one third of their total forces in the Far East. Many of those forces—the ground forces particularly—are poised opposite China.

So when, I, as a military man, look at the situation, I recognize that part of Soviet military concerns relate to China. And, therefore, China's ability to tie down significant Soviet military forces becomes a parallel objective of the United States and of the free world.

Q. In cooperating militarily with China, does the U.S. run the danger of a Soviet backlash directed against China or against the United States through proxies someplace else?

A. Again, that's principally a political question. I'm confident that the administration is quite cognizant of the fact that there is an appropriate rate at which the United States-China relationships are strengthened or built. I think it is in the interest of the United States to build on those relationships, but my prediction is that we will proceed with due caution and conservatism.

Q. Does that mean that the development of American defense cooperation with China will be a fairly slow process?

A. From where I sit, I would say that it is relatively slow and orderly.

Q. How do you assess the Chinese military threat to Taiwan now?

A. Well, any country that has an armed force of over 4 million, such as the Chinese do, has the capability of mounting an offensive—and probably succeeding—against Taiwan. But it would be at a tremendous cost, and there would be a question as to whether it would really be worth it.

Taiwan has an effective military. The Chinese, on the other hand, have large numbers of forces, manpower, aircraft, ships. But their technology is at least one decade—and probably more—behind the West or the Soviet Union.

So, as I say, I think that China could pose a threat to Taiwan, but it would be at a very high cost.

Q. In that case, is there an urgent need for Taiwan now to have more-sophisticated aircraft, such as the FX fighter?

A. Let me just answer that question by saying that I think that this will be the subject of intense investigation and analysis over the coming months.

Q. Whatever happened to the "domino" theory—the theory that a Communist victory in Indo-China would lead to the fall of other non-Communist regimes in Southeast Asia?

A. Well, I guess military pundits can find the remnants of the domino theory in Southeast Asia today. When you look at Vietnam's invasion of Kampuchea and the establishment of a puppet government there, the Vietnamese establishment of a puppet government in Laos, the cross-border incursions that the Vietnamese make in Thailand, the threat that Vietnam poses against Thailand—in my judgment, you can see evidence of a certain validity to the domino theory.

Q. Are you suggesting that the fall of the other dominoes in Southeast Asia is in the cards?

A. On the contrary. Over the past two years I have visited each of the ASEAN countries—Thailand, Malaysia, Indonesia, Singapore and the Philippines—several times. We should recognize that ASEAN has been one of the true success stories of the world in the past decade.

Admittedly, some of the countries still have very serious problems. But, taken as a whole, ASEAN is viable today. It's cohesive, and when you look at the economies of these countries, you find tremendous success stories. Over all, ASEAN is getting stronger and healthier, and I think that's good for the free world.●

THE HANDICAPPED TRAVELER

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. SANTINI. Mr. Speaker, 1981 has been designated as the "International Year of Disabled Persons." We have heard some of the debate about the accessibility of buildings and intracity transportation systems, but we sometimes fail to address the needs of the handicapped for tourism travel.

Harold W. Snider, president of the Society for the Advancement of Travel for the Handicapped (SATH), recently wrote an editorial which appeared in the Travel Industry Association's newsletter. Snider, who is blind, is an independent consultant and served for 6 years as coordinator of programs for the handicapped at the Smithsonian's National Air and Space Museum.

In my role as chairman of the Congressional Travel and Tourism Caucus, I have become acquainted with Dr. Snider and take this opportunity to share his thought-provoking article with my colleagues:

THE HANDICAPPED TRAVELER

There are approximately thirty-five million Americans who are handicapped. They look forward to enjoying the same opportunities for travel and leisure activities as everyone else. Are you prepared to meet the challenge of handicapped travelers in 1981, the International Year of Disabled Persons?

As an executive in the travel industry, you might well ask yourself why you and your organization should serve the handicapped travel market, and what benefits you might get from promoting travel opportunities for handicapped people? The profit margin for the handicapped travel market can be as high as it is in any other market. In fact, many companies in the industry have overlooked the financial opportunities in serving the handicapped market because they believed that it was somehow not nice to make a profit from handicapped people.

Handicapped travelers want the same service and treatment as other travelers yet they may need some special assistance. This assistance is usually simple and costs staff time rather than capital expenditure. Therefore, profit margins are rarely reduced.

When most travel executives consider handicapped travel, an assumption is made that all handicapped people require those facilities which are needed by persons in wheelchairs. The assumption that architectural accessibility is the primary requirement for handicapped travelers is a false one. Out of the thirty-five million handicapped persons in the United States, about five hundred thousand use wheelchairs either permanently or from time to time. So the vast majority of handicapped persons never use wheelchairs, and do not need ramps, special elevators, special bathrooms, or lowered telephones and water fountains. Also, since so many new facilities are being built and many others renovated, the cost of incorporating architectural modifications while construction is under way becomes nominal.

When the issue of architectural accessibility is no longer the primary issue in promoting travel opportunities for handicapped persons, the remaining issues are attitude and prejudice. So few of us in the travel industry have taken advantage of the handicapped travel market by training our personnel to work with handicapped travelers, or by promoting travel opportunities through local, state, and national organizations of handicapped persons. It is important to promote travel opportunities directly to handicapped persons themselves, or through consumer organizations of handicapped persons. It has been my experience that charities and welfare organizations for handicapped people do not pay for most travel by handicapped persons, whereas consumer organizations of handicapped persons have frequent state and national conventions and offer our industry the greatest opportunity to reach the handicapped market directly. For instance, the National Federation of the Blind, the oldest and largest consumer organization of blind people, held its week-long national convention in Baltimore this July, with over 2,000 blind persons in attendance. Just imagine the commissions and profit for airlines, hotels, bus companies, and attractions!

The Society for the Advancement of Travel for the Handicapped and its members will enable you to learn more about the handicapped travel market through educational seminars and conferences. SATH and its members can provide you and your company with individual help and advice such as training staff members to work with handicapped persons, and marketing your product to the handicapped community. SATH is the only travel industry organization which concerns itself specifically with promoting travel opportunities for handicapped persons, and encourages the employment of handicapped persons in the travel industry. It is a nonprofit, tax exempt, educational charitable organization.

If promoting travel opportunities for handicapped persons is of interest to you, please write or call me for more information. Contact either our New York City or Washington, D.C. office at the following address: Mr. Harold W. Snider, President, Society for the Advancement of Travel for the Handicapped, 26 Court Street, Brooklyn, New York 11242, (212) 858-5483; or Suite 803, 1012 Fourteenth Street, N.W., Washington, D.C. 20005, (202) 783-1134-35.●

REVEREND BOOTH COMMENTS ON SOUTH AFRICA

HON. BOB SHAMANSKY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. SHAMANSKY. Mr. Speaker, I want to share with my colleagues an article written by the Reverend Charles E. Booth, pastor of the Mount Olivet Baptist Church in Columbus, Ohio, upon his return from a recent trip to South Africa.

The religious message of peace and hope is paramount in avoiding social upheaval and destruction in South Africa, Reverend Booth states. We have seen in our own country the tremendous role that the church played in our civil rights movement. We can only hope that the voices of Reverend Booth's colleagues and their followers in South Africa will be heard, bringing messages of peace and brotherhood to that nation.

The text of the article follows:

This represents my first opportunity to share with you, in print, some of my reflections upon my recent trip to South Africa. A much more detailed and definitive account of my impressions and experiences is forthcoming in the weeks ahead as I shall place in booklet form thoughts and actual accounts of the many things witnessed by me during my two tours of the Republic of South Africa.

I wish to say initially that my tour was not of a vacation nature, but a serious and intense opportunity to share the Gospel with our black brothers and sisters of the southern half of the dark continent. The Gospel is literally the life giving force of the black South African who lives daily beneath the ugly shadow of apartheid—the last bastion of institutionalized racism in the civilized world. From the moment I landed in Johannesburg on Sunday, June 28 until my departure, I knew and felt the tension and third-class citizenship known to our people there. That one group of people should subjugate another group of people because of skin pigmentation is almost unthinkable in this age when so much has been done in the areas of civil and human rights. What makes the South African problem that more deplorable is that the Afrikaner (the white man) controls the entire Republic and does not permit the African (the black man) to be a citizen in his own native land. All of Africa was originally black until the Dutch and later on the English, discovered how minerally resourceful South Africa was in gold, diamonds, and uranium. He then abused the tenets of Christianity, mesmerizing the African natives with a distorted and warped view of our faith. The black African was then subjugated, the land raped, and a firm white controlled government established.

Everywhere I traveled in the Republic of South Africa, I saw despair and pain mirrored on the faces of our brothers and sisters. Yet, there was also the look of hope present and I readily came to the conclusion that in the midst of their anguish, God had planted seeds of optimism. The inspiration and encouragement which our Lord provides is that which the black South African clings to tenaciously. Never have I ever been among a people who clamored to hear the Gospel of Jesus Christ as did those people. What we take for granted is a treasured blessing among our own in that sad and tragic land.

There is a sad postscript to all of this. In my travel throughout South Africa I raised the question to every religious leader with whom I dialogued—"Will freedom come to the black South African by way of violence or non-violence?" Without exception, every reply was this—"When our freedom is received, there will be a blood bath because the white man refuses to sit down, discuss, and negotiate the terms of our freedom." What a sad commentary! We must pray that God's peace and presence will somehow prevail so that lives will be spared and needless blood not shed.

Some years ago, Dr. James East, a distinguished National Baptist Missionary, uttered these words as he left South Africa for the last time to come home to America, after many years of courageous Christian service. These were his words as he referred to the state of black South Africa and their determination to be free . . . "The dogs are barking, but we do not know when they will bite." He did not know how accurate and prophetic his words would be.●

HIS BEATITUDE ANTHONY PETER KHORAICHE, MARONITE PATRIARCH OF ANTIOCH

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. GEPHARDT. Mr. Speaker, I rise today to call to the attention of my colleagues an important event which takes place this week in my district in St. Louis, Mo.

A joyous occasion is being celebrated as His Beatitude Patriarch Anthony Peter Khoraiche, the shepherd and spiritual leader of the Maronite Rite of the Catholic Church thoughout the world, visits his flock at St. Raymond's Maronite Catholic Church.

The visit of His Beatitude fans the spark in the eyes of the sons of Lebanon to a flame. And in their faith they stand strong as the Cedars of Lebanon, as for the first time Patriarch Khoraiche sees his new church.

Like their forefathers in Lebanon, who years ago took a stalwart stand for Christianity, so their decendants here took a stand for St. Louis and the metropolitan area. While other churches, and other groups, chose to abandon St. Louis and flee to the suburbs, the parishioners of St. Raymond's declared their resolve to remain in the downtown area and with all their energy and resources built a beautiful new edifice on the southern edge of downtown St. Louis.

The church is a cornerstone in the community, a symbol of ethnic pride, devotion to their beloved maronite rite, and a belief in the future of their city.

In closing, though the stay of His Beatitude is short, may the pleasant memories of his visit linger long. And when his colleagues inquire about his visit to St. Louis, may he tell all those within sound of his voice, "While I was away from my flock in the Middle East, I was embraced by my flock in America. And while I was away from my home in Lebanon, I was at home at St. Raymond's."

Patriarch Khoraiche, please remember in your prayers the parish ladies, past and present, who have worked so hard to bring this dream to reality, and until you again honor St. Louis and St. Raymond with your presence, "Allah Maak."●

PRESIDENT'S ECONOMIC RECOVERY PROGRAM

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. GOODLING. Mr. Speaker, I would like to take this time to address the negative climate which I believe is being created by the media to insinuate that the Nation is rising up against the President's economic recovery program.

I would hope that the Nation, as well as my colleagues, have more sense than to believe that the rallying cries of a few months ago behind the President's program are so easily forgotten. The current state of the economy only stresses the need to turn the spiraling rate of inflation around, and the President's program will do this.

I would like to remind my colleagues that the President's program is one which was voted on by the majority within the Congress who carefully studied all the alternatives before casting their votes for the soundest and most viable option available.

It is important for America to present a strong and healthy attitude to the other nations who are assessing our ability to deal with the current economic crisis. Therefore, I resent his defeatist attitude being thrust upon us by certain media representatives, union leaders, and special-interest groups, who seem to be more worried about protecting their jobs than doing what is best for their constituency. These particular segments of the society resented President Reagan's mandate of last November and are now attempting to once again bring their narrow, special interests back into the burgeoning U.S. Government budget.

Lest we forget, the growth of the budget was, and still is, out of control. Americans faced with tax bracket creep and a decrease in the value of the dollar voted for a change in policies which led to so many becoming the working poor. If the budget continued to grow at the rate of 15 percent a year, as it had done since 1979, with continuing large deficits, the future would be bleak indeed.

I would like to put forth a message of hope for my constituents and for all America. I would like to prove the current rash of critics wrong. It is always easier to sit by the sidelines and find fault. I think, however, it would be fortuitous of these censors to wait until the program is put into effect before picking it apart.

I firmly believe that the economic recovery program which I voted for is a good one. By passing the reconciliation, we have begun to change the pattern—Congress cut over $130 billion from the growth of spending between 1981 and 1984. This means that we have already halved the current growth rate of the budget to 7½ percent. Congress has committed itself to reversing the economically disastrous "business as usual" trend of spending. We have taken the difficult steps necessary to bring America back on the right track. Now we must remain committed to the reforms which will alleviate the burden hitting middle Americans the hardest.●

U.S.S. "JACK WILLIAMS" HONORS ARKANSAS NATIVE

HON. JOHN P. HAMMERSCHMIDT

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. HAMMERSCHMIDT. Mr. Speaker, last Saturday, September 19, 1981, the U.S.S. *Jack Williams* (EFG24), a guided missile frigate, was commissioned at the Naval Air Station in Brunswick, Maine.

The ship is named in tribute to the memory of Jack Williams, a native of Harrison, Ark. This young Marine corpsman died a heroic death trying to administer medical aid to his fellow Marines on the front lines at the battle of Iwo Jima. He was awarded the Congressional Medal of Honor posthumously.

Corpsman Williams' mother, Mrs. Daughty E. Williams, and other family members, still reside in Harrison.

The community observed the day of commissioning as "Jack Williams Day," made official by proclamation of Mayor William W. Gregg.

The Harrison Daily Times, published and edited by J. E. Dunlap, Jr., recorded these recent honors and retold the awe-inspiring story of young Jack Williams selfless service to country and fellowman. Two articles are reproduced below for review and reflection.

[From the Harrison Daily Times, Sept. 3, 1981]

FRIGATE NAMED FOR HARRISON NATIVE—"JACK WILLIAMS (FFG24)" WILL BE COMMISSIONED ON SEPTEMBER 19

(By J. E. Dunlap, Jr.)

Invitations are going out this week for the Commissioning of the "United States Ship Jack Williams (FFG24)" at the Naval Air Station, Brunswick, Maine on Saturday, Sept. 19 at 1:00 p.m. with a reception to follow from 2:30 to 4:30 p.m.

This U.S. Navy guided missile frigate honors the name and memory of Navy Pharmacist Mate Third Class Jack Williams, of Harrison, posthumously awarded the Congressional Medal of Honor for heroism during the World War II battle of Iwo Jima.

His mother Mrs. Daughty E. Williams lives in Harrison. She said she will be unable to attend the Commissioning but that her daughter, two sisters, a brother-in-law, and grandchildren will be in attendance to represent the family; plus many members of the Fifth Division Marines Association of which Mrs. Williams is a lifetime member.

Young Williams graduated from Harrison High School in 1943 and reported for Navy service in June following graduation—and his mother never saw him again.

Jack Williams grandparents were the late Judge and Mrs. Sam Williams and Mr. and Mrs. Charlie Gooch.

Young Williams graduated from Harrison High School in 1943 and reported for Navy service that summer.

The Commissioning of the Jack Williams (FFG24) comes just a year and two weeks after the official launching at Bath, Maine last August by Bath Iron Works 18, the launching being 18 weeks ahead of schedule.

At the launching, Williams' sister, Mrs. Fern Williams Carr and her daughter, Dona, of Shawnee, Kan., co-sponsored the vessel with both breaking traditional bottles of champagne against the bow.

Mrs. Williams remained at her home here due to illness at the time of the launching.

The invitation for the Commissioning received this week by Mrs. Williams and others—friends, relatives and public officials across the state and America—reads as follows:

"The prospective commanding officers, officers and crew of United States Ship Jack Williams (FFG24) request the honor of your presence on the occasion of the commissioning of United States Ship Jack Williams (FFG-24) at Bath Iron Works Maine on Saturday, the nineteenth of September nineteen hundred and eighty-one at one o'clock in the afternoon. Military: Service dress blue. Civilian: Coat and tie. R.S.V.P."

And, an invitation for a reception reads:

"On the occasion of the Commissioning of United States Ship Jack Williams (FFG24) Commander Hugh E. Carroll, II and the crew request the pleasure of your company at a reception in the Commissioned Officers' Mess (open) Naval Air Station, Brunswick, Maine, from 2:30 to 4:30 p.m. the nineteenth of September nineteen hundred and eighty-one. R.S.V.P."

Williams, a Navy corpsman, died March 3, 1945, from multiple wounds sustained while shielding a seriously wounded Marine with his own body and administering lifesaving first aid despite intense enemy small-arms fire.

The ship honoring him is one of a new generation of versatile combatants designed for defense against submarines, surface ships and aircraft. Powered by twin gas turbines similar to jet aircraft engines, it is 445 feet in length and will displace 3,800 tons fully loaded.

The official report on the naming of the Frigate is as follows:

"Jack Williams (FFG24) is named for Pharmacist Mate Third Class Jack Williams, USNR (1924-1945) who was posthumously awarded the Medal of Honor for conspicuous gallantry and intrepidity above and beyond the call of duty during the conquest of Iwo Jima on March 3, 1945. Serving with the Third Battalion, Twenty-eighth Marines, Fifth Marine Division, he gallantly went forward on the front lines under intense enemy small arms fire to assist a Marine wounded in a fierce grenade battle. He dragged the Marine to a shallow depression and was kneeling, using his own body as a screen from sustained enemy fire as he administered first aid, when he was struck in the abdomen and groin three times by hostile rifle fire.

"Momentarily stunned, he quickly recovered and completed his ministrations before applying battle dressings to his own multiple wounds. Unmindful of his own urgent need for medical attention, he remained in the perilous fire-swept area to care for another Marine casualty. Heroically completing his task, despite pain and profuse bleeding, he then endeavored to make his way to the rear in search of adequate aid for himself when struck down by hostile sniper fire. He succumbed later as a result of his self sacrificing service to others in Iwo Jima."

[From the Harrison Daily Times, Sept. 16, 1981]

SATURDAY, SEPTEMBER 19—"JACK WILLIAMS DAY" IS PROCLAIMED HERE

Harrison Mayor William W. Gregg has issued a proclamation designating Saturday, September 19, as "Jack Williams Day," in honor of the Harrison Marine who was killed March 3, 1945 in Iwo Jima and was awarded the Congressional Medal of Honor posthumously and on the Commissioning Saturday, Sept. 19, of the "United States Ship Jack Williams (FFG24)," a guided missile frigate, at the Naval Air Station, Brunswick, Maine.

Mayor Gregg's proclamation reads as follows:

"Whereas, in 1945 a young man from this city did valiantly and heroically give his life in the service of his country at Iwo Jima; and

"Whereas, his memory has been a source of pride and honor for the nation and particularly the citizens of Harrison; and

"Whereas, the United States Navy did authorize the construction of a guided missile frigate to be named for our native son to be built by Bath Iron Works; and

"Whereas, the new USS Jack Williams (FFG24) will begin a new proud tradition, living in the glory of its namesake, our native son; and

"Whereas, this namesake is a visible tribute not only to Jack Williams and his family but also to the many patriots who have dedicated their lives to the cause of liberty;

"Now, therefore, I hereby proclaim the day of the ship's commissioning, Saturday, September 19, 1981, to be officially recognized as Jack Williams Day in the City of Harrison, State of Arkansas.

"In official recognition whereof, I hereby affix my signature this 14th day of September, 1981. W. W. Gregg, Mayor Harrison."

A news release accompanying the proclamation which was sent to Hugh E. Carroll II, Commanding Officer, USS Jack Williams (FFG24); Lt. George Farrar, U.S. Navy; Mrs. Fern Williams Carr, a sister of Williams; and his mother, Mrs. Daughty E. Williams of Harrison, reads:

"Jack Williams was 21 years old when he died halfway around the world from hometown Harrison, Arkansas. The date was 3 March 1945 and the place the island Iwo Jima. He served with the Third Battalion, 28th Marines, Fifth Marine Division, and took part in one of the bloodiest battles of World War II. He died such a courageous death that he was posthumously awarded the Medal of Honor. Late last August FFG24 was launched at Bath Iron Works in Maine. On the hull, raised letters spell out 'Jack Williams,' honoring the man and his wartime deed.

"Jack Williams was a PhM3/c at the time. Enemy small arms fire was intense as the Marines tried to take the cavepocked, hilly, enemy-infested ground. The corpsman, aiding wounded Marines on the front line, used his own body to screen his patients while he administered first aid. He was hit three times by rifle fire but ignored his own wounds as he continued to help his fallen comrades. He was finally struck down by enemy sniper fire.

" 'Corpsmen are really something special,' said LTGEN Edward J. Miller, USMC, who was in the Iwo Jima battle and attended the launching out of respect for PhM3/c Williams' heroic service with the Marines. He is commanding general, Fleet Marine Force, Atlantic. 'They are men of steel. They're humanitarians. They go places that even Marines don't go.'

"FFG 24 was launched 18 weeks ahead of schedule. On hand were Corpsman Williams' sister, Mrs. Fern Williams Carr and her daughter, Dana, who co-sponsored the ship with both breaking traditional bottles of champagne against the bow. Miss Carr served as proxy for Mrs. Daughty E. Williams, mother of the hero, who remained at home because of illness. Senator George J. Mitchell of Maine was principal speaker at the ceremonies."

The Commissioning of the "United States Ship Jack Williams (FFG24)" at the Naval Air Station in Brunswick, Maine, Saturday, Sept. 19, will be at 1:00 p.m., with a reception to follow from 2:30 to 4:30 p.m.

The guided missile frigate is one of a new generation of versatile combatants designed for defense against submarines, surface ships and aircraft. Powered by twin gas turbines similar to jet aircraft engines, it is 445 feet in length and will displace 3300 tons fully loaded.●

CHICAGO'S ADVANCED TELECOMMUNICATIONS SYSTEM

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. FARY. Mr. Speaker, on September 21, 1981, I was privileged to join Chicago Aviation Commissioner Thomas Kapsalis and Illinois Bell executives for a ceremonial "unwrapping" of one of the world's most advanced telecommunications system at O'Hare Airport in Chicago.

The new system, which began serving O'Hare customers Saturday, September 19 at 12:01 a.m., connects telephone calls with computerized circuitry instead of electromechanical switches. It has enough call-handling capacity to accommodate the proposed $1 billion airport expansion at O'Hare. The proposed expansion envisions a new international terminal, two new domestic terminals, and other improvements.

Besides switching telephone calls, the new switching equipment will be programed to provide special calling features designed for airport communications. This package of features, called Airtrex III, includes some 30 convenience services available to O'Hare's airlines, restaurants, shops, and other businesses.

Two of the Airtrex III also has the capability to forward calls automatically to another number, to alert a user when another call is coming in for a line that is in use, to add one or more parties to a conversation and to dial preselected phone numbers using only two digits.

The new electronic office also permits customers to dial overseas calls directly to 82 foreign countries through the facilities of International Direct Distance Dialing (IDDD).

The electronic system uses computer logic, electronically stored programs of instructions and microelectronic circuitry to provide talking paths and the additional Airtrex III services.

In establishing these talking paths, the matching electronically selects a path through the switching center, producing an instant connection.

Mr. Speaker, as you know, O'Hare, which ranks as the world's busiest airport, is virtually a city in itself. The airport normally handles about 2,000 arriving and departing flights daily, serving 50 million passengers a year.

Over 3.2 million telephone calls are made annually to and from O'Hare, which has 15,000 phones, including 900 coin phones and 200 coinless charge-a-call phones.

The new switching system is housed in a two-story switching center located near the terminal buildings at O'Hare. Although the equipment is capable of meeting the communications needs of a large town or city neighborhood, the Illinois Bell installation is dedicated solely to serving the airport.

Illinois Bell has 45 employees assigned to O'Hare to staff the switching office and handle the customer relations, installation and maintenance needs of O'Hare customers. Mr. Speaker, we in Chicago are pleased to be selected for this privilege.●

AFL–CIO'S SOLIDARITY DAY

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. CONYERS. Mr. Speaker, this past Saturday the largest and perhaps most unique protest demonstration in 20 years took place on the mall in Washington. Over a quarter of a million people gathered on Solidarity Day to deliver a message to President Reagan. They came from all across the Nation to protest against the administration's antilabor assault, cuts in social programs, and beligerent foreign policy.

The people who gathered together on Solidarity Day represented a true cross-section of the American public. These citizens-workers, union members, and senior citizens are not accustomed to protesting. Yet they came to Washington to voice anxieties over the turn in public priorities. The people who participated in Solidarity Day are frustrated by Reagan's economic policies. With over 200 different organizations participating, led by the AFL-CIO and other labor unions, all united in a common cause, the President would have to have been blind not to see that opposition to his programs is widespread across the country. Not even Camp David could shield the President from this reality.

The organizers of Solidarity Day deserve much of the credit for the success of this event. Lane Kirkland, the architect of Solidarity Day, is to be commended for his courage in planning this event. He recognized that the situation created by the President's budget required an immediate and drastic response. He saw this long before others in the labor movement. Through his foresight and fortitude, Lane Kirkland emerged as a remarkable leader.

Yet the fight is just beginning. The real struggle begins now after Solidarity Day. All those who participated in Solidarity Day must continue to fight. All those who did not participate in Solidarity Day must start to fight. We in Congress must heed the outcry of the people, which was expressed on Solidarity Day September 19, 1981.

An article follows:

[From the New Yorker magazine, Sept. 7, 1981]

UNIONIST IN REAGANLAND

Excessive modesty about aims or accomplishments has never been an affliction of American unions. When the modern labor movement was born, with the formation of the Federation of Organized Trades and Labor Unions, in Pittsburgh, a hundred years ago, its start-up treasury contained fifty-three dollars and sixty cents, raised by passing the hat among delegates to the founding congress. A union printer serving as secretary swelled that total by chipping in his entire fee of two dollars and a half. But the meagreness of these resources and the fragility of the bonds holding the infant federation together gave Samuel Gompers, a London-born cigarmaker, and his fellow-founders no concern that they might appear a trifle vainglorious in designating as the organization's official seal a replica of the globe with the hands of two workers clasped in brotherhood across it and the battle cry "Labor Omnia Vincit." That overarching sentiment, alternately flaunted and forgotten as the puny federation of 1881 evolved, through split and struggle, into today's fifteen-million-member American Federation of Labor and Congress of Industrial Organizations, has been little in evidence in this centennial year. On the contrary, the observance of the anniversary by the nation's unions partakes almost as much of wake as of celebration.

The paramountcy in Washington of a government dedicated to repealing much that labor considers most admirable in government caps a decade of setbacks and frustrations for a movement sunk in despond. Politically, union influence is at its lowest since the pre-New Deal era of unfettered corporate dominance. Economically, unions that struggled on countless picket lines to make United States wages and benefits the envy of the world find it necessary to negotiate for less, not more, to prevent their industries and jobs from vanishing. Capital investment aimed at improving industry's ability to compete adds to the erosion at least as much as it checks it: It is bringing a rapid spread in the installation of robots, which never go on strike, take no coffee breaks, pay no union dues, and ultimately eliminate many of the jobs that unions are making contract sacrifices to preserve. Inflation has been cutting a dime each year out of the wage dollar; unions continue to lose more employee-representation elections than they win; and business concentrates its expansion in the right-to-work states of the Sun Belt, where hostility to unionism remains high, despite breakthroughs by labor in such bastions of the open shop as the J. P. Stevens textile empire and the giant Newport News shipyard, on Virginia's tidewater.

So widespread is the dismay among unionists over this avalanche of misfortune that the top leadership of the A.F.L.-C.I.O. has set aside its traditional abhorrence of mass protest marches outside the citadels of governmental authority. It has called on union members and their allies from all parts of the country to take to the streets of Washington on September 19th in a demonstration which the federation hopes will match or exceed in size the memorable civil-rights mobilization at which the Reverend Dr. Martin Luther King, Jr., made his "I Have a Dream" speech in 1963. Even before they decided on this giant rally to prevent consolidation of what they call the Reagan "counter-revolution," the A.F.L.-C.I.O. chiefs had exhibited their concern over the gathering storm by spending a good part of the year's first six months communing with the rank and file in a series of Harun al-Rashid visits. Lane Kirkland, the federation's ultra-cerebral president, whose awesome intellect and caustic wit often find bafflingly recondite modes of expression, was unaccustomedly straightforward in getting these encounter sessions off to an upbeat start: "We are alive, we are well, we are strong, and we are here to stay; the health and durability of our labor movement does not hang on the results of one election" was the standard curtain-raiser for Kirkland's message of defiance to those pallbearers who share with President Reagan a sense that the movement has lost touch with the wants of the mass of the country's workers. But the vibrancy of the Kirkland reassurance could not blot out awareness of the disquiet that spurred the A.F.L.-C.I.O.'s undemonstrative leader to pluck himself and the heads of all its key operating departments out of their insulated offices two blocks from the White House and ride circuit in a manner that would have been deemed unthinkable in the quarter-century of magisterial rule exercised over the movement by George Meany, before his retirement, in 1979 (which was followed by his death, at eighty-five, two months later). The mission of the Kirkland caravan was not to provide fresh forums for sermonizing or exhortation by the high command. Rather, it was to assure top-level attention to grievances and suggestions put forward by both local unions and central bodies in head-to-head discussions. Nothing was off limits at these sessions, from why four wage earners out of every five are still outside unions to why—as Thomas R. Donahue, the federation's exuberant secretary-treasurer, noted in wry summation of the initial sound-off meeting, in Philadelphia—the people in the field regularly find themselves perplexed about what ought to come first after receiving from headquarters "ten different requests to do eight things in a differing range of priorities."

The encompassing character of the challenges being faced and the befuddlement within the upper echelons of labor over how to respond on both the economic and political fronts were painfully visible when the thirty-five members of the federation's Executive Council met at Bal Harbour, Florida, in February, to chart the organization's strategy for the year. As one who had begun coming to these midwinter planning meetings long before any of the present Council members, I could not remember a time—whether under Republican or Democratic Presidents, in war or peace, in prosperity or recession—when gloom hung so heavily over the union chiefs. The mood was downbeat to the point of glumness, though Kirkland was careful to shun any public expression of defeatism. The watchword he commended to his colleagues as solace for the spirit through the Reagan years was coined years ago by Victor Feather, a former general secretary of the British Trades Union Congress. On being asked what British unions would do after an election in which the Labour Party has been swept out of power and a Tory government installed, the T.U.C. leader had had a simple answer: "Well, we'll just tend our trade-union garden." This bucolic recommendation did not jibe well, however with the attitude that Kirkland had suggested as appropriate in a Washington talk a month after Election Day. Accepting an Israeli award at a dinner in memory of Golda Meir, he had been anything but pacific. "Labor, like Israel, is a stiff-necked people," he declared. "We share the perception of encirclement by hostile forces as our normal lot in life—breeding, at once, a high regard for internal solidarity and self-reliance, and a deep suspicion of those who urge that security can be purchased through accommodation with those who seek our destruction.

Within a fortnight of his switch to pastoral counsel in Florida, Kirkland was back on the wavelength of these combative early remarks. Garden hose and trowel forgotten, he carried a picket sign outside the White House and joined officials of the United Mine Workers in denouncing a Reagan proposal to slash federal funds for black-lung benefits to coal miners. "Your brothers and sisters in the A.F.L.-C.I.O. are with you on this issue all the way. Those who would deprive miners of these benefits would stop at nothing," Kirkland told five thousand angry coal diggers, whose union had called them out of the pits and bused them to the capital in the hope of forcing a reversal in Administration policy. His participation in a mass demonstration initiated by an organization that has been in self-exile from the federation since John L. Lewis led it out in peevish discontent in 1947 was an act of historical as well as political moment. It represented the most radical departure that Kirkland had yet made from the A.F.L.-C.I.O. tradition consecrated by Meany, his imperious mentor. Meany detested marches on Washington or anything else that smacked of political activism. In 1959, when Walter P. Reuther, then the restless president of the United Automobile Workers, proposed that the federation dramatize its anxiety over rising unemployment by mobilizing tens of thousands of the jobless outside the Eisenhower White House, Meany vetoed the idea. His reaction was no less negative four years later, when A. Philip Randolph, of the Brotherhood of Sleeping Car Porters, an associate whom Meany held in high regard, teamed up with King, Reuther, and many other activists in urging cosponsorship by the A.F.L.-C.I.O. of the historic rally they were arranging on the Mall in front of the Lincoln Memorial to build momentum for passage of the omnibus Civil Rights Act.

Kirkland himself had recoiled from direct federation involvement in mass demonstrations when the idea was broached last year in connection with Big Business Day, a mobilization sparked by Ralph Nader and other critics of the abuses of corporate power. At Kirkland's instance, the Executive Council had confined itself to a vaporous declaration of sympathy for the project which avoided both outright endorsement and financial support. When Kirkland shattered this long line of precedents by marching with the United Mine Workers, he hinted that such resorts to lobbying by weight of irate numbers might become frequent as a labor counter to the espousal by the Administration's supplysiders of budget and tax reductions that the A.F.L.-C.I.O. considers weighted to benefit the rich at the expense of workers and the poor. "This is an important fight, and it is only the first of many fights tradeunion members will be in to defend the rights of working people," Kirkland told the black-lung demonstrators.

In the melancholy months that followed, he aligned himself with thousands of railroad workers picketing the White House to fight budget cuts for Conrail and Amtrak and with textile unionists locked out of the Labor Department in a protest against projected Administration retreats on standards to shield cotton-mill workers against brown-lung disease. Now, in the wake of the President's rout of the demoralized congressional Democrats on the budget and taxes and of the overpowering initial success of his blitz of the unionized air controllers, Kirkland is taking the longest step of all away from the Meany precept of shunning mass action to induce government to change course. It is no coincidence that the rallying call Kirkland chose for the September 19th mobilization in the capital—"Solidarity Day"—employs the name under which Poland's independent unionists are waging their fight for labor and political freedom. "It is time to draw upon our ultimate source of strength, and to call upon those in whose name we speak to come forth in a display of solidarity for a humane and fair America," the federation president told the heads of a hundred affiliated unions when they gathered in Chicago last month to pledge support for the Washington rally.●

INDEPENDENT CONTRACTOR TAX STATUS REPORT

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

● Mr. GEPHARDT. Mr. Speaker, during the 96th Congress, 185 of our colleagues saw fit to cosponsor legislation to clarify the tax status of independent contractors. Since then I have been working with Ways and Means Committee Chairman DAN ROSTENKOWSKI in an attempt to perfect this bipartisan legislation. These efforts are continuing, but in the meantime I thought you might benefit from reading the following letter I sent recently to IRS Commissioner Egger on this important subject.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., September 18, 1981.
Hon. ROSCOE L. EGGER, Jr.,
Commissioner, Internal Revenue Service, Washington, D.C.

DEAR MR. COMMISSIONER: Now that the Congress has enacted the first tax bill of the Reagan Administration and before we begin work on a second one, I thought I would take this brief respite to address a related matter of tax policy, that being the tax status of independent contractors.

Not too long ago, you were quoted in the New York Times as feeling that this issue could be resolved by simply increasing the reporting requirements and placing heavier penalties on those independent contractors who fail to report all income. Having worked on this issue continually since 1978, I can safely say that such is not a "solution" but simply a return to the enforcement mode that made independent contractors an issue in the first place. Allow me to briefly explain:

Prior to 1976, the Internal Revenue Service instituted a period of fierce enforcement of the common law rules on independent contractors. Audits led to assessments that led to lawsuits. Meanwhile, many of these suits uncovered the fact that the Service was unable to utilize the information already available through the Form 1099 reporting procedures.

The Congress took notice of the above facts in the 1976 Tax Reform Act, urging the Service not to apply any changed position in this area until the staff of the Joint Committee on Taxation had completed a study of the independent contractor-employee area. Unfortunately, the Service failed to heed Congress' directive. The Ways and Means Committee, therefore, formed a Task Force on which I served in 1978 to try to resolve this issue. This resulted in Section 530 of the Revenue Act of 1978, which again instructed the Service that a taxpayer's treatment of individuals as independent contractors was to be accepted unless the taxpayer had no reasonable basis for that treatment. Section 530 was designed to provide taxpayers with only interim relief while Congress formulated a permanent solution to the problem.

I undertook to draft a permanent solution in 1979 by introducing H.R. 3245, a bill to clarify the tax status of independent contractors by establishing a five-part test based on the common law that would give both the Service and the taxpayer some guidance on when and under what circumstances one could reasonably say that an independent contractor status had been established for tax purposes only. This legislation was ultimately cosponsored by 185 Members in the 96th Congress.

The Subcommittee on Select Revenue Measures, under the Chairmanship of Dan Rostenkowski, held several days of hearings in the Summer and Fall of 1979 on this legislation. The Treasury Department opposed H.R. 3245 on the grounds that a Treasury compliance study of some 2,500 independent contractors and the Department's general concern about the growth of the so-called "underground economy." Instead, the Subcommittee suggested imposing withholding on independent contractors except those engaged in real estate, insurance, or direct sales and attempted to join withholding and a modified "safe harbor" test in H.R. 5460. However, this legislation failed to reach the full committee before the 96th Congress adjourned.

Since then, Senator Dole has re-introduced H.R. 3245 in the form of S. 8 in the 97th Congress. Chairman Rostenkowski has dropped his support of the withholding provisions in H.R. 5460 and instead is working with me to draft a compromise "safe harbor" that will serve both the needs of the Service for greater compliance and the needs of legitimate independent contractors for greater clarity about their tax status.

While increased reporting requirements and heavier penalties as enacted in the Economic Recovery Tax Act of 1981, Public Law 97-34, received widespread support, from me as well as others, a "safe harbor" that all can live with is essential to resolving this issue before the current moratorium on actions by the Service expires on June 30, 1982. Thus, I would hope that President Reagan's support for the tax status of independent contractors, which was enunciated several times in the campaign last year, would lead you to want to work with us on this issue rather than returning to the status quo of 1972.

We welcome your participation and look forward to your response.

Yours very truly,

RICHARD A. GEPHARDT.●

HOUSE OF REPRESENTATIVES—*Monday, September 28, 1981*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

If I take the wings of the morning and dwell in the uttermost parts of the sea; Even there Thy hand shall lead me, and Thy right hand shall hold me.—Psalm 139: 9.

O Lord, You have blessed us with the beauty and warmth and encouragement of Your spirit. We know that whatever our concern, whatever our ambition or vocation, wherever we might be in the pursuit of our daily activity, You are with us to lead and direct our path. For this great gift, we offer our praise. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to the clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 263. Joint resolution to designate May 6, 1982, as "National Recognition Day for Nurses."

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3136. An act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

ADMINISTRATION TAX CUT LABELED "MOST IRRESPONSIBLE FISCAL ACTION OF MODERN TIMES"

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, Budget Director David Stockman tried yesterday on the nationally televised "Face the Nation" program to blame Congress for the negative reaction of the stock market to the administration's economic program.

In what probably was the week's most transparent attempt to alibi out of responsibility, the Budget Director tried to convince listeners that the reason for the stock market's long and dangerous decline was a fear among investors that Congress would not give the administration what it asks.

The American people most surely are aware that the lack of confidence on Wall Street and among investors throughout the country began manifesting itself in plunging stock values in August, right on the heels of three complete capitulations by Congress to the administration. No Congress in modern memory has given any American President so much of what he asked.

The Kemp-Roth tax cut, upon which Mr. Stockman and the administration insisted, was the big bundle of straw that broke the market's back. That tax cut takes $280 billion from the Public Treasury in the next 3 years.

The American people know this means unavoidable deficits. Dr. James Schlesinger, who served in the Cabinets of two Republican Presidents, has called this tax cut the single "most irresponsible fiscal action of modern times."

If the administration would regain confidence, it might do so by demonstrating some willingness to reconsider or defer some portion of that Kemp-Roth tax cut. It certainly will not improve its credibility by trying to blame the legislative branch, which has been almost totally servile and obedient to every fiscal whim given voice by this administration.

AUTHORIZING SPEAKER TO DECLARE RECESSES ON WEDNESDAY, SEPTEMBER 30, 1981

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that it shall be in order for the Speaker to declare recesses at any time on Wednesday, September 30, 1981, subject to the call of the Chair.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

HOUR OF MEETING ON WEDNESDAY, SEPTEMBER 30, 1981

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday, September 29, 1981, it adjourn to meet at 3 p.m. on Wednesday, September 30, 1981.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, the purpose of these unanimous-consent requests is to permit us to facilitate the kind of schedule that will not violate the Jewish religious holidays. We would anticipate by this means that we could adopt the rule today on the Voting Rights Act. We hope it is adopted by voice vote.

Tomorrow, Tuesday, we will debate those bills on suspension of the rules, postponing any votes on those suspensions, as earlier announced, until Thursday.

On Wednesday, we would hope to come in at 3 p.m., there being no reason for our coming in earlier inasmuch as we have agreed to try to have the vote on the continuing resolution at about 7:30. This will accommodate our colleagues of the Jewish faith, whose religious holiday does not end until sundown on Wednesday. Therefore, what we would hope to do would be to come in about 3 on Wednesday and take up general debate on the Voting Rights Act. It is a 2-hour open rule, but we would not get into the 5-minute rule. We would simply have general debate on the Voting Rights Act, and then depending on the availability of the conference committee report, we might need to call recesses. But it would be our expectation that we would vote on the conference committee report on the continuing resolution at approximately 7:30 on Wednesday.

Mr. LUNGREN. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. LUNGREN. Mr. Speaker, there seems to be a little bit of confusion about when we might get into the Voting Rights Act amendments. Some of us were notified by Judiciary Committee staff that that will not take place until next week, and subsequently we have been told that it will take place this week. Could the gentleman comment on that?

Mr. WRIGHT. Yes; I think it is probable that it will not come until next week. The only way I could see its coming this week would be Thursday, if we acted with such great dispatch and concluded action on the appropriations bill, which is scheduled for Thursday. We conceivably might get into the Voting Rights Act amendments subsequent to that, but in any

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

event, we had not expected that kind of an arrangement.

The **SPEAKER**. The Chair would think that it would be in the best interests of the House, because this is such a serious piece of legislation, if the majority leader schedules this as the first item of business for Tuesday next, a week from tomorrow.

Mr. **WRIGHT**. The majority leader certainly fully agrees with the suggestion made by the Speaker, and would advise Members that it would be scheduled as first order of business on Tuesday next.

Mr. **LUNGREN**. That would be amendments?

Mr. **WRIGHT**. The amendments, the 5-minute rule.

Mr. **LUNGREN**. We would still have general debate this week?

Mr. **WRIGHT**. We hope to finish general debate this week, yes, on Wednesday.

Mr. **ROUSSELOT**. Mr. Speaker, will the gentleman yield further?

Mr. **WRIGHT**. I will.

Mr. **ROUSSELOT**. So what will we do on Thursday and Friday besides the continuing resolution?

Mr. **WRIGHT**. Well, on Thursday we will consider the appropriations bill on Labor, and Health and Human Services. That would be the first order of business on Thursday, and we would hope to continue it to its conclusion.

Mr. **ROUSSELOT**. And then on Friday?

Mr. **WRIGHT**. We do not know whether we would have concluded it on Thursday. We hope we would conclude it on Thursday. If not, we would carry it over to Friday.

The **SPEAKER**. The only legislation that would be left on the calendar would be the authorization for nonperforming-arts functions of the Kennedy Center. The House could take up the rule, if a rule is granted, on the Agriculture and Food Act of 1981, so that measure could follow the Voting Rights Act the following week.

Mr. **ROUSSELOT**. I appreciate the Speaker's and the majority leader's comments. What about the agriculture bill, then? It expires October 1, as we all know.

Mr. **WRIGHT**. The agriculture bill does not have a rule, as the gentleman from California may be aware. The Rules Committee will not be in a position to meet today or tomorrow, and possibly not on Wednesday. I have not consulted with the chairman of the Rules Committee, but obviously we could not consider the bill until we had a rule. As the Speaker just commented, if a rule is granted, we would expect to take up the rule and adopt the rule on Friday, but we would not expect to conclude action on the agriculture bill until next week.

Mr. **ROUSSELOT**. I thank the gentleman.

PERMISSION TO EXCUSE FROM SERVICE AS CONFEREE AND APPOINTMENT OF NEW CONFEREE ON HOUSE JOINT RESOLUTION 325, CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1982.

Mr. **WHITTEN**. Mr. Speaker, I ask unanimous consent that the gentleman from Florida (Mr. YOUNG) be excused as a conferee on the joint resolution (H.J. Res. 325) making continuing appropriations for the fiscal year 1982 and for other purposes, so that the Speaker can appoint another conferee.

The **SPEAKER**. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The **SPEAKER**. The Chair appoints the gentleman from Pennsylvania (Mr. COUGHLIN) as a conferee.

The Clerk will notify the Senate of the change in conferees.

A FINGER ON THE JUGULAR

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **PEYSER**. Mr. Speaker, I have read in the papers this morning that David Stockman, the Director of OMB, has now taken to warning his former colleagues, Republicans and Democrats, that unless they vote for the President's new budget cuts, the American people will elect a Congress next year who will. Can this be the same David Stockman who just a week ago promoted the use of ketchup as a vegetable in school lunches and who stated yesterday that there could be no further cuts in the defense budget, who has already lost his fight with Wall Street trying to promote supply-side economics that no one but he and its creators think will work? Well, Mr. Speaker, if this is the same David Stockman who has demonstrated that he has his finger on the jugular of the people, I think our chances in the Congress for survival next year have improved tremendously.

WANTED: COMPASSIONATE HUMAN BEING TO FILL VACANT FEDERAL RESERVE GOVERNORSHIP

(Mr. REUSS asked and was given permission to revise and extend his remarks.)

Mr. **REUSS**. Mr. Speaker, shortly one of the seats on the Federal Reserve Board will fall vacant. President Reagan will have his first chance to name his own person to the counsels of those who determine our monetary policy.

According to Friday's Wall Street Journal, a great battle is now underway between the monetarists and the bankers to see whether it shall be a monetarist or a banker that will be added to the Federal Reserve Board.

May I make a suggestion: Bankers and monetarists are already well represented in this Government. Why not find for the Federal Reserve governorship some compassionate human being who cares about farmers and small businesses and housing and productive capital investment; someone who will work day in and day out to produce a climate of lower interest rates, stronger economic growth, and lower inflation? I am sure that such a person can be found.

☐ 1215

PENALIZING THE EARLY RETIREE

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **RATCHFORD**. Mr. Speaker, like so many Americans, I listened carefully to President Reagan's speech of last Thursday evening. As Connecticut's former Commissioner on Aging, I was especially pleased to hear him say, again, that the benefits of this country's 27 million social security current retirees will not be cut. I only hope that his Budget Director, David Stockman, was listening.

I am greatly concerned, however, that the President, and his advisers, continue to talk about drastically cutting the benefits of those who plan to retire at age 62. Most of us thought that cruel idea had been put to rest. Is it fair to tell an older worker, who had planned for years to retire at age 62, that he will have to work almost 2 more years, to afford retirement? I think not. For the good of the country, Mr. President, put that bad idea to rest, again!

PRESIDENT IS UNCONCERNED ABOUT DECLINE IN STOCK PRICES

(Mr. WILLIAMS of Montana asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. **WILLIAMS** of Montana. Mr. Speaker, tens of millions of Americans have invested in the American stock market. The wealthy, the rich, and the not so rich have invested their faith and their money in exchange for a piece of the wealth which flows from the American free enterprise system.

The American stock market, however, has been more than just a repository for America's dollars; it has also been a barometer—a barometer testing our hopes as well as our fears. Most American Presidents have understood this.

However, last Friday Ronald Reagan was asked if he was concerned about the decline in the price of stocks, and he said—and I quote—"No, because I don't have any."

TERRORIST ACTIVITIES CONTINUE IN WAKE OF SPRINGBOK TOUR

(Mr. McDONALD asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. McDONALD. Mr. Speaker, last week this body defeated by a wide margin House Concurrent Resolution 183 to condemn the U.S. tour of the South African Springbok rugby football team. But the issue is not closed as far as revolutionaries in the United States who support the South African Marxist terrorist groups are concerned.

On September 21, terrorists bombed the Schenectady, N.Y., offices of the Eastern Rugby Football Association. The terrorist acts have now spread to include the bombing in Evanston, Ill., of the offices of another rugby association and in New York City, an attack on South African Airways personnel and passengers, in which a police officer was blinded.

It is likely that the American nightriders who support the South African terrorist groups will attempt to continue their attacks in order to intimidate Members of this Congress and the administration. The answer is not to yield to the policy changes demanded by terrorists, but to fight them. The most basic and essential step is to reestablish the House Committee on Internal Security so we can carry out the investigations and evaluations necessary for rebuilding our internal security defenses and fighting terrorism.

I ask those of my colleagues that have not yet done so to join as cosponsors of House Resolution 48.

PRICE SUPPORTS HIGHWAY ROBBERY

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, from what I heard last week there seems to be some sentiment in this House for cutting more Federal spending but not in social programs. I would like to offer the House an opportunity to do just that.

In spite of significant efforts in this House and the other body, the price support for milk will increase Thursday by 42 cents a hundred weight.

Milk price supports are costing taxpayers and consumers $1 million a day. It is an outrage, when you consider that we have so much butter, cheese and nonfat dry milk in Government storage today we do not know what to do with it. Seldom has a Federal program benefited so few at the expense of so many.

My distinguished colleague from Illinois (Mr. FINDLEY) has introduced legislation to prevent the October 1 increase in price supports from taking effect, until such time as we act on the farm bill. The legislation is pending before the House Agriculture Committee.

The Democratic leadership can strike a blow for its own cause by getting this bill to the floor for an immediate vote. We can reduce spending without touching social programs. If ever there was a special interest that demanded our special interest this is it. I urge the Speaker to act, without delay.

CASEIN ISSUE A PART OF THE FARM BILL

(Mr. ROTH asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. ROTH. Mr. Speaker, it is with some awe and trepidation that I would disagree with our minority leader, but I am compelled to say a few words. In a short while we in the House are going to debate the farm bill. It is going to set forth America's food and farm policy for the next 4 years.

Many issues are going to be debated and many issues are going to be voted on, but one issue this House must address is the casein issue. Last year we imported over 150 million pounds of casein. This is in direct competition with our dairy farmers. It cost the American taxpayer, according to the U.S. Department of Agriculture, over $300 million in Commodity Credit Corporation purchases under the dairy price support program.

Mr. Speaker, if we are going to be fair with our dairy farmers and if we are going to be fair with the American taxpayer, this is one issue that cannot be swept under the rug. This is one issue we must address frankly and boldly and vote on here in the House.

PROPOSED COMMISSION TO DEAL WITH SOCIAL SECURITY PROBLEMS

(Mr. LUNGREN asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, it is evident by the number of 1-minute speeches that concern the subject of social security that this is an issue we like to talk a lot about.

Mr. Speaker, there seems to be a little reluctance on the part of the Congress as a whole and the leadership of this Congress to do anything about it. Last week, I think very appropriately, the President said:

> I have given it my best shot. I have suggested what I think we ought to do about social security. It is obvious that Congress does not want to do anything at this time, so I extend my hand out to the leadership of the Senate and the House to join with me in establishing a 15-member commission to come up with its recommendations.

What was the response we got from this side of Pennsylvania Avenue and this side of the Capitol? There was some reluctance on the part of our Speaker and the majority leader to be a part of this.

Why? Because, my gosh, the Republicans might have a 2-to-1 majority in this commission. Now, this despite the fact that Senator BAKER has suggested that we could do it so there would only be seven Republicans or eight Republicans and seven Democrats on the commission.

But think of that—a 2-to-1 majority. One party would have a 2-to-1 majority to deal with such a tough issue. Then I thought, what House committee does this have to come from? It is the Ways and Means Committee, and what does the Ways and Means Committee have? Almost a 2-to-1 Democratic majority.

Well, it is obvious that it is wrong if it is 2 to 1 on one side, but indeed it is right if it is 2 to 1 on that side. In that case I would just suggest to the American people that the votes are over there on the Democratic side of the House to do something about it.

OVERSEAS PRIVATE INVESTMENT CORPORATION AMENDMENTS ACT OF 1981

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3136) to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation, with a Senate amendment thereto, and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. MURTHA). The Clerk will report the proposed amendment to the Senate amendment.

The Clerk read the House amendment to the Senate amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Overseas Private Investment Corporation Amendments Act of 1981".

CREATION, PURPOSE AND POLICY

SEC. 2. Section 231 of the Foreign Assistance Act of 1961 (22 U.S.C. 2191) is amended—

(1) in paragraph (2)—

(A) by striking out "$520 or less in 1975 United States dollars" and inserting in lieu thereof "$680 or less in 1979 United States dollars"; and

(B) by striking out "$1,000 or more in 1975 United States dollars" and inserting in lieu thereof "$2,950 or more in 1979 United States dollars";

(2) in subsection (i) by inserting immediately before the semicolon the following: ", and to seek to support those developmental projects having positive trade benefits for the United States"; and

(3)(A) in subsection (k) by striking out "and" after "required by clause (l);";

(B) in subsection (l) by striking out the period and the end thereof and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new subsection:

"(m) to refuse to insure, reinsure, or finance any investment subject to performance requirements which would reduce substantially the positive trade benefits likely to accure to the United States from the investment.".

ORGANIZATION AND MANAGEMENT

Sec. 3. (a) The first paragraph of section 233(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2193(b)) is amended—

(1) by striking out in the first sentence "eleven" and "six" and inserting in lieu thereof "fifteen" and "eight", respectively;

(2) by inserting after the second sentence the following: "The United States Trade Representative shall be the Vice Chairman of the Board, ex officio, except that the United States Trade Representative may designate the Deputy United States Trade Representative to serve as Vice Chairman of the Board in place of the United States Trade Representative.";

(3) by striking out "Six", "six", and "two" in the fourth, fifth, and seventh sentences of such section, as amended by paragraph (2), and inserting in lieu thereof "Eight", "eight", and "three", respectively;

(4) by striking out in the fifth sentence of such section, as amended by paragraph (2), "one" the first place it appears and inserting in lieu thereof "two"; and

(5) by striking out in the fourth sentence of such section, as amended by paragraph (2), "also serve as a Director" and inserting in lieu thereof "serve as a Director, ex officio".

(b) The second paragraph of such section is amended by inserting "including an official of the Department of Labor," after "United States,".

(c) The amendments made by this section shall take effect on October 1, 1981.

INVESTMENT INSURANCE AND OTHER PROGRAMS

Sec. 4. (a) Section 234 of the Foreign Assistance Act of 1961 (22 U.S.C. 2194) is amended—

(1) in subsection (a)(1)(C), by striking out "or insurrection" and inserting in lieu thereof ", insurrection, or civil strife";

(2) in subsection (a)(2), by striking out "total" and "financing" at the end thereof;

(3) in subsection (a)(3), by striking out "authorized to issue under this subsection" and inserting in lieu thereof "permitted to have outstanding under section 235(a)(1)"; and

(4) by adding at the end of subsection (a) the following new paragraph:

"(4) Before issuing civil strife insurance for the first time, and in each subsequent instance in which a significant expansion is proposed in the type of risk to be insured under the definition of civil strife, the Corporation shall, at least 60 days before such insurance is issued, submit to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report with respect to such insurance, including a thorough analysis of the risks to be covered, anticipated losses, and proposed rates and reserves.".

(b) Section 234 of such Act is further amended—

(1) in subsection (b), by striking out in the last proviso "authorized to issue under this subsection" and inserting in lieu thereof "permitted to have outstanding under section 235(a)(2)";

(2) in subsection (f)(1), by striking out "(A)" and by striking out ", and (B)" and all that follows through the end of the paragraph and inserting in lieu thereof a period; and

(3) in the last paragraph of subsection (f)—

(A) by striking out in the second sentence "exceed $600,000,000 in any one year, and the amount of such reinsurance shall not"; and

(B) by striking out in the last sentence ", and the Corporation" and all that follows through the end of the sentence and inserting in lieu thereof a period.

ISSUING AUTHORITY, DIRECT INVESTMENT FUND AND RESERVES

Sec. 5. (a)(1) Section 235(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195(a)) is amended in paragraph (2) by striking out ": *Provided*" and all that follows through the end of the paragraph and inserting in lieu thereof a period and the following: "Commitments to guarantee loans are authorized for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

(2) Section 235(a) of such Act is further amended—

(A) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(B) by inserting the following after paragraph (2):

"(3) The Corporation shall not make any commitment to issue any guaranty which would result in a reserve less than 25 per centum of the maximum contingent liability then outstanding against guaranties issued or commitments made pursuant to section 234(b) or similar predecessor guaranty authority.".

(b)(1) Section 235(a)(5) of such Act, as redesignated by subsection (a)(2)(A) of this section, is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1985".

(2) The authority of the Overseas Private Investment Corporation to enter into contracts under section 234(a) of the Foreign Assistance Act of 1961 shall be effective for any fiscal year beginning after September 30, 1981, only to such extent or in such amounts as are provided in appropriation Acts.

(c) Section 235(b) of such Act is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, the Corporation shall transfer to the Fund in the fiscal year 1982, and in each fiscal year thereafter—

"(1) at least 10 per centum of the net income of the Corporation for the preceding fiscal year, and

"(2) all amounts received by the Corporation during the preceding fiscal year as repayment of principal and interest on loans made under section 234(c), to the extent such amounts have not been expended or obligated before the effective date of the Overseas Private Investment Corporation Amendments Act of 1981,

and the Corporation shall use the funds so transferred to make loans under section 234(c) to the extent that there are eligible projects which meet the Corporation's criteria for funding.".

GENERAL PROVISIONS RELATING TO INSURANCE AND GUARANTY PROGRAM

Sec. 6. (a) Section 237(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2197(f)) is amended by amending the first sentence to read as follows: "Compensation for insurance, reinsurance, or guaranties issued under this title shall not exceed the dollar value, as of the date of the investment, of the investment made in the project with approval of the Corporation plus interest, earnings, or profits actually accrued on such investment to the extent provided by such insurance, reinsurance, or guaranty, except that the Corporation may provide that (1) appropriate adjustments in the insured dollar value be made to reflect the replacement cost of project assets, and (2) compensation for a claim of loss under insurance of an equity investment may be computed on the basis of the net book value attributable to such equity investment on the date of loss.".

(b) Such section is further amended by striking out the last sentence.

DEFINITIONS

Sec. 7. Section 238(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2198(a)) is amended by inserting "or commitment" after "includes any contribution".

GENERAL PROVISIONS AND POWERS

Sec. 8. Section 239 of the Foreign Assistance Act of 1961 (22 U.S.C. 2199) is amended—

(1) in subsection (d), by inserting after the last semicolon the following: "to collect or compromise any obligations assigned to or held by the Corporation, including any legal or equitable rights accruing to the Corporation;";

(2) in subsection (e)—

(A) by striking out "Auditor-General" each place it appears and inserting in lieu thereof "Inspector General"; and

(B) by striking out in the first sentence "shall have the responsiblity for planning and directing the execution of audits," and inserting in lieu thereof "may conduct"; and

(3) by striking out subsections (f), (j), and (k) and redesignating subsections (g), (h), (i), and (l) as subsections (f), (g), (h), and (i), respectively.

REPORTS

Sec. 9. (a) Section 240A of the Foreign Assistance Act of 1961 (22 U.S.C. 2200a) is amended—

(1) in subsection (a)—

(A) by striking out "(a)";

(B) in paragraph (1), by striking out "239(i)" and inserting in lieu thereof "239(h)"; and

(C) in paragraph (2)(A), by striking out "239(l)" and inserting in lieu thereof "239(i)"; and

(2) by striking out subsection (b).

(b) The Overseas Private Investment Corporation shall prepare and submit to the Congress, not later than June 30, 1982, a report on methods for estimating the probability that particular investments or types of investments will or will not be made if insurance or other support by the Corporation is not provided. The report should review methods of taking into consideration the availability of insurance in the private sector as well as the self-insurance capabilities of investors. The report shall include recommendations on how the Corporation can incorporate consideration of such estimates when deciding which investments to support, particularly if not all applications of eligible investors can be approved. The report shall be based on studies conducted by persons who are not officers or employees of the Corporation as well as on studies conducted by the Corporation.

RETURN OF APPROPRIATED FUNDS

SEC. 10. Title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 240B. RETURN OF APPROPRIATED FUNDS.—The Corporation shall return to the general fund of the Treasury, in a manner consistent with the objectives set forth in section 231, amounts equal to the total amounts which were appropriated to the Corporation before January 1, 1975, pursuant to section 235(f). In order to carry out the preceding sentence, the Corporation shall, in each fiscal year, pay to the Treasury an amount equal to 25 percent of the net income of the Corporation for the preceding fiscal year, after making suitable provisions for transfers to reserves and capital, until the aggregate amount of such payments equals the amounts required to be returned to the Treasury by the preceding sentence.".

Mr. BINGHAM (during the reading). Mr. Speaker, I ask unanimous consent that the House amendment to the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object, could the gentleman from New York (Mr. BINGHAM) explain the effect of his amendment?

Mr. BINGHAM. Mr. Speaker, if the gentleman will yield, I would be glad to do just that.

Mr. LAGOMARSINO. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Speaker, the gentleman will recall that last week the House passed by voice vote H.R. 3136, extending the operating authority of the Overseas Private Investment Corporation. Last Friday the Senate amended the House-passed bill by inserting the text of the OPIC provisions as reported by the Senate Foreign Relations Committee. The amendment that I am proposing to offer today, with the cosponsorship of the gentleman from California (Mr. LAGOMARSINO), is a compromise text which has been agreed to on behalf of both Houses.

The two items of prime concern to the House—one of which is the gentleman's amendment; that is, the continuation of the direct loan program, and the other the floor amendment requiring OPIC to return to the Treasury the amounts of its original appropriation—are retained intact by the compromise text.

The amendment also accepts the House provision on identifying trade promotion as one of several rather than as a preeminent purpose of OPIC. It includes a modified Senate provision on performance requirements which adds any negative impact of performance requirements on U.S. trade benefits flowing from the investment to the list of criteria which OPIC must take into consideration in deciding whether to issue a contract. It also includes a Senate provision requiring OPIC to submit to the Congress a report on the feasibility of determining the impact of OPIC coverage on a firm's decision whether to make a particular investment.

The amendment also includes the Senate provision for a report to the Congress whenever OPIC expands the scope of its civil strife coverage.

Mr. LAGOMARSINO. Mr. Speaker, further reserving the right to object, I agree with the gentleman's assessment and support his intention to act expeditiously on this OPIC legislation. As we have only 3 days before the authority of OPIC to operate expires, I believe it is essential that we pass legislation that is acceptable to this House and the other body and get it to the President for his signature.

As the gentleman has so accurately explained, the changes that this amendment makes are ones which simply build on what the House has already agreed to and adds three provisions relating to civil strife, performance requirements and additionally which are acceptable to the minority and to OPIC as well.

I concur in the gentleman's action and urge prompt consideration of his motion.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. BINGHAM) that the amendment be considered as read and printed in the RECORD?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from New York?

There was no objection.

A motion to reconsider was laid on the table.

□ 1230

GENERAL LEAVE

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

COMMISSION ON SOCIAL SECURITY

(Mr. CONABLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONABLE. Mr. Speaker, I deeply regret the President's decision to ask for yet another commission on social security. I have not counted, but I believe we probably have had 10 studies of social security in the past 10 years, and there is no mystery about the sort of unpopular actions which are necessary if we are to eliminate some of the dynamics that are gobbling us up with respect to this system.

I understand why he did it. He was being politically whipsawed by irresponsible elements in the Congress and among former members of the bureaucracy on an issue which is understandably very sensitive politically.

But, Mr. Speaker, I hope the leaders of the Congress will cooperate by appointing members of this commission as quickly as possible, that the commission will not feel that it has to study at length a subject about which so much is already known, and that perhaps rather than reporting back in 1 to 2 years, as the President suggests, they will report back this fall so that we can get on with the business of reassuring the American people that social security is not only safe for the beneficiaries next month but for the next generation as well.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on the question of agreeing to the resolution on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall vote, if postponed, will be taken on Wednesday, September 30, 1981.

VOTING RIGHTS ACT EXTENSION

Mrs. CHISHOLM. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 222 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 222

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3112) to amend the Voting Rights Act of 1965 to extend certain provisions for an additional ten years, to extend certain other provisions for an additional seven years, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instruction.

The SPEAKER pro tempore. The gentlewoman from New York (Mrs. CHISHOLM) is recognized for 1 hour.

Mrs. CHISHOLM. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Arizona (Mr. RHODES), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 222 provides for the consideration of the bill H.R. 3112, the Voting Rights Act Extension of 1981, to revise and extend the Voting Rights Act of 1965.

This is an open rule, Mr. Speaker, providing for 2 hours of general debate to be equally divided and controlled by the chairman and the ranking minority member of the Committee on the Judiciary. The rule provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill as an original bill for the purpose of amendment under the 5-minute rule. The resolution provides for one motion to recommit with or without instructions.

The Voting Rights Act protects constitutionally guaranteed voting rights for minority citizens, and is the most successful civil rights legislation ever enacted. An overwhelming majority of over 100 witnesses appearing before the House Subcommittee on Civil and Constitutional Rights testified to the significant impact which the act has had in increasing the participation and representation of minorities in the political process. These same witnesses presented compelling evidence of continuing discriminatory election practices which underscore the need for extension of the protection guaranteed by the act's special provisions.

Mr. Speaker, the Committee on the Judiciary deserves high praise for reporting this vital bipartisan legislation in a form that will continue to protect the most vital of our constitutional guarantees. I urge my colleagues to adopt House Resolution 222, so that the House may consider H.R. 3112.

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 222 provides for the consideration of H.R. 3112, the Voting Rights Act Extension of 1981. This legislation extends certain provisions of the 1965 Voting Rights Act for 10 years, extends certain other provisions for 7 years, and amends various other provisions of the existing law.

House Resolution 222 grants an open rule, providing 2 hours of general debate to be equally divided between the chairman and ranking minority member of the Judiciary Committee. Further, the rule makes in order consideration of the committee amendment in the nature of a substitute as an original bill for the purpose of amendment.

Finally, one motion to recommit, with or without instructions, is in order.

The Voting Rights Extension Act has received a great deal of attention. The Judiciary Committee has held extensive hearings on the subject and has produced a bill which provides an excellent basis for debate. The rule before us has been crafted to allow this body sufficient time and the utmost freedom in considering the bill. For these reasons Mr. Speaker, I believe we should adopt this rule.

(By unanimous consent Mr. RHODES was allowed to speak out of order.)

REMOVAL OF EXEMPTION OF EXPENSES FOR MEMBERS OF CONGRESS

Mr. RHODES. Mr. Speaker, I have requested permission to speak out of order because I understand that as part of the continuing resolution conference there is a measure which was adopted in the other body which would have the effect of removing the $3,000 exemption limit for expenses which each Member of Congress enjoys insofar as his income tax liability is concerned. The effect of this would be not to raise the taxes of the Member, but to cause the Member to be treated as any other American would be treated who comes to Washington on business.

I, with some reluctance, must say that I object to the timing of this. I can see the justice of doing something about a problem we all face, that is, each of us must maintain an establishment in Washington and in our districts as well. We do have a double expense. I suppose that if the budget were balanced and the fiscal situation were different I would be very much in favor of removing or increasing the exemption limit. But, at this time, I think it is giving the wrong signal to the country at the wrong time. It will be construed by the press as a pay raise because there is no doubt but what it will result in more aftertax money remaining in the pockets of the average Member. It will be construed as a pay raise at a time when the President of the United States is asking the Congress, and the Congress is doing I think its very best to comply with the necessities of the situation, to produce a balanced budget by 1984, while at the same time we are trying to raise the capabilities of our defense establishment and cut taxes, too.

It is very difficult to do all three. I think the people of the country recognize this.

The money involved as far as the Congress is concerned is practically minuscule. It is not going to either balance the budget or unbalance it. But the symbolism is absolutely terrible at a time like this when we are working to balance the budget.

We have all been disturbed because we have, I think, performed some amazing acts of self-denial, not only for ourselves but for the country. We have cut the expenses. We have cut expectations. We are doing what I think, I hope, is necessary to produce a balanced budget in a hurry.

Why are we doing this? We are doing it because it is necessary to preserve our economy. We are doing it so we may be able to cut down on the interest rates which are being charged today and which are, I think, stifling the economy of the country, making it extremely difficult for the private sector to borrow the funds that are necessary to expand and to provide the jobs which our people want, need, and are entitled to.

So my objection is not to what the other body is trying to do, it is to the symbolism it portrays to the country. Why symbolism? Because, as the Secretary of the Treasury said the other day, there is no economic reason for interest rates to be as high as they are at the present time; no economic reason. It is a matter of confidence. It is a matter of whether or not the people of the country believe that the Congress and the President are sincere and really mean it when we say that we are going to balance the budget, we are going to end inflation, and thus the interest rate could, of its own weight, and of its own necessity, find a lower level at which to operate.

Of course, that is aboslutely necessary and absolutely important. So it seems to me that although it is painful for Members of Congress to continue to receive the same remuneration which we have received for many months in which the costs of living has increased—our dollar is not worth as much as it was, we are not doing as well as we were, our standard of living has gone down—but it seems to me that we owe a higher duty to the country than the average businessman who comes to Washington. Asking to be treated as he is I think is to demean the office that we hold, the office to which we are elected.

Let us balance the budget and then come in and vote ourselves a really good, whopping pay raise. We will need it. We will be entitled to it when we have a balanced budget. I personally will be one of the first to vote for it.

I think the people of the country will recognize the justice of it and be very happy to comply.

Mr. Speaker, I yield 4 minutes to the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. Mr. Speaker, first of all I want to commend the gentleman from Arizona (Mr. RHODES) on his very statesmanlike statement that he just made. I concur in the statement he has made.

Mr. Speaker, I favor the rule on this bill, though I have severe reservations about portions of some parts of the act itself. The Voting Rights Act was first enacted in 1965 for the express purpose of assuring blacks of the right to vote in parts of the country where they had been deliberately denied that right. In the nearly 17 years since that time, changes have taken place in those areas of the Nation which were the targets of the original act and which has enabled blacks to vote at levels far in excess of jurisdictions not covered by the act.

For example, the 1980 census figures reveal that blacks in New York State voted at a rate of 40.4 percent; the State of New Jersey is similarly deficient: 40.2 percent. The District of Columbia, with 43 percent, and Massachusetts, with 38.4-percent participation, compare unfavorably with 51.3 percent in South Carolina, 60.1 percent in Louisiana, or 59.5 percent in Mississippi. It is high time changes were made in the act which would have the beneficial effect of rewarding positive change and focusing increased attention on jurisdictions which have continued to defy the law or which have continued to deny the most basic right we all have, in violation of the Voting Rights Act.

I also believe that any bailout mechanism should treat State legislatures and county election mechanisms separately. One should not incapacitate the other. Southern States, particularly, have strong home rule laws, and the bill, as reported, would make State eligibility contingent upon the eligibility of every covered subdivision within that State. I believe this is unfair and should be modified when the bill is considered by this body.

In addition, H.R. 3112 extends the minority language ballot provisions of the Voting Rights Act, added in 1975, for another 10 years, or until 1992. As I will show during consideration of this bill, such an extension is neither appropriate nor justified.

□ 1245

Mr. RHODES. Mr. Speaker, I yield 7 minutes to the gentleman from Virginia (Mr. BUTLER).

Mr. BUTLER. Mr. Speaker, I, too, support the rule, and I appreciate the opportunity that will be given us to do on the floor what we really did not have time to do in the committee, and that is to amend the legislation. We have a number of amendments which are addressed to many of the problems which we did not have the opportunity to address in the full committee, but will bring to the floor.

I would take my time, if I may, Mr. Speaker, to begin by quoting from a portion of the committee report dealing with this legislation.

On page 32:

> Disturbed at the lack of progress in minority participation within the political process in the covered jurisdictions, Congress in 1975 began to explore alternative remedies. Proponents of these different remedies argued that the Voting Rights Act, as written, provided no incentive for the covered jurisdictions to do other than retain existing voting procedures and methods of election.

They are quoting me there. I am the proponent of these different remedies who argued that the Voting Rights Act as written in 1975 provided no incentive for the covered jurisdictions to do other than retain existing voting procedures and methods of election.

The report continues:

> After exploring these proposals, Congress chose not to adopt changes in the Act's remedies at that time.

Again quoting from the report:

> After listening once again to the litany of discriminatory practices and procedures which continue to dominate these covered jurisdictions, the Committee determined that some modification of the Act was necessary to end the apparent inertia which exists in these jurisdictions.
>
> The Committee believes these proposed changes to the bailout provision, set forth in H.R. 3112, as amended, will provide the necessary incentives to the covered jurisdictions to comply with laws protecting the voting rights of minorities, and to make changes in their existing voting practices and methods of election so that by eliminating all discriminatory practices in the elections process increased minority participation will finally be realized. This is a reasonable bailout which will permit jurisdictions with a genuine record of nondiscrimination in voting to achieve exemption from the requirements of Section 5.

It is this statement in the report of the committee with which I take issue.

The report says, "This is a reasonable bailout * * *." It is not a reasonable bailout. It is a very unreasonable bailout, and there are a number of reasons why, which will be developed in the course of the general debate on this and are developed extensively in the dissenting and supplemental views which are filed with the report.

Therefore, one of the major issues which will be before this House is: What is a reasonable bailout?

How do we establish a reasonable way to provide an incentive for those jurisdictions which are not in full compliance with our constitutional principles to promote and protect the right to vote. We do so by giving such jurisdictions the knowledge that, if they achieve these reasonable objectives, they will not be further burdened with the preclearance requirements of section 5 of the Voting Rights Act.

I want to explain to the Members now some of the unreasonable provisions which are imposed upon the covered States at this moment.

For example, in order to bail out, under this legislation, my State and the other covered States must come to the U.S. District Court in the District of Columbia with a petition establishing the various approximately 11 conditions for bailout which are in this legislation. This is a tremendous burden. It is prohibitively expensive. We have seen articles in the Washington Post recently, saying that the Washington Bar has passed the $1 billion mark in their annual revenues. That is what the lawyers in Washington are charging nowadays. And it is that tremendously expensive requirement of going to Washington, finding a Washington lawyer, against all of the unlimited resource advantages of the Federal Government, going back to your jurisdiction, to a little county in some covered State that wants to get out, and proving all of these 11 things and bringing all their witnesses to Washington, with all these costs involved.

How does the district court in Washington know what a local jurisdiction needs? What are the problems locally? How does the court find that out? How does the district court in Washington pass judgment on that?

It is patently unfair to make Washington, D.C., the forum for a bailout.

So this is one of the problems that makes the bailout so unreasonable.

Another problem with it is that no State government can bail out until every political subdivision within a State government has established its purity under the law.

Another provision would require that no Federal examiners have ever been appointed in a State which would seek to be bailed out under these provisions.

Now, a Federal examiner is a purely discretionary matter. It does not represent an adjudication of anything. It is purely a discretionary matter in the Department of Justice. As a matter of fact, my State has never had any Federal examiners in it; but many States have had them in there. In many instances, it has been proven unnecessary. But the significant thing about it is that this is a purely administrative discretion that, if that administrative action had taken place, that would eliminate this State from an opportunity to bail out from under this legislation. That is wrong.

Another one would place limitations if any objection has been interposed, any objection has been interposed against the petitioning jurisdictions by the Department of Justice, not whether it has cured it or not, but whether it is interposed at all during that period of time. Then they would be unable to be bailed out.

Recognize that this bailout provision requires 10 years of purity prior to petition—10 years of purity before you are entitled to a bailout under this legislation. I have no quarrel with that. If a State can come in and show that it has 10 years of purity, then there ought to be reasonable requirements of what determines your purity.

What we have here is legislation which has unreasonable requirements. And if you have unreasonable requirements, then you say, "Why bother at all?" And if you say, "Why bother at all?" then you are not going to do anything to improve the opportunities of minorities to vote in your jurisdiction. That is what is wrong with this bailout—no incentive to improve performance.

I am one of those who believes, as the gentlelady from New York has said, that this is landmark legislation which has accomplished much in many parts of the country. But what it has left undone is to provide the incentive to those jurisdictions which still have discriminatory voting practices to improve their performance in areas not touched by the existing legislation.

I hope in the course of our deliberations on this floor that we will all join together and come forth with a reasonable bailout which all of us can support.

Mr. RHODES. Mr. Speaker, I yield 6 minutes to the gentleman from Wisconsin (Mr. Sensenbrenner).

Mr. SENSENBRENNER. Mr. Speaker, I rise in support of House Resolution 222, which provides for the consideration of H.R. 3112, legislation to extend the Voting Rights Act of 1965 for another 10 years.

Over the past year, the Subcommittee on Civil and Constitutional Rights has held extensive hearings on whether to extend the Voting Rights Act of 1965.

The overwhelming preponderance of the testimony indicated the Voting Rights Act has worked. There is no doubt in my mind this act, in its 16 years of existence, has been the most successful civil rights act ever passed by the the Congress of the United States. The Voting Rights Act has provided the voting franchise to numerous people who, for one reason or another, were previously denied the right to vote. It has provided a dramatic increase in the number of minority elected officials in covered jurisdictions while also providing a dramatic increase in the voting participation of minority citizens.

The hearings also clearly showed the creativity of the human mind when it comes to proposing election law changes designed to prevent people from voting. The subcommittee heard case after case of various kinds of changes that had the effect of preventing people from obtaining access to the ballot box, or from having their vote counted fairly and effectively. All one needs to do is refer to the hearing record to see these cases demonstrated by the testimony of numerous witnesses. Although the progress has been great it has not been enough. It is absolutely essential that section 5 of the act, which requires covered jurisdictions to preclear any election law changes with the Department of Justice or the U.S. District Court for the District of Columbia, be extended. This section has been the most effective mechanism of insuring that our citizens are not disenfranchised. However, one of the drawbacks in the present law is the fact it is virtually impossible for a covered jurisdiction which has a good record to bail out from the provisions of section 5. The bipartisan "bailout" provisions in H.R. 3112, coauthored by Messrs. Edwards, Fish, and myself, provide such relief. It is a true compromise because the original H.R. 3112 did not even address the "bailout" issue. The bailout in H.R. 3112, while not supported by the ranking minority member of the subcommittee, encompasses 90 percent of what Mr. Hyde was trying to accomplish. While the negotiations did break down, there was wide agreement on many of the provisions of the bailout that were finally adopted in committee. However, I can only speak for what occurred in the Judiciary Committee, as I have not seen what kind of bailout amendment the gentleman from Illinois will offer on the House floor.

The bipartisan bailout, in addition to being a compromise, is also workable. This bailout, for the first time, acts as an incentive to covered jurisdictions to take affirmative steps toward assuring nondiscrimination in voting practices. In the present law, this incentive does not exist.

The bipartisan compromise provides that political subdivisions within fully covered States may initiate a declaratory judgment action seeking to bail-out independent of the State. This is an expansion of current law; however, States can initiate the same action, but only if all political subdivisions are eligible. I do not agree with statements made by opponents that, "linking the bailout of a State government to the conduct of all political subdivisions within its boundaries, is unreasonable." A State if it wants to bail out, must act to eliminate all procedures in its subdivisions which dilute access to the electoral process. If a State cannot do this, then it should not exempt from preclearance provisions. However, even if the State cannot qualify, the local jurisdictions still can bail out from the preclearance provisions.

The bipartisan compromise is workable because it provides clear standards against which States and covered political subdivisions can measure whether they will meet the requirements that allow for a bailout. That these high standards are tough does not make them unreasonable. They should be tough. These standards are a vast improvement over the near-impossible bailout provisions which are in current law.

In conclusion I would like to again emphasize the Voting Rights Act of 1965 is the most successful piece of civil rights legislation ever enacted by the Congress of the United States. Attempts will be made to dilute the effect of various provisions of the act. The bailout provisions in H.R. 3112, and the minority language provisions will probably be subject to most of these attempts. Despite the good intentions behind these efforts, they must nonetheless be defeated. H.R. 3112, as reported out of the full committee, represents the barebones legislation necessary to protect the constitutionally protected right to vote. To allow any part of the Voting Rights Act to expire lays the groundwork for a regression to the practices that existed before the passage of the act in 1965.

☐ 1300

Mr. BUTLER. Mr. Speaker, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from Virginia.

Mr. BUTLER. I thank the gentleman for yielding.

I am disappointed that the chairman of the subcommittee, the gentleman from California (Mr. Edwards) could not be here, so I must direct my question to the gentleman because the gentleman, as he so eloquently states, is the author of the bailout provision which was before us.

I would appreciate it if the gentleman would address himself to the reason why the bailout, which is in H.R. 3112 , limits jurisdiction or venue for the petition.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has expired.

Mr. RHODES. I yield 1 additional minute to the gentleman from Wisconsin.

Mr. BUTLER. If the gentleman will continue to yield, why is it limited to the courts of the District of Columbia?

Mr. SENSENBRENNER. The venue for all actions under the Voting Rights Act of 1965 has been in the U.S. Court for the District of Columbia since that district court is probably the nearest district court in the country to have countrywide jurisdiction, since matters that pertain to the Federal agencies properly have venue in the U.S. District Court for the District of Columbia.

There was no compelling reason that was suggested for changing the venue out of the U.S. District Court for the District of Columbia, except the fact that it might be more convenient for local jurisdictions to try the cases in the U.S. district court closer to home.

I would suggest that district courts closer to home, where judges have been selected from a State where they are sitting, have some kind of a tilt in one direction or another, which the authors of the bailout amendment certainly want to avoid.

I would further emphasize that the negotiations that went on prior to my getting involved in this within the Judiciary Committee did allow for the venue to remain in the U.S. District Court for the District of Columbia.

Mr. BUTLER. I thank the gentleman. Then it is a fair statement it is basically a distrust of the Federal judiciary that is the reason why the gentleman does not support this; is that correct?

Mr. RHODES. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. LUNGREN).

Mr. LUNGREN. Mr. Speaker, I rise in support of this rule. I think this rule is very fair. It gives us 2 hours of general debate. It is an open rule, and I think an open rule with all amendments available is most appropriate because there are a number of different concerns that people on both sides of the aisle have with the actual bill that we passed out of the subcommittee. I support the extension of the voting rights. I support extension of the preclearance requirements. I think as a member of the subcommittee, having listened to the testimony, there is nothing less I could do.

At the same time, I do think we have to look at the vehicle that has been presented to us on the floor. For various reasons, I do not think we had adequate opportunity to make some changes and fine tune this extension of the Voting Rights Act before it arrived here on the floor.

As a result, I think that all Members of the House should be ready to look seriously at all of the amendments that will be presented.

The whole question of the type of mechanism that we have established for the bailout is an important one.

Men and women of good will can have differences of opinion on this, I am firmly convinced. I do think there was an attempt in committee to recognize that a bailout was appropriate, that in fact we needed an incentive to help those jurisdictions do a better job, and also to reward those jurisdictions that had done a good job.

At the same time, I do not think we have come up with the best possible bailout. I think there are some unintended effects of the bailout that we voted out of the committee.

For instance, if someone wants to merely file a dilatory claim against a covered jurisdiction, as the bill stands right now, that single act could delay a good faith effort by any jurisdiction to get out from under the preclearance provision.

I think that is something that is recognized by all parties to the negotiations on the committee, and there will be a number of amendments to deal with that.

So, I think that we will have ample opportunity to discuss these and other questions in general debate this week and then deal with the amendments next week.

One area of the bill that has not received much attention that I think deserves attention is the whole question of bilingual ballots. Although we did a yeoman job in holding hearings around the country, and looking into detail about the provisions of preclearance, such an effort was notably absent with respect to the bilingual ballots. This is an interesting provision because it is not a provision that is going to expire coterminously with the preclearance section.

Nonetheless, it was presented to us. I do not think we had adequate time to give it the attention it deserves.

I will be presenting at least one amendment in this section of the bill, and there will be other amendments presented. I am sorry that we do not have the full discussion and full record before us that we will have with respect to preclearance, but we just did not do the same amount of work on this section in the subcommittee or the committee.

Nonetheless, it will be in front of us. It will be a decision we will have to make: First, whether we will have to deal with it, since it is not scheduled to expire for several more years; or second, if so, how it should be addressed at this time.

Mr. RHODES. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mrs. CHISHOLM. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PRESIDENT REAGAN'S CUTS ARE ASKING TOO MUCH FROM THE TERRITORIES

(Mr. WON PAT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WON PAT. Mr. Speaker, I wonder if the President really understands how great a burden he is asking many Americans to bear when he calls for an additional 12 percent in Federal spending cuts.

While I cannot speak for residents of the 50 States, I can and must speak out on behalf of the thousands of Americans who live in the various U.S. territories. They are heavily dependent on Federal spending. If Congress approves the new spending reductions these people are going to suffer far greater than anyone yet realizes.

It is one thing to call for a general belt tightening to restore commonsense to our Federal budget. The people of Guam and other territories, like the people of the various States of the Union, support this concept in every way. It is another matter, however, to expect them to sit still while major programs they depend on for their livelihood are slashed to the bone or killed outright when no alternatives are being proposed. The Reagan administration has been in office now for 9 months. It has not as yet formally nominated an Assistant Secretary of Interior for Territorial and International Affairs, who is responsible for Federal policy and programs for the territories. How much longer must we wait for them to tell us what their policy toward the territories is going to be?

I am certainly not content to sit by and watch the Government slash programs that needy people depend on for their living and in some cases for the food they eat.

As the chairman of the Subcommittee on Insular Affairs, I am deeply concerned about the impact of the last round of budget cuts on territorial Americans. Now, we see the Reagan administration calling for even greater cuts—at a time when we still do not know the full impact of the last round of reductions in spending.

I have the distinct feeling that this administration is becoming single minded. The only issue seems to be balancing the budget—regardless of how it affects the disadvantaged, the elderly people, the middle-income people and people in the territories. Speaker O'NEILL told us that he will not stand by and see the budget balanced on the backs of the elderly or the poor. I agree. I will stand by him for the record in behalf of the territorial Americans.

Let me assure my colleagues here today that I am not overstating the case. Americans in the territories are far more dependent on Federal spending—not because they want to be—but because Federal law and Federal policies give us no choice.

The Reagan administration has made a great deal about self-sufficiency. But all I have seen so far are proposals that would take away the livelihood for Americans in the territories and their means to become self-reliant. To make matters worse, residents of Guam and the Virgin Islands are being asked to bear the cost of the recent Federal tax cut. This will mean a loss of at least $35 million to Guam and the Virgin Islands in the next year. And this is on top of the other Federal program reductions.

I believe that the people of this country want their Government to be responsible. They expect us to use their tax dollars wisely. But they do not expect to see valuable social programs slashed and killed while we spend billions in foreign aid for countries who are anything but our friends. If this administration is really serious about reducing needless spending there are better solutions to the fiscal problems of this country and it is up to the Congress to find these solutions.

I also hope that this Congress will take special notice of the Americans in the territories. We have a special commitment to these people and they are depending on us to see that this promise of support toward economic and constitutional developments is not broken. Thank you.

ANTICRIME PROGRAM

(Mr. SKELTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SKELTON. Mr. Speaker, crime, is a growing concern in our Nation, and it affects Americans from all walks of life. The Federal Government should do its part to assist local law enforcement agencies who carry the major burden of fighting crime.

Thus, today I am introducing three bills that will assist in the fight against crime. One will establish constitutional procedures for reinstitution of the death penalty in Federal cases and also help protect a President from a would-be assassin, another requires mandatory, nonparolable sentences for those who use firearms in violent crimes, and a third creates a Federal offense for those who rob drug stores and pharmacists of federally licensed drugs.

We in Congress can take major steps in the fight against crime. These three bills are designed to help in this fight.

When I was first elected to legislative office in 1970, crime was a major concern of the constituents in my State senate district. Having previously served as prosecuting attorney and as a special assistant attorney general, I was sensitive to those concerns. As a State senator, I worked diligently to improve and toughen Missouri's criminal laws. As chairman of the State senate committee on criminal jurisprudence, I introduced legislation which ultimately became the basis for a new State criminal code. This revision meant tougher, yet fairer, criminal laws for the State of Missouri. I also, as a State senator, successfully sponsored a death penalty law for my State.

Unfortunately, our nationwide crime problem has not abated. Crime, particularly violent crime, is still a major concern of my constituents, and of the constituents of all of us here in the House. This should be no surprise. Last year, almost one out of three U.S. households was directly affected by some form of serious crime. Moreover, crime is no longer just an urban problem. Suburbs and rural areas have shown dramatic increases in their crime rates.

The primary responsibility for fighting crime is, as it should be, with the State and local governments. However, I believe the Federal Government does have a role. The first duty of a government is to provide for the safety and protection of its citizens. This is why we must maintain a defense capability that is second to none. We should be no less vigorous in protecting our citizens from domestic threats—from those who would break our laws and threaten the lives and property of others. On the Federal level, we can establish tough sanctions to deter those who would violate Federal criminal laws. In so doing, we are sending a message, first, to those who would be disposed to commit crimes in areas subject to Federal jurisdiction that lawless conduct will not be tolerated, and second, we would be stating unequivocally that Congress, representing all the people from all States, stands firmly against crime. I am sure this latter message would be well received in the States and localities and would help set the tone for tougher laws and more vigorous law enforcement at these levels.

Mr. Speaker, today I am introducing the following three bills designed to toughen Federal criminal laws:

First, a bill to establish constitutional procedures for the imposition of the death penalty. In order to effectively control the increasing number of violent crimes we must have punishments which are appropriate to the offense. The death penalty is the only appropriate punishment in many cases, especially cases involving certain incorrigible, antisocial, and dangerous criminals. There is no doubt in my mind that it has a deterrant effect, and that it serves the legitimate function of retribution, allowing society to express its sense of outrage toward those who commit the most heinous of crimes.

The purpose of the legislation which I will introduce today is to establish criteria for imposing the death penalty so that it cannot be imposed arbitrarily and capriciously as the Supreme Court ruled was the case under previous statutes which allowed unlimited discretion to the judge and jury. The bill provides that, after a conviction for an offense for which a penalty of death is authorized, the court must hold a separate hearing on whether to impose the death penalty. The bill lists certain aggravating and mitigating factors which must be considered. If the jury finds, by unanimous verdict, that the aggravating factors outweigh any mitigating factors, and that the death penalty is justified, the court must impose the death penalty. An expedited appeal to the court of appeals is provided. The bill also authorizes the death penalty in a new situation—an attempt to assassinate the President that results in bodily injury to the President or comes dangerously close to success.

Second, a bill which strengthens existing mandatory penalties for using or carrying a firearm in the commission of a felony. Any increase in the crime rate typically brings cries for more gun control. This simplistic solution to the crime problem must be rejected. I stand firm against gun control. We must crack down on criminals, not on guns and gun owners. My bill provides for a mandatory 8-year sentence for someone who uses or carries a firearm during the commission of any Federal felony. A second conviction would bring a 15-year sentence, and a third conviction means life imprisonment. "Mandatory" means just that—no suspended sentence, no probation, no concurrent sentence, and no parole.

As you can see, this bill provides especially harsh penalties for repeat offenders. Statistics show that most of our violent crimes are committed by very few people. If we are to have a safe society, we must get career criminals off the streets. Certainly, someone who commits a third felony with a gun has by that very act proven to be incapable of rehabilitation and should be locked up for good.

My third bill provides for a criminal penalty for robbery of a controlled sustance, that is, for robbery of drugs. Some experts claim that nearly half of all violent street crimes are drug related. Drug users either rob to support their habits, or they commit violent acts while under the influence of their narcotics. Drugs are a national problem that requires a national solution. My bill would add to State and local law enforcement efforts by making robbery of a controlled substance from pharmacists a Federal offense. Pharmaceuticals and drug stores have become increasingly subject to robbery and physical violence in recent years.

Mr. Speaker, I am not going to pretend that my three bills will solve our nationwide crime problem. But I believe that they all are necessary if we are to preserve true freedom in our land, and prevent the vast majority of America's law-abiding citizens from being held hostage to the acts of a violent few.

MORE LAW AND ORDER

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLLINS of Texas. Mr. Speaker, for the past quarter of a century, American courts have greatly expanded the rights of accused criminals. Crime is now increasing at such an alarming rate that it is time for us to limit one of the rules that gives the greatest help to guilty criminals. This is the exclusionary rule of evidence which allows criminals to go free just because a mistake was made in the acquisition of the evidence.

The exclusionary rule is a judge-made rule which bars the use of evidence secured through an illegal search or seizure. Do not be fooled by the term "illegal." Often the evidence has been excluded for technical violations when the police officers believed in good faith that they were acting in accordance with the Constitution.

In a recent case, two police officers who were patrolling a residential area stopped a suspect whom they thought was planning a burglary. Identification of the man showed that a warrant has already been issued for his arrest. In addition, the officers found a loaded revolver and an unregistered sawed-off shotgun in his car.

The suspect was convicted of illegal possession of firearms, but an appeals court let him go free. The court said that the officers should not have stopped the suspect in the first place, so under the exclusionary rule the guns which they discovered were inadmissible evidence. The court reached this decision in spite of the fact that the rules governing when an officer can stop a suspect are very complex and there was little doubt that the officers believed they were following the law.

A Supreme Court case dealing with the exclusionary rule [1] has allowed the convicted killer of a 14-year-old girl to go free. In that case the Court agreed that the police had the right to make the search that resulted in the obtaining of the crucial evidence. However, the Court reversed the conviction because the search warrant was not issued by the official whom they believed should have issued it.

Many people believe that the Constitution requires the imposition of the exclusionary rule and its unjust results. This is not the case. No Supreme Court has ever held that the exclusionary rule was required by the Constitution. It is purely a judge-made rule that did not even exist during the first 125 years of our Nation's history. Chief Justice Burger and former Justice Harlan have been especially critical of the exclusionary rule and its effects.

Judge Malcom Wilkey of the District of Columbia Court of Appeals made the interesting point that the United States is unique in the civilized world in having an exclusionary rule.[2] England, Canada, Germany, and Israel have all decided against the exclusionary rule which allows criminals to go free.

Judges supporting the rule have argued that it deters law enforcement officials from breaking the law. However, Judge Wilkey pointed out that no study has shown that the exclusionary rule has had any such effect. Instead, Justice Cardoza cited the real effect of the rule, "The criminal is to go free because the constable has blundered."

Today, I am introducing a bill which would limit the exclusionary rule. My bill would make evidence admissable if the officer conducting the search had a reasonable, good-faith belief that the search was lawful. This change would have prevented the criminals from going free in the cases I cited earlier.

The Attorney General's task force on violent crime has recommended a reform similar to my bill, and Judge Sandra O'Connor has said that she would uphold such legislation. The time has come to limit the exclusionary rule and start putting criminals in prison instead of back on the streets.

THE PRESIDENT'S ADDRESS TO THE NATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MICHEL) is recognized for 5 minutes.

● Mr. MICHEL. Mr. Speaker, President Ronald Reagan delivered a nationally televised address on the state of the economy. I am inserting the President's remarks into the RECORD at this time:

TEXT OF AN ADDRESS BY THE PRESIDENT TO THE NATION, SEPTEMBER 24, 1981

Shortly after taking office, I came before you to map out a four-part plan for national economic recovery:

Tax cuts to stimulate more growth and more jobs;

Spending cuts to put an end to continuing deficits and high inflation;

Regulatory relief to lift the heavy burden of government rules and paperwork;

And finally, a steady, consistent monetary policy.

We have made strong, encouraging progress on all four fronts. The flood of new governmental regulations, for example, has been cut by more than a third.

I was especially pleased when a bipartisan coalition of Republicans and Democrats enacted the biggest tax cuts and the greatest reduction in Federal spending in our nation's history. Both will begin to take effect a week from today.

These two bills would never have passed without your help. Your voices were heard in Washington, and were heeded by those you've chosen to represent you in government.

Yet, in recent weeks we've begun to hear a chorus of other voices protesting that we haven't had full economic recovery. These are the same voices that were raised against our program when it was first presented to Congress. Now that the first part of it has been passed, they declare it hasn't worked. Well it hasn't—it doesn't start until one week from today.

There have been some bright spots in our economic performance these past few months. Inflation has fallen and pressures are easing on both food and fuel prices. More than a million more Americans are now at work than a year ago. And recently there has even been a small crack in interest rates.

But let me be the first to say that our problems won't suddenly disappear next week, next month or next year. We are just starting down a road that I believe will lead us out of the economic swamp we've been in for so long.

It will take time for the effect of the tax rate reductions to be felt in increased savings, productivity and new jobs. It will also take time for the budget cuts to reduce the deficits which have brought us near runaway inflation and ruinous interest rates.

The important thing now is to hold to a firm, steady course.

Tonight I want to talk with you about the next steps that we must take on that course—additional reductions in federal spending that will help lower our interest rates, our inflation and bring us closer to full economic recovery.

I know that high interest rates are punishing many of you—from the young family that wants to buy its first home to the farmer who needs a new truck or tractor. But all of us know that interest rates will only come down and stay down when government is no longer borrowing huge amounts of money to cover its deficits.

These deficits have been piling up every year, and some people here in Washington just throw up their hands in despair. Maybe you'll remember that we were told in the spring of 1980 that the 1981 budget would be balanced. Well, that budget—like so many in the past—hemorrhaged badly and wound up in a sea of red ink.

I have pledged that we shall not stand idly by and see that same thing happen again. When I presented our economic recovery program to Congress, I said we were aiming to cut the deficit steadily to reach a balance by 1984.

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[1] *Coolidge* v. *New Hampshire,* 403 U.S. 443, (1971).

[2] 62 Judicature 215.

The budget bill that I signed this summer cut $35 billion from the 1982 budget and slowed the growth of spending by $130 billion over the next three years. We cut the government's rate of growth nearly in half.

Now we must move on to a second round of budget savings—to keep us on the road to a balanced budget.

Our immediate challenge is to hold down the deficit in the fiscal year that begins next week. A number of threats are now appearing that will drive the deficit upward if we fail to act. For example, in the euphoria just after our budget bill was approved this summer, we didn't point our immediately that while we did get most of what we'd asked for, most isn't all. Some of the savings in our proposal were not approved; and since then, the Congress has taken actions that could add even more to the cost of government.

The result is that without further reductions, our deficit for 1982 will be increased by some $16 billion. The estimated deficit for 1983 will be increased proportionately. And without further cuts, we can't achieve our goal of a balanced budget by 1984.

It would be easy to sit back and say, "Well, it will take longer than we thought. We got most of what we proposed, so let's stop there." But that's not good enough.

In meeting to discuss this problem a few days ago, Senator Pete Domenici of New Mexico, Chairman of the Senate Budget Committee, recalled the words of that great heavyweight champion Joe Louis just before he stepped into the ring against Billy Conn. There had been some speculation that Billy might be able to avoid Joe's lethal right hand. Joe said, "Well, he can run but he can't hide."

Senator Domenici said to me, "That's just what we're facing on runaway Federal spending. We can try to run from it but we can't hide. We have to face up to it."

He's right, of course. In the last few decades we started down a road that led to a massive explosion in Federal spending. It took about 170 years for the Federal budget to reach $100 billion. That was in 1962. It only took 8 years to reach the $200 billion mark and only 5 more to make it $300 billion. In the next 5 we nearly doubled that.

It would be one thing if we'd been able to pay for all the things government decided to do, but we've only balanced the budget once in the last 20 years.

In just the past decade, our national debt has more than doubled. And in the next few days it will pass the trillion dollar mark. One trillion dollars of debt—if we as a nation need a warning, let that be it.

Our interest payments on the debt alone are now running more than $96 billion a year. That's more than the total combined profits last year of the 500 biggest companies in the country; or to put it another way, Washington spends more on interest than on all of its education, nutrition and medical programs combined.

In the past, there have been several methods used to fund some of our social experiments. One was to take it away from National Defense. From being the strongest nation on earth in the post WW II year we steadily declined, while the Soviet Union engaged in the most massive military buildup the world has ever seen.

Now with all our economic problems, we are forced to try to catch up so that we can preserve the peace. Government's first responsibility is national security, and we are determined to meet that responsibility. Indeed, we have no choice.

Well, what all of this is leading up to is—what do we plan to do? Last week I met with the Cabinet to take up this matter. I'm proud to say there was no hand-wringing, no pleading to avoid further budget cuts. We all agreed that the "tax and tax, spend and spend" policies of the last few decades lead only to economic disaster. Our government must return to the tradition of living within our means and must do it now. We asked ourselves two questions—and answered them: "If not us—who? If not now—when?"

Let me talk with you now about the specific ways that I believe we ought to achieve additional savings—savings of some $16 billion in 1982 and a total of $80 billion when spread over the next three years. I recognize that many in Congress may have other alternatives, and I welcome a dialogue with them. But let there be no mistake: we have no choice but to continue down the road toward a balanced budget—a budget that will keep us strong at home and secure overseas. And let me be clear that this cannot be the last round of cuts. Holding down spending must be a continuing battle for several years to come.

Here is what I propose.

First, I am asking Congress to reduce the 1982 appropriation for most government agencies and programs by 12 percent. This will save $17.5 billion over the next several years. Absorbing these reductions will not be easy, but duplication, excess, waste and overhead is still far too great and can be trimmed further.

No one asked to be exempt from belt-tightening. Over the next three years, the increase we had originally planned in the Defense budget will be cut by $13 billion. I'll confess, I was reluctant about this because of the long way we have to go before the dangerous window of vulnerability confronting us will be appreciably narrowed. But the Secretary of Defense assured me he can meet our critical needs in spite of this cut.

Second, to achieve further economies, we will shrink the size of the nondefense payroll over the next three years by some 6½ percent—some 75,000 employees. Much of this will be attained by not replacing those who retire or leave. There will, however, be some reductions in force simply because we are reducing our administrative overhead.

I intend to set the example here by reducing the size of the White House staff and the staff of the Executive Office of the President.

As a third step, we propose to dismantle two Cabinet departments—Energy and Education. Both Secretaries are wholly in accord with this. Some of the activities in both of these departments will, of course, be continued either independently or in other areas of government.

There is only one way to shrink the size and cost of big government—that is by eliminating agencies that are not needed and are getting in the way of a solution.

We do not need an Energy Department to solve our basic energy problem: as long as we let the forces of the marketplace work without undue interference, the ingenuity of consumers, businesses, producers and inventors will do that for us.

Similarly, education is the principal responsibility of local school systems, teachers, parents, citizen boards and state governments. By eliminating the Department of Education less than two years after it was created, we cannot only reduce the budget but ensure that local needs and preferences—rather than the wishes of Washington—determine the education of our children.

We also plan the elimination of a few smaller agencies and a number of boards and commissions, some of which have fallen into disuse or which are now being duplicated.

Fourth, we intend to make reductions of some $20 billion in Federal loan guarantees. These guarantees are not funds that the government spends directly; they are funds that are loaned in the private market and insured by government at subsidized rates. Federal loan guarantees have become a form of back-door, uncontrolled borrowing that prevent many small businesses—that aren't subsidized—from obtaining financing of their own. They are also a major factor in driving up interest rates. It is time we brought this practice under control.

Fifth, I intend to forward to Congress this fall a new package of entitlement and welfare reform measures—outside Social Security—to save nearly $27 billion over the next three years. In the past two decades, we have created hundreds of new programs to provide personal assistance. Many of these programs may have come from a good heart, but not all have come from a clear head. And the costs have been staggering. In 1955, these programs cost $8 billion. By 1965 the cost was $79 billion. Next year it will be $188 billion.

Let there be no confusion on this score. Benefits for the needy will be protected. But the black market in food stamps must be stopped. The abuse and fraud in Medicaid by beneficiaries and providers alike cannot be tolerated. Provision of school loans and meal subsidies to the affluent can no longer be afforded.

In California when I was Governor and embarked upon welfare reform, there were screams from those who claimed that we intended to victimize the needy. But in a little over three years we saved the taxpayer some $2 billion at the same time we were able to increase the grants for the deserving and truly needy by an average of more than 40 percent. It was the first cost of living increase they had received in 13 years. I believe progress can also be made at the national level.

We can be compassionate about human needs without being complacent about budget extravagance.

Sixth, I will soon urge Congress to enact new proposals to eliminate abuses and obsolete incentives in the tax code. The Treasury Department believes that the deficit can be reduced by $3.0 billion next year and $22 billion over the next three years with prompt enactment of these measures.

Now, that we have provided the greatest incentives for saving, investment, work and productivity ever proposed, we must also ensure that taxes due the government are collected and that a fair share of the burden is borne by all.

Finally, I am renewing my plea to Congress to approve my proposals for user fees—proposals first suggested last spring, but which have been neglected since.

When the Federal government provides a service directly to a particular industry or to a group of citizens, I believe that those who receive benefits should bear the cost. For example, this next year the Federal government will spend $525 million to maintain river harbors, channels, locks, and dams for the barge and maritime industries. Yacht owners, commercial vessels and the airlines will receive services worth $2.8 billion from Uncle Sam.

My spring budget proposals included legislation that would authorize the Federal Government to recover a total of $980 million from the users of these services through fees. That is only a third of the $3.3 billion it will cost the government to provide those same services.

None of these steps will be easy. We are going through a period of difficult and painful readjustment. I know that we are asking for sacrifices from virtually all of you. But there is no alternative. Some of those who oppose this plan have participated over the years in the extravagance that has brought us inflation, unemployment, high interest rates and an intolerable debt. I grant they were well intentioned but their costly reforms didn't eliminate poverty or raise welfare recipients from dependence to self-sufficiency, independence and dignity. Yet in their objections to what we've proposed they offer only what we know has been tried before and failed.

I believe we've chosen a path that leads to an America at work, to fiscal sanity, to lower taxes and less inflation. I believe our plan for recovery is sound and it will work.

Tonight I'm asking all of you who joined in this crusade to save our economy to help again. To let your representatives know that you'll support them in making the hard decisions to further reduce the cost and size of government.

Now if you'll permit me, I'd like to turn to another subject which I know has many of you very concerned and even frightened. This is an issue apart from the economic reform package we've just been discussing, but I feel I must clear the air. There has been a great deal of misinformation and for that matter pure demagoguery on the subject of Social Security.

During the campaign I called attention to the fact that Social Security had both a short and a long range fiscal problem. I pledged to do my best to restore it to fiscal responsibility without in any way reducing or eliminating existing benefits for those now dependent on it.

To all of you listening and particularly those of you now receiving Social Security, I ask you to listen very carefully: First to what threatens the integrity of Social Security and then to a possible solution.

Some thirty years ago, there were 16 people working and paying the Social Security payroll tax for every one retiree. Today that ratio has changed to only 3.2 workers paying in for each beneficiary.

For many years we've known that an actuarial imbalance existed and that the program faced an unfunded liability of several trillion dollars.

The short range problem is much closer than that. The Social Security retirement fund has been paying out billions of dollars more each year than it takes in and it could run out of money before the end of 1982 unless something is done.

Some of our critics claim new figures reveal a cushion of several billions of dollars which will carry the program beyond 1982. I'm sure it's only coincidence that 1982 is an election year.

The cushion they speak of is borrowing from the Medicare fund and the disability fund. Of course doing this would only postpone the day of reckoning. Alice Rivlin of the Congressional Budget Office told a Congressional committee day before yesterday that such borrowing might carry us to 1990, but then we'd face the same problem. And as she put it we'd have to cut benefits or raise the payroll tax. Well we're not going to cut benefits and the payroll tax is already being raised.

In 1977 Congress passed the largest tax increase in our history. It called for a payroll tax increase in January 1982, another in 1985, and again in 1986 and in 1990.

When that law was passed we were told it made Social Security safe until the year 2030. But we're running out of money 48 years short of 2030.

For more and more working Americans, the Social Security tax is already the biggest tax they pay. In 1935 we were told the tax would never be greater than 6 percent of the first $3,000 of earnings. It is presently 13.3 percent of the first $29,700 and the scheduled increases will take it to 15.3 percent of the first $60,600. And that's when Mrs. Rivlin says we would need an additional increase.

Some have suggested reducing benefits, others propose an income tax on benefits or that the retirement age should be moved back to age 68. And there are some who would simply fund Social Security out of general tax funds as welfare is funded. I believe there are better solutions.

I am asking the Congress to restore the minimum benefit for current beneficiaries with low incomes. It was never our intention to take this support away from those who truly need it. There is, however, a sizable percentage of recipients who are adequately provided for by pensions or other income and should not be adding to the financial burden to Social Security.

The same situation prevails with regard to disability payments. No one will deny our obligation to those with legitimate claims. But there is widespread abuse of the system which should not be allowed to continue.

Since 1962 early retirement has been allowed at age 62 with 80% of full benefits.

In our proposal we asked that early retirees in the future receive 55 percent of the total benefit. But, and this is most important, those early retirees would only have to work an additional 20 months to be eligible for the 80 percent payment. I don't believe very many of you were aware of that part of our proposal.

The only change we proposed for those already receiving Social Security had to do with the annual cost of living adjustment.

Those adjustments are made on July 1st each year, a hang over from the days when the fiscal year began in July. We proposed a one time delay in making that adjustment, postponing it for three months until October 1. From then on it would continue to be made every 12 months. That one time delay would not lower your existing benefits but on the average would have reduced your increase by about $86 next year. By making these few changes we would have solved the short and long range problems of Social Security once and for all.

In addition we could have canceled the increases in the payroll tax by 1985. To a young person just starting in the work force the savings from cancelling those increases would, on the average, amount to $33,000 by the time he or she reached retirement. Add compound interest to this and it makes a tidy nest egg to add to the Social Security benefits.

However, let me point out our feet were never embedded in concrete on this proposal. We hoped it could be a starting point for a bi-partisan solution to the problem. We were ready to listen to alternatives and other ideas which might improve on or replace our proposals. But the majority leadership in the House of Representatives has refused to join in any such cooperative effort.

I therefore am asking, as I said, for restoration of the minimum payment and for interfund borrowing as a temporary measure to give us time to seek a permanent solution.

To remove Social Security once and for all from politics, I am also asking Speaker Tip O'Neill of the House of Representatives and Majority Leader in the Senate Howard Baker to each appoint five members and I will appoint five to a task force which will review all the options and come up with a plan that assures the fiscal integrity of Social Security and that Social Security recipients will continue to receive their full benefits.

I cannot and will not stand by and see financial hardship imposed on the more than 36 million senior citizens who have worked and served this Nation throughout their lives. They deserve better from us.

Now in conclusion, let me return to the principal purpose of this message—the budget and the imperative need for all of us to ask less of government; to help us return to spending no more than we take in; to end the deficits and bring down interest rates that otherwise can destroy what we've been building here for two centuries.

I know that we are asking for economies in many areas and programs that were started with the best of intentions and a dedication to a worthwhile cause or purpose. But I know also that some of those programs have not succeeded in their purpose. Others have proven too costly, benefiting those who administer them, rather than those who were the intended beneficiaries.

This does not mean we should discontinue trying to help where help is needed. Government must continue to do its share, but I ask all of you as private citizens to join this effort, too.

As a people we have a proud tradition of generosity. More than a century ago a Frenchman came to America and later wrote a book for his countrymen telling them what he had seen here. He told them that in America when a citizen saw a problem that needed solving, he would cross the street and talk to a neighbor about it and the first thing you know a committee would be formed and before long the problem would be solved. "And then," he added, "you may not believe this but not a single bureaucrat would ever have been involved."

Some years ago when we were a young Nation and our people began visiting the lands of their forefathers, the American tourist was rather brash, unsophisticated by European standards but blessed with a spirit of independence and pride.

One such tourist, an elderly, small-town gentleman and his wife, were listening to a tour guide go on about the wonders of the volcano Mount Etna. He spoke of the great heat it generated, the boiling lava, etc. Finally, the old boy turned to his wife and said "we got a volunteer fire department at home—put that thing out in 15 minutes."

He was typical of those Americans who helped build a neighbor's barn when it burned down. They built the West without an area redevelopment plan and cities across the land without federal planners.

I believe the spirit of volunteerism still lives in America. We see examples of it on every hand—the community charity drive, support of hospitals and all manner of nonprofit institutions, the rallying around when disaster or tragedy strikes.

The truth is we've let government take away many things we once considered were really ours to do voluntarily out of the goodness of our hearts and a sense of community pride and neighborliness. I believe many of you want to do those things again, want to be involved if only someone will ask you or offer the opportunity. Well we intend to make that offer.

We are launching a nationwide effort to encourage our citizens to join with us in finding where need exists and then to organize volunteer programs to meet that need. We have already set the wheels of such a volunteer effort in motion.

As Tom Paine said 200 years ago: "We have it within our power to begin the world over again."

What are we waiting for?●

TRIBUTE TO CHARLES DEAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

● Mr. MONTGOMERY. Mr. Speaker, a few days ago my hometown of Meridian, the State of Mississippi and America lost one of the most dedicated military veterans it has been my privilege to know with the passing of Charles Dean.

A 100-percent disabled veteran of the Korean conflict, Charles Dean was an inspiration to all handicapped persons, especially handicapped veterans. He fought hard for the rights of handicapped persons, and more importantly he advocated self-help measures for the handicapped.

Mr. Speaker, I will particularly feel the loss of Charles Dean, because as chairman of the House Veterans' Affairs Committee I often used him as a sounding board for improvements in veterans' programs. He always proved to have very sage counsel.

As a further tribute to the late Charles Dean, I ask unanimous consent to include at this point in the record the newspaper article in the Meridian Star that related the contributions Charles Dean made to veterans, as well as civil defense in his community.

FORMER CD DIRECTOR DEAN DIES

(By Sidney Cearnal)

Charles Dean, former Lauderdale County Civil Defense director and chairman of the state Veteran's Farm and Home Board, died Tuesday at the age of 50.

Dean served as Civil Defense director for the city and county for 15 years before retiring in March 1980. He had been in the intensive care unit at Riley Hospital since he suffered a heart attack Aug. 20.

Dean was instrumental in bringing about the county volunteer fire department system that grew out of the Civil Defense program's efforts during the 1960s to prepare for nuclear attack.

He was regarded as an unequaled authority in projecting the effect of disasters on local geography, and was an acknowledged expert on the flood tendencies of the Sowashee Creek.

His familiarity with federal emergency relief agencies and programs resulted in his designation by both city and county officials as chief liaison with federal disaster relief officials, and Dean was able to secure hundreds of thousands of dollars in assistance for the area after Hurricane Frederic in 1979.

He was a staunch advocate of war veterans and was a fixture at every veterans event held locally.

Dean, who had himself been confined to a wheelchair for a long time, was also a proponent of the rights of the handicapped, but, even more so, an advocate of self-help measures for handicapped people.

Of Dean's work with volunteer fire departments, former Board of Supervisors' attorney Bill Ready said: "I did all the legal work, but it was Charles Dean who went to the communities at night and organized the volunteer departments."

Dean was injured in a combat jump on March 23, 1951—Good Friday—during the Korean Conflict. He was a member of the then-newly formed 187th Regimental Combat Team.

In the course of the jump, the parachute of another member of the team became entangled with Dean's. His fellow jumper was killed and Dean was confined to a wheelchair for the rest of his life.

At the time of his injury, Dean had been married to the former Reba Goines, a native of Webster County, for 13 months. The Deans celebrated their 31st wedding anniversary last February.

Dean was appointed to the Veterans Farm and Home Board for a three-year term by then-Gov. Cliff Finch. He functioned as the board's chairman, and, with one more year to serve on the board, vigorously undertook efforts to find new funds for loans to veterans.

A native of Newton County, Dean was raised near the Little Rock community. He was a life member of VFW Post 79 and adjutant of the T.C. Carter Post 21 of the American Legion.

He also was a member of the Forty et 8, Paralyzed Vets of America, Disabled Veterans of America, a Mason, member of the King Solomon Lodge, a member of Hamasa Temple, and life member of the Civil Preparedness Program.

He was a member of the First Baptist Church.

Survivors also include his mother, Mrs. Mary Ann Johnson Dean Bailey; stepfather, Lott Bailey; a sister, Mrs. Juanita Blaisdell, all of Little Rock; and a brother, Billy Wayne Dean, of Hudson, N.C.●

CUTTING OUR OWN THROATS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. WYDEN) is recognized for 5 minutes.

● Mr. WYDEN. Mr. Speaker virtually all of us understand that cutting Government spending is essential to get our economy back on track. As sure as night follows day, high deficits mean high interest rates—and high interest rates are poison for our economy.

I cannot agree, however, with the President's claim that all his cuts are cost effective. Too many of those cuts will actually end up costing us more in the long run. In essence, they amount to cutting our own throats.

Take the President's proposal Thursday night to cut Federal agency budgets by another 12 percent. John Jacobsen, Director of External Communications for Amtrak, has said Reagan's plan would actually mean a 46-percent drop in Amtrak's spending level.

Such a cut would probably force Amtrak to file for receivership, he said. Certainly, it would mean elimination of all Amtrak runs except those in the Northeast. Just as certainly, it would mean the loss of an energy-efficient transportation alternative for Oregonians and other Western consumers.

Oregonians are taking advantage of Amtrak in ever-increasing numbers. For many, such as the elderly, who do not drive, it is one of the few reliable intrastate transportation alternatives available. Even for those who do drive it has become an increasingly popular alternative to the less energy-efficient automobile.

Amtrak should be equally popular with an administration which says it is interested in reducing energy consumption. How can we afford to turn our back on a transportation alternative that can move 550 passengers 1 mile on 2 gallons of diesel fuel—a transportation alternative that also reduces traffic congestion on our streets and highways, thus protecting the environment and the health of our citizens?

President Reagan asked Americans last Thursday to call their Congressmen and Congresswomen to express their feelings on the proposed budget cuts. I am always glad to hear from my constituents—as are my colleagues.

But I think it is about time Americans also began to call the White House—and tell the administration what they think about budget cuts that are not cost effective or healthy.

I think the administration needs to hear from the American people that they do support spending cuts—but cuts that are cost effective, healthy and fair. Cuts that help put our economy back on an even keel, not only for today but for the future.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. JONES of North Carolina (at the request of Mr. WRIGHT), for an indefinite period on account of medical reasons.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Lewis) to revise and extend their remarks and include extraneous material:)

Mr. Michel, for 5 minutes, today.

Mr. McCollum, for 45 minutes, September 30, 1981.

Mr. Dannemeyer, for 30 minutes, today.

Mr. Dannemeyer, for 30 minutes, September 29, 1981.

Mr. Dannemeyer, for 30 minutes, September 30, 1981.

Mr. Dannemeyer, for 30 minutes, October 1, 1981.

Mr. Dannemeyer, for 30 minutes, October 2, 1981.

(The following Members (at the request of Mr. Kogovsek) to revise and extend their remarks and include extraneous material:)

Mr. Montgomery, for 5 minutes, today.

Mr. Gonzalez, for 15 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Wyden, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Lewis) and to include extraneous matter:)

Mr. Nelligan.

Mr. Weber of Ohio.

Mr. Kemp.

Mr. Whitehurst.

Mr. Badham.

Mr. Morrison.

Mr. Dannemeyer.

(The following Members (at the request of Mr. Kogovsek) and to include extraneous matter:)

Mr. Solarz.

Mr. Stark.

Mr. Waxman.

Mr. Wyden.

Mr. McDonald.

Mr. Anderson in 10 instances.

Mr. Gonzalez in 10 instances.

Mr. Brown of California in 10 instances.

Mr. Jones of Tennessee in 10 instances.

Mr. Boner of Tennessee in five instances.

Mr. Skelton in five instances.

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2903. An act to extend by 1 year the expiration date of the Defense Production Act of 1950.

ADJOURNMENT

Mr. KOGOVSEK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 9 minutes p.m.), the House adjourned until tomorrow, Tuesday, September 29, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2257. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the transient aircraft maintenance function at Williams Air Force Base, Ariz., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

2258. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the aircraft maintenance function at Columbus Air Force Base, Miss., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

2259. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the transient aircraft maintenance function at Laughlin Air Force Base, Tex., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

2260. A letter from the Assistant Secretary of the Air Force (Research, Development and Logistics), transmitting notice of the proposed conversion to contractor performance of the transient aircraft maintenance function at Reese Air Force Base, Tex., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

2261. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact of U.S. readiness of the Army's proposed sale of certain defense equipment and services to Egypt (Transmittal No. 81-104), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2262. A letter from the Acting Chairman, Federal Trade Commission, transmitting the 66th annual report of the Commission, covering fiscal year 1980; to the Committee on Energy and Commerce.

2263. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Army's intention to offer to sell certain defense equipment and services to Egypt (Transmittal No. 81-104), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

BY Mr. BARNARD (for himself, Mr. Brinkley, Mr. Evans of Georgia, Mr. Fowler, Mr. Gingrich, Mr. Ginn, Mr. Hatcher, Mr. Jenkins, and Mr. Levitas):

H.R. 4605. A bill to encourage the educational and other activities of the Richard B. Russell Foundation; to the Committee on Education and Labor.

By Mr. COLLINS of Texas:

H.R. 4606. A bill to preclude the application of a federally mandated exclusionary rule in certain criminal cases; to the Committee on the Judiciary.

By Mr. CRAIG:

H.R. 4607. A bill to provide that the Secretary of the Army and the Chief of Engineers shall not have certain permitting authority with respect to Lake Pend Oreille, Idaho; to the Committee on Public Works and Transportation.

By Mr. RODINO:

H.R. 4608. A bill to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period, and for other purposes; to the Committee on the Judiciary.

By Mr. SKELTON:

H.R. 4609. A bill to amend title 18 of the United States Code to provide a criminal penalty for robbery of a controlled substance, and for other purposes; to the Committee on the Judiciary.

H.R. 4610. A bill to amend section 924(c) of title 18, United States Code, to strengthen existing mandatory penalties for using or carrying a firearm in the commission of a felony, and for other purposes; to the Committee on the Judiciary.

H.R. 4611. A bill to establish constitutional procedures for the imposition of the sentence of death, and for other purposes; to the Committee on the Judiciary.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

189. By the SPEAKER: Memorial of the Legislature of the State of California, relative to fishery management; to the Committee on Merchant Marine and Fisheries.

190. Also, memorial of the legislature of the State of California, relative to beach erosion in northern San Diego County; to the Committee on Public Works and Transportation.

191. Also, memorial of the legislature of the State of California, relative to ocean vessels; jointly, to the Committee on Merchant Marine and Fisheries, and Armed Services.

192. Also, memorial of the legislature of the State of California, relative to seafood processing; jointly, to the Committees on Merchant Marine and Fisheries, and Ways and Means.

193. Also, memorial of the legislature of the State of California, relative to Mexican motor carriers; jointly, to the Committees on Public Works and Transportation, and Foreign Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2488: Mr. Dyson and Mr. Brown of California.

H.R. 3465: Mr. Hartnett.

H.R. 4467: Mr. Stark, Mr. Rahall, Mr. Lent, Mr. Won Pat, Mr. Ottinger, and Mr. Heftel.

H.J. Res. 214: Mr. BEREUTER, Mrs. COLLINS of Illinois, Mr. HUGHES, Mr. SHAW, Mr. SMITH of Pennsylvania, Mr. FLORIO, and Mr. DORGAN of North Dakota.

H. Res. 208: Mr. HANSEN of Utah, Mr. SILJANDER, Mr. DANNEMEYER, Mr. STUMP, and Mr. ROBINSON.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

217. By the SPEAKER: Petition of the Eastern Regional Conference of the Council of State Governments, relative to Federal preemption of State usury laws; to the Committee on Banking, Finance and Urban Affairs.

218. Also, petition of Aeronautical Industrial District Lodge No. 91, International Association of Machinists and Aerospace Workers, AFL-CIO, East Hartford, Conn., relative to natural gas decontrol; to the Committee on Energy and Commerce.

219. Also, petition of the city council, Newark, Ohio, relative to natural gas decontrol; to the Committee on Energy and Commerce.

220. Also, petition of the Eastern Regional Conference of the Council of State Governments, relative to long-distance transport; to the Committee on Energy and Commerce.

221. Also, petition of the Eastern Regional Conference of the Council of State Governments, relative to the national program for economic recovery; to the Committee on Government Operations.

222. Also, petition of Spencer Beckman et al., Onandaga Indian Reservation, N.Y., relative to transfer of their reservation from State to Federal jurisdiction; to the Committee on Interior and Insular Affairs.

223. Also, petition of the Eastern Regional Conference of the Council of State Governments, relative to aid for families with dependent children; to the Committee on Ways and Means.

224. Also, petition of the Eastern Regional Conference of the Council of State Governments, relative to prison overcrowding; jointly, to the Committees on Armed Services and the Judiciary.

225. Also, petition of the Eastern Regional Conference of the Council of State Governments, relative to block grant implementation; jointly, to the Committees on Education and Labor, Energy and Commerce, and Ways and Means.

226. Also, petition of the Eastern Regional Conference of the Council of State Governments, relative to Canadian hydropower; jointly, to the Committees on Energy and Commerce and Interior and Insular Affairs.

227. Also, petition of the Executive Committee, Southern Legislative Conference of the Council of State Governments, relative to coal slurry pipelines; jointly, to the Committees on Interior and Insular Affairs and Public Works and Transportation.

SENATE—*Monday, September 28, 1981*

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Blessed be the name of the Lord from this time forth and forever more!

From the rising of the sun to its setting the name of the Lord is to be praised!

The Lord is high above all nations, and His glory above the heavens.—Psalms 113: 2–4 (RSV).

Eternal Father, the Senators face a very difficult 3 days. Convictions are deep, feelings are strong and people are restless and apprehensive. Give to Thy servants, the Senators, great wisdom as they strive to reconcile differences, to be responsive to the prolific and profound demands confronting them.

In disagreement, help them to listen to each other, to honor each other, and to love each other. Help them to be patient as the process of compromise and conciliation unfolds. Above all, O Lord, put in their hearts a passion for truth and justice and the refusal to settle for anything less. Lead them in Thy will and way to the benefit of the greatest number. In the name of the Father, the Son, and the Holy Spirit. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, is there an order for a period for the transaction of routine morning business for this day?

The PRESIDENT pro tempore. There is not.

Mr. BAKER. I thank the Chair once more.

Mr. President, I ask unanimous consent that, following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business not to extend beyond 20 minutes in length and that Senators be permitted to speak therein for not more than 5 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

TEMPORARY DEBT LIMIT INCREASE

Mr. BAKER. Mr. President, at the close of morning business, the Senate will resume consideration of House Joint Resolution 265. Is that correct?

The PRESIDENT pro tempore. That is correct.

Mr. BAKER. It is my hope, Mr. President, that Senators will once again direct their attention to the urgencies involved in this piece of legislation, especially that the temporary debt limit expires on midnight, Wednesday, the 30th day of September. It is absolutely vital, in my judgment, that the Senate act on this measure as soon as possible in view of the upcoming period for the religious observance of Rosh Hashana. The Senate will not be able to vote after 5 o'clock today and before 7 o'clock on Tuesday. The time for the consideration of House Joint Resolution 265, therefore, is very limited.

I wish to announce, Mr. President, that I shall ask the Senate to remain in late session on Tuesday and Wedneseday, if necessary, this week. I regret to make that announcement, since Thursday is the regular late evening for the Senate and I try very hard to avoid other late sessions. But I believe every Member will agree that the urgency involved in passing a debt limit extension before Wednesday midnight makes it inescapable that the Senate be prepared to remain in regular session past the regular closing hour on Tuesday and Wednesday.

Once again, Senators should be on notice that the leadership will ask the Senate to remain in session as late as necessary on Tuesday and Wednesday in order to accommodate the passage of House Joint Resolution 265.

CONTINUING APPROPRIATIONS, 1982

It is hoped, Mr. President, that this week, an equally important measure; that is, the continuing resolution on appropriations will be returned to us from the committee on the disagreeing votes of the two Houses and that the conference report may be disposed of on Tuesday and Wednesday, in advance of the expiration of the previous continuing resolution on midnight, Wednesday, the 30th. The Senate then will have a very busy week, Mr. President, especially the first 3 days of this week.

FOREIGN ASSISTANCE

After the completion of the consideration of the debt limit extension, perhaps other matters that will be collateral to the debt limit extension, and the continuing resolution, it is likely, Mr. President, that the Senate will resume consideration of the Foreign Assistance Act.

Mr. President, I shall have further announcements to make on the progress of the legislative schedule as they emerge and are made clear.

MORE THAN A FRIENDLY GREETING

Mr. BAKER. Mr. President, my good friend and colleague from New Hampshire, Senator RUDMAN, has just returned from a trip to Los Angeles where he addressed the American Red Magen David for Israel.

The speech proved to be more than just a friendly greeting to a distinguished audience; it was a complex and astute analysis of global stability, and the critical role that the Middle East plays in achieving that goal.

I congratulate the Senator from New Hampshire on his address, and ask unanimous consent that the text of his remarks be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR WARREN RUDMAN

Honored Guests, Ladies and Gentlemen: It is indeed a privilege to address this distinguished audience tonight on an issue which will increasingly affect future prospects for global stability: the strategic dynamics of the Middle East. This crucial area is wracked by lingering uncertainties and a tendency for convulsive change which can dramatically alter the geopolitical environment. Few exercises are more compelling or daunting than to identify those realities which might guide an astute approach toward preserving U.S. security interests in the decade ahead. No prudent policymaker can pretend to do more at a time when the principal forces are in a state of flux.

The Middle East mosaic does not permit the substitution of simplistic prescriptions for a searching analysis of regional complexities and progressive development. This fact should not be surprising, given the diverse ethnic and cultural backgrounds and political systems which meet at this "crossroads of civilization." Yet public perceptions and official policies tend to be dominated by immediate challenges and opportunities, with little consideration devoted to the long-term implications of specific acts. Conversely, policies which lack flexibility or appear insensitive to predictable changes are innately self-defeating over time.

When one ponders the range of threats to our political and economic interests in the Middle East, it is clear that neither raw expediency nor inaction will suffice as the linchpin of a viable security framework. Only a sustained appreciation of the region's shifting political currents and a thoughtful definition of our fundamental security objectives can precede the formulation of policies reasonably attuned to both.

To say this is merely to caution against our peculiar impulse to isolate various facets of the Middle East situation and minimize their interaction. Efforts to resolve the roots of the Arab-Israeli dispute risk being undermined if the policies adopted are insufficiently attentive to increasingly potent external challenges to regional stabil-

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● **This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.**

ity. The obverse is equally true. The problems encountered by the Reagan Administration in attempting to forge an anti-Soviet "strategic consensus" independent of other concerns are ample testimony to the need for comprehensive analysis and to the brittleness of "quick-fix" approaches to festering conflicts.

How, then, can U.S. policy planning remain consistent and responsive to the many, often contradictory, pieces of the Middle East puzzle? According to what criteria should options be assessed?

There are, I believe, certain enduring truths which must inform a timely and realistic U.S. posture in the Middle East. Any policy which overlooks or downplays their significance cannot be expected to have a reasonable chance of success and could instead undermine our security interests.

Above all, as President Reagan has repeatedly observed, Israel is our most important regional ally. Upon no other nation can the United States rely so confidently for assistance in promoting mutual goals. While disagreements over specific tactics are a natural element of a mature relationship, our commitment to Israel's security remains steadfast and should be so construed by all parties.

The combat environment of the region has been dramatically transformed since the 1973 war. The expanding arsenals of Middle East states boast many of the most advanced technologies yet devised. This is particularly true in the areas of overall firepower and sophisticated guidance and control techniques. The net result is a quantum leap in the level of intensity and destructive potential which any future, full-scale conflict would entail. Battlefield tactics to cope with these advances, only vaguely perceived eight years ago, must be reevaluated accordingly.

The specter of nuclear proliferation lurks ominously in the background. An expansion of nuclear-capable states, especially those with revolutionary regimes or bent on territorial conquest, would severely erode any hope of achieving a stable regional power balance and would enormously increase the probability of war. While the Reagan Administration has proposed a nuclear-free zone in the Middle East, reality pits us in a deadly race against the inexorable factor of time. The consequences of losing that race are incalculable.

The dependence of western industrial nations on Middle East oil will continue to figure prominently in individual approaches to regional disputes. Especially in Western Europe and Japan, the requirement for an assured oil supply will constrain efforts to develop a common policy with the United States toward an Arab-Israeli settlement. This dependence increasingly risks being exploited both by Arab states for concessions in any final settlement and by outside powers seeking major strategic advantages along the Persian Gulf. Undue pressure on Israel for the sake of satisfying the oil appetite might well succeed only in exacerbating the West's strategic vulnerability to blackmail and coercion. The price extracted from our collective security interests would far outweigh current oil market costs.

The Arab world itself is torn by territorial disputes, religious rivalries, and shifting power alinements. Recurrent border conflicts are but one symptom of an unstable climate; perhaps more portentous are the internal political, social and religious tremors afflicting many nations. Governments deemed vital to western security interests, such as that of Saudi Arabia, are potentially susceptible to violent domestic upheavals. The replacement of these governments by hostile regimes in the future can neither be discounted nor underestimated as to the potentially catastrophic impact on world order such a transition would leave in its wake.

In a region seething with turmoil, there are numerous opportunities for foreign penetration and exploitation of local grievances for larger policy objectives. The steady growth of Soviet power over the past decade is a phenomenon of central strategic significance. Such power and the willingness to employ it, either directly or through surrogates, constitute both an imminent threat to secure oil lifelines and a means for disrupting tentative efforts at a peace settlement. Client states bound by their dependence on Soviet arms have shown little inclination to support ongoing peace initiatives, while Soviet backing for terrorist factions has heightened the unwarranted influence such groups can exert on regional politics. Neutralizing Soviet encroachments in the Middle East is a priority goal, and one for which multilateral support must be sought.

In an imperfect world, attainment of this goal necessarily requires innovative statesmanship. No longer can we afford the luxury of excluding from our policies nations with whom we lack universal political agreement. The most poignant example of this approach is our embryonic relationship with the People's Republic of China.

The capacity of U.S. diplomacy to address this confounding array of factors within the framework of facilitating an Arab-Israeli settlement will be severely and repeatedly tested. Moreover, time is neither a reliable ally nor an accurate guide to the feasibility of policy alternatives.

Yet there are few alternatives to seizing the moment and nurturing those initiatives which offer some promise of replacing stalemate with movement. Failure to do so simply increases the incentives for those opposing regional order to implement their own cynical designs.

Contrary to the pronouncements of many observers, I submit that the Camp David peace process is not defunct—it is merely dormant. Its resuscitation and purposeful adaptation to other relevant features of the Arab-Israeli conflict has never been more critical. Indeed, the ultimate measure of its value as the vehicle of a durable settlement will be the extent to which it embodies the legitimate requirement of all parties genuinely aspiring to a just and peaceful order.

The culmination of the Egyptian-Israeli peace treaty will unquestionably represent one of the most remarkable diplomatic milestones ever achieved. Beyond reflecting the mutual determination of former adversaries to pursue peaceful engagement, the treaty possesses a unique potential as part of an evolving regional security strategy. The combined military and logistical assets of Israel and Egypt can exercise a singular influence on any array of forces designed to deter local adventurism or outside intervention. It will be the supreme challenge of U.S. diplomacy to persuade those Arab nations genuinely fearful of Soviet incursions or domestic insurrection of the advantages offered by an expanded Camp David framework. In the absence of such a consensus, the projected regional network of U.S. base rights, landing and docking facilities and munitions storage depots cannot long remain a viable security pillar.

Security guarantees derive their basic value from the belief of all affected parties that the major issues in conflict have been satisfactorily resolved. Israel's right to exist within secure and recognized borders, as expressed by U.N. Security Council Resolutions 242 and 338, must clearly be the sine qua non of any definitive Middle East settlement. To facilitate achievement of this goal, however, it is imperative that policy makers demonstrate the foresight necessary to grasp the nettle of the tortuous Palestinian issue.

The current deadlock in the autonomy negotiations, if not soon resolved, will only aggravate those conditions threatening regional stability. It is self-deluding to assume that these negotiations can bear fruit as long as responsible Palestinian Representatives are excluded from, or are unwilling to participate in, the peaceful determination of their future. Those sworn to Israel's destruction obviously remove themselves from consideration for this role. Beyond jeopardizing prospects for creation of an enduring security structure, an inability on either side to compromise may succeed only in compounding the political vulnerabilities of those leaders committed to the peace process.

At this crucial juncture, nothing is more urgently required than the exercise of mutual restraint by all parties. Unfortunately, recent events have highlighted, almost to the exclusion of other considerations, U.S.-Israeli discord over the appropriateness of Israel's tactics in combating terrorist assaults. While due consideration must be given to Israel's unique security requirements, the perceived lack of measured responses may impede acceptance of the legitimacy of Israel's cause.

Indeed, international appreciation of Israel's genuine security needs will progressively wane if the impression grows that the Begin government is no less aggressive or indiscriminate in its military actions than the terrorists it seeks to repel.

Equally fraught with hazard is the renewal of an intensified regional arms competition. Power balances are by their nature variable. Due to any combination of factors, arms transfers intended to stabilize the existing balance and bolster our security posture may have the opposite effect. Military assistance to allies is an essential component of a realistic diplomatic strategy. Such aid, however, can never substitute for efforts to reconcile political differences between foes. The alternative to moderation is an uncontrollable and harrowing race to oblivion.

Perhaps the most wrenching trial of this theory lies in the pending sale of enhanced F-15 fighters and AWACS surveillance aircraft to Saudi Arabia. Whether or not this arms package can effectively serve our long-term security interests in the Middle East depends on numerous related elements, none of which alone should dominate a strategic approach to the issue. Moreover, neither excessive claims nor undue emotional posturing are helpful, since they only obscure the essential political and military considerations upon which reasoned debate must pass judgment.

The spectrum of potential threats to Saudi Arabia's security has unmistakably increased. Given that nation's vast geographic expanses and critical location, few prudent strategists would deny that a sustained upgrading of its tactical early warning and air defense systems is warranted. In finalizing transfer arrangements, however, extreme care must be taken to ensure that this combination of weapons systems does not provide the Saudis with battle management capabilities sufficient to jeopardize Israeli security or military options. The latter prospect would nullify, with dire implications, any temporary diplomatic benefits we might enjoy.

The controversy surrounding the sale is largely a product of contrasting perceptions fed by misleading rhetoric. While efforts to create a durable security structure require the active assistance of certain Arab states, it does not necessarily follow that approval of advanced systems to one such state implies a repudiation of Israel's security concerns or an irreversible "tilt" toward the Arab position in a long-standing dispute. The essence of enlightened statecraft is precisely to cultivate those relationships and select those options which offer the greatest promise of satisfying multiple strategic purposes.

The sands of the Middle East hourglass continue their relentless historical course. These sands are in turn buffeted by the winds of turbulence which swirl about the region. In a situation capable of escalating beyond control at any time, periodic attempts at crisis management will be of increasingly little value in harnessing change to our purposes. The credibility of our security posture in the Middle East urgently demands a fundamental revision of our strategic planning. Failure to grasp this truth will eventually result in our being enveloped by the very forces we seek to influence.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have no further requirement for my time under the standing order. I am prepared to yield it to the distinguished Senator from West Virginia, the minority leader, or any Senator who has a requirement for time at this point.

Mr. President, I see no Senator seeking additional time. I understand the minority leader has no requirement for additional time. I yield back my time remaining under the standing order.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

HOLD THE KETCHUP

Mr. ROBERT C. BYRD. Mr. President, on Friday, September 25, OMB Director David Stockman ordered the withdrawal of proposed regulations for the school lunch program. The rules would have had the absurd effect of declaring ketchup and relish to be vegetables and peanuts and sunflower seeds to be the equivalent of meat.

We hear a great deal about the abundance of milk purchased by the Government. Yet, the new rules would have cut the amount of milk required to be served to elementary schoolchildren from 8 ounces to 6 ounces.

Public outcry over these ill-conceived rules helped cause their demise. This shows that the American people are aware of the difference between cutting waste, and cutting into the heart of decent and effective programs. The basic nutritional requirements of growing children do not constitute waste, fraud, or abuse. The Department of Agriculture must keep that in mind as it goes back to the drawing board on these rules.

Mr. President, a broad budget axe can sweep the good away along with the bad. For the moment, schoolchildren have a reprieve from callous cuts in their meal portions. The assault has not ceased—on children, the elderly, veterans, and many others—but the withdrawal of the school lunch rules is a bit of a bright spot in the gathering gloom.

Mr. President, I suggest the absence of a quorum on my time.

The PRESIDING OFFICER (Mr. Abdnor). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There will now be a period for routine morning business.

Is there morning business?

Mr. BAKER. Mr. President, this request has been cleared with the distinguished minority leader.

SEQUENTIAL REFERRAL

Mr. BAKER. Mr. President, I ask unanimous consent that S. 754, a bill, to require that most-favored-nation treatment be granted only to the products of countries which have not expropriated U.S. citizens' property without compensation therefor, be sequentially referred to the Committee on Foreign Relations for a period of 15 days.

The PRESIDING OFFICER. Without objection, it is so ordered.

TOUGH TIMES WITH CANADA

Mr. RUDMAN. Mr. President, several days ago my colleague, Senator Cohen, from Maine, made, I think, a very perceptive statement about the status of American-Canadian relationships and the threat that some American businesses across our northern borders feel at this time.

I think it was a constructive statement but misinterpreted by some.

In the Boston Sunday Globe on yesterday, September 27, Mr. Thomas Oliphant wrote a very interesting comment on Senator Cohen's perception of American-Canadian policy and I ask unanimous consent to have that article printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Tough Times With Canada

(By Thomas Oliphant)

Washington.—To phrase it undiplomatically, relations between the United States and Canada right now are lousy. Terrible would be too strong a word, but lousy is perfect.

Here is a more diplomatic way of putting it: "The economic policies of the Canadian government in recent years have been perceived by American business and government officials as posing a threat to U.S. interests. For border states such as Maine and for small businesses within those states, the impact can be serious.

Those were the words in a Senate speech 10 days ago by William S. Cohen (R-Maine), and they were especially intriguing because they were misinterpreted by officials of both the U.S. State Department and the Canadian government.

The nature of diplomatic officials requires a promise of anonymity in exchange for their candor, but the following is a faithful paraphrase of each side's reaction to what Cohen had to say.

The US State Department:

Oh, God, here comes another of those meddlesome New Englanders mucking up the serious business of foreign policy with parochial bellyaching about potatoes, lobsters, maple syrup and wood. We are not here to protect a few quaint industries in New England.

And from the Canadians:

This is another attack on our country and the policies of Prime Minister Pierre Trudeau, who is attempting to give Canadians more control over their energy resources and other businesses and to assist the smaller industries.

Neither view is correct. In his speech and in an interview last week, Cohen talked about what he is trying to do, which is a subtle blend of parochialism and statesmanship that U.S. and Canadian diplomats would do well to better understand.

All across the northern United States, from the state of Washington to Cohen's Maine, there are industries—involving agriculture, fishing and small manufacturing—that face some very stiff competition from counterparts in Canaga.

The Canadian government is quite vigorous both in assisting its smaller industries and in protecting them from import pressure.

Says Cohen: "I have nothing but praise for that."

His quarrel is with the U.S. government. He would like to see some "compensating U.S. actions" and intends to push some amendments in this area from the Senate floor until somebody in the Administration pays attention.

For example, if Canadian law makes it easy to quickly impose surtaxes on U.S. imports, why shouldn't U.S. law do likewise?

Or, if American farmers can't use certain sprays on their crops why should the United States allow the import of farm products that have been so sprayed?

Cohen said his idea is not to promote a tit-for-tat mini trade war, but rather to give American interests enough leverage so that some serious negotiating can take place before minor irritants become major sore points.

Furthermore, he is concentrating on what seem like little things because he takes a realistic attitude toward the larger forces at work affecting U.S.-Canadian economic relations.

For example, he said he sees no prospect that Trudeau's "Canadization" policy toward energy resources will change, and makes no argument that it should.

Nor, he added, does he see any likelihood that Trudeau's government would change its attitude on the crucial exchange rate question. The Canadian dollar is cheaper in relation to the American buck, and thus so are its products.

In other words, Cohen accepts the bigger picture of a more assertive Canada that will require adjustment on the U.S. side of the border. Where he draws the line, and where the Reagan Administration should be standing with him, is at accepting manifestly unfair competitive practices affecting the border regions.

Ronald Reagan and Trudeau already have a full plate of tough issues which won't be easily resolved, involving American policy in El Salvador, relations with developing nations generally, acid rain pollution, and energy.

They might make more progress on the big ticket items if they first took care of some smaller matters and improved economic life on both sides of the border in the process. Until they see the light, look for more than one Cohen amendment in the weeks ahead.

JOE STEWART—A JOB WELL DONE

Mr. SASSER. Mr. President, Walter J. "Joe" Stewart has retired from the Senate after having served with distinction and diligence in several key positions. Joe handled his responsibilities with remarkable insight and ability, based on his 30 years of service in the Senate—which began as a page and included his being secretary to the majority and then secretary to the minority.

Success in those two latter positions involves finesse and a keen perception of the internal processes of the Senate. Joe Stewart was a master at coordination and continuity—as well as substance—and he will be missed.

His background of service in the Senate is probably without parallel: Appointment as a page in 1951, appointed to head the staff in the Democratic Cloakroom in 1954 following his graduation from page school, appointed to the professional staff of the Committee on Appropriations following graduation from law school; legislative assistant to Senator Robert Byrd in 1971; assistant to the majority leader in 1977: secretary for the majority in 1979 and then, secretary for the minority.

With this outstanding record, Joe Stewart can take his leave of the U.S. Senate staff with a satisfied feeling of a job well done. And we all wish him every success as he moves to the private sector to continue his good work there.

WALTER J. STEWART

Mr. WEICKER. Mr. President, few people outside of Washington are aware of the tremendous demands made on a Senator's time. We have countless bills to consider, speeches to make, debates and committee hearings to attend, as well as meeting and listening to our constituents, and lending them what assistance we can. We have to answer our mail, study to keep up with events and think about the future directions our policies should take. For these reasons, the aid of loyal, dedicated assistants is invaluable. Without their support, we could not hope to have the time to accomplish half of what we do. Walter "Joe" Stewart was one of the best of these people.

He arrived in Washington during the Truman administration. His first job was that of a page in the Senate. He went on to work on the staff of the Democratic cloakroom, and then as assistant to the secretary of the majority, a position in which he was constantly on the Senate floor to inform Members on pending legislation. At the same time, Joe was attending law school at night, ultimately graduating in 1963. In the years that followed, Joe served on the staff of the Senate Appropriations Committee, as a legislative assistant to Senator Robert Byrd, and as assistant to the majority leader. In 1979, he was elected secretary of the majority in the Senate. In January 1981, he was elected secretary of the minority.

Mr. President, Joe Stewart recently left the Senate to accept a position in private industry. For over 30 years Joe served this Chamber, with the dedication and professionalism that made the job of each of us, Democrat and Republican, less difficult. He will be missed.

TRIBUTE TO WALTER "JOE" STEWART

Mr. JACKSON. Mr. President, it is with great sadness but with my warmest regard that I take this opportunity to praise and thank Walter "Joe" Stewart for his dedication and faithful service to the U.S. Senate.

We in Congress have had the pleasure of observing Joe's keen efficiency and effectiveness in many positions here in the Senate. Joe served as legislative assistant on the Senate Committee on Appropriations, assistant to the majority leader for floor operations, secretary for the majority of the Senate, and most recently, secretary for the minority of the Senate.

In each and every instance Joe has been an exemplary public servant.

It has been an honor and a pleasure to work with Joe during these past years. His sharp competence has eased all of our tasks. This was particularly heartfelt during our transition from majority to minority status.

Joe, I wish you all the best success and happiness in your new endeavors. Please don't be a stranger to us here in the Senate.

WALTER J. STEWART

Mr. DeCONCINI. Mr. President, I should like to add my thoughts to the flood of praise regarding Walter Joe Stewart. I have known and worked with Joe since my election to the Senate in 1976. Joe was assistant to the majority leader for floor operations and his knowledge, intelligence, and expertise assisted me greatly during my first few years in the Senate. Joe always found time to be of assistance whether the problem was great or small, and he was usually able to work things out satisfactorily. His subsequent responsibilities as secretary for the majority of the Senate and secretary for the minority were performed equally efficiently. Joe's 30 years of experience will be sorely missed. His ability to work with everyone on either side of the aisle and his ability to effectively work out compromises will be difficult to replace.

I am hereby adding my congratulations and good wishes for the future to Walter Joe Stewart, a man who has earned only the best for the loyalty, exceptional service, and continuing dedication that he has exhibited for over 30 years.

COMMENDATION TO WALTER J. STEWART FOR SERVICE IN THE U.S. SENATE

Mr. BAUCUS. Mr. President, I am delighted to add a few words of praise for Joe Stewart, our able secretary to the minority, who is departing for a job in private industry after providing over 30 years of faithful service to the U.S. Senate.

Much has been said about Joe's significant contributions to the Senate. I need not recount the various positions he has held in this body over the past 30 years. Rather, I would like to spend just a few minutes focusing on Joe Stewart, the person. Rarely, have I encountered such a professional as Joe Stewart. The phrase "grace under fire" captures only a little of the extraordinary equanimity and acuity that Joe brought to each of his jobs in the Senate. But more than the professional skill and acumen, I want to highlight the pleasant side of Joe's personality. He always seems to have time to answer the little questions—not just for Senators, but for all staff, as well. Many times my staff has told me how helpful Joe has been to them. I am exceedingly grateful for that help. I believe Joe's talents and service will be greatly missed by all of us.

Also, I should add that Joe and I have spent many hours discussing the highs and lows of running. Like me, Joe is forever searching out time in the day when he can log in a few more miles.

To sum up, Joe Stewart is a friend, a true Senate professional, and a credit to public service. I wish him well in his future efforts in the private sector.

Before I end my comments on this resolution, I would also like to single out the valuable service rendered to the Senate by Ms. Jeanne Drysdale, Joe's able assistant over the past 10 years. Jeanne and Joe were quite a team. She always knew where Joe was and could track him down on a moment's notice. Like Joe, Jeanne is a consummate professional, and her friendly and effective service to the Senate will be a loss to all of us.

Mr. President, I very respectfully state I am unable to attend the gathering on Joe's behalf today. This is my son's birthday, so I have another matter which I shall be attending to, but I wish I could be with Joe Stewart to honor him tonight, because I think he has been one of the most faithful servants that this body has had in recent years.

WALTER "JOE" STEWART

Mr. LEVIN. Mr. President, I join with my colleagues from both sides of the aisle in paying tribute to Walter "Joe" Stewart. Traditional American mythology suggests that anyone can become President. Joe's life still falls short of that ultimate accomplishment, but it does demonstrate that a person with skill, intelligence and commitment can rise to high office.

As everyone knows, Joe began his service to the Senate—and the country—as a page. Some 30 years later, he leaves this institution as secretary for the minority. Not many people outside the Senate may have heard of that position, but those of us who have had the opportunity to serve in this body know just how much we came to depend on Joe. As Secretary Joe was responsible for a number of tasks, perhaps the most important of which was simply to be around as long as the Senate was in session. In his "floor watcher" role, Joe was an invaluable aid to all Members of the Senate. He had a knack for summarizing debate, highlighting issues and he was often able to point out to Members the subtitle, but often critical, relationship between a given issue and the needs of their State.

Joe Stewart is one of literally thousands of people who serve this body, who make it function and who make service here a pleasure. At the same time, Joe was also one in a thousand in the sense that his dedication and diligence clearly made him both a friend and an advisor to so many of us.

I join my colleagues in wishing Joe all the best in his new activities and in expressing the real sense of personal loss that his departure creates.

DAVID LINER

Mr. STEVENS. Mr. President, today, I wish to bring to the attention of the Senate the fact that David Liner served his last day in the Senate Republican cloakroom last Friday, September 26.

Over the years, I have come to know David. The professionalism he has shown throughout his 5 years in the cloakroom is commendable. During moments of crisis, and there have been a few, David has remained calm. When Senators have escaped to all parts of Washington, D.C., and even to all parts of the United States, David has found us and told us that a vote is being taken. I am thankful that David has been hard working and conscientious. Republican Senators have come to respect him and trust his judgment.

Each day, David's voice is heard in every Republican Senate office in an effort to keep track of Republican Senators. You know, one of the reasons why the Republicans have been so successful this year is because we have a high voting percentage. This phenomenon may be a result of David's efforts.

My staff tells me that the daily telephone call from the Republican cloakroom signals the beginning of the day. David is always there, providing us with the agenda for the day, answering a multiplicity of questions, and keeping track of where Republican Senators are or might be.

The Senate will miss David Liner, and we all wish him well in his endeavors.

ANNIVERSARY OF BOYS CLUBS OF AMERICA

Mr. STEVENS. Mr. President, last week I had the privilege of hosting a function in recognition of the 75th anniversary of the Boys Clubs of America. The exchange I had and the knowledge I gained from this experience left me with a lasting impression of hope, love, and a promise for the future.

The film produced by the Boys Clubs and shown at the meeting was superb. It underscored the need for us to help each other. The message was clear that the youth of our Nation is our most precious resource. I wholeheartedly subscribe to this notion. As a father, I am particularly sensitive to the need to encourage such organizations as the Boys Clubs.

The foundation of the Boys Clubs is strong. It is built upon the tradition of good faith and the belief that a better American makes a better America. Good citizens are made by setting examples such as those set by the Boys Clubs of America. Emphasis on the family, health, the work ethic, honesty, competition, community, and good will is made in all activities practiced by the organization. The effort made by the Boys Clubs throughout America must be reinforced by friends and family.

The Boys Clubs of America have come a long way since its conception in 1906. In 1906, some 53 Boys Clubs met in Boston to form an organization known as the Federated Boys Clubs. This federation represented the culmination of an idea that began in 1860 with the opening of the Dashaway Boys Club. Since 1906, the Boys Clubs have spread their membership throughout the country. In 1921 there were 163 Boys Clubs with 115,000 members. By the 1970's there were over 1,000 clubs and over 1 million members. During the growth of the Boys Clubs of America, the programs for youth also expanded. For millions of boys across the land, Boys Clubs have provided opportunities for boys to participate in activities ranging from vocational training to athletics.

The promise for the future includes the viability of the Boys Clubs of America. I urge all Senators to take time to talk to and meet with Boys Clubs in your respective States. There are clubs in every State of the Union along with Puerto Rico and the Virgin Islands. Learn from them. Learn with them. Help the promise for the future to be fulfilled.

PAY CAP HARDSHIPS

Mr. STEVENS. Mr. President, I have been talking the past few days about our losses to the executive corps and how out of line our executive level salaries are with those of the private sector. I now feel it is necessary to address the effect this is having on our attempts to fill these vacancies with qualified, competent executives. Again, we must remember that, according to the Hay Associates study, the median pay as of May 1981 for private sector jobs comparable to our SES positions, average $71,688 or over $21,000 a year more than the $50,112.50 pay cap for SES positions.

Some of the best examples of the hardship this pay cap has had on recruitment came from recent letters to me from the Departments of Defense and Health and Human Resources. HHS offered the following pointed examples including one of indignation on the part of one potential applicant when he learned of the proposed salary:

First. The Directorship of the Division of Cancer Cause and Prevention, National Cancer Institute, was offered to five outside candidates, all of whom turned it down, in turn, for pay and benefits considerations. One of those approached initially and asked to apply wrote back an angry letter, implying that the proposed salary was an insult.

Second. A distinguished scientist was simultaneously offered the positions of (a) SES Director of the Center for Research for Mothers and Children, National Institute of Health and Human Development, and (b) department chairmanship of Mt. Sinai Hospital for $150,000. He chose the latter.

Third. The search for a Director for the Division of Heart and Vascular Diseases National Heart, Lung, and Blood Institute, which lasted 18 months, eventually ended with the selection of an individual from within the Department. The position had been offered to several highly qualified outside candidates. All declined when the salary and benefits package was fully explained.

Fourth. The position of Director, Office of Financial and Actuarial Analsyis, Health Care Financing Administration, had been nationally advertised twice within the past year. The first posting resulted in two applicants, neither of whom was highly qualified. The second attempt brought in 16 applicants, 4 of whom were highly qualified. Although initially interested, the highest qualified candidate declined the offer because of salary. The second-ranked applicant accepted another position.

Fifth. The search for the Chief, Office of Actuary, Social Security Administration, resulted in five highly qualified candidates. All except one turned down offers indicating salary was the primary reason. Fortunately, the person who accepted the position had other income deemed not to be a conflict of interest. The average salary in this field is in excess of $60,000.

The Defense Department offers the following examples of recruitment problems caused primarily by pay limitations:

First. A recent selectee for the position of Deputy Assistant Secretary for Systems declined the position because the personal cost of relocating from California to Washington was anticipated to be too great in light of almost no possibility of a pay increase in the foreseeable future.

Second. A Deputy Assistant Secretary in the research and development area resigned and is now working for Sperry Corp., at about twice his Air Force salary. The position has remained vacant because a suitable replacement cannot be found.

Third. A selectee for the position of assistant to the Secretary of Defense (atomic energy)/chairman, Military Liaison Committee was interviewed and declined the offer because of the pay cap.

Fourth. A selectee for the position of Deputy Under Secretary of Defense (AM) declined because of the pay cap.

Fifth. The position of staff specialist for propulsion in the Office of Engineering Technology had to be advertised a second time because there were no qualified applicants the first time.

Sixth. A selectee for the position of Deputy Secretary of Defense (international programs and technology) declined because of the pay cap.

Seventh. The position of staff specialist for propulsion in the Office of Engineering Technology had to be advertised a second time because there were no qualified applicants the first time.

Eighth. The Director, Data Processing Directorate, Ballistic Missile Defense Advance Technology Center. Huntsville, Ala., resigned February 27, 1981 to accept employment in the private sector. He stated telephonically that he was offered an initial salary increase of 30 percent and much better incentives. He also stated that raising the pay cap and imposing fewer restrictions on incentives would have had a definite bearing on his decision to remain with the Federal Government.

In efforts to fill vacant scientific and engineering senior executive positions, numerous companies in the private sector were contacted to solicit applications from interested employees. Attached are samples of the typical letters of response from those companies.

First. Four SES positions were filled at Office of Naval Research headquarters during 1980. Recruiting costs for these positions totaled just over $80,000. Of the 28 applicants who were considered best qualified, only 6 were from outside Government.

Second. A GS-15 position at the Naval Ocean Research and Development Agency was advertised in 1976, and there were approximately 100 qualified applicants, one-third of whom were from outside Government. The same position was recently advertised again. There were only nine qualified applicants, with only one of these from outside Government.

I find these examples to be both enlightening and condemning of the pay cap we continually impose on our executives. Possibly the most damning evidence, however, are several letters from private sector companies whom we have turned to assist us in recruiting for specialized executive talent. Mr. President, I offer these letters as testimony to the folly of our past positions of capping the pay of our executives, and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HUGHES AIRCRAFT CO.,
Culver City, Calif., February 17, 1981.

MR. ROBERT S. WISEMAN,
Assistant Deputy for Science and Technology, Department of the Army, Hearquarters U.S. Army Materiel, Development and Readiness Command, Alexandria, Va.

DEAR BOB: I am enclosing a resume of Col. E. P. Eaton, Jr. Ret. for consideration to fill the position of Scientific Advisor (Logistics Combat Development), U.S. Army Logistics Center, Ft. Lee, Va. I do not know Col. Eaton personally however, I have great confidence in the thoughts of Mr. Joe Garafalo of Hughes Aircraft Company. I would recommend that Col. Eaton be considered for the position.

I have made a number of contacts with personnel in industry regarding this position, as well as other positions. In all cases, I find that the person who could do the job cannot afford to leave industry and come to work for government for salary reasons. Therefore, I believe that the positions will have to be filled from within government. There are a lot of advantages to filling the position from within government; however, the option to fill from industry should be available to you. I believe the only solution is to work to have the salaries of the top people increased to be compatible with people in industry with commensurate responsibilities.

I appreciate you sending me the announcements and I will continue to work to try to find qualified personnel.

Sincerely,

JOHN L. MCDANIEL.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY, LINCOLN LABORATORY,
Lexington, Mass., January 6, 1981.

DR. ROBERT S. WISEMAN,
Assistant Deputy for Science and Technology, Department of the Army, Headquarters U.S. Army Materiel, Development and Readiness Command, Alexandria, Va.

DEAR DR. WISEMAN: The requirements for the position described in the vacancy announcement are inconsistent with the actual salary available. All of the candidates I have considered for the position whom I feel are qualified would have to make a considerable sacrifice of income and, in addition, move to a high cost of living area.

Accordingly I do not feel free to submit nominations for this or similar government positions until the Congress takes some sensible actions about salaries for our Senior Executive Service.

Sincerely,

JEROME FREEDMAN,
Assistant Director.

DYNETICS, INC.,
Huntsville, Ala., February 17, 1981.

DR. ROBERT S. WISEMAN,
Department of the Army, Headquarters U.S. Army Materiel, Development and Readiness Command, Alexandria, Va.

DEAR MR. WISEMAN: I appreciate the opportunity to recommend candidates for the position of Director, Discrimination Directorate, Ballistic Missile Defense Advanced Technology Center (BMDATC), Huntsville, Ala. The vacancy announcement that accompanied your letter reflects the high standards of technical excellence and managerial capabilities that the candidates must possess. It is my opinion that certain individuals within BMDATC and in private industry might provide the executive management executive management expertise required to assure successful completion of major programs and studies.

When I view these individuals as a group, two important factors concerning the salary range become apparent. First, those individuals presently within BMDATC who might be eligible for this position are probably already within the salary range so that promotion would only increase their responsibilities and workload. Second, those candidates in the private sector who meet the qualifications have attained high-level executive positions that probably entail a better benefit program and a slightly higher annual salary. I am then forced to the conclusion that recommending an individual for the position would not be prudent unless some modification to the statute that limits the maximum salary is being contemplated.

Again, I appreciate the opportunity to reply to your letter.

Sincerely,

S. M. GILBERT, Ph.D.,
Senior Vice-President.

SANDERS ASSOCIATES, INC.,
November 5, 1980.

MR. ROBERT S. WISEMAN,
Assistant Deputy for Science and Technology, Department of the Army, Headquarters U.S. Army, Materiel Development & Readiness Command, Alexandria, Va.

DEAR MR. WISEMAN: Your letter to Mr. Jack Bowers, President, requesting potential candidates for the position of Technical Director, U.S. Army Electronics Research and Development Command, has been reviewed with several members of our senior management, and Mr. Bowers has asked that I reply.

We have made several efforts for other commands trying to find senior technical people who might accept senior executive positions in the Washington area. Trying to find a person with the high level of competency requested to take a position for $50K in the Washington area, and its high cost of living, has been very difficult. Unfortunately, we are unable to provide you with the names of any candidates for this position.

Sincerely yours,

ROGER W. BROWN,
Corporate Director.

MAGNAVOX, GOVERNMENT AND INDUSTRIAL ELECTRONICS CO.,
Mahwah, N.J., March 3, 1981.

DR. R. WISEMAN,
Department of the Army, Headquarters, U.S. Army Materiel Development and Readiness Command, Alexandria, Va.

DEAR DR. WISEMAN: In response to your 25 February 1981 requests, I regret I know of no candidates from the private sector whom I would consider minimally qualified and who might be available as nominees for the following positions:

1. Director, Research and Technology Division, Harry Diamond Laboratories (Vacancy Announcement DA 29-81).

2. Deputy Director, Combat Surveillance and Target Acquisition Laboratory, ERAD COM (Vacancy Announcement DA-18-8).

I'm sure you're well aware that engineers and scientists who have requisite educational and experience background for these high level positions are in great demand. The private sector consistently offers substantially better compensation packages, relocation allowances and other benefits than does the federal service, and does not require extensive personal employment and financial disclosures. It is unfortunate, but clearly it is true, that for these reasons the Government service at this time does not offer competitive opportunities.

TELECOMMUNICATIONS AND ELECTRONICS, GROUP—NORTH AMERICA,
Van Nuys, Calif., November 3, 1980.

MR. ROBERT S. WISEMAN,
Assistant Deputy for Science and Technology, Department of the Army, Headquarters U.S. Army Materiel, Development and Readiness Command, Alexandria, Va.

DEAR MR. WISEMAN: Mr. Souveroff has asked me to respond to your letter dated 16 October 1980 regarding engineers and scientists positions available at the Senior Executive Service level throughout the Department of the Army. Regretfully we do not have any suggestions to meet this critical need. As I am sure you are aware, the aerospace industry in general is in need of qualified technical talent as well. This problem is particularly acute in the Los Angeles area which causes us, on this issue, to be in competition with the government.

I am sympathetic with your mission, particularly under the current salary freeze conditions and the postretirement conflict of interest statutes. Unfortunately, I think such poor legislation may cause the U.S. government to be exposed to less than the best candidates at a time when the U.S. DOD is in need of the finest talent available. Through our industry associations we are making our thoughts known on this subject to the legislature and I hope we will see some improvements in the future.

We continue to remain proud and pleased with our relationships with the U.S. Army Electronics Research and Development Command, and I am sorry we do not have any candidates at hand to suggest to you. On the other hand, should we be able to help you in any other way, please feel free to communicate with us in the future. We remain sympathetic to your cause and are anxious to help.

Sincerely,

V. L. ROMITI,
Vice President.

FORTIETH ANNIVERSARY OF THE MASSACRE AT BABI YAR

Mr. PERCY. Mr. President, this week marks the 40th anniversary of the massacre of 100,000 persons, mostly Jewish citizens of Kiev, by Nazi occupiers of the Ukraine. During the 10 days between the New Year and the Day of Atonement which represent the holiest days of the Jewish calendar, the ravine at Babi Yar became a mass grave for those whom the Nazis chose for extermination.

Four decades do not erase the memory of this tragedy. Four decades do not excuse us from the responsibility to remember Babi Yar. In fact, the responsibility seems altogether greater now after an entire generation has grown to be adults without learning first-hand of Babi Yar. As President Reagan stated on April 30 at a White House ceremony commemorating victims of the holocaust: "Our spirit is strengthened by remembering, and our hope is in our strength."

Today there is a monument in Babi Yar which commemorates only the dead as "100,000 citizens of Kiev and prisoners of war" and omits the fact that these were mostly—and moreover, deliberately—Jews. This fact must not be suppressed. The lesson of Babi Yar is that we must always guard against that kind of inhumanity and utter madness.

To those who work so tirelessly for Soviet Jewry today, again I say that I will never forget the denial of basic rights which is a fact of life for Jews who remain in the Soviet Union, and that I will continue to do my best to seek for them the rights to which they are entitled under the "Final Act of the Helsinki Accords."

CONCLUSION OF MORNING BUSINESS

The **PRESIDING OFFICER.** Is there further morning business? If not, morning business is closed.

TEMPORARY DEBT LIMIT INCREASE

The **PRESIDING OFFICER.** Under the previous order, the Senate will now resume consideration of the pending business, House Joint Resolution 265, which the clerk will state by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 265) to provide for a temporary increase in the public debt limit.

The Senate resumed consideration of the joint resolution.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. DOLE. Mr. President, what is the pending business?

AMENDMENT NO. 568

The **PRESIDING OFFICER** (Mr. ARMSTRONG). The pending business is amendment No. 568 of the Senator from Montana (Mr. MELCHER).

Mr. SASSER. Mr. President, I urge my colleagues to support the Melcher school lunch amendment.

The school lunch program is bearing the brunt of a massive fiscal assault by the Reagan administration. School lunch prices are going up dramatically, and school food administrators are struggling valiantly to keep good school lunch programs going by offering the highest quality of lunch they can. And they are doing an excellent job in the face of such adversity. But they know and the Congress knows that the basic intent of the national school program is to provide a good, nutritionally adequate meal. That basic goal was a good one when the school lunch program was started in 1946. It is a good goal now.

Adoption of the Melcher amendment, which I have cosponsored, will send a message to the American public that the Congress still believes in the basic nutritional goals of the program. And with this amendment, we can once again engage in a full-scale budgetary debate about the funds that we need in the school lunch program in order to meet these nutritional goals.

The school lunch program is facing serious troubles in parts of Tennessee, Mr. President. But I assure my colleagues that I intend to fight hard for the school lunch program so that more than 600,000 Tennessee school children can continue to be assured of a good, hot school lunch when they so desire.

Mr. President, I ask unanimous consent that a letter to me from Mrs. Constance W. Elliott, president-elect of the Tennessee Congress of Parents and Teachers, about the Tennessee school lunch program be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TENNESSEE CONGRESS OF
PARENTS AND TEACHERS,
September 22, 1981.

Hon. JAMES R. SASSER,
123 Legislative Plaza,
Nashville, Tenn.

DEAR SENATOR SASSER: Across Tennessee the impact of middle class parents' reaction to increased student lunch prices is being felt. Decreased numbers of children participating tell the story. Example, an elementary school in Clarksville-Montgomery County, which averaged serving 600 meals per day last year, now are serving 280 meals per day. What if total federal support is eliminated from the paying child? When only a fifteen to twenty cents price increase results in statistics such as the above we can easily predict that further cuts will mean total devastation of the school lunch program in many areas.

A realistic picture of middle class parents is one of strained budgets that must meet high mortgages, energy and transportation costs. A pre-packaged candy bar, chips or other nutritionally-inadequate snacks for children appear to be less costly to them. There is more to it than just present economics. What about the wasted education tax dollars spent on students whose attention span is hindered by gnawing hunger pangs? Have we over looked the importance of basic health and nutrition to the present and future success of our nation's children? Regardless of per capita educational money spent, will we have accomplished our goals when students cannot function in their future careers or in the defense of their country because dietary deficiencies have crippled their health?

Sincerely,
(Mrs.) CONSTANCE W. ELLIOTT,
President-Elect.

Mr. DOLE. Mr. President, I understand that we are at least in the process of trying to reach some agreement on a separate sense-of-the-Senate vote on another bill which would satisfy the Senator from Montana. If that is accomplished, then we shall be prepared to go to third reading or, if there are other amendments, we shall be happy to have other amendments offered. I think the distinguished majority leader has indicated that we hope to finish this debt ceiling extension, House Joint Resolution 265, not later than tomorrow evening or sometime during the night. So, if there are Members who have amendments, we would certainly appreciate their coming to the floor at this time so we may proceed on those amendments and have as many dispositions as we can prior to the hour of 5 p.m.

It is essential that we complete action on this bill. I know of a number of proposed, at least potential, amendments. I hope that Senators, or those who may be listening in their offices would indicate to their Senators that we are prepared and willing to debate any amendments that there might be to this House Joint Resolution 265. We hope to have disposed of the amendment of the Senator from Montana within the next few minutes.

Mr. President, again, I urge all those with amendments to contact the distinguished Senator from Louisiana or myself so we may know how to proceed.

It is also my hope, Mr. President, that we can work out some agreements and we can pass the Finance Committee so-called package on social security, which would authorize and permit interfund borrowing and reallocation of the tax and also give partial restoration of the minimum benefit, along with two changes to pay for that restoration. That is a matter of some interest, but we hope to do it on some bill other than House Joint Resolution 265 or House Joint Resolution 266.

Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER.** The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. MELCHER. Mr. President, the pending amendment is the amendment that I and several others have offered, which would make sure that the proposed regulations that the Department of Agriculture was considering for the school lunch program would not go into effect without retaining the current goal we have of providing one-third of the recommended dietary allowances of the nutrients for children as established by the National Academy of Sciences in the school lunch program.

This has been a constant goal of the Department of Agriculture. It has been a constant goal of the school lunch program.

The regulations as proposed, which were under comment during this month—I believe September 5—would modify that in order to supposedly reduce some of the costs involved with the school lunch program.

We have previously acted in the Senate and in the House—and the President has acknowledged this—with respect to the need for reducing costs in a number of programs, and the school lunch program is one in which we have agreed to a reduction in cost. But in doing so, we specified that the nutritional quality could not be downgraded in the school lunch program.

Therefore, we were quite shocked when we read that the regulations would permit a downgrading of this goal of requiring—I should not say "requiring," because, frankly we have not met the school lunch program yet. But we had the goal of providing in any school lunch one-third of the recommended dietary allowances of nutrients per meal, per child, depending on the age group, the need for calories, and the need for other nutrients. The school lunches always retained that as a goal, to meet that one-third of the daily nutritional requirement of children. My amendment seeks only to retain that.

While we were debating this amendment on Friday afternoon, the Office of Management and Budget recommended that the regulations be withdrawn, and the Secretary of Agriculture did withdraw the regulations. However, in so doing, a spokesman for the Department stated that new regulations would be drawn, very similar to the ones that had been pulled back, and that they would be out for comment very shortly.

What I propose to do now, Mr. President, is to withdraw the amendment from this bill; and with the agreement of the distinguished Senator from Kansas (Mr. DOLE) and the distinguished majority leader, Senator BAKER, I would bring it up as a separate item of business, as a sense of the Senate resolution, so that we could advise the Department of Agriculture as to how important we believe retaining this goal is.

It is hoped that when the new regulations are drawn, they will retain this goal of providing one-third of the daily nutritional requirements for a child in the school lunch and that we will not reduce the nutritional quality of the school lunches.

I point out that we are not going to save any money for the Federal Treasury by these proposed regulations. They would leave the option to the local schools as to how much food they want to prepare for the school lunch program.

We find favor with much of the regulations that the Secretary has proposed, and we want that portion to go into effect. It is at this point that we draw the line, on the nutritional requirements, retaining the goal of providing one-third.

If the Senator from Kansas will enter into a colloquy with me, perhaps we can dispose of the amendment at this time and follow the procedure I have outlined, of taking it up as a separate sense of the Senate resolution within the next week.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. MELCHER. I am delighted to yield.

Mr. DOLE. Mr. President, when we left off on this bill last Friday, we were debating an amendment offered by the distinguished Senator from Montana concerning the newly published regulations on meal patterns for the national school lunch program. Since the regulations in question were rescinded by the President the same day this amendment came up, what we are dealing with here is a dead issue.

The Senator from Kansas had supported the basic goal that went into designing these regulations—to allow more flexibility and to save costs at the local school district level—to help offset the impact of the President's budget cuts. However, I did not agree with certain parts of the regulations—such as counting condiments as vegetables and substituting tofu, nuts and seeds for meat.

It is the opinion of the Senator from Kansas that tofu, nuts and seeds should not be credited more than one-half the meat/meat alternate requirement; and that cakes, cookies, and doughnuts should not be credited toward the meal requirement. However, generally speaking, these regulations were proposed in good faith, as the result of input from a special task force set up to work with the Department of Agriculture in formulating their regulations; and, with the exception of certain specifics, the American School Food Service supported the regulation. It seems to the Senator from Kansas that the new meal pattern regulations came under heavy pressure because of certain perceptions, rather than most of the actual substance of the regulations themselves. The administration plans to publish new regulations, omitting those parts of the September 4 rules that have stirred up the most controversy.

The Senator from Kansas accepts the proposal of the distinguished Senator from Montana to withdraw his amendment, and is pleased that the administration's actions last Friday made it unnecessary to consider the amendment as part of the debt ceiling. I thank the Senator from Montana for this action, and hope that we can now proceed to the consideration of other amendments that are pending.

It is my understanding that the Senator from Montana would be willing to withdraw the amendment on the assurance that he would be permitted to bring it to the floor in a separate sense of the Senate resolution. The Senator from Kansas has discussed this matter with the Senator from Tennessee, the majority leader, Senator BAKER. The majority leader has no objection to that procedure, and I hope we can do that sometime this week. I cannot make that statement, but I know that the Senator from Montana wants to do it as quickly as he can.

Mr. MELCHER. I thank the Senator from Kansas.

With that understanding and with that assurance, Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Montana. I think we can accommodate him hopefully yet this week.

UP AMENDMENT NO. 435

(Purpose: To direct the President to consult with the Governors of the Federal Reserve System for the purpose of substantially reducing interest rates within the next 90 days)

Mr. MELCHER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Montana (Mr. MELCHER) proposes an unprinted amendment numbered 435.

After line two (2), page two (2), add the following new section:

"SEC. The President shall immediately begin consultation with the Board of Governors of the Federal Reserve System for the purpose of modifying the Board of Governors' monetary policy to significantly reduce interest rates within the next ninety days.

Consultations should include modification in the areas of:

(1) Easing reserve requirements to member banks;

(2) Controlling federal Open Market Committee activities which reduce the money supply and push up interest rates;

(3) Lowering the Federal Reserve discount rate to member banks.

Mr. MELCHER. The amendment I am offering, Mr. President, today to House Joint Resolution 265 directs the President to begin immediate consultation with the Federal Reserve Board for the purpose of modifying the Board's monetary policies in connection with reserve requirements, the open market control over the money supply, and the Federal Reserve discount rate so as to substantially reduce interest rates within the next 90 days.

The language of this amendment is the same as in Senate Joint Resolution 104 which has been cosponsored by Senators PRESSLER, SASSER, SARBANES, ANDREWS, CANNON, RIEGLE, BOREN, HUDDLESTON, HEFLIN, PRYOR, and LEVIN.

My resolution also has the backing of the National Association of Home Builders, the Grain Terminal Association, the National Farmers Union, the International Brotherhood of Teamsters, the AFL–CIO, and the American Public Power Association.

We cannot wait any longer to begin getting interest rates back to reasonable levels. We need action now, and this is the right bill to take it on. High interest payments on Government borrowing are the major reason we are forced to once again increase the temporary debt limit. As a matter of fact, we are increasing the temporary debt limit now so that the Federal Government can borrow more money. It is for that reason that we should address a basic problem that causes the need to borrow more money. That is quite simply because interest rates are high. If we were not paying out so much money every year just to service the national debt, paying out high interest rates for that item in the budget, we would not have to be in the market so often selling Treasury notes so we can borrow money for the Federal Government's operation.

There are a lot of people who say, "Well, let us wait a little bit longer and see whether the President's program takes effect and see whether it will not bring down interest rates."

The point is, Mr. President, the President's program may not have a chance of taking effect at all unless we get some reduction of interest rates and get it very promptly.

We have had a small, temporary downturn in the prime rate, and I welcome that. But it was a very limited drop. We need to be sure that we are doing everything that is possible to make sure that interest rates continue to go down.

So the amendment I am proposing and, indeed, is identical with Senate Joint Resolution 104, is a very mild step to say to the President, "Consult with the Board on these key points and see whether interest rates can be reduced substantially within 90 days."

During most of this century, real interest rates—that is, the rate after discounting inflation—have held steady at about 2 or 3 percent. Today, real interest rates are running at about 10 to 12 percent—four times their historical average. While inflation has been coming down, interest rates have not. They should be lowered to reflect the decline in inflation.

Today's abnormally high interest rates are quickly pushing us into a recession During June and July, I held Senate forums here in Washington to document the impact that current high interest rates are having on various sectors of our economy. Throughout the August recess, I held a series of interest rate hearings across my home State of Montana.

Always, it has been the same sad economic story:

First. Farmers and ranchers tell me that high interest rates will cost us an entire generation of young farmers and ranchers, and the damage they are wreaking will soon begin to show up on grocery store shelves in higher food prices;

Second. Housing, timber, wood products, and construction representatives have testified that current interest rates are literally breaking the backs of their industries;

Third. Economists have pointed out that, with current money supply levels, there can be no growth whatsoever in the economy;

Fourth. Utilities and other industries are unable to raise capital; and

Fifth. Workers once again find themselves in the unemployment lines.

Let us look in more detail at what high interest rates are doing to these industries:

AGRICULTURE

Farmers will pay more than $20 billion in interest in 1981 on their current debt of $180.5 billion, compared to outlays of $16.5 billion in 1980.

The current Commodity Credit Corporation interest rate on commodity loans is 14½ percent. At the existing 1981 crop loan rates, that is a cost for farmers of 50.75 cents a bushel on wheat and 36.97 cents a bushel on corn. The latest word out of the Agriculture Department is that they are considering kicking the CCC loan rate up to 16½ percent.

At the start of this year, it was predicted that U.S. farm exports would set a new record value of $48.5 billion in 1981. Now, because high interest rates affect the cost of handling grain inventories, and due to other factors, predictions are that exports will have a value of only about $46 billion.

High interest rates are a crude and ineffective way of discouraging credit use, at least as far as farmers and ranchers are concerned. Whether it is ranchers and feedlot operators buying stock, or farmers buying necessary seed and equipment, in most cases they must borrow despite high interest rates, or simply shut down. That explains why some 20,000 feedlot operators have gone out of business in the last year alone.

HOUSING

According to the National Association of Home Builders:

Housing starts in July dropped to a seasonally adjusted annual rate of 1.05 million, 17 percent below the rate of 1.28 million registered in July 1980. Building permits in July 1981 were at their lowest level since May 1980.

With sales of new homes about 40 percent below the levels achieved in 1977–78, and interest rates at record high levels, housing starts are not going to improve during the next several months.

Total starts for 1981 are forecasted at only 1.16 million, down 11 percent from the 1.29 million reached in 1980. 1980, in turn, was down from 1979 by 26 percent, and 1979 was down from 1978 by 14 percent. This is a tremendous downward slide in housing construction.

Housing starts for 1981 will end up 43 percent below 1978 level, or some 865,000 units fewer.

The only way this picture can improve is for the prime to drop to at least 15 to 16 percent now, and continue to decline throughout 1982.

I want to point out that if the prime rate were around 15 to 17 percent, we could probably anticipate a mortgage rate for housing at about 13 to 14 percent. That does not necessarily mean that that is a good rate of interest for a young family to tie themselves up for a 30-year loan for a new home, but at least it is a start of new home construction.

It is very important that we have a renewal of that start of new home construction for the ordinary young family, the average young family, because there is a growing backlog of demand such that if all of a sudden the mortgage rates were to drop to 10 to 12 percent, the pent-up demand for new housing starts would be inflationary in itself. Homebuilders, home contractors, housing supply people, as well as those engaged as realtors or those in the mortgage business for housing, tell me the same thing, that there is a pent-up demand for new housing starts. It is only awaiting lower interest rates before it attracts these young families into the new housing market.

It will be disadvantageous to the country if this pent-up demand is held back much longer. Such demand is inflationary in itself. A sudden upsurge in demand would cause a tremendous amount of new starts; it would cause a great demand for wood products. It would cause a great demand for the finished parts that must go into a house, like windows and doors and the hardware. It would cause a great demand for plumbing supplies. And it would overreach the supplies that are available and it in itself would then, because of the shortage, force the cost of those items upward. And that is not what we want.

So I think it is proper that we work for a reduction in interest rates now and not let this pent-up demand continue to be built up, but gradually work it off and allow the housing starts to gradually come back to previous levels.

I think the amendment I am offering does exactly that. It would have a goal of requiring the President, in consultation with the Federal Reserve Board, to recognize that immediate action should be taken, that will give us about a 3 or 4 points reduction within 90 days. Then we could have a gradual upturn in the housing industry.

What that would mean to the timber and wood products industry has been noted by many. For instance, the American Plywood Association reports that for the week ending August 22, there were 36 plywood mills closed and 37 other plywood plants were curtailed, out of a total of 175 nationwide. This would mean, if we got the interest rates down gradually, that there could be a modest start-up in the new housing starts. We could bring to a halt the closing of these mills.

During the week I am speaking of, the week ending August 22, the industry produced 76.3 percent of operating capacity. They were operating at three-fourths of capacity. In the previous week, 34 mills were closed and 33 curtailed, and the industry ran at three-fourths of capacity after those closures of those mills.

We have been collecting information on the impact that high interest rates are having on lumber mills in our neck of the woods. We found that for the week of September 20, more than half of the 23 western Montana wood products mills were closed or curtailed operations. I would point out that most of them had curtailed their operations; happily, most of them had not closed, although 32,000 of the 102,000 sawmill employees were out of work in the western wood industry. Now, that is as of the week of September 20. It is pretty staggering unemployment figures in one region of the country in one industry.

During my hearings in Montana, I talked to several automobile dealers who represent the problems faced by many small business. The comments of Ralph Anderson, who is the owner of Capital Ford of Helena, were typical. He told me the current high interest rates brought auto dealers "their darkest hour." He explained that flooring plan interest rates—the cost of borrowing money to buy dealers' showroom stock—is now the largest of the dealer's business cost. Four years ago, a flooring plan costs represented 11 percent of the new car gross; and now they represent 27 percent.

As the bottom has dropped out of the bond market, utilities—one of the most capital-intensive industries—have found it increasingly impossible to market the bond issues they need to maintain and improve service to their customers. We feel this first and hardest in rural areas like Montana, but it has now begun to affect all of the utilities. That is why the American Public Power Association is supporting my amendment.

Unemployment in this country is again rapidly approaching 8 million people. This has always been considered an unacceptable level. We must get interest rates down and get this economy moving again, or we will face serious unemployment problems. Also, unemployment is much higher in some areas like housing and wood products, and in these areas many skilled workers are being permanently lost to the labor force.

Economists tell us that there is no way to avoid recession at these interest rates.

Donald E. Maude, chief economist for Merrill Lynch and Co., believes that we are heading into a steep decline. He believes that the prospect for near-term economic improvement is slim, because of continued high interest rates.

Edward Yardeni, chief economist of E. F. Hutton, says that the recession is here, and it is now. Recovery from this downturn will be sluggish compared to that of a year ago, and there will be no significant growth for the next year. Again, he blames tight money.

Irwin L. Kellner, senior vice president and economist of Manufacturers Hanover Trust Co., the Nation's fourth largest bank, says that we are starting to tumble into a serious economic downturn, and that:

> Until fiscal policy is shaped up, the Federal Reserve must step in to provide at least partial relief (from high interest rates) by easing monetary policy.

The views of these economists are clearly shared by the Nation's investors. The Dow Jones has fallen 150 points over the summer.

It is also important to remember that, with all the other negative effects, high interest rates also add to the cost of Government, meaning a higher deficit or more taxes to cover the additional cost. This is just the opposite direction we are all striving to go.

For the Federal Government alone, interest outlays for fiscal year 1982 are estimated at $106.5 billion, and that is up from a previously estimated figure of $94 billion. The interest outlays in fiscal 1982 will be $65 billion more than in 1977, when the basic cost of money was about 6 percent.

Now, Mr. President, I realize that we are going to get all kinds of arguments that say, "Well, this is a debt ceiling bill. We have to pass it either this evening or tomorrow evening or Wednesday morning, in order to keep the Government running." I realize we are going to have the argument: "Well, let us look at this whole range of problems we are having with high interest rates."

I understand, A, that we must pass this bill quickly. I understand that, B, it is very significant that we look at all of the aspects of why interest rates have been so high. I understand that and I am not belittling, in either case, that viewpoint.

We can pass this bill very promptly by simply agreeing that it is very important that we address the point about high interest rates and get the dialog started with the President and the Federal Reserve Board immediately.

Now, that does not take away the other option of looking at all the underlying causes of high interest rates. This only sets in motion the same type of jawboning that has gone on between every President since Franklin Delano Roosevelt and the Federal Reserve Board. I do not think there is any question but what each of the Presidents since Franklin Roosevelt—and perhaps even before that—has had occasions when they have talked to the Federal Reserve Board and discussed the monetary policy of this country in relationship to what the goals of that administration was attempting to do in our economy.

President Reagan has been very successful in his efforts to get his programs enacted into law so far in this Congress, such as the first round of budget cuts. A little later we will be looking at another round of budget cuts. We passed the tax cut which was satisfactory to the President, and which was supported by an overwhelming majority of us here in the Senate. Personally, I have been very supportive of the President's tax proposals and very supportive of the committee's efforts along that line.

Now we are at the stage of asking whether it is going to be possible under the supply side economic theory to get the President's program to work, to bring strength to this economy?

I do not know how it can be possible for the good effects of the tax and budget cuts, to go into effect if we do not start to get interest rates down now. I am not suggesting that this amendment, which is identical to the joint resolution introduced, will do the whole job. All that I am proposing is that the amendment, would start the dialog between President Reagan and the Federal Reserve Board to see whether interest rates will at least match the decline in inflation we have experienced between 1980 and 1981.

One thing is clear: The current high interest rate policies of the Federal Reserve Board are not the roadblock to the strong economy. They are the road to bankruptcy and unemployment.

I wish to return to some of the current effects of high interest rates.

I mentioned that 20,000 feedlots have been closed in the past year. They have closed down for a number of reasons. The reason they closed down was simply because of the high cost of operation and the loss that they have sustained in feeding cattle. One of the reasons for the high cost of operation has been the high interest rate. Since the feedlot operators have taken their lumps, they are now looking at whether to stay in business, and if so, at what level. What they are very clearly saying, and frankly saying, is that they will stay in business only if they can buy cattle cheaper.

They are talking about buying the same replacement heifer calf, the same type and same quality that they bought a year ago, and to buy them maybe $10 a hundred or $15 a hundred less. Then they are willing buyers and are in the market and will buy the feeder cattle. That means that since they have taken their lumps, that the cow-calf operator, the operator selling the calf, is probably going to hit a pretty tough market, a pretty glutted market, and the seller is going to be really under the gun. So they too are going to take their lumps.

Have high-interest rates affected their operations? Indeed they have. Like the feedlot operators, the higher interest rates that the cow-calf operator is paying for this year as compared to 1980 is probably the singlemost significant increase in their cost of operation between 1891 and 1980, and they were high enough in 1980. So the feedlot operator takes a loss and becomes a very bearish buyer. Then, the cow-calf operator takes a loss, really selling calves much below the cost of production, and really suffers a significant loss. Both of them, have to blame for much of their higher cost of operation higher interest rates. They are just one of the factors, but it is a very prominent factor right at this time.

Most of the cow-calf operators are offering their calves for sale now or next month and will move them in the next 60 days. Here we have both sides, both the feed-lot operators and the cow-calf operators, taking significant losses. What will it mean in the supply of beef for consumers? Well, at some point in time, and nobody has ever been able to predict these particular ups and downs in the cattle market, there will be a shortage of cattle ready for slaughter and then the price will dramatically rise and consumers will do without.

What is better for producers as well as consumers is the steady market. The high interest rates are not the only cause of ups and downs in the cattle market but they are one of the causes and one of the more serious causes confronting the agricultural community this fall.

Why has there not been a lot more complaining about high interest rates. Why has it not been shouted from the rooftops, that if we do not get these interest rates down we are going to have the country's economy entirely whipped?

Perhaps the main reason there has not been more of a cry over high interest rates in the past several months is that the Nation's attention has been on the President's program of budget and tax cuts. This is understandable. The President's program was to be the road to economic recovery. When questions about high interest rates were brought up, Office of Management and Budget Director Stockman, Treasury Secretary Regan, and the Chairman of the President's Council of Economic Advisers, Mr. Wiedenbaum, all continued to assure us that as soon as the President's economic program was in place, interest rates would come down dramatically. Throughout the spring and summer the official prediction was that they would be back down to the 10- to 13-percent range by the end of the year.

It does not look possible now, though I wish it were. I think the distinguished Senator from Kansas, the chairman of the Finance Committee, will recall a conversation he, Senator BAKER, and I had on this very Senate floor a few months ago when it was predicted by people that my colleagues believe to be credible that interest rates would take a very welcomed and dramatic drop within 60 days. That has not occurred. I wish it had occurred. I still hope it does occur.

If such a decline is in the making, fine, but it does not appear to be in the making right now. What we would like to do with this amendment is to make sure that the President at least starts consultation with the Board to see whether the monetary policy of the Board and the President's program can both lead to the welcome day when interest rates begin a serious and much-needed decline, and a very important one, within 60 to 90 days.

I think it is clear to everyone now that without some dramatic and immediate action interest rates will not be anywhere near that low of 10 to 13 percent by the end of this year. Federal Reserve Board Chairman Paul Volcker does not really care that much whether prompt action is taken to change the monetary policy. To the contrary, he has indicated that he will not change it, as far as he is concerned, and that the Board will not change it. He plans to keep the money supply screws on until he cures inflation by doing it his way.

The problem is that it looks like his cure is killing the patient.

At one of the high-interest rates hearings I held last month in Montana a farmer said that the Volcker approach reminded him of one of his neighbor's attempts to save money by teaching his dog to go without food. When I saw him a couple of months later, I asked him how his dog was getting along with his training. He replied that his dog had almost learned to go without food, but, for some reason, the dog had up and died first.

That is about what we are doing right now. We are, in effect, starving this economy and prohibiting any chance of recovery.

I do not see how we can go along that path for very long.

(Mrs. KASSEBAUM assumed the chair.)

Mr. MELCHER. Madam President, the Federal Reserve Board's only real argument against lower interest rates has been that to ease up on the money supply would create a new round of inflation. This is not necessarily true at all. The President's economic program spans 3 years and will provide more and more stimulus through the private sector as time goes on.

I do not know how we are going to get stimulus from the private sector in so many different ways if the interest rates are 19, 20, and 21 percent. Not many small businessmen are going to be looking to expand their business, to hire new employees, or even to retain the ones they have when borrowing costs are that high.

However, I think if we are going to allow the President's program to work in the private sector, we have to recognize that the interest rates are so high that they discourage the private sector from doing very much about improving their own operation. That is one business at a time—beginning with the smallest business and going up into the larger ones. All of them are in the same boat. There is a hesitancy about doing any expansion, modernizing any equipment or buying any equipment at all, changing their operation to improve it or make it more productive, if it is going to incur 20 to 25 percent interest costs.

One thing the Federal Reserve Board can do to lower interest rates without creating more inflation is to determine that it will continue to follow a noninflationary rate of money supply growth, but that this rate will be the average growth rate over the life of the President's economic package, and that they will use flexibility within that period to give some relief now from high interest rates and to help stabilize interest rates at reasonable levels.

I am convinced that, in time, the administration will act to move Federal Reserve policy in a way that will give us some relief from today's devastating interest rates. The problem is that we just do not have any more time. We need action now.

We cannot wait any longer, Madam President. The adverse effects on this economy of high interest rates are simply pushing the economy into recession now and without action now to reverse that, we are simply going to be in a deeper and deeper recession.

That is the purpose of this amendment—to make it clear that the Senate wants action now, before any more people go bankrupt or are laid off.

My amendment is a very modest step. It does not tell President Reagan what he must do, only that he must consult with the Board to see what can be done. I hope the Senate can agree to vote for this amendment.

Madam President, we have supporting letters. I ask unanimous consent that they be made a part of the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AMERICAN PUBLIC POWER ASSOCIATION,
Washington, D.C., September 14, 1981.
Hon. JOHN MELCHER,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR MELCHER: The financial viability of local publicly owned electric utilities is being threatened by high interest rates. The American Public Power Association therefore supports the legislation you have introduced, S.J. Res. 104, that would help bring down interest rates. APPA is the national service organization representing over 1,750 local publicly owned electric utilities in 48 states, Puerto Rico, Guam, American Samoa, and the Virgin Islands.

The electric utility industry is capital intensive. If publicly owned electric utilities are to continue to meet their commitment to provide electrical service to consumers at reasonable rates, they must have capital financing at reasonable cost. Otherwise, the costs of reconditioning plants or building new ones will be prohibitive. Public power agencies are already paying interest rates as high as 15 percent for their tax exempt bonds Action is necessary now to prevent these rates from going even higher.

S.J. Resolution 104 represents an important step towards reducing interest rates. If the Congress can bring the Reagan Administration and the Federal Reserve Board together to begin developing a comprehensive monetary policy that would lower rates, this would be a significant accomplishment. Moreover, when the Administration reports on the results of its efforts, the Congress could receive information that will enable it to consider legislation that would prevent a recurrence of this situation.

APPA, again, endorses the legislative objectives of S.J. Res. 104. Please feel free to call on us for any assistance you need in your efforts to bring interest rates down.

Sincerely,
ALEX RADIN,
Executive Director.

GRAIN TERMINAL ASSOCIATION,
St. Paul, Minn., September 3, 1981.
Hon. EDWIN GARN,
Dirksen Senate Office Building,
Washington, D.C.

DEAR SENATOR GARN: Manipulation of monetary policy and reserve requirements by the Board of Governors of the Federal Reserve System has resulted in interest rates so high they are seriously damaging the agricultural economy. The whole nation is suffering and could be dragged into a serious depression if steps are not quickly taken to bring down interest costs.

Despite the obvious danger, Federal Reserve leadership indicates its plans to further tighten money supply. There must be fast relief from these policies. We are gratified to see that Senator Melcher has introduced S.J. Resolution 104 directing the President to consult with the Governors of the Federal Reserve for the purpose of substantially reducing interest rates within the next 90 days.

The GTA Board of Directors appeals to all Senators to join in support of this crucial Resolution, and urges the members of the House of Representatives to take similar action.

Respectfully yours,
GORDON H. MATHESON,
Chairman of the Board.

NATIONAL FARMERS UNION,
September 11, 1981.
To Members of the United States Senate.
From Robert J. Mullins.
Re Melcher Amendment on Interest Rates, to S. 884.

We are gratified at the recent expressions of concern being voiced by members of the Senate about the need for definitive action to substantially reduce the level of interest rates.

Frankly, there is ample authority in the Emergency Credit Control Act of 1969 (Public Law 91-151) for the President to direct the Federal Reserve Board to take certain actions including the regulation of interest rates and repayment terms and the allocation of credit to productive purposes such as housing, agriculture and small business.

Since the White House is unwilling to use these available and workable measures, it seems to us timely for the Congress to express some urgency and to mandate certain actions to achieve a meaningful roll-back in interest rates levels.

An early opportunity to place the Senate on record for such a course will come when Senator Melcher offers his interest rate amendment to the farm bill, S. 884.

Neither agriculture nor other major segments of the economy can tolerate interest rates at these levels any longer.

But, more than that, Congress will never be able to balance the federal budget as long as the interest-rate hemorrhage continues. Largely because of high interest rates, the budget approved by Congress in August is already $15 to $20 billions out of kilter. If another cut is made, it will be only a matter of a short time before another will be proposed, as long as nothing is done about interest rates. When will it end?

The Melcher interest rate amendment is a constructive first step to righting the very damaging drain on interest rates on farmer and consumer pocketbooks and the public treasury.

International Brotherhood
of Teamsters,
Washington, D.C., September 11, 1981.

Hon. John Melcher,
U.S. Senate,
Washington, D.C.

Dear Senator Melcher: On July 30, Senator Melcher introduced S.J. Res. 104, a proposal directing the President to begin immediate consultations with the Federal Reserve Board in order to reduce, substantially, interest rates within 90 days after its adoption.

It is our understanding Senator Melcher, together with Senators Andrews, Pressler and others, will offer this measure as an amendment to S. 884, the Omnibus Farm Bill, and that bill is expected to be taken up next week.

We urge your active support for S.J. Res. 104 because it will provide a concrete vehicle for swift resolution of a very serious problem.

Under the Federal Reserve Board's current policy of so-called tight money, there are precious few beneficiaries other than those who are cash rich.

Moreover, high interest rates are having a devastating effect on our members, both in terms of jobs and as individuals. Without reasonable credit, employers in industries like construction and automobiles will make fewer sales, thereby making less work for many of our members.

Our organization represents over two million members, and virtually all of these people depend on credit in their daily living and the current interest rates make it virtually impossible for workers to purchase homes and other goods.

Beyond that, we find it shocking that a member of the Board of Governors of the Federal Reserve system now considers a decline in wages as one of the conditions for loosening the nation's money supply.

Originally, tight money was supposed to strengthen the dollar in international markets and reduce inflation at home.

Both of those objectives are, to a certain extent, being realized.

Now, we hear from Mr. Lyle Gramley, the board member advocating wage cuts, that we must earn less in order for interest rates to come down.

We consider that beyond the bounds of reasonableness and reality.

In sum, we urge you to support Senator Melcher's effort to begin a program that will reduce interest rates.

Thank you for your consideration in this matter.

Sincerely yours,

Roy L. Williams,
General President.

Women Involved in Farm Economics,
Malta, Mont., August 26, 1981.

Montana Women Involved In Farm Economics strongly urges your support for passage of S.J. Res. 104, introduced by Senator John Melcher. We urge you to assist in the passage of this resolution as quickly as possible.

S.J. Res. 104, directs the President to consult with the Governors of the Federal Reserve System for the purpose of substantially reducing interest rates within the next ninety days.

The members of Montana W.I.F.E., feel that it is essential, not only to agriculture, but to the entire United States, that interest rates be substantially lowered, and that it be done quickly. Many, many businesses are no longer in operation, because of the high interest rates. The economy of our entire Nation is being ruined by the exuberant interest rates. And if they are not lowered soon, we will have even a larger federal deficit in the years ahead.

Your assistance in this matter would be greatly appreciated.

Sincerely yours,

Esther Ruud,
President, Montana Women Involved in Farm Economics.

State of Montana,
Office of the Government,
Helena, August 20, 1981.

Montana's two leading cereal grains, wheat and barley, are currently selling for 50 and 56 percent of parity, resulting in an ever increasing need for credit to continue operations. Current usurious interest rates are devastating to agriculture as well as the rest of the economy. A one percent increase in interest rates results in a one billion dollar increase in expenses nationally for agriculture. An 8 percent decrease in rates would mean additional income to meet expenses in the amount of 8 billion dollars.

Senator John Melcher's efforts to lower interest rates are to be commended. The undersigned members of the Governor's Ad Hoc Committee on Agriculture does hereby endorse to support Senate Joint Resolution 104 introduced by Senator Melcher directing the President of the United States to consult with the Governors of the Federal Reserve System for the purpose of substantialy reducing interest rates within the next 90 days. Unless this is done it will likely cost us a generation of young farmers.

U.S. Senate,
August 31, 1981.

The President,
The White House,
Washington, D.C.

Dear Mr. President: I was disappointed over the weekend to hear Council of Economic Advisors Chairman Murray Weidenbaum state that you agree with Federal Reserve Chairman Paul Volcker's tight money policies. I had hoped that you were ready to take the lead in reversing the disastrous high interest rate policy the Federal Reserve is following.

High interest rates are the most serious economic problem we face today. For several months now, I have been conducting public hearings on the impact of current high interest rates. Both here and in my home State of Montana, the sad story has been the same. Farm representatives have told me that "high interest rates will cost us an entire generation of young farmers." Housing and forest products representatives have testified that "current interest rates are breaking the back of the housing industry." Economists pointed out that "with current money supply levels there can be no growth whatsoever in the economy."

The American people rallied to your call for a program of economic recovery, as did I and most of my colleagues in Congress. However, if current high interest rates are allowed to continue unabated with their devastating effect on agriculture, small businesses, labor, housing, construction and building suppliers, there will be no economic recovery—only bankruptcies and unemployment. If this happens, the American people will abandon your economic recovery program, and they will be right.

Chairman Volcker's policies are misguided. He seems immune to the plight of the average person. He seems to want more bankruptcies and unemployment. That is not my attitude, and I hope it is not yours.

I urge you to personally go to the American people and make a clear statement that you will not allow high interest rates to break the back of our economy, and I hope you join me in working to get interest rates reduced immediately and get our national economic recovery back on the tracks.

Best regards,

John Melcher.

Mr. GARN. Madam President, I rise in opposition to this amendment. The Senator from Montana has certainly done an excellent job of outlining the problem. I do not think there is anybody in this body—certainly no one on the Banking Committee—who has a lack of understanding of the problems that high interest rates have caused. Believe me, there are other years I would have preferred to become chairman of the Banking Committee than in a year when the prime rate reached 21.5 percent. Before I pray for my wife and children at night, I pray for lower interest rates so I can have a day of peace as chairman of the committee without getting calls from automobile dealers, homebuilders, all down the line.

I am simply saying this Senator does not disagree with the Senator from Montana as to the nature of the problem and how serious it is. There is no doubt about that. You would have to be a blind fool and an idiot not to understand that. Even Senators are bright enough to understand the difference between 5 and 15 percent. A lot of our constituents may not believe that, but we are. There is no doubt about it.

But prairie populism has been coming out of this Congress since we came back from the August recess. We have all kinds of bills and proposals that would be the immediate solution to the interest rate problem. So we write our constituents and go home and make speeches and say, "Hey, I put in a bill to restructure the Fed" or do this or do that. If the Banking Committee considered all of them and passed all 12 or 13 of them that are before us, it would not have one impact on interest rates. It is primarily a road show. It is show business, an attempt to convince our constituents that we are trying to do something about interest rates.

Madam President, the cosmetic solutions simply are not going to work. Last year, we saw the results of jawboning. It is rather interesting that the interest rate came down rather dramatically during the summer of an election year, to 12 from 20 percent. Right after the election, they went back to 20.5 percent.

That is my major criticism of Congress since I have been here, that we respond to emergency situations. We pass moratoriums; we do this and do that with the view of how do I look at home or how will it look in the next election, not what is the condition of the economy going to be 5 or 6 years from now. We do not set any policy around here. We do not look ahead. We do not plan. We want to make a good image at home. So we hold hearings on high interest rates that make us look good. We are going to have road shows across the country. Most of all, we are going to blame the Federal Reserve.

Madam President, as chairman of the Banking Committee, I have hardly been uncritical of the Federal Reserve. We held 7 days of most detailed hearings in April and May, the record just finally being printed last week, more than 2,000 pages. So when we hear that this has not been talked about, that nobody is saying anything, nobody is concerned, I say there is a very complete record that any of my colleagues is entitled to read, of testimony from most of the experts in this country, more than 2,000 pages of written record in great detail about the economy. Within a couple of weeks, we shall start additional hearings on specific legislation to attempt to deal with some of the structural problems.

In the meantime, Madam President, to try to kid the people of this country that all we have to do is do a little jawboning and tell Paul Volcker to lower the interest rates. If we are going to do that, we ought to save it for next year and do it just before election. If we do that, we can tell people, "Boy, it worked, Paul Volcker lowered the interest rates."

You just cannot arbitrarily order interest rates in this country. It does not work. You do not have to have a Ph. D. in economics to understand that. We cannot legislate interest rates. We cannot tell the President to go and consult and magically solve the problem.

Senator JOHN TOWER and I fought over 2 years not to have mandatory reserves. The amendment before us now wants to lower reserve requirements in member banks. I do not remember getting much support on this floor 2 years ago to lower the reserve requirements and make them voluntary and pay interest on the reserves so you do not have sterile reserves. No, some of the very ones who want this now were not there with JOHN TOWER and me 2 years ago when we argued for voluntary reserves with interest paid on them.

No, we passed a bill that mandated reserves for everybody, whether they were Federal Reserve members or not.

The Banking Committee in either House has not been unaware of the problem and has not been sitting back. But there is a more important principle that I oppose this resolution on. That is the independence of the Fed. Whether I agree or disagree with the Fed is not the major point. I happen to agree that their money policy has been erratic over the last 2 or 3 years. They are usually too late and too little with whatever they do.

No doubt about that. I believe we have had some poor management of the money supply.

The Federal Reserve Board was set up to be independent of politics, to be independent of the President, to be independent of Congress. Thank God they have been.

The first year I was on the Senate Banking Committee, as a freshman Senator, there was one Representative and one Senator who hauled Arthur Burns before the committees and said, "We want to force you. We have a bill that requires you to increase the money supply by 13 percent to 14 percent."

Arthur Burns sat there and said, "Now, Senator, you know better than that," as he chewed on his pipe.

If Congress had been able to get their fingers in the money supply at that time, 7 years ago, and mandate that kind of increase in the money supply, I would hate to think what the prime rate would be today; 40 percent? I do not know where would be.

The major reason—not the only reason, but the fundamental reason—for high interest rates is the fiscal policy of this country over several decades, through Republican and Democratic Presidents, through different Congresses, mostly Democratic—but that is neither here nor there.

The point is that we are talking about raising the debt ceiling—and that is the bill to which this amendment is applied—in excess of a trillion dollars. We are carrying a trillion dollars worth of debt. We are paying at the rate of more than $100 billion a year in interest on the national debt.

Just 19 years ago, in 1962, when John Kennedy was President, for the very first time we spent $100 billion in this country in 1 year to run the entire country. It took us about 7 years for the second $100 billion. It took us 3 or 4 more years for the third $100 billion. I have been in the Senate only 7 years. Gerald Ford proposed to this body a budget of $295 billion the first year I was here, and we passed about $318 billion. So in the term of one Senator, we have gone from passing the $300 billion mark to more than $700 billion. We are turning over more than one-third of the national debt yearly, at higher and higher interest rates.

I could go on and on talking about the fiscal policy of this country, and I believe people would see that the major cause of interest rates does not lie with the monetary policy. It lies with the fiscal policy.

Congress loves to find scapegoats for anything. If something goes well in the country, fine; we are out there getting press releases, making speeches, and taking credit for it. But when something is bad and people are yelling and screaming about it, we need to find a scapegoat, and the Fed is the scapegoat.

I am not happy with the way they have managed the money supply of this country; but to try to add fuel to the fire with the impresssion that all we have to do is jawbone the Fed and we are going to cause some significant impact on interest rates—let us quit kidding ourselves. Let us stop the demagoguery and the hoax on the American people and tell them to look at the fiscal policy.

When we take that independence away and we start running the monetary policy as well, as then, heaven forbid what will happen.

It reminds me of when I was mayor of Salt Lake City and needed a new fire chief. I did not go to the Utah State Prison and pick the No. 1 arsonist to be the head of the fire department.

So now what we are hearing is that the whole country is in disarray and the prime rate is 20 percent, everything is going to hell, and we are going to dump it all on the Fed, while we go merrily along, spending $50 billion or $60 billion a year more than we take in.

I do not care who the Chairman of the Federal Reserve Board is. It does not make any difference. Resurrect Marion Eccles of Utah, who was considered to be a great chairman under Franklin Roosevelt. As long as Congress spends $50 billion or $60 billion a year more than we take in, the Fed has to monetize that debt. It does not matter what their philosophy is. They have to monetize that debt. Even if we balance the budget so that we start reducing that debt, it crowds out available money in the private sector.

If you wonder why there is not sufficient mortgage money available, if you have Government competing, paying 16 or 17 percent on all Government instruments, to the tune of $50 billion or $60 billion more each year, and turning over $300 billion of the national debt, is it any wonder that interest rates are going up?

It does not matter what the product is. If you have a shortage of it, the cost will go up. We have a shortage of money in the private capital markets, created primarily by the competition of Government financing of the debt.

The major reason for high interest rates is the irresponsible, unconscionable fiscal policy of the Congress of the United States over several decades. Both Republicans and Democrats have participated in that.

Now we are hearing that the President's program has not worked. Maybe it will not; I do not know; but it has not started. It will not start for a couple of days.

It is like an ad in the Washington Post: A young fellow is praying for patience and saying, "I want it right now." Or, it is like the other fellow who is griping that his house is not cool yet. He bought a new air-conditioner. It does not matter that it has not been installed. His house is not cool yet.

So the press and everybody else is jumping on the President's program before it has a chance to work. Maybe they do not want it to work. They want a self-fulfilling prophecy: Ha, ha, it did not work. Do not worry about the condition of the country. Let us just see who is elected or who is not.

The principle that the Federal Reserve Board, regardless of what they do, is independent of the Congress of the United States, is worth defending.

If anything, the Senator from Montana understates the problem of high interest rates. But to assume that trying to jawbone the Fed is the answer to the problem, until we get hold of our problem on the fiscal side, dose not make a great deal of sense to me.

As to those critics who are constantly harping that the President's program has not worked, whatever it is, it certainly will be better than if we continued with the 1981–82 budget. It is a fact that we cut $41 billion out of the 1981 budget and $32 billion out of the 1982 budget. If we still had the previous administration, we would be spending $50 billion more than we are. Where would the prime rate be then? What would the markets in Wall Street be saying if we spent $50 billion more?

I believe there needs to be a little jawboning of the markets, the financial markets of this country, or Wall Street, whatever that means; because none of them anticipated—this Congress and this Senator would not have believed—last January that we would be able to cut $51 billion out of the 1981–82 budget. We would have laughed and giggled and said, "If you believe that, you believe in the tooth fairy."

Many business people in the markets said, "Just cut expenditures and give us a tax cut, and we will respond." They were willing to respond to a lot lower level than they received. I suggest that there should be a little jawboning there, too, with some of these people, because I believe a good deal of greed is involved there—the desire to make a few bucks.

It reminds me of the oil companies 3 years ago, when we were having gasoline lines all over the country, and they had the stupidity to raise the retail price of gasoline on the Fourth of July weekend. Talk about shortsighted stupidity.

We are seeing a good deal of that in the markets now, while the interest rates are up—"Let's keep them up a while and make a few extra bucks, because they are eventually going to come down."

Let us look at the cause realistically: The majority of the problem lies in this body and at the other end of the Capitol, many years before most of us were here. It is not that the reason or a good part of the reason is the Federal Reserve and that all we have to do is instruct the President to jawbone them and it will be corrected.

Nobody in this body wants interest rates lowered more than does the chairman of the Banking Committee, but I am not interested in shortsighted, temporary solutions that will not work. We would have been better off last year not to have had that precipitate drop in interest rates over a very short period of weeks, only to rise again to an even higher level.

An artificial drop in interest rates now, through jawboning or whatever you can do, may last for a brief period of time, and they will be back at a higher level than before.

So I appeal to this body to defeat this amendment and start looking beyond particular days, months, years, and elections, start trying to look down the road farther and ask, "What do we want the condition of this economy to be in the future?"

We went through a housing crisis in 1974. I could enumerate many of them over the years. We feel good when crises are alleviated for a while, but then they come back over and over again.

It is time we started taking a longer look at the problem rather than trying to look good at home with shortsighted cosmetic solution, and it is time we recognize, whatever we think of the Fed, it is important that they maintain their independence away from the political influence of the President or Congress.

Again, if we turn the monetary policy of this country over to those who created the fiscal policy over these decades, 20 percent prime would seem like a very good low rate of interest.

Mr. PROXMIRE. Madam President, I understand the pending amendment is the Melcher amendment on the Federal Reserve; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. PROXMIRE. Madam President, I rise in opposition to this amendment. I cannot think of anything that is more futile than for us to call on President Reagan to sit down with the Chairman of the Federal Reserve Board and try to jawbone him into a policy that would reduce interest rates.

There is no way that Chairman Volcker can act as Chairman of the Federal Reserve Board now under present circumstances that will not in the long run either increase interest rates or result in a terrific inflationary effect.

I think we fail to recognize that if there is one economic policy for which Congress has complete and total responsibility it is monetary policy.

Article I, section I, subparagraph (8) of the Constitution states that Congress shall coin money and regulate the value thereof. That is all the Constitution says about the money power, but it is enough. It says that Congress shall have that power, not the executive, not the Supreme Court; Congress. It is up to us.

That independence is an independence not of Congress. The Federal Reserve Board is our creature. We can abolish the Fed, recreate it, direct them with resolutions, or do whatever we wish. But the executive is something else. The executive does not have power over the Federal Reserve Board.

This is an independence that is of the greatest importance. It is an independence which without it the executive could require, and I suppose there have been times in the past when the executive has been tempted to do so, the Fed to buy all of the national debt.

In fact, we had some people in the past propose that the Fed do exactly that.

At any rate, if anyone in Congress wishes to know why interest rates are high he should look in the mirror. It is our fault. It is our fault when we are the ones who increase this national debt.

Last year, 1980, out of every $100 of new savings, $17 was absorbed to fund the deficit, another $17 was absorbed to fund off-budget borrowing of the Federal Government. In other words, one-third of all of the new savings was absorbed by actions of the Federal Government.

Without that, instead of having the private sector have 67 percent of new savings available, they would have had 100 percent if we balanced the budget and had no net off-budget borrowing. In other words, we could have had an increase of 50 percent in funds available if we had a balance in our fiscal policy and in our guaranteed policy, and so forth.

So if there is any remedy for high interest rates, that remedy should come from a saner fiscal policy.

Madam President, I think the greatest irony is the fact that this amendment is on an increase in the debt limit that pushes the debt limit, as I understand it, from $985 billion to $1 trillion, $75 billion, or $79 billion.

That is the reason for the increase in the interest rates. That is the reason because, of course, the public sees this, and the investor sees this and they expect that Congress is preparing and the executive that recommended this increase are preparing for an enormous new invasion of the credit markets by the Federal Government on top of the fact that we have already $1 trillion national debt now and have to fund that national debt every year because it has an average maturity of less than a year.

So, I do hope that the Senate will reject this amendment. I hope it will consider another amendment which I will offer later which will reduce the increase in the debt limit and will put us in the posture of committing ourselves to a balanced fiscal policy.

It may be we have to do several very painful things. We may have to cut spending further, which is extremely difficult to do on any count. Certainly social spending has been reduced painfully.

We all recognize how important our responsibility is for a strong defense, and that is a responsibility we must meet.

It may be we have to increase taxes on consumption somehow.

At any rate we have to find a combination that is very difficult for us to do, but we have to do it. We have to find a responsible way to put our Government borrowing into balance and make it possible for the private sector to have the funds available to meet its needs.

There is one other action we could take, of course, and that is to provide even sharper incentives than we have for savings. We did provide some incentive in an all-saver amendment that has all kinds of faults in it but it is probably somewhat better than nothing. Instead of providing for that kind of limited incentive for savings, we could consider providing an exemption for the first $5,000 saved until it is expended, and we would find that we would have to, under those circumstances, of course, find a substitute imposition of a tax on consumption. It would be difficult, of course, to make that tax progressive but some people have suggested we could do that to bring in the revenues we need.

Recently Walter Heller appeared before the Joint Economic Committee and in the course of that appearance he recommended consumption tax that would be progressive. It is very hard to design that. It may be too complicated, but it is a challenge that I hope the Finance Committee and Congress will consider because we should do all we can to encourage savings if we are going to bring interest rates under control, and we also have to do our best to bring our fiscal policy into balance. The logical way to do that would be to tax consumption, spending, and tax it as progressively as possible and not tax savings.

Madam President, once again I do hope that this amendment is not adopted, and I yield the floor.

Mr. SARBANES. Madam President, I rise in support of the amendment offered by the able and distinguished Senator from Montana.

First, I commend him for the very reasoned approach which he has taken. Contrary to the assertions which have been made in this Chamber, this amendment is not an effort on the part of Congress to dictate what the monetary policy should be.

This is an effort on the part of Congress to require the administration and the President himself to recognize the crisis which exists in the interest-rate-sensitive sectors of the economy, and to undertake consultation with the Board of Governors of the Federal Reserve System for the purpose of modifying the Board's policy in order to obtain more reasonable interest rates.

The rigid policy which the Federal Reserve has been pursuing is having enormously undesirable practical consequences. High interest rates are impacting in a way that I submit is entirely counterproductive. The interest rates themselves, rather than bringing inflation under control, which is ostensibly their purpose, are in fact contributing to the problem. They are doing this in a number of significant respects, and we ought to recognize that.

First of all, the high interest rates are themselves reflected in higher costs and, therefore, become a significant factor in the rising cost of living.

Consider the 15-precent annual jump in the CPI that took place the month before last, and the 10½ percent which took place last month. If one goes into the various components of the CPI, the blame for those high jumps come right back to the housing sector and right back to the interest rates.

To the extent that the affected sectors of the economy can continue to function at all, these high interest rates are being fed into the costs and, therefore, are being reflected in the Consumer Price Index. As a consequence, they are contributing to the very inflation which ostensibly they are designed to bring under control.

Secondly, the point has been made about concern over the deficit, and that is a legitimate concern. But again the high interest rates are contributing to that problem.

First of all, they have enormously increased the carrying charge on the existing Federal debt, far beyond any projections which even the administration itself had made, so that those costs have been greatly escalated as part of the Federal budget.

Secondly, and more importantly, in my judgment, the high interest rates are provoking a recession, in fact a near depression, in certain sectors of the economy.

As a consequence, people who have been working, who are wage earners and taxpayers and are therefore paying money into the Treasury, are laid off, cease to hold jobs, become idle and start drawing support payments out of the Treasury.

So there is a double impact on the deficit. Workers who love their jobs cease to be taxpayers contributing their fair share of revenues to the Federal, State, and local governments, and to compound the matter, having been laid off, they become idle, start drawing support payments out of the Treasury.

The Melcher amendment calls on the President to enter into consultations with the Federal Reserve. The interest rate situation which is provoking this crisis must be addressed. If the economy is to move in a reasonable fashion, monetary policy must be integrated into an overall balanced economic policy in order to give people an opportunity to function. To provoke a near depression in homebuilding and housing and the real estate sector, in the auto industry, in small business, and many small farmers who simply cannot handle the high interest rate charges is a foolish policy.

No one is suggesting that the Fed should adopt a policy which would constitute "opening the floodgates." But the Fed has got to address the situation. It is reasonable to call on the administration to consult with them about it, to get the situation into a perspective where the small business sector, in particular, is able to function.

The people who are being driven to the wall are not the marginal operators. These are some of the most effective and efficient producers in their particular lines of activity.

Madam President, during the week of August 31 through September 4, the Subcommittee on Investment, Jobs and Prices of the Joint Economic Committee, under my chairmanship, conducted six hearings throughout the State of Maryland to investigate the effect of today's high interest rate policy on local communities and local businesses in the State. The subcommittee heard from 85 witnesses who represented major interest-sensitive sectors of the Maryland economy, including farmers, auto dealers, homebuilders, realtors, small business men and women, administrators of some of our local financial institutions, and officials of the State government and of various local governments.

In my view, and I believe is the view of both of those who participated in and those who attended the hearings, they were extraordinarily informative. At every hearing witnesses described in detail the immediate, practical consequences for their own communities, families and businesses of the current unprecedented level of interest rates. In every instance their testimony underscored the seriousness of the distortions and the urgency of the problems which high interest rates have created.

It is no exaggeration, Madam President, to say that the problems created by continuing high interest rates are approaching crisis proportions. The situation this year, with the prime rate remaining over 17.5 percent, is unparalleled. In the last 12 months, the prime rate has been as high as 21.5 percent. Today it is still 19½ percent. The mortgage rate at many financial institutions is over 18 percent, the highest it has ever been.

The interest rate on tax-free municipal bonds is now over 13 percent, twice what local governments had to pay only 2 years ago. These rates have created grave obstacles to the operations of many established and productive enterprises, particularly in those sectors of the economy which depend upon a line of credit. The damage thus far is extraordinarily severe and, if conditions are not soon improved, will be irreparable. Enterprises which have been important economic assets to their respective communities, important economic resources, will be lost.

In the six separate hearings conducted by the subcommittee in Maryland, certain themes recurred concerning the severe challenge of high interest rates—a challenge which the witnesses who testified know best since they face it daily in their own economic activities. I would like to summarize some of the findings developed in those hearings.

First, the high interest rates, ostensibly designed to check inflation, themselves have become an important contributing factor to inflation. In housing, the availability of an assumable loan or some form of creative owner financing, which brings down the cost of financing a home, is almost always reflected in a higher price for that home. Farmers testified repeatedly that they have no choice but to pass on the high cost of credit to consumers in the form of higher prices. Small businessmen, homebuilders, auto dealers, and others expressed the same view.

The effect of high interest rates on housing prices is especially onerous becaues it shows up directly in the CPI. Virtually every realtor who testified confirmed the fact that homes with some form of owner financing or assumable loan at below market interest rates will sell at a premium over houses with no special financing. The reason is simple—if an owner is providing financing at a deep discount from market rates, he will try to make up the money lost on the financing by charging a higher price for his home. And he knows he will get it, because the interest rate on financing often makes a critical difference to a family's ability to purchase a home. As one realtor pointed out, two identical houses next to each other could carry prices that are thousands of dollars apart, if one has special financing and the other does not.

High interest rates are also forcing up the price of new homes. Many builders, in the current market, will buy down the interest rate charged by a mortgage lender for 1 to 3 years in order to make it possible for potential buyers to qualify.

For example, one builder testified that to buy down a loan from 17 to 14 percent on a $160,000 house would cost him almost $20,000 which he would have to pay the bank before receiving the loan commitment. As he pointed out, he must add this to the price of the home. Another builder testified that in 1979, the finance cost on a construction loan for $100,000 would come to $6,500. Today, at an interest rate of 17 percent, the total finance cost for a $100,000 house comes to $26,000, or a 400-percent increase. All this goes into the price of the house or comes out of the size or quality of the house.

The auto dealers gave similar testimony. First, as one pointed out, the reduced sales resulting from high interest rates means that the higher fixed costs per car must be passed on to consumers through higher prices.

One of the most important of these costs is the interest which dealers must pay to carry their car and parts inventories. A dealer testified that the amount of interest he has to pay to carry a car in inventory has risen to $214 per car for 1981, compared to only $85 per car for 1980. Another has seen the cost of carrying his inventory triple during the past year.

Interest expenses are now the number one item on the balance sheet for many auto dealers, according to a Silver Spring Oldsmobile dealer. For a long time, rent was his biggest expense. This was supplanted about 8 or 9 years ago by advertising. But during the past year, interest expense on inventory financing has become handsdown the largest expense for his dealership.

Second, high interest rates are a significant obstacle in two respects to the effort to reduce the Federal deficit. First of all, they increase the carrying charge on the existing debt, thereby raising expenditures. Further, and very importantly, high interest rates have provoked a recession in certain sectors of the economy, with the result that workers who are laid off cease to be taxpayers and begin instead to draw unemployment compensation from the Treasury. The consequence of the slowdown in economic activity caused by high interest rates is a double penalty imposed on the effort to balance the Federal budget.

For homebuilding, there is just no doubt that the industry is in a severe depression. Virtually every homebuilder who testified has had to reduce his work force. One subcontractor who had 250 skilled craftsmen on his payroll last year is now down to 18 employes. Another builder testified that the 50-percent decline in homebuilding in Anne Arundel County has cost 3,000 construction jobs.

Almost every auto dealer who testified indicated that one way in which he has adjusted to high interest rates is by reducing his operation and laying off workers. One Baltimore dealer reported that he has cut employment in his dealership by 50 percent. A dealer from Annapolis cut his work force by 40 percent, from 42 employees 18 months ago to 26 employees today. Other dealers have made similar cuts.

The depressing effect of high interest rates causes unemployment all through the auto production chain. As a dealer said, if he does not order cars from the factory, the factory cannot produce and production workers are laid off. In turn, the auto suppliers cut their operations and lay off their workers. These people, in turn, cannot afford to buy cars, which further depresses the market. It is a vicious circle.

These workers have been changed from productive taxpayers into drawers of unemployment insurance, because of high interest rates.

A third extremely important point is that the enterprises being affected in the small business sector—the auto dealers, farmers—the homebuilding industry, and realtors—are long established, effective, efficient economic endeavors. They simply cannot handle the situation with which they are being confronted.

It is not marginal businesses which are unable to cope with this situation—they fell by the wayside long ago. What is happening now is that long-established economic endeavors, recognized within their area of economic activity as being amongst the best in the business, are unable to work with current interest dates, are laying off employees, and in some instances have already closed down. We are seeing a tremendous weakening of the small business sector of our economy.

The situation is becoming virtually impossible today for even the best auto dealers. One told of a conversation with his banker, which started with his banker telling him he had the best operation in the State of Maryland and then telling him that the bank was pulling out of its arrangement for financing consumer purchases of his cars. Another, who last year was one of 70 dealers nationwide to win the Time Magazine's Quality Dealer Award and one of 26 imported car dealers to win Sports Illustrated's Dealer of Distinction Award, said "I am a good operator. But I cannot buck the interest rates that I am carrying now. I am paying 2 points over prime as of yesterday, or 22 percent," for carrying his automobile inventory.

The number of new car dealers in Maryland has declined to 375 from some 410 a year ago. Many of these were owned and operated by first-class businessmen who made important contributions to their local communities. They sold and serviced cars, they created jobs, they added to the local tax base, and they often helped run their local communities. Now, because of high interest rates, they are gradually going out of business, and we will all be worse off for it.

The same thing is happening in farming. Long-established farmers, who are widely recognized as being among the best in the business, are unable to work with current interest rates, are putting off investments and letting land lie fallow, and in some instances, are leaving farming. The only thing that has kept many farmers going, according to one from southern Maryland, is the fact that they love their land. Another, however, sees many foreclosures in the months ahead unless interest rates fall.

Fourth, current interest rates have created an absolute disincentive to investment. Businessmen and women, even in cases where they can continue to operate, now ask whether it makes good financial sense to do so when they can earn an immediate, greater return simply by investing their capital in money market funds. This striking disincentive to investment runs precisely counter to efforts to strengthen the national economy by promoting investment.

Small businessmen, auto dealers, farmers all testified that they would be better off putting their money into high-yield money-market certificates and certificates of deposit than making new productive investments in their businesses. Two Eastern Shore farmers testified that they would be financially better off putting their net worths into CD's than into their farms. A Baltimore small businessman gave a graphic example of how high interest rates are undermining the ability and willingness of businessmen to make investments that will improve their efficiency and productivity.

Fifth, at just the time when State and local government jurisdictions face sharp reductions in financial support from the Federal Government, they also face serious obstacle in the bond market. At present, they are obliged to pay rates above 13 percent and to shorten significantly the term of their bond issues. Important capital improvements are being deferred, to the detriment of the economic infrastructure of local communities.

In Annapolis, Governor Hughes testified that high interest rates have forced him to set up a panel to find postponable capital spending, hoping that the interest saved from a 1- or 2-year delay will more than offset the increased cost from inflation.

Many of our local governments, however, just do not have any flexibility. Charles Gilchrist, who is the Montgomery County Executive, testified that the increase in interest rates just this year will add $2 million in first year costs to an $85 million bond issue being contemplated for this winter and that they have, as a result, considered cutting back on their borrowing. But, as he says:

> To a great extent, that's impossible because we have planned carefully for the growth of our capital structure, and it would be impossible to limit it.
>
> But even in the limited extent that we can cut back our capital program, we are faced with a "Hobson's Choice," because the projects are needed, not only to meet health and safety costs, but also to meet the economic development goals which underwrite our tax base.

He pointed out, for example, that failing to improve the roads in the Shady Grove area—a high growth part of Montgomery County—would cost the county as much as $40 million in its tax base from foregone development.

Janet Hoffman, a major financial adviser for the city of Baltimore, had a similar story. The city is a very prudent borrower going to the market only once a year for $35 million and it has an improved credit rating. Nonetheless, she reports that the financing cost per million dollars has tripled as has the tax rate needed to meet the higher interest costs.

The dilemma which faces Baltimore faces virtually every city in the United States. Here is how Janet Hoffman summed it up:

> We know that our future as a city depends upon our ability to finance capital improvements. We do have a deteriorating infrastructure, and we do need capital improvements to continue to attract and retain investment. But as things now stand, we face decreased borrowing in purchase power terms, regardless of need. We face shorter maturities with an inequitable result, in terms of what generation is going to be paying for long-term improvements. And we face intolerably high interest costs.

Sixth, mortgage rates have eliminated all but 5 to 10 percent of American families from the housing market. With the notable exception of luxury and vacation homes, residential construction is almost at a standstill in Maryland. Today's mortgage rates impose a special hardship on those who must relocate for job reasons or who are in the military. The only families that can cope with the challenge of buying and selling a home under the pressure of time are those associated with large firms which can offer relocation assistance as a benefit of employment. In such cases, the firm takes over responsibility for the house when a move is required. The consequence of this is to place small business at an even greater disadvantage in relation to larger concerns.

Throughout the State of Maryland today, as well as throughout the rest of the country, the mortgage interest rate is above 18 percent. Realtors in every part of our State said that an 18-percent mortgage rate puts the median-priced home in their area out of reach for all but those with very high incomes.

For example, in Montgomery County where the median-priced home is now around $115,000, a 20-percent down payment would give a mortgage of $92,000 and at 17-percent interest a monthly payment of $1,430. To qualify, a family would have to have an income of $61,300. By contrast, with an interest rate of 12 percent, the monthly payment would be $1,065 and the required income would be $46,000. That is $15,000 in annual income just to qualify for the same house at the higher interest rate. Only a small fraction of the Montgomery County families have an income over $61,000. All the rest are priced out of the market.

There is one aberration in the housing market that I want particularly to underscore—a disturbing trend toward a two-tiered economy. One lumber dealer on the Eastern Shore of Maryland, where there are virtually no homes being built for lower- or middle-income people, testified that there continues to be a boom in vacation and luxury homes. These are the only lumber sales he is making. We risk a situation in which homeowning becomes the prerogative of those at the very upper end of the income scale rather than a goal to which most Americans can aspire.

Seventh, it is impossible for a young person to take up farming unless, in the words of numerous witnesses, he inherits or marries into it. There was general agreement among farmer witnesses that investment in farm equipment is being deferred, with obvious adverse affects where productivity is concerned.

The discouraging impact of high interest rates on young farmers is illustrated by the following example provided by one farmer. At last year's interest rate—9¾ percent—a farm purchased with a $200,000 mortgage for 30 years would have a monthly payment of $1,718; at today's interest rate, the monthly payment is $2,212, an increase of $494 per month. Over the 30-year life of the loan, total payments at last year's rate would have amounted to $618,000. Under today's interest rate, total payment would come to $796,000, an increase of $178,000. This has made it virtually impossible for young people to get into farming today.

In addition, the high cost of borrowing is forcing many farmers to postpone productive investments, which will cost consumers dearly as the efficiency of our agricultural sector gradually deteriorates. As a farmer from southern Maryland told the subcommittee, patching up old machinery to make it go another year just is not an efficient way to operate. It adds to down time, idles labor, and if time runs out on broken equipment, "you can lose a crop."

The purchase of farm equipment is obviously being deferred even though the farmer calculates that the addition of such equpment will make him a more effective and efficient producer, thereby increasing his productivity. Yet when he confronts the high interest rates that are associated with acquiring the equipment, he is simply not able to go forward. In fact, one Eastern Shore farm equipment dealer said that with today's interest rates, he could not in good conscience advise his customers to purchase new equipment, even though he currently has over half a million dollars in inventory on which he is paying a carrying charge of as much as 24 percent.

These are only some of the more serious and striking distortions in business and community patterns which were brought out during the course of these hearings. It is clear that unless interest rates are brought down to a level where productive enterprises can carry on their businesses, our economy is going to lose a whole range of economic enterprises of proven efficiency and productivity. The witnesses we heard from were invariably the leading business people in their fields; these were people who have been productive and effective economic contributors for a sustained period of time.

The message from all of them was that they clearly cannot handle the situation with which they are now confronted. The hearings underscore the enormous importance of addressing this interest rate problem and urging a prompt change in policy.

Madam President, last Friday the Joint Economic Committee heard from a representative sample of Maryland witnesses about the extraordinarily severe impact of the high interest rates upon long established and highly productive economic enterprises. I ask unanimous consent that a Washington Post article reporting on that hearing be included at this point in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Owners Say Rates Force Closings of Small Maryland Firms

(By Jane Seaberry)

High interest rates are forcing hundreds of small businesses to shut down in Maryland, five state business officials told a congressional committee yesterday.

"It's not our fault," said Martin Poretsky of Poretsky and Starr Inc., a Bethesda builder. He said soon the only two kinds of home builders left will be broke and out of business, and "you're talking about established, well-managed firms."

The 1980s was supposed to be the decade of housing demand because the Baby Boom generation was of prime home-buying age, Poretsky said. But, instead, "We are in a crisis."

Poretsky and other owners of small businesses testified before the Joint Economic Committee on how high interest rates are affecting them. Sen. Paul Sarbanes (D-Md.) said "the problems created by continuing high interest rates are approaching crisis proportions."

Sarbanes said in written testimony that a Silver Spring Oldsmobile dealer told him that interest expenses have surpassed rent and advertising as the largest item on the balance sheet for many car dealers. The cost of keeping a car in a dealer's inventory has risen from $85 last year to $214 because of the interest costs, Sarbanes said.

Bill Cairns, owner of Bill Cairns Pontiac, said four years ago he made plans to build a new showroom in Marlow Heights and had a commitment for a loan at 9½ percent. The project was delayed and couldn't begin until last year, but then the banker backed out of his loan commitment, Cairns said. Cairns then got another loan, but the interest rates are strangling him financially, he said.

"During the last 10 months, I paid $1 million in interest alone," Cairns said. "That's a staggering figure. That's about twice what I should have paid, without a doubt."

R. Hursey Porter, president of the Maryland Association of Realtors, said the real estate industry is reaching a crisis stage because of high interest rates. He said more than 70 percent of sales by his company used creative financing rather than conventional mortgages. Sales have been off in the past two years by about one-third.

The problem of selling a home is even harder for those who are forced from their jobs.

Poretsky said rates are so high that "neither a senator nor congressman nor the governor of Maryland could afford a $90,000 town house" in the Maryland suburbs with current mortgage interest rates hovering between 17 percent and 18 percent.

"What benefit is being derived from the ruinations of business?" Poretsky asked.

Earlier, Murray L. Weidenbaum, chairman of the President's Council of Economic Advisers, defended the president's new proposed budget cuts and added that high interest rates aren't all bad. People who have invested money in interest-bearing instruments are benefitting from the rates, Weidenbaum said.

He defended proposed cuts in social programs, saying "we have in effect launched the largest and most effective antipoverty program." He said the Reagan administration program has produced private-sector jobs "and not make-work jobs."

Mr. **PROXMIRE**. Madam President, will the distinguished Senator from Maryland yield?

Mr. **SARBANES**. Surely.

Mr. **PROXMIRE**. Madam President. I have great respect for the Senator from Maryland. He is not only an outstanding Senator but also a brilliant economist. I think few people realize that he served on the Council of Economic Advisers, and served with great distinction. He also has a very fine academic background and a fine record in the House and in the Senate.

But I am very puzzled about his remarks on this matter. I think all of us realize he is dead right in saying that high interest rates are the cruel cutting edge of inflation. They are the No. 1 issue I have encountered in my State, along with social security. It certainly is having a devastating effect, as the Senator says so well, on homebuilders, farmers, the auto industry, and it is contributing to our deficit, some $82.5 billion or more in interest costs that are adding to the deficit.

But with all that, however, I did not get the Senator from Maryland's prescription as to what the Federal Reserve can do about it that President Reagan can tell them.

I am told that Secretary Regan, the Secretary of the Treasury, and Chairman Volcker frequently meet and talk. That was the testimony of both Volcker and Regan before the committees of Congress. They understand each other's views.

I would like to hear from my good friend from Maryland, who, as I say, is a brilliant man and outstanding economist and who has had a great deal of experience in this area, what he thinks the Federal Reserve Board specifically can do. He said, "Do not open the floodgates," and he and I agree on that. If they are not going to provide for monetizing the national debt—and I take it that is what he means by not opening the floodgates, not going to buy up the national debt substantially—what can they do that would be something substantial and reasonably permanent to bring interest rates down when we have the kind of deficit we have and we face the kind of deficits we face in the future?

Mr. **SARBANES**. Madam President, let me respond to the Senator in the following fashion. First of all, the Senator alluded to the fact that Secretary of the Treasury Regan consults with Chairman of the Federal Reserve Volcker. I simply want to say to the distinguished Senator from Wisconsin that it is my perception that if the Secretary of the Treasury has his way with respect to financial policy in this country, there may not be a small business sector left in the American economy.

Now that to some extent is a side issue to what we are addressing here today, but I simply want to underscore my very deep concern about the direction with respect to the structure of the American economy in which the Secretary of the Treasury would have this country move.

On the direct question, the Senator from Wisconsin earlier himself alluded to the testimony of Walter Heller before the Joint Economic Committee. In the course of that testimony Walter Heller said the following, and I am now quoting:

> The Fed itself should now be in a position to show a little self-restraint in pushing for further monetary restraint. Granted it is mighty hard to read the money supply tea leaves (one of the inherent defects of monetarism). But with M1B (both adjusted and unadjusted) running below the Fed's targets (even with M2 running a bit above), there seems to be some technical leeway for a bit of relief. Also with overall economic activity relatively sluggish, and with favorable breaks on the inflation front (oil, food and housing prices and import prices being the main case in point) some letup in Federal credit stringency is now in order. This would not relieve us of the basic contradiction in Reaganomics, but would allow some easing of interest rates in the short run.

I submit there is a wide area between the rigid inflexible posture which the Fed has taken and the "opening of the floodgates" where reasonable consultation can take place between the administration and the Federal Reserve to lead to a more moderate and accommodating Fed policy which will enable interest-sensitive industries to function. They are against the wall today.

Simply to say to them, "Well, you are going to have to wait; one day, somehow, some day, it is going to turn out all right" is not an adequate response to very productive enterprises which have made a substantial and continuing contribution to the economy of this Nation. They just cannot cope with the present situation. The record is replete with reports to that effect.

Now, we have the statement of Dr. Heller, one of our most distinguished economists, which recognizes some room for the Fed to accommodate.

The Melcher amendment does not stipulate what the policy should be. It calls upon the President to engage in consultation and thereby underscore the urgency of the situation. I commend the Senator from Montana for bringing forth this proposition and for the reasoned proposal which he has put before the Senate.

Mr. **PROXMIRE**. If the Senator will yield just a little bit further, and I apologize for detaining him. But the distinguished Senator said that the Treasury Secretary Regan has advocated policies that could have a perverse and unfortunate effect on small business. That was in response to my calling attention to the fact that Secretary of the Treasury and the Chairman of the Federal Reserve Board have talked, have communications and understand each other.

I cannot, for the life of me, understand how he can expect President Reagan, who is the man who appointed Treasury Secretary Regan, takes his advice from Treasury Secretary Regan, works closely with Treasury Secretary Regan to give Chairman Volcker any different advice. Furthermore, it is hard for me to understand why the Senator puts so much stock in the notion that there could be some easing of interest rates in the short run if the Federal Reserve would follow the suggestions of Walter Heller, for whom I also have great regard and certainly whom I have brought up myself.

The fundamental problem here—and I think it should be very clear—is that the American investors simply do not believe we have a handle on inflation or a handle on interest rate policy. They can see it on this particular bill. We are not discussing the Melcher amendment as a separate piece of legislation. It goes on a bill which would increase the debt limit by tens of billions of dollars, paving the way during the next year for further deficit financing and, in the process, means that the Federal Government would be involved in invading the credit markets, soaking up available credit and driving interest rates even higher.

Under these circumstances, President Reagan has spoken out frequently in favor of a restrained monetary policy, and one of his principal advisers, the Chairman of the Council of Economic Advisers, Murray Weidenbaum, has pointed out that that is the principal, anti-inflation posture. To call on President Reagan to discuss with Paul Volcker to have an easier monetary policy, which might possibly, marginally ease interest rates for a little bit, seems to me to be a policy which ignores the fundamental problem which, as I say, is one that we confront today and which we should confront by taking a very deep, skeptical look at it.

And I am going to try to amend the budget resolution to bring down the enormous increase which has been proposed here, which obviously is paving the way for further very heavy Government deficits.

Mr. SARBANES. Let me simply say to the Senator, first of all that getting interest rates down to a more reasonable level would not contribute to inflation. It is my assertion that it would help to check inflation.

Mr. PROXMIRE. Of course it would. We do not argue about that. It is how we do it.

Mr. SARBANES. I am glad to have that concession from the Senator, because, obviously, that is an important judgment to make.

The high interest rates are actually boosting the cost of living, contributing to the inflation. They boost the cost of carrying the debt, contribute to the deficit, and throw people out of work, the most nonproductive consequence of Federal policy that I can imagine.

The distinguished Senator from Wisconsin cited Walter Heller earlier in the course of making one of his points. That is, of course, why I made reference to one of the approaches which former Chairman of the Council of Economic Advisers Heller had proposed.

Madam President, I ask unanimous consent to have printed in the RECORD Dr. Heller's very perceptive statement about the damaging impacts and the high cost of the currently very high interest rates upon the economy.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF DR. HELLER

Among the damaging impacts and high costs of our towering interest rates, one should bear in mind the following:

Impact on level of economic activity: the most obvious impact of unrelenting monetary restriction is the suppression of economic expansion. In a sense, it is hard to blame the Fed for this. The Reagan Administration has no anti-inflationary program of its own (except for some long-run impacts of deregulation and investment stimulus). In fact, it has a pro-inflationary fiscal program. The job of curbing inflation and in the process taking the zip out of economic expansion, is assigned to the Fed.

The impact on investment: the conflict between fiscal and monetary policy is typified even more sharply in the area of business investment. The most generous tax breaks for savings and investment in U.S. history—and probably the most liberal tax treatment of investment in the industrial world—show no signs of being able to overcome the stultifying effect of high interest rates in 1981–82. The recent Department of Commerce survey, confirmed by the Conference Board surevy, shows business fixed investment flat in real terms for 1981–82.

The impact on housing and autos: the brutal blow to these industries is so well documented as to require no comment.

The impact on thrift institutions, small and medium business, and state-local governments: here again, forced mergers of savings and loan companies, a rising tide of bankruptcies, and shattering impacts on state-local borrowing are all too apparent.

Impacts on foreign economies: our high interest rates are forcing restrictive policies on our trading partners that account in significant part for their stagnant economies. The LDC's are also finding the refinancing of their dollar debts a grievous burden.

Impact on cost inflation: as monetary policy pushes money costs to business and home buyers into the 14–25 percent range, one cannot ignore the fact that its role in damping down demand inflation (which, incidentally, has not been our problem since 1979) comes at an ever-increasing price of higher cost inflation. The rise in net interest burdens of non-financial corporations is one case in point: From an average of $40 billion a year in 1976–79, that burden rose to $56 billion in 1980 and was running at a rate of $62 billion in the first half of 1981. (One might note that this huge debt burden tends to give business a vested interest in inflation—a sudden drop in price advances in the face of soaring fixed charges on business debt would put a tremendous squeeze on profit margins. What we are witnessing is a transfer of the risks of inflation from the lender to the borrower.) The other case in point is that of mortgage financing costs—now exceeding 18 percent—which have a magnified impact on the consumer price index.

Impact on the budget: interest costs are the fastest-rising and least-controllable major component of the federal budget. As against an 11 percent rate of increase in the budget as a whole, and 15 percent for transfer payments, interest costs have been rising at an annual rate of 19 percent in the past decade. For fiscal years 1981 and 1982, ballooning interest rates represent a significant part of the ballooning deficits that are leading to such intense pressure for budget cuts.

It is already apparent that super-high interest rates operate with sharply differential impacts on various segments of the economy. It is worthy of special note that there is a fairly systematic bias as between the economically strong businesses and individuals that can in good part shield themselves (or actually profit) from high interest rates and the economically weak units that bear the brunt.

As CBO puts it in its September 10, 1981, Report (page 33):

"For business firms and individuals in high income-tax brackets, real after-tax interest rates may not have risen sufficiently to dampen their business activities severely. The impact varies greatly, however, depending on the tax situation. For business firms that have little or no profits, the real costs of borrowing are significantly higher."

Even more patently, high interest rates form a part of a pattern of shifting burdens from the upper to the lower income groups that is now in process. Granted, high interest rates stack the deck against the poor and near-poor in somewhat more subtle ways than denying them net tax cuts (while conferring generous tax cuts and lavish "tax expenditures" on the well-to-do) and cutting CETA, food stamps, Medicaid and the like. First, they are hurt as net debtors or would-be debtors who want to buy a car or house. Second, they will be the primary targets of further budget cuts required to offset the unanticipated rise in interest on the public debt ($5 billion or more in fiscal 1982 alone). And third, monetary restriction used as a more traditional anti-inflation instrument to curb inflation by slack and slow growth will put those at the bottom of the unemployment ladder once more into the front lines of our defenses against inflation.

And it should be recognized that the cutbacks in social programs arising out of the grinding combination of excessive tax cuts, big defense boosts, and high interest rates are not just a human issue but an economic issue. Diminished investment in infrastructure, in health, safety, education, training and research, ignores the true secret weapon of 20th Century American economic growth, namely, investment in human capital. The recent Conference Board Colloquium on Alternatives for Economic Policy—while agreeing on the necessity of budgetary trimming, deregulation, and stimulation of business capital formation—returned to this theme again and again. As the report on the Colloquium, U.S. Economic Policy Issues for the 1980's, stated:

"A pervasive feeling, running through the record of the Colloquium, is that the issues of human capital in the United States have received much too little attention for much too long a time." There was deep concern with the problem of putting "more emphasis on human capital development as a necessary complement to measures to encourage more physical capital investment." All told, Reaganomics has been moving in the opposite direction.

Mr. PROXMIRE. Madam President, let me just say very briefly, in response, that I have great respect for the Senator from Maryland. But he and I do not agree on what the high interest rates are doing to this country. We both deplore them. We are both against them. We both recognize they are wrong. We both recognize they are deepening the deficit and they are making it impossible for homebuilders, farmers, and auto dealers and others. They are draining the economy and creating unemployment. The question is what we do about them.

In my view, it will do absolutely no good at all to mandate President Reagan to talk to the Chairman of the Federal

Reserve Board about it or try to jawbone him on it. President Reagan can do this if he wants to. He will do it if he wants to. I do not believe any amendment or resolution passed by Congress can hardly dictate what the President of the United States is going to do.

There is something Congress can do and can do on this particular bill, however, and that is to reduce the debt limit that has been set in the bill, which is tens of billions of dollars higher than it needs to be.

If we really mean business about having an anti-inflation policy, an anti-high-interest rate policy, the way to do it is to cut Government spending. The way to do it is to balance the budget, if necessary, by taking on some painful tax increases in the consumption area.

If we do not do this, talks between the President and the Chairman of the Federal Reserve Board or between the Secretary of Treasury and the Federal Reserve Board or even between Congress and the Federal Reserve Board are not going to help.

I think if PAUL SARBANES, brilliant as he is, was Chairman of the Federal Reserve Board now, under the present situation he would have no alternative but to follow roughly the policy that is being followed by Chairman Volcker. He might be able to provide a somewhat easier situation, maybe a point or two or half a percentage point in the discount rate. It might be lowered. There might be somewhat more accommodating policy of the open market activities in buying Federal securities. There might be a marginal change in that direction.

But the only fundamental difference could come if Congress itself—this body—stands up to its responsibility, and, at long last, after 20 years of virtually unbroken deficits, insists on not just talking about balancing a budget 3 or 4 years from now, but mandates action on this debt limit bill that requires Congress to bring the spending and revenues of this Government under control and do it promptly, do it clearly, and do it decisively.

We can do it, and we can do it on this bill. For us to try to do it by conversation between a couple of executives, it seems to me, is ducking the point. It will not have a permanent, it will not have a significant, and it will not have a genuine effect on the level of interest rates.

Madam President, I yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Traditionally, the Federal Reserve has been very much guided by the position taken by the executive branch of the Government. I think this resolution, offered by the distinguished Senator from Montana, pinpoints that past guidance. The Fed is independent, but it has looked for signals from the executive branch.

It seems to me that this resolution is saying in effect that the President ought to send the Fed a different signal than the administration has been communicating to them. We have a prime rate that has not fallen below 17.5 percent this year, and has gone as high as 21 percent; the mortgage rate in many financial institutions is over 18 percent, the highest it has ever been; the interest rate on tax-free municipal bonds is now over 11 percent, twice what local governments had to pay only 4 years ago. This extraordinarily high interest rate is impacting upon the economy in a completely counterproductive fashion.

It is my view that the Fed could moderate its policy and that that moderation, in fact, would contribute to the fight on inflation. Currently extremely high interest rates are giving a push to inflation and a push to a larger deficit. A more reasonable policy, far short of opening the floodgates, but enabling the homebuilding sector, the auto dealers, small business people, small farmers, watermen—all of those sectors which are so heavily dependent upon a reasonable interest rate policy—to resume a normal level of activity, or something at least approximately that, would help to get the economy on a better keel. Right now they are fighting an absolute survival action. It would cut down on the cost of inflation. It would put people to work, thereby making them taxpayers again. It would ease the cost of carrying the debt. It would get the economy moving in a more productive and efficient direction. That, it seems to me, is the thrust of this resolution and it is why I support it.

The time is now. There are sectors of the economy which simply cannot withstand what is happening.

The PRESIDING OFFICER. Who yields time?

Mr. SASSER. Will the Senator from Maryland yield?

Mr. SARBANES. I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. SASSER. Madam President, I rise to support the amendment of my distinguished colleague from Montana (Mr. MELCHER). Senator MELCHER's amendment continues my concern that high interest rates are, indeed, starting to unravel this Nation's economy. If we do not have some relief from these high interest rates soon, our economy is going to continue to nosedive and our efforts to balance the budget will come to naught. Any talk of an economic recovery in this country is just that—talk.

Madam President, I have been a critic of high interest rates under both the Carter administration and during the administration of President Reagan. I was the first Senator to offer a resolution to the U.S. Senate to have appropriate congressional committees and the Federal Reserve Board look into the feasibility of having a "dual prime rate" that would provide lower cost credit to those sectors of the economy that have been devastated with high interest rates.

Housing production is at an alltime low. The annual rate of sales of existing homes has dropped from 4 million units in November 1978 to 2.2 million in August of 1981. Average mortgage rates are at least 17 percent in many areas of the country. One-third of this Nation's homebuilders have already left the industry.

The chief economist of the National Association of Homebuilders is urging many others to do the same because they simply cannot make ends meet in the homebuilding business.

The housing industry is currently suffering from the deepest recession in its postwar history. Housing starts are at an annual current rate now of 937,000 and are expected to average only 1.2 million units for 1981, virtually the same as last year.

We expect only 1.5 million housing starts in 1982, and 1.8 million starts in 1983.

Since the underlying demand for replacement and new housing is about 2 million units per year, housing supply is expected to continue far below the underlying housing demand. The implication is for housing to be in short supply throughout the 1980's as industry capacity will not be able to both supply the growing needs of expected demographic demands and the leftover unsupplied demands of the current housing recession. This will only add to future increases in housing prices and rents, and increased upward pressure on the long-term rate of inflation.

Well, what about business generally? Business failures, and most of those are small businesses with liabilities of $1 million or less, are reaching astronomical levels. Business failures are 40-percent right now over the 1980 levels. If the overall business failure rate exceeds 17,000 by the end of this year, we will have in this country the highest level of business failures since 1933 during the depths of the Great Depression.

I told the Chairman of the Federal Reserve Board, Mr. Volcker, about a week and a half ago when he appeared before the Senate Budget Committee that if we continued on this present policy of high interest rates, and trying to wring inflation out of this economy using only monetary policy, we were going to end up with a strong currency all right; we were going to end up with no inflation, but we were also going to end up precisely the way we did beginning in 1929 with almost 50 percent of the population unemployed and with an economy totally devastated.

I have commented many, many times on the Senate floor that high interest rates were dealing a major blow to our efforts to balance the budget. Just the other day the Congressional Budget Office indicated that interest rate costs would exceed by some $40 billion previous estimates put forward by the administration. Also, if high interest rates slow our economic growth just one point, we will see a shortfall of some $38 billion in Federal revenues.

Madam President, the time for study on this issue has passed. While we certainly can benefit from the establishment of a National Commission on Interest Rates, as embodied in this legislation introduced by the distinguished Senator from Mississippi, Senator STENNIS, myself, and other Democratic colleagues, we also need to take some positive action in the short run to bring interest rates down, especially for all small businesses, for homebuilders, or what is left of them, for the automobile dealers, or what is left of that sick industry, and farmers who make up main street in America.

Senator MELCHER's resolution, which I am proud to cosponsor, is a good measure. It directs the President of the United States to jawbone with the Federal Reserve Board on the matter of interest rates.

I would remind my colleagues on the other side of the aisle when I questioned David Stockman about the economy and the state of the economy when he came before the Governmental Affairs Committee leading up to his confirmation, he stated that the Reagan economic recovery program was based on the premise that if we did not bring interest rates down, the economic recovery program simply would not work.

Well, I agree with Mr. Stockman on this premise, and that is precisely what is happening. We have cut taxes to stimulate investment and savings. We cut spending to reduce Federal deficits and keep the National Government from crowding the private sector out of the bond market. But, Madam President, we have not directly taken on the question of high-interest rates. The administration has been very silent on its efforts to revise the tight money policy of the Federal Reserve Board, as enunciated by Mr. Paul Volcker.

This amendment puts that silence to an end. It directs the President to take the matter on directly and to work with the Federal Reserve Board to lower interest rates.

Frankly, I can see no reason why the President would not wish to take on that responsibility directly. Therefore, Madam President, I urge my colleagues on both sides of the aisle to support this amendment so that we can tell the American people that we care about the economic problems brought on by high interest rates and so that we can take some positive steps in the direction of truly getting an economic recovery program working.

Madam President, I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Madam President, I intend to move to table this proposal—I guess it is an amendment—as soon as everyone has had an opportunity to speak. But I hope that we can move along and get onto some substantive amendments, if there are any substantive amendments to come from the other side. To me, this amendment does nothing that is not already being done. It says we ought to have consultation between the President and the Federal Reserve Board. I suggest that that already is going on on a daily basis.

Even more importantly, Madam President, to those who speak for the amendment, I suggest that one way we can make certain we bring interest rates down is to start taking a look at some of the spending that has been going on in Congress for the past 20 years and start voting to cut some of that spending—whether it is in agriculture or in education, or in any other matter that comes to the floor.

It is the opinion of most Americans, including Mr. Volcker, who is Chairman of the Federal Reserve Board, who was appointed by President Carter and confirmed by the Senate—I am not certain of the exact vote, but I think there were not many dissenting votes—that Congress has only made a downpayment. We did agree finally to cut spending. The President suggested last Thursday that we ought to try it one more time. I am pleased to note, from an ABC poll taken over the weekend, that 60 percent of the American people support the President. We ought to have another 12 percent in spending cuts, if necessary, to have a balanced budget in 1984.

Madam President, I have no quarrel with those who want to wish the problem away. That is about what this amendment is, a wish. But we are considering adding it to the debt ceiling measure, which might jeopardize the Government's paying its bills come Thursday or Friday. This Senator is informed that a vote on the debt ceiling in the House would probably be in deep difficulty at this point. No one wants to raise the debt, and no one wants to cut spending.

(Mr. EAST assumed the chair.)

Mr. LONG. Mr. President, I intend to support the Senator in his motion to table. I believe that there is a lot of merit and food for thought contained in the amendment, but, Mr. President, this bill comes before us as something of urgency. We do not know whether the Senate will pass the debt limit bill or not. If it does pass the debt limit bill, we do not know whether the House is going to pass the bill.

Senators are well aware of the fact that since a new President is in, those on the Republican side of the aisle have not fully learned how to act as though they are in the majority, and those on the Democratic side have not fully learned how to act as though they are in the minority. As a matter of responsibility, we are going to have to pass this debt limit bill. Otherwise, it would undermine the credit of the United States, not only here but in the world markets. It would probably increase interest rates if people have less confidence in the word of Uncle Sam that he will pay his honest obligations, and if we fail to pass a bill which would give us the right and the power to pay the outstanding obligations of this Government.

Mr. President, it seems to me that we ought to go ahead and pass this bill; then those who want to talk about fiscal and monetary policy and interest rates would, I hope, raise those issues on other measures that do not have the same urgent need of enactment as the bill that we have here.

The Secretary of the Treasury sent a letter to the majority leader, which I believe was put into the RECORD. He has sent communications to others of us which might well be made part of the RECORD. Right now, the Treasury is being required to postpone the sale of Government securities because of the uncertainties involved in this legislation. That being the case, with all due respect to the fine arguments that have been made by the sponsors of the amendment, I believe it would be well for us to pass this bill the way it came to us so the Government can go ahead and pay its outstanding obligations in an orderly fashion. We should not create the chaos that would occur in the event this bill is not on the President's desk in time to permit the Treasury to finance in an orderly fashion the obligations of this country.

Mr. DOLE. Mr. President, I thank the distinguished Senator and I want also to indicate that no one is anything but well-intentioned in regard to this amendment. None of us—the President, the Congress, or any of our constituents—wants the interest rates to continue at the rate they are today. The issue is not whether they want high interest rates on a long-term basis. The amendment would urge a return to the easy money policies of the past which have led to chronically low investment and double-digit inflation. I might say we have made some progress with inflation. The amendment is premature. We need a period to test the new economic policies of the Reagan administration.

It also attacks the integrity of the Federal Reserve Board. By statute, the Federal Reserve Board is independent of the executive branch. It seems to me this would direct otherwise.

It also, in my view, Mr. President, constitutes an unnecessary Federal intervention in an otherwise free market.

I shall have put in the RECORD, if it has not already been done, and I shall make a check with the clerk, an announcement in a letter to the distinguished majority leader, from Donald T. Regan, Treasury Secretary:

> As I advised you this morning, the Treasury postponed today's scheduled auction of $9.0 billion Treasury bills. This action was taken because the bills were scheduled to be delivered to purchasers on October 1, after the current temporary debt limit of $985 billion expires. Until action is taken to raise and extend the debt limit, no securities can be issued.

Mr. President, as indicated by the distinguished Senator from Louisiana, there is a certain urgency. I know there are those who will say, well, there is always an urgency. Debt ceilings are always brought to the floor at the last minute and there is always a plea from whoever may be managing the bill that we cannot do anything about it, it is too late. I am frank to say that has been a pretty good argument in the past and it is a valid argument today. This is the chronology:

Today, the Treasury has already postponed the scheduled auction of $9 billion in Treasury bills. Tomorrow, if we do not act today, there will be 40,000 savings bond issuing agents who must be notified to suspend all sales beginning October 1. As of tomorrow, there is only going to be a cash balance of $18.7 billion.

If we do not enact it by midnight of Wednesday this week, the civil service trust fund cannot be fully invested due to the $985 billion ceiling currently in effect and the Treasury would have to delay the presently scheduled auction of $1.75 billion in 20-year bonds settling October 7. By Wednesday night, the cash balance would be $18.9 billion.

Then, if we go on to Thursday, and with all of the amendments coming out of the woodwork, that is probably a possibility, we would have $8.4 billion of bills that are mature and due to be paid off. Benefit checks are mailed on September 28. Social security checks and others are going to start coming in, going to be cashed, and further deplete the cash balance.

Treasury is unable to invest trust fund money, resulting in loss of interest to these funds. This loss of interest will be borne by the trusts' beneficiaries and will further exacerbate the social security financing problem. The cash balance as of Thursday this week is about $8.2 billion.

Friday, they are going to continue to have more social security checks coming in and the cash balance on Friday is projected at $3.5 billion.

On October 5, next Monday, a week from today, if we do not do something, then the Treasury does not have any more money. It exhausts its cash balance and any outstanding checks will not be honored, so if anybody gets a Government check and presents it next Monday, there will not be any money to pay for it.

That is not indicating there may not be some merit to what the Senator from Montana wishes to do. But we were able to accommodate the Senator on the amendment he offered on Friday. It took all afternoon and part of this morning to dispose of it, and here we are at 2 o'clock on Monday, having come in at 11 o'clock, and we still do not have a substantive amendment. We are talking about consultations or a sense of the Senate. I hope we can move ahead.

The Senator from Kansas would like to move to table this amendment right now, unless somebody feels compelled to speak, because we have a number of important amendments.

Mr. BOREN. Mr. President, will the Senator yield to me?

Mr. DOLE. I yield the floor.

Mr. BOREN. I thank my colleague.

Mr. President, I will not take a great amount of time. We have had discussion of this issue in the past.

I recognize the validity of the comments made by the distinguished chairman and the need to act upon this piece of legislation as soon as possible. But I believe we also have to recognize that one of the most important questions facing this country today is how to bring the interest rates down within a reasonable period of time.

Mr. President, I support the amendment offered by the distinguished Senator from Montana (Mr. MELCHER). I commend him for offering this amendment. I am pleased to be a cosponsor of the original Senate joint resolution and of this amendment. It is hard for me to believe, in this time of devastatingly high interest rates, that any one would be against this resolution. The resolution simply directs the President to begin consultations with the Board of Governors of the Federal Reserve System for the purpose of modifying the Board of Governors' monetary policy to significantly reduce interest rates within the next 90 days.

It includes areas of modification that should be a part of the consultation—specifically easing the reserve requirements to member banks, controlling Federal open market committee activities, and lowering the Federal Reserve discount rate. How can anyone, looking at today's economic conditions, be against such consultation?

This is one of the few pieces of legislation before the Congress that would deal with high interest rates in the short term, and I emphasize the phrase "short term." Most of the legislative efforts or proposed legislative efforts deal with such things as lowering the deficit, or balancing the budget, or reorganizing the Federal Reserve Board, and so forth.

All of these ideas, Mr. President, regardless of their merit, would not lower interest rates for many months, even years. To the potential homeowners in this country, to the farmers of this country, who must borrow money now for next year's crops, for the small businessmen of this country, who are going bankrupt in record numbers, for the automobile dealers of this country and for the consumers who just need a new refrigerator, a washer or dryer—long term solutions are not helpful.

I have said before, Mr. President, that I agree that the long-term answer is to get the Federal Government out of the money market. This, along with other needed actions, will both ease upward pressure on interest rates and set the foundation to keep them from rising again.

This resolution is designed to bring a reduction of interest rates within 90 days of its passage, and that will be none too soon for the people I have mentioned. Mr. President, the only thing as frequent as the proposal for bringing down interest rates that have been filed since the August break are the speeches that have claimed that the proposals would not work. Instead of continuing to talk about what would not work, we should be consulting together to find something that will work.

Mr. President, I refuse to accept the idea that nothing can be done to bring down interest rates in the short term. There are mechanisms available to help those people who are now facing personal and corporate ruin because of high-interest rates. This joint resolution is one of them.

The President of the United States has available to him the power to direct the Federal Reserve to bring down interest rates through the Credit Control Act. That act remains in effect until at least June of next year, and through it, the President can direct the Federal Reserve Board to exercise a broad range of power, including the power over credit transactions.

Mr. President, last year, the Congress, in a reaction to a method by which the Carter administration handled the Presidential authority under the terms of this act, voted to terminate the provisions of this law as of July 1, 1972. While I was one who voted to terminate the President's authority under this act, perhaps, we should rethink our position on this matter.

Perhaps we should consider extending this act for another year in order to see if it could be restructured so as to prevent what happened when President Carter invoked this provision in March of 1980 and still preserve the ability to act in the type of emergency situation that exists today. That is an option I may want to pursue further at a later time.

But for now, Mr. President, I urge my colleagues to join in support of this amendment which is asking only for some talking to begin. That seems little enough to do.

Mr. LEVIN. Mr. President, I would like to take this opportunity to express my support for the amendment offered by my colleague from Montana, Senator MELCHER, to direct the President to begin immediate consultations with the Federal Reserve Board with the goal of reducing interest rates. By modifying the Board's policies in connection with reserve requirements, Open Market Committee control over the money supply and the Federal Reserve's discount rate, interest rates could be reduced by at least 3 to 4 points within 90 days.

It is clear that continued high interest rates risk driving our Nation into a deep recession in the months ahead. The auto industry and the housing industry have long been the victims of high interest rates. Now they are being joined by thousands of small businesses throughout the economy which simply cannot survive interest rates which in many cases are 4 percent above the prime rate of almost 20 percent. This means the loss of tens of thousands of jobs.

It also means that there will be a greater concentration of economic power in the hands of large businesses which have a greater tolerance for high interest rates because they are in a better position to finance their operations out of their own resources. Due to their market control, large businesses are also in a better position than small businesses to pass on higher borrowing costs to consumers in the form of higher prices without fear of being undercut by their competitors. Less competition for goods and services will generate even greater inflationary pressures in the future.

High interest rates also are creating problems for State and local governments by forcing up the cost of their borrowing. A city which must pay 15 percent for those to finance a new sanitation system, may now simply be unable to afford it at all. This comes at a time when Federal aid to States and localities is already being reduced due to the administration's budget cuts.

Finally, high interest rates add to the Government deficit by choking off economic growth, thereby reducing tax revenues, and by increasing outlays for programs such as unemployment compensation and for financing the public debt. There is a vicious cycle here. High interest rates add to the deficit. The financial markets see this and view it as a sign of increased inflation in the future, and these inflationary expectations and, in turn, further upward pressure is put on interest rates.

In light of these dangers presented by high interest rates, I believe that it is imperative that we take action to bring them under control, and I believe that this amendment can be a useful step in that direction.

Mr. DOLE and Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I move to table the amendment.

Mr. MELCHER. Mr. President, I wonder if the distinguished chairman will withhold that motion until I have had an opportunity to respond to his comments.

Mr. DOLE. Does the Senator have any idea how long it may take? There will be no votes after five today and no votes until seven tomorrow evening.

Mr. MELCHER. It would take probably less time than the distinguished chairman is taking right now. I know of no reason to delay this.

Mr. DOLE. I hope not.

I yield the floor.

Mr. MELCHER. Mr. President, the distinguished Senator from Kansas, the chairman of the Finance Committee, mentioned that we had an amendment to the continuing resolution on the floor last Friday afternoon, which I offered, and that it resulted in working out an agreement for a sense-of-the-Senate resolution. I hope that discussing the proposal that is now before the Senate, the amendment I have offered on high interest rates, will lead to similar action.

The Senate will recall that on Friday, we were discussing whether or not the regulations as proposed by the Department of Agriculture on school lunches would go into effect as proposed. The amendment I had offered to the continuing resolution simply stated that that portion of those regulations on school lunches that remove the goal of providing one-third of the nutritional requirements of a child in the school lunch program would not be altered, would not be modified. While we were debating that amendment, the Director of the Office of Management and Budget, Mr. Stockman, informed people in his office and the press and the Secretary of Agriculture, Mr. Block, that the regulation would be withdrawn.

Perhaps the debate we have here in the Senate is noticed by people in high position. Perhaps the debate we have here when we are stressing some positive points and the correction of some negative points does have some impact.

In the case of the amendment, I believe it did have some impact, and I was delighted that, at that point during the debate on the specific question of whether or not we should water down or "catsup up" or "relish up" the school lunches, it was decided by David Stockman and the Secretary of Agriculture that the regulations had gone too far.

So perhaps now this debate on this proposal—should the Federal Reserve Board relax its monetary policy?—will have some effect on both the White House and the Federal Reserve Board. If so, we have done a good stroke of business here this afternoon.

The question really is this: Can Congress do anything about high interest rates? Of course, we can, if we want to.

The next question is, Is it wise that Congress move to bring down the high interest rates? I have to answer that right now by saying, "Yes, it is very wise to do that." But whether we gain acceptance here in Congress on such proposal depends upon what action exactly is proposed.

The action I am proposing in the amendment is a very mild step. It proposes that we bring down interest rates by at least 3 to 4 points within 60 to 90 days. That surely could be done.

Consultation by the President with the Board does have the effect of correlating the monetary policy of the Federal Reserve Board with the economic proposals and policies of the administration and of the President himself.

It is a very mild step that I suggest be taken. I believe it is fundamental to everything else we are doing here, and it is fundamental to why we are in the market now, trying to borrow more money for the Treasury, and why it has become necessary that the debt ceiling be considered at this moment.

It has been said that perhaps the amendment would do some good but would only be marginal. Three to 4 percent, 3 to 4 points, may be marginal, or 2 to 3 points may be marginal. I believe that would be a welcome step at this time. Inflation is down 3 to 4 points. Why do not interest rates come down by exactly that amount or more? Nothing is being done right now by the Federal Reserve Board. Nothing is being done to address this problem.

We are proposing here that consultation begin with the President and the Board to see whether that is a wise step. I think the amendment is pertinent. I hope we can have some agreement on it.

Mr. DOLE. Mr. President, I certainly have no quarrel wtih the amendment. It has been pending since July 30. That is 2 months. If it were this urgent, it should have been brought up long before this.

It just seems to this Senator that we should move ahead and get the debt ceiling out of the way and then we will have time to focus on this. There are all kinds of bills involved to restructure the Fed, and everyone is trying to find some magic way to cure interest rates, and there is not any magic way.

It is going to take a lot of courage to stand on the floor to vote to cut spending.

I remember a conversation I had with Mr. Volcker less than a month ago when I called him from my State of Kansas and he said, "Congress has made a down payment and if you will pledge that Congress will continue to cut spending we will be willing to talk about when interest rates are going to go down."

I just suggest that we can all stand up and talk about interest rates. We cannot legislate lower interest rates. We can all make speeches about high interest rates, and we can have an impact by voting to cut spending.

I say that is true in agriculture, that is true in education, that is true in defense, that is true up and down the line. We are going to have that opportunity very soon, but in the meantime so the Government can pay its bills, as it should pay its bills, we have to move on with this extension of the debt ceiling.

Therefore, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. MCCLURE), the Senator from South Dakota (Mr. PRESSLER), the Senator from Wyoming (Mr. SIMPSON), the Senator from Wyoming (Mr. WALLOP), and the Senator from Virginia (Mr. WARNER) are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. WALLOP) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Mississippi (Mr. STENNIS), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

The PRESIDING OFFICER. Are there other Senators in the Chamber wishing to vote?

The result was announced—yeas 56, nays 32, as follows:

[Rollcall Vote No. 288 Leg.]

YEAS—56

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boschwitz
Bradley
Byrd,
  Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dixon
Dole
Domenici
Durenberger
East
Garn
Glenn
Gorton
Grassley
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
Murkowski
Nickles
Nunn
Packwood
Percy
Proxmire
Quayle
Roth
Rudman
Schmitt
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Tsongas
Weicker

NAYS—32

Baucus
Biden
Boren
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
Dodd
Eagleton
Exon
Ford
Heflin
Hollings
Huddleston
Jackson
Kennedy
Leahy
Levin
Matsunaga
Melcher
Metzenbaum
Mitchell
Moynihan
Pell
Pryor
Randolph
Riegle
Sarbanes
Sasser
Zorinsky

NOT VOTING—12

DeConcini
Goldwater
Inouye
Johnston
Mathias
McClure
Pressler
Simpson
Stennis
Wallop
Warner
Williams

So the motion to lay on the table Mr. MELCHER's amendment (UP No. 435) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, if the Senator will yield for one moment, I urge Senators to come to the floor and offer their amendments. It is now 2:40 p.m. We cannot have record votes after 5 o'clock tonight until 7 o'clock tomorrow. We have much work to be done, so I urge Members to come to the floor as soon as possible. I thank the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. EXON. Mr. President, I would like to make inquiry of my friend and colleague from Colorado who, likewise, is seeking recognition. I intend to call up amendment No. 564. But if I could accommodate him, if he has something that he wishes and thinks properly to come ahead of mine, I would be glad to consider that.

May I inquire if my friend from Colorado would like to advise the Senate what his pleasure is at this juncture?

Mr. HART. Mr. President, I appreciate the hospitality of the Senator from Nebraska. I do not think there is any urgency about it. It is an amendment I have been waiting to present, but I will wait in line.

Mr. EXON. Mr. President, I intend to call up amendment No. 564, a printed amendment which is at the desk. I would like to seek unanimous consent at this time that the amendment be appropriately debated today but with the understanding that no rollcall vote, which I intend to ask for, would occur on this amendment until the Senate convenes again, as I understand it is scheduled, tomorrow evening.

Mr. DOLE. Mr. President, reserving the right to object, what was the request?

The PRESIDING OFFICER. That the amendment would be offered now and a unanimous-consent request that there be no rollcall vote taken until tomorrow evening, as I understand the request.

Mr. EXON. The Chair is correct.

Mr. DOLE. Mr. President, I cannot do that. The distinguished majority leader is on the floor. We would like to have a couple more votes this afternoon before 5. I leave it up to the distinguished majority and minority leaders.

Mr. BAKER. Will the Senator yield to me for a moment?

Mr. EXON. I am happy to yield.

Mr. BAKER. Is this the amendment of the Senator from Nebraska or the Senator from Colorado?

Mr. EXON. We have talked about the amendment attempted to be called up by the Senator from Nebraska.

Mr. BAKER. Mr. President, I wish to accommodate every Senator, and especially the Senator from Nebraska. I think that we would set a bad precedent, however, if we started taking votes this early. It is 2:45. I have no objection to setting a time to vote on the Senator's amendment, but I would prefer that he not offer it at this time if he wishes to try to have the vote tomorrow instead of today.

Would the Senator be agreeable to making this an early item for consideration after we resume consideration of this bill on Tuesday?

Mr. EXON. I would be agreeable to that, so long as we could begin debate on this, this afternoon.

Mr. DOLE. Will the majority leader yield?

Mr. BAKER. Yes.

Let me make one suggestion, if I may. Would the Senator be agreeable to delaying this until after the last vote at 5 o'clock and begin the debate on it today?

Mr. EXON. You mean today?

Mr. BAKER. Yes.

Mr. EXON. I prefer to put this off until tomorrow. If the objection is sustained, I would think it would be best I yield the floor at this time.

Mr. BAKER. Mr. President, I do not object, but I do urge the Senator to forbear offering the amendment for the time being if he does not wish to vote until tomorrow, so that we can continue with other amendments that might be offered and voted on today.

Mr. EXON. I would be glad to accommodate the majority leader.

Mr. BAKER. I am most grateful.

Mr. EXON. I will attempt to cooperate in that regard, but I would like to begin debate on this, if possible.

Mr. BAKER. I can assure the Senator I will make every effort to do that.

Mr. EXON. I thank the majority leader and I thank the Chair.

Mr. DOLE. Mr. President, I think it might work out in the normal course of events for the Senator from Nebraska. The Senator from Colorado has an amendment, and I think he is willing to proceed to a vote on his amendment. Following that amendment, it might be just about the appropriate time to offer the amendment of the Senator from Nebraska.

Mr. HART addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

UP AMENDMENT NO. 436

(Purpose: To amend the Internal Revenue Code of 1954 to reduce the deduction for business meals and to earmark the savings from such reductions for the school lunch programs)

Mr. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. Hart) proposes an unprinted amendment numbered 436.

Mr. HART. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following new section:

Sec. . Funding for School Lunch Programs.

(a) Reduction in Business Meal Deduction.—

(1) In general.—Paragraph (1) of section 274(e) (relating to business meals) is amended by striking out "Expenses" and inserting in lieu thereof "Seventy percent of the expenses".

(2) Effective date.—The amendments made by this subsection shall apply to taxable years beginning after September 30, 1981.

(b) National School Lunch Account.—

(1) Establishment.—There is established in the Treasury of the United States an account to be known as the National School Lunch Account (hereinafter in this section referred to as the "Account", consisting of such amounts as are transferred to the Account under paragraph (2)(A).

(2) Transfers to account.—

(A) In general.—The Secretary of the Treasury shall transfer to the Account an amount equal to the revenues from the business meal deduction reduction.

(B) Revenues from the business meal deduction reduction.—The term "revenues from the business meal deduction reduction" means, for any fiscal year, the amount which the Secretary estimates to be the excess of—

(i) the gross revenues received in the Treasury of the United States for such fiscal year, over

(ii) the gross revenues which would have been received for such fiscal year if the amendment made by subsection (a) had not been enacted into law.

(C) Method of transfer.—The amounts required to be transferred to the Account under subparagraph (A) shall be transferred at least quarterly from the general fund of the Treasury to the Account on the basis of estimates made by the Secretary of the Treasury. Proper adjustment shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(4) USE OF FUNDS.—For each of the fiscal years beginning after September 30, 1981, there is authorized to be appropriated, out of any amounts in the Account such sums as may be necessary to carry out the programs established under the National School Lunch Act and the Child Nutrition Act of 1966.

Mr. HART. Mr. President, may we have order in the Chamber?

The PRESIDING OFFICER. The Senator from Colorado has the floor. May we have order in the Chamber so that he may be heard?

Mr. HART. Mr. President, I do not anticipate this amendment will take a great deal of time. It is simple and straightforward. If I may, I will outline its terms very briefly.

This amendment simply reduces the availability of 100 percent reduction for business meals and entertainment and applies the revenues from 30 percent of that deduction, to the school lunch program which has been cut by the Congress over the last number of weeks.

In other words, Mr. President, if this amendment were to pass, those who presently can deduct 100 percent of the cost of business lunches and business dinners and entertainment could thereafter only deduct 70 percent of the value of that entertainment or those business meals.

The amount of revenue which the Treasury would receive from the difference—namely, 30 percent—would fully fund the national school lunch program to precutback levels.

In other words, Mr. President, this amendment restores full funding for the school lunch program but has no impact on the Federal budget.

Mr. President, last week President Reagan urged the Congress to eliminate what he called "obsolete incentives" in the tax code. He said that our objective with respect to taxes must be to seek, in his terms, that "a fair share of the burden is borne by all."

Mr. President, this amendment meets these criteria. It would reduce by 30 percent the allowable deduction for business meals and entertainment and earmark the savings, as estimated by the Secretary of the Treasury, for the school lunch program, bringing that program's funding back to the policy base of last year, namely, $2.8 billion.

Mr. President, I introduced this measure last week as S. 1655. It has also been introduced in the House of Representatives by Representative GEORGE MILLER.

Mr. President, this amendment does not eliminate or abolish the business meal deduction. It does not even cut this expensive subsidy in half. It merely reduces from 100 to 70 percent the tax deduction which is not targeted to savings, to productivity, or to investment.

Congress recently cut the school lunch program by about $800 million in fiscal year 1982, and even more in subsequent years. The adverse consequences for 27 million children participating in this program, 40 percent of whom are from families whose income is less than $11,000 a year, are already being felt throughout the school lunchrooms of this country. On the average, school lunches are expected to cost parents about a quarter more per meal in 1982. One school in my own State of Colorado has already raised its prices 60 cents per meal this year.

Consequently, Mr. President, children are being priced out of the program at record rates. A preliminary study indicates a 15 to 20 percent drop in participants in the school lunch program already this year. That is just weeks after the cuts in the program have taken effect.

Mr. President, when Congress was shrinking the school lunch program, cost-cutters argued that tighter eligibility requirements and reduced subsidies would reduce benefits from middle class but not the truly needy. But a reduced volume raises unit costs for the whole program at every school, forcing some school districts to drop out of the program entirely.

Already, Mr. President, in 17 States 70 schools have dropped out in this year alone, including two schools in my own State of Colorado. At these schools, even the neediest children, who otherwise receive insufficient nutrition in their diets, must now forego a nutritionally balanced school lunch.

Cuts in the school lunch program were made in the name of fiscal austerity. While our children are being asked or even forced to tighten their belts in a literal sense, America's businessmen and women continue to have 40 or 50 or even 70 percent of the cost of luxury meals subsidized by the U.S. Treasury and by other taxpayers.

Under existing law, business meals and entertainment are fully deductible as "ordinary and necessary operating expenses," something that a lot of us have questioned for some time. The arguments against this subsidy are well-known and they have been made on the floor of the Senate many times. It is an expensive, inflationary, and grossly unfair subsidy. The Joint Committee on Taxation estimates the Treasury will forego about $2.3 billion in fiscal 1982 and $3.7 billion in fiscal 1983 from tax deductions taken from business meals and entertainment. If just 30 percent of this business deduction for meals and entertainment were disallowed, the Treasury would collect about $700 million in extra revenues in fiscal 1982 and $1.2 billion in revenues in fiscal 1983.

Mr. President, that is enough to fully restore the school lunch program to the pre-cutback level.

There are many arguments in favor of this amendment. The strongest is simply commonsense about what the priorities of this country ought to be in times of fiscal austerity. This amendment says, in effect, that nutritionally balanced meals in our children's lunchrooms should take priority over the 100-percent deduction of expense account meals in private clubs and fancy restaurants.

Mr. President, I urge my colleagues to support this modest effort to reestablish sensible priorities in at least this single area of our national scheme.

Mr. President, I yield the floor.

Mr. DOLE. Again, I cannot say that this amendment is without merit, but I do suggest it is another effort to amend the debt ceiling extension. For the very reasons I stated concerning the previous amendment, I would have to oppose this amendment. If, in fact, this amendment were adopted, and I do not think it is a good amendment though it certainly may have some merit that I have not yet discovered, it is another effort to avoid some of the spending cuts that Congress finally faced up to in the last several weeks. If we are going to go back in a piecemeal fashion and earmark tax funds, I am not certain there is any precedent for that to take care of any spending cuts.

I might add that, as chairman of the Nutrition Subcommittee, this Senator is somewhat aware of the school lunch program. I think there are those who have been getting free and reduced priced lunches who should pay for the lunch. The program is not designed to take care of upper-middle-income and high-income parents—it never was and never should be. However, the program was designed to be carefully balanced among all income groups so that it would not be primarily a welfare program, and there is a great deal of sensitivity on this issue.

There have been no hearings on this legislation. I do not think anyone should bring an amendment like this to the floor without hearings. This amendment would, in effect, suggest that we earmark funds. I might add that this was attempted in the windfall profit tax, and we decided, Democrats and Republicans, that this could not be done. Now to say that we will reduce the business deduction by a certain percentage and put it in the school lunch program requires, at best a considerable amount of study.

It just happens that the Senator from Kansas is the chairman of the Finance Committee, which considered the tax side, and chairman of the Nutrition Subcommittee, which would review the impact on the school lunch program.

Finally, for the reasons stated earlier, I do not doubt the good intentions of the Senator from Colorado, but I just believe it should not be added to this debt ceiling extension bill.

If, in fact, all those who stand up and complain about interest rates and inflation want to add back all the spending cuts we finally made, then I believe we will really have chaos as far as the markets are concerned, and this will diminish any hope of getting a handle on interest rates.

Important reasons compel us to move and to move quickly so that the Government can pay its bills. If, in fact, this joint resolution is amended, then the door is opened, and whatever happens here would have to go to conference with the House. There is real doubt on the House side at this late date as to whether or not they would again muster the votes to increase the debt ceiling to $1,078.9 billion.

Mr. President, I do not want to cut off the Senator from Colorado but I will move to table the amendment at the earliest opportunity.

Mr. HART. Mr. President, let me respond to the Senator from Kansas.

First of all, the Senator from Kansas raises the red herring about going back on the cuts we have made. The amendment pending before the Senate would not have any adverse budget consequences. Very clearly, on its face, as I have described already, this would not have any negative impact on the efforts of the Congress so far to balance the Federal budget.

At issue here, as I have already said, are the priorities of this country. Maybe we had a lot of courage to take school lunches away from poor children in this country. We certainly have not had the courage to take away 100-percent business deductions from the businessmen of this country. We never have. I suspect we probably never will.

I do not think the Congress has demonstrated much courage by taking lunches away from children. I think we will demonstrate some courage if we reduce the 100-percent subsidy for businessmen to go out to private clubs and fancy restaurants and write it all off on their taxes.

When we begin to do something like that, I think we can beat our chests and talk about how courageous we are.

There is not much of a lobby for school lunches. There is a big lobby, the chamber of commerce and various business groups, for deductibility of business entertainment and business meals.

I suppose that is why even in an austere period we are still letting the business people of this country write it off 100 percent. We can change that today.

I do not think for those school lunch programs that are closing down in this country it is much of an argument to say we would have to go to conference with the House. Worse things have happened. That is what we are paid for.

I understand Members of the House and Senate are paid to work out problems. It is not much of an excuse to give some arcane parliamentary reason as to why we should not fund school lunches. That we have to go to conference with the House is really too bad. Some of us might have to stay around past 5 or 6 o'clock to fix that. I think that can be done. If we want to do it, we can do it very quickly.

I understand the desire of the distinguished floor manager to get through the bill, to get it off the floor, and to pay this Government's bills. We can adopt this amendment and do that as well. We can insert a little economic equity in the priorities of this country in the meantime. We would not sidetrack the efforts we are involved in in trying to balance the Federal budget. We would merely change the priorities around. We can do it with one vote and, I think, send a signal to the people of this country that the President was serious about what he was talking about last week, about everybody sharing the burden—not just one, two, or a handful of our society, but maybe people at the top as well.

I do not think anybody is going to take this business about sharing the burden seriously until the rich have to start sharing a little bit of the burden, too. They have not even begun to. Deducting 100 percent of their business meals is their idea of sharing the burden.

If the President is serious and people who support the President are serious, I do not see why in the world they could not support a measure like this. It does not do anything to sidetrack or open up the floodgates of retrenchment or turn back to the big spending era. That is not it at all. That argument will not wash on this amendment.

Mr. President, I urge my colleagues to exercise a little bit of a sense of justice and fairness where different segments of our society are concerned and support this amendment.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, again, we are attempting to insulate this particular program even from budget review. I know it is easy to throw around the buzz words "rich" and "poor," or speak of poor children. Poor children are not going to pay for their lunches.

What the Senator from Colorado wants to do is protect the very people he is aiming this amendment at—the ones who are getting free lunches—the upper-income and middle-class families, the so-called rich will not suffer from the budget cuts. What he and the press have been ignoring is the attempt to see the so-called private sector not being strangled to death by the Government.

The Senator from Kansas indicates there have been no hearings on this amendment. It is a substantial amendment, worth a couple of billion dollars. We are going to try to pinch business a little in the next few weeks. I say to the Senator that I hope he appears before the committee and testifies. We are going to have some revenue-raising measures before the Finance Committee to affect the so-called rich the Senator talks about from time to time, as well as the poor on the other hand.

Mr. President, the poor are not going to be affected by the changes in the school lunch program. They will continue to receive free lunches. That is not said on the floor or reflected in the evening news, but it is a fact.

I hope the Senator understands that the President's program starts this Thursday. We have already had last rites on the President's program, but it starts on Thursday of this week. I hope someone says that so the people will at least know that the President is serious about trying to turn this economy around. Every time we try to cut a billion dollars, or less, which is all we are trying to do in the school lunch program, somebody comes in and tries to put in 2 billion—that is a real economy. This kind of action reflects the spending binge we have been on for 20 years.

The Congress is starting to sober up, and the Senator from Colorado is going to give them another drink of the same old elixir—more spending, more programs that do not make sense.

Mr. President, I hope we table this amendment and get on with the business of paying the bills the Government owes. The bills were not incurred by the efforts of the President. For the first time in memory, we have a President who is trying to curtail spending. We are going to require a vote to extend the debt so we can pay for all the follies of the Congresses of the past 20 years—and I include myself in that category. I hope the Senator will come before our committee if he wants hearings on this bill. I shall be glad to accommodate him in both the Nutrition Subcommittee and the Finance Committee. But I do not really believe we can earmark funds in the amount of $2 billion without a hearing, come to the floor and offer an amendment. I hope the amendment will be tabled.

(Mr. COCHRAN assumed the chair.)

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. DOLE. I yield to the Senator from Louisiana.

Mr. LONG. It does not seem to this Senator, Mr. President, that we should pass the amendment. The two things are not as related as the Senator would like to make them appear. We have two questions.

One of them is, at what level of funding should we provide for the school lunch program? When that measure is before the Senate, particularly when it is before the Senate on a bill from a committee having proper jurisdiction, I have no doubt the Senate will give its best answer to the level of funding that should be provided for the school lunch program.

Then we have a second question, Mr. President. Should business entertainment be deductible? The Senate has faced that issue many times, including on this last big tax bill. We voted on that. I think there is about an 80-to-20 margin. About four out of five Senators think that business meals and certain types of entertainment aimed at attracting business or helping to solve business problems are a proper deduction for any business.

As the Senator from Kansas suggested, we will have another tax bill before us. Anybody who wants to raise taxes on business people for this or anything else will have the opportunity to offer their amendments. I am sure they will.

But it does not belong on this bill, Mr. President. This is a bill simply to authorize the Government to pay its debts. It appears to those of us managing the bill—I know as far as this Senator is concerned—that the Finance Committee would have no jurisdiction over the school lunch program. Both these matters—how much funding should we have for the school lunch program, and should a businessman or a salesman be permitted to deduct the expense of taking a customer to lunch—are two separate questions. They should be decided on their own merits and on appropriate bills.

Mr. HART. Mr. President, I am sure the distinguished floor managers of the bill want to get this amendment back into committee where we shall not see many advocates of the school lunch program. We shall see a lot of advocates of the business community, the hotels, a lot of places in this country that will be lobbying once again for 100 percent deductibility in this austere period. That is the way the system works. That is the way it has worked, as the Senator from Louisiana said, year after year.

We shall have hearings on it, all right. The interests will line up and say how important it is for the hotel lobby of this country or the restaurant lobby of this country or the business people to increase their productivity so they must deduct all these meals and entertainment. There will not be very many people there advocating increases in school lunch programs. So we shall go back through all the hoops again and go through this ritual. I think we all know how it will turn out.

Mr. President, this is a very appropriate time and place to consider this amendment. The Senator from Kansas said the poor children of this country are not being hurt. That is just not true. They are being hurt. School lunch programs are closing down. When the unit price goes up, a lot of schools drop these programs. Seventy schools have already dropped the school lunch program this year. Two of those schools are in my own State of Colorado. Where do those poor children get their lunches?

This program goes back to 1946. Maybe that was the heyday of big spending in Congress, but I doubt it. It came about originally out of the finding in World War II that tens of thousands of young people in this country could not serve their country in combat because they did not have an adequate diet. So in 1946, we started the school lunch program—35 years or so ago—as much because of national security as anything else.

This country has now turned the corner. We are turning our backs on 35 years of progress. It is not a question of big spending, it is a question of a humane society. Society has its priorities right now. We are cutting back. We are balancing the budget.

Why not do it out of business meals? You cannot tell me that the 100 percent deductibility for a businessman for entertainment was not enacted in the heyday of a big spending Congress. It was. It clearly was, when we thought we could do everything. But we are going to leave that loophole and cut back on school lunches in the mistaken understanding that we are not hurting any poor children. That is just flat not true.

Mr. LONG. Mr. President.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, the Senator from Louisiana first arrived on the scene in the U.S. Senate 32 years ago. It shocked a great number of people when he was interviewed on first arriving here and asked what he thought we ought to do, and the Senator from Louisiana said he would like to see us spend $500 million a year on school lunches. That immediately caused the Senator from Louisiana to be branded as a flaming liberal or a dangerous populist, because that was a great deal more than anybody was recommending for school lunches at that time. We are now spending about $2.6 billion a year on school lunches, which is about 10 times what we were spending back at that time.

In addition to that, Mr. President, we are putting many billions of dollars every year into food stamps as well, much of it going to families that do need school lunches.

As far as this Senator is concerned, Mr. President, whatever level of funding we need to provide adequately for those who need it, this Senator is willing to vote for. But, Mr. President, that program can be discussed and voted on its merits just like the Senator's other proposal can be discussed and voted on its merits. It has been discussed and I submit that it should be discussed, in connection with the appropriate legislation.

We will have a chance to vote on the Senator's idea about taking away the deduction for entertainment and business meals. We voted on it once this year, and we will have a chance to vote on it again. I suggest that the Senator offer his amendment. Maybe he will have the support of more than the 20 Senators he had earlier. But it does not belong on this bill. I hope that when the motion is made, the motion will be agreed to.

Mr. DOLE. Mr. President, in a moment, I will move to table the amendment.

I say to the Senator from Colorado that the Senator from Kansas considers himself an advocate of the school lunch program. For the past several years, I have been an advocate not only of the school lunch program, but also of the food stamp program, and the WIC program and others.

We throw the terms "rich" and "poor" around on the floor for media consumption, but not only rich people get to deduct their business meals. All the small realtors in the Senator's State and my State, as well as other small business people who have a bona fide business, deduct those expenses.

However, if one listens to the Senator from Colorado, one would think that only millionaires can charge off their lunches. That is not a fact. That is the way it is reported by most of the media, but that is not the fact.

The fact is that we are not going to do anything to help the poor people, or solve their problems, by offering some amendment on which there have not been any hearings. In the view of this Senator, this amendment can appropriately be offered on the next tax bill, or the next school lunch bill that comes to the floor, but not on the debt ceiling bill.

If the Senator is really concerned about poor people, he had better help us speed up action on this bill. Social security checks are going to go out next month, and people are going to cash them. If this bill is cluttered up with amendments, they will not be able to cash those checks. The Treasury is going to be out of money a week from today and those people in our States who receive social security checks and who have not cashed them by next Monday will not have them honored.

I do not believe that this is what the the Senator from Colorado has in mind. Therefore, to protect him from that, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Idaho (Mr. McClure), the Senator from South Dakota (Mr. Pressler), the Senator from Wyoming (Mr. Simpson), the Senator from Idaho (Mr. Symms), the Senator from Wyoming (Mr. Wallop), and the Senator from Virginia (Mr. Warner) are necessarily absent.

I further announce that, if present and voting, the Senator from Idaho (Mr. Symms) and the Senator from Wyoming (Mr. Wallop) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DeConcini), the Senator from Hawaii (Mr. Inouye), the Senator from Louisiana (Mr. Johnston), the Senator from Mississippi (Mr. Stennis), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 58, nays 30, as follows:

[Rollcall Vote No. 289 Leg.]

YEAS—58

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boschwitz
Byrd,
Harry F., Jr.
Cannon
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dixon
Dole
Domenici
Durenberger
Eagleton
East
Garn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jackson
Jepsen
Kassebaum
Kasten
Laxalt
Leahy
Long
Lugar
Mathias
Matsunaga
Mattingly
Melcher
Metzenbaum
Murkowski
Nickles
Packwood
Percy
Quayle
Roth
Rudman
Schmitt
Specter
Stafford
Stevens
Thurmond
Tower
Weicker
Zorinsky

NAYS—30

Baucus
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Chiles
Cranston
Dodd
Exon
Ford
Glenn
Hart
Heflin
Hollings
Huddleston
Kennedy
Levin
Mitchell
Moynihan
Nunn
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Tsongas

NOT VOTING—12

DeConcini
Goldwater
Inouye
Johnston
McClure
Pressler
Simpson
Stennis
Symms
Wallop
Warner
Williams

So the motion to table the amendment (UP No. 436) was agreed to.

Mr. HAYAKAWA. Mr. President, this is the second debate we have conducted regarding an extension of the public debt limit this Congress. This particular measure is thought to be a milestone—

extending the debt beyond a trillion dollars.

Frankly, Mr. President, it is more of a technical necessity than a substantive piece of legislation.

Until this year, I consistently opposed further extensions of the debt limit. I did so because I felt that the economic policy of the Carter administration was misguided.

When I voted against the debt limit extensions during those years, I also voted against the budgets that required deficit spending. This year is different.

Along with a clear majority of my colleagues, I supported the first concurrent budget resolution for fiscal year 1982, the Omnibus Reconciliation Act of 1981, and the Economic Recovery Tax Act of 1981. Inherent in all of these is the need for a budget deficit in both 1982 and 1983, to achieve a balanced budget in 1984.

I believe these measures will help change the previously misguided economic policy, and bring our Nation toward economic recovery.

Therefore, it would be inconsistent to vote for the budget and tax cuts, and against the debt limit extension.

I plan to support this measure, and I urge my colleagues to do so also.

UP AMENDMENT NO. 437

(Purpose: To provide that the individual income tax rate reductions provided by the Economic Recovery Tax Act of 1981 shall not take effect until the Federal budget is balanced)

Mr. HART. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado (Mr. HART) proposes an unprinted amendment numbered 437.

Mr. HART. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following new section:

SEC. . MAKING INDIVIDUAL TAX REDUCTIONS CONTINGENT UPON BALANCED FEDERAL BUDGET.

(a) IN GENERAL.—Notwithstanding any provision of the Economic Recovery Tax Act of 1981, the amendments made by each of the following provisions of such Act shall not apply to taxable years beginning in any calendar year if there is a deficit in the Federal budget for the most recent fiscal year ending before such calendar year:

(1) Section 101(a) (relating to individual rate reductions).

(2) Section 101(b) (relating to 1981 rate reduction credit).

(3) Section 101 (c) and (d) (relating to repeal of maximum tax and other conforming amendments).

(4) Section 102 (relating to 20-percent maximum rate on net capital gain for portion of 1981).

(5) Section 104 (relating to adjustment to prevent inflation-caused tax increases).

(b) TECHNICAL CORRECTIONS.—The Secretary of the Treasury or his delegate shall submit to the Congress such amendments as may be necessary to carry out the provisions of this Act.

Mr. HART. Mr. President, this week's Business Week magazine, dated October 5, 1981, has an article entitled "Why Economists Want Reagan to Raise Taxes."

Let me quote briefly from this article from several economists of different persuasions.

> "Given the size of the budget problem that exists, we may not be able to avoid actions to enlarge Treasury receipts," says Milton W. Hudson of Morgan Guaranty Trust Co. Hudson favors the introduction of a "low-rate consumption tax," with an exemption for food and other essentials.
>
> "There is no way they can cut the budget enough," says Robert E. Lucas Jr. of the University of Chicago. "We've got to reconsider the tax cuts."
>
> "In view of the proposed defense increases and the tax cuts, we have got to come up with more revenues," says Joseph A. Pechman of the Brookings Institution. Pechman would delay or moderate the individual tax cuts and give business first-year expensing instead of the more costly Accelerated Cost Recovery System for depreciation.
>
> "If we have a recession in the fourth quarter this year, I could see the deficit breaking $100 billion in fiscal 1982," says Rudolph G. Penner of the American Enterprise Institute. "I see a rising deficit for the next several years, with fiscal 1984 in the range of $75 billion to $100 billion. Because inflation keeps declining in my forecast, revenues get increasingly out of whack with expenditures." Penner adds that he "would hate to see it, but the top priority will be an indefinite postponement of indexation," the adjustment of personal income taxes for inflation, scheduled to start in 1985.

Mr. President, it seems increasingly to be the case that economists, business leaders, Members of Congress and others are coming to the conclusion that the only way to get the Federal budget into balance in the near term is to change the revenue picture. There is increasing skepticism, Mr. President, that we can balance the Federal budget, contrary to what the President seemed to suggest the other night, merely from cutting on the expenditure side.

So, Mr. President, the amendment I have offered would defer the personal income tax cuts passed by Congress earlier this summer until the Federal budget is in balance.

This amendment is designed to address this country's rapidly deteriorating economic situation by directly getting at its primary cause.

The amendment, I want to point out, would not repeal those recently-passed tax cuts but would only defer them until the budget is balanced. It applies only to the personal income tax cuts that have come to be known as Kemp-Roth, and does not affect the business tax cuts and other tax provisions in that bill.

Mr. President, economic projections of the Congressional Budget Office indicate that deferral of the personal tax cuts for 24 months would allow the budget to be brought into balance by the end of fiscal year 1983, and the tax cuts could, therefore, go into effect in 1984.

Mr. President, I ask unanimous consent that the table which shows that a deferral of the income tax cuts would allow the budget surplus in fiscal year 1983 be printed in the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HART. Mr. President, there are three key reasons why I think we should delay or defer these personal tax cuts.

The deficit next year in fiscal 1982 will be at least $65 billion; $55 billion in 1983; and at least $50 billion in 1984, using some very optimistic economic assumptions which increasing numbers of people both in and outside Government have come to question.

Second, the only alternative to deferral of these tax cuts is to substantially reduce defense capability or reduce entitlement programs such as social security.

Finally, Mr. President, the private marketplaces needs a clear signal that we are serious enough about breaking the business-as-usual cycle in Washington to approach the deficit in a different way, and the only way we can do that is to postpone the tax cuts until we can afford them.

Mr. President, I do not think this is the time or the place to go back over whether the theory of supply side economics is a good theory or a bad theory. That is not the issue that is raised by this amendment.

This amendment merely says that we should defer the experiment of supply side economics until the budget can afford it and until we can bring the balance that is needed in the budget, eliminate the red ink, get this budget into a surplus, and send the signal to the private marketplace that will be necessary to bring disastrously high interest rates down.

Since Congress passed the administration's tax cut bill a little over a month and a half ago, interest rates have risen to record levels, bond prices have hit record lows, and stock values have dropped 80 to 90 points.

Before most of it has even gone into effect, as the Senator from Kansas has just said, the President's economic recovery program is in desperate need of a recovery program of its own.

The President has proposed a cure in the form of new and deeper budget cuts into the increasingly small portion of the Federal budget which does not go toward defense programs, social security benefit payments, or interest on the national debt. But the underlying problem with the President's program is not the budget cuts, but rather the 3-year tax cuts which will drive the Federal deficit to unprecedented levels in the next 3 years.

Mr. President, none of us here is for higher taxes. We all believe the American taxpayers are overburdened. But those same taxpayers are trying unsuccessfully to borrow money to buy cars, to buy houses, to run their farms or small businesses, and they cannot afford to do so.

So what good does it do to give them a tax cut which, I think, has been estimated at $3.70 a week for the average wage earner, when they cannot afford to borrow money or to buy a house or a car or keep their business in operation? It is a futile exercise.

The most sensible way to rescue the President's sinking economic program remains the simplest one: That is to delay the personal income tax cuts until the budget is balanced. And that can be as early as the next fiscal year, according to the Congressional Budget Office. We do not need to wait until 1984. We do not need the uncertainty in the marketplace that is keeping money tight and interest rates high. This step of deferring—not eliminating or canceling, but deferring—those tax cuts for only 2 years would reduce the 1982 deficit by about $26 billion, according to the Congressional Budget Office—more than the President himself is proposing—and would signal our commitment to balance the budget in 1983.

A deficit caused by a tax cut damages the economy no less than a deficit caused by excessive Government spending. As the financial experts point out, both kinds of deficits force the Government to compete in the borrowing markets for money that would otherwise be available to the private sector for business expansion, home buyers, and farmers.

We ought to cut taxes—they are too high. But if the net effect of cutting them now is to drive us into a recession, to force businesses into bankruptcy—which we are seeing by the thousands—and to prevent people from being able to afford the cars and homes they must buy on credit, then tax cuts do not do much good.

I think the American people would prefer to see the budget balanced, the economy stabilized, and interest rates down before they receive these token tax cuts. They know that a $300 or $400 tax cut does them no good when inflation takes away $1,000 or $1,500 from their net disposable income and their purchasing power. And they know that deficits, whether caused by too much spending or too little revenue, keep the rate of inflation unacceptably high.

I think the American people would rather "pay as we go" than continue to see our Government's deficits at an uncontrollable level. They would rather have their tax cuts when we can afford them, rather than now when we cannot.

Mr. President, I hope the Members of the Senate, including many who voted for the tax cut bill, will see that this approach is not an attempt to get reconsideration or to get people to turn their backs on a vote that they cast earlier, but to merely acknowledge to themselves that key segments of the private sector in the business marketplaces have already issued a vote of no confidence in this program.

They have done so not because they did not believe in tax cuts; surely, they do. They have done so not because they did not see good faith in the part of the President and the Congress in cutting the budget. They have seen that.

But they have also finally seen the numbers realistically presented. Those numbers, in their terms, show unacceptably high deficits into the mid-1980's with no real serious prospect of eliminating that deficit.

Mr. President, the only way that deficit can be eliminated—and eliminated soon—is to defer or postpone the tax cuts and put off to the day when we can afford to cut people's taxes, even the token amount.

If we get the budget into balance, if we eliminate the deficits, if we bring interest rates down, then I think it is possible even to cut taxes more than we have. Mr. President, I hope the Senate will see fit to adopt this amendment.

EXHIBIT 1

FACTSHEET ON HART PROPOSAL

The Hart proposal would defer the implementation of the personal income tax rate cuts (Reagan-Roth-Kemp) until the Federal budget is balanced.

Using CBO's assumptions, deferral of the tax cuts for 24 months would allow the budget to be brought into balance, and the tax cuts could go into effect in 1984.

[In billions of dollars]

	1981	1982	1983	1984
Projected deficit	−60	−65	−55	−50
Revenue loss from cuts		26	66	105
Deficit without cuts (surplus in 1983–84)	−60	−39	+11	+55

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, on Wednesday, July 29 of this year, the Senator from Colorado voted against the tax bill. This is a chance to vote against it again.

I would just say to all the 89 Senators who voted in the affirmative that this Senator has seen no change since July 29, the day when, by a vote of 89 to 11, we, in effect, passed the tax bill.

So to suggest now that we ought to delay individual tax cuts and delay indexing and delay all the other things outlined in the amendment until we have a balanced budget, it is to try to have it both ways. Certainly, I have no quarrel with that—it is a chance now for those who think they made a mistake in July, if they are ready to admit that mistake, or if, in fact, they made a mistake, now to get on the other side just in case a little hedging is called for. Then you could send out either position to the people who write you letters. If they do not like what you did in July, then you could tell them about something you did in September.

But the Senator from Kansas believes the American voters are more sophisticated than that. The Senator from Kansas believes, as the ABC poll showed on Sunday evening, that 68 percent of the people support the President when it comes to more spending cuts.

Now, what does the Senator from Colorado want to do? He wants to take the money away from people: "Don't give them any tax cuts. Just keep the money here." And, believe me, if we do not cut taxes, we are going to be around spending all that money. We are not going to balance the budget. Members of Congress have all kinds of ideas on how to spend that money that would otherwise go into the tax cut. So we will have more spending programs to deal with on the Senate floor.

It seems to me that this may be a backdoor approach to increasing spending. "Don't trust the American people with their money. Keep it here. Don't give anybody a tax cut. Keep it here and we will figure out how to spend it. They can't spend it themselves." That is the message of the amendment of the distinguished Senator from Colorado. And he has that right, certainly.

If, in fact, he is correct, there will be a lot of us here in the next year or so doing maybe the very things he suggests now. But, again, to have the burial before the death seems to me to be inhumane, at best. This whole package is really going to be born on Thursday. I think it is premature to have the funeral on Monday. But that is, in effect, what we are being asked to do.

So I hope that Senators will check to see how they voted in July. I think most of them know how they voted in July.

I recall the tremendous outpouring of phone calls and telegrams and letters in support of that tax cut. The American people, I believe, regardless of their party—Democrat or Republican or Independent—still believe that they are better custodians of their money than the Senate of the United States or the Congress or the House of Representatives or the executive branch or anyone else.

So I have more confidence in the American people, apparently, than the Senator from Colorado.

I believe we are going to see the American people respond to the tax cut. It is not really a large cut. The people are supposed to get a little, tiny bit starting next Thursday. But the Senator from Colorado would even take that tiny bit away. And he would take it away next year. Maybe in 2 years they would finally get a tax cut.

As the Senator from Colorado knows, really all we are saying to the American people is, "You have been stuck with inflation. You have had 4½ years of inflation; 4½ years of high interest rates. We are going to try to put you back at least in step with inflation."

It is not any real tax cut, as everyone knows in the first place.

The amendment may have merit, and perhaps it will be offered at a later time—I know this is only an opportunity for some to reconsider the vote on July 29, and later on the conference report—but it would be the hope of the Senator from Kansas that this amendment can be tabled so that we can go on with the business at hand, which is extending the debt ceiling so the Government can pay its bills, so we can pay those bills the Congress has been running up for years, by just spending and spending the taxpayers' money.

Now we finally get a chance to give the taxpayers back a little and the Senator from Colorado does not want us to do that. Maybe history will prove him correct, but in the meantime this Senator believes that the President is on the right course. The President not only proposed reducing taxes; he also proposed reducing spending. That is all going to start October 1, or for the most part start October 1. Some of the tax cut is effective in 1981 but very little of it, about $2.1 billion, as the Senator from Kansas remembers, on the business side.

So if, in fact, we are concerned about the taxpayers, concerned about people who pay for school lunches, and all those things that the Senator from Colorado argued a while ago on another amendment, we ought to restore some of the money we are taking away from those people so we can pay some of the obligations of the Government.

Mr. President, I do not want to cut off the Senator from Colorado if he would like to respond.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, the Senator from Kansas suggests that if anyone offers an amendment it prevents the Government from paying its debts. The previous amendment of the Senator from Colorado took 20 or 25 minutes and this one will take less.

I do not believe I am here to prevent the Government from paying its debts. I understand the desire of the Senator from Kansas to get this bill over with. It is a little embarrassing for him to be representing the majority and proposing a $1 trillion debt ceiling. I understand why he would like to get it over with and get out of here.

But there are those of us who have amendments that go to the economic heart of this matter.

I hope the Senator is not serious about this Senator preventing the Government from paying its debts.

He talked about the phone calls coming in on the tax bill. I recall a couple of weeks ago seeing a story on the front page of the Wall Street Journal from a number of people who made those phone calls saying they wished they had not made them, thinking it was the worst mistake they had made.

Business people who manage billions of dollars had not added up the numbers. They had not looked seriously at what the debt figures were in 1983 and 1984. Once they did, once some of their shrewder colleagues who had to decide how to handle their portfolios took a hard look at it about 4 days after it passed and started selling, then they said, "Maybe this tax bonanza, this tax bill, this Christmas tree, was not such a great idea after all."

Well, there are some good parts of that tax bill and this amendment would let them go through—accelerated depreciation, business incentives, credits for business. It just postpones the personal tax cuts to let us balance the budget.

Mr. MATHIAS. Will the Senator yield?

Mr. HART. I do yield.

Mr. MATHIAS. What the Senator has said about business people is true, some have had a change of heart. During the period in which they were calling up urging Members to vote for it, they thought it was the way it had come into the congressional process. They were unaware of what it looked like when it came out of the congressional process. It was very different.

Mr. HART. That may well be true. But it seems to me from the article, as I recall, in the Wall Street Journal, the net effect, with the biggest chunk being personal tax cuts, was the unacceptable levels of Government borrowing with high interest rates and a lack of economic integrity and soundness.

The Senator from Kansas talks about the problem of inflation in the lives of people.

Absolutely. But I do not think it does anybody any good to have a rate of inflation which is partly caused by excessive Government deficits which try to be compensated, in part, by a tax cut that does not even come close.

We have the dog chasing its tail here, Mr. President, because if the rates of inflation are high and we are going to cut people's taxes, the net effect of the tax cuts is to cause the rate of inflation to be high. We can keep that up all day.

What you have to do is break the cycle, and the way you do that is to balance the budget. I was thinking the good, lifelong Republican from Kansas would want to go with that theory, to balance the budget. Then we will see the rate of inflation come down and we can cut taxes all we want to.

It gives the priorities to balance the budget, get interest rates down, and cure inflation.

He said a lot has transpired. It sure has. What mostly transpired is the change of mind, the change of heart, by key portfolio managers and business people in New York. They voted.

He said we ought to wait until Thursday. They made their decisions. The market is off and rippling around the world. We do not have to wait until Thursday.

Mr. President, I hope that Senators who voted for this tax bill have reserved the right to argue and state to their constituents that they think a tax cut is deserved, but that they can also say at the same time that because of that vote of no confidence on the part of Wall Street that we have to defer that tax cut until we get a balanced budget.

Mr. DOLE. Mr. President, I want the record to be clear that I commend the Senator for his brevity. I am not suggesting that he has delayed consideration. I just suggest that if this resolution is amended, then we are going to have real difficulty with everyone I have discussed this with in the House, Democrats and Republicans. Those Members indicate that it would be very difficult for the House to muster the votes to extend the debt ceiling. That is the reference the Senator from Kansas had in mind.

The Senator from Kansas is not embarrassed to have this bill. There are others who have stood here before. The distinguished Senator from Louisiana has had this responsibility.

I do not feel good about advocating that we increase the debt, but I feel a little bit better knowing we have a President in the White House, the first one in a long time, who is reducing the growth of spending. Perhaps one of these days we will not be called upon to do this exercise once or twice a year. For that reason, I think it is a new day so far as the extension of the debt ceiling is concerned.

This is not President Reagan's debt we are increasing. If this continues to go up, as it may even under the President's austerity program, the necessity to increase the debt ceiling may continue for 2 or 3 years.

I suggest what we are voting on is the same thing we voted on on July 29. I know some have changed their minds about the tax cut—one, two, three, or four. The Senator from Kansas does not know how many. As indicated earlier, if you want to have it both ways, now is the opportunity. If you voted against the tax cut, now you can vote for it. If you voted for it now you can vote against it. You can answer all your mail dealing with how you voted. The ones who are for it, send them the "for," and the ones who are against, send them the "against." But I promise you they will know better in the long run.

The point is that Thursday of this week—and I hope this bill does not extend into Thursday—is the day the President has announced as the effective date of his program. The media have lost sight of that. Many Members of Congress have lost sight of that. The American taxpayers have not lost sight of that.

Please, I say to the Senator from Colorado, do not take away this little 5-percent tax cut that takes place in October. That will not be enough in any event. It is 10 percent next July and 10 percent the following year which will amount to a more substantial tax cut.

For the reasons stated, and I have no quarrel with the intentions of the Senator from Colorado although I happen to disagree with what he proposes to do, I move to table the amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion of the Senator from Colorado. The yeas and nays have been ordered. The clerk will call the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from New Hampshire (Mr. Humphrey), the Senator from Idaho (Mr. McClure), the Senator from South Dakota (Mr. Pressler), the Senator from New Hampshire (Mr. Rudman), the Senator from Wyoming (Mr. Simpson), the Senator from Wyoming (Mr. Wallop), and the Senator from Virginia (Mr. Warner) are necessarily absent.

I further announce that, if present and voting, the Senator from Wyoming (Mr. Wallop) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DeConcini), the Senator from Hawaii (Mr. Inouye), the Senator from Louisiana (Mr. Johnston), the Senator from Mississippi (Mr. Stennis), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

The PRESIDING OFFICER (Mr. Denton). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 74, nays 13, as follows:

[Rollcall Vote No. 290 Leg.]

YEAS—74

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Boren
Boschwitz
Bradley
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
D'Amato
Danforth
Denton
Dixon
Dole
Domenici
Durenberger
East
Exon
Ford
Garn
Glenn
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Huddleston
Jackson
Jepsen
Kassebaum
Kasten
Laxalt
Levin
Long
Lugar
Matsunaga
Mattingly
Melcher
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Percy
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Sarbanes
Sasser
Schmitt
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Zorinsky

NAYS—13

Biden
Bumpers
Cranston
Dodd
Eagleton
Hart
Hollings
Kennedy
Leahy
Mathias
Pell
Tsongas
Weicker

NOT VOTING—13

DeConcini
Goldwater
Humphrey
Inouye
Johnston
McClure
Pressler
Rudman
Simpson
Stennis
Wallop
Warner
Williams

So the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado.

UP AMENDMENT NO. 438

(Subsequently numbered amendment No. 569.)

(Purpose: To increase the President's ability to manage government operations)

Mr. ARMSTRONG. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Colorado (Mr. ARMSTRONG) for himself, Mr. NICKLES, Mr. QUAYLE, and Mr. GRASSLEY proposes unprinted amendment numbered 438.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, add the following:

SEC. ( ). That (a) section 1011(3) of the Impoundment Control Act of 1974 is amended to read as follows:

"(3) 'rescission resolution' means a concurrent resolution of the Congress which disapproves, in whole or in part, the rescission of budget authority proposed in a special message transmitted by the President under section 1012, and upon which the Congress completes action before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress;".

(b) Section 1012(b) of such Act is amended to read as follows:

"(b) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority or any part thereof proposed to be rescinded or that is to be reserved as set forth in such special message shall be made available for obligation if, within the prescribed 30-day period, the Congress adopts a rescission resolution disapproving the rescission or reservation of such amount or part thereof.".

(c)(1) Section 1017(c)(5) of such Act is amended by striking out "bills and".

(2) Section 1017 of such Act is amended by striking out "bill or " each place is appears.

(3) Section 1017(c) of such Act is further amended by striking out "bill" each place it appears and inserting in lieu thereof "resolution".

Mr. ARMSTRONG. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

UP AMENDMENT NO. 439

(Subsequently numbered amendment No. 570.)

(Purpose: To increase the President's ability to manage government operations)

Mr. ARMSTRONG. Mr. President, I send an additional amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Colorado (Mr. ARMSTRONG) for himself, Mr. NICKLES, Mr. QUAYLE, and Mr. GRASSLEY, proposes unprinted amendment numbered 439.

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows: In lieu of the language proposed to be inserted, add the following:

SEC. ( ). That (a) section 1011(3) of the Impoundment Control Act of 1974 is amended to read as follows:

"(3) 'rescission resolution' means a concurrent resolution of the Congress which disapproves, in whole or in part, the rescission of budget authority proposed in a special message transmitted by the President under section 1012, and upon which the Congress completes action before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress;".

(b) Section 1012(b) of such Act is amended to read as follows:

"(b) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority or any part thereof proposed to be rescinded or that is to be reserved as set forth in such special message shall be made available for obligation if, within the prescribed 45-day period, the Congress adopts a rescission resolution disapproving the rescission or reservation of such amount or part thereof.".

(c)(1) Section 1017(c)(5) of such Act is amended by striking out "bills and".

(2) Section 1017 of such Act is amended by striking out "bill or" each place it appears.

(3) Section 1017(c) of such Act is further amended by striking out "bill" each place it appears and inserting in lieu thereof "resolution".

Mr. ARMSTRONG. Mr. President, let me explain to my colleagues that the reason I have offered this amendment twice in effect in slightly different form is simply to preclude further amendment of the issue which I seek to bring before the Senate so that we will have a clear-cut decision on the important issue.

Mr. President, the Senate is urged in this legislation to increase the national debt to well above $1 trillion.

This mindboggling sum and the Government's spending policies which have caused it are exactly the reason interest rates are soaring, bond prices are crashing, the stock market is sagging, the national economic recovery is crippled, and millions of workers are losing their jobs.

There is now little doubt that excessive Federal spending is, in fact, the main cause of the Nation's inflation/credit crunch. It was once a controversial idea, but I think almost no one now disputes the idea that a balanced Federal budget is absolutely essential to getting our economy back on track.

President Reagan has pledged to balance the budget. I think there is no one who doubts the sincerity of his intention to do so.

Many Members of this body share his enthusiasm and his dedication to this task. But there is doubt in responsible quarters about whether or not Congress as a whole after making dramatic budget cuts this summer will now go along with the additional further spending cuts which are needed to match recent tax reductions.

Mr. President, there is probably no such thing as a painless budget cut. Certainly the amendment which I suggest is not a substitute and is not intended in any sense as a substitute for an overall congressional approach to reorganizing our national priorities within the budget and to producing a balanced budget at the earliest possible date.

However, the amendment which I have proposed does make a simple, yet significant change in our current policy by requiring congressional veto rather than congressional approval of any rescission which may in the future be proposed by the President.

As before, the President would be required to notify Congress of his intent to rescind or withhold appropriated budget authority. But to halt such action Congress would within 45 days have to pass a resolution of disapproval.

The Senate Budget Committee has estimated that this approach would save some $5 billion each fiscal year. In my judgment the savings could be much larger than this amount.

Our President presides over the largest budget in the world. Yet he has less management control over that budget than any other Chief Executive that I can think of. The Governors of virtually all of our 50 States have the power to block wasteful, duplicative, and unnecessary spending, but Congress has denied this essential management prerogative to the President.

Under the present law, if the President discovers that funds appropriated by Congress for a particular purpose are no longer required, or are more than is needed to accomplish a certain purpose, the President cannot prevent the expenditure of the excess funds without first obtaining the explicit approval of Congress to do so.

The Congressional Budget and Impoundment Control Act of 1974 protects the constitutional prerogative of Congress to have the first and the last word about the expenditure of public funds, but it does so in a needlessly wasteful and extravagant way.

The trouble with the Impoundment Control Act is that the President's efforts to restrain wasteful spending can be thwarted simply by congressional inaction. If the President determines that funds appropriated for a particular purpose need not or should not be spent, he must inform Congress of his intention to rescind them. But if both Houses of Congress do not pass resolutions approving the rescission within 45 days of the President's announcement, then the funds must be released, that is, spending must take place.

Unfortunately, all kinds of factors other than the merits of a proposed rescission can block action by both Houses of Congress before the 45-day period expires. Since 1974, Congress has approved fewer than 28 percent of the rescissions proposed by Presidents Nixon, Ford, and Carter. In most cases, the rescission request never even reached a vote.

Mr. President, I stress that the concern which is addressed in this amendment is not a theoretical concern or an abstract problem but indeed my amendment is a response to a clearly observable, real life problem, which is plaguing the congressional budget process.

The fact of the matter is that recissions are very hard to get passed by the Congress of the United States, and a lot of them end up in some committee chairman's pocket, never even being laid on the table within a committee to be voted on, let alone brought to the floor of the House and Senate for a vote.

Fiscal year 1978 provides an all too typical case in point. In that year, a year of near record budget deficits and double digit inflation, President Carter sent to Congress rescission requests totalling $600 million. Congress rejected by inaction $500 million of these rescission requests. Thus, out of a budget of $579.6 billion, a scant $100 million, eight one-hundredths of 1 percent of the total, was saved through the decision of the President that the same results could be achieved with fewer dollars through better management.

Presidents used to have a very potent power to prevent wasteful spending, the power of impoundment. The history of Presidential impoundments shows clearly that this power was used in virtually every instance to achieve sound management objectives.

The most common reason for impoundments was because changed circumstances rendered a particular expenditure unnecessary, as when President Jefferson blocked $50,000 for gunboats on the Mississippi after the Louisiana Purchase had removed the threat the gunboats were supposed to guard against. Another frequent reason was to prevent waste, as when President Van Buren blocked payment of a duplicate pension to a military widow, and President Truman refused to spend money to build Veterans' Administration hospitals until a study had been made to determine the geographical need for them.

But regrettably there were instances where the impoundment power was abused. President Lincoln, for instance, impounded funds for water projects in order to punish certain Illinois Congressmen who had opposed his administration on other policy matters.

The use by some Presidents of the impoundment power to punish recalcitrant legislators or to alter policies enacted by Congress obviously is a source of irritation to Congress, and aside from the fact that it is an aggravation to legislators, the abuse of the impoundment power also raises certain constitutional questions. The Constitution makes it clear that Congress has the power to determine how public money should be spent. But if the President impounded funds appropriated by Congress, Congress either would have to pass the appropriation again (in which case it would be subject to a second impoundment, or a veto), or take the President to court. This was, especially from the congressional point of view, most unsatisfactory.

The impoundment controversy came to a head in 1972 when President Nixon attempted to force Congress to adopt a block grant housing approach by imposing a moratorium on funding of the housing programs authorized by Congress. The President won the battle (an appeals court ruled against Congress lawsuit), but Congress, by enacting the Budget and Impoundment Control Act of 1974, won the war, had the last word.

In the light of long experience, including that which I have cited here today, I think most Senators and most Americans would agree that some protection had to be found, is needed, against the occasional Presidential abuse of the impoundment power. In my view, however, the congressional power, that is, the very tight restrictions enacted as part of legislation in 1972, is worse than the original problem and, therefore, it seems to me, we must find a middle ground.

My amendment, which enhances the President's rescission authority, I believe satisfies that requirement, allowing flexibility in achieving needed savings without returning to the old abuses and without eliminating the last word where it belongs, in the legislative branch.

This basic change, to congressional veto from congressional approval, would alter the climate for Presidential action by requiring a positive, considered action by Congress in order to block proposed rescissions instead of killing needed rescissions by inaction, without even having a vote. The President would be allowed the managerial flexibility required for efficient government, but Congress would retain its constitutional prerogative to control the public pursestrings.

Mr. SYMMS. Mr. President, will the Senator yield?

Mr. ARMSTRONG. I yield.

Mr. SYMMS. I would like to tell the distinguished Senator that I join in his remarks, and I ask unanimous consent to have my name added as a cosponsor of his amendment.

Mr. ARMSTRONG. I would be honored to have the distinguished Senator from Idaho added as a cosponsor, and I ask unanimous consent that he be added.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

Mr. President, several things run through my mind as we now start to talk about balanced budgets. But to the particular point, the distinguished Senator from Colorado just concluded by saying, "positive, considered action by Congress," inferentially meaning that we have not been able to have positive, considered action by Congress under the present law.

Mr. President, I do not know where the Republicans have been. We have had the most dramatic, positive, considered action by Congress in the history of Congress with respect to the rescinding of spending with the Reconciliation Act.

We have struggled all year long in the Budget Committee, of which the distinguished Senator from Colorado is a member, and also our friend from Idaho. I cosponsored the resolution; we debated it on the floor; we debated it in the House, and we then had action by the various committees. Numerous committees of both the House and the Senate acted. We thereupon had further debate and after passing both Houses we had a conference committee that consisted of 257 conferees. We just congratulated, along with the committee chairmen and everybody else, the leadership, namely, the distinguished Senator from Tennessee, as the majority leader, and the chairman of the Budget Committee, Senator DOMENICI, on the positive, considered action by Congress of doing what? Rescinding $35.6 billion.

Here, on the heels of the Budget Act working in a positive, considered action by Congress, comes the Senator from Colorado and totally disregards and misreads the history, misreads the intent, and misreads the need for such an action.

I understand that strategy, so it falls to me to put the record straight. I do so most respectfully because in the end we still are going to have time—I just told the Senator from Kansas it is like bonefishing. It is going to take about 3 more weeks to bring them into the boat. They can have all the weekend programs they want, but they are bound to come back and ask for further spending cuts or higher taxes unless they want to adopt these high interest rates.

I happen to think it is too serious a problem for partisanship. I want to see Reaganomics work.

The proposal I have made retains as much of the President's program as is possible so it can be successful. I will list again very quickly those items that will make it work.

We do not disturb President Reagan's cuts for business. We do not disturb, this year, the President's cuts for the individuals, the personal tax cuts. We do not disturb the President's defense program, where he has altered somewhat his position for certain cuts on the defense. We give him that.

In essence, what we do is to take one proposal that the President did not recommend in the oilfield and rescind it. We leave the depletion allowance, but not the intangible drilling costs, because we think the President's action to decontrol oil firms is incentive enough.

Then we say withhold, or if you please, rescind, in order to have specificity, in order to have a concrete, comprehensive proposal to the business community, half (5 percentage points) of the personal tax cuts in July 1982 and July 1983.

Now, if you do that, you can raise the revenues that will give assurance to the business community and the electorate that we are going to have Government in the black during President Reagan's term in office; that he will, in a credible fashion, be able to carry forward his commitment, which was my commitment in running for reelection last year, that we get this Government back into the black.

Now, what is the promise made at this particular moment, at this particular point in time? The Senator from Colorado—and I see other distinguished colleagues here that should remember it, the promise of this moment which brings about the disillusion is Government in the red, at least through 1986.

The President quotes Dr. Alice Rivlin, the Director of the Congressional Budget Office. Now we have her as a Presidential expert. We had a difficult time for several years around here getting her any particular expertise, but now our great President quotes her. The Congressional Budget Office's conclusion was that we needed, in order to obtain a balanced budget, $100 billion by 1984.

Paul Volcker, the Chairman of the Federal Reserve, who is in lockstep with this administration, comes to the Congress and testifies exactly to that. "We need $100 billion."

So the problem, as budgeteers, is not rescission. The Senator from Colorado is playing games with us. It is a real problem. It is a need to find here this fall so that we can give assurance that Reagonomics can work, $100 billion. It is not study commissions for social security. It is not study commissions for entitlements. It is not promises of cuts in the future. Heavens above, we have had 10 years of that. You now have the same old program you have had for the past 10 years, cutting spending and cutting taxes and running up high deficits.

Oh, yes, we cut the spending in the defense budget last time. That was where the spending was cut. Now it is on the social side. But the fact is you cut taxes seven times in 10 years for a loss of $731 billion.

You have accelerated Roosevelt's pump priming, accelerated Lyndon Johnson's guns and butter. By giving people $750 billion in tax cuts in 5 years, instead of over 10 years, you have accelerated older programs and you have lost revenues of $159 billion in 1984, $199 billion in 1985, and $268 billion in 1986. You have given the people butter you cannot afford. You have written a tax cut in red ink and the people know it.

You keep coming here with this little tinkering amendment as if they are wondering in Wall Street if Congress will go along. Pure tommyrot. You should questions Senators on your side of the aisle. I will tell you what they say.

What did the distinguished Senator from Vermont, the chairman of the Education Committee, say? He said, "No more cuts in education." And I agree with him. I am not criticizing him. We had cuts last year; we had cuts this year.

What did the majority whip, Senator STEVENS of Alaska, have to say? He said. "It cannot pass in that form."

What does the Senator from Utah, the former mayor there, our distinguished chairman of the Banking Committee, say? He said he supports the President's program, but he said, "It is politically unrealistic." That is his quote.

Go over to the House side. You have BILL GREEN, the head of the Republican moderates, who went along with the cuts. He says, "To go along with what President Reagan recommended on Thursday night would violate the agreement made."

Well, what did JACK KEMP, who got us into this mess, have to say? He said, "No cuts at all." He said, "Certainly not in defense." He said, "Mr. President, make a talk on the gold standard."

I saw a quote by George Shultz. He looked at Arthur Laffer around that table, and he said, "Art, you're crazy." And I agree with him. That is what he told him in the White House just 1 week ago.

What did Senator ROTH say? He said, "Now, we have our program." He said, "Mr. President, give us a talk on foreign policy."

Now, that is what they are saying on your side of the aisle, not just here. It is not partisan.

We are trying to make Reaganomics work, and we are not going to come in here at this time and change the basic law on rescissions that fixed the responsibility in the national Congress. He is talking about the President using those powers. He says, "Lincoln punished Congressmen for opposition to programs." Well, that is exactly what we were getting. I was around here during some of those days, and you did not have to go back to Lincoln for historical precedents. You can go to President Nixon. We know exactly what has occurred in the past. But now the process is working and it has worked.

Do you know what President Reagan asked for? He asked at the beginning of this year to cut the budget $41.1 billion. After analyzing that request, I say to the Senator from New Mexico, we found $5 billion in administrative actions, like Davis-Bacon, which I agree with the distinguished President on, and matters of offshore drilling and several other things we found that could not be affected in the reconciliations bill. For reconciliation the President was asking for $33 billion in cuts and we gave him $35.6 billion.

It is absolutely false to give the impression that this National Congress did not give the President what he requested in reconciliation. It is a false charge. It is a bum rap and the Senator from Colorado knows it. The doubt on Wall Street should not be whether Congress is going to go along. We gave the President his full program.

Give these new cuts to him in the next 10 minutes and the interest rates will not move 1 percentage point. Why? The President is talking about cutting only $16 billion. Give him $13 billion more in defense, or 20-some. Or, as one Senator said, $30 billion in defense. You have a $100 billion problem, not a $13 billion or $16 billion or $30 billion problem. It is a $100 billion problem. You cannot promise you are going to find further cuts in the future. The distinguished Senator from Kansas says "It is not October 1, but come Thursday the President's program will start to work." The President is the one who went on national TV and changed his own program. He promised not to have a second round of spending cuts.

I cross-examined Dave Stockman all spring and summer long and he said next year, I say to the Senator from Kansas. He said, "We will give those cuts in due time."

The second round was a second round of tax cuts. Do you remember the tuition tax cuts? The Senator from Kansas wanted to hold that up and the Senator from Louisiana wanted to hold it up and include it in the second round of tax cuts. What did we get last Thursday? We got not a tax cut but a tax increase. Now we have to give the President his new program, such as higher taxes on unemployment compensation and increased taxes for corporations. The President changed his program.

It was a very artful set of gymnastics that they had in August, trying to get David Stockman and Caspar Weinberger together. What do we have? We have, Mr. President, a second round of defense decreases. That is where we are. So the program has been changed and it has been changed by the author, by the President himself.

I hate to try to keep reminding you because I want to work with you. I want Reagan economics to work.

The President has to get a new group of economists. They are not providing the President with the best advice. They have to know that in order for Reaganomics and supply side economics to work you have to have an expansionary economy. The market is betting on a recession. You cannot get the thrust for this economy to work and Reaganomics to work unless you retrench slightly in your program and gain the confidence that people know you will be able to balance the budget. Then if it is working better than some of us have predicted, you can increase the tax cuts in 1984. Give the program a chance.

My dear friends, the current program is working. That is the trouble. We were told about psychological expectations. I only wish economically this country could go back to the day before the tax bill was signed, on Auguust 13. If we could go back 1 month, we could save 130 points in the stock market, and maybe the incomes of many small businessmen who may go bankrupt in the next 3 or 4 months. They are not worried about a tax cut. They need lower interest rates.

Remember, we have done this before, Mr. Leader: When President Carter came last year and he had his austerity budget, he had the state of the Union and delivered his austere budget talk. We, as Democrats, met around the clock over a week's time and said, "Mr. President, resubmit your state of the Union." We did not have any misgivings. We were thinking of the good of the country.

Do not get too much pride not to take back just a little part of the program in order to make it work. You are running around and saying that we are going to have trench warfare when at the same time the Republican chairmen are bailing out of the trench. They are not getting into the trench with you, Mr. Leader. You do not have your chairmen in the trenches with you. They are going to leave you. They will have to.

It is not realistic. I agree it is not politically realistic.

They say, "We will have vetoes." Stockman gets on TV and says, "We will veto." Let him veto. He will save all of $13 billion if he vetoes the whole thing. Thirteen billion dollars does not solve a $100 billion problem so your vetoes and threats mean nothing.

We are not going to be table to work this out. You are going to have to be able to come back and be realistic.

We are not going to be able to work current budget resolution last year. The Democratic Congress last year was proposing the same thing. We know about tax cuts and we know about spending cuts. You will find $16.1 billion proposed last year for tax cuts on the supply side, and we thought we ought to go forward with those. Business only accounts for $10 billion. There is the 1982 fiscal year coming up. It is $18 billion in 1983 and $20 billion in 1984 so it does not have any more financial impact other than to have an incentive for an increase in productivity. It was well-considered.

The Finance Committee on both sides of the aisle did a good job there.

But you went a little bit too far when you went to indexing personal taxes and when you proposed those oil cuts. The national Treasury loses $150 billion in 1984, $199 billion in 1985, and $268 billion in 1986. You are not going to correct that with tinkertoys. You can put in all your little budget resolutions and go back home on your TV and say, "We are going to have character and move that intransigent Congress."

It is an insult, I think, to the job we have just completed, when you come around within a month or 6 weeks of the time when we have taken a dramatic move to cut 35 billion, rescinding $35 billion, from the budget and start blaming the Congress after it has done an outstanding job of saving.

I can try to answer any questions the Senator from Colorado has, but I can tell you we will not play this game cussing the Congress for the next 3 or 4 weeks after we have done the job. We gave the President his program. His program was slightly ambitious, slightly extravagant, and the market is telling him so in the loudest terms possible. They are voting with their pocketbooks.

They can make all of those nice little statements in the Business Advisory Council. They found two economists—I do not know where they found them. I wish I had been in town. They said it was right on course, working in fact. That is political cheer for the weekend like a coach to his team going on the field. But that will not do any good in the next 3 to 6 months when all farmers and small businessmen are going broke. Somebody has to buy the car; somebody has to build the home.

You are talking about better building supplies and better manufacturing, but it is canceled out by the high interest rates, and you are making yourself every day more and more responsible for those high interest rates.

The truth will win out on this one when we get through, if we have to stay here all fall long and make the same talk every day.

Congress did the job. We were not told to go home. In fact, when the President signed he had 24 pens. I happened to have been a cosponsor. The Senator from New Mexico did not get a pen and I did not get a pen. Who did he give all the blooming pens to? I do not know. We worked like the dickens.

Did you get one, Bob? You should have gotten a dozen of them for all the money you cost the Treasury. [Laughter.]

I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise in support of this amendment. In response to the charge of my colleague from South Carolina, I would like to say that economic philosophy is not what is at issue here. Not at all. We are not debating whether or not the President's economic program will work. I certainly want it to work, just as the Senator from South Carolina wants it to. But that is not the issue.

What we are talking about is the machinery of Government. We are concerned with the process by which this institution makes its decisions to spend money, and whether there is any check on that process. We are addressing the issue of whether or not the President is to play an important role in bringing expenditures under control.

Directly related to this point is the fact that, for the most part, this Congress has appropriated more funds than the President has requested in his budget submissions to the Congress.

This is a fact that holds, in general, whether there are both a Democratic Congress and President, or a Democratic Congress and a Republican President. Today, we have a more conservative Congress with a Republican-controlled Senate and a Democratic-controlled House. This Congress, however, is still wanting to appropriate at least $6 billion more than President Reagan has suggested we spend.

How do we bring that under control? The Senator from Colorado is suggesting that the President ought to have more of a role in the congressional spending process. Senator ARMSTRONG would have Congress take definite action if they object, rather than persist as they have done in the past. The practice we have now has only allowed a very small number of rescissions to actually be accepted by Congress.

Why have fewer rescissions been accepted? For the very same reason that these Congresses, in recent years, have always appropriated more than a President has suggested they spend.

I suppose that the reasons for that are obvious. It is more difficult for us to withstand the pressure for increased expenditures than it has been for a President. As a body, we are less isolated, and are more responsive to grassroots public opinion. As we are more responsive to that opinion, we unfortunately have the end result of greater fiscal irresponsibility.

How do we respond to that fiscal irresponsibility? It is to give the President more power in deciding what money ought to be spent or not. Candidly, it reduces what authority we have under the 1974 act. I think that is the way for us to grant the President more authority when Congress is fiscally irresponsible. It also gives opportunity for a President, after all the appropriations bills have been passed irrespective of fiscal responsibility, to make a determination of when money really should be spent. The President now has that authority, but Congress has more than a check on that authority. The check is structured in such a way that it is very difficult for us to respond in a positive fashion. At the very least, we have not responded even when there has been a good excuse for not spending the money.

I suggest that this is because it is difficult for us to respond as we should. I hesitate to say that, but I think it is a fact of life. It seems that legislative bodies are always prone to spend more than even the President would suggest, whether he be a liberal President or a conservative President.

So, Mr. President, based upon the track record of this institution, I think it is time to review the process by which the President can rescind funds. We must make this body more responsive to a President's judgment of the need to spend the amount of money we have appropriated. In a few months, circumstances might change from what they were from the time the President proposed the budget in January through the summer and fall when we finally pass the appropriations bills.

The process is 10 months long before the money is even actually spent.

In that 10-month period, it is legitimate to think that circumstances could change. To the extent to which they change, it seems to me, the President ought to have enhanced capability for responding to changes in economic circumstances. He should have the option of suggesting rescissions, and there should not be the same built-in resistance to those rescissions that there are now.

(Mr. JEPSEN assumed the chair.)

Mr. GRASSLEY. Mr. President, the Armstrong amendment would make, in my judgment, the intent of the 1974 Budget Act more easily accomplished. After 7 years of experimentation with it, we have begun to realize that the process set up in 1974 is not working very well. We ought to review that process—that is what this amendment is all about—and make the necessary changes. This is not a debate upon the Reagan economic philosophy. It is, rather, a debate upon the procedure we use to make determinations of spending, and the President's response to those determinations.

Based upon the track record of Congress inability to respond to the President's recommendations for rescissions, we ought to change the process and try something new.

This is why I am a cosponsor of the Armstrong amendment. It is my hope that the Senator from South Carolina would look carefully at this amendment per se, and not look at it as an extension to Reagan economics.

Mr. President, I yield back the remainder of my time.

Mr. LONG. Mr. President, the Senator from Kansas (Mr. DOLE) has stood here and told us repeatedly that it is important that we pass this debt limit bill and that we should try to pass it without amendments. He has said that there will be a problem whether this bill can be passed in the House of Representatives in the event that it is amended here in the Senate. Keep in mind, Mr. President, the House has not voted on this bill. Last year, our friends in the House contrived a way to avoid the need of having to vote for a debt limit by working out a process that I never dreamed of before. This process provided that when they have passed the budget resolution, the clerk would just enroll and send over to the Senate a bill to raise the debt limit to match the figure in the budget resolution. Under this process, the Members of the House no longer have to vote for the debt limit resolution; otherwise, it might not be here at all. So we do not know whether, if this matter goes back to the House, the House will agree to it or not.

I can tell those who have any doubt about it that this bill has problems.

I am not sure the Senate is going to pass the bill. So far as I know, the Senator from Louisiana is the only Democrat that you can be sure at this moment is going to vote for this bill. Perhaps some others can be persuaded to go along, but I would not count on it at this moment.

This bill has very serious problems. It is for that reason that the chairman of the committee, the very able statesman, the Senator from Kansas, has stood here and explained repeatedly that if we put on this bill an amendment that makes it go back to the House, it will create additional problems. It might mean that we cannot pass this debt limit bill in time to prevent the Government from defaulting on its obligations.

For that reason, I strongly urge Senators not to agree to this amendment. It could be considered in connection with other legislation, but if it is added to this bill, it will cause the President and his administration some real problems which I believe they will be anxious to avoid.

I hope the chairman of the committee will think about that matter, because I believe it presents him with a very serious problem; and I say that as one who has managed debt limit bills on other occasions.

The situation is such that the President will have enough problems getting this bill through the Senate; but if this amendment is agreed to, it will put him in a very serious position. The bill will go to the House of Representatives, where he will have to have a lot of Democratic votes in addition to Republican votes to get it through. At least here he has a Republican majority which responds to the entreaties and pleas of the chairman of the committee. He can pass this bill in the Senate with the help of some of us on this side; but in the House, he has no assurance that he can pass it, even if he can get to Republicans to join forces and rally behind their leadership on the House side.

That creates a very serious problem, and I urge the chairman of the committee to think about that seriously. It does raise a serious problem so far as the Senator from Louisiana is concerned. This Senator participated in establishing the budget process. At the time we did that, we were led to believe that if we would pass this budget process, we would no longer be confronted with the problem that plagued us at that time, which was the impoundment of funds by the President.

So we were persuaded to set up this budget process, to establish the Budget Committees, and to put ourselves in the position that when the committees sought to act, we would act under guidelines established by a budget resolution reported from and managed by the Budget Committee. We agreed to do this in the Finance Committee and the Appropriations Committee as well as other committees. We agreed to go through the budget process, which has been a real bother, in many respects, to the Finance Committee and the Appropriations Committee. In many respects that process has frustrated our efforts to act. But we agreed that we would do this because, in doing so, we would bypass a problem which had plagued us at that point, which was the impoundment problem.

The budget process has failed to balance the budget, I admit, but undoubtedly it has saved a lot of money for the Treasury as a result of the efforts made by the people on the Budget Committee to try to reduce spending, to try to bring fiscal responsibility to the Senate.

However, if the President is going to have the power to impound, then it seems to me that we should get rid of the budget process and stop all this bother, and just leave it up to the President, as the amendment suggests, to say in what respects he does not think we should spend money.

I do not think we should have to contend with both impoundment and the budget process. It seems to me that if we are going to have impoundment, we should not have to be contending with the Budget Committee as well.

For that reason, Mr. President, I feel compelled to oppose the amendment, on the theory that we should not be have to live with both. We should not have the Budget Committee second-guessing us on our appropriations and other actions in the committees and then have the President also impound funds.

Admittedly, the Congress would have a slightly better arrangement under this amendment than under the previous impoundment situation, in that both Houses, acting together, could continue a program where otherwise the President would have rescinded it. But I do not believe we should have to live with both of them—an impoundment process on the one hand and the budget process on the other. It seems to me that it should be one way or the other.

For those two reasons—I believe the first reason is even more compelling than the second—I hope that in due course the chairman will feel with regard to this amendment as he felt with the other amendments which have been offered here. I hope that in order to do his duty to his side of the aisle as well as to the Nation and to his administration, he will move to table the amendment, as he has done with regard to amendments on this side of the aisle.

Mr. DOLE. Mr. President, I appreciate the comments of the distinguished Senator from Louisiana.

At the appropriate time, the Senator from Kansas will have no choice, for the reasons outlined, but to move to table the amendment, even though I support the amendment.

My responsibility is to make sure that the debt limit bill is passed, free of amendments, by Wednesday. I cannot adopt one rule for Republicans and one rule for Democrats. I cannot adopt one rule for amendments I support and another rule for amendments I oppose.

So while I believe that the Armstrong amendment does precisely the correct thing, I cannot fulfill my obligation to the President by somehow trying to adopt this particular amendment. Not that what I do will make any difference. I say to the Senator that I support the amendment. I do not believe it is the last time we will hear of this amendment. The Senator from Louisiana and the Senator from Kansas understand very well. Three amendments have been offered, and three have been tabled. I am not certain how many more amendments will be offered, but I hope they will all be disposed of in short order.

I say to the Senator from South Carolina that this is a rather difficult time. Perhaps in 3 weeks we will all be rushing in to modify the President's economic package. But I know that the

Senator from South Carolina is sincere in his hope that the program works. As former chairman of the Budget Committee and now as ranking minority member of the Budget Committee, he understands some of the real problems we have.

This Senator is not certain the President has precisely the right remedy or precisely the right prescription. We had some disagreement on the size of the tax cut. The Senator from Kansas and others believe they had a proper influence in reducing the size of the first year tax cut, and we were criticized.

I recall an editorial in the Wall Street Journal referring to these reservations and calling for a Dole proposal, saying, "If he criticizes the President's plan, where is his plan?"

We ended up with a different mix. The Senator from South Carolina believed, and a majority of us believed, that we had to reduce the size of the cut in fiscal 1982. Hindsight is perfect, and it is a good thing we did that; because instead of trying to reach a $42.5 billion deficit in 1982, we would have had to accommodate an additional $14 billion of tax cuts, and it would have been impossible to reach that goal.

I assure the Senator from South Carolina that this little midcourse correction—or a little fine tuning may be another way to describe what the Senator is seeking to do now—is not something I assume the President relishes, but it is something that may be necessary. If we have a better idea, if we have a better way to achieve that result, I am certain the Budget Committee will be giving us some direction; and I, for one, appreciate that direction. It seems to me that it sort of stiffens us up a little to have the Budget Committee give us a little push, saying, "You have to cut this or raise revenue or somehow meet this goal."

Although I sometimes refer to the Finance Committee as a subcommittee of the Budget Committee, the arrangement is helpful sometimes. I can say, "The Budget Committee told us to do this." When the moment of truth comes, the Budget Committee probably has been helpful more often than not.

So we are looking forward to working with the distinguished Senator from New Mexico and the distinguished Senator from South Carolina in trying to achieve what we all want to achieve and that is some responsibility in the budget.

With reference to revenue raising measures, we are still talking about a second tax bill. Maybe we are overly optimistic, but I have a number of Members who have indicated they have outstanding amendments. They do not raise any revenue. They would increase the deficit. There is the tuition tax credit. What is it—about $6 billion the first year or $7 billion. That is only one of the amendments that may be under consideration.

But I do believe that the President has outlined two or three areas that we should take a look at, but the thing that concerns this Senator is if in fact we do find some revenue raisers in the Finance Committee there is always that temptation to spend that revenue either in the committee or in the Chamber, so it is difficult for me to understand at this point how we can raise $3 billion in fiscal year 1982 by increasing revenues because I know of the proclivity of the amendments coming from all sides to eat up whatever that surplus might be, whatever the amount might be.

But I say to the Senator from South Carolina we have advised the administration that we are prepared to have hearings immediately on their revenue proposals. We understand that some will be rather bitterly contested, but we are prepared to have hearings, and it is my understanding the administration may be prepared to do that in about 2 weeks.

Again, I know that the Senator from Colorado is distressed because every time we come to the Chamber with a debt ceiling extension it is always at the last minute and perhaps we can improve upon that. Perhaps it should come at an earlier time.

But having participated in a number of debates over the years and having voted for increases and against increases, it is rather difficult. In fact, we acted as soon as Senator Packwood held hearings within a week after we were notified by the administration that they wanted to appear on the increase. We reported the bill promptly by a vote of, as I recall, 9 to 7, a very close vote in the Finance Committee. In fact, had the absentees voted we might not have passed the increase in the committee.

So that is an indication again of how close the vote may be without an amendment.

It is my hope that come final passage many of my colleagues on the Democratic side will understand the necessity of the Government paying its bills. I am certain they will understand that. The Senator from Kansas went back and put in the Record the other day the voting records of debt ceilings from the year 1965 to the present day, and in nearly every instance, despite the change in administration, there was an average of over 15 from the other party who voted to increase the debt ceiling because there really is not any other alternative.

This Senator has done that at times and has not done it at times. I cannot speak for my Democratic friends, but it is my hope that we will have some support to make certain we can pay the debts on our bills as they come due later next week.

It is also the hope of the Senator from Kansas that we might finish the debate on this amendment so we might accommodate the Senator from Nebraska who wishes to call up his amendment yet this evening.

The PRESIDING OFFICER (Mr. Hayakawa). The Senator from Colorado is recognized.

Mr. ARMSTRONG. Mr. President, I am grateful to all who have risen to speak on this issue. Of course, I have a special sense of appreciation and gratitude to those who have risen to speak in support of the amendment.

But I think the discussion has been useful and for those who may at some future time wish to study the record of this proceeding I think they will find that there has been a worthy and full discussion of the different points of view of Senators.

I wish to close the debate with just a few matters that seem to me need to be raised.

First of all, I ask unanimous consent that my distinguished colleague, the Senator from Georgia (Mr. Mattingly) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. Second, I wish to note for the record my interest in this institutional reform, and it is my view nothing more nor less than that, it is not a panacea, it is not a budget balancing amendment, although it certainly will help President Reagan balance the budget. It does not arise from the fact that Ronald Reagan is in the White House. It does not arise from the fact that a Republican is in the White House. It arises because of my conviction that it is a fundamental good Government measure.

I only wish to state that for the record and recall for my colleagues that last year when a President with whom I disagreed on many issues, a President not of my party, Jimmy Carter, was in the White House, I also tried to enlist the interest of Senators on both sides of the aisle in support of this, because I am convinced that a reasonable degree of flexibility should be permitted to any President of whichever party he may be, to give him a chance to manage the business of this Nation.

Mr. President, I also wish at this time to submit for the Record a brief summary of the rescissions which have been submitted by Presidents Nixon, Ford, and Carter from fiscal years 1975 to 1980, simply to have a notation that of the nearly $12 billion in rescissions proposed, 72 percent of them have either been ignored or turned down by Congress.

What I regret is that this table, which I shall ask unanimous consent to have printed in the Record, cannot show the rescissions that might have been proposed if the willingness of the President to do so had not been discouraged by the institutional difficulties of obtaining approval of the rescissions. But since we cannot show rescissions that were discouraged at least we can show the track record of what has actually happened, and that is that nearly three-fourths of them have been ignored or turned down.

Mr. President, I ask unanimous consent to have the table to which I have referred printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

SUMMARY OF RESCISSIONS, FISCAL YEARS 1975–80

Rescissions	Number	Amount
Proposed	241	11, 961, 273, 694
Cancelled or not acted upon by Congress	58	4, 082, 774, 357
Approved by Congress	102	3, 357, 657, 520
Disapproved by Congress	81	4, 622, 197, 817
Outstanding	0	0

Mr. ARMSTRONG. Mr. President, there are really two issues that are addressed in this amendment.

One is whether or not it is a good idea for the President to have rescission power. I feel that it is for the reasons that I have already stated. Other Senators may hold a different view.

The second question is whether or not this is the right place to offer such an amendment, whether or not in fact a reform of this kind is well suited to the debt ceiling extension bill.

I think it clearly is. I wish to just share with my colleagues some of the observations about the substance of the amendment itself and its appropriateness in this particular legislation which I have received from some of the organizations who are most keenly aware of the economic problems facing America and who have been over long period of time leaders in budgetary reform.

I am not going to read these letters at length. I shall quote from them briefly and then when I have done so I shall ask consent to have them printed in the Record of these proceedings.

> The U.S. Chamber supports your Federal expenditure control reform amendment to H.J. Res. 265, the debt ceiling extension.
>
> Under current law, which requires both Houses of Congress to approve rescissions, few budgetary savings proposals have been enacted. Your amendment, which would allow rescissions to become effective unless both Houses of Congress disapprove, would still leave Congress in control of impoundments, but would make it more difficult to ignore Presidential rescission requests.

Mr. President, there is more to this letter, and I shall ask at the conclusion of my remarks to have this letter printed in the Record.

In brief, the Chamber of Commerce of the United States thinks this is a good idea and that the debt ceiling extension idea is the place to consider and enact such an amendment.

Mr. President, I have here a letter under date of September 25, from the National Taxpayers Union, and I wish to just quote briefly from that letter and again I shall ask that the full text be printed in the Record:

> The National Taxpayers Union, representing 450,000 family members in all 50 States, supports your proposed Federal Expenditure Control Reform Amendment to H.J. Res. 265, the Debt Ceiling Extension, which would allow rescissions to take effect unless disapproved by concurrent resolution within 45 days.

The letter goes on at some length. It is a two-page letter. I am not going to quote it all. I shall ask unanimous consent to have it printed in the Record.

I only wish to share one very specific additional observation which the National Taxpayers Union makes because it is significant in the context of this debate and I quote:

> It is worth noting that the Governors of 42 States have far greater discretion, through the largely unrestricted use of the item veto, to control state budgets approved by the legislature.

Mr. President, the National Tax Limitation Committee states the following:

> We think that your proposal will strike a good balance in allocating authority over budget matters between the Congress and the Administration—and would urge all members of Congress to vote for it.

The NFIB states:

> The small business membership of NFIB, which is in excess of 500,000 firms, believes that it is entirely appropriate to amend the nation's first trillion dollar debt ceiling resolution by reversing the current presumption on presidential rescissions. To a small business owner it only makes good sense to allow the president some flexibility in how, when, and if he spends taxpayer's money. Your amendment is a modest, but important, change in the current procedure. If enacted it would require a positive, thoughtful action by the Congress to deny a presidential request for rescission of funds.

Mr. President, in a moment I shall ask unanimous consent to have this entire letter printed in the Record.

Finally, I call attention to a letter from the Credit Union National Association dated September 28:

> The Credit Union National Association, Inc. (CUNA) has supported the President's actions to reduce federal spending as a vital element in the fight against inflation and to revive the economy.

The letter goes on to discuss in some detail the various ways in which the Credit Union National Association has done so and then comes up with a comment about the amendment which is now pending:

> Amending the procedure established in the Impoundment Control Act of 1974 as you propose, would give Congress 45 days in which to disapprove the Presidential rescission proposals. This would give the President a positive position from which to work since current procedures have proved of limited value since their inception.
>
> This change will simply make it more likely that national economic needs will prevail while preserving the right of Congress to apply its collective judgment and check Presidential powers.

Mr. President, I ask unanimous consent to have printed in the Record, letters received from interested groups on this issue.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Chamber of Commerce,
Washington, D.C., September 25, 1981.
Hon. William L. Armstrong,
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: The U.S. Chamber supports your Federal Expenditure Control Reform amendment to H.J. Res. 265, the Debt Ceiling extension.

Under current law, which requires both houses of Congress to approve rescissions, few budgetary savings proposals have been enacted. Your amendment, which would allow rescissions to become effective unless both Houses of Congress disapprove, would still leave Congress in control of impoundments, but would make it more difficult to ignore Presidential rescission requests.

Your amendment is an important vehicle in the Administration's effort to achieve a balanced budget by 1984.

Cordially,

Hilton Davis,
Vice President.

National Taxpayers Union,
Washington, D.C., September 25, 1981.
Hon. William Armstrong,
U.S. Senate,
Washington, D.C.

Dear Senator Armstrong: The National Taxpayers Union, representing 450,000 family members in all fifty states, supports your proposed Federal Expenditure Control Reform Amendment to H.J. Res. 265, the Debt Ceiling Extension, which would allow rescissions to take effect unless disapproved by concurrent resolution within 45 days.

As the national debt approaches the unfortunate $1 trillion mark, we feel Congress should take this opportunity to take a step towards better controlling the federal budget. Your proposal is a reasonable, moderate way to help enhance federal budget control. We agree that the proposal, although it would have a limited effect, is well worth doing for the following reasons.

As the Congress and the President move to reach a balanced federal budget by 1984, they need to take advantage of every available opportunity to control wasteful federal spending. It is inevitable that, due to the massive size of the federal budget, some federal spending will become unnecessary to achieve program goals. Congress recognized this when it passed the Budget and Impoundment Control Act of 1974 and provided for rescission of federal spending, but only if both Houses of Congress approved it by a resolution within 45 days. Unfortunately, most rescissions have not met Congressional approval, and billions of dollars in potential spending control opportunities have been lost. Worse, most rescissions have been killed without even a vote by Congress.

Your proposed amendment would improve the efficiency of the rescission process while ensuring that Congress would have the final say in spending decisions.

It is worth noting that the Governors of 42 States have far greater discretion, through the largely unrestricted use of the item veto, to control state budgets approved by the legislature.

With the continuous string of federal deficits in the last 12 years, it should be clear that steps are needed to make it easier for Congress and the President to move towards a balanced budget. Your proposal is a small but important step in that direction.

Sincerely,

David Keating,
Director of Legislative Policy.

The National
Tax-Limitation Committee,
Washington, D.C., September 25, 1981.
Senator William L. Armstrong,
Russell Senate Office Building,
Washington, D.C.

Dear Senator Armstrong: We have studied the Federal Expenditure Control Amendment and endorse it fully. It should provide significant improvement in the budget process.

Since 1974, the Congress has failed to approve 85 percent of the rescissions proposed by the President. Congress has simply killed these administrative initiatives by inaction.

It is our understanding that you will be proposing this as an amendment to the debt ceiling extension (H.J. Res. 265). Your bill would reverse current practice and allow rescissions to take effect unless disapproved by Concurrent Resolution within 45 days.

We think that your proposal will strike a good balance in allocating authority over budget matters between the Congress and the Administration—and would urge all members of Congress to vote for it.

Sincerely,

Lewis K. Uhler,
President.

NATIONAL FEDERATION OF
INDEPENDENT BUSINESS,
Washington, D.C., September 25, 1981.
Hon. WILLIAM L. ARMSTRONG,
U.S. Senate, Washington, D.C.

DEAR BILL: I would like to convey to you the National Federation of Independent Business's strong support for your rescission amendment to H.J. Res. 265, the temporary increase in the debt limit.

The small business membership of NFIB, which is in excess of 500,000 firms, believes that it is entirely appropriate to amend the nation's first trillion dollar debt ceiling resolution by reversing the current presumption on presidential rescissions. To a small business owner it only makes good sense to allow the president some flexibility in how, when, and if he spends taxpayer's money. Your amendment is a modest, but important, change in the current procedure. If enacted it would require a positive, thoughtful action by the Congress to deny a presidential request for rescission of funds, instead of the current practice where because of low priority, scheduling problems, lack of interest, or opposition by a few well placed members most rescissions are not even brought to a vote.

I hope your amendment is adopted and I urge all your colleagues to support it.

Sincerely,
JAMES D. "MIKE" MCKEVITT,
Director of Federal Legislation.

CREDIT UNION
NATIONAL ASSOCIATION, INC.
Madison, Wis., September 28, 1981.
Hon. WILLIAM L. ARMSTRONG,
U.S. Senate, Washington, D.C.

DEAR SENATOR ARMSTRONG: The Credit Union National Association, Inc. (CUNA) has supported the President's actions to reduce federal spending as a vital element in the fight against inflation and to revive the economy.

We continue to lend our support to this effort. The persistence of inflation and other inhibiting factors in the economy that aid price instability, high interest rates and volatile credit markets are serious indeed.

Both the President and Congress must continue to pursue these policies that will reduce both the growth and ill effects of excessive federal spending. Accordingly, we support your desire to provide the President with greater influence to determine budget cuts through rescission procedures.

Amending the procedure established in the Impoundment Control Act of 1974 as you propose, would give Congress 45 days in which to disapprove the Presidential rescission proposals. This would give the President a positive position from which to work since current procedures have proved of limited value since their inception.

This change will simply make it more likely that national economic needs will prevail while preserving the right of Congress to apply its collective judgment and check Presidential powers.

Sincerely,
JOSEPH N. CUGINI,
Chairman.

Mr. ARMSTRONG. Mr. President, in summary, this is an idea whose time has come. This is an idea which, upon its merits, deserves to be adopted. This is an idea which is well placed in a bill which seeks, for the first time, to breach the trillion dollar national mark. That is my opinion. That is the opinion of several of my colleagues who have joined with me in cosponsoring this amendment. It is the opinion of the distinguished organizations whose letters I have submitted for the RECORD.

I hope that all Senators will reflect upon this overnight and that a majority will join me in voting for it when the vote comes tomorrow.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the idea whose time has come, I have had much experience in my years in the national Congress with that idea and it did not work. We reached deficits in the range of $43 billion with that particular idea.

The Congress has done the job under a new idea which has not only come but materialized under the leadership of President Reagan. We have an historic thing out of the National Congress, a $35 billion rescission. So the mechanism there is working and it is being done responsibly.

I do not want to belabor the point. I want to go along with our distinguished chairman of the Finance Committee so that we can move along to the amendment of the Senator from Nebraska. I just want to be assured that should the motion to table not carry I would wish to extend the debate a little bit further. I want that right protected in any agreement made.

I will withhold any comment now and be ready to vote at any time or set the vote. But if the motion to table does not carry, I think we ought to be protected to have extended debate on this particular amendment.

Mr. DOLE. Mr. President, I assure the Senator from South Carolina that will be done.

Mr. President, the Armstrong amendment would authorize the President to rescind items of Federal spending—impound the funds—subject to congressional authority to reject the rescission within 45 days. The amendment will reverse the rules of present law which require express approval of a proposed rescission by both Chambers within 45 days.

This amendment has considerable merit. Two goals for a rescission rule are that it respect the constitutional requirement that the Congress control the Federal spending and taxing authority while minimizing abuse and inefficiency. The law prior to 1974 provided an opportunity for abuse of the impoundment power by the executive branch. The current law provides no opportunity for abuse by the executive branch but introduces needless inefficiency into the Federal spending process. The Armstrong amendment will provide a better resolution of these two goals.

Historically, most proposed deferrals are permitted to take effect. By contrast, most proposed rescissions are not approved. Thus, the Armstrong amendment will provide a potent technique to control unnecessary Federal spending.

Mr. President, the concerns over the erosion of congressional power in 1974 have largely been laid to rest. Congress, as an institution, has reasserted its leadership role. The absolute rules of the 1974 legislation can now be seen as an overreaction to the events of those years. It is time that situation was corrected.

Because of these considerations, I expect to support the Armstrong proposal when we next have an opportunity to consider it. However, as I have emphasized, I cannot support the amendment at this time, for fear that its adoption would prevent timely action to provide for the financing needs of the Federal Government.

Mr. President, I would again indicate to the Senator from Colorado that the idea may be right—and I am not certain this is the time. I know we disagree on that. I have a different view than the Senator from Colorado.

I would say to the Senator from Colorado that we had to fight the indexing battle three or four times, but the time did come and it was adopted. I will be supporting the Senator from Colorado in nearly every other instance.

● Mr. HATFIELD. Mr. President, I oppose the amendment offered by the Senator from Colorado. No Member of this body is more concerned than I am about the current state of our budget process. I believe the Congressional Budget and Impoundment Control Act of 1974 has been twisted in an unprecedented manner this year.

The Budget Act needs a searching reexamination, and changes such as this proposal by Senator ARMSTRONG warrant study. I have a number of changes to suggest as well. But we must not adopt such proposals individually, and without careful consideration. The Budget Act was the product of 7 years of careful examination by the Congress.

The impoundment provisions were particularly contentious because of the separation of power aspects. A nongermane floor amendment to the debt ceiling bill is simply not the way to bring about a change in this law.

This is particularly true in light of the fact that Congress has just ordered a sweeping review of the Budget Act. This review is about to commence. The second concurrent resolution on the budget for fiscal year 1981 includes the following directive:

> The Congress recognizes that . . . there have been no changes to the Budget Act of 1974. It is the sense of the Congress that after six years of experience under the Budget Act, the time is right for considering revisions and modifications to the Budget Act so as to improve the congressional budget process. Accordingly, the Congress believes that a full-scale review of the Budget Act and the congressional budget process should be undertaken without delay.

This mandate from the Congress has not gone unheeded. Next Tuesday, the Committee on Governmental Affairs begins hearings on the Budget Act. I plan to testify to express my concerns, and I am certain that the Governmental Affairs Committee would also welcome the views of the Senator from Colorado. His bill, S. 384, which is identical in substance to this amendment, is before that committee.

The poor timing and vehicle for this amendment are not the only reasons for my opposition. I also question the need for it. The Senator from Colorado states that Congress has failed to approve 85 percent of the rescissions proposed by Presidents since 1974. While I do not challenge this figure, recent experience is more revealing of the effectiveness of the present provision.

For fiscal year 1981, President Reagan requested a total of $15.1 billion in rescissions to fiscal year 1981 budget authority. Congress enacted $14.3 billion, or nearly 95 percent of this request.

The message of these figures is clear: When the Nation and the Congress are behind the President in seeking spending reductions, the present law affords a highly effective method of realizing them.

Past failures do not indicate a defect in the process, rather the inability to convince Congress on the merits.

In summary, Mr. President, the present impoundment provisions of the Budget Act are the result of years of effort to bring about a workable balance between congressional and Presidential authority.

The present law has proven effective. The full-scale review of our budget process which Congress has ordered, and which is about to begin, is the appropriate place for consideration of this proposal.●

Mr. BAUCUS. Mr. President, I very warmly thank the distinguished Senator from Wisconsin for yielding. I particularly commend him for taking the floor on the Armstrong amendment the way he is. It is a very important amendment. The amendment of the Senator from Colorado, if adopted, would profoundly transform our constitutional form of government as it now stands.

NO TO IMPOUNDMENT

Mr. President, I express my strong opposition to the amendment offered by my colleague from Colorado (Mr. Armstrong).

This amendment is nothing less than a proposal to give the President nearly unprecedented authority to impound funds without congressional approval.

This amendment is ill-conceived. It is dangerous public policy. And it is unnecessary. It means a massive transfer to the executive branch of Congress constitutional authority and responsibility to establish spending priorities.

Ten years ago, President Nixon asserted a constitutional right not to spend funds appropriated by Congress. Mr. Nixon used this power to punish recalcitrant legislators and to alter policies enacted by Congress. Without warning and without consultation by Congress, President Nixon terminated one program after another.

For example, he terminated the emergency disaster loan program, the rural electrification program, and the water and sewer program—all in 1 day. He impounded millions of dollars in highway funds; he impounded funds willy-nilly here and there and everywhere. These programs—many of which are vital to the quality of life in rural America—had been authorized and funded by Congress after extensive hearings and debate.

Mr. President, in 1974, Congress enacted the Congressional Budget and Impoundment Act. This measure was adopted in part to correct the widespread abuses of the Nixon administration and to assert more effective control over spending activities. This act provides procedures whereby the President can propose not to spend funds already appropriated. Congress must then approve or disapprove the President's request. These procedures have worked well.

In 1974, during debate on the Budget Act, Congressman Bolling stated:

> From the start I have held to the position that impoundment control is an essential component of budget reform. It makes no sense for Congress to establish new procedures for the appropriation of funds if the President can override the will of Congress by means of impoundment. At the same time, the methods used to control Presidential impoundments must be reasonable and appropriate. They should neither deny the President the capability to manage the Executive Branch, nor impose upon Congress the burden of redoing its previous decisions.

Congressman Bolling's insights were valid then and they are valid today. What my colleague from Colorado offers is to undo all that.

The procedures now in force are reasonable and appropriate. The President can propose to rescind budget authority previously voted by Congress. In such cases, the President must submit a rescission message, and unless approved by both House and Senate within 45 days, the rescission must cease and any withheld funds released. As Congressman Bolling said in 1974:

> Inasmuch as a rescission represents the undoing of what Congress previously enacted, it is entirely appropriate that no rescission be authorized except by affirmative vote of both Houses.

Mr. President, the impoundment proposal launched by the amendment before us today would significantly alter the balance of power between the executive and legislative branches. As we consider this amendment, we would do well to recall what the late Senator Hubert Humphrey said about the authority President Nixon asserted to impoundment. Senator Humphrey said:

> In effect, it tells Congress: There is no need to scrutinize the budget, there is no need to appropriate funds, indeed, there is little or no need for Congress. . . . The President asks us for a domestic Gulf of Tonkin Resolution.

Mr. President, I support the administration's objective of bringing Federal spending and revenues into balance. With the administration—openly, not blindly—I am prepared to look hard at additional spending cuts, to reexamine tax policies, and, above all, to work to end the devastating interest rates that are wrecking havoc on our economy.

But I cannot and will not support this impoundment amendment.

Impoundment legislation will not make the President's program work. It will not balance the budget. Blanket authority to cut spending is no substitute for the hard, difficult process of forming public policy and getting majority support for it.

I urge my colleagues to give this amendment a resounding no vote.

Mr. President, I ask unanimous consent that three articles written during the Nixon impoundment controversy be printed in the Record. They are instructive to this debate, and I offer them to my colleagues' attention.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, Oct. 3, 1972]

The Spending Ceiling—Is It a Domestic "Tonkin Gulf"?

(By Hubert H. Humphrey)

After nearly four years of fiscal mismanagement, the Nixon administration is now preparing an election year argument to tell the American people that a Democratic Congress is to blame.

The scenario has been carefully constructed. Here it is: The Congress has been on an inflationary spending spree. The President courageously calls the nation's attention to this and then demands a halt to carefree congressional spending. He proposes a $250 billion ceiling on federal expenditures and then asks the Congress to give him blank check authority to cut any programs above this limit. He knows that he has 535 members of Congress over a barrel. Either they consent to his plan and hand over to the White House unprecedented authority to control appropriations or he will label them all "spendthrifts." In an election year, being labeled a spendthrift is to be blamed for inflation, budget deficits, and high taxes.

Richard Nixon dispatches his Treasury Secretary to the influential Ways and Means Committee to make them an offer they can't refuse. They don't refuse. The spending ceiling seems on its way to approval. White House lobbyists are already walking the halls of Congress spreading the word that a vote against the ceiling is a vote for a tax increase. But the plain fact is that, on the contrary, the administration's spending ceiling is an election year ploy; a perversion of prudent fiscal management; a cover-up of a failure to halt inflation; a protective shield for an oversized military budget; a way to erase the social progress of the 1960s; and an outright theft of congressional authority.

Perhaps the greatest danger a spending ceiling poses is not what it will do to individual programs and millions of people that it will affect, but what it will do to the relationship between Congress and the Executive Branch. A spending ceiling places unprecedented power in the hands of the Chief Executive. In effect, it tells Congress: There is no need to scrutinize the budget, there is no need to appropriate funds, indeed, there is little or no need for Congress. The public has been alarmed at the erosion of congressional authority in the field of foreign policy. Now the President asks us for a domestic Gulf of Tonkin resolution.

The Nixon request is a natural outgrowth of the way the administration conducts this nation's fiscal affairs. Consider for a moment the growing power and influence of the Office of Management and Budget over budgetary decisions which were formerly the prerogative of Congress. The spending ceiling is nothing more than a device to augment this power and place it in the hands of persons not responsible to any electorate.

How well does the charge the Congress has overspent stand up to examination? The answer is: not at all. For the past four years the Congress has cut the President's budget requests by over $16 billion. This year alone Congress has already eliminated $4.4 billion of presidential spending. This represents careful, prudent budget review by Congress—not a spending spree. In fact, the Congress has never failed in the past 25 years to cut a President's budget.

The public must not forget that the President has the initial responsibility for the creation of the budget. Whether the presidential budget will be lean or fat is his decision to make. The Congress has the right not only to reduce a President's budget, but to change his budgetary priorities. This is what members of Congress are elected to do and this is certainly what this Congress has done.

Do we need a spending ceiling to fight inflation? There are more effective ways, I believe, to control inflation. We should have begun inflation control four years ago—instead of on August 15, 1971—with wage and price guidelines that had bite. Since we did not, inflation control can best be achieved now through a truly effective wage-price mechanism covering those large firms that have a significant impact on the economy. A spending ceiling is only a ruse and cannot substitute for the needed mechanisms to halt inflation. Much of the reason for deficit financing and inflation is the slowdown of the economy, causing reduced revenues and higher welfare costs.

If the Nixon administration were serious about controlling inflation it would move forcefully in such areas as ending wasteful procurement practices, improving inadequate anti-trust enforcement and revising weak regulatory practices.

If a spending ceiling were to be enacted what programs would likely be eliminated? Just looking at Richard Nixon's veto record gives the clearest indication of what programs this administration considers expendable: education, health care, job creating and training programs and other social service programs that benefit the poor, the hungry and the elderly. It is clear that the spending ceiling offers the administration a convenient way to eliminate or cripple programs relating to human needs without leading a politically unpopular frontal assault on them.

To be sure, the Nixon administration has its budgetary sacred cows such as military procurement and defense spending that won't be cut one nickel. Added to this list must be other generally recognizable untouchables such as interest on the public debt, Medicare, social security and some subsidies. Aside from the vulnerable social service programs, it is likely that the brunt of any cutbacks would be in grants to state and local governments—badly needed programs like water and sewer grants, anti-pollution control funds and transportation aid. It would be ironical if the spending ceiling and revenue sharing came into effect at approximately the same time. The Nixon administration would then be a promoter of a federal funny money game giving revenue with the right hand and taking it back with the left.

It is the responsibility of the Congress to be frugal with the taxpayer's dollar, to search out waste and not to overspend. I am confident that it can continue to do these things without Executive Branch interference or handing the President an item veto over our appropriations.

[From the Nation, Nov. 22, 1971]

IMPOUNDING CONGRESSIONAL POLICY

(By Senator Frank Church)

WASHINGTON.—The executive branch's insatiable appetite for power is now undermining the last bastion of Congressional strength, control of the purse strings. This development—effected by the impounding of funds—underscores the fact that far too much power is concentrated in the modern Presidency for the good health of constitutional government.

Historically, the rapid growth of Presidental power links directly with the shaping experiences of the 20th century—two World Wars, the Great Depression and a protracted cold war. Unfortunately, the Congress itself has accelerated the trend by tamely yielding its power and responsibility. As a consequence, increasing executive authority has overshadowed the separation of powers prescribed by the Constitution to the point where we must ask whether we are witnessing a permanent decline of constitutional government.

Most authority over foreign policy, including the warmaking power that the Constitution vests in Congress, has already passed to the President. Now, on the domestic side, Congress is steadily losing its constitutional grip on the public purse. The disastrous impact of this development can be felt only when one realizes that appropriating money is the most important business assigned to Congress by the Constitution.

The appropriation power, however, lies today as much within the executive domain as within the Congressional. In part, this was inevitable. The increased complexity of governmental transactions, combined with a concomitant need for flexibility, has understandably led to more executive involvement in budgeting for public spending. However, recent Presidents have reached far beyond these bounds toward unrestricted impoundment of appropriated funds—that is, the outright refusal by the President to expend funds in accordance with the will of Congress. (The money, if blocked, remains in the General Fund at the end of the fiscal period.)

Although Democratic Presidents engaged in impoundment in no-small way, the Nixon Administration has gone all out. At last count, impounded funds this year total nearly $13 billion; under Johnson the high was an estimated $10.6 billion; under Kennedy, $6.5 billion. Every day, news stories describe discussions within the Nixon Administration as to whether funds Congress has appropriated for housing, pollution control and health services ought to remain impounded or be released from the executive snare. Commonplace are such news items as: The Administration "may be ready to release the $586 million in extra funds voted last year by Congress for the fight against water pollution"; or "under Congressional pressure, the Budget Bureau released a backlog of 56 [civilian projects]."

There are occasions, certainly, when the impoundment of appropriated funds is legitimate. For example, if only part of an appropriated sum is needed for, say, an irrigation project, then duty dictates that the remainder not be spent. Or, if Congress, as it sometimes does, makes an appropriation permissive, the President is obviously free to spend or save the money as he chooses. Or impoundment may be expressly directed, as in Title 6 of the 1964 Civil Rights Act, where Congress mandates the executive branch to withhold certain funds from localities practicing unlawful discrimination. The area of dispute does not involve such categories but rather executive impoundment made in defiance of Congressional intent.

Obviously the Constitution did not mean to allow the President complete control over spending. It gives him no item veto—if he finds a specific spending item unpalatable, he is obliged to veto the entire appropriation bill in which the item is contained. Furthermore, his veto may be overridden by a two-thirds vote of both bodies of Congress.

As Sen. Charles Mathias (R., Md.), recently observed, respecting the impoundment practice:

> "We cannot allow . . . the President or the executive branch to have an informal line item veto of appropriated money which cannot be overridden. This is, in effect, to impound declared Congressional policy and threaten Congress' very existence. It is clearly in violation of the spirit and intent of our Constitution."

It should be understood that a vital ingredient of our democracy is the opportunity afforded diverse political interests—farmers, businessmen, veterans, the elderly and others—to appeal in a meaningful way to Congress on behalf of programs they favor. Once it becomes recognized that any given program may be entombed by the President—even when Congress has authorized it and appropriated the money for it—the American people will sense the futility of turning to their elected representatives. This will compound an already discernible sense of frustration, even helplessness, that many social observers find today among Americans. The public will conclude that the executive branch, largely beyond local reach, is wholly in charge. Confidence and respect for representative government will evaporate and the stage could be set for the coming of an American Cromwell.

What is to be done? Senators of both parties and of differing political outlook have become increasingly concerned. Senator Mansfield, the Majority Leader, recently proposed that the House, where appropriation bills customarily begin their legislative journey, institute a court suit to challenge Presidential action. Legal scholars have concluded that no court decisions to date pass directly upon the issue and that decisions of tangential relevance leave the matter in doubt. Some specialists would hesitate to resort to the courts, on the ground that the relationship between the President and Congress is essentially political and not susceptible to judicial remedies.

As for other means, Congressional recource to the process of impeachment is clearly too harsh to be practical. More realistically, Congress can deny funds requested by the President for programs he may strongly favor, and thus bring pressure on the Chief Executive to implement Congressional intent in other areas. This tack was suggested in March by Sen. Allen Ellender, chairman of the Appropriations Committee.

The most dramatic expression of Senate restiveness over the impoundment issue occurred earlier this fall. The Foreign Relations Committee, when reporting out a foreign aid bill, included a provision forbidding expenditures abroad until the President had released selected urban-development funds impounded last year.

As a minimum, in any struggle for rectification, Congress must strengthen and regularize its review of executive compliance with Congressional appropriations. At present, once an appropriation is passed, Congress usually loses sight of it. The duties of the General Accounting Office, an arm of the legislative branch, should be augmented to include supervision of expenditures in order to identify when impoundment occurs. The appropriations committees of both House and Senate might be required to follow appropriations through the executive branch to insure that they have been allocated and spent as directed. Going further, legislation might be enacted requiring the Office of Management and Budget, formerly known as the Budget Bureau, to inform Congress whenever funds are embargoed.

Sen. Sam Ervin of North Carolina, chairman of the Separation of Powers Subcommittee of the Judiciary Committee, recently introduced a bill, S. 2581, requiring the President to notify each body of the Congress by a special message of every instance in which he impounds funds, or authorizes such impoundment by any officer of the United States. The message must specify the amount, the projects or functions affected, and the reasons. Another provision specifies that the President shall end the impoundment of such funds within sixty calendar days of a continuous session after the special message is received by Congress—under the impoundment shall have been ratified by Congress.

Of course the most desirable general solution of the problem would be for the executive branch to discipline itself by recognizing that the dominant Presidential initiative in the budgetary process must be matched by meaningful Congressional control. But President Nixon seems insensitive to the problem. In March, when asked about the impoundment issue by Howard K. Smith during an interview on ABC Television, the President replied:

". . . when I was a Senator and a Congressman, particularly when I was a Senator and a Congressman with a President of the other party in the White House, I played all of these games, with very little success. These games are going to be played. . . ."

But the issue is not a matter of "games." It goes to the heart of the separation of powers, the principal accomplishment of the founding fathers.

As such, the matter deserves more respectful attention; then it can be resolved. It need not lead to a fierce collision between the two branches of the federal government. Solutions are available—and should be mutually worked out. For it is clear that the Congress cannot regain its rightful role under the Constitution without a resolution of the impoundment issue.

[From the New York Times, Oct. 7, 1972]

BUCKPASSING

There is no novelty about the fact that Congressmen love to vote new benefits for the voters, but hate to vote for the taxes needed to pay the resultant bills. That bipartisan characteristic has now produced a situation which threatens a serious abnegation of Congressional responsibility.

Congress this year will apparently pass spending authorizations which may total $260 billion. Both the Nixon Administration and many in Congress feel, however, that the total should not exceed $250 billion. President Nixon would like blanket authority to make the cuts needed to enforce the $250-billion ceiling at his discretion, and is backed by the House Ways and Means Committee. Other House Democrats, however, have real and justified qualms about such a major transfer of power to the Executive.

The basic issue here is not whether one approves or disapproves of the kind of reduction Mr. Nixon would make if given the power. The basic issue is the Constitutional responsibility of Congress for determining Federal expenditures. It is understandable that for political reasons Congressmen do not want to outrage particular groups of voters by cutting back on particular appropriations—especially in an election year. But that is no excuse for the flight from legal responsibility represented by the proposal to give the President this blanket authority. The proposal should be defeated.

One useful byproduct of the controversy, however, is the spotlight that has now been thrown on a major defect in Congressional organization and procedure: the lack of an effective mechanism forcing Congress to look at the total picture of its spending activities, rather than merely passing piecemeal expenditure bills. The Appropriations Committee of the House perhaps should—but does not—fill the void. Is it too much to hope that before the nation celebrates its 1976 bicentennial this serious flaw will have been corrected?

Mr. DOLE. Mr. President, if there are no other requests for time, Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Which of the amendments does the Senator wish to table?

Mr. DOLE. The underlying amendment.

The PRESIDING OFFICER. The amendment of the Senator from Colorado?

Mr. DOLE. Yes.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I ask unanimous consent that the amendment of the Senator from Colorado be set aside and that the vote come as previously ordered so we might go on to lay down the amendment of the distinguished Senator from Nebraska.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I apologize to the Senator from Nebraska. We had hoped to reach him shortly before 5, but it did not quite work out that way. At least his amendment will be the first one up tomorrow morning.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

AMENDMENT NO. 564

(Purpose: To reduce the third year tax cut provided by the Economic Recovery Tax Act of 1981 if certain economic goals are not attained)

Mr. EXON. Mr. President, I call up my amendment No. 564 to Calendar No. 264 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The bill clerk read as follows:

The Senator from Nebraska (Mr. EXON), for himself and Mr. BRADLEY, proposes an amendment numbered 564.

Mr. EXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place insert the following new section:

SEC. . (a) Section 1 of the Internal Reve-Code of 1954 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(g) RATE CUT CONTINGENT ON ATTAINMENT OF ECONOMIC OBJECTIVES.—

"(1) IN GENERAL.—If the average interest rate for fiscal year 1982 on new issue 91-day United States Treasury bills exceeded 10.5 percent, then the tables under paragraphs (2) and (3) of subsections (a) through (e) of this section shall not apply.

"(2) SECRETARY TO PRESCRIBE TABLES.—If paragraph (1) applies to the tables under this section, the Secretary shall prescribe tables as follows:

"(A) 1983.—For taxable years beginning in 1983, the Secretary shall prescribe tables which reduce the marginal rate brackets in the tables prescribed under paragraph (1) of subsections (a) through (e) by the lesser of—

"(i) 2.5 percent, or

"(ii) such percent as is necessary to increase Federal revenues for fiscal year 1984, in an amount equal to the amount by which the Federal budget deficit for fiscal year 1982 exceeded $42,500,000,000.

"(B) 1984.—For taxable years beginning in 1984, the Secretary shall prescribe tables which reduce marginal rate brackets in the tables prescribed under paragraph (3) of subsections (a) through (e) to reflect the rate reductions which are reflected by the withholding changes made in 1981, 1982, and 1983.

"(3) APPLICATION WITH SUBSECTION (f).—For purposes of subsection (f), the tables prescribed under this subsection shall be treated as the tables contained in paragraph (3) of subsections (a) through (e).

"(4) WITHHOLDING.—Notwithstanding the provisions of section 3402(a)(3), the Secretary shall adjust the withholding tables on July 1, 1983, to reflect the application of this section.".

(b) The amendments made by this section shall take effect as if included in the amendments made by the Economic Recovery Tax Act of 1981.

Mr. EXON. Mr. President, I ask unanimous consent that further discussion on this amendment and debate be put over until the Senate convenes on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE THREAT OF GENOCIDE

Mr. PROXMIRE. Mr. President, I wish to bring to the attention of my colleagues a problem and a solution.

The problem is this: Our world is not free from the threat of genocide. We should not succumb to a false sense of security just because we are not involved in a war at this moment. Rather, we must be aware of the simmering conflicts in places like Northern Ireland, South Africa, and the Middle East.

These tensions between human groups are like so many bombs just waiting to be set off. Genocide, the deliberate destruction of national, ethnic, racial, or religious groups, has been with us for many grim centuries. It will, unfortunately, be with us for many years to come.

Who can tell when some powerful, demagogic political leader like Adolph Hitler will next announce to his people that the survival of their ethnic group depends on the absolute destruction of some neighboring ethnic group? What is to stop that destruction from occurring?

That, Mr. President, is the problem. The threat of genocide persists.

But there is a solution. The Genocide Convention, with laws passed in the wake of its ratification, has the potential to both deter and punish persons who would commit this terrible crime. This treaty may not be a simple and complete solution to the problem of the genocide threat, but it is certainly a great and necessary step in the right direction.

I urge my colleagues to cast their votes in favor of solving the serious problem of genocide. Let us join the 87 civilized nations, including all the other nations of the world, which have already outlawed this atrocity. I hope the Senate will quickly ratify the Genocide Convention.

THE NATIONAL DEBT—A SERIOUS PROPOSITION

Mr. PROXMIRE. Mr. President, I think all of us, all the Democrats and I think many Republicans, too, are indebted to Joe Stewart, who was formerly the Secretary of the Senate and who is now retired. He is at a reception tonight.

I should like to be at that reception, but unfortunately, I intend to speak at very considerable length on the floor of the Senate tonight. As a result, I shall not be able to leave this body. In fact, I intend to speak all night.

I say that because I feel very deeply that the measure that is before us tonight, which would take our national debt over $1 trillion, is a watershed in our economic history and it is one that should be painstakingly analyzed in great detail. At the same time, I fully appreciate the fact that if I postpone this until tomorrow and speak at length during tomorrow, it would, conceivably, put the extension of the debt limit at hazard, obviously, if we do not take some kind of action.

What I am proposing is that we stop just short of $1 trillion. I have an amendment that would provide for a $995 billion debt limit. If we do not act somehow, the limit reverts to $400 billion and the Government closes down entirely. Nobody can be paid—no social security payments could be made, we could not pay our Armed Forces people, we would be unable to conduct Government business in any way, shape, or form.

For that reason, Mr. President, I do not intend to delay the action on this measure and I have no alternative, in view of the fact that I am very anxious to go into great detail in discussing the measure and try to state why I think it is a tragic time in our history and that it is time that we found a way to balance the budget. I think limiting the debt is probably the best and most sensible way to do it.

Mr. President, I ask unanimous consent that I may yield briefly to the distinguished Senator from Montana without losing my right to the floor.

Mr. STEVENS. Mr. President, I object until I understand what is going on.

The PRESIDING OFFICER. The objection is heard.

Mr. STEVENS. Mr. President, will the Senator yield temporarily to me for a question?

Mr. PROXMIRE. I am happy to yield for a question without losing my right to the floor.

Mr. STEVENS. Did the Senator state that it is his intention to keep the Senate in session all evening?

Mr. PROXMIRE. That is correct.

Mr. STEVENS. On the debt ceiling bill?

Mr. PROXMIRE. That is right.

Mr. STEVENS. I see.

The Senator is aware that there is a time agreement, that there can be no votes—not just no votes on the bill, but no votes—between now and 7 p.m. tomorrow evening?

Mr. PROXMIRE. I certainly appreciate that. That is exactly why I am speaking now. I do not want to interfere with the right of Senators to debate this tomorrow. If I spoke at great length tomorrow, it would put the bill in jeopardy. As the Senator knows, this has to pass the House and the Senate, clear a conference, and be finished by Wednesday night. If it is not, we revert to a $400 billion debt limit, which means the Government closes down.

I am not going to take the irresponsible action of bringing this long speech up when it would interfere with the Senate transacting its business. I intend to speak, as I say, tonight at very great length. Then the Senate will be free tomorrow. The Senate was about to go out, as I understand it. The Senate will be free tomorrow to proceed without delaying the action on this bill.

Mr. President, I renew my unanimous-consent request. As I understand it, if the Senator could be accommodated, he would be happy to limit it to 2 minutes or 5 minutes.

Mr. STEVENS. Will the Senator yield for another question?

Mr. PROXMIRE. Yes, indeed.

Mr. STEVENS. Mr. President, I state to the Senator that I can see no objection to his proceeding as he desires, as long as we can handle the routine business of the Senate and have some period here for routine morning business. Then the Senator could come back to have the floor, if that is what the Senator wishes to do.

I am still not sure that the Senator understands that it is my understanding that there can be no business transacted that would require a vote between 5 p.m. tonight and 7 o'clock tomorrow night.

Mr. PROXMIRE. I understand that fully. I do not intend to have a vote on my amendment. I am submitting an amendment and I shall expect a rollcall vote on my amendment on Tuesday night or shortly after that—maybe Wednesday night. I would not be able to discuss it at great length, obviously, in that time without delaying other Senators and without delaying the bill.

Mr. President, once again, I ask unanimous consent that I may yield to the distinguished Senator from Montana without losing my right to the floor and without its counting as a second speech.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. I have no objection to that.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. Baucus are printed under the proceedings on Mr. Armstrong's amendment.)

THE INDUSTRIAL DEVELOPMENT BOND

Mr. BAUCUS. Mr. President, President Reagan announced that in an effort to raise revenues to balance the budget he would propose some changes to our tax legislation. One area he apparently plans to target, even though we have not yet received any specific proposals, is the industrial development bond.

I am aware that IDB's are often controversial; however, one of the leading investment advisers of the Northwest happens to be a Montanan, Mr. Ian Davidson, president of D. A. Davidson & Co. He has provided me with a very thoughtful memorandum on the subject which I would like to place in the Record. I urge all my colleagues to read this memorandum before we rush off too fast to alter too much some things which are very helpful to our economy. We must have hearings on this important subject and listen to all sides. I believe Mr. Davidson presents views worthy of consideration.

I ask unanimous consent that the memorandum be printed at this point in the Record.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

Memorandum

Re small issue industrial development revenue bonds and proposed Federal legislation

On September 9, 1981, Representative Rangel (D.-N.Y.) introduced into the United States House of Representatives Bill No. 4420 (the Bill) to amend Section 103(b) (6) of the Internal Revenue Code of 1954 to limit the availability of industrial development revenue bond financing for certain types of projects.

The bill contains the following provisions:

1. It requires the governor of each state to submit periodic reports to the Secretary of the Treasury regarding industrial development bond (IDS) financing within his respective state.

2. It requires that (1) the issuer of a "small issue" IDB (an IDB issued for manufacturing or commercial facilities under the one or two million dollar exception) conduct a public hearing with respect to the issuance of the IDB's prior thereto and determine that the issue of the obligations will not create unjustified competitive disadvantages to existing businesses, (2) that the issuance of the IBD's will stimulate the local economy, (3) that the issuance of the IDB's will result in the creation or retention of a significant number of jobs, and (4) that the project for which the IDB's are to be issued would not have been undertaken without the issuance of the IDB's.

3. The bill provides that IDB's may not be used to provide for a facility which will result in the relocation of a business activity from one state to another.

4. IDB's may not be issued to finance the acquisition of farmland or the acquisition of other real property to be used primarily for farming purposes.

5. IDB's may not be used to finance projects of a commercial character unless the project is either located in an economically distressed area or, under certain circumstances, adjacent to an economically distressed area. Commercial facilities are defined to include facilities for wholesale and retail trade, facilities for financial, insurance or real estate business, facilities for personal service businesses and facilities for administrative offices. Economically distressed areas are defined as areas composed of one or more contiguous census tracks, enumeration districts or block groups located in the same city or country, having a population of at least 2,500 persons and in which at least 70% of the families have incomes below 80% of the median income for the state and at least 30% of the families have incomes below the national poverty level.

6. IDB's, whether for manufacturing or industrial purposes, may not be issued on a tax exempt basis after December 1, 1983.

7. The Secretary of the Treasury is directed to report on industrial development bond financing to the House Ways and Means Commitee on or before July 1, 1983.

8. The bill becomes effective for IDB's issued after December 31, 1981.

The bill follows the recommendations made by the House Subcommittee on Oversight of the Committee on Ways and Means which were contained in a report published July 9, 1981. In that report, the Subcommittee concluded that certain amendments to Section 103(b) (6) of the Internal Revenue Code were appropriate to limit the availability of small issue IDB's. The Subcommittee found that the growth of IDB financing was creating an unwarranted drain on the federal treasury and was having an adverse affect on the municipal bond market generally.

Assuming for the moment that the conclusions of the Subcommittee were well founded and that the national interest requires some curtailment in IDB financing, certain amendments to House Bill 4420 seem to be appropriate.

The need for investment capital formation is widely recognized as critical for this country in the 1980's. The problem is particularly acute in rural states and for small businesses which have limited access to conventional capital markets. IDB's particularly when distributed to the public as opposed to being purchased entirely by commercial banks have been an important source of investment capital in Montana and other rural states. They provide an investment vehicle which is attractive to individual investors and also permits smaller businesses to borrow at rates more consonant with those which major corporations are able to obtain. Further, the lower borrowing rates available through IDB financing can, in many instances, make redevelopment projects within core city areas or projects for smaller businesses economically feasible. While it is perhaps true that IDB financing has been too frequently used to finance projects for major corporations who have access to other investment capital or to substitute for commercial bank loans that would otherwise be made, House Bill 4420 is overboard in its scope.

Several proposed amendments should be considered to House Bill 4420 to minimize the adverse consequences described above.

1. The effective date of December 1, 1981, should be modified. A number of projects have been undertaken and commitments have been made on the basis of the availability of the financing. In certain instances, it is not feasible to complete the financing by December 31, 1981. Accordingly, if such projects do not meet the requirements of the new statute they may not be financed notwithstanding that the parties undertook the projects in good faith reliance on the availability of the financing. Second, many parties who have undertaken preliminary steps with respect to industrial development bond financings will hasten their financing plans in order to meet the December 31, 1981, deadline. This will result in a substantial amount of additional IDB's coming to market at a period of time when the municipal bond market is very unstable. Accordingly, House Bill 4420 should be amended to provide either (a) an effective date of July 1, 1982, or (b) that IDB's for which the issuer has taken "official action" meeting the requirements of the Treasury Regulations prior to December 31, 1981, or some earlier date (perhaps the date upon which the Bill was introduced) may be issued after December 31, 1981, provided that they are issued within some reasonable time thereafter. The extension would provide a time frame within which necessary regulations could be developed.

2. A number of financings have been done in the last year, during a period of very high interest rates and the unavailability of long term financing, on a short term note basis. Typically the notes mature in three years or less with the expectation that they will be refunded during that period with long term IDB's. The Bill in its present form would prohibit the refunding of such notes. It would be desirable to amend the Bill to provide that refunding bonds could be issued for some reasonable time after December 31, 1981, to refund obligations issued prior to that date. Presumably a one or two year period would be appropriate.

3. The Bill should be amended to permit IDB's for commercial projects within urban renewal areas of cities notwithstanding that the areas do not constitute distressed areas within the meaning of the act. The definition of distressed areas is very narrow and would not extend to a number of urban renewal areas within core cities. Cities in Montana and elsewhere are having major problems encouraging redevelopment of central city areas and the recent reduction in various federal programs which are available has only exacerbated this problem. Industrial development bond financing would appear to be an appropriate vehicle for encouraging investment within urban renewal areas in core city areas.

4. The Bill should be amended to permit IDB financing to be used to finance commercial or manufacturing facilities regardless of where located for certain qualifying small businesses. There are presumably a number of means by which this could be accomplished. One would be to tie in the availability of financing to guidelines established by the Small Business Administration for certain business loans. Another would be to limit the availability of the financing based upon the financial resources of the businesses. It would also be possible to restrict the availability of the financing to large corporations by placing a national limit on the amount of financing that could be done by any one corporation.

5. Some consideration should be given to excepting all or some IDB's from the restrictions otherwise applicable if substantially all of the issue is sold to individual investors.

IDB financing, like rapid depreciation and investment tax credits, is a form of tax subsidy to encourage business development. It differs in that the state and local units of government are given a role in its use—a not inappropriate feature in a nation based on shared powers between the state and federal governments. In addition to providing a tax subsidy, it also is a workable vehicle for capital formation. While it is perhaps appropriate to review and limit the availability of IDB financing, it should not be eliminated and federal limitations should recognize and preserve its major advantages.

Mr. BAUCUS. Mr. President, I thank the Senator from Wisconsin.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 11:07 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4431. An act to provide for the designation of the E. Michael Roll Post Office.

At 12:29 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 3210. An act to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 2903. An act to extend by one year the expiration date of the Defense Production Act of 1950.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

At 1:27 p.m., a message from the House of Representatives, delivered by Mr. Gregory, announced that the House has agreed to the amendment of the Senate to the following bill, with an amendment:

H.R. 3136. An act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

The message also announced that the Speaker has appointed Mr. COUGHLIN as an additional conferee in the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 325) making continuing appropriations for the fiscal year 1982, and for other purposes, vice Mr. YOUNG of Florida.

HOUSE BILL REFERRED

The following bill was read twice by unanimous consent, and referred to the Committee on Environment and Public Works:

H.R. 4431. An act to provide for the designation of the E. Michael Roll Post Office.

HOUSE BILLS PLACED ON CALENDAR

The following bill was read twice by unanimous consent, and placed on the calendar:

H.R. 3210. An act to amend the Surface Transportation Assistance Act of 1978, to establish obligation limitations for fiscal year 1982, and for related purposes.

The Committee on Commerce, Science, and Transportation was discharged from the further consideration of the bill (H.R. 4084) to improve the operations of the Marine Mammal Protection Act of 1972, and for other purposes, and the bill was placed on the calendar.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1994. A communication from the President of the United States transmitting certain amendments reducing appropriation requests for fiscal year 1982 for foreign assistance funds; to the Committee on Appropriations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WEICKER, from the Committee on Small Business, without amendment:

S. 1620. A bill to amend section 8(a)(1) of the Small Business Act (Rept. No. 97–195).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Anthony H. Murray, Jr., of Pennsylvania, to be Superintendent of the Mint of the United States at Philadelphia;

Elizabeth Jones, of New Jersey, to be Engraver in the Mint of the United States at Philadelphia, Pennsylvania; and

Luis Victor Hurtado, of California, to be Assayer of the Mint of the United States at Denver.

By Mr. ROTH, from the Committee on Governmental Affairs:

Sherman Maxwell Funk, of Maryland, to be Inspector General, Department of Commerce;

Bruce Chapman, of Washington, to be Director of the Census;

Charles M. Girard, of Virginia, to be an Associate Director of the Federal Emergency Management Agency; and

Loretta Cornelius, of Virginia, to be Deputy Director of the Office of Personnel Management.

By Mr. Tower, from the Committee on Armed Services:

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: In the Navy there are 3,229 permanent promotions to the grade of lieutenant commander (list begins with Lloyd V. Abel). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of September 21, 1981, at the end of the Senate proceedings.)

By Mr. HATCH, from the Committee on Labor and Human Resources:

Malcolm R. Lowell, Jr., of the District of Columbia, to be Under Secretary of Labor.

(The above nomination was reported from the Committee on Labor and Human Resources with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. MATTINGLY (for himself and Mr. SYMMS):

S. 1666. A bill to institute a true index for all automatic cost-of-living increases under the Social Security Act, and under all Federal retirement programs to 85 percent of the increases in the lower of Consumer Price Index or Wage Index; to the Committee on Finance.

S. 1667. A bill to provide that automatic cost-of-living increases under the Social Security Act, and under certain Federal retirement programs which are linked to the Social Security Act, shall be made on October 1 of each year, rather than July 1; to the Committee on Finance.

By Mr. MITCHELL (for himself and Mr. COHEN):

S. 1668. A bill to revise provisions of the Fisheries Conservation and Management Act with regard to foreign fishing, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. RIEGLE:

S. 1669. A bill to amend the Social Security Act to provide for interfund borrowing, and for other purposes; to the Committee on Finance.

By Mr. HATCH:

S. 1670. A bill to amend title VIII of the act commonly called the Civil Rights Act of 1968 to revise the procedure for the enforcement of fair housing, and for other purposes; to the Committee on the Judiciary.

By Mr. MOYNIHAN:

S. 1671. A bill to amend the Internal Revenue Code to change the definition of a cooperative housing corporation; to the Committee on Finance.

By Mr. BOSCHWITZ:

S. 1672. A bill to amend the membership of the U.S. Holocaust Memorial Council from 60 to 65 and for other purposes; to the Committee on the Judiciary.

By Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. GOLDWATER, Mr. WILLIAMS, and Mr. LEAHY):

S. 1673. A bill to amend the Internal Revenue Code of 1954 to provide for the awarding of reasonable court costs and certain fees to prevailing parties in civil tax actions, and for other purposes; to the Committee on Finance.

By Mr. WEICKER:

S. 1674. A bill to amend or repeal certain provisions of the organic acts applicable to the Virgin Islands, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. STEVENS (for Mr. HATFIELD) (for himself, Mr. DANFORTH, Mr. DOLE, Mr. LEAHY, Mr. ANDREWS, Mr. BIDEN, Mr. CHAFEE, Mr. COHEN, Mr. DIXON, Mr. DODD, Mr. HEINZ, Mr. HOLLINGS, Mr. JOHNSTON, Mr. KENNEDY, Mr. LEVIN, Mr. MITCHELL, Mr. PROXMIRE, Mr. SARBANES, Mr. WEICKER, Mr. WILLIAMS, Mr. CRANSTON, and Mr. TSONGAS):

S. 1675. A bill to help eliminate world hunger and malnutrition and promote global security; to the Committee on Foreign Relations.

By Mr. PERCY (for himself, Mr. DIXON, Mr. LUGAR, Mr. QUAYLE, and Mr. CHAFEE):

S. 1676. A bill to enhance the detection of motor vehicle theft and to improve the prosecution of motor vehicle theft by requiring the Secretary of Transportation to issue standards relating to the identification of vehicle parts and components, by increasing criminal penalties applicable to trafficking in stolen vehicles and parts, by curtailing the exportation of stolen vehicles and self-propelled mobile equipment, and by establishing penalties applicable to the dismantling of vehicles for the purpose of trafficking in stolen parts, and for other purposes; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTION

By Mr. MATTINGLY (for himself and Mr. SYMMS):

S. 1666. A bill to institute a true index for all automatic cost-of-living increases under the Social Security Act, and under all Federal retirement programs to 85 percent of the increase in the lower of Consumer Price Index or Wage Index; to the Committee on Finance.

S. 1667. A bill to provide that automatic cost-of-living increases under the Social Security Act, and under certain Federal retirement programs which are linked to the Social Security Act, shall be made on October 1 of each year, rather than July 1; to the Committee on Finance.

AUTOMATIC COST-OF-LIVING INCREASES

Mr. MATTINGLY. Mr. President, today Senator SYMMS and I are introducing legislation that will revise the way cost-of-living adjustments to entitlement programs are calculated to better reflect the true inflation rate.

One bill would have the cost-of-living adjustment figured at 85 percent of the Consumer Price Index or Wage Index. The other bill would have adjustments made on October 1 rather than July 1.

President Reagan in the past has asked for ideas on how to deal with the social security programs. We believe these bills are valid alternatives.

This will not reduce the current checks of any retiree. Their payments will continue to be increased each year. But the cost-of-living adjustments would be indexed to the real inflation rate.

The adjustment is now being made according to the Consumer Price Index which is not realistic. It reflects the cost of purchasing a home, and very few retirees are looking for a new home to buy. Either they own their own home outright or are paying on a fixed-rate mortgage, or rent.

According to the Social Security Administration the average cost-of-living adjustments to social security in July 1981 would have changed $5.40 a month under the Mattingly-Symms proposal.

Estimated budget savings resulting from the change in figuring the COLA would be $29.2 million over the next 5 years.

The second bill moves the cost-of-living adjustment from July 1 to October 1. All financial matters in the U.S. Government should be moved to October 1, which is the beginning of the Federal fiscal year.

This change would save $5 billion in the first year and $25.5 billion in the first 5 years. Individual savings resulting from the two pieces of legislation cannot be added together as an enactment of one would lower the savings realized on the other bill.

Mr. President, I wish to have printed in the RECORD a letter from the Congressional Budget Office signed by Mrs. Alice Rivlin supporting the figures in our legislation. I ask unanimous consent to have that letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Congressional Budget Office,
Washington, D.C., September 28, 1981.
Hon. Mack Mattingly,
U.S. Senate,
Washington, D.C.

Dear Senator: As you requested, we have prepared estimates of proposed legislation relating to the cost-of-living adjustments for federal entitlement programs. These estimates are based on CBO's latest economic assumptions, and should be taken as preliminary.

The savings resulting to the federal government from delaying payment for the annual cost-of-living adjustments only for Social Security from July to October of each year is approximately $2.9, $2.9, $2.9, $2.9, and $3.3 billion for fiscal years 1982 through 1986, for a total of $14.9 billion over the period. This estimate assumes no change in the annual indexing base. If this provision were to be extended to all other indexed federal programs, savings could amount to $5 billion per year, with a total savings of $25 billion over the period.

Alternatively, if the annual cost of living for Social Security were limited to 85 percent of current law projections, the savings would be $.4, $2.2, $4.3, $6.4 and $8.7 billion over the five year period to the trust funds. Savings from comparable cuts to other programs would be $.1, $.7, $1.4, $2.1, $2.9 billion additional.

These estimates were provided before legislative language was available, and may not be exactly representative of the bills' language.

If you have further questions, do not hesitate to call me.

Sincerely,

Alice M. Rivlin,
Director.

Mr. MATTINGLY. Senator Symms and I feel that this is the first step toward restoring reality and a real rate to indexing the adjustments for entitlements.

Mr. SYMMS. Mr. President, will the Senator from Georgia yield?

Mr. MATTINGLY. I yield.

Mr. SYMMS. I thank the Senator for yielding.

Mr. President, I compliment the Senator for his willingness to address this issue head on, and I am very happy to be with him as part of this movement.

As the entire Nation knows, last Thursday night when the President addressed the Nation he called for appointing a special task force on the entire retirement transfer payment entitlement program. I am sure that many people will ask the question, then, Why are we introducing legislation now? As the Senator has so correctly pointed out this is just the first step, and I think this is a very essential step if we are to correct some of the inadequacies of the retirement entitlement program transfer payment system to guarantee the solvency of it.

This is the first step, but this is just the first step. It is my intention and the intention of the Senator from Georgia to continue to come up with some positive suggestions and to introduce legislation which ultimately would shift the concept of the retirement benefits from social in the long run to a vested annuity system, as is the other retirement beneficiaries, to make that as a plausible alternative to what has been going on.

People ask, "Why are you introducing this now if the task force has not yet made the recommendations?"

There are two reasons.

First is the task force I am sure will not have a total monopoly on good ideas on how to correct the system. We wish them well in their efforts and will work with them.

But second, I think it is important that the task force, the President, and the news media recognize that there are people here in Congress who are willing to address this issue.

Everyone says, "Do not touch those retirement things. It is not good politics."

I say just the opposite of that, that it is irresponsible for this Congress to go on allowing a situation to occur where there is an unfunded liability in the trillions of dollars in the future with these programs without making some modest corrections.

I think that the Senator from Georgia very correctly made the point that there will be no person who is receiving any retirement check who is going to get less after this legislation is introduced or any legislation that we might have in the future.

They are still going to be getting the checks. But what we are talking about is a long-range solution to a problem that has been allowed to not be addressed in the past and it must be addressed in the future.

So I certainly compliment the Senator and make the point that the first bill will moderate the future cost-of-living adjustments to 85 percent of the Consumer Price Index or the Wage Index, whichever is lower, in all entitlement programs. The second bill will simply shift the first cost-of-living, the July cost-of-living adjustment to October so that the COLA's will be given at the end of the Federal Government's fiscal year.

I think that makes a lot of sense. It will be very helpful to solve the problems that face the President's budget programs today. It will be very helpful in planning the future for where we are going with our transfer payment entitlement programs, and I think that the reasons to do this are many. They much overpower the reasons not to do it.

I think those who want to do nothing in the long run will have to answer that question, and I for one am glad to join with the Senator. We are at least making an attempt, a very small attempt to start correcting something that should have been addressed many years ago, but it is never too late, and I think today is as good a day as any.

By Mr. RIEGLE:

S. 1669. A bill to amend the Social Security Act to provide for interfund borrowing, and for other purposes; to the Committee on Finance.

SOCIAL SECURITY ACT AMENDMENTS OF 1981

● Mr. RIEGLE. Mr. President, over the past several months the Reagan administration has launched several serious attacks on the Nation's social security system. These attacks have needlessly frightened many of our older citizens and have effectively undermined the public's confidence that social security protections will be there when they are needed as promised.

I have and will continue to use every resource available to me to defeat these attacks on social security and keep the system safe in the future.

Today, I am introducing legislation which would make needed management reforms in the social security system, strengthen the financing of the retirement and survivors insurance fund, and stop the raid on social security by removing the entire social security system from the Federal budget.

A brief review of the administration's actions on social security over recent months helps to make clear why this legislation is so necessary:

Not long after the inauguration the first of the administration attacks became evident. As part of its budget cut proposals, the administration sought to eliminate the minimum benefit for the 3 million people who currently receive this social security benefit.

I have actively fought throughout congressional deliberations on the budget cuts to restore the minimum benefit for those currently receiving it. On three different occasions I offered an amendment to restore the minimum benefit—the last time the Senate voted on my amendment there were 46 votes cast in favor of retaining the minimum benefit.

The debate on these amendments helped to make the public aware of the great injustice the administration was bulldozing the Congress to accept. The public outrage finally became great enough that the House of Representatives and the Senate Finance Committee have just recently voted to restore the minimum benefit.

On May 12, 1982, the Reagan administration launched its second and most fundamental attack on the social security system—calling for a massive reduction of over 23 percent in overall social security protections. The Reagan proposal called for a 40-percent reduction in retirement benefits available to those who retire at age 62, a one-third reduction in disability benefits, and an average 10-percent reduction for anyone who retired after 1987.

The dismantling of social security protections called for by these Reagan proposals went far beyond the modest adjustments needed to keep social security on a secure financial basis. These massive cuts were designed to generate large surpluses in the social security trust funds—surpluses which could be used to hide the soaring deficit in the unified Federal budget.

The third attack was launched when the administration said it would propose a permanent 3-month delay in the cost-of-living adjustment for social security recipients. This proposal was withdrawn when the political ramifications of advocating this proposal were made clear to the President by members of his own party.

Another attack, launched through the Budget Committee, was an effort to reduce the cost-of-living adjustment on social security which now enables our retirees to keep up with inflation.

These recent events make it imperative that the Congress act to put social security safely beyond the reach of those who are determined to damage social security and withdraw its protections. The legislation I am introducing today will do just that.

This bill would make needed management reforms in the social security system, strengthen the financing of the retirement and survivors fund, remove the social security trust funds from the unified Federal budget, and restore the system to the independent status it had in earlier days.

My bill would make three major changes:

First, it would remove the social security trust funds from the unified Federal budget, so that social security reserves cannot be used to offset increased spending in other areas of the Federal deficit.

Second, it would permit the Old Age and Survivors' Insurance Trust Fund to borrow from the more adequately financed Disability Insurance and Health Insurance Trust funds. These funds would have to be repaid with interest.

Third, it would enlarge the social security board of trustees, and insure that its membership more adequately represents the interests of employers, employees, and beneficiaries.

REMOVING SOCIAL SECURITY FROM THE UNIFIED BUDGET

This legislation removes the social security trust funds from the unified Federal budget to assure that social security funds are kept separate and apart, so that their financial integrity can be clearly understood and carefully monitored—and so as to remove the temptation to use the social security trust funds to disguise the size of the operating deficit in the rest of the Federal budget.

Social security must be protected against being used to meet short-term budgetary goals of this or any other administration. The best and surest way to do this is to eliminate the temptations inherent in our current accounting system, by removing social security entirely from the unified budget.

INTERFUND BORROWING

My bill would also provide additional financing to the hard-pressed Old Age and Survivors' Insurance Trust Fund, the basic retirement program under social security, by permitting it to borrow funds as needed from the more adequately financed Disability Insurance and Health Insurance Trust Funds.

Social security currently has four trust funds which, by law, are entirely separate from each other. The three main funds—old age and survivors' insurance (OASI), disability insurance (DI) and hospital insurance (HI) are each financed by social security tax revenues. The allocation of the social security tax between the three trust funds is set by law. The fourth fund—supplemental medical insurance—is financed from a combination of general revenues and beneficiary premiums.

While the OASI trust fund needs additional financing in the next few years, the DI and HI funds are running surpluses during this period. The Congressional Budget Office has estimated that the combined assets of the three trust funds are adequate to meet benefit payments through the end of the decade. My bill would permit OASI to borrow from HI and DI as needed, and requires that these funds be repaid, with interest. This simple administrative step will allow current surpluses in the DI and HI trust funds to be used where they are needed and is the single most important step we can take to provide immediate additional financing for the basic retirement trust fund.

ENLARGING THE BOARD OF TRUSTEES

Today, social security is governed by three trustees, all of whom are Cabinet officers of the administration: The Secretary of the Treasury, the Secretary of Health and Human Services, and the Secretary of Labor. We must establish a new independent Social Security Board of Trustees which also includes private members whose only purpose and charge is to fully protect and wisely manage the social security trust funds. Such a new independent Board of Trustees could prevent abuses of the system—and help to secure the highest possible return on investments commensurate with the safety of the trust funds. To this end, my bill would enlarge the present Board of Trustees by adding four new members, to be appointed by the President on the advice and consent of of the Senate. Each trustee would be appointed to a 4-year term. The new membership of the board would be comprised as follows: one would represent contributing employees; one would be a representative of contributing employers; one would represent beneficiaries, and one would be an individual with skills and experience in the investment field.

OTHER PROVISIONS

Finally, Mr. President, my bill would provide for recrediting outstanding checks to the trust funds if they remain unnegotiated for a year or more. Under current accounting procedures, the Treasury does not recredit the social security trust funds for unnegotiated checks. The money to cover these unnegotiated checks is transferred from the trust funds at the time the checks are issued, but is never recredited, no matter how many years pass after the original issuance of the checks. My bill would provide that the trust funds be recredited when a check remains unnegotiated for a year or more, while at the same time assuring that the check itself remains negotiable. Former Security Commissioner Robert Ball, who has endorsed this simple accounting change, has estimated that it would result in a credit to the trust funds in fiscal year 1982 of approximately $225 million.

The changes I am proposing in this legislation will stabilize the financing of the social security trust funds for the immediate future and will protect the social security system from becoming a pawn in the budgetary policy of this and future administrations. These steps are urgently needed to restore the confidence of the American people in our Nation's social security program, a confidence which has been badly shaken by the efforts of the Reagan administration to make unprecedented and sweeping cuts in social security benefits and protections.●

By Mr. HATCH:

S. 1670. A bill to amend title VIII of the act commonly called the Civil Rights Act of 1968 to revise the procedures for the enforcement of fair housing, and for other purposes; to the Committee on the Judiciary.

EQUAL ACCESS TO HOUSING ACT OF 1981

● Mr. HATCH. Mr. President, I am introducing legislation today—the Equal Access to Housing Act—that would enhance the ability of the Federal Government to enforce title VIII of the Civil Rights Act of 1968. Title VIII is designed to protect individuals from discrimination in the sale or rental of housing because of race, color, religion, sex, or national origin. The Equal Access to Housing Act would reaffirm more strongly than ever before this Nation's commitment to the elimination of discriminatory housing policies. At the same time, it would avoid many of the problems contained in legislation to amend title VII rejected by this body during the 96th Congress.

The proposed act would effect a number of important changes in the 1968 law. Included among these are the following:

ADMINISTRATION

Primary administrative authority for the act would be transferred from the Department of Housing and Urban Development to the Department of Justice. While the Justice Department already has major responsibilities in enforcing title VIII, the proposed act would concentrate all administrative responsibilities in the Department.

The experience of HUD in enforcing the act over the past dozen years has demonstrated a fundamental conflict between its obligation to fairly administer the law and its primary mission to set national housing policy. Enforcement of title VIII is, first and foremost, a matter of insuring compliance with the law; too often, it has been used by HUD as an instrument of social engineering policy.

The Justice Department is not only in a better position to avoid this conflict—in part, because it is independent of the various constituencies that have attached to HUD—but also possesses far more expertise in the enforcement of civil rights laws than does HUD. I am confident that the proposed transfer of administration will bring a new clarity of purpose to the act while better enabling both the Justice Department and HUD to carry out their primary policy responsibilities.

ENFORCEMENT

Under present law, an allegedly aggrieved individual—one whose rights under title VIII have been violated—may either institute a civil action in the appropriate Federal or State court, or may file a complaint with the Secretary of HUD. If, after a HUD investigation of such complaint, the Secretary finds reasonable cause to believe that a violation of title VIII has occurred, the Secretary is limited to resolving the complaint through informal methods of conference, conciliation, and persuasion. There is no power in the Secretary to take further actions. The Attorney General, after appropriate investigation, may institute a court action only in pattern and practice cases and in certain other limited cases involving issues of general public importance.

The Equal Access to Housing Act would add teeth to this enforcement mechanism. In the process, it would address one of the major criticisms of the original law.

Not only would an allegedly aggrieved individual be able to pursue an independent civil action—with new authority in the Attorney General to intervene in such actions on his behalf—but the Attorney General would be authorized to initiate actions on behalf of such individual. For the first time, an aggrieved person would have access to the resources of government in pursuing complaints of title VIII violations.

The proposed act would encourage the use of Federal magistrates in actions brought under its provisions in an effort to expedite such cases, while retaining the basic elements of due process that are guaranteed by our laws and Constitution.

The Equal Access to Housing Act, however, attempts to insure that such adversarial litigation will be a last, not a first, step in the process of resolving complaints. It does this by establishing a new conciliation process in the Justice Department designed to resolve controversies informally. At any time after the filing of a charge, the Attorney General may attempt conciliation. Such conciliation may culminate in an agreement, including one providing for binding arbitration among the parties, or it may lead to a decision by the Attorney General either to dismiss the charge or to initiate an action on behalf of the individual filing the charge.

As the Secretary is required to do under present law, the Attorney General would be required to refer all charges of title VIII violations to certified State housing discrimination agencies where they are in existence.

Certified agencies are those which administer laws providing rights and remedies which are reasonably equivalent to the rights and remedies provided by Federal law. Unlike present law, however, the Federal Government could not reassert jurisdiction over such charges unless it was prepared to decertify an agency. It could not, as is presently the case, retrieve the charge simply because it did not agree with the manner in which the individual case was being handled by the State agency.

HANDICAPPED PERSONS

The proposed measure would extend the protections of title VIII, for the first time, to handicapped individuals. Because of the differing nature of such discrimination, however, from discrimination on account of race or national origin, for example, it is necessary to define in far greater detail what constitutes a discriminatory housing practice in this context. The act is also clear in defining handicap in such a way as to exclude alcoholics and drug addicts, and others whose impairment would represent a direct threat to the safety or property of others.

APPRAISERS

Although HUD has chosen to interpret the act in the past to include coverage of real estate appraisers, the proposed measure would make this explicit. Discriminatory practices by property appraisers would constitute violations of title VIII.

DISCRIMINATION

The Equal Access to Housing Act would clarify that the standard of proof in identifying discrimination under title VIII is an intent standard. While I believe that the present language of the act, as well as its legislative history, indicate clearly that this is already the appropriate standard, there is a conflict on this issue among the Federal circuits, some of which have substituted an "effects" or "disparate impact" standard. The Supreme Court, although never interpreting the specific provisions of title VIII in this regard, has made clear that violations of the 14th amendment require proof of a discriminatory intent or purpose, *Arlington Heights* v. *Metropolitan Housing Corporation* 429 U.S. 252 (1977); *Washington* v. *Davis* 426 U.S. 229 (1976).

With respect to this extremely important issue, I would call the attention of my colleagues to my statement of December 1, 1980 (S15191) in which I discuss this issue in some detail. At this point, however, I would only like to observe that use of the effects test for identifying discrimination carries with it tremendous potential for involving the Federal Government in zoning and land use affairs that have always been the prerogative of State and local governments. Already, use of the effects test by HUD and the Civil Rights Division of the Justice Department has been the basis by which they have sought to impose their own notions of proper racial balance upon communities which have had no intent or purpose of discriminating against protected groups.

The intent test for identifying discrimination, allows courts to consider the totality of circumstances, including evidence of racially distinguishable effects. Unlike the pure effects test, however, the use of statistical evidence is not dispositive in and of itself in determining violations of title VIII and the burden of proof remains fully with the plaintiff.

Mr. President, the proposed bill makes a number of other changes that I believe to be positive changes in the present law: It would enable the Attorney General to pursue an injunction or temporary restraining order where prompt judicial action is necessary, it would limit the use of testers to those instances in which such a practice was necessary to confirm an alleged violation of the act, it would establish a legislative veto over rules and regulations promulgated under the authority of title VIII, and it would clarify the definition of aggrieved person in such a way to limit standing to individuals who are bona fide renters or purchasers.

I believe that the Equal Access to Housing Act draws the proper balance between the need to create a more effective enforcement mechanism under title VIII and the equally important need to protect the due process rights of local communities and individual realtors, home-sellers, and landlords. I do not believe that the legislation rejected by this body last year achieved this balance. On the one hand, the person who suffers discrimination in housing will, for the first time, be able to draw upon the resources of the Federal and State governments which will, if necessary, be prepared to sue on his behalf in a court of law.

On the other hand, the respondent will, in fact, have his day in court—not simply his day before a HUD administrative law tribunal. In addition, he will be assured that, before he is labeled a civil rights violator, there will have been some evidence of a discriminatory intent on his part, not simply evidence that his apartment building or his subdivision or his community lacked the right proportions of white, black, yellow, red, and brown faces.

The individual who is denied an apartment because of his skin color or a home because of his ethnic background will, in short, have more and stronger protections than he has ever had before. He will have access to the full resources of the Federal and State governments when he is treated, not as an individual, but as a member of some collective group, in his pursuit of a dwelling. At the same time, some of the so-called public interest groups, which have little to do beyond harassing small businessmen and communities, and some of the more creative and innovative minds in the bureaucracy who wish to remake America in their image, may have a more difficult time of it all. That is the way it ought to be, in my opinion.

I ask unanimous consent that the text of the proposed Equal Access to Housing Act be printed in the RECORD:

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1670

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Equal Access to Housing Act of 1981".

SHORT TITLE FOR 1968 ACT

SEC. 2. The Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90-284, approved April 11, 1968) is amended by inserting immediately after the comma at the end of the enacting clause, the following: "That this Act may be cited as the 'Civil Rights Act of 1968'.".

SHORT TITLE FOR TITLE VIII

SEC. 3. Title VIII of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by inserting immediately after the title's catchline the following:

"SHORT TITLE

Sec. (a) Section 801 of the Act entitled 'Equal Access to Housing Act'.".

AMENDMENTS TO POLICY SECTION

Sec. 4. (a) Section 801 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by striking out "for fair housing" and inserting in lieu thereof "for equal access to housing".

(b) Section 801 of such Act is amended by adding at the end thereof the following: "Such a policy means that individuals shall not be denied access to housing which they desire and can afford, because of race, color, religion, sex, handicap, or national origin. Such policy does not mean that any particular proportion of individuals of a particular race, color, religion, sex, handicap, or national origin will be assured housing within housing units, neighborhoods, or communities except as such proportions are the natural result of free housing choice.".

AMENDMENTS TO DEFINITIONS SECTION

Sec. 5. Section 802 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by—

(a) striking out subsection (a) and inserting in lieu thereof the following:

"(a) 'Attorney General' means the United States Attorney General."; and

(b) adding at the end the following:

"(h) 'Handicap' means, with respect to a person, a physical impairment which substantially limits the capacity to see, hear, or walk unaided or the capacity to live completely unattended. Such term does not include any alcohol, drug abuse, or any other impairment which would be a threat to the safety or the property of others.

"(i) 'Aggrieved person' includes any person whose bona fide attempt or bona fide offer to purchase, sell, lease, or rent, or whose bona fide attempt to obtain financing for a dwelling has been denied on the basis of race, color, religion, sex, handicap, or national origin, or made subject to terms of purchase, sale, lease, rental, or acquisition which discriminate on any such basis.".

DISCRIMINATORY HOUSING PRACTICE AMENDMENTS

Sec. 6. (a) Section 804(e) of such Act is amended by striking out the words "For profit, to" and inserting in lieu thereof "To".

(b) Section 804 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284) is amended by adding at the end the following:

"(f)(1) To refuse to sell or rent after the making of a bona fide offer, or to refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny a dwelling to any person because of such handicap of a prospective buyer or renter or of a person or persons to be occupying a dwelling with such buyer or renter unless such handicap would prevent a prospective dwelling occupant from conforming to such rules, policies, and practices as are permitted by paragraph (2) of this subsection.

"(2) To discriminate against any person in the terms or conditions of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of a handicap. For purposes of this subsection, (A) discrimination shall include: (i) refusal to permit reasonable modifications of premises occupied, or to be occupied by persons with a handicap where such modifications are necessary to afford such handicapped persons access to premises substantially equal to that of nonhandicapped persons: *Provided, however,* with respect to such premises, such handicapped persons have agreed to return them to their original condition if requested to do so by the landlord; or (ii) refusal to make reasonable accommodations in existing policies, practices, services, or facilities when such accommodations are necessary to afford handicapped persons enjoyment of dwellings substantially equal to that of nonhandicapped persons; but (B) discrimination shall not include (i) refusal to make alterations in premises at the expense of sellers, landlords, owners, brokers, building managers, or persons acting on their behalf; (ii) refusal to make modifications of existing policies, practices, services or facilities where such modifications would result in unreasonable inconvenience to other persons; or (iii) refusal to allow modifications of dwellings which would alter the marketability or appearance of a dwelling or the manner in which a dwelling or its environs has been, or is intended to be, used.".

(c) Subsections (c), (d), and (e) of section 804 and section 806 of such Act are each amended by inserting "handicap," immediately after "sex," each place it appears.

(d) Section 805 of such Act is amended by adding at the end thereof the following: "It shall also be unlawful for any person or other entity whose business includes the appraising of real property to discriminate in the estimation of property value on the basis of race, color, religion, sex, handicap, or national origin. It shall not be unlawful for such a person or other entity to take into consideration or to report to the person for whom the appraisal is being done all factors relevant to the appraiser's estimate of the fair market value of the property: *Provided,* That such factors are not used by the appraiser for the purpose of discriminating or denying rights guaranteed by this title.".

(e) Section 807 of such Act is amended by adding at the end the following: "Nothing in this title shall prohibit any action unless such action is taken with the intent or purpose of discriminating against a person on account of race, color, religion, sex, handicap, or national origin.".

ROLE OF THE ATTORNEY GENERAL

Sec. 7. Section 808 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended—

(1) in subsection (a) by striking out "Secretary of Housing and Urban Development" and inserting in lieu thereof "Attorney General";

(2) by striking out subsection (b);

(3) by redesignating subsections (c), (d), and (e) as subsections (b), (c), and (d), respectively;

(4) in subsection (b) as redesignated by this section by striking out—

(A) "Secretary" each place it appears and inserting in lieu thereof "Attorney General";

(B) "Department of Housing and Urban Development" each place it appears and inserting in lieu thereof "Department of Justice";

(C) "sections 3105, 3344, 5362, and 7521 of title 5 of the United States Code" and inserting in lieu thereof "law"; and

(D) "5362" and inserting in lieu thereof "5372";

(5) in subsection (c) as redesignated by this section, by striking out "Secretary" and inserting in lieu thereof "Attorney General";

(6) in subsection (d) as redesignated by this section, by striking out "Secretary of Housing and Urban Development" and inserting in lieu thereof "Attorney General"; and

(7) by adding at the end the following:

"(e)(1) Simultaneously with the promulgation of any regulation or rule issued for the purpose of compliance with this title, the Attorney General shall transmit a copy thereof to the Committees on the Judiciary of the House of Representatives and the Senate. Such rule or regulation, other than an emergency rule, shall become effective at the end of the first period of sixty calendar days of continuous session of Congress, unless between the date of transmittal and the end of the sixty-day period, either House of Congress passes a resolution stating in substance that that House does not approve of the proposed rule or regulation.

"(2) Either House of Congress may adopt a resolution directing agency reconsideration of a rule other than an emergency rule. If such resolution is adopted within sixty calendar days of continuous session of Congress after the date the rule was transmitted to Congress, the rule shall not go into effect. The agency shall reconsider the rule and take such action as they deem appropriate.

EDUCATION AND CONCILIATION

Sec. 8. Section 809 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by—

(1) striking out "Secretary" each place it appears and inserting in lieu thereof "Attorney General";

(2) striking out "Secretary's" and inserting in lieu thereof "Attorney General's"; and

(3) adding at the end thereof the following sentence: "Nothing in this section shall authorize any payment of funds to any organization or entity formed by or pursuant to any agreements entered into under this section."

ENFORCEMENT CHANGES

Sec. 9. The Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90–284, approved April 11, 1968) is amended by—

(1) redesignating sections 815 through 819 as sections 816 through 820, respectively; and

(2) striking out sections 810 through 815 and inserting in lieu thereof the following:

"PRELIMINARY MATTERS OF ENFORCEMENT

"Sec. 810. (a) Whenever an aggrieved person, or the United States Attorney General on the Attorney General's own initiative, files a charge alleging a discriminatory housing practice, the Attorney General shall serve a notice of the alleged discriminatory housing practice on the party charged (hereinafter in this title referred to as the 'respondent') within ten days after such filing, and shall make an investigation thereof. Upon receipt of such charge, the Attorney General shall serve notice upon the aggrieved person acknowledging receipt of the charge and advising the aggrieved person of the time limits and alternative means of enforcement provided under this title. Such charge shall be in writing, under oath or affirmation, and shall contain such information and be in such form as the Attorney General may require, including detailed information regarding: (1) specific discriminatory practices alleged; (2) the dates of such alleged practices; (3) the names of parties involved; and (4) other relevant facts. An aggrieved person shall file a charge under this section with the Attorney General not later than six months after the alleged discriminatory housing practice occurred or terminated.

"(b)(1) In connection with any investigation of such charge, the Attorney General shall, at reasonable times, have access to, and the right to copy, any information that is reasonably necessary for the furtherance of the investigation. The Attorney General may issue subpoenas to compel such access to or the production of such information, or the appearance of persons, and may issue interrogatories, to the same extent and subject to the same limitations as would apply if the subpoenas or interrogatories were issued or served in aid of a civil action in the United States district court for the district in which the investigation is taking place. The Attorney General may administer oaths.

"(2) Upon written application to the Attorney General, a respondent shall be entitled to the issuance of a reasonable number of subpoenas and interrogatories by and in the name of the Attorney General to the same extent and subject to the same limitations as subpoenas issued by the Attorney General under paragraph (1) of this subsection.

"(3) Witnesses summoned by subpoena of the Attorney General under this title shall be entitled to the same witness and mileage fees as are witnesses in proceedings in United States district courts.

"(4) The Attorney General or other party at whose request a subpoena is issued under this title may enforce such subpoena in appropriate proceedings in the United States district court for the district in which the person to whom the subpoena was addressed resides, was served, or transacts business.

"(5) Any person who willfully fails or neglects to attend and testify or to answer any lawful inquiry or to produce records, documents, or other evidence in such person's power to do so, in obedience to the subpoena or lawful order of the Attorney General under this title, shall be fined not more than $1,000. Any person who, with intent thereby to mislead the Attorney General, shall make or cause to be made any false entry or statement of fact in any report, account, record, or other document produced pursuant to the Attorney General's subpoena or other order, or shall willfully neglect or fail to make or cause to be made full, true, and correct entries in such reports, accounts, records, or other documents, or shall willfully mutilate, alter, or by any other means falsify any documentary evidence, shall be fined not more than $1,000.

"STATE ENFORCEMENT

"SEC. 811. (a) Whenever a charge alleges a discriminatory housing practice within the jurisdiction of a State or local public agency certified by the Attorney General under this subsection, the Attorney General shall, within twenty days after receiving such charge and before taking any action with respect to such charge, refer such charge to such agency. The Attorney General shall notify all parties involved of the referral to such agency. The Attorney General shall, after that referral is made, take no further action with respect to such charge unless the Attorney General determines that such agency no longer qualifies for certification. Wherever a State or local law provides rights and remedies which are reasonably equivalent to the rights and remedies provided by this title, the Attorney General shall certify the appropriate State or local agency administering such law. Any State or local agency may submit a written request for certification to the Attorney General. Unless the Attorney General offers a written objection within ninety days after such submission, such State or local agency shall be deemed certified within the meaning of this title. If the Attorney General objects within the prescribed ninety-day period, he shall provide the State or local agency with an explanation for his decision and such decision shall be subject to review by the appropriate United States district court.

"(b) The Attorney General shall not require, as a condition of such certification that the State or local law enforcement agency agree to waive its exclusive authority over charges alleging discriminatory housing practices.

"CONCILIATION PROCESS

"SEC. 812. (a) If the Attorney General concludes, on the basis of a preliminary investigation of a charge, that prompt judicial action is necessary to carry out the purposes of this title, he may seek appropriate temporary or preliminary relief pending final disposition of such charge. Any temporary restraining order or other order granting preliminary or temporary relief shall be issued in accordance with Rule 65 of the Federal Rules of Civil Procedure.

"(b) At any time after the filing of a charge, the Attorney General shall endeavor to resolve such charge by conciliation. If the respondent refuses to participate in the conciliation process, the Attorney General may grant to the aggrieved person not more than $1,000 for legal fees and other expenses of initiating a civil action under this title against such respondent. Nothing said or done in the course of the conciliation process may be made public or used as evidence in a subsequent proceeding under this title without the written consent of the persons concerned. Any employee of the Attorney General who makes public any information in violation of the immediately preceding sentence shall be fined not more than $1,000. The conciliation process may result in a conciliation agreement. Such agreement may provide for binding arbitration of the dispute arising from the complaint may award appropriate specific relief to the aggrieved person including damages of not more than $1,000. The Attorney General may issue such orders as are necessary to enforce any conciliation agreement, including, if the Attorney General has determined that there has been a breach of such agreement, an order that the breaching party pay to the other party not more than $1,000.

"(c) (1) If the Attorney General determines, after an investigation, and after initiation of the conciliation process under this section, that reasonable cause exists to believe a charge is true, the Attorney General shall file an appropriate civil action under section 814(b) of this title. Such determination in the case of a charge filed by an aggrieved person may not be made later than six months after the date of the filing of such charge.

"(2) After each investigation under this section, the Attorney General shall provide to each party a copy of the report of such investigation.

"(d) The Attorney General shall not employ the services of any person or organization, or provide direct or indirect assistance to any person or organization, to make an offer to purchase, rent, or obtain financing for a dwelling that is not a bona fide offer, except where such action is undertaken for the purpose of verifying a violation of this title which the Attorney General has reason to believe has occurred.

"PRIVATE ENFORCEMENT

"SEC. 813. (a) (1) An aggrieved person may commence a civil action in an appropriate United States district court or State court at any time not later than six months after the alleged discriminatory housing practice occurred or terminated.

"(2) The Attorney General may, upon timely application, intervene in such civil action, if he personally certifies that the case is of general public importance.

Any court, upon application by an aggrieved person or a respondent, may, in such circumstances as it deems just, appoint an attorney for such party and may authorize the commencement or continuation of the action without the payment of fees, costs, or security.

"(c) In a civil action under this section, a court may award such relief as may be appropriate, including money damages, equitable and declaratory relief, and punitive damages not to exceed $1,000.

"(d) It is the sense of the Congress that, except in cases in which a municipality or State is involved, the use of United States magistrates should be encouraged to the maximum extent feasible in order to expedite litigation under this section.

"ATTORNEY GENERAL ENFORCEMENT"

"SEC. 814. (a) Whenever the Attorney General has reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of resistance to the full enjoyment of any of the rights granted by this title, or that any group of persons has been denied any of the rights granted by this title and such denial raises an issue of general public importance, the Attorney General may bring a civil action in an appropriate United States district court.

"(b) The Attorney General may bring a civil action in an appropriate United States district court to remedy any discriminatory housing practice with respect to which the Attorney General has made a finding that reasonable cause exists under section 812(c) (1) of this title.

"(c) The court may award such relief in any civil action under this section as is authorized in section 813(c) of this title in cases brought under that section.

"(d) The filing of a civil action pursuant to a charge filed by an aggrieved person under this title by the Attorney General or by any State or local agency shall preclude the filing of a civil action under this title growing out of the same discriminatory housing practice by such aggrieved person. The filing of a civil action under this title by an aggrieved person shall preclude the filing of a civil action under this title growing out of the same discriminatory housing practice by the Attorney General or by any State or local agency pursuant to a charge filed by such aggrieved person.

"(e) It is the sense of the Congress that, except in cases in which a municipality or State is involved, the use of United States magistrates should be encouraged to the maximum extent feasible in order to expedite litigation under this section.

"ANCILLARY AND PROCEDURAL MATTERS

"SEC. 815. (a) In any action or proceeding under this title, the court may allow a prevailing party (other than the United States with respect to attorney fees) reasonable attorney and expert witness fees as part of the costs. The United States shall be liable for such costs the same as a private person. Such costs may also be awarded upon the entry of any interlocutory order which determines substantial rights of the parties.

"(b) Any court in which a proceeding is instituted under this title shall assign the case for hearing at the earliest practicable date and cause the case in every way to be expedited.

"(c) Any sale, encumbrance, or lease executed before the issuance of any order under this title, and involving a bona fide purchaser, encumbrancer, or tenant without actual notice of the existence of the filing of a charge or civil action under this title shall not be affected by such court order.

"(d) Any court having jurisdiction of an action brought under this title which enters a temporary restraining order or other order providing permanent or temporary relief sought by the Attorney General may, in such circumstances as it deems just, if a violation of this title is not ultimately found, enter an order providing reimbursement from the United States to the defendant for unavoidable economic losses incurred during the time that the temporary restraining order or preliminary or temporary relief was in effect which were a direct result of such temporary restraining order or preliminary or temporary relief."

COOPERATION WITH STATE AND LOCAL AGENCIES

SEC. 10. Section 817 as redesignated by section 9 of this Act is amended by striking out "Secretary" each place it appears and inserting in lieu thereof "Attorney General".

CONFORMING AMENDMENT TO TITLE IX OF 1968 CIVIL RIGHTS ACT

SEC. 11. Section 901 of the Act entitled "An Act to prescribe penalties for certain acts of violence or intimidation, and for other purposes" (Public Law 90-284, approved April 11, 1968) is amended by inserting ", handicap (as defined in section 802 of this Act)," immediately after "sex" each place it appears.●

By Mr. MOYNIHAN:

S. 1671. A bill to amend the Internal Revenue Code to change the definition of a cooperative housing corporation; to the Committee on Finance.

COOPERATIVE HOUSING CORPORATIONS

● Mr. MOYNIHAN. Mr. President, I am introducing a bill today that would permit any cooperative housing corporation to receive up to half of its income from commercial tenants, without jeopardizing the tax deductions of its other tenants.

The bill amends section 216 of the Internal Revenue Code. Section 216 lets individuals who live in cooperative apartments deduct their proportionate shares of the real estate taxes and mortgage interest paid on the cooperative building and surrounding property. It was enacted in 1942. The idea was to put owners of cooperative apartments in the same position as owners of condominiums and single-family houses.

But there is a catch: Not all tenants in co-ops qualify for the deductions. First, a tenant must be a "tenant-stockholder." That is to say, he must be an individual, as opposed to a corporation or other entity. He must own stock in the cooperative that is fully paid up and that gives him the same stake in the cooperative as his apartment bears in relation to the cooperative's total property. And he must be entitled to occupy his apartment. All of this makes him a "tenant-stockholder."

Second, the cooperative he lives in must be a "cooperative housing corporation." It is a cooperative housing corporation only if 80 percent or more of its gross income comes from tenant-stockholders.

My bill would change the 80 percent to 50 percent. There is not a word in the legislative history about why Congress chose 80 percent in 1942, and not some different number. Nor do the committee prints explain why one needs a test of this kind at all.

One can guess. Congress may have worried about possible abuse. An example that is often heard: A co-op may find commercial tenants to pay the maintenance fees to keep the building and grounds in good condition. The commercial tenants would then write off these fees as "ordinary and necessary business expenses," when had the other tenants paid them, the fees would not be tax deductible. They are a cost of living.

It is hard to see how an 80-percent test prevents this.

Another reason for the test is that Congress may simply have wanted to limit section 216 to residential properties. But if that was the reason, then a more general test would have been better: For example, the primary purpose of the corporation must be to provide dwelling units for the shareholders. A 50-percent test is shorthand for this, and the IRS would probably find it easier to administer.

The problem with the 80-percent test is that it produces odd results. A cooperative housing corporation that receives close to 20 percent of its income from commercial tenants can be disqualified if one of its residential tenants dies, because an estate does not count as a tenant-stockholder. The same thing happens when a residential tenant surrenders his apartment to the corporation and the corporation lets the apartment until a buyer can be found.

Some co-ops try to protect themselves by leasing the commercial space to an intermediary for an annual rent fixed at 19.9 percent of the co-op's income. The intermediary then sublets the property at a profit. This arrangement does not affect the residential character of the co-op. But it can affect the tax treatment. It also prevents the residential tenants from getting a fair market rent for the commercial property.

I feel safe in saying this result was not intended by Congress. We have had to amend section 216 five times since 1962 to treat similar side effects. The amendments are patchwork. They complicate section 216. One can see the need for more adjustments unless the 80-percent test is changed.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1671

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subparagraph (D) of section 216 (b)(1) of the Internal Revenue Code (defining cooperative housing corporation) is amended by striking out "80 percent" and inserting in lieu thereof "50 percent".

(b) The amendment made by subsection (a) shall apply to taxable years beginning after the date of enactment of this Act.●

By Mr. BOSCHWITZ:

S. 1672. An Act to expand the membership of the U.S. Holocaust Memorial Council from 60 to 65 and for other purposes; to the Committee on the Judiciary.

HOLOCAUST MEMORIAL COUNCIL

● Mr. BOSCHWITZ. Mr. President, the Holocaust Memorial Council was established in 1980 to coordinate projects designed to memorialize the sufferings of 11 million victims of World War II concentration camps. The council also maintains a holocaust museum, which is an enduring monument of this human tragedy.

Mr. President, I am introducing legislation that would make two minor changes in the law (Public Law 96-388) which established the Holocaust Memorial Council. My bill would expand the membership of the council from 60 to 65 and make certain technical amendments in the appointment authority of the executive director.

I think these changes will improve the effectiveness of the council. I urge the adoption of my proposal by the Senate.●

By Mr. GRASSLEY (for himself, Mr. BAUCUS, Mr. GOLDWATER, Mr. WILLIAMS, and Mr. LEAHY):

S. 1673. An act to amend the Internal Revenue Code of 1954 to provide for the awarding of reasonable court costs and certain fees to prevailing parties in civil tax actions, and for other purposes; to the Committee on Finance.

TAXPAYER PROTECTION AND REIMBURSEMENT ACT

● Mr. GRASSLEY. Mr. President, I am introducing a bill to include tax court cases within the ambit of the Equal Access to Justice Act passed last year, particularly the attorney's fees provision. The Equal Access to Justice Act did not include tax court cases; it covered only cases brought in Federal district court and the court of appeals. Unlike the Equal Access to Justice Act which requires the Government to show its position is substantially justified to prevent an award of attorney's fees to a prevailing party, this bill provides for the award of attorney's fees if the prevailing party can show the Government's position is unreasonable.

Senator BAUCUS introduced a bill earlier this session, S. 752, with these features. He and I are reintroducing the identical bill except we are raising the maximum amount of an award from $20,000 to $25,000. We feel this better reflects the true cost of fighting a tax case. Furthermore, the majority of cosponsors of S. 752 have approved this change and would like to be included on this measure.

The attorney's fees portion of the Equal Access to Justice Act becomes effective this week on October 1. As chairman of the Subcommittee on Oversight of the Internal Revenue Service, I have scheduled hearings on this issue and these bills on October 19, 1981 at 2 p.m. Any comments on this topic by any of my colleagues would be greatly appreciated by the subcommittee.●

By Mr. WEICKER:

S. 1674. A bill to amend or repeal certain provisions of the organic acts applicable to the Virgin Islands, and for other purposes; to the Committee on Energy and Natural Resources.

CERTAIN AUTHORITIES AFFECTING TERRITORIES AND POSSESSIONS OF THE UNITED STATES

● Mr. WEICKER. Mr. President, I send to the desk, for appropriate reference, legislation which would amend the Revised Organic Act of the Virgin Islands and provide certain other authorities affecting the territories and possessions of the United States.

Title I of this legislation was prepared by the Department of the Interior as a drafting service at the committee's request to identify those provisions of the Revised Organic Act of the Virgin Islands and other provisions of Federal law which must be amended or modified to allow the proposed constitution of the Virgin Islands to become fully effective if approved in referendum by the voters of the Virgin Islands this November. I would like to note that title I does not necessarily reflect the views of the administration nor of the Virgin Islands although I understand that the administration and the Virgin Islands have had discussions over the content of the draft.

Title II contains four provisions which I feel should receive consideration during this session. The first section would amend the Organic Act of Guam to provide the people of Guam with the right of initiative and referendum. Identical language was reported by the House Interior Committee earlier this year and the administration has not as yet had an opportunity to comment on it.

The second section was requested by the Governor of the Virgin Islands in a letter to Senator McClure dated August 27, 1981 in which he requested a clarification of the authority of the U.S. Postal and Customs Services in assisting the Virgin Islands in the collection of excise taxes.

The third provision would defer until the date of termination of the trusteeship the requirement contained in last year's omnibus territory measure that personal property owned by the United States in the trust territory be transferred to the local governments. This provision was also contained in the measure reported by the House Interior Committee earlier this year.

The final provision is an authorization for the appropriation of funds to the Secretary of the Interior to offset any decrease in program aid to the territories and to reimburse those territories where the Federal internal revenue laws operate as a local territorial tax for any revenue occasioned by general Federal tax legislation. The purpose of this provision is not to hold the territories harmless from the effects of either the tax or budget reform but rather to provide the appropriating committees with sufficient flexibility to fulfill the plenary responsibility which the Congress has for the administration of the territories and insular areas of the United States. Unlike the several States, the territories do not have fully developed economies, and in some instances do not even have general authority to raise taxes.

I would like to emphasize that in introducing this legislation, I am not necessarily endorsing any of the provisions, but rather I am providing a basis for the Committee on Energy and Natural Resources to hold hearings and receive the views of both the administration and insular areas on the subject which the provisions of this bill address.●

By Mr. STEVENS (for Mr. Hatfield) (for himself, Mr. Danforth, Mr. Dole, Mr. Leahy, Mr. Andrews, Mr. Biden, Mr. Chafee, Mr. Cohen, Mr. Dixon, Mr. Dodd, Mr. Heinz, Mr. Hollings, Mr. Johnston, Mr. Kennedy, Mr. Levin, Mr. Mitchell, Mr. Proxmire, Mr. Sarbanes, Mr. Weicker, Mr. Williams, Mr. Cranston, and Mr. Tsongas):

S. 1675. A bill to help eliminate world hunger and malnutrition and promote global security; to the Committee on Foreign Relations.

HUNGER ELIMINATION AND GLOBAL SECURITY ACT

Mr. STEVENS. Mr. President, on behalf of Senator Hatfield I am introducing a bill entitled the "Hunger Elimination and Global Security Act." I send it to the desk together with a list of cosponsors of this measure.

I ask unanimous consent that the bill be printed in the Record.

It is my understanding that the cosponsors of this legislation plan to hold a colloquy sometime in October and therefore they will withhold all statements on the bill until that time.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1675

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "Hunger Elimination and Global Security Act".

FINDINGS REGARDING GLOBAL SECURITY

Sec. 2. (a) The Congress finds that the security of the United States and other countries is increasingly affected by a broad range of global problems including shortages or potential shortages of food, oil, water, wood, and other basic mineral and natural resources; desperate poverty; sickness; population pressures; environmental deterioration, including soil erosion and water pollution; and large-scale and destabilizing refugee problems.

(b) The Congress finds that hunger, disease, and extreme poverty are among the most critical of these global problems. As ever greater numbers of people perceive the disparity between their own continuing deprivation and the prosperity of others, and judge their predicament to be neither just nor inevitable, it becomes increasingly likely that there will be unrest and violence with consequent disruption of the flow of essential materials, adverse effects on the world economy, decreased likelihood of cooperative efforts toward meeting the other critical problems threatening national and global security, and increased likelihood of conflict and disruption in relations among nations.

(C) Therefore, the Congress finds that the Nation's understanding of global and national security must be broad enough to include the problems cited in this section, and that adequate protection of the security of the United States requires effective action on these global problems, and in particular on the problems of hunger, disease, and extreme poverty.

FINDINGS AND DECLARATION OF POLICY REGARDING WORLD HUNGER

Sec. 3. (a) The Congress finds and declares that—

(1) the United States is part of an interdependent world and its long-term security and prosperity can only be maintained in a community of nations which are stable and free and in an international order which is open and equitable;

(2) widespread continuing poverty and hunger makes such a community and such an economic order impossible; and

(3) although self-reliant action by the people of developing countries must be the principal weapon against hunger and poverty in such countries, the sustained support of major industrial countries, including the United States, is also crucial.

(b) It is the sense of the Congress that the United States Government should make the development of the poor countries and the eradication of poverty and hunger a primary objective of its foreign policy.

PROGRAMS TO MEET HUMAN NEEDS

Sec. 4. (a) As part of the Congressional presentation, materials accompanying this budget request for a fiscal year, the President shall designate the programs and projects carried out under section 104(c) of the Foreign Assistance Act of 1961, chapter 9 of such Act, and title II of the Agricultural Trade Development and Assistance Act of 1954, and such other programs and projects of assistance to foreign countries as he determines meet basic human needs as "Hunger Relief and Prevention Assistance".

(b) In determining whether a program or project meets basic human needs for purposes of subsection (a), the President shall consult with the Committee on Agriculture, the Committee on Appropriations, and the Committee on Foreign Affairs of the House of Representatives and with the Committee on Agriculture, Nutrition, and Forestry, the Committee on Appropriations, and the Committee on Foreign Relations of the Senate.

TITLE I—PUBLIC LAW 480

SELF-HELP MEASURES TO INCREASE AGRICULTURAL PRODUCTION

Sec. 101. Section 109 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1709) is amended by striking out subsection (c) and inserting in lieu thereof the following new subsections:

"(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to increase its production and domestic consumption of agricultural commodities, and to improve the storage and distribution of such commodities, and shall provide for termination of such agreement, or adjustment in the terms of credit so that the rate of interest shall be not less than 6 per centum per annum, whenever the President finds that such program is not being carried out as specified in the agreement, except that no such agreement may be terminated, nor may such adjustment in the terms of credit be made if—

"(1) the President determines that such action would threaten the security of the United States and sets forth such determination, together with his reasons therefor, in the report required under section 4 8(a) of this Act; or

"(2) the President determines that the program described in the preceding sentence has not been carried out as specified in the sales agreement because of circumstances beyond the control of the government of the recipient country and sets forth such determination, together with his reasons therefor, in the report required under section 408 (a) of this Act.

"(d)(1) In each ageement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum feasible extent, in quantitative and measurable terms, and (B) in a manner which ensures that the primary beneficiaries of the measures pursuant to each agreement will be the needy people in the recipient country. For purposes of this paragraph, needy people are those who are classified as 'absolutely poor' under the standards used by the International Bank for Reconstruction and Development and the International Development Association.

"(2) The President shall take appropriate steps to satisfy himself that, in each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake are additional to the measures which the recipient country had been planning to undertake irrespective of that agreement or amendment.

"(3) The President shall take all appropriate steps to verify that the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out. In such verification, as well as in the negotiation of any such agreement or amendment, the President shall take special note of information available from United States private sector organizations wishing to provide relevant information, as well as of the assessments of United States missions in the recipient country and the official statements of the government of that country.

"(4) Upon request of the Committee on Agriculture, Nutrition, and Forestry of the Senate or the Committee on Foreign Affairs of the House of Representatives, the President shall provide to that committee a written account of steps taken pursuant to paragraphs (2) and (3) of this subsection.".

TITLE II—MULTILATERAL DEVELOPMENT BANKS

TARGETING ASSISTANCE TO THE NEEDY

Sec. 201. (a) Section 1102 of the International Financial Institutions Act (91 Stat. 1067) is amended to read as follows:

"Sec. 1102. The Secretary of the Treasury shall make every reasonable effort to bring about the establishment of a requirement within the International Bank for Reconstruction and Development, the International Development Association, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and any other multilateral development bank of which the United States becomes a member, that not less than some specified proportion of its lending must benefit needy people, such proportion to be at least 50 per centum. For purposes of this title needy people are those who are classified as 'absolutely poor' under the standards adopted by the International Bank for Reconstruction and Development and the International Development Association.".

(b) Section 1103 of the International Financial Institutions Act is amended to read as follows:

"Sec. 1103. The Secretaries of State and Treasury shall include in the annual report required under section 701(c)(1) of this Act an account of the progress being made toward achieving the goals of section 1102, and shall also include, for each of the institutions referred to in section 1102, as accurate an estimate as is practicable of the proportion of the lending by that institution which benefits needy people. In formulating these estimates, the Secretaries of State and Treasury may utilize the methodology developed by the Inter-American Development Bank or such other methodology or methodologies as they may determine to be appropriate.".

TITLE III—WORLD FOOD SECURITY

FOOD SECURITY RESERVES

Sec. 321. (a) The Congress finds that—

(1) the Congress recently passed and the President signed into law an Act which provides for establishment of a United States food security reserve of up to four million metric tons of wheat to be used for emergency food assistance;

(2) the food import needs of developing countries will increase over the next ten years; and

(3) some other grain exporting countries could take additional steps to assure continuity of food assistance during food crisis years.

(b) The President shall encourage other grain exporting countries to establish their own food security reserves or take other measures that complement the United States food security reserve.

(c) The President shall prepare and transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the date of enactment of this Act a report describing the actions he has taken to implement this section.

GLOBAL FOOD FINANCING FACILITY

Sec. 302. (a) The President shall negotiate with other countries, and with international and regional organizations, to attempt to ensure that the benefits of the food financing facility recently approved by the International Monetary Fund be directed so as to effect the maximum feasible reduction in hunger and malnutrition.

(b) The President shall prepare and transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the date of enactment of this Act a report describing the actions he has taken to implement this section.

LIMITATION ON UNITED STATES FOOD EMBARGOES

Sec. 306. Section 6(f) of the Export Administration Act of 1979 (50 U.S.C. 2405(f)) is amended—

(1) in the subsection caption by inserting "and for certain food exports" immediately after "supplies";

(2) by inserting the following immediately after the first sentence: "Before export controls on food are imposed, expanded, or extended under this section, the Secretary shall notify the Secretary of State in the case of export controls applicable with respect to any developed country and shall notify the Director of the United States International Development Cooperation Agency in the case of export controls applicable with respect to any developing country. The Secretary of State with respect to developed countries, and the Director with respect to developing countries, shall determine whether the proposed export controls on food would cause measurable malnutrition and shall inform the Secretary of that determination. If the Secretary is informed that the proposed export controls on food would cause measurable malnutrition, then those controls may not be imposed, expanded, or extended, as the case may be, unless the President determines that those controls are necessary to protect the national security interests of the United States. Each such determination by the Secretary of State or the Director of the United States International Development Cooperation Agency, and any such determination by the President, shall be reported to the Congress, together with a statement of the reasons for that determination.";

(3) in the next to the last sentence by striking out "supplies," and inserting in lieu thereof "supplies or of food"; and

(4) in the last sentence by inserting immediately before the period "or to any export control on food which is in effect on the effective date of the Hunger Elimination and Global Security Act".

TITLE IV—BASIC HUMAN NEEDS AGREEMENT

ELIGIBILITY FOR ASSISTANCE

Sec. 401. (a) Nothwithstanding any other provision of law, no bilateral development assistance may be available under part I of the Foreign Assistance Act of 1961 to any country with which the United States has not entered into an agreement or set of agreements as described in subsection (b), such agreements to be known as Basic Human Needs Agreements (hereinafter in this title referred to as "Agreements") except that this title shall not prevent the provision of assistance to any country for the purposes of narcotics control, disaster relief, or peacekeeping operations.

(b) Each such Agreement shall—

(1) reflect and express the commitment of the recipient country to equitable and self-reliant development; and

(2) include a commitment by the United States to provide a specified level of assistance and a commitment by the recipient country to undertake specified economic development measures directed toward meeting the basic human needs of its people, particularly needs for a nutritionally adequate diet, health services, safe water and sanitation facilities, and basic education.

SELF-HELP MEASURES AND OBJECTIVES

Sec. 402. (a) Such Agreements shall—

(1) set forth measurable objectives such as specified reductions in the infant mortality rate and increases in the literacy rate, together with a target date for achieving such objectives; and

(2) describe the measures which the recipient government agrees to undertake to attempt to achieve these objecties.

(b) In each such Agreement such measures as the recipient government agrees to undertake shall be described in quantitative and measurable terms. The United States shall attempt to ensure that the Agreement or set of Agreements concluded with each recipient country does not neglect any of the basic needs enumerated in section 401 of this title. The United States shall not enter into any such Agreement which is so vague in its terms that efforts to comply with the Agreement cannot be effectively assessed. Failure to meet the terms of such agreement due to inadaquate efforts by the recipient shall result in termination of the agreement.

EFFECTIVE DATE

Sec. 403. The provisions of this title shall take effect one year after the date of enactment of this Act.

TITLE V—RELIEF AND PREVENTION OF STARVATION

SHORT TITLE

Sec. 501. This title may be cited as the "African Assistance and Hunger Prevention Act".

FINDINGS

Sec. 502. The Congress finds that—

(1) According to the International Bank for Reconstruction and Development approximately 40 percent of the population of the developing countries (excluding the People's Republic of China) live in absolute poverty, a condition of life so limited by malnutrition and other aspects of poverty as to be beneath any rational definition of human decency. United States development assistance too often fails to reach these poorest people.

(2) There is widespread and continuing

starvation in sub-Saharan Africa and the nutritional situation in that region has been steadily worsening. The average rate of infant mortality in Africa is higher than on any other continent.

(3) Steps should be taken to prepare in advance for anticipated food shortages in famine-prone African nations.

AID TO THE ABSOLUTELY POOR

Sec. 503. (a) Notwithstanding any other provision of law, beginning for the fiscal year 1983, and for each fiscal year thereafter, not less than 50 percent of the funds made available for such fiscal year under part I of the Foreign Assistance Act of 1961 shall be used to finance productive facilities and other goods and services to be primarily used by the absolutely poor, including, for example, irrigation facilities, extension services and credit for small farmers, roads, safe drinking water supplies, and health and family planning services. For purposes of this section, the absolutely poor are those persons who are classified as "absolutely poor" under the standards adopted by the International Bank for Reconstruction and Development and the International Development Association.

(b) In carrying out subsection (a) special emphasis shall be placed on alleviating hunger in sub-Saharan Africa. Particular attention shall be paid to the role of women in agricultural production in the sub-Saharan region.

PREVENTION OF FAMINE

Sec. 504. Section 302 (c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727a (c)) is amended—

(1) by amending paragraph (1) to read as follows:

"(1) Except as provided in paragraph (2) of this subsection, the aggregate value of all agreements entered into under this title for the fiscal year 1983 and each fiscal year thereafter shall be not less than 25 percent of the aggregate value of all agreements entered into under title I of this Act for such fiscal year."; and

(2) by adding the following new paragraph at the end thereof:

"(5) In the fiscal year 1983—

"(A) commodities, or

"(B) the funds generated from the sale of commodities in participating countries,

totaling in value not less than 5 percent of the aggregate value of all agreements entered into under title I of this Act in that fiscal year, shall be used under this title to establish grain reserves in famine-prone African nations or to take other steps to prepare in advance for food shortages in those nations. Agreements under this title shall contain provisions to ensure that measures undertaken pursuant to this paragraph primarily benefit the needy people in participating countries.".

TITLE VI—GENERAL PROVISIONS

PEACE CORPS PROGRAMS AND PROJECTS

Sec. 601. It is the sense of the Congress that the President, acting through the Director of the Peace Corps, should in carrying out the functions vested in him by the Peace Corps Act, emphasize programs and projects to alleviate hunger and malnutrition by encouraging agricultural self-sufficiency within foreign countries in which Peace Corps volunteers are serving.

By Mr. PERCY (for himself, Mr. Dixon, Mr. Lugar, Mr. Quayle, and Mr. Chafee):

S. 1676. A bill to enhance the detection of motor vehicle theft and to improve the prosecution of motor vehicle theft by requiring the Secretary of Transportation to issue standards relating to the identification of vehicle parts and components, by increasing criminal penalties applicable to trafficking in stolen vehicles and parts, by curtailing the exportation of stolen vehicles and self-propelled mobile equipment, and by establishing penalties applicable to the dismantling of vehicles for the purpose of trafficking in stolen parts, and for other purposes; to the Committee on the Judiciary.

MOTOR VEHICLE THEFT PREVENTION ACT

Mr. PERCY. Mr. President, the problem of motor vehicle theft continues to worsen. In 1980, a motor vehicle was stolen every 28 seconds in the United States—1,114,651 vehicles were stolen in 1980, according to Federal Bureau of Investigation data. In 1979, vehicle theft was up 10.6 percent over 1978, and 1980 thefts increased an additional 2 percent over 1979.

The total loss to society is estimated at $4 billion annually, including the cost of insurance premiums, and outlays by local and State governments for enforcement, prosecution, and imprisonment of auto thieves. In some of our larger cities, motorists are paying $200 to $300 each year in theft coverage alone because of professional theft.

Many cities have been very hard hit by theft; for instance, theft was up 19 percent in Hartford, Conn., in 1980 over 1979; up 61 percent in Miami; up 36 percent in Philadelphia; up 9 percent in Indianapolis; up 9 percent in Los Angeles; and up 12 percent in New York City.

Significantly, about 40 to 45 percent of all stolen vehicles are never recovered. A spokesman for the National Crime Information Center reports that 591 cars disappear daily from America's streets and highways and never reappear.

This development could be explained by:

First, motor vehicle theft is increasingly a professional crime. Vehicles are stolen and then dismantled in "chop shops" for their lucrative sheet metal replacement parts such as doors, fenders, and the hood. Because the parts lack identifying numbers, prosecutors are almost never able to prove that a crime has taken place.

Second, a growing number of stolen vehicles are being exported. Informed sources have testified at House hearings that 10,000 to 20,000 stolen vehicles are taken annually to Mexico. A ready market available in Mexico is assured because the identical model of a U.S. produced sedan that cost $10,000 in Houston manufactured in Mexico sells retail in Mexico City for $24,000.

Vehicles are also going to the oil-rich states such as Kuwait, the Caribbean, Central America, West Africa, and the Philippines. Some are stolen while others are exported by their owners. Once outside the United States, the thief is home free. In addition, many criminals fraudulently then report the vehicle stolen and collect on a U.S. insurance policy.

Third, professional thieves have devised a variety of scams designed to defraud insurance companies and confuse the police. The salvage switch remains one of the most common. Typically, the thief will purchase a late model wreck at an auction and receive a clear title in some States. The criminal will then excise the identification plates from the wreck and proceed to steal an identical vehicle off the street. He will rip the identification plates off the stolen vehicle and insert the salvage plate. In a matter of moments, he converts the stolen vehicle into a legitimate vehicle with a clear title.

Because of the growing number of thefts, the Federal Inter-Agency Committee on Auto Theft was created in 1975. It consisted of representatives from the Departments of Justice, Transportation, State, Treasury, Commerce, and the Office of Management and Budget. After 3 years of deliberation, it drafted the Motor Vehicle Theft Prevention Act as the best tool to fight this crime that hits the pocketbook of almost every American through higher insurance premiums.

The bill tackles the theft problem through two simple strategies:

First, it emphasizes prevention by increasing the risk to thieves by placing identifying numbers on major sheet metal parts. Currently, only motors and transmissions are uniformly marked on motor vehicles on account of laws in Tennessee and Georgia. Witnesses at congressional hearings testified that they routinely disposed of these valuable moving parts because of fears their ill-found booty would be traced.

Second, those wanting to destroy the audit trail by removing the federally mandated vehicle identification numbers would face up to 5-year imprisonment and/or a $5,000 fine. Major traffickers could receive up to 10 years in Federal prison and/or a $25,000 fine. The organized crime statute would be expanded to cover motor vehicle theft. This should help deter the major interstate rings that operate in almost every region of the United States.

Third, Federal authorities would be able to better control illegal exportation by requiring shippers to record the VIN and file an export declaration with customs before sailing.

Fourth, a task force would be appointed to study ways of combating fraud through uniformity in titling and registration.

Fifth, the escalating theft of off-highway equipment would also be studied. The study panel would be chaired by the Attorney General and include representatives from the law enforcement community and private industry. The Associated Equipment Distributors estimate heavy equipment theft losses at at least $1 billion annually for equipment owners and dealers. The law enforcement community wants this study while the manufacturers believe such a study should be postponed. I believe that the appropriate legislative committees should hear testimony from both sides and then determine its position based on an objective evaluation of the testimony. I will abide by their decision.

Objections have been raised by the motor vehicle manufacturers because of the additional regulation this bill would entail.

Earlier this year, I held a field hearing in Rockford, Ill., where I heard testimony from the manufacturers on the outrageous regulatory burden that we in Congress have placed on them. I am committed to remove ill-conceived and costly regulations that serve no useful purpose.

However, this bill contains several important provisions to prevent abuse:

The cost of placing additional identifying numbers on sheet metal parts is limited to no more that $10, indexed for inflation;

Second, the National Highway Traffic Safety Administration must prove that the numbering standard is cost-effective;

Third, there is a maximum limit of 14 parts that would be required to be numbered;

Fourth, the standard automatically sunsets in about 5 years, if it proves to be ineffective.

I am confident that with these built-in safeguards the motor vehicle manufacturers can live with this standard and support this legislation as enlightened corporate citizens concerned about a problem of intimate concern to motor vehicle owners and the police.

I am pleased to reintroduce the Motor Vehicle Theft Enforcement Act of 1981 together with my colleague from Illinois, Senator Alan J. Dixon. As Secretary of State in Illinois, Alan Dixon developed the "Illinois Plan" to combat motor vehicle theft and chop shops. Because of its success it has become a prototype for the Nation.

Both Senator Lugar and Senator Quayle in neighboring Indiana have joined me to cosponsor this bill. Many of the chop shop operations have crossed into Indiana from Illinois. Senator Chafee of Rhode Island, also joins me.

The Motor Vehicle Theft Enforcement Act has broad support under the umbrella of the Coalition to Halt Automotive Theft under the able leadership of Theodore Johnson.

Members include: The International Association of Chiefs of Police, the International Association of Auto Theft Investigators, the American Insurance Association, the Automotive Dismantlers and Recyclers of America, the Automotive Service Councils, Inc., the Commercial Union Assurance Co., Government Employees Insurance Co., the Greater Cleveland Crime Prevention Committee, the National Association of Independent Insurers, Nationwide Insurance Companies, the New York/New Jersey Anti-Car Theft Committee, State Farm Mutual Automobile Insurance Co., and the Washington Auto Body Association. The National Auto Theft Bureau is an adviser.

I would hope that both the Judiciary Committee and Commerce Committee schedule timely hearings on this bill. In 1979, the Governmental Affairs Permanent Subcommittee on Investigations held 5 days of hearings on this legislation. In 1980, the Criminal Justice Subcommittee held an additional day of hearing. A more than adequate hearing record has been established that provides every possible view on the merits of this proposed law. Our hard-pressed police forces are only asking for an audit trail for stolen auto parts. We should not disappoint them.

I would like to include for the Record, a section-by-section analysis of the bill, an article I authored for the February 1981 issue of Law Enforcement Communications, recent stories on the problems in both the Chicago Tribune and the Chicago Sun-Times, an editorial broadcast over WMAQ–TV in Chicago praising the outstanding efforts by Illinois State Senator Adeline Geo-Garis to curb this problem, an April 9, 1981, summary of the equipment theft issue in Construction Digest, an article by the president by the National Automotive Theft Bureau, and a letter from the Texas Association of Vehicle Theft Investigators.

There being no objection, the material was ordered to be printed in the Record, as follows:

Motor Vehicle Theft Law Enforcement Act off 1981 Section-by-Section Analysis

Section 1—Title

Section 1 of the bill provides that the bill when enacted may be cited as the "Motor Vehicle Theft Law Enforcement Act of 1981."

Section 2—Findings and purpose

Section 2 sets forth findings by the Congress and the purpose of the legislation.

TITLE I—IMPROVED IDENTIFICATION FOR MOTOR VEHICLE PARTS AND COMPONENTS

Section 101—Motor vehicle parts and components security standards

Section 101(a) adds a new paragraph to Section 102 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391), defining "motor vehicle security standard." This is a minimum performance standard relating to methods and procedures for the identification of new motor vehicle parts and components (other than motorcycle parts and components).

Subsection 101(b) adds to section 103 of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1392) a new subsection, (j), dealing with the effectuation of such standard. The Secretary of Transportation is required, under subsection (j), to publish a proposed motor vehicle security standard requiring an identification number on key components or parts within 12 months after the date of enactment of the Act, and to promulgate a final Federal motor vehicle security standard not later than 24 months after enactment. Such standard is to take effect between 180 days and one year from the date of promulgation. However, if the Secretary finds it is in the public interest and shows good cause, the effective date may be earlier or later. The standard will apply only to parts and components which are (a) included in the assembly of a motor vehicle manufactured after the effective date or (b) manufactured as new replacement parts or components for motor vehicles after the effective date. It is anticipated that the parts manufactured exclusively for use as replacement parts or components that are equivalent to a part or component required by a federal Motor Vehicle Security Standard to bear an identification number, would bear an appropriate marking which identifies such part or component as a replacement. Such a marking would be affixed by the manufacturer of such replacement part or component.

The part or component identification number should be permanently affixed by riveting, welding, stamping, impressing, burning or some other basically equivalent manner such as the use of an adhesive material which is tamper proof and self-destructing, and hence non-reuseable, if the material is removed from the part of the component.

Paragraph (3)(A) of new subsection (j) requires that before promulgating any security standard, the Secretary must conduct a study to determine the cost of implementing such standard and the benefits attainable as a result of such standard. In preparing such a study, the Secretary must consider the effect which such standard may have on production and sales by the domestic manufacturers.

The most desirable number which could be utilized for component identification would be the same as that required for the vehicle identification number (VIN) under U.S. Department of Transportation Federal Motor Vehicle Safety Standard No. 115 (i.e. 17 characters). However, for some methods of application, requiring all 17 characters may be difficult and costly. Accordingly, it may be necessary to make use of a derivative of the VIN for some component parts. Identification of parts and components is to be accomplished in the least expensive way consistent with the purposes of the Act.

Paragraph (3)(B) of new subsection (j) directs the Secretary to include the results of such study in the publication of the proposed Federal motor vehicle security standard. Under paragraph (3)(C), the Secretary shall have no authority to promulgate any such standard unless the Secretary determines the benefits from the standard are likely to exceed the costs of such standard.

Paragraph (4)(A) provides that no security standard promulgated by the Secretary under the section shall impose additional costs upon the manufacturers of motor vehicles in excess of $10.00 (adjusted for inflation beginning in 1982) per motor vehicle. The level of costs per motor vehicle will be determined by the Secretary as part of the cost-benefit study required prior to the promulgation of the standard.

Subparargaph (B) provides that any manufacturer, subsequent to the promulgation of the standard, may petition the Secretary to amend such standard for the purpose of adjusting the standard to be in compliance with the paragraph in paragraph (4)(A). Upon a showing by such manufacturer that the costs of compliance with such standard will result in costs in excess of $10.00 per motor vehicle (adjusted for inflation), the Secretary shall amend such standard to eliminate the costs which exceed $10.00 per motor vehicle.

Subsection (5) states that no security standard may require that numbering or other identification of more than a total of four parts or components for trailers, nine parts or components for trucks, and fourteen parts or components for any other motor vehicle. This limitation is to be exclusive of the VIN (Vehicle Identification Number) currently required under Federal Motor Vehicle Safety Standard 115 (the Public Vehicles Identification Number).

The parts and the components selected by the Secretary of Transportation should be those which will primarily deter professional thieves who either resell the vehicle itself or cut it up for parts. Such parts and components should be part of the vehicle at the time of original manufacture.

The maximum limitation of 14 parts and components to be numbered was derived from a listing prepared by the Justice Department based on a four-door passenger car. It is anticipated that the parts and components for passenger cars required to be identified by the Secretary will be from the Justice Department list. The components the Justice Department believes are necessary to accomplish the purposes of the Act in regard to component identification for passenger cars are: the engine; the transmission; each door allowing entrance or egress to the passenger compartment; the hood; the radiator core support of the front end assembly; each front fender; the deck lid, tailgate, or hatchback (whichever, if present); the trunk floor pan; the frame (or, in the case of a unitized body, the supporting structure which serves as the frame); and one additional confidential location selected each year by the manufacturer with notification to law enforcement of the exact location. There is no intent that the Secretary require that the full authorized number of part or components be actually marked. However a sufficient number should be marked to accomplish the purposes of the Act. The bill allows that, as the theft profile changes or as cars and body styles change, different components may be marked; any such change, however, will be subject to rulemaking.

Paragraph (6) directs that the Secretary shall take several factors into account in prescribing motor vehicle security standards. First, the Secretary shall consider relevant available motor vehicle security data, including the results of research, development, testing and evaluation activities conducted pursuant to the Act.

Second, the Secretary shall also review available studies carried out by motor vehicle manufacturer which evaluate methods and procedures for the identification of motor vehicle parts and components and the effects which such methods and procedures may have with respect to reducing motor vehicle thefts and with respect to the costs of motor vehicle ownership.

Third, the effect of the implementation of such standard upon the cost of motor vehicle insurance shall be considered by the Secretary.

Fourth, the Secretary shall take into account savings which may be realized by consumers through alleviating inconveniences experienced by consumers as a result of the theft and disposition of motor vehicle parts and components.

Finally, the Secretary should take into account considerations of safety.

Subsection 101(c) amends Section 103(d) of the National Traffic and Motor Vehicle Safety Act of 1966 which applies general Federal supremacy status to standards issued by the Department of Transportation under this bill. The Federal program cannot be modified by State actions. This does not mean that the states are preempted from enforcing, by an appropriate method, identical federal motor vehicle security standards at the pre-consumer level of distribution; provided, however, that such state enforcement scheme does not create an undue burden on interstate commerce or present serious danger of conflict with Federal enforcement programs.

Section 102—Authority of Secretary to study security devices and systems

Section 102 amends section 106 of the National Traffic and Motor Vehicle Safety Act of 1966 by adding a new paragraph which authorizes the Secretary to conduct studies regarding the development of security devices and systems which are designed to deter individuals from entering a locked motor vehicle and starting the motor vehicle for the purpose of stealing the motor vehicle.

Section 103—Report regarding security devices and systems

Section 103(a) requires the Secretary of Transportation, 12 months after the date of enactment, .to submit a report to the Congress, regarding security devices and/or systems designed to deter the unauthorized entering or starting of a locked motor vehicle for the purpose of stealing the motor vehicle.

Subsection (b) provides that in this report, the Secretary is to determine whether an objective standard for such systems can be devised so that the systems are not compromised by the demonstrations of them which may be necessary to show compliance with the standard; and whether, it would be more beneficial if security devices and systems were left as options for auto manufacturers to offer in areas of high crime rates.

Subsection (c) states that the report may include any other matters relating to motor vehicle security which the Secretary considers appropriate. The report shall include recommendations for legislative or administrative action and is to be prepared after consulting with the Attorney General.

Section 104—Technical and conforming amendments

Section 104 amends sections of the National Traffic and Motor Vehicle Safety Act to reflect the substantive amendments set out in Sections 101 and 102 and make technical and conforming changes.

Section 105—Termination of certain provisions and amendments

Section 105 provides that the provisions of Title I and the amendments made in Title I shall be repealed, according to Section 104(a)(1), at the end of June 30 of the fourth successive year following the first June 30 which occurs at least 15 months after the effective date of the Federal Motor Vehicle Security Standard to be promulgated, unless the Secretary of Transportation and the Attorney General of the United States submit a joint written statement to Congress which makes several findings.

Subsection 105(b) outlines the findings to be made: (1) a finding based on the most recent available statistics contained in the National Crime Information Center, the most recent available statistics compiled in connection with publication of the Uniform Crime Reports and upon other sources, including the perceptions of the law enforcement community of the Nation which deals with motor vehicle theft and any increases in arrest or prosecution rates relating to motor vehicle theft, that there have been beneficial impact upon the rate of thefts or the rate of recovery of motor vehicles, or motor vehicle parts and/or components during the period the motor vehicle security standard is in effect; (2) a finding that such impact is significantly attributable to the operation and enforcement of such motor vehicle security standard; and (3) a judgment that the provisions of Title I should remain in effect.

Subsection (c)(1) directs that the provisions of paragraphs (2) through (4) shall apply if the repeals and amendments specified in subsection (a) take effect. Paragraph (2) of subsection (c) provides that any Federal motor vehicle security standard shall cease to have any force or effect after the repeals specified in subsection (a) take effect. Paragraph (3) provides that any administrative proceeding relating to any provision of law repaled in accordance with subsection (a) which is pending on the effective date of such repeal shall be continued as if subsection (a) had not been enacted, and orders issued in any such administrative proceeding shall continue in effect until amended or revoked by the Secretary of Transportation in accordance with the National Traffic and Motor Vehicle Safety Act of 1966, or by operation of law.

The provisions of paragraph (4) specify that the repeals provided by subsection (a) shall not affect any suit, action, or other proceeding lawfully commenced before the effective date of such repeals and that all such suits, actions or proceedings shall be continued, proceedings therein had, appeals therein taken, and judgments therein rendered, in the same manner and with the same effect as if subsection (a) had not been enacted.

TITLE II—ANTIFENCING MEASURES

Section 201—Motor vehicle identification numbers: Forfeitures

Section 201 amends Chapter 25 of title 18, United States Code by adding a new section 510. "Altering or removing vehicle identification numbers." Subsection (a) of such section provides that, with exceptions, whoever knowingly removes, obliterates, tampers with, or alters any identification number for any motor vehicle shall be fined not more than $5,000, imprisoned for not more than 5 years or both.

Subsection (b) of new Section 510 provides that the provisions of subsection (a) shall not apply to any motor vehicle scrap processor or motor vehicle demolisher if such person is engaged in the processing of any motor vehicle, or part or component thereof into metallic scrap for purposes of recycling the metallic content and is its compliance with applicable State law regarding the disposition of such items. Such exemption also applies to persons acting under the authority of the Secretary of Transportation or State law to restore or replace such markings.

For purpose of new Section 510: (1) the term "identification number" means any identification number required by the Secretary of Transportation under any Federal motor vehicle security standard, Federal motor vehicle safety standard or other regulation.

(2) The term "motor vehicle" has the meaning given it in section 102 of the National Traffic and Motor Vehicle Safety and Security Act.

(3) "Motor Vehicle Demolisher" is defined as any person, including motor vehicle dismantler or motor vehicle recycler, who is engaged in the business of processing motor vehicles, parts or components which renders the item unsuitable for further use as a motor vehicle, or part or component thereof.

(4) The term "motor vehicle scrap processor" means any person who is engaged in the business of purchasing motor vehicles, parts or components for the purpose of processing such motor vehicles into metallic scrap for recycling. It does not include any activity of such a person relating to the recycling of a motor vehicle or a motor vehicle part or component as a used motor vehicle or used motor vehicle part or component.

(5) The term "processing" means loading, unloading, crushing, flattening, destroying, grinding up, handling, or otherwise reducing a motor vehicle part into metallic scrap.

Section 201 also adds a new section 511 to title 18 of the United States Code which creates a statutory right to seizure for Federal law enforcement officials of any motor vehicle, part or component whose identification number has been removed or altered. Exemptions from this provision apply in the case of such a motor vehicle part or component which has been attached to a motor vehicle without any knowledge by the owner that the identification number has been tampered with. Motor vehicles or parts whose identification numbers have been damaged by fire or accident are likewise exempt from forfeiture. The provision for seizure and forfeiture incorporates by reference the laws relating to seizures and forfeitures under the customs laws.

Effective in 1969, the Department of Transportation issued Federal Motor Vehicle Safety Standard No. 115 requiring a public VIN (Vehicle Identification Number). Under Title I of this Act, the Secretary of Transportation will be given regulatory authority to require identification numbers for components of the vehicle also. Consequently, after the enactment of Section 510 it would be a Federal crime to remove or alter the public VIN on any existing motor vehicle manufactured after January 1, 1969, or future motor vehicle because such identification number is already required by Department of Transportation regulations. On the other hand, the removal or alteration of the identification number of certain components would only become a Federal crime when such removal or alteration occurred after the establishment of a Department of Transportation regulation requiring an identification number for such component. Neither Section 510 or 511 are intended in any fashion or manner to restrict or preclude the States from passing and enforcing their own criminal laws relating to the removal or alteration of identification numbers affixed by the manufacturer to the motor vehicle and its components.

Section 202—Definition of securities

Section 202 amends 18 U.S.C. 2311 to include "motor vehicle title until it is cancelled by the State indicated thereon or blank motor vehicle title" in the definition of securities. At present a fully executed motor vehicle title would qualify as a "security" under the provision "document evidencing ownership of goods, wares, and merchandise" in the definition of "securities" in section 2311 of title 18, United States Code. However, a blank certificate would not be a "security".

Section 203—Sale or receipt of stolen motor vehicles

Section 203 amends 18 U.S.C. 2313 by ensuring that Federal jurisdiction will attach and remain with a stolen motor vehicle once it has crossed a State or United States boundary after being stolen. It thus becomes unnecessary to prove that such a vehicle has retained its interstate character in order to prosecute, as is presently necessary under the Dyer Act. Section 203 also amends 18 U.S.C. 2313 to make a Federal crime of possession of a motor vehicle or aircraft which has crossed a State or United States boundary after having been stolen. Presently, it is a crime to "receive" such a vehicle but possession is not specified.

Section 204—Trafficking in certain motor vehicles, motor vehicle parts, or motor vehicle components

Section 204 creates a new section 2319 of title 18, United States Code, which deals with traffickers in stolen motor vehicles or their parts with knowledge that their identification numbers were removed obliterated tampered with, or altered. It provides for criminal penalties of up to $25,000 in fines or 10 years imprisonment, or both. The bill retains the present Dyer Act Policy that the illegal possession of such a vehicle or part must include an intention on the part of the possessor to dispose of the vehicle or part. The section is aimed at the dealers and peddlers of such stolen items. It includes the exemptions provided in section 201. In addition, it is not designed to reach an individual who possesses such a vehicle or part for his own personal use even where the individual knows that the identification number has been removed, obliterated, tampered with, or altered. Such an offense would be subject to prosecution only under appropriate State and local laws: it would not add to the burdens of the Federal courts.

The terms "identification number", "motor vehicle" and "motor vehicle scrap processor" have the meanings given to them in Section 201.

Section 205—Definition of racketeering activity

Section 205 amends section 1961 of title 18, United States Code, commonly known as the RICO statute (Racketeer Influenced and Corrupt Organizations), to allow prosecution under this statute of those individuals and businesses which traffic in stolen vehicles and their parts. The existence of this prohibition and appropriate prosecutions under it should have a significant deterrent impact upon those businesses presently engaging in the knowing receipt and disposition of stolen vehicles and their parts and components.

Section 206—Nonmailable motor vehicle master keys

Section 206 amends the Master Key Act (39 U.S.C. 3002) to prohibit the mailing of devices which are designed or adapted primarily to open or to make inoperable any of the locks or the ignition switches of two or more motor vehicles. The provision also prohibits the mailing of any advertisement for such a device and authorizes the United States Postal Service to issue a mail stop-order in an appropriate case. Violations of this section would be within the investigative jurisdiction of the United States Postal Service.

TITLE III—IMPORTATION AND EXPORTATION MEASURES

Section 301—Amendments to title 18, United States Code

Section 301 adds a new section 553 to chapter 27 of title 18, United States Code, creating a federal offense within the investigative jurisdiction of the U.S. Customs Service to import or export or attempt to import or export, stolen self-propelled vehicles, vessels, or aircraft, or their parts, with knowledge that the vehicle or part was stolen. The section also prohibits the importation or exportation of vehicles or parts whose identification number the importer or exporter knows to have been removed, obliterated, tampered with, or altered. These offenses are punishable by a fine of up to $10,000, up to five years' imprisonment, or both. This section would obviously not be applicable to the importation or exportation of the conveyance by the lawful owner or his agent.

For purposes of this section, the term "self-propelled motor vehicle" includes any automobile; truck; tractor; bus; motorcycle; motor home; and any other self-propelled construction equipment, special use equipment and any other such vehicle designed for running on land but not on rail.

The term "vessel" has the meaning given it in section 401 of the Tariff Act of 1930 (19 U.S.C. 1401).

The term "aircraft" has the meaning given it in section 101(5) of the Federal Aviation Act of 1958 (49 U.S.C. 1301(5)).

Section 302—Amendments to Tariff Act of 1930

Section 302 creates two new sections to the Tariff Act of 1930. Section 626 subjects any individual who imports, exports, or attempts to import or export any stolen self-propelled vehicle, vessel, aircraft or parts thereof, or any self-propelled vehicle or vehicle part whose identification number has been removed, obliterated, tampered with or altered, to a civil penalty of up to $10,000 per instance, to be determined by the Secretary of the Treasury. In addition, under this section, any of the above-described self-propelled vehicles, vessels, aircraft or parts are subject to seizure and forfeiture, if they are imported or exported. This section is likewise not applicable to the importation or exportation of the conveyance or part by the lawful owner or his agent. The section also provides for a fine of up to $500 for any person attempting to export a used vehicle who fails to present identifying documents to the appropriate customs officer prior to lading or export. Regulations governing this are to be prescribed by the Secretary of the Treasury.

The terms "self-propelled motor vehicle" and "aircraft" have the same meaning as in section 301.

For purposes of this section the term "used" refers to any self-propelled vehicle, the legal title of which has been transferred, by a manufacturer, distributor or dealer, to an ultimate purchaser.

"Ultimate purchaser" means the first person, other than a dealer, who purchases a self-propelled vehicle for purposes other than resale.

TITLE IV—REPORTING REQUIREMENTS

Section 401—Report regarding theft of off-highway mobile equipment

Section 401(a) provides that the Attorney General of the United States, as soon as practicable after the date of enactment of this Act shall establish a task force to study problems relating to the theft of off-highway mobile equipment and steps being taken to prevent the theft and subsequent disposition of such equipment. The task force shall prepare a report containing the results of such study, after consultation with the Secretary of Transportation, and shall submit such report to Congress not later than 2 years after the date of enactment of tihs legislation.

Section 401(b) lists those who will be members of the task force. Members of the task force shall serve without pay but are eligible for travel expenses. Subsection (c)(3) provides that the Attorney General or his delegate shall serve as the chairman of the task force.

Subsection (d) requires that the report contain information relating to: (1) the development and effectiveness of identification numbering systems for off-highway mobile equipment and the major components and attachments of such equipment by manufacturers, user groups and others and the progress which has been made toward the development of a uniform national and international identification numbering system; (2) improvements in formats and procedures of the National Crime Information Center relating to reporting the theft of off-highway mobile equipment and the major components and attachments of such equipment, and the extent to which affected groups are furnishing information in accordance with such procedures shall be included in the report; (3) efforts made by the owners of off-highway mobile equipment voluntarily to affix identification numbers to such equipment and the major components and attachments of such equipment and to otherwise protect such equipment components and attachments from theft shall be included in the report; (4) measures being taken by the manufacturers of off-highway mobile equipment relating to its physical security features; and (5) the effectiveness of any State laws relating to the titling of off-highway mobile equipment and/or making it unlawful to remove, obliterate, tamper with or alter any identification number affixed by a manufacturer to any off-highway equipment as a major component or attachment of such equipment and permitting seizure by law enforcement officers, for investigative purposes, of off-highway equipment and major components and attachments if identification numbers for such equipment, components, or attachments have been removed, obliterated, tampered with or altered.

The Report shall also cover the availability of certificates of origin which (A) contain adequate internal security features to deter forgery, alteration and counterfeiting; (B) list the identification number of the off-highway mobile equipment involved and major components and attachments of such equipment at original value; and (C) are suitable to serve as proof of ownership for off-highway mobile equipment through assignment to subsequent purchasers as stated in Paragraph (6).

The Report shall cover any action being taken by auction businesses, banks and other financial institutions (in connection with the making of loans) and insurance businesses to deter the reintroduction of stolen off-highway mobile equipment and major components or attachments of such equipment into the normal channels of commerce; as well as, the need for educational and training programs for State and local law enforcement officials designed to familiarize such officials with problems relating to the theft of off-highway mobile equipment will be part of the report.

In addition, the report shall include recommendations for legislative or administrative action if the task force considers any such action to be considered appropriate.

Subsection (e) defines for purposes of this section, the term "off-highway mobile equipment" to mean a work machine which is (1) self-propelled or pushed or towed by self-propelled work machine; (2) the primary function of which is off-highway in application and (3) any on-highway operation of which is incidental to the primary function of the work machine. Such term includes self-propelled agricultural, forestry, industrial, construction and any other non-transportation special use equipment.

Section 402—Report regarding auto theft measures for state motor vehicle titling programs

Section 402(a) provides that the Secretary of Transportation, as soon as practicable after the date of enactment of this Act shall establish a task force to study problems which relate to motor vehicle titling and control over motor vehicle salvage and which may affect the motor vehicle theft problem. The task force should propose a report containing the results of such study and submit such report to Congress and the chief executive officer of each state not later than 18 months after the enactment of this legislation.

Section 402(b) lists those who will be members of the task force. Members of the task force shall serve without pay but are eligible for travel expenses. Subsection (c) (3) provides the Secretary of Transportation, or his delegate, shall serve as chairman of the task force.

Subsection (d)(1) requires the task force report to be made only after a meaningful consultation process and review of existing laws, practices, studies, and recommendations regarding the affect that motor vehicle titling measures and controls over motor vehicle salvage may have upon the motor vehicle theft problem.

Subsection (d)(2) requires that the task force report specify the key aspects of motor vehicle antitheft measures necessary to prevent the deposition or use of stolen motor vehicles, or major components of motor vehicles, and to prevent insurance fraud or income tax fraud based upon false reports of stolen vehicles. The task force report is required to indicate any of the antitheft measures for which national uniformity would be crucial in order for the measure to be adequately effective. The task force is also asked to recommend viable ways of obtaining any necessary national uniformity.

In addition, the task force report shall include other recommendations of legislative or administrative action at the state level or at the Federal level, and any recommendations for actions by private industry which may be appropriate.

Section 403—Report regarding implementation of the act

Section 403 states that the Attorney General of the United States in consultation with the Secretary of Transportation, Secretary of the Treasury, and the Postmaster General, shall submit to the Congress a report on the implementation and development of the provisions of title I, the provisions of title 18 and title 39, United States Code, which are added by the amendments made in title II, and the provisions of title 18, United States Code, and the Tariff Act of 1930 (19 U.S.C. 1202 et seq.) which are added by the amendments made in title III, and the effectiveness of such provisions in helping to prevent and reduce motor vehicle related theft. Such report shall be submitted on or before the first June 30 which occurs at least 15 months after the date of enactment of this act and on or before each June 30, thereafter for the following 9 successive years.

[From the Law Enforcement Communications, February 1981]

PUTTING ON THE BRAKES

(By Senator CHARLES H. PERCY)

A motor vehicle is stolen every 32 seconds in this country. In 1979, over one million motor vehicles were stolen in the USA—an alarming 10.6 percent increase over 1978. If the present trend continues, one out of every 40 to 45 vehicles now on the road will be stolen, or the contents and/or accessories of that vehicle will be stolen this year.

Auto theft became a popular and lucrative business during the Seventies. In 1970, the US Department of Justice decided to decrease federal emhpasis on the crime in order to focus more attention on other criminal activities, such as white-collar crime and organized crime. However, local law enforcement agencies, strapped by budget cuts, found themselves unable to increase the size of auto theft squads to meet the extra burden. To make matters worse, the price of new automobiles skyrocketed along with the cost of body repair work—making auto theft more profitable each year.

These were just some of the factors which contributed to the dramatic change in motor vehicle theft during the decade. A crime which was traditionally committed by joyriding youths was rapidly transformed into a sophisticated criminal profession fueled by staggering profits and minimal risks.

Late in 1979, the Senate Permanent Subcommittee on Investigations, of which I was the Ranking Minority Member, held public hearings on professional motor vehicle theft, which culminated in a 15-month investigation. Ten witnesses from local, state and federal law enforcement testified before the Subcommittee. Each of these witnesses stated unequivocally that professional motor vehicle theft cannot be reduced unless law enforcement is given better tools to combat the burgeoning crime.

Fortunately, steps have been taken to put effective tools into the hand of law enforcement. During the 1980 legislative session, I introduced the Motor Vehicle Theft Prevention Act in the Senate (S. 1214). Congressman William Green of New York introduced the bill in the House (H.R. 4178). It is our belief, and the belief of many of our colleagues, that this measure will go a long way toward reducing the motor vehicle theft problem. However, before we discuss the solution, we should fully understand the scope of the problem.

On a national scale, motor vehicle theft costs close to $4 billion annually in property losses and increased costs to the criminal justice system. Of this amount, the insurance industry collects $2 billion a year in premiums. Theft claim costs are routinely passed along to the consumer in the form of higher insurance premiums. In theft-prone communities, the cost of insuring a car is soaring. In New York City, where the largest number of vehicles are stolen annually, motorists pay nine times the national average for the comprehensive portion of their vehicle insurance, which includes coverage against theft. In Chicago, another city which has experienced a severe vehicle theft problem, motorists pay four times the national average for their comprehensive coverage. Surely, escalating insurance costs are pricing some Americans out of the automobile market.

But, motor vehicle theft is not solely an urban problem. According to the Federal Bureau of Investigation Uniform Crime Reports, motor vehicle theft, is the fastest growing crime in rural America. Lt. Richard McQueen of the Kentucky State Police testified that during 1978, Kentucky experienced a $40 mission vehicle theft loss.

CHOP SHOPS: THE PRICE IS RIGHT

When a professional steals a vehicle, it disappears virtually without a trace, according to the testimony of law enforcement officials. The statistics support this claim. According to the Attorney General's Office, in 1967, 86 percent of all stolen vehicles were recovered. In 1979, only 58 percent were recovered. This dramatic decline in the recovery rate indicates that professionals are responsible for an increasing number of motor vehicle thefts. For example, law enforcement experts now estimate that in New York City and Chicago professionals commit from 55 to 70 percent of vehicle thefts.

Probably the most lucrative activity for the professional thief is the "chop shop," or stolen parts industry. Within hours after a theft, a chop shop dismantles the vehicle into its various component parts. The sheet metal parts from the dismantled vehicle—the front end, hood, deck lid and bumpers—bear no identifying numbers. These parts are quickly transported to salvage yards and repair shops dealing in "hot parts." Increasingly, repair shops are purchasing these "steal-to-order" parts to repair damaged vehicles, instead of ordering new parts from the factory or used parts from legitimate salvage dealers. The Subcommittee witnesses cited three primary reasons for this growing market in stolen vehicle parts.

First, replacement parts ordered directly from the manufacturer are extremely expensive. Replacement parts are often priced as much as 400 percent above the price of the parts that originally came off the assembly line. For example, it now costs an astounding $26,418 to purchase separately all of the parts for a 1979 automobile with a sticker price of $5,741, according to a study by the Alliance of American Insurers, Chop shops, on the other hand, supply replacement parts for as little as one-third the cost of factory replacement parts.

Second, repair shops often must wait weeks, even months, before receiving requested replacement parts from manufacturers. In an effort to reduce the waiting period, repair shops have traditionally contacted legitimate salvage yards for used parts, but these yards may not have the requested part in stock. However, yards which purchase steal-to-order parts fill orders quickly. In many cases, a phone call to a salvage yard with chop shop connections can cut delivery time to one day.

Third, repair shops incur greater labor costs by repairing a damaged vehicle with factory parts instead of stolen parts. A factory door may arrive in 30 separate pieces and take eight to ten hours to assemble. But, the chop shop operator delivers the door in one piece. In fact, Alex Jaroszewski—a former Chicago chop shop operator—testified that he would not only deliver the requested part, but in many cases he would deliver it in the color needed.

The consumer saves nothing in this process. The chop shops that deal in stolen parts pocket the savings, while charging the consumer the going market price. According to another former professional auto thief who appeared at our hearings, Wilfred Bunnell, Jr., of Ohio, it is quite common for a vehicle to be stolen and chopped for a $400 to $700 fee. The customer could then be charged from $2,000 to $3,000 for just one part—the front end of the stolen vehicle.

NO PROOF, NO CASE

Investigators specially trained to detect the use of stolen crash replacement parts face the frustrating and often impossible task of proving the crime. After a vehicle is stolen and chopped into parts. there is little likelihood of apprehension, because the parts in greatest demand bear no identifying numbers. Except for those rare occasions when a vehicle theft victim is able to make a personal identification of parts taken from his car, there is no systematic means of identifying vehicle parts as stolen. Every law enforcement official who appeared before the Subcommittee testified that identifying replacement parts as stolen is often the greatest obstacle to the investigation and prosecution of chop shop operators.

FBI Special Agent Richard Schwein related one disturbing instance in which FBI agents intercepted a truckload of unnumbered late-model body parts from a known vehicle thief and organized crime affiliate. Yet, because the parts could not be positively identified as stolen, the agents were unable to bring the case to trial.

Professional motor vehicle thieves may also "retag" stolen vehicles. In order to partially recoup the costs of their coverage, insurance companies publicly auction wrecked vehicles for which they have retained title. The legitimate purpose of the auction is to afford buyers the opportunity to buy the wrecked vehicle for its usable parts and, in some cases, rebuild the wreck so that it is once again roadworthy.

However, as both law enforcement officials and the former thieves who testified before the Subcommittee illustrated, the wrecks sold at auction are very often so badly damaged that it is not cost-effective to rebuild the vehicle. Consequently, "retag" operators will purchase some of these badly-wrecked vehicles at auction. After such purchases, retaggers steal vehicles identical to the wrecks and then switch the public Vehicle Identification Numbers and other identifiers from the wrecks to the stolen vehicles from which the "hot" numbers have been removed.

Within a matter of hours, the stolen vehicles receive new identities. The retag operators then can apply to the State for new titles for what are supposedly rebuilt vehicles. Only a trained motor vehicle theft investigator would detect such frauds. And, a retagger's profit per vehicle is even greater than a chop shop operator's profits. According to Bunnell, his Ohio auto theft ring made as much as $6,000 on a single retagged vehicle.

Even if a thief is apprehended and convicted, the risk of incarceration is very small. Judges tend to view vehicle theft as a victimless crime. For example, in his 12-year career, "John Smith," one of the Subcommittee witnesses who masterminded a nine-state vehicle theft ring involving 40 to 45 persons and 1,500 to 2,000 thefts, was fined $100 for his first offense and sentenced to one year of weekend incarceration for his second offense before finally being imprisoned after a third conviction. Alex Jaroszewski was arrested three times for his vehicle theft activities but never spent a day in jail.

THE ORGANIZED CRIME CONNECTION

Two days of hearings were specifically dedicated to probing the motor vehicle theft problems of Chicago and New York City, and the violence resulting from organized crime ties to theft operations.

According to the testimony of J. Philip Kruse, the Criminal Intelligence Commander of the Illinois Department of Law Enforcement, "Organized crime involvement in the chop shop operations was entirely predictable." Kruse noted that the two elements which attract organized crime's interest to an illicit activity—high profits and low risks—are both present in motor vehicle theft.

Commander Kruse testified that the constant violence associated with the Chicago chop shop operations indicates the presence of organized crime. He said that during 1977, eight persons known to be involved in chop shop operations were murdered in traditional gangland style.

Such violence poses extreme difficulties for law enforcement officers. Said Kruse, "When the lives of potential witnesses, confidential informants and even law enforcement officials are jeopardized by an organization that will stop at nothing to protect its interests, arrests and prosecutions become even more difficult to obtain."

And, according to Sergeant Frank Martin of the New York City Police Department Auto Crime Unit, organized crime has also infiltrated the lucrative motor vehicle theft operations in the city.

"A good percentage of the vehicles stolen for resale and sold for parts are stolen under the direction, protection and guidance of organized crime," Martin testified. "It has been said, and I have no reason to doubt it, that auto theft is second only to narcotics trade in profit potential."

GETTING INTO THE ACT

The Motor Vehicle Theft Prevention Act attempts to significantly reduce the profitability of vehicle theft while increasing the profitability of apprehension. The central provision of the bill would authorize the Secretary of Transportation to require the placement of Vehicle Identification Numbers (VINs) on major component parts.

This is perhaps the most important tool available for combatting the burgeoning chop shop industry. With these numbers, law enforcement officials can determine the origin of a car part and, if it is stolen, make a positive identification.

Presently, engines, transmissions, dashboards and one or more confidential locations on passenger cars bear VINs. According to two chop shop operators—Alex Jaroszewski and Wilfred Bunnell, Jr.—who testified before the Subcommittee, it is common practice for chop shops to discard VIN-marked parts from the stolen vehicle inventory. Valuable parts are routinely thrown away to reduce the likelihood of getting caught with readily identifiable stolen goods.

Thus, most vehicle theft experts conclude that if other valuable body parts were marked, chop shop operators would be deterred from trafficking in those parts. The stolen vehicle would then be worthless. "John Smith," Wilfred Bunnell and Alex Jaroszewski all stated that they would never have entered the vehicle theft business if major body parts had been stamped with VINs. The risks would have been too high, and the profits too low. Clearly, few dealers in component parts would risk buying and selling stolen merchandise if police officers could readily inspect the parts on the premises and determine immediately whether any were stolen.

S. 1214 would also make it a federal offense to knowingly possess a part with an altered or obliterate VIN. The Motor Vehicle Theft Prevention Act would also provide the additional tools necessary for law enforcement officials to combat organized crime's increasing involvement in this lucrative and sophisticated crime. The Racketeering Influenced and Corrupt Organizations (RICO) statute would be expanded to cover professional motor vehicle theft operations. Those individuals in businesses which traffic in stolen vehicles and parts could have their assets seized by the federal government. Violators could also be fined $25,000 and/or imprisoned for up to ten years.

On the final day of hearings, representatives from both Ford and General Motors testified that their companies are undertaking experimental programs to enable law enforcement personnel to identify previously unmarked vehicle components. Marking of six additional parts will cost a maximum of $5 per vehicle.

While this bill appears to endorse a federal approach to the problem of motor vehicle theft, the intent of the legislation is for local officials to continue to shoulder the primary responsibility. We believe this bill gives local law enforcement the necessary tools to effectively combat this problem and gives federal law enforcement a strong impetus to take a more active interest in vehicle theft.

Congressman Green and I were not able to obtain final action on the Motor Vehicle Theft Prevention Act in 1980. One of our problems has been the reluctance of Congress at this time to pass any legislation which seems to be regulating the auto industry. We must demonstrate to Congress that this law enforcement measure will be cost effective, saving the money lost to theft. We will reintroduce the bill in the 97th Congress and work for its passage early in 1981.

[From the Chicago Tribune, Feb. 15, 1981]

AUTO THEFTS, POLICY RATES SOAR HERE

(By Sam Smith)

Automobile theft, one of the fastest growing crimes in the nation, is costing Chicagoans hundreds of thousands of dollars every day and pumping millions of dollars annually into the hands of organized crime, authorities say.

The profits are so great and the risks so limited that law enforcement officials feel as if they are fighting tanks with BB guns.

A Tribune examination disclosed:

Local car thieves, most of whom are connected to organized crime, gross more than $200,000 per day from auto thefts, much of which is channeled into other illegal activities.

Ninety cars a day are stolen from the streets of Chicago. Most are stripped or never recovered.

Organized crime dominates local auto theft and remains embroiled in a war for control of the lucrative illegal market. Federal authorities say at least 21 persons have been killed here gangland style over auto theft disputes.

Fewer than 15 per cent of vehicle thefts end in arrests and only a fraction of those arrested in Cook County ever go to jail.

Everyone who owns a car in Chicago is spending $100 or more on auto insurance premiums because of the risk of theft.

Local, State, and Federal law enforcement authorities, judges, prosecutors, automobile and insurance company executives, and government officials argue that—contrary to popular belief—auto theft is not a victimless crime.

"Auto theft often is not seen as a crime of great importance," observed Richard Shapiro, an investigator for the Senate Permanent Subcommittee on Investigations, which held hearings on motor vehicle theft last year. "People say nobody gets hurt, and cars are insured.

"But people in Chicago ought to compare [their insurance rates] with Downstate," he said. "And they ought to think about the money they're contributing to organized crime. And what's done with that money."

According to State Farm Insurance, the largest auto insurer in Illinois, a person living in a southern Illinois city will pay $18 to $54 per year for comprehensive coverage, which includes theft protection. Someone living near the Loop would pay $268.20 for the same coverage on an new intermediate-sized car. A driver living in some South Side and West Side neighborhoods could pay as much as $340.56 for the identical coverage.

Last year, officials say, there were more than 1.1 million vehicle thefts in the nation and nearly 60,000 in Illinois, more than half of those in Chicago. Yet only about 14 per cent of the thefts ended in an arrest and less than half of those arrested went to jail. It is a crime that experts say costs American consumers $4 billion every year and shows no sign of subsiding.

Efforts have been made to toughen auto theft statutes, most notably by the Secretary of State, who is requiring stricter record keeping by auto wreckers and others handling cars. But serious legislative efforts have been stymied.

The last session of Congress killed a proposal by Sens. Percy [R., Ill.] and Joseph Biden [D., Del.] to increase penalties for auto thieves and require markings on all vehicle parts to help combat the increasing incidence of "chop shops," where cars are cut up and resold.

Staff aides are not optimistic the proposal can be revived. "It's a regulatory measure [requiring auto makers, several of whom have objected, to put numbers on all parts instead of just the engine and transmission]. The climate here these days is for less regulation," one congressional aide said. "We're facing a political problem."

Police are frustrated by a lack of manpower, an often indifferent public, and sophisticated thieves.

"People will tell me they're insured, they didn't get hurt, and they don't have time to go to court," said Sgt. William Kimball of the Chicago Police Department auto theft unit. "They don't care."

But that's just part of the problem, Kimball admits. He says most of the auto theft is now carried out by professionals. "We've almost eliminated the joy riders, the kids who jump in a car and take off," Kimball said, pointing to more complex locking devices on most newer cars.

But a professional can steal almost any car in seconds. Thieves have become so adept, said one investigator, that the front and rear ends were stolen from a car that was chained to a tree by its axles. The thief left an ominous note: "If we want it, we'll get it."

"They would make an Indianapolis 500 pit crew look like a bunch of laggards, the way they can get the parts off a car," said one police official. Police also note that with unmarked parts, it is almost impossible to prove a crime. "If you have a part you can't identify, you don't have a victim," Kimball pointed out.

The Federal Bureau of Investigation says only 2 per cent of its agents are assigned to theft investigations and fewer than 50 Chicago police officers are in the field because of more pressing "public crimes."

What can be done, says Kimball: "We could put people in jail, for one thing."

Partly because there is rarely a public outcry against auto theft and partly because it is harder to get convictions, prosecutors stay away from the crime.

A study done for The Tribune three years ago by the Cook County Circuit Court showed 8 to 10 arrested auto thieves either had the charges dropped or received probation. "It's not much different today," conceded one court official, who said they have stopped keeping records of disposition by type of crime.

A typical case occurred recently when a North Side estate planner, Bernard Turnoy, had his car stolen. Because it was a 1971 model, it was not insured for theft, but he had just put several hundred dollars in new parts into it. The thieves destroyed the car and were caught by police, but Turnoy said the state's attorney showed no interest in prosecuting.

"To what extent must we suffer to get action by the state's attorney's office?" Turnoy asked. Officials of the office declined comment.

"If an auto thief goes to prison, it is usually for something else," Lt. Vladimir Ivkovich, commander of the secretary of state's auto theft unit, said recently. "We know a conviction for auto theft is a rare and wondrous thing."

AUTO MAKERS ARE PESSIMISTIC

"Unless something is done to decrease the profits..., it will be difficult, if not impossible, to make a significant reduction in motor vehicle theft," David E. Martin, director of automotive safety for General Motors Corp., recently told a congressional committee.

Alex Jaroszewski, an auto thief who agreed to testify for the government in exchange for immunity, told Percy's committee last year that he made several hundred thousand dollars per year in a chop shop he operated, one of dozens in the Chicago area, controlled by organized crime. [Many have recently moved to Lake County, Ind., although the cars are still stolen in Chicago, often from shopping malls and O'Hare International Airport, investigators say.]

Jaroszewski explained how when orders come in for specific cars or car parts, they go out and steal the cars, or hire others to do it. They strip the cars, sell the parts, and destroy the pieces with vehicle numbers.

Another method is to take the identification number from a wrecked car, steal a similar car, switch the numbers, and then "legally" sell the stolen car. This usually involves higher priced cars, which bring thousands of dollars each, although popular small imports are also being stolen.

Jaroszewski was once in partnership with Steven Ostrowsky of South Chicago Auto Parts. Ostrowsky was killed gangland-style in 1977 in front of his wrecking company. Federal authorities believe that 20 other gang-style slaying victims were involved in the increasingly competitive auto parts business. Jaroszewski said he agreed to testify when he learned his death had been ordered.

Senate investigators and federal officials say chop shops run by organized crime now account for most of the auto theft. They attribute the thefts to the high cost of parts, the delays in ordering them from manufacturers, and the high labor costs in installing them. The Alliance of America Insurers says that to replace every part on a $6,000 car would cost more than $25,000.

Although investigations say Chicago is the chop shop capital of the country, auto theft is no stranger elsewhere: In New York City two years ago a man stole 21 cars and started a rent-a-car business. In Detroit last year a ring stole 23 cars, including three police cars, and opened up a taxicab company.

Still, few are as brazen as the late Donald Lawson of Naperville. His business was to take the identification numbers off wrecks and steal new cars to substitute. He could even afford to pay his hired thieves $1,000 per car, and to give a "satisfaction guaranteed" pledge with each car: If the police confiscated it, the buyer would get another stolen car of equal value.

But one buyer, apparently annoyed by the inconvenience of losing his stolen car, killed Lawson before he could replace the confiscated vehicle.

The Chicago area led the nation between 1977 and 1979 in both the number of unrecovered vehicles and the dollar value of the losses.

Twenty years ago 94 per cent of all stolen autos were recovered, said the National Auto Theft Bureau, but only 55 per cent were recovered in 1979.

"It's often considered a second-tier crime," admitted Sgt. Kimball of the Chicago police, "but it affects all of us. And all of us are paying for it, paying a big price."

[From the Chicago Sun-Times, Feb. 15, 1981]

ILLINOIS, INDIANA, CRACK DOWN ON AUTO THEFTS

(By Phillip J. O'Connor)

A new investigative unit staffed with crack Illinois and Indiana detectives has quietly begun operating in the Chicago area in an attempt to curb the $4 billion a year auto theft racket.

William O'Sullivan, chief of the Illinois Criminal Investigations Division, said that the new unit has been so successful that Illinois officials hope to begin a similar program with Missouri.

The new unit, which has zeroed in on lucrative, mob-linked "chop shops" in which stolen autos are cut up for parts, is based in the Illinois state police post in south suburban Crestwood. The criminal investigations division is the detective branch of the Illinois Department of Law Enforcement.

Creation of the new unit, which began operating late last year without fanfare, is the latest step law enforcement officials have taken in the Chicago area to try to combat auto thefts.

Cmdr. Francis O'Malley of the Chicago police auto theft unit said that Chicago police are making increased used of small computer terminals carried in some squad cars in each district in the war on auto theft.

Paul W. Gilliland, president of the National Auto Theft Bureau, which operates a national computer system on stolen cars for law enforcement agencies, said that auto thefts cost the public about $4 billion a year.

Four of every 10 cars stolen are never recovered, he said. In 1960, there were 321,400 vehicles stolen, and 90 percent were recovered. Last year, an estimated 1,141,000 vehicles were stolen and about 60 percent were recovered, he added.

David Phillips, vice president of State Farm Insurance, largest auto insurer in the nation and in Illinois, said that auto theft has been "a horrendous" problem for insurance firms, law enforcement officials and the public.

Phillips said that the downturn in the economy has probably caused thefts to rise in recent months.

Phillips said that insurance rates in Chicago and other urban areas are higher than in suburban and Downstate areas.

A person living in a Southern Illinois town will pay $48 to $54 per year for comprehensive coverage which includes theft protection, he said.

The cost for the same insurance on a new intermediate-sized auto in the near-Loop area would be $268, while in some South Side and West Side neighborhoods motorists would pay $340 for the same coverage, he said.

Law enforcement and insurance executives said there have been efforts to tighten auto theft statutes.

Sen. Charles H. Percy (R-Ill.) helped sponsor a bill last year that would have increased penalties in auto theft cases and required markings on all vehicle parts to help curb "chop shop" operations. However the measure was killed.

In Illinois, the secretary of state's office has required stricter record keeping by auto wreckers in an attempt to curtail "chop shop" operations.

More than a dozen mob-style slayings during the last few years have been linked to a power struggle among hoodlums for control of the lucrative "chop shop" rackets.

O'Sullivan said that "chop shop" operators have become much more sophisticated—in the way they change "confidential numbers" on vehicles, in the method and speed they use to cut up vehicles and in distribution channels.

"Chop shop" operators often hire drug addicts to steal autos for them at up to $100 per car, but they don't give the addicts locations of the garages where the cars are cut up, O'Sullivan said.

Often the operators will let a car sit for up to 10 days at one location, then move it to a second location and let it sit for a time before taking it to the shop where it is to be cut up, the detective chief added.

"This wears down law enforcement people," he said. If you keep a car under surveillance for 10 days and nothing happens, it becomes discouraging and ties up your manpower."

O'Sullivan said that if a second new bistate auto theft unit is set up in conjunction with Missouri, it will be based in East St. Louis.

O'Malley said he is distressed that many auto thieves are freed after being arrested, but said this is due in a large part to the reluctance to testify by the theft victims and their insurance companies.

"Usually by the time we have made an arrest, the motorist has already been reimbursed by the insurance company for his car," O'Malley said.

"Insurance companies technically are owners of most of the cars by the time we recover them, and they are reluctant to have their people tied up in court. They would sooner have them doing other things that will make money for the company."

Here's a prediction: While this editorial is on, three cars will be stolen. That's not just a prediction, it's fact. Because statistics now show that a car is stolen every 32 seconds.

Nationwide, more than a million cars and trucks are stolen each year. It's big business dealing in mega bucks—4 million bucks a year is a fair estimate.

And what happens to the car thieves? Statistics show that they rarely go to jail. They're put on probation, and they steal again.

NewsCenter5 did a series on the thievery called "hot metal, big bucks." It pointed out, among other things, that roughly a third of all stolen vehicles end up in "chop shops" where they are dismantled and sold for even more money as spare parts.

NewsCenter5 even caught some thieves in the act inside a chop shop.

Still, such thievery continues on a broad scale. Why? We feel it's due to the law.

Under the law, the penalty for stealing a car is less severe than stealing a radio off the seat of a car. Attempted theft is only a misdemeanor. Theft is a Class 4 felony resulting often in mere probation.

So, thievery continues. The car thieves rarely go to jail—they go to the bank and they steal again.

But there's a bill in Springfield that could stop the trend. Sponsored by state senator Adeline Geo-Karis. The bill would do two things:

Make car theft a Class 2 Felony and make subsequent offenses a Class 1 felony with heavy sentences.

The bill would also give law enforcement officials the tools necessary to identify chop shops and get rid of them.

We salute Senator Geo-Karis for her proposal and we urge Illinois lawmakers to see it through. It would switch gears on car thievery from forward to reverse. That's our opinion. I'm Mary Laney.

(This editorial was broadcast on February 28, 1981.)

[From the Construction Digest, Apr. 9, 1981]

EQUIPMENT THEFT

LAW ENFORCEMENT, MANUFACTURERS FIGHT MULTIMILLION DOLLAR INDUSTRY

(By Marcia M. Gruver)

Construction equipment theft cost general contractors $408 million during 1979 according to the latest Associated General Contractors of America figures. More recent figures indicate that the equipment theft problem shows no signs of abating.

Heavy equipment theft during 1980 was up 18 percent over the previous year says W. E. Rutledge, California Highway Patrol investigator and chairman of the Heavy Equipment Committee of the International Association of Auto Theft Investigators.

Rutledge bases his figures on National Crime Information Center (NCIC) print outs. NCIC data indicate that equipment theft reports rose from 10,010 in 1979 to 11,832 in 1980.

"These figures are just what is outstanding," says Rutledge. "This is not the total theft picture. The actual number of pieces of equipment stolen might be an impossible number to come up with."

One of the reasons it is hard to get a concise picture of the equipment theft problem is the NCIC itself. The FBI-managed, computer-based system connects 60,000 law enforcement agencies and 11,000 terminals nationwide. The system has an average of 310,000 transactions each day.

Along with wanted and missing persons and stolen motor vehicles, boats and other items, the computer also records heavy equipment thefts reported by the various law enforcement agencies. It is through this system that the police officer hopes to make a "hit" if he is suspicious of a piece of equipment and checks the serial number.

The serial number is where the troubles begin. "Manufacturers know what they are talking about concerning equipment," says George Lyford, supervisory special agent, NCIC Operations. "Most police officers don't."

Although the NCIC office is examining the quality of their records, they can't fight the practices of some of the local law enforcement agencies. "Some agencies may use their newest employee to work on NCIC," says Lyford. "This is why we get garbage in and we don't get any answers out. Some places put their best people on it."

Lyford has plenty of examples of "garbage in." The agency recently found a cement mixer listed as an airplane. One entry listed a "1972 all-terrain vehicle," which as an afterthought the operator described as a "Caterpillars front end loader." Another entry insisted that a "John Deere truck dumpster" was stolen. (John Deere does not manufacture truck dumpsters.)

In order to correct what has been determined as a 7.5 percent error rate in the vehicle file, NCIC is presently checking statistical samples.

"We've got our people trained now so they can look at a J I Case Co. number and pretty well know how many digits it is supposed to be," says Lyford. "We had hoped to do this with all the major manufacturers, but that is turning out to be almost impossible."

Since a variety of operators are putting numbers into the system, Lyford advises law enforcement personnel to "play games with the number." "Some operators put 'SN' in front of the number because they know it's a serial number," says Lyford. "That's what we are facing."

NCIC was authorized two years ago to include an add-on capacity to the system which would also tie in all components with the missing machine.

This has yet to happen because "we don't have the 480 manhours of programming time it would take to put this feature in," says Lyford. "NCIC has a lower priority when you are fighting white collar crime, organized crime and foreign counter-intelligence."

Adding to the frustrations of NCIC's limitations is the lack of uniformity in serial numbers and concealed locations for the numbers among construction equipment manufacturers.

Since each serial number is designed by the manufacturer basically to meet the internal needs of warranty, parts, service and liability, the average "guy on the beat" usually has no idea where to begin even to look for the serial number on a piece of machinery.

"How on earth am I going to train a thousand state police officers and probably 4,000 local officers on what number to look for, what location to look for it, and what they do after they find out the number they are looking for?" comments Gary Bush, field operations supervisor, Office of Crime Prevention, Kentucky Department of Justice.

These complaints are becoming familiar to the construction manufacturers. After several meetings with law enforcement officers, the Construction Industry Manufacturers' Association formed a product security committee.

This committee in turn requested the Society of Automotive Engineers, the standards writing body for the industry, to come up with recommendations.

The result is an SAE recommended practice that is presently being circulated among member manufacturers for approval. These recommendations are expected to appear in the 1982 printing of the SAE manual.

The new practice recommends the following:

The product identification number (or PIN) will be the nomenclature used when referring to the serial number.

The PIN will consist of a minimum of six and a maximum of 17 characters, with 0's being used to fill out any existing system, so the numbers will be a consistent length within a manufacturer's product line.

The roman letters A through Z with the exception of I, O, and Q will be used within the PIN.

To insure that the PIN is a unique number, no PIN will be repeated more than once in 30 years.

When possible, the location of the PIN will be inside the operator's compartment on the left side.

Component and attachment serial numbers will be indelibly etched or imprinted on each component or attachment.

In addition, the manufacturer will insure protection against adding numbers on the PIN by imprinting a symbol on each side of the PIN, and indelibly etch or imprint the PIN in a concealed location on the permanent structure of the machine.

The SAE standard also urges manufacturers to maintain records that will cross-reference components to machine. Law enforcement officers will be provided with a place where they can get this information from the manufacturer.

Some suggest such information could be provided to a central source, much like the automobile manufacturers do when they give their serial numbers to the National Auto Theft Bureau.

However, when it comes to the highly competitive business of construction machinery manufacturing, "you're talking about marketing data," according to Jim Zurek, product integrity manager, construction equipment group, International Harvester.

"The biggest single hand-up we have with the manufacturer right now is this disclosure of units," comments Rutledge. "Manufacturers are most reluctant to divulge that information."

The SAE agreement was not reached without difficulties. For instance, the construction industry has a major problem with model year since the life cycle of a construction equipment model is usually from four to eight years.

The new PINs will also create confusion and some re-education of dealers and customers. However, Zurek does not see this new practice as being a "tremendous burden."

"After the smoke settles," he comments, "it's probably something we should have been doing anyway."

As proof of this, some manufacturers have already started to take steps in order to comply with the standards. Zurek estimates that all manufacturers should be in voluntary compliance within three years.

"This is the best move that has occurred between the manufacturer and law enforcement," comments Rutledge, who is enthusiastic about the agreement. "It will be a tremendous help to law enforcement."

Law enforcement personnel are also getting help from other areas.

Law enforcement training concerning equipment theft is presently being tackled by the Associated Equipment Distributors, Oak Brook, Ill. According to Tom E. Sharpe, AED's manager of educational services, the association with the cooperation of CIT

Corp., is currently involved in producing a film that will be geared towards "police audiences."

"We want to create a heightened awareness of the problem," says Sharpe, "and inform officers about the proper identification of equipment and the nomenclature."

Since March 1981 Fireman's Fund Insurance, through its Inland Marine Division, is offering a 50 percent reduction, subject to a maximum amount of $1,500 in the deductible for theft, if contractors implement the company's crime prevention program.

The crime prevention program is nothing new, according to Bruce Dalrymple, field director for the Inland Marine division. "In fact, we drew heavily from existing crime prevention programs. We wanted to offer the contractor an incentive to implement such a program."

According to Dalrymple, the catalyst for this incentive occurred when he attended a California AGC chapter meeting and had his "eyes opened" concerning the extent of the equipment theft problem.

Although a number of legitimate, concerned associations have been organized to help contractors deal with the equipment theft and job security concerns, Rutledge warns against "fly-by-night groups" that are not there to help, but "for the money they can see that can be made."

"Many of these companies will mislead contractors into a false sense of security with their products which they claim to be antitheft in nature. Be careful," he warns.

Bound for Rio . . . The Export Problem

A backhoe is stolen from a jobsite in southern Indiana on Sunday. It is driven to the Port of Miami by Tuesday. It is on a ship bound for Brazil by Saturday.

Although the places where heavy equipment is stolen, exported and shipped to may change, the ease by which it is done does not.

"It's like going to a travel bureau and getting a berth on the next ship," reports Capt. Jim McKinnon of the Florida Highway Patrol. "There is no federal regulation that requires examination of heavy equipment for proof of ownership by a law enforcement officer prior to shipment out of this country."

Add to that fact a U.S. Customs beleaguered with trying to control drug smuggling and local law enforcement involved in solving more serious crimes, and the scope of the problem is further revealed.

"The ease with which this expensive equipment can be exported is alarming," states McKinnon. "Maybe Caterpillar can tell me how many D 6's they send to Venezuela, but nobody else can. We estimate that around 10 to 15 percent of the equipment exported from Florida ports is stolen. You name it, it leaves down here every day."

A 1978 study of the Port of Houston revealed that around 9.600 pieces of heavy equipment were exported during that year. Very few of those pieces were looked at, says W. E. Rutledge, chairman of the Heavy Equipment Committee of the International Association of Auto Theft Investigators. "It's the same in all ports. Equipment is just waiting to be loaded."

U.S. Customs is aware of the problem but lacks funds and authority to tackle it. McKinnon is trying to get an additional 12 to 20 positions created in the state highway patrol to inspect the shipments.

The heavy demand for the equipment has gotten to the point that it is now used as a method of exchange for drug deals. Some have even gotten out of the drug business when they found out how easy and lucrative heavy equipment theft is, reports McKinnon.

Another exit point for stolen equipment is the U.S.-Mexican border. The existing treaty between the two countries covers registered vehicles and aircraft. It does not cover heavy equipment.

"The Mexicans argued legitimately that if the U.S. government is concerned about the problem, we could handle it on our side of the border by checking the equipment before it leaves the country," says Steve Weglian, trial attorney, Criminal Division, General Litigation and Legal Advice, U.S. Department of Justice.

The Mexicans also find, according to Weglian, that the majority of the people exporting this equipment from the U.S. pay the duty to get into Mexico, thus complying with Mexican law.

"What it boils down to," says Weglian, "is if you are going to deal with the export problem, you need that provision in the Motor Vehicle Theft Law Enforcement Act that gives Customs the authority to act in this area."

Section 302 of the Motor Vehicle Theft Law Enforcement Act would require anyone exporting a used "self-propelled vehicle" to present the vehicle and vehicle identification number to a Customs officer. This would include "self-propelled construction equipment."

However, the act has yet to be passed by Congress. Weglian contends that since this is the third go-around for this legislation, "it's now or never" for the bill to pass.

Representative William Green (R-NY) introduced the act, H.R. 2639, on March 19. Sen. Charles Percy (R-Ill.) will introduce the bill in the Senate sometime during April.

In the meantime, stepped-up law enforcement efforts will have to occur at all ports and exits, maintains McKinnon. "If we get the extra manpower to do the inspections at the Port of Miami, all these people have to do is move 25 miles up the coast to another port.

"It's got to be a cooperative effort because this is not just Florida's problem."

President's Message

(By Paul W. Gilliland, National Automobile Theft Bureau)

Each year it's becoming more evident that society has failed to develop sufficient controls over vehicle theft. The final analysis will reveal approximately 1,141,077 thefts in 1980; up 4 percent over 1979. During 1979 nationwide thefts increased 10.6 percent with 1,097,189 vehicles reported stolen.

While almost 60 percent of the vehicles which are stolen are recovered, often these vehicles are stripped of their major component parts.

When all vehicle thefts are totaled, 1979 and 1980 may well record the highest number of thefts ever with costs to the U.S. public of about $4 billion each year. Vehicle theft continues to be among the fastest growing crimes in the United States.

The past year has been a year of challenge for the National Automobile Theft Bureau. Vehicle thefts reported to the Bureau increased 13 percent. The number of stolen vehicles located increased 14.6 percent. NATB personnel directly contributed to investigations culminating in the initiation of prosecution of 1,010 persons on charges including larceny, auto theft and fraud.

Our employees responded well to the challenges of 1980. We are grateful for their professionalism and their high sense of devotion. And, we are grateful for the cooperation of our associates in law enforcement, in government and in automobile manufacturing. We are thankful for the support and direction of our Board of Governors and our Advisory Committees.

Data for the past two years dramatically underscores the enormity of the problem we face. But why the alarming increase? What is causing the market upward trend?

Is it the declining economy? The cost of fuel? The low mileage per gallon car? Reduced earning capacity? Is it stolen vehicles that are exported? Is it an increase in chop shop activity? Is it the result of a decline in law enforcement funds? Is it due to an increase in insurance fraud? Or, is it that the automobile has become a luxury, which, with a declining economy, some can no longer afford?

Probably the best answer is that a combination of circumstances have lead to the upward spiral of thefts during the last two years.

In order to better understand the problem let's look at what happens to the four out of ten vehicels which are never recovered. Some are stolen and exported; others are stolen, disguised by use of salvage titles and vehicle identification numbers, then re-introduced into commerce; some are "phantom cars" which never existed in the first place but are developed for fraudulent purposes; and some are stolen to be disassembled and cut up for the valuable parts.

The number of vehicles stolen and exported from the United States appears to be increasing. At one international border alone, law enforcement experts currently estimate that over 10,000 vehicles are stolen and taken into Mexico every year. Present controls do not adequately deter the exportation of stolen vehicles either by land or sea.

Chop shop operations continue to be very lucrative. A late-model stolen vehicle can be disassembled by two chop shop employees in approximately 40 minutes. Because of attractive profits, organized crime has become increasingly involved in the theft and stripping of motor vehicles. In the Chicago area alone over 20 chop shop related murders have been reported during the past several years; in the New York area seven murders were tied directly to chop shop activities; and other murders across the country are being attributed to organized crime and chop shop operations.

Law enforcement officials, however, are frustrated in their attempts to identify and recover the fruits of chop shop operations because in most instances the major component parts of vehicles are not identifiable once they are separated from the car. A need exists for placing a reasonable number of additional identification numbers on major component parts in order to provide the means necessary for law enforcement to identify stolen parts if this crime is to be effectively curtailed.

Often stolen vehicles are transported across state lines. The problem, however, is not exclusively the interstate transportation of motor vehicles but includes the interstate transportation of expensive stolen vehicle parts. It's not unusual for vehicles to be stolen, disassembled and the major component parts transported across the United States in short periods of time. There is universal agreement that organized crime is highly involved in this lucrative activity. Both state and federal law enforcement agencies, therefore, must be given sufficient authority to combat the interstate transporation of this type of stolen property.

These problems relating to stolen vehicles and their parts are not only interstate but also are international in nature. Proposed solutions, therefore, must be uniform in design, with the capacity to deal with the interstate and the international character of trafficking in stolen goods.

The Federal Inter-Agency Committee on Auto Theft spent nearly five years isolating and defining major problems confronting those who daily attempt to control vehicle theft. The Task Force then drafted proposed legislation designed to provide law enforcement with necessary working tools to combat the crime—the Motor Vehicle Theft Prevention Act. This proposed Act provided cures for many of the ills we've just reviewed.

While law enforcement and the insurance industry were unanimous in testifying in behalf of the Act, a strong, supportive effort never seemed to develop.

Another area of equal concern is the salvage problem. Criminals substitute the title and the vehicle identification number of a salvaged vehicle for those of a stolen vehicle; then re-introduce the disguised stolen vehicle into the legitimate market. The insurance industry is in a position to play an important part in controlling this type of crime. Whenever it is possible, and permitted by state law, insurance companies should surrender the regular certificate of title to the proper state authority when disposing of a non-rebuildable salvage. In this way title documents are removed from commerce preventing their use in future illegal transactions.

Insurance fraud appears to be more prevalent now than in recent years. NATB estimates that between 10 to 15 percent of all vehicle thefts reported to the Bureau may be attempts to defraud insurance companies. In some areas of the country the percentage is higher—in other areas, less.

Vehicle fraud cannot be curbed by the insurance industry and law enforcement alone. Effective control of the problem demands the participation and cooperation of all society. Investigations too often reveal that friends or businesses have furnished potential defrauders with alibis, false receipts and other forms of fraudulent evidence which have served to perfect the fraud.

A neighbor supports a false theft report when, in fact, the neighbor knows the reported stolen car is stored in a nearby garage. A witness has knowledge that a fraud has been perpetrated but fails to notify law enforcement or insurance authorities. Fraud is wrongfully perceived in the eyes of many to be only an insurance problem. These individuals wink their eye and tolerate the crime, erroneously believing that this action has no personal or financial effect on them. Criminals continue to function because society does not want to get involved.

Society fails to realize the tremendous burden which crime is placing on law enforcement agencies across our nation. A fraudulent theft statement requires a police investigation, complete with extensive reports, at a time when police resources are being dramatically reduced.

Vehicle fraud impacts on all of society, not only in the cost of insurance, but in the cost of the entire criminal justice ssytem which is supported by all taxpayers.

Looking to the future we must ask ourselves what effect does crime have on our economy and what effect will our economy have on crime? The criminal lives in a tax free environment. He doesn't pay income tax. He doesn't pay social security. He doesn't pay workers' compensation. Criminals cheat the government out of millions of dollars in taxes each year, which has a significant impact on our economy.

If the economy continues to slow, law enforcement budgets will no doubt soon feel the effect. Voids will begin to occur, placing an even greater burden on society, on law enforcement, and on the insurance industry.

These voids will require all of us to do our best, both unilaterally and collectively; first, by exercising greater care over our property, thus preventing unnecessary crime caused by carelessness; second, by cooperatively working with law enforcement and the entire criminal justice system once a crime has been committed. Then, and only then can crime be effectively and efficiently controlled.

Texas Association of Vehicle
Theft Investigators,
April 16, 1981.

Senator Percy,
Senate Office Building,
Washington, D.C.

Dear Senator Percy: The Texas Association of Vehicle Theft Investigators (T.A.V.T.I.) wishes to express to you its support of the "Motor Vehicle Theft Prevention Act of 1980" (H.R. 4178 and S. 1214).

Motor vehicle theft has become an increasing U.S. crime problem. Reported motor vehicle thefts are increasing while the recovery rate steadily drops. Enactment of these measures would strengthen criminal penalties for motor vehicle theft and impose stricter standards for titling, identification and the movement of motor vehicles through U.S. Customs.

Your support of the "Motor Vehicle Theft Prevention Act of 1980" is needed and appreciated.

Sincerely,

Douglas Clark,
Secretary-Treasurer.

Mr. DIXON. Mr. President, I join with my distinguished colleague from Illinois, Senator Percy, and other distinguished colleagues from other States in cosponsoring this bill designed to assist in the fight against the monstrous and malignant crime of auto theft that has grown up in our midst.

During my 4 years as Illinois secretary of state, a major objective of my administration was the control and reduction of auto theft.

It was a difficult campaign. Auto theft in Illinois hit a new high in 1979, with 60,810 vehicles reported stolen, a rise of 6 to 8 percent from the previous year. Yet, there is strong evidence that our work was succeeding.

The Illinois Department of Law Enforcement reported a substantial drop in the number of stolen vehicles for the first 9 months of 1980. It fell to 48,815 offenses from 52,481 for the same period of 1979, a 7-percent reduction.

Another significant figure comes from the National Auto Theft Bureau. For the same 9-month period, the number of thefts reported to NATB by member insurance companies in Illinois dropped only 1.2 percent, but this was in the face of a national increase of 16.1 percent.

Thefts from Chicago policyholders of one leading insurance company fell in 1980. In the firm's Calumet division, where the organized crime syndicate has been most active, thefts dropped 15½ percent in the first 6 months of 1980.

In July 1980, the Chicago Tribune reported chop shops were leaving Illinois and going to Indiana. We enlarged our campaign, hoping to erase the chop shops, rather than simply encourage them to migrate.

We organized a Midwest task force on auto theft prevention, which originally included only Illinois and the six surrounding States of Indiana, Kentucky, Missouri, Iowa, Wisconsin, and Michigan.

Later we enlarged it to add Kansas, Minnesota, Nebraska, the Dakotas, and Ohio.

On recommendation of the American Association of Motor Vehicle Administrators, we issued invitations to expand to include all 50 States and the Canadian Provinces.

It made no sense for us to drive auto thieves out of Illinois if they simply reassembled somewhere else. We wanted to drive them out of business entirely.

Eventually, we must have a well-coordinated national plan. With Federal legislation as a foundation, and with strong State legislation, we can be united against the thieves.

Major steps in our campaign were:

First. Creation of a title verification unit in our Motor Vehicle Services Department in Springfield.

Second. Issuance of a new computerized certificate of title, proof against alteration and counterfeiting.

Third. Professionalization of our own auto theft investigation unit.

Fourth. New, tighter, better enforced bookkeeping regulations for identification of vehicles and component parts in the hands of dealers, recyclers, rebuilders, scrap processors, and body shops licensed by our office.

Our program for component identification became known around the Nation as the "Illinois plan." Authorities from other States have come to Illinois to study it.

Let me set forth the dimensions of the crime we are attacking.

Philip Heymann, an Assistant U.S. Attorney General, told a congressional committee in June 1980, that the number of professional auto theft rings under investigation by the FBI at any one time has increased in the past decade from 125 to nearly 650.

This confirmed what everyone in auto theft prevention knew by his own observation. Organized crime has grown stronger and stronger in auto theft.

Although there are still more amateurs in auto theft than professionals, the professionals are more skilled, more disciplined and more effective. The underworld syndicate is a major factor and is steadily increasing its influence.

The chop shop racket is the most professional, most sophisticated technique in auto theft. In the Chicago area, including the metropolitan counties and northern Indiana, at least 21 murders have been identified with the struggle for control.

Along with narcotics traffic and juice loans, auto theft has become a specialty of the criminal syndicate as bootlegging was in the prohibition era. It is a low-risk, high-profit crime. Many investigators have spent a lifetime in effective work, recovering vehicles, arresting thieves, preparing cases for prosecution, without actually sending anyone to the penitentiary for the specific crime of auto theft.

If an auto thief goes to prison, it is usually for something else. The thief's biggest risk is not a court conviction but assassination by another thief.

Organized crime is no myth. It exists. It recruits thieves from among our young people and trains them for a life of crime. It employs expert lock pickers, expert forgers, expert gunmen, and expert lawyers. It is big business. It costs the American people more than $4 billion a year.

Of the 60,810 motor vehicle thefts in Illinois last year, only 7,014 were cleared by arrest. The arrest rate was 11.3 percent. In 88 percent of the thefts, the thief made a clean getaway.

An arrest is one thing, a conviction is something else. Very few of the arrests resulted in conviction for motor vehicle theft. Nobody knows what the percentage was. The courts do not compute the records that way.

The Illinois plan was beginning to have full impact at the end of our administration. It will be up to my successor and future Secretaries of State to carry it to full force.

Illinois law now requires all licensees to keep records of their transactions, and empowers the Secretary of State to prescribe rules. If an operator does not obtain a license, or if a licensee fails to keep records properly, we could shut down the operation. And we did it. We closed more than 40 of them.

Instead of taking an offender through the courts, we took him to an administrative hearing.

To win a conviction in a criminal trial, proof must be beyond a reasonable doubt. But to take away a license at an administrative hearing, only a preponderance of the evidence is needed.

In August 1978, we issued an administrative rule requiring our licensees to keep more stringent records.

A new organization suddenly came into existence and obtained an injunction which was later set-aside by the Illinois Supreme Court. A petition for review was then taken to the U.S. Supreme Court where it was denied. The authority to prescribe the rule was established, but only after more than a year in Court.

After a stolen car has been dismantled in a chop shop, it is difficult for law enforcement to trace the parts.

An officer can stop a truck leaving a dismantler's yard with a load of fenders or doors he knows in his heart is stolen. But with no numbers or any kind of identification on the parts, the officer has no evidence that will stand up in court.

With competent identification as embodied in this proposed legislation, it will be harder for organized crime to cut up stolen cars and sell the parts in the legitimate market. A legitimate operator would not buy a door or fender that could be confiscated if it proved to be stolen. He would not take the risk of prosecution or revocation of his license.

I submit this review of the Illinois plan as an illustration of what one State has managed to accomplish. Public understanding of the problem is necessary to success, as is the support of the insurance industry. Our States can put the auto thieves and organized crime on the run if we will give them additional tools.

What we learned in Illinois and our Midwest task force on auto theft prevention should prove to be a valuable guide in this effort.

ADDITIONAL COSPONSORS

SENATE JOINT RESOLUTION 110

At the request of Mr. HATCH, the Senator from Minnesota (Mr. BOSCHWITZ), the Senator from Alabama (Mr. DENTON), and the Senator from Oklahoma (Mr. NICKLES) were added as cosponsors of Senate Joint Resolution 110, a joint resolution to amend the Constitution to establish legislative authority in Congress and the States with respect to abortion.

SENATE CONCURRENT RESOLUTION 32

At the request of Mr. MATHIAS, the Senator from Ohio (Mr. METZENBAUM) and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of Senate Concurrent Resolution 32, a concurrent resolution authorizing a bust or statue of Dr. Martin Luther King, Jr., to be placed in the Capitol.

AMENDMENT NO. 570

At the request of Mr. SYMMS, his name was added as a cosponsor of amendment No. 570 proposed to House Joint Resolution 265, a bill to provide for a temporary increase in the public debt limit.

AMENDMENTS SUBMITTED FOR PRINTING

TEMPORARY INCREASE IN DEBT LIMIT

AMENDMENT NO. 569

(Ordered to be printed.)

Mr. ARMSTRONG (for himself, Mr. NICKLES, Mr. QUAYLE, and Mr. GRASSLEY) proposed an amendment to the joint resolution (H.J. Res. 265) to provide for a temporary increase in the public debt limit.

AMENDMENT NO. 570

(Ordered to be printed.)

Mr. ARMSTRONG (for himself, Mr. NICKLES, Mr. QUAYLE, Mr. GRASSLEY, and Mr. MATTINGLY) proposed an amendment to the amendment No. 569 to the joint resolution (H.J. Res. 265), supra.

NOTICES OF HEARINGS

SUBCOMMITTEE ON URBAN AND RURAL ECONOMIC DEVELOPMENT

Mr. WEICKER. Mr. President, I would like to announce for the information of the Senate and the public that the Urban and Rural Economic Development Subcommittee of the Senate Committee on Small Business will conduct a hearing on the subject of small issue tax-exempt industrial development bonds (IDB's). The hearing which will be chaired by Senator D'AMATO will be on Monday, October 5, at 9:30 a.m. in room 424 of the Russell Senate Office Building.

For additional information contact Jim O'Connell or Bob Wilson of the committee staff at 224-5175.

AUTHORITY FOR COMMITTEES TO MEET

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be permitted to hold a hearing pertaining to the Steelhead Trout Protection Act, S. 874, at 9:30 a.m. during the session of the Senate on Monday, September 28.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, September 30, to hold a business meeting on pending calendar business.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY RESEARCH AND DEVELOPMENT

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Energy Research and Development of the Committee on Energy and Natural Resources be authorized to meet Thursday, October 1, at 10 a.m., to hold a hearing on S. 1542, a bill to amend the Mineral Leasing Act of 1920.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Wednesday, September 30, at 2 p.m., to consider the nomination of John Vander Water to be a member of the National Labor Relations Board.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INVESTIGATIONS AND GENERAL OVERSIGHT

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Investigations and General Oversight of the Committee on Labor and Human Resources be authorized to meet during the session of the Senate on Tuesday, October 6, at 10 a.m., to hold oversight hearings on missing children.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

AWACS TO SAUDI ARABIA

● Mr. ROTH. Mr. President, I wish to reiterate my opposition to the sale of AWACS aircraft to Saudi Arabia. Even putting aside the important question of whether the AWACS would ever be used against Israel—which is, after all, the only stable and vigorous democracy in the Middle East—the sale of AWACS to Saudi Arabia would not be in our national interest. Starkly put, supplying America's most advanced electronic military equipment to a potentially unstable regime places at unacceptable risk the one advantage we have left over the Soviet Union: our superior technology.

As was the case with Iran, Saudi Arabia is trying to buy its way into the 20th century while retaining a feudal political structure. And as we learned in Iran, this process can lead to social upheaval and political chaos. The Saudi case is compounded by the huge number of foreigners that have been imported to make up for the lack of indigenous skills. Of its 7.5 million population, fully 2.5 million are foreigners, including very large numbers of politically conscious Palestinians.

Although the royal family is very large and has a tradition of close interaction with their subjects, significant minority groups do not accept the religious or political supremacy of the Saud family. There are some 300,000 Shiite sympathizers of Iran's Ayatollah Khomeini, and numerous other religious zealots. The takeover of the Grand Mosque in Mecca in November, 1979, dramatically illustrated the suddenness and severity with which opposition can erupt.

Superimposed on this uneasy juxtaposition of religious tensions and imported modernity is a fragmented military structure that is being force fed enormous quantities of sophisticated military equipment. The royal family itself seems to have recognized the danger of a too-powerful military establishment. It has placed princes of the royal blood in sensitive commands, and has divided the military into two commands—the regular armed forces and the national guard—to neutralize their effectiveness as a political force. Yet the history of the Middle East is rife with examples of royal regimes falling to ambitious young officers—witness Libya's Khaddafi.

Although the major threat to Saudi Arabia would appear to be internal unrest, Mr. President, I am not suggesting that Saudi Arabia has no external enemies. In the volatile Middle East, all of the nations seem to at one time or another be at odds with each other. Saudi Arabia has legitimate concerns about its external security and we have an interest in providing support to a friendly regime that shares our opposition to Soviet expansionism in the region.

But if we have learned anything from the Iranian experience it should be to exercise extreme caution in placing too many technological eggs in one basket. After the fall of the Shah—who likewise seemed to have an insatiable appetite for our most modern and expensive military hardware—the advanced technology contained in the F–14's and Phoenix missiles that he had purchased was compromised and undoubtedly is today in the hands of Moscow analysts. We should also recall that it was the Congress that prevented the sale of an AWACS to the Shah. I voted against that sale, and I intend to vote against this one as well.

Perhaps the most unfortunate aspect of the AWACS issue, Mr. President, is the degree to which its political importance has been inflated. The AWACS issue has been portrayed as a litmus test of friendship—with Saudi Arabia by those who favor the sale; and with Israel by those who oppose it. Our relations with both countries are too important to stake so much on a single issue. The kinds of military equipment that we supply to either side should be placed in the context of our overall mutual interest in relieving tension in the region and achieving a lasting peace, free from outside threats.

The United States has always made distinctions among the kinds of equipment it makes available to friends and allies. Certain kinds of military equipment have frequently been withheld on the basis of sophistication or susceptibility to compromise. Certainly it seems sensible to argue that if super-sophisticated AWACS coverage of the Middle East is necessary, it should be supplied by fully capable aircraft owned and operated by the U.S. Air Force. Even the AWACS we have supplied our NATO allies are under joint U.S. command.

Furthermore, there are now four AWACS aircraft presently deployed to Saudi Arabia. These aircraft are being operated and maintained solely by U.S. Air Force personnel.

Retaining U.S. control of AWACS aircraft should not be taken to mean a lessening of friendly ties, or an unwillingness to cooperate in mutual security arrangements. Saudi Arabia is the largest overseas purchaser of American military equipment. We will continue to supply it with large amounts of equipment because we share common interests. But when all is said and done, it seems to me that the interests of both countries would be best served by avoiding litmus tests of fidelity and concentrate instead on ways to reduce tensions in the region.●

UNIVERSITIES COUNCIL ON WATER RESOURCES ENDORSES PASSAGE OF S. 1095

● Mr. ABDNOR. Mr. President, during the recent recess, the Universities Council on Water Resources conducted its annual meeting in Athens, Ga.

During those sessions, the council examined a series of pressing national water issues, then concluded:

> The Nation must have a long range policy for coordinated water resources planning and for the necessary research if these national water problems are to be solved.

As a way to assure effective planning and research, the council voted its full support for S. 1095, legislation now on the Senate Calendar.

Mr. President, I ask that a copy of the council's resolution be printed in the RECORD.

The resolution follows:

RESOLUTION OF SUPPORT FOR NATIONAL WATER RESEARCH PROGRAM

Whereas, the nation faces many water resources problems including shortages such as those forecasted by the Water Resources Council in 1978 when it projected that over 20 percent of the country will have serious water shortages by the year 2000; and

Whereas, the nation must have a long range policy for coordinated water resources planning and for the necessary research if these national water problems are to be solved; and

Whereas, the national approach to water problems should include Federal and State participation in which the states accept additional responsibility for supporting research and planning in water resources; now, therefore be it

Resolved, That the Universities Council on Water Resources endorses the need for Federal legislation to provide programs for water resources planning and research; and be it further

Resolved, That the Universities Council on Water Resources supports S. 1095 which provides for a national water research program utilizing university resources with shared funding responsibility between Federal and non-Federal sources, and urges the House of Representatives to include such provision in the legislation it may enact.●

VOTING RIGHTS ACT

● Mr. CRANSTON. Mr. President, the Voting Rights Act of 1965 is due to expire in August of 1982 unless Congress decides to extend it. I strongly support the extension of the Voting Rights Act and have cosponsored S. 895, which extends for 10 more years the key provisions of the 1965 act and the act's language minority provisions.

There has been much criticism of and many misconceptions regarding the bilingual ballot provisions of the Voting Rights Act. Some say the ballot is too costly and others that it promotes political separatism along language lines. I disagree.

I believe that people who vote should be well informed and able to understand what they are doing. If they do not have a good English comprehension, we will get wiser voting if we give them a ballot translated into their primary language.

Of course, English is our basic language, but it is not required for citizenship. Puerto Ricans who come to the mainland and American Indians are citizens by birth. Many of those groups do not speak English, but as citizens they have the right to participate fully in our democracy. They should be able to do so in their native language. The VRA and the bilingual ballot protect these people and others who have no legal obligation to learn English as a requirement of citizenship.

While the Voting Rights Act itself is technical and complex, its basic intent is simple and clear: Racial and language minority citizens should have the same rights and opportunities as other Americans to participate in politics and government at every level. Many gains have been made in the 17-year life of the act, but much more remains to be done to assure that no U.S. citizen is denied the constitutional right to vote and to participate actively in the American political process. Mr. President, I ask that the September 24, 1981, Los Angeles Times editorial, "A Vote for Bilingual Ballots" be printed in the RECORD following my remarks.

The article follows:

A VOTE FOR BILINGUAL BALLOTS

Congress will vote soon for extending the Voting Rights Act of 1965, a move supported not only by civil rights organizations but also by the Reagan Administration.

We have also supported the act, and expect that it will be enacted for another 10 years. There is a possibility, however, that last-minutes efforts will be made to delete some admittedly controversial portions of the act pertaining to bilingual elections. The act was amended in 1974 to require bilingual elections in 200 counties throughout the country and the entire states of Texas, Arizona and Alaska.

Although we realize how sensitive this subject is in this country, it would be a mistake to delete the act's bilingual provisions.

Opponents of bilingual provisions, including U.S. Rep. Paul N. McCloskey, Jr. (R-Palo Alto), argue that they have been costly for counties to implement, and that the Federal government should not be encouraging citizens to use languages other than English, however comfortable they might feel using them.

Statistics simply do not bear out the first argument. The initial cost of paying for bilingual ballots and other election materials was high, but they have dropped dramatically ever since. Los Angeles County spent $850,000 on bilingual materials in 1976, the first year they were used here. By carefully targeting those materials in subsequent elections to citizens who requested them, the cost dropped to $153,000 last year, less than 2 percent of the cost of the 1980 general election. The second objection to bilingual elections is more troubling. It raises other profound and difficult questions about bilingualism in the United States and whether it should be encouraged. For example, couldn't any citizen who happens to feel comfortable in a foreign language demand the same rights now being given to Latinos and some—but not all—Asian-Americans under the Voting Rights Act?

Our answer would be yes—if any other language minorities could show that they have been subject to past discrimination against their rights as citizens. This was certainly the case with blacks in the South before 1965. It was also the case with Mexican-Americans in many parts of the Southwest and with Asian-Americans in California.

We can understand why many Americans are troubled by the idea of government sanctioning languages other than English. But we do not see the Voting Rights Act as promoting other languages so much as it seeks to redress one of the sad realities of this country's past that certain citizens, for reasons of race or other ethnic differences, were effectively disenfranchised.

One of the objections raised against bilingualism is that it promotes political and cultural separatism rather than national unity. But bilingual elections can actually promote participation, and integration, by citizens who have previously been outside the political process because of their inability to communicate in English.●

THE AIR TRAFFIC CONTROLLERS STRIKE

● Mr. GARN. Mr. President, the strike by the professional air traffic controllers occurred almost 2 months ago. As the President rightly noted, it was over in 48 hours, and the job now is to rebuild the control system, a process which is already well underway. We should stop for a moment, however, and reflect on the nature of that strike, and on the nature of our reaction to it. That is particularly necessary, I believe, in the wake of the Solidarity Day demonstration, which was largely fueled and driven by Government employee unions, the same kind of unions which gave us the PATCO strike.

As an aid to understanding what happened, and why the President's response was exactly appropriate, I call attention of my colleagues to an article in the October 2 issue of National Review, written by syndicated columnist James Jackson Kilpatrick. Mr. Kilpatrick traces the recent history of PATCO, its shift to greater militancy under its current president, Robert Poli, and the events leading up to August 3.

The most important section of the article, however, is that which deals with the philosophy of public employee unions, why they are different from unions in the private sector, and why public unions cannot be allowed to strike. Briefly put, strikes affect costs, and, thus, the competitive position of the struck company or industry in the economy. Since, in the private sector, the consumer retains freedom of choice and there is competition, the harmful effects of the strike can be mitigated. But there is no competition for the services Government supplies. If costs rise, they can be passed on only through tax increases, which cannot be avoided by choosing another supplier. It is this coercive element of Government which makes strikes by public employee unions morally unjustified.

Mr. President, the Kilpatrick article offers useful insights that we need to recognize as we approach an increasingly unionized Federal workforce. The President's reaction to the PATCO strike may decrease the likelihood of similar actions in the immediate future, but we may be sure that there will be more trouble farther down the road. We need now to begin to formulate a coherent policy of public unionism. The Kilpatrick article is a good start. I submit it to be printed at this point in the RECORD.

The article referred to is as follows:

THE AIR-TRAFFIC CONTROLLERS: THEY STRUCK A BLOW FOR TYRANNY

(By James J. Kilpatrick)

The strike of the nation's air-traffic controllers began at 7 o'clock on the morning of Monday, August 3. A month later, save for a few mutterings and speculations, the story had dropped out of the news. Mr. Reagan had won, it was said, and the controllers' union had lost.

There was more to the story than this. The losses resulting from the strike stretched far beyond the small controllers' union, and Mr. Reagan's gain was substantial but temporary. The greatest gain will come if the strike serves to awaken Americans everywhere to the growing peril of public-employee unionism. The striking controllers accomplished nothing for themselves, but they may have accomplished a vast deal for everyone else.

The controllers' walkout imposed upon the country the first nationwide strike by a union of federal employees. It was thus far more disturbing than the job action of postal workers that closed six hundred post offices in March of 1970. The controllers' strike was a strike of truly national dimensions. It had been a long time brewing.

When the strike began, the Federal Aviation Administration had on its payroll 25,635 controllers, but roughly 4,600 were assigned to flight service stations and another 4,600 were trainees, specialists, and supervisors. The controllers who figured directly in the events of August 3 and thereafter were the 8,780 assigned to the nation's airport-terminal control towers and the 7,632 who work at "en route" control centers. These were the 16,412 individuals within the bargaining unit represented by the Professional Air Traffic Controllers Organization (PATCO).

For purposes of salary and promotion, the nation's air-control system is organized along five levels, depending chiefly upon traffic volume and to a much lesser extent upon the presence of such hazards as nearby mountains. At the lowest level are such airports as Charlottesville, Va. and Joplin, Mo. Level II embraces 158 airports, among them Omaha, Neb. and Huntington, W.Va. The 108 airports in Level III include Long Beach, Calif. and Erie, Pa. Only 38 airports are classified at Level IV, among them Phoenix, Kansas City, and Baltimore. At the highest level (16 airports) are such busy fields as O'Hare in Chicago, Los Angeles International, and Washington National.

Less familiar to air travelers, but no less essential to the system's operations, are the enroute centers. There are ten of these in the continental United States, another five are located in Hawaii, Alaska, Puerto Rico, Panama, and Guam. The domestic system, taken as a whole, keeps tab on 14,000 scheduled airline flights that on the average haul 800,000 passengers every day. The daily traffic volume also includes the freighters that fly ten thousand tons of air cargo, most of it by night, and the thousands of privately owned planes that are classified as "general aviation." The scheduled commercial airlines employ over 300,000 persons; they take in $30 billion a year in passenger revenues; and their operations constitute about 3 per cent of the gross national product.

This was the system and the industry that PATCO sought to bring to its knees on August 3.

The confrontation between the controllers and the government had been building almost from the moment PATCO was organized in January 1968, by a group of controllers in the New York area. Only seven months elapsed before the union staged a "work to rules" slowdown. The following summer saw a brief sick-out by 477 controllers. Again in the spring of 1970, three thousand union members went on strike. Yet again, in July of 1976, a PATCO slowdown disrupted traffic.

THE BACKGROUND

During this period both government and industry had retaliated in various ways. The 1970 strike, triggered by the FAA's involuntary transfer of three controllers in Baton Rouge, saw nearly one thousand controllers suspended and 52 of them fired. The Air Transport Association won an undisclosed sum in out-of-court settlement of a $50-million damage suit against the union. Early in 1971 the Department of Labor stripped PATCO of its status as an accredited union, but recognition was restored a few months later when PATCO agreed to post notices declaring it would not engage in illegal job actions. The federal courts put the union under a continuing no-strike injunction. PATCO was building a reputation as the government's most militant union.

Some of this militancy may have been justified. During the whole of the 1970s, the air-traffic-control system suffered from inadequate equipment. Some of the control towers, notably the radar installation at O'Hare, were sorely understaffed. At the Level IV and Level V centers, where traffic is exceptionally heavy, controllers complained constantly of stress leading to the condition known as "burnout." Computers kept breaking down. The controllers felt they were justly entitled to higher compensation and easier retirement provisions than other federal workers.

Little by little, in response to these protests, the FAA did wangle from Congress appropriations for upgrading the equipment. Salaries were in fact improved to the point that controllers were earning roughly $33,000 on average when the storm broke this year. The pay range extended from $15,193 for an entering trainee at Step 1 of the government's Grade 7 to a maximum of $49,229 at the top step of Grade 14. Few of the controllers were at the maximum, but by reason of overtime and night differentials many of them were earning in the high thirties and low forties.

The increasing militancy also was owing in part to a change in the unions' command. In March of 1978 a three-year contract had been signed for PATCO by the then president, John Leyden. He had sought to replace what he termed "gunboat" tactics with "a firm and reasonable persuasion." Such civility did not impress union firebrands. Early in 1980 the restless controllers dumped Leyden in favor of Robert Poli. "It was a difference in philosophy. Poli told the New York Times, "I guess I'm more a militant than he is." Under Poli's guidance, the union began building a strike fund, and in April of last year Poli sent to his members a voluminous "educational package.' Its purpose was to educate them in staging the strike to come.

The package contained a long legal memorandum from the union's executive vice president, Robert E. Meyer, reminding members bluntly that "it is illegal for the air-traffic controllers to strike." There would be injunctions, and, if the injunctions were not obeyed, contempt proceedings would follow. Federal law would require the termination of employment for controllers who joined the strike. Meyer spelled it out. But the bulk of the manual was devoted to meticulous preparations—down to the entertainment to be provided at union meetings, the better to boost morale—and these careful preparations contributed to the astonishing union solidarity that would be demonstrated in August. PATCO isn't just a union, Poli said. "It's a religion."

A copy of the PATCO manual fell into the government's hands in the summer of 1980. The document resulted in counter-preparation by the FAA. On November 13, 1980, the FAA published in the Federal Register its own meticulous 24-page manual of steps to be taken in response to a PATCO strike. Depending upon the number of absent controllers, air traffic would be reduced by specific percentages. This, too, was all spelled out.

One more event played a part. On October 20, candidate Ronald Reagan wrote a letter to Poli implicitly acknowledging the "unreasonable hours and obsolete equipment" that prevailed in the air-control system. "You can rest assured," Reagan said, "that if I am elected President I will take whatever steps are necessary to provide our air-traffic controllers with the most modern equipment available and to adjust staff levels and work days so that they are commensurate with achieving a maximum degree of public safety." He pledged that his Administration "will work very closely with you and bring about a spirit of cooperation between the President and the air-traffic controllers." Later the union would describe this latter as Reagan's oath.

Such was the situation in February 1981, when negotiators for PATCO and the FAA began talks on a new contract. The union laid on the table a list of 96 demands, among them a raise of $10,000 across the board for each of the 16,412 controllers within the bargaining unit. The union asked for two annual cost-of-living increases at one and a half times the rate of inflation. Another demand called for a four-day, 32-hour week, with a 20 per cent differential (instead of 10 per cent) for night work. Under the 1978 contract, controllers were permitted to retire at age fifty at 50 per cent of a certain averaged pay after twenty years; the union asked for 75 per cent of highest pay after twenty years at any age. Various other demands would have put the cost of the agreement at $1.1 billion in the first year alone.

STRATOSPHERIC DEMANDS

The FAA's bargaining team had been expecting some farout demands, but nothing so "outrageous" as this. The government responded by offering a $40-million package that would include a raise of $4,000 across the board, an increase in the night differential, and pay at time and a half for the last four hours of a forty-hour week. There were other sweeteners, but they sweetened very little.

Across this chasm, bargaining continued sporadically through the spring and early summer. The union moderated its first-year demands to something in the neighborhood of $500 to $681 million, depending upon whose estimates one may believe. The FAA agreed to let PATCO decide how the government's $40-million package might be allocated. At last, on June 22, Poli's executive board accepted the FAA's final offer, "I feel good about it," said Poli.

Ten days later the union's executive board felt bad about it. Now the agreement was "an insult." It was "garbage." Put to a membership vote, the tentative contract collapsed by a margin of 20 to 1. On July 31, Poli called a news conference. If the government would not agree at once to the union's three principal demands—the $10,000 raise, the 32-hour week, and improved retirement—the controllers would strike on August 3. The FAA asked for an extension of this peremptory deadline. Poli refused. At a couple of feeble weekend bargaining sessions, the government raised its offer, under certain conditions, to a $50-million package. Poli rejected the conditions. Time ran out and, on Monday morning, so did 13,000 controllers.

The strike was a monumental miscalculation on both sides. The government, for its part, had anticipated that at least 80 per cent of the controllers would obey a presidential ultimatum and return to their posts. The figure actually approximated 20 per cent. The government felt confident that court orders, fines, and criminal prosecutions would be effective. They weren't. It seemed incredible to FAA officials that thousands of experienced controllers, most of them with wives, children, station wagons, and mortgages, would give up jobs in patent defiance of federal law and their own contractual oaths not to strike. The government underestimated the magnetism of Poli's leadership and the depths of the controllers' grievances.

But it was a worse miscalculation on the part of PATCO. The strike came at a moment when the public was fed up to the teeth with the baseball players' strike. The postal unions had just won a hefty contract after ominous warnings of a walkout. To many Americans the controllers' salaries seemed remarkably generous. The idea of a strike against the government, jeopardizing safety of air travel, was an idea on which the public choked. The union woefully underestimated the determination of Ronald Reagan. Poli and his board felt certain the President was bluffing in his August 3 announcement that controllers would find their employment terminated if they failed to return to work in 48 hours. More than anything, they overestimated their own indispensability. Time magazine quoted a Houston controller: "The reality is, we are it. They have to deal with us." Leaders of PATCO thought other unions, in both the public and private sectors, would honor their picket lines and support the strike. They were wrong. There had been no prior consultation with the AFL–CIO. As a consequence the affronted chiefs of organized labor gave little more than lip support to the PATCO strike. The worst of it was, the planes kept flying.

IT'S A KAMIKAZE

There was worse to come. Around the country, federal judges imposed massive fines upon the union. By August 19, at least eight striking controllers had been indicted for violation of the federal law against strikes by federal unions; criminal charges were then pending against 42 others. On August 13, John H. Fenton, chief administrative law judge of the Federal Labor Relations Authority, recommended outright decertification of the union for its "open, flagrant, willful, and intentional" violation of the no-strike law. Dozens of civil suits against the union were filed in federal courts. In Oklahoma City, where the FAA maintains its training academy for prospective controllers, upwards of sixty thousand applications poured in. The academy said it could triple its output of trainees within one year. In the airport towers and en-route centers, supervisors, non-striking controllers, and military controllers moved smoothly into the breach. The planes kept flying, though at reduced levels, and the whole system moved more smoothly than before. With the misfits, disgrunts, grousers, and goof-offs outside on the picket lines, airline pilots found the traffic-control corps better than ever. The controllers had struck a blow for tyranny—and missed.

Politically speaking, Mr. Reagan made no miscalculation at all. He correctly judged the public's resentment against strikes in general and the controllers' threat in particular. He found it hard to go wrong in directly confronting a small union, 94 per cent male and 91.5 per cent white—a union, moreover, that would be striking in clear violation of statutory law, court injunctions, and personal oaths. By making a distinction between a right to strike in the private sector, which he specifically endorsed, and a right to strike in the public sector, which he specifically denied, Mr. Reagan put himself on high ground.

The one thing that might have reversed the adversary positions would have been an airline disaster clearly chargeable to controller error. No such disaster has occurred, and as time goes on the possibility of such a disaster will diminish. In the strike's first month, PATCO spokesmen made daily prophecies of doom. They besieged the media with statistics on near misses reported to the union, but the FAA countered with its own figures on near misses in the same period a year ago. The figures suggested that nobody's perfect. The controllers' argument was that the supervisors, military substitutes, and inexperienced controllers who were pressed into duty would soon begin to burn out from the tensions of overwork. The blood of slain passengers would be on Mr. Reagan's hands.

These contentions, earnestly expressed, focused attention on the controllers' basic complaint—that their duties are so physically demanding that whole new pay scales and retirement programs should be instituted by way of compensation.

The available evidence on this point is not convincing. No one familiar with air travel would deny that at peak periods at major towers and en-route centers, the controller's job can be fearfully demanding. In December 1978 Dr. Robert M. Rose published a massive 655-page study of the health hazards observed over a three-year period among 416 male controllers in New York and New England. He found a "significantly increased prevalence and incidence of hypertension over comparative groups." Within his sample, 135 had borderline or definite hypertension when the study began, and another 36 developed hypertension during the three years. Dr. Rose found no more than a slight increase in peptic ulcers over his control group, and though half of his controllers had at least one psychiatric problem during the period of the study, this did not strike Dr. Rose, himself a psychiatrist, as notably alarming.

The Rose report did find that among the controllers, "alcohol use was high." More than half the subjects were classified as "heavy drinkers," though only four could be identified as out-and-out alcoholics. This finding suggests that some of the controllers' shakes and tremors may not be owing to burnout, but rather to simple hangover.

Perhaps the fairest evaluation of the controllers' complaint lies somewhere in the middle. At the busiest installations, the stress is greater than in most stressful jobs, but among the 16,000 controllers as a group the tensions are certainly not unique and probably not even unusual. PATCO spokesmen have made much of their contention that 89 per cent of the controllers never make it to retirement because they burn out beforehand and become medically disqualified, but the statistic is slippery and I cannot get a handle on it.

PRIVATE V. PUBLIC STRIKES

Other data in this affair are as hard to pin down. During the first three weeks of the strike, the commercial airlines suffered revenue losses of roughly $200 million. August is always their busiest month. The carriers anticipate that revenue losses of $10 million a day will continue for some time to come. The effect on profits, as distinguished from revenues, is not easily projected. With lower fuel and payroll costs, and with elimination of some profitless routes, several of the carriers are in the black. As of early September, the airlines had laid off 13,550 employees, but only ten thousand came from a permanent work force of 315,000. The losses to food suppliers, fuel dealers, airport concessionaires, and taxi and limousine services cannot be reckoned, but these obviously are substantial. No one could tally up the lost time and business opportunities of delayed passengers. The strike has levied a heavy toll on individuals and businesses alike, and if some of the damages awarded against PATCO can ever be collected, the union will be broke.

Yet the losses will be bearable if the strike serves one overriding purpose. Possibly, just possibly, this affair may awaken both press and public to public-sector unionism. Until this moment, the effects of strikes by public unions have been limited—teachers here, firemen there, sanitation workers somewhere else. It is doubtful that many persons are fully aware how fast these unions have grown.

As recently as 1959 only Wisconsin had enacted legislation to authorize collective bargaining on behalf of state employees. Today at least 38 states have some type of legislation in this field. In 1959, public unions claimed slightly more than one million members. By 1978 the figure had grown to six million. As a percentage of the governmental work force, union members have leaped from 12 per cent to 39 per cent.

Periodically the federal Office of Personnel Management (OPM) publishes data on unionism at the federal level. The most recent report, as of April 21 of this year, found that 61 per cent (1,249,999) of Executive Branch employees are represented by unions holding exclusive recognition rights. Scattered through 59 federal agencies are no fewer than 119 different unions and associations. Some of them are quite small. A union in the Merit Systems Protection Board has only 25 members, a union in the Federal Election Commission only 204 members.

But some of these federal unions are quite large. The OPM report finds 190,838 employees in exclusive units at the Department of the Army, 196,766 at the Navy, 156,790 in installations of the Air Force, and 160,602 in various offices of the Veterans Administration. The Defense Logistics Agency reports 34,742 employees in exclusive units; 4,759 are reported at the Defense Mapping Agency.

Under existing federal law, federal employees have substantially all the rights and privileges of employees in the private sector, save for the right to strike. The public unions can bargain collectively, maintain grievance procedures, and obtain a check-off of union dues. Some of their contracts, notably within the U.S. Department of Labor, contain provisions of jawdropping leniency.

In the weeks following the controllers' strike, a dozen labor spokesmen came forth to urge that federal law be amended to provide specifically for the right to strike. Walter Shapiro, an assistant to former Labor Secretary Ray Marshall in the Carter Administration, made this same recommendation in a thoughtful and extensive review of federal unionism in the Washington Post of August 23. Writers of letters to editors pursued the argument that public workers and private workers should have identical rights under labor law. Are public employees second-class citizens? If not, then why treat them as such?

These arguments reflect a fundamental misunderstanding. The public and the private sectors are two entirely different things. Their functions are different, their composition is different, their sources of revenue are different. It follows that strikes in the two sectors will also be quite different things.

The function of an automobile company or a steel mill is to make a profit for the owners. Their products are offered and sold in the competitive marketplace. The owners' concern for what is broadly termed "the public interest" may be sincere, but it is a secondary concern. They derive their income, out of which the costs of labor must be paid, from the sale of their goods. In the private sector, failure to reach a contractual agreement has a limited impact. If the autoworkers strike Ford, customers can look to GM or Chrysler. There are options and alternatives available. In the private sector, managers can raise the price of their product, if that is necessary to ward off a threatened strike, and take the risks of the marketplace. Such managers are directly and immediately responsible for whatever increases they agree to in wages and fringe benefits.

None of this applies in the public sector. The government is not selling anything. Its entire concern is public services. Its bosses are all the people. In the matter of governmental services, no realistic options or alternatives exist, and the impact of a strike by a public union cannot be limited by competition from other providers. Moreover, negotiators for the government are not free agents. To meet an agreed raise in the wages of teachers or firemen or police, public officials must go to their local councils to raise the revenue, or they must go to the people themselves. And if the sovereign people refuse to raise taxes—as many localities refused in Ohio a few years ago—the negotiators have no place else to go. In the negotiations that preceded the controllers' strike, all the FAA bargainers could offer was their pledge "to prepare and support legislation" in Congress to authorize the proposed higher salaries and improved retirement benefits.

My own thought is that strikes in the public sector should be absolutely forbidden at every level of government. Such a prohibition should be backed by strong sanctions of civil and criminal law. The public interest cannot be held hostage to the demands of public-employee unions. Indeed, I would go further and abolish all the trappings of unions, bargaining units, contracts, certification, elections, grievance procedures, and the like, and return to the structure of civil service as it existed for many years. Voluntary associations of public employees of course should be not only permitted but also encouraged; the very best Secretaries and Assistant Secretaries—or city managers or schools boards—can learn much from the workers down below.

That position on my part, I know, is politically unrealistic. Public unions are here, and barring some volcanic eruption of public hostility against them, they are probably here to stay. And because employees of public agencies often do have sound reasons for dissatisfaction, some innovative means should be found to give them avenues of relief short of a right to strike. I doubt that any kind of binding arbitration is the answer. In the public sector arbitration would require an abdication of responsibility that seems to me unacceptable.

I don't know what the answer is, but I do know that the problem and the peril grow with every passing year. We simply cannot drift toward the chaotic conditions that recur with such appalling frequency in Italy or France. The power of the public unions has to be curbed, and the longer remedial measures are postponed, the harder it will be to impose effective restraints upon them. Because the attention span of the American people is so short, and because the government's own counter-measures against the controllers have proved so dramatically successful, nothing much may come of the not intolerable disruption of air traffic. But the striking controllers have done this much: they have sounded a warning of what can be. If the people fail to heed that alarm, they can expect more costly disruptions in the years ahead. When the next vital union strikes a blow for tyranny, the blow will hurt.●

BILL GIANELLI LOOKS AT WATER PROJECTS

● Mr. ABDNOR. Mr. President, one of the most knowledgeable members of the new administration is the man who has become the Assistant Secretary of the Army—Civil Works, Mr. William R. Gianelli.

As the man in charge of the water resources work of the Army Corps of Engineers, Mr. Gianelli has worked closely with the Subcommittee on Water Resources, which I am proud to chair. I have come to respect his knowledge and judgment; he has shown the capabilities to tackle a tough job.

Recently, Civil Engineering magazine carried an article examining Mr. Gianelli's role and views. To acquaint my colleagues more fully with the excellent job he is doing, I ask that this article be printed in the Record.

The article follows:

Engineering U.S. Water Policy

William R. Gianelli, FASCE, is helping shape Reagan administration water policy. Here's what he sees ahead: cost-recovery will be essential to approval of future water projects; the "national economic interest" will play a major role in water project approval procedures; those procedures will be streamlined. He's also very enthusiastic about hydropower projects, and thinks port development will definitely be pushed in this decade.

William Gianelli's conjectures will carry considerable weight. He is the new Assistant Secretary of the Army, and head of a water working group that reports directly to a Cabinet Council on Environment and Natural Resources. Sitting in Gianelli's group are the assistant secretaries of all water-related federal agencies. Thus he will be a powerful voice in the formulation of Reagan water policy. As to his day-to-day duties, Gianelli is overseeing the Army Corps of Engineers civil works, certainly the nation's largest water project establishment.

No high-level ceremonial creation, the water group has been meeting for months, will make recommendations to the Cabinet soon. Gianelli runs through some likely recommendations in an interview with CE:

The group will recommend rescission of the currently-used "Principles and Standards," developed by the Water Resources Council, that govern water project assessment. New guidelines will be proposed, and Gianelli hopes that these can be implemented via Presidential Executive Order in order to speed things up. He also wants to see the procedures stripped down to the bone.

The new guidelines, he thinks, will emphasize "national economic objectives" in evaluating potential projects. This may not be an easy criterion to define; WRC wrestled for years with this objective.

Cost-sharing and user-charges will "definitely" be part of the water projects that get approved in the future. Along these lines, Gianelli points to two new administration bills (S. 809, S. 810), one for deepwater ports, one for inland waterways. Both include user-charge/cost recovery provisions.

Fifty-two water projects have been languishing at the WRC offices awaiting funds for that Carter-backed review. Gianelli thinks these should go back to the originating agency to be "reprioritized," then sent to the Office of Management and Budget for funding. That way, he adds, "We will get some water projects starts this year."

The water working group, adds Gianelli, will probably also recommend elimination of the independent review President Carter had asked for. The WRC, which would have performed that review, is out of business. Congress repeatedly refused to fund the Council to do the review, in any case.

Asked about the possibility of an omnibus water authorization bill this year, Gianelli showed his obvious determination to get new water starts. He says that "if there isn't one, there will be special authorization bills." The new Assistant Secretary foresees greater power on the part of states in selecting water projects. However, when questioned about the Domenici-Moynihan bill, which would take a block grant approach to water funding, Gianelli stepped back and took the larger view. "We have to be careful to see that regional water projects, or those in the "national interest," that hard-to-define term, don't get overlooked.

PORT DEVELOPMENT CERTAIN

Gianelli also thinks there is no question that port development projects will be undertaken in this decade. We have to compete with other nations, and make our ports deeper, he says. However, we have to find new ways to finance this. Ports will pay more for dredging and for disposal of dredged material. Costs will be high, but we will improve our ports. As to the current low price for irrigation water, Gianelli again took a global view. The export of agricultural products is a major factor in maintaining our balance of trade, he says.

Flood control projects are "not of the highest priority" with Gianelli, who wants to see the Corps increase hydropower activities, as components of multi-purpose water projects, he adds. Gianelli also wants to get the Corps out of the regulation business. The Corps now has permit powers in wetlands, a regulatory function that fell into its province due to judicial definitions of the agency's "navigable waters" charge. He says the Corps doesn't belong in the regulatory area, and what's more, he isn't sure the Corps has the "capability to evaluate wetlands." The water working group Gianelli heads does not have jurisdiction in the regulatory area, but will provide input to Vice-President Bush about the Corps' authority in wetlands.

Gianelli's new job also includes overseeing the phase-out of the U.S. involvement with the Panama Canal; he is assigned to implement the treaty with that nation, a job he finds particularly intriguing. He is the first engineer to fill the Assistant Secretary slot and notes that "this administration may have more engineering input than any previous one." He also notes that fellow ASCE member John Hernandez, Deputy Secretary of Environmental Protection Agency, sits on the water working group. Hernandez helps keep the group honest on water quality issues, says Gianelli, by reminding them of the interface between water quantity and water quality, a connection not always taken in account in water policy. Gianelli himself has spent most of his career in water resource management (water "quantity" projects), but as a Rockefeller appointee sat on the National Water Quality Commission, which helped implement the landmark Clean Water Act, 92-500.

Gianelli was the first appointee named by Ronald Reagan when he was elected governor of California, recalls Gianelli, pointing out that this was a totally non-political appointment. He was named Director of the California State Department of Water Resources in 1967 and served until 1973. Apparently he did a great job; Reagan remembered him and Gianelli was called to Washington to interview for several administrative jobs. He's glad he got the one he did.●

EYE ON THE FUTURE

● Mr. STEVENS. Mr. President, there has been a great deal of discussion of the proposal to add four additional numbers to the present ZIP code under the U.S. Postal Service's ZIP+4 program. Too often, the story of how far we have advanced technologically which makes his proposal even feasible has been overlooked. We, of course, have received reports in our oversight hearings and during discussions with the Postal Service that the equipment will work as expected.

Currently, a postal employee can process 1,800 letters per hour under the present equipment. With the automation equipment associated with the ZIP+4 proposal scheduled to come on board at the Postal Service, that productivity level can be raised to 10,000 letters per hour. In fact, I understand that some postal employees can process up to 24,000 letters per hour with this new equipment. However, the Postal Service has stayed with the more conservative estimate, which I agree is a wise policy

Recently an article appeared in the publication Postal Life entitled "Eye on the Future" outlining how this new technology will allow such major increases in postal productivity. In addition, this article points out how the same type of technology has allowed major labor savings in the supermarkets of this Nation. I ask to have inserted in the RECORD the full text of this informative article.

The article follows:

[From the Postal Life, July–August 1981]

EYE ON THE FUTURE

POSTAL SERVICE

Because someone dreamed of finding a way for the blind to see, the Postal Service is today on the brink of a revolution in mail processing.

For centuries, scientists have worked to unravel the secrets of the human eye. Their goal has been the manufacture of a mechanical device that duplicates the eye's functions. And as is so often the case with pure scientific research, the pursuit has paid off in inventions incidental to the original goal.

The inventor who took out a patent in 1809 on the first optical scanning device might have hoped it would evolve into the machine called "Ray" (for its inventor, Ray Kurzweil) that today reads the printed page and then voices aloud the words to blind readers. But that inventor never even dreamed of the uses 20th century industry would find for optical scanners.

Optical scanners are now commonplace in supermarkets, where they relieve checkers of the need to read prices and punch them into a cash register. In banks, insurance and credit card companies, optical scanners capture data on checks and invoices. They are used in offices with modern word processing systems, by companies that score educational and psychological tests students and job seekers take, and by Federal Express to track packages. And soon a new generation of optical scanners will be used to sort letter mail in post offices across the nation.

The Postal Service will install two kinds of optical scanning devices: optical character readers (OCRs) and bar code readers (BCRs). The OCRs are more sophisticated and therefore more expensive, so they will be used mostly to perform the primary sort of the mail and to prepare the mail for subsequent sorting.

To understand how an OCR works, think of an electronic billboard—you see them on large buildings, where they display the time and temperature, and in stadiums, where they give the score and short messages. The numbers and letters you see are formed by lighting certain bulbs on a grid and keeping others dark. Your eye blends the dots of light into a recognizable pattern.

The OCRs the Postal Service will use work on the same principle, except that they convert the characters into light and dark spots on an electronic grid. But that is not all the machine does.

The OCR is programmed to translate the numbers in the ZIP Code into a corresponding bar code. The bar code, which is sprayed on the bottom of the envelope, looks a lot like the universal product codes you see on items sold in supermarkets, except it's flatter and longer. It contains the same information as the ZIP Code, but that information is now in a form a BCR can read and analyze.

BCRs are crucial to the automation of postal operations. With these machines and the extra information supplied by ZIP+4, automatic sorting to carrier routes, business firms, and post office boxes—the key to further increases in postal productivity—becomes feasible.

The first of the new optical scanning devices will be installed in postal facilities in late 1982. The plan is to phase them in over a four-year period ending in 1986.

There are several good reasons for phasing in automation instead of doing it all at once. To begin with, this gives the Postal Service flexibility to scale automation up or down in response to experience. ZIP plus 4 use may be higher or lower than anticipated, for example, and flexibility is essential if the Postal Service is to match deployment of equipment with the use the mail base dictates.

Yet, more importantly, this approach lends itself to keeping pace with new technology in the rapidly developing field of electronics. Consider how many more options you get—and for less money—if you buy a calculator today that you could get just a few years ago. This could prove to be the case with optical scanning devices, too.

The new equipment that will be installed in post offices next year will bring state-of-the-art technology to the Postal Service. But that technology, though quite sophisticated, is not entirely perfect. For example, the current generation of machines is much better at reading numbers than it is at reading letters. (This is one of the main reasons the Postal Service expanded the ZIP Code by adding numbers instead of creating a new "alphanumeric" code with both numbers and letters.)

Moreover, today's optical scanning devices are limited in their ability to read anything handwritten, including addresses. This sets a ceiling on the amount of mail that can be sorted by machine. Still, an estimated 32 billion of the 106 billion pieces of mail delivered last year would be accepted by the new machinery.

One day scientists may come up with something even better. They now dream of restoring sight to the blind by installing a tiny television camera in a glass eye, housing a miniature computer in an eye-glass frame, and hooking up the whole apparatus to wires embedded in the brain's visual center.

But we know for sure that right now the marriage of optical scanners and ZIP plus 4 is the best technology available. With the present ZIP Code, the optical scanners could pay for themselves in five years. But with ZIP plus 4, the productivity-gains will be so great the cost of the machines is likely to be fully recovered in three years or less.

The bottom line is that optical scanners are something the Postal Service can no longer afford to do without. In the current economic climate, increasing productivity is the name of the only game that makes practical sense. And productivity gains are the key to ensuring the survival of the Postal Service as we know it today.

SUPERMARKETS

The familiar click of cash register keys has given way to the electronic beep of bar code readers at all 127 Giant supermarkets. And the sound is music to the ears of customers, clerks, and store managers alike.

Giant Food Inc., the biggest supermarket chain in the Baltimore-Washington-Richmond area and ranked number 16 nationally by Fortune magazine, first made headlines six years ago by pioneering in automated checkout. Today, the chain is making headlines by cutting prices and passing along to shoppers the savings realized through automation. "Consumers tell us they love it," says Barry Scher, director of public affairs for Giant.

And so do employees, according to Jim Lowthers, special assistant to the president of Local 400 of the United Food and Commercial Workers, the largest local union in the country and bargaining agent for Giant's clerks. "Where we have had automation, there have been no layoffs and no loss in membership," says Lowthers. "In fact, business usually picks up and the store winds up with more scanners than there were registers."

Business has picked up in general for Giant since it initiated its automation program in 1975. More than 25 stores have been added to the chain, productivity has increased 15 percent, and the size of the Giant work force has increased 45 percent.

The bar code readers that are the centerpiece of Giant's automation program are first cousins to the ones the Postal Service will install. At the check-out counter, a clerk passes the part of the package containing the universal product code over an optical scanner protected by a glass shield. An electronic beep sounds and the price—as well as a description of the item—are displayed on a screen handily located for the shopper.

Giant's automation program resembles the Postal Service's in another important way: it was purposely done in stages. The company tested it in just two stores at first. The positive response of customers and resulting productivity gains quickly made it clear automated check-out was the way to go, so Giant picked up the pace until it was converting two stores every Monday. Now that all existing stores have been converted, Giant is concentrating on building more—all with automated check-out.●

ORDER OF PROCEDURE

Mr. STEVENS. Mr. President. I suggest the absence of a quorum.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield for that purpose without losing my right to the floor.

Mr. STEVENS. There is no objection to that.

I suggest the absence of a quorum, with the understanding that the Senator from Wisconsin will have the floor when the order for the quorum call is rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield to the acting majority leader and the minority leader without losing my right to the floor, for not more than 15 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR RECESS UNTIL 10:30 A.M. TOMORROW

Mr. STEVENS. Mr. President, I ask unanimous consent that when the Senate recesses today, it stand in recess until 10:30 a.m., Tuesday, September 29.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF CERTAIN SENATORS ON TOMORROW

Mr. STEVENS. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order tomorrow, Senator MATHIAS, Senator HATCH, and Senator BENTSEN be recognized for not to exceed 15 minutes each, on a special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS TOMORROW

Mr. STEVENS. Mr. President, I ask unanimous consent that following the special orders on Tuesday, there be a period for the transaction of routine morning business, not to extend beyond 11:30 a.m., with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION TOMORROW OF HOUSE JOINT RESOLUTION 265, THE DEBT LIMIT BILL

Mr. STEVENS. Mr. President, I ask unanimous consent that at 11:30 a.m. tomorrow, the Senate return to the consideration of House Joint Resolution 265, the debt limit bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. STEVENS. Mr. President, as in executive session, I ask unanimous consent that on Tuesday, September 29, at 7 p.m., the Senate go into executive session to conduct a rollcall vote on the nomination of Charles A. Bowsher to be Comptroller General of the United States.

I further ask unanimous consent that it may be in order now to ask for the yeas and nays on the nomination.

I ask unanimous consent that following the confirmation vote, the Senate return to legislative session, and at that point a vote occur on the motion of Senator DOLE to table the Armstrong amendment.

Further, that if that motion is agreed to, immediately following the vote on the tabling motion of the Armstrong amendment, there will be back-to-back votes on any amendments that are carried over during the debate on the debt limit during the session tomorrow, preceding 7 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask unanimous consent that if any motion to table fails during that period of back-to-back votes, the debate on the motion will then precede any further rollcall votes ordered during the debate on the debt ceiling bill tomorrow.

Is that the understanding of the Senator from West Virginia?

Mr. ROBERT C. BYRD. The Senator said the debate on the motion. I believe he means on the amendment.

Mr. STEVENS. Pardon me. On the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask for the yeas and nays on the nomination of Charles A. Bowsher, pursuant to that agreement.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The text of the agreement follows:

Ordered, That on Tuesday, September 29, 1981, at the hour of 7:00 p.m., the Senate go into executive session to conduct a rollcall vote on the nomination of Mr. Charles A. Bowsher, to be Comptroller General of the United States.

Ordered, That on Tuesday, September 29, 1981, following the disposition of the nomination of Charles A. Bowsher, the Senate return to legislative session and proceed to vote on the motion of the Senator from Kansas (Mr. DOLE) to table the Armstrong amendment.

Ordered further, That if the tabling motion is agreed to, the Senate proceed immediately to vote back-to-back on any amendments that have been carried over during Tuesday's debate on the debt limit bill.

Ordered further, That in the event the motion to table any amendment fails, debate continue on the amendment to which the motion to table was directed.

TEMPORARY DEBT LIMIT INCREASE

The Senate continued with the consideration of House Joint Resolution 265.

Mr. STEVENS. Mr. President, this completes the routine business that I have discussed with the Senator from Wisconsin.

I ask this question of the Senator, so that we can now arrange the business of the Senate, to obtain Members to preside over the Senate, to allow the staff an opportunity to notify whomever they may have to notify that they may be here for a while this evening, and to notify the restaurant personnel that they must be here and the security people that they must maintain their assignments: Do I correctly understand that when the Senator resumes the floor, he will speak at length concerning the debt limit bill?

Mr. PROXMIRE. The Senator is correct.

Mr. STEVENS. Can the Senator give us an estimate of time, or is that inquiry too alarming? We have to know whether we need one or two shifts. I do not know how long the Senator intends to speak.

Mr. PROXMIRE. May I say my intention is to speak during the entire evening and, as I say, I will stop by 10:30 tomorrow morning if that is the time the Senate expects to resume its business so that the Senate can go ahead and do that. I expect I will probably take all that time, between now and 10:30 tomorrow morning.

Mr. STEVENS. The Senator expects to be here until 10:30 tomorrow morning?

Mr. PROXMIRE. That is correct.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. STEVENS. I yield.

Mr. ROBERT C. BYRD. Mr. President, I think it is clear to those of us who entered into the unanimous-consent order. But for the RECORD for those who read, is it not the order and the understanding that if a motion to table the amendment by Mr. ARMSTRONG tomorrow evening fails then in that event unlimited debate is open to any and all who wish to participate in debate on the Armstrong amendment before any other rollcall vote occurs?

Mr. STEVENS. That is my understanding and the intention. However, it is my interpretation of that unanimous-consent agreement that when the Armstrong amendment is disposed of, the other votes will be in order. Those that were carried over during the session tomorrow would then be in order when the Armstrong motion is disposed of, however that may occur.

Does the Senator agree to that?

Mr. ROBERT C. BYRD. Yes. But, it is clear that there will be no disposition of that amendment if the motion to table fails as long as Senators wish to debate that amendment. I said it is also clear that there will be no disposition of the Armstrong amendment tomorrow evening if the tabling motion fails as long as Senators wish to debate that amendment.

Mr. STEVENS. That is correct. It is my understanding, of course, that a subsequent motion to table would be in order, I assume——

Mr. ROBERT C. BYRD. If the tabling motions fails.

Mr. STEVENS. Intervening business.

Mr. ROBERT C. BYRD. It would have to be pretty subsequent because it could not come immediately once the motion to table fails. If it fails, another motion to table would not be in order on the same amendment until the passage.

Mr. STEVENS. Two days.

Mr. ROBERT C. BYRD. A reasonable length of time.

Mr. STEVENS. I do state to the Senators that is the intention that if the motion to table the Armstrong amendment fails, the matter then would be open to debate and until the Armstrong amendment is disposed of, which I am sure the Senator understands could involve a series of options, the other votes carried over during the session would not take place.

Mr. ROBERT C. BYRD. Mr. President, that is sufficiently clear now, I think, for the RECORD.

Mr. STEVENS. Mr. President, I thank the distinguished Senator from Wisconsin. I state that I wish him well in the long endeavor he has undertaken, and we shall do our utmost to obtain an understanding Member to preside over the Senate during his comments to the Senate this evening.

Is it the order of the Senate that when the Senator completes his statement, the Senate will stand in recess until 10:30 a.m.?

The PRESIDING OFFICER. It is.

Mr. STEVENS. I am not sure I put it precisely like that, Mr. President. I ask unanimous consent that should the Senator from Wisconsin complete his statement prior to 10:30 a.m. tomorrow the Senate stand in recess until 10:30 a.m.

The PRESIDING OFFICER. Is the Senator making that request at this time?

Mr. STEVENS. I am making that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. May I make a parliamentary inquiry? Maybe I do not need it. It is my understanding, as the Senator has stated, that he will relinquish the floor at 10:30 a.m. to proceed with the regular business.

Mr. PROXMIRE. The Senator is correct, that is right.

Mr. STEVENS. I thank the Senator and I thank the Chair.

Mr. PROXMIRE. Mr. President, I fully realize the inconvenience and difficulty this puts members of the staff and the Presiding Officers who will preside here, but as I say, I just feel I have no alternative. I think this is an enormously important time in our history and I think it is of the greatest significance that our clear responsibility—I put it that way—that we go into painstaking detail on increasing the debt limit above a trillion dollars.

It would for the first time provide for a trillion dollar national debt, a trillion dollars. I am sure that when we exceeded a billion dollars in World War I, there was probably no one who felt that this country would ever have a trillion dollar national debt.

So I wonder what is next. Are we going to go to a quadrillion? Mr. President, you know a quadrillion is a thousand trillion.

I have on my wall in my office a statement from the distinguished former chairman of the Appropriations Committee in the House, Chairman Mahon of Texas, who after many years of service in the Appropriations Committee and fighting against excessive spending, pleaded with his colleagues. He said, "Please do not let the national debt go to a googol." A googol is 1 with 100 zeros after it. Before that you get to a quintillion, we go to a sixtillion, then a septillion, and so forth. A googol is a term that is used with respect to measuring distances in outer space.

And obviously we are moving into a situation where we are simply letting the national debt get out of control.

Mr. President, as I say, I do not think we should proceed to act on this bill without those of us who oppose this tragic development doing our very best to stop it.

For that reason I will offer an amendment which would limit the national debt to $995 billion. My amendment would provide a bare $10 billion increase above the present $985 billion limit. It would, in effect, for all practical purpose, mandate a balanced budget forthwith. It would put this Federal Government on a cash basis. We would have the pay for what we spend now out of what we raise now.

Let me hasten to point out what this amendment does not do; because I think some would feel that this kind of an amendment limiting our national debt so precipitiously and with such finality and decisiveness, this kind of a limit would mandate tremendous reductions in some of our critical programs. This amendment does not mandate an immediate $60 or $70 billion spending reduction. I concede it does, indeed, put heavy pressure on reducing spending. Congress would, if it passes this amendment, confront two very painful options. First, we could indeed cut spending by $60 billion or $70 billion or more and that reduction would undoubtedly require the reduction in some entitlement programs. We would have to act fast and decisively if we chose that course. On the other hand, if we did not make any of those cuts, we would have to impose a sharp tax increase. Again we would have to act with great rapidity. We could impose that tax increase primarily on consumption and leave much of our savings and consumption investment incentives intact or we could follow any other courses of taxation that would raise what we need to match spending.

I suppose our most likely course would be both to cut spending and to increase some taxes.

In other words, we would do plenty of both of the painful and unpopular options. But we would balance the budget in the process.

Mr. President, if my amendment leaves such a painful dilemma for Congress, why pass it? Why? Here is why: It constitutes the only practical way to bring down interest rates and provide a credible basis for fighting inflation.

Members of this body know what high interest rates are doing to homebuilders, auto dealers, farmers, and literally millions of small businessmen. We have had speeches on this floor. We have had scores of speeches. Maybe we had 100 speeches bemoaning the effect that the high interest rates are having on our small business community. Those are good speeches and they are absolutely right.

I was home throughout the month of August and I talked to many small businessmen, farmers, and homebuilders, and they were suffering. In fact literally economically they were dying. They were going out of business very rapidly. There is no way that a homebuilder in Wisconsin or in any other State, California, you name the State, there is no way that a homebuilder can continue to operate if mortgage interest rates stay at 17 or 18 percent for very long and, of course, already, as I say, they are falling by the wayside. We have had a number of highly competent homebuilders. These are not marginal people. They are not inefficient, incompetent. These are people who have been in the business for years and years and years and they have done fine work and they have had profitable years.

But now there is no way they can continue.

We are losing, Mr. President, in the process some of the most efficient homebuilders and managers in the business. If housing does come back—and I am sure one way or another somehow, someday, it will—we will have destroyed much of our capacity to build homes efficiently and at a reasonable cost because of the tragic effect of these high interest rates.

Mr. President, in this country today, no issue burns more deeply than the cruel, destructive effect of high interest rates. So what do we do about them? There have been some suggestions on the floor, there was one amendment that we have the President talk to the Chairman of the Federal Reserve Board. We have had others who propose that we have Members of the Congress ride herd on the Federal Reserve Board.

Mr. President, as I am going to point out later, I have been on the Banking Committee longer than any Member of the Senate. I have been on it for more than 24 years. I suppose I have heard as many witnesses speak about monetary policy and high interest rates as anybody in this body. I have been chairman of that committee for 6 years. And I can tell you right now there is nothing, nothing the Federal Reserve Board can do to hold down interest rates if Congress continues to have deficit after deficit.

If we really want to do something for the small businessmen in this country and for the farmers and for the homebuilders and auto dealers, the one action we can take is what I am trying to do here, which is to vote for a balanced budget. And the only way we are going to get to a balanced budget is by putting a limit on the debt so it is necessary for Congress either to raise money or to cut spending or to do both and to bring the fiscal policy back into balance.

The reason why this is so important is that unless we yank the Federal Government out of the credit markets, the Federal Government's enormous borrowing is just absolutely certain to drive interest rates through the roof.

Mr. President, last year the Federal Government ate up a fat one-third of all the new savings in this country. Think of that. Of all the dollars that were saved, the Federal Government used up a third of it. No wonder the funds are not available for homebuilders and for auto dealers. No wonder the municipalities are in such a tragic shape. We had hearings today before the Joint Economic Committee on the tragic situation in the municipal bond market. Communities cannot build schools or hospitals because they simply cannot raise the money. This is a real interest rate crisis.

As I say, I have listened to argument after argument, and the only argument that makes sense, the only course that makes sense, is to balance the budget.

Now President Reagan is trying to cut spending and has proposed some measures that would help a little. Those measures would still leave, at least according to his figures, a $42 billion deficit for this coming year. And I think you will find almost no economists outside the administration itself who believes that we will balance the budget in the foreseeable future following the policies we follow now.

Indeed, this bill that is before us now, the debt limit that came out of the Finance Committee that we now face, that bill would increase the debt limit to $1.79 trillion. It would increase it by $94 billion. It expires in September, at the end of September 1982; in other words, precisely a year from now. The assumption is that we might have a deficit during that time of $94 billion. No wonder the investors are acting as they are.

So, Mr. President, unless we yank the Federal Government out of the huge one-third of all new savings that it is taking, we are not going to bring interest rates down. Seventeen percent of that 33⅓ or 34 percent that the Government took was taken from the private sector to fund the deficit and another 17 percent to fund the Federal Government's off-budget borrowing.

Now, if we had balanced the budget and if we had not increased our federally sponsored off-budget borrowing, the private sector's share of new savings would have risen from 67 to 100 percent, or by a full one-half. Those additional billions would have helped homebuilders and auto dealers and other small businessmen to borrow money at far lower rates. There would have been more money available. There would have been hundreds of thousands of additional homes built. And for every home built, there are 2 man-years of work. In other words, if we could have another million housing starts we could have 2 million jobs.

We would have been able to sell, I think, millions more automobiles than we will sell this year. And, of course, that also would have created far more jobs. Farmers would have been able to buy equipment that they are not able to buy now, and that would have put people to work.

We would have a more productive society. We would have had an economy in which there are far more taxpayers than there are because people would not be unemployed and would be working.

Mr. President, there just is not any other action we or the Federal Reserve Board or any other agency of Government can take that would have any significant and lasting effect in bringing interest rates down.

Ask Paul Volcker, the Chairman of the Federal Reserve. Ask Arthur Burns, whom all of us esteem. He is now the Ambassador to Germany. He served, as we know, for many, many years as the Chairman of the Federal Reserve. Arthur Burns has testified before our committee many times. I am sure that Arthur Burns would say, as he said so often to our Joint Economic Committee, to our Banking Committee over and over again through the years, that you simply must have a fiscal policy that is responsible; you must cut down this borrowing; you must reduce spending. That was his message.

Or William Miller or William McChesney Martin. I think William McChesney Martin served as Chairman of the Federal Reserve Board for longer than anybody else in our history; a highly respected man appointed by President Harry Truman. And Martin, like all these men, wanted low interest rates.

They do not want high interest rates. When there are high interest rates, the Federal Reserve Board are the villains. They want low interest rates and they will do whatever they can to achieve low interest rates that is responsible.

Martin insisted over and over again that the one way you can get interest rates down and keep them down is for the Federal Government to have a responsible fiscal policy, a balanced budget.

These men know financial markets. They have devoted lifetimes to studying interest rates. They are brilliant. They were very, very well staffed. They worked with as competent an agency as we have here in Washington, the Federal Reserve Board, and a fine Federal Reserve staff. They had many years at the seat of power in this country and they unanimously agreed that until Congress brings its fiscal policy into line, and begins to run surpluses instead of deficits, the Federal Reserve has no alternative except to feed the fires of inflation by buying up the deficit.

If you do not do that, if they follow the policy Mr. Volcker has followed, which as far as inflation is concerned I think is the right policy, you have interest rates going right through the roof.

Of course, if you follow the other policy of buying up much of the national debt to moderate, temporarily, the rise in interest rates, you feed the fires of inflation in a clear way. There is no question that you have more money in the economy, more credit in the economy, and it bids up prices.

Mr. President, we must slow down the rate of increase and the supply of credit and in the process let this continuing massive debt and continuing massive deficits keep them from feeding inflation, but in doing so we crowd out American consumers' interests which are pushing interest rates out of sight. This is why we should pass the amendment I am offering, slamming the door on the national debt short of $1 trillion. The one clear action we can take to hold down interest rates is that.

Mr. President, we have an even more compelling reason to pass this amendment. Every Senator knows in his heart that we cannot and will not have a credible anti-inflation program until we balance the budget, and the overwhelming majority of the American people believe it.

There are a few people who disagree with that, who say that somehow we can get inflation under control and still have big deficits. Maybe they are right. But as I will point out a little later, perhaps the most important element in our economy is the psychological element, what people believe. They act on what they believe. Labor leaders and labor members will strike because they believe you have inflation and they have to maintain their income, their wages, because if they do not inflation will eat up what they receive. So they insist on getting higher pay. Businessmen, to protect themselves, increase their prices because they anticipate prices are going up. That is what they believe.

So the belief, and it is an overwhelming conviction in our society—we all know that—the belief that our people have that an unbalanced budget and huge deficit drive up prices, is a self-fulfilling conviction. It is something that is there. It is too bad we cannot eliminate it, but we cannot. People are going to act on that basis. That is why at the heart, as I will point out shortly, or any anti-inflationary policy you must have a balanced, responsible fiscal policy.

After all the bitter disappointments following promises of President after President to balance the budget, after all the proposals to balance the budget by constitutional amendment, the people of this country simply do not believe their Government officials when Government officials talk about balancing the budget any more. No wonder. They talk about it and it does not happen. They talk about it and then they look at the figures, they look at the proposals that are made, they see how Congress has operated, and, frankly, how Presidents have operated, too, and they simply do not believe it.

As I am going to point out shortly, some people blame Wall Street. Actually, of course, Wall Street is simply a reflection of literally millions of investors, whether they live in rural South Dakota or whether they live in rural Wisconsin, in Milwaukee, New Orleans, or wherever they live in our great country. Those are the people who determine what interest rates are. Wall Street does not. Wall Street is just a center where they take orders and put the orders into effect.

The people of this country simply do not believe we are going to be able to hold inflation under control or hold interest rates down for any length of time because they look at what we have done, they look at what we are doing now, tonight; they look at the bill that is before us to provide for a $94 billion increase within the next year in the debt limit, and they vote with their purses, they vote with their wallets, with the pocketbooks. They act by simply not buying long-term bonds. They will not take mortgages. They will not make loans that are for any period. Even on short-term loans they insist on high interest rates because that is what they believe.

The one action this Congress could take, the one action the Senate could take, would be to cut the debt limit below $1 trillion and say it is not going to go over that. If we did that, this would be a most dramatic kind of a signal to investors all over this country that at long last we had a Congress that meant business; at long last we had a Congress that was determined to have a fiscal policy that was balanced.

Mr. President, as I say, most Americans simply do not believe, or most investors—and we can tell what has happened to the bond and stock market—officials who tell them that we are going to balance the budget and everything will be all right, that inflation is getting under control. And they are right.

Mr. President, consider the nature of this inflation.

Before I go further, and I want to go into some detail on the nature of this inflation, I want to read from one of the most fascinating articles I have read in a long time that appeared in the New York Times on Wednesday, November 26, 1980, almost a year ago. It is an article by one of the finest economic commentators in this country, Leonard Silk. Leonard Silk is not only a brilliant writer, but he is really a brilliant and insightful economist. He, as you know, is not a liberal. In fact, he is anything but. He is a very fine gentleman. He has believed for years and advocated aggressive and compassionate Government.

Here is what Leonard Silk wrote on November 26, 1980, in an article entitled "Finding A Quick End To Inflation," a few days after President Reagan was elected but before he took office:

> The most serious economic problem facing the Reagan administration is how to stop an inflation that, after a decade and a half, is so deeply imbedded in the system it seems to run on its own momentum—and how to stop it in a way that will not cost millions of jobs and hundreds of billions of dollars in lost production, as many economists fear. Recent efforts in Britain to stop inflation suddenly by a restrictive monetary policy have intensified such fears by raising unemployment to its highest level since the 1930s.
>
> Has a major inflation ever been stopped in its tracks except by a depression? A young group of American economists, the so-called rational expectations school, contends that inflation has been and can again be stopped quickly, and without much pain, if the public can be convinced that the Government has a workable fiscal and monetary plan to stop it. Until now, members of this school contend, people have rationally expected inflation to continue, and thus have raised their prices, wages, rents or interest rates to stay even with or ahead of it.

It is not a matter of getting people to perform rationally. They are performing rationally. They perceive that we are going to have inflation for some time to come so they act as if we are going to have inflation for some time to come. What they are doing is very logical. Any prudent investor would do the same.

Mr. President, the article proceeds to say:

> In a study titled "The Ends of Four Big Inflations," prepared for the National Bureau of Economic Research, Thomas J. Sargent of the Federal Reserve Bank of Minneapolis and the University of Minnesota, who is a leading member of the rational expectations group, contends that the hyperinflations in Germany, Austria, Poland and Hungary were quickly ended after World War I by Government policies that changed the public's rational expectations.

I might say, Mr. President, that that inflation was probably the toughest test of economic policy that we have ever had. As I am going to point out in a minute, it makes our inflation, grim as it is, really pale by comparison. Yet they were able to take care of that inflation. Let me describe how it happened.

As Leonard Silk writes:

> The German hyperinflation was the most spectacular case. It took a long time for it to build to hurricane force. From an early 1914 base of 100, the German wholesale price index had reached 234 when the war ended in November 1918.

That was not bad. That was a doubling of the price level in 4 years, during a war which, of course, devastated Germany.

> A combination of blunders, including huge reparation demands by the Allies, deep deficits incurred by the socialists in Germany, the invasion of the Ruhr by the French, and the outpouring of funds by the German Government to support the unemployed, drove the German inflation ever higher.

Now, hold on to your hats, because what Mr. Silk points out, I think, is one of the most shocking revelations I have ever heard.

> By December 1921, the wholesale price index had reached 3,490.

Remember, during the war, it had only gone up to 234.

> One year later it hit 147,480, and then really took off. In June 1923, the wholesale price index reached 1,938,500; in September, 2,394,889,300. And in December 1923, the index reached 126,160,000,000,000.

In other words, it was 126 trillion percent higher than it had been before World War I.

Those figures are so astonishing and appalling, in order to appreciate what they did to the German economy, you have to go back and recall. In other words, for people to have purchasing power that they could use, they were paid not once a month or once a week or once a day. They were paid three times a day, because the value of what they got would decline during the day.

In other words, to buy a few groceries, it was necessary for a German hausfrau to go to the market with a wheelbarrow full of currency to buy a little bread and a little cheese, a little milk, enough to keep her family alive; 126 trillion percent. That was the German inflation in 1923. Here is my point, Mr. President. As Leonard Silk points out:

> Astonishingly, that's where the inflation stopped. In the first six months of 1924 the German wholesale price index flattened out, and even came down gradually. By June 1924, the index had dropped by 8 percent, although it was still at the astronomically high level of 115,900,000,000,000.

It is fascinating as to how the inflation was stopped and prices began to decline. What stopped the inflation was a credible fiscal and monetary policy that had been decreed on October 15, 1923. In other words, the German Government did it because they adopted a credible fiscal policy that people would believe.

> What stopped the inflation was a credible fiscal and monetary policy that had been decreed on Oct. 15, 1923. A new German mark was substituted for the old one with the new "Rentenmark" equal to 1 trillion old marks. The old mark, which by December had fallen to a value of .000000000022 of a United States cent, was now declared to be worth 22 cents, and it stayed close to that value.

What stopped the inflation?

> But what stopped the inflation in its tracks was not the psychological effect of the issuance of the new mark; it was the establishment of a new monetary institution, the Rentenbank, to take over the function of issuing notes of the German central bank, the Reichsbank. The decree creating the new institution also set a limit both on the total volume of new marks that could be issued—3,299,000,000—and the maximum amount that could be issued to the Government—1,200,000,000 marks. This stringent limit was imposed on a Government that had been financing virtually all its debt by issuing notes rather than by collecting taxes.

In other words, that inflation had been fed by government, which was doing very much what our Government is doing, but doing it, of course, on a much bigger scale. We collect taxes, but we issue a lot more debt than our revenue which comes in. They had been doing this on a major scale.

Now, at long last, what did they do in Germany to stop inflation? They balanced the budget. Here is how they did it:

> When in December 1923 the Rentenbank pledged that it would respect those limits absolutely, three things happened, as Mr. Sargent says, "abruptly and simultaneously": Government borrowing from the central bank stopped; the Government budget was brought into balance and the inflation stopped.

That horrendous inflation, bigger than anything we have seen, was stopped in its tracks, stopped cold, and prices started to decline and the budget was brought into balance because people believed the government meant what they said.

> The Government stopped creating unbacked fiat money. Instead, the German money was now largely backed by discounted commercial bills; thus the nature of the system of promises and claims behind the central bank's liabilities was changed.

Now comes the painful part of what the German Government did:

> To balance the budget, the Government slashed payrolls. For instance, the state-owned railroads dismissed 180,000 workers.

Germany, of course, was a far smaller country, especially after World I, than this country. One hundred eighty thousand workers being dismissed was like our having off over a million workers.

> The postal administration dropped 65,000 workers.
>
> And, perhaps most important, at the end of 1923 the Allies agreed to halt German reparation payments temporarily, and the Dawes Agreement gave Germany a more manageable repayment schedule.
>
> As German inflation flattened out and the mark stabilized, output and employment rose gradually and unemployment declined. While 1924 was not a good year for German industry, as Mr. Sargent observes, it was a lot better than 1923.

Mr. President, that is the message we ought to get across. That is what we ought to see: This did not increase joblessness; it put people to work. That is the most remarkable thing about that whole process—with the Government laying people off, with the Government balancing its budget for the first time in a long time, with the Government stopping this borrowing, unemployment did not increase. Unemployment actually declined.

> The actions that halted the hyperinflations in Austria, Poland and Hungary were essentially the same as those taken in Germany. All four hyperinflations were stopped without serious damage to production or employment.
>
> Mr. Sargent observes that because these inflations were so extreme many people do not believe that they have contemporary relevance.
>
> But he contends that it is precisely because those inflations were so extreme that they do have relevance. How do the lessons of the ending of hyperinflation after World War I bear upon the problems facing the Reagan administration?

They bear very relevantly, as I am going to show a little later.

Mr. President, this inflation we are in now is unlike any inflation this country has even seen before. In the first place, it is by far the longest inflation in American history. It has been a steady, relentless inflation since 1937.

Furthermore, we have never had inflation that lasted more than a relatively few years. In fact, almost all our serious inflations occurred in wartime—the Revolutionary War, the Civil War, World War I, and so forth. It would last during the war, and prices would drop sharply after the war. I will discuss that in a moment. But this inflation has persisted since 1939.

Also, we have endured by far the most explosive increase in prices in our history. Since 1939, wholesale prices have risen not by 50 percent or 100 percent or 200 percent but by a smashing 600 percent. We have no precedent in American history that can begin to approach our present inflation in duration or intensity.

In fact, all our previous major price increases, as I say, have occurred in wartime, with the prices falling as sharply after the war as they rose during the war. But in this inflation we are in now, we have something different. It started in 1939 and proceeded all during World War II and after World War II, because after World War II, prices did not fall; they rose. After the Korean war, prices did not fall; they continued to rise. After the Vietnam war, prices maintained their steady upward climb.

We should be deeply impressed by that phenomenon, and it should tell us something very clearly about the colossal strength and force and momentum of this inflation. After the terrific release of resources after World War II—nearly as much as 50 percent of our gross national product was devoted to fighting the war—and after the very expensive Korean war and Vietnam war, production facilities were released and we stopped producing as much military equipment, and manpower was diminished greatly. Even after the Vietnam war, our military manpower dropped from 3 million to about 2 million. That was a big release of valuable resource. After World War II, our military manpower dropped from 12 million to a fraction of that.

Even the release of resources and productive facilities following the wars did not stem the steady, irresistible rise in prices. This inflation is far more formidable than any previous inflation in our history.

Mr. President, this inflation has given us another disturbing reminder of its deep, underlying power. Until this inflation began in 1939, we had never had a serious recession that did not bring down prices.

One of the things you learn in economics in school is that prices fall during recessions. It is a tough price to pay, but that is one way to bring down prices. It has always been true in our history, until this inflation. You cannot find a significant recession or depression in American history that was not marked by a decline in prices and wages, until 1939.

For example, most of us can recall that in 1974 and 1975, we had the worst recession since the Great Depression.

Unemployment increased very sharply; it rose to close to 10 percent. The economy stopped growing and declined, quarter after quarter. Business failures accelerated. Retail sales fell. Factories cut their rate of production, cut it again as inventories increased. Millions of workers lost their jobs. We had all these facilities available for production. We had the greatest incentive that you can imagine to cut prices and use that vacant facility.

There was reason to reduce wages in order to keep business, yet wages increased and prices increased, and even a very severe recession did not stop the inflation. It continued right on through 1974 and 1975, and it still continues.

It is amazing that our economy stumbled along far below its capacity. It seemed that every economic condition that would end inflation developed, but prices continued to rise.

So here we have an inflation of longer duration than any in our history, far more than ever before, and more severe by a factor of four or five. We never had a previous inflation that was more than 100 percent; maybe some more than that in the Civil War. This is far more severe, because it is 600 percent, as I pointed out.

It persisted even after the massive release of resources following the war and through recessions, through the drop in demand far below available supply. On top of that, we face what is almost unique in human history—a worldwide international inflation that has pushed prices steadily upward in every country in the world. That makes it more difficult. But this country is the leading free country in the world. Of course, the Communist economies are not free. They do not have free markets or anything like the economic situation we have. They suffer inflation, but it is inflation different from ours. All the free countries in the world have suffered inflation, and they all look to this country because we are so clearly dominant economically, and it is up to us to show the way, if we are going to have any opportunity to get inflation under control.

So we face an extraordinary economic situation which calls for an extraordinary response.

I believe the Federal Reserve Board is trying to stem the inflation by slowing down the availability of money. One of the little truisms that the economists like to tell us about that help us to understand their view of inflation is that inflation is simply too much money chasing too few goods. There is a lot of truth in that. If you have too much money and too few goods, the price of the goods goes up and the value of the money drops. So the Federal Reserve Board tries to cope with that by limiting the availability of money. If we have less money, less credit, it will mean that the value of that money or credit increases.

What has happened is that the value of borrowing that credit increases, or interest rates, and we have not as yet been able to get inflation under control. The procedure we are following in trying to do it is enormously difficult, because we are doing it with this ridiculously explosive and expansive fiscal policy of huge deficits to coincide with a monetary policy of restraint.

Mr. President, why has the Federal Reserve been unsuccessful in stemming inflation? The answer is that the Fed does not control our fiscal policy. Congress does.

We do control the Federal Reserve Board. We can do anything we wish to with it.

But given the enormous increase in borrowing by the Federal Government, the Fed has the very tough and uncomfortable option of either funding that increase and surely, inevitably driving up prices, and no one has denied that will result, or doing what they are doing now which is not funding the increase and letting the Federal borrowing crowd out business and drive interest rates right through the roof, in the process devastating the housing industry, the auto industry, millions of small businesses and farms, which rely heavily on borrowed money.

Mr. President, the other day I spoke on the floor on what we can do about high interest rates and inflation. I wish to refer to that speech because in the course of that speech I think I set forth why the criticism of the Federal Reserve and why the criticism of Wall Street is so foolish and so groundless when the cure is right here in the Senate and Congress. We can act and we should act and if we do not act, we are not going to get inflation under control and if we do, we will. It is that simple.

I asked the question, Mr. President, what effective action can Congress take to bring down interest rates?

I answer that question as the senior member of the Banking Committee. I say I have been on that Banking Committee in all the 24-plus years that I have been in the Senate, and I have been chairman of the committee for 6 years. I think I sat and heard more testimony on interest rates than perhaps any other Member of the Senate. I have served on the Joint Economic Committee for 20 years and have been chairman of that committee for 4 years. So I think I am in a position to give some response to questions as to what Congress can do because I have thought about this a great deal and I have discussed it with many, many people.

Over the years we have had before those two committees some of the most outstanding witnesses not only in this country but in the world, brilliant men from other governments, from business, from the banks, from the academic community, outstanding scholars. I think we have had every Nobel Prize winning economist speak before our committee on interest rates and on monetary policy. We have listened to all of them very carefully.

And out of that we have distilled certain ideas as to what we in Congress can do and what we cannot do.

First of all, I think we should remember that under the Constitution we, Congress, have the exclusive power. The President does not have it. We have the power and responsibility for money.

Article I, section 1, paragraph 8, specifies that Congress has the power to coin money and regulate the value thereof.

That simple clause has given us the authority to create the Federal Reserve Board. We have delegated that power to the Federal Reserve, that power over money. The Federal Reserve Board belongs to Congress. We created the Fed. We can abolish it, modify it, direct it, recreate it.

The Federal Reserve Board does have an independence. It has an independence of the executive branch and the Constitution gives them that independence by putting the money power in the legislative section of the Constitution, saying that money power belongs to Congress, not the President, not the Secretary of the Treasury, but Congress.

So the independence of the Federal Reserve stands strictly against the power of the executive.

The Federal Reserve Board is independent of the President. It is not in any sense, never was, independent of Congress.

The Constitution reserves money creation for Congress. And what does all this have to do with interest rates? Interest rate changes come from the changes in money creation. The Federal Reserve raises or lowers interest rates by the rate of which it increases or decreases the supply of money.

But whatever the Fed does, it does on our congressional behalf. Our interest rates we, Congress, cannot escape the buck. It stops with us.

If Congress, and I mean both House and Senate passes a joint resolution directing the Fed to follow a particular action, there is no doubt that the Federal Reserve Board would do precisely what Congress requires them to do.

There is a clear reason for that. If they did not, we could abolish the Board, we could fire all members of the Board, we could create a new Board, or we could simply abolish the whole Federal Reserve System and take over the whole mechanism of the Federal Reserve ourselves.

We would have a committee of Congress handle what the Federal Reserve does. The Constitution gives us that power. There is no question we could do it. It would be perfectly proper and constitutional for us to do. If we, the Congress, wanted to bring interest rates down, we could pour out credit so every borrower, every farmer in South Dakota, every farmer in Wisconsin, every auto dealer in the State of the Presiding Officer and in Wisconsin, every homebuilder would have all the credit his heart desired.

We could, if we wanted to, direct the purchase of the entire national debt. We could make it unnecessary for us to spend the $82 billion a year we spend in servicing the national debt, just buy it up.

As a matter of fact, I remember very well a former chairman of the Joint Economic Committee, Wright Patman, proposing that. He suggested that to the Federal Reserve Board chairman, at that time, William McChesney Martin. He said, "Chairman Martin, why do we just not forget about having to pay interest on the national debt and have the Federal Reserve buy it?"

Mr. Martin replied that would be the most inflationary kind of action we could conceive. He said if we bought up the debt it would be worth nothing when we got it. We would have the kind of inflation, or beginning at least, that they had in Germany in World War I to which I have just referred at some length.

Of course, Mr. Martin was correct and that is the dilemma. If we bought enough of the national debt we would flood the banks and the public with cash, hundreds of billions of dollars of cash. By buying the Treasury obligations and creating a mammoth demand for them we could and would drive their price up and in the process drive the interest rates down. We could drive them right down to zero. The yield on Treasury bills would be so low that there is no question that they would also drag down the interest rate on mortgages and the interest rate on all other borrowing instruments. It would be a great heyday for a short time for borrowers.

They would be able to borrow all the money they wanted to borrow at 2-percent interest or 1-percent interest or whatever the risk premium was.

The banks loaded with cash available to lend out and Treasury bills and bond rates falling, interest rates would, as I say, sharply come down and come down swiftly and decisively.

What would be the result for the economy? The answer to that is very easy. The economy would suffer an inflation that would zoom right into triple digits. Prices might double in less than a year.

Is that scare talk? No. Whether we like the idea or not, inflation certainly results when we have too much money chasing too few goods and, if we flooded the country with cash, the value of that cash would drop and that is another way of saying prices would rise.

That little fantasy that I have gone through explains the dilemma of the Fed. No one in the Federal Reserve Board wants high interest rates. The Fed members would become heroes, if they could bring interest rates down. Paul Volcker could probably be elected President if he could bring interest rates down. He would be praised all over the country.

Right now, as we know, they are villains. Anyone in office who wants to throw darts at an easy villain and demagog a little all he has to do is pick out the Federal Reserve and say that Paul Volcker, chairman of the Federal Reserve, and other members are responsible for high interest rates. But what can they do? What can they do?

Again and again I have asked Fed critics what they would do if they had all the powers of the Fed in their hands.

I have asked this of businessmen. I have asked this of Members of Congress. I have asked this of others. And they always draw a blank. They do not know what they would do. They cannot give any alternative. They say, "Well, we would act to bring interest rates down." How, how?

Of course I pointed out if they did that, if they created more credit, if they made it more easily available—and that is the only way the Fed has to do it, by increasing the money supply, the supply of credit—what would happen is it would be an inflationary, clear signal that prices are going up and then the rise of inflation would, of course, push interest rates up, not just prices, but interest rates.

No question about it, in the long run—and the long run would not be very long—in a few months, when people got hep to it, they would realize that they could not lend money out and expect to get it back after a year or 2 at the same value because of the inflation premium.

And lenders, if they lend money at all, instead of putting it into land and seeing it rise or putting it into commodities and seeing it rise, would say, "I want a big inflation premium, not just a 20-percent prime. I want a 100-percent prime or more." So this would be a very shallow, temporary victory for borrowers. Interest rates would only come down for a few weeks and probably only come down marginally and then they would just zoom right through the stratosphere.

So if any Senator sat in Paul Volcker's seat, what would he do? If he eased up on credit, if he bought a full billion dollars more in Treasury bills than he currently planned, he would increase the available credit for banks and other financial institutions.

Under those circumstances, the banks would, in turn, make loans to young people who want to buy homes but cannot afford them at the present interest rates, and to the car buyers who cannot afford them now, and to farmers to buy the equipment they need but cannot afford. They cannot afford at least the monthly payments required at the present interest rates.

So you ask, "Well, why not make that credit available? Don't do too much of it, but make it possible for young people who want to buy a home and put the unemployed construction workers to work and the car buyers who want to buy a car and put the automobile workers who are unemployed now in automobile plants that are in bad shape because they cannot sell their product, put them to work. Why not do that?"

Well, Mr. President, we have gone down this path over and over again and the answer is very clear. The answer is that the surge in home buying and auto buying and the sale of farm implements, as it consistently has in the past, would begin to drive prices that have been rising more slowly back up again at a faster rate, perhaps faster than ever. And the slow progress the Nation has been making for the past few months in bringing down inflation would fade and once again prices would start to climb faster.

And then what happens to interest rates? As I say, interest rates would fall briefly. But even with a moderate increase, if there is an increase that is at all substantial in credit, if we really try to feed the demands of the market now for more credit so that we could bring the mortgage rate down to 10 or 9 percent or something that people would consider reasonable, we would get into this position where inflation would quickly take over. And then, as I say, no lender in his right mind would lend who expects to get back in real dollars, allowing fully for inflation, less than he loaned.

Now am I saying there is no way out of this inflation dilemma except those truly high interest rates? No, indeed. No, indeed, I am not saying that.

Today, I had an interesting colloquy with the distinguished Senator from Maryland, Senator SARBANES, in which he kept inveighing against high interest rates. Well, I do not like high interest rates, either. I feel just as strongly or perhaps more strongly than any Senator in this body about high interest rates.

I have talked to so many people in my State whose hearts are broken, who are literally losing their businesses because they simply cannot keep their small business going with a 20-percent prime. They cannot pay it. There is no way.

The effect on our 44,000 dairy farmers—we are the biggest dairy farming State, as Senators may know, in the country, by far. Our State produces 40 percent of all the cheese in this country, 9 percent of all the cheese in the world. With only 2 percent of this country's people and only a tiny fraction of 1 percent of the world's people, we produce this colossal amount of dairy products.

But the dairy farmer is a borrower. He has to borrow hundreds of thousands of dollars. The average dairy farmer has to pay over $9,000 a year in interest, which greaty exceeds the profit that he makes on his operation.

There is no way that we can ease that burden without following the simple, logical, direct way to cut interest rates. The trouble is that the pain there is a pain of having to deny people the kind of Federal programs they want or have requiring them to pay the taxes to pay for it.

At any rate, our simple, logical way out of the high inflation, high interest rates bind is called balancing the budget. You know, we in Congress sit here like the fat man at the dinner table who just consumed a huge roast and a mammoth cake, swished down with a half gallon of wine and a six-pack of beer, who pushes his chair back and pats his colossal stomach and says, "What can I do to lose weight? This flab is killing me."

What is driving interest rates up? Simple—20 years of unrestrained congressional spending; 20 years of congressionally caused swelling deficits, building to an almost unbelievable trillion dollar national debt, and has an average maturity of less than a year.

So the Federal Government, of course, is in the credit markets and has to borrow that trillion dollars all over again every year. When we borrow that massive amount, we shove the home buyer, we shove the auto buyer, we shove the farmer, we shove the small businessmen right out of the credit market.

So how do we deal with inflation and high interest rates? We cut spending. We balance the budget. We stop off-budget net borrowing and we stick with it for at least 10 years.

I think, Mr. President, that few people realize how beautifully clear, how crystalline the logic, the arithmetic of the situation is. There is not any question, as I pointed out earlier today, that the Federal Government took a fat one-third, a huge one-third of all of the new savings in this country last year just to absorb what was required to fund the deficit, the Federal deficit and the off-budget borrowing.

So, if we could achieve the balance, it would enormously increase the funds available for borrowing in the private sector. It would mean you could, in a constructive and long-term way, bring down interest rates, help the private sector, provide the jobs that are necessary and do that while inflation was moderated.

Mr. President, I do not mean to say, and I have not maintained, that in the short run the Federal Reserve cannot do something and cannot do more than it is doing. It can. It can nudge down the prime rate. It can do something more than it is doing now, such as quietly jawboning the big banks to fix the prime who have pushed it to an excessive premium in the past few months.

That prime has started to come down. I think it is down a point or two. But there is a public conception that the discrepancy between the discount rate and the prime rate is excessive because the discount rate is 14 percent and the prime rate is 20 percent.

I think what people miss is the fact that there is a premium, a surtax, in effect, that the big banks have to pay. They pay not 14 percent when they discount to the Fed; they pay 18 percent and the big banks set the prime rate. But even that difference between 18 and 20 percent is perhaps somewhat excessive.

And I think the Chairman of the Federal Reserve Board could, as he has done in the past with success, and other Chairmen have done it with success, quietly talk to the banks and persuade them to ease that rate down.

We can also reduce the discount rate, the effective discount rate, to bring it into accord with the Fed funds rates, which is the market rate. It is above that which the Federal Reserve is keeping the interest rates, somewhat above, marginally above, but the market would peg at that.

So there is some kind of technical and marginal assistance which the Federal Reserve can give now. But it is very limited. The fundamental answer—the fundamental answer—Mr. President, as I say, is for the Congress of the United States to do what is extraordinarily painful and difficult.

We have agonized over it. It is very unpopular to cut spending. It is unpopular to increase taxes. But somehow we have to do this. And if we do not do it, we have only ourselves to blame.

Mr. President, there was an editorial in the New York Times on September 11, which I put in the RECORD on that day. It pointed out how remarkable it is that two of the outstanding leaders of the Congress—ROBERT MICHEL in the House and HOWARD BAKER, our very distinguished and extraordinarily able majority leader—had alleged, or certainly implied, that there is some kind of conspiracy on Wall Street to drive up interest rates and that Wall Street had better buy that program because if they do not buy the program of President Reagan, we are going to look at some very severe action, such as taxing interest or something of that kind.

Mr. President, I was as astonished in reading that yesterday as was the New York Times. The New York Times pointed out the beautiful irony of that charge by Republicans, who take great pride and a rightful pride in their confidence in the market. They pointed out, and it was delightful to see this because the New York Times is not always on this side, it was for longstanding cuts.

The argument that Wall Street was trying to hold up interest rates is ridiculous. We know the investors of Wall Street consider literally hundreds of thousands or millions of investors, and they live not on Wall Street or on Park Avenue or Fifth Avenue or even in Brooklyn. They live in Milwaukee; they live in Fargo; they live in Rapid City; they live in Oshkosh; they live all over the country.

It is interesting, you cannot go into a town of 30,000 or so, or 20,000 for that matter, in this country without finding a brokerage house with a Dow Jones wire and with a broker transacting business.

That is where the money comes from. Those are the people who make the investment decisions. They are not made by people on Wall Street. They are made by millions of people all over the country.

They are the people who have to be sold or convinced as to whether or not this program is succeeding, and those people who live on Main Street, the people who have saved enough so they have a little investment, and altogether an investment that amounts to hundreds of billions of dollars, are the ones who make the market.

There is no way they can get together without there being some kind of revelation that there is a conspiracy. I do not see how there possibly could be a conspiracy there, and I am sure, on reflection, that everybody will have to agree that there is not a conspiracy.

The big bond houses, whoever they are, they are in competition, the big investors are in competition, and these people are betting their money. They are very able people, some of the ablest people in our country. They have been tested by the toughest test in the world, which is the marketplace, year after year. They are betting their money that this fiscal program of the administration is not going to work. If you moderate interest rates, can any true person believe that they will invest their money in bonds and mortgages and bring interest rates down if Members of Congress denounce those investors as conspirators? How silly.

They will invest their money when they believe that Congress has a fiscal program that will work, just as they did in Germany when they developed a program that the public finally believed. The way to do that is not to proceed as we are being asked by the administration and the Finance Committee, to go ahead with an increase in the debt limit.

That is the issue before us. The way to do that is to cut down the limit so that we, in effect, require that the budget be balanced.

Mr. President, the investors of this country do not believe we are going to balance the budget in the foreseeable future, and for the present I think they are right. It is not a matter of investor conspiracy to extort higher interest rates.

It is a matter of the Congress being able to restore confidence by adopting a policy of holding down spending and bringing in whatever revenue is necessary to balance the budget and get the giant Federal Government out of the credit market.

Mr. President, that editorial in the New York Times is so pertinent and appropriate here, coming, as I say, not from a conservative source or a source that has any record except concern and compassion for our people and the support of constructive Government programs. It is a very interesting testament to the wisdom of the policy that I am advocating here.

Here is what the New York Times says, headlined "The Big Bad Wall Street."

> So now there is a Republican conspiracy theory: the villain is Wall Street. It's that recently sacred Republican cow—The Market—that's been spreading the economic gloom. It's a cabal of Eastern financiers that is driving up interest rates and undermining the President's program.
>
> "It's time indeed that the financial markets realize that they're playing a dangerous game," intones the Senate majority leader, Howard Baker, as his colleagues report on the voters' anxiety. "In 60 to 90 days something's got to give," says the House Republican leader, Robert Michel; if nothing gives, he warns, Congress may have to impose credit controls or a windfall profits tax on interest.
>
> The Republican leaders, it seems, not only believe in The Market, they have given it humanoid form. And how ungrateful it is for recent tax favors done. How unmindful of the Republican debacles to come. Socko!
>
> It's all very silly, of course, but understandable. After passing the largest tax and spending cuts in history a month ago, the Republicans were popping with pride and already counting next year's election victories. But the prospect of ever-larger budget deficits could not be hidden from investors. Now, with the financial markets depressed, inflationary expectations still high and interest rates threatening recession, the President's party is seized with panic. For the first time since Ronald Reagan entered the White House, the crisis of confidence has struck Washington itself.
>
> But King Canute had more chance of stopping the tides than Howard Baker has of intimidating The Market. Wall Street is not a few people, acting out of some spiteful political interest. It is thousands of institutions and millions of people, acting out of an infinite variety of financial interests. As any good Republican should know, it is a huge, vital and efficient marketplace.
>
> If long-term interest rates are soaring, it's because too many people don't trust the President's combination of tax cuts and defense spending increases. They won't bet their money without the promise of high return. And short-term rates remain high because the Administration and the Federal Reserve have no better answer for inflation than tight control over the money supply.
>
> So the simplistic theories of summer will not be remedied by more simplicities in autumn. The threatened credit controls, for example, might reduce interest rates a bit if they are aimed at consumers. But that would erode demand and slow down economic growth just as much as high interest rates. What would be the gain?

Mr. President, let me depart from that editorial for a minute and point out what credit controls would do. How do credit controls work? Credit controls bring down the interest rate by requiring people who would buy a home, for example, or buy a car, to make a bigger down payment.

As if the housing and automobile industries were not in enough trouble now, you can imagine what happens if you would have to make, say, a one-third down payment when buying a home or a 50-percent down payment in buying a car. You can just forget about the homebuilding and automobile industry.

Right now, the homebuilding industry is operating, according to the latest figures in August, at a level of about 930,000 starts a year. That is less than half of a healthy 2 million starts which they could have. You put this recommendation into effect, credit controls, and the housing industry would just disappear.

If you try to do the same thing with the automobile industry, people having to pay 50 percent cash before they can get a car, you can imagine what would happen to Chrysler or what would happen to Ford, General Motors. They would all be in terrible difficulties and they would probably be in worse shape than at the present time.

Mr. President, to proceed with the editorial:

> A tax on interest would surely show Wall Street who's boss. But it would punish all savers, the objects of all those loving tax incentives last month.

What would a tax on interest do? It would drive up interest rates. You cannot tax interest and have the interest rate go down. It goes up. If I am lending money and I am told in order to lend that money I am going to have to pay a higher tax, I am not going to lend that money unless I get a higher interest rate. That is rational behavior, logical behavior.

So if people want to bring interest rates down, the worst thing they can do is to tax interest. In fact, they ought to do exactly the opposite. We ought to exempt interest as much as possible from taxes if we want to bring interest rates down.

The editorial goes on to say:

> And the Federal Reserve could be brought to heel by changing the laws under which it operates. But the Fed is now the only barrier against truly wild inflation. Just think of what tampering with its independence would do to confidence in the Market.

I am glad to see that today the Senate decided to table the Melcher amendment. As a matter of fact, I think the overwhelming majority of Republicans voted as I did, to table that amendment—because it would have tampered with the independence of the Federal Reserve—and rightly so. That would upset confidence in the marketplace and do a whale of a lot more harm than good.

Now comes the final paragraph of this interesting editorial. I want to stress that paragraph because I think it is one of the most significant editorial paragraphs I have read all year. It is well worth reading.

It says:

> The way to earn Wall Street's confidence is to heed its message. Fight inflation with the budget and not just with tight money. That means spend less, much less, particularly on the military, and atone for last month's revenue giveaways by raising taxes, mainly on consumption. Wall Street—meaning America—would respond. If there's one thing The Market respects, it's courage.

That does not come from a conservative publication, Mr. President, or a doctrinaire publication. That is not the ideological right talking. That is a paper which many Americans feel is one of the most liberal, thoughtful, and constructive papers in the country.

What do they call for? Exactly what I am calling for tonight, that we not pass this debt limit bill in its present form; that we amend it, as I am trying to amend it, by requiring that we set a limit below $1 trillion and, in effect, mandating that we bring in revenues to cover our spending, that we pay that price.

That is a tough price. There is no tougher political price than doing that. There are two very painful options we have. We ought to dwell on those options for a minute, because it is the only way we can face up. We have to impose some plan on the people we represent. We have to cut spending on programs that they want. We cannot pretend or kid that this will not hurt. It will hurt.

Some of these programs are fine programs. Just the other day, a man who is head of the sheltered workshop in Green Bay, who has devoted his life to helping handicapped people develop a sense of respect and a sense of worth by giving them a job, giving them an opportunity to work at a job in a sheltered workshop, came to me and said, "Senator, I do hope you won't have another cut in our sheltered workshop money. Congress has already taken 12 percent out of it. If we proceed with the additional cuts recommended by the administration, it is going to be extremely cruel and hard for our people."

That man is named Bill Nystrom. He is a marvelous man. He has devoted his whole life to helping handicapped people. Of course, they love him. It has been a wonderful life for Bill Nystrom. And he is doing a great service and he depends greatly on Federal funding. I hope and pray we do not have to cut a program of that kind.

Just the other day, we had a Senate lunch at which we were served a typical school lunch. Frankly, it was not very typical. I have eaten school lunches all over the State of Wisconsin, and I can tell you that they are a lot better than the school lunch we had over there. But it did make a point.

The point is that many school children, especially if they come from poor families, families that are not up to date on nutrition, do not get the right things to eat. Not only is their physical stature stunted and their health worsened; even their intellectual capacity is hurt because they do not eat properly.

The Federal nutrition program is a fine program, a program we should do our best to encourage. But those programs we have to look over very carefully, because there is waste in these programs and we have to find ways of cutting it down.

There are other programs in the military which, of course, pose a very tough problem, because if there is one responsibility, one clear, unquestioned, absolute responsibility that the Members of Congress have, it is the responsibility to defend this country. That is a responsibility we cannot delegate to the States or to local government or say the self-reliant citizen will do it. We have to do it and the buck stops with us. It is up to us. If we do not do it, nobody does.

We are all aware that we have to be unrealistic people to assume that the Soviet Union is not intent on aggression. They have declared that they believe in world revolution by force and violence, if necessary, and they have a record of conduct which makes it clear that they will engage in aggression whenever they can get away with it.

In order to achieve peace, we have to have strength. In order to achieve strength, it takes money. These days, it takes a lot of money. You do not buy a strong military force at bargain-basement rates.

You have to pay for it and you have to pay plenty. Nevertheless, there is no question in my mind that we can economize greatly in the military area.

I have looked at this for many, many years now. We have gone over it in the Joint Economic Committee and the Appropriations Committee, we have had extensive hearings on military spending. There is no question that we do need to pay our people in the military better.

The action by Congress the other day in increasing military pay in both the House and the Senate, and we are working on a compromise between the two, was long overdue. We are going to have to increase their pay again and that is going to cost money.

We are going to have to buy more planes, tanks, and ships because the Soviet Union has 50 percent more planes, three times as many ships, four times as many tanks as we have.

We also have to improve the readiness of our military force and that is going to cost money. We find some of our divisions will take many months to bring into combat condition. In our air carrier attack forces, we have 13 attack carriers, enormously expensive weapons systems, and half of them, we are told, are not ready to move. It costs a good deal of money to keep our planes in the air, our ships at sea, our army exercised so they are ready to move, fully equipped and trained. It is something we have to spend because we have no alternative.

At the same time, there is no question we have let defense contractors get away with murder. When we look at some of the spending we are doing, in a recent book on national defense, the author pointed out that we are now spending so much on each of our planes. The reason we have fewer planes than we should have is each plane costs so much more, by a factor of 200. In other words, we are spending 200 times as much. Not twice as much, not 200 percent as much, but 200 times as much as we were spending in World War II.

What that does to us is force us into a kind of unilateral disarmament. In 1944, the last year of World War II, we produced 10,000 planes. By the 1950's, we were producing less than 3,000 military planes. By the 1970's, we were producing less than 400 military planes. Next year, with the Reagan budget going full blast and with the great increase in military spending, we shall be producing how many planes? Less than 250. Why? Because each plane costs $25 million to $30 million.

(Mr. ANDREWS assumed the chair.)

Mr. PROXMIRE. Mr. President, the vice president of North American Aviation, a defense contractor, has said the way we are going, by the year 2054, the entire defense budget will buy one plane. One plane. It will be a beauty, but only one plane. The Air Force can have it 3½ days a week and the Navy 3½ days a week.

Mr. President, that is a kind of refusal to recognize that we have to compromise on our equipment, that we cannot have the fastest and most heavily armored and the greatest firepower, that we have to produce planes that we can produce at reasonable cost.

We do that if we get the cost of the planes not at $30 million apiece or $200 million, and we can have far more planes at far lower cost.

If the example I have just given on planes is not sufficient, take tanks. A few weeks ago, we had a hearing in the Joint Economic Committee on the Abrams tank, the M-1 tank, the principal tank that our military is now counting on.

A number of Senators have since told me that they have driven the tank and they have been very impressed with its speed and ability to fire on the run and its many advantages.

There are several serious problems with that tank. Problem No. 1 is that the latest tests at Fort Hood showed that the tank broke down every 31 miles and had a major breakdown about every 200 miles.

Of course, a tank that has broken down and has to be repaired is not much good. The calculations are that if we put that tank into combat, it would spend a whale of a lot of time being repaired and in maintenance. That is only the beginning of the problems with that tank.

The tank goes 1 mile on 4 gallons of gasoline. Let me repeat that: 1 mile on 4 gallons of gasoline. Not 4 miles on a gallon. One mile on 4 gallons. For that reason, it would have to be followed into combat—a platoon of these tanks would be followed into combat by a convoy of gasoline trucks to fuel it. Obviously, the whole operation would be highly vulnerable. It breaks down every 31 miles and has a convoy of gasoline trucks following, to provide the fuel. And that is our principal tank. But that is only the beginning.

My main point here is the cost of these weapons system. The cost of that tank was supposed to be $900,000 in 1974—$900,000 in the 1981 dollars. That was a very high cost. Now we are told that the cost of that tank will be $3 million; and although we are going to spend more than $20 billion just producing the tank, we will still have only 7,000 of those tanks in operation, compared to the 19,000 the Soviet Union has now.

So we cannot solve our military problems by simply throwing money at them. We have to be much more realistic as to the kind of weapons systems we buy.

This country is way ahead of the Soviet Union technologically, way ahead in economic productive capacity. It is absurd for us to have an automobile industry which is operating at about 6.5 million units a year of production, when it could operate at 10 million or 11 million comfortably, an automobile industry that has been the envy of the world, and be unable to produce more tanks than the Soviet Union.

The Soviet Union has been very backward in producing in these areas. We should be able to find a way of producing a tank—which is a big, complex automobile, in a sense—at far less cost than the Soviet Union, and at the same time produce far better tanks.

What I am arguing is that the New York Times was absolutely correct when it pointed out that we should cut down spending, especially military spending, and that does not mean we cut our military strength.

Again and again, we measure military strength—and it is a sad and unfortunate mistake—we measure military strength by how much money we spend. One comparison we have is that the Soviet Union is spending far more than we are spending, and the argument to support it is that for us to reproduce the Soviet military force would cost 50 percent more than we are spending on our military.

Mr. President, to show the absolute absurdity of that, the cost of our reproducing the Chinese army would cost even more. The reason it would cost us so much more to reproduce the Soviet Army is that they have twice as many people in the military. The Chinese have twice as many as the Russians have. What we do is apply our scale of pay to the Russian Army and say that if we had the same, it would cost us that much more.

The fact is that in every industrial area we are either ahead of the Soviet Union or it is a tossup. There are 20 principal areas of technology that are relevant to military strength in the industrial base, and we are ahead in 15, and the Soviet Union is ahead in none—zero. They do have more planes and tanks and ships, and it is our fault, because we refuse to build planes and tanks and ships that we can afford—planes and tanks and ships that would be superior to those of the Soviet Union but sufficiently inexpensive that we could afford them.

Mr. President, I hope Senators will reflect on that remarkable final paragraph of the New York Times editorial because, in my judgment, it is one of the most significant and useful statements in an editorial that I have read all year, and I read editorials daily, as do other Senators. Let me read it, because I believe it is thoughtful and sensible. It says:

> The way to earn Wall Street's confidence is to heed its message. Fight inflation with the budget and not just with tight money. That means spend less, much less, particularly on the military, and atone for last month's revenue giveaways by raising taxes, mainly on consumption. Wall Street—meaning America—would respond. If there's one thing. The Market respects, it's courage.

It is not going to be pleasant to try to live with a budget limitation of the kind I propose—that is, a limitation of increasing the debt limit by only $10 billion and leaving it under a trillion dollars. But what a message that would send out to the American people, when we increase the debt limit over a trillion dollars and go all the way to $1.79 trillion, $94 billion in the next year above our present level. That is what the present bill provides.

The Proxmire amendment would limit the debt limit to $995 billion. It would say that we are not going over a trillion dollars; that we are going to draw the line there; that is it. That is our message to the American people.

If we did that, we would have a very favorable response from the market, because the people would begin to believe—it may take a while—as they did when Germany and Hungary did it, and when the other countries that were devastated in World War I followed a productive fiscal policy of planning their budget, of not having the Federal Government get into debt by borrowing more, and the inflation ended.

Of course, the remarkable consequence of that is that the economy did not collapse; unemployment did not increase. Unemployment diminished. Employment increased. The economy began to grow. Why, because people had confidence that they had a fiscal policy that was going to work. Obviously, interest rates come down under those circumstances.

It is very hard to persuade people, because we have been so swept up. The great German economic experience was inflation. Our great economic experience was the depression of the 1930's, and that affected all of us who are now in positions of responsibility in our country.

Unfortunately, the experience of the Great Depression has so overwhelmed us, Republicans and Democrats alike, that we have the notion that if we are going to balance the budget, we are going into a tailspin, that this would be the worst thing we could do.

Of course we have the added pain, if we do this, of having to cut programs that many of us in Congress find are very good, such as the programs about sheltered workshops, programs in these other areas, and the programs we have to provide, as responsible and patriotic Americans, for our national defense.

As I say, if we do not provide those, nobody else does; so we have to do it. Some of these programs, if they are going to be followed, will mean an increase in taxes.

Mr. President, when do we balance the budget? When do we try to balance the budget? In a period of deflation, we should not try to balance the budget.

To try to balance the budget in the depression of the 1930's would have been the worst possible kind of stupid policy. But to have an unbalanced budget now in a period where inflation is the No. 1 problem, where high interest rates are so devastating, to have an unbalanced budget under these circumstances is the height of folly.

And I hope and pray that Members of the Senate on both sides of the aisle will recognize that the time has come for us to follow this policy, this responsible policy, where as I pointed out Leonard Silk, a very liberal economist and columnist, has admitted that the best precedent we have for stopping runaway inflation is to follow the policy that I am advocating right here.

Mr. President, some have suggested a gold standard, and a gold standard is under very careful consideration by a committee appointed by President Reagan—perhaps not—perhaps it was appointed before that. At any rate it is a group that is going to report to us during the coming year, and they are taking their responsibility very seriously.

We have had hearings in the Banking Committee over the years on the gold standard. I wish a gold standard would work the kind of magic that people say it might. This Senator cannot subscribe to a gold standard because it provides a kind of rigidity. People think the Federal Reserve is in trouble now. Imagine what would happen if we had a gold standard. Whether depression, recession, deflation, inflation, it still would rivet us to what was happening to the gold availability in the world, particularly when the principal producers of gold are two great friends, the Soviet Union and South Africa. That is where much of the gold comes from and virtually all the production in the world or a great deal of it comes from those two countries. So for us to become dependent on them seems very foolish.

Some suggest a constitutional amendment to mandate a balanced budget with little discretion.

I have not believed very much in riveting into the Constitution a balanced budget requirement. I am weakening on that frankly because I am so frustrated with my inability to persuade my colleagues to cut spending and increase taxes if necessary and do whatever we have to do to balance the budget that I may vote for it.

On the other hand, I think that what I am proposing here tonight, what President Reagan could do immediately if he would do it, is to say there is going to be no increase in the debt limit above $1 trillion. That would do the job. No question about it. That would give the President also and Congress a considerable degree of discretion. In the event we had a military emergency, we could then, of course, very easily increase the debt limit. We would not have to go to the Constitution and repeal the Constitution.

In the event we had an economic emergency, we could then of course increase the debt limit under those circumstances.

But if we at this time under these circumstances resolve the debt limit is going to go no higher than $1 trillion and we are not going to $1 trillion, we would send exactly the right kind of message to the American people, far better than relying on a gold standard which, as I say, is very rigid and presents some very serious problems or putting into the constitutional amendment that would be very hard to interpret and would also give us a degree of rigidity and inflexibility that could plague us in trying to fight either recession or inflation in the future.

So we have before us this other option and one that has received far too little attention, that is balance the budget by stopping the increase in the national debt.

Now, I think, Mr. President, that I should devote considerable amount of time to the issue of credibility because that is what this is all about. I think economists can sit down and they can show almost anything they wish to show with the assumptions that they make about how people will react to certain policies. But the important thing, the crux in economic activity is the belief that people have that it will work or will not work.

I pointed out the spectacular example in the case of World War I Germany that had the worst inflation in the history of mankind. I think it is the worst of all. The index went up more than a trillion percent literally, more than a trillion percent above what it was in 1914 in Germany, and yet they stopped it, brought it under control, and it worked. It worked because people believed it would work because they had a credible policy.

Similarly we can make this system work if we say a trillion dollars is the limit, it is not going to go higher than that; we draw the line there, that is it. The next stopping point I guess is quadrillion, that is a thousand trillion. And the way we are going, it has taken us about 60 years to go from a national debt which for the first time exceeded a billion dollars to a national debt which for the first time exceeded a thousand billion, which is what a trillion is. Now on the basis of our past experience it may take us only 20 years or 10 years or maybe 5 years to go to a quadrillion. What has happend as what happened in Germany is you get that psychology going and it is like a runaway horse. There is no way you can bring it under control. That is why the time to stop is now at a trillion dollars rather than proceeding and taking that limit off, and then there is just no limit in sight.

Mr. President, the credibility, the bedrock psychological conviction that we have an anti-inflation policy that will work whether we like it or not, depends on balancing the budget.

Let me point out that one of the reasons why we have such difficulty in predicting what is going to happen to inflation or to unemployment or any other economic statistic is that it has to be based on assumptions about what people will believe. We have computers, we have brilliant, brilliant economists who devote their life to the economic profession, who study it painstakingly. We have people who win Nobel Prizes in economics. But no one can predict what is going to happen.

You ask the most brilliant economist you can find what is going to happen to interest rates, and I found after years and years of listening to these very, very able people before our Banking Committee and Joint Economic Committee, they are very often wrong. Usually they will not tell you because they do not know and they are frank about it. They will say they do not know, because they just cannot predict it.

People make all kinds of money in the stock market, like Mr. Granville and others, by saying what is going to happen. They are wrong as much as they are right. I guess there is a sucker born every minute so that people believe them and subscribe to their newsletters, but there is no way they can tell and, as I say, the best economists in this country have a very poor track record.

They may have a track record that is not so bad if they do not tell you anything and that is what most of them do. They hedge their predictions. They indicate if such and such happens, then there will be a tendency for prices to rise or unemployment to increase or some other economic development to occur and then when it occurs, they say, "See, I predicted it." If it does not occur, they will say, "Well, it did not happen the way I assumed; all the assumptions that I made did not develop, and I said they would not happen unless they did develop."

The result is people just cannot predict what is going to happen in the economy.

Why cannot we predict the economy with any success? Our best economists, I say brilliant men, devote their lives to painstaking development of the economy, win worldwide recognition as laureates, simply cannot predict with any consistency what will happen to economic growth, employment, prices, interest rates, either in the long term or the short term.

When I was an economic graduate student at Harvard one of my professors was Vasoly Leontieff, a man who has become a Nobel prize winner for his eminence in economic analysis, and Vasoly Leontieff refined an input-output method of measuring every significant element of our economy.

But he cannot tell you the level of prices or interest rates a month from now, a year from now, or 10 years from now and why can he not? Because perhaps the biggest element in economic performance is the psychology, the attitude of the public. Will they buy or will they not buy? Will they invest or will they not invest? Will they keep their earnings in cash, or will they use it to buy land or put it into a local enterprise or into A.T. & T. stock? Why can we not tell? Not because people perform in random, in illogical or unpredictable ways, but because given their understanding, they act with complete logic, and their understanding is that you will not slow the rise of prices for any length of time unless you balance the budget and run surpluses.

That is their belief. And that belief is just as real and vital and determinant of what is going to happen to economic policy than any statistic you can get. It is the belief, it is the credibility that matters.

That is why we have to win the credibility of the people of this country. We have to convince them that we mean business about balancing the budget. And because they believe that balancing the budget is the key to holding down interest rates and holding down price rises, we have to do it or we have to just give up and say we are going to go along at the same old simple way, always be an easy system of not balancing the budget, of not raising the money you need to meet your expenditures, spending money wherever your instinct leaves you, or wherever you get pressed saying to whatever pressure group that you are holding taxes down.

I served in the Wisconsin legislature years ago before I came to this body. I remember we had one fellow who was very strong about it. He said, "I vote for every spending measure and against every tax increase." He got elected year after year. There is a tendency to follow that kind of psychology. It is very appealing when we go home if we do not get called up to explain it to our constituents that we are for them. "Anything you want, I will go down and fight for. I do not care what it costs. I will go down and fight for you." That is very appealing. "When they come along and raise taxes, I am against raising taxes. I will vote for a tax cut." When we have to act in reverse of that and say no to our constituents and say no in a spending policy, when we have to act in reverse of that and impose taxes on consumption at the present and that that would make sense, it is a very, very difficult policy to follow.

But it is the kind of policy which, if we really mean business about fighting high interest rates, is what we have to do. If we mean business about getting this country back on track, where we can have stable and continuous growth and a reasonable level of employment in the construction industry and the automobile industry and the other industries that depend on credit, that is the way we have to go.

Mr. President, as I was saying, we cannot tell what is going to happen in economic forecasting, not because people perform in random, illogical, and unpredictable ways, because given their understanding, given their belief, they act with complete logic. And their understanding is that you will not slow the rise of prices for any length of time unless you balance the budget and run surpluses.

I think that is the view under present circumstances, as I say, not in the 1930's and not at other times when we have had the financial crisis or panic or heavy unemployment, but of a time when our overwhelming predominant problem is inflation, that view has merit.

Many think it has little or no merit, but whether excess of tax revenue over expenditure will, if persisted in year after year, bring the rate of inflation down or not, the vast majority of the American people think it will. And what a vast majority of the American people think will have more to do with what happens to the American economy than anything Vasoly Leontieff can factor into his input-out studies or anything that any other brilliant economist can develop to try to predict what is going to happen in the future.

Why is it, how can anything as ephemeral and indistinct as the psychological attitude determine something that is as cold and clear and plain and calculable as the simple arithmetic of prices? Why can we not just sit down and get those elements that feed into prices, the costs and the demand and the supply and come out with a clear prediction of what is going to happen to prices and do the same with lending and borrowing and come out with a clear prediction that will be right most of the time or all of the time with respect to interest?

Well, we cannot do it. We have tried over and over again.

Incidentally, if you could do it, you would have all the money in the world in no time at all. If I could be right 60 percent of the time, I could go into the stock market or bond market today and hedge my bets, and I could come out richer than Paul Getty or anybody else just by playing the market according to what I knew was going to happen in the future.

The fact is that people cannot do that. As I say, if they could they could be very rich, indeed. But they cannot predict how people are going to react.

What we do know, however, is that there are certain beliefs that the people in this country feel very strongly, very strongly about. One of those beliefs is that if we are going to have a policy that is going to work against inflation, we have to balance the budget. And in times of inflation, you should balance the budget. That is what people believe. That is what they want. They are not getting that from the Federal Government. They are getting bigger and bigger deficits, and the bill that is before us tonight that we are going to act on tomorrow or Wednesday is a bill that would greatly increase the debt limit by $94 billion, push it all the way up to $1.079 trillion and, undoubtedly, anybody who can look at that and can follow the debate in the Senate is going to say, "Well, that means that the Members of Congress just don't believe in balancing the budget. They don't believe in a sound fiscal policy."

At the New York Times indicated in their fascinating editorial, "They don't have the courage." And that is what it takes, the courage to cut spending and cut spending deeply—as the New York Times indicated—cut it deeply, and they do not have the courage to increase taxes on consumption. That is what we are going to have to do.

But let me tell you how this can work. Suppose workers and wage earners believe that inflation will depend on the budget. They believe it and they face a 3-year contract. Supposing the rubber workers or the automobile workers or the Government workers believe that is going to happen. They do not believe the President and Senators who promise a balanced budget because the President and Senators have been promising balanced budgets every year. It goes with the trade. If you are in office, you always say, "Yes, we are going to balance the budget." When? "We are going to balance it in 1984."

Before that, we said we are going to balance it in 1980. Before that, we said we would balance the budget in 2 years from now, whenever that was, whether it was 1968 or 1970 or whenever, and almost never produced. One time, in 1969, we balanced the budget by a tiny fraction. But year after year, the people who are in public office, in top office, policy-making offices in Washington, have been wrong. Over and over again they have been wrong.

So, of course, the public is not going to believe them. They will believe a balanced budget when they see it.

Suppose we actually balanced the budget in fiscal 1982, as my amendment would require. Suppose we actually did it, actually did it in fiscal year 1982? What attitude would these workers have toward their 3-year contract when they see this one crucial national action actually achieved? Will they not be more likely to agree to a more modest pay increase?

And consider the investors who see the Government shockingly and surprisingly balance its budget, doing something they thought would not happen. How much more likely is he to invest, not in land, which, with inflation subsiding a little bit, represents a bad investment, and it would subside, as I say, if we balance the budget, begin to subside because of the psychological factors, then the investors take a look at these long-term bonds now at record low prices, with record high yields.

With a balanced budget and the interest rates beginning to fall, the smart speculators will make a killing in those long-term bonds. Anybody who now has a 30-year bond that has a coupon rate of about 10 or 11 percent is finding that that bond is probably selling at 75 or 80 percent of par. Yet, if interest rates drop, the price of that bond will go right through the roof and it will go through it overnight—an easy way and an obvious way and a sure way to pick up a very handsome profit.

And as the antiinflation, antihigh interest rate phychology rose, the purchase of those long-term bonds increases and interest rates fall. They fall because, of course, as the bond increases go up, their yield or their interest rate drops and as the interest rate drops the interest rate of other comparable investment and competitive investments fall, mortgage rates fall, commercial interest falls, the interest that the businessmen have to pay to borrow falls, the price rate diminishes and the whole happy situation that we had years ago begins to develop again.

What makes that happen? Creditability. Psychology makes it happen. Right now, with a $1,079 billion debt limit before this body, Congress will give the belief we have an effective anti-inflation policy another in the rear if we, as expected, pass it. But if we draw the line at $1 trillion, as my amendment would do, draw the line and say we will not go above $995 billion, that we will not go to $1 trillion, and we say this high and no higher, we can turn that psychology around.

Here is why our economy continues to be so unpredictable: Economists can measure and calculate the money supply. They can measure and calculate the backlog of orders, the level of inventories, the age of plant and equipment, and, therefore, the need for replacement.

But they cannot calculate the attitude, the belief, the psychology, of the consumer, the investor, the businessman, with any precision.

How do you program a computer to reflect that kind of intangible?

We do know that that intangible does influence our future, and the great thing is that we know we can, if we have the will, take those painful steps of cutting spending, increasing taxes, doing whatever is necessary to balance the budget. We can win the belief that we are going to be able to end inflation and to stabilize prices.

Mr. President, one of the most interesting and informative publications in this country is Business Week. Business Week, the October 5 issue, came out today and I had an opportunity to read their editorial. It comes right on line with what I am talking about. They say in that editorial:

> Budget cutting comes hard for a Congress that has had no experience with it for nearly half a century, and so the hostile reception Republican leaders are giving President Reagan's proposal for a second round of cuts is understandable. Hacking some $40 billion out of the fiscal 1982 budget that the Carter Administration left behind was painful enough. Trimming an additional $18 billion to $20 billion—with only a skimpy $2 billion coming out of military programs—will hurt far more.

The editorial goes on to say:

> The fact remains that the U.S. cannot hope to slow down the destructive spiral of inflation if it does not get the federal deficit under control. The $42.5 billion deficit projected in the budget resolution last July was uncomfortably high, but it represented a drop from the $60 billion expected in fiscal 1981. If, as the figures now suggest, the deficit widens by an additional $20 billion or more, the U.S. will be back on the inflation treadmill. To get the nation on the path of steady, sustainable growth, Congress will have to cut spending not only this year but also in each year after that until the budget comes into balance.

The difficulty with that, as I indicated over and over again, is when you put your budget balancing out in the distance, it is like that well-known mirage that the desert wanderer finds when he is almost dying of thirst. He looks ahead and he can always see a beautiful oasis up ahead, with greenery, and he can envision the cool, cold water, and long last relief from his ravaging thirst. Then he gets up and he finds that it disappears, it fades away.

Well, Mr. President, that is what happens to the vision that we have of a balanced budget. It is there, theoretically, but it always vanishes when we come close to it. If we are going to try to bring the budget into balance and set our goal at 1984, on the basis of our performance in the past you can forget it.

The editorial goes on to say:

> The prospect is generating a lot of fuzzy talk about uncontrollable items in the budget and the impossibility of cutting any deeper. As Congressmen would know if they had given some real thought to budget cutting, the truly uncontrollable items are surprisingly small. At the beginning of any fiscal year, there are only two items that cannot be cut. One is uncompleted contracts and unpaid obligations. The other is interest. In 1982 those two items will account for only a little more than $200 billion out of total spending of more than $700 billion.
>
> Congress should grit its teeth and accept the necessity of a second round of cuts in fiscal 1982. It should go on from there to review and reorganize the great programs of government so that it can come into fiscal 1984 with an efficient operation and a balance between spending and revenues.

Well, they go along with that old notion that we can balance the budget in fiscal 1984. Obviously the market does not believe it. Although Business Week is a fine publication, on that score they are wrong. But certainly on the basic underlying theme they have, the answer that we have to cut, tough as it may seem, is right. Then they go on to the other side of this situation. They say:

> If Congress balks at spending cuts big enough to start the budget moving toward balance, the Administration will have to start thinking in terms of raising more revenue. That would mean tax increases, but it should not mean repealing or postponing the cuts in corporate and individual income taxes provided by the tax bill that cleared Congress earlier this year.

Some Members of Congress, and increasing numbers of people in the economic profession, are thinking that we should reconsider those tax cuts. I am not one of them, but there are many who do. I think their numbers may increase as the year goes on.

Nevertheless, the editorial goes on to say:

> The tax cut bill was carefully designed to encourage savings and investment. According to supply-side theory, it will eventually pay for itself by generating increases in income that will yield higher tax revenue. In any case, it will stimulate the kind of investment that U.S. industry must have if it is to expand and modernize. Rescinding the cuts at this point would stop new investment before it could get started.
>
> Instead of tampering with the scheduled cuts, the Administration should look over the ample list of measures that would raise revenue without putting a penalty on savings or investment (page 116). The value-added tax (VAT), which is widely used abroad, has some obvious advantages.

I am very skeptical, I might say at this point, about a value added tax. That is another name for a cascaded sales tax. You impose it at every stage of production and just compound your tax. It is a marvelous revenue producer but it has a number of very, very unfortunate effects. The obvious effect is to greatly increase the cost of living. You fight inflation by increasing inflation. If you have to pay that tax, that just pushes the tax up. Even worse, however, is that it is an invisible tax. Nobody knows they are paying it.

When you pay a sales tax in a restaurant, you have at the bottom of your bill an addition for a tax, or a gasoline tax, or anywhere else. It is visible and you know you pay it. Some people can focus their attention on it and criticize it.

The value added tax would be put on iron ore, for instance, when it is taken out of the ground and sold to another company, and then put on at another stage when the raw iron is converted into steel, and put on at another stage when it is converted into a machine tool, and put on at another stage when the machine tool creates a part of an automobile. All the way up that tax is imposed and it is a percentage of the increase. The result is that you cascade your tax, but the buyer who ultimately buys the product does not really know he is paying the tax. He pays it all right.

He pays it all right. He does not know he is paying it. I think what we have to do is find a way of organizing and provoking resentment of tax increases so people are aware of the taxes they pay, so that they are critical of the spending and so that they insist that the spending the Federal Government does has some discipline.

This, unfortunately, would increase it. As one distinguished expert has told me, it is a bureaucrat's dream.

To go on, the editorial says:

> It is essentially a sales tax, levied at each level of production and distribution, and it falls on consumers rather than investors. The trouble with it is that the consumer price index would pick it up immediately, labor contracts with cost-of-living clauses would then make it the basis for wage increases, and Social Security benefits and government pensions would be adjusted to cover it.
>
> VAT, however, is by no means the only choice. There is something to be said for putting a windfall profits tax on natural gas when it is decontrolled.

I like that. I do not like the idea of decontrolling gas, but if we decontrol it, by all means, let us take some of that profit out of the way.

What a windfall profit tax does, Mr. President, is tax the profit of someone who already has natural gas, that they are able to produce at a much lower cost, benefit from, and the price goes up. So he is going to charge that higher price anyway. What this windfall profit tax does is take part of that windfall profit, which the producer would get without any energy, effort, innovation, imagination, or any other imaginative or creative faculty on his part—it takes that from him and it provides that that tax would help us proceed toward a balanced budget.

If we are going to decontrol gas, Mr. President, and I hope we do not—and I shall certainly vote against it, work against it, speak against it. If it is decontrolled, I think that the proposal that Business Week makes, that I am reading from here, makes sense.

Then it goes on to say:

> In fact, there is something like $23 billion a year to be said for it.

That would be nice. That would put us a long, long way toward bringing this budget into balance. Depending on whose figures you take it, would move us one-half or one-third of the way toward giving us the balance we need.

It goes on to say:

> Smaller but still substantial amounts could be raised by eliminating or modifying the special tax treatment now granted to industrial revenue bonds.

I am all for that. Industrial revenue bonds, as you know, Mr. President, are now used for all kinds of purposes. Any business that has a pipeline to a State government is in a position now to issue tax-free bonds and, of course, it is a bonanza for that particular business. It is very enthusiastically supported by business people who can benefit from it, but it is a ripoff for everybody else. Of course, it means that we lose that revenue and people who have to compete with those businesses that get the tax exemption are put at a disadvantage. So I agree again with Business Week on that suggestion.

They also criticize the "unjustified all-savers certificates that the new law allows thrift institutions to issue." Well, those all-savers certificates were necessary to save many thrift institutions. Furthermore, they expire in about a year, so I do not think they are going to pick up much money from repealing that, because that will be out of the way before they get around to acting on it.

At any rate, they concluded by saying:

> If it becomes necessary, the Administration could put together an effective package without backing down on the bill it pushed through Congress last summer.

I agree with that, Mr. President. I think that is a real possibility.

Mr. President, one of the most interesting reports that has come before the Senate in a long time is a report from the Judiciary Committee, which held hearings on the balanced budget constitutional amendment. As I say, I am very skeptical about riveting into the Constitution such an amendment, but that hearing, that report, developed on balancing the budget, has some very interesting and very useful conclusions. What it does is give us a picture of how the national debt has grown throughout the years. That report reads in part as follows:

> The Federal sector has become increasingly prone to deficit financing since World War II and the Federal sector during that period has come to command an increasing share of the Nation's economic output and income. The Federal Government has run a budget deficit in 19 of the past 20 years and 42 of the past 50 years. Deficit spending has come to occur during good economic conditions and during bad economic conditions.

Incidentally, Mr. President, I might point out that I have not heard any economic case made for having an unbalanced budget in 1982. All the forecasts are that we still have normal growth of the economy; all the forecasts are that we shall have excessive inflation by any historical comparison; all the forecasts are that we shall have falling unemployment. That is an absolute prescription for balancing the budget. There is no economic case at all for the unbalanced budget at that time.

If this were a recession, if this were 1974 or 1975, then I think one could make some case. I would say even then that unless we had some very serious recession—very, very serious, close to a depression—it is hard to make that case. Now, all the expectations are—not only CBO but DRI and all the other prognosticators and predicters tell us that they expect 1982 to be an expansive year. You cannot very well look at our economy, which is a couple of trillion dollars, and argue that the relatively minor effect of reducing Federal spending is going to push it into a nosedive and a recession. At least, I have not heard anybody make that case.

They have made that case often in the past, but they do not make that case now. So, for us to permit the Federal Government to go $40 or $50 or $60 billion into debt in 1982 is bad economics, is improvident, is irresponsible, and is just plain weak.

I suppose, Mr. President, incidentally, it is a kind of commentary on the moral strength of this country that we permit our Federal Government to do this. In the past, we have had the moral strength and the courage not to permit the Federal Government to run on an unbalanced budget for any length of time. At least up until the last several decades, we balanced our budget, we balanced our economy.

Now, it is so much easier for a country as well as for a family that is improvident and weak morally just to live on the cuff, just to charge it, just to go out and say we cannot balance the budget, it is too hard. We do not want to tell our constituents that we will not spend money on them. We do not want to tell our taxpayers that they will have to pay a little more in taxes. We are going to play it easy and soft

That is a reflection, unfortunately, that a great majority of the American people resent.

I believe the majority of the people want us to follow a responsible fiscal policy, even if it means they have to pay a price for doing so.

To proceed with this report of the committee that was considering a constitutional amendment for balancing the budget, it goes on to say:

> While the past decade has seen little change in the frequency of these deficits, it has seen, however, significant change in the size of deficits. During the 1970's the Federal government incurred the seven largest peacetime deficits in the history of the nation, with eight deficits during this period having exceeded $40 billion.

It is really appalling when you think about it—$40 billion in 8 of the 10 years of the 1970's.

> Following fiscal year 1970, the total national debt of the United States stood at $383 billion; following fiscal year 1981, just over a decade later, this figure will stand just below $1 trillion ($1,000,000,000,000) at $993 billion. More than half of our total debts will have been incurred during the past decade alone, with approximately two-thirds having been incurred in the past two decades alone.

Think of that. More than half of our total debts through all our national history, from the Revolution through the War of 1812; through the period in the 1820's, 1830's, and 1840's; into the Civil War period, the bloodiest war in history; throughout all the post-Civil War period; throughout the 19th century; then into the 20th century; throughout World War I; throughout the Depression; throughout the greatest war this country ever fought, World War II, we did not incur anything like the debt we have incurred in the 1970's.

As a matter of fact, in 1970, as I say, the debt stood at $383 billion, and now it stands at $1 trillion, $1 trillion. It has become nearly three times as high in one short decade.

Mr. President, this report has a fascinating chart. It points out that from 1900 to 1916, the debt of this country was consistently at $1 billion—not a thousand billion, which it is going to exceed this year if we act on the bill before us, but $1 billion; one-tenth of 1 percent of what it is going to be, 1,000th of what it will be in 1982 if we proceed with the bill before us.

Then, in 1917, we entered World War I, and the debt went to $3 billion. That was the entire national debt. We know that World War I was a tremendously burdensome and expensive war, and the debt shot up to $25 billion in 1919. Then it continued at about that level. We reduced it somewhat. It was $24 billion in 1920, $24 billion in 1921, $23 billion in 1922, $22 billion in 1923, $21 billion in 1924. We were beginning to reduce it. It went down to $20 billion in 1926, $19 billion in 1927, $18 billion in 1928. By 1929, it had gone down to $17 billion, and in 1930 to $16 billion.

Then, as we know, the Great Depression came along and we had to follow a deficit policy. It was the right policy under those circumstances, and the national debt began to grow.

In 1931, it increased to $17 billion, in 1932 to $19 billion. In 1933 it went up. That was the Great Depression year. It went up to $23 billion.

The New Deal came in, and in 1934 it was $27 billion, then $29 billion, $34 billion, $36 billion, $37 billion. By 1939, it went up to $48 billion; in 1940, $51 billion.

Then World War II came along. That was also an economic situation that demanded very heavy Federal borrowing, the greatest and most expensive war in our history. Then that debt was down $1 billion. In the period 1900 to 1916, it began to grow very rapidly. It went from 1940 to 1941 up to $58 billion, then to $79 billion and to $143 billion; then to $204 billion in 1944; then $260 billion in 1945, and $271 billion in 1946.

Between that period and the 1970's, it was not stable, but it was fairly stable. Remember that in 1946 it was $271 billion, and it declined somewhat.

Eight years later, 1954, after having had 7 years of Truman and a couple of years of Eisenhower, the national debt was at about the same level it was in 1946. In fact, it was precisely the same. It was $271 billion in 1946 and $271 billion in 1954.

Mr. President, I am going through this exercise not just because I believe we should have a complete record of the national debt but because these figures should impress us on what has been our economic history and how we got into this situation we are in now. In 1955 through 1957, the debt stayed about that level. In 1957, I came to the Senate, and the debt was $272 billion, about a quarter of what it is now. That was only 24 years ago.

Then it began to grow quite rapidly. In 1958, it was $280 billion, then $288 billion, $291 billion, $303 billion, $311 billion. As I pointed out, by 1970 it was $383 billion. That was still a relatively modest level of growth.

In the 1970's, that debt really took off: $431 billion, $486 billion, $544 billion, $632 billion, $679 billion, $834 billion.

As this analysis indicated, we have run a deficit in 19 of the past 20 years. Furthermore, during the 1970's, the Federal Government incurred seven of the largest peacetime deficits in the history of the Nation—all seven of them in the 1970's.

We simply have to overcome that momentum and that habit. If we are going to get inflation under control and have interest rates under control, it is not enough to decry them or attack the Federal Reserve Board or follow any policy except the simple, direct policy that we followed throughout most of our history, of having a reasonable and stable balanced fiscal policy.

This report goes on to say:

> With the rising national debt has come rising interest payments. Where interest absorbed approximately six percent of the national budget twenty years ago, in FY 1981 interest payments will represent approximately twelve percent of the total budget.

That is a mammoth difference, especially when you recognize the fact that the total budget is so much bigger.

One of the great difficulties we have is what this enormous debt does to the budget: It pushes us into a situation where it is enormously difficult to recover. If we could wipe out the interest cost of the national debt, the budget would be balanced, and we would have a surplus of about $20 billion or $25 billion.

(Mr. MATTINGLY assumed the chair.)

Mr. PROXMIRE. Servicing the national debt is costing us $82.5 billion. That is at least $20 billion and probably $30 billion higher than the deficit we are likely to incur.

Total interest of $80 billion for fiscal 1981 represents a total larger than the entire Federal budget during the late fifties.

It comprises the third largest expenditure item in the present Federal budget. It is a figure half as large as spending for national defense and one-third as large as spending for income security programs including social security.

Think of that.

We spend half as much just servicing the national debt as we do on our defense because we have gotten into this serious predicament.

We inveigh against the cost of social security and yet we are spending a third as much just servicing the national debt as providing for all the elderly in this country and all of the disabled people who benefit from social security and all the others, the 36 million beneficiaries who receive social security benefits.

Prior to World War I Federal spending represented a minor share of the Nation's economic output of goods and services other than in times of war. Relatively small amounts of Federal spending were financed primarily by import duties. Government spending at all levels represented less than 9 percent of the gross national product.

Beginning with the ratification of the 16th amendment in 1915, providing access to tax of incomes and the onset of World War I, Federal sectors have demonstrated a continuing propensity of growth, whatever the economic circumstance. Over the next 20 years Government spending nearly doubled as a percentage of the economy.

Since that time, however, spending has accelerated at an even more rapid pace, particularly Federal Government spending.

In 1929, Federal expenditures of $3 billion represented just 3 percent, 3 percent of the total gross national product. The figures I was giving before were total government spending, including State, local, and Federal; and State and local spending at that time was twice as much as Federal spending.

Keep in mind now that in 1929 Federal expenditures of $3 billion represented 3 percent of the total gross national product—3 percent. By 1950, the peacetime share had risen to 15 percent of the gross national product, to $43 billion. For fiscal year 1980, Federal Government spending of $594 billion commanded 23 percent of the gross national product, the highest in the peacetime history of the United States.

So, Mr. President, my proposal to limit the increase in the national debt to under $1 trillion would still leave a colossal proportion of the gross national product going for the Federal Government—far higher, far higher than at any time prior to the last 2 or 3 years—far higher.

It is interesting, incidentally, that the percentage of outlays going to the Federal Government as a share of the economy greatly increased in 1980 compared to 1979. It increased from 21½ to 23 percent plus.

And the only times when we had anything like a higher percentage of the gross national product has been in wartimes, notably 1945, 1944, 1943, and 1942. Although that was a big war year, spending a great deal of money, it is about the same level as it is now when we are at peace. How ironic. In 1942 an all-out war, spending all we could possibly throw into the military fray, the Federal Government was spending 24 percent of our gross national product. In 1980 we are spending 23 percent and we are at peace.

As I was saying for fiscal year 1980 Federal Government spending of $594 billion commanded 23 percent of gross national product, the highest in peacetime history of the United States.

In 1962 more than 170 years after the founding of the Republic the first $200 billion budget however followed only 9 years later in fiscal 1971. The first $300 billion budget occurred 4 years later in fiscal 1975. The first $400 billion budget 2 years later in fiscal 1977. The first $500 billion budget in fiscal 1980 and the first $600 billion in fiscal 1981. And, of course, it looks like the first $700 billion budget will occur next year, 1 year.

I think it is interesting to take a look at this table showing the colossal increase in budget receipts and yet the enormous increase in the budget deficit because our spending went even beyond our colossal increase in receipts.

In the years 1769 to 1849 inclusive—that was a period of some 60 years—the entire receipts of our Government were $1,160 million for 60 years, and budget outlays were less. They were $1,000,090 and we had a surplus during that period. From the time Congress convened in 1789 until 1849 we had a surplus of $70 million.

So the first 60 years when we had our great growth and our remarkable statesmen running this country, they ran it at a surplus. From 1850 to 1900, of course, during that time we fought the Civil War, which was an enormously expensive war. During that entire 50-year period we had budget receipts of $14 billion, which is what is that? That is about a week's receipts these days, and that was what we had for 50 years. Fifty years' budget outlays were somewhat bigger than that, $15.4 billion, and during that entire 50-year period we incurred a deficit of less than $1 billion.

I mean in the aggregate. I do not mean each year. I mean in aggregate total 50-year deficit so that the total 111-year deficit from 1789 to 1900 was less than $1 billion. It was about $921 million.

From 1901 to 1905, we had a surplus of $119 million. In 1906 to 1910 conditions were not so good so we had a small deficit but a deficit that was much smaller than the surplus that we had in the preceding 5 years. In 1911 to 1915 we had another relatively minor deficit, a deficit that averaged about $10 million, not $10 billion but $10 million a year.

Then of course World War I came along and we had a collosal deficit. During those 4 years we had a deficit of $22 billion. It is interesting that we fought that war, World War I—it is hard to compare these figures—but nevertheless with an average deficit during those 5 years that was about $4 billion a year and in 1980 we had a deficit that was 13 times as great, in one year, and in a peacetime year at that.

Then from 1921 until 1930 we had continuous surpluses. Every single year we had a surplus. Then, of course, in the depression, the Great Depression, we had continuous deficits and those deficits continued right through World War II. After the war, we had some handsome surpluses. In 1947 we had a surplus of $3.8 billion. In 1948 we had a surplus of $12 billion. That was Harry Truman's administration. Had a surplus of $12 billion. I think that was the greatest surplus in the history of our country and certainly by far the greatest proportion. But in absolute terms it was the greatest surplus. We had never had a surplus that anywhere near approached the surplus we had in 1946.

We did have some other surpluses. In 1951 we had a surplus of $6 billion. We had some good surpluses during the Eisenhower years. In 1957 and 1958 we had surpluses of $4 billion and $3 billion respectively.

Then we started having a series of deficits. Beginning in about 1961 we had deficit after deficit after deficit, and of course in 1968 how well I remember that year. Of course, I was in the Senate at that time. That was the year when we had the Vietnam war going. We had very low unemployment, and in spite of that we should have balanced the budget with the tax increase to pay for the war. We did not do it. We had a deficit of $25 billion which was very, very high considering the fact that was a limited war, was not an all-out war like World War II, and it was the kind of deficit that is very hard to justify. That was followed by a tiny surplus in 1969 and then by absolutely unremitting deficits since then.

I go through this exercise, Mr. President, because I think it is essential that we recognize how we got where we are and how absolutely vital it is for us to change course and reverse what we have done and do so by simply not increasing the national debt above a trillion dollars.

I think that is likely to become a matter of real concern to our citizens in our coming year or so. It has not so far, but I think it should and it will.

There is no way for us to get a grip on inflation, as I pointed out earlier tonight, without winning a conviction on the part of the American people that we have an anti-inflation policy that works. And there is no way but no way we are going to be able to develop the conviction on the part of the American people we have an anti-inflation policy that works unless we balance the budget. That is absolutely fundamental. Right or wrong, it is fundamental.

As I pointed out earlier, the belief, the psychological acceptance, is absolutely essential if we are going to get inflation under control. Otherwise, we will not get labor, business, investors, and others to believe it and if they do not believe it there is no way our system will work. Business people will increase their prices and people will insist on higher pay because they do not believe inflation is under control. So we have to find a way of winning that conviction. And this is the way we do it, we do it by saying no to an increase in the debt limit.

Mr. President, the totals, including outlays of off-budget Federal entities, is even more depressing. Between 1973 and 1981, the deficit outlays of off-budget Federal entities in total outlays as part of our deficit is as follows: $14 billion in 1973; $6 billion in 1974; $53 billion in 1975; $73 billion in 1976; $14 billion more because there was an adjustment in that year; in 1977, $53 billion; in 1978, $58 billion; in 1979, $40 billion; 1980, $73 billion; and the projected estimate for the current fiscal year, which is not quite over, is $78 billion. So you can see if you include the off-budget, the situation is even bleaker.

The report goes on to say:

> Despite the fact that an increasing share of this spending has been accounted for through deficit financing, Federal tax burdens have had to increase enormously in recent years to pay for these expenditures. Per capita tax receipts have nearly doubled in the past 5 years alone, while the number of individual taxpayers paying more than 20 percent of their income to the Federal government has nearly tripled in the past 15 years.

I wonder how many people realize how much the Federal Government is taking in taxes, what a rapid increase this has been, when they criticize the tax cuts that we have had.

As I say, we may have to increase some consumption taxes if we are going to balance the budget. I think people should be far more sensitive and aware, at least I am sure the voting public is, the taxpaying public is, but those of us in public office should be more aware of this enormous increase in the tax burden.

Let me repeat that: Federal tax burdens have had to increase enormously in recent years to people for these expenditures. Per capita tax receipts have nearly doubled in the past 5 years alone, while the number of individual taxpayers paying more than 20 percent of their income to the Federal Government has nearly tripled in the past 15 years. Three times as many people paying more than 20 percent of their income to the Federal Government. No wonder there is a tax revolt in this country.

> Approximately 70 percent of all American families through a combination of taxes and inflation now have fewer real after tax dollars currently than 15 years ago.

Now that is the statistic that we just should not allow just to lie there and kick around a little bit. We ought to really consider what that means. The overwhelming majority of the American people, 70 percent, more than two-thirds, through a combination of taxes and inflation now have fewer real after tax dollars than 15 years ago.

Now this country has been marked bv a steady increase throughout almost all of our history in the standard of living. The American people have been better off in one generation than previous generations. Indeed, the dream of most Americans is to give their children a better break in life than they had. We all hoped to be able to do that.

And yet, in the last 15 years—that is not a generation, but it is more than half of a generation—70 percent of the American people are worse off through a combination of taxes and inflation. They have fewer real after tax dollars currently than 15 years ago.

The trouble is that many people feel that this economic program that we are following has been working well; that, after all, the Federal Government is spending a lot and has a lot of programs to help people in various ways, that bails out Chrysler, that bails out New York City, that helps people, or tries to, through the Small Business Administration and through Economic Development Administration and so forth, that all this has been constructive and useful.

The fact is that all of this is not. In the past 15 years—and we are not in a period of recession now, we are in a period of stagnation perhaps or economic stability—but the overwhelming majority of people in this country are worse off; worse off, not better off, worse off.

Furthermore, as this report points out:

> From modest beginnings, the Federal government has grown to become the dominant economic institution in the United States. No other entity comes close to it in ability to condition the course of economic events. It is the view of the Committee that most of the economic difficulties currently being suffered by the nation are attributable, directly or indirectly, to recent economic policies pursued by the Federal government.
>
> Three statements summarize the consequences of increasing Federal deficits, taxation and spending: (1) After two centuries of relatively stable prices, inflation has become the economic norm.

Brother, that is an assertion that should concern every Member of the U.S. Senate and every American. Inflation as a norm of life.

Of course, what that means is if you have to live with inflation you become acclimated to inflation. And all the experience in country after country, when you do that, inflation begins to become greater and greater and pretty soon runs away with the system. Interest rates get way out of hand, and of course our economy suffers tragically because of it.

Second, rather than sustained economic growth, the economy of this country is characterized by slow growth.

Mr. President, I have on the door of my office a comparison of the productivity increases in this country with the other developed countries in the world. With Great Britain, with Japan, with Germany, with Italy, with France, and with the other great developed countries in the world that are not in the Communist bloc.

We are still the most productive country on the face of the Earth. But in the last 20 years, our economy has suffered and suffered seriously compared to other economies, especially compared to the Japanese and the Germans. They have grown much more than we have. Our productivity actually declined in 1979. And when the figures are all in, they may decline in 1981. It grew practically none at all in 1980.

Of course, when that happens, it means that you cannot have an increased standard of living. An increased standard of living depends on Americans producing more. You cannot get more unless you produce more. Inflation has been one of the principal causes of this tragic situation.

This report goes on to say:

> The pattern of U.S. price levels from the beginning of our nation to the present is shown in Figure I. Typically, war-time inflation has been followed by a period of falling prices. As late as the 1930's, the index of prices was essentially at the same level as that of 150 years earlier.

This is a theme I have always argued. Many young people will assume we have always had inflation, that prices were always higher in one generation than they were in the generation before. In fact, some older people have made that assumption. It is not true. Throughout the great part of our history, for 150 years of the 200 years we have been a nation, prices have been stable in this country. As this article points out, or this report points out, the prices in the 1930's were about the same as they were in 1789, they had not increased. Then it goes on to stay:

> By contrast, the period following World War II is distinguished precisely by the failure of prices to return to their prewar levels. Only in response to the price stabilizing policies of the 1950's was there a period of relative price equilibrium during the early 1960's. This period of stability, however, signaled only an end to the World War II and Korean War inflations; it did not contribute

> to a return to pre-war price levels. Since the mid-1960's, inflation has come to dominate the economy—an inflation unmistakably associated with the Federal deficits of the late 1960's and 1970's. The 1939 dollar which had declined to a value of forty cents by 1968 has declined to a value of well under twenty cents today.

As a matter of fact, wholesale prices have increased, as I say, 600 percent since 1939. It has been a steady, unrelenting, uninterrupted, constant inflation.

As the report points out:

> As Federal spending and deficits have achieved peacetime record levels, the nation's economy has crested and fallen. From sustained high annual growth rates in the 1960's of 5 to 6 percent, the real economic growth of the country has declined toward zero. The real gross national product has actually declined in four separate years over the past decade. The more that the Federal sector has drawn from the nation's economic product the less robust the economy has been. As the nation's annual growth has declined, so too has its relative economic position among world economies.
>
> Also closely associated with the pattern of rising Federal spending and deficits has been the sharply declining pattern of personal savings and private investment. In recent years, personal savings has declined from 7 to 8 percent of disposable personal income to less than 5 percent, a greater than 50 percent reduction.

That is one of the figures that is most disturbing, and also one of the reasons why interest rates are as high as they are. After all, interest is a combination of the availability of savings or capital and the demand for those savings or capital. Not only have these deficits and this inflation by themselves contributed to high interest rates, but the decline in savings, which has come about because of inflation and because of the assumption that you might as well spend your money rather than invest it, has contributed to high interest rates, in turn, because people are convinced that their money is not going to come back and be worth very much if they save it or if they invest it.

It is also, of course, why savers and investors, in order to have the incentive to save and invest, insist on a return of 15, 20, or 25 percent. They logically assume that if they do not get that 15 or 20 percent they might as well spend their money because if they keep it where it is it will not be worth as much after a few years because of inflation.

> At the same time, private domestic investment has steadily declined as a proportion of the GNP. These levels are now among the lowest in the world among industrialized, Western nations.

Not only are they lower than they have been throughout most of our history but, in fact, probably through all of our history. They are lower than any other country, which is why our interest rates are so high, why they are higher than other countries, why our interest rates are pulling other interest rates up, provoking recession and unemployment throughout the free world.

Incidentally, Mr. President, to depart from this article, I would like to point out that one of the ways we can strengthen our defense is to strengthen our NATO allies. Why do they resist what we felt was a commitment to increase their military spending, their defense spending, by 3 percent?

Well, the reason is crystal clear. The reason is because their economies are suffering. They come back and tell the United States, "We cannot increase our defense spending and help the United States, NATO, the defense of the free world, because," they argue, "our economies will not stand it. Interest rates are too high."

Why are interest rates too high? Because the United States is such a dominant economic power, such a great, dominant trading partner, so important to the economies of those countries, that when our interest rates are high, the mobility of capital means their investments flow to this country, we take their savings, and, of course, their interest rates follow ours up. So this inflation, this colossal Federal spending, weakens our defense directly by depriving our allies from providing the kind of cooperation with us, providing the tanks, the planes, the strategic support, the naval support, and so forth, which they ideally should. This article goes on to say:

> The inflation which began in 1968 has been closely associated with large and continuing Federal deficits. These deficits have placed the Federal Reserve Banking System in an increasingly untenable position. If the Federal Reserve refuses to purchase the new debt offered by the Treasury, increasing pressure is placed upon private capital markets. Federal financing of deficits is competitive with private demand for borrowed funds. As a result, "crowning out" occurs as Federal borrowing displaces private borrowing, leading both to higher rates of interest and lower rates of private capital formation. As Professor Roger Freeman of the Hoover Institution summarizes it:
>
> "If the Treasury competes for funds, it drives up interest rates and crowds out other would-be borrowers. Thereby, it reduces the funds which are available for private investment, holds back industrial expansion, and improvement in productivity and limits job creation."

Professor Freeman states the case beautifully, in a nutshell. That is what I have been arguing. High interest rates that Senators have been inveighing against on the floor and attacking the Federal Reserve for, blaming Wall Street for, are the result of what we do here in the Congress. As Roger Freeman says, if the Treasury competes for funds—that means the Federal Government—it drives up interest rates and crowds out other would-be borrowers. Other would-be borrowers are farmers, homebuyers, automobile buyers, small business people who absolutely depend for their life blood on borrowing. Those people are crowded out by Federal borrowing. That is what we do when we spend more money than we bring in.

> If, on the other hand, the Federal Reserve purchases the new debt, the monetization of this debt may lead to a money supply growing faster than the economy's ability to absorb this growth without adding to prices. More money generally means higher prices for goods and services available in the economy. Higher prices today further generate expectations of even higher prices tomorrow.

That is what I have been trying to argue all day in saying that the Federal Reserve has no alternative. Any Senator in this body who was Chairman of the Federal Reserve would have to do exactly the same kind of thing. He would have no choice. He either does what Chairman Volcker does, which is to slow down the rate of growth in the economy and limit the supply of credit, and because the supply is limited the interest rises, or he does what a lot of critics of Mr. Volcker says he should do, which is to increase the supply of credit. If he does that, of course, he monetizes the national debt; he creates a situation where borrowers drive up prices, as they have done every time in the past when this has been done. The people lose faith in the economy. If we have any kind of anti-inflation system, the Federal Reserve has been the only group in town fighting the inflation. So there goes the ball game and prices take off.

As former Chairman of the Federal Reserve, Arthur Burns, has observed:

> When the Government runs a budget deficit, it pumps more money into the pocketbooks of people than it takes out of their pocketbooks . . . The persistence of substantial deficits in Federal finances is mainly responsible for the serious inflation that got under way in this country in the mid-1960's . . . when the deficit increases at a time of economic expansion, as it has done lately, we should not be surprised to find the rate of inflation quickening.

That is Arthur Burns. I doubt if there is anybody who has had a greater effect in the last 15 years on economic thinking in the Congress than Arthur Burns has. He has been greatly admired and greatly respected. He says that the persistence of substantial deficits in Federal finances is mainly responsible for the serious inflation.

If Arthur Burns is right, that means we should not pass the resolution that is before us today that we will vote on tomorrow or Wednesday. We should pass my amendment which limits the increase in the national debt to under $1 trillion. It limits it to $995 billion. It says that high and no higher. It gets the Federal Government out of the credit markets.

I do not know how the advice of Arthur Burns could be any more distinct or clearer.

Another great economist is Prof. Milton Friedman. Professor Friedman was the first American economist, to my knowledge, certainly one of the first if not the first, to receive the Nobel Prize for economics. He is an eminent economist and probably the outstanding monetarist in the world. He said:

> Interest rates are high because inflation is high. Inflation is high because the rate of money creation is high.

When creation is high, it is because of the deficit that the Congress creates, and this measure before us tonight, which will be before us tomorrow, which we will vote on tomorrow or Wednesday, will increase the national debt to well over $1 trillion, to $1,079 billion.

The article goes on to say:

> Faced with abnormally large Federal budget deficits, the Federal Reserve has tended

> to purchase a significant portion of the new debt. As inflation has resulted, individuals have accelerated their purchase of consumer goods and services, in the process bidding up prices further, reducing personal savings, and reducing private capital formation.
>
> The persistent growth of inflation has also placed Congress itself under pressure to "index" a variety of its funding programs—from school lunches to Social Security—in an effort to maintain relative levels of funding. Such spending has, of course, contributed to still higher levels of Federal deficits.

Mr. President, I would not blame the indexing as much as I would blame the deficits and the inflation that causes the indexing to be so expensive. One clear way that we can get a reduction greatly in the cost of the social security system is to end indexing by any inflation. It would do that. Think of all the benefits we would have if we could stabilize the level of prices in this country.

We would not have to increase the social security payments, because there would not be any indexing necessary. We would not have to pay increased interest on the national debt, because we would not be increasing the national debt. We would be putting millions of people to work in homebuilding, in the auto industry, the farm implement industry, small business, and elsewhere, because people could borrow money again at reasonable rates of interest.

Those people who are put to work would be taxpayers. They would be paying interest, not unemployed people, who are talking money in unemployment compensation and, in some cases, welfare, and are taxeaters instead of taxpayers.

Lowell Harris of Columbia University summarizes the issue in the following manner:

> Easing the financing of a Federal deficit by supplying new bank credit (money) has appeal. New money can be injected, into the economy, easing someone's problems. Businesses and governments get dollars that had not existed. Such injections seem to permit the accomplishment of good things. But as the funds thus created add to the flow through the economy, the cumulating results will differ from the initial results. The dollar loses buying power. Budget deficits invite the creation of money, and monetary expansion lies at the base of inflation . . . Federal deficits tempt the use of money creation as a means of getting dollars for the Treasury without evident pain.

Mr. President, in the face of unusually high levels of Federal spending, the alternative to deficit financing is, of course, increased taxation. That, too, has adverse economic consequences apart from the diminished freedom of its citizen to consume as he chooses the fruits of his own labor. More taxes mean less post-tax personal income. On the one hand, less income means less income to save, less money for private investment in future output, and less economic growth.

On the other hand, less income after taxes means less incentive to engage in productive economic activity generally, less incentive to work, less incentive to invest, and less incentive to do the things that contribute to economic growth. I might point out, Mr. President, not only less incentive to invest, but less wherewithal to invest. Taxes deprive the taxpayer, who may also be an investor, from having the funds available to him to invest.

On the other hand, less income after taxes means less incentive to engage in productive economic activity generally, less incentive to do the things that contribute to economic growth.

High rates of income taxation further distort the allocation of productive resources, invariably toward less efficient use of economic resources.

A constitutional rule limiting the growth of Federal deficit spending and taxation would, I suppose, contribute substantially toward the restoration of stable prices, stable economic growth. That is what this committee advocates and I am very tempted to vote for it, although I have resisted it for many years, because it does introduce a degree of inflexibility into our economy, a rigidity. It rivets into the Constitution economic behavior, making it extraordinarily difficult for us to have the flexibility that we need.

How much better, Mr. President, for us to rely on the debt limitation and put a limit on our own ability—especially now, this year, when inflation is our big problem—to borrow and the Federal Government's ability to borrow.

If we pass the kind of amendment that I am proposing, there is no question that we shall have a tremendously constructive psychological reaction. There is no question that we would begin to persuade people in this country that the Government means business about fighting inflation. There is no question that we would persuade investors that they could invest in bonds now and the value of those bonds would not only not decline, they would increase.

Mr. President, in the summer of 1981—that is just this past summer—a very interesting article by Gordon Tullock appeared in the Journal of Contemporary Studies, entitled "Debt Limitation; The President's Unused Weapon." At a time when we are considering an increase in the debt limit to break all tradition, an increase of the kind we have not had, really, since 1916 or 1917, the first time this country went into debt at over $1 billion—now we are going for the very first time in all our history over $1 trillion, a thousand times what our debt was in 1916—I think it is wise for us to consider this article by Gordon Tullock on this issue. It is a recent article and it is very timely.

Mr. Tullock writes:

> During the Nixon administration, the president frequently and vociferously took the view that the budget was too high, and Ronald Reagan came into office with the specific purpose of lowering it. It is surprising then that both of these presidents failed to notice the strongest single budget-cutting weapon in their hands. Indeed, "failed to notice" is too weak. They deliberately threw it away.

Mr. President, I have said for a long time that what the President of the United States should do is say there is going to be no increase in the debt limit, no increase certainly above $1 trillion. Now he is going to have a great deal of trouble persuading Congress to make these cuts he would like it to make. If he said that, his position would be sustained. There is no way we could get a third of this body or a simple majority of this body, in my opinion, or more than a corporal's guard of this body to oppose his position. He could come down and say, "Fellows, balance the budget or we are not going to be able to meet those social security payments, we are not going to be able to meet our contracts." There is nobody in this body who would feel any way but that we have no alternative except to cut spending, perhaps to raise taxes on consumption, to do what is absolutely essential in order to stay within the debt limit.

The debt limit is the weapon the President has and because he also has the veto power, I think Gordon Tullock is 1,000 percent correct.

As this article says:

> This weapon was, of course, the debt limitation. Periodically, Congress passes bills providing a maximum federal debt. Whenever the Treasury perceives that the current limits is going to cause severe trouble, a new bill is sent up to the legislature asking that the limit be raised. This ceremony was performed at the beginning of the Reagan administrtaion under circumstances which were distinctly embarrassing to Reagan, his budget director, and Republicans who had been calling for reduced expenditures. Indeed, many members of the House and Senate who had been systematically voting against such bills under the Democratic administration voted for them now, giving what can only be described as lame excuses. The Democrats, on the other hand, made the most of the propaganda opportunity.
>
> Suppose, however, that Reagan had not sent up a proposal to increase the debt and Stockman had not gone down to the House. Under these circumstances, it seems likely that various people in the Treasury would have brought the approaching "crisis" to the attention of the House, which, particularly its Democratic members, would have pushed for raising the debt limit. The same would have happened in earlier days under Nixon had he decided not to press for an increase in the debt limit. Whether it would have gotten through, whether Reagan should have attempted to defeat it, or whether if it did get through he should have vetoed it are questions which I think would have to be dealt with by people who know more about current politics in Washington than I do.

Mr. President, I think I may know more or may not, but I am convinced if the President said, no increase in the debt limit, this President who is very popular, who has a clear majority in the U.S. Senate, that veto would be sustained without any question. Then we would get to work. We would have to get to work. We would have no option.

It is, as Gordon Tullock points out, clear that it would have been greatly to Reagan's advantage if the limit had not been raised:

> If the debt limit had not been raised there would, of course, have been no way in which the government could have borrowed money. It would have been essential to slash expenditures to the tax income level as soon as the total amount of debt sold reached the existing limit. It might even have been necessary to repay part of the debt with still further slashes.
>
> Under these circumstances, the president would have had no choice except to cut back on those programs he thought expendable.

> He could have, of course, asked Congress to join with him in making these cuts and indeed urged that they immediately pass legislation as to where the cuts should be implemented. I doubt that Congress would be very anxious to participate in this process, regardless of what they might choose to say about it.
>
> Thus, the failure to raise the debt limit would have given the president the arbitrary power to slash expenditures almost as he wished. The slash would not have been gigantic since the revenues brought in by taxes are very large, and the debt limit would only have made it impossible to spend more than that amount. Nevertheless, it would have given the president plenty of leeway in applying cuts. I am at a loss to know why Reagan, and Nixon before him, put a good deal of political capital on line to press for raising the debt limit. Surely they should have left the matter to the Democrats.

I am a Democrat myself, Mr. President. I look at it somewhat differently than Mr. Tullock did. I do not think the Democrats would have raised the debt limit. If they had, of course, the monkey would have been on our backs. I do not think the Republicans would have let us do it and even the Democrats would have come to see it would be a very stupid policy. Also, the great majority of the American people, Democrats and Republicans, would have said, "Exactly, bully; that is the way to go. I am for it. Let us limit the debt."

I find when I talk to people, Mr. President, that there are very few who say we should run deficits. People plead for a particular program. They may say that they want a farm program or a labor program or a welfare program or a health program or an education program that will benefit them. But I do not think you will find 20 percent of our population that will say, "We just want more spending."

I do not think you will find 20 percent of our population who would, if you presented them with the kind of argument that Mr. Tullock provides here. They would have said, "Override the President, he is wrong. We need to balance the budget." I think they would have recognized that the Government of the United States would have done just exactly what every family in this country has to do when their income drops. I think there are very few families, if people have lived long enough, who have not had to go through it. Income drops in the family and mother or father will call the family together and say, "We have to straighten out. We have to straighten out. We have to make some sacrifices."

"We have to stop spending what we are spending until we are able to increase our income. No dining out. We have to eat here. We shop at the grocery store. We buy limited food and we eat that. We do not eat out in the restaurants. Painful, but we do that. No new cars. We do not buy a new car. We hold on to the old car we have. We do not buy a new one. No vacation. We do not take a vacation. No new clothing. We might pick up a bargain at a sale here and there if we have to have it. But no new clothing and we do not go to movies. We do not spend our money on travel. We do not do anything we do not have to do."

Families do it. It hurts. They do not like to do it. It is painful. It is boring. It is the vote within the family, but they do it. All American families do it who have to go through this kind of crisis.

You know when you look back on it, you figure you are better for having done it.

The American family is only one institution that has had to do this, of course. Every small business, virtually every small business, unless incredibly lucky, has had to go through that kind of trauma when its sales drop off, its income drops, and it happens almost always to any business that has been in business any length of time. They have to cut their spending. They have to balance their expenditures to their income. They have to do their best to try to persuade the people who work with them not to insist on that wage increase or they have to lay someone off. That is one of the cruelest and toughest things in the world, but they do it.

Small businesses have to decide that they will forego getting a piece of equipment that might improve their operation. They might have to lay off a salesman. They may have to stop advertising. They may have to do things that seem counterproductive.

People will say, "Well, you are better off if you spent the money." We are always told that we are going to have a much better economy if we spend the money. This money you are spending, we are always told, is going to be great for the economy no matter what it is, education, health, or farm, or what it is. The argument is always spend the money and be better off.

The small businessman does not have that option. He cannot even guess. He just says, "No matter how better off I will be if I spend the money I do not have it, I am not going to spend it."

So not only does the family go through this and the millions of small businesses in this country go through it, every city in this country has to go through it. You name a city, except New York City, that does not have to balance its budget. New York City is now balancing its budget, I am happy to say, but they did not for a while. We let them get away with it unfortunately. It was a mistake.

But one of the reasons why our cities are governed efficiently is that they know they have to bring expenditures into line with revenues, that if they do not do it they lose their bond rating to begin with and then they go under. If they lose their bond rating, if they begin to get in real fiscal difficulty, the mayor gets kicked out, the city councilmen lose their offices, and they get straightened out. They have to do it.

I guess Wisconsin is not much different than any other State. Our State constitution prohibits deficit financing. We have changed that a little bit to provide a building commission that can borrow money for public buildings, but that has been quite limited. But we have to increase taxes, or cut spending if we have a bad year. And that is true in State after State after State. They do it. They do it year after year after year. Governors do it. Mayors do it. Corporations do it. Small businesses do it. Families do it. Why do we not do it?

We know it is right. There is no argument now. There was not one single argument on the floor of the Senate this year saying we need to run a deficit in order to improve the economy. No one argues that. We just do not have the guts to cut spending or increase taxes and bring it into balance.

As the New York Times said in that excellent editorial that I read, what the market admires is courage and we have not shown the courage that is required under these circumstances.

Mr. President, I think that this is the crux of this matter. We have to find somehow in our heart that we have the courage to take these unpopular steps. The discouraging and appalling problem is that President Reagan, more than any President who has served in my lifetime, has come to office with a clear mandate, mission, to hold down Federal spending. You can talk all you want to about not having a mandate. If there ever was a mandate that was it. The mandate was not to engage in any kind of foreign policy activity. It was some kind of a mandate perhaps to improve our military strength. But the fundamental mandate was to straighten out this economy of ours.

And if President Reagan, with his philosophy, with what he has said throughout the years, cannot draw the line, he is not going to, as Gordon Tullock says, throw away that remarkable weapon that he has, of the debt limitation, the President's unused weapon, then I cannot see that there is much of a prospect for the future and that is why the stock market and the bond market is so very pessimistic about the future of our country. The price of our bonds have dropped and stocks have dropped.

As I say, so many people, so many families, so many businesses have gone through this trauma.

I spoke about how a family is a better family after this kind of thing. That may or may not be true. Families may have to make sacrifices like giving up education. A child who is going to go to college cannot do it. He has to stay home and support the family. That happens. It has happened in family after family, even now with students loans what they are. It is not that the child cannot get a loan and go to college. It is that the family cannot give up his earning power. He has to do it. So a young person, a young woman or man who might be an outstanding lawyer or doctor, or professor, an engineer or top business executive if he had the education and training for it, has to forego that training, in order to make that kind of a sacrifice. That kind of heartbreaking sacrifice is made.

And unfortunately often families are not better for it when that kind of sacrifice has to be made. Maybe they cannot afford an operation. Maybe they cannot afford some kind of health insurance which they absolutely have to have. They cannot afford the kind of medical care, cannot afford to travel to a climate that is more healthy. Of course, that is not being better off. You cannot say that family is better off if they make the sacrifice. But they make the sacrifice.

On the other hand, in most cases, businesses are better off if they have gone through this catharsis if they had to sweat out reducing their level of spending. There is no question that there is fat in businesses, even in small businesses. In some cases, there is waste, there is wasted time, there is wasted motion, there is wasted equipment, as there is in the Government. But one of the things that purges that kind of waste, that corrects that kind of waste is the requirement that that business find some way of cutting its cost to meet its income.

Of course, what happens in some cases they cannot do that, and they go through the nightmare of bankruptcy and failure, losing the business, losing the life savings, losing the jobs that the small business means for the proprietor, and it is that terrible nightmare that keeps the small business working and working hard and making all kinds of sacrifices to keep alive. They see this and they see the terrific problems that they have gone through and then they wonder why this colossal, gigantic, Federal Government of ours with such an enormous revenue over $650 billion cannot somehow get along without getting in debt, year after year after year, 19 out of the last 20 years when we all know it is to the great interest of our economy to do that.

So, Mr. President, the action of our Federal Government or Congresses and our President does unfortunately reflect on the moral strength of the American people. I think that is why our people are fed up with Members of Congress and with other elected officials who insist on following a policy of putting this country's fiscal position into jeopardy.

Mr. President, I think it is wise for us to consider once again the connection between this colossal debt that we are running up, this trillion dollar plus debt that we will have shortly if we pass the resolution that is before us and do not accept the Proxmire amendment. We consider once again carefully what this is doing to interest rates.

Recently the U.S. News & World Report in fact in an issue of September 21, 1981, carried an article entitled "Public Debt at $1 Trillion and Mounting." It says that "years of Government borrowing have pushed Washington's IOU's to 13 digits—helping send interest rates soaring as well."

The article says:

> For all his struggle to slow the growth of government spending, Ronald Reagan faces the unpleasant prospect of seeing the federal debt top 1 trillion dollars for the first time.
>
> Washington's IOU's are expected to clear that level before Thanksgiving and reach 1.074 billion during the fiscal year beginning October 1. The 85-billion-dollar increase officially forecast is one of the biggest rises ever in a single year—mainly because of the deficit in next year's basic federal budget, which Reagan is laboring to hold to 42.5 billion dollars. Many private economists say the 1982 deficit is bound to be higher. Also to blame are borrowings by agencies such as the Export-Import Bank, whose deficits aren't included in the regular budget.
>
> As a result, the Treasury Department is asking Congress to set a new debt limit of 1.08 trillion dollars for fiscal year 1982. The current limit is 1985 billion dollars. Unless lawmakers act, the ceiling will revert October 1——

That is Thursday,

> to its permanent level of 400 billion dollars, a shift that would hamstring government financing operations.

Boy there is a master piece of overstatement, "hamstring Government operations." We would close down the Government. We could not pay anything. That is why the Proxmire amendment is essential. I would not permit the debt to drop down to $400 billion as a limit because of course then we could not do anything at all except maybe collect taxes.

What I would do is to raise the debt limit by a small amount, $10 billion, and that would mandate in effect that we live on a pay as you go basis out of the cash that comes in.

The articles goes on to say:

> The soaring debt means hefty borrowing costs for Uncle Sam: Interest on the public debt is estimated at 109 billion dollars in 1982, the first time it will have topped 100 billion—

in our history.

Mr. President, there is a figure that I have not discussed tonight. Think of that. One hundred billion dollars to buy nothing but air. What do we buy with that $100 billion? We pay interest on the national debt. We do not educate a single child. We do not provide for a plane or a tank or an aircraft carrier. We do not build a road. All we do is we pay for our past sins for having developed this colossal debt and not having retired it as we did in the past after in previous peacetime periods.

Now in this peacetime year 1982 we not only will be paying $100 billion in interest but we will be increasing that debt, we will be increasing the debt by tens of billions of dollars. In fact we are leading the way to increase it by $90 billion by voting on the Finance Committee's resolution that is now before us.

The article goes on to say:

> Since 1946, interest payments have climbed from 2.3 percent of gross national product to 3.4 percent today.
>
> Guns, then butter. Behind the mountainous debt lie years of government borrowing to cover budget deficits. Some of the biggest increases have come during wartime. But the nearly constant flow of federal red ink during peacetime years as well has pushed up the totals drastically. While it took the public debt nearly two centuries—until fiscal year 1975—to cross the half-trillion-dollar mark.

Think of that, it took two centuries—took them until 1975. Only a few years ago to get a debt of a half trillion dollars. The next half trillion dollars has come since 1975, peacetime years. How appalling. We have doubled the national debt in 6 short years.

> Holding the government IOU's are millions of creditors. Individuals buying U.S. notes, bills, bonds, savings bonds and other government securities are one big group, with about one seventh of the total.

Let me say that again.

> Holding the government IOU's are millions of creditors. Individuals buying U.S. notes, bills, bonds, savings bonds and other government securities are one big group, with about one seventh of the total Foreign investors are increasingly interested in U.S. securities, because of yield and safety, they now hold about 14 percent of the total debt, compared with just 4 percent in 1970.

I am sure a lot of those are OPEC investors, the oil producing countries. But this is an interesting statistic. This enormous debt of ours not only is, as all the other serious problems, but it also means that foreigners are holding increasing amounts of the debt.

The old argument that we just pay it to ourselves, while never a very good argument, is beginning to be less and less true, because we now have three times as high a proportion of the debt held by foreigners as we did only 10 years ago. And that amount is increasing all the time.

> At home, the Federal Reserve System has accumulated a large portfolio of Treasury issues in its conduct of monetary policy. Banks, corporations, pension funds and money-market funds are big investors.
>
> The U.S. government itself holds about a fifth of the outstanding debt throughout various trust funds, such as Social Security. They are required by law to invest surplus revenues in federal securities.

Incidentally, that is one of the problems with the social security fund. I have argued that the funds have been so badly invested that the social security fund was robbed of $2 billion last year. And I think I have documented that and documented it very clearly.

The fact is that the average investor in Treasury securities earned about 13½ percent last year. Social security, on the other hand, that fund only earned 8.3 percent. The difference is $2 billion—$2 billion.

In other words, if the social security fund had the same return that other investors in Federal securities had had, it would have had $2 billion more and 60 percent of the so-called shortfall would have been eliminated and the argument that we would have to reduce social security benefits would have gone with it.

Incidentally, it is interesting to see that the reason why that fund was so badly invested was because it is managed by the Secretary of the Treasury—not this current Secretary of the Treasury, but past Secretaries. They always have the incentive to hold down the payment of interest to the social security fund.

Why? Because the social security fund is the biggest single investors in Treasury securities and, of course, the Secretary of the Treasury not only manages that social security fund but he is also responsible for the interest costs to the national debt.

How does he keep the cost of the national debt down? He sells the social security fund obligations that yield far less than any prudent investor would buy. He sells them low yielding securities.

As a matter of fact, there are special issues only for the social security fund and only because no other wise investor would pay for them. They yield far less than they should and, as a result, the social security fund is deprived of $2 billion it ought to have.

The article goes on to say:

> As huge as it is, even a debt that runs to 13 numerals is less of a burden than it might seem. Measured against the nation's total output, the debt has declined from 133 percent of the gross national product in 1946 to about 34 percent today. Viewed another way, the amount Washington owes the public has declined as a percent of Americans' total debt—borrowings by federal, state and local governments, as well as by individuals and businesses.
>
> Still, the mounting debt causes concern. Wall Street is in a slump now largely because investors are worried that Reagan won't be able to do any better than previous Presidents in balancing the budget and lowering the rate of inflation. Some economists argue that unending deficits and mounting debt help push up prices. They too, note, that all the borrowing means the government dominates the credit markets, "crowding out" businesses and individuals who want loans.
>
> Once it arrives, the trillion-dollar debt will be here to stay. Any surpluses that the government might accrue are apt to be too small to make much of a dent in the public debt.

Mr. President, I wish I could reproduce a chart I have. I cannot reproduce. It shows the rise in the national debt since 1916, when it was a billion dollars, and showing how astronomically and sudden and sharp that increase is and how rapidly it goes up just since 1970.

It raises from $313 billion to $370 billion to $333 billion and to $907 billion and to $1,074 billion in only 5 years. A colossal, colossal increase in a very short time.

Mr. President, I have been discussing how the interests are eating up the budget.

Interest payments on the Federal deficit are eating America alive, according to an article in Business Week of February 9 of this year. This article points that out and says:

> Something must be done to halt this accelerating trend.
>
> The press frequently warns that the U.S. budget is out of control. Economists, politicians, and business leaders point to the oft-blamed culprits: military spending, education, health, and human services. Somehow the staggering sum that the government pays out in interest to the holders of its debt securities never seems to be recognized as a leading contributor to the federal deficit.
>
> By way of reference, fiscal 1980 shows that taxpayers paid Uncle Sam more than $520 billion. However, the government spent about $579 billion, resulting in a deficit of $59 billion. Interest paid out by the Treasury came to $74.9 billion in 1980. In the seven years since 1974, when it stood at $29.3 billion, debt service has risen 156 percent.

The following table illustrates this comparison.

Interest on the public debt for 1974, $29 billion; 1980, $74.9 billion.

On the other hand, military spending increased from $77 to $132 billion.

In other words, interest on the national debt has increased more than twice as fast as military spending and is now, as we pointed out earlier, more than half of our military spending.

> Budget figures run somewhat lower than Treasury figures because they do not include interest paid to government agencies and trust funds. Even so, budgeted interest payments came to $64.6 billion in fiscal 1980, up 23% from 1979. This was the biggest increase of any major item in the budget.

I wonder how many people really appreciate that. The biggest single increase of any major item in the budget was interest payments.

Many people would say education or say health or say social security or perhaps military. But the biggest increase of any major item was interest on the debt. This shows the folly of our following a policy of failing to balance the budget and run a surplus when we should, during a period of inflation like the present and the folly of acting favorably on the resolution that is before us that would increase the national debt to over $1 trillion.

The article goes on to say:

> Interest is not only huge; it also is uncontrollable. In January, 1977, the Office of Management and Budget forecast that interest to be paid out for fiscal 1979 would total more than $42 billion. The actual figure was more than $52 billion.
>
> This swelling interest burden is a function of higher current interest rates combined with an ever-expanding federal debt.

The interest is not only uncontrollable, inasmuch as we have to pay it—and I do not think anybody, or certainly not very many people, would say to repudiate it, forget it, do not pay it. You do not have any alternative.

Obviously, it is an obligation of the United States on full faith and credit of the United States. If we do not pay it, we will not be able to borrow money in the future. We have that debt to pay and we have to pay it. It is uncontrollable in the fullest sense of the word.

What they should have said is it is unpredictable and usually we underestimate its costs and the administration estimates that it is going to be over $90 billion next year or $100 billion, I guess. I think that is a modest estimate. It is going to be higher than that. It rises ahead because, of course, the higher it is, the bigger the deficit is; the bigger the deficit is, the higher the interest rates are. It is a vicious catch 22 article.

The article goes on to say:

> The swelling interest burden is a function of the higher current rate combined with a never expanding Federal debt. According to the U.S. Treasury Bulletin, that debt stands at $909.4 billion as of November 1980. The computed annual interest charge on this comes to $84 billion, which represents an annual interest rate of 9.4 percent.
>
> More debt to come.—Interest-bearing federal debt has more than double in the last eight years. In the past fiscal year it has increased $81 billion alone, a gain of 9.8 percent. This rate is far in excess of that of our gross national product.
>
> If the government finances what the latest budget predicts will be a $55 billion fiscal 1981 deficit by creating still further indebtedness, the U.S. debt should rise to more than $960 billion. If interest rates on 3¾-year U.S. government securities remain at their current level of about 12½ percent, refinancing the public debt—the average maturity of which is precisely that long—could boost U.S. annual debt service to $120 billion.

All of this, Mr. President, has been outdated by what has been happening since then. All this was written in February 1981. Since then, interest rates have shot up. This talks about a 12½ percent level for the U.S. securities. The level, of course, is a great deal higher than that. And all these elements are on the very, very conservative side.

As I said, the U.S. annual debt service will shoot up to $120 billion. That is an understatement:

> This would mean that approximately one-fifth of the $604 billion the government expects to receive in tax revenues in fiscal 1981 will go for interest payments. Imagine walking into a bank and applying for a loan so large that interest payments would equal one-fifth of your salary. Put another way, what successful business pays out one-fifth of revenues in debt service?

And that is exactly what we are doing:

> The adage "What's good for General Motors is good for the country" has another important meaning. What would happen if some of the yardsticks employed by security analysts in evaluating corporate issuers were applied to the U.S.? General Motors, with sales in 1979 of more than $67 billion (before deducting interest), paid out just $400 million of interest on all its debt, including dividends on its preferred stock. In other words, every dollar of interest owed by General Motors was covered by more than $167 in annual sales.
>
> Conversely, if we examine the figure cited earlier in this article, we find that every dollar of annual interest paid by the U.S. in fiscal 1979 was covered by only about $7 in tax receipts.
>
> The problem of balancing the budget becomes increasingly difficult as interest payments become locked at higher levels each year.
>
> Unfortunately, there seems to be no stemming this flood of disproportionately rising debt-service payments as long as the two principal forces of increasing debt and high interest rates are having a multiplier effect.

Mr. President, I have not stressed that point and I think it is a point that is well worth taking a minute to reconsider.

We tend to ignore the fact that we not only have to pay more interest as debt itself rises. Obviously, at the same rate of interest, you will pay twice as much interest if the debt is a trillion dollars as if the debt is a half trillion dollars. But beyond that, as the debt increases and as the Federal Government pushes out into the credit markets and pushes up interest rates, you do not have the same rate of interest; you have a higher rate of interest.

For example, if, instead of paying 8-percent interest on half a trillion dollars, the Federal Government has to pay 16-percent interest on a trillion dollars, the cost of servicing that debt goes from $40 billion to $160 billion. It is a fourfold increase.

Unfortunately, these elements play on each other. Fortunately, they also play on each other in reverse. In other words, if we will accept my amendment and balance the budget, we will not only eliminate the increase in the national debt, but also, we will reduce the rate of interest that has to be paid on that debt.

As the economy grows, the burden will be lesser and lesser, and the payoff will be very considerable.

What an invitation to a responsible policy. We are going to reduce spending greatly by reducing spending. By balancing the budget, we are going to make it much easier to balance the budget during the years after we balance the budget.

If we should balance the budget in

1982, it would make 1983 a much easier year, because interest rates would fall and it would mean we would pay out tens of billions of dollars less in service costs on the national debt.

So this idea should be kept firmly in mind in seeing the advantage, the clear advantage, of balancing the budget; because we not only keep the debt itself from increasing and ease that burden, but also, reduce interest rates and therefore greatly ease the cost of carrying that burden.

But as this article points out, we have been working the other way for a long time. The problem of balancing the budget becomes more difficult every year because interest payments are increasing not only with a higher debt but also at a higher rate. The article goes on:

> An inevitable chain of events is occurring. Partially because of high interest costs the government runs bigger deficits.

How true that is. If we did not have the interest, we would not have any deficit at all. We would have a surplus, because the deficit we have now is less than the service cost on the national debt. Unless we have a deficit of more than $90 billion next year, it will be substantially less than the cost of servicing the national debt.

In other words, the entire deficit is made up, really, of the unfortunate habits we have developed in the past of not keeping our spending in line with our revenues. If we had done that, we could have all the services we have now and have a surplus. We would not have any unbalanced budget at all.

I continue reading:

> An inevitable chain of events is occurring. Partially because of high interest costs, the government runs bigger deficits. They are financed by issuing more Treasury securities. This, in turn, creates more annual debt service, which invites still greater deficits. The cycle seems inescapable. To twist an old saw, the government is borrowing from Peter to pay Peter.
>
> The solution to the problem is threefold. First, we must quickly cut federal spending dramatically in order to help balance the budget.

Mr. President, I have not said much tonight about off-budget borrowing. I believe that one of the areas we should explore very carefully—I do not have the answer to it at the moment—is off-budget borrowing. We are going to do our best to see if we can find out whether that off-budget borrowing would be included in the limitation of the national debt. I am not sure about that. I should be. It certainly should require exactly the same discipline and the same restraint.

Mr. President, I ask unanimous consent that I may yield the floor briefly to the distinguished Senator from West Virginia, the minority leader, without losing my right to the floor.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object—and I shall not object—but I reserve the right to object.

I am reserving the right to object, Mr. President, and in that connection may I say that I know how difficult it is to take the floor for a few hours overnight.

I once began speaking about 6 o'clock in the evening, and I spoke until about 10 o'clock the next day, and I know how difficult a chore that is. I recall that I brought a little milk into the Chamber and I brought a little orange juice. I partook of it from time to time, to give me a little additional sustenance.

On that occasion, now and then, a Senator would come through the Chamber, engage in a little conversation with me. I recall on that occasion—I believe it was that occasion—Hubert Humphrey, the late Senator Hubert Humphrey, came into the Chamber, and we engaged in a little debate. I quoted a poem on that occasion. Let me see if I can remember how it goes.

> The roses red upon my neighbors vine
> Are owned by him, but they are also mine.
> His was the cost, and his the labor, too,
> But mine as well as his the joy, their loveliness to view.
>
> They bloom for me and are for me as fair
> As for the man who gives them all his care.
> Thus I am rich, because a good man grew
> A rose-clad vine for all his neighbors' view.
> I know from this that others plant for me,
> And what they own, my joy may also be.
> So why be selfish, when so much that's fine
> Is grown for me, upon my neighbor's vine.

I recall that Hubert Humphrey came back into the Chamber the next morning, before I relinquished the floor, and brought some beautiful roses and gave them to me. I will never forget his having done that.

So, I just was on my way home and thought I would stop by and see who was around, and thought I would say hello to Senator PROXMIRE. He has assured us that he will not ask for any rollcalls, that he will not suggest any quorums, so that there will not be any quorum calls. He will hold the floor until tomorrow, and he will relinquish the floor at least a minute before 10:30 a.m., so that the Senate can go into recess and come back into session as ordered by the distinguished majority leader.

Mr. President, I object to the Senator's request.

Mr. PROXMIRE. I thank my good friends.

I withdraw my request.

The PRESIDING OFFICER. Objection is heard.

Mr. PROXMIRE. Mr. President, I thank my leader. He is a friend in need, believe me, and I deeply appreciate his graciousness and consideration and generosity in dropping by here. They say some people never sleep, and I believe that about Senator ROBERT C. BYRD. He has certainly shown me that tonight.

Mr. President, I have talked tonight about several aspects of the problem that confronts us.

I am very deeply concerned about having the national debt go over a trillion dollars. I believe this is a watershed. This is a very important time in our economic history. It is something that future Senators and Representatives will look back on and really wonder why we made what seems to be such an appalling error.

All night, so far, I have tried to stress what this huge national debt is doing to us, the burden of the debt, the inflationary effect of the debt, the increase in interest rates that follows from the colossal debt.

The opportunity that we have may be one of the best opportunities and most important opportunities that Congress will have this year or in any recent year to stop it because, after all, the trillion-dollar level is a watershed area. It is one that people can understand.

We appreciate the fact that the debt is a thousand times bigger—literally, a thousand times bigger—than it was in 1916, when our debt was a billion dollars. Now this is a thousand billion dollars. That is what a trillion dollars is, a thousand billion dollars. That is a thousand times bigger.

The article I have just read pointed out that we will have to spend as much as $100 billion just paying interest on this national debt—$100 billion. We can buy nothing with it. One hundred billion dollars alone, if we did not have to pay it, would balance our budget.

It would enable us to reduce our debt. The most recent article I read also pointed out that it is not just a matter of increasing a debt and increasing the service cost, but increasing the debt increases the interest cost, which in turn increases the service cost of the debt. It is something we must not forget.

Mr. President, the amendment that I am proposing provides almost no leeway. It would increase the national debt to $995 billion from $985 billion. That is only $10 billion of leeway and would mean that we would be on a virtual cash basis and do what every business, what every family, has to do, which is to live within their means. We would have to do that. It would mandate it and it would be the clearest kind of signal we could possibly give this country that we mean business about fighting inflation.

I also want once again to review the fact that in this remarkable article by Gordon Tullock, he points out that both Nixon and Reagan, who came in complaining about deficits, have thrown away their best weapon. The best weapon, the unused weapon, the way they can hold down spending by Congress, is to say no increase in the national debt—no increase; to say he is not going to sign, he is going to veto any increase in the national debt.

I have pleaded for that over and over again, Mr. President. Maybe he will not. Maybe he can find enough support in Congress. There have always been a number of people in Congress who have resisted increasing the debt limit. We can do that by voting a responsible limitation. Obviously, if we vote against the national debt limit now, we go back and revert to a $400 billion level and the Government stands still. It stops, cannot function at all—no social security payments, no payments to people in the military forces, no payments on contracts. The Government is out of business.

We do not want to do that. What I would do instead of change the figures in the resolution from $1.079 trillion to $995 billion and stay under a trillion dollars and, therefore, mandate, in order to stay under that trillion dollars, that we have to balance the budget this year and next year and the year after. Thereby we give the investors of this country the word that they are so longing to hear, that we are going to have an anti-inflation policy that they can understand and support and appreciate.

Mr. President, I have not said anything tonight about what the deficit should be used for. There is a time—I am not one of those who have said we should balance the budget every year. We should not. It would be foolish to try to balance the budget in time of war. We have a need for using all of our resources, including our borrowing capacity, in wartime.

We should not try to balance the budget in time of a serious depression. To try to balance the budget in the thirties would have been about as counterproductive as anything I could imagine. It would have meant, of course, that we would have aggravated unemployment. It would have meant that we would not have the kind of recovery that we very painfully finally achieved. That was a period of deflation. It was a period when prices were falling. It was a period of just the opposite of the present time.

We now are in a period of inflation, when it makes all the sense in the world to balance the budget. This is not a military emergency we are in now. We would like to have a stronger military force, but nobody pretends that that is a temporary situation. We are in a period when we have a healthy economy, when everybody says the inflation will decline somewhat next year, when growth is expected to be somewhat better than it is on the average.

Yet with all these assumptions, we still will have an unbalanced budget. I think that is, unfortunately, a serious mistake.

Mr. President, I should also point out that now is the time to balance the budget—now, this year, 1981-82. This is the time to begin to balance the budget. The inflation, as I have pointed out and documented, is an extraordinary inflation that we suffer. It is not the typical kind of inflation that comes in wartime or in a brief period of exuberant growth. This is an inflation that has persisted after a war. It has been the first time in our history. It has persisted through recessions.

It is the biggest inflation we have had thus far by manyfold. It is an inflation that is international. It is an inflation that is going to take some real tough action on our part to begin to turn around.

I pointed earlier to the success that countries in Europe had with the worst inflation in the recorded history of mankind, that remarkable inflation in Germany in World War I, an inflation that enormously accelerated prices. It was an inflation which so increased prices that they increased not by 100 percent or 1,000 percent or by 100,000 percent, but literally by over a trillion percent, an enormous inflation.

It seemed impossible, yet they were able to stop that inflation. They were able to stop the inflation in a way that increased employment and decreased unemployment. They were able to stop that inflation in Germany. How? by Balancing the budget. By balancing the budget, by stopping Federal borrowing, by going on a cash basis. They even laid off 180,000 State-owned railroad workers. They laid off 65,000 postal workers.

In spite of that, they were able to encourage their economy to move ahead, because there was such a terrific relief in the economy, such a rebirth of confidence and investment.

Not only did that happen in Germany; it happened with hyperinflation in Austria, in Poland, in Hungary. They took essentially the same steps: They stopped Federal borrowing. They balanced their budget. And it worked.

This is not a theory, Mr. President. This is something we know from historical experience has worked and worked well.

Mr. President, of course, the greatest effect of this would be to help our homebuilders and our auto dealers and our farmers and our small businessmen. I want to give some examples of that a little later on tonight, but there is no question that if you go out in the public today—I do not care what State it is, whether it is Virginia, Maryland, Wisconsin, or California, or Georgia, or any other State—you will find that the No. 1 issue on the minds of all the business people and on the minds of many young people who want to buy a home is interest rates, how high they are and how cruel they are. There is no question in my mind at all, I do not know anyone who would dispute it, that the most effective way to get interest rates down is to balance the budget and have a sound fiscal policy.

Mr. President, I also want to review quickly some of the other things I have done before I go ahead. I want to point out that this is by far the best method of achieving a balanced budget. A constitutional amendment—it is going to be hard to get that through the House, through the Senate, and through three-quarters of the State legislatures. Many economists, in fact I think most economists, do not like it. They say it puts us in a very rigid situation. I may vote for it anyway because I feel so strongly about balancing the budget, but I think it is going to be an extraordinarily difficult amendment to administer.

The notion of budget will be challenged, the notion of balance will be challenged. It will be extremely difficult to have a constitutional amendment that would be workable requiring a balanced budget.

Mr. President, I have not discussed the possibility of price control. I want to do that a little later on. Of course, many people feel that the way to get inflation under control is by just putting a law into effect that you cannot increase prices. That has a number of advocates. I think we can show that that is not a policy that would work. We have tried it. But I want to go into some detail on that a little later on.

Some people say, "Why fool around with all this limitation on the budget? Cut spending." Well, it is very hard to do that. We have tried that. All the pressures in this body—all the pressures in this body, as the distinguished Senator from Georgia knows, I am sure—come on the side of spending. People do not come to Washington and say, "Spend less money for the nursing profession," if they are nurses, or the medical profession if they are doctors, or the building profession if they are builders. The military contractors, whoever they are, the people who come up here, the mayors, whoever comes up here wants more money.

They do not ask for less money, but more money. They judge us on the basis of whether we can produce that money. So it is difficult to go ahead and cut spending unless you have a requirement to do so. The limit on the national debt will do that. We will know that we have no alternative but to balance the budget. If we do not balance the budget, we will not be able to pay our constituents their social security funds. We will know that and we will act because we have to act.

Of course, as I pointed out, this will not commit us to cutting defense spending, although we will have to consider that option. I favor cutting some defense spending. I think we can, I think we should, I think we must; but others dispute that. If they dispute it, they can cut spending elsewhere or increase taxes.

I pointed out how this is a program that puts pressure on us to eliminate some spending programs. There are some spending programs that I think are very good. Sheltered workshop, aid for the handicapped, some educational programs and so forth that we simply must not sacrifice. But they will have to take their chances with the priorities, because we simply have to hold down spending overall.

Above all, what this amendment I am proposing makes us do is be responsible—not spend on the cuff, but be responsible.

Unfortunately, the fact is that the national debt, as big as it is, as enormous as it is, is just the tip of an iceberg. When I said earlier tonight that the Federal Government in the last few years has come to a position where it literally dominates our economy overall, I was not fooling, because the national debt does have a profound effect, of course. It has to be borrowed all the time to be funded on our economy. In addition to that, insurance, loan guarantees, pension promises and more, in the array of Uncle Sam's potential eye on us, runs into several trillion dollars.

Steadily rising U.S. public debt is just a fraction of Uncle Sam's total commitments. All in all, the Federal Government is bound to honor $6.5 trillion in potential liabilities in which public debt accounts for nearly $1 trillion. According to the latest tally, the total liability is 23 percent increase from a year ago and it is more than triple the amount of 10 years ago. Triple the amount of 10 years ago is what our liabilities are now.

This article goes on to say that Ronald Reagan budget cutters aim straight at many programs aimed to hold down future commitments but scores of programs will have to be slashed if the effort is to succeed.

Besides the public debt the United States is committeed to pay $1 trillion on the contracts it has already signed for such things as military hardware and housing, but the biggest part of the

Federal Government liability, some $5 trillion, is in the form of financial commitments the United States must honor in the event of default, disaster, retirement, and other circumstances.

Washington's largest potential liability is the estimated $2.5 trillion deficit in retirement disability and compensation programs. Of that, of course, the biggest single commitment is for future payments under the social security, old age and survivor program not presently covered by incoming taxes. A wide array of insurance programs funded by the Government amounts to potential liability of $2.2 trillion including such items as veterans life insurance, coverage of bank deposits, and insurance for disasters.

Now, Mr. President, I think this is an interesting point. I think we should keep in the perspective, however. The fact is that insuring the deposits, for example, of the Federal Deposit Insurance Corporation. It insures all the deposits of all of our banks. We have had experience with that now since about 1932. As a matter of fact, that came in before the New Deal, and in all those years the system has been funded entirely not by the taxpayer but by the banks themselves and by, of course, the banks' customers. They pay for it ultimately, but the cost has been zero. There have been no losses by depositors, and it is a cost which is potentially great, but as a matter of fact is modest.

The other big item that this article points to is something we have to be concerned about and be aware of and sensitive to. That is the social security obligation. But there is not any question that the social security taxes we impose now on employers and employees can and will cover this obligation as the years go on as they have in the past. We are going to have to make painful adjustments. We will not be able to pay the increases that some people would like us to pay in the future. But all the obligations we have now given any kind of assumptions about a reasonable continuation of our economy will be funded and funded with relative simplicity.

So I am not one of those who argues that because we have people who are paying into social security now and will retire 40 years from now and obviously they will then especially with present rates of inflation expect to get a substantial retirement income, that the Federal Government is in the kind of situation that it is from its other obligations.

Mr. President, I would like to refer to a man named Robert Lucas who is a John Dewey distinguished service professor of economics at the University of Chicago. As we all know, Chicago has one of the finest and strongest economics faculties in the country. Among others, Milton Friedman is a member of that faculty and it has been a pioneer in many areas and is highly respected not only in this country but throughout the world for its excellence and for its understanding and its capability.

Mr. Lucas, as I say, is one of the most distinguished members of that economics faculty and he has written a guest article for Leonard Silk, whom I quoted earlier in the New York Times, and it is right on the point I am talking about here:

Deficit finance and inflation.

Mr. Lucas says:

> The question of deficit finance is at the center of public discussion of economic matters today, as it is in any society undergoing serious inflation, and as it should be, for there is no more basic connection in economic affairs than that linking deficit finance and inflation. Though Milton Friedman's aphorism that "inflation is always and everywhere a monetary phenomenon" is true (or as true as economic aphorisms get), it is equally true that sustained monetary expansions are always and everywhere a consequence of printing money to cover the difference between Government expenditures and tax revenues.

Mr. President, that is so fundamental that I want to repeat it. "The sustained monetary expansion, that is the increase in the money supply, are always and everywhere a consequence of printing money to cover the difference between Government expenditures and tax revenues."

Always you get inflation not simply from a central bank which prints too much money but has a reason for printing that money. The central bank is not interested in inflation. They do not want to exacerbate inflation, increase inflation. They want to do the opposite. I mean not only Mr. Volcker but Mr. Martin, Mr. Miller, Arthur Burns, all of our Chairmen, have been deeply concerned with inflation. They want to overcome it. But what do they do when Congress has one huge deficit after another? As I pointed out tonight the deficits in this decade for the first time in our history we have had the seven biggest deficits in the last 10 years, the last 10 years.

So we put the Federal Reserve in a position where they simply have to, they have no alternative, they have to either follow the policy they are following now that drives interest rates right through the roof, by simply stepping back and letting the Federal Government crowd out other borrowers or they monetize the debt, they lend the money to the Federal Government and then of course you have an inflation which is the kind of phenomenon that is so well described by Mr. Lucas.

Mr. Lucas goes on to say:

> Today, deficit spending is rationalized by the novel doctrines of supply-side economics. Yesterday, the same policies were defended by the logic of Keynesian economics. In the effort to hold onto my fiscal sanity in this era of theoretical innovation, I found it helpful to reread Alexander Hamilton's two remarkable "Reports on the Public Credit," delivered to the Congress in 1790 and 1795 in his capacity as Secretary of the Treasury in the Washington Administration.
>
> The 1790 Congress was faced with the question of whether to honor the Revolutionary War debt, which, since it had been issued by a government no longer in existence, was not clearly the responsibility of the Government formed by the 1789 Constitution.

That is a common problem of new governments whether to honor the debts of their predecessors.

And I think few people realize that that was a problem of our original Congress in 1789.

> Honoring the debt meant in practice, then as now, levying taxes—taxes with the distorting effects on incentives that taxes always have—in order to acquire the resources to discharge these obligations.
>
> Many argued that the best decision was simply to disclaim responsibility for the debt, and so to avoid the tax distortions involved in what would be, after all, just a shuffling of resources from one set of citizens to another. This repudiation would be accompanied by the solemn promise that all debts incurred in the future by the new Government would be faithfully repaid. This policy, if it had been possible to carry it out, would indeed have been the economically correct one.
>
> But how, exactly, might the Congress in 1790 have issued credible promises about the way future debts were to be honored by future Congresses? Hamilton saw that this question was at the center of the issue. He argued that what the 1790 Congress was really deciding, whether it described what it was doing in these terms or not, was not merely the disposition of the Revolutionary War debt but also the general policy that the United States Government was to adopt toward its national debts.
>
> For Hamilton, the outstanding war debt represented an opportunity for the new republic to demonstrate its adherence to a policy of honoring its debts by a specific action that would be incomparably more convincing than any mere promise could possibly be. Incurring the tax distortions involved in doing so would be, he argued, an investment in credibility that would (and indeed, did) yield returns for many years.

That is just what we need today—credibility that would and indeed did yield returns for many years.

Mr. President, I pause on this analysis of Hamilton's decision because it is one we should remind ourselves of. I suppose that no more distinguished people have ever served a new government and certainly have served in this body than our Founding Fathers and especially Alexander Hamilton and the message that Alexander Hamilton gave us was not only that we should honor debts but credibility really believe in the policies of a government are absolutely fundamental to the success of that government's fiscal operations. How true that it is today.

The public, the investing public does not believe we mean it when we say we are going to balance the budget. They just do not believe it. They have been told that too often that we will not do it. What we need is a Hamilton said then an action, we need to act to really do it. We need to act to balance the budget next year. We can do it. All we need is the will to do it and then we will be believed. Then interest rates will begin to come down. Then people will believe that this Government means business about anti-inflationary policy that adds up. That is what we need. And our Founding Fathers have given us the precedents on how to do it. For Hamilton the outstanding war debt represented as I say an opportunity, an opportunity, and the payoff was a payoff that was very rich indeed.

> Hamilton's powerful statement of this issue is no less relevant today than it was in 1790, nor has it, in my view, been outdated by any more recently discovered economic principles. It has clear implications for deficit spending, since if debt is to be incurred

> in situations of national emergency, such as in major wars and serious depressions, and if it is to be ultimately retired with interest, then clearly non-emergency situations must be periods of budget surplus. I see no way around the arithmetic.

That is what I am trying to argue tonight. We are not in a military emergency. We are not in an economic emergency. We should be running a surplus. We should be balancing the budget. We are like a family who has to go into debt when they have a death in the family or when they have an illness in the family or when one of the members of the family loses his job. And that is expected and respected and it is done. But when all the members of the family are working when things are in good shape they better not get in debt then and they know it. Family after family knows it.

Mr. President, we had better wise up and we better recognize that is exactly the situation we are in now. We are not in a war. No one pretends we are in a war, we do not have a military emergency. No one pretends we have or argued we have.

We do not have a situation where we have an economic catastrophe. We do not have a big unemployment, as I pointed out over and over tonight. All the expectation, all the predictions are we have better than average growth next year and the year after. Unemployment will be lower. What we need is the will, that is all. We need the will. We need to recognize what Alexander Hamilton taught us almost 200 years ago.

As Robert Lucas, this distinguished professor from the University of Chicago says, and I want to repeat that because I think it is so worthwhile, he says this has clear implications for deficit spending. Since the debt is to be incurred in situations and if it is to be ultimately retired with interest then clearly non-emergency situations must be periods of budget surplus. How can you reconcile that with 20 years, 19 out the last 20 years we had deficits including some prosperous years in our history. Deficits, deficits, deficits.

Mr. Lucas goes on to say:

> The institution of modern central banking is new since Hamilton's day (though he did his best to help bring it into existence). Today's Congress, unlike that of 1790, can repudiate debt as it pleases without the painful necessity of having even to mention the word. It does so by legislating expenditures in excess of tax receipts under all circumstances, and leaving it to the central bank to make up the difference by "printing money".

That is what we are doing. Professor Lucas is absolutely 100 percent correct.

We leave it to the central bank, the Federal Reserve Board, and then we raise the dickens with them because interest rates are too high. We want to know who is responsible for our interest rate. Look in the mirror. It is the Congress.

The resulting inflation lowers the real value of the remaining debts so that although bond holders receive the dollars promised on the face of the bonds the dollars do not command the resources they commanded at the time the bond was purchased.

> In effect, though no one has to come right out and say so, the Government has defaulted on part of its debt. Of course, as Hamilton spelled out, people quickly learned that this partial default is the norm. This is why the current yield of the United States Government obligations maturing in the year 2005 is now about 14 percent.

Because they know that there will be a partial default, the partial default will be caused, of course, by the rise in inflation. So people will get back less in real terms than they paid in. A dollar in the year 2005, some 24 years from now, will be worth a lot less than a dollar today.

And why will it be worth less? Because we are following policies of deficit financing that promote inflation.

The article goes on to say:

> The Reagan Administration, like the Washington Administration in which Hamilton served, took office under circumstances of widespread uncertainty concerning the principles about which economic policy was to be formulated. Now, as then, the main source of uncertainty centers on whether the United States Government is willing to tax its citizens directly at a level sufficient to pay for its past and current spending commitments, or whether these payments are to be put off via verbal promises into the indefinite future.

Talk about not having any guts, any strength, any courage. As the New York Times pointed out, the real test is whether we have the courage to greatly reduce spending, to increase taxes, if necessary, and to balance the budget.

It is a nice thing to say—balance the budget—but it is a nasty, mean, tough, unpopular action to take. Because you have to say no to people who want spending, whether they are water projects or whether they are mayors who want their revenue sharing or whether they are nurses who want to be subsidized or whether they are students who want their loans, you have to say no to a lot of good people, wonderful people, fine people, who have grown to rely on Federal support. And you have to say yes, unfortunately, to some tax increases in the consumption area to hold down consumption.

But we have to find it and if we cannot find it when the debt limit comes up to a trillion dollars, we will never find it.

Finally, this article concludes by saying:

> The Washington administration.

That is, of course, General Washington, President Washington, our first President—

> The Washington Administration took the course of meeting its obligations rapidly, through the levy of current taxes (unpopular as taxes tend always to be), consigning these obligations to history and simultaneously announcing a set of principles governing future fiscal policy in the most forceful possible way.

And I do not want to be partisan, I am not stating my own view, but I am stating the view of Mr. Lucas, who says that "The Reagan administration has chosen the opposite course."

I suppose that really is not fair, because this administration has done more to cut spending than any administration in the 50 years I have supported those cuts. And I think they deserve credit for it, but the administration has not gone far enough.

I am sure that shocks a lot of people. They say: "How far can you go?" Well, we have got to go far enough to balance the budget and do it now.

You are not going to balance the budget by waiting 3 or 4 years in the distance any more than a person who has a habit of drinking alcohol excessively and becomes an alcoholic, who says he is going to stop drinking not this year, not next year, "but in 1984, I won't have a drink." Nobody would believe a person who made that kind of a resolve, and nobody can believe an administration that says: "We want to balance the budget. Give us enough time. Wait until we get around to it."

Now, one of the most highly respected economic journalists and commentators is Ed Cowan of the New York Times. He has written an article "The National Debt: A Primer." Mr. Cowan's article says:

> In his televised address to a joint session of Congress Wednesday night—

This article was written in February of this year, so it is not a recent one—

> President Reagan told the lawmakers and the American people that "our national debt is approaching $1 trillion." He portrayed the debt as symptomatic of the nation's economic troubles.
>
> That the United States has serious economic problems, most notably a 10 percent annual inflation rate, is widely understood. A related, but separate, question is what to make of the Federal Government's debt, now at $940 billion.
>
> Government borrowing has been a subject of controversy in American life for a long time. The first Secretary of the Treasury, Alexander Hamilton, said, "A national debt, if it is not excessive, will be to us a national blessing." But he also said, "The creation of debt should always be accompanied with the means of extinguishment."

I think that is interesting, a national debt is a blessing. And you can see it may well be if it is handled the way Hamilton handled it, to have the guts to step in and impose unpopular taxes, raise the money to pay it off and the belief in Government and the Government's integrity. But unless you do pay it off, unless you make it clear that you have the will to do so, unless you balance the budget in periods that are not periods of war or periods of terrible economic distress, unless you balance the budget in reasonably good years, you are not going to be believed and you will not have the credibility and you will not deserve it.

Mr. Collins goes on to answer some fundamental questions:

> Q. What is the national debt?
>
> A. It is the sum of all the money the Government has borrowed to finance budget deficits. Prof. Robert J. Barro of the University of Rochester has called the debt "the accumulation of past choices to borrow rather than levy taxes." The biggest deficits have been associated with financing war—the Civil War, the two World Wars and the Vietnam War.

Well, Ed Cowan is wrong on that. The biggest deficits have been associated in the 1970's, in periods of relative peace and relative prosperity. We did have a bad couple of years in 1974 and 1975. But every one of the biggest deficits in our history, peacetime history, have been in this decade.

And, of course, not only have they been big, but they almost tripled the size of the national debt since 1970, of course, all of that took place after these wars. So I would fault Mr. Cowan on that and say he is not quite accurate.

The table that I have here shows that since before 1970, we had a deficit in 1943 of $54 billion; $47 billion in 1944; $47 billion in 1945. Now that was during the war and those were colossal deficits and we reduced some of that by running surpluses in some years, notably a $12-billion surplus in 1948.

But, without the excuse of a war—and certainly without the excuse of a deep depression—we have had the following colossal deficits in the 1970's; $23 billion in 1971; $23 billion in 1972; $18 billion in 1974; $45 billion in 1975; $66 billion in 1976; $44 billion in 1977; $48 billion in 1978; $27 billion in 1979; $59 billion in 1980; and we expect $55 billion in this year, although it has not been completed as yet and it might be bigger than that.

Those are the biggest deficits by far and even on a percentage basis they dwarf the deficits we have had except the deficits we had during wartime.

And, of course, some of the financing, the debt which the Government has incurred, is not in the budget and not in the figures I have just read. They substantially exceed that because of the off-budget borrowing is not included in those figures. If you include the off-budget borrowing, which is greatly accelerated in recent years, greatly accelerated by a very large factor, if you include that, then the recent deficits have enormously dwarfed the deficits that we have had in the past.

Then Mr. Cowan says:

Q. But there have been only four balanced Federal budgets since 1958, so it is not just a problem of paying for war, is it?

A. That's right. Deficits seems to be a habit. In part, they reflect the Congress's desire to do all manner of good things—equip the Armed Forces, build highways, provide school lunches and health care to the aged and poor, and so on. Deficits are also caused, or deepened, by economic slums, when revenues fall and spending for such things as unemployment benefits and food stamps rises.

Q. Is there any chance that the national debt will be paid off, or even reduced?

A. The debt can be reduced only if the Government runs a budget surplus—that is, takes in more revenues than it spends—and uses the surplus to pay off some debt as it matures, instead of replacing it with new debt.

President Reagan's fiscal policy statement projected a 1984 budget surplus of $500 million, a thin margin of less than 1 percent. It is difficult to be confident that Mr. Reagan can achieve even that result, and impossible in the light of experience to contemplate a series of surpluses large enough to permit steady, significant reduction of the debt.

If the Reagan economic strategy succeeds, or if the economy strengthens for some other reason, faster growth could cause the national debt to shrink in relation to the country's real income. If inflation abates and interest rates decline, the "burden" of interest payments would decline even faster.

Well, I think that is a pessimistic view. I think we can reduce the national debt and should try to. We have done it frequently in the past. We have done it after all of our wars in the past, even after World War II. I think we can do it this time. It will take a will, it will take a determination, but I think we can do it and do it not in just relationship to a growing economy, but do it on an absolute basis.

If we have an attitude that it does not matter or we cannot do it, there is no way we will because, of course, doing this is painful, is unpopular with many people. I think it can be sold to the American people, but it takes a real effort on the part of leadership, on the part of the American President and on the part of the Members of Congress to convince the public that to deny them many of the programs that they like and deny them the tax cuts that they also welcome.

The next question is:

Aren't a chronic deficit and a steady rising public debt dangerous because they're inflationary and a burden on future generations?

Some people would say it depends what the perceived alternative is. If the alternative is seen as defeat in war, or prolonged economic depression, some would vote for debt. As for chronic deficit being inflationary, economists disagree. Many would say it depends on economic circumstances, including whether inflation has been negligible, as in the early 1960's, or whether it is virulent, as now. Some economists say that although they don't believe a budget deficit is necessarily inflationary, if the public and the financial markets believe it is, they will make their expectations self-fulfilling.

There you have an answer that really, I think, Mr. Cowan indicates that maybe the debt itself is and the deficit itself is not inflationary but people believe it would be. That is my point. And they do believe it. And I think they should believe it, because there is no question that living beyond your means, as we have been with the Federal Government, is such a colossal factor in our national life representing 23 percent of our gross national product.

That is just the on budget operation indirectly influencing an enormous amount of State and local spending. There is no question that that has an important effect by itself. Furthermore, of course, as we balance the budget and begin to reduce the surplus, we bring down the interest rate. We make it far easier then to balance the budget because the service cost on the national debt is less than it was in the past.

Q. Aren't a chronic deficit and a steadily rising public debt dangerous because they're inflationary and a burden on future generations?

I answered part of that but the remainder of the answer goes on to say:

Former President Dwight D. Eisenhower often preached against deficits. He called the national debt "our children's inherited mortgage." Former President John F. Kennedy, rather like Hamilton, saw borrowing as a way to "make our free economy work at full capacity."

John Kennedy also believed that over the cycle we should balance the budget but we should not have deficits in periods of relative prosperity and in periods of peace. There is no question that the deficit, as I say, can be made a source of credibility provided we do not permit it to inflate our economy.

Further on, Mr. Cowan says:

Q. Well, there it is—interest now takes more than 10 percent of the budget.

A. But less than 3 percent of G.N.P., to put it in a still larger perspective. However, that ratio was under 2 percent before 1979 and in the 1950's and 1960's ran less than 1.5 percent.

Q. Interest runs to almost $100 billion a year. Doesn't that represent a transfer of income from taxpayers to bondholders?

A. Right. Interest in fiscal year 1981 will run about $95 billion and in 1982 it is likely to exceed $100 billion. You could say that it represents a transfer from poor to rich or even from the young to the old. The Treasury says it knows of no reliable analysis of the redistributive effects.

Well, I think he is right. That is another reason from the standpoint of equity to favor the amendment I have put in which would limit the national debt and limit it below $1 trillion and, in the process, help reduce inflation, help reduce interest rates, and, as I say, because it would reduce the cost of servicing the national debt would reduce the burden on the poor who do pay taxes, directly or indirectly; for the rich, who hold the securities that the Federal Government issues.

There are not many poor people who have Treasury certificates or any of the other high yielding securities that the Treasury puts out.

Q. That's the old "we-owe-it-to-ourselves" argument. But a growing part of the debt is held by foreigners, especially the oil exporting countries.

A. That is true. From 8.6 percent of the privately held debt in December 1970, the share held by foreigners climbed to 22 percent by last November. That trend reflects primarily the country's continued high dependence on imported oil and the tenfold rise in oil prices in the past decade. The oil exporting countries have amassed huge volume of dollars in payment for their oil. They then take the dollars and invest them in Government securities.

Mr. President, I have talked tonight to some extent about the history of the debt, but I think in view of the fact that we are going to cross a historic watershed in permitting the debt to go over $1 trillion unless my amendment is adopted, we should try to put this historic situation that confronts us into perspective.

Let me start at the beginning and give a brief history—believe me, this is brief—of the national debt and how it has grown and why it has grown.

Because of the costs of the American Revolution, we started with a national debt of $78 million.

That sounds like nothing today, does it not? $78 million in 1789, almost 200 years ago, was a very large amount of money indeed.

After the formation of our Federal Government, the level of our national debt was gradually reduced until the War of 1812 led to increased expenditures. From 1811 to 1815, our national debt almost tripled, increasing from $45 million to $127 million which was then an all-time high. After the War of 1812, the debt was gradually reduced until it hit an all-time low of $37,513 at the end of fiscal year 1835.

Get this. What a happy thought. The whole national debt of our country at the end of fiscal 1835 was $37,513. That is substantially less than my distinguished administrative assistant Howard Shuman makes and is less than anybody who is in the Senate makes, and it is less probably than anybody who is sitting at that desk up there earns.

So if you want to feel great at any time, just say that you have an income or holdings greater than the entire national debt of the United States in 1835. This whole Government owed only $35,513. It would be nice to have an income or a wealth equal to the debt at any time in recent years, but we cannot say that. It might be a nice little trivia point.

All of the interest bearing debt was paid and there were ample funds in the Treasury to retire the entire debt, but some holders failed to present their securities for payment. In 1837, a Federal Government revenue surplus of approximately $28 million was distributed to the States.

That was the first revenue-sharing proposal, I guess, and it was done because we had revenue to share. It is too bad we do not base our revenue sharing on that principle today. If we did, we would be billions of dollars better off. We have given to the States revenue we do not have. We just increased our deficit by handing out the revenue-sharing money we hand out every year to the States.

The financial panic during the latter part of 1837 cancelled all plans for further distribution of Federal revenue to the States and instead led to the incurring of additional debt.

There were some slight reductions in the national debt for specific years during the interval from 1837 to the time of the Civil War, but the trend was for it gradually to increase. At the end of fiscal year 1860 the national debt had risen to $65 million.

Now came the first really big war since the Revolutionary War. Of course, as I say, the major wars have been, up until recently, the principal causes of increasing the national debt. In wartime we can appreciate why our Government has to go into debt. In peacetime, in periods when we are not having a recession, it is impossible for this Senator, at least, to appreciate why the Government is so weak willed that we accept a deficit year after year.

THE CIVIL WAR PERIOD

During the period of the Civil War the public debt increased rapidly from $65 million to a new national high of $2,756 million by the end of fiscal year 1866. It was at this time, when the costs of the war caused expenditures to rise many times faster than revenues, that our first form of a Federal income tax was instituted to obtain additional revenue. Even so, our nation debt increased by 43 times during the Civil War—much faster on a percentage basis than at any other time in our history.

Of course, as I say, that was the great war between our States which was fought to preserve the Union. It was the bloodiest war by far in our history and in relationship to our resources probably our most expensive.

THE PERIOD FROM THE CIVIL WAR TO WORLD WAR I

Following the Civil War the debt was gradually reduced until it reached a post-Civil War low of $961 million at the end of fiscal year 1893. However, the low level of receipts in the 1890's resulting from depressed economic conditions coupled with increased expenditures, including those for the Spanish American War, resulted in an increase of several hundred million dollars in the debt. At the end of fiscal year 1899, the national debt had risen to $1,437 million. With mild fluctuations, the debt was gradually reduced to a level of slightly more than $1.2 billion at the end of fiscal year 1916.

THE PERIOD OF WORLD WAR I TO WORLD WAR II

As a result of the costs of World War I the national debt attained another new all-time high of $25,756 million at the end of fiscal year 1919. After World War I the national debt was reduced each fiscal year until it declined to the post-World War I low of $16,185 million at the end of fiscal year 1930. Since 1930, the national debt at fiscal year-end has shown an increase over the previous year for all but five years. These five exceptions were fiscal years 1947, 1948, 1951, 1956, and 1957.

Those were the only years in our history, 3 during the Truman administration and 2 during the Eisenhower administration, in our recent history since 1930, when we actually reduced the debt. Certainly, the time has come again for us to do it. We have gotten into this very bad habit.

Throughout the depression of the thirties our national debt rose annually. That was understandable because that was a terrible depression.

The costs of World War II were met from tax revenues to a larger degree than the costs of any previous major war, yet they resulted in an astronomical rise in our national debt. All expenditures that were not paid from taxes of the period had to be financed by borrowed funds. By the end of fiscal year 1946, World War II costs financed by Federal Government borrowings had pushed our national debt up to $268,932 million. Since the end of World War II, there have been a few temporary reductions on an annual basis in the national debt level (the five years cited above); however, the post-World War II trend has been for the debt to increase. Thus, on June 30, 1974, we experienced a fiscal year-end record high of $476,006 million.

That was 7 years ago.

At the beginning of World War I our national debt was slightly more than $1 billion; therefore, most of our public indebtedness has been accumulated by the demands of wars, periods of international tensions and depressions of this century.

That was true in 1974. It is not true today, because most of our debt has been accumulated since that date, more than half of it in the 1970's, in periods of peace and periods of relative prosperity and periods when we should have been running surpluses. If we had done that, we would have had half the debt burden we have now, a lower rate of interest, we probably would be paying about $65 billion less interest on the national debt, and we could have had the same level of services, the same level of taxes, and balance the budget.

We should learn from that, Mr. President. We should learn that if we are going to have a chance to have genuine economic prosperity in the future, if we are going to have a chance to have relatively low interest rates in the future, we have to do far better in bringing our budget into balance and reducing our deficit and running surpluses.

The size of the United States national debt is tremendous when we consider it in the aggregate. From 1950 to the present, a period of relative prosperity, we have seen our national debt increase by over $200 billion.

Well, that was true, as I say, in 1974, when this was written; but now it would have to be increased to $700 billion.

This increase in our national debt in a little more than two decades of general prosperity is more than the total debt accumulated for the first 155 years of our national history which includes financing all of our wars prior to World War II.

Mr. President, I call the attention of the Senate to the contrast in the situation that we suffer today and what we enjoyed back in 1950, when we were spending less, when we were close to balancing our budget, when we had a big surplus in 1948, as I pointed out, and when we were following a more conservative fiscal policy.

During 1950, the Federal Government paid social security to millions of retired workers. We funded unemployment compensation, all the New Deal reforms; those compassionate and wise and hopeful reforms had come firmly into place.

In the middle of that year, we went to war in Korea, involving a huge military commitment, a rapid advance in military spending.

Let us put military spending in 1950 and 1981 in perspective: Since 1950, we have had a 250-percent rise in prices, so we could expect Federal spending to rise by 2½ times simply to keep pace with the cost of inflation. We also had a 50-percent increase in the population, roughly from 150 to 225 million; so we could expect another 50 percent increase in Federal spending to accommodate the population increase.

In addition, the Federal Government took on all kinds of activities—space, food stamps, CETA, health programs, and we expanded our established New Deal programs.

If we allow fully for the inflation and for the increase in population so we measure Federal Government spending in constant dollars on a per capita basis, how much did the Federal Government expand its spending since 1950, as compared to today? The answer: Not double, not triple, but a massive fourfold. In real terms we, the Federal Government, spend not twice as much as we spent in 1950 for every man, woman, and child, not three times as much, but four times as much. And remember, once again, 1950 was a year in which the Federal Government had already absorbed all the reforms of the New Deal and in 1950, we went to war in Korea and spent billions to prosecute that war. In spite of that, we have increased Federal spending since 1950 on a per capita, constant dollar basis by a mammoth, rampaging, fourfold.

Now consider the performance of our economy in 1950 and today in 1981. In 1950, we had an average of 5.3 percent unemployment. This year, our unemployment has moved to a level almost 50 percent higher than in 1950. So the vast amount of spending that we have shoved into the economy has not given us a lower unemployment rate. Unemployment has moved sharply higher.

Mr. President, has the economy become more productive with this huge increase in

> Federal spending? For the last 2 years we suffered a stagnant productivity, virtually no increase whatsoever, one of the first times in all American history except for the most serious kinds of recessions or depressions when productivity did not advance; but in 1980, it did not. We may have a slight recovery in productivity this year, but it still stumbles along anemically.
>
> Now consider 1950, when our Federal Government, in real per capita terms, was spending a quarter of what it spends now. Result: In 1950, our nonfarm production advanced a spectacular 6 percent. Farm production is volatile and less predictable, but if we throw that in, the overall increase in real production was a smashing 8.7 percent. So, in 1950, when we were spending a tiny one-fourth in real terms from the Federal Government what we spend today, our unemployment was sharply lower and our rate of increase in production and productivity spectacularly higher.
>
> Now comes the real piece de resistance; consider inflation in both these circumstances. In 1981, with a sagging economy, high unemployment, slow growth, inflation hovers around 10 percent. And what was it in 1950? Well, in 1950 the Consumer Price Index rose by—hold on to your hat—a flat 1 percent. Can anyone honestly argue that that 1-percent rate did not reflect the fact that Federal spending was one-fourth its present level?
>
> And interest rates in 1950; how did they compare with interests in 1981? Well, in 1950, when we were spending one-fourth of what we spend today, interest rates were—get ready for this one—the prime was not 20 percent—which it is today, not 10 percent, not 5 percent, but 2.07 percent. The Federal Government was borrowing with Treasury bills at 1.2 percent. And the home mortgage rate? Not the present 18 percent but a cozy 4½ percent.

Is that not beautiful? Does that make your mouth water?

Mr. President, you can say all you want for progress, but anyone with any sense at all must recognize how much better and sounder and happier our economy was in 1950, when the Federal Government, in constant dollars—that is, allowing fully for inflation—and on a per capita basis—that is, allowing fully for population growth—spent less than a quarter of what we spend today. Far fewer Americans were out of jobs. Our production soared.

Interest rates were a tiny fraction of what they are today. Inflation was literally one-tenth of what we suffer now. And we did all of this while we discharged our responsibilities for social security, unemployment compensation, and the other great reforms of the New Deal, and while we fought a savage and costly war in Korea.

All of this, Mr. President, is why this Senator does not fault the administration for calling for the sharp reduction in spending they have asked for this year, and why I intend to support the spending cuts the President has requested.

The fact is that they are not going to result in a balanced budget in 1982, and they should. The fact is that we can balance the budget if we have the will. We know we can do it, and we should do it.

As I point out, the budget can be balanced by cutting spending and cutting it sharply. It can be balanced by increasing taxes on consumption—something we have to do.

Mr. President, when I came to this body in 1957, the Senator I admired the most and who I felt was one of the most outstanding people I had ever met was the distinguished Senator from Illinois, Paul Douglas. Paul Douglas is the only truly top economist who has ever served in this body, and he was a top economist. He was president of the American Economic Association.

He wrote a definitive work on the theory of wages that is still the best work in that field. He had been an admired and respected top professor at the University of Chicago. He was a man who not only felt deeply about economics but also translated that conviction and that marvelous technical competence into a great gain for our country.

When he came to this body in 1949, he was the person, even though he was a new Member of the body, who more than anybody else was responsible for the accord between the Treasury and the Federal Reserve Board, an accord that gave us a sensible monetary policy.

I pointed out some of the results we enjoyed as early as 1950 when interest rates were low and inflation was low and the economy was very productive.

One of the most remarkable things about Paul Douglas, although he was a Democrat and a liberal and known for that, he was also a man who believed very strongly in fiscal prudence. I suppose the most famous phrase associated with Douglas was his statement that to be a liberal you do not have to be a wastral, but that is what Paul Douglas maintained. That is the way he lived. He believed very strongly that we could hold down spending and that we should and that in periods when we were not fighting a war or in a period of deep recession that we should balance the budget.

I recall some of the words of Paul Douglas who served in this body from 1949 to 1967 and served with such great distinction. He wrote a number of books one of them was called. "Economy and the National Government" and in that book he said the following:

> The double requirement for reduced expenditures and for increased revenues in order to balance the budget is the exact opposite of what is supposed to be the sure prescription for individual political success.

That is something we should be very much aware of.

The easiest way to succeed, of course, is to promise your constituents that you will cut their taxes because that is the one kind of action by Congress that they know we have the power to command.

The one element of the cost of living that affects every constituent is his taxes that we can control. We cannot control the price of the food he buys, at least not directly. We cannot control the price of the housing, not even his interest rates. We cannot control the cost of clothing. We can control the taxes he pays.

So it is always unpopular for us to increase taxes and always popular to cut them.

Of course, we can always curry favor by providing spending because most constituents have some kind of spending whether it is student fees or whether it is a health program or whether it is a public works program or defense contracts which will benefit them, or a housing program, whatever it is.

At any rate, Paul Douglas says:

> The politician's recipe for success—at least in the short-run—demands that he do the following three things:
>
> 1. Make speeches denouncing inflation and price increases and proclaim himself to be the staunch defender of an "honest dollar" and the true champion of federal economy.
>
> 2. When specific appropriation bills come up, vote for all increases and against all reductions.
>
> In this way, the politician will get the support of the powerful groups working for appropriations. And when he is challenged by those demanding reductions, he can always point to his speeches advocating economy as proof that his purposes are pure.
>
> 3. Vote against every tax bill that comes up and then go to the citizens and tell them, "I tried my best to protect you from the increased levies imposed by a grasping government." If this is accompanied by a denunciation of the heavy tax load and of the way in which the system of free enterprise is being undermined by taxes, so much the better.
>
> Now this may be a sure-fire prescription for political success. But it is also a sure-fire prescription for national disaster. For what it means is a continuous expansion of appropriations with no provisions for adequate revenues. It means continuously unbalanced budgets and continuous inflation.

This is not some conservative ideologue who is arguing. This is the man who probably stands for the most liberal kind of policies, a man highly respected by every liberal organization. I suppose no one contributed more to civil rights than Paul Douglas, and no one fought harder for reasonable laws for labor organizations, for unemployment pensions, for workmen's compensation, for all the other benefits of social security, of which he was an author, than Paul Douglas did.

But Paul Douglas recognized that if you are going to advocate policy you also have to have the strength and courage. You should have the strength and courage to call for the revenues to pay for them.

As he says:

> This very policy has caused a great deal of the financial frailty of the French Republic. For many decades it has been almost impossible to get the French Chamber of Deputies to cut appropriations. It has also been very difficult to convince the French Chamber to vote adequate taxes. The result has been a continuous inflation which has reduced the value of the franc to approximately one-seventieth of what was forty years ago.

Then Paul says:

> We must not take a similar course. Yet the temptation to do so will be great.

He wrote this in 1952 and how farsighted this was. In 1952 we had a relatively responsible fiscal situation. We had come out of the depression where Paul Douglas and others agreed we had to have deficit financing. We had come out of a war that taxed all of our resources and required obviously a degree of deficit financing.

And he was saying that those should be the compensations and those are good reasons for running deficits.

But he says we must not take a similar course now.

> The tensions with Russia will continue for years and will require high expenditures. It will be easy to finance these expenditures by inflation rather than by getting rid of waste and providing adequate revenues. But it will also be fatal. We have started upon the French road. We need to turn away from it. To do so requires great courage.

We started upon the French road. We have indeed and again he made an honest appraisal of what we have done for the last 20 years when we had 19 deficits and the last 10 years when we have had the biggest peacetime deficits by far in the entire history of our country year after year.

The path we are about to follow on tomorrow if we act on the debt limitation bill by providing, by simply passing it in its present form and not accepting my amendment which would mean that we could plunge this country into an $1 trillion, 79 billion debt limit which would mean we would go over $1 trillion for the first time, to stop that Paul Douglas said requires great courage.

> Senators and congressmen who try to protect the nation by reducing waste and increasing revenues may be sealing their own political death warrants. But they are the true protectors of the people. The first duty of a soldier is not to serve himself but to guard his country. Public officials need to be deeply imbued with the qualities of soldiers. And the people need to be more understanding.

Then he concludes in a very short section of three short paragraphs and this coming from Paul Douglas, the great liberal and advocate of a number of special programs. He says: "The budget must be balanced."

He goes on to say:

> The very life of our nation is in danger. We can come through this difficult time only if we all resolutely put the interests of the nation ahead of the interests of our particular group. We can prevent inflation only if members of Congress, civil administrators, the military leaders, and the various groups in the country subordinate their individual selfish interests to the national welfare.
>
> The skeptics will say that this is impossible. But I have a deep and abiding faith that it be done. I believe there is within all our hearts a deep love of our country and of the principles for which it stands. This is the time that we should let this love come forth and shape our actions.
>
> In the fire of true patriotism the more ignoble elements in our characters may be burned away. This is my faith. If I am right, we can surmount the obstacles. If I am wrong, our country is headed for severe trouble. This is the time that we must put the interest of the nation first.

I also wish to quote from Paul Douglas' interesting analysis of when should the Government take depreciation measures because we are always being told if we balance the budget we are going to shove the country into a recession or depression.

Now, most Members of Congress have limited economic training and experience. Paul Douglas, as I pointed out, had the most thorough and comprehensive kind of training. He was tested and found to be as brilliant an economist that we produced in the last hundred years. He was also a person who fully understood politics. Of course, he served as U.S. Senator for 18 years. He served on the Chicago City Council which I think would be a test for almost any human being, so he knew politics at the grassroots, he knew politics at its toughest, and he was a man of compassion as well as wisdom.

So he is well worth quoting from, and I am going to quote a little further from him now.

The question that he asked is "When should the Government take depression measures?"

He says:

> There is a related difficulty. What is "full employment" and how much unemployment is characteristic of a business depression?
>
> Mr. Beveridge in his book Full Employment in a Free Society assumed that England had full employment when the unemployment rate did not exceed 3 per cent. This figure was his allowance for seasonal and transitional unemployment. When unemployment exceeded this figure, he said that the state should begin a program of expanded production. A good many economists in this country hold to this view.
>
> If we were to make such an application for the United States, I believe that a 3 per cent test would be almost fatal. The ratio of seasonal unemployment in the United States is appreciably greater than in England. This is the result of the great varieties and seasonal changes in our climate, our greater competitive expenditures which lead to cycles of style and seasonal employment, and the very great mobility of our population, among other things. Seasonal and transitional unemployment in this country would, therefore, be much nearer 6 per cent than 3 per cent of the employable work force.
>
> If we were to create governmental deficits every time unemployment rose above 3 per cent, we would be operating under a deficit nearly all the time. The question then develops whether that would be a healthy circumstance. It is contended by some that, as long as the total annual interest payments upon public debt do not form an increasing proportion of the national income, there is no real danger. There is undoubtedly something to this contention.
>
> An increase in public debt, is however, not a desirable end in itself. Moreover, it would be dangerous constantly to increase the public debt in time of peace when the prospect of war still hangs over us, because during the time of war further enormous increases always occur. Unless we provide a margin of safety in peacetime for the war which may occur, we are likely to be in great trouble if and when such a war breaks out.

Then he says this:

> To use deficit financing in order to drive unemployment down below 6 percent is, therefore, very dangerous.

And that is precisely what we are doing today, Mr. President.

Paul Douglas went on to say:

> It will tend to do far more harm through inflation than the good it will do by absorbing some of those who are unemployed through seasonal and transitional causes.

Now, I am not quoting from a person who just happened to be a U.S. Senator or a prominent figure in our Nation. I am quoting from the man who is the No. 1 expert on the theory of labor.

As I say, he wrote the definitive work on the theory of labor back in 1911. He was president of the American Economic Association. He was a man who had the deepest kind of compassion. He knew how important it was to give people jobs. But he was a man who was also hardheaded and thoughtful.

As I say, he was the most experienced economist, by far, who ever served in this body.

He says:

> To use deficit financing in order to drive unemployment down below 6 per cent is therefore very dangerous. It will tend to do far more harm through inflation than the good it will do by absorbing some of those who are unemployed from seasonal and transitional causes.
>
> For in a period when unemployment is less than 6 per cent, there is no real supply of workers ready to go into productive activity. Instead, the unemployed are primarily either the hard core of the perennially unemployed, such as the handicapped, and the transitionally unemployed for whom job openings exist. Since there is no real idle supply of labor, extra money pumped into the economy by budgetary deficit cannot appreciably increase production. Rather, it will be used to bid up the prices on the available supply of goods and services, and hence it will bring about inflation.
>
> There is a further zone of uncertainty within which we do not know what is going to happen. I submit as a rough judgment that probably we should not run a governmental deficit unless unemployment exceeds 8 per cent and, indeed, possibly slightly more than that.

Now, I think that is very appropriate now because the unemployment level was about 7.2. It fluctuated at about that level for a long time and stabilized at that level. So, as I submitted over and over again tonight, at a time when unemployment is moderate, at a time when inflation is really rampaging and still rampaging by any historical comparison, the 10-percent inflation we are suffering now is absolutely outrageous.

Under these circumstances, we should balance the budget and not proceed with a debt limit which shoots all the way to $1 trillion, $79 billion.

Paul Douglas goes on to say:

> When unemployment is between 6 and 8 per cent, the governmental budget should at least balance and therefore be neutral in its effects. When unemployment is over 8 per cent, we should have a deficit; but when it is under 6 per cent, there should be a surplus.

Now, as we know, we are likely to have a deficit. This year we had a deficit of—I think our deficit this year is going to be around $60 billion. Our deficit next year, the President hopes—that is the year that begins next Thursday—will be around $42.5 billion. And there is no way you can reconcile that kind of deficit with our present level of unemployment if you follow the careful reasoning of this outstanding economist who served this country with distinction, as the Senator from Illinois did for so many years.

Senator Douglas goes on to say:

> The budgetary theorists of the compensatory school tend also to assume that expenditures which are begun in periods of depression can be turned off in periods of prosperity—that governmental expenditures are like electric lights which can be turned off or on at will.
>
> In real life this is not so. There tends in-

> stead to be a systematic bias in favor of expanding expenditures and against contracting them. This is true for several reasons.
>
> In the first place, it is hard to get projects for which the period of expenditure precisely coincides with that of the depression. Prosperity frequently comes before the construction job is completed. This is particularly true of huge public works.
>
> What we need are projects whose construction periods are relatively short or which can be laid aside during the period of prosperity and resumed without great loss during periods of depression.
>
> The construction of housing is one of the best types of government-sponsored depression projects. Housing can be quickly finished once plans are drawn and real estate assembled. One of the nation's great lost opportunities occurred during the thirties when we did not clear and rebuild the slums of our cities more than we did.
>
> Second, people acquire a vested interest in government work projects. Projects started in periods of depression result in hiring many governmental employees. These men and women like their jobs. They believe in the worth of their projects; they come to think of them not as measures to get us out of the depression but as essential parts of the national life. So they insist on holding on to them even though their original justification has disappeared. To stop these projects would mean that the employees might lose their jobs and be thrust out into a harsh and cruel world.
>
> So officialdom tends to line up in support of these projects in good as well as bad times.
>
> Third, there are those who furnish the materials or benefit from the services supplied. It is quite touching to witness the enthusiasm which is felt by the producers of cement for the public roads and dams of this country. Similarly, the producers of bricks, lumber, electrical fixtures, and plumbing fixtures ardently want a big volume of housing, preferably under private auspices, but still a big volume of housing. High military expenditures also bring about this type of vested interest.
>
> Once the government starts a program of expenditures, it builds up tremendous pressure groups. These groups resist having the programs turned off in the automatic way that economists prescribe.
>
> There is a final point which I shall touch on briefly.
>
> There are a great many people who sneer at Mr. Keynes but who nevertheless implicitly hold the beliefs of his later disciples—who assume that there is fundamental instability in the economy which can be averted only by the continual expenditure of public funds. This group is found in some of the most conservative quarters of business.

Mr. Douglas goes on to say:

> While I was trying to reduce appropriations during these last years, I was constantly impressed by the attitude taken by many economic conservatives. These men would quietly express their fears that the economy could not stand the strain of reducing public expenditures. They believed that, when public expenditures were curtailed, there would not be a commensurate expansion in other lines and that, in fact, the private economy could only be kept going by the creation of more and more purchasing power.
>
> I could only reply that I had greater faith than they in the normal health of the capitalistic system if it were only permitted to operate competitively.

And then, to discuss an issue which is very much before us right now, and that is balancing the budget during defense buildup of the kind we are undergoing at the present time, Mr. Douglas says:

> There is also a tendency among some Keynesians to throw their theory overboard during a period of defense buildup. Certainly, during an all-out war, the economic danger would be inflation; yet such large expenditures are so necessary that it becomes impossible to balance the budget, let alone have a surplus.
>
> But the basic principle of compensatory spending still holds. While we must incur deficits during a period of all-out war, we should nevertheless reduce civilian spending to a bare minimum and wage constant war on waste in military spending.

Then he says:

> During the present period of defense mobilization—which was a period very similar to the present. We are not preparing for a specific war now as we were preparing for the Korean war at that time.

He said:

> During the present period of defense mobilization it would probably be unrealistic to think that we could have a budgetary surplus, even though we are faced with very real inflationary dangers. But, given the level of preparedness for which we are now striving, we should at least be able to balance the budget. If we cannot throw water on the fires of inflation by fiscal policies, we should certainly not feed those fires by adding more fuel in the form of budgetary deficits.
>
> We face a very real danger in the threat of Communist aggression. We need a thoroughgoing defense buildup. But it would be shortsighted, indeed, if in the process of this buildup, we should badly weaken ourselves internally through inflationary policies. We should not precommit our reserve strength. We shall need it for our own protection.

Mr. President, as I say, those words of one of the wisest men who has ever served in this body, a man who had particular and highly relevant experience as an economist, who understood economic theory as probably no other Member of the United States Senate ever had, who served, incidentally, with great distinction as chairman of the Joint Economic Committee, served on the Banking Committee for many, many years, this remarkable man's advice is advice that we should heed.

And he spoke out with the greatest kind of force and eloquence for having the courage to hold down spending necessary to increase taxes and to balance the budget in precisely and exactly at a time like the present.

Mr. President, I think we should have recognized that the massive increase we have endured in spending in the past 30 years has certainly not achieved its aim of providing for an improvement in our economy. In fact, it has been to the contrary.

Senator Douglas so well points out some people make the assumption if the Federal Government does not spend the money nobody will be active economically. We now find because the Federal Government is spending so much money and borrowing so much money that our high interest rates are preventing activity by the private sector that would probably exceed the activity in the governmental sector.

If the Federal Government was not engaging in the kind of enormous deficits it has in driving interest rates up so sharply, we undoubtedly would have more housing starts, we undoubtedly would be selling more automobiles, we would have a far more prosperous farm economy, and the farmers would be buying equipment they need to improve their efficiency.

Small business, which is the greatest employer in our society, would be proceeding to do what they have done so well, which is to provide most of the new employment because the small businesses, of course, like the farmer and the automobile dealer and the homebuilder are borrowers who are tremendously affected by the level of interest rates and the availability of credit, and our policies have made that availability far, far less.

The proposal we have before us now. the proposal to increase the debt limit to much more than $1 trillion, would certainly aggravate that situation very seriously.

So let me ask the question as to whether or not the massive increase in Federal spending in the last 30 years has achieved its aim. My answer is no, no, no, it has not. Why did we increase spending in the fifties and sixties and seventies by a massive fourfold in constant per capita dollars? To provide more jobs? Yes. Have we done so? No.

No, employment has increased as our population has increased and our work force has increased. Unemployment is no better, it is worse than it was at that time, and there is strong evidence, as I have indicated, that if the Federal Government had followed a more modest and careful policy that the private sector would have provided permanent jobs on a much more productive basis, more efficient basis, with greater gains in our economy than we were able to achieve.

Did we increase Federal spending to help the Nation's small businessmen? Yes, that was the purpose. Congressmen and Presidents have said repeatedly we should not only stimulate the economy to provide greater opportunity for small businessmen, but that we should provide set-asides in increasing Federal programs to give small businessmen a bigger break, and we have vastly increased the loans of the Small Business Administration to small businessmen. Did that work? Today, after year after year massive increase in this kind of assistance to the small businessmen, the typical independent businessman could hardly suffer more than he does today.

He has to pay 20 percent plus for his money. Money which he could borrow in 1950 at 3 or 4 percent he must now pay 20 percent for. If he builds homes, the catastrophic drop in homebuilding has shoved him right out of business or he is flat on his back barely holding on. This is with housing starts dropping to a catastrophic one-half level needed for a healthy industry.

When a businessman operates a small auto dealership, high interest rates have driven him right to the wall; 4 or 5 percent has become 20 percent or more money today.

If he kept any kind of an inventory, the high interest rates are eating him up.

Let us consider what this spending program has done for the Nation's farmers. Certainly farmers make up a vital part of our economy, and the Federal Government's farm programs should serve the farmer.

What has the explosion of Federal

spending done to the Nation's farmers? Since about 70 years ago we have been measuring how well the farmer has been doing by following the parity index.

That index measures the ratio between the prices farmers have to pay to buy equipment, pay taxes, pay interest, pay for feed and supplies, and so on, and the prices farmers receive for what they produce.

It should not surprise anyone that 1932, which was about the worst economic year for just about everyone in our country, also was the worst economic year for our farmers measured by the parity index. The farmer receiving in 1910 to 1914 100 percent—that is if you assume that that period, which may not be fair but if you assume that that period was a reasonable relationship between farm income and off-the-farm income—the parity index dropped down to 60 percent of parity in 1932.

What is parity for our farmers this year? Hold on to your hats, it has dropped to the lowest figure in any year since we started keeping that index some 70 years ago, except only 1932.

It has dropped to a savage 61, and that follows 30 years of unprecedented increases in the Federal spending.

What was farm parity in 1950 when we had all the New Deal reform, including the farm program? They were in place before we started this massive Federal spending. I referred to that 1950 spending figure a short time ago and pointed out it was one-fourth in real terms allowing fully for inflation, and with the population growth one-fourth on a per capita basis on what it is now.

Parity in 1950—and get this—was not 60, not 70, not 80, not 90, but 101. So not only can we say the farmer or the small businessman or the workingman has not won anything for the colossal increase in spending in the last 30 years; indeed, all of these groups have taken it squarely on the chin. Every group that theorists might prophesy would gain from big Government spending has lost. More working people have lost their jobs, the unemployment rate is much higher, more business people have lost their businesses or they find they cannot simply cope with these killing interest rates, and the farmers have lost their farms in record numbers, and those who remain have the fight of their lives on their hands just to stay alive.

I do not say that no groups have won from this Government largesse. Some have. We have done more for our handicapped, and we should have done that; we have done more for the extremely poor, and we should have done that; we have done more for the health of all members of our society through medicare and medicaid and advanced research and the vast increases in the training of doctors. Americans live longer than before, they are healthier, and these are great achievements.

But, Mr. President, we must find a way of maintaining these achievements and, at the same time, provide for an economy in which we balance the budget, bring expenditures into accord with revenues so that we do not run deficits and do not have to borrow constantly more money, and we do and not drive businessmen and workers who work for those businessmen, whether they are homebuilders or automobile dealers or farmers and others, to the wall with these interest rates that are caused by enormous Government borrowing.

[The following proceedings occurred after 12 o'clock midnight.]

Mr. PROXMIRE. Mr. President, I would like to now discuss the colossal growth in Federal credit activity in recent years because I think that growth has been something that people do not really realize. We talk about Government spending and Government deficits. If the Government acts as a borrower much of it is off-budget activity and, of course, that drives up the rate of interest directly and massively, and when the Government sponsors a borrower because it eliminates all risk, it gives that borrower a preeminent position which puts him at an enormous advantage over any competitor.

Mr. President, the growth of Federal activity in that area in recent years has been rapid, in some cases more rapid than the growth of direct spending.

Most credit programs fall outside of the traditional budget techniques which focus on direct spending and taxing. Because they are largely of an off-budget nature the Federal Government is unable to make decisions about the total size and composition of its credit program.

To remedy this problem the administration proposed for the first time a Federal credit budget to be considered together with a unified budget. As a result, Congress has an opportunity to consider how to incorporate review of Federal credit activity into its annual budget process.

The Federal credit operations consist of direct loans and loan guarantees. The Federal Government makes direct loans to individuals, businesses, nonprofit organizations and local governments for a variety of purposes. The Commodity Credit Corporation makes loans to producers to finance next year's crop. The Small Business Administration makes loans to small businesses for expansion.

The Economic Development Administration makes loans to local governments for public works and to businesses for commercial expansion in economically distressed areas.

The Export-Import Bank makes loans to businesses to assist them to compete in overseas markets.

Direct loans are also made by the various off-budget agencies. Loans are made by the U.S. Railway Association to various railroads as part of the reorganization and consolidation in Conrail. Also direct loans for Rural Electrification Administration programs are made by the Rural Electrification and Telephone Revolving Fund. By far the largest volume of off-budget direct loans are made by the Federal Financing Bank (FFB), which acts as a financing agent for many on-budget programs.

Mr. President, earlier today I pointed out that this off-budget borrowing was so massive last year—we do not have the figures yet for this year—that it equaled the enormous budget deficit in its absorption of available lendable funds. Last year the budget deficit absorbed 17 percent, approximately one-sixth of all new savings, and last year the off-budget programs of the Federal Government absorbed another 17 percent or one-sixth. So one-third of all of the new savings in this country were absorbed by off-budget borrowing and by the budget deficits.

In other words, if we had had a balanced budget and no net increase in off-budget borrowing, which would have been practical, we would have had, under those circumstances, a substantial increase in the available funds and the private sector would have had far more jobs. We would have had an increase of something like going from 67 to 100 percent, or there would have been a 50-percent increase in the funds available in the private sector, and, of course, at much lower rates.

A loan guarantee may be defined as an action by which the federal government removes or reduces a lender's risk by pledging to repay principal and interest in case of default by the borrowers. Loan guarantees have been an important component of credit advanced by the federal government during the post-World War II era.

Federal credit assistance, in the form of direct loans and loan guarantees, has grown rapidly in recent years. In fact, off-budget direct loans and loan guarantees have experienced more rapid growth in recent years than have direct federal expenditures. In the four-year period 1976–1979, expenditures increased by 35 percent. During that same period new loans guaranteed increased 108 percent and new direct loans by off-budget entities posted an increase of 70 percent. Direct loans by on-budget agencies, on the other hand, increased only 31 percent.

Figure 1 illustrates the growth of federal credit activity in the last decade. Loan guarantees experienced their greatest growth in fiscal years 1977 and 1979, achieving growth rates of 98 percent in 1977 and 58 percent in 1979. Direct loans by on-budget agencies increased fastest in 1977 and 1978, 42.5 percent the first year and 44 percent the second year. Direct loans by off-budget agencies increased rapidly in 1975—99 percent—and continued in 1976—53 percent.

One possible explanation for this growth of federal credit programs may well be their budgetary treatment. Since loan guarantees are excluded by statute from the definition of budget authority, they are effectively beyond the control of a budget process that focuses only on budget authority, outlays, and receipts.

We have a responsibility in the Banking Committee for loan guarantees. Of course, we have approved some relatively limited loan guarantees, compared to the figures I am reading here. We are all familiar, of course, with the loan guarantee we approved for New York City, subject to a whale of a lot of debate, discussion, and dissension. That was for $1.5 billion, which, of course, is a great deal less than the tens of billions for these other programs. Nevertheless, it constituted a precedent and a substantial amount of money.

The Chrysler guarantee also was a matter of great concern by the Congress.

But most of these guarantees slip through without that kind of attention; in fact, with very little attention. As I say, since they are not part of the budget, and as we do not have to be accountable in that way, there is a tendency on the part of both the executive branch as well as the legislative branch, certainly a strong tendency on the part of our committee, to ignore them. We do not have to account for them.

They are not part of the scorekeeping. But they have just as clear and decisive an effect in driving up interest rates as the on-budget borrowing. We should be much more sensitive because, as I pointed out, they are increasing much more rapidly. Last year they constituted the same degree of burden. In other words, they doubled the burden on the interest rates and on borrowing generally in our society that the Federal deficit represented.

In addition, some direct loans are effectively hidden off-budget because of two practices—sales of loan assets to the FFB and purchases by the FFB of guaranteed obligations. Thus, it should be no surprise that off-budget lending and loan guarantees have grown faster in recent years than on-budget direct loans.

The Federal Financing Bank is a Federal agency. It is a Federal agency that, I think, has caused a lot of concern on the part of many of us in the Congress and a lot of outside critics. The Federal Financing Bank is able to provide credit without it appearing in the budget. Of course, it is very tempting for both administration and Members of Congress to say, "We do not want to increase the budget, we do not want to increase the budget deficit, so let us push it on the Federal Financing Bank."

The extra-budgetary nature of loan guarantees and the predominance of off-budget direct lending mean that most of the growth in Federal credit assistance is occurring outside any Congressional process or mechanism for allocating resources. This poses several problems. First, the year-to-year growth of most programs is largely uncontrolled. The programs are often authorized on an open-ended basis or have only a ceiling on total outstanding indebtedness set so high as to be no restraint at all on annual growth. As a result, the Congress does not set priorities among the competing needs of borrowers seeking loans or loan guarantees from the Federal Government.

A second problem is that the Congress does not limit the total amount of credit extended by the Federal Government through loans and loan guarantees.

In the first place, we do not set priorities among the competing needs of borrowers seeking loans or loan guarantees from the Federal Government. We do that in our appropriations process. We do not do that in our off-budget loan and loan guarantee programs. They just come and get it. The programs, as I say, are authorized on an open-ended basis. They have only a ceiling on total outstanding indebtedness set so high as to be no restraint at all on annual growth.

The second problem is that Congress does not limit the total amount of credit extended by the Federal Government through loans and loan guarantees.

When I was chairman of the Banking Committee I was very interested in developing a credit budget so it would include everything, so there would be no activity sponsored by the Federal Government that did not come under some kind of discipline, some kind of regular examination, control, and so forth. But we so far have not been able to achieve that. We certainly should, if we are going to have any real concern for our economy.

In a period of restrained growth of the money supply, such as we now face, growth in the total amount of credit provided through federal programs may well mean that borrowers not eligible for these programs who seek credit in the private market may not be able to obtain it, or may have to pay more for it through higher interest rates.

I think I should modify the last sentence I read: It should not be "may" but it should be "will." There is no question but it has that effect.

For both these reasons, the lack of a process for allocating credit resources may hinder the Congress in its attempt to manage the federal credit program more effectively.

The Congress does not totally escape the consequences of unplanned credit growth. The ceiling on the public debt must be impressed dollar-for-dollar with each additional off-budget loan. Because there are no controls on the levels of off-budget lending, even if the Congress balances the budget it will have to continue raising the debt ceiling because of off-budget lending.

Mr. President, we should be aware of the fact that even if we do reduce the size of the deficit, say, $40 billion or thereabouts, as the President so sincerely wants to do, we would still have a much, much bigger increase in borrowing and a greater increase in the national debt because of this off-budget borrowing. Let me repeat the sentence I just read, because it is critical to understanding what we must do if we are going to get overall control on this process and begin to ease the pressure on interest rates. As this thoughtful article from the Congressional Budget Office indicates, because there are no controls on the level of off-budget lending, even if Congress balances the budget, we shall have to continue raising the debt ceiling because of off-budget lending.

So it is not enough for us to balance the budget in 1982; we are going to have to balance the off-budget process, too, and get at that. As a matter of fact, we could run a deficit—it would probably have to be a modest deficit—even with a fixed limit on the national debt if we would reduce the off-budget borrowing in absolute terms. At any rate, we have to cope with both of them.

I think this is absolutely proper, because if the Federal Government is going to give guarantees to New York or for housing or Chrysler or for any other purpose, it, of course, gives those entities advantage over everybody else. In the process, it cuts down on the available supply of funds that can be loaned.

A third problem presented by the lack of a resource allocation process for credit programs is the potential for making inappropriate decisions. Loan guarantees, in particular, have been subject to inappropriate use. Because they have no direct budget cost, they appear to be free. Several programs of capital development have been financed using loan guarantees. Three of these have encountered serious difficulties. Under the New Communities program, developers could seek guaranteed financing for site preparation of "new towns," and 13 guarantees were issued. All 13 projects proved unable to pay the debt servicing on their loans and had to be reorganized by the federal government, resulting in a $90 million loss. Two transportation ventures—Amtrak and Washington, D.C.'s Metro—received guaranteed financing for capital construction. Neither has been able to meet the burden of servicing its debt, and during the last session the Congress had to consider bills to provide them with direct assistance so they could get out of financing difficulties.

At a hearing before the House Budget Committee's Task Force on the Budget Process last November, representatives of the Office of Management and Budget (OMB), the Treasury, the Board of Governors of the Federal Reserve System, and the Congressional Budget Office recommended that the federal government include federal credit activity in its budget process.

In the fiscal year 1981 budget, the Administration presents for the first time a federal credit budget and recommends limitations on the gross activity of individual credit programs in accordance with that budget. It is not, however, proposing legislation to establish a formal federal credit program control system. The procedures for formulating the limitations on individual programs recommended in the budget were established by OMB as part of the budget preparation instructions and did not require changes in law. The Administration suggests that the Congress could set targets and ceilings on gross lending and gross guarantees to provide a framework for considering the proposed limitations on individual programs. It stops short, however, of proposing such changes in law.

So the administration is recommending an improvement in advance, here, but it certainly is not sufficiently comprehensive to assure us that we are going to bring this off-budget process into the discipline that we need if we are going to control it, fully control it. At a time when interest rates are such a big issue and when, obviously, this off-budget borrowing is one of the elements that drives up the rate of interest, it seems to me we should be anxious to promote that kind of control of the off-budget lending process.

Mr. President, we should be very much aware of this, because the resolution that we will vote on tomorrow, that my amendment goes to, of course, is a resolution that would permit a terrific increase in the debt limit, an increase in the debt limit that can only be explained in relation to this off-budget borrowing. I think it is an increase that would exceed $90 billion and I do not think anybody would condone a deficit next year of $90 billion—certainly not on the economic assumption that the administration makes. The answer is that that is because we do not really have any handle on, any control of, this off-budget borrowing that I am talking about.

So, I am glad that the administration presents a Federal credit budget and recommends limitations on the growth activity. As I say, it should go much farther than that and propose what they do not propose, a Federal credit program control system so we know exactly what we are doing and so we can match the off-budget borrowing with their priorities, with the priorities that we have in the budget, and make sure we handle this in a way that is responsible and, certainly, under present circumstances, prevents any net off-budget borrowing.

Then the Office of Management and Budget suggests some options for congressional action. They say:

> A Congressional response to the proposal for controls could take several forms. The Congress could choose to continue the existing case-by-case approach to control of federal credit programs. In recent years, limitations on the annual activity of some federal credit programs have been enacted, either through authorizing legislation or through limitations enacted in various appropriations bills. Continuing this piecemeal approach, the Congress could pick and choose among the limitations recommended in the budget, enacting those that for one reason or another seem needed.
>
> Alternatively, the Congress could extend across the board the practice of setting limitations on annual activity of credit programs. Extending limitations across the board could be done through either the authorizations process or the appropriations process. In either case, enacting limitations on particular programs takes care of only one problem: it provides the Congress an opportunity to make allocations among competing programs. It does not, however, help the Congress decide on and enforce a ceiling on the total amount of credit extended through federal programs. Only by adding a process to set targets and ceilings on the total amount of federal credit can the Congress create a federal credit budget and thus address both problems.
>
> A comprehensive Congressional response to the proposed controls on credit programs would include setting targets and ceilings on the total federal credit program, as well as enacting limitations on individual programs. Bills are pending before both houses to implement a comprehensive credit program control system. H.R. 5683, the Federal Credit Program Control Act of 1979, introduced by Representative Norman Mineta and cosponsored by Representatives Giaimo, Gephardt, Nelson, Conable, and Holt, would extend the target- and ceiling-setting processes of Title III of the Congressional Budget Act to gross direct lending and loan guarantees. The bill would also amend Title IV to make new loan guarantee programs effective only in amounts approved in appropriations. In the Senate, Senator Percy offered a slightly modified version of H.R. 5683, first as an amendment to the Chrysler Loan Guarantee Act and later as a separate bill, S. 2151.

Mr. President, I see on the floor my distinguished neighbor, the distinguished Senator from Nebraska (Mr. EXON). I should be delighted to yield to him for a question.

Mr. EXON. Mr. President, I thank my friend from Wisconsin. I am pleased that he is protecting himself on the floor. I should like to pose some questions, if I may, to the Senator from Wisconsin.

First, Mr. President, I should like to compliment and commend my friend and colleague from Wisconsin for this action that he is undertaking almost alone tonight to attempt to draw some attention to what he had previously described as a historical act, although I have now had the pleasure of listening to what he has had to say.

Shortly before I left the Hill, I heard that my colleague from Wisconsin was intending to take the floor for tonight, trying to highlight the rather significant step that the President of the United States has asked this body to take.

Before I pose the question, I should like to give my friend from Wisconsin a little background in the form of some statements on how I view this matter, and then perhaps pose a question to him to try to put this whole matter into perspective.

In the first place, how I will vote on the debt limit bill, if and when it comes to a vote, I do not know. I will be very interested in what the Senate does with an amendment that is presently pending before this body, which I intend to offer and on which I will make some rather extensive remarks on tomorrow if I can get the floor.

The substance of the Exon-Bradley amendment, which I will offer, is to attempt to address in this debt limit bill the ruinous high inflation rates that are putting in grave danger, it seems to me, the very essentials of the President's economic recovery package.

That amendment Mr. President, is identical to the one that Senator BRADLEY and I offered as an amendment to the tax cut bill. It simply says that the President's tax cut bill that we approved would go forward on the outlined 5–10–10 proposal, unless at the end of the 1982 fiscal year we found that the President and his economic advisers were faulty on their projected 10.5 percent average Treasury bill rates for fiscal year 1982. That provides the trigger.

If, in fact, the 10.5 percent Treasury bill rate is not met, the trigger would take over, and there would be a reduction of up to one-half of the individual income tax cut that is scheduled for the preceding year.

To put this another way, and to explain this to my friend from Wisconsin, it seems to me that while we all hope that the President's economic plan which is embodied in the tax cut works, there are grave concerns today that even before it gets started, in the terms of the present, the economic recovery package seems to show some signs of getting off track; and if it gets off track, it is going to hurt a lot of people, including the Treasury of the United States of America, because of the higher interest rates we must pay to carry on Federal borrowing. It gets us to the heart of what I believe the Senator from Wisconsin is talking about.

When we go through the $1 trillion debt ceiling for the first time in our history, it seems to me that we are sending a rather chilling signal to all, once again, that the Government is not going to be borrowing less in the future; it is going to be borrowing more. Not only is it going to be borrowing, but also, it is going to be borrowing more at higher and higher interest rates.

I am sure that the Senator from Wisconsin knows very well—and I hope the President and our colleagues know, also—what a very serious thing we are doing here in going through the $1 trillion debt ceiling. It is going to cost an awful lot of money for our taxpayers.

Mr. President, it was only a few short years ago, in the early 1960's, that we busted through the $100 billion total budget for the Federal Government. To show what is happening, we are going to spend more money than that in interest costs on Federal borrowings in the next fiscal year.

So the concern that the Senator from Wisconsin has about this debt ceiling is a very serious one indeed.

However, more serious than the debt ceiling itself, it seems to me, is the fact that we are failing to recognize that the main thing driving interest rates today is that not only is it showing dangerous signs that the President's economic package is going to get off track, but also, it is going to cost us more and more to carry on Federal borrowings unless we do something about the interest rates.

Therefore, Mr. President, to some degree, my vote, when I cast it, on increasing the debt ceiling to more than the $1 trillion figure for the first time in our history—when I cast that yea or nay vote, I am going to be persuaded to a considerable extent by how the Republican-controlled Senate votes on the amendment I am going to offer tomorrow, if I can get the floor, to do something about interest rates, which not only are killing the Federal Government but also are killing my people in Nebraska—my farmers, my small businessmen, and everybody connected with it.

There are grave concerns in Nebraska, as well as all over our great land these days, about the economic situation, the uncertainty as to the future. Certainly, everyone remains concerned about inflation, and well they should. Certainly, they remain concerned about increased Federal borrowings, as well they should. Certainly, they are concerned about our national defense posture, as well they should. But I find that the interest rate situation is so serious today in my State of Nebraska that people are pleading with us to do something constructive up here about interest rates. I hear a lot of talk about it on the floor of the U.S. Senate and off, and I hear a great deal of concern expressed about this situation; but, frankly, it seems that every time something is offered on the floor of the Senate to do something about it, it is defeated.

Talk is cheap. Talk is also very time-consuming and quite a stress, I am sure, on my friend from Wisconsin.

However, to pose my first question to my friend from Wisconsin, I am wondering whether he can tell me—because he is an economist and because he has had long experience in this regard—how much additional interest or percentage of increase in the total cost to the taxpayer will result because we are busting through the $1 trillion ceiling. Does he not believe, as a responsible lawmaker and as an experienced economist, that the psychological breakthrough of the $1 trillion ceiling could have a severe adverse effect on interest rates, which are the prime concern of the people today?

(Mr. HAYAKAWA assumed the chair.)

Mr. PROXMIRE. Mr. President, I thank my good friend from Nebraska. My response is that there is no question—no question at all—that the psychological reaction is the important element here.

The recent strong reaction by some leaders in the Senate to Wall Street because they did not buy the President's program was a failure, it seems to me, to understand how very important the psychological reaction of our country is.

We have some of the best economists in the world, people who have received the Nobel Prize, such as Vasoly Leontieff, who have put into their computer every possible kind of variable they can conceive. Yet, they cannot predict the future, because they cannot put into their computer what the psychological reaction is going to be. They do not know. There is no way they can really tell.

I believe the Senator from Nebraska has hit it precisely on the head. What we have to do is to find a way to convince the American public, convince the investors of this country, convince the businessman, convince the working people that we have a credible anti-inflation policy. We can never convince them—rightly or wrongly, we cannot convince them—until we show that we are not only going to talk about balancing the budget but that we are going to balance the budget.

This program, as the Senator from Nebraska says, which says we are going to not only break $1 trillion but also go to $1.79 trillion—$94 billion over the present debt limit, which is $985 billion—is a signal that in the next year, because this would terminate on September 30, 1982, we are going to increase the Federal share of the credit market by a mammoth $94 billion.

Of course, that alerts the investor to the likelihood that interest rates are going to be still higher, so he is not going to invest in long-term mortgages or long-term obligations of any kind. The businessman is going to follow a policy of saying, "I have to increase my prices because I can tell what is going to happen. They don't mean business about fighting inflation down there."

The working man is going to say, "I have higher wages because they don't have an anti-inflationary policy in place. They're just rolling smoke when they say they're going to balance the budget. Balance the budget and I'll believe it. Until then, I won't."

That is why I am offering an amendment to the debt limit bill which would bring the limit down to $995 billion. In other words, we would stay under $1 trillion.

Because it is already $985 billion, that would provide a very limited leeway for additional borrowing. The effect of that would mean that the Federal Government, at long last, would have to really balance the budget or go on a pay-as-you-go basis and live on the basis of the cash that comes in. This would put great pressure on us. It would not be nice or easy. We would then have to cut spending, increase taxes, or do both. We would have to revoke part of the tax cut we recently put into effect or find other tax revenues.

As I pointed out tonight, Business Week, which is a fairly conservative publication representing the business community, says we should follow that kind of policy. It points out some spending we could cut, points out some of the taxes we could increase.

Unless we take that kind of action, the farmers of Nebraska and the small businessmen in Nebraska and the borrowers generally in Nebraska, our homebuilders, our auto dealers—and the same is true in Nebraska—will have to put up with the same kind of miserable future that is breaking their hearts today.

So I want to thank my good friend from Nebraska for asking this question. And I want to say that I have just been handed a copy of the amendment which appears under his name, Mr. Exon, and Mr. Bradley's name, and which provides an amendment to the pending resolution and specifies rate cut contingent on attainment of economic objectives. It says:

> If the average interest rate for fiscal year 1982 on new issue 91-day United States Treasury bills exceeded 10.5 percent, then the tables under paragraphs (2) and (3) of subsections (a) through (e) of this section shall not apply.

What that apparently does is to say that it is fine to cut taxes—and of course both of us agree, I am sure, that taxes should be reduced—but that if the price of reducing those taxes is, in effect, to crowd borrowers out of the credit markets and drive interest rates up, then we ought to postpone that tax cut.

Mr. EXON. Will the Senator yield for a further question?

Mr. PROXMIRE. I certainly will.

Mr. EXON. The Senator is absolutely right. That is the heart of the amendment. And I am hopeful that we can attract enough votes on both sides of the aisles in the Senate to put this through, because there has been no other amendment before this body that goes to the heart of the interest rate problem that I said earlier is causing more concerns in America today than any other of the many problems that we must face.

I would like to inquire further of my colleague from Wisconsin with regard to the debt limit ceiling and just exactly how he understands that it operates.

Mr. President, it is my understanding that the debt limit which is today at what figure, $935 billion—what is the figure?

Mr. PROXMIRE. Well, right now the debt limit is $985 billion.

Mr. EXON. Nine hundred and eighty-five billion dollars. It is my understanding, I say to the Senator, that the $985 billion is another one of these complicated things that we have allowed to grow up in Government that I do not suspect 1 person out of 10,000 knows or even begins to understand. But I believe that that $985 billion debt ceiling that we passed here sometime shortly after the first of the year—and we had to raise it because it was Jimmy Carter's fault. That is what was said.

My first question to my friend from Wisconsin, is it Jimmy Carter's fault that we are raising it this time also?

Mr. PROXMIRE. Well, I am sure that many people would argue that it is past administrations that put us into this bind. However, it is not Jimmy Carter's fault we are raising it this time. I call the attention of my good friend from Nebraska to a very interesting article called "Debt Limitation: The President's Unused Weapon." In the course of that article, Mr. Tullock says:

> During the Nixon administration, the president frequently and vociferously took the view that the budget was too high, and Ronald Reagan came into office with the specific purpose of lowering it. It is surprising then that both of these presidents failed to notice the strongest single budget-cutting weapon in their hands. Indeed, "failed to notice" is too weak. They deliberately threw it away.

Because the strongest budget cutting weapon, he calls it the President's unused weapon, is debt limitation.

All President Reagan has to do, if he wants to hold down spending, is say, "I will veto any increase in the debt limit above, say, $995 or $997 billion, anything that exceeds a trillion dollars."

Now, if he took that position, there is no way the Congress of the United States would not have to go along with him. We would have to do it. He can certainly sustain a veto. I think he would have an overwhelming majority of the Senate, but if he only got a third, he would sustain his veto and that would force us to the tough, cruel, unhappy, and unpopular position of having to cut spending or raise taxes or do both or find a combination but balance the budget this year.

I read from a book from Paul Douglas, who, as you know, was a compassionate liberal. And Paul Douglas says, under the circumstances of the kind we have now, the budget should be in balance; we should balance the budget.

And, of course, the way, as I say, to do that is to follow the advice of Gordon Tullock, who points out, as I have pointed out many times, that the President of the United States should use that weapon. It is the best weapon he has.

And if the budget goes over, to answer the question of my good friend from Nebraska, if the budget exceeds a trillion dollars, that has to be on the responsibility of the present administration. They do not have to go ahead with it. When the present administration came in, the debt limitation was $935 billion. President Reagan asked for a $50 billion increase to go from $935 billion to $985 billion. Now he is asking for another increase to go from $985 billion to $1.079 trillion. Perhaps he had to go over $935 billion but heaven knows he does not have to go over a trillion dollars.

Mr. EXON. Will the Senator yield further for a question?

Mr. PROXMIRE. Yes.

Mr. EXON. Will my friend from Wisconsin agree with this Senator from Nebraska that Jimmy Carter cannot veto this increase in the budget this year?

Mr. PROXMIRE. Well, the Senator from Nebraska is a perceptive man, and he perceives the fact that Jimmy Carter is no longer President of the United States.

Mr. EXON. I thank my friend. If he will yield for a further question on this matter, let us get back to this matter of the split in the budget. It seems to me that one of the dangers that we have, if the Senator's amendment is adopted, with the split debt ceiling that we have today, which is embodied in this one as I understand it, is the fact that we have a permanent debt ceiling limit and a temporary debt ceiling limit.

I believe that I am correct, and I would like my friend to correct me if I am wrong, that right now, if the amendment that he has offered is adopted on this increase in the debt limit ceiling, we keep on playing a rather dangerous game of Russian roulette which really prevents us from responsibly doing what the Senator from Wisconsin is trying to do, and that is simply this, if I understand it. We have, I think, a permanent debt ceiling limit of about $450 billion. And all over that $450 billion, up to the $985 billion figure, is a temporary debt limit. So we have our permanent debt ceiling here at $450 billion or thereabouts, and then we have stacked up on top of that the temporary debt ceiling limit.

Now if I understand this correctly—and I will be asking my friend to answer me on this if he will in a few minutes—as I understand it, there is little, if any, way that we could really continue Government if his amendment is adopted because it would really tie our hands from the standpoint of the split level.

In other words, if we were correct and have a debt ceiling limit which is permanent, then, indeed, we would be at the place where the Senator from Wisconsin would like to take us, which says that we will bump up to $985 billion or $995 billion, just under a trillion dollars, and that the Government would be able to continue by making some of the tough choices.

It seems to me, though, that until we do make that corrective action on the split feature of the present debt ceiling limit, that we are running into the danger of having the Federal Government in a position that it would not be able to meet its expenses come October 1 or 2, a few days hence.

Now, is that not a concern for the Senator from Wisconsin?

Mr. PROXMIRE. Well, I understand that. That is a concern. And of course, if my amendment did not provide that the temporary debt limit would go to $995 billion until September 30, 1982—that is what my amendment does. It simply provides that instead of going to $1.079 trillion as of that date, it goes to $995 billion. So that it would take the debt limit through next year.

If I did not do that, if we went back to the temporary limit, the Senator is absolutely correct, if we went back to the temporary limit of $400 billion, whatever it is, close to that, it would mean the Federal Government would have to close down. We just could not operate. We would not be able to pay our bills, pay social security checks, or pay our contracts.

The Federal Government would be out of business. So that would be an irresponsible action. My amendment takes care of that by increasing the debt limit for a solid year, a full year, to $995 billion.

Now I do not want to confuse it by increasing the permanent debt limit at this time. I think that is another issue. I think we should take care of that, we should mainly face up to that. The $400 billion is ridiculous. There is no way we are going to get down to that for many, many years, if ever. I would like to see us get down to it, but it would take many, many years to do it.

But what my amendment does is go to $995 billion for a full year. It has every bit of force and effect of the administration's bill, which would go to $1.079 trillion.

What mine does, however, is to force the Federal Government to live, in effect, within its present expenditures and to live on the basis of spending only what it takes in on a cash basis the way every business has to do, the way every family has to do, the way every State has to do, the way every city has to do. Maybe a few States can borrow money, very few. Wisconsin cannot. I do not know whether Nebraska can. No city can do it. They all have to balance their budgets, and I think the Federal Government should do it, too.

Mr. EXON. If the Senator will yield for a further question, Mr. President, all your amendment essentially does is to reduce the amount of the debt-ceiling increase, whether it is permanent or temporary, not the President's figure of over $1 trillion—how much was the figure?

Mr. PROXMIRE. It was $1.079 trillion.

Mr. EXON. In other words, it takes the recommendation of $1.079 trillion and simply reduces it down to under $1 trillion, is that correct?

Mr. PROXMIRE. The Senator is absolutely correct; that is right.

Mr. EXON. Has the Senator made inquiry of the Finance Committee, has he made inquiry of the administration, as to why they did not recommend such a program and plan?

Mr. PROXMIRE. I have not done that. Maybe I should have asked them. But I would assume that we have a very experienced Finance Committee, of course, people for whom I have great respect on both sides of the aisle. We have a very fine staff on the Finance Committee, and we have able people in the Treasury. I presume they knew what they were doing and had every intention not to balance the budget in 1982.

There is no way you can square an increase of $1.079 trillion, especially with the psychological effect of that increase, with an intention to balance the budget, and I think if they had any intention to do that and, as I say, this is not a war year, this is not a year of deep depression, this is not a year of recession, as the Senator from Nebraska knows, that all the forecasts, DRI, the Congressional Budget Office, the administration, all of them foresee reasonable growth next year, a moderation in unemployment. They all indicate that times would be somewhat better than they have been, and that is their assumption.

If that is true, if we do not balance the budget next year, when will we do it? We have done it once in 20 years, and I say it is time to do it again, and that would be the best signal we could possibly give to the people in this country that we mean business about fighting inflation and high interest rates. We are going to take the painful path, we are going to do what is very difficult to persuade Members of Congress to do because you have to face up to constituents who want more spending, you have to face up to constituents who want lower taxes. We are going to have to balance the budget in spite of it.

Mr. EXON. Mr. President, will the Senator yield for another question?

Mr. PROXMIRE. Yes, indeed.

Mr. EXON. If I understand, the Senator from Wisconsin is saying if his amendment is adopted it would force a balanced budget in fiscal year 1982?

Mr. PROXMIRE. Well, there is some leeway here. It would mean that in 1982 the budget could not be more than $10 billion out of balance. These days with the budget so great and economic uncertainty so great it seems to me, and with the fluctuations from month to month, it would mean in effect that the Government would have to balance the budget, yes, and live pretty much on a cash basis, do what every business has to do when they get in trouble, and simply cut their spending down and find ways to increase revenue if necessary in order to give them the cushion they would have to have.

Mr. EXON. Mr. President, will the Senator yield for a further question?

Mr. PROXMIRE. Yes.

Mr. EXON. What the Senator just said is true, but I happen to serve on the Budget Committee and I happen to serve on the Armed Services Committee. I think there is a general consensus on both sides of the aisle that the defense expenditures of the United States of America must necessarily dramatically increase to address Soviet expansionism and adventurism all around the world.

Mr. PROXMIRE. I agree with that.

Mr. EXON. It seems to me that if we hold out the hope that we can balance the budget in 1982 in view of that we are holding out a false hope because I, frankly, do not think it is going to be done unless we eliminate all of the tax cuts that passed this body within the last 60 days, and possibly even go beyond that to raise taxes as well as make further cuts in the budget.

Mr. PROXMIRE. I would not agree with that——

Mr. EXON. It seems to be a preoccupation today—if I might continue with my question—with the news media, with many of the politicians, led by the person who lives at 1600 Pennsylvania Avenue, that we can solve all of our problems by cutting and cutting and cutting.

I say to my friend from Wisconsin and my friend from California in the chair (Mr. HAYAKAWA) and all of my colleagues that over the years in my responsibilities in government I have lived with balanced budgets. I had primary responsibility for that for a long, long time.

But, you see, I always tried to be responsible enough to realize and recognize that some essential Government services had to be protected, and in this case I think it is a general consensus on both sides of the aisle that we do indeed need to dramatically increase defense expenditures.

Therefore, I frankly get a little bit weary when I hear people talking cut, cut, cut, and they do not seem to understand that there are two sides to a balanced budget. One is the expenditure side and the other is the income side. But nobody talks about the income side—you have—but most people do not talk about that.

When we have these Wall Street economists come before the Budget Committee—and we did today, and I was there—they talked about cutting more. They were asked, "Do you think it would be a good idea to take a look at the revenue side of the budget to see if we have gone too far too quickly in the area of reducing taxes?" They did not think so. They thought we could balance the Federal budget if we just had the will to cut here.

My question of my friend from Wisconsin is does he really believe we could possibly balance the Federal budget in 1982 if this amendment of his is adopted?

Mr. PROXMIRE. You can always balance the budget. You know it is a lot easier to balance the Federal budget than it is to balance the budget of a business or a family.

If you have a family that suffers a loss because the husband or wife loses his or her job or they have a terrible illness that costs a lot of money decide they will cut, and they cut.

It is easy for us. It takes some courage, perhaps—maybe not, but it takes some, I think—because what we have to do in that case is to raise taxes. What we have to do in that case is to cut some spending that people do not want cut.

I happen to think we can raise some taxes perhaps that were not the taxes we have already reduced. I think what we should do is to tax consumption. The problem in this country today is we do not have enough incentive for saving, and that is what we need.

One of the reasons interest rates are high, in addition to the Federal deficits and Federal borrowing and Federal invasion of the marketplace, is because our savings rate is so low. It is lower than it has ever been as a percentage of income. It is lower than any country in the world. So that saving capital that should be available for investment is too spare, it is too limited. The result is the price of borrowing that capital is much higher than it otherwise would be.

What I would like to see us do is not to discourage in any way people from saving money. What I would like to do is to discourage the expenditure of those funds and to, therefore, create a situation by which we would ease inflationary pressures in that way. But I would certainly not want to knock out all of the tax cuts we have had. I would, perhaps, want to look at some of them.

As far as building up our defenses is concerned the Senator is right. We all voted for a pay increase, and I think we need more of a pay increase than we provided, as a matter of fact, because we need to attract people in the military who are people who can have the skills and the capability and the motivation we must have, and that costs money.

We need more planes and tanks and ships. I do think in some ways we have permitted technology to run away with us and we are spending far too much for fighter planes. We are making a mistake, in my judgment, in spending more for aircraft carriers, and so forth. But that is an individual difference.

I would agree with the fundamental point the distinguished Senator from Nebraska makes that we have to spend more for defense. There are areas where we can cut, but I think we have to spend more than we have in the past.

Mr. EXON. Mr. President, will the Senator yield for a further question?

Mr. PROXMIRE. Yes, indeed.

Mr. EXON. If I understand what the Senator is saying then he does agree with me that if indeed we are going to balance the Federal budget in 1983 or in 1984 or sometime thereafter we are going to have to do it with a combination of spending, further spending reductions on top of the $35 billion we have already cut, and a look at the revenue side, either an increase in taxes or a scale-back in certain portions of the tax bill we have recently passed.

Mr. PROXMIRE. Absolutely. I just read from a book by Paul Douglas, who was a really great Senator and a great economist, one of the wisest men who has ever served in this body. He pointed out that the simplest political dogma is to be in favor of spending programs and to be against tax increases. Then you make everybody happy.

That is why it is so hard for the Federal Government, which does not have the kind of limitations that States, cities, businesses, and families have, to balance their budget. That is why we should use this debt limitation. That is why I am talking tonight at great length. That is why I am so grateful to my good friend from Nebraska for coming on the floor to give his views, with which I concur so broadly.

That is why I think it is so desirable for us to highlight this watershed in our country's history. Tomorrow or Wednesday we are going to pass in the Senate a measure that may—I hope it does not but it may—for the very first time permit our national debt to go over $1 trillion. I think that will be a tragic day if we pass it, especially under present circumstances.

If we were in a war, if we were in a depression, if we had a very serious recession, then I think we probably would not have a choice. But none of those situations are the case.

Paul Douglas, who was president of the American Economic Association and who has had such great experience, said we should balance the budget whenever unemployment is less than 8 percent. That is kind of a rough estimate, but the unemployment is around 8 percent. Next year the estimates are that it would be around 6 percent.

He says if you follow economists who argue that we should only balance the budget when unemployment is 3 percent, we will never balance the budget because it has gotten down to that level only about once in every 20 years.

If we want a realistic economic policy that enables us to begin to make progress against inflation and get interest rates down, we have to pay a price, and that price is to be willing to cut spending where we can and raise taxes where we have to do it and do it now, not in 1984.

Both of us had great respect and admiration for President Carter. He said we were going to balance the budget in the last year of his administration, 1980. When 1980 came we did not do it. When 1981 came we did not do it. I think the overwhelming majority of the American people feel the same thing will happen to President Reagan. If we want to balance the budget, the time to do it is now.

He could argue that if we had a big military emergency or if we had an economic situation that was close to disaster, that might not be true, but that is not true at the present time. We should do it now. As the Senator so well says, if we need a stronger military force we should have the will to pay for it.

Mr. President, I want to thank my good friend from Nebraska for his very helpful queries. I think it has helped me to greatly highlight the reason why I am making this speech tonight, why I think we should mark what is happening to our country by painstaking and careful examination of the consequences of going over $1 trillion as we possibly can.

As I indicated earlier tonight, if I had spoken tomorrow, I obviously would have gotten in the way of other Senators who want to speak. We have a full agenda tomorrow. We are going to have to act on this bill because, as the Senator from Nebraska pointed out so well, if we do not act, we will go back to the permanent ceiling, which is $450 billion, which would mean we could not function at all. So there is no way I could responsibly talk at great length tomorrow because I would be putting this whole process in jeopardy. The only alternative I had was to speak tonight and that is why I am speaking at very great length tonight. Once again I want to thank my good friend and neighbor from Nebraska for his very helpful interrogatories.

The Congressional Budget Office pointed out they were prepared to assist the Congress in reviewing Federal credit programs for fiscal 1981. They wanted to discuss this in some detail, and that is what I would like to do here.

In its 1981 budget, the Administration carries out the intention, announced in its 1980 budget, to establish a system to control federal credit activities. The new control system consists of a federal credit budget, itemizing the loans and loan guarantees of on- and off-budget agencies and setting forth proposed limitations on their annual activity.

For fiscal year 1981, the federal credit budget is estimated to total $142.1 billion, divided, as shown in Table 1, between new direct loan obligations of $60.7 billion and new loan guarantee commitments of $81.4 billion. The Administration expects total federal credit assistance to continue growing in fiscal year 1980 and 1981, but not at the rapid rates of the mid-1970s described in Chapter I. For 1981, the Administration estimates that the credit budget will increase 5.3 percent over the 1980 estimate of $134.9 billion, and 12.7 percent over the 1979 total of $126.1 billion.

In its first credit budget, the Administration is proceeding cautiously in proposing limitations on the annual activity of individual programs. For 1981, it proposes limitations on individual programs of $27.2 billion for direct lending and $32.5 billion for loan guarantees, or only about 45 percent of total new direct loan obligations and 40 percent of new loan guarantee commitments. The decision not to propose limitations on the credit activities of on-budget agencies financed through the off-budget Federal Financing Bank (FFB) means that the control system leaves open a door through which activities may escape the bounds of the unified budget.

Mr. President, I am not just reading this to take up the time of the Senate. I am reading this because I think this is of the greatest importance if we are really sincere and serious about this limitation on the national debt, because these off-budget activities affect the limitation, too. As I pointed out, we do not have, at the present time, even a recommendation for controlling those budget activities, and we need that. Therefore, we are going to have to, if we pass my amendment, be very careful about these off-budget activities because the Federal Financing Bank is such a tempting vehicle for moving ahead in financing activities without it being on the budget, without our having to account for greater deficit, and take care of our constituents without having to explain that this is a budget buster.

Incidentally, the proposed credit budget does not include all forms of Federal credit activity. Consequently, its totals are not consistent with those given in Special Analysis F, "Federal Credit Programs," that accompanies the 1981 budget.

Overall, the administration's estimates indicate a slowing of Federal credit growth in 1980 and 1981. New loan obligations and loan guarantee commitments will increase in total only 5.3 percent in 1981, after a 7.0 percent increase in 1980. Among the types of credit activity, direct loan obligations of off-budget entities will post the largest increase in the 2 years, up an estimated 33 percent in 1980 over 1979, while on-budget direct loan obligations will increase by only 7 percent and loan guarantee commitments will remain near their 1979 level—increasing, in fact, by less than 1 percent. In 1981, direct loan obligations by on-budget agencies will actually decline, according to administration estimates, by 2.7 percent, while off-budget direct loan obligations and new loan guarantee commitments will both increase by a little more than 8 percent.

This is an explanation, Mr. President, of why it is going to be necessary for the administration to go so far over the present limit on the national debt which, as we all know, is $985 billion, why they have to go $94 billion above that, the way I calculate it, and, at the same time, I am also indicating why it is that I think that if we have to do it, and my amendment requires them to do it, why it is responsible for us to feel that we could simply reduce those off-budget loans and loan guarantees, simply not granting them.

The administration's credit budget contains several new initiatives. In the Energy function (270), it is proposing a major synthetic fuels initiative utilizing loan guarantees. The administration anticipates that $4.3 billion in new loans for the development of synthetic fuel production facilities will be guaranteed in 1980 and 1981. The administration's credit budget also contains new direct loan initiatives in the Transportation function (400) and the Education, Training, Employment, and Social Services function (500). The administration will propose a five-year $1.5 billion loan program for railroads, of which $250 million would be available in 1981. In function 500 the administration is proposing a Basic Student Loan program to replace the existing insured loan program. Basic student loan obligations in 1981 are estimated to total $1.2 billion if the new program is enacted, up 109 percent over 1980. Guaranteed loans would still be available to supplement the basic loans; they would, however, not have as heavily subsidized interest rates.

Only in one function does the administration anticipate a substantial reduction: function 350, Agriculture. The drop in new direct loan obligations from $14.2 billion in 1979 to $9.4 billion in 1981 reflects the administration's assumption that the economic emergency loan program, due to expire in May of this year, will not be renewed by the Congress and that loan obligations for physical disaster loans will decline slowly also.

THE PROPOSED LIMITATIONS: A CAUTIOUS FIRST STEP

The new control system proposes annual dollar limitations on program activity. These limitations are in the form of appropriation language setting an annual ceiling on the authority to incur obligations for the principal of direct loans and the authority to enter into commitments to guarantee loan principal.

For 1981 the administration is proposing a limitation of $27.2 billion for direct loan obligations and $32.5 billion for loan guarantee commitments—covering only about 45 percent of total new direct loan obligations and 40 percent of new loan guarantee commitments. Table 3 display on a function-by-function basis the amount of new direct loan obligations and new loan guarantee commitments for which the Administration has proposed limitations, and the amounts that are not subject to proposed limitations.

In preparing its first credit budget, the Administration has chosen to proceed cautiously with respect to recommending limitations on individual programs. Two general categories of programs have been exempted from limitations: emergency assistance and insurance programs, and entitlement programs. In the first instance, programs of emergency credit assistance and credit insurance such as the Federal Deposit Insurance Corporation (FDIC) or the disaster loan programs of the Small Business Administration (SBA) and the Farmers Home Administration have been exempted because annual limitations could prevent them from responding to unanticipated contingencies. In the case of entitlement programs, such as VA home mortgage insurance, qualified recipients have a legal right to loans or loan guarantees. Annual limitations could not be effective, since loan disbursements or guarantee extensions are governed by the participation rates of eligible recipients. All veterans' credit programs have been exempted for this reason.

In addition, the Administration is proposing one-time exemptions from the limitations requirement for housing credit activities in 1981. This exemption covers programs such as FHA basic mortgage insurance and Government National Mortgage Association (GNMA) guarantees of mortgage-backed securities, and reflects the Administration's concern "that the new credit control system not be perceived as restricting credit to the housing industry at a time when it may be entering a period of relative weakness. . . ."

Mr. President, that is sure a masterpiece of understatement, is it not? "May be entering a period of relative weakness." It is flat on its back.

As a result, most of function 370 is not subject to limitation. The Administration is also proposing one-time exemptions from limitations for the agricultural export credit activities of the Commodity Credit Corporation (CCC) because it does not wish to restrict the President's authority to expand agricultural export activities. This accounts for the exclusion from proposed limitation of most of function 350.

Mr. President, all of this detail that I am reading serves a very important purpose. It indicates how complicated and how difficult it is to provide this kind of limitation. I have sympathy for the administration's asking for this increase. It would be a lot easier if we would give all kinds of flexibility here. But the fact is you just do not get the kind of cut you need unless you force it. It is not a matter of our not trusting the administration; it is a matter of recognizing the lesson of history. Every administration has had good intentions. They all want to be responsible. They all have intended to hold down spending, and they all say they would like to balance the budget if they possibly could. Yet, somehow, it does not get done.

It does not get done because so many of these areas that I just read about—housing, farm credit, and so many others—have very great appeal. For many years—in fact, for 24 years now—I have worked on housing legislation in the Banking Committee. I have worked on the Appropriations Committee for 20 years on housing legislation, much of that time as chairman of the appropriate subcommittee or committee.

I know how urgent that program is and how serious the problems are for housing.

I think that the one way we can help housing is to pass an amendment of the kind I am proposing. I have talked in the last few months to dozens of housing groups in my State, homebuilders. As one person, they all recommend the same thing. They say, "What we need more than anything else in the world is not Government programs, not Government subsidies. What we need is for the Federal Government to get out of the credit markets. Get out. Get out of our way."

These agriculture programs also have a lot of appeal for a lot of people. But if I have heard one thing from my farmers in Wisconsin, I have heard over and over again that what they want above all is some relief from these very high interest rates.

Incidentally, Mr. President, there has been a lot of talk about putting an amendment on this resolution which would put the restrictions imposed in the agriculture bill we have passed, which is now pending in the House, into effect through amending the debt limitation bill. The irony of that is that this debt limitation bill would condone additional inflation.

The one thing that hurts my farmers—my farmers do not need price supports if we do not have inflation. They need price supports because we are going to have inflation. Let me explain that.

The University of Wisconsin has made a very careful study of this. They say if we freeze price supports at their present level for dairy products, it means, on the assumption that we are going to have the 10-percent inflation that seems to be inevitable, the Wisconsin farmer will lose 70 percent of his net income on the average. Some of them will just go out of business, many of them will. But on the average, they will lose more than two-thirds of their net income.

My concern, therefore, is that we not pass legislation of this kind, which virtually guarantees more inflation and higher interest rates. If we can adopt policies of the kind I am advocating here tonight that will stabilize prices, then our farmers do not need the price supports. They can get along without any increase in price supports. They can live in the next 3 years. If we permit Federal borrowing to go to $1.079 trillion, there is no question in my mind that the University of Wisconsin predictions are going to come true and the Wisconsin dairy farmers are going to lose their shirts. They are going to lose, in many cases, everything they have. It is going to be heartbreaking for them and for the rural areas of my State.

As the present Presiding Officer knows so well, because he spent many years in Wisconsin when he was a professor—he is still highly esteemed in Wisconsin. As Senator HAYAKAWA knows, the rural areas of Wisconsin absolutely depend on dairy farms. If the dairy farmer is having trouble, the shopkeepers, the people who live in the villages simply cannot get along.

They are going to be in real trouble, in big trouble, the farmers of my State, for the next 3 years. The University of Wisconsin says the policies the administration is adopting of freezing price supports as long as the acquisition by the CCC of dairy products exceeds $750 million means that there will be no increase for 3 years. As I say, they can live with that if we do not have this inflation.

That is why I am fighting so hard tonight, because I know the one hope—a remote hope, perhaps, a long, long shot—is that we adopt an amendment of the kind that is suggested here tonight, that will make it necessary for us to balance the budget and to begin a credible anti-inflation policy. If we did that, I think our farmers would say amen and they would say they will get along without price supports. If we do not do that, then the farm bill, which is now in the House and is about to become law, is going to be literally an economic death knell for hundreds, in fact thousands, of our dairy farmers and is going to be disastrous for our rural economy that depends fundamentally on our dairy farms.

Of the $134.9 billion in the 1980 credit budget, only $5.5 billion—the estimate for net direct lending by on-budget agencies—is included in the totals of the unified budget. Direct lending is included in the unified budget on a net basis—new loans minus repayments and other adjustments—because net lending represents the change in the federal government's financial condition as a result of its lending activity. The relationship between the unified budget and the credit budget is not limited, however, to net lending by on-budget agencies.

In fact, the credit activities of the largest off-budget entity—the Federal Financing Bank—represent direct lending for on-budget agencies. FFB's activities consists of direct loans in the form of purchases of loan assets from on-budget agencies and direct loans to borrowers receiving guarantees from on-budget agencies. FFB's direct loans resemble in all respects, save their budgetary status, direct loans by on-budget agencies that do affect unified budget totals. All of FFB's activities, purchases of loan assets and origination of loans guaranteed by federal agencies, require that the on-budget agency guarantee to indemnify FFB against any loss. Thus, a significant portion of guarantee activity is also involved.

Mr. President, I think we would make better sense if we just abolished the Federal Financing Bank or brought it onto budget. It does not do any good to kid ourselves that loan activities of the Financing Bank have any different effect than loans by the SBA or loans by the Export-Import Bank, or loans by any other agency that is in the budget. There is no reason why we should have that solution, none.

It has an artificial and false picture and, of course, it has exactly the same effect on interest rates generally and on crowding out private borrowers.

The Administration plans to control the credit activities of the FFB by placing limitations on the activity of agencies conducting transactions with the FFB—that is, by limiting the authority of agencies to make new direct loan obligations that will eventually result in loans being sold to the FFB—or on the authority to make commitments to guarantee loans, some of which may be originated by the FFB. While this approach will result in controls on the absolute total of federal credit activity, and thus will set a ceiling on the amount of federal credit that could be financed by the FFB, it will not control in any year the actual activity level of the FFB within that ceiling. The failure of the Administration to propose limitations on actual FFB activities means that opportunities to manipulate unified budget totals through off-budget credit activity remain uncontrolled.

That is a financing by the budget office, the Congressional Budget Office, and I think that is something we should be very aware of, that the administration does not propose an effective limitation on the Federal Financing Bank activities.

Mr. President, I have other materials here. I ask unanimous consent that the remainder of the material that I have here on the Federal Financing Bank be printed in full in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FFB PURCHASES OF LOAN ASSETS

Loan assets take two forms: loans that an agency has made in the past and is currently holding, and certificates of beneficial ownership (CBOs). CBOs are securities backed by loans in an agency's portfolio; the agency continues to hold and service the loans, even though it sells the certificates. The receipts from sales of loan assets and CBOs are counted in the budget as repayments on loans, and are thus offset against new lending to compute net lending.

Over the years, agencies have sold loan assets to private investors in order to substitute private financing of loans for public financing, thus reducing the federal role in credit markets. Such sales have also been advantageous to the agencies because they lowered the agencies' net lending and thus their outlays. Sales of loan assets and CBOs to the FFB, on the other hand, have only the advantage of lowering agency outlays; they do not have the concomitant advantage of securing private financing. In fact, they simply transfer on-budget outlays off-budget. This reduces the federal (unified) deficit, but not the federal role in credit markets. Only 22 percent of loan assets estimated to be sold in 1981 will be sold to the public; the remaining 78 percent will be sold to the FFB.

The sales to FFB of loan assets and CBOs are further complicated by the fact that the FFB, as a prerequisite for a purchase, requires the selling agency to guarantee the full value of the loan or security. If a loan is defaulted, the agency absorbs the loss, not the FFB. Thus, agencies do not really sell assets; instead, they borrow from the FFB with the loan or CBO as collateral. Borrowing by agencies is not a budgetary transaction, and does not reduce outlays, as the sale of an asset does. According to budgetary principles, the sale by agencies of guaranteed loans and CBOs ought to be treated as borrowing and not as offsets against new lending. Only legal requirements now maintain the fiction of CBO sales as sales of assets.[1]

The timing of CBO and asset sales is a matter of administrative discretion. Thus, it is not possible for the Congress to predict accurately in advance the budget impact of such sales for a fiscal year. Table 4 details FFB purchases of loan assets in fiscal years 1979–1981.

TABLE 4.—FFB-FINANCED FEDERAL CREDIT ACTIVITY

[In billions of dollars]

	1979 actual	Administration estimates:	
		1980	1981
Purchases of loan assets:			
New direct loans	10.9	11.2	13.1
Repayments	−1.5	−4.4	−3.7
Net loan outlays	9.4	6.6	9.4
Guaranteed loan originations:			
New direct loans	5.1	10.8	10.9
Repayments	−1.2	−1.2	−4.1
Net loan outlays	3.9	9.6	6.8
Total, net loan outlays	13.3	16.2	16.2

Two alternatives are available to the Congress that would enable it to exert control over the volume of sales of CBOs and loan assets to the FFB during a fiscal year. First, budgetary treatment of sales to the FFB could be changed to count them as borrowing by the agency from the FFB. No outlays would then be transferred off-budget. A second alternative would be to set limits on the amounts of CBOs or assets that could be sold to the FFB by an agency during a fiscal year.

FFB ORIGINATION OF GUARANTEED LOANS

By purchasing loan assets and CBOs, the FFB acts indirectly as a lender: it lends to agencies that in turn lend to the public.

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[1] Provisions of law require that sales of CBOs by the Farmers Home Administration and the Rural Electrification Administration be treated as repayments. For more information, see "Loan Asset Sales: Current Budgetary Treatment and Alternatives," in Loan Guarantees: Current Concerns and Alternatives for Control—A compilation of Staff Working Papers (CBO: January 1979).

The FFB also acts as a primary lender at the request of various on-budget federal agencies. If an agency guarantees that it will repay 100 percent of interest and principal in the event of default by a borrower, the FFB will make a direct loan to that borrower at interest rates just slightly above the Treasury borrowing costs. In this case, the use of guarantee authority, which is not a budgetary transaction, by an on-budget agency, results in an off-budget direct loan at interest rates below the market rate. It also results in a substitution of public credit for private credit. The function of a loan guarantee is to channel private credit to a borrower by removing the lender's risk. The private lender is presumed to screen the borrower for creditworthiness and the project for ability to generate necessary income for repayment. However, when the FFB makes, or originates, the direct loan, no private credit is involved. Nor is there any scrutiny by the FFB, as lender, of the borrower's creditworthiness and ability to repay. The FFB relies on the guarantee by the agency to protect it against loss. For fiscal year 1981, the Administration estimates that the FFB will make new loans of $10.8 billion. After deducting repayments, net loan outlays would total $6.8 billion. Table 4 details FFB loan originations for fiscal years 1979–1981.

The Administration's refusal to set limitations on the transactions of agencies with the FFB means that, while a limitation is proposed for an agency's total commitments to guarantee loans, no limitation is set on how much of it may in fact be financed off-budget by the federal government, through the FFB. As with loan asset sales, the decision to use the FFB as lender is a matter of executive discretion. Two alternatives are available to the Congress to establish some control over the conversion of guaranteed loans into off-budget direct loans. First, it could change the budgetary treatment of FFB loan originations: recording them as on-budget direct lending by the agencies and borrowing between the agency and the FFB. This would require that agencies be given budget authority and would result in the recording of outlays in agency budgets. Alternatively, limitations could be set for each program on the amount of loans guaranteed by that agency in a fiscal year that could be originated by the FFB.

EFFECTS OF FFB FINANCING

Table 4 details the total FFB-financed credit activity for fiscal years 1979-1981. While net loan outlays for 1980 and 1981 are estimated to be the same each year, the mix each year is different. In 1980, net loan purchases are estimated to total only $6.4 billion, but in 1981 this increases to $9.4 billion. The decline in 1980 and the subsequent increase in 1981 reflects the Administration's decisions to postpone assets sales originally planned for 1980 to 1981, in order to lower 1981 outlays.

Table 5 shows the effects on the unified budget deficit if the off-budget activities financed by the FFB were incorporated into the budget. The Administration's 1981 deficit of $15.8 billion would be doubled by the addition of $16.2 billion of net FFB lending. This estimate is based on the assumption that all activities currently financed off-budget would be continued at the same levels if their full outlays were included in the budget totals. It is entirely possible that, if budgetary treatments were changed to return these activities to the unified budget, the programs would not be continued at their current levels—on the assumption that some of these credit activities are undertaken largely because they can be financed off-budget.

TABLE 5.—EFFECT OF FFB-FINANCED CREDIT ACTIVITY ON THE UNIFIED BUDGET DEFICIT

[In billions of dollars]

	1979 actual	Administration estimates	
		1980	1981
Outlays, unified budget	493.7	563.6	615.8
Receipts	465.9	523.8	600.0
Deficit, unified budget	27.7	39.8	15.8
Plus: Net loan outlays, FFB	13.3	16.2	16.2
Deficit, unified budget plus FFB activity [1]	41.0	56.0	32.

[1] This does not include FFB administrative expenses, transfers, and nearest charges.

(Mr. WALLOP assumed the chair.)

Mr. PROXMIRE. Mr. President, the Congressional Quarterly some time ago carried a very interesting article that pertains exactly to what I am discussing here tonight, and I shall quote from it because it is, of course, an authoritative, objective, professional publication which many of us have relied on.

This Congressional Quarterly has an article entitled "The National Debt, a Way to Attack Spending."

This is precisely what I am talking about tonight and about the great opportunity which the debt limits offers not only to the President which one distinguished commentator said was being thrown away, but also Mr. Tullock who said that it was surprising that Presidents failed to notice the strongest single budget cutting weapon in their hands, fail to notice it, that they deliberately threw it away.

I shall read from the study by the Congressional Quarterly as to how the national debt can be used to attack spending because that is exactly what we are considering tonight:

> Through the years, and particularly since the New Deal days of the 1930s, the national debt and congressional control over it have been controversial subjects. The debt has become increasingly a political issue as compensatory fiscal policies and budget deficits have gained popular acceptance. Growth of the national debt gave legislators and other public officials a convenient opening to express their views on government spending; but expansion of the debt had little effect in curbing the spending.
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> Constitutional Authority. The Constitution, in Article I, Section 8, Clause 2, gives Congress the power "to borrow money on the credit of the United States." This is a very broad power. Ogg and Ray's Introduction to American Government noted that the "power to borrow not only is expressly conferred in the Constitution, but is one of the very few federal powers entirely unencumbered by restrictions—with the result that Congress may borrow from any lenders, for any purposes, in any amounts, on any terms, and with or without provision for the repayment of loans, with or without interest." Ogg and Ray noted also that the United States has no constitutional debt limit, whereas many state constitutions and state charters for counties and local governments impose debt ceilings.

In Wisconsin for years we had, I think, a $500,000 ceiling on the amount of debt that the State could borrow. As I pointed out earlier tonight that ceiling has been modified to some extent, but there is still a ceiling on what the State can borrow for any kind of operational purpose. It can borrow money for construction, particularly for building construction, but that is about the limit of it and even that is carefully restrained and constrained.

At any rate, this article points out:

> The United States has had a statutory debt ceiling for many decades, but the ceiling can be easily altered by Congress and, in fact, has been raised repeatedly—although seldom without an intense political fight in Congress.

This is exactly what we are up to tonight. It may be an intense political fight, but that intense political fight was not enough to prevent the administration in the past and this administration as recently as last spring or late last winter from raising the debt ceiling by $50 billion and now they want to raise it by $94 billion.

They want to fracture for the first time the $1 trillion limit.

> COMPOSITION OF THE DEBT
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> Debt has been incurred by the federal government when it has found it necessary to spend more than it has collected in tax and other forms of revenue. When expenditures outstrip revenues, the deficit must be made up by borrowing. Through much of the nation's history, a surplus resulting from an excess of revenues over expenditures has been used, at least in part, to reduce outstanding debt. Since the long string of federal budget deficits began in fiscal 1931, there have been budget surpluses in only seven years. It was during this period that the bulk of the national debt (estimated to reach $605.9-billion by the end of fiscal 1976) was incurred.
>
> The debt consists of various types of obligations. David J. Ott and Attiat F. Ott in Federal Budget Policy gave the following definitions: "The federal debt consists of direct obligations or debts of the U.S. Treasury and obligations of federal government enterprises or agencies. It is . . . broken down into 'public debt'—that part issued by the Treasury—and 'agency debt'—that part issued by federal agencies. The public debt consists of issues (that is, bonds, notes and bills), which are generally sold to the public (some are held by federal agencies and trust funds), and 'special issues,' which are held only by government agencies and trust funds. Of the issues sold to the public, some are 'marketable,' that is, they are traded on securities markets, and some are 'nonmarketable' and cannot be traded (for example, U.S. savings bonds). The latter may, however, be redeemed in cash or converted into another issue."
>
> PHILOSOPHY PRIOR TO 1930'S
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> Throughout most of the nation's history, the principal concern of government in regard to budget policy was to assure that revenues were sufficient to meet expenditure requirements. This philosophy, which in application meant an approximate balance between receipts and outlays, was generally accepted from the beginning until the early 1930s.

What a happy and comforting situation that was throughout most of our history. There was just an assumption that you always balance the budget. Of course, we did not do it in the wartime. There were some years, maybe 2 or 3 in a row, of recessions or depressions, but until the 1930's the budget was virtually always balanced. We never had more than 2 consecutive years except maybe the Civil War and of course World War I before the 1930's when the budget was not in balance.

Now the budget has not been in balance since 1969, and that was the only year in the last 20 when it was in balance.

As I pointed out earlier all seven of the biggest peacetime deficits in history were incurred in the last 10 years.

The 1970's was our really bad period for this. And what is appalling is that much of that time we were at peace and much of that time we had reasonable prosperity. We had 2 bad years in 1974 and 1975, but except for those years we should have balanced the budget in every year in the 1970's. Instead in 1970 we drove our deficit up from about $350 billion to what it is now, $1 trillion, an enormous increase, not only the biggest increase in our history but an increase that was far bigger than all the increases up until 1970.

Any Senator who has been here since 1970, and I have been here since 1957, has seen our national debt more than double just in that period.

It is an appalling thought and the way we are going it is going to far more than double in the next few years. After all, the administration, as I say, is asking for an increase of $94 billion in the next year in the debt and an increase to a level of far more than $1 trillion.

> Lewis H. Kimmel wrote in Federal Budget and Fiscal Policy, 1789–1958: "From the beginning of our national history, ideas in public finance have been influenced by the unfolding of events. At the outset acceptance of the balanced budget philosophy was facilitated by the adverse financial experience during the Revolutionary War and under the Articles of Confederation. There was an awareness that the public credit is a valuable resource, especially in an emergency. The experience of the preceding fifteen years suggested to Hamilton and others that the preservation of the public credit depended on the consolidation of existing indebtedness and the provision of adequate revenues for debt service. The thought that the interests of the new nation would be best served if Hamilton's ideas were adopted was soon translated into policy."

I have quoted earlier from Alexander Hamilton a very excellent paper on Alexander Hamilton which indicated how indebted we are to him and how much we owe to his notion of the importance of the integrity of our fiscal policy.

> Kimmel pointed out that three key ideas were generally accepted by federal officials and economists alike during the period leading up to the Civil War: (1) a low level of public expenditures was desirable; (2) the federal budget should be balanced in time of peace; and (3) the federal debt should be reduced and eventually extinguished.

Mr. President, we are now violating all three of the principles that our Founding Fathers and that the great men who served this country until the Civil War believed in. A low level of public expenditures was desirable. Obviously we have a very high level of public expenditures now, a very high level. Second, the Federal budget should be balanced in time of peace. We are not balancing the budget. We should be. Third, the Federal debt should be reduced and eventually extinguished.

> The Civil War, like other major wars of modern times, resulted in a much enlarged national debt. The reported debt in 1866 amounted to almost $2.8 billion in contrast to less than $90.6 million in 1861. The debt was gradually reduced after the war to a low of $96 million in 1893. However, after the Civil War, there was less concern about eliminating the outstanding debt; increasingly, the emphasis was on servicing the debt in an orderly manner. Proposals to liquidate it became fewer and fewer.
>
> From the post-Civil-War low point in 1893, the debt increased very slowly for half a dozen years and then hovered between $1.1 billion and $1.2 billion until 1917.

Of course, that marked the entry of the United States into World War I.

> The debt jumped from just under $3 billion in fiscal 1917 to a peak of $25.5 billion at the end of fiscal 1919.

That is far from the present level.

It is interesting to recognize that in 1916 the debt was one-thousandths of what it is about to be. It was about $1 billion, and now it is about to be $1 trillion. That is within my lifetime. I was born just before 1916, and during my lifetime the debt has gone from $1 billion and has increased a thousandfold. That is not rhetoric; it is arithmetic. It is the cold, clear logic of arithmetic, that it has gone up a thousand times.

Of course, we have inflation; of course, we have high interest rates. Of course, we have burdensome taxes, with that kind of perfectly colossal increase in the national debt.

> In 1930 and following years, the nation was faced with the problems of the Great Depression. Kimmel noted of the early years of the Depression: "A concerted effort was made by the President and the leadership of both parties in Congress to adhere to the balanced-budget philosophy. Yet a balanced federal budget was almost impossible to attain—the annually balanced-budget dogma in effect gave way to necessity. Alternatives were soon suggested, and within a few years what came to be known as compensatory fiscal theory gained numerous adherents."

Well, we lost a lot when that happened, but we did the right thing in the depression. It would have been very foolish for us to have followed a balanced budget theory in 1933, 1934, 1935, and 1936. We would simply have driven the country into a deeper depression, and we probably could not balance the budget, no matter how savagely we cut expenditures.

In retrospect, I believe that the policies we followed then, in that period of dire economic emergency, were right. But to continue those policies under present circumstances—after all, we had 25 percent unemployment in the 1930's. At no time did unemployment go below 19 percent. It was a terrible, terrible time Gifted people were unable to work.

However, unemployment now exceeds 100 million, with the highest percentage of the American people at work that we have ever had in our history, and that is true: We have more than 60 percent of our adult population with jobs. It is true that we have an unemployment rate which is fairly high, but that is because we have such a tremendous work force; so many people are in the labor market.

In spite of that, we have a level of unemployment which Paul Douglas, the one great economist who served in the Senate, said could not justify a deficit. He argued that we should have an 8-percent unemployment rate before we ran a deficit. If we had 6 or 7 percent, we should be balancing the budget or running a surplus.

So there is no economic reason, there is no reason, none—I have not heard any economist or anybody else argue why we should have an unbalanced budget in 1982, except that it is hard to get there. It is unpopular to cut spending programs and it is unpopular to raise taxes. We should do it.

The cost of servicing the national debt is greater than the entire deficit. If we had followed these policies in the past, we would have a surplus today.

The deficit this year is going to be about $60 billion, and the cost of servicing the national debt will be about $80 billion. It will be much more than that next year. So the reason we have the deficit we have is that we have had deficits in the past, and we have not found a way to break away from it. If we do find a way, it will yield great benefits.

In the first place, it will reduce the size of the national deficit and therefore reduce the interest cost. Second, it will reduce the rate of interest itself, because by building up this enormous debt and invading the credit markets and competing with the private sector for credit, we drive up interest rates. Even with our present national debt, if we had an average interest rate of about 7 percent instead of 14 percent, we would be saving $40 billion.

We would get the interest rates down by balancing the budget. That is what people believe is necessary for a credible anti-inflation policy. They believe it, and their belief becomes a self-fulfilling prophecy. Businessmen act on it, labor acts on it, and others act on it.

This is why it is so important that we not follow the recommendations of the Finance Committee and the administration; that we not provide for an increase in the debt limit to $1.79 trillion; that, instead, we adopt my amendment and hold the increase in the debt limit to $995 billion, hold it under $1 trillion; and by doing that, in effect, balance the budget; go on a cash basis, a pay-as-you-go basis, for the first time in many years.

What a marvelous signal that would send to the American markets and the people of this country, that they had a Government that really meant business.

> The first overall debt ceiling was established Sept. 25, 1917, by the Second Liberty Bond Act, which fixed a limit of $11.5-billion. By 1945, Congress had amended the act 16 times, and the ceiling had been lifted to $300-billion. In June 1946, the high World War II limit was reduced to a "permanent" $275-billion ceiling. However, as Congress continued to vote more appropriations than taxes, and the executive branch to spend more than it took in, budget deficits resulted and the debt continued to rise. There followed perforce repeated ceiling increases, almost all of which were accompanied by strong partisan activity in Congress and much sermonizing on the evils of federal expenditures and indebtedness.
>
> Although Congress actually had little choice but to increase the statutory debt limit, the heated debates—primarily in the House—suggested that the events were milestones in public financial affairs. The controversy over rising debt ceilings flowed essentially from the broader issue of government spending. The proponents of a statutory debt ceiling saw the ceiling as a form of expenditure control. They believed that a

> firm commitment by Congress not to increase the debt limit would force a halt in spending, especially spending that exceeded the tax revenues.

Of course, that is true. As I have indicated tonight in quoting a number of authorities, that is the best and most effective weapon the President has to fight excessive spending.

> Officials in the executive branch responsible for paying the government's bills, as well as many members—indeed, a majority—of Congress, were convinced that a debt ceiling could not control expenditures. Throughout the postwar period, Secretaries of the Treasury expressed their opposition to use of the debt ceiling for that purpose.
>
> One characteristic aspect of the debt-limit debate in postwar years was that the opposition to raising the limit was led by conservatives who sought to reduce government spending. But expenditures during these years—even during the Republican Eisenhower administration—showed a steady increase. The increase reflected not only the adoption of new government programs but also a buildup of political pressures on Congress that made it difficult to cut and relatively easy to add to existing levels of expenditures.

Mr. President, it is that political pressure that has made us prisoners, unable to act on the basis of the clearest kind of logical conclusion.

What this country needs today is a fiscal policy that would require a balanced budget. We should run surpluses. We should reduce the national debt. That is the way to fight inflation. Inflation is our No. 1 problem; no question about it. High interest rates are a part of the terrible problem. Yet, we are habituated to going along with the appeal for more spending.

We constantly and effectively receive appeals from groups—and they are wonderful people. They come in and ask for money for health, for education, for helping the handicapped, for great programs. You would have to have a heart of stone not to appreciate the merit in them. If we are going to fund those programs, we should pay for them as we go.

I believe that in all these areas there is waste, and there should be priorities, and we should restrain our instincts. After all, we simply cannot meet all the needs of all the people in this country.

Recently, a distinguished reporter on the New York Times pointed out that if we provided the best medical care for all the American people, of a kind, say, that the British Prime Minister has, we would have a doctor, a personal physician, for every American. I do not know how we would do that. We would have to have a physician for the physicians who in turn were the physicians' brothers.

At any rate, it is obvious that we have to put limits on what we can do It is natural that we should want to do all we can for people, but we simply cannot spend all the money that our constituents and others so appealingly request.

Furthermore, Mr. President, some groups that call for a cutback—and they are very, very sincere in calling for those cutbacks—also ask for funding for their own special interest.

For example, recently I gave a Golden Fleece to the Economic Development Administration in the Department of Commerce for funding a promotion by the limestone industry in New Bedford, Ind., because they received $200,000 to help them build a replica in limestone of the Great Wall of China. The replica was 800 feet long made of limestone, and the taxpayers of Wisconsin and Wyoming had to pay for that.

Of course, it helped the limestone industry, perhaps. The chamber of commerce pushed it. But how in the world we could justify that kind of expenditure, why a carpenter in Wyoming or a janitor in Wisconsin working hard and earning their tax money should pay for a limestone promotion in New Bedford, Ind., is absolutely beyond me.

This is not, perhaps, typical but there are too many expenditures of that kind. There just is no question that we have to hold down spending and the way to do it is to require that when we spend money we raise the taxes to pay for it that year and, therefore, we have some kind of recognition of the pain.

If we do not do that, of course, we are going to keep spending more and more. It is always easier to appease our constituents by providing the spending that they request. It is natural, it is predictable, it is good politics, and we are going to do it. But there is no justification, none, zero, zip. I have not heard one word from anybody arguing that the economy will be better off this year if we do not balance the budget. Everybody says it is a good way to fight inflation, it is a good way to fight high interest rates. If it is a good way, let us do it. We do not do it by increasing the debt limit as we have been asked, from $985 billion all the way to $1.079 trillion. That is what we are doing, and that is why my amendment would limit that increase to $985 billion.

To go back to the article I was reading:

> When it came down to the actual voting, Congress always raised the debt ceiling enough to enable the government to meet its financial obligations. The attendant congressional debate gave members so inclined an excellent opportunity to throw the spotlight on the public indebtedness and government spending.

I hope we can do more than just throw a spotlight on it. I hope we can get an amendment of the kind I propose or some other amendment that will limit the debt limit to some figure below $1 trillion.

It certainly will serve the interests of the overwhelming majority of the American people. It will help us fight inflation, it will help us put a limit on interest rates, it will help us get a credible policy that can be believed and will be effective.

Mr. President, I would like to discuss legislation to limit Federal expenditures for the past and the present.

The Congressional Reference Service in an article by John Fisk, who is the analyst in Government Finance, Economic Division, presented a very helpful analysis of legislation to limit Federal expenditures in January of 1979. That is only 2 years ago, and while it is not immediately up to date it is very, very germane, and I think it helps us understand the situation.

This study by Mr. Fisk gives a picture of a history of legislation proposing a balanced Federal budget through the 94th Congress, an overview of legislation to balance the budget in the 18th and 19th centuries, legislation to balance the budget in the 18th and 19th centuries, and legislation to balance the budget in the 20th century, legislation in the 95th Congress proposing a balanced budget, and a history of legislation linking Federal spending to the gross national product through the 94th Congress—that is interesting legislation, incidentally, and legislation I think that has a great deal of merit.

We should get at this in every way we can, and one way to get at it is to limit the portion of our economy that we allocate to Federal spending in a deliberate and conscious way, and then work on the priorities within that limitation.

Finally limitation in the 95th Congress linking Federal spending to the gross national product.

Mr. Fisk points out that balancing the Federal budget was rarely a controversial issue in the 18th and 19th centuries. During that period two factors contributed to the lack of legislation on that subject. First, deficits were unusual—Oh, what a happy time— and they were unusual except in times of war or economic distress.

He says that frequent surpluses were usually more than sufficient to offset the occasional deficits.

Second, he said that most prominent statesmen and economists agreed that the budget should be balanced in peacetime. This general consensus of opinion made legislation requiring a balanced budget superfluous.

Well, that is the way it ought to be. Some people will say that is kind of a mossback, a throwback to a prior period, that is, the thinking in the 18th century and the 17th century.

The fact is we had a country that grew magnificently during that period. We had a very, very encouraging growth in almost every way. Our farm economy improved, our manufacturing economy, our commerce improved greatly.

These were the years when we built this country, and this country became the economic envy of the world, and people felt that our streets were paved with gold. Those were the times when the America that we are so proud of now really developed its strength, and it developed it within a context of a balanced budget. They did not need excessive or additional Government spending. They were able to operate with the Federal Government playing a very, very modest part in the economy, the Federal Government primarily defending this country, providing some very limited public works and living for most of this period, as I understand it, on customs revenue.

We had no income tax except during the Civil War for a brief period. We had no income tax either on individual or corporations, and the revenues therefore were very slight. I think as recently as 1929 the Federal spending was only 3 percent—think of that, 3 percent—of the gross national product.

By 1981 it had become 23 percent. In other words, it had increased as a percent—I am not talking now in absolute terms, but as a percent—of the gross national product it increased sevenfold. What a colossal change.

To continue, speaking of legislation that balanced the budget in the 18th and 19th centuries:

> In the late eighteenth and early nineteenth centuries, customs duties were ordinarily more than sufficient to cover the minimal expenditures of the Federal Government. During these years before the Civil War, deficits were rare. The majority of the deficits which did occur were attributable to the War of 1812, the Mexican War of 1846 to 1848, the recession of 1837 to 1839, and the recession of 1857 to 1858. Excluding these years, only about ten deficits occurred between 1789 and the Civil War.[1]

That is remarkable. The overwhelming mode was that the budget was balanced, and we ran a little surplus during most of our early history. I think we should dwell on that and think about it when we recognize that now it is a rare year indeed that we can manage even a little tiny surplus, which we did, of course, in 1969, and the only year in the last 20 when we have been able to do it. Now we just take a huge deficit in stride as something that is normal, predictable, expectable. But, brother, it is getting us into a very serious fix, and anybody who thinks that is not relevant to the terrific interest rates we have to pay and it is not digging us into an inflation situation that is going to be very, very hard to overcome, it seems to me, simply is being unrealistic.

> This financial abundance precluded congressional interest in legislation to balance the budget.
>
> General agreement on the desirability of a balanced budget also contributed to a lack of congressional interest in legislation to balance the budget. Most statesmen publicly stated that outlays should not be allowed to exceed receipts; some even argued for surpluses to repay the national debt. Alexander Hamilton, serving as the first Secretary of the Treasury, suggested in 1795 that the national debt should be repaid within 30 years.

I think most of us think of Alexander Hamilton as one of the truly great statesmen. I think we would not be abusing the term "genius" if we applied that to Mr. Hamilton, who served this country and left it with some of its greatest legacies.

Just think of that, Hamilton said the national debt should be repaid, that we should wipe out the national debt, within 30 years.

> Later administrations, such as Jefferson, Monroe, Adams, Jackson, and Taylor, agreed with this philosophy.

Economists such as John Stuart Mill—what a great economist he was. What a great philosopher John Stuart Mill was. There is his essay on liberty, probably the finest expression of liberty, the finest essay on liberty, that has ever been penned, and he was a passionate man.

> Economists such as John Stuart Mill and the American, John McVickar, basically supported this opinion.[1] The common nineteenth century practice of setting aside money in a sinking fund for retirement of the national debt also suggests that there was little controversy over this issue. This general consensus made legislation requiring a balanced budget unnecessary.
>
> One of the first legislative approaches to a balanced budget occurred under the Grant administration (1869–1877). This attempt occurred in response to the depression of the early 1870's. In 1873 Rep. Henry L. Dawes introduced a resolution requiring a reduction in estimated expenditures by departmental heads "to the end that all possible effort at reduction be exhausted before new burdens be imposed upon the people."[2] Rep. James Garfield offered a substitute resolution "that placed directly upon President Grant the responsibility for having estimates revised."[3] The House of Representatives adopted the Garfield substitute.[4] Congressional approval of legislation mandating lower expenditure estimates in 1873 can be attributed to the adverse financial conditions of the times. In 1873 and 1874, Federal receipts fell off markedly and budget surpluses were unusually small. Secretary of the Treasury William Richardson recommended "the greatest economy in appropriations and expenditures for the future."[5]
>
> After the recovery from the recession of the 1870's, deficits were not troublesome until 1894. In fact, the administrations of Chester Arthur, Grover Cleveland, and Benjamin Harrison found surpluses to be a problem.

What a remarkable situation that would be today. Imagine to have surpluses that were a problem. What a happy problem.

> Grover Cleveland even proposed a tax reduction to deal with this "indefensible extortion" and "culpable betrayal of American fairness and justice."[6]

We had a similar situation in the State of Wisconsin in 1978. The Republican running against the Democratic incumbent for Governor of the State campaigned on the grounds that the Democrats had too big a surplus, that they had accumulated an embarrassing surplus and deprived the private taxpayers of funds that they had earned and should have.

The Republican Governor proposed to put into effect the biggest tax reduction in our history. He was elected Governor and defeated the incumbent Democrat. That seemed to be the proper course to follow until this year.

Now we find that the State is in difficulties because the tax cut was so severe that the State is having considerable difficulty meeting its needs.

At any rate, the State of Wisconsin, like the Federal Government back in the 1800's, was proceeding in the happy assumption that surpluses were a problem that should be eliminated by reducing taxes.

C. Legislation to balance the budget in the twentieth century

> At the end of the nineteenth century, the Federal Government experienced a series of deficits due to increased Federal spending for the Panama Canal, the Spanish-American War, public works, and pension benefits. Eleven deficits occurred between 1894 and 1912. This series of deficits did not result in the passage of legislation to balance the budget; instead, Congress responded with budgetary and financial management reforms. In 1893, Congress set up the Dockery Commission to examine financial management practices. In 1897, the Cockrell Committee was set up. These investigations were followed by reforms in accounting and the apportionment system. (The apportionment system is the process in which monies are distributed by the Offices of Management and Budget to Federal agencies in order to insure effective and orderly use of appropriated funds.) President Theodore Roosevelt set up the Keep Commission in 1905, and President Taft established the Commission on Economy and Efficiency in 1910. These Commissions studied the budget process and management practices in the executive department.[7]
>
> Congress responded to the deficits between 1894 and 1912 with one act that attempted to prevent budget deficits, although this act did not specifically require a balanced budget. The Sundry Civil Appropriation Act was passed by Congress in 1909, and became Public Law 60–328. This act instructed the Secretary of the Treasury and the President to suggest measures to reduce expenditures or raise revenues if a deficit appeared probable. If this was not feasible, new loans or taxes should be suggested.

That was the kind of a suggestion and that was enacted into law in 1909. It became public law in that year. That was certainly a clear and strong move toward a balanced budget.

> Though this act did not require a balanced budget, it implied that an attempt to balance the budget should precede the issuance of new debt. Ultimately, the act was unsuccessful in achieving this goal.[8] World War I soon distracted attention away from the subject of a balanced Federal budget, as Congress chose to concentrate on the war effort.
>
> After World War I, Congress again focused its attention on debt retirement and on budgetary reform. The Victory Liberty Loan Act of 1919 created a sinking fund for debt retirement. Between 1920 and 1930, the public debt outstanding was reduced by $8.1 billion, from $24.3 billion to $16.2 billion.[9]

So it was reduced by a full one-third.

> In 1919, an important budget reform bill was passed by Congress; however, President Wilson vetoed the bill. In 1921, Congress passed and President Harding signed the Budget and Accounting Act, an important milestone in budgetary reform. The attention paid to debt retirement and budgetary reform just after World War I, in combination with the absence of deficits between 1920 and 1930, resulted in little congressional interest in legislation to balance the budget during the 1920's.

Then came, of course, the remarkable economic experience that has so affected all of our economic policies since that time, the Great Depression of the 1930's. Those of us who lived through that Great Depression, of course, will never forget it, the gallant policies of Franklin Roosevelt, highly controversial at that time, now accepted as obviously the right course but then bitterly debated and contested. That memory of a country that went through the worst kind of depression, bankrupt businesses, pitiful farms, where farmers had no equipment and could barely afford a horse to pull their plow, homes that were dilapidated and falling apart, a ragged group of millions of wandering and homeless people who wandered throughout the country. Obviously, at that time we needed a compassionate and concerned Government that could put people to work even if that work was a matter of strictly public work.

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[1] Lewis H. Kimmel. Federal Budget and Fiscal Policy 1789–1958. 1959. pp. 1–60.

[2] Louis Fisher. Presidential Spending Power. 1975. pp. 19–24.

[3] Ibid.

[4] Ibid.

[5] U.S. Department of the Treasury. Annual Report on the State of the Finances, fiscal year 1873. p. ix.

[6] Kimmel, op. cit., p. 73.

[7] For a discussion of these investigations and reforms, see: Fisher, op. cit., pp. 27–31.

[8] Jesse Burkhead. Government Budgeting. 19[illegible], p. 17.

[9] U.S. Department of the Treasury. Statistical Appendix to Annual Report of the Secretary of the Treasury on the State of the Finances, fiscal year 1977. p. 65.

That program was a program, Mr. President, that worked. It was the right program. There was no way we could fund that program out of revenues. Any attempt to increase taxes to fund the program would have been obviously self-defeating.

From 1930 to 1940 I think few people appreciate what the deficits were. They were not the kind of deficits as today. They were $2 to $4 billion a year. That was as big as they became. The worst depression in the history of this country, the kind of tragic heartbreaking situations that I have just described, had deficits still at a level of $2 to $4 billion.

The Great Depression of the 1930's led to large uninterrupted deficits between 1931 and 1940. These deficits typically ranged from $2 billion to $4 billion.[1] Both Congress and the executive struggled to achieve improvements in economy and efficiency, while growing expenditures occurred for recovery and relief programs. These expenditures prompted debate over the appropriate role of the Federal Government in fiscal policy. By the middle of the decade, Congressmen were introducing legislation requiring a balanced budget. In 1935, Sen. Millard E. Tydings introduced a resolution prohibiting appropriations from exceeding revenues unless new taxes or debt were authorized. Any debt incurred would have to be liquidated within 15 years.[2] No action was taken on this resolution. In 1937, Sen. Tydings reintroduced this resolution as S.J. Res. 36. Again, Congress did not act on the proposal.[3]

Rep. W. D. McFarlane took a different approach to balancing the budget. On March 18, 1936, Rep. McFarlane introduced H.R. 11895. This resolution would have given the President authority to change tax rates in order to cover any proposed deficit in his annual budget. The House Ways and Means Committee did not act on the bill.[4]

Since the beginning of World War II, members of Congress have expressed almost continual interest in the subject of a balanced budget, though no legislation specifically requiring a balanced budget was passed until the 95th Congress.

That, of course, was only a couple of years ago:

This interest can be attributed to the frequency of budget deficits during this period. In the 39 years between 1940 and 1978, 31 deficits occurred.[5] Congress has responded to these deficits with budgetary reform and with legislation to limit Federal spending.

In the 1940's, Sen. Tydings continued to introduce legislation to balance the budget. In 1943, he introduced S.J. Res. 97, a constitutional amendment requiring that appropriations not exceed receipts. Rep. Disney introduced an identical bill (H.J. Res. 195) in the House. Congress did not act on either bill.[6] In 1947, Sen. Tydings and Sen. Bridges introduced S.J. Res. 61, a constitutional amendment similar to the earlier proposal. This bill was reported to the Senate floor, but received no further consideration.[7]

In 1949, Congress came closer to passing a resolution relating to a balanced Federal budget. On Sept. 23, 1949, Sen. McClellan—

Who. of course. later became chairman of the Committee on Appropriations and was from Arkansas—

introduced S.J. Res. 131. This resolution required the President to submit a balanced budget for fiscal 1951. In addition. the President would submit a second budget as he saw fit. Congress could then compare the two budgets in order to identify possible expenditure reductions and revenue increases. Senators McClellan, Ferguson, Byrd, Eastland, and Stennis

John Stennis, of course, is still in the U.S. Senate—

offered S.J. Res. 131 as an amendment to H.R. 1689, the Executive Pay Raise Act. On Sept. 29, 1949, the amendment passed the Senate without a dissenting vote; however, this proposal was dropped in conference.[8]

In the 82d Congress, the issue of an alternative balanced budget was again considered in the Senate. The Senate Committee on Government Operations in 1952 reported favorably S. 913, a bill creating a Joint Committee on the Budget. The Committee also approved an amendment to S. 913, requiring the submission by the President of two budgets, one of which had to be balanced. During the consideration of S. 913 on the floor, the Senate rejected the proposed amendment requiring an alternative balanced budget.[9]

Legislation requiring a balanced budget has been introduced in every Congress since the 84th. Hearings have been held on proposals to balance the budget, most recently in the 94th Congress before the Subcommittee on Constitutional Amendments of the Senate Committee on the Judiciary.[10] To our knowledge, none of these bills introduced between the 84th and 94th Congress have received serious consideration on the floor of either house.

Instead, Congress seems to have concentrated on income tax surcharges, expenditure ceilings, public debt limit legislation, and budgetary reform. Though none of this legislation specifically required a balanced budget, some bills and amendments were intended to limit Federal expenditures. Other legislation established a balanced budget as a goal, without specifically requiring that outlays not exceed receipts. One example of the latter type of legislation is H.R. 8363, the Revenue Act of 1964.

The House Ways and Means Committee began hearings on H.R. 8363 early in 1963. This tax reduction bill was intended to stimulate the economy in a time of economic slack. It was assumed that the reduced tax rates would lead to an increase in tax receipts. In the House passed version of H.R. 8363, section one of the act declared that increased receipts should be used to eliminate the deficit and reduce the public debt. In addition, the act stated:

"... To further the objective of balanced budgets in the near future, Congress by this action, recognizes the importance of taking all reasonable means to restrain Government spending. ..."

The Senate struck this provision from the bill, but agreed to its reinsertion by the conference committee. On Feb. 26, 1964, President Johnson signed the Revenue Act of 1964. making it Public Law 88–272.[11]

Other legislation between the 84th and 94th Congress was intended to limit and control Federal spending, without resorting to mandatory balanced budgets. For example, a continuing appropriation bill for 1968 was amended in conference to include ceilings on Federal spending. The act stated:

"... Federal obligations and expenditures in controllable programs for the fiscal year 1968 should be reduced by no less than $9,000,000,000 and $4,000,000,000, respectively, below the President's budget requests. ..."

In addition, the act provided for two percent reductions in estimated obligations for personnel costs, and ten percent reductions in estimated obligations for all other costs in every agency and department. This legislation was signed by the President on Dec. 1[illegible] 1967, becoming Public Law 90–218.[12]

III. Legislation in the 95th Congress proposing a balanced budget:

The 95th Congress chose a different approach to limiting Federal spending. It was less concerned with reforming the budget process than some previous Congresses, and more concerned with legislation that required a balanced budget. This concern can be partially attributed to California's Proposition 13.

Proposition 13 we all vividly remember; a proposition which, as we all recall, was opposed by the Governor of California, opposed by the corporations in California, opposed by the radio stations and newspapers and television stations overwhelmingly. It was opposed, in other words, by the full establishment in California. It was opposed by the labor unions, obviously, opposed by the civil service workers in California. Yet it passed and it passed big. It passed better than two to one.

Of course, the purpose of proposition 13 was to put a limit on local spending and on local taxes. I should say put a limit on local spending but put a limit on local taxes.

That shocked the country awake, I think, to the fact that people were fed up with high taxes and excessive Government spending. They wanted to do something about it. They wanted to send a message.

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[1] U.S. Department of the Treasury. op. cit., p. 9.

[2] J. Wilner Sundelson. Budgetary Methods in National and State Governments. 1938. pp. 414–415.

[3] Legislative Reference Service. Library of Congress. Digest of Public General Bills. 75th Congress. First Session. 1937. p. 97.

[4] John B. Braden. Legislation to Balance the Budget—Past and Present. Congressional Research Service, Library of Congress, 1975, p. 3.

[5] U.S. Department of the Treasury. op. cit., pp. 9–12.

[6] George B. Galloway. Reform of the Federal Budget. Legislative Research Service, Library of Congress, April 1950. pp 78–79.

[7] Legislative Reference Service. Library of Congress. Digest of Public General Bills. 80th Congress. First Session. 1947. pp. XV, 107.

[8] U.S. Congress. Senate. Committee on Government Operations. Financial Management in the Federal Government, v. II. (Committee print prepared by the U.S. General Accounting Office). 1971. pp. 346–7.

[9] Ibid., p. 227.

[10] U.S. Congress. Senate. Committee on the Judiciary, Subcommittee on Constitutional Amendments. Balancing the Budget. Hearings, 94th Congress, 1st Session, on S.J. Res. 55 and S.J. Res. 93. Sept. 23 and Oct. 7, 1975.

[11] U.S. Congress. Senate. Committee on Government Operations, op. cit., pp. 4–6.

[12] Ibid., pp. 6–7.

And in spite of all the pleas of all the top officials and the established people in business and in the communications n [illegible] so forth, that they should not go along with proposition 13, they did.

I think all of us learned that there was a tremendous support in the country, not just on the part of a few conservatives but on the part of the great majority of the American people. California, after all, is a typical State, has 10 percent of the population of the whole country in it. There was great support everywhere—blue collar workers, Government workers, as well as business people and retired people, who might be expected to be more conservative.

I think there is no ethnic group—maybe there is an ethnic group; I do not know. But there is no economic group that did not apparently support proposition 13 or something similar to it. I mean no economic category. People with high incomes, middle incomes, low incomes—they all agreed that taxes were too high.

In the 95th Congress, two pieces of legislation with provisions relating to a balanced budget were passed by Congress and signed into law. One of these laws was P.L. 95-435 (H.R. 9214), authorizing U.S. participation in the supplementary financing facility of the International Monetary Fund. An amendment to balance the budget was introduced on July 31, 1978 by Sen. Harry F. Byrd which stated: Beginning with Fiscal Year 1981, the total budget outlays of the Federal Government shall not exceed its receipts.

I remember that so well, Mr. President. HARRY BYRD, of course, is still a Member of the Senate, a highly respected Member. He is a member of the Finance Committee, a man who has spoken on the subject of restraining Federal spending often with great eloquence.

The Senate agreed to that Byrd amendment by an overwhelming 58 to 28 margin. It was not close—58 to 28.

By that vote of 58 to 28, we declared, that beginning with fiscal 1981, the total budget outlays of the Federal Government shall not exceed its receipts.

On September 14, 1978, the House agreed to a motion to instruct its conferees to accept the Byrd amendment. The final conference version of the International Monetary Fund bill included this provision requiring a balanced budget by fiscal 1981.

Mr. President, that is this year.

The President signed that bill into law on October 10, 1978.

That is something we should not forget. I think a lot of people do.

The law requires us to have a balanced budget this year. I think many people do not recognize that and, as I say, it passed the Senate by a terrific record vote, when we consider something as controversial as this, 58 to 28. It was not close. And the House of Representatives agreed to instruct its conferees to accept the amendment which is an unusual kind of an action. It was not just accepted passively in the conference. The House of Representatives as a whole voted on it, and they told their conferees, "We want you to accept that Byrd amendment."

We should balance the budget, in effect, in 1981, this year that is about to end.

That is one of the most astonishing developments in the years I have been here in the Senate. All of us are elected certainly to obey our own laws that we pass. We had a part in passing that legislation. An overwhelming majority of Senators voted for it. The House of Representatives accepted it. The President signed it into law. It did not mean a thing. It did not mean a thing—astonishing.

We still did not balance the budget, in spite of the clearest kind of determination to do so.

(Mr. SYMMS assumed the chair.)

Mr. PROXMIRE. Mr. President, I think if there is any single action by Congress which makes it clear that the kind of amendment I am proposing now is necessary, it is the failure of Congress to pay attention to its own actions on the Byrd amendment. There is not any question that if my amendment should pass and we should restrain the increase in the debt limit at $995 billion we would have to do it. On that issue I think there is no question. We could not just forget about this and go on above $1 trillion. That would be very clear. That would limit it.

As that article I read earlier tonight indicated, that is the best weapon the President of the United States has. That article that I referred to earlier by Gordon Tullock said debt limitation, the President's unused weapon, that is the weapon he should be using. If we put that weapon, if we pass that, told the American people we are not going to increase the debt limit beyond $995 billion, we would abide by it. It would work. There is no question that the Secretary of the Treasury would not be in a position to borrow that money. There is no question we would have to cut spending or we would have to raise taxes, or we would have to do both. We would balance the budget.

So I am talking not just about a theory here tonight. I am talking about the one kind of clear, decisive action we can take that will give us a balanced budget in 1982.

Really, I have often wondered how it could be that we could pass a law and not abide by it. I am one of those who supported President Reagan in his decision to fire the air traffic controllers. He did the right thing. It was a tough action, and he acted with decisiveness and, tough as it is on the airline industry and on the traveling public, we all know it was right. They violated a law and they should be fired because they did. You know, we pass a law ourselves, and we ignore it. It is exactly what we have done with the Byrd law that was incorporated into the law. As I say it passed the Senate, passed the House of Representatives, was signed by the President, became law, and that was the end of it. It is an amazing experience, and it does reinforce very strongly the desirability of putting a limit on the national debt at below $1 trillion, an effective limit.

The difficulty is, of course, that the Byrd amendment was not self-enforcing. There was no way of enforcing that provision. It was there. We could have found a way of enforcing it. We did not. So it did not work. HARRY BYRD deserves the greatest credit for having proposed that restriction, fought that restriction through the Senate, had gotten it through the House of Representatives and persuaded the President to sign it into law. But it was not enforcing.

What I am proposing is self-enforcing. It would work. It would require us to balance the budget. There would not be any question about it. We would do it. We would have to do it. We would be limited in the borrowing. The Secretary of the Treasury would be limited. If he exceeded that, he would be violating the law.

And there is no question that this is one way that we could achieve what the Senate, as I say, has voted by a 2 to 1 vote, better than 2 to 1 vote, and the House of Representatives agreed to instruct its conferees to accept that amendment. Yet we did not balance the budget in 1981 as the Byrd amendment promised, but the amendment I am offering here would achieve that.

Mr. President, a second bill passed by the 95th Congress with the provision relating to a balanced budget was the Full Employment and Balanced Growth Act of 1978, commonly known as the Humphrey-Hawkins bill.

Most people do not associate the Humphrey-Hawkins bill with a balanced budget, but on March 15, 1978, Representative JOHN ASHBROOK offered an amendment to H.R. 50 which was the Humphrey-Hawkins bill. The Ashbrook amendment would not require a balanced budget; however, it would have established a balanced budget by 1983 as a goal of the Federal Government. In addition the amendment would have required the maintenance of this goal after 1983.

Representative MAX BAUCUS, who as we all know is now a Senator from Montana, and BUTLER DERRICK offered an amendment to the Ashbrook amendment in the form of a substitute. Their amendment established a balanced budget as a goal of the Federal Government but set no target date for this goal.

Representative ASHBROOK offered an amendment to the Baucus-Derrick amendment reinserting into H.R. 50 his goal of a balanced budget by 1983.

The Ashbrook amendment to the Baucus-Derrick amendment was defeated by a vote of 215 to 205. The Baucus-Derrick amendment offered as a substitute was agreed to by a vote of 411 to 3.

The Ashbrook amendment as amended by the Baucus-Derrick amendment was accepted by voice vote.

As a result when the House of Representatives sent H.R. 50 to the Senate, the Full Employment and Balanced Growth Act of 1978 contained a goal of a balanced budget with no particular target date for achieving that goal.

That was a nice gesture but obviously it did not mean anything. You do not put a target date on your goal for a balanced budget you are blowing smoke. You obviously are not achieving its purpose.

We could put a goal for a balanced budget on this resolution that is before us. We did not specify a date, it would not mean anything. We could balance the budget next year or not balance it next year. We could balance it in the year 2000 or the year 2050 or never.

We just have it as a goal with no date. It would not be effective. Then they go on and the Senate took up the version of the Humphrey-Hawkins bill at the end of the second session. Various portions of the bill were amended by the Senate, but the goal of a balanced budget remained in the bill. No target date for balancing the budget was included in H.R. 50 as passed by the Senate.

The Senate completed action on the Humphrey-Hawkins bill on October 13, 1978, agreeing to H.R. 50 by a vote of 70 to 19. The House approved the Senate amendment to H.R. 50 by a division vote of 56 to 14.

The President signed the Full Employment and Balanced Growth Act of 1978 on October 27, 1978, making it public law at that time.

S. 50, the original Senate version of the Full Employment and Balanced Growth Act of 1978 never received consideration on the floor of the Senate because the House version was accepted by Congress. Nevertheless, the Banking Committee, and I was chairman of the Banking Committee at that time, considered an amendment, amended this version of the Humphrey-Hawkins bill.

One amendment we accepted in the Banking Committee established a balanced budget as a goal of the Federal Government without a target date for achieving that goal.

The language adopted by the Banking Committee was similar to the language in H.R. 50 signed into law.

Mr. President, I regret very much that we did not establish a date and, of course, we might not have been able to do that, probably would not have been, but we should have made the attempt. Without that, of course, as nice as it is to say we favor a balanced budget, it is absolutely meaningless without a date.

The issue of a balanced budget was also considered by the 96th Congress during the debate of the tax cut bill. On October 9, 1978, Senator SAM NUNN offered an amendment to the tax cut bill which proposed reductions in individual income tax rates during the period 1980 to 1983, but I remember that very well. Those reductions would only go into effect if Federal spending met certain requirements.

One of these requirements was a balanced budget by 1982, a budget would be balanced only if the outlays in the second concurrent resolution on the budget did not exceed receipts in that resolution.

That Nunn proposal now that I think of it was a wise and ingenuous suggestion. It gave a real incentive for balancing the budget and for cutting spending.

It conditioned tax cuts on balancing the budget. It said yes, we will cut taxes provided we balance the budget after the taxes are cut and that will permit a balanced budget.

This is exactly what people like DALE BUMPERS, BILL BRADLEY, JIM EXON, and others in the Senate have been contending for. They argue that we should earn the tax cut by balancing the budget, that if we cut spending enough to provide room for a tax cut we earn it. Then we have a right to the tax cut. But until we do and unless we do we are kidding ourselves.

So I think that Senator NUNN had a very ingenious idea providing a discipline, a carrot that would persuade us to take the painful action necessary to balance the budget.

I remember supporting that amendment with very considerable enthusiasm.

Now, that amendment, incidentally, the budget would be balanced only if outlays in the second concurrent resolution on the Budget did not exceed receipts in that resolution.

The Senate agreed to the Nunn amendment by a vote of 65 to 20. It was a substantial 3 to 1 majority.

So the overwhelming majority of Senators including both Democrats and Republicans voted for it.

On October 12, 1978, the House agreed to instruct its conferees to accept the Nunn amendment by a vote of 268 to 135, or almost exactly two to one However, the Nunn amendment did not become law. It is very puzzling. The Senate passed it by three to one, the House passed it by two to one, overwhelming votes, and yet it did not become law. The conference committee dropped the Nunn amendment, and the House and Senate accepted the conference committee's decision.

During the course of the 95th Congress, a substantial amount of other legislation proposing a balanced budget was introduced but not acted upon.

Let me go back just a minute and consider that. Once again, you had an excellent amendment voted for by the House, voted for by the Senate, incorporated into the bill and dropped by the conference committee in this case. Of course, you cannot do anything about that. If the conference committee drops it, you can defeat the conference report, and we should have.

What I am proposing, however, is an amendment that would limit the debt limit to only $10 billion above what it is now, keep it under a trillion dollars, and put us, in effect, on a cash management basis where we would have to live in the Federal Government on the basis of pay as you go, put us in a really balanced budget basis. That would have to be accepted obviously by the House as well as passed by the Senate and then signed by the President.

But if we did that, unlike the Byrd amendment, if we did that, there is no question that the amendment would be effective, because, as I say, it is self-enforcing.

During the course of the 95th Congress, a substantial amount of other legislation proposing a balanced budget was introduced, but not acted upon. Some bills, such as H.J. Res. 56, would require that receipts exceed outlays until the national debt was repaid. After repayment of the debt, outlays could not exceed receipts except in times of war or national emergency.

Other bills, such as H.J. Res. 41, would prohibit outlays from exceeding receipts, but would not require repayment of the national debt. Other proposals would prohibit appropriations, instead of outlays, from exceeding receipts. H.J. Res. 14 falls into that category.

The issue of balancing the budget also arose in response to petitions by State legislatures. At least twenty-two States have formally requested Congress to call a Constitutional Convention to consider a constitutional amendment to balance the Federal budget. Six other States have requested the Congress to pass a constitutional amendment to balance the budget and submit this amendment to the States for consideration.

Mr. President, that is one of the most remarkable messages that I think we could possibly have. I think members of the State legislature have the same ability and intelligence as Members of the Congress. I do not mean to insult the members of the State legislature, but I think they are competent people and thoughtful people. They know that a Constitutional Convention has all kinds of hazards. And yet they favored calling for a Constitutional Convention.

The only Constitutional Convention we ever had tore up the Articles of Confederation and gave us an entirely new Constitution and new Government. It was revolutionary. That is our precedent. If we have another Constitutional Convention they could tear up the Constitution. Maybe they would and maybe they would not, but you are taking a chance. They could tear up some part of the Constitution. They could write into the Constitution any kind of amendments they wished. There is no limit to what a Constitutional Convention could do.

And the precedent, as I say, is just as clear as crystal. The Constitutional Convention could very easily become a runaway convention. It could act exactly as it wishes to act. And yet, 22 States have formally requested Congress to call a Constitutional Convention to consider a constitutional amendment to balance the Federal budget. That is how very, very strong this sentiment is. Anybody who thinks that just a few rightwing ideologues are the only ones concerned about balancing the budget has only to recognize the terrific steam it has behind it.

And of course the State legislatures would be the ones least likely to support a balanced budget. After all, the State legislatures have benefited enormously by Federal revenue sharing, by Federal grants for any number of programs. If we balance the budget, it means we cut a lot of those programs. We would have to, if we balanced the budget promptly.

Of course, I should not say we have to because we might very well, instead of cutting programs benefiting the States, we might increase taxes. But there would be a tendency for us to do that, particularly if we balanced the budget as a result of a Constitutional Convention called by the States on their own initiative and taking it away from the usual traditional method of having the Congress originate a constitutional amendment.

Congress would still have the ability to balance the budget. I do not care how they drafted it, they could balance the budget any way they wished. I cannot imagine a Constitutional Convention writing into a constitutional protection for revenue sharing or requiring the Federal Government to fund any particular program.

The whole point I am making here is that this does indicate the enormous depth of support for having the Federal Government use a prudent fiscal policy of the kind that Senator Douglas and other eminent economists have called for.

Mr. President, there has also been a history of legislation linking Federal spending to the gross national product through the 94th Congress. And I have favored and worked on legislation to do that.

> In addition to being concerned about a balanced budget, some Members of Congress are concerned about the relative size of the Federal sector in our economy. Legislation linking Federal spending to the gross national product is a reflection of this concern.

As I pointed out tonight, the Federal Government has colossally increased, in relationship to the economy—we have had a growing economy, of course, throughout the years. But the Federal Government has grown far, far more rapidly in its spending. Whereas in 1929 Federal spending accounted for 3 percent of the gross national product, today it accounts for 23 percent, almost 8 times as much—an 8-fold increase in the relationship to the gross national product—infinitely bigger in absolute terms because the GNP has grown at such a rapid rate.

Some legislation linking Federal spending to the gross national product trying to control it and limit it is a reflection of this concern.

We go back quite a way in legislation to limit this. In fact, it begin right after World War II.

> The national income accounts measures measure the value of the final product economic activity. It was not until after World War II that these measures were widely used and known. To our knowledge, the first proposed legislation linking Federal spending to GNP occurred in 1952.

On May 16, Senator Robert Taft, who was then—well I guess he was the candidate for President, Republican candidate. He was defeated by President Eisenhower, of course, in the convention. In 1952, the Republicans elected a Republican Senate. That was the only other time, except for 1980, in the past 50 years, I guess, that we have elected a Republican Senate. But Senator Taft then took the job that Senator BAKER now has as majority leader.

In 1952 Senator Taft was still a minority Senator but an extraordinarily respected and a brilliant man, and he and Sam Ferguson introduced Senate Joint Resolution 155.

> This constitutional amendment would have prohibited authorization for expenditures for nonmilitary purposes in excess of 5 percent of the estimated national income during any fiscal year.

That would have been far, far below the level of spending in the nonmilitary area today.

So that the present nonmilitary level is not 5 percent, but about 17 percent. In other words, it is more than three times as high as it would have been under the Taft limitation.

> On the House side, two identical resolutions were introduced, H.J. Res. 451 and 458. No action was taken on any of those proposals.
>
> In 1953, three different bills linking Federal spending to GNP were introduced. H.J. Res. 236 was introduced on April 2, 1953, by Representative Margaret Church.

Who incidentally came from Evanston, Ill., and was a Congresswoman from that district, a very capable Congresswoman. She introduced a resolution identical to the Taft resolution of 1952.

> Representative Ralph Gwinn introduced H.J. Resolution 326, a resolution to prohibit Federal Government competition with the private sector. That resolution, introduced on August 3, 1953, limited increases in the national debt and expenditures of one-seventh of the national personal income. A third resolution was introduced on March 19, 1953, by Representative Richard Poff. That constitutional amendment, H.J. Res. 217, prohibited regulation in excesses of 20 percent of the preceding year's national income. No action was taken on any of those bills.
>
> In 1953, the novelty of this approach to limiting Federal expenditures is suggested by a conversation between Rep. Poff and Rep. Coudert during a hearing before the House Committee on Government Operations. Rep. Poff was discussing his resolution linking Federal spending to GNP:
>
> Mr. POFF. Of course, you understand when I say "total national income" I mean the total national income nationwide, and not the tax revenue.
>
> Mr. COUDERT. I understand that. You mean this figure they call the gross national product?
>
> Mr. POFF. That is right.
>
> This conversation suggests that knowledge about the national income accounts was not widespread in the Federal Government, and probably less widespread among the general public.
>
> Such legislation continued to be introduced later in the decade of the 1950's. On April 23, 1956, Rep. Ralph Gwinn introduced H.J. Res. 608. This constitutional amendment would have prohibited the authorization of expenditures in excess of receipts, and the authorization of expenditures in excess of one-sixth of the national income. As with previous bills of this type, no action was taken by Congress on this proposal.
>
> During the years from 1957 to 1972, Congress seems to have displayed little interest in legislation linking Federal spending to GNP. In the 93rd Congress, legislation linking Federal spending to GNP was again introduced. On Nov. 7, 1973, Rep. Jack Kemp introduced H.J. Res. 816, a constitutional amendment limiting Federal receipts and expenditures to a certain percentage of national income. The percentage applicable in a particular year would be determined by a mathematical formula involving previous year's receipts and GNP. The 93rd Congress did not act on Rep. Kemp's proposal.
>
> Legislation linking Federal spending to GNP was also introduced in the 94th Congress. On Aug. 3, 1976, Sen. James Buckley introduced S. 3784, the Economic Recovery and Sustained Growth Act. In the House, Rep. John Ashbrook introduced H.R. 15672, an identical resolution.
>
> The Economic Recovery and Sustained Growth Act proposed amendments to the Congressional Budget Act to limit Federal spending. In addition, the bill proposed modifications of tax and minimum wage law. If this bill had been enacted, the growth of outlays and new budget authority approved in the first concurrent resolution on the budget would have been restricted to the percentage rate of increase anticipated in the next year's GNP. The 94th Congress did not consider the Economic Recovery and Sustained Growth Act.

Then there was legislation in the 95th Congress linking Federal spending to the gross national product.

> The 95th Congress demonstrated its interest in legislation linking Federal spending to GNP during the consideration of the Humphrey-Hawkins bill and the tax cut bill. An amendment offered by Sen. Sam Nunn to the tax cut bill (P.L. 95-600) proposed reductions in individual income tax rates if Federal spending met certain requirements.

These were similar to the provisions of the Nunn amendment I discussed earlier.

> One of the requirements was a reduction in the ratio of Federal outlays to GNP. Federal outlays could not exceed 21.0 percent of GNP in fiscal 1980, 20.5 percent in fiscal 1981—

Incidentally, this year it is 23-plus percent of GNP, which would have meant that the Nunn amendment would have prevented the tax cut.

> A. 20.0 percent in fiscal 1982, and 19.5 percent in fiscal 1983.

If this legislation had been in effect, the tax cuts proposed by the Reagan administration would have fallen, because there is no question that the spending by the Federal Government would exceed 20 percent in 1982 and 19.5 percent in 1983, under almost any assumptions you want to make, unless we had extraordinary economic growth that nobody, including the administration, even remotely expects.

> The Nunn amendment was not included in the final version of the tax cut bill, as explained earlier in this report.
>
> Congressional concern about the share of GNP accounted for by Federal spending also surfaced during the consideration of the Humphrey-Hawkins bill. The Senate Banking Committee amended S. 50, the original Senate version of the Humphrey-Hawkins bill, to establish as a goal of the Federal Government a gradual reduction in the ratio of Federal outlays to GNP. By 1981, the goal of the Federal Government would be to reduce Federal outlays to not more than 21 percent of GNP. By 1983, the goal would be to reduce outlays to not more than 20 percent of GNP.[1] This version of the Humphrey-Hawkins bill was never considered on the floor of Congress. Instead, the House and Senate debated and passed H.R. 50, the House version of the Humphrey-Hawkins bill.

Mr. President. I am reading from the study made by John Fisk on January 18, 1979, because Mr. Fisk next refers to my own action. He says:

> On Oct. 13, 1978, Sen. William Proxmire offered an amendment to H.R. 50 that would have established as a goal of the Federal Government a gradual reduction in the share of GNP accounted for by Federal outlays. The goal in the Proxmire amendment was identical to the goal in S. 50, as passed by the Senate Banking Committee. Sen. Edmund Muskie offered an amendment to H.R. 50 in the form of a substitute for the Proxmire amendment. The Muskie amendment did not set specific numerical goals for out-

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[1] U.S. Congress. Senate. Committee on Human Resources and Committee on Banking, Housing, and Urban Affairs. Report to accompany S. 50. 1978. Report no. 95-1177.

> lays as a percentage of GNP. Instead, it established as a goal the lowest ratio of outlays to GNP consistent with national needs and priorities. The Muskie amendment to the Proxmire amendment passed 56 to 34. The Proxmire amendment to H.R. 50, as amended by the Muskie amendment, passed in a voice vote.

Frankly, I think the world of Ed Muskie. I doubt if there has been any Senator who has done more in trying to hold down spending than Ed Muskie did, but I disagree with how he amended my amendment. When he established the lowest ratio of outlays to GNP consistent with national needs and priorities instead of a goal of reducing, as my amendment did, the Federal Government's share of GNP, he made it meaningless. After all, "consistent with national need and priorities" does not mean anything. You can have it consistent with national needs and priorities and have the Federal budget have 40 percent, 50 percent, or 80 percent of the gross national product—or even 15 percent.

On the other hand, if you have a declining proportion, it means that it should be smaller each year than the year before, and that is very clear.

So, much as I admire and respect Senator Muskie, I believe he destroyed the effectiveness of my amendment:

> As a result, when the Humphrey-Hawkins bill was signed by the President, it included as a goal a reduction in outlays as a percentage of GNP to the lowest level consistent with national needs. It did not include specific numerical goals for the ratio of outlays to GNP.
>
> Other bills linking outlays to GNP were introduced in the 95th Congress, but not acted upon. For example, H.R. 9010 would have amended the Congressional Budget Act of 1974 to limit the annual increase in outlays to the average percentage increase in GNP over the previous three calendar years. H.J. Res. 964 and S. 706 are examples of other bills in this category which the 95th Congress did not consider.

This is the way this scholar, John Fisk, concludes this analysis. He says:

> The 95th Congress passed legislation requiring a balanced Federal budget by 1981. It also established as a goal of the Federal Government—

Incidentally, that Byrd amendment, which required a balanced budget by 1981, was flatly ignored. We now have 2 days remaining in 1981, and we all know that we are going to have a colossal budget deficit, maybe $60 billion; and the fine work of HARRY F. BYRD, JR., which was overwhelmingly passed by the Senate, accepted by the House and signed by the President, has had no effect.

This, as I say, indicates how important it is to adopt an amendment of the kind I am proposing here, which would be self-enforcing and would make it impossible for the Secretary of the Treasury to increase the national debt and to borrow money above the $995 billion limit which I have established.

The conclusion goes on:

> It also established as a goal of the Federal Government the lowest ratio of outlays to GNP consistent with national needs and priorities.

That was the Muskie amendment to my amendment which, as I say, I do not believe means anything.

> Interest in this type of legislation is not new, but the 95th Congress seems to have been more active in this area than many previous Congresses. Historically, congressional interest in this topic has tended to vary with the surplus or deficit position of the Federal budget, and with the prevailing opinion on fiscal policy. If no deficit existed, or if everyone agreed on the need for a deficit, there would be little interest in legislation requiring a balanced Federal budget.

Mr. President, I am going into detail on this tonight because I believe it is absolutely essential that before we act on the resolution before us that increases the debt limit, we have as clear as possible an understanding of the history and the significance of what we are doing.

As I have said many times tonight, this is an historic occasion, a watershed. I am convinced that, in the future, people will look back on 1981, among other things, as the first year when we exceeded or authorized the Executive to exceed a $1 trillion debt limit.

It is a sad day for our country. It means bigger Government than ever. It means a more burdensome debt. It means higher inflation. It means higher interest rates.

I think we should not take this step without fully understanding what we are doing.

As I say, I apologize to the staff. I apologize to the distinguished occupant of the chair and his predecessors for keeping them up to this very late hour, depriving them of sleep. I realize that they are making a real sacrifice. But I think it is of the utmost importance that we painstakingly and carefully go through this history I am going through now and consider fully what we are doing before we take this action.

Of course, if I tried to speak tomorrow on this I would be jeopardizing the passage of legislation, which is absolutely essential. It is not as if I would filibuster and stop it. I could, maybe, but I would never do that because it would be grossly irresponsible. It would mean, of course, that we would have to close down the Government because we would not revert to the present debt limit but we would revert to a $400 billion debt limit, which would mean that we could not pay a social security check, we could not function, we could not pay any salaries of any people in the Senate, the staff; we could not pay any of the people in the executive branch; we could not meet any contracts. The Federal Government would be out of business. We could not pay our military forces to defend us. We could not pay the FBI. So we have no alternative but to act on this budget resolution before Wednesday night.

If I spoke on Tuesday night under these circumstances, I could very well stand in the way of the consideration of some of the amendments that are being put in, and I might even jeopardize the final enactment of this legislation so it could be sent to the President on Wednesday.

After all, after we act on it, the House has to act on it, the conference has to act on it, and we have to act on the conference report. So there are all kinds of intervening steps. Recognizing that, I felt it was unfortunately necessary for me to speak at length, and obviously it is at length. I have now been speaking since about 6:15, I think it was, almost 9 hours, on this legislation. As I say, I recognize the really difficult burden it is on the remarkably fine official reporters of debates that we have who cover this and prepare it for the CONGRESSIONAL RECORD, and the other officials of the Senate who are required to sit through every session of the Senate and who do so.

Mr. President, this study that I am referring to now, the national debt ceiling, by Marshall Robinson of the Brookings Institution, is a remarkably fine study that I think we should have clearly in mind when we act on this matter.

Mr. President, I am speaking now of the origins of the debt ceiling.

> The statutory limit on the size of the federal debt is a relatively new development in federal fiscal administration. The American people know little about it except that it exists and seems to be changed rather often. It has been described as the hallmark of fiscal integrity and the last hope for controlling federal spending. It is also said to be an invitation to costly and misleading fiscal maneuvers and a dangerous restraint on our capacity to meet new emergencies. One thing is certain: the federal debt limit today is no mere appendage to fiscal administration; it has become a major instrument of public policy.

We should be aware of that when we act on this measure. It has become a major instrument of public policy, according to the Brookings Institution.

> The forerunner of the present statute came about in a casual way, in 1917, when Congress passed the Second Liberty Bond Act. This law permitted the Treasury to borrow funds "for the purposes of this Act, and to meet expenditures, authorized for the national security and defense and other public purposes authorized by law."[1] To simplify matters, Congress pulled together some of the unused borrowing authorizations from previous acts and authorized the Treasury to issue bonds "not exceeding in the aggregate $7,538,945,460." The same act also authorized the Treasury to issue up to $4 billion of certificates of indebtedness. In this sensible effort to simplify the legal authority for new issues of federal securities, the debt ceiling had its beginning.

That was in World War I, toward the beginning of our involvement in World War I.

> Prior to World War I, Congress usually passed a new law every time the Treasury needed to borrow money. These laws sometimes set forth the precise terms of the new debt issue, but often they gave the Treasury a choice among several specific types of securities. In this way Congress kept fairly close control over the amount and the type of debt that was issued. This procedure changed after passage of the Second Liberty Bond Act.
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> As World War I deficits continued, Congress followed the simple procedure of amending the Second Liberty Bond Act whenever new debt authority was needed. It increased the amount of the securities the Treasury was authorized to issue and made whatever

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[1] 40 Stat. 288.

> changes were deemed necessary in interest rates and other terms. Thus, the authorized debt gradually grew with each amendment. When the war ended, the same procedure was continued and has been retained to this day. The debt increases resulting from the great depression, World War II, the Korean War, and later events, were authorized by amendments to the Second Liberty Bond Act of 1917.
>
> This "amendment" procedure has resulted in a gradual shift in the focus of the interest of Congress in the public debt. Now, instead of deciding what the specific securities should be, Congress decides what maximum amount of securities may be outstanding. This shift in focus culminated in 1941 when Congress lumped its authorizations for bonds, certificates, notes, and bills into one debt figure. In that year, the amendment of the Second Liberty Bond Act created the sort of federal debt limit that we are using today—a ceiling on the total outstanding debt. The only essential legal change that has occurred in the eighteen years since 1941 is that the ceiling has been raised from $65 billion to $288 billion.[1]

Of course, this Brookings study was made a few years ago. As a matter of fact, it dates from 1959. Consequently, it is not up to date, but it does give an invaluable and very useful review of how this national debt ceiling came about.

> Lately the debt ceiling has captured the attention of legislators and journalists. Except for the World War II period, when the ceiling was increased repeatedly, the public has shown little interest in the amount of the national debt limit.

That statement, of course, goes back to 1959 when it was made. At the present time I think there is a growing concern about the national debt, receiving overwhelming support in State legislatures for a constitutional amendment to limit spending and require a balanced budget by the proposition 13 vote in California, by the general taxpayer revolt, and the concern of people over the enormous size of our Government.

At any rate, at that time the reason there was relatively little interest by the public was because the debt was substantially below the legal ceiling.

> The reason is that the debt was substantially below the legal ceiling. Recently, however, it has become an important factor in the government's finances because the debt has been passing against the ceiling.
>
> In recent years federal deficits have required frequent changes in the legal ceiling; thus it has formally become a matter of public concern. In 1954, for example, an increase in the debt of about $3.5 billion caused more attention and resistance than the $8 billion increase that occurred two years earlier—and one reason for the greater concern in 1954 was that the debt ceiling had to be raised, whereas earlier the larger debt increase was still within the limit.

That is one reason for the greater concern.

I think that kind of analysis back in 1959 indicates how far we have come. That was an increase of $3.5 billion that caused increased attention and resistance.

That is a fascinating observation, because today, we have an increase of $94 billion that we are being asked to approve—$94 billion. We go from $985 billion to $1.079 trillion. That is a $95-billion increase. Not $3.5 billion, as the 1954 increase was, but $94 billion. That is only in a span of 27 years that we made that much of a change.

I want to stress once again that that $94 billion increase is a 1-year increase. In 1 year, 1981 to 1982, this debt limit would push us up, not in a year of a war, not in a period of recession, but in a period of reasonable economic activity. In a period when we anticipate we will have better than usual growth in the economy, in a year in which we shall have falling unemployment, we are still called upon to have a grossly unbalanced budget.

Mr. President, this Brookings study goes on to say:

> The legal debt ceiling today appears to be a firmly entrenched part of the federal fiscal system. It has become a rallying point for those hoping to restrain the growth of government expenditures and the influence of the federal government over the private affairs of the American people. It is regarded by some as the law of the land that expresses a national devotion to the idea of thrift and to economical management of the fiscal affairs of the government.
>
> Nevertheless pressure for its repeal, or at least for greater head room, has been growing. For five years the debt has been pushing against the ceiling with, at times, embarrassing consequences for the government.

That was in 1959. Now we can say for 25 years.

> On more than one occasion unpaid claims have been allowed to accumulate, important governmental programs have been abruptly curtailed, and a variety of expensive means has been used to bypass the limitation. From time to time the public has witnessed the curious paradox of Congress refusing to permit the government to obtain the funds needed to carry out the program that Congress itself has approved.
>
> Both the advocates and the critics of a debt ceiling agree that the importance of the statute is not to be measured merely by its impact on the national debt. Yet, the debt is what the statute tries to control; it is the specific object of the law. Thus, it is necessary that the position of the debt in the economy be explored before reviewing the issues underlying the legal debt ceiling. A number of things need to be known about the debt: What kinds of obligations does it include? Who holds it? What does it cost the government? How large is it and why has it grown?

Mr. President, these are questions considered a little later.

I am going to skip part of this because it is not as highly pertinent and it is a dated study. As I say, it was made 22 years ago. But there is one section of this study that will not take me long to read and to call to the attention of the Senate, but I think it is a section that we should have in mind as we vote on the debt limit. It is entitled "The Case for the Debt Ceiling."

> Legal limitations on the power of government to brorow have been common in this country. For example, the constitutions of twenty states prohibit *all* borrowing, with minor exceptions, and in only eight of the states is the borrowing authority broad enough to permit the legislature to authorize new debts without a popular referenuum.[2]

Mr. President, that is an interesting comparison between the restraint shown by our State governments and the free and easy way in which we permit the Federal Government to borrow. This points out that in all except 8 States—in other words, in 42 States of our country—there are limitations on borrowing, either a flat constitutional limit, as there is in my State of Wisconsin, or a requirement that if the State borrows money, they have to go to the people and get a popular referendum, get a majority of the people to vote for a bigger debt for the State. It would be interesting to speculate on what would happen in this country if we required our people as a whole to vote on whether or not the Federal Government would go into debt. I think under those circumstances, we would have a pretty strong discipline.

We undoubtedly would go into debt under those circumstances in a military emergency or we would go into debt in a financial or economic depression. But I doubt very much if we would go into debt—I know we would not go into debt under the present circumstances. Anybody who thinks we would should be referred to the action in California on proposition 13 and in so many other States when they have been given an option to vote on whether or not their State should increase its taxes or should borrow more money.

I think there is no question that the overwhelming majority of the American people strongly oppose going into debt except in periods of some kind of emergency. There is nobody—nobody—who says that we will be in an emergency in 1982. If we are, then we can change the law. We are full-time legislators. We can act in 24 hours if we have to.

If we have a military emergency or an economic emergency develops, we can act. If it does not develop, we have absolutely no case—none—for doing what this resolution calls upon us to do, which is to put us $94 billion more into debt, or at least to allow that leeway over the next year.

> State debts have continued to grow, but in most cases the voting public had to express its approval through a constitutional amendment or by authorizing borrowing for a specific purpose.
>
> State and local debt restrictions are usually justified on the grounds of protecting taxpayers from the necessity of paying larger sums for debt service, and of protecting the solvency of the borrowing government. In many cases, these objectives stem from unhappy experiences to the past. In the course of American development there have been more than a few occasions when State and local debt has been allowed to increase in anticipation of the growth of a particular area. Taxpayers subsequently had to bear a heavier burden when the rate of growth fell short of expectations. There have also been periods when State or local government income has shrunk below the level needed to service the outstanding debt, forcing the

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[1] On June 8, 1959 President Eisenhower asked Congress to raise the ceiling to $295 billion—only $5 billion short of the peak established during World War II. See *New York Times* (June 9, 1959), p. 1.

[2] See B. U. Ratchford, "State and Local Debt Limitations," *Proceedings of the Fifty-first Annual Conference on Taxation of the National Tax Association* (1959), pp. 215–29; also by the same author, *American State Debts* (1941), Chaps. 15 and 17.

> government to default on its obligations. The existing State and local constitutional and statutory barriers to new debt accumulation often have their roots in one or more such bitter episodes.
>
> Further reason for the adoption of debt limits is what might be called the "debt-phobia" of the American people; that is, their ill-defined but pervasive fear of debt and, especially, of government debt. Some of this fear can be explained by personal experience with insolvency and bankruptcy, but actually it goes much deeper. Debt is viewed as a claim against an uncertain future, as a violation of the principles of thrift, as a restraint on financial freedom, as a means of increasing the power of the government, and of concealing the financial cost of unwise or wasteful expenditures.

Well, now, Mr. President, I just wonder about that kind of analysis. As I say, it is perfectly proper, necessary, desirable for the Federal Government to go into debt in a military or economic emergency. It is certainly understandable if the Federal Government has to go into debt in a serious recession. But there is no case at all for the Federal Government to go into debt when we have the kind of economic situation we have today and when we have the kind of economic situation that the overwhelming majority of economists contend we will have in 1982.

It is not a matter of debt phobia. We have a credit country, with a credit economy. Any notion that the American people have a debt phobia ignores the fact that 70 percent of our people—70 percent, Mr. President, more than two-thirds—own their own homes. The overwhelming majority of those had to borrow very heavily to buy their homes. How many people can buy a home with cash, with a downpayment that covers 100 percent of the cost? Almost none. People are willing to go into debt. They have experience with debt.

We have a credit card economy now. We have the fact that three-quarters of the people who buy cars—and the overwhelming majority of Americans own a car or have owned a car—have to borrow to buy the car. Almost nobody pays cash. As I say, only one-quarter of the people pay cash for their cars. So people do not have a debt phobia.

I have had some friends, people I admire and like very much, who had a kind of reverse debt phobia. They could not wait to charge everything on a charge account, to the consternation of their relatives, who had to assume the cost when they did it.

I think the American people have a very healthy, wholesome, and desirable opposition to acquiring debt when it is unnecessary, to using up your credit, which should be reserved for emergency situations, so that you are constantly going into debt.

It is not a matter of debt phobia when you take a position that I am taking here tonight, that we should balance the budget under circumstances such as we face now, and that we should not have had 19 of the last 20 years with a deficit every single one of those 19 years—a tiny surplus only in 1969, and a deficit in every other year.

Some years were years of great prosperity. In 1968, we had a deficit of $26 billion, a huge deficit at that time. Unemployment was 3 percent. No wonder we started the terrific increase in inflation. We had had inflation since 1939. We enormously fed that inflation, because we borrowed at that absolutely unjustifiable rate in 1968.

It is not a matter of debt phobia, it is a matter of commonsense. It is a matter of following the arguments of distinguished economists like Paul Douglas and others, who have warned us that going into debt under circumstances like the present is a derelection.

Furthermore, the article goes on to say:

> A focal point for discussions of the federal debt ceiling in recent years has been the Committee on Finance of the United States Senate. Its hearings and the public papers of some of its members provide the basic documentation of the case for the federal debt ceiling. Through them we may identify the principal issues stressed by the supporters of the debt ceiling. As shown below the supporters of the debt ceiling view it as a useful, if not indispensable, device of federal fiscal administration.

Perhaps the leading advocate of a rigorous Federal debt ceiling is the man who was at the time of this writing the father of the present Senator from Virginia, then Senator Harry F. Byrd, Sr. Senator Byrd was the chairman of the Finance Committee when I first came to the Senate, and I had been in the Senate for 2 years when this article was written. He said:

> Perhaps the leading advocate of a rigorous federal debt ceiling is the present Chairman of the Senate Finance Committee, Senator Harry F. Byrd. His views provide the most effective and influential statement of the present-day rationale for the debt ceiling. Many others, individuals and organizations, have at one time or another endorsed most of the affirmative arguments, but few have stated them with such clarity, consistency, and vigor.
>
> The supporters of a rigorous federal debt ceiling stress two significant issues: that the debt ceiling is an important weapon by which Congress can restrain government spending; and, that the ceiling is needed to restrain the growth of the national debt, which is considered to be dangerously high today.

That was 1959 when the national debt, of course, was a great deal less than it is now.

I will put that figure in the RECORD in a few minutes.

But the debt, of course, enormously increased in the 1970's when, as I pointed out several times, we had in those 10 short years the seven highest peacetime deficits we ever had in the history of our country.

> These issues are essentially nonpolitical; that is, they neither support nor attack the program of one political party or the other. They reflect the views of at least part of what is called "the economy-bloc" among political leaders and the public. They are also consistent with the popular opinion that government debt is socially harmful.
>
> Supporters of a federal debt ceiling argue that federal spending has already become excessive and that taxation has reached a point which endangers the prospects for continued economic growth of the nation.

That argument, to depart from the text here a minute, did not have a great deal of force in 1959, but I think anyone who looks at what Federal spending has done in the last 22 years since 1959 must recognize that that argument should have a lot of force because we fantastically increased our level of spending since 1959.

In 1959 the Federal budget was something like $75 or $80 billion. It was well below $100 billion. It did not go over that until 1961. The Federal budget did not exceed $700 billion until this year.

Spending now is seven times higher than it was at the time this article was written.

In 1959 at the time this article was written the outlays were $92 billion which is, of course, about one-seventh, as I said, of what they are today. The deficit then was $12.9 billion. It was one of the biggest deficits we had, but it was long before the era of continuous colossal deficits that we have had in the last 20 years, almost dating since that 1959 period.

> It is argued that the federal budget has reached a level that exceeds our long-run taxable capacity. Thus, control of federal spending is as important if not the only hope for fiscal improvement. Excessive spending is the evil, and Congress must do everything in its power to check it.
>
> Advocates of a debt ceiling maintain that Congress has lost some of its power to control government spending. Therefore it is becoming increasingly difficult for Congress to eliminate wasteful and nonessential outlays. This loss of fiscal control is thought to stem from three conditions.
>
> First, inadequate attention to the necessity for economy in government, and, perhaps a lack of determination and courage by congressmen themselves. Senator Byrd describes the situation as follows:
>
> In politics, one tries to please everybody, and votes can be lost by courage. Our Senate and House of Representatives hold some men who never in their legislative lives have cast one vote for economy. They have built public careers on spending and more spending. (Parenthetically, they like to be out of town on the day the tax bills are mailed.) To displease a group by cutting an appropriation is to these men a torture like being dragged through a keyhole.
>
> Second, Congress has yielded legal control over various types of federal spending to the administration. Annual control over expenditures is looked upon as practically impossible. Appropriations carried over from year to year permit departments to spend freely. The carry-over problem is described in this way:
>
> Under present legislative procedure on appropriation bills, Congress exercises relatively little control over annual expenditures. It acts only on new appropriations, a large part of which are for expenditure in future years. It neither considers nor controls coming year expenditures from huge balances remaining in prior appropriations. Using the situation for fiscal year 1958, which begins July 1, as an example: Federal agencies will start the year with $70 billion of unexpended balances in old appropriations and other expenditure authorizations remaining available for expenditure. . . .

Mind you, that was 23 years ago. Now the unexpended balances are probably several hundred billion dollars.

> In addition to the $70 billion in unexpended balances, the President's budget requests $73.3 billion in new appropriations.

Now, of course, the President requests about 10 times that much.

> If the full amount of new funds should be appropriated, total funds available for expenditure would exceed $143 billion, exclusive of huge sums in trust funds outside the budget, such as the new one for highways. . . . In general, there is no effective facility under present legislative procedure

> on appropriation bills to exercise full and direct annual expenditure control.
>
> Congressional control over spending is especially weakened, it is held, by giving federal agencies the authority to spend what are called "public debt receipts." The effect on expenditure control has been described by Professor Lutz as follows:
>
> Under this arrangement an agency or a program is authorized to finance itself by borrowing, sometimes from the public but more commonly from the Treasury, with the result that the regular appropriation process is bypassed. The practice is growing to insert such authorizations in the substantive legislation which establishes the program. Thereby money can be obtained from the Treasury without reference to the appropriations committees.
>
> Third, control over spending is hampered by the sheer size of the federal budget.

That is when the Federal budget was, as I say, about one-seventh of the present size. So, if they had difficulty controlling it then, we have seven times as much difficulty controlling it right now.

> In describing the problem, Senator Byrd stated:
>
> ". . . once the President's budget is submitted in January, Congress never again sees it as a whole until after the appropriations are enacted. The first thing Congress does is to split the appropriation requests of the President into a dozen or more bills. Then it proceeds to consider them separately over a period of six months or more. . . . There is never an opportunity in Congress, in action on appropriation bills, to consider them in terms of annual expenditures in view of estimated revenues."

Now we have done something about that. In the Budget Reform Act of 1975 we do now have a Budget Committee and a reconciliation program, and so forth, that is a great improvement, and we have had some outstanding Senators like Senator Muskie, Senator Bellmon, Senator HOLLINGS, and Senator DOMENICI who have done remarkably fine jobs in improving that process.

But the fact remains that in spite of the fine outstanding brilliant men who have served and served so well in a tough, difficult position because they have to deny spending, in spite of the fact that they have done their very best year after year after year that spending has increased enormously since, and I must confess increased more since we had the Budget Act than it did before.

Hard as these men worked, we still come in with a budget reform or budget reconciliation measures that are way, way out of balance.

One of the reasons I voted for that measure when it was before the Senate was because I felt it would give us a tighter control over spending and put us in a position to do what Paul Douglas called on us to do under present circumstances, balance the budget. Unfortunately, it did not do that. Certainly it is no derogation of the outstanding Senators who have done so well and I dread to think what the spending would have been if we had not had people like DOMENICI, Muskie, HOLLINGS, and Bellmon working so hard.

But we have to recognize that it was not enough. We need more and the more we need is what I am trying to propose tonight which is an amendment to the debt limit bill which would provide that the limit would be below $1 trillion, will not exceed $1 trillion, and that we will use that kind of magic number, that threshold, as a way of trying to leverage Congress to limit spending.

The article goes on to say:

> The supporters of the public debt ceiling, then, see the problem as follows: Federal spending must be controlled if we are ever to get relief from today's high taxes. However, the temper of many congressmen and the sheer size of federal operations make it difficult to push economy measures through. To make matters worse, our appropriation processes have turned much of the control of public spending over to the agencies and departments of the Executive Branch of the government. A debt ceiling is looked upon as the only remaining hope. In the words of the Chairman of the Senate Finance Committee: "The only legal restraint on the expenditure of this huge sum will be the ceiling that now exists on the public debt."

Now the issue is not high taxes. The administration and we in Congress have done something about that. We have cut taxes very sharply. We indexed taxes so that cut is not just for 3 years but for the indefinite future.

Of course, it is what that tax cut with a spending cut that is clearly inadequate has done to interest rates because it means that the Federal Government is borrowing huge sums and the great majority of the American people at least the investors are convinced that we will continue to borrow those huge sums through deficits and drive interest rates through the roof. It is not taxes that are going to be quite as high because the administration to its great credit has reduced taxes. Now it is interest rates which are having a cruel effect on small businesses, farmers, homebuilders and home buyers, and that is the price we are paying for this excessive spending because we have not done the job we should do, at least done enough job we should do to bring it under control.

The process of expenditure control was illustrated as follows:

> It was a year ago that the President requested the Congress to increase the debt bill from $275 billion to $295 billion.

I am talking in 1959 terms. Now, of course, the debt limit, as I say, is just about a trillion dollars.

> It was a year ago that the President requested Congress to increase the debt limit from $275 billion to $290 billion. A bill making this increase was passed by the House of Representatives and sent to the Senate. The Senate Finance Committee heard the testimony of administration spokesmen who said unless the debt limit were raised by $15 billion at that time the government would be unable to pay its bills and a panic would result.
>
> After full deliberation, the Finance Committee, 11 to 4, refused to report the $290 billion debt limit bill. What happened? The heavens did not fall; panic did not occur. The administration reduced its spending and stayed within the statutory debt limit.

Now, there is the point. After full deliberations, the Finance Committee voted to refuse to report the increase in the debt limit. That was only a $15 billion increase, far less than we are being asked to report. And they said that they would not increase it. They were told unless the Congress can increase the debt limit, the Government would be unable to pay its bills and a panic would result.

What happened? The administration refused to spend and stayed within the statutory debt limit.

Unfortunately, we cannot just flatly reduce the debt limit. If that is all we had to do and a majority of us do that and the House agrees with us, it will mean that the Government cannot possibly meet its obligations because then the temporary debt limit has expired and will expire on October 1, will expire Wednesday night. And then we move into a $400 billion limitation, which, of course, is far, far, far below what we need for the operations of our Government. And we would, no question about it, be unable to meet our payments. Government workers would go without being paid.

My amendment corrects that, however. It provides that the debt limit will not be at $400 billion but at $995 billion, $10 billion above, but only $10 billion above the present limit. Therefore, from a practical standpoint, we would be on a pay-as-you-go cash basis, which is exactly where we ought to be.

This article points out that:

> In this way Congress can compensate for the fact that it fears that it will be unable to control federal spending.
>
> Influential members of the Eisenhower Administration have also endorsed the principle of a debt ceiling. For example, Mr. Percival F. Brundage, former Director of the Bureau of the Budget, advanced similar views.

And I will get to that in just a minute.

> The CHAIRMAN. Do you think a tight debt limit is a deterrent to unnecessary spending or not?

Mr. Brundage was then Director of the Bureau of the Budget. He had a similar job to the job that Mr. Stockman has today. He had it in the Eisenhower administration. Mr. Brundage said:

> I think it is, yes.
>
> The CHAIRMAN. You approve of it?
>
> Mr. BRUNDAGE. I don't mind saying that a debt limit, I think, is a good thing.
>
> The CHAIRMAN. There is not much reason to have a debt limit unless it is right. You think it is a deterrent to unnecessary spending?
>
> Mr. BRUNDAGE. I do.

Mr. President, I would like to depart from this line for a minute to go back a little further. I have gone back to 1959 and these things happen so fast that even something that occurred 2,500 years ago seems a little quaint and out of date. But I would like to quote now from Pericles, Pericles who was so eloquent and who spoke some 2,500 years ago. Here is what Pericles said about public spending:

> When the oracles, who sided with Thucydides and his party, were at one time crying out, as their custom was, against Pericles, as one who squandered away the public money, and made havoc of the state revenues, he rose in the open assembly and put the question to the people, whether they thought that he had laid out much; and they saying, "Too much a great deal," "Then," said he, "since it is so, let the cost not go to your account, but to mine; and let the inscription upon the buildings stand in my name." When they heard him say thus, whether it were out of a surprise to see the greatness of his spirit or out of emulation of the glory of the works, they cried aloud, bidding him to spend on, and lay out what he thought fit from the public purse, and to spare no cost, till all were finished.

Well, as the article points out:

> Nowadays, the scope of government and the scale of spending has so far surpassed mere human dimension that only institutional artifice and constitutional remedies measure up to the size of the task.

But that is fascinating, that back in Pericles' time Pericles pointed out that when you point out to people that you put their names on the buildings, that they would get the public credit for it, they said, "Go ahead and spend it." You always have that cry for more spending, which reminds me of that old saying: "The more things change, the more they remain the same."

> In addition to forcing the Executive Branch to find places to cut out some spending for which funds have been appropriated by Congress, the debt limit also serves as a psychological barrier to enlarged expenditures. Indeed, its role as a "red light" against further spending is often regarded as its primary function. For example, in arguing against a proposed mandatory reduction in the legal debt ceiling, Secretary of the Treasury George M. Humphrey stated:
>
> Now, that is, perhaps a little inconsistent with my feeling that the present debt ceiling is a proper thing to have, and I have fought to hold to the present debt ceiling because I think the restraint the present debt ceiling gives to the Executive, to the Congress, to everyone concerned is a wholesome thing to have, and I think it is like breaking through a sound barrier; there is an explosion when you go through it, and there ought to be one.
>
> It has weight with public sentiment, and I think it is a deterrent to spending over and above that amount. So, I am in favor of it.
>
> Faith in the power of the debt ceiling to control excessive spending is the core of its rationale. Starting with this belief, the supporters of a debt ceiling offer further arguments to support their case. They argue that the federal debt is already dangerously high and any future increases will be harmful to the American people.
>
> On several occasions, Senator Byrd has stressed this point, employing the following arguments:
>
> The debt is too high relative to other economic magnitudes:
>
> It is large in relation to the financial position of the average family:
>
> Since this debt is your debt, your portion of it may well be around $8,700 for a family of five.

Now, that was in 1955. Of course, since then, as I say, the debt has enormously increased. So for a family of five, it would be several times that.

> It is large in relation to the assessed value of our tangible wealth:
>
> Today the direct debt of the Federal Government is $280 billion. Our debt is equivalent to the assessed value of all the land, all the buildings, all the mines, all the machinery, all the livestock—everything of tangible value in the United States.
>
> The debt is costly to the American people:
>
> At present rates, on the Federal debt at its present level, interest on it in the next 20 years will cost taxpayers upwards of $150 billion. . . .

Of course, now, we know it will cost the American people $100 billion. That was the expectation, as Senator Exon said earlier tonight, in 1982, next year, $100 billion. In 1 year, it will cost comparable to what they thought it would cost for 20 years, 20 years ago.

> Today, the interest on the Federal debt takes more than 10 percent of our total Federal tax revenue.

Now, of course, it is taking a much, much higher proportion of that. Without the present cost of this debt our annual tax bill could be reduced 10 percent across the board. Well, without our present bill the annual tax revenue could be reduced substantially and we could still balance the budget if we did not have service on the national debt.

So for a family of five now—I want to correct that figure I gave recently that it is $8,700—for a family of five now the debt is close to $25,000. That is the national debt. So your section of the debt, if you are a family of five, is equivalent to more than the average family in this country earns because the average family in this country has an income of less than, substantially less than, $25,000.

Furthermore, the debt is a threat to our national solvency and to our freedom, according to this analysis. They say:

> Public debt is not like private debt. If private debt is not paid off it can be ended by liquidation. But if public debt is not paid off by taxes, the liquidation takes the form of disastrous inflation or national repudiation.

We, as this article points out, are reaching the limit.

Mr. President, George K. Brite and Jeffrey A. Harbaugh have made a very fine economic analysis of the public debt limit legislation, and they have made not only a history of it, they made some very helpful arguments both for it and against it.

They point out that for the first 128 years of our national existence there was no statutory debt limit as such on the amount of Federal securities that could be outstanding. There was, however, statutory authorization for such issue of securities. Statutory limitation in the amount of debt outstanding was started in 1917 when really large-scale borrowing became necessary in World War I. They say that borrowing since the first limitation was established has increased the debt by more than $525 billion, and that was in 1975. Since then, of course, it has doubled, which was then almost 180 times its pre-1917 amount. Now you could say it is 350 times its pre-1917 amount. Think of that, 350 times the debt in 1916.

> Many upward adjustments of the debt limit have been made to accommodate or to control the World War II and postwar financing of the Federal Government.
>
> Since 1954 "to raise or not to raise" the public debt limit has become an almost annually recurring debate confronting the Congress and the American people. This question has generated much discussion each time it has come up for consideration. Yet in the end, increases in the debt limit have always been approved, for Congres realizes that failure to do so would inhibit the functioning and undermine the integrity of the Federal Government.
>
> In the light of these facts, is there justification for a national debt limit? Should the Congress establish a permanent debt limit and refuse to adjust it upward except in case of a national emergency? What would happen if Congress simply refused to raise the debt ceiling on the Federal debt? Does the debt ceiling exercise any influence on the level of the public debt? Is the raising of the debt ceiling a cause of an increase in the national debt or rather is it the effect of an increase? Does the manner in which increasing the ceiling is considered—not until the increase is necessary for continued functioning of the government—provide any opportunity for a careful consideration of the debt and its proposed ceiling? Do the circumstances permit any outcome but an approval of the increase? Some people have termed the public debt limit a hallmark of fiscal integrity and the last hope for control of Federal expenditures. Others have gone to the opposite extreme and have dubbed it an invitation to costly and misleading fiscal maneuvers. Some contend that it is ineffectual as an actual limitation and only serves to create inefficiency in the management of the national debt.

Others, including the fascinating article that I keep returning to because I think it is such a remarkable article by Gordon Tullock, call it the President's unused weapon, and they call it the strongest single budget-cutting weapon in their hands, and it is. It can be the strongest budget-cutting weapon in our hands if we will use it.

After all, there is no question that if we used this it could flatly limit our spending or require Congress, if it is going to spend money, to pay for it, to rise up and take the unpopular action of raising taxes to pay for it. So that it is an effective and not ineffectual limitation.

As I pointed out tonight, we had an action 3 years ago by Harry Byrd, approved 2 to 1 by the Senate, accepted by the House, signed into law by the President of the United States, mandating a balanced budget in 1981. What happened? Well, we had a deficit this year in 1981, and 1981 will be over in 2 days, about 48 hours from now, and when it is we are going to have a very fat deficit. That deficit will be illegal because there is no question but that the Byrd amendment with no ifs, ands, and buts, approved 2 to 1, as I say, by the Senate, accepted by the House, incorporated into the bill, signed by the President, says that the budget will be balanced and outlays in 1981 cannot exceed revenues.

But they do by a very large margin, so that even though we mandated a balanced budget it did not work because it was not self-enforcing. What I am proposing here tonight is self-enforcing. I would simply say that the debt limit shall not exceed $995 billion, shall not exceed that figure of $1 trillion, and that is it. If we pass that amendment, and if it becomes law—and I think there is a possibility that the administration could have a change of heart and sign it—then there would be no question but that the President would not have any trouble at all because Congress would be in a position where they had no choice except to live within it, and we would have to cut spending, we would have to increase taxes, we would have to do one or the other or both to balance the budget forthwith.

(Mr. SCHMITT assumed the chair.)

Mr. PROXMIRE. This article goes on to say:

> The implementation of the Congressional Budget and Impoundment Control Act of 1974 may alter the function and method of

> considering debt limit legislation. But this legislation is currently in the midst of being implemented, and it is impossible to predict the direction that events will follow. We will briefly discuss this later in the paper. Whatever the result, however, it seems nearly certain that the public debt limit will continue to be an issue before Congress.

Well, that was before we acted on the Congressional Budget and Impoundment Control Act. As I commented earlier tonight, of course we did pass it. It was a good and helpful act, and we have had some superlative Senators in both parties serving on that committee and providing leadership for that committee. It has been a very useful initiative, but it has not stopped the enormous increase in spending, the huge deficits that have had a devastating impact on interest rates.

It just has not done the job. We need more. We have an instrument here, a strong and effective instrument, to require a balanced budget, and we ought to use it.

This article goes on to say:

> II. Definition and History of Public Debt Limit
>
> The public debt limit is a statutory ceiling or maximum limit established by legislation on the total amount of Federal Government securities that may be outstanding at any one time. The Constitution grants to the Congress the authority to control Federal indebtedness, to appropriate monies and to provide for the collection of revenues. It provides that:
>
> "The Congress shall have Power to lay and collect Taxes, Duties, Imposts, and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States. . . .
>
> "To borrow Money on the credit of the United States; . . ."
>
> (Article 1, Section 8)
>
> "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of Receipts and Expenditures of all public Money shall be published from time to time. . . ."
>
> (Article 1, Section 9)
>
> Prior to World War I, the Congress took an active role in the management of the public debt by establishing the interest rates to be paid and specifying the type and often the maturity dates of Federal Government securities to be issued. However, due to the large-scale financing required for U.S. wartime preparations and the increasingly complex financial structure of the economy and, in general, to simplify matters, Congress enacted the Second Liberty Bond Act of 1917. This was the original legislative base of our present debt limit statute. This law pulled together some of the unused borrowing authorities from previous acts and authorized the Treasury to issue bonds "not exceeding in the aggregate $7,538,945,460." In addition, Congress authorized the Treasury to issue certificates of indebtedness up to the amount of $4 billion at any one time.
>
> During World War I, as government expenditures exceeded government revenues and substantial deficits were incurred, the Congress followed the simple procedure of amending the Second Liberty Bond Act whenever new debt authority was needed. This authorized the Treasury to issue whatever securities were deemed necessary to provide the funds to finance the war effort. Through this means, the authorized debt limit increased with each amendment and the debt of the United States Government grew to $26.9 billion before the end of World War I. This amendment procedure has been followed ever since.
>
> However, until 1941 the Congress authorized a public debt limit in various amounts specified for bonds, for bills, certificates, notes, etc. On February 19, 1941, the public debt limit authority was consolidated in one total figure for all types of government securities outstanding. This was set at $65 billion. That has been the procedure followed since—to place a celing on all securities that may be outstanding at any given time. The public debt limit was raised to $300 billion on April 3, 1945.

Of course we were spending a colossal amount and running up huge deficits because we had to prosecute the biggest war of our history.

> On June 26, 1946, it was decreased to $275 billion. This was considered a permanent debt ceiling. However, six upward adjustments have been made to the permanent debt limit which now stands at $400 billion.

Earlier this evening Senator EXON and I discussed that permanent debt limit and its significance. I think some Members of the Senate still do not appreciate the fact that the permanent debt limit is not $985 billion. That is the temporary debt limit. The permanent debt limit is only $400 billion. In the event the Congress should fail to pass the debt limit we revert not to the present temporary debt limit; we go all the way down to $400 billion, less than half of the present debt limit.

What does that mean? That means that, with the greatest effort on the part of the Federal Government, the Presiden, the Cabinet, the Congress cooperating fully—there is no way, under those circumstances, we can keep the Government operating. We could not pay our social security checks. We could not pay the people in the Army, Navy, and Air Force. We could not meet our contracts. We could not pay Federal employees, let alone pay for the other entitlements that we have in our Government and have any functioning government at all. So that is absolutely impossible.

That is why my amendment provides an amendment to the bill that is before us that would extend the temporary debt limit until September 30, 1982, at a level of $995 billion. If that happens, it means that we would be able to function on a cash basis, on a pay-as-you-go basis, with a balanced budget for the next year. In other words, instead of having what I think is a stratospheric increase in the debt limit, which is what the administration is asking and the Finance Committee, going all the way to $1 trillion, instead of going $90 billion above the present level we go $10 billion above the present level and that gives us time, within fluctuations, and even possibly permit some limit for off-budget borrowing, though that would have to be virtually in balance.

My amendment would put us in balance. It would be the best kind of a signal to send to the credit markets and, it seems to me, is the kind of legislation that we should adopt if we want to have a credible, effective, anti-inflation policy.

There has been development in the national debt since this time, insuring control of and limits on Government spending. The level of the national debt is the primary object of the debt limit statute. Because the debt limit statute is actually tied closely to the actual size of the actual debt, let me take a few minutes to examine the growth of the debt.

Our Federal Government started off with a national debt of $78 million which was formed in 1789. Primarily those were unpaid costs for waging the Revolutionary War. Generally, the debt was reduced on a very gradual basis to a low point of $53 million in 1810. The War of 1812 led to another increase in our public debt. After the war the debt was reduced until it reached the all-time low point of $37,000.

I pointed that out earlier tonight. And, as I also pointed out at that time, most people who own their home and many people who have a two-member income family, or more, have an income exceeding the entire national debt of our country in 1835. What a happy thought. The entire debt of the country was not $37 million or $37 billion; it was $37,000. The entire U.S. debt was $37,000. That, of course, was so low that it would have been paid off except that there were some people who did not present their claims.

> In considering the purpose and effectiveness of the debt limit, there are two perspectives from which to review it. First, the arguments behind its establishment and maintenance and the counter arguments opposing it must be examined. Secondly, it is necessary to examine the evolving attitude of Congress toward the debt limit, as reflected in the consideration of the legislation raising it.
>
> In examining the pro and con arguments concerning the debt limit, it is important to consider the impact which the Congressional Budget and Impoundment Control Act of 1974 will have, and is beginning to have, on the validity of these arguments. But, because of the uncertainty as to what the effect of this new legislation on the debt limit will be * * *

In the time this was written there was no real attempt to make an analysis of the effect that that would have.

As I have said many times before and several times tonight, the Budget Control Act has been helpful. It has given us a framework. Nobody could claim, however, that it has done the job.

In spite of the Budget Control Act and in spite of all that we still have this tercommittee in both the House and the Senate, especially in the Senate because I have been very impressed by the Republican Senators and Democratic Senators who serve on that committee and by the leadership of that committee, in spite of all that we still have this terrific, horrendous problem of a galloping increase in the national debt, a burden which is extraordinarily hard for the American public to bear, which is inflationary, which drives up interest rates, and which is a very serious national problem.

> A. Arguments Supporting the Limit: While the rhetoric and the motivation may vary, supporters of a statutory limit on the public debt use a number of basic arguments to justify its existence. First, they argue that in a climate of increasing Congressional inability or unwillingness to control annual expenditures, the debt limit acts as an important, and perhaps the only, constraint on increased spending. They point to the large percentage and increasing dollar amount of the annual budget that is composed of the so-called uncontrollable outlays. These include several types of expenditures which must be made under existing law. Examples

> of uncontrollable spending include transfer payments, such as social security and unemployment, for which eligibility is established by law, and legal obligations such as debt interest and contracts already negotiated which must be honored. The Office of Management and Budget estimates, for instance, that approximately 74 percent of the fiscal 1976 budget consists of uncontrollables.
>
> Much uncontrollable spending results from various methods of "backdoor financing." Such techniques enable authorizing committees to finance programs through means which circumvent the Appropriations Committees. Thus, the Appropriations Committees cannot control the level of government spending.

On the other hand, Mr. President, many of us have increasing impatience with those who alibi that spending is uncontrollable, that we have established entitlement programs and cannot do anything about it. I think all of us recognize that that just is not true. We can act. We can repeal the entitlements. In some cases we should. We have a responsibility to consider these so-called entitlements.

I strongly and enthusiastically support some of them, and all Senators, I am sure, do support the entitlement programs they think are most worthy. But they are a matter of law and we can change the law. That is what we are here for. To argue that 74 percent or two-thirds or half of our spending is uncontrollable is nonsense. It is all controllable in a limited period of time, recognizing, of course, that the commitments that we made have to be honored, and recognizing that as time goes on we obviously can reduce the level of spending without dishonoring commitments that we have made.

> It is not accurate to characterize controllability, backdoor spending, and the appropriations process as three distinct areas. In reality, they are interrelated, with the boundaries among the three not as clear as they have been made for the purposes of this presentation.
>
> It is also contended that due to the size and complexity of the Federal budget, Congress has not considered the budget as a whole. Robert Mayo, former Director of the Bureau of the Budget, in testimony before the Joint Study Committee on Budget Control on March 8, 1973, stated:
>
> "To my way of thinking, the only rationale for a public debt limit at the present time is that it is perhaps the only place in Congressional procedure where the focus of the revenue and expenditure sides of the budget currently comes together for appraisal" (except for the brief introductory fiscal policy sessions conducted by the Appropriations Committees).

Mr. President, that was written and that was testified by Mr. Mayo before we passed the Budget Control Act and established the budget committees and the entire process of budgetary consideration that we have at the present time. We now have a system for considering the budget as a whole but, as I say, we need all the help we can get in this situation. We obviously are fighting a losing fight, in spite of the noble work of the Budget Committee.

The enormous increase in spending goes on, with all of its tragic, painful effects on our economy. While the Budget Control Act is a good one and very useful, it obviously is not doing a job and it is not enough.

It goes on to say:

> The supporters of the public debt limit consider it a deterrent to increased Federal spending. They argue that the national debt is already dangerously high and that further increases are harmful to the country. In addition to burdening us with the high interest costs (estimated at $36 billion in fiscal 1976), necessary to maintain the debt.

That interest rate is now estimated for next year at $100 billion. This year it is in excess of $80 billion and because of very high interest rates, because of the increase in the debt, it is expected next year to be substantially higher and to be bigger, as Senator Exon pointed out tonight, than the entire budget was in 1960.

Interest on the national debt will be that overwhelming. Of course, that comes from not limiting the debt in the past, not having the stomach to stand up and say we are going to increase spending, but if we are, we are going to increase taxes to pay for it. Or if we cut taxes, we would say we are going to reduce taxes and we are also going to have the consistency and the honesty to cut spending so that we balance the budget that way.

Both actions are painful and unpopular and politically costly, Mr. President. People like you say, "We will give you that spending measure; we will give you that water project; we will give you that health program; we will give you that public works project; we will give you that public building."

People never come to Washington and say, "Don't spend on a specific project." So they get that.

Nobody, but nobody, comes down here and says, "Do not cut taxes." Well, maybe a few, but they are very few. The overwhelming majority come down and say, "For heavens sake, cut taxes." That is the principal interest on their part.

So we desperately need a debt limit in order to control spending, in order to control the size of the budget.

Also, the public debt limit is a means of trying to force the executive branch to limit spending. It is considered a method for focusing public attention on Government finances, which is exactly why I am taking the time of the Senate tonight in this long, long statement. I think that it is absolutely essential that we have as painstaking and careful a review of the debt limit as we can put together.

I do not want to put the Senate in a position where it could not consider amendments and give them consideration tomorrow. I do not want to take the many hours that I have taken tonight, say, on Tuesday or Wednesday, and possibly force us into a position where we would have been unable to act on legislation that is absolutely essential because, as I pointed out, otherwise we go back to a $400 billion debt limit. We would not be able to spend any money at all. We would have to close down the Government, which would, of course, be an almost incredible act of irresponsibility.

As I say, focusing public attention is certainly a helpful way of rallying support for a limit on public spending.

> The debt limit is seen as a stop light against further spending which is effective both with officeholders and the public.
>
> Even the staunchest supporters of a rigid public debt limit probably would not insist that the public debt ceiling never be raised.

In fact, I think that is one of the great strengths, one of the great advantages of the debt limit. It has a flexibility. If we rivet into the Constitution an amendment saying you cannot have an unbalanced budget without a very substantial vote of the House or the Senate or without some kind of emergency we try to define, we lack a flexibility that it seems to me is necessary.

If the President of the United States and the Congress decide that it is desirable to raise the debt limit, we can do so. But having taken the kind of action that I am proposing that we take in my amendment tonight, I am convinced that Congress would be very reluctant to reverse that action except in an emergency. It would be the strongest kind of signal to our economy that we really mean business about fighting inflation and high interest rates.

At any rate, this article goes on to point out:

> In wartime and other periods of national emergency most would agree that the government may be forced to borrow to meet the demands placed upon it.

Of course, in that event, the debt limit would be no problem, because Members of Congress would support our war effort, as they always have, overwhelmingly. And we would be able to borrow whatever we needed.

> They argue that such emergencies are rare, that all efforts to label specific situations as such emergencies should be strenuously resisted; that we should so manage our national finances as to be able to meet any true emergencies that may arise.

This another point, Mr. President. We use this deficit spending too often and we have used it, as I say, 19 years out of the last 20. We are not going to be in a position to use it as readily if we get a genuine military emergency. We shall not be in a position to use it as effectively if we find ourselves in a severe economic recession that demands that we go into debt.

> In conclusion, the arguments for a rigid public debt limit center on the theory that taxation is the focal point of fiscal discipline. The supporters of a tight public debt limit contend that where new government programs are financed through borrowing, the burden is shifted to the future, and therefore the fact is not impressed on the public that government services can be provided only at a cost.
>
> The argument continues that the public must decide whether it wants more government services or not. If more services are desired, then the public must be willing to pay for them through increased taxation. Without this discipline, Congress and the Administration could be influenced to undertake programs requiring increased debt to finance. It is believed that a rigid public debt ceiling, if maintained, would force the Congress, the Administration, and the public to evaluate all governmental programs more fully. They would have to face the question: Is the program desirable in view

of the increased taxes necessary to finance it?

Mr. President, as I have said earlier tonight, one of the most remarkable economists is Milton Friedman. Milton Friedman, as we know, is a Nobel-honored economist. He won the Nobel Prize for his remarkable insights in economics. I do not think there is anybody, liberal or conservative economist, who is more clear, more incisive, more persuasive, more eloquent in voicing his view. I recall Milton Friedman coming before our Joint Economic Committee and then testifying before our Banking Committee, always with an awesome logic. I remember one time he and Dr. Samuelson of MIT—Dr. Samuelson, as we know, is also a Nobel Prize-winning economist. He has written the most popular textbook probably ever written on economics. He is also an extraordinarily articulate man.

They came before our committee and had really delightful and stimulating and very informative debate on economic policy.

And whether people agree with Milton Friedman—and many do—or disagree—and many disagree with him—everybody has to recognize the enormous logic and clarity of his arguments.

He has an article that appeared earlier this year on deficits and inflation.

He writes as follows:

> Government deficits can and sometimes do contribute to inflation. However, the relation between deficits and inflation is far looser than is widely believed. Moreover, the major harm that deficits do is to foster irresponsible government spending.
>
> A few facts will illustrate the uneasy connection of deficits with inflation. The current Federal deficit is running between 2 and 3 percent of our national income. Japan's current deficit is running about 6 percent of its national income, or two or three times ours; Germany's, about 2 percent, or roughly the same as ours. Yet both Japan and Germany now have, and for some years have had, lower inflation rates than we.
>
> Economics: Large Federal deficits in the United States accompanied inflation in both world wars. However, for the first full fiscal year after World War I, the government had a surplus and consumer prices rose nearly 25 percent. In 1932 and 1933 Federal deficits ran about 5 percent of national income, yet prices fell drastically. More recently, inflation was 7 percent in 1975, when the deficit was 5.6 percent of the national income, and 6.1 percent in 1969, when there was an actual surplus of 1 percent of the national income. The years of highest inflation, 1974 (12.2 percent) and 1979 (13.3 percent), had deficits in the neighborhood of 1 percent of the national income.
>
> This patchy record is accounted for, I believe, by two major factors. First, surpluses or deficits can be a result of inflation and deflation as well as a possible cause. That is the main reason inflation after World War I coincided with a budget surplus and deflation in 1932 and 1933 coincided with budget deficits. Second, deficits have a direct effect on inflation when they are financed by creating money (as they were in the two world wars). But, wartime periods aside, many other factors typically affect the rate of monetary growth, so that there is only the loosest relation in practice between monetary growth and deficits.
>
> Deficits are bad primarily because they foster excessive government spending—the chief culprit, in my opinion, in producing both inflation and slow economic growth.

So, Mr. President, let me make it clear that while it may seem from the remarks that I have just reviewed that Friedman comes down on the side of saying, well, deficits do not really cause inflation, what he says is that deficits foster excessive Government spending, which in turn is the chief culprit in producing both inflation and slow economic growth.

So what he is saying is that deficits do not directly cause inflation and, therefore, there is a lag here. You may have a couple of years which prices may fall when you have a deficit. But as time goes on, they foster Government spending and if that excessive Government spending happens to coincide with a period of reasonable prosperity such as the present, 1981 and 1982, when as I pointed out the overwhelming majority of economists agree that we should balance the budget under conditions of this kind, then the deficits would foster excessive spending, would be inflationary, but they would also slow economic growth.

Then Dr. Friedman goes on to say:

> If spending is financed by creating money to meet deficits, the link between spending and inflation is direct. If spending is financed by borrowing or taxes, the link is indirect but nonetheless real. Both borrowing and taxes crowd out private spending, absorbing resources that might otherwise be used for private consumption or productive capital investment. One effect is upward pressure on interest rates, and hence, given the Federal Reserve's unfortunate propensity to operate through interest rates, higher monetary growth. In addition, by reducing private incentives to work, save and engage in productive ventures and by crowding out private investment, high government spending inhibits economic growth so that any given rate of monetary growth produces a higher rate of inflation.

There again, Dr. Friedman, who indicated that there is only a sketchy relationship between deficits and inflation, argues that deficits foster increased spending and the increased spending crowds out private investment and the deficits because they require borrowing crowd out profit investments and as high government spending inhibits economic growth so any given rate of monetary growth produces a higher rate of inflation.

He goes on to say:

> Scenario: The political appeal of a "balanced budget" has often been counterproductive. Big spenders have pushed through government programs leading to higher deficits. Fiscal conservatives, having lost that battle, have responded by supporting an increase in taxes to narrow the deficit. The fiscal conservatives have been turned out of office, partly for having the courage to raise taxes. The big spenders have been re-elected, partly for their irresponsibility in raising spending. They have then set off on another spending spree and launched yet another cycle of higher spending, bigger deficits, higher taxes.
>
> That scenario persuaded me, years ago, to be in favor of tax reductions under almost any circumstances. Cutting taxes reverses the cycle. If the tax cut threatens bigger deficits, the political appeal of balancing the budget is harnessed to reducing government spending rather than to raising taxes. That is the right way to achieve a balanced budget. It is the way that President Reagan proposes to follow. Much hinges on his success.
>
> Some supporters of cutting tax rates have claimed that the lower rates will yield higher revenue.

This is written in February before it was clear that the budget would not be balanced and may not be balanced in 1984. So even if a man as astute as Dr. Friedman must see that while the Reagan action is far better than it has been in the past and while it is certainly in the right direction, it is inadequate. We have to cut spending more.

Dr. Friedman goes on:

> Certainly, a rate cut will encourage the reporting of higher taxable income. But the aim should be not higher revenue but lower revenue and lower spending. If a legislated rate cut did mean higher revenue, that would simply demonstrate that the rates had not been cut enough.

Mr. President, I am inclined to agree with the argument of the distinguished Chicago professor Dr. Friedman, that the one and only sure way to cut inflation is to cut taxes.

About 35 to 40 percent of our income goes to pay taxes to our Federal, State, or local government. That is an astonishing part of the cost of living. Most people do not really recognize that, of course, most of those taxes are not direct taxes, they are indirect taxes. We pay taxes because only people pay taxes. All the taxes imposed on corporations, all the taxes imposed on excises, all the taxes that are collected are paid by individual people.

As I say the cost of State, local, and Federal governments has now grown to between 35 and 40 percent of our income. So that constitutes by far the biggest single element in the cost of living.

Housing cost undoubtedly represent the second highest cost of living. But in the most comprehensive sense, including the cost of utilities, of mortgage interest, as well as the cost of paying for the actual construction of the house and the land on which it sits, the total cost falls far below the cost of taxes. Of course, as in any commodity we buy taxes come carefully concealed within the package. But if we strip out the property taxes we pay, the taxes on our utilities including the corporation income taxes which the corporation necessarily shifts to the consumer, if we strip out the taxes on the incomes of the people who build the house which of course must come out of the wages we pay for the construction and all the other taxes, what is left resembles the beautiful fat looking chicken—when you take out all the feathers and find a skinny little carcass holding up that fat-looking bird.

But remember that the one cost of all the costs over which Members of Congress have control is taxes. We cannot do almost nothing about the cost of food. That depends on the weather, on union negotiations affecting food handlers wages, on how much the teamsters who transport so much of our food earn in pay. We can inveigh, orate, shout, yell, kick and scream, pound the table, and we will have exactly the same effect as the coyote that bays at the Moon: nothing. Take the price of oil, we can legislate restraints and restrictions galore. But the price of oil will be a function of the greed and intelligence of the OPEC countries that can if they wish hand us a glut or a shortage. Take any commodity that people buy on credit—autos, land, housing. Here the level of interest rates plays the crucial role. Today a typical family buying a home will pay three times as much in interest over the life of that house than the cost of the house if they pay cash for it. So the big cost comes from interest. And what can the President or Congress do about high interest rates: from very little to nothing.

Certainly in the long run, prudent fiscal policies will bring the level of interest rates down. But that is a very long run and in that kind of a long run we are all dead. So Congress again can shout, yell, raise unshirt hell about high interest rates to no effect. But we can bring taxes down promptly and surely.

Now, how about the well-known economists' argument that contend that tax cuts can be inflationary and are inflationary if they lead to huge deficits, heavy borrowing by the Federal Government, and more money in the pockets of consumer to increase effective demand and drive interest rates up?

Some economists, for example, argue that the failure of Congress to raise taxes at the time of the Vietnam war meant that we refused to pay for the war and consequently laid the base for an inflation that has plagued us ever since. Why? Because the Federal Government poured money into the economy in increased spending programs and refused to take the necessary money out of the economy to pay for the spending programs. Would not increased taxes have picked up that excessive purchasing power and prevented the beginning of what has become almost a run-away inflation? No, no, no.

A tax increase at that time would have provided at last as much inflation as the absence of a tax cut provided and probably more. After all the average American citizen would have had to pay those taxes, and every dollar he withdrew from the spending stream to pay taxes would be a dollar he had to surrender to the Federal Government.

And no way the lesser spending would have compensated dollar for dollar the increased taxes. To do that would require a price elasticity of 100 percent. No, that is not possible. The higher taxes—part of the cost of living—would increase inflation. The basic villain, as Dr. Friedman has pointed out so well, the increased spending.

We should have paid for the Vietnam war not with higher taxes but with lower spending elsewhere in the economy.

Mr. President, Dr. Michael Hamburger and Burton Zwick have written an article in Business Week entitled "Checking Inflation in Spite of a Deficit."

They argue that if the Federal Reserve can demonstrate that it intends to slow the growth of money supply, changing expectations will reduce both interest rates and inflation.

Dr. Hamburger is a professor of economics at the New York University Graduate School of Business Administration. Burton Zwick is vice president for economic research of Prudential Insurance Co.

These gentlemen argue as follows: They say:

> Congress and the public have both been impressed with the Reagan Administration's new beginning—

This was in March of this year—

> but not the financial market. Despite the commitment to get the inflation rate down, long-term bond yields have remained high, and some issues have posted record yields in the past few weeks.
>
> What the financial markets seem to be saying is that—despite the public enthusiasm—the new program is fated to fail in reducing inflation. And the reason seems to be a fear that the federal deficit will continue high at least in the first year of the new Administration—particularly if the economy stays weak—and a high and rising deficit will make it impossible to get either the inflation rate or interest rates down.
>
> But there is no iron law that specifies a tight 1-to-1 linkage between short-term changes in the size of the deficit and either the inflation rate or interest rates. There is an agency of government that comes between the deficit and the money markets: the Federal Reserve System. And if the Fed behaves properly in the upcoming year, it would be perfectly possible for the deficit to rise and inflation and interest rates to fall at the same time.
>
> This could happen because prices and interest rates are determined not only by market conditions but also by expectations. At any given time, the prevailing interest rates consist of at least three components: the basic rate determined by the supply and demand for credit, the anticipated inflation rate, and an allowance for risk inherent in particular securities. If the Fed can convince the world that it is committed to a policy of gradually reducing the growth of money supply no matter what happens to the deficit, investors will begin reducing the inflation rate they factor into their interest calculations.

Now, that is an interesting observation by these two gentlemen, because that was made in March of this year. And they were right about inflation. It has moderated. It has moderated clearly. But they were wrong about interest rates—right about inflation, but wrong about interest rates.

The difficulty is that the market still does not believe the administration and savings have been continued deficient. The limited amount of savings have been absorbed in considerable part by the huge Government deficit. The expectation is that those deficits are going to continue and the expectation is that that means that the Federal Government will continue to bid up interest rates. And because that psychology is so vital to determining the level of interest rates, investors are holding off and not investing in the bond market, so that the bond market has collapsed.

Yields are at absolute record highs. Of course, the borrowers are in desperate condition in this country. The homebuilding industry is a basket case.

So the notion that the Fed can convince the world that it is committed to a policy of gradually reducing the growth of money supply, although these fine monitors think that is all they have to do, they have now had a very clear lesson that they are wrong; that that will not do the job.

At any rate, the article goes on to say:

> But for this to happen, the Federal Reserve must demonstrate that it is genuinely ready to change its ways.

And I think they have. I think they have met that.

> The reason that deficits, even those occurring in recessions, make the money markets nervous is that there was a strong tendency in the 1960s and 1970s for deficits in the federal government's budget to stimulate money growth. On average, the Fed monetized about 20 to 25 percent of the deficits incurred during this 20-year period. This tendency is not difficult to explain because it is deeply rooted in the way in which the Federal Reserve has behaved most of the time.

Mr. President, this is exactly what the Federal Reserve has not done this time. It has not monetized the debt, and that is the problem Chairman Volcker. That is what he is being criticized for. That is why he is being inveighed at, because he has not monetized the debt. He has kept the rate of growth of money supply within its target. He has done exactly what he said he would do. He has slowed the increase in the money supply.

In spite of that, in spite of the fact that virtually everyone who comes on the Federal Reserve seems to condemn them, kick them along—it is quite a fact that they are truly the whipping boy of our economy. And they are following all of these monetary restrictions. And, in spite of that, interest rates have gone through the roof and, in some cases, are wrecking small businesses and some major industries like home construction and the automobile industry. And they are having a very, very, very painful effect on farmers.

The article goes on to say:

> At least initially, deficits in the Government's budget put some upward pressure on interest rates.

You can say that again—

> And if the Federal Reserve uses monetary policy to forestall a rise in interest rates, money growth will accelerate when the deficit rises. There seems little doubt that the Fed did indulge in this kind of "even keeling" through most of the 1960s and 1970s. The announced change in Federal Reserve practices in October, 1979, was specifically intended to redirect the general focus of U.S. monetary policy from controlling interest rates to controlling money.
>
> Like the people who buy and sell bonds, we are skeptical of whether the Fed really did change in October, 1979. But if Chairman Paul A. Volcker and his colleagues do decisively abjure supporting the government bond market over the next year and stick instead to a firm policy of maintaining moderate growth in the money supply, we—perhaps unlike the markets—believe there is much historical evidence to indicate that the Administration's longer-term commitment to budget control can result in the immediate payoff of lower interest rates.

How wrong they are. It is too bad they are not right. There is certainly no immediate payoff in lower interest rates.

I wish that Mr. Hamburger and Mr. Zwick could be here to defend their position. But I do not think there is anybody alive who would say that there was an immediate payoff beginning in March or April or May or June or July or August or September, anytime, in lower interest rates.

Although, as I say, it is a mathematical certainty that the Federal Reserve has faithfully followed this monetarist policy. I happen to think it is the right policy. I happen to think it can only be the right policy if the Federal Government stops running deficits at a time when there is no excuse for the deficit, when there is no economic reason.

Inflation is our No. 1 problem, not unemployment. The Federal Reserve is doing the right thing, but they cannot win if they have a Congress that is spending substantially more money than it is bringing in. The resolution that is before us tonight, that will be before us tomorrow and Wednesday, that resolution would increase the debt limit, as I say, by $94 billion.

That increase in the debt limit means that the Federal Government will be running huge deficits, invading the credit markets, borrowing to finance those deficits, and the Federal Reserve can continue on the policy it is following and should follow, and interest rates will, unfortunately, continue high because after the economies I have cited tonight have been pointed out, the typical private investor will be crowded out by the prime investor—I should say the typical borrower will be crowded out by the prime borrower, which is the Federal Government.

> Part of that evidence comes from the 1950s. One of the main differences between the 1950s and the two decades that followed is that during the Eisenhower Administration, U.S. economic policy was generally more conservative than it was thereafter. For that Administration as a whole, the government's budget was close to balanced and on average the growth of the narrow definition of money (M1) was held to less than a 2 percent annual rate.

That is when William McChesney Martin was Chairman of the Federal Reserve and when, as I pointed out several times tonight, the Eisenhower administration, as had the Truman administration, followed a far more moderate fiscal policy, and balanced the budget a number of times; the Eisenhower administration in 1957 and 1958; the Truman administration I think in 4 years of the President's tenure. The Eisenhower administration's deficits were very limited and very modest. So that all in all it was the prudent fiscal policy; the limited fiscal policy permitted the monetary policy to work.

To proceed:

> Even more important is what occurred during the fiscally conservative Ford Administration. Deficits in the government's budget were very large during that period. However, Ford vetoed more congressional spending bills in his two years in office than any other President in recent memory. And he exerted no major pressure on the Federal Reserve to increase money growth to support Treasury debt financing operations. It is not coincidental that these two years provide an important deviation from the otherwise close relationship between deficits and money growth since 1960; the increases in money in these years were substantially less than might have been expected given the size of the deficit.
>
> The evidence then is that Presidents can have a major influence on monetary policy. It follows that if the Federal Reserve has Reagan's strong support, a sizable deficit in the next year or so need not seriously interfere with the Fed's stated intention of gradually slowing the growth of the money supply.

Well, I hope so. But I hear from the people in the administration and from people around the country is criticism of the Federal Reserve. You will not find one person in a hundred who says they are doing the right thing, even though according to these monitors they are doing exactly the right thing, and I think they are.

The villain is the action by this body, this Congress, in continuing to insist on increasing the spending and increasing the deficit, increasing borrowing and putting the Fed in an absolutely impossible position.

> But how would a combination of a tight monetary policy and a relatively easy fiscal policy affect the behavior of interest rates? Events over the past year are thoroughly consistent with our view that it is excessive growth in money—and the effects it has on expectations for inflation—that cause interest rates, particularly longer-term rates, to rise. Last year interest rates reached a peak in late March or early April, soon after the peak in money growth in mid-February.

This is written, as I say, in March of 1981, so it is referring to a year earlier, 1980.

> Rates then fell sharply as the growth in money turned negative until late spring. The rebound in interest rates, which began in the summer and has carried through until the end of the year.

Well, that is a nice theory. I would like to see an article written by these gentlemen right now because what has happened, of course, since March has pretty much devastated the position they take. Maybe they disagree with that. If they did I would certainly like to discuss that with them because it seems clear that nobody can deny that interest rates are sky high, that they have gone out of sight, and nobody can deny that the Federal Reserve has followed and been denounced for doing so, a restrained monetary policy.

Oh, you can find some measure, you always can when you have got about seven or eight measures of the money supply, you can find one or two that seem to be a little high. But overall if you take the critical measures that we most frequently use, the increase in the money supply has been very modest indeed.

Mr. President, I would now like to discuss an article from the Journal of Commerce written by Craig Dunlap, from the Journal of Commerce staff. This is a recent article that was written this month. It was written about 2 weeks ago. Dunlap says:

> ATLANTA.—The embattled Reagan administration, whose economic package is under attack by Congress and Wall Street, received some support last week from the chief economist of Citibank, N.A.
>
> During an address to the directors of the Federal Reserve Bank of Atlanta and in the preceding news conference, Leif H. Olsen, Citibank's economic policy committee chairman, said the Reagan economic program will improve the nation's business climate, but investors and businessmen must make the "painful but inevitable" shift away from high inflation expectations in their strategies.
>
> The accepted economic "truth," Mr. Olsen said, holds that increased federal budget deficits automatically lead to higher inflation rates while the growing federal borrowing requirements will crowd out private borrowers, resulting in increased interest rates.
>
> With estimates of a deficit of $57 billion at the end of fiscal 1981 and of a deficit at best only slightly below that for 1982, coupled with the mounting cynicism among investors that the government is unwilling and unable to reduce inflation and restore the value of long-term financial assets, expectations for continued high inflation persist, Mr. Olsen said.
>
> The financial markets are in turmoil today because these arguments are "powerful, persuasive and in some ways simple," he said, adding that "many people have a vested interest in the fulfillment of these inflation expectations" because of the difficulty of altering their financial strategies based on these assumptions.
>
> However, Mr. Olsen said, the markets "must look beyond the obvious" to discover what are probably the more accurate causes of the financial chaos.
>
> He emphasized that "changes in federal borrowing do not cause major increases in interest rates nor do they cause increases in inflation. Tax reductions have never explained inflaition. The indispensable ingredient of inflation is an overly expansionary monetary policy and that has been ruled out."
>
> Although budget deficits "are not benign and must be reduced," there "has been more fear of deficits than true understanding," Mr. Olsen said.
>
> In fiscal 1980, he explained, the government's net borrowing totaled $79 billion and accounted for 22 percent of the funds raised in the credit markets. This percentage should drop to 16 percent next year.

(Mr. COCHRAN assumed the chair.)

Mr. PROXMIRE. I do not know where Mr. Olsen got his figures, but those figures contradict the official figures I have seen because I think they neglect some of the off-budget borrowing which our figures suggest were far more substantial and would provide for a total borrowing not of $75 billion but well over $100 billion, and not for 22 percent of the funds raised in the credit markets but about a third, about 33 percent.

The article goes on to say:

> But in 1953, federal borrowing accounted for 25 percent of credit market funds, yet short-term interest rates stood at a mere 2.52 percent.

Now that is an interesting reference. I have discussed the early 1950's earlier tonight, and the remarkable difference between 1953 and 1981 which is a difference that is just like night and day. In 1953 the Federal Government was spending less than a third as much on a per capita basis in real dollars as it is spending today, less than a third as much.

Now, that makes a colossal difference in the effect on inflation, on interest rates, and on every other economic component.

As I pointed out, not only were short-term rates down, as he says, but the mortgage rate was about 4¼ percent at that time. The inflation rate was 1 percent. Even the unemployment rate was very low. So to argue that because Federal borrowing, according to his figures, accounted for 25 percent of credit market funds seems to me to overlook other economic elements that would be likely to be more much more decisive.

> "Deficits can hardly be used to predict inflation, interest rates, exchange rates, unemployment or much of anything else," Mr. Olsen said.
>
> The Federal Reserve is doing its part in reducing inflation through its policy of gradually slowing the money growth, which has succeeded so well that the growth of M1B has fallen below the Fed's targets, but despite cries that the Fed should loosen its restrictions, the monetary policy is not causing the high interest rates, Mr. Olsen said.

Well, I think that is right. I do not think the monetary policy is causing it, but it is an element involved here because the monetary policy is restrained and the Federal Government is crowding into the limited credit market available, and it runs into this restrained credit policy.

The Federal Reserve says "We are going to limit the amount of credit available," and the Federal Government comes in with a huge demand and, of course, that drives interest rates up.

> Instead, he said, the withdrawal from trading by long-term bond portfolio managers because they believe high inflation is here to stay "has forced a disproportionate amount of the credit needs of business into the short-term area of the marketplace."
>
> And, if the Fed expanded the money supply to lower the interest rates, there would be no reason to suspect that the financial markets would respond any differently than they did during the second half of 1980 when rates reached even higher levels despite an expansionary policy, the economist suggested.
>
> Nor are the credit controls advocated by some in Congress the answer because such artificial restraints "can cause even more damage by acting precipitously at a time like this," he said.

Mr. Olsen's solution to reducing interest rates lies with cutting the inflation rate.

That is a matter of which comes first, the chicken or the egg, because there is no question that the inflation rate is enormously influenced by the interest rate—not only in items such as home buying, but also, the colossal increase in interest rates in business has to be passed on to the consumer and is, and it has undoubtedly pushed up prices. There is no question about that.

So to say, as Mr. Olsen says, that the solution to reducing interest rates lies with cutting the inflation rate is not very helpful. He would like to cut the inflation rate. As many economists have pointed out, and as I have pointed out, one way to cut the inflation rate is to cut spending, balance the budget, reduce the share that the Federal Government takes in bidding up prices, and reducing borrowing by the Federal Government, which drives up interest rates and is an element in causing inflation.

Mr. Dunlap goes on in his interview with Mr. Olsen and says:

> Unfortunately, the psychology of the financial markets "is at odds with the real economy," and this has overshadowed the gains made in the inflation battle, he said.
>
> The financial markets' practice of responding too readily to any development maintains the turmoil upsetting the markets and adds fuel to the attacks on the Reagan economic program, Mr. Olsen said, even though the inflation in the real economy is cooling.
>
> "Inflation cannot be sustained at 9 percent or 10 percent if monetary policy does not allow the value of goods and services to increase at more than 9 percent or 10 percent," the economist said. "In any economy that continues to operate with excess capacity, it becomes competitively difficult to raise prices and pass on higher costs."

It may be difficult, but it certainly is being done. We have had this inflation, as I have pointed out, since 1939; and it has persisted right through the worst recession years we have had since the Great Depression.

In 1974 and 1975, we had enormous excess capacity. Unemployment increased to about 10 percent. We had an ability on the part of the private sector to greatly expand their production by reducing prices. They did not do it. That was the first big recession in the history of this country that was accompanied by continued inflation.

Mr. Olsen's theory is correct, and our history before the present terrific momentum we have had would confirm it; but what has happened in the last 40 years, since 1939, when prices have risen steadily every year, through the end of wars, which always in the past had resulted in prices falling, through recessions which have resulted in prices falling, makes it pretty clear that this inflation has an immense momentum, and we cannot simply solve inflation by relying strictly on monetary policy, noble and gallant as the Federal Reserve may be in their efforts.

> For the near term, Mr. Olsen said, the current chaos will continue "as the market holds tenaciously to a view of inflation in which it has invested resources and intellect. But there are limits to this turbulence which when reached will restore balance to the financial markets."

That is about as good an explanation, I suppose, as I have read as to why we have had these high interest rates. It tends to confirm the views of many in the administration. But it seems to me that it does not make sense at all, because the overwhelming majority of investors who have control of most of the funds in this country are all over this country. They are in Mississippi, in Wisconsin, in small towns, in big cities. There are millions of investors.

We have a tremendously broad and mobile capital market. It cannot be said that it is 1 man, 2 men, 10 men, or any city, such as New York, San Francisco, Chicago, or any other.

In my State of Wisconsin, I go into small towns, and I rarely come into a town of 25,000 or 30,000 or 10,000 which does not have a brokerage office and local investors. Multiply that by the number of communities in our country, and it is easy to see that the people who make the difference and add up to the activity in the market are not a few people in Wall Street who have some kind of theory but are hard-headed investors who do not believe that we are going to get inflation under control until we balance the budget.

Maybe that is a little naive and primitive theory, but it is a theory people believe. That is what they have learned from the time they were young. That is what they have heard over and over. There is logic in it, and they believe it. So long as they believe in it, their belief, their psychological attitude, is important in our economy.

Certainly, at a time when there is no reason at all to run a deficit, when your principal problem is inflation and the high interest rates that go along with inflation, we should balance the budget now; and if we do not, it is going to have a perverse psychological effect.

Mr. President, earlier tonight I discussed Leonard Silk, the remarkable economic writer and commentator for the New York Times. I described a marvelous analysis of inflation that has been ended in the past. The most serious inflations in history we know of, the German inflation in World War I and inflation in the other European countries in World War I was astronomical, terrrific, overwhelming, and seemed impossible to break. They stopped it cold in Germany by balancing the budget. They stopped it by stopping their Federal Government from borrowing.

They went on a cash basis, as I am advocating. They laid people off. Unemployment increased. At the same time, the cost of living went down, as soon as they put this into effect, by 8 percent the next year. That is the kind of action Silk has pointed out. We have a documented historical record that we can achieve.

On November 26 of last year, almost a year ago, Mr. Silk wrote an article on finding a quick end to inflation. He wrote as follows:

> The most serious economic problem facing the Reagan administration is how to stop an inflation that, after a decade and a half, is so deeply imbedded in the system it seems to run on its own momentum—and how to stop it in a way that will not cost millions of jobs and hundreds of billions of dollars in lost production, as many economists fear. Recent efforts in Britain to stop inflation suddenly by a restrictive monetary policy have intensified such fears by raising unemployment to its highest level since the 1930's.

That was the article I read earlier tonight that cited the German experience and the experience in Poland and Hungary, which were essentially the same. As I say, all four hyperinflations were stopped without serious damage to production or employment. Mr. Silk goes on in the second article, which I have not yet called to the attention of the Senate, and says:

> How do the lessons of the ending of hyperinflations after World War I bear upon the problems facing the Reagan administration?

That second article, "Ending Inflation Expectation," goes on to say this:

> What lessons can be learned from the way the hyperinflations in Germany, Poland, Austria and Hungary were suddenly ended in 1923 and 1924 after each country's price index had reached incredibly high levels?

As I pointed out, those price indexes had gone over 100 in 1914, to 234 in 1918. They then went to 3,490 in December of 1921. A year later, 147,000 was the index, and then it really took off. Then it went to 1,938,000; then 2,348,000,000, then 126 trillion in December of 1923. That was the peak—126 trillion. That was the level of inflation in Germany. Yet they brought it under control, and they did it by following the simple—some people think oversimple—policy of balancing the budget and stopping the government borrowing.

Silk writes in his second article:

> While those inflations and the way they were stopped differed in details, they had, as Thomas J. Sargent of the Federal Reserve Bank of Minneapolis observes, these important common features:
>
> Reckless fiscal policy was at the root of them all, with each country persistently running enormous budget deficits.
>
> Deliberate and drastic fiscal and monetary policies were adopted when it became clear that the inflation was running amok.
>
> Once those drastic measures were announced and accepted as credible by the public, prices and foreign-exchange values of currencies stabilized at once.
>
> This stabilization occurred even though the "high powered" money supply—the circulating notes issued by the countries' central banks—went on growing rapidly for months or years longer.

That last would contradict all the protestations by the monetarists I have quoted tonight, with whom I have been disagreeing because, as Mr. Sargent points out, stabilization occurred even though the money supply kept increasing, because the fundamental achievement was the achievement of credibility.

The people in Germany, Austria, and Hungary believed that their government meant business. They saw that their government was balancing the budget. They saw that they were not borrowing money. They were operating on a cash basis and were only spending what they received in revenues. Under those circumstances, they believed it would work, and it did.

Silk says:

> The most important lesson to be drawn from this experience, Mr. Sargent concludes, is that government needs to end public expectations that it will go on creating inflation indefinitely. If employers and workers, lenders and borrowers and all others expect inflation to continue, they will strike inflationary bargains on the basis of those expectations. But the inflation "only seems to have a momentum of its own, while it is actually the long-term government policy of running large deficits on average which imparts the momentum," according to Mr. Sargent.
>
> To stop that momentum, it would be necessary today to risk whatever pain, in terms of lost output, lost jobs or changes in the structure of government benefits to particular groups, that a drastic change in fiscal and budget policy entailed. Mr. Sargent concedes that economists do not possess reliable models for predicting what disruptions, in lost output and employment, a drastic change in the fiscal policy regime would cause, although he is hopeful on the basis of the earlier European experience in stopping hyperinflation.
>
> But the drastic policy actions in Central Europe occurred after hyperinflation had destroyed all hopes that the existing system was viable. How long it would take, and with what pain in lost output it would take today would depend, he suggests, on how resolute and evident the government's commitment was.

Mr. President, that is exactly why I am doing what I am trying to do tonight. There is no question that the most resolute and clearest indication of this Government's resolve would be by saying that the debt limit will not be increased above a trillion dollars, that it will stay roughly where it is, that we would have to operate on a cash basis, that we mean business. If any action of the Federal Government would be a clear communication to the financial community that we mean business, that would be it.

> President-elect Ronald Reagan's economic advisers are now talking about an all-out, immediate, comprehensive attack on both inflation and economic stagnation.

I remind the Senate that that article was written in November of 1980, before the Reagan administration had taken office:

> That comprehensive policy is to include big tax cuts, defense spending increases major reductions in other Federal expenditures and a restrictive monetary policy. But the Reagan advisers are divided on which elements in that "comprehensive" policy deserve the highest priority.
>
> Some would scale down tax cuts, while others would not. Some would slash social spending, but Representative Jack F. Kemp, the leader of the populists behind Mr. Reagan, has warned his party against "trying to repeal the New Deal" and urged "an expanding economy as a way of fighting inflation." Mr. Reagan has refused to drop his support of Representative Kemp's and Senator William V. Roth's bill to cut personal income taxes by 30 percent in three years; this week Mr. Reagan's counselor, Edwin Meese 3d, said that income tax cuts "along the lines" of Kemp-Roth would be the "first priority" within a comprehensive economic program after the Reagan administration takes office on Jan. 20.
>
> Yet, in a time of big budget deficits, it will be obviously tough to reconcile big tax cuts and defense spending rises with the sort of anti-inflationary fiscal policy regime counseled by Mr. Sargent and his fellow rational-expectationists. Even if Mr. Kemp's warnings about avoiding "ideological battles with labor and blacks" are put aside, the Reagan administration is likely to find it impossible to make social spending cuts big enough to close the budget gap.
>
> Henry Kaufman of Salomon Brothers notes that uncontrollable expenditures, including Social Security, public employee retirement, unemployment compensation, medical assistance and interest on the public debt, but not including defense expenditures, accounted for 67.3 percent of total outlays in the 1980 fiscal year. Defense expenditures accounted for another 23.5 percent, thereby bringing uncontrollables and defense up to 91 percent of total budget outlays. The Treasury is going to have to borrow about $75 billion in the 1981 fiscal year, Mr. Kaufman estimates, assuming only $10 billion in tax cuts.

As a matter of fact, the Treasury, we now know—because it is a year later—had to borrow a great deal more than that, closer to $90 billion.

> "It is far too early," he says, "to conclude whether we as a people have the stamina or foresight to accept a rigorous setting of priorities in the Federal budget. If we do not, budgetary credibility will not be achieved."

So far, budget credibility has not been achieved, and that is our problem, and it has not been achieved because the investors of this country do not believe we are going to balance the budget. How can they believe we are going to balance the budget when they see the administration and the Finance Committee has requested an increase in the debt limit to $1.79 trillion, $94 billion above what the debt limit is tonight? And that is over the next year. They do not expect that; they do not expect to use it.

Of course, that kind of massive increase in the Federal deficit has to be financed. That means there will be a continued inflation of the credit markets, and that tells the credit markets, "Look out, because there is going to be continued pressure on interest rates from the Federal Government over the next year."

If we adopt my amendment and refuse to increase the debt limit beyond $995 billion, keep it under $1 trillion, then the message would go out that we have a credible fiscal policy, that we mean business about fighting inflation, that we mean business about fighting high interest rates, that we are going to follow a tough fiscal policy one way or the other, take whatever action we have to take to hold down spending; and if we cannot do that and increase taxes on consumption so that we balance the budget and get the Federal Government out of the credit markets, we send a signal to the American people that we are going to fight inflation.

Leonard Silk goes on to say:

> With more big deficits in sight, rational expectations of inflation are likely to continue. And a heavy burden upon monetary policy for trying to curb inflation is likely to remain. The consequence will be a chronically high level of interest rates, which will slow down investment, consumption and economic growth.
>
> Sluggish growth or even resumed recession in the coming year may act as one more episode in temporarily reducing the rate of inflation. But a drastic and abrupt end to inflation, such as happened in Central Europe after World War I, is not yet in the cards. That's what the banks seemed to be saying this week as they put up their prime rates of interest to 17¾ and 18 percent.

That was November of 1980. It is now September of 1981. The prime rate is even higher. We had a year of experience with this program of the President's and it is clear that interest rates are too high. It is clear that we cannot and should not continue with a fiscal policy that makes monetary policy almost impossible to operate.

We should recognize that the prudent policy, the responsible policy, is to bite the bullet, take the tough path of putting ourselves in the painful position of accepting one or two or both of the politically difficult options—cut spending, increase taxes, or do both.

Nobody likes it. As I have said over and over tonight, it is exactly the wrong kind of policy for political advantage, but it is the right kind of policy for our economy. The question is whether we will be able to follow that policy or whether the administration will be able to follow that policy.

Maybe I have hit too hard on the notion that it is politically unpopular. Actually, all these things depend on whether or not they will work. I do not believe it will be politically unpopular to follow a policy that will work. I believe this policy would work, because it would be the clearest kind of concrete, specific message to the voters that we intend to balance the budget, that we are determined to balance the budget and we are going to balance the budget, that we are going to take the Federal Government out of the credit market.

If that worked, then the reward would come to Members of Congress who supported that position, because it would mean that we would have better growth;

it would mean that interest rates, at long last, would begin to come down and stay down.

It would mean that prices would rise more slowly than they have in the past and begin to get a grip on inflation. It would mean that the economy would begin to grow more, more people would go back to work in construction, in automobiles, in farm implements, in small business, because the business would be able to do what it has to do, borrow money at reasonable rates.

So these policies that I am suggesting now go against the grain because they make it very hard for us. We all have people who come into our office, fine people, the best people in the world who are interested in helping people who need help and devoted their lives to that. They are just appealing for more funds. They indicate they desperately need those additional funds. It is very hard for us to say no to these people.

If we do say yes then we have to find a way of raising the money because if we do not raise the money we are just kidding ourselves. There is no way we can then stand up and say I am against high interest rates and I am doing all I can to prevent them because you and I know that if we refuse to hold down spending for taxes or both, the consequence is simply going to be the Federal Government has to borrow more money and interest rates are going to go up.

Mr. President, one of the most interesting economists who has come along in recent years is Aaron Wildavsky who has written a book on how to limit Government spending. Mr. Wildavsky's thesis is that a constitutional amendment tying public spending to economic growth will decrease taxes and lessen inflation. He argues it being in all our interest to lower outlays provided everyone has to do it thus increasing cooperation in society and conflict within Government which is as it should be, resource allocation to replace resource addition as the operating principle of the Government. It reflects our desires not only individually as they arise but collectively over time.

It is a good thing in itself and better by far than mandating balanced budgets that encourage higher taxes or imposing drastic tax cuts which encourage inflation.

As I have said many times, I have very, very serious reservations about a constitutional amendment that would try to order our economic behavior, by riveting it into the Constitution for many years to come. Our Constitution, that marvelous document, is 200 years old or very nearly 200 years old, and we hope and pray it will last for another 200 or 400 or 1,000 years or more. Riveting into that Constitution, the constitutional amendment tying public spending to economic growth is something we have to be very, very careful about. We ought to consider it. We certainly have to do something to slow down spending. I think that the best way to do it is by using the debt limit. It is available. It is easy. It is direct. As Mr. Tullock, whom I have quoted tonight a number of times, has said, it is the strongest single budget-cutting weapon in the President's hand, and that is what I am urging the President to use, that strongest single budget cutting weapon.

But the arguments that Mr. Wildavsky uses in favor of this are very similar to the arguments that I would use. So I shall quote from him. He argues that the private sector is the basis for our economic activity and in the beginning the private sector virtually dominated our economy. As I pointed out earlier, as recently as 1929 the Federal Government spending was only 3 percent of our gross national product compared to the 25 percent that it is today.

So the public sector was so small it was scarcely noticeable. It was much smaller than that earlier in our history.

> In the beginning was the private sector. The public sector was so small it was scarcely noticeable. By the turn of this century, the experts in the public sector were "on tap," but we-the-people in the private sector were on top. Spending at all levels was just under 7 percent of Gross National Product and within that total the states and localities spent less than twice as much as the federal government. No more. Today federal spending has increased almost ten times (see table 1) from 2.4 to over 22 percent of Gross National Product. State and local spending is barely above half of the federal level. If money is power relationships between citizens and government and between state and central government are not what they used to be. Over the years public spending has been growing much faster than the economy. Where one worker in twenty-five worked for the government in 1900, now the figure is closer to one in five.
>
> So long as you always multiply and never divide, it would take only an annual 5 percent increase in real expenditure over eighty years for total government spending to go up by 4,300 percent. Projecting this trend over two decades would bring total expenditure to nearly two-thirds of whatever is produced. The United States would change from a predominantly private to a preponderantly public country.
>
> There are those who conclude that in the last few years federal government expenditure has not in fact increased in relation to Gross National Product (GNP). Although one might argue that a slight fluctuation over a few years does not deny the inexorable upsurge of expenditure in the twentieth century, nevertheless it is worth examining how this conclusion is reached. Renowned authorities Joseph A. Pechman and Robert W. Hartman of the Brookings Institution say that if federal outlays are counted in constant dollars, federal spending has remained at 20 percent of GNP since 1960.
>
> How has this been done? Not by mirrors but by following the convention used in the national income accounts, that there is no productivity growth in government. As a result, the trend in the federal spending share has been biased downward. In ordinary language, government is alleged to have consumed less of the national product because its contribution has been systematically devalued. If this is the friendly face of government spending, it needs no ugly enemies.
>
> There may be those who want to turn the clock back to the days of yesteryear, but they are few and I am not among them. Government has assumed larger responsibilities for social welfare and national defense without which the nation could not long continue. The question, for me at least, is not whether expenditures will take a deep dive but whether they will continue their unabated ascent. I would much rather this did not happen because, speaking personally, I think life would be much less interesting.
>
> There would be less innovation; new ideas would languish. If the costs of government were to rise, so would the size of companies who could afford to compete. There would be less variety because government guarantees collectivity, not individuality. Though I would not expect the gray uniformity of Eastern Europe, I would expect the growing uniformity that is the unvarying object of bureaucratic rules. For me, diversity is welcome. But for government, even good government, diversity is dangerous.
>
> Considering my country, big government is no bargain. Doing what comes naturally, it will (with our consent, to be sure) eat us out of house and home. In a nation noted for the uneven development of its regions and peoples, policies that require selectivity will instead be based on homogeneity. Where race and class remain explosive issues, reducing growth in favor of giant government is unwise. Distribution of the differences would smooth social relations.
>
> Looking at liberty, competition is its keystone. Just as science proceeds by refutation of hypotheses, and markets function by the ability to reject bids unacceptable to others, so democracy thrives on the ability to say no. We may know what we're against, as is often observed, even if we don't know what we're for. Ability to switch support, however, depends on alternatives. Being against one's own government is almost a contradiction in terms. Yet, if government is gigantic, opposition to it becomes at once essential and hopeless. Political passions rise without moderation or melioration by their ability to retreat to private preserves. If competing for control over government, as vital and honorable as that is, becomes the only game in town, incumbents of institutional power have too great an incentive to rig the rules.
>
> Fearing for democracy, I would wish to have it well regarded. One criterion of an effective system is that it retains the best and discards the worst of the past. Yet big government adapts only by growing larger. In the language of evolutions, government selects up but not out. New programs are initiated but old ones are rarely terminated.
>
> Another test of effectiveness is contained in John Von Neumann's ambition to create systems more reliable than any of their parts. By sending surplus resources to alleviate strain, redundancy increases reliability. By using up resources to prevent any part from faltering, by subsidizing and regulating and ensuring against diminution in emoluments for any particular segment of society, big government reduces the resilience of the system as a whole. Big government plays with Phyrric victories. One more entitlement, a second super subsidy, security for still another lucky recipient, and it will be undone. Isn't that how we feel? After every additional protection, somehow we feel less safe than before.
>
> Why don't I like big government? It breeds dependency, which is bad for the moral fiber of the citizenry. It breaks down, which brings disrespect. When the rate of return on government securities is higher than in the stock market, which it has been for sometime, thinking of government as one's main source of support is as understandable as it is unfortunate. In falling, as it were, by its own weight, big government threatens to take a free society with it. The liberty we prize is compromised when it appears to result in government that does too much and accomplishes too little. The disrepute of democracy is the high price we pay for elephantiasis of the political organs.
>
> There was a time, no later than the 1950s, when liberals lusted after federal expenditure to do good. If only there were billions for higher education or for mass transportation or for mental health, on and on, what wonders would be performed! Now we know better. Government is an inadequate and expensive replacement for the family. Deep-seated behavior, requiring the coop-

eration of the convert, is difficult to change at any price. Those who used to argue that federal money would not bring federal effort to control education, like I did as a college student, have had their naivete exposed. It is not that public policy is good for nothing, but that it is not good for everything. And the more that is done, the more programs like disaster insurance and Medicaid lead to huge unanticipated costs, the less we understand or are able to alter them. Thus it is reasonable for us to reconsider what has been done over the decades with a view to perfecting our preferences about what we ought to want. But reconsidering and revamping public policy cannot be carried on seriously while government is expanding on all cylinders and in every sector.

Reflection before expansion. Surely this sentiment is in tune with the times. Polls of public opinion show about three-quarters of the population opposed to growth of government, even if it means cutting back on services. Balanced budget amendments have been passed in thirty states. If lower spending is part of every politician's program, however, how come it never happens?

The usual approach is to consider each item of expenditure separately on its own merits. Obviously, that won't do entirely because the total might be too high on grounds of taxation or the economy. So an effort is made to establish a total within which all expenditure must fit. What is to prevent this total from simply becoming the sum of its parts? What prevents "log-rolling" where you support my spending and I support yours? Good will? Not likely; it is much easier to solve the problem of allocation by addition than by subtraction. Loss of office? Citizens want the same spending, item by item, just as they want lower totals. Unless they can take a standing decision on totals, they will continue to get what they want bit by bit, but not in total.

For knowledgeable people believe that it will be possible to halt, for more than a year or two, the inexorable increase in spending. A sense of hopelessness surrounds the issue. When the "beasts" battle the "boobs," the sharp-toothed win over the dim-witted. Some say bureaucrats will beat us every time. Others say politicians will continue to promise and will spend themselves into office. Still others see citizens snapping up the bait of public largesse. Citizens sound like they want less public spending, the cynics say, except when it comes to their favorite programs.

Nevertheless, James Tobin, a distinguished economist, has argued that the impetus for spending on social services and income support is losing force. Therefore, in his view, spending levels have reached a plateau. Demography, however, is not necessarily decisive. Spending increases not only because it is necessary but because it is possible. Like mountains, spending climbs because it is there. Why should programs and their beneficiaries do with less when they can get the government to spend more? Recognition that new proposals for spending will expand to fit any available room has led legislators who occupy important positions in the budgetary process to propose stringent limitations of their own. Explaining the conversion of House Budget Committee Chairman, Robert N. Giaimo,

He was chairman, as we all know, in the last Congress, an outstanding Congressman from Connecticut—

to legislation that would limit the government's dispensation of credit and would hold spending to a percent of GNP, the National Journal states, "Giaimo's change of heart springs from two sources: his opposition to new spending programs recently voted by Congress and his failure to persuade Congress to pass bills saving money in existing programs." The Chairman of the Senate Appropriations Committee has followed suit. Now these proposals (there are at least a dozen other devices designed to limit spending) are legislative, not constitutional. I will explain later why I think a bill, like the one placing a ceiling on the national debt, cannot contain such strong spending pressures. But it is clear that experienced legislators, looking at their inability to resist huge, new expenditures outside the regular budget, such as those resulting from the windfall tax on oil, are coming to favor stronger self-limitation.

If I thought the ordinary operation of the existing political process would lead to less expenditure, I would not be advocating a constitutional amendment limiting the rise in public spending to a proportionate increase in private production. If I thought democracy were doomed, if nothing could stop society from being absorbed into government, I would not bother. Why do I believe constitutional expenditure limitation will help us do together—to prevent the public sector from growing at the expense of the private—what we are currently unable to do alone?

At a recent round table on budgeting, an experienced auditor said that the purpose of standards was to allow weak-minded auditors to resist pressure by saying, "I can't do this." He was followed by a practitioner of budgeting who said that the prospects for reducing spending depend on three things: (1) the principle of equal sacrifice; (2) an inability to pass the buck; and (3) a gradual rather than a precipitous reduction in expectations of service. All of these purposes would be accomplished by the amendment. Because there is a fixed ceiling that everyone knows will last a long time, constitutional limits prevent passing the buck; since spending is allowed to grow absolutely, being limited only relative to national product, there need only be a gradual reduction in expectations of indefinite increases; and because great growth in some programs will, by virtue of limitation, require a corresponding reduction in others, self-interest will help supervise equality of sacrifice.

The major objection raised by knowledgeable people is that if the federal budget is blocked, spenders (always more numerous than savers) will make end runs around it. The trouble with this argument is that what the predicted consequence of limitation has already happened without it. At this very minute, in addition to a federal budget of over $600 billion, there exists around $30 billion of off-budget spending by quasi-governmental corporations, $100 billion of spending through the tax process, and a whopping $440 billion of guaranteed credit. What our good budget boys will do when they are naughty I dare not imagine.

IRONIES OF EXPENDITURE LIMITATION

A nice irony of expenditure limitation is that it will lead to a 180 degree reversal of current political postures. Conservatives argue that social processes in which individuals are left to pursue their own interests (under agreed rules facilitating the flow of information and freedom of choice) will produce better results than would central command. Liberals say that governmental intervention is essential to overcome the hidden hierarchies of market manipulation that perpetuate inequality. Constitutional expenditure limitation will lead each side to adopt the arguments of the other.

In politics, like markets, good decisions are those on which there is agreement, not those deemed correct according to cogitation by a wise man sitting astride the relevant hierarchy. Yet the "invisible hand" that is supposed to guide markets must be missing in politics. Otherwise conservatives would not want to intervene, so to speak, with a constitutional club. For their part, I predict that liberals (in the pristine sense of the word signifying largesse and liberality, that is, more spending) I will postulate a hidden intelligence assuring optimal political outcomes.

They must; otherwise they will be unable to argue against those meddlesome social experimenters who will tamper with the wondrous work of the founding fathers. The liberals will argue that the political process, left to its own devices, will arrive at expenditures, both individual and total, that are more appropriate than if these decisions were prejudged by being fit into a procrustean constitutional limit.

The proponents of expenditure limitation argue the opposite: individual expenditure decisions do not add up to what citizens would choose collectively, were they given the choice. Each part of public expenditure is wanted; only the whole is unwanted. Bringing the two types of decisions together—totals over time and particular parts one at a time—is the essence of expenditure limitation.

Keeping the parts and the whole separate is the essence of an unstated liberal-conservative alliance on high spending. Conservatives fear defense will not win; liberals fear welfare will not win; so they tacitly decide not to impose or abide by spending limits. As things stand, both sides get what they want, higher defense and welfare spending. It is only the country that loses.

The amendment places a ceiling on spending but not a floor. Some of its sponsors hope that eventually expenditure will comprise a significantly lower proportion of GNP than it does now. I doubt it. Whatever is known about spending suggests that ceilings also become floors. Too many people want too much from government to get less than they can. Even the increase in spending that provokes public protest is evidently insufficient for its proponents or else they would not seek to circumvent existing budgetary procedures. Conservative congressmen will discover that it is easier to keep constituents happy and to reconcile diverse interests by spending up to (or just below) the limit. As soon as they realize that lowered spending for one year shrinks the base for the next, they will be reluctant to tie themselves down. We will be fortunate enough to keep within the limit without projecting fantasies about lowering it.

There is a circumstance, however, under which spending could decline substantially as a proportional part of GNP. The long amendment contains a provision penalizing expenditure during inflationary periods. For every 4 percent increase in inflation (above the first 3) a 1 percent decrease in spending is mandated. The government would no longer have more to spend during inflation, as it has today. The government would have every incentive to prevent inflation.

That is an ingenious kind of a proposal, Mr. President, and I think it is well worth consideration. Mr. Wildavsky is a delightful writer, and he is a fine economist. As I say, I do not agree we should put this kind of limitation into the Constitution, just as I am not sure I agree we should put a constitutional requirement that we balance the budget, as long as there is another way to do it, and the other way to do it is right upon us.

Mr. President, the method that I propose here is, as I say, before us, it is upon us. It is the limitation on the debt limit. It is immediate, it is practical, it is effective. It is, as Mr. Tullock said, the strongest single budget-cutting weapon in the hands of the President or in the hands of the Congress. You put that in and that is it, that is the ball game. There is no question but we would have to hold down spending, and it would work.

How we compare that with a constitutional amendment, I do not care whether it is Wildavsky's constitutional amendment, which puts a limit on spending according to the rate of inflation, which is ingenious and might be well worth considering and might be something to adopt, but that is not the issue now. I brought up Wildavsky because it is very helpful to see some of the options that will try to achieve a policy that will help us combat inflation.

Certainly, if we reduce the level of spending as inflation goes up, do it mechanically, mandate it, rivet it into the Constitution, that has a very interesting appeal. But I feel that the advantage of the method that I am suggesting here leaves a maximum amount of flexibility because either the President or the Congress could vary this and, of course, we would have to get the consent of the President because he could veto any increase above the debt limit or increase of the debt limit, I should say, and that veto, in my judgment, could almost never be overridden. The President is elected by all the people of this country, and I think we should be willing to follow his leadership. We have the authority, if two-thirds of us wish to do so, to override his veto, and to proceed to increase spending or to proceed to increase the debt limit, so that we could engage in a greater degree of spending.

But this is the way to assure that we balance the budget and then force the President and Congress to work out the priorities of spending, for taxes or whatever is necessary to achieve that end.

Mr. President, I have not discussed tonight, and I should discuss, the alternative that so many of the American people have considered at great length, including particularly price control and wage control. One way to fight inflation that was advocated in the last campaign by a leading Presidential candidate, as advocated, according to a poll by a majority of the American people, is that we simply pass a law and say that prices cannot go above a certain level.

Mr. President, that is something I think should be considered, and the reason it should be considered in connection with the bill that is before us is that we ought to realize how this alternative that we have of limiting the borrowing by the Federal Government is by far the best alternative there is. Mr. Tullock calls it the strongest weapon and, indeed, it is.

The trouble with price controls, of course, is that they provide a limitation that may work in wartime, because in wartime there is a strong patriotic motivation to sacrifice, there is a recognition in wartime that some of our people, our young men, are dying and are risking their lives, and there is a great public pressure there for people to conform with laws that strengthen our national will and our economic and, therefore, military strength.

Price control worked well in World War II. We had a kind of price control in the Korean war, and it worked. But war is a very limited period. Even World War II we were engaged in that for only 4 years—it seemed longer than that—but it was only a 4-year war. The Korean war was much shorter than that.

For a short period of 2 or 3 or 4 years price controls can work, but if we apply price controls in the present circumstances, if we should apply wage and price controls, we would have the same kind of unfortunate experience that we had in the Nixon administration when in 1971 we imposed price controls, and the inflation rate was 4 percent when they were put in. They were taken off in 1973, and the inflation rate was 10 percent. There was an explosion, and we found that, as Dr. Charles Schultze, who was chairman of the Council of Economic Advisers during the Carter administration, pointed out, we found we had to make all kinds of exemptions. Obviously, you could not expect businessmen to hold down the price of goods they imported from abroad that were not under price controls. As those prices rose, they had no option except to pass through that price, and they were allowed to do it.

We found we were unable to secure the food we needed. The farmers simply would not bring their food to market if they were restricted and, as a result, we found we had to exempt food, a tremendously important factor.

We found we also had to have a terrifically complicated system of trying to regulate wages because to flatly control wages, of course, would mean no matter how hard people worked, no matter how able they were, no matter how big their responsibilities they could not be promoted without some kind of an exemption system.

Once you have an exemption system it is very hard to enforce it. It is easy to rig it, it is tempting to rig it, particularly in a period when you have inflation and, perhaps, a shortage of skills, and the most ruthless people, who will be willing to find ways around that kind of limitation on wages or some kind of merit increase whatever, are going to get the people they need.

If you say nobody, but nobody, is going to have a wage increase then, of course, you have an absolutely unworkable kind of a system because you destroy all kinds of incentives, and you are unable to have a flexible system at work.

In any event, we tried wage-price controls in World War II, as I said. They worked reasonably well. There were problems with them. In the Korean war they worked. But in a peacetime period they did not work at all.

All the proposals for wage-price controls that we tried to use or considered using, I should say, in the Carter administration were, I thought, very, very effectively shot down.

I think that while many people think that you can pass a law against high wages, rising wages, or rising prices, we found that it simply could not be done. It was so complicated, so difficult, and so subject to a morass of bureaucracy, regulations, rules, restrictions, limitations.

If you had a thriving, efficient kind of operation, it was very hard to provide the rewards for that kind of an operation. If you had legitimate increases in cost, it would be very difficult to pass those increases in cost through.

So the price control system just is not an effective system of coping with inflation.

Now we have an option that I have followed in the past, that I tried to follow in 1979, 1980, and this year, too, simply proposing an amendment to cut spending. I proposed an amendment in 1979 to balance the budget by cutting spending down to the level of revenues, cold turkey. I proposed that amendment again in 1980, for 1981.

This year, in May, I proposed a similar amendment to cut the Reagan budget by $48 billion. That would have tried to balance the budget just by sheer reduction in spending.

In each of those years I got a small minority of the Senate. I was defeated. I think it is clear that spending reductions of that kind, while logical, are extraordinarily difficult to put into effect.

With all the logic behind the President's spending reductions, some $35 billion, there has been a terrific amount of criticism, and if he had not been a popular President and a very capable communicator, there would have been no way that the Congress could have been persuaded to go along with it.

To rely on spending reductions, and those spending reductions have to be translated into specific programs that affect constituencies, is extremely difficult to accomplish.

On the other hand, Mr. President, there is no question that we know that if we limit the ability of the Federal Government to borrow that we are going to meet the overwhelming support of the American people and our constituencies in every State. They want to balance the budget. They believe the budget should be balanced. They balance their own budget. If they are businessmen, they balance their budget in their family and also in their business. They live by it. Their city lives by it. Their county lives by it. Their State lives by it, and they cannot understand why, for the life of them, the Federal Government cannot live by it. It is logical, clear, and effective. It is a far better system than relying on a constitutional amendment, price controls, spending reductions, or any of the other proposals.

Mr. President, frankly, one of the reasons why I am particularly anxious to take this action is that I think there is nothing we can do more effectively to combat inflation.

I represent the State of Wisconsin. The State of Wisconsin is known as the Nation's "Dairy State," and it is. We produce far more dairy products than any other State in the country. Dairy is the No. 1 cash crop in a number of States, far more than people realize. But, of course, it is overwhelmingly dominant in my State of Wisconsin.

This year, as the distinguished occupant of the chair is very much aware, the Senate has decided to accept the recommendation of the administration with respect to dairy price supports, and has, in effect, fixed the level of price supports for the next 3 years. There will be no increase in the dollar level of price supports, in all likelihood, according to the best analysis I have seen, for 3 long years.

That means inflation will be devastating for our farmers in Wisconsin. That means that many of them, and I mean thousands of them, will not be in business 3 years from now. And these are very efficient farms, not marginal farms, but the most efficient farms in the country and in the world. They are people who work hard, people who understand their work, people who have excellent equipment, people who have good herds, who have good land, people who should be there producing the milk that this country is going to need, and need greatly.

What we have done is to say that any inflation that occurs in the next 3 years, and we can anticipate it unless we take the kind of action I am advocating here, about 10-percent inflation each year, will have to be taken out of the net income of the Wisconsin dairy farmer, the Mississippi dairy farmer, of dairy farmers around the country.

That is going to have a devastating effect on their net income.

The University of Wisconsin figures that the average dairy farmer will lose 70 percent of his net income. As I say, dairy farming is common all over the country and it is absolutely essential in the State of Wisconsin.

One thing we can do under these circumstances is to, as quickly as we can, get a grip on inflation. That is the only salvation that is available. It is a long, long shot, but I think it is the only thing we can do. That will provide relief to the dairy farmers as well as to thousands of other people in the State of Wisconsin.

I feel very strongly that we have an absolute duty to do all we can to adopt this method that is before us now and refuse to raise the debt limit above $1 trillion and keep it at that level, because it will be the strongest kind of a psychological signal to the people in this country, the businessmen and the consumers, that at long last the Federal Government means business about inflation and that you can invest now in bonds and get a bargain, that you can invest in the dairy farms and do or take these other actions and get a bargain. If we do mean business, and I think that will mean we do, it will have a very beneficial effect in slowing down the inflation that, as I say, is going to absolutely destroy the Wisconsin dairy farmers because of the farm legislation we have enacted.

Mr. President, a typical Wisconsin dairy farm consists of 40 dairy cows which produce for market a total of 4,960 hundredweight of milk per year. This farm would currently be valued at about $260,000. Currently the debt-to-asset ratio for Wisconsin farms is 19 percent. Therefore, the outstanding debt for a typical farm would approximate $50,000.

Many farms, of course, have to borrow much more money than that. But $50,000 is fairly typical.

At the current interest rates of 16 to 17 percent being charged on farm loans, the interest expense for Wisconsin dairy farms would be about $8,250 a year. Last year the interest expense for a similar farm would have been about $700 less. So it is already very high. Of course, last year interest rates were high, but this year they are higher. Of course, any long-term debt would have to be refinanced, so the burden on the dairy farmer has gone up.

(Mr. JEPSEN assumed the chair.)

Mr. PROXMIRE. The dairy farmer is not an exception here. This is true of all farmers. All farmers are debtors. All farmers have to borrow money. The only difference is that the dairy farmer is now in the position where it seems inevitable that the price he gets for his milk will be the same in 1982 as it was in 1981. As a matter of fact, as it was in October 1980. It will be the same in 1983 and very probably in 1984.

If you have the same price, then you have to eat inflation. It is plain murder.

Now let me quote from an interview with a farmer conducted on March 23, 1981. This, I should say, is a hearing before the Subcommittee on Livestock, Dairy, and Poultry of the House of Representatives.

The farmer was a Mr. Bernard Goodken. Mr. Goodken said:

> I am a dairy farmer residing at Monticello, Iowa. I am a board member of Mid-America, Inc., a cooperative association of 11,000 dairy farmers in 12 Midwestern States. I appear here today to suggest revisions to be included in the dairy section of the 1981 farm bill. The Agricultural Act of 1949 states that the level of support is to be established in such manner as to assure an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and insure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs.
>
> The 1949 legislation and subsequent amendments have dealt primarily with dairy farmer income maintenance to assure consumers of an adequate domestic milk supply. We believe that the adequate domestic supply concept must be maintained in the 1981 dairy legislation.
>
> Milk is one of our most basic foods. A strong viable domestic dairy industry is a necessity to the nutritional welfare of the consumers of the United States.
>
> Milk and dairy products, excluding butter, provided the following components of consumer diets during 1979:
>
> 18.7 percent of the food energy supply.

Mr. President, that is really an astonishing figure. Eighteen percent of the caloric consumption is dairy products—almost a fifth.

Twenty-one percent, more than a fifth, of the protein supply:

> 21.7 percent of the protein supply;
> 11.8 percent of the fat supply;
> 6.3 percent of the carbohydrate supply; and
> 73.8 percent of the calcium supply.

Of course, that, as we all know, is essential to the formation of healthy bones and teeth, particularly in children. Three-quarters of that is supplied by milk.

> 34.7 percent of the phosphorous supply;
> 2.5 percent of the iron supply;
> 21.2 percent of the magnesium supply;
> 13.2 percent of the vitamin A supply;
> 8.1 percent of the thiamin supply;
> 39.1 percent of the riboflavin supply;
> 1.4 percent of the niacin supply;
> 11.6 percent of the vitamin B6 supply;
> 20.7 percent of the vitamin B12 supply, and
> 3.7 percent of the ascorbic acid supply.
>
> In recognizing the nutritional importance of dairy products, the Congress of the United States has for many years undertaken to assure that this country will continue to have an adequate, stable and dependable supply of domestically produced milk. This recognition was reaffirmed in the Food and Agriculture Act of 1977, which directs the Secretary to establish support prices for milk at a level which will assure an adequate supply of pure and wholesome milk to meet current needs, to reflect changes in the cost of production, assure a level of farm income sufficient to meet future needs and be in the public interest. The continuation of this policy in the 1981 dairy legislation will be in the best interest of both producers and consumers of milk.
>
> These are difficult times for all of us. Inflation and high interest rates are a bad combination for almost all segments of our society and dairy farmers are no exception.
>
> Most dairy farmers are not rich. We work 365 days a year to produce a very nutritious product for consumers. We produce this product to make money so that we may provide our families with the same good things of life enjoyed by most Americans. As inflation has continued these past few years and as it is projected to increase this next year, dairy farmers simply must have adjustments in the milk price support in order to maintain their relative position in the economy.
>
> Our cost of producing milk continues to increase. The cost of production items in February were up 10 percent from a year ago. Feed costs, which represent over half the cost of producing milk, are up 25 percent and fuel costs are up 17 percent. Following deregulation of the oil industry, fuel costs increased over 9 percent in two months, which represents an annual rate of over 54 percent.
>
> Dairy farmers have produced more milk the past two years. I think we need to look into the reasons they have produced more milk and see if we project those conditions to continue in the future.
>
> Dairy farmers have increased production for the following reasons:
>
> (1) Beef prices have not been high enough to attract animals from the dairy herd.
>
> (2) Milk prices have been relatively favorable compared to livestock prices. This does not mean that dairy farming has returned more than a reasonable amount to dairy farmers. It simply means that returns for labor and investment to dairy farmers have been greater than returns to other agricultural enterprises.

Mr. President, I have contended that. I think anybody who looks at the price of other agricultural products recognizes that, grim as has been the situation in dairy, it has been better, frankly, than it has been in other farm commodities. That has hurt dairy, because farmers have gotten into dairy or stayed in dairy or increased their dairy production when they can do so because it has offered a better alternative than these other areas.

Of course, some might argue, in that case, we have to cut dairy down a little bit and bring them down to the level of these others. I think as the distinguished Iowa farmer says—and I think he makes all the sense in the world—dairy farmers are not getting an excessive return and nobody can argue that they are. They are getting a very meager return considering the hours they have to work, the skills they have to have, the investment they have, the risk they take. Under those circumstances, I think that to say because hog farmers are not doing as well as dairy farmers or because beef farmers are doing more poorly, or because farmers that simply grow feed are doing badly, too, the dairy farmers should be doing worse—I think that is certainly looking at the whole situation about as negatively as we can.

That is going to happen in the bill that we have before us and it is a fait accompli. I am not arguing against the bill before us. I am saying we must do the best we can to counteract inflation. The best way, the only way that is available now to counteract inflation is to limit the amount of borrowing that the Federal Government can engage in and the amount of lending they can absorb. In doing so, of course, we hold down interest rates and we hold down prices. We give the dairy farmers a break.

Also, as the farmer points out:

> (3) Inflation and unemployment increases have resulted in a "return to the dairy farm and I won't be starved out" attitude by some who have a farm origin.
>
> As we look into the future, we believe that these primary factors will moderate. Beef prices are projected to increase and this should result in a decrease in dairy herd numbers which, of course, will mean less milk. World food production, particularly food and grains, is not increasing as fast as demand. Food and feed grain prices have increased significantly the past several months. We now have a very low milk-feed ratio. If the Midwest drought continues for another month or two, we will be extremely short of both food and feed grains.

Mr. President, that did not happen. The next month or two after this testimony—I am not sure what it was in all the States, but I am sure in our State and I think it was fairly typical—it was a good crop year.

He says:

> Prices for these products will increase, relative profitability for milk will decrease, and less milk will be produced.

I admit that is a rather optimistic scenario, and this last year, it did not work out that way. The fact is, Mr. President, that we had an even worse surplus situation about 6 years ago. The surplus was bigger than it is today. We worked out of that without excess cost. We worked out of that without a flat refusal to make adjustments. In fact, all during that period, dairy farmers received 80 percent of parity. Yet we were able to work out of it on an equitable basis.

Obviously, there is no chance of 70 percent of parity, because the acquisition level of $750 million is going to persist for the next 3 years. That means that there will be no increase at all, not a penny of increase. Of course, that means that the dairy farmer, as I say, is going to have to eat the inflation. It is going to be about as painful a process as you can imagine.

> As this administration continues to do the right things to stimulate savings and investment, interest rates should decrease, business expansion should be forthcoming, demand for labor should increase, unemployment decrease, and our population feel more secure in their present job rather than the insecurity that has existed which has led to a return to dairy farming. In other words, the conditions which have led to a slight increase in production the past year or so should not continue into the future. We cannot afford to take action which might result in a significant increase in consumer prices for milk as a result of decreased production. The pending legislation must continue to embrace the adequate domestic supply concept.
>
> The milk price support program has served farmers, government and consumers well. Milk price supports have varied from 75 percent to 90 percent of parity. Long run stability appears to us to have resulted when milk price supports have been set at about 80 percent of parity.
>
> We are concerned about published reports of the cost of the price support program. We believe that the reports are misleading and are bringing undue criticism on the price support program.
>
> For example, it has been widely reported that the government cost for the milk price support program in the last marketing year (1979–1980) was $1.3 billion. However, the annual "Report of the Financial Condition and Operations of the Commodity Credit Corporation" issued by the U.S. Government reveals that the net Treasury costs of the Commodity Credit Corporation operations to support milk prices in the 1979–1980 marketing year was $314.7 million.
>
> The difference in the numbers is that in the first case the value of the product on hand is ignored and is considered in the second case. We believe that actual Treasury costs should be utilized in all comparisons.
>
> We believe that the price and production stability that has been provided by the price support program can be maintained by providing for a flexible price support level which would be based on the level of Commodity Credit Corporation purchases. In other words, low purchase levels would result in higher support prices, high purchase levels would result in lower support prices. With this concept, milk support prices would range from 75 to 90 percent of parity, depending on the level of Commodity Credit Corporation purchases.
>
> One of the most important factors facing the Congress is the advisability of continuing to adjust milk price supports on a semi-annual rather than annual basis. Until the mid-70's a semi-annual adjustment in milk price supports was not needed because milk price support adjustments on a per hundredweight or product pound basis were not significant. In recent years, the semi-annual adjustment has been essential in order to reduce the economic shock to consumers of significant increases in milk price supports on a yearly basis. Milk price supports have increased by significant amounts just as the cost of everything else has increased by significant amounts. Milk prices have not increased as much as the consumer price index or the index of all foods, but they have been significant. Without the semi-annual adjustment in support price levels, the annual adjustment in price for each of the past two years would have been in excess of $1.50. An increase of this magnitude would have had a highly undesirable impact on the marketing system.
>
> While we are aware that Commodity Credit Corporation purchases were up in 1980, we would point out that a large portion of the purchases can be accounted for by casein imports. Casein is used in the production of imitation cheese and is a direct replacement for nonfat dry milk. Import quotas on casein would eliminate a large portion of the Commodity Credit Corporation purchases and would, therefore, reduce government costs. We support the establishment of import quotas on casein.
>
> We believe that this country must maintain a strong, viable agriculture industry in order to maintain sufficient supplies of all food products. In accomplishing that goal we support higher price levels for all segments of agriculture in order to maintain sufficient productive capacity for the consumers of this nation.
>
> The continuation of the long-term stability provided by the support program can best be maintained by the enactment of a four year farm bill.
>
> Thank you.

Mr. President, I want to call to the attention of the Senate a study by the Congressional Budget Office on reducing the Federal budget. The heart of my proposal here is that we reduce spending. I think it is incumbent upon me to indicate where some of the areas we are spending in should be reduced. Obviously, that would have to be part of the strategy unless we are simply going to increase taxes and I certainly do not want to do that.

> This chapter contains brief descriptions of 105 possible actions to affect the Federal budget. They are listed in the same order as the budget function categories to which they apply. A few affect more than one function; these have been assigned to the function on which the proposal has the largest dollar impact.
>
> The list of 105 potential changes is by no means exhaustive; many others could be added. The inclusion of an item on the list, or its omission from it, does not imply a recommendation by the Congressional Budget Office (CBO). The items discussed are simply illustrative examples.
>
> The savings estimates contained in this chapter for direct spending programs are calculated against CBO's preliminary five-year budget projections (the "CBO baseline") for fiscal years 1982–1986, unless a different source is specifically cited. The CBO baseline is not a forecast of what will happen. Rather, it is intended to answer the question: What might the Federal budget look like in each of the next five years if the policies embodied in the budget actions taken by the Congress through December 31, 1980, were continued unchanged—except for adjustments to reflect inflation and demographic changes?
>
> Each item also includes estimated savings resulting from the CBO option, using President Carter's fiscal year 1982 budget recommendations as the base for the calculation. If the resulting estimate is the same as that derived from the CBO baseline, only one estimate is given. In those cases where savings from the Carter budget differ from those against the CBO baseline, both are displayed and the difference is accounted for in the text.
>
> When the item involves revenue rather than spending changes, the revenue gain of the CBO option applies both to the CBO baseline and to the Carter Budget. If President Carter has made a related proposal, the item shows the gain against the CBO baseline from both the CBO option and the Carter budget proposal.
>
> The estimated savings or revenue gains shown for the separate items cannot be added to a grand total because some of the proposals are alternatives to others, and because some may affect the expenditures of other federal programs in ways that are difficult to estimate precisely.
>
> In general, the savings estimates assume that the proposal under discussion will take effect on October 1, 1981. If a different effective date is assumed, it is stated in the discussion of the item.

Of course, October 1, 1981, is just 2 days away, and this is an assumption that was made before President Reagan took office, and it is based on the Carter budget, but it does provide a series of options as to how reductions in spending, reductions in our deficit because this includes tax subsidy reductions, could be achieved.

The date used is the earliest feasible one that is consistent with fairness and with practicality.

All of the savings estimates are preliminary and they are based, as I say, on an assumption in February 1981, early this year. I should correct myself. It was after President Reagan took office, but it was based, of course, on the work done by the previous administration.

In the first place, it is argued that we could have an increase in joint service advertising.

Since the transition to an all-volunteer force began in 1973, advertising budgets for military recruiting have grown from almost nothing to over $140 million for fiscal year 1981. Less than 10 percent of these funds have been dedicated to joint advertising in which two or more services appear in the same advertisement. Yet the Department of Defense has found that, for certain purposes, joint-service advertising would be more cost-effective. Tests show, for example, that joint-service magazine advertising yields, per dollar spent, 1.5 times the number of applicant leads for recruiting as does single-service magazine advertising. Joint-service advertising may also help to avoid undesirable interservice competition for recruits.

If these findings hold for all advertising media, the services could cut advertising costs substantially and still obtain the same number of qualified leads.

The estimates here are that by increasing joint advertising the savings could be $18 million in 1982, $21 million in 1983, $24 million in 1984, $26 million in 1985, and $29 million in 1986. Thus, savings in budget authority and outlays are very similar in all those respects.

Second, streamlining of recruiting support operations. This would not cost any service or any advantage that the Defense Department has. It would simply streamline the recruiting and in doing so they estimate a saving that would go from $58 million in 1982 to $95 million in outlays in 1986, for a total cumulative 5-year savings of $391 million.

Third, ending of certain social security credits for military personnel. There is a controversial proposal.

The longrun saving would be $30 million. It is one we could take or leave alone.

I think we have to be very careful about cutting social security credits because, of course, that is an effective recruiting tool, but it is at least an option that can be considered.

Then we have an increase in the State's share of Army, National Guard costs.

The 344,000 members of the Army National Guard serve two functions. They are part of the nation's reserve military forces, and they are used by the states to keep order when other police and security forces are inadequate, for assistance after natural disasters, for holiday traffic controls, and for other state purposes. The states pay salary costs only when the Guard is actively performing a state mission; they pay nothing else toward the cost of the insurance role the Guard fulfills. This option would require the states to pay 10 percent of the operating costs of the Army Guard.

And it would save $1,260,000,000 over 5 years or at a rate of about $210 million to $300 million a year.

It is a tough option, and I realize the States are having some difficulty, and it may not be practical, but it is certainly worth considering.

There is no question that the Guards perform an absolutely essential service for the State, not only when they are actually called into duty but standby, and absent that, a State would probably have to hire a bigger police force or it would have to hire other personnel to serve their purposes.

Having the Guard there is an enormous convenience for the States, and I think it is certainly worth considering at a time when all of our States, virtually all of our States, are operating well and will be able to cut their taxes in many cases. My State cut taxes by the biggest margin in its history last year in 1979, and the Federal Government, of course, is having a tough time. We cut our taxes, but we still have to be struggling with an enormous budget deficit.

Then is substitution of KC-10 procurement for KC-135 reengining. That is an option that I might explain briefly.

For several years, the Air Force has sought to expand its aerial refueling capacity through two programs: first, procurement of the new KC-10 advanced tanker, already begun; and second, development of a program to replace the old, noisy, and less efficient engines of the existing KC-135A tanker with modern engines. The CBO baseline includes funds to re-engine 288 KC-135A tankers during the next five year, which would increase aerial refueling capacity by the equivalent of 144 KC-135A aircraft. This is because the new engines would permit the KC-135A to carry more fuel while consuming less for its own flight.

On the other hand, it would be less expensive to purchase more KC-10 tankers. On missions for which either tanker is suitable, the KC-10 is estimated to be roughly equivalent to three KC-135As. Consequently, 48 additional KC-10 aircraft would equal the capabilities offered by re-engining 288 KC-135As. Buying these extra KC-10 aircraft, and not re-engining any KC-135A aircraft or developing the program, would save a total of $1,377 million over the next five years. These savings assume that the 48 KC-10 aircraft would be purchased at a rate of one per month under terms comparable to those of the current contract, which offers substantial discounts for purchases of this size and rate.

Then there are other programs such as the termination of E-4B aircraft procurement. The estimate there is that the outlays would be a saving over 5 years of $524 million.

Accelerated buyout of aircraft. There again the savings vary. They would be negative in 1982 and 1983 but over the 5 years they would be positive to the extent of $165 million.

Limiting of defense investment increases to 3 percent of real growth. That is a matter that I would be very hesitant to offer without much more careful consideration. It would save a whale of a lot of money. It would save $11 billion in outlays over 5 years with the biggest savings coming in 1984 and 1985, although there would be substantial savings every year.

In fiscal year 1981, the Congress provided for an increase of 15 percent in the real value of budget authority for the investment accounts of the Department of Defense: research and development (R. & D.), procurement, and military construction. The Congress could decide, however, that real increases in investment budget authority over the next five years should be limited to the 3 percent annual rate of growth that is the NATO standard for overall defense expenditures. This would reduce investment budget authority by almost $17 billion over the five-year period 1982–1986 relative to the CBO baseline, and result in outlay savings of about $12 billion in the same period.

Such a strategy would not affect Congressional commitments to increases in defense expenditures for pay or operating expenses. It would, however, slow modernization of the armed forces in a period when some believe that rapid modernization is needed. It might also send the wrong signal to U.S. allies, whom many believe need to do more, but are only likely to do so with strong U.S. leadership.

This is a matter which we can debate. I would be inclined not to support it. But it is certainly an option that we should consider.

Then we have the reform of Federal wage-setting provisions. That would have a 4-year savings of $4,660,000,000 and substantial savings each year.

The hourly pay rates of blue-collar workers under the Federal Wage System (FWS) are adjusted annually in an attempt to maintain comparability with wage rates paid by the private sector in the same locality. Under certain provisions of current laws and regulations, however, the 400,000 FWS employees may receive about 10 percent more than their nonfederal counterparts in similar jobs, with a few receiving as much as 20 percent more. Recent limits on federal pay raises have reduced these differentials, but the laws and regulations remain.

Previous administrations have repeatedly recommended changes in the law governing the FWS pay setting to eliminate the differentials. That differential would save, as I say, about $4 billion.

The elimination of dual pay reservists who are Federal employees. That would save $318 million. The sale of surplus silver. That would save $1.145 billion. Reduction of Public Law 480—that is food for peace sales, title I sales—that would save $1.8 billion. That is controversial. It would, of course, not have a favorable effect on our agricultural economy and it might not have the savings indicated here because production has been so high in the last year or so. But it is an option that would have to be considered.

Phasing out the DISC's, Domestic International Sales Corporations. That would save a modest amount, $8 million over the next several years.

Increased interest charges on development loans. That program would save $207 million. Of course, this is a program of foreign aid which I think we could well consider reducing.

The United States makes loans to developing countries to assist their development through functional assistance, food aid, and the economic support fund.

Interest on these loans is set at 2 percent—2 percent. What do you think of that. Two percent interest at a time when, of course, the Federal Government is paying 13, 14, and 15 percent for its money and when the average citizen in this country is paying 20 percent and more. They make loans, these foreign aid loans, at 2 percent, and 3 percent once the project is operating.

In contrast, the World Bank requires only a service charge on loans, to poorest countries, but currently charges 8 percent on loans to middle-income countries. If development of such loans to such countries were subject to 8 percent interest over the term of the loan, the net savings to the United States would total about $207 million over the next five years.

Mr. President, I think that is an area

we ought to consider very carefully. For $207 million, it is pretty hard to argue that we should not only get that, perhaps more, because those are 2-percent loans. And then 8 percent—8 percent is a highly subsidized rate and those are developed countries. Our citizens, as I say, have to pay more than twice that.

Then, elimination of one Space Shuttle orbiter. Well, that is a program I have looked at very carefully and I think it is very hard to justify proceeding with the orbiter. In fact, on the basis of the slowdowns that we have had in the program, they keep postponing it, it is doubtful that they would have the additional orbiter available for production even if we wanted to move ahead.

So I think we ought to give some consideration to that or we certainly ought to do our best to see if we can persuade the users of the orbiter, industry and foreign countries and so forth, to contribute more of the cost. These orbiters cost a substantial amount to begin with, at least a billion dollars. The first orbiter cost about $1.4 billion, as I recall. The charge that we make to the users is a tiny fraction of that.

We only reclaim a small part of that $1.4 billion or $1 billion, making the assumption that it is going to have at least five times as many flights as any realistic assumption would suggest. Therefore, we charge about one-fifth or less what we should charge. I recognize that these flights are limited and the technology is advancing and it is unlikely that these orbiters would be operating more than 10 years or so. We assume they will be operating far longer than that and, therefore, reducing the charge because of the number of times we optimistically assume it would fly.

So we certainly ought to insist that this orbiter—we have the only orbiters in the world that are reusable space shuttles. We ought to certainly insist that the people who use it, whether industry or foreign countries, that they pay substantially more to cover the full cost. And if we did that, we could pick up a half-billion dollars.

Then there is the elimination of DOE funding for synthetic fuel development. There the outlay savings would be very substantial, $250 million, $465 million, $605 million, $710 million, and $725 million, or a saving in outlays of $2.7 billion over the next 5 years and an even more substantial savings in budget authority and, therefore, in future savings.

The argument there is that:

> The 96th Congress established the Synthetic Fuels Corporation to fund production of commercial-scale plants for synthetic fuel production process. The plants must have passed an initial stage of development. Some processes not so far alone are to be demonstrated on a smaller scale by the Department of Energy.
>
> Five plants are now scheduled for small-scale demonstration. Two involve making synthetic liquids from coal: Solvent Refined Coal–1 (SRC–1), and Solvent Refined Coal–2 (SRC–2). Two would make high-BTU gas from coal, and a fifth would make medium-BTU gas. The plants are to demonstrate these technologies on a scale large enough to provide assurances that a full-size plant employing them is feasible. The demonstration plants will be funded through DOE.
>
> Such demonstration plants may assist in eliminating technological uncertainties that deter private investment in full-scale synthetic fuel plants. Yet they need not be funded through the DOE budget. There is reason to believe that sufficient private capital is available in the energy industry to develop new energy technologies. Moreover, the funding of any technology through DOE undermines the competition among technologies for fixed funds within the Synthetic Fuels Corporation, and reduces the long-term effectiveness of federal expenditures to develop synthetic fuels production. Eliminating DOE funding of the five demonstration plants would save approximately $2.8 billion in outlays over the next five fiscal years.

We could terminate the Clinch River breeder reactor project and save $1.3 billion in doing so. We not only have a raging debate over the dangers of theft and diversion of nuclear material and proliferation of nuclear weapons with the breeder reactor, increased accidents and hazards to health, but also the economic efficiency of breeder reactors is also debatable. These are the questions of if and when they will be needed.

So, termination of that reactor, which I have always consistently favored and enthusiastically favored its elimination would, as I say, save $1,380,000,000.

Private financing of the strategic petroleum reserve, which makes sense, would save $20 billion, an enormous 5-year savings; over $4 billion in each of the next 4 years, and then $3 billion in 1986. A very significant savings to the Federal Government, a savings that is available and a savings that we should certainly very carefully consider.

Reduced funding for Economic Regulatory Administration. That would seem to be something that the administration would be enthusiastic about. That would save $373 million.

Waterway user charges. That is a controversial issue. Nobody likes it. But I think user charges make all the sense in the world. We pay for our highways with user charges.

People who do not use a product the Federal Government produces should not have to pick up the burden. Those who do use it should. If nobody wants to use it, do not build it.

So, wherever we can impose a user charge, we relieve a burden on the general taxpayer that he should not have to bear. That kind of a charge, the estimate is, would save $7 billion in budget authority and $3.3 billion in outlays over the next 5 years.

Elimination of the States' share of land and water conservation funds would save $1.2 billion in outlays.

Elimination of urban park grants would save $225 million.

Increased charges for outdoor recreation and topographic maps again, that kind of user charge. You are charging people for a service that they use and you are charging a more reasonable price. That would save $325 million.

I repeat, that would save $325 million.

Reducing funding for EPA construction grants would save $7,670,000,000; elimination of tax exemption for pollution control bonds would save a very modest amount $1.5 million, but it is a saving we ought to look at.

Discontinue the Postal Service subsidies, and that would save $8,750,000,000.

> The federal government currently supports the U.S. Postal Service through two types of payments—one for revenue forgone because of reduced postage for certain mailers, and another for public services that are not cost effective. If these annual payments were eliminated in fiscal year 1982, through either appropriation or authorization action, cumulative budget savings could total about $8.8 billion by 1986.
>
> The revenue forgone payment reimburses the Postal Service for providing free postage to blind and handicapped persons and for reducing second, third, and fourth class postage for certain mailers—mainly religious and other nonprofit organizations, small newspapers, libraries, and educational institutions. Proponents maintain that such reduced rates promote the flow of news and educational, cultural, literary, and charitable material. Opponents argue, with respect to nonprofit institutions, that the subsidy is not well targeted, results in overuse of solicitations by mail, and increases the volume of junk mailings; with respect to small newspapers, they contend that it serves no interest except to subsidize publication profits and the rates paid by advertisers.

I would be very careful about that one. I am certainly skeptical about it because certainly the blind and the handicapped need an opportunity to get assistance, and the nonprofit religious groups have a benefit. We can take a look at it. There is certainly some abuse of this service, and I think we probably can reduce it to some extent. But certainly we would not want to deprive people who are truly needy of a service on which they depend.

We could save more by even further reducing funding for Amtrak. Again all of us have mixed feelings about that. To the extent that it can be shown that Amtrak is not energy-efficient I think you can make a strong case.

The arguments have been, of course, that this is a service that is not used very much, the trains travel in some case with only a smattering of customers. But that is hotly disputed by people in the industry. They tell me that the trains are jampacked in the Wisconsin area. The train from Milwaukee to Chicago, for example—and you can make a case that the train from Milwaukee to Minneapolis—is very heavily used. It is a matter of just getting the facts. In the event there is a reasonable amount of energy saving related to the very high cost of Amtrak, which is high, and I think if the savings can be shown, of course, we would not want to eliminate it even though there might be a theoretical budget saving, because energy is very important. But it is something we ought to take a long hard look at, and it may well be that we can make a saving there.

Reduction in new subway commitments. Well, there again we have a program which people who use the service ought to pay for. I do not see any reason why subway systems in Atlanta, Baltimore, Buffalo, Miami should be paid for by people in Oshkosh, Wis., or in Cedar Rapids, Iowa. I figure if the people want it in their own area, they ought to pay for it, and if they feel it is too expensive, then we should not build it.

The overwhelming majority of cities will never have a subway. It is very expensive and, of course, it only serves the people, by and large, who live in the community. At any rate, we could make a saving here of a very substantial amount, $1.8 billion.

We could reduce spending on the highways. That is not very popular, and most people would like for it to continue. Again it is worth looking at because the saving is so very great. We could save a 5-year total of $3.9 billion or about $4 billion by the kind of reductions the CBO indicates, and we ought to look at it.

The federally aided highway system is composed of 42,500 miles of Interstate System roads and 824,000 miles of primary, secondary, and urban system roads. Although this federal highway system represents only 22 percent of the nation's total 3.9 million highway miles, it accounts for about 79 percent of vehicle miles traveled.

Of the approximately $9.1 billion in budget authority for highways in fiscal year 1981, $3.5 billion is allocated to the Interstate System; $1.3 billion to the repair, rehabilitation, and replacement of unsafe bridges; $3.2 billion to the primary, secondary, and urban system roads; and the remaining $1.1 billion to a variety of programs.

If federal responsibility were limited to the Interstate System, the bridge program, and the primary, secondary, and urban systems roads, the 1982–1986 budget authority savings would be approximately $7.4 billion with outlay savings of approximately $3.9 billion over the five years.

So we certainly ought to consider whether we ought to limit the Federal responsibility to the Interstate System and to the primary, secondary, and urban system roads. It is a big saving and it is hard to justify our spending Federal money on the rest, which are so purely local.

Elimination of maritime industry subsidies would save $811 million and, of course, it is a subsidy to a special interest. They make a strong case for it. But it is again a saving and a substantial saving. We can give very strong consideration to it.

User charges for certain Coast Guard activities. Well, it is a user charge. People use it, they use it for their own benefit, and they ought to pay for it. We have almost $4 billion we can save by doing that.

User charges for deep draft navigation, again almost $4 billion in outlays that we save.

Reduced funding for urban development action grants saving $480 million. I certainly would go for that. In fact, I would favor the elimination of urban action development grants entirely. It is a program that achieved some purpose but was very heavily abused, and a great deal of local investment that would take place anyway.

They argue they will not do it unless they get Federal subsidies, but it is very, very hard to discipline that or determine it. The GAO has made some studies that indicate there are abuses here, and I think the saving of $480 million is the kind of saving we should take advantage of.

Increased interest rates in disaster loans. In fiscal year 1980 the Farmers Home Administration and SBA made about $3 billion in loans to firms and farmers located in designated disaster areas. Borrowers without access to private sources of credit received subsidized loans at 5 percent while others received loans at an interest rate tied to the average rate paid on outstanding Federal obligations on comparable terms and maturities.

Tying interest rates on all loans to the Treasury borrowing rate could save $625 million, and that certainly is a saving we ought to, in my judgment, support. After all, we have to recognize the facts of life are that the Federal Government has to pay this much more for this money. We are giving disaster victims a break, and we should not be required to provide the kind of enormously cheap subsidy we do now. They would still get a break if we were able to borrow at the rate the Federal Government pays, which is far lower than the rate, of course, that most private citizens would have to pay.

Reduced funding for vocational education. That is a toughie because that is a very, very popular program, and it is a fine program, and no question about it, it does help people with the skills that enable them to get jobs, good jobs. It does improve the community. At the same time, communities support this and they ought to pay for it. They benefit from it, and it is certainly in our State the most popular program there is, and the overwhelming majority of people who have not had an opportunity to go to a higher educational institution go to vocational schools and they are greatly benefited from it. Their pay increases sharply, and it is beyond this Senator's comprehension to understand why they should not pay for it.

They should, just as I think we should, base our student assistance program on a loan program and require the students to pay back those loans. Of course, there are some who are very, very low in available resources and who would have to get some sort of an opportunity grant. But this is a great advantage we are giving these people with a college education and they should be willing to pay for it over the years.

Reduced funding for impact aid, a saving there of $2.6 billion. This is something the administration has been urging, and I think the administration is absolutely right. I agree with the Reagan administration on this that there is no justification for providing the kind of assistance with impact aid that we do. It has terrific popular and political support in the communities that benefit, of course, as you might expect. But it is, in my judgment, clearly unjustified, and we could save $2.6 billion, and we should.

Reduced student loan subsidies: Just as I said earlier, students should be given every opportunity to borrow money. But it is hard to justify a substantial subsidy. The recommendation here is we would save $5 billion by requiring students to pay eventually the cost of money to the Federal Government. After all, if they do not pay it, who does? The general taxpayers pay it, and most of them have never had a chance to go to college and do not earn what these college-educated young people will be able to earn as time goes on.

Phasing out of CETA will save $6 billion. I think it is being accomplished, but it is something that, a saving which, we should take full advantage of.

There are some very substantial savings, of course, potential savings, at least, in the medicaid program.

People eligible for supplemental security income (SSI), a Federal income support program for the needy aged, blind, and disabled, generally qualify automatically for medicaid, the Federal-State health care program for the poor. Thirty-eight States provide supplemental SSI benefits to some aged, blind, and disabled persons whose income disqualifies them for Federal SSI payments. Thirty-four of these States have chosen to provide medicaid to recipients of such supplemental payments, and the Federal Government pays a minimum of 50 percent of the medicaid expenditures that result from their participation.

If the Federal Government were to cease paying any part of the medicaid costs for recipients of these supplemental payments, the 5-year savings through fiscal year 1986 could be almost $2 billion.

This change would eliminate or reduce medicaid benefits for about 600,000 persons. Those living in States with coverage for the medically needy could continue to receive some benefits, however.

Again, we want to take a very hard look at that because this is an essential program. There is no more important program providing for the health of our people, but, of course, the cost is very high and we should consider carefully whether or not to go ahead with it if we can possibly justify a reduction.

Supporters argue that those affected by the change are among the least needy persons eligible for Medicaid. Further, such a change would lead to more equal nationwide treatment by the federal government in its income support programs for the needy aged, blind, and disabled.

On the other hand, most of the people disqualified under this proposal have low incomes, even though not eligible for SSI. Furthermore, federal policy in many welfare programs has been to encourage states to extend eligibility beyond minimal levels. As an incentive, the federal government has agreed to finance part of the cost of including additional categories of persons or enriching benefits in some income support programs. Interstate variations result from this policy and, if accepted in programs such as Aid to Families with Dependent Children (AFDC), should be acceptable in Medicaid as well.

Well, that is an argument, but we must take a careful look at it.

Changes in the food stamp program I think we can consider very carefully. That would save $2,700,000,000.

It is a program which is widely used and to some extent abused. It is a program that is hard to justify for people with incomes of $10,000 and $11,000 a year.

It is very helpful to have food stamps when you are in that category, of course, these days. But we just get to a point where it is hard to justify that kind of burden on the rest of the society. Where do you draw the line? It seems to me we should draw the line at the poverty level and that is it, because the food stamp program has been an enormously costly program and the cost has accelerated greatly over the years. There is very little evidence that there has been any improvement in nutrition because of the program. Before the food stamp program went into effect in the late 1960's, our evidence is that the average American had a better diet than he has now. In 1960, the New York Times study showed that the average American consumed more vegetables than he does now, more fruits, more dairy products, less junk food, and less other foods that, of course, are heavily advertised. I do not blame food stamps for this. What I blame, of course, is the fact that nutritional education is not good. It is overwhelmed by advertising.

I would say that food stamps are not the answer. People will buy the food that they and their children need. That is the first thing they do. We should do our best, as I say, to see that people in poverty get enough to eat. One thing we produce is plenty of food. To go much beyond that seems to me to be an imposition on the taxpayer and a waste of money. We should be able to save billions of dollars in that program. As a matter of fact, the CBO study indicates a saving of $2.7 billion by some changes in the food stamp program, and a further saving of $3.8 billion by increasing the marginal reduction rate, and an annual saving, I guess this is all together, of $7.4 billion.

So all together this study that I have here, and there are many other examples that I could read, suggest a whole series of areas where we could make the kind of savings that I have suggested.

Frankly, this is a study that was made February 3, 1981. It was released before all of the administration reduction recommendations were in, before we had had a chance to act, and certainly long before the latest administration reductions. Many of them are incorporated in the Reagan recommendations. In some cases the Reagan recommendations go even further. Some of them are not incorporated in the Reagan recommendations.

What this rich listing of various program categories suggests is that we could save the kind of money that we are suggesting here and realistically do it, and, in the process, to comply with the proposal that I make, that we limit the debt limit to less than $1 trillion, keeping it at $995 billion.

Mr. President, one of the most controversial expenditures the Federal Government is going to make, and a very, very big one, expenditure of some $34 billion at least, may cost 2 or 3 times that much without difficulty. It is now $34 billion in 1981 dollars. That is the MX.

All of us recognize that we should have an absolutely invulnerable deterrent, and Triad is invulnerable, a deterrent on land, sea, and in the air.

There has been recent very thoughtful criticism of the MX on the grounds that it would not increase the vulnerability significantly of our Minuteman missiles; that the cost would be very great; that there are other ways of solving the problem.

The administration is wrestling with this. We do not know what they will recommend, of course. The President may let us know in a day or two what his recommendation is, if, indeed, he recommends any expenditure in this area. But it is, as I say, a perfectly enormous, colossal expenditure. The minimum would be $35 billion and on the basis of all of our experience it would probably be substantially more than that.

Let me just quickly go through the case on both sides because this is the kind of a matter which, when we are considering an increase in the debt limit, we have to consider it along with it. One way we could comply with the limited availability of an amendment that would not increase the debt limit would be by taking a look at a system like the MX.

The Pentagon bases its case for the MX on four arguments:

First. It argues that the Minuteman ICBM force will soon be vulnerable to a Soviet surprise attack. The MX will deter such an attack by confronting the Soviet Union with a new land-based system capable of absorbing the attack and launching a retaliatory second strike against super hardened Soviet military targets.

Second. The land-based MX is purportedly needed as a hedge against the possible vulnerability of the remaining two legs of the strategic Triad: bombers and cruise missiles carried by bombers; and ballistic missile submarines.

Third. The MX, argues the Pentagon, will offset recent Soviet expansion in strategic forces, in order to maintain "essential equivalence" between the two superpowers. Even if the MX does not physically achieve this aim, the mere undertaking of such a massive project will convince the Russians of our serious intentions and prevent further Soviet adventurism.

Fourth. Finally, the MX is seen as extending the concept of nuclear deterrence. The MX, it is argued, will give the United States more flexibility in deploying and targeting its strategic forces and thereby confront the Soviet Union with a variety of possible responses should the Soviets attempt some military action against American interests short of an all-out attack on the United States itself.

I think if we are going to make a decision on whether or not to go ahead with the MX missile, we ought to conside each of these four arguments, examining both their failure of logic and inconsistencies with justifications for expansion of U.S. strategic nuclear forces.

> According to the Department of Defense, within a year or two (of 1980) we can expect the Soviets to have enough reliable, accurate and well-armed ICBMs to threaten most of our Minuteman and Titan silos using only a relatively small proportion of their ICBM force.
>
> As numerous expert observers—including Defense Secretary Brown—have noted, however, an increase in Soviet "hard target Kill capability" is not synonymous with the ability to conduct a coordinated massive attack on the entire U.S. ICBM force. "The Soviets would face great uncertainties," wrote Secretary Brown, "in assessing whether they would have the capability we fear—and still greater uncertainties as to its military or political utility."[2] A partial listing of these uncertainties includes the following:

Mr. President, let me spend just a minute to dwell on that term. "uncertainty," because that is the name of the game.

We have 1,000 Minuteman missiles scattered over about a third of our country. The Soviets would have to fire from their silos 6,000 miles away. In order to knock out our missiles, they would have to strike probably within a mile or so. That degree of accuracy is very, very questionable.

We might ask ourselves, what makes us think that the Soviets are so far advanced? They have, it is true, fired from their operational silos. They have tested. They have never tested over the poles. They have never tested, as far as we can tell, over that great a distance.

We have no indication that they have an accuracy of the kind we have talked about. We have not been able to fire from our Minuteman missile silos. So far, all of our firing has been from the Vandenberg Air Force Base.

Under these circumstances, I think the uncertainty factor in the Soviet Union hitting our missiles would be very, very limited, or their certainty of being able to do so.

This study says:

> (1) Accuracy.—The Russians could not be sure that results achieved with test missiles over test ranges could be duplicated by operational missiles on trajectories never traversed before. Accuracy is usually measured by "Circular Error Probable" (CEP), defined as the radius of the circle around the target within which half of the warheads are expected to fall. A small CEP—450 feet is projected for MX, 600 feet for the large Soviet ICBMs—describes a highly accurate warhead.
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> But the size of the circle might remain the same while the center drifts, so that the warheads form a tight circle around a false target. This is a problem known as bias. Long-term Pentagon consultant Richard Garwin feels that bias is a serious problem which severely limits the accuracy of ICBMs.
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> "In every ICBM you have an inertial package. Accelerometers and gyros and things like that are mounted in your missile. You've got to fire your missiles from operational silos to points in your enemy's country. . . . You've never done this before and you have to base your calculation on test shots. . . . Judging from how far each test shot falls from the target, you adjust your accelerometer or your gyro, to compensate for the inaccuracy, until in the end your test shots are landing within the prescribed area. But every time you fire a new-model missile over the same range or the same missile over a slightly different range, the bias changes. Sometimes it is greater, sometimes it is smaller, but it has never been calculated beforehand.
>
> "So you have to go back to readjusting the gyros and so on to try and eliminate the novel bias. But if we were firing operationally, both we and the Russians would be firing over a new range in an untried direction . . . and a whole new set of random factors would come into play—anomalies in the earth's gravitational field, varying densities of the upper atmosphere or unknown wind velocities. They may adjust and readjust in testing and eventually they might feel sure that they have eliminated the bias. But they can never be absolutely certain. We certainly cannot be, and . . . there is no reason to suspect that [the Soviets] are any more successful than we are at dealing with the problem. If you cannot be sure that you would be able to hit the enemy's silos, then there would be no point in even trying—because the idea is that one side could wipe out the other's missiles before they are launched in a first strike."
>
> (2) Reliability.—The Soviets could not be sure what percentage of their total force would fail to launch, fail during boost phase, or fail to detonate upon reaching the intended targets.

(3) Timing and Fratricide Effects.—The difficulties in succeeding in a multiple-warhead attack on silos are well-known. Warheads are extremely sensitive to debris in the air, changes in wind currents, and shock waves; they can be destroyed or knocked off-course by such phenomena. Nuclear explosions would produce debris and shock waves that would travel rapidly between silos and to substantial heights. The Russians would have to time their attack with tremendous precision; their warheads would either have to strike all the targets in a silo complex almost simultaneously or else sweep through the complex in a manner allowing them to stay ahead of the growing nuclear clouds; furthermore, they would have to do so for each U.S. silo complex. Given the dispersion of missile bases in the Soviet Union, such timing is probably impossible to achieve. And since a massive attack can never be tested, the Russians are likely to be very doubtful that they could do it, and for that reason alone they would be extremely reluctant to attempt it.

Incidentally, fratricide occurs when the explosion of one warhead destroys or damages other warheads before they reach their targets. The exploding warhead destroys its brother.

Additional missiles to compensate for rocket failures must be reprogrammed very quickly, in view of the nuclear effects noted above, a task that requires a sophisticated retargeting capacity which the Russians reportedly do not have and are unlikely soon to acquire. Reprogramming cannot overcome failure to deploy the RVs properly, or failure of the RVs themselves. Even detecting such failures requires a sophisticated satellite assessment system which the Soviet Union does not posses, and it would take half an hour or more from launch time until the detection of failure, too long to prevent a retaliatory launch of the surviving missiles.

It has been suggested that the Russians might overcome this deficiency by targeting a second round of warheads for reliability only. In other words, if the first weapon fails to arrive or detonate at the target, a second warhead, timed to arrive within a few seconds of the first, will destroy the target. If the first warhead functions, the second will be destroyed. This tactic, while theoretically possible, is costly in warheads, requiring more than one Soviet warhead to destroy one Minuteman or Titan warhead, thereby undercutting whatever "rational" basis might exist for the attack. Furthermore, this scenario assumes that the first warhead, while eliminating the second RV, actually destroys the target. Since actual performance diverges from expectations, this may not occur, making the outcome of such an attack highly uncertain.

(4) Launch on Warning.—The DoD contends that if nothing is done to counter Minuteman's vulnerability, the United States will be forced to launch nuclear weapons on warning of an attack, creating a hair-trigger atmosphere at a time of severe international tension. According to Secretary Brown's FY 1981 Annual Report:

". . . It is one thing (and by no means an easy one) to have an operational capability to launch nuclear weapons, without warning or under attack. It is quite another matter to be obliged to launch them in order to avoid losing them to the attacker. The latter posture, with its vulnerability to accidents and false alarms and still more with its premium on hasty action rather than deliberate control, is unacceptable to the United States. In a given situation, the President may decide to order a launch, with or without warning. The duty of the Department of Defense is to plan and procure systems so that the force can ride out an attack if that is what the situation calls for, and what the President directs. It is not our duty to force his hand."

As Undersecretary of Defense for Research and Engineering, William J. Perry testified in 1980, "We always have had an LUA (Lauch-Under-Attack) option for the President." In fact, Undersecretary Perry noted that "recent changes have, we believe, removed significant impediments to exercising that option." So the issue is not the possible resort to launch-under-attack per se, but whether, in the absence of the MX, the President would be obliged to use it.

The MX system is being designed to assure the survival of 1,000 warheads after a surprise attack in the 1990s and beyond. The survival of these 1,000 warheads, out of a projected 1990s inventory of 12,000 to 15,000 nuclear warheads available for retaliation, would not exactly "oblige" the President to launch on warning of an attack. Furthermore, MX would only survive the first round. After absorbing an initial large-scale attack, enough shelters would be destroyed to permit the Russians to concentrate their second strike on those that remained, requiring the MX to be launched under attack to avoid destruction in its shelters.

With respect to the Minuteman, just as in the case of the MX, if even the slightest doubt persisted about the nature of the incoming attack, the President would not be obliged to launch, having at his disposal thousands of other nuclear weapons on board submarines and bombers equipped with cruise missiles. The fact is, however, that the massive scale of an attack aimed at destroying Minuteman—or for that matter MX—would offer fairly unambiguous warning, or else be preceded by a preliminary "blinding" attack on our early warning satellites. It is highly unlikely that the latter attack would itself escape detection by the various U.S. warning systems. This is not to argue in favor of reliance on a launch-under-attack system, but only to note that the vulnerability of Minuteman does not compel reliance on such a system any more than the MX would preclude its use. Similarly, it is not necessary to replace Minuteman with the MX if the purpose is to avoid adopting an unstable launch-on-warning posture.

(5) U.S. Retaliation.—A more powerful inhibiting factor than any of the uncertainties cited above is the uncertainty surrounding the prospective U.S. response to a massive Soviet counterforce attack.

Even under pessimistic assumptions, such as 90 per cent of the present land-based force being destroyed in a Soviet first strike, 105 missiles would survive carrying 215 warheads, including 170 kt, 340 kt, 1.2 mt and 9 mt sizes. The 340 kt Mark 12A on the Minuteman III has counterforce capability. Even this comparatively small force constitutes a powerful deterrent; the smallest of these weapons is 13 times the size of the bomb that destroyed Hiroshima. What makes this arsenal even more potent is that a large submarine and bomber force would also survive and be available for a second strike aimed at a variety of Soviet targets.

By 1985, when Minuteman is presumed by some observers to be very vulnerable, the U.S. submarine fleet will have on the order of 6,000 deliverable warheads. Assuming that the 60 per cent of the force on patrol survives a surprise attack (this percentage would increase with warning), a force of about 3,600 warheads would be available for second-strike retaliation from the sea-based deterrent. Assuming a very generous (to the Russians) 90 per cent probability of kill in a one-on-one attack on U.S. ICBMs leaves a force of 215 warheads. A 25 per cent bomber alert rate (this is generally considered a peacetime minimum) would guarantee the survival of roughly 500 out of the projected force of some 2,000 air-launched cruise missiles in service by 1985. Adding these already programed surviving forces together yields a long-range missile force of 4315 warheads, hardly a negligible number, to execute the full range of limited response items.

During the 1980s, the Trident missile force will be upgraded. Trident I accuracy is already in the process of being improved from the present 1,500 ft. CEP to 750 ft., giving each of the missiles' 100 kt warheads a 31 per cent chance of destroying hardened Soviet silos. This is, in effect, the program shelved by the Nixon Administration during the period of the SALT I negotiations because it was deemed incompatible with the goals of crisis stability and arms control. The Defense Department rejected a similar accuracy improvement program for Minuteman in 1971, noting, "It is the position of the United States not to develop a weapon system whose deployment could reasonably be construed by the Soviets as having a first-strike capability. Such a deployment might provide an incentive for the Soviets to strike first" The Trident II is still in research and development. The Navy has let it be known, however, that it plans to speed development of the Trident II to make it a hard-target killer, and to make it available by 1989, when full deployment of the MX is projected. The Navy expects to develop a submarine-launched missile that can "achieve the same accuracy now possible only with fixed land-based ICBMs launched from presurveyed sites."

In the mid- and late-1980s, the increased accuracy of submarine-launched missiles will enable any U.S. SLBM, including the relatively small Poseidon with its single 40 kt warhead, to have the capacity to destroy some hardened targets. A more powerful, more accurate and more secure replacement for Minuteman cannot be justified, therefore, on the grounds that the loss of Minuteman would eliminate U.S. options to attack Soviet heardened targets. It would not, and if the present modernization of the submarine force continues or is accelerated, then U.S. options will increase even if nothing is done about Minuteman.

Here are some similar reservations stated by Secretary Brown:

. . . An attack intended to destroy U.S. silos could kill at least several million Americans and would leave untouched at least the alert bombers and at-sea SSBNs with thousands of warheads. The Soviets might—and should—fear that, in response, we would retaliate with a massive attack on Soviet cities and industry. The alleged "irrationality" of such a response from a detached perspective would be no consolation in retrospect and would not necessarily be in advance an absolute guarantee that we would not so respond. In any event, any Soviet planner, considering U.S. options, would know that, besides massive retaliation, the surviving U.S. forces would also be capable of a broad variety of controlled responses aimed at military and civilian targets and proportioned to the scale and significance of the provocation . . . Indeed, with ALCMs deployed on the surviving alert strategic bombers, we would still have a very substantial capacity to destroy remaining Soviet silos, though with some hours of delay.

In short, the vulnerability of Minuteman is a problem, but even if we did nothing about it, it would not be synonymous with the vulnerability of the United States, or even of the strategic deterrent. It would not mean that we could not satisfy our strategic objectives. It would not by itself even mean that the United States would lack a survivable hard-target kill capability or that we would necessarily be in a worse post-exchange position in terms of numbers of weapons, payload, or destructiveness.

Mr. President, I might say that I went into some detail on the MX because I have discussed a number of spending economies we could make, most of them much smaller than the MX, but adding up all together to many billions of dollars.

I know that the distinguished Presiding Officer, the Senator from Iowa (Mr.

JEPSEN) is an expert in this area. He has done an excellent job on the Armed Services Committee. He is also the vice chairman—next year, in the next Congress, in all likelihood, he will be the chairman—of the Joint Economic Committee. I know that he has a great interest in these matters.

I feel very strongly that we have to take a look at all these expenditures and do whatever is necessary to provide a believable deterrent to the Soviet Union and to strengthen our conventional forces at the same time. I would agree with anybody who argues that that is going to be costly, but it is an expense we have to make.

I believe that in the military area, as in the civilian area, there are priorities that are less than others. There are economies we can make and have to consider carefully. The MX is one of these. It is an enormously expensive project, and it is a project we should consider very carefully. On the basis of this expert testimony, I believe one can make a very strong case that this country can save at least $35 billion and, on the basis of our experience, probably closer to $50 or $60 billion, but not proceeding with it because the other deterrents we have are more impressive.

Mr. President, as I pointed out earlier today—maybe it was yesterday. I started this at 6:15 last night, and time slips by. Previously, I discussed credit programs and why those credit programs represent activity by the Federal Government in some cases not even on the budget, but in all cases having a profound effect on the availability of credit to other people, having a profound effect on the availability of credit to homebuilders, auto dealers, farmers, small businessmen, big businessmen, and the private sector generally.

Whether the Federal Government moves in with its own agency program or whether it guarantees some other kind of program, that credit borrowing that the Federal Government insures or guarantees or directs obviously limits the amount that will be available to somebody else in this limited credit world we live in.

If we are going to proceed with a bailout of New York that is going to cost $1.5 billion, it means there are tens of thousands of businessmen who would like to borrow $100,000 or $150,000 and who would not be able to borrow it because that money is going to a city because the Federal Government has provided the guarantee.

So these Federal credit programs we are talking about are critical; and in determining how we should act on the limitation on the national debt, they go right to the heart of our decision.

I should like to bring to the attention to the Senate an article prepared by Heritage Foundation, which, as we know, is a distinguished foundation here in Washington. It is a recent study, prepared this year. It is by Ron Boster. He says:

A budget, it has been said, is a mathematical confirmation of your suspicions. The federal budget process, politicized by both the Executive and Legislative branches, has sought to avoid such direct confirmation and therefore evokes even more suspicion.

This essay is concerned with federal credit programs and how they are treated (and mistreated) in the budget of the United States government. Federal credit programs and federally-sponsored credit activities—extensive in scope, size, variety, and growing dramatically—

Growing dramatically—that is something about which we should be very sensitive, because they are occurring very rapidly.

constitute the single most important source of distortion in the budget. The focus here is on how broad categories of credit programs are handled in the federal budget, what problems result from their treatment, and what solutions there are for these problems.

Budgeting is taken here to be synonymous with fiscal or financial planning and, as such, is concerned with two main problems:

Determining the size and impact of government as a share of the domestic economy: and,

Determining the distribution (allocation) of resources among government programs and activities.

The present treatment of federal credit activities in the budget thwarts both of these objectives. By understating the size of the federal establishment, credit programs make the government appear smaller and less significant than it is. And, since the distortions fall disproportionately in the various program areas, the budget presents a misleading picture of the distribution of federal resources.

Because they can be understated within the budget or hidden outside the budget, credit programs in general enjoy a certain political advantage over non-credit programs which are more directly and openly accounted. A variety of means of meeting national policy goals by direct expenditures—grants, contracts, in-house—may be more efficient than credit programs, but may not be selected because their costs are more obvious.

How true that is. We go ahead with Federal credit programs because we can do it often outside the budget and do it in a way in which the Federal Government can seem not to be intervening in the private sector. And yet it has, as I pointed out, or can have a very profound effect on the availability of credit elsewhere. It drives up interest costs just as much as any Federal spending program does, because it absorbs resources for whatever purpose the Federal Government wants to apply them.

The ability to hide or understate program levels thus creates a built-in tendency for bigger government. In addition, at least in part because of their budgetary treatment, credit programs generally receive less legislative and budget-related oversight than do noncredit programs.

The number of individual credit programs is both large and a matter of definition. A detailed, but unofficial 1978 Office of Management and Budget count pegged the number of active direct loan programs at eighty-one, the number of loan participation and purchase programs at ten, non-cash credit extension programs at five, and loan guarantees and insurance programs at forty-six. Within the Farmer's Home Administration alone, an on-budget agency, there are more than fifty distinct, direct loan programs.

Mr. President, those are appalling statistics. I am not talking about loans, I am talking about programs that have hundreds, in some cases thousands of loans. Let me review that.

A detailed, but unofficial 1978 Office of Management and Budget count pegged the number of active direct loan programs at eighty-one, the number of loan participation and purchase programs at ten, non-cash credit extension programs at five, and loan guarantees and insurance programs at forty-six. Within the Farmer's Home Administration alone, an on-budget agency, there are more than fifty distinct, direct loan programs.

THE SCOPE, MAGNITUDE, AND IMPACT OF FEDERAL CREDIT PROGRAMS

Federal credit involvement constitutes a significant component of the federal establishment and fiscal policy. Federal and federally-sponsored credit programs have grown dramatically over the past few decades, far faster than the federal budget. Between 1970 and 1979, federal outlays (including off-budget spending) increased 151 percent.

That, alone, is pretty shocking, is it not? An increase not of 100 percent, but 151 percent between 1970 and 1979. Those are Federal outlays.

Over that same period, direct loans outstanding increased 250 percent, guaranteed loans increased 171 percent, net direct loans (gross new lending less repayments from previous lending) increased 436 percent, and net guaranteed loans increased 459 percent.

Now, of course, this is a terrific momentum and enormous increase. It comes about because many of these loans are outside the budget and because they are outside the budget they do not get the scrutiny. Of course, if an interest group is anxious to get a loan and says, "Well, we don't want to disturb the budget process," they just get an off-budget loan.

At any rate, the credit programs truly compete with private sector money. Anybody who has any curiosity as to why interest rates are so high should not overlook these programs.

As the study that I am quoting points out, they have grown far, far faster than the Federal budget, as fast as the Federal budget is growing. In fact, while the Federal budget has gone up 150 percent, the direct loan program in these cases have gone up three times as fast.

An excellent indication of the size and scope of federal credit programs is to compare their level to the total U.S. capital market. In terms of the total $410.7 billion advanced in U.S. credit markets in 1979, participation by the federal government (either by government agencies or by government-sponsored entities) amounted to 17.8 percent, above the average of 13.7 percent for the past 10 years.

And that means, as I said earlier, that the figure I have used, 17 percent of the market, U.S. credit market, that is of the private credit market all together and we are not talking now about funding the budget deficit which is another 17 percent. But these credit programs that we are talking about is really driving up the Federal borrowing level and truly pushing the private sector out of the market and driving interest rates to this appalling level.

By law, most federal credit activities are excluded from the budget. As a result, the unified budget understates both the extent of government involvement in money markets and the government's credit activities. Nevertheless, owing to qualitative differences between facilitating or even making credit and making an "exhaustive" (never to be seen again) cash payment, legitimate questions have been raised as to whether federal credit activities should be in the budget. This question is analyzed below, with the conclusion that federal credit activities should be included in the budget.

That is certainly my conclusion and I think the case is overwhelming that we should do that. We are just kidding ourselves by having this colossal Federal Government effect excluded from the discipline of the budget so we can keep it under control.

The very nature of credit programs introduces major distortions in the capital market. Federal credit programs induce resource allocations that would not otherwise occur in the absence of federal involvement. Resources are shifted, maintained, or otherwise utilized in a manner different from how they would otherwise be employed. This means that certain individuals and segments of society are favored at the expense of others. "By directing credit toward some uses, and implicitly away from others, the federal government significantly influences almost every facet of economic life." These distributional impacts translate into structural effects over time.

Government credit programs, create a deliberate "crowding out" in the credit market.

Now, that is my point. You know, you go back home and you run into people who complain about high interest rate, about the unavailability of credit. As we all know, that is the No. 1 complaint right now. Why? Why? Well, as this study has shown, Government programs create a deliberate crowding out in the credit markets.

They move in because, when the Government wants money, it gets it. It has an absolutely riskless loan. They pay the top premium rates. They usually come in such big denominations they have no trouble having the markets snap them up.

And the small businessman who borrows a relatively modest amount, or even the medium-sized businessman, is not in a position to compete.

The government substitutes its credit standing for that of the favored activity or industry. Credit-worthy private sector customers are thus either closed out of the capital market or required to pay higher prices (interest rates) and/or receive less favorable terms and conditions than they would be able to obtain in the absence of the federal intervention. For example, the Chrysler bailout took that company from the bottom of the credit line to near the top. In the process, other companies and individuals were relegated to a lower credit priority.

That is why this resolution as before us today is so very, very vital.

The rationale for credit programs is found in the budget:

Credit programs, much like Federal expenditures on goods and services, tax expenditures, or transfer payments, can be used to change the allocation of resources and the distribution of income. In this regard, they can be used to overcome market imperfections, to provide additional liquidity for investors, and to furnish funds to maintain stability in a particular sector of the economy during business cycle fluctuations. Credit programs have been designed to fill perceived needs in private capital markets by providing credit to certain classes of borrowers, or on special terms or conditions or for special activities. An element of subsidy is involved in any Federal credit program since assistance is given on terms or conditions more favorable than would have occurred in private capital markets.

A subsidy is provided, in general, because the Federal Government is willing to accept risks that lenders in private capital markets are unwilling to bear or would bear only at higher interest rates than the Federal Government would charge.

It is wrong to assume that all activities undertaken with the aid of federal or federally-sponsored credit programs would not occur in the absence of government programs (e.g., veterans would still buy houses). It is, however, difficult to estimate what portion of subsidized credit activities would be discouraged if the subsidies were eliminated.

Thus, it is difficult to measure the degree of resource misallocation.

In like manner, reduction in federal credit programs would not necessarily result in a reduction in money-market activity. To the extent federal credit programs "crowd out" private borrowing, a drop in activity could be mitigated by new, private borrowing; to the extent federal programs increase liquidity (capital rollover velocity) by providing well-organized and specialized secondary markets, a reduction could be offset by new, private arrangements that would raise trading activity. A more certain result of a reduction in government credit activity would be a different allocation of capital resources.

It is going to be very, very difficult to cut this program, this kind of a program down, Mr. President, but it is essential that we do it.

There is also great pressure for borrowers to come to the Federal Government. I suppose the most common request I run into when I talk to businessmen in Wisconsin very often is they wonder if I can help them get credit. They want an SBA loan, they want a guarantee or want some way they can get credit at a lower rate of interest and, of course, when we do that, we just plain interfere with the marketplace. We substitute a political influence for the merit of the loan.

This Nation has 30,000 credit institutions, far more on a per capita basis or any other basis than any other countries in the world. They are efficient, they are competent. We have excellent banks, savings institutions, mutual savings banks, credit unions, any number of institutions that are ready, willing, able, and eager to do their best to provide credit.

It is true at the present time many of those institutions simply will not provide loans. But that is because we have a situation, as I pointed out over and over and over again last night and this morning, because the Federal Government itself is crowding out by its own borrowing people in the private sector who want legitimate loans.

The answer to that is to bring down the resolution that is before us from $1.079 trillion to $995 billion so that we would have in effect a balanced budget. We would have a limitation on loans, we would be in a position where the debt limit would operate to take the Federal Government out of the capital market and let the capital markets operate on their own.

As I say, we have the best capital markets in the world. There is no other country that can touch ours in the markets that are available. Other countries come to this country to borrow money because our capital markets are so superb and so efficient. We should take advantage of that, and I do not think there is anybody in this body who would argue that the public sector and the public agencies will be more efficient or confident, have better judgment in making loans or be in a position to provide the local service and knowledge of the people who borrow the money that can begin to compare with the private sector.

The private sector's efficiency is based, of course, on that best of all trainers in efficiency, which is competition.

Federal credit activities consist of direct loans and guaranteed loans. These are taken up below, followed by an examination of off-budget credit activity, and a commentary on the Federal Financing Bank (FFB), currently the major actor in the federal credit arena. Because of the FFBs prominent role, the important topics of loan asset sales and purchases of guaranteed loans are examined with the FFB. The essay concludes with a treatment of government-sponsored, IOU. Such loan programs occur in many program and policy areas (Table 2). Direct loans are recorded in the budget as net of repayments. Treatment of direct loans on a net basis produces an accurate cash flow and financial statement—certainly an important criterion—but also serves to conceal the magnitude of direct loan activity—

After all, what that means, of course, is if the Federal Government has an off-budget operation that makes $5 billion in loans and adds $4.5 billion in repayment of loans they made before, it only reports $0.5 billion in loans. So it would understate the activity tenfold, and yet all of that turnover, of course, has an effect on the capital markets, not just the net but the gross amount that is outstanding. Also net figures are of no use in comparing the uses of the various direct loan programs.

A very large and active loan program can look quite innocuous if loan repayments are significant relative to loan originations. Because lending is commonly reported on a net basis, lending and outlays are understated in the 1979 budget by $25.9 billion (the amount of repayments of previously-made loans). In the same manner, off-budget spending is understated by $2.7 billion.

SHOULD DIRECT LOANS BE IN THE BUDGET?

The budgetary status of direct loans is controversial. In 1979, 70 percent of direct federal loans were off-budget. Some, including the Federal Reserve Board and Congressional Research Service specialist Allen Schick, have argued for excluding direct loans. Others, including the President's Commission on Budget Concepts and the Congressional Budget Office, have argued for inclusion.

I come down very hard on the side of including them.

Because loans are made in exchange for a promise to repay, and because these IOUs are, in fact, marketable, the making of a direct loan constitutes an exchange of assets. This, it is argued, has an economic impact different from a direct payment; a person on the receiving end is likely to behave differently than if he did not have to pay it back later, with interest. Direct loans are excluded from the government expenditure accounts of the national income accounts (NIA). This dovetails with business practice, wherein loans owned are counted as assets rather than expenditures.

A more compelling case exists for inclusion. No one budget can accomplish all purposes generally sought for budgets. This is why there are capital or dividend budgets, NIA-based budgets, administrative budgets, full-employment budgets, and various kinds of unified budgets.

The President's Commission on Budget Concepts (1967) recommended a unified budget that would include "all programs of the Federal Government and its agencies." Loan programs were to be included, though the Commission recommended separate loan accounts within the expenditure side of the Commission recommended separate loan accounts within the expenditure side of the budget. In this way, the budget would not only include all government activities, but would better facilitate the measurement of the economic impact of the fiscal policy embodied in the budget. The Commission sought a federal budget that would increase public understanding and be "thought of as a part of a broad financial plan."

These objectives are difficult to reach if billions of dollars of direct loans are systematically excluded. The Commission recognized fully the likely behavior-induced differences between non-loan (exhaustive) direct expenditures and direct loans, but felt that including loan activities in the budget, in separable accounts, was the best way to meet the objectives of a federal budget. The Commission also recognized the importance of recording loan activity on a net basis, but recommended that gross new loans and total loans outstanding be displayed prominently.

Including direct loans in the budget better serves the objectives of including all government activities in the budget, increasing public understanding, and making the budget a financial plan and summary. An additional argument for the inclusion of federal credit programs stems from the political reality of the almost singleminded public focus on budget margins (deficits or surpluses). The President's Commission on Budget Concepts did not want the unified budget to become the political focal point it has become; the Commission sought to de-emphasize the viewing of the federal budget so narrowly. Nevertheless, so long as this fascination persists, it is clearly better to present budget margins that represent what most people expect—namely, all the activities of the federal government.

FEDERAL LOAN GUARANTEES

Federal loan guarantee programs have grown dramatically in recent years (Figure 1). Loan guarantees can be a very flexible policy tool, yet widespread misconceptions about their economic and budgetary impacts have contributed to their rapid growth and abuse. Historically, loan guarantees have been used primarily for housing assistance (e.g., FHA, VA insurance programs). More recently, other areas—notably agriculture and foreign trade assistance—have carved out portions of the growing loan guarantee pie. The diversity of policy areas in which guaranteed loan programs operate is even greater than for direct loan programs. (Table 3).

The government guarantees a private loan when it agrees to "stand behind" that loan in the event of a default. The guarantee may be for the entire loan amount or some specified fraction of the principal. Loan insurance programs, such as FHA and VA-insured mortgages, are forms of government loan guarantees.

Loan guarantees have an unparalleled attraction as a vehicle for carrying out government policies. The common perception is that they are almost free—that aside from modest administration costs, only in the event of default does the government pay (in accordance with its commitment to stand behind the loan). Thus, there is a widespread belief that guaranteed loans offer tremendous leverage in terms of the size of a program that can be supported relative to its costs.

This perception is illusory. One reason is that the resulting inefficient distribution of resources, although admittedly difficult to measure, is rarely considered. Another reason is that guaranteed loans are often converted to off-budget direct loans through purchase by the off-budget Federal Financing Bank.

Some direct loans start out as private loans guaranteed by the government. A circuitous accounting route is initiated when a government agency guarantees a private (non-government) loan. If this private loan is purchased by the government or one of its sponsored entities, thereby replenishing the original lender's lendable cash reserves (i.e., a loan portfolio "rollover"), the original government loan guarantee is converted into a direct government loan.

An outrageous example is the operation of the Student Loan Marketing Association (SLMA, or Sally Mae). Sally Mae purchases loans from private lenders made to students and guaranteed by the U.S. Department of Education. Although the SLMA is legally under private ownership, its unique relationship with the federal government permits it to borrow all of its operating funds from the government, through the Federal Financing Bank.

Of course, that means it is completely off budget.

SLMA thus purchases guaranteed loans with funds borrowed from the FFB, which in turn, borrows from the Treasury (which, in turn, borrows from the public). In the process, privately generated loans are converted into "extra-budget" government direct loans.

The logical question is why jump through so many hoops; why not operate the student loan program as an on-budget, direct loan program? This would make it much easier to understand and to compare and contrast with other federal education programs, whether loan or non-loan in nature. In fact, the Carter Administration proposed in its higher education legislation that Sally Mae's activities be assumed in 1982 by the Department of Education and that they be included in the budget totals. Congress has ignored the proposal.

Guaranteed loans are routinely purchased by the federal government—usually by the Federal Financing Bank. The vast majority have been guaranteed not by private lenders, but by government entities. Because the FFB is off-budget, the resulting direct loans are excluded from the totals of the unified budget. In such cases, the FFB acts as the lender on behalf of the federal government; the FFB originates (makes) the loan. This is similar to the FFB purchasing loan assets (discussed below).

Mr. President, as I say, I have been on the Senate Banking Committee longer than anyone in the Senate. I have been on it for 24 years. I have been responsible for credit programs during much of that time in one way or the other. We have a fine staff on that committee. I think we have made as comprehensive an analysis as we can of the Government's credit program. I have been pushing very hard for a credit budget so we would have a comprehensive view of the situation.

But for the life of me I cannot understand why the Federal Financing Bank, which is a Government entity, gets its money from the Treasury Department and loans to the private sector. It is Government money, the taxpayer paying it, the taxpayer providing it, and the Federal Government makes the loan. Why should that not be in the budget? Why should that not be handled like every other loan the Federal Government makes that is put in the budget? Why should the Federal Financing Bank be off budget?

What it does, of course, is it attracts those who want to avoid the budget process and make, as this article points out, the Federal Government seem much smaller, much less intrusive, than it really is. We should have the full picture. We should have a Federal credit budget that would include the Federal Financing Bank and all the other agencies of the Federal Government that engage in lending.

Why are guaranteed loans purchased? One reason is to advance the objectives of the guaranteed loan programs by keeping the interest rates lower than private market rates. For the borrower, the "liquidity preminum" that would otherwise be faced is eliminated. Even though a loan may be backed by the full faith and credit of the federal government, it is nevertheless distinct from normal Treasury offerings, and will therefore attract a smaller pool of buyers. For this reason, the market demands a higher yield on the loan.

If, for example, the Chrysler guaranteed loans had been purchased by the FFB (as was originally provided for in the legislation) Chrysler would have been able to borrow at about 10.5 percent, the rate which government securities of equal maturities were going for at the time. However, an eleventh-hour provision of the Chrysler legislation prohibited government purchases of the loans, and as a result, Chrysler paid 11.4 percent.[12]

Of course, the Federal Financing Bank will come along and make the direct loans outside the budget and the Federal Government guarantees the loan. But if that happens, of course, there is a very, very favorable arrangement with the borrower. He gets far lower interest rates than the private competitor would get. It is grossly unfair.

In lieu of purchase by the government, guaranteed loans must compete with other government issues. Therefore, it is in the government's self-interest to assume the posture of a monopolist (becoming in effect, the sole provider) in order to reduce competition and, therefore, total borrowing costs. By substituting a government direct loan for a government-guaranteed loan, the government eliminates a "competition premium." The government, in effect, is exchanging a current lump-sum payment (the purchase price of the loan) for a time stream of lower interest charges on all government credit offerings.

Current budgetary treatment excludes most purchases of goverment-guaranteed loans because they are made by the FFB, an off-budget agency with unlimited authority to finance such purchases through Treasury borrowing. Bringing the FFB on-budget would correct the problem of not reflecting all direct loans (including guaranteed loans converted into direct loans) in the budget totals. This poses a political problem because both the spending side of the budget and the budget deficit would increase by the amount of the loan purchase price. This would not, however, alter the economic impacts of guaranteed loan programs unless

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[12] In dollar terms, the Treasury estimated that had Chrysler been permitted to sell its bonds to the FFB, the company "could have saved about $2 million in underwriting fees and about $26 million in interest costs in the next ten years" (*Wall Street Journal*, August 24, 1980, p. 3). The political/rhetorical subtleties associated with the purchases of guaranteed loans should not go unnoticed. Rarely is there a straightforward request for government direct loans; usually, the request is couched in terms of guaranteed loans (which, more often than not, just happen to be eligible for purchase—conversion to direct loans—by the federal government).

this change significantly reduced loan guarantee activity.

Mr. President, I ask unanimous consent that the remainder of the section of the study be printed in the RECORD. I will read the recommendations. I also ask that the tables which appear in the text, which are extremely revealing and very helpful, also be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OFF-BUDGET FEDERAL CREDIT

When a unified budget was first adopted for fiscal year 1969, the intent was to follow one of the main recommendations of the President's Commission on Budget Concepts that the "budget should include all programs of the Federal Government and its agencies." Yet, by law, the spending of off-budget agencies is excluded from the budget totals. The existence of federally-owned off-budget agencies (apart from the government-sponsored, yet privately-owned enterprises discussed below) clearly flies in the face of this recommendation and the Commission's concept of a unified budget.

Table 4 shows the agency distribution and magnitude of off-budget loan programs by loans outstanding, new loan disbursements, repayments of principal, and net outlays for 1979. Five of the seven off-budget agencies conduct credit programs. Only the Pension Benefit Guaranty Corporation and the Postal Service do not. The major off-budget agency—the Federal Financing Bank—is discussed in detail in the next section.

The number of off-budget agencies outside of the unified budget has fluctuated from none in 1969 through 1973, to a high of eight in 1976, to the present seven (including the new Synthetic Fuels Corporation which began operations in 1980). While the number of entities has fluctuated, total off-budget activity has grown dramatically (Table 5). Both actual dollar increases in off-budget deficits (column 2) and the increasing ratio of off-budget deficits to on-budget deficits (column 5) are cause for concern. Except for 1976, off-budget spending has been climbing steadily as a percent of unified budget outlays (column 4). As a percent of the unified budget deficit, the rise has been startling, though erratic—totalling almost 45 percent in 1979, and projected to rise to nearly 73 percent in 1981.

Credit programs clearly dominate off-budget outlays and are actually higher, by nearly a billion dollars, and that the $12.4 billion total because of offsetting receipts of the Pension Benefit Guaranty Corporation and a rare surplus in the Postal Service fund.

TABLE 4.—ACTIVITY LEVELS OF FEDERALLY OWNED OFF-BUDGET ENTITIES, FISCAL YEAR 1979

[In thousands of dollars]

Off-budget Federal entity	Direct loans outstanding	New loans disbursed	Repayments of principal	Net outlays
Federal Financing Bank	$47,100,000	$15,459,492	$2,763,035	$12,586,422
Rural Electrification and Telephone Revolving Fund	7,534,641	[1] 1,690,757	313,786	[1] 589,285
Rural Telephone Bank	739,310	130,540	5,329	100,719
Pension Benefit Guaranty Corporation [2]	NA	NA	NA	—38,848
Postal Service Fund [2]	NA	NA	NA	—890,748
U.S. Railway Association	387,252	53,068	22,885	88,938
U.S. Synthetic Fuels Corporation [3]				
Total	55,761,603	17,333,857	3,105,035	12,435,768

[1] These numbers have been adjusted to reflect the $585,525,000 in sales of CBO's by the revolving fund to the FFB. The figure has been subtracted from the FFB row and added to the revolving fund row in order to more accurately reflect program activities of the revolving fund.

[2] These entities do not conduct loan programs; however, the Administration has proposed future credit activity for the Pension Benefit Guaranty Corporation to provide financial assistance to insolvent pension programs in the form of direct loans.

[3] U.S. Synthetic Fuels Corporation began operations in 1980.

Source: Budget of the United States Government, GPO, Washington, January 1980.

Off-budget status need not mean less oversight or more independence in carrying out assigned tasks. Neither is off-budget status necessarily incompatible with strict financial control. Off-budget status does, however, make financial control more complicated and confusing.

The best example is provided by the latest pledge to the off-budget fraternity—the Synthetic Fuels Corporation. Descriptions of the financial/budgeting requirements for the Corporation constitute an unnecessary set of accounting pylons that must be negotiated in order to understand the relationship of the corporation of the United States government and the budget. There are no compelling arguments for the off-budget status of the Corporation. The establishment of a new off-budget entity eleven years after the adoption of the unified budget concept is a step away from honest budgeting.

It is important to note that off-budget loans are no different than on-budget loans in terms of their economic impacts and government involvement. But, as noted above, returning off-budget spending to the unified budget poses political problems because of the resulting highly visible impact on total outlays and the deficit.[13]

THE FEDERAL FINANCING BANK (FFB)

The Federal Financing Bank (FFB), an off-budget, federal agency quartered in the Treasury Department building, was established in 1973 and is authorized to purchase: (1) agency debt; (2) agency-guaranteed loans; and (3) agency loan assets (agency-owned loans, pools of loans, or shares in pools of agency-owned loans).[14] To finance these operations, the FFB borrows exclusively from the Treasury, from which it has unlimited borrowing authority.[15] The bank passes on to its agency customers a one-eighth percent charge to cover administrative costs; any excess over its costs are paid as dividends to the Treasury.

Footnotes at end of article.

TABLE 5.—OFF-BUDGET DEFICITS AND THE UNIFIED BUDGET

[Dollars in billions]

Fiscal year (1)	Off-budget deficit (2)	Percent increase (3)	Percent of unified budget outlays (4)	Percent of unified budget deficit (5)
1969–72				
1973	$0.1		0.02	0.4
1974	1.4	1,300.0	.5	30.9
1975	8.1	478.6	2.5	17.8
1976	7.3	9.9	2.0	11.0
1977	8.7	19.2	2.2	19.3
1978	10.3	18.4	2.3	21.1
1979	12.4	20.4	2.5	44.8
1980	[1] 16.1	29.8	2.8	26.4
1981	[1] 21.7	34.8	3.4	72.8

[1] Administration estimates of July 1980.

Although the FFB conducts no government loan programs itself, it originated $15.5 billion in direct loans in 1979 on behalf of on-budget agencies (Table 4). FFB loans accounted for 92 percent of all new off-budget loans in 1979. Loans outstanding tell much the same story; the FFB holds 84 percent of the $56 billion in off-budget loans outstanding at the end of 1979. Table 5 shows the growing amounts and proportions of direct loans that are off-budget.

Since its inception, the bank's holdings have grown dramatically (Table 6). The FFB is easily the largest (some would also say the most infamous) off-budget agency; its outlays swamp those of the other six off-budget federal entities.

The FFB plays the dominant role in government loan asset and guaranteed loan transactions. The budgetary treatment of agency loan asset sales to the FFB results in major outlay understatements in the unified budget. Yet, for all its notoriety, the FFB is a scapegoat. The bank's outlays do not result from programs it runs; the bank serves only as a financial conduit for other federal agencies and their programs.

TABLE 6.—*Holdings of the Federal Financing Bank, end of fiscal year 1979*

[In millions of dollars]

Program	
On-Budget Agency Debt:	
Tennessee Valley Authority	$7,125.0
Export-Import Bank	7,952.9
Off-Budget Agency Debt:	
U.S. Postal Service	1,587.0
U.S. Railway Association	445.7
Agency Assets:	
Farmers Home Administration	31,080.0
DHEW-Health Maintenance Org. Loans	77.3
DHEW-Medical Facility Loans	160.1
Overseas Private Investment Corp	35.8
Rural Electrification Admin.-CBO	1,223.2
Small Business Administration	94.4
Government Guaranteed Loans:	
DOT-Emergency Rail Services Act	37.4
DOT-Title V, RRRR Act	92.7
DOD-Foreign Military Sales	5,270.9
General Services Administration	359.7
Guam Power Authority	36.0
DHUD-New Communities Administration	38.5
DHUD-Community Block Grant	5.4
Nat'l. Railroad Passenger Corp. (AMTRAK)	432.3
NASA	420.3
Rural Electrification Administration	5,926.5
Small Business Investment Companies	336.4
Student Loan Marketing Association	1,275.0
Virgin Islands	21.6
Wash. Metro. Area Trans. Auth	177.0
Total	*64,211.0

* Totals do not add due to rounding.

SOURCE: Federal Financing Bank.

FFB PURCHASE OF AGENCY DEBT

One of the main objectives of the FFB is to act as the coordinator of agency borrowing. Not long ago, several government agencies borrowed directly from the public, but, with the creation of the FFB, this practice has virtually ceased. In 1979, more agency debt was repaid than was borrowed (net borrowing was—$1.6 billion) while agency borrowing from the FFB totalled $2.9 billion.[16] Only two programs have been authorized to undertake their own financing since the mid-sixties.[17]

Individual agencies now market their securities to the FFB instead of directly to the public. The advantage of this centralized approach is the FFB's ability to market the securities at a lower interest rate (the Treasury's rate). The lower rates arise from the market's greater familiarity with Treasury offerings as well as the likely lower costs to the public of doing business with the Treasury rather than several individual agencies. There is also an expected savings in administrative costs. The purchase of agency debt by the FFB is an example of a government activity that works well and saves money.

Furthermore, FFB borrowing has no impact on budget totals because government borrowing and repayment of borrowings are properly considered a means of financing rather than as income and outlays. If borrowing were considered income, the budget by definition would always be balanced. To record agency borrowing from the FFB as outlays would double count since the funds will be scored as outlays on the agency's books when expended by the agency.

FFB PURCHASE OF GUARANTEED LOANS

If coordinating agency borrowing was the FFB's only duty, the FFB's budget status would be an academic argument. However, the bank's other functions—purchasing loan assets and guaranteed loans—have profound budgetary impacts.

When the government purchases a loan made by a private lender, the expenditure is scored (properly) as an outlay; the government, in effect, makes the loan. This would not present any budgetary problem were it not for the fact that the primary lender is the FFB; its off-budget status means that the FFB's purchase of guaranteed loans—or, put another way, its making of direct loans—is recorded outside the totals of the unified budget. In 1979, the FFB purchased more than $5 billion in guaranteed loans.[18] Offsetting repayments from new purchases, net FFB outlays for the purchase of guaranteed loans totaled $3.9 billion in 1979; thus, the unified budget (and the deficit) is understated by $3.9 billion from this source alone.

The only other government agency in the business of purchasing loans from private lenders (other than defaulted guaranteed loans) is the Department of Housing and Urban Development's (HUD) Government National Mortgage Association (GNMA, or Ginnie Mae) which, in 1979, bought $1.5 billion in guaranteed mortgage loans. But because Ginnie Mae is an on-budget agency, its purchases are included in the unified budget.

FFB PURCHASE OF LOAN ASSETS

The IOU created when a government loan is made may be in the form of a bond, promissory note, or debenture. These IOUs are loan assets and are marketable.[19] Often, shares in pools of loan assets—called participation certificates—are sold; the Department of Agriculture terminology is certificates of beneficial ownership, or CBOs (not to be confused with the Congressional Budget Office). The purchase of loan assets constitutes a major activity of the FFB (51 percent of its portfolio at the end of 1979) and results in significant budget distortions.

In terms of financial and accounting principles, the purchase of loan assets differs significantly from the purchase of guaranteed loans. At issue is whether loan asset sales constitute agency borrowing or income (repayments of loans). If a government-owned loan asset is sold to a buyer in the private sector, as far as the government is concerned, the loan has been repaid; offsetting loan repayments against new loans presents a fair financial picture. This is analogous to the budgetary treatment of offsetting receipts which are recorded as negative outlays rather than revenues.

But, what happens when loans are sold, not to investors in the private sector, but to the off-budget FFB? Laws permit the selling agencies—in particular, the Farmer's Home Administration (FmHA) and the Rural Electrification Administration (REA)—to record the proceeds of such sales as repayments, thereby rolling-over their loanable funds and reducing agency outlays by the amount of the sale. However, the government still owns the loans; the government has not been repaid; spending has merely been moved off-budget. When agency loan assets are sold to the FFB, the selling agency, in effect, is borrowing against the future income stream of the loan repayments.

Currently, the FmHA and the REA are the major marketers of loan assets;[20] the only other active seller of loan assets to the FFB is the Health Maintenance Organization Loan and Loan Guarantee Fund ($21 million, net, for 1979) designed to help establish health maintenance organizations (HMOs).

It is axiomatic that one way to reduce a highly visible and politically embarrassing deficit is to reduce outlays. One way to reduce outlays is to net out as repayments the proceeds from loan asset sales to the FFB. If these sales were treated properly—as borrowing—the offsets to outlays would not be allowed; total 1979 outlays and the 1979 deficit would be higher by $9.4 billion. Predicting large future loan asset sales has become a convienient way to show a lower (unified budget) deficit.

If the FFB were on-budget, and if its purchases were recorded within the same subfunction as the selling program, the transactions would have no effect on functional totals. Sales receipts would be offset exactly by the outlays used to purchase the loan assets. This would, of course, remove any incentive to use loan assets to understate spending. Sales to the public, however, would escape control, because they would (properly) be recorded as loan repayments (offsetting new loan outlays). However, sale to the public would undermine the objective of keeping total government borrowing costs as low as possible. The solution is to require agencies who could otherwise sell their loan assets directly to the public to market their assets only through an on-budget FFB.

The most flagrant budget distortions originate with the Farmers Home Administration (FmHA). Of the total $9.4 billion in FFB loan asset purchases, $8.8 billion (94 percent) stem from the sale of CBOs by the FmHA in the conduct of the Agricultural Housing Insurance Fund (in the Commerce and Housing Credit budget function), the Agricultural Credit Insurance Fund (in the Agriculture function), and the Rural Development Insurance Fund (in the Community and Regional Development function).

The Commerce and Housing Credit, Agriculture, and Community and Regional Development budget functions are not large, but the distortions are significant (Table 7). Proper attribution of FFB purchases of FmHA CBOs would increase the proportion of the budget that these functions comprise from 3.7 to 5.4 percent, a distortion of 46 percent.

Two of these three functions show major distortions. Under conventional accounting, the Agriculture function showed outlays of $6.2 billion, comprising 1.3 percent of the total unified outlays. However, if CBO sales were recorded as borrowing instead of offsets to outlays, the Agriculture function would show outlays of $11.3 billion, or 2.2 percent of the budget, a distortion of 78 percent. The Community and Regional Development function is understated by $2.9 billion and is distorted by more than 100 percent; instead of comprising one half of one percent of the budget, a more accurate reflection would be 1.1 percent.

CREDIT ACTIVITIES OF FEDERALLY-SPONSORED ENTERPRISES

Federally-sponsored enterprises are privately-owned financial intermediaries that perform specialized credit functions by either serving as reserve facilities (sources of funds) or as makers of secondary markets (Table 8). While excluded from the unified budget, government-sponsored enterprises are not classified as "off-budget"; that distinction is reserved for the FFB and six other government-owned entities. "Extra-budget" is a more appropriate term.

Despite their non-budget status and their private ownership, these entities share many of the same characteristics of government agencies, whether on- or off-budget. They are subject to federal supervision and they interact with the Treasury in much the same way as do federally-owned agencies. Unlike other privately-owned entities, they enjoy special tax preferences which enable them to operate profitably in selected corners of the U.S. credit market.

Federal authority over the activities of government-sponsored enterprises is more significant than commonly assumed. In the case of Fannie Mae (the Federal National Mortgage Association), the President appoints five of its fourteen directors, the Secretary of the Treasury must approve all of its debt issues, and the Secretary of Housing and Urban Development has specific authority to set FNMA's debt-to-equity ratio (in effect, the power to place limits on its portfolio). In addition, the HUD Secretary has "general regulatory power" over Fannie Mae.[21] Sally Mae borrows exclusively from the Federal Financing Bank.

The feature most often put forth as the reason for their being outside the unified budget is their private ownerships. Yet no one seriously doubts that the government would not bail out any government-sponsored enterprise in the event of impending failure, its private ownership notwithstanding. Including government-sponsored enterprises in the totals of the unified budget need not affect their private ownership. Any so-called federal credit budget would be inadequate without them.

RECOMMENDATIONS

In this final section, the various problems associated with the budgetary treatment of federal credit programs are linked to recommendations and solutions. These recommendations and solutions are grouped into two broad problem areas corresponding to the two main purposes of a government budget—determining size and resource allocation.

Footnotes at end of article.

TABLE 7.—BUDGET DISTORTIONS RESULTING FROM ON-BUDGET AGENCY LOAN ASSETS SALES TO THE FEDERAL FINANCING BANK, FISCAL YEAR 1979[1]

[Dollar amount in millions]

	Program description	Unified budget		Loan asset sales to FFB	"True" outlays [2]	Percent "true" outlays are of total adjusted outlays [3]	Distortion [4] (percent)
		Outlays	Percent of total				
Budget function:							
International affairs	Foreign military credit sales	$6,091	1.2	$1,293	$7,384	1.5	18.8
General sciences, space, and technology		5,041	1.0	184	5,225	1.0	1.5
Agriculture	Agriculture credit insurance fund	6,238	1.3	5,045	11,283	2.2	77.2
Commerce and housing credit	Rural housing insurance fund and small business investment companies.	2,565	.5	3,016	5,581	1.1	113.1
Transportation	Amtrak and other railroad programs	17,459	3.5	—25	17,434	3.5	—2.2
Community and regional development	Rural development insurance fund and other community development.	9,482	1.9	835	10,317	2.0	6.6
Health	HMO's	49,614	10.1	20	49,634	9.8	—2.1
(Undistributed by function.)							
Total, on-budget		96,490	19.5	10,368	106,922	21.2	8.5
		Appropriate on-budget function					
Addendum (other asset sales to FFB):							
Off-budget	REA, CBOs and new organizations	Energy		2,321			
Extra-budget	Sally Mae (SLMA)	Education, training, employment, and social services.		530			
Undistributed	By on-budget functions or off-budget or extra-budget status (loan asset sales to FFB; equal to total 1979 FFB outlays exclusive of $110,000,000 in interest, transfer of surplus, and administrative expenses).	Not available		64			
Grand total				13,283			

[1] The energy and income security functions showed no loan asset sales to the Federal Financing Bank in 1979, and are therefore not reflected in this table. For a multiyear perspective, see table, on p. 331 in the 1981 budget.

[2] Unified budget outlays plus sales of loan assets (including CBO's) to off-budget Federal Financing Bank.

[3] The $10,400,000,000 in sales of loan assets by on-budget agencies to the off-budget Federal Financing Bank was added to total unified budget outlays before computations so as not to create an upward bias on the column entries.

[4] Percent differences between nonrounded figures of the 4th and 7th columns.

Source: Unpublished OMB data and the Budget of the United States Government for Fiscal Year 1981, GPO, Washington, p. 331.

By misrepresenting both the side of government and the allocation of the resources employed by the government, the entire budgeting, or fiscal planning process is damaged. At the practical level, agencies that are able to move substantial portions of their activities off-budget—some would say out of sight—enjoy a competitive advantage over agencies which must rely on less creative accounting to support their funding requests. In the extreme, there can be no meaningful comparisons; budgeting becomes an adding-up instead of zero-sum process and difficult choices are avoided.

These recommendations and solutions are neutral with respect to individual credit programs. Nor is there any attempt to make normative judgments on federal credit programs per se except as to how they ought to be treated in the budget in order to fairly represent their activity levels (while nevertheless recognizing their qualitative differences from direct expenditures and other government activities).

If implemented, these recommendations would make the government appear larger than it now appears because, under the present budgetary treatment of credit programs, the government is made to look smaller than it is.

TABLE 8.—ACTIVITY LEVELS (FUNDS ADVANCED) OF GOVERNMENT-SPONSORED ENTERPRISES, 1979

[In millions of dollars]

Entity	Loans outstanding	New loans	Net lending
Student Loan Marketing Association	1,239	627	529
Federal National Mortgage Association	49,174	11,129	7,983
Farm Credit Administration: Banks for cooperatives	7,222	17,027	1,101
Federal intermediate credit banks	16,407	11,975	2,370
Federal land banks	29,871	7,558	5,057
Federal home loan bank system: Federal home loan banks	41,486	28,425	9,853
Federal Home Loan Mortgage Corporation: Corporation accounts	2,528	6,453	1,305
Participation certificate pools	15,648	4,903	3,731
Subtotal, lending (gross	163,575	88,100	31,930
Less adjustments:			
Loans between sponsored enterprises: Federal home loans banks to FHLMC	2,799	662	400
Secondary funds advanced from Federal sources: SLMA from FFB	1,275	530	530
Guaranteed loans held as direct loans by Student Loan Marketing Association	1,239	527	529
Federal National Mortgage Association	33,971	3,384	3,069
Federal home loan banks	91	21	15
Federal Home Loan Mortgage Corporation	1,189	—	—155
Total	123,012	80,876	27,542

Source: Budget of the U.S. Government, fiscal year 1981 special analysis F (Federal credit programs), GPO, Washington, January 1980, p. 178 (table F-6).

Problem 1: Understating the size of government

The existence of off-budget entities results in the budget being understated by billions of dollars each year. The lion's share of off-budget spending is for credit programs.

Therefore, all off-budget agencies, including the FFB, should be brought within the unified budget.[22] It should be noted that the Office of Management and Budget is sympathetic:

> . . . [T]he exclusion of the FFB (Federal Financing Bank) from the budget is unequivocally contrary to the principles recommended by the President's Commission on Budget Concepts. The exclusion reduces the significance of the budget totals and the validity of presentations in the budget documents.[23]

Federally-Sponsored Enterprises

In 1979, net direct loan activity of federally-sponsored enterprises totaled $27.5 billion, $80.9 billion in new loans were made, and loans outstanding stood at $123.0 billion. If net loan activity of federally-sponsored enterprises were included in the budget totals along with off-budget spending, the 1979 aggregates would take the following appearance:

[In billions of dollars]

	Outlays	Deficit
Unified budget total (before adjustments)	$493.7	$27.7
Add: Net off-budget agency spending	12.4	12.4
Subtotal	506.1	40.1
Net loans by Government-sponsored enterprises	27.5	27.5
Total	533.6	67.6

Inclusion of federally-sponsored enterprises in the budget aggregates would be strong political medicine considering the singular emphasis on deficits. This accounting would, however, be consistent with and analogous to making taxes both painful and obvious. Separate credit accounts within the expenditure side of the budget may offer some comfort and would provide analytical flexibility.

In view of the overall behavior and characteristics of these entities, the arguments for extra-budget status are less than compelling. Accordingly, the activity levels of these entities should either be reflected in the unified budget, their private ownership notwithstanding, or their ties to the government severed by cancelling their federal charters. If the former, they should also be included in any federal credit budget.

Problem 2: Misstating the activity levels within the budget

In the competition for funding, appearance can be more important than reality; programs which can be made to appear less costly stand a better chance for funding.[24] Budgetary accounting practices place many credit programs in a special position.

Eliminating off-budget status solves the problem of understanding the size of government, but may do nothing to correct the allocation distortions at the program or functional levels. Proper attribution of credit program activities within the budget is also needed.

Footnotes at end of article.

Strategy for an On-Budget FFB

Much of the distortions caused by the treatment of federal credit programs stem from the off-budget status of the Federal Financing Bank. However, it does not follow that, even with on-budget status for the FFB, the best way to eliminate the distortions is to focus control on the FFB. The problem is not uncontrolled FFB financing, but instead uncontrolled agency financing.

Placing the control on the FFB rather than on an individual program could lead to several undesirable results and may not solve the allocation distortion problem at all. The solution is to make the FFB the "frictionless conduit" originally envisioned by properly attributing to the agencies and to their respective subfunctions their dealings with an on-budget FFB.

Despite a strong conclusion by the Presidential Commission on Budget Concepts, and others, that the sale of participation certificates constitutes agency borrowing, the Congress enacted into law provisions that, in effect, require CBO sales to be treated as repayments. The sale of CBOs does not constitute transfer of equity, since the government still owns the loans. There is general agreement (at least outside the Department of Agriculture) that CBO sales constitute agency borrowing and, as such, the proceeds should not be recorded as repayments that offset outlays. These provisions of law should be repealed to require the proceeds from CBO sales to be recorded as borrowing by the selling agency.

Net vs. Gross Lending

The issue is how to accurately represent the financial picture (net vs. gross lending) while at the same time showing activity levels (gross lending and loans outstanding). Recording loan activity on a net basis may introduce a bias, but that bias may be very much misleading. Separating repayments from direct loans in the budget—for example, showing repayments in a separate function—would simply introduce another distortion into the allocation picture.

The best approach is to continue showing loan activity on a net basis while at the same time developing a separate credit section that is an integral part of the budget. A meaningful credit budget is the best way to establish a control framework for federal credit programs.

A Related Problem: Control of Federal Credit Programs

The main thrust of this essay has been the treatment of federal credit programs within the budget. Actual control of federal credit programs—which are the least controlled programs in the budget—has been a peripheral topic throughout. Accordingly, control of federal credit programs is an appropriate concluding topic.

Federal credit programs have evolved to be relatively uncontrolled by Congress.[25] Generally, Congress has not chosen to exercise its authority through annual limitations. Except for entitlement-like credit programs, credit programs often permit considerable administrative discretion. Presidents, too, have generally not sought to exercise tight control over program activity levels. This lack of control by both the Executive and the Congress has certainly contributed to the dramatic growth of federal credit programs in recent years.

The issue of control of federal credit did not really surface until 1978 when the House Budget Committee's Task Force on Budget Process began looking into this question. To date, the most Congress has mustered is a non-binding credit "limitation" in the equally non-binding first concurrent budget resolution for 1981. A bipartisan congressional proposal would restrain new loan guarantee commitments to amounts provided for in appropriation acts.[26] The proposal should be extended to include a similar control on direct loan obligations.

The Carter Administration proposed a control system that included both loan guarantees and direct loans, with the "control points" on commitments and obligations, respectively.[27] At first, the Administration's proposal covered only about 45 percent of total net direct loan obligations and 40 percent of total loan guarantee commitments for 1981.[28] The loan obligation was subsequently raised to almost 75 percent by bringing Ginnie Mae and FHA mortgage insurance programs into the limitation sphere. The direct loan limitation amounts to $28.5 billion, or 4.5 percent of total unified budget outlays. The limitation on loan guarantees cannot easily be reduced to a single figure because different limitations are attached to primary and to secondary loan guarantees, and also to loan guarantees held as direct loans. After adjustment, the limitation on loan guarantee commitments total $112.7 billion, so that the total proposed federal credit budget for 1981 is $141.2 billion. For comparison purposes (since guarantees are not scored as outlays), this figure is about one-fifth of total estimated government outlays.[29]

The Administration's cautious proposal to attach dollar restrictions on federal credit program activity levels in annual spending bills is sound—a major step in the right direction. Unfortunately, the proposal has not been met with an outpouring of enthusiasm on Capitol Hill.

Apart from whether Congress will include limitation language in appropriation bills is the issue of how control of federal credit programs should be approached within the precarious and weak congressional budget process. H.R. 5683 sought to amend the 1974 Budget Act to add gross new lending obligations and gross new loan guarantee commitments to the two budget aggregates currently subject to "ceilings" (total new budget authority and total outlays). Legislation that would breach either of these ceilings could be halted by a simple point of order. However, this would have no effect on curtailing commitments and obligations arising from on-going and previously funded programs. In lieu of enactment of legislation that would strengthen the budget process (e.g., making credit aggregate ceilings subject to points of order when threatened), the best to be expected is a continuation of non-binding language in non-binding budget resolutions. [30]

FOOTNOTES

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[13] In his final budget (FY 1978), President Ford showed the off-budget deficit and the total deficit in the first budget summary tables, on pages 3, 4, 5, and 7 of the budget. This courage—which, it should be noted, came after the election—has yet to be repeated.

[14] For more detailed information about the FFB see: "The Federal Financing Bank: A Primer," in *Loan Guarantees: Current Concerns and Alternatives for Control*, Congressional Budget Office, Washington, January 1979; also, *The Federal Financing Bank: Background Operations and Budget Status*, Library of Congress, Congressional Research Service, February 2, 1979, (H.J. 8045 U.S.).

[15] Public Law 93–244 (The Federal Financing Bank Act of 1973), 12 U.S.C. 2281. The FFB also has authority to borrow directly from the public (not to exceed $15 billion outstanding) but has done so only once, early in its history, wherein the bank learned it was cheaper to borrow from the Treasury. Thereafter, the bank's policy has been to borrow exclusively from the Treasury.

[16] Ageny borrowing from the FFB (which borrows from the Treasury, which, in turn, borrows from the public) is not considered borrowing from the public. Thus, the $2.9 billion in agency borrowing from the FFB is not included in the −$1.6 billion net agency borrowing from the public. This distinction explains why new agency "borrowing from the public" has been almost nonexistent since the FFB began operations.

[17] These are the FHA debenture program to pay off mortgagors for defaulted FHA-insured mortgages which went into operation in 1965, and the more recent National Credit Union Central Liquidity Facility to increase the loanable reserves of credit unions which began in 1979.

[18] 1979 was a slow year; in 1978, the figure was $6.6 billion and, at the time of this writing, preliminary estimates for 1980 are $10.8 billion.

[19] For an in-depth treatment of loan asset sales, see: "Loan Asset Sales: Current Budgetary Treatment and Alternatives" *Loan Guarantees: Current Concerns and Alternatives for Control*, Congressional Budget Office, January 1979, pp. 71–109.

[20] The REA is an off-budget agency, so in a narrow sense, there are no unified budget distortions when the REA sells CBOs to the FFB, since both agencies operate outside the unified budget.

[21] Title III, Section 309(h), the Federal National Mortgage Association Act.

[22] In 1976, the House Budget Committee adopted a report recommending that all off-budget agencies, except the FFB, be brought on budget. The Committee was not, however, recommending retention of off-budget status for the FFB, only deferring judgment. FFB's marketing of agency debt, the purchase of loan assets, and the purchase of guaranteed loans could be handled just as efficiently by an on-budget FFB.

[23] Tech. Paper Series BRD/FAB 76–1, 2026–76; also see "Government Agency Transactions with the Federal Financing Banks Should be Included in the Budget," Comptroller General, Washington, D.C., PAD–77–70, August 3, 1977.

[24] This statement would be more forceful if the dominant budgeting mode was "two-step" rather than "adding-up." But an ever increasing budget "pie" resulting from the addition of new programs and the expansion of existing programs (adding-up) rather than a predetermined, stable "pie" whose slices are rearranged to accommodate changing priorities diminishes the competitive advantage argument.

[25] All federal spending is, of course, controllable. In budget terminology "controllable" refers to spending that requires legislative action. Most spending—about three-quarters of the budget—occurs under authority contained in current laws.

[26] H.R. 5683, The Federal Credit Program Control Act of 1979.

[27] Placing control on actual loan disbursements or guarantee extensions (both of which follow obligations and commitments, often by significant time periods) would be much less effective because once committed, the federal government cannot back out of a credit agreement without consent from the other party.

[28] For an analysis of the Administration's credit proposals, see: "Federal Credit Activities: An Analysis of the President's Credit budget for 1981," Congressional Budget Office, Washington, February 1980.

[29] Such a comparison belies an important analytical problem. Although both direct loans and loan guarantees are measured in dollars, they are not commensurate in terms of their likely economic impact. Just as a dollar of direct expenditures will differ in economic impact from a dollar of direct loans, so too will a dollar of direct loans differ in economic impact from a dollar of loan guarantees. The tendency is to add direct loans to other direct expenditures as if they were commensurate. This presents much less of a problem than if direct expenditures were added to loan guarantees.

[30] However, budget resolution ceilings have been more of a nuisance than a restraint to the Congress. The Budget Act, is, in large part, a rewrite of the operating rules of the House and Senate. This means that the law is frequently violated by simple resolutions which waive or change provisions in the Budget Act. In three of the past five years, binding second resolutions have been supplanted by binding third resolutions.

Mr. PROXMIRE. The recommendations read as follows:

In this final section, the various problems associated with the budgetary treatment of federal credit programs are linked to recommendations and solutions. These recommendations and solutions are grouped into two broad problem areas corresponding to the two main purposes of a government budget—determining size and resource allocation.

By misrepresenting both the size of government and the allocation of the resources employed by the government, the entire budgeting, or fiscal planning process is damaged. At the practical level, agencies that are able to move substantial portions of their activities off-budget—some would say out of sight—enjoy a competitive advantage over agencies which must rely on less creative accounting to support their funding requests. In the extreme, there can be no meaningful comparisons; budgeting becomes an adding-up instead of a zero-sum process and difficult choices are avoided.

These recommendations and solutions are neutral with respect to individual credit programs. Nor is there any attempt to make normative judgments on federal credit programs per se except as to how they ought to be treated in the budget in order to fairly represent their activity levels (while nevertheless recognizing their qualitative differences from direct expenditures and other government activities).

If implemented, these recommendations would make the government appear larger than it now appears because, under the present budgetary treatment of credit programs, the government is made to look smaller than it is.

Problem 1: Understating the Size of Government.

The existence of off-budget entities results in the budget being understated by billions of dollars each year. The lion's share of off-budget spending is for credit programs.

Therefore, all off-budget agencies, including the FFB, should be brought within the unified budget. It should be noted that the Office of Management and Budget is sympathetic:

"[T]he exclusion of the FFB (Federal Financing Bank) from the budget is unequivocally contrary to the principles recommended by the President's Commission on Budget Concepts. The exclusion reduces the significance of the budget totals and the validity of presentations in the budget documents."

Well, the administration asked for it. Commonsense suggests we should do it. It would certainly serve the interest of having a more accurate picture of the size of the budget. Why do we not do it? The answer, of course, is that the Congress has resisted. The Congress has succeeded in preventing the Federal Financing Bank, which makes off-budget loans that, as they say, are behind the scenes, yet to constituents. I think that is an unfortunate distortion.

Finally, let me conclude by pointing out the problem of the Controller of the Federal credit programs, which at least controlled programs in the budget have been a peripheral topic throughout.

Let me conclude by pointing out the problem with control of Federal credit programs.

Actual control of federal credit programs—which are the least controlled programs in the budget—has been a peripheral topic throughout. Accordingly, control of federal credit programs is an appropriate concluding topic.

Federal credit programs have evolved to be relatively uncontrolled by Congress. Generally, Congress has not chosen to exercise its authority through annual limitations. Except for entitlement-like credit programs, credit programs often permit considerable administrative discretion. Presidents, too, have generally not sought to exercise tight control over program activity levels. This lack of control by both the Executive and the Congress has certainly contributed to the dramatic growth of federal credit programs in recent years.

The issue of control of federal credit did not really surface until 1978 when the House Budget Committee's Task Force on Budget Process began looking into this question. To date, the most Congress has mustered is a non-binding credit "limitation" in the equally non-binding first concurrent budget resolution for 1981. A bipartisan congressional proposal would restrain new loan guarantee commitments to amounts provided for in appropriation acts.

Incidentally:

All federal spending is, of course, controllable. In budget terminology "controllable" refers to spending that requires legislative action. Most spending—about three-quarters of the budget—occurs under authority contained in current laws.

The proposal should be extended to include a similar control on direct loan obligations.

Apart from whether Congress will include limitation language in appropriation bills is the issue of how control of federal credit programs should be approached within the precarious and weak congressional budget process. H.R. 5683 sought to amend the 1974 Budget Act to add gross new lending obligations and gross new loan guarantee commitments to the two budget aggregates currently subject to "ceilings" (total new budget authority and total outlays). Legislation that would breach either of these ceilings could be halted by a simple point of order. However, this would have no effect on curtailing commitments and obligations arising from on-going and previously funded programs. In lieu of enactment of legislation that would strengthen the budget process (e.g. making credit aggregate ceilings subject to points of order when threatened), the best to be expected is a continuation of non-binding language in non-binding budget resolutions.

Mr. President, I have discussed the credit programs, I have discussed a number of areas where economies could be made in order to permit us to comply with the amendment that I have proposed here today that would cut the debt limit sharply. Now I should like to refer to a publication that I wrote 2 years ago, called "The Fleecing Of America." That publication was written to explain the tremendous ripoffs, the outrageous spending by the Federal Government, and I have gone into some detail on this. I have worked hard on this book and I wish to bring to the attention of the Senate a small part of one chapter, which indicates how some of these expenditures occur and why these expenditures offer a rich area for us to make cutbacks which would enable us to live within a budget—I should say a debt ceiling limitation that would, in effect, mandate a balanced budget in this coming year.

The result? Tens of billions spent on public works that have cost 50, maybe 100, percent more than they should have.

Many of these projects may be well worth while. This is a stronger country economically because we have a highway system that is the envy of the rest of the world. A good number of our inland waterways, flood control systems, and irrigation aids have brought more benefits to the nation than they cost.

But on the whole these benefits go to a relatively few persons, that is, those who work on a public project, those whose homes will be protected from flood, and those particular farmers whose fields will be irrigated. And an infinite variety of such public projects is going to be proposed by a self-speaking, determined band of promoters.

To provide some discipline and moderation, the government has developed a rare system of requiring that promoters demonstrate that the benefits of a project will exceed its cost—a type of "scientific selection." If this great idea were fully and consistently carried out, we would save an astronomical amount every year. The tax burden would be lower, so would inflation, and probably half of our recent public works projects would never have been built. Nor would half of those now on the consideration list go through.

The difficulty is that both the benefits and costs are computed by a government agency called the Corps of Engineers, who operate under the strong pressure, guidance, and fiscal control of the Public Works Committees of the House and Senate. These committees are manned and chaired by members of Congress who generally believe strongly that public works are a great thing for the country and especially for their own states. Each legislator importunes and is in turn importuned by colleagues to approve a project in "my" state or "my" district. As the backscratching goes on, they put together a bill that becomes a legislative juggernut. Senator Paul Douglas—

To whom I referred earlier in this speech. I think I referred to him earlier last evening—

some years ago vigorously protested just such an elephantine bill. The chairman of the committee, Senator Dennis Chavez, couldn't understand Douglas's objection. "After all," he declared, "there's something in this bill for everybody."

Must we grow bananas on Pikes Peak? Theoretically, with enough water and solar reflection, we could do it. But how about the benefit-cost ratio? Wouldn't that protect the taxpayer from such a wild notion? The answer is a resounding *no*.

To be sure, the West is arid, and for some senators, from that part of the country especially, public works are a way of life. A federal water project can make arid land fertile; it can increase the value of what was marginal or even wasteland. So the pressure to justify a water project is heavy. In some cases it is completely reasonable; in others the funding is absurd.

The Corps of Engineers, under pressure from Congress, has become expert in inventing benefits. The fertility a project will immediately bring can be estimated overoptimistically, as can the value of the crop that will rise up ten, twelve, or twenty years from now. Recreation benefits can be added. Often a water project involves a man-made lake for fishing, boating, swimming, and a big potential increase in property values all around the shore. But that's just the beginning.

The benefits—against which the Appropriations Committee must weigh the cost—won't be enjoyed until the public work is used up, which may take up to fifty years. (In the past, the life of some projects has been estimated to have been a hundred years.)

That's where the sleight-of-hand, tricky calculus comes in. To estimate the value of a project twenty-five or fifty years from now, you have to discount (that is, reduce) it over time. The "value" will depend on the way you do it.

The benefits are reduced because you don't receive them for many years; the longer a project takes to build, the more the value to the public goes down. This reduction, or discount, depends on two things: the number of years you have to wait and—this is the tricky one—on the percentage rate at which you discount the future benefit during those years before it is realized.

To understand the immense difference the "discount factor" makes, consider that, at a 6 percent discount factor, a million dollars you or your heirs receive fifty years from now is worth $54,288 today, but at 12 percent that million dollars fifty years from now is worth only $3460 today. Do you see why the public works boys battle for the low discount factor? It justifies public works that just aren't worth it.

The Corps of Engineers has been able to minimize, on paper, the reduction of the benefit value of a project after twenty to fifty years by foisting a pitifully unrealistic 6 percent discount factor on their projects, although the long-term opportunity cost of money is at 12 percent.

When I wrote that, it was 12 percent. Now it is closer to 15 percent. We still have a very low discount factor.

(Mr. GRASSLEY assumed the chair.)

Mr. PROXMIRE. Mr. President, by reducing future loss of value and putting the costs all up front, they create the illusion that the benefits will exceed the costs, and they get the go ahead from Congress.

Public works roll on because Members of Congress who make the decision want them for their own districts or States.

The Corps of Engineers accommodates their wishes by vastly exaggerating the benefits of the projects through this systematic use of a grossly unjustified discount factor and by a happy optimism about recreational and property value advantages.

Then there are the cost overruns. Compared to the Corps of Engineers, we have marvels of efficiency in the Defense Department, HEW, and GSA. The Corps deserves the title of Overrun King if only because so many of their projects break the 100 percent overrun mark.

Of 178 recent construction projects, 83 of them, or 47 percent, went over by 100 percent or more, topping the record without any doubt for the most costly mismanagement in the entire government.

Mr. President, I should take a minute to explain what I mean and talk about these cost overruns. I mean that the contractor will agree that including inflation a particular project will cost, say, $10 million, and when the project is completed the cost is not $10 million but $20 million.

And as I pointed out in 47 percent of the Corps of Engineer cases it is that overrun of 100 percent.

Mind you, we do not count inflation in this. They are allowed full inflation, and even allowing full inflation the overrun in 47 percent of the cases is more than 100 percent.

Let me go on:

The baseline cost of these 178 projects was first estimated at $12.7 billion. Congress authorized them and began funding. Now the same bunch will cost $26.7 billion, because of overruns.

Such projects are concentrated heavily in the South and West.

Under the Corps's flood control program, the following dramatic increases stand out: Caesar Creek, Ohio, up 243 percent; Cooper Lake, Texas, up 325 percent; Fire Island Inlet, New York, up 325 percent; New Orleans to Venice Hurricane Protection—

The name of that alone should warn you of what kind of a project that is likely to be.

But the overrun was up 1,027 percent; Sacramento River Bank, up 356 percent. Among its navigation projects, Jacksonville Harbor, Florida, is up 316 percent, and the Tennessee-Tombigbee Waterway, Alabama, up 321 percent.

These dramatic cost overruns cannot be explained away by inflation. When the General Accounting Office analyzed them, it found that at least half the increase was for changes in engineering, in estimating, and in the scope of the project. These changes could have been avoided, given thorough and proper planning.

The Corps provides critical service to the country. The number of lives lost and the amount of property destroyed would be immeasurably greater if it were not for their protection.

But along with that protection have come environmental disasters as well: the loss of anadromous fish spawning grounds, destruction of wildlife habitats, channelization of streambeds, silting and death of lakes, and countless other problems. It seems to be a good time for the Executive Department to rethink the function of the Corps of Engineers. Perhaps they should be directed to reclaiming polluted waterways and building municipal waste treatment facilities and other desperately needed capital programs where their engineering resources could be efficiently used.

Now, Mr. President, we come to some of Congress public works darlings.

When the Senate and the House venture into their own private public works they have a propensity to be incredibly inefficient. The new Senate Office Building, now known as the Dirksen Building, and the Rayburn Building—put up in the sixties—are examples of a spirit of gay abandon when it comes to tossing federal money to the skies. A more recent showplace is the Hart addition to the new Senate Office Building, known familiarly and properly in Washington as the new S.O.B.

The construction of both these buildings was waste at its worst. In the Dirksen Building, the metal hands of the clocks were so elaborate, expensive, and heavy that they couldn't move. The floors in the offices were covered with the best and brightest linoleum that money could buy. But it was decided to cover the fancy linoleum with luxurious carpeting on the lame excuse that the linoleum might be too slippery for Senate secretaries and they couldn't risk having fallen women in the offices. But then, after the carpeting was firmly in place, it was found that the beautiful, expensive doors wouldn't close over the new carpets. So the doors had to be taken off and planed down.

Every Senate office was equipped with a safe so elaborate it would do justice to Tiffany's or a bank. Senators do not harbor classified material, so the safes were put to use to guard the most precious of all jewels: the senator's liquor supplies.

But the Dirksen Building was only the beginning. At four times the cost of the original building ($125 to $200 million) the Senate constructed an addition that would make a Persian prince green with envy. It includes such "national prestige" items as a rooftop dining room and a third gymnasium. These luxury items show an arrogance that should turn taxpayers livid. We already had two dining rooms.

They are going to add those later I am sure because they cut them out for the time being in view of the avalanche of criticism that the building has received. But just wait. They will be coming along.

We already had a gym in the Russell Building and a rarely used one in the Dirksen Building. The third "physical fitness center" has a convertible basketball/handball/tennis court. The average American, whose dollars pay for this indulgence, has no access to such facilities. If senators want to stay in shape, why shouldn't they pay for membership in a health club?

The landscaping and art work around the building and the proliferation of marble and bronze throughout the building are excessive to the point of a late Roman atmosphere. The senators' offices are wood paneled, of course—$1.5 million for this alone.

The final cost was two and one-half to five times the original estimate, or a cost overrun of 154 percent to 300 percent. Like Topsy, it just growed and growed. And it hasn't stopped yet.

Mr. President, one of the areas of spending that the public seems very skeptical about, and understandably so, is foreign assistance.

I frequently get questions from people in my State, as every Senator does when he goes home, "Senator, if you are going to spend money at least spend it on people in this country."

I realize that one can make a strong case for assisting other countries, and I think that there are some programs, the food-for-peace program, and the Peace Corps, programs based on volunteerism, technical assistance programs, that have been very constructive and positive and cost relatively very little.

But in many of these foreign aid programs we simply seem to lose perspective in our spending.

I shall speak for a moment on areas where we can find economies.

The taxpayers group has put together some criticism of this, and I think I should call it to the attention of the Senate.

Although the administration strongly supports foreign assistance grants and loans, such support may ultimately be useless or counterproductive. Critics argue that much of the aid is misused by the recipient governments or is consumed simply in lieu of borrowing from abroad. The U.S. also maintains little control over the funds which are distributed through numerous international agencies.

"AID help," goes the argument, "focuses on meeting the basic needs of the poorest people abroad." U.S. aid is conditioned on "past economic performance and human rights policies and practices of recipient countries."

Despite these lofty standards and aims, a Harris Poll issued June 12, 1980 found an 82–14 percent majority favored reducing foreign economic aid. Critics of foreign aid offer many arguments which confirm the public's view:

"Official aid does not help poor people," says Dr. P. T. Bauer of the London School of Economics. "Such aid increases the money, patronage and power of recipient govern-

> ments, and thereby enhances their grip on the rest of society. It thus diverts energy from productive activity to the political arena, because people's livelihoods and even survival come to depend on political and administrative decisions."
>
> The view of foreign aid as a tool in the redistribution of world income is largely illusory. Because aid is received by governments, there is no guarantee it will be adjusted to the circumstances of individual recipients. "Many taxpayers in donor countries are poorer than many people in recipient countries where aid benefits largely the relatively well off," says Dr. Bauer.
>
> Countries where government or business can use funds productively can borrow abroad. Thus the maximum contribution of aid is no more than the avoided cost of borrowing. Economists have calculated that this savings is no more than a fraction of one percent in the large Third World countries, and contributes almost nothing to the growth of national income.
>
> At the same time, however, aid can be large in comparison to foreign exchange earnings, or even to government revenues. It thus tends to maintain overvalued exchange rates and to increase the money supply. It can even encourage imprudent financial policies because external payment difficulties are an effective ground for appeal for aid.
>
> While U.S. aid funds are intended to support the aims of American foreign policy, a large and growing volume of aid from all Western nations is channelled through international agencies. These agencies are barred by charter from acting on the basis of U.S. political interests. In addition, Soviet membership (and its use of "revolutionary doctrine to express solidarity with developing nations) runs the risk of perverse use of assistance dollars.

Mr. President, the Bipartisan Coalition for Fiscal Responsibility has recently given me some material on the multilateral development banks. They point out:

> The long-range impacts of loans from multilateral development banks penalize both the U.S. and the indebted countries. The U.S. makes substantial contributions to low-priority foreign aid projects, thereby adding to the federal deficit. Meanwhile the developing nations are forced to penalize their residents through high taxes and tariffs in order to pay back the loans.
>
> The budget narrative notes that the World Bank and its affiliates, and regional development banks, lent $14 billion last year. The narrative says previous Congressional reductions in Administration requests for appropriations have "created problems in meeting pledges for U.S. installment payments."
>
> The budget narrative states that "the U.S. benefits from the cost-sharing features of this approach." Our share of replenishment will be 27 percent in 1981 vs. 31 percent in 1978 and 40 percent when IDA was founded in 1960. The narrative sternly warns Congress, "The gradual shift to other countries has been achieved only after difficult negotiation. Other donors clearly expect the U.S. to pay its reduced share on time."
>
> The claim is also made that "In a period of budget stringency, the potential multiplier effect on U.S. contributions through these institutions is particularly important."
>
> The Bipartisan Coalition for Fiscal Responsibility draws precisely the opposite conclusion: "The urgent demands imposed on our economy by the current fiscal crisis compel deep reductions in our low-priority foreign aid efforts, such as . . . support for multilateral banks." The Coalition calls for pro rata reductions in the IDA-World Bank concessional loan program ($571 million), the Inter-American Development Bank ($251 million) and the Asian Development Bank ($77 million).
>
> Both the added federal budget deficit caused by foreign aid grants and loans, and the high tariff barriers established by countries struggling to repay international debt, can be seen as working against a strong dollar. Ultimately, expanded trade in a dollar-based world monetary system is the best hope of less developed nations for fundamental economic improvement. To the extent current foreign aid policy works to weaken free trade and the dollar, it is counterproductive.
>
> Critics argue that there has been a sometimes unhealthy interaction between aid grants and assistance loans. Some of the lowest income countries have experienced staggering increases, in debt burden owed to multilateral and multinational banks that finance development activities. Paying off this external debt has compelled stringent internal measures such as high taxes and tariffs. Debt service obligations equal 71 percent of national income in Somolia and 99 percent in Guinea, for example.

Debt service obligations—99 percent. That means that national income would all be committed in Guinea to servicing the debt, if they tried to do it. Obviously, under those circumstances there is no way they could service the debt; and I suppose for that reason it is written off as a bad loan, or much of it is. It shows that the debt, as a so-called loan, is really a cover for a grant.

> The Marshall Plan does not provide an analogy with current foreign aid. In postwar Europe the task was reconstruction, not development. The Marshall Plan operated for only four years, and West Germany became a net exporter shortly thereafter. By contrast, the prevailing philosophy of Third World aid calls for an indefinite transfer of wealth, including massive loan defaults.

Mr. President, one of the programs we subsidize and has overwhelming and enthusiastic congressional support, it seems to me, has the weakest case, and that is the Export-Import Bank.

In the 6 years I was chairman of the Senate Banking Committee, I used to report to the floor of the Senate on the loans made by the Export-Import Bank that exceeded $100 million. It seemed that many of those loans were made to the Boeing Corp.; and when they were not made to the Boeing Corp., they were made to some other huge aircraft manufacturer. Typically, their principal competition was another U.S. aircraft manufacturer.

The loans, of course, were at very, very subsidized rates. As recently as last year and the year before, when interest rates were far higher, they would borrow typically at 8 percent. Of course, no small businessman or farmer could borrow at that rate. The Boeing Corp., with its special bank, the Export-Import Bank, was able to do that.

Of course, if I were an executive of the Boeing Corp., I would be delighted with that kind of arrangement. After all, I would be borrowing at about half the market rate, and it gives me a terrific advantage over any domestic competitor.

I never felt that the administration was able to justify this colossal subsidy to very large American corporations concentrated so heavily in a particular industry—to wit, aircraft manufacturing—an industry that has one of the least vigorous international competitors of any industry we have.

You can always make a case for any kind of subsidized loan to anybody, but I felt that the Export-Import Bank probably makes the weakest case of all.

Taxpayers are forced to finance lending risks at terms they cannot acquire for themselves and at a lower interest rate and the Federal Government has to borrow.

So there is a net gift from the taxpayer to the borrowing company, thus draining the taxpayer of his wealth, for the benefit of the Boeing Corp. and the benefit, also, of the foreign firm that buys the Boeing product.

It is no wonder that we were never given a justification. No case was made that if we did not sell it, maybe the French would have a plane they would be able to sell. As I say, there is practically no effective, vigorous nationwide competition. The French have about the only competition, and they have had a very limited capacity. So the case here is a very thin case indeed.

Exports of products represent an outshipment of national wealth. This is beneficial only when it is profitable. Plaut charges the Bank and its supporters "equate success with the amount of money being shelled out." In 4 years, outstanding commitments of the Bank have grown seven-fold to $14 billion. "When the U.S. Government reduces the cost to a foreign buyer by subsidizing a deal, the United States is not creating wealth—it is giving away wealth," says Plaut. "The foreign consumer gets a windfall financed by U.S. taxpayers."

In practice much of the wealth does not go abroad but is transferred from one group of Americans to another. Exporters generally raise prices and capture a part of the Ex-Im Bank subsidy for themselves.

Of course, there is another side to it. The Bank rests its claim of success on what they call additionality or the increase in U.S. exports attributable to its activities.

> But additionality should be based on the increment in U.S. earnings from exports, not the incremental number of physical units exported. It is possible Ex-Im Bank financing has actually reduced U.S. export revenues from abroad because many of the high-value items it finances have small price elasticity. Thus, the increase in sales volume fails to offset the loss of income from fair market pricing per unit of credit purchase.
>
> The Bank displays the same chronic deficiencies of many subsidy programs, such as extending low-interest loans to foreign buyers who have already decided to buy American goods.

Of course, additionality then is zero. If they are to buy a Boeing plane and provide for a nice, fat subsidy for the Boeing Corp., the Boeing Corp. benefits from making the deal more profitably, and the taxpayer pays the difference. We have a reputation as an easy mark to tap for covering cost overruns.

> The comprehensive indictment against the Bank suggests its activities are redundant with the private sector and in some cases counterproductive in their impact on America's net wealth. Until better criteria can be developed, further expansion appears unwise.

> Indeed, Plaut argues the Bank's entire existence is based on two questionable assumptions: first, that the private sector cannot finance exports.

Of course, the private sector can and does and would finance exports vigorously.

As I have said before, we have the most competitive, efficient, vigorous private financial sector of any country in the world. We have some outstanding experts in some of our big banks.

The notion that they are not capable of financing exports is foolish and wrong and wasteful. Obviously, any industry would these days especially enjoy a Government banker who will provide taxpayers' money below cost. But the case should be made, and it has never been made, as to why a particular sale must be at a certain rate of interest.

As I say for year after year after year I have served on the committee, I have interrogated the officials from the Export-Import Bank. We have asked Treasury officials and others who have responsibilities close to the Export-Import Bank, and they have never been able to give us examples of instances where the Export-Import Bank financing has actually brought a sale to an American corporation that the American corporation would lose otherwise to a foreign corporation, and that is the test. It is not the only test because obviously if the sale is unprofitable and the only advantage is a loss of money to the taxpayer through the Export-Import Bank, it should not be made. But at the very least I think Congress deserves, if we are going to go ahead with the Export-Import Bank, to have a clear, logical justification documentation of the reasons why the Export-Import Bank had to tap the taxpayer to subsidize a loan of an American corporation's sales abroad.

> Indeed, Plaut argues the Bank's entire existence is based on two questionable assumptions: first, that the private sector cannot finance exports; second, that the government is capable of running a bank. Economist Arthur Laffer suggests "an activist policy of abolishing the Ex-Im Bank."

I do not agree with the Laffer on a lot of things, but I must say he shows remarkable acuity in that respect.

Now I come to another area where we can save some money. This is on the community development block grant program. That is a $3.166 billion program. Anybody who thinks that my amendment is unrealistic because that amendment is going to put a limit on the debt, the national debt, prevent it from going over $1 trillion, should recognize that there are a whole series of ways that I am recommending here that would enable the Federal Government to save money. One of them is a program that the General Accounting Office has looked at carefully, the community development block grant program. That is a $3.166 billion program next year, 1982.

Mr. President, I have used the GAO, as other Senators have done, frequently. In fact, I have used it literally hundreds of times in the past 24 years, and I have found them to be superlative. They are objective, they are competent, they are quick. The reports they made are clear and understandable.

I have never found them to be wrong in a fact. They are absolutely incorruptible, and they are an agency that gives Congress the best kind of advice. They have 6,000 auditors and accountants and other experts who are throughout the world, and they can examine, investigate charges of waste and the efficiency of Federal programs, and make recommendations to us on which we can fully rely.

Here is what the GAO says about the community development grant program.

> On the CDBG program we found that HUD had a backlog of about $3.4 billion in unspent funds for formula entitlement grantees as of April 30, 1980. While HUD has taken several actions to get grantees to spend block grant funds faster, this may stimulate ineffective and inappropriate use of block grant funds. For example, our current review of the CDBG program has identified several problem areas which hamper achievement of the program's objectives:

I might point out that the block grant is the way the administration is going, and the Governors want them to go that way, and this warning by the GAO is one we should heed not only with respect to community development block grants but elsewhere. These are the areas which the GAO says might hamper the program objectives:

> Cities have spent funds in too many areas, in areas too large to accomplish meaningful results in a reasonable period of time, and on activities not directly related to community development. In addition, benefits to low- and moderate-income persons are not thoroughly verified, and as a result it is unclear whether or to what degree this major objective of the program is being met.
>
> The lack of HUD guidance on block grant supported housing rehabilitation work has resulted in non-essential work being completed, relatively high income persons being assisted, and wide disparities in the types of work that can be done.
>
> Audits of grantee operations by HUD's Inspector General, independent public accountants, and city comptrollers, as well as our own review, have identified many examples where inadequate information and controls exist to determine whether program expenditures are for eligible items and are adequately supported or justified.
>
> To improve the CDBG program's efficiency and effectiveness, the Administration and the Congress may want to address such issues as:
>
> The need for all grantees to concentrate their block grant funds in distressed geographic areas small enough so that visible improvements are achievable in a reasonable time period.
>
> The need to verify information provided by grantees on benefits to low- and moderate-income persons, to ensure that activities claimed to benefit low- and moderate-income persons, in actuality principally benefit these income groups.

Mr. President, you would think those two points would be front and center. After all, the purpose of the Federal subsidy is to provide the distressed geographic areas which are workable enough so that visible improvements are achievable and a reasonable time period should be chosen; and, second, HUD should certainly verify information provided by grantees to make sure that the low- and moderate-income persons get the benefits claimed for them.

I found over and over again these programs that are supposed to benefit low-income people, poor people, in many cases go to people who are anything but poor, whose incomes are high, and the result is that the taxpayer is subsidizing somebody in many cases who earns more than the taxpayer earns.

> The need to reduce the broad list of activities currently eligible under the program to focus on those activities which meet the cities' most urgent revitalization needs. For example, many city officials told us that one activity—public services, amounting to $240 million annually—could be eliminated from eligibility with minimal effect on achieving the objectives of the block grant program.
>
> The need to develop overall income eligibility requirements for recipients of block grant supported rehabilitation. Such limits would result in increasing the number of low- and moderate-income people benefiting from the program.
>
> The need to limit eligible housing rehabilitation work to that which is essential to restore the unit to a safe, decent, and sanitary condition, specifically prohibiting nonessential and luxury items, so that more homes needing basic repairs can be rehabilitated.

This has a very useful purpose if this money is well-spent. But in the many years I have worked with HUD with many, many Secretaries of Housing and Urban Development, and all of them sincerely trying to do a good job, and honorable people, nevertheless I found this agency is woefully, over the years woefully, inefficient, and it does not meet any of these criteria, and it does not seem to be able to concentrate their efforts either in the distressed areas for the people who are most distressed and the most needy and who should get and do deserve our assistance.

Mr. President, the major and main arguments supporting the termination of the program are the following:

> Community Development Block Grant funds can be used, at the discretion of localities, for the same purposes as Urban Development Action Grant funds.

Now, Mr. President, I should make it clear I am talking about urban development action grant programs which include $500 million in 1982. Once again, if my amendment is accepted, and we do limit the Federal debt to less than $1 trillion, I have the responsibility for showing where we can make cuts, and that is exactly what I am doing now.

The urban development action grant, a $500 million program, could be cut out, and here is why:

> Community Development Block Grant funds can be used, at the discretion of localities, for the same purposes as Urban Development Action Grant funds.
>
> There is no evidence that the Urban Development Action Grant program creates new investments or jobs on a national level. It may affect the locational choice of some investments and their resulting benefits, although this has not been empirically proven.

So there is no evidence that the program does any good, and it is a $500 million program.

> Even if the UDAG program did influence investment location decisions, it would impose an economic cost on the overall economic efficiency of private sector investments. In theory, the UDAG program com-

> pensates the private sector for shifting investments to high cost or less economically efficient areas. This reduces the net economic (although not necessarily the social) gains from any given amount of investment.
>
> The UDAG program with its emphasis on intensive direct Federal Intervention in local investment decisions is inconsistent with the basic block grant philosophy of delegating decisionmaking from the Federal Government to other local governments or the private sector.

You would think this administration would see that. This administration has been stressing local control and decentralization and removing the regulations and the restraints and the interference by the Washington bureaucracy, and the UDAG program goes in exactly the opposite direction because it stresses, as I say, intensive, direct Federal intervention.

> This categorical program exposes the Federal Government and the administration to local criticism and objections to particular development projects. There has been adverse publicity in the past over excess emphasis on some types of projects (e.g., luxury hotels), and the distribution of project awards among both project categories (i.e., commercial, industrial or neighborhood projects) and applicant communities.

So all together, Mr. President, here is an opportunity to save half a billion dollars. I have not kept count, I have not kept a running total on the amount of savings I have recommended here tonight, but it is in the tens of billions of dollars. It certainly is easily enough to justify the amendment that I have offered to the Senate which, as I say, would keep the Federal debt limit below $1 trillion and not let it go, as the proposal before the Senate would do, to $1,079,000,000,000.

Mr. President, I have today's New York Times. I have just received this because I have been speaking here since 6:15 last night and, as a result, I have not had a chance to see the morning paper.

This is an article in the New York Times by David Shribman, showing what the private collection of debts to the United States could do. That article says the following:

> WASHINGTON, Sept. 28.—The Reagan Administration, faced with collecting more than $25 billion in delinquent debts owed to the Federal Government, is pushing a plan to permit private collectors to seek out Federal debtors and to let them use current addresses taken from tax forms.

Think of that, $25 billion. You could wipe out half the deficit right there. You would take care of one-third of the increase in the debt limit right there, if you could collect that $25 billion. We could certainly do a lot better than has been done in the past.

> The proposal, which is part of the Administration's program to shrink the Federal deficit, would also permit the Government to dip into the salaries of Federal employees to satisfy their debt obligations to the Government.

I do not know how anybody else feels about that, but I say, "Go ahead, administration." I am a Democrat and they are Republicans, but they are dead right. Anybody who owes funds to the Federal Government should be required to pay them. Whatever legal methods the Federal Government suggests to collect I will certainly approve enthusiastically.

Twenty-five billion dollars is ridiculous. People feel if they owe it to Uncle Sam, it does not count. If they owe it to the local car dealer or if they owe it to a local merchant, they pay up or they know they are going to go to jail. They pay up or they know it is going to be collected, and collected vigorously.

Well, there is no reason why Uncle Sam's debts should be treated any differently.

> Under the plan, the Government would be authorized to report delinquent debtors to credit bureaus, adversely affecting borrowers' credit ratings in the private sector.

At long last, I have been urging that credit policy for at least 5 years. Most of the people in this country pay their debts and they are very good about it. But there are a few people who do not. Many people who do not will do so if there is a real sanction, if there is a penalty, if there is a requirement that they pay their debt. How do we provide that? We can provide it at almost no cost by doing what every other lender does: Report a delinquent credit to the local credit bureau, and then you will find that these people who have not paid their student loans, or have not paid their veterans loans, or have not paid their small business loans, will come pounding on the door and ask, "Please, let me pay it." Why? Because they will lose their credit rating. The credit bureau will carry that. We have a credit society. There is no way they can borrow money. So this is exactly what the Federal Government should do. As I say, at long last they are doing what I have advocated now for at least 5 or 6 years.

> The Administration expects the debt collection plan, which requires Congressional approval, to raise about $1 billion a year, but Congressional aides believe the figure might go as high as $3 billion.

I am one who thinks it will go that high on the basis of the limited experience we have had where we persuaded the agencies to follow that policy.

> ### $13.3 BILLION IN UNPAID TAXES
>
> More than half the delinquent debt, or about $13.3 billion, stems from unpaid Federal income taxes.

Well, the overwhelming majority of the American people pay their income taxes. The people who mooch on it, who do not pay, should be forced to pay. They are stealing from the Government when they do not pay their taxes.

This country has the best record in the world on our citizens paying taxes. It is something all of us should be proud of. But it is something we should enforce because it could break down in a hurry if people get the notion that some are ripping the Government, not paying their taxes, and it is becoming a joke. We should crack down and crack down hard and require these delinquent debtors to pay up.

> Delinquent student loans, the next largest category of debt, account for about $2.2 billion. In all, the Federal delinquent debt costs taxpayers about $10 million a day in interest, according to a spokesman for the Office of Management and Budget.
>
> The amount of delinquent tax debts has more than doubled since 1976, when 600,000 delinquent accounts totaled $1.7 billion in unpaid taxes. Last year, the number of delinquent accounts rose to 1.2 million and the debt rose to $3.6 billion.

That is an appalling number.

> Internal Revenue Service officials attribute the increase in delinquent debt to what they describe as the "credit psychology." Many debtors consider owing money to the Government, which charges only 12 percent interest, far cheaper than owing money to commercial institutions.
>
> The Internal Revenue Service doubled the interest rate from 6 percent on Feb. 1, 1980, and will increase it again next Feb. 1. The new rate will be the average prime rate—the rate that banks charge their best customers—for this month, which will place the figure at about 19.5 percent.
>
> The Government lends money through 24 departments and agencies, but only the Department of Education is currently permitted to use private debt-collection companies. The Administration plan would permit all the agencies to use private collectors, but would restrict their use of information gathered from Federal tax forms to Government debts.

Incidentally, that is where they have gotten some real results. They have used it. You find students coming around rapping on the doors saying, "We want to pay up. We do not want our credit rating destroyed." So it has worked.

> "They can't take an address they get from tax forms and use it to go after some person who owes money to Sears," said a Congressional aide.
>
> The American Civil Liberties Union, however, has expressed its opposition to the use of Federal tax information in debt collection.

Mr. President, I admire the Civil Liberties Union. I think it is a great institution, one we should honor and respect, but in this case they are wrong. You do not interfere with a person's liberty when you make him pay a debt he owes. When he does not pay his debts, we are being ripped off. People who pay their taxes have to pay more because somebody else is not paying what he rightfully owes to the Federal Government. He is ripping us off.

> "We recognize the importance of the Government collecting its debts, but not at the expense of the privacy of individual taxpayers," said John Shattuck, national legislative director of the civil liberties group. "It's not necessary to invade tax records to have an efficient debt-collection scheme."

I would like to know what is the basis of an efficient tax collection scheme. We have been trying to collect those debts for decades, for many, many years.

As we have pointed out, the estimates are that the Federal Government has $25 billion owed to it in delinquent debts. So I think we do need these vigorous, new kinds of methods of collecting the money.

> T. H. Bell, Secretary of Education, said a pilot program in which his department used private collectors had been a success. Both an internal study and a study prepared by Booz, Allen & Hamilton, a management consultant firm, found that the use of private collectors was at least as cost-effective as the use of Federal collectors.
>
> The provision to subtract debt payments from Federal paychecks would affect more than 85,000 Government employees who have defaulted on about $50 million in loans from the Veterans' Administration and Department of Education.

We certainly ought to do that. That makes sense. If the Federal employee owes money, has not paid it, is delinquent, there is no doubt about it, the money should be subtracted from what he gets in his pay.

> The plan, which has been approved by the Senate Government Operations and Finance Committees but is awaiting House committee action, would also allow the Government to determine if applicants for student loans and other Federal loans were already delinquent debtors.

Mr. President, further on the collection of defaulted loans, debts, and overpayments, the Bipartisan Coalition for Fiscal Responsibility and Unpaid Debts has done a fine job of analyzing the situation. They point out that in many cases, the collection methods of Federal agencies are—

> Unsophisticated in comparison to those in the private sector.

BACKGROUND

> General Accounting Office reports have found that the amount of money owed the federal government is "enormous and growing." According to GAO, U.S. citizens and organizations owed the federal government—

This is not delinquent. This is the total debt—

> over $95 billion at the start of fiscal year 1979. The office notes, "Debts are incurred from a host of activities, including federal housing and student loan programs; overpayments to veterans and annuitants; tax assessments; and sales of government services and goods."
>
> Although much of the $95 billion has been or will be routinely collected, estimates from some federal agencies indicate at least $3.5 billion of the total will be written off as uncollectible. GAO predicts, "Losses will probably be even greater because some agencies have not reported estimated uncollectibles."

So, we are losing all kinds of money by not collecting these debts. That is a real waste we should not permit.

> Two deficiencies have hampered effective collection efforts. Many agencies have not made it a high priority and are not sufficiently aggressive in recouping debts, defaulted loans and overpayments. The GAO also found that present collection methods are expensive, slow, and ineffective compared to commercial practices.
>
> Examples of uncollected debts and delinquent loans abound. HUD, for instance, operates a college housing program for improvements to dormitories. By the end of 1978 eighty-three of the institutions of higher learning which had received these subsidized low-interest loans were in default for $14.3 million.

We are not talking about students, Mr. President, who, after all, can incur all kinds of difficulties. These are institutions of higher learning—colleges, universities. They are in default for $14 million. What a disgrace.

Incidentally, included were many prestigious and well-known schools. I know that schools are hard up, but they ought to pay their debts.

> At the same time, 53 percent of the total amount of housing rehabilitation loans were in default through 1979.

Let me repeat that shocking figure—53 percent of the total amount of housing rehabilitation loans were in default through 1979—more than half of all the loans we make. That is a strong case for abolishing the whole program. If you have more than half the people refusing to pay their loans, the program obviously is a giveaway program, a takeaway program, stealaway program that we cannot permit. At any rate, we either ought to abolish the program or we ought to institute some really rugged, aggressive, vigorous debt collection methods that work.

> One reason appears to be HUD practices which according to the GAO lowered "the effective interest rate from 3.0 percent to 2.3 percent upon default, resulting in a 31.5 percent savings in interest actually paid by the borrower."
>
> There are large numbers of defaulted loans each year in the federal government's massive mortgage programs. Many of these defaults are due to genuine economic hardship. By contrast, the two HUD programs cited above are of significant benefit to affluent persons who possess financial resources. Vigorous collection efforts are indicated, rather than letting certain institutions and individuals compound the benefit of a subsidized loan with a "tolerance policy" on defaulted repayments.
>
> The General Accounting Office has made many recommendations to improve collection efforts, including: reporting debtors to commercial credit bureaus; charging interest on delinquent debts.

That is something which, as I say, I have been urging for a number of years. Charging interest on delinquent debts. Why not? We ought to charge interest and charge high interest—maybe 25 percent would wake them up. After all, a small busniessman borrowing money has to pay about 22 percent. We certainly ought to charge a higher interest in the market so there is an incentive for paying up. Otherwise, instead of making a small loan, they just hold on to the Government's money and do not pay it back.

Third,

> Stepping up efforts to prevent overpayments; and reducing future federal payments to the debtor via tax refunds or federally paid salaries.
>
> The GAO notes that the need for the federal government to improve its ability to collect debts "is now widely recognized by the legislative and executive branches." Several bills are pending before Congress that would improve collection efforts. The President's Management Improvement Council has also undertaken a special debt collection project which could lead to better practices.

FISCAL IMPACT

> If stepped-up debt collection efforts were able to recoup 50 percent of the money that is now considered "uncollectible," roughly $1.75 billion would be returned to the federal government. Accurate data on loans now rated as uncollectible could boost this figure to the $2.5 billion range.

Mr. President, there is a saving—anywhere from $1.75 billion to $2.5 billion. That is a saving that does not involve our canceling a program or cutting out a service or stopping nutrition or not helping the handicapped. There is a saving that we can achieve by simply getting the moochers to pay up, by just being tough, by treating people exactly the way people are treated who do not pay their debts in the private sector. There is no reason why the Federal Government should be a patsy. That is the taxpayers' money that is at stake here and we should insist that it is paid up and paid up in full.

Mr. President, as I say, I am continuing to put into the record here a number of areas where we can save, in some cases millions and in some cases hundreds of millions, in some cases, as in the last instance, billions of dollars, and do so by simply following the solid advice of the General Accounting Office. In doing that, of course, we make it possible for us to say no to a trillion dollar national debt. I should say a $1,079,000,000,000 national debt.

Of course, when we do that, we begin a credible anti-inflation and anti-high-interest rate policy. We do not just talk about inflation, we do not just say assault the Federal Reserve Board or attack Wall Street. We do something solid and effective and constructive that virtually every economist in the country says is overdue when we balance the budget in these circumstances. We do not have a military emergency nor an economic emergency. We have every indication that the economy is healthy and moving ahead. We should balance the budget now and forever.

These expenditures I am discussing now are exactly how we can balance the budget, where we can make those changes. It is not a matter of generality, it is not a matter of saying I am going to knock out all the fraud and abuse. It is a matter of pointing out where we can save it and how much we can save.

Another area where we can save a great deal of money is in the flagrant, excessive, extravagant use of consultants and contractors. Consultants and contractors have been used in a way that undoubtedly has wasted billions of dollars. Again, the Bipartisan Coalition for Fiscal Responsibility has made this case very strongly. The problem is this, according to the Bipartisan Coalition: The Government's use of consultants and contractors needs better management. In many cases, contracts are awarded without competition and massive studies are never read.

In other words, they will pay tens of thousands of dollars or hundreds of thousands of dollars for a study and then never read it. Nobody looks at it. A complete throwaway, a waste of money.

Or it is not competitive. Joe Smith, who works for the Government, will hire Jack Smith, who is his brother, and do it without any competition, to do some consulting work. That consulting work can add up to hundreds of thousands of dollars. The cost may be excessive, the consultant may be incompetent. Without that kind of competition, you did not get the kind of work that the taxpayer is entitled to get.

And of course, as the bipartisan coalition points out, the most serious problem is that consultants are hired to perform duties which are part of a government's basic operation.

So that an agency already has an in-house capability to do the job and yet because they have buddies on the outside they go out and hire a consultant to do the job.

This is not just a wild charge. Let me document this a bit.

Consultants have come to be known as Government's invisible workers.

The man who has done the finest job in this area, Senator DAVID PRYOR, of Arkansas, has worked very hard in this and he has turned up some shocking revelations. He has made some very constructive proposals, including legislative proposals to remedy it and reclaim money for the Federal Government.

As Senator DAVID PRYOR, of Arkansas, explained on the Senate floor:

> The number of consulting service arrangements the government has, the cost, and the purposes for which they exist is still not available to even the President, the United States Congress, or the American people.

Senator PRYOR kicked off a series of joint hearings on Federal spending for consultants and charged that the Energy Department expects to spend over half of its $11 billion budget on outside consultants and contractors. That is $5.5 billion. This is not chickenfeed. This is not peanuts. This is hard cash; $5.5 billion for outside consultants and contractors.

Mr. PRYOR commented:

> It is hard to understand what, if anything is left for officials to do.

Consultants are used to make policy, answer letters from Congressmen, and even keep tabs on other contractors.

Specific abuses have been uncovered by the General Accounting Office in many Federal agencies. For example:

A $160,957 Office of Education contract was awarded to survey the supply and demand of newly graduated teachers. The survey was delivered 11 months late at a cost not of $160,000 but at a cost of $329,920.

A $29,947 Department of Energy contract was awarded for "technical analysis and support for assessing the technology base." But as a program official explained, the primary thrust of the contract was for typing support since the agency did not have sufficient secretarial help.

How do you like that? A contract really for assessing the needs for typists.

What you do, of course, is you hire the typist or you hire an agency that will hire a typist directly, but you do not pay about $30,000 for a technical analysis support for assessing the technology base.

Furthermore, an investigation by the Washington Post uncovered other questionable practices. Out of the 13,848 contracts awarded to consultants and researchers that they reviewed, two-thirds were granted without competition, think of that—two-thirds without competition, and that means, of course, that there are many of these contracts, hundreds, probably thousands of the contracts that are sweetheart contracts.

When there is not competition, you can give it to a relative, a buddy, a friend, a former associate, a former employee at a very high cost. Whether there are kickbacks or corruption involved is hard to say, but this is the kind of situation that breeds kickbacks, that breeds corruption, because, after all, when there is not competition, then there is no basis for determining whether the $30,000, or $80,000, or $200,000 paid is reasonable or not. There is a strong temptation, of course, under those circumstances, to take care of your buddies and undoubtedly in some cases unfortunately with 13,000 contracts that has been done.

Problems with the management of consultant contracts have been identified by the GAO, congressional committees, and Federal agencies. They include:

First: a failure to consider in-house ability before awarding contract. In other words, what an agency will do is they will have perfectly competent people able to do the job right in the agency, paid to do the job, in some cases sitting around with nothing to do, but instead they will go out and they will hire an outside contractor.

Second: the questionable use—or lack of use—of study results or consultant recommendations. In other words they get it, they do not use it, or if they use it they use it improperly.

Third: a failure to obtain competitive bids before awarding contracts. I already discussed that. Sometimes through abuse of criteria on "expertise" and "emergencies."

Fourth: excessive rates of pay for consulting services.

Of course, when you have the kind of overrun that I just mentioned, $160,000 was the contract, and I do not know how in the world you could justify paying $325,000 when the survey paid to study the supply and demand of newly graduated teachers.

Fifth: consultants performing work of a policymaking or managerial nature. In other words, you should not have an agency in which you pay and pay well officials to run the agency and then in many cases those policy and managerial officials are approved by the Senate, after careful hearings, presumably they are carefully hired, and then instead of doing the work they are supposed to do they shove it out to a consultant to do it, a consultant who is not in the agency, who does not have the responsibility, who is not responsive to Congress or to the President, and who moves in and takes over and makes the policy decisions for the Government.

Finally: a failure to adequately guard against duplicative studies or services.

Some contracts appear to result from congressional "copouts" using studies to substitute for policy action on a controversial issue. In such cases, an agency may not want to divert personnel, and consultants are the least disruptive way to get the job done.

Where permanent, usually annual, reporting requirements have been imposed on agencies by Congress, they should be subject to annual appropriation. This forces Congress to reexamine the cost-effectiveness of requiring reports, and would have an indirect impact on expenses for consulting.

On behalf of Congress, I must say that the difficulty is that we deal with such colossal budgets. HUD has a multibillion dollar budget. Of course, if they hire consultants and pay $100,000 here and $300,000 there and $500,000 in the other place, there can be so many of them that it is very, very difficult even with a topflight staff and a diligent and vigorous staff to get to the bottom of this.

We certainly, on the other hand, should have a comprehensive report. We should know what the agency under our responsibility exactly how much they pay for consultants. They do not tell us we should not approve their budget.

We should know what they pay for contractors. We should know what the purpose is. We should know how they used the studies.

As I say, there are so many of these consultants that it is very hard to examine these on a one-by-one basis.

We should have aggregate figures and then we should have a sample spotcheck of this kind of an operation.

> A more direct step is to prohibit delegation of contract-approval authority below the level of Assistant Secretary. In this way, central control would be enhanced and the now murky information system on consultant use could be clarified. There is a place for consultants where specialized skills are temporarily required, or in providing basic services such as janitorial or security staffing. As a general rule, however, consultants should be employed as a catalyst for reform or change but not simply to supplement the bureaucracy in performing its on-going functions. For occasional staffing, the use of consultants can be economical since it prevents a permanent workforce build-up and avoids payment of costly Federal personnel "perks."
>
> The need is to discourage mass employment of consultants as a "hidden bureaucracy, without erecting additional barriers to their useful role as the source of outside advice and independent perspective.
>
> Since exact data on total Government expenditures for consultants are not available, precise cost savings figures are difficult to determine. An initial estimate is that restricting the use of consultants could save between $[illegible]00 million and $1 billion per year in the Department of Energy alone, with potential government-wide savings of $2 to $3 billion.

Mr. President, earlier, maybe it was yesterday, anyway it was during this speech, I think it was about maybe 8 or 9 o'clock last night I discussed the Space Shuttle program very briefly and elimination of one Space Shuttle orbiter. But I did not point out:

> The space shuttle program calls for four shuttles, with the fourth orbiter to be completed and delivered by 1984. The first three orbiters are capable of reliably performing 27 shuttle flights per year. The fourth orbiter, estimated to cost $979 million, would provide program flexibility, enabling additional and/or multiple flights for either civilian or military purposes.
>
> Eliminating the fourth orbiter would save less than its estimated cost of $979 million. About $51 million has already been authorized for fiscal year 1981. Moreover, part of the cost of the fourth orbiter cannot be separated from the common costs of manufacturing all the shuttles and from subcontractor overhead costs. Some of these costs would be redistributed over the remaining three orbiters if the fourth was eliminated. When NASA deleted its planned fifth orbiter, it estimated the savings to be $365 million, or 63 percent of the estimated total costs for that shuttle. A realistic total savings estimate for deletion of the fourth orbiter would be 63 percent of the $979 million, or $583 million over the 1982–1986 period.
>
> There might be some offsetting costs in the defense budget if any of the three orbit-

> ers was rendered inoperable and the planned flight schedule was maintained. In this event, the Department of Defense would need to purchase expendable launch vehicles, each costing about $100 million, to execute its critical missions; or military missions might be given priority over civilian flights with the remaining orbiters.

Mr. President, this is something that we spent a lot of time on and have gotten into it in considerable detail. Last April, the Shuttle took its first flight. It was a great thrill for people in this country when they saw the Shuttle take off into space, circumnavigate the globe many times, and come back and come back right on target.

Obviously the skill and the precision and the marvelous technology made all of us proud of America to see we were way ahead of other countries in this regard and we were moving into space in this exciting and dramatic way.

I find many Americans are space buffs. No one else that I know of criticizes that program, and it is astonishing because that program is an enormously expensive program. It was supposed to cost $5 billion. The Space Shuttle program already costs $20 billion. Part of that is inflation. but much of it is because the program was much later than it should have been, over 3 years late.

There was a clear overrun of 29 percent. The performance itself was degraded. This was a program that was supposed to perform missions in space. It can perform only 1 out of 12—I should say 1 out of 8 of its missions in outer space, 24 out of 195 missions, and it is a program that is going to be in its operations far more expensive than people realize.

Mr. President, this program is going to cost $1 billion a year for operations alone.

Now, of course, it is an exciting program, as I say, because it is in outer space, but it is a program that has been so expensive, has taken up so much of the money of the space program that it has presented some very excellent scientific programs from going ahead.

The solar polar mission, for example, was scrubbed; at least it has been indefinitely postponed. That was a mission that had great promise, such great promise that this was one mission where we had a number of other countries contribute money to the program.

In fact, European countries contributed over $100 million. They are very unhappy that we scrubbed that mission. We did it because we wanted to go ahead with the Shuttle.

The Shuttle is also a system that is going to be used, to a very large extent, by the military. But the military is not being required to pay for it. I think it is fine that the military is using it. I think it is perfectly legitimate, proper, and praiseworthy for the military to defend our country with a Shuttle. I have no objection to that at all.

But the fact is they should justify the Shuttle in their budget.

Several years ago, when I was chairman of the subcommittee of the Appropriations Committee and the Shuttle was just beginning, I asked the Secretary of Defense why we should not put the Shuttle in the military budget. Since they are going to be the principal user of it, let them pay for it. His answer was very revealing. He said:

> Senator, if we had to put the shuttle in our budget, we wouldn't take it. We wouldn't pay for it. It has too low a priority. We don't need it that badly.

Mr. President, it seems to me, with that vast Pentagon budget, if this has such a low priority and there are other alternatives, it does not mean that that would cancel our military space flight at all. It would mean that they would use expendable launchers that could do just about everything the Shuttle can do. If it has that low a priority, I question whether we should spend these billions and billions of dollars, as I say, $20 billion, over this program that it is going to cost before we are through. We are already approaching about $11.5 billion.

> The first three orbiters are capable of reliably performing 27 shuttle flights per year. The fourth orbiter, estimated to cost $979 million, would provide program flexibility, enabling additional and/or multiple flights for either civilian or military purposes.
>
> Eliminating the fourth orbiter would save less than its estimated cost of $979 million. About $51 million has already been authorized for fiscal year 1981. Moreover, part of the cost of the fourth orbiter cannot be separated from the common costs of manufacturing all the shuttles and from subcontractor overhead costs. Some of these costs would be redistributed over the remaining three orbiters if the fourth was eliminated. When NASA deleted its planned fifth orbiter, it estimated the savings to be $365 million, or 63 percent of the estimated total costs for that shuttle. A realistic total savings estimate for deletion of the fourth orbiter would be 63 percent of the $979 million, or $583 million over the 1982–1986 period.
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Mr. President, the Reagan administration, it is said, seriously considered deleting revenue sharing as an expenditure of the Federal Government. That is $4.9 billion.

Revenue sharing has a lot of appeal, especially to a mayor or a city councilman or a county official. If you want to make an enemy of a county official, all you have to do is say that you oppose revenue sharing; if you want to make a friend, all you have to do is say you are going to do your best to get it for them.

Let us face it, we do not have any revenue to share. That is $4.9 billion we do not have.

We poured billions of dollars into this program over the years on the theory—and I remember very well when Walter Heller proposed it to the Joint Economic Committee many years ago, that we should have revenue sharing because he gave the fascinating justification that if we did not have revenue sharing, the Federal Government would be overwhelmed by surpluses. the surpluses would be so great that they would act as a drag on the economy; we better get rid of that money in a hurry; and the best way to get rid of it is just to give it to the States.

As we pointed out earlier, at one time in the early 1800's, the Federal Government did have a genuine surplus and it did distribute it to the States. But now we have nothing but deficits. And for us to hand over to the States, most of whom have cut their taxes and have a substantial surplus, virtually all of whom have a budget in balance, to have this Government that has a budget out of balance hand over money without accountability—and the League of Women Voters has made a study, a 2-year study, that showed a great proportion of the State legislators and newspapermen who cover the State legislature and Governors do not know where the revenue-sharing money goes.

It is putting money on the stump and run money. In Wisconsin we had the explanation that the revenue-sharing money goes for education. But when I talked to the education people about it, they said, "Don't let the Governor get that one past you." They said, "The State does provide a substantial amount of money for education, as all States do, but they just make it convenient to justify revenue-sharing." They say, "We get that money from the Federal Government."

Well, they gave that money long before the Federal Government ever came up with the revenue sharing. It is written in the law. There is no question but the people of our States would support the State assistance for education whether we had revenue sharing or not. It is just a way of making the revenue sharing program defensible.

Mr. President, let me describe what revenue sharing provides and the origins of it.

> Despite the many difficulties encountered in trying to solve with pinpointed, earmarked grants the highly diverse and complex problems of a far-flung, pluralistic society, Washington was not quick to accept the idea of unrestricted allocations of money to state and local governments. This approach began to gain momentum during the 1960s, when it appeared to offer a means of treating two particular economic ailments, fiscal drag—

Which is what I just discussed; that is, we are running surpluses. It is really ridiculous. We have had one small surplus in the last 20 years.

> fiscal drag and fiscal mismatch. Strange as it seems today, the Federal Government then faced the problem of an overflowing Treasury, brought on by rapid economic growth and a growth-sensitive tax system.

Well, it was not really an overflowing Treasury. We have not had an overflowing Treasury for a long time. We still had a colossal debt we could have retired and we had far more deficits, even in the early 1960's, than we had surpluses. Of course, as I say, since that time we have had an almost unbroken record. This produced times, in peaceful times, as well as in other times, a huge deficit.

> This situation worried macroeconomists, who were concerned about the relatively high unemployment rate and feared that a federal revenue surplus would exert a drag on the economy by depressing aggregate demand and so prevent an early return to full employment.

These fellows had been so unacquainted with the surplus, it was such a rare and frightening period, they decided if it ever came up, it would be one of the worst tragedies that could befall the Federal Government. Imagine—having a surplus. We had to find a way to get rid of it.

> They were also bothered by the fact that State and local governments were facing the opposite problem, with their spending requirements far outpacing their revenues. Where the needs were, the money was short, and vice versa.

Well, their spending requirements were outpacing their revenues, but even then the State and city governments balanced their budget. They always like to have more money. Who would not? But they did not have anything like the deficits we have in our Government or the debt we have in any relationship on a per capita basis, or any other way.

> To economists a broad, no-strings distribution of federal monies seemed an ideal way to counter both the fiscal drag and the fiscal mismatch. But the Johnson administration opted for a variety of Great Society programs with strong categorical features. While these did help to eliminate much of the fiscal drag and mismatch, they carried the project-categorical grant concept to such an extreme that the stage was prepared for a new approach. The rapid proliferation of categorical grants was viewed by some critics as a worrisome extension of federal power and influence over the economy and as an excessive vesting of authority in the hands of professional program specialists. Such concerns did much to revive the idea of general revenue sharing, which was finally enacted in 1972.
>
> One striking feature of the State and Local Fiscal Assistance Act, which authorized revenue sharing, was its omission of any explicit statement of purpose.

Give them the money, spend it any way you wish, no real accountability, no taxpayer challenge. Here was money that you could take and if you wanted a golf course by the mayor's house, who is to deny it? Citizens come and say: "Mayor why are you building a golf course?"

"Well, this is not your money. This is revenue-sharing money."

"Why are you getting another new fire truck or, for that matter, a limousine?"

"Well, this isn't tax money; at least it is not local tax money. The Federal Government gives us this money. We have to spend it on something, so we spend it on this."

That vital discipline is a discipline that is lacking, of course, in most public spending, because we do not have a profit and loss system and we do not have an accountability to stockholders. The substitute for that is tough taxpayer pressure. And the way we helped the States escape from that is by giving them a substantial source of revenue they did not have to justify.

> Presumably there were so many different goals in the minds of its diverse supporters that no simple listing would suffice. To some it was an opportunity to lighten the growing burden of state and local taxes by substituting federal taxes—and in the process to increase the progressivity of the total tax system. To others revenue sharing meant more money for new programs or for capital spending. A complication arose over the lack of clarity as to whether the shared revenue was to be an infusion of additional federal money or was to replace existing federal aid funds. This doubt caused considerable consternation among state and local officials, particularly when President Nixon, at a time of budgetary stress in 1973, used his powers of impoundment to stem the flow of categorical grant funds.
>
> This cutback, as it turned out, did not make any long-term dent in the general outward expansion of the flow of federal money to state and local governments.

Mr. President, let me sum up the criticism of revenue sharing, a $4.9 billion program we have, of revenue we do not have to share. We have a deficit, and we do not have the revenue.

So long as the Federal budget is unbalanced, revenue sharing is really "deficit sharing"—an expense which adds to the national debt and inflation.

Thirty State legislatures have adopted strongly worded resolutions calling on Congress to balance the Federal budget. Assuming they are sincere, State officials must share in required sacrifice.

Critics of State revenue sharing have ready answers for the two major defenses offered of the program: That it strengthens federalism by offering unrestricted funds to State and local government from the productive Federal tax system; and that in specific cases its elimination would work a real hardship.

With regard to tax sharing, Senator MARK HATFIELD says, "When we separate tax collecting from the spending responsibilities and authorities, we have not strengthened federalism. We have weakened it by making Governors and local governments more dependent on central government."

Mr. President, I underline what Chairman HATFIELD has said. He is absolutely correct. What we should do is make all spending as accountable as possible, and that is exactly what we do not do with revenue sharing. The particular level of government that spends the money should raise that money. If they do not raise that money, they are not going to be nearly as responsible.

As Senator HATFIELD properly points out, when we pay money to the mayors and to the county officials you make them not less dependent but more dependent.

If you give money to your grown, mature, 25-year-old son or daughter, you make them not less dependent on you but more dependent, no matter how you rationalize it. We all love our children, and it is a fine thing to give them gifts, but we should not kid ourselves or kid them—if we are going to continue to support them, it is not going to make them less dependent.

Similarly, if we are going to hand out funds to the cities, it is a way of making them more dependent on the total government, not less.

Joseph Kraft calls the new federalism "a monster raging out of control" which "not only fails to check the growth of government, but eggs it on." Kraft says, "Experience demonstrates that revenue sharing has been the occasion for an alliance between the Federal bureaucracy and the bureaucracies of most States, counties and cities. Far from cutting outlays, they work hand-in-hand to maintain programs in ways that keep budgets rising."

As for the argument that needy communities would be hurt by a termination of the program, Kraft charges "that the bargaining process by which Washington doles out funds to States and cities is distinctly irrational. It does not favor the most needy—indeed, there is no definition of need."

So this revenue sharing goes to some communities that actually have said they do not want it and do not need it and have issued releases saying they do not know what to do with it, that they are going to distribute it on a per capita basis, and in some cases—not very often—even give it back.

Mr. President, President Carter, of course, was defeated for reelection in 1980. Many people feel that he will be treated much more kindly by history. He was a man of deep integrity, strong religious beliefs, a very intelligent man, an extremely hard-working man, a man who had a number of appointments that were excellent—not all, because I voted against a number of his appointments.

One of his best appointments was Charles Schultze, who later became head of the Budget Bureau. I became well acquainted with Charles Schultze when I was Chairman of the Joint Economic Committee and he was the chairman of the Council of Economic Advisers.

Charles Schultze was responsible for the economic report of the President in January of 1981. Many people in Washington know Dr. Schultze and know what a brilliant economist he is and how marvelously clear he can make this sometimes complicated and confusing economic system we have.

Mr. Schultze, in his economic report—I should say, of course, this is speaking for the council, including Chairman Schultze, George Eads, and Stephen Goldfeld—said this, on January 16 of this year. This was his final report, a sort of farewell address, and he had this to say about inflation.

> The Nation has for some time now experienced inflation that would have been unimaginable in earlier days. Although people's lives and the course of business may not, at first glance, appear radically different from what they were in 1960 before the recent inflation began, inflation has taken a very real toll. The uncertainty it has brought with it cannot be measured, but the consequent anxiety has torn at the fabric of our society. People feel less able to mark their progress and fear that the next round of inflation will leave them poorer. In a number of ways—such as introducing cost-of-living adjustments into wage contracts and indexing the benefits of social welfare programs—institutions have evolved to compensate for some of the uncertainty. But these institutions may sometimes only heighten the arbitrary redistribution of income brought on by inflation—redistribution that society often finds undesirable and unfair.

Incidentally, Mr. President, I note that one of the most recent analyses of the redistribution of income in our society indicates that, for the first time in many years, the rich are getting richer and the poor are getting poorer. That is partly because of an analysis of the tax cuts. It is something we should be very sensitive about, because the best mark, in my judgment, of a tax system is its equity and its justice and its fairness and whether or not it is based on the fundamental principle of ability to pay.

Mr. Schultze goes on to say:

> In addition to these painful effects, moreover, inflation reduces the Nation's prospects for growth. The reduction may not appear dramatic, but it impairs the efficiency of the free-enterprise system and discourages capital investment, innovation, and risk-taking.
>
> Rising prices, it should be remembered, are not in the aggregate synonymous with a reduction in real income. When prices rise, someone receives the additional revenues. And for the economy as a whole, rising prices have gone together with rising money incomes. But a wage or salary increase comes infrequently and in a large lump, while prices tend to increase all the time. Furthermore, a pay increase may be viewed as uncertain and as a reward for effort, but price increases seem entirely beyond a consumer's control. As a result, a recent wage increase may be forgotten when the grocery bill rises. Thus rising prices are often treated as something that directly lower real incomes, even when in fact for the Nation as a whole they do not. Of course, the resulting anxiety is not less real.

I interject at this point that, as I pointed out earlier, the most recent studies show that real income, and allowing for inflation and taxes, is less now than it was 15 years ago in this country. As I pointed out, inflation has gone on, really, since 1939. So real income is less.

This perception is not an illusion. It is a fact. The great majority of the American people are not as well off today as they were 16 years ago.

I recall that in the last election, President Reagan used to say, "I ask you one question: Are you better off than you were 4 years ago?" People would all chorus, "No."

Well, they could say, "Are you better off than you were before the Ford administration, the Nixon administration, or the Johnson administration?" We have had a steady erosion of income, thanks to inflation and the fact that taxes have remained high.

Whether or not the recent tax cut is going to take care of that, of course, depends on what it does to inflation at the same time.

> But when the country pays sharply higher prices to foreign oil producers, that does indeed lower its real income. We are poorer because we receive less oil than we did previously for the same amount of money. That would be true whether or not general inflation followed increases in the price of oil. The induced inflation, in the form of generally higher wages, salaries, and prices, is not the cause of the real income decline—the Nation's higher oil bill is.
>
> A similar phenomenon occurs when growth in productivity slows.

I have on the door to my office a chart which shows that our productivity has declined steadily, almost year by year, for the last 10 years, and is now lower than that of any developed country in the world, lower than Italy, lower than the United Kingdom, of course lower than Japan and Germany, lower than Switzerland, Sweden, or Norway. Our productivity has suffered and suffered in part because our inflation has become worse. It has suffered in part also because our savings are less. It has suffered because we have failed to provide the kind of incentive for saving and investment that is essential if we are going to be able to produce more efficiently.

> Slower productivity growth leads to a slower rise in real incomes. A decline in productivity growth may be accompanied by an unchanged pace of wage and salary increases, in which case inflation will rise. But a slackening of productivity growth may also result in lower wage increases and an unchanged inflation rate. In either case the same slowdown in the growth of real income would have occurred. It was not caused by inflation.
>
> Although some of the simpler notions that associate inflation with real income loss are wrong, high and rising rates of inflation do indeed weaken the Nation's macroeconomic performance. Inflation can contribute to slower growth in productivity by discouraging investment in two ways. First, some evidence suggests that when inflation increases, not only do people's expectations of future inflation rise, but their expectations tend to become much more uncertain. In this climate, expectations depend less on fact and more on opinion, rumor, and subjective perceptions. Innovative investments and other higher-risk economic activities, the seedbeds of future productivity growth, seem even riskier and are less likely to be undertaken. Meanwhile, businesses and households devote increasing effort to shielding themselves from the effects of inflation, often by speculating in nonproductive assets. Second, as discussed later in this chapter, the interaction between inflation and the tax system can indirectly discourage business investment and also affect the types of assets chosen, thereby distorting investment decisions and resulting in a less productive capital stock.
>
> In a market economy the structure of relative prices and costs, and the yardstick of business profits, provide signals to businesses about what to produce, what inputs to buy, and when to buy them. The system responds to changes in those signals—changes in the price of aluminum relative to copper, of glass relative to tin, and in wages relative to prices. But in a period of high inflation, with a consequent increase in uncertainty, it is much more difficult to distinguish signals from random events. It is hard to know to what extent particular wage and price increases simply represent general inflation or are conveying a "real" message. As a consequence, it is easier to make wrong decisions. Inefficiencies grow, and productivity falls.

So Mr. Schultze contends that while inflation may not be a restraining factor in real income directly, that inflation does reduce our productivity, disrupt our expectations and make our economy far less efficient. Certainly, the record that I have pointed out, the drop in productivity in our economy, would support that and underline it.

> The uncertainty created by inflation also obstructs the conduct of economic policy. To the extent that high and rising inflation unhinges expectations from reality, the connection between economic policies and their results is attenuated, and the difficulties of policymaking are increased. Inflation itself is then more difficult to control. There is a temptation for macroeconomic policy to make announcements and take measures to impress the markets, but the intangible gains so purchased tend to evaporate rapidly.
>
> Uncertainty is in large part to blame for the damage done by inflation. In addition to causing serious worry among individuals planning their economic futures, uncertainty interferes with the efficient operation of markets and thereby lowers the productive potential of the economy. Although measures to cure inflation may themselves be painful, over the longer term a reduction in inflation will yield rewards in terms of increased productivity growth and real income.

Mr. President, that uncertainty plays on itself. As I tried to point out, the key, the real key, to overcoming inflation is to develop a credible policy. The important thing is that that policy be understood and believed.

We saw, in the case of Germany, Hungary, and Austria their terrific runaway inflations were stopped and stopped cold when the Government adopted a concrete, specific policy, a balance-the-budget policy, a policy of ending Federal borrowing, a policy of ending deficits, and the people believed that that would work and, as a result, it did. In each of those countries the most horrendous inflation that mankind has ever suffered—I think that is a fair description of what happened in Germany after World War I—was brought to a complete halt, turned around, prices dropped, employment increased, and the economy sharply recovered.

Now let me just add one more note.

> The Federal budget balance at any given time is an important factor in determining the level of current aggregate demand in the economy. If the Federal budget is in deficit, total spending—private and public—will be higher than it would be if taxes had been raised or spending had been cut to produce a balanced Federal budget. Any tax or spending measure that turned a budget deficit into a balanced budget would tend to reduce demand relative to supply and put downward pressure on the inflation rate. Furthermore, since businesses make wage and price decisions at least partly in the light of what they expect market conditions to be, announcements of future budget policies have a strong effect on current economic conditions and on the rate of inflation. Thus budget deficits can contribute to inflation both by being a part of current aggregate demand and by contributing to expectations about future aggregate demand.

(Mr. DURENBERGER assumed the chair.)

Mr. PROXMIRE. Mr. President, in May of this year I issued a statement in which I reluctantly concluded that passage of the first budget resolution made it abundantly clear that the administration has abandoned any effort to achieve a balanced budget. I predicted flatly that there would be no balanced budget during President Reagan's 4 years in office.

I said the facts are very sad. This year, fiscal year 1981, we face a $60 to $70 billion deficit. Next year, Congress says we will have a $3.7 billion deficit, but everyone knows it will be pure luck if it stays below $50 billion. The official estimate for 1983 is a $19 billion deficit, also more fiction than fact.

Finally, the estimators say the budget will be balanced in fiscal year 1984 when a $1 billion surplus is estimated. To get to that rosy assumption, certain legerdemain, sleight-of-hand and tricky deceptions were used. The Budget Committee assumed that the Consumer Price Index for fiscal year 1982 would rise by only 5.5 percent. They assumed the 3 months Treasury bill interest rate of 8.2 percent.

What is that, about half of what it is now? It is a dramatic drop. They assumed a 4.5-percent real growth rate. What a marvelous scenario that would be. Here you have a situation in which the economy is growing 50 percent above its normal rate of growth, which is 3 percent; inflation is dropping, dropping to only 5.5 percent. Brother, what an improvement that is, from more than 10 percent this past year. They assumed a 3-month Treasury bill rate half of what it is.

I said at that time there is about as much chance of the Chicago Cubs winning the World Series for the next 3 years as for these projections of economic events in the fiscal year beginning almost 2½ years from now to come about.

That was written in May of this year when the Cubs were so far back it was pathetic. They lost, I think, their first nine games and they were really out of it.

I had no idea, of course, at that time that there would be a strike and that the Cubs might conceivably pull it out in the second half. They probably will not, but they at least have a mathematical chance.

That mathematical chance, I might say, remote as it might seem, is far better than the chances that we will balance the budget in 1984, and everybody knows it.

While Congress and the President are apparently willing to live with these fantasies, the financial markets, as I said in May, are not. The increase in the prime rate, the continued rise in general interest rates, the disaster in the housing market are the hardheaded reactions to facts.

Perhaps the biggest fiction is the $47.65 billion deficit projected for the fiscal year 1982. While the outyear estimates are not binding on the Congress, fiscal year 1982 figures are. Even before President Reagan sent his amended budget to Congress, the fiscal year 1982 estimated deficit was in the $40 billion to $50 billion range.

Through a miracle of determination and hard work, Congress cut $35 billion to $40 billion from the spending estimates. That could mean a $5 billion to $10 billion deficit.

That could mean a $5 to $10 billion deficit.

But the administration is pushing for a $51 billion tax cut, which we later on, of course, supported. It has added $7 billion in defense outlay. The simple arithmetic works out to a $63 to $68 billion deficit for fiscal year 1982, instead of the $37 billion deficit that Congress and the Reagan administration decided to assume. So we are told the stimulus and the tax cut will bring in the $25 to $30 billion difference.

A lot of people have said, "Just wait, we have not put this remarkable program into effect. Wait until it has gone into effect." Part of it has gone into effect. Part of the business tax cuts were retroactive to June. And the personal tax cut is only 5 percent. That takes effect on Thursday of this week, October 1.

Then, the next tax cut will be in July of 1982. That will be a more substantial tax cut. But the notion that that would stimulate the kind of activity, provide the kind of jobs, increase growth in the economy, to the extent that they estimate does seem way, way out of this world.

These estimates were done with mirrors. They have no more standing than if they were the result of reading chicken entrails, or gazing into a crystal ball. We seem to have abandoned all efforts to achieve a balanced budget. The single most important act the country should take if we are to get inflation under control.

That is why the amendment I am offering here is so vital, because we know what that amendment would do; it would be to reduce the $1 trillion, 79 billion limit on the national debt which the administration and the Finance Committee is asking us to endorse. Instead of that, it will provide a $995 billion limit, which would mean in effect we would be on a cash basis as of Thursday. We would have to act and act in a tough, painful way. We would have to step up to the plate and cut a number of spending programs.

I have indicated a whole list of programs that could more than meet the test here and would not require a tax increase of threefold what I have suggested here. But if Senators do not wish to do that, we could, of course, increase taxes. Grim as that prospect is and forbidding as it is, there is just no question that that kind of policy this year is the policy to follow.

This is not a recession we are in. This is an inflation we are in; as I am going to point out shortly, a very, very serious inflation.

The only way we can get that inflation under control is to take the kind of dramatic action that people will understand, that people will appreciate, they will believe. That action, of course, as I say, is balancing the budget.

Mr. President, the sheer, cold arithmetic facts on revenue expenditures and outstanding debt tell a very painful story. In 1913 our revenue was a billion dollars. By 1927, that had increased by a remarkable 4½-fold to $4.5 billion.

By 1940, in spite of the Great Depression, the revenue of the Federal Government had increased to $7 billion. By 1950, it had vaulted to $43 billion; by 1960 to $100 billion; by 1970 to $205 billion; by 1979, to $500 billion. Today, it is about $650 billion, or close to it.

Expenditures—I might say before I go into expenditures, that with revenue racing ahead at that remarkable speed, a moderate policy of expenditures, even a policy of very big increases, would have given us the kind of balanced budget which, as I pointed out earlier today and yesterday, would have given us price stability. It would have kept interest rates down, would have given us a healthier economy, would have permitted us in times of recession to run a deficit for a year or two or three, whatever is necessary. In times of military emergency, it would have permitted us to run a very big deficit if that were necessary. But we simply, during periods since, say, 1974, after the Vietnam war, should have balanced the budget—certainly in 1976, 1977, 1978, 1979, 1980, and 1981. Any kind of retrospect would suggest that that would have been a wise policy.

As I point out, we could have done that consistent with a very rapidly growing Government—if we had been just a little more careful. If we had held down spending enough so that we would not move ahead of these rapidly expanding, really exploding, revenues.

Expenditures increased from $1 billion in 1913 to $3.5 billion. That was a three and a half fold increase. Then it increased to $7 billion in 1940.

Those expenditures, I think, were justified because we were fighting a very deep depression and I think there is no question that in periods of depression, we are surely entitled and should have a deficit. A deficit then tends to overcome the slack in the economy. It puts people to work. It is the proper medicine.

Throughout the thirties, the deficit was the right economic medicine. It made sense. That was a period of deflation. It was a period of enormous unemployment.

This is a period of inflation, exactly the opposite. This is a period of relatively low unemployment.

As Paul Douglas says in the book I quoted from earlier in my speech, last night, whenever we have unemployment between 6 and 8 percent, we should have a balanced budget. He says that on the basis of a remarkable period of experience, the top economist who has ever served in this body.

He says to use deficit financing or to drive unemployment below 6 percent is therefore very dangerous and will tend to do far more harm to inflation than the good it will do by absorbing some of those who are unemployed from seasonal and transitional causes.

He says furthermore, we should balance the budget when it is below 8 percent.

Mr. President, we are not just balancing the budget; we are running big, and I mean big by any historical basis, deficits.

What do we do? We increased expenditures by tenfold by 1940. As I say, I would not fault that, because we needed to do that.

On top of that, by 1950, we had increased it by another fourfold; in other words, 44 times between 1913 and 1950.

We doubled expenditures again by 1960, increased them by double again in 1970 and 2½-fold by 1979, and now about threefold. That means we have increased them 600 times since 1913. It took 186 years for the Federal budget to exceed $100 billion. One hundred eighty-six years, mind you. That is almost all of our history. It took only 9 more years to reach $200 billion, 4 more to reach $300 billion, 2 more to exceed $300 billion, and only 2 more years to go to $500 billion. Of course, now we are moving ahead toward $700 billion.

Now we come to the real payoff and the issue that is before the Senate this morning and will be this afternoon and tonight and tomorrow. That is the debt outstanding. In 1913, that was $1.2 billion. By 1927, thanks largely to World War I, which was also, of course, a very reasonable justification for the increase in the debt, that had increased to $18 billion. By 1940, again, we had a depression and the debt had increased to $43 billion.

By 1950, we had a war, the most devastating and biggest war in the history of this country. We used more of our resources and our manpower, we had 12 million men under arms; we had a war we were engaged in for 4 years. I guess it was—4 years of huge expenditures for defense. And we increased the deficit to $257 billion.

We should have stopped right there, Mr. President. We could have stopped right there. We should have done what we had done in previous wars and started reducing the deficit. The deficit today would be less than $50 billion. No reason it should not be less than $200 billion. But we pushed the debt up and up and up.

Mr. President, there simply is no justification—none, zero, zip—for pushing the deficit up again in 1982, as the debt limit would have us do, by another $50 billion, or $60 billion, or $80 billion, or $90 billion.

In fact, the debt limit would permit us to add another $94 billion to the deficit in the coming year.

We all know that is the wrong kind of economic policy. When the New York Times, a liberal publication, tells us that we ought to cut spending sharply and, if necessary, increase taxes on consumption, when the economists, liberal and conservative, agree that inflation is our No. 1 problem, there is just no justification for a $50 billion, $60 billion, $70 billion, $80 billion, $90 billion deficit. That is what this debt limit before us would provide.

So, Mr. President, I appeal to my colleagues to give very serious consideration to the amendment which I am offering, which would set a limit on the debt of $995 billion, and in the process of that keep us below $1 trillion, provide the clearest kind of concrete proof to the American people that we mean business about fighting inflation, give us that painful option of either cutting spending or increasing taxes or doing both, and in the process permit us to do really something not just rhetoric, not attacking the Federal Reserve, not going off on some kick that is irrelevant, but doing something truly effective about fighting high interest rates.

Mr. President, I apologize to the several Presiding Officers who have been so patient, to the staff which has been well beyond the call of duty, to the Official Reporters who have had to stay up all night, to the various pages and other people in the Senate who have just been so courteous and so helpful and so friendly in spite of the fact that I must say I have been a terrible trial to them but in strolls the distinguished majority leader and the minority leader who have been very patient with me and very helpful to me for permitting me to go ahead and make that statement.

I hope that it does some good. I will know when we vote on this amendment I have offered but I think at least I have made a record on what I think is a great watershed in our economic life when we go over $1 trillion national debt.

I am hoping we can stop it. Mr. President, I yield the floor.

RECESS UNTIL 10:30 A.M.

The PRESIDING OFFICER. Under the previous order the Senate will stand in recess until 10:30 a.m.

Whereupon, at 10:26 a.m. the Senate recessed until Tuesday, September 29, 1981, at 10:30 a.m.

NOMINATIONS

Executive nominations received by the Senate September 28, 1981:

THE JUDICIARY

Paul A. Magnuson, of Minnesota, to be U.S. district judge for the district of Minnesota vice Edward J. Devitt, retired.

COMMUNITY SERVICES ADMINISTRATION

Samuel J. Cornelius, of the District of Columbia, to be Deputy Director of the Community Services Administration, vice William Whitaker Allison.

EXTENSIONS OF REMARKS

ROBERT PRESTON TISCH, A MODERN ENTREPRENEUR

HON. JACK KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. KEMP. Mr. Speaker, American management has been under attack in recent years. Critics have called our industry top heavy, overmanaged by executives too far removed from the actual goods and services their companies provide. Yet I am happy to report that the spirit of entrepreneurship is alive and well in America. Consider the inspiring example of Robert Preston Tisch, president of Loews Corp.

Bob Tisch, along with his brother Larry, has built a multimillion dollar enterprise by bringing to the business environment the work ethic of the family store. His style is unpretentious; his philosophy is, as he and his brother describe it, "entrepreneurial and nonbureaucratic." By applying himself to every level of business operations, he has compiled an impressive record of turning failing firms into thriving successes. I recommend to my colleagues the profile of Bob Tisch that appeared in Nation's Business this August as an instructive lesson in the kind of energy and resourcefulness that lie at the heart of our Nation's economic strength. Bob, his wonderful wife Joan and the whole Tisch family are dear friends of ours and I am proud to see his American success story profiled for others to see.

[From Nation's Business, August 1981]

RUNNING A CONGLOMERATE LIKE A CANDY STORE

(By Vernon Louviere)

The likelihood that you could check into one of the 13 Loews hotels here or abroad and not find everything shipshape is slim, inasmuch as these hostelries pride themselves on good housekeeping and first-class service.

Suppose, however, room service isn't up to snuff or you're shortchanged on bath towels. That's when you're likely to fill out the little card on the dresser that invites you to complain to the management. Human nature being what it is, you expect your complaint to be ignored.

Well, if all goes according to Hoyle, the complaint and the hotel management's response will land on the desk of Preston Robert Tisch, president and chief operating officer of Loews Corporation.

Bob Tisch insists on being cut in on the bad news along with the good not only for the hotels but also for the four other operating divisions under the Loews corporate umbrella.

As he has said many times, "Loews is a big business run like a small business, and I hope we can keep it that way."

Tisch and his brother, Laurence, the chairman and chief executive officer, do indeed run Loews, as someone once put it, like a candy store. The lines of communication between them and the divisions are short and taut. The brothers live by a management philosophy they call "entrepreneurial and nonbureaucratic." Memos are looked on with disdain, and paper work is held to a minimum. "Our communications within the corporation are extensive and continuous," says Bob Tisch, "but they are carried on in person—face-to-face."

The unpretentious corporate headquarters at 666 Fifth Avenue in Manhattan—more befitting a modestly successful small company than a giant conglomerate—are indeed conducive to face-to-face dealings. The Tisch brothers occupy side-by-side offices and sometimes carry on a conversation with each other, over the heads of their secretaries, from their desks. The brothers' offices are generously adorned with family pictures, and there is little in the way of corporate trappings.

A lean home-office staff—about 50 people, including secretaries and file clerks—is the hub for Lorillard (tobacco products), Bulova (watches), CNA Financial (insurance), Loews movie houses and Loews hotels.

In an arrangement that has held since the two brothers, as young men, took over a small hotel in Lakewood, N.J., Bob, now 55, is the outside or front man, and Larry, 58, is the inside partner. Larry, regarded as a financial whiz on Wall Street, stays close to the office, where his attention is frequently riveted on three television monitors spewing out commodity, stock and other market transactions. Bob is the operational troubleshooter, keeping a close eye on the day-to-day operations and visiting every property at least once a year. Each weekend, without fail, he jots down his travel mileage for the previous week. He averages about 120,000 miles and 120 days on the road each year. He likes to talk with hotel doormen, tobacco warehousemen and theater managers—they give him a feel for how business is going. He knows hundreds of Loews' 30,000 employees by their first names.

Over the years, Loews has bought, leased and sold hotels and other properties with an uncanny sense for acquiring and disposing at precisely the right times. In buying a hotel, for example, after all the financial analyses have been made, revenue projections fine-tuned and markets surveyed, Bob Tisch looks over the property. Few things, not even a missing knob on a dresser drawer, escape his scrupulous inspection. Only then does he make the decision to buy or not to buy. Millions of dollars ride on every such decision.

"In the end it all comes down to instinct and feel," he says. "Like everything else, there's a knack to this thing. I don't think we've ever lost any money on a hotel."

The last four years alone spell out the Loews success story. Revenues totaled $2.8 billion in 1976; in 1980 they stood at $4.5 billion. Income in this period shot up from $61.9 million to $221.9 million.

Well settled in a highly profitable hotel operation, the Tisch brothers saw an opportunity to branch out in 1959 when the courts, in a major antitrust decision, ordered Metro-Goldwyn-Mayer to divest itself of Loew's Theaters (the apostrophe has since been dropped), which then owned 118 movie theaters around the country. In the six months before the divestiture was to take place, the Tisches bought stock in the chain and by May, 1960, had gained control.

Their decision to buy was not based on any inside knowledge that movies, still reeling from the impact of the infant television industry, were about to make an astounding comeback. They saw instead an opportunity to acquire some generally underutilized assets. Older moviegoers will remember that their favorite Loew's was usually located in a choice downtown area. So the Tisch brothers looked not so much at theaters as at the land on which the theaters were built.

The Tisches started converting their real estate into cash. Fifty of their theaters fell to the wrecking ball, helping spell the end of an era of palatial movie houses. Loews is still very much in the movie business today, however. It operates 143 motion picture theater screens in 26 metropolitan areas. But the 143 screens are contained in only 61 facilities; sometimes as many as four are located cheek by jowl in one theater complex. They are making money.

When the Tisch brothers were growing up, their father owned a children's clothing manufacturing plant in Manhattan. As teen-agers they cut their business teeth by calling on wholesale customers. They also worked at two summer camps their parents, Al and Sadye Tisch, bought in New Jersey as Al Tisch prepared to retire.

Bob Tisch interrupted his studies at Bucknell University in 1944 to join the Army. He served with an antiaircraft unit at Fort Bliss, Tex., and Camp Claiborne, La. Discharged after the Japanese surrender a year later, he then resumed his schooling at the University of Michigan and graduated with a degree in economics in 1948.

Larry, meanwhile, had graduated cum laude at age 18 from New York University's School of Commerce, earned a master's degree in management at the University of Pennsylvania's Wharton School and was enrolled in Harvard Law School when Al and Sadye sold the summer camps in 1946 and with a partner bought a small hotel, the Laurel-in-the-Pines, in Lakewood, N.J.

Two years later the Tisch brothers were ready to launch themselves in the business world. Their parents signed over to them their share of the hotel, worth about $75,000. Larry dropped out of law school. Here, at the Laurel-in-the-Pines, the pattern of their working relationship was firmly established.

"Larry took over the books and the buying and I moved into operations, looking after the kitchen, maintenance and things like that," Bob Tisch recalls. "And that's the way it began to evolve. Larry continued looking after the financial end, and I became the operating head. It worked out very well then, and it's still working out very well today."

Soon they were doing so well they leased two other small New Jersey hotels. Within four years they moved to Atlantic City and acquired two grand old hotels with more glory in their past than in their future, the

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Brighton and the Ambassador. They tore one down to build a motel and later sold the other.

From then on they began to buy and sell hotels in earnest. Selling off some of the New Jersey properties, they invested in their first two hotels in New York. In 1956, by the time they were 33 and 30 and had had only eight years in the business, they built the $17 million Americana Hotel in Bal Harbour, Fla., and paid for it in cash. Over the years ownership of such well-known hostelries as the Mark Hopkins, the Belmont Plaza, the Drake and the Regency followed.

All along Sadye Tisch, who was widowed in the 1960s and subsequently remarried, has kept close tabs on her sons' business dealings. Now 81, she has been living for years in the Americana Hotel in Bal Harbour, sold by her sons a few years ago to the Sheraton Corporation.

"She phones Larry and me regularly and wants a full rundown on what we're doing," Bob Tisch says. "She gets hurt if she reads in the paper before we tell her that Loews has bought another hotel or theater or what have you. She thinks we can still keep her posted on every little detail, as we did when we ran only one or two hotels."

The key to the success of the Loews operation is the ability to detect flecks of gold behind the cobwebs. In 1968, when Loews acquired the Lorillard Corporation, the onetime industrial giant was in managerial disarray and in danger of collapsing.

"One of the first things we had to do was take a long, hard look at two candy companies and a cat food company that Lorillard owned," Bob Tisch says. "At our initial meeting with the Lorillard management, I found out the top executives were spending about 75 percent of their time on 5 percent of the business—the candy and cat food operations.

"It was clear we had to separate them from the principal business of turning out tobacco products," Tisch says. "In time we got rid of the candy and the cat food and put Lorillard 100 percent back into the tobacco business."

Lorillard's share of the U.S. tabacco market had dipped to 7.1 percent shortly before the takeover. The company ended 1980 with a 9.7 percent share of the market. Each percentage point is worth about $120 million in sales. Lorillard now ranks fifth among domestic tobacco manufacturers.

The situation also was grim at CNA Financial Corporation when Loews moved in and assumed control in 1974. The Chicago-based insurance conglomerate lost $208 million that year, and worse was in prospect.

"CNA's 10 subsidiaries—insurance and noninsurance—were killing them," Bob Tisch recalls. "So we started to weed out the bad ones and concentrate on the ones we would save."

When Loews' first team moved in, a lot of things changed and heads rolled. Lavish corporate frills, for example, were ordered scrapped. The Tisch brothers, who a few years before had held their board meetings in Larry's office with directors sitting on window-sills, were aghast when they found the top three floors of the new CNA skyscraper occupied by executives. A spiral staircase led to the executive dining room. Bob Tisch rented out the 3,000-square-foot suite of the former chairman and moved into an office with only 200 square feet. Then he set about rearranging the company.

CNA had a $110 million profit the following year. The company has stayed in the black since and under the Loews aegis has increased its volume of business from about $2.5 billion to almost $3 billion last year.

Bob Tisch makes it clear that Loews will stick to the candy-store style of management as it continues to grow. He insists on clean lines of communication and a rigid policy of being informed immediately if trouble is brewing at any level. Nothing is to be concealed.

But there is delegation. All Loews managers must have the confidence and courage to act effectively and decisively on their own. Communication with these managers is free-flowing, but operating decisions are left to those who run the five Loews divisions. What does that leave for the corporate office? Bob Tisch gave the answer in a 1977 address to the Wharton Business School Club of New York:

"I think first, and most obviously, we add what you might call a kind of interested objectivity. We provide a different point of view. We are involved, but we are involved in a different way. And I think our involvement always leads to a clearer definition of both problems and opportunities.

"We add a sense of proportion. We can often guide an operation out of the woods simply because we are far enough removed to see more of the woods."

Both Tisch brothers and their wives maintain apartments in midtown Manhattan and flee to the countryside on weekends and holidays. They have homes in Harrison, in Westchester County, a few minutes from each other. Although the two families are close, they lead separate private lives. Tennis, however, brings the two brothers together, and they play regularly, at each other's homes or at their country club.

Weeknights in Manhattan, Bob and Joan Tisch usually have dinner out four times out of five. They attend theater frequently and see about two movies a week, most of them in a private screening room at their Westchester home. Small dinner parties highlight their weekend social calendar. Their friends cut across the spectrum—politicians, entertainers, business executives.

Bob Tisch has been closely associated with Democrats, but one of his intimate friends, house guests and tennis partners is a solid, conservative Republican—Rep. Jack F. Kemp of New York. They were introduced by pro football commissioner Pete Rozelle. He and another erstwhile pro football star, Frank Gifford, and their wives also are frequent guests of the Tisches.

Bob Tisch gives enormously of his time to a favorite and oversized project—New York City. He loves the Big Apple when it's up and when it's down. He has just been elected for the 14th consecutive year as chairman of the New York Convention and Visitors Bureau, a job without remuneration that consumes about a fourth of his business hours. He and the bureau's president, Charles Gillett, came up with the idea of using the term Big Apple—an old jazz expression meaning No. 1—for New York, and as a result the Big Apple symbol now appears on millions of posters, buttons, ties, T-shirts, glasses and other items.

But when the first Big Apple bobbed to the surface, New York City was tottering on the brink of bankruptcy, convention activity had slipped badly, and tourists were staying away by the millions. Tisch was convinced his beloved New York would come back.

In 1976 and again in 1980 Tisch was chairman of the host committees for the Democratic National Convention. He was equally prepared to host the Republicans if they had gone to New York.

It was not without trepidation that he took on the job in 1976. The brutal demonstrations at the 1968 Democratic conclave in Chicago were on the minds of the New York planners. There was also concern about crime, prostitution, the quality of hotels, transportation for convention delegates and a host of other nagging problems. But everything went well. Tisch recalls:

"On the last night of the convention the Texas delegation held up a huge sign that said, 'New York, we love you.' It played across a million TV screens. I knew we were over the top. I took Bob Strauss [chairman of the Democratic Party at the time] aside and said, 'Bob, if I had realized how well the convention was going to go, I would have lied even more than I did when we invited you Democrats to New York.' "

Earlier, Tisch had been convinced New York needed a modern exhibition facility if it was to regain its stature as the foremost convention mecca of the free world. He rounded up business support and lobbied City Hall and the legislature in Albany. His goal: a huge convention center. In 1972 Mayor John Lindsay appointed Tisch to head up a state-chartered corporation to help position the city to rebuild its convention business. Plans for the center got under way, but the 1975 financial crisis intervened. Tisch never gave up hopes for the center, and as New York recovered, he mustered new support for the project.

His long-sought dream is moving toward reality. In a seedy old warehouse and railroad district on the West Side, the first pilings of what will support a $375 million convention center are thrusting out from a cavernous hole in the ground. It will be the largest exhibition center under one roof in the U.S. and will seat almost twice the number of people accommodated in Madison Square Garden.

And that is not an inconsiderable accomplishment to fashion for a city you love.●

WORKING MOTHERS' DAY

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. SKELTON. Mr. Speaker, we are all aware of the contribution to this country of millions of working mothers. Whether these women work inside or outside of the home, each of them has an important impact on our society. It is in tribute to these women that I would like to pause for a moment to reflect on their hard work and dedication.

In particular, the working mother in Missouir has unselfishly given of her time. Too often, her presence is taken for granted. She is seldom rewarded for a "job well done," and commonly overlooked. She may be found working on the farm, in the home, or at the office. She may be skilled or unskilled. She may be the mother of one or the mother of many.

I am well aware the women of Missouri represent but a small portion of all the mothers in the United States; however, I do feel they typify the overall dedication of working mothers everywhere. I say we should applaud these women and voice our respect for their efforts.

Mr. Speaker, it is with great admiration for all of the working mothers of America, that I am pleased to cosponsor House Joint Resolution 174, designating September 5, 1982, as Working Mothers' Day. I have cosponsored similar legislation in the past, and I will continue to do so in the future. I salute the working mothers of America.●

A CALL FOR ACTION AGAINST TERRORISM

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. SOLARZ. Mr. Speaker, only 4 months ago I spoke out on the floor of the House to call my colleagues' attention to the brutal assassination campaign that is being waged against Turkish diplomats and their families by Armenian terrorist groups. I regret that I must report to my colleagues today that this terrorist activity continues unabated.

On September 24, four Armenian terrorists stormed the Turkish Consulate in Paris and seized more than 20 hostages. Although the terrorists ultimately surrendered, they first killed a Turkish security guard and wounded the turkish Vice Consul Kaya Inal and a French security guard.

I am outraged by this attack, and by the continuing inability of the international community to take effective actions to bring this murderous wave of violence against Turkish diplomats to an immediate halt. This bloody assassination campaign has already spanned three continents, claiming the lives of Turkish diplomats in Paris, Vienna, Los Angeles, and Beirut. The three victims of the most recent attack must now be added to an already lengthy list of casualties: the 17 Turkish diplomats who have been slain the past 5 years, as well as the other Turkish officials who have been injured.

This ugly manifestation of terrorist violence in Paris must serve as a painful reminder to the international community of the pressing need to escalate the fight against terrorism. I need not remind my colleagues that an attack against the diplomats of one nation is really an attack against the diplomats of all nations.

Terrorism is a threat to all governments, regardless of politics or ideology. The United States must take the lead in initiating a global antiterrorism program. We must act to wipe out acts of violence everywhere, and to eradicate the brutal terrorism which not only undercuts stability but takes innocent lives as well.●

PERSONAL EXPLANATION

HON. ED WEBER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. WEBER of Ohio. Mr. Speaker, due to the funeral of former Ohio Governor Michael DiSalle in Toledo on Wednesday, September 23, 1981, I was unable to vote on four rollcalls and one live quorum call.

On rollcall votes 217, 218, and 222: I would have voted "aye." On rollcall vote 221: I would have voted "nay."●

ED ARNOLD HONORED BY FOUNTAIN VALLEY CHAMBER OF COMMERCE

HON. ROBERT E. BADHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. BADHAM. Mr. Speaker, in these troubled times one of the greatest areas of relief for our citizens, oftentimes bogged down in the daily humdrum of life, listening to reports of catastrophes, reading the predictions of the doomsayers, is that offered by sports.

For a period of time each evening one can attend a sports event, listen to one on radio, or watch on television, escaping, as it were, the realities of life for the vicarious pleasure of watching other human beings belt each other in the ring, knock each other down on the field of play, or strike a ball, either thrown or sitting on a small peg.

And if it is not possible to attend a game or listen to an account, there is always the evening news, when a personality reports to us the happenings in the sports world.

One of those individuals is Ed Arnold, who is being honored Friday, October 2, 1981, by the Fountain Valley Chamber of Commerce, citizens of Fountain Valley, and numerous sports figures. It is my pleasure to represent Fountain Valley and its prominent citizen, Ed Arnold, so I take this opportunity to call the attention of the Members of this honorable body to the fine work which he has done for his community and for Orange County.

Ed has been State president of the California Jaycees in addition to holding offices as southern California vice president, governor of district No. 8 and president of the Fountain Valley chapter.

Ed served a 2-year term as president of the Southern California Sports Broadcasters Association, was citizen of the year in Fountain Valley, and man of the year in Newport Beach. He has received many broadcasting awards, has been honored as an outstanding young man in California and has been a spokesman and announcer for Dr. Robert Schuller's "Hour of Power" broadcasts, emanating from the Crystal Cathedral.

Obviously these are outstanding achievements by Ed Arnold and he is to be congratulated for his endeavors on behalf of his fellow citizens and his community.

In the field of broadcasting, as a member of the Channel 7 news team, Ed Arnold has an enviable record. He is reported to be the broadcaster who urged Ray Malavasi, coach of the Los Angeles Rams, not to cut rookie Kevin Scanlon, anticipating a quarterback crisis for the team. Also, Ed is supposed to have suggested that John McEnroe take a Dale Carnegie course and that major league baseball hold a round-robin playoff system involving the four top teams in each division instead of the split season playoffs now planned. This would heighten fan interest, Ed Arnold is reported to have reasoned.

It certainly is comforting to know that we have someone of Ed Arnold's knowledge, judgment, and wisdom presenting us the nightly sports news. And, of course, those who own, manage, and coach major league sports teams in southern California have always found his advice invaluable.

Seriously, Ed Arnold is a credit to his profession, to his family and to his community and I, for one, am happy to know him and join with his many friends in their salute to this outstanding American.●

BABI YAR MEMORIAL IN DENVER

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. WAXMAN. Mr. Speaker, it is in a spirit of reverence and profound admiration that I call to the attention of my congressional colleagues and the American public efforts being made to create a park in Denver, Colo., to honor the memory of those who perished at Babi Yar at the hands of the Nazis.

The infamous ravine at which the Babi Yar massacre occurred is on the outskirts of Kiev in the Soviet Ukraine. When I visited Kiev, I made a special point of visiting Babi Yar. At this historic site where so many innocent people perished in so horrible a way, I paused to pray and reflect.

I am tremendously impressed by the efforts of the Babi Yar Park Foundation to make certain that the events of Babi Yar and the historical context in which they took place are not forgotten.

For a number of reasons the general public has come to perceive the victims of Babi Yar solely as Jews. While it is true that the majority of victims were Jews damned by the Germans for the "Final Solution," many people of other backgrounds also died there. I salute the Babi Yar Park Foundation for recognizing the suffering and martyrdom of Ukrainians and other Slavs both at the time of the Babi Yar massacre and throughout the period of World War II.

Hitler's racist theories designated Ukrainians, Poles, Russians, and other Slavic peoples as despicable "untermenschen" barely above Jews in social worth. Once the extermination of the Jews was complete, Hitler planned to proceed swiftly with the elimination of Slavs and other "inferior" non-Aryan peoples. During the war these racist attitudes brought death and suffering throughout the Slavic lands of Eastern Europe.

To give readers deeper insight into the significance of both the Babi Yar Memorial Park and the unusual cooperation between the Ukrainian Christians and Jews from which the Park now benefits, I am including two brief insertions. The first is the inscription, "The Bridge and the Rock," which appears on one of the monuments at Babi Yar Memorial Park. The second item consists of excerpts from reflections made by Helen J. Ginsburg, president of the Babi Yar Park Foundation. Ms. Ginsburg's remarks appear in full length in the Ukrainian Weekly of November 9, 1980.

THE BRIDGE AND ROCK

Freedom or power—the eternal struggle
Bridges or cattle cars—choose!
Me * * * but you, too—the eternal dilemma
Before and after all—the rock!

In this grove at Babi Yar, one hundred trees stand tall. Each a living memorial to men, women, children—mostly Jews and Ukrainians!

In every leaf, their lives; in every branch, their families; in every rooted trunk, their past.

Life courses even when leaves have fallen. Memory persists even after presence parts.

Can we not learn from the trees? Each stands alone—yet, flourishes in the benevolent shade of the others.

Seasons change; so must we. Winter's madness must not dry the sap of loving life again.

REMARKS OF HELEN J. GINSBURG

Though the Babi Yar idea was born of this Denver Jewish community's pain in recalling the horror that was the Babi Yar of yesterday and, in promising "We had not forgotten . . . and that we would not forget," we hoped also through the creation of this park, by mere fact of its existence in the free world, it would serve as a voice of protest on behalf of those Jews and others, still in Russia who are denied a voice of their own. We then realized, after much soul searching, that the park idea, born of the tragedy of the Jews . . . must speak to the tragedy of all people.

We of the Babi Yar Foundation pledged that the tragedy of Babi Yar would be answered by dedicating a park to the memory of all those who perished so ignobly.

A park whose leaves would whisper the hope that never again would any people, anywhere, be cut down and thrown into nameless graves. We would create through this park and awareness . . . admonishing: those who allow history to be forgotten are destined to repeat it!

The intelligent heart knows that what is done cannot be undone. It does not deny the truth of yesterday, but it can affirm that yesterday will not become tomorrow. That affirmation lies in the concern of one person for another. It is with that in mind that we build Babi Yar Memorial Park . . . building as only a free people can build. Building as an ecumenical voice warning against injustice, hoping perhaps to bring some semblance of sense to a war-maddened world, intrigued with corruption, too often innoculated against compassion.

My compliments to you all on being a most responsive and well-organized body. Your leadership came bringing facts, feelings and requests to our attention. They were further supported by letters from people of Ukrainian descent across the country. Upon careful consideration, and with great concern and reflection we realized the appropriateness of your requests and deeply appreciated your motives, enthusiasm and strength of conviction that, Ukrainian communities throughout America . . . and abroad . . . would welcome the opportunity to help support the park project to completion, providing certain "appropriate" changes were made.

With little difficulty we reached a point of mutual satisfaction, understanding and appreciation. You have provided us with a valuable learning experience and as a result, our two communities move closer together enriched and strengthened with the purpose of brotherhood and remembrance. Thus tonight's occassion.

My dear new friends, our people died together at the Babi Yar of Kiev. Forty years later, blessed with life and freedom, together we shall see a different Babi Yar come into being—a Babi Yar symbolizing a spirit of conscience and concern for the freedom and dignity of all people, regardless of religious affiliation, race, ethnicity or national citizenship. The only such memorial of its kind anywhere in the world. We, in their memory, will join hands toward that day when we will see an end, not only to anti-Semitism, but to anti-humanism, anywhere in this troubled world of ours. In their names, we shall remind the world that all people share the blame and the responsibility for the events of our time.

Recently the Los Angeles Culture Center Bulletin carried a review of a booklet by Dr. Bohdan Wytwycky, who, in his work titled, "The Other Holocaust. Many Circles of Hell," wrote the following:

"The suffering experienced by Jews, Poles, Ukrainians, Gypsies, and Byelorussians during the war is indivisible. And, just as Jews dare not overlook the horrors experienced by the Slavs, so too, Ukrainians must not forget that their suffering formed only one link in the chain binding them to Jews and other nations as well." The vital universalist lesson, he writes, is that we must join hands in moral undertaking.

On behalf of the Babi Yar Memorial Park board of directors, I welcome you to our effort, warmly accepting your offered hand of friendship and commitment and extend to you our own hand in expression of appreciation, understanding and brotherhood as together . . . "we move forward in moral undertaking."●

PROF. M. E. BRADFORD'S NOMINATION

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. WHITEHURST. Mr. Speaker, the following editorial, which appeared in the Friday, September 25, edition of the Norfolk Virginian-Pilot, contains information which I believe merits the careful attention of my colleagues, particularly in the Senate, since it pertains to the forthcoming nomination of Prof. M. E. Bradford to be Chairman of the National Endowment for the Humanities.

The editor, Mr. Terry Eastland, has researched this carefully, and I commend his comments to my colleagues.

[From the Virginian-Pilot, September 25, 1981]

NO TO BRADFORD

The New York Times carried a story the other day saying that Prof. M. E. Bradford of Dallas, Tex., probably will be named chairman of the National Endowment for the Humanities. If he is, the Reagan administration will be making a significant mistake.

Professor Bradford is an English scholar noted for his study of Faulkner, and few would quarrel with his work. The problem with Mr. Bradford is political. He is, as he has called himself, "the candidate of the old right." For those unversed in conservative taxonomy, the old right is old, very old—as old, as it happens, as before the Civil War.

Mr. Bradford told the Times that in 1860 he would have been a "Stephen Douglas Democrat." Which is to say he would have supported the right of people in the territories to choose slavery. Mr. Bradford is as committed as Douglas was to the proposition that popular sovereignty defines the nature of democratic government. He is as opposed as Douglas was to the argument of Abraham Lincoln that not popular sovereignty but equality should ultimately determine what we are as a people.

Professor Bradford is no shrinking violet; his opinions on Douglas and Lincoln are well-known. His latest writing on the subject is "The Lincoln Legacy: A Long View," published in the Fall, 1980 number of Modern Age. There Mr. Bradford writes that it is necessary to "look behind" the Lincoln "martyrdom" in order to "discover in him a major source of our present confusion, our distance from the republicanism of the Fathers, [and] the models of political conduct which we profess most to admire."

Interestingly, and perhaps not surprisingly, Mr. Bradford has for most of his life been a conservative Democrat. In 1972, he vigorously supported George Wallace for president, endorsing the Alabaman in newspapers and magazines.

In view of this record, the question for the White House—and the answer—should be clear enough. The Reagan administration no more needs to sign on Stephen Douglas Democrats than it does Tip O'Neill Democrats. To appoint a prominent Wallace supporter to an important sub-Cabinet post would send 'em a message, all right, a message that the Reagan administration is unclear about its historical heritage and philosophical home. Given that the humanities concern both history and philosophy, among other disciplines, a Bradford appointment would be sadly ironic.

The White House reportedly wants to appoint Professor Bradford as a concession to those on the New Right upset with his appointment of Sandra O'Connor to the Supreme Court. But if a Bradford appointment would be any kind of concession, it would be a concession only to a small group huddled on the New Right, a group of academics including North Carolina Sen. John East whose political theory may best be described as eccentric. Appointments inevitably involve political considerations, and even concessions, but the White House need not concede the chairmanship of the humanities endowment to the tiny East enclave. Surely if there is a concession to be made, it should be made to a politically larger and more worthy group.

The fact that Mr. Bradford is perched where he is today—about to be appointed to head the NEH—is explained in part by who the White House was about to name. Somehow the administration had become enamored with William Schaefer of UCLA, whose politics are far to the left of President Reagan's. Professor Schaefer would be a bad choice, as Senator East and other conservatives have argued, and their lobbying has had effect. But the candidate they now are pushing through the window of opportunity they have created would be equally bad, perhaps even worse. It takes little imagination to envision another Lefever-type hearing, with Lefever-type results, and embarrassment to the administration.

Other able candidates—all of them committed to cutting the endowment's budget and to actually trying to help the humanities, rather than every oddball thing that tries to pass as such—remain finalists for the job. And any of them would do, and do well. One of the last things this administration needs to do is lift a toast to the shade of Stephen Douglas, or recall the good old days of George Wallace.●

THE 100TH ANNIVERSARY OF PENINSULAR CLUB

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. SAWYER. Mr. Speaker, as a member of the Peninsular Club, of Grand Rapids, Mich., I would like to take this opportunity to recognize the 100th anniversary of its founding, in October of this year.

The primary objective of the club is to provide a place where members and their guests can meet for social, recreational, and athletic activities. The club represents a cross section of the cultural, professional, business, and governmental leadership in Grand Rapids, and includes as its members such notables as former President Gerald Ford and the late U.S. Senator Arthur Vandenberg.

The Peninsular Club was founded in October 1881, when its original constitution and bylaws were signed by 119 charter members. The club is also affiliated with numerous similar organizations all over the country, and including Canada, Australia, and Mexico.

I am proud to be a member of this organization, and wish to offer my congratulations to my fellow members on the occasion of our 100th anniversary.●

THE WASHINGTON SCHOOL

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. McDONALD. Mr. Speaker, Washington's think tank of the Marxist left, the Institute for Policy Studies (IPS) has announced its fall lineup of courses for its Washington School project. IPS is especially anxious to persuade Government employees and Capitol Hill staff to attend its Washington School courses.

Contrary to its pretensions, the intellectual level of IPS's educational center is not high. It is a shop-worn amalgam of 1960's radical cultural courses and Marxist nostrums for the U.S. economy, salted with courses designed to bring school enrollees in contact with supporters of international terrorist groups. IPS's hidden agenda in conducting these courses is to develop new contacts on Capitol Hill and in the executive branch agencies through which IPS's revolutionaries can influence U.S. policy along lines favorable to the Soviet Union.

For example, among IPS's evening courses is one on diplomacy featuring Clovis Maksoud, the Arab League observer at the United Nations and one of the most indefatigable supporters of the terrorist Palestine Liberation Organization. The PLO is so favored by the Soviet Union that its terrorists receive training at camps inside the U.S.S.R. itself. Maksoud will bring in some unnamed guest lecturers. Given Maksoud's statements on the public record, there can be little question that his lectures will in fact be highly warped versions of ideologies, nonalinement and the superpowers and the Palestinian question.

The IPS Schools' proterrorist bias is indicated also by the presence of IPS fellow Eqbal Ahmad as the teacher of a course on "U.S. Foreign Policy After Vietnam." Ahmad is an editor of the publication of IPS's London affiliate, Race and Class, which supports revolutionary terrorist movements in Africa, is a longtime activist with the Middle East Research and Information Project (MERIP), a support group for all the Soviet-backed revolutionary terrorist movements in the Middle East founded by IPS members, and is also an editor of the Paris-based magazine, Afrique-Asie.

According to United Nations press release GA/PAL/80, July 10, 1981, Eqbal Ahmed, with other U.S. members of MERIP, the PLO's debating arm, the Palestine National Council, and the National Lawyers Guild were the leading slated panelists at a pro-PLO conference held in Havana, Cuba, from August 31 to September 4.

As for Ahmad's French publication, my colleagues may recall that in August 1980, the French Government expelled the founder and principal editor of Afrique-Asie, Egyptian-born Simon Malley, 47, a founder of the Egyptian Communist Party. According to published reports, the staunchly pro-Soviet magazine which has a circulation of 120,000 mostly in Africa and Latin America, was funded by the Soviet KGB. Among those listed on its masthead as "Correspondent et Collaborateur" with Eqbal Ahmad are Schofield Coryell, a long-time writer for the U.S. "independent" Marxist-Leninist newspaper, The Guardian; and Australian Communist and KGB disinformation agent Wilfred Burchett, who collaborated in the torture and interrogation of American POW's in Korea and Vietnam.

A distinguished expert on the Soviet Union and the activities of the KGB has termed IPS the "perfect intellectual front for activities that would be resisted if they were to orginate openly from the KGB."

Responsibility and prudence should caution us and the members of our staffs as to what involvement with IPS and its projects may entail.●

SOCIAL SECURITY SYSTEM COALITION

HON. SID MORRISON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. MORRISON. Mr. Speaker, the crisis over the future of the social security system concerns us all. Mr. Fialka has written a very interesting essay on how the trouble developed and what has contributed to its growth.

One individual made many of the policy decisions for the original social security system and is now back in town to help form and advise a bipartisan coalition in Congress to trim future benefit payments. Therefore, for the benefit of our colleagues, I insert in the RECORD an article from the Wall Street Journal which merits our attention.

[From The Wall Street Journal, Sept. 22, 1981]

BENEFITS EXPERT: MAN WHO HELPED GET SOCIAL SECURITY STARTED NOW STRIVES TO SAVE IT

ARE DRASTIC CURES NEEDED? ROBERT MYERS THINKS SO, BACKS REAGAN PROPOSALS—HOW THE TROUBLE DEVELOPED

(By John J. Fialka, Staff Reporter).

WASHINGTON.—Robert J. Myers's problems have never been small.

Take his first job. In 1934, he was invited to Washington for a two-month temporary assignment. Someone was needed to churn out the numbers for an old-age insurance program that would eventually cover most of the nation's work force.

Some of the older actuaries working on President Roosevelt's Committee on Economic Security were staggered by the idea, but Mr. Myers, then 22, sat down and scratched out the actuarial formulas for nine different possibilities.

One of them, after considerable revision, later emerged as the Social Security System, a vast public money pump that now has transferred more than a trillion dollars from workers and employers to retired and disabled beneficiaries.

Well, Bob Myers is back in town. This time his task is equally staggering: to help form and advise a bipartisan coalition in Congress dedicated to trimming future benefit payments.

COALITION WANTED

No one has ever done that before. But Mr. Myers, now 68, is convinced that such a coalition must be formed to save the system from collapse. It is his job as deputy commissioner of Social Security to push the Reagan administration's proposals to trim as much as $80 billion of benefits in the next five years.

"This is really a most unusual situation," says Mr. Myers, a soft-spoken, supremely patient, avuncular sort of man who has a reputation as a political smoothie. "In past administrations," he explains, "the proposals were always benefit liberalizations. This year all of the proposals that I know of would be reducing the scope of the program."

According to Mr. Myers, the dismal truth is that if Congress doesn't do something, the main part of the system, the Old Age and Survivors Insurance trust fund, could run out of money as early as this winter.

It is difficult to argue with him when he makes a prediction like that (though that hasn't stopped some Congressmen, mainly liberal Democrats, from trying). For Bob Myers, as much as anyone, built the system. He was the chief actuary for the Social Security Administration from 1947 to 1970, and few people can match him when he begins talking about "social-adequacy formulas," the "dynamic benefit structure," "bend points," and other arcane, actuarial features of the system.

ADMINISTRATION PROPOSALS

To deal with the danger seen in the next few years, the administration wants to reduce benefits for those retiring at age 62 and tighten eligibility for disability payments. To head off a later crunch, Mr. Myers and the administration would tinker with the Social Security formulas so that benefit levels would drop by about 10 percent starting in 1987.

Others contend that drastic remedies aren't needed. But even Mr. Myers' opponents admit he will be one of the main players to watch, as Congress struggles with the awesome political risks involved in tampering with a system that last year paid $100.6 billion to 30.7 million retired workers, their dependents and survivors.

"Bob Myers is exceedingly important," says Wilbur Cohen, a former Secretary of Health, Education and Welfare who heads Save Our Security, a coalition of labor unions, religious groups and others lobbying to prevent major cuts.

"I think Bob Myers is terrific, and I think what the administration is trying to do is hide behind him," says Rep. James Shannon of Massachusetts, one of a number of Democrats who oppose President Reagan's proposed cutbacks.

Social Security got into trouble because the system's commitments expanded faster than its resources. The trouble accelerated during the past decade, but the expansion started much earlier.

LIKE TOPSY

From its beginnings in 1935 as a relatively austere retirement-insurance system, closely tied to the amount of payroll taxes that a worker and his employer contributed, Social Security just grew and grew and grew.

Much of the growth is attributable to Congress, which began tinkering with the benefit formulas in 1939 to give lower-income workers more benefits for each tax dollar when compared with average or higher-income wage earners.

In theory, the system was always supposed to be "pay as you go," but in fact, a strong bipartisan coalition was formed in Congress dedicated to the prospect of expanding benefits every two years. Throughout the late 1950s and 1960s, Social Security debates were a pleasure for Congress.

Three men guided Congress in that expansion: Mr. Myers, as the system's chief actuary; Mr. Cohen, who was for years the agency's chief legislative strategist; and Robert Ball, the Social Security commissioner from 1962 to 1973.

Mr. Ball always gave Congress estimates of the cost of the new benefits it was contemplating, and he insists they were sound. "Bob (Myers) supplied the numbers," he says. Nobody else tried to do that. It was completely independent, uninfluenced by political situations."

Mr. Ball and Mr. Myers came to a parting of the ways in 1970 when the chief actuary resigned in a huff, asserting that "certain of the top policy-making officials" of the system "will exert their efforts to expand the Social Security program as much as possible by aiding and supporting any individuals and organizations that are of this expansionist conviction."

Mr. Myers insists he always had an actuarial basis for the expanded benefits. For one thing, he had a built-in conservative bias that resulted in a surplus every two years: In his estimates of the taxes needed to support the system, he always assumed that the level of wages would remain static.

In reality, however, during the economic growth of the '50s and '60s, wages almost always went up, showering added dollars into the trust fund. In 1972 Congress did away with this cushion in an unprecedented spasm of generosity. It raised benefit levels by 20% and established a "dynamic benefit structure," one that assumed that wages would always increase. Benefit levels, for the first time, were tied to the cost of living.

But the new benefit structure was based on the trends of the past. During the 1970s, strange things began to happen—unemployment soared with high inflation, the cost of living rose faster than wages—and the structure began to unravel.

In 1973, shortly before he resigned, Commissioner Ball told a Senate committee that the sound actuarial footing of the system would make it secure into the next century. "Obviously the statement was incorrect," acknowledges Mr. Ball, who says the baffling economic trends of the 1970s made predictions difficult.

"LOW LEVEL OF UNDERSTANDING"

Actuaries who have studied the Social Security System in recent years have found it difficult to understand and more difficult to explain. "I was shocked by the low level of understanding by virtually everybody in the system," says A. Haeworth Robertson, who was the chief actuary from 1975 until 1978. He later wrote a book calling for a drastic overhaul of the system, one that would clearly separate earned benefits from what he sees as welfare payments.

During 1979, a year when the two main Social Security trust funds took in $86 billion and paid out $87 billion, Mr. Robertson estimated that they had an accrued liability of $5.6 trillion—an amount roughtly six times the national debt—assuming continuation of the benefit levels existing then. According to statistics developed by the Senate Finance Committee, if nothing is done, the system will fall some $1.5 trillion short of its obligation over the next 75 years. Fixing that problem is an effort that, according to Mr. Myers, should start very soon.

By December, he estimates, the reservoir of cash in the old-age and survivors' account will drop to 13% of the amount needed to pay one year's benefits. When it gets that low, a small hiccup in the economy could depress Social Security tax revenues to the point at which the money to cover next month's benefit checks wouldn't be all there.

"I would like to see it at around 17% or 18%," Mr. Myers says. "You put out almost all of your money at the beginning of the month, and Treasury will not put out checks if the money isn't there."

CATASTROPHIC EFFECT

The effect on the economy would be catastrophic: 30 million consumers devastated by a single blow. The political backlash would be monumental, unthinkable.

"Doomsday is so bad," Mr. Myers believes, "that politically, it will never be allowed to happen." He figures that Congress will always do something to postpone the day.

Doomsday or no, the system faces more than one challenge in coming years. Mr. Myers and other specialists see three distinct periods ahead.

The short term, the period during the rest of the 1980s, will be sticky. Which is why the Reagan administration sees a need to cut $80 billion from the outgo in the next five years, largely by reducing payments to retirees under 65 and tightening eligibility requirements for disability benefits. (Among other measures under consideration by the administration is a three-month delay next year in the annual cost-of-living adjustment.) Others, primarily liberal Democrats and the Cohen group, believe that the system will limp through the 1980s if Congress allows the OASI fund to borrow from the separate disability and health-insurance trust funds and, if necessary, from general revenues in the Treasury.

Then there is a middle term, one that could be described as the False Era of Good Feelings. Around 1990, money will begin pouring into the trust funds again, creating a huge surplus for several years. The surplus will be caused by heavy payroll-tax increases engineered by the Carter administration. They will kick in at about the same time that the number of people reaching age 65 begins a temporary lag—a function of the lower birth rates during the Depression. Mr. Myers is already worrying about that surplus. "That may not be good, politically, because Congress will be tempted to spend it," he says.

Around 2010 comes the Crunch. That's when the Pepsi generation begins to reach 65, an event some actuaries call the "senior boom." Comparisons with past and present indicate that this period will be rather stark. In 1940 the first Social Security recipient, Ida M. Fuller, a legal secretary, retired after paying just $22 in Social Security taxes; by 1975, when she died, she had collected over $20,000 in benefits. That was possible because for every person who retired when Miss Fuller did, there were nine workers pumping money into the trust funds. Currently the ratio is six to one. By 2030 it is expected to drop to three to one.

WAIT AND SEE?

There are ways to prepare for this crunch, but none is politically appealing. So Mr. Cohen, for one, would prefer to wait and see what happens. "What if 10 million Mexicans come into the country?" he asks, arguing that a change in immigration policy or an increase in the fertility rate or in worker productivity could swell Social Security revenues before then.

But Mr. Myers and others see a need for action. They have ideas for changes designed to conceal or reduce the pain ahead. Sen. Lawton Chiles, Democrat of Florida, one of Congress's more serious students of the system, has introduced a bill that would begin slowly raising the retirement age by a rate of one month every four months. That means the Pepsi generation would have to work until the age of 68.

There is no getting away from it: This is a painful time for Congress. Still, nobody is blaming the experts like Bob Myers.

"Actuaries have done a good job," asserts Rep. Bill Archer of Texas, one of the Republican veterans on the House Ways and Means Committee. "But the premises they've been told to base their predictions on have been politically distorted."●

COMMEMORATION OF SAINT WENCESLAS DAY

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. NELLIGAN. Mr. Speaker, today we commemorate the anniversary of the death of a great leader and warrior, Wenceslas of Bohemia. Present-day Czechoslovakia, formerly Bohemia and Moravia, recognizes and pays tribute to this great militant for the cause of peace.

Wenceslas was the Duke of Bohemia during the 10th century. After the early death of his father, a reaction set in in Bohemia against Germany. Support was given to the pagan Wends against Germany. Upon the approach of the Germany army, Wenceslas heroically took command and succeeded in making peace with the German forces. Wenceslas' tireless efforts to Christianize Bohemia with the help of the German missionaries had the effect of raising the moral and cultural standards of the land. Legends of Wenceslas' sympathy for the poor and needy are the basis of the familiar melody sung at Christmastime.

I join with Americans of Czechoslovakian descent in the 11th Congressional District of Pennsylvania, which I am privileged to represent, in honoring the great King Wenceslas on this day. We share their pride in Wenceslas' efforts to reconcile the differences between nations, and applaud his heroic example in this regard.●

PROPOSED SALE OF ARMS TO SAUDI ARABIA

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. WYDEN. Mr. Speaker, I would like to take a minute to share my thoughts on the Reagan administration's proposal to sell AWACS and the F-15 enhancement package to Saudi Arabia.

In the weeks ahead, this proposal will dominate discussion of American foreign policy, and I would like to state briefly why I will oppose this sale as simply not in the best interests of the American people.

First, the terms of the proposed sale leave our side with the short end of the stick. We are asked to approve an $8.5 billion military aid package to the Saudis replete with the most advanced technology. What would America get in return? I conclude it is far too little.

In essence, the proposed arms sale to the Saudis requires that the Saudis do absolutely nothing to promote U.S. interests in a most volatile part of the world. The Saudis are not required, for example, to call off their attacks on the Camp David peace process, and participate constructively in the next stage of the peace negotiations. The Saudis are not required to end their repeated call for a holy war (jihad) against Israel, our key friend in the region. The Saudis are not required to halt their financing of PLO terrorism.

Now some have argued that the Saudis should receive the proposed military package because they have moderated their oil policies. However, as the Wall Street Journal of August 27, 1981 has pointed out recently, what makes the Saudis pump relates to only one factor, Saudi self-interest, and those who believe the Saudis have moderated their prices out of concern for the oil hungry West are still "waiting for the tooth fairy." Historical precedent is relevant here as well—even after the United States sold the Saudis F-15's in 1978, the Saudis threatened the Carter administration with production cutbacks if we built up our strategic petroleum reserve. Absolutely nothing in recent history indicates that the sale of any weapons package to Saudi Arabia, AWACS or otherwise, will help us overcome future blackmail.

Mr. Speaker, the instability of the Royal family that rules Saudi Arabia must be noted as well. The takeover of the Grand Mosque for more than a week in 1979 demonstrates the popular resentment against the House of Saud and the level of discontentment within that nation. Moreover, internal upheavals in Saudi Arabia, spurred by the regime's feudal policies, represent a real threat to this country's security if they are successful. If the Saudi Arabian monarchy is overthrown we would be faced with the very real danger that our most advanced weapons would be compromised, and conceivably even fall into Soviet hands.

Finally, there simply is no external threat to Saudi security that requires the acquisition of the weaponry proposed in this sale. Geopolitical realities and a quick look at the map shows that no contiguous country seriously threatens Saudi Arabia. Certainly it is not "mighty" Oman or Kuwait. Not the United Arab Emirates and certainly not Israel. Most important, a Soviet thrust against Saudi Arabia faces enormous logistical hurdles. Soviet-dominated South Yemen could theoretically pose a threat, but it faces great obstacles of desert and distance. In effect, only a physical U.S. presence can deter the Soviets in this region should the Soviets move on the Saudi oilfields.

Herein, perhaps, lies the ultimate flaw in this sale. If the Saudis were as worried about the Soviets as they claim, they would invite the United States to build and maintain a military capability, replete with bases on Saudi territory, in the region. Obviously no such invitation will be forthcoming.

Mr. Speaker, as I said at the outset of my statement, this proposed sale is just no bargain for our Nation. We receive no quid pro quo for selling the Saudis these weapons, indeed we literally receive nothing at all. The introduction of Saudi-controlled AWACS into this area will further destabilize one of the most volatile regions in the world and I sincerely hope that when a resolution disapproving this sale comes before the House, it will have the resounding support of my colleagues.●

A TRIBUTE TO MISS SUSANNAH E. VOSE

HON. JAMES M. SHANNON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, September 28, 1981

● Mr. SHANNON. Mr. Speaker, I would like my colleagues to join me today in paying special tribute to Miss Susannah E. Vose of Lawrence, Mass. Miss Vose will have completed 50 years of continuous service with the Federal Government on October 5, 1981.

Miss Vose began her career in government on October 5, 1931, with the Veterans' Administration. After 5 years there, she went to work for the Social Security Administration as a field representative. Over the years Miss Vose has served as acting manager and manager in the administration's Lawrence district office.

The Social Security Administration provides a vital service to our country—insuring that the 35 million Americans who depend on Social Security receive their benefits each month. It is the best system we have for taking care of each other, and it has worked for 46 years.

The Social Security Administration's effectiveness, its efficiency in dealing with the many beneficiary claims and accounts is due to employees like Miss Vose. She possesses those characteristics which are the trademark of the SSA employee—a thorough knowledge of the system, fine administrative ability, and patient and pleasant temperament. She cares about the people she serves.

Her distinguished career and continuing contribution to the Social Security Administration deserves special recognition and appreciation. Her fellow citizens join in thanking her for her outstanding service to her Government and community.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, September 29, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

SEPTEMBER 30

9:00 a.m.

Armed Services

Military Construction Subcommittee

To hold hearings to review the plan by the Department of Navy to move certain facilities to the Navy Yard, Washington, D.C.

212 Russell Building

9:30 a.m.

*Banking, Housing, and Urban Affairs

Business meeting, to mark up S. 1230, authorizing the mintings of special coins commemorating the 1984 summer Olympic games in Los Angeles, California.

5302 Dirksen Building

*Commerce, Science, and Transportation

To hold joint hearings with the House Committee on Science and Technology on S. 1657, establishing a uniform Federal policy for the management and utilization of inventions developed under Federal contracts.

235 Russell Building

Environment and Public works

Business meeting, to mark up S. 1024, authorizing funds through fiscal year 1986 for the construction and safety of Federal highways.

4200 Dirksen Building

Foreign Relations

Arms Control, Oceans, International Operations, and Environment Subcommittee

To resume hearings on the proposed Law of the Sea Treaty (Ex. N, 86th Cong., 1st sess.).

4221 Dirksen Building

*Governmental Affairs

*Governmental Efficiency and the District of Columbia Subcommittee

To hold hearings on S. Res. 207, disapproving certain action of the District of Columbia government relating to the reform of the sexual assault laws of the District of Columbia.

3302 Dirksen Building

*Judiciary

*Immigration and Refugee Policy Subcommittee

To hold hearings on matters relating to the hiring of illegal aliens.

412 Russell Building

10:00 a.m.

Energy and Natural Resources

Business meeting, to consider pending calendar business.

3110 Dirksen Building

* Judiciary

Separation of Powers Subcommittee

To hold hearings on proposals to restrict the power of Federal courts in matters of school busing, focusing on the social impact of forced busing.

2228 Dirksen Building

Joint Economic

Monetary and Fiscal Policy Subcommittee

To hold hearings on America's defense-related industries' ability to manufacture certain wartime products.

357 Russell Building

Conferees

On H.J. Res. 325, making continuing appropriations for fiscal year 1982 for programs of the Federal Government.

S-207, Capitol

10:45 a.m.

Armed Services

To resume hearings on the military and technical implications of the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.

6226 Dirksen Building

11:00 a.m.

Foreign Relations

To hold hearings on the nominations of Richard J. Bishirjian, of New York, to be an Associate Director of the International Communication Agency, and Richard F. Staar, of California, to be U.S. Representative for Mutual and Balanced Force Reductions Negotiations with rank of Ambassador.

4221 Dirksen Building

2:00 p.m.

Environment and Public Works

Business meeting, to continue markup of S. 1024, authorizing funds through fiscal year 1986 for the construction and safety of Federal highways.

4200 Dirksen Building

* Judiciary

Business meeting, to consider pending calendar business.

2228 Dirksen Building

Labor and Human Resources

To hold hearings on the nomination of John R. Van de Water, of California, to be a Member of the National Labor Relations Board.

4232 Dirksen Building

OCTOBER 1

9:30 a.m.

Foreign Relations

To hold hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.

1202 Dirksen Building

Labor and Human Resources

To hold hearings on the nomination of C. Everett Koop, of Pennsylvania, to be Medical Director in the Regular Corps of the Public Health Services and the Surgeon General of the Public Health Services, Department of Health and Human Services.

4232 Dirksen Building

10:00 a.m.

Energy and Natural Resources

Energy and Mineral Resources Subcommittee

To resume hearings on S. 1542, prohibiting a company operating a common carrier railroad from holding Federal coal leases unless the coal is used for railroad purposes.

3110 Dirksen Building

Judiciary

To resume hearings on S. 1630, to reform the Federal criminal laws and streamline the administration of criminal justice.

2228 Dirksen Building

*Judiciary

Separation of Powers Subcommittee

To continue hearings on proposals to restrict the power of Federal courts in matters of school busing, focusing on the legal and constitutional issues of busing.

5110 Dirksen Building

2:00 p.m.
Foreign Relations
To continue hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
318 Russell Building

OCTOBER 2

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of James J. Carey, of Illinois, to be a Federal Maritime Commissioner.
235 Russell Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to review the identification process verifying the authority to work in the United States.
412 Russell Building

10:00 a.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the National Ocean Policy Study on S. Con. Res. 29, disapproving certain coastal zone management Federal consistency regulations.
1318 Dirksen Building

OCTOBER 5

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S.J. Res. 110, amending the Constitution to establish legislative authority in Congress and the States with respect to abortion, and other related measures.
2228 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees.
4232 Dirksen Building

Small Business
Urban and Rural Economic Development Subcommittee
To hold hearings to discuss the use of small issue tax-exempt industrial development bonds to finance small business projects.
424 Russell Building

10:00 a.m.
Foreign Relations
To resume hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building

*Judiciary
*Criminal Law Subcommittee
To hold hearings on S. 101 and S. 751, bills to eliminate and establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

*Judiciary
Security and Terrorism Subcommittee
To hold hearings to discuss the retention or destruction of certain Federal Government files.
6226 Dirksen Building

2:00 p.m.
Energy and Natural Resources
To hold joint hearings with the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works on S. 1662 and S. 637, bills to establish a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To hold joint hearings with the Committee on Energy and Natural Resources on S. 1662 and S. 637, bills to establish a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
3110 Dirksen Building

Foreign Relations
Closed briefing on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
S-116, Capitol

OCTOBER 6

8:30 a.m.
Energy and Natural Resources
Energy Conservation and Supply Subcommittee
To hold oversight hearings on the Department of the Interior's proposed five-year plan of oil and gas development in the Outer Continental Shelf.
3110 Dirksen Building

9:30 a.m.
Foreign Relations
To continue hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings to review standard language to be included in all future block-grant legislation.
Room to be announced

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
To hold hearings on S. 709, prohibiting the sale of beverage containers without a minimum refund value, and prohibiting the sale of metal beverage containers with detachable openings.
235 Russell Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Labor and Human Resources
Investigations and General Oversight Subcommittee
To hold hearings to explore the cause and effect of missing children, focusing on home environment, local law enforcement action, and citizen action groups.
4232 Dirksen Building

10:30 a.m.
Energy and Natural Resources
To continue joint hearings with the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works on S. 1662 and S. 637, bills to establish a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To continue joint hearings with the Committee on Energy and Natural Resources on S. 1662 and S. 637, bills to establish a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
3110 Dirksen Building

2:00 p.m.
Foreign Relations
To continue hearings on the Airborne Warning and Control Systems (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building

Judiciary
To hold hearings on pending nominations.
2228 Dirksen Building

OCTOBER 7

9:00 a.m.
Foreign Relations
To continue hearings on the Airborne Warning and Control Systems (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building

10:00 a.m.
Judiciary
To resume hearings on S. 1630 to reform the Federal criminal laws and streamline the administration of criminal justice.
2228 Dirksen Building

OCTOBER 14

9:30 a.m.
Judiciary
Agency Administration Subcommittee
To hold oversight hearings on the implementation of the Military Personnel and Civilian Employees Claims Act of 1964, title XXI of the Criminal Code.
357 Russell Building

Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 110, amending the Constitution to establish legislative authority in Congress and the States with respect to abortion, and other related measures.
2228 Dirksen Building

10:00 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss the present conditions of the mass refugee asylum process.
412 Russell Building

2:00 p.m.
Judiciary
To hold hearings on S. 1639, to modernize the extradition laws of the United States.
2228 Dirksen Building

OCTOBER 15

9:30 a.m.
Judiciary
*Constitution Subcommittee
To resume over sight hearings on the implementation of the Freedom of Information Act, and on S. 1247, S. 1235, and S. 587, bills providing for the protection of certain confidential information from the disclosure require-

ments of the Freedom of Information Act.
2228 Dirksen Building

Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate and establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

1:30 p.m.
Judiciary
Security and Terrorism Subcommittee
To resume hearings on the origin, direction, and support tactics of terrorism.
2228 Dirksen Building

OCTOBER 16

9:30 a.m.
Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on proposed legislation permitting certain liner vessel operators in the foreign commerce of the United States to participate in domestic trade between Unalaska Island, Alaska and the west coast of the continental United States.
235 Russell Building

10:00 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss policies relating to deportation exclusion.
412 Russell Building

Judiciary
Security and Terrorism Subcommittee
To continue hearings on the origin, direction, and support tactics of terrorism.
6226 Dirksen Building

Judiciary
*Separation of Powers Subcommittee
To resume hearings on proposals to restrict the power of Federal courts in matters of schools busing, focusing on certain community problems.
2228 Dirksen Building

OCTOBER 19

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on S. 750 and S. 1288, bills providing energy tax credits for industrial and commercial business to encourage investment in new energy conserving equipment.
2221 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 110, amending the Constitution to establish legislative authority in Congress and the States with respect to abortion, and other related measures.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee and Water and Power Subcommittee
To hold joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

12:00 p.m.
Finance
Oversight of the Internal Revenue Service Subcommittee
To hold hearings on the recovery of attorneys fees in tax cases.
2221 Dirksen Building

Judiciary
To hold oversight hearings on merger policy in the private sector.
2228 Dirksen Building

OCTOBER 20

9:00 a.m.
Labor and Human Resources
To hold oversight hearings on the implementation of the Comprehensive Employment Training Act (CETA).
4332 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Energy and Natural Resources
To hold joint hearings with the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works on S. 1606, to provide for a nuclear property damage insurance fund, and to provide funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To hold joint hearings with the Committee on Energy and Natural Resources on S. 1606, to provide for a nuclear property damage insurance fund, and to provide funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

2:00 p.m.
Judiciary
To hold oversight hearings on the activities of the Public Integrity Section of the Department of Justice.
2228 Dirksen Building

OCTOBER 21

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To continue hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Judiciary
To resume hearings on S. 326, prohibiting a refiner, other than an independent or small refiner, from operating a gas station in the United States, and making it unlawful for a supplier to practice price discrimination in the sale of motor fuel.
2228 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings to examine the impact of marihuana on youth, focusing on the areas of health and education.
4232 Dirksen Building

Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education and youth employment programs.
1224 Dirksen Building

2:00 p.m.
Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 1018, authorizing funds through fiscal year 1986 for the protection and conservation of fish and wildlife resources along the coastal barriers of the Atlantic and gulf coasts.
4200 Dirksen Building

OCTOBER 22

9:30 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss temporary worker programs of the Federal Government.
2228 Dirksen Building

Labor and Human Resources
To hold oversight hearings on activities relating to affirmative action of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

10:00 a.m.
Judiciary
*Juvenile Justice Subcommittee
To hold hearings on the early detection of juvenile crime.
5110 Dirksen Building

OCTOBER 23

10:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee and Water and Power Subcommittee
To resume joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

Judiciary
Separation of Powers Subcommittee
Business meeting, to mark up proposed legislation restricting the power of Federal courts in matters of school busing.
5110 Dirksen Building

OCTOBER 26

9:30 a.m.
Judiciary
Courts Subcommittee
To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.
2228 Dirksen Building

Judiciary
Juvenile Justice Subcommittee
To hold hearings on the judicial systems' policies relating to correctional institutions and sentencing of juveniles.
357 Russell Building

OCTOBER 27

9:30 a.m.

Labor and Human Resources

To hold hearings on S. 1483, proposed Radiation Exposure Compensation Act.

4232 Dirksen Building

10:00 a.m.

Energy and Natural Resources

Energy and Mineral Resources Subcommittee

To hold oversight hearings on America's role in the world coal export market.

3110 Dirksen Building

Environment and Public Works

Business meeting, to consider pending calendar business.

4200 Dirksen Building

Judiciary

Business meeting, to consider pending calendar business.

2228 Dirksen Building

OCTOBER 28

9:30 a.m.

*Judiciary

Immigration and Refugee Policy Subcommittee

To hold hearings on granting amnesty to certain illegal aliens.

2228 Dirksen Building

*Labor and Human Resources

Labor Subcommittee

Business meeting, to consider S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees.

4232 Dirksen Building

10:00 a.m.

Energy and Natural Resources

Energy and Mineral Resources Subcommittee

To continue oversight hearings on America's role in the world coal export market.

3110 Dirksen Building

OCTOBER 29

9:30 a.m.

Commerce, Science, and Transportation

Business, Trade and Tourism Subcommittee

To hold hearings on S. 1256, to regulate interstate commerce by protecting the rights of consumers, dealers, and end users.

235 Russell Building

Judiciary

Courts Subcommittee

To hold hearings on the future income of individuals claiming bankruptcy.

5110 Dirksen Building

Judiciary

Immigration and Refugee Policy Subcommittee

To continue hearings on granting amnesty to certain illegal aliens.

2228 Dirksen Building

10:00 a.m.

Environment and Public Works

Business meeting, to consider pending calendar business.

4200 Dirksen Building

OCTOBER 30

10:00 a.m.

Judiciary

To resume oversight hearings on the implementation of the Copyright Act of 1976, focusing on section 101 relative to cable TV policy.

2228 Dirksen Building

NOVEMBER 4

9:30 a.m.

Labor and Human Resources

Labor Subcommittee

To hold hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.

4232 Dirksen Building

NOVEMBER 5

9:30 a.m.

Labor and Human Resources

Labor Subcommittee

To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.

4232 Dirksen Building

10:00 a.m.

Judiciary

Juvenile Justice Subcommittee

To hold hearings to examine the impact of media on juveniles.

6226 Dirksen Building

NOVEMBER 11

9:30 a.m.

Labor and Human Resources

Labor Subcommittee

To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.

4232 Dirksen Building

NOVEMBER 12

9:30 a.m.

Labor and Human Resources

Labor Subcommittee

To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.

4232 Dirksen Building

NOVEMBER 17

9:30 a.m.

Labor and Human Resources

Labor Subcommittee

To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.

4232 Dirksen Building

CANCELLATIONS

OCTOBER 1

9:30 a.m.

Labor and Human Resources

To resume hearings on S. 234, to encourage the establishment of home health care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.

4232 Dirksen Building

2:00 p.m.

Judiciary

Courts Subcommittee

To hold hearings on S. 1107, to require cases of a local or regional nature be filed in the States or regions in which the subject of the suit is found.

2228 Dirksen Building

OCTOBER 22

9:30 a.m.

Judiciary

Constitution Subcommittee

To resume hearings on S. 1554, S. 1253, S. 482, and S. 440, bills to amend the Federal Criminal Code with respect to the circumstances under which a person charged with or convicted of a crime may be released on bail or personal recognizance.

Room to be announced

NOVEMBER 2

10:00 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To hold oversight hearings on the implementation of Title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (P.L. 95-621).

3110 Dirksen Building

NOVEMBER 3

10:00 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To continue oversight hearings on the implementation of Title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (P.L. 95-621).

3110 Dirksen Building

HOUSE OF REPRESENTATIVES—*Tuesday, September 29, 1981*

The House met at 12 o'clock noon and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
September 28, 1981.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Tuesday, September 29, 1981.

THOMAS P. O'NEIL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Gracious Lord, in whom we live and move and have our being, we admit that too often our best efforts do not accomplish what we wish, and even our seeming righteous acts can be blemished by selfishness or undue pride. When our spirits lag or we are overcome by the complexity of the concerns in our way, cause us, O Lord, to seek Your guidance and to know Your encouragement and counsel. May our zeal for peace and justice never fail or our confidence in what is right never cease, but filled with Your blessing, may we do those things that honor You and serve the human family. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 304) entitled "An act to establish a national tourism policy and an independent Government agency to carry out the national tourism policy."

The message also announced that the Senate had passed a bill and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 929. An act to amend the Communications Act of 1934 to provide for improved administration of the amateur radio service and private land mobile services by the Federal Communications Commission, to address the problem of radio-frequency interference to certain electronic equipment, to permit volunteer assistance to the Federal Communications Commission in the area of examinations, licensing, and enforcement in the amateur radio service, and for other purposes.

S.J. Res. 67. Joint resolution to establish National Nurse-Midwifery Week.

S.J. Res. 107. Joint resolution to designate the seventh day of October 1981 as "National Guard Day."

BIG OIL TAX RELIEF PACKAGE SHOULD BE REPEALED

(Mr. FITHIAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FITHIAN. Mr. Speaker, high interest rates are killing the American housing industry and with it the dream of homeownership for millions of American families.

Statistics released by the National Association of Homebuilders earlier this month show the depth of the crisis now facing hundreds of thousands of our constituents in the real estate and construction industries:

New housing starts will fall below 1,070,000 units this year for the first time since 1946, if present market trends continue.

August housing start figures were 34% below last year's and 11% below even July's dismal figure.

Starts on single family dwellings dropped to 591,000 units—the lowest level since 1959.

In spite of these gloomy statistics, this Congress has it within its power to reverse the 33-month decline in housing starts, put thousands of construction workers back to work and lay the foundation for a decade of affordable housing for American families. It can do that by taking decisive action to bring down the size of the Federal deficit and, in so doing, bring down high interest rates.

The best place to start bringing down interest rates is by repealing the "big oil" tax relief package contained in the administration's tax bill.

You will recall that this one portion of the tax bill alone will pull the Federal budget an extra $12 billion into the red over the next 5 years, pushing up interest rates and putting hundreds of thousands of Americans out of work.

In the face of the mounting housing crisis in this country, these tax giveaways are unacceptable.

The time has come to repeal this part of the tax bill, and I urge you to join in a bipartisan effort to get the job done.

OH, THOSE REAGAN BUDGET CUTS

(Mr. BLILEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BLILEY. Mr. Speaker, I recently came across some stinging criticism of President Reagan's economic strategy.

NOTICE

Effective October 1, 1981, the subscription price of the Congressional Record will be increased to $208.00 per year, or $104.00 for six months. Individual issues may be purchased for $1.00 per copy.

This price increase is necessary to meet current production and distribution costs in order for the Record subscription program to be self-sustaining.

By order of the Joint Committee on Printing.

CHARLES McC. MATHIAS, JR., ***Chairman.***

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Here is what the critic said:

> The cynicism of the new tax bill is truly unlimited. Among the so-called special interest groups which escape taxation, or are obliged to pay purely symbolically, we see the employees of multinational companies . . . and even owners of racehorses and yachts! As they say, you can't go any farther than that.

The critic talked of the "nakedly class character of the budgetary and tax legislation." Finally there was charge of "flagrant robbery of the country's most needy citizens and the further enrichment of the wealthiest."

In case you are interested, this familiar criticism of the President's program was made on August 22, 1981, by Izvestia, the Soviet Union's most famous newspaper.

Will someone please tell me: If President Reagan's program is so bad for the United States, as we are told it is by some, why is the Soviet Union raging against it?

Mr. Speaker, I include the following paragraph from Soviet World Outlook, a monthly report on the view from the Kremlin on issues critical to U.S. interests:

> HIGHLIGHTS
>
> Moscow extends attacks on Reagan to domestic policies. A steady stream of Soviet articles attacking Reagan domestic policies has given particular play to the President's budget battles and his handling of the air controllers' strike. Articles on the tax cut charge benefits redound only to the rich and the military-industrial complex; those on the air controllers' strike charge anti-union bias to the Administration. Both see a harder domestic policy going along with the Administration's tougher foreign policies.

MAKING IN ORDER CONSIDERATION OF RULE ON H.R. 3603, FOOD AND AGRICULTURE ACT OF 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that, subject to the reporting of a resolution, it be in order to consider the rule on H.R. 3603, the Food and Agriculture Act of 1981, on tomorrow or any day thereafter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

GALLIA COUNTY'S AMERICAN LEGION LAFAYETTE POST NO. 27 SHOWS POW/MIA LEADERSHIP ROLE

(Mr. MILLER of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MILLER of Ohio. Mr. Speaker, I have frequently addressed the House of Representatives on the critical issue of missing Americans in Southeast Asia. With the Vietnam war years drifting further into history, it is sometimes easy and, frankly, convenient to overlook the personal side of America's long involvement in that costly conflict.

I submit, however, that we cannot ignore this Nation's ongoing responsibility to those Americans who have not yet returned—the missing in action. It is heartening to know that my interest in this issue is shared by hundreds of residents of Gallia County and southeastern Ohio.

Recently, the membership of American Legion Lafayette Post No. 27 of Gallipolis, Ohio, collected the signatures of Americans who, like myself, are unwilling to forget those who served with honor in Vietnam. In 6 short days, members of the post obtained the signatures of over 1,200 persons who collectively want Hanoi to know that we consider an accounting of America's mission a matter of the highest priority. These petitions which were sent to me will be forwarded to our Ambassador to the United Nations with instructions to pass them on to the appropriate Vietnamese representatives.

I commend the members of American Legion Lafayette Post No. 27 of Gallipolis, and, on behalf of the families of Americans still missing, I thank all those who joined in this worthwhile effort. Their work is of monumental importance.

AMERICA AT WAR AGAIN—FIGHTING FOR ECONOMIC FREEDOM

(Mr. CRAIG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CRAIG. Mr. Speaker, on this day 200 years ago, an American Army halted its march in sight of the British line at Yorktown. The next morning, our Army began the siege. With victory in their minds and freedom in their hearts, they defeated one of the best armies in the world.

Those who gave their lives at Yorktown, gave the world a new independent nation. A nation built on new ideas had begun.

We are again at war, fighting a staggering economy, Federal spending, and huge Federal deficits—fighting for economic freedom.

Since January, we have fought some battles—and won. But the war is not over. Like our Army 200 years ago, we are within sight of victory. Now—we must begin our final siege.

It is ironic that a nation built on new ideas, has had to struggle so hard to make a new idea come true. Our problems are best described by the Roman, Cato:

> At every crossroad on the path to the future, stand a thousand men guarding the past.

Mr. Speaker, we must cut deeper into Federal spending. Let us begin the final assault—now. Let us be as strong and determined as Americans 200 years ago.

We have new ideas to lead the nation out of economic turmoil. Let us not become obstacles in the path to recovery. I for one, will not stand in the way of this country's economic future. How about you, Mr. Speaker?

SALE OF AWACS TO SAUDI ARABIA OPPOSED

(Mr. DYMALLY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DYMALLY. Mr. Speaker, recently I spoke against the sale of the AWACS to Saudi Arabia. Today I wish to elaborate on that statement.

The administration's proposal for a massive sale of the most sophisticated weaponry to Saudi Arabia will upset the precarious balance in the Middle East, precipitating the threat of war, menacing the State of Israel and endangering U.S. security interests.

This $8.5 billion sale—largest in history—is qualitatively different from any other. Never before have airborne warning and control systems (AWACS) been let out of exclusive American control. Together with 1,100 air-to-air Sidewinder missiles, fuel tankers, and other military materiel, they produce a totally new and perilous situation.

Saudi Arabia is a kingdom inherently vulnerable to internal upheaval. The overthrow of the Shah in Iran should be a constant reminder to us of the instability of such regimes. Future turmoil in Saudi Arabia could easily result in AWACS technology falling into the hands of Soviet Russia or its satellites.

Apart from that, Saudi leaders have openly declared that Israel, not Russia, is their principal foe. In addition, the Saudis have rejected the Camp David peace process.

Israel is a democratic society in a sea of turbulence in the Middle East, and a potent and unswerving ally of the United States. Israel's assurance of survival has depended not only on a dedicated citizen army but also on its command of superior technology which the AWACS package now threatens to wipe out.

Israel's security and prosperity ultimately requires peace. It has already sacrificed much for a peace with Egypt. So, too, American security is best served by promoting peace in the Middle East to open the way for social improvement and economic development with the promise of hope and progress for all the people there.

I favor an immediate vote in the House on a resolution to disapprove the administration's AWACS sale.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Today is the day for the call of the Suspension Calendar.

Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken on Thursday, October 1, 1981.

KANSAS-MISSOURI BOUNDARY AGREEMENT

Mr. DANIELSON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4048). Granting the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near St. Joseph, Mo., and Elwood, Kans.

The Clerk read as follows:

H.R. 4048

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress consents to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the Gladden-French-Elwood Bottoms near Saint Joseph, Missouri, and Elwood, Kansas, as the thalweg line of the channel of the Missouri River abandoned by avulsion in April 1952, which is more particularly described in the project maps, reports, and documents submitted April 30, 1980, by Williamson Engineering and Surveying, Saint Joseph, Missouri, consisting of sheets one to sixteen, inclusive, and filed in the Office of the Secretary of State for the State of Kansas, and in the Office of the State Land Surveyor, Division of Research and Technical Information, Department of Natural Resources, State of Missouri. Such agreement was approved by the State of Kansas on May 8, 1980, by the State of Missouri on June 25, 1981, and is substantially as follows:

The true and permanent boundary line between the State of Missouri and the State of Kansas follows the thalweg line at the time of the April 1952 avulsion and sudden change of the Missouri River Channel and is more particularly described as beginning at the intersection of the present thalweg line of the Missouri River Channel and the thalweg line of the Missouri River Channel as it existed prior to the April 1952 avulsion and having Kansas State coordinate of 540240.22 feet north and 2878720.31 feet east of the Kansas north zone; thence along the thalweg line as it existed prior to the April 1952 avulsion the following courses and distances: north 85 degrees 50 minutes 30 seconds west to an aluminum monument, 482.0 feet; south 67 degrees 13 minutes 0 seconds west, 814.0 feet to an aluminum monument; south 51 degrees 09 minutes 0 seconds west, 693.0 feet; south 78 degrees 58 minutes 0 seconds west, 601.0 feet to an aluminum monument; south 59 degrees 11 minutes 0 seconds west, 996.0 feet to an aluminum monument; south 20 degrees 57 minutes 30 seconds west, 1,725.0 feet; south 51 degrees 36 minutes 0 seconds west, 658.0 feet; south 42 degrees 12 minutes 30 seconds west, 1,596.0 feet; south 55 degrees 30 minutes 30 seconds west, 597.0 feet; south 60 degrees 26 minutes 30 seconds west, 1,601.0 feet; south 64 degrees 34 minutes 30 seconds west, 1,237.0 feet; south 87 degrees 02 minutes 30 seconds west, 368.0 feet; south 73 degrees 47 minutes 30 seconds west, 602.0 feet; south 85 degrees 54 minutes 0 seconds west, 1,146.0 feet; north 75 degrees 38 minutes 30 seconds west, 565.0 feet; north 68 degrees 54 minutes 30 seconds west, 806.0 feet; north 61 degrees 58 minutes 0 seconds west, 787.0 feet; north 55 degrees 20 minutes 0 seconds west, 1,793.0 feet; north 48 degrees 13 minutes 0 seconds west, 2,897.0 feet; north 43 degrees 25 minutes 30 seconds west, 902.0 feet; north 28 degrees 04 minutes 30 seconds west, 1,190.0 feet; north 22 degrees 01 minutes 30 seconds west, 1,101.0 feet; north 10 degrees 19 minutes 30 seconds east, 825.0 feet; north 17 degrees 07 minutes 30 seconds west, 662.0 feet to an aluminum monument; north 8 degrees 48 minutes 0 seconds east, 556.0 feet; north 4 degrees 33 minutes 30 seconds west, 692.0 feet to an aluminum monument; north 29 degrees 27 minutes 0 seconds east, 1,200.0 feet; north 44 degrees 15 minutes 0 seconds east, 1.096.0 feet to an aluminum monument; north 58 degrees 32 minutes 30 seconds east, 1,112.0 feet; north 74 degrees 17 minutes 0 seconds east, 1,181.0 feet; south 55 degrees 0 minutes 30 seconds east, 855.0 feet; south 89 degrees 49 minutes 30 seconds east, 1,640.0 feet; south 78 degrees 07 minutes 30 seconds east, 996.0 feet; south 89 degrees 07 minutes 0 seconds east, 650.0 feet to an aluminum monument; north 70 degrees 10 minutes 30 seconds east, 781.0 feet; south 81 degrees 27 minutes 30 seconds east, 1,042.0 feet to an aluminum monument; north 69 degrees 36 minutes 0 seconds east, 1,707.0 feet; north 71 degrees 34 minutes 0 seconds east, 2,498.0 feet to an aluminum monument; north 55 degrees 57 minutes 0 seconds east, 1,098.0 feet to an aluminum monument; north 48 degrees 55 minutes 30 seconds east, 982.0 feet to an aluminum monument; north 19 degrees 01 minutes 30 seconds east, 491.0 feet to an aluminum monument; north 51 degrees 47 minutes 0 seconds east, 503.0 feet; north 34 degrees 27 minutes 0 seconds east, 521.0 feet; north 40 degrees 06 minutes 0 seconds east, 373.0 feet to the point of intersection of the thalweg line of the current Missouri River Channel and the thalweg line as it existed prior to the April 1952 avulsion and having Kansas State coordinate values of 549195.06 feet north and 2876850.19 feet east of the Kansas north zone, according to a survey executed by Williamson Engineering and Surveying dated April 30, 1980, and hereby made a part of the legal description.

SEC. 2. Nothing contained in the agreement described in the first section of this Act shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the region which forms the subject of the agreement.

SEC. 3. The right to alter, amend, or repeal this Act is expressly reserved.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from California (Mr. DANIELSON) would be recognized for 20 minutes, and the gentleman from California (Mr. MOORHEAD) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from California (Mr. DANIELSON).

Mr. DANIELSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4048 will grant the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near St. Joseph, Mo., and Elwood, Kans.

In 1949 the States of Kansas and Missouri agreed that the center of the channel of the Missouri River, from the 40th parallel, north latitude southward to the middle of the mouth of the Kansas (Kaw) River is the true and permanent boundary between the said States, subject only to changes which may occur by the natural processes of accretion and reliction, but not avulsion.

The agreement of the two States was consented to by the Congress in Public Law 81-637, approved August 3, 1950. In April 1952, the channel of the Missouri River in the area known as the Gladden-French-Elwood Bottoms was abandoned by avulsion. However, the portion of that channel abandoned in 1952 by avulsion had never been surveyed by anyone in authority prior to the flood to establish the true location of the boundary between the States.

In 1977, committees appointed by the legislatures of each State met and agreed that the thalweg line (the deep water line) of the abandoned channel, as established by a survey, would be the true channel. In 1978 the legislatures of the two States adopted the agreement of the committees. The survey made at the direction of the secretary of state of Kansas was approved by the Missouri State land surveyor. The legislatures of both States have passed bills affirming and ratifying the boundary survey. The bill passed by the Missouri Legislature was approved by the Governor on June 25, 1981. The bill passed by the Legislature of the State of Kansas was approved by the Governor on May 8, 1980. Copies of these two laws have been supplied to the committee and are printed in our report.

The facts and information presented to the Subcommittee on Administrative Law and Governmental Relations at a hearing held on July 14, 1981, together with the supplemental information supplied, have clearly established the basis for granting the consent of Congress to the agreement between the two States. The committee, therefore, recommends and I urge that the bill be considered favorably.

□ 1215

Mr. MOORHEAD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill settles a longstanding border dispute between Kansas and Missouri brought about by a shift in the Missouri River bed. Apparently, a storm followed by a flood in 1952 caused a dramatic alteration in the flow of the river and this problem has languished ever since.

To resolve the problem, both States have cooperated by establishing committees with authority to settle differences. Minor land title disputes have been worked out and both the Kansas and Missouri legislatures have ratified a memorandum of agreement. In addition to making certain the boundary between these States, this legislation avoids costly litigation to resolve title differences.

I support H.R. 4048 as a sensible and economical way of settling a boundary dispute. I urge my colleagues to vote for it.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. MOORHEAD. I am happy to yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Speaker, I want to commend the chairman of the subcommittee and the gentleman from California (Mr. Moorhead) on their very thoughtful and very capable handling of this heavy legislative responsibility, and I rise in support of the legislation.

Mr. Speaker, Congress, in 1950, gave its consent to an interstate compact between Kansas and Missouri. At that time we established the center of the Missouri River as the legal boundary between the two States. After 31 years, due to an intervening storm, the Congress must again establish the correct boundary of these two States in the area near St. Joseph, Mo.

Since the Missouri River is navigable, the land underneath belongs to the State. When part of the old river channel dried out after the flood, the State of Missouri assumed a certain boundary line that was challenged by Kansas property owners. Wisely, the States got together and drew up a memorandum of agreement to the satisfaction of all concerned.

I support this bill and I ask my colleagues to vote for it, as the most equitable way to settle these differences.

Mr. COLEMAN. Mr. Speaker, will the gentleman yield?

Mr. MOORHEAD. I yield to the gentleman from Missouri.

Mr. COLEMAN. Mr. Speaker, I rise today in support of H.R. 4048. This is a routine noncontroversial bill granting the consent of Congress to the agreement between the States of Missouri and Kansas establishing their mutual boundary in the French Bottoms area near St. Joseph, Mo. The legislative bodies of both States have ratified the boundary agreement by unanimous votes, and both Governors support it.

The need for the agreement arises from a flood in April 1952, during which a section of the Missouri River channel was abandoned by avulsion. Two years prior to the flood, the U.S Congress had granted its consent to an agreement between the States of Missouri and Kansas establishing their mutual boundary between the northern State line and the conflux of the Missouri and Kansas Rivers in Kansas City as the Missouri River, subject to changes which might occur "by the natural processes of accretion and reliction, but not by avulsion" (Public Law 81-637). Thus the channel change during the 1952 flood did not alter the legal boundary. The confusion arose because the location of the boundary within that section of channel had not been established by survey prior to the flood.

Since the Missouri River is a navigable river, the land underneath its channel is State property. As the old channel dried out and became valuable as farmland, Buchanan County, in accordance with Missouri law, issued a patent deed to the Airport Levy District to the land up to what they believed was the State line. The levy district then issued quitclaim deeds to abutting landowners. However, the county had assumed the State line to be the midpoint between the high banks of the old channel, when in fact the center of the channel is the thalweg, or deep water line. When the State of Kansas moved to survey and sell all the abandoned channel property up to the thalweg, conflict arose with Missouri owners who believed that all their deeded property was theirs, and in Missouri.

In 1977 the Kansas and Missouri Legislatures established committees to settle this conflict and avoid protracted litigation. They agreed to the thalweg as the boundary, and arranged for Missouri owners with deeds to lands actually in Kansas to have the first option to buy that land at reduced prices. The States ratified this agreement in 1978, and the State of Kansas hired a Missouri engineering firm to conduct the necessary survey. Both States have now ratified this survey as establishing the true and permanent boundary. Pursuant to article I, section 10 of the Constitution, the enacting clause of the legislation passed by both States is contingent on approval by the U.S. Congress.

Mr. Speaker, this agreement between the States of Missouri and Kansas represents a sensible and equitable solution to the boundary problem. I am not aware of any objections. I would like to thank the Judiciary Committee for its prompt action in approving this legislation, and urge my colleagues to support the bill.

Mr. JEFFRIES. Mr. Speaker, will the gentleman yield?

Mr. MOORHEAD. I am happy to yield to the gentleman from Kansas.

Mr. JEFFRIES. Mr. Speaker, I speak very briefly on behalf of this bill, H.R. 4048, and ask your support for this noncontroversial measure. This is the final chapter in a story that began 29 years ago with the worst flood on record on the Missouri River in the Elwood, Kans.-St. Joseph, Mo., area. This mighty flood changed the course of the river but not the actual boundary line between the States. As the river bed filled in, however, the border became lost in the land mass, and all efforts to reach agreement failed—until now.

In a rewarding show of unanimity between the States, Kansas and Missouri, and the Federal Government, we have now brought this entire matter to an acceptable compromise and conclusion.

With the States in agreement, all that remains for us to do now is to put this official seal of approval of the United States on this pact through the passage of this bill.

I ask for your favorable vote on this legislation so that we may, finally, after these 29 long years, lay this matter to rest once and for all.

Mr. MOORHEAD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DANIELSON. Mr. Speaker, I thank the gentleman from California (Mr. Moorhead) and the Members who have spoken in support of the bill.

Mr. Speaker, I have no further requests for time.

The **SPEAKER** pro tempore (Mr. Foley). The question is on the motion offered by the gentleman from California (Mr. Danielson) that the House suspend the rules and pass the bill, H.R. 4048.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

NORTH CAROLINA-SOUTH CAROLINA SEAWARD BOUNDARY AGREEMENT

Mr. DANIELSON. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2896) granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary.

The Clerk read as follows:

H.R. 2896

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress consents to the agreement between the States of North Carolina and

South Carolina establishing their mutual seaward boundary, which agreement was proposed by the joint resolution of the boundary commissions for North Carolina and South Carolina regarding the delimitation of the lateral seaward boundary between the two States, executed January 20, 1978, and was adopted by the States of North Carolina and South Carolina, and which agreement is substantially as follows:

"The lateral seaward boundary between North Carolina and South Carolina from the low-water mark of the Atlantic Ocean shall be and is hereby designated as a continuation of the North Carolina-South Carolina boundary line as described by monuments located at latitude 33 degrees, 51 minutes, 50.7214 seconds north, longitude 78 degrees, 33 minutes, 22.9448 seconds west, at latitude 33 degrees, 51 minutes, 36.4626 seconds north, longitude 78 degrees, 33 minutes, 06.1937 seconds west, and at latitude 33 degrees, 51 minutes, 07.8792 seconds north, longitude 78 degrees, 32 feet, 32.6210 seconds west, in a straight line projection of said line to the seaward limits of the States' territorial jurisdiction, such line to be extended on the same bearing insofar as a need for further delimitation may arise.".

Sec. 2. Nothing contained in the agreement described in the first section of this Act shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the region which forms the subject of the agreement.

Sec. 3. The right to alter, amend, or repeal this Act is expressly reserved.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from California (Mr. Danielson) will be recognized for 20 minutes, and the gentleman from California (Mr. Moorhead) will be recognized for 20 minutes.

The Chair recognizes the gentleman from California (Mr. Danielson).

Mr. DANIELSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 2896 would grant the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary.

On November 9, 1977, the duly established boundary commissions of the States of North Carolina and South Carolina met in joint session and agreed to recommend to their respective States that the lateral seaward boundary between the two States be delimited as described in H.R. 2896, the bill under consideration.

The General Assembly for the State of South Carolina passed legislation establishing the lateral seaward boundary between the States of North and South Carolina on Febrary 28, 1978. The boundary description in the legislation enacted by the South Carolina General Assembly is precisely that which is embodied in the bill under consideration.

The North Carolina General Assembly ratified the lateral seaward boundary between North Carolina and South Carolina on June 8, 1979. The description in the legislation enacted by the North Carolina General Assembly omitted reference to a point referred to in the description recommended by the boundary commissions and enacted by the South Carolina General Assembly. This omission was corrected by amendment to the description ratified by the North Carolina General Assembly on June 30, 1981. Thus, both States have enacted the description embodied in H.R. 2896 into their respective statutes. Copies of the North and South Carolina statutes are reprinted in the committee report.

There was no opposition to the bill expressed in the course of the committee's consideration. The Representatives of the congressional districts abutting this boundary, Hon. Charlie Rose, sponsor of H.R. 2896, and Representatives of the Seventh Congressional District of North Carolina and Hon. John L. Napier of the Sixth District of South Carolina have appeared before the subcommittee in support of this proposal. The majority of both States' congressional delegations have cosponsored H.R. 2896. The attorney generals of both States have studied and endorsed the proposal.

The Department of Commerce is the Federal agency primarily responsible for coastal zone programs as well as offshore activities. In its report to the subcommittee, the Department of Commerce finds the legislation potentially useful and states that it was developed in cooperation with the officials of the National Ocean Survey in the National Oceanic and Atmospheric Administration of the Department of Commerce. The text of the letter from the Department of Commerce is reprinted in our committee report. The committee has been assured by the Congressional Budget Office that, if enacted, this bill will not cost the taxpayers anything.

The Judiciary Committee concluded that the consent of Congress should be given this compact. The basis for such consent has been fully demonstrated by the facts presented to the Subcommittee on Administrative Law and Governmental Relations at the hearing held on the bill on July 14, 1981, and in the material submitted to the committee in connection with the bill. Accordingly, the Judiciary Committee recommends that the bill be considered favorably, and I personally urge its adoption.

Mr. ROSE. Mr. Speaker, will the gentleman yield?

Mr. DANIELSON. I am most pleased to yield to the gentleman from North Carolina.

Mr. ROSE. Mr. Speaker, I want to thank the gentleman from California (Mr. Danielson) very sincerely for both myself and for my colleague just across the border, the gentleman from South Carolina Mr. John Napier. We both worked very closely with the gentleman and his subcommittee on this matter to establish this seaward boundary, and we just want the gentleman to know how much we appreciate the help he gave the State of North Carolina and the State of South Carolina.

It is nice to be here on a matter on which everybody agrees. With the State Legislature of North Carolina and the State Legislature of South Carolina being in agreement, and now with the gentleman from California (Mr. Danielson) being so agreeable, I hope the country can just see how much we can get accomplished when we all agree.

Mr. DANIELSON. Mr. Speaker, unfortunately the rules of the House prohibit us from bursting into song. This would otherwise be an appropriate occasion for that.

Mr. ROSE. Mr. Speaker, I appreciate the gentleman's efforts, and I thank him for yielding to me.

Mr. NAPIER. Mr. Speaker, will the gentleman yield?

Mr. DANIELSON. I am pleased to yield to the gentleman from South Carolina.

Mr. NAPIER. Mr. Speaker, I would like to thank the gentleman from California (Mr. Danielson) and the other members of the subcommittee, along with the distinguished gentleman from California (Mr. Moorhead), for the help they have given us in resolving this matter.

I would also like to thank my colleague, the gentleman from North Carolina (Mr. Rose), who has the neighboring district, and say that we have worked together on this, and I appreciate his help and his concern. It is always good to be able to work together on a matter between North and South Carolina, and I think this particular piece of legislation will be in the best interests of both States.

Mr. Speaker, I am pleased to wholeheartedly recommend and support H.R. 2896, which gives the consent of Congress to the agreement between North Carolina and South Carolina establishing their lateral seaward boundaries.

Until recently, no official seaward boundary between our two States was considered necessary. However, with the declaration in 1977 of a 200-mile U.S. fishing zone, it became apparent that such delimitation would be desirable, both to minimize possible problems regarding coastal fisheries management and coastal zone management programs, and to provide for contingencies such as oil leasing rights.

It is important to note that the bill will not necessitate additional Government expenditures, or have any inflationary impact whatsoever. It merely gives congressional approval to a compact already formed between the two States.

Perhaps the most outstanding aspect of this legislation, however, is the spirit of cooperation in which it has been reached. Both North Carolina and South Carolina have agreed to and passed in their legislatures measures which are identical, word for word. In addition, the entire congressional delegations from both States are cosponsors of this bill.

Mr. Speaker, by endorsing this measure, I believe that we are carrying on in the best tradition the directions and requests of the legislatures of our two States. Furthermore, through our willingness to work together and to work toward common goals, we are reaffirming the commonality of interest that exists between the people of North and South Carolina.

Mr. MOORHEAD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, all interstate compacts require congressional approval under article I, section 10 of the Constitution. Today, the States of North Carolina and South Carolina come to us for certification of their mutual, lateral seaward boundary. Both State legislatures have approved the equivalent of H.R. 2896, and they have filed the proper documentation with the Judiciary Committee.

Accordingly, I strongly support this legislation. Moreover, I would like to congratulate CHARLES ROSE of the Seventh District of North Carolina and JOHN NAPIER of the Sixth District of South Carolina as the prime cosponsors of this legislation.

Besides setting once and for all the legal seaward boundary of two States that were part of the first Thirteen Colonies, both States become eligible for Federal coastal programs run by the Department of Commerce.

There is every reason to support this legislation and I urge my colleagues to vote for it.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. MOORHEAD. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Speaker, again I want to commend the chairman of the subcommittee and my colleague, the ranking minority member, the gentleman from California (Mr. MOORHEAD), and to state publicly that they have very capably performed their constitutional responsibilities in considering and then recommending the approval of this compact between the States of North and South Carolina.

Mr. Speaker, this proposed legislation gives the consent of Congress to an agreement between North and South Carolina establishing their lateral seaward boundary. In November of 1977 both States established a boundary commission, and as a result of the commission's work it was decided that the seaward boundary would be fixed by a lateral projection of the current land boundary. Both the Legislatures of North and South Carolina have since approved the findings of the boundary commission.

The Constitution of the United States now requires our approval before it can become legally binding. Since the nature of the compact is interstate, it necessarily requires the formality of congressional approval.

Among other reasons, I support this legislation because the people of the States will benefit directly from its enactment. The Department of Commerce has informed us that the States will become eligible for some Federal coastal zone programs.

I urge my colleagues to vote for this bill.

Mr. MOORHEAD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DANIELSON. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. DANIELSON) that the House suspend the rules and pass the bill, H.R. 2896.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

EXTENSION OF CERTAIN INTERNATIONAL ENERGY AUTHORITIES

Mr. SHARP. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1475) to extend the expiration date of section 252 of the Energy Policy and Conservation Act.

The Clerk read as follows:

S. 1475

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 252(j) of the Energy Policy and Conservation Act (42 U.S.C. 6272(j)) is amended by striking "September 30, 1981" and inserting in its place "April 1, 1982".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Indiana (Mr. SHARP) will be recognized for 20 minutes, and the gentleman from California (Mr. DANNEMEYER) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, our country must be prepared for future oil crises. S. 1475 is one element of that preparation. This bill would extend to April 1, 1982, the limited antitrust defense presently available under the Energy Policy and Conservation Act to domestic oil companies participating in approved activities of the International Energy Agency. Company involvement in the IEA's emergency oil sharing plan is crucial for its successful operation. The antitrust defense, which makes this participation possible, is thus a necessary component of U.S. international energy policy.

The bill preserves in the law the existing safeguards designed to protect the American economy and the individual consumer from possible anticompetitive actions on the part of participating companies. The bill was reported from the Energy and Commerce Committee on a bipartisan basis. It has the support of the administration and I hope it will receive the support of the entire House of Representatives.

More specifically, Mr. Speaker, this bill facilitates and makes more meaningful the involvement of the United States in the international energy program. The IEP was established in 1974 by an agreement signed by all of the world's major oil consuming countries except France.

In the agreement, consumer nations made three major commitments: First, they agreed to reduce demand for petroleum; second, they promised to increase oil stockpiles; and third, they committed themselves to sharing petroleum supplies in the event of a significant supply disruption.

The participation of the oil companies in the international energy program is primarily related to the operation of the oil allocation system to be used by the International Energy Agency during such supply shortages. The companies also are active in providing information to the IEA to assist in analyzing the world oil situation. Since such information sharing and market allocation activities potentially constitute violations of U.S. antitrust law, companies participating in the IEA oil allocation plan could be subject to court action absent the antitrust defense.

Under the provisions of EPCA, the antitrust defense granted is limited in scope. Moreover, the voluntary agreement under which the companies operate is subject to a variety of safeguards to discourage anticompetitive behavior. The law requires that the agreement itself be approved by the Attorney General. Additionally, industry meetings convened to advise the IEA are monitored by U.S. officials and verbatim transcripts are kept. Prior U.S. Government approval is necessary before any confidential company data can be submitted to the IEA. Only if all these procedures are followed does the law afford the companies the protection of the antitrust defense.

Unless extended, this limited defense will expire on September 30, 1981. If this is allowed to happen, the participation of the oil companies most likely would cease at that time. Operation of the IEA emergency oil allocation plan would be made more difficult, if not impossible. The U.S. Government, though continuing to participate in the international energy program, might not be able to carry out fully its obligations under the agreement.

Consequently, the Committee on Energy and Commerce has reported out S. 1475, which extends the antitrust defense to April 1, 1982. Due to the imminent expiration of the authority, it is necessary to move judiciously by voice vote today to avoid its lapse on September 30.

Mr. Speaker, the passage of the IEA antitrust defense takes one small step to insure this Nation's energy security. I would like to take this opportunity to say that many more steps need to be taken. Moderate oil supply interruptions in 1973 and again in 1979 added dramatically to inflation and unemployment in this country, hurting countless families and wrecking past hopes for prosperity. This Nation's inability to handle an oil crisis could be the Achilles heel of any economic program forged by the Congress and the administration. Thus, it is of critical importance that we take further steps to prepare for future disruptions.

Much groundwork has been laid by past Congresses and administrations to prepare us for emergencies. Although the performance of Government in past crises was substantially less than ideal, I hope that we have learned from those experiences the limits and the potential for governmental action.

There are those who now argue that energy issues are merely an economic problem which can be resolved by the market. Certainly, the marketplace can, will, and should resolve many of these issues. But our energy problem is of profound significance to our national security and to world peace. The American people will and should expect the Government to be prepared to act in useful ways. Today's passage of S. 1475 is a step in this direction.

Mr. DANNEMEYER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of S. 1475, a bill to amend the Energy Policy and Conservation Act to extend until April 1, 1982, the antitrust defense available to U.S. oil companies which participate in the international energy program. The Subcommittee on Fossil and Synthetic Fuels and the full Committee on Energy and Commerce unanimously reported out this bill. The antitrust defense is presently scheduled to expire tomorrow, September 30.

As indicated by the testimony previously given before the Subcommittee on Fossil Fuels by the Department of Energy, Department of Justice, and the Federal Trade Commission, the extension of this limited antitrust defense is vital for the successful operation of the voluntary oil sharing scheme under the international energy program. The IEA's oil sharing program is available in the event that there is at least a 7-percent shortfall of crude supplies in the IEA countries. The oil sharing agreement is the backbone of the IEA members' commitment to help each other mitigate the ills of a serious oil supply shortfall.

Thirteen U.S. firms are voluntarily involved with the IEA, as coordinators to carry out oil allocations during such an emergency. These firms would not be able to conduct the kind of coordination required by the IEA if this limited defense from antitrust laws were not in effect.

Of course, this bill does nothing whatsoever to limit the many safeguards provided in EPCA, including the requirement that representatives of the Department of Justice and the FTC be present at all IEA meetings of the oil companies involved.

I should note for my colleagues that the administration supports S. 1475, a bill which enjoyed unanimous support by the members of our committee. In fact, this is a thoroughly noncontroversial matter.

I urge all Members to vote aye, so that the Western oil importing nations can continue to rely upon the IEA, which promises to provide some degree of mutual protection should a serious worldwide crude oil shortage occur.

GENERAL LEAVE

Mr. SHARP. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SHARP. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana (Mr. SHARP) that the House suspend the rules and pass the Senate bill, S. 1475.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

TOXIC SUBSTANCES CONTROL ACT AUTHORIZATION

Mr. FLORIO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3495) to amend the Toxic Substances Control Act to authorize appropriations for fiscal years 1982 and 1983.

The Clerk read as follows:

H.R. 3495

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of section 28(d) of the Toxic Substances Control Act is amended to read as follows: "For the purpose of making grants under subsection (a), there are authorized to be appropriated $1,500,000 for each of the fiscal years 1982 and 1983.".

(b) Section 29 of the Toxic Substances Control Act is amended by striking out "$10,100,000" and all that follows through "1979" and inserting in lieu thereof the following: "$62,000,000 for each of the fiscal years 1982 and 1983".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New Jersey (Mr. FLORIO) will be recognized for 20 minutes, and the gentleman from New York (Mr. LENT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FLORIO).

□ 1230

Mr. FLORIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill before the House, H.R. 3495, reauthorizes the Toxic Substances Control Act (TSCA) for each of fiscal years 1982 and 1983 at a level of $63.5 million, with no substantive amendment to the act.

The authorization level represents an approximate $4.5 million decrease from the fiscal year 1981 level for program expenditures.

The bill was reported by voice vote from the Committee on Energy and Commerce, reflecting the consensus of our subcommittee hearings that no amendments are necessary at this time.

When the bill was signed into law, 5 years ago next month, President Ford cited the act as, "one of the most important pieces of environmental legislation that has been enacted by the Congress." Five years postenactment finds: Only modest progress in the control and testing of toxic substances, the emergency of numerous additional threats from toxic substances, and the need for further chemical testing and better implementation of the act.

The forces that brought about the passage of TSCA are as visible today as they were in October of 1976:

Without TSCA, serious gaps in our ability to control and prevent human and environmental exposures to toxic substances would exist;

There is a need to test the 500 to 1,000 new chemicals that enter the market each year prior to manufacture and to selectively investigate the 55,000 existing chemicals;

The information gathering provisions of the act have proved useful to numerous citizen, labor, and occupational groups, who have a stake in determining the significance of their exposure to toxic substances; and

Some 400,000 Americans will die of cancer from all causes this year, and another 800,000 will be diagnosed as having the disease. The portion of these cancers that are attributable to toxic substances exposures remains a preeminent concern, and there is growing recognition of the importance and scope of the adverse effects of toxic chemical exposure on reproduction, particularly in the workplace.

Despite these outstanding needs, TSCA has yet to be implemented in full, and in fact, no testing rules and only a few information gathering activities have been initiated.

These delays are in themselves cause for concern. However, the recent actions and inactions by the administration lead one to question whether the act will ever be implemented:

The Agency has failed to state its intentions with regard to formaldehyde, despite being presented with definitive findings of carcinogenicity in animal tests. The Agency has indicated that confirming epidemiological evidence will be required prior to initiating even the initial phases of regulatory action. If this policy is pursued, it would mean that no agent could be regarded as carcinogenic in the absence of humans actually contracting cancer. This is called the body count approach to inducing action.

In an effort to stem the exposure of schoolchildren to asbestos, the Congress enacted Public Law 96-270, the Asbestos School Hazard Detection and Control Act, which was to be implemented by the TSCA office. Not only have funds not been requested for this program, but it appears that the current voluntary compliance effort to control exposure is in danger of being phased out as well.

The Agency is entertaining a request for exemptions from testing requirements that can only be characterized as carte blanche. While an exemptions policy is needed, the adequacy of the current data submissions for new chemicals is also a matter of serious concern.

Current attempts to attach an interpretive statement to the chemcial testing harmonization efforts of the OECD may in the long run impose a barrier to the trade of U.S. chemicals in Europe.

The Toxic Substances Control Act not only protects public health and the environment from unreasonable chemical risks, but also serves as the basis by which this Nation competes in the international chemical marketplace. The act must be implemented if these goals are to be achieved and I request that my colleagues support its reauthorization.

The fact that TSCA has only begun to be implemented adds to the dismay I felt in reading a front page article in today's New York Times entitled "Funds and Staff for Protecting Environment May Be Halved."

The article reports that the Reagan administration is seeking to cut the staff and operating budget of the Environmental Protection Agency nearly in half over the next 2 fiscal years. It is unfathomable to me how an agency which is only in the infant stages of carrying out several major environmental programs can carry out these laws without necessary personnel and resources. The only conclusion I can draw is that they do not in fact intend to carry out the law, and years of progressive building toward greater protection of the public health and environment will be dismantled.

Let me remind the administration that it did not receive a mandate to destroy our natural resources or to expose the public health to dangerous toxic substances and hazardous wastes. The people in my State of New Jersey share with people around the Nation a sense of urgency about these problems. They are demanding an effective response. Apparently, this administration does not intend to give it to them.

The article referred to follows:

FUNDS AND STAFF FOR PROTECTING ENVIRONMENT MAY BE HALVED

(By Philip Shabecoff)

WASHINGTON, September 28.—The Reagan Administration is seeking to cut the staff and operating budget of the Environmental Protection Agency nearly in half over the next two fiscal years, according to documents circulating in the agency.

The agency's workload is increasing at a rapid rate because of programs enacted by Congress, including the new Superfund to clean up hazardous waste disposal sites across the country and the broad effort to protect human health from toxic chemicals. Present and former agency employees said today that the deep cuts in money and personnel would jeopardize the E.P.A.'s ability to carry out these tasks.

ASKED TO LOOK AT "ALTERNATIVES"

Byron Nelson, chief spokesman for the environmental agency, is traveling in the West with the Administrator, Anne M. Gorsuch. When asked about the reported budget and personnel cuts, he said: "We must emphasize that all of the figures are very preliminary. The Administrator has not signed off on some of them or even seen some of them.

"We along with other units of government, except Defense, have been asked to examine alternatives for the next two fiscal years to help meet the President's goal of a balanced budget, and we are requested to work within those percentage figures. There is still waste within this agency that can be eliminated without impeding progress toward the nation's environmental goals."

Morgan Kinghorn, the agency's comptroller, stated that a notice from the Office of Management and Budget had asked the agency to make additional 12 percent budget reductions for the fiscal year starting Thursday, as called for by the President last week.

Mr. Kinghorn said, however, that he did not know where the cuts would be applied. "We do not know what further cuts will occur," he added.

Suzanne Weise, director of the E.P.A. press service, said that the agency has not received notices of a reduction in its force of Civil Service employees. She added, however, that "a sizable number of cutbacks in personnel are anticipated in the coming year by officials in the agency."

In fact, the internal documents provided by officials indicate that the sharp cutbacks in money and personnel at the environmental agency will continue beyond the new fiscal year.

One document, a "decision unit analysis" from Mrs. Gorsuch's office, indicates that she is seeking to dismiss 3,200 permanent, full-time employees in the 1982 and 1983 fiscal years. That would be 30.8 percent of the agency strength of 10,381 in 1981.

The document also indicates that the agency expects to lose an additional 6 percent each year because of attrition.

The new budget reduction of 12 percent ordered by the White House would come on top of 12 percent already trimmed from the agency's operating budget in a first round of cuts. The spending level, which does not include such things as sewer construction grants, would have been about $1.3 billion in the 1982 budget proposed by President Carter.

According to agency officials, Mrs. Gorsuch has now proposed an additional 20 percent cut for the fiscal year beginning Oct. 1, 1982.

Conrad W. Carter, who was one of the agency's chief budget officers until he resigned six weeks ago, said he had been told that the Office of Management and Budget, at a meeting last week, projected an operating budget for fiscal year 1984 that would provide spending authority of $700 million. "That's about half of what President Carter asked for," he noted, referring to the baseline proposal for fiscal year 1982.

Mr. Carter reported that the E.P.A. officials were so upset on hearing this that they got up and left the meeting.

Edwin L. Dale Jr., spokesman for the budget office, said he could not confirm or deny reports on budgets for any specific agency. Mr. Dale noted that Congress must approve budget decisions.

BUDGET BENCHMARKS TENTATIVE

Even within the Administration, budget proposals are subject to continuing negotiation between the agencies and the budget office. The final decision is made by the President. Any figures emerging now, therefore, must be regarded as tentative. But they offer insights into the overall trend of the Administration's budget and personnel policy for particular agencies.

Douglas M. Costle, the E.P.A. Administrator in the Carter Administration, said that the reported cuts would "cripple the agency" so severely that "it would take at least a decade to recover."

"This is not a question of saving money for the budget, this is a wrecking crew at work," said Mr. Costle.

William Drayton, former assistant administrator and chief budget officer of the

E.P.A. in the Carter Administration, said that the impact of inflation on the agency's spending power must be considered in discussions of budget reductions. Inflation, he indicated, would reduce spending power by 10 percent in the 1982 fiscal year and by 5 to 10 percent the following year.

"In other words, after Reagan's first 20 months in office, the agency will not be able to purchase 60 percent of the staff, research, aid to the state programs and enforcement it previously could," Mr. Drayton asserted.

At the same time, he said, the workload fixed by Congress, particularly in the field of regulating chemicals and other toxic substances, will about double in the early 1980's and then double again by the end of the decade, because of the stream of new chemicals entering the marketplace.

"In the late 1970's," Mr. Drayton said, "society made a fundamental decision, in statutes, that the Government will control the toxic side effects of the chemical revolution." But the proposed budget and staff cuts, he said, mean "that it will not happen."

EFFECTS BEYOND THE WEST

Referring to the criticism and publicity received by the policies of Interior Secretary James G. Watt, Mr. Drayton commented: "Watt has been getting all the attention but this is the really radical thing that is happening. It affects not just the West but people in New York City and everywhere else."

Reports of sharp cutbacks in people and money at E.P.A. began circulating last week as two high-ranking political appointees, associate administrators Nolan Clark and Frank Shepherd, resigned in a two-day period. Agency sources said that the two had actually been dismissed for seeking to protect civil servants, in their offices, scheduled by Mrs. Gorsuch to be let go.

According to staff aides, some 50 officials with Senior Executive Service rank were to be dismissed in coming months.

These aides within the agency also reported that E.P.A. morale was low because of what was described as a tendency on the part of Mrs. Gorsuch's aides to view the Civil Service as adversaries.

In an interview last week, Mrs. Gorsuch said she had found that there were many talented people among the career employees and that the civil servants only needed proper "motivation."

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today I rise in support of H.R. 3495, the Toxic Substances Control Act. That bill provides a total authorization of $63.5 million for the Environmental Protection Agency's toxic substances program for fiscal years 1982 and 1983.

Of that $63.5 million, $1.5 million is specifically earmarked each year for State grants under section 28 of the act. These grants are available to States for the establishment and operation of programs to prevent or eliminate unreasonable risks which are associated with a chemical substance or mixture. The balance of the authorization which is $62 million for fiscal years 1982 and 1983 is available for carrying out the general purposes of the act.

The Toxic Substances Control Act was enacted in 1976 to respond to concerns regarding the risks to human health and the environment associated with exposure to a wide array of natural and synthetic chemical substances. The act generally provides the EPA with authority to gather information, to require testing, and regulate the manufacture, distribution, use, and disposal of chemical substances and mixtures that may present an unreasonable risk of injury to human health and the environment.

Mr. Speaker, the EPA has taken major strides in implementing TOSCA requirements since its enactment in 1976. I believe we are justified today in voting for this reauthorization which will further assist the EPA in carrying out its statutory mandate under this vital piece of legislation. I hope that my colleagues will join me in supporting the TOSCA reauthorization today.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. LENT. I would be happy to yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding. I notice in the report that there is a reference to instruct the EPA to "develop a comprehensive and integrated regulatory strategy." That sounds terrific.

My question to either the gentleman from New York (Mr. Lent) or the gentleman from New Jersey (Mr. Florio): Is that apt to encourage or stimulate the EPA which, in my judgment, too many times has gone far beyond the authority we have given them?

I am in hopes that this is an attempt to have the EPA be more positive in the way they regulate under this law and that it does not become an excuse for them to go off on a fishing expedition that makes it more difficult for industry to operate.

Could the gentleman comment?

Mr. LENT. I would be happy to comment. I do not think the gentleman need fear that would happen because the extent of this reauthorization is well within the parameters of the budget figures that were given to us originally by this administration.

As the gentleman knows, EPA is now under the jurisdiction and control of the Reagan administration and has new people in on top, and we are given to understand that they can just about barely get by with this program with the funds that are available.

Mr. FLORIO. Mr. Speaker, will the gentleman yield to me?

Mr. LENT. I am happy to yield to the gentleman from New Jersey (Mr. Florio).

Mr. FLORIO. In response to the gentleman's question, I do not think anyone has to be concerned about this administration or EPA going off on a fishing expedition. As a matter of fact, some of us are concerned that they are not doing what it is they should be doing.

But the direct response to the gentlemen's concern is that we in the subcommittee and the full committee felt that with the limited amount of dollars—as I noted in my remarks, there is a cutback in dollar allocation—there should be a comprehensive effort to determine how we can target those limited dollars and the most effective way to home in on the serious problems.

If we are going to develop an exemption policy, we want exemptions to be granted only in those areas where we are not dealing with the materials that are the most serious materials.

So we are trying to send a direction to this Agency to formulate a comprehensive approach, to target or to home in on the most serious problems. In this day when we have much more limitations upon the resources, they should be much more cost effective in their efforts so that we get the maximum public protection for the dollar that is being applied to the Agency.

Mr. ROUSSELOT. I appreciate both of my colleagues responding. I think my concern again is I have found in the past the EPA tends to overstep or go far beyond what Congress had originally intended.

My question here in pursuing this item that the gentleman has included, that is "a comprehensive and integrated regulatory strategy," I wanted to be sure that it was not the gentleman's intent or the intent of the committee or subcommittee to give them expanded powers to go beyond what the original intent of the law is. Is that correct?

Mr. FLORIO. If the gentleman will continue to yield, it certainly is not the intent of anyone to give anyone expanded powers beyond the scope of the authority of the authorizing legislation. What we have said is that there has been a mixed or a checkered implementation of the various parts of the regulatory system. Some have just been disregarded.

What we want them to do is to evaluate the various parts of the legislation and to achieve, to the maximum extent possible, the obvious policy goal of providing safety for the public and to make a determination as to whether they have not been enforcing to the fullest extent one portion of the law and maybe overenforcing another portion of the law, whereas if they reviewed in a comprehensive way the end goal to be achieved they would reallocate the resources, personnel as well as financial resources, and achieve the clear goal of the law, which is to protect the American people from the problems associated with new chemical toxic materials.

Mr. ROUSSELOT. I thank both of my colleagues for responding. If the gentleman will continue to yield, I just hope that this colloquy makes it clear that by utilizing this terminology of "a comprehensive and integrated regulatory strategy," it was not the intent of this committee or subcommittee to encourage this agency to go beyond its authority or to write rules and regulations that would carry it beyond that authority.

But, as the gentleman has stated, it is to force EPA to evaluate to a greater degree the targets, as the gentleman has stated, the areas of responsibility that they are to use in implementing this law, and that it is not to go beyond the authority given by Congress.

□ 1245

Mr. LENT. I would substantially agree with that position. That is my understanding. We are talking about a straight reauthorization bill. There are no changes in the statute or no new directions.

Mr. ROUSSELOT. I appreciate my colleague yielding.

Mr. FLORIO. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. LENT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. OBEY). The question is on the motion offered by the gentleman from New Jersey (Mr. FLORIO) that the House suspend the rules and pass the bill, H.R. 3495.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

Mr. FLORIO. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill, S. 1211, to extend the Toxic Substances Control Act for 1 year, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, what is the gentleman's intent?

Mr. FLORIO. Mr. Speaker, if the gentleman will yield, it is the intention to take the identical bill and see if we can complete this process this afternoon, that is, the Senate bill, and substitute the process. It is a straight authorization.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, as I understand, the Senate version is a 1-year extension; is that correct?

Mr. FLORIO. The gentleman is correct. We are going to conference, the difference being the extension of the year.

Mr. ROUSSELOT. And that is the only difference?

Mr. FLORIO. That is the only difference.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1211

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 29 of the Toxic Substances Control Act (15 U.S.C. 2628) is amended by inserting before the period at the end of the first sentence thereof the following: ", $59,646,000 for the fiscal year ending September 30, 1982".

MOTION OFFERED BY MR. FLORIO

Mr. FLORIO. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. FLORIO moves to strike out all after the enacting clause of the Senate bill, S. 1211, and to insert in lieu thereof the provisions of the bill, H.R. 3495, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the Toxic Substances Control Act to authorize appropriations for fiscal years 1982 and 1983."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 3495) was laid on the table.

GENERAL LEAVE

Mr. FLORIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

NATIONAL TOURISM POLICY ACT

Mr. FLORIO. Mr. Speaker, I move to suspend the rules and agree to the conference report on the Senate bill (S. 304) to establish a national tourism policy and an independent Government agency to carry out the national tourism policy.

The Clerk read the title of the conference report.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

(For conference report and statement, see proceedings of the House of September 25, 1981.)

The SPEAKER pro tempore. The gentleman from New Jersey (Mr. FLORIO) will be recognized for 20 minutes, and the gentleman from New York (Mr. LENT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mr. FLORIO).

Mr. FLORIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this conference report is the culmination of over 6 years of hearings and debates by the Congress. It reflects the belief that an aggressive, imaginative effort to promote tourism and travel to the United States from abroad will provide this country with tremendous social and economic benefits.

In general, the conference report reflects the fact that the Senate has agreed to accept the central provisions of the House bill. Title I of the legislation establishes the goals of a new national tourism policy and sets the stage for a new effort to stimulate travel to the United States and enhance economic growth.

In title II, the present U.S. Travel Service is replaced with a U.S. Travel and Tourism Administration (USTTA) within the Department of Commerce. The USTTA would be given elevated status and expanded responsibility within the Department of Commerce to carry out a program that will promote foreign tourism to the United States.

The USTTA would be headed by a new Under Secretary for Tourism, who in turn, will appoint an Assistant Secretary for Marketing to be in charge of developing and submitting to the Congress annually a comprehensive tourism marketing plan.

In title III, the bill establishes an interagency coordinating council, headed by the Secretary of Commerce, that will coordinate policies, issues, and programs in Federal departments and agencies that affect tourism. The coordinating council will use existing department resources and personnel and would not require additional funds.

The bill will also establish a tourism advisory council comprised of representatives from the tourism industry and others who are knowledgeable about tourism and travel matters. The advisory council will provide the USTTA with a rich source of creative talents and ideas in the development of the tourism program and in the implementation of the national tourism policy.

The bill authorizes $8.6 million to carry out the national tourism policy. This is the amount that was in the Senate bill and has already been agreed to by the Senate Appropriations Subcommittee with jurisdiction over this matter.

Let me also note that on September 15, Chairman DINGELL received a letter from the Department of Commerce noting six specific concerns which the Department had regarding the House bill. With one exception, all of these concerns were addressed in the conference report.

The National Tourism Policy Act has achieved broad bipartisan support, and it reflects the consensus that there is a need for a stronger tourism program in this country. We all look forward to the President's signature on this legislation and a new beginning of an effort to put the United States behind the continued vitality and growth of tourism and travel.

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the original House sponsor of the tourism legislation which is substantially embodied in today's tourism conference report, I rise in support of S. 304, the conference report on the National Tourism Policy Act. This report establishes a national tourism policy to aggressively promote tourism which is one of the major employers in most of the 50 States and which accounts for over $140 billion annually in consumer expenditures.

Earlier this year a bipartisan coalition of the members of the Commerce, Transportation and Tourism Subcommittee of the Energy and Commerce Committee began seeking an alternative to a bill which would have set up an independent agency. The result, known as the Lent substitute, was introduced by me in full committee markup on May 12 of this year where it passed by a voice vote, without amendment. That committee bill, with several minor changes which were agreed to in conference, is contained in the conference report before you today.

The tourism industry has endorsed the tourism promotion policy articulated by the conference report on the National Tourism Policy Act. Further, the conference report has strong bipartisan support—a "Dear Colleague" letter signed by Congressman JIM FLORIO and me, outlining the substance of the National Tourism Policy Act, was delivered to your offices today. Hopefully, you have had time to review that letter. However, in the event you have not, I would like to now briefly outline the substance of S. 304.

First, S. 304 keeps tourism promotion and development programs in the Department of Commerce, but replaces the U.S. Travel Service with the U.S. Travel and Tourism Administration (USTTA). The USTTA will be headed by an Under Secretary for Travel and Tourism, who will be responsible for submitting a comprehensive tourism marketing plan and for implementing the national tourism policy. Second, S. 304 establishes an Interagency Coordinating Council, headed by the Secretary of Commerce, that coordinates policies, issues, and programs in Federal departments and agencies that relate to tourism. Third, S. 304 establishes a tourism advisory council comprised of representatives from the tourism and travel industry, who are to advise the administration on the formulation of the marketing plan and on the implementation of the national tourism policy. Finally, S. 304 authorizes $8.6 million for fiscal year 1982 to carry out the national tourism policy.

In sum, this measure provides a suitable framework for the administration of our national tourism promotion policy. It is a policy which should be carefully nurtured in light of the substantial economic contributions the tourism industry makes to our Nation. Employment, small businesses, and our balance of payments all prosper when the tourism industry prospers. I urge all my colleagues to insure the continued growth and vitality of our national tourism industry by casting their votes in support of the tourism conference report today.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. LENT. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding.

What the gentleman is telling us is that, even though the other body had an approach to establish a separate agency, the gentleman did not agree to that in conference, and you have retained the jurisdiction of this tourism agency or bureau to be within the Department of Commerce?

Mr. LENT. That is correct. We recognize the desire of the administration that there not be a further proliferation of the agencies of Government, and we prepared this bill in such a way that it has passive if not outright approval.

Mr. ROUSSELOT. If the gentleman will yield further, I think, also, the House took that position, that there should not be a separate agency.

Mr. LENT. That is correct.

Mr. ROUSSELOT. Therefore, I compliment my colleagues in standing by the House position in making sure that we did not create an additional bureaucracy.

Mr. McCLORY. Mr. Speaker, will the gentleman yield?

Mr. LENT. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Speaker, I rise in support of the conference report on S. 304, the National Tourism Policy Act of 1981.

The conference report reflects substantially the measure which passed the House by a 3-to-1 margin on July 28. The bill emphasizes our commitment to assure that tourism is an economic and social policy of our Nation that provides positive benefits to the American people.

Mr. Speaker, the travelers who visit us from overseas become major emissaries of good will in their own countries. They produce friends for America throughout the world, and they develop support for our Nation and its institutions which have long-range advantages far beyond the small economic investments which this program involves.

Mr. Speaker, let me hasten to add that there are, indeed, economic advantages to the tourism program including an estimated $34 billion which was generated in the travel industry payroll income in 1980 as Americans and foreign visitors spent an estimated $150 billion in this country while participating in the activity known as tourism. From the standpoint of government, it should be pointed out that tax revenues for local, State, and Federal governments exceeded $16 billion in that same year as a result of this volume of tourism.

Mr. Speaker, the kind of business which the tourism industry generates is acutely essential at this time. Indeed, tourism is a growth industry which can be cited as an example for other parts of the industrial sector to emulate.

Mr. Speaker, I am pleased, indeed, to be part of the Congressional Tourism Caucus—to recall that my friend and constituent, John A. Brooke, is president of the American Hotel & Motel Association and that his leadership as well as his individual business talents are an important factor in the success of tourism in our Nation. I urge my colleagues to support the conference report on S. 304.

Mr. FLORIO. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. NELSON).

Mr. NELSON. Mr. Speaker, I rise in support of the conference report for S. 304—the National Tourism Policy Act of 1981.

In July, the House passed its version of this bill by an overwhelming vote of 321-98. This legislation is an excellent example of the orderly legislative process at work. The bill has been refined, improved, and will accommodate the many divergent positions of a national tourism policy.

I believe that the passage of the National Tourism Policy Act will—for the first time in our history—give this industry the recognition that it deserves. It will ensure that the effects on this industry are taken into account as national policies are being formulated. As we have seen in the very recent past, very small changes in policy areas such as transportation and energy can result in substantial effect on the tourism industry. The Federal Government must be made aware of the many implications of its decisionmaking.

Of course, in my own State of Florida, travel and tourism ranks as the No. 1 industry. The industry employs more than half a million persons and contributes about 20 percent of the personal income of the State. During the last year, Florida realized about 10 percent of its annual operating budget from revenues generated from tourist spending. During 1980, about 36 million persons visited the State and spent a total of about $47 million each day.

It is important to note that tourism is not only important to my own State, but ranks as first, second, or third in about 40 of our States. We can no longer afford to ignore the importance of this industry to our economy.

This conference report calls for an upgraded tourism organization within the U.S. Department of Commerce—to be called the U.S. Travel and Tourism Administration. The administration will report directly to the Under Secretary of Commerce with an Assistant Secretary for Tourism charged with developing a marketing plan. The objective of the marketing plan will be to encourage the foreign traveler to consider the United States as a vacation spot. The flow of dollars from these visitors will help us in our balance of payments, reduction of unemployment, and stimulation of our economy.

This bill will also create a Travel and Tourism Advisory Board to be appointed by the Secretary of Commerce. This Advisory Board will be composed of 15 members—12 of whom are to be senior executive officers of organizations in the travel and tourism industry. This Board will review the activities of the administration and will report its recommendations to the Congress annually.

In addition, this conference agreement would create an interagency coordinating council—the Tourism Policy Council—to coordinate the programs and the policies of Federal agencies that have a possible effect on tourism and recreation. The Council is to be chaired by the Secretary of Commerce, and would include representatives from the Office of Management and Budget, and the Departments of Energy, State, Interior, and Transportation.

Today, we have the opportunity to put in place a process that will make the United States the hub of international travel.

We have the opportunity to properly recognize the important role that travel and tourism plays in nearly every State of the Union. We have the opportunity to encourage the more than 50 Federal agencies that have an impact on travel and tourism to cooperate and to coordinate their efforts—reducing redtape and making our programs more effective and responsive.

I am in support of this important legislation and I urge each of my colleagues to vote for passage of this conference report.

Mr. FLORIO. Mr. Speaker, at this point I think I should not only publicly commend the gentleman from New York (Mr. Lent) for his bipartisan cooperation and support, particularly at the conference level, but also recognize the support and the activities and the help of the gentleman from Nevada (Mr. Santini), who, unfortunately, cannot be here today. The gentleman from Nevada has played a very key role in this whole area.

Mr. Speaker, I yield 3 minutes to the gentleman from Hawaii (Mr. Akaka).

□ 1300

Mr. AKAKA. Mr. Speaker, I rise in strong support of the conference report on S. 304—the National Tourism Policy Act of 1981.

Tourism is a major industry in this country. In spite of the fact that it contributes more than $160 billion to our national economy, tourism has never been properly recognized by the Federal Government. And, in spite of the fact that the tourism industry provides our Nation's economy with over 6.5 million jobs, the Federal Government has never established a national tourism policy.

No one can deny that we now live in one of the tightest economies our Nation has ever seen. Now, more than ever, is the time for us to rely on those industries which have proven to be strong and reliable industries in the past. Now, more than ever, we need to capitalize on the resources of our healthy, growing industries.

In approving this conference report, we recognize the importance of tourism to our national well-being. Passage of this legislation will insure that we coordinate our efforts to develop and implement tourism policies and programs across this Nation.

With the passage of this legislation, we can begin to compete with other nations who have long recognized the importance of promoting international travel to their countries.

I urge my colleagues to join me in recognizing the vital importance of the tourism industry to our Nation's economic health.

In short, I urge my colleagues to lend their full support to the National Tourism Policy Act of 1981.

Mr. de LUGO. Mr. Speaker, will the gentleman yield?

Mr. AKAKA. I yield to the gentleman from the Virgin Islands.

Mr. de LUGO. I thank my friend, the gentleman from Hawaii, for yielding.

Mr. Speaker, I rise in strong support of this legislation and the conference report and I wish to commend all those who worked on it.

Mr. LENT. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. Dannemeyer).

Mr. DANNEMEYER. Mr. Speaker, I rise in opposition to the conference report on S. 304 (H.R. 1311), the National Tourism Policy Act. As a member of the Energy and Commerce Committee I had the opportunity to benefit from the committee debate on this legislation. As a member of the Post Office and Civil Service Committee I was further able to again review the provision in the bill that establishes a new Under Secretary of Commerce for Travel and Tourism. Upon examination of this conference report, with prior consideration of the issue as background, I have concluded that this is an inappropriate proposal at a time of budgetary restraint.

The conference report does have a few redeeming features. The conferees accepted the structure of the House bill for an entity within the Department of Commerce as opposed to the Senate bill, which would have resulted in a new independent agency. A host of other factors, however, argue for rejection of the conference proposal:

First, the House-passed bill authorized $6.5 million in fiscal year 1982 for comparable activities. The President's budget request called for $7.6 million and the folding of the existing U.S. Travel Service into the International Trade Administration. The conference reported version of the bill authorizes $8.6 million, the amount in the Senate bill. This should not be supported at a time when we are asking those much less well off than the tourism industry to absorb additional budget cuts. On this point, I would also point out to my colleagues that the House-passed version of the Commerce Department appropriation bill for fiscal year 1982, H.R. 4169/September 9, 1981 appropriated only $6.5 million for tourism activities. Unfortunately, an authorization of $8.6 million sets a base for future years' budgets that is out of line with any attempt at sustained control of Federal expenditures.

Second, I remain troubled by the creation of an Under Secretary within the Department of Commerce for a clearly special interest function of a small agency with a relatively small budget. Such an institutional arrangement distorts the proper structure of a hierarchical organization and invites additional requests for similar special treatment by other industries.

Third, as a matter of general policy I think it is a counterproductive intrusion in the administrative flexibility of an agency or department for Congress to tie the hands of the Secretary of Commerce by prohibiting the closing of existing overseas offices or the reduction of the existing level of employees stationed overseas.

For these fundamental reasons the conference report should be defeated.

Mr. Speaker, it is unfortunate that those external forces who are pushing this legislation have managed to make this issue a pro- or anti-vote on tourism. Nothing could be further from the truth, unless one is willing to accept the notion that pure symbolism should override substantive arguments. The benefits of tourism to our economy, our culture and our recreation are widely known. As the Member of Congress with the privilege of representing Disneyland—certainly one of the world's major tourist attractions—as well as Anaheim Stadium, the home of the Angels and Rams, I am speaking from the perspective of one who has tourism high on his list of interests. The key question, however, is not whether we should promote tourism—of course we should. At issue here is who or what should promote tourism. The industry is a multibillion-dollar enterprise. It already spends millions of dollars on promotion and marketing. The States and localities, particularly those in heavily travelled portions of the country, already promote tourism to their own areas. The proper level of tourism marketing and promotion is at that stage where it is most closely related to those who will benefit from it.

It is beyond the proper scope of the Federal Government in a limited scheme of things to supplant the private industry's efforts. Conversely, perhaps what is disturbing to this Member is the possibility that the drift of the legislation would intentionally or unintentionally allow the travel and tourism industry to supplement or supplant the Government. The conference report calls for a Policy Council and an Advisory Board and an ongoing review by the industry of Government efforts. It further has protectionist overtones when the findings of the bill call for "the continued viability of the retail travel agent industry and the independent tour operator industry" (section 101(a)(b)(6)). This is clearly not consistent with a free market-oriented economy.

I appreciate the fact this legislation has been six years in the making. However, the fundamental concept is wrong and accordingly I urge the defeat of the conference report.

Mr. FLORIO. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. LELAND).

Mr. LELAND. Mr. Speaker, I join my colleagues in support of the conference report on the national tourism policy. This legislation is vital to the continued well-being of the tourism industry. And the well-being of this industry is essential to the health of our national economy. Travel and tourism is the first, second or third largest employer in 39 of the 50 States. Job opportunities are skewed toward women, minorities and our young people. Currently women comprise more than half of the travel industry work force, blacks constitute about 14 percent versus a 10-percent participation in the remainder of the work force, one-third of all employed youths, aged 16 to 21 have jobs in the travel and tourism industry. That is a pretty impressive record.

Even more important is the fact that 35 percent of new jobs created in 1980 were found in the tourism industry. If we are willing to lend our support to this legislation—which is virtually identical to the bill we passed in July—we will be making a commitment to providing jobs for American people. We have recognized the need to stimulate national employment and now we have a chance to do something about it.

This bill gives us a policy to stimulate our economy with foreign tourism dollars and puts those dollars to work for America. I urge you to support this conference report.

Mr. LENT. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I want to congratulate the committee and subcommittee for their great interest in promoting tourism to the United States. It is particularly important that the Government be involved and be enthusiastic at a time when the dollar is relatively high in its relationship with foreign currencies, and it is more difficult to interest foreigners in travel in this country.

Nevertheless, Mr. Speaker, I do oppose this bill. I note that the managers on the part of the House took our $6½ million bill over to the Senate and it came back $8.6 million. I do not think it is necessary to have another Under Secretary with a relative degree of independence. I think it is a mistake that we tell the Executive how he is to spend his money abroad and, I am exceedingly nervous about having to go out and borrow money at 15 percent to provide this level of funding for an operation that has never been very successful, and in my judgment, does not give us any great promise for success in the future.

I am also concerned about the creation of an interagency board and another tourism advisory board, and I assume that will be a board where tourist people toured to Washington a couple of times a year to figure out how to enhance their business, and I am not sure that we should be creating any more boards.

My feeling was that it was sort of a national consensus that we should be eliminating boards and policy groups from our Government.

My own judgment is that the industry does far better on its own and is more likely to be inhibited by Government action than not.

I am delighted that they took out the little State Department which was created in the House bill and that is not a part of the conference report.

Nevertheless, on balance, in an economy and in a situation where we are trying to reduce the scope and the influence of Government, it seems to me reasonable that this conference report be defeated.

Mr. FLORIO. Mr. Speaker, I yield myself 1 minute to respond to some of the points that have been raised by those who have expressed opposition to this conference report.

I think there is a consensus that has developed in this Congress and across the Nation that tourism is a service industry. It is an industry that provides employment opportunities for people with varied skills and, therefore, if we are serious and truly concerned about economic development, providing people with an opportunity to go to work and to be productive, I cannot understand how there can be opposition to these modest initiatives and, therefore would renew my request for approval of the conference report.

Mr. LENT. Mr. Speaker, I want to conclude by expressing my appreciation to all of the members of the subcommittee and the conference committee who worked on this legislation and without taking anything away from the gentleman from Nevada (Mr. SANTINI), I would express my own feeling that much of the credit for this legislation must go to the gentleman from New Jersey who recognized early on the political realities of the earlier effort to create an independent U.S. travel agency and who helped to work out this compromise in the subcommittee.

● Mr. SANTINI. Mr. Speaker, I rise today in support of the conference report on S. 304, the National Tourism Policy Act of 1981. This bill is crucial to the continued strength and vitality of the travel and tourism community in the Nation as a whole and certainly in my State of Nevada where tourism is the No. 1 industry.

We have the chance to send a bill to the President which will have a stimulating effect on our economy. The economic potential of tourism is virtually unlimited—if we are willing to make a reasonable commitment to market this country.

That is a hard concept to grasp. But the dollars that flow into our economy from foreign visitors are just as good as the dollars they send here for U.S. food products or manufactured goods. And they all have the same effect: Adding to our foreign exchange earnings and reducing our balance of payments deficit. In 1980, foreign tourists contributed over $10 billion to our economy.

Also, at a time when our country is yearning for more meaningful government through efficiency and economy, this legislation offers an opportunity to make sense out of the over 100 different programs in 50 Federal agencies.

The National Tourism Policy Act will improve our balance of trade, streamline our Government operation, and give us the chance to market properly and aggressively, our most prized commodity.

I urge you to support the National Tourism Policy Act of 1981.●

● Mrs. SCHROEDER. Mr. Speaker, it is a rare and pleasing day when I rise to save the Reagan administration from the fiscal excesses of the Senate.

The conference report on S. 304, the National Tourism Policy Act, an awful bill when it departed the House, was made even worse upon its wedding to the Senate version. Language was bolted into S. 304 in the Senate, and agreed to in conference, prohibiting, yes prohibiting, the Secretary of Commerce from reducing the overseas offices, employees, or funding of the new U.S. Travel and Tourism Administration below the fiscal 1980 level.

The Senate has bound the Reagan administration's hands, and now the full House is asked to bless the deed.

The bill contains other idiocies, too numerous to mention here—it sets up various politbureaus and advisory boards to succor to the needs of the multibillion-dollar casino, resort, and hotel industry. Yet another example of socialism for corporate America.

Where is the celebrated free enterprise system in this, the tourism industry's hour of want?●

● Mr. CORRADA. Mr. Speaker, I rise in strong support of the conference report on S. 304, the National Tourism Policy Act. I am extremely pleased to see that the day has finally arrived when this important piece of legislation is close to becoming a reality.

This bill is the result of hard work dating from the last Congress. The conference agreement follows strongly the House version of the legislation, H.R. 1311. It calls for the establishment of the U.S. Travel and Tourism Administration in the Department of Commerce to replace the existing U.S. Travel Service (USTS). This reinforced agency will be headed by an undersecretary who is directed to develop a detailed plan designed to stimulate travel to the United States.

This legislation also creates the Tourism Policy Council to coordinate the program and policies of Federal agencies that have a significant effect on tourism, recreation and national heritage preservation. The council will include representatives of OMB, DOE, State, Labor, Interior and Transportation Departments and will be chaired by the Secretary of Commerce. A Travel and Tourism Advisory Board is also established to advise the Secretary of Commerce on the implementation of a national tourism policy. The Board is to be composed of 15 members representing the travel and tourism industry, tourism industry labor unions and State tourism promotion agencies. A total of $8.6 million is authorized for fiscal year 1982 for the operation of the USTTA.

Mr. Speaker, tourism is a vital element of the economies of the majority of each of our States and territories and of the Nation as a whole.

"The 1980-81 Economic Review of Travel in America," published by the U.S. Travel Data Center showed preliminary statistics that for 1980, $157 billion were expended in the United States generating 4.5 million jobs and $16.4 billion in Federal, State and local tax revenues. However, while expenditures by foreign visitors to the United States increased to 21 percent in 1980 from an average of 17 percent per year for the period 1972-79, we have decreased from 15 percent to 13 percent since 1977 of the world's total for earnings in the travel and tourism areas. Thus, the work of the USTTA is clear; it will be to design a plan and to conduct an aggressive publicity campaign designed to attract more foreign visitors to our shores.

In Puerto Rico, Mr. Speaker, tourism is an integral part of our economy with 1,996,231 tourists that spent a total of $602.8 million in fiscal 1980-81. I have been a strong supporter and welcome this initiative to stimulate the growth of our tourism industry. I urge my colleagues to vote in favor of S. 304, the National Tourism Policy Act.●

● Mr. BADHAM. Mr. Speaker, I rise today in support of S. 304, the conference report on the National Tourism Policy Act of 1981. As a Representative of the State of California where tourism is the second largest private employer, I know this legislation is constructive and essential.

At a time when we are concerned with the economy and the Federal budget, the U.S. Government can make a worthwhile investment in tourism. For every dollar we put into marketing America we get more than $18 in return. This means economic growth—improving our balance-of-payments picture and providing employment opportunities.

The Federal Government has a unique opportunity. By enacting this legislation we can see a return on investment that benefits the Government itself and the American people.

The positive impact of the growing tourism industry is not narrowly defined—it is widespread throughout this country. Tourism is a major employer—providing jobs for close to 7 million Americans all across this Nation. And that number grows as the industry grows.

With an effective Federal effort to attract foreign visitors it will continue to grow and Americans can reap the benefits.

I encourage you to wholeheartedly support the National Tourism Policy Act of 1981.●

● Mr. DE LUGO. Mr. Speaker, as an original cosponsor of H.R. 1311, the National Tourism Policy Act, I am pleased to rise in support of the conference report on this bill.

This bill authorizes the establishment of a U.S. Travel and Tourism Administration within the Commerce Department to replace the current U.S. Travel Service. The measure also authorizes the USTTA to develop a detailed market plan to stimulate travel to the United States.

There is no doubt in my mind that a comprehensive national tourism policy is needed to promote tourism in the United States. There are approximately 125 countries that have national tourist offices and this is reflected in the fact that the growth in the number of foreign travellers to the United States has been slower than the world's tourism growth.

For my native Virgin Islands, a thriving tourism industry is the lifeblood of our economy. Each year millions of vacationers come to partake of our impeccable weather, clear tropical waters, and beautiful white sand beaches—and along with the tourists come the tourist dollars. For example, in 1980 it is estimated that $350 million was spent by visitors to the beautiful islands of St. Croix, St. John, and St. Thomas.

A thriving tourism industry also means jobs for the residents of the Virgin Islands. Approximately one-third of the people employed in the Virgin Islands work within the tourism industry—approximately 13,000 jobs. I believe that any industry that contributes so much to the economy of the Virgin Islands deserves to be aggressively supported by the Federal Government.

Passage of this bill will help breathe new life into the tourism industry, aid our economy, improve our balance of payments, create more jobs and encourage cultural understanding and international goodwill. Therefore, I urge my colleagues to support this legislation.●

● Mr. ALEXANDER. Mr. Speaker, I rise today in support of the conference report on S. 304, the National Tourism Policy Act.

We, as a nation, have been shortsighted in our view of tourism and travel, viewing it as frivolous. Yet, we seem to be the only country in the free world with so narrow a focus. It is time we recognized just how much tourism is worth.

Travel and tourism is a growth industry—forecasted to be the world's largest by the year 2000. We can sit back and take our small 8-percent share of the international travel market. We can sit back and watch that share continue to shrink, or we can recognize—like the rest of the world—that with some small effort we can attain our rightful share.

This compromise legislation is the vehicle to recognize America's potential in the international travel market.

This Chamber voted overwhelmingly last July to accept the National Tourism Policy Act and its provisions. Through the conference process, little has changed. Our commitment to tourism will be upgraded in the Commerce Department. It will be defined by the development of a comprehensive marketing plan.

With the implementation of the National Tourism Policy Act the United States will be able to enter the competition for tourism dollars.●

● Mr. RAHALL. Mr. Speaker, I rise in support of the conference report on the national tourism policy which would establish the U.S. Travel and Tourism Administration within the Department of Commerce to replace the current U.S. Travel Service. In addition, this legislation creates the Tourism Policy Council to coordinate the programs of various Federal agencies which have an effect on tourism.

The National Tourism Policy Act represents a major step in recognizing the value tourism has on the economy of this Nation. By replacing the U.S. Travel Service—which has been stagnating over the past few years—with the new Travel and Tourism Administration armed with fresh ideas and a sound promotion policy, I believe the United States will be in a better position to attract more foreign visitors to this great land.

It goes without saying that we are proud of our country and should promote its natural beauty, culture, and great metropolitan areas around the world. My own State of West Virginia, for example, offers pristine forests, wildlife, rugged hills, mountains and rivers, crafts, and natural recreation opportunities which make it an excellent place for tourism. It is not called wild and wonderful West Virginia for nothing.

Speaking for the people of West Virginia, I invite you all to spend an enjoyable weekend or extended vacation in this great State. You will surely come away from this experience refreshed, satisfied, and willing to make plans for another visit.●

● Mr. WON PAT. Mr. Speaker, tourism is the backbone of the private economy of Guam and several other U.S. territories. It has long been my privilege to strongly support congressional legislation to promote tourism to the United States and today I am delighted to do so again.

Before us is S. 304, the National Tourism Policy Act. This measure is essentially identical to H.R. 1311, which I cosponsored. The purpose of this legislation is to provide an upgraded role for tourism in the U.S. Department of Commerce.

The passage of the National Tourism Policy Act is the top priority of the 288 Members of the House Tourism Caucus. As one of the charter members of that organization, I urge my colleagues here today to vote for this bill.

Tourism is vital to the economic well-being of my constituents. Last year Guam hosted over 250,000 tourists, most of them from Japan. This is good for the economy of Guam and good for the economy of the United States. Every yen spent by tourists in Guam helps the local government become more self-sufficient and less reliant on Federal assistance.

But I have long urged the Federal Government to do more to promote tourism to all parts of this Nation. Everyone wants to visit the United States and we should be selling ourselves and our country as hard as do other nations who compete with us for tourist dollars.

The measure before us will take a major step in this direction by establishing the U.S. Travel and Tourism Administration. Its sole job will be to promote tourism and we have provided the new tourism office with a $6.5 million budget next year to get started. Your adoption of this bill will be an important factor in increasing tourism to the United States in the next decade. Thank you.●

● Mrs. HECKLER, Mr. Speaker, the conference report on S. 304, the National Tourism Policy Act, represents a major step forward for the tourism industry in the United States. As the representative on the steering committee of the congressional travel and tourism caucus for New England, I applaud the work of the conferees in adopting the central provisions of the House bill—H.R. 1311—and express the firm hope that this new legislation will make our Nation's third largest industry even stronger and more productive.

In my view, our action on this conference report could not be more appropriate. In my home State of Massachusetts, October heralds the long-awaited display of fall foilage—a time when thousands of tourists seek the peace and beauty of the New England countryside, to enjoy the natural splendor of a changing season. Their obvious interest in viewing Mother Nature's picturesque show serves only to underline the Nation's need for a comprehensive, coherent, and coordinated tourism policy program, one which will make this display even more accessible to all.

This legislation represents 6 years of hard work and debate in the Congress. Last year, when both Houses produced a similar bill, that work came to naught with a Presidential pocket veto. This year I am heartened by the support that President Reagan and Commerce Secretary Baldrige have expressed for this carefully crafted package.

The current administration has made a commitment to the tourism industry, and that commitment will, I believe, produce great benefits for the Nation's economy as a whole. In my State, where tourism is a major industry, the cooperation between the administration and the Congress that has produced this legislation has been welcomed as an encouraging sign for the future.

The simple fact, Mr. Speaker, is that this legislation is sorely needed and long overdue.

Although the Federal Government currently maintains tourism programs and has attempted to administer those programs in good faith, the overall Federal involvement in tourism has been sadly ineffective.

One would think that it would be in the Federal Government's interest—and in the Nation's interest—to be able to formulate a comprehensive approach to an industry of this magnitude. When an industry accounts for $160 billion a year in personal wages and salaries—when it produces $16 billion a year in tax revenues—it is commensense that the Government should have a coordinated and effective policy for dealing with that industry.

Yet that has clearly not been the case to date. Today there exists in the Federal Government no single independent agency to promote tourism at home or to attract foreign tourists from abroad. Policy development in the area of travel and tourism, to the extent that it exists at all, is fragmented and ineffective.

The results of this lack of direction are clear. We have simply not lived up to the vast potential that presents itelf with regard to travel and tourism.

Today the United States—this land of scenic beauty rich in history—accounts for only 7 percent of the world tourism market. In fact, Americans actually spend $1.7 billion more as tourist abroad than do foreign tourists visiting our country.

Such stark numbers, when viewed against the unlimited possibilities that this great land offers, are truly depressing. I believe that this legislation can go a long way toward reversing the current state of affairs.

By setting out clearly the goals of a truly national tourism policy—by establishing an expanded U.S. Travel and Tourism Administration to replace the U.S. Travel Service—and by providing for an interagency coordinating council to deal with policies, issues, and programs at the Federal level—this legislation will make possible a far more effective and coherent Government approach to this vital industry.

Such moves make a great deal of sense at a time when unemployment remains a major national problem. Tourism is a labor-intensive industry—one that attracts those who need jobs the most—women, minorities, and the young. By strengthening this industry, we are strengthening a vast job market, one dominated by small businesses, which in turn generate 50 ancillary jobs for each 100 jobs created within the industry itself.

By taking these steps we can allow the tourism industry to step up a rate of growth that has already proven impressive. In the past 23 years this industry has grown by 184 percent, more than doubling the rate of payroll growth in the national economy during the same period.

That the tourism industry has been able to post such a record of growth in the absence of any coordinated Federal policy is a tribute to the inherent strength of the industry itself. It is also an indication of the potential that can be realized if we adopt a rational and comprehensive approach to this vital sector of our economy.

It is this potential at a time when economic growth is one of our most pressing national priorities—that provides the clearest and most telling argument for this legislation. Currently tourism is the Nation's third largest industry, ranking among the top three industries in at least 39 of our 50 States. In my home State of Massachusetts alone, tourism provides 115,000 jobs and generates $145 million in State tax revenues—as part of a $3 billion industry.

The potential for expanding the industry, not only in Massachusetts but across the Nation, dovetails perfectly with our efforts to strengthen an economy that needs more jobs, more productivity, and more growth.

I would remind my colleagues that America is, after all, a land that has throughout its history thrived on the challenges of changing times, while still cherishing its history and culture. It is through travel and tourism that we, as a Nation, can explore the unfolding wonders of a changing country, and also celebrate the glories of the past. From Bunker Hill to Cape Canaveral, Jamestown to the jet propulsion laboratory, America offers a wealth of fascinations and marvels to the world.

Today's legislation will enable us to bring these wonders to the attention of more people, at home and abroad. It is a sound, smart, and forward looking piece of legislation, and I am proud to give it my wholehearted support.●

Mr. FLORIO. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FLORIO) that the House suspend the rules and agree to the conference report on the Senate bill, S. 304.

The question was taken.

Mr. DANNEMEYER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, and the Chair's prior announcement, further proceedings on this motion will be postponed.

□ 1315

CONTINUING AUTHORITY PROVIDED UNDER DEPARTMENT OF JUSTICE APPROPRIATION AUTHORIZATION ACT, FISCAL YEAR 1980

Mr. RODINO. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of the bill (H.R. 4608) to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

Mr. McCLORY. Mr. Speaker, reserving the right to object, I take this time for the purpose of inquiring of the chairman of the committee with respect to the gentleman's unanimous-consent request.

Mr. RODINO. Mr. Speaker, will the gentleman yield.

Mr. McCLORY. I yield to the gentleman from New Jersey.

Mr. RODINO. Mr. Speaker, this bill is a very simple but limited solution to a difficult problem. As the House is aware, the current fiscal year will end on September 30 and the new year, fiscal 1982, will begin this Thursday, October 1.

The Justice Department's present authorization, however, will expire with fiscal year 1981. Unless we continue that authorization, some very critical authorities the Department requires to carry out its daily activities will lapse. In order to give Congress the ability to finalize action, in due course, on the fiscal 1982 authorization legislation without penalizing the Department, legislation authorizing limited temporary authority is needed. This bill would do just that. It is a simple extension of the authorities contained in the Department's authorization to April 1, 1982.

The continuing resolution, H.R. 4608, provides that any authority or limitation on authority which was contained in the Department of Justice Authorization for fiscal year 1981 is continued with respect to the activities of the Department until the effective date of the Authorization Act, or until April 1 of next year.

The Department has indicated to us that there are certain authorities which will expire unless they are specifically continued, notwithstanding the enactment of an appropriations bill. This continuing resolution insures that all activities of the Department, and limitations thereon, are continued.

The Department of Justice has requested this action and the administration supports the enactment of this resolution.

Unless this simple extension is agreed to, the following problems are posed:

Authority for the FBI to conduct undercover operations in all areas of their investigative responsibilities would expire.

Authority to purchase firearms and ammunition for the FBI, INS, DEA, and U.S. marshals would lapse.

Authority to expend funds by the FBI to protect the President and the Attorney General would expire.

Authority to hire motor vehicles would expire for DEA's utilization in its undercover operation.

The Bureau of Prisons would lose its authority to expend funds for assisting State and local governments to improve their correctional systems.

The Attorney General's authority to expend funds for certain emergency situations would be curtailed.

The authority to pay rewards by the FBI, DEA, INS, and the Bureau of Prisons would expire. Loss of this authority would seriously cripple the investigative efforts of the Department.

The authority for the U.S. marshals to expend funds to provide for the supervision of U.S. prisoners in non-Federal institutions would be curtailed.

The authority to permit the U.S. marshals to bring to the United States from foreign countries persons charged with a crime would expire.

The specific authority to expend funds by the FBI to acquire, collect and classify records and exchange them with authorized Federal, State, local, and other institutions would expire.

Authority for the Attorney General to expend funds regarding the conduct of certain investigations required by the Department of State would be curtailed.

The Congress prohibition on the use of funds to create a "message switching" capability for the FBI without prior congressional approval would lapse.

The reprograming restrictions this Congress placed on the movement of funds from one program to another to improve fiscal discipline within the Department would lapse.

The requirement that the Attorney General report to Congress any policy change in the enforcement of a law which is the responsibility of the Department, because of the Department's position that such a provision of law is not constitutional, would lapse.

INS would not have authority to pay interpreters and translators needed to clarify documents.

The authority for DEA to employ aliens by contract abroad would not be available.

DEA's authority to conduct research related to enforcement and drug control would expire.

Certain medical benefits for employees to FBI, INS, and DEA employees stationed abroad would expire.

Insurance for motor vehicles and aircraft operated on official business in foreign countries would not be available, thereby possibly subjecting the Department to expensive tort claims.

Mr. Speaker, these are but some of the critical authorities that could lapse if the House does not take action on this bill. I urge the adoption of this bill.

Mr. McCLORY. Mr. Speaker, I want to thank the gentleman from New Jersey and the chairman of the Judiciary Committee for his explanation and commend him for introducing this essential legislation. As the gentleman has so eloquently emphasized, in the absence of continuing legislation, authorization for some very crucial activities of the Justice Department, such as FBI undercover operations, will expire at midnight tomorrow.

Mr. Speaker, our committee began prompt and earnest deliberations on a Justice Department authorization bill for fiscal year 1982 early this year. We reported, and the House subsequently passed, our bill. Unfortunately, the other body has been unable to complete its consideration of this measure and, once again, we must act on continuing legislation. I am hopeful that they will be able to complete their work in the very near future so that we can resolve any differences between the two bodies and submit the bill for the President's signature long before the April 1, 1982, deadline contained in this bill. Next year, we ought to seriously consider, as I have suggested in the past, providing authority on a biennial basis.

Mr. Speaker, I am pleased to join the chairman of our committee in support of H.R. 4608, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey (Mr. RODINO)?

There was no objection.

The Clerk read the bill, as follows:

H.R. 4608

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any authority, and any limitation on any authority, contained in the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, shall continue in effect with respect to the activities of the Department of Justice (including any bureau, office, board, division, commission, or subdivision thereof) until the effective date of a general authorization of appropriations Act for the Department of Justice for fiscal year 1982 or the expiration of the period beginning on October 1, 1981, and ending immediately before April 1, 1982, whichever is earlier.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NORTH CAROLINA-SOUTH CAROLINA SEAWARD BOUNDARY AGREEMENT

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1033) granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. McCLORY. Mr. Speaker, reserving the right to object, will the gentleman state whether or not this is identical with the House bill we have already passed?

Mr. DANIELSON. Mr. Speaker, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from California.

Mr. DANIELSON. Mr. Speaker, I appreciate the question. This bill, S. 1033, is identical with the bill H.R. 2896 which was previously passed under suspension.

I was not aware at the time that the Senate bill had come over.

This will speed up the process.

Mr. McCLORY. Mr. Speaker, I thank the gentleman.

I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 1033

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress consents to the agreement between the States of North Carolina and South Carolina establishing their mutual seaward boundary, which agreement was proposed by the joint resolution of the boundary commissions for North Carolina and South Carolina regarding the delimitation of the lateral seaward boundary between the two States, executed January 20, 1978, and was adopted by the States of North Carolina and South Carolina, and which agreement is substantially as follows:

"The lateral seaward boundary between North Carolina and South Carolina from the low-water mark of the Atlantic Ocean shall be and is hereby designated as a continuation of the North Carolina-South Carolina boundary line as described by monuments located at latitude 33 degrees, 51 minutes, 50.7214 seconds north, longitude 78 degrees, 33 minutes, 22.9448 seconds west, at latitude 33 degrees, 51 minutes, 36.4626 seconds north, longitude 78 degrees, 33 minutes, 06.1937 seconds west, and at latitude 33 degrees, 51 minutes, 07.8792 seconds north, longitude 78 degrees, 32 minutes, 32.6210 seconds west, in a straight line projection of said line to the seaward limits of the States' territorial jurisdiction, such line to be extended on the same bearing insofar as a need for further delimitation may rise.".

SEC. 2. Nothing contained in the agreement described in the first section of this Act shall be construed as impairing or in any manner affecting any right or jurisdiction of the United States in and over the region which forms the subject of the agreement.

SEC. 3. The right to alter, amend, or repeal this Act is expressly reserved.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 2896) was laid on the table.

SAVING $35 MILLION

(Mr. FINDLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FINDLEY. Mr. Speaker, I take this opportunity to acquaint my colleagues with an opportunity to save the American people about $35 million by cooperating and expediting a piece of legislation in the next 24 hours.

Earlier this year no one dreamed that the farm bill would be this late in being taken up by this body, but it is. It will not be taken up until October 1 has come and gone. October 1 is a very important date in regard to two items in the farm legislation. One relates to dairy supports. Unless we pass a bill relieving the Secretary of the need to impose a new level of price supports October 1, unless we pass a bill relieving him of that need, then he will have to establish a higher level of price support and once the farm bill is passed, then the price support will come down, because all understand, of course, that the farm bill will result in a lower level of price supports. What we need to do is expedite consideration of H.R. 4612, a bill just introduced this afternoon by the chairman of the Committee on Agriculture, the gentleman from Texas (Mr. DE LA

Garza) for himself, for the gentleman from Virginia (Mr. Wampler), for the gentleman from Washington (Mr. Foley), the majority whip, and for myself.

It has no objection on the Republican side. It has completely cleared and with the cooperation of our colleagues on the Democratic side, this can be taken up tomorrow afternoon and I think with cooperation in the Senate it will go to the President and be signed in time to save the American people the $35 million I mentioned earlier.

I chose the figure of $35 million because it is expected it will take the entire month of October to get the farm bill completely through the process. Estimates indicate that the cost of this new level of price supports will be about $1 million a day, so it is about $31 million that we can save the American people in the course of the month of October by passing this bill.

The other item is a $4 million price tag, which is the estimated cost of the Department going ahead with the consumation of a referendum on wheat, which under the law must occur unless there is other legislation in place to take the place of that referendum. No one wants the referendum, but it is required by law.

So I urge my colleagues on both sides of the aisle to cooperate when we meet tomorrow afternoon and, hopefully, H.R. 4612 will be passed, sent to the Senate, approved and sent to the President and when that does occur, the American people will be $35 million better off.

I thank the indulgence of the Chair.

COLLECTIONS BEFORE CUTS

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DANIELSON. Mr. Speaker, on June 1, 1981, I introduced H.R. 3741, the Debt Collection Act of 1981, to streamline and strengthen the Federal Government's debt collection procedures. In 1979, over $25 billion of the Government's $175 billion in receivables was delinquent or in default. Another $8.4 billion was in some form of rescheduled or stretched out status because of the borrowers' inability to pay. On top of this, $1 billion was written off as bad debts in fiscal year 1979, and another $6.3 billion is expected to be written off in future years.

On September 10, 1981, the Senate's Committee on Small Business took testimony indicating that some 10 percent of the loans made by the Small Business Administration under a $3 billion disaster aid program to help farmers with crop and home losses in the late seventies was used to: First, buy boats—not, I may add, to ride out the flood, but to use for pleasure; second, invest in commodities futures—an area where I expect farmers have some expertise; third, remodel homes—why not, you could not get money at 3 percent for this purpose elsewhere; fourth, develop real estate—there goes more of our good farmland; and fifth, invest in Government bonds yielding 15 percent interest—not a bad return on your money.

I am pleased to see that the entrepreneurial spirit is alive and well in the United States, but that is not what this money was intended for. This money was intended to help farmers who suffered disaster-related crop losses avoid bankruptcy not speculate in real estate.

I should note that in a few of the cases, the farmers did not even need the SBA's money because they already had a loan for the same loss through the Agriculture Department's Agricultural Stabilization and Conservation Service.

In addition to these blatant and fraudulent abuses of the SBA's program, $1.2 billion or 20 percent of all the SBA's disaster loans are past due, delinquent, deferred, or in liquidation. In short, the SBA's disaster loan program has become a disaster itself, but it is not the only one.

The Washington Post carried a report on Tuesday, September 15, 1981, that the Economic Development Administration within the Department of Commerce reported that 40 percent of its $1.06 billion in outstanding loans and loan guarantees are two or more payments in arrears.

The General Accounting Office reported in July of this year that during fiscal 1977 to 1979, $67 million of former service members' debts were written off by the military services as bad debts while only $19.8 million were collected. A second GAO report published in July revealed that during the 27-month period ending December 31, 1979, the Veterans' Administration attempted to collect $15 million from persons who had received medical care in VA facilities, but were not eligible for VA benefits. The VA recovered only $1.2 million of this amount and wrote off $6.5 million as uncollectible.

Mr. Speaker, I want, and I know that the American taxpayers want, these funds collected before we take lunches from schoolchildren, reduce aid to the elderly and handicapped, or turn poor families out of their homes.

Surely, if this administration is going to limit the personal effects that a poor mother may own to $1,000 before she is allowed to receive aid for dependent children in order to feed her family, we can expect a comparable tightening of the requirements of these various loan programs that benefit some of the more fortunate members of our society. If a poor mother is going to be forced to sell her wedding ring so she can qualify for aid, I would hope that the billions of dollars in outstanding loans to the more fortunate members of our society will be collected rather than written off.

The American taxpayer and, more particularly, the people who will need these loans in the future, are the ones who will be hurt by continued abuses and high delinquency and default rates. It is not enough to make half-hearted attempts at collecting these debts. The agencies administering these programs need the procedures that I have proposed in my bill, and they will need the personnel and equipment to service the loan programs on an ongoing basis. I would hope that we can move forward to remedy this situation before many of our vital programs are slashed once more.

Mr. Speaker, an article from the New York Times of September 29, 1981, follows:

[From the New York Times, Sept. 29, 1981]

PRIVATE COLLECTION OF DEBTS TO U.S. IS SOUGHT

(By David Shribman)

Washington, September 28.—The Reagan Administration, faced with collecting more than $25 billion in delinquent debts owed to the Federal Government, is pushing a plan to permit private collectors to seek out Federal debtors and to let them use current addresses taken from tax forms.

The proposal, which is part of the Administration's program to shrink the Federal deficit, would also permit the Government to dip into the salaries of Federal employees to satisfy their debt obligations to the Government.

Under the plan, the Government would be authorized to report delinquent debtors to credit bureaus, adversely affecting borrowers' credit ratings in the private sector.

The Administration expects the debt collection plan, which requires Congressional approval, to raise about $1 billion a year, but Congressional aides believe the figure might go as high as $3 billion.

$13.3 BILLION IN UNPAID TAXES

More than half the delinquent debt, or about $13.3 billion, stems from unpaid Federal income taxes. Delinquent student loans, the next largest category of debt, account for about $2.2 billion. In all, the Federal delinquent debt costs taxpayers about $10 million a day in interest, according to a spokesman for the Office of Management and Budget.

The amount of delinquent tax debt has more than doubled since 1976, when 600,000 delinquent accounts totaled $1.7 billion in unpaid taxes. Last year, the number of delinquent accounts rose to 1.2 million and the debt rose to $3.6 billion.

Internal Revenue Service officials attribute the increase in delinquent debt to what they describe as the "credit psychology." Many debtors consider owing money to the Government, which charges only 12 percent interest, far cheaper than owing money to commercial institutions.

The Internal Revenue Service doubled the interest rate from 6 percent on Feb. 1, 1980, and will increase it again next Feb. 1. The new rate will be the average prime rate—the rate that banks charge their best customers—for this month, which will place the figure at about 19.5 percent.

The Government lends money through 24 departments and agencies, but only the Department of Education is currently permitted to use private debt-collection companies. The Administration plan would permit all the agencies to use private collectors, but would restrict their use of information gathered from Federal tax forms to Government debts.

"They can't take an address they get from tax forms and use it to go after some person who owes money to Sears," said a Congressional aide.

The American Civil Liberties Union, however, has expressed its opposition to the use of Federal tax information in debt collection. "We recognize the importance of the Government collecting its debts, but not at the expense of the privacy of individual taxpayers," said John Shattuck, national legislative director of the civil liberties group. "It's not necessary to invade tax records to have an efficient debt-collection scheme."

T. H. Bell, Secretary of Education, said a pilot program in which his department used private collectors had been a success. Both an internal study and a study prepared by Booz, Allen & Hamilton, a management consultant firm, found that the use of private collectors was at least as cost-effective as the use of Federal collectors.

The provision to subtract debt payments from Federal paychecks would affect more than 85,000 Government employees who have defaulted on about $50 million in loans from the Veterans' Administration and Department of Education.

The plan, which has been approved by the Senate Government Operations and Finance Committees but is awaiting House committee action, would also allow the Government to determine if applicants for student loans and other Federal loans were already delinquent debtors.

A TRIBUTE TO THE LATE CHARLES S. SHELDON II

The SPEAKER pro tempore (Mr. SAM B. HALL, JR.). Under a previous order of the House, the gentleman from Missouri (Mr. BOLLING) is recognized for 60 minutes.

Mr. BOLLING. Mr. Speaker, in honor of Charles S. Sheldon II, and so that Members of Congress may say goodbye to this remarkable man, I have obtained this special order.

Mr. Speaker, those who have observed me in this Congress over the years know that I very seldom have taken a special order. I very seldom participate in the usual encomiums that are expressed to those who die as Members and die as former Members, and who die as members of the staff. I do so today because Charles Sheldon was, in my opinion, one of the most remarkable public servants in the history of this Republic. To make clear that people understand how strongly I feel about his abilities and his character. I rank him with the greats who are well known in the modern era of the United States with men like Truman and Rayburn.

He was an extraordinary public servant and I am sure he was a public servant for all his adult life before I knew him.

I first met him in the middle fifties when I, as chairman of the subcommittee and he as a new staffer on the Joint Economics Committee, began a working relationship that went off and on, for many years.

He was, I believe, the most intelligent, the best organized man that I ever saw, the best organized person that I ever saw. The last time we worked together, he worked with me on the Committee on Committees back in 1973-74. I knew him so well that I just turned over the administration of the committee to him and I never had any cause of regret. He did the job absolutely superbly, including checking with me at each point when he should have.

But that was not all he was doing. He had three or four full-time jobs in addition to that. He was our chief expert on Soviet space. He had played a major role in the early space program, which was an enormous success and gave this country so great a boost at a time when it needed that kind of optimism; but at the same time that he was doing that, and he lectured all over the country because he knew more about Soviet space, so far as I know, than anybody in the United States and most other countries in the world, he was Chief of the Science Policy Division of the Congressional Research Service. He did many other things, sung and unsung, known and unknown.

He was an extraordinary husband, an ever-loving husband and father. His wife, Jean, matched him. She had a great career on her own and they worked together incredibly. They worked together as man and wife, as person and person, as mother and father, in a way that made them a very complete and wonderful couple.

Charles died as he lived, with great gallantry, with complete willingness not to burden others.

A long time ago one of my great admirations, Dean Acheson, who in his time was attacked by conservatives; in his time was attacked by liberals, and consistently was attacked by Communists; a man who was an equally great public servant; was on a TV show that I put on public television on a periodic basis. He was then toward the end of his life. In the program I asked him, I said, "Mr. Acheson, who are the people that you most admire in public life?"

And he unhesitatingly came up with one politician for whom he worked, Harry Truman, and a general with whom he had worked who was very much not a politician, George Marshall.

I found no disagreement with those choices; but I asked him why, and what he said in reply is what I would like to say of Charles Sheldon. He said, "Those two men more than anybody I ever knew in the public service never allowed their egos to get between them and their work." That is the highest praise that a public servant can have, and it is the praise that I give to this most remarkable man who has left us, Charles Sheldon.

Needless to say, his wife, Jean, and his family, have my deepest sympathy.

A man of Sheldon's stature turns one's thoughts to space and sky and yes, Heaven, because he was constantly aware of the curious connections of space and science and religion. The following quotation from Albert Schweitzer's "Religion in Modern Civilization" reminds me of Charles.

> Thinking which keeps contact with reality must look up to the heavens, it must look over the earth, and dare to direct its gaze to the barred windows of a lunatic asylum. Look to the stars and understand how small our earth is in the universe. Look upon earth and know how minute man is upon it. The earth existed long before man came upon it. In the history of the universe, man is on the earth for but a second. Who knows but that the earth will circle around the sun once more without man upon it? Therefore we must not place man in the centre of the universe. And our gaze must be fixed on the barred windows of a lunatic asylum, in order that we may remember the terrible fact that the mental and spiritual are also liable to destruction.
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> Only when thinking thus becomes quite humble can it set its feet upon the way that leads to knowledge. The more profound a religion is, the more it realises this fact—that what it knows through belief is little compared with what it does not know. The first active deed of thinking is resignation—acquiescence in what happens. Becoming free, inwardly, from what happens, we pass through the gate of recognition on the way to ethics.
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> The deeper we look into nature, the more we recognise that it is full of life, and the more profoundly we know that all life is a secret and that we are united with all life that is in nature. Man can no longer live his life for himself alone. We realise that all life is valuable and that we are united to all this life. From this knowledge comes our spiritual relationship to the universe.

I always felt that Charles' religion was probably as ecumenical as his life. He probably liked the Schumacher argument:

> The Buddhist sees the essence of civilization not in a multiplication of wants but in the purification of human character. Character, at the same time, is formed primarily by a man's work. And work, properly conducted in conditions of human dignity and freedom, blesses those who do it and equally their products.

I am pleased to think that he was aware of the policy implications of this attitude toward work.

> The very start of Buddhist economic planning would be a planning for full employment.

While on a religious note, I should like to share with you the thoughts of the Reverend Hugh Harris who conducted a memorable memorial service

for Charles Sheldon on September 15, and the remarks of James McCullough, Chief of Science Policy Research Division, CRS:

Those here today need little reminder of the high esteem in which Charles was held by his professional colleagues. He was without any doubt the most knowledgeable person in the free world concerning Soviet Space programs. His great interest in and enthusiasm about the potential of the space sciences for the betterment of mankind contributed materially to this country's progress in this technological field.

My own respect for Charles began some 25 years ago when he extended his hand in friendship to me during our naval intelligence reserve activities. Since that time it was my privilege to share in many of his outstanding activities as a teacher, outstanding civil servant, and as a friend.

Throughout all of his life, Charles gave more of himself than he asked in return. My colleagues reminded me of a verse in John (10:10) in which Christ says:

"I am come that they might have life, and then might have it more abundantly."

Certainly Charles was a man who always tried to live life to its fullest abundance. He always strived for the highest level of performance and for the most outstanding scholarship. R. E. Neighbours describes such men in a poem:

"We need the men who stick and stand and stay,
When those around are failing fast away
Who can't be quickly shaken, but remain
Both true and tried beneath each task and strain
Men who stand true, when others turn aside,
Who can be counted on, what'er betide."

Charles felt a deep obligation to share the knowledge he acquired as a public servant and despite his exceptionally busy schedule in his many careers, and his reluctance to be away from his family unnecessarily, he wrote for publication and traveled all over the country when his assistance was requested.

Charles worked at the highest of professional levels and with outstanding leaders in our Government. Yet—a letter from a child would always receive his most careful consideration. His love for all children was clear—not only for his daughters and grandchildren, but for those of his associates about whom he was always interested in hearing.

His perception of congressional needs resulted in the organization from which he retired as division chief. In particular, he always had a special sensitivity for the problems encountered by young professionals trying to secure posts in national policy analysis. Many of these women and men he selected and aided have continued on into high level positions in medicine, business, law, and civil service as a result of opportunities developed under his leadership. He was always so pleased with their success and followed their careers with great interest.

Charles always led by example. This may have been a carry-over from his training as a naval officer for he had little patience with the more bureaucratic management techniques. Although leadership in this fashion requires great effort, he always had time to help the young and inexperienced as well as the senior associates asking his advice and aid. His door was seldom closed, whatever the need for his personal attention. He would often turn with a smile from his concentration on writing or calculations. He seemed at times to be the man, to quote again from Neighbours who said:

"Help me to do it all, not part
To do it with a willing heart
To do it ere I must depart—to be with Thee
May naught assigned be left undone
And nothing stopped when scarce begun
May ev'ry fight be fully won, and then, with Thee."

Part of the joy of working with Charles was the opportunity to share experiences as parents. My sons weren't born when our friendship began but they had an opportunity to meet with and to know him through my experiences. We loved him as a friend and we were honored to be able to share his family's experiences. His own experience as a parent often eased my tasks in guiding my children for he could always see the bright side of events which at first would seem to be disappointments.

Charles could have been successful in any field but he truly enjoyed the work he selected and often remarked to this effect on many occasions as we looked back at the forks in our careers. We are the better for having known him in his several simultaneously occurring careers: a naval officer of outstanding dedication, a senior public servant who made valuable contributions to our nation's work, a division chief who established a strong and successful analytical group, a congressional staff officer in times of need, and always, always, a loving husband and parent.

Taking his cue from Timothy 4:7-8 Neighbours again offers a poem appropriate to Charles' attitude:

The fight I have fought,
My course I have run
The faith I have kept,
Now setteth my sun;
Thy Bema awaits me,
Thine own judgment throne;
Tis there all my labors
Will be fully known.
Amen.

Few men have the dedication, patience, love of their fellow man, and the ability to succeed in several careers simultaneously. Such a man was Dr. Charles S. Sheldon II, a man who served as an advisor to Members in both Houses of Congress. He died on the morning of September 11, 1981.

Charles Sheldon's first successful career was as a Professor in Transportation and Economics at the University of Washington. Although his career in university teaching was interrupted twice for service with the Navy during World War II and again in the Korean War and with service as a civilian during the occupation of Japan, he had already developed the marvelous research skills which were to serve the U.S. Congress when he arrived in Washington, D.C. in 1955.

Not even Charles could have predicted the event which was to draw him into an all consuming effort of analysis: The Soviet launch of Sputnik, the first satellite to orbit the Earth, on October 4, 1957, occurred just two years after his arrival at the Legislative Reference Service. Charles Sheldon was the man perfectly prepared to provide the high level of assistance required by the Select Committee on Astronautics and Space Exploration for congressional examination and response to this momentous period in history. The Congress was fortunate indeed to be able to add his skills to the small staff of this committee. His unique understanding of the significance of this tremendous scientific achievement and his brilliant analytical ability were in the right place at the right time. His work, together with the other members of the small staff gathered to assist the select committee, permitted the Congress to initiate immediate and appropriate action. From that time until his death, Charles never swerved from his interest in and enthusiasm about the potential of the space sciences for the betterment of mankind. Although the military implications of the space technologies were never overlooked by this man, who also achieved high rank in the naval reserve, his greatest hope was that this nation should not lose the opportunity to exploit the space technologies to aid mankind. He lived to see many of these hopes fulfilled and he laid the foundation for his younger associates and others to continue his studies. At the time of his death, he was the acknowledged, international expert in the free world in the study of the significance and implications of the Soviet space program. During this same period, Charles gave unstintingly of his time in work with the President's Space Council and in this role was influential in assisting in the development of U.S. space policies.

Althought his greatest recognition as a senior public servant came from his studies in the space sciences, Charles Sheldon dedicated his professional life in Washington to total service to the Congress. It was my good fortune to secure his service as a senior member of the highly competent staff assisting me in my tasks with the Joint Economic Committee and with the Select Committee on Committees. In those roles, his understanding of the political processes and his loyalty to the Congress served us well as we studied many issues. His thoughtful reaction to the tasks under examination and his desire to aid us in our work contributed materially to many changes in processes which still affect us in our deliberations. His desire for complete objectivity and thoroughness in staff work set a pattern of activity which stimulated all of his associates to their best efforts. I am eternally grateful for the assistance which he gave so willingly. During this period, he also kept up with his special interests in transportation and space policy in his "spare time". For Charles Sheldon, "spare time" was synonymous with time for work not being completed during the normal congressional day.

This wonderful man also designed and secured support for the staffing of the current Science Policy Research Division of the Congressional Research Service at the Library of Congress. As the needs of the Congress for scientific analysis grew, Charles anticipated these needs and worked with the Library to establish the policy division from which he retired as chief.

Long hours of work, under stressful conditions are often common factors in the breakdown of health and family relationships. Charles Sheldon met these stresses and offset them with the great love held for his family—his wonderful wife Jean who is here with us today, his children and his grandchildren. The importance of the family in the life of a community did not have to be brought to Charles' attention. In fact, his ordering of his professional activities was always predicated in terms of his ability to provide the support and love he felt for his family. This was not a selfish attitude on his part but a natural part of his behavior for he extended his friendship and love to all with whom he worked.

One of Charles' outstanding personal traits was his constant interest in teaching.

This was evident in his university work, as a naval officer, and as a senior civil servant. He clearly recognized that our society must pass on accumulated knowledge and constantly develop competent new leadership if we are to sustain and increase our capabilities in the sciences and arts. To Charles, this meant that a special effort had to be maintained to insure that highly competent individuals were recruited and provided with opportunities for national policy analysis. As a result, during his lifetime, many young women and men obtained opportunities under his leadership to encounter the thrill of the work and acquire high regard for public service. Many of these women and men are now found in law, medicine, science policy, as senior staff members, in universities, and other professions. He kept contact with many of them and continued to provide them with encouragement and advice throughout his entire life. No problem was too trivial for Charles to take time to discuss with his staff. Thus, he earned the respect not only from his senior professional associates, but also of the younger professional women and men who knew that they could gain support and advice whenever and wherever they might need his assistance. The Congress also has benefitted from this trait of his, for the vast store of knowledge which he held was constantly being transferred through his teaching to his associates. He often said that no one worked for him, only with him and thus his associates differed in their degrees of experience.

We will miss Charles Sheldon for many reasons. I will miss him as an intelligent scientific and economic advisor sensitive to the political problems of this Nation but optimistic about our options to resolve these problems. I will miss him as a friend to whom I could turn for honest counsel—secure in the knowledge that I would always receive the best advice he could offer unbaised by any personal desire for recognition but interested only in what would be of the greatest use in resolving policy problems. He set the highest of ethical standards and placed the greatest demands upon himself for he believed strongly in service to his country. He was a dedicated naval officer, a highly successful congressional staff adviser, a unique professional analyst, a loving husband and parent, and a man filled with a joy for life with friends throughout the world. May God will that we all can end our days with the feeling that we have done our best an that we have lived our lives as fully as Charles Sheldon had upon his death.

DR. CHARLES S. SHELDON II

Born in Shanghai, China (1917) of American parents. (Father was Dean of Electrical Engineering at Chiao Tung University, China's equivalent of MIT.)

At the University of Washington earned a BA in 1936 and MA in 1938. At Harvard University earned an AM in 1939 and PhD in 1942.

Taught transportation, international trade, and economics at the University of Washington from 1937 to 1955 except while on leave.

Served in the U.S. Navy during World War II and the Korean War, finally retiring after 26 years as a Captain, USNR in intelligence.

Held civilian positions in the War Shipping Administration, and the staff of the Supreme Commander Allied Powers, Tokyo.

Became a senior specialist of the Congressional Research Service at the Library of Congress in 1955. Served as the staff of the Subcommittee on Foreign Economic Policy, Joint Economic Committee, Assistant Director of the House Select Committee on Astronautics and Space Exploration, and Technical Director of the House Committee on Science and Astronautics.

Served as a member of the senior staff of the White House President's Space Council, 1961-66.

Returned to the Congressional Research Service as Senior Specialist in Space and Transportation Technology in 1966, also serving as Chief of the Science Policy Research Division until 1979. Served as Chief of Staff of the House Select Committee on Committees, and Director of Research of the Special Study on Economic Change, Joint Economic Committee.

Has also served on various commissions and as a consultant. A member of Phi Beta Kappa, Corresponding Member of the International Academy of Astronautics, a Fellow of both the American Astronautical Society and the British Interplanetary Society, and an Associate Fellow of the American Institute of Aeronautics and Astronautics.

Author of over 50 published papers, five books, and speaker in about forty cities as a Distinguished Traveling Lecturer of the AIAA, as well as for other institutions.

Data as of February 12, 1980.

[From the New York Times, Sept. 12, 1981]

CHARLES SHELDON, CONGRESS ADVISER

EX-SCIENCE POLICY RESEARCH OFFICIAL WAS AUTHORITY ON SOVIET SPACE PROGRAM

(By John Noble Wilford)

Dr. Charles S. Sheldon 2d, an adviser to Congress and a respected authority on the Soviet space program, died of cancer yesterday at Arlington Hospital in Virginia. He was 64 years old.

Dr. Sheldon was formerly chief of the Science Policy Research Division of the Congressional Research Service at the Library of Congress in Washington. His careful research was the basis of several detailed studies of Soviet space affairs that became invaluable reference works not only for Congress but also for journalists and scholars.

One of Dr. Sheldon's studies, "Review of the Soviet Space Program with Comparative United States Data," published by Congress in 1967, traced the secrecy-shrouded development of Soviet rocketry and spacecraft with a thoroughness never before made public. The report, according to an article in The New York Times, read at times like a cold war spy novel.

Though he had access to secret intelligence material, Dr. Sheldon always emphasized that the reports he prepared for Congress and published in books and articles were based on information "in the public domain," as he would say, including a careful compilation of accounts of space activities and plans that were published in Soviet newspapers and magazines.

In this way, for instance, he became one of the first scholars to call public attention, in 1964, to the fact that the many Soviet spacecraft designated Cosmos were not part of a single scientific program, as Soviet statements had indicated. Instead, he reported, "Cosmos is a blanket name which covers many classes of activities," including flights that failed to achieve their intended purpose.

Born in Shanghai

Dr. Sheldon was born in Shanghai, China, of American parents and was educated at the University of Washington at Seattle. He was elected to Phi Beta Kappa and received his doctorate in economics from Harvard University in 1942.

He was an officer in the Navy in World War II and the Korean War and remained in the Naval Reserve, reaching the rank of captain. In the occupation of Japan, Dr. Sheldon served as a civilian on the staff of General of the Army Douglas MacArthur in Tokyo.

Then, after teaching at the University of Washington, Dr. Sheldon joined the Congressional Research Service in 1955, where he participated in drafting both the National Aeronautics and Space Act of 1958, which established the American civilian space organization, and the Communications Satellite Act of 1962. He retired from the Congressional Research Service last April.

Mr. Speaker, I would be glad to yield to the gentleman from New York (Mr. STRATTON).

☐ 1330

Mr. STRATTON. I thank the gentleman from Missouri (Mr. BOLLING) for yielding. I want to commend him on his very excellent remarks with respect to the late Dr. Sheldon.

I had occasion to become acquainted with Charlie Sheldon at the beginning of the Korean war when I was called back into Navy service, and sent as a student to the Naval Intelligence School over in Anacostia. Charlie Sheldon was at that time a member of the faculty of the Naval Intelligence School with the rank of lieutenant. But he was, as the gentleman from Missouri has already indicated, obviously one of the brightest members of that faculty, and one for whom the other members of the faculty, as well as the student body, had a great deal of respect.

In fact, he and I lived in the same general area of Washington, in the Northeast, out Silver Spring way. And so for much of the 18 months that I was attached to the school, he and I rode in together in a car pool. So I had an opportunity to get to know him, and certainly he was, as the gentleman from Missouri has said, in spite of his enormous intelligence and his wide range of information, also a very self-effacing and certainly one of the nicest people that I ever had the privilege of knowing.

He had a tremendous fund of information which he had gleaned as an intelligence officer, particularly with respect to the Soviet Union and the Soviet threat, and when the Korean war was over and Mr. Sheldon, as the rest of us, were demobilized from active duty back into Reserve status, I believe at that time he was grabbed up by the Library of Congress to continue his research. And, in fact, it was during the time at the Naval Intelligence School that Charlie became interested in the whole space effort which at that time had been precipatated by the Soviets. And this he continued with the Library of Congress and elsewhere. Eventually, he came, as the gentleman from Missouri has indicated, to be associated not only with the Library of Congress but with the Congress itself in a number of capacities, as the chief of staff for the significant investigation of the gentleman from Missouri into the role of the various committees, as I recall here in the Congress.

At that time Charlie continued his interest in the Navy, and in fact was one of the members of the Navy Reserve for members and for staff individuals, and in that connection we had occasion from time to time to visit naval installations abroad. That continued until Mr. McNamara decided that that kind of a Reserve organization was not appropriate, and he terminated it. But it did not cease Dr. Sheldon's interest in the Navy, and in the military balance between ourselves and the Soviet Union.

Unfortunately, although I was in the Congress and he was serving in the Congress, he was so busy that our paths rarely crossed except for an occasional meeting of the alumni of that Naval Reserve organization. But I was always proud to read of the accomplishments of Charlie Sheldon, and I knew that he was doing a fantastic job.

I had not been aware that he was ill. I have appreciated the tribute that the gentleman from Missouri paid to him. Certainly, he had tremendous capability. He had tremendous potential. It is a real tragedy that that capability was cut down at such an early age, and I know that the Congress and the country will be the lesser for his passing.

I want to join the gentleman from Missouri in expressing my sympathy to his widow and to his family, and as the gentleman has said, on top of all of his other feats, Charlie was a wonderful father and a wonderful husband and a great person.

Mr. BOLLING. I thank the gentleman from New York.

I yield to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. I thank the gentleman from Missouri for yielding.

Dr. Sheldon was one of those persons who really typifies a number of people in this city. He was a person who almost never was found in the newspapers, but a person who worked day in and day out to make public policy more rational, and to make public institutions more responsive to their responsibilities in a modern age.

What was so impressive about him was that whether he was dealing with the subject of science or with the subject of economics, or with the subject of public administration, if you will, he always had an amazing ability to conceptualize and, at the same time, to absorb detail. He demonstrated both of those abilities in an extraordinary fashion, as the gentleman in the well knows, in assisting this institution in meeting its responsibilities to the people we represent.

I remember very well his services as staff director for the Bolling Committee on Committees, which still represents the most important set of recommendations ever to be adopted by this body.

I think that on the policy level, those who worked with him in this institution are well aware of the crucial role that he played in seeing to it that persons charged with public responsibilities were armed with the best set of facts possible as they went out to deal with those responsibilities.

On a personal level, I must also note that Charlie Sheldon was a neighbor of mine. He live three or four houses away. And I simply want to say that on both a professional level and on a personal level, the Congress will miss him and the neighborhood will miss him.

Mr. BOLLING. I thank the gentleman.

I know that other Members who are unable to be present will want to make a contribution.

I thank the House.

● Mr. FUQUA. Mr. Speaker, there is a very old English prayer containing a phrase which translates this way: "Lord, give me wings to get to the point." It is a kind of prayer Charles Sheldon would like—and I shall try, as he inevitably succeeded in doing, to be precise, focused, and understanding in my comments on the subject at hand.

Others have recounted, and will recount, the many reasons we all have to express both our appreciation to Dr. Charles Stuart Sheldon and our sorrow at his passing. Other Members will do this better than I could.

But, I do wish to acknowledge Dr. Sheldon's vital aid and guidance to the formation and undertaking of this committee from its earliest Sputnik days, through his years as Technical Director of the Committee on Science and Astronautics, and until he retired a little over a year ago as Chief of the Science Policy Research Division of the Congressional Research Service. His efforts on our behalf were essential to the life of the Committee on Science and Technology, which I now chair.

Even so, however, I want to emphasize one facet of Charles Sheldon's efforts and talents—his genuine understanding of and his ability to piece together the many puzzling and often contradictory characteristics of science, economics, and government. He knew each well; he treated each with an even hand. He was one of the few people I ever knew who could, and frequently did, present an unpopular truth to an unfriendly group and still walk away from it all with the undiminished admiration of everyone.

Without Charles' contributions, our Federal science framework—so critical to the Nation's future—would not be in place today. Britain's celebrated Lord Snow, who was familiar with Dr. Sheldon's work, would understand. But, in eras past, so would Euclid and Copernicus, Maxwell, and Vannevar Bush, and all the others who had to work at the cutting edge of knowledge and humanity's political use of it.

Dr. Sheldon's talent was a rare thing, indeed; it will be badly missed.●

● Mr. LONG of Louisiana. Mr. Speaker, I certainly want to join my distinguished chairman, the Honorable RICHARD BOLLING, in praising the memory, the genius, and the public service record of Dr. Charles Sheldon, former chief of the Science Policy Research Division of CRS, who died September 11.

First, I want to say a word about the importance of Dr. Sheldon's contribution to our knowledge of the Soviet Union. A Washington Post column by Phillip Geyelin September 28, "Soviet Blinders," could not have been more timely, considering our tribute today to Dr. Sheldon. The subject is the lack of understanding by the Soviets of the way the American political system works. Geyelin calls this a precarious potential for miscalculation.

It is essential—it bears on our ability to survive—that the United States and the Soviet Union understand what motivates the other.

Our knowledge of the Soviet Union has been enhanced immeasurably over the years by Dr. Sheldon, one of the country's outstanding experts on the Soviet and United States space programs.

At the same time, he made valuable contributions to the work of the Joint Economic Committee in the area of the Soviet economy.

In 1957, on loan from the Library of Congress, he directed one of the first comparative studies of the United States and Soviet economies, a benchmark effort that established a tradition for substantive comparative studies that the JEC has continued to this day.

He became director of the Special Study on Economic Change for the JEC in 1977.

Charles Sheldon really had a two-pronged career, unusual in that it combined the so-called hard and soft sciences. He could be working with the JEC on economic studies, yet be eagerly sought after by the world press for his opinion whenever the Russians launched a space vehicle.

At the time of his death, Dr. Sheldon had worked for the Government for 34 years, most of that time with the Library of Congress and CRS. Over the years he was assigned by the Library to several congressional committees.

Where would we be without dedicated, brilliant scholars like Charles Sheldon, who choose to place themselves in Government service, most specifically, at the service of Congress? He made a unique contribution, almost legendary, in his fields of expertise. This institution will honor his memory for a long time.●

● Mr. SKELTON. Mr. Speaker, I would like to take a moment to express my sympathy over the loss of Charles S. Sheldon to his family and friends. I speak especially to those who knew him well, but not exclusively. We will all miss the contributions this man has made to our country. Teacher, lecturer, author, naval officer, authority on the Soviet space program—these are only a few of Dr. Sheldon's accomplishments. He was also a doctor of economics, congressional committee staff director, and a member of the President's Space Council. I came to know him as the Chief of Science Policy Research at the Congressional Research Service and was extremely impressed by his knowledge and his dedication.

Whether you knew this man or not, his presence will be greatly missed. Fortunately, his works are here for us to have always.●

GENERAL LEAVE

Mr. BOLLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the life, character, and public service of the late Honorable Charles S. Sheldon II.

Also, I ask unanimous consent to extend my own remarks and to include various statements, quotations, and other items describing Charles, his work, and his life.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

DEFICIT ON IT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANNEMEYER) is recognized for 30 minutes.

Mr. DANNEMEYER. Mr. Speaker, it ought to be pretty apparent by now that the economic, financial, and mathematical wizards that call the shots in the Federal Government ought to go back to school and trade some of that new math in for courses in straight arithmetic and logic. The new wizards think we can save the economy and run at a surplus by cutting taxes, completely disregarding current deficits. And the old wizards have no use for tax cuts but merely want to heap additional deficits on top of existing ones. Everyone else, of course, gets caught in the middle with their stocks down.

If it has not caught your attention yet, I would suggest to my colleagues that, irrespective of tax cuts, we must diminish the size of the Federal deficit. There is simply no alternative, save raising taxes, and that ill-advised solution would only serve to further imbed us in the quagmire of economic stagnation.

Much has been made of the comparison with the Kennedy tax cuts of 1964 and how successful they were in stimulating the economy and ultimately increasing revenues. The comparisons only go so far. We do not rush out and buy a new 1982 automobile on the basis of how the 1964 model performed. In fact, there are five major points of difference we cannot afford to overlook.

First, the 1964 the gross national debt was $316.8 billion. Today it is on the verge of surpassing the $1 trillion mark.

Second, in 1964 the Consumer Price Index increased 1.3 percent on an annual basis. Today, on an annual basis, it is hovering around 10 percent.

Third, budget outlays for 1965 actually decreased by $200 million in 1964. On the other hand, 1982 outlays are, despite all the wailing and moaning about drastic budget cuts, currently projected to be some $37 billion more than what was spent in 1981.

Fourth, the 1964 deficit was $5.9 billion. The projected 1982 deficit is estimated by the Congressional Budget Office to be $85 billion.

Fifth, the prime rate in 1965 was 4.5 percent. That for 1964 was approximately the same. Today's prime rate is 19.5 percent.

In each of the five categories, we are not only worse off economically today but far worse off. These differences point out all too clearly that the chances of success of a major tax cut program are significantly enhanced when the economic risks are lower, and perhaps fatally reduced when those risks are as high as they are today.

The concept of tax cuts to stimulate production and encourage saving has in no way been invalidated. Rather, it is time that we realize that these tax cuts cannot work unless we prepare the necessary fiscal groundwork first, and that means further reducing the deficit.

Now, the Members will note that over the course of the past several weeks, this Member has read portions of the work product of the Republican Research Committee Economic Task Force Budget Study Subcommittee published this past July.

The Members will recall that it contained 272 items listing some $52 billion. These are not recommendations, but they are options as to where we in this House can cut spending in 1982 if we have the courage to do it.

We should remind ourselves again and again that the current $1 trillion national debt is a product of irresponsible spending over the course of the last generation, with particular reference to the last 5 years when we have created over $300 billion of that debt. And in the fiscal year which will end tomorrow, we Members should not lose sight of the fact that borrowing by the Treasury of this country, just to finance new debt in the fiscal year that closes tomorrow, is close to $90 billion.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from New York.

Mr. STRATTON. I thank the gentleman for yielding.

I just wanted to propound a question to the gentleman.

Did I understand the gentleman to say that the tax cut bill had gone too far?

Mr. DANNEMEYER. Not at all. I think the tax cut bill was needed, because when you analyze what that tax cut bill does, all it really does, in effect, is index Federal taxes from here on out until 1985, when the technical indexing process begins. In other words, we have cut out the projected increase in taxes that would have taken place had we not enacted the tax cut bill.

□ 1345

Mr. STRATTON. Well, the gentleman is aware, is he not, that the tax cut bill over a period of 5 years gives up some $750 billion of Federal funds, and $750 billion is three-quarters of the national debt. Does not the gentleman think that when he is expressing such concern over our deficit and over our national debt, that to voluntarily renounce enough money that would pay off three-quarters of our national debt is a somewhat irresponsible type of thing?

Mr. DANNEMEYER. On the contrary. We must recognize that one of the biggest problems in this country today is that the level of taxation on the American people has reached a height where they are no longer willing to tolerate it. Witness the fact that serious economists tell us that we have an underground economy in our Nation totaling perhaps $500 billion a year. That is 20 percent of our existing GNP.

And why? Because increasing numbers of people are willing to take the risks necessary to avoid paying high taxes, and to do that they will deal in cash or barter. As this condition escalates, I would tell my distinguished friend from New York that we must recognize what the people of the country are saying: Taxes are too high.

The gentleman says that we are thereby losing revenue that we can use to pay off the debt. We could do that with it, but we also must say that we are a free people. The free people of this country are not going to tolerate this irresponsible level of taxation.

Mr. STRATTON. I do not want to interrupt the gentleman's train of thought, and he has been very generous in yielding to me, but as the gentleman knows, the President of the United States indicated last week that we were facing a serious problem because we have something like $70 billion or $80 billion of deficits, which would make it impossible until those deficits are eliminated to carry out the Reagan economic recovery program.

It would seem to me that instead of slashing around in various directions, and most of all in cutting out of the Defense Department money that we simply cannot afford to cut out because we are so far behind the Soviet Union, that it would be a lot smarter if we were simply to take $70 billion or $80 billion of that $750 billion that the tax bill had given up and put that back into the pot so that we can get the Reagan program on a balanced budget basis, and we have still got probably $670 billion left over to do all the splendid things that the gentleman is referring to.

I know that he is as concerned as I am about this matter, but I would hope that we would consider that because I think that really is the quickest way to get back on our feet and to assure Wall Street that we really mean business about balancing the budget.

Mr. DANNEMEYER. I appreciate the gentleman's observation. In conclusion, let me observe that there are two ways to balance budgets. One is to increase taxes; one is to cut the spending. This Member from California prefers to go at it by cutting the spending, because in my judgment, the escalation of Federal spending over the course of the last 4 years, particularly, has reached a level where it is totally irresponsible to maintain.

There is no justification for through-the-roof Federal spending, and over the course of the last 2 years it has been escalating at 16 percent a year. How in the world can we justify that? By what mystique does this Government think it has the right to extract Federal spending on an annualized basis at a rate of 16 percent greater than the year before? It is confiscatory to the people of this country. They have had enough of it, and they said last November that they want to have a different course. I think the tax cut program was the responsible course, and the challenge for us now is to recognize in this place that we have it within our power to reduce this irresponsible level of spending.

You can say, "Well, where are you going to do it?"

That is what the list is for. It lists 272 items, describing some $52 billion of spending which can be cut in fiscal year 1982. Over the course of the last several weeks I have read through some of these items and I intend to follow that course again today. So I would begin today by reading areas where reductions could be made in the Treasury Department.

The Bureau of Government Financial Operations—Energy Security Reserve. There is $52 million in this item for fiscal year 1982. It is our conclusion that synfuels production is not a proper area for Federal Government involvement; The synfuel industry should be developed by private industry through federally guaranteed loans. There is plenty of private capital willing to build these synfuels plants provided they have a guaranteed purchase price in the event that the price of oil drops below what it costs to produce the product from that synfuels plant. That is the course I think our Government should be taking. Our Government should not be investing its own funds to help assist the synfuels industry.

The Bureau of Public Debt—Administration; we would eliminate savings bonds promotion. This item is unnecessary at a time when inflation and other investments run at higher interest rates. This would save $16,192,000.

Departmentwide, it is the recommendation of the General Accounting Office to correct audit procedures; unresolved audit findings listed by the GAO amount to $414,169,000.

The Environmental Protection Agency—salaries and expenses. We would allow 20 percent above 1980. The proposed 34-percent increase from 1980 is, in our judgment, excessive. If the increase in 1982 were limited to 20 percent above 1980, it would entail a saving of $48,847,000.

Believe it or not, in the EPA there is a Research and Development Department—Energy Supply. We believe that the proper course for our Nation to take is to let the market system develop our sources of energy and that this is a redundant function of EPA which ought to be eliminated. We would save $73,880,000.

U.S. Regulatory Council. We would eliminate the remaining funding for this agency and would save $1,030,000.

Payments to hazardous substance response trust fund, $28 million, and the fund itself, $84 million, should be eliminated.

The question becomes: "How are you going to have these functions operate if there is nothing in the Federal Treasury to provide for them?"

The response is, I believe, that those in our society who are producing these hazardous substances should bear the cost to implement their control or have a policy to protect the public from the proliferation of those substances. In other words, the producers should be paying for the cost of that program. The taxpayer should not be.

Departmentwide, the recommendation of the General Accounting Office of correcting accounting procedures which would save $100,829,000.

The next department is NASA, the National Aeronautics and Space Administration. On research and development/space flight, we would allow 10 percent above what was spent in 1981. The proposed 17.6-increase for 1982 over what was spent in 1981, in our judgment, is excessive. If the 10-percent limitation is followed, it would save $194,400,000.

On construction of facilities—supporting space facility, we would allow 10 percent above what was spent in 1981. Here again, the proposal is for an increase 19.2 percent over what was spent in 1981. If we placed a 10-percent limitation on growth, the saving would be $5,070,000.

Departmentwide, the General Accounting Office has recommended savings of some $426,956,000 by correcting auditing procedures.

The next category deals with the Veterans' Administration. Here, the first item deals with compensation. We recommend the institution and adoption of the personal consumption expenditure index instead of the CPI. It is the same formula we have recommended for use by social security. If implemented, it would save $262,095,000 in 1982.

In pensions, we would also suggest utilization of the same personal consumption expenditure index instead of the CPI. If adopted, it would save $112,276,700.

In construction—major projects, we would allow 20 percent above what was spent in 1980. Since there is a large unobligated balance, the proposed 85.8-percent increase in this item is excessive. If this limit on growth were followed, it would save in fiscal year 1982 $124,735,800.

On construction and operation of garage and parking facilities, we would eliminate new construction. The Federal Government need not subsidize employee parking at VA hospitals. If implemented it would save $4,692,000.

The final item is by the General Accounting Office, would save $21,200,000 through more efficient auditing.

In succeeding days I will return with recommendations relating to other independent agencies. There are some in here that I think merit the Members' attention. Let me conclude by observing that there is just one way that we in this Congress can assist the economic situation in this country: Drive down the high cost of credit, and that requires removing in part the heavy hand of the Federal Government in the credit markets.

The Federal Government is borrowing currently about 38 percent every week, every month of the year, of the available credit to be utilized in this country. When we add what the Federal Government consumes with borrowing by State and local government, experts tell us that it is over 50 percent. In perspective, this percentage of what government is borrowing has grown two or three times in the last 10 years. In other words, the overwhelming demand for credit by the Government in this country threatens to inundate, undermine, and destroy the economic system. The only way we can turn it around is to reduce the insatiable appetite of this Federal monster, which is out of control today in terms of spending, by cutting out some of these Government agencies and programs.

The Members will recall that just today we had up for consideration the creation of yet another bureau in the Department of Commerce, creating a new Under Secretary of Commerce to assist in the development and evolution of the tourist industry in this country. The appropriation or authorization of that item, I believe, was some $8.6 million—a modest amount in terms of what is spent around here each day when we are in session, but here again we can exhibit a measure of responsibility by resisting the adding to the bureaucracy of yet one more additional item. And we can also adopt some of the other recommendations in this budget study which will help reduce the demand for credit, help reduce the cost of credit and lead to a revitalization of our Nation's economy.

HIGH HOLIDAYS 5742

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, September 29 and 30, 1981, mark the festival of the New Year in the Jewish religious calendar, Rosh Hashanah, the opening of the year 5742, and the commencement of the 10-day period called the high holidays. This period concludes with Yom Kippur, the Day of Atonement, which this year falls on October 8.

This is, for the Jewish people, a time for solemnity, joy, and hope. It is a time for spiritual renewal, of repentance, of affirmation, and a time of hope and joy in the future.

Rosh Hashanah and Yom Kippur evoke in the Jewish people a sense of awe, high seriousness, and especially obedience to God's law. The meaningful practice of the Jewish faith, I believe, has influenced Jewish moral law far beyond the confines of practicing Judaism.

The historic concepts of social justice and individual human dignity have done much to guide the course of Western democracy and, in particular, to shape the philosophical system of government created by the American Founding Fathers. It is perhaps not too much to hope that in time the conduct of international affairs will be influenced, in spirit, by the principles of common concern which have molded the destiny of world Judaism.

I should like, on this occasion, to extend my greetings and best wishes for the holiday season to my many friends of the Jewish faith who reside in the 11th Congressional District of Illinois I am honored to represent, as well as to those in Chicago and all over this Nation, and to express my appreciation for the great contributions the Jewish people have made to the advancement of Western civilization.

In the coming year, may the Jewish people know freedom from persecution, from which they have particularly suffered, and may they experience peace and well-being, and prosperity and spiritual enlightenment.

At this point in the RECORD, I would like to include a listing of 16 Jewish holidays, the days on which they fall in the new year 5742, and their significance.

The list follows:

High Holidays 5742

ROSH HASHANAH

September 29 and 30, 1981: This is the Jewish New Year, Jews assemble in the synagogue to reaffirm their faith, examine their past conduct and pray for forgiveness. The Shofar (ram's horn) is blown to reawaken their responsibility to the Lord and call them to repentance.

TZOM G'DALYAH

October 1, 1981: On this fast day, Jews mourn for G'dalyah, a Jew whom the conquering Babylonians unexpectedly appointed Governor of Palestine. The Jews saw in this a sign that their nation would rise again, but G'dalyah was ruthlessly assassinated.

YOM KIPPUR

October 8, 1981: On this Day of Atonement, the holiest day of the year, the Lord judges each individual. Jews fast all day, confess and repent, and ask pardon from the Lord and from their fellow men. In turn, they freely forgive their neighbors. At night, with a cleansed heart, they look forward to a good new life.

SUKKOT

October 13–20, 1981: The Feast of Tabernacles celebrates the ancient fruit harvest in the Holy Land. Jews everywhere build Sukkot (temporary booths) hung with fruits and flowers, remembering that the Israelites lived in flimsy booths during their desert wanderings—yet felt secure in the Lord's protection.

SH'MINI ATZERET

October 20, 1981: This day is designated in the Bible as a day of Holy Assembly. Jews gather in the synagogue to celebrate this last festival of the harvest season, and to offer a fervent prayer for rain to bring full crops in the coming year.

SIMCHAT TORAH

October 21, 1981: The Torah (Five Books of Moses) is read in its entirety each year. On this happy day, the reading is completed and begun anew. The sacred scrolls are carried around the synagogue in procession. The children participate and receive gifts of sweets.

CHANUKAH

December 21–29 1981: On Chanukah the Maccabees freed the Temple from the Syrian conquerors. At its rededication only enough pure oil was found to light the Holy Lamp for one day. Miraculously it burned eight days. Thus, on the first day of Chanukah, Jews light one candle on the Menorah, adding another each day.

ASARAH B'TEVET

January 5, 1982: This is the anniversary of the day the Babylonians began their siege of Jerusalem. Soon after, the city was taken, the Temple destroyed, and the first Hebrew Commonwealth was no more. Thus, Asarah B'tevet is a day of fasting and mourning.

CHAMISHA ASAR BISH'VAT

February 8, 1982: On this Arbor Day Jews observe the Bible's commandment: "When ye shall come into the land ye shall plant all manner of trees." In Israel, children spend the day joyfully planting young trees. And because this is the 15th day of the Jewish month Sh'vat, Jews everywhere eat fifteen kinds of fruit.

TAANIT ESTHER

March 8, 1982: The Megillah (Book of Esther) tells how the scheming Haman persuaded King Ahasuerus to destroy the Jews, and how Jewish Queen Esther and her people fasted three days before she dared to plead with the King to save them. This fast day, known as the Fast of Esther, commemorates her heroism.

PURIM

March 9, 1982: This gayest of all Jewish holidays celebrates King Ahasuerus' decision to save the Jews and destroy their enemy Haman, instead. During the synagogue service the Book of Esther is read, and children twirl their gragers (noisemakers) every time Haman is mentioned, to drown out his name.

PESACH

April 8–14, 1982: Pesach (Passover) recalls the deliverance of the Jews from Egyptian slavery. At the traditional Seder meal, Jewish families read the Haggadah (a book containing the story of the liberation) and eat Matzoh (unleavened bread) and other symbolic foods—thereby reliving their ancestors' experiences.

LAG B'OMER

May 11, 1982: A plague among Rabbi Akiba's students ended on the 33rd day of "Counting the Omer," i.e., bringing an omer (measure) of new grain to the Temple. Jews happily recall this event, and honor the efforts of Rabbis Akiba and Bar Yochai and the brave Bar Kochba to re-establish the Jewish nation.

SHAVUOT

May 28 and 29, 1982: This holiday commemorates the sacred moment at Mount Sinai when Moses received from the Lord the Torah with its Ten Commandments. Shavuot also celebrates the early wheat harvest in Palestine. Jews throughout the world decorate their homes and synagogues with greens and flowers.

SHIV'AH ASAR B'TAMMUZ

July 8, 1982: On this day the Babylonian army made the first breach in the wall of Jerusalem. This led to the tragic end of the Jewish homeland and to exile for its people. Shiv'ah Asar B'tammuz is a fast day, followed by three weeks of mourning.

TISH'AH B'AV

July 29, 1982: On this fast day, Jews grieve for the destruction of the first and second Temples. They mourn at the Wailing Wall in Jerusalem and in synagogues all over the world. Tish'ah B'av climaxes a nine-day period in which no meat may be eaten.●

POLISH GOVERNMENT DENIES VISAS TO U.S. LABOR LEADERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DERWINSKI) is recognized for 5 minutes.

● Mr. DERWINSKI. Mr. Speaker, as a Member of Congress with high hopes for the future of Poland, I am deeply disturbed by the refusal of the Polish Government to grant visas to an American labor delegation led by Lane Kirkland, president of the AFL-CIO. This delegation from America's free labor movement was to attend the second session of the Congress of the Solidarity movement in Poland.

The presence of Mr. Kirkland, who is one of the outstanding labor leaders in the free world, would have enhanced the relationship between American labor unions and Solidarity.

The refusal to grant visas demonstrates the deep insecurity affecting Polish Government leaders. In buckling under the Soviet pressure, they have demonstrated why they are continuing to lose the support of the Polish people.

The Soviet Union and its puppets in the Polish Government obviously will go to any extreme, no matter how heavyhanded, to discourage and prevent free discussions and comparisons of free world and Communist labor policies.

In denying Mr. Kirkland an opportunity to demonstrate his support for Solidarity, the Polish Government showed a willingness to continue to implement the flawed Communist policies which are strangling the Polish economy and stifling human rights.

The Polish Government's response to Mr. Kirkland's proper request is truly disappointing to those of us in the United States who are interested in the future of the Polish people.●

EXPLANATION AS TO VOTES

(Mr. DANIELSON asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DANIELSON. Mr. Speaker, I was absent from the House of Representatives from Tuesday, September 22, 1981, through Thursday, September 24, 1981, because I was a member of the U.S. delegation to the 68th Inter-Parliamentary Conference of the Inter-Parliamentary Union, in Havana, Cuba. During that time I missed a number of votes. Had I been present, I would have voted as follows:

Tuesday, September 22, 1981:

Rollcall No. 212, by a vote of 396 to 2, the House suspended the rules and agreed to House Joint Resolution 220, proclaiming Raoul Wallenberg to be an honorary citizen of the United States. I would have voted "nay." I believe that American citizenship is far too important a status to be given to anyone as an "honor."

Rollcall No. 213, by a vote of 200 to 198, the House failed to suspend the rules and agree to House Concurrent Resolution 183, expressing the sense of the Congress that the national rugby team of South Africa should not play in the United States. I would have voted "yea."

Rollcall No. 214, by a vote of 360 to 42, the House suspended the rules and passed H.R. 1953, to authorize appropriations for the Office of Environmental Quality and the Council on Environmental Quality. I would have voted "yea."

Rollcall No. 215, by a vote of 305 to 97, the House agreed to an amendment to H.R. 4522 prohibiting the use of funds for the implementation of a lottery with respect to the hiring of firefighters from the fiscal year 1982 appropriations for the District of Columbia. I would have voted "yea."

Rollcall No. 216, by a vote of 299 to 105, the House passed H.R. 4522, making appropriations for the District of Columbia for the fiscal year ending September 30, 1982. I would have voted "yea."

Wednesday, September 23, 1981:

Rollcall No. 217, by a vote of 226 to 181, the House agreed to an amendment to H.R. 4, the Intelligence Identities Protection Act, striking the provision imposing a criminal penalty on individuals without previous access to classified information who intentionally identify covert agents and substituting a provision imposing a criminal penalty on anyone who engages in a pattern of activities intended to identify and expose covert agents with a reason to believe that those disclosure activities would impair or impede U.S. intelligence operations. I would have voted "nay."

Rollcall No. 218, by a vote of 313 to 94, the House agreed to an amendment to H.R. 4 that extends protection to those who are former officers, agents, and employees of intelligence agencies. I would have voted "nay."

Rollcall No. 219, by a vote of 354 to 56, the House passed H.R. 4, the Intelligence Identities Protection Act. I would have voted "yea."

Rollcall No. 220 was a quorum call.

Rollcall No. 221, by a vote of 245 to 161, the House agreed to an amendment to an amendment to H.R. 1520, reducing the authorization for appropriations to the National Science Foundation for fiscal year 1982 to $1.085 billion. I would have voted "yea."

Rollcall No. 222, by a vote of 401 to 5, the House agreed to the amendment to H.R. 1520, as amended, reducing the authorization for appropriations to the National Science Foundation for fiscal year 1982 to $1.085 billion. I would have voted "aye."

Rollcall No. 223, by a vote of 262 to 149, the House passed H.R. 1520, to authorize appropriations for activities for the National Science Foundation for fiscal year 1982. I would have voted "yea."

Thursday, September 24, 1981:

Rollcall No. 224, by a vote of 377 to 25, the House passed H.R. 3210, to amend the Surface Transportation Assistance Act of 1978, and to establish obligation limitations for fiscal year 1982. I would have voted "yea."

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ADDABBO (at the request of Mr. LENT), for September 29 through October 2, 1981 (end of week), on account of death in family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Member (at the request of Mr. DANNEMEYER) to revise and extend his remarks and therein extraneous material:)

Mr. DERWINSKI, for 5 minutes, today.

(The following Members (at the request of Mr. DANIELSON) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. WEAVER, for 15 minutes, today.

Mr. WEAVER, for 15 minutes, September 30, 1981.

Mr. ADDABBO, for 30 minutes, October 5, 1981.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. DANNEMEYER) and to include extraneous matter:)

Mr. LEBOUTILLIER.

Mr. PHILIP M. CRANE.

Mr. DANNEMEYER.

Mr. FORSYTHE.
Mr. CARMAN.
Mr. BEARD.
Mr. NAPIER.
Mr. HYDE.
Mr. CHENEY.
Mr. MCGRATH.
Mr. YOUNG of Alaska.
Mr. DERWINSKI.
Mr. MOLINARI.

(The following Members (at the request of Mr. DANIELSON) and to include extraneous matter:)

Mr. OTTINGER in three instances.
Mr. DAN DANIEL.
Mr. STARK.
Mr. BARNES.
Mr. HAWKINS.
Mr. MCDONALD in five instances.
Mr. SKELTON.
Mrs. SCHROEDER.
Mr. MAZZOLI.
Mr. ASPIN.

SENATE BILL AND JOINT RESOLUTIONS REFERRED

A bill and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 929. An act to amend the Communications Act of 1934 to provide for improved administration of the amateur radio service and private land mobile services by the Federal Communications Commission, to address the problem of radio-frequency interference to certain electronic equipment, to permit volunteer assistance to the Federal Communications Commission in the area of examinations, licensing, and enforcement in the amateur radio service, and for other purposes; to the Committee on Energy and Commerce;

S.J. Res. 67. Joint resolution to establish National Nurse-Midwifery Week; to the Committee on Post Office and Civil Service; and

S.J. Res. 107. Joint resolution to designate the seventh day of October 1981 as "National Guard Day"; to the Committee on Post Office and Civil Service.

A BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did, on September 28, 1981, present to the President, for his approval, a bill of the House of the following title:

H.R. 2903. An act to extend by 1 year the expiration date of the Defense Production Act of 1950.

ADJOURNMENT

Mr. MONTGOMERY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock p.m), under its previous order, the House adjourned until tomorrow, Wednesday, September 30, 1981, at 3 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2264. A letter from the Secretary of Education, transmitting a report on the study of the definition of Indian, pursuant to section 453(b) of the Indian Education Act of 1972, as amended; to the Committee on Education and Labor.

2265. A letter from the Administrator, Energy Information Administration, Department of Energy, transmitting reports covering the month of June 1981 on petroleum market shares of refined petroleum products and retail gasoline, pursuant to section 4(c)(2)(A) of the Emergency Petroleum Allocation Act of 1973; to the Committee on Energy and Commerce.

2266. A letter from the Secretary, Trust Committee, Ninth Farm Credit District Retirement Plan Trust, transmitting the annual report of the district's retirement plan, covering the year ended February 28, 1981, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

2267. A letter from the Acting Comptroller General of the United States, transmitting a report on contractor inspections of Federal water projects (CED-81-146, September 29, 1981); jointly, to the Committees on Government Operations, Public Works and Transportation, and Interior and Insular Affairs.

2268. A letter from the Acting Comptroller General of the United States, transmitting a report on the Small Business Administration's section 7(j) management assistance program, (CED-81-149, September 29, 1981), pursuant to section 7(j)(8) of the Small Business Act, as amended; jointly, to the Committees on Government Operations and Small Business.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DE LA GARZA (for himself, Mr. WAMPLER, Mr. FOLEY, and Mr. FINDLEY):

H.R. 4612. A bill to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982; to the Committee on Agriculture.

By Mr. CONABLE:

H.R. 4613. A bill to increase the efficiency of Government-wide efforts to collect debts owed the United States and to provide additional procedures for the collection of debts owed the United States; to the Committee on Ways and Means.

By Mr. DANIELSON (for himself, Mr. MOORHEAD, and McCLORY):

H.R. 4614. A bill to increase the efficiency of Government-wide efforts to collect debts owed the United States and to provide additional procedures for the collection of debts owed the United States; to the Committee on the Judiciary.

By Mr. EDWARDS of Alabama:

H.R. 4615. A bill to amend section 1979 of the Revised Statutes (42 U.S.C. 1983) relating to civil actions for the deprivation of rights, to limit the applicability of that statute to laws relating to equal rights; to the Committee on the Judiciary.

H.R. 4616. A bill to provide a special defense to the liability of political subdivisions of States under section 1979 of the Revised Statutes (42 U.S.C. 1983) relating to civil actions for the deprivation of rights; to the Committee on the Judiciary.

By Mr. FRANK (for himself and Mr. GONZALEZ):

H.R. 4617. A bill to reestablish the tenant rental payment and income review requirements which were in effect with respect to federally assisted housing programs before the Housing and Community Development Amendments of 1981; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GIBBONS (for himself and Mr. CONABLE):

H.R. 4618. A bill to amend the Internal Revenue Code of 1954 to repeal the 30-percent withholding tax on interest received by foreigners on certain portfolio investments; to the Committee on Ways and Means.

By Mr. PORTER:

H.R. 4619. A bill to amend chapter 207 of title 18 of the United States Code with respect to detention of defendants before trial in criminal cases; to the Committee on the Judiciary.

H.R. 4620. A bill to provide financial assistance to the States to undertake comprehensive criminal justice construction programs to improve the criminal justice system of the States, to provide that the Secretary of the Treasury is authorized to make interest subsidy payments on criminal justice facility construction bonds, and for other purposes; to the Committee on the Judiciary.

H.R. 4621. A bill to amend the Internal Revenue Code of 1954 to provide a refundable tax credit for qualifying security devices; to the Committee on Ways and Means.

H.R. 4622. A bill to improve the effectiveness of criminal forfeiture, and for other purposes; jointly, to the Committees on the Judiciary and Energy and Commerce.

By Mr. RODINO:

H.R. 4623. A bill to amend titles 10, 14, 37, and 38, United States Code, to codify recent law and to improve the Code; to the Committee on the Judiciary.

By Mr. WHITE (for himself, Mr. DAN DANIEL, Mr. KAZEN, Mr. STRATTON, Mr. ROBERT W. DANIEL, JR., Mr. MITCHELL of New York, and Mr. DAVIS):

H.R. 4624. A bill to amend title 10, United States Code, to provide employment protection for employees of nonappropriated fund instrumentalities of the Department of Defense who report violations of law or mismanagement; to the Committee on Armed Services.

By Mr. WHITE (for himself, Mr. WHITEHURST, Mr. MAVROULES, Mr. STRATTON, Mr. ROBERT W. DANIEL, JR., and Mr. NELLIGAN):

H.R. 4625. A bill to authorize the Secretary of the Army to return to the Federal Republic of Germany certain works of art seized by the U.S. Army at the end of World War II; to the Committee on Armed Services.

By Mr. McDONALD:

H. Con. Res. 193. Concurrent resolution authorizing a bust or statue of Booker T. Washington and a bust or statue of George Washington Carver, each to be placed in the

Capitol; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHENEY:

H.R. 4626. A bill to validate certain oil placer mining claims in Hot Springs County, Wyo.; to the Committee on Interior and Insular Affairs.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 746: Mr. Marriott.

H.R. 1313: Mrs. Bouquard.

H.R. 1462: Mr. Hoyer.

H.R. 2300: Mr. Archer.

H.R. 2301: Mr. Archer.

H.R. 2372: Mr. Badham, Mr. Hartnett, Mr. Hillis, Mr. Hollenbeck, Mr. Horton, Mr. Hubbard, Mr. Hunter, Mr. Jeffries, Mr. Kemp, Mr. Latta, Mr. LeBoutillier, Mr. Lent, Mr. Lewis, Mr. Livingston, Mr. Lujan, Mr. Madigan, Mr. McEwen, Mr. McGrath, Mr. Michel, Mr. Molinari, Mr. Morrison, Mr. Nelligan, Mr. O'Brien, Mr. Pritchard, Mr. Quillen, Mr. Rinaldo, Mr. Ritter, Mr. Roberts of South Dakota, Mr. Rogers, Mr. Roberts of Kansas, Mr. Roth, Mrs. Roukema, Mr. Rudd, Mr. Sawyer, Mrs. Schneider, Mr. Sensenbrenner, Mr. Shaw, Mr. Shuster, Mr. Skeen, Mr. Smith of New Jersey, Mr. Smith of Oregon, Mrs. Snowe, Mr. Spence, Mr. Staton of West Virginia, Mr. Taylor, Mr. Thomas, Mr. Vander Jagt, Mr. Walker, Mr. Whittaker, Mr. Williams of Ohio, Mr. Winn, Mr. Wolf, Mr. Wylie, Mr. Young of Florida, Mr. Young of Alaska, Mr. Chappie, Mr. Rhodes, Mr. Deckard, Mr. Coughlin, Mr. Napier, Mr. Fish, Mr. Derwinski, Mr. Robinson, Mr. Edwards of Alabama, Mr. Petri, Mr. Foglietta, Mr. Schulze, Mr. Pursell, Mr. Lott, and Mr. Panetta.

H.R. 2488: Mr. Weber of Minnesota.

H.R. 4404: Mr. Forsythe, Mr. Corrada, Mr. Roe, Mr. Derwinski, and Mr. Neal.

H.R. 4478: Mr. Reuss, Mr. Annunzio, Mr. Mitchell of Maryland, Mr. Neal, Mr. Hubbard, Mr. LaFalce, Mr. Vento, Mr. Barnard, Mr. Lowry, of Washington, Mr. Lowery of California, and Mr. Weber of Ohio.

H.R. 4487: Mr. Edgar.

H.R. 4493: Mr. Volkmer.

H.R. 4509: Mr. Edgar, Mr. Lungren, Mr. Loeffler, Mr. Hance, Mr. Jeffries, Mr. Santini, Mr. Barnard, Mr. Livingston, and Mr. Pashayan.

H.J. Res. 148: Mr. Sunia, Mr. Won Pat, Mr. Corrada, and Mrs. Chisholm.

H.J. Res. 176: Mr. Ertel.

H.J. Res. 260: Mr. Erdahl and Mr. Robert W. Daniel, Jr.

H.J. Res. 293: Mr. Hopkins, Mr. Rodino, Mrs. Holt, Mr. Dorgan of North Dakota, Mr. Livingston, Mr. Courter, Mr. Whitehurst, Mr. LaFalce, Mr. Neal, Mr. Blanchard, Mr. Bedell, and Mr. Bevill.

H.J. Res. 323: Mr. English, Mr. Horton, Mr. Bethune, Mr. Bevill, Mr. Nichols, Mr. Trible, Mr. Shelby, Mr. Craig, Mr. Moore, and Mr. Robinson.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4560

By Mr. GREGG:

—Page 2, line 25, delete the figure "$3,671,129,000" and insert in lieu thereof "$2,260,354,000".

—Page 10, line 7, strike the word "ten" and insert in lieu thereof the word "fifty".

—Page 11, line 15, strike the word "ten" and insert in lieu thereof the word "fifty".

—Page 11, line 19, strike the word "ten" and insert in lieu thereof the word "fifty".

—Page 15, line 11, delete the figure "$135,358,000" and insert in lieu thereof the figure "$129,358,000".

—Page 17, line 13, strike the figure "$1,051,916,000" and insert in lieu thereof the figure "$950,000,000".

—Page 24, line 11, delete the figure "$262,746,000" and insert in lieu thereof the figure "$233,855,000".

—Page 21, line 18, delete the figure "$111,256,000" and insert in lieu thereof the figure "$105,179,000".

—Page 27, line 14, delete the figure "$14,338,000,000" and insert in lieu thereof the figure "$14,303,600,000".

—Page 53, line 25, delete the figure "$148,575,000" and insert in lieu thereof the figure "$146,575,000".

SENATE—*Tuesday, September 29, 1981*

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by the Honorable DAVID DURENBERGER, a Senator from the State of Minnesota.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

God of Abraham, Isaac, and Jacob, of whom Isaiah declared:

The Lord is the everlasting God, the Creator of the ends of the Earth. He does not faint or grow weary, his understanding is unsearchable. He gives power to the faint, and to him who has no might He increases strength.—Isaiah 40: 28, 29.

Great God of the prophets, we need Thee. Make Thyself known in glory and power. Forgive our futile ways. Deliver us from petty panaceas, from instant cures, from preoccupation with symptoms while the disease rages. Anoint us by Thy spirit that we may be men and women to match the monumental issues that face us in this crisis hour. Let the mighty wind of God blow through this place with purifying, renewing power. Breathe creativity into the minds and hearts of Thy servants.

We do not pray for easier tasks but for greater strength. We do not pray for more time but for the wisest use of the time we have. We do not pray for simple solutions but for innovative genius for this powerful body upon whom depends the welfare and destiny of this and many other nations.

Mighty God who emancipated Thine ancient people from bondage, who opened for them the Red Sea, who kept them in the wilderness with bread from heaven and water from a rock; manifest Thy sovereign greatness in this hour to Thy glory. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., September 29, 1981.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable DAVID DURENBERGER, a Senator from the State of Minnesota, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. DURENBERGER thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE INDOMITABLE MR. PROXMIRE

Mr. BAKER. Mr. President, during a fierce snowstorm one winter not very long ago, many Congressmen and Senators were stranded at their homes and unable to report to the Capitol. Four-wheel-drive pickups and special trucks were sent in to aid in the transportation of Members, including the leadership. In the course of the day, Senators started arriving in the late morning, and among those in the first group to enter the Chamber that day to greet those of us who were not so hardy was the Senator from Wisconsin (Mr. PROXMIRE).

All of us were making frantic telephone calls to seek aid and assistance in finding our way to the Capitol. BILL PROXMIRE had jogged through the snow to this Hill. He was here to greet us in the finest fettle and rarest form.

Since 6:10 last evening, Senator PROXMIRE has added a new chapter to the annals of physical and intellectual endurance. While the distinguished Senator from Wisconsin and I do not agree on many issues, nor even on his parliamentary technique perhaps, I wish to take this occasion to commend him for his conviction and for his stamina.

Mr. PROXMIRE. Mr. President, will the Senator from Tennessee yield?

Mr. BAKER. I yield briefly.

Mr. PROXMIRE. Mr. President, I thank my good friend, the majority leader. I will not speak more than 16 additional hours.

The Senator from Tennessee is a very hardy man in more ways than one.

One who can lead that pack of Republicans the way he does and keep them together in good humor, keep them all happy, and keep them all loving him when they are people so disparate and at the same time enjoy the kind of very warm and really affectionate relations with Democratic Senators is quite a person.

Mr. President, I also thank my own leader, the distinguished Senator from West Virginia, who so graciously came in last night when I frankly needed some relief. He gave me just that kind of relief and did so in a most gracious and most helpful and most practical way.

Mr. BAKER. Mr. President, I have to confess to the Senator that after a brief time of enlightenment in listening to the remarks of the Senator from Wisconsin, I wended my way home and checked periodically by telephone to see how things were progressing.

I was advised that the Senator from West Virginia, the distinguished minority leader, and I believe the Senator from Nebraska, Senator EXON, had momentarily relieved the Senator.

I marveled at the time at your stamina and I continue to do so. I express my appreciation to you for the remarks you just made.

Mr. President, I have one or two other matters I would like to bring up, but if the minority leader wishes me to yield to him at this time, I would be pleased to do that.

ORDERS FOR TODAY AND SCHEDULE OF BUSINESS

Mr. President, at 11:30 this morning, approximately, the Senate will resume consideration of House Joint Resolution 265; that to follow on after the recognition of the two leaders under the standing order and then the recognition of Senators under the special orders heretofore entered. There are three special orders for this morning.

I am advised that the distinguished Senator from Maryland no longer requires the time allocated to him. I ask unanimous consent that the time allocated to Senator MATHIAS be vitiated.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, after the recognition of two Senators on special orders, there will be a brief period for the transaction of routine morning business, as previously ordered, not to extend past the hour of 11:30 a.m.

As I indicated earlier, at 11:30 a.m., we will resume consideration of House Joint Resolution 265. At that time, I believe the Exon amendment will be the pending amendment.

I expect other amendments in the course of the day, Mr. President, including the possibility of second-degree amendments.

Mr. President, at 12 noon and at 12:30 p.m., most Senators on both sides of the aisle will be involved in separate meetings, which require their attendance and which are of an official nature.

Because of that, Mr. President, and also because of the very practical, human requirement that our officials, officers of the Senate, and most especially our reporters of the official record have not had any breaks or any rest, I think it would best serve the Senate to recess between 12 and 2. I hesitate to do that because, as I indicated yesterday, and as I reiterate today, it is my intention to ask the Senate to remain late tonight in order to finish action on the debt limit extension.

It may sound incongruous and paradoxical, then, to have a recess at midday. But it is absolutely essential in light of the physical stamina requirement of the official reporters and because of the meetings of an official nature to be carried on by members of both parties.

ORDER FOR RECESS FROM 12 NOON UNTIL 2 P.M.

Mr. BAKER. Mr. President, in view of the foregoing factors, I ask unanimous consent that the Senate stand in recess from the hour of 12 noon until 2 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BAKER. Mr. President, as I said earlier, when the Senate resumes consideration of House Joint Resolution 265, it is my intention to ask the Senate to remain in session today, even though it is Tuesday and not an ordinary late day, in order to complete action on this resolution.

I think we have no other practical alternative, in view of the fact that statutory authority for funding of the Federal debt expires on midnight Wednesday. It is my hope that there will be no amendments adopted to this resolution. I will oppose any amendments to this resolution. But, even without amendments, it is imperative that we pass this resolution tonight before we adjourn.

HOUSE JOINT RESOLUTION 266—1-DAY EXTENSION OF DEBT LIMIT

Mr. President, I might say that it is also necessary, I am told, that we consider House Joint Resolution 266, which is a 1-day extension of the debt limit. I will not ask the distinguished minority leader nor Members to consider that at this time. But after we have passed House Joint Resolution 265, the temporary debt limit extension, I will once again consult with the minority leader on the possibility of addressing briefly the question of passage of House Joint Resolution 266, the 1-day extension.

FOREIGN ASSISTANCE

After the disposition of the debt limits, Mr. President, it will be the intention of the leadership to resume consideration of S. 1196, the foreign assistance bill, on Wednesday, tomorrow. During the course of the day tomorrow, I hope and trust that we will receive a conference report on the continuing resolution making appropriations for the various departments and agencies of Government.

When, and if, that conference report is available, we will, of course, lay aside temporarily S. 1196, since the conference report is privileged, and proceed to its consideration. I do not anticipate that the Senate will spend more than Wednesday on the Foreign Assistance Act.

THE COMMUNICATIONS BILL

On Thursday, the 1st day of October, it is the intention of the leadership to proceed to the consideration of S. 898, the communications bill. Members have been on notice for some time that it was the intention of the leadership to proceed to that measure sometime on or after the 1st of October and before our recess on the 7th of October.

LATE SESSIONS

Members should be on notice, then, Mr. President, that we will be in late tonight; that there is a possibility of a late session tomorrow night in order to accommodate the requirements that the continuing resolution and the debt limit must be passed before midnight on Wednesday, tomorrow; that after the debt limit is passed and while we are awaiting the opportunity to act on the continuing resolution conference report, it is the intention of the leadership to proceed to the consideration of the foreign assistance bill; and that it will be the intention of the leadership to lay aside the foreign assistance bill on the 1st of October and proceed to the consideration of the communications bill, S. 898.

I might say, Mr. President, that if we can proceed in this manner, it is not the intention of the leadership to be in session on Friday.

Mr. President, I believe that concludes my outline of the legislative situation as I see it at this time.

DAVID LINER

Mr. BAKER. Mr. President, good people may be hard to find, but they seem to be even harder to keep. David Liner, who, for the last 5 years, has made his home in the merry Republican Senate Cloakroom, has left the relaxing and secure confines of the Senate to fight his way downtown on behalf of the administration.

David will be missed. He became a source of vital information, not only to Republican Senators who came to trust his knowledge of Senate proceedings, but also to the hundreds of callers each day who rely on the cloakroom for immediate updates.

Today, however, I find some comfort in the knowledge that David first came to the Capitol as an employee of mine. That position has obviously proved to be the foundation for what is, and what will no doubt continue to be, an impressive career.

Mr. President, I am sure that every Member of the Senate joins me in wishing him well in his new career.

Mr. President, I have no further need for my time under the standing order. I am prepared to yield it back or yield it to the minority leader or to any Senator who has a need for time at this point.

Mr. President, I am pleased to yield the remainder of my time under the standing order to the distinguished minority leader.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader.

BUDGET CUTS—THE NEXT ROUND

Mr. ROBERT C. BYRD. Mr. President, last Thursday evening President Reagan addressed the American people for the fourth time regarding the state of the Nation's economy. He outlined yet another round of budget cuts, the rising deficit for the coming fiscal year, and the prospect of a trillion dollar national debt. His prescription for further belt-tightening included an additional 12-percent cut in discretionary spending, a reduction in force of 75,000 Federal employees, the dismantling of the Departments of Energy and Education, and a wholesale revision of entitlements programs—the so-called social safety net—all of this in the name of eliminating waste and fraud and getting the economy moving again.

Frankly, I was surprised at several of the President's remarks. He said his program is not working yet, "because it does not even begin until October 1," and went on to claim that the current doubters and naysayers are the same ones who criticized his program in the first place. But the President's economic recovery program is already largely in place and, if anyone doubts that it is having an effect, one need only look at the tumbling stock market and soaring interest rates on the bond market that followed passage of the administration program. The markets have given a loud vote of "no confidence" to the program.

The administration's program consists of four parts: First, tax cuts; second, budget cuts; third regulatory relief for business, and fourth, a tight money policy. The tax cuts were made retroactive for business to January 1. This administration has been issuing regulations for 8 months and Vice President BUSH heads a task force on regulation. The Federal Reserve Board has been following one of the most restrictive money growth policies in history during 1981. And finally, many budget cuts have already been made in 1981 spending. So, when Wall Street analysts express doubts, they have a legitimate basis on which to judge the Reagan program.

In his speech, President Reagan asked Congress to enact $13 billion in additional cuts for domestic programs. It is easy to talk about trimming and belt-tightening in the abstract—it is much harder when the reality of those cuts is demonstrated in human terms. The reconciliation bill, signed into law in August, cut deeply into programs that help people—school lunches, social security, medicare, and low-income energy assistance, to name a few. And that same bill also cut deeply into valuable programs that insure a viable economic infrastructure—ports, roads, mass transit, energy research and development. I question the wisdom of mortgaging our future by engaging in round after round of cuts in basic public works and education programs.

Administration economists should be fully aware that there is a cost to budget cuts, and that the money we save today by slashing spending for student loans, child nutrition and health care, and public transportation will prove very costly a few years down the road.

Democrats do not oppose reasonable budget cuts which are truly aimed at the fat in Government programs. But across-the-board slashes in funding assume that all programs have the same amount of waste. Thursday, at a luncheon for Democratic Senators we demonstrated clearly, by eating the administration's proposed school lunch, that some programs already have been trimmed to the bone.

This new round of cuts, and the future rounds that the President assured us are soon to come, are necessary because of another across-the-board cut: The Kemp-Roth tax bill. This plan, which the administration fought hard to convince the American people they needed, cost far in excess of what we can afford.

Unless the supply side miracle predicted during the Presidential campaign occurs, the Federal deficit could balloon to more than $100 billion in the near future. There is not enough discretionary spending left in the budget to cut so as to close this gap. The reconciliation bill signed into law by the President has already produced a 15-percent cut in real spending for discretionary programs. We have no choice but to look at the revenue side of the ledger.

We have now had some time for the financial markets to react to the new Reagan proposals. On Friday, the stock market dropped 11 points. Yesterday, the market rebounded. The steep slide in the market since June reflects a lack of confidence in the supply-side theory. It will be difficult to resurrect this confidence if the President continues to make comments such as the one repeated over the weekend. When asked if he was concerned by the sharp drop in stock prices on the day after his latest economic message, President Reagan replied: "No, because I don't own any." That is not great comfort to the millions of Americans who own stock and whose pension funds are invested in stock.

Editorial comment over the weekend has echoed the main message that Wall Street and most economic analysts are now espousing: The hastily devised Kemp-Roth tax bill commits the Nation to too large a tax cut. The Washington Post editorialized on Sunday, September 27, that:

> It is time . . . to give the same kind of attention to the revenue side of the budget that he (the President) is giving to spending.

In the same vein, the New York Times commented:

> The President's fiscal problem did not end Thursday night. Nor will it end, we suspect, until he stops his cruel tinkering with spending and acknowledges at last that his tax cut is too big.

I ask unanimous consent that the Washington Post editorial, dated September 27, 1981 and the New York Times editorial of the same date be inserted in the RECORD at the conclusion of my remarks.

We must carefully and deliberately think through the adjustments which can be made to the revenue side of the budget without adversely affecting needed business investment. I hope that President Reagan and the administration will seriously consider responsible adjustments to the tax cut program.

The President also addressed the issue of social security. He said:

> There has been a great deal of misinformation and for that matter pure demagoguery on the subject of Social Security.

This is true, and it has flamed the fears of many Americans. For example, just after the President proposed his social security plan, Budget Director David Stockman defended the President's proposed benefit cuts. He said:

> The question before the Congress is whether the 36 million Americans who currently depend on the Social Security system can count on any check at all in less than two years hence. . . . The most devastating bankruptcy in history will occur on or about November 3, 1982.

Mr. Stockman's exaggeration sent shock waves throughout the elderly community.

In his televised address the President said: "Well we're not going to cut benefits. . . ." Since it was his administration which proposed $88 billion in benefit cuts, the $88 billion question becomes: How can the President continue to say one thing on social security, and act to do another?

When the President said that he did not get all the budget cuts which he asked of the Congress, he was really talking about social security. The President has already obtained congressional approval for $22.4 billion in social security program cuts over the next 3 years, including the repeal of the minimum social security benefit. His own budget now calls for an additional $19.6 billion in social security cuts over the same period.

I was most surprised by the President's endorsement of restoration of the minimum benefit. Senate Democrats had previously attempted to restore these funds no less than five times, but we were beaten on a party-line vote every time. The President's own reconciliation bill, which he fought for in an earlier nationally televised address contained the repeal of the minimum benefit. How can he now say it was "never our intention to take this support away from those who truly need it"?

I am glad that the President has finally recognized that only about 15 percent of the present minimum benefit recipients receive other outside pension income. I am relieved that the many millions of beneficiaries, who are the truly needy, may now have a hope that benefits will be restored. But, the fact remains that the President and his administration made this a partisan issue—not the Democrats.

I welcome a spirit of cooperation between both parties on the issue of social security. Broken promises, embodied in deep, permanent, and severe cuts in retirement benefits would destroy the integrity of the social security system and the confidence of the American people.

Mr. President, by his own admission, the President would need to propose $67 billion in additional cuts in fiscal year 1984 in order to achieve a balance budget. CBO estimates that the figure is closer to $100 billion, and I believe that figure is shy of the mark.

We all want a balanced budget. Wishing cannot make it so. Endless slashing of decent, desirable Federal programs will not make it so.

The true verdict on the President's program will not be made by the Congress. It will be registered by harsh, cold, economic facts. If the program brings robust economic growth without inflation, it will be a success.

If interest rates and unemployment fall, the program will have succeeded.

We will watch the economic indicators with interest. The verdict is uncertain but the preliminary results are coming in. Some difficult decisions lie ahead.

Mr. President, I ask unanimous consent to have printed in the RECORD the editorial that appeared in the September 27 Washington Post, and the editorial that appeared in the September 27 New York Times.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 27, 1981]

A FEW BILLION MORE?

The White House mail, President Reagan argues, is proof that the voters support him on the next round of budget cuts. His appeal to the country on Thursday evening, in his view, will once again turn the issue in Congress. He dismisses the jaundiced response of the financial markets. But most people will look for more reliable indicators of support than either organized mail campaigns or the prices of stocks and bonds. How about the warning signals that the president is getting from experienced politicans in his own party?

Gov. Richard Snelling of Vermont, a conservative Republican and chairman of the National Governors' Association, was in town last week to pay a call on Mr. Reagan. His message was that, yes, he still firmly supports the president's goals, but the cuts are coming too fast, with too little preparation. The country, in his view, needs to be careful in working out adjustments—particularly in programs like welfare and medical care for the poor—that will be, at best, wrenching.

Some of the conservatives—those, at least, who run for public office—are getting anxious about the pattern of tax cuts for people with high incomes and spending cuts at the expense of people with very low incomes. Congress also knows that the president is mistaken in thinking that $16 billion in new cuts will hold the 1982 deficit to his target. The more likely figure is twice that, or a little more.

The past month's confusion and quarrelling within the administration over these latest spending proposals has also had an effect in Congress. They have demonstrated to even the least perceptive and most obedient of congressmen that the administration no longer has a coherent and carefully organized plan for budget reductions. It is improvising and patching as it goes along. In a series of decisions that begin to have the look of desperation to them, it is now going after the famous social safety net that, earlier in the year, was supposed to be inviolable.

The budget question is now coming to a crisis—but it is an artificial crisis, owing its severity to a tax cut this summer that was too large. Mr. Reagan is quite right in saying that the budget deficit has to be reduced. Interest rates will never come down as long as deficits are going up. But there are two ways to balance a budget. One is to keep cutting spending. But how about another look at taxes?

The process through which the country has been going is a healthy one. A year ago, a large majority of Americans believed that public spending had got altogether out of hand. They believed, with some justice, that a lot of money was being wasted, and that a lot of loud little lobbies were living all too well at public expense. A campaign of rigorous and unsentimental budget-tightening was indicated. But it has been clear from the beginning that there would come a moment when most Americans said, "Enough."

After going through all of those suspect spending programs, one by one, discarding some and shrinking others, there would come a point at which people began to feel that they were down to the minimum that represents the traditional American idea of social responsibility. The country now seems to be approaching that point, a little earlier than Mr. Reagan and his tax-cut bill anticipated.

It is not the American tradition to let children go hungry in order to create tax subsidies for real estate speculation. It is not the American tradition to cut off medical aid to sick people because the administration is running short of money, and can't bring itself to clamp down on tax evasion. Since Mr. Reagan is concerned about the deficit, it is time for him to give the same kind of attention to the revenue side of the budget that he is giving to spending.

[From the New York Times, Sept. 27, 1981]

TINKERING

The problem President Reagan went rushing onto television Thursday to patch up is not Wall Street's gloom or Democratic gloating. The problem is his program, in particular its centerpiece, the three-year cut in income tax rates.

Since Congress passed that misguided proposal in a wave of undeserved bipartisanship, people have asked the simple question: If the President really wanted to balance the budget and bring inflation under control, then why on earth did he commit the nation to so large a tax cut for so long?

Surely Mr. Reagan, a man of common sense, has asked himself the same question. But he also asked two groups of advisers to whom the tax plan made a great deal of sense: the supply-side economists, who dreamed it up, and the ideologues of the right who are happy for any excuse to cut spending. For them, it was a no-lose situation. If the tax cut brought only wider deficits and not the miraculous economic recovery that the supply-siders predicted, the ideologues would still be happy. They could then cut spending even more.

Despite warnings from almost everyone in the economics profession, the President took the supply-siders' advice. How their economic miracle was supposed to work defied ready explanation. But the key to it, he was assured, was psychology—a change in expectations that would ignite a burst of economic activity.

They were half right. There was a change in expectations once the tax bill passed, but not the one the White House expected. The stock market sank because investors feared larger deficits, worse inflation and higher interest rates. The long-term bond market went into a serious slide. So the President rushed to the bully pulpit to see if cutting a few billion more could finally ignite those expectations. He might have known better.

The ideologues, of course, are still riding high. The tax cut's failure only adds to their success. The deficit is looking worse. Yet Mr. Reagan refuses to postpone or stretch out the tax cut. Nor will he take a real whack at defense outlays. He plans to cut spending by another $13 billion for 1982—and another $70 or $80 billion in the next two years to achieve the promised balanced budget by 1984.

About $3 billion of the new cuts will come from programs for the poor that have already been slashed to the bone. It could have been worse. Mr. Reagan now plans to raise $3 billion in new taxes from people who can afford them. But the overwhelming effect of his program is still to benefit the rich and to burden the poor.

Nor has the President yet said how he will achieve the huge cuts projected for 1983 and 1984. How much of that $70 to $80 billion will—can—come out of programs that successfully feed and shelter the poor? When will ideology stop and compassion begin?

Even some Republicans in Congress are becoming uneasy about the Reagan program and its insatiable cutting of social spending. What is already obvious to many governors and mayors is dawning on Congress and the public. The President may speak boldly of volunteerism, community pride and neighborliness in the place of Federal programs. What that really means is new burdens, and new taxes, at the state and local level.

The President's fiscal problem did not end Thursday night. Nor will it end, we suspect, until he stops his cruel tinkering with spending and acknowledges at last that his tax cut is too big.

TRIBUTE TO JOE STEWART

Mr. ROBERT C. BYRD. Mr. President, I wish to call attention to last evening when my wife and I hosted a little party recognizing Joe Stewart for his services in the Senate over a period of 30 years. I ask unanimous consent to insert today in the Record a statement which I made at that time.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Mr. Robert C. Byrd. Senators set national policy, and help decide our country's destiny. Behind every successful Senator, however, are men and women of enviable brilliance and skill who put those policies and decisions into motion. Newsmen and historians usually pay those men and women scant notice. But those same men and women are among the most important and capable people in America.

Joe Stewart is premier among those important and capable people. For almost three decades, Capitol Hill has been Joe's studio, his workshop, and even his Sistine Chapel. In this historic place, Joe Stewart found a setting worthy of his multiple talents; the challenge and the man made a nearly perfect match here.

In his many roles in the Senate's machinery, Joe Stewart has rendered incalculable service. Millions of Americans—and thousands of West Virginians—have never heard Joe Stewart's name. But those millions and thousands stand in unrecorded debt to this type of ultimate Senate staff member who has helped translate abstract laws and resolutions into highways, schools, medical and safety programs, and economic prosperity.

During my political career, many outstanding and talented people have assisted me in my work. But few of those people can equal and none can surpass Joe Stewart in his special areas of expertise. His loyalty, self-discipline, and tenacity have never failed me, and his grasp of reality and human nature have been invaluable.

The passing of excellence is much mourned in our time; in many endeavors, mediocrity and shoddiness too often have driven quality from the field. Joe Stewart is an outstanding proof that excellence is not passé, however. Whatever he undertakes, he undertakes to the utmost, and whatever he accomplishes, is accomplished to last.

Joe's departure from Senate service will leave a noticeable void in our midst. That void will be personal as well as professional. I know that I speak for all of his friends here when I assure Joe of our continued friendship, admiration, and gratitude toward him. In his many associations with us, he has shared his best, and none of us shall ever forget the countless services and courtesies that he has rendered. We all wish him the greatest success and satisfaction in the years ahead, and we hope that he will remember us as fondly as we shall certainly remember him.

Mr. ROBERT C. BYRD. Mr. President, I also call attention to a letter that I received last evening addressed to Joe Stewart from the President of the United States. I will read that letter into the Record:

The White House,
Washington, September 28, 1981.

Hon. Walter J. Stewart,
Secretary for the Minority, U.S. Senate,
Washington, D.C.

Dear Joe: I am very proud to extend my best wishes as your colleagues gather to honor your retirement after thirty years with the United States Senate.

You have earned the respect and friendship of those associated with the Senate for your thoroughly professional and skillful work as Secretary for the Democratic Leadership.

Although I know we all are losing a talented and dedicated partner in this work to build our great nation, I wish you every success in your new undertaking.

Sincerely,

Ronald Reagan.

Mr. President, I think that was a very gracious gesture on the part of the President of the United States, and I personally appreciate it, and I am sure that Joe Stewart and Joe's many friends, including my colleagues in the Senate, appreciate this beautiful letter written to Joe by President Reagan.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. ROBERT C. BYRD. Yes.

Mr. BAKER. Mr. President, I thank the Senator from West Virginia.

I wish to express my respect for Joe Stewart and expressing my regret at his departure.

I wish to especially commend the minority leader for the very successful and very impressive reception that he hosted on behalf of Joe Stewart yesterday. Even though Joe has been the secretary to the majority and an official on the other side of the aisle virtually as long as I have been in the Senate, Mr. President, we on this side of the aisle have come to know him well and respect him and trust him.

He is a man who is the personification of professionalism in the Senate.

I am joined, I am sure, by every Member on this side in expressing our regret at his departure, and we wish him well in his new endeavors.

Mr. BRADLEY. Mr. President, it is with mixed feelings that I offer a few comments about Joe Stewart upon the occasion of his departure from the Senate. In many ways I wish he were not leaving.

Many of my colleagues have known and worked with Joe far longer than I. In fact, Joe has really grown up in the Senate. He went to school at the Capitol Page School. He has worked as a page, as a staff member in the secretary's office, on the Appropriations Committee staff, and finally as secretary to the majority, and, since January of this year, as secretary to the minority. Joe has been with the Senate 30 years; I have been here 3.

In the past 3 years, however, I have benefited from Joe Stewart's experience, patience, efficiency, and decency. I deeply appreciate his assistance and wish him well as he departs the Senate for a new career in the private sector.

Mr. JOHNSTON. Mr. President, when Joe Stewart first came to Washington, Harry Truman was in the White House. That was 30 years ago. During those 30 years, Joe has worked for and with the Democrats in the Senate, earning our respect and affection, as well as those of the Senators on the other side of the aisle. My distinguished colleague the minority leader in his tribute to Joe spelled out the positions he has filled with dedication and competence: Senate page and president of his class at the Senate Page School, supervisor of the Democratic Cloakroom staff; assistant to the secretary of the majority, a position which involved being on the floor while the Senate was in session to inform Senators of pending legislation. Since these were obviously full-time positions, Joe's determination and capacity for hardwork become obvious when you discover that he was simultaneously attending undergraduate and law school classes at night, receiving his LL.B. from the American University in 1963.

After his admission to the D.C. Bar, Joe joined the professional staff of the Senate Appropriations Committee. In 1971, he became legislative assistant to Senator ROBERT C. BYRD, then the majority whip, whose law school classmate he had been, and with whom he would work closely for the next 10 years. During the 96th Congress, he was elected secretary to the Senate majority, and served as secretary of the Democratic Steering Committee and the Democratic Caucus. In January, he was elected secretary to the minority. Throughout this long period of service with the Senate, he demonstrated those greatest of gifts, loyalty and good humor. I am particularly grateful to him for his good offices during the passage of the Energy Security Act for which I acted as floor manager, and, although I regret the necessity of losing his services, I join with my fellow Senators in wishing him every success and happiness in his new career in private industry.

Mr. EXON. Mr. President, it is a distinct pleasure to join my colleagues in paying tribute to Joe Stewart. His service to the Senate is a record of distinction, deserving of special tribute.

Although I am relatively new to the Senate and have known Joe for only a few years, it did not take me long to recognize him as a man of quality. For his capable assistance on the Senate floor and advice during my first years in the Senate, I will be always grateful.

He has my personal wish for a successful and productive future.

Mr. FORD. Mr. President, I join my distinguished colleagues, the Senator from West Virginia, the minority leader, and the Senator from Alaska, the majority whip, in their remarks when the Senate agreed to Senate Resolution 214 commending Walter Joseph Stewart for his "long, faithful and exemplary service to the U.S. Senate."

Joe Stewart's 30 years of Senate service, beginning in 1951 with his appointment as a page by the late Senator Spessard Holland of Florida and ending this month with his departure to the private sector, constitute an inspiring example of a young achiever rising to meet opportunites and challenges as they came his way, quietly and effectively, in the best tradition of the American dream.

The details of his career have already been set forth for the record. I will not restate them here. But I do want to express my personal appreciation to Joe for his unfailing courtesy, genuine helpfulness, and effective service to me, to all of us on both sides of the aisle, and to the Senate itself, particularly during his years as secretary to the majority and, this year as secretary to the minority.

I am confident he will be successful in his new venture and I wish him well in all he does.

Mr. MATSUNAGA. Mr. President, the most beautiful and meaningful word in any language, I am sure, is the Hawaiian "Aloha." It means welcome with love, farewell with love, God's love be with you and you have my love. It is with that spirit of Hawaiian aloha, Mr. President, that I join my colleagues in extending my best wishes to Senate Minority Secretary Walter J. "Joe" Stewart as he leaves us to take a position in the private sector.

I commend Joe for his 30 years of dedicated service to the Senate, starting in 1951 when he came to the Hill as a Senate page. Since 1977, Joe has served as assistant to the majority leader for floor operations, as secretary to the majority, and as secretary to the minority, positions which required him to be on the floor almost constantly and to exercise a high degree of administrative and legislative skill. His duties have included serving as executive secretary of the Democratic Steering Committee, which makes Democratic committee appointments, and as executive secretary of the Democratic Conference. Needless to say, Joe enjoys the confidence and trust of all the senators on this side of the aisle and I know that he enjoys the friendship of all.

Joe Stewart will be very much missed in the Senate and I am sure that he takes with him the fondest aloha of all Senators for continued success in his future endeavors.

Mr. BIDEN. Mr. President, last night we had occasion to formally toast Joe Stewart on his recent decision to leave his Senate post as secretary for the minority.

Joe is one of those rare public servants who has spent his entire Government career working in the Senate, moving from one position of responsibility to another as his reputation for being a thorough and competent professional became apparent to all who had occasion to work with him.

As a member of the Democratic Steering Committee I had opportunity to get to know Joe in his capacity as executive secretary of the Steering Committee. I always relied upon his expert judgement and wise counsel. That confidence in Joe Stewart grew as he assumed responsibility as secretary for the majority of the Senate, and later as secretary for the Democratic minority.

Mr. President, I join my colleagues in offering best wishes for Joe Stewart and his dedicated assistant, Ms. Jeanne Drysdale-Lowe, as they assume their new positions in private industry. They leave a legacy of loyal and competent service which will not be forgotten.

Mr. GLENN. Mr. President, I want to join the minority leader, fellow Democrats, and, indeed, all Members of the Senate in extending a sincere thanks to Walter J. "Joe" Stewart, who recently left the Senate after 30 years of progressively responsible employment in order to practice his profession in the private sector.

Joe Stewart, as secretary to the Senate majority, and more recently to the minority, is one of the best examples one could hope to find of a devoted, hardworking, and knowledgeable staff member. He knows the Senate as few people could, having begun his career as a page under the sponsorship of former Senator Spessard Holland of Florida in 1951. Two years later, after graduation from the Capitol Page School, he joined the staff of the Democratic cloakroom and progressed to more responsible duties even while he completed his undergraduate and law school duties at night. Later, he served on the professional staff of the Committee on Appropriations, as legislative assistant to Senator ROBERT C. BYRD, and then as the majority leader's assistant for floor operations until he was elected, in 1979, to serve as secretary for the Senate majority.

We will all miss Joe and his counsel in times of need. With my colleagues, I wish Joe Stewart well in his new undertaking.

Mr. COCHRAN. Mr. President, I am pleased to have this opportunity to join with my colleagues to pay tribute to Joe Stewart. All of us who have known Joe Stewart during his service in the Senate will miss him, both personally and professionally.

Senate Resolution 214 describes very well Joe's faithful and dedicated service in several different staff positions in the Senate over the past 30 years. Page, cloakroom assistant, Appropriations Committee professional staff member, legislative assistant to Senator ROBERT

C. Byrd, assistant to the majority leader for floor operations, secretary for the majority and later secretary for the minority.

This remarkable list covers virtually every facet of legislative work. He is a professional in the very best sense of the word and a master of the internal workings of the Senate.

In a body where we have so many excellent staff persons working for us, Joe Stewart stands out. His steadfast and dependable service will be a standard for others to emulate.

Mr. President, I want to add my congratulations to Joe Stewart for his excellent contribution. The praise he is receiving from the Members of the Senate is well deserved. I wish him well in his new job and in all his future endeavors.

Mr. HART. Mr. President, Walter Joe Stewart served the people of this country and the Senate faithfully and well for 30 years.

I join my colleagues in tribute to Walter Joe Stewart, our most distinguished secretary of the minority, who, after 30 years of loyal service in the Senate, is leaving for a position in the private sector.

In his rise from a Senate page in 1951, to his position as the secretary of the majority in 1979, and then to his position as the secretary of the minority in 1981, Joe has continued to handle his responsibilities with utmost diligence and efficiency. No task has been too small nor any challenge too great to command his fullest attention. His abilities have clearly made him an asset to Members on both sides of the aisle.

The Congress, but more importantly, the citizens of the United States, will lose a valuable servant with Joe's retirement from office.

It is with sincere gratitude and appreciation that we wish Joe Stewart the continued success and respect he so rightly deserves.

NATIONAL TOURISM POLICY—CONFERENCE REPORT

Mr. BAKER. Mr. President, it appears there is a conference report that needs the attention of the Senate. I ask unanimous consent that we might proceed at this time to the consideration of this conference report. I am told there is some urgency on this matter. I ask the minority leader if he is prepared to proceed to the consideration of the conference report.

Mr. ROBERT C. BYRD. There is no objection on the part of the minority.

Mr. PRESSLER. Mr. President, I submit a report of the committee of conference on S. 304 and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The report will be stated.

The legislative clerk read as follows:

The committee conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 304) to establish a national tourism policy and an independent Government agency to carry out the national tourism policy, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the House proceedings of the Record.)

Mr. PRESSLER. Mr. President, the Senate is today acting on the conference report on S. 304, the National Tourism Policy Act. As the original sponsor of this legislation I hope that my colleagues will see fit to give their support to this consensus version of that bill. It is my feeling that it will foster a new, cooperative relationship between the Congress, the executive branch, and the tourism industry.

Beginning with the International Travel Act of 1961 the Federal Government has supported efforts to promote foreign travel to the United States. Through the U.S. Travel Service the Federal Government has operated programs in several foreign countries to disseminate information on attractions and travel opportunities in the United States. The purpose of the Travel Service is not to advertise or promote individual businesses, but to foster interest in the great variety of geographic and cultural attractions which specific regions of the United States have to offer. The U.S. Travel Service has generally produced a large financial return from these activities. Depending on the figures used, the Travel Service returns between $10 and $20 for each dollar spent on its promotional efforts. And this does not take into account the multiplier effect of these foreign expenditures as they work their way through the U.S. economy.

Both visitor arrivals and tourism expenditures have grown rapidly in the United States and worldwide over the past several years, and I am hopeful this trend will continue. In 1980 it is estimated that foreign travelers spent some $12 billion in the United States, up from $10 billion in 1979. This has resulted in tourism receipts becoming one of the principal contributors to our foreign trade income.

However, we must realize that during the past few years many international travelers have been drawn to the United States by the dual attraction of low international air fares and very favorable exchange rates. These two situations are now changing and will be working against us in the future. This means that if the United States is to continue to garner its share of the international tourist dollar we will have to improve our promotion and facilitation efforts.

Unfortunately, this is not the direction we have been heading. Federal assistance to the tourism industry has declined sharply since 1979, with the budget of the U.S. Travel Service falling from $13.5 to $8 million in 1981.

We now have before us a piece of legislation which will halt this decline and which will infuse new life into Federal tourism programs. It is also encouraging to note that this is being done without and sizable increase in Federal expenditures. We are at the beginning of an era of cooperation between industry and government which will result in enhanced Federal productivity with financial aid from private industry. This type of cooperation is already being seen at the U.S. Travel Service, and I hope it continues.

People often ask why a Senator from South Dakota would be interested in tourism. The answer is very simple; it is our second largest industry and provides thousands of jobs. In South Dakota, tourism is a growing and vital industry which earned $280 million last year and includes some 3,000 small businesses. The 1981 tourist season in South Dakota was extremely successful with an 11-percent increase this summer over last year. Five percent of all tourists coming to South Dakota are foreign visitors. I would like to see this figure increase, not just in my State, but across the country. And, I believe that this legislation will promote our country as an attractive tourism destination and will encourage more visitors from overseas.

At this point I ask unanimous consent to have printed the letter which I recently sent to President Reagan asking that he sign this compromise version of the National Tourism Policy Act. I hope that he will realize, as I do, that this bill is a positive step forward.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Committee on Commerce,
Science and Transportation,
Washington, D.C., September 18 1981.

The President,
The White House,
Washington, D.C.

Dear Mr. President: Yesterday, House and Senate conferees agreed to compromise language on S. 304, the National Tourism Policy Act. Congressional approval is expected in the near future.

As Chairman of the Senate Business, Trade and Tourism Subcommittee and as the original sponsor of this legislation, I would respectfully request Presidential approval of this bill.

This legislation assists an industry which is boosting the American economy and, in the process, contributing to the Administration's economic recovery program. For instance, the Administration is encouraging job creation, particularly for unskilled labor. In 1980, the travel and tourism industry created one third of all new jobs in this country and many of the industry's jobs traditionally go to young people and minorities. Secondly, the Administration wants to insure that government funding is used efficiently and effectively. Investment dollars in the travel and tourism industry return a rate of 18 to 1. Also, the Administration is seeking to improve the U.S. balance of trade. The travel and tourism industry is one of the 6 top foreign trade income producers with $12 billion spent in 1980 by foreign visitors to this country. Finally, the Administration is looking for ways to increase tax revenues in the wake of recent tax cuts passed by Congress. In 1980, the travel and tourism industry generated $14.2 billion in federal, state and local tax revenues. These are solid economic arguments in favor of the National Tourism Policy Act.

The travel and tourism industry is the third largest retail industry in the United States. This growing industry ranks among the top three employers in 46 states, including my own state of South Dakota. With the provisions of the National Tourism Policy Act, this industry, 99 percent of which are small businesses, can continue its remarkable success story.

This legislation has strong bi-partisan support in Congress. It also has the overwhelming approval of an industry, composed of airlines, hotels and motels, restaurants, travel agencies and hundreds of family-owned tourist attractions and services, which has strongly aligned itself behind the Administration. I hope that you will sign into law a bill which is so necessary and important to this vital segment of our nation's economy.

Sincerely,

LARRY PRESSLER,
Chairman, Business, Trade and Tourism Subcommittee.

Mr. PRESSLER. Mr. President, the Black Hills of South Dakota are a great tourist attraction. In fact, we had over 2 million visitors to the Black Hills and Mount Rushmore this past year.

In addition, there are hunting and fishing opportunities, skiing and other sports for tourists in South Dakota, which are coming in record numbers.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, once again I yield to the Senator from Utah.

RECOGNITION OF SENATOR HATCH

The PRESIDING OFFICER (Mr. D'AMATO). The Senator from Utah is recognized under the previous orders.

S. 1678—AMENDING THE EMPLOYEE RETIREMENT INCOME SECURITY ACT

Mr. HATCH. Mr. President, I rise to introduce a bill that can assist a deeply troubled industry—the housing industry. In fact, passage of this legislation while helping the housing industry will cost the Federal Government absolutely nothing. This bill amends the Employee Retirement Income Security Act (ERISA) to provide that an investment by a private pension plan in a residential mortgage is neither a prohibited transaction nor a violation of the prudent man rule.

The housing industry is suffering its worst economic downturn in 40 years. New housing production for August was at a seasonally adjusted annual rate of 937,000—the lowest monthly rate since February 1975. Our projections for 1981 may end up at only 1.07 million units—the lowest year since 1946. Failure rates among construction firms is up 41 percent—and among subcontractors up 12 percent. It is estimated that the housing downturn has cost the American economy more than 2.8 million man-years of employment, $49.2 billion in wages and $15.7 billion in total tax revenues. The total economic impact has been $223 billion.

These swings have devastating effects on the tens of thousands of firms, most of them small businesses, engaged in the construction of homes and apartments as well as on the thousands of suppliers and other businesses directly dependent on housing construction. Even more serious is its effect on the millions of workers employed in housing construction and dependent industries. Unemployment in the construction industry is 16.7 percent, double the overall unemployment rate. This rate will likely increase to 21 percent by the end of the year and likely go higher in early 1982.

The most serious consequence, however, is upon those American families who find it impossible to obtain adequate housing at a price they can afford. This has become a very serious problem in the past few years with many middle-income families and first-time buyers priced out of the housing market.

The main cause of these problems was the extreme shortage of mortgage money that started to develop in 1973 and continued into 1975 and into 1980 as a result of disintermediation suffered by the thrift institutions which have been the principal supporters of the residential mortgage market. Accompanying this shortage of funds were some of the highest interest rates in our Nation's history. The devastating effects of these past years will continue to be felt for some time to come.

While the problem is not susceptible to easy solution, and it is unlikely that any one action will absolutely prevent its recurrence, there is no question that providing an expanded supply of mortgage funds will help moderate the future effects of any disintermediation experienced by the thrift institutions. Pension funds, both private and public, have in the past 20 years become a major economic force in our Nation. During that time their assets have grown from $38 billion to over $600 billion. These fund assets represent the single largest pool of long-term investment capital in the country and are expected to reach a level of $1.3 trillion by 1985.

We as a nation have established a decent home as one of the prime goals of our society. One of the major barriers to achieving this goal, for even the middle class in the past few years, has been the cost of housing, especially the cost of monthly mortgage payments for the home buyer, or the renter whose rent must reflect his landlord's mortgage payments. Supplying a greater volume of funds for residential mortgages should help considerably to moderate the price of those funds and the fluctuation in their supply.

However, Congress, in an effort to protect pension plan participants from improper dealings has also protected plan participants from investments that are safe, sound and in their best interests.

The enactment of the Employee Retirement Income Security Act of 1974 (ERISA) added two sets of investment constraints that may affect a pension fund's ability to invest in residential or other mortgages. The first set of constraints involves general investment responsibility rules such as the prudent man rule. These rules generally require that the investment be prudent, that sufficient liquidity be maintained to pay benefits when due and that the investments be sufficiently diversified to protect against major losses. These investment requirements apply to all investments whether they be stocks, bonds, or mortgages and since they are general in nature, usually do not present a specific restriction on investment in mortgages by pension funds.

This second set of constraints deals with the so-called prohibited transaction rules of ERISA. Congress concept in enacting the prohibited transaction rules of ERISA was that dealings between pension funds and related parties are subject to abuse. Since it is difficult to police these transactions, Congress generally prohibits all such dealing even if the transaction is fair and arm's length. In fact, these transactions are prohibited even if the transaction is advantageous to the pension fund. In short, in order to prevent possible abuses, Congress prohibited all dealings between pension funds and related parties, who under ERISA are called parties-in-interest.

Because these provisions were overly restrictive, a special administrative procedure for obtaining relief from the prohibited transaction restrictions was included to permit nonabuse transactions to continue. Unfortunately, the administrative procedure established for relief has proved unworkable in operation. Administrative exemptions are extremely difficult to obtain, are only obtained after months and sometimes years of bureaucratic delay and are very expensive.

Consequently, plans contemplating investments do not have an inexpensive procedure for obtaining relief in a relatively short period of time. Because of this, plans generally abandon any type of investment that has any possibility of even an indirect prohibited transaction, even though the transaction may be an excellent investment and may be entirely in the best interest of the plan participants.

An additional problem with the prohibited transaction rules relates specifically to investments in the home mortgage market.

If a pension fund wishes to invest in mortgages, then to avoid violating ERISA, the plan must be certain that it does not deal with any parties-in-interest in placing the loan. This can be extremely difficult as a practical matter since the possibility of placing the loan either through or with a party-in-interest may be great unless the plan exercises care in placing the loan. Based on the current interpretations, it appears probable that a prohibited transaction might occur even if the plan was unaware that it was placing a loan with a party-in-interest.

Further, if the plan uses a savings and loan association or other intermediary to place the loans, that financial institution may be deemed a service provider and consequently, the financial institution itself could become a party-in-interest. Consequently, any fees paid to that service provider might constitute a prohibited transaction.

Further, if the placement of investment and mortgage loans provides a benefit to the employer by improving sales in his area, it is conceivable that the Labor Department might even take the position that this is an indirect prohibited transaction—even though it does not directly involve a party-in-interest—if the benefit to the employer is sufficiently large.

Both the problem of the housing industry and the interest of the pension funds could be served by eliminating artificial barriers introduced in 1974 with ERISA that unreasonably restrict the ability of pension trustees to invest in home mortgages.

The bill to amend ERISA would eliminate the prohibited transaction restrictions and quantify the application of the prudent man rule for certain investments by pension funds in home mortgages. In essence, these statutory amendments would provide that a prohibited transaction does not occur where certain arm's-length criteria are satisfied in placing a mortgage on residential real property. Further, the amendments would quantify the meaning of the prudent man rule as to these types of investments so the trustees would not be faced with the uncertainty whether these types of investments violate prudent investment standards.

Specifically, these amendments provide that an investment by a pension plan in a residential mortgage is neither a prohibited transaction nor a violation of the prudent man rule if three requirements are satisfied.

First, the investment must be authorized by the plan document. This will insure that the employer, the union, and the plan participant are aware that this is an intended and permissible purpose in the investment structure of the plan.

Second, the security provided by the home mortgage must be adequate. It is intended that normal commercial standards as to security be followed. Consequently, all residential mortgages would be very safe investments with the underlying real property as ample security.

Third, the interest rate on the loan must satisfy one of three alternative standards designed to insure that the plan trustees can determine whether the interest rate is or is not adequate. The first standard would be the 10-year historical average yield to the plan of its investments. If a plan can maintain investment yields from a specific investment that are at least equal to the historical yields maintained by the plan, then the investment should be considered prudent and the interest rate arm's length. The second alternative is to use any 3-consecutive-year period within the preceding 10 years. This will permit a plan to pick an average period that will diminish the importance of fluctuations in the market that do not reflect historical yields. The third alternative is to use the more subjective standards of comparison with current investment yields.

Satisfying these criteria will enable the plan to obtain a safe, high return on its investment that will insure that benefits due to plan participants will be paid, while at the same time assisting the residential housing market.

In conclusion, the prohibited transaction rules of ERISA block most pension investments in home mortgages because of concerns over possible indirect prohibited transactions. The administrative care to insure that none of the parties involved in mortgage placement is a party in interest, through the servicing of the mortgage, the purchase of the home or in any other respect, is too much of an administrative burden for most pension plans and consequently they avoid any investment in home mortgages.

At the same time mortgage investment is an excellent source of stable, secure, long-term, high-yield investment for pension plans. Participants consequently are deprived of an excellent investment opportunity.

It is now time for Congress to support one of this Nation's important industries—an industry that is suffering more than most, especially since it costs the Federal Government absolutely nothing and, in fact, may help a whole variety of other industries which are also suffering a great deal as the result of the decline in homebuilding and residential building in this country.

I urge all my colleagues to support this legislation that will eliminate artificial barriers introduced in 1974 with ERISA that unreasonably restrict the ability of pension trustees to invest in residential mortgages and put the congressional stamp of approval on prudent residential mortgage investments.

Mr. President, I thank my colleagues, Mr. LUGAR, Mr. PERCY, and Mr. DURENBERGER, for their support and cosponsorship of this bill. We have come up with this idea over a relatively short period of time, and we understand that many other colleagues are interested as well because they realize the importance of this type of legislation and the importance of resolving our homebuilding and residential housing problems in this country.

Mr. President, I ask unanimous consent that the bill be printed following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1678

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 404(a) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following:

"(3) The requirements of subparagraphs (A), (B), and (C) of paragraph (1) shall be deemed satisfied by investments in residential housing mortgages that provide adequate security and a reasonable rate of interest. As used in this paragraph, a rate of interest shall be deemed reasonable if it at least equals the average net yield of all investments by the plan for the preceding 10 year period (or any shorter period of at least three consecutive years within such ten year period) of if such rate of return is consistent with other rates of return on similar investments.".

(b) Section 408(b) of such Act is amended by adding at the end thereof the following:

"(10) The placing, investment or purchase of a mortgage secured by residential housing property if such investment or sale (A) is adequately secured, (B) is made in accordance with specific provisions regarding such loans set forth in the plan, and (C) bears a reasonable rate of interest. The rate of interest shall be deemed reasonable if the rate of interest equals or exceeds the average net yield to the plan for the preceding 10 years (or any consecutive three years within such 10 year period) or is reasonable in light of the investment circumstances at the time.".

ORDER NOT TO DIMINISH TIME ALLOTTED TO SENATOR BENTSEN

Mr. BAKER. Mr. President, I ask unanimous consent that time allocated to the distinguished Senator from Texas (Mr. BENTSEN) not be diminished by the time we have utilized in connection with the conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER EXTENDING THE PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended 1 minute past the time after the expiration of the time to the Senator from Texas on a special order and that the Senate resume consideration of the debt limit resolution, House Joint Resolution 265, at the expiration of the time for morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR BENTSEN

The PRESIDING OFFICER. Under the previous order, the Senator from Texas is recognized.

A SKILLED LABOR CRISIS?

Mr. BENTSEN. Mr. President, this body has devoted a great deal of time and effort over the past 2 years seeking to remedy our debilitating productivity decline. That effort culminated in the savings and investment provisions included in the recently enacted 1981 tax cut bill. But its roots extend back to the late 1970's when, as chairman of the Joint Economic Committee, I helped initiate a thorough review of our Nation's economic status. That review focused on the fundamental factors then, and still, at work in the United States which were responsible for the stagflation we experienced during much of the last decade. These factors included lagging rates of investment, R. & D., savings and productivity, and the impact of Federal redtape on jobs and inflation.

SUPPLY-SIDE ECONOMICS

As a direct consequence of that JEC review, an entire new body of economic thought emerged which recognizes that supply-side factors which influence our economy are at least as important, and perhaps more important, than the more traditional and familiar demand-side factors. Supply-side economics is now recognized as a valuable, indeed critical contribution of understanding the workings of our economy and to attaining robust economic growth, low interest rates, and controlling inflation.

As I conducted the JEC review, however, I became increasingly aware of another fundamental factor contributing to our stagflation and poor productivity performance: The growing mismatch of existing labor skills and the skills needed for the 1980's and 1990's.

THE NEGLECTED ROLE OF LABOR

The debate over supply-side economics has focused almost exclusively on the availability, price, and most efficient uses of capital. Yet, an equally important issue is the efficiency with which we use our increasingly valuable labor resources. It is not sufficient, Mr. President, to address our productivity problem only by providing more and better equipment to increase output per unit of input, or per hour worked. The capital applied to production, after all, is but one part of the puzzle. At least as important to national productivity is the working man or woman who utilizes that capital in the form of machinery or equipment to produce goods and services.

We have recognized for a long time that education, the workplace environment, specialized experience, and training programs can make an enormous impact on worker productivity. For example, the stagflation and stagnating family incomes of the past decade resulted in many more women entering our labor force than had historically been experienced.

A skilled labor force and capital investments are the twin pillars of productivity growth—which, in turn, is the key to a growing real per capita pool of goods and services and a rising standard of living. Either factor alone can result in productivity growth, but more growth will be attained when these two pillars are strengthened together.

We have taken a long first step in shoring up productivity with the investment and savings provisions in the 1981 tax bill. It is time now for the Congress and our Nation to focus on the other pillar, the state of our skilled labor force.

In the weeks and months ahead, I will conduct an extensive in-depth review of the state of our Nation's skilled labor force. This investigation will take me off the conventional beaten track of traditional economics. It will pose questions that have long been neglected, questions that are vital, I believe, to restoring long-term economic growth and price stability to our Nation.

A LABOR SHORTAGE?

For example, we need to explore whether we face a labor shortfall by 1990. Because of past declines in our Nation's birth rate, our labor force will grow at a decreasing rate throughout the 1980's.

In fact, if there is no substantial change in labor force participation rates, our labor force growth rate would decline to only one-half the rate attained in the 1970's, according to one Department of Labor projection. The number of workers aged 16 to 24 will fall by 1.5 million in this decade.

ARE EXISTING TRAINING CAPABILITIES ADEQUATE FOR THE 1980'S?

A second question involves the ability of our Nation to efficiently provide the training which is needed for skilled jobs in the 1980's. We have long assumed that skilled labor training kept pace with the growth in skilled job openings. That may have been true in the past, when the pace of technological change was more leisurely. It is certainly not true today in many occupations. Our society entered the 1980's on the wave of a revolution in the application of electronic devices to society—a revolution that has been maturing for decades and which has now attained fruition.

The level of sophistication and variety of electronic aids to business has reached staggering proportions—electronic mail sorters, production line robots, bank tellers and word processors to mention a few. These devices are rapidly changing the way our society produces and exchanges goods and services, a change unprecedented in the number of jobs it is creating as well as eliminating, and in the new demands being placed on existing occupations.

Newspaper reporters and bank loan officers now need to master many of the same skills traditionally required of secretaries, for example. And secretaries are coming more and more to resemble what we used to envision as computer programers.

The tip of this revolution is required job skills is the computer industry itself. The Department of Labor estimates, for example, that some 80,000 new jobs will be created annually through 1990 for systems analysts, programers, computer technicians and operators, and keypunch operators. And, if you include the impact of retirement, a total of some 105,000 new workers in these occupations will be needed each year. At present labor force participation rates, the U.S. labor force will grow by about 15 million persons in the 1980's. Fully 1 million will be required to fill openings just in the computer industry itself—a staggering demand from just one industry.

How are these jobs going to be efficiently filled if they can even be filled at all? Our schools and colleges are already groaning under the demand to train skilled computer personnel. Many are simply unable to find qualified teachers. And they are producing only a fraction of the skilled workers needed right now. One study, for example, found that the number of college level computer science graduates is adequate to fill only 1 out of 6 jobs at the bachelor degree level, and only 1 out of 11 at the master degree level.

This shortage will only grow more acute as we move further into the 1980's and it persists in computer occupations requiring no college training. The questionable ability of our society to satisfy the demand for skilled labor applies, as well, to other, nonelectric industries, such as engineering, tool and die fabrications, bookkeeping and accounting, nursing, transportation, and communications.

ARE PEOPLE LIVING WHERE THE JOBS WILL BE?

A third question involves the geographic distribution of jobs. The trend toward job growth in the Sunbelt shows no signs of abatement. Indeed, it may be accelerating. Yet, the large labor pools needed to fill these jobs generally rest in the snowbelt. Are there steps our society should take to ease the wrenching experience of uprooting a family and moving elsewhere? Are existing Government programs accommodating this inevitable relocation process or hindering it?

GOVERNMENT POLICY?

A fourth question involves what role, if any, the Federal Government should play in dealing with any projected shortage of skilled working men and women. There are, of course, a variety of Federal programs addressing employment and job skills.

CETA, vocational education and rehabilitation, and trade adjustment assistance programs will cost over $6 billion in fiscal year 1982. While a portion of these funds is being targeted to providing skills for specific key occupations, the bulk of them will go either for income maintenance, workers rehabilitation, or to provide basic employment skills to the economically disadvantaged.

These existing programs are not designed to deal with a skilled job crises should one be facing our Nation this decade. And it is an open question in my mind, Mr. President, whether that possible crises can be addressed effectively by the Federal bureaucracy at all. Perhaps the best Federal approach is to facilitate efforts by the private sector itself to train and relocate skilled labor. In any case, I intend to take a close look at what other countries are doing to provide skilled labor training for their workers before making specific proposals in this area, if, indeed my investigation reveals that we face a crisis at all.

Let me conclude, Mr. President, by stressing the educational nature of the investigation I am initiating today. As I said earlier, there are few if any good answers for the questions I intend to raise before the Senate. Yet, we need to find those answers.

They will go a very long way toward determining how well our economy is able to provide a rising standard of living for all Americans in the future. And they may determine how well our society is able to provide rewarding, well-paying jobs to those boys and girls—and men and women—who will be entering our work force for the first time during this decade.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. There is now a period for the transaction of routine morning business.

Is there further morning business?

Mr. BENTSEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, what is the present order in the Senate? Have we finished with the special orders for the day?

The PRESIDING OFFICER. Yes.

MEETING WITH FEDERAL REPUBLIC OF GERMANY PARLIAMENTARIANS

Mr. PRESSLER. Mr. President, recently I had the pleasure to host a discussion meeting with six members of the Arms Control and Disarmament Subcommittee of the Bundestag of the Federal Republic of Germany. As chairman of the U.S. Senate Subcommittee on Arms Control, Oceans, International Operations, and Environment, I am sure that other Members of the Senate would like to share the staff report summarizing the results of our discussions with these distinguished German parliamentarians.

I ask unanimous consent that this report be printed in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

Summary of Meeting With FRG Parliamentarians

On September 23, 1981, Senator Larry Pressler, Chairman of the Subcommittee on Arms Control, Oceans, International Operations and Environment, hosted a coffee meeting with a delegation of parliamentarians from the Subcommittee on Arms Control and Disarmament, Federal Republic of Germany (FRG).

Members of the FRG delegation included:

The Honorable Egon Bahr, Delegation Leader and Secretary of the Social Democratic Party (SPD).

The Honorable Kurt (Kandel) Jung, Member of the Liberal Democratic Party.

The Honorable Horst Jungman, Member of the SPD.

The Honorable Jurgen Todenhofer, Member of the Christian Democratic Union (CDU).

The Honorable Willi (Olpe) Weiskirch, Member of the CDU.

Mr. Peter von Schubert, Secretary of the Subcommittee.

During the meeting, discussion focused on two contemporary arms control issues: the December 1979 NATO "dual track" decision on theater nuclear force (TNF) modernization and arms control, and prospects for effective negotiations on chemical and biological weaponry.

TNF

The FRG delegation stressed that the NATO TNF decision had been taken in the expectation that the SALT II Treaty would be ratified and would thus provide effective constraints on strategic weaponry into the mid-1980s. Acting on the assumption, then, that SALT would establish a parity at the strategic nuclear level, NATO believed that an asymmetry in theater nuclear weaponry could not be tolerated and that NATO TNF modernization was therefore appropriate.

In view of this direct linkage between SALT and TNF, the FRG delegation explained that the Reagan Administration's delay in establishing a SALT policy was creating difficulties in Europe. Despite the Administration's view that the proposed SALT II Treaty was inequitable and unverifiable, the Federal Republic is still in favor of ratifying the Treaty. Although delegation members recognize that the Administration is entitled to review U.S. SALT policy, they believe that valuable time is being lost toward progress in arms control.

All delegation members expressed their hope that Secretary Haig and Soviet Foreign Minister Gromyko would set a date certain for formal resumption of the TNF negotiations (a hope which was borne out by the U.S./Soviet communique on September 24 announcing that the talks would reconvene on November 30). The view was expressed that by setting a date certain, the United States would send an important signal to European publics that it was serious about arms control and could, to a certain extent, reassure members of the so-called "peace movement". Absent such reassurances, delegation members expect that the "peace movement" will continue to have a major impact on FRG politics.

The delegation observed that there are different views within the Federal Republic about which course should be followed if the TNF negotiations have not succeeded by the time the cruise and Pershing missiles are ready for deployment in 1983–4. One view is that the deployment should be concentrated and expeditiously accomplished, rather than stretched out over months or years. Another view is that the deployment should be delayed if there appears to be a reasonable prospect of reaching a political breakthrough.

One delegation member suggested that NATO should seek to reach agreement with the Soviet Union on the principle of parity or balance, but place the burden on the Soviets to set the level of TNF deployment. For example, it was suggested that the Soviets could propose, and NATO accept, agreement that NATO would deploy only 100 missiles if the Soviets would reduce their inventory to 100 systems. Alternately, the Soviets could freeze their deployment level while allowing NATO to go forward with its 572 systems. Or, if the Soviets insisted on a level higher than their present inventory, NATO would reserve the right to go higher than 572. The view was also expressed that if, after two years of negotiation, the Soviet Union continued to reject the principle of parity, the NATO deployment program would not be substantially opposed within the Federal Republic.

In response to a question by Senator Pressler, delegation members stated that they believed that U.S. consultation with the NATO Allies had been adequate on the TNF issue. Delegation members had in previous meetings that day, though, received the impression that the Administration had yet to define its SALT policy and was thus unable to consult effectively with the Allies on the question of how SALT and TNF were going to be linked. Senator Pressler explained that the Administration was just now completing the process of getting its whole arms control team in place. Senator Pressler also drew the delegation's attention to a speech he gave this summer suggesting that SALT could prove as successful to President Reagan as a new China policy did for President Nixon; that is, that due to his strong conservative credentials, President Reagan would have the flexibility and backing to bring home, and gain ratification of, a new SALT accord.

CHEMICAL AND BIOLOGICAL WEAPONS

Delegation members expressed the view that a major U.S. initiative on chemical and biological weapons negotiations would put pressure on the Soviet side and make a very useful contribution toward improving the psychological climate of public opinion in Western Europe. The suggestion was made that the President could make a major TV address in which he offered to agree to the total elimination of all chemical and biological weapons stockpiles within one year. Several delegation members felt that the rationale for new binary chemical weapons production recently presented by the Reagan Administration was too complicated and technical for the general public to understand, and that what was needed was a simple, yet dramatic gesture. Delegation members cited a 1978 speech by the FRG Chancellor before the UN on this subject and expressed confidence that adequate verification measures, including on-site inspection, could be devised. In their view, the issue was simply whether the Soviet Union would agree to on-site inspection. All delegation members agreed that the Administration's recent decision on chemical weapons modernization had exacerbated the problem of public attitudes in Europe, and that the United States would benefit enormously by launching an arms control initiative in this area.

EMERGENCY PETROLEUM DISRUPTION MANAGEMENT PLAN

Mr. EXON. Mr. President, tomorrow marks a most significant date in our Nation's energy history. At midnight, on September 30, nearly 10 years of Federal regulation of crude oil and petroleum products will come to an end with the expiration of the Emergency Petroleum Allocation Act. As we all recall, the EPAA was enacted in 1973, in response to the Arab oil embargo at that time and the authority under the act had been utilized during the crisis period in 1979, precipitated by the Iranian oil cutoff.

The expiration of the act, however, marks only the beginning of the Senate's debate on the need for a new standby contingency oil disruption plan. Tomorrow, the Senate Energy and Natural Resources Committee continues its markup of legislation designed to fill the void which will be left once the EPAA expires.

While we all recognize, Mr. President, that the regulations which operated under the authority of the EPAA left much to be desired and may have in fact been counterproductive in our efforts to cope with oil supply shortages, a workable emergency plan can be devised. The GAO, in reviewing the program last year, suggested that contingency planning for oil supply shortages had a low priority and that the DOE's organizational management was inadequate to handle an emergency situation.

I would suggest that we have a rare opportunity to use the lessons we have gained from our past experience under the EPAA in building a fair and workable contingency plan. The possibility of oil import disruptions is ever present, and the crisis-management approach of the past is an unacceptable part of a national energy policy. A sound management approach calls for some degree of planning.

It is interesting to note that the administration has stated quite clearly its strong opposition to the enactment of emergency standby oil controls. The administration believes that total reliance on the free market will insure that the adverse effects of oil supply disruptions are minimized. In a free market which is dominated by international corporate giants, I guess it depends upon one's perspective as to just how free the market really is, and how well that market would fairly and equitably minimize the effects of a supply cutoff.

Mr. President, I note, however, that

even the administration is divided over this issue. Earlier this summer it was reported in the Oil Daily, that the Departments of Energy and Justice had advocated legislation to allow the President to allocate oil supplies in an emergency. The Oil Daily report noted further, however, that the President's Cabinet Council on Natural Resources and Environment, chaired by Interior Secretary James Watt, vetoed the recommendations of Energy and Justice.

The report further noted that the Cabinet Council felt that such emergency authority could be considered a retreat from the administration's support for oil decontrol. Of final interest to this Senator, the Oil Daily report noted that the Cabinet Council did express concerns that total reliance on the free market during a severe oil supply interruption may not prevent catastrophic consequences for certain users. Despite this caveat, the administration continues in its opposition to an emergency oil management plan.

Well, just who are these certain users that the Cabinet Council noted in passing would not be protected by the free market in the event of another oil supply cutoff?

Mr. President, I suggest that, if the administration had been listening over the past several months, they would know with absolute certainty, just who these certain users are. Since last January, when the President announced his decision to accelerate the phased decontrol of oil by some 9 months, several Members of this body have addressed the need for a contingency oil management plan. Most of us in support of such a program represent agricultural and rural sectors of this Nation. The importance to agriculture, of a plan to cope with supply shortages cannot be overstated.

Long before the gas lines appeared around the country in 1979, the American farming community was desperately searching for adequate diesel fuel supplies to operate equipment and irrigation systems. Diesel fuel was, in fact, already decontrolled at that time. Yet, despite the absence of extensive controls, the free market was unable to adequately address this emergency situation. Absent the set-aside allocation program, operated by each of the States under the authority of the EPAA, the agricultural sector would have experienced even greater economic dislocations. Such interruptions in the farming and rural community of course have repercussions throughout the food producing and retailing sector of the economy.

Mr. President, even the National Oil Jobbers Council, this past August, has called upon the President to support standby emergency controls, noting that the agricultural and rural areas would be the hardest hit in the event of a severe supply shortfall.

The NOJC has stated that, should complete responsibility for determining product allocations, prices and credit availability be left to reside solely with the major oil companies who control and refine most of the Nation's supply of domestic and imported crude oil, "rural America would draw the short straw" because these major refineries have little if any financial stake in serving rural regions at the expense of their more lucrative urban accounts and contract customers. We have all read reports of many of the major companies pulling out the Midwest to concentrate on the more profitable urban centers on the east and west coasts.

Absent a governmental mechanism to act as a referee for the farmer co-op and other independent refiners which serve the rural areas of this Nation but which depend on the major companies for supplies, the total free market handling of a severe petroleum disruption will, in the words of the NOJC, "pit urban customers of refiners against the cash-short rural distributors for scarce motor fuel product."

These major refiners maintain large numbers of directly owned and operated company stores which dominate the urban areas and only intensify the competition between urban and rural areas in times of supply shortages. Nearly 45 percent of all on-farm fuel needs are met by some eight independent refineries owned and operated by 13 regional farmer cooperatives. These independent refiners are in a precarious position, being somewhat dependent upon the international oil giants who control over 70 percent of the domestically produced crude oil, and total access to foreign crude oil supplies at more affordable prices than the spot market.

Mr. President, a further concern is that, absent congressional action, the Nation could be faced with 50 different standby plans during an emergency. The program operated under the authority of the EPAA had the legal effect of preventing conflicting State regulation in this area, thus providing some degree of uniformity and predictability for the industry.

The Congressional Research Service has reported that expiration of the EPAA now permits States to undertake new forms of regulation within the scope of permissible State powers to regulate pricing and allocation, conservation, taxation, and other forms of regulation which may have formerly conflicted with the EPAA. My concern focuses upon the need for a national contingency plan in the event of an emergency or a severe supply shortage of either nationwide or regional proportions.

It is certainly encouraging to this Senator that the Congress has not been lulled into complacency on this issue by the current oil glut which the market is temporarily experiencing. Consideration of this legislation demonstrates a willingness to accept responsibility and recognizes a reality that the market can temporarily fail. Fairness to all sectors of the Nation makes it imperative that some contingency safety valve be in place in the event of another interruption of our vital Middle East oil supplies.

It would certainly be foolish to believe that supply disruptions are no longer possible. We must continue our efforts to develop our domestic energy resources and to conserve and use energy more efficiently. Price decontrol has provided incentives to industry to develop domestic oil supplies, and it is now industry's burden to meet the promises made upon initiation of price decontrol. In addition, a standby oil disruption management plan is a necessary part of a national energy policy which, at least we here in Congress, have been struggling to develop over the past several years.

Mr. President, I urge the Senate to act quickly in approving legislation to establish an acceptable management plan. Such new authority must recognize the special needs of the agricultural and rural sectors of this Nation. Such new authority must necessarily place a heavier reliance upon the market forces than under the previous programs authorized by the EPAA. However, this new authority must consider an appropriate need for a referee role of Government during periods of supply shortage.

Mr. President, I look forward to the Energy Committee's recommendations on this important issue, hoping that some of the concerns which I have expressed will be addressed in the committee's proposal.

We certainly know our energy history. Let us not doom ourselves to repeat it.

I ask unanimous consent to have printed several articles on this matter in the RECORD immediately following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DOE, JUSTICE SOUGHT STANDBY CONTROLS BILL

(By S. Lawrence Paulson)

WASHINGTON.—The Department of Energy and the Justice Department advocated legislation to allow the president to allocate oil supplies in an emergency.

But the two departments were outvoted by other members of the president's Cabinet Council on Natural Resources and Environment, a memorandum to President Reagan reveals.

The memorandum was prepared by Interior Secretary James Watt, chairman of the council.

In his memo, Watt noted that "there is considerable pressure by various special interest groups for 'protective' legislation" upon expiration of the Emergency Petroleum Allocation Act on Sept. 30.

Watt said a Justice Department legal analysis had concluded that the president would have sufficient authority without additional legislation to meet international obligations, but "there will not be sufficient authorities to duplicate the comprehensive price controls and allocations authority, available under EPAA."

One option, Watt noted, would be legislation giving the president authority to declare a severe petroleum shortage and in such cases to direct petroleum supplies to most essential emergency needs. Such legislation would not include price control authority, although the president could order that rates be made at no discriminatory authority.

Watt said in his memo that although such legislation would provide flexible authority and would enable the president to restrict its use only to severe disruptions, the use of such authority could "worsen any crisis by disrupting market adjustments" and could be abused "by a different administration."

DEREGULATION VIEW

Watt also noted that requesting such authority "could be considered a retreat from the administration's support for deregulation."

Watt noted that the legislative option was backed by DOE and Justice, but that the Departments of Interior, Transportation and Commerce, the Office of Management and Budget and the Council of Economic Advisers opposed this view.

The majority on the council, Watt said, caused by oil supply interruptions would be met by primary reliance on the market to restore equilibrium, supplemented by other existing authorities."

Watt noted, however, that this approach does have pitfalls. His memo listed the following disadvantages for the non-legislative approach.

Existing authorities might not allow control of petroleum supplies if they were to be needed to prevent catastrophic consequences for certain users.

Political pressure at the time of a crisis could be almost irresistible, and may result in passage of a more disruptive and inefficient law.

PETROLEUM SHORTFALL WOULD HIT AGRICULTURAL RURAL AREAS HARDEST

In the event of a significant petroleum supply disruption reducing U.S. crude oil imports by 30 percent (2 million barrels per day), the nation's rural and agricultural regions are likely to endure a drastically disproportionate share of the product shortfall with serious economic consequences. Such a supply disruption, which would represent only an 11 percent loss of total U.S. oil consumption, could easily be translated into a 30-percent, or more, shortfall of refined petroleum product in rural and agricultural America.

A shortfall of the above dimensions, without benefit of a federal government plan to allocate and control prices, can be expected to result in the financial failure of more than one-third of the nation's independent petroleum distributors. At present rural and agricultural regions are nearly 90 percent reliant upon the independent distribution network for fuel requirements and for credit for farm fuel purchases. The independent petroleum distribution network is comprised of some 24,000 small business marketing companies that sell more than 50 percent of the gasoline and more than 85 percent of the residential heating fuels consumed in the entire United States.

The impact of a serious petroleum emergency upon rural and agricultural regions is closely tied to the financial viability of independent petroleum distributors. First, they supply the vast majority of fuels consumed in rural regions of the country; second, they perform the vital function of extending credit to farmers and other rural end-users for their fuel purchases. Traditionally, distributors allow for payment up to 180 days or until harvest for farm accounts receivables.

However, during a serious supply shortfall on the order of 2 million barrels per day, petroleum distributors would be placed on reduced allocation fractions lowering the number of gallons they are entitled to purchase from their refiner-suppliers. Under free market conditions, petroleum product prices would escalate quickly to market-clearly levels. The cost of gasoline could be expected to reach $2.80 per gallon; middle distillate could reach $2.60 per gallon. Distributors would be effectively prohibited from securing their allocation fractions because as the price of product doubled, their lines of credit with their refiner-suppliers would be fixed at a finite level. Thus, the combination of fewer gallons at higher prices within fixed lines of credit on the one hand and long-term accounts receivables on the other would place a significant number of small business distributors in serious financial difficulty. Virtually all of these distributors operate strictly in rural communities.

In 1980, during a time of adequate petroleum supplies, fully 37.6 percent of all independent petroleum distributors suffered a negative cash flow. The preceding year, 1979, with brief supply disruptions caused by the Iranian revolution, 41.9 percent of all distributors suffered a negative cash flow. Thus, it is apparent that at least one-third of those companies supplying rural and agricultural regions are financially "hanging by their fingernails." The advent of a significant supply disruption would only tend to hasten the financial demise of 6,800 to 9,100 marketing companies which market more than 16 billion gallons of motor fuels in rural regions of the United States. Such a demise of thousands of marketing companies would undermine the entire independent distribution system of the United States.

Under a free market—no federal controls—scenario, a small business marketer cash flow crisis would certainly result from refiner failure to allocate product and reduced refiner allocations by price and credit terms to those who market in rural America.

It must be remembered that the very refining companies who will have "carte blanche" authority to set allocation fractions, prices and credit limits for independent distributors are also their direct competitors at the marketing level of the petroleum industry. Most all refining companies maintain large numbers of direct-operated, company-owned retail outlets and dealer networks that dominate urban market areas. Refiners also supply a wide variety of industrial and commercial end-user accounts, usually within a short radius of their urban-based terminals.

Should the complete responsibility for determining product allocations, prices and credit availability reside with refining companies, then rural America will draw the short straw because refiners have little, if any, financial stake in serving rural regions at the expense of their urban accounts and contract customers during a supply shortage.

Refiners currently, as evidenced by their small market shares in rural regions of the country, have no delivery system to replace that of any independent distributors who would fall by the wayside during a petroleum emergency. Also those independent marketers who are able to survive the cash flow crisis will have no governmental mechanism to gain access to those gallons lost to rural America by the financial failure of their independent colleagues. In fact, those independents who may be able to survive will be constrained from purchasing additional gallons for rural regions because refiner-imposed allocation and credit limits will provide no mechanism for upward adjustments of their volumes to replace those lost to rural and agricultural customers.

In summary, the financial failure of a significant number of independent small business petroleum marketers due to cash flow crisis brought on by a 2 million barrel per day shortfall will result in the loss of billions of motor fuel gallons in rural and agricultural regions of the United States. Absent federal price and allocation controls, the free market handling of such a petroleum disruption will pit urban contract customers of refiners against cash-short rural distributors for scarce motor fuel product. Based on the experiences of 1973–1974 and subsequent shortfalls, it can be predicted that some 6,800 to 9,100 small business marketers will go out of business and result in a shortfall of petroleum products in rural and agricultural communities some three times greater than the 11-percent shortfall that will be experienced in urban areas, served by either refiner-direct service stations or refiner contract customers.

A MINER'S POEM TO PRESIDENT REAGAN

Mr. STEVENS. Mr. President, my mobile office has journeyed over nearly every mile of road in the State of Alaska. During this past summer, my good friend, the junior Senator from Alaska, FRANK MURKOWSKI, joined me in sponsoring this mobile office.

This mobile office was originally conceived as a means whereby greater access to federally elected representatives could be achieved in the less populated areas of our State. This effort has enjoyed remarkable success. Oh yes, sometimes there are problems. A road may wash out due to heavy rain or a tree may jump out in front of the mobile office, but usually, the mobile office makes it from town to town, village to village, on time, and in one piece.

Alaskans feel close to their elected representatives. Many times people hear that Alaskans do not have the greatest love for government. The fact is however, per capita, Alaskans participate more in the political process than any other State in the Union. So, as the mobile office goes from city to city, people come to the mobile office to voice their concerns, ask questions, and better aquaint themselves with the issues of the day.

In recent years, the decisions of the Federal Government have had a significant impact upon the daily lives of many Alaskans. These decisions, many times bewilder Alaskans. How can a bureaucrat sitting in Washington, D.C. tell me how to mine? How can a Federal bureaucrat, who has never been west of the Ohio River tell me where I can and cannot go in my own backyard? These questions are raised time and again by Alaskans. The mobile office that Senator MURKOWSKI and I sponsor serves as a sounding board where Alaskans can come to learn more about the political decisions affecting their lives and livelihood.

During the travels of the mobile office, the support for President Reagan and his policies with respect to Alaska was obvious. In the village of Nabasena/Slana a miner offered this poem to President Reagan. It is full of hope. I submit it for the RECORD:

President Reagan is the Man,
Who will straighten things out,
If anyone can.

His appointees will carry a pledge sincere,
Of integrity, principle and policy clear.

Scandals, lies and embarrassment
Will not be part of this President
He will make the Military strong,
To ward off those who would do us wrong.

Our sliding down the hill must stop,
We need good leaders at the top.

Race, color, sex, rich or poor
Make us all different, that's for sure.

But we have one common thing,
Our hearts beat fast when freedom rings.

By JIM FREY, Sr.,
Gakona, Alaska,
Route Box 360.

SCRAPPING ROLAND MAY ENDANGER EUROPEAN RELATIONS

Mr. HEFLIN. Mr. President, I was both surprised and deeply disappointed when I learned of Secretary of Defense Weinberger's announcement that the Reagan administration intended to abandon the United States commitment to build the Roland air defense system, a trinational cooperative effort involving the United States, France and Germany.

Immediately upon hearing of Secretary Weinberger's announcement, I wrote to President Reagan asking him to reassess this ill-advised course of action and to continue the Roland program.

Mr. President, there are a number of compelling reasons why the Roland missile program should be continued and completed. First among these reasons is that the Roland missile is vitally important to the defense of this Nation and of our allies in Western Europe. Second, the program is in production and deliveries of the missile have already begun. To scrap this program at this advanced stage would be sheer wastefulness.

And last, to abandon the U.S. commitment to this trinational defense effort would represent a breach of faith with our allies in Western Europe and would surely cause a further straining of our already delicate relations with our European military friends.

Mr. President, the Roland missile is an excellent all-weather, short-range air defense system. The Roland gives ground forces a swift, accurate capability to locate, identify and destroy attacking aircraft, day or night and in all weather conditions. Our troops, and the ground forces of our allies in Europe, desperately need this important capability.

The Roland air defense system is a versatile and highly effective defensive weapon—one that has been tested successfully in the field. Further, Roland's autonomy makes it ideally suited for application by the rapid deployment force. The Roland fire unit is completely self-sufficient and can be transported by sea, truck, trailer, rail, helicopter, C–130 or C–141 aircraft. The fire unit was recently unloaded from a C–141 air transport and ready to fire in less than 6 minutes. No other system comes close to matching Roland's capability to provide virtually instant air defense.

Mr. President, the United States has already invested $1.2 billion in Roland. Missile deliveries began on schedule in June of this year. Four production missiles were successfully fired from a German fire unit in France earlier this summer and the missile's performance exceeded specifications.

At a time when the United States is striving to rebuild its military capabilities, I believe it would be sheer wastefulness to abandon the Roland project at this advanced stage. The Roland project is on schedule—with the first fire units coming off the assembly lines early next month—and is meeting an excellent cost target.

Mr. President, I fear that the decision to scrap this important air defense system will cause a severe strain with our military allies in Europe. The Roland system was the result of major, watershed agreement between the United States and our French and German allies. It has long been a bone of contention between the United States and Western European nations that the United States has not provided NATO and allied forces with any weapons systems of European design that would be compatible with existing European weapons system. The Roland air defense system represented a landmark agreement to build such a compatible, European-designed weapons system.

The Roland is of French-German design. The United States made a commitment to our allies to complete the Roland system. Mr. President, I am afraid that to do less would represent a breach of faith with our European allies and would jeopardize future agreements.

I have spoken with the French ambassador to the United States, Mr. De Laboulaye, who has expressed his government's serious concerns over Secretary Weinberger's announced intention to terminate the Roland missile program. The French ambassador told me that the Roland missile is one of the best defensive weapons that has ever been fielded in Europe and that it will play a vital role in protecting French, American, and NATO forces in Western Europe.

Mr. President, it is also my understanding that our German allies are equally upset over this ill-conceived decision to back out of our commitment.

Further, it is my understanding that the Norweigan military forces were also counting on using the Roland system to protect the northern flank of the European Continent.

Diplomatic relations between the United States and our Western European allies are at an extremely sensitive stage and I am afraid that this decision can only cause further strain on what is already a delicate relationship.

Mr. President, I have urged President Reagan to reconsider his administration's apparent decision to scrap the Roland project. I oppose this decision because I believe it would be wasteful, would damage our military strength and could endanger our relations with our European allies.

I do admit some parochial interest—and a great deal of pride—concerning the Roland project. This crucial air defense system was developed at Huntsville, Ala.'s Redstone Arsenal, home of the Ballistic Missile Defense Command and the U.S. Army Missile Command.

While I admit this parochial interest, and I am indeed very proud of the excellent work performed by the Army Missile Command in developing the Roland missile, my overriding concern is not at all parochial. The Roland missile system is vitally important to the defense of this Nation and to the defense of our allies in Europe.

Mr. President, I believe it would be a grave mistake to abandon the Roland system. I have urged President Reagan to reconsider this decision. Now I am asking each Member of the Senate to look into this important matter individually. I am convinced that a majority of the Members of the Senate will reach the same conclusion I have reached, that the Roland must be produced.

DR. WYATT HEFLIN BLAKE, JR.

Mr. HEFLIN. Mr. President, on September 17, 1981, I lost a dear friend and kinsman who had contributed so much to so many people in Alabama. Dr. Wyatt Heflin Blake, Jr., known as Dick, was a remarkable individual as well as a great surgeon.

He performed more than 30,000 operations during a 58-year career as a physician and surgeon in Sheffield, Ala. His father before him was a doctor and his son is a renowned surgeon. Among Dr. Wyatt Heflin Blake, Sr.'s descendants there are 10 doctors.

Dick Blake and I played golf with his friend Robbie Martin many years before I finally concluded that I would never be more than just a duffer. He continued to play golf with his friend, Robbie Martin, until just a few weeks before his death.

On August 16, 1981, the Florence Times and Tri-Cities Daily—the daily newspaper for Florence, Sheffield, Tuscumbia, and Muscle Shoals, Ala.—contained a feature article on Dr. Blake that I would like to be made part of the RECORD. Following his death this newspaper wrote an editorial which appeared in its edition of September 20, 1981, which I ask unanimous consent to have printed in the RECORD, together with an obituary notice of his death.

Alabama has lost a great citizen. The medical profession has lost one of its greatest practitioners. The Blake and Heflin families have lost a great namebearer. I have lost a most valued friend.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Florence Times and Tri-Cities Daily, Aug. 18, 1981]

AT 84 YEARS OLD, BLAKE STILL AMAZING FRIENDS

(By Lorene Frederick)

At 84, Dr. W. H. Blake Jr. continues to amaze his friends by keeping office hours, appearing twice a week on the golf course and reciting poetry.

Blake has performed more than 30,000 operations (nobody has kept up with the number of times he has recited the "Cremation of Sam McGee") in his 58-year career in Sheffield and it was only at the first of this year that he stopped doing hospital surgeries.

Through it all, the Grand Old Man of Medicine has used his energies and influence to build beyond the reaches of his geographical and professional areas.

He was in large part responsible for passage of the Hill-Burton Act, which made available federal monies for hospital construction; he helped promote junior colleges, nursing schools and trade schools; influenced the coming of Reynolds Metal Co. into the area.

On the lighter side, Blake is a humorist.

A slender, white-haired man with a schoolboy grin, he says, often and fervently, "I'm too old to be called junior."

But he is justly proud of the name worn by his father, himself and his son.

The initials stand for Wyatt Heflin and they go back to Randolph County and Blake's Ferry where his father was born in 1856.

"Papa came to Sheffield as physician for the Sheffield Steel and Iron Co. which had five furnaces and a rolling mill here," Blake said. One of his mementos is a 1927 textbook which carries a full-page picture of the first Dr. W. H. Blake.

Well-versed in family history, Blake remarked that the first of that name came to this country in 1662 and settled in Virginia.

The Blakes were prominent in Randolph and Clay counties. "The Blakes were doctors and the Heflins were politicians," Blake said. "The families lived 20 miles apart. My maternal grandmother was a Heflin."

In a glass-fronted cabinet in his office are photographs of his relatives Sen. Howell Heflin and the late "Cotton" Tom Heflin. He also treasures a section of a pillar from the old homestead at Blake's Ferry on the Coosa River.

"They tore it down and built a dam and the site has been inundated," he said.

After graduating from Vanderbilt Medical School and serving a year on the faculty, Blake was offered the post of assistant professor of surgery, but he chose to return to Sheffield. He opened his office in 1923.

"There was no decent hospital," he recalled. Operations were done in a makeshift facility. Blake gave land for the first Colbert County Hospital and was instrumental in getting it built. He was later instrumental in the remodeling and expansion of the hospital, making many trips to Washington and Montgomery to lobby for the Hill-Burton Act.

He has been surgeon for Southern and L&N railroads, and still does physicals for Southern. He also holds the designation of U.S. Surgeon. "I wrote them and tendered my resignation, but they wouldn't accept it," he said.

Blake is associated with all the recognized societies and fellowships of his profession and has often been honored professionally.

At the community level, there is hardly an area his influence has not touched: the public library, the first community center, mental health program, Northwest Alabama Rehabilitation Center, to name a few.

Blake was, by appointment of three presidents, the draft board examining physician during three wars.

Before Medicaid and Medicare, when few people had insurance benefits, Blake was on call for charity cases. He also delivered hundreds of babies without pay. He gave both counseling and financial assistance to many young people going into the medical field. And he was physician for the Kiwanis Club's free medical programs.

Blake and son, Wyatt H. III, have separate offices in the Blake building. The elder Blake's waiting room is furnished with the heavy oak furniture upholstered in red leather used by his father before him.

He is a member of Grace Episcopal Church, the Sheffield Kiwanis Club and was one of the original organizers of the Tennessee Valley Country Club.

Blake has a keen sense of humor, which has provided the leverage for promoting many worthwhile causes. He has spoken at most of the civic clubs in the area and is well known for his ability to recite poetry, taking particular delight in rendering the works of Poe and Robert Service.

In the words of Tom Heflin, he is "a great surgeon, churchman and citizen."

[From the Florence Times and Tri-Cities Daily, Sept. 20, 1981]

Dr. W. H. Blake, Jr.

"All the world's a stage, and all the men and women merely players. . . ."

As Shakespeare observed, like characters in a drama we come on stage briefly then bow out, leaving memories that evoke a variety of emotions.

Dr. W. H. Blake Jr., who died Thursday night at Shoals Hospital, played many starring roles in the Shoals over a period of many years. His contributions to the health, welfare and betterment of his city and his community number so many as to defy any attempt to list them all.

He has been called the "Father of Colbert County Hospital" (forerunner to Helen Keller Memorial), where he joined his father in the practice of medicine in 1923. Realizing the need for a larger and better-equipped hospital, he was instrumental in construction of a new building in 1927.

Dr. Blake worked tirelessly toward bringing about passage of the Hill-Burton Act for hospital construction and made numerous contributions in the medical field. But he also worked for other causes. And he helped many people on the individual level, for he was motivated by a warm and gracious nature and a desire to uplift.

Although he had reached the age of 84, Dr. Blake's death leaves an unfillable void.

One of the most remarkable attributes of the man was his will to work. He did so until the first of this year. Even then, he continued to keep his office open.

Undoubtedly, countless numbers of Dr. Blake's acquaintances will remember him with an emotion that can only be described as "love."

As Dr. Blake had in his youth joined his father in practice, he had also been joined in practice by his own son, Wyatt Blake III, a few years ago. The young Dr. Blake practices in Sheffield, carrying on a tradition for which that community can be thankful.

[From the Florence Times and Tri-Cities Daily, Sept. 18, 1981]

Dr. Wyatt Blake Jr. of Sheffield Dies

Dr. Wyatt Heflin Blake Jr., 84, 615 River Bluff Drive, Sheffield, died Thursday night at Shoals Hospital.

He was born at Linville, had lived in Sheffield since early childhood, attended Auburn University and received a medical degree in 1921 at Vanderbilt University. He had practiced medicine in Sheffield since 1923.

He was a Fellow of both the American and International College of Surgeons and held membership in numerous other medical organizations. He had served as chief of staff of Colbert County Hospital (now Helen Keller Memorial Hospital) and as president of the Colbert County Medical Society.

He had also been president of the Sheffield Kiwanis Club. He was a member of Grace Episcopal Church, Sheffield, and had served as senior warden of the church and on the vestry board.

The service will be at 2 p.m. Saturday at Grace Episcopal Church. Burial will be in Sheffield Oakwood Cemetery, Morrison-Elkins Funeral Home, Tuscumbia, directing.

The body will be at the residence where the family will receive friends 3–4 p.m. and 7–9 p.m. today.

Survivors include a son, Dr. Wyatt H. Blake III, Sheffield; brother, Dr. Thomas H. Blake, Sr., Jackson, Miss.; three grandchildren.

Memorials may be made to Grace Episcopal Church Memorial Fund, Safeplace or the American Cancer Society.

Bearers will be Dr. James W. Caden, Russell Caden, William C. Enlow, William K. Enlow, U.S. Sen. Howell T. Heflin and Robert B. Martin.

ASSASSIN'S TRIAL IN ITALY

Mr. HEFLIN. Mr. President, an editorial that appeared in the Fort Walton Times on August 6, 1981, was given to me by a friend, Frank Yielding, of Birmingham. The editorial is entitled "Italian Courts Know How To Try an Attempted Assassin," and I ask unanimous consent to have it printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Italian Courts Know How To Try an Attempted Assassin

Italy's handling of Mehmet Ali Agca, the 23-year-old Turkish terrorist who shot Pope John Paul II more than ten weeks ago, went cleanly and quickly. The trial lasted three days, the jury deliberated 6 hours and 45 minutes and the sentence was life in prison. No possibility of parole.

What a refreshing difference from our own government's slow-motion, scared-to-death-that-errors-will-be-made handling of John Hinckley Jr., the 25-year-old Colorado man charged with the attempted assassination of President Reagan last March 30.

Hinckley today is where he's been the past four months, in a prison mental ward at Butner, N.C., where three doctors and a psychologist have extended an intended 3-month sanity test into a 4-month study. Their report is now due this month.

With pitfalls lurking at every turn—and eager lawyers ready to leap on any real or imagined error along the way—the next step will apparently be a trial.

If the past is any guide, the trial will as much be a demonstration of legal gimmickery as a test of Hinckley's guilt or innocence. If Hinckley can demonstrate he's dottier than most, he'll land in a mental ward. If not, he'll go to prison. Then the years of appeal hearings will be under way, followed by years of legal haggling over staggering legal fees that "someone" (read: taxpayers) must satisfy.

In short, justice Italian-style can be nicely compared side-by-side with justice American-style in these two highly similar cases involving two youthful men charged with attempting to murder world-famous figures at virtually the same moment in history.

Happily, the Italians have already shown they can deal with their man. Unhappily, the U.S. judicial system has just warmed up with Hinckley. The doctors are having their go while the main-eventer—the lawyers—haven't got into the ring yet.

Accounts of the Agca trial in Rome indicated the bearded Turk tried everything he could to unsettle the court. He refused to testify, made loud outbursts, and then wouldn't come to court, but none of the theatrics rattled the court. Performances like that are worth a week's delay each in U.S. courts.

Perhaps our only dissatisfaction in the Italian case was the system's failure to determine who financed the unemployed Agca through his months-long travels across Europe. Was he merely a loner tied to no one? Although portrayed as a "rightist," was his mission planned by the Soviets? How was he able to remain free so long while hunted by police forces of Europe after escaping prison for the murder of a Turkish newspaper editor?

Whatever, the Italians disposed of the murderous Agca with a lifelong prison term 10 weeks after his attack on the pope. We're now at more than 16 weeks and still counting with Hinckley.

GENERAL REVENUE SHARING NOW ON THE BUDGET-CUTTING BLOCK

Mr. SASSER. Mr. President, the Reagan administration has proposed major funding reductions in the general revenue-sharing program and I am not confident that the administration will support a full-scale revenue-sharing program through 1985.

Such a cloudy future for the revenue-sharing program concerns me greatly.

Local governments already face serious fiscal difficulties because they depend on fixed tax structures which do not always respond to economic growth. So even if the economy does rebound, it does not seem likely that city and county governments can fully recoup their heavy losses from Federal program cuts.

Many of Tennessee's local officials have told me that, of all the 500-plus Federal assistance programs, general revenue sharing is the one that works best. There simply is no other Federal aid program which has been as successful at delivering services tailored to meet local needs with less Federal overhead and redtape.

Since the inception of the general revenue-sharing program in 1972, Tennessee local governments have received over $700 million in unconditional revenue-sharing funds. And Tennessee local government has used this money wisely and well. The city of Chattanooga has used its funds for highway development and park programs. Knoxville has used its funds for education, and Memphis has channeled most of its revenue-sharing funds to defraying the cost of police and fire protection.

In short, general revenue sharing has become an essential part of local government finances in Tennessee. Without these funds, essential local services will have to be cut or local property taxes will have to increase, in some cases very dramatically.

Obviously, if the real objective of the administration is to cut Federal bureaucracy, then cutting revenue sharing just does not make sense. General revenue sharing is one of the least bureaucratic programs around. It has demonstrated its success at distributing money, power, and decisionmaking to local officials who can best determine which programs really need funding.

So, my answer to the question: "Is revenue sharing any way to run a Federal aid program?" is a resounding "Yes."

Mr. President, locally elected officials are genuinely concerned about the threatened termination of the general revenue-sharing program. And I ask unanimous consent that immediately following my remarks, there be printed in the RECORD recent communications from the National Association of Counties (NACO) regarding revenue sharing.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the County News, Sept. 21, 1981]

A LETTER TO THE PRESIDENT

DEAR MR. PRESIDENT: We urge you to reject outright any cuts in general revenue sharing or any proposal to phase out this vital program.

General revenue sharing is not a federal handout for cities and counties. It is a careful system that returns some of their citizens' federal taxes to be used locally to meet urgent local needs.

General revenue sharing is a three-year program authorizd through 1984. Revenue sharing funds are now in the entire fabric of county government budgets. To local citizens, the funds mean fire trucks, hospital beds, jail cells, ambulances, sewer plants, day-care centers, bridges and policemen.

Most counties face severe fiscal constraints, whether through voter-initated property tax limitations or because demands for services outstrip their revenue source capability. Since local taxing authority is typically limited to property taxes and service fees, counties need financial assistance to maintain an adequate level of service for the people we represent.

Where can we turn if revenue sharing is abolished?

Counties truly represent the government of last resort, the cutting edge against which the nation's neediest people measure the willingness and capacity of their government to prevent hunger, ensure adequate shelter and health care, provide jobs, and protect the helpless children and elderly in our midst.

For these basic life-sustaining needs, county officials are held accountable.

New pressures are on the way. Counties are absorbing a lion's share of the $40 billion already cut from the federal budget. Many people who will be eliminated from national social programs, or who will have their benefits cut, will turn to counties for help. They will want county general welfare aid, help with fuel bills, summer jobs for their children, shelter and other assistance.

County officials, united through NACo, have joined you in identifying inflation as the nation's number one problem. We have fought, and will continue to fight, side-by-side with you to cut unnecessary government spending, both federal and local.

We are absolutely convinced of your sincere commitment to return control to local governments through block grants and to return federal revenue sources to finance these programs.

Revenue sharing is that ideal revenue source. It collects funds from those most able to pay and returns the funds, at minuscule administrative cost, based upon population, poverty and local tax effort.

We urge you to reject any cuts in revenue sharing and then use it as the best device to fulfill your Oct. 4, 1980 promise to county officials to provide local governments with a national revenue source.

RICHARD CONDER,
President.
BERNARD F. HILLENBRAND,
Executive Director.

[From the County News, Sept. 21, 1981]

THE SURVIVAL OF REVENUE SHARING IS THREATENED

Informed White House sources say President Reagan is about to decide whether to cut general revenue sharing by 5 percent in fiscal 1982 (beginning Oct. 1) and to phase out the program completely by fiscal 1984.

NACo Executive Director Bernard F. Hillenbrand said he was "absolutely stunned" by the announcement and NACo President Richard Conder urged President Reagan to "meet with the NACo leadership before reaching any decision on the proposed cuts."

Newspaper reports quoted "government sources" as saying that the administration is "proposing $16 billion in further budget cuts for 1982 that would include . . . phasing out the CETA job training program and revenue sharing aid to local governments, and abolishing the departments of Education and Energy."

The 5 percent cut in general revenue sharing, if approved by Congress, would amount to about $320 million out of the $4.6 billion made available annually to counties and cities.

Last year Congress extended the program through fiscal 1984, but refused to provide funding for states. Funding for cities and counties is provided via an entitlement, subject to inclusion in an annual appropriations bill. The full $4.6 billion has been included in the fiscal 1982 HUD-independent agencies appropriations bill now awaiting final action by the Senate. The House has agreed to this amount, but the president has threatened to veto it because veterans programs in the bill go over his budget request. Senate action on the appropriations bill has been postponed awaiting the president's decision on further budget cuts expected to be announced on Sept. 22.

County officials were particularly shocked to hear of the announcement since the president had assured NACo that he wouldn't act on matters affecting local government without consulting with local officials. Indeed, in October 1980 presidential candidate Reagan pledged his support for revenue sharing and said its re-enactment would be "among my highest domestic priorities."

Hillenbrand said, "We must make the president understand that revenue sharing funds already are figured into the budgets of county governments. A loss of those funds, following so closely on the heels of other major cuts, would be devastating."

CONSULTATION URGED

In a telegram to the White House, NACo President Conder urged the president to consult counties before making any decision. "Counties across the nation will be profoundly affected by this proposal and we ask you to meet with us."

Conder noted NACo's important role in achieving passage of the president's earlier budget cuts. "We have supported you and counties have taken more than their fair share of the cuts," Conder said. "Now we must say no more."

Hillenbrand said America's counties courageously supported the administration, "fully believing that all America must help in stopping inflation and bringing about reduced interest rates.

"Our counties have already taken all the cuts they can handle. We are absolutely counting on general revenue sharing funds the next three years to carry counties through this extremely difficult period."

Counties would face enormous financial problems if revenue sharing was abolished because the monies are used in virtually every service county government provides.

USES OF REVENUE SHARING

A 1980 NACo survey showed that revenue sharing accounted for an average 14.54 percent of the general funds available to county government.

If revenue sharing was eliminated the average increase in county property taxes for homeowners would total 19.12 percent.

Designed to share progressive federal income taxes with local governments that traditionally rely on regressive property tax, revenue sharing was intended to help local governments solve diverse local problems. In rural Elk County, Pa., for example, revenue sharing has paid for police and ambulance services. According to Daniel J. Sterbank, the county clerk, in 1980 this county of 37,700 received half its general funds from this one program, and spent more than half of that on operation expenditures.

Nationally, 58.45 percent of the county governments responding to the survey reported using revenue sharing funds for operating or maintenance expenses, not capital outlay. In Allen County, Ky., for example, **revenue sharing shored up fire service, police, solid waste disposal, ambulances, a hospital, and mental health and mental retardation programs said Judge Bill Minix, who serves as the elected county executive.**

The percentage of counties that use revenue sharing to fund important community services is instructive:

Police and Fire Services. 60.07 percent;
Human Resources, 49.06 percent;
Public Works. 42.72 percent;
Transportation, 42.35 percent;
Environmental Quality. 32.46 percent;
Administration, 31.15 percent;
Recreation and Parks, 20.52 percent;
Other. 18.28 percent;
Housing, Community, Economic Development, Employment and Manpower, 6.90 percent; and
Training, 1.30 percent.

Hillenbrand said that general revenue sharing is "interwoven into the fabric of county government and the loss of the funds would be devastating."

ALF LANDON AT 94

Mr. DOLE. Mr. President, one of America's most beloved elder statesmen, former Kansas Governor, Alf M. Landon, turned 94 on September 9.

While those of us in Washington are caught up in the drive to cut our Government down to size and strengthen our economy, it is wise to listen to the words of one who has been on the right side of those issues for a good many years.

On September 1, Governor Landon made an insightful statement which outlines his views on today's issue. Mr. President, the Senator from Kansas asks unanimous consent that this statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF GOVERNOR LANDON

> No one can question my stand on the evils of inflation. Forty-six years ago—and since—in one way or another, I have pointed out that it was the cruelest form of taxation.
>
> I said to President Franklin Roosevelt—and businessmen generally who wanted inflation to get business off dead center after the economic collapse of the early 1930's—that there wasn't any such a thing as a little snack of inflation. Inflation feeds on inflation until it becomes an economic monstrosity—which it is today.
>
> There is no perfect hedge against inflation. The more capital you have, the more liquid your investments can be—and the less capital you have, the more limited they are. For instance, when your income is low enough, inflation becomes 100 percent tax
>
> So I welcomed President Carter's opening statement as President that inflation had priority. He appointed Paul Volcker to finish out some four years of a 14-year term as Chairman of the Federal Reserve Board. Free from political interference, this is the most powerful appointment made by a president, except for the justices of the Supreme Court of the United States.
>
> But President Carter did not support Chairman Volcker's policies by cutting federal expenses. Therefore, his description of inflation as having priority became only a matter of words.
>
> It is evident that President Reagan, Chairman Volcker and the Congress are working together by the adoption of the administration's tax and budget legislation. By executive order, the President is cutting additional expenditures right and left.
>
> I agree with the statement the other day of Charles L. Schultze, President Jimmy Carter's chief economic advisor, "There's no way in the world you're going to pull inflation down without some form of tight money and tighter interest rates than we like. I just think that they could be somewhat lower and at the same time you could tighten up on the budget."
>
> The present volume of foreign money being invested in the United States is upsetting the fiscal policies of friendly countries to such an extent that they are protesting. These investments are not made for the high interest rates but rather because of confidence in the fiscal policies of a tough President who is determined to eliminate the plague of inflation by establishing sound ground for people in the United States to walk on once again.
>
> In his foreign policies, likewise, it is not so much the MX missile system. It is his China policy. The really major change is diplomatic recognition at last of China, which I advocated as early as 1949. Our joining other nations in backing up China, on the west flank of Russia, with the centuries old enmity and fear between the two countries, is of vital military concern to Russia.
>
> We should not be foolish about Taiwan and the talk of "Red" China, when the fate of the world seems at stake
>
> So it is comforting indeed to have a forceful President for all those who believe that cruel inflation is as much of a threat as cruel Russia. We have been living under that for too long a time, being weakened at home and abroad.

INDEXING SHOULD BE REPEALED FOR NOW

Mr. KENNEDY. Mr. President, as we consider our response to the President's recent proposals on the budget crisis, there is one step that can and should be taken now to help calm the fears of the financial markets—and that step is to repeal section 104 of the Economic Recovery Tax Act of 1981, which indexes the individual income tax for inflation in future years. Although the indexing provisions of the act are not scheduled to take effect until 1985—after the 5–10–10 3-year tax cuts for 1982–84 are carried out—I believe they are a significant factor today in undermining confidence in the administration's economic plan.

According to the estimates of the Joint Tax Committee, the indexing provisions will cost the Treasury the following amounts in the first 2 years they take effect: fiscal year 1985: $12.9 billion, and fiscal year 1986: $35.8 billion.

In later years, the revenue losses will be comparable to those in 1986 or even higher.

We simply do not have these large amounts of future revenues to give away today. Indexing commits the Federal Government, beginning in 1985, to year after year of massive tax cuts, above and beyond the President's 3-year tax cut.

In the present confused state of the economy, indexing is an oppressive mortgage hanging over future budgets. It sends a serious negative signal to the financial markets. It undercuts any rational expectation of a balanced budget. It raises the specter of extremely large Federal budget deficits throughout the rest of the 1980's and on into the 1990's.

Indeed, it may well be that indexing is the straw that broke the camel's back on Wall Street. At the very moment this summer when the financial markets were carefully weighing the Reagan plan, Congress added provisions to the tax cut bill that skewed the balance of expectations against the plan.

Obviously, other factors are also involved in the verdict of the financial markets, particularly their assessment whether the administration can meet its target of a $43 billion deficit in 1982 and a balanced budget in 1984. But the shadow of indexing and future deficits looms as far as the eye can see on the budget horizon. They undoubtedly contributed to the current mood of pessimism and negative expectations.

Of all the recent actions Congress has taken the enactment of indexing is the most easily reversed. The provision was a hasty, ill-considered, last-minute addition to the tax bill last summer. It was not part of the President's original tax plan. Nor was it part of the bill reported to the Senate by the Finance Committee. It arose as a committee floor amendment offered to the bill and adopted on July 16 by the vote of 57 to 40, at a time when there was considerably greater optimism over the anticipated economic effects of the President's package.

The reality is far different now. The President has asked Congress to take a series of new steps on spending cuts and tax increases that are fraught with controversy. I believe that repeal of indexing now could help us reach the goals we share to heal the economy and restore prosperity. In particular, it could help to ease the pressures maintaining the current painfully high interest rates, by allaying the very real fears of Wall Street over endless future budget deficits.

Support for this change does not mean permanent opposition to indexing. Under the present law, indexing would not begin until 1985. There will be ample time for Congress to reenact indexing before 1985, if the condition of the economy warrants large additional tax cuts in the future. The responsible course for us to take today is to repeal the indexing provisions until the budget picture clears.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

TEMPORARY DEBT LIMIT INCREASE

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative clerk read as follows:

> A joint resolution (H.J. Res. 265) to provide for a temporary increase in the public debt.

The Senate resumed consideration of the resolution.

AMENDMENT NO. 564

The PRESIDING OFFICER. The pending question is on the amendment of the Senator from Nebraska.

Mr. EXON. I thank the Chair.

Mr. President, will the Chair further advise the Senator from Nebraska as to what arrangements have been made by unanimous consent regarding a recess of the Senate and what time it is specified as the matter now stands?

The PRESIDING OFFICER. Under the unanimous-consent agreement, there will be a recess from 12 noon until 2 p.m.

Mr. EXON. Mr. President, would it be in order for the Senator from Nebraska to ask unanimous consent that that order that has been agreed to be suspended for such period of time as the Senator from Nebraska needs to make opening remarks on his amendment No. 564? If so, I make that request.

The PRESIDING OFFICER. Would the Senator from Nebraska repeat that request in the presence of the majority leader?

· Mr. EXON. Mr. President, the Senator from Nebraska would advise the Chair and the majority leader that he has just made a request that the previous unanimous-consent agreement to recess from 12 o'clock until 2 o'clock be rescinded by such time after 12 o'clock as the Senator from Nebraska needs to make opening remarks on the matter now before the Senate.

Mr. BAKER. Mr. President, if the Senator would withdraw that request, I am prepared to make that request. I would prefer to do that, however, as a responsibility of the leadership.

Mr. EXON. Mr. President, I am pleased to yield to my majority leader for that.

Mr. BAKER. I thank the Senator from Nebraska.

Mr. President, I have no objection to such a suggestion. Indeed, the time of 12 o'clock was set in response to requirements on the Democratic side of the aisle, rather than our side of the aisle.

Could the Senator from Nebraska give me some idea as to how long his debate will take?

Mr. EXON. Mr. President, I suspect it will not take more than a half an hour after I get started.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the recess of the Senate over until 2 o'clock be modified to automatically begin at the conclusion of the remarks of the Senator from Nebraska and to extend no longer than 12:30 p.m. Is that agreeable to the Senator from Nebraska?

Mr. EXON. That is agreeable to the Senator from Nebraska.

Mr. BAKER. Mr. President, I put that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, I take the floor to offer an amendment which can do more for our country's economy right now than any other measure that we are likely to consider. If there is a time or a moment to immediately and constructively address the deplorable confiscatory interest rate problem, it is at this hour. The President's recovery plan, however well intentioned, is coming apart at the seams primarily because of historically high sustained interest rates. It is no time for affixing blame, and it is ridiculous to say that the President's program is not working, because it does not start until Thursday of this week. We simply must, not out of panic, but out of reason, act positively. It does no good to affix blame to Coolidge, Hoover, Carter, or Reagan. This amendment is not a cure-all, but it is carefully thought out as the only measure before us now (or when it was first unsuccessfully offered on the tax cut bill) that directly and specifically at least addresses the appalling high interest rate debacle.

This amendment deals with the two problems which are wrecking the President's plan for economic recovery—high interest rates and huge prospective deficits. Passage of this amendment would send an immediate signal to the financial markets and to all the people in the country that Congress is determined not to allow deficits to get out of hand, that Congress understand that high interest rates are taking a great toll on literally tens of millions of Americans, and that Congress knows that the size of the problem now is such that one more TV blitz by the President is not realistically going to turn this country and our economy around.

We all want the President's economic recovery program to work. If it does not, this country and its citizens are in for something that will make the Great Depression of the thirties and its social and economic unrest look like a cake walk. Unfortunately, there are too few today who either experienced that economic and human debacle or have studied and understand it.

Many who did have forgotten or consider themselves so well off today that it could not happen to them. There is a myth that we have in place all the protection we need with a strong Federal Government that can and will protect all with social security, Federal Deposit Insurance, and other insurances. Hogwash.

The very fact that we are debating today the President's recommendation that we bust through the $1 trillion debt ceiling for the first time in history is stark evidence that we are in deep trouble. A deep recession or outright depression would reduce Federal revenues to the point where we could not pay out social security or meet our mounting defense needs.

Everyone is living on credit, including the Government. There is no one in this body who cannot recall that in the 1960's, just 20 years ago, when the total Federal budget broke through the $100 billion figure for the first time. In fiscal year 1982, we will spend that much in tax dollars to pay interest on Federal borrowings alone. Astonishing, is it not, but true. Maybe the Federal Government and the taxpayers can afford that, but I doubt it.

I know Nebraska family farmers and ranchers and the small businessmen cannot survive under these interest rates. That is the reason, Mr. President, that I plead with my colleagues to accept the interest rate amendment that we are offering. It seems to me no thoughtful or considerate person would disagree.

The amendment is designed to help to develop confidence in the President's economic recovery program. I emphasize that by its very nature the amendment is a safety trigger that would not become operational if the President's economic recovery program works as he has envisioned. It is an insurance policy to help keep the President's program on track if unforeseen economic uprisings temporarily derail the program, or send it off on a journey from which bourne no traveler ever returns. Any prudent person would require insurance, especially when it costs nothing.

The question will be asked, if this is so good, why does not the President support it? I honestly do not know, but I have an opinion.

I have great respect for the President and have no doubt that he is attempting to do the right thing. But Custer rode off to do what he thought was the right thing at the Little Big Horn. There were those just as dedicated as Custer whose cautions were rejected and the disaster happened. It could have been averted, but ambushes happen when caution is disregarded and escape routes foreclosed.

But things were as they were and will be as they will be, but that does not imply that we here should not learn from history by playing ostrich and stick our heads in the sand. We are all hopeful the President's program will work, but simply blind wishing will not make it so. I believe that the Laffer curve and all this supply side economics running wild is Alice in Wonderland economics. America will be better off if it works, and I hope it does and that I am wrong. The point is, why is it not prudent to employ a safety valve that could only help the President's efforts and in no way harm them, unless one believes that we duly elected representatives of the people dare not exercise any independent judgment. Some believe we are obliged to say "Amen" to every proposal of the President and simply say "Well, Mr. President, if that's what you want."

Make no mistake about it. I am for more cuts in the budget where we can make them; I am for eliminating Federal regulations where possible; and I can accept much of what the President asked for in his address to the Nation last Thursday night. But I have seen no convincing evidence that even if we adopted all of what the President asked for that interest rates would come down and that we would have a balanced budget in 1984.

Mr. President, we are facing the prospect of at least a $100 billion deficit in 1984, and it could be even worse. The President's latest requests are simply not enough to deal with the size of the problem.

Let us look briefly at why the President's latest appeal has no unequivocal guarantee of working as he envisions, but again I emphasize that I hope it will.

First, the new Reagan round of budget cuts is not really new, but rather just some pages taken from his speeches and documents of last winter and spring. But what might have been a good idea then simply will not work now because the economy, and expectations about it, have changed. Last spring, and all the way through the end of July, the premise for these budgetary actions was the theory of rational expectations. The President and his advisers, assistants, and secretaries all told us that if Congress would only go along with his budget and tax package, inflation and interest rates would drop quickly because citizens' expectations of the future would change.

When interest rates and inflation fell, the country would begin a new round of economic growth which would bring in more revenues to the Treasury, which would support increased defense spending and reduce the Federal deficit at the same time. It is all you see, Mr. President, the happy hour of supply side economics.

But that has not happened, and there is no prospect for quickly moderating interest rates in sight. Even the President appears to have abandoned the theory of rational expectations. He and his advisers are now claiming that the program has not even gone into effect yet, so how can it be expected to work?

Incidentally, Mr. President, I believe there is some validity to the rational expectation school. The fact of the matter is this: The Reagan program is working already and it is the people's expectations that you cannot cut taxes by hundreds of billions of dollars, increase defense spending by billions, and still balance the budget. The 3 to 5 percent margin by which interest rates exceed the normal margin above the underlying inflation rate should really be called the rational expectation margin, or perhaps let us call it the voodoo economics bubble.

Second, taking these old pages from last spring's budget book is no answer for our current economic conditions since Congress has already made a judgment that many of the President's ideas simply are not wise or workable. What good will it do the overall economy to eliminate some Federal programs if such action only forces up State and local taxes, including local property taxes? What good does it do if electric rates soar because of the inability of rural electrics to obtain financing? What good does it do to cut impact aid to school districts which are heavily impacted by children of military personnel, if the Defense Department will be forced to pick up the tab as a result. Some of guru Stockman's ideas simply will not fly.

Third, by coming back to Congress with pages from Stockman's already dog-eared budget of last spring, the President is missing an opportunity to work with Congress on things that really need to be done. The President's Director of the Office of Management and Budget keeps fostering budget alternatives on the President that even the Republican leadership in the Congress reject.

Mr. President, millions of Americans who are facing bankruptcies, unemployment, and all the problems caused by high interest rates, cannot wait for some day. We need to take action now. I wish the President had told the people last Thursday that he recognized there are two sides to the budget—the spending side and the revenue side. That insofar as the economic recovery package had not started as smoothly as he had hoped, we might have to consider a combination of further budget cuts and simultaneously some partial scaling back in the massive tax cuts to address the ruinous high interest rates.

This leads me back to the amendment I am offering with the distinguished Senator from New Jersey. Congress can remedy the President's oversight without destroying the better aspects of his program, and, most importantly, without going against the American people's desire to see the President's program work. Our amendment has been variously described as a "safety valve," "trigger amendment," or "insurance policy." But what it really is, is a frontal attack on high interest rates.

If interest rates do not fall by the end of fiscal 1982 to an average of 10.5 percent as the President predicts for new issues of 91-day Treasury bills, then the tax cut for individuals which is to go into effect in July, 1983, would be necessarily scaled back. It would be reduced to the extent that the 1982 deficit exceeded the President's projections of $42.5 billion. The amendment would not touch business tax cuts or provisions for savings incentives—only tax rates for individuals—and in no case would the scheduled July withholding reduction be altered as scheduled from 10 percent to below 5 percent.

If this amendment is fully triggered, over $20 billion would be available to apply against the deficit, whatever it is, in 1984. If we are to have a realistic chance of coming close to a balanced budget by 1984, which is supposed to force interest rates down, it will be because of the passage of this amendment or an amendment very much like it.

Mr. President, the Senator from Nebraska wants to talk straight to his colleagues. We need this amendment, and we need it now. To my Republican colleagues, I say this: I know there is reluctance to change in any way the tax cut legislation which we passed just 2 months ago. But conditions have changed, and expectations have fallen, in those 2 months. You know from being home that high interest rates are inflicting great damage on your constituents as well as mine. You also know the magnitude of the problem, and that the President's latest efforts are inadequate to deal satisfactorily with this acute problem. The sooner we do something to lower interest rates, and this amendment is directed exactly at that, the sooner we are going to have a chance at real economic recovery.

To my Democratic colleagues, I say this: I know that some of you would prefer more drastic action and a greater reduction in the tax cut than this amendment offers. This amendment, if adopted, could really give the Reagan economic program a chance to work. It would strengthen the President's chances of success to reach his goals. To vote for this amendment, however, does not foreclose other options, but most of all, a vote for this amendment will demonstrate that members of our party are not obstructionists; that we offer realistic alternatives not to thwart the President, but to help him and his programs succeed.

Let me review one more time the purpose and the mechanics of this amendment. The purpose is to reduce high interest rates by showing that the Congress will not let future year deficits get out of control, and this in turn will allow other parts of our economic recovery programs to succeed. The mechanics are simple: If interest rates do not fall by the end of fiscal year 1982 to the level the President projected and assumed necessary for his program's success, then the third year of the individual tax rate cut would be reduced by an amount to get the President's program back on track. The amount would be whatever figure the fiscal year 1982 deficit exceeds the President's prediction of $42.5 billion.

Mr. President, I am very concerned with the theory being advanced by some of my colleagues on both sides of the aisle in this body as well as with our colleagues on the other side of Capital Hill that they will support further budget cuts only if massive new reductions are made in the President's national defense recommendations.

The first responsibility of the Federal Government must be to provide for the common defense. The President said that again Thursday night. That has always been this Senator's perspective, but I also know that the primary reasons for the gloomy outlook for continued record high interest rates and deficits is necessary defense spending and the Kemp-Roth-Reagan sized tax cut.

The President and his most enthusiastic supporters in the Congress are ignoring the bottom line. Are they saying that the total massive tax cut is so sacrosanct that they would even endanger the defense budget in their stubbornness? The question needs to be answered. It is my belief that Americans if properly informed would willingly give up some tax cuts if the alternative was less defense. Yet the President is backing off of what he and his advisors said only a few months ago was the minimum defense budget to meet continuing Soviet expansionism and adventurism. We can not blame Jimmy Carter for that decision.

I cited this, Mr. President, to attempt to explain the need to recognize priorities and why this amendment makes sense in all ways unless one takes the irresponsible approach that come hell or high water the President is going to have his prized massive tax cut without change. If the Exon-Bradley amendment becomes operational—and I emphasize again that would not happen unless the administration's promised interest rate reductions and reduced deficits are not met—it would have the effect of allowing for increased and necessary defense spending that otherwise would be reduced by a Congress and an administration that are seemingly bent on a course protecting the massive tax cuts that no one can successfully refute basically favor the upper economic echelon of our society. Tax cuts are fine, Mr. President, but not at the expense of our national security.

Mr. President, let me close with these words. On Friday, September 25, the Wall Street Journal reported that Congress will spurn the idea of any tax cut rollback for the foreseeable future. But the news item went on to state that:

> Even Republicans acknowledge that some action could be needed by next spring if the budget deficit keeps growing. The idea of tinkering with the new tax law could gain more support then. Congressional strategists see ample time to enact changes if they are needed.

The Wall Street Journal went on to quote one source as follows:

> You can wait until next May to do it. So why insult the President and those who voted for the tax bill in the meantime?

Mr. President, any individual who embraces such a scenario is clearly out of touch with what is happening throughout our country today. If someone is suggesting that we can allow high interest rates to exist until next May, then our country and its political leadership are in a much worse condition than I can possibly imagine. To allow more and more bankruptcies, higher unemployment, and a great deal of human suffering to exist simply because we do not want to insult the President and those who voted for the tax cut should really be beyond our comprehension, let alone any measure of good political sense.

Mr. President, the time for action is now, not next May, and I commend this amendment to the Senate.

Mr. President, I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. Under the previous order, the Senate is to stand in recess upon the conclusion of the remarks of the Senator from Nebraska until 2 p.m.

Mr. DOLE. Mr. President, I ask unanimous consent to proceed for a minute.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DOLE. I just want to ask a question of the Senator from Nebraska. Are there other Senators who would like to speak in favor of the amendment?

Mr. EXON. Yes, there are other Senators who wish to speak, and we were trying to accommodate the Senate by putting it off until after the recess.

Mr. President, I ask unanimous consent that the name of the Senator from Georgia (Mr. NUNN) be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. On that basis, the Senator from Kansas will wait until the others speak and will move to table the amendment at the appropriate time.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess.

Thereupon, at 12:09 p.m., the Senate recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GORTON).

TEMPORARY DEBT LIMIT INCREASE

The Senate continued with the consideration of House Joint Resolution 265.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Nebraska (Mr. EXON) to House Joint Resolution 265.

Mr. BAKER. Mr. President, under the order previously entered, at the conclusion of debate on amendments, those amendments are stacked until after 7 p.m. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. If debate on the Exon amendment has concluded, it falls in that category?

The PRESIDING OFFICER. The yeas and nays have not been requested.

Mr. BAKER. Mr. President, the floor situation at the moment, I assume, is that the Senator from Nebraska might seek recognition to continue debate on his amendment, or otherwise proceed; or, in the alternative, absent his seeking recognition, some other Senator would be recognized by the Chair to offer an amendment.

The PRESIDING OFFICER. If the Exon amendment were set aside.

Mr. BAKER. What I am driving at is that it is a little difficult to decide whether the Exon amendment has been concluded. While I make an inquiry about that, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ROTH). Without objection, it is so ordered.

AMENDMENT NO. 564

Mr. DOLE. Mr. President, Senators EXON and BRADLEY propose an amendment that would condition the third year of the individual tax cut (due July 1, 1983) on meeting certain conditions in the economy. Specifically, the amendment would scale back the individual cut (not the business cuts) unless interest rates in 1982 are at or below administration projections. Interest rates on 91-day Treasury bills are now expected to average 10.5 percent in 1982.

If the interest rates are above projections, the tax cut would be scaled back by the lesser of 2.5 percent or the dollar amount by which the fiscal 1982 deficit exceeds projections. In other words, if the 1982 deficit is $10 billion over the projected $42.5 billion, the individual rate cut could be reduced by $10 billion. Alternatively, the tax cut would be only 7.5 percent rather than 10 percent if that would cause a lesser scale-back in the tax cut.

First, I note that this is the same amendment that was offered to the Senate in its debate over the tax cut. The amendment was rejected in the Senate by a 58 to 37 vote. Nothing has happened since to make the amendment more desirable or more sensible.

Mr. President, we knew at the time of the Senate debate on the tax cut that further budget cuts would be forthcoming, and that interest rates were unacceptably high. The only reason to reconsider the amendment at this time would be a loss of faith in the economic program. Such a sudden reversal is absolutely the worst signal we could send to financial markets.

It would convince them nothing has really changed, that we do not care about the level of Federal spending, and that Congress will reverse itself in response to every fluctuation in public opinion. Financial markets know, and we ought to learn, that a lack of political will has been our main economic problem for too long.

In addition, this trigger amendment really imposes a trigger tax increase. Without the tax reductions just approved, taxes would rise by 22 percent over the next 3 years: Therefore, withholding the 10 percent reduction due in 1983 would mean a real tax increase for most Americans over present levels.

Since this is really a proposal to increase taxes, there is no reason to disguise it with a "trigger" gimmick. If we reach a point in 1983 where revenues seem inadequate, we can vote then to raise additional revenues. There is no reason to take that vote now. Why must we always make a presumption in favor of higher taxes, rather than lower?

Mr. President, the amendment is also self-contradictory. It attempts to bind the administration to its economic projections, but by denying the certainty of stable tax rates over the next few years, it reduces the chance that those projections can be met. Stability is the key to any successful economic program.

In sum, this amendment would force us to reverse policy (a policy just adopted in the last few months) if we fall short on some of our short-term economic goals. By doing so it would hinder our ability to meet our long-term economic goals, and for that reason alone, it should be rejected.

Mr. President, the amendment offered by the Senator from Nebraska and the Senator from New Jersey is the same amendment that was offered during the debate on the tax cut a couple of months ago and rejected by a vote of 58 to 38 in the Senate.

Nothing has happened since that time, that the Senator from Kansas is aware of, except that there has been a lot of discussion, a lot of rhetoric, from some who did not support the tax cut in the first instance, about how it has not succeeded. I remind those who may not be aware of it that it actually takes effect on Thursday of this week. I suppose it is fairly difficult to measure the success or failure of a program until it is started.

So I suggest that what we are being asked now is to take away the tax cut from the American people so that Congress will not have to face up to budget cuts. They would rather take away the American taxpayer's tax reduction, which the taxpayers have been waiting for a long time, so that Members of Congress will not have to face up to some difficult choices on budget cutting.

The easiest way to avoid budget cutting is to say, "Don't give anybody a tax cut. Just continue the Government's appetite for defense spending, overtax the American taxpayers, and we Members of Congress can go home and say, 'I'm doing the responsible thing: I'm not going to cut spending. This is one way to balance the budget—just take the tax cut away, and I don't have to make difficult votes.' "

The Senator from Kansas suggests that if you are happy with high interest rates and high inflation, that is the course we should follow. It seems to us that the President has given us direction. For the first time in the memory of many of us, we have a President who has provided leadership with respect to spending reduction, and I hope we can have broad bipartisan support in tabling this amendment.

This amendment, the trigger amendment, really proposes a trigger tax increase. Tax increases in my view, are not welcome. We already have four more tax increases built into the Social Security Act of 1977 which the majority party at that time told us would cure the social security system until the year 2030.

Here we are about 4 years later, with the social security system in serious trouble, even though we were told in 1977 that if we adopted the recommendations of the Carter administration and increased taxes on the American working man and working woman and on employers six times between now and the year 1990, we would take care of the social security system.

Now we have another remedy coming from pretty much the same source, the same direction, another tax increase.

So I hope that if we do not go ahead with the tax reductions that were approved by the Senate by a vote of 89-to-11—89-to-11 was the vote on the tax reduction package. Then taxes would rise by 22 percent over the next 3 years. In 1983 it would mean a real tax increase for most Americans beyond present levels.

Let us face it: Even with the tax reduction package, the largest tax reduction package in history, because of inflation and because bracket creep, most taxpayers will end up with a 1, 2, or 3 percent real tax cut.

Mr. President, I do not quarrel with those who offer this amendment. If we want to debate the tax bill again on the debt ceiling, this is an opportunity. That, in effect, is what we are doing. We are being asked to undo today what the Senate did by a 90 percent vote just a couple of months ago, in approving a tax increase.

So, at the appropriate time, when speakers on the Democratic side have completed their statements, I will move to table the amendment.

I point out that the Senator from Kansas is not certain what is happening on Wall Street these days, but I understand there has been some good news yesterday, despite the prediction of doom and gloom by some; and there has been good news today and good news around the world in the stock markets. Interest rates were reduced a half percent yesterday. That is not much, but that is better than they were 2 days ago. So there is some indication that even before the effective date of the President's program, it is having some impact in some places.

I encourage my colleagues to give the President a chance. He barely got to town a few months ago. We have had some differences of opinion on which way the country should go, but nobody wanted it to go the way it has been going the last 10 years.

It seems to me that the President deserves an opportunity to put his program in place, and it starts on Thursday. I know that we have already had last rites for the program. It has not even been in effect or been in place. I hope that the media will find it in their hearts not to make it retroactive. The effective date is Thursday. Perhaps the American people then will understand that, as of Thursday, we have the President's full program in place.

The tax reduction has been in effect in 1981 in some areas of business, and some little place on capital gains, but the individual rate cuts and the full impact of the other cuts take effect in October or in January of next year.

This Senator believes that if Congress does not totally lose its nerve—I see some erosion around and some erosion on both sides. The President has not lost his nerve, and if we do not lose ours and the American people help us not to lose our nerve in the process, we may yet turn the economy around and further reduce interest rates and further reduce inflation, and increase jobs in the private sector. That really is what the President indicated he would like to do for this country when he was a candidate and since he has been the President.

The Senator from Kansas understands that when debt ceilings are on the floor, there is always a great deal of effort to amend the debt ceiling measure. I can remember not too long ago when I offered amendments to the debt ceiling measure. I did not know anyone was watching on the other side, but apparently somebody picked that up—not what I did but what some of the more effective Senators did.

Mr. President, I hope that at the appropriate time, we can table all these amendments. We have an amendment from Senator ARMSTRONG on the Republican side. We are going to table that amendment. It is a good amendment.

The Senator from Nebraska and the Senator from New Jersey have an amendment. Their amendment is not quality, but it is all right to bring it up. I hope we can dispose of it with a motion to table sometimes after 7 p.m.

I say to my colleagues, even those who are not on the floor, because they are undoubtedly listening in their offices, that unless we act today not only on Senate Joint Resolution 265, but, more importantly, on another resolution we need unanimous consent to bring up, House Joint Resolution 266, in effect we cost the taxpayers of this country about $4.5 to $5 million. That is because we need an earlier 1-day extension on the debt ceiling so that the Treasury can make certain bond offerings to fund the civil service retirement system. If that is not done, if we do not have that approval by Congress, then we are, in effect, wasting $5 million of taxpayers' money.

Finally, Mr. President, I say this: I know the Senators from New Jersey and Nebraska understand this and are not trying to frustrate it; I make that clear at the outset. I say to my colleagues everywhere that I am in the position the distinguished Senator from Louisiana has found himself in, in the past. If we do not extend the debt ceiling by tomorrow night, certain things will happen.

By next Monday, if we do not extend it in timely fashion, many of the Government checks being sent out—social security checks, for example—will not be honored because there will not be money to pay those checks. We are told by the Treasury that as of next Monday, there will be outstanding checks, billions of dollars worth, and they cannot be redeemed because of the fact that there is no borrowing authority and the Government will be out of money.

That chronology has been placed in the RECORD. It is not intended to frighten anybody. Some of my colleagues on this side of the aisle have said, "Let it happen. What we need in this country is a little chaos." Mr. President, if that happened, there would be chaos. There would be so much chaos if that happened that we could probably slip social security reform through the Senate without anybody noticing it, because there would be so much focus on what happened if the Government cannot meet its obligations. So it is serious business we are about.

I hope that people who have amendments will come to the floor this afternoon so we can have a final vote on them this evening and we can have a vote on Senate Joint Resolution 265, followed by a vote on Senate Joint Resolution 266 and, hopefully, have a vote on something sent over by the House called the Bolling proposal, which would restore the minimum benefit.

We would modify that benefit with a package voted out, 20 to 0, from the Committee on Finance last year, with a restoration of the minimum benefit—a rather large restoration—provision for interfund borrowing, provision for reallocation of taxes in the different funds, and, finally, adoption of a provision that will pay for the restoration of the minimum benefit.

Mr. President, it is my hope we can reach some agreement, Democrats and Republicans, to bring up the Bolling proposal to substitute the package adopted by the Senate Finance Committee and send that back to the House. If that all happens in the next few hours, we shall have accomplished a great deal.

I thank my colleague from Nebraska for his patience.

Mr. EXON. Mr. President, I thank my friend from Kansas.

Mr. President, I shall try to be brief because I know my friend and colleague from New Jersey, cosponsor of the amendments before us, wants to talk on this subject.

I have listened with great interest, as I always do, to the chairman of the Committee on Finance, my friend and colleague from Kansas. I am not certain that he still understands this amendment. At least, the arguments that he offered on the floor of the Senate in support of his tabling motion led one to believe that he simply does not understand the thrust of the amendment.

He says that this is an amendment to increase taxes. To the contrary, Mr. President. It is the only amendment that has ever been offered when the tax bill passed this body and it is the only amendment that I know of that is being offered on the debt ceiling limit bill that directly attacks the ruinous interest rates that are affecting this country.

Contrary to the argument that has been presented by the Senator from Kansas, we are not giving the President a chance. Indeed, all you have to do is read this simple amendment. You would say we are going along 100 percent with the President's economic recovery program. We are going along 100 percent with the President's tax cut program, just as it passed this body 60 days ago.

All we are saying, Mr. President, is that if the economic assumptions in the President's program do not work out, then we are providing for a safety valve, a trigger mechanism, if you will, which will send the market the notice that we are indeed sincere about doing something about the high interest rates.

If this amendment is tabled, and I suspect that there is a chance that that might happen, because you can count on unanimous support for the tabling motion on the other side of the aisle, how do they answer the question of what they are going to do about interest rates? They keep saying, Mr. President, if you will just believe in the President's program, everything will work out. That is what I am saying, except that I am saying that if the President's program does not work out, then we have an escape route that could and will directly affect the lowering of interest rates right now.

Mr. President, I think it is not fair to say that we are trying to interfere with the President's program. All we are saying in the amendment, clearly stated, is that nothing will be changed in the President's program. Nothing will be changed in the economic recovery package that is so near and dear to the hearts of those on the other side of the aisle and those of us on this side of the aisle that sincerely hope that the President's program will work. We are not taking away one option for that program's not working.

The basic question is, are you concerned about the ruinous high interest rate today that most economists agree is the thing that is starting to direct the economic program of the President off track? All we are saying is, if it does go off track, this is an amendment that will bring it back on.

Therefore, Mr. President, if you sincerely believe in giving the President's program a chance, as I do, we are not raising taxes, we are not interfering with the program. We are simply saying that if the specific figures advanced by the President as they affect the economy do not work out a year from now, then we suggest that if interest rates stay high and if the deficit flares, we would reduce by half in the third year—not the first year, not the second year, but the third year—the individual income tax cut.

It is a reasonable amendment, as I said in my remarks this morning. I hope that my colleagues will recognize that this is the only thing that we can do now and reject the argument of the Senator from Kansas that we should ignore the high interest rate problems and let nature take its course.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I rise in support and cosponsorship of the amendment offered by the Senator from Nebraska and the senior Senator from New Jersey. It is the same amendment in substance that was offered on the tax bill. I shall not repeat the arguments that were offered by the Senator from Nebraska, because I think he succinctly stated that this is an amendment which provides a triggering mechanism to preserve a stable economy.

And indeed if interest rates are much higher than the President predicts they will be, if the budget deficit is much higher than the President predicts his program will bring, then we will reduce the size of that third year tax cut accordingly.

This is an amendment that is prudent. It is an amendment which I think is timely, for many Senators after returning from their August recess recognized that something was wrong out there. Interest rates were not dropping, they were skyrocketing; the deficit was not coming down, it was going up.

The prospect of stable growth had deteriorated dramatically in the 1 month after the economic recovery program had been adopted.

It is just such probability in the future that occasions this amendment.

I hope that it will not be used, but indeed it might be and we must be ready.

I think, also, on the occasion of offering this amendment it might be appropriate to comment about the international aspects of the Reagan economic program. This is the week that the International Monetary Fund and the World Bank are meeting in Washington. Indeed the President has addressed them today.

Mr. President, back in the early 1900's there was a President of the United States who fought a war to make the world safe for democracy, and indeed if the President's comments to the World Bank and the International Monetary Fund are correctly reported this morning, it seems that this President is attempting to make the world safe for supply side, a particular kind of supply side that is defined as reducing the marginal tax rate and cutting nondefense Government spending.

In fact, this administration's international economic policy is to be categorized in two ways. One is getting Government out of the world economy, and that includes those institutions that are holding their annual meeting today, the International Monetary Fund and the World Bank.

The second thing that characterizes the international economic policy of this administration is that it pays little attention to global repercussions of domestic economic developments. By that I mean the interest rate policy, the tax policy, the fiscal policy generally of the United States.

The result of these two actions leads to an endangerment of our entire world economic system particularly at a moment when it was under stress.

Mr. President, that system, as most Senators and citizens know, was created in 1945 based on the principles of free trade, free flow of capital and the dollar as the reserve currency. It was a system created to avert the downturn in world trade that occasioned the depths of the depression in the 1930's. It was a system devised to bolster our allies in Germany and Japan to act as a bulwark against Communism. It was a system based on the premise that the United States could outcompete any of our allies given a workable system of rules.

Mr. President, by any standard of measurement that system provided the world with the greatest prosperity it has ever known. Since 1971, however, that system has been under stress, stress from at least four locations.

One is that our allies turned out to recuperate much faster than we had expected. Our economies are no longer as complementary but they are indeed deadly competitive, in any number of products in all of the markets of the world. That is the first stress on that system.

The second stress is a rising protectionism throughout the world, that, of course, pushed us to the abyss and into the abyss in the Depression of 1930 and 1931. The third stress was the extreme of floating exchange rates which works well in theory but masked underlying economic inefficiencies in the system, and the fourth stress is really the economic shocks that were sustained by that world economy as a result of the three oil supply disruptions in the 1970's.

It is this system under these stresses that this administration enters with the proposal that we must get Government out of the world economy, including the World Bank and the International Monetary Fund, and we must follow very tight money policies in this country without regard not only to the small businessmen, the farmers, and the housing industry in this country but without regard to any of our allies as well.

Mr. President, the ties of economic interdependence are strong. Ignoring them will not eliminate them. And trying to cut them is extremely costly.

Mr. President, the best government is not no government. Governments and government-created multinational institutions provide the structure in which private enterprise can function and the stability through which economic growth can be obtained. Indeed, interdependence means management, rules of trade, and finance and investment are necessary.

The program of this administration on three fronts endangers that world economic growth. First the high interest rates. Not only do these high interest rates come at a time when the world is already in sluggish economic growth, the developed world last year, for example, grew at a little over 1.2 percent, the developing countries grew at about 4.4 percent. But the problem is let us take each one. The developed countries are tending toward a recession already. Take the German economy. It has high unemployment and low inflation. That would not need expansionary policy but because we follow a policy that produces very high interest rates we force our German allies to cut their budget and in so doing make them unable to fulfill the defense requirements which are so absolutely central to sustaining the common defense of Western Europe.

The effect of high interest rates on developing countries need not be belabored. It stifles capital equipment investment, it raises the price of oil imports, it stops trade, it prevents countries that already have $300 billion in total outstanding debts and current account deficit collectively of $70 billion from being able to marshal any momentum on exports and, therefore, the attainment of revenues to repay those loans that most of the international banking structures of the Western World have extended to them.

It is indeed somewhat ironic that at the time the world oil price has stabilized you find the interest rates skyrocketing with the general rule that every 1 percent increase in the world interest rate adds $7 to $8 billion onto the interest payments of developing countries. In fact, you find in many developing countries their export revenues are not enough even to cover their interest payments on the loans that have been extended to them by private and multilateral banking institutions, not to mention the ability of those export revenues to cover oil imports which they do not.

So, these interest rates are damaging to our national security, forcing our allies to be unable to commit themselves to the defense measures that are essential for the common defense. They endanger the economic system and the trading system and the international banking system upon which the prosperity of the whole world has been based since 1945, and they very clearly present a difficult, challenging, and damaging threat to the small businessmen, the housing industry, and the auto industry in this country.

So, Mr. President, I suggest that this administration cannot withdraw from the world economy, cannot make the United States withdraw from that world economy, and an economy such as ours which has one in five jobs tied to exports, 1 in 3 acres of farmland tied to exports, and 20 to 25 percent of GNP tied to trade cannot withdraw from that world economy. We cannot withdraw from multilateral institutions such as the IMF and the World Bank that are so essential to assuring the stability in the world in which the private sector can now issue an economic growth both in the Third World and developed world can occur.

So, Mr. President, I argue finally that the statistics do not really capture the nature of the relationship among our economies in the developed world and developing world, because we are not only sensitive to each other's commercial and financial markets as the last week has clearly made vivid but we are also sensitive to each other's psychology about one another.

In fact, that is the essense of alliance. And to date, the Reagan administration has shown signs of trying to ignore these linkages. It strives to remove government from the marketplace entirely and to assume all functions will be taken over by the private sector. But again and particularly in the world economic system, the private sector needs stability and that requires government involvement in international cooperation.

Changing that system to assure another three decades of growth is not easy.

But there is one thing for certain: We do not have a choice to withdraw from the world to a fortress America. We have a choice only of whether we will strive to create a creative cooperation among the economies of this world or whether we will have a more disorderly and perhaps deadly tangle.

Mr. President, it seems to me that the Senator from Nebraska has offered a prudent amendment that simply says before we proceed down the road of a policy hoping that it will work without certainty that it will, let us pause and give all parties an exit from a road that has the potential of leading to economic disaster.

Mr. KENNEDY. Mr. President, I support Senator EXON's amendment and would urge my colleagues to support it.

Mr. President, the Exon amendment offers us an effective opportunity to shore up our faltering economy and reassert our intention to end the string of massive deficits and achieve a balanced budget.

The amendment takes the administration's economic forecast at its word. If the targets are being met, if we are making progress toward economic recovery, the full 5–10–10 tax cut voted earlier this year will take effect as scheduled.

But if the targets are not met, and if interest rates and the deficits are larger than anticipated, then the prudent course to follow is to scale back the tax reduction in future years, to insure that the budget can be balanced. In other words, the third year of the tax cut would be conditioned on satisfactory economic progress toward the goals we share for a return to prosperity and a healthy national economy.

I favor a balanced budget and a policy of restraint to bring inflation down. But today we have a schizophrenic economic policy. You cannot simultaneously have extremely tight money and an extremely loose fiscal policy. The numbers do not add up. You cannot get to a balanced budget from there.

You certainly would not try to put out a fire by pouring water with one hand and gasoline with the other. Yet that is how the administration is trying to put out the fires of inflation. Tight money and high interest rates are the water. And the massive tax cuts and the huge increases in defense spending are the gasoline.

Wall Street is not the villian. It is the messenger bringing the bad economic news to the administration. The continuing plague of high interest rates and the confusion and consternation in the financial markets are, in effect, a vote of no confidence in the administration's current policy.

The numbers tell the story. The recent tax bill enacted the largest and the longest individual tax cuts in our history. As a result of the 3-year tax reductions, Federal revenues in the coming years will be reduced by the following amounts: Fiscal year 1982, $26.9 billion; fiscal year 1983, $71.1 billion; and fiscal year 1984, $114.7 billion.

These enormous tax reductions have been a major factor in triggering the highest interest rates since the Civil War. They threaten to saddle the country with the largest deficits in our history. Far from a balanced budget in 1984, the chairman of the House Budget Committee has actually suggested that the deficit that year could be over $60 billion, and could reach the incredible level of $97 billion in 1985.

In his address to the Nation last week, President Reagan told us that, as a result of the current negative developments on the economy, the estimated budget deficit for 1982 had climbed from $42 billion to $59 billion, and that the deficit could well be just as large in 1984.

In order to bring the economy back on track toward a balanced budget in 1984, the President proposed major new reductions in Federal spending in each of the next 3 years.

But Congress and the administration have already cut spending to the bone. Many of the President's proposals for future spending cuts are still on the drawing board and have yet to be identified.

It is fundamentally unfair for the administration to seek to balance its budget by further cuts in spending, at a time when large reductions in the budget deficit could also be achieved by cutting back the tax cut.

In fact, former Defense Secretary James Schlesinger has said that this year's tax cut is "likely to go down in history as the single most irresponsible fiscal action of modern times."

We sometimes hear it said that the administration's program does not even start until October 1, so give it a chance.

But their whole theory has been based on expectations. People are looking closely at the program, and the more they see, the less they believe.

If you have a bottle of pills and you notice from the label that it is the wrong prescription, you do not just go ahead and swallow them. You call the doctor for a new prescription.

The tax cuts were enacted prematurely. They were rushed into law before the budget was balanced. Unless we act now to condition those cuts on meeting the administration's targets, we may well doom the economy to an endless period of high interest rates and slow growth.

I hope the amendment will be adopted.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, does the Senator from New Jersey know of any other speakers on the amendment?

Mr. BRADLEY. I do not think, I would say in my response to my colleague from Kansas, that there are any other speakers on the amendment. The distinguished Senator from Nebraska will be returning to the floor shortly. I am sure that he will be prepared at that point to discuss with you final disposition of this amendment.

Mr. DOLE. Mr. President, I will move to table the amendment. I do not want to cut anyone off if there are other speakers. If not, we would like to make that motion and go on to other amendments. I hope, if other Members have amendments, they can bring them to the floor so we can start voting at 7 o'clock this evening. There should be two or three votes back to back. Hopefully, any other amendments that either side has can be offered in the interim so that we can dispose of this bill some time this evening.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, certainly we want to cooperate with the managers of the bill. I think it is appropriate at this time that I ask for the yeas and nays on the bill. That has not been done up to this moment.

The PRESIDING OFFICER. On the bill or on the amendment?

Mr. EXON. On the amendment.

The PRESIDING OFFICER. Is there a sufficient second? Apparently there is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I move to table the amendment and ask for the yeas and nays on the motion to table the amendment.

The PRESIDING OFFICER. Is there a sufficient second? Apparently there is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I say to any other prospective amendor who could journey to the floor that it would be appreciated, because I think we would all like to proceed.

I would like to have printed in the Record a letter from the Treasury Secretary indicating his desire that we not add amendments to the bill for the reasons that have been stated in the last couple of days, one being that the Government, despite our concern about exceeding a trillion dollar public debt—I think anyone who does not think this country is in trouble just has to understand that we are raising the debt ceiling, the public debt ceiling to $1,079.8 trillion, which should get us to the end of the next fiscal year, which ends September 30, 1982, and hopefully beyond the end of that year into calendar 1983.

But if there is some doubt about the necessity for this Congress, regardless of anyone's party or philosophy, to continue to find ways to cut Federal spending, and if you are concerned about your children and your grandchildren, then just have them take a look at the public debt extension bill we are debating today on the Senate floor.

The other alternative to not doing anything is, as I said yesterday, come a week from yesterday the Government will not be able to honor outstanding checks. Many of those went into the mail on the 28th and today, the 29th. So it is serious business we are talking about.

I know there are well intentioned Members on both sides that say, "Well, maybe that is what this country needs is about a week or 10 days or 2 weeks of the Government not being able to meet its obligations."

That certainly would startle the American people. You talk about disarray and disruption in domestic and world markets, certainly that would alert the people around the world of the chaos in this country.

So it seems to this Senator, as the Senator from Nebraska said, that we needed an escape route if the program does not work. I think the Senator was suggesting that maybe those of us on this side need the escape route if the program does not work.

If it works, we will be able to walk down the middle; if not, we will be looking for that escape route the Senator from Nebraska referred to.

In his letter, the Treasury Secretary points up again some of the reasons that he believes we should move on this debt ceiling extension, hopefully today and not later than tomorrow.

Mr. President, I ask unanimous consent to have that letter printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

The Secretary of the Treasury,
Washington, September 28, 1981.

Hon. Robert J. Dole,
U.S. Senate,
Washington, D.C.

Dear Bob: I am writing to reiterate the Administration's strong opposition to any amendments which would modify the recently enacted Economic Recovery Tax Act of 1981.

A reversal on the tax cut, before it even goes into effect, would have a disastrous impact on the financial markets. The stop-and-go policies of the past have undermined the Government's credibility, and such a sudden about-face would convince individuals and business alike that the Government is not to be counted upon, and that no commitment to save or invest was worth making in the current uncertain situation.

Spending reduction is the only route to a balanced budget which favors real economic growth and job creation. Spending reduction frees up real resources for the private sector to use to make this country grow. Tax increases, on the other hand, retain control over resources for the Federal Government.

The individual tax cuts enacted last month are necessary to offset pending tax increases. If these tax cuts are reduced or delayed, the American people would face tax increases. A tax increase before the ink is dry on the tax cut would destroy incentives to work, save and invest. If we are serious about economic growth, we must be serious about having incentives intact, and make the added effort to control Federal spending further.

With best wishes.

Sincerely,

Donald T. Regan.

Mr. DOLE. Mr. President, while awaiting other Senators to come to the floor with amendments, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 440

(Purpose: To establish a trust fund which is financed from revenues from the repeal of reductions in the windfall profit tax contained in the Economic Recovery Tax Act of 1981 and which is used as a reserve for the Social Security trust fund, and for other purposes)

Mr. EAGLETON. Mr. President, I have an unprinted amendment which I send to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. Eagleton) for himself, Mr. Cannon, Mr. Metzenbaum, and Mr. Biden proposes an unprinted amendment numbered 440.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following new section:

Sec. . (a) The following provisions of the Economic Recovery Tax Act of 1981, and the amendments made by those provisions, are hereby repealed:

(1) Section 601 (relating to $2,500 royalty credit for 1981; exemption for 1982 and thereafter).

(2) Section 602 (relating to reduction in tax imposed on newly discovered oil).

(3) Section 603 (relating to exempt independent producer stripper well oil).

(b) Title II of the Social Security Act is amended by inserting after section 201 the following new section:

"SOCIAL SECURITY RESERVE TRUST FUND

"Sec. 201A. (a) There is established in the Treasury of the United States a trust fund to be known as the Social Security Reserve Trust Fund (hereinafter in this section referred to as the 'Trust Fund') which shall consist of amounts transferred to the Trust Fund under this section.

"(b)(1) There is appropriated to the Trust Fund for each fiscal year an amount equal to the increase in revenues for such fiscal year which results from the repeal of sections 601, 602, and 603 of the Economic Recovery Tax Act of 1981, except that the aggregate amount appropriated to the Trust Fund under this paragraph for all fiscal years shall not exceed $50,000,000 000.

"(2) The amount appropriated under paragraph (1) shall be transferred to the Trust Fund by the Secretary of the Treasury at least quarterly on the basis of estimates made by the Secretary. Proper adjustment shall be made in the amounts subsequently transferred to the extent prior estimates were not equal to the amounts required to be transferred.

"(c) There is created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section called the 'Board of Trustees') the members, Managing Trustee, and Secretary of which shall be the individuals serving as members, Managing Trustee, and Secretary of the Board of Trustees created under section 201(c). The Board of Trustees shall meet at least once each calendar year. It shall be the duty of the Board of Trustees to—

"(1) hold the Trust Fund;

"(2) report to the Congress not later than the first day of April of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the next five fiscal years;

"(3) report immediately to the Congress whenever the Board of Trustees is of the opinion that the amount of the Trust Fund is unduly small; and

"(4) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of the law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected payments to, and disbursements from, the Trust Fund during each of the next five fiscal years, and a statement of the actuarial status of the Trust Fund. Such report shall be printed as a House document of the session of the Congress in which the report is made.

"(d)(1)(A) It shall be the duty of the Managing Trustee to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals, and such investments shall be made so as to secure the maximum possible interest yield, commensurate with the safety of the Trust Fund. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (i) on original issue at the issue price, or (ii) by purchase of outstanding obligations at the market price.

"(B) The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of public-debt obligations for purchase by the Trust Fund. Such obligations issued for purchase by the Trust Fund shall have maturities fixed with due regard for the needs of the Trust Fund and shall bear interest at a rate equal to the average market yield (computed by the Managing Trustee on the basis of market quotations as of the end of the calendar month next preceding the date of such issue) on—

"(i) all marketable interest-bearing obligations of the United States then forming a part of the public debt,

"(ii) all marketable interest-bearing obligations which are not obligations of the United States but which are guaranteed as to both principal and interest by the United States, and

"(iii) all marketable federally sponsored agency interest-bearing obligations that are designated in the laws authorizing their issuance as lawful investments for fiduciary and trust funds under the control and authority of the United States or any officer of the United States;

except that where such average market yield is not a multiple of one-eighth of 1 per centum, the rate of interest of such obligations shall be the multiple of one-eighth of 1 per centum nearest such market yield.

"(C) The Managing Trustee may purchase other interest-bearing obligations of the United States or obligations guaranteed as to both principal and interest by the United States, on original issue or at the market price, where he determines that such purchase is necessary to secure the maximum possible interest yield, commensurate with the safety of the Trust Fund, and that such purchase is in the public interest.

"(D) The Managing Trustee shall secure such equipment and enlist the services of such experts as may be necessary for the purpose of allowing the Board to make investments which will secure the maximum possible interest yield.

"(2) Any obligations acquired by the Trust Fund (except public-debt obligations issued exclusively to the Trust Fund) may be sold by the Managing Trustee at the market price, and such public-debt obligations may be redeemed at par plus accrued interest.

"(3) The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

"(e) The Secretary shall transfer, out of any amounts in the Trust Fund, to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, and the Federal Hospital Insurance Fund such amounts as may be provided by appropriation Acts.".

(c) Subparagraph (B) of section 102(c)(1) of the Crude Oil Windfall Profit Tax Act of 1980 is amended—

(1) by striking out the period at the end of clause (ii) and inserting in lieu thereof ", plus", and

(2) by inserting immediately after clause (ii) the following new clause:

"(iii) any amount appropriated to the Social Security Reserve Trust Fund under section 201A(b)(1) of the Social Security Act.".

(d)(1) Section 201 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(1) There shall be transferred to the Federal Old-Age and Survivors Insurance Trust Fund and to the Federal Disability Insurance Trust Fund such amounts as may be appropriated for such purposes from the Social Security Reserve Trust Fund.".

(2) Section 1817 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(j) There shall be transferred to the Trust Fund such amounts as may be appropriated for such purpose from the Social Security Reserve Trust Fund.".

(e)(1) Except as provided in paragraph (2), the amendments made by this section shall apply to fiscal years beginning after September 30, 1981.

(2)(A) The provisions of subsection (a) shall apply to all taxable years and periods to which the provisions repealed by subsection (a), and the amendments made by those provisions, would have applied.

(B) The Internal Revenue Code of 1954 shall be applied and administered as if the provisions repealed by subsection (a), and the amendments made by those provisions, had not been enacted.

Mr. EAGLETON. Mr. President, there is nothing very complicated about this amendment. It would do two things: first, it would repeal the $33 billion in special tax breaks given to oil interests in the recent tax bill; and, second, transfer that money to the social security trusts where it would be held as a reserve against the possibility the economy will not perform as well as the Congressional Budget Office predicts.

I advisedly selected the word "possibility" and not the word "probability" only because I believe this Congress will insist on restoring some measure of reason to the administration's Alice-in-Disneyland economic plan. Specifically, I believe Congress will want to cut Pentagon spending much more substantially than the token $2 billion recommended by President Reagan. I believe also that there will be some rethinking of the unfortunate tax measure we passed. James Schlesinger has called that tax bill the single most irresponsible fiscal action in modern times. Frankly, I think he was being charitable. It was a disaster and much of the turmoil we are witnessing in financial circles today owes directly to that unjustified and unproductive giveaway of revenues.

Unless Congress does insist on restoring reason and balance to the program, the economy is headed for rough times indeed and the first to feel the impact will be the social security system. If we allow that to happen, we'll need the reserve created and funded by my amendment just to keep benefits flowing while we think of something else to do.

The President's solution to the growing crisis of confidence in his economic plan is to cut even deeper into domestic programs. Those cuts even included social security benefits until the President was warned off by his own party leaders. Irving Kristol, writing in the September 25, 1981, Wall Street Journal, had this to say about the administration's new strategy:

> It's the wrong battle at the wrong time. You don't rush to cut the budget when the economy is slowing down. That's not supply side economics. It's Herbert Hoover economics.

Mr. President, there is an alternative and that is to begin to pare away some of the unnecessary tax giveaways which are the source of much of our problem. No industry is less in need of a tax break than the oil industry. But, we do not even have to debate that question. What we have to decide here today is whether the oil industry needs this revenue more than the beleaguered social security system. Are oil company profits going to come ahead of the security of our retired citizens?

Mr. President, I can anticipate one argument of the opponents of this amendment and that is the much asserted, but little examined dictum that you should not use general revenues for social security. To do so, it will be said, would convert a pay-as-you-go retirement plan into some kind of welfare program.

I think we all know better than that. Social security ceased to be a simple old age retirement program when we grafted disability on to the system in 1956 and medicare in 1965. Those were programs which should have been financed at the time from general revenues. If we had done that we would not have the problems we face today.

Some of the same people who today object most vociferously to using general revenues for social security argued a few months ago that people being deprived of minimum benefits did not have to worry. If they were "truly needy," they could qualify for supplemental security income, food stamps and the like. Now, what is that but a backdoor way of bringing general revenues into the system?

Mr. President, we are talking about a short-term measure to shore up the social security system which has been hard hit by inflation and high unemployment. Some believe the only way to protect those benefits is to cut those benefits. I say a better choice is to reclaim these windfall profit revenues and use them to create a safety net under the system. If we need further justification, then consider the impact that soaring energy prices have had on the budgets of social security recipients and, through the general inflation they stimulated, on the financial health of the social security system itself.

Another objection to using general revenues to assist social security is that the same wage earner pays both social security and general taxes. In effect, using general revenues is a back door way of raising payroll taxes.

That objection does not apply to the use of windfall tax revenues. That tax is paid only by oil producers and, given the ceiling price enforced by OPEC competition, the tax is not and cannot be passed on to the consumer.

Also, unlike other taxes, the windfall tax expires by law in 10 years, or when

$227 billion has been collected. Thus, my proposal involves only a temporary infusion of outside funds and is not a permanent departure from the goal of making social security a self-sufficient system.

Specifically, my amendment would repeal section 601 relating to tax credit for royalty owners, section 602 relating to reduction in the tax imposed on newly discovered oil and section 603 relating to the exemption of independent producer stripper well oil. The total revenues involved through 1986 are an estimated $11.6 billion. Through the life of the windfall tax it could amount to as much as $33 billion.

Mr. President, my amendment will provide a margin of safety by repealing the $33 billion tax break given to the oil industry out of windfall profit revenues in the recent tax act. The amendment would transfer those revenues instead to the social security trusts where they would serve as a reserve and a cushion against unforeseen economic difficulties. I have hope that little, if any, of the reserve will be needed to cover benefit outlays, in which case it would be invested in high-yielding Government securities and earn interest for the system.

No one can tell me that there is a need within the oil industry for additional profits which the last tax bill gave it. Certainly the case for subsidizing oil producers cannot take precedence over the needs of our elderly citizens. My amendment would take from the truly greedy and give to the truly needy.

The fact is this tax giveaway to the oil industry has nothing to do with the President's economic recovery plan. It was an add-on—a little bit of grease applied as an afterthought to help slip the tax bill through this Congress.

If the oil interests had had their way there would have been a lot more grease applied; $33 billion was not enough. On July 22, in the closing hours of debate on the tax bill, the distinguished floor manager, Senator DOLE, of the bill now before us offered another amendment to further drain revenues from the windfall tax and return them to the oil companies. The estimated price tag on that amendment was an additional $40 billion—that is additional beyond the $33 billion, another $40 billion, and that Dole amendment actually had a majority in this Chamber on a parliamentary test vote.

There is no mystery about it. Much of the opposition to my amendment today springs from a desire to keep revenues unencumbered so that at some future time down the road they can be given back entirely to the oil companies—every last dime of them. That is the hidden issue in this debate and all the arguments about using general revenues for social security or equity for royalty owners cannot disguise it.

Nobody can make the case that the oil companies need additional funds for investment. They cannot use what they are making already. They are running around attempting to buy up other oil companies, commercial real estate, cable TV networks—anything that is not nailed down.

I have sympathy for some royalty owners. The provision affecting them is not totally without merit, and I think there are probably other forms of relief we can provide for this group. Why not, for instance, simply prohibit the oil companies from passing on the burden of the windfall tax to these lease holders? I do not know, but I do know this: there are a lot of things with some merit which we simply cannot afford. We have to set priorities. We have to make choices. And, the choice we have today is whether we are going to use these general revenues to further enrich the oil industry or to provide a minimum margin of safety for the 36 million Americans dependent on social security benefits.

I know some of my colleagues are unhappy with having to choose between oil company profits and benefits for senior citizens. But it is not my amendment which is forcing them to that decision. The choice was made when we adopted this administration's economic recovery package. We cut social security benefits by $26 billion—that is what we did as part of the President's and the congressional economic package—and we used those savings of $26 billion, in a manner of speaking, to finance the $33 billion tax break for oil interests. So, it is not my amendment, but the votes cast on the tax and budget cuts that put us in this situation. My amendment is merely an opportunity to reverse that miscarriage of common justice.

Mr. DOLE. Mr. President, I inquire of the Senator from Missouri if there are other Senators who will be speaking on the amendment.

Mr. EAGLETON. Yes, there are. Their officers were notified when I took the floor, and it is anticipated that three or four will be here to speak on the amendment.

Mr. DOLE. Mr. President, Senator EAGLETON proposes an amendment to repeal the windfall profit tax relief contained in the economic recovery act of 1981—royality owner relief, reducing the tax on new oil to 15 percent, and phasing in an exemption for independent stripper. EAGLETON would earmark the revenues saved—which he counts at $33 billion over the life of the tax—for the social security trust funds.

Earmarking general revenues from what is, in effect, a tax increase would be an ineffective and illogical way to solve the short-term financing problems of social security. It is also inconsistent with the basic policies of both the Social Security Act and the windfall tax.

This is a departure from self-financing. Social security has been self-financed by employer and employee payroll taxes, and proposals to fund benefits out of general revenues have rightly caused considerable controversy. Critics of general revenue financing contend that benefits would get further out of control if not "linked" to the payroll tax, whose size is apparent to every wage earner.

The proposal amounts to earmarking a portion of windfall tax revenues for social security. Those revenues vary according to the price of oil, amounts of production, and type of production. Social security outlays vary according to benefit levels and the number of qualified retirees. There is no logical connection between the two: Why force each program to depend on the economics—and the politics—of the other?

The Crude Oil Windfall Profit Tax Act of 1980 already provided a type of earmarking: The revenues were to go for aid to lower income households, individual and corporate income tax reductions, and energy and transportation spending programs. The intent was to apply the windfall tax revenues to areas that relate to the higher costs of energy: Applying some of those revenues to boost social security is inconsistent with this legislative intent.

To devote any general revenues to social security just reduces the amount of general revenues available for all the other programs in the budget. If we are convinced we need a tax increase to add to general revenues, then that is what we should do. This is just a subterfuge to avoid coming to grips with the real difficulties of social security.

It makes no sense to tie social security to revenues from a temporary tax such as the windfall tax. The windfall tax phases out over a 33-month period beginning between 1988 and 1991. By the end of 1993, at the latest, there will be no windfall tax revenues. The amendment seems to assume that the $33 billion will be available only through 1990. That is just when our problems with social security may be beginning to get severe.

Mr. President, I urge my colleague who will speak in support of this amendment to do so at this time, so that we can move on. There may be other amendments, and when we start voting at 7 o'clock this evening, we will have a number of votes. The Senate can dispose of the amendments and then move to final passage of House Joint Resolution 265.

Mr. President, the Senator from Missouri is from a nonproducing State, so it is easy to stand on the floor and tell those States that have oil production what they should do with the profits from that oil when they do not have any oil in their own States.

Kansas does produce a little oil, not very much—56 million barrels a year. In fact, it has gone up a little since we have removed some of the shackles from production and since it is now possible, even with the small wells we have, to make a small profit.

It is not too difficult, when you have no production, to stand up and indicate that there should be bigger reforms and that there is a big windfall out there for the people in the oil business. Some have been very successful; some have not been so successful. But to hear the Senator from Missouri, one would think that everybody in the oil business is rolling in money.

I understand the rhetoric, that somehow we took money out of social security and put it into windfall profit tax relief, and a lot of statements made certainly should be scrutinized before they are accepted. There was some relief provided in the Tax Reduction Act.

I might add that the Senator from

Kansas found himself opposing the amendment of the Senator from Texas (Mr. BENTSEN) for a 1,000-barrel exemption, for some of the reasons pointed out by the Senator from Missouri. We were talking about tax reduction and not a bill for the specific relief of any one industry.

We had a very minor provision in the tax bill which followed an amendment by the Senator from Oklahoma (Mr. BOREN), a compromise that the Senator from Kansas offered, and later the House-passed provisions were adopted in conference. That, I believe, was a step in the right direction. We lowered the tax on newly discovered oil.

It is pretty hard to have a windfall profit tax on something you have not discovered, though some in this body would continue to depress oil production and the independents by taxing it beyond recognition.

We did provide relief for small royalty owners and some substantial royalty owners; and we exempted, in 1983, stripper production from tax. Stripper production are wells of 10 barrels or less. The average well in the State of Kansas, in case some may wonder why everybody in the oil business is not wealthy—again, it is easy on this floor to talk about the rich and the poor, that all the rich are over here and all the poor over there—the average well in the State of Kansas produces about 3½ barrels a day; and even under current prices, it is not a large amount of money. Some have 2 or 3 wells, some 10, some 50—not very many.

However, that is beside the point, because here we are having another exercise to amend the debt ceiling. Many of us like to address social security. In fact, we have had hearings in the Senate Finance Committee. We have had suggestions by the House Ways and Means Committee, by Chairman PICKLE of Texas, on how we might reform the social security system. We have had hearings chaired by the Senator from Colorado (Mr. ARMSTRONG), in his subcommittee, on how we can address that system.

In fact, at this moment, the Senator from Kansas is aware of an informal meeting going on with certain members of the Finance Committee about social security. So there may be an opportunity for the Senator from Missouri to address that specific program.

But again I say that even the amendment had merit, and some will say it has much, those who do not have any oil production think it has great merit. Other Democratic or Republican Senators from States where the oil economy is important might have a different view.

Notwithstanding that, we are faced with a deadline. The deadline will not go away because somebody thinks they have a great amendment to add to the debt ceiling bill.

The Senator from Kansas is not quarreling with people who offer amendments. The Senator from Kansas has offered amendments in the past when the shoe was on the other foot, when the Democrats were in the majority. So I do not quarrel with those who offer amendments.

However, I say to my colleagues who have the responsibility of seeing that the debt ceiling is passed not later than midnight Wednesday that there are certain consequences, and everybody is aware of them. If the Government cannot borrow money, it cannot pay its bills.

This is the first time in 20 years that we have had a President dedicated to reducing the size of Government, reducing the power of Government, reducing the spending in Government, and at the same time reducing the tax burden on the American people; and I suggest that even with all those efforts being made, we must recognize and understand that it takes a little time.

The President was sworn in on January 20. That is not very long ago. That was this year. Some seem to have forgotten.

The President proposed and Congress disposed of spending reduction programs and tax reduction programs. For the most part, they take effect this week, on Thursday, October 1. They have not been in effect the past several weeks, as some in the media have indicated or some others have indicated; and some have indicated that they have failed, that the President's programs will have failed. It is pretty hard to measure their success or failure when they have not started. But they will start on Thursday of this week. I say to my colleagues that then we can start to measure the success or failure of the Reagan program. It is not going to happen in 1 week or 1 month. It may take 5, 6, 7, or 8 months.

However, there are some indications even now that Wall Street is beginning to take note of what a courageous President has done and Members of Congress in both parties who followed his leadership have done to turn the economy around. It is not painless. Cuts have to be made, and we will have to make more spending cuts. We have a budget of more than $700 billion; $400 billion of that comes to the Senate Finance Committee. We believe we can find a way to save some additional money without having any great impact on any one program.

So I say that we are going to address the social security system, as this Senator believes we should, and take the politics out of the discussion of social security, as the President suggested we should in his speech to the Nation last week. We will have a task force appointed. This Senator does not have any great faith in task forces or special committees.

However, if the President continues to give direction and if he is joined in this effort by the Speaker of the House of Representatives, Representative O'NEILL, and by the majority leader of the Senate, Senator BAKER, then we might be able to come up with some solution to the social security program by using a vehicle called the task force.

The Senator from Kansas points out that we have had task forces in the past, we have had advisory committees in the past, and we have had blue ribbon panels in the past.

The problem is that Congress is unwilling to take any action because of the sensitive nature of social security. There has been too much talk about cutting benefits. No one suggests that we cut benefits. We are talking about reducing the growth of the program, in an effort to protect the 36 million Americans who are beneficiaries, in an effort to protect the rights of the 115 million Americans who are not beneficiaries but are paying into the system.

We see the work force shrinking and the beneficiaries increasing, and in about the year 2000 we will have 2½ workers for every beneficiary.

That is a reduction to about 2½ to 1 from 13 to 1 not many years ago. So we must address the problem, Mr. President.

But Congress has lost its nerve. We did the easy thing. We are going to borrow from other funds in the social security system until they are near bankruptcy. That will get us through the next election and maybe by then, someone will think of some painless way to solve the problem.

The Senator from Missouri comes forth with a painless prescription called earmarking, taking out of the windfall profit tax to put into social security. That is the use of general revenues. That is general revenue funding. I suggest that we tried to earmark the windfall profit tax in the conference and the windfall profit tax passed. Some of us thought it ought to go in different places. Some of us thought it ought to go to energy development. Others wanted to retire the national debt, which is over $1 trillion.

That is why we are on the Senate floor today. The debt is $1 trillion, 79.8 billion I say if that does not indicate some difficulty as far as spending is concerned, then I guess there is not much that we can do to alert the American people.

Social security has been self-financed, Mr. President. This is a departure from the self-funding of the social security system. We have had participatory programs with employees paying a certain amount, employers paying an equal amount. I suggest that this amendment might be appropriate on a social security bill. It might be appropriate to discuss in hearings. There is some discussion of using excise taxes on tobacco and alcohol, to put into medicare. Again, that is a great idea, but this Senator believes that, in effect, is using general revenues.

We get plenty of demands on general revenues. We would not be here increasing the debt limit if we had a surplus in the general revenue fund.

Mr. President, I suggest it makes no sense to tie social security to revenues in a temporary tax such as a windfall tax. The windfall tax phases out in a 3-year period beginning from 1988 to 1991. By 1991 at the latest, there will be no windfall revenues.

I suggest for all the other reasons stated, we need to keep this bill free of amendments, whether it is this amendment or an amendment offered from this side of the aisle. I hope my colleagues who want to make certain we do that on both sides of the aisle will join me as we table amendments like this and other amendments that may be offered later today.

Mr. ROTH. Will the Senator yield?

Mr. DOLE. I yield to the Senator from Delaware.

Mr. ROTH. Mr. President, I share the concern of the distinguished chairman of the Committee on Finance about having any amendments, no matter how deserving, added to the debt ceiling legislation. I say to the distinguished Senator from Missouri that I have long been a supporter—in fact, I was the first one to raise the proposition in the Committee on Finance that we use the windfall profit revenue to help bail out, if you want to call it that, the social security trust fund. Two years ago, when the windfall profit tax first came up, which I supported in committee and on the Senate floor, it seems to me that this was a windfall to the Government as well as to the oil companies. As I said, I supported the proposition of the tax, but this was revenue which the Federal Government at that time had no reason to anticipate and which came to them for the same reasons that it came to the oil companies.

In the Committee on Finance, I proposed that all this revenue, which, roughly, I think, was $210 billion as it finally emerged, be used for the purpose of helping out the social security pension fund. My thinking then was that since this revenue was a windfall to the Federal Government, the best use we could make of these funds was to put it in the social security trust fund. I happen to feel that that is our most important sacrosanct social program. By putting these funds to that use, I felt we were helping our most important social program. We were also helping the young on whom so much of the burden would and will fall. I regret that my distinguished colleague from Missouri was not on the Committee on Finance, because my amendment lost by a tie vote. If he had been there, my amendment might have carried the day. As it was, it lost on a 10 to 10 vote, with "all" 10 votes against the amendment having been cast by the Democrats on the committee.

Since then, Mr. President, I have opposed any efforts to reduce the windfall profit tax—again both in the Senate Finance Committee and on the Senate floor. I am still of that school of thought.

I have to say to the distinguished Senator that it seems to me extraordinarily important that, as the chairman of the Committee on Finance has urged and recommended, we get the debt ceiling resolution out without any amendments, no matter how desirable or undesirable they may be in the minds of the individual Senators. I think it is important that we give the signal to the private sector, to the financial community, and to the world at large that Congress is able to act responsibly under these circumstances and will not play politics with the debt ceiling at this time.

The PRESIDING OFFICER. Who seeks the floor?

The Senator from Missouri.

Mr. EAGLETON. Mr. President, I shall be very brief, then I am going to ask for a very brief quorum call to see if those other speakers are, indeed, on their way. If they are not, then as far as I am concerned, the debate will have concluded. I believe the Senator from Kansas will then move to table it at an appropriate time, and we shall stack it up until sometime after 7 p.m.

Mr. President, I might use the mechanism at my disposal now—to wit, the microphone—in the fervent hope that someone in my office is listening, with a message to please contact the offices of those Senators who indicated earlier this morning that they want to speak on this issue and tell them that they had better come post haste or forever hold their peace. I hope one of the diligent workers on the Policy Committee also heard those words.

Let me now, Mr. President, say just a few things about the rejoinder of the Senator from Kansas (Mr. DOLE) and, in essence, the support, although not on this bill, for what I am seeking to do by the Senator from Delaware (Mr. ROTH). Although Senator DOLE and Senator ROTH disagree on the substance of the proposal before us, they are in agreement that this is not the proper vehicle to consider this matter. We hear that argument frequently around this Chamber. Indeed, I have used it to try to avoid amendments in earlier years. Every Member of this body uses that argument, that this is not the proper vehicle, when it suits his particular interest so to espouse it. It is not an original thought. It is a common ploy that all of us indulge in as we see fit.

Indeed, Mr. President, two other Members of the Senate called me this morning on the phone in my office and were a bit anxious about this amendment, I might state. They tried to persuade me that if I offered this to the social security bill, which we shall be considering, I daresay, in the next several days, they would support it in that context, although they would not support it in this context.

I made an assurance to them. I said I am going to give people two cracks at this. For those who are hung up on what bill it goes on, I assure them that they will have a second crack at it when the social security bill itself comes before us. So they will have their opportunity to vote at that time. I presume, for instance, the Senator from Delaware (Mr. ROTH) will vote with Senator DOLE's motion to table today, but, presumably, would vote against a Dole motion to table a similar amendment when offered to the social security bill itself. So this vehicle argument, as I say, really does not carry a great deal of weight with me.

If the amendment passes and it is part of the debt ceiling bill, it can be very easily resolved in the Senate-House conference. The members of the House Ways and Means Committee and others who will perhaps be sitting in on the conference are well familiar with the issue. I guess of the totality of the debate we had in the months of July and August, of the sum total of that debate. I will bet more hours were spent on oil and windfall and some such matters than on perhaps all the other items in the bill put together.

So it is not something that is a first impression, has not really been considered, has not ever been debated, discussed, or what have you. Indeed, I think it has been the most often discussed, often considered, often debated item that has been before the Congress perhaps this year—certainly in the form of taxation.

Really, what it boils down to is that it is a matter of personal preference: Whom do you prefer the most—Mobil or mom? That is what this amendment offers a Member of this body in terms of the expression of his or her vote on this amendment. If you think these $33 billion are more important to Mobil and Texaco and Exxon and Conoco and all the others, if you think they need them more, then you vote with Senator DOLE to table this amendment. If you think mom—m-o-m—would be one who will benefit by social security payments in the years current and ahead, if you think that her interests and the interests of other senior citizens are somehow superior to those of Mobil, Exxon, Texaco, and the like, then you will vote against the motion to table that will be offered by the Senator from Kansas.

It is really that simple. It is no more complex than that. That is the nub of the issue and that is the nub of the matter that we will be deciding sometime after 7 p.m. when we vote on this amendment.

So, Mr. President, if it is all right with the Senator from Kansas I am going to ask for a very brief quorum call.

Mr. DOLE. Mr. President, I wish to say a couple words.

Mr. EAGLETON. I am sorry.

Mr. DOLE. I wish about 2 or 3 minutes.

Mr. EAGLETON. All right.

Mr. DOLE. Mr. President, I think that "mom" means moral malarky as I see it under old mom.

But it depends on your point of view. You can always find some area of the tax system that we should take that money and put it over in some other place and take care of that problem.

But I am not certain where we would find the $33 billion. It is not going to repeal the windfall profit tax. But we are going to take it out of one pot and put it in another; out of one barrel and put it in another might be better.

So then we are going to have to go back and find $33 billion in the general revenue pot that we took out and put in the social security pot.

That is the old liberal shell game we have been playing around here for 20 years, and that is why we are on the verge of bankruptcy. We were robbing Peter to pay Paul for years in the Senate and Congress and now are in deep trouble.

We finally have a President come along, thank goodness, who said that is enough. We have to stop. Congress has to sober up and we are in the process of doing that. Some take longer. Some people are hung over more than others, but hopefully we are going to sober up one of these days and realize that we just cannot keep taking money out of one pot and putting it in another pot and solving the problem over here.

What about the problem where the

$33 billion was taken from? That will be school lunch programs, taking away from little children; that will be food stamp programs, taking away from the poor; that will be farm programs, taking away from small farmers.

So everyone can make that argument.

It is great to stand on the floor and say we are going to take it away from Mobil and put it over in social security. We are not taking anything away from Mobil. We are not giving anything to Mobil. Mobil is going to pay the windfall profit tax, and all the Senator from Missouri says is do not put it in the general revenue fund, put it in social security, that $33 billion, and boy what a painless solution that is.

But I bet he does not have any solution as to how we are going to find the $33 billion to put in the general revenue fund that he robs to put in the social security fund.

And the American people are much more sophisticated than that. They understand that we cannot play that shell game forever. We are broke. We are here right now raising the debt ceiling. When you are broke you go to the bank, and we are broke so we are going to the bank. We are going to Congress to ask for more borrowing authority for the Government of the United States. We are not just broke. We are asking for $1 trillion, 79 billion just to get us through next October or up to next October 1, hopefully beyond.

I say to the American taxpayer that if that is not a shocker to go over $1 trillion, in fact one Senator stood on this floor and talked all night last night he was so shocked. The rest of us were not so shocked. We all went home and went to bed. I am not certain where he is today.

But in any event, it would seem to the Senator from Kansas that if we could just shift funds around like this I could probably find $30 billion somewhere that I could put in to take care of farmers, and we can take $33 billion here to take care of social security and take $5 billion here to take care of the arts and another few billion here and as long as you keep covering it is like kiting checks. As long as you keep covering your checks you are not going to end up in difficulty.

We are in trouble now in the social security system and what has Congress done about it? We had someone call it a cop out, and I guess that is about true. We took the courageous stand that we are just going to borrow money from the other funds. That is what the Senator from Missouri proposes now, to take money out of the general revenue fund, borrow it and put it in the social security and you solve the social security problem.

Of course, you double the problem in the general revenue fund, but do not worry about that because we will find something else out there to put in that fund.

How are we going to solve social security? The President tried to give us direction, and he did a very good job of it. The President did all right, but the people at the White House did not do a very good job of it. They sent out a memorandum here and got into kind of political trouble when they said, "We are not able to address social security this year."

In the Finance Committee we had a meeting last week and agreed to take a courageous step. We are going to borrow money. We are going to borrow it out of the hospital fund and put it in the old age fund. When the hospital fund goes broke we are going to go back and address the real problem. By that time we will all hope we have been reelected and then we can really zero in on it.

Of course, there will be some other people up for election who will not want to zero in on it. It is a very difficult problem we have.

We are still hopeful, I say to the Senator from Missouri, that we can come to grips with the social security problem this year. There are some of us in both parties who know that we can tell the senior citizens one thing they want to hear, but if we tell them the truth they are willing to accept it, and that is that the social security system is in trouble. If we do not do something by next November we cannot make social security payments. We are going to do something. In fact, we have already acted in the Finance Committee by a unanimous vote to have inter fund borrowing to borrow from the hospital fund and put in the old age fund.

We allocate the tax, and that should get us, depending on who you talk with, which economist, maybe through 1983, maybe if the figures are even more optimistic through 1984 and maybe through 1985.

So our President knowing that we were not going to do anything in Congress said in his address to the people last week to do that inter fund borrowing. He also said appoint a task force which I assume will be done. That will not solve the problem. It will put 15 people to work on the task force and they will have a staff, and then they will make recommendations to Congress and then we will figure out some way to back away from the problem.

But hopefully the American people will insist that we address the problem of social security and that we do not address it by cutting benefits, that we address it by looking at the growth of the program and figuring out some areas where we can slow the growth of the program, not penalize early retirement as some suggested, not stretch out the age to 68 as some suggested, but there are just hundreds of things we can do to the social security system that would really address the problem and not have any great impact on anyone's future benefits except to make certain they were going to be paid. That should be something that those who are 25, 35, 45 years of age are concerned about. Are we going to have any benefits if Congress does not do the responsible thing? The answer is doubtful. But hopefully we will address that. I think we are responsible. We just have not quite had the courage to come to grips with one of these very controversial sensitive emotional issues like the future of social security.

So if there are other Senators coming to the Chamber, I yield.

The PRESIDING OFFICER (Mr. JEPSEN). The Senator from Missouri is recognized.

Mr. EAGLETON. Mr. President, two Senators who expressed the intention of coming to speak on this issue heard my moving remarks through the intercom system and were so moved by my eloquence and persuasiveness that they are hyperventilating and will not be able to make it over for this momentous exchange between myself and the Senator from Kansas.

However, there is one Senator who is physically in transit here and will be here momentarily. Senator KENNEDY wishes to speak on this issue.

Awaiting his arrival, I shall just say a word of clarification about this amendment.

The Senator from Kansas says we are taking this $33 billion out of the general revenue and putting it into social security. What we are doing with this amendment is taking $33 billion back from the oil companies, the $33 billion that they should not have been given in the first place in the midsummer tax bill, part of that egregious giveaway that constituted that $750 billion tax bill, that is $700 billion in tax cuts over the next 5 years, recapturing the $33 billion windfall oil profit tax giveaway and taking it out of the treasury of Mobil, Exxon, et cetera, and putting that in the social security trust fund so it is far, far different than taking general revenues currently coming into the U.S. Treasury. This is recapturing revenues that are about to go into the carpeted treasuries of the giant oil companies.

Finally a word about the situation in which we find ourselves, and I am pleased that the Senator from Kansas is upbeat about the economy in terms of what he thinks the future trends are. America wants to be upbeat. There was a book written at one time called "The Power of Positive Thinking," and people in America by and large do want to think positively and they do want to wake up in the morning and think that this is going to be a better day than yesterday and a week from today will be even better than today and a year from today even better, and so on and so forth. That is just part of good old-fashioned gung ho American thinking. I have no quarrel with that.

But I did have a quarrel with the notion making light of the situation in which we find ourselves, and the most important single reason why the economy of the United States is in the shape it is in, the most important single reason that financial markets collapsed yesterday in London, Paris, Zurich, Hong Kong, and Tokyo, the most important reason that all those occurrences had taken place is that Congress at the behest and imploring of the President passed the most gluttonous, bloated, nonsensical undeserved, unneeded tax bill in American history in the month of August of this year.

It is that $750 billion tax bill that caused Wall Street to plummet during the August recess. It is that $750 billion tax bill that insures that for the foreseeable future interest rates will remain unacceptably high at the 19 or 18.5 or 20 percent level, and Henry Kaufman, one of the most conservative economists in this country, thinks interest rates will go even higher, and it is those incredibly high interest rates that are bankrupting the governments of some of our greatest allies.

If you watched last night's news and if you read today's Wall Street Journal in terms of the analysis of why the market collapsed in London yesterday, it just was not Joe what is his name that collapsed the market in London yesterday, it was high American interest rates that collapsed the market in London yesterday.

It was not just the fact that Francois Mitterrand is now the President of France that collapsed the market in Paris yesterday. It was high American interest rates that collapsed the market in Paris and ditto for Zurich, ditto for Hong Kong, and ditto for Tokyo.

And the reason these interest rates are where they are and where they will remain is that tax bill that we passed in August of this year and part of that tax bill, part of the grease that got it railroaded through here is the $33 billion, the immediate issue before us in this Congress.

It was the grease and the add-ons and the sweetners and all of the things that were added to that tax bill in that unholy bidding war between the President and the chairman of the House Ways and Means Committee, Mr. ROSTENKOWSKI, each one of them trying to outbid the other in excess, each one trying to see how much they could do for the pecan growers and for the thoroughbred racehorse owners and for all the other special pleaders, special interests, throwing away more and more money out of the Federal Treasury, and Wall Street was applauding that bill during May, June, and July. They were all wearing Reagan buttons down on Wall Street.

And then, when they saw what had happened and saw the bloated, obscene nature of that tax bill, they said, "My God, what we have wrought. We have insured perpetual deficits by reason of that massive tax give away."

And an essential part of the grease was the $33 billion windfall tax. And the Senator from Kansas was not even satisfied with that. He had his own amendment for another $40 billion. And, my God, to the surprise of all who are bestowed with common sense, he won it on a test parliamentary vote, not just the $33 billion, but he wanted another $40 billion to go to the oil companies. And he probably was getting ready to implement the 1980 Republican platform which said, "Get rid of it all, all $227 billion. Give it all back to big oil."

When you are dealing with the oil companies and oil interests of the United States, Mr. President, enough is never enough. When you are dealing with Mobil, enough is never enough for Mobil. They not only want the Federal Treasury, they want all the other oil companies to boot. because they came preciously close to taking over Conoco.

So this amendment says let us begin to undo the grievous wrong of this summer. Let us begin to undo the grevious wrong that is causing international markets to collapse as they did around the world yesterday, the headline in the Washington Post of this morning.

And one way to begin to undo it is to start with the most obscene of all the obscenities, the giveaway of $33 billion of the windfall profit tax. And that is what this amendment does. It says, "We are going to take it back, Mr. Mobil and Mr. Texaco and Mr. Whoever You Are in the big oil business, and we are not just going to put it back in the General Treasury awaiting yet another raid on it in some other tax bill."

The Senator from Kansas used to say there is going to be another tax bill coming down the line. But we will get that $33 billion back and we will put it somewhere where even big oil will not attack it.

Once we get that $33 billion in the social security trust fund, even Mobil would have a minimal conscience. It is the first nice thing I have ever said about a big oil company. And, before God strikes me dead, I hope it is the last. Even Mobil would not try to take $33 billion out of the social security trust fund. Well, they would not try to do it in broad daylight. So that is what the issue before us today is on this question.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kansas.

Mr. DOLE. For one who has made a career out of running against the oil companies, I would not want to interrupt either one of the Senators. But there are a lot of stockholders in these companies who get little dividends and may have a different view. But I am not here to defend the Mobil Oil Co. I do not know anyone in the Mobil Oil Co.

But I would just say that it is one thing, when you do not have any production in your State, to stand up and annihilate anything that is not produced in your State. But the oil economy is important to this country, as we found out when we did not have oil and we had to import oil. The prices went up and up and up because of that, because we were not independent.

If the Senator from Missouri had his way, we never would be. We would just tax all the profits and when we got cold in the wintertime we would burn those speeches that the Senator from Missouri made. We would keep warm with all those speeches he made about big, bad oil companies. That might get you through one or two winters. He has made a lot of them. He has been very effective; go out in Missouri and just rant and rave at the oil companies.

And I am hoping they are going to discover a lot of oil in Missouri. I am going to be there when the first one comes in. I do not want to have any interest in it, but I want to be there when it happens, because we need more production in every State in this Nation if we are going to be independent. And that would resolve some of the other problems we have overseas.

But I really did not know that the President—who just, as I said, barely unpacked, and he had a lot of stuff to unpack; he has only been here a few months—is responsible not only for the decline of America, but also the decline in the world.

I recall President Ford, when he left office, the inflation rate was 4.8 percent. I cannot quite recall what the interest rate was, but it was way, way down there. It was not double digit. And then there was a fellow elected named Carter, Jimmy Carter. And he was going to balance the budget.

I do not want to get into partisan politics—I am not known to be partisan and neither is the Senator from Missouri or the Senator from Massachusetts. We are all nonpartisan or bipartisan.

But I think the point that the Senator from Kansas would make is that we could spend the rest of the day to try to point the finger of blame.

I would say, so that the record is clear, that we will put the Senator from Missouri down as undecided on the tax bill. He was so undecided earlier he voted against it. There were 36 Democrats that supported the tax bill; only 10 voted against it. And there were only 11 Senators in this body that voted against that monstrous, obscene—and I cannot remember all of the superlatives about the Tax Reduction Act. But only 11 out of 100 voted no.

It could be that the 89, or at least some of the 89, this Senator excluded, may have been correct. But we are not certain of that yet. because it really does not start until Thursday.

I understand now that the so-called "Blue Monday" has been chased away by profit taking bulls and everything is all right in the world again. Everything is still nervous, it says here, and it will continue to be nervous. but, as I understand it, this latest ticker indicates that the world is back to normal after a 1-day shock. But I would not want to attribute all of that to President Reagan.

I would hope that since we debated the tax bill for 12 days on the Senate floor, 100 hours on the Senate floor. that we would not do it all over again and that the Senators could make their statements. I know they feel strongly about oil companies and oil and strongly about anyone who makes a profit. But we have made certain that oil companies get a special treatment. They not only pay the regular tax, they get an extra tax because they do make a profit. And they pay a windfall profit tax.

I just hope that we continue to find more production and that we have the private sector helping us in the present dilemma we face and that the President succeeds And I know both Senators want the President to succeed.

But before we jump all over the President with all the problems of the world, I think we ought to review the history of the past 4 or 5 years and the history of this Congress for the past 20 years. We would not be here today arguing about a trillion dollar debt ceiling if we had not been spending the taxpayers' money like it was going out of style for the past 2 decades. That is why we are here raising the debt ceiling. That is why we are here talking about problems in the social security system, because in the 1960's and early 1970's, when we had a little surplus in the social security system, everybody wanted to spend it.

Do you know what the reserves were in the social security system as recently as 1970? One hundred percent. In other words, there was 100 percent reserves in the social security trust fund so that those who receive benefits did not have to worry. Now we are down to about 17 percent and going lower. We are down to less than 2 months' reserves in social security. And much of it is because we have listened to some of the voices on the left and we have continued to spend and spend and spend money we did not have.

Despite the ease that it is to attack oil companies and oil profits, there are probably other areas where there are profits. But I would go back to my original statement and say not on this debt limit bill and hopefully not on the social security package.

Because I think this, in effect, is shifting revenues—and I take the clarification made by the Senator from Missouri, that it is a reinstatement of a tax that was changed.

I would finally say that that bill was passed by a vote of 89 to 11—one Republican and 10 Democrats voted against the Tax Reduction Act, and two of those were the Senator from Missouri and the Senator from Massachusetts. So I do not expect those who voted against the Tax Reduction Act to praise it today.

But I would hope that we would all give it a chance to work. And I would hope that we would let the American people get a little money back from the Government. We have been increasing taxes and increasing taxes for decades. Now we are on the road to a real tax cut, unless we repeal it today or tomorrow or next week or 3 or 4 weeks from now or 6 months from now.

With the massive tax cut as properly identified by the Senator from Missouri, it is about $780 billion over the next 6 years. It is only a real tax reduction of about 3 percent because of inflation.

But there are a lot of other things in the tax reduction package that affect the average American:

The savings provisions, the estate tax changes, the small business changes, and the marriage penalty. There are a lot of areas that were touched upon or added to the bill, and they have a great deal of merit and were supported by nearly every Senator here.

So I am certain that while the Senator from Missouri and others may not agree with the final package, they did support many of the components of that package and, in the opinion of this Senator, it was a step in the right direction.

If it does not work, as I said to the Senator from Nebraska earlier—he was talking about an escape route—I said some of us will be looking for that escape route. If it does work, the country can thank the President for his leadership and those in Congress who supported the President.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts.

Mr. KENNEDY. The Senator from Kansas has an unending supply of crocodile tears for the oil industry. Again and again we have the President and the Senator from Kansas asking all of us to go to the well and make deeper and deeper cuts.

The President of the United States addressed the Nation only this past week and asked for cuts and belt-tightening in educating the children of this country, in cutting back on programs that will affect the handicapped, on programs that will affect the elderly, on programs that will affect the health care of the American people on immunization. "Tighten the belt," he told all of those individuals.

Now, on this vote on the Eagleton amendment we are going to ask the oil industry to tighten its belt just a little bit, too.

Now, the question I must ask is how depressed is the oil industry? Compared to the rest of American economy. Merrill Lynch, not known to be a Democratic organ, makes the comparison in their spring assessment of the American industrial picture when they say:

> Given these high oil ($32 per barrel after windfall profits taxes) and natural gas ($7.00 per MCF for deep gas) prices, new oil discoveries can recover all costs in six to nine months, while deep natural gas discoveries can payout in less than twelve months. This compares with three to five year payouts prior to the OPEC price increase in 1974. Such payouts probably make the oil exploration business more profitable than any other segment of American industry.

Now that was before we added the $33 billion tax break for the oil industry. Merrill Lynch says it is the most profitable industry in America, and then this Senate gave $33 billion more in tax breaks over the period of the next decade.

It is not just the majors we are talking about. We are talking about the independents as well. The Marion Corp. annual report, 1981 report, reports "record years" and "revenues tripled."

The Inexco Oil Co. talks about record revenues and the "best business opportunities" today, "best prices in history," and so on and so on.

Mr. President, this amendment is entirely appropriate at a time when we are talking about belt-tightening and cutting back, and it seems to me we ought to cut back on what was not even requested by President Reagan. He did not request $33 billion more in oil tax reduction. He never made that request. That was put in, as the Senator from Missouri has pointed out, in the Congress of the United States.

What we are considering today is the size of the deficits this country is going to face. Thus $33 billion in oil tax loophole are going to add a great deal to the deficits of this Nation.

What the amendment of the Senator from Missouri will do will reduce the size of those deficits by that amount if his amendment is agreed to.

A month ago on the Senate floor I moved to recommit the 1981 tax legislation because it was my conviction that it was unsound energy policy and unfair tax policy to give away tens of billions of dollars in new oil tax loopholes. I believed that in increasing the exemptions from the windfall profit tax we were breaking a solemn promise to the American people.

When we decontrolled the price of oil, we promised the American people that we would at least recover 50 percent of the windfall tax. But the tax bill we passed in August cut the windfall revenue by 15 percent—almost $12 billion in revenue between now and 1986 and about $33 billion over the decade.

Since that ill-considered legislation was passed, it has become clear that the deficit in 1982 will be billions of dollars more than originally expected. These new estimates are causing many to rethink their position on that legislation. In that context, I believe it is important to understand how new oil tax breaks were enacted last August.

Even though the President, as a candidate, had stated his unequivocal opposition to the oil windfall tax, he requested no changes in the windfall tax in his economic recovery tax package.

The scores of special interests who wanted special tax relief were promised that a second tax bill would follow. The administration counseled those special interests that revenue for new special tax relief would be produced by the economic growth and the increased tax revenues that would result from renewed growth.

Virtually every special interest heeded the President's advice—except one—the oil industry. In its greed it demanded—as a price of its support of the tax package—billions of dollars in tax relief.

It demanded this relief despite the fact that oil decontrol and OPEC had combined to produce one of the greatest transfers of wealth in the history of the world—all in one direction—from the pocket of the American consumers to the coffers of the oil companies.

The Klondike Gold Rush looks like pocket change in comparison. The oil business—in all its elements—has become immensely profitable. From 1956 through 1972 oil industry profits rose at an average of 2.6 percent per year. Then, from 1973 through 1980, the industry's soared to 20.8 percent a year—almost 10 times more profitable than the previous 16 years.

During the same period that oil profits were advancing at this incredible rate, the growth in personal income was one-third less than from 1956 to 1972. Let me quote the senior economist at Data Resources.

> You have a huge increase in profit growth for the oil industry and a sharp decline in real personal income. That shows the clear shift of wealth.

In spite of a tenfold increase in its profits, in spite of the fact that the oil industry is 12 times more profitable than the rest of American industry, it demanded and received special tax relief.

Now as the cool winds of September are replacing the heat of August the administration is being forced to face the cold economic facts—in the words they have so often thrown at us Democrats—that there is no free lunch—that they cannot drastically cut business taxes and begin the most massive arms buildup in human history—and also balance the budget. Not voodoo—not black magic—not astrology can repeal second-grade mathematics.

And so now the President has proposed increasing taxes by ending special tax breaks. I say let us take him at his word. Let us repeal the oil tax giveaways that were conceived in political expediency and enacted in irresponsible haste.

One of the principal reasons that the deficit will be so high is that over the next 5 years those oil tax breaks will give away $11.8 billion in windfall revenues and $33 billion over the next 10 years. I said at that time that it did not make sense to me and I do not believe it makes sense to the American people, to cut school lunches, student loans, transportation for the blind and handicapped at the same time we were increasing by billions of dollars the loopholes for windfall profits for the oil companies.

Now when this exemption from the windfall profit tax was adopted I heard many speeches on the Senate floor that argued that really all we were doing was taking care of the small royalty owner.

From the speeches that I heard, it sounded like the poor and needy of this country were being hurt more by changes in the windfall profit tax than they were by cuts in the social programs.

And I also heard speech after speech about the poor "Ma and Pa" independent oil companies who were going out there trying to find all the oil but were being oppressed by the Federal Government's windfall profit tax.

Now I would like to point out to my colleagues that royalty owners are only seven-tenths of 1 percent of all taxpayers in the United States. So, when we give billions of dollars to the royalty owners we are not doing much for many taxpayers in the United States. And I think my colleagues should understand that the average income of royalty owners is over $40,000. These are hardly the "truly needy" that the President so often speaks about.

The $1,000 credit in existing law in fact exempts almost 80 percent of all royalty owners from the tax. But that was not enough. Instead, the new loopholes increased that credit by 150 percent and then exempts two or three barrels a day of royalty oil on top of that.

Now two or three barrels a day does not sound like much—but it is $38,000 a year.

Together with the $2,000 credit it is twice the income of the average American family.

It is wrong, it is unfair to give seven-tenths of 1 percent of the American people 200 times the break we are giving to the average American family.

Royalty owners do not produce oil, they do not find oil, they just sit on it. Why give them a $40,000 income tax exemption? It is just plain wrong.

I think my colleagues should also understand that these independents that we are trying to take care of and protect are many, many times larger than the average U.S. company. In fact, the income of the average oil and gas company in the United States was 12 times larger than the income of the average U.S. company for the most recent year.

But, of course, my colleagues have argued, "well, we're not talking about the average company because that data is skewed by the fact that there are some very rich, big oil companies." They argue: "We're talking about exemptions for those small guys, the small entrepreneurs that are out there—those individual, one owner companies." Well, I have also looked at the tax data for those companies.

Those small one-owner oil companies are two and a half times more profitable than the average small American company—two and a half times more profitable. It is hard for me to understand why we need to give those companies more exemptions from the taxes when they are already two and half times more profitable than anyone else. But that was the justification for the billions we gave away.

In summary, I support the efforts of the Senator from Missouri to end special tax breaks for royalty owners who earn twice as much as the average family and from oil companies that are 12 times as profitable as the average American business.

I believe it is unfair to the millions of elderly Americans to threaten cuts in social security benefits when we are giving tens of billions to the oil companies.

I urge support of the Eagleton amendment.

The PRESIDING OFFICER (Mr. GOLDWATER). The Senator from Kansas.

Mr. DOLE. Mr. President, I thank my distinguished colleagues for their comments. I understand that there may not be other speakers, that we may proceed.

I appreciate the remarks of the Senator from Massachusetts. I know how strongly he feels about this issue.

Again I would state in a general way that even if the amendment had merit, and I do not think it has because of the statements made earlier, shifting revenues into the general fund, so to speak, and the social security fund, without getting into all the arguments about big oil, little oil, how many millions of dollars someone might make, or how many millions of dollars someone might not make, it seems to this Senator that the reasons stated today have been stated many times on the Senate floor.

I would hope we would not add any amendments to this bill. It is important to the American people, particularly those beneficiaries of Federal checks, that we pass the debt ceiling free and clear of amendment.

A TRILLION DOLLARS IN DEBT

Mr. ROTH. Mr. President, I shall take no pleasure in voting to increase the limit on the national debt to more than $1 trillion. Like most Americans, I cannot imagine what a trillion dollars would look like, let alone how even as efficient a spending machine as the U.S. Congress could manage to spend the Nation that far into the red. Congress has been routinely shoveling billions and billions of tax dollars out the door for so long that it seems we have no real understanding of what it means to be a trillion dollars in debt.

Frankly, Mr. President, I find it a sad and disheartening commentary on our Government that we have allowed ourselves to get into this appalling situation. Most of all, it is a terrible indictment of the free-spending, taxpayers-be-damned attitude that prevailed in this Congress for more than two decades. Year after year, despite repeated warnings from the Republican side of the aisle, the majority in previous Congresses insisted on ignoring the fiscal facts of life and blindly voting for ever-greater expenditures. If any of these big spenders had any idea where the revenue was coming from to pay for their extravagances, they neglected to share them with the rest of us.

Consequently, the Federal deficit, like Topsy, just kept growing, and now we find ourselves faced with the ultimate Hobson's choice: either vote to increase the debt limit to the incredible sum of more than $1 trillion, or stand by and watch the Federal Government grind to a halt.

Now, Mr. President, I am sure there are some Americans—and their number may be larger than we would like to think—who would argue that letting the Government grind to a halt would be the greatest favor Congress could do for the Nation. I am not quite that cynical. I happen to believe that the Federal Government has an important role to play in many aspects of American life—defending the country from foreign threats, protecting the rights of our citizens, providing for the needs of those who, through no fault of their own, are unable to care for themselves. These functions must continue, and it is to insure the continuation of the legitimate activities of the Federal Government that I will vote for the debt limit extension.

In addition, I have voted and will continue to vote to table all amendments to this legislation. If even one amendment is added to this bill, it could force a conference with the House which could delay passage of the debt limit extension beyond the expiration of the Government's existing authority to borrow money. I make no judgment on the merits of the amendments which have been offered. I may, in fact, vote for some of them in the future. But this is not the time to debate their merits. We must pass the debt limit extension without amendments and allow the Government to get on with its business.

Before I cast my vote, Mr. President, I must express my profound disappointment with some of my colleagues who are taking such obvious pleasure in this situation. To be sure, my friends on the Democratic side of the aisle have every right to enjoy their richly deserved minority status by voting against the debt limit extension, knowing full well that the burden is on the majority to round up the necessary votes to keep the Government running.

What I want to know, Mr. President, is this: Where were these hardnosed fiscal conservatives—these vigilant guardians of the Treasury—last year, or the year before that, or every other year for the last two and one-half decades, when the Congress was virtually spending the

Nation into bankruptcy? In case anyone has forgotten, Mr. President, I remind my colleagues that there would be no need to increase the national debt limit at all, if the big spenders who controlled Congress from 1955 until last year had not created a crazy-quilt of Federal programs and then voted the billions of dollars in appropriations that have plunged us into a quagmire of debt, deficit spending and fiscal irresponsibility.

While this raid on the Treasury was going on, Mr. President, I, with many other Republicans, often cast symbolic votes against debt limit extensions, because that was one of the few ways we could protest the reckless spending of the majority and put the incumbent administration on notice that something had to be done to curb Federal spending. Now, noting our discomfort at having to vote for still more increases, the minority is gleefully crowing about the "chickens coming home to roost."

Mr. President, the only chicken coming home to roost is the unfortunate carcass of the American taxpayer, plucked clean by the profligate spending habits of 25 years of Democratic Congresses. Make no mistake about it—the trillion-dollar debt we are about to create is a reflection of the irresponsible actions of the big spenders of yesteryear. For these spendthrifts to turn around now and harangue us about increasing the debt limit is irresponsible, hypocritical, and the height of political cynicism.

Mr. President, my regret over the necessity to vote in favor of increasing the debt limit is tempered somewhat by the knowledge that now, at last, we have a President and a majority in at least one House of Congress who are serious about reducing Federal spending, cutting the Federal deficit, and moving toward a balanced budget. Obviously, it is going to take time to get the Nation back on a sound fiscal footing. It took the big spenders 25 years to get us into this mess, and we are not going to turn things around overnight. Increasing the debt limit now is a distasteful but necessary action to buy time while we work to correct the ill effects of 25 years of reckless Federal spending.

Mr. STENNIS. Mr. President, I address the Chair and ask for recognition.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. I thank the Chair.

Mr. President, the Finance Committee's report that it is necessary to increase the national debt limit to in excess of $1 trillion highlights the corrosive effect of interest rates on the Federal budget and makes a good case for taking immediate action to reduce interest rates.

The growth and size of interest payments due on the public debt is the main contributor to the alarming growth in Government spending. The Office of Management and Budget's estimate of interest payments for fiscal year 1982 is $108.6 billion, more than 2½ times the projected deficit for fiscal year 1982. The interest payment is growing at a pace which has caused serious upheaval and disarray in the orderly consideration of requested appropriations.

The current interest payment for fiscal year 1982 will be 28 percent higher than the payment for fiscal year 1980. The growth is twice that of the overall Government spending growth rate. This accelerated growth in interest payments is due mainly to the soaring rates which the Treasury must pay to finance the deficit. For example, in 1980 the average rate for 3-month Treasury bills was 11.5 percent. In May of this year the Treasury sold bills which yielded 16.3 percent, and as recently as this past month Treasury bills were auctioned which yielded over 15.6 percent interest.

If the problem of the deficit is to be whipped something must be done about interest rates. Great progress toward balancing the budget could be made if interest rates were significantly reduced.

You can be certain that the long-term effect of these high interest rates will be future inflation caused by fewer housing starts, lower farm output, and an overall reduction in the future output of goods and services. And it will follow that the stagnant economy will reduce Government revenues—run up expenditures and create larger deficits than we now have.

Inflation has been reduced—the energy price outlook is good, the investment tax credits and new depreciation schedules just placed into law all point to a profitable and expanding economy. But for some reason the financial markets seem to hold on to their expectation that the future holds more inflation. Even though interest rates are currently running 10 to 12 percent above the rate of inflation, the financial markets continue to demand interest at levels which are three times greater, after discounting inflation, than the historical precedent of 2 or 3 percent.

While the confidence of the investment community must be regained by a demonstrated commitment of the Government and the economic institutions to sound, fiscal and monetary policies, it would be irresponsible to allow the basic components of the economy, such as agriculture, housing, automobiles, home furnishings, and small businesses to grind to a halt. There must be some other way to purge this so-called "inflationary psychology" from the economy. Surely there must be a way to bring about economic stability and moderate interest rates without suffering the pain of recessions, bankruptcies, and high unemployment.

As I have expressed to the President shortly after he took office, and recently to the Secretary of the Treasury, Mr. Regan, and to the Senate in the spring of this year, and again on July 23, before the recess, and again on September 9, the first day after the recess—if interest rates continue at these usurious levels and if the volatility which has been experienced over the past several years persists, the damage to the confidence of the American people in our system and in the Government's capability will be the greatest price which our society will pay.

A long-term. lasting solution will not come quickly. The last 15 years have been particularly difficult. The Vietnam war, the agricultural shocks in the early 1970's, and the two OPEC price shocks have taken a heavy toll on the economy. Economic forces were unleashed that have indeed created a national belief that inflation is a way of life. But I hold that this does not have to be. The richest, most bountiful, most powerful nation that the world has ever known does not have to continue to suffer high interest rates with companion stagnation and low productivity with companion inflation.

I would not give up any of the advances recently made toward an overall solution. Let us hold to all of those achievements which were made toward reducing expenditures.

The Federal Reserve Board has been successful over the years. It has repeatedly held a line which resulted in good. New conditions in the financial world, at home and abroad, have developed. The interest rate level does not respond to the efforts of the Federal Reserve Board as heretofore.

Additional forces, means, or approaches could perhaps be added that would supplement the efforts of the Federal Reserve. Under present conditions even if the interest rate lowers will it go back up again? If so, what shall we do then? My proposal is simply this: bring together a group representing some of the best talent and experience we have in the field of financial affairs. The President would choose the members not named in the bill to create a National Commission on Interest Rates which I introduced on September 9 which includes the able Secretary of Treasury, Mr. Regan.

The group is empowered only to come up with recommendations, if possible, for a plan to further assist in getting interest rates at a practical level that would be stable and useful. The plan would not have to be adopted by the President or the Congress, but it would be available. There is no longer any doubt of the need. Interest rates at or near 20 percent do not serve as a practical vehicle for use in operating our economy, which runs on a credit basis. It is impractical and will wreck rather than improve our economy. It will be a roadblock to the successful operation of the Reagan plan.

Much of the credit available is being used by those who can afford to pay, like the well-financed oil mergers, with that much less available to the little fellow. We cannot continue such a course. The real health of the economy in terms of employment, innovation, and overall quality of life is due to the confidence and well being of the little fellow—the small businessman, the worker—the worker with a stake in a home and a job. It is of utmost importance to the Nation's economic security that work begin—and begin now—to reduce interest rates on a permanent basis.

Mr. President, along with everyone else in the membership of this body and Members of the House of Representatives, and every informed citizen, I am greatly concerned about our economy, our fiscal affairs, the financial plight of the Government as well as many of our citizens.

All engaged here trying to do something about this. I can say this: Within my years of experience, there have been more constructive suggestions and help that have come in from the public by way of conversations at home, mail, telegrams, telephone calls, some very earnest, honest suggestions, and some very helpful, too, speaking out of a background of necessity and that of concern, and, whether we like to say it or not, a sense of fear as to what may happen.

I am speaking briefly concerning something that is so close to home, to all of those down home who are in a small business, in a small enterprise, a shop that has qualified men to do skilled repair work, and a host of other enterprises, businesses, as well as ambitious people who want to have a home of their own and build a home, even for those who have to have an automobile to go to their daily work.

These interest rates hovering in the neighborhood of 20 percent, Mr. President, are just absolutely impossible to meet, not only by the group to which I have referred especially, but to sizable business enterprises that have to carry large inventory stocks. It is just about to put a crimp into them where their light has turned to darkness and they cannot plan any more, they cannot operate any more, in the ordinary way.

I do not know a great deal about the subject, but I am convinced that we are trying to operate a vast economy now where one of the necessary wheels—that is, borrowed money or interest rates; we are a credit Nation and do business on credit—where one of the necessary wheels has just broken down.

You can see an automobile stranded on the highway at a great distance. You see it there and that it is not moving. But you cannot see anything wrong with it. As you approach it closer and closer, you finally find one wheel is off. That is the way this interest matter appears to me. The closer we get to the problem, the better we can see that a wheel is off. Still, we have to try to continue the operation of our great economy with a wheel off.

No one has the full answer. I do not believe we can wait for the man who has the full answer.

My point again today is that we should have an official commission of some kind which would be headed by the President of the United States. Mr. Regan, the Secretary of the Treasury, is the No. 1 man I propose, to be surrounded by others, some in the State governments, who can be familiar with these responsibilities, plus five people at large throughout the Nation, to be appointed by the President. To that extent, it is just a Presidential commission, but they would be people of knowledge far greater than ours who could probe in depth into this matter and weigh the facts and weigh the proposals that could be made as a solution, and perhaps come up with some kind of valid suggestion or plan to meet this situation, not waiting 2 years, not waiting 1 year. I do not believe we can wait any longer for great segments of our economy, not only in the area in which I live but elsewhere as well.

I say this after making some inquiries and talking to a great number of people, many of whom I know, who are going bankrupt because of the inaction of their business, and others whose prospects of getting a home are cut off or delayed.

I do not believe we can start another year of the gyrations of these interest rates from 20 percent down to 11 percent last year, in 1980, and then back up to 21 percent. Then it started down and reversed itself again, and in late September it was about 1 percent lower than it was a week or 10 days ago. There is no real promise of any change which would amount to anything.

Those people could come up with a plan. Congress does not have to accept it. The President does not have to accept it. I believe they would be put on the spot, so to speak, as we are here, when we are elected to office. With their special knowledge and know-how and experience and evaluations, some kind of plan could be found by them that would meet this situation. Otherwise, it will be too late. In addition to the personal losses and tragedies, it can set off a stagnation that could be almost calamitous, in a recession, and then a counterpart to the recession, an overindulgence in spending.

This is not something in my imagination. I have been through the Great Depression. I was already practicing law when that depression started, and I saw it develop inch by inch, bit by bit. Finally, our system of government was seriously challenged. By stumbling and struggling and experimenting, we finally found a partial way out.

According to the last figures I have, the calculations for fiscal year 1982, interest on the national debt is $108.6 billion. I am not just going to holler about that, but I point that out as one of the principal causes of this continued unbalanced budget.

According to the latest estimates of the President, the interest payment on the national debt is $10 billion above what they thought it would be.

We must try to the utmost to find some way out of this situation, unto higher ground. I do not want anything drastic. I do not believe I am an extremist. The record shows that I am not. I do not want to upset or try to reform the whole economic system. I am just thinking of some avenue out of this situation besides the bankruptcy courts and going on relief, or whatever other term one might want to use. I believe we should try harder.

I commend the Finance Committee of the Senate, rather than blame them. They are doing the best they can. They are doing a fine job, an excellent job. I have conferred with the chairman of that committee and the ranking minority member about this matter. I have talked to the Secretary of the Treasury, Mr. Regan, and others, even to the President. He asked me what I thought, before he was sworn in. I immediately responded, "Interest rates."

I believe we have to go all the way. I know that Chairman Dole is concerned. I have talked to the chairman of the Banking Committee, who has an excellent mind, I know, from his service on the Armed Services Committee and the Appropriations Committee. He is concerned, and hearings will be held, I am sure.

However, I do not get the feeling that there is a hard, firm plan to go into all the facts of this problem and try to come up with something along the lines that might be within the minds of people who are more capable than we are in this subject. We are elected at large in the Nation. A few of us—I am not one of them—are versed in finances. There is not much time remaining, but they should be given some time to try to come up with a practical remedy.

I believe that if we do not do this, we will be forced to adopt something that would be a guess. We should avoid writing into law a guess. Whatever we do, we want it to be the best we can do. I know from experience, here, that if we let this matter go too far, we will have to adopt a plan of some kind.

Homeownership is one of the finest ways to improve an economic situation, and it will be so this time, because that is where the need is and that sets the wheels turning. Homes are an investment, part of the capital stock of the Nation. What is a better investment than a home? It is a permanent investment. The security is usually good. But I am not proposing we take that course now. I am proposing that we exhaust every remedy we can think of in trying to find the most likely way and try to keep going with the Reagan plan. The worst roadblock that I believe the plan is facing now is high interest rates.

The thing most likely to make it not work out after all is these high interest rates, that fourth wheel. Until something is done to meet the problem in some way—this is not my way and it does not have to be a commission, of course. That is not a remedy, but it is a way of finding a remedy. Unless we reach some kind of remedy here, it will at least temporarily reach this situation: We are in not only for failure of the Reagan plan, we are in for what could be a long period of recession, of double-digit inflation created by an overdose of remedies, and a number of other things. They largely stem now from an unplaced, unbalanced, unworthy interest payment system that is taxing the Government in these excessive rates, with a bill of over $100 billion for a year, and the citizens of this country and many of the best small businesses and farm operations, and the ambitions, too, of a lifetime and of a great number of our young people.

It costs too much, Mr. President. We must proceed in every way we possibly can. I shall continue my efforts in this field and respectfully submit this to the Banking Committee, as well as the body of the Senate.

Mr. President, I thank the Senator for yielding me the time and agreeing to my having the time.

Mr. DOLE. I thank the distinguished Senator from Mississippi, Mr President. As he recalls, we had a discussion of this very problem during consideration of the tax bill. I am aware of his serious concern. I think he has accurately stated that this is a major roadblock as far as the President's success is concerned—not just his success, the Nation's success because the high interest rates are intolerable. I am not certain how we are going to get them down without a continued reduction in spending.

There is no doubt about it, as the Senator has stated, unless in the near future, there is a more rapid decline of interest rates, there is going to be an adverse impact. Not only will it be the homebuilding industry, that has already had it, but on small businessmen, farmers, everyone else who needs to make short-term loans and has short-term money now.

It is my hope, and I have discussed this with the Senator from Utah (Mr. GARN), the chairman of the Banking Committee, that if we do not have a joint committee hearing, we would like to participate in some way in hearings before his Banking Committee. I know the Senator from Louisiana shares that concern.

Mr. STENNIS. I thank the Senator very much. I am most grateful to him, as I said before, and to the Senator from Louisiana for their concern about the problem, for their assistance to me in thinking about and working on this matter before we vote on the Reagan plan. I know each of them will continue to show concern and effort toward solving this problem.

I thank the Senator.

Mr. DOLE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point—because it was discussed earlier—the story of what happened to the stock market yesterday. The Senator from Kansas could not even guess—I know what happened, but why it happened, I could not guess. I would like to put in the RECORD a United Press story which indicated that on the London Exchange, $6.91 billion were added to the value of stocks and the authoritative financial times index of 30 industrials rose 23.7 points to close at 481.2—equal to its previous record for a 1-day rise set July 1, 1975. It fell 17.2 points on Monday.

I just indicate that whatever may have been Blue Monday in some parts of the world is now Fat Tuesday, I would guess. I hope this will continue.

In any event, I ask unanimous consent to have that printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WORLD STOCKS

LONDON.—Profit-taking bulls chased away "Blue Monday" bears on world stock markets Tuesday, with exchanges in London and Tokyo staging record comebacks to more than recoup losses of the day before.

On the London Exchange, $6.91 billion were added to the value of stocks and the authoritative financial times index of 30 industrials rose 23.7 points to close at 481.2—equal to its previous record for a one-day rise set July 1, 1975. It fell 17.2 points on Monday.

"The market was overbought in the past and what we are seeing now is a rapid unwinding of a long bull run," said a London broker at one of the top houses who asked not to be identified.

Asked how a record rally could come in such a market, he said, "I don't know. It's ridiculous."

"It's a big bonanza," said another London dealer. "After the panic rush to get out Monday, it looks like a panic scramble to get back in today."

Likewise in Tokyo, Monday's worst one-day drop ever was wiped out by the market's steepest rise in history. The Nikkei Dow Jones Index, which lost 302.84 points Monday, stormed ahead Tuesday 320.56 points to close at 7,357.68.

On the New York Stock Exchange, which began the turnaround at midday Monday after a sharp drop in prices, the Dow Jones Index was up 11.32 points to 853.88 by 2 p.m. It posted an 18.55-point gain on Monday.

But analysts were warning investors against undue optimism—as they were warning against undue gloom Monday. Many pointed to light volume as a sign that the momentum for a sustained upswing had yet to be established.

"The market remains very nervous," said a London broker. "The game's not changed."

The scorecard, however, was. In addition to hurtling indices in London and Tokyo:

In Paris, the Bourse jumped 2 percent and trading in five issues was temporarily suspended because of an influx of buying orders.

In Frankfurt, share prices posted a sharp recovery. The Commerzbank index rose 12.2 points to 681.3, erasing its 12.2-point drop Monday.

In Amsterdam, the ANP-CBS general index rose 3.7 to 82.2 in a broad recovery after Monday's sweeping losses. Gaining issues outnumbered losers 3-1.

Other gains, after sharp losses Monday, were reported on the Oslo and Sydney stock markets. Bucking the trend were Singapore, Hong Kong and Milan, where prices trended lower.

Mr. DOLE. Mr. President. I have discussed the amendment with the Senator from Missouri. There are no other speakers, but he understands that the Senator from Kansas will move to table that amendment. I shall not do that—I think we have his permission to do that.

Mr. President. I move to lay the amendment on the table, and I ask unanimous consent that the yeas and nays may be ordered on the motion to table.

The PRESIDING OFFICER. Without objection. it is so ordered.

Mr. DOLE. Mr. President I say to others that I have a list of possible amendments. Senator BRADLEY, I think, offered his amendment with the Senator from Nebraska (Mr. EXON). I have listed one by Senator HOLLINGS. Senator SYMMS will not offer his amendment to this bill unless the Armstrong amendment should be adopted.

Senator PROXMIRE lists a possible amendment. Senator CHILES has a possible amendment and Senator PROXMIRE another possible amendment.

I say to my colleagues if they or their staff should be listening, the Senator from Kansas hopes that by 7 o'clock, when we start voting—we now have four votes back to back on this measure, plus I understand there is one nomination to be voted on. That will be five votes, commencing at 7 o'clock, the Senator from Kansas understands. If there are other amendments, that will take an hour or more just for the voting. If there are other Senators who have an amendment to the extension of the debt ceiling, if they would come to the floor, we could have debate on those amendments and then make a motion to table whatever amendments may be offered. It is the hope of the Senator from Kansas that we might finish action on this bill early this evening.

Again I indicate that, hopefully, in addition to Senate Joint Resolution 265, we can dispose this evening of House Joint Resolution 266. It is necessary that action be taken on that measure today. Otherwise, our nonaction would cost the American taxpayers about $4.5 million. It is very necessary that we move on that.

Finally, there have been some agreements on social security. It is my hope that we might add that package agreed on by the Senate Committee on Finance last week by a vote of 20 to 0 to a bill that is now on the calendar. That would partially restore the minimum benefit, pay for that restoration, and authorize interfund borrowing in social security so there will be no fear that the fund will run out of money next November. That is a very short-term, band-aid approach, but it is the best the Senate Finance Committee can do at this point. As I have indicated, there are members of that committee who have been meeting today trying to figure out if there is still some way to put together a package that might be properly pursued.

While awaiting other Senators, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I will just take a moment to urge my colleagues—I understand there are two or three additional amendments that they could debate before the hour of 7 o'clock. It would expedite the proceedings this evening because there are a number of votes already scheduled to start beginning at 7 p.m.

If there are two additional amendments or three or whatever, it seems to the Senator from Kansas that we could dispose of those amendments rather quickly, dispose of the debate rather quickly, and then they could add to the list that we hope we can dispose of this evening and take final action on House Joint Resolution 265.

So I would just indicate to whoever may be listening in the offices of those who feel compelled or constrained to offer amendments that we would appreciate it very much if they could do that at the earliest possible time.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Dole). Without objection, it is so ordered.

Mr. GOLDWATER. Mr. President, during the time that I have been on the floor today, and during the times that I have had the occasion while home this weekend listening to radio, watching television, and reading newspapers, I have had a particularly good opportunity to listen to the opponents of the Reagan plans on the economy expose themselves with the tactics and the techniques that they will use in an effort to discredit the President.

Mr. President, as a conservative, I am a great believer in history. I believe what is inscribed on the steps of the Archives Building: "What is past is prologue, study the past."

I would just like to go back to remember some of the days of my life, particularly the Great Depression of 1928, and try to relate to my colleagues what took place.

I was a student in college in that year of 1928, I will never forget it because we had a professor of psychology who was a German who had no love for the Austrians. Instead of teaching us psychology, he would lecture to us on world economics, particularly berating the actions of the Austrian Government in spending money that they did not have, deficit spending.

He kept warning us that something was going to happen to the Austrian market.

Mind you, in 1928 the American dollar was no great shakes as international currency. We had not reached the productive peak that we would reach, when our money would reach what it came to mean in the world. The Austrian mark was the currency. Sure enough along in 1928 their great banking house, Creditanstalt, went bankrupt and the Austrian mark collapsed. That started a world depression.

I knew that depression first-hand because I quit school, went to work, and worked through it.

Mr. President, what we have been doing in this country for 40 years, and those of us who call ourselves conservatives whether we be Republicans or Democrats have been trying to get across to the American people and to our Government, is precisely what that old German professor was trying to get across to us, that you cannot spend money you do not have, whether you are an individual, a city, a county, State or a government.

Sooner or later something is going happen.

I recall standing here on the floor a few years ago making a statement that if we did not stop our fiscal irresponsibility, if we did not stop deficit spending, the country could go bankrupt.

Well, I thought I better check that out with my economic adviser, Milton Freidman, so I wrote him and I asked him if he would agree. He said, "No, I cannot agree, because as long as we print money, we will never go bankrupt. But we could become mighty involvent."

As a former businessman it is kind of hard for me to know where one stops and the other starts.

But I listened to my friends berate the President for his program. Mind you, the program has not even started; it does not start until the day after tomorrow. Yet here they are all upset because the stock market, in its usual way, is not reflecting the true value of the stocks, is not reflecting anything that has any bearing on the economics of America. While the stock market crash in October of 1929 was the cause of many people doing drastic things, that is not what caused our depression, nor did it prolong the depression.

Economic depression becomes a reality when economics cease and psychology takes over. When your wife and my wife are talking to each other and one says, "Bob tells me things are pretty tough so I am not going to buy that new dress," that is when the country gets in trouble.

The country has to listen to the Democrats berating a program that has not even started, have to listen to it day after day after day, and have to listen to television commentators who have never had the pleasant experience of working in an economy, or having to read the press written by people have had the same lack of experience.

It would not surprise me if we got ourselves into trouble, but there is no need for that trouble.

I heard one of my best friends, one of the finest Members of this Senate, one of the finest men who has ever served in it, the Senator from Mississippi, asking a question that I know is on the minds of the American people: Why can the Government not do something about interest rates?

We can. We can print more money and make money more available. When money becomes more available, like anything, the price of money goes down. But it is only a matter of a few months, a year, before the interest rates would not be 20 percent but would be 22, 23, or 24 percent. So we are merely prolonging the agony that we are in.

I do not like high interest rates, but what we are going through today is a result of 40 long years, Mr. President, of this Congress and the Government spending the people's money that they do not have and the Government does not have. Today we are standing on this floor talking about what? $1 trillion. That is almost one-third of the total value of the United States. Yet the total debt of the United States, counting what you owe, what I owe and what the Government owes, which is probably around $3 trillion, is more money than we have. So we are not in good shape.

How do we get out of it? We get out of it by cutting expenditures that we have. The President has asked that we do that.

I am chairman of a subcommittee that probably spends as much money as any subcommittee in the Senate. I know where I can chop $1.5 billion or $2 billion out of that money, but that is just a drop in the bucket. We have to go across the board. I know it is going to work hardships. It is going to work a hardship on every man, woman, and child in America. I think the question we have to face up to now is not what we do to plug a hole here or to fill a gap over here, or to get across this stream of water over here.

But what are we going to do to perpetuate this country, its proven economic system, the law of supply and demand, the marketplace, the free enterprise system, if you would call it those things? If we want to perpetuate those things, Mr. President, we have to do things in this body that are going to take plain, ordinary courage. That is to start saying "no" to the people who are demanding more and more and more.

It is going to require the Members of this body to stop asking that we spend more money on programs that have not worked.

I do not mean that we deny the poor what it takes them to live on. As old Abraham Lincoln said, "It is the duty of the Government to take care of those people who cannot well take care of themselves."

But I think it has reached the point where 50 percent of our people are getting a little fed up with taking care of the other 50 percent of our people.

It is that simple. We take care of the people that we have to take care of and not take 47 percent or 50 percent, or even more, from the income of those people who are willing to work and work hard, those people who pray, those people who go to church, who work, and work for their community and work for each other.

So, Mr. President, I see the task before this body, the entire body, Congress, as a very tough task. I see the job of the President as probably the toughest job any President has ever been faced with, and I have to admire the courage he has shown. I have seen other Presidents who wilted under this kind of pressure; and as a result of the wilting, the country became worse off.

Mr. President, I merely wanted the opportunity to stand on the floor, after having been in the Presiding Officer's chair for an hour or so, listening to these arguments, to say that it is going to take a lot more than talk. It is going to take courage of the first order to get this country out of the God-awful mess it is in. I believe we can do it. I have faith in the American people. I have seen them go through the Great Depression of 1928.

Let me remind you that it took a war to get us out of that depression. Franklin Roosevelt did not have a thing to do with it. It took 13 years and World War II.

Yes, we came out of a depression. But I will tell you, as one who was at that war, that one of those things in a lifetime is enough.

I believe we can pull this country out of the trouble it is in if we just buckle down, do right, and do not spend our nights trying to write speeches that belittle the very concept of Government under which we live and the very economic system that has produced more for more people than any other system in the history of the world.

I thank my friend from Kansas for having spelled me in the Presiding Officer's chair. This was something I had to get off my back.

(Mr. HEINZ assumed the chair.)

Mr. DOLE. Mr. President, I thank the distinguished Senator from Arizona. He is correct. These are the things we have been saying here for years—some of us not as long as the Senator from Arizona has.

It is refreshing that we now have a President who is willing to make the hard choices. I know that some of my colleagues who have not voted for any spending over the years find it very difficult to vote to increase the public debt. That should be left to those who vote for all the spending programs.

I can only say that now, at least, we have a President who is going in the other direction. He is advocating spending reductions, the same thing the distinguished Senator from Arizona has advocated for years and with a great deal of success.

I know it is very difficult for some of my conservative colleagues to say, "Why should I vote for an increase in the debt ceiling?" I say to them that President Reagan, for the first time in my memory, and I have been in the House and the Senate for 20 years, has come to Congress with directions to cut Federal spending; and a majority of Democrats and Republicans have followed that leadership.

Next year, for example, we are going to have a $36 billion spending cut, and it grows in 1983 and 1984.

There is no painless answer, but we must pass the debt ceiling or we cannot honor all the social security checks that went into the mail yesterday and today.

We are told by Treasury that on October 5 the Treasury will exhaust its cash balance, and any outstanding checks will not be honored when presented for collection.

I do not suggest that as a threat, but it is an indication of what happens if we do not do the responsible thing to permit the Government to pay its obligations.

The distinguished majority leader has just come to the floor, and I say to him that we are sending out signals to anyone who might have amendments.

It is my understanding that the distinguished Senator from Georgia (Mr. NUNN) may have an amendment, and he will be on the floor in a few minutes. If the majority leader can urge other Senators to do the same, it will be appreciated.

Mr. BAKER. Mr. President, I believe we are wasting valuable time. We have to pass this bill tonight. This is the middle of the afternoon, after a 2-hour recess, and there are no amendments.

I hope sincerely that Senators within hearing of my voice will take account of the fact that, one way or the other, we are going to pass this bill. If they are going to offer amendments—I hope they will not offer any—I hope they come to the floor and do so now; because at 7 o'clock we will start a voting pattern, and shortly after that, the leadership will be pressing for third reading and final passage.

Mr. President, I talked with the distinguished minority leader on the telephone a few moments ago, and I understand that he, too, is urging the Members to come to the floor and to offer amendments, if they have amendments. I reiterate my request for Members to do so with dispatch; because, although it is only 5:15 p.m. now and the voting sequence will not begin for an hour and 45 minutes, that time will melt pretty fast.

So I hope Members will offer their amendments, if they have amendments to offer, and will understand later in the evening when I am pressing hard to go go to third reading.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, again, it has been over an hour now that we have been waiting for Members to come to the floor with amendments. I would just say that we have been on this bill now for a couple of days and it would seem to me that it is not fair to the other Members who will start voting at 7 o'clock, because we have had really since 4 o'oclock to do business on the Senate floor on this particular proposal.

We understand from legislative drafting that one of the amendments will not even be drafted until 7 o'clock. And it is just hoped that if, in fact, certain Senators have amendments that they come to the floor, and, if not, that they let us know that they do not have an amendment so that we can stand in recess until 7 o'clock and then we can start voting on the four record votes that have been asked for.

I understand the Senator from Wisconsin, Senator PROXMIRE, may have an amendment or two; the Senator from New York, Senator MOYNIHAN, may have an amendment; the Senator from Georgia, Senator NUNN, may have an amendment; the Senator from Florida, Senator CHILES, may have an amendment; and there may be others.

But, as I indicated earlier, there could be amendments, and I would hope that Senators would either come to the floor and indicate that they will or will not, or send word that they will or will not, call up the amendment.

It is my hope that we can table all of the amendments that are pending and pass the bill by 8:30 or 9 o'clock. But, obviously, we cannot do that if some Senator is going to insist on waiting until 8 or 9 o'clock to offer his amendment. But I can report that the majority leader says we will finish tonight or sometime during the night, if that is any incentive. I know some of the staff have been around all night last night. So maybe in fairness to some of the staff who have been up all night Senators could come to the floor and offer their amendments.

HOUSE JOINT RESOLUTION 266—DEBT LIMIT AS OF SEPTEMBER 30, 1981

Mr. President, after House Joint Resolution 265 is disposed of, it will be necessary that we take action on House Joint Resolution 266, which is simply a 1-day change. I have just talked to Treasury Secretary Donald Regan and he indicated that if we do not pass this little second 1-day extension, it is going to cost the taxpayers $5 million. Now $5 million is real money, even in these days of inflation.

House Joint Resolution 266 stands on the Senate calendar having gone to third reading in the form agreed to by the Senate: That is, as a tax bill with the House-passed debt limit language stricken. I understand it would take unanimous consent to rescind third reading, and also to rescind the Senate amendment. The bill could then be approved in its House-passed form and sent directly to the President.

The Treasury Department has asked that we do pass House Joint Resolution 266 in the House-passed form. In testimony to the Finance Committee on September 11, Assistant Secretary Mehle indicated that on September 30, the Treasury is scheduled to issue approximately $13 billion in securities to the civil service retirement trust fund. This issue would break the current debt ceiling of $985 billion. If the issue is delayed, the trust fund would lose about $4.5 million per day—$350,000 per $1 billion in uninvested funds. House Joint Resolution 266 provides a debt ceiling of $999.8 billion through September 30 and would cover the problem. House Joint Resolution 265, the debt limit increase just reported by the Finance Committee, does not cover the situation because it only takes effect on October 1.

House Joint Resolution 265 could of course be amended to cover September 30. In that event, however, it would have to go back to the House, with delay and further complications likely. If House Joint Resolution 266 is passed in this manner every Senator's rights to offer amendments to House Joint Resolution 265 would still be preserved. Senator LONG's staff supports this proposal.

I would hope that we could pass House Joint Resolution 266 after taking action on House Joint Resolution 265 and we could do 266 by a voice vote, and then even under the most optimistic conditions, bring up the so-called Bolling minimum benefit proposal, Congressman Bolling's proposal to substitute the Senate Finance Committee package on social security and send that measure back to the House.

So, again, I would urge my colleagues, if they do not intend to offer the amendments before 7 o'clock, at least they could call and indicate that so that those of us who are on the Senate floor could recess until 7. That does not seem to be an unreasonable request.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. NUNN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NUNN. Mr. President, I plan to offer for the Senate's consideration tonight an amendment which would deal with the very, very serious economic problems that we have today. As I see it, what we have done in the last several months, with all good intentions, is to create a huge gap between the tax cuts that we have already passed and that are on the books and the spending cuts which are proposed by President Reagan but which have not been debated, which have not been presented to the committees, which have not been considered by either the House or the Senate, and many of which have not even been identified by the administration.

I think the gap between the tax cuts and the spending cuts that has taken place has created an enormous credibility problem for our Federal Government, the Congress, and the administration. I believe that this credibility problem has caused a tremendous amount of the dislocation in the financial community, particularly the bond market which has become virtually nonfunctional now as far as long-term financing is concerned, other than Government obligations. It is also creating more and more problems in the stock market.

All of us would like to have tax cuts. All of us know that the American people are strained because of inflation, because of high taxes at the State, Federal, and local levels. So it is not a question of need; it is not a question of desire; it is not a question of wishes. The question is whether, by passing the huge tax cuts we have passed without having accompanying spending reductions, we have created a monster that is about to destroy the small business community, the farming community, and, indeed, a great number of businesses and individuals in this country.

We just concluded 2 days of hearings on the economy in the Small Business Committee. Chairman Weicker called these hearings at my request. We heard from automobile dealers around the country. We heard from the farming community, represented by a young farmer from my State of Georgia. All of these people testified that if they had a choice between getting the prime rate down and the tax cuts that have been enacted, they would almost unanimously, in their respective groups, choose to get the prime rate down.

We simply are not going to be able to survive in the small business community with a viable competitive economy if we continue to have interest rates in the 17-, 18-, 19-, 20-percent range over the next 12 months.

This amendment will continue the individual income tax cuts but will continue them in proportion to the degree that Congress accepts the President's recommendations on spending cuts; not in terms of the individual cuts and how they are composed, but in terms of the overall numbers.

This amendment would make the so-called Kemp-Roth portion of the tax bill fiscally responsible. It will do so by taking the 10-percent individual income tax cuts that automatically go into effect on July 1, 1982, and July 1, 1983, and create a condition precedent to the effectiveness of those tax cuts.

This amendment says that individual across-the-board tax cuts effective July 1, 1982, and July 1, 1983, can have a revenue loss no greater than the budget reductions achieved through the reconciliation process in the first concurrent resolution which will take effect prior to July 1, 1982, and again the next year prior to July 1, 1983.

The revenue losses from the individual tax cut on July 1, 1982, and July 1, 1983, will be offset by the reductions in spending. If these reductions in spending were not forthcoming, then the tax cuts would be proportionately reduced.

As I understand it, Mr. President, the way it stands now, and I believe the financial markets are reflecting this, the administration has now projected a deficit in 1982 of $43.1 billion; in 1983, $22.9 billion; and a balanced budget in 1984. But, and this is a very big but, to get those figures, this is what the administration says we must do: We must have budget cuts in 1983 that are thus far unidentified of $41.7 billion; we must have budget cuts in 1984 that are unidentified to the extent of $67 billion—to have to make identified cuts that the President has set forth of $13 billion in fiscal 1982, which will begin next week, we are going to have to make $20.3 billion in identified cuts in 1983, and $24.8 billion in cuts in fiscal year 1984.

The total budget cuts that have been proposed by the President but not yet made by the Congress include cuts of $13 billion in 1982, $62 billion in 1983, and $91.8 billion in 1984, all of those being fiscal year numbers.

This means, according to my figures, that what we have already cut $35.2 billion in 1982, we have cut $44 billion in 1983, and $51.3 billion in fiscal year 1984 in this year's reconciliation process. But, what we have now is a situation where we are called on by the President to make cuts totaling approximately $166 billion over the next 3 fiscal years, and of those numbers $108 billion, approximately, has not yet even been identified by the administration. We do not have any figures; we do not know what the cuts are going to be; we do not know where they are coming from. We do know that the President has said that he hopes to largely exempt national defense. Certainly, I agree with that.

He hopes to exempt the so-called social safety net. He must exempt the net interest on the debt, because legally we have to pay interest on the debt.

Also, I understand that veterans benefits will be largely excluded from major budget cuts. I know that most of the people in this body and the House will agree that those would be very difficult, perhaps unacceptable, cuts to make.

So these are the areas the President says he will not reduce. If you keep these areas as so-called sacred cows, that means we will have to severely limit or virtually abolish areas such as agricultural subsidies, general revenue sharing, community development block grants, child nutrition programs, health programs, aid to mass transit, and many other programs that I believe are worthy and that Congress will be very reluctant to make big cuts in.

So, Mr. President, unless we go back and reexamine the income tax cuts that have been made in 1982, 1983, and 1984 calendar years for individuals, along with a continuing search for additional budget cuts, cutting where we can, but unless we combine both the revenue side and the expenditure side in our search for ways to balance the budget, we have no hope whatsoever, in my view, of balancing the budget in 1984.

If we do not balance the budget in 1984 and if we do not establish some credibility soon that we are going to balance the budget in 1984 and reduce the deficits in 1983 and even in 1982, we have no real hope of getting the Government far enough out of the credit markets to relieve pressure on interest rates.

Already, the effort to reduce spending is showing signs of falling apart over the relatively small $13 billion of budget cuts the President proposed last week. Clearly, if we are having trouble now, even on the Republican side of the aisle of accepting the $13 billion in budgets, what are we going to do with the $166 billion the President is proposing we cut over fiscal years 1982, 1983, and 1984, and the astounding figure of $108 billion of those cuts that the administration has not even yet identified?

This is why we are having such difficulty with interest rates—because the markets are beginning to analyze fiscal policy. When they add and subtract, they recognize the extreme difficulty the Federal budget is now in. The markets know it. The bond market is almost dead, except for Government bonds. The stock market has plunged 170 points since April.

The free market is sending the Government a message. But the question remains, Is our Government listening? Are we listening? Will we listen? If we do not listen and listen soon, I believe we will continue to have a massive credibility gap, and we will continue to have a deteriorating economy.

Interest rates remain at 19 percent to 19.5 percent, and this is choking off new investment, which is the key to supply-side economics.

Small business hearings, again and again, have revealed that the question of interest rates is much more important to the small businesses of our Nation than is a tax cut. A tax cut is not going to do any good for small businesses and farmers who are forced out of business because of high interest rates.

The first thing you have to have in order to enjoy a tax cut is taxable income. With 19 percent prime rates, you are not going to have many small businesses in America with taxable incomes.

Construction bankruptcies are up nearly 50 percent in the first 8 months of this year over the first 8 months of last year. Other sectors of the business community are in just as bad a condition as the construction industry.

So, Mr. President, something has to give, either monetary or fiscal policy. We have to combine those two policies. We cannot put all the strain on monetary policy. If we do not come out, in the session we are in now, with a degree of coordination between fiscal and monetary policy—which does not now exist—by next spring we may face such massive dislocations in the economy that none of us will have even a hint of the answer to our economic dilemmas at that time.

However, the answer now is plain. We must send a signal that the Federal budget is going to be brought under control, and that signal must include not just the spending side; it must also include the revenue side.

Mr. President, I shall explain this amendment very briefly.

This amendment will make it possible for the 10-percent tax cut to go into effect in 1982, and it makes it possible for the 10-percent tax cut to go into effect in 1983. What it does not do is allow the economy to be locked into an enormous tax cut in both those years, whether or not Congress makes the spending cuts that the President has requested.

All my figures are administration figures. I am not arguing about growth projections. I am not arguing about the projections the administration has said are necessary for spending cuts. I am saying let us accept those figures, but let us not allow there to be a continued gap between spending cuts and tax cuts.

If the spending cuts do not take place or if they take place to a lesser degree than the President says is absolutely essential, then let us face the music, and face it now, and recognize that that means we will have to reduce the size of the tax cut in proportion to the amount we do not cut spending. This would go a long way toward relieving some of the fear that is obvious in our financial markets.

To give a brief example of how this would work, if Congress enacts $60 billion of spending cuts in the reconciliation process in the first concurrent budget resolution next year, then the revenue loss on the individual tax cut could go as high as $60 billion. But if, instead, Congress enacts only $25 billion in spending cuts, then the tax cuts would be reduced in a proportionate amount.

The President has recommended, as I understand it, spending cuts totaling about $62 billion in fiscal year 1983, which will be part of the reconciliation process next spring. Congress has enacted tax cuts of about $40 billion beyond the 5 percent which is to take effect this week. This amendment does not in any way affect that 5-percent tax cut. But if instead of the $62 billion, we reduce spending by approximately $40 billion, then all the President's tax cut will go into effect. That is, even if we do not fully comply with the President's request and if we cut spending only about two-thirds of what the President has requested, we will still get the full tax cut.

But if—and we have to face this—instead of cutting $62 billion as the President has requested, we cut $25 billion, then the tax cut would be reduced to a revenue loss of $25 billion.

This deals with the individual tax cuts. We are not touching the business tax cuts at this stage, although I must say that I believe we will have to reexamine the loss in revenue that took place because of the oil tax cuts that were accepted in the conference committee. That also has to be addressed, and I understand that Senator EAGLETON's amendment does address it.

Mr. President. I hope this proposal will be agreed to and that the vote on it will occur after the vote on the Exon amendment.

Senator EXON's amendment would affect the 1984 fiscal year. This amendment would affect the 1983 and 1984 tax cuts—that is, the tax cuts that will take place July 1 calendar year 1982 and July 1 calendar year 1983.

If the Exon amendment is adopted, and I hope it is, because I am going to vote for it, then this amendment would have to be adjusted slightly; but the principle still would remain intact so far as the tax cut is concerned that takes place July 1, 1982.

I will be supporting the Exon amendment. There is nothing inconsistent here between the principle of this amendment, the Nunn amendment. and the Exon amendment. Both are aiming at the same thing, and that is to reduce the huge credibility gap this Government has created because it has allowed the tax cuts to get so far out in front of the spending cuts and because the additional spending cuts the President has requested over the next 3 fiscal years, approximately $108 billion, are unknown to anyone I know. At least they are unknown with respect to any presentation to Congress. They are unidentified budget cuts which are very difficult to deal with in a credible manner, because everyone knows that budget cuts are not easy to implement, even when they are known, let alone when they are unidentified.

Mr. President, I am hopeful that my amendment will be here shortly, at which time I shall file it. I urge the Senate to support the amendment.

Mr. DOLE. Mr. President, Senator NUNN proposes an amendment to tie the second and third years of the individual tax cut to the amount of spending reduction planned in the first budget resolutions for fiscal year 1983 and fiscal year 1984.

Under the amendment, the revenue loss from the individual rate cut scheduled for July 1982 could not be greater than the spending reduction planned for fiscal year 1983 in the first budget resolution. The same rule would apply to the July 1983 rate cut and the first budget resolution for fiscal year 1984.

The first goal is to cut spending. This amendment gives an easy way out by providing an automatic tax increase if spending cuts are not large enough, as set forth in the budget resolution. This takes some of the pressure off, and may make it less likely we will reduce spending.

We can always vote to raise taxes, as the amendment suggests. But there is no need to trigger an automatic tax increase as the amendment suggests. The recent tax bill abandons the old notion of automatic tax increases. This is no time to backtrack on this issue.

The amendment only ties the tax cut to the first budget resolution; it does not appear to guarantee a followthrough in actual spending cuts, anyway.

Mr. President, I thank the Senator from Georgia for discussing the amendment now. I think it will speed up the process because we have a number of votes starting at 7 o'clock. It is my understanding that at least one other Senator may have an amendment to offer after a series of votes. I think there are four votes, but he is willing to accept a 10-minute time agreement on that so we can move rather quickly.

Mr. President, I just say in a general way, without getting into the merits of the amendment, that it is much like other amendments that have been offered. From the standpoint that I know the Senator from Georgia to be one of the most responsible Members of this body, I know that he is convinced and concerned. But I suggest that even if every one of the Senators agreed that we ought to support the amendment, it should not be done at this time. It should not be added as an amendment to the debt ceiling extension because of an argument that this Senator has made several times in the past couple of days. That is, if we do not move quickly, and it is always the case on debt ceilings extensions, then in fact, a number of people who rely on government checks at the first of the month will be in jeopardy. That will particularly include social security beneficiaries.

Mr. President, we were told as recently as this morning that if, in fact, we amend the bill, it must go back to the House. Under normal procedures, that would be fine. But we also have a deadline of midnight tomorrow night before it starts having an impact on orderly procedure. We are told that it would be very unlikely if the House could muster the votes to pass the debt ceiling. That is the reason that I am hoping all the amendments that have been offered will be tabled and that, in fact, as to an amendment such as the one offered or which will be offered by the Senator from Georgia, we do hope to have additional tax bills on the floor at a later time. We also shall have other tariff bills and other bills on which we could offer such amendments. Beyond that, the Senator from Kansas indicates that we have a choice. We can either take this money out of the hides of the taxpayers, and that is, in essence, what has been suggested—that we do not have a tax cut—or we can take it out of the hide of the Federal bureaucracy, which I believe is the best way to go.

I do not criticize the bureaucracy except in a general sense. We just keep spending more and more of the taxpayers' money. I have been around long enough to know that if you give Members of Congress a choice of not having a tax increase or reducing spending, most are going to say, let us not cut spending; let us just not give the people a tax increase because they never had it anyway and they will never miss it.

Therein lies the problem, Mr. President. I think the Senator's amendment is different but I am not certain, knowing Congress, that we would do anything but have a congressional copout. The taxpayers would not get their tax cuts, we would not cut spending, and we would be right back where we are in the very place the Senator from Georgia does not want us to be, if I properly understand the amendment.

Of course, I have not seen the amendment, but we are really talking about an increase in taxes if we adopt the Senator's amendment.

Mr. NUNN. Mr. President, let me say to the Senator from Kansas that it is certainly possible that Congress will not meet the spending cuts and it is certainly possible that this could result in less of a tax cut than would take place under current law. But it also makes impossible what is now frightening the financial community so much that we are seeing bonds and interest rates remain in great jeopardy. This means that we are going to have such a flat economy unless something is done that tax cuts are going to be almost meaningless to most of the small business and farming community of America, because you just do not pay taxes unless you are making money. The small business community is flat on its back. The farm community is flat on its back. So we have to do something to get interest rates down.

Mr. President, I just say to the Senator from Kansas that I have enormous respect for him and I have enormous respect for his leadership and his objectivity.

I want to make one point additionally clear about this.

If we cut everything the President is advocating we cut—in other words, if we cut the $62 billion of cuts that are in the resolution, it would allow the individual tax cut to be larger than the President had proposed. That tax cut could go up to $62 billion. It is my understanding, though I am not clear, that the incremental tax cut next year will be about $45 billion. So this could result in an 11 or 12 or 13 percent tax cut.

I must admit it also could go the other way, but at least it would be a fiscally responsible approach to a situation that is now becoming very dangerous for our entire economy.

Mr. DOLE. Mr. President, I thank the Senator from Georgia. I have indicated before on this floor that if, in fact, it appears that we are headed for difficulty because of the President's economic program or his tax reduction program, which really does not start until Thursday—again, I know there is great concern about unspecified cuts. As I understand the amendment, it only ties the tax cut to the first budget resolution. It does not appear to guarantee a followthrough in actual spending cuts. I think there are a number of areas where if, in fact, we find that we are getting into difficulty because of this enormous tax cut—and it is a big tax cut, the largest in history, $750 billion or $780 billion over the next several years.

On the other hand, even with all the tax cut, as far as individuals are concerned, even with the tax cut of the size of the one we passed in this body by a vote of 89 to 11—only 11 Senators out of 100 voted against the Tax Reduction Act—it barely lets the taxpayer keep up with the so-called bracket creep. It is about a 3-percent real tax cut over the next 3 years.

Another thing that strikes me is that only individuals would have to sacrifice under the Senator's amendment. Business would go on getting very generous tax cuts—I think in some cases too generous. But individuals would not receive tax reductions. They are the ones who take the risks. They are the same ones, I might add, who have been suffering from inflation. They cannot write it off.

On the other hand, I share the concern of the Senator from Georgia and I do have great respect for the Senator from Georgia. I would be very willing to work with the Senator. I know of his work on the Small Business Committee and the work of the distinguished Senator from Connecticut (Mr. WEICKER) and the distinguished Senator from Florida (Mr. CHILES). I am aware of the good things they have been doing in that committee. I want to work with Democrats and Republicans in the event that becomes necessary. Maybe it is the best strategy to take care of it now but it seems to me that, particularly on this bill, it is not the appropriate time. I would need to study the amendment very carefully.

I hope when the amendment is drafted that I shall have a chance to look at it. I still could not support it as an amendment to the debt ceiling measure, but it is something we should consider. I do not have any quarrel with giving it serious consideration. We are now in the process of looking at a second tax bill in the Senate Committee on Finance. We are looking, frankly, at ways to increase revenue outlined by the President last week in his speech. There are some of the areas of business that I do not say are loopholes, but we think we can tighten up the way some businesses have paid taxes in the past and pick up several billion dollars over the next few years. This might be an appropriate place to consider the amendment.

Mr. NUNN. Mr. President, I understand the Senator's position and I certainly do not envy his position of trying to pass a debt limit bill. I know that is a tough leadership responsibility that no one enjoys but someone has to do. Even though in all likelihood, I shall vote against the debt ceiling limit as a symbol of what has been fiscal irresponsible Government for many years, I also understand that the debt ceiling is not the cause of our problems; it is rather the result of previous actions that have occurred. It is those previous actions that I think we ought to address. I have never made a huge issue of the debt ceiling limit, though I have voted against it a great number of times, because I do not think that it is responsible to pretend that lifting the debt ceiling is the cause of our economic problems. It is the result of our economic problems.

I thank the Senator for his consideration of this amendment. I understand his position. I apologize for not having the amendment drafted now, but I am confident that even of the Senator from Kansas studied it for many days, at this particular juncture, as he stated, he would not support it. I shall have it here as soon as the legislative counsel draws it up. As the Senator understands the amendment, is there any other question?

Mr. DOLE. No; I have checked with the Senator's staff. My staff has been given some information. I think on the basis of the discussion we have had and the staff has had, it would expedite the decision on the amendment tonight. Maybe we could consider his amendment.

Mr. NUNN. Mr. President, I have no objection to considering my amendment in the sequence of the votes. It might make some sense to vote on my amendment right after or shortly after the Exon amendment because the two are similar in some respects. If there are any last-minute drafting problems on the Nunn-Chiles amendment, I am sure we can work those out in conference with the help of the Senator from Kansas.

Mr. DOLE. I would be glad to have a conference right now if it would help. I understand the need to pursue the amendment. I shall check with the majority leader (Mr. Baker) to see whether or not we can sequence a vote on the Senator's amendment following the Exon amendment.

Mr. NUNN. Or shortly after.

Mr. President, I ask unanimous consent that the Senator from Florida (Mr. Chiles) be added as a cosponsor to this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Kasten). Without objection, it is so ordered.

NATIONAL PRIORITIES AND THE POWER OF THE PURSE

Mr. ROBERT C. BYRD. Mr. President, executive impoundment of appropriated funds is indeed a potent weapon to curb Federal spending. By impounding large portions of the funds approved by the Congress, the President can do far more than merely reduce the projected budget deficit. The power to impound funds carries with it the power to reorder national priorities—to substitute executive policies for those established by the Congress. Such an alteration of our fundamental constitutional framework must be vigilantly guarded against.

This is not the first time that the extent of Presidential power to impound funds has been debated by the Congress. The impoundment of funds is not a new practice. Some historians trace it as far back as 1803 when Thomas Jefferson refused to spend funds appropriated for gunboats. The controversy came into sharp focus during the Nixon administration, when President Nixon tried to impound $18 billion from programs he wanted to terminate or drastically curtail on policy grounds. His supporters attempted to justify such action on the grounds that the state of the economy demanded it. But Congress refused then to submit to an imperial presidency and it is my belief that it will refuse to bow to such pressure now.

In a successful challenge to President Nixon's assertion of authority to set Federal spending priorities, the Senate and the House both passed bills in 1973 to curtail the President's power to impound funds. Subsequently, impoundment control provisions were included in the Budget Control and Impoundment Act as part of the wholesale effort to reform congressional budget procedures.

I was deeply involved in the genesis of the legislation which governs congressional budget deliberations today. It is astonishing to note that 62 Members who serve in the Senate today were not elected until after that historic debate. There is a certain institutional perspective to be gained from having participated in that legislative-executive battle—a perspective which may not be fully appreciated by the Senator from Colorado.

At that time, I testified before joint hearings of the Judiciary and Government Operations Committees on the necessity for impoundment control legislation. In 1974, as now, bigger and bigger deficits and a skyrocketing national debt had led to public outrage and a demand for immediate fiscal restraint. Then, as now, fiscal responsibility had not always guided every congressional spending decision. But I stand by what I said at that time as to the constitutionality of broadly defined presidential impoundment authority:

> By impounding appropriated funds, the President is able to modify, reshape or nullify completely laws passed by the legislative branch, thereby making legislative policy through executive power. Such an illegal exercise of power of his office flies directly in the face of constitutional provisions to the contrary.

An amendment similar to that offered by the Senator from Colorado has been presented to the Senate before, and it was soundly rejected. During debate on S. 373, the Senate version of impoundment control legislation, Senator Roth proposed an amendment which would have left presidential impoundments in effect unless Congress, within 60 days by concurrent resolution, disapproved the President's action. The Roth amendment was defeated by a vote of 30 to 58.

The refusal of Congress to permit the President to dictate Federal spending priorities is based on the strongest possible constitutional and policy grounds. The proposal to authorize the President to withhold spending of appropriated funds unless vetoed by both Houses raises a pair of constitutional questions: First, whether Congress can delegate such power to the President, and second, whether Congress can reserve the power to countermand the President's decision by concurrent resolution.

The nondelegation doctrine—that the lawmaking power of Congress cannot be delegated—is a corollary of the doctrine of separation of powers. At the heart of this fundamental principle of American constitutional law is the idea that the principal powers of government—lawmaking, law execution, and law interpretation—are to be divided among three co-equal branches of Government which are not permitted to divest themselves of their powers and confer them on one of the other branches. It is true that Congress has, from the beginning, delegated to the executive and the judiciary certain powers which the legislative could rightfully exercise itself. But the delegation of congressional authority to appropriate funds is highly doubtful because of the constitutional mandate contained in article I, section 9 that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law."

The President is constitutionally given no role in legislation, including appropriation matters, except the power to recommend "such measures as he should judge necessary and expedient" (article II, section 3) and the power to veto measures passed by the Congress (article I, section 7). He also has the responsibility to "take care that the laws be faithfully executed." Certainly the founders did not intend for the President to have any discretion when they imposed that duty upon him.

An appropriation bill enacted into law is a law as much as any other law. The President has no authority to decide which laws will be executed or to what extent they will be enforced except through his veto power. If the President determines that an appropriation bill enacted by Congress unacceptably inflates the budget, his constitutional remedy is to veto the legislation. It would seem improbable to permit a President to veto a bill, have Congress reenact the bill over the veto, and then to find a constitutional rationale for allowing impoundment to nullify such a law.

Carried one step further, it would be even more unlikely to permit the President to impound funds appropriated through congressional override of a Presidential veto, only to confront Congress with the charge of disapproving the impoundment through a procedure such as that proposed by the pending amendment of the Senator from Colorado.

The Budget Control and Impoundment Act does authorize the President to withhold spending, but only with the concurrence of Congress. A rescission—which is essentially a proposal to repeal appropriations or other spending laws—must be released unless a rescission bill is approved by both Houses of Congress. In essence, such legislation constitutes "deappropriation" or congressional repeal of previously enacted appropriations legislation. A reversal of this procedure, requiring congressional veto of Presidential impoundments would turn this procedure on its head and result in the delegation of far greater discretion to the executive branch. This constitutionally suspect procedure would be contrary to the very intent of the separation of powers framework.

The amendment offered by the Senator from Colorado that is pending before the Senate also calls into question the constitutionality of the legislative veto. Despite the passage of almost 200 laws containing nearly 300 congressional veto provisions of one kind or another, questions regarding their constitutionality have yet to be resolved. Viewed as legislative acts, legislative vetoes authorize congressional action that has the effect of legislation but deny to the President the opportunity to exercise his veto power. Viewed as executive acts, congressional vetoes give Congress an extralegislative role in administering programs that impinge on the duty of the President to execute laws.

The Impoundment Control Act has established a workable procedure for reappraisal of congressional spending decisions. Congress has been able to prevent the President from unilaterally withholding funds and the executive branch has been able to manage the Nation's financial affairs without undue restraint. This is a balance which should not be disturbed. The Armstrong amendment is an invitation to confer upon the President unprecedented authority to impound funds without congressional approval. No matter how the congressional veto mechanism is packaged, it is a relinquishment of the congressional prerogative to set spending priorities.

The school lunch program provides a startling example of what could result from adoption of this amendment. The Reagan administration proposed a total cut of $1.9 billion for fiscal year 1982 spending for all child nutrition programs. The Congress enacted only $1.5 billion of these cuts in the Reconciliation Act of 1981, making the collective judgment that schoolchildren would be irreparably harmed if deeper cuts were made. If the Armstrong amendment is adopted, it is predictable that the President would impound the additional $400 million that Congress retained. If that occurred, the school lunch program would not be debilitated; it would simply be demolished. The Nation's children would be the victims, in this case, of the new budget cutting powers of the executive branch.

Mr. President, there can be no doubt that the control of runaway deficits, soaring interest rates and double-digit inflation is the No. 1 domestic priority. The public generally endorses the campaign to reduce or eliminate unwanted, ineffective, and inefficient Government programs. But there is no support for the proposition that the President should be given uncontrolled discretion to dismantle—program by program, department by department—the domestic functions of the Federal Government. There is also no mandate to reorder the constitutional framework which has served this Nation so well for over 200 years.

Impoundment in any form holds substantial ramifications for our entire constitutional system. The carefully devised system of checks and balances would be threatened by the transfer to the executive of unbridled power to reorder Federal spending. Impoundment, in the form proposed by the Senator from Colorado, would contravene not only the Constitution but our whole philosophy of government.

I cannot and will not support this impoundment amendment. I urge my colleagues, on both sides of the aisle to vote to table the Armstrong amendment. Nothing less than the integrity of the Constitution is at stake.

Mr. President, I yield the floor.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, could I inquire, is there a restriction on the length of time for votes after the first vote?

The PRESIDING OFFICER. At the present time there is no restriction.

Mr. BAKER. If I could have the attention of the minority leader, I would like to propound a request at this time.

Mr. President, am I correct that four votes have been ordered, one on the Bowsher nomination and three on motions to table?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. Mr. President, I ask unanimous consent that, as we proceed to vote on tabling motions, if any of them occur in sequence, back to back, which is to say that if the tabling motion succeeds, that the subsequent vote be 10 minutes. The first tabling motion vote would be 15 minutes, and the second and third tabling votes will be 10 minutes each, assuming that the previous motion to table succeeds and that the votes thus occur back to back.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Reserving the right to object, I just want to make sure that I understand the distinguished majority leader correctly.

I believe that what he is saying, and he will correct me if I am wrong, is that the votes, after the first vote—in other words, the votes on the tabling motions—will be limited to 10 minutes if they come back to back and in the event that the tabling motion succeeds.

In other words, in the alternative, if the motion by Mr. DOLE to table the amendment by Mr. ARMSTRONG should fail, then there undoubtedly would be some debate to follow.

Mr. BAKER. The minority leader is correct.

Mr. ROBERT C. BYRD. And the second tabling motion would not be limited to 10 minutes. Am I correct?

Mr. BAKER. In that event.

Mr. ROBERT C. BYRD. In that event.

Mr. BAKER. Let me reput the request. I will change it in one respect.

On the vote on the nomination, it will be a vote of 15 minutes. All three votes on tabling motions will be 10 minutes each unless the preceding tabling motion fails, in which event there would be subsequent debate and the subsequent rollcall would be 15 minutes instead of 10 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. I thank the Chair.

Mr. ROBERT C. BYRD. I thank the Chair.

NOMINATION OF CHARLES A. BOWSHER TO BE COMPTROLLER GENERAL OF THE UNITED STATES

Mr. ROTH. Mr. President, I want to commend the President on the appointment of Mr. Charles A. Bowsher to be the Comptroller General of the United States. I strongly urge my colleagues to vote in favor of his confirmation.

The Comptroller General will provide the leadership for the General Accounting Office. This office has almost limitless potential to help Congress spend Federal funds most efficiently and effectively. Last year alone, the agency made recommendations which could result in measurable savings of up to $3.7 million if implemented effectively.

It is the Comptroller General who has been able to assist the Congress in assuring the financial accountability of the executive agencies. Some of the duties which have been assigned to the Comptroller General are auditing and settling the accounts of executive branch agencies, issuing opinions on the proposed expenditures of public funds, prescribing accounting principles and standards for the guidance of executive branch agencies, countersigning Treasury warrants, collecting or settling claims by or against the United States, and bringing suits to require the release of impounded budget authority.

In short, the head of the General Accounting Office must be an extremely talented individual who is capable of juggling many responsibilities with dexterity.

Due to the extreme importance of the position of Comptroller General, and under the General Accounting Office Act of 1980, a special Commission, composed of Members of Congress from both sides of the aisle of both Houses of Congress, convened to review a long list of potential nominees for the first time this year. This Commission selected several candidates for the position and sent those names to the President for his consideration. This Commission considered dozens of extremely well-qualified candidates for the job.

The members of the Commission spent hours of deliberation, and I believe that the Commission members admirably fulfilled their responsibilities. I want to thank all of them for their diligence and I would like my colleagues to recognize the efforts put forth by the Speaker of the House TIP O'NEILL; Chairman JACK BROOKS and ranking member, FRANK HORTON, of the Government Operations Committee of the House; House Majority Leader JIM WRIGHT; House Minority Leader ROBERT MICHEL; Senate President pro tempore STROM THURMOND; Senate Majority Leader HOWARD BAKER; Senate Minority Leader ROBERT BYRD; and the ranking member of my Governmental Affairs Committee, Senator EAGLETON.

All of these Commission members and the retired Comptroller General, Elmer Staats, deserve the utmost praise of the Congress for their efforts on behalf of the selection of the next Comptroller General.

The Governmental Affairs Committee has seriously considered the qualifications of Mr. Browsher for this unique position to which he has been nominated. The members of the committee voted unanimously in favor of his confirmation.

The Comptroller General is an unusual position. It holds a 15-year appointment. This tenure insures that the individual holding the office need not be dependent on the political officials of the time to retain his position. He will not be held accountable to any constituency. And, unlike each one of us in this Chamber, the Comptroller General will never be compelled to run for reelection.

The terms of Mr. Bowsher's appointment make it possible for him to remain independent. He may feel free to take positions that may not be popular, but are necessary. Mr. Bowsher will be able to do whatever he feels will make progress toward maximizing the effectiveness and efficiency of the Government. He will not need to worry about how a particular action will look in the short run; he must simply concern himself with the ultimate goal of good government. In fact, he will never even need to find a position upon the termination of his 15-year appointment. His salary will be paid for the duration of his lifetime.

The terms of the Comptroller General's appointment make it possible for him to remain independent and effective as the Government's primary overseer. It must be possible for this official to carry out audits, studies, and investigations fearlessly and with the freedom to report to Congress any findings and recommendations, regardless of their content. These findings could include criticisms of an executive agency whose actions, in the opinion of the Comptroller General, are improper, illegal, inefficient, or ineffective.

In holding such a delicate position, it is critical that all Members of Congress and all of the American people have confidence that the individual holding the leadership role is unbiased, objective, and nonpartisan. This confidence may be partially achieved by the guarantee that the Comptroller General faces no fear of reprisal for taking any action or reaching a conclusion that could possibly be objectionable to either the executive agency concerned or to any congressional committee or Member of Congress. But, in order for total confidence to be given to the Comptroller General, he must personally derive that support from the Congress and the executive agencies.

I feel confident that Mr. Bowsher will bring a particular strength to the office to which he has been nominated beyond that which is guaranteed statutorily by the nature of his appointment. He has had 25 years of professional accounting and auditing experience in both the public and private sectors. His knowledge of the workings of government through his experience as the Assistant Secretary of the Navy for Financial Management will undoubtedly prove valuable. And, his years as managing partner for Arthur Andersen & Co.'s Government Services Industry program complement his government experience to prepare him for one of the most difficult positions in the Government.

Mr. President, I feel strongly that Mr. Bowsher is particularly well qualified by virtue of his education, experience, and integrity to serve in the position of Comptroller General of the United States, and I urge my colleagues to join me in voting on his behalf.

Mr. EAGLETON. Mr. President, few positions in the Federal Government carry more responsibility, authority, and potential for valuable public service than the position of Comptroller General of the United States. As head of the General Accounting Office, the "congressional watchdog," the Comptroller General represents our main vehicle for conducting oversight of the far-ranging activities of the Federal Government. If the responsibilities for legislative oversight were limited to the committees of Congress, the result would be woefully inadequate.

Congress simply lacks the time and resources to handle its oversight responsibilities alone. Over the years, the professional and impartial GAO reports have saved the taxpayers countless billions of dollars, and if Congress and executive agencies had followed GAO's advice in a timely way, I expect billions more could have been saved.

GAO's fine reputation owes a great deal to our former Comptroller General, Elmer Staats. I know that many Members of Congress share my view that Mr. Staats was an extraordinary public servant. Without diminishing GAO's constant concern about the integrity of the Federal Government's financial operations, Mr. Staats also encouraged GAO to assess the effectiveness of Federal programs and operations.

Above all, Mr. Staats' work as Comptroller General was characterized by his great knowledge of the Federal Government and his well-earned reputation for impartiality and fairness. These two traits—expertise and impartiality—have been crucial to GAO's effectiveness in the past. They are also the essential traits needed in any person who assumes the responsibilities of Comptroller General.

I believe that the nomination of Charles Bowsher to be Comptroller General of the United States meets these high standards. In my view, President Reagan has chosen wisely and well in making this selection.

Chuck Bowsher comes to this position from a distinguished and successful career in the private sector and the Federal Government. As a senior partner at the accounting firm of Arthur Andersen & Co., he has specialized in the area of accounting for the public sector—a perfect training ground for the work of the Comptroller General. Mr. Bowsher has supervised Arthur Andersen's engagements in New York City and the District of Columbia, as well as the firm's work with the Departments of Interior, Treasury, GAO, AID, the Federal Reserve, Amtrak, and the Federal Energy Agency before it was merged into the Department of Energy.

He has written several notable articles on the issues pertaining to sound financial reporting in the public sector. He is eminently qualified both to lead the fight for more effective financial management in the Federal executive branch and to assist Congress with respect to nettlesome issues raised by financial management problems which have hindered State and local government operations.

Mr. Bowsher is also the right man for this job in another crucial area. The operations of the Defense Department. From 1967 to 1971, Mr. Bowsher served as Assistant Secretary of the Navy—under both Democratic and Republican Administrations. In that position he directed an annual budget of more than $20 billion and a staff of more than 5,200. He received the Navy Distinguished Public Service Award in 1969 and 1971 and the Department of Defense Service Award in 1971.

In the last year, improving operations at Defense has ceased to be a partisan issue, or an ideological issue, or an issue which divides "hawks" from "doves." It has become an absolute necessity, given our efforts to upgrade our defenses while balancing the budget and reducing inflation.

Those goals, at least as outlined by President Reagan, look to be impossible, but the more modest goal—real improvement at DOD, with a resulting savings of several billion dollars annually—is possible, and Mr. Bowsher, by leading GAO, is ideally qualified to contribute to those improvements.

Finally, I enthusiastically support this nomination on the basis of personal knowledge. As chairman of the Financial Oversight Commission established by Congress to help the District of Columbia implement a modern accounting system, I worked extensively with Mr. Bowsher and his firm. The District system was an extremely challenging assignment, since we sought to institute enormous changes in a rather short time, and Mr. Bowsher's professional abilities, his fairness, and his knack for working well with people were extremely helpful to the success of the project.

In my view, Chuck Bowsher will be an outstanding Comptroller General. I commend him to the full Senate, and I look forward to working with him in the coming years.

Mr. THURMOND. Mr. President, I rise to support the confirmation of Mr. Charles A. Bowsher, as Comptroller General of the United States.

As a member of the Congressional Commission, established to review the qualifications of candidates for this position, I found Mr. Bowsher to be eminently qualified. It was a pleasure to recommend him to President Reagan.

Mr. Bowsher has had impressive experience, both in the public and private sectors. As a partner in the Arthur Anderson & Co. accounting firm, he served as a consultant to many business clients, plus a significant number of nonprofit clients. He also worked with and advised government leaders on financial and general management problems at the national, State, and local levels.

Mr. Bowsher served as Assistant Secretary of the Navy from 1967 until 1971. In this position, he had the responsibilities of supervising the Navy's budget and accounting departments and consulting other Government agencies concerning financial management.

Mr. President. I welcome the opportunity to vote for the confirmation of Mr. Bowsher and urge my colleagues to offer their support. I am confident that with his unique and substantial qualifications, Mr. Bowsher will serve as Comptroller General with distinction and prove worthy of the trust reposed in him.

Mr. SASSER. Mr. President, in this period of fiscal austerity, more interest has been generated both in the Congress and the executive branch on the management side of Government finance.

The reason is simple. If spending can be made more efficient, then we can maintain many essential Government services that we otherwise could not afford.

Charles A. Bowsher, the man we are considering for the important post of Comptroller General of the United States, has extensive experience in finance and management at every Government level. He is a professional accountant and a managing partner of the Government services industry program for Arthur Andersen & Co. He has also served, under both Democratic and Republican administrations, as Assistant Secretary for Financial Management for the Department of the Navy.

I am proud to vote for Mr. Bowsher to become Comptroller General. We need his experience and his ability to guide us at this critical time as we seek ways to make the Government more efficient and effective.

I look forward to working with Mr. Bowsher on management initiatives with which I have been associated during my term in the Senate. In particular, I want to see better debt collection practices, strengthened procurement procedures and more adequate internal controls. I expect the General Accounting Office to continue to monitor these practices within the Federal agencies and to suggest improvements.

I trust that the fraud hotline, which the General Accounting Office established nationwide at my request in 1979 will be continued. The tips that GAO received on this hotline between January of 1979 and September of 1980 resulted in the recovery of over $9.4 million in wasted or fraudulently obtained Federal funds. This effort has proven successful in meeting its objectives.

The 1982 budget begins a future in which there will be a greater emphasis on block grant programs to assist State and local governments.

That is why I think it is of increased importance, beginning this year, to develop standardized accounting requirement for these programs.

In particular, I would like to see a statutorily required single audit of grant programs. Such an audit would, I believe, give the agencies and the Congress an important tool of accountability for the review of Federal assistance programs. I look forward to continuing to work toward this goal with the General Accounting Office under the leadership of Charles Bowsher.

One of the most important pieces of legislation ever passed by the Governmental Affairs Committee, of which I am a member, authorizes Inspectors General for certain departments and agencies of the Federal Government. These offices perform work that is complementary to that of the General Accounting Office. They are expected to conduct and supervise audits and investigations related to the activities and programs of their agencies.

I hope that the General Accounting Office will inform the Congress of any indication that these Inspectors General are not given adequate staff, resources, or autonomy to perform their work.

At the Federal level, there is plenty of room for improvement in management control. A General Accounting Office study released last August showed that weaknesses in the internal controls of the Federal agencies is to blame for billions of dollars that are lost annually through fraud, waste, and abuse.

We in the Congress intend to work closely with General Bowsher to improve the accountability of Federal programs. Government assets are too scarce for us to allow intentional or accidental misuse.

That is why our new Comptroller General has such an important charge and why I am pleased that such an outstanding individual as Charles A. Bowsher has stepped forward for this important assignment.

Mr. STEVENS. Mr. President, it pleases me today to speak in support of Mr. Charles Bowsher, nominee for the post of Comptroller General. I think Mr. Bowsher's record of professionalism and neutrality amply demonstrates his fitness for this post. His long experience in financial and accounting management has already made his publications and advice an important source of guidance to public service managers at the national, State and local levels. The fact that both major political parties chose Mr. Bowsher's firm to provide accounting and auditing assistance during the 1976 and 1980 Presidential campaigns, when Mr. Bowsher supervised matters relating to compliance with the new election laws, evidences the probity and nonpolitical quality of his work.

Mr. President, this is an administration and indeed a period in our history for which the principles of fiscal accountability and responsibility have become absolutely indispensable. Today, more than ever, Congress must be served by a strong well-staffed General Accounting Office, through whose vigorous investigative efforts we may realize economies in the areas of fraud, waste, inefficiency, and mismanagement.

Finally, I would also like to mention that the work of the Subcommittee on Civil Service, Post Office, and General Services, of which I am chairman, has frequently taken us into some fairly complex and technical matters. I am happy to say that the support of the GAO has been most valuable in this regard, and I hope that we may continue to count upon it under Mr. Bowsher's leadership.

EXECUTIVE SESSION

The PRESIDING OFFICER. Under the previous order, the hour of 7 p.m. having arrived, the Senate will go into executive session to conduct a rollcall vote on the nomination of Charles A. Bowsher of Maryland to be Comptroller General of the United States.

The question before the Senate is, Will the Senate advise and consent to the nomination of Charles A. Bowsher of Maryland to be Comptroller General of the United States. On this question, the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER (Mr. WARNER). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 99, nays 0, as follows:

[Rollcall Vote No. 291 Ex.]

YEAS—99

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
East
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Grassley
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Kennedy
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
McClure
Metzenbaum
Mitchell
Moynihan
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Rudman
Sarbanes
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams
Zorinsky

NOT VOTING—1

Melcher

So the nomination was confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. BOSCHWITZ. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

TEMPORARY DEBT LIMIT INCREASE

The Senate resumed consideration of the joint resolution (H.J. Res. 265).

AMENDMENT NO. 569

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. President, I sought recognition only to ask unanimous consent that the Senator from South Dakota (Mr. PRESSLER) be added as a cosponsor to my amendments Nos. 569 and 570.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the Chair state the question again? There was not order in the Senate. I just hope everyone understands what the question is.

The PRESIDING OFFICER. The Chair will respond. The question is on agreeing to the motion to lay on the table Armstrong amendment No. 569 which would carry with it Armstrong amendment No. 570.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

I futher announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 84, nays 15, as follows:

[Rollcall Vote No. 292 Leg.]

YEAS—84

Abdnor
Andrews
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
East
Ford
Garn
Glenn
Goldwater
Hart
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Hollings
Huddleston
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kennedy
Laxalt
Leahy
Levin
Long
Lugar
Mathias
Matsunaga
McClure
Metzenbaum
Mitchell
Moynihan
Murkowski
Nunn
Packwood
Pell
Percy
Proxmire
Pryor
Randolph
Riegle
Roth
Rudman
Sarbanes
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Thurmond
Tower
Tsongas
Wallop
Warner
Weicker
Williams

NAYS—15

Armstrong
Byrd,
Harry F., Jr.
Exon
Gorton
Grassley
Hatch
Helms
Humphrey
Kasten
Mattingly
Nickles
Pressler
Quayle
Symms
Zorinsky

NOT VOTING—1

Melcher

So the motion to lay on the table Mr. ARMSTRONG's amendment (No. 569) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. LEVIN. Mr. President, I rise in support of the amendment offered by Senators EXON, BRADLEY, and NUNN, which will assure that we make progress in reducing the deficit and lowering interest rates by tying the tax cuts scheduled to go into effect on July 1, 1983 to whether we meet the administration's goals for a deficit and interest rates in fiscal year 1982. This does not roll back the recently passed tax cut, but it does guarantee that we will not follow through on its every detail if that means deficits in fiscal years 1983 and 1984 which will keep the level of Government borrowing high, thereby keeping pressure on interest rates and fueling inflationary expectations.

This amendment specifies that if the administration's goals for fiscal year 1982 of a deficit of $42.5 billion and interest rates, as measured by 91-day T-bill rates, averaging 10.5 percent are not attained, then the 10-percent tax cut scheduled to take effect on July 1, 1983 will be reduced. The additional revenue generated by this smaller tax cut would be equal to the amount by which the actual deficit for fiscal year 1982 exceeded the administration's goal. However, the tax cut would not be scaled back to anything less than 5 percent, which would be enough to accommodate the administration's missing its mark by over $20 billion.

I believe that this amendment is a step in the right direction. If anything, I believe we should consider limiting the 10-percent tax cut scheduled to go into effect on July 1, 1982 in order to reduce the pressure of Government borrowing on the financial markets and interest rates even more quickly than is proposed in this amendment. During consideration of the Economic Recovery Act of 1981, I supported the amendment offered by Senator HOLLINGS for a 1-year tax reduction, which would have provided tax relief to all individuals, but targeted it particularly to taxpayers making under $50,000 a year. This would have worked to offset the effects of inflation without tying our economic future to an untested and highly disputed economic theory.

We are already seeing the effects of that economic theory. While it is true that the personal tax reductions in the administration's bill do not go into effect until October 1, the financial markets are already responding to the prospect of a three-year tax cut. The messages they are sending out are clear. They do not believe that the President's program will lead to a balanced budget in fiscal year 1984. They do not believe that interest rates will decline rapidly or to the extent that the administration predicts. They do not believe that the economy will grow as fast or inflation will decline as quickly as the administration forecasts. Rather, they see continuing high deficits and continuing high interest rates.

This is not the time to blame Wall Street for its doubts about the President's program. It is the time to do something about the threat which that program poses to all those individuals who want to buy a car or home, or simply make ends meet. A three-hundred-dollar tax cut is of little use to a family facing 17 percent interest rates if they want to buy a home, even assuming such a cut is a real one after the coming social security tax increases and inflation are factored in.

What this amendment will do is send out the signal to the financial markets that if the President's program is not showing some signs of success by the end of 1982, then the Congress has taken steps to see that the deficit will be brought under control in 1983 and 1984. And I want to make this point clear. This amendment does not undercut the President's program. The program will be given a fair chance to show that it can work. But by the same token, the amendment takes our economy off of automatic pilot so that if the economy does not perform as the administration predicts or if it encounters unexpected turbulence, then a crash landing will not be inevitable.

This amendment also assures that if the President's program is not working by the end of 1982, we will not force the Government to go ahead and borrow money in 1983 to finance tax cuts which will only partially offset the high interest rates and inflation which they themselves are helping to generate.

Therefore, Mr. President, I urge my colleagues to support the Exon-Bradley amendment. It is a positive step we can take to reduce interest rates and give some real economic relief to consumers and small businesses alike.

AMENDMENT NO. 564

The PRESIDING OFFICER. Under the previous order the question now is on agreeing to the motion of the Senator from Kansas to lay on the table the amendment of the Senator from Nebraska (Mr. EXON).

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Chamber so we can hear the Chair?

The PRESIDING OFFICER. The point of the minority leader is well taken.

Mr. BAKER. Mr. President, the Senate is not in order. I ask the Chair to restore order and then to announce the vote that is about to occur.

The PRESIDING OFFICER. That is correct. The Chair requests Senators to leave the well and return to their seats. Those desiring to have conversations are requested respectfully to leave the Chamber.

The question is on agreeing to the motion of the Senator from Kansas to lay on the table amendment No. 564 of the Senator from Nebraska.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

Mr. BAKER. Mr. President, this is a 10-minute vote.

The PRESIDING OFFICER. Under the previous order this is a 10-minute rollcall vote.

The legislative clerk called the roll.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 56, nays 43, as follows:

[Rollcall Vote No. 293 Leg.]

YEAS—56

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boschwitz
Byrd,
  Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Proxmire
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NAYS—43

Baucus
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Mathias
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Pressler
Pryor
Randolph
Riegle
Sarbanes
Sasser
Stennis
Tsongas
Williams

NOT VOTING—1

Melcher

So the motion to lay on the table amendment No. 564 was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 440

● Mr. PELL. Mr. President, I would like to take this opportunity to support the amendment that is being offered by my colleague from Missouri.

In my view, this proposal to earmark revenue for social security from the windfall profit tax presents us with a responsible solution to the temporary shortfall that we face in the old age and survivors trust fund. Furthermore, this is an ideal way to replenish the social security reserves and let all of our citizens. especially seniors, know that the Congress is ready and willing to act quickly and decisively in response to this national need.

When the Windfall Profit Tax Act was enacted there was a great deal of discussion in this body about the logic of requiring the oil companies to share the financial fruits of decontrol. Personally, I cannot think of a more pressing national problem nor a better use for this revenue than to keep the old age fund solvent.

There are two conflicting challenges before us. We must find a way to balance the social security trust fund but we must do it without increasing the financial burden on the already overtaxed Americans or without permanently increasing our national debt.

Two months ago I introduced legislation that would authorize temporary loans to the social security trust fund. I am delighted that today Senator EAGLETON is proposing that Congress take action to assure that general revenue funds are permanently available to meet the needs of this program.

Mr. President, I believe that the American people are deeply troubled by recent reports about the financial instability within the social security system. They are tired of being on the social security merry-go-round and would like the short-term deficit to be dealt with once and for all.

I hope that my colleagues will join with me in supporting the Eagleton amendment so that we may put the short-term funding problem behind us and turn our attention to the long-term funding problem that will occur in the system at the beginning of the next century.●

REINSTATE THE OIL WINDFALL TAX PROVISIONS

● Mr. BIDEN. Mr. President, when the Congress passed the recent tax bill, one of the largest new tax breaks went to oil interests. Of all the individuals and businesses in America, oil interests should be the last concern of the Senate. Nevertheless, some $33 billion in tax revenues over 10 years were lost when the Senate repealed—over my strong objections—several of the provisions of the crude oil windfall profit tax.

Mr. President, the massive world oil price increases of the last 10 years in conjunction with oil price decontrol has netted the oil companies and oil interests of this Nation unprecedented, unjustified and unearned windfall profits. The oil windfall profit tax law that we passed last year set out to recoup only a small portion—much too small in my opinion—of these profits. The reductions in the tax act passed in August provided the single most unjustified tax break made in the President's economic recovery program.

Since we in the Congress are now faced with a new round of budget cut proposals and the prospect of growing deficits, it is only appropriate that the Senate now undo the indefensible and unwise tax breaks given to oil interests in the tax bill and thereby ease the burden of the work ahead. For this reason, I support the Eagleton amendment and urge the Senate to reinstate the windfall tax provisions.●

Mr. MITCHELL. Mr. President, I rise in support of the amendment of the Senator from Missouri. He should be congratulated for his imaginative and creative solution to assuring more than adequate financing of the social security system.

The windfall tax break for the oil industry contained in the Economic Recovery Tax Act are unwarranted and should be repealed. At a time when projections of staggering deficits are shaking the confidence of investors and taxpayers in the future course of the economy, it is easy to cite more constructive uses of the revenues lost as a result of these provisions. Not the least of these alternative uses is to return the revenues to the Federal Treasury in order to reduce future borrowing requirements of the Government. This is one step that we could take in our collective effort to lower interest rates.

Had these tax breaks served some useful purpose, this amendment would be difficult to justify. Yet the widespread skepticism over the effectiveness of these tax benefits in stimulating additional production lends support to the search for better uses of the revenue. An article in Business Week shortly after the tax bill was passed suggested that the effect of these new tax benefits on production is likely to be minor. Data Resources, Inc., estimates that oil drilling will only be up 1.6 percent by 1985 as a result of the cuts.

Certainly, one of the better uses of the foregone revenue is to use it to improve the social security trust funds. According to economic forecasts of the administration and the Congressional Budget Office, the action taken by the Finance Committee last week to transfer funds among the three social security trust funds should prevent any financial crises in the system for several years. Yet we know that the actual performance of the economy could be considerably different. Since the health of the social security system is directly dependent on the health of the economy, if the economy does not live up to the expectations of the administration, further action on social security may be necessary.

While the administration would have had us cut retirement benefits, particularly for early retirees, the approach recommended by Senator EAGLETON is far superior. Rather than place the burden of an unexpected recession on the elderly, which is what the proposed benefit cuts would have done, this approach would reclaim the revenues from unwise oil industry tax cuts to improve the health of the social security system.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas (Mr. DOLE) to table the amendment numbered UP No. 440 of the Senator from Missouri (Mr. EAGLETON). The yeas and nays have been ordered. This is a 10-minute rollcall vote. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. CRANSTON (when his name was called). Mr. President, on this vote I have a live pair with the Senator from Montana (Mr. MELCHER). If he were present he would vote "yea." If I were allowed to vote I would vote "nay." I therefore withhold my vote.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

The PRESIDING OFFICER (Mr. RUDMAN). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 67, nays 31, as follows:

[Rollcall Vote No. 294 Leg.]

YEAS—67

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Boren
Boschwitz
Burdick
Byrd, Robert C.
Chafee
Cochran
D'Amato
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
Durenberger
East
Ford
Garn
Glenn
Goldwater
Gorton
Grassley

Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Humphrey
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Lugar
Matsunaga
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Pressler
Pryor
Quayle
Randolph
Roth
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Zorinsky

NAYS—31

Biden
Bradley
Bumpers
Byrd,
  Harry F., Jr.
Cannon
Chiles
Cohen
Dodd
Eagleton
Exon
Hart
Hollings
Huddleston
Inouye
Jackson
Kennedy
Leahy
Levin
Mathias
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Proxmire
Riegle
Rudman
Sarbanes
Sasser
Tsongas
Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Cranston, against.

NOT VOTING—1

Melcher

So Mr. DOLE's motion to lay on the table the amendment of the Senator from Missouri (UP No. 440) was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 441

(Purpose: To increase the public debt limit to $995 billion)

Mr. PROXMIRE. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an unprinted amendment numbered 441.

On page 2, line 2, strike out "$679,000,000,000" and insert in lieu thereof "$595,000-000,000".

Mr. PROXMIRE. Mr. President, this amendment would reduce the debt limit from $1,079.8 trillion to $995 billion. A vote for this amendment is a vote to prevent the debt limit from going through the $1 trillion barrier. It would, in effect, mandate a balanced budget in 1982. It would require that off-budget borrowing not exceed off-budget repayments, in effect.

Mr. President, what economic policies could we adopt that would help our constituents more than any other? Easy—policies that would ease the terrible burden of high interest rates and moderate inflation. But what specific policies can we adopt that will achieve those goals? Again—easy: Balance the budget. Cut spending. If necessary, increase taxes, but balance the budget. If we ever faced a time and a year when running big budget deficits would be exactly the wrong medicine, that time has come. A big budget deficit next year will aggravate both inflation and interest rates. And yet the debt limit bill before this body proposes a massive $94 billion expansion of Federal borrowing.

Can anyone doubt that Federal borrowing will drive interest rates up further and faster? We know it will crowd out billions of dollars in private borrowing. It will send exactly the wrong signal to the millions of businessmen, workers, investors whose conduct will determine whether prices rise more sharply or begin to moderate. It will kill any expectation that the Government may be serious about fighting inflation and is determined to balance the budget to achieve it.

The one clear, unmistakable signal this body could send to the American people that they will see the light at the end of the long, inflationary tunnel would be a balanced budget. Some economists may disagree that a balanced budget will play such a dominant role in bringing down inflation. But the vast majority of Americans will simply not believe the rhetoric, the ringing speeches, the promises that somewhere, somehow 2 or 3 years from now we are going to bring our fiscal policy into balance. And because they do not believe it, workers will insist on higher wages to compensate for the higher cost of living they expect.

Businessmen will raise prices to meet the inflationary cost of doing business that they anticipate. Investors will continue to shun mortgages and other long-term loans because they simply will not believe interest rates will come down. Ah, but if we take action tonight that requires us to balance the budget, actually balance the budget in 1982—not promise, not talk about it—but impose a debt limit that gives us no alternative to balancing the budget and beginning to get out of the credit markets, then that quintessential confidence will come back to our economy, workers will begin to moderate their wage demands. Businessmen will restrain their price increases. Investors will buy long-term mortgages and invest their money to take advantage of higher interest rates before they fall.

Let me make it absolutely crystal clear that this amendment does not mandate that we cut military spending or social program spending, or any other kind of Federal spending. It puts pressure to hold down that spending, more pressure than we have if we defeat the amendment. But it leaves fully open other options. We could raise taxes, especially taxes on consumption that would discourage spending and moderate inflation. We could, as we probably would, find some kind of balance between cutting spending and increasing taxes that will permit us to balance the budget for the fiscal year beginning next Thursday.

But, Mr. President, make no mistake about it, the right economic course this year is to balance the budget. In the process we will bring down interest rates and revive the home building industry. We will put hundreds of thousands back to work in the automobile industry. We will revive our farm economy. We will give small business the best boost they could get, as those punishing interest rates begin to come down.

Finally, Mr. President, any constituent who asks a Senator, "What have you done to bring down interest rates?" will get an emphatic and resounding answer from any Senator who votes for this amendment tonight. The answer: "I took the one kind of action that the Government can take that will bring your interest rates down for keeps. I voted to require the Congress to balance the budget and balance it this year—now."

Mr. President, I yield the floor.

Mr. DOLE. Mr. President, Senator PROXMIRE proposes an amendment to allow the national debt to increase only to $995 billion—a $10 billion increase over the present level. This is $84.8 billion less than what the resolution provides for, and the administration has requested.

The Senator from Wisconsin claims that his amendment will force fiscal responsibility on the Government. It will not. In fact, the Treasury estimates that a limit higher than this would be needed just to cover an investment of civil service retirement funds that is due to be made tomorrow, September 30, 1981. In testimony to the Finance Committee on September 11, Assistant Secretary Roger Mehle asked that the Senate pass a limit of $999.8 billion to cover through September 30 of this year. In short, the Proxmire amendment is not responsible, because it would not even allow us to meet important obligations that have already been incurred.

In addition, the amendment is not realistic. It does not, as the Senator from Wisconsin puts it, simply require us to "pay for what we spend now out of what we raise now." It would inhibit financing of the debt already outstanding for what we have already spent. Surely there are more responsible ways to achieve fiscal restraint: President Reagan has already suggested other ways, and Congress has responded favorably to many of those suggestions.

Mr. President, this amendment, if adopted, would impede final action to raise the debt ceiling because of possible problems in sending the resolution back to the House. Getting bogged down in a political squabble over the debt ceiling is not the best way for Congress to demonstrate its concern for the financial markets. Let us get this legislation out of the way so the mechanism of Government will not come to a halt. I must urge my colleagues to reject the Proxmire amendment.

Mr. President, I move to lay on the table the amendment of the Senator from Wisconsin, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Wisconsin. The yeas and nays have been ordered and the clerk will call the roll. This will be a 15-minute vote.

The legislative clerk called the roll.

Mr. STENNIS (when his name was called). On this vote I have a pair with the distinguished Senator from South Carolina (Mr. THURMOND). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. EAGLETON (after having voted in the affirmative). On this vote I have a pair with the Senator from Montana (Mr. MELCHER). If he were present and voting, he would vote "nay." I have voted in the affirmative. Therefore, I withdraw my vote.

Mr. STEVENS. I announce that the Senator from South Carolina (Mr. THURMOND) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 63, nays 33, as follows:

[Rollcall Vote No. 295 Leg.]

YEAS—63

Abdnor
Andrews
Baker
Boschwitz
Bradley
Burdick
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dodd
Dole
Domenici
Durenberger
East
Garn
Glenn
Goldwater
Gorton
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Inouye
Jepsen
Kassebaum
Kennedy
Laxalt
Levin
Long
Lugar
Mathias
Matsunaga
Mattingly
McClure
Moynihan
Murkowski
Nickles
Packwood
Percy
Pressler
Pryor
Quayle
Randolph
Roth
Rudman
Sarbanes
Schmitt
Simpson
Specter
Stafford
Stevens
Tower
Tsongas
Wallop
Warner
Weicker

NAYS—33

Armstrong
Baucus
Bentsen
Biden
Boren
Bumpers
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Exon
Ford
Grassley
Heflin
Hollings
Huddleston
Jackson
Johnston
Kasten
Leahy
Metzenbaum
Mitchell
Nunn
Pell
Proxmire
Riegle
Sasser
Symms
Williams
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED——

Stennis, against.
Eagleton, for.

NOT VOTING—2

Melcher
Thurmond

So the motion to table Mr. PROXMIRE's amendment (UP No. 441) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 442

(Purpose: To make the individual income tax reductions provided in the Economic Recovery Tax Act of 1981 with respect to taxable years beginning in 1982, 1983, or thereafter, contingent on the amount of budget costs)

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. Mr. President, I understand the Senator from Georgia has an amendment.

Mr. NUNN. Mr. President, I have an amendment at the desk which has been previously debated. If I could have the attention of the Chamber, I shall try to summarize the amendment.

The PRESIDING OFFICER. The Senate will be in order.

Mr. NUNN. Mr. President, I shall make this very brief. I know everyone is ready to go home, including me. We are going to have a motion to table, I assume. The Senator from Kansas and I have already agreed.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Georgia (Mr. NUNN), for himself, Mr. CHILES, Mr. EXON, and Mr. JOHNSTON, proposes an unprinted amendment numbered 442.

At the appropriate place insert the following new section:

SEC. . (a) Section 1 of the Internal Revenue Code of 1954 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(g) RATE CUT CONTINGENT ON ATTAINMENT OF ECONOMIC OBJECTIVES.—(IN GENERAL.—)

"(i) the total budget outlays (other than outlays for defense) specified in the first concurrent resolution on the budget for fiscal year 1982, under the Congressional Budget Act of 1974, over

"(ii) the total budget outlays specified in the first concurrent resolution on the budget for fiscal year 1983 under such Act, adjusting for any inflation occurring since adoption of the resolution described in clause.

is less than the loss in Federal revenues which the Secretary estimates will result from the amendments made by section 101 (a) of the Economic Recovery Tax Act of 1981 with respect to the tax imposed for taxable years beginning in 1982, then the tables under paragraph (1) of subsections (a) through (e) of this section shall not apply.

"(B) 1983 RATE CUT.—If the excess of—

"(i) the total budget outlays (other than outlays for defense) provided for in the concurrent resolution on the budget for fiscal year 1983 most recently agreed to under title III of the Congressional Budget Act of 1974, over

"(ii) the total budget outlays provided for in the first concurrent resolution on the budget for fiscal year 1984 under title III of such Act, adjusting for any inflation occurring since adoption of the resolution described in clause (1).

is less than the loss in Federal revenues which the Secretary estimates will result from the amendments made by section 101 (a) of the Economic Recovery Tax Act of 1981 with respect to the tax imposed for taxable years beginning in 1983 then the tables under paragraphs (2) and (3) of subsections (a) through (e) of this section shall not apply.

"(2) Secretary to prescribe tables.—

"(A) 1982.—If paragraph (1)(A) applies to the tables under this section, the Secretary shall prescribe tables which reduce the marginal rate brackets in the tables prescribed under paragraph (1) of subsections (a) through (e) by such percent as is necessary to increase Federal revenues to the point at which the Federal revenue loss resulting from the change in the rate of tax provided under this subparagraph from the rate of tax imposed with respect to taxable years beginning in 1980 would equal the amount by which the excess described in paragraph (1)(A) is less than the amount of loss in revenue described in such paragraph.

"(3) Secretary to prescribe tables.—

"(B) 1983.—If paragraph (1)(B) applies to the tables under this section, the Secretary shall prescribe tables which reduce the marginal rate brackets in the tables prescribed under paragraph (2) of subsections (a) through (e) by such percent as is necessary to increase Federal revenues to the point at which the Federal revenue loss resulting from the change in the rate of tax provided under this subparagraph from the rate of tax imposed with respect to taxable years beginning in 1980 would equal the amount by which the excess described in paragraph (1) (B) is less than the amount of loss in revenue described in such paragraph. The tables prescribed under this subparagraph shall apply with respect to taxable years beginning after December 31, 1982.

"(3) APPLICATION WITH SUBSECTION (F).—For purposes of subsection (f), the tables prescribed under this subsection shall be treated as the tables contained in paragraph (3) of subsections (a) through (e).

"(4) WITHHOLDING.—Notwithstanding the provisions of section 3402(a)(3), the Secretary shall adjust the withholding tables on July 1, 1982, and on July 1, 1983, to reflect the application of this subsection.".

(b) The amendment made by this section shall take effect as if included in the amendments made by the Economic Recovery Tax Act of 1981.

Mr. NUNN. The President has requested, based on his speech last week, that we cut the Federal budget a total of $166 billion. But when you start reading very closely what he has asked, you find he has stated that $108 billion of the $166 billion, at this time, is unidentified. The administration has not specified where those cuts will come from. This means that the people that follow the budget process recognize that the odds are very heavily stacked against those kinds of budget cuts being made when we do not even have an indication from the administration where the money is coming from or what programs it will come from.

I think that if we are going to try to save the small business community and the agricultural community of this Nation, we are going to have to do something before we adjourn this year to take into account the fundamental fact that the tax cuts now far exceed the spending cuts and they are likely to continue to exceed the spending cuts. We have developed a huge budget gap. We have developed the likelihood of a huge budget deficit, not only in 1982 but in 1983 and 1984.

Mr. President, this amendment modifies the 10 percent across-the-board individual income tax rate reduction scheduled to go into effect July 1, 1982, and July 1, 1983. It does not affect any business cuts, it does not affect the 5-percent cut that goes into effect October 1. The amendment would limit those two rate reductions so that the total revenue loss from each cut is no more than the budget reductions achieved through the reconciliation process in the first concurrent budget resolution.

For example, Mr. President, the revenue loss from each 10-percent tax cut is contemplated to be about $40 billion. If by next spring, when Senator DOMENICI presents the first concurrent resolution, we pass a resolution that cuts as much as $40 billion, then the whole tax cut goes into effect. But if we pass a resolution that cuts only $30 billion, then only $30 billion of the tax cut goes into effect.

If, on the other hand, we pass a concurrent resolution where $60 billion is cut in expenditures, then up to $60 billion goes into effect, more than the President has now requested. You cannot have, theoretically, more than 10 percent.

What this amendment recognizes is the fundamental fact that the financial markets are crying about every day. That is that we now have a huge gap between the tax cuts and the spending cuts and with $108 billion in unidentified spending cuts, I do not doubt that the market will continue to act in that way until this body and the House and the administration come together on a fiscal policy that is more coordinated.

Mr. President, there are two ways you can believe right now. You can either believe that Congress is going to cut expenditures next year by as much as $40 billion, in which case, if you vote for this amendment, you are assured that the tax cut will go into effect; or you can believe that the Congress is not going to cut $40 billion out, as much as $40 billion of the President's requested $62 billion. In that case, you would believe that the deficits are going to go up, they are going to be much higher than projected; and small business and the farm community of this land are going to go down, in which case, you should also vote for this amendment because it will prevent that from happening.

So whichever way Senators believe they have a reason to vote for this amendment, and I am convinced unless this amendment or something like this passes before we go home for Christmas we are going to come back here in the spring dealing with an economy that is totally crippled. I hope I am wrong, but that is the way I see it at this point.

So I ask that the Senate support this amendment by refusing to vote for the motion to table.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. NUNN. I yield.

Mr. JOHNSTON. Mr. President, I am pleased to join my colleague from Georgia in this amendment. I am one of the supporters of this tax cut. I am one of the supporters of the President's program. I am a supporter of supply side economics.

It was a fine idea. There is only one thing wrong with that idea and that is that inflationary expectations or we might say interest rate expectations did not go along as we thought they would. We thought that the financial market, that Wall Street, that the investors would react to this program in such a way that interest rates would come down and inflation would come down.

If they had, then instead of having $60 or $65 billion deficit this year we would have had a $45 billion deficit as projected.

But the so-called Kemp-Roth dividend, the Laffer curve phenomenon did not occur. It did not occur because of inflationary or interest rate expectations.

Mr. President, what this amendment will do is restore that confidence in this Congress. It would do it by definition by saying that we will have no more than $45 billion deficit for fiscal year 1982.

Mr. President, that would be a shot in the arm against inflationary expectations and interest rates, the likes of which I think we have not yet seen and which I think would in one fell swoop turn this economy around.

So as someone who voted for this program, and my colleague from Georgia has as well, as well as our other coauthors, I hope it will be viewed by my colleagues as the kind of prescription to make this program work, to make inflationary expectations what they should be and to restore confidence in Wall Street, bring that interest rate down which is now the No. 1 concern of the country.

I hope my colleagues will go with this amendment.

Mr. NUNN. Mr. President, I simply wish to make one other point.

To all those who have advocated and continue to advocate a tax cut that is not tied to spending cuts, I wish to make one point that I think is going to be clearer as time passes. Our constituents, especially small business owners and farmers who want and deserve a tax cut, and they do, are not going to get a tax cut if they are not making any money, and they are not going to be making any money if the interest rates stay up in the 17 to 20 percent prime range. Our small businesses are not going to make any money. Our farmers are not going to make any money, and they are going to ask what is this illusory tax cut we are talking about. We kept interest rates so high because we have a clash between fiscal and monetary policy the likes of which we have not seen in this town in many years, that the tax bill has become irrelevant.

So I think we had better begin to think about tying these two together, and I know that we will have many people who will not support this tonight, but I hope they will think about it, if it does not pass, because they have to have something like this if this economy is going to turn around.

Mr. DOLE. Mr. President, what the Senator is asking us to do is repeal the tax cut that is supposed to take effect on Thursday. We should wait until Friday at least. If we are not going to be in session on Friday let us not do it tonight but put it off awhile.

What we are saying, in effect, is that we do not want to cut spending. We all went home in August and found out that cutting spending is not as popular as cutting taxes. We want to take it out of the hides of the taxpayers and not from the Federal bureaucracy.

So we have a very clear choice. We can accept this amendment, which I hope we do not do, and all those who voted one way on the 29th of July, the vote being 89 to 11, can now vote the other way. Senators can bet their mail will be saying, "I am for the tax cut." No doubt many Senators mailed out their July 29 statements. If some constituents are against the tax cut they can hear about the vote tonight.

Let us at least wait until the tax cut takes effect. It is only 2 more days. I know some are anxious about it, some can hardly wait, and some may still believe it is going to work. If it is going to work we should not repeal it before it has a chance to work.

I think beyond that, we have already debated these issues this afternoon. There was a big crowd here, the Senator from Georgia, the Presiding Officer, and me. And we made outstanding statements then that I know were listened to in everyone's office, because a lot of people called in.

So based on that I move to table the amendment and ask for the yeas and nays.

Mr. NUNN. Mr. President, if the Senator will just suspend for 10 seconds for just one more clarification. This does not affect the 1982 tax cut at all.

Mr. DOLE. No. You get the token cut. You just do not get the real cut.

Mr. NUNN. The Senator is incorrect.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the motion to table the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Georgia.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STENNIS. Mr. President, on this vote, I have a pair with the senior Senator from South Carolina (Mr. THURMOND). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. STEVENS. I announce that the Senator from South Carolina (Mr. THURMOND) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 66, nays 31, as follows:

[Rollcall Vote No. 296 Leg.]

YEAS—66

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boschwitz
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Chafee
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jackson
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mathias
Matsunaga
Mattingly
McClure
Metzenbaum
Mitchell
Murkowski
Nickles
Packwood
Percy
Pressler
Quayle
Riegle
Roth
Rudman
Sasser
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Tower
Wallop
Warner
Weicker
Williams
Zorinsky

NAYS—31

Baucus
Biden
Boren
Bradley
Bumpers
Burdick
Cannon
Chiles
Cranston
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Hollings
Huddleston
Inouye
Johnston
Kennedy
Leahy
Levin
Moynihan
Nunn
Pell
Proxmire
Pryor
Randolph
Sarbanes
Tsongas

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Stennis, against.

NOT VOTING—2

Melcher
Thurmond

So the motion to lay on the table UP amendment No. 442 was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. GOLDWATER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I understand the junior Senator from Idaho has an amendment he wants to offer and to discuss briefly.

The PRESIDING OFFICER. The Senator from Idaho.

UP AMENDMENT NO. 443

(Purpose: To establish a one-time permanent debt ceiling)

Mr. SYMMS. Mr. President, I have an amendment I would like to send to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho (Mr. SYMMS) proposes an unprinted amendment numbered 443.

Mr. SYMMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the resolving clause and insert in lieu thereof the following: That (a) the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) is amended by striking out "$400,000,000,000" and all that follows and inserting in lieu thereof: "$1,079,800,000,000 outstanding at any one time.".

(b)(1) Rule XLIX of the Rules of the House of Representatives is repealed.

(2)(A) Clause 1(v)(5) of rule X of the Rules of the House of Representatives is amended by striking out "(subject to the last sentence of clause 4(g) of this rule)".

(B) Clause 4(g) of rule X of the Rules of the House of Representatives is amended by striking out the last sentence.

(3) Clause 8 of such rule XXIII of the Rules of the House of Representatives is amended—

(A) by striking out "(except to the extent that the amendment involved is limited by the third sentence of this clause)"; and

(B) by striking out the last sentence thereof.

(c) The amendments made by this section shall apply to any increases in the public debt limit on or after the date of the enactment of this resolution.

Mr. SYMMS. Mr. President, I offer this amendment today, which I will take down——

Mr. STENNIS. May we have order, please. Mr. President?

The PRESIDING OFFICER. The Senator from Mississippi is correct. The Senate is not in order. The Senator will suspend until it is in order.

The Senator from Idaho.

Mr. SYMMS. I thank the Chair.

I offer this amendment, and it is my intention to ask that it be withdrawn after it has had a short discussion, just to share with my colleagues what it is that is wrong with this debt limit that we are raising, one of the things that is wrong, and that is it is not a permanent debt limit because it removes the flexibility that the Treasury would have by having a temporary debt ceiling. This would correct that inadequacy and make it a permanent debt ceiling.

It is obvious that to increase a temporary debt ceiling is not temporary but it does tie the hands of the administration or the Secretary of the Treasury or the President to be able to run the Government in case the debt ceiling is not increased.

State and local governments, corporations, small businesses and individuals are forced to live within certain fiscal constraints. The Federal Government is the only body that has the privilege of a never-ending line of credit which enables it to continually overflow its checkbook at the expense of the remainder of the economy.

I think if we could see fit in the future—I have discussed with the Secretary of the Treasury and philosophically he agrees with this, that it should be done, although he says now they cannot support it with this amendment.

I am sorry I cannot get it on the amendment, but one thing I have learned here in my time in Congress is how to count votes. It is obvious that we do not have the votes to win on this amendment tonight, so I am not going to ask my colleagues to wait an extra 15 minutes for a rollcall vote.

This was not an original idea of mine. The Senator from Louisiana (Mr. LONG) brought this up, and we had quite a discussion of it in the Committee on Finance with Senator DOLE and others, and I think it is correct to say that the ranking minority member assure me that this is on the agenda of the Committee on Finance to be brought forward.

I can say to my colleagues that the Secretary of the Treasury, Don Regan, and I talked with him about it today, is willing to sit down with us in the Committee on Finance and work out some way that this could be incorporated into our law.

What it would mean, my colleagues, is we would simply not have to raise the debt again. We would be able to have the reform that is needed to put the Federal Government on a cash basis, at that time make the slowdown of payments, wages, salaries, contractual agreements, and so forth, and stop this never-ending spiral of putting the country further and further into debt.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. SYMMS. I yield to my senior Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding.

I think this is an idea that should have been broached before this body before this time. But I too recognize the conditions under which we are debating and voting on this resolution. Back in January when a temporary extension was offered, I offered an amendment then which would have made this vote and this exercise unnecessary, offering an amendment that would have raised the debt level to allow us to get through this calendar year and through the next fiscal year without having to amend the debt limit again and again.

This limit we are voting on in this resolution will not permit us to get through the next year, will not permit even the Government to get through, even though the debt will not rise that large, because the management of the fund requires a bank account to manage the fund of some $50 billion or some such matters, so the debt ceiling would have to be at least that much above that expected debt just to finance the ongoing operations while money flows out awaiting the reflow of revenues because there is a timelag in that flow.

There is an advantage to making a permanent ceiling, but it is an advantage only if it is set high enough to be realistic in that expectation which we really have. There is not anyone who does not believe the debt will go up again next year, and we will be back at least once and maybe twice next year even with the economic forecasts that are made by the administration and by those of us who believe that the economic plan will work, and I think it will work.

But as a friend of mine out in Idaho said—incidentally, I will say to my friends on the other side of the aisle that he is a blue collar Democrat, a union member—if you have been on a 40-year drunk you expect to have a hangover, and this country has been on a 40-year drunk and we will have that hangover. We need a little room to recover from the drunk we have been on.

So I commend my friend, the junior Senator from Idaho, for offering this amendment and also for recognizing that the reality of the situation is that we are not going to change the basic law tonight no matter how justified it might be.

Mr. SYMMS. I thank the Senator very much for that point.

I think that it is interesting that the Secretary of the Treasury just today informed me that even if we were able to balance the budget next year and have a $5 or $10 billion surplus, coming under the constraints of this $1.079 trillion we are asking for tonight, that it would still take an extra $50 or $60 billion to run the cash account of the Federal Government in the credit line. So the Senator is certainly correct in that.

I yield to the Senator from Colorado.

Mr. ARMSTRONG. Mr. President, I thank the Senator for yielding. I rise to compliment the junior Senator from Idaho for his amendment which, were he to put it to a vote tonight, I should surely support. I think it is a worthy idea and an important reform, and one which I trust will be swiftly enacted.

I am not as sure as the senior Senator from Idaho that after a 40-year drunk that the best thing to do is to prescribe that the patient take a few more drinks. But I think it is not the moment for me to step between the junior and senior Senators from Idaho, for both of whom I have the greatest affection and regard.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. ARMSTRONG. I would be happy to yield. Really my point is that we ought to adopt the Symms amendment and where you set the ceiling then becomes a secondary issue, although in the view of the Senator from Colorado it is already plenty high enough.

Mr. McCLURE. Mr. President, will the Senator yield? This is just to respond. I would not want my friend from Colorado to say that I am prescribing more of the same. Quite the contrary. Whether you take another shot of whisky in the morning or not you still have a hangover. So I do not want to be understood as suggesting that further drinking is desirable.

Mr. ARMSTRONG. I thank the Senator for that clarification.

Mr. DOLE. Mr. President, will the Senator yield? I want the record to indicate that the Senator did state quite accurately that the chairman of the committee and the ranking member did discuss this with the Senator from Idaho. We are in agreement that we ought to do this quickly and state that even though we raise the debt ceiling tonight and we do all these things about spending, we may have to raise it again.

Mr. President, raising the public debt is an unpleasant task put nonetheless one that must be done. We have extended the public debt limit many times in the past and I am sorry to say that we will have to do it again in the future.

The increase in the public debt subject to limit is essentially a combination of the Federal funds deficit and the off-budget deficit. When we talk of the budget deficit we usually are referring to the unified budget. This unified budget uses the surplus in the Federal trust funds, including social security, to offset a deficit in other Federal accounts. As a result we will have to raise the public debt limit even if we have a balanced unified budget. For example, the midsession review of the Reagan budget shows a balanced budget in fiscal year 1984. In arriving at the balanced budget a $40.6 billion Federal funds deficit is offset by a similar social security surplus. This combined with a projected $8.8 billion off-budget deficit means that the public debt subject to limit will have to be increased by $49.9 billion in the year that we have our first unified balanced budget projected.

Similarly in fiscal year 1985 a unified $5.8 billion surplus is projected. The public debt will have to be raised by $55.8 billion. In fiscal year 1986 a unified budget surplus of $28.2 billion is projected. The public debt will have to be increased by $49.1 billion that year. I ask unanimous consent that a letter from the Treasury Department on this subject be included in the Record after my statement.

There being no objection, the material was ordered to be printed in the Record, as follows:

Department of the Treasury,
Washington, D.C., September 29, 1981.
Hon. Robert Dole,
Chairman, Senate Finance Committee,
Washington, D.C.

Dear Mr. Chairman: I know you and Secretary Regan recently discussed the need for further increases in the public debt limit over the next several years, even if the unified budget is brought into balance. I discussed this with Mr. Lighthizer of your staff today, and he suggested that I provide you with this letter indicating the magnitude of the required increases in the debt limit in the fiscal years 1983–1986.

Enclosed, for your convenience, is a copy of my July 7, 1981, letter to Mr. Lighthizer, which explains in detail why the debt limit must be increased to finance (1) the unified budget deficit, (2) the trust fund surplus (which is invested in Treasury securities and thus increases the debt), and (3) the off-budget deficit (which is financed by the Treasury and thus increases the debt).

The following estimates are based on the budget assumptions in the July 15, 1981, Mid-Session Review, which are somewhat dated by are used here for the purpose of illustrating the magnitude of the three components cited above which determine the need for debt limit increases:

[In billions of dollars]

	1983	1984	1985	1986
Federal funds deficit	56.5	40.6	48.9	43.0
Less: Trust fund surplus	33.6	41.1	54.7	71.2
Equals: Unified budget deficit (+) surplus (−)	+22.9	−.5	−5.8	28.2
Plus: Off-budget deficit	10.3	8.8	6.9	6.1
Equals: Total deficit (+) surplus (−)	+33.2	+8.3	+1.1	−22.1
Add back: Trust fund surplus	33.6	41.1	54.7	71.2
Equals: Increase in debt subject to limit	66.8	49.9	55.8	49.1

Note: Contrary to customary convention, surpluses have been identified as (−) and deficits as (+) above to prevent confusion with addition and subtraction operations.

Please note that debt subject to limit increases by the amount of the trust fund surplus (which reduces the budget deficit). It has sometimes been suggested that the trust fund surplus be invested in marketable securities, rather than special nonmarketable Treasury issues. This investment policy would not change the amount of debt subject to limit needed for a given level of trust fund surplus, however, as Treasury would have to sell an equal amount of marketable securities to replace the money lost when the trust funds were invested in securities other than Treasury nonmarketables.

I hope this information will be helpful to you.

Sincerely,

Roger W. Mehle,
Assistant Secretary,
(Domestic Finance).

Department of the Treasury,
Washington, D.C., July 7, 1981.
Mr. Robert E. Lighthizer,
Chief Counsel, Senate Finance Committee,
Washington, D.C.

Dear Bob: Following up on our conversation on Wednesday, you may find the enclosed table useful with regard to the question of the need for an increase in the public debt limit to provide for the investment in Treasury securities of the surpluses of Federal trust funds.

There are certain concepts in the table. These can be illustrated by examining FY 1982. Note that, in that year, the March estimate of an $83.7 billion increase in the debt subject to limit consists of several items. While the total deficit of $61.7 billion results in borrowing from the public of $60 billion, additional issuance of debt (in the amount of $22.8 billion) is required for the investment of the trust fund surplus and other minor government accounts. All of this additional debt must be added to the amount of debt subject to limit, which includes the debt held in government accounts as well as debt held by the public.

Thus, even if the unified budget and the off-budget accounts were in surplus, there might be a need to increase the public debt limit to provide for the investment of the trust fund surplus. Only if the total of the unified budget and the off-budget accounts is in surplus by at least the amount of the trust fund surplus (and other minor adjustments) will there be no necessity for a debt limit increase. (Another way to look at this is that the total of the Federal funds and off-budget accounts must not be in deficit for there to be no necessity for a debt limit increase. The trouble with this formulation, and perhaps the source of confusion in our conversation, is that the Federal funds account is not the one usually spoken of as "the budget deficit surplus". It is the unified budget account which is so identified.)

The followirg examples may help:

	A	B
Federal funds deficit/surplus	−15	+
Trust fund surplus	+20	+
Total, unified budget surplus	+5	+25
Off-budget deficit	−5	0
Total, deficit/surplus	0	+25

In example A, even though there is no deficit, debt subject to limit must be increased by $20 billion. In case B, no increase in debt subject to limit is required (in fact, $5 billion in debt will be paid off), even though $20 billion in debt must be issued to the trust funds.

I hope this information is useful. Please let me know if I can be of further assistance.

Sincerely,

Roger W. Mehle.

FEDERAL DEFICITS AND DEBT, 1971–82

[In billions of dollars]

	Fiscal year—												
	1971	1972	1973	1974	1975	1976	Transition quarter	1977	1978	1979	1980	1981 [1]	1982
Federal funds deficit (—)	—29.9	—29.3	—25.6	—18.7	—52.5	—68.9	—11.0	—54.5	—61.5	—46.1	—68.4	—60.6	—66.7
Less: Trust fund surplus or deficit (—)	6.8	5.9	10.7	14.0	7.4	2.4	—2.0	9.5	12.7	18.3	8.8	5.7	21.7
Equals: Total unified budget deficit (—)	—23.0	—23.4	—14.8	—4.7	—45.2	—66.4	—13.0	—45.0	—48.8	—27.7	—59.6	—54.9	—45.0
Plus: Deficit (—) of off-budget Federal entities [2]			—.1	—1.4	—8.1	—7.3	—1.8	—8.7	—10.3	—12.4	—14.2	—23.6	—16.7
Equals: Total deficit (—)	—23.0	—23.4	—14.9	—6.1	—53.1	—73.7	—14.7	—53.7	—59.2	—40.2	—73.8	—78.5	—61.7
Less: Nonborrowing means of financing [3]	3.6	3.9	—4.4	3.1	2.4	—9.2	—3.3	.1	.1	6.5	3.3	7.5	1.7
Equals: Total borrowing from the public	19.4	19.4	19.3	3.0	50.9	82.9	18.0	53.5	59.1	33.6	70.5	71.0	60.0
Plus: Change in debt held by Government agencies [4]	7.4	8.4	11.8	14.8	7.0	4.3	—3.5	9.2	12.2	19.7	10.1	7.3	22.8
Equals: Change in gross Federal debt	26.9	27.9	31.1	17.8	57.9	87.3	14.5	62.7	71.3	53.3	80.6	78.3	82.8
Less: Change in Federal agency debt	—.3	—1.3	.2	.9	—1.1		.2	—1.4	—1.4	—1.6	—.6	—.5	—1.0
Equals: Change in gross public debt	27.2	29.1	30.9	16.9	59.0	87.2	14.3	64.1	72.7	54.9	81.2	78.7	83.8
Plus: Change in other debt subject to limit [5]	—1.2		—.4		.1	.1					.1		—.1
Equals: Change in debt subject to limit	26.0	29.1	30.5	16.9	59.0	87.3	14.3	64.1	72.7	54.9	81.1	78.7	83.7
Debt outstanding end of fiscal year:													
Gross Federal debt [6]	409.5	437.3	468.4	486.2	544.1	631.9	646.4	709.1	780.4	833.8	914.3	992.6	1,075.4
Less: Federal agency debt [6]	12.2	10.9	11.1	12.0	10.9	11.4	11.7	10.3	8.9	7.2	6.6	6.2	5.2
Equals: Gross public debt	397.3	426.4	457.3	474.2	533.2	620.4	634.7	698.8	771.5	826.5	907.7	986.4	1,070.2
Plus: Other debt subject to limit [5]	1.3	1.3	.9	.9	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.0	.9
Equals: Debt subject to limit	398.6	427.8	458.3	475.2	534.2	621.6	635.8	700.0	772.7	827.6	908.7	987.4	1,071.2

[1] Estimate.
[2] Consists largely of Federal Financing Bank borrowings to finance off-budget programs.
[3] See attached table.
[4] Consists largely of trust fund surplus or deficit.
[5] Net of certain public debt not subject to limit.
[6] Fiscal year 1976 figure includes reclassification of $471,000,000 of Export-Import Bank certificates of beneficial interest from asset sales to debt.

Source: Special Analysis E, U.S. Budget, fiscal year 1982 (Mar. 10, 1981). Office of the Secretary of the Treasury, Office of Government Financing, Mar. 18, 1981.

MEANS OF FINANCING OTHER THAN BORROWING FROM THE PUBLIC

[In millions of dollars]

	1980 actual	1981 estimate	1982 estimate
Means of financing other than borrowing from the public:			
Decrease or increase (—) in cash and other monetary assets	643	5,990	
Increase or decrease (—) in liabilities to:			
Checks outstanding etc	—490	950	873
Deposit fund balances	2,478	147	161
Seigniorage on coins	663	444	649
Total, means of financing other than borrowing from the public	3,293	7,531	1,683

Source: Office of the Secretary of the Treasury, Office of Government Financing, Mar. 18, 1981.

Mr. SYMMS. I thank the Senator.

Mr. President, I ask unanimous consent that my amendment be withdrawn.

The PRESIDING OFFICER (Mr. SCHMITT). The amendment is withdrawn.

Mr. MOYNIHAN. Mr. President, as a member of the Finance Committee, I have voted against the measure we are about to decide.

I would like to state to the Senate my concerns. They are very simple.

This proposal assumes that the deficit in the fiscal year 1982 will be $42.5 billion; that there will be a $15 billion cash balance, and a $4.9 billion cushion.

Mr. President, I said at the time, and I will repeat today, I do not think these are credible estimates of the deficit. The Secretary of Commerce, on the very day we reported out the bill, indicated he did not think so either.

I would advise my friends that we are going to be back with this matter before the fiscal year 1982 is out. I simply think it was not appropriate of the administration to give us a proposal that was basically political in asserting a deficit estimate which no one, I think, any longer can seriously consider correct.

Lastly, with the greatest respect, I would like to say that it is not the judgment of this Senator from New York that our Nation has been on a 40-year drunk. It is the judgment of another.

For the past two generations, we have tried to address serious problems in a growing, democratic nation of free people. We have little to be ashamed of in that effort. It has not always been perfect, but it appears to me unseemly to describe it as a 40-year drunk.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. The Senator from Kansas is not aware of any further amendments to this extension.

Are there any further amendments on either side?

The PRESIDING OFFICER. The bill is open to further amendment.

The Senator from New York.

AMENDMENT NO. 565

(Purpose: To extend the increase only through March 31, 1982)

Mr. MOYNIHAN. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New York (Mr. MOYNIHAN) proposes an amendment numbered 565.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 4, strike out "September 30, 1982" and insert in lieu thereof "March 31, 1982".

On page 2, line 2, strike out "$679,800,000,000" and insert in lieu thereof "$640,200,000,000".

Mr. MOYNIHAN. Mr. President, because of the concern of many of us on this side of the aisle that this measure is political estimates of the public economy that we do not wish to subscribe to in such terms, I offer this amendment.

There are two possibilities. One is that the administration's program will be so successful, as they estimate, that we will not need any greater increase in the debt than is provided in this measure, one-half of the increase now proposed, or, alternatively, in keeping with the President's proposals of Thursday night, that we may find in the Finance Committee a series of revenue raising measures, through tax reforms, closing of loopholes, through imposition of user fees on various public facilities, that we will not need the increase in debt.

There are two possibilities. I repeat: One is that the economic program of the President will be so successful that no additional increase will be needed past the one provided in this amendment; alternately, that we will find ways to increase revenue such that once again there would be no need to increase the debt.

With that thought in mind, Mr. President, it seems to me a prudent matter, since I have already said if the economy does not follow the President's path we will be back before the end of the fiscal year, that this would take the administration halfway through the fiscal year, at which time we could make a midcourse correction, if one is necessary.

Mr. President, if the leader wishes a 10-minute rollcall vote, I would be happy to have that.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a

sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I rise in strong support of Senator MOYNIHAN's amendment to reduce the increases in the debt ceiling to $1 trillion, $49.2 billion, instead of the $1 trillion, $79.8 billion limit requested by the administration. In addition, the amendment would shorten the expiration date from September 30, 1982, to March 31, 1982.

Given the very unsettled conditions of our Nation's financial markets, and the sky-high interest rates that are wreaking havoc on American small businessmen, and our national homebuilders, it would be the height of folly to tell these people that the Federal Government will be drawing nearly $100 billion from our already straitened credit markets.

My good friend the distinguished chairman of the Senate Finance Committee, Senator DOLE, pointed out last year that—

> Failure to control the level of the public debt, given current rates of interest, is simply not responsible fiscal management.

That was never more true than it is now.

It would be highly irresponsible of us, in a time of continual upward revisions in the projected fiscal year 1982 deficit, to give the Government a 1-year lease on borrowing. The checks built-in to debt ceiling votes allow Congress to monitor the fiscal plans of the administration closely, and to assure the American people that we are doing everything possible to reduce the Federal Government's overwhelming presence in the Nation's financial markets. By shortening the Government's fiscal leash, and shortening the time of the extension from 1 year to 6 months, the Congress assumes its rightful control and oversight functions over spending. None of us like to vote on these measures, but to abdicate control is to do less than what our constituents rightfully expect of us.

The distinguished Senator from Utah, Senator HATCH, exactly 2 years ago today, said:

> To increase the debt limit is to encourage unnecessary spending which, in turn, opens the door to waste and fraud.

By increasing the debt ceiling nearly $100 billion, and not requiring an accounting for the next 12 months, we may not just be opening the door to waste and fraud—we may be kicking the door down. I call on my good friend, and his fellow Republicans to join us in supporting the Moynihan amendment.

Mr. DOLE. Mr. President, Senator MOYNIHAN proposes an amendment to hold the debt ceiling to $1,049.8 billion through March 31, 1982, rather than $1,079.8 billion through September 30, 1982, as set forth in House Joint Resolution 265. His stated purpose is to provide an early opportunity to review the fiscal situation, including the tax cut, in view of experience with the Government's financing needs in the interim. The Senator does not believe the administration deficit projections, and assumes the Government will have to borrow more heavily than the administration now expects.

My major objection is that this amendment guarantees another debt ceiling increase next March. We already are obliged to raise the debt ceiling more often than we should. The ceiling was raised on 13 separate occasions in the 1960's, and 18 times during the 1970's. These frequent increases consume legislative time and threaten the continuity of the Government's financing operations.

Mr. President, if there is a need to review the fiscal situation next March, there will be plenty of opportunities to do so without needing the inevitability of another debt limit increase. The President will submit a budget for fiscal 1983, and the first budget resolution will be marked up in the spring: Those are appropriate occasions to review Federal fiscal policy.

The fact is that this amendment attempts to second-guess the administration as to what the financing needs of the Government may be in the coming months. But if the administration is in fact proved wrong, there is certainly no need for this amendment to force action. If the administration needs more leeway to finance its actions at any given point, it will have to ask Congress for another increase in borrowing authority. Thus the only point of the amendment is to force a review of our financing situation next March, when such a review will be taking place anyway.

Mr. President, Congress can do more to insure that our financing needs are controlled by making sure that spending stays under a tight rein. That is where Congress can have a real impact, rather than by increasing the frequency with which we review the debt limit, which is really just a necessary housekeeping matter.

Finally, let me remind Members that approving this amendment, or any other amendment, means that this resolution has to go back to the House, and that a conference is likely to be necessary. That means more delay and more uncertainity for both the Government and investors, and for everyone who depends on Federal payments. I urge that the amendment be rejected.

Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, is there objection to a 10-minute vote?

Mr. BAKER. Mr. President, I will have to ask that it not be a 10-minute vote, that it be a 15-minute vote. I would need more time.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from New York. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STENNIS (when his name was called). On this vote I have a pair with the distinguished Senator from South Carolina (Mr. THURMOND). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I, therefore, withhold my vote.

Mr. STEVENS. I announce that the Senator from South Carolina (Mr. THURMOND) is necessarily absent.

The VICE PRESIDENT. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 53, nays 44, as follows:

[Rollcall Vote No. 297 Leg.]

YEAS—53

Abdnor
Andrews
Baker
Boschwitz
Byrd,
Harry F., Jr.
Chafee
Cochran
Cohen
D'Amato
Danforth
Denton
Dole
Domenici
Durenberger
East
Garn
Goldwater
Gorton
Grassley
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Helms
Humphrey
Jepsen
Kassebaum
Kasten
Laxalt
Long
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Pressler
Quayle
Roth
Rudman
Schmitt
Simpson
Specter
Stafford
Stevens
Symms
Tower
Wallop
Warner
Weicker

NAYS—44

Armstrong
Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Cannon
Chiles
Cranston
DeConcini
Dixon
Dodd
Eagleton
Exon
Ford
Glenn
Hart
Heflin
Hollings
Huddleston
Inouye
Jackson
Johnston
Kennedy
Leahy
Levin
Matsunaga
Metzenbaum
Mitchell
Moynihan
Nunn
Pell
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Tsongas
Williams
Zorinsky

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Stennis, against.

NOT VOTING—2

Melcher
Thurmond

So the motion to table Mr. MOYNIHAN's amendment (No. 565) was agreed to.

Mr. BAKER. I move to reconsider the vote, Mr. President.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, are there any further amendments?

Mr. DOMENICI. Mr. President, I have no amendment. I should like 5 seconds.

Mr. DOLE. I yield to the Senator.

Mr. DOMENICI. Mr. President, I urge prompt action on this increase in the debt limit. In May of this year, Congress adopted a budget resolution for fiscal year 1982. That document established levels of budget authority and outlays for the coming fiscal year. It also established the level of public debt implied by those outlays—one trillion-seventy nine-point eight billion dollars.

That level of public debt is in excess of the current statutory debt limit, so we must now accommodate our earlier decision by increasing this limit. The issue before us presently is not what we think the public debt could, or would, or should be—we decided that in May. The issue before us today is whether or not we will allow the Treasury Department to go forth and finance the obligations we have already incurred.

Mr. President, it would be entirely inconsistent for this body, having approved a debt level for the coming year, not to approve the necessary increase in the debt limit. You just cannot have one without the other. The Federal debt is merely the mirror image of our fiscal policy action.

I call to the attention of this body the urgency of the immediate situation. The Treasury Department was scheduled to auction $9 billion in Treasury bills yesterday, which would have been delivered on Thursday—the day this increase is to take effect. Because of our failure to enact this increase, the Treasury Department last Friday had to call off yesteray's regular weekly bill auction of $9 billion.

Because we did not enact this increase yesterday, the Treasury Department had to notify all savings bonds agents around the country to suspend the sale of U.S. savings bonds, and will have to call off Wednesday's scheduled sale of $1.75 billion of 20-year bonds.

In effect, because of our inaction, all new Treasury financing operations have already come to a halt, and they cannot even make plans to raise more cash until after this bill is passed. Already, because of our inaction, the civil service retirement trust fund will lose $5 million in 1 day, because Treasury cannot fulfill its obligation to invest those funds in interest-earning securities—that $5 million belongs to the trust fund recipients.

Mr. President, I do not have to remind you of the current state of the bond markets. These delays are exacerbating the high rates by making it difficult for private investors to plan on investing in Treasury securities. As a result, funds will be diverted into other investments that are offered on a more reliable schedule. By reducing the attractiveness of Treasury securities, we are insuring higher financing costs for our hugh debt.

If we enact this increase tonight, the Treasury Department will be able to reschedule its weekly bill auction, will not have to suspend the sale of savings bonds, and will be able to sell its 20-year bonds later this week. On the other hand, further delays and adoption of controversial amendments which could lead to a prolonged House-Senate conference will cause further problems and lead ultimately to defaulting on U.S. Government obligations. We can minimize the disruption and inefficiency which has already occurred by passing this increase tonight.

Mr. President, if there is a lesson to be learned from the problems this bill is causing, it is that we are focusing on the problem of ever-increasing debt at the wrong time, and on the wrong bill. As I pointed out earlier, we are not deciding how much debt to issue with this bill, we did that back when we made decisions on spending and taxing. Undoubtedly, some newspaper tomorrow will run a headline that says something like "Senate Votes for Trillion Dollar Debt." Editorial writers will reflect on the passing of another fiscal milestone, and compare it to the first time we went over a billion dollars back in 1916. Well, all the hand-wringing associated with this act, though well-intentioned, is misplaced. By the time we get to vote on raising the statutory limit, it is too late to do anything about it, unless we want to default on our obligations, which is what will happen if we do not approve of this increase very soon.

Mr. President, the time and place for concerned and responsible voices to speak up is when we set the fiscal policy of the Federal Government. To the extent that we focus our attention on this act, we are diverting it from where it should be. By voting on debt limit increases two or three times a year, we are accomplishing nothing; but we are making it impossible for the Treasury Department to manage effectively and efficiently the financing of Federal Government operations.

In its last request for this increase, the Treasury Department recommended combining the debt limit action with the budget resolution, as is currently done in the House. Given the disruptions we are causing this week and have caused in the past, it is abundantly clear that we must do something to shift the focus of the debt level debate to that point in the process where we actually set that level. I hope we do it soon, so we can avoid this game of political brinksmanship that we play with the debt limit.

Mr. DURENBERGER. Mr. President, President Reagan has reluctantly asked that the national debt limit be raised to over $1 trillion in order to pay for the $58 billion deficit run up in the last Carter budget. With equal reluctance, I intend to cast my vote in support of the President's request.

The administration and this new Congress inherited a Federal budget that was virtually out of control. The last Carter budget marked the end of a dismal era in which free spending by a decade of Democrat Congresses ballooned our national debt by over $600 billion in the last 10 years alone.

As you know, Mr. President, I voted against that last Carter budget twice when it came before the Senate. I was also an outspoken supporter of the $10 billion in budget cuts we had to make to keep the deficit under $58 billion. But those of us who opposed the Carter budget did not prevail. The funds have been spent, and President Reagan really has no choice but to raise the debt ceiling to reflect that sad reality.

I cannot and will not burden the President or the people of this country with the chaos that would result if the debt ceiling were not raised. It is not fair to tie the President's hands when his economic recovery program does not even take effect until October 1.

The President is reining in runaway Federal Government spending, as he promised he would. With the help of a more responsive and responsible Congress, he has already succeeded in reducing the expected expenditures for fiscal year 1982 by almost $37 billion. More savings are necessary, and this Congress and the President should be free to concentrate our efforts on where to enact the most appropriate changes.

If we fail to raise the debt limit, the Government will not have sufficient funds to carry on its business. That could mean delayed social security checks, delayed payments to school districts for the school lunch program, delayed paychecks for military personnel or for any of the myriad reasons for which the Treasury sends out blue checks every day.

The dislocation to millions of people caused by failure to extend the debt ceiling is not the whole problem. Delay would cost the Federal Government money. Social security trust fund moneys could not be reinvested, thus losing much-needed interest revenue to the fund. And the cost of borrowing by the Federal Government will go up, adding even more to the deficit that we are working so hard to contain.

Raising the ceiling on the national debt does not, I repeat, does not, authorize the expenditure of any Federal dollars. It only adjusts the Government's borrowing ability to meet spending commitments already approved by past Congresses and administrations. I opposed many of these appropriations. From my perspective, they permitted a level of spending that was irresponsible and unjustified in light of the state of the economy.

This past November the people of this country demonstrated their concern over this trend toward ever increasing Federal Government spending. We have begun the tough job of getting this spending under control. The extreme chaos that would result from failing to raise the debt ceiling would only divert us from taking the further actions necessary to check the growth of Government spending.

The debt ceiling increase is an unpleasant necessity. But it is essential that we hear the real message the trillion dollar debt tells about the spending policies pursued by 26 years of Democrat-controlled Congresses.

The farmers, homebuyers, homebuilders, auto dealers and small business people of this country know all too well the end result of those policies. High interest rates are due directly to the Government's continuing need to finance the national debt. The interest costs alone for financing the debt will top $100 billion in fiscal year 1982. That is 15 percent of our budget that could be better spent for school lunches, social security, national defense, or further tax cuts.

Can you imagine how much lower interest rates would be without this burden on the Treasury? Can you believe that we would have a $55 billion surplus this year if we had no national debt to finance? The small business people and homebuyers of this country can imagine it.

The national debt is both a major cause of the bloated Federal budget and a result of it. Higher than expected interest rates drove up financing estimates on the national debt by $10 billion from March to July of this year, and another $5.5 billion over the last 2 months. It is no coincidence that this total is the same amount as the second round of cuts the President proposed for fiscal 1982.

I am convinced that we are now applying the brakes to the runaway locomotive of Federal spending. You cannot stop a speeding train on a dime, but the people of this country sent us a message last

November to get that train under control. We are responding with $37 billion in reductions this year and I expect even more in the coming months. We have made many difficult decisions in the past months and many more lie ahead, but we must take those steps if we are to eliminate the double-digit inflation and interest rates created by past massive Government spending overruns.

Mr. LEAHY. Mr. President, before the commotion dies down, I would like to express my deep concern over what has happened to the national school lunch program over the past few months.

The recent embarrassment to the Reagan administration over new senseless regulations for the school lunch program is but the latest setback for our Nation's children. From the beginning, it was my opinion that the proposed regulations went too far, they did not make sense and had little to do with the nutrition of the Nation's schoolchildren. Whoever thought that ketchup and relish are vegetables must have some pretty peculiar notions about nutrition. Are these the same people who are in charge of the school lunch program? If so, Lord help our children get through the schoolday on such strange concoctions.

Clearly, these regulations were ridiculous. And after the press and public challenged the regulations, the President and Mr. Stockman finally saw the wisdom of withdrawing them. I am grateful that the administration took this action, but I am disturbed about both the motivation for the regulations and the administration's reasons for withdrawing these same regulations.

As far as I can tell, the proposed regulations had no nutritional basis or rationale. No attempt was made by USDA to justify them on a nutritional basis. In fact, the USDA task force upon whose recommendations most of these proposed changes were based, stated that its report was "not based on a nutritional rationale, but is strictly a temporary cost-saving measure in response to budgetary cutbacks * * * the immediate nutritional void will not be filled from the limited financial resources of those who depend on these programs to provide low-cost, nutritious meals on a daily basis."

Moreover, to the extent that these regulations had no nutritional basis, they may have been inconsistent with the law. Recent GAO studies reveal that even current lunches served at the high school level fail basic nutritional tests. These new cutbacks would have conflicted with section 818 of the Omnibus Budget Reconciliation Act of 1981, which requires that cost savings through reconciliation must be achieved "without impairing the nutritional value of such meals."

These regulations would have flown in the face of one of the most important missions of the national school lunch program—to teach children sound nutrition habits. When our standards become so low that condiments like ketchup and relish can be credited as vegetables, no matter how infrequently this is likely to occur, we are giving schoolchildren the wrong message. Similarly, cakes and other baked goods high in sugar content should not be used to satisfy the bread or bread alternate requirement. It is these liberalized crediting policies that perhaps more than anything else would undermine public confidence in the nutritional value of school lunches. Ironically, USDA indicated that it did not expect significant savings to be achieved by these crediting changes. If this was the case, then why bother?

The proposed regulations would have set the same minimum requirements for all elementary schoolchildren. While I am sensitive to a school's need to have one set of standards for all of its children, I am deeply concerned about the adequacy of these standards for older children in elementary schools. I suspect that very few 11-year-olds would receive satisfying meals from meals designed for 5-year-olds.

The last straw is that the proposed Reagan regulations would have lowered the milk standard from 8 ounces to 6 ounces for elementary schoolchildren and from 6 ounces to 4 ounces for preschoolers. Since milk, I am told, is the school meal component with the lowest amount of waste, I question the appropriateness of lowering this standard, especially, since the special milk program has been eliminated in all schools participating in the national school lunch program. I believe the USDA should exercise far greater caution in reducing the only serving of milk that many children will receive in the entire school day. Furthermore, I am not certain that there is much savings in reducing milk portions, especially when the added cost of repackaging the milk is considered.

All of my criticisms of these rules are not to say that no changes in meal patterns should not occur. Given the deep budget reductions which the President has pushed, I am sympathetic to the needs of local school lunch administrators to have greater flexibility in the provision of meal service. Some of the proposed changes were appropriate and necessary. But, when the public realized that so little thought had gone into the Reagan regulations, general criticism began. And the administration began to change its position. Last Friday, the word was out, according to Budget Director Stockman, that the USDA "not only had egg on its face, but ketchup too." But the administration's explanation about why the proposed regulations were withdrawn had little to do with a concern for the reduced nutritional content of the rules. Rather, Mr. President, the concern seems to be over the public embarrassment, the bumbling handling, and the press attention.

Frankly, I think our children deserve more than this type of treatment. In reality, though, this sorry episode reveals the lengths to which this administration will go to in order to change programs they just do not like. The administration proposed deep cuts in child nutrition, and these cuts were not simply a matter of trimming fat and waste from a bloated Federal budget. These cuts seem to mean less vitamins and protein in the school lunch program. Indeed, the cut of $1.5 billion in child nutrition is a 35-percent reduction in spending.

All across the country, parents and children will be paying considerably more for less food than they did 1 year ago. This unfortunate situation is a direct result of the budget cuts proposed by the President. Perhaps better than any other example thus far, these recently touted Reagan regulations show that deep reductions in social programs cannot be achieved without exacting human costs, and, in my mind, these human costs far outweigh the dollar savings they will achieve.

The President's contention that free school lunches for poor children would be retained as part of the "safety net" has turned out to be a half-truth. The free school lunch remains, but with smaller portions. For poor children, who come from families whose food stamp and AFDC benefits are being cut, there will be no way to make up the difference. And for some poor children, there will be no free lunch because the reduction in school lunch subsidies has driven their schools from the program. Already, there are reports of dozens of schools across the country dropping out of the national school lunch program.

One further point, which has been largely overlooked, is that the current situation would have been much worse had the full amount of the President's child nutrition budget proposals been enacted. In its wisdom, Congress enacted $400 million less in child nutrition reductions than proposed by the President. I have little doubt that enactment of the President's original ill-conceived and hastily drawn budget proposals would have resulted in the prompt demise of the national school lunch program as we now know it.

As ranking minority member of the Subcommittee on Nutrition, I wish to reiterate my opposition to the cuts in child nutrition proposed by the President and enacted by the Congress. The severity of these cuts threaten the continued success of one of the most popular and worthwhile Federal programs. I believe that our frenetic activity to slash child nutrition spending this year has been a shortsighted exercise for which we will pay for many years to come. Whatever new regulations are proposed by the Reagan regulations, they will certainly get a careful review from this Senator, and I will not let up on my own support for our child nutrition programs.

Mr. DURENBERGER. Mr. President, I have cast several votes over the last 2 days to table amendments. Some of these are amendments I would support enthusiastically if they were made to the appropriate bill.

But the bill to amend the debt limit is not the appropriate bill for amendments on school lunches or the tax deduction for business entertainment expenses, or any of the other issues we have voted on today. We are dealing today with one issue and one issue alone; Shall we or shall we not increase the debt ceiling by October 1.

If we do not complete congressional action by October 1, the Government will not have sufficient funds to carry on its business. That could mean delayed social security checks, delayed payments to school districts for the school lunch program, delayed paychecks for military personnel or any of the myriad reasons for which the Treasury sends out blue checks every day.

The dislocation to millions of people caused by failure to extend the debt ceiling by October 1 is not the whole problem. Delay would cost the Federal Government money. Social security trust fund moneys could not be reinvested, thus losing much-needed interest revenue to the fund. And the cost of borrowing by the Federal Government will go up, adding even more to the deficit that we are working so hard to contain.

October 1 is Thursday, just a day away. We will not complete action on this bill until tonight at the earliest. If we add amendments to this bill, a conference between the House and Senate will be required. It would be virtually impossible to hold a conference, reach agreement, get approval of both Houses, and send the bill to the President all in one day.

That is why I voted to table meritorious amendments, and I will continue to do so until we complete action on this bill. We must not delay action. We must insure that the Government will honor its commitments.

Mr. BIDEN. Mr. President, in the few days that remain between now and October 1, the Congress must act on legislation to increase the Federal Government's debt ceiling to over $1 trillion. If we do not act by October 1, the Federal Government's ability to borrow will be endangered and all Government activities from defense to social security could come to a halt.

Mr. President, this is an historic, but unhappy occasion. There is a symbolism in passing the $1 trillion mark, a symbolism of past mistakes and failures. The debt limit, of course, largely reflects what has happened over our more than 200-hundred-year history—but especially the last 35 years.

Since the end of World War II, the national debt limit has grown from $275 billion from 1947 to 1954 to today's staggering level of $985 billion. A long series of administrations and Congresses have piled deficit upon deficit to make such a large debt limit necessary.

But today, as we consider authorizing a national debt in excess of $1 trillion, there is a feeling of a failed opportunity. It was only a few short months ago that the Congress and the American public were presented a plan that we were assured would turn Federal fiscal policy around, with constantly lowering deficits until the Federal budget was balanced in fiscal year 1984. This budget reform plan that President Reagan transmitted to us described itself as "a comprehensive, multiyear program for ending the recent unsustainable upward spiral of Federal spending and borrowing." That program promised "a steady reduction in the Federal deficit, resulting in a balanced budget in 1984 and modest surpluses thereafter." But today, Mr. President, that budget reform plan seems incapable of stopping Federal deficits.

How have we reached this sorry situation, Mr. President? When President Reagan submitted the broad outlines of his program on February 18—and again when he submitted further details and revisions on March 10—there seemed to be some chance that the budget might be balanced within a reasonable period.

Then we began to study the program more carefully. The Senate Budget Committee held hearings. And some of us began to realize, as experience had shown us in the past, that balancing the budget in fact was never as easy as doing it on paper. As early as May 11, when we were acting on the budget resolution, I said on the floor of the Senate:

> Now, let us not go on a binge and come along right after making those spending cuts and decide, that there will be no money out there or anything other than a great big deficit for us to deal with.

But "great, big deficits" was what we were about to get. In July a tax reduction proposal that Senator HOLLINGS and I, along with others, offered as an alternative to President Reagan's deficit producing plan, failed on the Senate floor. And today, 2 months after enactment of the President's tax cut plan, we are faced with deficits for the first year of that plan of somewhere between $65 billion and $80 billion. Next year's deficits, rather than beginning the "steady reduction" of deficits that was promised, may be among the highest in our history. And that may be true even if all of the President's new proposals are adopted.

However, let me say that while I am disappointed, I am not particularly surprised. I said when the President's budget reform plan was presented that I felt it should be given a chance to work. But I also expressed doubt that it would work. I expressed those concerns during consideration of the tax reduction bill on July 22, as follows:

> Mr. President, the elimination of Federal deficit spending, it would seem to me, should be the issue that we are focusing on here. It is the single most important element in a program to achieve an economically sound future for this country. I know everyone here is painfully aware of the fact that very shortly we are going to be voting on extending the national debt to $1 trillion, a landmark level, yet we are making very little progress toward a balanced budget.
>
> If this tax reduction bill is passed in the form recommended by the administration and the Finance Committee. I think it is reasonable for us to expect that we will have a minimum of $60 billion and, possibly, as high as an $80 billion deficit coming up, and it will average out somewhere around $60 billion a year through 1984, and we will be talking about adding $180 billion to $200 billion to what will be a $1 trillion deficit to work from.

Let me say also, Mr. President, that it is too early to pronounce every part of the economic program a failure. Many of the budget reductions were warranted and the country will undoubtedly benefit from this reduced spending. Some of the tax reductions, particularly those rewarding saving and encouraging investment, may have important economic effects in the coming years.

But the critical element of the economic recovery program, in my view, was the continuously declining deficits leading to a balanced budget in 1984 that were promised by the budget reform plan. And the President conceded just the other night that the budget reform plan he originally proposed will not achieve that objective. He has, of course, proposed additional budget changes that he says will now achieve that goal, although I have yet to see any details to substantiate that claim.

My concern is that we may be embarking on a course where continued failure to achieve budget targets will lead to greater and greater reductions in essential public services, without any real assurance that the balanced budget and strong economy we all seek will ever be achieved. We missed a golden opportunity during consideration of the tax reduction bill to fashion a fiscal policy with a chance of success. As I said then:

> I am telling you, Mr. President, I do not know why we insist on this. I do not know why, since we went through the pain of cutting these programs, we do not do what we all know is what needs to be done. That is to put the fiscal house in order.

That is still what must be done.

Mr. DECONCINI. Mr. President, the pending resolution, House Joint Resolution 265, extends the debt ceiling to in excess of $1 trillion for the very first time in our Nation's history. I cannot, in good conscience, vote to support such an outrageous figure.

It is well and good for Congressmen and Senators to be cajoled into voting for these increases on the grounds that failure to ratify an increase would bring Government's business to a halt. But legislation by blackmail does not make good national policy. Indeed, it is precisely because Congress has allowed itself to be bullied into constantly increasing the debt limit that we now face runaway inflation and the highest interest rates in history.

If Congress had refused to go along with the yearly legislative ballet of increasing the debt ceiling, we would today enjoy a balanced budget. In the abstract, of course, everyone favors fiscal responsibility; but in the real political world, everyone has an ox they do not want gored. Ultimately, it is easier to pass around the public trough than to unreservedly fight growing expenditures. That is why the real solution to the spending dilemma lies in a constitutional amendment, even though that appears to some as a draconian measure. It would be roughly equivalent to our denying the present request to increase the debt limit and forcing the Government to live within its current revenues.

But it is not difficult to predict that the increase in the debt ceiling requested by President Reagan will pass this Chamber just as similar requests by previous administrations have passed. The debt limit extension request has become a yearly political event in which the two parties point accusing fingers at each other. Unfortunately, the goals appear to be political embarrassment rather than responsible government.

I have been opposed to every debt limit ceiling extension since I was elected to the Senate. And the longer I observe the political process close at hand, the more I am convinced that the responsible action is to deny these yearly increases. Otherwise, there is no light at the end of the deficit tunnel.

The Reagan administration assumed office with a mandate to balance the Federal budget. Democrats and Republicans alike were united in that goal. But something happened on the way to the White House. Mr. Reagan was convinced for campaign purposes to adopt the "pop" economics of the Kemp-Roth tax cut. Why not, it sounded good on the campaign trail. What American would not enjoy a 30-percent tax cut?

Much to his moral credit but not his economic sense, President Reagan felt compelled upon assuming office to enact Kemp-Roth into law. As I read last year's election, the American people were voting for fiscal responsibility and a balanced budget, not a tax cut. The tax cut has now made it virtually impossible for Mr. Reagan to balance the budget. Regardless of how much—and how irresponsibly—he tries to force spending cuts, the enormity of the tax cut insures continuing and growing deficits for the foreseeable future.

Mr. Reagan briefly held history's golden moment; but he let it slip from his grasp as his vision became clouded by the siren song of Kemp-Roth. There will be more debt limit ceiling increases asked for by this administration. I will oppose them as I oppose the present one. They reflect the unwise and the unfortunate in American politics. All I and like-minded colleagues can do is to implore and beseech the President to reconsider the wisdom of his tax policies, and return to the clearly articulated priorities of the American people that places responsible fiscal policy as the national imperative.

Mr. CANNON. Mr. President, I shall vote against House Joint Resolution 265, the resolution to extend the temporary debt ceiling to a level of one trillion seventy-nine billion dollars.

My vote against this proposal will register my view that the Federal budget should be brought under control as the preferable course of action. My vote is consistent with earlier votes and with my long-held position that the Federal budget be brought into balance and kept in balance.

The trillion-dollar figure represents a watershed in our history. This dizzying pinnacle of debt was reached in a relatively short period of years. As recently as 1970, the debt stood at $383 billion. Even that level was high but it was manageable. The increase to near the trillion-dollar level has occurred in the past decade, an increase of over $600 billion. It is an admission that the Congress does not have the budget under control. I believe the Congress must stop short of the trillion-dollar level and redouble its efforts to insure that an increase to that level will not be needed. I intend to support the Proxmire amendment which will limit the increase to $995 billion and if that fails, I will vote against the resolution.

Mr. THURMOND. Mr. President, in principle, I favor the Armstrong amendment, as it would provide additional authority to the President in his efforts to reduce Federal spending.

Past experience has shown that Congress is too often unwilling to make the tough political decisions necessary to get Federal spending under control. The Armstrong amendment corrects a flaw in the Budget and Impoundment Control Act by restoring a more desirable balance between the power of the President to manage the expenditure of appropriated funds and the power of Congress to make available these funds, with direction on how they should be spent. Under current law, both Houses of Congress must pass legislation concurring in a Presidential request for a rescission of funds. This amendment would allow a Presidential decision not to spend appropriated moneys to stand unless both Houses of Congress took action to disapprove the proposed rescission within a reasonable time.

Mr. President, notwithstanding my support for this amendment in principle, I must vote to table it at this time. The exigencies of the situation demand that this debt ceiling resolution be passed by both Houses of Congress and sent to the President no later than tomorrow. I would look favorably toward the Armstrong proposal at another time on a more appropriate vehicle; however, since its adoption as an amendment to the debt ceiling resolution would jeopardize timely passage of this urgent measure, I am voting to table the amendment.

Mr. LONG. Mr. President, for years in considering the debt limit the Senator from Louisiana has asked the Treasury to furnish certain information that would help put the entire matter in perspective. Indeed, it has come to be known as the Long table because, as the Senator from Louisiana, he is the one who asked that this information be provided.

Several things are interesting to note in connection with these tables, Mr. President. One fact is that in relative terms, that is when you look at the debt on a per capita basis, and when you look at it in terms of constant dollars, the debt that we have today is not nearly as great as it was at an earlier time. For example, one of the tables that I will place in the Record, table 4, shows that at the high point in 1945 the per capita debt in constant dollars was $2,993 per person. I am speaking of the net national debt rather than the gross, Mr. President. Today that figure would be $1,100, which is approximately one-third of what it was at that earlier date.

None of us, Mr. President, want inflation, but it cuts both ways. Inflation both increases the income on the one hand and increases the expenses on the other. When you take all of these factors into account, you will find, for example, that the national debt is really not our biggest problem, as far as debt is concerned. For example, as table 1 very well points out, the total private debt greatly exceeds the total Federal debt.

Furthermore, Mr. President, table 3, which I will also put into the Record in connection with this statement, indicates that at the high point in 1945 the Federal debt was 118.9 percent of the gross national product. Today, Mr. President, that Federal debt is 28.3 percent of the gross national product, approximately one-quarter of what it was at the high point in 1945.

I think it well that we keep some of these matters in mind when we wonder how we manage to carry a debt of $1 trillion.

In terms of real dollars that $1 trillion is nothing like it was at an earlier date. When we consider the increased population, the increased productivity of the Nation, the increased wealth of the Nation, and put these things in context, Mr. President, we find that this Nation is not bankrupt, it is not broke. It is indeed, the wealthiest Nation on the face of the Earth, and it is in a position to carry the burden that our people face.

A great deal of the debt that the Federal Government owes is held by the Federal Government itself. Some of it is held in the social security fund. True, the assets of the social security fund cover only a small portion of the liabilities of that fund, but insofar as we have some money in the fund, we are just that much ahead of the hounds in paying our obligations and in being prepared to meet them as they fall due.

The largest amount of debt held by the Government is held in the Federal Reserve Board or the Federal Reserve bank. Of course, this Government owns the Federal Reserve.

So when you subtract from the debt the parts held by the Government itself and speak in terms of debts that we would be compelled to pay to persons other than the Government, the amount of the debt is not as great a figure as it is when you look at the gross debt.

Of course, I recognize the fact that we do owe money to the social security fund, and that the bonds of this Government are held by the Federal Reserve. But I would point out that those debts can be looked upon somewhat as a debt that one owes to oneself. To the extent that the Government holds debts in its own funds, it is somewhat as it is when a person owes money to himself, being in a position to forgive if he wishes to do so. I realize, however, that we have obligations to our people and that funds will have to be raised to take care of pensions and the other obligations of this Government.

I really am making this point. When you look at where we have been and where we are today, we are in a much stronger position now than we were at the end of World War II, no matter how one wishes to analyze it.

This is a very wealthy and strong Nation. It is in a position to carry the burdens that have been assumed by this Government in years gone by. While I am not advocating that we assume more at this point. I would simply like to point out that the Nation is not going to come to an end by virtue of the fact that we have borrowed some money, and continue to borrow some money, to meet the expenses of Government.

Mr. President, I ask unanimous consent that these tables which I have had prepared be printed in the Record at this point.

There being no objection, the tables were ordered to be printed in the Record, as follows:

TABLE 1.—ESTIMATED NET GOVERNMENT AND PRIVATE DEBT, BY MAJOR CATEGORIES

Year	Private [1]			State and local	Federal [2]	Total net debt	Percent Federal of total
	Corporate	Other	Total				
1929	88.9	72.9	161.8	13.6	16.5	191.9	8.6
1930	89.3	71.8	161.1	14.7	16.5	192.3	8.6
1931	83.5	64.9	148.4	16.0	18.5	182.9	10.1
1932	80.0	57.1	137.1	16.6	21.3	175.0	12.2
1933	76.9	51.0	127.9	16.3	24.3	168.5	14.4
1934	75.5	49.8	125.3	15.9	30.4	171.6	17.7
1935	74.8	49.7	124.5	16.1	34.4	175.0	19.7
1936	76.1	50.6	126.7	16.2	37.7	180.6	20.9
1937	75.8	51.1	126.9	16.1	39.2	182.2	21.5
1938	73.3	50.0	123.3	16.1	40.5	179.9	22.5
1939	73.5	50.8	124.3	16.4	42.6	183.3	23.2
1940	75.6	53.0	128.6	16.4	44.8	189.8	23.6
1941	83.4	55.6	139.0	16.1	56.3	211.4	26.6
1942	91.6	49.9	141.5	15.4	101.7	258.6	39.3
1943	95.5	48.8	144.3	14.5	154.4	313.2	49.3
1944	94.1	50.7	144.8	13.9	211.9	370.6	57.2
1945	85.3	54.7	140.0	13.4	252.5	405.9	62.2
1946	49.4	66.5	115.9	14.9	228.0	358.8	63.5
1947	56.7	80.7	137.3	16.3	220.8	374.4	59.0
1948	62.8	93.5	156.3	18.5	215.1	389.9	55.2
1949	64.6	104.4	169.0	21.0	217.7	407.7	53.4
1950	71.3	123.3	194.6	24.4	216.5	435.5	49.7
1951	79.6	136.1	215.7	26.6	216.1	458.3	47.1
1952	86.8	152.9	239.7	30.2	221.4	491.4	45.1
1953	91.0	169.2	260.2	34.5	228.4	523.1	43.7
1954	95.8	184.0	279.8	40.6	230.8	551.3	41.9
1955	104.2	213.4	317.6	45.9	230.0	593.5	38.8
1956	114.7	233.1	347.9	49.5	224.2	621.5	36.1
1957	124.5	251.5	376.0	53.7	222.0	651.7	34.1
1958	133.0	269.6	402.7	59.2	231.3	693.1	33.4
1959	143.3	303.7	447.1	65.5	238.3	750.9	31.7
1960	153.9	329.8	433.7	70.8	236.3	790.8	29.9
1961	164.3	357.4	521.7	75.9	243.5	841.0	29.0
1962	176.8	393.8	570.5	81.2	250.5	902.2	27.8
1963	189.3	441.1	630.4	86.9	254.4	971.8	26.2
1964	202.8	488.7	691.4	92.9	260.7	1,045.0	24.9
1965	223.4	540.4	763.8	100.3	262.4	1,126.6	23.3
1966	247.6	583.7	831.3	105.9	266.1	1,203.3	22.1
1967	274.9	623.3	898.3	113.7	279.1	1,291.1	21.6
1968	306.2	684.1	990.3	123.2	292.6	1,406.1	20.8
1969	341.4	752.9	1,094.3	133.1	289.0	1,516.4	19.1
1970	376.4	802.3	1,178.7	144.4	300.8	1,623.8	18.5
1971	409.5	883.4	1,292.9	161.8	325.7	1,780.4	18.3
1972	456.7	1,005.3	1,462.0	176.5	340.8	1,979.3	17.2
1973	521.8	1,148.3	1,670.1	191.2	349.1	2,210.4	15.8
1974	599.8	1,261.1	1,860.9	207.7	360.8	2,429.4	14.9
1975	629.5	1,348.1	1,977.5	223.8	445.3	2,647.6	16.9
1976	678.9	1,510.6	2,139.5	239.5	515.8	2,944.8	17.5
1977	756.2	1,746.7	2,502.9	263.2	572.5	3,338.6	17.1
1978	845.7	2,052.1	2,897.7	291.4	626.2	3,815.4	16.4
1979	961.2	2,359.0	3,320.2	305.1	663.6	4,288.8	15.5
1980	1,045.1	2,594.1	3,639.2	325.5	742.8	4,707.4	15.8

TABLE 2.—ESTIMATED PER CAPITA NET GOVERNMENT AND PRIVATE DEBT [3]

Year	Private [1]			State and local	Federal [2]	Total net debt
	Corporate	Other	Total			
1929	726	595	1,321	111	135	1,567
1930	722	581	1,303	119	133	1,556
1931	671	521	1,192	129	149	1,469
1932	639	456	1,095	133	170	1,397
1933	610	405	1,015	129	193	1,337
1934	595	393	988	125	240	1,353
1935	586	389	975	125	269	1,370
1936	592	394	986	126	293	1,406
1937	586	395	981	124	303	1,409
1938	562	383	945	123	311	1,379
1939	557	384	941	124	323	1,388
1940	557	398	965	123	336	1,424
1941	619	413	1,032	120	418	1,570
1942	672	366	1,038	113	746	1,896
1943	691	353	1,044	105	1,117	2,267
1944	673	363	1,036	99	1,516	2,652
1945	604	387	991	95	1,788	2,874
1946	345	463	808	104	1,590	2,502
1947	388	552	940	112	1,512	2,564
1948	423	629	1,052	124	1,448	2,624
1949	427	691	1,118	139	1,440	2,698
1950	464	803	1,267	159	1,409	2,835
1951	509	871	1,380	170	1,382	2,932
1952	546	962	1,508	190	1,393	3,091
1953	563	1,046	1,609	213	1,413	3,235
1954	582	1,118	1,700	247	1,403	3,349
1955	622	1,274	1,896	274	1,373	3,543
1956	673	1,366	2,039	290	1,314	3,644
1957	718	1,449	2,167	309	1,279	3,756
1958	754	1,528	2,282	336	1,311	3,928
1959	799	1,693	2,492	365	1,329	4,186
1960	844	1,810	2,654	388	1,296	4,338
1961	887	1,929	2,816	409	1,314	4,540
1962	940	2,095	3,035	432	1,332	4,799
1963	993	2,313	3,306	456	1,334	5,097
1964	1,049	2,529	3,578	481	1,349	5,408
1965	1,143	2,763	3,906	513	1,342	5,761
1966	1,252	2,952	4,204	536	1,346	6,085
1967	1,376	3,120	4,496	569	1,397	6,462
1968	1,518	3,390	4,908	611	1,450	6,969
1969	1,675	3,693	5,368	653	1,418	7,439
1970	1,826	3,894	5,720	701	1,460	7,880
1971	1,968	4,245	6,213	778	1,565	8,556
1972	2,178	4,793	6,971	842	1,625	9,438
1973	2,470	5,437	7,907	905	1,653	10,465
1974	2,819	5,928	8,747	976	1,686	11,419

TABLE 2.—ESTIMATED PER CAPITA NET GOVERNMENT AND PRIVATE DEBT [3]—Continued

Year	Private [1]			State and local	Federal [5]	Total net debt
	Corporate	Other	Total			
1975	2,935	6,287	9,222	1,044	2,081	12,346
1976	3,142	6,992	10,134	1,109	2,387	13,630
1977	3,472	8,021	11,493	1,208	2,629	15,330
1978	3,852	9,348	13,200	1,328	2,852	17,380
1979	4,335	10,640	14,975	1,376	2,993	19,343
1980	4,568	11,337	15,905	1,423	3,246	20,574

TABLE 3.—NET GOVERNMENT AND PRIVATE DEBT RELATED TO GROSS NATIONAL PRODUCT

Year	Gross national product (billions)	Ratios of debt to gross national product					
		Private [1]			State and local	Federal [5]	Total net debt
		Corporate	Other	Total			
1929	$103.4	$86.0	$70.5	$156.4	$13.2	$16.0	$185.6
1930	90.7	98.5	79.2	177.6	16.2	18.2	212.0
1931	76.1	109.8	85.3	195.1	21.0	24.3	240.4
1932	58.3	137.3	98.0	235.2	28.5	36.5	300.3
1933	55.8	137.8	91.4	229.1	29.2	43.5	301.9
1934	65.3	115.6	76.3	191.9	24.4	46.6	262.8
1935	72.5	103.2	68.6	171.7	22.2	47.5	241.4
1936	82.7	92.0	61.2	153.1	19.6	45.6	218.3
1937	90.9	83.4	56.2	139.6	17.7	43.1	200.5
1938	85.0	86.2	58.8	145.0	18.9	47.6	211.6
1939	90.9	80.8	55.9	136.7	18.0	46.9	201.6
1940	100.0	75.6	53.0	128.6	16.4	44.8	189.8
1941	125.0	66.7	44.5	111.2	12.9	45.0	169.1
1942	158.5	57.8	31.5	89.3	9.7	64.2	163.2
1943	192.1	49.7	25.4	75.1	7.5	80.4	163.0
1944	210.6	44.7	24.1	68.7	6.6	100.6	175.9
1945	212.4	40.2	25.7	65.9	6.3	118.9	191.1
1946	209.8	23.6	31.7	55.2	7.1	108.7	171.0
1947	233.1	24.3	34.6	58.9	7.0	94.7	160.7
1948	259.5	24.2	36.0	60.2	7.1	82.9	150.3
1949	258.3	25.0	40.4	65.4	8.1	84.3	157.8
1950	286.5	24.9	43.0	67.9	8.5	75.6	152.0
1951	330.3	24.1	41.2	65.2	8.0	65.3	138.6
1952	348.0	24.9	44.0	68.9	8.7	63.6	141.2
1953	366.8	24.8	46.1	70.9	9.4	62.3	142.6
1954	366.8	26.1	50.2	76.3	11.1	62.9	150.3
1955	400.0	26.0	53.3	79.4	11.5	57.5	148.4
1956	421.7	27.2	55.3	82.5	11.7	53.2	147.4
1957	444.0	28.1	56.7	84.7	12.1	50.0	146.8
1958	449.7	29.6	60.0	89.6	13.2	51.4	154.1
1959	487.9	29.4	62.3	91.6	13.4	48.8	153.9
1960	506.5	30.4	65.1	95.5	14.0	46.6	156.1
1961	524.6	31.3	68.1	99.4	14.5	46.4	160.3
1962	565.0	31.3	69.7	101.0	14.4	44.3	159.7
1963	596.7	31.7	73.9	105.7	14.6	42.6	162.9
1964	637.7	31.8	76.6	108.4	14.6	40.9	163.9
1965	691.1	32.3	78.2	110.5	14.5	38.0	163.0
1966	756.0	32.7	77.2	110.0	14.0	35.2	159.2
1967	799.6	34.4	78.0	112.3	14.2	34.9	161.5
1968	873.4	35.1	78.3	113.4	14.1	33.5	161.0
1969	944.0	36.2	79.8	115.9	14.1	30.6	160.6
1970	992.7	37.9	80.8	118.7	14.5	30.3	163.6
1971	1077.6	33.0	82.0	120.0	15.0	30.2	165.2
1972	1185.9	38.5	84.8	123.3	14.9	28.7	166.9
1973	1326.4	39.3	86.6	125.9	14.4	26.3	166.6
1974	1434.2	41.8	87.9	129.7	14.5	25.2	169.4
1975	1549.2	40.6	87.0	127.6	14.4	28.8	170.9
1976	1718.0	39.5	87.9	127.4	13.9	30.0	171.4
1977	1918.0	39.4	91.1	130.5	13.7	29.8	174.1
1978	2156.1	39.2	95.2	134.4	13.5	29.0	177.0
1979	2431.9	39.5	97.0	136.5	12.6	27.3	176.4
1980	2626.5	39.8	98.8	138.6	12.4	28.3	179.2

TABLE 4.—ESTIMATED FEDERAL DEBT RELATED TO POPULATION AND PRICES

Year	Outstanding Federal debt			Per capita Federal debt [3]			Real per capita Federal debt [8]		
	Gross [2]	Net [5]	Privately held net [6]	Gross [3]	Net [5]	Privately held net [6]	Gross [8]	Net [8]	Privately held net [3]
1929	$18.7	$16.5	$16.0	$153	$135	$131	$293	$263	$255
1930	18.6	16.5	15.8	150	133	128	301	267	256
1931	20.4	13.5	17.7	164	149	142	359	326	312
1932	23.2	21.3	19.4	185	170	155	453	416	379
1933	26.8	24.3	21.9	213	193	174	543	497	448
1934	38.1	30.4	28.0	300	240	221	749	598	550
1935	41.8	34.4	32.0	327	269	251	796	655	610
1936	46.2	37.7	35.3	360	293	275	866	707	662
1937	48.9	39.2	36.6	378	303	283	879	705	658
1938	51.8	40.5	37.9	397	311	291	941	736	689
1939	55.7	42.6	40.1	422	323	304	1,014	775	730
1940	59.4	44.8	42.6	446	336	320	1,061	800	761
1941	73.3	56.3	54.0	544	418	401	1,234	948	909
1942	119.2	101.7	95.5	874	746	700	1,791	1,528	1,435
1943	176.1	154.4	142.9	1,275	1,117	1,034	2,460	2,157	1,997
1944	236.6	211.9	193.1	1,693	1,516	1,382	3,212	2,877	2,622
1945	281.1	252.5	228.2	1,990	1,788	1,616	3,693	3,317	2,998
1946	261.9	223.0	206.1	1,826	1,590	1,437	3,122	2,718	2,457
1947	256.8	220.8	199.1	1,753	1,512	1,363	2,628	2,260	2,038
1948	253.6	215.1	192.0	1,707	1,448	1,292	2,367	2,008	1,792
1949	257.7	217.7	197.7	1,705	1,440	1,308	2,333	2,017	1,832
1950	257.6	216.5	196.6	1,677	1,409	1,280	2,326	1,955	1,775
1951	259.7	216.1	193.1	1,661	1,382	1,235	2,136	1,777	1,588
1952	267.3	221.4	196.8	1,685	1,393	1,238	2,119	1,752	1,557
1953	275.6	228.4	200.0	1,704	1,413	1,237	2,128	1,764	1,544
1954	278.8	230.8	204.2	1,694	1,403	1,241	2,104	1,742	1,541
1955	282.1	230.0	204.8	1,684	1,373	1,223	2,100	1,712	1,524

TABLE 4.—ESTIMATED FEDERAL DEBT RELATED TO POPULATION AND PRICES—Continued

Year	Outstanding Federal debt			Per capita Federal debt [3]			Real per capita Federal debt [8]		
	Gross [4]	Net [5]	Privately held net [6]	Gross [4]	Net [5]	Privately held net [6]	Gross [4]	Net [5]	Privately held net [6]
1956	278.9	224.2	199.4	1,635	1,314	1,169	2,009	1,615	1,436
1957	280.6	222.0	198.8	1,617	1,279	1,146	1,918	1,517	1,359
1958	286.8	231.3	204.7	1,625	1,311	1,160	1,877	1,513	1,340
1959	300.1	238.3	214.8	1,673	1,329	1,197	1,916	1,522	1,372
1960	300.5	236.3	212.4	1,643	1,296	1,165	1,859	1,461	1,314
1961	307.4	243.5	217.8	1,659	1,314	1,176	1,852	1,467	1,312
1962	315.8	250.5	222.3	1,680	1,332	1,185	1,854	1,470	1,308
1963	322.2	254.4	223.9	1,690	1,334	1,174	1,843	1,455	1,281
1964	332.5	260.7	227.0	1,721	1,349	1,175	1,852	1,452	1,265
1965	336.7	262.4	225.6	1,722	1,342	1,154	1,822	1,420	1,221
1966	353.6	266.1	227.5	1,788	1,346	1,151	1,840	1,384	1,184
1967	382.0	279.1	237.3	1,912	1,397	1,188	1,912	1,397	1,188
1968	386.4	292.6	240.7	1,915	1,450	1,193	1,838	1,392	1,145
1969	382.0	289.0	233.0	1,874	1,418	1,143	1,707	1,291	1,041
1970	401.6	300.8	239.8	1,949	1,460	1,164	1,676	1,255	1,001
1971	435.2	325.7	256.5	2,091	1,565	1,232	1,724	1,290	1,016
1972	461.1	340.8	271.9	2,199	1,625	1,297	1,755	1,297	1,035
1973	480.7	349.1	271.2	2,276	1,653	1,284	1,710	1,242	965
1974	504.0	360.8	280.1	2,369	1,696	1,317	1,604	1,148	891
1975	587.6	446.3	358.1	2,740	2,081	1,670	1,700	1,291	1,036
1976	664.8	515.8	418.5	3,077	2,387	1,937	1,805	1,400	1,136
1977	729.2	572.5	469.5	3,343	2,629	2,156	1,845	1,448	1,188
1978	797.7	626.2	515.4	3,634	2,852	2,348	1,860	1,460	1,202
1979	852.2	663.6	546.0	3,844	2,993	2,462	1,768	1,377	1,133
1980	936.7	742.8	621.3	4,094	3,246	2,715	1,659	1,315	1,100

TABLE 5.—PRIVATELY HELD FEDERAL DEBT RELATED TO GNP

[Dollar amounts in billions of dollars]

Year	Gross national product	Privately held debt [6]	Ratio of debt to GNP	Year to year price changes [7]
1929	$103.4	$16.0	15.5	0
1930	90.7	15.8	17.4	−2.5
1931	76.1	17.7	23.3	−8.8
1932	58.3	19.4	33.3	−10.3
1933	55.8	21.9	39.2	−5.1
1934	65.3	28.0	42.9	3.4
1935	72.5	32.0	44.1	2.5
1936	82.7	35.3	42.7	1.0
1937	90.9	36.6	40.3	3.6
1938	85.0	37.9	44.6	−1.9
1939	90.9	40.1	44.1	−1.4
1940	100.0	42.6	42.6	1.0
1941	125.0	54.0	43.2	5.0
1942	158.5	95.5	60.3	10.7
1943	192.1	142.9	74.4	6.1
1944	210.6	193.1	91.7	1.7
1945	212.4	228.2	107.4	2.3
1946	209.8	206.1	98.2	8.5
1947	233.1	199.1	85.4	14.4
1948	259.5	192.0	74.0	7.8
1949	258.3	197.7	76.5	−1.0
1950	266.5	196.6	68.6	1.0
1951	330.8	193.1	58.4	7.9
1952	348.0	196.8	56.6	2.2
1953	366.8	200.0	54.5	.8
1954	366.8	204.2	55.7	.5
1955	400.0	204.8	51.2	−.4
1956	421.7	199.4	47.3	1.5
1957	444.0	198.8	44.8	3.6
1958	449.7	204.7	45.5	2.7
1959	487.9	214.8	44.0	.8
1960	506.5	212.4	41.9	1.6
1961	524.6	217.8	41.5	1.0
1962	565.0	222.8	39.4	1.1
1963	596.7	223.9	37.5	1.2
1964	637.7	227.0	35.6	1.3
1965	691.1	225.6	32.6	1.7
1966	756.0	227.5	30.1	2.9
1967	799.6	237.3	29.7	2.9
1968	873.4	240.7	27.6	4.2
1969	944.0	233.0	24.7	5.4
1970	992.7	239.8	24.2	5.9
1971	1,077.6	256.5	23.8	4.3
1972	1,185.9	271.9	22.9	3.3
1973	1,326.4	271.2	20.4	6.2
1974	1,434.2	280.1	19.5	11.0
1975	1,549.2	358.1	23.1	9.1
1976	1,718.0	418.5	24.4	5.8
1977	1,918.0	469.5	24.5	6.5
1978	2,156.1	515.4	23.9	7.7
1979	2,431.9	546.0	22.5	11.3
1980	2,626.5	621.3	23.7	13.5

TABLE 6.—CHANGES IN PER CAPITA REAL GROSS NATIONAL PRODUCT

Year	GNP in billions of 1972 dollars	GNP per capita constant 1972 dollars [3]	GNP per capita, change from year ago	
			Constant 1972 dollars	Percent
1929	315.7	2,577	0	0
1930	285.6	2,310	−266	−9
1931	263.5	2,117	−193	−7
1932	227.1	1,813	−303	−13
1933	222.1	1,763	−50	−2
1934	239.1	1,885	122	7
1935	260.0	2,036	151	8
1936	295.5	2,300	264	13

TABLE 6.—CHANGES IN PER CAPITA REAL GROSS NATIONAL PRODUCT—Continued

Year	GNP in billions of 1972 dollars	GNP per capita constant 1972 dollars [3]	GNP per capita, change from year ago	
			Constant 1972 dollars	Percent
1937	310.2	2,398	98	4
1938	296.7	2,275	−122	4
1939	319.8	2,422	147	6
1940	344.1	2,582	160	7
1941	400.4	2,973	392	15
1942	461.7	3,336	412	14
1943	531.6	3,847	462	14
1944	569.1	4,072	224	6
1945	560.4	3,968	−103	−2
1946	478.8	3,336	−631	15
1947	470.3	3,220	−114	2
1948	489.8	3,297	76	2
1949	492.2	3,257	−39	0
1950	534.8	3,481	225	7
1951	579.4	3,707	225	6
1952	600.8	3,779	72	2
1953	623.6	3,857	78	2
1954	616.1	3,743	−112	2
1955	657.5	3,925	182	5
1956	671.6	3,937	12	0
1957	688.8	3,940	3	0
1958	680.9	3,859	−81	1
1959	721.7	4,023	164	4
1960	737.2	4,044	21	1
1961	756.6	4,034	40	1
1962	800.3	4,257	172	4
1963	832.5	4,366	110	3
1964	876.4	4,536	169	4
1965	929.3	4,753	217	5
1966	948.8	4,798	46	1
1967	1,011.4	5,062	264	5
1968	1,058.1	5,244	182	4
1969	1,087.6	5,335	91	2
1970	1,085.6	5,268	−66	0
1971	1,122.4	5,394	126	2
1972	1,185.9	5,655	261	5
1973	1,255.0	5,942	287	5
1974	1,248.0	5,866	−75	0
1975	1,233.9	5,754	−111	1
1976	1,300.4	6,019	265	5
1977	1,371.7	6,298	280	5
1978	1,436.9	6,545	247	4
1979	1,483.0	6,639	143	2
1980	1,480.7	6,472	−216	2

[1] Data for years 1929–45 from the Bureau of Economic Analysis, Commerce Department. Data for years 1946–80 from the Federal Reserve Board Flow of Funds.

[2] Total Federal securities includes public debt securities and budget agency securities.

[3] Per capita debt is calculated by dividing debt figures by population of conterminous United States. Beginning 1949, population includes armed forces overseas, Hawaii and Alaska.

[4] Real GNP is in constant 1972 dollars.

[5] Borrowing from the public equals gross Federal debt less securities held in Government accounts (a unified budget concept).

[6] Borrowing from the public less Federal Reserve holdings.

[7] Measured by all item Consumer Price Index, December to December basis.

[8] Real per capita debt expressed in 1967 prices (i.e., Consumer Price Index for all items).

Source: Federal debt, Treasury Department; other data, Bureau of Economic Analysis, Commerce Department, and Federal Reserve Board (Flow of Funds).

Note: Detail may not add to total because of rounding.

Mr. DOLE. Mr. President, there are no further amendments. I suggest we go to third reading.

Mr. HART addressed the Chair.

The VICE PRESIDENT. Are there further amendments?

Mr. DOLE. I ask for third reading, Mr. President.

The VICE PRESIDENT. If there be no amendments to be offered, the question is on the third reading and passage of the joint resolution.

The joint resolution was ordered to a third reading and was read the third time.

Mr. BAKER. Mr. President, we have had third reading. We are about to have passage. Let me urge all Senators to stay, however, and not vote and leave. There are other matters that have to be attended to, perhaps in connection with this bill, perhaps on another debt limit bill, and perhaps on another matter that has to be disposed of as well. I urge Senators to stay. It is my hope and expectations that we will not be long delayed. But please do not vote and then leave.

The VICE PRESIDENT. The joint resolution having been read the third time, the question is, Shall the resolution pass?

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The VICE PRESIDENT. The question is, Shall the joint resolution pass? The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask that the clerk announce the votes of Senators after they have voted.

Mr. STEVENS. I announce that the Senator from South Carolina (Mr. THURMOND) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Montana (Mr. MELCHER) is necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr MELCHER) would vote "nay."

Mr. RANDOLPH. Mr. President, the Senate is not in order.

The VICE PRESIDENT. The Senate will be in order.

Senators will take their seats.

Mr. BAKER. Regular order, Mr. President.

The VICE PRESIDENT. Are there any other Senators wishing to vote?

The result was announced—yeas 64, nays 34, as follows:

[Rollcall Vote No. 298 Leg.]

YEAS—64

Abdnor
Andrews
Baker
Bentsen
Biden
Boschwitz
Bradley
Burdick
Chafee
Cochran
Cohen
Cranston
D'Amato
Danforth
Denton
Dodd
Dole
Domenici
Durenberger
Eagleton
East
Garn
Goldwater
Gorton
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Helms
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Kennedy
Laxalt
Levin
Long
Lugar
Mathias
Matsunaga
McClure
Murkowski
Packwood
Pell
Percy
Pressler
Quayle
Roth
Rudman
Sarbanes
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Tower
Tsongas
Wallop
Warner
Weicker

NAYS—34

Armstrong
Baucus
Boren
Bumpers
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
DeConcini
Dixon
Exon
Ford
Glenn
Grassley
Hart
Heflin
Hollings
Huddleston
Humphrey
Leahy
Mattingly
Metzenbaum
Mitchell
Moynihan
Nickles
Nunn
Proxmire
Pryor
Randolph
Riegle
Sasser
Symms
Williams
Zorinsky

NOT VOTING—2

Melcher
Thurmond

So the joint resolution (H.J. Res. 265) was passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, if I may have the attention of the Senate for a moment, and especially the minority leader, there are two other items that might be disposed of tonight and I, frankly, would like to have the judgment of the minority leader in this respect. One is the so-called Bolling bill, a House-passed measure which is on the calendar at this time dealing with the restoration of minimum benefits for social security and authorizing interfund borrowing and certain other purposes.

I am prepared to ask the Senate to proceed to the consideration of that item, either tonight or tomorrow or at some other convenient time.

I may say, parenthetically, that I intend to support that measure, as amended by the amendments adopted by the Senate Finance Committee by a vote of 20 to 0.

The second item is House Joint Resolution 266, which is the 1-day debt limit, which must be done today, as I understand it, otherwise the Treasury will be out just under $5 million, about $4.6 million. This is to authorize tomorrow the issuance of obligations in order to make the semiannual, I think it is, contribution by the Treasury to the civil service retirement fund. Unless we go ahead and authorize that tonight, it will not be possible to sell those securities and make that contribution and the civil service retirement fund will be out that amount of money.

I yield to the minority leader, if he wishes to speak on any of these subjects, and then I can better advise the Senate on our further course of action for this evening.

Mr. DOLE. Mr. President, will the Senator yield to me so that I might just comment briefly on House Joint Resolution 266 before the minority leader responds?

Mr. BAKER. Yes.

Mr. DOLE. Mr. President, I might say I have discussed this with a number of members of the Finance Committee. Even though we passed the debt ceiling increase that takes effect October 1, unless we do this little bookkeeping transaction the Treasury Department will be precluded from issuing approximately $13 billion in securities to the civil service retirement trust fund. If this issue is delayed, the trust fund would lose about $4.5 mllion, which would be just for 1 day; there is only 1 day involved.

It seems to me that it is $4.5 million lost to the civil service retirement fund. I know of no objection to this in the Senate Finance Committee. I know of no reason it could not be passed on a voice vote. We have had extensive debate on the big debt ceiling increase. I would plead with my colleagues to let us bring this up and pass it on a voice vote.

Mr. BAKER. Mr. President, I would be perfectly happy to have a voice vote. Indeed, I see no earthly reason to have a rollcall vote on this measure.

Mr. ROBERT C. BYRD. Mr. President, if we can have a voice vote on this and go home, I would suggest we clear this bill. But, as to the other one, there may be some amendments and we would like to get to that tomorrow.

Mr. BAKER. Mr. President, I am agreeable to that.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House Joint Resolution 266, and with respect to that measure that third reading of the committee substitute which the Senate has heretofore agreed to be vitiated.

The PRESIDING OFFICER (Mr. SCHMITT). Is there objection? Without objection, it is so ordered.

The clerk will state the joint resolution by title.

The legislative clerk read as follows:

A joint resolution (H.J. Res. 266) to provide for a temporary increase in the public debt limit.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. There will be no more rollcall votes tonight.

The PRESIDING OFFICER. Without objection, the reported committee amendment is not agreed to.

Mr. DOLE. Mr. President, House Joint Resolution 266 as it passed the House would raise the debt ceiling from $985 to $999.8 billion through September 30, 1981.

Action on House Joint Resolution 266 is still needed, even if we pass H.R. 265 which increases the debt limit to $1,079.8 billion effective October 1, 1981.

The Treasury Department estimates that we will bump up against the existing $985 billion debt limit on September 30, 1981, the day before the new debt limit would take effect.

Unless the debt limit is increased for September 30, the Treasury Department would be precluded from issuing approximately $13 billion in securities to the civil service retirement trust fund. If this issue is delayed, the trust fund would lose about $4.5 million per day—$350.000 per $1 billion of uninvested funds.

The PRESIDING OFFICER. The question is on the third reading and passage of the joint resolution.

There being no objection, the joint resolution (H.J. Res. 266) was ordered to a third reading, was read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE 100TH ANNIVERSARY OF LUDWIG VON MISES

Mr. SYMMS. Mr. President, today marks the 100th anniversary of Ludwig Von Mises, who was one of the greatest economists of the 20th century.

Ludwig Von Mises was a student of the Austrian school which studies not only the economic effects of economic policy but the social effects that policy had on society as well.

We, in the Congress, would do well to read Mr. Von Mises' writings because I believe his thoughts would shed a clearer light on what we are doing here today.

Although I never met Dr. Von Mises, I had the pleasure of meeting his wife—he was a great student and teacher of liberty.

An article written by Tom Bethell will appear in the October 2, 1981. issue of National Review commemorating this anniversary. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

1881–1973—LUDWIG VON MISES: A CENTENARY

(By Tom Bethell)

Ludwig von Mises, the one-hundredth anniversary of whose birth we celebrate on September 29, is a name still only vaguely familiar to a good many U.S. policymakers, journalists, and students of public affairs. Nevertheless he may well have been the greatest twentieth century economist—the leading exponent of the Austrian School founded by Karl Menger and Eugen Böhm von Bawerk (his teachers), and in turn the teacher of Friedrich von Hayek, Eric Voegélin, Fritz Machlup, and Henry Hazlitt, among many.

Born in Lemberg (then a part of the Austro-Hungarian Empire), Mises studied and taught (as an unsalaried lecturer) at the University of Vienna. He then took a position at the Vienna Chamber of Commerce, where he conducted an informal seminar attended by Voegelin and Hayek. "Living through one world war, on the side of the defeated," Hazlitt has written, "frustrated by the intellectual decline in Austria after the war, Mises lived to see the rise of Hitler. Driven from Vienna by the threat of a Nazi takeover, he spent six comparatively happy years as a professor at the Graduate Institute of International Studies at Geneva."

"The spirit of genuine liberalism flourished in this unique institution," Mises later wrote. "But all around us the barbarian flood was rising and we all knew we were fighting with nothing but forlorn hope." On August 2, 1940, Mises and his wife, Margit, arrived in New Jersey. Five years later he was appointed visiting professor at the Graduate School of Business Administration at New York University.

Then began the second prominent seminar in Mises's life. this one lasting until 1969, by which time he was 88 year old. Mises was "often treated as a second-class citizen by the university authorities, remote from prestigious academic centers, and surrounded largely by time-serving uncomprehending majors in accounting or business finance," Murray Rothbard, one of his students. has written. But still, Mises also instructed a younger generation of economists, some of whom are teaching in American universities today.

In 1947, Mises joined the staff of the Foundation for Economic Education (publisher of *The Freeman*), founded by Leonard Read, and in this decade wrote, among other works, *Omnipotent Government*, *Bureaucracy*, and *Planned Chaos*. His magnum opus, *Human Action*, was published by Yale University Press in 1949, but its second edition 15 years later was marred by an atrocious array of misprints, omissions, and transposed pages. A respectable edition was later published by Henry Regnery, in 1966.

Von Mises died in New York in 1973, aged 92. His voice, although influential, still seems to be almost inaudible in the babel of aggregates, equilibria, and mathematics that is modern economics. His name is not mentioned in *Economics: Private and Public Choice*, by Gwartney and Stroup, perhaps the best of the contemporary mainstream textbooks, and is relegated to a single footnote in Paul Samuelson's *Economics*.

In the course of his *Notes and Recollections*, written shortly after his arrival in America, von Mises wrote his own somber epitaph—perhaps his most famous passage:

"Occasionally I entertained the hope that my writings would bear practical fruit and show the way for policy. Constantly I have been looking for evidence of a change in ideology. But I have never allowed myself to be deceived. I have come to realize that my theories explain the degeneration of a great civilization: they do not prevent it. I set out to be a reformer, but only became the historian of decline."

All his life Mises reasoned that *agreement* both materially and morally improved mankind. But the Miseasian remedy—voluntary exchange, free prices, limited government—was no match for the terrible plague of socialism that spread across the world in the course of his lifetime. The ideas of liberty and voluntarism that he espoused, ideas that one might imagine would have some appeal for university professors and intellectuals in an age of supposed enlightenment, to this day have remained partially concealed in the shadows of command and coercion—ideas that are far more appealing to the intelligentsia. Why this should be remains perhaps the greatest intellectual conundrum of our era.

The date of von Mises' birth almost bisects the interval between the arrivals on earth of Lenin and Hitler, exponents of variant forms (Marxism and National Socialism) of a totalitarian ideology which has been fanatically expounded, ardently embraced, and murderously enforced in our time. The mild von Mises—courtly gentleman, professor of the old school—was no match for these zealots; his antidote less appealing than their poison.

It is worth reviewing one Misesian contribution because it is of such abiding importance and yet is so little understood. As early as 1920—long before the evidence from the Soviet Union was available—Mises argued that socialism as originally conceived could only work in the most crude, approximate, and inefficient manner. Early Marxists wanted to do away with money entirely and institute a central planning authority which would allocate raw materials to factories, and then allocate the finished goods to consumers—by command rather than by price.

Mises saw that this could never work, because prices incorporate far more information, and more up-to-date information, than can ever possibly be at the disposal of the central planners. The amount of lumber that a factory manager orders depends on its price, just as the amount the lumberjack provides also depends on its price. Prices convey information to users about relative scarcity, and so ensure that resources are channeled to their most highly valued uses (in the same way that an item sold at auction goes to the highest bidder). Prices also perform the signal feat of equalizing supply and demand. When prices are established by law, then supply and demand get out of balance, and bureaucracies are needed to bend them back together again. Meanwhile there are queues, as we found when market pricing of gasoline was forbidden by the U.S. Government in the 1970s.

Mises's argument about prices was allegedly refuted by Oskar Lange and Fred Taylor, and one or two other socialist economists, who argued that central planners could arrive at the appropriate prices by "trial and error." In fact it is not possible to do this, as Thomas Sowell points out in Knowledge and Decisions, because the information at the disposal of the central planners is always out of date, whereas prices instantly incorporate information about supply and demand.

Moreover, as Paul Craig Roberts pointed out in Marx's Theory of Exchange, Alienation, and Crisis, the original socialist idea was to do away with prices altogether. If the socialist concedes that he must "simulate" them, then why not restore actual market pricing and abolish the central planning authority? The problem with the planned economy, says Roberts, rephrasing Mises' original point, is that it is not possible to make something in a factory and be sure that the thing made is worth more than its component parts. Prices tell us that; and if they still don't get the message across, then the quarterly balance sheet certainly will.

Governments themselves may be defined as institutions whose outputs have less value than their inputs. But here one begins to branch off into Mises' ideas about bureaucracy—the hopeless task of trying to reassemble information and authority at the center once it has been outlawed at the periphery (i.e., in the country at large). Bureaucrats fail not because they are lazy or incompetent but because they are unequal to the massive task of "commanding" an economy. Prices could allocate gasoline, but twenty thousand DOE bureaucrats could not. The Soviet economy functions to the extent that it does, despite being centrally planned, because its planners "mimic" Western prices; but these ersatz prices also tend to be ineffective because they do not reflect local supply and demand conditions.

Mises' point about prices and socialism is still terribly important, because what, after all, are we quarreling with the Soviets about if not this? It would be so much easier in many ways to lay down our arms and concede that they are basically a peaceloving lot. Those who believe in central planning may indeed think in just this way.

But we should not forget that banning genuine prices from a nation means declaring voluntary transactions between consenting adults to be illegal. If such a law is to be enforced then a huge new police force must be created—in effect an army. (It is obvious, of course, that the central-planning model is at bottom a military vision of society.) Why must this be done if the result is inefficient to boot? Coercion, corruption, and militarization may perhaps be justified if the overall efficiency of production is thereby increased; but if it is decreased, then such enslavement looks singularly pointless—as indeed the Soviet Union looks today.

It tells us something about the covertly authoritarian (totalitarian?) tendencies of academia that Oskar Lange et al. were widely assumed to have carried the day in the aforementioned debate with Mises. The professors wanted socialism, in America as elsewhere, and they weren't about to let a little obstacle called von Mises prevent them from finding it to be the better system.

Hayek later came to Mises's rescue with a new and crushing reply to the central planners: a central plan can only be implemented, he pointed out, if individuals are prevented from implementing their own plans. Thus central planning puts a government at war with its citizens—a two-sentence synopsis of *The Road to Serfdom*. But was anyone listening even then? The grandiose, moral-sounding promises of socialism (justice, equality) always managed to drown out such civil appeals to reason in Mises's lifetime.

How about now? Is the situation any better today? One must be on one's guard against undue optimism, as Mises always was. The totalitarians of the Left never give up, it is now clear, and seem to be gathering strength in Western Europe at present (although declining in Eastern Europe). Nevertheless, there are signs of hope. Serious academic attempts to justify socialism seem to be on the decline at last, after a period of supremacy almost exactly corresponding to Mises's lifetime.

In addition, the new supply-side movement in economics, which incorporates many ideas from von Mises and the Austrian School generally, seems to be imbued with a measure of that zeal and passion which enabled the socialists to win so many earlier battles and without which no ideas ever prevail.

At the end of My Years with Ludwig von Mises Margit von Mises writes: "If I myself could realize one special dream, it would be that every President of the United States should get for his inauguration a complete set of Lu's books, destined for the Oval Office in the White House." Well, her dream has partly been realized, because the current occupant of the Oval Office, at least, has long been a devoted reader of her husband's books. At NR's twentieth anniversary dinner, held just five years before he was elected President, Ronald Reagan came up to Margit von Mises's table and said: "Mrs. von Mises, I am honored to meet you. You don't know how often I consult the books of your husband before I make a speech."

Von Mises was not an optimistic man, but even he might have been encouraged if he had heard those words, and then later had a chance to meet the man who spoke them in the office that he occupies today.

PUBLIC SUPPORT FOR PRESIDENT REAGAN'S DEFENSE PROGRAM

Mr. THURMOND. Mr. President, a recent public opinion poll conducted for the Washington Post newspaper and ABC News has found that over 70 percent of those polled believe President Reagan's defense program is about right or not enough.

Although the news poll did not highlight this finding it is strong evidence that the American public supports restoring U.S. military power even in the face of additional Government cutbacks and a weak economy.

Mr. President, this finding clearly disputes those who contend that public support for the Reagan defense program is softening. While our economy has slowed in the past 6 months, the military threat has not changed and the requirement for a stronger defense position is as clear today as it was 6 months or 1 year ago.

Mr. President, I ask unanimous consent that the article entitled, "Budget

Cuts Too Severe, Public Says" which appeared in the September 23, 1981 issue of the Washington Post, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Budget Cuts Too Severe, Public Says

(By Barry Sussman)

Americans are showing dramatic shifts in their perceptions of President Reagan, with a majority tending to view the president as siding with the wealthy and being far more sympathetic to big business than to labor, according to the findings of a new Washington Post-ABC News public opinion poll.

Furthermore, at a moment when the Reagan administration is sounding a call for further reductions in social programs, the public is moving in the opposite direction, with a strong plurality saying that Reagan is going too far in his plans for such cuts.

Overall, Reagan remains personally popular, but he and his economic programs are subject to a skeptical appraisal that did not exist just a few months ago. He is losing support among older Americans and among many Democrats who had backed him earlier. Black Americans, always strongly opposed to Reagan, are almost unanimous in their disapproval.

Instead of being optimistic about the nation's economy now that Reagan's tax and domestic spending cuts are in place, most Americans are decidedly pessimistic. Only one in eight among those polled says he feels that the economy is getting better. The rest are evenly split between those who say it is worsening and those who say it is staying about the same.

The glow seems to be fading in other ways as well. Where some Republican leaders have been citing poll findings as evidence that the GOP is becoming the majority party, the new Post-ABC News poll shows affiliation with the Republican Party to be declining slightly in recent months, and affiliation with the Democrats increasing.

In one vital current issue, military spending, the public continues to support Reagan strongly, according to the poll. Asked whether Reagan is going too far in his plans to increase military spending, not far enough, or whether his planned increases are just about right, 52 percent say his proposed increases are just about right. Another 19 percent say he isn't going far enough, and only 23 percent say the proposed increases are too large.

A total of 1,501 adults were interviewed in the new poll, which was taken by telephone from Sept. 14 to Sept. 20. A number of the questions were the same as ones the Post and ABC News have been asking since Reagan took office, so clear trends may be noted.

For example, when Reagan announced plans for a 30 percent across the board tax cut and spending cuts of some $40 billion in February, this question was asked: "Overall, would you say Reagan cares more about serving poor and lower income people, middle income people, upper income people . . . or would you say he cares equally about serving all people?"

At that time, 23 percent said Reagan cared more about upper income people, and 64 percent said he cared equally about serving all the people. In April, when the same question was asked, 29 percent said he cared more about upper income people and 58 percent said he cared equally for all the people.

Reagan won almost all he asked for from Congress, with a three-year, across-the-board tax cut of 25 percent and budget cuts totaling about $40 billion. But with that political victory, he also apparently altered perceptions of himself. In the new poll there is a striking shift: today 52 percent say Reagan cares more about serving upper income people and 35 percent say he cares equally about serving all people.

Along the same line, the Post-ABC News poll contained this question, which had not been asked previously: "If you had to choose, would you say Reagan is more sympathetic to big business or to labor in the United States?" A total of 78 percent say "big business," 12 percent say "labor," and 10 percent express no opinion.

On Thursday night the president is to address the nation on television. He is expected to outline a request for further budget cuts and appeal to the public for support. As he does, he will be speaking to a citizenry that may not be as receptive to such cuts as it was in the spring and summer, according to the poll's findings.

Question: "Some people say that Reagan is going too far in his plan to cut back or eliminate government social programs; others say his proposed cuts are just right, and still others say he is not going far enough. How closest to your own?"

In April, when Post-ABC News interviewers first asked that question, the public tended to side with Reagan's cuts. Forty-two percent said the cuts were just right, 33 percent said the president was going too far, and 18 percent said he wasn't going far enough.

The new poll, taken just as many of those cuts are about to take effect, shows a sharp reversal. Forty-seven percent say Reagan is going too far in cutting social programs, 30 percent say the cuts are about right and 19 percent say the president isn't going far enough.

Overall, 61 percent of those interviewed say they approve of the way Reagan is handling his job as president, a figure that has been just about constant since March, with the exception of a sharp burst of approval following the assassination attempt against him at the end of that month.

At the same time, however, the new poll shows fewer people saying they are undecided about Reagan and more saying they disapprove than at any time since his election. In all, 34 percent give Reagan a negative job rating, a six-point increase since July.

At the onset of his term, Reagan's strongest supporters were older people. Beginning in May, however, when he announced plans for cuts in the Social Security program, successive polls have shown that support eroding. In February, people 61 and older said they approved of his handling the presidency by a 71 to 12 ratio. Now the figures are 51 to 39.

Blacks, on the other hand, expressed disapproval from the beginning. In February, he received negative ratings from blacks by a two-to-one margin. Today that figure has jumped to five to one.

The poll strongly suggests that the new discontent is tied to concern over the economy. Reagan has maintained that it is too soon for sharp change to have occurred. But the public, at least according to the poll, hasn't noticed any change for the better, either in the national economy or in their own finances, or in the overall employment picture.

If anything, the public appears slightly more pessimistic now on all three counts than it has recently, according to the poll. There is a marginal increase in the number saying the economy is not getting better, in those saying they have trouble paying their own monthly bills, and in the number thinking that next year won't be any better for themselves than this year has been.

On employment, Reagan was given a somewhat positive rating in April, when 38 percent told Post-ABC News interviewers that they approved his handling of that problem and 29 percent said they disapproved.

That rating has also switched: now it is 40 percent approve and 44 percent disapprove. As might be expected, that shift is most pronounced among less-educated Americans, the ones who are usually most affected by problems in the job market.

AWACS SALES TO SAUDI ARABIA

Mr. THURMOND. Mr. President, the Reagan administration proposal to sell five airborne warning and control systems (AWACS) and other military equipment to Saudi Arabia has recently been in the forefront of the news. Much time has been devoted to the study of this proposal, and much debate has taken place to determine whether the United States should carry out this particular transaction.

On September 17, 1981, I announced support of the AWACS sale to Saudi Arabia primarily because this transaction is vital to the national security interest of the United States, to the defense of Saudi Arabia, and to the security of Israel. In addition to enhancing our friendship with this strategic supplier of oil, America will at the same time protect Israel because it can exercise some control over this defensive system. The sale will also serve as a deterrent to Soviet expansion in the Middle East by providing a precise monitoring system to warn the Saudis of any Soviet aggressive action.

An editorial in the September 15, 1981, edition of the Augusta (Ga.) Chronicle, the South's oldest newspaper, expresses some of my views concerning the sale of AWACS to Saudi Arabia, to assure Israel that these planes will not be used offensively, and to keep the Soviets in constant check.

Mr. President, in order to share this timely article with my colleagues, I ask unanimous consent that the editorial appear in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

"ISRAEL'S SIGN"

No one seems willing to admit it openly, but the recently announced broadening of military cooperation between the United States and Israel appears to be bound tightly to Israel acceptance of the Reagan administration's proposal to sell controversial military gear to the Saudi Arabians.

Israel is hungry for a sign that America is not easing away from her longtime commitment to the Jewish state. Certainly the ties that bind our two nations are too emotional, and at the same time too practical, for any relaxation to be considered.

Nevertheless, Israel is a nation of Nervous Nellies—quite understandably. It is surrounded by enemies, and every time the United States moves to strengthen ties with one of those enemies, Israelis go into fits. They send lobbyists to the White House or Capitol Hill to hinder the improvement of U.S. relations with any Middle Eastern country but Israel.

This time it is Saudi Arabia that is the recipient of U.S. attention. The five sophisticated airborne warning and control planes (AWACS) that Mr. Reagan wants to sell to the Saudis—which they can operate only with U.S. technical assistance—will strengthen vigilance against the sinister Soviets and the insane Iranians. Israel, though, fearing the Saudis intend to use the planes against its forces, wants to block the sale.

Saudi Arabia in the last few months has been toning down some of its anti-Israel rhetoric. It is important for Israel to remember that Saudi Arabia, like the U.S., must balance one set of allies (other Arab nations) with another (the West, and particularly the United States). The Saudis in the past have vocalized loudly about pushing Israel into the sea, and to a great extent this has been because its Arab allies expect it to do so.

The Saudis also would like to remain politically free, and, not incidentally, free to sell oil to the West. That is an activity the Soviet Union would like to be able to influence. However, only those with great access to what the ruling House of Saud really thinks know whether Saudi Arabia's leaders are swayed more by strategic practicality or religious zeal.

The Israeli government of Menachem Begin acts as if it believes religious zeal is the only key to understanding all Saudi actions, and it is unlikely that anything the Saudis do or say will convince it otherwise. Therefore, if the U.S. government wants to sell AWACS to the Saudis, it is going to have to soothe feelings in Jerusalem—and an excellent starting point is to provide assurances that America will not permit these planes to be used against Israel.

That, in addition to its obvious strategic value, is the import of the plan to increase U.S.-Israeli military cooperation. Now, if Israel will call off its lobbyists and let the U.S. Congress authorize the AWACS sale to Saudi Arabia, all nations in the Middle East can resume their vigil to the north and elsewhere with the increased assurance that a set of electronic eyes-in-the-sky should provide.

GENERAL FEDERATION OF WOMEN'S CLUBS DISTINGUISHED VOLUNTEER AWARD PROGRAM

Mr. THURMOND. Mr. President, today I wish to take just a moment of the Senate's time to commend the General Federation of Women's Clubs for the outstanding work they do throughout the country in promoting free enterprise, close family ties, and volunteerism.

For those who are not familiar with this organization, the GFWC was organized in 1889, and today, with its 10 million members, it is the largest and oldest nondenominational, nonpartisan, international services organization of volunteer women in the world. The GFWC has members in 46 countries, including 600,000 in the United States.

Recently, the GFWC gave national recognition to five adults and two teenagers who, because of their extraordinary individual contributions of time and effort to the American way of life, were designated "distinguished volunteers." The five adult winners were Mrs. Sid Kline, of Lakewood, Colo.; Mrs. Jane LeDain, of Knoxville, Tenn.; Mrs. Faye Moore, of Lilburn, Ga.; Mrs. Cynthia Vlasaty Smith, of Manchester, N.H.; and Mrs. Ann Taylor, of Aiken, S.C. The two teenage winners were Karen Coble, of Vanzant, Mo., and Brigitte Sandoval, of Carrizozo, N. Mex. Each of these individuals was honored here in our Nation's Capital in various ceremonies, including a ceremony at the White House hosted by Mrs. Reagan in which each winner received a Steuben Crystal Eagle from the First Lady.

Mr. President, I would like to congratulate and commend all of these outstanding ladies for the selfless contributions they have made to their respective communities. In particular, I would like to pay tribute to Mrs. Ann Taylor of my home State and hometown, Aiken, S.C. Mrs. Taylor has distinguished herself as a professional nurse, as a devoted family person, and as a community-minded citizen and leader. Americans can take pride in her accomplishments and strive to emulate her enthusiasm, character, and her charitable giving of time and talent to a number of worthwhile causes, especially that of retarded and handicapped citizens.

Mr. President, I ask unanimous consent that a GEWC-prepared press release highlighting some of Mrs. Taylor's outstanding accomplishments and contributions be printed in the RECORD.

There being no objection, the press release was ordered to be printed in the RECORD, as follows:

GEWC DISTINGUISHED VOLUNTEER AWARD WINNER: ANN TAYLOR

Ann Taylor of Aiken, S.C., winner of a General Federation of Women's Clubs Distinguished Volunteer Award, was a career woman who found time for volunteering because she learned it enriched her life.

A registered nurse working for a doctor, she discovered many mothers had no place during the day to leave their children for a few hours to do errands or volunteer work except costly in-home babysitters.

So she opened a day care center in her home. Its popularity soared. Additions were made to the house until, aided by a staff of eight or ten, she was caring for up to 100 children a day.

After 15 years, she discontinued the center but opened a pre-kindergarten program in her home for another five years. She closed that two years ago.

It was the parents of handicapped children asking if their youngsters could attend her day care center that started Mrs. Taylor thinking about children with physical and psychological developmental disabilities.

Through the Aiken Business and Professional Women's Club where she then was civic participation chairman and with the county's Association for Retarded Citizens, she volunteered to help found Aiken's first facility and program for retarded children.

Next came a support and educational program for parents of the retarded. She has been president of the Aiken Association for Retarded Citizens and president of the South Carolina Association for Retarded Citizens which in 1979 named her its outstanding volunteer.

Five years ago, the local Business and Professional Women's Club cited her its outstanding Aiken County Career Woman.

Mrs. Taylor now is part-time executive director for the Aiken County Commission for the Handicapped. She continues to volunteer her nursing skills helping the Red Cross with Bloodmobile projects. She was local Crusade Chairman for the American Cancer Society.

She currently serves on the American Cancer Society's South Carolina public education committee pushing anti-smoking programs in schools, film showings for students and adults, and cancer detection tests for workers at local plants and mills.

Mrs. Taylor was nominated for the national Distinguished Volunteer Award competition by the GEWC Aiken Junior Woman's Club even though she is not a GEWC member. A widow, she has a son and a daughter and six grandchildren.

ADMIRAL HYMAN RICKOVER

Mr. THURMOND. Mr. President, an excellent article in the superior military service of Adm. Hyman Rickover has been published in the October 1981, issue of Armed Forces Journal International.

This article, written by former Acting Navy Secretary James Woolsey, captures the spirit of the admiral in a way that argues in support of his reappointment.

Admiral Rickover is the father of our nuclear navy. Its role in maintaining U.S. strength on the high seas is a matter of record. We should avail ourselves of his leadership as long as it is available.

Mr. President, I ask unanimous consent that this column be printed in the RECORD.

There being no objection the column was ordered to be printed in the RECORD, as follows:

RICKOVER'S LENGTHENING SHADOW

(By R. James Woolsey)

One of this century's unique figures is about to be in the news again. By February of even-numbered years, since time out of mind, the Secretary of the Navy has had to decide whether to extend Admiral Hyman G. Rickover's active duty for yet another two years. The current Secretary, John Lehman, can expect at least as much advice on this pending decision as countless of his predecessors—from such random quarters as the odd congressional committee chairman, passers-by on the street, and other casually interested folks, such as, say, the President. The decision is usually made by the preceding summer or the fall, so the papers are probably in Secretary Lehman's in-box by now—sitting there staring at him. (I have the timing and mechanics of this process pretty well in mind. I signed the last Rickover extension, as Acting Secretary, in the fall of 1979.)

The object of this biennial attention is not only Washington's ultimate survivor, he is—more importantly—one of its perennial winners. The two traits are not unrelated. As the years have rolled on he has come to know more and more about the business of building and operating nuclear-powered ships. He and his staff have such a combination of institutional memory and expertise, especially compared to the civilians who come and go from the Defense Department, that they win a good many more than they lose. He has both survived because he wins and won because he has survived.

For many years he has played the Hill the way Casals played the cello, but many of his strongest congressional supporters—Pastore, Rivers, Hebert—are no longer around. And he is not the darling of the new military reform movement.

Rickover's influence, in the Navy and in the country, has spread light-years beyond the construction of naval nuclear reactors. Seeing the need for better-educated officers and enlisted men to run his power plants, for example, he has become a major force in education at the Naval Academy and in the NROTC program. His "why-not-the-best" standards about nuclear ship propulsion have affected the rest of the Navy as well, to the point that generations of nonnuclear officers have gnashed their teeth, and worse, at having to go to a special school on conventional propulsion before assuming their sea-going commands. Many of them argue strongly that the time would better be spent on tactics and other subjects.

Rickover is the scourge of the conglomerate builders of nuclear-powered warships, insisting on maintaining a whip hand over his projects that leaves very little room for their corporate notions of profit, and none for the Washington lawyers who handle their claims against the Government. (He scorns the latter breed even more, if that is possible, than he does whiz kid systems analysts.) "I treat the Government's money as if it were my own," he is fond of saying. There are several corporate board rooms where they must wonder if Hyman Rickover has ever spent a nickel on himself. His offices, by the way, have always been intentionally dilapidated—"every penny goes for nuclear power."

In the strength of his no-nonsense personality, in the indomitability of his will, and in his—well—prickliness, Rickover resembles only a few modern figures. To me the closest parallels are Charles DeGaulle and Menachem Begin. These sorts of men simply have a greater specific gravity than the rest of mankind. They distort the force fields around them, bending more of the world to their wills than seems possible or reasonable, especially to those who get bent. Such men can be infuriating to deal with, even for statesmen—recall Churchill's saying that the greatest cross he had to bear was the Cross of Lorraine. And when such people are wrong their mistakes can be as lasting as their triumphs.

But the DeGaulles, the Begins, and the Rickovers are the people whose impacts reach far beyond, and last long after, their own lives. You disagree with the Kindly Old Gentleman, as he is sometimes dubbed in the Pentagon, about the proper size for aircraft carriers, or any of a number of other subjects? You are one of those unfortunates who has had a major (or even minor) set-to with him and—remember feeling as if you had gone 12 rounds with Ali? I understand, believe me.

Still, keep a few things in mind: there is no Soviet skipper, anywhere in the world, who sleeps soundly in his sea cabin. He can never be sure that he isn't in the cross hairs of the periscope of one of Rickover's marvelous, quiet black attack boats. And, as we fuss with the M-X and the agonizing hard problem of fixing the vulnerability of our ICBMs, we have some breathing space—because some more of Rickover's products, carrying their Poseidon and Trident missiles, slip silently on patrol somewhere beneath the Atlantic and Pacific. His ships are commanded and operated by some of the most extraordinarily able and professional men you will ever meet. Their standards, and those of many of their colleagues in other parts of the Navy, have been shaped directly and indirectly by Rickover's will and perfectionism. (One would wish that his influence in the civilian nuclear power industry, had been greater—Rickover-trained people don't turn the wrong valves the way they did at Three-Mile Island.) Yes, his standards are so high that there are only two-thirds as many such nuclear-trained officers as we need, and the ships are so expensive that we can't afford nearly enough of them. But unlike much in our modern society, and much in our military establishment, they work, and they work safely and superbly. Could we do better—say, have more ships and crews—by cutting some of Rickover's perfectly square corners? Maybe, but the rest of us can second-guess the nuclear Navy with a lot less effort than it took him to build it—the institution that is his lengthened shadow.

So join the watch to see whether John Lehman signs those papers or not. But while you're wondering whether Rickover will retire this winter or will be sitting there in his office, growling into his telephone, in the 21st century—and whatever your preference in the matter—undertake an instructive little intellectual exercise: try to think of another living American to whom you owe more.

AMTRAK

Mr. CANNON. Mr. President, I have just received most distressing news calling into question the future of our national rail passenger system, which I have worked so hard to maintain.

I understand that the administration is proposing $373 million in funding for Amtrak, which when combined with $166 million in advance appropriations, amounts to $539 million for Amtrak's expenses during fiscal year 1982. This figure represents a significant reduction from the $735 million, which Congress recently approved during the reconciliation process. This reduction would spell doom to our national rail passenger network and important rail service in the West.

Since the beginning of this year, I have strongly opposed any funding levels which would have had a detrimental effect on the maintenance of a national rail passenger system. Throughout Senate Commerce Committee deliberations and consideration by the full Senate and Congress, I fought hard to insure the retention of rail service responsive to the transportation needs of my constituents and those across the country. Early in the Commerce Committee deliberations, I filed dissenting views which raised serious questions about the soundness of a reduced funding level for Amtrak and its devastating impact on our national system. I must once again raise these same concerns, which should be shared by all, about the latest administration proposals.

I once again reiterate my commitment to a sound rail passenger system, which I believe the recently approved $735 million insures. I will continue to oppose any efforts to reduce this level and thus to erode essential rail service to the West.

INTERNATIONAL LAW AS A FOUNDATION

Mr. PROXMIRE. Mr. President, over 50 years ago the U.S. Senate ratified the Kellogg-Briand Pact, in a noble, effort to outlaw war once and for all.

Some historians have scoffed at the Kellogg-Briand Pact as a symbol of the naive idealism that may have helped contribute to the beginning of World War II. And yet, Mr. President, the Kellogg-Briand Pact was the culmination of the first great round of multilateral agreements in the early part of this century—like the League of Nations, the Washington Naval Conference, and the Geneva accords—that helped to keep the spirit of peace alive for years after the "war to end all wars."

More importantly, such agreements strove to build a spirit of international consensus and to establish law and mutual agreement as the cornerstone of affairs of state. Looking to the spirit of those years, diplomats after World War II tried to rebuild the shattered foundations of the international community.

At Dumbarton Oaks here in Washington, in San Francisco, and in New York, these diplomats hammered out agreements based, for the most part, on consensus and voluntary cooperation. In the ensuing years the United States has increasingly come to rely, in our everyday relations with foreign nations, on multilateral and bilateral treaties and agreements founded, not on force or on the threat of force, but on voluntary cooperation.

Yet for almost 35 years we have refused to ratify the United Nations Convention on Genocide, signed by our representative in 1948.

I ask that my colleagues acknowledge the value of the system of international law and cooperation that we have created by agreeing to at long last ratify the Genocide Convention.

THE CENTENNIAL OF THE BIRTH OF LUDWIG VON MISES

Mr. HELMS. Mr. President, as the debate heats up concerning the role of Government in our society, it is helpful to recall some of the lessons that Ludwig von Mises gave us.

Long ago, I read his great book, "Human Action," and found in it some most convincing arguments in behalf of a free society and the essential humaneness of such a society.

Dr. von Mises' work, "The Theory of Money and Credit," outlines the importance of a gold standard and should be required reading for the Governors of the Federal Reserve and the staff of the Treasury.

In a letter to the editor of the Wall Street Journal, January 29, 1981, Mrs. Ludwig von Mises commented on an editorial page article concerning the intellectual fathers of the current administration. She specifically addressed a statement in the article that questioned whether or not President Reagan ever read Ludwig von Mises. Mrs. von Mises said:

> Your readers might be interested to know that I met then-Governor Reagan on November 17, 1975 at the twentieth anniversary party of the National Review. I sat next to his table with Mrs. John Chamberlain and he addressed me the following words, "Mrs. von Mises, I am honored to meet you. You don't know how often I consult the books of your husband before I make a speech." And in the last five years he must have read even more of my husband's books considering that he delivered an address on the Hillsdale campus in the Ludwig von Mises lecture series titled, "Whatever Happened to Free Enterprise." We can only hope and wish that President Reagan will have the opportunity to implement the free market and anti-inflation ideas he long admired in Professor Mises' writing.

Mr. President, we are fortunate to have serving in this body a scholar whose works include a lucid article on Ludwig von Mises.

The distinguished junior Senator from North Carolina and my friend, Dr. JOHN EAST, published "American Conservative Thought: The Impact of Ludwig von Mises" in the fall, 1979 issue of "Modern Age." It seems appropriate to mark today—the 100th birthday of Professor von Mises—with an analysis of some of the contributions he has made.

The lessons outlined in Senator EAST's

article are relevant to our problems today, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AMERICAN CONSERVATIVE THOUGHT: THE IMPACT OF LUDWIG VON MISES

(By John P. East)

Out of an eminent group of economists. Ludwig von Mises and his former student, Friedrich A. von Hayek, have emerged as the key economic theorists of American conservative thought since World War II. Born in Lemberg, Austria in 1881, Mises received a doctor of jurisprudence degree from the University of Vienna in 1906. He held a professorship in the Graduate Institute of International Studies in Geneva, Switzerland from 1934 to 1940. In 1938 he married Margit Sereny-Herzfeld, and in 1940, to escape the growing Nazi menance, they immigrated to the United States where Mises became a citizen. He was a co-founder of the Mont Pelerim Society in 1947, and in America Mises became well known as a frequent lecturer and prolific writer until his death in 1973 at the age of 92. In total, Mises wrote fifteen books or monographs and over two hundred articles. Through his scholarly endeavors, he became known as the "dean" of the Austrian School of Economics. This school was founded by Carl Menger in 1871, and Friedrich von Wiser and Eugen von Bohm-Bawerk were numbered among its preeminent figures. Although there was no "school" in the formal sense, in an age of increasing collectivism, these men shared a commitment to the essentials of classical liberalism.

Mises' major works would include Socialism, Theory and History, Bureaucracy, Omnipotent Government, The Free and Prosperous Commonwealth, The Theory of Money and Credit, Epistemological Problems of Economics, The Ultimate Foundation of Economic Science, A Critique of Interventionism, On the Manipulation of Money and Credit, Planning for Freedom, The Anti-Capitalistic Mentality, Notes and Recollections, and his monumertal work, Human Action, Concerning this latter work, Henry Hazlitt wrote. "If any single book can turn the ideological tide that has been running in recent years so heavily toward statism, socialism, and totalitarianism, Human Action is that book." On another occasion. Hazlitt observed, "He was beyond question the foremost economist of his generation." In his evaluation of Human Action. Henry Regnery offered, "Few would deny that any more profound, complete or persuasive exposition and defense of the free market has been written than Ludwig von Mises Human Action." Beyond Hazlitt and Regnery, there has been a continuing chorus of praise for Mises. For example, George Roche has maintained, "When the history of twentieth century thought is written, Ludwig von Mises will in all probability be recognized as the greatest economist of our age." Israel Kirzner described Mises as "an inspiring teacher and towering scholar and thinker," while Friedrich A. von Hayek depicted him "as the leading interpreter and defender of the free enterprise system." Murry Rothbard probably summarized the matter with his assessment. "If we should truly be on the threshold of a resurrection of the spirit of freedom, then that rebirth will be the crowning monument to the life and the thought of a noble and magnificient man." That man was Ludwig von Mises. In addition to these admirers, Mises inspired a host of intellectual followers, including Hans Sennholz, Wilhelm Rooke, Ludwig Lachmann, Fritz Machlup, Laurence Moss, Gottfried Haberler, William Peterson, Sylvester Petro, Edmund Opitz, and Lenard Read. Even this listing is only partial and suggestive.

Mises described himself as a "liberal"; however, he explained. "The term Liberalism . . . is to be understood in its classical nineteenth-century connotation, not in its present-day American sense, in which it signifies the opposite of everything that it used to signify in the nineteenth-century." "The word 'liberal'," Mises lamented, "means in America today socialist or interventionist." In sum, contemporary American liberalism is "pseudo-liberal"; it is a perversion of true classical liberalism. Moreover, Mises viewed conservatism in its European context, and this gave it a negative connotation in his thinking. From this view, conservatism "advocated a return to monarchical absolutism" and "status privileges for the nobility." "Stagnation" and "rigidity" were the fruits of conservatism, and Mises concluded, "It is opposed to new ideas and to any spontaneity on the part of the subject." Of course, American conservative thought in the post-World War II era was not of that strain of conservatism; rather, it drew a portion of its intellectual sustenance, particularly on economic matters, from classical liberalism, and therein lay the appeal of Ludwig von Mises to American conservatives.

II

From the vantage point of Mises' liberalism, "The key stone of Western civilization is the sphere of spontaneous action it secures to the individual." Mises' concern for individualism goes decidedly beyond a general interest in the meanderings of the masses of individual men. He is enamoured with that rare figure emerging out of the mass of mankind; he is fascinated with "the creative genuine" or "the pioneer." What is the nature of "the pioneering genius"? "Leaders . . . are not pioneers. They guide people along the tracks pioneers have laid. The pioneer clears a road through land hitherto inaccessible and may not care whether or not anybody wants to go the new way. The leader directs people toward the goal they want to reach."

Throughout his work, Mises repeatedly maintained he was not proposing a theoretical position placing the individual in opposition to society. To the contrary, he asserted, "[T]he higher fulfillment of the individual's life is possible only in and through society." Indeed, "In cooperating with their fellows, individuals do not divest themselves of their individuality." Rather, they enhance it:

"There is in the long run no irreconcilable conflict between the rightly understood selfish interests of the individuals and those of society. Society is not a Moloch to whom man has to sacrifice his own personality. It is, on the contrary, for every individual the foremost tool for the attainment of well-being and happiness. It is man's most appropriate weapon in his struggle for survival and improvement. It is not an end, but a means, the most eminent means for the attainment of all human desires."

Thus, according to Mises, Hobbes erred in contending that the natural state of man in society was a dire condition of "the war of all against all." As conceived by Mises, the individualism of liberalism does not lead to autarky, isolation, and perpetual hostility; instead, it points to "division of labor," "social cooperation," "harmony of interests," high levels of productivity, and ultimately to the building of superior civilizations. The creative individual working within society is the natural, and thereby preferred, state of man. Mises' liberalism, which has distinctly political and economic dimensions, is constructed on that premise.

As he was foremost an economist, Mises was primarily concerned in his writings with the essentials of economic freedom; however, he was neglectful of political freedom, for in liberalism he wrote, "Freedom is indivisible." Significantly, the issue of freedom was the dividing line between the cultures of the East and the West. In Mises' words, "What separates East and West is first of all the fact that the peoples of the East never conceived the idea of liberty." This distinction made an enormous difference in the respective developments of the West and East: "In Europe there was commotion; in the East there was stagnation, indolence and indifference." Mises explained, "The reason is obvious. The East lacked the primordial thing, the idea of freedom from the state. The East never raised the banner of freedom, it never tried to stress the rights of the individual against the power of the rulers." Hence, Mises noted, "Western society was a community of individuals who could compete for the highest prizes." In contrast, he observed, "Eastern society was an agglomeration of subjects entirely dependent on the good graces of the sovereigns." The result: "The alert youth of the West looks upon the world as a field of action in which he can win fame, eminence, honors and wealth: nothing appears too difficult for his ambition. The meek progency of Eastern parents know of nothing else than to follow the routine of their environment.

Mises staked out a position on individual political liberty that savors of the near absolutism on the matter of John Stuart Mill. "No one," Mises proclaimed, "has ever succeeded in advancing any tenable objections against the reasoning of the two classical books: John Milton's Areopagitica, 1644, and John Stuart Mill's On Liberty, 1859. Unlicensed printing is the life blood of literature." Mises continued, "Freedom must be granted to all, even to base people, lest the few who can use it for the benefit of mankind be hindered." "Liberalism demands tolerance," Mises explained, "as a matter of principle, not from opportunism. It demands toleration even of obviously nonsensical teachings, and absurd forms of heterodoxy, and childishly silly superstitions. It demands toleration for doctrines and opinions that it deems detrimental and ruinous to society and even for movements that it indefatigably combats." What justifies such an extreme doctrine of tolerance? "For what impels liberalism to demand and accord toleration is not consideration for the content of the doctrine to be tolerated, but the knowledge that only tolerance can create and preserve the condition of social peace without which humanity must relapse into the barbarism and penury of centuries long past." Mises concluded, "A free man must be able to endure it when his fellow men act and live otherwise than he considers proper. He must free himself from the habit, just as soon as something does not please him, of calling for the police."

In addition to this expansive position on individual political rights, Mises ardently defended the democratic ideal of representative government. Representative government was "the political corollary" of the free market. The latter allowed the consumer to be sovereign with each penny the equivalent of a vote, while the former allowed voter sovereignty through the ballot box. Hence, "Pareto, Georges Sorel, Lenin, Hitler, and Mussolini were right in denouncing democracy as a capitalist method." Regarding representative government, Mises concisely explained, "Democracy means self-determination." Government based upon the premise of self-determination was the only rational alternative:

"In the end the philosophy of the majority prevails. In the long run there cannot be any such thing as an unpopular system of government. The difference between democracy and despotism does not affect the final outcome. It refers only to the method by which the adjustment of the system of government to the ideology held by public opinion is brought about. Unpopular autocrats can only be dethroned by revolutionary upheavels, while unpopular democratic rules are peacefully ousted in the next election."

In Mises' peace was indispensable for the maintenance of social cooperation, which in turn led to a creative and productive civilization. In summary, "Without democracy the peaceful development of the state is impossible."

Although a defender of the concept of political equality inherent in the democratic ideal of representative government, Mises was ardently opposed to the general egalitarian impulses of the modern age. Mises lamented. "This interpretation of history from the egalitarian point of view is the official philosophy of our age." Egalitarianism was a grievous theoretical error, for it warred against the very nature of man. The notion that the coercive power of the state should be used to impose a leveling of opportunity and condition upon each citizen was "absurd" and "pernicious":

"Nothing, however, is as ill-founded as the assertion of the alleged equality of all members of the human race. Men are altogether unequal. Even between brothers there exist the most market differences in physical and mental attributes. Nature never repeats itself in its creations; it produces nothing by the dozen, nor are its products standardized. Each man who leaves her [sic] workshop bears the imprint of the individual, the unique, the never-to-recur."

In summary, "All human power would be insufficient to make men really equal. Men are and will always remain unequal." The political liberalism of Mises encompassed only equality before the law. Mises wrote, "The equality Liberalism creates is equality before the Law; it has never sought any other." What is meant by equality before the law? "Nobody is hampered in his aspirations and ambitions by any legal obstacles. Everybody is free to compete for any social position or function for which his personal abilities qualify him." As equality before the law protects the uniqueness and insures the opportunity for the development of the individual, it emerges as a vital element in Mises' liberalism.

Mises devoted a considerable portion of his writing to articulating the role of government in the liberal state. "With human nature as it is," Mises reasoned, "the state is a necessary and indispensable institution." He charged, "Anarchism misunderstands the real nature of man. It would be practicable only in a world of angels and saints." More particularly. "If men were perfect, there would not be any need for government." Or even less demandingly. "If all men were pleasant and virtuous, if no one coveted what belongs to another, there would be no need for a government, for armies and navies, for policemen, for courts, and prisons.' However, the real world of human nature involves persons who "are not faultless," and who possess "shortcomings of the human mind and character." The social peace is not as fragile or vulnerable as Hobbes contended; however, because of some men's capacity for greed and violence, government is required in order to maintain the social tranquility necessary for the development and maintenance of a productive and human civilization. A government capable of insuring the internal and external social peace, and a government confining itself to those powers legitimately needed to insure the social peace, was a government allowing for the maximum development of the individual and thereby became an integral component of Mises' thinking.

III

Economics lies at the center of Mises' liberalism. The economic elements of liberalism were the matters which most deeply concerned him, and his analysis of their nature is found pervasively throughout his writings. "Economics," Mises explained. "is the philosophy of human life and action and concerns everybody and everything. It is the pith of civilization and of man's human existence. Furthermore, he continued, "As conditions are today, nothing can be more important to every intelligent man than economics. His own fate and that of his progeny is at stake." With the stakes so high. Mises concluded. "[A]ll reasonable men are called upon to familiarize themselves with the teachings of economics. This is, in our age, the primary civic duty." Mises lamented, "What is taught nowadays at most of the universities under the label of economics is practically a denial of it." Regrettably today, it appeared, "Economics was no longer a matter of knowledge and ability, but of good intentions."

In the pursuit of the "university valid laws" controlling economic conduct. Mises stressed heavily that the relevant laws could only be discerned with a theoretical approach. Economics is a "theoretical science." More specifically, history and statistics were valueless in the study of economics, for they dealt solely with human conduct already concluded. The choosing and acting of each person is totally unique due to individual subjective values and attending factors, which are so diverse, as to defy any meaningful quantification for further projections by historians and statisticians. Because of the infinite diversity of individual choices, quantification was of antiquarian interest only: it could tell us nothing of ongoing and future human choices and action. History and statistics dealt with "the static." the "evenly rotating economy." and conditions of "equilibrium," while the real world of economics had to deal with the unpredictable and interminable "flux" and change of present and future human conduct. As Mises succinctly stated it. "But change is the essence of life." Ultimately, Mises concluded. "the basic notion of economics" is "the choosing and acting individual." And equally significant. he added, "Economic knowledge necessarily leads to liberalism."

Private property is the basic economic element in Mises' liberation. Mises described this concept as "the essential teaching of liberalism," and on another occasion he wrote. "In reality, the central notion of classical liberalism is private property, and not a certain misunderstood concept of free competition." Furthermore, he observed. "If historical experience could teach us anything, it would be that private property is inextricably linked with civilization." It was, then, an inescapable premise of the human predicament: "Only nations committed to the principle of private property have risen above penury and produced science, art and literature." Private property is indispensable, for it facilitates and maximizes the opportunities for each person to participate as producer and consumer. Mises explained:

"Private property creates for the individual a sphere in which he is free of the state. It sets limits to the operation of the authoritarian will. It allows other forces to arise side by side with and in opposition to political power. It thus becomes the basis of all those activities that are free from violent interference on the part of the state. It is the soil in which the seeds of freedom are nurtured and in which the autonomy of the individual and ultimately all intellectual and material progress are rooted. In this sense, it has even been called the fundamental prerequisite for the development of the individual."

To the enemies of individualism. "Private ownership in the means of production is the Red Sea which bars our path to this Promised Land of general well-being." To Ludwig von Mises, "Every step that leads away from private ownership . . . is a step away from rational economic activity."

Private property led to the productive and creative society, for it led to capital accumulation. Technology was no substitute for capital: "Mere technological knowledge is of no use if the capital needed is lacking. Indian businessmen are familiar with American ways of production. What prevents them from adopting the American methods is . . . lack of capital." Nor, Mises argued, did such legislative edicts as minimum wage laws offer the easy path to increased material well-being: "Real wages can rise only to the extent that, other things being equal, capital becomes more plentiful." The controlling economic premise was inescapable: "There is but one means to improve the material well-being of men, viz., to accelerate the increase in capital accumulated as against population. No psychological lucubrations, however sophisticated, can alter this fact." Utopian speculations to the contrary notwithstanding, Mises was adamant in maintaining that "it is additional capital accumulation alone that brings about technological improvement, rising wage rates, and a higher standard of living."

In addition, the source of capital that leads to genuine economic growth must itself be legitimate. Specifically, "expansion of credit cannot form a substitute for capital." The facile expansion of credit through governmental manipulation is spurious and deceptive; there is the illusion of increased wealth rather than the reality. Genuine capital, and thereby genuine economic growth, must come from bona fide savings. Mises explained, "Capital is not a free gift of God or of nature. It is the outcome of a provident restriction of consumption on the part of man. It is created and increased by saving and maintained by the abstention from dissaving. He concluded, "The Santa Claus fables of the welfare school are characterized by their complete failure to grasp the problems of capital."

Capitalism had been enormously successful Mises argued. Rooted in the notions of private property and capital accumulation capitalism had produced the industrial resolution and thereby had dramatically and permanently transformed the quantity and quality of life in the West: "What transformed the world of horse-drawn carriages, sailing ships, and windmills step by step into a world of airplanes and electronics was the laissezfaire principle of Manchesterism." The great virtue of capitalism lay not only in its high level of material productivity; it lay in the fact that it "poured a horn of plenty upon the masses of wage earners." Mises observed, "Modern capitalism is essentially mass production for the needs of the masses. The buyers of the products are by and large the same people who as wage earners cooperate in their manufacturing." "The average American worker enjoys amenities." Mises wrote, "for which Croesus, Grassus, the Medici, and Louis XIV would have envied him." He concluded "The market economy needs no apologists and propagandists. It can apply to itself the words of Sir Christopher Wren's epitaph in St. Paul's: Si monumentum requires, circumspice (If you seek this monument, look around)." Beyond question, capitalism was the "essential feature of the advanced West."

Proponents of capitalism understood that it "is precisely the scarcity of the nature-given conditions of his welfare that enjoins upon man the necessity to act." In brief, "the nature-given means of removing human uneasiness are scarce." In contrast, "The disciples of Jean Jacques Rousseau who raved about nature and the blissful condition of man in the state of nature did not take notice of the fact that the means of subsistence are scarce and that the natural state of man is extreme poverty and insecurity." Mises mused, "There is no need to argue with the bucolic dreams of Virgil and of eighteenth-century poets and painters.

There is no need to examine the kind of security which the real shepherds enjoyed. No one really wishes to change places with them." Capitalism was premised on an understanding that the natural condition of economic well-being is one of scarcity. In addition, there was the fact "that human wants are practically unlimited." To attempt to close the gap between scarce supply and unlimited demand, it was imperative to encourage productivity. In these circumstances, the pertinent economic laws were the underlying principles of capitalism: the respecting of private property, the rewarding of capital accumulation, and the incentive to produce through profit.

"The market," Mises wrote, "is . . . the focal point of the capitalist order of society: it is the essence of Capitalism." As Mises viewed it, the market was not something static, stationary, or fixed; rather, it was changing, evolving, and in a ceaseless state of flux. Mises explained. "The market is not a place, a thing, or a collective entity. The market is a process, actuated by the interplay of the actions of the various individuals cooperating under the division of labor." Moreover, he continued, "The forces determining the—continually changing—state of the market are the value judgments of these individuals and their actions as directed by these value judgments." He concluded. "There is nothing inhuman or mystical with regard to the market. The market process is entirely a resultant of human actions. Every market phenomenon can be traced back to definite choices of the members of the market society." The market is strikingly democratic, for at the center of its functioning is the "sovereignty" of the individual consumer. Finally, as a crucial feature of the market process, Mises noted, "In the unhampered market economy there are no privileges, no protection of vested interests, no barriers preventing anybody from striving after any prize."

The acting individual working through a division of labor is the essence of the market process. "The core of liberal social theory," Mises instructed, "is the theory of division of labour." The need for division of labor arose out of the nature of things. Individuals were unique and varied greatly in their talents and interests, and the physical conditions for production were patiently not consistent and uniform throughout a given society. As Mises explained, "Had the strength and abilities of all individuals and the external conditions of production been everywhere equal the idea of division of labour could never have arisen." Division of labor was the antithesis of autarky. The latter stressed withdrawal, a fruitless effort for total self-sufficiency, hostility, and ultimately isolation and low productivity, while the former was based upon cooperation, dependence, peace, and ultimately a dynamic society of high productivity. Briefly, "in the society based on division of labour everyone is the servant of all and all the masters of each." The notion of division of labor was one of "the greatest achievements" of Adam Smith, Mises contended, and it reflected "the social animal of which Aristotle spoke." Clearly, the theoretical origins of the concept of division of labor were of noble pedigree.

"The market economy as such." Mises wrote. "does not respect political frontiers. Its field is the world." Mises was an ardent believer that the notions of the free market and division of labor should be global in scope. In brief, he was an unrelenting promoter of free trade. Mises posed this vision:

"Imagine a world in which the principle of private ownership of the means of production is fully realized. in which there are no institutions hindering the mobility of capital, labor, and commodities. in which the laws, the courts, and the administrative officers do not discriminate against any individual or groups of individuals, whether native or alien."

Mises' vision was at odds with that found in the protectionist ideology. This latter view invariably commenced with domestic governmental intervention, such as minimum wage laws, which imposed additional costs beyond those required by the free market. Through the imposition of these added costs, domestic industries found themselves greatly disadvantaged in the competition of international trade. As a counter move, a call for tariffs arose, and the labor unions, to protect their artificially high wages, clamored for immigration restrictions. Thus, the vicious cycle of protectionist ideology was set in motion. The result was the hapless quest for national economic self-sufficiency, for the isolated, hostile, and aggressive world of autarky. Mises summarized, "The trend toward autarky is essentially a trend of domestic economic policies; it is the outcome of the endeavor to make the state paramount in economic matters." In contrast to the "aggressive nationalism" and the "spirit of conquest" generated by autarky, the philosophy of free trade, grounded in the notions of mobility and "harmony of interests," resulted in peace and thereby in maximum productivity and progress.

A final element of Mises' economic liberalism was the gold standard. "The gold standard," he observed, "was the world standard of the age of capitalism, increasing welfare, liberty, and democracy, both political and economic." He continued, "sound money still means today what it meant in the nineteenth century: the gold standard." Indeed, he argued, "[T]he idea of sound money . . . ideologically . . . belongs in the same class with political constitutions and bills of rights." The worth of the gold standard lay in its freeing the value of money, the indispensable medium of exchange in any dynamic economy, from the machinations of fleeting politics: "The gold standard makes the determination of money's purchasing power independent of the changing ambitions and doctrines of political parties and pressure groups. This is not a defect of the gold standard; it is its main excellence." In the modern age, the enemies of the gold standard were legion. Their opposition was reflected in John Maynard Keynes, who termed it a "barbarous relic." What was the impetus of the enemies of the gold standard? Mises explained, "The abhorrence of the gold standard is inspired by the superstition that omnipotent governments can create wealth out of little scraps of paper." And then there were those enemies who had even less charitable goals in mind: "People fight the gold standard because they want to substitute national autarky for free trade, war for peace, totalitarian government omnipotence for liberty." To Mises, the matter of sound money was a profoundly serious issue. The gold standard went to the vital center of the "free and prosperous commonwealth," for it accommodated all of the economic elements of liberalism, which in turn allowed the highest expressions of individual human creativity and productivity.

In Mises' analysis the principal enemies of liberalism were positivism, socialism, and interventionism. Positivism found its origins in Auguste Comte, and it was, according to Mises, "the most conspicuous failure in the history of metaphysics." Positivism was incompatible with liberalism. The essenence of the latter was the conception of the free, reasoning, choosing, and acting individual. Positivism categorically denied that philosophical perspective. It commenced by denying the basic humanity of man. Man was not viewed as distinctive or unique by reason of has capacity for thought and choice: instead, "[m]an is just one of the elements in the universe." As merely another element in the universe, man lost his dignity. Mises explained:

"Positivism proposes to study human behavior according to the methods developed by animal and infant psychology. It seeks to investigate reflexes and instincts, automatisms and unconscious reactions. But it has told us nothing about reflexes that have built cathedrals, railroads, and fortresses, the instincts that have produced philosophies, poems, and legal systems, the automatisms that have resulted in the growth and decline of empires, the unconscious reactions that are splitting atoms."

In addition to undermining in general the basic liberal notion of the freely choosing individual by denying his humanity and his capacity for choice, positivism was a corrosive agent on the key political institutions of Mises' liberalism. Representative government was disdained by the positivist mentality, for self-determination was predicated on the idea of the thinking and freely choosing person. With positivism having rejected that premise, it insisted upon substituting a political elitism for representative government. The positivist, Mises explained, "proposes to operate the 'human Ford' the way the operator drives his car. He acts as if he owned humanity and were called upon to control and to shape it according to his own designs. For he himself is above the law, the godsent ruler of mankind." Thus, positivism was proposing that things called men were to be arranged and ordered as any other form of matter might be manipulated. To the positivist elitists falls the readily accepted task of orchestrating the activities of the masses. Precisely how the elitists escape being of the same bovine character as the balance of mankind is never made clear. As Mises noted, the elitists are "above the law."

Similarly, positivism undercut antiegalitarianism, one of the major political elements in Mises' liberalism. With its view of men as things to be ordered and arranged, the positivist mind was avowedly egalitarian. Men were innately equal: differences were intrusions produced by faulty education and institutions. Of course, these latter failings were to be corrected by the elites of positivism, which in turn would allow for the emergence of the perfected egalitarian mass man.

Nor did positivism spare equality before the law as one of the essential political ingredients in Mises' liberalism. To Mises, equality before the law meant freeing man from arbitrary barriers so that the freely choosing person might maximize his individual development. In contrast, positivism, having rejected man's capacity for rationality and choice, was busy building obstacles to individual choice as it went grimly on its way erecting the collectivist promised land through egalitarian schemes.

Finally, positivism offered a conception of the state and government that contrasted starkly with that proposed by Mises. Mises proposed the limited state with the express responsibility of protecting the individual from threats to his person and property, while otherwise leaving him free to order his own life. In contrast, the legacy of postivism offered the alternative of the omnicompetent and omnipotent state which zealously ferreted out and destroyed every vestige of individual choice. Mises offered the limited state of individual preference and growth; positivism proposed the total state of the elitist-collectivist model. Mises envisioned freedom; Comte lusted after control. Their views were incompatible.

Likewise, socialism, and with particular virulence its Marxist form, warred against the essential components of Mises' liberalism. Under the impetus of the Marxist leaven, socialism subverted the central premise of Mises' liberalism, because of "its subordination of the Individual to the Whole." "In a socialist community," Mises explained, "the individual can have no more freedom than a soldier in the army or an inmate in an orphanage." As did positivism, socialism, as its major theorem, repudiated the idea of the reasoning and freely acting individual, except, of course, in the case of the socialist elites, Mises observed that Marx and Engels "never doubted . . . they were above the law." Marxist doctrine viewed mankind as not composed of thinking and choosing individuals; instead, men were assigned by historical fate or determinism to mindless collectivities, such as classes, races, and nationalities. Ideas did not determine history; historical settling, or more particularly class consciousness, determined ideas. Man was a cog, a mere entity in the historical process. Man did not make history; rather, he was a product of it. From the liberal viewpoint, the nature of man had been wholly altered by this Marxist dogma.

In addition to denying the principal liberal tenet of individualism, socialism undermined the central political institutions of liberalism, for these institutions were expressly designed to implement the society of the independently thinking and choosing person. As had positivism, the socialist elitist-collectivist model excluded notions of representative and limited government and was overtly egalitarian in purpose. In brief, the socialist elites left no political barriers between themselves and the collectivist whole which might diminish their potential for total control.

More importantly, socialism was devastating in its theoretical and practical assault on the economic institutions of liberalism, which too had been structured to shore up the sphere of autonomy for the individual. Where capitalism had been premised upon the idea of private property, and the accompanying right of capital accumulation to protect the individual as producer and consumer, the premier tenet of socialism, as the antithesis of capitalism, was to destroy all economic arrangements which to any degree impaired the elitist quest for complete control. Hence, public rather than private ownership was decreed. Nor was socialism any gentler in its treatment of the free market. The granting of all economic power to the socialist elite, Mises wrote, "signifies elimination of the market, which indeed is the fundamental aim of Socialism, for the guidance of economic activity by the market implies organization of production and a distribution of the product according to that disposition of the spending power of individual members of society which makes itself felt on the market: that is to say, it implies precisely that which it is the goal of Socialism to eliminate." Socialist theorists strongly attacked the free market, for it is a mechanism developed by its liberal proponents precisely for the purpose of allowing maximum individual involvement and choice as producer or consumer. The free market facilitated the very thing socialism sought to destroy: the thinking and freely choosing person.

Furthermore, socialist theorists intensely opposed the division of labor, a major element in Mises' liberalism. Division of labor was predicated upon the notion that men varied greatly in their individual talents, interests, and in their independently exercised choices. In the economic market place, division of labor allowed each person to maximize his talents, interests, and options. Specifically on those points the socialist theorists fervently denounced division of labor. From their viewpoint of the egalitarian mass man, the person was a thing, a cog, which suggested total interchangeability in all vocational slots. Rather than innate individual talents, diverse interests, and free choices, education and environmental manipulation determined job assignment; therefore, division of labor was a threat to socialist theory, for it reflected a view of man and human nature alien to the socialist vision of egalitarian mass man molded by socialist elites.

In addition, socialism was hostile to the liberal notion of free trade. To liberalism, free trade was the logical extension onto the international scene of the idea of individual division of labor. Socialist theorists opposed free trade precisely because it facilitated the free movement among nations of capital, services, and products; in sum, it threatened to severely curtail the socialist potential for full economic control within a particular nation. Similarly, socialist theorists were instinctively hostile to the gold standard, for it was the function of the gold standard to protect the purchasing power of money from the political pressures of the state. By insulating purchasing power from political manipulation, the gold standard impeded the socialist grasp for complete economic power.

After destroying the economic components of liberalism, Mises contended that "the essential vice" of socialism emerged. This cardinal weakness was the inability of socialism to "permit monetary calculation and thus rational economic action." Mises acknowledged that socialism in given countries could still calculate and temporarily avoid economic chaos by imitating the market prices of the capitalist societies; however, once the world economy had been reduced to the socialist model economic chaos and collapse would inevitably ensue, for there would be no rational method to determine value and price. Elitist edicts on production and prices could never anticipate or reflect the wide diversity of values and preferences that are accommodated and reconciled in that flexible and supple mechanism called the free market. "In abolishing economic calculation," Mises concluded, "the general adoption of socialism would result in complete chaos and the disintegration of social cooperation under the division of labor." In this state of disintegration and chaos, individualism, the keystone of liberalism, would perish, because in order to flourish the individual needs order and liberty, not the archfoes of chaos and resulting despotism. To Mises the issue was clear: "[S]ocialism and liberalism are mutually exclusive."

Finally, "interventionism" too was a mortal enemy of Mises' liberalism. Interventionism was offered by its proponents as a "third way" or alternative to capitalism and socialism. The "prophet" of interventionism was John Maynard Keynes; among its chief executioners was Franklin D. Roosevelt; and, Mises observed, "In the terminology of American politics it is often referred to as the middle-of-the-road policy." Compared with the harsh methods and brittle dogmas of socialism, interventionism was subtle and genteel; however, Mises argued, the end result was the same, for interventionism was merely a "method for the realization of socialism by installments." The "antagonism" between socialism and interventionism, Mises write, "is a controversy about the means to be resorted to for the attainment of a goal common to both of these factions, namely the establishment of all-round central planning and the entire elimination of the market economy." In summary, the interventionists also sought to dismantle those political and economic institutions supporting individualism and to move "gradually," but inexorably, toward the elitist-collectivist model where the individualism of classical liberalism is blurred and then obliterated. Mises explained:

> "The advocates of interventionism pretend to substitute for the—as they assert, "socially" detrimental—effects of private property and vested interests the unlimited discretion of the perfectly wise and the disinterested legislator and his conscientious and indefatigable servants, the bureaucrats. In their eyes the common man is a helpless infant, badly in need of a paternal guardian to protect him against the sly tricks of a band of rogues. They reject all traditional notions of law and legality in the name of a "higher and nobler" idea of justice.

Interventionism moved along the road to socialism in well-defined form. It commenced with "progressive" taxation to support its statist programs, which in time turned out to be confiscatory taxation resulting in lowered savings and diminished capital accumulation. As vitally needed capital was depleted, interventionists attempted to increase its availability through government-imposed lower interest rates, not by the realities of the free market where with capital scarce interest rates would be high. In addition to the folly of these artificial lower interest rates, interventionists sought to make capital available through money substitutes, such as banknotes and checkbook money, rather than through the proper avenue of increased savings encouraged through reduced taxation and higher interest rates paid on savings.

The result of these policies, Mises contended, was "unbridled credit expansion" leading to high inflation, for the money supply was dramatically increased without any corresponding increase in economic productivity. This government induced credit expansion produced what Mises termed an "artificial boom" which could not indefinitely sustain itself. Once the period of credit expansion reached its outer limits the processes of economic retrenchment invariably followed, meaning that "malinvestments" made during the heady days of the enduced boom became apparent and commenced to falter and fail. The result was a decline into recession and possible depression where the painful corrections for the initial errors had to be made. Unfortunately, interventionists responded to the challenges of recession and depression not by acknowledging and recanting on earlier errors, commencing with progressive taxation, but by intensifying their calls for government involvement and thereby moving inexorably in the direction of the total socialist state where the thinking and freely choosing individual of Mises' liberalism became an increasingly muted and ultimately extinct voice.

The impact of Ludwig von Mises' thinking upon American conservative thought has been profound and extensive. In response to an age of accelerating collectivism and emerging totalitarianism. American conservative thinkers sought to identify and conserve the sustaining elements of the Western intellectual and spiritual tradition. Among those elements was the concept of the individual achieving fulfillment and dignity through choice. The origins of this concept in the Western experience were ancient and venerated, and in the twentieth century Ludwig von Mises added to this heritage an eloquent and moving voice. Not surprisingly, then. Mises thinking was embraced by American conservatives. Furthermore, they concurred with him in his chilling assessment of the threat to individual freedom in the modern age. Mises had written, "We stand on the brink of a precipice which threatens to engulf our civilization," and he concluded, "Whether he chooses or not, every man is drawn into the great historical struggle, the decisive battle into which our epoch has plunged us."

In addition, American conservatives admired the courageous streak they saw in Mises. He was compelled to give up a prestiguous European professorship and become exiled to America because of his unyielding opposition to Nazism. In America, he carried on the struggle against leftist collectivisms, including Communism, and he was penalized for his efforts by never being offered a permament academic appointment at a major American university: therefore, many American conservatives were understandably moved when Mises wrote, "The prevailing trend toward what Hilaire Belloc called the servile state will certainly not be reversed if nobody has the courage to attack its underlying dogmas."

Nor, as might have been the case with some exponments of classical liberalism, did Mises alienate the traditional sensitivities of American conservatives with an anti-religious posture. Mises did not write extensively on the subject of religion; however, the sufficiently clarified his position. First, Mises explained, "Liberalism has never pretended to be more than a philosophy of earthly life. ... It has never claimed to exhaust the Last or Greatest Secret of Man." This sentiment did not conceal an indifference or hostility to religious concerns: indeed, Mises wrote, "It is not to be denied that the loftiest theme that human thought can set for itself is reflection on ultimate questions." More precisely, he instructed, "The liberals do not disdain the intellectual and spiritual aspirations of man." Mises opposed religion only when it became dogmatic and imperialistic, when "religious orthodoxy enforced unswerving conformity and put an end to all intellectual activity and independent thinking."

Beyond these strictures, Mises, who wrote principally as a student of the essential political and economic components of the free society, evinced no innate antagonism toward the historical faith of the West. To the contrary, he queried, "Might not the Church reconcile itself with the social principle of free co-operation by the division of labor? Might not the very principle of Christian love be interpreted to this end? Similarly, he pondered, "But it is not impossible that the Christian churches and sects will one day discover that religious freedom can be realized only in a market economy and will stop supporting anticapitalistic tendencies." Thus, not only to libertarians, but to American conservatives of more traditional bent, Mises was highly appealing as a proponent of the free society.

Finally, and of supreme importance, Mises endeared himself to his conservative following by offering hope. He observed:

"Now our civilization is beginning to scent a whiff of death in the air. Dilettantes loudly proclaim that all civilizations, including our own, must perish: this is an inexorable law. Europe's final hour has come, warn these prophets of doom, and they find credence. An autumnal mood is perceptibly beginning to set in everwhere."

However, he quickly counseled, "Yet, this outcome is not inevitable. It is the goal to which the prevailing trends in our contemporary world are leading. But trends can change and hitherto they always have changed. . . . To accomplish such a change is the task of the rising generation." Mises was offering hope through a familiar and enduring American conservative theme: namely, "ideas have consequences." That is, the effects of positivism, socialism, and interventionism could be offset by men understanding the philosophical essentials of individual freedom. On that premise Ludwig von Mises rested his case.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his sectaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations and a treaty which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 2:37 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its clerks, announced that the House has passed the following bills, without amendment:

S. 1033. An act granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary; and

S. 1475. An act to extend the expiration date of section 252 of the Energy Policy and Conservation Act.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4608. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, for a certain period, and for other purposes.

HOUSE BILL ORDERED HELD AT DESK

The following bill was ordered held at the desk by unanimous consent:

H.R. 4608. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SIMPSON, from the Committee on Veterans' Affairs; with an amendment in the nature of a substitute and an amendment to the title:

S. 266. A bill to establish a Federal Interagency Medical Resources Committee to insure the most efficient and effective use of Federal direct health care resources (Rept. No. 97-196).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

Samuel J. Cornelius, of the District of Columbia, to be Deputy Director of the Community Services Administration.

(The above nomination was reported from the Committee on Labor and Human Resources with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PERCY, from the Committee on Foreign Relations:

M. Virginia Shafer of Washington, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States to Papau New Guinea, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States to Solomon Islands.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: M. Virginia Schafer.

Post; Port Moresby, Papua, New Guinea.

Contributions, amount, date, and donee:

1. Self, none.
2. Spouse, none.
3. Children and spouses names, none.
4. Parents names, none.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

Frank V. Ortiz, Jr., of New Mexico, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States to Peru:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Ortiz, Frank V.

Post: Peru.

Contributions, amount, date, and donee:

1. Self, none.
2. Spouse, none.
3. Children and spouses names, none.
4. Parents names, none.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

David B. Funderburk, of North Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Socialist Republic of Romania:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Funderburk, David B.

Post: Ambassador to Romania.

Contributions, amount, date, and donee:

1. Self, $260 (total), 1978–80; National Republican, Presidential, Senate and Congressional Committee, N.C. Republicans.
2. Spouse, none.
3. Children and spouses names, none.
4. Parents names: Guy B. Funderburk, $70 (total), 1978–80; National Republican, Presidential and Congressional Committees.
5. Grandparents names, none.
6. Brothers and spouses names, none.
7. Sisters and spouses names, none.

Thomas Aranda, Jr., of Arizona, to be Ambassador Extraordinary and Plenipotentiary of the United States to Uruguay:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Thomas Aranda, Jr.

Post: Ambassador to Uruguay.

Nominated: May 28, 1981.

Contributions, amount, date and donee.

1. and 2. Thomas Aranda, Jr. and Shirley Aranda, jointly:

A. 1977:

1. Arizona Republican State Committee, $650;

2. Republican National Committee, $25.

B. 1978:

1. Arizona Republican State Committee, $650;

2. Republican National Committee, $25.

C. 1979:

1. Arizona Republican State Committee, $650.

D. 1980:

1. Arizona Republican State Committee, $650;

2. Senator Barry Goldwater, Sr., amount unknown but under $300.

3. Children and spouses:

A. T. G. Aranda (no spouse), none.

B. Jacqueline J. Aranda (no spouse), none.

4. Parents:

A. Tomas N. Aranda, none.

B. Lupe Aranda, none.

5. Grandparents:

A. Justina Aranda, none.

6. Brothers and spouses:

A. Robert Aranda and Nancy Aranda, jointly, $25 to Morris Udall—1978.

B. Luis Aranda (no spouse), none.

C. Ricardo Aranda (no spouse), none.

7. Sisters and spouses:

A. Teresa Arino and Manuel Arino, none.

B. Lupe Sainz and Francisco Sainz, none.

C. Josefina Ruiz and Robert Ruiz, jointly, $800 to Congressman Morris Udall, 1978; $100 to Senator Dennis DeConcini, 1980.

D. Cecilia Frantz and Roger Frantz, none.

E. Margie Fisher and Kent Fisher, none.

F. Carmen Stone and Larry Stone, contributions to Senator Alan Cranston; Congressman Pete McCloskey; Congressman Norman Mineta; President Jimmy Carter and Senator Ted Kennedy, amounts unknown but all under $500 to each.

Harry G. Barnes, Jr., of Maryland, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States to India:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Harry G. Barnes, Jr.

Post: New Delhi, India.

Contributions, amount, date, and donee:

1. Self, $50, 1980, Packwood Senate Committee; $100, 1980, Women's Campaign Fund.

2. Spouse, $35, 1980, Anderson Committee.

3. Children and spouses names, none.

4. Parents names: Bertha B. Barnes, $10, 1977, GOP Campaign Committee; $10, 1977, Republican National Committee; $25, 1978, GOP Committee; $10, 1978, Arizona Republican State Committee; $50, 1979, Republican National Committee; $10, 1979, GOP Victory Committee; $15, 1979, Arizona Republican State Committee; $65, 1980, GOP Victory Fund; $10, 1980, Baker Committee; $10, 1980, Arizona Republican Party; $25, 1980, Republican National Committee; and $10, 1980, Goldwater for Senate Committee.

5. Grandparents names, deceased.

6. Brother and spouses names: Mrs. Louis B. Barnes, $25, 1980, John Anderson Committee.

Mrs. James J. Barnes, $10, 1980, Bayh Senate Committee; $10, 1980, Democratic National Committee; $10, 1980, National Committee for Effective Congress; and $10, 1980, Women's Campaign Fund.

7. Sisters and spouses names, none.

John Augustus Bohn, Jr., of California, for the rank of Ambassador while serving as United States Director of the Asian Development Bank:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: John A. Bohn, Jr.

Post: Ambassador to Asian Development Bank.

Contributions, amount, date and donee:

1. Self, $25, 1980, Committee to elect R. Reagan, $15; 1980, Calif. Business Comm. for Connol.

2. Spouse, none.

3. Children and spouses, names, (unmarried) none.

4. Parents names, John A. Bohn, Sr. (father), $200, 1979, Fund for the Republic; $100, 1980, Rep. Nat'l Committee; $50, 1979, Reagan for Pres. Comm.; $150, 1980, Reagan for Pres. Comm.; $100, 1979, A. B. Won Pat Committee; $100, 1980, A. B. Won Pat Committee; $100, 1981, A. B. Won Pat Committee.

5. Grandparents names, deceased.

6. Brothers and spouses names, none.

7. Sisters and spouses names, none.

John Gunther Dean, of New York, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States to Thailand:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: John Gunther Dean.

Post: Currently Ambassador to Lebanon; under consideration for appointment to Thailand as Ambassador.

Nominated: Lebanon: 9–22, 1978.

Contributions, amount, date, and donee:

1. Self, none.

2. Spouse, Martine Dean, none.

3. Children and spouses names, Catherine Dean, none, Paul Dean, none.

4. Parents names, Joseph Dean, deceased.

5. Grandparents names, deceased.

6. Brothers and spouses names, none.

7. Sisters and spouses names, none.

Ronald I. Spiers, of Vermont, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States to the Islamic Republic of Pakistan:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Ronald I. Spiers.

Post: Islamabad.

Contributions, amount, date and donee:

1. Self, none.

2. Spouse, none.

3. Children and spouses names, Sarah Spiers, none; Mr. and Mrs. Charles Wood, $50, summer, 1980, Anderson; Martha Spiers, none, and Peter Spiers, none.

4. Parents, names, Tomas H. Spiers, $20, summer 1980, Pa. State Republican Party.

5. Grandparents names, none.

6. Brothers and spouses names, Mr. and Mrs. Tomas H. Spiers, Jr., none.

7. Sisters and spouses, names, Mr. and Mrs. Henry George, none.

Donald L. Totten, of Illinois, to be a Commissioner on the part of the United States on the International Joint Commission, United States and Canada.

(The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. GARN (by request):

S. 1677. A bill to amend section 719 of the Defense Production Act of 1950, as amended, to authorize the grant of exemptions to the Cost Accounting Standards by the Director of the Office of Management and Budget; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HATCH (for himself, Mr. Lugar, Mr. Percy, Mr. Durenberger, Mr. Laxalt, Mr. Grassley, Mr. Symms, Mr. D'Amato, Mr. Murkowski, Mr. Zorinsky, and Mr. Abdnor):

S. 1678. A bill to amend the Employee Retirement Income Security Act of 1974 with regard to mortgage investments; to the Committee on Labor and Human Resources.

By Mr. JACKSON (for himself, Mr. Gorton, Mr. Hatfield, Mr. Packwood, and Mr. Cohen):

S. 1679. A bill to amend section 13 of the Fair Labor Standards Act of 1938 to require findings of adverse effects of pesticides and other chemicals to be based on objective scientific data; to the Committee on Labor and Human Resources.

By Mr. TSONGAS (for himself and Mr. Proxmire):

S. 1680. A bill to amend section 23A of the Federal Reserve Act to revise the restrictions on transactions between banks and their affiliates; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. CANNON (for himself and Mr. Laxalt):

S. 1681. A bill to designate the Southern Nevada Water Project the "Robert B. Griffith Water Project"; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. JACKSON (for himself, Mr. Gorton, Mr. Hatfield, Mr. Packwood, and Mr. Cohen):

S. 1679. A bill to amend section 13 of the Fair Labor Standards Act of 1938 to require findings of adverse effects of pesticides and other chemicals to be based on objective scientific data; to the Committee on Labor and Human Resources.

ADVERSE EFFECTS OF PESTICIDES

Mr. JACKSON. Mr. President, Washington State is one of the major agricultural areas of the United States for the production of berries and in particular strawberries. Because the crop has a short harvest season lasting only a few weeks, growers have traditionally relied on the part-time work of youngsters from 10 to 16 and without their assistance a large percentage of the crop would simply rot in the fields.

The Fair Labor Standards Act of 1974 prohibited children under the age of 12 from agricultural employment. However, in 1977 the Congress further amended the law to provide that in certain circumstances such employment was permissible. As one of the cosponsors of that legislation, I can say that we did so for the purpose of permitting the traditional employment of youngsters under the age of 12 in the berry harvest in the Northwest and the potato harvest in Maine.

The 1977 amendment permitted the Secretary of Labor to approve a waiver of the prohibition against 10 and 11 year olds if certain criteria were met which were designed to assure that the health and safety of the children was protected. One of the criteria was a requirement that pesticides and chemicals used would not adversely effect the health and well-being of these youngsters.

Unfortunately, this criteria has been interpreted in a manner which imposes an absolute prohibition on employment of 10- and 11-year-olds. The Department of Labor determined that it was not sufficient to comply with the Environmental Protection Agency's applicable standards covering exposure to agricultural chemicals by agricultural workers. Instead, the Department held that the proponents of a waiver application must have absolute proof of no harm, a standard which the U.S. Court of Appeals held made it virtually impossible for growers to obtain a waiver.

The Department's interpretation of the law effectively required an applicant to meet an impossible burden of proof. While it is possible to show that based on objective, scientific opinion a particular substance is safe for human exposure, it is not possible to prove the negative, that is, that there is no possibility of any harm.

Mr. President, I will conclude my remarks by noting that the legislation I am suggesting is supported by a clear consensus of opinion in the Northwest and that it reflects what was intended by the sponsors of the 1977 amendments to the FLSA. I would hope that the Congress can act expeditiously on this legislation to facilitate its early implementation.

Mr. GORTON. Mr. President, I am pleased to join with Senator JACKSON, my colleagues from Oregon and Senator COHEN from Maine in cosponsoring legislation to amend the criteria under which the Secretary of Labor may grant waivers allowing 10- and 11-year-olds again to join in the hand harvesting of certain agricultural crops. By enacting this bill, we will make certain that the Environmental Protection Agency—not the Labor Department or the agricultural producers—is responsible for determining what, if any health hazard would threaten the well-being of these children if they are permitted to rejoin the hand harvest.

In 1974, Congress chose effectively to eliminate all 10- and 11-year-olds from the work force. These amendments have been little felt in most segments of the economy and were, in some respects, a proper continuation of our Nation's commitment never again to allow harmful child labor. But for some growers, for the communities in which they farm, and for the 10- and 11-year-olds who live in those communities, these amendments had adverse and unnecessary effects

In 1977, Congress attempted to resolve the conflict which resulted from the 1974 amendments by establishing criteria under which 10- and 11-year-olds would be allowed to hand harvest certain crops. The Department of Labor, and subsequently the courts, interpreted one of these criteria to mean that growers were responsible for proving that chemicals and pesticides to which the children might be exposed were absolutely safe for 10- and 11-year-olds. Not only would the cost of attempting to acquire such proof have been prohibitive for growers, but the standard applied by both the Labor Department and the courts, that of absolute safety, is one which cannot be satisfied. Today, Mr. President, we seek to correct the 1977 amendments and to remove from this productive and beneficial activity Federal interference which is based on inaccurate assumptions and misinterpretation of the intent of Congress.

In the Northwest, the crop most affected by the 1974 and 1977 amendments to the Fair Labor Standards Act is the strawberry crop. The berry season is short and the berries must be harvested by hand. Consequently, the berry crop traditionally has been harvested by the families—and particularly by the children—of the communities in which the berries are grown. This has been a happy community activity and has produced some of the finest and most delicious berries to be found anywhere.

Now, as a result of the 1974 and 1977 amendments, growers continue to farm fewer and fewer acres because the reduced work force has resulted in the spoiling of unpicked berries. At the same time, children who could benefit by working on the harvest are prevented from doing so.

While there are many reasons for which children have been considered old enough at age 10 to begin picking berries, we should, in considering this most traditional activity, pay greatest attention to tradition itself. Children in the Northwest have for years begun participating in the harvest at age 10. Throughout the history of this tradition, these children have shown no adverse effects from their participation. On the contrary, this initiation to the work process has proven unusually desirable.

The brevity of the season, the coming together of friends, neighbors, and families, and the pocket change earned, all contribute in making the strawberry harvest a unique and beneficial experience.

Further, this traditional approach to the harvest has a stronger basis in both reason and fact than does the wisdom of the current law, which holds that children, upon turning 12, suddenly become immune to certain chemicals. Even more ludicrous is the fact that under the current provisions of the law, 10- and 11-year-olds are barred from picking berries but can and do eat them right from the basket when their older brothers and sisters deliver the berries from the fields. Again, there is no record of illness or injury resulting from this activity.

Mr. President, let me stress my conviction that this bill will in no way endanger the children who will be allowed to participate in the hand harvest. The Environmental Protection Agency, rather than the Department of Labor, is the Federal agency most capable of establishing and promulgating standards for the safe use of pesticides and chemicals. The EPA currently is studying the chemicals involved in this dispute and can be expected fully to insure that 10- and 11-year-olds who want to participate in the harvest will be properly safeguarded.

Let me also address the concern which some of my colleagues may have over the possible affect of this bill on other child labor laws. I do not intend this action to be, nor do I believe that it is, the beginning of an attack on child labor protections. I would not support the bill if I believed that it potentially could be the beginning of such an attack.

This bill, in fact, will significantly affect only berry farming in the Northwest and potato farming in Maine. The growing and harvesting requirements of these crops are unique. Undoubtedly, lack of familiarity with these requirements has inhibited previous attempts to resolve the problems which we now address.

Often, those most adversely affected by a problem offer the most eloquent pleas for action, and such is the case today. Last April, I received a letter which read:

> MR. SLADE GORTON: I am an 11 year old girl and I go to Milton Elementary School. I read the article in the paper about the 10 and 11 year olds picking berries in the fields. When I read it, I all of a sudden got interested. I think that we should be able to pick berries, after all we're people too. I'm sure we are a little bit shorter, but who cares, we can handle it. Please write back to me and tell me how this works out.
>
> Signed,
>
> SHANNON RENO,
> *Puyallup, Wash.*

I urge the Senate to prevent the further decline of the berry farms of the Northwest and the potato farms of Maine. I urge my colleagues to act favorably on the request of Shannon Reno and children like her, knowing that we can do so without endangering their continued health and well-being. Let us correct the 1977 amendments to the Fair Labor Standards Act so that the intent of Congress will be carried out in the law and so that these children once again will be able to reap the benefits of harvest participation.

● Mr. HATFIELD. Mr. President, I join my colleagues today from the Pacific Northwest, as well as Senator COHEN, in cosponsoring legislation to further clarify congressional intent regarding the granting of a waiver to employers under the Fair Labor Standards Act to allow 10- and 11-year-olds to work as hand harvest laborers for no more than 8 weeks during any calendar year and to resolve the confusion that has arisen in both the Department of Labor and in the courts from the administration of the 1977 Amendments to the Fair Labor Standards Act.

In 1974, the Congress approved amendments to the Fair Labor Standards Act which prohibited the employment of children under the age of 12 in agricultural harvesting except under very limited circumstances. This action by the Congress created grave concern among the people of Oregon and other States where children under the age of 12 were very actively involved in the harvesting of agricultural crops.

In Oregon alone, the application of section 25 of the Fair Labor Standards Act immediately eliminated temporary summer job opportunities for over 5,000 young Oregonians; it seriously threatened the economic future of certain Oregon crops, most notably strawberries, which have historically been dependent upon students of all ages for their harvest; and, by so threatening these crops, the law placed in jeopardy the future job opportunities of some 38,000 older pickers, adults and teenagers alike.

In addition, the number of Oregon growers in the principal crop concerned—strawberries—were reduced from 1,000 in 1974 to approximately 400 by 1976. In similar fashion, the number of Oregon acres committed to growing strawberries was reduced from 8,400 in 1973 to approximately 5,400 in 1976.

In 1977, Congress attempted to correct this situation by allowing 10- and 11-year-olds to participate in hand harvest labor, but only where objective data would demonstrate that the use of certain pesticides or chemicals would not have an adverse impact on the health or well-being of these individuals.

Since that time, the question of the impact of these pesticides or chemicals on the health or well-being of these individuals has been challenged in the courts and has been the subject of much frustration and concern on the part of the growers, the 10- and 11-year-old children, and other interested individuals throughout the Pacific Northwest. Also, the Oregon strawberry industry has never fully recovered from that 1974 action by Congress as there has been a reduction in both the numbers of growers and acres committed to strawberry production since that time.

The concern of the individuals involved has been primarily directed toward the inconsistency and inadequacy of the Department of Labor in promulgating regulations on what chemicals or pesticides could be used in the fields, as well as the minimum reentry times required before harvesting could begin. These inconsistencies center on several facts.

First of all, the Department of Labor assumed responsibility to promulgate standards for chemical and pesticide use when that function has traditionally been within the purview of the Administrator of the Environmental Protection Agency.

Second, the Department of Labor has been unable to quantify or establish the chemical or pesticide standards due to the lack of objective data on these items and their impact on the health and well-being of the 10- and 11-year-old children.

Therefore, 12- and 13-year-old children are able to pick berries while 10- and 11-year-old children must sit at home. The ripple effect of this action on inhibiting the participation of families has been devastating to the industry.

Last, the chemicals in question are currently available to consumers over the counter for use in their gardens and residues of these chemicals remain on strawberries even after their being made available for purchase in grocery stores or in the processing process.

I want to make it very clear, though, that this legislation will not return this Nation to child labor conditions of the past, nor will it expose these children to harm or adverse health impacts. I speak on this issue from firsthand experience. I picked in the fields of Oregon as a child, using the money I earned to buy school clothes and to help my parents pay for my education. Like the majority of young Oregonians who help with the harvest, I did this for a period of 3 to 4 weeks. To this day I consider this temporary activity a valuable and healthy work experience that a child under 12 years of age can obtain nowhere else. There have been no reported cases of health impacts due to the use of these chemicals or pesticides and the children are covered in Oregon by the Workmen's Compensation Act.

I believe that this legislation is consistent with congressional intent, as well as the expression of the courts, in that maximum attention be paid to the health and well-being of 10- and 11-year-old children. It places the determination regarding the use of certain pesticides or chemicals squarely on the shoulders of the administration of the Environmental Protection Agency, which has experience in the testing of chemicals and pesticides, rather than in the Department of Labor, whose experience is limited at best.

Mr. President, in cosponsoring this legislation to seek to further clarify congressional action in 1977, I want to make it very clear that this legislation is intended to protect the health and well-being of 10- and 11-year-olds from the impacts of pesticides and chemicals used in the fields. I would not sponsor legislation which exposed these individuals to a significant adverse effect on their health.

However, there is no information available to me at this time that would indicate that such exposure would occur. Therefore, I urge my colleagues to join in support of this legislation in order to provide these children with a healthy and productive experience, as well as insuring that the Oregon strawberry industry does not experience further decline.●

● Mr. PACKWOOD. Mr. President, I am pleased to join my colleagues—from the Pacific Northwest and Maine—today in cosponsoring this legislation to clarify congressional intent of the 1977 amendments to the Fair Labor Standards Act.

The intent of the 1977 amendments to the Fair Labor Standards Act was to allow 10- and 11-year-old children to help pick hand harvest crops, so long as their safety was insured. The legislation was carefully drafted to protect the children from hazardous pesticides and other chemicals used in the fields.

Until 1974, Oregon and Washington children traditionally assisted in the harvest of fruits and berries. Most of these children are under 16 years of age, and many of them were 10 and 11 years old. Farmers came to rely on these children to help bring in the crop during the 3- to 4-week harvest season. These kids, while contributing to the communitywide effort to bring in the crops, are learning to appreciate honest labor and the value of money. Several members of my own staff recall the days when they too picked strawberries or beans as young children. They started savings accounts for college tuition or simply earned their own spending money. Often, harvesting the crops becomes a family event for families from urban and suburban areas. The children are under the close supervision of their parents, brothers and sisters, and adult friends.

Mr. President, I want to stress that the legislation I am cosponsoring today would not subject these children to abuse, nor would it endanger their health. Pesticides are subject to severe limitations and are never used too close to harvest time. But even if this were not the case, this legislation continues the protection provided children by the 1977 amendments. This legislation simply places the responsibility for determining pesticide hazards with the EPA. Currently, a Federal court decision has placed this burden on the individual farmers. The EPA, however, is far better equipped to make such a determination.

Congressional intent, with the 1977 amendments, was to allow 10- and 11-year-old children to help hand harvest crops. I hope the Senate will act soon to approve this legislation, restoring certainty to the individual farmers, and providing the opportunity for a safe learning experience for these 10- and 11-year-old children.●

By Mr. TSONGAS (for himself and Mr. PROXMIRE):

S. 1680. A bill to amend section 23A of the Federal Reserve Act to revise the restrictions on transactions between banks and their affiliates; to the Committee on Banking, Housing, and Urban Affairs.

BANKING AFFILIATES ACT

● Mr. TSONGAS. Mr. President, today I am introducing a bill with Senator PROXMIRE to relieve excessive Federal regulation in the banking industry. The Banking Affiliates Act would revise section 23A of the Federal Reserve Act—a section that fails to conform with the realities of today's banking industry.

This portion of current law is a classic case of overregulation. In fact, bankers have a hard time conforming with its terms because they are unclear. In its annual report of 1977, the Federal Reserve Board called it "inordinately complex and poorly drafted." Given our current economic problems, we must take a hard look at all such examples of unnecessary, ineffective Federal intervention.

THEN AND NOW

Section 23A was part of the Banking Act of 1933—Glass-Steagall Act. Orignally it applied only to banks that are members of the Federal Reserve System. In 1966, Congress amended it to include all federally-insured commercial banks.

The purpose of the statute is to curb abuses in extensions of credit by banks to their nonbank affiliates. It became law back in 1933 in the context of stock speculation transactions. Unfortunately, its effect has been to compartmentalize banks and their affiliated nonbank subsidiaries within a bank holding company. This artificially restricts the flow of funds that would otherwise occur between and among the subsidiaries of a bank holding company.

The current terms of section 23A make little sense today in view of the enormously broadened powers Congress has conferred on the Federal Reserve Board and the other bank regulators. For example, in 1974 Congress passed the Bank Holding Company Act. This extended cease-and-desist powers to include bank holding companies and their nonbank subsidiaries. There is no question that the bank regulatory agencies now have ample authority to meet any supervisory problem imaginable in connection with a commercial banking transaction. And elaborate examination programs in the agencies provide a mechanism for enforcing their authority.

Meanwhile, section 23A exists pretty much as it was in 1933. It has the perverse effects of requiring a bank holding company to:

First, buy and sell Federal funds only with banks outside its own corporate enterprise;

Second, incur extra expense by allocating participations in loans among affiliated banks; and

Third, maintain in each subsidiary bank a separate inventory of pledgable assets to meet collateral requirements in section 23A.

LEGISLATIVE REMEDY

The bill I am introducing today will eliminate these undesirable effects. It will permit unlimited transactions—except for the purchase of low quality assets—between and among affiliated banks in a bank holding company when 80 percent or more of the stock of these banks is owned by the parent company. Thus, the typical multibank holding company will be able to deal with its subsidiary banks in a manner similar to the way a single bank deals with its branches. The bill will eliminate the artifical restrictions on Federal funds transactions, the inflexibility in moving surplus funds around to meet loan demand, and the separate inventories of pledgable assets.

This bill reflects the recommendations that the Federal Reserve Board made to Congress in 1979. I have recently conferred with the Federal Reserve Board on this issue. They explained that after reexamining section 23A they remain confident that their recommendations of 1979 are both necessary and sufficient to improve this area of bank regulation. That is why I am acting today.

Mr. President, the Banking Affiliates Act is a noncontroversial proposal that will provide overdue relief to the banking institutions involved. The Association of Bank Holding Companies and many individual bank holding companies join the Federal Reserve Board in supporting this bill. Its passage will be an important sign that Congress intends to reexamine regulations that impose unnecessary burdens on private enterprise.

Mr. President, I ask unanimous consent that the text of the Banking Affiliates Act of 1981 be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1680

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. This Act may be cited as the "Banking Affiliates Act".

Sec. 2. Section 23A of the Federal Reserve Act (12 U.S.C. 371c) is amended to read as follows:

"Sec. 23A (a) Restrictions on Transactions With Affiliates.—

"(1) A member bank and its subsidiaries may engage in a covered transaction with an affiliate only if—

"(A) the covered transaction is made on substantially the same terms as those prevailing at the time for comparable transactions with other nonaffiliated companies;

"(B) in the case of any affiliate, the aggregate amount of covered transactions of the member bank and its subsidiaries will not exceed 12 per centum of the capital stock and surplus of the member bank; and

"(C) in the case of all affiliates, the aggregate amount of covered transactions of the member bank and its subsidiaries will not exceed 20 per centum of the capital stock and surplus of the member bank.

"(2) A member bank and its subsidiaries may not purchase a low-quality asset.

"(b) Definitions.—For the purpose of this section—

"(1) any transaction with a director, officer, or other employee or with any representative of an affiliate shall be deemed to be a transaction with the affiliate to the extent that the proceeds of the transaction are used for the benefit of, or transferred to, the affiliate;

"(2) except in the case of a company that controls the member bank, any transaction with a subsidiary of an affiliate or with a subsidiary of that subsidiary shall be deemed to be a transaction with such affiliate;

"(3) the term 'affiliate' with respect to a member bank means—

"(A) any company that controls the member bank and any other company that is controlled by the company that controls the member bank;

"(B) a bank subsidiary of the member bank;

"(C) any company (i) that is controlled directly or indirectly, by trust or otherwise, by or for the benefit of shareholders who beneficially or otherwise control, directly or indirectly, by trust or otherwise, the member bank or any company that controls the member bank; or (ii) in which a majority of its directors or trustees constitute a majority of the persons holding any such office with the member bank or any company that controls the member bank;

"(D) any company, including a real estate investment trust, that is sponsored and advised on a contractual basis by the member bank or any subsidiary or affiliate of the member bank; and

"(E) any company that the Board determines by regulation or order to have a relationship with the member bank or any subsidiary or affiliate of the member bank, such that judgments by the member bank or its subsidiary, with respect to transactions with such company, may be affected by the relationship to the detriment of the member bank or its subsidiary;

"(4) the following shall not be considered to be an affiliate:

"(A) any company, other than a bank, that is a subsidiary of the member bank;

"(B) any company engaged solely in holding the premises of the member bank with which it is affiliated;

"(C) any company engaged solely in conducting a safe deposit business;

"(D) any company engaged solely in holding obligations of the United States or its agencies or obligations fully guaranteed by the United States or its agencies as to principal and interest; and

"(E) any company where control results from the exercise of rights arising out of a bona fide debt previously contracted, but only for the period of time specifically authorized under applicable State or Federal law or regulation or in the absence of such law or regulation for a period of two years from the date of the exercise of such rights or the effective date of this Act, whichever date is later, subject, upon application for good cause shown, to authorization by the Board for expansions of time for not more than one year at a time, but such extensions in the aggregate shall not exceed three years;

"(5)(A) a company or shareholder shall be deemed to have control over another company if—

"(i) such company or shareholder, directly or indirectly, or acting through one or more other persons owns, controls, or has power to vote 25 per centum or more of any class of voting securities of the other company;

"(ii) such company or shareholder controls in any manner the election of a majority of the directors or trustees of the other company; or

"(iii) the Board determines, after notice and opportunity for hearing, that such company or shareholder, directly or indirectly, exercises a controlling influence over the management or policies of the other company; and

"(B) notwithstanding any other provision of this subsection, no company shall be deemed to own or control another company by virtue of its ownership or control of shares in a fiduciary capacity, except as provided in paragraph (3)(B), but shares shall not be deemed to be owned or controlled in a fiduciary capacity if the company owning or controlling such shares has sole discretionary authority to exercise voting rights with respect thereto, or if the company owning or controlling such shares is a business trust;

"(6) the term 'subsidiary' with respect to a specified company means a company that is controlled by such specified company;

"(7) the term 'bank' means any institution organized under the laws of the United States, any State of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, or the United States Virgin Islands which (A) accepts deposits that the depositor has a legal right to withdraw on demand, and (B) engages in the business of making commercial loans. Such term does not include any company operating under section 25 or 25(a) of the Federal Reserve Act, or any company which does not do business within the United States or whose only business within the United States is incidental to its activities outside the United States;

"(8) the term 'company' means a corporation, partnership, business trust, association or similar organization. Unless specifically excluded, the term 'company' includes a 'member bank' and a 'bank';

"(9) the term 'covered transaction' means with respect to an affiliate of a member bank—

"(A) a loan or extension of credit to the affiliate;

"(B) a purchase of or an investment in securities of the affiliate;

"(C) a purchase of assets, including assets subject to an agreement to repurchase, from the affiliate;

"(D) the acceptance of securities of the affiliate as collateral security for a loan or extension of credit to any person or company, or

"(E) the issuance of an acceptance, guarantee, or letter of credit, including an endorsement or standby letter of credit to, or on behalf of, an affiliate;

"(10) the term 'aggregate amount of covered transactions' means the amount of the covered transactions about to be engaged in added to the current amount of all outstanding covered transactions;

"(11) the term 'securities' means stocks, bonds, debentures, notes, or other similar obligations; and

"(12) the term 'low-quality asset' means an asset that falls in any one or more of the following categories:

"(A) an asset classified as 'substandard', 'doubtful', or 'loss' or treated as 'other loans especially mentioned' in the most recent report of examination prepared by either a Federal or State supervisory agency;

"(B) an asset in a nonaccrual status;

"(C) an asset on which principal or interest payments are more than thirty days past due; or

"(D) an asset whose terms have been renegotiated or compromised due to the deteriorating financial condition of the obligor.

"(c) EXEMPTIONS.—The provisions of this section shall not be applicable to—

"(1) any transaction, except for the purchase of a low-quality asset, with a bank—

"(A) which controls 80 per centum or more of the voting shares of the member bank;

"(B) in which the member bank controls 80 per centum or more of the voting shares; or

"(C) in which 80 per centum or more of the voting shares are controlled by the company that controls 80 per centum or more of the voting shares of the member bank;

"(2) making noninterest bearing deposits in an affiliated bank;

"(3) giving immediate credit to an affiliated bank for uncollected items received in the ordinary course of business;

"(4) making any loan or extension of credit to any affiliate that is fully secured by obligations of the United States or its agencies or obligations fully guaranteed by the United States or its agencies as to principal and interest;

"(5) purchasing securities of any company of the kinds described in section 4(c)(1) of the Bank Holding Company Act of 1956; and

"(6) purchasing assets having a readily identifiable and publicly available market quotation and purchased at that market quotation.

"(d) SECURITY FOR CERTAIN TRANSACTIONS WITH AFFILIATES.—

"(1) Each loan or extension of credit to, or guarantee, acceptance, or letter of credit issued to, or on behalf of, an affiliate by a member bank or its subsidiary shall be secured at the time of the transaction by collateral having a market value equal to—

"(A) 100 per centum of the amount of such loan or extension of credit, guarantee, acceptance, or letter of credit if the collateral is composed of obligations of the United States or its agencies or obligations fully guaranteed by the United States or its agencies as to principal and interest, or notes, drafts, bills of exchange or bankers' acceptances that are eligible for rediscount or purchase by the Federal Reserve Banks;

"(B) 110 per centum of the amount of such loan or extension of credit, guarantee, acceptance, or letter of credit if the collateral is composed of obligations of any State or political subdivision of any State;

"(C) 120 per centum of the amount of such loan or extension of credit, guarantee, acceptance, or letter of credit if the collateral is composed of other debt instruments, including receivables; or

"(D) 130 per centum of the amount of such loan or extension of credit, guarantee, acceptance, or letter of credit if the collateral is composed of stock, leases, or other real or personal property.

"(2) Any such collateral that is subsequently retired or amortized shall be replaced by additional eligible collateral where needed to keep the percentage of the collateral value relative to the amount of the outstanding loan or extension of credit, guarantee, acceptance, or letter of credit equal to the minimum percentage required at the inception of the transaction.

"(3) A low-quality asset shall not be acceptable as collateral.

"(4) The securities of an affiliate of the member bank shall not be acceptable as collateral for a loan or extension of credit to, or guarantee, acceptance, or letter of credit issued to, or on behalf of, that affiliate or any other affiliate of the member bank.

"(5) The collateral requirements of this paragraph shall not be applicable to an acceptance that is already fully secured either by attached documents or by other property having an ascertainable market value that is involved in the transaction.

"(e) RULEMAKING AND ADDITIONAL EXEMPTIONS.—

"(1) The Board may prescribe, by regulation or order, limitations or other requirements as to any transactions with any company in which the member bank or a bank affiliate of the member bank owns, directly or indirectly, a minority equity interest other than in a fiduciary capacity, and may issue such further regulations and orders, including definitions consistent with this section, as may be necessary to administer and carry out the purposes of this section and to prevent evasions thereof.

"(2) The Board may, at its discretion, by regulation or order exempt transactions or relationships from the requirements of this section if it finds such exemptions to be in the public interest and consistent with the purposes of this section.".

SEC. 3. Section 23A of the Federal Reserve Act, as amended by section 2 of this Act, shall apply to any transaction entered into after the date of enactment of this Act, except for transactions which are the subject of a binding written contract or commitment entered into on or before ----------, 1981, and except that any renewal of a participation loan outstanding on ----------, 1981, to a company that becomes an affiliate as a result of the enactment of this Act, or any participation loan to such an affiliate emanating from the renewal of a binding written contract or commitment outstanding on ----------, 1981, shall not be subject to the collateral requirements of this Act.

SEC. 4. Section 18(j) of the Federal Deposit Insurance Act (12 U.S.C. 1828(j)) is amended by striking out ", within the meaning of section 2 of the Banking Act of 1933, as amended, and".●

By Mr. CANNON (for himself and Mr. LAXALT):

S. 1681. A bill to designate the southern Nevada water project the "Robert B. Griffith Water Project"; to the Committee on Energy and Natural Resources.

ROBERT B. GRIFFITH WATER PROJECT

Mr. CANNON. Mr. President, I introduce for appropriate reference a bill to rename the southern Nevada water project the "Robert B. Griffith Water Project." My colleague, Senator LAXALT, joins me as a cosponsor of this bill.

Robert B. Griffith, now deceased, wore many hats. To name this project after this man, one might think he had something to do with water, which he did. The genesis of the project came from Bob Griffith's fertile imagination. He was chairman of the Colorado River Commission of Nevada when the first plans were considered utilizing Lake Mead water in Las Vegas, and he was still chairman when the first stage of this project was born.

But Bob Griffith was involved in much more than water. Bob was a civil engineer, contractor, real estate developer, civic leader and planner, postmaster, and businessman. Moreover he was a pioneer in Las Vegas. The Southern Nevada Water Project was but one effort of a man whose creative mind and organization talents helped turn Las Vegas from a sleepy desert town into a modern metropolis. The city indelibly bears the mark of his genius. He served the city of Las Vegas in many capacities for over 50 years. It should also bear his name on one of those important projects. Robert B. Griffith richly deserves the honor conferred by this bill.

ADDITIONAL COSPONSORS

S. 95

At the request of Mr. GLENN, the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 95, a bill to effect certain reorganization of the Federal Government to strengthen Federal programs and policies with respect to nuclear waste management.

S. 391

At the request of Mr. CHAFEE, the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of S. 391, a bill to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying agents, informants, and sources and to direct the President to establish procedures to protect the secrecy of these intelligence relationships.

S. 603

At the request of Mr. ZORINSKY, the Senator from North Carolina (Mr. EAST), and the Senator from Iowa (Mr. GRASSLEY) were added as cosponsors of S. 603, a bill to amend title 17 of the United States Code to exempt nonprofit veterans' organizations and nonprofit fraternal organizations from the requirement that certain performance royalties be paid to copyright holders.

S. 625

At the request of Mr. DURENBERGER, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of S. 625, a bill to revise the boundary of Voyageurs National Park in the State of Minnesota, and for other purposes.

S. 1018

At the request of Mr. CHAFEE, the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 1018, a bill to protect and conserve fish and wildlife resources, and for other purposes.

S. 1277

At the request of Mr. HATCH, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 1277, a bill to restrict the authority of the Secretary of Health, Education, and Welfare with respect to the regulation of vitamin and mineral products for over-the-counter use.

S. 1325

At the request of Mr. CHILES, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of S. 1325, a bill to reform the laws relating to former Presidents.

S. 1407

At the request of Mr. PRYOR, the Senator from Arkansas (Mr. BUMPERS), the Senator from Montana (Mr. MELCHER), the Senator from Delaware (Mr. ROTH), the Senator from South Dakota (Mr. PRESSLER), and the Senator from North Dakota (Mr. BURDICK) were added as cosponsors of S. 1407, a bill to amend title 39, United States Code, by strengthening the investigatory and enforcement powers of the Postal Service by authorizing inspection authority and by providing for civil penalties for violations of orders under section 3005 of such title—pertaining to schemes for obtaining money by false representations or lotteries—and for other purposes.

S. 1411

At the request of Mr. THURMOND, the Senator from Colorado (Mr. ARMSTRONG) was added as a cosponsor of S. 1411, a bill to amend subchapter II of chapter 73 of title 10, United States Code, to eliminate certain inequities in the survivor benefit plan provided for under such subchapter, to improve such plan by authorizing certain new options for participants in such plan, and for other purposes.

S. 1442

At the request of Mr. HATCH, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of S. 1442, a bill to amend the Federal Food, Drug, and Cosmetic Act, the Poultry Products Inspection Act, the Federal Meat Inspection Act, and the Egg Products Inspection Act to improve food safety decisions, to provide for assessment of risks to health presented by substances present in food, to provide for referral of food safety questions to expert scientific advisory panels, to provide authority for flexible regulatory response based on the risks and uses associated with a substance, and for other purposes.

S. 1533

At the request of Mr. WEICKER, the Senator from Michigan (Mr. RIEGLE) was added as a cosponsor of S. 1533, an original bill to authorize the appropriations for the Legal Services Corporation for fiscal years 1982, 1983, and 1984, and to encourage the use of private attorneys in the provision of legal services under that act, and for other purposes.

S. 1598

At the request of Mr. STENNIS, the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 1598, a bill to establish a National Commission on Interest Rates.

S. 1607

At the request of Mr. D'AMATO, the Senator from Alaska (Mr. STEVENS), the Senator from Georgia (Mr. MATTINGLY), and the Senator from Wisconsin (Mr. KASTEN) were added as cosponsors of S. 1607, a bill to amend the Internal Revenue Code of 1954 to provide a minimum interest and dividend exclusion of $200 for each individual.

S. 1609

At the request of (Mr. PRESSLER, the Senator from Alabama (Mr. HEFLIN), and the Senator from Nevada (Mr. CANNON) were added as cosponsors of S. 1609, a bill to amend the Federal Reserve Act to revise provisions relating to the Board of Governors of the Federal Reserve System, and for other purposes.

S. 1678

At the request of Mr. HATCH, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 1678, a bill to amend the Employee Retirement Income Security Act of 1974 with regard to mortgage investments.

SENATE JOINT RESOLUTION 83

At the request of Mr. CHAFEE, the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of Senate Joint Resolution 83, a joint resolution to authorize and request the President to call a White House Conference on Education not later than January 15, 1982, and for other purposes.

SENATE CONCURRENT RESOLUTION 29

At the request of Mr. HOLLINGS, the Senator from Connecticut (Mr. DODD), the Senator from Delaware (Mr. BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Maine (Mr. COHEN), the Senator from Michigan (Mr. RIEGLE), and the Senator from Washington (Mr. JACKSON) were added as cosponsors of Senate Concurrent Resolution 29, a concurrent resolution disapproving certain coastal zone management Federal consistency regulations.

SENATE CONCURRENT RESOLUTION 33

At the request of Mr. PRESSLER, the Senator from Utah (Mr. HATCH), the Senator from Hawaii (Mr. INOUYE), the Senator from New Mexico (Mr. DOMENICI), the Senator from New Hampshire (Mr. HUMPHREY), the Senator from North Dakota (Mr. BURDICK), and the Senator from Oklahoma (Mr. NICKLES) were added as cosponsors of Senate Concurrent Resolution 33, a concurrent resolution disapproving the Federal Trade Commission trade regulation rule relating to the sale of used motor vehicles.

AMENDMENT NO. 564

At the request of Mr. EXON, the Senator from South Dakota (Mr. PRESSLER), and the Senator from Georgia (Mr. NUNN) were added as cosponsors of amendment No. 564 proposed to House Joint Resolution 265, a bill to provide for a temporary increase in the public debt limit.

AMENDMENT NO. 569

At the request of Mr. ARMSTRONG, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of amendment No. 569 proposed to House Joint Resolution 265, a bill to provide for a temporary increase in the public debt limit.

AMENDMENT NO. 570

At the request of Mr. ARMSTRONG, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of amendment No. 570 proposed to House Joint Resolution 265, a bill to provide for a temporary increase in the public debt limit.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Committee on Energy and Natural Resources to consider S. 1674, a bill to amend or repeal certain provisions of the Organic Acts applicable to the Virgin Islands, and for other purposes. The hearing will be held on Thursday, October 15, beginning at 10:30 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding the hearing you may wish to contract Mr. Jim Beirne of the committee staff at 224–2564.

Mr. President, I would like to announce for the information of the Senate and the Public that the Committee on Energy and Natural Resources will continue hearings on S. 1544, the State and Local Energy Block Grant Act of 1981, on Friday, October 16, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing you may wish to contact Mr. Richard Grundy of the committee staff at 244–2564.

SUBCOMMITTEE ON PUBLIC LANDS AND RESERVED WATER

Mr. WALLOP. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of a public hearing before the Subcommittee on Public Lands and Reserved Water to consider S. 625, to revise the boundary of Voyageurs National Park in the State of Minnesota, and for other purposes. The hearing will be held on Thursday, October 29 beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, Subcommittee on Public Lands and Reserved Water, room 3104, Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding this hearing you may wish to contact Mr. Tony Bevinetto of the subcommittee staff at 224–5161.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Governmental Efficiency and the District of Columbia, of the Committee on Governmental Affairs, be authorized to meet at 10 a.m. today, September 29, to hold a hearing on S. 744, a bill to issue general obligation bonds to pay certain liabilities of the District.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, September 29, to hold a hearing on S. 1544, the State and Local Energy Block Grant Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on

Wednesday, September 30, to consider the executive nominations of J. Raymond Bell to be Chairman of the Foreign Claims Settlement Commission; Cameron Batjer to be Commissioner of the U.S. Parole Commission; Glenn H. Davidson to be U.S. attorney for the northern district of Mississippi; George Landon Phillips to be U.S. attorney for the southern district of Mississippi; John Lamp to be U.S. attorney for the eastern district of Washington State; Emery Jordan to be U.S. marshal for the district of Maine; and to consider other committee business.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. STEVENS. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Wednesday, September 30, at 2 o'clock to mark up the Federal-aid Highway Improvement Act of 1981, S. 1024.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY AND THE DISTRICT OF COLUMBIA

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Governmental Efficiency and the District of Columbia, of the Committee on Governmental Affairs, be authorized to meet at 9 a.m. Wednesday, September 30, to discuss Senate Resolution 207, a resolution to disapprove of District of Columbia Act 9–69, a reform of the sexual assault laws.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

ARMS SALES TO SAUDI ARABIA

● Mr. MOYNIHAN. Mr. President, President Reagan is surely correct in his decision to renegotiate the terms of the "air defense enhancement package" his administration wishes to sell Saudi Arabia. The proposal as previously presented to Congress was clearly unacceptable, for the risks it would pose to the security of the United States and Israel alike. Majorities in both the House and Senate have said as much, and the President has heard us.

Now, officials of our Government have begun new negotiations with Saudi Arabia, in consultation with Members of Congress, in pursuit of an agreement which will properly satisfy the concerns of all interested parties. This I take to be a positive development. We may in consequence be able to arrive at responsible terms for Saudi-American cooperation in the defense of the Persian Gulf.

It is essential that these discussions be undertaken with all the diplomatic care which peace in the Middle East warrants. They may be the most important talks this administration will engage in with Saudi Arabia. Certainly negotiations of this import should not be conducted in hasty fashion to meet arbitrary and unnecessary self-imposed deadlines—such as this week's target date for formal submission of the AWACS package to Congress. They should also not be conducted via the press release. If the administration is not willing to meet in private to discuss alternatives to the first AWACS package, the Saudis will surely question the sincerity with which our Government views its commitment to defend the Persian Gulf—and quite properly so, in the view of this Senator.

I speak on the basis of some experience in these matters. As the only Member of Congress who has served as an American Ambassador—in India, and at the United Nations—I daresay I have learned that serious international negotiation can take place only in an atmosphere of calm, unencumbered by bureaucratic imperatives for immediate resolution. The question of whether and on what terms the United States will provide any nation with military technology as sophisticated and as sensitive as that contained in the AWACS package is such a serious matter.

Having realized that the proposal will have to be rewritten, the administration should now be prepared to begin a process of reconsideration and renewed negotiation which, surely, cannot be completed in 2 or 3 days. Witness the headline in this morning's Washington Post about the Saudi reaction to the administration's first alternative proposal: "Saudi Bars U.S. Crews As AWACS Compromise." One assumes there remains considerable work to be done.

I would therefore urge that the President postpone submission of his proposal for the air defense of Saudi Arabia and the Persian Gulf oilfields until such time as it has been clearly established what the proposal is.

I would also say that it is my belief that the negotiations, such as they are, appear already to have gone astray. The addition of one or two or three American technicians to the 13-man crew of an AWACS, without any assurance that this would represent a significant degree of operational control by the United States, would only complicate American political and diplomatic difficulties in the event of another war in the Middle East.

The central issue here should remain the steadfast reluctance of the Government of Saudi Arabia to behave in a manner consonant with its claim to be an ally of the United States.

On August 22, for example, the Saudi Government joined with other members of the Gulf Cooperation Council to condemn the American downing of two Libyan fighters over the Gulf of Sidra as "an exercise of medieval piracy at high seas." In the circumstance, this way anything but the language of a friend.

On September 14, an official Saudi Government spokesman condemned President Reagan's recent decision to enter a new accord on strategic cooperation with Israel, saying the agreement would "hinder the peace process." Neither an accurate nor a constructive intervention, to my mind.

Moreover, Saudi Arabia continues to boycott U.S. firms which trade with Israel, as well as firms which do business with companies which trade in Israel. I trust I need not remind Senators of this.

Until the leadership of Saudi Arabia demonstrates that it is willing to support the U.S. policy in the Middle East—our efforts to bring peace to the region—it is unlikely that Congress will permit the administration to furnish it with complete control of the radar surveillance and battlefield control technology upon which the United States depends for its own security.

I would ask that the President consider this view as he endeavors to reach a new accord for the defense of Saudi Arabia. I do think he may need some time to work out the details of an agreement that Congress will permit. I therefore urge President Reagan to announce that he will not make a formal submission to Congress any time soon.●

PATRICIA WEBER

● Mr. DURENBERGER. Mr. President. Patricia Weber is not a very unusual person. At least she would not characterize herself as such.

But, besides the "usual" roles of wife and mother she has run a smalltown newspaper, cheered her oldest son into the U.S. Congress at age 27, and now has become "chairwoman" of the Minnesota State Board of Education.

Mr. President I ask unanimous consent that a St. Paul Dispatch story on this very special Minnesotan be made a part of the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the St. Paul Dispatch, Sept. 17, 1981]

Weber Won't Flinch Under Fire

(By Walter Parker)

Patricia Weber's 30 years of working on a weekly newspaper taught her, among other things, that sometimes in public life it's going to get hot.

"I don't think anything affects me anymore. On the paper, you know, our mistakes would lie around for a week. We didn't even have the advantage you have (on a daily) of being thrown out after a day. One learns to stand up for what you think is right, take what comes and then try to put it out of your mind," she said.

She's on the other side of the notebook now, both as chairwoman of the state Board of Education and as the politically active mother of a public official, Sixth District I–R Congressman Vin Weber.

Appointed to the board by Gov. Al Quie in May 1979, Mrs. Weber, 53 was elected last July to a one-year term as chairwoman. She was reminded almost immediately upon taking the helm that country editors aren't the only lightning rods for criticism.

A devout Catholic, she included in her acceptance speech a wish for the board to have what she called two gifts—"that the peace and wisdom of the Holy Spirit would guide your deliberations."

But longtime board member Louis Smerling objected that her comment, while not illegal, was a religious aside inappropriate for a secular public meeting.

The confrontation was brief and quickly passed into history, but it made for a bumpy start for the board's new leader. Never unduly upset about it (nor, says Smerling, was he), Weber defends her comments, and insists it was a strictly personal remark, not an official one.

Weber, an Independent-Republican from Slayton, was one of the first of Quie's six appointments to the state Board of Education, a nine-member body whose impressive name belies its more nebulous function somewhere between the Legislature and hundreds of local school boards.

Officially, the board oversees and sets statewide policies for the Department of Education to follow. Its decisions have the force of law, until countermanded by the courts or the Legislature. It also serves as the State Board for Vocational Education, overseeing the state's 44 vo-tech institutes.

Board members often cite "leadership" as a primary role. Their meetings are a forum for them and for department staffers to encourage and debate public school policies. In the 1970s, for example, it was the board, not the Legislature, that established school desegregation regulations.

Partisanship is naturally a factor in board affairs, though both board members and staffers who work closely with it are quick to say that political ideology is more blurred in education than in other fields.

"Most board people don't 'run' for this sort of thing," Weber said. "They're basically do-gooders, the kind of people who say yes when they're asked to do something."

Weber began her career as a medical and X-ray technician before devoting herself to the Murray County Herald, the newspaper owned by her husband's family until they sold it last February. She credits newspapers, both others and the one for which she "would clean the basement in the morning and write editorials in the afternoon," for a great part of her own education.

Currently, she is working on a degree in communication through the state community college in Worthington. Her coursework in the "competency-based" program is buttressed with credit for life experiences, the kind of program she says she hopes to advocate through her board service.

In recent years Weber, the mother of three adult sons, served on the Slayton School Board. Her interest in education, far from flagging as her sons finished their schooling, has intensified.

"The quality of education in Minnesota is good, that's a foregone conclusion" based on available evidence, she said. "But it can be improved."

Weber said her major goal on the board is to promote individually tailored programs for students, keyed to their strengths and interests from "the day they cross the threshold into kindergarten."

She said she has been deeply impressed in this area by the apparent success pilot computer teaching programs have had with youngsters. "They've found that even in ghetto areas the youngsters are coming back after school" to continue their lessons, she said.

While "tailored programs might cost more, Weber said the long-term social benefits would justify the expense by changing the anti-authoritarian orientation many students adopt toward school and learning.

"How much of our society is non-productive because people aren't happy with what they're doing?" she said. "It's probably too late for people like you and me, but it's not for the children. We've got to start with them."

As a conservative, she said she believes advocates for a return to "basics" have a point, but that their fears that the schools aren't succeeding are based on a broader breakdown of traditional respect for elders, that young people don't appreciate the sacrifices society makes to educate them. People tend to blame schools for this, but the answer isn't a return to the "3Rs," she said.

Weber acknowledges her own background probably explains why she "never got into" some liberal-activist issues that touch the schools, such as affirmative action and equal access to athletics for women. She was born the sixth child in an Irish workingman's family in Mankato two months after their house burned down and just before the Great Crash of the stock market in 1929. She supported herself while in medical technical school and got her first career job immediately afterward.●

NATIONAL URBAN POLICY

● Mr. TSONGAS. Mr. President, Mary Neuhauser, a city councilwoman from Iowa City, Iowa, recently wrote an article on our national urban policy for the Nation's Cities Weekly, a publication of the National League of Cities.

Over a decade ago, Congress and the executive branch began to form the framework of a national urban policy, and this effort was forcefully accelerated during the last administration. The comprehensive urban policy developed during the Carter administration rested on three main premises: First, that the Federal Government was committed to help urban communities respond to their problems. Second that State and local governments and the private sector should work in partnership with the Federal Government on urban revitalization strategies. Third, that Federal resources should be targeted to communities and people reflecting the greatest needs.

These principles have taken on even greater importance as our country attempts to resolve its grave economic problems, but they have clearly been lost in the shuffle. Now, more than ever, we should make cities our partners in economic recovery.

I ask that Ms. Neuhauser's article be inserted in the Record, and ask my colleagues to take note of her concerns.

The article follows:

Improving Our Cities Must Remain a Top National Priority

(By Mary Neuhauser)

As the first of the budgets of the Reagan Administration slides through Congress, we wonder and fear what lies ahead for our cities.

We have the distinct impression that improvement of cities is no longer a national priority but will be merely an option for states to consider as they choose. We're afraid that some, if not many, of the states may not choose to commit themselves to improving our cities.

If states were serious about improving cities, they would re-examine historical policies that have contributed to the problems of their cities. Statutes limit the ability of cities to annex adjacent areas to broaden the city tax base. Statutes restrict cities' access to revenues from sources other than the property tax, and particularly from those who live outside the city limits, but use city services. State appropriations for freeways encourage middle-income people to live outside the cities leaving those most in need of government services and least able to pay for them behind. State laws exempting certain kinds of property from taxation put greater burdens on the remaining property owners.

Recognizing that not all states have a commitment towards improving their cities, we must seek a broader approach. The vitality of American cities is not a luxury: it is a necessity and must be a national priority.

Cities promote the efficient use of resources. They serve concentrated populations. Cities have institutions and infrastructure in place.

While some improvements may be necessary, the basic building to service an existing population already has been done. Use of existing resources and land saves undeveloped land outside the cities for other important uses, such as agriculture, forestry, energy exploration and recreation.

Cities shelter people who can't live anywhere else. Someday the poor and many minorities may be able to live wherever they wish, but right now the reality is that many communities outside the cities make no provision for them. They have no housing for low income people. They have no jobs for low-skilled people. They have no public transportation or day care centers. Cities provide these services.

If we are to see that our cities continue to provide services to the people who require them, if we want to see all people have a chance to better their condition, and if we want to see cities continue to regain their former economic vitality, we must insure that cities remain a national priority.

We must continue to pursue our national goals to provide decent, safe and sanitary housing, to build healthy communities through the elimination of slums and blight and through enforcement of the Clear Air Act and Clean Water Act, and to achieve self-supporting economies through increased employment opportunities in the private sector.

To accomplish these goals, cities must be able to count on assured financial assistance from the federal government.

Whether the form is categorical programs or block grants is not the significant point. Block grants have great advantages in increased flexibility, reduced burdensome regulation and more efficient administration. However, whatever the funding source, it must be tied to a commitment that our cities are a national priority, because vital cities are necessary to the well being of the nation and the principles on which it was founded.●

SENATOR DOLE HONORS BARRY GOLDWATER

● Mrs. KASSEBAUM. Mr. President, this past Wednesday night nearly 700 people attended the benefit dinner for the Charles Edison Memorial Youth Fund. The dinner honored the distinguished Senator from Arizona, Barry Goldwater, who has been actively involved in this important program since its inception in 1969.

My colleague from Kansas, Senator Dole, had the pleasure of serving as the dinner chairman. His introduction of Senator Goldwater was a well deserved tribute, and I ask that his remarks be printed in the Record.

The remarks follow:

Goldwater Scholarship Dinner

Thank you, Cliff, for that very kind introduction. While we're handing out compliments, can you think of anyone in this room who has done as much for the Republican cause as Cliff White?

Some of you may not know that Cliff began his political career in Tom Dewey's organization in New York. That's where he learned to lose. But he's resilient. In fact, that's one of the themes of this evening. Take my case, for instance. I can remember a lot of folks in this town just a few years ago who insisted that Bob Dole would never chair a party again. Yet here I am.

Someone once defined a conservative as

a man who never wants to do anything for the first time. Yet here we are, at the second annual Goldwater scholarship dinner. Unfortunately, some of your staunchest admirers couldn't be here this evening. Jack Kemp's at the dentist, having some fillings melted down. Dave Stockman took one look at the menu and said our meal provided too much nutrition. Tip O'Neil is busy polishing off his bust of Franklin Roosevelt.

But Barry's here and that's what counts. It's been an eventful year for our guest of honor. He won re-election to a fourth term in the Senate. He saw a conservative tidal wave wash over the landscape. He got to see someone else take the heat on social security for a change. And just this week, the senior Senator from Arizona got his own Supreme Court Justice.

The Senator from Arizona has never relinquished his hold on the headlines. He has a habit of saying exactly what's on his mind. And in this town, candor is about as unusual as a balanced budget. Not long ago, he stood up to the moral majority. He reminded us that there are different definitions of morality in a diverse country. There are those who preach a morality they don't always practice—and then there are those who practice morality better than they preach. BARRY GOLDWATER doesn't preach. He has always questioned the ability or the propriety of Government defining what is acceptable in the eyes of God. Because BARRY has never confused Washington with God. Even if some bureaucrats do.

I have other reasons for admiring this man. During the day, I keep an eye on taxes, while he watchdogs national intelligence. And we both agree: There's too much of one, and not enough of the other. Than to, I'll never forget the political advice that BARRY's given me over the years. In 1971, he urged me to become Republican National Chairman—said there wasn't a better springboard to the White House imaginable. In 1973, he said to forget the oval office—Spiro Agnew was a shoo-in to succeed Nixon. In 1976, he told me that everyone wanted to hear about Democrat wars.

Whatever the value of his current advice, I think we can all agree that the history books have already vindicated our guest of honor. We wouldn't make a choice in 1964—so we settled for echoes of an exploding Government. Still, it struck me as a bit premature for BARRY to have his lawyers get in touch with Duke University about building a library.

But BARRY, no library could do justice to your life and work. Your monument is in the hearts of the American people, who always admired you and now have come to agree with you. Some men, by their sheer presence, can stiffen the courage of others. You've showed over the years that conservatism and courage were intertwined. In this city of loud voices and short memories, you've made it possible for conscience to speak with more than a whisper.

Perhaps it was the uncompromising frontier of the Arizona Territory into which you were born on New Year's day, 1909, that bred into you the frontier virtues of integrity and candor. Along with them went principles, and a gift for prophecy that made you a man ahead of his time.

It has been said that:

A man is what he is. His character no man can touch.

It is what he is before God and judge.

Character is for eternity.

This is BARRY GOLDWATER.

It has also been said, by BARRY himself in "The Conscience of a Conservative":

"Let us through persuasion and education, seek to improve institutions we deem defective. But let us, in doing so, respect the orderly process of law. Any other course enthrones tyrants and dooms freedom."

This is BARRY GOLDWATER's commitment to the future, to the young people who will guide that future, and to the Charles Edison Memorial Youth Fund that makes these scholarships possible.

Al Smith was called the happy warrior. Robert Taft was Mr. Republican. This evening, I'm honored to present Mr. Conservative . . . BARRY GOLDWATER.●

PRESIDENT REAGAN ADDRESSES THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND

● Mr. GARN. Mr. President, President Reagan is a leader. He has shown that again and again in the many issues that he has faced in the brief months since his inauguration. That leadership was demonstrated once more today, before the annual joint meeting of the World Bank and the International Monetary Fund. In his address opening the first session, President Reagan charted the course for these multilateral institutions for the rest of the 1980's. It is a course that will build upon and enhance the important work that these vital institutions have already accomplished. It is a course that takes into account both the needs of the less-developed countries and the resources of the industrial states.

Drawing upon the examples of the development successes of recent years, of the amazing growth achieved by such countries as South Korea, Singapore, Brazil, Taiwan, and others, this course puts greater reliance upon private resources and initiative. It would utilize the great power of the market place for attracting private capital and developing productive enterprise. In other words, this course for the eighties is made up of three essential elements:

Continued strong U.S. support for the multilateral development banks;

Emphasis upon domestic economic policies as the key sources of growth and development; and

Renewed reliance upon open markets and market forces, resulting in greater private initiative and reduced governmental burden.

Mr. President, these policies are neither new nor innovative. They have been around with us for a long time. As I mentioned, these principles have been the key elements in the programs of the most successful developing countries. But, Mr. President, it takes a leader to recognize these elements and stand up and declare them. President Reagan gave notice today, before the assembled financial leaders of the world, that these principles will govern U.S. policy and must be the guiding principles of the multilateral development banks as well if these institutions are to meet the challenges before us.

Being a leader also means following through, it means sticking to a wise course once begun. President Reagan has also demonstrated this great quality. Because of it, time and again he has been successful when others were saying that he would be beaten. I am confident that this kind of determination will be applied to the policies outlined by the President today. The policies are sensible; they are sound; they provide for solid growth, no illusive bubbles of development that one day burst and leave you worse off than before.

Mr. President, the World Bank and the International Monetary Fund grew out of the rubble of World War II. It was the kind of program that President Reagan outlined today that brought about the reconstruction of an economically destroyed Europe. There is a role for the multilateral banks, an essential role. They have achieved great successes, but it is when we try to supplant rather than supplement private effort that we fail, with the resultant frustration and discouragement of that failure. As President Reagan put it so well this morning:

> We who live in free market societies believe that growth, prosperity, and ultimately human fulfillment, are created from the bottom up, not the government down. Only when the human spirit is allowed to invent and create, only when individuals are given a personal stake in deciding economic policies and benefiting from their success—only then can societies remain economically alive, dynamic, prosperous, progressive and free. . . . Governments that set out to regiment their people with the stated objective of providing security and liberty have ended up losing both.

President Reagan's leadership is being followed. His economic policies found echo in the remarks of the chairman of the annual meeting, the Honorable Valentin Arismendi Elgue, by the new president of the World Bank, Mr. A. W. Clausen, and by the managing director of the IMF, Mr. De Larosiere. To borrow from Mr. Larosiere's words:

> Concerted efforts on the part of industrial countries to address the underlying causes of stagflation would represent a crucial contribution to improvement of the performance of the world economy. . . . The vast majority of the Fund's member countries still face an extremely difficult economic situation. If their economies are to achieve sustained growth, if the hopes and aspirations of their peoples for the coming decade are to be at all satisfied, there can be no relaxation now in economic adjustment policies. This message may seem an austere one. It is nevertheless realistic. . . .

Mr. President, I ask that President Reagan's remarks be included in the RECORD.

The remarks follow:

ADDRESS BY THE PRESIDENT TO THE GOVERNORS OF WORLD BANK AND INTERNATIONAL MONETARY FUND

On behalf of the American people, I am delighted to welcome you to Washington for your 3[illegible]th Annual Meeting. It seems your deliberations take on added importance each year, and this year will be no exception. I believe your meeting can strengthen the national resolve and international cooperation required for the global economic recovery and growth we all are striving to achieve.

I am very grateful for this opportunity to address your distinguished group. It is customary to begin a speech before this Annual Meeting with a portrait of the serious problems and challenges we face today in the world economy. Those problems and challenges are certainly there—in force—and I will return in a minute to review them.

But first, let me take just a moment to salute the institutions you represent. The IMF and World Bank group have contributed enormously to the spread of hope—to a better life throughout the world community. In the process, they have proven themselves capable of change, of adapting to new circumstances and the needs of new members.

Your institutions have worked tirelessly to preserve the framework for international economic cooperation and to generate confidence and competition in the world economy. They have been inspired by the ideal of a far better world in which economic growth and development would spread to all parts of the globe. For more than three decades, they have worked toward these goals and contributed to results that are now clearly visible to all.

This past decade in particular has tested the mettle and demonstrated the strength and merit of the World Bank and IMF. As the development report of the World Bank itself notes:

"The 1970s witnessed international economic convulsions at least as serious as any that may be thought highly probable in the next 10 years. The world economy's capacity to withstand shocks has been severely tested. The tests were not passed with entire success . . . but parts of the developing world have come through remarkably well."

We need to recognize our progress and talk about it more in our conversations with one another. This in no way denies the immense problems we face. But without some sense of what we have achieved, without some encouragement to believe in our mission, we will succumb to defeatism or surrender to ill-advised solutions to problems that can never yield to grandiose schemes.

To look at the challenges before us, let us recall that vision we originally set out to reach through international cooperation. The Second World War had left us with the realization, born out of the suffering and the sacrifices of those years, that never again must human initiative and individual liberties be denied or suppressed.

The international political and economic institutions created after 1945 rested upon a belief that the key to national development and human progress is individual freedom, both political and economic.

The Bretton Woods institutions and the GATT established generalized rules and procedures to facilitate individual enterprise and an open international trading and financial system. They recognized that economic incentives and increasing commercial opportunities would be essential to economic recovery and growth.

We who live in free market societies believe that growth, prosperity, and ultimately human fulfillment, are created from the bottom up, not the government down.

Only when the human spirit is allowed to invent and create, only when individuals are given a personal stake in deciding economic policies and benefiting from their success—only then can societies remain economically alive, dynamic, prosperous, progressive and free.

Trust the people. This is the one irrefutable lesson of the entire post-war period contradicting the notion that rigid government controls are essential to economic development.

The societies which have achieved the most spectacular, broad-based economic progress in the shortest period of time are not the most tightly controlled, nor necessarily the biggest in size, or the wealthiest in natural resources. No, what unites them all is their willingness to believe in the magic of the market place.

Everyday life confirms the fundamentally human and democratic ideal that individual effort deserves economic reward. Nothing is more crushing to the spirit of working people and to the vision of development itself than the absence of reward for honest toil and legitimate risk. So let me speak plainly: We cannot have prosperity and successful development without economic freedom. Nor can we preserve our personal and political freedoms without economic freedom.

Governments that set out to regiment their people with the stated objective of providing security and liberty have ended up losing both. Those which put freedom as the first priority also find they have also provided security and economic progress.

The United States is proud of its contributions to the goals and institutions of postwar development. You can count on us to continue to shoulder our responsibilities in the challenges we face today.

We see two of overriding importance:

Restoring the growth and vitality of the world economy;

And assuring that all countries, especially the poorest ones, participate fully in the process of growth and development.

But let us remember, the most important contribution any country can make to world development is to pursue sound economic policies at home. Regrettably, many industrial countries, including my own, have not made this contribution in the recent past. We have overspent, overtaxed and overregulated, with the result being slow growth and soaring inflation. This stagflation, as the IMF annual report notes, is one of two basic problems we must quickly overcome.

The United States has set its course to economic recovery. Our program is comprehensive, and as I reminded the American people last Thursday evening, it will require effort and patience. But the reward is worth working for.

By reducing the rate of Government spending, honoring our commitment to balance the budget, reducing tax rates to encourage productive investment and personal savings, eliminating excessive Government regulation, and maintaining a stable monetary policy . . . we are convinced we will enter a new era of sustained, noninflationary growth and prosperity, the likes of which we have not seen for many years.

And as the world's largest single market, a prosperous, growing U.S. economy will mean increased trading opportunities for other nations. America now receives half of all non-OPEC developing country exports of manufactured goods to all industrialized countries, even though we account for only one-third of the total gross national product of those industrialized countries. Lower U.S. inflation and interest rates will translate into increased availability of financial resources at affordable rates. Already, capital markets in the United States are more accessible to the developing countries than capital markets anywhere else in the world. No American contribution can do more for development than a growing, prosperous U.S. economy.

The domestic policies of developing countries are likewise the most critical contribution they can make to development. Unless a nation puts its own financial and economic house in order, no amount of aid will produce progress. Many countries are recognizing this fact and taking dramatic steps to get their economies back on a sound footing. I know it's not easy—but it must be done.

Only with a foundation of sound domestic policies can the international economic system continue to expand and improve. My own Government is committed to policies of free trade, unrestricted investment and open capital markets. The financial flows generated by trade investment and growth capital flows far exceed official development assistance funds provided to developing countries.

At the same time, we are sensitive to the needs of the low-income countries. They can benefit from international trade and growth in the industrial countries because they export many raw materials and primary products the industrial world needs. But they also depend upon our aid to strengthen their economies, diversify their exports and work toward self-sufficiency.

The United States recognizes this. Over three decades, we have provided more than $130 billion in concessional assistance. The American people have proven themselves to be as compassionate and caring as any on Earth. And we will remain so.

We strongly support the World Bank. And because of our strong support, we feel a special responsibility to provide constructive suggestions to make it more effective. We believe these suggestions will permit it to generate increased funds for development and to support the efforts developing countries are making to strengthen their economies. Taking into account our budgetary constraints, we are committed to providing the Bank and IDA resources for them to continue and improve their contributions to development.

We know that stimulating private investment is also critically important. The International Finance Corporation plays the leading role in the bank family in support of such investment. Given the importance of this role, we hope it can be enhanced. We believe all facets of the Bank can play a more active role in generating private resources and stimulating individual initiative in the development effort.

The IMF also plays a critical role in establishing conditions to encourage private capital flows to deficit countries. By reaching agreements with the IMF on a sound, comprehensive, stabilization program—and by demonstrating its determination to implement that program—a borrowing country signals private markets of its intent to solve its own economic problems.

We are committed to a pragmatic search for solutions to produce lasting results. Let us put an end to the divisive rhetoric of us versus them, North versus South. Instead let us decide what all of us—both developed and developing countries—can accomplish together. Our plans for the Caribbean Basin are one example of how we would like to harness economic energies within a region to promote stronger growth. The design and success of this undertaking depends upon the cooperation of many developed and developing countries.

My colleagues and I also look forward to the upcoming summit meeting at Cancun, Mexico. That occasion will provide us with fresh opportunities to address the serious problems we face and encourage each other in our common mission.

In conclusion, each of our societies has a destiny to pursue. We have chosen ours in light of our experience, our strength and our faith. We each are ultimately responsible for our actions and the successes and failures that they bring. But while individually responsible we are also mutually interdependent. By working together through such institutions as the IMF and World Bank we can all seek to collaborate on joint problems, share our insights, and encourage the common good.

These institutions have reflected a shared vision of growth and development through political freedom and economic opportunity. A liberal and open trade and payments system would reconstruct a shattered world and lay the basis for prosperity to help avoid future conflicts. This vision has become reality for many of us. Let us pledge to continue working together to ensure it becomes a reality for all.

Thank you very much.●

INTERDICTION OF HAITIANS ON HIGH SEAS

● Mr. KENNEDY. Mr. President, the administration has announced new policies for coping with mass first-asylum situations, such as the Cuban exodus last year and the continuing flow of Haitians.

At hearings of the Subcommittee on Immigration and Refugee Policy I have expressed my deep concern over many of the administration's proposals, especially the intention to interdict Haitian boats on the high seas suspected of carrying Haitians destined for the United States.

Many of these concerns have been reviewed in a thoughtful analysis prepared by Lois McHugh of the Congressional Research Service of the Library of Congress, entitled "Interdiction of Haitian Vessels on the High Seas."

I commend this report to the attention of my colleagues, because it raises important questions on the legal, diplomatic and practical implications of the administration's proposals.

If we are not careful, we will soon be adopting the very policies the United States has been so strongly, and correctly, critical of by other nations—such as those in Southeast Asia whom we have condemned for interdicting Vietnamese boat people on the high seas.

Mr. President, I ask that the text of the Congressional Research Service report be printed at this point in the RECORD.

The text follows:

INTERDICTION OF HAITIAN VESSELS ON THE HIGH SEAS

As part of a new immigration and refugee policy, the Reagan Administration has decided to use the Coast Guard to interdict (stop and search) Haitian vessels on the high seas to determine if they are smuggling undocumented Haitians into the United States and, if so to return them to Hiati. While some Administration officials see this procedure as a positive step in halting illegal immigration, some observers argue that if implemented, it would likely cause very serious ramifications at home and abroad. Opponents say use of the Coast Guard to interdict Haitian boats on the high seas, decide asylum claims on board ship, and return to Haiti those determined ineligible, would violate America's traditional egalitarianism and constitutionally guaranteed freedoms. Some Third World nations are likely to challenge the interdiction policy as racist since Haitian blacks would be excluded while Southeast Asians have been welcomed. Moreover, some nations may charge that the practice violates international agreements. Finally, this U.S. practice may be used by other countries to justify refusing asylum to refugees.

BACKGROUND

Because Haiti is a desperately poor country with a repressive government, Haitians have been fleeing and illegally entering the United States and neighboring countries for several years. There are many indications that the Haitian government, both under the leadership of the current President for Life, Jean Claude Duvalier, and under his father before him, has used torture and arbitrary incarceration for a variety of political and nonpolitical offenses. Lack of economic opportunity has also caused large numbers of Haitians to travel to foreign countries in search of work.

The influx of Haitians to the United States has become especially troublesome in the last few years. In 1978 and again in 1980, the Bahamas began limiting the number of Haitians residing in that country. With a weakening economy and the increasing burden that 20,000 to 30,000 illegal Haitian residents put on local social services, the Bahamian government deported some Haitians and encouraged others to leave. Many of those pressured to leave migrated to the nearby coast of south Florida.

Secondly, immigation to Florida by Haitians has become an industry, with smugglers obtaining large sums of money for transporting Haitians illegally to south Florida. The smuggling network has increased and regularized the flow of Haitians to this country. Congressional and other sources alleged that the Government of Haiti facilitates this smuggling and some government officials are receiving a percentage of the profit. A similar situation in Vietnam was widely condemned.

Finally, the influx of 125,000 Cubans in the boatlift during the spring of 1980 severely strained the budgets of south Florida communities and convinced many Americans that U.S. immigration was out of control. Many Americans are convinced that stronger action to curtail illegal immigration should be taken.

The Reagan Administration began reviewing U.S. refugee and immigration policy early in 1981, and the President appointed an interagency task force, headed by Attorney General William French Smith to develop recommendations. Following the report of this group, President Reagan announced the outline of his Administration's proposals for immigration and refugee policy reform on July 30, 1981. At hearings held by the House and Senate Judiciary Committees on July 30 and 31, the Administration described the proposals in greater detail including procedures for curtailing the arrival of undocumented Haitians in this country. Assistant Secretary of State Thomas O. Enders said the Coast Guard will interdict, or stop and board Haitian vessels on the high seas to ascertain whether the boats are going to violate U.S. immigration laws by bringing undocumented Haitians to the United States. According to Mr. Enders, any asylum claims of the undocumented Haitians will be processed at sea and aliens who are not found to be legitimate candidates for asylum will be returned promptly to Haiti. At the present time, the Administration plans to begin this program, apparently without additional legislation. The United States is currently negotiating an agreement with the Haitian government enabling the Coast Guard to stop Haitian ships on the high seas. This memo concentrates on just one aspect of those recommendations, the proposal to interdict Haitians at sea.

THE INTERNATIONAL CONTEXT

Many countries have been inundated with large groups of people suddenly entering illegally in search of asylum. Until recently, the United States has not faced this problem. Throughout the postwar period, the countries of Western Europe have faced sudden influxes of political refugees, and more recently, several Southeast Asian nations were inundated with large numbers of boat and land asylum seekers. Many African countries also regularly host groups of refugees. In many cases it is not clear what motivates the migration. Are these people truly refugees, seeking relief from persecution, or are they migrating for economic betterment?

Nations have a traditional right to control immigration both under customary international law and through treaties which touch on the subject. Nations also have the right to enforce their laws within the borders of their country and within territorial waters. For example, Article 24 of the Geneva Convention on the Territorial Sea and the Contiguous Zone (15 UST 1606) states that a coastal State may exercise the control necessary to "prevent infringement of its customs, fiscal, immigration or sanitary regulations within its territory or territorial sea". Enforcement of laws beyond the territorial seas is less clearcut.

The right of individuals to seek asylum has also been acknowledged over the years. For example, the Universal Declaration of Human Rights, which was adopted unanimously by the U.N. General Assembly in 1948, provides:

"Article 14 (1). Everyone has the right to seek and to enjoy in other countries asylum from persecution."

However, it remains the right of the government to choose to grant or not to grant asylum. Under the U.S. system, asylum is determined by an individual hearing process with the right of appeal.

In the same area, the 1967 Protocol Relating to the Status of Refugees, to which the United States is a party, provides:

"No Contracting State shall expel or return ("refouler") a refugee in any manner whatsoever to the frontiers of territories where his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social group or political opinion."

It remains the right of the affected government to determine whether or not a person is a refugee under the definition contained in the Protocol (and also contained in U.S. law). As Chairman Simpson of the Senate Judiciary Committee noted in the hearings on mass asylum, "This (Protocol) does not mean, however, that the United States must accept for permanent resettlement each legitimate asylee who arrives on our shores". Under the Protocol, the United States can avoid the issue by deporting the alien to another country, as long as it is one which will not persecute him, or by allowing the alien to reside on U.S. territory until the situation in his country improves. The problem with the Haitians has been that no other country has been willing to take the burden of asylum from the United States, and once the Haitians are released in the United States they often disappear into the Haitian community, thus avoiding deportation.

DOMESTIC AND FOREIGN POLICY IMPLICATIONS OF THE REAGAN PROPOSAL

A. Arguments presented in favor of the interdiction and return policy.

Both the Department of State and the Immigration and Naturalization Service have repeatedly determined that the Haitians are not fleeing persecution, but are in fact seeking economic opportunities in the United States. Unlike the Indochinese, the Haitians are not a recognized refugee group under U.S. law and can be deported. They can, however, apply for asylum individually.

The United States must have control and must appear to have control over the flow of people into the country. The United States cannot allow its refugee and asylum policy to be determined by hostile foreign leaders who expel their citizens to the United States or by entrepreneurs who make a living from bringing undocumented aliens to our shores. The interdiction policy would help ensure respect for our laws at home and abroad.

Refugee problems should be addressed multilaterally. The United States wants to remain a country of asylum for those fleeing persecution, but we cannot grant asylum (which often means permanent resettlement) to every person from the Caribbean fleeing persecution. Advocates say we must work with international organizations to share the burden equitably among the countries of the region.

Once the Haitians reach the United States they are able to use the U.S. court system to delay their deportation for many years, and often disappear into the community before they can be deported. Therefore, it is important to prevent the Haitians from reaching U.S. territory.

This country already accepts large numbers of immigrants and refugees each year but does not have the resources to expand infinitely our capacity to welcome unexpected masses of people seeking asylum.

B. Arguments presented in opposition to the interdiction and return policy.

We have no way of guaranteeing that those Haitians with a legitimate need for asylum will receive a fair individual hearing on board a ship on the high seas, and U.S. courts have already questioned the consideration given to Haitians in south Florida. We may return individuals with a legitimate fear of persecution or death to the country persecuting them. This is in violation of the U.N. Protocol on Refugees to which the United States is a party.

Opponents argue that this policy of denying asylum to those seeking it will result in criticism from allies who provide asylum to many thousands of persons every year. In addition to the countries of Southeast Asia, Germany recorded 100,000 asylum applicants in 1980 alone, and Austria has been faced in recent months with 10,000 Eastern Europeans, mostly from Poland.

The United States will also be criticized by the black nations of the Caribbean and Africa who see a generous admission policy for the oppressed boat people of Asia and a prohibition of admission for the oppressed boat people of Haiti.

The manner in which the United States responds to the difficult public policy issue of mass asylum will directly and immediately affect our nation's leadership role with respect to fundamental issues of refugee asylum at an international level. We currently ask other countries to give those seeking asylum the benefit of the doubt. Our mass asylum policy must be consistent with what we ask of other nations in similar circumstances if we are to maintain credibility as a leader in this area.

A U.S. policy of interdiction will immediately become a precedent for other nations to cite in turning aside the asylum claims of persons considered refugees by the international community. In many instances it is already quite difficult to convince governments that refugees should be allowed to remain until the situation in their own country improves. A less generous response by other asylum countries may result in increased pressure on the United States to accept more refugees for resettlement here.

It is unlikely that the on-board asylum hearings and subsequent return will be accepted peacefully by Haitian migrants. An American use of force to return the Haitians will lead to embarrassing charges of hypocrisy, since the United States is traditionally a haven for freedom and a nation of laws, but would be engaged in violence and kangaroo court justice to prevent Haitians from attaining that freedom.●

DEREGULATION

● Mr. EAST. Mr. President, many segments of our society are lamenting the economic ills that have befallen our country. Moreover, a multitude of economists offer conflicting remedies for the ailments of our economy.

Well, Mr. President, rather than through Keynesian tinkering with the economy, I submit that there is another method by which productivity can be increased and inflation reduced. That method is regulatory reform.

Government regulation is a major contributing cause of inflation. Some estimates place regulatory costs anywhere from $100 to $130 billion each year, or about $1,800 to $2,200 for every American family. Federal paperwork annually costs American taxpayers $60 billion and businesses from $25 to $32 billion.

Businessmen cannot make ordinary management decisions without prior clearance from regulators who are less concerned with profit-and-loss figures or their agency's overall mission than with the complex details of each new rule or standard. By generating excessive delays and bureaucratic redtape, regulation makes long-term planning needlessly arduous.

It retards technological change and hinders the availability of new products. It reduces consumer choices, restricts personal freedom, and threatens to destroy the competitive free-market economy it was originally designed to protect. Moreover, the capital that could be channeled to corporate renovation and increased employment, thereby enhancing productivity, is diverted to regulatory compliance costs.

The administration is doing more than any previously in combating unneeded regulation. Implementation of 36 regulations has been delayed and another 27 are being reviewed.

One of the best examples of the benefits resulting from regulatory reform is our domestic energy situation. Since deregulating oil and gasoline, a world surplus of oil has developed. Conservation has expanded dramatically to the point that our oil imports are down 25 percent from just 2 years ago. New domestic drilling records are being set each month. OPEC's cartel is confronted with the very real possibility of being broken. And oil prices have stabilized and are even declining.

Paul W. MacAvoy, a former member of President Ford's Council of Economic Advisors, in an incisive and persuasive article in the August 30, 1981 New York Times, described reform options available to us. Mr. President, I ask that the complete text of Mr. MacAvoy's article be printed in the Record.

The text follows:

Deregulation: A Letter to George Bush

(By Paul MacAvoy)

Mr. Vice President, now that the Administration has set its monetary and fiscal policy, it is very late to begin regulatory reform. The tax and spending bills that Mr. Reagan just signed will not be effective unless you also reduce regulations. In order to produce a supply-side effect, the resources released by tax cuts have to be put to use for more productive purposes than meeting more regulatory requirements.

Thus, the President must come forward immediately with a reform agenda.

Such a plan should concentrate on a few major regulatory programs that stand in the way of efficiency and progress. To do less would cast doubt on whether the President can carry forward his full economic program.

My advice is that you begin on those I describe below because each is supported by abundant economic research making a case on efficiency grounds for drastic reform.

The Clean Air Act should be first on the agenda. Scheduled for Congressional review this fall, the act has to be evaluated on the 10-year record of programs management by the Environmental Protection Agency. The E.P.A. has imposed big regulatory costs and caused significant inefficiencies in resource use, while failing to achieve the environmental goals of the legislation. This was done by setting largely unfounded, but highly stringent, air quality standards, which were translated only indirectly into requirements on related equipment on plants in every state.

Where the requirements have been enforced, they are expensive but effective in improving air quality. But they are so draconian in nature that they have not been enforced in the majority of the states, thereby producing expensive but inconsistent equipment installation with no substantial overall improvement in air quality.

The agency's own recent proposals for reform will not work, because they are only a little less of the same. The act should be completely restructured so that air quality standards are set by Congress and the E.P.A.'s only job is enforcement. The agency should be allowed to license plant levels of pollution and to use penalties or taxes in the case of infractions. And if its activities prove ineffective, the E.P.A. should be abolished in favor of state agencies.

The efficiency gains from a reformed E.P.A. would be striking even in the first few years. Since $50 billion are now spent each year on pollution regulations, reduced requirements on equipment could release funds for as much new productive investment as from the first round of tax cuts.

The second prominent candidate for reform is the Food and Drug Administration. The F.D.A. follows the same licensing practices as the E.P.A., but with prescription drugs and food additives, to prevent doctors from prescribing and consumers from using harmful substances. While the licensing is doing some good, it is doing more harm.

The process prevents harmful substitutes from appearing on the market, but it also inhibits the development of newer safe products because of the time-consuming and costly procedural steps required. While trying to prevent harmful side effects to the very few effected, the process hinders the saving of many lives. The process also creates a situation where anything new is overregulated and most everything currently on the maket is under-regulated, because the license review process is so cumbersome that it is unfeasible to use it on the thousands of existing products.

What needs to be done, Mr. Vice President, is that all product licensing activities should be merged into a new agency that succeeds the E.P.A. and F.D.A. The legislative mandate for the new agency would be to achieve quick certification with continued monitoring of all licensed products. This could lead to rapid introduction of beneficial products, but also rapid decertification later if adverse findings were to appear once they were on the market.

The third promising candidates for renovation is the regulation of financial institutions. Banks, brokerage houses, insurance companies and commodity exchanges each have their own regulatory agency that erects barriers over which new investments must climb. Relatively safe within the barriers, the old institutions are induced to raise funds by noncompetitive and costly regulatory practices. But eventually some barriers break down as investors develop new uses for their funds. This produces intense and efficient competition in some financial markets, but great inefficiency in the still insulated parts of the banking and insurance industries. What better reason to reform regulation than to increase the efficiency of investing supply-side funds?

Investors protection against misuse of his funds needs to be strengthened, while the barriers to sources and uses of funds across industries need to be abolished. No more would a bank have a protected market or an insurance company a collusive premium schedule. But at the same time, as these companies are stripped of their regulatory clothing, they should be relieved of the regulatory burdens of reports, procedures and hearings.

The worst of the burden-creating agencies is the Securities and Exchange Commission, and the worst of its regulations are the requirements for corporate disclosure or business activities and for issuing new shares in the stock market. This agency should be dismantled or at least severely modified. The same can be said for the licensing and recording requirements of the Federal Reserve Board, state insurance commissions and the Commodity Futures Trading Commission.

Last on the agenda is Budget Director David A Stockman's favorite whipping post, the regulation of natural gas prices. The most detailed, technical and political of current regulations, gas price controls during the gas shortages of the 1970's reduced investment and capacity growth in energy and manufacturing industries alike. This year's wellhead price ceilings are no more than two-thirds the price of alternative fuels, with the result that established consumers waste supplies and newer expanding consumers are curtailed.

Gas deregulation would reduce imports of crude oil, and add greatly to the security of fuel supply. The stakes here are in the billions of dollars, but they go beyond the dollar to getting the energy sector of the economy back to full-scale development after almost a decade of repressive oil and gas price controls.

This agenda is really quite straight-forward, Mr. Vice President—dismantle the E.P.A., reform product licensing, merge the financial regulatory agencies and abolish gas price regulation. But doing it is difficult, because each requires legislation. To produce reform, Congress has to deal with massive failure on its part in framing earlier regulatory policy. That should not deter you, however, because the potential gains are as great as those from the recent fiscal reforms.●

GRUMMAN TAKEOVER

● Mr. MOYNIHAN. Mr. President, Mr. John C. Bierwirth, chairman of the board of Grumman Corp., announced yesterday that he would endeavor to prevent a hostile takeover of Grumman by the LTV Corp. which earlier this week announced its intention to purchase a majority interest in Grumman. This is a matter of some considerable import not only to the people of Long Island, where Grumman is the largest single source of employment, but to the people of all the United States, as taxpayers and as consumers of the security we buy with our defense budget.

Important questions of competition among defense contractors—increasingly vital in this time of shrinking Federal budgets—and an extraordinary concentration of capital are raised in this instance. I believe it warrants the attention of all Senators.

It is clearly not in the general interest of the Nation to permit corporate mergers which would have the effect of reducing or eliminating competition in the marketplace, especially among firms which compete for taxpayers' dollars as suppliers to the Federal Government.

Mr. Bierwirth and Grumman contend that a merger of Grumman and LTV would have precisely such an effect, that two major companies which had hitherto been locked in battle for contracts to furnish the Department of Defense, principally the Navy, would become one and that costs to the United States would inevitably rise as incentives to submit a bid lower than at least one long-time rival disappeared.

Mr. Bierwirth's presentation is compelling. For more than 40 years, Grumman and the Vought Division of LTV have engaged repeatedly in head-to-head competition for contracts to sell aircraft and parts to the U.S. Government as well as to larger private producers of commercial aircraft.

The results of this longtime competition have undeniably included great aeronautical ingenuity. Witness the marvelous F–14 and the outstanding A–6 that Grumman has produced, and the first-rate A–7 built by Vought and sought after by friendly countries in Europe and Asia.

President Reagan has announced he wants to cut more than $13 billion during the next 3 years from the defense budget passed by this body in May. Can the United States afford to allow competition to decline while we are trying to economize?

I think not. And I would hope that the Secretary of Defense would look closely at the implications of this merger attempt as it may relate to the national security. There are simpler, if no less important, questions of antitrust here also. I would hope the Attorney General would not allow this matter to escape the scrutiny of his department.

Officials at Grumman have made the point that theirs is a community company, owned largely by Long Islanders, including many employees, and operated, to an extent that may be unsurpassed elsewhere in the country, in cooperation with its employees. It is a public company in the truest, most honorable meaning of the phrase, and plays a responsible, constructive role in a large community. I think it would be entirely consistent with the tradition of Grumman to make available to as many interested parties as practicable the particulars of the current situation.

I, therefore, insert several documents which explain and elaborate upon the Grumman affair to be printed at this point in the RECORD, including a statement from the office of Mr. Bierwirth and a copy of the complaint filed yesterday by Grumman in U.S. District Court for the Eastern District of New York, which together provide an excellent summary of the problems which may arise from this unsolicited takeover bid.

The material follows:

INFORMATION FROM GRUMMAN CORPORATION

BETHPAGE, N.Y., September 28, 1981.—The board of directors of Grumman has unanimously determined to oppose the offer made by the LTV Corporation for Grumman shares and convertible securities. John C. Bierwirth, chairman of the board of Grumman, said the board concluded the offer is inadequate and not in the best interest of Grumman, its shareholders, employees or the United States. Bierwirth added that the standing financial advisor, Dillon, Read and board was advised by Grumman's longstanding financial advisor, Dillon Read and Company Inc.

LTV's tender offer raises substantial issues of antitrust violation by virtue of the extensive head-to-head competition between Grumman and LTV, as advised by Cahill Gordon and Reindel, attorneys for Grumman. These antitrust issues include competition in military aircraft procurements, including U.S. Navy's current VTX trainer program, expected to involve expenditures of several billion dollars over the next decade.

The two companies are engaged in extensive competition for subcontracts for airframe subassemblies and engine housing used in both commercial and military aircraft, and in other areas which are the subject of continuing investigation.

Bierwirth said the Grumman board had authorized commencement of litigation to enjoin the LTV offer on the ground, among others, that the acquisition of Grumman by LTV would violate the antitrust laws.

"It is clear to me that unless antitrust laws are a 'dead letter' this offer cannot be allowed to be consummated," Bierwirth added. "Moreover, the offer is not in the national interest. It raises questions such as whether the combination of the two companies would result in a weaker defense capability. In my view the answer is clear: if LTV is permitted to acquire Grumman—a significant weakening of the United States defense capability could result. The government is likely to lose the benefits of independent research and development by Grumman and of other competitive benefits produced by its existence. LTV's already heavy burden of debt would be substantially increased, and the resulting debt-laden combined entity would be faced with a dubious and uncertain future."

Bierwirth also stated that the board had considered the potentially disruptive effects on the company's 28,000 employees, who own approximately 32 percent of its currently outstanding shares through their participation in the Employee Investment Plan, and the related potential for undermining the company's stability as a major supplier of the United States defense establishment.

Bierwirth added, "A major force in Grumman's success has been its strong employee participation. We wonder what will happen to that morale under LTV domination. Moreover, despite LTV assurances that this would not happen, the board expressed concern as to the effect on jobs and employment in Long Island.

"In summary," Bierwirth said, "we are gravely concerned whether Grumman employes can expect from LTV the same opportunities for sharing in our company's future growth and participating in its management as would be afforded by an independent Grumman."

U.S. DISTRICT COURT, EASTERN DISTRICT OF NEW YORK

Grumman Corporation, Plaintiff, against The LTV Corporation, Jones & Laughlin Industries, Inc., CKH Corporation, and Vought Corporation, Defendants

Plaintiff Grumman Corporation ("Grumman"), by its attorneys, Cahill, Gordon & Reindel, for its complaint herein, alleges on knowledge as to itself and otherwise upon information and belief:

PARTIES, JURISDICTION AND VENUE

1. Grumman is a corporation organized and existing under the laws of the State of New York with its principal executive offices at 1111 Stewart Avenue, Bethpage, Long Island, New York. Grumman's principal operations include the design and production of military aircraft, commercial aircraft components and subassemblies, the modernization or conversion of previously delivered aircraft, as well as space systems and other aerospace products. At all relevant times herein, the common stock, the 4¼ percent convertible subordinated debentures, due September 1, 1992, the 11 percent convertible subordinated debentures, due April 1, 2000, and the $.80 convertible preferred stock of Grumman have been registered for trading pursuant to Section 12 of the Securities Exchange Act of 1934 (the "1934 Act"), 15 U.S.C. § 781. Such common stock and debentures have been listed for trading on the New York Stock Exchange and such preferred stock is traded on the over-the-counter market.

2. A substantial proportion of the common

stock and other securities of Grumman is owned by its employees and for the benefit of its employees. 32.3 percent of Grumman's common stock is owned by its employees through its Employee Investment Plan, with an additional 5.25 percent of Grumman's stock being owned by Grumman's Pension Plan for the benefit of Grumman's employees. In addition, Grumman believes that substantial additional amounts of its stock are held directly by its employees and by persons and entities who supply, on a subcontract basis and otherwise, various goods and services to it. Moreover, a further substantial amount of Grumman stock is held by residents of Long Island, where Grumman's presence is a major business factor.

3. Defendant The LTV Corporation ("LTV") is a corporation organized and existing under the laws of the State of Delaware with its principal executive offices at 1600 Pacific Avenue, Dallas, Texas. LTV owns all of the outstanding common stock of defendant Jones & Laughlin Industries, Inc. ("JLI"). At all times relevant hereto, the common stock of LTV has been registered for trading pursuant to Section 12 of the 1934 Act, and has been listed for trading on the New York Stock Exchange.

4. Defendant JLI is a corporation organized and existing under the laws of the State of Delaware with its principal executive offices at 1600 Pacific Avenue, Dallas, Texas. JLI owns all of the outstanding common stock of defendants CKH Corporation ("CKH") and Vought Corporation ("Vought").

5. Defendant CKH is a corporation organized and existing under the laws of the State of Delaware with its principal executive offices at 1600 Pacific Avenue, Dallas, Texas. CKH was incorporated on September 18, 1981 and has not conducted any substantial business.

6. Defendant Vought is a corporation organized and existing under the laws of the State of Delaware with its principal executive offices at 1600 Pacific Avenue, Dallas, Texas. Vought, like Grumman, as is more fully set forth hereafter, is engaged in the design and production of military aircraft, commercial aircraft components and subassemblies, as well as space systems and other aerospace products. Defendants are hereinafter, unless otherwise specified, referred to collectively as "LTV".

7. Plaintiff's claims herein arise under Section 1 of the Sherman Act and Section 7 of the Clayton Act, as amended, 15 U.S.C. §§ 1 and 18; Sections 14(d) and 14(e) of the 1934 Act, 15 U.S.C. §§ 78n(d) and 78n(e), and the rules and regulations promulgated thereunder.

8. Jurisdiction over this action is conferred upon this Court by Section 16 of the Clayton Act, 15 U.S.C. § 26; Section 27 of the 1934 Act, 15 U.S.C. § 78aa; and by the provisions of 28 U.S.C. §§ 1331 and 1337. The amount in controversy, exclusive of interest and costs, exceeds $10,000. The acts herein alleged were, and are being, committed by defendants by the use of the means and instrumentalities of interstate commerce and of the mails.

9. Venue in this district is proper pursuant to Section 12 of the Clayton Act, 15 U.S.C. § 22, and Section 27 of the 1934 Act because the defendants are found in, inhabit or transact business in this district and pursuant to 28 U.S.C. § 1391(b) because the claims arise in this district.

THE TENDER OFFER

10. On September 23, 1981, without any prior notice to Grumman that it intended to make a tender offer, defendant LTV issued the following press release:

"LTV ANNOUNCES TENDER OFFER FOR GRUMMAN CORPORATION

"DALLAS, September 23.—The LTV Corporation today announced that it plans to make a tender offer of $45 per share in cash for approximately 70 percent (in aggregate) of the outstanding common stock and convertible securities of the Grumman Corporation. The offer will be for securities representing or convertible into 10,000,000 shares of common stock. The offer will be subject to the tender of a minimum of 50.01 percent of such securities in the aggregate. LTV stated that the offer is the first step in a plan to acquire 100 percent of the voting equity of the Grumman Corporation.

"Paul Thayer, chairman and chief executive officer of LTV, said LTV intends to merge Grumman and LTV's Vought Corporation subsidiary 'to create a major, well-balanced aerospace/defense company that will be better able to serve the needs of the nation, the well being of the employees of the two companies and the communities in which they operate.'

" 'The combination of the two companies will result in a stronger, broader-based, more competitive organization with greater stability and potential since the scientific, technical and production strengths of the two ideally complement each other', he said.

"Grumman with annual sales of over $1.7 billion and Vought with annual sales of approximately $700 million have names that are synonymous with naval aviation. As two of the nation's oldest aircraft contractors, with a combined experience of more than 150 years, they have produced some of the nation's most famous combat aircraft.

"Grumman, with its production of several U.S. Navy aircraft, including the highly respected F–14 'Tomcat', is a major prime contractor as a supplier of tactical aircraft. Mr. Thayer noted that in recent years Vought has been phasing out as a prime aircraft manufacturer for the U.S. Navy and has become an important missile manufacturer for the Army and Air Force.

"Mr. Thayer stressed that, following the combination of the two companies, all current obligations and commitments of Grumman to its customers will continue to be met. He stated that it is intended that the headquarters of the combined Grumman and Vought operations will be in Bethpage, Long Island.

"LTV is a multi-industry operating company with annual sales of approximately $8 billion that is involved in steel, aerospace/defense, energy products and services, and ocean shipping."

11. On September 24, 1981, defendant LTV commenced its tender offer for Grumman securities and filed with the Securities and Exchange Commission ("SEC") a Tender Offer Statement on Schedule 14D–1 pursuant to Section 14(d)(1) of the 1934 Act, 15 U.S.C. § 78n(d)(1), and SEC Rule 14d–1, 17 C.F.R. § 240.14d–1, promulgated thereunder. A copy of this Schedule 14D–1 (without the exhibits thereto) is attached hereto as Exhibit A. The same day, LTV issued, filed with the SEC and with other regulatory authorities, and disseminated to the public, an Offer to Purchase common stock, convertible subordinated debentures and convertible preferred stock of Grumman representing or convertible (at the conversion rates set forth in the Offer to Purchase) into an aggregate of 10,000,000 shares of Grumman common stock, representing approximately 70 percent of the voting shares of Grumman on a fully diluted basis. A copy of LTV's Offer to Purchase, which is incorporated by reference in its Schedule 14D–1, is attached hereto as Exhibit B.

12. It is LTV's stated purpose to acquire "100 percent of the voting equity" in Grumman, and the instant tender offer is acknowledged to be but the first stage of a two-step transaction. As stated in its Offer to Purchase:

"Following completion of the Offer, [CKH] and LTV presently intend to propose and will seek to have [Grumman] consummate a merger or other business combination with a directly or indirectly wholly owned subsidiary of LTV. [CKH] and LTV presently anticipate that pursuant to any such transaction the remaining holders of Securities (other than LTV and its subsidiaries) would receive in exchange for their Securities cash in the same respective amounts provided for in the Offer. However, [CKH] and LTV (i) reserve the right to propose consideration consisting of securities or consisting of a combination of securities and cash and (ii) reserve the right to propose consideration having a value of more or less than the respective amounts provided for in the Offer." (Offer to Purchase, p. 14.)

FOR A FIRST CAUSE OF ACTION

13. Plaintiff repeats and realleges each and every allegation contained in paragraphs 1 through 12 of this complaint as if fully set forth at length herein.

14. The activities of Grumman and Vought alleged below substantially affect trade and commerce among the states.

15. In the course of such activities Grumman and Vought are engaged in commerce and/or activities affecting commerce, as defined in Section 1 of the Clayton Act, 15 U.S.C. § 12.

16. Since before World War II Grumman and Vought have been engaged in head-to-head competition in manufacturing and selling aircraft to the United States Navy for carrier-based operations. Grumman and Vought also compete head-to-head in the manufacture and sale of major subassemblies to manufacturers of aircraft (the "aircraft subcontracts market"), and in other areas. In the market for carrier-based aircraft, market shares are approximately 42 percent for Grumman and between 8 percent and 9 percent for Vought. In the submarket for carrier-based attack aircraft Grumman has a 7 percent share and Vought a 32 percent share. In the growing aircraft subcontracts market, Grumman has a 10 percent share of the submarket for subassemblies for aircraft and Vought has a 25 percent share (and their combined share in that market is estimated to rise to 50 percent by 1984); in the submarket for engine cowling assemblies, the combined market share of the two is 15 percent and both are actively seeking to increase their respective shares.

17. The Navy's requirements for carrier-based aircraft constitute a distinct market. Carrier-based aircraft have characteristics which make them different in important respects from land-based aircraft. Because aircraft landing on a moving flight deck must be maneuvered to land and be stopped in a space of 120 feet, carrier-based aircraft demand superior handling characteristics at low speeds. Aircraft also experience an extremely high descent velocity when landing on a carrier and must be constructed with much greater integral strength to withstand the impact of contact with a moving deck. Finally, the carrier-based aircraft now in use must have flight and structural characteristics which permit them to be launched by catapult. All of these characteristics bring to bear in the design of carrier-based aircraft technological considerations, skills and experience not required in the design of land-based aircraft. Grumman, Vought and McDonnell Douglas Corporation ("McDonnell Douglas") are the only three manufacturers presently producing carrier-based aircraft.

18. Competition among suppliers of naval aircraft includes presenting to and developing with the Navy concepts for different, generally more advanced, aircraft for which new bidding competitions may be set up, as well as supplying aircraft conforming to specifications approved by the Navy.

19. The extent and nature of competition between Grumman and Vought can be traced

through the histories of these two major suppliers of carrier-based aircraft. As early as World War II Grumman and Vought were active competitors in supplying fighter aircraft to the Navy. Grumman supplied the famed Wildcats and Hellcats to the Navy and Chance-Vought, Vought's predecessor, supplied the renowned Corsair.

20. After the War and in the early 1950's Grumman continued its Navy contracting business with two lines of fighter aircraft, the first (extensively used during the Korean War) the F–9–F Panther, and the second, the F–11–F Tiger. However, after limited production of the Tiger, Vought succeeded in selling its newly developed F8–U Corsair to the Navy in preference to the Tiger. McDonnell Douglas then began a long ascendancy in Navy fighter aircraft by winning the competition for the F–4, an aircraft design which, with modifications, resulted in the production of more than 5,000 planes. Grumman was effectively eliminated as a supplier of carrier-based fighter aircraft until it was able to return in the early 1970's with the F–14. Since that time Grumman has supplied more than 400 F–14 fighter planes to the Navy for approximately $5.2 billion and anticipates supplying the Navy with some 300 more over the next 12 years.

21. During the period when the Corsair and the F–4 were dominant among the Navy's carrier-based fighter planes, Grumman and Vought competed to meet the Navy's requirements for carrier-based attack aircraft. An attack aircraft is designed to attack land and sea targets from the air while a fighter's principal mission is to attack other aircraft in the air. When it won that attack aircraft competition, Grumman began production of the A–6 aircraft in the early 1960's. An all-weather attack plane equipped with sophisticated electronics, the A–6 was uniquely able to deliver bombs and air-to-ground missiles without visual contact. Government expenditures to date to buy the A–6 have exceeded $3 billion.

22. The Navy next decided that it also required a less expensive, less sophisticated attack aircraft to meet its "fair weather" bombing requirements. In the competition for that aircraft, Grumman proposed a modified A–6 with less sophisticated electronics than the original. Vought proposed a new prototype, the A–7 attack aircraft, which the Navy ultimately selected after an extended competition. Since Vought's success in that competition, defense expenditures to buy the A–7 have to date exceeded $3.5 billion.

23. Throughout the 1960's and 1970's, this same kind of competition continued in the sale of fighter aircraft, attack aircraft, reconnaissance aircraft and electronic warfare aircraft. Grumman and Vought were in head-to-head contests on the F–14 program, the E–2 program, and the S–3 program (in which Vought teamed with Lockheed), and total Navy purchases pursuant to those programs have now reached more than $11 billion. The last major Navy aircraft award was let in 1974 for the F–18 program. Both Grumman and Vought proposed modifications of their existing designs to satisfy the requirements of this program, but the contract was awarded to McDonnell Douglas, which proposed a new design.

24. The market shares among prime contractors of aircraft currently being bought by the Navy reflect the historical competition among Grumman, Vought and McDonnell Douglas. Expenditures for carrier-based aircraft bought by the Navy in the fiscal years 1979, 1980 and 1981 are estimated to have totaled $9.809 billion. Of this, $4.875 billion (49.7 percent) was expended for aircraft for which McDonnell Douglas was the prime contractor, $4.09 billion (41.7 percent) went for aircraft for which Grumman was the prime contractor, and $844 million (8.6 percent) went for aircraft for which Vought (or Vought teamed with Lockheed) was the prime contractor.

25. In the submarket for carrier-based attack aircraft the Navy spent approximately $2.3 billion over the same three-year period—roughly 37 percent of that for Grumman aircraft, 31 percent for McDonnell Douglas aircraft, and 32 percent for Vought aircraft.

26. There is currently vigorous bidding for a multi-billion dollar contract for the VTX Navy trainer. As in the past, Vought and Grumman are each actively bidding for the contract award. In this contest the competitors are not individual aircraft manufacturers but are teams of manufacturers, an increasingly common circumstance now that the costs of participating in bidding competition and of tooling up to build a new aircraft have skyrocketed. Grumman is teamed with Beech Aircraft and Link Aviation and Vought is teamed with Northrop. The Grumman and Vought teams are the only two of the five teams of bidders that have submitted a wholly new aircraft design. Each of the other teams consists of a United States company and a foreign manufacturer, and each is proposing a modification of an existing foreign aircraft.

27. In addition to selling military aircraft to the United States, both Grumman and Vought have sold and have attempted to sell such aircraft to foreign government. Grumman has sold or attempted to sell the F–14 for use by various foreign countries. Vought has sold the A–7 to Greece and Portugal and is currently proposing its sale to Pakistan. At present Grumman and Vought are engaged in a bidding contest, together with Lockheed Air Services, to supply aircraft to Malaysia. The Grumman and Lockheed proposals each contemplates modifying and refitting previously moth-balled A–4 attack aircraft. Vought has proposed to supply new A–7 aircraft instead. Malaysia is currently considering those competing proposals, which have a $500 million sales potential. It is reasonable to believe that similar bidding contests will continue to arise in the sale of aircraft to foreign governments.

28. A further area of intense competition between Grumman and Vought is the aircraft subcontracts market, which is served by those companies which manufacture and supply major structural subassemblies to prime contractors, both commercial and military. Most commercial plane manufacturers, such as Boeing, McDonnell Douglas and Lockheed, do not themselves construct an entire airplane. Instead, subassemblies are let for bids to the subcontracts market. Once a subcontract for a particular subassembly is awarded, that subcontractor makes all such subassemblies for that design of airplane.

These subassemblies may be such structural elements as wings, or parts thereof, fuselage assemblies and sections, tail assemblies, vertical and horizontal stabilizers. doors, flaps, canopies, spoilers, and other major aircraft elements. In addition, certain subcontractors supply assemblies which enclose aircraft engines and assemblies which attach them to aircraft and which are termed, respectively, nacelles and pylons.

Subcontracted nacelle assemblies frequenty include thrust reversers, complex mechanisms attached to the engine assemblies which are used to slow aircraft on landings.

The aircraft subcontracts market is served by a small number of competitive suppliers because it demands high technological and design skills, knowledge of complex materials and building techniques, massive construction facilities and costly equipment. Grumman and Vought are among the most active and competitive bidders in subassembly subcontracting.

29. The aircraft subcontracts market divides into two submarkets based on the nature of the technology involved. The first, with an annual sales volume of approximately $1 billion per year, includes the construction and supply of aircraft subassemblies other than those that are related to engines ("the airframes subcontracts submarket").

In this submarket during the last four years, Vought and Grumman have competed for many contracts in the commercial aircraft, military and helicopter fields.

In more than twenty specific instances, involving more than $600 million in purchases, Grumman and Vought have been in head-to-head competition. For example, in 1978, contests involving structures of Sikorsky helicopters lead to contract awards of $44.3 million to Grumman and $25.4 million to Vought.

On the Boeing 757 and 767 aircraft, the new generation of U.S. commercial aircraft, Vought is supplying Boeing with horizontal stabilizers, vertical tail parts, and the aft fuselage of the 757 and the horizontal stabilizers for the 767. Grumman is supplying wing spoilers for the 757 and center wing sections and a fuselage section for the 767. These projects simply employ substantially the same skills and equipment, and were awarded after bidding competitions, many of which involved both Grumman and Vought.

30. The approximate current shares of the $1 billion plus airframe subcontracts market are: Northrop: 35 percent; Vought: 25 percent; Convair: 20 percent; Grumman: 10 percent; Rockwell: 5 percent; Avco: 5 percent. Because subcontractors schedule deliveries several years in advance, it can be estimated that by 1984, as a result of contracts already awarded or scheduled to be awarded, the market shares will change significantly: Vought: 30 percent; Avco: 25 percent; Grumman: 20 percent; Convair: 10 percent; Fairchild: 10 percent; Rockwell: 3 percent; Northrop: 2 percent. (Northrop played a major subcontracting role on the Boeing 747 but is not a subcontractor on the 757 or 767 aircraft.) If Vought should succeed in its takeover attempt, 50 percent of the airframe subcontracting submarket, more than $700 million in projected 1984 sales, will be concentrated in one firm.

31. The second subcontracting submarket is served by suppliers of aircraft engine cowling assemblies (nacelles) and associated engine assemblies ("the nacelles submarket"). Vought and Grumman have directly competed in this $300 million per year submarket in bidding contests on the Boeing KC–135 nacelle components ($65 million), the Sikorsky S–76 helicopter pylon assembly ($15 million), the Lockheed CX nacelles/thrust reversers ($150 million) and the Fokker F–29 nacelles/thrust reverser ($590 million). While Rohr Industries, Inc. is the clear market leader (approximately 68 percent), Vought and Grumman are both striving for increased sales in the area. Grumman now has a market share of approximately 10 percent, roughly the same as the share held by Short Brothers Ltd. of Ireland. Vought has approximately 5 percent of the market, and the remaining 7 percent is split among four other competitors.

32. The proposed combination of LTV and Grumman would eliminate competition between Grumman and Vought (i) in the development, manufacture and sale of carrier-based aircraft to the United States Navy, (ii) in the development, manufacture and sale of carrier-based attack aircraft to the Navy, (iii) in the development, manufacture and sale of military aircraft, and the modification of military aircraft for sale to the armed forces of friendly nations, and (iv) in the aircraft subcontracts market, includ-

ing the airframe subcontracts submarket and the nacelle submarket. The acquisition proposed constitutes a combination and conspiracy in restraint of trade which will cause serious injury to the public in violation of Section 1 of the Sherman Act, and the effect of the acquisition proposed may be substantially to lessen competition in violation of Section 7 of the Clayton Act.

33. By reason of the foregoing, Grumman has been and continues to be irreparably injured.

34. Grumman has no adequate remedy at law.

FOR A SECOND CAUSE OF ACTION

35. Plaintiff repeats and realleges each and every allegation contained in paragraphs 1 through 34 of this complaint as if fully set forth herein.

36. As heretofore alleged, under the terms of its Offer to Purchase, LTV has agreed to purchase (subject to its being tendered 50.01 percent of Grumman's stock) up to 10,000,000 shares (70 percent) of Grumman's common stock, such shares to be taken pro rata to the extent that the number of shares tendered exceeds 10,000,000. Thus, if the tender offer is successful, LTV will own between 50.01 percent and 70 percent of Grumman's stock and will have majority control of Grumman. Even if it does not succeed in acquiring majority control, the terms of its offer permit it to acquire less than 50 percent of Grumman's stock if it wishes to, so that it might acquire working control even if it does not acquire majority control. Given LTV's avowed objective to ultimately acquire 100 percent of Grumman, the Grumman shareholders who own the remaining 30 percent to 49.99 percent (or more if LTV only acquires working control) of Grumman's common stock following consummation of LTV's tender offer will be faced in the first instance with control of their investment resting in the hands of LTV and ultimately with an involuntary disposition of their shares in exchange for such compensation, including LTV securities, as LTV may unilaterally choose to offer.

37. The Grumman shareholders faced with such a change in control must decide whether to tender (with the risk that not all the shares will be accepted and they will remain as Grumman shareholders with Grumman under LTV's control and ultimately be confronted with LTV's unilateral offer for their shares), sell in the open market or hold. Such investment decision involves, in the case of stockholders who are also Grumman employees, Grumman suppliers or residents in the Long Island community in which Grumman is a major business factor, not only considerations relating to the monetary value of their securities but considerations going beyond that and relating to their future prospects for employment, business relationships and economic well being.

38. LTV's tender offer is being made on the basis of a Schedule 14D–1, filed by LTV with the Securities and Exchange Commission and the New York Stock Exchange, and an Offer to Purchase, disseminated by LTV to the public, which are materially false and misleading in violation of Sections 14(d) and 14(e) of the 1934 Act in the following respects.

39. LTV represents that it intends to obtain the remainder of Grumman's shares not purchased pursuant to the tender offer for cash equal to the amount of the Offer, while reserving the right to pay consideration consisting of securities or cash in a lesser amount than the offering price. LTV's offering statement and Schedule 14D–1 are materially false and misleading, however, because they do not disclose:

(a) LTV lacks the financial resources to purchase the remaining shares of Grumman stock for a cash consideration equal in amount to the tender offer price;

(b) LTV and certain of its officers and directors are subject to substantial liabilities as a result of its repeated previous violations of the federal securities laws which jeopardize its ability to purchase the remaining Grumman shares or to pay cash consideration equal in amount to the tender offer price;

(c) LTV is subject to federal, state and local environmental law requirements and penalties which jeopardize its ability to purchase the remaining Grumman shares or to pay a cash consideration equal in amount to the tender offer price;

(d) LTV is subject to actual and potential liabilities as a result of its actual and alleged violations of the antitrust laws which jeopardize its ability to purchase the remaining Grumman shares or to pay a cash consideration equal in amount to the tender offer price; and

(e) LTV must sell substantial Grumman assets and cause Grumman to incur long-term and short-term debt to retire the debt incurred by LTV to acquire control of Grumman as proposed.

40. The "Selected Financial Data" presented by LTV as part of its Offer to Purchase is materially false and misleading in that it does not disclose material liabilities and contingencies of LTV, including, for example, liabilities and penalties arising out of environmental statutes and regulations, potential liabilities arising out of antitrust litigation, and potential liability arising out of claims of violation of the Federal False Claims Act asserted against LTV by the Department of Health, Education, and Welfare in a counterclaim seeking damages in the amount of $30,000,000.

41. LTV's Offer to Purchase is materially false and misleading because, although disclosing an October 16, 1978 consent injunction obtained by the SEC against LTV and LTV's overstatement of its income over a four-year period by $26.6 million and describing the resulting civil litigations. LTV does not disclose that the overstatement has exposed LTV to potential liabilities to purchasers of LTV securities substantially in excess of $100,000,000.

42. Pursuant to the aforementioned SEC consent injunction, a special officer has been appointed to investigate the misconduct of LTV and its officers and directors which led to the injunction and to recommend actions to be taken with respect to the officers and directors and employees of LTV and its subsidiaries who have engaged in material misconduct. LTV's Offer to Purchase and Schedule 14D–1 are materially false and misleading in not disclosing the information which has been supplied to the special officer, the identity of such individuals as have to date been found to have engaged in such material misconduct, and the nature of such misconduct.

43. LTV's Offer to Purchase and Schedule 14D–1 are materially false and misleading in failing to disclose that, based on the findings of the special officer referred to in paragraph 42, supra, and based on claims of violation of the Federal False Claims Act asserted against LTV by the Department of Health, Education and Welfare, Vought may be debarred from further defense contracting under Department of Defense procurement regulations, to the injury of any Grumman shareholder who remained with an interest in the combined companies.

44. LTV's Offer to Purchase discloses that LTV intends to combine the operations of Vought with the aerospace operations of Grumman, but it is materially false and misleading in failing to disclose that Vought's aerospace employees are unionized while Grumman's are not and that a combination of the two companies may disrupt Grumman's present harmonious labor relations and impede Grumman's ability to continue to compete effectively for military and civil aerospace contracts.

45. LTV's Offer to Purchase quotes from a letter from LTV Board Chairman Paul Thayer to the effect that if a meeting had been held between him and Grumman Board Chairman John C. Bierwith, Mr. Thayer would have told Mr. Bierwith that a combined Grumman-Vought aerospace operation would have its "headquarters" in Bethpage, Long Island, New York. However, LTV's offering statement is materially false and misleading in failing to disclose whether that is, in fact, its intention.

Furthermore, LTV nowhere discloses whether, or the extent to which, it would remove Grumman's extensive manufacturing and research facilities from Long Island to Vought's facilities in Texas (even if the combined company's "headquarters" were to remain on Long Island), thereby jeopardizing the continued employment of Grumman's employee-stockholders (most of whom reside on Long Island) and the business opportunities of Grumman's stockholders who are also located on Long Island.

LTV does not disclose, in this connection, that Vought has extensive unused and underutilized plant capacity in Texas which it might attempt to utilize by removing current and future Grumman manufacturing opportunities to Texas.

46. LTV's Offer to Purchase and Schedule 14D–1 are materially false and misleading in failing to disclose and describe the markets in which Grumman and Vought compete and the extent of the competition, as well as the substantial antitrust obstacles to the tender offer.

47. By reason of the foregoing, Grumman has been and continues to be irreparably injured.

48. Grumman has no adequate remedy at law.

Wherefore, plaintiff demands judgment be entered:

I. Preliminarily and permanently enjoining defendants, their officers, employees and agents and affiliates, and all other persons acting in concert with defendants or on their behalf, directly or indirectly, from:

(a) acquiring or attempting to acquire any shares of Grumman common stock or other securities of Grumman ("Grumman stock") by tender offer or otherwise;

(b) soliciting or arranging for the solicitation of orders to sell any shares of Grumman stock;

(c) making or attempting to make any tender offer or requests or invitations for tenders of any shares of Grumman stock;

(d) voting in person or by proxy any shares of Grumman stock;

(e) otherwise using or attempting to use any shares of Grumman stock as a means of controlling or affecting the management of Grumman;

(f) exercising or attempting to exercise, directly or indirectly, any influence upon the management of Grumman; or

(g) taking or attempting to take any other steps in furtherance of defendant's unlawful plan to acquire control of Grumman.

II. Awarding plaintiff its cost of suit, including a reasonable attorney's fee.

III. Granting plaintiff such other and further relief as this Court may deem just and proper.

VERIFICATION

State of New York, County of New York

Joseph G. Gavin, Jr., being sworn, says that he resides at 6 Endicott Drive, Huntington, New York; that he is the President of plaintiff Grumman Corporation; and that he has read the foregoing complaint and knows the contents thereof and that the same are true to his own knowledge except as to those matters therein stated to be alleged on information and belief, and as to those matters he believes it to be true.

P. KEVIN CASTEL,
Notary Public.

GRUMMAN CORP.,
Bethpage, N.Y., September 28, 1981.

DEAR FELLOW SECURITYHOLDER: On September 24, 1981, The LTV Corporation, a Dallas-based conglomerate, began its attempt to take over control of your company through an unsolicited tender offer.

At a special meeting held on Friday, September 25 to examine and evaluate this significant development, your Board of Directors unanimously determined to oppose the offer, having concluded that it is inadequate and not in the best interests of Grumman, its shareholders, employees or the United States. Accordingly, all securityholders are strongly urged to reject LTV's tender offer.

Based on the advice of Cahill Gordon & Reindel, legal counsel to Grumman, the Board of Directors further authorized the commencement of litigation to enjoin the offer on the ground that, among others, the acquisition of Grumman by LTV would violate the Federal antitrust laws.

In reaching that judgment your Directors studied a number of business, financial and legal considerations which are described in the accompanying Schedule 14D–9 as filed with the Securities and Exchange Commission. The Board was also assisted by its longstanding investment banking firm of Dillon, Read & Co. Inc. whose opinion states that the terms of the offer are inadequate from a financial point of view.

I urge you to read the accompanying 14D–9 filing and press release to assist you in understanding why we are convinced the offer should be rejected by the securityholders.

In our opinion, your interests and the interests of the United States will best be served by retaining your investment and having Grumman continue to grow as an independent entity.

On Behalf of the Board of Directors,
Sincerely,
JOHN C. BIERWIRTH.

GRUMMAN CORPORATION

ITEM 1. SECURITY AND SUBJECT COMPANY

The name of the subject company is Grumman Corporation, a New York corporation (the "Company"), and the address of the principal executive offices of the Company is Bethpage, Long Island, New York 11714. The titles of the classes of equity securities to which this statement relates are the common stock, $1 par value (the "Shares"), $.80 Convertible Preferred Stock ("$.80 Preferred Stock"), 4¼ percent Convertible Subordinated Debentures, due September 1, 1992 ("4¼ percent Debentures"), and 11 percent Convertible Subordinated Debentures, due April 1, 2000 ("11 percent Debentures"), of the Company. The Shares, the shares of $.80 Preferred Stock, the 4¼ percent Debentures and the 11 percent Debentures are sometimes collectively referred to herein as the Securities.

ITEM 2. TENDER OFFER OF THE BIDDER

This statement relates to the tender offer (the "Offer") disclosed in a Schedule 14D–1, dated September 24, 1981 (the "Schedule 14D–1"), of the bidder, CKH Corporation, a Delaware corporation ("CKH"), and an indirect wholly owned subsidiary of The LTV Corporation, a Delaware corporation ("LTV"), to purchase Shares of $.80 Preferred Stock, 4¼ percent Debentures and 11 percent Debentures representing or convertible into 10,000,000 Shares (or such greater number of Shares as CKH may elect to purchase pursuant to the Offer) at $45 per Share, $49.50 per share of $.80 Preferred Stock, $1,347.71 per $1,000 principal amount of 4¼ percent Debentures and $1,838.61 per $1,000 principal amount of 11 percent Debentures, respectively, in each case net to the seller in cash. The Schedule 14D–1 states that the principal executive offices of CKH and LTV are located at 1600 Pacific Avenue, Dallas, Texas 75265.

ITEM 3. IDENTITY AND BACKGROUND

(a) The name and business address of the Company, which is the person filing this statement, are set forth in Item 1 above.

(b) (1) Certain contracts, agreements, arrangements and understandings between the Company and certain of its directors and executive officers are described in the sections entitled "Security Ownership of Management," on page 12, "Security Ownership of Certain Beneficial Owners," on page 13, "Management Remuneration and Certain Transactions," on pages 14–15, "Management Incentive Plan; Restricted Stock Award Plan; Employee Investment Plan," on pages 15–16, "Proposed 1981 Stock Option Plan," on pages 17–20 and "Exhibit A 1981 Stock Option Plan" on Exhibit pages 1–5 of the Company's Proxy Statement (the "Proxy Statement") for its 1981 Annual Meeting of Shareholders, dated April 13, 1981. A copy of the Proxy Statement is filed as Exhibit 1 hereto, and the portions thereof referred to above are incorporated herein by reference.

The 1981 Stock Option Plan (the "Plan") of the Company as set forth in Exhibit A to the Proxy Statement was approved on May 21, 1981, by the shareholders of the Company and pursuant thereto, options with respect to a total of 28,400 Shares have been granted to the Company's officers and directors at an average per share option price of $22.6875.

(2) To the best knowledge of the Company, there are no material contracts, agreements, arrangements or understandings, or any actual or potential conflicts of interest between the Company, its directors, executive officers, or affiliates and CKH, LTV or their respective directors, executive officers or affiliates.

ITEM 4. THE SOLICITATION OR RECOMMENDATION

(a) The Board of Directors of the Company has unanimously determined that the Offer is inadequate and not in the best interests of the Company, its shareholders, employees or the United States. The Board of Directors strongly recommends that the Company's shareholders reject the Offer. A letter to shareholders communicating the Board of Directors' recommendation, a press release relating to such recommendation and the opinion of the Company's independent financial advisor, Dillon, Read & Co. Inc. ("Dillon Read") are attached hereto as Exhibits 2, 3, and 4, respectively.

(b) In reaching its conclusions described in paragraph (a) above, the Board of Directors of the Company considered many factors, including without limitation, the following:

(i) The Company's independent financial advisor, Dillon Read, rendered their written opinion to the Board of Directors that the Offer is inadequate from a financial point of view. In reaching their conclusion, Dillon Read considered a number of factors which included, among other things, the following:

The Company's projections of its results of operations over the next five years which are based, in major part, on the Department of Defense announced five year plans.

The recent upward trend in the aerospace industry generally and the excellent prospects for the Company's aerospace business in particular.

The adverse impact in recent years on earnings of the Company due to its bus business and the projected substantial improvement in the Flexible bus situation.

The favorable tax and cash flow effects resulting from the Company's change in its tax reporting method for all long-term aerospace contracts to the completed contract method of accounting.

The substantial difference between the stated book value of the Company's assets in comparison with the replacement cost of those assets, as well as the stated book value of the Company's real estate in comparison to its estimated value.

(ii) In connection with rendering their opinion, Dillon Read also reviewed with the Board of Directors a number of financial criteria often used in assessing the adequacy of a tender offer price, including price/earnings ratios and premiums over market price in a number of tender offers (which included partial offers and offers for all shares of a company) and other acquisition transactions in recent years. Dillon Read also reviewed the historical market price and recent trading patterns in the Company's stock.

(iii) The Board of Directors considered the Company's performance over the past several years, the future earnings prospects of the Company, the Company's current financial position, the Company's borrowing capacity and the hidden strengths of the Company's financial position due to its conservative accounting practices and understated assets compared to replacement costs and estimated market values of such assets, in light of adverse economic conditions affecting United States business generally and the aerospace industry in particular, recent adverse conditions affecting the United States monetary and capital markets and the prospects for correction of these adverse conditions. Based upon these and other factors, the Board of Directors believes that this would be an extremely inappropriate time to sell the Company and that the Company and its securityholders would be better served by the Company's remaining independent.

(iv) The Board of Directors considered the Company's position as one of two suppliers of early warning aircraft and as the sole supplier of electronic counter-measures aircraft, both of which businesses are believed to have excellent growth potential.

(v) The Board of Directors considered the present highly leveraged financial position of the LTV family of companies (relatively higher than the Company's) and the fact that the financing for purchases of Securities by CKH pursuant to the Offer consists almost entirely of additional borrowings. If LTV and the Company were combined after completion of the Offer, as presently contemplated by LTV, it is possible that additional borrowings may be required to provide funds for any cash consideration paid to remaining securityholders of the Company in such combination. The Board of Directors believes that the resulting debt-laden combined entity's ability to compete in the Company's principal business—defense contracting—would be substantially weakened.

(vi) The Board of Directors considered the following uncertainties, among others, relating to the Offer:

The absence of any definitive structure or plans for completion of the proposed combination following the Offer;

The inferior quality of LTV securities in comparison to securities of the Company, coupled with the possibility that the Company's remaining securityholders following the Offer might receive debt or equity securities issued by LTV in connection with the completion of the second step of the proposed combination;

The absence of any definitive arrangements or designated source for additional financing required to complete the second step of the proposed combination; and

The possibility that due to LTV's present highly leveraged nature and its apparent lack of financing to complete the second step of the proposed combination, LTV might find itself compelled to dispose of assets or businesses of the Company in order to reduce indebtedness incurred to finance the Offer and the second step.

(vii) The Board of Directors considered the potentially disruptive effect on the Company's employees, who own approximately 32 percent of its currently outstanding shares through their participation in the Employee Investment Plan, and the related potential for undermining the Company's stability as a major supplier to the United States defense establishment. The Board of Directors also considered the Company's history fo favorable employees relations as well as the apparent differences between the Company and LTV management philosophies of employee relations.

(viii) The Board of Directors has been advised by its outside counsel, Cahill Gordon & Reindel, that based upon their preliminary analysis and review the consummation of the Offer raises substantial issues of antitrust violation by virtue of the extensive head-to-head competition between Grumman and LTV. The Board of Directors has also been advised by such counsel that the Offer raises legal questions under both the Federal securities laws and the New York Security Takeover Disclosure Act (the "New York Act"). Such counsel reviewed with the Board of Directors the desirability of resolving such matters by taking such action as would be deemed necessary and appropriate, including commencing litigation. Based on such advice, the Board of Directors authorized the filing in appropriate jurisdictions of all necessary and appropriate complaints and requests for hearings under all such laws and such other laws as the management of the Company, with the advice of counsel, determines are appropriate. The Board of Directors has instructed its counsel to proceed promptly with such matters and to seek the earliest practicable resolution of such issues.

ITEM 5. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED

The Company has retained D. F. King & Co., Inc. ("D. F. King"), 60 Broad Street, New York, New York 10004, to render advisory and other services to the Company in connection with the Offer. D. F. King will receive reasonable and customary compensation for its services and reimbursement of out-of-pocket expenses in connection with the Offer.

The Company and Dillon Read have entered into a letter agreement pursuant to which Dillon Read has been retained as the Company's financial advisor in connection with the Offer. Dillon Read's fee for advising the Company with respect to the Offer is $250,000 and other out-of-pocket expenses. The Company has also agreed to indemnify Dillon Read against certain expenses and liabilities arising in connection with their engagement, including liabilities arising under the Federal securities laws.

Neither the Company nor any person acting on its behalf currently intends to employ, retain or compensate any other person to make solicitations or recommendations to securityholders on its behalf concerning the Offer.

ITEM 6. RECENT TRANSACTIONS AND INTENT WITH RESPECT TO SECURITIES

(a) To the best of the Company's knowledge, no transactions in the Securities have been effected during the past 60 days by the Company or by any executive officer, director, affiliate or subsidiary of the Company, except with respect to the Shares as follows:

Person, type of transaction, date of transaction, number of shares, and price per share:

Grumman Corporation Employee Investment Plan ("EIP"), purchase of new issue from the company, July 20, 1981, 10,160, $27.81.

EIP, purchase of new issue from the company, August 10, 1981, 17,244, $24.31.

EIP, purchase of new issue from the company, August 17, 1981, 46,609, $24.37.

EIP, purchase of new issue from the company, August 20, 1981, 9,155, $24.37.

EIP, purchase of new issue from the company, September 10, 1981, 18,357, $22.62.

EIP, purchase of new issue from the company, September 20, 1981, 12,204, $24.62.

(b) To the best of the Company's knowledge, none of its executive officers, directors, affiliates or subsidiaries presently intends to tender any Securities pursuant to the Offer or sell any Securities which are held of record or beneficially owned by such person.

ITEM 7. CERTAIN NEGOTIATIONS AND TRANSACTIONS BY THE SUBJECT COMPANY

(a) At a meeting of the Board of Directors held on September 25, 1981, the Board considered and reviewed the desirability of exploring and investigating certain types of transactions, including without limitation, the sale of equity in the Company to another company, joint ventures between the Company and other companies, a business combination between the Company and another company and the possible acquisition of the entire Company or of one or more of its businesses by another company.

(b) After considerable discussion, the Board resolved that it was desirable and in the best interests of the Company and its shareholders to explore and investigate, with the assistance and advice of Dillon Read, such transactions, although the Board noted that the initiation of any such transactions may be dependent upon CKH's future actions with respect to the Offer. There can be no assurance that this activity will result in any transaction being recommended to the Board of Directors or that any transaction which is recommended will be authorized or consummated. A copy of the Board's resolution is attached hereto as part of Exhibit 5 and is incorporated herein by reference.

At such meeting of the Board of Directors. the Board also adopted a resolution with respect to the need for confidentiality with respect to the parties to, and possible terms of, any transactions or proposals of the type referred to in the preceding portion of this Item 7 during negotiations with respect to any such transactions. A copy of such resolution is attached as part of Exhibit 5 and is incorporated herein by reference.

ITEM 8. ADDITIONAL INFORMATION TO BE FURNISHED

On September 23, 1981, CKH and LTV commenced a lawsuit in the United States District Court for the Southern District of New York to have the New York Act declared invalid and to enjoin its application to the Offer. A copy of the complaint in such lawsuit is attached hereto as Exhibit 6 and is incorporated herein by reference.

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS

Exhibit 1—Grumman Corporation Proxy Statement, dated April 13, 1981.

Exhibit 2—Form of Letter to Shareholders of the Company, dated September 28, 1981.

Exhibit 3—Form of Press Release issued by the Company, dated September 28, 1981.

Exhibit 4—Opinion dated September 25, 1981 of Dillon, Read & Co. Inc.

Exhibit 5—Resolutions of the Board of Directors of the Company adopted at a Special Meeting held on September 25, 1981.

Exhibit 6—Complaint in The LTV Corporation v. Robert Abrams, 81 Cir. 5908 (S.D. N.Y., filed Sept. 23, 1981)

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

September 28, 1981

THOMAS L. GENOVESE,
Vice President & General Counsel.

EXHIBIT 3

BETHPAGE, N.Y., September 28, 1981.—The Board of Directors of Grumman has unanimously determined to oppose the offer made by The LTV Corporation for Grumman shares and convertible securities. John C. Bierwirth, Chairman of the Board of Grumman, said the Board concluded the offer is inadequate, and not in the best interests of Grumman, its shareholders, employees or the United States. Bierwirth added that the Board was advised by Grumman's longstanding financial advisor Dillon, Read & Co. Inc.

LTV's tender offer raises substantial issues of antitrust violation by virtue of the extensive head-to-head competition between Grumman and LTV, as advised by Cahill Gordon & Reindel, attorneys for Grumman. These antitrust issues include competition in military aircraft procurements, including U.S. Navy's current VTX trainer program, expected to involve expenditures of several billion dollars over the next decade. The two companies are also engaged in extensive competition for subcontracts for airframe subassemblies and engine housings used in both commercial and military aircraft, and in other areas which are the subject of continuing investigation.

Bierwirth said the Grumman Board had authorized the commencement of litigation to enjoin the LTV offer on the ground, among others, that the acquisition of Grumman by LTV would violate the antitrust laws.

"It is clear to me that unless the antitrust laws are a 'dead letter' this offer cannot be allowed to be consummated," Bierwirth added. "Moreover, the offer is not in the national interest. It raises questions such as whether the combination of the two companies would result in a weaker defense capability. In my view the answer is clear: If LTV is permitted to acquire Grumman—a significant weakening of the United States defense capability could result. The government is likely to lose the benefits of independent research and development by Grumman and of other competitive benefits produced by its existence. LTV's already heavy burden of debt would be substantially increased, and the resulting debt-laden combined entity would be faced with a dubious and uncertain future."

Bierwirth also stated that the Board had considered the potentially disruptive effects on the company's 28,000 employees, who own approximately 32% of its currently outstanding shares through their participation in the Employee Investment Plan, and the related potential for undermining the company's stability as a major supplier to the United States defense establishment.

Bierwirth added. "A major force in Grumman's success has been its strong employee participation. We wonder what will happen to that morale under LTV domination. Moreover, despite LTV assurances that it would not happen, the Board expressed concern as to the effect on jobs and employment in Long Island." "In summary," Bierwirth said, "we are gravely concerned whether Grumman employees can expect from LTV the same opportunities for sharing in our company's future growth and participating in its management as would be afforded by an independent Grumman."

DILLON, READ & CO. INC.,
New York, September 25, 1981.

BOARD OF DIRECTORS,
Grumman Corporation,
Bethpage, N.Y.

TO THE BOARD OF DIRECTORS: The LTV Corporation ("LTV"), pursuant to its Offer to Purchase dated September 24, 1981, has offered to purchase Common Stock, $1 Par value, $.80 Convertible Preferred Stock, 4¼ percent Convertible Subordinated Debentures and 11 percent Convertible Subordinated Debentures (all of such securities being referred to herein as the "Securities") of Grumman Corporation ("Grumman") representing or convertible into 10,000,000 shares of Common Stock (representing approximately 70 percent of the Common Stock outstanding on a fully diluted basis) at a price in cash of $45.00 per share or equivalent share. You have requested our opinion regarding the adequacy of the offer of LTV, from a financial point of view, to holders of the Securities.

We have provided investment banking services to Grumman in the past, including acting as a manager of an offering of its convertible subordinated debentures in April, 1980.

In arriving at our opinion we have reviewed certain information of a business and financial nature regarding Grumman which was either publicly available or furnished to us by Grumman and held discussions with the management of Grumman regarding its business and prospects. We have relied on the accuracy of the foregoing, and we have not attempted to verify the same nor have we made any independent evaluation of any assets of Grumman. We have also considered other factors we deemed relevant including the historical market price information for Grumman common stock, information on the financial considerations offered in other merger and tender offers and certain publicly available financial information on other companies in businesses similar to Grumman.

We have also reviewed the LTV Offer to Purchase dated September 24, 1981 and certain publicly available information on LTV.

Based on our analyses of the foregoing and upon such other factors as we deem relevant, we are of the opinion that the offer is inadequate from a financial point of view to holders of the Securities.

Sincerely yours,

Dillon, Read & Co. Inc.●

FINISHING THE JOB

● Mr. DOMENICI. Mr. President, no one understands the importance of controlling Federal spending better than my good friend and Budget Committee colleague, Bob Kasten. The Senator from Wisconsin has represented his constituents well by fighting for a leaner, more responsible Federal Government, and he has written an excellent article on "finishing the job," which was printed in the Milwaukee Journal yesterday. He points out that Congress must finish the job it started last spring when it passed the first concurrent budget resolution, and that the time for action is now. I would like to submit this fine article for the Record at this time, and I commend it to the attention of all my colleagues.

The article follows:

Congress Has No Way To Go But Forward

(By Senator Robert Kasten)

In the next few weeks, Congress will indeed go "back to the drawing board," as the Journal suggested in its recent editorial, "Flailing Away at Wall Street". But the assignment is not to undo what work we've already done. Congress simply has to finish the task it set for itself when it endorsed the Reagan economic program last spring.

When President Reagan unveiled his program for economic recovery, he said the best strategy for solving our economic malaise was a comprehensive package that took advantage of all the economic tools available to us. His proposal, therefore, included regulatory reform to cut the cost of Government regulations; tax rate reductions to increase the incentives for real economic growth; a monetary policy geared toward restoring the value of the U.S. dollar; and spending cuts to reduce both the Federal deficit and high interest rates.

When Congress passed the President's tax and budget bills in July, we all read about the nearly $130 billion in budget cuts Congress had recommended for 1982–84. What the headlines failed to make clear, however, was that only $44 billion of those cuts were final.

Spending in Congress is a two step process. First we "authorize" or set aside a certain amount of money for a program. Dollars are actually spent when we "appropriate" the money later in the year. When Congress passed the President's budget bill, it reduced the authorizations for a large number of programs by more than $85 billion; but the actual savings from these programs will not materialize until Congress cuts the appropriations bills down to the same level. Moreover, the President always planned to send Congress at least $74 billion in further budget cuts in order to balance the budget by 1984. Clearly, the work on the budget had just begun.

But Congress was swept up in the glory of the moment, and too many elected representatives left town patting themselves on the back for a job well done. That's when the financial markets began to react. The President's economic program is like a four-legged chair—if one of the legs is missing, predictability and stability disappear. Three legs are already pretty much in place—the tax cut goes into effect October 1, regulatory reform is underway, and while economists are still arguing about monetary policy, it has at least been consistent this year. But a great deal of the work on federal spending remains to be done.

It won't be easy to get the budget under control. We all want a strong national defense—but if defense spending increases as now projected, it will take up to 30 percent of the budget by 1984. We all want to maintain essential programs for the elderly and less fortunate—but even with the cuts Congress has already made, these so-called "entitlement" programs will take up to 48 percent of the budget by 1984. Add in the net interest on the national debt, and that leaves only 16 percent of the budget for all other categories—agriculture programs, economic development, job training, highways and sewers, energy development, foreign assistance, housing programs, and education. Without any changes in defense or entitlement programs, Congress will have to virtually eliminate all other discretionary spending in order to balance the federal budget by 1984.

The task is further complicated by the budget overruns we experience each year. It isn't easy to predict what will happen in an economy as complex as ours, and federal spending tends to be underestimated, year after year. The usual Congressional policy has been to pass a "lean" budget, declare victory, and beat a hasty retreat before reality sets in. Under former President Carter, there was a suggestion Congress had balanced the Fiscal Year 1981 budget. It stayed "balanced" for about three weeks. Carter ended up with a deficit of $60 billion.

It's not easy to control federal spending, but it is absolutely essential for the economic health of our nation. Huge federal borrowing requirements are keeping interest rates high. The American economy generated about $170 billion dollars of savings last year. But the amount required to finance the federal deficit and other government obligations totaled more than $80 billion—almost half of the U.S. savings pool. Through its constant borrowing, the federal government is crowding out all kinds of protective investment, and this credit demand keeps interest rates at record levels. Each day these high interest rates continue, another family store or small business goes under, or another Wisconsin family can't afford to buy a home. We have to get these high interest rates down.

What can Congress do? I believe we have to cut the federal budget deficit down to size. Congress should take a careful look at the huge defense spending increases planned for the next three years. We should make another try at instituting user fees for yachts, planes, etc. to cover more of the cost of federal services. We should consider adjusting the cost-of-living formula for entitlement programs, which have overcompensated for inflation. And we must hold appropriations bills within budget guidelines.

The important thing is that we finish the job started last spring.●

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I amend that request. I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m. tomorrow. A little later I will make provision for 2 hours of special orders which will put us on the so-called Bolling bill at around 11 o'clock or later.

ORDER OF PROCEDURE TOMORROW

I would hope tomorrow that after that measure we can also do some work on the foreign assistance bill before we complete our work tomorrow afternoon. I would not expect, Mr. President, we will be able to go out early because, as I understand it, the House of Representatives will not turn to the consideration of the conference report on the continuing resolution, if it is then available, until 7 p.m. So the Senate will necessarily be in after 7 p.m. But I would not expect the day to require that much time from the standpoint of the Senate agenda.

The PRESIDING OFFICER. Without objection, the unnaimous-consent request for the meeting hour is agreed to.

Mr. BAKER. I thank the Chair.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader state what the program will be for tomorrow and Thursday?

PROGRAM FOR TOMORROW

Mr. BAKER. Yes.

Mr. President, let me continue then with the arrangements for the convening hour and the like. We now have an order for the convening of the Senate at 9 o'clock. I ask unanimous consent that after the recognition of the two leaders under the standing order, the following Senators be recognized for not to exceed 15 minutes each: The Senator from Tennessee (Mr. Baker), the Senator from Alaska (Mr. Stevens), the Senator from Texas (Mr. Tower), the Senator from Idaho (Mr. McClure), the Senator from South Carolina (Mr. Thurmond), the Senator from New Mexico (Mr. Domen-

ICI), the Senator from Arizona (Mr. GOLDWATER), the Senator from Illinois (Mr. PERCY), the Senator from Florida (Mr. CHILES), and the Senator from Kentucky (Mr. FORD).

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR A PERIOD FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders and the orders for the Senators just provided for that there be a brief period for the transaction of routine morning business to extend not more than 20 minutes in length during which Senators may speak therein for not more than 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RECOGNITION OF SENATOR ROBERT C. BYRD

Mr. BAKER. Mr. President, I ask unanimous consent further that the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) be added on a special order for not to exceed 15 minutes to the list previously granted.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE BOLLING BILL

Mr. BAKER. Mr. President, on tomorrow it is the expectation of the leadership that we will turn to the consideration of the Bolling bill, which will carry a Finance Committee amendment in respect to social security. I hope we can complete that well before the day ends tomorrow.

THE FOREIGN ASSISTANCE BILL

The Senate then will be asked to turn to the consideration of the Foreign Assistance bill which I do not expect we will be able to complete.

CONFERENCE REPORT ON THE CONTINUING RESOLUTION

When the conference report on the continuing resolution is available from the House of Representatives, it would be the intention of the leadership to proceed to the consideration of that item tomorrow evening.

THE TELECOMMUNICATIONS BILL

Mr. President, on Thursday it is expected that the leadership will ask the Senate to turn to the consideration of the telecommunications bill, S. 898. I would not expect that that day would be an unduly late day, but a full day of debate and consideration of that measure is anticipated.

If the schedule continues without untoward incident I expect that I will not ask the Senate to remain in session on Friday and, at the close of business on Thursday we will recess over until Monday.

Mr. FORD. Mr. President, will the distinguished majority leader yield for a question?

Mr. BAKER. Yes, I yield.

Mr. FORD. Did I understand him to say the communications bill would be called up Thursday?

Mr. BAKER. On the 1st of October.

Mr. FORD. I would like to say to the majority leader that we have several amendments we have not seen yet and those would be the Justice Department amendments and others, and I would be very hopeful—and I am not objecting to bringing it up, but you have no time, you are not asking for any time agreement, but some of us are very concerned about those amendments because we worked very hard on those and we are not aware of the amendments yet. We would like to look at them.

Mr. BAKER. I will say to the Senator from Kentucky that I am aware of that problem, not only of his concern but the concern of other Senators as well, and over a period of weeks I have attempted to work out an agreed time to take up this matter and perhaps even a time agreement, but I have been unable to do that and, as I am sure the minority leader will agree with me, sometimes on a major piece of legislation you simply have to ask the Senate to turn to its consideration and do the best you can.

I do not expect we will get very far in the telecommunications bill on Thursday, and I fully expect we will lay it aside for privileged matters such as the conference report when and if we receive it. But I do feel compelled to take it up and get started on it. There will be no effort to hurry the Senator from Kentucky or other Senators on what will be a long discussion of an important piece of legislation.

Mr. FORD. I thank the Senator for his explanation. I know of two holds on the bill. If the Senator is announcing he is going to proceed without those holds being removed——

Mr. BAKER. Yes.

Mr. FORD. It is not the fault of any Senator wanting to hold the bill up. It is the fact that we have not gotten the amendments that are going to be suggested by the administration, the Department of Justice. I see some nodding of some friends around the Chamber. We would like to have an opportunity, and if you are going to bring it up Thursday and are not going to do anything Friday, it seems to me you might wait until next week.

Mr. BAKER. I would even presume to speculate that bringing it up may hasten the time in which we receive those recommendations and amendments.

Mr. GLENN. Mr. President, will the majority leader yield?

Mr. BAKER. Yes, I yield.

Mr. GLENN. I am concerned about the foreign assistance bill on Thursday of this week. You said that might come up on that date. The committee is going to be busy with two Secretaries, Secretary Haig and Secretary Weinberger, and there are some of us who are involved. I have three amendments.

Mr. BAKER. The foreign assistance bill I would have up only on Wednesday and that in deference to the requirements of the Senator from Ohio.

Mr. GLENN. I have three amendments to the foreign assistance bill which are of importance, and I would like to have plenty of time for debate and consideration so that we can spend as much time with the Secretaries as possible.

Mr. BAKER. The Senator will probably have such time.

Mr. President, I wish to take this opportunity to extend my profound thanks and deep appreciation to the distinguished chairman of the Finance Committee, Senator DOLE, and the distinguished ranking minority member, Senator LONG. We do not often see two Senators work so well together on opposite sides of the aisle. These men set a good example for the rest of us and are in the best tradition, I believe, of the Senate, in doing the country's work.

Mr. President, I as well wish to express my appreciation to the staff of the Finance Committee and the personal staffs of the Senators who participated in these lengthy and detailed debates.

There are other Senators who have a very special and real concern for this issue, such as the distinguished Senator from Colorado (Mr. ARMSTRONG) who has been so instrumental with so many new ideas and so much effort to reform the fiscal policies of this country. He and I were on opposite sides of this issue, though I agree with many of the points he made. I take this opportunity to say what an extraordinary contribution he makes to the deliberations of the Senate of the United States.

Mr. President, I could go on and on expressing the appreciation of the Senate and my personal appreciation for those who have made it possible for us to complete action on this important piece of legislation. It has been work well done and I extend my congratulations to all.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business not to extend past the hour of 10:15 in which Senators may speak.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MARINE MAMMAL PROTECTION ACT

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 285, H.R. 4084.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4084) to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consideration of the bill.

Mr. PACKWOOD. Mr. President, I rise in strong support of H.R. 4084, a bill which amends and reauthorizes the Marine Mammal Protection Act of 1972.

The Marine Mammal Protection Act (MMPA) was passed 9 years ago to protect and manage the more than 100 species of marine mammals found within the jurisdiction of the United States, including whales, seals, porpoises, sea otters, polar bears, walruses, and manatees. The 1972 act recognized that marine mammals constitute a significant functioning element of the marine ecosystem, that certain species and population stocks were in danger of extinction, and that these depleted species needed protection.

The act established a moratorium on the taking and importing of marine mammals and their products. It also instituted a permit system for the limited taking of marine mammals during commercial fishing operations, for scientific research programs, and for public display purposes.

While the act established a Federal program for the protection and management of marine mammals, it also provided a mechanism by which States could regulate marine mammals found within their jurisdictions. The MMPA also mandated scientific research programs, established civil and criminal penalties for violations, and created the Marine Mammal Commission to make recommendations on marine mammal protection and management policies. The act continues to be jointly administered by the Department of Commerce through the National Oceanic and Atmospheric Administration and by the Department of the Interior through the Fish and Wildlife Service.

After 9 years of implementation, the successes and failures of the Marine Mammal Protection Act are now apparent. Even though the act has succeeded in protecting many depleted marine mammal species and populations, the act fails to recognize the interactions of many of these species with other elements of the marine environment. Some provisions of the act have proven unworkable and some definitions need to be clarified.

In light of these and other issues, the Committee on Commerce, Science, and Transportation held a full committee hearing in conjunction with the national ocean policy study on the act on April 3, 1981. Representatives from the National Oceanic and Atmospheric Administration, the Fish and Wildlife Service, the Marine Mammal Commission, the States of Oregon and Alaska, the fishing industry, and the environmental community testified on the current status of the act as well as on the act's problem areas.

On May 6, 1981, the committee reported a bill (S. 1186), which authorized appropriations for fiscal years 1982 and 1983 upon the condition that all interested parties would continue to work toward drafting amendments on the act's problem areas.

From May through the summer, the committee worked very closely with all interested parties and reached a consensus on two major problem areas, namely, the tuna-porpoise issue and the return of marine mammal management authority to the States. Specifically, all parties recognized the significant progress made by the tuna industry in reducing the incidental taking of porpoises in the course of commercial fishing operations. It was therefore agreed that the "immediate goal" language of the act shall be satisfied in purse seine fishing for yellowfin tuna by the continued use of the best marine mammal safety techniques and equipment that are economically and technologically practicable.

On the issue of State marine management authority, an agreement was reached on how this authority shall be transferred from the Federal Government to the States and on what elements a State management program shall contain in order to be consistent with the purposes and policies of the act.

The committee has also worked closely with the House Committee on Merchant Marine and Fisheries in drafting other improvements to the act. The final agreements reached by the Commerce Committee and all interested parties is reflected by H.R. 4084 and its accompanying report.

This bill truly illustrates a consensus on the problems and needs of the Marine Mammal Protection Act. It is important to note that the bill in no way relaxes the U.S. policy on marine mammal conservation. The bill reauthorizes the act for 3 years and leaves intact the basic protective philosophy upon which the act was founded.

With these amendments, the act still will provide for the protection of all marine mammal species, population stocks, and habitat areas, and where the act's protective efforts have succeeded in restoring marine mammal populations, the amendments will facilitate conservation and management efforts by the States as well as by the Federal Government. This policy of shared management will reduce Federal regulatory burdens and will result in objective management determinations that are based upon a public record.

The protection of wildlife and wildlife habitat areas is the responsibility of every citizen. Industries whose actions may significantly affect the environment bear a special responsibility for environmental protection. Government can no longer afford to be the sole source of funds necessary for monitoring the impact of industry actions. The private sector must recognize its obligation to fund research on the possible effects of its actions on wildlife and habitat areas. H.R. 4084 therefore requires industry to sponsor research and to cooperate with Government and the scientific community to assess such impacts.

H.R. 4084 also recognizes the Federal Government's responsibility to protect marine mammals as a national resource. In response to these amendments, Government agencies with responsibility for marine mammal protection must increase their research efforts, improve their coordination with the States, and implement the act's new provisions.

In light of these improvements and in order to continue vital activities in marine mammal conservation and research for the next 3 years, I urge my Senate colleagues to support H.R. 4084.

Mr. STEVENS. Mr. President, I commend the many interested parties that have worked during the last several months to bring the much needed changes to the Marine Mammal Protection Act of 1972 that are contained in H.R. 4084. This process began in the Senate in February of this year and was continued by Congressmen BREAUX, FORSYTHE, and YOUNG of Alaska in the House. Close cooperation between the House and the Senate have produced what I believe is a great step forward to our goal of rational management of our marine mammal resources.

The Alaska Native community and the State Department of Fish and Game have devoted substantial resources to produce the amendment before us today. I would like to thank them, as well as the many other parties involved in this long, and at times, difficult process.

The State of Alaska supports within its borders the greatest variety and concentration of marine mammals in the United States. More than 28 species reside in the waters adjacent to Alaska along its 35,000 miles of coastline. Marine mammals have always been viewed by the State of Alaska as valuable and important resources.

From the outset of statehood in 1959, a marine mammal research and management staff was established within the Alaska Department of Fish and Game. Management efforts, including scientific research, establishment of marine parks and sanctuaries, and enforcement of hunting seasons, bag limits, and humane harvest methods, were underway by 1960.

By 1972, the State had developed conservation programs for the 10 ecologically significant species inhabiting Alaska's coastal zone; had successfully introduced sea otter into areas of its former range; had eliminated Federal programs of predator control directed toward harbor seals and sea lions; had eliminated the seal bounty; had established harvest monitoring; had undertaken research efforts on marine mammals significantly assisted by studies undertaken by the University of Alaska; and had established close working relationships with coastal villagers involved in the taking of marine mammals for subsistence.

By 1972, Mr. President, it was recognized both nationally and internationally that Alaska had developed a broadly based and effective marine mammal conservation program.

Alaska's program was swept away in 1972 with enactment of the Marine Mammal Protection Act which preempted State programs and established a substitute regime built around the concept of protection instead of management. Owing to the rigidities of the Marine Mammal Protection Act, every effective marine mammal management program in my State, except for the North Pacific Fur Seal, which is managed under international convention, has been dismantled. No effective Federal programs have been substituted.

Consequently, the Pacific walrus population apparently has overpopulated its habitat and is showing signs of stress. Expanding sea otter populations are pressuring important fishery stocks.

There is virtually no harvestable surplus in the Dungeness crab fishery in the Cordova region of Prince William Sound because control of sea otter populations, which congregate near the molting grounds, is not permissible.

The king crab fishery of Cook Inlet and Shelikoff Strait in south-central Alaska is being reduced by increased sea otter predation. Other conflicts, primarily involving pollock, are occurring with expanding sea lion populations in southeast and south-central Alaska and the Aleutians and with harbor seals in Bristol Bay, the southeast Bering Sea, and the northern Alaska peninsula. Other west coast States have experienced fishery/mammal conflicts.

When the Marine Mammal Protection Act passed in 1972, I was concerned that the general moratorium would inflict severe hardship upon the Native residents of Alaska's coastal villages who depend upon the marine mammal harvest for their sustenance and other needs. Consequently, I urged inclusion of section 101(b) of the act as an exception to the general prohibition on taking. As you know, section 101(b) exempts the harvest of marine mammals by Alaska Natives from the moratorium so long as animals are taken either for subsistence purposes or for the purpose of making authentic Native handicrafts.

Section 101(b) was interpreted by the U.S. District Court in People of Togiak against United States, to exempt Native hunting from State as well as Federal regulation.

H.R. 4084 contains several important provisions which clarify that Native hunting of a marine mammal population may be regulated by the Alaska Board of Game after management authority has been returned to the State of Alaska and which guarantee that State regulation will accommodate and protect Alaska Native subsistence and other uses.

With respect to the subsistence uses definition it is important to note that the purview of the term is limited to customary and traditional uses by rural Alaska residents. This limitation recognizes that as a threshold matter subsistence is something characteristic of rural, rather than urban, Alaska. It is the intent of the House Merchant Marine and Fisheries Committee and it is our intent that the term emcompass the Native and non-Native residents of Barrow, Kotzebue, Nome, Bethel, Dillingham, and the other rural villages and communities scattered along Alaska's coastline and river systems.

Both section 101(b) of the act, and the subsistence uses definitions in section 803 of the Alaska National Interest Lands Conservation Act and in A.S. 16.05.940 (26) recognize customary trade as an important subsistence activity. And, indeed, the use of marine mammals for such purposes is a critical component of the economy of many Alaska villages. The term "customary trade" is classified as a nonsubsistence use to facilitate more efficient management by the State Board of Game.

Section 109(d)(2) requires the Secretary to adopt all State regulations relating to the taking of a particular species or population for any purpose—including but not limited to both subsistence and nonsubsistence uses—except to the extent he determines that a particular regulation is inconsistent with his regulatory responsibilities set forth in section 101(a) of the act.

This requirement is of particular importance in Alaska. Both subsistence and nonsubsistence hunters need one set of regulations to govern their activities. If the State of Alaska were authorized to adopt one regulatory scheme, and the Secretary were authorized to adopt a completely different approach, the lawfulness of a particular activity would depend upon an artificial delineation of jurisdiction at the seaward edge of the territorial sea. In addition, the enforcement of either regulatory scheme would be next to impossible because of the difficulty of determining where a particular animal was taken.

As a result, section 109(d)(2) eliminates the Secretary's discretion not to adopt State regulations. Absent a conflict with his section 101(a) responsibilities, the Secretary is without authority to second guess State regulatory decisionmaking in the fishery conservation zone.

In recognition of the Secretary's section 101(a) responsibilities, section 109 (d)(1) requires the State to integrate section 101(a) takings into its overall regulatory scheme, and section 101(a) takings are to take precedence over all other types of takings except the harvest of marine mammals for subsistence uses.

For example, if a State determines that a maximum of 100 animals may be harvested without reducing a particular population below optimum sustainable population and then authorizes the harvest of 100 animals, obviously no animals will be available for the Secretary to allocate for section 101(a) purposes.

Consequently, either the Secretary and the State must agree on a total allocation which keeps the combined harvest within the 100-animal limit, or the population will be overharvested. Section 109(d)(1) mandates the former rather than the latter result.

However, it should be emphasized that section 109(d)(1) cooperative management mechanism does not authorize the Secretary to second guess a State with respect to its regulatory decisionmaking unless he can affirmatively demonstrate that when combined with necessary section 101(a) takings the total harvest authorized by the State exceeds the maximum number of animals which may be harvested without reducing the population below its optimum sustainable population.

So far as enforcement is concerned, there are virtually no Federal enforcement agents in the field. The State, although preempted by the 1972 act, has continued its efforts to protect important habitat areas and to secure voluntary compliance with conservation measures in force prior to passage of the Federal act.

Mr. President, when Congress enacted this legislation in 1972, it made provision for return of management to the States where management decisions for these local marine mammal populations rightly belong. But the procedure established was so cumbersome that it took 4 years before an administrative law judge could complete the hearing process that recommended return of management to the State of Alaska. Another year and a half passed before the Federal agencies could prepare the necessary environmental impact statements. Management of walrus was returned to the State of Alaska, but under conditions that made practical administration impossible.

As it applies to marine mammal programs in Alaska, the Marine Mammal Protection Act has been counterproductive. There has been little Federal management and virtually no Federal enforcement. I welcome the amendments in H.R. 4084 which simplify the process of returning management to the States. These valuable animals must be managed sensibly in a manner which assures the long-run enhancement of all marine resources. I question whether many of Alaska's marine resources can survive another 9 years of Federal disregard.

Simplification of the process for returning management decisions to the States will also mean that funds previously spent on cumbersome administrative procedures can now be more effectively channeled toward resource management in the field. Alaska remains willing to reestablish its world-renowned marine mammal program.

While the amendments are a significant improvement, there remain in the act procedures which are more complex than are necessary in my view. We will need the assistance of the Federal agencies to facilitate management by State wildlife agencies. I understand that the Departments of Commerce and Interior are now willing to facilitate return of management to Alaska. If these amendments are not adequate to make the Marine Mammal Protection Act workable, then we will simply have to reexamine the basic goals of the Marine Mammal Protection Act.

Mr. CANNON. Mr. President, I wish to add my voice to those supporting the passage of H.R. 4084, which would reauthorize the Marine Mammal Protection Act for 3 years and make a number of useful changes to the act.

The act enjoys the avid backing of citizens all over this country, including my home State of Nevada. It has worked well over the years since enactment in 1972. Nevertheless, during our reauthorization hearings this spring the Commerce Committee was advised of a number of aspects of the act that needed correction. We therefore reported out a 2-year reauthorization, with the understanding that floor action would not proceed until a suitable package of amendments was worked out.

I am appreciative of the considerable effort that followed during the summer to develop such an amendment package. H.R. 4084 represents the product of that effort, and the degree of its acceptance by critics as well as advocates of the act is shown by the 3-year period of reauthorization. The length of the reauthorization is an expression of our strong support for the continued protection of marine mammals. We anticipate that these amendments will enhance the already effective operation of the act, especially insofar as procedures have been improved for returning marine mammal management to the States.

Mr. HOLLINGS. Mr. President, I should like to join my colleagues in supporting the passage of H.R. 4084. This bill would reauthorize the Marine Mammal Protection Act for another 3 years and represents a strong endorsement of the act's policy to protect the marine mammals in our coastal waters and on the high seas. H.R. 4084 includes a number of changes that will improve the operation of the act, especially insofar as it facilitates the return of management to the States.

As one of the sponsors of the original legislation when it was enacted in 1972, I am pleased to see Congress continue to recognize the worth of this act and its widespread support among the citizens of this country.

Mr. STEVENS. Mr. President, I yield to my distinguished colleague, the junior Senator from Alaska.

Mr. MURKOWSKI. Mr. President, Alaska supports the greatest variety and concentration of marine mammals in the United States. More than 28 species occur in the waters adjacent to Alaska along 35,000 miles of complex coastline. Marine mammals have always been viewed by the State of Alaska as valuable and important resources. From the outset of statehood in 1959, a marine mammal research and management staff was established within the Alaska Department of Fish and Game.

Management efforts, including scientific research, establishment of marine parks and sanctuaries, and enforcement of hunting seasons, bag limits, and humane harvest methods, were under way by 1960. By 1972, the State had developed conservation programs for the 10 ecologically significant species inhabiting Alaska's coastal zone; had successfully introduced sea otter into areas of its former range; had eliminated Federal programs of predator control directed toward harbor seals and sea lions; had eliminated the seal bounty; had established harvest monitoring; had undertaken research efforts on marine mammals significantly assisted by studies undertaken by the University of Alaska; and had established close working relationships with coastal villagers involved in the taking of marine mammals for subsistence. By 1972, Mr. President, it was recognized both nationally and internationally that Alaska had developed a broadly based and effective marine mammal conservation program.

Virtually all of Alaska's program was swept away in 1972 with enactment of the Marine Mammal Protection Act which preempted State programs and which established a substitute regime built around the concept of protection instead of management.

Owing to the rigidities of the Marine Mammal Protection Act, every effective marine mammal management program in my State, except for the bowhead whale and the fur seal, which is managed under international convention, has been dismantled. But no effective Federal programs have been substituted.

Consequently, the Pacific walrus population apparently has overpopulated its habitat and is showing signs of stress. Expanding sea otter populations are pressuring important fishery stocks. There is virtually no harvestable surplus in the dungeness crab fishery in the Cordova region of Prince William Sound because control of sea otter populations, which congregate near the molting grounds, is not permissible. The king crab fishery of Cook Inlet and Shelikof Strait in South Central Alaska is being reduced by increased sea otter predation.

Other conflicts, primarily involving pollock, are occurring with expanding sea lion populations in southeast and south central Alaska and the Aleutians and with harbor seals in Bristol Bay, the southeast Bering Sea, and the Northern Alaska Peninsula. Other west coast States have experienced fishery mammal conflicts.

So far as enforcement is concerned, there are virtually no Federal enforcement agents in the field. The State, although preempted by the 1972 act, has continued its efforts to protect important habitat areas and to secure voluntary compliance with conservation measures in force prior to passage of the Federal act.

Mr. President, when Congress enacted this legislation in 1972, it made provisions for return of management to the States where management decisions for these local marine mammal populations rightly belong. But the procedure established was so cumbersome that it literally took 4 years in the case of Alaska before an administrative law judge could complete the hearing process and recommned that management be returned to the State.

Another year and a half passed before the Federal agencies could prepare the necessary environmental impact statements. Management of walrus was returned to the State of Alaska but conditions imposed made practical administration impossible and the State returned management back to the Federal Government.

Then, a Federal court in Washington, D.C. construed the Marine Mammal Protection Act to bar the State from enforcing regulations with respect to native take of marine mammals. As a legal matter, the State could not regulate the most important source of taking.

As it applies to marine mammal programs in Alaska, the MMPA has been counterproductive. There has been little Federal management and virtually no Federal enforcement; monitoring of harvest has been inadequate.

For these reasons, I welcome the amendments in H.R. 4084 which would simplify the process of returning management to the States. These valuable animals must be managed sensibly and in a manner which assures the long-run maintenance and enhancement of all marine resources. I question whether many of Alaska's marine resources can survive another 9 years of Federal disregard.

Simplification of the process for returning management decisions to the States will also mean the funds previously spent on cumbersome administrative procedures can now be more effectively channeled toward resource management in the field. In the case of Alaska, the State is willing to devote significant funds toward marine mammal programs.

While the amendments are a significant improvement, there remain in the act procedures which are more complex than are necessary in my view. We will need the assistance of Federal agencies to facilitate management by State wildlife agencies.

If these amendments are not adequate to make the MMPA workable, then we will simply have to take up this important matter again.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and was passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 97–18

Mr. STEVENS. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from a convention with Mexico for the recovery and return of stolen or embezzled vehicles and aircraft (treaty document No. 97–18), transmitted to the Senate today by the President of the United States.

I further ask that the treaty be considered as having been read the first time; that it be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's message be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message of the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Convention between the United States of America and the United Mexican States for the Recovery and Return of Stolen or Embezzled Vehicles and Aircraft, signed at Washington on January 15, 1981.

I transmit also, for the information of

the Senate, the report of the Department of State with respect to the Convention.

The Convention represents an effort by the two Governments to confront the serious law enforcement problems posed by the theft of vehicles and aircraft, primarily along our shared border, and the subsequent use of some of them in the commission of felonies in the two countries. It would supersede the 1936 Convention for the Recovery and Return of Stolen or Embezzled Motor Vehicles, Trailers, Airplanes or Component Parts of Any of Them, which has been found inadequate to meet present law enforcement needs. I recommend that the Senate give favorable consideration to this treaty at an early date.

RONALD REAGAN.

THE WHITE HOUSE, *September 29, 1981.*

EXECUTIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate go into executive session to consider items on the executive calendar commencing with "New Reports," under the Department of the Treasury and all items on page 2.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask unanimous consent that the nominations I have referred to on the executive calendar be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF THE TREASURY

Anthony M. Murray, Jr., of Pennsylvania, to be Superintendent of the Mint of the United States at Philadelphia.

Elizabeth Jones, of New Jersey, to be Engraver in the Mint of the United States at Philadelphia.

Luis Victor Hurtado, of California, to be Assayer of the Mint of the United States at Denver.

DEPARTMENT OF COMMERCE

Sherman Maxwell Funk, of Maryland, to be Inspector General, Department of Commerce.

Bruce Chapman, of Washington, to be Director of the Census.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Charles M. Girard, of Virginia, to be an Associate Director of the Federal Emergency Management Agency.

OFFICE OF PERSONNEL MANAGEMENT

Loretta Cornelius, of Virginia, to be Deputy Director of the Office of Personnel Management.

DEPARTMENT OF LABOR

Malcolm R. Lovell, Jr., of the District of Columbia, to be Under Secretary of Labor.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE NAVY

Sundry nominations in the Navy which had been placed on the Secretary's desk.

Mr. STEVENS. Mr. President, I move en bloc to reconsider the vote by which the nominations were confirmed en bloc.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER FOR H.R. 4608 TO BE HELD AT THE DESK

Mr. STEVENS. Mr. President, I ask unanimous consent that H.R. 4608, an act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980 for a certain period, be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection it is so ordered.

RECESS UNTIL 9 A.M. TOMORROW

Mr. STEVENS. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 9 a.m. tomorrow.

There being no objection, the Senate, at 10:16 p.m., recessed until tomorrow, Wednesday, September 30, 1981, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate September 29, 1981:

DEPARTMENT OF STATE

John Dimitri Negroponte, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Honduras.

Alan M. Hardy, of Virginia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Equatorial Guinea.

David Charles Miller, Jr., of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Republic of Tanzania.

Howard Kent Walker, of New Jersey, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Togo.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

L. Ebersole Gaines, of Idaho, to be Executive Vice President of the Overseas Private Investment Corporation, vice Dean R. Axtell, resigned.

DEPARTMENT OF THE INTERIOR

Pedro A. SanJuan, of the District of Columbia, to be an Assistant Secretary of the Interior, vice John Henry Kyl, resigned.

DEPARTMENT OF LABOR

Ford Barney Ford, of California, to be Assistant Secretary of Labor for Mine Safety and Health, vice Robert B. Lagather.

DEPARTMENT OF JUSTICE

Norman Braman, of Florida, to be Commissioner of Immigration and Naturalization, vice Leonel J. Castillo, resigned.

FARM CREDIT ADMINISTRATION

Ralph Ball, of Kansas, to be a Member of the Federal Farm Credit Board, Farm Credit Administration, for a term expiring March 31, 1987, vice Ralph N. Austin, term expired.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 29, 1981:

GENERAL ACCOUNTING OFFICE

Charles A. Bowsher, of Maryland, to be Comptroller General of the United States for a term of 15 years.

DEPARTMENT OF COMMERCE

Sherman Maxwell Funk, of Maryland, to be Inspector General, Department of Commerce.

DEPARTMENT OF LABOR

Malcolm R. Lovell, Jr., of the District of Columbia, to be Under Secretary of Labor.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

DEPARTMENT OF THE TREASURY

Anthony H. Murray, Jr., of Pennsylvania, to be Superintendent of the Mint of the United States at Philadelphia.

Elizabeth Jones, of New Jersey, to be Engraver in the Mint of the United States at Philadelphia, Pa.

Luis Victor Hurtado, of California, to be Assayer of the Mint of the United States at Denver.

DEPARTMENT OF COMMERCE

Bruce Chapman, of Washington, to be Director of the Census.

FEDERAL EMERGENCY MANAGEMENT AGENCY

Charles M. Girard, of Virginia, to be an Associate Director of the Federal Emergency Management Agency.

OFFICE OF PERSONNEL MANAGEMENT

Loretta Cornelius, of Virginia, to be Deputy Director of the Office of Personnel Management.

IN THE NAVY

Navy nominations beginning Lloyd Vermillion Abel, to be lieutenant commander, and ending Phyllis Ann Suiter, to be lieutenant commander, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on September 21, 1981.

EXTENSION OF REMARKS

PEACEMAKING NATIONS ARE POWERFUL

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. FORSYTHE. Mr. Speaker, there has come to my attention a commencement address delivered at the Florida Junior College by the Honorable Harold H. Saunders who, until recently, was Assistant Secretary of State for Near Eastern and South Asian Affairs. He argues impressively that peacemaking is power, based in part on his experiences in effecting five Arab-Israeli agreements (including the Camp David accords and the Egyptian-Israeli Peace Treaty) and the release of the American hostages from Iran. He is now a resident fellow at the American Enterprise Institute working on studies that examine the challenges to U.S. interests in the Middle East and Southwestern Asia.

Mr. Saunders asserts that the United States must give as much attention to strengthening its peacemaking arsenal as to assuring its military strength if it is to play a dominant role in shaping the future course of world events. This is no easy task. It will demand an aggressive and imaginative leadership.

I commend the following message to my colleagues and to all concerned Americans on the eve of a report to the President, to the Congress and to the Nation from the Honorable SPARK MATSUNAGA, chairman of the congressionally established commission to consider a proposal for the establishment of a national academy of peace and conflict resolution. Our collective reaction to this favorable report will to a fair degree indicate whether the United States is engaged in a balanced approach to the pursuit of world peace and to the removal of causes of conflict—at home as well as abroad.

Mr. Saunder's address follows:

PEACEMAKING IS POWER

(By Harold H. Saunders)

I come to you this evening with a simple message in two parts:

The first part is a personal statement out of my own deep conviction about how our nation will have to look at the rest of the world for the remainder of the 20th Century. This comes from my own intensive involvement in our foreign relations for more than 20 years.

The second part of my message is a word about how this larger point fits into each of your lives. What kind of nation we are will not only affect how you live; it may in some way eventually affect how you look at yourselves.

As I begin, I want to make two points:

First, I am going to take my examples from the Middle East because of my own experience there over the past 20 years—and because the Middle East will dominate the world stage in the 1980's as Vietnam did in the 1960's. It will have much of the same capacity to divide us as a nation. How we deal with the problems there in the 1980's will affect our stature as a world power in the 1990's and beyond.

Second, I have come to believe very strongly that there can and should be a very close relationship between what we say and think about the world around us and how we think and feel about ourselves.

My substantive message is this: The United States in the last two decades of this century needs to give at least as much attention to strengthening its peacemaking arsenal as it needs to give to assuring its military power. We need to agree among ourselves that peacemaking, too, is a form of power. To have power is to have a dominant role in affecting the course of events. When the United States is aggressively pursuing peace in the world, our own position in the world is strengthened. The alternative is a steady decline in our ability to influence the course of history.

I believe the position of the United States as a world power in the 1990s and beyond will be determined to a significant extent by whether we play an aggressive, imaginative and leading role in helping to bring real peace to the world. Of course it is essential that we continue to develop our military strength; we have no choice in that. Where we as a nation do have choice is in whether our leaders equally develop a vision of real peace—both at home and abroad—as part of our national objective. I believe that present and future administrations in Washington will be judged on the world stage and in part at home according to their performance in removing causes of conflict and promoting "real peace."

I wonder how many of us have ever stopped to think what the word "peace" really means.

Everyone will agree that peace requires the absence of disturbance in the public order, particularly the absence of a shooting war. But a truce or an armistice is not necessarily peace. Israel has lived all of its life as a modern state still at war with most of its neighbors, but in only 6 of its 33 years of independence have there been major shooting wars.

Clearly we have to add another element. Perhaps we could say that peace is the absence of significant conflict. If two nations can conclude an agreement or treaty resolving conflict between them, then they can be said to be at peace.

In our recent experience in the Middle East, however, even that form of legally agreed peace has been said not to be "real peace." The Israelis have feared that their Arab adversaries would sign an agreement, thereby put themselves in a better position to attack Israel, and then break the agreement. The Israelis looked for some sign that the Arabs really meant to live at peace. Golda Meir used to say she would believe Egypt and Israel are at peace when she could shop in the markets of Cairo. Or another Israeli leader put it in terms of exchanging baseball teams. In other words, a third element was added to the other two—what we have come to call the "normalization" of relations. In the Egyptian-Israeli Peace Treaty signed at the White House in March, 1979, annexes were included which provided for the normal commercial relations and exchanges among journalists, scholars, tourists, businessmen and others.

That might be going quite far enough to define what most of us mean when we talk of "peace" on the international stage. But today we hear voices which stretch our vision even farther:

Some of those voices tell us that we are not fully committed to the cause of peace until we are committed to removing the causes of conflict. One of my most poignant moments in the past decade as a public servant came during the January 1974 Kissinger shuttle which produced the first disengagement agreement between Egypt and Israel. An Egyptian colleague complained that the U.S. had not involved itself fully enough after the 1967 war in working toward an Arab-Israeli peace. Referring to the intensive shuttle negotiations then at their height, I said, "We're sure involved now." "Yes," he replied, "But it took a war to get you here." As an American public servant, I felt keenly the sting of that remark. The greatest nation in the world had not been able to marshal the energies and public support to avert war that it could marshal after a costly war had dramatized the danger.

Others speak more philosophically of the meaning of the word "peace" as it is used in the common words of greeting in the Middle East and even sometimes here. "Shalom"—the Hebrew—and "Salaam"—the Arabic greeting—refer to a wish of inner harmony or wholeness for the recipient of the greeting. One of our churches in this country has extended this meaning to the international arena in this way: "Ominous clouds hang over human history. There are increasing risks in the continuing arms race, looming conflicts over diminishing energy resources as centers of power struggle for control, and failure of economic systems to allow a quarter of the world's population full participation in their societies, creating recurrent patterns of starvation and famine in Asia and Africa in the 1970s. . . . There is a new sense of oneness of the world in our time. Humankind's initial forays into space have created a new perspective, a dramatic sense of the earth—the whole earth—as home . . . We know that peace cannot be achieved simply by ending the arms race unless there is economic and political justice in the human family. Peace is more than the absence of war, more than a precarious balance of powers. Peace is the intended order of the world with life abundant for all God's children . . ."

So we have this spectrum of possible meanings for what seems a fairly simple word with a meaning we take for granted. I have selected my examples from my own professional experience in international affairs, but I believe we could find comparable examples from domestic political life as well.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

In support of my proposition that the position of the United States as a world power will be determined in part by its perseverance and its imagination as a peacemaker I want to make an oversimplified argument. Again, I am going to use the Middle East for my examples, but I believe they could be applied worldwide.

I start with two possible approaches to the problems of the Middle East which I hear discussed in Washington today.

One of these sees the problems of the Middle East through the prism of the strategic conflict between the United States and the Soviet Union. The assumption is that if our allies in Europe and Japan and our friends in the Middle East would focus on the Soviet threat to the world's largest proven oil reserves in the vital Persian Gulf area, they would quickly see the need to cooperate with the U.S. in the military defense of the area. They would also be spurred to new efforts to resolve the Arab-Israeli conflict because it is a potential cause of instability which the Soviets could exploit to improve their position. According to this view, the appropriate response to the threat of further Soviet military expansion is developing further the U.S. military presence in the area and ability to move military forces to that area. In brief, the emphasis is on a military/strategic perception of the threat to our interests and of the possible responses to that threat.

The other view is that the direct Soviet military threat must, or course, be dealt with but there are other threats to the stability of the area that must also be recognized in trying to protect the security of the area. Friends in the Middle East remind us that an unresolved Arab-Israeli conflict is itself a threat to the security of the area because another outbreak of fighting could bring Soviet troops into the area. They also point out that rapid social, political, and economic change can create instability—as they did in Iran—which Soviet-supported or other radical forces in the Middle East can exploit. They urge U.S. assistance not only in helping to develop the defensive military forces of moderate countries in the area but also in helping the governments in the area to resolve their most dangerous conflict.

My purpose here is to argue that a strictly military or strategic approach to the problems of the world does not meet the full challenge to the U.S. interest in building a more stable world. My purpose is to assert that if the United States is actively engaged in the pursuit of peace and in dealing with the causes of conflict, the U.S. ability to influence the course of events in the world and its position in the world in relation to the Soviet Union is strengthened, provided we do not neglect continued development of our own military power.

Peacemaking is power because it demonstrates the ability of the U.S. to influence the course of history and because it puts the U.S. on the side of the highest aspirations of mankind—and not just the pursuit of its own self-interest.

I repeat: Any administration in Washington will be judged in part by the definition and vision of peace which guides it and by the priority, energy, resources, and imagination it devotes to active efforts to bring peace in the world—real peace—closer.

Making peace is hard and sometimes unpleasant work because the peacemaker is dealing with the most agonizing choices any nation's leadership has to make—choices about the future security, survival, and honor of their people. Any American leadership which commits itself to mediate in the Middle East can expect to face painful political decisions itself. The cost of making peace will be high—but the cost of another war will be much higher. The question is whether the leadership of this nation and its people will rise to the challenge of the high calling of peace.

Now I said at the outset that I would conclude by relating this message to you.

There is one more dimension of peace which I alluded to but we did not discuss earlier. This refers to an inner serenity in each human being. This is the real meaning of "Shalom"—the Hebrew greeting—and "Salaam"—the Arabic greeting. It is the meaning of the passing of the peace in many Christian churches. In a world where each individual carries a burden—and some of those burdens seem almost unbearable—the cry for this kind of inner peace is almost overwhelming.

In linking this to my larger message I want to make two brief points:

First: We all know it is the person in any society who is most clearly not at peace with him, or herself who perpetrates the greatest aggression and violence. There is some question about whether and how a nation like ours marred by the violence of men and women at war with themselves can contribute a vision of peace in the world. But that is a subject for profound study and discussion. We must keep it in mind, but we don't have time to deal with it here.

My second point is one I think we can cope with here. It is simply this: I see no reason why we as Americans should not want our government in dealing with other nations to act as an extension of ourselves. Government is not some institution or machine which operates apart from the people who run it. It is a group of human beings like each of us organized to do the public's business. I might say parenthetically that, when I left government, I sent a telegram to my colleagues which said in part: "Nowhere will I find a finer group of human beings. . . ." If we here in Florida or in Virginia or in Kentucky where I just came from intend to approach our fellow human beings in peace, expecting justice but offering compassion—if we feel in ourselves a certain inner peace and strength in dealing with others this way—then why should we not urge our government to find strength in dealing with the rest of the world according to the same values.

Maybe you'll say, "That's wooly-headed or unrealistically idealistic." I'm not so sure. I don't want to be either of those things. But I have participated in the last seven years in the real world in the signing of five agreements which produced steps toward an Arab-Israeli peace. I have to tell you that I was not only proud as an American that my government had brought those agreements into being. I experienced in my contacts with representatives of other governments the respect and increased influence in shaping world events which we gained from our role. I experienced the power that comes from making peace—the power that comes from helping others do what they want to do and know is right but cannot do for themselves.

We—you and I as Americans—are a generous people, a concerned people, a compassionate people, a just people, an ingenious people, a strong people—and a people of peace. We have lived by a philosophy—written into our declaration of independence and our Constitution—that is the envy of freedom-loving people everywhere. Why would we as individual Americans not want our government to take those values around the world?

Why when we believe in the right of each individual to develop the best that is in him or her, would we want our government to divide the world between friends and enemies rather than dealing with each nation according to its legitimate aspirations, its responsibility, and its merits?

Why when we seek harmony and peace and an end to violence at home should we as a nation see the problems of others as problems to be solved by military power alone rather than by the power of peace?

Why when we seek justice among ourselves should we close our eyes to what is just when we go abroad?

Your government is an extension of you—your voice in the world and your hand in the world.

Peace making is power.

May the power and the serenity of peace be with each one of you.●

HUMAN RIGHTS VIOLATIONS

HON. GUY V. MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. MOLINARI. Mr. Speaker, as a Republican Member of the House of Representatives, I am quite dismayed over the Reagan administration's reluctance in making a policy statement concerning human rights. Although it can be argued that the United States should not meddle in the internal affairs of other countries, it is obvious that there are some rights that are so clearly being violated, and are so basic, that I cannot in good conscience remain silent. These violations—of international law, of treaties, and accords such as the Helsinki treaties and the Universal Declaration of Human Rights—must not be tolerated by the United States.

Specifically let me address the situation of the Soviet prisoners of conscience. These brave men and women have been sentenced to prison terms, labor camps, and Siberian exile only due to their desire to emigrate from the Soviet Union, very often to join their wives and families in Israel. Let me emphasize that I am not discussing Soviet activists, those individuals that chose to actively protest against the policies of the Soviet Union. These individuals are dissidents, they merely disagree with the Soviet Government.

One such person is Moshe Zats. In June of 1980 Zats was sentenced to 3 years of imprisonment in a Soviet labor camp. In 1977 Zats was investigated for 9 months on charges of embezzlement. The charges were eventually dropped and not brought up again until Zats obtained a visa to emigrate with his wife and family to Israel. When Zats learned that his visa would expire before the date scheduled for his customs inspection, he asked for permission for extension of the visa. The exit permits were taken away. Later they were returned minus the visa for Moshe. His visa was held pending the outcome of the investigation. Although his family refused to leave without him, their luggage was shipped away, and their apartment transferred from them. In May of 1980 Moshe's family emigrated to Israel. In June 1980, Moshe Zats was sent to prison for a 3-year sentence. Since then he has been transferred to Chernovtsy to work for the "State economy."

There are many cases in the Soviet Union similar to the one of Moshe Zats. Only by applying constant pressure from the free world will the Soviet Union change its position on human rights. I believe that the Reagan administration could become a symbol of hope for the prisoners of conscience. Therefore I will be asking the administration to bring up these violations of human rights and to take them under consideration when dealing with the Soviet Union. By remaining silent, by not declaring a policy on human rights violations, by not condemning the Soviets for breaking the Helsinki treaties and the Universal Declaration of Human Rights we are letting stand idle one of the most important tools we have in fighting for the rights that all citizens of the world are entitled to under international law.●

THE ENVIRONMENT ACCORDING TO REAGAN

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. OTTINGER. Mr. Speaker, as the Reagan administration continues to float trial balloon recommendations for gutting the Clean Air Act, I think it important to point out that support for maintaining strong environmental laws is not a partisan issue. A case in point is Mr. Dan Lufkin's criticism of President Reagan's views on the environment. Mr. Lufkin, who was environmental adviser to then President-elect Reagan, has described the administration's environmental policy as "crazy." The following article, which appeared in the September 1, New York Times, illustrates this fact in an exceedingly clear manner. I offer this article, written by John Oakes, for the review of my colleagues:

[From the New York Times, Sept. 1, 1981]

REAGAN MAKING BAD START ON NATURE

(By John B. Oakes)

"Mr. President, I am not some 'environmental nut' as some of your advisers seem to regard all who care about the environment. I am a lifetime Republican, a strong supporter of the Reagan-Bush ticket, a businessman, a longtime advocate of the strengthening of states' rights, responsibilities and powers, a former State Commissioner of Environmental Protection in the state of Connecticut, and, what to me is most ironic, chairman of the task force you established as President-elect to advise you on the environment."

That's Dan W. Lufkin in a letter to President Reagan. Mr. Lufkin was cofounder and chairman of the investment firm of Donaldson, Lufkin & Jenrette Inc., and is now an executive of Columbia Pictures Industries Inc. and a prominent Wall Street "venture capitalist." His is only the most recent of the rising voices of true-blue conservative, card-carrying Republicans to become disgusted with the Reagan Administration's sellout of America's natural heritage to today's equivalent of last century's robber barons.

Mr. Lufkin puts it baldly, "What the Administration is doing in environmental affairs is crazy." He is joined in spirit—if not in precise language—by such respected Republican stalwarts as Nathaniel Reed, President Ford's exuberant Assistant Secretary of the Interior, and Russell E. Train, President Nixon's low-key Chairman of the Council on Environmental Quality.

These men are neither "environmental nuts" nor "environmental extremists." They were members of President Reagan's all-Republican Task Force on the Environment. All—experts in their fields and basically conservative in their politics—have been sharply critical of the wreckage President Reagan and his hatchet men are making in every sector of the American environment.

"Mr. President," Mr. Lufkin says, "you are now writing the history of the Reagan Administration and if you continue as you have begun in the field of the environment * * * you will be remembered by future generations as the President whose policies led to:

"The destruction of our wilderness land;

"The corruption of our national parks;

"The wasting of our irreplaceable resources;

"The elimination of significant programs of environmental research;

"The emasculation of regulations vital to clean air and water and the control of toxic substances;

"And the irreversible deterioration of our crucial life-support systems * * *.

"Your appointees to Cabinet and sub-Cabinet positions must of necessity reflect your views. Thus it is up to you to decide in good conscience whether they are serving you well."

President Reagan has made his decision. Early this month he explicitly reaffirmed his "full support" of Interior Secretary James G. Watt, front man for every predatory interest in the nation.

The first major test after Congress reconvenes next week will be extension of the Clean Air Act of 1970, which expires this year. Here is a law that has been protecting human health as well as the natural environment. Mr. Reagan's proposals would weaken both. The law requires a modest revision; but what it does not require is the kind of gutting for which the automobile industry, the National Association of Manufacturers, Mobil and other special interest groups have been intensively lobbying for many months.

President Reagan commented the other day that "people are ecology, too." If that statement means anything, it means that a healthy environment must be one of the nation's top priorities. It must take precedence over immediate profit when health and profit conflict. Its cost must be paid in dollars rather than in lives.

But that is not Mr. Reagan's priority at all. His recently announced "principles" for revision of the Clean Air Act beat a shameful retreat from the health protections in the act. Air quality in many parts of the country would be allowed to deteriorate to make life easier not for people but for polluting industries; auto emission standards would be relaxed to make life tougher for people in the cities; deaths from cancer and heart and lung disease will inevitably rise. As numerous scientific studies demonstrate, the economic costs of increased pollution to the general public far outweigh the costs of pollution control—except, of course, for a few specific industries.

Mr. Lufkin, who administered the Clean Air Act for three years in the heavily industrialized state of Connecticut, points out that the present law "has been singularly effective: a strong shield of protection for human health, a clear and unambiguous challenge to polluters to meet reasonable standards in a reasonable time frame or suffer reasonable penalties."

While the Clean Air Act can certainly stand some modernization, Mr. Lufkin points out, "We must be careful not to throw the baby out with the bath water. But from what I have been able to ascertain * * * the Administration's plan is to throw out baby, tub and all * * * to create an unworkable, unenforceable, impractical and ineffective travesty of regulation on which so much of our human and physical survival depends."●

MANDATORY RETIREMENT

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. DERWINSKI. Mr. Speaker, as a supporter of the proposal to prohibit mandatory retirement, I noted that Chicago's news radio station, WBBM, gave this subject special attention in their editorial broadcast on September 14 and 15. It is my hope that Congress will soon act positively on this issue.

I insert WBBM's very spirited and pertinent commentary for the Members' review:

MANDATORY RETIREMENT

What if someone had told Picasso, the great artist, Pablo Cassals, the cellist, conductor Arturo Toscanini or composer Guiseppe Verdi—all who created masterpieces and performed in their 80's and 90's—that society had decided they were too old to work—that it was time to retire.

Think of all the esthetic beauty we would never have seen or heard if these gifted men had stopped their efforts. Age did not stunt their creative genius.

And that leads us to this important question: Should there be a mandatory retirement age for workers in this country? WBBM doesn't think so. Neither does Florida Representative Claude Pepper. He's pushing legislation that would bar employers from retiring anyone solely because of age.

We support his proposals for the following reasons:

We think discrimination on the basis of age is an abridgement of civil rights.

Economically, 15 percent of people over age 65 live in poverty. More than a third of all people over age 65 live close to the poverty level. Permitting those who are able to continue working past age 70, currently the mandatory retirement age on state and private sector levels, would give them a chance to improve the quality of their lives.

Dropping mandatory retirement would help Social Security. Instead of drawing money out, people past age 70 who still work, would contribute to the ailing fund.

People are living longer, healthier lives. Many want to and are able to contribute to society long past age 70. Just look at Representative Pepper, age 81, and our President, age 70 as proof. America's elderly ought to have the same opportunity to be vital, productive workers.

One more compelling reason to eliminate mandatory retirement is that industry needs the elderly. The baby boom of the 60's is the baby bust of the 80's. The number of Americans age 16 to 19 has been declining since 1977. The drop in young people could hurt America's drive for increased productivity.

But industry isn't blind to the greying of America. Many corporations are creating programs for the elderly. General Electric is retraining senior electrical engineers in their late 40's and 50's to handle new technology. ACS America, a New York concern, is teaching retirees over 55 to be computer programmers. Mature Temps, Incorporated is an agency that places more than 15,000 workers each year, most over age 50.

America's youth pool is drying up. Employers will have to look to the older worker. Many have already begun to do just that.

In short, we're not making an emotional plea to help the elderly. We're saying that in plain dollars and cents, our older population is a valuable commodity.

That's why we ask you to support Representative Pepper's legislation to eliminate mandatory retirement.●

FOURTH ANNIVERSARY OF AD HOC COMMITTEE ON IRISH AFFAIRS

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. McGRATH. Mr. Speaker, this past weekend marked the fourth anniversary of the Ad Hoc Congressional Committee for Irish Affairs. Since taking office in January, it has been my privilege to be associated with the members of the ad hoc committee who have lent their efforts to the search for a peaceful solution to the years of hate and violence which have plagued Northern Ireland.

The northern part of a nation rich in culture, history, and scenic beauty has weathered well over a decade of fear and terror. Many young people have grown up in this atmosphere which will leave its mark throughout their lives. Others will spend years in prison for activities related to the struggle for tolerance and freedom from oppression.

On this occasion, I would ask that all Members of this great body join me in their thought and prayers that the efforts of the Ad Hoc Committee for Irish Affairs are not in vain and that we can contribute to a lasting solution to the problems in Ireland's six northern counties.●

THE PLIGHT OF MEMBERS OF THE BAHA'I FAITH

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. DE LUGO. Mr. Speaker, last Tuesday my colleague Representative ED DERWINSKI made a few remarks regarding the plight of members of the Baha'i faith in Iran. I would like to take this time to associate myself with the gentleman's remarks and commend him for bringing attention to this very serious matter.

During the August district work period I had the opportunity to meet with a number of Baha'is in the Virgin Islands. Their stories enlightened me as to how their brethren are suffering severe persecution at the hands of the Iranian Government. In fact, several reports indicate that the Baha'is are targeted for extinction by Iran's fanatical leadership. From every province in that nation come accounts of atrocities beyond imagination. Sham trials are conducted that regularly result in the conviction of innocent Baha'is. It is indeed a situation beyond comprehension for any civilized society.

In his remarks, Congressman DERWINSKI mentioned that he has written to U.N. Secretary General Kurt Waldheim to appeal on behalf of the Baha'is in Iran. I certainly applaud this action and urge the Secretary General to marshal the influence of the U.N. to see that the atrocities are stopped.

For my colleagues' interest, I have had reprinted here a letter I recently received from the National Spiritual Assembly of the Baha'is of the Virgin Islands indicating their concern. Their words speak for themselves:

DEAR DELEGATE DELUGO: In recent months, the press in many parts of the world have carried reports of the continuing persecution of members of the Baha'i Faith in Iran. The Baha'i community of the Virgin Islands would therefore like to bring you up to date of the latest developments in the efforts of fanatical elements in Iran to exterminate our fellow believers who comprise the largest religious minority in that country.

During the past two weeks, we have heard of fourteen Baha'is who have been executed in Hamadan and Teheran. These law-abiding, non-political Baha'i brethren have, during the past two years, had their Baha'i Holy Places seized and destroyed, members of the Faith have been robbed, executed, terrorized, and kidnapped; cemeteries have been desecrated, private property looted and burned, life savings of thousands of families confiscated, and the entire community subjected to various forms of discrimination and humiliation.

We request that you support any and all resolutions introduced in any committee on which you may serve, or in Congress, condemning the persecution of the Baha'is in Iran, and urge your colleagues to support them. We further appeal to your high sense of justice and request:

That you appeal to the President of the United States, and the United States representatives to the United Nations to support any resolutions condemning persecutions to the Baha'is in Iran.

Freedom of religion is the ultimate basis for a peaceful civilization, and whenever it is threatened it is a threat to the whole of mankind.

Baha'i friends, National Spiritual Assembly of the Baha'is of the Virgin Islands.

JOHN R. RUSHFORD, *Secretary.*●

VENEZUELAN PRESIDENT LUIS HERRERA CAMPINS SPEAKS ON EL SALVADOR

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. BARNES. Mr. Speaker, no nation in Latin America has been more diligent in its search for peace in El Salvador than Venezuela. In his recent address before the United Nations General Assembly, President Herrera Campins offered a brief analysis of the situation in El Salvador. I wish to include that analysis in the RECORD and believe my colleagues will find it useful.

Latin America and the Caribbean like other continents, cannot cease to serve as a stage for confrontations among the global domination strategies.

On this occasion the sister republic of El Salvador, a small Central American Country and the long-time victim of typical military dictatorships serving the interests of predatory, selfish and insensitive oligarchies, was chosen. Dictatorship was overthrown by a civilian and military alliance which stated democratic convictions and received the support of the Salvadoran people. Deep political, social, and economic reforms were immediately undertaken, transforming the agrarian, financial and commercial structure, attempting to open roads for the people, through free elections, to decide their own destiny, without foreign interference.

The reaction could not be crueler nor more fearful. The extreme right, fairly deprived of its ancestral privileges, has unleashed a perverse series of terrorist actions, violating human rights, in an attempt to recover its lost power and impose a new dictatorship in its own interest.

The extreme left, relying on the material backing of foreign countries, has also resorted to violence to attempt at any price to keep the abolishment of social and economic injustice and the holding of free elections from ending its opportunity.

The "ultras" attempt to erase any possibility of a political, democratic and civil center. Neither side will allow itself to be counted, so as not to reveal its smallness.●

TRIBUTE TO SY J. SCHULMAN

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. OTTINGER. Mr. Speaker, I rise to pay tribute to one of my constituents, Sy Schulman of White Plains, N.Y. Sy was recently awarded the Mercy College Trust Medal by the board of trustees of Mercy College, N.Y.

Sy has long been active in the Westchester community. Highlights of his career include: chief planner of the Westchester County Department of Planning, first general manager of the New York State Park Commission for the city of New York, and executive director of the New York State Urban Development Corp. Sy is currently president of the Westchester County Association.

Sy Schulman is the first recipient of the Trust Medal. His dedicated service to his State and county more than qualify him for this recognition, and I am pleased to add my voice to those commending him on this special occassion.●

A TRUE AMERICAN HERO

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. YOUNG of Florida. Mr. Speaker—

> There is nothing on this earth more glorious than a man's freedom, and no aim more elevated than liberty.

These important words of Thomas Paine typify the feelings of most Americans. Yet, few people are required to give meaning to them. To fight for that freedom; to struggle for that liberty requires more than just lip service. It requires the patriotism and dedication which best exemplifies our American service men and women, both here and abroad. To these individuals, many of whom have fought and died for our country, I dedicate the following article as printed in the Honolulu Star Bulletin. Navy Capt. Gerald L. Coffee's strength, conviction, and patriotism lends support to those words. His faith and devotion through 7 years and 9 days in a Hanoi prison camp should be an inspiration to us all. He is, indeed, a true American hero.

[From the Honolulu Star Bulletin, Sept. 3, 1981]

FAITH WAS KEY TO SURVIVAL, EX-POW TELLS LEGIONNAIRES

(By Jim McCoy)

The national commander of the American Legion introduced Navy Capt. Gerald L. Coffee as a "true American hero." And after a 45-minute speech by Coffee yesterday, there probably wasn't a soul in the packed Waikiki ballroom who didn't agree with that assessment.

Coffee, currently based here with CINCPAC Fleet, was shot down over North Vietnam in 1966. He was released from the "Hanoi Hilton," as the POWs came to call the prison camp, seven years and nine days later.

How he and his fellow American POWs made it through that experience was the topic of his speech to the Legionnaires, who are meeting for their convention in the Hilton Hawaiian Village Hotel.

The word Coffee used most often was "faith." The key to his survival, he said, was his faith in himself, his faith in his fellow man, his faith in his country and his faith in God.

His experience began on Feb. 3, 1966 when he and a fellow crewman, who was to die that day, departed from the deck of the aircraft carrier Kitty Hawk in their Navy jet. They were on a reconnaissance mission. As they were heading back to the carrier, their plane was hit by anti-aircraft fire.

"The hit itself wasn't so spectacular. It was kind of like running across a rope in the highway," Coffee recalled.

Coffee remembers attempting to maneuver the damaged jet as far away from land and over the ocean as possible. But the jet's hydraulic lines had been pierced, and both men were forced to eject into the ocean.

His arm broken and his elbow dislocated, Coffee was floating in the ocean about a half-mile from shore when he was captured by a boatload of enemy soldiers. As they headed back for shore, they were straffed by American planes sent to rescue the downed Americans.

Coffee and his captors reached shore and dived into a bunker. The boat was blown to splinters by a rocket launched by yet another American plane. Coffee survived. His buddy was killed that day. He doesn't know how.

"I am convinced that God had his hands on my shoulder that day," he said.

Twelve days later, after jeep rides down bombed-out roads, he was in Hanoi.

Coffee said the first thing he realized was that real-life POW camps are not like the type portrayed on the television show Hogan's Heroes "where the guards are kind of rolly-polly, and they laugh and scratch, and the guys (POWs) can race mice and bet cigarettes and play the guitar and play volleyball each day, and it's not too bad."

"You can last out the war that way, and that's what I was kind of hoping for," he said.

But when he pulled into Hanoi, he looked up at what was to be his home for the next seven years of his life, and realized he was wrong.

It was a "huge formidable fortress-like prison called Walo. Walo is Vietnamese. It means 'fiery forge'. It was named by the Vietnamese for their treatment there by the French during the days of colonialism.

"The vehicle bumped through the big iron gate of Walo prison and parked in the courtyard and several guards took me out very roughly, took me through a big arched courtyard and through several corridors, down stairs and around some corners and finally into my first cell, shoved me very roughly inside.

"A heavy wooden door slammed behind me, and a big iron bolt drove home behind me with a clank of finality. And, man, I just couldn't believe this was happening to me."

His cell was about the size of a single bed. There was no toilet. The slab that served as his bed contained ankle stocks and iron bars.

"That old cell I found myself in just seemed to reek of the human misery that was here before me," he said.

"And in those early days, weeks, months, when the interrogations, the pressures, the torture sessions were the worse, you can be sure that I prayed a lot," he said.

In those early days, his prayers were the futile kind, such as praying that he could relive those last five minutes in his jet and somehow escape capture.

And then he prayed that something would happen, such as a rescue or the end of the war, which would release him.

"If I had known at the beginning that it was going to be seven years and nine days, I just don't know what I would have done," he said.

Sitting in his cell during those first months, Coffee said he "began to realize that this might be my life for awhile, and that I better get on with it. The prayers began to change." He said that they were more in the vein of asking the Lord to help him "make this time count for something positive."

"God, help me to turn this intellectual vacuum, in which I find myself in medieval circumstances, into my personal renaissance," he recalled saying.

It was after the realization that he may be in prison for some time that his life took on a different meaning.

Isolated in a cell, Coffee began devising ways to stay alert and active, physically as well as mentally. The American prisoners in that Hanoi prison, who numbered 455 at one point, had a system of communication, although they were forbidden to communicate with one another.

It was called the tap code, and it was a basic form of Morse code. It involved tapping on the wall to the prisoner in the next cell. Often, one message could go through the entire prison in minutes, he said.

"Communications became the very symbol of our resistance to the Vietnamese," he said. POWs would be punished if they were caught communicating. Coffee didn't specify what the punishment was. Nor did he say how they were tortured.

By tapping on the wall, the prisoners could relive one another's childhood and adult experiences, memorize each other's names, and tell one another of life dreams. They also learned poetry and foreign languages, all by banging on the wall.

"I never studied anything but Spanish before I went to Vietnam. But while I was there in prison I learned so much French that when I returned and went to UC Berkeley to pursue a master's in political science, I achieved two years of credit just by the examination for the French I had learned in Hanoi. This is typical of every man's effort there, keeping alive, mentally," Coffee said.

Poetry took on special meaning. Coffee recalled the Rudyard Kipling poem "If" where a father is giving advice to his son.

"Specifically we focused on the verse that says: 'If you can force your heart and nerve and sinew, to serve their term long after they are gone, where there's nothing left within you, except the will that says to them, Hold on. Hold on.'"

They kept each other strong by each night communicating the letters "GN," which stood for "good night." Often, that tap was followed by the letters "GBA," which stood for "God Bless America."

One Easter Sunday, he received a rosary from a North Vietnamese priest who was attempting to coerce him into making a propaganda statement.

Coffee held onto the rosary for years, and used it to pray and also as a key to open his shackles while he was under punishment.

And, looking out at the sea of Legionnaire faces listening raptly to him, Coffee said that while he sat in his cell, he sometimes thought that some day he would tell people in America about his experiences.

But when he did return in 1973. "I looked around and saw so many changes, some for the good and some for the bad, I felt. And it didn't take very long for me to realize that the very key to my survival in Hanoi was going to continue to serve me very well for every single day of my life. And that key to my survival literally was faith.

When he came back to America, "I perceived a lack of faith in our system, our society, our government, our country. It didn't seem to be working the way it was supposed to."

"Keeping faith in ourselves all those years in Hanoi was tough sometimes. But we did," he said, and suggested this is what America needed—an injection of faith.

He told the Legionnaires that Americans can't be "sucked into that rut of cynicism and sarcasm" about their country, which he said is often created by the media focusing on the negative aspects of American life.

He also defended America's role in Vietnam.

"After having been there for seven years and experiencing face to face that Communist alternative, every single day that I was there my convictions were reaffirmed that we were right in our endeavor there in Vietnam," he said.●

MINING CLAIMS RECORDATION

HON. DICK CHENEY

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. CHENEY. Mr. Speaker, I have today introduced a private relief bill aimed at addressing an inequity caused by the excessively rigid mining claims recordation provision of the Federal Land Policy and Management Act.

This bill would assist a company whose oil placer mining claims in Wyoming were declared abandoned by the Bureau of Land Management, even though both claims were under production, because of failure to meet the paperwork requirements of section 314 of FLPMA.

As this law now stands, the administering agency, the Department of the Interior, has no flexibility to consider the circumstances involved in any failure to meet the filing requirements. The original purpose of the requirements was to clear the public land records of inactive mining claims, not to wipe out producing claims, as has happened in this instance.

My bill would give the company 60 days from the date of enactment in which to file the necessary papers with the Bureau of Land Management. If the papers are filed within the time allotted, the mining claims would be deemed to have continued.●

LUDWIG VON MISES: IN MEMORIAM

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. McDONALD. Mr. Speaker, Ludwig von Mises was one of the great economists of our age. His influence is felt now among policymakers in the present administration. His views, those of the Austrian school, have had a positive effect on our Nation and our economists, in my view. Therefore, while we are in the midst of debate over the future direction of Government budgetary policy, I feel it particularly appropriate to include the remarks made about this great man by Mr. Percy L. Greaves, Jr. about this man at the time of his commitment on October 13, 1973. Mr. Greaves' remarks follow.

LUDWIG EDLER VON MISES—1881-1973

IN MEMORIAM

(By Percy L. Greaves, Jr.)

We are met here today to do homage to the memory of our late, great friend and professor, Ludwig Mises. This is not the occasion to discuss his many contributions—they are known to this group—nor the public recognition that he has had which we know to be meager when compared with his contributions. Rather, this is an occasion to share a few pleasant memories of the happy hours that he shared with us.

Each of us has had different experiences and memories with him. But perhaps a larger number of us can remember him in his seminars, how he used to come in with his few notes and talk for hours. All of us would listen, enthralled. His breadth, his wide reading and his change of pace held us all. Every new member of that seminar soon learned that he was not to take up the time of the class—questions were in order—but we all wanted to hear the master professor. His lectures were heavy at times, talking about the great problems of the world, and then, with his sense of humor, he would turn to a lightness, with a twinkle in his eye, that turned the class into laughter. We like to remember him then as he spoke to all of us and helped us.

His breadth was the widest of any that I have ever known. In the course of an evening he would quote from memory 30 or more persons whose writings he had read, in many languages, on many subjects, without hesitating for a moment. His seminars were not the usual college seminars of repetition year in year out of the same lectures. He went almost 12 years without repeating his subject matter. Those of us who were able to attend up to 18 and 19 years were still learning from him at the end. Many came back for that last seminar meeting in 1969.

Some of us here can remember 20 years ago the coffee Klatsches that we used to have after the seminar, at Child's on Broadway. He would tell us many personal anecdotes as well as repeat the subjects that were discussed in class. And every one of these sessions had that immutable, irrefutable, Mises message—political interference produces results contrary to its purposes. It makes matters worse, not better, from the viewpoint of its sponsors.

Then too there was the Mises Dinner Circle. Mises had thought that there should be a place for people to come and talk to like-minded people and so this Circle was founded. The first meeting was held on January 30, 1959, and they continued for 13 years up to January 13, 1972. Speakers from all over the world came and they spoke for the privilege of speaking before our great professor. That was enough compensation for them. We had 45 of those meetings with 25 different speakers. Of course, the highlights of these meetings were those occasions when the Professor himself addressed the group. We all came for those and we remember them and shall always remember them.

If he had any fault it was that he was slow to criticize us personally. It was difficult to get him to tell us in detail what was wrong with our own presentations and thinking. Yet in his own lectures and in his own writings he was steadfast, adamant, never wavering in his use of reason, in his search for the truth. As he says in Socialism, "On no account must a disposition to avoid sharp words be permitted to lead to a compromise."

He was a genius. There can be no question of that. And as he wrote about "genius" in his Human Action, "Creating is for him [the genius] agony and torment, a ceaseless excruciating struggle against internal and external obstacles."

He had his obstacles internal and external. We don't know all of them but we do know that he had his troubles and had to flee his own country, his native country. He came to the United States in his 59th year to start life over again, without a job, in a foreign land. But he soon made three great friends whom he has had to the very end.

We refer, of course, to Larry Fertig, his early friend and benefactor, who helped him at NYU and saw that he had a secretary in the years that he needed one and helped him in his times of trouble right to the end. Posterity will always be indebted to him for his part in having painted that great portrait which hangs but a mile or so away from here at the Foundation for Economic Education.

Then there is that other close friend, Harry Hazlitt, who had reviewed Socialism in the New York Times in January 1938. He became one of his closest friends. At the same time, he became the Bastiat and Boehm-Bawerk of Mises' economics, the former with his Economics in One Lesson and the latter with his analysis of Keynes in The Failure of the "New Economics" and The Foundations of Morality.

The third great friend, a year or two later, was Leonard Read, who has promoted his books, kept them in print and promoted his philosophy throughout the land and abroad. Leonard has kept his books in the limelight. He, himself, has made great contributions on methodology in keeping with the Mises teachings. His labors on behalf of freedom keep him from being here today.

Then as the years passed, there were others. We cannot know all of them but there are a few who should be mentioned. There was the late Irving Hodes, who took Mises at his word and sponsored the Mises Dinner Circle and made all the arrangements for them. Then there are George and Ilo Koether, who persuaded and got Nellie Erickson to do that likeness of him that has been cast into bronze that many of us enjoy and will be here for posterity.

There are others, many we cannot know. We shall mention some whom this group may not know much about. One pair we want to speak of is Bob and Louise Nachman, a Los Angeles couple without children, who have willed their wealth to endow a Mises chair at Rockford College. A few miles from them in Los Angeles is Theresa Thieberger, his long and faithful secretary in his Vienna days, who typed and read proof for his early books and who had great trouble escaping from Austria. Yet, with the meager things that she could take with her, she had copies of those early books which she still treasures. Recently, she called daily to inquire what his situation was.

But to go on, as we said, the great Professor was a genius and as he wrote about "genius" in 1922, in the first edition of SOCIALISM, "Rarely indeed is he [the genius] granted the happiness of finding a woman willing and able to go with him on his solitary path." Mises found such a woman, the love of his life, who was behind the scenes at all times. She typed HUMAN ACTION, that great opus. She brought him his breakfast and his papers every day. She did all the necessary things behind the scenes and was the perfect hostess. She traveled widely with him and was always in the audience to give him courage with a smile.

In recent years she always arranged with the chairman that she would give the signal when she recognized that he was tired and the questions, which were interminable, could be brought to an end. In these last years she had more and more duties placed on her. And this devotion was certainly not one way. It was both ways.

The summer before last when they were to spend their vacation, the hot months, in Vermont, his age was beginning to tell. It was a long, wearisome trip to Vermont. We hurried him ahead to get him there as fast as we could so he could rest. When he got there and his bed was prepared for him, he would not lie down. He had to pace the porch and look out over the vista of the green hills, with mountains in the background, watching each car as it loomed in sight. Was this her car? And this he did for 90 minutes or thereabouts until she finally arrived. Only then could he relax. He was calling for her and depending upon her right to the end. The last words of his that we heard, on his last birthday, was his calling for her in his own sweet terms.

In the words and phraseology of our Professor, she relieved him time and time again of what he called his "felt uneasiness." She made possible the contributions of his great genius.

For those who think that I might be exaggerating with eulogistic oratory, let me quote from Socialism something that was written in January 1932—not 2 years ago—not 10 years ago, but a year before the New Deal was even envisaged. I quote:

"Several generations of economic policy which was nearly liberal have enormously increased the wealth of the world. Capitalism has raised the standard of life among the masses to a level which our ancestors could not have imagined. Interventionism and efforts to introduce Socialism have been working now for some decades to shatter the foundations of the world economic system. We stand on the brink of a precipice which threatens to engulf our civilization. Whether civilized humanity will perish for ever or whether the catastrophe will be averted at the eleventh hour and the only possible way of salvation retraced—by which we mean the rebuilding of a society based on the unreserved recognition of private property in the means of production—is a question which concerns the generation destined to act in the coming decades, for it is the ideas behind their actions that will decide it."

What breadth of wisdom! What breadth of foresight!

And the other paragraph here: quoting:

"I know only too well how hopeless it seems to convince impassioned supporters of the Socialistic Idea by logical demonstration that their views are preposterous and absurd. I know too well that they do not want to hear, to see, or above all to think, and that they are open to no argument. But new generations grow up with clear eyes and open minds. And they will approach things from a disinterested, unprejudiced standpoint, they will weigh and examine, will think and act with forethought. It is for them that this book is written."

And as we find him saying later in Human Action, in the eyes of the economist "God's magnificence" manifests itself "in endowing His creatures with reason and the urge toward the pursuit of happiness." And so he asked us to use our reason. Those of us here gathered together in his memory, strengthened by the vision and understanding that Mises has passed on to us, let us resolve to use our God-given reason to promote the immutable, irrefutable Mises message: Political interference produces results contrary to its purposes. It makes matters worse, not better, from the viewpoint of its sponsors. If this immutable, irrefutable Mises message can be learned, his contributions may yet save our civilization and we may have peace among nations and prosperity among people.

With these words may we commit the earthly remains of Ludwig Edler von Mises to ashes—and his name and works to the ages. Amen.●

CONTROLLING VIOLENT CRIME

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. SKELTON. Mr. Speaker, I would like to commend to my colleagues an editorial which appeared in the Lexington News on September 2, 1981, and which I am proud to place in the CONGRESSIONAL RECORD. This editorial sets out in a concise and rational manner what I believe to be the views of a majority of our fellow citizens: That the time has come to intensify our fight against violent crime.

CONTROLLING VIOLENT CRIME

A federal task force has certainly gauged the mood of the country in a report to Attorney General William French Smith recommended 64 steps to tighten the control of violent crime. Most of the proposals would be effective only at the federal level, however, having little impact on the state courts which are at the root of the problem.

This is why the task force's most significant recommendation is to provide $2 billion in federal matching funds to expand and improve aging and inadequate state prisons. There may be disagreement between liberals and conservatives over how to fight crime, but both agree the nation's prisons are overcrowded, usually understaffed, and more often contribute to recidivism than rehabilitation.

Chief Justice Warren Burger called for a "broadscale physical rehabilitation of all prisons" in a speech to the American Bar Association recently, and other experts on law and justice have also singled out overcrowded and antiquated prisons as a major national problem.

The task force's recommendation for federal aid to state institutions is in the same vein as an earlier proposal by presidential counselor Edwin Meese to turn over jails and prisons on unused military bases to help state and local governments relieve jail overcrowding. The government is also considering selling or renting idle federal lands to local governments for new correctional centers.

All of these steps may be needed to help the states cope with an unprecedented crime wave. California alone is seeking $400 million to build new jail cells, and 39 states are being sued over inadequate housing of their prisoners.

A number of the task force's other recommendations deal with ways to put violent criminals behind bars and keep them there longer. These are steps most Americans would welcome, but only a few categories of violent crime are tried in federal courts. Providing mandatory federal sentence and authorizing federal judges to deny bail to violent criminals may have little impact on local crime statistics.

Similarly, the task force's call for a federal law to modify the exclusionary rule laid down by the Supreme Court would not automatically extend to the state courts where it is urgently needed. This rule bars the use of evidence against an accused person that has been obtained in violation of his rights. In the hands of some state courts—and notable those of California—the exclusionary rule has become a club to punish police for improper searches by freeing criminals.

Still, setting a federal example may curb the trend in some state courts toward regarding the criminal's rights as more important than society's right to protection.

In recommending federal aid to expand and improve prisons, the task force has addressed a pressing need now faced by most populous states. And the group's proposal to stiffen federal court rules and penalties point a direction the nation's courts must follow if crime is to be curbed.●

ENVIRONMENTAL LITIGATION ISSUES

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. YOUNG of Alaska. Mr. Speaker, many of us who are involved with national issues relating to the environment have long felt that extreme environmentalist groups use the courts as much to delay, as they do to seek justice. The upshot of delaying environmental lawsuits, especially those involving construction projects, is increased costs for consumers and the potential for project abandonment due to increased costs. While it is widely held that this is the ultimate goal of extreme environmentalists, a recently released study of the cases filed in the U.S. courts adds a new twist to the subject of environmental litigation.

According to Dan Burt, president of the highly regarded Capital Legal Foundation, environmental groups find a friend in the D.C. Federal court system. The study, conducted by Mr. Burt's associate, Kate Kimball, found that there exists a "remarkably sympathetic Washington, D.C., Federal bench" which has served to allow environmentalists to "win a shocking number of cases in D.C. compared to their suits outside the D.C. circuit." Indeed, the difference in success rates is striking. The study shows that extreme environmental groups won 68 percent of the cases heard in D.C., compared to 41 percent in the other Federal venues. It is interesting to note that many of these cases were not national in scope, as in the case of the D.C. courts deciding whether the use of pesticides to control fire ants in Mississippi was lawful. While I would not be one to impugn the collective wisdom of the D.C. courts, I must say I was surprised to find that that wisdom extended to the habits of Mississippi fire ants.

Mr. Speaker, I believe this study by the Capital Legal Foundation warrants the attention of the Members and submit it into the RECORD. I believe that my colleagues might want to further investigate the record of the D.C. venue in deciding cases which might best be decided in the locality from which the controversy stems. Truly, I believe my colleagues will concur, this subject deserves the further attention of the Congress.

ENVIRONMENTAL LITIGATION STUDY—FIRST PHASE REPORT

SUMMARY

Some critics of the environmental movement claim that environmental groups beseiged the federal courts with suits whose primary purpose is delay. These groups, critics claim, go to court not to win, but merely to delay construction of projects. Such delays in a project increase contruction costs, make creditors uneasy, and may ultimately make the project too costly to build. Thus environmentalists, goes the argument, have been losing in courts, but winning at the construction site.

We tested this theory by analyzing the reported environmental cases major public interest groups litigated over the last 10 years. In the first phase of our study, we reveiwed 274 federal cases decided since 1970 involving as either parties or intervenors: Environmental Defense Fund, Friends of the Earth, Natural Resources Defense Council, Sierra Club, the Wilderness Society, the Center for Law and Social Policy, and Citizens for a Better Environment. These groups frequently resort to litigation in order to pursue their environmental goals.

Our methods of analysis erred, if at all, in favor of environmentalists. For example, a case was counted as a "win" if the environmentalists won on any issue, while a case was assessed as a "loss" only if the environmentalists lost on all issues. Thus it was easier for a case to be considered a win than a loss.

The most important conclusion to emerge from our survey is that the groups studied combined their ability to "forum shop" under present federal venue statutes with a remarkably sympathetic Washington, D.C. federal bench to win a shocking number of cases in D.C. compared to their suits outside the D.C. circuit. Thus of the 274 decided cases, 85 were decided by D.C. courts. Yet these 85 cases account for 58, or 21 percent, of all environmentalist victories in our survey. And while the environmental groups won only 41 percent of the cases ligitated in federal judicial courts outside of D.C., they won 68 percent of their District of Columbia cases. We cannot find any persuasive reason for the magnitude of these differences, except judicial prejudice. In fact, in searching for a reason for these results, the analogue that sprang to mind was the situation in certain Southern state courts before the passage of the 1965 Voting Rights Act.

The date does not prove or disprove the theory that environmentalists sue primarily to delay construction of projects. Delay was clearly the goal of some of the suits we reviewed, but we cannot say such delays were the primary motivation behind a significant portion of the cases. The fact that 41 percent, or 113, of the cases did not involve projects suggests that the environmentalists had other goals in mind, such as challenging regulations.

At first glance, the respectable success rate of 50 percent also would seem to indicate that environmentalists were going to court to win, not merely to pass the time. This success rate, however, is deceptively impressive since the environmentalists won only 41 percent of the cases in jurisdictions outside of the District of Columbia.

However, the forum shopping problem our study revealed is cause for substantial concern. Federal district and appellate courts in the District of Columbia alone decided almost ⅓ of the cases we reviewed. These courts were often reviewing cases whose major impact would be on communities far away from the nation's capital. For example, the District of Columbia court decided whether the use of chemicals to control fire ants in Mississippi was lawful. Environmentalists won 27 percent more often in these courts than when they brought suit elsewhere in the federal court system.

This disproportion surprises and disturbs us. The environmentalists clearly have a major ally in the D.C. federal courts, which are often deciding cases of minimal concern to D.C. area residents.

Congress can easily solve this problem by amending the applicable federal venue provisions. We strongly recommend that it do so.

Current venue laws invite and sometimes require plaintiffs to choose the most sympathetic circuit, the District of Columbia. Congress can amend these laws to require plaintiffs to bring environmental suits in the jurisdiction most affected by a controversy. We estimate that between one-half and one-third of the cases environmentalists won in D.C. would have to be brought in another jurisdiction under a federal venue provision amended in this way. We also estimate that no more than 15 percent of the D.C. cases had to be brought in the D.C. circuit.

This survey also showed that environmentalists have sued less and won proportionately fewer cases in the last five years. Since 1975 the number of reported cases decreased from 36 cases in 1975 to 21 cases in 1980. The percentage of cases won by environmentalists has also diminished dramatically, decreasing from an average of 55 percent cases won through 1978 to 26 percent during the last 2 years. Not only are courts ruling on fewer environmental cases; they are deciding cases in favor of environmentalists far less frequently.

We suspect there may be two reasons for this phenomenon of fewer cases and disproportionately fewer victories. One is that the courts settled the basic environmental issues in the early 1970's. Since that time environmentalists have pursued their goals through increasingly less supportive statutory provisions.

Another explanation is that in the later years of the Carter Administration, environmentalists entered the federal government, or had such sympathetic ears there that fewer suits were necessary to achieve their goals.

It is possible that, under the Reagan Administration, the environmentalists will once again frequent the courtroom. Although more time is needed to confirm the validity of this supposition, it may become necessary to amend the standing requirements under federal environmental statutes.

METHODOLOGY

We compiled the cases discussed here from a search request to the Lexis computer system. This request included all reported federal cases from 1970 to the present, the environmentalist groups studied were intervenors or parties. The groups listed in the request were: Environmental Defense Fund, Friends of the Earth, Natural Resources Defense Council, Sierra Club, the Wilderness Society, Center for Law and Social Policy, and Citizens for a Better Environment.

The Lexis printout responding to our request contained 370 cases. We rejected ninety-six cases because they duplicated other cases contained in the printout, because an opinion could not be located, or because the court did not resolve an environmental issue. This left a working pool of 274 cases.

We analyzed the cases to determine if a decision was a win or a loss for the environmentalists. A case was a "win" if the environmentalists prevailed on any issue decided on the merits. A case was a "loss" if environmentalists lost all issues. For the purposes of this study it was therefore easier for the environmentalists to win than to lose cases.

Cases were also divided into project and regulation cases. A case was a "project" case if the environmentalists were challenging plans for major physical alterations in an area, such as construction of a waterway. These cases were almost always National Environmental Policy Act ("NEPA") cases challenging the adequacy or absence of an environmental impact statement.

Regulation cases were cases in which environmentalists sued federal agencies to compel them to promulgate, or to prohibit them from promulgating regulations pursuant to a federal environmental statute.

Cases were also separated by court, court system, and the time that elasped between the filing of a case and a court's decision on the case. For cases grouped by time required for a decision, consolidated cases were dated by the most recently filed case. This procedure favored environmentalists by reducing the amount of time we considered the case(s) to have taken.

Finally, we note that this is only the first part of our environmental study. Two additional phases are planned. First, we will review all environmental cases settled during the ten year period this study covers. Next, we will review environmental cases which do not involve environmental groups in order to place our findings into the broader context of all environmental litigation.

The numbers in the first phase of this study are small, only 274 cases are considered, so that percentages may be misleading. The actual numbers provide the most accurate view of the data.

FINDINGS AND CONCLUSIONS

The significant conclusions of this study are based on numbers. In order to acquaint the reader with the context in which we are working, the following discussion is included.

As stated above, the total number of cases reviewed is 274. Over the ten year period included in our study, the federal courts reported an average of 27 environmental cases per year. The fewest number of cases, 9, was reported in 1970 and the greatest number, 36, was reported in 1975.

During the ten year period, environmentalists won 136 cases or 50 percent of all the cases we reviewed. Their performance was exceptional in 1971, when they won 75 percent, or nine out of twelve, of the reported cases. Nine years later, however, they won only 19 percent of the reported cases. These findings are discussed below.

The first peak in the number of cases reported per year was in 1972, two years after the National Environmental Policy Act ("NEPA") went into effect. Since NEPA was a brief, broadly worded environmentalist statute than seemed designed to invite litigation, this surge in reported cases is not surprising. NEPA cases are discussed in greater detail below.

1. COURTS AND COURT SYSTEMS

The most significant finding in this area of our study is the role of the District of Columbia courts in environmental litigation. Out of the 105 federal district and circuit courts in this country, the two District of Columbia courts decided 32 percent of the cases we reviewed. The D.C. courts also chose to decide cases more appropriately decided by jurisdictions actually affected by the controversy, such as cases involving waterway and dam construction in other localities.

The choice of a particular court is made, to varying degrees, by the plaintiff, the defendant, and the judge hearing the case. The plaintiff initially chooses the court when he or she files a case. Our adversarial system then entitles the defendant to move for a change in venue—a change in courts—stating why the plaintiff's choice was improper. The judge then makes the final decision whether to hear the case. The judge is, of course, bound by applicable statutes which may be silent and leave the issue to judicial discretion. The statute may also compel or prohibit him/her from accepting the case. In the environmental arena, the District of Columbia courts must hear a case only if it involves specified regulations affecting the nation as a whole. In other cases, the judge chooses to exercise jurisdiction. We estimate that no more than 15 percent of the cases we analyzed had to be brought before D.C. courts.

The District of Columbia courts have an established reputation for being courts which favor environmental claims—a reputation that is well-deserved according to our data. It is therefore reasonable to assume that defendants in environmental cases would frequently file a motion to change venue to a court that is more moderate in its views and one that is physically closer to the site of the controversy. While our study did not determine how often such motions were made and how the courts ruled on them, we suspect that the high percentage of cases decided by the D.C. courts may be due in no small measure to an inappropriate judicial reluctance to turn away environmental cases. This reluctance has caused the District of Columbia courts to accept cases which, in our opinion, were better decided by courts in other jurisdictions.

Not only are D.C. courts deciding an unnecessarily large percentage of cases, they are also deciding a disproportionate number of them in favor of environmentalists. In all federal courts outside of D.C., environmentalists won 42 percent of the cases they brought. In the D.C. courts, however, they won 68 percent of their cases.

This disparity is even more striking in the district courts. The non-D.C., district courts decided in favor of environmentalists 44 percent of the time, or in 41 out of 93 cases. Environmentalists won in the D.C. district court, however, 76 percent of the time, or in 25 out of 33 cases. Environmentalists had a 32 percent greater chance of succeeding in the District of Columbia district court than in the rest of the country's 93 district courts. Thus the D.C. courts are deciding environmental cases that have a greater impact on citizens in other jurisdictions and they are, on the whole, deciding the cases differently than their peers on other federal benches.

There are a number of reasons why the D.C. courts are so popular with environmentalists, the most obvious being that the D.C. courts strongly favor these groups. Another reason may be that most environmentalist groups have major offices in D.C. for both lobbying and litigating. Suing in D.C. is cheaper for many organizations with limited funds who would find suing in various parts of the country prohibitively expensive. It is also possible, however, that the sympathetic views of the local courts caused environmental groups to locate in D.C.

Access to the D.C. courts should and can be restricted by amending existing federal venue requirements. These statutes now permit, and in some cases required, a claim to be brought in federal district or appellate court in the District of Columbia. These provisions can be amended so that venue lies only in the district most directly affected by the suit. Had the law read this way during the period we studied, we estimate that ½ to ⅓ of the cases won in the D.C. courts would have been brought in other jurisdictions.

2. WINS AND LOSSES

While environmentalists won 50 percent of the cases we reviewed, the percentages fluctuate markedly. During 1973 and 1974, the percentage of cases won decreased from 61 percent to a 45 percent average for 1973 and 1974. There was a simultaneous decline in the number of reported cases. We speculate this decrease in court activity and percentage of wins is because the environmentalists were settling cases they could have won. Defendants may have been intimidated by the passage of NEPA and the early victories of the environmentalists. If so, they might have been unusually willing to settle a suit rather than engage in protracted litigation. This would explain both the decrease in the number of cases and the decline in percentage of wins. The next phase of our study, an analysis of settled cases, should either confirm or disprove this theory.

Whatever the explanation, this phenomenon was shortlived. Since 1975 there has been a steady decline in the number of reported cases and the percentage of cases won. Environmentalists have won only 26 percent of the cases they brought since 1978.

The combination of these significant decreases, particularly since 1978, suggests that environmentalists are winding down their litigation activity. Yet they are still performing poorly when they do call on courts to intervene. This could be because the major environmental issues have settled and all that is left to litigate are far-fetched cases based on recondite issues.

3. PROJECTS AND REGULATIONS

The cases in this area show that environmentalists fare better when challenging regulations, but they choose to challenge federal projects more often. Overall, environmentalists won 46 percent of the projects cases. The best year for these cases was 1971, in which 78 percent of the cases were wins. The number of reported cases also decreased sharply in 1972 and 1973, and then increased in 1974 and 1975. Thus, the percentage of wins decreased while the number of reported cases increased. These data differ slightly from those for the cases as a whole in which both the number of reported cases and the percentage of wins decreased.

The most likely explanation for this drastic deterioration in performance is that the defendants in environmental cases began to learn how to respond to the plaintiffs' claims more effectively. At the same time, environmentalists may be bringing more frivolous suits as they develop alternative ways to challenge projects. Thus, the quality of the environmentalists' performance in this area is diminishing.

Regulations were challenged less frequently than projects, but more likely to be successfully disputed. Regulations were successfully challenged by environmentalists 57 percent of the time, versus an average 46 percent wins for projects.

The percentage of regulations cases wins fluctuates markedly; alternating between good and bad years. The percentage of wins varies between 47 percent and 75 percent from 1970-1979. Suddenly in 1980, there is a dramatic decrease to 27 percent wins. At the same time, the number of reported regulation cases increased slightly. This data, like the data from 1971-1975 projects cases, may reflect increased legal astuteness on the part of the defendants and a more frivolous approach of the environmentalists. If environmentalists continue to challenge projects more frequently than regulations, but win the latter type of case more often, they may give credence to claims that they are abusing the federal courts system.

One means of preventing this potential abuse would be to amend the standing requirements, which have been broadly interpreted in environmental cases. Amendments to or insertions of standing requirements should permit plaintiffs to litigate claims only if they would be in fact injured by completion of a project.

4. STATUTES

When we grouped the cases by statute we found that more cases were brought under the National Environmental Policy Act (NEPA) then any other case. Fifty-five percent of the cases reviewed were NEPA suits. The statute with the second largest number of cases was the Clean Air Act, involving only 16 percent of the cases.

It is not surprising that so many cases were brought under NEPA, since NEPA was only a broad policy statement that the environment should be protected. NEPA requires only that environmental impact statements be prepared for all "major Federal actions significantly affecting the quality of the human environment." 42 U.S.C. Section 4332. Initially litigation was necessary to clarify when an impact statement was required and what it should contain.

NEPA cases were extremely successful in the beginning. In 1971, one year after NEPA went into effect, environmentalists won 88 percent of these cases. However, because environmental groups were working with a clean slate when challenging defendants' interpretations of NEPA their impressive performance was not surprising.

Within two years, however, environmentalists won only 20 percent of their NEPA cases. The total number of NEPA cases decreased, but only slightly. Apparently, success went to their heads. The percentage of NEPA wins increased in 1975, but has been decreasing since that time.

If environmentalists continue to challenge NEPA cases so unsuccessfully, yet persist in suing under this statute, an amendment to NEPA may become necessary. The statute does not currently contain a provision on standing. One could be added to this statute as well as to other environmental statutes, limiting standing to those persons directly and adversely affected by the cause of the action.

5. TIME

Courts decided cases with surprising speed. Forty-eight percent of the courts' cases were decided within one year of filing. Twenty percent of the cases took more than one year, and the same percentage took less. Environmentalists may be relying on repeated lawsuits rather than on a few protracted ones to delay projects, if that is their goal since litigation of an individual case requires such a short period of time. For example, the environmentalists' attempts to bar construction of the Tennessee Tombigbee Waterway, involved nine separate suits and required the intervention of courts from 1972 to 1980.●

THE DISTRICT OF COLUMBIA ACT 4-69, MORE THAN AN ISSUE OF HOME RULE

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. MAZZOLI. Mr. Speaker, on Thursday, September 24, 1981, the full Committee on the District of Columbia held a hearing and markup on House Resolution 208, a resolution to disapprove the District of Columbia Act 4-69, the District of Columbia Sexual Reform Act.

By a vote of 8 to 3, the committee voted down House Resolution 208, introduced by Congressman PHILIP M. CRANE. In effect the committee supported the District's action in adopting this code.

I voted for House Resolution 208 because I feel the District of Columbia Act 4-69 is tragically and fatally flawed. It should be rejected by this House.

Section 6 of the District of Columbia Act 4-69 supersedes section 22-1901 of the District of Columbia Criminal Code which, currently—and correctly—makes incest—sexual relations between children and parents or others of close family relationship—a crime.

If the District of Columbia Code 4-69 is not rejected by the House, incest—the most abominable outrage and crime against humanity—will be decriminalized and considered appropriate conduct in the District of Columbia so long as the female—or male—is over 18.

I cannot stand aside without expressing my shock and opposition to any measure which would condone incestuous behavior.

Furthermore, I am unalterably opposed to the District of Columbia Code 4-69 because it repeals the District of Columbia Code section 22-3002, which, currently, makes it a punishable offense for a male teacher to have sexual relations with a female student who is between 16 and 21 years of age.

I would support applying such sanctions across the board to apply equally to seduction by female teachers of male students as well as homosexual seduction by male or female teachers.

But, by repealing section 22-3002, Act 4-69 takes another and altogether unbelievable tack. It would make such reprehensible sexual conduct between a teacher and student, 16 or older, totally legal and above board, so long as the sexual relations were consensual. Pray tell me how consensual can it be when the teacher has the power of an "A" or a "D" over the student. We should be making it more difficult for a teacher to coerce, intimidate, and sexually influence students. Instead District of Columbia 4-69 would give teachers a sexual hunting license.

There is a lot else wrong with District of Columbia Act 4-69. It goes contrary to sound reasoning and undermines the family at a time when we need, desperately, to strengthen the family in America.

I support the District of Columbia's right to self-government. I have served on the House District Committee for over 8 years and voted for home rule. However, I cannot in good conscience support legislation which condones sexual seduction by a teacher of a student and, especially, which condones incest, the most grievous and heinous crime of all.

For these reasons, I will support the motion to discharge the House District Committee from further consideration of House Resolution 208, and to allow the House to consider District of Columbia Act 4-69.●

DISTRICT OF COLUMBIA SEXUAL ASSAULT ACT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, within a few days I intend to call to the floor House Resolution 208, a resolution of disapproval of District of Columbia Act 4-69, also referred to as the District of Columbia Sexual Assault Act.

Although we can all enthusiastically support the intention and the bulk of the provisions contained in this proposal, we must, as responsible legislators, vote to return this proposal to the City Council so that its handful of unacceptable measures will be subject to full and open public comment by various citizen groups which strongly oppose those measures.

Mr. Speaker, I am attempting to come to agreement with members of the District Committee as well as the Delegate from the District on a mutually acceptable compromise which will meet the needs of the District.

In the meantime, Mr. Speaker, since the District Committee has elected not to issue a report on the resolution, I include at this point in the RECORD my testimony to the committee which points out the objectionable portions of the proposed District of Columbia Act:

TESTIMONY ON THE DISTRICT OF COLUMBIA SEXUAL ASSAULT ACT BY PHILIP M. CRANE

Mr. Chairman, I thank you for the opportunity to bring my views before the Committee regarding D.C. Act 4-69. On September 9, 1981 I introduced H. Res. 208, a Resolution of disapproval of the Act for consideration by this committee and the House.

The District of Columbia Home Rule Act, 87 Stat. 744, specifically empowers the Congress to continue exercising responsible authority with respect to the laws in the nation's capital. Section 601 of the Act stipulates:

"Notwithstanding any other provision of the Act, the Congress of the United States reserves the right, at any time, to exercise its constitutional authority as legislature for the District, by enacting legislation for the District on any subject, whether within or without the scope of legislative power granted to the Council by this Act, including legislation to amend or repeal any law in force in the District prior to or after enactment of this Act and any act passed by the Council."

Mr. Chairman, my opposition to D.C. Act 4-69 is based on the fact that it is simply bad legislation. Not only are portions of the proposal ill-conceived but the manner in which the measure was considered and approved is fundamentally flawed.

A number of groups within the District including the D.C. Federation of Civic Associations, the Federation of Citizens Associations and numerous religious organizations oppose the measure. In sum, as it was finally drafted, the Act does not reflect the preferences of the citizens of the District of Columbia, and I am confident it is not in accord with the sentiments of the majority of Americans. And that, after all, is of paramount concern to the Congress. The desires of the members of the D.C. City Council are, quite properly, of secondary importance.

Mr. Chairman, I believe there are many aspects of this bill which do in fact represent an improvement in the District's statutes and I would be happy to support them. But the fact is that D.C. Act 4-69 is now such a hodgepodge of patchwork provisions that it's nearly impossible to separate the wheat from the chaff. We would be ill-advised at this juncture to attempt to salvage what is in effect a disjointed and poorly reconstructed legislative proposal.

It would be of far better service to the citizens of the District and the interests of all Americans to begin the process anew—and properly—by returning this measure to the City Council for a thorough review and restructuring of its provisions by the D.C. Law Revision Commission. The City Council should be instructed to subject the newly created proposal to a rigorous legal evaluation and a full and proper public hearing process which will give all citizens of the community an opportunity to make known their views. Only after this process has been adequately pursued should the measure be returned for consideration by the Congress.

Mr. Chairman, I believe this course to be the appropriate one, because enactment of the proposal would benefit no one, and in fact could harm many who would be adversely affected by its ill-considered provisions. It is not my intention to debate the moral implications of these shortcomings. Individual conduct is not properly a concern of government unless that conduct harms others or deleteriously affects the social order. There is little doubt that the proposals in question are unacceptably offensive on both points.

For example, under the terms of the proposal the maximum term for convictions in cases of forcible rape would be reduced from possible life imprisonment to no more than 20 years. Penalties for sodomous homosexual conduct and seduction of children currently contained in Sections 22-3502 and 22-3002 of the D.C. Code would, under Section 13 of D.C. Act 4-69, be completely eliminated—thus making such acts legal.

Who could possibly benefit from measures which sanction conduct none of us consider acceptable? Homosexual activity and the seduction of children—consensual or otherwise—are fundamentally, ethically and objectively wrong. For this body to acquiesce in measures such as D.C. Act 4-69 which legitimize such activity would be an abdication of our responsibility to the citizens of this country—for what we condone here in the nation's capital signals the rest of the country that such standards of conduct are and should be acceptable elsewhere. The members of this committee know full well that their constituents would not condone these standards. Why then permit their reign in the city which fully belongs to all Americans?

It is for this reason, Mr. Chairman, that I urge this Committee to recommend to the House that D.C. Act 4-69 be disapproved and that the measure be returned to the D.C. City Council for thorough reconsideration. Thank you.●

BOY SCOUT LAMENTS FEDERAL SPENDING

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. NAPIER. Mr. Speaker, I recently received a letter from one of my constituents, Henry Gainey of Hartsville, S.C., who was attempting to meet the requirements for his Eagle Scout merit badge by writing to an elected official and obtaining a response.

Mr. Gainey chose waste in Federal Government as his theme and based his remarks on information obtained through news articles.

While this young man's concentration was on the useless expenditure of tax dollars for absolutely unnecessary and vaguely defined research, his letter had an underlying message which came through even more clearly. This young Scout, whose generation represents the future of our Nation, has become frustrated and disappointed with the direction his Government is taking. His lack of confidence in the way the Government spends money and conducts many vital operations is frightening.

Waste in Government is certainly a topic we can debate for hours, but one thing we should keep firmly locked in our minds is that our leadership will be closely monitored by the youth of this Nation and their participation in this democracy could well hinge on our actions.

This letter, in my opinion, represents more than one young man disillusioned with Government. It represents a national skepticism which will prevail until we effectively reply to the electorate's mandate of November 1980. I commend this to my colleagues for consideration:

SEPTEMBER 11, 1981.

Mr. Congressman, my name is Henry Gainey and the purpose of this letter is a requirement for Merit Badge (Citizenship in the Nation) for the rank of Eagle Scout. An answer to my letter is required.

My topic is the waste in Federal government spending. I obtained my information from several articles in different newspapers.

Your views would be appreciated and anything you can do will be helpful.

The National Endowment for Humanities was given $2500 to study why people are rude. Put simply, everyone is rude at some point in their life. I exclude no one, and it's something that there's no answer to.

The Labor Dept. paid $348,948 to count the dogs, cats and horses in Ventura Co., Calif. Why one county out of an entire nation? Why didn't the county employees do it? What individual company received this money?

The Federal Aviation Administration spent $57,800 to study the body measurements of airline stewardesses. Their measurements are no more important than my sister's or girlfriend's. What do their measurements mean to me, a taxpayer?

The Air Force spent 66 million on 23 jets for government officials' transportation and 6 million for maintenance. Why can't these officials take a commercial flight? Why must the taxpayer foot this kind of luxury? An awful lot of good could be done for homeless or destitute children with this much money. Our aged seem to be cast into a closet and forgotten. How much good could come out of this expense for them?

The National Institute on Alcohol and Drug Abuse spent $102,000 to study whether sunfish that drank tequila got higher than sunfish that drank gin. Why try to make a fish drunk to begin with? Are we going to start buying alcoholic beverages and pour it into the lakes, rivers and oceans? It takes my mother and father over seven years to make that much before taxes. I see no rehabilitation for humans in this.

The more I read and the more I write, the sicker, or worse I feel. So much money for absolutely nothing except to make someone richer.

The Postal System spent $3.4 million in advertising to get people to mail more letters and another $775,000 to find out if it was successful or not. Still, they want another increase. How in this world can I comment on such waste? My dad struggles each week to try and make ends meet so he can keep his Scout troop. When he sees this kind of waste, it's hard for him to stand in front of his young men and talk about God and Country.

How much good came from the spending of $875,000 by the National Institute of Mental Health to find out why bowlers, pedestrians and hockey fans smile? Was a good, sound, legitimate answer found?

The Dept. of Interior spent $145,000 to install a wave making machine for realistic surf in the Salt Lake City Municipal swimming pool. The upkeep will be as high over a couple of years. We have a small lake we have to swim in and the only waves we have are from boats.

The National Institute of Mental Health spent $197,000 to study the behavior patterns of a brothel in Peru. Is the government going to start allowing brothels in this country? Is someone that's mentally unbalanced going to be sent to a brothel as their means of therapy? Will the mentally handicapped benefit from such a wasted expense?

The Law Enforcement Assistance Administration spent $27,000 to study why prison inmates want to escape. I could have told them expense-free. Who was paid the money for this study? Probably a politician's friend or relative.

To top off the list, $1.4 million was spent for the transportation and upkeep of Generals and Majors pets of the Armed Forces. If we go somewhere, we have to furnish our pet's transportation and we have to furnish its upkeep. Generals and Majors make a lot more and have a lot less expense than our household.

I do not understand how our elected officials can allow this to continue when we are faced with a bankrupt Social Security System, people right here in our country that must go hungry and without medical care. If these people are fortunate enough to find an old copy with these figures in it and can read, how will they feel when they light that scrap of paper this winter to try to warm their freezing fingers? Some can't afford fuel for warmth.

I do not have an answer for all things, but I have answers for a lot of these. Your answer will be appreciated as I must have this to complete my Merit Badge on Citizenship in the Nation for rank of Eagle Scout.

Sincerely,

THORNWELL HENRY GAINEY,
Hartsville, S.C.●

HAPPY BIRTHDAY LUDWIG VON MISES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. McDONALD. Mr. Speaker, today would be the 100th birthday of the renowned economist, Ludwig von Mises. He, above all others, would appreciate what the President is attempting to do in righting our economy. He would be delighted to read about the dollar getting stronger and discussions in the daily papers concerning reductions in big Government. Talk of return to some form of the gold standard would be music to his ears. The renewed respect and interest in the Austrian school of economics would give him a warm glow. Therefore, I wish to include in the RECORD at this point, an article on Ludwig von Mises, by Percy L. Greaves, which appeared in New Guard magazine on October 1977 in memory of his great teaching and work:

LUDWIG VON MISES: AN ECONOMIC GIANT

(By Percy L. Greaves, Jr.)

Thirty years ago, the author of this piece was browsing in Macy's book department in New York City. He was soon attracted to two books with similar jackets, Bureaucracy and Omnipotent Government. A brief perusal convinced him that a full reading would be worth more to him than their combined price of $5.40. Such was his introduction to the logic and widom of Ludwig von Mises who passed from this life one year ago on October 10, 1973, at 92 years of age.

From Bureaucracy a reader learns the differences between affairs run by bureaucrats and those conducted in the market place by free people striving for profits, earned only by the superior fulfillment of consumers' wishes. From Omnipotent Government, he learns of the crisis this nation faced as it struggled to win World War II—a war between nations primarily free and the national socialism of Hitler's Germany. That war was but a symptom of the more basic twentieth century choice between capitalism and chaos.

Although the formerly free nations prevailed on the battlefields, no one can yet say that national socialism and chaos may not be the final victor. In his first postwar work, Planned Chaos, now an epilogue in his Socialism, Mises wrote that "Although capitalism is the economic system of modern Western civilization, the policies of all Western nations are guided by utterly anti-capitalistic ideas." He not only defended this thesis with his usual irrefutable logic, but he also foretold with scientific accuracy why the political interventionism of our present day hampered market society is doomed to failure."

Mises' next great contribution, Human Action, appeared in 1949. This writer found it slow going. The first 200 of the First Edition's 881 pages were really rough reading, even for one who had been studying economics for a quarter of a century. But it is rewarding. It provides many of the hard answers to the problems still worrying serious citizens. As the jacket proclaimed, it is truly the "counterweight of Marx's Das Kapital, of Lord Keynes' General Theory, and of countless other books recommending socialization, planning, credit expansion, and similar panaceas."

This Human Action reader had memories of our relatively free society of the twenties. He was thus able to recognize the profundity of Mises' great "Treatise on Economics." He wanted to know more. When his pursuit of the once almighty dollar took him to New York in 1950, he enrolled, at age 44, in the Mises graduate seminar at N.Y.U.'s Graduate School of Business Administration. This was the beginning of a relationship that was to grow ever closer until a last sad parting on the great economist's ninety-second birthday.

NYU SEMINARS

Among my treasured souvenirs are notes taken at the Thursday night Mises seminar over a period of nineteen years. My first seminar meeting, September 21, 1950, was devoted to a discussion of the different types of sciences. My cryptic notes remind me that "one cannot establish conditions in the social sciences as one can in the natural sciences. Social science material always relates to complex factors. It is always impossible to isolate them. Some cranks have thought they could."

On the most important difference between the natural and human sciences, I now read: "In the natural sciences we learn that A brings about B. We do not know why. We do not know what is behind the relationship. We know only the results. We know cause and effect. We do not know the reasons behind them. We do not know the reasons of the prime mover—God. The natural scientists searches only for cause and effect. He does not ask why there are flies and germs. He simply says they exist and then what the consequences are for men. We do not question the cause and effect on men.

"In the field of human action we look on human conduct and we know there is a reason—humans are constantly striving at definite aims and they are not always using the right means. However, they are constantly driven to change future conditions to a more satisfactory way. We know why in the social sciences, but we do not know why in the natural sciences. Man always aims at more satisfactory results. . . .

"All humans try means not fit to attain the desired ends. Doctors today see the methods of dealing with tuberculosis fifty years ago as false. This does not mean those doctors were insane. Human action is rational. It makes sense. It is not nonsensical. It is always directed toward a certain end. The human sciences are based on teleology, on human ends. A human being could not act if he did not know causal relations directed at his end. . . . If man had perfect knowledge, he would not act. He would then know the future and he would know he could not change it." Every human action is a purposeful attempt to change the future for the better. We know no such purpose in the actions of nature.

In that session, as in later ones, Mises referred to books we should read or write if we wanted to know more about the subject. His background and wide reading in many languages and on many subjects was astonishing. He spoke with an accent from a few scribbled notes on one small piece of paper. He answered questions promptly without a moment's hesitation, often quoting a number of authorities as well as those who espoused popular fallacies. However, he was primarily interested in ideas rather than men.

His seminars were not a monotonous repetition. Each term or year was devoted to new and different phases of economic understanding. During the nineteen years I attended, the following subjects were explored in depth:

Bureaucracy, Capital Theory, Competition Theories, Economic Calculation, Economic Fads and Fancies, Theories of Stages in Economic History, Problems of Economic Theory, Epistemological Problems, and Holistic (Macro) Economics.

Also, The Industrial Revolution, Inflation, Institutional Economics (Historicism), Problems of Interest and Profit, Interventionism, Market Phenomena, Marxism, Mathematical Economics, The Theory of Money, Problems of Money, Banking, and Credit, Monetary Theory of the Trade Cycle, Monopoly and Monopoly Prices, Positivism, Praxeology, Formation of Prices, Profits, Profitability and Economic Calculation.

Among the new seminar students in 1951 were Irving Hodes, who later became the financial sponsor of the Mises Dinner Circle meetings, and Bettina Bien, who later became this author's wife and is gathering material for a Mises biography. The three of us attended for a total of 55 years. Among the other regular seminar members was Murray Rothbard, who received his doctorate from Columbia. Rothbard attended the seminar quite regularly in the fifties and irregularly in the sixties. Mises considered Rothbard an "eminent economist" who "exposes the fallacies and contradictions of the popular interpretation of economic affairs." Unfortunately, Rothbard never could accept the Mises position on the need for a government to preserve peace in the market place.

Among the outstanding doctoral candidates who passed through the seminar was Hans Sennholz, who there met his future wife, Mary Homan, the future editor of the first Mises' Festschrift, *On Freedom and Free Enterprise.* They attended for four or five years before leaving New York when he became head of the Economics Department of Grove City College, from where he fed graduates into the Mises seminar. There was also Louis Spadaro who attended a number of years while on the faculty of Fordham University, where he later became Chairman of the Economics Department and then Dean of the Graduate School of Business Administration. One of the younger members was George Reisman who started to attend while only a high school student. He was later to translate Mises' *Epistemological Problems of Economics* and join the faculty of St. John's University of Brooklyn. One of the brightest was Israel Kirzner who attended a number of years before becoming a member of the N.Y.U. faculty. In later years he assisted Mises by holding office hours for his students and helping with the reading of student papers. Mises was enthusiastic about Kirzner's dissertation which finally appeared in print as *The Economic Point of View*.

Among the frequent seminar participants was Henry Hazlitt, who had reviewed Mises' *Socialism* in the *New York Times* of January 9, 1938. Soon after Mises' arrival in this country in 1940, Hazlitt became one of his closest friends and a great help with his early English manuscripts. Distinguished visitors from all over the world would drop in occasionally when in New York on a Thursday evening. Former students would also return when convenient. There were, of course, a number of students who attended for only one year. Some found it an easy way to obtain graduate credit without attending regularly. They were among the many who did not appreciate the privilege valued so highly by freedom students from faraway places.

Mises assumed the participants were familiar with his written works and attended to learn more from him. This was often an erroneous assumption. Some who were only interested in acquiring a degree were occasionally startled by what Mises had to say. One such student could not believe that he had heard Mises correctly when he said that the government should always refrain from interfering with market processes. He asked Mises if he meant that the government should do nothing when there was a depression. Mises replied: "I mean the government should start to do nothing much earlier." There were others who never learned that it was the government's prior interventions that made inevitable the depressions no one wanted and that government interventions can only prolong the hardships of such readjustment periods.

As some of us came to know the professor better, we persuaded him to join us for Coffee Klatsches at a nearby Childs restaurant after the seminars. Here, he would regale us in his peculiar Austrian accent with reminiscences of his days and experiences in his native Austria. Here, we also had a chance to ask questions we felt were out of order in the more formal seminar. About eight or ten of us attended these regularly until the seminar was moved uptown while N.Y.U. erected a new building on its downtown property in the middle of the financial district.

In the judgment of this epigone, Mises was the greatest economist, if not the greatest living soul, of our century. Unfortunately, he was not the best teacher. He was often too concise and profound for popular understanding. Only a few of those exposed to him ever comprehended the preciseness with which he expressed irrefutable reality. He thus failed to reach many who remained blinded by the fads and fallacies of the day. Keynesianism and mathematics ruled the graduate schools of economics. The fact that Mises had laid bare the shallowness of such senseless ideas has gone almost unnoticed. Mises maintained that there was no constancy in the values that determine human actions and that the secret of ever higher living standards was a climate that protected private property and encouraged people to save more for investment in production. However, our universities continue to apply simultaneous equations to economic problems in which all the factors are variables, while professors and politicians espouse policies and programs which encourage the growth of economic parasites while despoiling private property and discouraging the capitalistic savings needed for increasing production.

In the late 1950s, Mises thought we should have a place where the friends and students of the free market could meet, hear and discuss their problems with like-minded authorities as might become available in New York City. The late Irving Hodes, a Brooklyn businessman who, in 1951, gave up his pursuit of a Ph. D. to attend the Mises seminars, took the bull by the horns and offered to underwrite such a Mises Dinner Circle. He would get together with Mises and this Mises epigone whenever a suitable speaker was being considered. Mr. Hodes made all the business arrangements and underwrote the inevitable losses. I acted as master of ceremonies, except the few times I spoke or was out of town when Bettina Bien (Greaves) assumed the chair. The first such dinner was on January 30, 1959. There were 46 gatherings in the following thirteen years.

MISES' LAST SPEECH

Mises was our featured speaker on five occasions. The high point of these meetings was undoubtedly his last talk on May 27, 1969. He spoke to a gathering of seventy loyal admirers on "The Monetary Problem." His talk was both timely and eternal as were all his contributions. He ably refuted the Marxian fallacy that free market capitalism contains the seeds of inflationary booms and busts. He received a standing ovation of many minutes. It was his last public speech in New York City.

Two nights later, he was to hold his last seminar. Many alumni and young folks attended. He referred to the first article he had written on the monetary problem back in 1907. He told how a former Austrian Finance Minister then chided him for thinking that inflation would ever again be a serious problem. The elderly statesman told him the gold standard was here to stay and that no great nation would ever again resort to inflation. Nonetheless, for sixty years Mises continued to warn the world of the dangers of inflation, while pointing out in detail both the causes and the irrefutable free market solution. Yet his great contributions remain unheeded as we roll on to the precipice of no return.

Mises understood the imbecility of present day policies. He did his best to expose their absurdities and contradictions. Only a few grasped the significance of his teachings. He received no distinguished chair. He took it all in stride with his peculiar shrug of the shoulders and an outward turn of his hands. He just kept writing and lecturing with greater and greater emphasis on reaching youngsters who still had open minds. Many of the youngsters admired him and he became the hero of several "conservative" youth movements, including the Young Americans for Freedom. In the end he had more speaking opportunities than his strength would permit him to accept.

For 27 years Mises was an honorary staff member of the Foundation for Economic Education. He thought highly of its president, Leonard E. Read, and the work he was doing for the freedom philosophy. Mises broadened his audience by speaking at FEE seminars as often as his schedule would permit. We all owe Read a vote of thanks for keeping so many Mises books in print. Another person to whom all friends of Mises are indebted is Lawrence Fertig, who was very close to Mises and often smoothed out some of the many difficulties Mises faced. Fertig was also responsible for the great portrait of Mises which now hangs where every FEE visitor can see it.

HIS CONTINUING MESSAGE

Retired from active teaching in his 88th year, Mises accepted a limited number of speaking engagements into his 90th year. His last great speech was given in Seattle on May 2, 1970. He received a standing ovation from some 600 persons who heard him speak on "Socialism vs. the Free Market." Fortunately, this talk has been preserved on tape. In October 1970, he appeared at two California seminars. At the last one he was asked what he thought about "paper gold." In his very simple manner he replied: "If a government took a piece of paper and marked it CHEESE and then called it 'cheese,' if the government then said that this paper could be offered in satisfaction of a contract calling for the delivery of cheese, you would know something was fishy." Such was his manner. He would cut right to the kernel of every economic question.

Mises agreed with Goethe, whom he often quoted, that:

> "The truth must be repeated again and again, because error is constantly being preached all around us. Error is proclaimed not only by individuals, but also by the majority. It is found in the newspapers and encyclopedias. It is taught in the schools and universities. Error is dominant everywhere, securely and comfortable ensconced in public opinion which is on its side."

In his last days Mises would often refer to how the great invention of Gutenberg made modern inflation possible. That same invention also made possible the printing of his many great contributions. We can still learn from them why a socialist society cannot supply a high living standing. We can also learn from his writings why political interventionism always makes matters worse, not better, from the viewpoint of its sponsors. Most important of all, we can learn how the voluntary cooperation of an unhampered market can and will supply workers, investors and consumers with more and more of the good things of life.●

CHEERING THE INTELLECTUALLY DISABLED

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. HYDE. Mr. Speaker, as we wend our way through a society that expends so much effort and ingenuity in avoiding the uncomfortable and inconvenient, it is useful to pause and reflect upon some values that somehow seem to get trampled in the process.

An article in the August 12 issue of the Christian Century has crossed my desk, and it discusses a profound problem with such empathy that no one can read it without becoming a little more thoughtful and surely a little more human. Written by Dr. J. Robert Nelson, an editor at large from Boston, I commend it to my colleagues as a tribute to hope and a lesson in love:

STEPPING OUT OF DOWN'S SYNDROME

One of the lapidary commandments which Moses brought down from Mount Sinai was the prohibition of killing. We still question it.

Killing what?

Human beings, presumably.

In all cases?

Well, certainly not with murderous intent.

You mean, the violation depends upon the intention?

Usually, yes. But there are some circumstances . . .

Like unborn babies?

That's right; especially in such cases.

There is a Mount Sinai in New York City, too. It is a famous hospital and school of medicine. Here, two physicians and a pregnant woman demonstrated their understanding that the Sinaitic Law does not apply to the killing of nascent life. Their view is shared by millions and vigorously opposed by other millions, most of whom invoke divine sanction for their beliefs. So unqualified approval of the doctors' deed is as difficult to justify as absolute condemnation.

Their widely reported action was to induce an exceptional kind of abortion for a woman in a rare condition of advanced pregnancy. When her uterus was examined by amniocentesis last year, it was determined by a usually accurate test that one of the 20-week-old twins within her body was affected by Down's syndrome. This fairly common chromosomal imbalance is known vulgarly as "Mongolism," an intentionally pejorative term long used by Caucasians because of the characteristic facial features caused by this genetic affliction. Mental retardation and physical disability accompany the condition, but in widely varying degrees of intensity.

The choice of what to do about the twins seemed clear at first: either bring them both to birth or abort both. It was reported that the woman preferred the latter alternative—to sacrifice the life of the healthy one rather than having to raise and care for a Down's child. Then a third choice, unprecedented in the United States, was proposed: namely, kill the Down's twin and bring the other to term.

The two doctors, Usha Chitkara and Thomas D. Kerenyi, knew that this delicate procedure had been employed in Sweden by piercing the heart and drawing the blood of the one without hurting the other. They also knew the risks. The legal risk to themselves was cleared by consulting the New York Supreme Court. The risk to the woman was clinically assessed. But the risk to the healthy twin was discounted, however grave it might be, since the woman was within her legal rights to decide for abortion of both.

It must have been a mere coincidence that Dr. Kerenyi, speaking for Mount Sinai at a news conference, referred to the Bible while describing the appearance of the destroyed twin. When it was discharged from the woman along with the healthy, would-have-been brother, it was "flat, fragile and paper-like," he said, "like a rose that had been pressed in the Bible for five years."

I

We were at the Ecumenical Institute, Château de Bossey, near Geneva, Switzerland, in June. We were nearly 50 people, medical personnel and others, from six continents. It was a consultation on "Death and Life in Different Cultures," convened by the Christian Medical Commission of the World Council of Churches.

Right in the middle of one of those inevitable discussions of abortion practices and ethics, someone brought in the day's newspaper with the story from Mount Sinai. This would have provoked in any case an inconclusive argument, potentially emotional, and probably productive of no new light of moral reasoning. In the Bossey situation, however, the report on the doomed Down's baby carried a particular poignancy because of a remarkable film we had seen the previous evening.

When measured by every critical criterion, this film is superb. Titled *Stepping Out*, it was produced in Australia by Chris Noonan. At the film festival in Milan recently it won the grand prize for movies related to the International Year of Disabled Persons. It is a true story, filmed in *verité*; but it is not just a documentary. Let us say that it is the most persuasive affirmation imaginable of the humanness of persons afflicted by Down's syndrome.

In Sydney there is an institution for persons with this disability. They call it "intellectual disability," which is no euphemism. The community consists of adolescent and mature men and women as well as children. To this place came a man from Chile: an expert teacher of yoga, music, rhythm, drama and dance. With an extraordinary degree of patience, tact and persistence, this man showed the young women and men what they otherwise would never have known they could do. They could use color and costume with delightful aesthetic effect. By pantomime and dance they could convey emotions and tell stories of human distress, longing and hope.

After some weeks of his presence in the community, rehearsing the people with sober and respectful care, the man realized that they were capable of presenting something far better than an institutional funnight show. Agreements were made with the glorious new Sydney Opera House. Professional costumes were purchased. Tickets were sold to fill the house. And all the while the cameramen achieved outstanding shots of the performers in make-up and dress rehearsal. The great night arrived. The film shows masterful close-ups of the faces of those awaiting their cues. Intellectually disabled, to be sure; but they acted as amateur actors always act before their performance. And when they appeared on stage, their presentation was not that of lovable-pitiable "Mongols" who had been taught, like walking dogs, to do entertaining tricks. They presented human art in musical motion and gesture, personal feelings and understanding in facial expression and rather squinting eyes.

The climax of the evening's program was a young man's portrayal through ballet of the anguish and suicide of Cho-cho-san, after Lieutenant Pinkerton of Puccini's Madam Butterfly abandoned her (his Japanese wife) and their child. The roaring ovation given by the standing audience was miles away from mere patronizing applause for well-meaning effort. It was an ovation of such spontaneity and sincerity as might have been accorded Australia's Joan Sutherland on the same stage.

II

There are times in the ongoing, intensifying debate over "Who shall live?" when the familiar arguments lose their sting. A woman's right? Unwanted pregnancy? Quality of life? Insupportable burden? Needless suffering? Sanctity of life? God's gift? By now we know them all: pro and con and in between. In our ecumenical group it was noted that Europeans, British and North Americans are more and more adopting the idea that genetically abnormal babies ought not be allowed to be born. Much of the guesswork has now been removed. Obstetrical technology with laboratory testing can deal with about 300 of the 3,000 known kinds of genetic disability. So why not, with good reason, save parents, families, institutions and society the trouble and expense? And why not, with a sense of mercy, spare these disabled boys and girls the unhappy and meaningless lives that must await them?

Unhappy? Meaningless? In many cases, so it seems. But we who have seen Stepping Out will not soon forget the expression of joyous fulfillment on the face of that male. Cho-cho-san, robed in silken splendor, holding aloft the hara-kiri sword, and returning a look of triumph to the audience which clapped and cheered in approval.●

REAGAN FORMULA FOR SOCIAL CHAOS

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. HAWKINS. Mr. Speaker, it is with some sadness that I submit this RECORD insert today. The National Advisory Council on Economic Opportunity, established in 1967 to report annually on assistance programs for the poor, is scheduled to be a victim of the Reagan budget cuts. In a study released on September 21, the Council charges that budget cutbacks in antipoverty and job training programs will be absolutely devastating for the poor and will exacerbate the Nation's economic woes. I urge my colleagues to heed the message contained within this report. The Council, under its distinguished Chairman, Arthur I. Blaustein, has produced a study which is of great importance. Let us not ignore it.

The material follows:

ADMINISTRATION'S ECONOMIC POLICY COULD LEAD TO SOCIAL CHAOS

U.S. ADVISORY COUNCIL WARNS THAT REAGAN'S POLICIES WILL RESULT IN MORE WELFARE DEPENDENCY AND LESS ECONOMIC OPPORTUNITY: IMPACT ON 29 MILLION POOR AMERICANS WILL BE DEVASTATING

The National Advisory Council on Economic Opportunity today sharply criticized the Reagan Administration's proposed cutbacks in federal income-transfer and antipoverty programs, saying that the effect of these cuts will be to cause massive suffering as well as to undermine the work ethic and family life among the poor. The Administration's proposed cutbacks of these crucial federal programs, warned the Council in releasing its Final Report, will severely deepen the crisis of poverty in the future and could drive whole segments of our society toward hopelessness and despair. Instead, the Report calls for passage of the Economic Opportunity Act and continuation of the Legal Services Corporation, two programs that are essential to the well-being of the more than 29 million Americans still living in poverty.

In a separate statement, Arthur I. Blaustein, Chairman of the Council, said:

"By separating economic theory from social policy and pursuing the former at the expense of the latter, the Administration has adopted a strategy of brinksmanship that could lead to social chaos.

"There is a price to be paid for the reduction of human and social services. The price is that these cutbacks will not reduce crime; they will increase it. They will not reduce the use of drugs; they will increase it. They will not reduce alcoholism; they will increase it. They will not reduce physical and mental illness; they will increase it. They will not promote better family life; they will destabilize it. They will not increase respect for the law; they will weaken it.

"At present, there exists an air of suspended disbelief over the radical changes that have occurred in the past two months. That is because the lay-offs, the shutdowns, the cut-backs, and the reduced paychecks have not yet reached ground level. But the day of reckoning will come shortly. October 1, 1981, will be remembered as a day of infamy, for it will mark the worst massacre of social and human service programs in American history."

The Report, "The American Promise: Equal Justice and Economic Opportunity," addresses itself specifically to the issues of unemployment, inflation, women in poverty, the implementation of human and social service programs, citizen participation and volunteerism, and the "myths" of poverty. The 15-member Council, established by Congress in 1967 and appointed by the President, is responsible for making an annual report to the President and Congress on programs and policies aimed at helping the poor. It is slated for abolition by this Administration.

Attacking what it termed persistent myths about poverty in the United States, the Council presented evidence that disputed what it termed the "mistaken" view of some economists that the reduction in the poverty population had been a result of "growth in the private economy." The Council maintained that for some time such growth "has ceased to 'trickle down' to the poor in the form of more jobs, better income, and a more rewarding and productive role in society." And, the Council reaffirmed its belief that only those comprehensive and national economic revitalization efforts targeted specifically toward disadvantaged communities and the jobless would effectively combat poverty in the 1980s: a strategy that the Administration is abandoning.

In addition to releasing the Report, the Council issued the following statement:

"Seventeen years ago, this nation made an historic commitment to reduce, if not eliminate, poverty in America. The Economic Opportunity Act was conceived with moral conviction and dedicated to the proposition that all Americans, even the 36 million poor, were entitled to both economic opportunity and equal access to the law.

"The Act itself called for a national effort to attack the causes of poverty, and related social problems, which were national in character and scope.

"All the testimony given to the Council over the past several years has shown that these federal programs do work; that they do help people get out of poverty; and that the delivery systems are providing the necessary basic human and social services. Thus, after fifteen years of progress in our nation's effort to relieve poverty, when in fact the number of poor had, by 1980, been reduced by 11 million and millions more have been kept above the poverty line, this Council is deeply concerned that the process will be reversed by recent policy decisions by the Administration that will serve not only to increase the number of poor, but to make their burden more severe.

"The three aspects of the Administration's Economic Recovery Program that gravely concern the Council are: (1) the massive across-the-board cuts in social and human service programs; (2) the abolition of delivery systems provided for in the Economic Opportunity Act and the Legal Services Corporation Act; (3) the transfer of federal authority and program responsibility to the states through block grant programs.

"In evaluating the impact of these changes on the poor, we believe that each of these decisions taken alone would be painful; but taken together they will be absolutely devastating. This Council, under four Presidents (two Republicans and two Democrats), has consistently taken the position that the federal government must maintain active responsibility for pursuing the goals of the Economic Opportunity Act. This has never been a partisan issue, and it should not be one now. The Council vigorously reaffirms its earlier recommendations that the Economic Opportunity Act and the Legal Services Corporation Act should be reauthorized.

"The Council is well aware that the economic difficulties facing our nation are complex and often seem overwhelming. But these difficulties cannot be used as an excuse for reneging on our social and moral commitments as a nation. We are deeply troubled by the notion that national issues, ones that require national policy and programs and that are a part of our national purpose, should suddenly devolve to the states. The issue is not federal versus state responsibility; rather, it is the diminution or avoidance of any national standards of responsibility and accountability. To deflect, suspend, or fragment responsibility and accountability suggests that we are either renouncing or failing to assert our moral purpose as a nation. Worse than that, the administration seems to be denying that this moral purpose exists.

"The effect of the block grant proposal, as opposed to the Economic Opportunity Act and the Legal Services Corporation Act, is to destroy existing support systems that are effective, that have a proven capacity to deliver services, and that utilize local planning and implementation capabilities. They are being replaced by a new system that has a poor track record, and is restrictively financed, more bureaucratic, less accountable, and more subject to intense political pressures. The last point is extremely important in that effective and efficient use of limited federal funds is in danger of being thwarted by conflicting political interests in each state.

"After reviewing the recent budget process, it appears that there has been a massive transfer from basic human and social services to our military budget. The Council seriously questions whether it is in the national interest to relegate a substantial number of human and social service programs to the junkpile, while we increase the stockpiling of weapons of mass destruction in an arms race where overkill has long been achieved.

"Morever, these changes are occurring without any serious national debate, when advocates of balanced national priorities are dismissed by the President as representatives of 'special interests,' and critics of the Administration's policy are referred to as 'demagogues.' "

In criticizing the Administration's sharp cutbacks in social programs, the Council's statement emphasized the negative impact of these cutbacks on work and family life. "From an administration that places high priority on the importance of family life and the work ethic" it said, "this budget will be self-defeating." The Council cited the following analyses, drawn from its own research and other recent studies, in support of its statement that "these policies will actually encourage dependency instead of work, family breakdown instead of family stability:"

The Council cited an estimate by the Congressional Budget Office that proposed cuts in Public Service Employment under the Comprehensive Employment and Training Act (CETA) would result in a net loss of between 210,000 and 330,000 jobs in fiscal years 1981 and 1982, causing a sharp rise in expenditures for welfare and unemployment insurance.

The loss of these jobs, the Council pointed out, would be compounded by cuts in support services (which range from child care to mass transit), creating a "spiral effect" that will "deal a devastating blow to the realistic job prospects of hundreds of thousands of disadvantaged workers." The Council cited an estimate by the Wharton Economic Forecasting Associates that about three-quarters of a million jobs would be lost through cuts in CETA alone, and an additional million as a result of the Administration's program reductions as a whole.

The Council singled out proposed cuts in the Aid to Families with Dependent Children (AFDC) program as an example of how the reality of the Administration's budget departs from its rhetoric. Citing independent studies by the Congressional Budget Office and the University of Chicago's Center for the Study of Welfare Policy, the Council noted that the bulk of cuts in AFDC are concentrated on families who are presently working but do not now earn enough to maintain an adequate living. The Council pointed out that welfare recipients who work will have their incomes cut by an average of more then 20 percent, versus a 4 percent reduction for those who do not work, and in some states the Administration's proposed changes will eliminate the difference between what an AFDC family can receive if no one works and the income it can receive with a full-time worker. Noting that this sharply penalizes the working poor, the Council commented that "The Administration apparently feels that only the rich need incentives to work."

The Council said that families with young children—especially minority families and families headed by women—would be among the worst victims of the hardships imposed by the Administration's cuts. Citing an analysis by the Congressional Budget Office, the

Council pointed out that of those families that are expected to lose a substantial portion of their spendable income from reductions in Public Service jobs, AFDC, Food Stamps, and the School Lunch program, over two-thirds are headed by women, and almost two out of five are nonwhite. Referring to the University of Chicago study, the Council noted that a single-parent family with two children could lose up to 30 percent of its disposable income from reductions in AFDC, Food Stamps, and child nutrition programs alone.

In rejecting the Administration's contention that renewed economic growth will eventually "trickle down" to the poor to offset these losses, the Council declared that it "flies in the face of everything we know about poverty today." The Council cited new evidence in this year's Report affirming that growth in the private economy has had a declining role in reducing poverty, and that "virtually all of the reduction in poverty since the mid-1960's has come about through the expansion of social insurance and income-transfer programs" of the kind now under attack by the Administration.

Though poverty increased most dramatically in the "hard-hit, declining cities of the Northeast and Midwest," the Report says, "poverty rates also remained disturbingly stable even in those cities characterized by strong—occasionally phenomenal—growth in jobs and income. In short, economic growth has had little impact in decreasing poverty rates in recent years, even in the boom cities of the Southwest."

The stubborn persistence of poverty in the fact of economic growth, the Council pointed out in its statement, results in part from the changing nature of the proverty population. What the Report terms the "new" poor are increasingly a population of those whom the private economy has passed by. Even in good times, the Council noted, these people—the aged, the disabled, disadvantaged youth, women heading families with small children—are rarely hired by the private sector. In 1978, a year of economic recovery, the unemployment rate among disadvantaged minority youth was 41 percent. Among AFDC recipients, one of the groups most harshly affected by the Administration's cuts, nearly 70 percent are children, more than two-thirds of them 11 years old or younger. Among the adults, the overwhelming majority are women heading families—about 80 percent of whom are either required as full-time homemakers, disabled, or already in training, at work, or seeking work.

Because few of these people can be absorbed into the private economy without special assistance and support, said the Council, the "massive suffering" these program cuts will bring "cannot be balanced by any credible long-range benefits from the Administration's program—even under the most optimistic economic assumptions." Instead, the Council declared, any economic "renewal" resulting from the Administration's policies would "take place at the expense of stable, rewarding family lives and genuine work opportunities for the poor and their children."

Mr. Blaustein, Chairman of the Council, added that: "We are watching a great tragedy unfurl before us. The steady drumbeat of rhetoric emanating from Administration officials and shrewdly orchestrated by the White House is intended to create, and has heretofore succeeded in creating, a counterreality and new myths with respect to social policy. For example, by continuously referring to economic opportunity and equal justice programs as welfare programs, the Administration has misled the American public. These programs are, in fact, designed to achieve the opposite, to create jobs and economic opportunities and to encourage people who are dependent upon welfare to become productive citizens and taxpayers. By seeking to eliminate these programs and substituting its own policies, the Administration will deny upward mobility to millions on welfare and will force many of the working poor into welfare dependency. By shifting program authority from the federal government to the states through block grants, the Administration has created a bureaucratic nightmare that will result in government by provisional catastrophe. By transferring huge amounts of funds from human and social services to defense, the Administration is not dampening inflation, it is fueling it.

"In order to gain support for its economic package, the Administration has conjured up the specter of an 'economic Dunkirk.' What it is perpetrating instead is a 'social Pearl Harbor' which will have a devastating impact on the poor who are defenseless, as well as wiping out the modest gains made in the past fifteen years by women, the elderly, minorities, and the young—the most vulnerable segments of our society."●

THE COUNTDOWN CONTINUES

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. OTTINGER. Mr. Speaker, never before in the history of our Nation has the unemployment rate for American black youths been as high as it is currently, yet President Reagan last Thursday reaffirmed his belief that his "new program will cure all."

The New York Times recently ran an editorial that sums it up pretty well. "A Society that holds out such litte hope to so many of its young condemns them—and itself—to tragic consequences." The President engages in rhetoric as the countdown continues. I urge my colleagues to read this short piece and take it to heart:

51 PERCENT UNEMPLOYED, AND COUNTING

For a decade, the unemployment rate for black youths has hovered around 40 percent. Last month it leaped to a record rate of nearly 51 percent.

That was dismaying news. But even more dismaying was the White House's reaction. Thoughts of new remedies were dismissed; the Administration's economic miracle would solve all. Besides, said the President's spokesman, black teen-age unemployment was always a problem.

It is wrong, of course, to read too much into one month's statistic. The sample used to estimate overall unemployment consists of 60,000 households, a minority of which are black. The smaller the subgroup, the greater the chance of error. But the experts say 10 percent increase is significant. The situation may be even worse in the poorest regions.

Government could do much to relieve this obvious source of tension and misery. President Carter's youth employment programs provided valuable job experiences in park maintenance and housing renovation and taught much about which approaches work best. But the Reagan Administration opposes public action even in this critical area. It pressed Congress to slash the youth employment programs from $825 million to $576 million, and has spread the word that it looks for a final appropriation of no more than $200 million.

Will private firms take up the slack? The Carter Administration tested reimbursements for poor teenager's wages. With 100 percent subsidies, fewer than one in five businesses cooperated. Lesser subsidies evoked even less interest.

Teen-age unemployment among blacks will not be significantly reduced without cost. Whether the effort is made through public jobs or private employment, it will require Federal leadership and revenues. State and local governments simply do not have the money and talent to make a dent.

Can the Federal Government afford to spend more in these austere times? It cannot afford not to. Youthful years that are wasted in idleness often lead to lives of welfare dependency, crime and imprisonment—all of which cost a good deal more. But more than money is at stake. A society that holds out such little hope to so many of its young condemns them—and itself—to tragic consequences.●

FAMILY PLANNING CLINICS CAN PROVIDE SERVICES AT LESS COST BUT CLEARER FEDERAL POLICIES ARE NEEDED

HON. WILLIAM E. DANNEMEYER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. DANNEMEYER. Mr. Speaker, later this week the House is expected to consider H.R. 4560, a bill making appropriations for the Departments of Labor, Health and Human Services, and Education. The committee-reported version of the bill contains an appropriation of $130 million for the family planning programs of the Department of Health and Human Services that are authorized by title X of the Public Health Service Act.

In considering the appropriate level of funding for title X, I urge my colleagues to examine a report prepared by our own watchdog agency, the General Accounting Office. On June 19, 1981, the Comptroller General, on behalf of GAO, reported to Congress that money could be saved and the effectiveness of title X programs enhanced through changes in the operation of title X. This report is referenced as HRD-81-68. I am in the process of researching the report in order to put together a reasonable amendment to the Labor/HHS appropriations bill. In advance of floor consideration of this issue. I respectfully request unanimous consent that the Digest of the report be printed at this point in the RECORD.

Report by the Comptroller General of the United States

FAMILY PLANNING CLINICS CAN PROVIDE SERVICES AT LESS COST BUT CLEARER FEDERAL POLICIES ARE NEEDED

Digest

In fiscal year 1980, the Department of Health and Human Services (HHS) spend about $375 million for family planning services and contraceptive supplies through several different programs. Title X of the Public Health Service Act authorizes HHS' largest family planning program. Since the title X program was enacted, over $1 billion has been provided for project grants for family planning services. In fiscal year 1980, about $156 million of title X funds went to 218 agencies which funded or operated about 5,125 clinics serving about 3.8 million people.

Other HHS programs which fund family planning services include Medicaid, title XX Social Services, and Maternal and Child Health. In fiscal year 1980, these programs provided an estimated $219 million for family planning services provided by clinics, hospitals, physicians, or other health care providers.

FAMILY PLANNING CLINICS CAN PROVIDE QUALITY CARE MORE EFFICIENTLY

Family planning clinics reviewed in this study were generally providing the medical services required by HHS. However, HHS' guidelines recommended or required:

Too many clinic revisits by women using oral contraceptives.

Education that does not appear to be needed by all clients.

Some routine medical tests that do not appear to be necessary for all clients.

Also, many of the clinics GAO reviewed were performing tests and examinations not required by HHS or professional medical standards. These include:

Routine syphilis and gonorrhea tests on all clients when test results do not appear to justify them.

Semiannual routine physical examinations, including pelvic examinations, which are not recommended by HHS or professional medical standards.

GAO believes that some of these HHS policies and clinic practices unnecessarily add to program cost and contribute to long waits for appointments and long office visits at some clinics, perhaps deterring initial or continuing participation in the program.

GAO could not determine the costs associated with these practices because relevant nationwide data were not available. However, GAO estimates that the costs of unnecessary clinic revisits could range from $6 million to $13 million annually and that the costs of other questionable practices are substantial.

HHS is revising its title X program guidelines. GAO met with HHS representatives on several occasions to discuss suggested changes to its draft revised guidelines. HHS representatives were generally receptive to GAO's suggestions.

CLINICS COULD RAISE MORE MONEY FROM CLIENT FEES, BUT CONSISTENT POLICIES ARE NEEDED

Family planning clinics have lost revenues and, in some cases, treated clients inequitably because HHS and State policies were not clearly understood or consistent.

Some clinics successfully used sliding fee scales to charge clients who had ability to pay, but many clinics have made little or no effort to generate fee income. Some clinics charged no one, regardless of income, and some clinics charged even low-income clients entitled to free care under title X. Contrary to title X, in some instances, one grantee was apparently denying service to members of low-income families who could not pay.

The divergent practices stemmed from HHS' failure to: update its official definition of "low-income family" between 1971 and June 1980, issue guidance on charging fees to teenagers, and uniformly enforce fee requirements.

In some States, policies adopted for the title XX Social Services program conflicted with title X requirements. For example, title X regulations require grantees to collect fees from clients able to pay. However, some States have chosen, as permitted by title XX, to provide free family planning services to persons regardless of income.

TITLE X MANAGEMENT INFORMATION SYSTEM LACKS CREDIBILITY

The adequacy of the management information system used to allocate title X funds and monitor program efficiency and productivity is questioned by many HHS and grantee officials. This system, the Bureau Common Reporting Requirements, was established as a uniform reporting system for several different programs administered by HHS' Bureau of Community Health Services.

Its application to family planning projects, however, produces measures of clinic efficiency which are of limited usefulness.

OVERALL MANAGEMENT OF HHS' FAMILY PLANNING PROGRAMS

Title X requires HHS to establish a position, the Deputy Assistant Secretary for Population Affairs, to administer, coordinate, and evaluate all of its family planning programs which provide for or authorize grants or contracts. Although the most recent incumbents in this position coordinated various efforts, they did not actually administer them and where not in a position to effectively coordinate all departmental family planning activities.

Whether the Deputy Assistant Secretary needs to administer all HHS' family planning programs is questionable. However, GAO believes that the position should be strengthened by clarifying the Deputy's responsibilities and authority in order that the incumbent could more effectively coordinate and evaluate all the component agencies' administration of family planning programs.

USE OF FUNDS FOR PROGRAM IMPLEMENTATION RESEARCH

HHS has used funds authorized each year under section 1004 of title X for program implementation research for a variety of activities aimed at improving delivery of family planning services. These activities included studies on how to serve various target groups, technical assistance to grantees, preparation of 5-year plans required by title X, data collection, and training. It is unclear whether all uses of the funds were appropriately classified as research.

RECOMMENDATION TO THE CONGRESS

The Congress should reassess whether the Deputy Assistant Secretary for Population Affairs needs to directly administer all HHS' family planning programs which provide for or authorize grants or contracts.

RECOMMENDATIONS TO THE SECRETARY OF HHS

GAO is recommending several actions to HHS to improve family planning clinic efficiency and information used for managing the program. Among other actions, HHS should:

Revise title X program guidelines to provide for (1) fewer routine clinic visits, (2) greater clinic flexibility in matching client education with client needs, and (3) only those laboratory tests that are medically necessary or justified by local conditions.

More closely monitor grantees to identify those (1) routinely providing medical services or requiring more visits than HHS considers necessary or (2) not conforming with HHS' fee collection requirements.

Take appropriate steps to resolve the differences in fee policies between titles X and XX.

Refine existing management information systems to provide data and performance efficiency indicators suited to family planning clinic operations.

Strengthen the role of the Deputy Assistant Secretary for Population Affairs by clarifying the position's responsibilities and instructing component agencies to cooperate with the Deputy.

Formally define program implementation research.

AGENCY COMMENTS AND GAO EVALUATION

HHS plans to issue new program guidelines incorporating most changes GAO recommended to improve the efficiency of family planning clinics. These new guidelines will provide for fewer routine clinic visits, more flexibility in providing client education, and a reduction in required laboratory tests.

HHS generally concurred with GAO's recommendation to monitor clinics to insure that routine medical services above those recommended by current medical standards were justified and that fee collection policies conformed to HHS' regulations.

HHS believed that the differences between titles X and XX regarding eligibility for free service provided flexibility to the States and that national eligibility criteria would be undesirable. GAO continues to believe a consistent Federal policy is desirable and needed to eliminate conflicting policies at the clinic level.

HHS disagreed with the need to refine existing management information systems and to formally define program implementation research. GAO believes that the actions recommended are necessary to provide the fundamental data needed to (1) effectively manage the family planning program and (2) allay congressional concerns about HHS' use of funds for program implementation research.

HHS agreed to examine the role of the Deputy Assistant Secretary for Population Affairs if the administration's block grant proposals are not enacted.

HHS said that these block grant proposals, if enacted, would eliminate the need for congressional and further departmental actions on GAO's recommendations. HHS has already initiated action to implement those recommendations it has agreed with, and GAO believes that the actions recommended in this report relative to clinic efficiency may still be needed under block grants depending on their form and the Federal role established by the Congress. In addition, GAO believes that the information in this report will be useful to both State and Federal governments if block grants are enacted.

GAO received written or oral comments from the grantees whose activities are discussed in this report. These comments were generally of a clarifying or technical nature or discussed changes in procedures that occured after we completed our fieldwork.●

THE PEOPLE ARE GIVING REAGAN A CHANCE TO MAKE THE PROGRAM WORK

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, Washington, it has been said, is 67 square miles surrounded by reality.

Every day the print and electronic media are filled with dire reports of distrust, fear, and anger over the Reagan economic recovery program. The media would have us believe that this antiadministration attitude is coming from all sectors of American society. Granted, many Americans have concerns about the program—so do the economists—but healthy concern does not always mean angry skepticism. Very often, we find that what the pundits dictate to be the will and opinion of the people does not coincide with what the people themselves have to say—if we take the time to ask them.

Recently, the Washington Post proved this by going to Gainesville, Ga., to get an indication of what people really think about our attempts, here in Washington, to stabilize an increasingly out-of-control economy. The Post found that the "little people," who are so often held, by the media, to be enraged by budgets cuts, are actually cognizant and supportive of the acute need for these cuts.

As one Gainesville man observed, in discussing the President's bold attempts to curb inflation, "* * * there is no other way. We'll be nationally bankrupt otherwise."

"At least he's trying," came the response of another man when the Post asked how he felt about the President's attempt to take control of our struggling economy.

The voices of these people are the most valuable legislative briefing a Congressman can receive. These are the people who run the country, set its policy, and form the backbone of our society. They are willing to work hard and support the President in his attempt to reduce inflationary Federal spending. The people are giving the President—and us—a chance. They know that we are on the right track.

The American people know that inflation and productivity problems are serious and will not be easily resolved. Our economy has been ailing due to a number of factors that predated President Reagan and the election of the 97th Congress. The people are aware of this fact—much more, so its seems, than the eastern media.

I wish to offer, for the benefit of my colleagues, a recent story, by Dan Balz, which appeared in the Monday, September 21, 1981, edition of the Washington Post: A Counterpoint in Gainesville.

The story follows:

A COUNTERPOINT IN GAINESVILLE

(By Art Harris)

GAINESVILLE, Ga.—Neal Evans lives in a $180-a-month room with stove in the Dixie Hunt Hotel here, watching his savings slip away, riding the back roads to find work. A certified welder, he has had interviews with a dozen companies since he lost his $12,000-a-year job weatherizing houses for the poor under a federal grant that ran out five months ago.

His job prospects look bleak, he says, slumping into a worn leather chair in the dreary hotel lobby, a victim of Reaganomics. A working man, he should hate the president's tight-fisted economics, like the more than 250,000 who marched in Washington in protest Saturday. But he doesn't.

"Ronald Reagan is the best thing that has happened to America since the pop-top beer can," says Evans, 47, a retired navy chief petty officer who was wounded twice in Vietnam.

He adds that he's willing to give up his military retirement pay, too, "as long as everyone else gives up theirs," if that's what it takes to balance the budget. "The government doesn't owe me a thing. I'll make it on my own."

Beyond the Potomac, people like Evans offer a counterpoint to the rising level of concern over Reagan budget policies expressed by the throngs who marched in the largest Washington rally since civil rights days. They were mad as hell, fed up.

But walk down Main Street in this conservative southern town, billed as the Chicken Capital of the World for its processing plants, where 700,000 birds are plucked and packaged a day, and you'll find dozens of working-class people like Evans, middle managers, small businessmen, Democrats and Republicans who exhibit a remarkable spirit of self-sacrifice.

Many say they'll stay behind the president, even as his policies nibble away at their American dreams.

"The man-on-the-street interviews we do show a good deal of support for the president," said Robert Campbell, the balding, bespectacled editor of The Gainesville Times. "The general feeling is, 'Give Reagan a chance'" to let his policies take effect.

The town, population 35,000, lies 50 miles north of Atlanta. This is the heartland of Carter country, in the only Deep South state to vote against Reagan last November. But Campbell describes that vote as "more pro-Carter than anti-Reagan, Carter being the home boy."

In the Dixie Hunt Hotel bar, a crowd of insurance agents, lawyers, real estate salesmen, secretaries and school teachers celebrated that it was Friday and toasted the Georgia Bulldogs.

One patron, a federal agent, has a wife, three children and a mortgage, but was almost upbeat about the news that Reagan planned to ax his whole department, the Bureau of Alcohol, Tobacco and Firearms.

"Some may call me a naive fool, but I've been a bureaucrat 16 years and if it takes my job to get this country back on track, so be it," he said, nursing a drink with friends. "This country has been going for the last 50 years borrowing from Peter to pay Paul. There comes a time when you have to 'fess up."

High interest rates have kept buyers away from his used car lot, said Bill Millican, 45 a Goldwater Republican. "But if that's what it takes to stop inflation, let's do it," he said. "I'm willing to bite the bullet." He's slashed the price on his cars; he hopes the bar "cuts the price on their beer. It's got to stop somewhere, hopefully."

Cutbacks in federal aid to the handicapped have forced county officials to slash special education programs like the one that trains Robert Carr's 15-year-old retarded daughter, "my pride and joy." But Carr isn't bitter.

"I'll have to bear with it," says the 48-year-old poultry plant personnel manager. "The cuts are hurting me and many people, but there's no other way. We'll be nationally bankrupt otherwise."

Not everyone hereabouts remains thrilled over falling stock prices, soaring interest rates, tax reductions, budget cuts, a tight-fisted monetary policy and plans to slash Social Security, as Washington policies trickle down to these rustic foothills of the Great Smokey Mountains.

At a shopping mall on the outskirts of town, grim-faced farmers in overalls lowered the tailgates on mud-caked pickups and talked of their hard times as they began hawking okra, tomatoes, snap beans, relish.

Johnny Redd, 68, a farmer who voted for Reagan, raises gourds and corn on 126 acres just outside town. The cost of fertilizer has doubled since Reagan took office, he groused. He wants to trade in his 1966 Chevrolet pickup, but doesn't have $14,000 for a new one.

The little money he earns at open air markets "don't go nowhere. I can't get a dollar ahead. It was bad enough when Carter was in there, but now it's worse. Don't know who to blame it on, but prices have got to stop someplace."

He came out of retirement after Reagan took office. "I had to go back to work," he said. "He's put all us old folks back to work." He waved a callused hand toward the gray-haired farmers in the parking lot. "Look at all these old folks out here."

Beyond the town square, where a bronze statue of a Confederate soldier stands watch just a stone's throw from a 30-foot marble monument to a rooster, Wayne McGee, 50, cooks up perhaps the tastiest fried chicken in town at the L&K Cafeteria, where he earns $200-a-week. He's still keeping the faith with Reagan, he says, even though high interest rates have made it hard for him to borrow what he needs to build an extra bedroom.

"I figure if we stick with his policy, it will bring rates down. But we've got to let his tax cuts and cuts on all the programs take effect. We gotta give him time."

At the L&K, mill workers sit side-by-side with the millionaires who own some of the town's mills and poultry plants. McGee, who conducts his own straw poll outside the kitchen, says "the millionaires are for him and the workers are for him. We only have a couple who aren't" for Reagan's policies.

"I like everything he's doing except for Social Security cuts," he says.

Kevin Brown, 24, a black who earns $4.92 an hour as a poultry worker, says he voted for Reagan and would vote for him today. "At least he's trying," he said. "He's done everything he said he would do. But he needs to cut more programs. A lot of people need help, but there are a lot of people on welfare who could get a job."

Real estate appraiser James Patterson, 68, spooning some cherry cobbler, said, "I'm a Democrat, but I'm with Reagan. With

Carter, we were going to hell down a one-way street."

Yet, he sympathized with those who felt the squeeze. "I don't want anyone to suffer. I've been down and out myself. I just don't want to pay for parasites," he said.

"I say cut waste from federal programs, make 'em hard-nosed. Everybody should have an opportunity, but no one should have a premium. It's going to hurt, but the only way to save ourselves is to get up off the floor and fight, hit the other guy more than he hits you."

Bob Williams sells whiskey, and Reagan, he says, has started people drinking the hard stuff like nothing he's ever seen. He adores the president's policies. "People are buying anything to kill the pain of inflation," he says.

"The worse the economy is, the better my business is. People are drinking and getting divorced. When Reagan finishes cutting all the CETA workers, I'll make a fortune selling cheap wine."●

HIGHER EDUCATION, RESEARCH AND NATIONAL ECONOMIC PRODUCTIVITY

HON. ROBIN L. BEARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. BEARD. Mr. Speaker, I am proud to have been a part of this 97th Congress which has for the first time in decades demonstrated that the Federal Government can be fiscally responsible, toward the goal of reducing the burden of taxation. I am honored to submit for the perusal of my colleagues the following excellent essay on the role education can play in helping this Nation encourage economic growth and development.

HIGHER EDUCATION, RESEARCH, AND NATIONAL ECONOMIC PRODUCTIVITY

(By Carl O. Thomas)

In recent years the Congress has given increasing attention to the problem of declining growth rates in economic productivity—per capita and nationally. This is a problem contributing to continued inflation. It also is undermining our competitive position in major world markets. We can, for example, already see clear and serious impacts upon the automotive, electronics, and other technology based industries of the U.S.

How can higher education play a useful role in dealing with this obvious and serious problem? One key role for universities is via their activities in research, development, innovation, technology transfer, and the training of the next generation of professionals.

The role of university based research and development in the context of national economic development goals frequently is misunderstood by local, state, and federal government organizations, and frequently by the university community itself.

The general role of research and development in supporting the growth of economic productivity has been demonstrated clearly. A number of very thorough studies have shown that the real (constant dollar) growth in U.S. economic productivity since the end of World War II has been dominated by "new knowledge," i.e., research and development—accounting for more than all other factors combined. The state of Tennessee, however, has used research and development for economic growth far less effectively than the national average. During the same interval of almost four decades the impact of research and development upon aggregate economic productivity in Tennessee has only been about one-third the national average.

This bears upon university research and development in several very important ways.

1. A substantial fraction of the total national research and development effort can and should be carried in the private sector, as well as in government organizations such as the Tennessee Valley Authority and the Oak Ridge National Laboratory. Another significant portion, however, can and should be carried out within universities. This is especially true of the more basic R&D which often would not be undertaken in the private sector because of the longer lead times for pay off. It is also especially true for research programs which provide a training vehicle for students.

2. Universities, almost uniquely, combine education, training, and research programs. This is especially true at the graduate level, where a substantial fraction of the students' work is carried out as a "research apprentice," working under the direct supervision of a faculty member who also is actively involved in research. No other public or private group has any significant component of this type, to produce the nation's next generation of well trained research professionals. In the absence of vigorous and highly diversified university research programs this critically important training component would be undermined and many graduate programs would be decimated.

Almost no major university in the country can afford to support large-scale and highly diversified research programs from its basic operating budget. Instead, universities must depend upon hundreds of grants, contracts, and gifts from local, state, and federal governments, from foundations, from their alumni, and from private business and industry. I am hopeful that President Reagan's economic strategies will indeed encourage a higher level of research and development in the private sector and increased levels of private sector support for university based research and development.

While it is abundantly clear that the federal government must implement some quite difficult economic policies, I hope that the critical importance of continued federal support for university based research programs as a tool for training and long-range economic development will not be overlooked.

University based research and development cannot, of course, support national economic development unless it is transferred into the private sector, including transfer via its well trained graduates. The "technology transfer" effort requires far more effective interaction between the universities and the private sector than has prevailed in the past, at least in Tennessee. Universities themselves must exercise considerably more initiative, imagination, and leadership in implementing that technology transfer in the future. Because of your particular experience in the Congress, your advice, assistance, and even direct participation on occasion in stimulating more effective interaction with local and state governments and the private sector would be invaluable.

There is one last point that frequently introduces unnecessary confusion to discussions about research and development. This is the quite common though misunderstood distinction between "basic and applied" research. In my view, the distinction is both artificial and unnecessary. A portion of so-called basic research ultimately flows through without interruption into applied research and ultimately into social and economic benefits. Perhaps the clearest example of this in the U.S. economy has been the emergence of the transistor and more sophisticated solid state electronics systems as a major component of the U.S. economy and our export markets.

Thus one way, at least in technology oriented areas, of retroactive evaluation of basic research is whether it has flowed into the public sector over a period of twenty years or more.

Basic research often is "defended" with arguments about the importance of the freedom of intellectual inquiry. I do feel that this is indeed a sound argument, but it is not one that is well understood by the lay public which ultimately must support a great deal of university research via their tax dollars. Thus I feel that another equally sound argument, at least in science and technology, must be recognized.

It is difficult or impossible to predict fifteen-twenty years into the future what particular items of basic research ultimately may find their way into the marketplace and provide positive support for national economic growth. Instead, we must recognize the need for a broad base of basic research, depending primarily upon the abilities and judgment of highly qualified researchers in both the public and the private sectors. Only a small fraction of that basic research ultimately may find its way into the marketplace. Almost four decades of detailed economic statistics demonstrate clearly, however, that this investment in basic research does indeed "pay its way" and produces a major economic multiplier for the total national economy.

I do hope that these general comments will be helpful to you as you and your colleagues in the Congress attempt to deal with the incredibly difficult problem of restructuring the national budget. I am especially hopeful that in this process the economic value of university based research will be recognized, and that critically important federal support for university research can be sustained in the 1980's.●

PERSONAL EXPLANATION

HON. BILL NELSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, September 25, 1981

Mr. NELSON. Mr. Speaker, I was absent on Wednesday, September 23, 1981, due to illness. I was recorded as "for" on rollcalls 217, 218, 219, and 221 in declared pairs. Had I been present I also would have voted "yes" on rollcalls 222 and 223.

WEATHER UNDERGROUND VIOLENCE AGAINST SPRINGBOKS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. McDONALD. Mr. Speaker, a violent melee broke out at New York's Kennedy International Airport on Saturday night when 60 U.S. revolutionaries entered a passenger lounge to demonstrate in the mistaken belief that the Springbok rugby footall team members were aboard the departing flight.

About 10 members of the group, most of whom were known associates of the overt arms of the terrorist Weather Underground Organization (WUO) and who identified themselves as members of two of these, the May 19th Communist Organization and its front, the John Brown Anti-Klan Committee, attempted to force their way onto the airliner.

The demonstrators attacked police with bottles of chemical mace and vinegar. One airline employee required 23 stitches after being struck in the leg with a broken bottle. A police officer was blinded, we sincerely hope temporarily, by the mace.

Five demonstrators were arrested and held without bail. The many charges filed against them included first and second degree assault, first degree riot, resisting arrest, unlawful assembly, assault with a noxious material, criminal trespass. They were Timothy Blunk, born May 21, 1957; Donna Borup, born August 5, 1952; Eva Roshan, born March 2, 1951; Mary Patten, born January 18, 1951; and Margaret Pelletier, born November 25, 1951. Borup, Roshan, and Patten are veteran members of the Weather Underground Organization's overt support organizations.

It should be noted that among the lawyers called to represent the Weather Underground demonstrators is Elizabeth Fink of the Center for Constitutional Rights (CCR). Fink, like the other CCR activists, is a member of the National Lawyers Guild, the principal American affiliate of the Soviet-controlled legal action front, the International Association of Democratic Lawyers (IADL). FBI documents that have been declassified identify a number of prominent National Lawyers Guild members as members of the terrorist WUO organization. And contrary to its name, the CCR is primarily concerned with conducting attacks on the intelligence agencies, defending violence-oriented revolutionaries, terrorists, and terrorist support groups. And one of Fink's CCR colleagues, Michael Ratner, represents the notorious defector from the CIA, Philip Agee, and is president of the publishing company that is to produce Agee's next collection of names of alleged U.S. intelligence agents.

My colleagues may recall that during 1975, the active leadership of the Weather Underground Organization established an overt arm, the Prairie Fire Organizing Committee (PFOC), to recruit and build up additional layers of supporters around the terrorist "hard core." But as WUO defectors have explained, there never was any distinction drawn by the WUO between overt and covert members as far as participation in terrorist acts was concerned. In other words, an individual who was openly involved in the PFOC could also participate in bombings as well as the "underground" group, primarily fugitives wanted on State or local charges.

When the WUO leadership decided to take advantage of the disclosures of FBI counterterrorist activity and the mid-1970's climate of hostility against the FBI by surfacing, the PFOC broke up to some extent into local cadre. WUO supporters in Chicago and the San Francisco Bay area continue to use the PFOC name. The New York and Austin, Tex., collectives formed the May 19th Communist Organization.

Each local WUO group has set up various front organizations. For example, the Chicago PFOC also operates as the New Movement in Solidarity with Puerto Rican Political Prisoners (NMSPRPP), a support group for the terrorist Fuerzas Armadas de Liberacion Nacional (FALN)—the Armed Forces of National Liberation of Puerto Rico, and its overt political arm, the Movimiento de Liberacion Nacional (MLN).

The New York City PFOC, now the May 19th Communist Organization, also operates in a number of guises including the John Brown Anti-Klan Committee (JBAKC); the Moncada Library and the Women's Committee against Genocide. Another front of the May 19th Communist Organization is the Material Aid Campaign for ZANU(PF), formed as a support group for the Marxist-Leninist terrorist Zimbabwe African National Union segment of the Patriotic Front which now rules Zimbabwe (Rhodesia). During the last year, the focus of the Weather Underground's Material Aid Campaign front has been switched to the South West Africa People's Organization (SWAPO), the Soviet-trained terrorist group based in Angola.

The May 19th Communist Organization, John Brown Anti-Klan Committee, and Material Aid Campaign all are members of the coalition that organized the protests against the South African Springbok team, the so-called Stop the Apartheid Rugby Tour (SART).

Violent actions carried out by a local group in one country on behalf of their terrorist comrades in a foreign land is called "transnational terrorism." In the instances of attacks on the offices of American rugby associations in Schenectady, N.Y., and Evanston, Ill., and in the attack on police and attempted storming of the South African airliner we had cases of transnational terrorism in which the beneficiaries of the violence were the southern African terrorists—the African National Congress (ANC), Pan-Africanist Congress (PAC), and South West Africa People's Organization (SWAPO).

The primary duty of the Federal and local law-enforcement agencies is to prevent crime and terrorism. But the successful attacks on police and FBI intelligence programs in the past decade have ended intelligence collection programs and brought the destruction or sealing of files on violence-oriented groups and individuals. Under the Attorney General's guidelines for domestic intelligence investigations, the FBI may not collect any information on a group, even a Weather Underground affiliate, unless a Federal crime already has been committed, or they have hard evidence that one is about to be committed. No one can get an informant into a terrorist group under those circumstances.

I believe my colleagues would agree that we need to fight terrorism, not succumb to the extortionist demands of terrorist nightriders armed with bombs and thugs wielding clubs and broken bottles. The way to do this effectively and efficiently is to join in reestablishing the House Committee on Internal Security which could investigate the parameters of the problem, recommend effective legislative remedies, and carry out the appropriate oversight responsibilities. I ask those of you who have not already become cosponsors of House Resolution 48 to restore the House Committee on Internal Security.●

COST ESTIMATES FOR THE FARM BILL AND THE LABOR-HHS APPROPRIATION BILL

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, September 29, 1981

● Mr. ASPIN. Mr. Speaker, today at the request of the Budget Committee I am inserting into the RECORD cost estimates on the spending bills that are scheduled for consideration by the House this week—the farm bill and the Labor-HHS appropriation bill. This early warning package also includes brief summaries of the authorization—nonspending—bills that are scheduled. These early warnings are prepared each week for the use of members of the Budget Committee and the House. The cost estimates in the early warning package are based on CBO scorekeeping of spending bills as provided by section 308 of the Budget Act. These numbers form the basis of the congressional scorekeeping system but often differ from the numbers prepared by the Office of Management and Budget for the executive branch.

Two spending bills scheduled for this week are significant, so I would like to address myself to them briefly. First, the farm bill as reported by the Agriculture Committee would cause that committee to breech its budget resolution target for new entitlement authority by $739 million. This figure takes into account the savings already accomplished in the reconciliation bill. The bill provides new entitlement authority—increases to entitlement law—for crop price supports. Pursuant to section 305 of the conference report on the first budget resolution, this bill would be subject to delayed enrollment and would not be sent to the President for his signature unless the amount of new entitlement authority in the bill is sufficiently reduced, either on the House floor or in conference with the Senate. However, passage of a second budget resolution would allow this bill to be sent to the President.

Second, the Labor-HHS-Education appropriation bill is scheduled for Thursday. I would like to explain in some detail how enactment of this bill as reported would affect the budget resolution targets that have been set for the Labor-HHS Subcommittee.

The House Budget Committee scorekeeping system keeps track of budget authority and outlays in spending bills compared to the targets or ceilings which have been passed by Congress in the budget resolutions. This system accounts for both discretionary and mandatory amounts for budget authority and outlays. If the discretionary budget authority or total budget authority in the conference report on the bill exceeds the budget resolution target, the bill is subject to the holding at the desk provision. The Labor-HHS bill as reported by the Appropriations Committee is $74 million over the budget resolution target for discretionary budget authority. Though the amount of discretionary budget authority provided in this bill is $74 million over target, the amount of discretionary outlays estimated to flow from this bill is $844 million under target. While the $74 million excess in budget authority is not large, I should point out that this is the first appropriation bill to provide more discretionary budget authority than targeted. Further, the "delayed enrollment" provision of the first budget resolution, which I mentioned before, applies to budget authority in appropriation bills. Therefore, as with the farm bill, if this bill is not amended on the House floor or in conference with the Senate, it cannot be sent to the President, at least until passage of the second budget resolution.

But the overall target for this subcommittee consists of more than just the discretionary appropriations in this bill. The target also includes all the mandatory items—entitlement programs, such as medicaid and supplemental security income, that require liquidation of existing legal commitments in this bill. The target also includes all fiscal year 1982 outlays that flow from previous, already enacted Labor-HHS appropriations bills, including last spring's supplemental. All this mandatory spending is already committed. This is why the delayed enrollment provision does not apply to mandatory budget authority—because Congress controls only discretionary budget authority. Failure to enact this bill will not reduce this mandatory spending at all.

Already committed outlays could be above the mandatory outlay target by about $1.6 billion. The total outlays—discretionary plus mandatory—are over target by $763 million, almost entirely caused by enactment of the 1981 spring supplemental last June. The problem is that the Gramm/Latta amendment specifically allowed room in the 1981 budget for the spring supplemental, but failed to account for the consequent outlays in its 1982 outlay totals.

A more detailed explanation of the bill follows.

SUMMARY OF EARLY WARNINGS ON SPENDING BILLS

H.R. 4560, FISCAL YEAR 1982—LABOR-HHS APPROPRIATIONS BILL

This bill is $74 million over its Section 302 (Budget Resolution) targets for discretionary budget authority. It is $844 million under its target for discretionary outlays.

The discretionary portion of the bill—that part under the effective control of the Appropriations Committee—constitutes less than $30 billion, whereas over $55 billion in the bill is for entitlements. The subcommittee total, which includes discretionary amounts in the bill, mandatory amounts, advance appropriations from prior years, outlays from prior-year budget authority, and anticipated supplementals, shows a different result. The subcommittee total is under the total target for budget authority by $260 million. It is over the total target for outlays by $763 million. This outlay overage is almost entirely attributable to the 1982 outlay impact of the fiscal year 1981 spring supplemental/rescission bill. That bill resulted in an increase of $703 million in 1982 outlays above the President's initial estimates, but was not taken into account in the President's Budget or the Gramm/Latta amendment to the Budget Resolution.

H.R. 3606, AGRICULTURE AND FOOD ACT OF 1981

This bill is substantially over the target for New Entitlement Authority established in the First Budget Resolution. Combined with the savings already accomplished in reconciliation, this bill would exceed the Section 302 (Budget Resolution) target for entitlement authority by $739 million. However, amendments are being prepared that are expected to reduce the bill below its target.

EARLY WARNING, HOUSE BUDGET COMMITTEE

AGRICULTURE AND FOOD ACT OF 1981

This bill is over the committee's allocated new entitlement authority.

Staff analysis

Committee: Agriculture.

Chairman: Mr. de la Garza (Texas).

Ranking minority member: Mr. Wampler (Virginia).

Scheduled: Thursday or Friday, October 1 or 2, 1981.

I. Description of bill

The bill provides for the reauthorization of the farm commodity price support, research and services, food stamps, and other programs. The bill raises the price support and target price levels for the agricultural commodities.

II. Comparison with target for discretionary appropriations action

The bill is $739 million over the Agriculture Committee's 302(b) report.

III. Summary table—new entitlement authority

	Millions
1. Amount in bill	$2,292
2. Prior action this session	-244
3. Total action to date	2,048
4. 302(b) target	1,309
5. Over (+)/Under (-)	739
6. Amounts assumed but not yet considered	
7. Over (+)/Under (-)	739

IV. Explanation of over/under

The bill raises the commodity price support levels above those assumed in the First Budget Resolution. These higher price support levels result in higher estimated outlays in fiscal year 1982. The bill also provides for a new conservation program that was not assumed in the First Budget Resolution.

V. Comparison with the President

The President's mid-session budget appears to assume a continuation of the farm price support programs as they are operating for the 1981 crops. The Administration has not provided enough detail information to allow a comparison between the mid-session budget and the bill.

VI. Amendments

It is likely the Agriculture Committee will offer an amendment that will result in reducing the new entitlement authority in the bill to below the Agriculture Committee's 302(b) target. There may also be a substitute offered which would essentially replace the farm legislation contained in the House bill with the farm legislation contained in the Senate-passed bill, S. 884, which is also under the new entitlement authority target.

VII. Food stamp authorization

The House bill provides for a food stamp program cap of $10.01 billion in fiscal year 1982. This excludes funding of $825 million for the new block grant for Puerto Rico. The Congressional Budget Office currently estimates the cost of the fiscal year 1982 food stamp program to be $11.70 billion in budget authority and $11.60 billion in outlays under OMB economic assumptions. On September 22, 1981, Agriculture Secretary Block estimated the full funding cost of the fiscal year 1982 program to be $12.10 billion. However, the Secretary states that $12.10

billion is not the administration's budget request and that the administration does not intend to request funding beyond the $10.60 billion included in the March budget.

The House bill includes a number of legislative savings provisions which reduced program costs by $1.20 billion. These provisions, together with an additional $0.45 billion in budget reductions, were incorporated in the Omnibus Reconciliation Act of 1981 (P.L. 97-35).

VIII. Definitions of terms in summary table, section iii

Line 1. Amount in bill: This amount is the estimated budget impact that will result from creating new entitlement benefits.

Line 2. Prior action: This amount reflects new entitlement authority (NEA) that was reduced through the enactment of the Omnibus Reconciliation Act of 1981.

Line 3. Total action to date: Line 1 plus line 2.

Line 4. 302(b) level: The level for new entitlement authority set by the Agriculture Committee.

Line 5. Over (+) or Under (−): Line 3 minus line 4.

Line 6. Amounts assumed but not yet considered: This reflects NEA amounts for legislation assumed in the First Budget Resolution which have not been considered by the authorizing committee.

Line 7. Over (+) or Under (−): Line 5 minus line 6.

H.R. 4560, FY 1982 DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES

This bill is over its targets for discretionary budget authority by $74 million and under for discretionary outlays by $844 million. The subcommittee as a whole, if mandatory items are fully funded, could be under its target by $260 million in budget authority but over in outlays by $763 million.

Staff analysis

Committee: Appropriations.

Subcommittee: Labor, Health and Human Services, and Education and Related Agencies.

Chairman: Mr. Natcher (Kentucky).

Ranking minority member: Mr. Conte (Massachusetts).

Scheduled: Thursday, October 1, 1981.

I. Description of bill

This bill provides funds for the Departments of Labor, Health and Human Services, Education, and related agencies.

The bill as a whole is under the 302(b) target for this subcommittee in budget authority by $1,073 million and $875 million over in outlays (the sum of lines 5 and 12 below). If mandatory programs are "fully funded", the subcommittee could be under its target by $260 million in budget authority and over in outlays by $763 million (the sum of lines 7 and 14).

II. Comparison with target for discretionary appropriations action

Pursuant to the Budget Act and HBC scorekeeping, the subcommittee has two targets: one for discretionary programs and one for mandatory programs. Since the Appropriations Committee is bound by existing entitlement law, it generally cannot effectively change the amounts required for the funding of mandatory programs. Its target for discretionary programs is therefore the main focus for this Early Warning report. Further, if the conference report on this appropriation bill exceeds the target for discretionary budget authority, the bill will be subject to the "delayed enrollment" provision of Section 305 of the First Budget Resolution for Fiscal Year 1982. As shown on line 7 below, the bill in over its 302(b) target for discretionary budget authority by $74 million and under its outlay target by $844 million.

III. Summary table

[In millions of dollars]

	Budget authority	Outlays
The amounts shown below are only for discretionary 1982 spending in this bill:		
1. Discretionary amounts in bill	29,611	19,889
2. Prior action		
3. Total action to date		
4. 302(b) target	29,537	20,733
5. Over (+)/under (−)	+74	−844
6. Amounts assumed but not yet considered		
7. Over (+)/under (−)	+74	−844
The amounts shown below are only for mandatory appropriations included in this bill:		
8. Mandatory amounts in bill	55,747	50,707
9. Prior action	172	25,064
10. Total	55,919	75,771
11. 302(b) target	57,066	74,052
12. Over (+)/under (−)	−1,147	+1,719
13. Supplemental amounts needed	+813	−112
14. Over (+)/under (−)	−334	+1,607

IV. Explanation of over/under

Despite the fact that the House Budget Committee is unable to give a definitive answer to the question of where a particular bill is over or under its 302(b) allocation, it does compare the items in a bill to the assumptions contained in the Budget Resolution. It is important to note that the line item assumptions in the Budget Resolution are not binding on a committee. A list of the major areas where this bill differs from the Budget Resolution follows:

Discretionary Programs.[1]—For education, training and employment programs, the bill recommends an increase of $360 million in budget authority and a decrease of $800 million in outlays. Increases are included for education for the disadvantaged and handicapped persons and for vocational education. The outlay reductions reflect a reduction in education block grants and outlay reestimates in other programs.

Health programs are reduced by $160 million in budget authority and $400 million in outlays. The reductions primarily are in community health and mental health, alcoholism and drug abuse programs, and in health education and training programs.

Low-income energy assistance programs are increased by $400 million in budget authority and in outlays.

Mandatory Programs.—The committee recommendation is $1,147 million under the budget authority assumed in the Resolution for entitlement programs. The Appropriations Committee anticipates that these additional funds will be used for supplementals for the Guaranteed Student Loan and Foster Care Programs.

The mandatory outlay estimate for programs included in this bill is $1,719 million over the Resolution assumption. $704 million of this increase reflects enactment of the fiscal year 1981 spring supplemental. Neither the President's budget nor the Gramm/Latta amendment accounted for these outlays. Most of the rest of the outlay overage is due to CBO estimates of higher outlays associated with mandatory programs, which are higher than those assumed in the President's Budget and the Gramm/Latta amendment.

V. Comparison with the President (discretionary amounts only)

This bill is above the President's requests for discretionary programs by $1,827 million in budget authority and $917 million in outlays.

VI. Credit

The Budget Resolution contains non-binding targets for credit program amounts. This is the first year that there has been a credit scorekeeping system. There is no 302(a) and 302(b) allocation for credit program limitations. For comparative purposes only, the table below shows the bill and First Budget Resolution Assumptions.

[In millions of dollars]

	Direct loan obligations	Primary guarantee commitments	Secondary guarantee commitments
1. Credit program limits in the bill	176	76	
2. Programs assumed to be limited in the resolution but not acted upon in bill	9	102	
3. Credit programs not subject to limit	92	−76	
4. Total in bill	277	102	
5. Budget resolution assumptions	227	102	
6. Over (+)/under (−)	+50		

The Labor-HHS bill exceeds the direct loan target assumptions by $50 million and matches the target for primary guarantees. The programs assumed to be limited in the resolution but not acted upon in the bill (line 2 in Table 1) are as follows:

Direct Loans.—Health Services. A $1 million limitation was proposed for direct loans in health services. No language was included in the bill, nor was there an explanation in the report.

Rural development loan fund. The resolution assumed a $8 million limitation for direct loans for the CSA rural development fund. Sec. 681 of the reconciliation bill included this loan program in the discretionary authority of the Secretary. The appropriations bill provided $32.6 million for the discretionary authority but established no limitation on rural development funds. The July budget eliminated the request for the proposed limitation.

Loan Guarantees.—Health professional graduate student loan fund. The resolution assumed a limitation of $100 million. No limitation was included in the bill nor was there an explanation in the report. The January budget Appendix narrative states that no BA was required for fiscal year 1982.

Rural development loan fund. The resolution assumed a $2 million limitation on loan guarantees. The appropriations bill established no limitation on rural development funds and the July budget eliminated the request for the proposed limitation.

VIII. Definitions of Terms in Summary Table, Section III

Line 1. Discretionary amounts in bill: discretionary FY 1982 appropriations in H.R. 4560.

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[1] The remaining budget authority difference reflects the fact that the 302(b) allocation made by the Appropriations Committee is approximately $500 million above the amount assumed in the 302(a) assumptions in the First Budget Resolution.

Line 2. Prior action: the FY 1982 budget authority and outlays for this subcommittee that were appropriated in prior bills.

Line 3. Total action to date: line 1 plus line 2.

Line 4. 302(b) target: the target for discretionary appropriations for this subcommittee set by the Appropriations Committee pursuant to the Budget Act.

Line 5. Over (+)/Under (−): line 3 minus line 4.

Line 6. Amounts assumed but not yet considered: these are amounts assumed in the fiscal year 1982 Budget Resolution for which funding has been deferred by the Appropriations Committee, probably until next Spring's supplemental appropriation bill.

Line 7. Over (+)/Under (−): line 5 plus line 6.

Line 8. Mandatory amounts in bill: funding for mandatory programs (entitlements).

Line 9. Prior action: outlays from budget authority enacted for years prior to fiscal year 1982, plus any permanents assigned to the Appropriations Committee.

Line 10. Total: line 8 plus line 9.

Line 11. 302(b) target: the target for mandatory amounts for this subcommittee set by the Appropriations Committee. The target set by the Appropriations Committee includes the effect of assumed authorizing legislation that would change the level of mandatory programs.

Line 12. Over (+)/Under (−): line 10 minus line 11.

Line 13. Supplemental amounts needed: amounts for any new entitlement legislation assumed in the Budget Resolution, for the October 1 pay raise, and to fund mandatory items in the bill at the level estimated in the Budget Resolution.

Line 14. Over (+)/Under (−): line 12 plus 13.

SUMMARY OF AUTHORIZATIONS

H.R. 4046—KANSAS-MISSOURI BOUNDARY AGREEMENT

No costs to the Federal government are associated with this bill.

H.R. 2896—NORTH CAROLINA-SOUTH CAROLINA SEAWARD BOUNDARY AGREEMENT

No costs to the Federal government are associated with this bill.

S. 1475—ENERGY POLICY AND CONSERVATION ACT AMENDMENTS

This bill extends for 6 months the authorities contained in the Energy Policy and Conservation Act that allow for limited exemption from the antitrust laws for companies that participate in the International Energy Sharing Agreement. It has no substantial budget effect.

H.R. 3495—TOXIC SUBSTANCES CONTROL ACT

This bill authorizes the appropriation in fiscal year 1982 and in fiscal year 1983 of $63.5 million. CBO had estimated that if fully funded, this bill would result in outlays of $31.8 million in fiscal year 1982. The Administration's fiscal year 1982 request for these activities is $60.1 million.

S. 304—CONFERENCE REPORT ON TOURISM ACT

This conference report contains provisions originally considered by the House as H.R. 1311, The National Tourism Policy Act. It would create a new agency within the Department of Commerce called the U.S. Travel and Tourism Administration with a 1982 authorization of $8.6 million. Funding for such a new agency is not assumed in the Budget Resolution; however, some funding for tourism activities with the International Trade Administration is assumed in the Resolution, which could be applied toward any such new agency. Apparently no direct spending results from this bill. Copies of the conference report were not available as of September 25.

H.R. 3112—VOTING RIGHTS ACT EXTENSION OF 1981

This bill extends the Voting Rights Act of 1965. It maintains the "preclearance requirement", under which affected States and localities must clear changes in election laws and procedures with the Attorney General. It amends the bailout provisions as well, which allow a State or community to free itself from the preclearance requirement. This bill has no budgetary impact in fiscal year 1982.

H.R. 3377—AUTHORIZATIONS FOR THE NONPERFORMING ARTS FUNCTIONS FOR THE KENNEDY CENTER

This bill authorizes appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes. $4.5 million is authorized to be appropriated in 1982. CBO estimates that if funded at that level, 1982 outlays would be $4.1 million. These funds are consistent with the President's budget request and the budget resolution. The Interior appropriations bill which has passed the House included $4.3 million for this purpose.●

HOUSE OF REPRESENTATIVES—*Wednesday, September 30, 1981*

The House met at 3 p.m. and was called to order by the Speaker pro tempore (Mr. WRIGHT).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
September 28, 1981.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Wednesday, September 30, 1981.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Bless all who labor in this place, O Lord, and cause us to be receptive to the ways of truth and righteousness. Send to all who seek Your favor the fullness of Your love and the consolation of Your spirit. With all the pressures of time, the complexities of issues, and the demands for solutions that cry for attention, we pray for the perspective of Your kingdom and the freedom that comes from trust in Your word. May Your peace that passes all human understanding be with us and remain with us always. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4084. An act to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
September 30, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted in the Rules of the House of Representatives, the Clerk received at 9:20 a.m. on Wednesday, September 30, 1981, the following message from the Secretary of the Senate: That the Senate passed without amendment House Joint Resolution 265, and House Joint Resolution 266.

With kind regards, I am,

Sincerely,

EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.

DAVID STOCKMAN CONDEMNS SUGAR STABILIZATION ACT—2 YEARS AGO

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, I have been critical of David Stockman for some time now, but today I want to agree with David Stockman. I have here a release that he put out in 1978 concerning the Sugar Act. In it he says:

> The proposed Sugar Stabilization Act scheduled for floor action later this week could increase the consumers' sugar cost by a staggering $6 billion over the next 5 years.

He goes on to say, Mr. Speaker, that he charged that the bill is a corporate welfare measure disguised as an aid to small farmers. He said:

> The thirty largest sugar companies, including Amstar, AMFAC and Jim Walter Corporation and others, with annual sales in excess of a billion dollars, would receive 25 percent of the windfall revenues generated by the bill.

Mr. Speaker, the same thing is true today, and if we were fortunate enough to have David Stockman back in the Congress I know that he would make the same statement. I am hopeful that in his new position as Director of the Office of Management and Budget, he will reaffirm the wisdom that he showed just 2 years ago.

VFW SUPPORTS PRESIDENT REAGAN ON AWACS SALE

(Mr. DAN DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DAN DANIEL. Mr. Speaker, in the current AWACS discussion, I have not seen a more lucid and compelling discussion than that recently presented by the Veterans of Foreign Wars in its news release of September 25.

The VFW, which represents those who have actively participated in this Nation's wars, characterizes the issue in terms which are meaningful to those who have in the past borne the responsibility for fighting this country's battles. They know the costs of being ill prepared and the necessity for remaining alert to what any potential enemy may be planning.

For this reason, I commend to the reading of the Members of the House the following:

VFW SUPPORTS PRESIDENT REAGAN ON AWACS SALE

WASHINGTON, D.C.—Arthur J. Fellwock, National Commander of the two million member VFW, today called upon the 97th Congress, "particularly the U.S. Senate," not to block the proposed AWACS package sale to Saudi Arabia.

The Indiana-born VFW leader declared that "Secretary of State Haig placed this issue in wide and persuasive form in his recent statement to the Senate Foreign Relations Committee. I urge each United States Senator to consider very closely the compelling message of the Secretary of State before casting a vote against President Reagan, on whose behalf Haig was speaking."

(Secretary Haig's testimony concluded: "We must not let our friends' worries about one another diminish our commitment to their security or hinder our plans to extend strategic cooperation with them. We are taking steps to assure that Israeli concerns are met, just as we are seeking to assure moderate Arab nations that our developing strategic cooperation with Israel is directed against Soviet intervention and not against the Arabs. Unless we are able to work effectively with all our friends in the region, our security, the security of Israel and peace itself will be endangered.")

The VFW leader concluded by noting that "my statement is not merely the expression of a personal view. It arises from a duly mandated position of the Veterans of Foreign Wars of the United States which was unanimously adopted at our 82nd National Convention held last August in Philadelphia and, more recently affirmed as a priority security goal for 1981-1982.

"In furtherance of this mandate, I enclose herewith a memorandum setting forth, in detail, the rationale for our position."

To: National Officers, National Council of Administration, Past Commanders-in-Chief, Department Commanders, Department Adjutants, Department Publications, National Security Committee, National Legislative Committee.

From: Arthur J. Fellwock, Commander-in-Chief.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Date: September 23, 1981.
Subject: AWACS: An opportunity cleverly disguised as a problem.

"It (AWACS) will significantly improve Saudi Arabia's defensive capabilities and contribute significantly to the pursuit of United States strategic goals."—James L. Buckley, Under Secretary of State for Security Assistance.

"It (again AWACS) will strip Israel naked before her enemies."—Anonymous member of Prime Minister Begin's party in the United States.

1a. By now, every non-institutionalized adult in America must know that, no later than October 30th, the 97th Congress will either vote to deny or to permit the Reagan Administration permission to sell five airborne warning and control aircraft (AWACS) to Saudi Arabia.

b. In fact, the total $8.5 billion package covers:

(1) the five (5) E-3A AWACS planes;

(2) eight (8) KC-707 airborne refueling tankers;

(3) 1,177 AIM9L "Sidewinder" air-to-air missiles—the same weapons used by our USN F-14 "Tomcat" pilots to shoot down the two Libyan jets;

(4) twenty-two (22) ground-based radars; and

(5) 101 fuel tanks for the 62 F-15 fighters already approved for sale. The "Sidewinders" will go on these U.S.-supplied F-15s.

c. The delivery of the AWACS is scheduled to start during 1985. For the first five years, these planes will be manned by combined U.S.-Saudi crews; then, after 1990, Saudi crews without U.S. participation.

d. The now near-mythical AWACS is, in Air Force parlance, an "E3A Sentry." This is a souped-up Boeing #707 which carries a crew of 17. Its electronics can detect and track up to 400 separate aircraft at ranges out to 250 miles. Its four engines give a top speed of 530 MPH. The U.S. AWACS can direct friendly aircraft to where the "hostiles" are. The Saudi version will not have this capability. The distinguishing feature of AWACS is its 30-foot rotating radar dome; it looks like an airborne frisbee. It cannot detect movements on the ground—tanks, troops and the like. AWACS' vulnerability is total to any hostile fighter aircraft. It requires a cordon of protective combat aircraft. Without such a cordon, the AWACS would resemble nothing more than an airborne "Pueblo." (The "Pueblo" was the electronic "spy" vessel seized by the North Koreans in 1968.)

e. As part of the proposed deal, the Saudis have agreed to:

(1) monitoring of AWACS missions by U.S. ground personnel;

(2) no sharing of acquired intelligence with any other nation (translation: no tips to the Iraqi, Syrian, Jordanian, PLO or other Arab nations or movements);

(3) use of AWACS only over the eastern provinces of Saudi Arabia near the Persian Gulf and the oil-rich areas near Dhahran and Ras Tanura. (Using AWACS in western Saudi Arabia closer to Israel might see the ridiculous scenario of U.S.-supplied and partially U.S.-manned AWACS, with U.S.-supplied Saudi F-15s fighting their Israeli counter-parts. Think the Israelis wouldn't do this? Please try to remember the deliberate 1967 Israeli sinking of the U.S. monitoring ship "Liberty.") And more on constraints;

(4) Under Secretary of State Buckley has stated "further limitations on AWACS operations will be revealed only to the Congress on a confidential basis."

2A. AWACS POLITICS (DOMESTIC BRANCH)

(1) The key question—normally not clearly stated—is: does the Israeli lobby have such clout with the U.S. Congress that, in effect, what Israel wants, Israel gets—and wider U.S. interests be damned?

Tentative answer

(2) President Ford, on March 24, 1975, called for a "total re-examination of American policy towards the Middle East" when he suspended further arms shipments to Israel. This statement triggered one of the most memorable lobbying efforts ever seen on Capitol Hill. Seventy-six (76) U.S. Senators told their (and our President), in effect, to knock it off. The "re-examination" was abruptly halted. The Israeli lobby won. Maybe America did; maybe America didn't. (Certainly former Arkansas Senator Bill Fulbright didn't. He called for an "even-handed" U.S. policy towards the Middle East. Nor did ex-Ambassador George Ball, now a distinguished ex-Ambassador who also urged the same course.)

(3) Yet, this very Israeli display of clout in U.S. domestic politics has, on the AWACS issue, alerted ordinary Americans, who generally admire Israel and wish it well, to the intrusive influence of a foreign nation, however hard-pressed, into what should be our business. Additionally, the effective Israeli air raids on Beirut (300-plus dead) and on the Iraqi nuclear reactor at Osirak, both done without consultation with us, have raised the spectre of "Israel—a loose cannon on the deck."

(4) On October 1st, the Reagan Administration will send its statutory notice to Congress about the impending arms package sale to Saudi Arabia. An adverse majority vote in both the House and the Senate will block the $8.5 billion sale. If not, the sale goes through on October 30th.

Fearless forecast

(5) The AWACS package will not pass the House; 253 Representatives have signed a resolution opposing it. But,

(6) it has a marginal chance of passing the Senate even though, on June 14th, some 54 Senators formally expressed their "deep concern." More recently, 50 Senators have indicated their opposition even before the Administration makes it case.

An Administration victory in the Senate will require the same intensive effort that the Carter Administration applied to the Panama Canal Treaties.

(B) AWACS POLITICS (FOREIGN POLICY BRANCH)

Pro-AWACS

(1) A pro-AWACS decision will, even before the hardware gets there, favorably condition Saudi Arabia to receive and work with an emergency RDF troop movement into the Middle East. Once AWACS is in place, the military advantage to deploying U.S. forces is obvious.

(2) An $8.5 billion sale will help our balance of payments.

(3) What we are talking about is five airplanes to a friendly country, not lending the nuclear button to strangers.

(4) Thirty-two percent of the world's oil exports originate in Saudi Arabia; a nation of five million people, as large geographically as the United States east of the Mississippi, as defenseless as a pool table. And, the oil fields can be over-watched and given their early-warning protection by air only.

(5) If we turn down the Saudis, to the quiet delight of the Soviets, the Saudis could turn to the British "NIMROD" system (the Brits invented radar) or to the French Mirage 2000/4000 aircraft. And there, incidentally, would go Secretary Al Haig's "strategic consensus" for the Middle East.

(c) *Anti-AWACS*

(1) Look what happened to all the sophisticated hardware we gave to Iran. Here we go again.

(Yes, this conceivably could happen.) Or,

(2) the Saudis will use this package against Israel.

(Not while we control the spare parts and the Israelis command the air—as they do.)

3. Conclusion

On the tough security decisions, stay with the President unless there are self-evident reasons to oppose him. (This is not the Panama Canal or Amnesty. It is a sincere and informed effort to enhance our security.)

Two VFW security mandates from the 82nd National Convention apply:

(a) Resolution Number 407, "Defense: The Long Road Back" concludes that "President Reagan, in his necessarily long-term plan to 'rearm America,' enjoy our undivided loyalty and support;" and

(b) Resolution Number 408, "Shoring Up The Middle East" which calls for "full and demonstrated support for Saudi Arabia," and "halting and reversing Soviet penetration of the area by every possible means:"

The next six weeks will demonstrate whether or not it is possible to advance a "Made-in-America" policy towards the Middle East.

The AWACS package is in the national interest and should not be blocked.

Cordially in comradeship,

ARTHUR J. FELLWOCK,
Commander-in-Chief.

IT'S TIME TO GET THE BUDGET UNDER CONTROL

(Mr. RICHMOND asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. RICHMOND. Mr. Speaker, after Congress enacted President Reagan's tax cut and budget reconciliation bills last summer, the financial community all across our country registered a verdict of "no confidence." Investors voted with their feet. Chaos resulted in the stock and bond markets, with prices falling and interest rates soaring to record heights each week.

It is clear that we will have massive budget deficits year after year, resulting from the ill-considered 3-year tax cut and increased Pentagon spending combined with the Fed's tight lid on monetary growth. Obviously, these policies will not bring interest rates down, as the President had promised, but instead, they will keep interest rates devastatingly high for the foreseeable future.

To mollify Wall Street, the President last Thursday night led us further down the road to ruin by proposing even more budget cuts that would heap further burdens on the poor and on middle-income America.

Now, the world economy has registered its own vote of "no confidence" in Reaganomics, fearing that continued budget deficits and high interest rates in the United States will drag the economies of our trading partners into the depths.

Before further cuts are proposed to mollify these critics, I believe it is time to consign Reaganomics to the dust bin and enact a sensible economic program that will balance the budget in a way that is fair to all Americans.

I am currently preparing legislation that would do this through a combination of judicious budget cuts and revenue-enhancing measures designed to raise over $40 billion in 1982. Unlike the President's proposals, it would give us a true "share-the-burden" budget, which I invite each and every Member of the House of Representatives to cosponsor on a bipartisan basis.

Last week, I sent a "Dear Colleague" letter explaining my budget proposal, and I would like to insert it in the RECORD at this point.

WASHINGTON, D.C.,
September 24, 1981.

DEAR COLLEAGUE: I am preparing to introduce legislation that would, under the President's economic assumptions, balance the budget for fiscal year 1982 by cutting $6 billion in outlays and by raising almost $40 billion in new revenues—by charging realistic fees for those who use selected government services, by eliminating various tax expenditures that primarily benefit upper income taxpayers, and by increasing excise taxes on cigarettes, liquor and gasoline. I invite you to cosponsor this legislation.

It has become evident during the past weeks that the President's program will not solve the country's economic problems. During the past month, Wall Street has registered its vote of no confidence, foreseeing that continued massive deficits combined with tight money will result in even higher inflation and interest rates than we are now only barely surviving. In addition, recent polls indicate that voters all across the country are rapidly becoming disenchanted with the President's program of slashing benefits that are at the cutting edge of survival for our Nation's poorest citizens and pulling the rug from under workers and the middle class while heaping new tax benefits on the rich.

Tonight the President will address the Nation and propose additional budget cuts, driving his ill-considered policies even further in the wrong direction. While the threat of renewed inflation requires budget restraint, it is time for Democrats and Republicans alike to recognize that we can't break the back of our economic problems by breaking the backs of the middle class and lower income Americans.

The "Share-the-Burden" budget will provide the restraint called for in today's economic climate without heaping additional travail on those who have been most seriously burdened by the spending cuts that have already been made at the President's request. Instead, this budget proposal would spread the burden fairly.

First, user fees for a variety of government services would be imposed or raised to cover costs. There is no reason why yacht owners should not pay for the services they receive from the Coast Guard, why international travelers should not pay for Customs services, why inventors should not pay for the protection rendered by the Patent Office, or why recreational and corporate aviation should not pay for safety services rendered by the FAA.

Second, a number of special tax breaks for individuals and businesses would be ended.

Third, excise taxes would be raised on cigarettes, alcoholic beverages and gasoline.

Finally, social security and government pensions would be indexed to either the CPI or average wages, to insure that the income of retirees rise only as fast as the incomes of those who are still working.

It is time for a bipartisan effort to get our economy back in shape, by following a prudent budget policy that requires everyone to sacrifice fairly. This is the goal of the Share-the-Burden budget.

If you wish to cosponsor the Share-the-Burden budget, please let me know or have your staff contact William Buechner at 224-0378.

Sincerely,

FRED RICHMOND.

THE "SHARE-THE-BURDEN" BUDGET—FISCAL 1982 SAVINGS

[In millions of dollars]

Total savings	$44,519
A. Spending reductions	6,439
1. Index annual increases in social security benefits to the increase in the CPI or the increase in average wages, whichever is lower	3,815
2. (a) Increase military and Federal civilian retirement benefits in line with inflation annualy rather than semi-annually	1,696
(b) Index annual increases to the increase in the CPI or average wages, as in No. 4	315
3. Eliminate revenue sharing for the 11 States with energy severance tax revenues	613
B. User fees	2,260
1. Increase airport user fees for corporate and recreational aviation	800
2. Impose waterway user fees, to recover one-half of direct costs	560
3. Raise the international departure fee for passengers leaving in airplanes and ships from current charge of $3 per person to $10	140
4. Increase patent application and maintenance fees to recover 100 percent of costs	80
5. Enact user charges for many Coast Guard activities that affect private individuals	680
C. Reduced tax expenditures	16,020
1. Repeal deduction for interest paid on consumer debt	6,040
2. Repeal deduction for interest on mortgages for other than principal residence	250
3. End excess of percentage depletion over cost depletion for oil and gas	2,360
4. End excess of percentage depletion over cost depletion for nonfuel minerals and for fuels other than oil and gas	960
5. Require that intangible oil and gas drilling costs be amortized rather than expensed	2,925
6. Eliminate deferral of income of domestic international sales corporations (DISCs)	1,830
7. Eliminate deferral of income of controlled foreign corporations	$520
8. End capital gains treatment of timber income	685
9. End capital gains treatment of certain agricultural income, such as farm sale of beef and hogs	450
D. Increased revenues	19,800
1. Double the excise tax on alcoholic beverages (current $5.8 billion)	5,500
2. Double the excise tax on cigarettes and cigars (current $2.6 billion)	2,500
3. Replace the current 4¢ per gallon excise tax on gasoline and diesel fuel with a 14¢ per gallon effective Oct. 1, 1981, which would be adjusted quarterly thereafter in accordance with changes in producer prices ($13.1 billion in added revenues in 1982) less $2 billion rebate to essential users	11,100
4. Increase receipts from rents and royalties on the Outer Continental Shelf	700

TERMINATION OF COMMUNITY SERVICES CONDEMNED

(Mr. CORRADA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CORRADA. Mr. Speaker, this morning, pursuant to its oversight responsibility for the Economic Opportunity Act, the Subcommittee on Human Resources met to review the termination of the Community Services Administration. As of midnight tonight, CSA will cease to exist. As I am told, this will mark the first time a Federal agency has been totally eliminated since the end of World War II.

The national effort to prevent poverty will now be carried on by State governments through the community services block grant program. This program will be administered by the Department of Health and Human Services. Since August 13, the Director of the Office of Management and Budget, Mr. David Stockman, has been in charge of CSA and responsible for its termination and the transition of programing to the Department of Health and Human Services.

Today we mark the end of an agency. But more significantly we mark the end of the only Federal agency with a commitment to prevent poverty—not just treat its symptoms.

Before the Community Services Administration, and the Office of Economic Opportunity which preceded it, most Government efforts to aid the poor looked very much like charity—cash payments. The welfare check is an example. These payments were usually based on some percentage of a minimal level of assistance. While they may have kept dependent children from starving, welfare did not provide enough assistance to provide them with enough education, health, and nutrition to allow them to fairly compete for jobs when they got older. Had they been able to compete equally for employment, they might have been able to pull themselves out of poverty by their bootstraps as is the American way. Instead, unable to compete fairly for jobs, the children of welfare recipients became welfare recipients and their children after them.

Personal cash payments—welfare checks—have not been part of the programs of the Community Services Administration. The underlying strategy of these programs has not been to give the poor a "hand-out" but rather a "hand-up." They have not offered a "safety-net," which may ensnare as well, but rather a way out of poverty—a way to break the cycle of poverty. They have aimed at a self-sufficiency—not dependency.

To a considerable extent they have succeeded. While the war on poverty has not been won, the battle has been joined. While our population has risen over the past two decades, the number of this Nation's poor has fallen by more than 12 million.

Still, the war has not been won and more than 25 million Americans remain captive. Sad to say, nearly 8 out of 10 are women and children; 2 out of 10 are over 60 years of age. While about 6 out of 10 are white, minorities are still disproportionately represented.

Mr. Speaker, the war on poverty is not dead. It will continue at the State level with drastically reduced resources. It will continue with Head Start and the Foster Grandparent programs which were spun off from the original Office of Economic Opportunity. It will continuue in volunteer programs at the State and local levels. It will continue—but the Federal leadership provided by the Community Services Administration will not—and it will be missed.

HIGH INTEREST RATES: WHO IS PRIMARILY RESPONSIBLE?

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, President Reagan has been criticized for moving too fast and too far in his drive to turn the economy around.

Many of those on the other side who are moaning the loudest were in this House 4 years ago when their President was in office.

Back then in January of 1977, the prime rate was 6.25.

In January of 1978 it was 7.93. But no one acted. Not the President, not the Congress.

In January of 1979, the prime was 11.75. Again, no action.

In January of 1980, the prime had risen to 15.25.

Then we got some silly talk about a balanced budget, but no action. Just talk.

When Jimmy Carter left office in January 1981 the prime rate was 21.5 percent—a 250-percent increase since he took control of the White House in 1977.

We have had 4 years of fiddling while the economy burned. Shall we wait some more? Absolutely not. We have waited for 4, long, painful years. All time has expired, Mr. Speaker.

H.R. 4555 INTRODUCED, CALLING FOR REVOCATION OF INTERNAL REVENUE RULING 81-216

(Mrs. SNOWE asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SNOWE. Mr. Speaker, a recent Internal Revenue Service ruling, 81-216, has dealt a serious blow to the Nation's small businessmen and farmers. That ruling, which disallows tax exemptions for pooled industrial revenue bonds issued in multiples of $1 million, denies to this critical sector of the economy a vital resource of financing.

The Internal Revenue Service, by implementing this sweeping change and reversing a longstanding practice, endangers the very existence of many small businesses and slows the growth of new ventures.

In my home State of Maine the impact of this ruling, if allowed to stand, will be devastating. Commercial credit is all but out of reach because of high-interest rates. Loans usually available through a variety of Federal agencies are quickly becoming inaccessible. If industrial revenue bonds cannot be issued in the aggregate with tax exempt status, where shall small business turn—to the bankruptcy courts?

In light of these factors, I have introduced H.R. 4555, which calls for the immediate revocation of this ruling. It is my sincere hope that this House will give full consideration to this bill and I strongly urge my colleagues to support my efforts.

HAPPY FISCAL NEW YEAR

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, I take the floor of the House this afternoon to wish a happy New Year to my colleagues and to an anxious Nation concerned about our economic situation.

Last month, 48 hours after the President signed the biggest budget reduction and tax cut in recorded history, many in this Chamber and many people around the Nation said, "It has not worked, the economy is in trouble. Interest rates are up, the stock market is down and economic activity has declined, and the estimates of budget deficits have increased."

I submit, Mr. Speaker, that tomorrow is the first day of the fiscal year. Tomorrow is the day on which the tax cut supported by this President finally comes into effect, and the first budget adopted under his administration becomes effective. I know we can look forward to more celebrations as incentive returns to the marketplace, and I wish you once again, "Happy New Year."

REASONABLE SUGAR PROGRAM WILL HELP MAINTAIN VIABLE SUGAR-PRODUCING INDUSTRY

(Mr. STANGELAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STANGELAND. Mr. Speaker, as the author of the sugar provision in this year's farm bill, I am vitally concerned that this Congress enact a reasonable sugar program to help maintain a viable domestic sugar-producing industry.

The United States currently produces only slightly more than one-half of the sugar consumed in this country and unless we approve a sugar program to protect both our sugar producers and consumers, the entire domestic sugar-producing industry could be forced out of business. Our past experiences with OPEC oil should teach us the consequences of relying too heavily on what may temporarily seem to be cheap imports.

The outcome of the sugar legislation currently pending in this year's farm bill is a matter that will directly affect a large number of people living in my congressional district. The Seventh District of Minnesota has more sugar beet acreage than any other district in the Nation.

Furthermore, the sugar beet growers in western Minnesota are also beet sugar processors through the operation of their cooperatively owned factories—four facilities on the Minnesota side and three more across the North Dakota border. In all, there are more than 1,200 farm families in my area who have staked their economic future on the survival of the domestic sugar industry, and there are more than 1,500 factory employees who are likewise directly dependent on the future viability of our Nation's sugar industry.

A sugar program that moderates the extreme price variations common in the world sugar market would benefit both consumers and producers and I urge my colleagues to support the sugar language contained in the 1981 farm bill.

DEMOCRATIC PARTY COMES UP WITH MORE BANKRUPT IDEAS

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, along with other Americans, I watched the Democrats the other evening reply to President Reagan's budget speech. What I saw was the party that drove the Nation to the brink of national bankruptcy, come up with more bankrupt ideas.

Their message, delivered in all seriousness, was that we should raise the taxes of all working Americans and replace a policy of national defense strength with one of national weakness.

To what end? The Democrats seem to want to expand Federal spending instead of cutting it. They want more and bigger welfare programs. They couch their language in terms of helping the elderly and the poor, but they forgot to mention that it was their budget plan, not the President's, that proposed to cut the cost of living increase to social security next year. And it was their economic program that forced more and more poor out of their jobs.

Higher taxes, less defense, more welfare and reduced social security—that is the Democrats' program. The President has a much better idea, and should have a chance to see it work.

□ 1515

NATION'S WELFARE DEPENDENT ON SUPPORT FOR PRESIDENT'S PROGRAM

(Mr. RUDD asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, the administration's program for reduction of spending and reduction of taxes will go into effect tomorrow. This is the miracle that the people of this Nation have been crying for over many, many, years. It is a cry to which the Congress of the United States has turned a deaf ear and which it has refused to consider.

I have recently talked with distinguished former Members of this Congress, including leaders from the majority side, who deplore the consistent recalcitrance of the Congress to support the President's program. The President knows, as they know and as we all know, that there never will be another opportunity for economic and politic survival and salvation for our country if we do not support this program totally, and we must put the Nation's welfare ahead of the special interest groups that are trying to throw a roadblock into the acceptance of the program.

I hope that this Congress will not falter but will firmly support President Reagan's program to rescue our country from economic disaster and restore our Nation to greatness that free enterprise will provide.

AMERICAN CITIZENSHIP—A PRICELESS HERITAGE

(Mr. DANIELSON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and to include extraneous matter.)

Mr. DANIELSON. Mr. Speaker, a few days ago, on September 22, 1981, the House passed House Joint Resolution 220, which called for the conferring of honorary citizenship upon Raoul Wallenberg. I was absent from the House on official business at the time, but if I had been present, I would have opposed the resolution and would have voted against it.

My position on that subject is clearly stated in my separate and dissenting views which accompanied the committee report on the resolution, in which I was joined by the gentleman from Illinois (Mr. HYDE).

Mr. Speaker, those views are as follows:

SEPARATE AND DISSENTING VIEWS OF HON. GEORGE E. DANIELSON AND HON. HENRY J. HYDE

I do not agree with the action of the Judiciary Committee in reporting the bill, House Joint Resolution 220 favorably to the House of Representatives.

I regret that it is necessary to stand in opposition to legislation which is emotionally and politically charged and which appeals to the humanitarian instincts and principles which we all share. This opposition can easily be misunderstood, or misconstrued, to reflect a lack of appreciation for the heroic acts of a fine person under the most difficult of circumstances. My opposition is based on other, most fundamental, considerations.

I perceive and I cherish American citizenship as the highest honor that our country can confer upon a person who is a citizen of another land. The granting of that citizenship is the admission and welcoming of that person into our national family. It must not be lightly bestowed and the granting of it certainly should never be used as an acknowledgement of appreciation for in doing so we would be diminishing and demeaning the citizenship of those of us who have been born to this land and to the millions before us who have supported the principles we stand for and have fought and died to preserve for our country.

Our Founding Fathers considered citizenship important enough to provide in our Constitution that:

> No person except a natural born Citizen, or a Citizen of the United States, at the time of the Adoption of this Constitution, shall be eligible to the Office of President; * * *.

As Members of the Congress, we all have had cases brought to our attention of persons who have come here as immigrants and sought to become naturalized citizens but who, because of some past transgression or technicality, have been unable to qualify; and many of us have used our efforts through private legislation and otherwise to assist those people who have done everything within their power to become American citizens.

As I have reviewed this legislation, I have experienced a feeling of pride in Mr. Wallenberg's fine work. He was a Swedish citizen. All of my ancestors were Swedish and I suppose that that ethnic kinship should evoke in me some special feeling of affinity with him. It does; but not enough to diminish, by one whit, the importance of American citizenship as I perceive it.

And I am not alone in perceiving American citizenship as something not to be treated lightly, that feeling has been shared by millions of Americans. Our Capitol building of which we are so proud was decorated in large part by a naturalized American citizen, an Italian immigrant named Constantino Brumidi. Those who know and love the Capitol know and cherish the memory of Brumidi. Brumidi spent most of his life painting the Senate wing of the Capitol, the Capitol dome and some other areas. The most cherished thing in his life was his American citizenship. One of his paintings is the feature of the Members Private Dining Room and is signed "C. Brumidi, Artist, Citizen of the

U.S.". Brumidi regarded his American citizenship with the greatest of pride and with him I agree.

Our history is replete with instances of fine people who did a great deal for our country yet to them we have not extended American citizenship. The Marquis de Lafayette helped us achieve our independence 200 years ago. In his case, as in that of our founding fathers, he pledged to America his life, his fortune and his sacred honor. Yet we did not grant him American citizenship. And then there was Casimir Pulaski who was also prominent in the American revolution. Did we extend him American citizenship?

How about those who have been awarded the Congressional Medal of Honor, the highest tangible award that our country can give, which is awarded only for bravery above and beyond the call of duty. I have been informed that not all of the more than 3,400 who received this medal were American citizens. Have we conveyed American citizenship upon them?

I experienced a feeling of pride that Mr. Wallenberg devised a safe conduct passport to make it possible for those whom he helped to escape from Hitler's terror. It was a remarkable procedure, though not without precedent. History remembers that during the years immediately after World War I, thirty years before Wallenberg, another Scandinavian, the great Fridtjof Nansen of Norway, devised a similar passport, known historically as the Nansen passport, to enable many victims of the Turkish genocide of the Armenian people to escape from the Middle East and emigrate to other areas including the United States, where many of them today are American citizens. Some of the older refugees from that First Holocaust have shown me with pride their Nansen passports to America. We have not made Fridtjof Nansen an American citizen.

In the argument favoring the granting of citizenship in this case, it was recalled that the United States once granted honorary American citizenship to Winston Churchill. That, in fact, was the one and only situation in which an honorary American citizenship has ever been granted. The importance and intensity of Mr. Churchill's relationship to the United States during the period of World War II is common knowledge and, if anyone ever earned honorary citizenship, it would have been Churchill. Also, Churchill's mother was an American citizen which is a significant added factor and, in addition, he had consented to receiving the honor. Despite those facts, if I had been here in the Congress at that time, I would not have voted for his honorary citizenship.

The history of World War II and its aftermath is filled with the stories of heroic actions by people guided by humanitarian principles. We should commend them, we should revere them, we should remember them and their deeds, and we should try to emulate them. But that does not mean that we must give away American citizenship to those people.

I am sure that Mr. Wallenberg was proud of his Swedish citizenship as all of us are proud of our American citizenship, and I also believe that Mr. Wallenberg did not have need of an additional honorary citizenship to make himself whole any more than any of us feel the need for an honorary citizenship in some foreign land. That is true of patriotic people everywhere.

I do not take away in any respect from Raoul Wallenberg for the fine and courageous work he did in enabling many to escape from the death camps of Adolph Hitler. His courage, his heroic actions are beyond dispute. His career and his qualifications are not the issue here. The question is whether American citizenship should be granted in recognition.

So far as we know Mr. Wallenberg has never been in the United States; he has never done anything specifically for the United States; he has never asked for American citizenship; we do not know whether he would want this honor; we do not even know if he is alive. I cannot believe that we should convey the highest honor that America can convey upon a person under those circumstances.

Finally, I feel that there are some things in life which are beyond giving away.

It is my view that there are some things which we in the Congress simply have no right to give away and one of those is American citizenship. American citizenship is a status which belongs to American citizens everywhere, it is not our property to be given away for reasons of emotional and political gratification. It is unique, the patrimony of the American people, and something for us to hold in trust.

My conscience tells me that I must not and cannot vote for this bill and for that reason I will not vote for it. There are some items of conscience which we must not transgress. This is one of them.

DEMOCRATS VINDICATED IN OPPOSITION TO ADMINISTRATION'S PROPOSALS

(Mr. GARCIA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GARCIA. Mr. Speaker, on the eve of the 1982 fiscal year I want to take this opportunity to toast my Democratic colleagues who, a few months ago, resolved to oppose the administration's budget slashing proposals. It was a tough vote for many. But their wisdom and foresight is beginning to show and it appears that they will be vindicated.

October 1 begins the new fiscal year. It also signals the beginning of a new era which, when conceived a few months ago, pledged to reduce inflation, control spending, lower interest rates, and generally make things better for all Americans.

Some of my Democratic colleagues bought the administration's inflated promises and its economic recovery package as did much of the electorate. Some of my friends on this side even went so far as to counsel and otherwise help the administration ram their proposals through Congress. Time, however, has turned this new beginning into a false start. And it is interesting to watch the administration attempt to blame Democrats and Wall Street among others for the demise of its plans. Public confidence has plummeted. The President's mandate is dissipating. Last week the administration exacerbated public skepticism when it demanded further spending cutbacks.

Of course, the administration's sacred cow, the Defense Department, has been spared any significant reductions. The Defense Department is growing fat while the people are getter leaner. We cannot feed the people the B-1 bomber or the MX missile. We cannot even promise them a brighter future because of the administration's obsession of building doomsday machines.

The notion of equality and helping the less fortunate has been abandoned by this administration. The Nation's minorities are also upset because the President is pushing them back into the shadows of political and economic obscurity. The people will not tolerate this mistreatment for very long into this new fiscal year.

Similarly, we as the majority party in the House should resolve in the coming fiscal year to oppose any further cutbacks that threaten to rip apart what remains of that frayed and stretched social safety net.

INTRODUCTION OF THE PORT DEVELOPMENT AND NAVIGATION IMPROVEMENT ACT OF 1981

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, I introduce today the Port Development and Navigation Improvement Act of 1981. This bill is designed to break the OPEC stranglehold on the United States and its free world trading partners by permitting this Nation to assume its natural dominant position as the Saudi Arabia of coal in the world market.

It accomplishes this by providing the legislative keystone to unlocking the vast coal reserves of the United States—now estimated to exceed 1.7 trillion tons of recoverable coal. This significant bottleneck to expansion of our coal export program can be summarized in three words: Inadequate port capacity.

The United States has pledged to double its coal production by the year 1990 to permit our Western allies to shift from oil to coal as the major energy source for meeting their domestic needs for the balance of this century. In order to move this coal in an efficient fashion and capture a dominant share of this developing export market, the United States must improve its port capacity within the next 3 to 5 years.

The legislation which I introduce today will accomplish this purpose, it provides:

First, a generic, market-oriented approach to port development designed to reduce the time required for congressional authorization, funding and construction of new navigation improvement projects from 20 years under the present Byzantine system to 2½ years;

Second, a uniform and orderly approach to insuring the timely performance of required maintenance dredging of the existing system of 189 ocean and Great Lakes ports constituting national assets, vital to the accommodation of rapidly expanding U.S. international trade; and

Finally, a uniform predictable and equitable system of user fees to be implemented on a port-by-port basis as the suggested method of sharing the additional cost of constructing and maintaining deep-draft channels in those few ports which need them and can afford to share in the cost of providing them.

I commend this legislative proposal for the cosponsorship of my colleagues in the Congress—and to the members of the Congressional Port Caucus, Coal Caucus, Steel Caucus, Export Caucus, Great Lakes Coalition, and Shipyard Coalition, in particular. As vice chairman of the Committee on Merchant Marine and Fisheries and the Congressional Port Caucus, I intend to make every effort to insure the enactment of port development legislation by the Congress this year.

AIR CONTROLLERS STRIKE

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, in all parts of our Nation there are many thousands of Americans suffering unwarranted hardships as a result of the clash between the Federal Aviation Administration and the Professional Air Traffic Controllers Organization. Airlines are losing business and laying off thousands of employees who want to work. Businesses and communities serving our Nation's airports are facing economic hard times now and for the foreseeable future. Millions of American citizens, rightly or wrongly, are now worried about their safety when they fly; none of these citizens played any role in the PATCO strike.

I believe strongly that the time has come to renew efforts to bring this highly unsatisfactory situation to resolution. The time has come for the President, having made his point very clearly, to instruct Secretary of Transportation Lewis to reopen negotiations. The time has come to announce a period of time during which striking controllers can return to work while negotiations between the FAA and PATCO resume. Now that the passions that led to extreme actions by both sides have cooled somewhat, it is time for a more moderate and rational approach to bring this regrettable confrontation to a close.

In the next few days I plan to send a letter to President Reagan urging him to adopt this statesmanlike initiative without further delay. I will be asking my colleagues to join me in this effort to reopen negotiations, and I hope that whatever their view of the rights or wrongs of the aims or the methods of either side in this dispute, they will appreciate the need to end the disruption in our Nation's air traffic control system, to bring back to work the men and women whose specialized skills we need, and to get our airways and airlines back to normal operation without delay.

ADMIRAL RICKOVER'S TENURE SHOULD BE EXTENDED; THE NATION NEEDS HIM

(Mr. STRATTON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and to include extraneous matter.)

Mr. STRATTON. Mr. Speaker, the fall of the year, in an odd-numbered year, spells the time when a President of the United States must decide whether to extend the distinguished tenure in the U.S. Navy of Adm. Hyman G. Rickover. So I take this time today to urge our new President of the United States, who has determined to rebuild America's military strength, to continue Admiral Rickover in his important defense job for another 2 years.

One of the major objectives of President Reagan has been to see that the American taxpayer gets a buck of service for every taxpayer's buck that is spent. And no one, assuredly, has done a more relentless job in seeing that Government contractors produce completely for the money that they are paid than has Admiral Rickover. Besides that, he has instilled a unique spirit of excellence in the members of his nuclear Navy, a spirit matched by very few other military services around the world. In addition to that, if Admiral Rickover had been in control of the civilian nuclear energy, we would not have had Three Mile Island.

Mr. Speaker, I hope that Admiral Rickover will be reappointed.

Mr. Speaker, with my remarks I include an article that appeared in the Armed Forces Journal of October 1981 describing in great detail and with greater eloquence the accomplishments of Admiral Rickover. It was written by Hon. R. James Woolsey, Under Secretary of the Navy in the Carter administration. I commend it to the attention of my colleagues.

The article follows:

RICKOVER'S LENGTHENING SHADOW

(By R. James Woolsey)

One of this century's unique figures is about to be in the news again. By February of even-numbered years, since time out of mind, the Secretary of the Navy has had to decide whether to extend Admiral Hyman G. Rickover's active duty for yet another two years. The current Secretary, John Lehman, can expect at least as much advice on this pending decision as countless of his predecessors—from such random quarters as the odd congressional committee chairman, passers-by on the street, and other casually interested folks, such as, say, the President. The decision is usually made by the preceding summer or early fall, so the papers are probably in Secretary Lehman's in-box by now—sitting there staring at him. (I have the timing and mechanics of this process pretty well in mind. I signed the last Rickover extension, as Acting Secretary, in the fall of 1979.)

The object of all this biennial attention is not only Washington's ultimate survivor, he is—more importantly—one of its perennial winners. The two traits are not unrelated. As the years have rolled on he has come to know more and more about the business of building and operating nuclear-powered ships. He and his staff have such a combination of institutional memory and expertise, especially compared to the civilians who come and go from the Defense Department, that they win a good many more than they lose. He has both survived because he wins and won because he has survived.

For many years he has played the Hill the way Casals played the cello, but many of his strongest congressional supporters—Pastore, Rivers, Hebert—are no longer around. And he is not the darling of the new military reform movement.

Rickover's influence, in the Navy and in the country has spread light-years beyond the construction of naval nuclear reactors. Seeing the need for better-educated officers and enlisted men to run his power plants, for example, he has become a major force in education at the Naval Academy and in the NROTC program. His "why-not-the-best" standards about nuclear ship propulsion have affected the rest of the Navy as well, to the point that generations of nonnuclear officers have gnashed their teeth, and worse, at having to go to a special school on conventional propulsion before assuming their seagoing commands. Many of them argue strongly that the time would better be spent on tactics and other subjects.

Rickover is the scourge of the conglomerate builders of nuclear-powered warships, insisting on maintaining a whip hand over his projects that leaves very little room for their corporate notions of profit, and none for the Washington lawyers who handle their claims against the Government. (He scorns the latter breed even more, if that is possible, than he does whiz kid systems analysts.) "I treat the Government's money as if it were my own," he is fond of saying. There are several corporate board rooms where they must wonder if Hyman Rickover has ever spent a nickel on himself. His offices, by the way, have always been intentionally dilapidated—"every penny goes for nuclear power."

In the strength of his no-nonsense personality, in the indomitability of his will, and in his—well—prickliness, Rickover resembles only a few modern figures. To me the closest parallels are Charles DeGaulle and Menachem Begin. These sorts of men simply have a greater specific gravity than the rest of mankind. They distort the force fields around them, bending more of the world to their wills than seems possible or reasonable, especially to those who get bent. Such men can be infuriating to deal with, even for statesmen—recall Churchill's saying that the greatest cross he had to bear was the Cross of Lorraine. And when such people are wrong their mistakes can be as lasting as their triumphs.

But the DeGaulles, the Begins, and the Rickovers are the people whose impacts reach far beyond, and last long after, their own lives. You disagree with the Kindly Old Gentleman, as he is sometimes dubbed in the Pentagon, about the proper size for aircraft carriers, or any of a number of other subjects? You are one of those unfortunates who has had a major (or even minor) set-to with him and—remember feeling as if you had gone 12 rounds with Ali? I understand, believe me.

Still, keep a few things in mind: there is no Soviet skipper, anywhere in the world, who sleeps soundly in his sea cabin. He can never be sure that he isn't in the cross hairs of the periscope of one of Rickover's marvelous, quiet black attack boats. And, as we fuss with the M-X and the agonizingly hard problem of fixing the vulnerability of our ICBMs, we have some breathing space—because some more of Rickover's products, carrying their *Poseidon* and *Trident* missiles, slip silently on patrol somewhere beneath the Atlantic and Pacific. His ships are commanded and operated by some of the most extraordinarily able and professional men you will ever meet. Their standards, and those of many of their colleagues in other parts of the Navy, have been shaped directly and indirectly by Rickover's will and perfectionism. (One would wish that his influence in the civilian nuclear power industry had been greater—Rickover-trained people don't turn the wrong valves the way they did at Three-Mile Island.) Yes, his standards are so high that there are only two-thirds as many such nuclear-trained officers as we need, and the ships are so expensive that we can't afford nearly enough of them. But unlike much in our modern society, and much in our military establishment, they work, and they work safely and superbly. Could we do better—say, have more ships and crews—by cutting some of Rickover's perfectly square corners? Maybe, but the rest of us can second-guess the nuclear Navy with a lot less effort than it took him to build it—the institution that is his lengthened shadow.

So join the watch to see whether John Lehman signs those papers or not. But while you're wondering whether Rickover will retire this winter or will be sitting there in his office, growling into his telephone, in the 21st century—and whatever your preference in the matter—undertake an instructive little intellectual exercise: try to think of another living American to whom you owe more.

INTRODUCTION OF LEGISLATION TO PRESERVE PACIFIC NORTHWEST'S BERRY INDUSTRY

(Mr. DICKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DICKS. Mr. Speaker, today, with Congressmen SWIFT, MORRISON, BONKER, and PRITCHARD from Washington State, and with Congressmen AuCOIN, WYDEN, and SMITH from Oregon, I rise to introduce legislation which will preserve a regional tradition and the berry industry in the Pacific Northwest.

Specifically, this legislation:

Establishes strong, reasonable Federal child labor protections by changing the agricultural chemical safety standard required to be met before 10- and 11-year-old children are allowed to pick berries from an absolute safety standard—which is impossible to meet—to a standard requiring a "significant adverse effect on the health or well-being" of the children picking berries.

When this standard and the other requirements of the child labor sections of the Fair Labor Standards Act are met, the Secretary of Labor must allow the children to pick.

Requires the Government, not berry growers, to bear the expenses of proving that an agricultural chemical poses a significant adverse effect on the health or well-being of children who pick berries.

Transfers to EPA from DOL the responsibility to determine the toxicity of agricultural chemicals and pesticides.

Continues to require the DOL to enforce the child labor provisions of the Fair Labor Standards Act.

This is good legislation which is needed and I urge my colleagues to support this bill.

Mr. Speaker, my full statement is included herewith in the RECORD, as follows:

REMARKS OF HON. NORMAN D. DICKS

Mr. Speaker, today with my good friends from Washington and Oregon, I am introducing legislation which will preserve a regional tradition and the berry industry in the Pacific Northwest.

As many in this House know, western Washington and Oregon grow large quantities of the finest strawberries, raspberries and blueberries in the Nation. These delectable berries are harvested by hand.

Traditionally, due to the frequent shortages of hand harvesters, 10- to 15-year-old children have often helped adults pick berries at harvest time. This has assisted the region's berry growers to harvest their crops and has made Pacific Northwest berry picking a family affair, where brothers, sisters, friends and neighbors pick and enjoy time together.

Parents in the area encourage their children to pick berries to help them learn the value of work and the feeling of self-sufficiency.

The children themselves want to pick berries with their families and friends because they enjoy it and because they can earn extra spending money for that bicycle or baseball mitt they might want to buy.

I picked berries as a child and so did Congressman SWIFT and many of my other friends from the Northwest. It was great fun and we enjoyed picking for money.

Unfortunately, during the past few years, 10- and 11-year-old children have been prevented from picking berries, despite an attempt by Congress in 1977 to end a 3-year ban on the employment of these children.

In 1977, amendments to the Fair Labor Standards Act established a set of conditions which when met enable 10- and 11-year-old children to pick berries and hand harvest other agricultural products. These amendments were drafted to meet the unique circumstances of the Pacific Northwest and Maine, and to allow 10- and 11-year-olds to pick berries and potatoes safely, while not adversely affecting the employment of older workers.

The conditions in the 1977 law were intended to allow the children to pick and to protect them from the adverse effects of pesticides and agricultural chemicals.

Specifically, the law requires individual growers to prove to the Secretary of Labor that the pesticides and chemicals used on their crops would have no adverse effect on the health of the 10- and 11-year-old children who harvest the crop before these children can pick.

In 1977, I supported this safeguard and these amendments because I understood that they would enable 10- and 11-year-olds to pick berries safely. Unfortunately, the interpretation of these amendments by the Labor Department and the courts has prevented this.

The Department and the U.S. Court of Appeals for the District of Columbia, in a decision on March 20, 1980, have interpreted the 1977 amendments to mean that a grower must bear the burden of proving the absolute safety of any pesticide or agricultural chemical used on berry crops before 10- and 11-year-olds would be allowed to pick berries.

While I wish it were possible to prove that any chemical is absolutely safe in any concentration or in any use, this just can not be done.

The Environmental Protection Agency recognizes this and does not require absolute proof of safety before approving chemicals or pesticides for commercial use. Additionally, many in the scientific community believe that an absolute safety standard can never be met.

In 1977, Congress never meant to require that such a test for chemicals be met prior to allowing 10- and 11-year-olds to pick berries.

However, this is the way the law has been interpreted by the Labor Department and the courts.

The legislation I introduce today amends the Fair Labor Standards Act to make the act more consistent with the EPA standards for chemical and pesticide safeguards.

It charges the EPA Administrator with the responsibility to review the agricultural chemicals and pesticides used in berry fields and to advise the Secretary of Labor whether they pose a significant adverse effect to the health of 10- and 11-year-olds.

If the Administrator finds sufficient evidence that the chemicals or pesticides used in berry fields are potentially hazardous to our children, he can recommend to the Labor Secretary that they not be allowed to pick. The Labor Secretary can then enforce the law based on this toxicological determination.

This legislation also removes from the growers the burden of proving that the agricultural chemicals used in berry fields are safe. Instead, this proof would be provided by the Environmental Protection Agency.

In my view, the EPA is better qualified to determine whether agricultural chemicals are harmful to children picking berries than growers or the Labor Department, which have this responsibility now.

As many in this House know, the EPA routinely makes informed, objective toxicological analyses and currently is conducting a study of the effects of pesticide exposure on children under 16 years of age.

Mr. Speaker, in March of this year, many of us met with Labor Department representatives to seek a solution to this problem. At that meeting, we expressed our support for a solution which continues to require the Department to enforce the child labor provisions of the FLSA and to protect the children of this country from unsafe working conditions.

We also expressed our belief that a reasonable FLSA standard which both protects the health of children and allows them to pick berries must be established. Additionally, we believe that the Government, not berry growers, should shoulder the burden of providing the adverse effects of agricultural pesticides or chemicals.

At the meeting, we discussed ways to solve this problem and requested the Department's views and assistance to save this regional industry. Unfortunately, despite numerous inquires, we have not learned the extent to which the Department will assist us to resolve this matter.

While I continue to look forward to working with the Labor Department to solve this problem, I am compelled to take more affirmative action.

Mr. Speaker, I introduce this legislation today because I want to see young people have a chance to earn extra spending money with their friends. I also want to insure that Pacific Northwest berry growers will have sufficient harvesters to continue to harvest strawberries, raspberries, and blueberries in the future.

My bill will continue the strong Federal protections which are necessary for young workers involved in agricultural hand harvesting operations, but places the burden on the Federal Government, not the growers, to make the judgements on the toxicity of pesticides and other chemicals.

Mr. Speaker, we must have reasonable standards to protect the health of our children, this valuable industry and this magnificent regional tradition.

This legislation will establish such standards and place the oversight of them in the agencies best qualified to monitor and enforce them.

This good legislation and I urge my colleagues to support this bill.

TRIBUTE TO THE HONORABLE ROMULO BETANCOURT, DECEASED

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DE LA GARZA. Mr. Speaker, it is with a high degree of sadness that I mention to the House the death of Romulo Betancourt—one of the great leaders of the Americas—indeed of the world. A man born of humble beginnings he began at an early age to demonstrate his burning desire for democracy, for respect of the individual, for liberty of the mind and of the body, and for respect of the ideals of democratic institutions. From university student politics he rose to the Presidency of Venezuela—the first elected President of that country to complete the full term to which he was elected.

We in the United States of America should admire, indeed revere people such as Romulo Betancourt for we have had over 200 years of freedom, of a system based on a democratic institution. Many of us take it for granted. We expect our rights, our privileges to be there because our Constitution says they are there.

We do not know what exile is. We do not know what national martial law is. We have never experienced a dictatorship or military rule even during our worst times of division amongst ourselves. Here you have a man who suffered exile, who suffered military rule, who suffered dictatorship as well as attempts on his life and yet he remained steadfast to his basic principles.

I had the great honor and personal privilege of meeting Mr. Betancourt several times. He was not a large man in stature. He was humble in appearance, polite and courteous, the perfect gentleman always, not indicative at all of the giant he was amongst the statesmen of the world. The free nations of the world owe him a great debt of gratitude for his devotion and loyalty to those basic principles of liberty and democracy.

I would respectfully invite all my colleagues to join me in extending our condolences to the family of Romulo Betancourt, and to the Government and the people of Venezuela as well as assure all the free people of the world and those who still yearn for that precious freedom that as long as there are left individuals like Romulo Betancourt within our midst all is not lost. There is yet hope.

May his life and all he did be his monument, and may his burning desire for freedom be his legacy to the world.

A REVIEW OF FEDERAL LENDING ASSISTANCE PROGRAMS NEEDED

(Mr. BETHUNE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BETHUNE. Mr. Speaker, did you know it is possible for banks to earn a 40-percent return on SBA loans? I did not either.

Not long ago, I ran across an article in the Wall Street Journal that describes how smart bankers can draw in a handsome return on loans for small businesses that are guaranteed by the Small Business Administration. I am submitting the article for the RECORD so my colleagues can share my amazement about who the real winners can be, thanks to Federal lending programs.

Not surprisingly, there are books and seminars devoted to teaching banks and businesses how to be winners. For $20 you can obtain a 147-page "Bankers Guide to Federally Guaranteed Loan Programs." Or, for a few hundred bucks, you can attend a nationwide seminar and workshop on Government loan and loan guarantee programs. For the money, the seminar brochure touts, you can "Learn how Government loan programs can work for you * * *" and that "A common misconception is that all of these programs are available only for underprivileged, low income, or minority groups." The brochure goes on to say that "The informed businessperson knows that is not true."

There are two conclusions to draw from the above. Either clever bankers, investors, and businesspersons are taking advantage of well-intended loan programs gone astray; or unintended beneficiaries are merely reacting to poorly conceived Federal assistance. No matter the conclusion, the message is clear. Congress needs a mechanism to force it to review Federal lending assistance programs. The time for a credit budget is now. Failure to move in this area is costing the Nation dearly.

The material from the Wall Street Journal follows:

> SBA programs for women only aren't necessary, President Reagan's transition team for the agency suggests. Having reviewed SBA operations and practices, the team concludes that programs designed to help all businesses are adequate to meet women business-owners' special needs, too. Meanwhile, the SBA team gets blamed by business owners for the unpopular recommendations of Mr. Reagan's other small-business task force. That policy group urges reduction of federal loan subsidies and procurement set-asides for small companies.
>
> Small-business owners repeat their wishes for tax relief, less federal spending and lighter paper-work burdens from government. The U.S. Chamber of Commerce surveyed about 1,000 entrepreneurs during six recent "Small Business Network" meetings held around the country. Another finding: Owners still want relief from soaring Social Security payroll costs.
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> Banks can earn 40 percent on SBA loans, even if they charge borrowers only 17 percent. High yields on loans guaranteed by the agency attract many banks and some nonbank lenders. Merrill Lynch and ITT, for example, plan to start making such loans later this year. The big yields are possible because as much as 90 percent of the loan can be sold to investors.
>
> Here's how it works: The SBA can guarantee up to 90 percent of the loan amount against default. The agency's guarantee ceiling: $500,000. Thus a lender can make a $555,000 small-business loan and get the agency to guarantee $500,000 of it.
>
> Suppose the loan is for 10 years at 17 percent annual interest. The guaranteed portion ($500,000) can be sold to an investor who is willing to accept an annual return of

14½ percent. The lender still does the bookkeeping and collects the monthly payments from the borrower, passing on the investor's share and keeping the remaining 2½ percentage points of the interest amount as a "service fee." Thus the lender gets a return of 2½ percent on the $500,000 plus the full 17 percent interest on the $55,000 of its own money still tied up in the loan.

The arithmetic: The level monthly payment on the loan is $9,645.77. So at the end of the first year, the lender has collected $11,943 in service fees on the $500,000 guaranteed portion, plus $8,999 in interest on the $55,000 portion. That's a total of $20,942 in the first year—a return of 40 percent on the lender's $55,000.

Briefs: In Florida, Chapter 11 bankruptcy-law filings are about 75 percent higher than a year ago, according to John Olsen, attorney with the National Association of Credit Management of South Florida * * *. The Small Business Association of New England's pamphlet that promotes a management seminar in Martinique mentions, among other redeeming points, that on Martinique's beaches, topless bathing is in vogue.

NATIONAL PORT WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 103) to authorize and request the President of the United States to issue a proclamation designating the 7 calendar days beginning October 4, 1981, as "National Port Week," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore (Mr. Murtha). Is there objection to the request of the gentleman from New York?

Mr. PARRIS. Mr. Speaker, reserving the right to object, I wonder if the gentleman from New York (Mr. Garcia) will explain to us the purpose of the Senate joint resolution?

Mr. GARCIA. Mr. Speaker, I would be delighted to do that, if the gentleman will yield.

Mr. PARRIS. I yield to the gentleman from New York.

Mr. GARCIA. Mr. Speaker, Senate Joint Resolution 103 designates the week beginning October 4, 1981, as National Port Week, as stated before, and it really serves a basic need, for our Nation's commercial seaports and inland river ports are indispensable to foreign and domestic and waterborne commerce and to the economic well-being and national security of the United States.

The maintenance and development of a national network of commercial ports is vital to expanded international trade and to the attainment of a favorable trade balance. National Port Week observance promotes public recognition of the vital role that our ocean and inland ports have played in the economic growth and development of the United States.

Mr. PARRIS. Mr. Speaker, reserving the right to object, it is my understanding that this matter would normally be in the province of the Committee on Post Office and Civil Service and its members. Does the gentleman agree with that observation?

Mr. GARCIA. Yes, it does come out of the Committee on Post Office and Civil Service.

Mr. PARRIS. I do see a member of that committee here immediately at hand. Can the gentleman advise us as to whether or not that committee has taken a position with regard to this matter?

Mr. GARCIA. Yes. Mr. Speaker, I can assure the gentleman that the gentleman from Illinois (Mr. Derwinski), who has always played a major role in terms of such resolutions, has no objection to this. And I may go a step further and say to the gentleman that there are 218 cosponsors of this resolution.

Mr. PARRIS. Mr. Speaker, that would seem to be a fair number, and with that observation, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. BIAGGI. Mr. Speaker, reserving the right to object, I do not intend to object, but I would just like to make a few observations.

Mr. Speaker, today the House will join with the Senate in urging President Reagan to designate the week beginning October 4 as "National Port Week."

We in the United States are fortunate to have the largest port system in the world. Throughout our history, our ports have provided efficient and economical transfers of cargo—making us the world's greatest trading nation.

These ports generate significant employment and direct-dollar income to the local and regional economies they serve—and they have a major impact on employment and production in areas far distant from their location.

Our ports provide a wide variety of services and activities essential to the smooth, efficient conduct of foreign trade—and they have a direct impact on our balance of payments.

The 218 Members who have joined in cosponsoring House Joint Resolution 302 represent a broad spectrum of American society. They represent large and small ports—rural and urban districts—areas dependent on trade and commerce—and every region of our Nation. Not only do the cosponsors represent workers who have a better life because of increased U.S. exports, but they also represent consumers who benefit from free trade and a favorable balance of trade.

Each citizen benefits from the economic and defense advantages conferred by our port system.

Efficiently designed, well-maintained deep ports insure that the International Trade upon which our economy is so dependent is not constrained by the inability of shippers to move goods competitively in the international market. House Joint Resolution 302 recognizes the vital role ports play in the economic life of our Nation.

As a lifetime resident of New York State, I am fully aware of the important role played by our ports in our State's economy. From colonial days, ports have been an integral part of the commerce and industry of our State. Each year, they are responsible for tens of thousands of jobs and billions of dollars in economic activity. What began as the small trading post of New Amsterdam has grown into one of the world's most modern and active ports.

While New Yorkers and all Americans can be proud of our Nation's ports, we recognize that too often we have neglected them—just as we have neglected other natural resources.

Over the last 2 years, the neglect of our ports has been highlighted by the port delays associated with steam coal exports. At various times over the last 2 years, there have been in excess of 150 coal vessels waiting to be loaded at Hampton Roads. The waiting period has consistently ranged from 15 to 30 days, with demurrage charges in the area of $15,000 per day per vessel.

Thus, it can be seen that limited port facilities not only limit our ability to export coal and other commodities but also increase the cost of our exported goods—thereby decreasing the competitiveness of U.S. products. Indeed, the ports of our Nation provide the vital link in our international trade program; and, as such, they demand constant attention if we are to maintain our preeminent position in world trade.

National Port Week is a time to celebrate the accomplishments of our Nation's ports—and to recognize the major role our ocean and inland ports play in the economic life of our Nation. By declaring the week of October 4 as National Port Week, we as a nation recognize our commitment to maintaining our great port system.

List of Cosponsors—H.J. Res. 302

Mr. Addabbo, Mr. Akaka, Mr. Albosta, Mr. Alexander, Mr. Anderson, Mr. Andrews of North Carolina, Mr. Annunzio, Mr. Archer, Mr. Atkinson, Mr. Badham, Mr. Bafalis, Mr. Bailey of Pennsylvania, Mr. Barnard, Mr. Benedict, Mr. Benjamin, Mr. Bennett, Mr. Bevill, Mr. Biaggi, Mr. Bingham, Mr. Blanchard, Mrs. Boggs.

Mr. Boland, Mr. Boner of Tennessee, Mr. Bonior of Michigan, Mr. Bonker, Mr. Bowen, Mr. Breaux, Mr. Brooks, Mr. Broyhill, Mr. Burgener, Mr. John L. Burton, Mr. Phillip Burton, Mr. Butler, Mrs. Byron, Mr. Campbell, Mr. Carney, Mr. Chappell, Mr. Chappie, Mrs. Chisholm, Mr. Clausen, Mr. Clay.

Mr. Clinger, Mr. Coelho, Mrs. Collins of Illinois, Mr. Conte, Mr. Corcoran, Mr. Corrada, Mr. Cotter, Mr. D'Amours, Mr. Dan Daniel, Mr. Robert W. Daniel, Jr., Mr. Davis, Mr. de la Garza, Mr. Dellums, Mr. de Lugo, Mr. Derrick, Mr. Dicks, Mr. Dingell, Mr. Donnelly, Mr. Dornan of California, Mr. Dougherty.

Mr. Downey, Mr. Dwyer, Mr. Dymally, Mr. Dyson, Mr. Edgar, Mr. Edwards of Alabama, Mr. Emery, Mr. Fary, Mr. Fascell, Mr. Fauntroy, Mr. Fazio, Mrs. Fenwick, Ms. Ferraro, Ms. Fiedler, Mr. Fields, Mr. Fish, Mr. Fithian, Mr. Flippo, Mr. Florio, Mr. Foglietta.

Mr. Foley, Mr. Ford of Tennessee, Mr. Forsythe, Mr. Fowler, Mr. Frank, Mr. Frenzel, Mr. Fuqua, Mr. Gejdenson, Mr. Gephardt, Mr. Gibbons, Mr. Gilman, Mr. Ginn, Mr. Goldwater, Mr. Gonzalez, Mr. Gray, Mr. Green, Mr. Grisham, Mr. Guarini, Mr. Hance, Mr. Hartnett.

Mr. Hatcher, Mr. Hawkins, Mrs. Heckler, Mr. Hefner, Mr. Heftel, Mr. Hertel, Mr. Holland, Mr. Hollenbeck, Mrs. Holt, Mr. Horton, Mr. Howard, Mr. Hoyer, Mr. Hubbard, Mr. Huckaby, Mr. Hughes, Mr. Hutto, Mr. Ireland, Mr. Jenkins, Mr. Jones of North Carolina, Mr. Kazen.

Mr. Kemp, Mr. LaFalce, Mr. Lagomarsino, Mr. Lantos, Mr. Lent, Mr. Levitas, Mr. Livingston, Mr. Long of Louisiana, Mr. Long of Maryland, Mr. Lott, Mr. Lowry of Washington, Mr. Lungren, Mr. McCloskey, Mr. McDade, Mr. McDonald, Mr. McEwen, Mr. Markey, Mr. Marks, Mr. Martin of New York, Mr. Martin of North Carolina.

Mr. Matsui, Mr. Mica, Ms. Mikulski, Mr. Miller of California, Mr. Minish, Mr. Moakley, Mr. Molinari, Mr. Montgomery, Mr. Moore, Mr. Morrison, Mr. Mottl, Mr. Murphy, Mr. Murtha, Mr. Napier, Mr. Neal, Mr. Nelligan, Mr. Nowak, Ms. Oakar, Mr. Oberstar, Mr. Ottinger.

Mr. Panetta, Mr. Pashayan, Mr. Patman, Mr. Patterson, Mr. Pepper, Mr. Peyser, Mr. Price, Mr. Pritchard, Mr. Pursell, Mr. Rahall, Mr. Railsback, Mr. Rangel, Mr. Reuss, Mr. Richmond, Mr. Rinaldo, Mr. Roberts of Kansas, Mr. Robinson, Mr. Rodino, Mr. Roe, Mr. Roemer.

Mr. Rose, Mr. Rostenkowski, Mr. Roth, Mr St Germain, Mr. Santini, Mr. Savage, Mr. Scheuer, Mrs. Schneider, Mr. Schumer, Mr. Shaw, Mr. Shumway, Mr. Smith of Pennsylvania, Mrs. Snowe, Mr. Snyder, Mr. Solarz, Mr. Solomon, Mr. Spence, Mr. Stangeland, Mr. Stanton of Ohio, Mr. Stokes.

Mr. Stratton, Mr. Studds, Mr. Sunia, Mr. Swift, Mr. Tauzin, Mr. Trible, Mr. Vander Jagt, Mr. Vento, Mr. Walgren, Mr. Wampler, Mr. Weaver, Mr. Weber of Ohio, Mr. Weiss, Mr. Whitehurst, Mr. Whitley, Mr. Wilson, Mr. Winn, Mr. Wolf, Mr. Won Pat, Mr. Yatron, Mr. Young of Alaska, Mr. Young of Florida, Mr. Young of Missouri, Mr. Zablocki, Mr. Zeferetti.

□ 1530

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. BIAGGI. Further reserving the right to object, I yield to the gentleman from New Jersey (Mr. HOWARD).

Mr. HOWARD. Mr. Speaker, as we all know waterborne commerce has been the lifeblood of the United States since its earliest days. Our colonial ancestors knew very well that the oceans would provide the channels for commerce by which the new nation would flourish. Thus, from its inception, our Nation has championed the cause of free trade. We all know, too, that trade cannot flourish without suitable ports of entry. Providence has blessed our country with some of the finest natural harbors in the world. And, with energy, imagination, and capital investment, we have removed natural barriers to create seaports in areas that would have astounded our forebears. Today our seaports are at the brink of an era that will witness the handling of an estimated 200 million tons of cargo within the next 5 years. I am both pleased and proud that our own Port of New York/New Jersey continues to be the busiest port in the Nation in terms of its dollar value of trade. In 1980 alone the value of general and bulk cargo handled in our port totaled $45.1 billion, up 10.9 percent from the previous year. This immense volume of trade was conducted with 72 of the 73 trading nations of the world ranging from the Argentine to Zambia. I am pleased, too, to note that the Port of New York/New Jersey is not about to rest on its current volume of trade. The Port of New York/New Jersey Authority has studies underway for the establishment of new bulk oil and coal terminals. The Committee on Public Works and Transportation will soon be considering legislation to encourage and enhance port development in the United States.

It is, therefore, most fitting that we consider today House Joint Resolution 302 authorizing the President to declare the week of October 4 as "National Port Week." Mr. Speaker, as a cosponsor of the resolution I urge my colleagues' support for this timely observance.

Mr. BIAGGI. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. GARCIA)?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 103

Whereas the past development of the public ports of the United States is the result of a fruitful partnership in which State and local authorities have assumed major responsibilities for land-based port development with the Federal Government constructing and maintaining the navigable waterways and harbors of the United States;

Whereas our Nation's commercial seaports and inland river ports are indispensable to foreign and domestic waterborne commerce and to the economic well-being and national security of the United States;

Whereas the maintenance and development of a national network of commercial ports is vital to expanded international trade and to the attainment of a favorable trade balance;

Whereas commercial ports serving the waterborne commerce of the United States are responsible for the continued employment of more than one million workers and in 1980 generated a total of $66,000,000,000 in direct and indirect dollar income from gross sales and services to their users;

Whereas there is a continuing need to focus public attention upon the value to our Nation of a viable and competitive system of commercial ports; and

Whereas the "National Port Week" observance promotes public recognition of the vital role that our ocean and inland ports have played in the economic growth and development of the United States: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating the seven-day period beginning October 4, 1981, as "National Port Week" and to invite the Governors of the several States, the chief officials of local governments, and the people of the United States to observe that week with appropriate ceremonies and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REQUEST FOR CONSIDERATION OF H.R. 4612, TO DELAY INCREASE IN PRICE SUPPORT LEVEL FOR MILK AND TO EXTEND TIME FOR REFERENDUM ON NATIONAL MARKETING QUOTA FOR WHEAT

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture be discharged from the further consideration of the bill (H.R. 4612) to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. OBEY. Mr. Speaker, I reserve the right to object.

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield to me kindly?

Mr. OBEY. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Speaker, the reason for bringing this bill up for consideration or attempting to bring up the bill is that as of midnight tonight the present law which supports the dairy industry expires and it reverts back to the 1949 act which, carrying no new legislation in place, would be a higher cost to the Government than that which is being paid now.

We are before the Rules Committee, and probably will be in the morning, to get a rule on a farm bill and until that is taken care of in the law this would be necessary in order to keep from upping and then having to lower again the support which is given to the farmers.

It also includes a national referendum which is imposed by law on the wheat program, and this would extend both of them until November 15, giving us time to have the legislation in place, hopefully.

Mr. KASTENMEIER. Mr. Speaker, will the gentleman yield under his reservation?

Mr. OBEY. I yield to the gentleman from Wisconsin (Mr. KASTENMEIER).

Mr. KASTENMEIER. Mr. Speaker, I appreciate my friend from Wisconsin yielding. Had he not reserved the right to object, and in fact I believe will object, I would have done so.

The dairy farmer has not had an increase since a year ago. That industry has forgone its increase last April 1.

If, in fact, we cannot act on this matter by October 1, by today, that is not the dairy farmer's problem. He had every right to expect this very minimal increase, a 3.5 percent on his milk, the first increase under the support program he has had in 1 year.

I should think the matter, to the extent it may be an issue at all, should be taken up in the context of the dairy price support measures as are in the farm bill the gentleman from Texas (Mr. DE LA GARZA) will bring forward.

For that reason I think the gentleman from Wisconsin (Mr. OBEY) and myself would have every right to object and will, in fact.

Mr. OBEY. Mr. Speaker, I am reluctant to object, but the gentleman from Wisconsin (Mr. KASTENMEIER) has indicated a number of legitimate reasons to do so.

I recognize the procedural anomaly which this objection insures, but there is also a significant procedural anomaly which would occur if the objection is not lodged because, in effect, the Congress would be asked to do something by unanimous consent which would preclude any detailed explanation at all of the problems involved.

The farm bill which is going to be considered later this week and next greatly disadvantages dairy farmers in relation to tobacco farmers, in relation to sugar growers, and in relation to a number of other commodity groups. I see no reason why it should be expected that legislators representing dairy districts should procedurally disadvantage themselves and tactically disadvantage themselves.

So, Mr. Speaker, I reluctantly object.

The SPEAKER pro tempore. Objection is heard.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO SIT ON THURSDAY, OCTOBER 1, 1981, DURING THE 5-MINUTE RULE

Mr. BIAGGI. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries, pursuant to the rules, be permitted to sit while the House is reading measures under the 5-minute rule on Thursday, October 1, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. WALKER. Mr. Speaker, reserving the right to object, can the gentleman from New York assure us that this is done with the concurrence of the minority?

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from New York.

Mr. BIAGGI. I would say to the gentleman yes, it has. I have just spoken to the gentleman from Mississippi (Mr. LOTT) as well.

Mr. WALKER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

AMERICAN ENTERPRISE DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from the further consideration of the Senate joint resolution (S. J. Res. 78) to provide for the designation of October 2, 1981, as "American Enterprise Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. LOTT. Mr. Speaker, reserving the right to object, and I certainly will not object, but I have asked for this reservation first of all to thank the distinguished chairman of the subcommittee for moving forward on these unanimous-consent requests on these three resolutions today. I think they are all important. The one on the ports, that recognition is very important, but I appreciate especially him bringing up this resolution on "American Enterprise Day" on October 2.

I also appreciate the cooperation of our distinguished ranking member on the subcommittee, the gentleman from Illinois (Mr. DERWINSKI).

Mr. Speaker, I rise today in support of the observance of "American Enterprise Day" on October 2, 1981.

Webster's Dictionary offers us three definitions for the term "Enterprise":

It says that an "Enterprise" is an especially difficult or risky project;

It is a business organization, and

It is a readiness to engage in daring action.

As far as I am concerned, though, its original meaning from the French language is still its best: to grasp in your own hand.

I believe that the majority of my colleagues here today are basically in favor of free enterprise and would like everybody, if it were possible, to grasp their futures in their own hands.

I am confident about American free enterprise because I have seen it work in our lives; for this reason, I think it is appropriate that we commemorate "American Enterprise Day."

The resolution we are considering today—introduced by myself in the House and by my colleague, the junior Senator from Mississippi, in the Senate, is similar to the one adopted by the Congress last year to honor the hard work of all the generations of Americans, who, through their enterprise, have built our great Nation.

America's free enterprise system is the cornerstone of our society and has produced for us the highest standard of living in the world. It is a system that depends on and rewards individual initiative and innovation.

I believe it is good not only to call to mind these facts ourselves but also to bring them to the attention of the young men and women of this Nation. For this reason, I call upon my colleagues to join in support of this joint resolution to commemorate "American Enterprise Day."

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 78

Whereas America's enterprise system is a cornerstone in our society; and

Whereas that system has produced the highest standard of living in the world; and

Whereas that system depends on and rewards individual initiative and innovation; and

Whereas American productivity is vital to the world's economy and must be encouraged; and

Whereas the continuance and growth of our enterprise system depends in large part on the education of America's young men and women concerning that system: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating October 2, 1981, as "American Enterprise Day" and encouraging appropriate Government agencies to foster the recognition of the significance of America's enterprise system on that day.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WORLD FOOD DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from the further consideration of the Senate joint resolution (S.J. Res. 98) to authorize and request the President to issue a proclamation designating October 16, 1981, as "World Food Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. SIMON. Mr. Speaker, reserving the right to object, and I shall not object, but I simply want to first thank the members of the Post Office and Civil Service Committee. This is a resolution originally introduced by the gentleman from New York (Mr. Gilman) and myself, and cosponsored by a majority of the Members of this House.

I recognize that we do a lot of fairly frivolous things in this House. We have a National Pickle Week or a Peanut Butter Day and I do not know what all. I think this is one that is of some importance. It calls attention to the fact that there are hundreds of millions of people on the face of this Earth who never in their lives are going to have a meal like you and I will have today, and that somehow we in this country, the world's greatest food producer, and other countries have to move to resolve this problem.

So I am pleased to join in supporting this resolution.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. GILMAN. Mr. Speaker, I rise in support of House Joint Resolution 243, legislation commemorating October 16, 1981, as "World Food Day." I was pleased to have joined with my colleague, the gentleman from Illinois (Mr. Simon), in introducing this important resolution and I commend the chairman of the Subcommittee on Census and Population for taking the initiative to bring this measure before the House.

As a member of the Committee on Foreign Affairs and as a former member of the Presidential Commission on World Hunger, I have come to more fully recognize the critical importance of the hunger problem. At a time when the global hunger and malnutrition problem is worsening, it is imperative that our Nation's resources and energies directed toward combating that critical problem be utilized as effectively as possible. Such a program should recognize that central to developing a comprehensive strategy to alleviate world hunger and assist developing nations in advancing on the road to self-reliance, self-sustaining development is the need to increase public awareness about this problem.

I am confident that World Food Day and the related programs undertaken to inform the American public about global hunger and malnutrition will contribute much to our public education effort.

On July 31, 1981, the Senate passed Senate Joint Resolution 98, a companion measure to House Joint Resolution 243. Passage of the resolution before us today will authorize the President to issue a proclamation designating October 16, 1981, as World Food Day.

Accordingly, I urge my colleagues to support this important resolution.●

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. Res. 98

Whereas hunger and chronic malnutrition remain daily facts of life for hundreds of millions of people throughout the world;

Whereas children are the ones suffering the most serious effects of hunger and malnutrition, with millions of children dying each year from hunger-related illness and disease, and many others suffering permanent physical or mental impairment, including blindness, because of vitamin and protein deficiencies;

Whereas although progress has been made in reducing the incidence of hunger and malnutrition in the United States, certain groups, notably among native Americans, migrant workers, and the elderly remain vulnerable to malnutrition and related diseases;

Whereas the United States, as the world's largest producer and trader of food, has a key role to play in efforts to assist nations and peoples to improve their ability to feed themselves;

Whereas a major global food supply crisis appears likely to occur within the next twenty years unless the level of world food production is significantly increased, and the means for the distribution of food and of the resources required for its production are improved;

Whereas the world hunger problem is critical to the security of the United States and the international community;

Whereas a key recommendation of the Presidental Commission on World Hunger was that efforts be undertaken to increase public awareness of the world hunger problem; and

Whereas the one hundred and forty-seven member nations of the Food and Agriculture Organization of the United Nations designated October 16, 1981, as "World Food Day" because of the need to alert the public to the increasingly dangerous world food situation: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating October 16, 1981, as "World Food Day", and calling upon the people of the United States to observe such day with appropriate activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the Senate joint resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

□ 1545

TENTH ANNIVERSARY OF WALT DISNEY WORLD IN CENTRAL FLORIDA

The SPEAKER pro tempore (Sam B. Hall, Jr.). Under a previous order of the House, the gentleman from Florida (Mr. McCollum) is recognized for 45 minutes.

Mr. McCOLLUM. Mr. Speaker, 10 years ago tomorrow—October 1, 1971—the doors to Walt Disney World opened in central Florida near Orlando in the Fifth Congressional District.

Since that time, Florida has never been the same.

Close to 126 million people have traveled to this Magic Kingdom, which captures the excitement of youth and fantasy for young and old alike.

As millions have enjoyed this awesome attraction—conceived by the late Walt Disney—those of us who live nearby have benefited as well. As 14 million visitors pour into the Magic Kingdom each year, our area economy has thrived—and we have grown proud of our role as host to millions of foreign visitors.

We are proud, too, that we may be associated with the late Walt Disney by housing one of his greatest dreams. The essence of this remarkable man was best captured in a resolution adopted by Congress just last year in honor of this man. The resolution reads:

> The name of Walt Disney is synonymous with love of children, the joy and freedom of youth, and the strength of the family bond; and * * * Walt Disney made tangible these most basic cherished values in a magic land where age relives fond memories of the past and youth may savor the challenge and promises of the future.

In Walt Disney World, cartoon characters come alive through the marvels of technology and imagination. Fifteen thousand employees—who share Walt Disney's vision—are responsible for the claim by many that Walt Disney World is the No. 1 tourist attraction in the world. Each visitor is treated as a special guest—and encouraged to become part of the magic and fantasy envisioned by Walt Disney and the men and women who built the Magic Kingdom.

The building is not over, however. Lovers of Walt Disney World are anxiously awaiting the opening of a new section of this attraction: EPCOT—the Environmental Prototype Community of Tomorrow. This monumental undertaking will result in two exciting attractions—Future World and World Showcase. Visitors will be able to sample life in the future as envisioned by Disney "imagineers"—as well as travel to 10 nations of the world without ever leaving Florida.

I am proud to have Walt Disney World in central Florida—and am privileged to offer my warmest congratulations on the 10th anniversary of the opening of this magical creation. Each and every person associated with this attraction has brought joy and laughter to millions and millions of men, women, and children from all over the world. I thank them for their dedication—and wish them continued success for many more decades to come.

● Mr. BENNETT. Mr. Speaker, today, on the 10th anniversary of the opening of Disney World, I would like to say a few words of thanks to the folks at Disney World and to commend them on their fine contributions to Florida; and, I say to the world, for Disney World is the No. 1 tourist destination in the world. Additionally, it has brought 15,000 jobs to Florida. So, I would like to say thanks, and good luck in the future, to the folks at Disney World. Also in regard to this special day for Disney World I would like to mention that Florida's former Gov. Haydon Burns, formerly the mayor of Jacksonville, was highly instrumental in bringing Disney World to Florida and I am sure he is happy to be celebrating the 10th anniversary of this event. His was a part of the vision that went into this development and he was extremely helpful to the company in making the project feasible and attainable. He deserves great credit for it.●

● Mr. SHAW. Mr. Speaker, when Walt Disney, years ago, revealed his plans to turn 43 acres of central Florida palmettos and scrub brush into a Magic Kingdom, Floridians around the State scratched their heads and smiled. Was California coming east? Was there a place on Florida's horizon for the Skyway to Tomorrowland? Indeed there was. Since the World of Disney opened 10 years ago this week, it has proved to be an overwhelming success, an international success, and a tribute to the genius of its creator. Central Florida is an ideal spot for Walt Disney World, a place of amusement and enchantment for anyone, of any age, from any place. You cannot help but love Disney World, and it cast of characters—from the Country Bear Jamboree to It's a Small, Small World, from Mr. Toad to Abe Lincoln—and of course, the emblem himself, Mickey Mouse.

Walt Disney constructed another American landmark. Visitors to this country can still visit Niagara Falls, and Mount Rushmore, and the Grand Canyon, but Mr. Disney has given them a reason to come to our State, Florida, as well. Today we celebrate the anniversary of his vision and his dream come to life.●

● Mr. NELSON. Mr. Speaker, I am delighted to have this opportunity to call attention to a very special celebration for the people of central Florida, the United States and indeed for people all over the world who have been touched by the magic of Mickey, Minnie, Goofy, and Pluto.

Ten years ago this week, the grandest dream of one of America's most imaginative dreamers came true. Walt Disney World transformed a desolate, swampy corner of Orange County, Fla.—a county which I have the honor of representing along with my colleagues SKIP BAFALIS and BILL McCOLLUM—into a truly Magic Kingdom.

Walter Elias Disney fulfilled a dream 10 years ago with a flourish unmatched outside the Disney organization. Never before on such a grand scale had such a wholesome entertainment environment been created for the absolute delight of all—from infants to senior citizens. With an eye for detail which has seldom if ever been equaled, Walt Disney and later his imperishable spirit, created a state of mind in this corner of the State of Florida.

The excellence which is synonymous with the name Disney has made Walt Disney World the No. 1 tourist attraction in the world. In every corner of the globe, there is a child who has shared firsthand the realization of Walt Disney's dream.

Now, as we celebrate the first decade of Florida's Magic Kingdom, let us move on to the next of Walt Disney's visions, EPCOT—the Experimental Prototype Community of Tommorow. The future is being built in Florida—the future as Walt Disney dreamed it more than 20 years ago.

Walt Disney changed the face of American fun and family vacations. Now, Walt Disney's dreams are once again to have a profound impact on America's future. EPCOT will represent the best of the American imagination. So let there be congratulations for Disney's past achievements and then let us continue what Walt Disney began. Let us build the future.●

● Mr. BAFALIS. Mr. Speaker, a decade ago, Walt Disney World opened its doors to tourists from throughout Florida and around the world, marking the beginning of a new era in tourism for the Sunshine State.

On the occasion of the 10th birthday of Florida's most popular tourist destination, we would like to salute Mickey Mouse and his pals for their enduring and inexhaustible ability to entertain and amuse us—one and all.

The "Magic Kingdom" in Lake Buena Vista, Fla. is a universally appealing combination of fantasy and reality, and the magic is still in the air—in Frontier Land, in Tomorrow Land, at Cinderella's Castle, and everywhere in between.

The sparkling clean streets lined with quaint shops; the trolley cars, monorail, and trains; the unique amusements; the musical shows; and the parades epitomize what America's really about—imagination and fantasy—the freedom to dream.

For 10 years Walt Disney characters have delighted young and old with their playful antics—and will continue to do so for many decades to come.

It may be a "small world after all," but it is certainly filled with big dreams.

"Happy birthday," Walt Disney World—may all your dreams come true, now and in the future.●

● Mr. HUTTO. Mr. Speaker, I rise today to pay tribute to one of the most important enterprises in Florida and in the United States itself. Today, October 1, marks the 10-year anniversary of the opening of Walt Disney World near Orlando, Fla.

Few people who saw "Steamboat Willie" in 1928 would have dreamed that the animated film about a cavorting mouse could grow into a mammoth amusement empire. Walt Disney World today stands as the No. 1 tourist destination in the world and has brought millions of tourists and billions of dollars to Florida. In 10 years, 126,000,000 people from all over the world have passed through the gates of the Magic Kingdom. Visitors have included every American President since Richard Nixon, dozens of foreign heads of state, and scores and scores of television and cinema celebrities. In addition, the park employs 12,000 to 15,000 people and has in the last decade created an estimated 52,000 new jobs. Tourist spending in Florida has risen from $3.6 billion to $17 billion in the years since the park opened. Disney World has also directly stimulated growth in the private sector in the form of an ever-increasing number of hotels and motels, and a greatly expanded Orlando Airport, and so forth. It is estimated that private spending in Florida has increased by $2.3 billion as a direct result of the park's opening.

On this occasion, I ask that all the Members of this great body join me in recognizing the men and women who make Walt Disney World the success that it is. The work of these men and women has greatly enhanced Florida's tourist industry and has helped to make our State the great place that it is. I am pleased to add my voice to those commending them today.●

● Mr. IRELAND. Mr. Speaker, I am delighted to join with my colleagues in the Florida delegation in congratulating Walt Disney World on its 10th anniversary. I am pleased to say that I was personally present when plans for this "Magic Kingdom" in Florida were announced and I am pleased with the results.

Disney World is a close neighbor to my Eighth Congressional District and has indeed been a good neighbor. More than 109 million men, women and children from all over America and the world have visited the theme park.

Whether it is the Hall of Presidents, or the Dancing Bears, or the Magic Carpet Ride which makes one a world traveler in minutes, there is wholesome entertainment for everyone in the shadow of Cinderella's Castle.

Of course, Disney has been an economic plus for our State and for central Florida in particular. Also, the Disney folks have been cautious and careful in their development of what was once a wilderness of cattle range, orange groves, and lakes.

To our good neighbors at Disney World, we salute you. We are also sure that Walt Disney would be pleased with the first 10 years of Walt Disney World progress. We wish you many decades more.●

● Mr. CHAPPELL. Mr. Speaker, 10 years ago, Walt Disney Productions, Inc. made castles out of cow pastures in central Florida with the creation of Disney World. This "Magic Kingdom" of Walt Disney's has become the most popular tourist attraction in the United States and perhaps the world. Accordingly, Disney World has become the No. 1 honeymoon destination in the country. It attracts senior citizens, adults, and children by the thousands, and has an annual attendance of 14 million. It is the be-all and the end-all of amusement centers. For some, one visit can last a lifetime—many return again and again. Disney World, without a doubt, has become a unique slice of Americana.

Obviously, no one can dispute the Disney genius. From his creation of Mickey Mouse; to the first three-dimensional animated cartoon movie of Snow White; to the original Disneyland, with its prescient creations of lifelike talking pirates, singing birds, flowers, water spouting elephants, and rhinos that wiggle their ears; Disney World has continued in this innovative tradition.

Additionally, Disney Productions plans to expand Disney World next fall with the opening of the Experimental Prototype Community of Tomorrow (EPCOT). The EPCOT center, which will continue in the great Disney practice of blending education and entertainment, will be developed around two major themes: Future World, where the future can be explored in areas such as space technology, communications, energy, transportation and the environment; and World Showcase, where initially nine nations will present displays of their cultures, traditions, and accomplishments. The nations to be represented on opening day will be Canada, United Kingdom, France, Germany, Italy, Japan, Morocco, Costa Rica, and Mexico.

Mr. Speaker, I know my colleagues join with me in congratulating Disney World on its 10th anniversary. Certainly, Walt Disney's decision to come to Florida exemplifies his foresight and epitomizes the value he and Floridians place in the future. It is through Walt Disney's decision to come to this State that his dreams and those of Florida have been enhanced. Also, I would like to express best wishes for the opening of the Experimental Prototype Community of Tomorrow, and invite you all down to our State next fall to enjoy and witness what I know will be a spectacular event.●

● Mr. YOUNG of Florida. Mr. Speaker, tomorrow, October 1, 1981, marks the 10th anniversary of Walt Disney World. Originally, just a dream of gigantic proportion, the idea gained strength when Walt Disney purchased the Orlando, Fla., landsite in 1964. Although he was a man of farsighted imagination, even Walt Disney may not have envisioned that over 125 million visitors spending over $14 billion would walk through the Disney World gates since its opening in 1971.

When the idea of Disney World was being conceived, as a member of the Florida State Senate, it was my privilege to have been involved in the enactment of legislation that permitted the Disney project to get underway. Now, as a Member of Congress, I am happy to salute the fantastic Walt Disney dream, and Disney World, the fantastic reality.

Known as the most popular tourist attraction in the world, the Disney dream continues to grow. Construction has already begun on the Tokyo Disney World and on October 1, 1982, the Experimental Prototype Community of Tomorrow will open its doors to the public. Known as EPCOT, this complex will adjoin the Disney site. Twice as large as the Magic Kingdom, this center will consist of two distinct areas—Future World, which blends exploration of today and tomorrow's technology and the World Showcase, where nine nations will display their traditions and accomplishments.

In a society where problems abound, Disney World remains a haven of escapism and profound pleasure for millions of men, women, and children. While it allows childhood dreams and fantasies to become a reality, even if just for a day, the memories will linger on to be enjoyed for many years to come.●

● Mr. FUQUA. Mr. Speaker, on the occasion of the 10th anniversary of the opening of Walt Disney World, I would like to take this opportunity to recognize the contributions of this magnificent development to the economy of Florida and to the recreation of the United States and the world.

Walt Disney World represents the highest standards of the travel and leisure industry with its imaginatively conceived, brilliantly executed, and skillfully managed theme park which is designed to provide the ultimate experience in wholesome family recreation.

It is a world of charming fantasy which convincingly demonstrates that quality pays.

During the 10 years of its operations, Walt Disney World has exceeded even the most optimistic projections for its success and achieved the distinction of becoming the world's foremost travel destination. During its brief life, it has played host to 126 million guests and expects 14 million visitors will use its facilities this year.

The investment in this pragmatic fantasyland is as staggering as its success. The opening day investment on October 1, 1971, was $400 million and improvements since then have doubled that figure.

When EPCOT—the Experimental Prototype City of Tomorrow—opens next year the investment will have risen to $1.5 billion.

Foreign visitors, who represented 3 percent of the patronage in 1971, now represent 10 percent of the gate.

In addition to its obvious contributions to the economy of Florida and the pleasure of the world, the Disney family has proved itself as an outstanding citizen of the State and is a neighbor anyone would appreciate.

The management of this outstanding enterprise has my deepest respect and appreciation, as well as the thanks of the entire State of Florida.

I think it is safe to say that they have proven the truth of an old folk adage: If you build a better mousetrap, the world will beat a path to your door.●

GENERAL LEAVE

Mr. McCOLLUM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order on today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

PROPOSED CUTS IN FEDERAL BUDGET

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANNEMEYER) is recognized for 30 minutes.

Mr. DANNEMEYER. Mr. Speaker and Members, in this last day of fiscal year 1981, it is only appropriate that we take stock of the Nation's financial position. As we enter into fiscal year 1982, not only is the stock market in a slump, but some of our most important industries are facing major difficulties. For instance, housing starts last month were down to an annual rate of 937,000, the lowest figure since 1966. The housing industry is predicting fewer total starts this year than in any calendar year since 1946. Likewise, the auto industry, which has a ripple effect throughout the economy, has really been struggling. In mid-September American car sales had dipped to an annual rate of 6.3 million units, despite the continued existence of sales rebates on certain models. Overall retail sales, an excellent barometer of retail activity, only increased six-tenths of 1 percent last month, continuing the trend of the past 6 months.

The cause of this difficulty is not hard to identify. The average interest rate on new home mortgages rose to 15.41 percent in September, too high for most people to afford. The prime rate is still at the 19.5-percent rate, too high for most companies to afford for long. The interest rate on new cars is sufficiently steep that instead of offering cash rebates, one of the big three auto manufacturers offered an interest discount. In short, the signs are clear and apparent everywhere. High interest rates are threatening this country with recession.

But to say high interest rates are the culprit is like saying the automobile causes traffic accidents and not the driver. High interest rates are the result of the competition for capital caused by the Federal Government having to borrow $124 billion in fiscal year 1980 and billions more in fiscal years 1981 and 1982.

Why does the Federal Government have to borrow so much money? Because we in Congress have voted to spend or loan Federal tax dollars far in excess of our financial capability. The solution, while painful, perhaps, to some of my colleagues, is simple: Stop spending and loaning so much Federal money.

The Members will recall that, over the course of the past several weeks, this Member from California has taken a few moments at the close of each of our legislative sessions to bring to the Members' attention certain items, on a list of 272 specific items totaling some $52 billion, which are representative of options that we in the Congress can take in fiscal year 1982 in order to bring our budget into balance. During the course of the last several weeks, this Member has read suggested cuts relating to the legislative branch, 21; the judiciary, 8; the Executive Office, 4; funds for the President, 15; Agriculture, 27; Commerce Department, 8; military defense, 15; defense-civil, 4; Education, 9; Energy, 13; Health and Human Services, 16; Housing and Urban Development, 15; Interior, 6; Justice Department, 4; Labor Department, 6; State Department, 6; Transportation, 11; Treasury, 3; EPA, 6; NASA, 3; Veterans' Administration, 5.

Today I propose to read certain suggestions that relate to the category in our Federal budget called "Independent agencies." Altogether there are 65 possibilities in this category, totaling $1,739,610,300 in cuts.

Beginning, then, with "Independent agencies," the first one is "ACTION." Here, the General Accounting Office, our investigative arm, has recommended certain audit procedures, based on unresolved audit findings, which if followed to a conclusion, would result in savings in 1982 of $873,000.

"Administrative Conference of the U.S." Our committee—and this is a budget study subcommittee of economic task force of the Republican Research Committee—lists this as another agency that this be eliminated as a nonessential proponent of regulatory reform. This would result in a savings of $1,267,000.

"Advisory Committee on Federal Pay." Yes, Members, we have such a committee. And I suppose there should be some place in Government where this function is performed. But we can do the same thing in the OMB and also in the OPM, and I submit that we do not need such a function in all three so why not eliminate it from one, that is, the "Advisory Committee on Federal Pay." If we did that, we would save $216,000.

"Advisory Council on Historic Preservation." Here, the suggestion is to limit this agency to a growth of 20 percent above 1980. By contrast, the proposed increase represents, if you can believe this, a jump of 47.2 percent over what was spent in 1980. We think that is excessive. That cannot be justified. And if implemented, this option or suggestion would result in a savings of $347,600.

"Arms Control and Disarmament Agency." Now, we are not suggesting that this is an unimportant function of the Federal Government. But, here again, this function should be performed in the State Department and the White House, and not by a separate agency. It is redundant. If we eliminated it, or combined it with the State Department or the White House, we could save $15,716,000.

"Commission of Fine Arts." Nobody here in this Chamber is against the fine arts, but one has to raise the question whether we need such a commission in the Federal Government. There are seven people employed there, and the budget for this Commission in 1982 is $173,000. I question if it makes sense, in terms of priorities, for the Federal Government to be borrowing money in excess of 15 percent currently in order to finance that activity in the public sector at the Federal level.

"Commission on Civil Rights." The suggestion is that it be eliminated. Not that civil rights or the attainment or enjoyment of them is unimportant, but here again this function should be carried out in the Department of Justice where they have a Civil Rights Division, and properly so. The thought is that this Commission has insufficient justification for independent existence, and if it were eliminated as an independent entity, we would save $12,704,000.

"Committee for Purchase From the Blind and Other Severely Handicapped." Here again, this is an admirable policy of the Federal Government, and the suggestion is not to eliminate it as a policy matter. The question is, Does the pursuit of this policy justify the existence of a separate agency, or is such an agency unnecessary bureaucracy. Its elimination would save $622,000.

"Equal Employment Opportunity Commission—Salaries and expenses." Once again, most everyone agrees this is an admirable activity for the Federal Government to be involved in, but it should be under the Department of Labor. There is no justification for this to exist as a separate agency, and its redundant removal would save the taxpayers, in 1982, $18,987,000.

"Equal Employment Opportunity Commission." If it is not eliminated as a separate agency, the General Accounting Office has recommended that certain audit procedures be followed which, in their judgment, would save $265,000 if pursued.

"Export-Import Bank." Our committee is listing, as a possible option, that we could cut it 20 percent in 1982. There is a serious question as to whether or not this bank should be permitted to borrow money at market rates and then turn around and lend it to other nations of the world at very low noncompetitive rates. This Member from California has, on many occasions in public forums in my home district, been asked questions that go something like this: "Mr. Congressman, would you please explain to me why a government somewhere in the world, representing an independent Third World nation, can borrow my tax dollar at 2 or 3 or 4 percent, when I, when I go to my bank, have to pay 18 or 19 or 20 percent?" And I must confess to the Members here in this body that I have difficulty explaining that, particularly when we reflect that, in order for our Government to lend our money through this Export-Import Bank to other nations of the world, our Government must go into the credit markets to borrow at the rate currently in excess of 15 percent.

□ 1600

If we would merely cut 20 percent from 1982, we could save $411,600,000.

"FEC." Here we suggest consideration be given to cutting 10 percent from 1981 spending levels. We believe that the paperwork required by this Commission is excessive and if this idea were pursued we would save $938,200.

"Federal Emergency Management Agency, management planning, preparation and mobilization." We could cut 10 percent from this in 1982. Until a comprehensive civil defense program is formulated, these patronage appointments should be deferred. This would save the taxpayers in 1982 $16,641,200.

"Federal Emergency Management Agency." The General Accounting Office has recommended certain changes in procedures of audit and other unresolved audit findings, which if pursued to a conclusion, would save $3,790,000.

"Federal Labor Relations Authority." If this were eliminated, on the ground that it duplicates the function of the NLRB we could save $16,891,000 in 1982. This activity might then be more prorated into the Department of Labor and also the NLRB.

"Federal Mediation and Conciliation Service." The suggestion here is to eliminate this. Once again, there is a redundancy with activities that are going on in the Department of Labor. It is an NLRB agency and we question whether it should have existence as an independent agency. If this recommendation were accepted, we would save $24,962,000.

Mr. PARRIS. Mr. Speaker, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from Virginia.

Mr. PARRIS. I thank the gentleman for yielding and congratulate him on his remarks and his continued interest in the matters of budgetary expenditures and restraint.

Although perhaps not all of us can agree with the priorities of all of the gentleman's suggestions. I think the gentleman has contributed greatly to the purposes of this House and to the Congress of the United States and he has served as a valued Member of the Task Force on Economic Policy which I have the privilege of chairing.

It is a pleasure to work with him on these matters of budget and taxation and I would like with the gentleman's permission to review with him just very briefly the history of the tax cuts as proposed by this administration and the decisions on that matter that were subsequently adopted by this Congress.

The gentleman from California will recall that the administration initially proposed as a part of the economic recovery package a 10-10-10-percent-per-year for-3-years tax cut—30 percent across the board.

This Congress in its wisdom adopted the 5-10-10-percent proposal, but the October 1 effective date of that legislation with the first 5-percent reduction in tax rates becoming effective on October 1 of this year, that is tomorrow, is, in effect, deceptive. The reason for that is since there is only one quarter left in the calendar year remaining after the effective date of the tax cut, only 1.25 percent of the initial 5-percent-rate reduction will be applicable to income earned in the calendar year 1981.

The remaining 3.75 percent becomes applicable on January 1, 1982. So that there is a significant difference, I submit, to the gentleman, between the proposal initially made by the Reagan administration of a 10-percent reduction on all 1981 income and the effective tax rate of 1.25 percent on that income which was adopted by this Congress.

Mr. DANNEMEYER. I thank the gentleman for pointing that out. We have different views in this body, essentially, two really. Some urge that we should raise taxes to balance the budget, and some of us, including I think the gentleman and myself, believe we should be keeping the tax cut and make further reductions in spending in order to balance the budget.

Mr. PARRIS. If the gentleman will yield further, I could not agree more with the gentleman's observation and I think essentially what he has said and what he has pointed out to this House is a continuation of the previous Carter administration's policy of attempting to balance the budget and fight inflation by allowing inflation to push individuals and corporations into higher tax brackets, the only game in town prior to the economic recovery program.

Mr. DANNEMEYER. I think what the gentleman is really saying is something that I do not think people perhaps understand. And that is, if this Congress had done nothing on the tax issue, bracket creep, and increases in social security taxes between now and 1985 would have increased the tax on the American people by 22 percent.

Mr. PARRIS. Precisely. If the gentleman will continue to yield, in 1981, because of the effective rate of the tax reduction recently adopted, 1.25 percent, the vast majority of the taxpayers this year have been pushed into higher tax brackets even with the personal income tax cut that was adopted last month. Would the gentleman agree with that observation?

Mr. DANNEMEYER. I agree with that statement completely. I thank the gentleman for his observations.

Mr. PARRIS. I thank the gentleman for yielding.

Mr. DANNEMEYER. "Federal Mine Safety and Health Review Commission": If this activity were transferred to the Department of the Interior it would result in a saving of $4,446,000.

"FTC." We could eliminate all but the antitrust activities of this Commission. We should not be regulating the marketplace except for monopolistic practices, and that, I think, could come under the jurisdiction of the Department of Justice, and not require a separate agency. If this option were pursued, we would save $32,495,000.

"GSA, Federal Supply Service, Operating expenses." By restricting overbuying and improving ineffective management of multiple schedule award programs, as has been recommended by the General Accounting Office, it might be possible to cut 10 percent from the 1981 budget of this agency.

If this suggestion were pursued and adopted, it would save $14,483,400.

"GSA, transportation and public service activities, operating expenses." The General Accounting Office has recommended the replacement of motor pool vehicles on an annual basis, plus savings on depreciation and repair, fuel and tires. If this item were pursued and adopted, we could cut the budget another $12,700,000.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. DANNEMEYER. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding. I also appreciate his taking the time in the detailed manner to clearly show where this Congress can save money. Most of the items the gentleman has presented are clearly documented from the record either from the General Accounting Office, from other agencies of Government, or from our committees in Congress, and these detailed records have been given to us time and time again.

My colleague from California has been diligent in his effort to make sure that the Congress does understand where we can reduce Federal spending, where in fact we can save on behalf of the American people. I wish to compliment him for his continual and diligent effort to make sure that these documented savings are presented to the House in positive detail and that we do not forget them. I also appreciate the gentleman's efforts to try to achieve a balanced budget. The gentleman is dead right. I am sorry that more of our colleagues have not joined us in this effort in the past.

I, too, am amazed that some of my good colleagues from the other side of the aisle now talk about a balanced budget, but did they vote for it at any time when we offered those amendments, balanced budget resolutions in the past?

The answer overwhelmingly, with a few exceptions, is no, they did not vote for balanced budget resolutions, and yet they are now complaining that the budget is not balanced for 1982, even though the President and the majority of Congress voted to reduce the add-on debt.

Mr. DANNEMEYER. One of the arguments that we hear—if I may interrupt my distinguished friend—from that side of the aisle so often is that we really cannot balance the budget of this country because the moment we try to do it we will do it on the backs of the poor, the downtrodden, the handicapped, and the deprived, and that such a course would be inhumane.

The thrust behind this work product is to demonstrate to the Members of this House, as they listen to these items, the 272 items, item by item, that the adoption of the overwhelming majority of these items is not going to take it out of the pockets of the poor.

Mr. ROUSSELOT. So that is a false assumption on their part?

Mr. DANNEMEYER. Decidedly so.

Mr. ROUSSELOT. It will not be at the expense of the poor or the disabled; is that correct?

Mr. DANNEMEYER. That is what this program and presentation is essentially all about.

Mr. ROUSSELOT. Well, I want to again compliment my colleague. He is doing the right thing and I know that the American people are listening to him. I just hope that our colleagues, especially in the Democratic majority in this House, listen to him.

Mr. DANNEMEYER. I thank the gentleman from California.

A few other items to relate to the Members.

"GSA, Federal property resources activities, national defense stockpile fund." GAO has observed that they have an unobligated balance on hand of $471 million. The suspicion is that is enough to handle any emergency, indeed the entire program, and there is no longer a necessity to continue such a balance. Therefore, the suggested deletion of this item of $84 million.

"GSA, general activities, Consumer Information Center." We could eliminate this as an unnecessary duplication of information material systems. If adopted, that approach would save $1,301,000.

The General Accounting Office has recommended certain audit procedure corrections for GSA. If followed, the GAO reports to us a potential savings of $51,069,000.

"Historical and Memorial Agencies." This brings us up to that questionable function of the Federal Government known as the F. D. R. Memorial Commission. The Members will recall that this Commission has been in existence since the late 1940's. It completed its work and recommendations some 8 years ago and its continuation illustrates something about this institution, namely once something gets started it is almost impossible to stop it.

In fact, we had a vote earlier this year, the Members will recall, to get rid of this Commission. And it lost. That was a day my colleagues will recall when some wag observed that the ghost of F. D. R. rose up and struck down that meritorious effort to eliminate this redundant Commission, because the electronic vote counting device malfunctioned on the vote, and we lost it narrowly by five votes. But we will try again some day.

If we eliminated this Commission we would save in 1982, $49,000.

"Intergovernmental Agency Advisory Commission on Intergovernmental Relations." We could eliminate this. It does not reform anything. In my judgment, it is just redundant, a sinecure for certain bureaucrats who desire an easy job to perform essentially nothing. If eliminated, we could save $2,058,000.

"Intergovernmental Agencies." Would the Members believe that we have, in the Federal system, a Delaware River Basin Commission? We question how much utility or necessity it has. To eliminate it would save $390,000.

We also have an Interstate Commission on the Potomac River Basin. It does not spend a lot of money, only $55,000, but it is another illustration of where we can save money if we have the guts to do it.

"Intergovernmental agencies, Susquehanna River Basin Commission." Here again, one questions whether there is any justification for the existence of this Commission. If we come to the conclusion it is redundant and unnecessary we could save $337,000.

"Intergovernmental agencies, Washington Metropolitan Area Transit Authority." Here, the suggestion is to cut 10 percent from 1981 for this function. Metro ought to be under the jurisdiction of USMTA, not a specific category or a special category, and the cost overruns have been inflating its expenses. This cut would save $9,000,854.

"International Communications Agency, Cultural-Technical East-West Interchange Center." We would eliminate this. Prosperous business can fund this activity on their own. We do not need a subsidy out of the Federal Treasury. Eliminating it would save $16,880,000.

"International Communications Agency." The GAO has recommended that if they corrected their audit procedures they can save $2,181,000.

And the last item I will share with the Members today is the International Trade Commission. How about a 20-percent increase above 1980? The proposed budget increase, Members please note, is 33.7 percent over what was spent in 1980. There is hardly any justification for a percentage increase of that magnitude. If we limited the increase to 20 percent over what was spent in 1980, we could save $1,890,600.

I thank the Members for their kind attention. I will come back to the opening theme. If we are to bring down the excessive cost of credit in this country, we are going to have to reduce the demand for credit by our central government. Today, the Federal Government is consuming about 38 percent of all available credit in the credit markets.

When we add that to the demand of State and local governments, it comes to 50 percent.

The reason we Americans are paying 19½ percent prime rate is our Government threatens to overwhelm us with its excessive demand for credit, and the way to bring that down is to reduce spending by this Government and that can be done by the Congress of the United States.

□ 1615

CONGRESSMAN JAMES A. BURKE HONORED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, I rise to bring the attention of my colleagues to the celebration of James A. Burke Day, held on September 20 by the people of Milton, Mass., to pay tribute to the outstanding leadership and devoted service of their beloved former Congressman, the Honorable James A. Burke. The former chairman of the Subcommittee on Social Security of the House Ways and Means Committee served for 25 years in the House of Representatives during the 86th Congress through the 95th Congress.

Jimmy Burke became my close and trusted friend during the years I had the privilege of working with him in the Congress, and I valued his wise counsel and his unwavering dedication to high standards of service.

The Milton Record-Transcript newspaper dedicated its September 17, 1981, issue to James A. Burke, thanking him for his leadership with the words, "James A. Burke, Milton's First Citizen—He never lost the common touch." On September 20 the citizens of Milton dedicated the corner of

Brook Road and Center Street as "Burke Corner," and marked the site with a specially selected, engraved stone.

I extend my warmest congratulations to Jim Burke on this well-deserved honor, for he proved himself a man of outstanding ability, deep compassion, and courage. A poem entitled "To James A. Burke A Distinguished Statesman" follows as it appeared in the special edition of the Milton Record-Transcript, as well as excerpts from an article in his honor entitled "A Champion of Many Causes":

TO JAMES A. BURKE—A DISTINGUISHED STATESMAN

We are honoring a distinguished statesman
who served twenty years on Capitol Hill,
He introduced various bills in Congress
and saw many of his accomplishments fulfilled.

He spoke out for the rights of the people
was concerned about the needy and the old.
He has faith in the youth of our country
that our ideals they will always uphold.

He found time to talk to callers
And answered huge volumes of mail;
Though he served on numerous committees
he was familiar with every detail.

Respected and loved by his colleagues
Though political views were not the same,
Government officials still seek his opinions
yet he never sought honors nor fame.

He was dedicated to people in his district
and was a friend to the little man,
We are proud he is our native son
to our country a great American.

BESS KINGSBURY.

SEPTEMBER 1981.

[From the Milton (Mass.) Record-Transcript, Apr. 24, 1980]

A CHAMPION OF MANY CAUSES

(By Morris Freedman)

I, James Anthony Burke, do solemly swear that I will support and defend the Constitution of the United States against all enemies, foreign and domestic . . . That I will bear true faith and allegiance to the same . . . that I take this obligation freely without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

This sacred oath was taken by former Congressman James A. Burke in 1958 who has faithfully served the people of Milton and the nation in the Congress of the United States for twenty years.

He was a member of the following committees:

Ways and Means, which is one of the busiest and powerful and personally touches most of our lives, which is responsible for legislation dealing with Social Security, health care, taxes, trade, welfare, and education.

Chairman of the Subcommittee on Social Security

Banking and Currency Committee

House Unemployment Compensation Committee

Joint Committee on Internal Revenue Taxation

Committee on Public Assistance

Conference Committee on Tax Issues

He has served under six presidents: Dwight Eisenhower, John F. Kennedy, Lyndon Johnson, Richard M. Nixon, Gerald Ford and James Carter, and had ready access to them when he needed it.

The man on Capitol Hill had many unofficial titles, which he acquired throughout his stay in Washington, badges of honor which he proudly wore. . .

"Champion of the Elderly Cause"

"Outstanding Defender Against Attacks on Social Security"

"Bread and Butter Man"

"Friend of the Little Man"

"Protector of the Elderly, Handicapped, Children, Youth"

"Defender of the Small Businessman"

"A Leader in Field of Child Welfare"

He was a man who knew where he had come from, loved it, and never forgot it throughout his political life.

Some say that he was stubborn, no pussyfooter, courageous, low keyed, populist, firm believer in the work ethic. He once asked his father, "Why does a person have to work?" He was told, You work to make money to buy food to be strong enough to work."

He feels that his greatest legislative accomplishment was his work in behalf of the Medicare Bill.

His greatest disappointment is not to have seen his long advocated legislation for general revenue financing of the Social Security system. He hopes that when it does come into reality it will become "Burke's Law."

James Burke feels that the youth of our country are now showing great spirit, settling down, and realizing that they need education, faith and hope; as recently displayed by The American Hockey Team winning at the Olympics. Burke's advice for the future is, "Have only time for the best; the older generations were too fast, but smart too late. In the old days, money wasn't as important as building up a reputation for what you were for or against. Without common sense you are lost. Power is poison, but a good weapon when used right."●

VIGIL FOR VICTOR BRAILOVSKY

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. **PEPPER**. Mr. Speaker, distinguished colleagues, it is my sad turn, today, to once again call attention to the atrocities and travesties of human justice being perpetrated upon people in the Soviet Union today.

On this holy day of Rosh Hashanah a man is in jail in the Soviet Union because he expressed his desire to emigrate to Israel, a country not at war with the Soviet Union, such as Afghanistan, and because he freely talked about the reasons for wanting to leave that hostile, dictatorial environment. On charges of spreading fabrications defaming the Soviet State Victor Brailovsky was sentenced to 5 years' detention in internal exile. To intimidate Dr. Brailovsky and others who might have their own ideas about their country and preferred system of government, he was thus denied permission to leave, or speak his mind peacefully, as he did, and is now being subjected to harassment, loss of freedom, hardship, psychological torture, and oppression and other cruel and unusually brutal, irrational treatment.

I know we all hope that there will soon be a new year dawning for Dr. Brailovsky and other open and brave individuals like him, when they can stand freely as thinking, mature people and discuss their logical preferences concerning governments, people, officials and the places they most would like to live in. Their life and their minds must be their own, even as they seek happiness for themselves and humanity. In modern times, following the grim lessons of the holocaust, it is unthinkable that government anywhere still cleaves to physical coercion and brutal threats against the thoughts and words of man. Let Victor Brailovsky be remembered and remembered and let him be free under humane and rational laws outside the Soviet Union.●

NO "MALAISE" IN SIKESTON, MO.

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Missouri, (Mr. EMERSON) is recognized for 5 minutes.

Mr. **EMERSON**. Mr. Speaker, all too often we find ourselves, in this body and elsewhere, focusing on the problems and the failures of the world. The bad news is splashed across the front page to demand our attention while the good news is too often buried among the classifieds.

We all understand why the sensational events receive the greater coverage but we don't often realize how damaging this can be to our view of the world around us.

Not too long ago, for instance, our national leaders were telling us that the American people were in a spiritual and psychological malaise. This "vision" had become so distorted from this city along the Potomac, that the constant barrage of bad news obscured their vision of all that is strong, healthy, and vibrant in our Nation.

I would like to bring to the attention of my colleagues what I consider to be one of our Nation's healthy vital signs. It represents the best of this Nation's tradition of volunteer work in a charitable cause, and it illustrates what wonderful things can happen when a community organizes to assist the unfortunate.

In Sikeston, Mo., which I am proud to represent, the Jaycees, in August, held the 29th Annual Sikeston Jaycees Rodeo. This event was comprised of 4 days of rodeo competition and entertainment and attracted people from a five-State area to attend. This was a banner year in fact for this annual event because it was the first time that tickets were sold out for each of the 4 days with total cash receipts of over $310,000.

Although this rodeo is sponsored and managed by the Jaycees, they are the first to point out that it takes place only through a communitywide effort and involvement. Three hundred people participated in running the rodeo this year, but support for the event comes from many, many hundreds of local merchants, private citizens, and volunteer organizations. The entire region takes pride in the Jaycees rodeo, but it is the Sikeston community that really makes it happen each year.

For their part, the Jaycees have received considerable acclaim for their efforts. Last year, the Sikeston Jaycees rodeo was awarded the first place prize by the National Jaycees for the planning, organization, and conducting of a community project. This was an outstanding achievement considering the stiff competition for the award. The Greensboro Open Gold Tournament received the second place award that year.

The lasting benefit from these efforts is not reflected by awards or trophies though, because the Jaycees use the proceeds from this event to assist charitable organizations and improve the community. In the past they contributed $40,000 toward the purchase of a neonatal unit for the Missouri Delta Community Hospital and $10,000 to the Kenny Rogers Cerebral Palsy Center, both in Sikeston. In addition, they have made numerous contributions to support the activities of the Boy Scouts and Girl Scouts as well as many other fine community organizations.

Mr. Speaker, it is difficult to despair about the future of this country when we witness this kind of spirit, energy, and dedication. The Sikeston rodeo is a continuing reminder of what can happen when a free people band together to improve their community, their own lives, and the lives of their children to follow. This event, and the people who work hard to put it together, represent the best qualities of American community life in which this Congress and this country can be justly proud.

NO ON F-16 SALES TO PAKISTAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DYMALLY) is recognized for 5 minutes.

Mr. DYMALLY. Mr. Speaker, the administration's rationale for selling F-16's to Pakistan was articulated by Mr. James Buckley, Under Secretary of State for Security Assistance, in testimony before subcommittees of the House Foreign Affairs Committee. The central theme of Mr. Buckley's comments was that "Russians are coming." That argument strikes me as neither very original nor very valid.

In a speech delivered June 30, 1981, the Foreign Minister of the Republic of Pakistan stated that he had been repeatedly assured by President Brezhnev that the "Soviet Union posed no danger," and that the Pakistanis were prepared to take him at his word. If the Pakistanis are not concerned, why should we take that anxiety upon ourselves?

The delivery of F-16 fighter-bombers to Pakistan will only serve to upset the balance of power in that region and create unnecessary friction with India. Instead of aggravating Indo-Pakistan tensions and encouraging a South Asian arms race, American policy objectives can best be pursued by emphasizing economic assistance to India and Pakistan, while providing limited and conditional military assistance to Pakistan.

A limited program of military assistance to Pakistan need not be ruled out, provided that the United States carefully restricts such a program to two conditions: First, any military assistance to Pakistan should be designed primarily to improve Pakistan's military defenses along its mountainous border with Afghanistan; and second, U.S. military assistance should not be used to strengthen Pakistan's military posture vis-a-vis India.

Huge military aid to Pakistan will not only affect U.S. relations with India but will also have a long term impact on U.S. relations with Pakistan itself. Our objective should be to demonstrate concern for the people of Pakistan economic and limited military assistance.

U.S. military and strategic interests in Pakistan could be more appropriately served by the F5-G. As the Congressional Research Service study noted, the F5-G could successfully combat the Soviet Mig-23's based in the Afghanistan. This defensive aircraft would not upgrade Pakistan's strike capability against India, as the F-16 would, and would not aggravate U.S. relations with India.

Mr. Speaker, it seems that the administration's proposed sale of F-16's is designed to promote short term stability. It is extremely naive to suggest, as the administration does, that a dependence on the United States for conventional arms will lead Pakistan to give up efforts to develop its nuclear options. On the contrary, the sale of F-16's would aggravate Indo-Pakistan tensions. By doing so, we are increasing the danger that a conventional war in South Asia might escalate to the nuclear level.

The problems in Pakistan lend themselves to economic, political and social change, not military aid, and that should be the thrust of our position. To confuse these priorities is to create more problems than we would solve.

I therefore oppose the sale of the F-16 to Pakistan.

EMERGENCY PETROLEUM ALLOCATION ACT EXPIRES TODAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. TAUKE) is recognized for 5 minutes.

Mr. TAUKE. Mr. Speaker, at midnight tonight, the Emergency Petroleum Allocation Act will expire—and many Americans will say "good riddance." The EPAA is indelibly associated with gas lines, diesel fuel shortages, and bureaucracy at its worst.

We must admit, though, that by letting the EPAA expire we are eliminating one of the weapons in our Nation's energy arsenal. The EPAA was complex, inequitable, and unworkable; yet its death leaves the United States virtually helpless in combating future shortages.

We are at a crossroads. We can either ignore the need to have an emergency energy program or we can develop and implement a new plan, eliminating the failures of the EPAA. I think our course is clear. The shortcomings of the old law must not blind Congress to the pressing need for new legislation to deal effectively with future energy disruptions.

A future energy shortage is all too likely. And if it comes, the public will demand that Congress act. You can bet that if long gas lines become a reality again, Members of Congress will trip over one another rushing to adopt complex controls on the distribution of energy supplies. We should act now, while supplies are plentiful and tempers are cool, and not wait until an emergency arrives to haphazardly construct another unworkable program.

On July 28, I introduced H.R. 4313, the Petroleum Disruption Management Act. As of today, 50 of my colleagues have joined me in cosponsoring this bill.

We think our Nation has learned from the mistakes of the last decade. That is why H.R. 4313 does not embrace the all-or-nothing approach to emergency planning. Instead, it provides us with the tools to prevent relatively minor problems from mushrooming into major oil shortages. For example, a regional shortage of crude oil would be managed through a limited drawdown from the Strategic Petroleum Reserve, heading off the kind of crisis that invites massive Government intervention.

H.R. 4313 requires the President to draw up plans for, first, the drawdown of the SPR; second, distribution from private dedicated reserves, which will be used only until the SPR has been filled to an adequate level; third, the sharing of crude oil among refiners, when a disruption is greater than the SPR can handle; and fourth, the allocation of refined products in a severe national emergency.

The President would decide when each energy plan should be invoked; there would be no inflexible "trigger." However, the plans would be subject to the approval of Congress, first when they were written and again when they were invoked during an emergency. No plan could take effect for more than 120 days, unless Congress approved an extension.

The bill lays down only broad guidelines for each emergency plan. For example, an allocation plan for refined products would have to conform to the priorities—for health, public safety, agricultural uses, and the like—that are part of existing law.

We believe that H.R. 4313 offers the best hope for dealing with petroleum shortages in a careful, responsible manner. By using the tools the bill gives him, the President will be able to nip crises in the bud—instead of making them worse.

RECESS

The SPEAKER pro tempore. Pursuant to the order of the House of September 28, 1981, the Chair declares a recess subject to the call of the Chair.

Bells will be rung 15 minutes before the House reconvenes.

Accordingly (at 4 o'clock and 25 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 2145

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 9 o'clock and 45 minutes p.m.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled bills earlier today:

H.R. 4084. An act to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes;

H.J. Res. 263. Joint resolution to designate May 6, 1982, as "National Recognition Day for Nurses";

H.J. Res. 265. Joint resolution to provide for a temporary increase in the public debt limit;

H.J. Res. 266. Joint resolution to provide for a temporary increase in the public debt limit;

S. 1033. An act granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary; and

S. 1475. An act to extend the expiration date of section 252 of the Energy Policy and Conservation Act.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4612, TO DELAY INCREASE IN PRICE SUPPORT LEVEL FOR MILK AND TO EXTEND TIME FOR REFERENDUM ON NATIONAL MARKETING QUOTA FOR WHEAT

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 97-259) on the resolution (H. Res. 232) providing for the consideration of the bill (H.R. 4612) to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning on June 1, 1982, which was referred to the House Calendar and ordered to be printed.

CONFERENCE REPORT ON H.J. RES. 325, CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1982

Mr. WHITTEN submitted the following conference report and statement of the joint resolution (H.J. Res. 325) making continuing appropriations for the fiscal year 1982, and for other purposes:

CONFERENCE REPORT (H.J. RES. 325)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 325) making continuing appropriations for the fiscal year 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 9, 11, 13, 15, and 45.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 6, 7, 8, 12, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, 38, 39, 40, and 41, and agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment insert:

Provided further, That for the purposes of this joint resolution, when an Act listed in this subsection, with the exception of the Department of the Interior and Related Agencies Appropriation Act, 1982, has been reported to a House but not passed by that House as of October 1, 1981, it shall be deemed as having been passed by that House; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows:

In lieu of the sum named in said amendment for the *Library of Congress, Congressional Research Service, salaries and expenses,* insert *$30,000,000*; and the Senate agree to the same.

Amendment numbered 37:

That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment insert the following:

Sec. 131. Sections 111 through 130 and sections 139 through 141 of this joint resolution shall be effective without regard to the provisions of sections 102 and 106 of this joint resolution; and the Senate agree to the same.

Amendment numbered 42:

That the House recede from its disagreement to the amendment of the Senate numbered 42, and agree to the same with an amendment, as follows:

In lieu of the sum named in said amendment insert *$600,000*; and the Senate agree to the same.

Amendment numbered 47:

That the House recede from its disagreement to the amendment of the Senate numbered 47, and agree to the same with an amendment, as follows:

In lieu of the section numbers named in said amendment insert *140* and *141*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 16, 31, 36, 43, 44, and 46.

JAMIE L. WHITTEN,
EDWARD P. BOLAND,
(Except No. 36 and No. 46).
WILLIAM H. NATCHER,
NEAL SMITH,
JOSEPH P. ADDABBO,
CLARENCE D. LONG,
SIDNEY R. YATES,
(Except No. 36 and No. 46).
EDWARD R. ROYBAL,
TOM BEVILL,
(Except Amendments 36 and 46).
ADAM BENJAMIN, Jr.,
(Except Nos. 36 and 46).
BO GINN,
(Except Nos. 36 and 46).
JULIAN C. DIXON,
VIC FAZIO,
SILVIO O. CONTE,
JOSEPH M. MCDADE,
JACK EDWARDS,
LAWRENCE COUGHLIN,
JACK KEMP,
CLAIR W. BURGENER,
GEORGE M. O'BRIEN,
Managers on the Part of the House.

MARK O. HATFIELD,
TED STEVENS,
JAMES A. MCCLURE,
PAUL LAXALT,
JAKE GARN,
HARRISON H. SCHMITT,
THAD COCHRAN,
MARK ANDREWS,
JAMES ABDNOR,
ROBERT W. KASTEN, Jr.,
ALFONSE M. D'AMATO,
MACK MATTINGLY,
JOHN C. STENNIS,
(Except as to Amdt. No. 46).
DANIEL K. INOUYE,
ERNEST F. HOLLINGS,
QUENTIN N. BURDICK,
PATRICK J. LEAHY,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 325), making continuing appropriations for the fiscal year 1982 and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

RATE OF OPERATIONS

Amendment No. 1: Inserts language proposed by the Senate which provides funding under section 101(a) of the continuing resolution for the Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982, the Energy and Water Development Appropriation Act, 1982, the Department of the Interior and Related Agencies Appropriation Act, 1982, and the Treasury, Postal Service and General Government Appropriation Act, 1982.

Amendment No. 2: Amends language proposed by the Senate, which provided that bills reported to a House but not passed by that House by October 1, 1981 are deemed to have been passed by that House, by exempting the Department of the Interior and Related Agencies Appropriation Act. The Labor-HHS bill is deemed passed by the House and the Treasury-Postal Service bill is deemed passed by the Senate.

The managers are in agreement that within the funds available, the Bureau of Indian Affairs shall continue to provide welfare grants and other social services to Alaskan Natives pending resolution of the matter in the regular Interior Appropriations bill.

GOVERNMENT PAYMENT FOR ANNUITANTS, EMPLOYEES HEALTH BENEFITS

Amendment No. 3: Inserts language proposed by the Senate which makes funds available for the mandatory payment of the government's share of annuitants and employees health benefits under the authority and conditions set forth in H.R. 4121 as reported by the Senate.

Amendments No. 4 and 5: Retain House language which provides that when an Act has passed only one House then the rate of operation under the Resolution shall be the rate granted by the one House or the current rate, whichever is lower. The Senate amendment had proposed that when an Act had not been passed by both Houses the rate of operations shall be the current rate.

It is the understanding of the conferees that the Continuing Resolution contains sufficient funds and authority to operate the Office of Adolescent Pregnancy in the Department of Health and Human Services for the duration of this Resolution in order to maintain the option for the Congress to consider funding mechanisms for the Adolescent Family Life program which would be administered by the Office.

The managers direct that within funds provided in this resolution, Amtrak shall not terminate rail passenger service along the existing route of the Cardinal.

This direction in no way predetermines the intent of Congress which may be expressed in the fiscal year 1982 appropriation bill for the Department of Transportation and Related Agencies. The managers' intent is that any future Congressional decision not be preempted by a premature administrative action.

Amendment No. 6: Deletes House language which provides that when an Act has been reported to the House by October 1, 1981 it shall be deemed as having been passed by the House for purposes of the Resolution.

Amendment No. 7: Changes expiration date of Section 305 (a), (b), and (d) of H.R. 4120 to November 20, 1981, as proposed by the Senate instead of November 1, 1981, as proposed by the House.

Amendment No. 8: Provides funding for the Senate, as proposed by the Senate.

Amendment No. 9: Deletes Senate provision regarding funding for the House of Representatives and House Office Buildings.

Amendment No. 10: Provides funding for Joint Items and related agencies as proposed by the Senate instead of as proposed by the House with the exception of funding for the Congressional Research Service, salaries and expenses. The conference agreement appropriates $30,000,000 for the Congressional Research Service, salaries and expenses, instead of $29,000,000 as proposed by the Senate and $31,575,000 as proposed by the House.

The conferees agree that, in connection with the reduction in overtime funding in Congressional Printing and Binding, there should be no effect on urgent requirements necessary to meet the Congressional workload and legislative schedule. The conferees also agree that the Capitol Buildings appropriation may be used to install additional protective handrails in the House gallery, subject to the guidance provided in House Report No. 97-170.

Amendment No. 11: Deletes Senate language regarding standard level user charges.

Amendment No. 12: Retains language proposed by the Senate to provide such amounts as may be necessary for projects or activities provided for in the 1982 Department of Housing and Urban Development-Independent Agencies Appropriation Act (H.R. 4034) at a rate of operations and to the extent provided for in the conference report and joint explanatory statement of the Committee of Conference (H. Rept 97-222).

Amendment No. 13: Deletes Senate language providing for certain cost-of-living adjustments.

Amendment No. 14: Inserts language proposed by the Senate providing for an expiration date for this continuing resolution of November 20, 1981, instead of November 1, 1981 as proposed by the House.

Amendment No. 15: Restores House language which permits the Secretary of Agriculture to borrow from other USDA accounts in order to cope with emergencies such as the Medfly and the gypsy moth.

Amendment No. 16: Reported in technical disagreement. The Managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which changes only the section number. The Senate amendment provides language mandating 47 positions as Economic Development Representatives out of the total number of permanent positions funded in the Salaries and Expenses account of the Economic Development Administration for fiscal year 1982 and requiring that such positions be maintained in the various states within the approved organizational structure in place on June 1, 1981 and where possible, with those employees who filled those positions on that date.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment Nos. 17 through 28: Provide for Senate housekeeping matters as proposed by the Senate and in accordance with long standing practice wherein each body determines its own housekeeping requirements and the other concurs without intervention.

Amendment No. 29: Inserts Senate language which provides that Senate and House pages may remain on the payroll during recesses and between sessions of Congress.

Amendment No. 30: Limits the number of Senior Executive Service positions or positions under similar personnel systems in any agency which may receive performance awards to 20 percent of the total number of positions in the system for that agency as proposed by the Senate instead of 25 percent as proposed by the House.

Amendment No 31: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the followings:

Sec. 125. The first sentence of section 110(a) of the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12) is amended by inserting immediately before the period at the end thereof the following: "; except that the total amount so transferred from any such balance remaining as of the close of the fiscal year 1982 shall not exceed an amount equal to $15,000 or 25 per centum of the amount of such Senator's Official Office Expense Account, whichever is greater, as determined under section 506(b)(1) of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(b)(1)), for the calendar year 1982".

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment Nos. 32 through 35: Provide for Senate housekeeping matters as proposed by the Senate and in accordance with long standing practice wherein each body determines its own housekeeping requirements and the other concurs without intervention.

Amendment No. 36: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

Sec. 130. (a) In section 323(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441 (a))—

(1) strike out all after "shall accept" down to and including "(1) any" and insert "shall accept any"; and

(2) strike out all after the word "speech," down to and including "year." and insert "or article.".

(b) In section 102 (a)(1)(A) of the Ethics in Government Act of 1978 (2 U.S.C. 702 (a)(1)(A)), after the word "source" where it appears the last time in the paragraph insert "including speeches, appearances, articles, or other publications".

(c) Effective beginning with fiscal year 1983, and continuing each year thereafter, such sums as hereafter may be necessary for "Compensation of Members" (and administrative expenses related thereto), as authorized by law and at such level recommended by the President for Federal employees for that fiscal year are hereby appropriated from money in the Treasury not otherwise appropriated. Such sums when paid shall be in lieu of any sums accrued in prior years but not paid. For purposes of this subsec-

tion, the term "Member" means each member of the Senate and the House of Representatives, the Resident Commissioner from Puerto Rico, the delegates from the District of Columbia, Guam, Virgin Islands, and American Samoa, and the Vice President.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 37: Changes section numbers "140 through 142" to "139 through 141."

Amendment No. 38: Inserts language proposed by the Senate, which amends the 1981 Appropriation Act for the Departments of State, Justice and Commerce, the Judiciary and Related Agencies to permit the purchase of an aircraft with funds available in the "Operations, Research, and Facilities" appropriation of the National Oceanic and Atmospheric Administration. NOAA is leasing the aircraft at the present time.

Amendment No. 39: Inserts new section as proposed by the Senate making available such sums as may be necessary during fiscal year 1982 for the close-out expenses of the Community Services Administration. The Omnibus Budget Reconciliation Act of 1981 authorizes the Director of the Office of Management and Budget to provide for termination of the affairs of the Community Services Administration.

It is the intent of the conferees that funds provided under this section shall be available after September 30, 1981, to continue to pay career senior executives of the Community Services Administration as required by section 3595 of title 5, United States Code, until such executives are placed or separated in accordance with such section.

It is also the intent of the conferees that any balance in the Rural Development Loan Fund not be used in meeting the estimated $30,100,000 in expenses provided for under this section.

Amendment No. 40: Inserts new section as proposed by the Senate which prohibits payments under section 5(b)(2) of Public Law 81-874 (impacted aid program), for the duration of the continuing resolution.

The conferees are agreed that the language of the Senate amendment relieves the Secretary of Education of the requirement to make impact aid payments to school districts—within thirty days after the beginning of the fiscal year—in an amount equal to 75 percent of the amount they received in the previous fiscal year. The conferees want to make clear, however, that the Secretary shall make payments, as needed, to those school districts heavily dependent upon impact aid for maintenance and operations of local schools.

Amendment No. 41: Inserts language proposed by the Senate which takes the oil acquisition and transportation funds of the Strategic Petroleum Reserve off-budget as provided for in the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

Amendment No. 42: Appropriates $600,000 to support the Yorktown Bicentennial Celebration instead of $750,000 as proposed by the Senate. The House had not provided any funds.

RATES FOR MILITARY ALLOWANCES AND BONUSES

The conferees recognize that implementation of the language contained in the House report regarding military pay and allowances might create certain inequities. It is therefore the intent of the conferees that the Department of Defense be permitted to make overseas cost-of-living allowance payments at the rates that would normally take effect on October 1, 1981. As a part of the normal FY 1982 appropriations process, the conferees also agree to consider retroactive payment of the remaining allowances and bonuses to the extent that the Department of Defense can demonstrate that substantial inequities have arisen.

The Conferees also agree that the Secretary of Defense should immediately take whatever steps are necessary under existing statutory authority to correct the wage grade rate disparity of civilian employees of the 184th Air National Guard Tactical Fighter Group, Wichita, Kansas, and other problem areas if he determines that under a pay cap on wage grade pay scales, wages are no longer competitive with those of private industry in such areas. In such instances, there is statutory authority to establish special pay schedules to attract or retain skilled personnel.

DEPARTMENT OF AGRICULTURE

Amendment No. 43. Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

Sec. 137. Notwithstanding any other provision of law or this joint resolution, $250,000,000 shall be available for loans to be guaranteed under the Rural Development Insurance Fund for alcohol production facilities to applicants that the Secretary of Agriculture determines are qualified to receive such guarantees, and $93,200,000 shall be available for the Elderly Feeding Program authorized by section 311 of the Older Americans Act.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement appropriates $93,200,000 for the Elderly Feeding Program and provides $250,000,000 in loan guarantees for alcohol production facilities for fiscal year 1982. The Senate amendment directed the use of the loan guarantee authority for alcohol production facilities provided in the House bill. The conferees have agreed to the mandatory language with respect to the loan guarantees and direct the Department to expeditiously implement this program.

The conferees wish to stress that the Continuing Resolution maintains the current levels of participation for the Special Supplemental Food Program, known as "WIC", and the Commodity Supplemental Food Program (CSFP). Any efforts to reduce funding allocations to the states, thereby affecting levels of participation, would be clearly contrary to the provisions of this joint resolution.

The conferees also agree that the Department of Agriculture has the authority under this Continuing Resolution to pay claims for meals served during the month of September 1981 under the Child Nutrition Programs. The Department is directed to promptly pay such claims to avoid unnecessary hardships by school districts.

FORCED LIQUIDATION NOT THE ANSWER

The conferees have been advised that many farmers who have Farmers Home Administration production loans may be on the verge of being forced to declare bankruptcy because of Farmers Home procedures. This situation occurs because recent bad crop years and the cost price squeeze have left many farmers short of cash and heavily in debt.

While the problem has been very serious in the past, it has now reached critical proportions. Approximately 75 percent of all farmers must borrow for production purposes. Furthermore, the average production loan is approximately $78,000 and the average interest rate is over 14 percent and in some cases over 20 percent. In 1981 farmers will have to pay over $10 billion in interest costs alone. When these costs are coupled with today's low commodity prices—reportedly, the lowest in 50 years on a parity basis—most farmers will have great difficulty remaining in business.

Often, however, the farmer has assets in excess of his outstanding indebtedness to Farmers Home and others. If those individuals are forced to liquidate their assets because of bankruptcy or to avoid bankruptcy, because of today's high interest and shortage of cash by other farmers, only a fraction of the true value will be recovered through a forced sale. Furthermore their land will likely end up in the hands of the large land owners, large corporations or the Federal government.

Under law the Farmers Home Administration has existing authority to help meet this problem. Section 1981 of title VII of the United States Code for instance, sets forth some of the Secretary of Agriculture's authority in this area. It provides a means of refinancing, stretching out the repayment date, and perhaps postponing a year's payments and interest, when the facts justify such action. This is all the more essential in view of the fact that the 1977 Farm Bill expires on September 30, 1981.

The conferees direct the Department to strengthen the local supervision system where close attention may be given and to do everything reasonable to help avoid bankruptcy or forced sale of assets.

The economic recovery of the Nation depends on keeping people producing—not forcing them into bankruptcy.

Amendment No. 44: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment, as follows:

In lieu of the matter inserted by said amendment, insert the following:

Sec. 138. Notwithstanding any other provision of this joint resolution, $125,000,000 shall be available for expenses necessary for the participation of the United States in a Multinational Force and Observers to implement the Treaty of Peace between Egypt and Israel: Provided, That the facilities constructed by use of these funds shall not be available for participation of U.S. troops in the Multinational Force and Observers in the Sinai without prior authorization by Congress for the participation of U.S. troops.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers expect that a new account entitled "Multinational Force and Observers in the Sinai" will be established for these funds.

Amendment No. 45: Deletes provision proposed by the Senate which would have appropriated $2,400,000,000 to carry out title II of the Federal Water Pollution Control Act, as amended, contingent upon enactment into law of Presidentially requested legislative reforms and receipt of a 1982 budget amendment.

The conferees support the submission of a budget request for the Environmental Protection Agency's construction grants program after the enactment of the Administration's legislative reforms. The conferees are concerned that a disruptive and costly funding lapse might occur between the time a budget request is submitted and a funding bill is enacted. Consequently, the conferees are committed to providing adequate funding in the first legislative vehicle available.

Amendment No. 46: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which changes section number "140" to "139". This amendment provides for an increase in the deductions for certain living expenses.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 47: The conference agreement changes only the section numbers. The amendment provides for Senate housekeeping matters as proposed by the Senate and in accordance with long standing practice wherein each body determines its own housekeeping requirements and the other concurs without intervention.

Jamie L. Whitten,
Edward P. Boland,
(Except Nos. 36 and No. 46).
William H. Natcher,
Neal Smith,
Joseph P. Addabbo,
Clarence D. Long,
Sidney R. Yates,
(Except Nos. 36 and No. 46).
Edward R. Roybal,
Tom Bevill,
(Except Amendments 36 and 46).
Adam Benjamin, Jr.,
(Except Nos. 36 and 46).
Bo Ginn
(Except Nos. 36 and 46).
Julian C. Dixon,
Vic Fazio,
Silvio O. Conte,
Joseph M. McDade,
Jack Edwards,
Lawrence Coughlin,
Jack Kemp,
Clair W. Burgener,
George M. O'Brien
Managers on the Part of the House.

Mark O. Hatfield,
Ted Stevens,
James A. McClure,
Paul Laxalt,
Jake Garn,
Harrison H. Schmitt,
Thad Cochran,
Mark Andrews,
James Abdnor,
Robert W. Kasten, Jr.,
Alfonse M. D'Amato,
Mack Mattingly,
John C. Stennis,
(Except as to Amdt. No. 46).
Daniel K. Inouye,
Ernest F. Hollings,
Quentin N. Burdick,
Patrick J. Leahy,
Managers on the Part of the Senate.

Mr. WHITTEN. Mr. Speaker, pursuant to the order of the House of Friday, September 25, 1981, I call up the conference report on House Joint Resolution 325, making continuing appropriations for the fiscal year 1982, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the statement.

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement of the managers be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. The gentleman from Mississippi (Mr. Whitten) will be recognized for 30 minutes, and the gentleman from Massachusetts (Mr. Conte) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Mississippi (Mr. Whitten).

Mr. WHITTEN. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, in the history of our great country, I do not believe any group has faced the problems that we have within the House during the current year. We have been faced with the budget of the outgoing President, the original budget of the new President, the rescissions and amended requests along with the second budget, and periodically we have had other things that intervened with our normal procedures.

Notwithstanding that, your Committee on Appropriations in the House has proceeded with its hearings. We have not yet finished this year, but we had about 10,000 witnesses in the last Congress, and it has gone along pretty much the same way this year.

We have passed nine of our bills, and may I say that we are some $3,900 million below the budget request in the bills that we have dealt with. That is in terms of new budget authority.

Notwithstanding all of this, and the fact that we have sent the bills to our colleagues on the other side, none of those bills are enacted into law. It leaves us where, under the opinion of the Attorney General of the United States of a few years ago, unless we act tonight, and unless the other body goes along with us and we get the bill signed by the President, most of the Government would come to a close beginning in the morning.

So we bring you tonight a continuing resolution that will continue the operations of the various departments.

In connection with that, the departments will operate under the time limit that we have set. With one exception in one bill, they would operate under the continuing resolution until November 20. Now, our colleagues on the other side of the Capitol have a week's holiday that is already provided in that period, so where we had provided that the continuing resolution last until November 1, the agreement in the conference was that it go to November 20. The rate at which the departments will be operated will be by and large as they have up until now, but generally the rates of operation are those as provided for in the continuing resolution as it passed the House.

So in carrying out the record that we have made through the year of holding our appropriations below the budget, this continuing resolution will continue to hold spending at the levels that are below the budget recommendation in toto.

Later in my remarks I will go into more detail, but let me repeat to you again, that I am proud of this record which has escaped the attention of the press and just about everybody else, but this Congress, in trying to cooperate with our President on his request that we cut $15.1 billion in the relatively few months left of the fiscal year, your committee recommended and you voted for and we passed on June 5 a bill which cut $14.3 billion of the $15.1 billion in rescission that had been requested. Not only that but we cut over $1.5 billion in supplementals requested by the President so we were under his total figures. This was done with a minimum of dislocation, because in the committee we assigned the items to each subcommittee familiar with the subject. So we start off with a splendid track record, with your help, we recommending and you approving what we have done.

So tonight in behalf of the conferees we bring you a continuing resolution which is, I think, another step showing that we can act when we need to, and certainly we need to now when most of the Government will come to a close, beginning tomorrow morning unless we act tonight.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

I have a couple of questions, since we have not been able to see the conference report, as I know the conferees worked on it all day long, and I can appreciate that.

Can the gentleman assure me that the provisions with regard to abortion, school prayer, and the other things that have been in law in the appropriation bills are retained in the conference report as approved by the House and Senate conferees?

Mr. WHITTEN. We continue all the prohibitions that exist at the present time.

Mr. WALKER. I thank the gentleman.

I also have some questions about what is probably going to be the most controversial section in it, since we included the legislative appropriations in it.

Mr. WHITTEN. I would be pleased to explain the situation if I may proceed. We will cover that.

Mr. WALKER. I will be glad to let the gentleman explain.

I thank the gentleman for yielding.

Mr. WHITTEN. May I say there are several amendments that will be of interest to the Members.

Perhaps all of the Members do not know, but most do, that in 1975, under the Executive Salary Cost-of-Living Adjustment Act, it was provided that the pay of Members of Congress, including the Senators, would increase in line with inflation. In other areas those provisions are called entitlements.

You recall that 2 years ago that since the Congress had not appropriated, even though the law called for it, and even though these rights under the law had been accumulating, I offered and the Congress went along with me, a provision that we pay 5.5 percent of 12.9 percent that was due. But we said if you accepted the 5.5 percent, it was accepted in lieu of the 12.9 which is called for by the Executive Salary Act of 1975.

Since that time, notwithstanding the fact that the law called for it, we have not appropriated the money each year that is called for in the law to meet inflation.

□ 2200

I think now the figures are something like 23 percent under that provision, so what we bring to the Members tonight is an appropriation that would take effect the first of the next fiscal year, which would be the 1983 fiscal year. It would provide that from then on you would get such increase as recommended by the President due to inflation. The amount would be what the President recommends for other Federal employees.

Only two things would prevent that from being paid to you. One is, if they do control inflation, nothing would be due. The second is, if they do not control inflation and it is due, you cannot pay it except on the recommendtion of the President. The adjustment cannot be in excess of what the President recommends for all other Federal employees.

We have a serious situation facing us as inflation continues, but this would only become effective at the beginning of fiscal year 1983. It is due and payable under existing law written in 1975. The provision would require, first, that the inflation exist; second, it would require that the President recommend it. If the President recommends it, it still cannot be paid if it is in excess of what he recommends for other Federal employees. I think that is a sound position.

The other item has to do with the fact that in 1952 a limit was imposed by the Congress on cost-of-living expenses for Members of Congress, including the Senate, of $3,000. Now, one can get various figures as to what the rate of inflation has been since 1952. I think we could easily say 300 percent would be a small figure for the increased cost of living in Washington and in the Washington area. So, the Senate had an amendment that would strike out that limitation. We have gone along with the Senate in striking this limitation, which would leave it in this way; Members of Congress on the job would not get any per diem as they do in the State legislatures, no extra pay whatever, but you would be able to deduct that in the taxes due as business people or others away from home would be able to do.

Those are two provisions that are here that are of interest. I think they are thoroughly sound, and as I say again, they do not become effective until the 1983 fiscal year, which would be some time.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding. I appreciate the explanation. It did help clarify, but the thing I am concerned about is language I have here in the only report available to me that describes the pay raise situation as establishing a permanent appropriation of funds for pay increases.

Now, that seems to me to be something which the House should enter with a good deal of caution, because in the past normally it has been the appropriations route where pay raises have been blocked. It seems to me you are taking that route away from the Members at a time of pay raises and substituting for it another route which I must admit that I do not wholly understand.

Mr. WHITTEN. May I say that that has the appearance of permanency, but anything that the Congress does is subject to review. While we express the intent of Congress, and while we spell it out, as the gentleman has said, the actual facts are that the Congress has within its control to do whatever it might wish to do at any time. So, this is not tied down where we cannot reach it. The Congress can reach that at any time.

Now, if this is successful, as this side hopes, and you do too, in stopping inflation there will be nothing proposed and nothing forthcoming. So again I say we have got the form of a continuous provision. It is not binding except as future Congresses might wish.

Mr. WALKER. I thank the gentleman for his explanation. If he would yield further, would he explain once again for the record exactly how it is that the Congress could block a pay raise under this proposal if it so desired?

Mr. WHITTEN. Well, the law, as I tried to point out, the Executive Salary Act of 1975 provides the increased pay. We in the Congress have just failed to appropriate for it, and while we have received a lot of attention about the so-called cap, there has not been a provision passed that repeals that law, so the law still says you shall be paid this. It is my opinion, having read some of the cases having to do with entitlements, that in virtually every case the court has said they have a right to the entitlement and it must be paid. It is my judgment that in a class action suit, Members of Congress could sue and a judgment would be rendered.

You might remember that 2 years ago when the approved adjustment was 5.5 percent, which I wrote and which was accepted in lieu of the 12.9 percent due, the judges refused to take the 5.5 percent and went to court and got a judgment for 12.5 percent. I grant you there is a distinction between judges, but there are some 20 cases where entitlements have been enacted into law and suit has been brought, and the courts have held with those claiming the entitlement. May I also say that I voted against the act in 1975 but nevertheless it passed and became law, so it is due and payable. We have said that instead of letting it accumulate, beginning in fiscal year 1983 they will begin to live up to it to the point that the President recommends it for other Federal employees.

Mr. WALKER. If the gentleman will yield further, from that explanation do I gather the past cost-of-living increases would then become a part of the congressional pay as of 1983.

Mr. WHITTEN. The provision that we have here, if I may say so, provides this language: "Such sums when paid shall be in lieu of any sums accrued in prior years."

So, if this is accepted it settles all this prior claim.

Mr. FAZIO. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield.

Mr. FAZIO. I would simply like to reaffirm that there is no effort in this bill to in any way recapture any of those sums which have been foregone by Members of Congress or other senior officials in the Federal Government who have been capped in prior years. I would also point out that this does not eliminate the ability to prevent a future pay raise from coming into effect. There basic law is not being changed here, nor our ability to amend it.

Mr. OBEY. Will the gentleman from Mississippi yield?

Mr. WHITTEN. I yield to the gentleman from Wisconsin.

Mr. OBEY. If I could ask either the gentleman from Mississippi or the gentleman from California a question with respect to the Stevens' amendment, is it correct that the action on honorariums only applies to the Senate, and the House would be free to retain or alter its limitations in accordance with its own choices?

Mr. FAZIO. Mr. Speaker, will the gentleman yield so that I could respond?

Mr. WHITTEN. Certainly.

Mr. FAZIO. The House will continue to be governed by the House rules, which currently limit outside income including honorariums, to 15 percent of our salaries. That could be changed by further action of our Rules Committee, but the removal of the statutory limitation of $25,000 on outside income in this resolution is only effective in the other body where they have no rule which limits their honorariums. The Members of the House would not be treated differently tomorrow than they are today, they will not be entitled to earn one more penny in honorarium income.

Mr. OBEY. Mr. Speaker, will the gentleman yield further?

Mr. WHITTEN. I am pleased to yield.

Mr. OBEY. I appreciate the gentleman's yielding. The Members know my views on the subject so I will not bore the House by repeating them except to say that I think there were good reasons for those limits 5 years ago and there are still good reasons. I must say, I feel constrained to say that I find it rather quaint for the other body to find some virtue in piously singing a song against pay raises, but eagerly embracing an increase for themselves, which is larger, less direct, and much less in the public interest.

□ 1010

I recognize that we are not in the business of setting the Senate rules, but if I had any regard at all for the attitude of the other body on this subject I would be upset.

Mr. WHITTEN. Mr. Speaker, may I add to the statements that have been made that through the years there has been a reciprocity between the Senate and the House, and that each has set its own rules.

So this does not change the Senate rules; it leaves it where this matter is controlled by the Senate rules. On the House side, as we all know, we not only have a law, but we have a rule, and rules also have a limitation.

So this again allows the other body to run its own affairs while we in turn would be left to ours.

Mr. Speaker, we have discussed many of the matters before us tonight which I presented in behalf of the conferees. But in summary, let me state that the Senate just last Friday concluded action on the House-passed resolution. We in the House had a simple, and restrictive resolution. The Senate after 2 days of consideration made 47 amendments to our bill. The House immediately appointed conferees and convened the first meeting of House and Senate conferees on Monday afternoon. Due to the Jewish holy day the conferees could not meet on Monday evening or Tuesday. This morning at 11 a.m. the conferees once again met and concluded the conference at 5 p.m. Since that time the staff has been assembling the necessary papers for floor consideration.

Although there were 47 items in disagreement, agreement has been reached on all items.

The continuing resolution extends to November 20 rather than November 1, as proposed by the House. This will preserve the regular order of dealing with the appropriation bills under the current budget situation.

The conferees agreed to the House position of the more restrictive spending rates rather than the Senate position which would have cost an additional $14.7 billion on an annual basis.

The House conferees insisted that with regard to the Sinai peacekeeping funds that none of the funds be available to station U.S. troops in the Sinai unless specifically authorized by Congress. This will allow the $125 million to be available for necessary construction or long lead items without circumventing normal congressional prerogatives.

Under the tradition of comity between the Houses, the Senate receded from its disagreement to housekeeping items of the House of Representatives, and the House agreed to the Senate's housekeeping items.

I would like to state again for my colleagues the situation with regard to three related pay items:

First, this conference report maintains the current cap on pay for Members of Congress—House and Senate—as well as all civil servants of the U.S. Government. The existing pay cap stays in place.

Second, the Senate amendment removed the present legislative limit on Senators' honorarium, leaving the matter up to Senate rules; the House limitation remains the same as present. The conferees also agreed to an amendment that has the effect of treating Members of Congress identical to other Federal employees when the President submits his recommendations for annual cost-of-living increases each year. This does not have any effect this fiscal year.

Third, the conferees agreed with a Senate amendment that treats Members of Congress in an identical way as businessmen treat legitimate business expenses.

Mr. Speaker, I ask my colleagues in the House to vote for this conference agreement. I need not point out that there are only a few hours left before midnight, and under the Attorney General's opinion, all non-safety-related activities of the Federal Government must cease at that time. We have no choice but to approve this conference agreement and return to the regular order of dealing with the 13 appropriations bills.

I would like to thank the ranking minority member of this committee, the gentleman from Massachusetts (Mr. CONTE). He joined with me earlier this month to sponsor this continuing resolution and we stood together throughout these negotiations. I thank him individually, and collectively, I thank all the House conferees for their extraordinary efforts during these past 3 days.

Thank you, Mr. Speaker.

Mr. JOHNSTON. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from North Carolina.

Mr. JOHNSTON. Mr. Speaker, in connection with the deduction of expenses, am I to understand that under the proposed changes the Members of Congress will be treated just like any other businessman or person away from home in connection with business matters, and that they will be allowed to deduct their ordinary and reasonable expenses?

Mr. WHITTEN. The gentleman is correct.

Mr. JOHNSTON. They will be allowed to do that pursuant to the rules of the Internal Revenue Code, just as anybody else would be able to deduct those expenses; in essence, Congress is choosing to treat itself just as it treats all other people in pursuit of gainful employment or a profession?

Mr. FAZIO. Mr. Speaker, if the gentleman will yield, that is the intent of the provision as it is currently before us.

Mr. CONTE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support the conference report on House Joint Resolution 325, which makes continuing appropriations for the fiscal year 1982.

We have brought a good conference agreement to the House. There were 47 Senate amendments, and we had a long but a good and productive conference. The conference agreement deserves your support.

We agreed to the Senate amendment that extended the expiration date of the continuing resolution to November 20 of this year. This will provide the Congress with more time to complete action on the pending appropriation bills, including consideration of the extensive budget amendments transmitted today by the President.

We accepted the Senate amendment that added to the continuing resolution five bills that had passed the House before the August recess.

Under the conference agreement, the rates for the various appropriation bills will be as follows:

One bill—Treasury-Postal Service—is continued under section 101(a)(3), where the appropriation rate is the lower of the House or Senate rate, and under the more restrictive authority. If an item is not included by one House, the rate for that item is the current rate, or the rate provided by the other House, whichever is lower, and under the authority and conditions in effect in fiscal 1981.

General provisions shall take effect only if they are identical in the House and Senate bills.

Eight bills are covered under section 101(a)(4): Agriculture, Commerce-Justice-State Judiciary, District of Columbia, energy and water development, Interior, Labor, Health and Human Services, and Education, military construction, and Transportation.

Projects and activities in these bills are continued at the rate provided by the House, or the current rate, which ever is lower, and under the terms and conditions in effect in fiscal year 1981.

Two bills—Defense and foreign assistance—are continued, under section 101(b), at the budget estimate or the current rate, whichever is lower, and under the more restrictive authority.

The HUD-independent agencies bill is continued at the rate and under the conditions provided in the conference report and joint statement as filed in the House.

The legislative bill is continued for the full fiscal year as provided in the House bill as reported to the House, with certain items funded at specific levels.

The pay cap is continued for the period of the continuing resolution; that is, through November 2, 1981.

In closing, I would like to address those Members who disagree with one or more of the recommendations in the conference report, or the amendments in disagreement.

There were 47 Senate amendments in disagreement. It is and was simply not possible to reach agreements on every item that will satisfy every Member.

However, the new fiscal year starts at midnight tonight. No appropriation bills have been enacted into law. Under the ruling of the Attorney General, and the implementing OMB regulations, after midnight tonight the only obligations that can be legally incurred, absent an enacted appropriation, will be for the protection of life and property, and for the orderly and prudent termination of Government functions.

This is not the time for individual disagreements. It is a time for consensus. We must continue Government functions at minimum levels, and work out individual disagreements on the individual appropriation bills.

I ask for your support of the conference report.

Mr. Speaker, in the area of agriculture, the Senate receded to the House position in amendment No. 15 which provides that the Secretary of Agriculture can exercise the emergency authority provided by the House with the passage of H.R. 4119, the Agriculture Appropriations Act for fiscal year 1982 to combat threats from gypsy moths and fruit flys as well as other pests and diseases. This authority provides that the Secretary can transfer such funds as he deems necessary from other appropriations and funds available to the Department of Agriculture to meet such emergencies.

Additionally, Mr. Speaker, the managers from the Senate will move to concur in an amendment to an amendment of the Senate to which the House receded in order to make $93,200,000 available for the elderly feeding program authorized by section 311 of the Older Americans Act and to make available $250,000,000 for guaranteed loans under the Rural Development Insurance Fund for alcohol production facilities. These funds are to be made available in an expeditious manner under a restructuring of this program provided in H.R. 4119.

House conferees receded to amendment No. 16, which directs the Economic Development Administration to maintain the number of economic development representatives in the various States at 47. The amendment further directs that, where possible, the individuals who held those positions on June 1, 1981, should retain their jobs. The effect of the amendment is to deny a reorganization request from the EDA to eliminate these positions.

In the defense area, both defense and military construction are at fiscal 1981 levels and were not conference items. MX deployment construction and bomber procurement are not allowed to proceed under the 1981 restrictive language which remains in effect for the life of the continuing resolution.

The conferees agreed to provide $600,000 for the Yorktown bicentennial celebration instead of the $750,000 recommended by the Senate. No funds were included by the House. These funds will be used by the Department of Defense to proceed with plans and implementation of DOD participation in this event. It was essential that we include the funds here so their plans can proceed rather than awaiting a final defense appropriation in late November or December.

The report clarifies House language concerning military pay and allowances by stating our intent that overseas cost-of-living payments be made at the rate which normally would take effect tomorrow. To do otherwise would be unfair.

Finally, the conferees agreed on report language allowing the Secretary of Defense to take necessary steps under existing law to correct the wage rate disparity at the National Guard group in Wichita, Kans., and other trouble areas if he determines such rates are no longer competitive.

House conferees accepted Senate amendment No. 44, which provides $125 million for U.S. participation in the multinational force and observers in the Sinai to meet U.S. commitments under the Camp David agreements. While these funds have not yet been authorized, an appropriation at this time is essential if this multinational force is to be in place by March 20, 1982, as specified by the agreements.

A provision included prevents these funds from being used for the actual participation of U.S. troops in this multinational force without prior authorization by Congress. Another provision may be added on the House floor when amendments in technical disagreement are considered which would limit the amount which could be expended prior to authorization to not more than $20 million.

This conference report provides that the programs of the Department of Housing and Urban Development and independent agencies will be continued at the rate and in the manner provided for in the conference report to the fiscal year 1982 HUD appropriations bill, Report No. 97-222, which was agreed to in the House on September 15.

The conferees were aware of the concern that exists regarding the future of the EPA wastewater treatment construction grants program because no funds for this program are included in the fiscal year 1982 HUD appropriations conference report. The conferees have therefore included language in this conference report reaffirming the intention to make an adequate level of funds available for the EPA construction grants program in fiscal year 1982 as soon as the Congress has completed work on the pending construction grants reform legislation and upon receipt of the promised administration budget request for this program.

For the Department of the Interior and related agencies, the continuing resolution would continue the activities of these agencies at the current rate or the rate provided in H.R. 4035 as passed by the House on July 22, whichever is lower.

The conferees are agreed on the importance of continuing efforts to fill the strategic petroleum reserve, but in keeping with the provisions of the

Omnibus Budget Reconciliation Act of 1981, which was adopted after the House had passed the fiscal year 1982 Interior appropriations bill, the House accepts the Senate amendment providing that funds necessary for oil acquisition and transportation costs related to SPRO shall be carried off budget.

The continuing resolution provides for the extension of current law concerning abortion. Essentially that language says:

> None of the funds made available shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term: *Provided*, however, that the several States are and shall remain free not to fund abortions to the extent that they in their sole discretion deem appropriate.

The resolution extends the current law language prohibiting prevention of voluntary prayer programs in public schools.

The joint resolution provides "such sums as may be necessary during fiscal year 1982 for closeout expenses of the Community Services Administration." The committee intended that these funds also be available to continue to pay career senior executives of the Community Services Administration as required by law until these senior executives are reassigned.

The House receded to a technical amendment by the Senate concerning the provision of impact aid funds. The amendment as accepted relieves the Secretary from making impact aid payments to school districts within 30 days after the beginning of the fiscal year in an amount equal to 75 percent of the amount they received in the previous fiscal year. This amendment was accepted because the appropriation for impact aid for fiscal 1982 will be less than 75 percent of the current year's level.

The conferees made clear, however, that the Secretary shall make payments as needed to those school districts heavily dependent upon impact aid for maintenance and operations of local schools.

The conferees included in the statement of the managers language that indicated that it is the understanding of the conferees that the resolution contains sufficient funds and authority to operate the Office of Adolescent Pregnancy for the duration of the resolution to maintain the option for Congress to consider future funding for the adolescent family life program.

There is no statement in the conference agreement concerning the Public Health Service hospitals. Under the rate of operations prescribed by the resolution the Secretary would have $25 million available for conversion activities for those hospitals whose conversion plans are approved.

Chairman NATCHER and Senator SCHMITT agreed during the conference to write the Secretary a letter indicating that he should maintain as much flexibility as possible in funding and approving conversion proposals since more funds for conversion might be forthcoming in the fiscal 1982 appropriations bill.

In regard to pay and related issues, the Senate receded on an amendment No. 13, which had proposed a relaxation of the Federal pay cap in the House bill to the extent that increases would have been allowed for executive levels III, IV, and V, The effect of the conferees action is to extend the pay cap for Members of Congress, high executive branch officials, and the judiciary through November 20, 1981.

House conferees receded to the Senate on amendment No. 36, which eliminates the $25,000 ceiling on honorariums which can be received in any year by Federal employees, including Members of the U.S. Senate. House Members are limited to 15 percent of congressional salary for such income.

Amendment No. 36 also includes language providing a permanent appropriation in future years for "compensation of Members" as authorized by law at levels recommended by the President for other Federal employees.

The conferees also agreed to remove the statutory $3,000 limit on living expenses which can be deducted from Federal taxes by Members of Congress while away from home. Amendment No. 46 states that it is the sense of Congress that limits on such deductions should be the same as the limits for businessmen and other private citizens.

On the issue of the report language which relates to Amtrak rail service, I must say that I am dismayed with the decision to extend special treatment to the "Cardinal" train. This train represents the most political route in the Amtrak system. It has failed consistently to attain the congressionally required criteria for long-haul trains. Yet, it remains in service for a select few.

A recent Amtrak management recommendation to the Amtrak Board of Directors indicates that this route again fails to meet the performance criteria that we had established in this Congress after a great deal of debate. In fact, the route is projected to attain only 122 passenger-miles per train-mile figure. The requirement for continuation of this line has been decided by the Congress to be no less than 150. The report states, "It is therefore our judgment that the 'Cardinal' should be discontinued."

It is ludicrous to offer special treatment to this poor performance train at the expense of superior train routes which can better serve the public's traveling needs.

I am pleased to report that there is no language in this resolution which precludes the Secretary of Transportation from implementing the Washington National Airport policy plan. The resolution offers the Secretary the necessary flexibility regarding implementation.

As many of you are aware, the plan is designed to assure the maximum safety of air operations in the Washington area, reduce noise and congestion at National Airport, and encourage the greater use of Dulles International Airport. This long-overdue plan is one which should not be sidetracked by a few special interest groups.

The policy attempts to balance the competing interests of airlines, their passengers, Congress, and the residents of the Washington area. In developing this equitable plan, safety, as always, was given the highest priority.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to my good friend, the gentleman from Arizona.

Mr. RHODES. Mr. Speaker, I thank my good friend, the gentleman from Massachusetts, for yielding, and I would like to ask a question concerning the material on page 30.

This would be the 46th amendment, and it has to do with deductions for living expenses of Members of Congress while away from home.

Would my friend, the gentleman from Massachusetts, explain to the House what this provision accomplishes?

Mr. CONTE. Certainly. Mr. Speaker, in 1952, the Congress passed a law giving all Members of Congress, both in the House and the Senate, a $3,000 living expense. All you had to do at that point was to sign a letter you filled out your income tax that you had a $3,000 living expense here in Washington. Whether you spent $100, whether you spent $1,000, or whether you spent $3,000, that was the law, and every Member of this House was given that $3,000 living expense.

Well, many people felt that a change should be made since almost 30 years have gone by and the living expenses have gone up with inflation tenfold here in Washington, D.C. Some wanted to increase that to $6,000, and some wanted to increase it to $9,000. The gentleman from California (Mr. FAZIO) and I, along with others, felt that this was immoral to say we had to sign a piece of paper, and that we should be treated like any other human being in the United States—like the press up there.

Let us just note the press. If the press wants to put down a $1,000 living expense, they can do it, and we should have the same right. If they want to put down $2,000 they can do it, but they are subject to an Internal Revenue audit.

Mr. Speaker, that is all this says. It says, "Put down what you have expended, not a nickel more, not a penny more, and not a penny less, and we do not want to be treated any better than the Fifth Estate or any worse."

Mr. RHODES. Mr. Speaker, will the gentleman yield further?

Mr. CONTE. I yield to the gentleman from Arizona.

Mr. RHODES. Mr. Speaker, is there any estimate as to how much revenue this might deprive the Treasury of?

Mr. CONTE. Mr. Speaker, it is a very, very difficult thing to put a figure on, because there may be some Members here who have higher expenses than others.

I might mention here that this is merely the expense of the Congressman or the Congresswoman and not of the families. So it all depends on how much a person spends and how much the Internal Revenue Service says we are entitled to.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield at that point?

Mr. RHODES. Mr. Speaker, will the gentleman yield further to me?

Mr. CONTE. Let me finish yielding to the gentleman from Arizona, and then I will yield to the gentleman from California.

Mr. RHODES. Mr. Speaker, actually the language says that it is the sense of Congress that the dollar limits on tax deductions for living expenses of Members of Congress, while away from home, shall be the same as such limits for businessmen and other private citizens.

Ordinarily, with the use of the words, "It is the sense of Congress," that is not mandatory language, and I gather that in this sense it is not mandatory that the IRS actually agree with the content of this provision. Will the gentleman agree with that?

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Mr. CONTE. I would have to agree with the gentleman from Arizona (Mr. Rhodes).

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to my friend from California (Mr. Rousselot), a tax expert.

Mr. ROUSSELOT. Is it not a fact that the IRS will treat us just like anybody else?

Mr. CONTE. Exactly.

Mr. ROUSSELOT. I want to assure my colleague from Arizona that I have never known the IRS to be overly generous with anybody. I really believe that my colleague has stated the situation very clearly, that we will be subject to the same rules and regulations that apply to anybody else under the IRS. Is that not correct?

Mr. CONTE. Absolutely right.

Mr. ROUSSELOT. I hope that relieves our friend from Arizona (Mr. Rhodes).

Mr. WOLF. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Virginia (Mr. Wolf).

Mr. WOLF. Mr. Speaker, I would like to direct a question to the chairman of the subcommittee, the gentleman from California (Mr. Fazio). I have a concern that I hope we could address later on about the senior executive people in our Government, the FBI agents, the CIA agents, the people that have worked on the Space Shuttle, the people who have been capped for 4 or 5 years. Could the gentleman give me a commitment that he will address this problem?

Mr. FAZIO. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to my good friend from California (Mr. Fazio).

Mr. FAZIO. I thank the gentleman for yielding. Before I go to the response to the gentleman from Virginia (Mr. Wolf), let me thank the gentleman in the well for his comments and state that the increase in the cost of living from 1952 to the present is 210 percent. We have had no increase in that limit of $3,000 during that entire time.

I would like to point out to the gentleman from Virginia that there is a great deal of sympathy for him and for those in the Federal executive pay categories who remain capped under this continuing resolution.

I would also indicate to the gentleman that at our earliest convenience we will do what we can, because I think we all understand that it is costing the taxpayers money to have these people retire prematurely, to pay their retirement and replace them. Senator Stevens is exactly right. The gentleman was right, and we will address this as soon as we can.

Mr. WOLF. Does the gentleman in the well have a comment to make?

Mr. CONTE. I agree with the sentiments and remarks of the gentleman from California (Mr. Fazio). We are just losing people, not only because of the young slasher's actions, but a lot of them are just quitting voluntarily because they cannot meet the high cost of living here in the Washington, D.C. area.

Mr. WOLF. I thank the gentleman from Massachusetts (Mr. Conte) and the gentleman from California (Mr. Fazio).

Mr. Speaker, I disagree with the decision by the conference committee on H.J. Res. 325 not to allow the pay cap for senior executive service members to rise. The Senate version of this resolution would have allowed executive levels III, IV, and V to receive increases. Since the SES pay schedule is tied to executive level IV, this would have allowed increases of 7 to 15 percent.

While this does not come close to a full recovery of the losses sustained due to inflation over the past 4 years as a result of the pay cap, it would have substantially alleviated the problem and slowed what is called the "brain drain in our Federal Government."

The action by the conference will not result in the cost savings desired during these times of tight budgets. In fact, it will have the exact opposite effect and generate several false economies.

For example, it has resulted in increased retirement and spiraling related costs. Figures from the Office of Personnel Management show that retirement rates of executives newly eligible to retire increased from 15.5 percent in March 1978 to 94.7 percent in August 1980. The number of career executives resigning increased 65 percent in the year ending June 30, 1981, as measured against the preceding 12-month period. These senior executives and other top Government managers are retiring and resigning in unprecendented numbers throughout the Federal service including, congressional staff, all of the executive departments, the FBI, NASA, and the CIA. In the FBI alone, in 1978, 20 senior executives retired with 65 percent doing so at the minimum eligibility age; in 1979, 35 such employees retired with 80 percent doing so at the minimum eligibility age; and in 1980, 42 senior executives retired with 90 percent having left immediately upon reaching minimum retirement eligibility age. According to statistical information documented by the General Accounting Office, the cost of paying a salary pension to a senior executive who retires early, plus the salary of a replacement for the executive amounts to $67,573 per retiree in actual dollar losses for the Government within a 3-year period. Raising executive salaries would actually be more cost effective.

The second area of false economy is, these managers are in the best position to help streamline the Government; therefore, every effort should be made to keep them in these critical positions. Good management is the best tool we have to make Government more responsive and trim excessive costs wherever possible.

Finally by retaining the pay cap Congress is asking our highest ranking Federal employees to continue to live on a fixed income. Even our Nation's senior citizens on social security are not asked to do that. And yet our senior executives are required to live on fixed incomes at the most costly period of their lives. As former Postmaster General J. Edward Daly stated:

> We must give up the idea that (senior) public employees can be treated as second-class citizens when it comes to pay. When we undertake public programs we must not later decide that the (senior) public employee must bear the brunt of the budget problems.

The paycheck of our senior executives should not always be the first thing sacrificed when the budget squeeze is on. Federal executives are not asking to bear a lesser burden than that of our fellow citizens, but it is grossly unfair and inequitable to ask them to bear this disproportionate burden for such a long period of time. They have had their salaries frozen since 1977, except for one 5½-percent pay increase. There is no better time to rectify this inequity than now if we want to meet our common goals toward an effective and efficient Government.

Mr. WHITTEN. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. FAZIO).

Mr. FAZIO. Mr. Speaker, I rise in support of the conference report accompanying House Joint Resolution 325 which is now before the House.

The conference agreement provides appropriations totaling $1,320,814,108 for fiscal year 1982 for the various agencies and activities in the legislative branch. This amount is $40,139,182 above the 1981 level but $113,102,892 below the budget estimates for fiscal year 1982.

This agreement, Mr. Speaker, reflects the amounts included in H.R. 4120 as reported to the House on July 9, 1981, as well as amounts totaling $230,805,108 for Senate items not considered by this body. The amount recommended for operations of the House in fiscal year 1982 totals $363,794,000 and reflects a decrease of $7,562,000 or 2 percent below the budget estimates and an increase of $2,813,974 or eight-tenths of 1 percent above the appropriations provided for 1981. A total of $30 million will be available for the Congressional Research Service in 1982. This amount reflects a decrease of $2,288,000 below the budget request.

Mr. Speaker, I would like to point out that, although a total of $1,320,814,108 is included in this conference agreement for the legislative branch, the amount for congressional operations totals $875,253,108 while the balance of $445,561,000 is for other agencies which are included as part of the legislative branch appropriation bill.

I believe this conference agreement, Mr. Speaker, shows that we are examining our spending needs in a careful manner and holding the line on increases for legislative branch activities.

I include at this point in the RECORD a tabulation of the conference agreement which shows the House and Senate action and compares the budget estimates with the amounts agreed to in conference.

[The tabulation referred to follows:]

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN H.J. RES. 325 CONTINUING RESOLUTION FOR FISCAL YEAR 1982—LEGISLATIVE BRANCH

	New budget authority					Conference compared with estimate
	Enacted 1981	Estimates 1982	House 1982 [1]	Senate 1982	Conference 1982	
TITLE I—CONGRESSIONAL OPERATIONS						
SENATE						
Compensation and Mileage of the Vice President and Senators and Expense Allowances of the Vice President, the Leaders, and Whips of the Senate						
Compensation and mileage of the Vice President and Senators	$6,827,000	$7,984,000		$6,932,000	$6,932,000	$−1,052,000
Expense allowances of the Vice President, President Pro Tempore, majority and minority leaders, and majority and minority whips:						
Vice President	10,000	10,000		10,000	10,000	
President pro tempore of the Senate	10,000	10,000		10,000	10,000	
Majority leader of the Senate	10,000	10,000		10,000	10,000	
Minority leader of the Senate	10,000	10,000		10,000	10,000	
Majority whip of the Senate	2,500	2,500		2,500	2,500	
Minority whip of the Senate	2,500	2,500		2,500	2,500	
Total, expense allowances	45,000	45,000		45,000	45,000	
Total, Vice President and Senators	6,872,000	8,029,000		6,977,000	6,977,000	−1,052,000
Salaries, Officers and Employees						
Office of the Vice President	945,000	945,000		945,000	945,000	
Office of the President pro tempore	140,000	140,000		126,000	126,000	−14,000
Offices of the majority and minority leaders	629,000	629,000		566,100	566,100	−62,900
Floor assistants to the majority and minority leaders	109,000	128,000		109,000	109,000	−19,000
Offices of the majority and minority whips	294,000	294,000		264,600	264,600	−29,400
Offices of the secretaries of the conference of the majority and the conference of the minority	159,000	159,000		143,100	143,100	−15,900
Office of the Chaplain	64,000	64,000		76,640	76,640	+12,640
Office of the Secretary	5,105,000	5,342,000		4,990,000	4,990,000	−352,000
Committee employees	12,825,000					
Conference committees	923,000	923,000		830,700	830,700	−92,300
Administrative, clerical, and legislative assistance to Senators	83,379,000	86,016,000		86,016,000	86,016,000	
Office of the Sergeant at Arms and Doorkeeper	24,815,000	26,378,000		23,399,000	23,399,000	−2,979,000
Offices of the secretaries for the majority and minority	588,000	588,000		588,000	588,000	
Agency contributions and longevity compensation	14,324,000	14,731,000		13,731,000	13,731,000	−1,000,000
Total, salaries, officers and employees	144,299,000	136,337,000		131,785,140	131,785,140	−4,551,860
Office of the Legislative Counsel of the Senate						
Salaries and expenses	1,015,000	1,134,000		1,020,600	1,020,600	−113,400
Office of Senate Legal Counsel						
Salaries and expenses	$390,000	$550,000		$495,000	$495,000	$−55,000
Contingent Expenses of the Senate						
Senate procedure				5,000	5,000	+5,000
Senate policy committees	1,693,000	1,693,000		1,523,700	1,523,700	−169,300
Automobiles and maintenance	65,000	75,000		75,000	75,000	
Inquiries and investigations	35,227,000	45,805,000		41,224,500	41,224,500	−4,580,500
Folding documents	128,000	128,000		128,000	128,000	
Miscellaneous items	38,195,000	36,189,000		32,569,168	32,569,168	−3,619,832
Postage stamps	7,000	9,000		9,000	9,000	
Stationery (revolving fund)	42,000	43,000		43,000	43,000	
Total, contingent expenses of the Senate	75,357,000	83,942,000		75,577,368	75,577,368	−8,364,632
Total, Senate	227,933,000	229,992,000		215,855,108	215,855,108	−14,136,892
HOUSE OF REPRESENTATIVES						
Payments to Widows and Heirs of Deceased Members of Congress						
Gratuities, deceased Members	121,326					

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN H.J. RES. 325 CONTINUING RESOLUTION FOR FISCAL YEAR 1982—LEGISLATIVE BRANCH—Continued

	New budget authority					Conference compared with estimate
	Enacted 1981	Estimates 1982	House 1982 [1]	Senate 1982	Conference 1982	
Compensation and Mileage for the Members						
Compensation of Members	29,254,300	29,382,000	$29,382,000		29,382,000	
Mileage of Members	210,000	210,000	210,000		210,000	
Total, compensation and mileage for the Members	29,464,300	29,592,000	29,592,000		29,592,000	
House Leadership Offices						
Office of the Speaker	641,700	642,000	642,000		642,000	
Office of the Majority Floor Leader	472,500	523,000	523,000		523,000	
Office of the Minority Floor Leader	572,700	573,000	573,000		573,000	
Office of the Majority Whip	487,600	438,000	438,000		438,000	
Office of the Minority Whip	387,400	388,000	388,000		388,000	
Total, House leadership offices	2,561,900	2,564,000	2,564,000		2,564,000	
Salaries, Officers and Employees						
Office of the Clerk	10,883,000	11,057,000	11,057,000		11,057,000	
Office of the Sergeant at Arms	14,665,500	15,679,000	15,337,000		15,337,000	−342,000
Office of the Doorkeeper	5,517,800	5,662,000	5,662,000		5,662,000	
Office of the Postmaster	1,485,100	1,544,000	1,544,000		1,544,000	
Office of the Chaplain	52,800	53,000	53,000		53,000	
Office of the Parliamentarian	292,000	305,000	305,000		305,000	
Compilation of precedents of the House of Representatives	190,000	190,000	190,000		190,000	
Technical assistant, Office of the Attending Physician	38,700	38,000	38,000		38,000	
House Deomocratic Steering Committee	371,800	372,000	372,000		372,000	
House Democratic Caucus	108,800	109,000	109,000		109,000	
House Republican Conference	480,600	481,000	481,000		481,000	
Six minority employees	316,500	317,000	317,000		317,000	
L.B.J. interns and former speakers' staff	742,900	753,000	700,000		700,000	−53,000
Total, salaries, officers and employees	35,145,500	36,560,000	36,165,000		36,165,000	−395,000
Committee Employees						
Professional and clerical employees (standing committees)	29,225,000	29,225,000	29,225,000		29,225,000	
Committee on Appropriations (Studies and Investigations)						
Salaries and expenses	3,669,000	3,685,000	3,685,000		3,685,000	
Committee on the Budget (Studies)						
Salaries and expenses	245,000	218,000	218,000		218,000	
Office of the Law Revision Counsel						
Salaries and expenses	521,000	525,000	525,000		525,000	
Office of the Legislative Counsel						
Salaries and expenses	2,202,000	2,390,000	2,390,000		2,390,000	
Members' Clerk Hire						
Clerk hire	138,348,000	138,813,000	138,813,000		138,813,000	
Contingent Expenses of the House						
Allowances and Expenses						
Official expenses of Members	43,049,000	43,049,000	43,049,000		43,049,000	
Supplies, materials, administrative costs and Federal tort claims	10,695,000	15,137,000	11,970,000		11,970,000	−3,167,000
Furniture and furnishes	2,000,000	1,670,000	1,670,000		1,670,000	
Reporting hearings	1,810,000	1,511,000	1,511,000		1,511,000	
Reemployed annuitants reimbursement	2,209,000	2,300,000	2,300,000		2,300,000	
Government contributions	17,700,000	17,709,000	17,709,000		17,709,000	
Miscellaneous items	514,000	647,000	647,000		647,000	
Total, allowances and expenses	77,977,000	82,023,000	78,856,000		78,856,000	−3,167,000
Special and Select Committees						
Salaries and expenses	41,500,000	45,761,000	41,761,000		41,761,000	−4,000,000
Total, contingent expenses of the House	119,477,000	127,784,000	120,617,000		120,617,000	−7,167,000
Total, House of Representatives	360,980,026	371,356,000	363,794,000		363,794,000	−7,562,000
JOINT ITEMS						
Contingent Expenses of the Senate						
Joint Economic Committee	2,207,000	2,250,000	2,250,000	2,250,000	2,250,000	
Joint Committee on Printing	760,000	922,000	816,000	816,000	816,000	−106,000
Total, contingent expenses of the Senate	2,967,000	3,172,000	3,066,000	3,066,000	3,066,000	−106,000
Contingent Expenses of the House						
Joint Committee on Taxation	2,759,000	2,967,000	2,967,000	2,967,000	2,967,000	
Office of the Attending Physician						
Medical supplies, equipment, expenses, and allowances	503,900	603,000	603,000	603,000	603,000	
Capitol Police						
General expenses	$834,000	$925,000	$887,000	$887,000	$887,000	$−38,000
Capitol Police Board	915,000					
Total, Capitol Police	1,749,000	925,000	887,000	887,000	887,000	−38,000
Education of Pages						
Education of congressional pages and pages of the Supreme Court	245,000	267,000	244,000	244,000	244,000	−23,000
Official Mail Costs						
Expenses	52,033,000	81,095,000	75,095,000	75,095,000	75,095,000	−6,000,000
Capitol Guide Service						
Salaries and Expenses	731,000	734,000	734,000	734,000	734,000	
Statements of Appropriations						
Preparation	13,000	13,000	13,000	13,000	13,000	

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN H.J. RES. 325 CONTINUING RESOLUTION FOR FISCAL YEAR 1982—LEGISLATIVE BRANCH—Continued

	New budget authority					Conference compared with estimate
	Enacted 1981	Estimates 1982	House 1982 [1]	Senate 1982	Conference 1982	
Total, joint items	61,000,900	89,776,000	83,609,000	83,609,000	83,609,000	−6,167,000
OFFICE OF TECHNOLOGY ASSESSMENT						
Salaries and expenses	11,183,000	13,100,000	12,019,000	12,019,000	12,019,000	−1,081,000
CONGRESSIONAL BUDGET OFFICE						
Salaries and expenses	12,519,000	14,298,000	13,458,000	12,868,000	12,868,000	−1,430,000
ARCHITECT OF THE CAPITOL						
Office of the Architect of the Capitol						
Salaries	3,327,000	3,964,000	3,760,000	3,760,000	3,760,000	−204,000
Contingent expenses	210,000	210,000	210,000	210,000	210,000	
Total, Office of the Architect of the Capitol	3,537,000	4,174,000	3,970,000	3,970,000	3,970,000	−204,000
Capitol Buildings and Grounds						
Capitol buildings	7,330,000	9,971,000	8,937,000	10,100,000	10,100,000	+129,000
Capitol grounds	2,264,000	4,927,000	4,234,000	2,430,000	2,430,000	−2,497,000
Acquisition of property as an addition to the Capitol grounds	11,500,000					
Memorial to Hale Boggs, Architect of the Capitol, 1981	7,000					
Senate office buildings	11,881,000	21,849,000		14,851,000	14,851,000	−6,998,000
Senate garage	104,000	99,000		99,000	99,000	
House office buildings	16,560,000	20,292,000	19,899,000		19,899,000	−393,000
Capitol Power Plant (operation)	19,101,000	22,888,000	21,348,000	20,916,000	20,916,000	−1,972,000
Total, Capitol buildings and grounds	68,747,000	80,026,000	54,418,000	48,396,000	68,295,000	−11,731,000
Total, Architect of the Capitol (except Library buildings and grounds)	72,284,000	84,200,000	58,388,000	52,366,000	72,265,000	−11,935,000
LIBRARY OF CONGRESS						
Congressional Research Service						
Salaries and expenses	29,689,000	32,288,000	31,575,000	29,000,000	30,000,000	−2,288,000
GOVERNMENT PRINTING OFFICE						
Congressional printing and binding	82,400,000	91,218,000	87,918,000	84,843,000	84,843,000	−6,375,000
Total, title I—Congressional operations	857,988,926	926,228,000	650,761,000	490,560,108	875,253,108	−50,974,892
TITLE II—OTHER AGENCIES						
BOTANIC GARDEN						
Salaries and expenses	1,644,000	2,311,000	2,311,000	2,311,000	2,311,000	
LIBRARY OF CONGRESS						
Salaries and expenses	105,089,000	115,443,000	111,989,000	111,989,000	111,989,000	−3,454,000
Copyright Office, salaries and expenses	10,201,000	10,623,000	10,306,000	9,123,000	9,123,000	−1,500,000
Books for the blind and physically handicapped, salaries and expenses	34,337,000	33,243,000	33,221,000	33,221,000	33,221,000	−22,000
Collection and distribution of library materials (special foreign currency program):						
Payments in Treasury-owned foreign currencies	3,175,100	4,043,000	3,976,000	3,976,000	3,976,000	−67,000
U.S. dollars	389,900	431,000	429,000	429,000	429,000	−2,000
(Release of sec. 311 funds)		(300,000)				(−300,000)
Total, collection and distribution of library materials	3,565,000	4,474,000	4,405,000	4,405,000	4,405,000	−69,000
Furniture and furnishings	1,775,000	1,540,000	1,089,000	1,089,000	1,089,000	−451,000
Total, Library of Congress (except Congressional Research Service)	154,967,000	165,323,000	161,010,000	159,827,000	159,827,000	−5,496,000
ARCHITECT OF THE CAPITOL						
Library Buildings and Grounds						
Structural and mechanical care	4,753,000	22,718,000	8,715,000	8,715,000	8,715,000	−14,003,000
COPYRIGHT ROYALTY TRIBUNAL						
Salaries and expenses	470,000	500,000	461,000	400,000	400,000	−100,000
GOVERNMENT PRINTING OFFICE						
Printing and binding	16,250,000	19,380,000	17,888,000	17,888,000	17,888,000	−1,492,000
Office of Superintendent of Documents, salaries and expenses	24,000,000	29,279,000	27,120,000	27,120,000	27,120,000	−2,159,000
Total, Government Printing Office (except Congressional printing and binding and acquisition of site and general plans and designs of building)	40,250,000	48,659,000	45,008,000	45,008,000	45,008,000	−3,651,000
GENERAL ACCOUNTING OFFICE						
Salaries and expenses	220,602,000	244,878,000	233,000,000	229,300,000	229,300,000	−15,578,000
RAILROAD ACCOUNTING PRINCIPLES BOARD						
Salaries and expenses		1,000,000				−1,000,000
Total, title II—Other agencies	422,686,000	485,389,000	450,505,000	445,561,000	445,561,000	−39,828,000
Footnote at end of table.						
TITLE III—CAPITAL IMPROVEMENTS						
GOVERNMENT PRINTING OFFICE						
Acquisition of site and general plans and designs of building		$22,300,000				$−22,300,000
Grand total, titles I, II, and III: New budget (obligational) authority	$1,280,674,926	$1,433,917,000	$1,101,266,000	$936,121,108	$1,320,814,108	$−113,102,892
RECAPITULATION						
Title I—Congressional operations	857,988,926	926,228,000	650,761,000	490,560,108	875,253,108	−50,974,892
Title II—Other agencies	422,686,000	485,389,000	450,505,000	445,561,000	445,561,000	−39,828,000
Title III—Capital improvements		22,300,000				−22,300,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1981 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN H.J. RES. 325 CONTINUING RESOLUTION FOR FISCAL YEAR 1982—LEGISLATIVE BRANCH—Continued

	New budget authority					Conference compared with estimate
	Enacted 1981	Estimates 1982	House 1982 [1]	Senate 1982	Conference 1982	
TITLE I—CONGRESSIONAL OPERATIONS						
Senate	227,933,000	229,992,000		215,855,108	215,855,108	−14,136,892
House of Representatives	360,980,026	371,356,000	363,794,000		363,794,000	−7,562,000
Joint items	61,000,900	89,776,000	83,609,000	83,609,000	83,609,000	−6,167,000
Office of Technology Assessment	11,183,000	13,100,000	12,019,000	12,019,000	12,019,000	−1,081,000
Congressional Budget Office	12,519,000	14,298,000	13,458,000	12,868,000	12,868,000	−1,430,000
Architect of the Capitol (except Library buildings and grounds)	72,284,000	84,200,000	58,388,000	52,366,000	72,265,000	−11,935,000
Congressional Research Service, Library of Congress	29,689,000	32,288,000	31,575,000	29,000,000	30,000,000	−2,288,000
Congressional printing and binding, Government Printing Office	82,400,000	91,218,000	87,918,000	84,843,000	84,843,000	−6,375,000
Total, title I—Congressional operations	857,988,926	926,228,000	650,761,000	490,560,108	875,253,108	−50,974,892
TITLE II—OTHER AGENCIES						
Botanic Garden	1,644,000	2,311,000	2,311,000	2,311,000	2,311,000	
Library of Congress (except Congressional Research Service)	154,967,000	165,323,000	161,010,000	159,827,000	159,827,000	−5,496,000
Library buildings and grounds, Architect of the Capitol	4,753,000	22,718,000	8,715,000	8,715,000	8,715,000	−14,003,000
Copyright Royalty Tribunal	470,000	500,000	461,000	400,000	400,000	−100,000
Government Printing Office (except congressional printing and binding)	40,250,000	48,659,000	45,008,000	45,008,000	45,008,000	−3,651,000
General Accounting Office	220,602,000	244,878,000	233,000,000	229,300,000	229,300,000	−15,578,000
Railroad Accounting Principles Board		1,000,000				−1,000,000
Total, title II—Other agencies	422,686,000	485,389,000	450,505,000	445,561,000	445,561,000	−39,828,000
TITLE III—CAPITAL IMPROVEMENTS						
Government Printing Office		22,300,000				−22,300,000
Grand total, new budget (obligational) authority	1,280,674,926	1,433,917,000	1,101,266,000	936,121,108	1,320,814,108	−113,102,892

Foot note at end of table.

[1] As reported in H.R. 4120 and as passed by the House in H.J. Res. 325.

Mr. Speaker, I have not attempted to speak to each of the items we considered in conference. This is a good conference agreement and I urge that it be adopted by the House.

Mr. HOYER. Mr. Speaker, will the gentleman from California yield?

Mr. FAZIO. I yield to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I want to join in the remarks of the gentleman from Massachusetts (Mr. CONTE) and the gentleman from Virginia (Mr. WOLF). My colleague from Maryland (Mr. BARNES) and I are extremely concerned, Mr. Speaker, and I know we have discussed with the chairman the critical nature of this cap with respect to the efficiency of the running of the Federal Government.

We now have telescoped GSA teams through GS-14's, grade 5, midmanagement and top management at the same salaries. Now we have a Federal administration, as my friend across the aisle knows, that is very keyed to incentives. We are doing away with the incentives in the Federal government and it is going to redound to the detriment of the operation of the Federal Government.

I am very glad to hear the gentleman from California (Mr. FAZIO) tell me this issue is going to be addressed, because we feel very strongly about it.

Mr. Speaker, in failing to include in the conference report any relief for those senior level Federal employees who are currently held to a $50,000 salary, this Congress has turned its back and closed its eyes to a dangerous disintegration of talent in our Federal Government.

It is dangerous, Mr. Speaker, because unless this Congress wakes up to the incredible morale problem in our Federal Government, the dam is going to break and the Federal brain drain is going to become a brain flood. Can anyone in this chamber honestly expect an individual of talent to remain in civil service when there is little incentive to do so. We now have more than 40,000 people, including thousands of GS-14's through GS-18's making exactly the same amount of money. Middle management makes exactly the same as upper management. Let me tell you, were I a senior executive in our civil service, I would have given up hope that this Congress would do anything about the problems and would have been shopping for a consultant's job long ago while collecting my Federal retirement pay.

It is time that we commit ourselves to running Government like industry. Waste must go; fraud must go; the profit to our taxpayers in the form of service must be greater; and our employees must have incentive to make this giant bureaucracy function effectively and smoothly. The U.S. Government is the largest administrative body in the world. It employs more people than anyone else in the world. Yet this Congress is telling the individuals that run this Government that they are different from everyone else in this great capitalistic democracy—this Congress is saying "there are no incentives for you, you have to be content with what you are making now."

The President of the United States told the American people this week that we all have sacrifices to make in the upcoming years. I believe the American people will make those sacrifices. Yet the President also urged this Congress to remove the Federal pay cap. Why? Because the Government loses more money with every topflight executive it loses to private industry.

And let me tell you that these people are leaving the Federal Government. The Office of Personnel Management in a recently completed survey reports that over 45 percent of the senior executive work force will flee the Federal Government this year. Almost 90 percent of those expressing a desire to leave cite inadequate salary as the reason for their coming departure. Donald Devine, Director of OPM, is quoted in the Wall Street Journal as saying that "We want effective people in there . . . without a first-rate civil service you're going to be wasting billions of dollars."

I believe Mr. Devine's assertions are correct. In the 1970's, Federal executive salaries rose 35 percent compared to an 84-percent increase for other Federal employees and a whopping 125-percent increase for private sector executives. The individuals currently at the executive level are bright, educated, and talented people. They are where they are because they were ambitious, they wanted to succeed and they did so. These same people now find themselves knocking their heads up against a brick wall. No matter how much they love their jobs, and most of them do according to the OPM survey, they are not being rewarded for the background they have worked so hard to bring to the Federal Government.

This body is fooling itself if it believes we are saving money by not raising the pay cap. We are not. We are losing money and lots of it. We can cut programs, we can refuse a decent salary increase, but we are not touching the problem unless we look at this Federal Government for what it is—a very large bureaucracy that desperately needs the best management that money can buy.

Mr. Speaker, the taxpayer is not a whole lot different from the stockholder. Both want a maximum return on their investment. For the taxpayer, the amount of money taken out of his paycheck is money dear to him. In return for that contribution to the Government he wants performance. The stockholder also wants performance and is willing to pay the salary necessary in order to hire executives who will make the best use of his investment. Why cannot we do that?

Well it is with some trepidation that I suggest it is because this Congress' salaries are tied to the Federal executives' by statute. All of us here are aware of the public's opinion of pay raises for Members of Congress. They do not like it and many Members are very hesitant about voting themselves a pay raise. The way around it of course is to tie the Members of Congress to our executive employees, that way when Congress finally decides a pay raise is justified it can always blame the vote on the necessity of giving our executives a raise. This is nothing less than holding the senior employees hostage to the whims of Congress. Members of this body who do not believe they warrant a salary hike have a very simple solution—they can urge, as I do tonight, that we delink the executive employees and Members of Congress. That way, if we Members of Congress do not feel we are justified in getting a pay raise we do not have to give ourselves one, and our Federal executives can still realize a decent raise that will encourage them to remain in this Govenment.

If we fail to deal with this pay cap, this Nation is headed toward management by the mediocre. We will have to be content with a horde of uninspired, inactive, and unimaginative bureaucrats. And when our constituencies come asking why Govennment is getting worse, why we are not moving forward, we can tell them it is because this Congress defied all the rules of the American spirit and decided not to offer any incentives to the people who make the engine run.

Mr. Speaker, I trust and urge that this Congress will address and correct this situation in the weeks ahead.

Mr. FAZIO. I thank the gentleman for his comments. I agree entirely.

Mr. CONTE. Mr. Speaker, I yield 2 minutes to my good friend, the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I rise in opposition to amendment No. 36 which removes the $25.000 honoraria limit now contained in the election law.

Most Members will know that the House still has a rule which limits our honoraria, and all earned income to 15 percent of our salary, or about $9,000. After this resolution is passed, and signed, members of the other body will have no limit on outside income of any kind and members of our body will still be limited to $9,000.

In the first place, while I do not believe in general limits on outside earned income, I do strongly believe that honoraria, because they stem from our representative function, ought to be limited.

Members should go out to meet the public. I have no objection to any specific honoraria, or to the practice itself. I do believe a limit is necessary and appropriate to guarantee that representatives will not abandon their duties to chase an excess of honoraria. The limit was put in the law for a good purpose. It should stay in the law.

In the second place, with unlimited honoraria the Senate is unlikely ever to raise its own wage, or those of employees in the executive and judicial branches. It will not have to. It will have its own raise in the form of honoraria. The cap which now limits our recruitment and retention in public service will become worse.

Five top levels of civil service are working now at the same pay rate. There is no incentive to work harder, to get promoted, or to be more productive. This amendment almost guarantees that Federal productivity will decline. It almost guarantees that good people will leave the civil service.

I believe that our House managers made a unwise bargain in this continuing resolution. I believe amendment No. 36 should be defeated.

Mr. CONTE. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. MOLINARI).

Mr. MOLINARI. Mr. Speaker, I would like to ask the gentleman from Massachusetts to engage in a little colloquy with me if he would. There is a great deal of misunderstanding and questions, I would say to the gentleman, regarding the action taken by the conference with respect to the public health hospitals. Could the gentleman give me an idea as to what the status of that is at the present time?

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. MOLINARI. I yield to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Yes, the gentleman from New York is correct. Based on the recommendation of the Labor-Health and Human Services and Education Subcommittee whose 1982 appropriations bill will be before this body tomorrow, continuing appropriations are part of this resolution.

Mr. MOLINARI. Am I correct that the amount provided is $72 million for general operating expenses and $25 million for conversion of facilities that have approved plans?

Mr. CONTE. That is correct. That is the amount recommended in the bill that will be before this body tomorrow. And, that is the amount that this resolution continues.

Mr. MOLINARI. Does the Secretary of HHS have the flexibility under your bill (Labor-HHS-Education for fiscal year 1982) to operate these facilities through October 31?

Mr. CONTE. The gentleman is correct. The Secretary has that flexibility.

Mr. MOLINARI. Does the gentleman understand that perhaps four facilities located in Staten Island, N.Y., Baltimore, Seattle, and Boston may have approvable plans?

Mr. CONTE. That is my understanding.

Mr. MOLINARI. Does the gentleman know if the Senate has included any conversion money for these facilities?

Mr. CONTE. It is my understanding that they did not at the subcommittee level, but that the chairman of that subcommittee may seek some funds for that purpose in full committee in the other body.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report and amendments thereto in disagreement on House Joint Resolution 325, and that I may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may consume to my colleague, the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Speaker, I have some questions about the energy programs affected by this resolution. Perhaps my distinguished colleague from Alabama, TOM BEVILL, can help me. Is it true that the spending rates established in this resolution for the civilian energy R. & D. activities will be governed by either the current rate or the ceilings established in the House-passed bill?

Mr. BEVILL. Mr. Speaker, will the gentleman yield?

Mr. FUQUA. I yield to the gentleman from Alabama.

Mr. BEVILL. Yes, that is the case.

Mr. FUQUA. In particular, is this true for programs like OTEC, the high temperature gas reactor program, like the MHD program, industrial energy conservation, and district heating which were not contained in the President's original request but which were authorized in the Budget Reconciliation Act and were appropriated in the House-passed bills?

Mr. BEVILL. Yes, the spending levels for these programs will be governed by the ceilings of the House-passed legislation and the Department of Energy is expected to continue these programs.

Mr. FUQUA. In the area of magnetic fusion energy research, where we have just begun to bring in major industrial involvement, am I correct in assuming that spending levels in this resolution are sufficient to maintain the already ongoing technology and construction projects in which industry is a major participant, and preserve the number of industry participants in these important activities?

Mr. BEVILL. Yes; it is my understanding that sufficient funding is provided to insure continuation of this industrial involvement.

Mr. FUQUA. Would you also agree that DOE should maintain adequate staffing levels for these programs consistent with their spending rates and the need for responsible program management?

Mr. BEVILL. Certainly no premature decisions about staffing levels for such programs should be made that might jeopardize the sound management of these programs.

● Mr. FORD of Michigan. Mr. Speaker, I want to commend the conferees on the continuing resolution (H.J. Res. 325) for their work. I am particularly appreciative of the action the conferees have taken concerning a matter under the jurisdiction of the Committee on Post Office and Civil Service.

This important action of the conferees is the inclusion of money to wind up the affairs of the Community Services Administration, and an express statement of their intent that these funds shall be available after September 30, 1981, to continue to pay career senior executives of the Community Services Administration as required by section 3595 of title 5, United States Code, until such executives are placed or separated in accordance with such section. Actually, if the Director of OPM had not misread the law and misinterpreted congressional intent, the statement would not be necessary.

In the Omnibus Budget Reconciliation Act of 1981, we addressed a problem which we had overlooked during consideration of the Civil Service Reform Act of 1978. We specified the procedures to be followed when career senior executives are involved in reductions in force. The procedures and rights we provided (now codified as 5 U.S.C. 3595) are clear. A career executive whose position is abolished may be removed from the Senior Executive Service and the civil service if the career executive declines a reasonable offer of placement in a Senior Executive Service position or is not placed in another SES position * * * within 120 days after the Office of Personnel Management receives the certification required by the employing agency. A career appointee may be removed only if one of these events occurs.

In the case of CSA executives, the required certification was not received until the end of August, so only about 30 days of the required 120 have passed. Nevertheless, the Director of OPM proposes to remove these executives on October 1. This is contrary to the law, and the statement of managers on the continuing resolution makes this clear. I trust the Director will now apply the SES RIF provisions in the manner originally intended by the Congress.●

● Mr. BOLAND. Mr. Speaker, I support the conference agreement on House Joint Resolution 325 which provides for continuing appropriations for all departments and agencies of the Government. I want to emphasize that although none of the 13 regular appropriation bills has been sent to the President—largely because of the new budget amendments which have just been transmitted to the Congress—I want to emphasize that I believe the conference committee has done an excellent job to insure that the Government will continue to operate at the appropriation rate for each appropriation bill.

I must, however, point out that I voted against lifting the cap on Honoraria and increasing the ceiling on deductible expenses. I voted against both of these provisions in conference with the Senate today.

In view of the enormous sacrifices that the President has asked most Americans to make—I do not think this is the time to be enacting that kind of legislation. In fact, it is the worst time.

We have also denied any increase for the senior Federal employees throughout this Government. I think that was wrong.

For these reasons, I excepted to amendment No. 36, lifting the cap on honorariums, and amendment No. 46, increasing living expenses in Washington, D.C.●

● Mr. YATES. Mr. Speaker, the managers agreed that the programs and activities funded in the Department of the Interior and Related Agencies Appropriation Act should continue at the current level or at the level provided in the Interior bill as passed the House. The Senate had provided that the level for this bill would be that of the House-passed bill or the bill as reported to the Senate. There was concern that certain programs, if operated at the House or current level, would obligate under this resolution at a rate that would preempt the prerogatives of either the House or the Senate.

To allay those concerns, I want to restate that portion of House Report 97-233 which expresses the committee's view on the matter.

> The Committee expects that departments and agencies will carefully avoid the obligation of funds, for specific budget line items or program allocations on which congressional committees may have expressed strong criticism at rates which would impinge upon discretionary decisions otherwise available to the Congress.

In addition, agencies issuing grants should be careful that they not exceed the normal obligation pattern for the period of time covered by the resolution.

In addition, section 106 of the resolution precludes use of funds provided by the resolution for initiation or resumption of any project or activity for which appropriations, funds, or other authority were not available during fiscal year 1981.

It should be noted that the House-passed bill, H.R. 4035 and Public Law 95-12 together provide $45,100,000 for a fully staffed, aggressive compliance and enforcement program for the Department of Energy for all of fiscal year 1982. The Department should not undertake a reduction in force in the compliance and enforcement program in the event the Senate agrees to the House position when action is completed on the fiscal year 1982 appropriation.

Mr. Speaker, this is a good conference agreement and I urge it be adopted.●

● Mr. GLICKMAN. Mr. Speaker, as members of the Subcommittee on Defense Appropriations know, I have been concerned about a problem that has been created for the Air National Guard unit based at McConnell AFB, Kans., created by a number of factors, administrative and legislative. The concept of pay comparability has been totally lost there and that has resulted in National Guard personnel being bid away in incredible numbers. In fact, it has resulted in other military installations nearby recruiting personnel from this Air National Guard unit. The statement of managers accompanying this resolution includes direction to the administration to use present discretionary authority to remedy this problem. I urge the Department to act promptly to correct this situation.

Timing of the administrative response is very important, first, of course, because the situation has been festering for far too long already. But, also because we need to know if they are able to use that present authority broadly enough to remedy the problem before the fiscal year 1982 Defense Appropriations bill is acted on by the subcommittee. The subcommittee staff has been working with the Defense Department since I testified about this earlier this year to make sure that we had workable corrective language for the bill. So the subcommittee will know how to proceed, it is most important that the Department act on this without delay.●

● Mrs. **SCHROEDER**. Mr. Speaker, I get the feeling that our conferees on the continuing resolution were confused and thought tomorrow was pay day, rather than the beginning of fiscal year 1982.

Let us review the bidding. The House passed a simple, straight, traditional continuing resolution covering those areas for which we had not already passed comprehensive appropriations bills. The Senate, dominated by big spending conservative Republicans, started placing baubles on the bill. One would end the limitation on honoraria for Senators. Nothing more than a back door pay raise. Is not this what Reaganomics is all about? Another would allow Members of Congress to deduct their Washington expenses from their taxes. We would avoid paying for our fair share of the Government we oversee. Perhaps the creative Republicans in the other body have found a way of explaining to their constituents how they avoided taxes.

Additionally, the Senate voted to raise the pay ceiling for senior executives and executive level officials. While this pay raise may appear unseemly at this time of budgetary restraint, I know, as chairwoman of the Subcommittee on Civil Service, that there is strong justification for paying top managers a wage comparable to the private sector.

After the profligate Senate worked its will, the legislation went to conference committee. What happened? The one justifiable provision dealing with senior executives vanished, like early morning mist over the Potomac. Remaining in the conference report, as I understand it, are three provisions to increase benefits for Members of Congress. One is the no taxes of Members of Congress provision. Second, the no limitation on honoraria provision. Third, a new provision appeared, which puts congressional salaries on a permanent appropriations, so we do not have to go through the embarrassment of voting for our own pay each year.

Mr. Speaker, this conference report is so bad it is designed to go down. It richly deserves the defeat for which it was fabricated.●

● Mr. **BIAGGI**. Mr. Speaker, I rise to express my special support and gratitude for an important provision contained in this conference report. Under the terms of this legislation authority to operate the elderly commodity feeding program is extended for the next 12 months under the authority of the Department of Agriculture.

This provision will eliminate the tremendous apprehension which was being registered across this Nation caused by an inadvertent legislative omission. When the House passed the fiscal year 1982 appropriations bill for the Department of Agriculture all funding was deleted for the commodities program. It apparently was felt by the Agriculture Subcommittee that another bill transferring the program from USDA to DHHS was going to pass. Not only did this bill not pass—but during consideration of the Budget Reconciliation Act—it was emphasized by the conferees that the program was to remain with USDA.

Consequently, during the August recess I contacted each Member of the Senate Appropriations Committee to urge that they provide funds in their Agriculture appropriation bill to insure no interruption of this program. Meanwhile, the House Subcommittee on Labor—HHS under the expert leadership of Hon. WILLIAM NATCHER, chose to provide contingency funding for this program under HHS.

However, I am pleased to report that the conferees in fact have agreed to extend the program as is for another 12 months under the sponsorship of the USDA. The funding level provided actually represents an increase of almost $10 million from last year—and I am especially pleased to note that the entire amount will be spent according to the existing formula which reimburses States and areas according to meals served and not population. This is especially significant because this formula has aided the States in their efforts to operate efficient programs. In addition, it is my understanding that this conference report language will still permit providers to take cash in lieu of commodities.

The USDA elderly feeding program is vital to seniors across this Nation. It serves as a supplement for the existing nutrition program under the Older Americans Act. It also permits States to take cash in lieu of commodities to permit expansion of service to seniors. Estimates point to as many as 22 million meals being provided by this program.

The elderly feeding program like those of the Older Americans Act are success stories which should be and happily have been spared from the budget cutting sword. The conferees on both sides of the Congress and aisle are to be commended for their efforts which led to this provision and I urge House passage.●

● Mr. **DERWINSKI**. Mr. Speaker, when the continuing resolution comes before us, it is my hope that the Members will defeat the parliamentary gimmicks that have been developed and at least reject the proposal to change the ceiling on honoraria income of Members of the Senate.

It is unfortunate that we cannot stick to rules which would, once and for all, put present and future Members on notice as to what they will be limited to in terms of outside earned income. It is about time we let some reasonable rule stay on the books long enough to enforce it effectively.

We all knew the limits when we entered this Congress. If we reopen the tinkering with the present ceiling, we will make this issue a source of continued controversy for us. I strongly urge the Members to preserve the present limits and keep this matter in a true and modest dimension.

In the 23 years I have served in Congress, my honoraria have been very limited, and I would think that my experience is typical of most Members of Congress, especially House Members. The other body has had a higher ceiling anyway, and further changes for them are absolutely unnecessary.

I also am in opposition to the provision on cost-of-living expenses for Members of Congress.●

● Mr. **HANSEN** of Utah. Mr. Speaker, I rise to speak in opposition to House Joint Resolution 325, the continuing resolution to provide interim funding for Government agencies through November 20.

My opposition is based primarily on the Christmas tree-like items which have been added back door in the House-Senate conference. These items have granted substantial benefits to Members of Congress. In particular, I am in opposition to a provision which would permit automatic pay increases in future years. I believe that this is the wrong time for Members of this Congress to be voting any financial benefits to themselves, whether they be in the form of pay increases, tax exemptions, or lifting limitations on outside income. It is just the wrong message to be sending to the American people. At a time when the press and many opponents of the economic recovery program are bringing to the attention of the American people the budget reductions which go into affect today, most of which I feel are justified, a great deal of emotional feeling is being generated among members of the American public. I strongly oppose any signals of this sort which indicate that the Congress is treating itself preferentially. Such steps will only generate additional feelings of distrust of this institution.●

Mr. **WHITTEN**. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

MOTION TO RECOMMIT OFFERED BY MR. YOUNG OF FLORIDA

Mr. **YOUNG** of Florida. Mr. Speaker, I offer a motion to recommit.

The **SPEAKER**. Is the gentleman opposed to the conference report?

Mr. **YOUNG** of Florida. With enthusiasm, Mr. Speaker.

□ 2230

The **SPEAKER**. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Young of Florida moves to recommit the conference report on House Joint Resolution 325 to the committee on conference.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present.

The SPEAKER. Anticipating such, the Chair has counted the House. A quorum is present.

Mr. WALKER. Mr. Speaker, in that case, I demand the yeas and nays.

The yeas and nays were refused.

So the conference report was agreed to.

AMENDMENTS IN DISAGREEMENT

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 16: Page 16, line 15, insert:

Sec. 110. Notwithstanding any other provision of this joint resolution or any other law, there shall be forty-seven permanent positions designated as Economic Development Representatives out of the total number of permanent positions funded in the Salaries and Expenses account of the Economic Development Administration for fiscal year 1982, and such positions shall be maintained in the various States within the approved organizational structure in place on June 1, 1981, and where possible, with those employees who filled those positions on that date.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Whitten moves that the House recede from its disagreement to the amendment of the Senate numbered 16 and concur therein with an amendment, as follows: In lieu of the section number named in said amendment, insert the following: "110A".

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 31: Page 24, line 16, insert:

Sec. 125. The first sentence of section 110(a) of the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12) is amended by inserting immediately before the period at the end thereof the following: "; and except that the total amount so transferred from any such balance remaining as of the close of the fiscal year 1981 shall not exceed an amount equal to $15,000 or 25 per centum of the amount of such Senator's Official Office Expense Account, whichever is greater, as determined under section 506(b)(1) of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(b)(1), for the calendar year 1981".

Mr. Whitten (during the reading) Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Whitten moves that the House recede from its disagreeent to the amendment of the Senate numbered 31 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

Sec. 125. The first sentence of section 110(a) of the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12) is amended by inserting immediately before the period at the end thereof the following: "; except that the total amount so transferred from any such balance remaining as of the close of the fiscal year 1982 shall not exceed an amount equal to $15,000 or 25 per centum of the amount of such Senator's Official Office Expense Account, whichever is greater, as determined under section 506(b)(1) of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(b)(1)), for the calendar year 1982".

Mr. CONTE (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 36: Page 27, line 11, insert:

Sec. 130(a). In subsection (a), section 441i, title 2, United States Code, strike out all after the word "speech," down to and including "year." and insert "or article.".

(b) In subsection (a)(1)(A), section 702, title 2, United States Code, after the word "source" where it appears the last time in the paragraph insert: "including speeches, appearances, articles, or other publications".

Mr. WHITTEN (during the reading). I ask unanimous consent that the amendment be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Whitten moves that the House recede from its disagreement to the amendment of the Senate numbered 36 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

Sec. 130. (a) In section 323(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441 (a))—

(1) strike out all after "shall accept" down to and including "(1) any" and insert "shall accept any"; and

(2) strike out all after the word "speech," down to and including "year." and insert "or article.".

(b) In section 102(a)(1)(A) of the Ethics in Government Act of 1978 (2 U.S.C. 702 (a)(1)(A)), after the word "source" where it appears the last time in the paragraph insert "including speeches, appearances, articles, or other publications".

(c) Effective beginning with fiscal year 1983, and continuing each year thereafter, such sums as hereafter may be necessary for "Compensation of Members" (and administrative expenses related thereto), as authorized by law and at such level recommended by the President for Federal employees for that fiscal year are hereby appropriated from money in the Treasury not otherwise appropriated. Such sums when paid shall be in lieu of any sums accrued in prior years but not paid. For purposes of this subsection, the term "Member" means each member of the Senate and the House of Representatives, the Resident Commissioner from Puerto Rico, the Delegates from the District of Columbia, Guam, Virgin Islands, and American Samoa, and the Vice President.

Mr. CONTE (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 43: Page 29, line 3, insert:

Sec. 137. Notwithstanding any other provision of law, amounts made available under this joint resolution for loans to be guaranteed under the Rural Development Insurance Fund for alcohol production facilities shall be used expeditiously for the making of loan guarantees to applicants that the Secretary of Agriculture determines are qualified to receive such guarantees.

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Whitten moves that the House recede from its disagreement to the amendment of the Senate numbered 43 and concur therein with an amendment, as follows: In lieu of the matter proposed by said amendment, insert the following:

SEC. 137. Notwithstanding any other provision of law or this joint resolution, $250,000,000 shall be available for loans to be guaranteed under the Rural Development Insurance Fund for alcohol production facilities to applicants that the Secretary of Agriculture determines are qualified to receive such guarantees, and $93,200,000 shall be available for the elderly feeding program authorized by section 311 of the Older Americans Act.

Mr. CONTE (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 44: Page 29, line 10, insert:

SEC. 138. Notwithstanding any other provision of this joint resolution, $125,000,000 shall be available for expenses necessary for the participation of the United States in a Multinational Force and Observers to implement the Treaty of Peace between Egypt and Israel.

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WHITTEN moves that the House recede from its disagreement to the amendment of the Senate numbered 44 and concur therein with an amendment, as follows: In lieu of the matter inserted by said amendment, insert the following:

SEC. 138. Notwithstanding any other provision of this joint resolution, $125,000,000 shall be available for expenses necessary for the participation of the United States in a Multinational Force and Observers to implement the Treaty of Peace between Egypt and Israel: *Provided*, That the facilities constructed by use of these funds shall not be available for participation of U.S. troops in the Multinational Force and Observers in the Sinai without prior authorization by Congress for the participation of U.S. troops.

Mr. CONTE (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. ZABLOCKI. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. Mr. Speaker, for the purpose of debate only, I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I thank the gentleman for yielding.

Mr. Speaker, I rise in order to explain an addition to the amendment which I believe the gentleman from Mississippi and the gentleman from Massachusetts, as well as the chairman and ranking minority member of the subcommittee can accept. It involves a procedural no vote on the motion presently being offered. This will enable the gentleman from Wisconsin to offer additional language.

The amendment I intend to offer is designed to provide necessary funds for initial contract obligations associated with U.S. participation in the Multinational Force and Observers (MFO) peacekeeping activities in the Sinai.

The amendment provides $125 million to be obligated for U.S. participation in the MFO. However, only $20 million can actually be expended until Congress has enacted legislation authorizing such participation.

Mr. WHITTEN. Mr. Speaker, I yielded to the gentleman from Wisconsin (Mr. ZABLOCKI) for the purpose of debate only.

May I say that this is a continuing resolution. Unless we get it through the Senate and signed by the President tonight, more than half of the Government will close tomorrow. I therefore cannot yield for the purpose of an amendment.

Mr. ZABLOCKI. Mr. Speaker, I am not offering an amendment.

The SPEAKER. As the Chair understands it, the gentleman from Mississippi (Mr. WHITTEN) did not yield for the purpose of an amendment.

Mr. ZABLOCKI. Mr. Speaker, I am not offering an amendment.

The SPEAKER. The gentleman from Wisconsin states that he is not offering an amendment. The gentleman may continue.

☐ 2240

Mr. ZABLOCKI. This is the essential element of this compromise. The money needed to honor the contracts will be available but the integrity of the authorization and appropriations process of the Congress will be preserved.

It is my understanding that the chairman of the Subcommittee on Foreign Operations, the gentleman from Maryland (Mr. LONG), is agreeable. The subcommittee chairman's steadfast efforts in assisting on prior authorization for U.S. troop presence in the Sinai deserve special commendation. And I hope that sometime I would have an opportunity to offer the amendment, but I am not offering it at this time.

Mr. WHITTEN. If we open this amendment up under the circumstances, I think we would make a mistake. I do believe the gentleman from Wisconsin, and the gentleman from Maryland should be able to work this out with the authorities that are at their disposal concerning this operation.

Mr. LONG of Maryland. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Speaker, this amendment provides $125 million to be used for facilities and preparation for the Multinational Force and Observers in the Sinai in accordance with the Camp David treaty between Egypt and Israel.

However, under the language of the amendment, none of these facilities can be used by U.S. troops until the participation of the U.S. troops is authorized by Congress.

It seems essential to me that a step of this magnitude—sending U.S. troops to the Sinai—not be undertaken unless and until it is authorized by both bodies of Congress.

The original Senate amendment would simply have done away with the necessity of an authorization—a proposition that I found intolerable, as did my distinguished colleague, Mr. ZABLOCKI, chairman of the Foreign Affairs Committee.

Mr. Speaker, this money is required on an urgent basis in order to make the necessary preparation for the peacekeeping force in the Sinai after Israel withdraws from its captured territory there.

However, we should not proceed in a backdoor way to place U.S. troops in the Middle East, particularly in the volatile Sinai, through a Senate floor amendment on a 6-week continuing resolution.

The language of the amendment before you makes the necessary construction funds available, but at the same time preserves the prerogatives of the Congress by requiring authorization before U.S. troops can participate in the Multinational Force.

Mr. MICHEL. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Illinois.

Mr. MICHEL. I thank the gentleman for yielding.

I want to make the observation to the gentleman I hope we can move expeditiously. We denied ourselves and the senior executive service that 4.8 percent pay raise, but if we do not get this over to the other body before midnight, my colleagues know what is going to happen to the judges. I say let us move along.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi (Mr. WHITTEN).

The motion was agreed to.

The SPEAKER. The Clerk will report the last amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 46: Page 30, line 1, insert:

Sec. 140. (a) It is the sense of the Congress that the dollar limits on tax deductions for living expenses of Members of Congress while away from home shall be the same as such limits for businessmen and other private citizens.

(b)(1) The last sentence of section 162(a) of the Internal Revenue Code of 1954 is amended by striking out all after "home" and inserting in lieu thereof a period.

(2) Public Law 471, Eighty-second Congress, approved July 9, 1952 (66 Stat. 464), is amended by striking out the proviso in the second paragraph of the matter under the heading "HOUSE OF REPRESENTATIVES, Salaries, Mileage, and Expenses of Members" (66 Stat. 467; 2 U.S.C. 31c).

(3) The amendments made by this subsection shall apply to taxable years beginning after December 31, 1981.

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

MOTION OFFERED BY MR. WHITTEN

Mr. WHITTEN. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Whitten moves that the House recede from its disagreement to the amendment of the Senate numbered 46 and concur therein with an amendment, as follows:

In lieu of Sec. "140" named in said amendment, insert the following: "139".

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi (Mr. Whitten).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. MILLER of Ohio. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

So the motion was agreed to.

A motion to reconsider the votes by which action was taken on the conference report and the several motions was laid on the table.

RECESS

The SPEAKER. Pursuant to the order of the House of September 28, 1981, the Chair declares the House in recess subject to the call of the Chair.

The bells will be rung 15 minutes before the House convenes.

Accordingly (at 10 o'clock and 45 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 2440

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12:45 a.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 325) entitled "Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 16, 31, 36, 43, 44, and 46 to the above-entitled joint resolution.

LOSING STREAK BROKEN

(Mr. PRICE asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

● Mr. PRICE. Mr. Speaker, I know there are many important issues weighing heavily on the minds of the American people and their Congressmen these days, but I would like to call attention to yet another matter, an event of overwhelming significance that occurred without even so much as a mention in the national news: On September 11 just past, the East Alton-Wood River Community High School football team won a game. That may not seem significant to my colleagues, but consider that this victory broke the longest losing streak in southern Illinois.

Small victories count for a lot when they are few and far between. The sociology class at the high school was so filled with good feelings for their team, the Oilers, that they just had to write their Congressman about it.

In engineering the briliant 27-13 victory over Mater Dei of Breese, Ill., Oiler Coach William Perry logged the first win of his varsity career at the school.

The thrill of victory arrives with surprising intensity when the agony of defeat is felt as a constant dull ache. As President-elect Richard Nixon may have said to his wife that morning after election day in 1968, "Well, Pat, you cannot lose them all." The significance on the national scene is that the Oilers, with nowhere to go but up, kept plugging away until they made it. Let us hope that this is a harbinger of good things for us all.●

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Dymally, for 5 minutes, today.

Mr. Tauke, for 5 minutes, today.

(The following Members (at the request of Mr. McCollum) to revise and extend their remarks and include extraneous material:)

Mr. Edwards of Oklahoma, for 1 hour, October 6, 1981.

Mr. Emerson, for 5 minutes today.

(The following Members (at the request of Mr. Danielson) to revise and extend their remarks and include extraneous material:)

Mr. Gonzales, for 15 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Pepper, for 5 minutes, today.

Mr. Lantos, for 60 minutes, on October 14, 1981.

Mr. Dwyer, for 60 minutes, on November 9, 1981.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Vento.

Mr. Vento, and to include extraneous material notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $2,880.

(The following Members (at the request of Mr. McCollum) and to include extraneous matter:)

Mr. Broomfield.

Mr. Lent in two instances.

Mrs. Holt.

Mr. LeBoutillier.

Mr. Green.

Mr. Jeffords.

Mr. Marlenee.

Mr. Findley.

Mr. Benedict in two instances.

Mr. Wampler.

Mr. Rinaldo.

Mr. Rogers.

Mr. Wolf.

Mr. Michel.

Mr. Corcoran.

Mr. Martin of North Carolina.

Mr. Brown of Ohio in two instances.

Mr. Horton.

(The following Members (at the request of Mr. Danielson) and to include extraneous matter:)

Mr. Jones of North Carolina.

Mr. Mavroules.

Mr. Stark.

Mr. Santini.

Mr. Skelton.

Mr. Dixon.

Mr. Pease.

Mr. Hamilton.

Ms. Mikulski.

Mr. Wirth.

Mr. Brinkley.

Mr. Pepper.

Mr. Wyden.

Mr. Lehman.

Mr. Studds in two instances.

Mr. Hall of Ohio.

Mr. Obey.

Ms. Ferraro.

Mr. Zeferetti.

Mr. Peyser.

Mr. GUARINI.
Mr. MAZZOLI.
Mr. BONIOR of Michigan.
Ms. OAKAR.
Mr. FORD of Michigan.
Mr. SIMON.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1033. An act granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary; and

S. 1475. An act to extend the expiration date of section 252 of the Energy Policy and Conservation Act.

ENROLLED BILL AND JOINT RESOLUTIONS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill and joint resolutions of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4084. An act to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes;

H.J. Res. 263. Joint resolution to designate May 6, 1982, as "National Recognition Day for Nurses";

H.J. Res. 265. Joint resolution to provide for a temporary increase in the public debt limit; and

H.J. Res. 266. Joint resolution to provide for a temporary increase in the public debt limit.

A BILL AND JOINT RESOLUTIONS PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill and joint resolutions of the House of the following titles:

H.R. 4084. An act to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes;

H.J. Res. 263. An act to designate May 6, 1982, as "National Recognition Day for Nurses";

H.J. Res. 265. An act to provide for a temporary increase in the public debt limit; and

H.J. Res. 266. An act to provide for a temporary increase in the public debt limit.

ADJOURNMENT

Mrs. BOGGS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 46 minutes a.m.) the House adjourned until today, Thursday, October 1, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2269. A communication from the President of the United States, transmitting budget amendments for fiscal year 1982 (H. Doc. No. 97-94); to the Committee on Appropriations and ordered to be printed.

2270. A letter from the Deputy Assistant Secretary of Defense (Facilities, Environment, and Economic Adjustment), transmitting notice of the location, nature, and estimated cost of a construction project proposed to be undertaken by the Air National Guard, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

2271. A letter from the Deputy Assistant Secretary of Defense (Facilities, Environment, and Economic Adjustment), transmitting notice of the location, nature, and estimated cost of a construction project proposed to be undertaken by the Army Reserve, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

2272. A letter from the Assistant Secretary of the Air Force (Research, Development, and Logistics), transmitting notice of the proposed conversion to contractor performance of the transient aircraft maintenance function at Maxwell Air Force Base, Ala., pursuant to section 502(b) of Public Law 96-342; to the Committee on Armed Services.

2273. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Navy's proposed sale of certain defense equipment to Spain (Transmittal No. 81-103), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2274. A letter from the Acting Secretary of Housing and Urban Development, transmitting a report on means of reducing the costs of the program for housing for the elderly and handicapped carried out under section 202 of the Housing Act of 1959, pursuant to section 306(f) of Public Law 96-153; to the Committee on Banking, Finance and Urban Affairs.

2275. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-88, "To establish the real property tax rates for tax year 1982, and for other purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2276. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-89, "To amend the Minors Health Regulations to permit voluntary blood donations to nonprofit organizations by minors seventeen (17) years of age or older; to make clarifying technical amendments to the District of Columbia Sexual Assault Reform Act of 1981, the District of Columbia Uniform Controlled Substances Act of 1981, the Traffic Act Amendments of 1981, and the District of Columbia Traffic Adjudication Act; to amend the District of Columbia Law Enforcement Act to make a criminal offense of the combined possession and use of an instrument, tool, or implement with the intent to commit a crime; and to amend the District of Columbia Statehood Constitutional Initiative of 1979 to claify the application of other election and conflict of interest laws to convention delegates," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2277. A letter from the Chairman, National Commission for Employment Policy, transmitting a report on the Federal role in vocational education, pursuant to section 505 of Public Law 93-203, as amended; to the Committee on Education and Labor.

2278. A letter from the General Counsel, Department of Energy, transmitting notice of a meeting related to the international energy program to be held on October 5 in Paris; to the Committee on Energy and Commerce.

2279. A letter from the General Counsel, Department of Energy, transmitting notice of a meeting related to the international energy program to be held on October 7 and 8 in Paris; to the Committee on Energy and Commerce.

2280. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the State Department's intention to consent to a request by the Government of Israel for permission to transfer certain U.S.-origin defense equipment to Spain, pursuant to section 3(d)(1) of the Arms Export Control Act, as amended; to the Committee on Foreign Affairs.

2281. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the proposed issuance of a license for the export of major defense equipment sold commercially to the Government of Singapore (Transmittal No. MC-24-81), pursuant to section 36(c) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2282. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of a decision to furnish certain major weapons to foreign government, pursuant to section 8(d) of Public Law 91-672; to the Committee on Foreign Affairs.

2283. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2284. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment to Spain (Transmittal No. 81-103), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2285. A letter from the Director, Manpower Planning and Analysis, Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), transmitting the annual report of the Military Retirement System for fiscal year 1980, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

2286. A letter from the Deputy Director of ACTION, transmitting notice of a proposed new records system for the Peace Corps, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2287. A letter from the Under Secretary of the Interior, transmitting a draft of proposed legislation to provide for the distribution of Warm Springs judgment funds awarded in Docket No. 198 before the Indian Claims Commission, and for other purposes; to the Committee on Interior and Insular Affairs.

2288. A letter from the Clerk, U.S. Court of Claims, transmitting a copy of the Court's judgment order in Docket No. 229, *The Navajo Tribe* v. *The United States*; to the Committee on Interior and Insular Affairs.

2289. A letter from the Adjutant General, Veterans of Foreign Wars of the United

States, transmitting a report on the audit of the books of the organization's Quartermaster General for the year ended August 31, 1981, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

2290. A letter from the Deputy Secretary of the Treasury, transmitting a draft of proposed legislation to permit transfers of funds among appropriations of the Department of the Treasury; jointly, to the Committees on Banking, Finance and Urban Affairs and Ways and Means.

2291. A letter from the Acting Comptroller General of the United States, transmitting a report on the Federal Government's ability to cope with oil import disruptions (EMD-81-117, September 29, 1981); jointly, to the Committees on Government Operations, Energy and Commerce, and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DINGELL: Committee on Energy and Commerce. H.R. 4145. A bill to amend the Securities Exchange Act of 1934 to provide uniform margin requirements in transactions involving the acquisition of securities of certain United States corporations by non-United States persons where such acquisition is financed by non-United States lenders, to specify a private right of action for violations of margin requirements, and for certain other purposes; with amendments (Rept. No. 97-258). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 232. Resolution providing for the consideration of the bill (H.R. 4612) to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning on June 1, 1982 (Rept. No 97-259). Referred to the House Calendar.

Mr. WHITTEN: Committee of conference. Conference report on House Joint Resolution 325 with amendment (Rept. No. 97-260). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BIAGGI (for himself, Mr. Jones of North Carolina, Mrs. Boggs, Mr. Bevill, Mr. Breaux, Mr. Pritchard, Mr. Tauzin, Mr. Foglietta, Ms. Mikulski, and Mr. Livingston):

H.R. 4627. A bill to establish a national policy of authorizing, promoting, financing, and facilitating, on a priority and expedited basis, the operation, maintenance, and improvement of deep-draft commercial ports in the United States, and for other purposes; jointly, to the Committees on Merchant Marine and Fisheries, Public Works and Transportation, and Rules.

By Mr. ANNUNZIO (for himself and Mr. St Germain) (by request):

H.R. 4628. A bill to authorize the back side of U.S. paper money of the denomination of $1 to be printed by a method other than the intaglio process; to the Committee on Banking, Finance and Urban Affairs.

By Mr. BIAGGI:

H.R. 4629. A bill to establish a trust fund which is financed from revenues from the windfall profit tax and which is used as a reserve for the social security trust fund, and for other purposes; to the Committee on Ways and Means.

By Mr. DORNAN of California:

H.R. 4630. A bill to provide for the exclusion from the United States of aliens affiliated with terrorist organizations, to require investigations of registered agents of such organizations, and for other purposes; to the Committee on the Judiciary.

By Mr. BOWEN (for himself, Mr. Dowdy, Mr. Montgomery, and Mr. Lott):

H.R. 4631. A bill to designate the U.S. Department of Agriculture Boll Weevil Research Laboratory building, located on the campus of Mississippi State University, Starkville, Miss., as the "Robey Wentworth Harned Laboratory"; to the Committee on Agriculture.

By Mr. CORRADA:

H.R. 4632. A bill to provide land-grant status for the College of Agriculture and Mechanic Arts of the University of Puerto Rico, and for other purposes; to the Committee on Agriculture.

By Mr. DUNCAN:

H.R. 4633. A bill to amend title 18 of the United States Code to redefine the Federal offense of rape; to the Committee on the Judiciary.

H.R. 4634. A bill to amend title II of the Social Security Act to limit benefits in the case of individuals who are not citizens or nationals of the United States or who are residing abroad; to the Committee on Ways and Means.

By Mr. FASCELL (for himself, Mr. Zablocki, Mr. Broomfield, and Mr. Derwinski):

H.R. 4635. A bill to authorize appropriations for fiscal years 1982 and 1983 for the Department of State, the International Communication Agency, and the Board for International Broadcasting, and for other purposes; to the Committee on Foreign Affairs.

By Ms. MIKULSKI:

H.R. 4636. A bill to amend title 5 of the United States Code to provide payments under Government health plans for services of nurse-midwives; to the Committee on Post Office and Civil Service.

H.R. 4637. A bill to amend title XVIII of the Social Security Act to provide for coverage under medicare of services performed by a nurse-midwife; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. SHUMWAY:

H.R. 4638. A bill to provide that certain records classifying individuals on the basis of ethnicity shall classify as "Filipino" individuals identifiable as being of Filipino origin; to the Committee on Government Operations.

By Mrs. SNOWE:

H.R. 4639. A bill to repeal certain provisions of the Economic Recovery Tax Act of 1981 which reduce the crude oil windfall profit tax; to the Committee on Ways and Means.

By Mr. THOMAS:

H.R. 4640. A bill to amend the Internal Revenue Code of 1954 to provide that, in the case of an employee annuity, the employee may elect to exclude from gross income all amounts received by the employee under the annuity until the employee recovers his consideration for the annuity, without regard to whether such consideration is recovered during the first 3 years of the annuity; to the Committee on Ways and Means.

By Mr. VANDER JAGT:

H.R. 4641. A bill to provide for a 3-year suspension of the duty on copper sale or; to the Committee on Ways and Means.

H.R. 4642. A bill to suspend the duty on isomeric mixtures of ethylbiphenyl; to the Committee on Ways and Means.

By Mr. BROWN of Ohio:

H.R. 4643. A bill to improve the management of Federal assistance programs and requirements, provide assistance recipients with greater flexibility, and to minimize administrative burden and costs of such programs and requirements; jointly, to the Committees on Government Operations and Rules.

By Mr. DICKS (for himself, Mr. Swift, Mr. Morrison, Mr. Bonker, Mr. Pritchard, Mr. AuCoin, and Mr. Smith of Oregon, and Mr. Wyden):

H.R. 4644. A bill to amend section 13 of the Fair Labor Standards Act of 1938 to require findings of adverse effects of pesticides and other chemicals to be based on objective scientific data; to the Committee on Education and Labor.

By Mr. DYSON (for himself, Mr. Smith of Pennsylvania, Mr. Bowen, and Mr. Tauzin):

H.R. 4645. A bill prohibiting the collection of certain user fees by the U.S. Coast Guard; to the Committee on Merchant Marine and Fisheries.

By Mr. FRANK:

H.R. 4646. A bill to amend the Immigration and Nationality Act to require that the Office of Refugee Resettlement be within the Office of the Secretary of Health and Human Services; to the Committee on the Judiciary.

By Mr. GAYDOS (for himself, Mr. McDade, Mr. Dorgan of North Dakota, and Mr. Fauntroy):

H.R. 4647. A bill to award special Congressional gold medals to Fred Waring, the widow of Joe Louis, and Louis L'Amour; to the Committee on Banking, Finance and Urban Affairs.

By Mr. McCOLLUM:

H.R. 4648. A bill to amend the Bank Holding Company Act of 1956 with respect to interstate trust operations; to the Committee on Banking, Finance and Urban Affairs.

By Mr. MOAKLEY:

H.R. 4649. A bill entitled "The Solar Access and Federal Buildings Act"; to the Committee on Public Works and Transportation.

By Mr. MOTTL:

H.R. 4650. A bill to provide a mechanism for an individual to be informed about the collection and dissemination of information in an employment situation and to obtain access to employment records; to the Committee on Education and Labor.

By Mr. GUARINI (for himself, Mr. Boland, Mr. Downey, Mr. Fary, and Mr. Forsythe):

H. Res. 233. Resolution expressing the sense of the House of Representatives that the President should extend additional agricultural credits to Poland; to the Committee on Foreign Affairs.

By Mr. WAMPLER (for himself, Mr. Trible, Mr. Whitehurst, Mr.

Bliley, Mr. Robert W. Daniel, Jr., Mr. Dan Daniel, Mr. Butler, Mr. Robinson, Mr. Parris, and Mr. Wolf):

H. Res. 234. Resolution commending the cultural laureate program; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

194. By the SPEAKER: Memorial of the Senate of the Commonwealth of Massachusetts, relative to establishment of a Reye's Syndrome coordinating committee; to the Committee on Energy and Commerce.

195. Also, memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to the Federal Aviation Administration regional office at Burlington, Mass.; to the Committee on Public Works and Transportation.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

[*Omitted from the Record of September 29, 1981*]

H.R. 2372: Mr. Archer, Mr. Ashbrook, Mr. Bailey of Missouri, Mr. Beard, Mr. Bliley, Mr. Broomfield, Mr. Brown of Colorado, Mr. Carney, Mr. Cheney, Mr. Clausen, Mr. Coats, Mr. Conable, Mr. Corcoran, Mr. Daniel B. Crane, Mr. Philip M. Crane, Mr. Dannemeyer, Mr. Davis, Mr. DeNardis, Mr. Dickinson, Mr. Dornan of California, Mr. Dreier, Mr. Edwards of Oklahoma, Mr. Emery, Mr. Erdahl, Mr. Erlenborn, Mr. Evans of Iowa, Mr. Evans of Delaware, Mrs. Fenwick, Ms. Fiedler, Mr. Fields, Mr. Findley, Mr. Foley, Mr. Gephardt, Mr. Gilman, Mr. Goodling, Mr. Gradison, Mr. Grisham, Mr. Gunderson, Mr. Hagedorn, and Mr. Hansen of Utah.

[*Submitted September 30, 1981*]

H.R. 27: Mr. Benedict, Mr. Emerson, Mr. Mavroules, Mr. Montgomery, and Mr. Weaver.

H.R. 248: Mr. Moakley.

H.R. 374: Mr. Dicks.

H.R. 375: Mr. Walgren, Mr. Mineta, and Mr. Dougherty.

H.R. 556: Mr. Bailey of Pennsylvania.

H.R 1300: Mr. McEwen, Mr. Roberts of South Dakota, Mr. English, Mr. Robinson, Mr. Bafalis, Mr. Hubbard, Mr. McDonald, Mr. Wolf, Mr. Sam B. Hall, Jr., Mr. Weaver, Mr. Coelho, Mr. Wyden, Mr. Railsback, Mr. Davis, Mr. Hutto, Mrs. Martin of Illinois, Mr. Forsythe, Mr. LeBoutillier, Mr. Stump, Mr. Pepper, Mr. Taylor, Mr. Alexander, Mr. Rahall, Mr. Craig, Mr. Benedict, Mr. Ratchford, and Mr. Neal.

H.R. 1574: Mr. Edwards of Alabama.

H.R. 2543: Mr. Petri, Mr. Smith of Pennsylvania, Mr. Walker, Mr. Won Pat, Mrs. Fenwick, Mr. McGrath, Mr. Wolf, Mr. Smith of New Jersey, Mr. Madigan, Mr. Lantos, and Mr. Horton.

H.R. 3039: Mr. Yates, Mr. Weaver, Mr. Matsui, Mrs. Bouquard, and Mr. Rosenthal.

H.R. 3117: Mr. Downey, Mrs. Schneider, Mr. Edgar, Mr. Patterson, Mr. McKinney, Mr. Ratchford, Mr. Hoyer, Mr. Murphy, Mrs. Bouquard, Mr. Railsback, and Mr. Hawkins.

H.R. 3191: Mr. Won Pat.

H.R. 3269: Mr. Patman, Mrs. Schneider, Mr. Weaver, Mr. Hunter, Mr. Aspin, Mr. Lowery of California, Mr. Fountain, Mr. Bereuter, Mr. Anderson, Mr. Tauke, Mr. Richmond, Mr. Horton, Mr. Albosta, and Mr. Wortley.

H.R. 3607: Mr. Scheuer.

H.R. 3760: Mr. Swift.

H.R. 3769: Mr. Scheuer.

H.R. 4161: Mr. Schumer and Mr. Dwyer.

H.R. 4313: Mr. Swift, Mr. de la Garza, Mr. Wampler, Mr. Alexander, Mr. Mitchel, of New York, Mr. Frenzel, Mr. Edgar, Mr. Coelho, Mr. Emerson, Mr. Stenholm, Mr. Bedell, Mr. Hammerschmidt, Mr. Traxler, Mr. Anthony, Mr. Dougherty, Mr. Watkins, Mr. Erdahl, Mr. Weber of Minnesota, Mr. Jones of Tennessee, Mr. Matsui, Mr. Barnard, Mr. Skeen, Mr. Coleman, Mr. Long of Louisiana, Mr. Hubbard, Mr. Gunderson, Mr. Murphy, Mr. English, Mr. Jones of North Carolina, Mr. Forsythe, Mr. Richmond, Mr. Wortley, Mr. Marlenee, Mr. Jeffords, Mr. Hughes, Mr. Hagedorn, Mr. Harkin, Mr. Fazio, Mr. Bowen, Mr. Kogovsek, Mr. Walgren, and Mr. Findley.

H.R. 4432: Mr. Ratchford, Mr. Lehman, and Mr. Green.

H.R. 4467: Mr. Howard, Mr. Washington, Mr. McGrath, and Mr. Nelligan.

H.R. 4504: Mr. Bedell, Mr. Edgar, and Mr. Vento.

H.J. Res. 6: Mr. Fary.

H.J. Res. 151: Mr. Perkins, Mr. Miller of California, Mr. Beilenson, Mr. Dixon, Mr. Thomas, Mr. Fazio, Mr. Edwards of California, Mr. Santini, Mr. Natcher, Mr. Hefner, Mr. Shumway, Mr. Stark, Mr. Sunia, Mr. Frost, Mr. Cheney, Mr. Wortley, Mr. Murphy, Mr. Bevill, and Mr. Grisham.

H.J. Res. 197: Mr. Stark.

H.J. Res. 272: Mr. Yatron, Mr. Vento, Mr. Staton of West Virginia, Mr. Lantos, Mr. Mineta, Mr. Whittaker, Mr. Wilson, Mr. Fish, Mr. Matsui, Mr. Ford of Tennessee, Mr. Weaver, Mr. Savage, and Mr. Hughes.

H.J. Res. 296: Mr. Mattox.

H.J. Res. 319: Mr. Eckart, Mr. Smith of Pennsylvania, Mr. Yatron, Mr. Mavroules, Mr. Edwards of California, Mr. Mitchell of Maryland, Mr. Smith of Iowa, Mr. Fazio, Mr. Edgar, Mr. Ford of Michigan, Mr. Rahall, Mr. Hubbard, Mr. Watkins, Mr. Coelho, Mr. Vento, Mr. Glickman, Mr. Hughes, Mr. Dowdy, Mr. Danielson, and Mr. Daschle.

H.J. Res. 323: Mr. Frenzel and Mr. Carman.

H. Con. Res. 166: Mr. Porter and Mr. Lehman.

H. Con. Res. 178: Mrs. Smith of Nebraska, Mr. Porter, Mr. Hunter, Mr. Santini, Mr. Grisham, Mr. Lowery of California, Mr. Hansen of Idaho, Mr. Udall, Mr. Atkinson, Mr. Moore, Mr. Roth, Mr. Glickman, Mr. Jenkins, Mr. Anderson, Mr. Tauke, Mr. Luken, Mr. Peyser, Mr. Oxley, Mr. Williams of Ohio, Mr. Traxler, Mr. Bedell, Mr. Brown of Colorado, Mr. Smith of Alabama, Mr. Hightower, Mr. Napier, Mr. Dan Daniel, Mr. Petri, Mr. Fazio, Mr. Hartnett, and Mr. Lagomarsino.

H. Con. Res. 192: Mr. Schumer.

H. Res. 158: Mr. Florio and Mr. Jeffords.

H. Res. 227: Mr. Markey, Mr. LaFalce, Ms. Mikulski, Mr. Vento, Mr. Tauke, Mr. Edgar, and Mr. Hughes.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

228. By the SPEAKER: Petition of the City Council, Ypsilanti, Mich., relative to natural gas decontrol; to the Committee on Energy and Commerce.

229. Also, petition of the Executive Committee, New York State Bar Association, Albany, relative to funding for the Legal Services Corporation; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3603

By Mr. BONER of Tennessee:

—Page 222, after line 25, insert the following new title:

TITLE XVII—EXEMPTION OF CENTRAL FOOD SERVICE KITCHENS FROM MEAT AND POULTRY INSPECTION

EXEMPTION OF CENTRAL FOOD SERVICE KITCHENS FROM MEAT INSPECTION

Sec. 1701. (a) Section 1 of the Federal Meat Inspection Act (21 U.S.C. 601) is amended by adding at the end the following new paragraph:

"(w) The term 'central food service kitchen' means any establishment engaged solely in the preparation of carcasses, parts of carcasses, meat, or meat food products of cattle, sheep, swine, goats, horses, mules, or other equines for use as or in food served only to consumers at any restaurant owned or operated by the person, firm, or corporation owning or operating such establishment.".

(b) Section 23 of the Federal Meat Inspection Act (21 U.S.C. 623) is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) The provisions of this title requiring inspection of the preparation of the carcasses, parts thereof, meat and meat food products at establishments conducting such operations for commerce shall not apply to the preparation of such articles by central food service kitchens.

"(2) Subsection (d) of this section shall not be construed to prohibit, or to authorize the Secretary by regulation to prohibit, any central food service kitchen to using any mark, labeling, package, or ingredient before obtaining the approval of the Secretary with respect to such use.".

(c) The third sentence of section 24 of the Federal Meat Inspection Act (21 U.S.C. 624) is amended by inserting ", central food service kitchen," after "store".

(d) The second sentence of section 408 of the Federal Meat Inspection Act (21 U.S.C. 678) is amended by inserting ", or exempt from inspection under section 23(c)(1) of this Act," after "inspection".

EXEMPTION OF CENTRAL FOOD SERVICE KITCHENS FROM POULTRY INSPECTION

Sec. 1702. (a) Section 4 of the Poultry Products Inspection Act (21 U.S.C. 453) is amended by adding at the end the following new paragraph:

"(cc) The term 'central food service kitchen' means any establishment engaged solely in the processing of poultry or poultry products for use as or in food served only to consumers at any restaurant owned or operated by the person owning or operating such establishment.".

(b) Section 15 of the Poultry Products Inspection Act (21 U.S.C. 464) is amended—

(1) by amending subsection (a)(2) to read as follows:

"(2) central food service kitchens; and"; and

(2) by inserting at the end of subsection (d) the following: "The preceding sentence shall not be construed to prohibit, or to authorize the Secretary by regulation to prohibit, any central food service kitchen to using any mark, labeling, package, or ingredient before obtaining the approval of the Secretary with respect to such use.".

(c) The second sentence of section 23 of the Poultry Products Inspection Act (21 U.S.C. 467e) is amended by inserting ", or at any central food service kitchen exempted under section 15(a)(2) of this Act," after "official establishment".

Page 3, before line 1, insert the following:

TITLE XVII—EXEMPTION OF CENTRAL FOOD SERVICE KITCHENS FROM MEAT AND POULTRY INSPECTION

By Mr. BOWEN:

—Page 2, strike out from the table of contents "TITLE V—UPLAND COTTON" and insert in lieu thereof "TITLE V—COTTON".

Page 25, line 18 striking "TITLE V—UPLAND COTTON" and inserting in lieu thereof "TITLE V—COTTON".

Page 32, after line 9, insert the following:

SEC. 507. Effective beginning with the 1982 crop of extra long staple cotton, section 101(f) of the Agricultural Act of 1949 (7 U.S.C. 1441(f)), is amended to read as follows:

"(f) The provisions of this Act relating to price support for cotton shall apply severally to (1) American upland cotton and (2) extra long staple cotton described in subsection (a) and ginned as required by subsection (e) of section 347 of the Agricultural Adjustment Act of 1938, as amended, except that, notwithstanding any other provision of this Act, price support shall be made available for the 1982 and each subsequent crop of extra long staple cotton through nonrecourse loans as provided in this subsection. If producers have not disapproved marketing quotas for any crop of extra long staple cotton, price support loans shall be made available to cooperators for such crop at a level which is not less than 75 per centum or more than 125 per centum in excess of the loan level established for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) of such crop at average location in the United States. If producers have disapproved marketing quotas for any crop of extra long staple cotton, price support loans shall be made available to cooperators for such crop at a level which shall be 50 per centum in excess of the loan level established for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) of such crop at average location in the United States. Nothing contained herein shall affect the authority of the Secretary to make price support available for extra long staple cotton in accordance with section 402 of this Act.".

By Mr. DE LA GARZA:

—Page 9, line 3, strike out "this Act" and insert in lieu thereof "subsection (a)".

Page 76, strike out lines 1 through 15.

Page 80, lines 3, 10, 20 and 22, strike out "Act" and insert in lieu thereof "title".

Page 87, line 3, strike out "subtitle" and insert in lieu thereof "title".

Page 87, strike out line 5 and everything that follows through line 6, page 88.

Page 90, strike out line 1 and everything that follows through line 23, page 91.

Page 95, strike out line 17 and everything that follows through line 3, page 100.

Page 100, strike out line 9 and everything that follows through line 6, page 103.

Page 104, strike out lines 7 through 16.

Page 105, strike out lines 3 through 22.

Page 106, strike out lines 3 through 11.

Page 110, strike out line 14 and everything that follows through line 2, page 111.

Page 114, strike out lines 8 and 9.

Page 120, strike out lines 6 through 22.

Page 175, line 1, strike out "M'Intire-Stennis" and insert in lieu thereof "McIntire-Stennis".

Page 181, strike out line 1 and everything that follows through line 6, page 185.

Page 187, strike out line 10 and everything that follows through line 2, page 188.

Page 188, line 3, strike out the designation "(b)".

Page 189, strike out lines 1 through 3.

Renumber the remaining sections in Titles X, XIII, and XV accordingly.

Page 132, line 22, insert "National" before "Agricultural".

Page 134, line 14, insert "National" before "Agricultural".

Page 134, line 24, insert "National" before "Agricultural".

Page 135, line 7, insert "National" before "Agricultural".

Page 136, line 11, insert "National" before "Agricultural".

Page 136, line 24, insert "National" before "Agricultural".

Page 137, line 3, insert "National" before "Agricultural".

Page 137, line 15, insert "National" before "Agricultural".

Page 137, line 23, insert "National" before "Agricultural".

Page 138, line 4, insert "National" before "Agricultural".

Page 141, line 18, insert "National" before "Agricultural".

Page 142, line 10, insert "National" before "Agricultural".

Page 143, line 3, insert "National" before "Agricultural".

Page 143, line 23, insert "National" before "Agricultural".

Page 148, line 15, insert "National" before "Agricultural".

Page 150, line 6, insert "National" before "Agricultural".

Page 150, line 14, insert "National" before "Agricultural".

Page 151, line 17, insert "National" before "Agricultural".

Page 152, line 8, insert "National" before "Agricultural".

Page 153, line 3, insert "National" before "Agricultural".

Page 154, line 20, insert "National" before "Agricultural".

Page 155, line 8, insert "National" before "Agricultural".

Page 155, line 19, insert "National" before "Agricultural".

Page 156, line 1, insert "National" before "Agricultural".

Page 157, line 13, insert "National" before "Agricultural".

Page 162, line 19, insert "National" before "Agricultural".

Page 163, line 3, insert "National" before "Agricultural".

Page 163, line 12, insert "National" before "Agricultural".

Page 164, line 14, insert "National" before "Agricultural".

Page 164, line 24, insert "National" before "Agricultural".

Page 165, line 19, insert "National" before "Agricultural".

By Mr. EVANS of Iowa:

—Page 69, after line 14 insert:

Section 1002 is amended by adding a new subsection (i) and redesignating the remaining subsection as (j).

"(i) When a producer samples, turns, moves or replaces grain or any other commodity which is security for a Commodity Credit Corporation producer loan or is held under a reserve program, and does so in violation of law or regulation, the county ASCS committee may forgive some or all of the penalties and requirements that would normally be imposed on the producer by reason of the violation, when in the judgment of ASCS committee the violation occurred inadvertently, by accident, or because of lack of knowledge or understanding of the law or regulation: Provided, that in the judgment of the county ASCS committee the violation did not result in harm or damage to the rights or interests of any party, and that this fact is certified to by a majority of the members of the county ASCS committee and a copy of the certificate is filed with the state ASCS committee.".

—Page 120, line 1, add the following new section 1341 and redesignate the remaining sections.

RETAIL REDEMPTION

SEC. 1341. Section 10 of the Food Stamp Act of 1977 is amended by striking out the term "bank(s)" whenever it appears throughout this section and substituting in lieu thereof the following: "financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC)".

—Page 187, after line 9, add the following new section 1506 and redesignate the remaining sections.

RURAL TELEPHONE BANK AMENDMENTS

SEC. 1506. The Rural Electrification Act of 1936 is amended as follows:

SEC. 408 is amended by adding at the end of subsection (b)(7) the following sentence: "In the event that the Governor finds that controlling interest of such property, rights, or franchises is transferred, the Governor shall have the authority to call the loan or to refinance the loan at a higher rate of interest if he deems this to be in the public interest and sets forth his reasons therefor in writing.".

By Mr. FRANK:

—Beginning on page 3, strike out line 2 and all that follows through line 4 on page 7, and insert in lieu thereof the following:

MILK PRICE SUPPORT

SEC. 101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended—

(1) in subsection (c) by striking out the second sentence and all that follows through the period at the end of such subsection, and inserting in lieu thereof the following: "Notwithstanding the foregoing, for the period beginning October 1, 1981, and ending September 30, 1985, the minimum level of price support for milk shall be 70 per centum of the parity price therefor: *Provided,* That whenever the Secretary estimates that the net cost of Government price support purchases of milk or the products of milk will exceed $250,000,000 if the support price for milk is established at the level required by the foregoing provisions of

this subsection, such level of support may be adjusted to the extent the Secretary deems appropriate but not to a level less than the support price for the prior marketing year: *Provided further,* That the support price, as so adjusted, shall in no case be less than $13.10 per hundredweight of milk containing 3.67 per centum butterfat: *Provided further,* That the level of support for milk for the remainder of the 1981-82 marketing year may be adjusted in accordance with the foregoing although a level of support for such year has been established prior to the effective date hereof. Such price support shall be provided through the purchase of milk and the products of milk."; and

(2) by striking out subsection (d).

—Page 61, line 4, strike out "AND SUNFLOWER".

Page 61, beginning on line 10, strike out "sugarcane, and sunflower seeds" and insert in lieu thereof "and sugarcane".

Page 61, line 11, insert "and" at the end thereof.

Page 62, strike out line 8 and all that follows through line 15.

By Mr. GLICKMAN:

—On page 12, line 12 through page 13, line 19, strike out subsection (b)(1)(B) and insert a new subsection in lieu thereof that reads: "Notwithstanding any other provision of this Act, the established price for an individual producer for the 1982 crop of wheat shall be at a level related to the set-aside such producer voluntarily makes pursuant to this Act as follows:

"If the set-aside is:

"20 per centum, the established price shall be equal to 66⅔ per centum of the parity price per bushel therefor;

"40 per centum, the established price shall be equal to 80 per centum of the parity price per bushel therefor;

"50 per centum, the established price shall be equal to 100 per centum of the parity price per bushel therefor;".

—On page 16 insert immediately after line 24 the following:

"(4) adding a new sentence at the end of subsection (f)(1) to read as follows: "For the 1982 crop, the Secretary shall permit the set-aside acreage to be devoted to haying and grazing. The Secretary shall permit haying and grazing on set-aside acreage throughout the 1982 crop year at the discretion of the producer;". Strike out the "and" in line 20. Strike out the period in line 24 and replace it with a semicolon.

Immediately after subsection (4) insert the following:

"and (5) in the third sentence of subsection (f)(1) striking out the words "for harvest".

—On page 20, line 20 through page 22, line 2, strike out subsection (b)(1)(B) and insert a new subsection in lieu thereof that reads: "Notwithstanding any other provision of this Act, the established price for an individual producer for the 1982 crop of corn shall be at a level related to the set-aside the producer voluntarily makes pursuant to this Act as follows:

"If the set-aside is:

"20 per centum, the established price shall be equal to 66⅔ per centum of the parity price per bushel therefor;

"40 per centum, the established price shall be equal to 80 per centum of the parity price per bushel therefor;

"50 per centum, the established price shall be equal to 100 per centum of the parity price per bushel therefor;

and the established prices for grain sorghum and if designated by the Secretary, oats, and barley, shall be at such levels, based upon the same relative set-aside."

On page 22, line 17 through line 20, strike out subsection (b)(1)(D) and renumber the subsequent sections accordingly.

—Add new title to end of bill and insert the following:

TITLE XVII—COMMODITY CREDIT CORPORATION REVOLVING FUND FOR EXPORT MARKET DEVELOPMENT AND EXPANSION

Section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) is amended by adding at the end thereof the following new subsection (d):

"(d)(1) There is hereby established in the Treasury a revolving fund to be known as the Commodity Credit Corporation Revolving Fund for Export Market Development and Expansion, which shall be available without fiscal year limitation for use by the Commodity Credit Corporation (hereinafter referred to in this subsection as the 'Corporation') for financing in accordance with this section and section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c)—

"(A) commercial export sales of United States agricultural commodities out of private stocks or stocks owned or controlled by the Corporation on credit terms of not to exceed three years;

"(B) export sales of United States breeding animals (including, but not limited to, cattle, swine, sheep, and poultry), including the cost of freight from the United States to designated points of entry in other nations; and

"(C) the establishment of facilities in importing countries to improve the capacity of such countries for handling, marketing, processing, storing, or distributing fungible agricultural commodities produced in and exported from the United States (through the use of local currency generated from the sale of United State agricultural commodities).

"(2) The Corporation shall use the revolving fund only to extend credit for purposes of market development and expansion and only where there is substantial potential for developing or enhancing regular commercial markets for United States agricultural commodities.

"(3) The Secretary of Agriculture shall ensure that the revolving fund is used in such a manner as to involve equitable use of the funds to finance sales to the greatest feasible number of countries consistent with maximizing market opportunities. In carrying out this objective, the Secretary shall establish procedures under which—

"(A) not less than 85 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the purposes provided in clause (A) of paragraph (1) of this subsection; and

"(B) not to exceed 25 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the financing of credit sales to any one country for the purposes described in paragraph (1) of this subsection.

"(4) There are authorized to be appropriated to the Commodity Credit Corporation Revolving Fund for Export Development and Expansion such sums as Congress shall deem necessary to carry out the provisions of this subsection. All funds received by the Corporation in payment for credit extended by the Corporation using the revolving fund, including interest or other receipts on investments and credit obligations, in financing export sales of the type specified in paragraph (1) of this subsection shall be added to and become a part of such revolving fund.

"(5) The Secretary shall submit an annual report to Congress not later than December 1 of each year with respect to the use of the revolving fund in carrying out export credit sales by the Corporation in the previous fiscal year. Such report shall include the names of the countries extended credit under such programs, the total amount of such credit in the case of each such country in such fiscal year, names of such U.S. organizations whose exports are supported through the use of the fund and the total amount of credits provided to each such organization and a discussion and evaluation of the market development and expansion activities of the Corporation under this subsection during such fiscal year. The first such report shall be submitted to Congress not later than December 1, 1982.

"(6) The revolving fund created by this subsection is abolished effective October 1, 1985, and all unobligated money in such fund on September 30, 1985, shall be transferred to and become part of the miscellaneous receipts account of the Treasury.

"(7) The authority provided under this subsection shall be in addition to, and not in place of, any authority granted to the Secretary or the Corporation under any other provision of law."

By Mr. GUNDERSON:

—Page 10, after line 13, insert the following new section (and redesignate succeeding sections accordingly):

CONGRESSIONAL FINDINGS

SEC. 107. (a) The Agricultural Act of 1949 (7 U.S.C. 1446) directs the Secretary of Agriculture to support the price of milk so as to assure the domestic production of an adequate supply of pure and wholesome milk to meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet future anticipated needs.

(b) Section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) provides that whenever the Secretary of Agriculture has reason to believe that imports of any product render or tend to render ineffective or materially interfere with the effective operation of a price support or similar program of the United States Department of Agriculture or that such imports reduce substantially the amount of any product processed in the United States from any agricultural commodity for which such price or similar program is in effect, he shall so advise the President who shall, if he agrees there is reason for such belief, cause an immediate investigation by the United States International Trade Commission to determine the facts. If on the basis of such investigation, the President finds the existence of such facts, he shall impose fees not to exceed 50 percent ad valorem or quantitative limitations of not less than 50 percent of the quantity entered during a representative period on such imported products.

(c) United States Department of Agriculture investigations have documented the fact that imports of milk protein products increased the cost of the Dairy Price Support Program conducted by the Secretary of Agriculture by $300 million during 1980 and that such added costs under the program will rise in the future.

(d) On the basis of these findings, the Secretary of Agriculture has advised the President that the import of milk protein products into the United States causes material interference with the Department of Agriculture's price support program for milk and the President has directed an investigation by the United States International Trade Commission as provided for under Section 22 of the Agriculture Adjustment Act.

(e) Congress finds that the $300 million added cost of the Dairy Price Support Program resulting from these imports does represent material interference with the Dairy Price Support Program and that the prospect of additional future costs will further interfere with achievement of the purpose and intent of the program.

(f) To relieve such interference, the Congress further finds that limitations on the import of milk protein products, including but not limited to casein, mixtures of casein, lactalbumin, and whey protein concentrates or mixtures containing 5 percent or more of these products that may enter the customs territory of the United States in any calendar year should be established in accordance with Section 22 of the Agricultural Adjustment Act. Such annual limitation should be no more than the average of such imports into the United States during the five-year period preceding 1981.

(g) It is directed that the Secretary of the House transmit these findings to the Chairman of the United States International Trade Commission with the request that it be made a part of the record of the investigation now being conducted by the said Commission on the import of such milk protein products.

—Page 179, between lines 19 and 20, insert the following new section (and redesignate succeeding sections accordingly):

INSPECTION OF IMPORTED MEAT

SEC. 1439. Section 20 of the Federal Meat Inspection Act (7 U.S.C. 620) is amended by adding at the end thereof a new subsection (f) as follows:

"(f) Notwithstanding any other provision of law, all meat products imported into the United States shall be subject to the inspection, sanitary, quality, species verification and residue standards applied to products produced in the United States. Any such imported meat products that do not meet such standards shall not be permitted entry into the United States. Neither shall such products be imported which have been produced using agricultural chemicals, animal drugs or medicated feeds which are not currently approved for the same use in the United States. The Secretary of Agriculture shall enforce this provision through the imposition of random inspections for such residues and species verification. The provisions of this subsection shall not be deemed to permit the imposition of standards with respect to imported meat that are less stringent than standards imposed under the other subsections of this section. The Secretary may issue such regulations as are necessary to carry out the provisions of this subsection."

—Page 190, line 11, after the comma insert the following new subsection (and redesignate succeeding subsections accordingly):

"(3) an assessment of how reductions in commodity price support programs will affect family farmers that produce those commodities and how such reductions may encourage the growth of nonfamily farm operations,".

By Mr. HANCE:

—Page 222, after line 25, insert the following new title:

TITLE XVII—CONFERENCE

WHITE HOUSE CONFERENCE ON AGRICULTURE

SEC. 1701. (a) The President is requested to call a White House Conference on Agriculture to be held not later than one year after the date of the enactment of this Act.

(b) The purposes of the White House Conference on Agriculture shall be to study current problems in the agricultural sector of the economy and to develop recommendations regarding short-term and long-term solutions to such problems.

(c) Members of the White House Conference on Agriculture shall be appointed by the President from among—

(1) heads of organizations comprised of producers of agricultural commodities,

(2) representatives of the banking industry,

(3) representatives of businesses which provide services, or produce goods, used by producers of agricultural commodities,

(4) heads of organizations representing the interests of consumers, and

(5) producers of agricultural commodities.

(d) A report of the White House Conference on Agriculture shall be submitted to the president and to the Congress not later than one year after the members of such Conference are first appointed.

Page 3, insert the following immediately before line 1:

TITLE XVII—CONFERENCE

By Mr. LEE:

—Page 91, after line 2, insert the following new section (and redesignate succeeding sections accordingly):

ENERGY ASSISTANCE PAYMENTS; EXCLUDED PAYMENTS OF OTHER PROGRAMS

SEC. 1308. Section 5(d) of the Food Stamp Act of 1977 is amended—

(1) in paragraph (2) by striking out "section 5(f)(2)" and inserting in lieu thereof "section 5(f)"; and

(2) by amending paragraphs (10) and (11) to read as follows:

"(10) any income that any other Federal law specifically excludes from consideration as income for purposes of determining eligibility for the food stamp program, and

"(11) any payments or allowances specifically designated for energy assistance by Federal law".

By Mr. PANETTA:

—On page 77, after line 2, insert the following:

PERISHABLE AGRICULTURAL COMMODITIES

SEC. 1011. (a) Paragraphs (6) and (7) of section 1 of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499c (6) and (7), are amended by striking out "$200,000" and inserting in lieu thereof "$230,000".

(b) Section 3(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 490 (b)), is amended by striking out "$150", "$50", and "$1,000", and inserting in lieu thereof "$300", "$150", and "$3,000", respectively.

(c) Sections 6(c) and 6(d) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499f (c) and (d)) are amended by striking out "$3,000", wherever it appears, and inserting in lieu thereof "$15,000".

In the table of contents insert, in the appropriate place, the following:

"Sec. 1011. Perishable agricultural commodities".

—On page 86, after line 25, insert the following:

EXPANSION OF INTERNATIONAL MARKETS FOR UNITED STATES AGRICULTURAL COMMODITIES AND PRODUCTS THEREOF

SEC. 1210(a) It is the sense of the Congress that, in order to further assist in the development, maintenance, and expansion of international markets for United States agricultural commodities and the products thereof, the Secretary of Agriculture should, and is hereby urged and requested to—

(1) use the intermediate credit program authorized under section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) to improve the capability of importing nations to purchase and use United States agricultural commodities and the products thereof on a long-term basis;

(2) ask the Congress, at the earliest practicable date, for funds for the agricultural export credit revolving fund in an amount sufficient to meet the demand for shorter-term credit authorized to be made available under section 4 of the Food for Peace Act of 1966;

(3) establish, insofar as practicable, the maximum number of United States Agricultural Trade Offices in other nations authorized by section 605A of the Act of August 28, 1954 (7 U.S.C. 1765a);

(4) use, to the maximum extent practicable, existing authority to ensure full utilization of the levy-free quota, established during the Tokyo round of the multilateral trade negotiations, for the export sale of United States high quality beef to the European Economic Community;

(5) expand, to the fullest extent possible, the market development activities of the Foreign Agricultural Service of the Department of Agriculture in developed, developing, market, and nonmarket foreign countries with particular emphasis on (A) continuation of the cooperator programs at the same funding level (adjusted for inflation) provided to carry out the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) during fiscal year 1970; (B) a more active export market development program for value added farm products and processed foods; and (C) the implementation of a full scale program for forestry products, including commodity information, trade policy, and market development for such products;

(6) insure that the European Economic Community observes its commitments under the General Agreement on Tariffs and Trade (GATT) regarding the tariff-free binding on imports of soybeans and corn gluten feed;

(7) consult with the appropriate officials of the Government of Japan with the objective of increasing the export sales of citrus fruits and high quality beef to Japan and to negotiate mutually acceptable standards for the certification of lettuce and other speciality crops for export to Japan; and

(8) use the authority under section 32 of the Act of August 24, 1935 (40 Stat. 774; 7 U.S.C. 612c) to establish a special standby export subsidy program for United States agricultural commodities and the products thereof, the export of which has been restricted by foreign government subsidies.

(b) It is further declared to be the sense of the Congress that any special standby export subsidy program established by the Secretary of Agriculture pursuant to subsection (a)(8) should (1) be consistent with United States international obligations, and (2) be designed to neutralize the effects of those foreign agricultural commodity subsidy programs which—

(A) the President has determined, pursuant to section 301 of the Trade Act of 1974 (19 U.S.C. 2411), are acts, policies, or practices described in section 301(a) of such Act that should be eliminated by appropriate action of the United States;

(B) have, as the result of the appropriate dispute settlement procedures, been found to be in violation of the General Agreement on Tariffs and Trade (GATT) or the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (relating to subsidies and countervailing measures), if applicable.

—On page 190, after line 14, insert the following:

ADMINISTRATIVE PROVISION

SEC. 1508. Section 331(i) of the Consolidated Farm and Rural Development Act is amended by inserting after "(i)" the following sentence: "consent to long term leases of facilities financed under this title notwithstanding the failure of lessee to meet any of the requirements of this title, provided that such long term leases are necessary to insure the continuation of services for which financing was extended to the lessor;"

By Mr. PEYSER:

—Beginning on page 45, strike out line 19 and all that follows through line 3 of page 59, and insert in lieu thereof the following:

REPEAL OF EXISTING PEANUT PRICE SUPPORT

SEC. 701. The Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) is amended—

(1) in section 301(b)—

(A) in paragraph (1)(B) by striking out "rice or peanuts" and inserting in lieu thereof "or rice";

(B) in paragraph (3)(A) by striking out "rice, and peanuts" and inserting in lieu thereof "and rice";

(C) in paragraph (6) by striking out subparagraph (C);

(D) in paragraph (10)(A)—

(i) by striking out "wheat, and peanuts" and inserting in lieu thereof "and wheat"; and

(ii) by striking out "20 per centum in the case of wheat; and 15 per centum in the case of peanuts" and inserting in lieu thereof "and 20 per centum in the case of wheat";

(E) in paragraph (13)—

(1) by striking out subparagraph (B) and subparagraph (C); and

(ii) in subparagraph (G) by striking out "or peanuts, shall" and all that follows through "may be," and inserting in lieu thereof ", shall be the average yield per acre of corn"; and

(F) in paragraph (16)(A) by striking out "rice, and peanuts" and inserting in lieu thereof "and rice";

(2) by striking out part VI of subtitle B of title III;

(3) in section 361 by striking out "peanuts,";

(4) in subsection (a) and subsection (b) of section 371 by striking out "peanuts," each place it appears;

(5) in section 373—

(A) in the first sentence of subsection (a)—

(i) by striking out "peanuts," each place it appears;

(ii) by inserting "and" before "all persons engaged in the business of redrying"; and

(iii) by striking out ", all farmers" and all that follows through "machines"; and

(B) in subsection (b) by striking out "peanuts".

(6) in section 375(a) by striking out "peanuts,";

(7) in section 377 by striking out "in the case of peanuts, an acreage sufficient to produce 75 per centum of the farm poundage quota or,"; and

(8) in section 378(c) by striking out "tobacco, and peanuts," and inserting in lieu thereof "and tobacco,".

PRICE SUPPORT FOR PEANUTS

SEC. 702. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended—

(1) in section 101(b) by striking out "and peanuts";

(2) in section 201—

(A) by inserting "peanuts," after "honey," in the language preceding subsection (b); and

(B) by adding at the end thereof the following new subsection:

"(e) The prices of the 1982 through 1985 crops of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which the level of support is being determined, the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, but not more than $250 per ton for the 1982 crop, $175 per ton for the 1983 crop, $100 per ton for the 1984 crop, and such level as the Secretary finds appropriate, in accordance with this subsection, for the 1985 crop of peanuts."; and

(3) in section 408(c) by striking out "peanuts,".

EFFECTIVE DATE

SEC. 703. The amendments made by this title shall take effect beginning with the 1982 crop of peanuts.

Page 59, strike out line 11 and insert in lieu thereof the following:

(2) adding immediately after subsection (e) the following new section:

Page 59, line 12, strike out "(e)" and insert in lieu thereof "(f)".

Page 61, strike out line 12 and line 13, and insert in lieu thereof the following:

(2) adding immediately after subsection (f) the following new subsections:

Page 61, line 14, strike out "(f)" and insert in lieu thereof "(g)".

Page 62, strike out line 8 and line 9.

Page 62, line 10, strike out "(g)" and insert in lieu thereof "(h)".

—Page 61, line 6, strike out "sugar beets and sugarcane," and insert in lieu thereof "oil sunflower seeds".

—Page 61, line 10, strike out "sugar beets, sugarcane,".

—Page 61, line 11, insert "and" at the end thereof.

—Page 61, strike out line 12 and all that follows through page 62, line 7.

—Page 62, line 8, strike out "(3)" and insert in lieu thereof "(2)".

—Page 62, line 10, strike out "(g)" and insert in lieu thereof "(f)".

—Page 10, strike out lines 3 through 13 and insert in lieu thereof the following new subsection:

(b) To ensure that quantities of milk protein products imported into the United States will not render ineffective, or materially interfere with, price support operations undertaken by the Department of Agriculture under the Agricultural Act of 1949, the President shall by proclamation limit the quantity of milk protein products, including casein, caseinates, lactalbumin, and whey protein concentrates, or mixtures containing not less than 5 per centum of such products, which may be entered, or withdrawn from warehouse, for consumption in any calendar year in the period beginning January 1, 1982, and ending December 31, 1985, to a quantity equal to 50 per centum of the average of the quantity of such milk protein products annually imported into the United States during the period beginning January 1, 1977, and ending December 1, 1981, Such proclamation shall be considered a proclamation issued by the President under section 22 of the Agricultural Adjustment Act.

By Mr. ROUSSELOT:

—Page 3, strike out the item relating to title XIII.

Page 87, strike out line 1 and all that follows thereafter through page 120, line 22.

—Page 3, strike out "TITLE XIII—FOOD STAMP AND COMMODITY DISTRIBUTION AMENDMENTS OF 1981" and insert in lieu thereof "TITLE XIII—EXTENDING AND AMENDING CASH-OUT PILOT PROJECTS."

Page 87, strike out line 1 and all that follows thereafter through page 111, line 22.

Page 112, strike out line 16 and all that follows thereafter through page 120, line 22.

By Mr. SKELTON:

—Page 86, insert the following new section after line 25:

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1210. Section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) is amended by adding at the end thereof the following new subsection (d):

"(d)(1) There is hereby established in the Treasury a revolving fund to be known as the Agricultural Export Credit Revolving Fund, which shall be available without fiscal year limitation for use by the Commodity Credit Corporation (hereinafter referred to in this subsection as the 'Corporation') for financing in accordance with this section and section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c)—

"(A) commercial export sales of United States agricultural commodities out of private stocks or stocks owned or controlled by the Corporation on credit terms of not to exceed three years;

"(B) export sales of United States breeding animals (including, but not limited to, cattle, swine, sheep, and poultry), including the cost of freight from the United States to designated points of entry in other nations; and

"(C) the establishment of facilities in importing countries to improve the capacity of such countries for handling, marketing, processing, storing, or distributing fungible agricultural commodities produced in and exported from the United States (through the use of local currency generated from the sale of United States agricultural commodities).

"(2) The Corporation shall use the revolving fund only to extend credit for purposes of market development and only where there is substantial potential for developing regular commercial markets for United States agricultural commodities.

"(3) The Secretary of Agriculture shall ensure that the revolving fund is used in such a manner as to involve equitable use of the funds to finance sales to the greatest feasible number of countries. In carrying out this objective, the Secretary shall establish procedures under which—

"(A) not less than 85 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the purposes provided in clause (A) of paragraph (1) of this subsection; and

"(B) not to exceed 25 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the financing of credit sales to any one country for the purposes described in paragraph (1) of this subsection.

"(4) There are authorized to be appropriated to the Agricultural Export Credit Revolving Fund such sums as Congress shall deem necessary to carry out the provisions of this subsection. All funds received by the Corporation in payment for credit extended by the Corporation using the revolving fund in financing export sales of the type specified in paragraph (1) of this subsection shall be added to and become a part of such revolving fund.

"(5) The Secretary shall submit an annual report to Congress not later than December

1 of each year with respect to the use of the revolving fund in carrying out export credit sales by the Corporation in the previous fiscal year. Such report shall include the names of the countries extended credit under such programs, the total amount of such credit in the case of each such country in such fiscal year, and a discussion and evaluation of the market development activities of the Corporation under this subsection during such fiscal year. The first such report shall be submitted to Congress not later than December 1, 1982.

"(6) The revolving fund created by this subsection is abolished effective October 1, 1985, and all unobligated money in such fund on September 30, 1985, shall be transferred to and become part of the miscellaneous receipts account of the Treasury.

"(7) The authority provided under this subsection shall be in addition to, and not in place of, any authority granted to the Secretary or the Corporation under any other provision of law.

"(8) The authority provided by this subsection to incur obligations to make loans shall be effective only to the extent that such obligations do not exceed annual limitations on new direct loan obligations which shall be provided in annual appropriations Acts.".

By Mrs. SMITH of Nebraska:

—Page 63, at line 13, amend the first sentence to read:

"Sec. 110. (a) The Secretary shall formulate and administer a program under which producers of 1981-crop feed grains will be allowed immediate entry and be able to store 1981 crop feed grains; and shall extend the time for the orderly marketing of such feed grains. For all other years of the Act, the Secretary shall formulate and administer a program under which producers of wheat and feed grains will be able to store wheat and feed grains when such commodities are in abundant supply and extend the time period for their orderly marketing.

—Page 63, after line 23, add a new sentence to read:

"Notwithstanding provisions of title I, section 103(b), the provisions of this section shall take effect upon enactment.

—Page 179, after line 19, insert the following new section:

APPORTIONMENT OF FUNDS APPROPRIATED FOR SCHOOLS OF VETERINARY MEDICINE

Sec. 1439. Section 1415(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151(c)(2)) is amended by striking out the colon and the proviso.

—Page 179, line 21, strike out "Sec. 1439." and insert in lieu thereof "Sec. 1440.".

H.R. 4560

By Mr. DANNEMEYER:

—Page 17, line 13, strike out "$1,051,916,000" and insert in lieu thereof "$1,031,916,000".

—Page 19, line 5, insert ": *Provided further*, That not more than $110,000,000 shall be available from this appropriation to carry out title X of the Public Health Service Act" after "assistance".

By Mr. JOHNSTON:

—Page 13, beginning on line 14, strike out the colon and all that follows through line 24, and insert in lieu thereof a period.

By Mr. LEVITAS:

—Page 62, after line 23, insert the following new section:

Sec. 513. None of the funds appropriated by this Act may be used to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.

By Mr. PEASE:

—Page 2, line 25, delete "$3,671,129,000" and insert in lieu thereof "$3,769,689,000".

—Page 3, line 1, strike out the colon and insert in lieu thereof the following: ", and at least $20,000,000 shall be for training under section 236 of the Trade Act of 1974.".

—Page 3, line 1, strike out the colon and insert in lieu thereof the following: ", and at least $98,560,000 shall be for training under section 236 of the Trade Act of 1974:".

By Mr. RANGEL:

—Page 3, line 1, insert after "Employment Policy" a comma and the following: "and of which $30,000,000, as authorized by section 261(f)(2) of the Economic Recovery Tax Act of 1981, shall be to carry out the functions described by the amendments made by section 261(f)(1) of such Act.".

By Mr. STATON of West Virginia:

—On page 40, line 21 after "amended," strike out "$143,810,000" and insert "$70,000,000".

By Mr. WEISS:

—On page 2, line 25, strike "$3,671,129,000" and insert in lieu thereof the following: "$3,847,129,000".

—On page 19, line 13, strike "$326,590,000" and insert in lieu thereof the following: "$335,590,000".

—On page 30, line 5, strike "$1,800,000,000" and insert in lieu thereof the following: "$1,875,000,000".

—On page 39, line 14, strike "$3,211,620,000" and insert in lieu thereof the following: "$3,480,000,000".

—On page 39, line 21, strike "$152,625,000" and insert in lieu thereof the following: "$208,625,000".

—On page 40, line 14, strike "$31,290,000" and insert in lieu thereof the following: "$99,173,000".

H.R. 3603

By Mr. BEDELL:

—Page 3, strike out from the table of contents "TITLE IX—OTHER COMMODITIES" and insert in lieu thereof "TITLE IX—SUGAR".

—Page 3, strike out line 1 and everything that follows through line 13 on page 10 and insert in lieu thereof the following:

TITLE I—DAIRY PRODUCTION ACT OF 1981

MILK PRICE SUPPORT

Sec. 101. Section 201 of the Agricultural Act of 1949, as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended by—

(1) striking out everything after the first sentence of subsection (c) and inserting in lieu thereof the following: "Notwithstanding the foregoing, (A) effective for the period beginning with the date of enactment of this provision and ending September 30, 1982, the price of milk shall be supported at such level as determined by the Secretary, but not less than $13.10 per hundredweight for milk containing 3.67 per centum milk fat; (B) effective for the period beginning October 1, 1982, and ending September 30, 1983, the price of milk shall be supported at such level as determined by the Secretary, but not less than 72.5 per centum of the parity price therefor; and (C) effective thereafter for each subsequent fiscal year through the year ending September 30, 1985, the price of milk shall be supported at a level of not less than 70 per centum of parity, except that whenever the Secretary estimates that net Government price support purchases of milk or the products of milk will be less than 3.5 billion pounds (milk equivalent) during any of said latter two fiscal years, the price of milk shall be supported at such level as determined by the Secretary, but not less than 75 per centum of the parity price therefor as of the beginning of the relevant fiscal year. Such price support shall be provided through the purchase of milk and the products of milk."; and

(2) striking out subsection (d) in its entirety.

PRODUCER HANDLERS

Sec. 102. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, shall be the same subsequent to the adoption of the amendment made by this Act as it was prior thereto.

FEDERAL MILK MARKETING ORDERS

Sec. 103. (a) The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 is further amended by—

(1) striking in subparagraph (B) of subsection 8(c)(5) all that part of said subparagraph (B) which follows the semicolon at the end of clause (c) and inserting in lieu thereof the following: "(d) a further adjustment to encourage seasonal adjustments in the production of milk through equitable apportionment of the total value of the milk purchased by any handler, or by all handlers, among producers on the basis of their marketings of milk during a representative period of time, which need not be limited to one year; and (e) a provision providing for the accumulation and disbursement of a fund to encourage seasonal adjustments in the production of milk may be included in an order.".

(2) striking the period at the end of subsection 8c(17) and adding in lieu thereof the following: ": *Provided further*, That if one-third or more of the producers as defined in a milk order apply in writing for a hearing on a proposed amendment of such order, the Secretary shall call such a hearing if the proposed amendment is one that may legally be made to such order. Subsection (12) of this section shall not be construed to permit any cooperative to act for its members in an application for a hearing under the foregoing proviso and nothing in such proviso shall be construed to preclude the Secretary from calling an amendment hearing as provided in subsection (3) of this section. The Secretary shall not be required to call a hearing on any proposed amendment to an order in response to an application for a hearing on such proposed amendment if the application requesting the hearing is received by the Secretary within ninety days after the date on which the Secretary has announced his decision on a previously proposed amendment to such order and the two proposed amendments are essentially the same."; and

(3) inserting after the phrase "pure and wholesome milk" in section 8c(18) the phase "to meet current needs and further to assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs".

(b) The provisions of subsection (a) shall become effective January 1, 1982 and shall terminate December 31, 1985.

TRANSFER OF DAIRY PRODUCTS TO THE MILITARY AND VETERANS HOSPITALS

SEC. 104. Section 202 of the Agricultural Act of 1949, as amended, is amended by striking out "1981" in subsections (a) and (b) and inserting in lieu thereof "1985."

DAIRY INDEMNITY PROGRAM

SEC. 105. The Act of August 13, 1968 (82 Stat. 750, as amended; 7 U.S.C. 450 j, k, and l), is amended by striking out "September 30, 1981" in section 3 and inserting in lieu thereof "September 30, 1985".

ENCOURAGEMENT OF EXPORTATION AND DOMESTIC CONSUMPTION OF DAIRY PRODUCTS

SEC. 106. (a) The Secretary of Agriculture is encouraged to utilize, to the fullest extent practicable, the provisions of section 32 of Public Law 320, Seventy-fourth Congress (7 U.S.C. 612c), title II of the Agricultural Trade Development and Assistance Act of 1954, and other commodity distribution programs of the Department of Agriculture, for the purpose of disposing of excess inventories of dairy products held by the Commodity Credit Corporation.

(b) The Secretary shall examine the feasibility of using inventories of nonfat dry milk held by the Commodity Credit Corporation, and other excess supplies of dairy products, to assist in the production of casein and caseinates in order to reduce the impact that the importation of foreign subsidized casein and other milk protein products is having on the dairy price support program. The Secretary shall notify within ninety days after this legislation becomes effective, in writing, the chairman of the Senate Committee on Agriculture, Nurtition, and Forestry and the chairman of the House Committee on Agriculture of the results of such an examination.

—Page 61, strike out line 3 and everything that follows through line 15, page 62, and insert in lieu thereof the following:

TITLE IX—SUGAR

SEC. 901. Effective only with respect to the 1982 through 1985 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) in the first sentence, striking out "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(20 adding at the end thereof a new subsection (f) as follows:

"(f) The price of each of the 1982 through 1985 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified below:

"(1) Effective with respect to sugar processed from domestically grown sugarcane and sugar beets, beginning with the date of enactment of this subsection through March 31, 1982, the Secretary shall, through purchases of the processed products thereof, support the price of sugarcane at such level as the Secretary determines appropriate to approximate a raw sugar price of 18 cents per pound and the price of sugar beets at such level as the Secretary determines to be fair and reasonable in relation to the support level for sugarcane.

"(2) Effective October 1, 1982, the Secretary shall support the price of each of the 1982 through 1985 crops of domestically grown sugarcane and sugar beets through nonrecourse loans on the processed products thereof as follows:

"(A) For the 1982 crop of sugarcane, at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1982 crop. For each of the 1983 through 1985 crops of sugarcane the loan level shall be that of the previous year's crop adjusted to reflect any change in (a) the average adjusted cost of production per acre estimated for the two-year period which includes the crop year for which the loan level will be applicable and the immediately preceding year, from (b) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the loan level will be applicable: *Provided*, That, for any such crop, the adjustment in the loan level may not exceed one-half cent per pound. The adjusted cost of production for each of such years shall be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and shall be limited to (i) variable costs, (ii) machinery ownership costs, and (iii) general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(B) For each of the 1982 through 1985 crops of sugar beets, at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane.

The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this section. Loans during any such fiscal year shall be made available not earlier than the beginning of the fiscal year shall mature before the end of that fiscal year.".

—Page 77, after line 2 insert the following:

EMERGENCY FEED PROGRAM

SEC. 1012. The fifth sentence of section 407 of the Agricultural Act of 1949 is amended by striking out the word "shall" wherever it appears and inserting in lieu thereof the word "may".

—Page 185, strike out line 13 and everything that follows through line 20, page 186, and insert in lieu thereof the following:

FARM STORAGE FACILITY LOAN PROGRAM

SEC. 1504. Section 4(h) of the Commodity Credit Corporation Charter Act, as amended by section 151 of the Omnibus Budget Reconciliation Act of 1981, is amended by inserting after the word "growers" at the end of the fourth proviso of the second sentence the following: ", except that the Secretary shall make such loans in areas in which the Secretary determines that there is a deficiency of such storage".

—Page 205:

(1) line 1, strike out "shall" and insert in lieu thereof "may"; and

(2) line 15, after "$200,000,000" insert the following: ": *Provided*, That the authority provided by this sentence to make loans shall be effective only to the extent and in such amounts as may be provided for in prior appropriations Acts".

By Mr. LOEFFLER:

—Page 77 after line 2, insert the following new section:

PLAN FOR CONTROL OF OAK WILT AND OAK DECLINE DISEASE

SEC. 1012. The Secretary of Agriculture, in cooperation with the States and political subdivisions thereof, shall conduct a study of the incidence of oak wilt and oak decline disease and evaluate methods for controlling the spread of such disease. The Secretary shall prepare and submit a report to both Houses of Congress on or before March 1, 1982, which shall include—

(1) the results of such study;

(2) plans for further research into the control of oak wilt and oak decline disease; and

(3) recommendations for controlling the spread of the disease, including an estimate of the costs involved and the availability of financial assistance.

By Mr. RINALDO:

—Page 11, strike out line 1 and all that follows through line 23 on page 17 and insert in lieu thereof the following:

TITLE III—WHEAT

LOAN RATES, LAND DIVERSION, AND PAYMENT YIELDS FOR THE 1982 THROUGH 1985 CROPS

SEC. 301. Effective only for the 1982 through 1985 crops of wheat, section 107A of the Agricultural Act of 1949 is amended to read as follows:

"SEC. 107A. Notwithstanding any other provision of law—

"(a) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of wheat at such level, not less than $3.50 per bushel, as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(b)(1) The Secretary is authorized to conduct a land-diversion program and make land-diversion payments to producers of wheat if the Secretary determines that such payments will assist in obtaining necessary adjustments in the total acreage of wheat. If a land-diversion program is in effect under this subsection, the Secretary is also authorized to require that producers participate in such program as a condition of eligibility for loans and purchases authorized by subsection (a). Land-diversion payments shall be made to a producer on a farm who devotes an acreage of cropland on the farm to conservation uses approved by the Secretary in accordance with a land-diversion contract entered into with the Secretary. The amounts payable to a producer under a land-diversion contract shall be determined by such means as the Secretary determines appropriate, including the submission of bids for such contracts. In determining the acceptability of a contract offer, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producer and the productivity of the acreage diverted based upon the farm program payment yield established for the farm. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(2) The farm program payment yield for each crop of wheat for which a land-diversion program is in effect shall be the last yield which had been previously established for the farm, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was previously established for the farm the Secretary is authorized to determine such yield as the Secretary finds fair and equitable. In the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary may determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. In the event national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(3) The diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(4) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation no later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producer, terminate or modify any such agreement entered into pursuant to this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(c) In any case in which the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure;

"(d) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(e) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(f) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 302. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1982, through May 31, 1986.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. 303. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1982 through 1985 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

SEC. 304. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1982 through 1985.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1982 THROUGH 1985 CROPS OF WHEAT

SEC. 305. Section 107 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops of wheat.

—Page 18, strike out line 1 and all that follows through line 17 on page 25 and insert in lieu thereof the following:

TITLE IV—FEED GRAINS

LOAN RATES, LAND DIVERSION, AND PAYMENT YIELDS FOR THE 1982 THROUGH 1985 CROPS

SEC. 401. Effective only for the 1982 through 1985 crops of feed grains, section 105A of the Agricultural Act of 1949 is amended to read as follows:

"SEC. 105A. Notwithstanding any other provision of law—

"(a)(1) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of corn at such level, not less than $2.50 per bushel, as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(b)(1) The Secretary is authorized to conduct a land diversion program and make land-diversion payments to producers of one or more of the crops of corn, barley, oats, rye, and grain sorghums if the Secretary determines that such payments will assist in obtaining necessary adjustments in the total acreage of any of these feed grains. If a land-diversion program is in effect for one or more of the crops of corn, barley, oats, rye, and grain sorghums, the Secretary is also authorized to require that producers participate in any such program as a condition of eligibility for loans and purchases authorized by subsection (a). Land-diversion payments shall be made to a producer on a farm who devotes an acreage of cropland on the farm to conservation uses approved by the Secretary in accordance with a land-diversion contract entered into with the Secretary. The amounts payable to a producer under a land-diversion contract shall be determined by such means as the Secretary determines appropriate, including the submission of bids for such contracts. In determining the acceptability of a contract offer, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producer and the productivity of the acreage diverted based upon the farm program payment yield established for the farm. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(2) The farm program payment yield for each crop of corn, barley, oats, rye, and grain sorghums for which a land-diversion program is in effect shall be the last yield which had been previously established for the farm, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for any of such feed grains was previously established for the farm, the Secretary is authorized to determine such yields as the Secretary finds fair and equitable. In the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. In the event national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(3) The diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(4) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation no later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producer, terminate or modify any such agreement entered into pursuant to this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(c) In any case in which the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure.

"(d) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(e) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(f) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.".

—Page 25, strike out line 18 and all that follows through line 9 on page 32 and insert in lieu thereof the following:

TITLE V—UPLAND COTTON

BASE ACREAGE ALLOTMENTS, SUSPENSION OF MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 501. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1982 through 1985 crops of upland cotton.

LOAN RATES, LAND DIVERSION, AND PAYMENT YIELDS FOR THE 1982 THROUGH 1985 CROPS

SEC. 502. Effective only for the 1982 through 1985 crops of upland cotton, section 103(f) of the Agricultural Act of 1949 is amended to read as follows:

SEC. 103. (f) Notwithstanding any other provision of law—

"(1) The Secretary shall, upon presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, make available for the 1982 through 1985 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the

United States the smaller of (i) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during the three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (ii) 90 percentum of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest priced growths of the growths determined for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern Europe price determination of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9)): *Provided*, That in no event shall such loan level be less than 48 cents per pound. If for any crop the average northern Europe price determined under clause (ii) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (i) of the first sentence of this paragraph, the Secretary may, notwithstanding the foregoing provisions of this paragraph, increase the loan level to such level as the Secretary may deem appropriate not in excess of the average United States spot market price determined under clause (i) of the first sentence of this paragraph. The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, and such level shall not thereafter be changed. Nonrecourse loans provided for in this subsection shall, upon request of the producer during the tenth month of the loan period for the cotton, be made available for an additional term of eight months: *Provided*, That such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six month period: *Provided further*, That whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated United States spot markets for such cotton for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available;

"(B) If a special quota has been established under this subsection during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in clause (A) of this subsection or the amount required to increase the supply to 130 per centum of the demand;

"(C) As used in clause (B) of this paragraph, the term 'supply' means, using the latest official data of the Bureau of the Census, the United States Department of Agriculture, and the United States Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales for the marketing year in which the special quota is established; and

"(D) When a special quota is established under the provisions of this subsection, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

"(2) Notwithstanding the foregoing provisions of this subsection, a special quota period shall not be established that overlaps an existing special quota period.

"(3)(A) The Secretary is authorized to conduct a land diversion program and make land diversion payments to producers of upland cotton if the Secretary determines that such payments will assist in obtaining necessary adjustments in the total acreage of upland cotton. If a land diversion program is in effect under this paragraph, the Secretary is also authorized to require that producers participate in such program as a condition of eligibility for loans authorized by paragraph (1). Land diversion payments shall be made to a producer on a farm who devotes an acreage of cropland on the farm to conservation uses approved by the Secretary in accordance with a land diversion contract entered into with the Secretary. The amounts payable to a producer under a land diversion contract shall be determined by such means as the Secretary determines appropriate, including the submission of bids for such contracts. In determining the acceptability of a contract offer, the Secretary shall take into consideration the extent of the diversion to be taken by the producer and the productivity of the acreage diverted based upon the farm program payment yield established for the farm. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(B) The farm program payment yield for each crop of upland cotton for which a land diversion program is in effect shall be the last yield which had been previously established for the farm, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for upland cotton was previously established for the farm, the Secretary is authorized to determine such yield as the Secretary finds fair and equitable. In the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish National, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. In the event National, State or county program payment yields are established, the farm program payment yields shall balance to the National, State or county program payment yields.

"(C) The diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(D) An operator of a farm desiring to participate in the program conducted under this paragraph shall file an agreement with the Secretary providing for such participation no later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producers, terminate or modify any such agreement entered into pursuant to this paragraph if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to alleviate a shortage in the supply of agricultural commodities.

"(4) In any case in which the failure of a producer to comply fully with the terms and conditions of the program conducted under this subsection precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure.

"(5) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection.

"(6) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(7) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 503. Effective only with respect to the period beginning August 1, 1982, and ending July 31, 1986, the tenth sentence of section 407 of the Agricultural Act of 1949 is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate of Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

SKIPROW PRACTICES

SEC. 504. Section 374(a) of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out "1981" in the last sentence and inserting in lieu thereof "1985".

—Page 32, strike out line 10 and all that folows through line 17 on page 45 and insert in lieu thereof the following:

TITLE VI—RICE

LOAN RATES, LAND DIVERSION, AND PAYMENT YIELDS FOR THE 1982 THROUGH 1985 CROPS

SEC. 601. Effective only with respect to the 1982 through 1985 crops of rice, section 101(f) of the Agricultural Act of 1949 is amended to read as follows:

"SEC. 101. (f) Nothwithstanding any other provision of law—

"(1) For the 1982 through 1985 crops of rice, the established price shall not be less than $10.73 per hundredweight for the 1982 crop, $11.23 per hundredweight for the 1983 crop, $11.73 per hundredweight for the 1984 crop, and $12.23 per hundredweight for the 1985 crop. Any such established price may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(2) The Secretary shall make available, to cooperators in the several States of the United States, loans and purchases for each of the 1982 through 1985 crops of rice at a level that bears the same ratio to the loan level for the preceding year's crop as the established price for such crop bears to the established price for the preceding year's crop. If the Secretary determines that loans and purchases at such a level for any of the 1982 through 1985 crops would substantially discourage the exportation of rice and result in excessive stocks of rice in the United States, the Secretary may, notwithstanding the foregoing provisions of this paragraph, establish loans and purchases for any such crop at such level, not less than $8 per hundredweight, as the Secretary determines necessary to avoid such excessive stocks. The loan and purchase level for each of the 1983, 1984, and 1985 crops of rice shall be established on the basis of the loan and purchase level established for the preceding crop year before the application of the preceding sentence. The established price and the loan and purchase level for each crop shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(2)(A) The Secretary is authorized to conduct a land diversion program and make land diversion payments to producers of rice if the Secretary determines that such payments will assist in obtaining necessary adjustments in the total acreage of rice. If a land diversion program is in effect under this paragraph, the Secretary is also authorized to require that producers participate in such program as a condition of eligibility for loans and purchases authorized by paragraph (1). Land diversion payments shall be made to a producer on a farm who devotes an acreage of cropland on the farm to conservation uses approved by the Secretary in accordance with a land diversion contract entered into with the Secretary. The amounts payable to a producer under a land diversion contract shall be determined by such means as the Secretary determines appropriate, including the submission of bids for such contracts. In determining the acceptability of a contract offer, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producer and the productivity of the acreage diverted based upon the farm program payment yield established for the farm. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(B) The farm program payment yield for each crop of rice for which a land diversion program is in effect shall be the last yield which had been previously estalished for the farm, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for rice was previously established for the farm, the Secretary is authorized to determine such yield as the Secretary finds fair and equitable. In the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. In the event national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(C) The diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(D) An operator of a farm desiring to participate in the program conducted under this paragraph shall execute an agreement with the Secretary providing for such participation no later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producer, terminate or modify any such agreement entered into pursuant to this paragraph if the Secretary determines such action necessary because of an emergency created by drought or other disasters or to alleviate a shortage in the supply of agricultural commodities.

"(3) In any case in which the failure of a producer to comply fully with the terms and conditions of the program conducted under this subsection precludes the making of loans, purchases, and payments, the Secretary may make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure.

"(4) The Secretary is authorized to issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection.

"(5) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(6) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.".

SUSPENSION OF MARKETING QUOTAS AND OTHER PROVISIONS

SEC. 602. Sections 351, 352, 353, 354, 355, 356, and 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1982 through 1985 crops of rice.

SENATE—*Wednesday, September 30, 1981*

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Reverend Norman H. V. Elliott, rector, All Saints' Episcopal Church, Anchorage, Alaska, offered the following prayer:

Let us pray.

Almighty God, who reignest over the nations; in whom we trust and under whose domination our several States are united into one Nation: Grant that Thy presence may be known this day to these men and women called by Thee and chosen by their people to the high office and great responsibility of U.S. Senator. Guide them in their deliberations and actions that they may attain those things for which they strive—those things which are right and good for all the people of this land; and that this Nation may continue to be dedicated to the building of a world free from fear, oppression, and hunger and to the establishment, defense, and preservation of that peace, freedom, justice, and security for which all Thy people pray. This we humbly ask in the name of Jesus Christ, Thy Son, our Lord. Amen.

RECOGNITION OF THE ASSISTANT MAJORITY LEADER

The PRESIDENT pro tempore. The assistant majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

GUEST CHAPLAIN—FATHER NORMAN ELLIOTT

Mr. STEVENS. Mr. President, I am most pleased that the Senate has as guest chaplain today Father Norman Elliott, of the All Saints' Episcopal Church in my home city of Anchorage, Alaska. I thank those who are responsible for assisting in making the arrangements.

Father Elliott and I have been close personal friends since we met in Alaska during the early fifties, and his friendship is one that I deeply cherish.

He is an extraordinary man. He has dedicated his life to the word of God, and over the years he has lived in numerous villages and cities throughout Alaska spreading knowledge and love throughout our State. His efforts have helped countless people. He has been not only a personal friend, he also is the minister of our church and most recently performed the marriage ceremony during which Catherine and I were joined together in marriage. We are going to call on him in October for a unique function, which I am sure the current occupant of the chair will appreciate. He will baptize our new daughter, Lily Irene, at the time he baptizes one of my two grandchildren, John Peter, the son of my daughter, Susan.

I do thank the Chair and I thank all of those who helped us.

NINE-DIGIT ZIP CODE

Mr. STEVENS. Mr. President, when the Congress recently acted to delay implementation of the nine-digit ZIP code, not everyone breathed a sigh of relief. While critics of the program have received the headlines, many people seem to think ZIP plus four makes sense. In fact, supporters of the expanded ZIP code have difficulty understanding why a system intended to hold down Postal Service costs should meet such resistance.

I agree wholeheartedly with the sentiments contained in an editorial that recently appeared in the Kansas City Star that—

> The nine digit ZIP Code . . . will enormously boost postal worker productivity. And that is what holds down rate increases for everyone.

I ask unanimous consent to have this editorial printed in the RECORD. The opinion expressed is one I share with a growing number of Americans.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

> FOUR MORE DIGITS CAN HELP A LOT
>
> Considering how the American people generally have accepted the benefits of automation and computers to do so many intricate tasks for us, the opposition to the Postal Service's proposed nine-digit ZIP code is difficult to understand. The system is not, as so many including some members of Congress seem to believe, a federal command that each of us must memorize nine-digit mailing addresses where five have sufficed. The plan is, above all else, voluntary and is aimed primarily at major bulk mailers who account for 80 percent of postal volume.
>
> For them it is simply a matter of encoding the Postal Service's nine-digit ZIPs into their own computers one time and then forgetting it. For the rest of us a letter to Aunt Minnie in Rochester will probably get there earlier if it includes the full nine digits, but a five-digit ZIP will assure delivery just as now.
>
> The more important consideration for all of us as taxpayers is that this expanded addressing system is expected to save the Postal Service $597 million the first full year it is in complete use, about 1987, and is the key to getting the mail service to possible financial self-sufficiency and end the string of deficits. Automatic mail handling looks particularly attractive after the more than 600,000 postal workers have just negotiated a new contract calling for further substantial increases.
>
> The "ZIP-plus-4" system was officially supposed to begin July 29, but in fact it will be a phased-in process of several years. So it is not fatal that House opponents were able to insert in the budget reconciliation bill language delaying implementation until October 1983. The Postal Service is allowed to continue all preparatory efforts, including personnel training, machinery procurement and lending out its nine-digit tapes to bulk mailers. But the first 12 optical character reader sorting machines (of an eventual total of 25) will not go on line in September 1982 in New York, Chicago and Los Angeles as scheduled. Nor will an incentive discount of half a cent per unit for mailings of more than 500 pieces take effect until the system is ready to go.
>
> Whenever it begins operation, the nine-digit ZIP code, sorting letters down to an individual letter carrier or one floor in a tall office building, will enormously boost postal worker productivity. And that is what holds down rate increases for everyone.

ORDER OF PROCEDURE ON SPECIAL ORDERS

Mr. STEVENS. Mr. President, I hope this will be agreeable with the distinguished Senator from West Virginia, my good friend, the minority leader.

There is a series of special orders and some of those who have requested special orders are in a meeting with the executive branch.

I shall request that the Chair not cancel any special order for failure of a Senator to appear until all those who are able to appear and take their time have used their time. In other words, I am certain we do not want to delay the Senate indefinitely, but I do believe there should be no special order in the list of special orders as they have been requested for this morning.

Does the Senator agree with that procedure?

The PRESIDING OFFICER (Mr. MATTINGLY). Is there objection?

Mr. STEVENS. I did not make the request yet. I just expressed a hope that we can arrange it without any unanimous consent; to permit those who appear to take the time as they wish and let the order be arranged by the time in which Senators do appear and claim their special orders.

Mr. ROBERT C. BYRD. I certainly have no objection to that, although I think it should be done by unanimous consent because their orders are by unanimous consent and arranged at this time.

ORDER PERMITTING INTERCHANGEABILITY OF SPECIAL ORDERS

Mr. STEVENS. Then, Mr. President, I do ask unanimous consent that there be no special arrangement of the special orders that were entered for this morning; that any of the nine Senators who appear may be recognized in whatever order they seek recognition; and that these orders not be canceled until a request is made by the leadership to do that.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER DESIGNATING SENATOR PERCY TO CONTROL TIME ALLOCATION ON SPECIAL ORDERS

Mr. STEVENS. Mr. President, I ask unanimous consent that Senator PERCY be permitted to allocate the time under special orders and the time of the majority to any Member of the Senate as he may see fit.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I yield to the distinguished Senator from Washington such time under my special order as he may desire.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The minority leader is recognized.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time under the standing order for the minority leader be reserved until such time as I am recognized in the execution of the 15-minute order which was entered into yesterday on my behalf.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Illinois.

FISCAL NEW YEAR

Mr. PERCY. Mr. President, today, September 30, marks the end of fiscal year 1981. It is a standard ceremony in our country and in many others throughout the world to ring out the old and ring in the new on the eve of the beginning of a new year. The Jewish community, for example, is celebrating Rosh Hashanah this week, marking the end of one traditional Jewish year and the beginning of the next.

Normally, new year's celebrations simply mark a change in years and there is little to distinguish the last day of the old year from the first day of the new year. It is just a flip of the page on the calendar.

In fact, it is rare when there is any great difference between the past year and the upcoming year. Certainly our hopes for the new year are bright on New Year's Eve, but in hindsight, there is not a marked difference between the last day of the year and the first day of the new year. Change does not ordinarily occur in sudden sweeps.

And when it comes to fiscal year changes, the switch from one fiscal year to the next is usually not even noticed. Certainly the public does not take any significant note of changes in fiscal years. In past years, there has been no strong reason to think there would be any difference between September 30 and October 1. In fact, there was usually more of the same: Higher and higher Federal spending and rising taxes to pay for it. If anything, the American taxpayer wanted to forget the beginning of a new fiscal year because it meant a heavier tax burden for him. No, in the past, the beginning of the fiscal year was not a time to look ahead to a brighter future. If anything, it might have been a time for some despair on the part of the taxpayer.

But this year it is different. For the first time, the American people have something to actually celebrate and look forward to. For the first time, the future looks a bit brighter than in previous years. Washington has heeded their call for a change in the fiscal posture of the country and enacted an economic recovery program that promises growth and jobs and not retrenchment and rising joblessness.

Today is the last day of the old economic program. In previous years, we have tried almost every anti-inflation program imaginable. President Carter had five anti-inflation programs in 4 years. None of them brought down the rate of inflation. In fact, inflation has increased steadily in recent years, as shown by the following table prepared by the Council of Economic Advisers.

Changes in the Consumer Price Index—1976 to 1980

	Percent
1976	+4.8
1977	+6.8
1978	+9.0
1979	+13.3
1980	+12.4

The President was elected last year on a platform of getting the economy growing again. As an antidote to inflation, he pledged to cut taxes and reduce Federal spending. It was his top priority and he said it would dominate his agenda in Washington until the economy was put in shape.

Congress passed the President's economic recovery program in almost record time.

We recognized that the economic trends we had experienced in the preceding 4 years would be utterly disastrous for the country. We had waited long enough for a hard-hitting program that would strike at the roots of inflation: Deficit spending.

Tomorrow we will begin the first day of this new program that will rekindle the economy. That is our purpose in speaking on the floor here today. We want to emphasize that the economic recovery program takes effect tomorrow. It has not had a chance to begin to heal the scars in the economy. We should give it that chance because the budget reductions and tax cuts will make a fundamental change in the American economy—for the better.

I am leading this colloquy today so that the American people will better understand the sweeping nature of the changes that will be taking place beginning tomorrow.

I would like to recall a comment the President made during the leadership meeting last week in the Cabinet Room. On August 13, the President signed two of the most sweeping bills that any President has ever signed affecting the domestic economy: A sweeping cut in taxes and another bill making the deepest cuts in our history in Federal expenditures. Yet what so frustrated the President was that 48 hours later Wall Street was saying, "But the economic recovery is not working. Where is the evidence?"

Of course, there is no evidence yet of economic recovery other than the fact that inflation rates have already begun to drop sharply. The effectiveness of this program has not yet shown up because its implementation does not begin until tomorrow, the first day of the new fiscal year.

We have selected as a symbol of today's colloquy a rising sun that holds out the promise of a better tomorrow. This is the theme of the economic recovery program. Last February, when the President outlined his new program to Congress, he described the program and the repercussions that would stem from not enacting it. President Reagan said then:

> If we don't do this, inflation and a growing tax burden will put an end to everything we believe in and to our dreams for the future. We do not have an option of living with inflation and its attendant tragedy, of millions of productive people willing and able to work but unable to find buyers in the job market.
>
> We have an alternative to that, a program for economic recovery, a program that will balance the budget, put us well on the road to our ultimate objective of eliminating inflation entirely, increasing productivity and creating millions of new jobs.
>
> True, it will take time for the favorable effects of our proposal to be felt. So we must begin now.

Mr. President. I ask unanimous consent to have printed in the RECORD at the end of my statement a brief summary of the history of the economic recovery program.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PERCY. The President's remarks last February are a throwback to the founding days of this Republic. Inscribed right on our national seal are the Latin words, "Novus Ordo Seclorum"—a new order for the ages. That was the promise at the founding of this Nation and that is the promise this program revives.

As I mentioned earlier, we chose a rising sun to symbolize our colloquy today. A rising sun also played a prominent role at the Constitutional Convention almost 200 years ago. The chair in which George Washington sat at the convention had a rising sun emblazoned on its back.

Benjamin Franklin sat behind Washington and noted at the time that the artist was not quite able to master the technique of indicating whether the sun was rising or setting.

After the drafting of the Constitution was completed, Franklin noted—and I quote—"but now at length I have the happiness to know that it is a rising and not a setting sun."

Benjamin Franklin could say that about the Constitution even before the national capital was established because he could see the outlines of a unique document.

Of course, the proof is always in the pudding and I do not think there is anyone in this Chamber who would now disagree with Franklin's assessment. Our Constitution has allowed this Nation to prosper in unprecedented ways. The Constitution has been honored over the centuries and served as a guide to our legal and economic development.

The economic recovery program deserves the same support that some doubting Thomases gave the Constitution in the months after its adoption. It proved itself to be a strong document and I am convinced that President Reagan and the Senate will stand by the economic program and show that it, too, is a strong anti-inflation plan.

I would like to turn for a few minutes to discuss inflation, because that is so key to what we are doing here. Alice Rivlin, director of the Congressional Budget Office, had it about right last year when she said:

> Rising Federal spending has been financed partly by increased Federal revenues and partly persistent Federal deficits. In fiscal year 1980, the Federal budget will be in deficit for the eleventh straight year, the nineteenth time in the last twenty years, the forty-second time in fifty years. The size of deficits has also increased during the postwar period. As a percent of the GNP, the average Federal deficit during the 1970s was about double the average during the previous decade.

I want to highlight her statement where she points out that in the 1970's, budget deficits were twice as large—in terms of GNP—as in the 1960's. This is an important point and goes to the heart of inflation. It was precisely in the late 1960's and early 1970's that we began to see inflation heating up. Gradually—and it was a gradual process—people began to expect a significant jump in inflation each year.

Wage settlements began to factor in a cost-of-living increase for the next year that would make up for the past year's inflation and add a few points for the expected inflation of the following year.

Investors were no longer interested in the standard rate of return on stocks, bonds, and savings accounts. With inflation of 7 percent, a 5-percent rate of interest was hardly attractive and investors, too, began to factor an ever-higher rate of return into their investment expectations.

Manufacturers and retailers also lost their confidence in the ability of the Federal Government to discipline inflation and their prices began to reflect an inflation premium, too.

In short, the inability of the Federal Government to rein in inflation led all segments of the economy to expect that it would continue year after year. And indeed it did. Their expectations were not unfounded.

The country has been through a variety of anti-inflation programs, starting in 1972 with wage and price controls. Maybe it was fortunate that we got that out of our system early because it was counterproductive and a dismal failure.

Inflation went from 3.4 percent when the controls were imposed to 12 percent when they were removed 2 years later. The controls simply masked the real problems and the inflation pot continued to boil.

I can remember during that period of time when we, in the infinite wisdom of the Congress, voted to freeze meat prices. We had an unusually late session—until 11:30 p.m.; certainly we have been in later but it was a late session by our usual standard. And I remember I was in the back row at that time, standing there and telling my colleagues:

> We will rue the day we have ever done this. The marketplace is the best place to set prices and control supply conditions. And if you try to undercut the marketplace, as we are now by freezing meat prices, we will disrupt the market in a way we can't divine tonight.

Long before the 90 days were up, the the Congress recognized that it could not outwit the marketplace. This is not the kind of an economy that can control production and prices as totalitarian states do. They do not do it very well; we do an even worse job of it when we try.

We have tried to control oil and gas prices and look at the result. We have totally distorted the energy situation in this country for years as a result of that.

And certainly it took only days to recognize what we were doing here. What happened in my own city of Chicago is very apparent. Within 60 days Mayor Daley had appointed 250 meat inspectors just to try to crack down on the black market that had sprung up overnight. During World War II, you could buy a bottle of scotch if you bought two bottles of rum with it. The black market thrives during controlled conditions.

And certainly in this kind of a case, the marketplace soon found ways to outwit and work around Government edicts.

But the signal that went to the producers was an ominous one. Their profits were going to be controlled and they might be required to sell their cattle below production prices. And, so they cut back. And for years we did not have the normal supply and demand factors working in the economy, and we lived to regret it. We did reverse that decision before the 90 days were over and we paid the price for years after that.

After this bout with controls, inflation was still with us.

In his brief administration, President Ford got serious with Government spending and showed his commitment to cutting the rate of spending by vetoing overly generous appropriations bills. Partly because of this adherence to fiscal discipline, inflation did drop down to 4.8 percent in 1976.

Unfortunately, it did not stay down for long and began to climb again in 1977. It climbed steadily until 1979 when it hit 13.3 percent, the highest rate in the post-World War II era. In 1980 we did see a slight decline, to 12.4 percent, but this was not the progress that was necessary to reassure the American people that the fight against inflation was being won.

In fact, in the first quarter of 1980, we experienced the most alarming inflation rates in our history as consumer prices hit 18 percent for several months in a row. These rates were akin to the hyperinflation that exists in some Latin American countries and which is totally alien to our economy and democracy.

These rates did not stay high, but they caused enormous concern that we might be entering a new and even higher level of inflation.

Mr. President, Paul McCracken, former Chairman of the President's Council of Economic Advisers, touched on this point in an article in the August 27, 1981 Wall Street Journal. I would like to quote a brief passage from that article because it so accurately sums up my point:

> History suggests that government will not follow through. The rational thing for people may be to ignore government's disinflationary rhetoric and policies on the assumption that we shall as usual be in an inflationary era. This all makes the inflation itself more difficult to correct, but for more than a decade this has been the realistic basis for decisions.

Now, however, Mr. President, we have embarked on a new course. We should not lose sight of the fact that inflation is already on the run—down this time, not up.

In the first 6 months of this year, the Consumer Price Index increased by only 8.5 percent. This is still too high but we should not forget that this contrasts with a much, much higher rate last year. Indeed, this is significant progress in its own right,

This declining inflationary expectation is based in large part on the single-minded dedication that the President committed to winning swift passage of the economic recovery program. It was decisive action by the President and the Congress and it sent a message out that we were going to tackle inflation once and for all.

There has been strong commitment to this anti-inflation program since it was sent to Congress last winter. There has been an almost quiet confidence building in the country that this President and the Republican-led Senate meant business. No longer would inflation eat up every paycheck in the country.

This discipline is essential. Lindley Clark, Jr., one of the most respected business writers for the Wall Street Journal summed up the importance of this in an article on September 8, 1981. I will not read the entire article but do want to read one paragraph.

Mr. Clark writes that there is an alternative to a prolonged recession to get down inflation and interest rates. He concludes:

> The alternative is for government to persuade the public that it really means business. Absolute budget balance isn't

essential, but significant progress in that direction is.

Without this year's budget cutting, the Federal budget would be in far worse shape. We would have a projected fiscal year 1982 deficit of nearly $80 billion instead of the $43 billion cited by the President last week. Certainly $43 billion is too much red ink, too, but as Lindley Clark noted in his article, what is essential is that we show that the direction is toward fiscal discipline and toward the semblance of a balanced budget.

Certainly, this is understandable to security analysts, to Wall Street and LaSalle Street, and on both coasts. They look at the trend of a company's earnings. They look at the direction in which earnings are moving. If they can see a trend, they project out into the future what earnings are likely to be at a point in the future.

Generally, people buy based on confidence and future expectations, just as they sell, generally speaking, when they are discouraged about the future outlook for a particular investment.

After the fiscal 1981 budget deficit of nearly $60 billion, a deficit of $17 billion less in fiscal year 1982 is progress, and fulfills the guidelines so aptly laid down by Lindley Clark in the Wall Street Journal. It is the direction in which we are moving that is important.

We are, for the first time, moving in the right direction. These budget deficits will shrink in each of the next fiscal years until we reach a balanced budget in 1984. Moreover, the President's budget policy reverses a longstanding policy of the Federal Government to increase spending faster than the rate of inflation. This budget that takes effect on October 1 marks an historic change in that pattern of spending and will actually authorize spending at half the rate of inflation.

On the other side of the ledger, taxes would have increased by $104 billion over last year. This massive tax increase would have followed a similarly large increase that we actually experienced in 1980.

Instead of rolling along on this tax juggernaut, President Reagan recommended reducing the tax burden to redirect the economy. Instead of rewarding consumption, we have enacted incentives to spur savings and productivity. The tax cut reversed previous policy of tax increases and replaced it with a 1982 tax cut of $38 billion.

These are new trends in Federal finance. For that reason I asked my colleagues to join me on the floor today to commemorate the beginning of the new fiscal year that launches these trends. We are on the verge of a new era in this country and it is appropriate for us to note the beginning of this new year.

It is a new year and a new beginning. We intend to pursue the economic recovery program's original goal of beating inflation. We will not drop the ball on this program. We will pursue it and adhere to it until the economy is back on the tracks.

Of course, getting back on the tracks involves a number of factors.

Mr. President, I ask unanimous consent to have printed in the Record an article which was published in the Washington Post today entitled "U.S. Businesses Urged To Increase Investments Quickly."

I also ask unanimous consent that a September 16, 1981 address by OMB Director David Stockman to the House Republican Conference be printed in the Record.

There being no objection, the article and address were ordered to be printed in the Record, as follow:

[From the Washington Post, Sept. 30, 1981]

U.S. Business Urged To Increase Investments Quickly

(By Peter Behr)

The National Association of Manufacturers has called on U.S. business to live up to its "obligation" to increase plant and equipment investments in response to the tax incentives in President Reagan's economic program.

Alexander B. Trowbridge, president of the NAM, said the organization's directors approved a resolution calling on its 12,000 members to "move ahead with their investment decisions as quickly as possible," at a meeting last Friday.

The message followed some sharp criticism of the business and financial sectors by Treasury Secretary Donald Regan, who complained of a disappointing response to the president's tax program. "Where are the expansion plans?" Regan protested to a Midwest audience earlier this month. "It's like dropping a coin down a well—all I'm hearing is a hollow clink," he said.

Trowbridge said the 139 business leaders who attended the NAM board meeting last week believe Reagan's program will reduce inflation and help to lower interest rates over the next 12 months to 16 months.

He said he was optimistic as well that a significant increase in business investment would occur in that period, boosting employment and productivity in the economy.

But while the NAM polled its 139 board members about their general reaction to the Reagan program, it didn't ask the question on the Treasury secretary's mind: How many companies will make a significant increase in capital spending?

Jerry J. Jasinowski, NAM chief economist, said it is "unrealistic to think there would be a summertime splurge" in business investment following enactment of the business tax cuts. It takes more time than that for companies to review potential investments, in light of the new tax provisions, and decisions should not be expected until the fall, he said. The response will still come soon enough to improve economic activity in 1982, he predicted.

The NAM directors were considerably more confident about the impact of the Reagan program on inflation than they were about the outlook for interest rates. Of those responding to the NAM poll, 97 percent saw a reduction in inflation in the next year to 16 months, while 85 percent said the president's program would lower interest rates.

The business leaders weren't in unison on the course the Federal Reserve should follow in regulating the growth of the money supply. Some fear that the Fed's control may squeeze too tightly, causing a painful restriction of business activity. Others believe that continued tight monetary policy is necessary to continue progress against inflation.

"The issue was debated at length," Jasinowski said. There was a consensus that current Fed policy is "appropriate," provided that monetary growth remains within the range of 2½ percent to 5½ percent that has been tentatively adopted for next year by the Federal Reserve.

Trowbridge said the NAM directors also called on the group's membership to increase contributions to charitable organizations and other groups to help the administration's budget cuts in social services.

President Reagan will ask business to make this voluntary effort, Trowbridge said, and the NAM directors will support him. But Trowbridge said he wanted to caution in advance against expecting too much from business. Corporations currently contribute 1.1 percent of pretax income to charities, he said, and while the new tax act raised the limits on deductible contributions, few companies will reach the new limit.

Comments of David A. Stockman

I. In recent weeks there has been a single message from the critics—the press, academic economists, financial houses on Wall Street. It is that the economic game plan doesn't add up, that it is fundamentally flawed, has internal contradictions. Specifically:

Revenue reductions ($280 billion by 1984) far exceed budget reductions ($130 billion by 1984).

Therefore, chronic, huge deficits are guaranteed.

Two unequal horses are pulling the economy in opposite directions—monetary restraint and high interest rates are holding the economy back while fiscal policy, through the tax cut, is expansionary.

This will end in financial disorder and ruin.

II. But let's put some of this analysis—and the conclusion that the plan won't work—into perspective. The conclusion is premature, to say the least, and also misses much of the picture.

A. The Tax Cut—the Revenue Side.

The static revenue loss seems large—that is, old law vs. new law—about $750 billion over the five years to 1986. But this ignores some important points:

All during this period the economy will be growing. The GNP will rise from $2.8 trillion to about $4.8 trillion.

The tax share of this rising GNP will decline from 22 percent to 18.5 percent. That is the point of the program—more incentives, less burden on work, saving and investment. But with the growth of the economy, the actual dollars of tax revenue collected will be rising, not falling. The share of taxes in GNP falls, but revenues rise with a growing economy.

This rise in revenues will be from $600 billion this year to $900 billion in 1986—an increase of 50 percent or about 8.5 percent a year. Even if our economic forecast is not right to the last decimal point, there will be a healthy growth in revenues to finance the government.

Revenues under the old law would have been about $4.6 trillion in 1981–1986. After the tax cut, revenues will still be about $3.9 trillion. We can and will finance the government with that huge amount of revenue.

The growth of the budget was out of control. From 1979 to 1981, outlays grew at the rate of 15 percent a year—clearly unsustainable. Despite tax bracket creep and rising revenues, we still had chronic large deficits and excessive money growth. Is there any wonder we had our worst peacetime inflation—and many other ills besides?

What is more, if nothing were done—if the government continued on course and added no new programs—outlay growth in the 1982–86 period would have been at least 9 percent a year and outlays would have crossed the trillion dollar mark by 1986.

Already we have started to change this pattern. Reconciliation was the big event. By that one huge bill, which included the first cutbacks in entitlement programs ever accomplished, Congress has cut over $130 billion from the growth of spending between 1981 and 1984.

This is about 60 percent of the job that needs to be done to bring spending on the track where it will at last be matched by revenues and the budget will be balanced. Reconciliation has already brought spending growth down to the range of 7¾ percent—half the rate of growth we experienced between 1979 and 1981.

III. The Economic Recovery Package.

A. It is of crucial importance to remember that the tax plan was offered, and enacted, all in one piece. As noted, there will be roughly $280 billion of tax relief in the 1982–84 period.

B. But the spending plan, from the very beginning, was to be in two installments:

In the current session of Congress—1981—about 60 percent of the total needed was to be achieved, and most of this has been done through reconciliation.

The rest was to be achieved in the 1983 and 1984 budgets—that is, by Congress in 1982 and 1983.

Meanwhile, all through the period, we had to be on the watch for, and act against, unanticipated overruns—from interest on the debt, farm price supports, even Mount St. Helen's. This had become a major plague. The last two budgets wound up almost $50 billion over the original estimates by President Carter.

C. The requirement now is to complete the plan:

$30 billion of additional savings in 1983, $44 billion in 1984 were left unspecified in the first part of the plan.

And some additional reductions in 1982 are necessary to combat the overrun problem and make sure our deficit figures are realistic, not just faulty estimates.

This combined action will bring outlay growth down to the range we want—roughly 5 percent for the indefinite future.

It will re-fit government spending commitments to a level of about 19 percent of a much larger GNP by 1984—compared to the present 23 percent of a smaller GNP.

It will give us a spending path which allows revenue growth to catch up and balance the budget.

D. It is a tough job, but not nearly as prohibitively difficult as the critics think. The last $44 billion of saving, for 1984, amounts to only 5 percent of the 1984 budget if it were left on automatic pilot—that is—the current services budget for 1984. Given what we have done so far, that is an achievable task.

IV. The financial markets and interest rates.

A. The markets are very skeptical of the Congressional commitment to cut spending—to complete the job. For this and other reasons they fear continued huge deficits.

Given our political system, they believe Congress will take the tax cut and run—won't deliver on the tough spending choices that are also required.

This will mean large deficits and high interest rates—and the high interest rates, in a vicious circle, will make the deficits worse still because of the higher cost of paying the interest on the national debt.

The economic recovery won't occur, and this will make the deficit worse still because revenues will not be as high as planned.

B. But if we prove the markets wrong, and do the job on spending, the job itself becomes easier. Here is the paradox:

We will have a manageable, $44 billion cutting task for FY 1984—only 5 percent of the budget by then—if we stick to the plan and deliver.

But if we panic, backslide, throw in the towel, the market will be right and the deficit will get bigger. The task will then be not $44 billion but $80 billion to $100 billion.

In short, if we act on schedule, the market's fears will be unfounded and the problem itself becomes easier to solve. Plus, of course, we receive the payoff of lower interest rates and a strongly growing economy.

C. The current reaction of the markets stems from a political judgment, not an economic one. They fear that Congress will take the timid route—not following through with the rest of the plan.

They have reasons for their skepticism. Not one budget plan in the past seven years has materialized. Spending has grown far faster than projected. But if the judgment is a political one, the economic consequences of it give us the situation we have today—above all, high interest rates.

The long-term bond market is dead. There are no buyers. Everyone borrowing in the market now is doing so from banks or with paper of 45 days or less.

A bond worth $1,000 in 1979—just two years ago—is now worth $720. These deep losses have produced equally deep scars among the traditional investors in bonds.

The result is a huge traffic jam in the short-term market. It is a case of heavy demand for borrowed funds pressing against a limited supply, with big pressure on the short-term rate—including the prime rate. This supply and demand problem is why rates are so high.

D. The task is to create a financial climate that allows the economy to grow. This can be done if our plan is followed—if Congress follows through on the remaining budget savings.

It is critical to hold the deficit to the range of $42–45 billion in FY 1982.

This will start to re-establish fiscal integrity and also credibility.

We must do it—not make excuses.

This means hitting the FY 1982 outlay targets—which involves some additional reductions this year.

And it also means getting an early start on the outyear reductions—the rest of the job.

Exhibit 1

SUMMARY OF THE HISTORY OF THE ECONOMIC RECOVERY PROGRAM

On February 18, 1981, the President outlined his Program for Economic Recovery. It included spending cuts and other measures to reduce sharply the growth rate of federal spending and to reduce the deficit; reductions in personal tax rates and business taxes; reductions in the costs and intrusion of Federal government regulations; and a new commitment to a stable monetary policy.

On March 10, 1981, President Reagan transmitted his proposals for a complete revision of the 1982 budget to the Congress, calling for savings of $6.4 billion in 1981, $48.6 billion in 1982 and a total of $197 billion in 1982–84. He indicated that additional savings of $29.8 billion in FY 1983 and $44.2 billion in FY 1984 would be identified later.

On June 5, 1981, the President signed into law the Supplemental Appropriations and Rescission Act of 1981, which included many of the President's proposals to hold down FY 1981 spending. Presidential proposals not approved by Congress will have the effect of increasing FY 1982 and future year spending by $2.1 billion above the levels proposed by the President.

On August 13, 1981, the President signed into law the Economic Recovery Tax Act of 1981 which will begin reducing Federal taxes on October 1, 1981. The tax reduction will total $280 billion over the three year period 1982–1984.

Also on August 13, 1981, the President signed the Omnibus Reconciliation Act, which reduced entitlement program spending by $13.4 billion in FY 1982 and $43.8 billion in 1982–1984. This Act also called for spending reductions in other Federal programs of $21.8 billion in FY 1982 and $86.8 billion in 1982–1984. However, final decisions on funding for non-entitlement programs remain to be resolved in the appropriations process, which is now underway. Unfortunately, many of the President's proposals for budget savings were not incorporated in the Reconciliation Act.

Mr. PERCY. I would like to yield now to the distinguished majority leader. No one in the Senate deserves more credit for quickly moving this program through than Senator BAKER. He was extremely skillful in moving the budget and tax cuts through the Senate. Any one of a thousand roadblocks could have stalled the program, but the majority leader was a deft captain. He is probably one of the greatest majority leaders in the Senate's history.

I yield to my colleague from Tennessee.

Mr. BAKER. Mr. President, when we were younger, a first day in autumn usually meant the first day of school, with new lunch pails, shiny new penny loafers and bright argyle socks. Now that we are older, first days in autumn take on a somewhat more important role, such as tomorrow and the beginning of the new fiscal year.

We are all aware that symbolism has a tendency to abound throughout political hallways, yet I can think of few more truly symbolic days in the legislative year, than October 1.

The beginning of the new fiscal year is more than just a new set of accounting books with new numbers. It is a diacritical integration of the economics of the past and the economics of the future, and I want to take this opportunity to state to my colleagues, Mr. President, that this year's integration is different.

For years, this Nation has been on a course of economic spending that reminds one of a trouser pocket that was not rich enough to be deep, but kept on getting holes made in it to give away money that it did not have. Fiscal year 1982 will be the first full year that those holes get repaired, and it is that alteration in our country's economic policies that makes tomorrow so different.

I am proud to say that this Chamber has participated in this transformation. We have joined with a new President on a new program for economic recovery, and we have begun to institute the legislative pillars to make that program a reality.

President Reagan wasted no time in making his proposals to turn our moribund economy around. In February, less than 2 months after the innauguration, Congress received President Reagan's revised budget for fiscal year 1982, and Congress did not procrastinate in its consideration and implementation of the program.

Throughout the spring, Congress enacted the various rescission proposals for fiscal year 1981 and began the difficult task of translating the Federal budget into the reconciliation framework.

In July, we witnessed the fruition of the process, with the passage of both the omnibus reconciliation bill, and the Economic Recovery Tax Act of 1981—each a monumental legislative undertaking.

This economic metamorphosis cannot be understated. It is the neoteric response to the catastrophic economic policies of the past and to the will of American voters last November. It is also the essential foundation for a coherent and firm economic agenda for the future.

This is not to say that our work is done, for it is not. But we are not lowering our expectations. We will continue to work with our President and forge these goals.

Mr. President, I wish to also use this occasion to commend the distinguished senior Senator from Illinois (Mr. Percy) on his skillful comments regarding our economy and thank him for this opportunity to participate in this colloquy.

Mr. PERCY. Thank you. I see that my good friend and colleague, Senator Gorton is in the Chamber, seeking recognition.

Senator Gorton is a freshman in the Senate but he has already shown his knowledge of the economy and ability in the Senate. He has skillfully managed the budget resolution this year and is one of the most outspoken and eloquent members of that committee. He was an integral part of the shaping of the economic recovery program and I am pleased to yield to him now.

Mr. GORTON. Mr. President, in January, when I took my seat in the Senate, our national situation was characterized by double-digit inflation, sky-high interest rates, high unemployment and stagnating economic growth. The urgency of the current economic situation was obvious to everyone. In the past 9 months, the administration and this Congress have drafted and passed into law an economic recovery program which will begin to take effect tomorrow. This program, which I strongly support, represents the historic first step toward the revival of prosperity, but only a first step. We must continue along our chosen path toward economic recovery.

During this journey, because the trip will be arduous, there will be those who will tempt us to take temporarily attractive detours. But we in the Congress must not be tempted, we must not give into policies that offer instant gratification but only lead to future trouble. That has been the way of the past. Instead, we must demonstrate our resolve to see this journey through to the end. And the way to do this is through a consistency of policy. Let this be our fiscal new year's resolution.

When President Reagan signed both the "Tax Cut Bill" and the "Budget Reduction Act" on the same day, he and the Congress reversed the economic course followed by our national Government for two decades and put into place the cornerstones of a program for economic recovery. The tax bill provides for the largest reduction in taxes during this century and the budget bill authorizes the biggest reduction in the course of Government spending in five decades.

In my opinion, excessive Government spending has been a major cause of our current economic crisis. The Federal Government has, over the last few years, consistently spent significantly more than it has taken in in taxes. Huge deficits have been the inevitable consequence. These deficits can be covered either by borrowing money or by creating money. If the Federal Government borrows to cover the deficits, it uses money that would have otherwise been available to lend to businesses and to individuals. As a direct result, the economy has less new investment capital and the overall rate of productivity and economic growth is lowered. If the money to cover the deficits is created, or printed, then prices rise and inflation worsens. During inflationary periods, like those which we have experienced for the past 15 years, nothing good comes from large budget deficits.

The solution to our economic crisis, in my opinion, had to begin with a reduction in Government spending. The Congress and the President have taken this vital first step with the Omnibus Reconciliation Act of 1981. This bill reduces Government spending by $35.2 billion for the coming fiscal year—or by more than $150 for every man, woman, and child in this country. The budgets of over 200 domestic programs were cut and some programs, including public service jobs, were eliminated altogether. In addition, almost all major entitlement programs have had their growth rates limited. Reconciliation represents an historic step toward economic recovery.

But budget cutting alone will not solve our economic crisis. The ravages of inflation have gone too far for that. The economic stagnation that characterized the last half of the 1970's testifies to this fact. Something had to be done to stimulate savings and investment and to revive and restore incentives to produce. The Economic Recovery Tax Act of 1981 (by cutting individual and business taxes) is designed to provide these necessary incentives.

Inflation reduces the individual's incentive to save. If goods are going to cost more in the future, and that increase in price is greater than what an individual can earn after taxes on savings, the incentive is to buy now.

As a result, the Nation's savings rate has fallen until it is the lowest among all developed countries, and is now at the lowest level in our Nation's history, with the exception of the years of the Great Depression. Capital can only be financed out of savings, so a low rate of savings means a low rate of investment and capital formation and reduced rates of productivity growth.

Furthermore, inflation works with the progressive tax structure to increase marginal tax rates, often to punishing, incentive-reducing levels. The marginal tax rate paid by the median-income recipient in 1965 was 17 percent, but in 1980 it was 24 percent, which is equivalent to a 41-percent tax rate increase. A person who received twice the median income in 1965 paid a marginal rate of 22 percent. In 1980, he or she paid 43 percent, a doubling of marginal tax rates. This phenomenon, known as "bracket creep," effectively discourages effort and investment. It is equivalent to increasing the Federal Government's share of the income of a fairly successful business from less than a quarter interest in 1965 to a full partnership in 1980 solely as a consequence of inflation.

Under the provisions of the Economic Recovery Tax Act of 1981, Federal income tax rates will be reduced 25 percent over 33 months. After these cuts have occurred, tax rates will be indexed to the rate of inflation, ending once and for all the problem of "bracket creep."

In addition to the reduction in personal income taxes, business will benefit from much more rapid depreciation schedules, from the reduction of the capital gains tax, and from the virtual elimination of estate taxes, except for the very wealthy. These tax reductions will go a long way toward restoring the incentives required to stimulate savings, investment and the added work effort necessary for economic recovery.

As an integral part of the economic recovery program, the Federal Reserve Board has maintained a tight monetary policy, a necessary step if inflation is to be successfully curtailed. The money supply has been growing this year at less than half the rate averaged over the past 3 years. The rate of inflation, as a consequence, has been falling. Doubtless, as soon as the financial markets begin to believe that the Federal Reserve Board is serious and will continue a tight money policy in the future, and that the Federal Government is equally serious in maintaining tight controls over the budget, then the rate of inflation will fall permanently. When this happens, a decline in interest rates cannot be far behind.

The heart of the program for economic recovery is to provide the incentives needed for the private sector to solve our current economic crisis. Incentives are provided for individuals to work harder and save more and for business to invest and grow. The ultimate goal is a balanced Federal budget in 1984. This will eliminate the Government as the foremost borrower in our capital markets and allow the Federal Reserve Board to continue a tight money policy to insure that the problem of inflation is permanently solved.

While much of the economic recovery program is now in place, much more needs to be done. Inflation has been an ever-growing curse for 15 years. At many times in the past, attacks on inflation have been mounted and later abandoned. As a consequence, each time this occurred, the solution to the inflation problem became more difficult.

While inflation has recently begun to subside, interest rates have remained high. I am afraid that this should have been expected. During the decade and a half during which inflation has been increasing, lenders have persistently underestimated the actual increase in the rate of inflation. Everyone remembers the false starts that characterized past attempts to stop inflation. It will take some time to convince the people that, this time, we in Government are serious. In order to do this, we must demonstrate our resolve.

The present economic situation seems almost designed to test our resolve. The combination of slower than expected economic activity and higher than expected interest rates have raised the projected budget deficit, now predicted by most economists, to be over $60 billion in 1982. This is $17.5 billion more than the administration predicted. Furthermore, the predicted deficits for succeeding years also appear larger than they did only a few months ago. In my opinion, this situation calls for decisive action. But the action we take must be well considered and above all consistent with the program for economic recovery that we have adopted.

While considering this action, we should not dwell too much on the absolute size of the budget deficit. It does not make a great deal of difference whether the deficit this coming fiscal year is $30 billion or $50 billion. What does matter is that we demonstrate that we have reestablished control over the expenditures of the Federal Government. This, in my judgment, does require that, whatever the deficit is for fiscal 1982 that it be lower in 1983 and lower each subsequent year until the budget is balanced. Then it is vitally important that tight reins be placed on the level of future Federal expenditures.

In order to implement this strategy, I believe that we in the Senate must take immediate steps to further reduce Government expenditures.

Since defense, interest on the national debt, and entitlement programs comprise 77 percent of the budget, it is obvious that national defense and entitlements will have to absorb a major share of the new cuts.

There are those who are already calling for the cancellation of some or all of the tax reductions that begin tomorrow. I have already stated that a reduction of the projected 1982 through 1984 budget deficits is crucial if we are to have a balanced budget in the near future. In order to do this, it may in fact be necessary to delay some of the scheduled future tax reductions. There is, however, a right way and a wrong way to do this. It obviously would be wrong to repeal any of the future tax cuts that create the incentives for economic growth.

It would be equally wrong to make future tax cuts uncertain by tying them to the performance of the economy. What is required today is consistency of Government purpose. Businessmen must have confidence that we will stick to our economic recovery plan. We must ultimately deliver what we have promised. If it is necessary in order to achieve a balanced budget that part of future tax cuts be delayed, then it must be precisely that—a delay and the length of the delay must be measured in months not years. The incentives created by these tax cuts are absolutely essential to the future economic growth and prosperity of our economy.

I do not now support a significant easing of credit by the Federal Reserve. This has been the solution of the past. It worked for only a short time, and ultimately resulted in higher, not lower, rates of interest and inflation.

I believe that a resolute commitment to the strategy of monetary and fiscal austerity is the best way to solve the problems of high inflation and interest rates. If we waiver now, as we so often have in the past, then we shall lose the best chance we have to end inflation permanently.

But we cannot stop there. If our economic recovery program is to work, it is necessary that we have a competitive economy. Since I have recently spoken on this floor about the importance of the antitrust laws, I will confine my remarks on this subject to reminding my colleagues that our recovery program depends on the response of the private sector to the incentives that the expenditure and tax cuts create. Monopoly, collusion, pricefixing can thwart this response. The antitrust laws and their vigorous enforcement are our best defense against this occurrence.

Finally, I believe that even while we are in the midst of the struggle to balance the budget, we give some thought to how we shall make our hard-won gains permanent. We cannot allow Government spending to once again get out of control and in the process fuel another round of inflation.

Mr. PERCY. Mr. President, I am very pleased that my distinguished colleague and chairman of the Governmental Affairs Committee, the author of significant tax legislation, Senator Roth, has joined me on the floor. He knows, and we all know, that our goals have been straightforward and have been fully supported, overwhelmingly supported, by the Congress. We must first reduce expenditures.

My distinguished colleague, Senator Roth, has been fighting, as Senator John Williams did before him, to bring down Federal expenditures. I worked with Senator John Williams many years ago when we authored legislation directing the President of the United States to cut the budget. That proposal was signed into law and did drive expenses down. It helped contribute to the first balanced budget we have had in years.

This, now, is the next step. We will continue to work with President Reagan to drive down Federal spending in fiscal 1982, the fiscal year that begins tomorrow, and to drive it down in future years.

As Mr. Lindley says, What is important is to set the right direction. We do not have to balance the budget tomorrow. We know that is impossible. But what we have to do is set the direction so we can balance that budget by 1984. And we will balance that budget. We will be working together to back the President in doing it.

Then we have to bring down taxes. That, of course, goes back to the original work done years ago by my distinguished colleague, Senator Roth, working with Representative Jack Kemp in the House. The direction had to be there. We had to bring down individual taxes; we had to bring down corporate taxes; we had to improve amortization and depreciation. We had to bring down the capital gains tax. We had to lower the tax on estates. We had to provide incentive for savings so that we would save and invest and build up savings. An adequate savings pool brings down interest costs. Bringing interest costs down is the primary focus of our efforts.

Senator Roth, as chairman of the Governmental Affairs Committee, and, I as the ranking Republican behind him on that committee are working together to bring down the cost of Government regulation to the American people. Its total cost today is in excess of $100 billion. That cost is passed on by business and agriculture to the consumer. We must bring it down.

I am very pleased at this time to yield to my distinguished colleague, who sits in such a critical position, and who has already done so much to bring about and restore the health of this economy.

This is a new beginning and tomorrow begins to see the effective work of the Reagan administration and the Reagan economic program solidly and strongly supported by my distinguished and respected colleague, Senator Roth.

The PRESIDING OFFICER. Under the previous order, the Senator from Delaware (Mr. Roth) is recognized for not to exceed 15 minutes.

ON THE BIRTH OF A NEW ERA OF FISCAL RESPONSIBILITY FOR AMERICA

Mr. ROTH. I thank the distinguished Senator from Illinois for his gracious remarks. I am happy to work with him both on the Senate floor and in the Governmental Affairs Committee in attempting to put in place policies essential for the long-term growth of this country.

Mr. President, tomorrow will mark the dawn of a new era for America—its economy and its people.

After decades of exploding Federal spending that has fueled double-digit inflation and massive unemployment, the President, with his budget and tax cut program, has changed the direction of Washington's money machine.

After decades of ever-steeper taxes and the resulting stagnation in economic growth, the President has secured passage of the largest tax cut bill in American history.

Taken with his reforms in wasteful bureaucratic regulations, an aggressive program to root out waste, fraud, and corruption in government, these steps will restore the faith of the American people in themselves.

The impact on the future course of American politics and economic life will be felt for many years to come. The President has successfully charted a new course in American Government. No longer will the people serve the Government, the Government will serve the people.

And, let me say, that the President's tax and spending programs were enacted despite strong opposition in the House because the President kept faith with the American people and made sure their voice was heard in Congress.

The President's program, which takes

effect tomorrow, includes spending and tax cuts over the next 3 years. These initiatives, I think it is important to emphasize, represent the first steps in the economic recovery process. We must give this program an opportunity to work.

Clearly, more needs to be done. Interest rates must be reduced. And the President has proposed additional budget cuts designed to further reduce the deficit — thereby helping to take pressure off the financial markets and interest rates in general. Indeed, he has called for additional reductions in defense spending of some $13 billion. As encouraging as this proposal is, I personally believe defense spending must be reduced even more—perhaps by as much as $30 billion.

In my judgment, further reductions in Federal spending rather than an abrogation of the tax cut that every working man and woman in this country so justly deserves is the proper approach to reducing the deficit and lowering interest rates. The big spenders among us would like nothing better than a postponement of this tax cut. But this will not occur.

The 3-year across-the-board tax cut is an integral part of the economic recovery process. And, regardless of the near-term economic effects from the economic recovery tax act and its other political implications, the movement to reduce the burden of taxes on the American people has strong momentum.

I firmly believe it will be very difficult to reverse that momentum at any time in the foreseeable future, absent a critical national emergency.

Our progressive income tax structure has been under strain for many years, strain greatly exacerbated by inflation, by deterioration in compliance and by growing disillusionment with many of the public programs it was designed to support.

The problems of high income tax rates in terms of equity to all taxpayers and adverse effects on investment decisions and work incentives have become more and more intolerable as the public has wearied of big spending programs that have not produced the desired results.

This does not mean that the American people want to dismantle their Government or abandon the needy and the poor. It means they want a lower profile of government without the most destructive aspects of a confiscatory income tax system.

Mr. President, I share the concerns of the working men and women of this country with respect to continuing near-record interest rates. But I believe that policies designed to bring down these rates must look to a permanent and long-run solution, rather than any type of short-term quick fix.

A significant component of today's high interest rates is the fact that many Americans are simply uncertain and confused. This is a direct result of the skepticism of the savers and investors across the country who have for 15 years watched as stop-and-go economic policies in Washington have created a tremendous inflationary momentum that has only now begun to abate. This is the symptom of a long illness to which the medicine is just now being administered. Calls for quick fixes to the high interest rate problem serve only to add to the uncertainty in the investment community.

I am confident that the policies of further spending and monetary restraint are correct and necessary in order to restore long-term economic strength to this country. There is no other fundamentally sound and correct policy that we can follow. If we delay or vacillate in the implementation of these policies, there will be a need for a more painful administration of them later on.

Only these long-range solutions will insure an end to the steadily escalating cycle of inflation and high interest rates and the creation of an atmosphere of long-term growth and economic stability.

It has taken us 25 years of profligate spending on the Federal level to get into an economic quagmire and we are not going to get out of it overnight. That point has been clear from the beginning of Ronald Reagan's Presidency. It is going to take time to turn the economy around and move back on the road to dynamic growth and stability, with jobs for the young and the unemployed.

There are going to be difficult moments in the months and years ahead, Mr. President, but we have a program to restore the vitality of the American economy.

I look forward to tomorrow and a new beginning for our Nation.

Mr. PERCY. Mr. President, I thank my distinguished colleague for his usual scholarly and practical approach to this problem. I trust that his words will be read carefully by those who can have an influence upon this economy and the decisionmaking process that must make the program work.

Mr. President, I am pleased at this time to yield to the distinguished Senator from Wyoming (Mr. WALLOP), who, himself, is a rancher. I asked him at some point during the course of his comments, to make any observations he would care to make on other procedures that have been tried by the Congress—such as wage and price controls and what happened to meat production, to cattle grazing, when we tried to control prices artificially. There is always a hue and cry during periods of inflation. "Let us get more Government regulation; let us just regulate; you cannot increase wages, you cannot increase prices."

That is a simplistic approach which has been tried and which, in the opinion of the Senator from Illinois, has been utterly disastrous.

It would be interesting to hear from one of those Senators who have stood solidly behind the President, one who is for this program, which will provide a safety net under people, but will remove those programs that we simply cannot any longer afford. This program will move us in the direction of fiscal responsibility, tax reduction to encourage production, and all of those things necessary to lessen the unnecessary cost of Government regulation.

Mr. President, I am very happy to yield to my distinguished colleague, who has worked so closely with us in enacting this program to begin the new fiscal year.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. WALLOP. Mr. President, I thank the Senator from Illinois and thank him for arranging for us this morning to have this time to celebrate this new year's eve, the launch of this new beginning.

Mr. President, I find it remarkable that everybody, having cast their votes, is now scurrying like so many cockroaches to the corners and saying, "Well, it may not work, it might not work, there are some people out there who think it will not work."

There are some people out there who always think nothing will work. This country got along by ignoring such prophets of doom.

The country obtained its prosperity by simply looking the other way from those who simply had no courage when it came to attempting something new, trying to change the course of direction, to provide this country with horizons.

Mr. President, I join many of my colleagues in the Senate who have worked hard and have given unselfishly of their time and energies to mark the beginning of what history will surely regard as the most dramatic and far-reaching change in the course of American domestic economic policy this country has ever witnessed.

This is not a time to congratulate ourselves on a job well done, for these actions should have been taken long ago. Likewise, this is not a time to look over our shoulders and view all of our accomplishments since the first of the year. Much work remains to be done if this program is to have a chance to succeed. It is with great confidence that I join with my colleagues on this new year's eve of the new beginning to sound the beginning of what promises to be an unprecedented era of economic prosperity for all the citizens of this Nation.

For too many years this country's business and citizens have been literally smothered by Federal policies of overregulation, overspending, overtaxation, and overinvolvement on the part of the Government to try to micromanage one of the world's macroeconomies.

The Senator from Illinois rightly pointed out that one of the catastrophes that has been tried in the past was to select one segment of this economy and control it because there was a popular demand to do so. I happen to be in the profession that was selected out at that time. The country decided that it had a constitutional right to cheap beef, and we had a nice little program which controlled the price of beef, at the behest of consumers across the country. They left chicken alone, left pork alone, left a lot of other things alone. In the process, they destroyed almost 25 percent of the entire agricultural market of America, the entire agricultural economy.

What happened was that it destroyed the price of grain; it certainly destroyed the price of cattle. The prices were frozen. Old sows, for sausage, were selling on the Chicago market for more than prime beef. People in the business went bankrupt.

People who were selling the grain and who relied on the grain market for the means by which their products went to market had the market collapse under them because of the price structure.

What happened? Chicken went up. Pork went up. Beef was controlled, so a blackmarket developed, and consumers were badly bruised by that adventure into micromanagement.

The next thing that happened was that many ranchers in the business of raising and producing beef went out of business which resulted in prolonged higher beef prices than there would have been had the market prices been let alone.

The consumer was ill-served by the weak-livered politicians who ran to the control board as soon as there was a little political clout on their horizon. It did not work. It will not work again. The way to make this country prosper is to allow market forces to work and to allow this country's people to work, and the only way you can do that is to restore some of this economic freedom to the markets by competition.

The inevitable result of those policies—runaway inflation and accelerated interest rates—have affected us all. In the last 3 years alone, the budget deficit has increased by some $142.8 billion more than the entire deficit in this country up through the end of the Kennedy administration. That was just in 3 years. In the last 3 years, we had more than we gathered up through the first 175 years of this country. This happened in spite of the fact that a phenomenon known so well by the American worker and businessman as bracket creep had swelled the Government's coffers to the point that the Government had 205 billion more tax dollars to spend in 1981 than it did in 1978. With all that, we could not come to balancing the budget because nobody tried.

For fiscal year 1982, it was the intention of the past administration to let the taxpayer foot the bills for an even larger budget deficit.

I am sure I do not have to remind my colleagues on the other side of the aisle that with the passing of election day last November, it was painfully obvious that tomorrow had come. Clearly, it was the attitude of the American people that the fiscal irresponsibility of the past could no longer be tolerated. We had been borrowing, and borrowing, and borrowing against the future, as if there were no tomorrow; and we woke up one morning, and tomorrow had dawned. The picture was not one of happiness and prosperity or even an outlook with any expectations in it at all.

Mr. President, it was not long after President Reagan was inaugurated right out here on the west front of the Capitol that he sent to Congress an economic package calling for significant budget cuts, as well as long-deserved and too-long-delayed reductions in the tax burden of the American taxpayer. Congress responded by giving the President most of what he had asked for by implementing evenhanded, across-the-board budget cuts. The American people were given significant relief from a tax burden which has become increasingly more difficult to bear.

Mr. President, I, like most of my colleagues here this morning, wear a button displaying a rising sun. It is a symbol of the dawning of a new day of economic prosperity and stability for all facets of American economic life which the implementation of the President's program represents. Yet, because of interest rates which remain intolerably high, and an investment community which is unconvinced that Congress—Congress, not the President—will fully implement further components of the President's economic program, there are Members of this body who would wish that we delay, defer, or eliminate certain provisions of the economic recovery program before it even has a chance to work. These conditions are not caused by the policies of this administration. They are, in fact, the most visible of indications that the abuses of the past cannot be overcome overnight. It is an inheritance which this body, as well as the American people, must recognize for what it is, and reaffirm our resolve to correct it.

Mr. President, we have all heard the cry that the tax cut provisions should be delayed until we have a balanced budget. But let me bring into sharp focus a couple of facts which I think should have a bearing on any such consideration. We all know that the 25-percent tax cut is not a tax cut in a literal sense. It is but a mere reduction in the increase in taxes the citizens of this Nation will have to pay because inflation has pushed their incomes into higher and higher tax brackets. In the past, this body, when faced with the prospect of even more money to spend, has done a very predictable thing. It has spent it—and then it spent a little more because it liked the habit into which it had fallen.

Now, some of my colleagues are saying, "Defer the tax cut. Wave that carrot of more tax revenues in front of the Congress and we will resist temptation—this time. We will not spend more—this time. We will balance the budget before the President predicts."

This time, I do not believe Congress could resist this temptation to spend every penny of what it could get if the tax cuts were not in place.

To top it all off, some of my colleagues say they are going to accomplish this feat in the most magnanimous way possible—once again at the increased expense of the poor, benighted American taxpayer. I suggest that this is nothing more than a continuation of the past polices which have put the American economy in its present predicament.

It was Teddy Roosevelt who said, "When a man puts a limit on what he will do, he has put a limit on what he can do." That is what some would have this country achieve.

In a different context the same principle holds true for this body. When we resolve that we will not exact additional revenues from the American taxpayer, we have put a limit on what we can spend. It is only through a reduction in Government spending that this economy will have a chance to get back on its feet.

Mr. President, I conclude my remarks by noting one thing which I feel we must never lose sight of in the tough months which lie ahead. The President's program is just what it says it is—an economic recovery program. It is only a beginning, a long-awaited new beginning. Our problems were not built overnight, nor will they be solved overnight. We cannot cure the years of overregulation and overspending which have fueled the fires of inflation and sent interest rates soaring by the wave of a magic wand. The President's program has asked that all of us make some sacrifices to restore this Nation's economy. It has been a difficult process, but one which is already showing positive signs of getting our economy back on its feet again. But while much has been done, much more must be done to see this program succeed. It is no time to break stride and to look backward.

President Reagan has charted a new course for America which will lead this country from the darkness of increased unemployment, double-digit inflation, and escalating interest rates to the dawn of a new era of economic prosperity and stability for all Americans. However, this goal cannot be achieved if this Congress does not display the same courage that the President is displaying. Courage is necessary to assure the American people that we will not waiver from that course. Oliver Wendell Holmes once said "The great thing in this world is not so much where we are, but in what direction we are moving." Our course has been set—our mandate is clear. Where we were was a catastrophe; where we are going can only lead to new and brighter horizons. Tomorrow will mark the date of our first big step. I wish this country, the President, and this body Godspeed as we set about maintaining that hard and true course in the months to come.

Mr. President, I yield the floor and thank the Senator from Illinois for his gracious comments to begin with and point out that in the estimation of the Senator from Wyoming he is quite right in pointing out the dangers of tinkering with this economy with controls and microdigital computers when it is enormous and massive and requires the confidence and strength of the American people to have it run.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. BOSCHWITZ). The Senator from Illinois.

Mr. PERCY. Mr. President, I thank my distinguished colleague for his comments on what happens under wage and price controls. He is correct to point out that in the end these controls are a great disservice to the American consumer. I would also like to thank my colleague for his eloquent comments on the economic recovery program.

Mr. President, I am very pleased at this time to yield to a distinguished Member of this body from a neighboring State. The people of Iowa and the people of Illinois are behind this program. They believe it will work. It is the only alternative we have.

I also particularly commend my distinguished colleague, Senator GRASSLEY, for his strong support of estate tax reform which will eliminate 99 percent of all

American families from the payment of estate taxes. These reforms will permit estates to pass free of taxation to spouses. These reforms are particularly important to agriculture because no matter who holds the title, it is a family enterprise and business. A spouse puts in so much of her own well-being and livelihood into that business that there should be this freedom from taxation. We have to preserve the family farm which is the underlying strength of the Illinois and Iowa economy.

I pay particular tribute to him for his devotion to this particular aspect of the tax bill and for also moving up the exclusion to $600,000 which is so important to embrace and hold to the principle of preserving the family farm.

I am happy to yield at this time to my distinguished colleague from Iowa.

Mr. GRASSLEY. Mr. President, I thank the Senator from Illinois for that recognition. As a freshman Member of this body, I appreciate all the help he has given me in becoming a contributing Member to the changes we have established.

It gives me great pleasure to participate in this celebration of the fiscal new year's eve, for tomorrow we will begin to see the results of our painstaking efforts of the last 7 months. Tomorrow will be the new beginning President Reagan promised us. Tomorrow the economic recovery program will indeed begin in earnest.

As we all know, we have worked many long days to set the crucial element of the economic plan into place. None of it has been easy, but due to the diligence of our leadership, the chairmen of all our committees, and the President himself, we have been successful in creating an economic environment in this country that should bring about the economic growth and productivity we so desperately need. As a member of both the Budget and Finance Committees, the Reagan anti-inflation plan has been my top priority, and though we have seen preliminary signs of its success—such as the decline in inflation to less than 10 percent—I look forward to seeing further signs of economic strength and recovery.

Over the past month or so, we have lost sight of our long-term goals, and have instead devoted ourselves to a heated debate as to who is to blame for the slow and painful economic recovery. We have managed to fault everyone and everything from Democrats to Republicans to Chairman Volcker to blue smoke and mirrors. Granted, interest rates are at all-time high levels. Our constituencies, whether they are businessmen or farmers, certainly feel the squeeze that these rates are putting on them. They scream, we cringe, and in our desperation we begin to look for quick cures. In fact, some have gone so far as to think in terms of repealing part of the program we have worked so hard to achieve—the tax cuts—as well as jeopardizing our national security. Other instant miracles under review include credit controls and a return to the gold standard. This is neither the time nor place to debate the specifics of these issues, but suffice it to say that we have tried these cures before, and they did not work. We know that there are no instant miracles for solving the economic crisis that has been 30 years in the making. We know that something truly substantive must be done to bring about our economic recovery. In the past 7 months, we have been setting into place the substantive changes we need in order to accomplish this. We have passed the omnibus reconciliation bill of 1981, which actually achieves savings of $133.9 billion by 1984. We have also passed the Economic Recovery Tax Act of 1981, which contains productivity oriented tax cuts that will provide more economic growth and more jobs to the private sector.

Our economic performance has also improved over that past few months, with inflation falling, unemployment declining, and real growth in GNP increasing.

In all our worry over high interest rates, we have managed to forget our accomplishments. Of course, we have not seen any results of the plan. Legitimately, even the President admits that the plan is not working. There is one other very important thing that we have also forgotten. These crucial tax and spending reductions do not even go into effect until fiscal year 1982 tomorrow.

All our accomplishments aside, I am willing to admit that there is more that we can do. The economic recovery plan is not a panacea for all our economic problems. It is only a part of the new beginning. We have more savings in the budget to achieve, more burdensome regulations to eliminate, and more of a tax burden to lift off the shoulders of the private sector. We are not finished yet, but we have made a great beginning. I, for one am looking forward to the fiscal new year.

Mr. PERCY. I thank my distinguished colleague, Senator GRASSLEY. As he has so aptly said, we begin tomorrow. Just take into account the people being cut off the executive payroll. We have already cut all committees in the Senate 10 percent. That took effect last January, but we had severance pay that we had to pay. The fiscal year begins tomorrow. Some of these personnel cutbacks will begin tomorrow and these workers will have separation pay.

But we have to be patient about those things. I think it is important to point that out.

Mr. GRASSLEY. Mr. President, if I could add one additional thing on the tax cuts, it is that the real impact of the tax cuts will not be realized until July 1 of next year.

Since we have had increases in social security taxes that were voted on in 1977 and bracket creep that has been a symptom for years, the real effect of the tax cut will be felt on July 1 of next year. So we should not expect too much of this program until that time comes. I am, however, looking forward to seeing an immediate improvement in the economy, particularly as the inflation psychology is defeated.

Mr. PERCY. I thank my distinguished colleague.

Mr. President, it is said Congress moves with glacier-like speed many, many times. But certainly in the economic recovery program it has absolutely amazed the country that we have stood together, moved together with the President, acted as one to enact this program.

Right in the forefront in support of the economic recovery program has been my distinguished collegaue from New York, Senator D'AMATO. In addition he has the sensitivity and humanity to recognize that while we solve our problems at home we also have to look at the problems of other people.

He has been particularly interested in the problems in Poland. He has been sensitive to their needs, he has recognized that we have huge surpluses here that can and should be used to help the people of Poland.

Although he abhors the form of government they have been under, and he recognizes that that has been a contributing factor to the decline in productivity, the decline in that economy through the years, and the reasons why we now have this urgent problem in Poland, he has recognized the fact that we can and should do something about it, together with other nations to help these people in a time of urgent need.

I commend the distinguished Senator for coming to the Committee on Foreign Relations asking for urgent passage of a resolution, and I am happy to report that probably we have never acted more speedily than we have in this case. We will report out today the D'Amato resolution of which I am pleased to be a cosponsor, and we will act on the floor of the Senate. We will ask the Senate for unanimous consent to act immediately in this emergency situation. Congress and the Senate can act promptly when they see the need, and I thank my distinguished colleague for his sense of humanity, his sense of urgency not only with respect to people abroad, whose destiny we are deeply concerned about, but also his full backing and support for the Reagan economic recovery program. I am happy to yield to him at this time.

Mr. D'AMATO. Mr. President, I thank my distinguished colleague, the senior Senator from Illinois.

I think it would be remiss of me if I did not indicate the manner in which he carefully crafted those parts of the resolution in terms of bringing forth the deep sense of urgency that this body feels, the Senate of the United States feels, for the people of Poland.

It is our sense and purpose that we aid and ask our President to aid these people in their fight for freedom and in their fight in certain cases for survival.

As we know, malnutrition is on the increase in Poland, and were it not for the manner in which Senator PERCY has given of himself and his entire staff to steer this resolution through the committee, in probably one of the fastest kinds of things, I think, within a matter of minutes, we would not be able to act on this resolution today.

So I thank my distinguished colleague for his aid and leadership.

I also join with him and many of my other colleagues today, Mr. President, because today is New Year's Eve. It is the eve of fiscal year 1 of the Reagan era.

Until tomorrow the Federal Government is, and has been, operating under the last Carter budget. The fiscal year that starts tomorrow, however, will be a very different year than the one that has just ended. For this we can be thankful. Of this we can be proud.

I am pleased to have been part of the process that guaranteed that next year will be different. President Reagan and the Congress have been very busy during these past 9 months preparing for the coming fiscal year. Together we have begun those steps that will restore the economic health of our Nation in the years to come.

In less than 9 months in office, President Reagan and this Congress have mandated a drastic change in the way the Federal Government conducts its business. We have mandated a reduced rate of growth in Federal spending. President Reagan has begun the process of eliminating the many unnecessary Government regulations. Together we have enacted the largest tax cut in American history—a tax cut that will allow American taxpayers to keep more of the hard-earned dollars that are rightfully theirs.

This is truly a joyous New Year's Eve. President Reagan and this Congress have prepared well for the coming fiscal year. With the budget and tax cuts in place and the easing in unnecessary Government regulations, we can expect inflation, unemployment and interest rates all to begin to ease during the coming fiscal year. President Reagan and this Congress have begun the process of balancing the budget while at the same time providing an economic climate where productivity will grow and the Nation's businesses will expand the available job opportunities.

President Reagan has rightly pledged to keep the Federal Government's deficit down as we begin once again moving toward what has almost become a forgotten phenomenon in American politics—that is, a balanced Federal budget. We in the Congress must continue to support these efforts if we are to continue to lower interest rates, if we are to make home mortgages affordable again, if we are to make it possible for businesses—especially small businesses—to once again finance respectable inventories.

In other words, it is necessary for President Reagan and this Congress to continue the work we have already begun. Our priorities will remain the same during this coming year as they have been during these past 9 months. However, it is appropriate on this New Year's Eve for us to stop and reflect on what we have done. It is also appropriate to do what all Americans do on New Year's Eve—that is, make resolutions for the coming year.

The most important resolution is clearly to make sure that we keep the Federal Government on the diet we have agreed to put it on. We must continue to restrain the growth in Federal spending. The President and this Congress must watch our budget as millions of Americans watch their diet. In fact, we must do better than most. We cannot afford to go off our diets for brief spending sprees.

In the past the Government has often demonstrated its addiction to continued spending once it has gone off its diet. Thus, we must watch our budget as others watch their waistline. We must count our appropriations as others count their calories. We must continue our relentless pursuit of a slimmer Federal Government.

Our second resolution must be to learn to keep our hands off the property of others. We must resist the temptation to raise taxes so high that we discourage productivity and investment. We must allow—in fact, we must encourage—the American taxpayer to save and invest for his or her own future, and for the future of the Nation's economy as a whole.

The third resolution for President Reagan and this Congress for the new year is to keep our lines of communication open. We must continue to work together as we have done during the past 9 months. All too often in the past Presidents have isolated themselves from the Congress and the people. The whole Nation suffers whenever this happens, thus, we must resolve not to let it happen again.

I am certain that we will be able to keep these resolutions. They require only that President Reagan and this Congress continue the work and practices we have already begun.

We have begun working toward a leaner Federal Government through budget cuts. We must continue to do so.

We have begun to respect more highly the property of the American taxpayer by enacting the largest tax cut in American history. We must resist the temptation to reverse this process.

We have kept the channels of communication open between the White House and the Capitol. We must not let these open channels be broken as they unfortunately have been broken in the past.

We can keep these resolutions. We must keep these resolutions. We will keep these resolutions. The new fiscal year that begins tomorrow will be a very good one for the United States.

Happy New Year, Mr. President. Tomorrow we begin the new year.

Mr. PERCY. I think it will be a better new year because of the work of my distinguished colleague. I am very grateful indeed for his comments and for his persistent work. He has been an admirable colleague to work with, and we are deeply grateful for his support and help.

Mr. President, I am very happy at this time to yield to my distinguished colleague at this time, Senator JAMES ABDNOR of South Dakota. His work on the Appropriations Committee is obviously extremely important to this whole process. He can speak with a voice of great authority in an area that Wall Street is concerned about: Are we really serious about cutting the budget? Are we really going to follow through? Is this budget process, which is obviously subject to amendment, merely a facade, or does the Appropriations Committee, which really holds the power, intend to stick with it and see that we do bring this budget deficit down?

Also, I commend him for his work on the Environment and Public Works Committee, a powerful committee—one of two powerful committees on which he serves.

I know for one, myself, as a general rule, Senators are against public works programs unless they are in their State, and then you are for everything and anything.

I am pleased that in past years I have brought to the attention of the Committee on Public Works a project in my own city which I originally supported. I learned later, however, that it was not a cost-effective project; namely the Oakley Dam in Decatur, Ill. We stopped that project and we saved millions of dollars.

Now, in Chicago they are building the biggest tunnel in the world—136 miles long, 300 feet underground and $8.6 billion is the estimated cost of that project. It will be the biggest public works project in the history of the world—bigger than the Panama Canal.

I am raising questions, serious questions, as to whether this is cost effective, just as I am raising questions on the Tennessee Tombigbee Waterway, the waterway that parallels the Mississippi River. Is this cost-effective? GAO studies in both cases show it will never fulfill the promises of the Corps of Engineers.

So I commend my distinguished colleague for putting a tough, hard look on these projects that many, many times are the pork barrel projects that bankrupt the country. They literally do not have the cost-benefit ratio that has been projected for them by their particular proponents.

I am happy to yield to my distinguished colleague at this time.

Mr. ABDNOR. Mr. President, I certainly thank my good friend, the distinguished Senator from Illinois, for those kind words. I serve on the Appropriations Committee and Public Works Committee and, like the other major committees of this Congress, it brings a great deal of responsibility.

Certainly, I say to my good friend who is the chairman of the Foreign Relations Committee, I know of no greater task than he has to bring this great country back to the great leadership role we have had in the world. He is doing a magnificent job in his committee and I commend him for it.

I never cease to be amazed, with that great responsibility, how he finds the time to work so diligently in other areas. We do have great appreciation for what he is doing in Illinois to see that the needs that he has are legitimate, because the dollar is hard to find. We do know that when he speaks for his State's concerns, he does it with great sincerity and background and study.

I think it is a wonderful thing Senator PERCY is doing here today to carry on the discussion of this great program we are about to embark upon.

Mr. President, it is indeed a great privilege to join my colleagues today in discussing the significance of October 1, 1981, a historic day when this country embarks upon the new beginning of an awesome program to revitalize a nation's economy and bring about a new level of prosperity to all Americans.

A new beginning of productivity and prosperity is a welcome breath of fresh air after years of economic policies that have resulted in the crisis-like situation our economy was in when President Reagan and Vice President BUSH took their oaths in January. It took many years to create the kinds of problems we are now attempting to solve.

We need to stop an inflation rate that, measured by the index of gross national product prices, has accelerated steadily since 1976 when it stood at 5.2 percent. It was no secret that inflation has been the No. 1 concern of Americans for many months, and it remains an overriding problem that must be dealt with.

Likewise, we need to correct interest rates that have risen, hand in hand, with the inflation rate. In fact, in 1980, the prime interest rate soared far above inflation levels and they remain disastrously high. We all know the depressing effects that high interest rates have on the economy. In particular, they have harmed two cornerstones of our economy, the farmer and the small businessman. The housing industry is being seriously damaged. As much as any other issue this Government must face, people across the country are telling us loud and clear they cannot live with interest rates at these current levels.

We have seen the havoc that interest rates can play in our efforts to bring the Federal budget into balance. Government indebtedness plays such a major role within the budget that high interest rates have created cost overruns necessitating further budget adjustments.

Recognizing these problems, the Reagan administration and a bipartisan coalition in both Houses of Congress have taken steps to begin invigorating our ailing economy. Tomorrow, we begin this administration's program that will increase productivity, output, employment, and fight inflation at the same time. This program calls for moderately tight, steady monetary policy and Federal spending restraint to fight inflation and, at the same time, tax cuts and reduced regulatory burdens to stimulate economic growth and employment.

Congress has made the commitment to spending and tax cuts, in particular, the tax cuts will stimulate incentives to work, save, and invest by affecting rates of return to capital and labor. This rate of return analysis is crucial. It means that tax rates can alter incentives in ways that are independent of the quantity of money directly involved in the tax change itself.

In demand-side economic analysis, it is the flow of funds in the spending stream that is important. In supply-side economics, it is after-tax rates of return and their impact on incentives to work, save and invest that matters. To insure an increasing standard of living, we must be attentive to the economics of growth. Tax cuts of the right kind, and over an extended period, first lead to changes in supplies of labor, and of capital plant and equipment, and then to output. Stepped-up output hits at both sides of our current stagflation problem—it increases economic growth and employment, and it helps fight inflation by putting more goods on the shelves.

Together, with regulatory reform and stable monetary growth, the other two elements of the President's economic recovery program, the restraints on spending and taxes will, in time, stop inflation and revitalize our faltering economy.

But, just as it took years for our current problems to evolve into their present magnitude, it will take time to bring about change. The two key watchwords are courage and patience. We have had the courage to start the program now, we must have the patience to endure the short-term hardships that may confront us on the road to long-term economic growth and prosperity.

I would say two things to those who have raised their voices against this program. One, Congress has already committed itself to the economic recovery plan. It is now national economic policy, and it would be foolhardy and counterproductive to abandon the program now because of minor problems and special interest pressures.

But, more importantly, the American people have stated unequivocally that they want lower inflation, much lower interest rates, increased abilities to save and invest, and increased growth and employment. I would urge my colleagues to constantly remember the "silent majority" across the country that spoke through the ballot box last November and demanded the kinds of spending and taxing restraints that go into effect at midnight tonight.

I yield back the remainder of my time.

Mr. PERCY. Mr. President, I thank my distinguished colleague for his eloquent comments and for the dedication he has to this economic recovery program. The Senator from South Dakota certainly speaks with a great deal of conviction and background knowledge. We thank him for the guidance he has provided to this program.

Mr. ABDNOR. I would like to say that the Senator from Illinois speaks for one of the largest States in the Nation and I speak for one of the smaller States, but we both have the same concerns.

Mr. PERCY. Mr. President, I am happy to yield to a Member from the largest State in the Union, one who has been a member of the Small Business Committee, a fighter for small business. My distinguished colleague from California, Senator HAYAKAWA, represents a State with the largest manufactured goods and exports of any State, certainly with the largest segment of our electronics industry. He also speaks on behalf of the small business people, so vitally affected by the events in this country, who are so adversely affected by the sluggishness of our economy.

The distinguished Senator has fought very hard for this economic recovery program as the best hope that we have to begin this new fiscal year on the right foot.

I am happy to yield to my distinguished colleague.

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. HAYAKAWA. I am grateful to the distinguished Senator from Illinois (Mr. PERCY) for his kind remarks. I would like to congratulate him, Senator D'AMATO, of New York, and Senator ABDNOR, of South Dakota, for introducing the theme that we have in common, mainly that this is New Year's Eve. Tomorrow, October 1, is the beginning of a new year. Indeed, it is the beginning of a new period in our history.

The Nation, under the leadership of our President, has been turned away from the disastrous policies of recent decades. The President has pushed through the largest tax cuts in our history, and launched us on a new path of fiscal responsibility and economic recovery. Therefore, Mr. President, I am pleased to join my distinguished colleagues this morning in presenting a view that is all too often overshadowed by the jitteriness of Wall Street and by the hysterics of the media.

The message I want to convey is that the President's program for economic recovery will work if America gives it a chance. The program does not even begin to go into effect until tomorrow.

Despite this fact, all kinds of moaning and groaning about economic doom we are confronting appears daily in the press.

All we have heard in recent weeks is that Reaganomics does not work, that the financial markets are worried, that inflation is still with us, and that interest rates are keeping businesses from functioning. And those who espouse such pessimism forget that President Reagan has been in office just over 8 months. Congress has already enacted the largest budget reduction and tax cut bills in history with his guidance. Tomorrow is the first day of the new fiscal year. All the legislation which we have enacted to bring to the country economic recovery now goes into effect and I am optimistic that things are changing. I believe we must continue to pursue the same path that brought us the reforms already enacted.

For those who disagree, I have a few thoughts. I know that interest rates are too high. In fact, I hear about it every time I am in California and a lot of times when I am not in California.

I know that interest rates are killing off businesses which have provided valuable services to their communities for many years. Just the other day one businessman was crying in his beer saying, "I do not think I can last another year the way interest rates are at the present time." His companion, also crying into his beer, said, "I cannot last 6 months."

Those are the kinds of stories one keeps hearing, so the alarm is endemic.

However, just as strongly as I believe interest rates are having a devastating effect on businesses, I believe they are only a symptom of a far worse problem. The problem, of course, is inflation. Persistently high interest rates ruin businesses and even industries, but inflation ruins entire societies.

After World War I, Germany tried to pay its debts by merely printing more money. The result was an inflation that drove the country to disaster.

Most Members know the story. Mothers would fill their knapsacks with Deutsche marks and with that they could only buy a half loaf of bread with their life savings. Soon no one cared about culture, society, freedom, even about life. Normal citizens became hedonists, finally eagerly susceptible to the rhetoric of fascism and the dehumanizing of an entire people. This is the kind of disaster that unbridled inflation can lead to.

I think it is incumbent upon us to prevent that kind of voracious inflation from destroying our American way of life. So while it may be expedient to want relief from the symptom, namely the high interest rates, I think we need to concentrate on the fundamental disease, which is inflation.

If we try to abate the tight money policy which is creating the atmosphere for high interest rates, we will sound our own death knell in the fight against inflation. Interest rates may fall for a short time, but when the resulting inflation begins its powerful upsurge, it will take interest rates higher than we have yet managed.

On the other hand, if we tackle the problem of inflation directly, interest rates will begin to drop down to a manageable level.

If we start with the definition of inflation as too much money or too many dollars chasing too few goods, it is apparent that attacking the problem can be done at either or both ends. That is, the number of dollars should be reduced and/or the number of goods must be increased.

The administration's economic policy pursues both of these goals by restricting the growth of the money supply and providing incentives for industries to increase their productivity.

Restricting monetary growth is absolutely essential to combating inflation. Without monetary discipline, the supply of money will increase beyond the increase in our productive capacity and inflation will continue. I am aware of the hardships tight money policy is creating for borrowers, but the resulting high interest rates reflect the closing margin between real growth and monetary growth. When capital is infused into the market from nonartificial sources—from reductions in taxes—demand for credit will ease and interest rates will fall. Both of these depend on the success of our attack on the other side of the inflation equation, providing incentives for productivity growth.

The tax bill that we recently passed is a crucial element of the program for economic recovery, and cannot be deferred or tied to deficit levels. For the first time in 50 years, there is an opportunity for Americans to catch up with Government spending by retaining some of their earnings. Both the personal tax rate reductions and the accelerated cost recovery system will create a pool of capital from which businesses may draw for growth of productivity. Without this capital, there can be no expansion, and we will continue to experience unemployment and economic stagnation.

The other element of the President's program, which others have emphasized more than I, are the budget cuts necessary to keep our deficit from interfering in the credit market further than the Government already has. Federal spending has been encroaching on private investment in productive resources to the extent that capital is either not available to producers or it carries too expensive a price tag.

The times are changing, Mr. President. If we continue to fight inflation, and let the tax reduction encourage private investment and productivity growth, there will be an economic recovery. It is all beginning to happen now, as it goes into effect tomorrow.

Mr. President, I thank the Chair and I thank my distinguished colleague (Mr. PERCY) for this opportunity to speak.

Mr. PERCY. Mr. President, I thank my distinguished colleague for his support for this program.

Mr. President, at this time, I yield to my distinguished colleague, Senator MATTINGLY of Georgia. His services on the Government Affairs Committee, where we serve together, has been a source of great personal joy to me and also a source of admiration for the way he digs into his work.

He participated actively in working toward the selection of Comptroller General. GAO is one of the great agencies in the Government, the most cost-effective outside of IRS that I know of. Yesterday, when we overwhelmingly confirmed the new Comptroller General, we knew that we had made a wise selection for the next 15 years. Having oversight over GAO, having created the whole budget process on that committee, before the Senator's tenure on the committee and now having his full support, it is our job to see that this process really works and to back it up and support it. By his votes in the Senate time after time, he has shown his utter devotion to the principle of the budget process and now that we begin this fiscal year, we do so with hope, with promise, with expectations of the reversal of the disastrous trend we have been on. I am filled with admiration for and I commend my distinguished colleague for his great service so far to the U.S. Senate, the service that I know will continue for many years to come.

Mr. MATTINGLY. Mr. President, I thank my good friend from Illinois for his remarks.

Mr. President, tomorrow we begin what we all hope will be a new era of prosperity for our country. As many of us traveled around our States last year campaigning, we learned how deeply the public wanted major changes in our Government. The thought often expressed to me was that if the change was not begun in 1980, it would never come about. We would be too far along the road to some sort of dreary socialism. The public was and is sick of politicians who have made a career of buying votes through Government giveaway programs. Too long have we operated on the principle that if you bestow enough tax paid gifts on enough people, you will never have to worry at election time.

But the voters and the people of our country began to notice the tremendous increases in the deductions from their paychecks. They began to resent the money shuffle in Washington that constantly demanded more and more of the money they had worked for. They voted for and swept into office people who are not afraid of saying "No," we cannot afford all these programs.

It is not always the most popular course of action, Mr. President. You cannot cut a bureaucrat's budget and expect him to like it. But we have to look down the road at the end result of what begins tomorrow.

Tomorrow, we begin to turn the tide, we begin to rollback Government and get it out of the pocket of the average American. I feel confident that we are going to see the impact of both our budget and our tax cuts on the economy of this country. We are laboring now under problems created by years of fiscal foolishness. We cannot expect complete recovery overnight, but tomorrow begins it.

This program of the economic recovery package begins on October 1. This new beginning is composed of the same elements for growth that started America initially on its historic rise to greatness through the past 205 years. The economic recovery package of President Reagan had its seeds planted by somebody here in our Chamber, Senator BILL ROTH, and Representative KEMP from the House side. Through the election of President Reagan last year, it has bloomed into a full economic recovery package of tax reform, budget reform, and regulatory reform.

The ship of state, which the public hears of and sees printed as really the direction of America, is changing its course and it is now changing its course in favor of the private citizen so he can create once again, so he can save money, so he can invest money.

The course of state is also changing in favor of the unemployed in this country because they are going to be able to find jobs in the future with this new economic recovery package.

The economic recovery package, or this new beginning, is a creation program. It is going to create more jobs. It will create lower interest rates, it will create lower inflation rates, it will create hope and opportunity to people, it will create the demise of the poverty trap in our country.

It is going to create growth, as I said, and it is going to create stronger paychecks.

In fact, Mr. President, what the economic recovery package does is create a rising tide that is going to help all people in our country.

The creation program will happen because a new beginning will happen because a majority of the Nation's leaders that are in this body and on the House side now understand that the private sector and not the government sector is the real creator of prosperity in our country.

I thank the Chair.

Mr. PERCY. Mr. President, I thank my distinguished colleague, who also serves on the powerful and crucial Appropriations Committee.

As I said earlier on the floor of the Senate, we have a project in Illinois, as the distinguished Senator from Mississippi (Mr. STENNIS) knows. It is the biggest public works project in the history of the world—the deep tunnel. We are digging a tunnel 300 or more feet below earth, 136 miles long, to take care of water pollution. If 55 other cities were to adopt the same principle to take care of pollution, it would cost this Government $600 billion. This is inconceivable.

I know it is unusual to talk about eliminating public works projects in one's own State. As I said before, we cut back an Illinois project, with the cooperation of the Appropriations Committee and the Public Works Committee. The particular project was in Decatur, Ill., for the construction of Oakley Dam, and it was not cost effective.

When I am critical of other projects around the country, I am also critical of our own projects in Illinois. I am working with the Appropriations Committee on this and other projects.

This is a powerful committee for the distinguished Senator to serve on, and it is a tremendous responsibility. Senator MATTINGLY takes his actions in accordance with a set of principles of fiscal responsibility. The principles he has adhered to in the economic recovery program are the best hope we have for the new beginning, beginning tomorrow.

I thank my colleague for his valuable service to the country and to the U.S. Senate.

Mr. MATTINGLY. I thank the Senator.

Mr. PERCY. Mr. President, I am pleased to yield to the distinguished chairman of the Committee on Labor and Human Resources.

From this standpoint, it is important to note that that committee has controlled expenditures of a huge size. Its impact on the budget in past years has been a contributing factor to the huge deficits we have rolled up, which now have exceeded $1 trillion.

As a member of the Budget Committee, he is in the unique position not only to oversee the largest social programs in the country but also to see them in the perspective of the entire budget. He can see it from the standpoint of all the spending on small businesses, as a member of the Committee on Small Business.

So his perspective in the Senate is unique. With a sense of compassion, he has worked with the President to put the safety net under people who really need help and to move to reduce spending for some of these programs that may be desirable but nonessential. He has worked with skill toward the objective of bringing about an economic recovery program for the entire country.

I am very pleased to yield to my distinguished colleague. I commend him on the work he has done in the various capacities he holds in the Senate.

Mr. HATCH. I thank the Senator from Illinois. I appreciate the kind remarks he has made.

Mr. President, I also appreciate being able to participate in this colloquy today, in this process of being able to talk about a new beginning and what our great President is trying to do.

Mr. President, for the past several months, the public has been saturated with the terms "supply-side economics" and "Reaganomics." Even before the President's economic programs have even gone into effect, his critics and political opponents have capitalized on high interest rates to conduct a barrage of negative media coverage designed to stir public skepticism and create unwarranted public doubt. The President's opposition realizes that the key to the success of the President's program has been and will be his popularity and the public's confidence in him as a leader.

The media, eager to paint a worried Reagan face on the prospects for his economic program, managed to raise the level of public concern last week until the President's calm, confident manner assuaged those concerns to a large degree in a speech to the Nation last Thursday evening. A Gallop poll taken just before the President's speech revealed that his popularity had fallen 9 percentage points to a mere 51-percent approval rating. I am sure that percentage is up considerably, especially since the President assured the public that entitlements such as social security will remain unscathed by further cuts.

While the public is feeling more at ease since last Thursday's assurance that President Reagan is still in control, the financial markets will not lower interest rates until they can see that deficits will be held to a minimum in fiscal year 1982. The President's new budget proposals will achieve the deficit levels necessary to relieve the credit markets of the threat of additional government borrowing activity. However, I am pleased that the interest rates have gone down slightly since the President's speech, and I hope they will go down further. I will do everything in my power to try to get them to go down, for the benefit of all Americans who are suffering from the economic calamities of the last 50 years—and, I might add, the economic excesses of the last 50 years. The financial markets, it seems to me, will continue to have some jitteriness until they see what we in Congress are willing to do.

If we had given the President everything he originally asked for, we would not be worried about the deficits keeping interest rates high. For instance, Congress refused to give the President rescissions and deferrals of fiscal year 1981 spending authority that have added $2.1 billion in planned outlays during the 1982–84 period. The last reconciliation bill fell $6.3 billion short of the President's proposals for fiscal year 1982, $9.8 billion short in fiscal year 1983, and $12 billion in fiscal year 1984. That amounts to $28 billion, not counting nearly $3 billion more that would have been saved in the entitlement programs. Another $19.6 billion could have been saved through 1984 if Congress had not delayed action on social security reforms aimed at curbing abuses.

Another $4.5 billion in savings could have been realized through the application of user charges. Instead, interest charges on the Federal debt have increased due to interest rates; spending estimates for entitlement programs such as food stamps, farm price supports and medicare are higher than the July estimates because Congress refuses to exercise much control in these areas; and appropriations bills threaten to increase outlays by several billion above the President's proposal. Because of all this, the President is seeking further cuts. Wall Street is not budging on interest rates because they know that an additional 12 percent cut in nondefense, nonentitlement programs will be tough for Congress to follow. Tough though it may be, this President has been underestimated before and I, for one, would not bet against him. In fact, I think he will get most of what he asks for, because it is in the interest of the public as a whole to balance the need for Government social programs with good sound fiscal responsibility that will not bankrupt the entire Nation.

Many will remember how I used to complain about the budget process or, should I say, criticize the way the budget process was used to disguise the intentions and habits of the big social spenders who had controlled Congress for nearly half a century. If any one had told me when I came to Washington, or even last year at this time, that Congress would cut $50 billion in spending in fiscal years 1981 and 1982, I would have said, "You're crazy." President Reagan deserves all the credit because it would not have been possible without him. Helping to facilitate the President, of course, were Senator DOMENICI and some of our friends in the House, including a number of Democrats who had the courage to put their country's interests ahead of the dictates of their own party. They may be the real heroes, in addition to the President, in this overall battle that we have been fighting, which has not ended but still has some way to go.

I feel good about the budget cuts already enacted. If given the chance, the economy will respond. Unfortunately, suffering from high interest rates is so high that critics have been able to capitalize on it with negative media coverage to the degree that some people are beginning to associate the President's economic programs with high interest rates even though most of his programs will not go into effect until tomorrow.

It is important to realize that for 45 of the last 51 years, we failed to balance the budget in this country. I believe we have balanced it only once in the last 21 years; and in the last 10 years we have had a prolific growth in spending, second to none in the history of the world. Congress, in my mind, is the body responsible for what really has happened to us.

In addition to the President's new budget cuts he has proposed to reduce off-budget spending such as Federal loan guarantee commitments. Federally assisted credit is expected to absorb nearly half of the net new capital raised from domestic financial markets in 1981. If enacted, this, along with the budget cuts, will give the financial markets every reason to lower the high rates on money without further delay.

Some Republicans and conservative Democrats who supported Reaganomics in the first round are threatening to withdraw their support for further cuts unless the Presidents cuts more than the proposed cut of $2 billion out of defense spending. Considering how strongly the President feels about defense I do not think he will back down, but Congress will probably reduce defense spending a few billion dollars more anyway. To get his new proposals passed by Congress, the President might give in slightly on defense.

Barring any unforeseen upsurge in commodity prices as in recent years with food and fuel I believe we are going to experience a steady improvement in the economy. The Federal Reserve will need to be careful that money growth targets do not inhibit interest rates during strong economic growth. The increasing support to return to the gold standard should motivate the Fed not to be too restrictive. Assuming the pickup in the growth of the money supply and a continuing improved inflation picture, interest rates will begin to move downward a little around the end of the year before leveling off again until the end of 1982. Of course, if the President's new proposals are successful to any degree, we can anticipate a much quicker improvement in the interest rate situation and the economy as a whole.

Before we are completely successful in getting Government spending under control sooner or later Members of Congress are going to have to join the President in an effort to modify entitlement programs. Twenty years ago, entitlements accounted for only one-fourth of the Federal budget; today they require 56 percent of the budget. Within the last 10 years, they have grown 2½ times faster than the GNP. Congress is going to have to address the indexing issue and redefine recipient groups or the problem will only get bigger.

Last night we extended the debt limit ceiling to exceed the trillion dollar mark. Even if we pass the President's new proposals and hold to his deficit level of $42.5 billion in fiscal year 1982 the Federal debt outstanding will reach one trillion seventy six billion by the end of the year. In light of this fact alone, can we afford not to pass the President's new budget proposals? No; either we assume the burden now or pass it on to our children and the generations to follow.

It is my understanding that the distinguished Senator from Illinois does have some questions for me that he may care to ask at this time.

The PRESIDING OFFICER (Mrs. KASSEBAUM). The Senator from Illinois.

Mr. PERCY. Madam President, I do, and I am pleased that also the distinguished chairman of the Finance Committee, Senator DOLE, is in the Chamber also, and there may be some questions to him.

While some of my colleagues are here, I wish to show a symbol of the new beginning that will be made available and given to each of my distinguished colleagues who have spoken this morning who are here. This sweat shirt has printed on the front, beneath a sunburst, the phrase "A new beginning, October 1, 1981." It symbolizes the fact that we do not begin this program and this new era until tomorrow. On the back is printed "FY 82". This is a sweat shirt that can be used by my distinguished colleagues to stay in lean, tough, hard shape as they work out physically and as a reminder that this is a lean, tough, hard budget year that we are going to work on. Every committee chairman and member has to be lean, tough, and hard. And I pay particular tribute to two of my distinguished colleagues who serve on the Budget Committee and to Senators DOMENICI and HOLLINGS who in a bipartisan spirit have approached this program for the most part aiming in the direction that will bring great and considerable accomplishments.

I wish to ask my distinguished colleague about the deficit.

The President has said that this year, fiscal 1982, the Federal budget deficit would be $43 billion. We all recognize that that is too high. It is too high for the President. It is too high for the Congress.

But could the Senator from Utah tell us how that compares with the last few years? How much better are we doing with that trend, with that $43 billion deficit? As has been pointed out in the Chamber, it is the direction of the deficit that matters. It is not the fact we have not balanced it yet this fiscal year, that is so important. But what direction are we aimed in with that $43 billion figure?

Mr. HATCH. I think it is a definite improvement over what we had in the past. As I sat in the Budget Committee in 1980, in May 1980 we announced the first balanced budget in 20 years. That was touted in the media and all over the country as really a significant achievement. As we sat there we told our fellow members of the Budget Committee that that was at least $30 billion, that even that budget was at least $30 billion in deficit at that time.

By the end of the summer they realized that and we did not even go to the second concurrent resolution by September 15, which is required by law and by the end of the fiscal year 1980 literally the fiscal year 1981 budget or before Reagan came in and started to make the cuts, that budget had gone in deficit upward of $60 billion and in addition Congress in its infinite wisdom set up an off-budget spending program which is not allowed to be included in the deficit total of the $60 billion and that included $23 billion more. so we were facing an $80, $85 billion deficit before President Reagan became the President.

Now as it is, the deficit for fiscal year 1981 will still be high, but we did cut some spending in 1981 and in 1982 we have cut $35 billion more and hopefully we will cut another $13 billion on top of that.

So it is a definite change in direction. It is a definite new beginning.

This President is really helping us to try and get Federal spending under control. That is something that cannot be done overnight without wholesale difficulties in the country, and I think that the change in the new beginning that he has started is really efficacious in helping us get down to the point that maybe by 1984 or shortly thereafter we will in fact have a balanced budget which could never had occurred had we continued to do what we were doing on the Budget Committee in 1978, 1979, 1980, and 1981.

I personally pay tribute to both Senator DOMENICI and Senator HOLLINGS, as the chairman and ranking minority member of the Budget Committee, for the change that they have been able to help effectuate and above all pay credit to the President who has been the inspiration and the motivating factor for that change.

Mr. PERCY. Madam President, I wish to ask one other brief question of the distinguished Senator before I yield to the chairman of the Finance Committee, Senator DOLE.

Yesterday I had lunch with Paul Volcker, the chairman of the Federal Reserve Board. The distinguished Senator from Utah (Mr. HATCH) has mentioned the problem of tight money and high interest costs. The Federal Reserve Board's tight money policy is not new. We have been living under it now for almost 2 years.

Is it logical to think that the Fed is about to abandon monetary restraint unless they really see that we mean business? That puts a tremendous responsibility on us to follow through with the budgetary commitments that we have made.

Mr. HATCH. I think during the election year of 1980 there was a flood of money that came in during the summer of that election year. I think we are paying the price today for that loosening of the monetary supply.

But I think Mr. Volcker means business. I think he is saying that we have to put up with some of the pains now or we are going to have this alternating stagflation-inflation condition continue well on into the future, only both of them moving upward instead of offsetting each other, with the hope for potential of tinkering with the economy and gradually getting them in some sort of static balance.

What is really happening is that we are seeing some increasing optimistic signs of what may occur if we continue to at least have a reasonable monetary policy in the Federal Reserve Board.

President Reagan is supporting Mr. Volcker to the degree that we must have a restriction in the overall monetary supply until we can get inflation down, interest rates down, and until we get this country on its feet again. Coupled with productivity oriented tax rate reductions and tax cuts we enacted in this Congress hopefully we will be able to have some stimulative effect in the private sector and this might pull us out of the mess.

If we add to the problem of tight money the problem of the trillion dollar deficit that we have just approved and the $108–$120 billion in interest that we are going to have to pay as taxpayers or at least we are going to have to borrow so the Federal Government can pay it and borrow from the available lendable capital markets in this country, over the next year just to pay the interest on the $1 trillion national debt, we can see that we have lots of pressures and it does, it seems to me, support the position that Mr. Volcker to the degree that he has to have a reasonably attractive and strong monetary policy in order to get inflation stabilized so that the interest rates can come down.

Inflation, by the way, has basically been stabilized except for 1 month this year, and I think a lot of that has occurred because of the hope that President Reagan will have a new beginning, that his program will help us to start a new beginning, and help to change the old profligate, big spending ways that all of us in Congress are so used to, and all of us have participated in as we have tried to serve the interests of our respective constituencies, sometimes to the detriment of the overall constituency, our country, in both parties.

But I believe we are going to see some changes in the monetary policy over the next year. I do believe Mr. Volcker means business in restricting it. I think the President means business about getting inflation down, and I think there are some other innovative ways to get interest rates down, such as the bill I put into the RECORD yesterday that recognizes there are $600 billion in ERISA funds, pension funds, in this country that are presently restricted by regulations and by interpretations of law from being utilized for residential mortgage purposes or first mortgage purposes.

By allowing those funds to come into the residential mortgage market, we may be able to have mortgages at lower interest rates put a dent into the overall interest rates, allow people to purchase homes for the first time and, in the final analysis, maybe help in this monetary supply problem.

I appreciate having been invited to the floor by my friend from Illinois, and I appreciate his leadership in this area in pointing out how important it is to get behind the President, whether we are Democrats or Republicans, to really have this new beginning take off and get this country's big spending practices under control and, of course, in the end benefit all Americans and, perhaps, many millions throughout the Western World.

Mr. PERCY. I thank my distinguished colleague. I wish to commend him on the bill he did introduce yesterday. I am proud to be a cosponsor of it.

Years ago I began talking with the homebuilders of Illinois and others who are concerned about the state of our housing in this country. The best answer I could come up with was that we should make available for this investment in America and its stability in the future the huge resources available in pension funds.

I commend the distinguished Senator for taking the leadership now in actually introducing legislation. I will be pleased to work with him on that, and I can assure him of the solid support of all of those homebuilders in Illinois with whom I have been working, who are anxious to see this industry restored to its vigor and dynamic growth that will be so important in the economic recovery of our country.

Before yielding to my distinguished colleague, Senator DOLE, I would like to note one thing. There has been tremendous interest created in whether or not the tax cuts he authored and managed on the floor of the Senate with such distinguished leadership and tremendous success will help the economy. It is important for us to note that the National Association of Manufacturers in a recent meeting of its 139 board members had put to them pertinent economic questions.

Alexander B. Trowbridge, NAM's president and a former Secretary of Commerce, a close friend of my own, a man whom I admire tremendously, spearheaded this effort. Of the businesses responding to the NAM poll, 97 percent saw a reduction in inflation in the next year to 16 months, and 85 percent said the President's program would lower interest rates.

So we have evidence here that the business leadership, the manufacturing sector of American industry, has confidence that this program will work, and also NAM has called upon U.S. business to live up to its "obligation to increase plant and equipment investment in response to the tax incentive in President Reagan's economic program."

The PRESIDING OFFICER. If the Senator from Illinois will yield, all of his time has expired.

Mr. CHILES. I yield 1 minute to the distinguished Senator from Kansas.

Mr. PERCY. I very much appreciate the Senator's yielding.

Mr. DOLE. Madam President, I will just take a minute to indicate, first of all, that this is the last day of fiscal year 1981. Tomorrow starts a new day, another beginning. This is sort of the last of fiscal year 1981, and starting tomorrow it is going to be President Reagan's budget and concern.

I want to commend the distinguished Senator from Illinois and others who have participated this morning because we are now on the eve of the beginning of President Reagan's economic policy and his new tax policy.

This Senator believes it will work, this Senator believes it will, as indicated by the distinguished Senator from Illinois in reciting what the NAM has indicated, bring down interest rates and bring down inflation.

But I would also say that business has a responsibility, too. They have come to us and we have made certain changes in the tax system, and now they have a responsibility. I discuss that in greater detail in my statement, along with other matters that I think would indicate that the program is ready to go. It may not be perfect. It is a new direction. It is long overdue, and I applaud the President for his leadership.

Madam President, today is the last day of fiscal year 1981. That means it is the last day on which the Government is operating under a budget largely planned and designed by the Carter administration.

Tomorrow, October 1, 1981, marks both the first day of fiscal year 1982 and the day on which most provisions of the Reagan administration economic recovery program first take legal effect. This will be the first budget to bear the stamp of the Reagan proposals on taxing and spending that were adopted by Congress this summer.

Madam President, last night the Senate approved a debt ceiling increase that for the first time will allow the Federal debt to rise over a trillion dollars, to $1,079.8 billion by September 30, 1982. This increase is regrettable, and is even more regrettable that it should occur in the first full fiscal year under the Reagan administration.

But we should put the matter in perspective. As the Treasury Department advised us, a ceiling of $999.8 billion—just a fraction under a trillion—was required to cover through September 30, 1981.

In other words, it is the last fiscal year planned under the Carter administration—not the first year of the Reagan administration—that brought us to the brink of a trillion dollar debt. We hope to do better than that in the future, and I expect that we will.

Madam President, this is an important date to note. Despite all the rhetoric and the extensive commentary in the press in recent weeks, the economic program has not even begun to have a chance to have its impact felt. Those who have tried to prejudge the prospects of the economic recovery program should take this occasion to pause and reconsider their judgment.

We have as yet no basis on which to judge the new program—that is, no basis other than our own common sense and the clearly-expressed sentiments of the American people. Those are the factors, I believe, that led Congress to approve the tax and spending cuts by an overwhelming margin this summer. Those are also the considerations that augur well for the success of the program.

In the coming months we will begin to see the impact of the economic recovery program. We hope to see an impact on the budget, on interest rates, on inflation and on the economic decisions made every day by businesses and individuals. It is vitally important that progress be made in each of those areas. But we cannot forget that this program represents the first effort by the Reagan administration to change the direction of our tax and fiscal policies, in the interest of reviving the economy. The old policies have been with us for decades.

Their impact will not disappear overnight. We should not expect sudden improvements, but we do believe there will be steady improvement in the economy over the next few years.

Madam President, the keys to the success of any economic program—particularly one which attempts to correct years of fiscal mismanagement—are coherence, consistency, and clarity. The President has given us a program the people understand. It is also a program that encompasses all aspects of our economic problems, and which sets consistent goals for the budget, for taxes, for monetary policy, and for Government regulation.

It is a program that continues to merit our support, and that will require determination on the part of both the administration and the Congress if we are to get the economic results we all hope for: Lower inflation, lower interest rates, more jobs, and increasing productivity.

The Economic Recovery Tax Act of 1981 is a crucial cornerstone of the Reagan economic program. The tax cut that we approved in July reduces the tax burden by a total of about $750 billion between now and 1986. Taxes will still rise over that period, partly because of inflation and partly because of economic growth.

But because of the tax bill, the share of our national wealth taken by taxes will not grow: It should decline from present levels, which are exceptionally high even by the standards of the past two decades. This tax cut, while the largest in history, is not all that large in fact.

That is because of the automatic tax increase built into our system, which we hope will be eradicated by the bill the President signed on August 13. This tax cut is carefully designed to restore incentives and remove roadblocks in the tax code to new investment, to greater productivity, and to stable economic growth. It is not a revenue giveaway: It is just a measure of equity to the taxpayer, and an effort to liberate the latent resources of our working people and our business community.

Madam President, the Budget Reconciliation Act also represents a major turning point for this Congress and this country. Under that legislation we have agreed to reduce Federal spending by about $35 billion in fiscal year 1982.

Those savings, carried out into future years, will add up to nearly $131 billion by 1984. Of the savings made in 1982, nearly $10 billion came in programs under the jurisdiction of the Finance Committee. I am pleased that the committee was able to make such a substantial contribution to the reconciliation effort.

We know that more must be done, and we look forward to working on a bipartisan basis to bring the Federal budget under better control. But what we have done so far is a landmark achievement, and its significance should not be underestimated.

Now this program will be put to the test beginning tomorrow. I believe the effort will succeed, because it recognizes how economic incentives work, and how excessive Government intervention has prevented our economy from realizing its potential. But this program is more likely to succeed if we have the will to follow through, and to exercise continued vigilance over Federal spending. That is what the President has asked us to do, and that has all along been a key part of the economic recovery program.

The President has had great success in bringing the country and the Congress around in their attitudes toward economic policy. As the new program begins to take effect throughout the country, we should remember the hard work and difficult decisions that have brought us this far. There is much yet to be done, but this is an appropriate time to acknowledge what has already been achieved. Tomorrow we begin a new course, which we hope and expect will succeed.

Mr. PERCY. I thank my distinguished colleague very much. I again commend him for the tremendous leadership he has displayed. It is an inspiration to us and it will be an inspiration to the country when we see this program unfold.

I would like now to yield to my good colleague from Minnesota, Senator BOSCHWITZ, who is a member of the all-important Budget Committee. I commend him for his hard work this year in bringing these landmark budget cuts to the floor. We will save $35 billion this year because of his committee's diligence.

The Senator from Minnesota, who also sits on the Agriculture and Small Business Committees, knows that this program will help the economy like no other.

It all starts tomorrow and will reverse the economic slide we have been in for some time. I yield to my distinguished colleague.

Mr. BOSCHWITZ. Madam President, the fact that Senate Republicans are taking to the floor and proclaiming October 1 as New Year's Day should not surprise anyone. After all, Congress has traditionally been out-of-step with the real world for years, and just because New Year's Day to everyone else is January 1 does not stop the Government from proclaiming that the new fiscal year rightfully begins on October 1.

But what is surprising is that this year, for the first time, Congress has made and kept a New Year's resolution. We are going to give up our bad habits and replace them with good habits. We are going to stop spending money without worrying where it comes from and we are going to stop taxing people as if they had unlimited income.

I think this is truly a historic occasion, because for once and for all the talk about budget and tax relief has been translated from rhetoric to reality.

Since I have been here in the Senate I have heard a lot of talk about the budget, but not much action until now.

When I arrived in Washington, my first votes in the spring of 1979 were on the 1980 budget of $532 billion. Two years later, just before he left; Jimmy Carter submitted the 1982 budget. It was $739 billion. That is a $207 billion increase in 2 years. That is growth.

What we have now done is to pare the fiscal year 1982 budget down through the reconciliation process. And from here on in we are going to have to prove we can stick with this. It will mean more budget cuts and some hard political choices between programs. But I am going to hang in there with the President, and I think my colleagues in the end run will also.

But to merely bend down the growth line of Government spending and leave it at that would be self-defeating in the long run. Along with spending moderations, and that is what most of them are—very few programs are actually being eliminated, is another side of the coin * * * tax policy. There what we have done is to provide an alternative to Government dependency for business, individuals, and organizations by promoting a better climate for job creation and some real increases in income. Our society must primarily grow through the private sector, not Government.

I hope that as we move into the new year, that we keep in perspective the monumental nature of the task before us. We should not be impatient if we do not see tangible results by October 2, and we cannot just sit back and do nothing further. We have to give the program beginning tomorrow some time to take hold. We also must take further action as it becomes necessary to reinforce the program in the months and years to come.

Mr. PERCY. Mr. President, I thank the Senator from Minnesota for his excellent remarks. I see that the chairman of the Budget Committee is in the Chamber and I will yield to him for his remarks.

First, though, I would like to congratulate him for his enormous contribution to enacting this program. Without his steady hand on the wheel, we might not have achieved the savings we did. The Sentator from New Mexico has been tough and persistent and I know the whole country owes him their gratitude for breathing life into this economic recovery program.

I yield to my distinguished colleague.

Mr. DOMENICI. Madam President, tomorrow begins the 1982 fiscal year. It is a year the President and this Congress have spent extraordinary amounts of time and energy preparing for over the last year. It is a year we look forward to with great expectations. The economic program of budget trimming and tax reduction is as bold and aggressive an attack of this country's economic initiative as has been seen in 50 years. We should now begin to see the consequences of those policies—reduced inflationary pressures, increased productivity, more competitive world and domestic trade, and renewed confidence in our economic program.

The President called his program a bold new beginning. And it was bold—$34.8 billion of fiscal year 1982 outlay savings, credit restraint, off-budget outlay reductions, and the largest income tax reduction in this Nation's history—$51.3 billion in fiscal year 1982. In a historic wave of support the Congress has acted quickly on the President's program. In August the President signed into law a package of legislative changes enabling a reduction in budget outlays for 1982 totaling $37.1 billion. In the same month the President signed into law tax cuts affecting both individuals and businesses totaling $51.1 billion for fiscal year 1982.

We all know how difficult the debate has been—and we all know that many important and difficult decisions lie ahead. But tomorrow the bold new beginning moves from the legislator's docket to the taxpayer's pocket. The rate of growth of Government begins to subside and each taxpayer will begin to feel the impact of reduced tax burdens. It is a new fiscal year and, hopefully, a new fiscal era.

Before the Congress faced up to the mounting economic burdens facing the country the Congressional Budget Office projected a 1982 deficit of $37.5 billion—and tax revenue as a proportion of GNP totaling 23.4 percent. Automatic spending through legislative entitlements has increased deficit expectations for 1982 by about $30 billion but, because of the actions of this Congress it is about $37 billion less than it would have been otherwise.

Furthermore, the reduction in marginal tax rates has reduced the proportion of revenues to GNP to about 20 percent and outyear tax reductions will continue to chisel away at that burden so that revenues equal only about 18 percent of GNP by 1984.

Of course, there is still a great deal to do before we can reach the President's goal of a balanced budget by 1984. The task becomes more difficult; 63 percent of the $700 billion of outlays in fiscal year 1982 are determined by actions of prior Congresses and 57 percent are of the so-called entitlement variety. The path ahead is at least as difficult as the actions that are now behind us. But the point is, Madam President, that the President's economic program is off to a great beginning and tomorrow is the first day that the program will leave the world of expectations and enter reality.

We have all heard that Wall Street is jittery and that its reaction has been less than enthusiastic. I think I know why, and my suspicions were generally confirmed by witnesses only yesterday before the Budget Committee.

First, the effect of our actions will begin tomorrow but will take some time to play out their full impact. It will take time for credit markets to ease, consumers to gain confidence, international markets to adjust, and for monetary policy to safely become less restrictive.

Second, despite a sincere and expressed desire by the President and Congress, and despite the most monumental spending reduction in legislative history, there is still some doubt that our Government has any control over Federal spending.

Madam President, what our actions over the past few months have shown and must continue to show is a process for fiscal responsibility and control. We can assure Wall Street and the entire American public that there is a greater chance today than in the last 30 years to control Federal spending because of the resolve of this administration, public support and congressional processes.

We are indeed off to a great beginning and tomorrow marks the first year of this bold new program of economic progress.

Mr. LAXALT. Madam President, tomorrow our Nation will begin to shift direction and will start to head into the waters of a new economic prosperity. Although we have a long way to go to reverse the trends of the last several decades, we have taken the first crucial steps. I am confident of our eventual success. I look forward to the beginning of the new fiscal year when the Reagan budget goes into effect.

That budget will have several changes from the current fiscal year's budget which was developed and enacted by the last administration. The first of those changes is a reversal of the trend of simply throwing money at our domestic problems with the hope that some of it will end up in the right place.

Instead, the social programs have been fine-tuned in order to eliminate unnecessary expenditures while protecting those truly in need. The Reagan budget is not hostile to social programs. Indeed, there are substantial increases in the dollars spent for social programs.

But by slowing the rate of growth of those programs the remaining dollars will be channeled into the most efficient programs and directed to those most in need. Rather than more social programs we will have better social programs.

A second feature of the first Reagan budget is a reversal of the long decline of our military strength. A vital function of any government is to protect its citizens from invasion by hostile powers. The United States has an even bigger role to play in the world as the leader of free men and women wherever they are.

This is a responsibility that we must be willing to undertake despite the sacrifices it will demand. We must keep the world at peace. But that peace cannot be achieved with words or gestures. It can be achieved only through the strength of our military resources and the resolve to use those resources if needed.

Our military budget has suffered a steady decline over the last decade even as the world has become more hostile to the interests of the United States. It will take several years of increased spending to fully restore our military needs. But I am confident that once this takes place we will find a safer world at peace.

A third feature of the fiscal year 1982 budget is the reduction of taxes. On October 1, the first individual income tax reductions will take effect. These tax cuts will give the economy a needed boost. It will give the overburdened American taxpayer desperately needed relief.

Along with the subsequent individual tax cuts and the business tax reductions, this action will revitalize our private sector and strengthen our economy. Governments never create wealth: they absorb it or redistribute it. Only the private sector creates wealth and with a strong private sector there will be more for every American to share.

This, Madam President, is what the new fiscal year represents—a reduction in the growth of Government spending, social programs geared to those in need but trimmed of waste, a stronger defense, tax relief, and a revitalized private economy. Much remains to be done. But we have accomplished more in a shorter time than I ever imagined or hoped for.

Under the leadership of President Reagan we have made great strides toward getting our economy back on track. Tomorrow is truly a new year, a new beginning and the start of a new, brighter future.

Mr. GOLDWATER. Madam President, we are meeting on the last day of the last fiscal year of the administration of former President Carter, and it is sad that our final act was to raise the debt ceiling. The good news is that the era of giant government is finally ending and we are about to return to free enterprise and the profit motive as the driving forces of this economy.

I make no apologies for extolling the virtues of free enterprise and profits. It is the opportunity to earn and prosper in proportion to one's hard work and creativity which motivates men and women.

Working men and women want to decide for themselves how to spend their own money, and they expect to earn a wage that will not disappear with inflation. When that right is denied, the incentive to work and earn is destroyed.

The new fiscal year acknowledges that private markets can allocate goods and services better than Government bureaucrats. It inaugurates a new approach to governing, in which less Government spending and less Government regulation mean more private incentives and more personal freedom.

Past Congresses and administrations have permitted Federal spending to climb until nearly one-fourth of all spending on new goods and services is being done by the Federal Government.

Taxes increased with the budget and inflation, but revenues were never high enough to pay the bills, and so we find ourselves with a debt ceiling of over $1 trillion. One trillion dollar bills, laid end to end, would reach the Sun.

And what did the policies of the past buy? They resulted only in an endless stream of wasteful and duplicative Government programs. They gave us interest payments on the Government debt which total almost 13 percent of the GNP; nearly $100 billion.

In response to the oppressive and self-defeating policies of the big spenders and big taxers, the American people spoke out clearly last November: "This slide to economic disaster must be stopped and reversed." To date, the Reagan administration and the Congress have taken unprecedented steps to carry out that mandate.

We have enacted the largest spending cuts in history and we will enact more cuts on top of the earlier ones. We have passed the largest tax cuts in history to encourage capital investment and reward work effort. The administration has eliminated regulations and paperwork saving private citizens and businesses $13 billion and more relief is on the way.

Madam President, I will stand behind my President in his efforts to beat inflation, bring interest rates down, create new jobs, and revive the economy. His program will succeed in reaching these goals because the American people will make it work. I have received numerous telegrams and messages applauding President Reagan's determination and the correctiveness of his policies.

For every letter crying about the possible loss of this or that special privilege, I can show you many more from ordinary citizens who unselfishly ask that their favorite program share in budget reductions so that all the people can enjoy the ultimate fruits of economic recovery. This spirit of cooperation by the overwhelming majority of the American people tells me that the President's program will succeed.

Mr. PERCY. Mr. President, I would like to yield now to my distinguished colleague and seat mate, Senator THURMOND. No one has labored longer for fiscal discipline than the Senator from South Carolina. He has been a great strength in bringing this economic recovery program to fruition and I am pleased to see him here today.

I yield to my distinguished colleague, the President pro tempore of the Senate.

A NEW BEGINNING

Mr. THURMOND. Madam President, I am pleased to participate in this colloquy today on the eve of the effective date for the recently enacted tax and spending cut legislation.

In recent days, harsh criticism has been voiced by some about a Reagan economic recovery program that, so the skeptics say, "is not working." Madam President, that negative verdict is, to say the least, premature, inasmuch as the budget reductions and the tax bill do not begin to take effect until tomorrow.

Furthermore, after decades of fiscal mismanagement by "big spenders" in Congress and by several previous Chief Executives, it will take time to restore an economy ravaged by inflation and sagging productivity to a healthy, vibrant condition.

I am confident, however, that President Reagan, with the support of a working majority in Congress, has made a "new beginning" that puts our Nation on the road to economic recovery.

President Reagan was brought into office by a rising tide of frustrated voters who had had enough of repeated, huge Federal deficits, an increasingly heavy tax burden, double-digit inflation, and a dangerous trend toward ever more Federal Government intrusion into their daily lives.

Instead of another Government "prescription," the American people have said that they want a greater measure of control over their own lives. They neither want nor expect the Federal Government to solve all their problems, and they are tired of footing the bill for more and more Government programs that do not work. As President Reagan has said, the American people have come to see Government not as the solution to their problems, but as the problem.

Against this background of disillusionment, the new beginning of the Reagan administration offers the first real hope for a dramatic, meaningful change.

After less than two-thirds of its first year in office, this administration, led by a bold, courageous, and persuasive President, has in place the major planks of its economic recovery plan.

Starting tomorrow, taxpayers will begin to receive benefits from the first installment in the 3-year, substantial reduction in their individual tax burdens.

Starting tomorrow, American workers get to keep and use, as they think best, a little more of their hard-earned money, instead of having to send it to Washington to be spent as the Government dictates.

Moreover, this is just the beginning; it is only the first installment in a 3-year, $750 billion program of real tax relief for individuals and businesses.

Madam President, tomorrow marks the first step in a plan that will keep more money in the economy where it can be used for productive, job-creating investments and growth.

October 1 is not only the effective date for the tax cut legislation, it is, of course, the beginning of a new fiscal year for the Federal Government, and the day on which the recently enacted package of budget reductions take effect. This monumental budget-cutting package slashes Federal outlays by over $35 billion in the new fiscal year, to be followed by reductions of $44 billion in fiscal year 1983 and $51 billion in fiscal year 1984.

These already-approved cuts represent a dramatic change in previous Federal spending habits, Madam President, but we must go further if we are to achieve a balanced budget by 1984. The goal of a balanced Federal budget is not just an arbitrary target; it is an objective that must be met as soon as practicable if we are to be successful in controlling inflation and interest rates.

Toward that end, President Reagan has recently asked the Congress and the American people to help him reduce the fiscal year 1982 deficit by another $16 billion, with further cuts to be made in the following 2 years.

Madam President, I commend President Reagan and his administration for what has certainly been an outstanding effort to properly re-order our national priorities and bring about a strong economic recovery. I hope Congress will exercise the wisdom and political courage to make these necessary, further reductions in Federal spending on lower priority domestic programs. Only if we continue to take strong measures to curb Government spending will the tax cut prove meaningful and the economic recovery program prove successful.

Having worked throughout my years in the Senate to restrain big government and preserve a strong national defense capability, I am indeed gratified by the progress made thus far by the Reagan administration and by the objectives which the President has put before us.

On this eve of the new beginning, I congratulate President Reagan on the achievements he and his administration have thus far accomplished.

We have made substantial progress toward restoring to the American people a greater measure of control over their national Government and over their own destinies.

This is a direction in which we must continue to move in the days ahead, and I shall certainly do all that I can to make the promises of a healthy economy and greater individual freedom realities for all our citizens.

Mr. ARMSTRONG. Madam President, it would seem, from comments in the press and on the floor of the Senate that Washington sees the future through a rearview mirror. Some Americans look back over the past 4 years and, seeing a history of economic stagnation and intolerable inflation, expect the same for tomorrow. During this period, the optimism and eagerness for a challenge that is so typically American had been replaced by a deadly cynicism and fear of the future.

I suggest, my distinguished colleagues, that some Members' recent actions and statements are attempts to return us to those "dark ages." I believe it is time for us to provide the calm leadership that the country needs. President Reagan's economic recovery plan is a bold one—it represents a profound change in the way the Government operates. And where there is bold change, there are doubts, fears, and uncertainties. I believe it is our task in this colloquy to address these doubts and reset our course.

Every day over the last month, we have read newspaper articles about the dismal state of the economy and the failure of Reaganomics. We have heard that the barons of Wall Street and the little guys on Main Street have rejected the President's program. Given the performance of the Redskins and the new TV season, these articles have added some excitement to our lives. But what are the facts?

In testimony before the Senate Budget Committee yesterday, representatives of Wall Street expressed their views. One had surveyed a number of major firms, Merrill Lynch, Morgan Stanley, Goldman Sachs, and so forth and found all in favor of the President's plans. All eight were unanimous on these points:

First. Keep cutting the Federal Government budget, with perticular emphasis on 1983 and later years.

Second. Encourage the Federal Reserve to maintain money growth on a low money path.

Third. Be patient and give the program a chance to work.

The central point made was quite clear: The President is cutting taxes, the size and role of Government, and controlling the money supply. Nothing less will break a 20-year habit of rising inflation and slowing productivity.

From Main Street, we hear similar comments. Mail from the voters of Colorado has been running 20 to 1 in favor of the President's new cuts. The following letter is typical:

> My business is being hurt by cutbacks but in the long-term interest of the country, I support the President.

It is these type of positive and patriotic responses to the economic recovery program that too many in Congress and the press have not heard. There has also been a deaf ear turned to the strengths of our economy and the progress we have made.

Our most dramatic success has been in the fight against inflation. The annual rate of inflation, as measured by the CPI, for the first two quarters of 1981 as compared to a like period in 1980 has fallen from 13.6 to 8.4 percent. A drop of 40 percent. The dangers of inflation to a democratic society and the tragic costs to our people have been well-chronicled. A year ago everyone—Democrat and Republican alike—agreed that inflation was our No. 1 enemy.

Now that progress is being made, inflation is not even on the most wanted list. Our fight against inflation is succeeding and we should let the country know about it.

Unemployment in July was at 7 percent—less than the 7.6 percent of a year ago. This translates into 2 million new jobs.

The dollar is strong. With the incorrect yet constant emphasis on Wall Street's dissatisfaction, the "votes" of foreign financial markets have been ignored. Overseas investors are telling us that they have confidence in the President's plan and in the future of the United States.

U.S. energy conservation has exceeded expectations and lessened the power of OPEC. This is in part due to the freeing of markets from controls. As we begin part three of the President's program—deregulation—we should look to the historical record. Removal of price controls and market regulations will fight inflation and increase efficiency.

Interest rates are beginning to decline and will continue to do so if we stay on the course set by the President. The history of financial markets teaches us one thing: Bond and stock prices decline and fluctuate wildly with economic or political instability and improve with stability.

President Reagan has provided us with a program for future stability—recent press and congressional hysteria has caused the opposite. The interest rates we have recently seen are the price we must pay for a generation of deficit spending.

It is ironic that those responsible for the large deficits and current high interest rates have been so successful in claiming it is our fault. Deficits rob the future to pay for the present.

We must not steal from our children's future to obtain a temporary drop of a few points in the prime rate. We deserve the contempt of history if we do so.

The single most important progress we have made is in defining the proper balance between the Government and the governed. Over the past generation, Washington has encouraged the view, in word and in legislation that more government is better government. The American people are ingenious, hard working, and looking for a better life. Their Government should provide them the setting and the environment for them to achieve their dreams. But what do we see? We see a government whose programs offer cash rewards for self-destruction. The results are all around us: Good workers leave or never hold jobs, families are broken apart to receive aid, farmers leave good cropland fallow, and self-respect is traded for a Government handout. Yet we are accused of a lack of humanity by those whose self-righteous policies have meant 40 percent black teenage unemployment year in and year out, inner city landscapes like those of World War II, Europe, and generations of people deprived of dignity and purpose. We have just begun our fight to find ways for Government to give a hand, not a handout. For after all, it is people who create wealth and economic growth, not government.

In the midst of all the second-guessing and doubts, we owe our country leadership. Leadership does not mean that we change our course with every jump in the prime rate, the Dow Jones averages, or the most recent Harris poll. It does mean that we recognize our Nation's choice of future promise over present satisfaction, and act accordingly. We must find at least the $75 billion in spending reductions that we voted for last spring in the first concurrent resolution.

We must stay the course in controlling monetary growth and begin our work on dismantling a generation of governmental regulations. We strike, then, the proper balance between revenues and outlays, the Government and the individual, and the present and the future.

Mr. McCLURE. Madam President, a number of my colleagues and I are engaging today in a colloquy calling attention to the new beginning of the new fiscal year on October 1. I suspect some people around here have noticed the logo on the pins and lapels and signs that have been worn by a number of Members.

The Sun depicted on the logo "a new beginning" is taken from the back of George Washington's chair which he used at the Constitutional Convention. Near the end of the convention, on September 17, 1797, Ben Franklin observed,

> Now at length I know it is a rising and not a setting sun.

The symbolism is, of course, that we are witnessing not a setting sun, but a rising sun. The dawn begins tomorrow with the beginning of this new economic order.

Madam President, I would like to bring to the attention of my colleagues several essays concerning our economic recovery package. While I have some differences with some of these opinions I do agree with the major thrust of them.

In one of the articles liberal columnist David Broder writes that the package is a "long-term policy not a quick-fix expedient." He continues:

> This policy was approved by majorities less than two months ago. It has not yet been put in place. To consider scrubbing it now—or replacing it with an invisible alternative—strikes me, not as a sensible political judgment, but a reaction of pure panic.

October 1 marks the start of a beginning we orchestrated months ago, a start with indisputable direction and long term prospects of economic reemergence. The current economic crisis demands something more substantial than the superficial effort to provide a psychological symbol of fiscal restraint. It demands the package prescribed for recovery that we gave it. Now finally, on Thursday, it will go into effect. In recent weeks some economic indicators were showing strong support of this program. Inflation has steadily decreased since March, as have unemployment figures. Recent figures have also shown that interest rates have started a downward trend.

The goal we have set will not be easy, but it can be accomplished. On Thursday the American people will begin to receive benefits they were entitled to years ago. I ask unanimous consent that the articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD as follows:

[From the Statesman, Sept. 23, 1981]

DON'T JUNK REAGAN PROGRAMS BEFORE THEY BEGIN

(By David Broder)

WASHINGTON.—It is plain now that the opposition to President Reagan and his program is beginning to find its voice. The 260,000 people who assembled on the Mall last Saturday at the call of the AFL–CIO and some 200 other organizations to protest the Reagan economic policies was the largest such demonstration since Vietnam War days.

This weekend, the Democratic Party will hold its first major training session for the 1982 campaign in Des Moines, Iowa, and, on Oct. 1, it will parade a number of mayors before the microphones at a dinner in Washington to describe the damage they say will be done by the Reagan budget cuts that go into effect that day.

Meantime, House Democrats have recalled that the committees they control are allowed to conduct investigations, and Tip O'Neill has launched a number of them into regional hearings focused on the effects of high interest rates and scarce federal dollars.

As a result of all this, the Republicans are getting shaky about their support of the new round of budget cuts. And Washington, a city whose inbred discussions produce violent swings of opinion, has—in its typical fashion—gone from thinking that Reagan is king of the world to thinking he is a political fall guy.

What everyone needs to do is step back one pace and take a deep breath. Otherwise, we are about to jitter ourselves into serious trouble.

We have been down this road before—exactly 12 years ago. Then, the Republican president with nine months in office was Richard Nixon, and the issue that brought thousands to the streets was Vietnam.

The troubles in today's economy are, thank goodness, a lot less ugly a mess than Vietnam was 12 years ago. But there are certain similarities in the situation. The basic problem in both instances is one the Republican administration inherited from its Democratic predecessor. "Curing" the problem is the basic mandate each Republican president received from the voters.

In both instances, the Republican president put in place by the fall of his first year a long-term strategy for extricating the country from its bind. And in both instances, the opposition has gone to the streets with the claim that the program is not really as advertised in the previous campaign and, even if it is, it is not producing results as fast as they are needed.

There was plenty to criticize in Nixon's Vietnamization, and there is plenty to doubt about Reaganomics. But it seems to me that any fair-minded appraisal has to conclude that there is greater political legitimacy to Reagan's current effort than there was to Vietnamization, and therefore a more compelling case for caution in condemning it.

While lives are being hurt by the Reagan economies, the human damage cannot be compared to that which resulted from Nixon's decision to attempt a gradual pull-out, which prolonged the agony of the Vietnam War.

The Reagan plan—to a much greater extent than Nixon's—was suggested in fairly explicit terms by the president's campaign statements. True, he dodged the painful truth about reductions in entitlement programs and the shift of responsibilities to state and local governments. But anyone who did not understand that Reagan was proposing a major trade-off—lower taxes for fewer federal government services—was not listening.

But the most significant difference is that

Reagan's plan has been given explicit approval by Congress, while Nixon's represented purely executive-branch decisionmaking.

Moreover, it was given approval by Congress as a long-term policy, not a quick-fix expedient.

As readers of this column know, there have been grave doubts expressed about the pace and scale of the reduction in federal responsibilities and the manner in which programs have been handed off to states and cities or just abandoned. I have been even more skeptical about the size of the tax cuts, and the promise of future tax indexation is one I thought no prudent Congress should make three years in advance.

But this policy was approved by majorities less than two months ago. It has not yet been put in place. To consider scrubbing it now—or replacing it with an invisible alternative—strikes me, not as a sensible political judgment, but as a reaction of pure panic.

There will be time—and need—for mid-course corrections. But to attempt them in the waning days of a congressional session, rather than in the 1982 consideration of the Reagan budget, entails even greater risks than the gamble implicit in Reaganomics.

[From the Detroit News, Sept. 10, 1981]

Let's Give Reagan Economic Package a Chance

(By Willard C. Butcher)

Someone once said that the modern America's prayer is:

"Dear God, I pray for patience, and I want it right now!"

The latest examples of this instant-gratification syndrome are the supposed sages of Wall Street, who, according to the other day's newspapers, are "concerned that the Reagan administration's economic program is not working."

"The question," intoned one such market analyst, "is no longer whether the administration can balance the budget, but whether the whole supply-side concept will ultimately work."

Come on, fellahs. Let's give the President and his economic program time to at least become operative before we start to bury it.

Indeed, it's appalling when supposedly sophiscated observers denounce the administration's tax and budget cuts, literally before they take effect on October 1. That's not unlike ordering a new air conditioner and wondering, before it's delivered, why the house isn't cool yet.

In my view, little public purpose is served by sniping at the administration's economic package while ignoring the real facts, which, I believe, are the following:

First, President Reagan has begun—and I underscore begun—to orchestrate a massive change in economic direction in this country which, for the first time in decades, attempts to reduce the role of government and increase the role of private citizens to forge their own economic future.

This philosophy, not unimportantly, parallels that of Thomas Jefferson and the other Founding Fathers, who believed the greater defense of capitalism was the encouragement of individual liberty.

So the President's economic direction for the country should be indisputable—even on Wall Street. Stated another way, the issue is not where we are going, but how we are going to get there. And getting from here to there requires that we leap a huge chasm and, on the way, endure a good deal of short-term, economic pain—unbalanced budgets, high interest rates, reduced social programs, tight money markets, and all the rest.

In business terms, what the president is trying to do is invest in long-term strategies which, in the short run, may prove to be somewhat costly. They are designed, however, to improve the long-term "profitability" of our nation and the overall standard of living of our people. And I personally believe they are well worth the pain.

And "pain" is exactly what we are in store for—a painful period of economic readjustment. I also would expect a few missteps along the way, as we attempt first to reign in and then to turn around an economy running amok. To think that everything will go smoothly is, to me, the height of naivete.

It also is important to remember that, as the President himself has acknowledged, this economic program is merely a first step. Clearly, much more must be done to get us back on the track to economic growth and prosperity. For example:

Further significant budget cuts are imperative to continue to reduce the government's drain on the private, productive economy.

We must continue to hack away at counterproductive, government overregulation, an area where we have barely begun to scratch the surface.

Anti-trust policies must be reexamined in light of increased competition from foreign-owned competitors both in the United States and abroad.

Social Security and other similar programs must be revamped to strike a balance between the legitimate requirements of the citizenry for health and welfare and the long-term needs of the nation for growth and prosperity.

All these things and many more must be addressed, and I believe President Reagan and his administration will address them.

But all will take time. And counting out the president's program before the bell rings strikes me as being very unfair. I'm surprised, frankly, that the criticism, presumably because of the pain involved in jumping our economic chasm, seem to have forgotten that the objective is to get to the other side, trying to eliminate the pain of adjustment, they've obviously also forgotten Lloyd George's warning that "the most dangerous thing in the world is trying to leap a chasm in two jumps."

In the view of this Wall Streeter, then, President Reagan already has taken bold and dramatic initial steps to soundly redirect the economic policy of our nation. I believe he deserves not our blind loyalty, but at least our patience and, more important, an honest effort by each of us to differentiate between short-term problems of economic readjustment and long-term prospects for economic re-emergence.

[From the Providence Journal, Sept. 13, 1981]

Congress Should Back Reagan Program

"Having called earlier this week for additional cuts of $10 billion to $15 billion in the already-pared 1982 budget, President Reagan summoned his department heads Friday and hit them once again—hard. This time he ordered his Cabinet to chop more than $30 billion out of the 1983 budget and $44 billion in 1984.

"Why the slashing attack on budgets that have already been heavily pared? In order that Mr. Reagan may keep the 1982 budget deficit within the $42.5 million framework he promised earlier this year, and ultimately balance the budget by 1984. The urgency to meet these commitments stems from the sustained high level of interest rates that are causing anguish in the business sector and in Congress.

"To his credit, Mr. Reagan has refused to succumb to the panicky reaction of some members of Congress, including some Republicans who should know better. Some legislators are blaming the 'barons of Wall Street' for high interest rates, implying that there is some sort of cabal that meets in secret to manipulate interest rates. That version of how the money market works is either the result of economic ignorance or political duplicity.

"The money markets which center in the lower reaches of Manhattan consist of more than $4 trillion in debt and $1 trillion in equity. This vast quantity of money is not an American lake; it is an international ocean, beyond the capacity of any group of Wall Street managers to manipulate. The interest rates that use of this capital commands reflect demand, which in turn is keyed to the degree of confidence borrowers have that capital will be available when and as needed. When borrowers anticipate huge federal deficits, they worry that the Treasury will shoulder them out of the market.

"In this context, congressional threats to 'punish Wall Street' by reinstating credit controls or slapping a windfall profits tax on interest are purely political. Economically, they are self-defeating.

"President Reagan recognizes the realities; he spurns such empty posturing and directs attention back to the source of the current high interest rates—deficit spending. One may argue about where further costs should be made, but it is hard to argue against the logic that the solution lies with less spending and not with legislative palliatives to ease the pain that overspending inflicts.

"Currently being heard is a proposal to give the President unprecedented power to impound congressionally appropriated funds. The idea has a certain practical merit. It means Congress can hand over to the President the nasty job of saying no to programs with potent constituencies. But it is a coward's way out. Far preferable for Congress to stand up to the challenge, make the cuts, and shoulder the blame. Especially since, back in 1974, Congress decided to do just that when it took away the impoundment power from President Nixon and reformed its own budget-writing process so as to be more responsible.

"We would not like to see Congress now abandon its effort to be fiscally responsible at the first major test of its resolve. However, if the legislative branch cannot summon the courage to do what needs to be done, then perhaps it should give Mr. Reagan temporary impoundment powers to get the economy past the present situation.

"For our part, we doubt that the present peak interest situation will continue unabated, especially if Mr. Reagan continues on his present course. For one thing, the personal income tax cuts voted by Congress do not come into effect until October 1. When their stimulative impact on the economy begins to be felt at that time—an important factor in the President's supply-side game plan—interest rates and other aspects of the economy may well begin to perform more acceptably.

"It is far too early to start bewailing Mr. Reagan's economic program as a failure, and irresponsible for Congress to undercut it for political reasons."

[From the Columbus Dispatch, Sept. 22, 1981]

A Premature Protest

". . . Reagan's policies haven't even taken effect yet and some within the labor movement are saying they have failed. This is at best grossly premature and at worst irresponsible.

"Saturday's mass labor rally in Washington, at which an estimated quarter of a million people protested Reagan's policies, is an example of misdirected anger. Workers, to be sure, have grievances. So do poor people who can't get jobs and rich people who have their earnings heavily taxed. But the grievances flow from the cause of the economic problems facing this country and not from the solutions proposed by the president.

"Reagan is trying to undo the damage caused by decades of deficit spending and uncontrolled taxation. He is trying to relieve the economy from the burdens of inflation and recession caused by undisciplined fiscal policies. And he is trying to help stimulate the economy and get new jobs created so that more people can work and those who do work will have greater buying power.

"It's not going to be easy, and the success or failure of his programs certainly cannot be evaluated before they are implemented. Next year's congressional elections will be time enough to begin to judge Reagan's effectiveness. Then and only then will the real evidence begin to emerge. Then and only then can a responsible verdict be reached."

[From Human Events, Oct. 3, 1981]

Country's Future at Stake: Republicans Must Rally Around Reagan Budget Cuts

Unlike some of those fair-weather budget-cutters in Congress, President Reagan decided last week to push his war against federal spending, but even the President could not go far as he wished because of astonishing resistance from within his own ranks.

In his nationwide TV speech—delivered as as we were going to press—the President outlined a plan that he hoped would bring about a balanced budget by 1984. His recommendations included the elimination of the departments of Education and Energy, reduction in entitlement programs, slashes in government borrowing authority and a prudent drawback in defense spending. In order to appease the non-supply siders in the financial community, he called for the enactment of user fees and other revenue raising measures that would bring into the Treasury $22 billion over the next three years. In fiscal 1982 alone, Administration officials contended the deficit would be reduced by $16 billion.

Some of the planned reductions were imprecise, and the entitlement reform package—which would specifically not include reform of Social Security—was to "be transmitted to Congress in the near future." Nevertheless, the President did offer concrete ways in which to reduce the deficits that have been agitating Wall Street.

Happily, the President came forth with a fairly solid package, despite the yelps and howls of those jittery Republican congressmen who seem to be all a tremble more than a year before the congressional elections. Indeed, House Republicans were apparently so skittish about urging further cuts that they informed the President prior to his pitch that major reductions "just weren't going to fly." Clearly, they were determined to cool the President's ardor for going after the federal budget—even though this is clearly the only permanent solution for bolstering the financial markets the country seems so concerned about.

Frankly, we have been somewhat surprised that so many Republican lawmakers have begun to crawfish on Reaganomics. As soon as things weren't working perfectly, they began to run from the field of battle. Dagwood Bumstead has displayed truer grit.

The worst offender so far has been Rep. James Leach (R.-Iowa), the new head of the liberal Ripon Society, who last week issued a vicious, across-the-board attack on the Reagan Administration's domestic and foreign policies. But even Minority Leader Bob Michel (R.-Ill.), who did an excellent job holding his GOP colleagues in line on the earlier tax and budget votes, has been sounding a defeatist note. Michel has recently been telling the media how difficult it will be to pass any new budget cuts—thus creating a poorer climate for the President—rather than constantly challenging the Democrats to reduce the budget deficit or bear the blame for high interest rates.

The Republican party, however, cannot retreat now from this historic opportunity to get the federal budget under control. For decades the GOP has been charging full-tilt against those "wild-spending" Democrats, so how can it now—when the country finally has a Republican President who means business—duck responsibility for reining in the budget? The GOP lawmakers put Reaganomics on the books; now they must make it work. And there is no way it can work unless federal spending has been successfully controlled.

Sen. Pete Domenici (R.-N.M.), chairman of the Budget Committee, has been so incensed with the fair-weather budget-cutters that he says that "chicken" is too mild an epithet to hurl at his GOP colleagues who now say it's politically unwise to go after the budget any further. Upset with this line of reasoning, he recently told GOP congressional leaders, that "bringing inflation down and keeping it down are the cornerstone of political success. There's nothing as politically difficult as failure to address the problem."

Before you worry about a single constituency, he added, remember that "if interest rates don't come down and inflation doesn't come down, the voters that will hold us responsible will be larger than any single group."

There is some misguided talk that the federal budget has been cut deeply enough, but that kind of rhetoric is dangerous nonsense. President Carter and the Congress, for instance, thought they had actually balanced the budget in 1981, but, poof!, it is now some $60 billion in the red. President Reagan and the Congress thought they had held the fiscal 1982 deficit to $42.5 billion when they left for the August recess, but the best estimate now is that this understates the deficit by about $16 billion. In view of this record, how can the markets be "reassured" that spending has been tamed? When we talk to businessmen, we get the same story over and over again: The politicians have continued to promise lower spending and balanced budgets, but they always renege in the end.

Treasury Secretary Donald Regan, in some highly unpublicized remarks before the House Budget Committee last week, gave this as a major reason for the Wall Street shakes:

"The primary source of the uncertainty gripping the markets is this unanswered question: Will we have the courage to see the new policies through, or will political pressures and rivalries cause yet another Administration to back away from its chosen course before it has reached its goals?"

In order for this Administration to reach its goals, said Regan, it must cut back drastically on federal borrowing, since this borrowing soaks up huge amounts of funds that should be available for private business. It is this "crowding out" effect which is having such a devastating upward push on interest rates. And in order to reduce borrowing, of course, the Congress will have to continue to scale back explosive federal spending programs.

The ever-growing federal intrusion into the credit markets was dramatically underscored by the secretary's figures. From 1955–1959, the federal government, based on direct federal borrowing, guaranteed loans and government-sponsored borrowing, absorbed just 19 per cent of the credit markets. From 1970 to 1974, it absorbed 21 percent. From 1975 to 1979, the federal government's share of the credit markets was 27 per cent; and in both 1980 and 1981, the figure was a whopping 36 per cent. If one includes state and local financing, government absorption of the credit markets may come close to 50 per cent.

Funds raised under federal auspices averaged just $32.5 billion in the early 1970s; they are averaging $135 billion in the early 1980s—or four times the sums of seven years ago.

This is a chief reason why interest rates are so high, and this is why the President is so intent on reducing the role of government in our lives. The truth is that the federal government—even in the wake of the first round of budget cuts—is still so huge that it is continuing to wreak havoc with the economy.

The President's speech contained one major disappointment, however. He had originally wanted to deal with the Social Security system, but because of tremendous pressure from Republican lawmakers in the Congress, he failed to come to grips with this spectacular spending program. Indeed, he has put off any possible reform until January 1983 when a bi-partisan commission is supposed to come up with a solution.

Unquestionably, the program is politically sensitive, but unless the Republicans are willing to tackle such uncomfortable, but enormously significant problems, they will never control the budget.

Social Security is the General Motors of the entitlement programs, shovelling out billions of dollars annually to 36 million retirees. Because of its precarious financial position, it has become an increasingly heavy burden for the taxpayer to shoulder. It has also become a major obstacle to the success of the supply-side tax incentives that Congress embraced in August. And it is for this reason we cannot understand why Rep. Jack Kemp (R.-N.Y.), the premier congressional supporter of supply-side economics and a man whom we normally agree with, felt impelled to publicly state that he will oppose any Social Security cuts.

Back in May, Richard Schweiker's Department of Health and Human Services revealed just how deeply the current Social Security system cut against the grain of the tax reduction program.

Here's what the HHS fact sheet said:

"Americans are already taxed to the limit. The last major Social Security payroll tax hike (in 1977) was the largest peacetime tax increase in American history.

"The tax increases legislated in 1977 are still being phased in. Social Security tax rates increased by 8½ percent in 1981 and will increase another 15 percent by 1990 without any change to current law.

"Unless excessive costs are curbed, Social Security could eventually consume virtually the entire domestic budget (excluding national defense and interest on the national debt).

"To restore OASDI's solvency would require a further 12.4 percent increase in OASDI payroll tax rates each year. FICA taxes would, on this basis, consume in 1985 about 16 per cent of taxable payroll, falling equally on employers and employes. This would place a heavy new tax burden on current workers. For the typical two-worker family, this double surcharge would increase their Social Security taxes by $1,670 in 1986 over 1981. Employers would face an equal increase."

Prof. Martin Feldstein, president of the National Bureau of Economic Research and perhaps the most knowledgeable student of Social Security, argued a similar point in the *Wall Street* Journal just this past week.

"The Social Security program," he lamented, "is in serious financial trouble. The government's actuaries predict that the retirement fund will run out of money in 1982 if there is no reduction in benefits or increase in revenue. And looking to the longer term, the actuaries warn that the changing age distribution of the population means tax rates of more than 20 percent and perhaps more than 30 percent to finance the benefits implied by existing law. If such high payroll taxes were piled on top of other federal and state taxes, most individuals would find themselves paying more than 50 cents in tax on every extra dollar they earn."

Prof. Feldstein, who conclusively demonstrates that Social Security benefits have far outpaced the inflation rate during the past decade, calls for "an immediate start to slowing the growth of benefits."

We think the professor is right on the mark. But unless this Administration and the Republicans in Congress face up to Social Security's enormous problems, Reaganomics is not going to work. The crushing tax burden and the huge federal deficits—which we fervently hoped the Reagan Administration would cure—will still be with us for a long time to come. And the Republican party will deservedly get the blame.

[From the Christian Science Monitor, Sept. 28, 1981]

Patience Not Panic

Yes, President Reagan is somewhat more defensive now. It is clear that the euphoria generated by his solid and quick legislative victories over the economic recovery package has diminished as he confronts an unresponsive financial market and growing resistance from pressure groups in Congress and among the public at large. The Democrats are finding their voice again. Even some Republicans are beginning to protect their own political turf. Washington is returning, as well-respected political commentator David Broder puts it, to the more normal state of "politics as usual."

But this is no reason for impatience. Wall Street gurus seem to be tempting the country with a sense of panic again—ironically at a time when there are some positive signs to be seen. The public should bear in mind that what the stock market does has only peripheral effect on the economy as a whole. Panic over the looming budget deficit, moreover, is totally unfounded and simply a psychological reaction. Studies show that the US government deficit as a proportion of the gross national product is much smaller than in such economically sturdy economies as West Germany and Japan. After 20 years of such deficits anybody's economics—Keynesian or non—calls for moves to bring a balance. But not frenzy if the project takes time.

What positive signs do we have in mind? Without exaggerating them, they at least should be mentioned as the search for economic stability goes forward. Inflation has dropped from a 12.4 percent annual rate in 1980 to about 8–9 percent now; the underlying deflator, too, is declining. Interest rates seem to be inching downward. Labor unions are under pressure to moderate wage demands, and some are doing so, opting for job security instead of big raises. And there are signs the United States may be turning the corner on the decline in labor productivity. We have now witnessed six straight quarters of 2 percent annual increase in productivity.

It is true the economy is headed for a showdown, perhaps a recession, as still-high interest rates and limited money supply contract business activity. But that, after all, is supposed to be the whole point of the monetary exercise—to brake the economy, bring down inflation, and then start up the economy again at a less rapid rate in order to avoid another inflationary explosion. The process is slow; it is also painful. But it is widely accepted as a necessary step in curing inflation.

What, then, of the President's "supplyside" program? No one yet knows whether it will work and many legitimate doubts are raised about the President's assumptions (that tax cuts will translate into massive savings, for instance). But, even if it does work, it will take time. Mr. Reagan is not being unreasonable when he asks the public to withhold judgment until the program actually goes into effect and has been in operation a while.

However, the President did miscalculate earlier this year on his budget figures and the priority now, if the economic package is to keep its original outlines, is to make further spending cuts. Some of Mr. Reagan's still sketchy proposals look worthy—eliminating certain tax loopholes for businesses holding federal contracts, for instance, and imposing fees on users of waterways and other federal services. But there has been a less-than-bold attack on the big-ticket items. After first courageously taking on social security, for instance, the President has done the politically expedient thing by dropping such proposals as a delay in cost-of-living raises and calling instead for a bipartisan committee to come up with a plan. Obviously he wants to spread the political risks.

Nor has President Reagan gone after the defense budget with the same standard of close examination as he has applied to social programs. In the end he may find himself increasingly losing political ground if he continues to slice away with what can seem indifference at his "safety net" for the poor and disadvantaged—and even at such middle-class benefits as tax credits for energy conservation—when the amount of waste and inefficiency in the military establishment remains high.

It is possible in fact that President Reagan is not as wedded to his proposed $13 billion cut in defense over three years as he makes out. More likely, with his eyes on the far right wing of his party, he may be leaving it to Congress to make further reductions in the Pentagon budget.

All of which is to remind ourselves again that there is no fast or foolproof way to turn the American economy around. The President moved forcefully and effectively in the early months, largely because it was perceived he had a popular mandate for his actions and because he stepped on few constituencies with strong political power. Now, as opposition grows—and as his own forecasters proved overoptimistic on the size of the 1982 deficit—he must tough it out in a normal give-and-take battle with the lawmakers. The American people, for their part, must tough it out too. They are given to wanting quick results, but there will be no substitute for holding to a steady, patient course.

[From the Wall Street Journal, Sept. 29, 1981]

Guarded Gurus: Investment Managers Back Reagan's Goals But Expect Problems

"By and large, we obviously believe in the general thrust of the Reagan program," says John A. Hill, the president of Marsh & McLennan Asset Management Co. "Long term, we think the tax program will stimulate significant economic growth and capital formation."

In supporting President Reagan's policies, the official of the Marsh & McLennan Co.'s unit reflects the views of many U.S. money managers. However, he also is expressing the views of many of them when he adds:

"But in the short term, those (the President's goals) are going to be frustrated by the government deficits and heavy borrowing requirements. The tax cuts are making the deficits bigger, and he isn't going to get anywhere near the real budget cuts he needs. So, until we see real progress on the deficit, either through revenue increases or through budget decreases, we think the economy will be stagnant, with some risk of an economic collapse comparable to (that in) 1974."

TOUGH TIMES SEEN

Following the President's address Thursday night, Robert G. Wade Jr., the president of BA Investment Management Corp., BankAmerica Corp.'s investment subsidiary, observed that he "wasn't unhappy" with the Reagan program, but he added:

"Of necessity, it involves a significant amount of pain. That's what the market is reflecting as much as anything else. It produces a period of instability and uncertainty in the economy."

The instability and uncertainty were clearly visible in yesterday's hectic markets. In the stock market, the Dow Jones industrial average plunged to a half-hourly low at 10:30 a.m., when it was off 14.27 points, but then recovered to end up 18.55, the biggest daily rise in six months; volume was heavy (see story on page 3). The bond market traced a similar pattern, with an early decline and then a recovery that left prices higher on the day (see story on page 2). On foreign stock markets, prices generally plunged (see story on page 3).

Underlying the markets' swings are the investment community's widely advertised deep-seated doubts about whether the Reagan program will work. And those doubts weren't allayed by the President's most recent address. George McKinney, senior vice president of Irving Trust Co. in New York, observes:

"President Reagan's message last week showed they are visibly scratching to find a few hundred million in savings. Yet, they're telling us that finding $75 billion more in the next couple of years will be no problem. It's no wonder that markets are skeptical."

Moreover, the skepticism extends beyond the Reagan program itself to the American public. The Reagan economic plan, says Harold E. Johnson, the executive vice president and chief investment officer at Continental Corp., "is a long-range program, and I think it's a mistake to look for short-term results." But the official of the big insurance company adds: "The American people are impatient. They take pills for everything, headaches and fallen arches. They like instant cures. But in the economy, that's impossible, and I think it's a mistake to expect them."

Doubts also continue to be raised about whether the Federal Reserve will keep pressing its fight against inflation. Frederick G. Mitchell, executive vice president of Research Management Associates Inc., says that if the Fed sticks to the current level of monetary growth, the investment-consulting subsidiary of Waddell & Reed Inc., will probably increase its stock and bond portfolios steadily over the next six months. But if the Fed relaxes its reins and the money supply surges, he says, it will be "disastrous" for the stock market.

Amid all these doubts, investment managers continue to be unusually cautious. For example, Marsh & McLennan Asset Management, which manages $12.5 billion in mutual funds and pension money, began taking "defense" steps in June, Mr. Hill says, "when it became clear to us he (the President) was going to get the tax cut but not the budget cuts he asked for."

Among those "defensive" steps, Mr. Hill adds, was an increase in the proportion of short-term money-market investments in the portfolio to a 25 percent to 30 percent range from 5 percent to 10 percent last spring. Bond maturities were shortened. And some funds were switched from stocks of small growth companies to those of larger, better-capitalized corporations that seem likely to hold up better in a tough economic environment.

A somewhat similar strategy is being pursued by Continental Corp. Mr. Johnson says the insurer isn't investing any significant amount of funds in the bond and stock markets and has built up its short-term cash position 25 percent above the year-ago levels. However, he says the company has been making "equity-type investments"—typically involving both loans and an equity stake—in oil and gas production and venture capital. The total return on such investments typically exceeds 20 percent, he says.

Mr. Johnson notes that Continental's general reluctance to invest isn't solely attributable to doubts about the Reagan program.

He says Continental, like other big property-casualty insurers, is being badly battered by widening underwriting losses and a slowdown in premium growth. The two forces, he adds, have sharply cut the amount of money that Continental has available for investment.

"What's going on in the economy is positive," he says. "But it's secondary to what is going on in our business." If the underwriting cycle deteriorates further, he adds, "this could result in a liquidity problem for us."

Mutual of Omaha Insurance Co. faces similar problems. Partly because of increases in insurance claims and in surrenders of annuities by policyholders, the company "hasn't made a long-term investment this year,'' says John L. Maginn, the vice president for investments.

The way a money manager's strategy is influenced by his own operating problems—as opposed to national problems—is strikingly illustrated at Republic Bank of Texas. There, one money manager is avoiding long-term bonds while another is buying them.

The man avoiding them is Raleigh Hortenstine, the executive vice president for funds management. Mr. Hortenstine gets his investable funds mostly from short-term certificates of deposit, and consequently he is draining the bank's $750 million investment portfolio of long-term bonds as fast as he can without taking big losses. As bonds mature, he puts the cash into short-term investments. "Our strategies are in place," he says. "No one speech is going to change them."

But across the hall is H. Edward Anderson, the senior investment officer overseeing $3.7 billion of discretionary trust funds for individuals and employe benefit plans. Because he doesn't have Mr. Hortenstine's worries about the costs of money, Mr. Anderson is plowing huge sums into long-term, fixed-rate bonds. He knows that the money he supervises will be in his hands for a long time, and he can afford to take the long view concerning the Reagan economic program.

Although Mr. Anderson concedes that Wall Street has concluded that Mr. Reagan isn't cutting spending sufficiently, the trust officer considers the President's recent speech "one small step toward continuing to curb spending." So Mr. Anderson views long-term bond as a bargain because rates are historically high compared with inflation. "It doesn't take much to realize return of 25 percent to 30 percent (through capital gains) when coupon rates are at 15 per cent," he says. Therefore, his strategy for the next 12 months will be to buy bonds, even though "it suffers from not being right for the past 12 months."

Most money managers are a long way from making such a decision, however. Before Luther King Capital Management, a Fort Worth manager of pension funds and other investment pools, goes back into long-term bonds, says Emmett Murphy, a vice president, "we need to see three things: a confirmation of some sort that secular (long-run) inflation rates are coming down, that government intervention in the capital markets is shrinking in real (inflation-adjusted) size and that corporate balance sheets are going to be in better shape."

Many other money managers express similar views. At Mutual of Omaha, Mr. Maginn says he supports that Reagan economic program but adds that most large investors "are looking for some proof of efficiency—they aren't taking anything on faith." He adds, "I can't see anything in the short term that will change the psychology of the market." At Security Pacific Investment Managers Inc., a Security Pacific Corp. unit, Lloyd McAdam, the president, says, "We would be interested in long-term bonds when and if we believe that corporations and individuals aren't so intent on paying for everything with borrowed money." And at Fidelity Management & Research Co. in Boston, Fred Henning, the senior vice president for fixed-income investments, says the company won't change its "very defensive" policy until it sees signs that the federal deficit is coming under control and that corporate and government credit demand is slowing. "Once we see that, we'll review our strategy," he adds.

[From the Wall Street Journal, Sept. 10, 1981]

WALL STREET AND THE BUDGET

President Reagan has returned from the West to discover that it's the White House, not Santa Barbara, that the Apaches are circling. They're all uttering the same bloodcurdling cry: "Look what's happening on Wall Street!"

We hope the President and his troops continue to avoid panic because this may prove to be the biggest test yet of their nerves. It calls for a cool-headed look at why Wall Street was so unimpressed with those July budget and tax victories.

One reason is that Wall Street knows the July budget reconciliation victory was only a battle, not the war. There's still plenty of fighting to be done to make the budget cuts real. For example, even though the reconciliation bill calls for cutting some $4 billion in Social Security benefits, the House has already passed and the Senate will soon consider a bill that would restore minimum benefits, the one important thing the administration had thought it had won.

Another reason is that the positive side of the Reagan program, lower tax rates, has not yet taken effect. The air still is full of doubts and conjecture and will likely continue to be until after October 1, when the cuts begin to have impact on the economy.

And finally, Wall Street, for all its accuracy in recording and playing back economic signals, is not a one-track tape. Capital markets are international and Wall Street has some interest, to say the least, in places like Gdansk, Moscow, Paris and New Delhi. What it sees is risk, and the possibility that some disaster will someday be met by a new inflationary outpouring of dollars.

All that considered, however, the economic situation is not nearly as bad as the politics of Washington would have us believe. The economy is indeed flat but one could hardly say it has been pole-axed by the extended period of high interest rates it has had to endure. Indeed, auto sales in August were relatively strong. Steel production, retail spending and durable goods orders continue to run well ahead of a year ago. Most economic forecasts are for real economic growth for 1981.

Moreover, there is a good side to those high interest rates. Small savers, by means of money market funds and the gradual removal of savings account interest ceilings, are finally being allowed to earn market rates. We already are seeing signs of a revival of personal savings, which had been dried up by the combination of inflation and interest rate ceilings. One thing happening on Wall Street is that the attractiveness of money market funds has transferred a lot of the action out of the securities markets and into the banks, but there is every reason to believe that this will be a temporary phenomenon if the Fed continues to wedge down money growth and inflation.

The renewed attack on the White House is in fact a continuation of the old attack by the President's opponents in Congress. The aim is to put the President into a box. If he admits to concern about the high interest rates and flatness of the economy, it can be said that he has lost confidence in his own program (the one, keep in mind, which hasn't yet gone into effect). If he professes no concern, his leverage for holding the budget ground he has won and winning more is weakened.

The President has only one course. He must keep up the budget battle until it really is won, while at the same time displaying no loss of confidence in his program. There are still large areas of federal spending that are ripe for cutting if the President can overcome congressional opposition. As we have said here before, we would even be willing to suffer a trimming of projected military spending if we could see evidence of a coherent defense strategy. It should be kept in mind that Wall Street has heard September promises of tight budgets too often in the past. It will begin to believe when it sees how the budget looks next March.

It's a healthy sign that so many people are suddenly taking Wall Street seriously. It's too bad they didn't start years ago, when stock and bond prices first started to falter under the impetus of soaring federal spending and rapid money creation. Back in 1965, after all, the Dow was near 1,000, equivalent to 2,540 in 1981 dollars. While no one in Washington was watching it plunged to 950 a month ago. Now because of another 100-point tick in the last month, the conventional wisdom is that Ronald Reagan, who has done more to cut the budget than any President in 20 years, has been too timid.

This is of course an opportunity for Mr. Reagan. By all means he should cut more. The new proposal for impoundment powers is a good one. Something has yet to be done to get a grip on the entitlements programs. All this should be done, but without panic or apology.

BLAME WALL STREET

(By David S. Broder)

Despite the handicaps of being a non-lawyer, a non-financial expert and a non-partisan of the Reagan administration, it is plain even to me that the White House has grounds to sue Wall Street for non-support. Ronald Reagan's economic plan is being mauled by the money-managers even before it gets a trial run. If the assault weren't so recklessly selfish and stupid, you could really laugh.

If ever there has been a government in Washington eager to do acrobatics to please the business and financial big shots, it is this one. It has taken the biggest whack at federal spending in 50 years, and every nickel of it from "people programs" that the monied folks don't need, don't want, don't use and don't support.

It has cut taxes generously for rich folks and even more generously for corporations. And the response has been one sulky bear of a market, a tailspin in stock and bonds and a run-up interest rates that have given the country the shakes and cast a pall over the bright economic future Reagan and his allies projected. Thanks a bunch, Well Street.

However much Reagan and Co. have contrived to get government off business' back, the mighty men of the financial markets have said, "It's not enough. We want more."

Although Reagan never advertised it, the tax bill he bulled through Congress goes a long way toward eliminating the corporate income tax as a significant source of federal revenues. A top lobbyist for the bill says it will cut the corporate tax bills in half. But a lawyer I know has a client company that paid $42 million last year and will pay somewhere between $2 million and nothing next year. Given the creativity of corporate accounting, I'll bet that is far from unique.

The smart guys in Wall Street know this—even if most of the average Joes who were phoning their congressmen to pass the Reagan tax bill did not. The smart guys know what the tax bill means for corporate cash flow and future after-tax profits.

They know these are the ingredients for a booming stock market that would funnel billions into job-creating investment. But they ain't buying stocks. Why? Because they can make even more money cashing in on the incredible interest rates they can exact from government and private borrowers in the current debt-refinancing crunch.

As a top Washington business lobbyist put it, "They can make 20 percent, with virtually no risk, buying short-term government obligations, so why should they take the risk of equity investments?"

From one viewpoint, you could say Reagan is getting exactly what he deserves, as a true believer in the historically dubious theory that there is a "natural harmony" between business advantage and the public interest.

Having exalted the virtues of the marketplace, he is now seeing his own program victimized by men who calculate everything by the bottom-line calculus of that coldly impersonal market. For Reagan to "jawbone" the financiers for lower interest rates, as congressional Republicans suggest, would not just be ineffective, it would be thoroughly inconsistent with his own principles.

And yet it is stunning to see the big wheels of Wall Street, so callously scuttling the very program that American business, in a literally unprecedented fashion, has pressured Congress to pass just a few weeks ago.

I asked my lobbyist friend, a key figure in that effort, "Don't they realize they have bought in on Reagan's program and they have a stake in its working?" It was, apparently, a naive question.

"Let me tell you," he said, "there is no more shortsighted set of people than the Wall Street financial community. I'd really like to see Reagan tell these people to shove it. They didn't elect him and they don't own him."

But, of course, Reagan is not doing that. Instead, he is going back to Congress for yet more cuts, to convince the money-managers that he will somehow balance the budget.

I thought to myself: the people who are imposing these demands are people who proclaim the virtues of risk-taking. But they won't take risks themselves. They are the ones who say it's time for school-lunch users and subway riders to pay their own way and even make some sacrifices. But they will shortchange American enterprise's long-term capital needs in order to make a little more fast money from high interest rates.

My grandmother used to talk about people who know the price of everything and the value of nothing. If these money-men don't understand that they will never have a government more eager to please than this Reagan outfit, and they sink its policies by their own shortsighted selfishness, then they deserve what they will get.

It's just too damn bad a lot of other people will get hurt in the process.

[From the Wall Street Journal, Sept. 28, 1981]

TIME TO SHAPE UP

President Reagan won a significant victory last summer in pushing his tax and budget bills through Congress. For a time it appeared that the prestige and authority of the Executive Branch was restored after a period of near anarchy brought about by the loss of presidential initiative in the Carter years. But the President's address to the nation last Thursday tells us that the battle is by no means entirely won. And, unfortunately, the erosion the President has suffered in September has been mainly due to the fecklessness of some of the key members of his administration.

The key mistakes of the President's team were to (1) expect instant adulation from Wall Street and Main Street over the summer economic policy victories and (2) to respond to the failure of interest rates to drop and the stock market to soar by starting to play fast and loose with budget forecasts and Congress.

Budget Director David Stockman, usually sure-footed both in his economics and his skills with Congress, was the main malefactor in this misplayed game. Reacting to criticism that the President's economic plan wasn't "working"—even before it had gone in effect—he glommed onto some of the scariest deficit projections available and started using them to bludgeon the returning Congress, which already had been bludgeoned by some of the home folks over high interest rates. Mr. Stockman wanted more and bigger budget cuts, which made the public and the Congress even more doubtful about the administration's confidence in its own program. None of this was helped when other members of the supply-side school fanned fears of a bond market crisis, in their drive for a return to the gold standard.

We have argued here that the gold standard is a subject that deserves serious debate. But it has been very easy to misunderstand the urgency its advocates have demanded at a time when they have just come from major victories on the other planks of supply-side philosophy. They have created a false impression that they don't have confidence in their own program.

The fright and confusion of Congress, the appearance of disorder in the administration and the continued difficulties of the financial markets prompted the President to set about to regain the initiative. Aside from the fact that it should never have been necessary, it was Mr. Reagan's usual masterful job. He did not convey the sense of panic some of his underlings had displayed earlier. A call for further cuts of only $13 billion was well within the goals he had devised earlier in the year. And indeed, projections of the budget had changed, to the tune of adding some $13 billion to the projected deficit, making it legitimate for the President to ask Congress to go one more mile.

But some elements of the talk were disquieting. After having just won a major tax cut victory, he returned some ground to his anti-tax cut foes by promising to close some "loopholes" to the tune of some $21 billion over three years. A few more flip-flops like that and Mr. Reagan will have himself a credibility problem. And it may well be that he has conceded too much, too soon on Social Security by acceding to the idea of borrowing from other trust funds to replenish the retirement fund and by introducing the idea of "neediness" (hence welfare) into his plan for the minimum benefit.

The question that arises out of all this is whether the President would have been better advised to simply sit tight, try to make sure that the Congress delivered on the budget cuts it had promised in the summer and told his budget chief to lay off the heavy rhetoric. He could have ended his speech to the people with the line that it's far too early to judge an economic program that hasn't yet gone into effect and by calling for a few more budget cuts to offset the budget items, such as interest rates and agricultural subsidies, that don't look as promising as they did last spring. He could have also asked Congress to restore the $9 billion in cuts he asked for but didn't get.

The damage from the September panic is not overwhelming. The President has, on the whole, withstood the assault. And it could even be beneficial if this young administration has learned a few things about governing, primarily that policy making is not something you do in fits and starts, with key players competing to see who can offer the most tantalizing tidbits to the press. It requires constancy and political honesty. We hope that the administration now will go back and review this September during which, in an excess of hubris over its summer victories, it almost delivered itself back into the hands of its foes. The exercise would be very useful as preparation for the battles that still lie ahead.

[From the Wall Street Journal, Aug. 1, 1981]

MUZZLE THE MAJORITY LEADER

If anyone knows a good treatment for overwrought Congressmen, we urge him to rush to Capitol Hill and try to calm the place down. It seems that some Republicans went home for vacation and discovered that some of their best-heeled constituents dislike anti-inflationary policies. Both Senate Majority Leader Baker and House Minority Leader Michel came back in a tizzy, threatening to get out the 1970s snake oil again—credit controls, windfall profits taxes, wage and price controls, you name it.

The thing that has the Republicans upset, and the Democrats intemperately gleeful is, of course, the continued high level of interest rates. It seems that some people who developed big borrowing habits in the inflationary 1970s are finding the stuff expensive under the present regime. They're blaming the Eastern bankers, Wall Street, Paul Volcker, and all the other usual suspects. Congress, in response to the self-righteous complaints of these addicts, is threatening to take steps. The only difference from the 1970s is that this time it's the Republicans, not the Democrats, leading the pack.

Should it be any wonder, then, that Wall Street has no confidence in the anti-inflation fight? Has any recent Fed chairman ever been able to stand up before this kind of onslaught from the Hill? Is it any surprise that the price of gold has headed upward in tune with the rising pitch of Howard Baker's and Bob Michel's voices?

Just for perspective, let's get one thing straight: The inflation take-off of the 1970s was a political phenomenon. It came about because some powerful political constituencies, not all of which would be accurately described as "liberal," saw ways to benefit from inflation. The Democrats, when they were in power, were politically astute enough not to even try to buck these forces, but inflation got so bad it finally swept a Democratic President and Senate majority out of power.

Republican Congressmen are acting as if they were never even aware that a pro-inflation lobby existed. They might do well to try to recall the lesson of last November: There's also an anti-inflation lobby but it often keeps quiet until voting time.

It doesn't take much deep thought to understand why pro-inflation politics is so powerful. The combination of inflation and the interest rate tax deduction makes borrowing painless and even profitable. Anyone—small businessmen for example—who can raise prices in response to credit-fed consumer demand can play inflation like a slot machine that always comes up three oranges. Politicians love it because it automatically jacks up tax revenues. When Washington tries to change the rules, Congressmen hear from all the constituents who liked the rules the way they were and who, quite naturally, think that the rule changes represent bad policy.

But those constituents are living in a dream world, and so are the Congressmen who respond to their pleas. Inflation and easy credit are fun but not sustainable. Most people work for hourly wages or salaries and they wake up one day and find that their real earnings are falling. Public services start to deteriorate because of inadequate capital recovery. Productivity starts to fall for the same reason. This in turn aggravates inflation by slowing the flow of goods. The vicious circle can eventually turn to runaway inflation with potential to destroy a whole society.

Ronald Reagan directly and Paul Volcker indirectly received a mandate last November to prevent this from happening. That is why the President is struggling to cut the federal budget and Mr. Volcker is allowing interest rates to stay high as he tries to wedge down money growth. There is no way this can be painless to borrowers. But we are beginning to see some benefits to savers as they find it possible to obtain market interest rates. If this continues long enough savings and credit demand will come into better balance and interest rates will come down. Inflation already is slackening.

Mr. Baker and Mr. Michel would do well to give some consideration to the constituents they are not hearing from, the ones who were badly hurt by inflation but who now find their situation improving. And instead of wasting their energies scaring the life out of the capital markets they should devote them instead to thinking of ways to see to it that the anti-inflation fight succeeds.

CBO HAS DISMAL RECORD AS "DISMAL SCIENCE" SEER, CHAMBER CHIEF ECONOMIST SAYS OF PAST FORECASTS

WASHINGTON, March 26.—The Congressional Budget Office (CBO), which recently issued a gloomy critique of the Reagan Administration's economic and budget forecast, has itself arrived at some other forecasts in the past which have fallen well short of the economy's performance, an analysis by the U.S. Chamber of Commerce's Economic Policy Division finds.

According to Dr. Richard W. Rahn, Chamber vice president and chief economist and head of the Economic Policy Division, "Our analysis indicates that the CBO's track record leaves much to be desired. In fact, the Reagan forecast falls well within the CBO's average error range.

"Starting in January, 1976, CBO forecasters have issued a five-year forecast of the economy in conjunction with their Budget outlook. The forecasts sometimes have been hedged by having more than one forecast, such as a 'Forecast A' and a 'Forecast B,' or a baseline forecast vs. some other forecast. For purposes of comparison, Chamber economists used the one that implied the more likely scenario.

"Our examination of the forecasting record for the CBO indicates that when forecasting for the next Budget year each January, the CBO's average Gross National Product (GNP) estimate was off by 1.7 percentage points, with the average error in the rate of change in the GNP forecast equal to about 60 percent of the change. The Consumer Price Index (CPI) forecasts were off by 3.4 percentage points, while the unemployment rate was off by .3 percent. The Budget estimate based on a current services budget was off by $19.1 billion.

"When the forecast was made two years ahead, the error for the change in GNP doubled from 1.7 percentage points to 3.3 percentage points, the CPI forecast was off by five percentage points, and the unemployment rate missed the mark by one percentage point.

"Based on this analysis, it is quite clear that the CBO's average forecast error ranges for real GNP and consumer prices are larger than the difference between the President's estimates for these variables and those predicted by the CBO's forecast.

"Thus, given the CBO's record of forecasting, the Administration's estimates are clearly plausible and are consistent with the estimates generated by the Chamber's Forecast Center."

The table below provides the details of the CBO's average error rate for key economic variables computed by the Chamber's Economic Policy Division:

AVERAGE CBO ERROR

[In percentage points]

	1-yr forecast	2-yr forecast	3-yr forecast
GNP	1.7	3.3	3.9
CPI	3.4	5.0	6.8
Unemployment	.3	1.0	2.0
Budget	19.1	34.9	67.3

Note: Data based on an analysis of CBO Forecasts between 1976 and 1980.

SPEECH OF MILTON FRIEDMAN TO NTLC SEMINAR

At best, the federal amendment cannot come into operation for something like four years. It must get out of the Senate and the House. It must pass the states and the amendment even then comes into force only after two additional fiscal years. You do have to allow for time to adjust to it.

So it will be about four years. How that amendment works and what it does for us depends critically on where we are at the end of those four years. That's why the President's proposals for restraining the federal budget, for holding down federal taxes, is an integral part of the campaign to get the amendment passed.

There is a short term and a long term element of that campaign. The short term element is to try to do the best we can in the next four years to hold down the budget so that the constitutional amendment starts from as low a base as possible.

You notice, I didn't talk about budget cuts and tax cuts. Nobody, but nobody is proposing a budget cut. Nobody but nobody is proposing a tax cut.

As Orrin Hatch was saying under the budget as it now stands, government spending next year would go up by something like a hundred billion dollars. What President Reagan has proposed is that it go up by fifty billion dollars instead of a hundred billion dollars.

Maybe I'm a penny pincher, but that doesn't look to me like a budget cut.

Similarly, under the Carter budget, taxes are scheduled to go up by about a hundred billion dollars. Under President Reagan's proposals, taxes would go up by something like fifty or sixty billion instead of a hundred billion. Again, I don't call that a tax cut.

What the President is proposing is a slowing down in the increase in spending and taxing. It's a move in the right direction, and don't misunderstand me. I think that the budget message and the tax message that President Reagan proposed are remarkable documents. They show a great deal of courage and go a great, long way in starting the process of cutting government down to size.

But they only start the process.

Let me say a word about the expenditure side, and then I will go to the tax side.

On the expenditure side, we had what was called a great victory a week or two ago, when the Congressional resolution was passed. But that was a first step in a long process.

As Orrin Hatch said, they passed a resolution to balance the budget last year. What happened to it? The recent budget resolution like the one last year, so far as I am concerned, is at the moment pure paper. It is a pure expression of sentiment. It carries no power. There is absolutely nothing to make Congress live up to it except pressure from the public at large.

The real fight will be fought in committee after committee as each individual set of cuts in proposed appropriations comes to that committee and has to be adopted. That's where the real fight is going to be fought. That's where you are going to have hand-to-hand fights.

The real question is whether the momentum can be maintained to keep the pressure on so that in those successive committee fights, we'll end up with the total that the President has asked for. That's a long, hard road.

Moreover, this is the year 1981; 1982 comes, 1983 comes, 1984 comes. The reason we are all part of the National Tax Limitation Committee and have been fighting for a constitutional amendment is because we recognize how difficult it is to hold down government spending through statutory means by considering one program after another. We recognize that for each individual program there is a big constituency that wants to cut government spending at somebody else's expense.

So the battle is just starting.

Never in my lifetime, and I suspect in most of yours, have we had as great an opportunity to win that particular battle, thanks to the vote last November, thanks to the special character of the man we have in the White House—a man who has been extraordinarily effective, who is a man of principle, who has been sticking by what he says and will continue to do so.

So we have a chance to win it but it is a very difficult battle and it has to be fought over and over again.

I want to come to the tax side. There has been a great deal of criticism on the part of the press, and particularly on what's called Wall Street—a place where there is a lot of financial muscle and very little wisdom.

I might add one more thing. I have always said that the two places in the country where you have the shortest foresight, where people look ahead the shortest period, are Wall Street and Washington. On Wall Street, you look to what is going to happen next week. At least in Washington, you look to the next Congressional election, which is a little longer, though not much.

At any rate, there has been a lot of criticism that the President's tax proposals are radical, inflationary, irresponsible, that you cannot now start to hold down taxes unless you first hold down government spending.

Who is making these arguments? They are coming from the people who brought us where we are. They are coming from the people who are responsible for our present big budget. They are coming from the people who are responsible for our present high taxes.

They know very well how to keep the taxes high. That's what they are experts in. But what they don't know and don't understand is how to get spending and taxes down.

In my opinion, the situation is precisely the reverse of what they claim. I know if I had a child who was spending too much, the most effective way to cut his spending would be to cut his allowance. If you know anybody, whoever it may be, and you ask yourself what would be most likely to make him spend less, you can be sure it's to cut his income.

It's no different with Congress. It's no different with government. The Congress is going to spend whatever the tax system raises, plus a good deal more. But that good deal more is not indefinitely expansive. Especially under current circumstances, when there is enormous popular pressure for a balanced budget. That's manifested in the form which this amendment took. It's manifested in the success which Jim Davidson and his associates have had in getting thirty states to call for a constitutional convention.

Deficits are unpopular. The way to get the budget restraints implemented is to make sure the feet of Congress and the Senate are kept to the fire of having to avoid excessive deficits. The way to do that is to hold down the amount of money they have coming in.

That is why I have long been in favor of cutting taxes under any circumstances for any excuse for any reason in any way whatsoever.

I strongly favor the particular kind of tax cuts that President Reagan has proposed, cuts that are for three years so that you only have to vote once to keep their feet to the fire three years in a row. It's a terrible thing to have to face this fight each year, year after year.

I like the idea that the tax adjustment is across the board for individuals because that gives you a broad basis of support in the populace. If I had my way, of course, I would like the reductions in rates to be even bigger. I think it would be nice if we could have tax changes that eliminated the whole of that hundred billion dollar increase that's scheduled in the budget.

But I am a little bit realistic, not often, but sometimes, and I recognize there are limits to what you can do. So I think the President's tax program makes a great deal of sense.

I'm not arguing for it on the mistaken view that people have attributed to some proponents of supply side economics. I am not arguing for it because I believe that cutting tax rates will increase government revenues. There is no doubt that there will be some effect in that direction. There is no doubt that cutting marginal tax rates on individuals will lead them to refrain from some tax shelters they might otherwise engage in, will lead them to work harder, will lead them to save more, to invest more effectively, and therefore that the reduction in revenue will be less than the Treasury will estimate by its standard procedures. But that's not my main argument.

In fact, if it were true that a particular cut in tax rates would increase government revenue, then I would say that the cuts weren't deep enough, because my objective is to reduce the revenue. I regard it as a disadvantage of a cut in tax rates if it does not decrease the revenue.

In order to get as much of an incentive effect as possible on enterprise, initiative, investment and so on, what you need to do is cut high marginal tax rates. There is no doubt that cutting those high marginal tax rates will have a big feedback effect by increasing the amount of income reported.

But we ought to cut tax rates deeply enough so that the feedback effect is more than offset and revenues decline. That is the only way, in my opinion, to bring effective pressure on Congress to keep spending down.

The other argument that is being made is that somehow tax cuts in tax rates are inflationary. Again, the people from whom that argument is coming are not the people I've heard in past years complain about inflation. The argument is coming from those people who produced the inflation, those people who have told us all along that we are unduly concerned about the problem of inflation and are not sufficiently concerned about the problem of unemployment.

Let me go to the argument itself. There are two points I want to make.

The first is inflation is not produced by the budget. Inflation is produced by the Federal Reserve System and nobody else. The Federal Reserve System has been behaving, in my opinion, very badly. It has been engineering extraordinarily erratic monetary growth over the past couple of years. It has recently embarked on an expansionary path of monetary growth, which if continued, threatens to torpedo much of the President's economic program.

If there is a wild bull in the china shop at the moment, unfortunately, it's the Federal Reserve. If you want to stop inflation that's where you've got to look.

The second point is, if you reduce government spending by a dollar, that takes a dollar out of the stream available to bid for goods and services. If you reduce tax receipts by a dollar, that adds a dollar to the stream. Why don't the two cancel out?

Is there some way in which, when the government spends a dollar, that's not inflationary? But when a private individual spends a dollar it is?

Is there some way when the government spends a dollar it adds to employment, but when a private individual spends a dollar it doesn't add to employment?

I must say that is a distinction which escapes me completely.

Those who are arguing against the tax proposals are completely wrong from beginning to end. They should be rejected. We should all support as strongly as we possibly can the adoption in full of the proposals that President Reagan has made to cut tax rates, as well as to restrain the budget.

As I said at the outset, we have reason for congratulation. I think the reporting of the amendment out of the Judiciary Committee is a marvelous thing and we ought to all be delighted with it. But we do not have any reason for complacency. We have not won. The first batter has been up to bat. The first ball has been thrown. The pitcher on our side got a strike. That's about where we are in this game.

Thank you.

Mr. SCHMITT. Madam President, I am happy to join my distinguished colleagues in this New Year's Eve party.

Tomorrow begins the new fiscal year. If not for the events of last November, this would have been like many other beginnings of fiscal years in the past. It would have marked the advent of another cycle of outrageous spending by the Government, burdensome taxation of earnings, and poor economic performances.

Last November, however, the people of this Nation asked for an end to that. They asked for relief from high taxation which paid for outdated or inefficient Government programs. They asked for relief from Government interference in their businesses and private lives. We gave the American people the relief for which they asked.

Not only did the Congress agree to major budget reforms in the Omnibus Reconciliation Act and also agreed to the largest tax cut in history, but the appropriations process is now under control for the first time in decades. This has been most clearly shown by the reforms and expeditious handling of the fiscal year 1981 rescissions and supplemental bill.

Tomorrow begins the program that we had the courage to enact. We have reason for pride. Over the past 9 months, we have cut the personal income tax burden more than any other time in the history of the United States. We have for the first time cut back on the rate of growth of the Government budget. More than that, we have shown that we are committed to restoring balance and growth to our Nation's economy.

We have done a good job, but it is not over. In fact, we have just begun. In order to achieve a goal of a balanced budget, further refinement must be found. It will be done. Other things must be achieved as well. My colleagues in the Senate know well my concern for the amount of saving done in today's economy. Saving, foregoing current consumption, is the capitalist economy's way of providing the basis of investment for future generations.

Savings are the source of capital for investment and that investment is the generator of increased productivity and employment. Investment means new plants and equipment and new jobs to build new production facilities and operate new machinery. If the critical element of personal savings is absent from this equation, then production and employment suffer. To achieve the economic goals of full employment and price stability that are the express goals of our national economic policy, it is crucial that our economy generate increased investment through increased savings.

Recent studies have shown a close correlation between rates of growth and the rates of savings and investment. It is, therefore, no coincidence that the United States, with the lowest rate of savings among major industrialized nations, is also affected with stagnating economic growth. The U.S. rate of savings as a percentage of national income in 1976 was only 4.9 percent compared to rates of 7.1 percent in England; 12.4 percent in France; 13.0 percent in Germany; and 20.9 percent in Japan.

The anemic level of U.S. savings as compared to the leading industrial nations of the world accounts, in part, for the declining GNP growth rate and high inflation rate of the United States as measured against these same nations. It is interesting to note that each of these countries offer considerably greater incentives to savings and investment than does the United States.

The tax cut that we have enacted will return more of the hard-earned wage to the wage earner and his or her family. When we voted on the tax cut, our hope then and our hope now is that the taxpayer would save his or her tax cut.

Consider, though, a person in the 35-percent tax bracket who saves $500 of his tax cut. Let us assume that he can get a 10-percent interest payment in 1 year on that $500 saving. In 1 year he will have $550. However, after we get through taxing his interest, he will have $532.50. The real rate of return on his investment will be 6.5 percent. Where is the incentive to save with inflation well above 6.5 percent? Can we blame the taxpayer for preferring consumer purchases to a low return on his savings?

With the "All Savers Act" there is reason to believe that the taxpayer will save. On the heels of All Savers there is a provision which, starting in 1985, will exclude 15 percent of net interest up to $3,000 from taxation. We need to do more.

This provision only begins to address the problem. In our work ahead we should strive to provide an incentive to save at all levels of saving. We should work to find a level of taxation on savings which will insure a large stock of inexpensive capital for our future.

We have plenty to be proud of as we move into the new fiscal year and into a new era of fiscal responsibility. Today is a good day to be proud, and tomorrow will be a good day to continue our work.

Mr. JEPSEN. Madam President, October 1, 1981, is the first day of the new Federal fiscal year. And, perhaps more important, the first day of America's new economic beginning.

Today, I join with my Senate colleagues to make the official inception of the Reagan economic program. The Reagan program for economic recovery offers even-handed approaches to cutting taxes and Federal spending in order to restore economic justice to all Americans.

As vice chairman of the Joint Economic Committee, I have chaired a number of hearings on the economic aspects of problems in our defense and farm industries. I have also presided over a series of hearings on the troubled social security program.

The bottom line solution to all of these problems is a healthy American economy—one that is not hindered by excessive regulation and taxation.

The Reagan program is the first step taken to cure the disease rather than simply cover up the symptoms. And, contrary to the charges of the President's critics, it has already made some important differences in our economic stability.

When the previous administration left office, the year-to-year inflation rate was 15.2 percent, unemployment was at 7.4 percent and Federal taxes took 22 percent of the gross national product.

By comparison, the year-to-year inflation rate, or CPI, is now running slightly under 9 percent. Unemployment is at 7.2 percent and when the President's first term is over about 19.5 percent of the GNP will go to Federal taxation.

All of that has occurred in this period before the tax and budget cuts have gone into effect.

Coupled with a substantial amount of the newly proposed budget cuts, I believe America is on the right track to return to a healthy economy.

The Joint Economic Committee will continue to examine economic matters of concern to the Congress and the American people.

William Albrecht, an associate professor of economics at the University of Iowa, recently wrote an article which offers a good summary of the Reagan program and the hope it offers for our economic recovery.

I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Daily Iowan, Sept. 25, 1981]

REAGAN'S ECONOMICS CAN WORK

(By William Albrecht)

Seven weeks ago, virtually everyone agreed that Ronald Reagan was a miracle worker. Not everyone liked the miracles, but the President had indeed achieved the impossible. He had talked Congress into a huge tax reduction and had persuaded it to reduce spending in areas long thought to be off limits to budget cutters. But heroes don't last very long in America. Reagan's miracles are now forgotten; instead we worry that he sleeps too soundly. After all, interest rates are high, the stock market is down, investors are jittery and Congress is on the verge of panic—its usual reaction to unpleasant news. Already we can read editorials announcing that Reagonomics is dead.

But obituaries for Reagan's economic program are premature. It has not even gone into effect yet. Moreover, the odds are that, given a chance, it will have reasonably successful results.

The four elements of Reaganomics—slower growth of government spending, lower tax rates, tight money and less regulation—have been thoroughly analyzed by friend and foe alike. Unfortunately, the debates over the specifics of each element have tended to detract attention from the program as a whole. And the basic rationale for what Reagan is trying to do can be understood only by looking at the entire package. This in turn requires an understanding of what makes a market system, or capitalism, work.

Capitalism is based upon what Adam Smith termed "the desire for bettering our conditions." It is a system that provides incentives for improving our conditions. People respond to these incentives by working, producing, saving, investing and taking risks. As a result of this activity wealth is created, and society's standard of living increases. Relatively few people do most of the investing and risk taking. Thus, it is a "trickle down" system. But it works. No other system comes close to matching capitalism's efficiency or ability to create wealth—for the worker as well as the entrepreneur.

If capitalism is to perform well, however, there must be adequate incentives for working, producing, saving, investing and taking risks. This means that for workers, there must be rewards for effort and penalties for lack of effort. For businesses, entrepreneurs and other risk takers, there must be rewards for success and penalties for failure. Without such rewards and penalties, economic stagnation is inevitable.

The basic thrust of the Reagan program is to increase (or restore) the incentives that make capitalism work. Over the past several decades, government has enacted many laws which have lessened incentives. Many, perhaps most, of these laws are desirable. No one of them has seriously reduced incentives. But as a whole, they have made a major contribution to the stagnation of the U.S. economy.

Income support programs reduce the penalties for not working and not saving. The high benefit-reduction rates in most such programs also reduce the risk taking, especially by small businesses and small investors. They also stifle competition and promote monopoly Government subsidies and bailouts to business, reduce the incentive to be efficient. Price controls reduce the incentive to invest where investment is most needed.

High tax rates and tax shelters provide incentives to invest in low productivity areas rather than high productivity ones. High tax rates also distort the incentives to work and save. The list goes on and on. Then add to this the impact of inflation on incentives. Inflation is, in part, responsible for high tax rates. It also generates political pressure for spending programs, such as those mentioned above, which reduce incentives. Additionally, inflation by itself is a great distorter of incentives. It punishes savers and rewards spendthrifts. It punishes those who invest in new technology and new factories and rewards those who invest in gold and other unproductive assets.

Stopping inflation, therefore, is essential to Reagan's attempt to restore incentives. And this is the aspect of the program which raises the most doubt. The administration is relying almost exclusively on tight money to control inflation. This and the huge borrowing demands by the federal government are causing today's high interest rates. High interest rates, of course, tend to choke off investment, and slow economic growth. The administration, therefore, in looking for additional budget cuts—even to the extent of questioning the once sacrosanct defense budget.

The trick now is to get the deficit small enough so that interest rates will fall without sacrificing an anti-inflationary monetary policy. If this can be done—and there is no economic reason why it cannot—it is likely that the rate of inflation will continue to decline. More importantly, our real income will start to grow.

With a little bit of luck—such as political stability in the Mideast—the economy, will do much better in the 1980s than it did in the 1970s. A number of shocks, including the dramatic rise in oil prices, the collapse of the old international monetary system and a change in the composition of the labor force, slowed the economy in the last ten years. We have finally adjusted to most of these changes, and the stage is almost set for a period of sustained, relatively non-inflationary growth. The major missing ingredient has been the incentives that will allow our capitalistic system to do what it does best—create wealth. The Reagan program promises to supply this ingredient. It should be given a chance.

Albrecht is a UI associate professor of Economics.

The PRESIDING OFFICER. The Senator from Florida is recognized.

THE PRESIDENT'S PROPOSALS TO FIGHT CRIME AND DRUG TRAFFICKING

Mr. CHILES. Madam President, the day before yesterday, the President unveiled his proposals to fight crime and drug trafficking. I would like to make a few comments and observations on his plans.

First of all, I am delighted that he has come forward with a plan. On May 13, exactly 20 weeks ago, I persuaded 12 other Senators to go with me to the White House and ask the President to make the fight on crime his No. 2 domestic priority, just after the economy. His speech yesterday shows that he has responded to the concerns we raised at that meeting, and is moving forward to fight crime. I am really pleased. I welcome his commitment and support. We need it. I certainly pledge my cooperation in this fight.

I was also pleased to see that he has come down so strongly in favor of the proposals that I and many of my colleagues are working on to fight crime and drug trafficking.

In the fight against drug trafficking:

The President wants to encourage crop eradication programs for illegal drugs grown overseas. That amounts to an endorsement of a bill I introduced earlier this year (S. 664). It lifts the present restrictions on using foreign assistance funds for that purpose. That bill has already been adopted by the Senate Foreign Relations Committee as an amendment to the foreign assistance bill which is now before us.

He wants to get the military more involved in helping law enforcement officials catch drug smugglers as they approach our shores. By doing so, he endorses a bill that I and several Senators proposed to amend the posse comitatus law. That bill, if enacted, would foster better detection of smugglers since it enables the military to pass on radar sightings to local police. That measure has already been approved by the Senate, as part of the defense authorization bill.

The House has also passed similar legislation. They are now in conference working out the differences in the defense authorization bill.

He wants to increase efforts to stop drugs at our borders. That sounds like my efforts to get the Coast Guard more involved in intercepting drugs. I was able to earmark $300 million for an expanded Coast Guard construction program, and I am trying to get the full amount funded in the Appropriations Committee.

He wants the IRS to be more involved in catching criminals and big time drug dealers through financial investigations. That is an endorsement of a bill (S. 732) Senator NUNN and I introduced to get the IRS more involved in catching big time criminals. That bill passed the Senate earlier this year as an amendment to the tax reform package. I am disappointed to say the House did not accept that in conference, but they have assured us they will hold hearings on it.

The President also outlined several proposals to reform our courts, to make sure that our criminal justice system is as fair to the victim of crime and to society as it is to the criminal. Once again, his proposals amount to an endorsement of several court reform measures that many of us in the Senate have been working on.

He wants to change the bail statutes, to make sure that dangerous criminals who are arrested are not put back on the streets. That concept—telling the judge to look at the danger that release of a person poses to the community—is a central feature of my bail reform proposal (S. 1253), and of several others introduced by other Senators. I would like to see him focus on the special problem of bail for drug traffickers who are arrested.

He wants to reform the so-called exclusionary rule, that at times lets the guilty go free because of a technical violation of the search and seizure rules by the police. I agree with that, and have endorsed this proposal in the past.

He wants to increase penalties for persons who use a firearm to commit a crime. One of the anticrime bills I am working on (S. 814) would do just that. I would also like to increase penalties for large scale marihuana traffickers.

I am deeply concerned, however, about another event that took place yesterday. While the President was announcing his tough, new offensive against crime, his budget cutters were slashing the budgets of Federal law enforcement agencies.

With the crime and drug trafficking situation being what is is, this is hardly the time to cut back on our law enforcement arms. I know that the President is committed to a strong national defense program. As far as I am concerned, the fight against crime and drug trafficking is every bit as vital to our national security as a strong defense program is.

I consider it to be domestic defense, and I do not think that we can afford cuts in domestic defense any more than we can afford to cut national defense.

I am especially concerned because the effect of the budget cuts would be to reduce our domestic defense budgets below the levels originally proposed by the Carter administration earlier this year.

The budget cuts proposed, according to the information I received, amount to a 6-percent cut in the FBI, a 12-percent cut in the Drug Enforcement Administration, a 10.4-percent cut in the Coast Guard, a 6-percent cut for U.S. attorneys, a 6-percent cut for the Customs Service, and a 4.5-percent cut for the Internal Revenue Service. And it is important to keep in mind that these cuts are based on the Justice Department budget submitted in March. That budget has already made cuts from the original law enforcement budget proposals that the Carter administration proposed in January. So at a time when the President is moving forward with a series of proposals to fight crime, his budget cutters are moving to deny our law enforcement agencies the resources they need to do the job. The President took a step forward in fighting crime on Monday, but I am afraid his budget cutters took a step backward at the same time.

Madam President, the table I am submitting sets out the budget requests for Federal law enforcement agencies at different points in this year.

Madam President, I ask unanimous consent that the table be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1982 BUDGET REQUESTS

[Dollar amounts in millions]

Agency	January 1981 (Carter)	March 1981	September 1981	Cuts from January 1981
FBI	$743.6	$739.0	$696.0	$47.5
DEA	236.2	228.5	201.0	35.2
U.S. attorneys	194.8	189.9	178.5	11.4
IRS	2,649.2	2,566.0	2,454.0	195.2
Customs Service	510.2	480.0	451.2	59.0
Coast Guard	2,200.7	2,193.0	1,964.4	236.3

Mr. CHILES. Madam President, I am serious about fighting crime, and I believe that the President's remarks on Monday show that he is serious, too. But it is vital that we make sure that our law enforcement agencies have the resources to win that fight. I am concerned that the budget cuts will cripple that effort to fight crime and drugs. And I do not think that is something that the President wants to do.

I yield back the remainder of my time.

RECOGNITION OF SENATOR FORD

The PRESIDING OFFICER. Under the previous order, the Senator from Kentucky is recognized for 15 minutes.

Mr. FORD. Madam President, I thank the Chair.

BUDGET AND OVERSIGHT IMPROVEMENT AMENDMENTS OF 1981

Mr. FORD. Madam President. I am today introducing for myself and Mr. BUMPERS a bill to amend the Congressional Budget and Impoundment Control Act of 1974, the Budget and Accounting Act of 1921, and the Legislative Reorganization Act of 1946. This action is motivated by the recent experience with budget and appropriations bills in Congress, particularly our current and familiar delay in enacting regular appropriation bills, and by a growing conviction that an annual budget cycle is no longer suitable to the needs of the Federal Government.

Each appropriation year the executive and legislative branches spend countless hours making hundreds of line item decisions. The time and energy consumed in this effort diverts both branches from focusing attention on the major budget and spending decisions. There is little doubt that these decisions can be better made on a 2-year rather than 1-year cycle.

In the past 5 years, deadlines for first and second budget resolutions have been met only twice out of ten reporting dates. The lag in the other eight completions extended for as many as 74 days. And, of course, this year, for fiscal 1982, we have already passed our September 15 deadline by 15 days, and the Senate is not expected to act on the second budget resolution until sometime in November. This would be 2 months after the completion date specified in the Budget Act and a full month into the new fiscal year.

In the same 5 years, only in one were all 13 regular appropriation bills enacted by the beginning of the fiscal year, and even in that year (fiscal 1977), a continuing resolution was needed to fund some programs, and for the 5 years, a total of 10 continuing resolutions had to be enacted. In 4 of the years, the enactment of the continuing resolutions lagged 10 to 17 days after the fiscal year began.

Clearly, we are not doing our budgeting jobs well. It is time we concentrated on making necessary improvements.

All of us chafed under the pressure and haste of this year's budget reconciliation measures. It is unwise to attempt reconciliation in the first budget resolution, and it is unwise in the reconciliation process to direct the standing committees to rush through ill-considered—if considered at all—changes in the substantive statutes which establish and shape Federal programs.

Such use of the Congressional Budget Act was never intended. Those pressure practices constitute a denial of due process to Members of Congress, and through them, to the public at large. The bill I introduce today—a nonpartisan commonsense bill—proposes to correct these procedural flaws. But it will do more because it proposes to establish a biennial budget cycle for the Federal Government.

By limiting reconciliation to the second budget resolution, the bill should prevent the mistakes that resulted this year from pressure and haste. The bill also offers a solution to the dilemma which has forced the Budget Committees to include reconciliation in the first resolution in the first place, by providing more time both for reconciliation and the second resolution, and by a proposal to withhold enrollment of spending bills until completion of the second resolution and reconciliation.

It has become increasingly clear to me that we in Government are not efficiently utilizing our time. The magnitude and complexity of our executive and legislative branch duties have grown by leaps and bounds—but the clock and the calendar remain unexpandable.

Among the things we can do to better organize our activities is to convert our budget-appropriation cycle to biennial, rather than annual. This is not a new idea. It has been proposed, propounded and considered in the past.

Annual authorizations, budgeting and appropriations have become so time-consuming that we scarcely finish the job 1 year before we must plunge into it again for the next. The rush is so great that not only is it questionable whether we do a good job, it is clear that our oversight and other legislative duties suffer severely from the annual budget demands.

In a recent article published in the March–April 1981 issue of Challenge, the Director of the Congressional Budget Office, Alice M. Rivlin, gave forthright expression to her views on the congressional budget process, and made several wise recommendations. Among these were her suggestions relating to a biennial budget system.

Dr. Rivlin commends the existing budget system as a vast improvement over pre-1974 methods, but acknowledged a widespread public perception that Congress does a bad job of budgeting. She attributed this to two main factors, namely, first, the failure to accept and deal with economic uncertainty as an inescapable fact of life, and second the propensity to try to do too much and make too many not-so-important decisions. She added,

> In particular, the annual budget cycle is a pernicious one. For most activities of government, annual review is too frequent . . . .

Further into her article, Dr. Rivlin observed:

> An obvious first step toward reducing the frequency of decisions on government programs would be two-year appropriations for almost everything. This would allow the Congress to use the first year of each two-year session for oversight and the second to enact a two-year appropriation.

After some thoughtful comments on the virtue, if not necessity, of longer continuity and reliability with respect to the funding of many government programs, the article concludes that:

> (1) Economic forecasting is still an uncertain art and economists' estimates of the effects of policy change leave much to be desired; (2) annual review of all spending is wasteful, and one-year-at-a-time budgeting impedes consideration of major budget changes with enough time to carry them out; and (3) a better system would involve fewer, less frequent appropriations, a multi-year planning cycle, but room for short-run flexibility in a few programs.

Consider how much valuable time can be saved, for our executive department officials and Members of Congress if we cut in half the budget tasks confronting us. Consider, for example, the substantial savings in printing costs alone, by making such a change.

There are many variations on what Congress can do with respect to scheduling authorizations, budgeting activities and appropriations bills. Our colleague, Senator BUMPERS, has this year introduced Senate Resolution 22, directing the Budget and Governmental Affairs Committees to conduct a study on the feasibility of moving to a biennial fiscal basis. However, I believe the potential benefits, not only to the Congress but to the executive branch, are so great that it would be better to move directly to consideration of a specific bill to accomplish this objective.

Some of the advantages of a 2-year budget system should be briefly noted. They are:

First, there will be savings of time, effort and money;

Second, multiyear planning, budgeting and appropriations will allow for more careful legislative work on all matters—new legislation, oversight, budget resolutions and appropriations;

Third, extending the budget period can and should introduce a greater degree of spending discipline and stability, and can be a major, effective step in curbing inflation; and

Fourth, State and local governments will benefit greatly from the increased certainty of the Federal impact on their plans and budgeting.

Twenty-one States, including my own State of Kentucky, have for several years successfully and profitably followed this practice. While there are, of course, many differences which make a State-Federal parallel less than perfect, biennial budgeting can be done successfully in the Federal Government, and I believe it should be done.

It is interesting to note that while past OMB Directors have had some objections and reservations to biennial fiscal proposals, the present Director, David Stockman, was a cosponsor of H.R. 2000, a bill introduced in the 96th Congress to provide for just such a 2-year budget, authorization, and appropriation system. Also this year, the General Accounting Office has already indicated its support for the concept in commenting on the Bumpers resolution.

Madam President, this is not an anti-budget procedure bill. It is not anti-Budget Committee, or Appropriations Committee, or any other committee. I sincerely believe this bill would strengthen the budget process and benefit every committee. More importantly, it would benefit the entire scope of all government operations, Federal, State, and local, and thus, of course, would benefit all the people these governments serve.

Madam President, I intend to ask that the bill lie on the desk for 3 days so my colleagues may join me in sponsoring this legislation.

Now, Madam President, I ask unanimous consent that following my remarks there be printed in the RECORD: First, the bill itself, second, a section-by-section analysis, and, third, a short summary of the bill.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1683

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Budget and Oversight Improvement Amendments of 1981".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds and declares that the present annual Federal budgeting process—

(1) allows insufficient time for the fulfillment by the Congress of its legislative and oversight responsibilities;

(2) allows in sufficient time for the review and consideration by the Congress of authorizing legislation, budget resolutions, and appropriation bills and resolutions and other spending measures;

(3) allows insufficient time for the evaluation of costly and complicated Federal programs, which contributes to the unrestrained growth of the Federal budget; and

(4) allows insufficient time for agencies and State and local governments to plan for the implementation of programs.

(b) It is the purpose of this Act to establish a more thorough and timely process for the adoption of the Federal budget by—

(1) establishing a two-year cycle for the adoption of the budget;

(2) including Federal loan guarantees and off-budget agencies and activities in budget totals and in the budget process;

(3) requiring the separate and distinct consideration of authorizing legislation, the budget, and appropriation bills and resolutions and other spending measures and thereby allowing full evaluation of the need for and the merits and costs of the various programs and agencies of the Federal Government;

(4) strengthening congressional procedures for the consideration of budget resolutions, reconciliation bills and resolutions, appropriation bills and resolutions, and other measures providing spending authority; and

(5) strengthening the requirement for congressional oversight of Federal programs by authorizing committees.

REVISION OF TIMETABLE

SEC. 3. Section 300 of the Congressional Budget Act of 1974 is amended to read as follows:

"TIMETABLE

"SEC. 300. The timetable with respect to the congressional budget process for any Congress (beginning with the Ninety-eighth Congress) is as follows:

"First Session

"On or before: Action to be completed:

November 10 (of the preceding session) President submits current services budget for the 2-fiscal-year budget period beginning in the succeeding even-numbered year.

January 10—President submits his budget for 2-fiscal-year period beginning in succeeding calendar year (the '2-fiscal-year budget period').

April 1—Congressional Budget Office submits report to Budget Committees with respect to 2-fiscal-year budget period.

May 1—Committees and joint committees submit reports to Budget Committees with respect to 2-fiscal-year budget period.

June 1—Committees report bills and resolutions authorizing new budget authority for 2-fiscal-year budget period.

July 1—Budget Committees report first concurrent resolution on the budget for 2-fiscal-year budget period to their Houses.

August 1—Congress completes action on first concurrent resolution on the budget.

October 1—Committees report allocations of first concurrent resolution among programs within their jurisdiction.

October 1—Congress completes action on bills and resolutions authorizing new budget authority for 2-fiscal-year budget period.

"Second Session

"On or before: Action to be completed:

January 10—President submits revised budget for 2-fiscal-year budget period.

April 1—Committees report bills and resolutions providing new budget authority and new spending authority for 2-fiscal-year budget period.

April 1—Congressional Budget Office submits report to Budget Committees with respect to 2-fiscal-year budget period.

June 15—Budget Committees report second required concurrent resolution on the budget to their Houses.

July 1—Congress completes action, except enrollment, on bills and resolutions providing new spending authority for 2-fiscal-year budget period.

August 1—Congress completes action on second required concurrent resolution on budget for 2-fiscal-year budget period.

September 25—Congress completes action on reconciliation bill or resolution, or both, implementing second required concurrent resolution.

October 1—2-fiscal-year budget period begins.".

TWO YEAR CYCLE FOR CONGRESSIONAL BUDGET PROCESS

SEC. 4. (a) Section 2(2) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking out "each year" and inserting in lieu thereof "biennially".

(b)(1) Section 3(1) of such Act is amended—

(A) by striking out "fiscal year" and inserting in lieu thereof "2-fiscal-year budget period"; and

(B) by striking out "such year" and inserting in lieu thereof "such period".

(2) Section 3(4) of such Act is amended by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period".

(3) Section 3 of such Act is further amended by adding at the end thereof the following new paragraph:

"(6) The term '2-fiscal-year budget period' means the period of 2 fiscal years beginning on October 1 of any even-numbered year.".

(c) Section 202(f)(1) of the Congressional Budget Act of 1974 is amended—

(1) by striking out "each year" and inserting in lieu thereof "each fiscal year in a 2-fiscal-year budget period";

(2) by striking out "fiscal year commencing on October 1 of that year" and inserting in lieu thereof "succeeding 2-fiscal-year budget period"; and

(3) by striking out "such fiscal year" each place it appears and inserting in lieu thereof "such 2-fiscal-year budget period".

(d)(1) Section 301(a) of such Act is amended—

(A) by striking out "MAY 15" in the subsection heading and inserting in lieu thereof "AUGUST 1 OF EACH ODD-NUMBERED YEAR";

(B) by striking out "May 15 of each year" in the first sentence and inserting in lieu thereof "August 1 of each odd-numbered year"; and

(C) by striking out "the fiscal year beginning on October 1 of such year" and inserting in lieu thereof "the 2-fiscal year budget period beginning on October 1 of the succeeding year".

(2) Section 301(c) of such Act is amended—

(A) by striking out "March 15 of each year" in the matter preceding paragraph (1) and inserting in lieu thereof "May 1 of each odd-numbered year"; and

(B) by striking out "the fiscal year beginning on October 1 of such year" in paragraph (2) and inserting in lieu thereof "the 2-fiscal-year budget period beginning on October 1 of the succeeding year".

(3) Section 301(d) of such Act is amended—

(A) by striking out "fiscal year" in the first sentence and inserting in lieu thereof "2-fiscal-year budget period";

(B) by striking out "April 15 of each year" in the third sentence and inserting in lieu thereof "July 1 of each odd-numbered year";

(C) by striking out "the fiscal year beginning on October 1 of such year" in the third sentence and inserting in lieu thereof "the 2-fiscal-year budget period beginning on October 1 of the succeeding year";

(D) by striking out "five" in paragraph (6) and inserting in lieu thereof "six";

(E) by striking out "such fiscal year" in paragraph (6) and inserting in lieu thereof "the first fiscal year of such 2-fiscal-year budget period,"; and

(F) by striking out "such period" in paragraph (6) and inserting in lieu thereof "such six fiscal year period".

(4) Section 301(e) of such Act is amended—

(A) by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period"; and

(B) by striking out "set for" in paragraph (1) and inserting in lieu thereof "set forth".

(e)(1) Section 303(a) of such Act is amended—

(A) by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period"; and

(B) by striking out "such year" and inserting in lieu thereof "such period".

(2) Section 303(b) of such Act is amended by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period".

(f) Section 304 of such Act is amended by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period".

(g)(1) Section 307 of such Act is amended—

(A) by striking out the section heading and inserting in lieu thereof "COMMITTEE ACTION ON APPROPRIATION AND OTHER SPENDING BILLS";

(B) by inserting "(a) Committee Action on Regular Appropriation Bills.—" before "Prior";

(C) by striking out "fiscal year" and inserting in lieu thereof "2-fiscal-year budget period";

(D) by striking out "that year" each place it appears and inserting in lieu thereof "that period"; and

(E) by adding at the end thereof the following new subsection:

"(b)(1) Reporting of Certain Measures By April 1 of Each Even-Numbered Year.—Except as provided in paragraph (2), all bills and resolutions providing budget authority or spending authority (as defined by section 401(c)(2)(C)) for any 2-fiscal-year budget period shall be reported to the House of Representatives and Senate no later than April 1 of the year in which such period begins.

"(2) If a committee of the House of Representatives or the Senate determines that changes in circumstances with the passage of time require a waiver of paragraph (1) with respect to any bill or resolution providing supplemental appropriations for any period, such committee may report, and the House or Senate may consider and adopt, a resolution waiving the application of such paragraph in the case of such bill or resolution.".

(2) The item relating to section 307 in the table of contents in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

"SEC. 307. Committee action on appropriation and other spending bills.".

(h)(1) Section 308(a) of the Congressional Budget Act of 1974 is amended—

(A) by striking out "fiscal year" in the matter preceding paragraph (1) and inserting in lieu thereof "2-fiscal-year budget period";

(B) by striking out "fiscal year" in paragraph (1)(A) and inserting in lieu thereof "2-fiscal-year budget period";

(C) by striking out "5" in paragraph (1)(B) and inserting in lieu thereof "6";

(D) by striking out "such fiscal year" in paragraph (1)(B) and inserting in lieu thereof "the first fiscal year of such 2-fiscal-year budget period";

(E) by striking out "such period" in paragraph (1)(B) and inserting in lieu thereof "such 6 fiscal year period";

(F) by striking out "fiscal year" in paragraph (2)(A) and inserting in lieu thereof "2-fiscal-year budget period";

(G) by striking out "such year" in paragraph (2)(A) and inserting in lieu thereof "such period";

(H) by striking out "5" in paragraph (2)(B) and inserting in lieu thereof "6";

(I) by striking out "such fiscal year" in paragraph (2)(B) and inserting in lieu thereof "the first fiscal year of such 2-fiscal-year budget period";

(J) by striking out "such period" in paragraph (2)(B) and inserting in lieu thereof "such 6 fiscal year period"; and

(K) by striking out "fiscal year" each place it appears in the last sentence of such subsection and inserting in lieu thereof "2-fiscal-year budget period".

(2) Section 308(b) of such Act is amended—

(A) by striking out "fiscal year" in the first sentence and inserting in lieu thereof "2-fiscal-year budget period";

(B) by striking out "fiscal year" each place it appears in paragraph (1) and inserting in lieu thereof "2-fiscal-year budget period";

(C) by striking out "fiscal year" in paragraph (2) and inserting in lieu thereof "2-fiscal-year budget period";

(D) by striking out "fiscal year" in paragraph (3) and inserting in lieu thereof "2-fiscal-year budget period";

(E) by striking out "such year" each place it appears in paragraph (3) and inserting in lieu thereof "such period"; and

(F) by striking out "fiscal year" each place it appears in paragraph (4) and inserting in lieu thereof "2-fiscal-year budget period".

(3) Section 308(c) of such Act is amended—

(A) by striking out "FIVE" in the subsection heading and inserting in lieu thereof "SIX";

(B) by striking out "each fiscal year"

each place it appears and inserting in lieu thereof "each 2-fiscal-year budget period";

(C) by striking out "5 fiscal year beginning with such fiscal year" and inserting in lieu thereof "6 fiscal years beginning with such 2-fiscal-year budget period"; and

(D) by striking out "such period" each place it appears and inserting in lieu thereof "such 6 fiscal year period".

(i) Section 309 of such Act is amended—

(1) by striking out "the seventh day after Labor Day of each year" in the matter preceding paragraph (1) and inserting in lieu thereof "July 1 of each even-numbered year"; and

(2) by striking out "fiscal year" each place it appears in paragraphs (1) and (2) and inserting in lieu thereof "2-fiscal-year budget period".

(j)(1) Section 310(a) of such Act is amended—

(A) by inserting "in each even-numbered year" after "report to its House" in the first sentence;

(B) by striking out "fiscal year" in the first sentence and inserting in lieu thereof "2-fiscal-year budget period";

(C) by striking out "fiscal year" each place it appears in subparagraphs (A) and (C) of paragraph (1) and inserting in lieu thereof "2-fiscal-year budget period"; and

(D) by inserting "or prior 2-fiscal-year budget periods" after "prior fiscal years" in subparagraph (B) of paragraph (1);

(2) Subsections (b) and (d) of section 310 of such Act are amended by striking out "each year" each place it appears and inserting in lieu thereof "each even-numbered year".

(3) Section 310(f) of such Act is amended—

(A) by striking out "It" and inserting in lieu thereof "In any even-numbered year, it"; and

(B) by striking out "fiscal year" and inserting in lieu thereof "2-fiscal-year budget period".

(k) Section 311 of such Act is amended by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period".

(l)(1) Section 401(a) of such Act is amended by striking out "fiscal year" and inserting in lieu thereof "2-fiscal-year budget period".

(2)(A) Section 401(b)(1) of such Act is amended by striking out "the fiscal year which begins during the calendar year in" and inserting in lieu thereof "the first 2-fiscal-year budget period which begins after the date on".

(B) Section 401(b)(2) of such Act is amended by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period".

(m)(1) Section 402 of such Act is amended—

(A) by striking out "REPORTING OF" in the section heading and inserting in lieu thereof "ACTION ON";

(B) by striking out the subsection heading for subsection (a) and inserting in lieu thereof "Dates for Reporting and Final Action.—(1)";

(C) by striking out "fiscal year" each place it papears in subsection (a) and inserting in lieu thereof "2-fiscal-year budget period";

(D) by striking out "May 15" in subsection (a) and inserting in lieu thereof "June 1 of the odd-numbered year"; and

(E) by adding at the end of subsection (a) the following new paragraph:

"(2) The Congress shall complete action on all bills and resolutions directly or indirectly authorizing the enactment of new budget authority for a 2-fiscal-year budget period no later than October 1 of the year preceding the year in which such period begins.".

(2) The table of contents in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking out "Reporting of" in the item relating to section 402 and inserting in lieu thereof "Action on".

(n) Section 605(a) of the Congressional Budget Act of 1974 is amended—

(1) by striking out "each year (beginning with 1975)" and inserting in lieu thereof "each even-numbered year (beginning with 1982)";

(2) by striking out "the ensuing fiscal year" and inserting in lieu thereof "the 2-fiscal-year budget period beginning in the following calendar year"; and

(3) by striking out "such ensuing fiscal year" and inserting in lieu thereof "such period".

(o) Section 607 of such Act is amended—

(1) by striking out "for a fiscal year (beginning with the fiscal year commencing October 1, 1976)" and inserting in lieu thereof "for a fiscal year or a 2-fiscal-year budget period (beginning on or after October 1, 1983)"; and

(2) by striking out "May 15 of the year preceding the year in which such fiscal year begins" and inserting in lieu thereof "May 15 of the year preceding the year in which the bills and resolutions setting forth such authorizations are to be reported under section 402".

ADDITIONAL AMENDMENTS TO CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

SEC. 5. (a) Section 2 of the Congressional Budget and Impoundment Control Act of 1974 (as amended by section 4(a) of this Act) is further amended—

(1) by striking out "and" after the semicolon at the end of paragraph (4);

(2) by redesignating paragraph (5) as paragraph (6); and

(3) by inserting after paragraph (4) the following new paragraph:

"(5) to provide for the congressional determination biennially of the appropriate level of gross obligations for the principal amount of direct loans and the appropriate level of commitments to guarantee loan principal; and".

(b)(1) Section 3(2) of such Act is amended by striking out "except that such term" and inserting in lieu thereof "and includes the authority to make direct loans but".

(2) Section 3 of such Act (as amended by paragraph (1) of this subsection and section 4(b)(3) of this Act) is further amended by adding at the end thereof the following new paragraph:

"(7) The term 'direct loan' means a disbursement of funds by the United States or any officer or agency thereof (not in exchange for goods or services) under a contract which requires the repayment of such funds with or without interest, and in addition includes—

"(A) direct participation in a loan made and held by another person or government;

"(B) the purchase (through secondary market operations) of a loan made by another person or government; and

"(C) the acquisition of a federally guaranteed loan made by another person or government, as collateral or in satisfaction of default or other guarantee claims.".

(c)(1) Section 202(a) of the Congressional Budget Act of 1974 is amended by striking out "and (3)" and inserting in lieu thereof "(3) information with respect to direct loans and guarantees of loan principal, and (4)".

(2) Section 202(f)(1) of such Act (as amended by section 4(c) of this Act) is further amended by striking out "and (B)" and inserting in lieu thereof "(B) the levels of direct loans and guarantees of loan principal, and (C)".

(d) Section 301(a) of such Act (as amended by section 4(d)(1) of this Act) is further amended—

(1) by striking out paragraph (7);

(2) by redesignating paragraph (6) as paragraph (8), and (in such paragraph) striking out the semicolon and "and" and inserting in lieu thereof a period; and

(3) by inserting after paragraph (5) the following new paragraphs:

"(6) the appropriate level of total gross obligations for the principal amount of direct loans and the appropriate level of total commitments to guarantee loan principal;

"(7) an estimate of gross obligations for the principal amount of direct loans and an estimate of commitments to guarantee loan principal for each major functional category, based on allocations of the appropriate level of total gross obligations for the principal amount of direct loans and the appropriate level of total commitments to guarantee loan principal; and".

(e) Section 301(b) of such Act is amended to read as follows:

"(b) ADDITIONAL MATTERS IN CONCURRENT RESOLUTION PROHIBITED.—It shall not be in order in the Senate or the House of Representatives to consider any first concurrent resolution on the budget required by this section if such concurrent resolution on the budget includes any matter other than the matters described in paragraphs (1) through (8) of subsection (a).".

(f)(1) Section 301(c)(2) of such Act (as amended by section 4(d)(2) of this Act) is further amended—

(A) by striking out "the estimate" and inserting in lieu thereof "an estimate"; and

(B) by striking out ", and budget outlays resulting therefrom," and inserting in lieu thereof "and budget outlays resulting therefrom, the total amounts of gross obligations for the principal amount of direct loans, and the total amounts of commitments to guarantee loan principal,".

(2) Section 301(c) of such Act is further amended by inserting after "1946." the following new sentence: "The Committee on Banking, Finance, and Urban Affairs of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate shall each also submit to the Committee on the Budget of its House its recommendations as to the appropriate level of total gross obligations for the principal amount of direct loans and the appropriate level of total commitments to guarantee loan principal.".

(g)(1) Section 302(a) of such Act is amended—

(A) by striking out "and" after "total budget outlays" and inserting in lieu thereof a comma;

(B) by inserting a comma and "total gross obligations for the principal amount of direct loans, and total commitments to guarantee loan principal" after "total new budget authority"; and

(C) by inserting "or authorizing such obligations and commitments" after "such new budget authority".

(2) Section 302(b) of such Act is amended—

(A) by striking out "and" after the semicolon at the end of paragraph (1);

(B) by redesignating paragraph (2) as paragraph (3); and

(C) by inserting after paragraph (1) the following new paragraph:

"(2) the Committee on Appropriations of each House shall also, after consulting with the Committee on Appropriations of the other House, subdivide among its subcommittees the allocation of gross obligations for the principal amount of direct loans and the allocation of commitments to guarantee loan principal allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution; and".

(h) Section 304 of such Act (as amended by section 4(f) of this Act) is further amended by adding at the end thereof the following: "It shall not be in order in the Senate or the House of Representatives to consider any concurrent resolution on the budget revising a concurrent resolution on the budget for any fiscal year which is adopted before the adoption of the second concurrent resolution on the budget required for such fiscal year under section 310 if the concurrent resolution making such revisions includes any matter other than the matters described in paragraphs (1) through (6) of section 301(a). It shall not be in order in the Senate or the House of Representatives to consider any concurrent resolution on the budget revising the second concurrent resolution on the budget required for a fiscal year under section 310 or any concurrent resolution on the budget for such fiscal year adopted after such second concurrent resolution if the concurrent resolution making such revisions includes any matter other than the matters described in paragraphs (1) through (6) of section 301(a) and paragraphs (1) through (4) of section 310(a).".

(i) Section 307(a) of such Act (as amended by section 4(g)(1) of this Act) is further amended—

(A) by striking out "and" after "budget outlays" and inserting in lieu thereof a comma; and

(B) by inserting ", gross obligations for the principal amount of direct loans, and commitments to guarantee loan principal," after "new budget authority".

(j)(1) Section 308(a) of such Act (as amended by section 4(h)(1) of this Act) is further amended—

(A) by striking out "and" after the semicolon in subparagraph (B) of paragraph (1);

(B) by inserting after subparagraph (C) of paragraph (1) the following new subparagraph:

"(D) how the level of gross obligations for the principal amount of direct loans and the level of commitments to guarantee loan principal provided in that bill or resolution compare with the appropriate level of gross obligations for the principal amount of direct loans and the appropriate level of commitments to guarantee loan principal set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year and the reports submitted under section 302; and";

(C) by striking out the period at the end of subparagraph (B) of paragraph (2) and inserting in lieu thereof a semicolon and "and";

(D) by inserting after paragraph (2) the following new paragraph:

"(3) in the case of a bill or resolution providing new or increased commitments to guarantee loan principal—

"(A) how the new or increased commitments to guarantee loan principal provided in the bill or resolution will affect the levels of loan guarantees under existing law as set forth in the report accompanying the first concurrent resolution on the budget for such 2-fiscal-year budget period, or, if a report accompanying a subsequently agreed to concurrent resolution for such period sets forth such levels, then as set forth in that report; and

"(B) a projection for the period of 6 fiscal years beginning with the first fiscal year in such 2-fiscal-year budget period, of the outlays which will result from that bill or resolution in each fiscal year in such 6-year period."; and

(E) by striking "or (2)(B)" in the last sentence and inserting in lieu thereof a comma and "(2)(B), or (2)(C)".

(2) Section 308(b) of such Act (as amended by section 4(h)(2) of this Act) is further amended—

(A) by inserting "and commitments to guarantee loan principal" after "new budget authority" in the first sentence and in paragraph (2);

(B) by striking out "and" after the semicolon at the end of paragraph (3);

(C) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon and "and"; and

(D) by adding at the end thereof the following new paragraph:

"(5) an up-to-date tabulation comparing the gross obligations for the principal amount of direct loans and the commitments to guarantee loan principal for such fiscal year in bills or resolutions on which the Congress has completed action to the gross obligations for the principal amount of direct loans and the commitments to guarantee loan principal set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year and the reports submitted under section 302.".

(3) Section 308(c)(1) of such Act (as amended by section 4(h)(3) of this Act) is further amended—

(A) by striking out "and" after "budget authority" and inserting in lieu thereof a comma; and

(B) by inserting a comma and "total gross obligations for the principal amount of direct loans, and total commitments to guarantee loan principal" after "budget outlays".

(k)(1) Section 309 of such Act (as amended by section 4(l) of this Act) is further amended—

(A) by inserting "(a) Completion of Action Required.—" before "Except";

(B) by inserting "or specifying the level of gross obligations for the principal amount of direct loans or the level of commitments to guarantee loan principal for such fiscal year," after "such year," where it first appears in paragraph (1); and

(C) by adding at the end thereof the following new subsection:

"(b) LIMITATION ON ENROLLMENT.—Bills and resolutions providing new budget authority for any 2-fiscal-year budget period or new spending authority described in section 401(c)(2)(C) for any 2-fiscal-year budget period shall not be enrolled until the concurrent resolution required to be reported under section 310(a) for such 2-fiscal-year budget period has been agreed to, and if a reconciliation bill or reconciliation resolution, or both are required to be reported under section 310(c) for such 2-fiscal-year budget period, until Congress has completed action on that bill or resolution, or both.".

(2) The section heading for section 309 of such Act is amended by striking out "AND CERTAIN NEW SPENDING AUTHORITY" and inserting in lieu thereof a comma and "SPECIFYING DIRECT LOANS OR COMMITMENTS TO GUARANTEE LOAN PRINCIPAL, OR PROVIDING NEW SPENDING AUTHORITY; LIMITATION ON ENROLLMENT OF CERTAIN BILLS AND RESOLUTIONS".

(3) The item relating to section 309 in the table of contents in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking out "and certain new spending authority" and inserting in lieu thereof a comma and "specifying direct loans or commitments to guarantee loan principal, or providing new spending authority; limitation on enrollment of certain bills and resolutions".

(l) Section 310(a) of the Congressional Budget Act of 1974 (as amended by section 4(j)(1) of this Act) is further amended—

(1) by striking out "or" after the semicolon at the end of paragraph (3);

(2) by redesignating paragraph (4) as paragraph (5) and (in such paragraph) striking out "and (3)" and inserting in lieu thereof "(3), and (4)";

(3) by inserting after paragraph (3) the following new paragraph:

"(4) specify the total amount by which gross obligations for the principal amount of direct loans and the total amount by which commitments to guarantee loan principal are to be changed and direct the committees having jurisdiction to recommend such changes; or"; and

(4) by inserting before the third sentence the following: "It shall not be in order in the Senate or the House of Representatives to consider any such concurrent resolution which contains any matter other than the matters described in the first two sentences of this subsection or which directs any committee to determine and recommend changes in laws, bills, and resolutions authorizing the enactment of new budget authority for any 2-fiscal-year budget period.".

(m) Section 310(e)(2) of such Act is amended by striking out "20" and inserting in lieu thereof "100".

(n)(1) Section 311(a) of such Act (as amended by section 4(k) of this Act) of 1974 is further amended—

(A) by inserting "specifying the level of gross obligations for the principal amount of direct loans or the level of commitments to guarantee loan principal for such 2-fiscal-year budget period," after "effective during such 2-fiscal-year budget period," in the matter preceding paragraph (1); and

(B) by inserting "would cause the appropriate level of gross obligations for the principal amount of direct loans or the appropriate level of commitments to guarantee loan principal set forth in such concurrent resolution to be exceeded," after "exceeded," in the matter following paragraph (3).

(2) The section heading of section 311 of such Act is amended by inserting a comma and "LOANS AND LOAN GUARANTEE COMMITMENTS," after "SPENDING AUTHORITY".

(3) The item relating to section 311 in the table of contents in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting "loans and loan guarantee commitments," after "spending authority".

(o) Section 402(a) of the Congressional Budget Act of 1974 (as amended by section 4(m)(1) of this Act) is further amended by inserting "or which authorizes the guarantee of the repayment of indebtedness incurred by another person or government for a 2-fiscal-year budget period," after "for a 2-fiscal-year budget period,".

(p)(1) Title IV of such Act is amended by adding at the end thereof the following new sections:

"LEGISLATION PROVIDING AUTHORITY TO MAKE DIRECT LOANS OR TO GUARANTEE THE REPAYMENT OF INDEBTEDNESS

"SEC. 405 It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which provides, extends, or enlarges authority to incur obligations for the principal direct amount of loans or guarantee the repayment of indebtedness incurred by another person or government (or any amendment which provides, extends, or enlarges such authority) unless that bill, resolution, or amendment also provides that such authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

"REPORTS

"SEC. 406. (a)(1) The reports required by sections 301(c), 302(b), 308(b), and 308(c) shall contain the tables described in subsection (b).

"(2) Any—

"(A) concurrent resolution on the budget reported by the Committee on the Budget of the Senate or the House of Representatives under section 301, 304, or 310 of this Act; and

"(B) bill or resolution reported by a committee of the Senate or the House of Representatives which provides, modifies, or terminates budget authority or spending authority described in section 401(c)(2)(C), or which contains or modifies estimates of budget outlays, shall be accompanied by a report containing the tables described in subsection (b). The conference report on any bill or resolution described in clause (A) or (B) of the preceding sentence shall be accompanied by a joint statement of the managers containing such tables.

"(b)(1) The tables required by subsection (a) shall set forth estimates of budget authority, spending authority described in section 401(c)(2)(C), and budget outlays for each of the accounts (to which the report, bill, or resolution referred to in such subsection pertains) which are set forth in the Budget Accounts Listing contained in the Budget of the United States Government submitted by the President pursuant to section 201(a) of the Budget and Accounting Act, 1921, during the Congress in which the report referred to in subsection (a)(1) is made or the bill or resolution described in subsection (a)(2) is reported. If any such report, bill, or resolution contains provisions involving budget authority, spending authority, or outlays for which accounts have not been included in such Budget Accounts Listing, the estimates therefor in the table required by this subsection shall be set forth in account records with account identification codes assigned by the Director of the Congressional Budget Office.

"(2) The tables described in paragraph (1) which are required to be included in the reports required by sections 301(c), 302(b), 308(b), and 308(c), and in the reports accompanying any concurrent resolution on the budget reported under sections 301, 304, and 310 shall also set forth estimates for the budget authority and spending authority described in section 401(c)(2)(C) which will become available without further congressional action and estimates of the outlays that will result from such budget authority and spending authority. With respect to the reports required by sections 301(c) and 302(b), the estimates described in the preceding sentence are only required for the accounts or portions of accounts relating to the subject matter within the legislative jurisdiction of the committee submitting the report.".

(2) The table of contents in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 404 the following new items:

"Sec. 405. Legislation providing authority to make direct loans or to guarantee the repayment of indebtedness.

"Sec. 406. Reports.".

(q)(1) Section 606 of the Congressional Budget Act of 1974 is repealed. Section 607 of such Act (as amended by section 4(o) of this Act) is redesignated as section 606.

(2) The table of contents in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking out the item relating to section 606 and redesignating the item relating to section 607 as the item relating to section 606.

(r)(1) Section 802 of the Congressional Budget Act of 1974 is amended to read as follows:

"BUDGET ACCOUNTS

"Sec. 802. The Budget of the United States Government submitted pursuant to section 201 of the Budget and Accounting Act, 1921, for the 2-fiscal-year budget period beginning on October 1, 1984, and the estimates of outlays and proposed budget authority required to be submitted under section 605 of this Act for such 2-fiscal-year budget period, shall be set forth in the same accounts which are set forth in the Budget Accounts Listing contained in the Budget of the United States Government submitted for fiscal year 1982 under section 201(a) of the Budget and Accounting Act 1921. Any change in the accounts used in the Budget of the United States Government submitted under section 201(a) of the Budget and Accounting Act, 1921, for the 2-fiscal-year budget period beginning on October 1, 1984, or any succeeding 2-fiscal-year budget period or in the estimates of outlays and proposed budget authority required under section 605 of this Act for any such 2-fiscal-year budget period, from the accounts set forth in the Budget Accounts Listing contained in the Budget submitted under section 201(a) of the Budget and Accounting Act, 1921, for fiscal year 1982 or the preceding 2-fiscal-year budget period, as the case may be, shall be made only in consultation with the Committees on Appropriations, the Committees on the Budget, and the committees having legislative jurisdiction over the programs or activities which will be affected by such changes. The provisions of this section shall not prohibit the inclusion of new accounts in the Budget Accounts Listing contained in the Budget submitted pursuant to section 201(a) of the Budget and Accounting Act, 1921, solely for purposes of presenting estimates for new programs.".

(2) The item relating to section 802 in the table of contents in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended to read as follows:

"Sec. 802. Budget Accounts.".

AMENDMENTS TO BUDGET AND ACCOUNTING ACT, 1921

Sec. 6. (a)(1) So much of section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), as precedes paragraph (1) thereof is amended to read as follows:

"(a) The President shall transmit to the Congress, by January 10 of the first session of each Congress beginning with the Ninety-eighth Congress, the Budget for the 2-fiscal-year budget period (as defined in section 3(6) of the Congressional Budget and Impoundment Control Act of 1974) beginning on October 1 of the succeeding calendar year. The Budget transmitted under this subsection shall include a proposed Budget for each of the two fiscal years in such period, the President's Budget Message, summary data and text, and supporting detail. The Budget shall set forth in such form and detail as the President may determine (with respect to each fiscal year in such 2-fiscal-year budget period)—".

(2) Section 201(a)(5) of such Act is amended by striking out "the ensuing fiscal year and projects for the four fiscal years immediately following the ensuing fiscal year" and inserting in lieu thereof "each such fiscal year and projections for the four fiscal years immediately following the second fiscal year in such 2-fiscal-year budget period".

(3) Section 201(a)(6) of such Act is amended by striking out "the ensuing fiscal year and projections for the four fiscal years immediately following the ensuing fiscal year" and inserting in lieu thereof "each such fiscal year and projections for the four fiscal years immediately following the second fiscal year in such 2-fiscal-year budget period".

(4) Section 201(a)(9) of such Act is amended by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period".

(5) Section 201(a)(12) of such Act is amended—

(A) by striking out "fiscal year" in subparagraph (A) and inserting in lieu thereof "2-fiscal-year budget period";

(B) by striking out "each of the four fiscal years, immediately following that ensuing fiscal year" in subparagraph (B) and inserting in lieu thereof "each of the four fiscal years immediately following the second fiscal year in such 2-fiscal-year budget period"; and

(C) by striking out "and" after the semicolon in subparagraph (B).

(6) Section 201(a)(13) of such Act is amended—

(A) by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period"; and

(B) by striking out the period at the end thereof and inserting in lieu thereof a semicolon and "and".

(7) Section 201(a) of such Act is further amended by adding at the end thereof the following:

"(14) all essential facts regarding direct lending by the Government, and guarantees by the Government of the repayment of indebtedness incurred by another person or government.

By January 10 of the second session of each such Congress the President shall transmit to the Congress any revision he may desire to make in the Budget transmitted in the first session of that Congress.".

(b) Section 201(b) of such Act is amended by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period".

(c) Section 201(c) of such Act is amended—

(1) by striking out "the first four fiscal years" in paragraph (1) and inserting in lieu thereof "each fiscal year in the first four 2-fiscal-year budget periods";

(2) by striking out "ensuing fiscal year" in such paragraph and inserting in lieu thereof "ensuing 2-fiscal-year budget period";

(3) by striking out "fiscal years" in paragraph (2) and inserting in lieu thereof "2-fiscal-year budget periods"; and

(4) by striking out "ensuing fiscal year" each place it appears in such paragraph and inserting in lieu thereof "ensuing 2-fiscal-year budget period".

(d) Section 201(d) of such Act is amended—

(1) by striking out "fiscal year" and inserting in lieu thereof "2-fiscal-year budget period";

(2) by inserting a comma and "for each fiscal year in such 2-fiscal-year budget period," after "separately"; and

(3) by striking out "items enumerated in section 301(a)(1)–(5)" and inserting in lieu thereof "items enumerated in section 301(a)(1)–(8)".

(e) Section 201(e) of such Act is amended—

(1) by striking out "each fiscal year" and inserting in lieu thereof "each 2-fiscal-year budget period"; and

(2) by striking out "such fiscal year" and inserting in lieu thereof "each fiscal year in such 2-fiscal-year budget period".

(f) Section 201(f) of such Act is amended—

(1) by striking out "fiscal year" in the matter preceding paragraph (1) and inserting in lieu thereof "2-fiscal-year budget period";

(2) by striking out "completed fiscal year" in paragraph (1) and inserting in lieu thereof "completed 2-fiscal-year budget period";

(3) by striking out "such fiscal year" in such paragraph and inserting in lieu thereof "each fiscal year of such 2-fiscal-year budget period"; and

(4) by striking out "fiscal year" in paragraph (2) and inserting in lieu thereof "2-fiscal-year budget period";

(5) by striking out "such year" each place it appears in such paragraph and inserting in lieu thereof "each fiscal year of such 2-fiscal-year budget period"; and

(6) by striking out "year" each place it appears in paragraph (3) and inserting in lieu thereof "years".

(g) Section 201(g) of such Act is amended—

(1) by striking out "the ensuing fiscal year" in the first sentence and inserting in

lieu thereof "each fiscal year of the ensuing 2-fiscal-year budget period"; and

(2) by striking out "fiscal year" each place it appears in the last sentence and inserting in lieu thereof "2-fiscal-year budget period".

(h) Section 201(h) of such Act is amended by striking out "fiscal year" each place it appears and inserting in lieu thereof "2-fiscal-year budget period".

(i) Section 201(i) of such Act is amended—

(1) by striking out "each fiscal year" and inserting in lieu thereof "each 2-fiscal-year budget period"; and

(2) by striking out "fiscal year ending September 30, 1979" and inserting in lieu thereof "2-fiscal-year budget period beginning October 1, 1984".

(j) Section 201 of such Act is further amended by adding at the end thereof the following new subsection:

"(k) Notwithstanding any other provision of law, the President shall include in the Budget submitted under subsection (a) proposed budget authority, direct loans, and commitments to guarantee loan principal, and estimates of outlays and receipts for all activities of all departments, establishments, and instrumentalities of the Federal Government, except Government-sponsored corporations to the extent financed by wholly private funds.".

(k) Section 206 of such Act is amended by inserting immediately before the period a comma and "or at the request of a committee of either House of Congress. Such estimates, requests, and recommendations submitted pursuant to a request of either House of Congress or a committee of either House of Congress shall not be submitted until after the day on which the President transmits the Budget to the Congress under section 201 of this Act for the 2-fiscal-year budget period".

AMENDMENTS TO THE LEGISLATIVE REORGANIZATION ACT OF 1946

SEC. 7. Section 136 of the Legislative Reorganization Act of 1946 is amended to read as follows:

"SEC. 136. (a) In order to assist the Senate and the House of Representatives in—

"(1) their analysis, appraisal, and evaluation of the application, administration, and execution of the laws enacted by the Congress, and

"(2) their formulation, consideration, and enactment of such modications of or changes in those laws, and of such additional legislation, as may be necessary or appropriate,

each standing committee of the Senate and the House of Representatives (except the Committees on Appropriations, the Committees on the Budget, the House Committee on House Administration, the House Committee on Rules, and the House Committee on Standards of Official Conduct) shall review and study, on a continuing basis, the application, administration, and execution of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee.

"(b) During the period beginning on the 15th day after the Congress meets in each odd-numbered year and ending October 1 of the following even-numbered year, each standing committee of the House of Representatives and the Senate, to which subsection (a) applies, shall review and study—

"(1) the application, administration, execution, and effectiveness of those laws (or parts of laws) the subject matter of which is within the jurisdiction of that committee, and

"(2) the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof,

in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the Congress and whether such programs should be continued, modified, or eliminated. In addition, each such committee (during such period) shall review and study any conditions or circumstances which may indicate the necessity or desirability of enacting new or additional legislation within the jurisdiction of that committee (whether or not any bill or resolution has been introduced with respect thereto). The findings and determinations made by each such committee as a result of its oversight activities under this section in any year shall be reported to the House of Representatives or the Senate no later than October 1 of such even-numbered year, and shall constitute the basis for such committee's legislative work during the succeeding Congress.

"(c) To assist a standing committee in carrying out its responsibilities under this section, the head of each Federal agency which administers the laws or parts of laws under the jurisdiction of such committee shall provide to each legislative committee of the Senate and the House of Representatives having legislative jurisdiction over such program such studies, information, analyses, reports, and assistance as the committee may request.

"(d)(1) Upon request made by the chairman of a committee of the Senate or House of Representatives or a joint committee of Congress, the head of any agency shall furnish, without charge, to such committee or joint committee, computer takes or discs, together with explanatory documentation, containing information—

"(A) received, compiled, or maintained by the agency as part of the operation or administration of a program; or

"(B) specifically compiled pursuant to such a request in support of a review of a program.

"(2) The Committee on House Administration of the House of Representatives and the Committee on Rules and Administration of the Senate shall prescribe rules and regulations for their respective Houses which will minimize duplication of requests under paragraph (1) of this subsection.".

EFFECTIVE DATE

SEC. 8. The provisions of this Act and the amendments made by this Act shall take effect the first day of the 98th Congress, except that—

(1) the amendments made by section 4(n) of this Act shall take effect on November 9, 1982; and

(2) the provisions of section 8 of this Act shall take effect on the date of enactment of this Act.

FISCAL YEAR 1984

SEC. 9. (a) Notwithstanding the amendments made by sections 3, 4, 5, and 6 of this Act, the President shall submit to the Congress a budget for fiscal year 1984, and the estimates of outlays and proposed budget authority that would have been required under section 605 of the Congressional Budget Act of 1974 (as such section was in effect on November 8, 1982). The provisions of section 201(a) of the Budget and Accounting Act, 1921 (as such provisions were in effect on the day before the effective date of this Act), shall apply to the submission by the President of the Budget for fiscal year 1984. The provisions of section 605 of the Congressional Budget Act of 1974 (as such provisions were in effect on November 8, 1982) shall apply with respect to the submission of such estimates by the President.

(b) Notwithstanding the amendments made by sections 3, 4, 5, and 6 of this Act, the Congress shall complete action on the concurrent resolutions on the budget that would have been required for fiscal year 1984 under the provisions of the Congressional Budget Act of 1974 as such provisions were in effect on the day before the effective date of this Act. The provisions of the Congressional Budget and Impoundment Control Act of 1974 (as such provisions were in effect on the day before the date of enactment of this Act) shall apply with respect to concurrent resolutions on the budget for fiscal year 1984, bills and resolutions providing new budget authority or new spending authority for fiscal year 1984, and bills and resolutions authorizing the enactment of new budget authority for fiscal year 1984, except that—

(1) the provisions of section 301(b) of such Act (as such provisions were in effect on the day before the effective date of this Act) shall not apply with respect to fiscal year 1984;

(2) it shall not be in order in the Senate or the House of Representatives to consider any first concurrent resolution on the budget for fiscal year 1984 required by section 301 of such Act (as such section was in effect on the day before the date of enactment of this Act) if such concurrent resolution includes any matter other than the matters described in paragraphs (1) through (6) of subsection (a) of such section;

(3) it shall not be in order in the Senate or the House of Representatives to consider any concurrent resolution on the budget under section 304 of such Act (as such section was in effect on the day before the date of enactment of this Act) revising a concurrent resolution on the budget for fiscal year 1984 which is adopted before the adoption of the second concurrent resolution on the budget required for such fiscal year under section 310 of such Act (as such section was in effect on the day before the date of enactment of this Act) if a concurrent resolution making such revisions includes any matters other than the matters described in paragraphs (1) through (6) of section 301(a) of such Act (as such section was in effect on the day before the date of enactment of this Act);

(4) it shall not be in order in the Senate or the House of Representatives to consider any concurrent resolution on the budget under section 304 of such Act (as such section was in effect on the day before the date of enactment of this Act) revising the second concurrent resolution on the budget required for fiscal year 1984 under section 310 of such Act (as such section was in effect on the day before the date of enactment of this Act) or any concurrent resolution on the budget adopted after the second concurrent resolution if the concurrent resolution making such revisions includes any matter other than the matters described in paragraphs (1) through (6) of section 301(a) of such Act (as such section was in effect on the day before the date of enactment of this Act) and paragraphs (1) through (4) of section 310(a) of such Act (as such section was in effect on the day before the date of enactment of this Act);

(5) bills and resolutions providing new budget authority for any fiscal year or new spending authority described in section 401 (c)(2)(C) of such Act for fiscal year 1984 shall not be enrolled until the concurrent resolution required to be reported under section 310(a) of such Act (as such section was in effect on the day before the date of enactment of this Act) for such fiscal year has been agreed to, and if a reconciliation bill or reconciliation resolution, or both, are required to be reported under section 310(c) of such Act (as such section was in effect on the day before the date of enactment of this Act) for such fiscal year, until Congress has completed action on that bill or resolution, or both;

(6) it shall not be in order in the Senate or the House of Representatives to consider any concurrent resolution on the budget required under section 310(a) of such Act (as such section was in effect on

the day before the date of enactment of this Act) which contains any matters other than the matters described in the first two sentences of such section or which directs any committee to determine and recommended changes in laws, bills, and resolutions authorizing the enactment of new budget authority for fiscal year 1984;

(7) section 405 of such Act, as added by section 5(p) of this Act, shall apply with respect to fiscal year 1984; and

(8) section 802 of such Act, as amended by section 5(r) of this Act, shall apply with respect to fiscal year 1984.

Section-by-Section Analysis

Section 2 sets forth the purposes of the bill—to revise the work schedules for Congressional budget and program review activities so as to provide adequate time for thorough consideration of costly and complicated Federal programs.

Section 3 revises the timetables for the Federal budget process to provide for a biennial process in place of the current one-year process. Presidential estimates would be submitted for periods of two fiscal years; concurrent resolutions on the budget would be for two years; and appropriations and other spending bills would provide budget authority for two fiscal years. Within a two year period for considering and enacting a budget, the following activities would occur in the first session of a Congress:

President submits estimates to Congress;

Congressional Budget Office submits estimates to the Budget Committees;

Committees submit Views and Estimates Reports to the Budget Committees;

Legislation authorizing the enactment of new budget authority is reported (by June 1) and Congressional action is completed (by October 1);

Congress completes action on the required first budget resolution (by August 1);

Committees report their suballocations among programs within their jurisdictions of the portions of the totals in the first budget resolution (by October 1).

The focus of the first session is the first resolution and culminates in committees' allocations of the budget totals in the resolution among programs. A related provision, Section 5(p)(1), prescribes a level of detail absent from such allocations now, so that they will be more meaningful statements and can serve as a basis for preparing spending bills in the second session and for ascertaining if spending bills are consistent with the budget resolution totals and allocations.

In the second session, the focus is on the consideration and enactment of appropriations and other spending measures. A second budget resolution provides a vehicle for adjusting the overall totals to reflect changes in economic conditions, changes in priorities within major functional categories, and for reconciling differences between the spending bills and overall budget totals. Spending bills are withheld from enrollment until completion of action on the second budget resolution and reconciliation, if any. In recognition of the use of reconciliation to make extensive and substantial changes, more time is provided for their preparation and consideration (August 1 to September 25 instead of the 10 day period, September 15 to 25). A related provision, Section 5(m), increases the time for debate in the Senate from 20 to 100 hours, again in recognition of the fact that many substantive issues can be incorporated in a single reconciliation bill, which can require more deliberation than is possible in 20 hours.

Throughout the timetable, events have been arranged so that offices responsible for an action have time to use the results of prior, related actions. For example, Views and Estimates Reports are made due two months before the reporting date for the first budget resolution. Similarly, authorizations for appropriations are to be completed in the first session with appropriations not reported until the second session.

Section 4 makes changes throughout the Budget Act conforming to the revised timetable in Section 3. Also, 5-year projections of budget estimates are changed to 6-years to conform to the 2-fiscal-year periods.

Section 5 makes changes to the Congressional Budget Act to expand the coverage and improve the discipline of the congressional budget process and to correct conditions which have developed from efforts to improvise stronger enforcement within the current provisions of the Act.

1. Federal credit programs are made subject to inclusion in the President's budget requests, in budget resolutions and in other budget reports. (Numerous sections throughout the bill.)

2. A point of order is provided against the consideration of a first concurrent resolution or a revision thereto containing any matter other than that specifically enumerated in Section 301(a) of the Budget Act. (Sections 5(e) and 5(h)).

3. Appropriations and other spending measures are not to be enrolled prior to completion of action on the required second resolution and reconciliation bill or resolution, if any. This is to correct the problem which now can arise from the consideration and enactment of spending measures through a several month time period, some of which individually exceed the amounts "assumed" in the budget resolution, with the result being that "room" in the budget intended for other programs is preempted, thereby causing irresistible pressure to increase the totals. Under this procedure all bills would be held and all would be equally subject to adjustment in reconciliation. None would have enacted status; and none should, therefore, be regarded by agencies and the public as completed and used as a basis for commitments. This procedure will help reduce the need for Budget Committee chairmen to challenge bills on the Floor which are thought to exceed assumptions in the budget resolutions, which has sometimes led to disagreements over what was assumed, over the status of such assumptions, over committee prerogatives to differ from the assumptions, and over the role of the Budget Committee with respect to such details. A related change, Section 5(p)(1), by requiring greater specificity in committee allocation reports and in reports accompanying spending measures will also make it easier to see whether or not any bill is within the amounts in a committee's own allocation report and, therefore, within the totals allocated to the committee in the statement of managers accompanying the conference report on a budget resolution. (Section 5(k)(1)(C)).

4. A point of order is provided against budget resolutions containing instructions to Committees to make changes in program authorizations. This is in keeping with the express intent of the 1974 Budget Act, as stated in the legislative history, that budget resolutions, reconciliation instructions, and reconciliation bills and resolutions, not apply to authorizations. (Section 5(1)(4)).

5. The time for debate of a reconciliation bill or resolution in the Senate is increased from 20 to 100 hours. (Section 5(m)).

6. Certain tabular data is required for budget reports and reports accompanying budget resolutions and spending measures. Views and Estimates Reports, committees' allocations of first resolutions budget totals, CBO bill cost estimates, budget resolutions, and spending measures are to include or be accompanied by reports including tables in which the budgetary aspects of the report or measure are set forth in the same accounts used by the President in his budget estimates transmitted in January of the first session of the Congress. (Section 5(p)(1)). The purpose of this provision is to facilitate a ready comparison of the measures and reports to not only the President's estimates but to all other related documents throughout a budget cycle; that is, to provide a common language through which the recommendations and decisions can be expressed. In a related provision, the President is required to use the same account structure in both his current services estimates submitted in November and in the January budget recommendations, and is required to consult with the Budget Committees, the Appropriations Committees, and the authorizing committees on changes in the account structure from one fiscal period to another. The combined effects of these provisions are to provide a measure of stability in the form in which the budget is presented so that Congressional offices need not waste time figuring out a new structure, and for congressional decisions to be made within a consistent information structure so as to facilitate understanding beyond the circle of those most intimately involved in the process.

Flexibility in the presentation of new programs is provided through allowing the President's January budget to include new accounts not in the current services budget solely for the purpose of presenting new programs. Similarly, committees are permitted to use interim account numbers to report new programs. Account identification codes for such accounts are to be assigned by the Congressional Budget Office as a central reference point to maintain consistency in the account structure.

7. Section 606 of the Budget Act, which requires the Budget Committees to study and report on off-budget agencies is repealed. (Section 5(q)(1)). A related provision, Section 6(j), amends the Budget and Accounting Act, 1921, to require that all off-budget agencies, except government-sponsored corporations to the extent financed by wholly private funds, be included in the budget totals in the President's budget estimates. Additional amendments authorizing or directing the Budget Committees to include such agencies in budget resolutions are not considered necessary.

8. Related to item 6 above, the President is required to use the same account structure in his January estimates and his current services estimates submitted the preceding November, and account changes from one fiscal period to another are required to be made only in consultation with the Appropriations, Budget and authorizing committees. (The Budget Account Listing in the fiscal year 1982 Budget is designated as the beginning reference point.) This is an extension of the present provision which covers only the major functional categories and which requires consultation only with the Budget and Appropriations Committees. The change is a reflection of the increased involvement of authorizing committees in the details of the budget since the enactment of the Congressional Budget Act of 1974. Expansion of this provision is also a reaffirmation of the need for current services estimates to be submitted prior to the submission of the January estimates in order to provide a planning base to authorizing committees, which have the earliest action in the congressional budget process and therefore the greatest need for current services estimates in November. (Section 5(r).)

Section 6 makes changes in the Budget and Accounting Act, 1921, consistent with the two-fiscal-year budget process, and corresponding to the timetable in section 3.

Additionally, Section 6(j) requires that current off-budget agencies, except government-sponsored corporations to the extent financed by wholly private funds, be included in the budget totals in the President's budget estimates.

Also, Section 6(k) provides that committees can request and receive information on agencies' budget requests. The language of the existing provision is thought by some to limit such requests to the full House of Representatives or Senate. The prohibition against release by agencies of such information prior to the release of the President's estimates is retained.

Section 7 modifies and strengthens the legislative oversight requirements set forth in Section 136 of the Legislative Reorganization Act of 1946 to—

1. change the dates for committees to submit oversight activity reports from March 31 of the first session of a succeeding Congress to October 1 of the second session of the Congress in which the activities are performed;

2. specify that the oversight activity report for a committee is to provide the basis for the committee's legislative activity in the succeeding Congress;

3. require agencies to provide assistance to committees in the review of Federal programs and to provide information on computer tapes or discs, without charge, on request of a chairman of a committee of either House or of a joint committee. This is intended to clarify that existing laws requiring agencies to assess user charges on individuals and organizations to which information is supplied on computer tapes and discs do not apply to the Congress. It is expected that the common practice of exchanging computer tapes or copying the information from and returning agencies' tapes would be followed. Additionally, the House Committee on House Administration and the Senate Committee on Rules and Administration are to prescribe rules for their respective Houses which will minimize duplication of such requests.

Section 8 sets forth the effective dates, which are—

The first day of the 98th Congress, for the 2-fiscal-year budget process, except for the provision requiring the first 2-fiscal-year current services budget;

November 9, 1982, for the first 2-fiscal-year current services budget, which is to be submitted November 10, 1982, the year preceding the 98th Congress; and

The date of enactment, for the amendments to the Legislative Reorganization Act of 1946, revising legislative oversight requirements.

Section 9 contains provisions for the transition from a 1-fiscal-year to a 2-fiscal-year budget process. During the first session of the 98th Congress, two processes will take place, the First Session activities for the development of the first 2-fiscal-year budget, for fiscal years 1985 and 1986, and the enactment of the budget for the last 1-fiscal-year budget, for fiscal year 1984. Section 9 specifies that the budget for fiscal year 1984 is to be considered as if these amendments were not in effect, except that certain procedural changes made part of the 2-fiscal-year process are also by this Section made specifically applicable to the consideration of the fiscal year 1984 budget. These are—

1. A point of order is provided against the required first budget resolution or revisions thereof containing any matter not specified in the enumeration of the contents of a required first resolution.

2. Appropriations and other spending measures are not to be enrolled until action is completed on the required second resolution and the reconciliation bill or resolution, if any.

3. A point of order is provided against a required second resolution containing instructions with respect to authorizations for the enactment of new budget authority.

4. Views and Estimates Reports, committees' suballocations of budget resolution totals among programs, CBO bill cost estimates, budget resolutions, and appropriations and other spending measures are required to contain, or be accompanied by reports containing, tables in which the budgetary information is set forth in the same account records used in the President's January budget estimates.

5. The President's current services estimates and January budget estimates are required to be in the same account structure as that used in the fiscal year 1982 Budget, except for changes made in consultation with the Appropriations, Budget, and authorizing committees.

SUMMARY OF BUDGET AND OVERSIGHT IMPROVEMENT AMENDMENTS OF 1981

1. Establish a two year budget process. This would allow many deficiencies in the current process to be corrected, such as inadequate time for committees to prepare views and estimates reports and for the Budget Committee to consider them; and inadequate time for compliance with reconciliation instructions and consideration of reconciliation bills.

2. Specifically limit reconciliation to the second budget resolution, as was originally intended by the Budget Act; and provide a point of order against resolutions other than the required second resolution if they contain reconciliation instructions.

3. Specifically limit reconciliation instructions to spending laws and bills, again, as was originally intended by the Budget Act; and provide a point of order against reconciliation instructions which refer to other than spending bills or laws.

4. Withhold enrollment of new spending bills until after completion of action on the second resolution and reconciliation. This is necessary to prevent early bills from taking up the "room" in the budget and creating a situation where later "must" legislation creates irresistible pressure to break through the ceilings.

5. Include loan guarantees and off-budget activities in the budget. The present practice understates the budget and allows some government activities to escape the discipline of the budget process.

6. Stabilize the budget account structure and use it as a standard basis for budget-related reports so no more time will have to be wasted reacting to a new structure each year and so that the precise effects of budget-related bills and reports will be more readily apparent.

Mr. FORD. Madam President, I ask unanimous consent that the bill be held at the desk for 3 days so that other Senators may add their names as sponsors.

Mr. BAKER. Madam President, reserving the right to object, and I will not object, we have a problem with that. I do not like to cultivate the habit of having a bill lie at the desk for a long period of time for cosponsors. This is a special circumstance and I will not object to it.

The Senator and I have had discussions about the matter of referral of this bill and those matters have not yet been resolved, I do not believe, on either side of the aisle. This period will give us additional time to try to resolve that issue as well. In this case, I will not object to the bill lying at the desk for 3 days for further cosponsors.

Mr. FORD. Madam President, I thank the majority leader for his courtesy and understanding. I will not ask unanimous consent at this time that the bill be jointly referred but will withhold that for the 3 days that the bill be at the desk. I am hopeful that this can be cleared on both sides and that I might be able to proceed with a unanimous-consent agreement for joint referral.

Mr. BAKER. I thank the Senator from Kentucky. He is very considerate in that respect. I assure him I will work with him and the minority leader trying to clear the appropriate referral on this measure.

Mr. FORD. I thank the majority leader.

The PRESIDING OFFICER. The Chair would like to ask the Senator from Kentucky, Is this for 3 days of the session?

Mr. FORD. I do not want 3 legislative days. I want 3 calendar days. Today is Wednesday; so it would be Thursday, Friday, and Monday, if we are in session Friday. If we are not in session Friday, it would be until Tuesday.

It would be calendar days, not legislative days. I would want to get it off the desk.

Mr. BAKER. I interpret that to mean 3 days of session.

The PRESIDING OFFICER. That is the understanding of the Chair.

Without objection, it is so ordered.

Mr. FORD. I thank the Chair.

ORDER OF BUSINESS

Mr. BAKER. Madam President, what is the business before the Senate?

The PRESIDING OFFICER. There is one other special order for the Senator from West Virginia for a time not to exceed 5 minutes.

Mr. BAKER. Madam President, while we await his arrival or further instructions of the Senator from West Virginia, I ask that it be in order to suggest the absence of a quorum without charging it against the remaining special order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, on the advice of staff, I am informed that the distinguished minority leader cannot use his time under the special order in his favor at this moment. I ask unanimous consent that his time under the special order may be deferred until later in the day at his convenience.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. BAKER. Madam President, is there an order for morning business?

The PRESIDING OFFICER. There will now be a period for the transaction of routine morning business.

Mr. BAKER. Is there a time?

The PRESIDING OFFICER. Yes, there are 20 minutes, with a 3-minute limitation for speeches.

Mr. BAKER. Madam President, I ask the distinguished Senator from Wisconsin (Mr. PROXMIRE) if he needs more than 3 minutes?

Mr. PROXMIRE. Madam President, does the Senator from Tennessee not know that I am always brief? Three minutes is plenty.

Mr. BAKER. Three minutes will be a remarkable contrast to $16\frac{3}{4}$ hours, Madam President.

THE IMPACT OF THE MAJOR POWERS ON INTERNATIONAL BEHAVIOR

Mr. PROXMIRE. Madam President, for many years I have urged this body to ratify the Genocide Convention. Despite the fact that 83 nations have ratified this convention, it will not be effective without the support of the major powers and especially the superpowers. Until we add our support to the Genocide Convention, it will lack the solid foundation necessary to have a constructive effect.

Of course, some critics see U.S. ratification as merely a symbolic gesture. But international law, with major power backing, can be an effective tool in channeling international behavior. Major power diplomacy was instrumental in developing international commercial and corporate law, international environmental laws, international labor laws, administrative law, the law of the seas, territorial laws, and the laws of war.

All of these international laws follow from the presumption that certain domestic activities infringe upon the international community. With the Nuremberg trials after World War II, these activities came to include the violation of fundamental human rights. The Genocide Convention protects the most fundamental of these rights: namely, the right to live.

This is why it is so crucial for this Nation, in particular, to ratify the Genocide Convention. As a superpower, we have done more than anyone else in preserving and developing the present world order. As a nation, we have championed the cause of basic human rights for over 200 years. We were instrumental in the original endorsement of the Genocide Convention by the United Nations. And we can be instrumental in its general acceptance throughout the world.

But first we ourselves must ratify this convention.

CRUSADING PIONEER SURGEON ALTON OCHSNER IS DEAD AT 85

Mr. LONG. Madam President, throughout my years of public service, I have met many men and women of great achievements. But rarely have I known one whose achievements were so diverse or reached such heights as those attained by Dr. Alton Ochsner of New Orleans.

It is my sad duty to report on the death of Dr. Ochsner. He died in New Orleans last Thursday at the age of 85.

Dr. Ochsner was a great medical man, teacher, civic leader, and patriot. He was a beloved husband and father, whose three sons followed him in the practice of medicine.

Dr Ochsner's accomplishments were many.

He was the leading spirit in the formation and development of the Ochsner Medical Institutions, which revolutionized the practice of medicine in the Gulf South. The Ochsner Medical Institutions are housed in a $100 million facility in which 180,000 patients are seen each year.

Dr. Ochsner performed some 20,000 surgical operations on persons ranging from laborers to movie stars and presidents of nations.

He was identified by many as the Nation's chief foe of cigarette smoking. As early as 1936 he began warning that smoking causes lung cancer.

His civic activities included serving as president of the International House in New Orleans, the Cordell Hull Foundation for International Education, and of the Information Council of the Americas.

He was a prolific and distinguished writer, having authored 6 books, 24 sections of books, and more than 500 articles in medical journals.

His professional activities included serving as president of the International Society of Surgery, the Pan Pacific Surgical Association, the International Cardiovascular Society, the American College of Surgeons, the American Association of Thoracic Surgery, the Society of Vascular Surgery, and the American Cancer Society.

Honorary degrees came to Dr. Ochsner from 10 universities, including ones in Nicaragua, Spain, and Greece. Orders of merit were awarded him from Ecuador, Panama, Guatemala, and Venezuela.

As a teacher Dr. Ochsner influenced the careers of more than 3,000 medical students who took his courses. He wanted to be remembered most of all as a teacher.

Dr. Ochsner was an amazing man both professionally and personally who made great contributions to his city, State, Nation, and to all mankind. His life was dedicated to saving the lives of others.

It was to me a great personal honor to have counted Alton Ochsner among my friends, and I feel my own life was enriched by having known him.

Madam President, I wish to extend my deepest sympathy to Dr. Ochsner's widow, Jane, to his sons, Alton, Jr., John, and Mims, and to his daughter, Mrs. John Mann.

Madam President, I ask unanimous consent that a September 25, 1981, article in the New Orleans Times-Picayune/States-Item reporting on Dr. Alton Ochsner's death be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CRUSADING PIONEER SURGEON ALTON OCHSNER IS DEAD AT 85

(By John Pope)

Dr. Alton Ochsner Sr., internationally known surgeon and anti-smoking crusader, died at 12:35 p.m. Thursday in the Jefferson Parish hospital he helped found. He was 85.

Dr. Ochsner, who underwent heart surgery earlier this month at Ochsner Foundation Hospital, died of old age, said Thomas P. Gore, an Ochsner vice president. Gore said that the doctor's respiratory, cardiovascular and renal systems failed.

Dr. Ochsner was acclaimed as a surgeon and a medical innovator, but he was modest about what he thought a doctor could do.

"Eighty-five percent of your patients will get well no matter what you do," he said, "and a few will die. The doctor can influence the outcome of maybe 10 percent."

During his long career, Dr. Ochsner tried to influence the outcome of as many cases as he could. He performed surgery until April 4, 1968—four days before his 72nd birthday. On that day, he went through 11 operations before laying down his scalpel for the last time.

He performed more than 20,000 operations—including, in 1934, the first lung removal in the South—and his long roster of patients included actor Gary Cooper, golfing great Ben Hogan, Argentine President Juan Peron and a former president of Panama.

But Dr. Ochsner's reputation reached beyond the operating room. His primary joy was teaching, and he had more than 3,000 students, including Dr. Michael DeBakey, the famous Houston heart surgeon.

In a telephone interview from Houston Thursday, DeBakey called his former teacher "one of the giants of surgery in this century" and said his death was "a great, great loss."

On a broader educational level, Dr. Ochsner was one of the first to warn Americans about the health hazards of cigarette smoking. He began his antismoking crusade in 1936.

He also helped found the medical institution that bears his surname. Since its 1942 opening in an Uptown building near Touro Infirmary, the facility has expanded and now occupies a $100 million complex at 1516 Jefferson Highway which serves 180,000 patients annually.

Dr. Ochsner was president of several prestigious organizations related to his work, including the American College of Surgeons and the American Cancer Society. Besides such professional activities, he was Rex, king of Carnival, in 1948, and president of International House in 1962. He won The Times-Picayune Loving Cup in 1945. In 1980, Dr. Ochsner was named one of 13 fathers of the year in a nationwide list, and received the George Washington Award from Freedoms Foundation.

In The States-Item's centennial issue in June 1977, Dr. Ochsner was named the newspaper's Man of the Century in medicine.

He was born Edward William Alton Ochsner on May 4, 1896, in Kimball, S.D., and received his undergraduate degree in 1918 from the University of South Dakota. Two years later he earned his medical degree at Washington University in St. Louis.

Dr. Ochsner, who dropped his first two names, was an intern at the Barnes Hospital in St. Louis and a surgical resident at Chicago's Augustana Hospital under A. J. Ochsner, a cousin who took an interest in Alton Ochsner's career because his own son did not go into medicine.

Acting on his cousins suggestion, Dr. Ochsner went to Europe in 1922 as an exchange surgical resident at the universities of Zurich and Frankfurt. While abroad, he wrote—in German—the first of more than 500 medical articles he was to publish.

When he returned to the United States, the young doctor opened a surgical practice in Chicago with Dr. D. A. Orth. But after a year, he said, "I found myself driving 100 miles a day to visit patients. It was a waste of time. I liked what I was doing, but I knew by then that I wanted to teach."

Even though it meant a loss of more than half his annual pay—from $11,000 to $5,000—he accepted an offer to join the University of Wisconsin's surgical faculty. A year later, he succeeded the acclaimed Dr. Rudolph Matas as professor of surgery at Tulane University Medical School.

At Tulane, Dr. Ochsner instituted an educational method known as "the bull pen," in which a student had 30 minutes to examine a patient, diagnose his illness and defend that judgment before his peers—and before his instructor.

This method of teaching resulted in scores of anecdotes. In a documentary on Dr. Ochsner, one of his former students recalled panicking because his patient spoke nothing but Cajun French. In another case, after hearing a student's diagnosis, Dr. Ochsner shouted, "Why? Why? Why?" and the doctor-to-be fainted.

"I don't know who was more scared, he or I," Dr. Ochsner later said of that incident. He justified this method of instruction by saying that a doctor has to learn to perform quickly and under stress.

He gained respect at Tulane, but his life there was not easy. Then, as now, Tulane's medical school was affiliated with Charity Hospital, and Dr. Ochsner ran into opposition early from hospital administrators, who were aligned with Huey P. Long's political machine.

At one point, Long wanted a friend of his put on the Charity staff, but Dr. Ochsner objected because he felt the man was not qualified, said Gertrude Forshag, who became his secretary in December 1929 and stayed with him for the rest of his life.

Because of this climate, Dr. Ochsner wrote a despairing letter in 1930 to a friend, asking about an opening at another medical school. He explained that he was making the request because the political atmosphere at Charity Hospital made progress impossible.

Dr. Ochsner, who wrote the letter at work, planned to take it home to show his wife, and put it in the pocket of his coat, which he hung up while he made his rounds at Charity. Someone pilfered the letter and showed it to Long, who was so enraged that he had the young physician stripped of his affiliation with Charity. Until he could be reinstated there, Dr. Ochsner arranged with Tulane administrators to perform his surgery at Touro Infirmary in a 10-bed sector that became known as "the Tulane ward."

This was one of several incidents that led to the formation of the Louisiana State University Medical School.

Dr. Ochsner's banishment "was almost a blessing," said Forshag, who explained that he used it for research and reading that he would have been unable to do if he had been continuing his Tulane duties.

During the 1930s, Dr. Ochsner began talking with Tulane colleagues about the possibility of forming a private clinic where they could combine their medical skills.

He and the four department heads who were interested in the idea—Drs. Edgar Burns, Guy Caldwell, Francis LeJeune and Curtis Tyrone—wanted Tulane to operate the facility, but the university's administrators voted against the concept. Nevertheless, they let the doctors proceed on their own.

The idea continued to grow, and the doctors were able to get $500,000—the amount they figured they would need to open the clinic—from Hibernia National Bank by using no more collateral than their signatures after they had convinced Rudolf S. Hecht, chairman of the bank's board of directors, that it would be good for the city.

But not everyone was so enthusiastic. Many doctors still were wedded to the idea that a physician should practice alone, and some doctors even felt that Dr. Ochsner and his partners were traitors to their profession. On a spring day in 1941, a messenger dropped off a small leather bag at the home of each founder. Each bag contained 30 dimes and this message: "To help pay for your clinic. From the physicians, surgeons & dentists of New Orleans."

Nevertheless, plans for the clinic reached the point where the founding doctors had to name their fledging enterprise. New Orleans Clinic and Southern Clinic were suggested, but while Dr. Ochsner was in Ogden, Utah, on a professional trip, he received this telegram from his colleagues: "The baby has a name: the Ochsner Clinic."

On January 2, 1941, Ochsner Clinic opened in a building across Prytania Street from Touro Infirmary. At the end of World War II, it took over Camp Plauche, an Army medical facility near the East Bank approach to the Huey P. Long Bridge. Because it was a series of one-story frame buildings connected by walkways, it acquired the nickname "Splinter Village."

In 1954, the medical facility moved to its present location, 1516 Jefferson Highway. In addition to the Ochsner Foundation Hospital, the complex—now known as the Ochsner Medical Institutions—also houses the Ochsner Clinic for outpatient treatment, the Richard W. Freeman Research Institute and Brent House Hotel for patients' families and friends. Between the buildings and the Mississippi River levee is a frequently used heliport for medical emergencies, and because of the high number of Spanish-speaking patients, interpreters are on duty.

The hospital houses an Ochsner innovation: a family waiting room near the operating area where a patient's relatives can wait in privacy—and comparative silence—until the doctor tells them the outcome.

At this modern facility and at other hospitals, Dr. Ochsner continued to perform surgery until he was nearly 72. When he established the clinic, Alton Ochsner set 70 as the mandatory retirement age, but as a founder, he was able to bend the rule and continue operating for nearly two more years, said a spokesman for Ochsner Medical Institutions.

"The nurses all admired him for his daring ability to take on cases that no one was doing at the time," said Julie Carnahan, the nursing supervisor of Ochsner Clinic's Surgery Department, who worked with Ochsner since March 1942.

Carnahan described him as a "court of last resort" for some patients and explained why: "He was the man who would do something if it had to be done. In the early days, before antibiotics, if a patient had something that seemed hopeless like a brain tumor, he'd operate.

"He wasn't trying to be any miracle man, but he wasn't afraid. He felt that if he made the correct diagnosis, he would want to do the things that got the patient well. He'd tell people, 'If there's a reason for doing it, there's a reason for not putting it off.' That's the way he was."

Among his more dramatic moments in surgery were his use of a blowtorch in radical mastectomies, the first successful separation of Siamese twins—the daughters of Lafayette Mayor and Mrs. Ashton T. Mouton—joined at the sacrum, and the removal of the thyroid gland of Tomas Gabriel Duque, the former president of Panama. Dr. Ochsner performed the thyroidectomy in Panama at the request of Secretary of State Cordell Hull, who asked him to operate because Duque had helped the United States by engineering the overthrow of a pro-Nazi government.

Firsthand glimpses of most of Dr. Ochsner's surgical triumps generally were limited to the people in the operating room with him. But a closed-circuit television hookup let a roomful of doctors—meeting for a national convention in a New Orleans hotel—see how well he could work under pressure.

The operation was a removal of a cancerous lung. It seemed routine, and Dr. Ochsner was patiently describing each step to his enthralled audience. But suddenly, blood started gushing from a pulmonary artery because the tumor had penetrated the artery, and Dr. Ochsner's dissection of the cancer had punctured the blood vessel.

The commentary stopped; the surgeon had to act quickly to save the patient's life. He squeezed the artery to halt the flow of blood, holding it with one hand while sutures were put in to close the artery wall. He won this race with death.

Lung cancer was a disease he observed as a medical student. One of his professors summoned his class to see a person with this disease because, the instructor said, "you may never encounter another lung cancer in your entire careers."

But in 1936, Ochsner saw nine lung cancer patients in six months. By investigating their medical histories, he learned that each started smoking during World War I. This discovery, which led to more research into the link between cigarette smoking and health, was the start of his war against cigarettes.

Dr. Ochsner took his battle to the American Cancer Society and convinced the board of directors to go on record in favor of a resolution—backed by evidence from intense research—that cigarette smoking causes cancer.

Although the fiercely conservative Ochsner rallied against government intervention in many facets of American life—including medicine—and opposed the Medicare program, he believed the federal government should take a stronger role in the war against smoking.

He preached his anti-tobacco gospel to anyone who would listen. While Juan Peron was president of Argentina, Dr. Ochsner was flown to Buenos Aires to examine the dictator's vascular ailment. The doctor recommended surgery and began to prepare for Peron's incognito visit to Ochsner Clinic, but the Argentine strongman was overthrown in the mid-1950s and banished to Spain before he could make the journey.

Dr. Ochsner, who visited his patient twice in exile, told Peron he could avoid the operation by stopping smoking. The deposed despot took his advice.

One man whose life Ochsner saved on the operating table was Ben Hogan, the professional golfer. In 1949, while Hogan was recovering in a Texas hospital from injuries he suffered in an automobile accident, he developed blood clots in veins. Anti-coagulants were prescribed to thin his blood, and they touched off massive internal bleeding.

Alton Ochsner was summoned, and was rushed to Texas in a B-29 bomber, where he was forced to sit in the only available spot: the bombardier's seat.

To keep the clots from reaching the golfer's heart, Dr. Ochsner tied off the vena cava and gave Hogan medication to thicken his blood and stop the hemorrhaging.

On Hogan's recommendation, Gary Cooper came to Dr. Ochsner to repair a hernia—a task that had daunted doctors in four previous operations. The operation was vital, Cooper explained, because he had to be ready to ride horseback and perform some strenuous stunts in his next picture.

Working at Touro, Dr. Ochsner repaired the hernia and cleared Cooper for the movie. The film was "High Noon," and Cooper won his second Academy Award for his performance.

Until he was in his early 80s, Ochsner maintained an intense daily routine. After arising at 4 a.m. and performing the Royal Canadian Air Force exercises—including as many as 100 pushups—he worked until midnight. At Ochsner Medical Institutions, he insisted on using stairs until advancing age, coupled with arthritis in one knee, forced him to rely on elevators to get from floor to floor.

After Dr. Ochsner's last operation, colleagues gave him an abstract-looking collage made of gleaming surgical instruments set against a wooden block. The proud physician hung it on a paneled wall in his office.

Among his fellow workers, Dr. Ochsner is remembered as the sort of man who could inspire tremendous loyalty.

"Even when he was a young man, he was so appreciative and very helpful, and he hasn't changed too much since he's gotten older," Carnahan said. "He taught me an awful lot. He taught me so much that I feel I could almost diagnose patients and almost presuppose what he's going to tell them. I don't, of course, but it makes me feel more confident, and I can help people more.

"He was the kindest man I've ever known. He had a wonderful way with people and was very easy to know. He wasn't easily upset or frustrated. Everybody tried to please him, and everything went pretty well with him."

After he stopped his operating room work. Dr. Ochsner continued to make his rounds at the hospital, to treat patients—as many as four per day—and to keep up a schedule of speaking engagements before medical and non-medical organizations. Among his favorite topics was the danger of communism in the Western Hemisphere; he was a founder of the Information Council of the Americas, which spoke out against Communist inroads in Latin America.

In addition to writing more than 500 articles for medical journals, he wrote six books and 24 sections of books.

Dr. Ochsner received honorary degrees from 10 universities, including institutions in Nicaragua, Spain and Greece, and received orders of merit from Ecuador, Panama, Guatemala and Venezuela. These and other decorations and citations filled the walls in his and Forshag's offices at Ochsner Medical Institutions, and others were displayed in stacks atop filing cabinets ringing his secretary's desk.

An honorary fellow of the royal colleges of surgeons of Ireland and of England, Ochsner was president of the International Society of Surgery, the Pan-Pacific Surgical Association, the International Cardiovascular Society, the American College of Association for Thoracic Surgery and the Society for Vascular Surgery. The Alton Ochsner Surgical Society, composed of surgeons he trained, was established in 1959.

Dr. Ochsner was married twice. His first wife, Isabel Lockwood Ochsner, whom he married just before he went to Europe in 1922, died in 1969. The couple had a daughter, Isabel Ochsner Mann, and three sons.

The sons became doctors. Dr. Alton Ochsner, Jr., is in private practice, Dr. John L. Ochsner is chairman of surgery at Ochsner, and Dr. Mims G. Ochsner is a urologist there.

In 1970, Dr. Ochsner married Jane Kellogg Sturdy of Los Angeles.

In an interview with the Journal of the American Medical Association, Dr. Ochsner said he had been blessed throughout his long life with "Presbyterian luck": "If you do the right thing, no matter what happens, it will turn out for the best."

"I believe in luck," he added. "The harder I work, the luckier I get."

Mr. ABDNOR. Madam President, I say to the Senator from Louisiana that the good doctor was born and reared in South Dakota. We are extremely proud of the great record he has established. We deeply regret his passing, because he made a great, great contribution to this Nation. We were very proud of him in South Dakota.

Mr. LONG. I am sure the Senator joins me in regretting his passing.

TAX RETURN DISCLOSURE

Mr. GRASSLEY. Madam President, the Internal Revenue Service recently announced their intent to request the authority under Internal Revenue Code section 6103(k)3 to disclose tax return information to correct misstatements of fact by a taxpayer about his or her transactions with the Internal Revenue Service or information contained within the taxpayer's return. The purpose of this disclosure is to enable the Service to refute the claims of some tax protestors who allege they have successfully evaded tax without penalty or have been unfairly harrassed by the IRS. Certainly, the system of voluntary compliance depends upon each taxpayer's perception that everyone pays his or her fair shares; however, I am troubled about the ramifications of disclosing return information on the personal freedoms of individuals, even if that disclosure is for a limited purpose.

While I agree with the premise that all citizens should pay their fair share of the cost of operating our Government, I am concerned that this new authority might infringe upon each individual's right to privacy. Justice Douglas in Griswold against Connecticut described the right to privacy as a constitutional right within the penumbra of other Bill of Rights guarantees, including the first amendment right of freedom of speech and association, the fourth amendment right of people to be secure in their "persons, houses, papers and effects against unreasonable searches and seizures" and the ninth amendment which reserves to the people all powers not specifically enumerated in the Constitution.

Whether or not the disclosure of return information unconstitutionally or improperly violates an individual's right to privacy, depends on the reason for the disclosure and the type of information to be disclosed. The rationale for the disclosure and the choice of relevent information to be disclosed are value judgments to be made by an administrator. I know of no reason the current IRS Commissioner or his top level executives are unable to make these sensitive choices, but to give any agency such broad discretion in an area which would inhibit an individual's personal freedom seems to me unwise. The damage to an individual of an imprudent disclosure by the IRS could result in irreparable harm. Congress should carefully scrutinize the transfer of this power.

The Joint Committee on Taxation should not approve such a request in my judgment for the following reasons. Congress should establish two sets of standards for disclosures under section 6103 (k)3—one set governing what constitutes a permissible reason for disclosure of return information and a second set clearly setting forth the type of information the agency may disclose.

For the first set of standards, Congress should establish the specific reasons a taxpayer's return may be made public. Many taxpayers make misstatements of fact about their true tax liability for a variety of reasons, forgetfulness, bravado or an intent to encourage others to violate the law. The consequences of these misstatements vary in their degree of seriousness. Congress should clarify what type of factual misstatements should trigger disclosure of return information. The code section currently provides that the Service can disclose return information to refute misstatements of fact to the extent necessary for tax administration. This purpose is too broad and should be narrowed by congressional action.

The second set of standards should state what sort of return information is eligible for disclosure. All return information not relevent to law enforcement efforts should be off limits for disclosure.

The advantages of clear standards are numerous. Specific standards will shield an agency from constitutional challenge on the grounds that their actions are void because of the vagueness of the underlying statute. Also, standards will give Congress a yardstick by which to measure the actions of the Service.

The controversy brought about by the efforts of the IRS to publicize return information of certain taxpayers has emphasized one fact to me—the evolutionary character of our Tax Code. The Federal Government's need to collect revenue is not static; it continues to change as circumstances dictate. In this case, I am committed to insuring that whatever evolves is the result of a thorough and deliberate study by the legislative and executive branches of government. This matter is simply too important to leave it solely to the executive branch.

PROPOSED ARMS SALE

Mr. DODD. Madam President, section 36(b) of the Arms Export Control Act requires that Congress receive prior notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulated that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with the committee's intention to see that such information is available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point the notifications which have been received. The classified annex referred to in one of the covering letters is available to Senators in the office of the Foreign Relations Committee, room 4229 Dirksen Building.

There being no objection, the notifications were ordered to be printed in the RECORD, as follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 17, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81–41, concerning the Department of the Air Force's proposed Letter of Offer to Tunisia for defense articles and services estimated to cost $65 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81-41

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Tunisia.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	$40
Other	25
Total	65

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Four F-5F aircraft with spares, support, and training.

(iv) Military Department: Air Force (SCA).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending March 31, 1981.

(viii) Date Report Delivered to Congress: September 17, 1981.

POLICY JUSTIFICATION

TUNISIA—F-5 AIRCRAFT

The Government of Tunisia has requested the purchase of four F-5F aircraft with spares, support, and training at an estimated cost of $65 million.

This sale supports the foreign policy objectives of the United States by helping to provide a friendly country with the means to maintain its own defense.

Tunisia has no interceptor aircraft and no air defense capability at present to oppose the potential threat from neighboring countries. Tunisia's acquisition of interceptor aircraft is one phase of a five-year armed forces modernization program announced by Tunisia. This will be a normal FMS program with production leadtime of approximately two years, allowing sufficient time to train maintenance and operations personnel.

The sale of this equipment will not affect the basic military balance in the region.

The prime contractor will be the Northrop Corporation of Hawthorne, California.

Implementation of this sale will require the assignment in Tunisia of approximately 15 additional U.S. Government personnel and four contractor personnel for approximately two years.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 1981.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-85 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter of Offer to the United Arab Emirates for defense articles and services estimated to cost $800 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81-85

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: United Arab Emirates.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	$103
Other	697
Total	800

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Seven Improved-HAWK batteries, 343 missiles, ancillary equipment, and training.

(iv) Military Department: Army (UBH, OBA, and OAZ).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 17, 1981.

POLICY JUSTIFICATION

UNITED ARAB EMIRATES—IMPROVED-HAWK SURFACE-TO-AIR MISSILES

The Government of the United Arab Emirates (UAE) has requested the purchase of seven I-HAWK batteries, 343 missiles, ancillary equipment, and training at an estimated cost of $800 million.

This sale will contribute to the foreign policy and national security objectives of the United States by enhancing the ability of the UAE to provide for its own defense. A strong and independent UAE, that is able to defend itself, contributes to the stability of the Middle East. Enhancement of the UAE's defensive capabilities will be an important contribution to mutual interests in the region.

The addition of the I-HAWK air defense system will enable the UAE to respond to hostile aircraft threats upon its sovereign territory with organic air defense forces. This need was validated in the Air Defense Requirements Survey of the UAE conducted by the U.S. Government in 1980.

The sale of this equipment and support will not affect the basic military balance in the region. The I-HAWK or similar air defense systems are currently deployed in most countries of the region.

The prime contractor is the Raytheon Corporation of Andover, Massachusetts.

The implementation of this sale will require the assignment of approximately 40 U.S. Government and contractor personnel to the UAE.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 24, 1981.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-100, concerning the Department of the Army's proposed Letter of Offer to Turkey for defense articles and services estimated to cost $32 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C (b) of that statute.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81-100

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Turkey.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	$27
Other	5
Total	32

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Fifteen UH-1H helicopters with concurrent spare parts, ancillary equipment, and support.

(iv) Military Department: Army (UMG).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending 30 June 1981.

(viii) Date Report Delivered to Congress: September 24, 1981.

POLICY JUSTIFICATION

TURKEY—UH-1H HELICOPTERS

The Government of Turkey has requested the purchase of 15 UH-1H helicopters with concurrent spare parts, ancillary equipment, and support at an estimated cost of $32 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Turkey in fulfillment of its NATO obligations; furthering NATO rationalization, standardization, and interoperability; and enhancing the defense fo the Western Alliance.

The sale of these helicopters will enhance the airmobile capability and the search and rescue capabilities of the Turkish Armed Forces. Turkey will have no difficulty in absorbing these helicopters. These items will be provided in accordance with and subject to the limitations on use and transfer provided for under the Arms Export Control Act, as embodied in the terms of the sale. The sale of this equipment and support will not adversely affect either the basic military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question.

The prime contractors will be Bell Helicopter, TEXTRON of Fort Worth, Texas, and AVCO-Lycoming of Stratford, Connecticut.

Implementation of this sale will require the assignment of one U.S. Government or contractor representative to Turkey for approximately 40 days.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

SECURITY ASSISTANCE, SCIENCE,
AND TECHNOLOGY,
Washington, D.C., August 20, 1981.

Pursuant to section 620C(d) of the Foreign Assistance Act of 1961, as amended (the Act), and the authority vested in me by Department of State Delegation of Authority No. 145, I hereby certify that the provision of UH-1H helicopters to the Government of Turkey is consistent with the principles contained in section 620C(b) of the Act.

This certification will be made part of the certification of the Congress under section 35(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

JAMES L. BUCKLEY.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 23, 1981.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-101, concerning the Department of the Army's proposed Letter of Offer to Greece for defense articles and services estimated to cost $10 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C (b) of that statute.

Sincerely,
ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81-101

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Greece.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	$8
Other	2
Total	10

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Ten thousand 155mm M549A1 high explosive projectiles and 5,000 M119A1 propelling charges.

(iv) Military Department: Army (WLM).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending June 30, 1981.

(viii) Date Report Delivered to Congress: September 23, 1981.

POLICY JUSTIFICATION

GREECE—155MM MUNITIONS

The Government of Greece has requested the purchase of 10,000 155mm M549A1 high explosive projectiles and 5,000 M119A1 propelling charges at an estimated cost of $10 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Greece in fulfillment of its NATO obligations; furthering NATO rationalization, standardization, and interoperability; and enhancing the defense of the Western Alliance.

The munitions are required by the Government of Greece in support of M109A1 155mm self-propelled howitzers already on hand in the Hellenic Army (HA). The HA will have no difficulty in absorbing, storing, and using the munitions.

These items will be provided in accordance with and subject to the limitations on use and transfer provided for under the Arms Export Control Act, as embodied in the terms of the sale. There will be no adverse impact on U.S. defense readiness as a result of this sale. The sale of this equipment and support will not adversely affect either the basic military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question.

The ammunition will be procured from the Iowa Army Ammunition Plant of Burlington, Iowa.

Implementation of this sale will require the assignment of no more than two additional U.S. Government or contractor personnel to Greece for a period of about 14 days.

SECURITY ASSISTANCE,
SCIENCE AND TECHNOLOGY,
Washington, D.C., August 20, 1981.

Pursuant to section 620C(d) of the Foreign Assistance Act of 1961, as amended (the Act), and the authority vested in me by Department of State Delegation of Authority No. 145, I hereby certify that the provision of 155mm projectiles and propelling charges to the Government of Greece is consistent with the principles contained in section 620C(b) of the Act.

This certification will be made part of the certification of the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

JAMES L. BUCKLEY.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 24, 1981.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-102, concerning the Department of the Army's proposed Letter of Offer to Greece for defense articles and services estimated to cost $37 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C(b) of that statute.

Sincerely,
ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81-102

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Greece.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	$35
Other	2
Total	37

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Forty-eight M109A2 155mm self-propelled howitzers with support equipment, spare parts, and services.

(iv) Military Department: Army (WLT).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending 30 June 1981.

(viii) Date Report Delivered to Congress: September 24, 1981.

POLICY JUSTIFICATION

GREECE—HOWITZERS

The Government of Greece has requested the purchase of forty-eight M109A2 155mm self-propelled howitzers with support equipment, spare parts, and services at an estimated cost of $37 million.

This sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of Greece in fulfillment of its NATO obligations; furthering NATO rationalization, standardization, and interoperability; and enhancing the defense of the Western Alliance.

This weapon system is required by the Government of Greece to augment and upgrade medium artillery already on-hand in the Hellenic Army (HA). The HA will have no difficulty in absorbing this weapon system since they already have 51 of the earlier M109A1 configuration howitzers. These items will be provided in accordance with and subject to the limitations on use and transfer provided for under the Arms Export Control Act, as embodied in the terms of the sale.

The sale of this equipment and support will not adversely affect either the basic military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question.

The prime contractor will be the Bowen-McLaughlin-York Company of York, Pennsylvania.

Implementation of this sale will require the assignment of no more than two additional U.S. Government or contractor personnel to Greece for a period of about five days.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

SECURITY ASSISTANCE,
SCIENCE AND TECHNOLOGY,
Washington, D.C., August 20, 1981.

Pursuant to section 620C(d) of the Foreign Assistance Act of 1961, as amended (the Act), and the authority vested in me by Department of State Delegation of Authority No. 145, I hereby certify that the provision of 155mm self-propelled howitzers to the Government of Greece is consistent with the principles contained in section 620C(b) of the Act.

This certification will be made part of the certification of the Congress under section 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and is based on the justification accompanying said certification, and of which such justification constitutes a full explanation.

JAMES L. BUCKLEY.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-104 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Army's proposed Letter of Offer to Egypt for defense articles and services estimated to cost $240 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,
ERICH F. VON MARBOD, *Director.*

TRANSMITTAL No. 81-104

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Egypt.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	$179
Other	61
Total	240

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: One hundred twenty-eight M60A3 tanks with tank thermal sights, related communications and supporting equipment, M239 smoke grenade launchers, spare parts, basic load and training ammunition, special tools, test equipment, training, and associated services.

(iv) Military Department: Army (UDM, UDN, UDP, and UDQ).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Case not included in Section 28 report.

(viii) Date Report Delivered to Congress: September 25, 1981.

POLICY JUSTIFICATION

EGYPT—M60A3 TANKS

The Government of Egypt has requested the purchase of 128 additional M60A3 tanks in FY 1982. The sale will consist of the tanks with tank thermal sights, related communications and support equipment, M239 smoke grenade launchers, spare parts, basic load and training ammunition, special tools, test equipment, training, and associated services at an estimated cost of $240 million.

This proposed sale will contribute to the foreign policy objectives of United States by enabling Egypt to provide for its own security and self-defense, thereby contributing to the Middle East peace process and regional stability.

The Government of Egypt will use the tanks to replace a portion of its aging equipment rapidly becoming unserviceable due to the non-availability of spare parts. Previously, the bulk of the Egyptian armaments was provided by the Soviet Union, but for the past seven years Egypt has relied on Western nations for defense articles and services.

Because these tanks will replace obsolescent or unserviceable equipment already in the Egyptian inventory, the sale of this equipment and support will not have a significant impact on the regional military balance.

The prime contractor will be the Chrysler Corporation of Warren, Michigan.

Implementation of this sale will require the assignment of a small number of additional U.S. Government or contractor personnel to Egypt to provide training and maintenance assistance.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 23, 1981.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-105, concerning the Department of the Army's proposed Letter of Offer to Colombia for defense articles and services estimated to cost $10 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81-105

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Colombia.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	$8
Other	2
Total	10

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Twelve UH-1H helicopters with related support.

(iv) Military Department: Army (UIB).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Case not included in Section 28 report.

(viii) Date Report Delivered to Congress: September 23, 1981.

POLICY JUSTIFICATION

COLOMBIA—UH-1H HELICOPTERS

The Government of Colombia has requested the purchase of 12 UH-1H helicopters with related support equipment at an estimated cost of $10 million.

This sale will contribute to the foreign policy objectives of the United States in preserving the political stability of a friendly democratic country. The Government of Colombia requires additional utility helicopters to deal with an internal security problem posed by communist-supported guerrilla forces. Colombia already has UH-1H helicopters in its inventory and possesses the necessary capacity to absorb the additional quantity proposed for sale.

The sale of this equipment and support will not affect the basic military balance in the region.

All of the equipment involved in this transaction will be diverted from the U.S. Army's inventory.

Implementation of this sale will require the assignment of a six-man U.S. Army quality assurance team to Colombia for approximately two weeks.

There will be no significant adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 24, 1981.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-106, concerning the Department of the Air Force's proposed Letter of Offer to Korea for defense articles and services estimated to cost $110 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81-106

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Korea.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	0
Other	$110
Total	110

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Cooperative logistics supply support arrangement, requisition case (FMSO II), for follow-on spares and supplies to support aircraft and other systems and subsystems of U.S. origin.

(iv) Military Department: Air Force (KBL).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Case not included in Section 28 report.

(viii) Date Report Delivered to Congress: September 24, 1981.

POLICY JUSTIFICATION

KOREA—AIRCRAFT SPARE PARTS

The Government of Korea has requested the purchase of a cooperative logistics supply support arrangement, requisition case (FMSO II), for follow-on spares and supplies to support aircraft and other systems and subsystems of U.S. origin at an estimated cost of $110 million.

This sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country which has been and continues to be an important force for political stability and economic progress in Eastern Asia. This sale will help to ensure that aircraft previously obtained by Korea from the U.S. are maintained in a mission-ready status to the maximum extent practicable.

This cooperative logistics supply support arrangement is necessary to ensure an uninterrupted flow of spare parts to support the C-123K, F-4D/E, F-5A/B/E/F, T-33, and A/T-37 aircraft, and other systems and subsystems of U.S. origin. The Korean Air Force will have no difficulty in absorbing the articles.

The sale of this equipment and support will not affect the basic military balance in the region.

Procurement of these items and services will be from the many contractors providing similar items and services to the U.S. forces.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Korea.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., September 29, 1981.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81-103 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Navy's proposed Letter of Offer to Spain for defense articles and services estimated to cost $26 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81-103

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Spain.

(ii) Total Estimated Value:

	In millions
Major Defense Equipment*	$24
Other	2
Total	26

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: One hundred eighteen MK 46 MOD 5 ORDALT torpedo improvement kits with spare parts and support equipment for MOD 5 intermediate level torpedo maintenance.

(iv) Military Department: Navy (LDQ).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services

Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending 30 June 1981.

(viii) Date Report Delivered to Congress: September 29, 1981.

POLICY JUSTIFICATION

SPAIN—TORPEDO IMPROVEMENT KITS

The Government of Spain has requested the purchase of 118 MK 46 MOD 5 ORDALT torpedo improvement kits with spare parts and support equipment for MOD 5 intermediate level torpedo maintenance at an estimated cost of $26 million.

This sale will contribute to the foreign policy and national security of objectives of the United States by furthering cooperation under our Treaty of Friendship and Cooperation with Spain and improving Spain's coastal defense. Such improvement will benefit the defensive posture of the southern flank of NATO and contribute to keeping the sea lanes open for supplying the U.S. in-country military facilities which are important staging and reinforcement sites.

The purchase of the MK 46 MOD 5 ORDALT torpedo improvement kits is required by Spain to upgrade and modernize the Spanish Navy's anti-submarine warfare capability. The Spanish Navy will be capable of absorbing this system within its inventory. Additionally, the Spanish Navy will be capable of performing the required maintenance without impact on its current military capabilities. This proposed sale was not part of a U.S. survey.

The sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be Honeywell, Incorporated of Hopkins, Minnesota.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Spain.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

Mr. DODD. Madam President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million, or in the case of major defense equipment as defined in the act, those in excess of $7 million.

Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution.

The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that two such notifications were received on September 16, 1981.

Interested Senators may inquire as to the details of these preliminary notifications at the offices of the Committee on Foreign Relations, room 4229 Dirksen Building.

The notifications follow:

DEFENSE SECURITY ASSISTANCE,
Washington, D.C. September 16, 1981.
Dr. HANS BINNENDIJK,
Committee on Foreign Relations, U.S. Senate,
Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a NATO country for major defense equipment tentatively estimated to cost in excess of $7 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

DEFENSE SECURITY ASSISTANCE,
Washington, D.C., September 16, 1981.
Dr. HANS BINNENDIJK,
Committee on Foreign Relations, U.S. Senate,
Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a South Asian country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.

Mr. PROXMIRE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRASSLEY). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

INTERNATIONAL SECURITY AND DEVELOPMENT ACT OF 1981

The PRESIDING OFFICER. The Senate will resume the consideration of S. 1196, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, to provide authorities for the Overseas Private Investment Corporation, and for other purposes.

The PRESIDING OFFICER. Does any Senator desire to be recognized?

Mr. PERCY. Mr. President, we have made some progress on this bill in the time the Senate has had to devote to it. We have a dozen or more amendments that will be offered. I should like to issue notification to Senators and to their staffs that the managers of the bill wish to expedite this procedure and get down to amendments that will require lengthy debate. In order to do that, we ask if Senators would authorize the managers of the bill to call up those amendments, if there is no controversy about them, and the amendments can be accepted by the managers of the bill.

For example, we have a Kasten amendment which gives appropriations control over deobligations of appropriated funds. We can accept that amendment as is.

Another Kasten amendment requires AID administrator determination on the Sahel program. This amendment can be accepted as is.

As to another Kasten amendment, to delete backdoor funding of MAAG entertainment expenses, we can accept that specific authorization.

Senator INOUYE has an amendment regarding the monthly ceiling for Peace Corps volunteers. I believe we can accept that amendment as is, or with a $175 ceiling.

Another amendment by Senator INOUYE would create a ceiling rather than a floor for extended FMS repayment terms. The managers of the bill can accept this amendment as is.

Senator PRESSLER has an amendment involving a report on future direction in foreign aid. It can be accepted as is.

Senator HUMPHREY has an amendment that condemns the use of biological or chemical agents in Laos, Cambodia, and other areas. This amendment can be accepted as is.

Senator MITCHELL has an amendment urging the President to name an Assistant Secretary for Human Rights within 60 days. We would like to discuss with Senator MITCHELL the possibility of simply deleting the 60-day timeframe but leaving the amendment as is otherwise. If we can reach agreement on that, that amendment can be accepted.

Senator PROXMIRE has an amendment providing for the President to urge the Soviets to pay U.N. peacekeeping arrearages. This amendment can be accepted as is.

Senator PELL has an amendment dealing with human rights language concerning Pakistan. The majority can accept that amendment as is, and I presume that Mr. PELL will speak for the minority in that regard. We could bring up that amendment immediately.

I have a technical amendment about which I believe there is no objection, and it can be adopted.

These amendments could be disposed of and should be disposed of this afternoon, immediately. I urge Senators to come to the floor to offer those amendments or, if they cannot come to the floor, to authorize the managers to call up the amendments. So long as there is no controversy about them, we can dispose of them immediately and insert in the RECORD any commentary the Senators would like to make on the amendments.

There is also the possibility of a Glenn amendment on nonproliferation reporting requirements on Pakistan.

Senator HELMS has an amendment to

expand existing prohibitions on aid for land reform in El Salvador.

Senator Proxmire has an amendment to deobligate AID funds for Syria.

Senators Kasten and Inouye have an amendment involving a contingency fund. I believe it would be best to deal with that after other amendments have been disposed of because of the discussion that may have to occur on it. That is one case and the only case I know of so far where we would prefer holding off.

Senator Hatfield has an amendment which would establish a special envoy to produce a report to the Senate on El Salvador. This would require discussion with Senator Hatfield.

It is probable that a rollcall vote would be required on an amendment by Senator Kassebaum to repeal the Clark amendment with additional language.

Senator Helms has an amendment to repeal prohibitions on Chile.

Senator Glenn has an amendment with respect to mandatory aid cuts when a nonnuclear country detonates a nuclear device.

Other amendments include: Senator Glenn, to provide Symington waiver for Pakistan for 6 years only; Senator Tower, regarding Armed Services Committee control over SDAF; Senator Tower, regarding Armed Services Committee control over defense leasing provision; Senator Kasten, regarding deletion of all SFRC earmarks; and Senator Hatch, to rejoin ACTION and Peace Corps.

Those will possibly require discussion and amendments, and the managers of the bill prefer to deal with the noncontroversial matters first.

Suppose, then, we start with the technical amendments:

UP AMENDMENT NO. 444

(Purpose: To make technical amendments)

Mr. PERCY. Mr. President, I send to the desk a technical amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Illinois (Mr. Percy) proposes an unprinted amendment numbered 444 in a technical nature.

Mr. PERCY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, lines 16 and 17, strike out ", or foreign procurement in the United States under coproduction arrangements".

On page 19, between lines 3 and 4, insert the following:

(c) Section 503(a)(3) of such Act is amended by striking out "specified in section 504(a)(1) of this Act, within the dollar limitations of that section," and inserting in lieu thereof "country,".

On page 26, line 2, strike out "section 104 (c)" and insert in lieu thereof "section 104 (g)".

On page 33, line 21, insert "and the" immediately after the quotation marks.

On page 40, line 5, strike out "United States," and insert in lieu thereof "Government of the United States,".

On page 45, line 3, strike out "subparagraph" and insert in lieu thereof "paragraph".

On page 55, line 2, insert "(other than policy guidance)" after "101(b)".

On page 55, lines 10 and 11, strike out "subsection (a), (b), (c), or (d) of this section or under section 3 of this Act" and insert in lieu thereof "paragraph (1), (2), (3), or (4) of this subsection or under subsection (b)".

On page 56, line 1, strike out "(c)" and insert in lieu thereof "(c)(1)".

On page 56, between lines 12 and 13, insert the following:

(2) The Agency referred to in paragraph (1) is abolished.

On page 63, line 2, strike out the comma.

Mr. PERCY. Mr. President, page 6, lines 16 and 17: This strikes out language added by the bill which is already current law.

Page 19, lines 3 and 4: This strikes out a cross reference in the Foreign Assistance Act of 1961 which is made inaccurate by a change in the current law made in the bill.

Page 26, line 2: This change in a reference to a section is necessitated by a printing error.

Page 33, line 21: This corrects a grammatical error.

Page 40, line 5: This clarifies the place in the law for which the bill has inserted additional language.

Page 45, line 3: This corrects the use of a term.

Page 55, line 2: This conforms language in the bill transferring functions to the Agency for International Development with language elsewhere in the bill transferring functions to the Department of State.

Page 55, lines 10 and 11: This corrects a cross reference.

Page 56, line 1, and page 56, lines 12 and 13: This clarifies the intent of the section in the bill which abolishes the U.S. International Development Cooperation Agency.

Page 63, line 2: This corrects punctuation.

So far as I know, there is no objection to these technical amendments.

Mr. PELL. That is correct. We have been through them and we recommend the Senate agree to them.

The PRESIDING OFFICER (Mr. Schmitt). The question is on agreeing to the amendment of the Senator from Illinois.

The amendment (UP No. 444) was agreed to.

Mr. PERCY. I thank the Chair.

Is it possible now for Senator Pell to raise any amendment that may be disposed of now, or his own amendment dealing with human rights language concerning Pakistan?

Mr. PELL. Certainly.

UP AMENDMENT NO. 445

Mr. PELL. Mr. President, I call up my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Rhode Island (Mr. Pell) proposes an unprinted amendment numbered 445:

Strike lines 17 through 23 on page 82 and, in lieu thereof, insert the following:

Sec. 620E.—Assistance to Pakistan.

The Congress recognizes that Soviet forces occupying Afghanistan pose a security threat to Pakistan. The Congress also recognizes that an independent and democratic Pakistan with continued friendly ties with the United States is in the interest of both nations. The Congress finds that United States' assistance will help Pakistan maintain its independence. Assistance to Pakistan is intended to benefit the people of Pakistan by helping them meet the burdens imposed by the presence of Soviet forces in Afghanistan and by promoting economic development. In authorizing assistance to Pakistan, it is the intent of Congress to promote the expeditious restoration of full civil liberties and representative government in Pakistan.

Mr. PELL. Mr. President, I ask that the amendment be read since it is self-explanatory.

My amendment modifies the prefatory language authorizing assistance to Pakistan to express the hope our assistance will promote the restoration of representative government and civil liberties. It is intended to send a signal of our concern to the Government and people of Pakistan.

In Pakistan, U. S. assistance is widely seen as an endorsement of President Zia ul-Haq's military regime. Our identification with the Zia regime carries the risk that we will be blamed for its conduct. Indeed several prominent and popular opposition leaders have warned that U.S. assistance to Zia now could do great harm to our long-term relationship with Pakistan.

Human rights violations in Pakistan have escalated in the last year. Prominent politicians continue to be held in prison without charge and under difficult circumstances. There have been credible reports of beatings and torture of political prisoners.

Most civil liberties continue to be suspended in Pakistan. As the most recent State Department Human Rights report grimly notes:

> Restriction on dissent and individual freedom have grown during the past year, while citizens rights have diminished.

My amendment makes it clear that U.S. assistance should benefit the people of Pakistan and should not be seen as support for continued military rule or for the abridgement of fundamental human rights.

Mr. PERCY. Mr. President, there is no question that American assistance is designed to help the people of Pakistan. There is probably no area of the world that I have visited more frequently and have been more deeply concerned about than the Near East. It is an area beset with problems, not the least of which is the crushing problem of population.

In a dining room adjoining the Chamber, the Mansfield Room, the Population Council is having a meeting hosted by Senator Mathias, a distinguished member of our Foreign Relations Committee.

Certainly they fully appreciate the problem that Pakistan is attempting to cope with, as is Bangladesh and India, and recognize that we run hard to stand still if we do not do something about population.

For this reason, in providing assistance to Pakistan we should take into account the people of Pakistan. Certainly the development of representative national institutions in Pakistan is in Pakistan's own interest.

I wish to commend my distinguished colleague because if this resolution had not been offered, there is a distinct possibility that a resolution would have been offered that would be much stronger in tone and that would be less acceptable to this administration and to many of us who look upon ourselves as friends of Pakistan but who in a spirit of friendship wish to speak forthrightly to them about certain of our concerns.

I thank my distinguished colleague for the moderation of his language which is far more acceptable than other efforts that may have been made in this direction, and I feel with the adoption of this amendment it will preclude and make unnecessary other less satisfactory amendments.

I, therefore, on behalf of the majority accept this amendment. There is no objection to the best of my knowledge to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 445) was agreed to.

Mr. PERCY. Mr. President, I understand that our distinguished colleague, Senator Mitchell, has an amendment.

I wish to thank him on behalf of the manager of the bill for promptly coming to the floor as we have requested so that we may dispose of as many of the amendments as possible. I have indicated that we feel that this amendment, subject to one modification, can be accepted, and I am pleased to yield to him at this time for a presentation of this amendment.

Mr. MITCHELL. Mr. President, I thank the distinguished chairman of the Foreign Relations Committee.

AMENDMENT NO. 561

Mr. President, I call from the desk printed amendment No. 561 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maine (Mr. Mitchell), for himself, Mr. Hatfield, Mr. Levin, Mr. Kennedy, Mr. Hart, Mr. Baucus, Mr. Dodd, Mr. Leahy, and Mr. Bumpers, proposes printed amendment numbered 561.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 84, between lines 2 and 3, insert the following:

"NOMINATION FOR THE POSITION OF ASSISTANT SECRETARY OF STATE FOR HUMAN RIGHTS AND HUMANITARIAN AFFAIRS

"Sec. 716. (a) The Congress finds that—

"(1) the United States has long been a leading defender of the basic rights of persecuted, oppressed, and endangered people around the world, and should continue in this role; and

"(2) effective foreign policy information requires that the President and the Secretary of State possess current and accurate information derived from continuous observation and review of all matters pertaining to human rights and humanitarian affairs (including matters relating to refugees, prisoners of war, and members of the United States Armed Forces missing in action).

"(b) It is the sense of the Congress that—

"(1) a strong commitment to the defense of human rights should continue to be a central feature of American foreign policy; and

"(2) the President, not later than sixty days after the date of enactment of this Act, should submit to the Senate the name of a nominee for the position of Assistant Secretary of State for Human Rights and Humanitarian Affairs, as established by section 624(f) of the Foreign Assistance Act of 1961.".

On page 84, line 4, strike out "Sec. 716." and insert in lieu thereof "Sec. 717.".

Mr. MITCHELL. Mr. President, I ask unanimous consent that Mr. Bumpers, the Senator from Arkansas, be added as a cosponsor to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second.

If the Senator will renew that request at the appropriate time, we will see what we can do.

Mr. MITCHELL. Thank you, Mr. President.

Mr. President, this amendment expresses what I believe is the majority view of the Senate, and that is that a commitment to the defense of human rights should continue to be a central feature of American foreign policy.

Although President Reagan has been in office for over 8 months, the position of Assistant Secretary of State for Human Rights remains unfilled. The central feature of my amendment is a provision which expresses the sense of Congress that the President should fill this important position expeditiously. The amendment is cosponsored by Senators Hatfield, Kennedy, Levin, Dodd, Baucus, Bumpers, and Leahy.

In the wake of the controversy over the nomination of Dr. Ernest Lefever to be Assistant Secretary of State for Human Rights, suggestions have been made that the Office of Human Rights be abolished.

It has been suggested that the role of Government in furthering human rights is properly included within Government's other responsibilities to further the economic, strategic, and trade interests of the Nation.

Concern has been voiced that an Office of Human Rights may, in some way, represent an imposition of uniquely American values on other cultures and other governments. It has even been argued that an Office of Human Rights may, in fact, run counter to our national interest by imposing considerations on policy questions which prevent policies being carefully defined and carried out.

All these reservations about the role of Government in enhancing human rights are grounded in the idea that what a nation's government does is separable from what the nation itself is.

But the actions of a government cannot be separated from the nation itself. We ought not express our misgivings about the complexity of human rights issues in the world today by abandoning the one office in our Government whose stated and single goal is their enhancement.

The history of what our Nation is and stands for illustrates that as long as we remain the United States of America, we can never be unconcerned about human rights.

The United States of America is a great Nation. We have the largest and most productive economy in the world and the most powerful military forces in all of human history.

But the United States was a great nation long before it possessed economic or military strength. The United States was a great nation from the moment of its birth, when it contained fewer than 4 million persons clinging to the Atlantic seaboard. Its greatness then was based not on American power, but on American ideals. It still is.

The history of man is, unfortunately, largely a record of oppression.

Here, for what in the sweep of history is but a brief moment, the ideals of liberty, justice, and equality of opportunity have become living realities. The people of the world know that. They have known it for two centuries. That is why so many of them have come here and why so many more now try so desperately to reach American shores.

If the source of our appeal were military strength, the Soviet Union would attract a goodly share of immigrants, since it too is a great power. But no boatloads of refugees risk their lives to reach Soviet soil.

Indeed, as we pass laws to keep people out, the Communists build walls to keep them in.

Foremost among American ideals is our belief—our faith—in the worth of the individual. No principle is etched more deeply in the American character than that represented in the Bill of Rights: Each individual possesses inalienable rights that are secure from violation by anyone else, including the Government—especially the Government.

For most of mankind, past and present, that has not been true.

We live in a time of danger. The power of the weapons of destruction has increased more in the past half-century than in all the previous millenia of recorded history. At the same time, there is greater willingness to resort to violence to achieve goals, by individuals and by governments.

Strikingly, much of the violence and terror engaged in by governments is against their own people. With good reason, many people fear their own governments.

And the governments which inspire the greatest fear are the ones which most loudly proclaim the principle that the repression of human beings within the borders of a nation state is a matter of little consequence and no legitimate concern to any other nation state.

That principle has been endorsed by such nations as the Soviet Union today and Nazi Germany in the past. It echoes in the actions of such murderous regimes as Idi Amin's in Uganda and Pol Pot's in Cambodia. It nourishes the contentions of such regimes as Argentina's and Paraguay's, which assert that their treatment of their citizens is no one's business.

In 1937, the civilized nations of the world met at the French spa of Evian to explore joint action to save the Jews of Germany. No agreement proved possible. The willingness of the civilized world then to placate Hitler's Germany, to ignore the fate of the Jews there, and to play down reports of mass murder in the East made possible the Holocaust, the central most terrible episode in the human experience in this century.

The postwar world recognized that the treatment of citizens within national borders was not the exclusive concern of a nation state or a national government. The postwar world joined together in our own country, under American leadership in San Francisco, and drafted the Universal Declaration of Human Rights. Our current human rights statutes stem from that antecedent and seek to further the goal of a humane world.

There is no more compelling commandment in the entire Judeo-Christian tradition than the one which asserts that we are, indeed, our brothers' keepers. To the limited and imperfect degree that governments can carry out that commandment, our human rights statutes represent an honorable, essential expression of what we, as a nation are, and what we, as a nation, should seek to remain.

We cannot be dedicated to the proposition that all men are of equal worth, that all men have equal rights, unless we apply those beliefs to all men—not to the select few who are lucky enough to live in democratic societies and enjoy civil liberties.

Human rights are not divisible. Our tradition, our moral code and everything we know informs us that as long as one of our fellow human beings suffers, we are all thereby diminished.

And human rights are not divisible from those creations of human beings which we call governments. We cannot be and remain humane beings unless our institutions—including our governments—are also humane.

All governments, including our own, respond imperfectly to the challenge of upholding human rights. When that happens, some who call themselves realists contend that government cannot and ought not make moral judgments. They argue that government's sole responsibility is to practical economic and strategic interests. They cite John Quincy Adams, who said that "We are the friends of liberty everywhere, but the custodians only of our own."

That maxim may have been appropriate to a small, new struggling nation in the dawn of the industrial era. But it is surely no measure of our Nation's responsibilities today. Nor does it bear any realistic relevance to the world of the 20th century, where the fates of all nations are inextricably intertwined.

I believe another American President, our first and greatest Republican President, Abraham Lincoln, more truly and more fully expressed the view of Americans today when he said:

> Those who deny freedom to others deserve it not for themselves, and, under a just God, cannot long retain it.

This century bears out the truth of that prophetic remark.

Our goal in foreign policy remains, as it ever has, to seek peace, to encourage industry, and to nourish trade between the nations. On that basis, America found its prosperity in the past and on that basis will continue to flourish in the future.

And so long as our own future remains so closely tied with the other nations of the world, so long must we remain concerned and active in support of the principles which animate our Nation.

Liberty, justice, and democracy are surely our paramount values. They are values sought by ordinary people throughout the world. They are values which are denounced and trivialized and suborned by totalitarian and authorization regimes throughout the world.

We have an obligation to give voice and action to our determination to protect the true meaning and the practical expression of those values in our world.

To do less is to concede to the totalitarian nations that there is liberty in Afghanistan, that justice is served by government goon squads, and that freedom flourishes in the Gulag.

Those are obviously lies, and if we have any national moral obligation whatever, it is to fight the spread of those lies.

We cannot do so if we permit any friendly nation to trade with us, to buy our arms, to entertain our ambassadors and our businessmen while its own agents hunt down and torture and kill their own people. We cannot do so if we will not permit our trade policies to be influenced by the extent of human rights violations in the Soviet Union.

The practitioners of practical politics, of politics empty of moral content, argue that any friendly nation ought to be able to buy anything from us. They argue that relations with the Soviet Union ought to be determined solely on the basis of our economic and strategic needs.

That is a view the Soviet Union itself endorses wholeheartedly.

But there is no basis for that view in American policy, in the American Constitution, or in the American tradition.

The American commitment to individual liberty, to personal dignity, to human self-worth stands unalterably opposed to it.

The public debate over the extent and the limits of Government's role in enhancing human rights in the world is today in danger of becoming a confrontation between the proponents of domestic policy differences.

Domestic political differences can and should play a role in setting the terms of our Nation's policies abroad, but they should not dominate the debate.

What is at stake is more important than domestic doctrinal differences: It goes to the heart of what our country stands for.

Are we willing to embrace the barbarities of the totalitarians of the right in order to excoriate the totalitarians of the left? Are we willing to embrace a foreign policy which negates the struggle of individuals in favor of larger issues?

In a nation founded and sustained on the inalienable rights of individuals, what larger issue can there be?

Nations, like individuals, are what they do. We cannot assert respect for humanity and tolerate torture. We cannot and ought not pretend a reverence for the sanctity of the individual and countenance the negation of individuality which is the essence of all totalitarian regimes, left, right and center.

If our ideals are to have meaning, our Government must act on them.Without practical expression, our ideals are nothing but rhetoric. Unless they are embodied in our policies, they remain lifeless. It is action which gives life to ideals. And to remain true to our ideals as a nation, our national government must be willing to take action on our principles.

The United States now has an Office of Human Rights at the Department of State. Statute stipulates that this office be directed by an Assistant Secretary whose responsibility it is to insure that our foreign policy makers fully understand the human rights implications of policy alternatives.

I am extremely distressed that this office has remained vacant for 8 months. Moreover, I am deeply disturbed by the message which we are sending to foreign governments, and to oppressed people who look to the United States for help and hope.

The amendment now before this Senate is designed to send a straight forward message to our President. The message is that the Congress persists in believing that the United States should continue in its role as a leading defender of the basic rights of persecuted, oppressed, and endangered people around the world. And secondly, that the structure established in existing statute should be maintained and allowed to function as envisioned by the legislation branch.

Mr. President, I urge other Members of the Senate to express their strong, unequivocal feelings that the United States of America stands for liberty, justice, equality of opportunity, and democracy, and we reaffirm the message that has been the heart and soul of this Nation's strength from the day the United States was founded.

Thank you, Mr. President. I thank the distinguished chairman and ranking member of the Foreign Relations Committee.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, first of all I wish to commend my friend from Maine for his extraordinarily timely amendment and the eloquence with which he puts it before this body.

We should stall no longer, Mr. President, in filling the position which has been referred to by the Senator from Maine. Other positions essential to foreign relations have been filled. Passage of this amendment would be a symbolic gesture to the administration that the Senate perceives human rights as an issue of the utmost importance.

The United States has been without an Assistant Secretary for over 8 months now and our foreign policy reflects the absence. It is essential that an official advocate of human rights figure into our foreign policy decisions in order to come closer to achieving a just and balanced policy.

Since 1977, when the position was created, human rights has been officially recognized as a critical factor in determining foreign policy. Our Nation has been one of the most vocal and visible defenders of these basic rights.

We have acted as a catalyst in developing a world consciousness more sensitive to the fundamental contribution which human rights make to human existence. We are told that it is our strategic interests which must come first not the internal policies of our allies and friends. And that, Mr. President, is a totally false dichotomy.

No one has put it better and has shown the falsity of that dichotomy than Thomas Buergenthal in his speech "Human Rights And The U.S. National Interest."

Mr. Buergenthal is dean of the Washington College of Law of the American University in Washington, D.C.

Part of his speech reads as follows:

> I agree that the Soviet Union and what it stands for presents the most serious threat to the U.S. national interest. But the threat is not only military or subversive, it is also ideological and it must therefore be confronted on the ideological level as well. In today's world, ideology is as much a weapon as is sophisticated weaponry. A sound human rights policy provides the U.S. with an ideology that distinguishes us most clearly from the Soviet Union and seriously undercuts the ideological appeal of Communism.
>
> It is the only ideology, the only dream, if you will, that the people of the U.S. share with the vast majority of the people of the second and third worlds. The quest for human rights and human dignity is a phenomenon of contemporary life of universal dimensions and immense significance in the struggle between East and West. And those who do not grasp its significance do not know much about the world we live in and the forces that shape it.

Dean Buergenthal continues:

> To suggest that we are imposing our values on others by promoting human rights in other countries, be it against totalitarianism or oppressive regimes, is to reveal one's arrogance and ignorance. If we do not grasp the political and emotional significance of the human rights movement, we shall forfeit the only real competitive advantage we have in the struggle to contain Soviet expansionism and counteract its influence in the developing world.

Mr. President, I ask unanimous consent that the full speech by Dean Buergenthal be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

HUMAN RIGHTS AND THE U.S. NATIONAL INTEREST

(By Thomas Buergenthal)

(Speech delivered on March 10, 1981 at the Meridian House under the sponsorship of the Pan American Development Foundation.)

(Judge Thomas Buergenthal is the Dean of the Washington College of Law of The American University. He is the sole American judge on the Organization of American States' Inter-American Court of Human Rights and the president of the recently established Inter-American Institute of Human Rights, which has its seat in San Jose, Costa Rica.)

Ladies and gentlemen: Few other U.S. foreign policy initiatives have been as misunderstood and as poorly articulated as has our human rights policy. The level of debate on this subject has been and continues to be sophomoric, and that is true of the arguments of its proponents and its opponents. Part of the blame rests with President Carter and the fact that he promoted the policy with the righteous rhetoric of a fundamentalist sermon so that much of the discussion of the subject took on a moralistic tone. And the few efforts that were made by the Carter Administration to justify the policy to the public in terms of our national interest did not get much of a hearing.

The current Administration falls into a similar trap. Its spokesmen criticize and reject a strong human rights policy because they see it as having purely moral but very little, if any, political significance. They view it as a propaganda tool to be used against the Soviets, but not to criticize our allies. They argue that totalitarianism of the left is worse than the respression of the right practised by some of our allies.

They contend that the U.S. faces a formidable adversary in Soviet expansionism and cannot afford the luxury of being the moral policeman of the world, imposing its own values on the rest of the world; that the U.S. needs allies and cannot afford to alienate friendly anti-Communist governments even if they are repressive. In short, they contend that what we need is to balance our commitment to human rights against foreign policy assets.

I agree that the Soviet Union and what it stands for presents the most serious threat to the U.S. national interest. But the threat is not only military or subversive, it is also ideological and it must therefore be confronted on the ideological level as well. In today's world, ideology is as much a weapon as is sophisticated weaponry. A sound human rights policy provides the U.S. with an ideology that distinguishes us most clearly from the Soviet Union and seriously undercuts the ideological appeal of Communism. It is the only ideology, the only dream, if you will, that the people of the U.S. share with the vast majority of the people of the second and third worlds. The quest for human rights and human dignity is a phenomenon of contemporary life of universal dimensions and immense significance in the struggle between East and West. And those who do not grasp its significance do not know much about the world we live in and the forces that shape it.

All over the world human beings are dying, human beings are being tortured, human beings disappear, are being imprisoned, and are held in insane asylums—all because they believe in the human rights and freedoms the American people take for granted.

To suggest that we are imposing our values on others by promoting human rights in other countries, be it against totalitarianism or oppressive regimes, is to reveal one's arrogance and ignorance. If we do not grasp the political and emotional significance of the human rights movement, we shall forfeit the only real competitive advantage we have in the struggle to contain Soviet expansionism and counteract its influence in the developing world.

The human rights policy which the U.S. followed in the past six years—it all started with Congressional action in 1973–4, with President Ford's strong support of the human rights provisions of the Helsinki Final Act, and President Carter's enthusiastic espousal and promotion of human rights—has had a significant impact.

In Latin America, for example, it contributed to the establishment of democratic regimes in Peru, Ecuador and, for all too short a period, in Bolivia. It ushered in a liberalization process in a number of other countries in the hemisphere; it led to the entry into force of the American Convention on Human Rights and the establishment of the Inter-American Court of Human Rights.

And, most importantly, the U.S. began to lose the image it has had in the hemisphere as a government which allies itself with and supports oppression in Latin America. The U.S. began to be seen as a country willing to identify itself with the aspirations of the people of the region.

This realization opened up democratic alternatives in the hemisphere—one no longer had to chose only between Communism on the one hand and rightist oppression on the other.

Please do not misunderstand my emphasis on the political benefits to the U.S. of a strong human rights policy. I believe in human rights because I believe it is criminal and immoral to deny human beings their basic rights and to violate them with impunity. It doesn't much matter, however, whether U.S. policymakers share my convictions. If they believe that morality has no place in foreign policy, so be it. Let them, therefore, assess the foreign policy benefits of a strong human rights policy in purely Realpolitik terms before they scrap it.

I have already spoken of the comparative advantage we have in this sphere over the Soviets. If the U.S. wants to exploit this advantage, it has to have an ideologically neutral human rights policy.

By this I mean that it has to express its opposition to violations of human rights with equal fervor, whether or not the violations are committed by the left or the right. The policy to be effective has to be credible and it can only be credible if it is ideologically neutral.

People all around the world have to see that the U.S. stands for human rights—not only for human rights in the Soviet Union, but also in Central America, in South America, in Africa, and in Asia.

If instead we close our eyes to violations by our friends and criticize only our adversaries, we will have reduced the policy to a mere propaganda tool—and the world will know it for the hypocrisy it is. And it will not be a foreign policy asset.

All this is not to say that there are no other foreign policy interests that the U.S. must take into account. Human rights should not and cannot be the only issue decisionmakers have to take into consideration in shaping foreign policy. It needs to be treated as an important foreign policy concern, however, and to dismiss it as moral claptrap is to do serious harm to the U.S. national interest.

A word about intervention which always pops up in discussions about human rights. There is the argument, for example, that it is a violation of international law for one country to compile reports on the state of human rights in another country and to publish these reports. It is also contended that it is illegal intervention for one country to complain publicly that another country is violating human rights. That is nonsense, ladies and gentlemen, both under general international law and under our own hemispheric international law. I don't know of any international lawyer of stature who would seriously espouse that thesis today.

As a political matter, moreover, it is as much intervention for the U.S. today to identify itself with a government that engages in serious violations of human rights as it is to disassociate itself from that government and to take a public stand against those practices. The political reality is that a superpower simply cannot avoid intervention by association; we have to face up to this fact. Given this reality, the only serious issue is whether we are perceived as intervening by identifying ourselves with a repressive regime or by expressing our opposition to repression. I believe it is not in the U.S. national interest to support or be identified with repressive regimes whether of the left or the right.

Those opposing an effective U.S. human rights policy argue that it contributes to the demise of governments friendly to the U.S. In my opinion, this is a simplistic view of the impact of the policy. It is rarely ever a question of the demise or survival of a regime.

If a government friendly to the U.S. engages in repressive practices, U.S. policy, if properly managed and articulated, can move the government, over time, either towards more repression or towards less repression. The best example of this phenomenon occurred since the new Administration took over.

It was perceived, rightly or wrongly, as opposing human rights, and immediately some governments in the hemisphere began to crack down on human rights activists, not because they had suddenly become a threat to the regime, but because the time was ripe. Most of the once friendly governments lost to the U.S. side were lost because of their long history of repression and our identification with those regimes; they were not lost because of our human rights policy.

Of course, I do not believe that the U.S. should "destabilize" governments, but I believe that it can and should make its influence felt. As a matter of fact, as a superpower, particularly in this hemisphere, it cannot avoid making its influence felt, and the only issue is whether it will opt for a policy that is in the U.S. national interest or detrimental to it.

To conclude, ladies and gentlemen, what worries me most about our current policy direction is that the Administration appears to have decided upon a serious foreign policy change without having thoroughly examined the question whether in fact the U.S. national interest is advanced or harmed by a strong human rights policy. What we have heard thus far on the subject are slogans. What is lacking is substantial evidence and analysis.

I, for one, believe that it would be a serious political blunder for the U.S. to abandon a policy that identifies us with the aspirations of the people of our hemisphere and the world. Given our own political system and traditions, a credible U.S. human rights policy can enjoy the support of the American people, do some good in the world, and advance our national interest. That is why I believe that it needs to be preserved.

Mr. LEVIN. Mr. President, it is in our strategic interest to have a human rights policy. It is not in our strategic interests when friendly regimes or allies violate the rights of their citizens because those regimes will be so much weaker and less helpful to us as a result.

Unfortunately, calling for the nomination by the President does not guarantee the United States an active human rights attitude dedicated to furthering our international role. That is precisely why this body has a moral and ethical duty to send a signal to the President that he ought to select a nominee who regards human rights as a key element in foreign policy. We must take care of this vacancy now. Swift executive and Senate action in nominating and approving a suitable Assistant Secretary for Human Rights and Humanitarian Affairs will provide our Nation with an urgently needed voice in foreign policy and is directly consistent with our very urgent security interests.

Finally, Mr. President, I ask unanimous consent that an article which appeared in the once existing Washington Star of February 18, 1981, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RELIGIOUS LEADERS ASK PRESIDENT FOR MEETING ON HUMAN RIGHTS

(By Jim Castelli)

Prominent U.S. religious leaders have asked to meet with President Reagan to discuss their concerns about human rights in foreign policy.

The group's leaders said violations of human rights in El Salvador and elsewhere might have been avoided if Reagan had heeded the call they made last December for a clear affirmation of human rights.

But the group said in a letter dated Feb. 9 and released yesterday that the reply they received—a "curt" note from national security adviser Richard Allen—was "not . . . an acceptable response" to their December statement, which had been signed by 71 persons.

The letter asking for a meeting with Reagan contained the signatures of an additional 200 religious leaders, including the Rev. Bailey Smith, president of the Southern Baptist Convention, Rabbi Alexander Schindler, president of the Union of American Hebrew Congregations; Episcopal Bishop John Walker of Washington; the Rev. Theodore Hesburgh, president of the University of Notre Dame, and the heads of the organizations of Catholic men's and women's religious orders in the United States.

Sister Blaise Lupo, a Maryknoll nun who is co-director of Clergy and Laity Concerned, which organized the appeal, said Allen's response "was tantamount to a dismissal of the moral concerns of religious leaders who represent the broadest range of political persuasions in the religious community."

"It further ignores the significant constituency whose concerns the signers represent," she added. "I don't know of any other issue on which such leadership has been united."

In an apparent reference to comments Reagan and some in his administration have made about religious leaders' selectivity in human rights concerns, the new letter said:

"Mr. President, we oppose human rights violations wherever they occur, whether in communist, capitalist, socialist or mixed-economy countries. We are strongly concerned about human rights in Afghanistan and Cambodia and about religious liberty in the Soviet Union.

"In this statement, however, we are particularly concerned about nations where the United States has extensive economic, political and military involvement. This gives us influence whether we want it or not, and therefore, a greater responsibility. They are also nations where your own position on human rights is already being assessed with great interest."

Mr. LEVIN. The final paragraph in a letter referred to in that article, which was addressed by 71 religious leaders to the President, reads as follows:

> We are particularly concerned about nations where the United States has extensive economic, political and military involvement. This gives us influence whether we want it or not, and therefore, a greater responsibility. They are also nations where you own position on human rights is already being assessed with great interest.

Mr. President, the amendment of the Senator from Maine is urgently needed. It helps carry out the responsibility which was so well referred to by the 71 religious leaders in the letter of February 9, which they wrote to President Reagan referred to in the article in the Washington Star.

Again, I commend my friend from Maine and I yield the floor.

Mr. PELL. I think this amendment has great merit. I ask unanimous consent that my name be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Since Dr. Lefever withdrew from seeking this post, there has been considerable speculation in the press that the President might leave it unfilled. I believe it would be a terrible mistake to leave the position unfilled or, worse yet, to abolish it. The amendment of the Senator from Maine is an excellent one calling as it does on the administration to move ahead and fill this position as soon as possible.

Mr. PERCY. Mr. President, I recognize the objective of our distinguished colleague, Senator MITCHELL, is to fill a position which statute provides. It is an area of tremendous importance. It is the essence of what this Nation stands for.

The Congress and the President sought to focus attention on that when creating such a position.

However, the administration has indicated, after having this matter under review, that it wishes to continue their study. I would have to report to my distinguished colleague that there will be objection, and I have been asked to register objection in behalf of at least one of my colleagues on the majority side if the time frame is left in the amendment.

If the words "not later than 60 days after the date of enactment of this act" can be deleted from the amendment by the author of the amendment, and his cosponsors, then there would be no objection and it could be accepted by the managers of the bill.

In view of the fact that the amendment is, in a sense, advisory, and does, in a sense, express the intention and desire of the Senate, the word "should" is used rather than "shall." Therefore, it is somewhat discretionary with the President.

The addition in statute of the 60-day deadline would be redundant and possibly unnecessary.

My suggestion to the author of the amendment would be that we delete those words, but in a colloquy express what the sense of the Senate is. If there is no request by the administration, and to my best knowledge there has not been any such request, that the position authorized in law be abolished, then it would behoove the administration in due course to fill that position.

In view of the controversy that was created by the nomination previously made for this post, it is understandable that the administration would want to fill all other posts that would not be controversial. There has been a tremendous effort by the administration in completing its team. That process has virtually now been completed, and they can turn their attention to the Assistant Secretary for Human Rights and Humanitarian Affairs.

I think in view of the history so far this year of the relationship between the administration and the Senate on this position, they would want to give it due care. I would prefer that a time frame not be stipulated, but that we establish in a colloquy what is a reasonable period of time. It would be my feeling that so long as they have not asked to have Congress abolish this position, so long as it does exist in law, so long as they are a law abiding administration and have spoken strongly on that, they would want to be a model to the country. Certainly, when a distinguished former Federal judge, now our respected colleague in the Senate, simply wishes to set a goal to have it filled within 60 days, I would hope that by colloquy on the floor we could establish that as the sense of the Senate. Then the objection from this side of the aisle could be removed and we could work with the administration to fill this job in an atmosphere that would be more conducive to comity than if we were—for the first time to my knowledge—put an absolute statutory deadline in place.

As I understand it, and possibly my distinguished colleague can provide more details, when the Nixon administration did not fill a post, the Federal court ordered the administration to fill that post. Certainly, it is not the desire of the legislative branch or the executive branch to take these matters to the courts, which are clogged enough as it is, when perhaps they can be worked out between us.

Perhaps my distinguished colleague could review the circumstances involved in the Nixon case, which he has discussed with me. If there is precedent for the Congress establishing deadlines to the administration for filling posts within the province of the President, perhaps that precedent could be followed. If there is no such precedent, possibly through colloquy we could suggest what we think is a reasonable time frame and work with the administration with respect to filling this post, or have them come to a decision as to whether they will ask Congress to abolish the post.

In advance, I can advise the administration that, in my judgment there would be a considerable amount of discussion, heated discussion, on such a request.

I yield to my colleague for any comments that he would like to make on the request that the majority manager of the bill has made, that he delete those words that establish the intent and purpose of the act.

Mr. MITCHELL. Mr. President, I thank the distinguished chairman.

I ask unanimous consent that Senator RIEGLE be added as a cosponsor to my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TSONGAS. Will the Senator yield?

Mr. MITCHELL. Yes, I yield.

Mr. TSONGAS. Would the Senator add me, too?

Mr. MITCHELL. Mr. President, I ask unanimous consent that Senator TSONGAS be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MITCHELL. Mr. President, may I inquire of the distinguished chairman specifically what he proposes with respect to my amendment? I did not hear the specific words he suggested be deleted.

Mr. PERCY. I suggested we delete the words "not later than 60 days after the enactment of this act."

The wording of the amendment would then be, in paragraph (2):

> The President should submit to the Senate the name of a nominee for the position of Assistant Secretary of State for Human Rights and Humanitarian Affairs, as established by section 624(f) of the Foreign Assistance Act of 1961.

Mr. MITCHELL. I thank the chairman.

Mr. President, I wish to make a couple of points. First, this office is statutorily established. It is not simply a part of an executive branch. That is not true of all bureaus within the Government. So it is important to understand that this office represents a specific legislative intention by the U.S. Congress that this is something important for our Government to do. I think there is no disagreement on that, or at least, very little disagreement on that. I am sure there is none between the chairman and myself or the ranking minority member.

The fact of the matter is that this is almost October 1, Mr. President. The office has remained unfilled. There is now no prospect of a nomination to be made. Indeed, as the chairman indicated in his remarks, it is at least possible—no one can weigh with certainty what the odds are—that the administration will at some point propose not to fill the office, but, in fact, to abolish it. As we all know, that has been much discussed in recent months, specifically after the withdrawal of the nomination of Dr. Lefever.

My concern simply is that this is something the U.S. Congress has specifically legislated on, and has indicated its strong intention. It is something that touches the very cornerstone of what this country stands for, the belief in the value of human worth, of individual dignity. Its failure to fill the office, leaving it vacant, downgrading it, minimizes it and has the effect, whether intended or not, of signaling to the world a downgrading of America's commitment to those principles insofar as it affects our foreign policy. That is the clear message. I do not want to suggest that anyone intends that message. That is plainly the consequence of our Government's failure to fill this office.

Mr. President, I want to work, as the chairman has suggested, with the administration. I hope that the administration will move promptly to fill this office and I do not want to be engaged in anything which establishes a precedent that may be an improper one, as the chairman suggests. My own interest is in seeing that an ideal and a principle which is central to this Nation's heritage, which is central to this Nation's values, be a part of our foreign policy. That is something I think we all agree on.

I ask the chairman, under the circumstances, if the language is deleted, does he agree, from his vantage point as chairman of the Committee on Foreign Relations, that 60 days is a reasonable time to expect some action by the administration with respect to this office?

Mr. PERCY. I do agree that 60 days is a reasonable period of time. I think it is a case of fishing or cutting bait, so to speak. This is not a new subject. There must have been a number of potential nominees at the time that Dr. Lefever was selected.

There must have been alternatives that were considered—I have even suggested several alternatives—people who are highly regarded by the administration, as possible choices. Though it is not in the province of the Senate to do anything other than suggest in our advise and consent capacity, we are often asked for advice. Sometimes we offer it when it has not been asked for. In this case, Mr. President, I simply feel that asking for abolishment of the post would be a signal to the world at this particular time that we have lost interest in or are minimizing the importance of human rights.

Would anyone in this body say that we are not concerned about the human rights of people in Poland today?

Are there any Senators who are not concerned about the human rights of the people in Afghanistan today? Would we want to minimize our attention to those causes?

Are we less concerned today than we were at any time about the human rights of people in El Salvador or Argentina or any place else in the world?

We cannot just say, "We have our human rights in this country, you go get yours." We have always been in the forefront of offering hope, inspiration, and leadership in this field. At this particular time, when the administration, because of some readjustments of policy, is, in a sense, on the defensive in this area, the last thing I should think the administration would want to do is open up a Pandora's box by simply not filling this post or asking that it be abolished.

Mr. President, perhaps overemphasis was placed on this area by a previous administration. There are other things that are crucial and vital to the wellbeing of this country and the free world, including an adequate defense and a strong, dynamic economy. This cannot be the centerpiece of all our efforts.

I admire this administration for focusing its attention on other very crucial areas as well. However, we would not in any way want also to send a signal that human rights is being minimized or totally deemphasized by the symbolic gesture of abolishing the office or not filling it.

Mr. President, I think 60 days is a reasonable period of time. I think it would certainly be accepted by the majority of the Members of the Senate. But it would be difficult to put it into statute for some of my colleagues who believe—and I share that belief—that establishing this type of precedent would be, perhaps, unfortunate. We have not ever done that with previous administrations; why do it with this administration? Why not try to work it out in a spirit of comity with the administration?

Mr. MITCHELL. Mr. President, in view of the chairman's very strong remarks and commitment, I inquire, if this amendment is accepted with the changes he has suggested and then 60 days elapse and the administration has still not filled the vacancy, could I expect that the chairman and the ranking member of the Committee on Foreign Relations would join with me in a renewal of this amendment in its present form? Would that, then, be a satisfactory indication that, as I have suggested, the administration is doing precisely that which the chairman has suggested we do not want to do? That is, downgrading, trivializing, minimizing, not pursuing this policy?

Will the chairman agree, then, that if 60 days elapse and we do not have someone up here from the administration, the chairman will then join me in this effort to impose a deadline to get something done to demonstrate our commitment, so that it is not just words and that it is, in fact, deeds?

Mr. PERCY. Mr. President, I think we could do better than just waiting 60 days and then trying to do something. I hope I can speak on behalf of Senator Pell, that we will begin no later than tomorrow with the Secretary of State, indicating to him our feeling on this subject, and begin the dialog which we hope will lead to a successful conclusion before the 60-day period. We will exert our best effort to see that the intention of our distinguished colleague and his cosponsors is fulfilled, or immediately report back to him if there is any other course of action—which I have no knowledge of at this time—that the administration intends to pursue.

Mr. MITCHELL. I yield to the Senator from Massachusetts.

Mr. TSONGAS. I thank the Senator for yielding.

Mr. President, I commend the Senator from Maine on his amendment. There are a number of issues here, and I will not go into the matter in excessive detail.

This country was founded on human rights. It may be considered to be a fringe issue today, but 206 years ago, in Lexington and Concord, it was not considered fringe. We all are inheritors of a commitment to human rights that was exhibited at that time, including the loss of life.

If this Nation means anything, and I believe it does, what it means is that the individual has a certain sanctity, and that sanctity should be preserved. That is for our own, if you will, view of self.

The second issue I raise is that we are in a battle with the Soviets. It is not just MX missiles. We found out in Vietnam that the issue basically, beyond the military imbalance question, which is real, and I acknowledge that, is hearts and minds. In Vietnam we found out that if you do not have with you the hearts and minds of the relevant people, military might does not solve the problem.

What we are dealing with is a struggle between ideologies, between the Marxist-Leninist view of the world and that of the Western nations. I happen to feel that when both are in a position of equality, our view will dominate.

One of the most effective weapons we have in the attempt to convince people that the free enterprise, capitalistic approach that we espouse is sensitive to humans is the human rights doctrine. If we abandon that, we, in essence, abandon a major weapon we have in the great battle for the hearts and minds of Third World nations.

No one is happier than the Soviet Union that we do not have a Human Rights Secretary, because they can go around the Third World nations and say, "They have a commitment to human rights, and they don't even have an Under Secretary."

I argue that if the Soviets can use that argument, why not take it away from them?

This Nation was upset with what happened to Dr. Lefever. Will that be our peak? It can last only so long. Now is the time. Not filling his post plays into the hands of the Soviet adversaries we are concerned with.

Mr. PELL. Mr. President, I ask unanimous consent that a letter strongly supporting the amendment from five Members of the other body be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Committee on Foreign Affairs,
House of Representatives,
Washington, D.C., June 18, 1981.

The President,
The White House,
Washington, D.C.

Dear Mr. President: We are writing to reaffirm our belief that a strong commitment to the defense of human rights should be a central feature of American foreign policy.

Accordingly, we respectfully urge you to submit to the Senate a nominee for the post of Assistant Secretary for Human Rights and Humanitarian Affairs in the Department of State. We pledge our support in working with the new Assistant Secretary to advance the protection of human rights wherever governments and individuals may seek to deny them.

Thank you for your consideration.

With all good wishes,

Yours sincerely,

Arlen Erdahl.
Joel Pritchard.
Robert K. Dornan.
Millicent Fenwick.
Jim Leach.

Mr. PELL. Mr. President, I add my thought that the amendment is an excellent one. The 60-day period, that is the date set forth in the amendment originally, is a reasonable time frame. I trust that the administration will come forward within the originally proposed 60-day period with the name of the nominee for the post of Assistant Secretary for Human Rights and Humanitarian Affairs.

UP AMENDMENT 446

Mr. TSONGAS. Mr. President, I send to the desk a perfecting amendment and ask for the yeas and nays.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. Tsongas) proposes an unprinted amendment numbered 446 to amendment numbered 561:

On amendment numbered 561 (by Senator Mitchell), on page 2, add the following after line 20:

(c) Notwithstanding any other provision of law, section 118 of the International Security and Development Cooperation Act of 1980, relating to Angola, shall cease to be in effect the earlier of—

(1) a date by which the President has determined that an effective cease-fire is in place in Namibia and that preparations for internationally supervised elections in Namibia are in progress; or

(2) March 31, 1983.

(d) Nothing in this section shall be construed to be an endorsement by Congress of the provision of assistance for the purpose, or which would have the effect, of promoting or augmenting, directly or indirectly, the capacity of any nation, group, organization, movement, or individual to conduct military or paramilitary operations in Angola.

Mr. TSONGAS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. PERCY. Mr. President, a parliamentary inquiry. Is this amendment in order?

The PRESIDING OFFICER. This amendment, in the absence of a time agreement, is in order as an amendment in the second degree.

In answer to the parliamentary inquiry, the amendment is in order.

Mr. TSONGAS. I renew my request for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TSONGAS. Mr. President, I was reluctant to do this. It had been my hope that I could have had an agreement to have a vote on my amendment. This is a compromise amendment. That agreement was not forthcoming, and I feel that I had no choice.

There are important issues to be discussed here, and I did not wish to be precluded. Why we could not have had an understanding is beyond me.

I shall recite some of the history of this issue.

Back in the Ford administration, when Henry Kissinger was Secretary of State, there was in the post-Portuguese rule period in Angola a struggle for supremacy among three insurgent indigenous groups. It is hard, in retrospect, to keep track of who was alined with whom and when. However, to make a long story short, eventually the NPLA, which was a leftist-Marxist guerrilla movement, prevailed.

He at that time was concerned that the United States would become involved in helping one of the groups, and the Clark amendment was introduced by our colleague, Mr. Clark, and Don Bonker in the House. Basically, it precluded U.S. covert activities in Angola.

When the Foreign Relations Committee met, it was a move to repeal the Clark amendment in toto, and there was a lot of maneuvering around and discussions and lobbying, as is traditional in the legislative process.

When we came to a vote or were about to vote, I had in my possession the necessary proxies plus votes there to defeat the repeal of the amendment, and I could have done that. Rather than pressing the advantage I had, I decided that there were two issues that would have to be considered. One is that there is a good argument to repeal Clark, and one could not ignore that reality. The second is that the appeal of the argument for repeal would make it difficult for the committee to sustain that position on the floor.

I, for one, am really quite concerned about what happens to the Foreign Relations Committee when we come to the floor.

We are not known among our colleagues apparently for being a very strong committee. But I would argue with you that we have jurisdiction and we have a certain expertise and I think that we are proud of the work product that we produce.

In an attempt to put the interest of the committee above my own policy interest I agreed not to press with the proxies that I had and to work with various members of the committee and came up with a compromise.

The compromise was as follows:

That the repeal was allowed with conditions, and the conditions were several relating to a determination—I am just going to read the most important one—a determination that substantial progress, including effective cease-fire, in preparations for internationally supervised elections as made by all parties to achieve an internationally recognized settlement for the independence of Namibia and that the provision of such assistance—this is covert assistance—will not substantially impair the prospects for the internationally acceptable Namibia settlement.

That compromise was worked out and was voted on by the committee 11 to 3.

I made it quite clear at the time that if I were willing to forego the proxies, an advantage I had for a straight repeal, I would expect in return support for the compromise on the floor. There was no indication given that that would not be the case.

Time goes on and there are issues raised about whether the committee fully understood the cease-fire language was in the amendment. We can argue that until kingdom come but that is not important to the issue today.

So we come into this issue anew. If I were insistent on the support given to me and to the amendment, which was cosponsored by the chairman and myself, I could have come to the floor and insisted that the commitments made to me in the committee be honored. If that were not going to be the case, at least let us do it publicly, so that in the future I know what I am dealing with.

That would have been an interesting exercise in pique but it would not have served any purpose. So what I tried to do was to step back and say, all right. What are the issues here? What are the valid points to be made and how can we work out a compromise that, notwithstanding what was said in the committee, serves the best interests of all parties?

The question before the Senate is the choice between a prudent policy and technically consistent legislation.

Senator Kassebaum will subsequently offer an amendment to repeal the Clark amendment. It will be a straight repeal.

There is a very strong argument for that amendment. The argument is that it does not make sense, technically, to have a country-specific prohibition of covert activities, that there is no reason why Angola should be in a special category from every other country.

That argument, I think, is valid and there is no way around that validity. There is a rhetorical way around it but substantively there is not.

So the repeal of the Clark amendment I think is something that we should consider and should pass because it is a kind of an anachronism in that technical sense.

That is No. 1. If that were the only issue involved, then I would be supporting the Kassebaum amendment.

There is another issue and that is what is happening in Africa today and specifically what is happening in Namibia. In addition to the technical issue raised there is now a policy question.

In my view the policy question is as legitimate and I would argue that if I from my perspective am compelled to recognize the validity of the argument for repeal, then I would expect reciprocity, that those on the other side would recognize the validity of what I am saying as to the policy issue, that openmindedness on this issue I hope will not be a one-way street.

What is the policy issue? The fact is that the Clark amendment is a symbol and its repeal is an extremely vivid issue in Africa today. The amendment symbolizes for both our friends and indeed our foes a capacity of America for restraint, a tacit agreement that the overthrow of existing regimes and particularly that of Angola is not how we conduct foreign policy, unlike the Soviets are telling them.

In Africa where there are so many governments that are weak and vulnerable that issue is vitally important.

At the present juncture the administration is deeply involved, as we all know, in, and I believe in making progress in, the delicate negotiations of a Namibia settlement. I believe that the repeal of Clark intervenes, intrudes in that process and sends a message very different than what we intend.

If we repeal Clark straight out, what we are doing is in essence cleaning the book. This is our perspective, but that is not how it will be received.

Our role in negotiations in Namibia is as an honest broker and that role would be badly compromised.

Our credibility with the Angolas would slop over to other friendly states and would be seriously damaged and the question is whether we want to risk all that to clean the books of this anachronism.

The conclusion is, yes, we can and should repeal the Clark amendment but not at this moment.

My amendment does two things. The argument made by members of the committee subsequent to the committe action was that the ceasefire language in the committee-approved amendment gave veto in essence to any party that wished to engage in violence, that an effective ceasefire as the condition for the repeal of Clark in essence gave any of the parties the capacity to undo what Congress intended, and that also is a legitimate argument. To any party whether it is Angola or South Africa or SWAPO or whoever, if they wanted to sabotage the intent of the Senate, they need only engage in violence, so the incentive was there and this concerned many members of the committee and especially the chairman.

So what is then on the table? On the table is the agreement that we should repeal Clark. On the table is the recognition that this is the delicate point in time in that repeal today would send signals that would be counterproductive, and on the table is the recognition by myself that the effective cease-fire does indeed offer problems in terms of anyone who wishes to simply draw it out through violence.

Although the committee voted decisively for the language, I feel that the administration's excellent progress in the Namibian negotiations deserves to be recognized, and what I put together is a compromise.

This is a compromise that does the following: It repeals Clark, it recognizes the validity of that argument and says, "Yes, there is no reason why Namibia should be treated differently from anything else, and the Clark amendment should be repealed. That repeal shall take place in either of two ways: A date by which the President has determined that an effective cease-fire is in place and preparation for internationally-supervised elections are in progress in Namibia." It is very similar to what was in the committee-accepted amendment, and that recognizes in Namibia the negotiations we are involved in.

Well, some may come back and say, "You are still in the same box. In effect, you have given Angola, SWAPO, a veto over South Africa or anything else, a veto power over the repeal," and that is why there was included in the amendment a date certain, March 31, 1983.

So, in effect, what happens is that the repeal of Clark is going to take place. We recognize the validity of the negotiations on Namibia, we recognize we do not want to give anybody a veto power over the cease-fire language. So what we say is this: Whichever comes first, whether the cease-fire comes first or whether March 31 comes first, Clark will be repealed. So anyone who would think of dragging this thing out has no incentive because indeed there is a date certain at which point Clark is repealed.

Why did we use this approach? First, I think it makes sense, and if we were not so engaged in sort of parliamentary and other considerations, I think it would have been in effect and, in my opinion, it should have been acceptable to all concerned.

There is a parallel that we draw on, and that is Zimbabwe. The parallel was used for the very simple reason that it worked. It is not hypothetical. It is not theoretical. It is a fact that it worked, although it is not an exact case, but certainly a parallel in the case of Zimbabwe.

My colleagues will remember there were promising negotiations underway at Lancaster House to bring about a peaceful settlement of the war in Zimbabwe in 1979. The Senate did not consider those negotiations worthwhile apparently and voted to lift the sanctions against Rhodesia. The House did not, and the House prevailed.

In November the negotiations were progressing, and that was the time we decided to link the lifting of sanctions to the success of those negotiations, and the full Senate voted in favor of that approach.

What we did at that point was to allow the negotiations to continue. What happened? We have, as you know, a government in Zimbabwe that certainly by African standards has been successful; is decidely anti-Soviet. It elected its own prime minister, and that prime minister has received support in terms of aid in both the Carter and, indeed, the Reagan administrations, and has done very well wooing Wall Street, which is not true of heads of state even in this country.

The fact is if the Senate's position had prevailed in the lifting of the sanctions we may well have had a great deal more civil unrest and would have played into the hands of the Soviets. Because of the House we were saved from that folly. Now we have a situation that most people in this country would admit has served the West, Africa, and Zimbabwe very well.

What I am asking that we do is the same thing in Namibia. We made a mistake and why repeat it? Let us repeal Clark, let us put on the conditions and the date certain and why not give the Namibia negotiations a chance? Is that too much to ask? There are lives involved.

I hope my colleagues will go ahead, will repeal Clark. Why not give that part of the world time to resolve their issues, 18 months, and at the end of that period if they have not resolved them Clark comes off. We have lived with Clark now for, I believe, 6 years. Another 18 months, and then it comes off; 18 months to give these people a chance to work out a peace so that they may enjoy the same security that we do.

This is a compromise; it is a compromise after the agreement in the committee, and I frankly hope that my colleagues will see fit to acknowledge what I have attempted to do, and vote in favor of the amendment.

I thank the Chair.

Mr. PERCY addressed the Chair.

The PRESIDING OFFICER (Mrs. HAWKINS). The Senator from Illinois.

Mr. PERCY. Madam President, it is my intention—and I would like to have the attention of my distinguished colleague, Senator TSONGAS—to move regretfully to table the Tsongas amendment.

Before I do that I would like to give an opportunity to my distinguished colleague, Senator KASSEBAUM, to comment on this matter. But I would like to review just a few points.

First, Senator KASSEBAUM has been on the floor ready to offer her amendment. We have been working to establish a time agreement, and it was the understanding of the floor managers of the bill that a time agreement could be worked out on the Kassebaum amendment. Regrettably it was not concluded because the necessary requests had not been made. As the Senator knows, the committee amendment on this important issue, to which Senator TSONGAS has contributed a great deal of thought, time, and attention, carried a provision for a cease-fire that troubled me very much indeed.

Mr. TSONGAS. Madam President, will the Senator yield for a moment?

Mr. PERCY. I yield without losing my right to the floor.

Mr. TSONGAS. Just so the record is complete, I had agreed to a time agreement. All I requested was a vote on my amendment. Given the fact that my amendment in the committee was a compromise, and I did not proceed with the proxies that I had in deference to the committee, given that fact; given the fact that I backed down from that and now have a compromise, all I wanted was a vote on my amendment.

And the chairman did not see fit to give that to me. That is why I moved earlier.

I do not think that was an undue request, given my history with the chairman of trying to accommodate the best interest of the committee.

I would just like that to be on the record.

Mrs. KASSEBAUM. Will the Senator yield?

Mr. PERCY. I am happy to yield.

Mrs. KASSEBAUM. Madam President, I would just like to say that I can certainly appreciate what the Senator from Massachusetts is saying. But I was here on the floor for some time waiting to be able to help him work out something, as far as the time agreement and getting a vote on his amendment, because I think we all are very appreciative of the nature of this amendment and its importance to us for those of us who are on the African Affairs Subcommittee of the Foreign Relations Committee.

Mr. PERCY. I thank my distinguished colleague.

Senator TSONGAS has been extraordinarily cooperative in many, many areas with the chairman and the ranking minority member of the committee. It was my hope that, in accordance with that pattern of cooperation and comity that we have had, that we could work out this matter.

I did talk with Senator TSONGAS and made a proposal to him that if the ceasefire reference was deleted from the committee amendment that I would support it.

A counterproposal for a definite time limitation was made by Senator TSONGAS. In speaking with Senator TSONGAS, about it, I indicated that I had given considerable thought to that counterproposal and felt that a time-certain, extended out to, say, December 31, 1983, as was originally suggested, would be too long a timeframe; that I still considered the cease-fire an onerous provision which would, in a sense, put control of our activities in other hands and make it impossible for us to have any degree of freedom of movement.

I, therefore, felt that the counterproposal to set a specific date for repeal of the Clark amendment would not be acceptable. I continued to be troubled by the committee language as it stood.

At the time of the markup, I did not fully appreciate how rigid the requirements for a cease-fire and preparations for elections were. Possibly in retrospect I was not the only Senator in that category. If the phrase were deleted, I could have supported the rest of the language.

I notified Senator TSONGAS that if this was not acceptable, then my only alternative would be to support Senator KASSEBAUM's amendment which repeals Clark and adds the language from the committee amendment which says:

> Nothing in this section shall be construed to be an endorsement . . . of assistance in Angola.

I discussed my feelings with Senator PELL, the ranking minority member, and he was on notice of our discussion and also my concerns.

I regret we were unable to work this matter out. In view of the situation that we are now faced with, where the amendment has actually been offered as a perfecting amendment, I would like to yield at this time to the distinguished Senator from Kansas for any comments that she would like to make and then it would be my intention to move to table the Tsongas amendment.

Mrs. KASSEBAUM. I thank the Senator from Illinois.

Madam President, I would like to respond to some of the issues raised by the distinguished Senator from Massachusetts, because I know that we both are deeply concerned, as I said, about improving relations with the African States and we both seek to see resolved an early independence for Namibia.

But, Madam President, I think there are some ways that this can be achieved other than the suggestion made by the junior Senator from Massachusetts, which, I feel, in many ways is a mischievous suggestion that would, indeed, set back the independence of Namibia.

Madam President, with increasing frequency over the past several years we have been confronted with issues that have taken on a symbolic importance that bears little relationship to their substantive significance. In most cases, this distortion between substance and appearance arises simply from the passage of time. A real need, addressed in the emotional context of a past time, gives rise to a legislative solution that lingers with us. The legislation, which may have been vital at the time, has diminishing merit when applied to new circumstances. A problem of perceptions is then presented, however, when we must wipe the legislative slate clean.

The so-called Clark amendment is just such a case, Madam President.

Late 1975, when this provision was first enacted, was an extraordinary time. America's faith in its Government had been badly abused. Congress was still feeling the anxiety of a constitutional crisis narrowly averted. Our intelligence agencies were the subject of an agonizing and long overdue public examination. Still fresh in our minds were the television images of the Saigon evacuation that brought to a close one of the least understood and ultimately most unpopular wars of our history. It was in this context that the very real threat of growing involvement in Angola was addressed in Congress.

These extraordinary circumstances engendered extraordinary actions. The Tunney amendment, predecessor to the Clark amendment, was just that—extra ordinary. It was an expression of congressional distrust of the Presidency in the execution of foreign policy with regard to a single, specifically named country. Such legislation, if not unique, is certainly not ordinary.

I was not a Member of this body at that time. In fact, less than half of our present colleagues were then serving in the Senate. I do not question the wisdom of the 1975 deliberations. There are clear indications that suggested we were covertly heading toward a major and costly involvement in Angola, and equally clear was a popular, informed opposition to such an undertaking. The Tunney amendment may well have been vitally important in avoiding an unfortunate chapter of our history.

That question is not before us now. The issue with which we are now engaged is whether this vestige of the past should be maintained, whether this extraordinary provision will continue to mark Angola as a country requiring a special congressional caution.

Madam President, in conversations with our colleagues as I decided whether to offer a repeal of the Clark amendment, I found not a single Senator who believed that this provision should be retained solely on the basis of substance. I think the Senator from Massachusetts would agree with that. Those who have conveyed a reluctance to join me in this amendment have principally premised their concerns on the symbolism of repeal. I understand their concerns. I sympathize with them, and I am trying to minimize any adverse impact that might result from this symbolism. At the same time, I am not persuaded that the pivotal issue of this legislation should be dominated by appearance rather than substance.

Madam President, the administration has constructed and pursued a policy designed to achieve an early realization of independence for Namibia.

We have had several positive signs in the last couple of weeks, one of them being President Moi of Kenya, who spoke specifically of the progress that was being made, as well as Angola had said they saw signs of positive progress in the recognition of action in achieving an independent Namibia.

In some Senators' minds that policy may not be the ideal mechanism. It is, nevertheless, a credible, workable path toward an independent Namibia. It has advanced to the stage that resistance to it can only mean its failure rather than its delay or modification.

There are those foreign leaders who, having watched our foreign policy over the last few years, believe that the policy will be changed through pressure from the Congress. If we give sustenance to this misimpression in our debate today, we risk inhibiting the successful endeavor to reach a peaceful solution to the Namibian problem.

If, in emotional debate, we mislead some African leaders into believing that they may successfully play on a division between Congress and the State Department, we will have contributed to disaster in southern Africa. As chairman of the African Affairs Subcommittee, I do not believe that I am overstating potential damage that is risked in this debate.

At this stage in its development, it is not possible to abandon, defeat, or materially modify our policy on Namibia and reasonably expect some other peaceful solution to emerge. If, in our debate, we encourage resistance and delay among some African leaders, we will be guilty of dangerously misleading them and confounding the very interests we seek to serve.

It has been argued that the time is not right for a repeal of the Clark amendment. I myself had doubts about the administration's timing of its request for a repeal. The timing of this decision bothered me because I feared that it would obscure the bulk of our African policy. That policy provides for an independent Namibia and a socially just South Africa. With this administration, I believe we have an African policy that will finally achieve racial equity to South Africa. I believe that we must and that we will see successful implementation of this goal. I do not want black Africa to lose sight of that element of our policy in an emotional, counterproductive debate over the Clark amendment.

It is just this desire, to keep African policy on target, that gives rise to my opposition to the committee bill provision on the Clark amendment. The foreign assistance bill, as reported by the committee, apparently links a repeal of the Clark amendment to a Namibian settlement. The sad fact we must accept is that there is no perfect time for a repeal of any law such as the Clark amendment. Any government in any country is going to object strenuously to the repeal of a law specifically protecting them from any hostile acts. If we create a linkage between the repeal of the Clark amendment and a Namibian settlement, then we are creating an incentive for the Angolans and their supporters to withhold cooperation from the international effort to achieve a settlement in Namibia. For the Congress to create such an incentive would seriously undermine American policy efforts in southern Africa.

It is also argued that a repeal of the Clark amendment would hurt American business interests both in Angola and in other African countries. There is clear evidence that this is not the case. President Reagan requested a repeal of the Clark amendment on March 19 of this year. Since then, American business has continued to operate successfully in Angola—as is shown from the July Ex-Im Bank loan to support American exports to Angola.

Behind the rhetoric there has been no significant deterioration between the United States and Africa. The Angolans even recognize that a repeal of the Clark amendment is not the catastrophe it has been portrayed in the press.

I sincerely hope that the Congress will use this session to remove the Clark amendment from the foreign policy of the United States. Last year the Senate accepted a compromise which was rejected by the House conferees. As a result, we have this issue before us again. And, if we do not resolve the issue of the Clark amendment this year, we have it again and again until finally the legal restrictions on the U.S. Government with respect to Angola are brought into line with those carefully considered restrictions and procedures that apply to every other nation.

I would not claim that the President's request for a repeal of the Clark amendment was not without some cost to our overall foreign policy in Africa. But I will claim that we have paid those costs this year, and now that we are halfway there let us continue and remove this thorn from our African policy.

In conclusion, Madam President, I believe a majority of the Senate will agree that the Clark amendment is no longer needed and that a still larger majority believes its continuation would convey a dangerously misleading impression.

I want Senators to know that at the first opportunity following disposition of Senator PERCY's motion to table, I will call up an amendment regarding the Clark amendment.

Mr. PERCY. Madam President, I yield to my distinguished colleague from California.

Mr. CRANSTON. Madam President, I support the language proposed by Senator TSONGAS which will provide for a date certain for the repeal of the Clark amendment or a ceasefire in Namibia—whichever comes first.

Madam President, I was an original cosponsor of the Clark amendment. I think that we acted prudently in 1976 in enacting the Clark amendment. The Ford administration did not provide the Congress with a well-defined rationale for providing military or paramilitary assistance to Angola at the time. The administration presented the Congress with the specter of creeping involvement in Angola's civil war without a clear-cut reason for why we should provide funds or how it was in the interest of the United States. Without a coherent policy which spelled out U.S. interests, the Congress determined it would be unwise and irresponsible to give the administration a blank check and denied the administration's request. To insure congressional oversight, the Clark amendment was approved which prohibited any assistance related to any military or paramilitary operations in Angola without the express approval of the Congress.

I have continued to follow events in southern Africa carefully since the passage of the Clark amendment. The United States still has important foreign policy objectives in the area. Of particular significance to the United States is a peacefully negotiated settlement for Namibian independence and the removal of Cuban troops from Angola. These two goals are closely intertwined. Angola has stated that the Cuban troops remain because of attacks by South Africa. South Africa justifies the attacks as an effort to stop guerrilla activity in Namibia. Thus, settlement of the Namibian question may bring us closer to our goal with respect to the Cuban troops as well.

President Reagan, however, has asked us to repeal the Clark amendment. Given the changes that have taken place in the last 5 years in southern Africa, it is understandable that he has done so. But, as we debate the issue before us—the repeal of the Clark amendment—we must keep the two goals I have mentioned in mind because repeal of the amendment may well have a profound effect on our efforts to achieve these goals.

President Reagan has asked the Congress to repeal the Clark amendment on the grounds that it limits his flexibility to conduct foreign policy. The Senate Foreign Relations Committee agreed to his request but with certain conditions relating to progress on the Namibian question. I supported the committee compromise because it set out the concerns of the Congress about repealing the Clark amendment at this time and provided for appropriate congressional oversight. At the same time, committee compromise responded fairly to the President's request. It repealed the Clark amendment. Today, however, we are asked to repeal the Clark amendment with virtually no conditions. I am very concerned about the effect that such action will have on the two foreign policy goals to which I have already alluded.

The administration has stated that it has made progress toward a settlement in Namibia. I welcome this news. And I will continue to support the administration's efforts to resolve the Namibian problem. But I am concerned that outright repeal of the Clark amendment now will derail the administration's efforts. I am concerned that repeal now will send the wrong signal to the nations in Africa who have expressed serious concern about repeal of the amendment and to our allies—France, Germany, Britain, and Canada—who have been working with us to resolve the Namibian issue. But if we set a certain date as has been proposed, we will be serving notice that it is our intention to repeal the Clark amendment, but we shall give the President time to work out the Namibian settlement.

Madam President, this is a sensible approach. It takes no chance that the success achieved by the administration thus far will be jeopardized. It responds to the President's request. I hope that my colleagues will join me in supporting it.

Mr. PELL addressed the Chair.

Mr. PERCY. Madam President, I believe I still have the floor. I am very happy to yield 5 minutes to my distinguished colleague from Rhode Island.

Mr. PELL. Madam President, I strongly support the intent and substance of Senator TSONGAS' amendment. It takes into full account the current situation and the prospect for successful peace negotiations. It is also a good compromise, since it guarantees that the Clark amendment will terminate on a date certain.

Madam President, by this amendment, the Senator from Massachusetts has given full force and effect to the disclaimer of congressional intent on covert operations that is being proposed by the Senator from Kansas. By so doing, it also provides time to conclude the sensitive Namibia negotiations.

Madam President, all parties to the Namibia negotiations—including the American and Angolan Governments—have stressed the linkage between peace in Namibia and the withdrawal of Cubans from Angola. Outright repeal of the Clark amendment could provide a further rationale for a continued Cuban presence in Angola to ward off possible U.S. covert actions.

Now, more than ever, outright repeal—or even repeal with a congressional disclaimer—would be viewed throughout the world, and particularly in Africa, as an American decision to favor military responses to southern African problems—similar to the recent South African raid into Angola. This is not a message that we wish to send, and it is not a message that we can afford to send.

At the same time, the Tsongas amendment also realizes that complications can occur and no restrictions on Presidential flexibility in these matters should last forever. The cutoff date established by the Tsongas amendment provides a workable time frame to terminate the Clark amendment.

All told, Madam President, I believe it is a good amendment and I am glad to support it.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Madam President, I am pleased to yield 3 minutes to the distinguished senior Senator from Pennsylvania. I suggest the absence of a quorum.

Mr. TSONGAS. Madam President, I inquire whether, since we are just going to be sitting here, I could respond and take up the time now, rather than later.

Mrs. KASSEBAUM. Madam President, I should like to suggest that there is a quorum call in progress.

The PRESIDING OFFICER. Will the Senator from Illinois withhold his request for a quorum call so the Senator may proceed?

Mr. PERCY. Yes, Madam President. I ask unanimous consent that the request for a quorum call be withdrawn, and that I may yield to the distinguished Senator from Pennsylvania without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HEINZ. Madam President, I thank the distinguished Senator from Illinois for yielding.

I am in strong opposition to the Tsongas amendment, Madam President, and I shall be speaking later on in favor of the Kassebaum amendment. This is really a question of one of the first, major foreign policy tests that this new administration has had to date on the floor of the Senate.

Despite that, some people might wonder what the Clark amendment is and, therefore, why it is so significant. Let me sum it up in these words: The Clark amendment is a way of saying to the Soviet Union, to Cuba, and to other people who wish to have as large a sphere of influence, as far-flung a net of hegemony, as possible, that we, the United States, declare Angola to be of no significant interest to this country, and that we, by declaring it off limits to our interests, welcome the intrusion, the intervention, the stationing of Cuban troops, or any other kind of activity or action by other people, presumably hostile to our interests, that they care to engage in.

What my good friend, the Senator from Massachusetts, seeks to do in amending the bill is to provide that the Clark amendment be in force until March 31, 1983, extending it some 18 months in so doing; or to provide that certain conditions be met, among them the achievement of an effective cease-fire in Namibia.

Madam President, this is not the time or place to debate our policy in its entirety toward southern Africa, to South Africa, to Namibia, to Angola, to Zimbabwe. But I think it is fair to say the Tsongas amendment gives a veto over our policy in Angola to two contending sides in another area of southern Africa—namely, Namibia. It is a veto because it is going to be up to SWAPO, which is on one side, and presumably the South Africans or people friendly to their interests on the other, as to whether or not a cease-fire is going to exist in Namibia, which in turn will affect the status of the Clark amendment, under the proposal by the Senator from Massachusetts (Mr. TSONGAS).

Madam President, one does not have to be for SWAPO or for the South Africans to be against giving either of them a veto over our policy in Angola. Yet that is exactly what the Tsongas amendment would achieve. It seems to me, therefore, that this amendment, which goes much farther than the bill, by far, is not an effective means of signaling either the administration downtown or people across this country or people in southern Africa what it is we believe vital to our interests, security and otherwise, around the world.

So I hope that my colleagues will join in voting for the motion of the Senator from Illinois to table the amendment. This amendment is wrong, and I hope it will be defeated.

I will speak on the larger issue of repealing the Clark amendment at greater length in a moment, at which point I will urge the adoption of the Kassebaum amendment.

Mr. PERCY. Madam President, it is the intention to vote within 5 minutes. We understand that some Senators are leaving to go to the White House, but they can delay for 5 minutes.

Very simply, the Tsongas amendment is a major modification in the original Percy-Tsongas amendment on Angola. It deletes a good deal of the language of that amendment and adds that the repeal is effective upon the achievement of a cease-fire or March 31, 1983, whichever is earlier.

The Kassebaum amendment repeals the Clark amendment and incorporates the committee language with respect to the intention of Congress—that we were not condoning or endorsing in any way any military or paramilitary activities in Angola. I also intend to work with the Intelligence Committee to assure notification in this regard.

The concerns I have had were primarily two: I felt extremely uncomfortable, and so expressed myself, that ours would be the only government on Earth whose hands would be tied in a critical area. In retrospect we see the problem we have when we try to repeal something like the Clark amendment; we have the danger that we might send the wrong signal.

Senator KASSEBAUM has taken some of the committee language to make clear we are not sending a signal. There is no plan for any such action, but the administration does not feel it should have its hands tied. It would go through the congressionally approved procedure in the event there were such a plan.

With the cease-fire language in the committee amendment relating to the conflict in Namibia, we would be constrained and controlled in our actions by the actions which other countries may or may not choose to take.

Madam President, I ask unanimous consent that I may now yield to the distinguished Senator from Massachusetts for 2 minutes, without losing my right to the floor.

Mr. TSONGAS. I object.

Mr. PERCY. I ask unanimous consent that I be able to yield, without losing my right to the floor, to the Senator from Massachusetts for 2 minutes.

Mr. TSONGAS. I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Illinois has the floor.

Mr. PERCY. I ask unanimous consent that I be permitted. under the conditions outlined to yield to my colleague for 2 minutes.

Mr. TSONGAS. I had promised the Senator from Connecticut that he could speak. I need only a minute, but the Senator from Connecticut has expressed a desire to speak.

Mr. PERCY. It will be necessary because of the commitment I just received from the distinguished Senator that he wished to speak for only 2 minutes. I have asked a group of Senators to hold off going to the White House until we have had the vote.

Mr. TSONGAS. I withdraw my objection.

Mr. PERCY. If the distinguished Senator from Connecticut can give his comments in 1 minute——

Mr. TSONGAS. I withdraw my objection.

Mr. PERCY. Madam President, I modify my unanimous-consent request, that, without losing my right to the floor, I be permitted to yield for 2 minutes to the distinguished Senator from Massachusetts and for an additional minute to the Senator from Connecticut. I will immediately then move to table the Tsongas amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TSONGAS. I will use 1 minute and yield 1 minute to the Senator from Connecticut.

Madam President, we are not here to take positions that were arrived at prior to the amendment. The argument about the veto of the cease-fire is important but not if there is a date certain. Why do we not talk about that? If there is objection to the veto power inherent in the cease-fire, that is why the date certain is there. Why do we not talk about that?

The argument that the amendment goes much further than the bill is nonsense. The bill has cease-fire alone. The amendment has the cease-fire and the date certain. To say that it goes much further than the bill means that one has not read the bill and has not read the amendment. Let us deal with the facts here.

I yield to the Senator from Connecticut.

Mr. DODD. I thank the Senator.

Madam President, I wish to make the same point. I believe the Senator from Massachusetts has gone considerably further in the amendment he is now proposing than what was offered in the committee. Providing a date certain 18 months from now is going to assure the elimination of the Clark amendment. However, what the total repeal of Clark would not do is to give Mr. Crocker, to give Secretary of State Haig, to give President Reagan and this administration, and to give Congress the opportunity to exercise positive leverage on Angola, in our efforts to seek a settlement in Namibia.

A dramatic breach or break now with the Clark language will lose us the leverage we desperately need if we are going to have any positive influence on a resolution of that dispute.

I strongly support this compromise. It is a significant compromise. The date certain is something that all of us in this body can support.

I yield back to the Senator from Massachusetts whatever time I have remaining.

Mr. KENNEDY. Madam President, I rise in support of the amendment offered by my colleague from Massachusetts (Mr. TSONGAS). I believe that his amendment, which calls for the repeal of the Clark amendment, when "the President has determined that an effective cease-fire is in place in Namibia and that preparations for internationally supervised election in Namibia are in progress" or by March 31, 1983, offers an acceptable compromise to those who favor outright repeal of the Clark amendment at this time.

I oppose the amendment to be offered by the Senator from Kansas (Mrs. KASSEBAUM) to repeal the Clark amendment, which prohibits U.S. assistance to military or paramilitary operations in Angola without specific congressional approval.

The Clark amendment was originally enacted in 1976, after Congress learned that the CIA had provided covert military aid and assistance to two of the three contending political parties (FNLA and UNITA) during the 1975–76 civil war in Angola, without the prior knowledge or approval of Congress. This secret operation had only escalated the conflict, causing unnecessary additional deaths and destruction in Angola.

Enactment of the Clark amendment established the firm position in American foreign policy that we could neither promote our own interests nor enhance the prospects of a peaceful solution in Angola by conducting covert operations, apparently in conjunction with the Government of South Africa. In addition, the Clark amendment signified Congress desire to share an equal responsibility in making of foreign policy—a responsibility that could not be fulfilled if the President were given full discretion to act as he saw fit while Congress was informed after the fact.

The Clark amendment was stringent, but it was deemed necessary to insure that public debate would take place before any future decisions were made to intervene in Angola. The amendment requires the President to explain in detail why he believes that supplying assistance to Angolan rebels would be "important to the national security interests of the United States," after which the Congress must give its express authorization to any requested aid.

This is the historical context in which we ought to consider our present policy toward Angola. A repeal of the Clark amendment not only would be tantamount to turning the clock back to 1975, but would seriously damage our current diplomatic efforts and interests in Africa in a number of ways.

First, repeal would be a clear signal to Africa and to the world that the United States was reverting to an African policy viewed primarily in terms of East-West competition, with little concern for African needs and priorities.

Second, repeal would be a severe impediment to any future attempts by the United States to improve relations with the current Angolan Government—a government which has long been recognized by our European allies and our friends in Africa and which has pursued a genuinely moderate course.

Third, repeal would further identify the United States with the racist South African regime, which continues to support the Angolan rebels and which has recently conducted a large-scale invasion of Angola.

Fourth, repeal would add to the widespread impression that American foreign policy is concerned more with military intervention than with diplomatic efforts to protect our international interests.

More specifically, repealing the Clark amendment would undermine three basic U.S. policy objectives in southern Africa and Africa as a whole. First, the peaceful achievement of independence and majority rule in Namibia; second opposing Soviet, Cuban, and East German intervention; and third, improving our ties with nations throughout the African Continent.

With regard to Namibia, lifting the Clark amendment would seriously impair the efforts of the United Nations and the Western Contact Group (France Great Britain, West German, Canada, and the United States) to resolve the current crisis. For the past 3½ years, the United States has been working closely with the UN and the Contact Group to seek the full implementation of the United Nations Security Council Resolution 435, an internationally accepted plan which provides for Namibian independence and majority rule.

As a key member of the frontline states and the principal mediator for the forces of the South West African people's Organization (SWAPO). Angola has long played a critical and constructive role in the Namibian negotiations. In the summer of 1979, for example, the late Angolan President Agostinho Neto came forward with a new proposal for a demilitarized zone along the Angolan-Namibian border, which broke a deadlock in the discussion on how to implement and monitor the cease-fire between the SWAPO and South African forces. In addition, Angola was successful in persuading SWAPO to agree to participate in the United Nations-sponsored elections in Namibia.

To repeal the Clark amendment and open the way for covert U.S. assistance to UNITA—the primary opposition party dedicated to overthrowing the MPLA government—would decrease the likelihood that Angola would accept proposals either for a demilitarized zone located on its territory or for a cease-fire. Moreover, lifting the ban on CIA paramilitary activity in Angola would be certain to create a chill in relations with the other frontline states and with SWAPO, rendering the attainment of a solution acceptable to all parties even more difficult.

Despite the Reagan administration's claiming, a repeal of the Clark amendment clearly would not lead to a withdrawal or a reduction in the number of Cuban troops in Angola. Instead, repealing the amendment would precipitate further Soviet and Cuban adventurism in Angola by increasing, not diminishing, the reliance the Angolans now have on the Cubans for their security needs.

I strongly oppose the presence of Cuban troops and Soviet military advisers in Angola. But it is clear that it will be difficult to obtain Angola's support for the removal of these troops and advisers until South Africa ends its attacks and its military threat to Angola.

Angola officials have repeatedly stated that they will send home the Cuban troops once the Namibian crisis is resolved and the threat of South African raids has evaporated. In an interview this past January, the Angolan Foreign Minister, Paulo Jorge, reaffirmed Angola's position: "We have said this very clearly to the Americans, when the threat of South Africa disappears and we believe it will with the independence of Namibia, then we won't need the Cuban presence here." If the Reagan administration is serious about its desire for the withdrawal of the Cuban troops and Soviet advisers from southern Africa, it should pursue a policy that will bring true independence and majority rule to Namibia, leading to the end of the Cuban presence in Angola.

Finally, repealing the Clark amendment would have a potentially disastrous effect on U.S. relations throughout Africa. African nations have made it clear that they oppose the lifting of the Clark amendment or any other attempts by the United States to provide covert aid to UNITA. President Shehu Shagari of Nigeria, whose country is the second largest supplier of oil to the United States, warned that "If the United States is willing to support the rebels in a sovereign African nation, it would be extremely serious." The group of six southern African frontline states—Tanzania, Zimbabwe, Botswana, Mozambique, Zambia, and Angola—forcefully reiterated this position during the April 1981 visit of Chester Crocker, the Assistant Secretary of State for African Affairs. In a communique issued upon the conclusion of Crocker's visit, the frontline states, "denounced any move on the part of the Reagan administration geared to destabilize the Government of Angola," and added that "such a motion against Angola would constitute a flagrant act of interference in the internal affairs of a member state of the OAU and the UN and a clear affront and challenge to free Africa."

U.S. relations with African States would be further damaged by the clear perception of a "tilt" toward South Africa that would be created by a repeal of the Clark amendment. Already, the members of the OAU have condemned what they see as the Reagan administration's greater willingness to tolerate South Africa's racial repression and its dominance over Namibia.

And in the wake of the appalling U.S. veto of the U.N. resolution condemning South Africa's recent invasion of Angola and the administration's decision to allow South Africa's segregated rugby team, the Springboks, to tour the United States, America's relations with Africa have become severely strained.

If we were now to repeal the Clark amendment, suspicions about U.S. cooperation with Pretoria would only increase, risking complete alienation of the United States from the rest of Africa.

Madam President, I should point out that Africans are not the only one who have voiced their deep concern about the implications of Senator KASSEBAUM's amendment. The American business community has also expressed serious reservations about the far-reaching consequences a repeal of the Clark amendment would have on their business interests in Angola and in the rest of Africa. Last April, when the House Foreign Affairs Subcommittee on Africa held hearings on the Clark amendment, many leading American businessmen, bankers, and industrialists testified that their facilities and investments in Angola and in other economically important nations such as Zimbabwe and Nigeria would be adversely affected by the Reagan administration's handling of such sensitive issues as the repeal of the Clark amendment, independence for Namibia, and policy toward South Africa. Their view, as expressed by Melvin J. Hill, president of Gulf Oil Corp. unit, is that Angola is a "knowledgeable, understanding and reliable business partner" and that "the U.S. attitude toward one problem affects the African perception of the positions the U.S. might take in other areas of Africa." He went on to state that repeal of the Clark amendment "would almost certainly be interpreted as a decision by the United States to abandon black Africa and aline itself with South Africa."

Likewise, P. W. J. Wood, vice president of exploration and production for Cities Services Co., advised that—

> Time will take care of Angola. The Angolans are more and more development oriented. They aren't interested in politicizing central Africa on behalf of Cuba or the Soviet Union. Our people aren't personna non grata in Angola.

Madam President, I believe the proposed repeal of the Clark amendment would be a major foreign policy blunder. Such action would severely damage and delay any prospects for a settlement in Namibia. Moreover, it would not lead to a withdrawal of Cuban troops and Soviet advisers based in Angola. Rather, it would enhance Angola's sense of insecurity, increasing—not decreasing—likelihood of a continued Cuban and Soviet presence. Finally, a repeal of the Clark amendment unquestionably would have serious repercussions on U.S. relations throughout Africa.

For all of these reasons, I urge my colleagues to support the Tsongas compromise amendment. While I would have preferred that the Clark amendment not be altered at this crucial time in the struggle for independence and majority rule in Namibia, I believe that this compromise is acceptable.

Madam President, Africa will be of crucial importance to U.S. foreign policy in the 1980's. We must be certain not to undermine the substantial gains that we have made on that continent since the first Clark amendment was enacted. A total and unconditional repeal of the Clark amendment would be a dangerous step backward in America's African policy. I urge my colleagues to show the wisdom and the foresight necessary to promote America's long-term interests and relations with the nations of Africa, and to join me in supporting the Tsongas amendment which would help to protect both these goals.

Mr. BRADLEY. Madam President, the debate in the Senate today on whether to repeal or modify the Clark amendment to the Foreign Assistance Act is not simply a question of establishing "in principle" the powers of the President to formulate and implement U.S. foreign policy. It is not simply a matter of freeing "in principle" the President of congressional restraints on his ability to conduct a credible U.S. foreign policy. It is rather a debate on the future of U.S. relations with the nations of Black Africa.

Madam President, there should be no mistake about the consequences of our vote. If the U.S. Congress repeals, without condition, the Clark amendment, which prohibits U.S. military assistance to any of the contending factions in Angola and rejects the Tsongas compromise, it will do the following:

First, it will put Angola, and all 51 members of the organization of African States who recognize the controlling government in Luanda, on notice that the United States is prepared to intervene by supplying forceful means to dislodge a sovereign and broadly recognized government in Black Africa. Under the circumstances, interventionary action by United States would be seen not as a defensive move against Soviet influence in the region, but as a plainly aggressive effort to remove what it regards as an unpalatable regime. The United States has been repeatedly informed that this is the prevailing view of Black Africa's leadership.

Six southern African States on April 15, 1981, released a statement characterizing a repeal of the Clark amendment as "a flagrant interference" in Angola's internal affairs and a "clear affront and challenge to free Africa." And no one has been more clear on this point than President Shagari of Nigeria, a country which is the second largest foreign supplier of oil to the United States. In his words, "if the United States is willing to support rebels in a sovereign African nation, it would be extremely serious."

Second, the negative reaction of Black Africa to prospective threats to Angola's Government is strongly motivated by the association of UNITA, the opposing rebel group led by Jonas Savimbi, with the Government of South Africa. Savimbi's personal qualities of leadership and commitment to Angolan independence have been completely eclipsed by his cooperation with South Africa in its assaults on Angola, and more importantly on SWAPO, the Namibian independence movement supported by Angola.

South Africa's ambitions concerning Namibia are widely recognized to be to thwart the emergence of Namibia from South African mandate as an independent, majority-ruled nation. Savimbi's cooperation with the South African Government, a government reviled for its practice of apartheid and its attacks on SWAPO forces, has completely discredited Savimbi's UNITA with the nations of Black Africa. Accordingly, signs that the United States is prepared to give military assistance to Savimbi, in the eyes of Black Africans, are signs that the United States is prepared to support South Africa in its plans to squash independence for Namibia. Since undermining prospects for a peaceful settlement is contrary to U.S. commitments under a 3 year UN-sponsored peace effort, support for South Africa's intransigence and aggression is not the posture we should appear to adopt. Repealing Clark without any conditions and rejecting Tsongas would without question cast us in that posture.

Third, giving Luanda reason to believe we plan to aid Savimbi and South Africa is the worst way to seek to dislodge Soviet and Cuban influence in Angola. Indeed no better plan could be drawn up to entrench the reported 20,000 to 30,000 Cuban troops defending Angola's economic infrastructure against the repeated attacks on it by UNITA and South Africa.

Every indication out of Luanda points to the Government's disappointment in Soviet failure to help improve the country's economic lot and its impatience to be free of the irritating Soviet and Cuban presence in its homeland. In contrast to its economic relations with the East, Luanda's economic contacts with Western firms have grown steadily and productively. While Angola carries on hardly any trade with countries of the Eastern bloc, its economic ties to the West are becoming critical. Oil is the country's biggest export and generates most of the country's revenues. Gulf Oil is Angola's largest oil producer. Notably, Luanda's posture toward Western governments, including the United States, has improved in concert with the strengthening of its economic ties to them.

The obstacle that stands between the United States and Angola is the politically-charged matter of Cuban troops. The best prospect for removing them is to remove Angola's reason for retaining them. Acting to increase the threat to the Angolan Government is the surest way to make the Soviet Union and Cuba indispensable to the Angolans.

It is important to take notice of precedents as a guide to what might follow the easing of Luanda's security concerns. Angola has repeatedly declared that it will send the Cubans home once it is assured of its safety from South African sponsored attack. It is worth noting that before Angola and Zaire made peace in 1978, 35,000 Cuban troops were stationed in Angola. It has been reported that after Mobutu expelled FNLA forces opposing Luanda from Zaire, and Angola returned Zairian refugees to Mobutu, the number of Cuban troops in Angola dropped by some 50 percent, according to Western intelligence analysts.

Prospects for improved relations with Luanda are very good. And progress in improving them could enhance U.S. influence in the region generally, while diminishing Soviet opportunities for gain.

Finally, Madam President, it should not escape our notice that the negative view of repealing the Clark amendment extends far beyond Black Africa to most countries of the developing world generally. The Namibia-South Africa question of course is not so stirring for those outside the African continent, but evidence of our respect—or seeming lack of respect—for the driving aspirations of Black African people will weigh importantly with all peoples of the developing world. The effect will be subtle and indirect, but nonetheless significant. Our relations with these countries bear improvement for reasons of important economic and security interests. Can it be wise to needlessly alienate—and perhaps alarm—them by appearing to trespass on Black African sovereignty and dignity?

I do not think so, and I am pleased that the distinguished Foreign Relations Committee, in reporting the Tsongas-Percy compromise on the Clark amendment, did not think so either. That compromise repeals Clark but makes military assistance to factions in Angola contingent on a reported Presidential determination that assistance is in the national interest; that concrete progress has been made on a Namibian settlement; and that assistance would not impair settlement efforts. The compromise approach retains congressional oversight, strengthens the President's foreign policy capabilities, but minimizes the danger that aid to UNITA will be used to strengthen joint UNITA-South African assaults on SWAPO.

Madam President, the committee compromise is a balance that restores the President's ability in principle to take whatever measures necessary to advance U.S. interests, while taking care to avoid creating the impression that the U.S. hopes to launch a covert effort against Angola, a covert effort that would collapse hopes for a negotiated settlement on Namibian independence. What the compromise assures is that the cloud of controversy surrounding Namibia, which distorts U.S. relations with Angola, will be fully cleared before the President considers military support.

Madam President, this is a good compromise and the Senate should support it. However, my colleague from Massachusetts has offered a further compromise in an effort to accommodate the concerns of those Senators who fear that the conditions for repeal are open-ended. He has added a provision setting March 1983 as a date certain for repeal of the Clark amendment. If a settlement on Namibia has not come sooner. My view is that the committee provision furthers progress on Namibia and quiets the fears of Black African people about U.S. intentions in their homelands, but I urge those of my colleagues who feel they cannot support the committee provision, to accept the good faith compromise offered by the distinguished Senator from Massachusetts.

Mr. PERCY. Mr. President, if no other Senators wish to speak, I move to table the Tsongas amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Washington (Mr. GORTON), the Senator from New Mexico (Mr. SCHMITT), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii (Mr. INOUYE) and the Senator from Hawaii (Mr. MATSUNAGA) are necessarily absent.

I further announce that, if present and voting, the Senator from Hawaii (Mr. MATSUNAGA) would vote "nay."

The PRESIDING OFFICER (Mr. COHEN). Is there any other Senator in the Chamber wishing to vote?

The result was announced—yeas 66, nays 29, as follows:

[Rollcall Vote No. 299 Leg.]

YEAS—66

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boren
Boschwits
Burdick
Byrd.
Harry F., Jr.
Cannon
Chatee
Chiles
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dole
Domenici
Durenberger
East
Exon
Garn
Goldwater
Grassley
Hatch
Hawkins
Hayakawa
Heflin
Heins
Helms
Hollings
Humphrey
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Lugar
Mattingly
McClure
Melcher
Murkowski
Nickles
Nunn
Packwood
Percy
Pressler
Quayle
Randolph
Roth
Rudman
Sasser
Simpson
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Zorinsky

NAYS—29

Baucus
Biden
Bradley
Bumpers
Byrd, Robert C.
Cranston
Dixon
Dodd
Eagleton
Ford
Glenn
Hart
Hatfield
Huddleston
Kennedy
Leahy
Levin
Mathias
Metzenbaum
Mitchell
Moynihan
Pell
Proxmire
Pryor
Riegle
Sarbanes
Specter
Tsongas
Williams

NOT VOTING—5

Gorton
Inouye
Matsunaga
Schmitt
Weicker

So the motion to lay on the table Mr. TSONGAS' amendment (UP No. 446) was agreed to.

Mr. BAKER. I move to reconsider the vote by which the motion was agreed to.

Mr. SIMPSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MITCHELL. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Maine.

Mr. MITCHELL. Mr. President, I yield 2 minutes to the Senator from Connecticut.

Mr. PERCY. Mr. President, if the Senator will yield, for the benefit of the Senate I might outline our procedure now. The pending business, as I understand it, is the Mitchell amendment. It is the intention of our distinguished colleague to eliminate the wording about a 60-day limitation, which would then remove the objections from this side. The amendment could then be accepted.

Then Senator KASSEBAUM would move her amendment. It is the understanding of the managers of the bill that there will be no objection to a voice vote on the Kassebaum amendment. The only Senator who has requested permission to speak on the Kassebaum amendment is Senator GOLDWATER, who will speak for a few minutes, then we will go immediately to a voice vote.

Mrs. KASSEBAUM. If the Senator will yield, Senator NUNN would like a few seconds on that.

Mr. PERCY. We would then have two Senators speaking and then we would go to a voice vote on that.

It would be our intention to proceed on the bill until at least 6 or 7 o'clock to take up as many amendments as we possibly can, hopefully the noncontroversial ones, so that we can dispose of the majority of those this evening and then work toward some of the amendments that would take a longer period of time. We would attempt to establish a time agreement on all amendments, including the Glenn amendment with respect to Pakistan, which may require 3 or 4 hours. I thank my distinguished colleague for yielding.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MITCHELL. Mr. President, I yield 2 minutes to the Senator from Connecticut.

Mr. DODD. Mr. President, I thank the Senator for yielding.

Mr. President, I rise to strongly support the amendment offered by our distinguished colleague from Maine, urging the administration to fill the position of Assistant Secretary of State for Human Rights and Humanitarian Affairs.

Last May the Committee on Foreign Relations rejected the President's nominee for this position. Dr. Lefever's nomination and the Senate Foreign Relations Committee action leading to his withdrawal was surrounded by controversy.

This controversy unfortunately overshadowed those essential issues that needed clarification in our human rights policy. What I have found most unfortunate was the attempt by some supporters of Dr. Lefever to use the question of his fitness for the office as an excuse to degrade the whole institution of human rights into a "us-against-them" partisan issue.

Mr. President, I refuse to accept that human rights is a partisan issue and deplore those who try to exploit it as such. Dr. Lefever was not rejected because of partisan considerations. He was rejected because he was unfit for the office that he was nominated for. Because of the bitterness that controversy unfortunately generated I do not wish to dwell on it. I just wanted to remind my colleagues that Dr. Lefever was rejected by the majority of each side of the committee. It was clearly a bipartisan decision.

Every Member of this body is deeply concerned about several human rights violations abroad even if the areas of those individual concerns do not always coincide. Our Government a few years ago started to institutionalize our human rights policy and handle it in a systematic, coherent fashion. If it did not work perfectly—and what does work perfectly ever: It is up to us to show us how to do better.

There are many theoretical and practical questions about our human rights policy that have never been solved or clarified. The debate should shift to these, the really relevant questions instead of getting mired down in partisan bickering.

The President is free, after all, to nominate someone who is close to him philosophically. The unanimous confirmation of our new Supreme Court Justice shows that Members of the Senate are easily capable to rise above partisan and ideological pettiness.

I refuse to believe that the President could not find an outstanding individual with the knowledge, integrity, and sensitivity required by this post.

The present inaction resulting from the Lefever controversy, this impoundment of the office is unbecoming to the importance and dignity of the subject. It does not hurt personally anyone who voted against Dr. Lefever but it hurts the coherence of our foreign policy.

We do have human rights considerations incorporated into our foreign policy now, and we shall continue to have them. The only question is if it will be a series of haphazard pot shots or a well-defined purposeful policy.

I commend my colleague from Maine for the thoughtfulness of his amendment and its elevated tone.

I ask unanimous consent that the two letters pertaining to Mr. Lefever be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 15, 1981.

Hon. ALEXANDER M. HAIG, Jr.,
Secretary of State, Department of State,
Washington, D.C.

DEAR MR. SECRETARY: You may recall that during your appearance on July 8 before the Committee, Senator Dodd requested that we write to you on behalf of the Committee to inquire about (1) Dr. Ernest Lefever's status with the Department of State; and (2) the Administration's intentions with respect to the position of Assistant Secretary for Human Rights and Humanitarian Affairs.

In this regard, we would very much appreciate the Department's responses to the following specific questions submitted by Senator Dodd.

1. What is Dr. Lefever's exact relationship to the Department of State and what are the terms of this relationship? Could you cite which legal authority you plan to use in order to hire Dr. Lefever? Does Dr. Lefever have a formal contract with the Department? If so, we would appreciate your providing a copy of it to the Committee, along with any other documentation which the Department deems relevant.

2. What are Dr. Lefever's specific assignments, duties and title? To whom does Dr. Lefever report and how often? Will any of Dr. Lefever's work product be available to the Committee and to the public?

3. What other positions, if any, does Dr. Lefever hold either in or out of government? Are there any restrictions in this regard?

4. Does the Administration intend to fill the position of Assistant Secretary for Human Rights and Humanitarian Affairs? If so, when would you expect a decision on a nominee? If not, could you inform the Committee of the Administration's reasons for deciding not to fill this post?

5. If the Administration does not intend to fill this position, will it seek legislation to abolish the post? Would the Administration oppose a Congressional initiative to abolish it?

We appreciate very much your willingness to be of help in responding to these questions.

Sincerely,

CHARLES H. PERCY,
Chairman,
CLAIBORNE PELL,
Ranking Minority Member.

DEPARTMENT OF STATE,
Washington, D.C., August 14, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your letter of July 15 to Secretary Haig inquiring about Dr. Ernest Lefever's status with the Department of State and the Administration's intentions with respect to the position of Assistant Secretary for Human Rights and Humanitarian Affairs. Specifically, we are providing the following responses to your questions:

1. What is Dr. Lefever's exact relationship to the Department of State and what are the terms of this relationship? Could you cite which legal authority you plan to use in order to hire Dr. Lefever? Does Dr. Lefever have a formal contract with the Department? If so, we would appreciate your providing a copy of it to the Committee, along with any other documentation which the Department deems relevant.

Dr. Lefever has been appointed as a consultant to the Office of the Secretary of State. The appointment is effective for one year beginning on June 29, 1981. The grade and salary of the appointment are EF-15 (10) p.a. $50,112.50. Dr. Lefever will be paid on a daily basis, when actually employed, under the consulting arrangement. Dr. Lefever's appointment forms estimate that he will work approximately 45 days during the consulting year, although it should be noted that a consultant may work up to a maximum of 130 days during the consulting year. The legal authority to appoint experts and consultants is contained in 5 USC, Section 3109, and the current appropriations legislation, as implemented in State Department regulations at 3 FAM 1514. Attached for your information is a copy of the position description on Dr. Lefever.

2. What are Dr. Lefever's specific assignments, duties and title? To whom does Dr. Lefever report and how often? Will any of Dr. Lefever's work product be available to the Committee and to the public?

Dr. Lefever does not have a title, other than the generic title as a consultant to the Office of the Secretary. His duties are set forth in his position description. Dr. Lefever has not yet been asked to perform any specific assignments on behalf of the Department. However, it is contemplated that he will be asked to consider ways in which counter-terrorism programs might be improved internationally. Dr. Lefever performs assignments at the request of the Secretary of State, but for administrative purposes he reports to the Under Secretary for Management. His work product will be available to the Committee, as desired, in accordance with the rules governing the provisions of documents to the Committee and with due regard to the protection of classified material. Unclassified material may be made available to the public in accordance with the Freedom of Information Act.

3. What other positions, if any, does Dr. Lefever hold either in or out of government? Are there any restrictions in this regard?

We know of no other positions within the government which are held by Dr. Lefever. Outside the government, Dr. Lefever is the President of the Ethics and Public Policy Center as well as a professorial lecturer in the Department of Government at Georgetown University. All special government employees, including Dr. Lefever, are under certain restraints regarding matters on which they may work within the Department or which are pending before the Department. In brief, these restrictions are that special government employees may not participate in any matters where there are potential or even possible apparent conflicts with their own financial interests or those of family members.

4. Does the Administration intend to fill the position of Assistant Secretary for Human Rights and Humanitarian Affairs? If so, when would you expect a decision on a nominee? If not, could you inform the Committee of the Administration's reasons for deciding not to fill this post?

The manner of organization within the Department of State for the conduct of human rights and humanitarian affairs activities is under study. The study has as its purpose to determine how these functions within the Department can be performed most effectively. The Committee may be assured that the full requirements of the law regarding the conduct of human rights activities will be met.

5. If the Administration does not intend to fill this position, will it seek legislation to abolish the post? Would the Administration oppose a Congressional initiative to abolish it?

Until the aforementioned review is completed the question of whether legislation will be sought to abolish the post is moot. Similarly, until the review is completed, we would not be prepared to comment on any Congressional initiative to abolish the position of Assistant Secretary for Human Rights and Humanitarian Affairs.

Thank you very much for your interest.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.

CONSULTANT TO THE SECRETARY

DUTIES

To advise the Secretary of State on terrorism, counterterrorism and nuclear nonproliferation matters, and on the cohesiveness of State Department policy in these areas.

Additionally, incumbent will advise the Secretary on such other matters relating to the conduct of foreign affairs as the Secretary may request, and will assist on whatever special projects the Secretary may direct.

AMENDMENT NO. 561, AS MODIFIED

Mr. MITCHELL. Mr. President, prior to the intervention of the Tsongas amendment, the chairman of the Foreign Relations Committee and the minority manager of the bill and I engaged in a discussion regarding objections by the chairman to one clause in my amendment. That clause is contained in subsection (b)(2). The words which the chairman suggested be deleted, I now agree to be deleted. I, therefore, ask that the clause in subsection (b)(2) in the first sentence, the words "not later than 60 days after the date of enactment of this act," be stricken from the amendment.

Under those circumstances, it is my understanding that the amendment is acceptable to the majority manager of the bill and to the minority manager of the bill. Am I correct in that?

Mr. PERCY. That is a correct assumption. I wish to take into account and call attention to the colloquy that was carried on that would define what the steps of the Senate would be in this regard; that is, the majority of the Senate, in harmony with the understanding of the managers of the bill.

I thank my distinguished colleague for the amendment. We have no objection to the amendment.

Mr. MITCHELL. Mr. President, I wish to make a brief additional comment regarding that colloquy, and that is to repeat and restate and reemphasize that this amendment says to the President that the U.S. Congress believes this is an important office, established by statute, and that it ought to be filled, that it has gone unfilled for 8 months, that the vindication of human rights is an important part of American foreign policy, it is central to American ideals and it ought to be filled promptly. The chairman of the committee and the ranking minority member have agreed that 60 days from now is a reasonable time within which this position should be filled.

I want to repeat what I said earlier, Mr. President, that in the event that no action is taken within 60 days, it is my intention to renew this effort with a specific deadline at that time, I would hope and expect that I would have the support of the chairman and the ranking minority member, both of whom have made strong statements in support of this principle here today.

Mr. PERCY. Mr. President, I thank my distinguished colleague for the opportunity to comment. Certainly, we all know that there are certain Senators who would like to see this position abolished and others who want it filled with someone who would meet their exact standards and definition of human rights. So we are not without differing opinions in this area.

It is my judgment that the majority of the Senate would feel that this is an important post and that this is not the time to send the wrong signal to the world by requesting abolition of the position.

I would hope that it would not be necessary, 60 days after enactment of this measure, to require any additional legislation on this issue. I would hope that, in the spirit of comity that has been expressed, we can work with the administration to fill this post. Certainly, we will begin by discussions tomorrow with Secretary Haig, to impart directly to him the feelings of the Senate and to try to work this matter out in the spirit of cooperation.

Mr. MITCHELL. Mr. President, I share that hope, of course. That would then achieve the objective of this amendment.

I really wanted to point out that if, after having received this expression of congressional intention, the administration persists in refusing to fill it, then it seems to me the case will be irresistible for this type of amendment in 60 days, notwithstanding the understandable concern of the chairman and others with imposing specific guidelines. I thank the chairman and I thank the Chair.

The PRESIDING OFFICER. The Chair will state that the Senator has a right to modify his amendment at any time. The Senator desires to so modify his amendment. Without objection, it is so ordered.

The amendment (No. 561), as modified, is as follows:

On page 84, between lines 2 and 3, insert the following:

"NOMINATION FOR THE POSITION OF ASSISTANT SECRETARY OF STATE FOR HUMAN RIGHTS AND HUMANITARIAN AFFAIRS

"SEC. 716. (a) The Congress finds that—

"(1) the United States has long been a leading defender of the basic rights of persecuted, oppressed, and endangered people around the world, and should continue in this role; and

"(2) effective foreign policy formulation requires that the President and the Secretary of State possess current and accurate information derived from continuous observation and review of all matters pertaining to human rights and humanitarian affairs (including matters relating to refugees, prisoners of war, and members of the United States Armed Forces missing in action).

"(b) It is the sense of the Congress that—

"(1) a strong commitment to the defense of human rights should continue to be a central feature of American foreign policy; and

"(2) the President should submit to the Senate the name of a nominee for the position of Assistant Secretary of State for Human Rights and Humanitarian Affairs, as established by section 624(f) of the Foreign Assistance Act of 1961.".

On page 84, line 4, strike out "SEC. 716." and insert in lieu thereof "SEC. 717.".

Mr. MITCHELL. Mr. President, I believe it is now appropriate to move the amendment.

Mr. PERCY. The modification is a desirable modification. I express my appreciation to the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment (No. 561), as modified, was agreed to.

Mr. MITCHELL. I move to reconsider the vote by which the amendment was agreed to.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 447

(Purpose: Repeal of the Clark amendment)

Mrs. KASSEBAUM. Mr. President, I send to the desk an unprinted amendment on behalf of myself and the Senator from Georgia (Mr. NUNN) and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mrs. KASSEBAUM), for herself and Mr. NUNN, proposes an unprinted amendment numbered 447.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 64, line 16, after the period following the word "Angola" strike out all over to and including the word "Angola" and the period after it on page 65, line 20.

Mrs. KASSEBAUM. Mr. President, I ask unanimous consent that the following Senators be added as cosponsors: Senators BAKER, PERCY, GOLDWATER, HEINZ, PRESSLER, and SIMPSON.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. KASSEBAUM. I also believe the Senator from Arizona, Senator GOLDWATER, desired to speak for a few minutes. I will be glad to yield at this time.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. GOLDWATER. I thank the Senator for yielding.

Mr. President, I support this amendment. I was in the southern part of the continent of Africa when the Clark amendment was passed. It was the most shocking thing that ever happened to me as a U.S. citizen while I was overseas.

I had been in Angola a short time before, a few hours. We were within 36 hours, Mr. President, of getting the Cubans and the Russians out of Angola when the Clark amendment passed. It made it impossible for us to continue our work, although it was of an overt nature, in Angola.

Had the Clark amendment not been adopted, Angola today would still be the most prosperous in the continent of South Africa, as she was under the guidance of Portugal and as she was under her own guidance.

Today, it is a different story. Angola is a strife torn country. She would be friendly to us, and, with her minerals, she would be a great asset to us because some of the minerals she has in rather copious quantities are minerals that we do not have. Let me stress that. We cannot make stainless steel in this country today because we do not have the four metals that we need that go into stainless steel. We do get some of them from Angola.

I was also in southwest Africa or what we want to call Namibia. I went up there for the purpose of visiting with those people who wrote the Constitution, all black. Ninety percent of the people are black. There are many, many tribes, almost too numerous to count. About 10 percent of the people over there are white.

This Constitution that I was privileged to read and discuss with the black people who wrote it, to me was comparable to our own Constitution, which I consider to be the best that has ever been prepared in the field of government in the history of the world.

Mr. President, now we get to this organization called SWAPO, Southwest African People's Organization. Within 2 days after I had a long visit with the man who was the chief writer of the Constitution he was murdered by SWAPO, and they made no bones about it. They admitted it. It was in the press. I brought back a list that I obtained in southern Angola and made it available to our authorities, a list of other people they were going to murder. This has been 7 or 8 years ago and I have not kept up with whether they kept their promise or not.

This SWAPO organization is really the bone of contention. What drives me up the wall is to hear some of our so-called allies and friends in the United Nations hurling epithets at the United States for not wanting to go over and make a deal where SWAPO would run Namibia.

SWAPO may not be under the domination of the Soviet Union, but SWAPO is furnished arms by the Soviets. SWAPO works in concert with Cuba, with their troops, to fight the South Africans who occasionally go into Angola and attempt to drive those people out.

Mr. President, if this amendment is passed and we can do away with the Clark amendment, then I think we can see the United States taking the lead in getting a free election in the country to be called Namibia, a constitution that every one of us in this body would be proud of would be adopted, and South Africa would have every reason, as I believe she wants to, to get out of that country because it is taxing to her to have her forces engaged in that extra part of the world.

It is a wild country. I have to say that. It has some metals, uranium, diamonds, but it is mostly a bleak, desert type of country, not unlike the part of the world that I live in.

So, Mr. President, I support this amendment of Senator KASSEBAUM fully. I think it is long, long overdue. I am amazed that this body would ever have passed it, but they did. It was my unfortunate experience to have been in that part of the world and to take the abuse I took because Senator Clark offered this amendment. It did not even sound good if you read it on the floor. It would not sound good today. We do not need that kind of legislation in this country.

If we are going to be a world power, and that is what I think we are, we are going to have to have the muscle in the President's office to do the things that he has to do to make the United States act like a world power. When you tie his hands at every turn, when you say to the President, "No, you cannot do that, it will violate this or violate that," then we are not playing the role in this world that most of the world wishes we would, and I think all Americans wish that we would.

I cannot commend the amendment too highly. I cannot congratulate the Senator from Kansas too highly. It is a brilliant stroke.

My experience with women in politics has been exceedingly pleasant. I congratulate the Senator and I support the Senator.

Mrs. KASSEBAUM. I thank the Senator. I appreciate those remarks because, one, I know of the Senator's longstanding interest and concern in Africa and its future, and, two, the Senator's kind support for me.

Mr. President, I yield to the Senator from Georgia.

Mr. NUNN. I thank the Senator from Kansas. I join with Senator GOLDWATER in congratulating the Senator from Kansas for this amendment, and also for a statement that reflects both her wisdom and sensitivity on this overall issue. She has reviewed both sides and looked at it very carefully. She has expressed her sentiments in a way that makes absolutely clear the foundation from which she is making this proposal. I am proud to be a cosponsor.

As Senator KASSEBAUM has pointed out, opposition to repeal of the Clark amendment is dictated mainly by doubts about the perceptions that might be created by repealing this measure at the present time. I agree that timing is most important in diplomacy and foreign policy, but Senator KASSEBAUM has presented powerful arguments for proceeding with repeal now rather than facing this same issue every year. I commend her for a clear and convincing presentation.

I believe the Clark amendment places overly rigid constraints on any administration's ability to conduct an effective foreign policy, whether it be President Reagan, President Carter, President Ford, or whoever may be President in the future. Its requirements may delay and possibly frustrate our ability to act in circumstances demanding a response from the United States. Our major adversaries have demonstrated that they intend to act in an unconstrained manner in many Third World areas, especially when U.S. policies create a vacuum. The activities of Cuban troops in Angola and in other parts of Africa represent only one example of the adventurism of the Soviets and their proxies that has been encouraged by self-imposed restrictions such as the Clark amendment.

Repeal of the Clark amendment does not imply support for any type of intervention in Angola. Instead, it merely restores the ability of U.S. policymakers to consider the full range of foreign policy options to complement our diplomatic efforts. This is the situation in other areas of the world, and it should be the case in Angola. If our foreign policy is to have credibility, we cannot impose such rigid constraints on ourselves.

In addition to the question of general principle involved in this debate, repeal of the Clark amendment should have a positive impact in U.S. policy in Africa. The objectives of a U.S. policy in southern Africa, including a just settlement in Namibia, are not likely to be realized so long as the United States has on its books certain restraints that constrain us without in any way affecting either the Soviets or the Cubans in Angola. If we are to be concerned about the signals we might be sending, we should recognize that repeal would send a clear signal to all those in the world who are interested in this area, as well as to the Soviet Union, that we view the continued presence of 20,000 Cuban troops as a serious impediment to any kind of peaceful solution in southern Africa.

I do believe, Mr. President, that this is the appropriate time to take this step. I know that any kind of change in policy will be subject to a great deal of debate and that people, in all sincerity, believe that this is not the right time for repeal of this amendment. But I do not believe we are going to find an appropriate time for repeal. I think the Clark amendment itself signals to the world a kind of inflexibility in American foreign policy and a kind of restriction that simply should not be imposed on any President of the United States.

Mr. President, I believed this strongly when President Carter was in the White House. There was never any major effort to repeal the Clark amendment during that time, but I do know that many in the Carter administration considered this amendment an impediment to an effective foreign policy. I am not speaking of anyone in particular, but I think this is a bipartisan matter, and I think it should be resolved. We should work carefully with President Reagan and others in the administration to shape a meaningful policy in Africa that will help bring about a solution to the problems in this part of the world. I am committed to a balanced policy and a constructive role for the United States in southern Africa, including support for a peaceful solution in Namibia, and I view the amendment by Senator KASSEBAUM as a step in the right direction. I thank the Senator from Kansas.

Mrs. KASSEBAUM. I thank the Senator from Georgia for his cosponsorship and for his thoughtful comments.

Mr. HEINZ. Will the Senator yield?

Mrs. KASSEBAUM. I am happy to yield to the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I thank the Senator from Kansas for yielding. I shall not take much of the time of my colleagues.

Mr. President, I support the amendment of the Senator from Kansas (Mrs. KASSEBAUM) with respect to the Clark amendment. Because the situation in Angola is a matter of long-standing interest to me and one which I have raised on the Senate floor in the past, I want to take a few minutes at this point to detail my reasons for supporting repeal of the Clark amendment.

Let me begin by emphasizing that repeal of this provision neither authorizes nor endorses assistance in any form to anybody in Angola, either the existing government there or the force of UNITA. This distinction is worth making most clearly because I, along with many other Senators, would have serious reservations about taking that second step in this troubled region. When I spoke on this subject in June, 1980, I opposed recognition of or assistance to the MPLA government in Angola unless that government had made progress in reducing the Cuban influence in the country. I took that position at that time in part because there was some consideration being given within the Carter administration to taking that action, which I continue to feel would be inappropriate without some progress on the Cuban issue.

At the same time, however, I would also have serious reservations about providing assistance—covert or direct—to UNITA and its leader, Jonas Savimbi. The policy of the Reagan administration, as I understand it, continues to be that there should be an internal settlement among the various forces contending for power in Angola and that UNITA and Savimbi should be a part of it. This is not that different in substance from previous U.S. policy, and I support it. However, it is difficult for me to see how U.S. support to either side will hasten a settlement.

It is more likely that our backing will result in perceived tilting of the balance there that will harden the positions of both sides and make them even less inclined to deal with other than they are now. Moreover, U.S. assistance to UNITA would almost certainly encourage the MPLA to increase its reliance on Cuba, the very result we most want to avoid.

As I have indicated, however, repeal of the Clark amendment is a different issue from the question of assistance. Repeal would remove from our laws one of those cumbersome provisions that most Members of Congress privately believe is not the best way to do business, but which we periodically support as the only way of forcing the administration of the time to follow congressional policy direction. Like all such provisions the Clark amendment is a blunt tool when a finer surgical instrument capable of dealing with the problem in a more subtle way is needed. The executive has such finer tools, and if the Congress can reach agreement as to how they are to be used in this case, there is no point in keeping in the law relics like the Clark amendment.

With respect to our policy in Angola, the debate on the Clark amendment has largely revolved around the question of signals and perceptions. What kind of signal does repeal send to the rest of Africa? How will black African States like Nigeria perceive this action, and what, if anything, might they do in return? Do we not, the question is asked, risk undoing the goodwill built up in past years in these states through repeal?

The quick answer to those particular questions is "yes." But that is neither the only answer, nor are those the only questions that should be asked. Clearly repeal of the Clark amendment will result in a sharp, adverse reaction in the rest of Africa which will damage some painfully developed relations.

A somewhat broader view of the issue, however, would also take into account whether or not we follow up repeal with substantive action in Angola, which the administration has indicated it does not plan. And it will consider the prospect of further progress on Namiba. The reality in southern Africa today is that the United States is the only Nation in a position to move South Africa on the Namibian question and, therefore, is the only nation capable of achieving a settlement. That is the most important issue in the region right now, and it is fair to say that progress made there will outweigh a symbolic action like repeal of the Clark amendment.

This is not to say that I view the Namibian question as resolved or even that I think our present policy is on the right track. It is to say that we are in a position to more than compensate for the ill effects to repealing the Clark amendment by helping to achieve a settlement that will produce an independent Namibia. Conversely, of course, our failure there will compound our difficulties elsewhere in Africa.

The question of the signal sent to black Africa, however, is not the only question. We must also consider the signal sent to our allies and to the Eastern bloc, particularly the Soviet Union and Cuba. In that regard, the Clark amendment itself has already sent a clear signal—that we intend to keep hands off Angola, and by implication that by implication that we are thereby giving everyone else a free hand there. By defining Angola outside our national interest, we have invited the Soviets to include it within theirs, and that is precisely what they have done.

Repeal of the Clark amendment would change this message and signal to the Soviets and to our own allies that we do not intend to simply opt out of certain segments of the globe, but that we will take a somewhat broader and more realistic view of our interests. This is not to suggest that we have an interest in having an influence in Angola commensurate with what the Soviets and the Cubans have now. On the contrary, our interest is in peace and stability in Angola and all of southern Africa, conditions which can best be achieved in the absence of foreign powers. Time after time throughout the world Soviet involvement has brought both economic disaster and political turmoil. By unilaterally removing ourselves from the field, we only encourage that kind of meddling. If, through repealing the Clark amendment, we can create some uncertainty in the Soviet Union about our intentions, or at least send a signal with respect to other situations in the future, then we have done a good day's work.

Thus, Mr. President, we must bear in mind that an action like repeal of the Clark amendment sends multiple signals, some of which will, admittedly, be badly received, at least in the short run. The main signal repeal sends, however, is that the United States is emerging from a period of weakness and confusion and into a period where our national interest is defined more clearly and defended more effectively. As I indicated, there are dangers there as well, in seeking to replace Soviet hegemony with our own in areas that will gain the most from the least involvement of the major powers. But on the whole, repeal of the Clark amendment signals a return to a more positive and constructive policy which is worthy of support.

Mr. President, I spoke a few moments ago in opposition to the Tsongas amendment and the kind of signal that I believe that the maintenance of the Clark amendment in the law sends to the Cubans and others. I shall not repeat further that part of my remarks.

I do, however, want to make it very clear on the record that our repeal of the Clark amendment as we have known it should not be construed by anybody, either observers in Africa or people in Congress or people in the Reagan administration, as meaning that we want them to start sending aid, assistance—military or semimilitary, covert or direct—into some part of Angola.

I have no doubt that there are some people, either in the administration or maybe even in this body, who believe that it would be in our interest to aid, directly or indirectly, Jonas Savimbi. Jonas Savimbi is head of UNITA in Angola and probably comes as close as anybody I can think of to the definition of a true African freedom fighter. He is a man of immense talent; he is extremely articulate; he has great loyalty from the people in his part of Angola. But I believe that for us to start taking sides in Angola would be a grave mistake and would only postpone, perhaps indefinitely, the day which all responsible Angolans hope for, a reunification of the conflicts and tensions and principles. The people in leadership positions must get together and, once and for all, settle their country's future as a means of insuring its future prosperity and bringing about, once and for all, political stability which will not permit, because it will not want, the kind of involvement that we see there now on the part of the Cubans.

I understand that it is the policy of the Reagan administration that there should be an internal settlement among the various forces contending for power in Angola and that UNITA's Savimbi should be part of it. That would be my wish, too.

This is not a policy, as just described, that is significantly different from that of the last administration. I hope that people who might get a little carried away with enthusiasm over the repeal of the Clark amendment would understand that when Jonas Savimbi was in this country a year ago last December and met, I assume, with others beside myself, he made as clear to them as he did to me that, in fact, he did not feel that it would be either appropriate or necessary or welcome for the United States to give him assistance of the kind—military, covert, or overt—that some people, on occasion, advocate. I believe that that kind of assistance to UNITA would almost certainly encourage the other group in Angola, the MPLA, led by Mr. dos Santos, to increase its reliance on Cuba, and, of course, that is the very result that we want to avoid.

We want the Cubans out, not in. We certainly do not want them any more in than they have been. We trust they will be on their way out just as soon as possible and, for my money, as soon as possible would be tomorrow.

One last observation, Mr. President. That is the question that has been raised of what repeal of the Clark amendment sends in the way of a signal to black Africa. It is this Senator's view that as long as the United States is firm in its resolve to make progress on the question of Namibia, the repeal of the Clark amendment will be to the overwhelming majority of observers in Africa—not just southern Africa but throughout the continent—very much a secondary issue. There may be comments of an unfavorable nature, but, frankly, to the extent that there are, I should not take them terribly seriously over the longer term. I think we would be judged by our actions, not by their words. It seems to me that if we make it clear, as I think the debate has here today, that we cannot any longer tolerate the signal that the Clark amendment sends to our allies, to the Eastern bloc, to the Southeast Asians, to the Cubans, that they have carte blanche in Angola and we have to keep our hands off, that the sooner we erase that message from the pages of the CONGRESSIONAL RECORD, the better off we all will be.

We have seen what happens when we define Angola outside our national interests. We have seen how the Cubans, thanks to the Soviets, have stayed. It is time we sent a positive, clear, well-defined message to our friends, allies, and those hostile to our interests that this is an area of our interest. It is not one in which we seek to impose our will, but it is not one in which we will stand by idly or uncertainly while other people outside that country or that area seek to impose their will.

Mr. President, I hope my colleagues will join in accepting the Kassebaum amendment.

Mrs. KASSEBAUM. Mr. President, I thank the senior Senator from Pennsylvania for his support and his observations.

We have had debate on this matter previously, and Senator TSONGAS and I have talked and agreed that it would not be necessary to have a rollcall vote. I now move the adoption of the amendment.

Mr. PERCY. Mr. President, will the Senator withhold that?

Mrs. KASSEBAUM. I yield.

Mr. PERCY. I thank my distinguished colleague. Before we vote I just want to offer a few additional comments on the matter before us.

Mr. President, understandably, the administration wants to regain all its options in Angola. It wants to have the power of ambiguity—which I think is a useful foreign policy tool. However, the administration has encountered the problem that many people believe the U.S. Government is not ambiguous—that it has already decided to provide aid to Jonas Savimbi's UNITA guerrilla forces.

Time and again, the administration has had to protest to our African and European friends that it has made no decision on whether to provide aid to UNITA's soldiers, or to any other group.

It is important for Congress to make the same distinction. It is important to say that in repealing the prohibitions of the Clark amendment, Congress is not approving covert military aid to Savimbi.

I have been assured every time I have sought a response that there is no plan to aid Savimbi. I know that our Assistant Secretary for African Affairs, Mr. Crocker, would be fully involved in any decision, and he has said there is no such plan. But I have long held and felt that we should have the freedom of movement that any other government on Earth has.

I am gratified that Senator Kassebaum's proposal retains what I consider to be a significant statement contained in the amendment approved by the Foreign Relations Committee: that "Nothing in this section shall be construed to be an endorsement by Congress of the provision of assistance * * * to conduct military or paramilitary operations in Angola."

Unless we make clear what repeal does not imply, there will be dangerous misinterpretations.

I believe it is also important to assure that if the President does decide to take action in Angola, Congress will know about it.

The law which Congress approved last year gives to the Intelligence Committees the responsibility for receiving information from the executive branch regarding covert operations. However, the law and the legislative history clearly provide that the Intelligence Committee should inform the Foreign Relations Committee of any activities having important foreign policy implications.

In a letter Senators Goldwater and Bayh wrote last year on behalf of the Intelligence Committee to Senators Church and Javits, the following assurance was provided:

> If the Hughes-Ryan Amendment is amended or repealed and only the intelligence oversight committees are to be provided with information on special activities, the Select Committee on Intelligence would of course promptly call to the attention of the Foreign Relations Committee any special activity which would have important foreign policy implications. This is an affirmative duty under Sen. Resolution 400, Sec. 4(a).

This assurance was one in a series provided in response to inquiries from the Foreign Relations Committee at the time the Intelligence bill was being debated. I ask unanimous consent that a letter from Senators Church and Javits dated March 4, 1980, and the reply from Senators Bayh and Goldwater dated March 24, 1980, be printed in the Record at this point.

There being no objection, the letters were ordered to be printed in the Record, as follows:

U.S. Senate,
Committee on Foreign Relations,
Washington, D.C., March 4, 1980.

Hon. Birch Bayh,
Chairman,
Hon. Barry Goldwater,
Ranking Minority Member, Select Committee on Intelligence, Washington, D.C.

Dear Senators: We were gratified to note that on February 8, and on behalf of the Select Committee on Intelligence, Senators Huddleston and Mathias introduced S. 2284, the National Intelligence Act of 1980. On behalf of the Foreign Relations Committee, we would like to extend our congratulations to you, and your Committee, on this accomplishment. We are aware of the work that went into this legislation and it is indeed an important contribution.

We understand that hearings on S. 2284 began on February 21 and that these hearings should continue for several weeks. During this time, the Foreign Relations Committee intends to review S. 2284 to determine whether, pursuant to Senate Resolution 400, the Committee should request referral of the reported legislation. To assist the Committee in this determination, it would be most helpful if the Select Committee would respond to the following questions of immediate interest to the Foreign Relations Committee:

1. Access to the Intelligence Product—Senate Resolution 400 contains a provision (section 3(d)) which states:

> Nothing in this resolution shall be construed as amending, limiting, or otherwise changing the authority of any standing committee of the Senate to obtain full and prompt access to the product of the intelligence activities of any department or agency of the government relevant to a matter otherwise in the jurisdiction of such committee.

As you can well imagine, the Foreign Relations Committee must continue to have prompt access to finished intelligence. In light of this requirement, the Committee would like to ascertain whether any provisions of S. 2284 restrict the ability of the Committee to obtain such information, either in published form or through briefings by Intelligence Community officials.

2. Information on Covert Activities—Pursuant to the Hughes-Ryan Amendment to the Foreign Assistance Act of 1961, the Foreign Relations Committee currently receives notifications on certain covert activities. Section 902, Title IX of S. 2284 would repeal the Hughes-Ryan Amendment, restricting notification to the Senate and House Intelligence Committees. At the same time, Section 143 of Title I places an affirmative obligation on the two Intelligence Committees to "promptly call to the attention of . . . any appropriate committees . . . any matter relating to intelligence activities which requires or should have the attention . . . of such committees. . . ." Section 143 parallels Section 4(a) of Senate Resolution 400 in this regard.

Although we are sympathetic to restricting notification of covert activities to the two Intelligence Committees, we believe that it will be essential for the Foreign Relations Committee to continue to receive information on those covert activities which have important foreign policy implications. Thus, we would appreciate your views on this subject and, specifically, what procedures you would envision to keep the Foreign Relations Committee informed of such activities, including the timing of such notification, pursuant to Section 143 of Title I.

3. Definition of "Special Activity"—The definition of "special activity" as found in Section 103 of Title I excludes counterintelligence or counterterrorism activities or "the collection . . . of intelligence or related support functions . . ." Thus, it would appear from this language, and the language of Sections 123 and 125 of Title I, that "special activities" refers exclusively to that activity historically known as covert action and that Congressional notification would be limited to it. Yet, as you know, certain sensitive intelligence collection activities, as well as counterintelligence and counterterrorism activities, may have significant foreign policy implications. Thus, the Committee would like to ascertain the rationale for the Select Committee's rather strict definition of "special activity" and your views on how the Select Committee intends to oversee sensitive collection, counterintelligence and counterterrorism activities and how the Foreign Relations Committee would be kept informed of those activities which have significant foreign policy implications.

4. Responsibilities of U.S. Ambassadors—The section-by-section analysis of Section 111, Title I of S. 2284 states:

> Except as expressly provided, nothing in this act affects or alters existing responsibilities under law, including responsibilities to the Ambassador of a particular country under 22 USC 2680a.

The Foreign Relations Committee, obviously, feels quite strongly about the responsibilities of our Ambassadors abroad. In this regard, it would be most helpful if you could provide the Committee an analysis, and rationale, of those provisions of S. 2284 which affect the responsibility of our Ambassadors.

5. Authorization for Special Activities—Section 123, Title I of S. 2284 would establish two categories of special activities which require Presidential findings. The first category is for those activities which involve "substantial resources, risks, or consequences." For each of these, the President would be required to submit a finding. The second category is for "any other special activities" and would require a finding by the President that this category of special activities is important to the national security of the United States.

As written, Section 123 departs from the Hughes-Ryan Amendment by establishing two categories of Presidential findings. We are concerned that the establishment of these two categories may lessen Presidential accountability for the approval of covert activities and conceivably Congressional oversight of them. Thus, we would appreciate being informed of your rationale for the establishment of the two categories and a definition of what types of activities would be included in the second category. It may be necessary to provide this information to the Committee on a classified basis.

We believe that answers to the questions and issues we have outlined above would be of great assistance to the Foreign Relations Committee in deciding whether to request referral of any reported legislation. We know that you are quite anxious to see this legislation, or some version of it, acted on expeditiously. We believe that receipt of the information requested in this letter would allow us to move promptly in our consideration of what action to take.

Sincerely,

Frank Church,
Chairman.
Jacob K. Javits,
Ranking Minority Member.

U.S. Senate,
Select Committee on Intelligence,
Washington, D.C., March 24, 1980.

Hon. Frank Church,
Chairman,
Hon. Jacob K. Javits,
Ranking Minority Member, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

Dear Frank and Jack: We very much appreciate the letter you sent on March 4 concerning the introduction of S. 2284, the National Intelligence Act of 1980. The Committee fully understands that a comprehensive charter for the intelligence activities of the United States is a question of importance to the Foreign Relations Committee that requires answers. In the drafting of S. 2284 we have tried to keep the Foreign Relations Committee's responsibilities in mind.

Your letter contained five specific questions and we would like to answer them in this letter.

(1) Access to the Intelligence Product—There are no provisions in S. 2284 that would prevent or restrict the Senate Committee on Foreign Relations from obtaining prompt access to finished intelligance in the jurisdiction of the Senate Foreign Relations Committee. This is consistent with Section 3(d) of Senate Resolution 400, which states:

> Nothing in this resolution shall be construed as amending, limiting, or otherwise changing the authority of any standing committee of the Senate to obtain full and prompt access to the product of the intelligence activities of any department or agency of the Government relevant to a matter otherwise within the jurisdiction of such committee.

Further, under Senate Resolution 400 the Select Committee on Intelligence is obliged, as the Committee would be under S. 2284, to assist and to make available to the Foreign Relations Committee such information.

Sec. 4. (a) The select committee, for the purposes of accountability to the Senate, shall make regular and periodic reports to the Senate on the nature and extent of the intelligence activities of the various departments and agencies of the United States. Such committee shall promptly call to the attention of the Senate or to any other appropriate committee or committees of the Senate any matters requiring the attention of the Senate or such other committee or committees. In making such reports, the select committee shall proceed in a manner consistent with section 8(c)(2) to protect national security.

In accordance with this responsibility, we have endeavored over the past three years to provide to the Foreign Relations Committee information that has come to the Select Committee's attention which we believed would be of value to the Foreign Relations Committee. We have also completed a number of reports of assistance to the Foreign Relations Committee in carrying out its duties. Examples of these reports are the report to the Foreign Relations Committee and to the Senate on Certain Intelligence Aspects of the Panama Canal Treaty, the Arms Balance in the Middle East, and the Capabilities of the Intelligence Agencies of the United States to Monitor Compliance with the SALT II Treaty. We also have developed procedures to keep the Foreign Relations Committee informed of intelligence that might indicate possible violations of the SALT Treaty.

(2) Information on Special Activities—If the Hughes-Ryan Amendment is amended or repealed and only the intelligence oversight committees are to be provided with information on special activities, the Select Committee on Intelligence would of course promptly call to the attention of the Foreign Relations Committee any special activity which would have important foreign policy implications. This is an affirmative duty under Senate Resolution 400, Sec. 4(a). It would continue to be so under Section 143 of S. 2284. Further, Senate Resolution 400, Sec. 2(a)(1)(c) requires two members of the Senate Foreign Relations Committee to be members of the Select Committee on Intelligence. The purpose of this obligation on membership is to assure that a substantive committee such as Foreign Relations, would have direct representation so that the interests of the Foreign Relations Committee would be certain to receive the attention that is warranted. As you know, S. 2284 would require prior notice on all significant anticipated intelligence activities, including special activities. If there were important foreign policy implications of a particular special activity, the Committee would act to inform the Foreign Relations Committee as soon as possible after its own notification.

(3) Definition of "Special Activity"—The definition of special activity contained in S. 2284 is confined to covert action. However, sensitive intelligence collection activities, as well as sensitive counterintelligence and counterterrorism intelligence activities, are encompassed by the requirement for prior notice of significant anticipated intelligence activities. It is the view of the Committee that any intelligence activity which has significant foreign policy implications would be a matter, under the duties of Senate Resolution 400, Sec. 4(a), about which the Senate Foreign Relations Committee would be informed by the Select Committee on Intelligence in the same manner as special activities.

(4) Responsibilities of U.S. Ambassadors—The specific intent of Section 111, Title I of S. 2284 referred to in your questions is to underline the existing responsibilities under law of the U.S. ambassador under 22 USC 2680(a), none of which would be altered by S. 2284.

(5) Authorization for Special Activities—Section 123, Tiltle I of S. 2284, which establishes two categories of special activities which require Presidential findings, namely those activities which involve substantial resources, risks, or consequences, and those that do not. The second type would require a finding by the President that a category of special activities is important to the national security of the United States. This reflects the present practice. We believe the present practice is a sensible one. Categorical approvals for certain kinds of activities are justified because of the relatively low risk and repetitive nature of such activities in contrast to those high risk activities which require personal accountability of the President for each specific activity. Our belief, based on experience, is that categorical findings can be monitored through the Committee's oversight procedures—provided the Committee obtains full access to information—and through the Committee's annual authorization process. The Committee will, of course, keep the Foreign Relations Committee informed, pursuant to Sec. 4(a) of Senate Resolution 400, of all special activities which have important foreign policy implications, whether in the first or the second category.

In closing, we deeply appreciate your interest in a comprehensive legislative intelligence charter and we would value your judgment on it before our Committee proceeds to mark-up.

Sincerely,

BARRY GOLDWATER,
Chairman.
BIRCH BAYH,
Vice Chairman.

Mr. PERCY. Mr. President, U.S. activities in Angola certainly fall in the category of having "important foreign policy implications." I intend to send a letter to this effect—and I cordially invite Senator PELL to join me, just as Senators Church and Javits joined in a letter—to the leadership of the Intelligence Committee, to make absolutely certain that the chairman and the ranking minority member are advised of any planned activities.

I have also talked to the administration and have been assured that we would be advised should any such activities be contemplated. So we not only are going through our own Intelligence Committee in accordance with the law, but also have gone directly to the administration and have received their assurance that this sensitivity would be taken fully into account and our request adhered to.

At this time, as a matter of principle, we are removing a barrier which exists against our Government, which no other government has imposed on it, and which, in retrospect, has proved to be a policy approach that many believe was a mistake.

Mr. PELL. Mr. President, I will be glad to send such a letter, but with the understanding that it does not cover just Angola, that it covers the world.

Mr. PERCY. In this particular case, because of the particular sensitivity, the assurances I have received have related directly to Angola. I did not ask for any other assurances. But I believe the provisions of law are quite clear in this regard. I will be pleased to work with my distinguished colleague on this matter.

Mr. PELL. I thank the Senator.

Mr. PERCY. Mr. President, in view of the statement in Senator KASSEBAUM's proposal that by repealing the Clark amendment Congress is not approving covert activities in Angola, and with steps we will take to stay informed of any possible future plans in Angola, I believe Senator KASSEBAUM's amendment is an appropriate response to the administration's request.

Finally, I would like to say that we always try to work out, in a bipartisan way, questions on major issues. Certainly, my respect for Senator TSONGAS, my very high regard for the concern he has expressed on this issue, his regret and my regret that we could not work out a satisfactory arrangement in this regard, should be understood by all of us. I feel that the Senator has spoken with conviction, loudly and clearly. With 66 Members of the Senate voting to table the Tsongas amendment, there appears to be support on both sides of the aisle for moving in a certain direction.

Therefore, I strongly recommend to the Senate that we now approve the Kassebaum amendment.

Again, I express my deep appreciation to the distinguished chairman of our African Affairs Subcommittee for her work in this area, which I believe is in the national security interests of the United States of America and in the best interests of peace in the world.

Mrs. KASSEBAUM. I thank the chairman.

Mr. SIMPSON. Mr. President, I rise in support of the amendment offered by my distinguished colleague from Kansas to repeal the so-called Clark amendment restricting U.S. aid to Angola. In doing so, I want to express my support and specific endorsement of the sentiment contained in subsection B of proposed section 709 of this bill. Subsection B states that the repeal of the Clark amendment should in no way be construed as a congressional endorsement of U.S. aid for military or paramilitary operations in Angola. My purpose in supporting Senator KASSEBAUM's amendment is certainly not to encourage covert U.S. involvement in Angola, but simply to remove what I regard to be an excessive and inappropriate legislative restriction on executive authority in the foreign policy area.

I would also note that my support of this amendment is based on the understanding that, despite the repeal of the Clark amendment, the executive branch must nevertheless, under the terms of last year's intelligence act, give timely notification to the Senate Intelligence Committee of any proposed U.S. aid for covert military operations in Angola or elsewhere, and that the Intelligence Committee will convey such notification to other appropriate committees, such as the Senate Foreign Relations Committee, for their information or action I commend this amendment to you.

Thank you, Mr. President.

Mr. THURMOND. Mr. President, today I rise to support the amendment by Senator KASSEBAUM from Kansas, which would repeal the Clark amendment on covert assistance to forces in Angola.

The Clark amendment prohibits any security assistance to Angola, or any groups therein. It is my firm belief that, largely because the United States failed in the midseventies to support forces that opposed the Marxist-oriented movement, Communist factions control much of that country today.

This is not a matter of entangling U.S. military troops or equipment in another Vietnam-type situation. It is my belief, however, that the President should not be restricted from allocating appropriate military hardware and economic assistance when he determines that it is in the best interest of the United States. The President should not be bound by legislation that prevents this country from extending a helping hand to those fighting Communist aggression.

Mr. President, supported by the Soviets and their Cuban surrogates, the Communist cancer has been growing almost daily. There can be no misunderstanding as to Soviet intentions in Angola. Their interest in controlling this African country is to establish a zone of influence in southern Africa, and thereby to place themselves in a position to take advantage of developments and instability in that area of the world.

Furthermore, the Soviets hope to gain prestige among Third World countries by abetting the crusade against South Africa, a nation which, while it has its shortcomings, has been staunchly anti-Communist and friendly to us. Ultimately, by controlling Angola and other countries in Africa, the Soviets no doubt hope to impair the access of the United States to Zairean cobalt and other South African strategic minerals.

Let us make no mistake about it. Since enactment of the Clark amendment, the Soviet Union has established a strong strategic foundation in this area of Africa, while the United States could merely watch from the sidelines because of the unwise restrictions imposed on the President by Congress.

How long, Mr. President, will we allow the Soviets and Castro to move into and take control of these vulnerable Third World nations before we draw the line? How many countries will have the freedom they now possess violently stripped away by Soviet-inspired aggression, while our hands are bound by unwise restrictions such as the Clark amendment?

President Reagan has set a tone of dealing firmly with Soviet aggression wherever it may occur, and I believe the American people support this firm stand. We must continue to rebuild our own military strength as expeditiously as possible. At the same time, we must be prepared to cautiously and wisely render assistance to others in the world community who are fighting against Communist aggression. Repeal of the Clark amendment will untie the President's hands and allow him to deal effectively with the situation in Angola in a way that serves the best interest of the United States and of those who are struggling there to regain their freedom.

The PRESIDING OFFICER. Is there further debate on the amendment?

The question is on agreeing to the amendment of the Senator from Kansas.

The amendment (UP No. 447) was agreed to.

Mr. PERCY. I move to reconsider the vote by which the amendment was agreed to.

Mrs. KASSEBAUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 448

(Purpose: To delete provisions concerning the Overseas Private Investment Corporation which the Senate has already passed in a separate bill)

Mr. PELL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Rhode Island (Mr. PELL) proposes an unprinted amendment numbered 448.

Mr. PELL. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning with page 39, line 16, strike out everything through page 45, line 6, and renumber titles and sections accordingly.

Mr. PELL. Mr. President, the amendment that I sent to the desk deletes title V. The Senate has already acted separately on legislation to amend and extend OPIC, the Overseas Private Investment Corporation. I am hopeful in fact that the legislation will be on its way to the White House tonight.

Accordingly, title V of this bill is unnecessary.

Mr. President, I ask that the Chair put the question.

Mr. DOLE. Mr. President, I am a poor substitute for Senator PERCY, but I understand this has been cleared on both sides and it is not controversial.

Mr. PELL. That is correct. It has been cleared on both sides and, I believe, with Senator BAKER as well.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island.

The amendment (UP No. 448) was agreed to.

UP AMENDMENT NO. 449

(Purpose: To require a comprehensive analysis of foreign assistance)

Mr. PELL. Mr. President, in behalf of Senator PRESSLER, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Rhode Island (Mr. PELL), on behalf of Mr. PRESSLER, proposes an unprinted amendment numbered 449.

Mr. PELL. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Insert the following new section at an appropriate place in the bill:

It is the sense of Congress that at a time when major retrenchments and reappraisals are being made in domestic programs, it is also logical that, while maintaining past international commitments, the magnitude and direction of future foreign assistance programs should also be reviewed. As part of such a review process, the President is requested to provide no later than February 15, 1982, a comprehensive report to the Congress on his approach to foreign assistance. Such report shall include an analysis and recommendations on the following issues:

(a) The relationship between foreign assistance and defense expenditures as means of conducting foreign policy.

(b) The appropriate mix between military and economic assistance.

(c) The strengths and weaknesses, and appropriate mix, of bilateral and multilateral assistance programs.

(d) The relevance of the basic human needs approach to current aid policy.

(e) The performance of other aid donors, and the benefits they derive from their programs.

(f) Criteria for determining the appropriate size and composition of country programs.

(g) The appropriateness of the current mix of grants and loans, and the possibility of combining them with new or existing guarantee, insurance, and export credit programs.

(h) Specific means to more actively engage the private sector in assistance programs.

(i) The usefulness of current functional categories in constructing the development assistance budget.

Mr. PELL. Mr. President, this is a good amendment. Both the executive and legislative branches of Government tend to deal with one issue crisis at a time. We seldom take an overall look at the whole picture, and that is exactly what this amendment seeks to do.

It is timely that we do so because we are still working with foreign assistance legislation that was last thoroughly overhauled in 1971.

In the past couple of years we have actually run our aid on a continuing resolution, a fate I hope we do not again follow this year.

At a time when we are taking a hard look at so many of our domestic Government programs, it is appropriate that we take a similar look at the foreign assistance programs. If they are to receive the support of the public and Congress, it is crucial that there be a clear rationale for them.

I thank the Senator from South Dakota for offering the amendment today and for his general constructive work on the committee.

I note that this amendment has been cleared on both sides of the aisle.

Mr. PRESSLER. Mr. President, this amendment has been discussed with the comanagers of the bill, and I appreciate their willingness to accept my amendment.

First, I would like to commend our distinguished colleagues, Senator PERCY and Senator PELL, for their outstanding leadership in the Foreign Relations Committee and for their skillful floor management of this bill. As chairman of the Foreign Relations Committee, Senator PERCY has been instrumental in fashioning one of the most responsible security and development assistance authorizations in many years.

In particular, this fiscal year 1982 authorization is 14 percent below the President's budget request. I hope that the $900 million reduction by the committee will be recognized as a substantial contribution to the Nation's economic recovery effort. More could be cut, in my opinion, without violating our international commitments. However, my point is that under the leadership of Senator Percy and Senator Pell, we are moving responsibly toward more austerity in Federal spending on international security and development assistance programs.

In view of the change in direction of Federal domestic spending and taxation which has been the focus of our attention this year, I am proposing this amendment to require the compilation of a major analysis of the current effectiveness of the principal elements of U.S. foreign assistance.

A sweeping review of the role played by foreign assistance in our foreign policy and national security is needed to insure that our foreign aid dollars are being spent wisely. The effects, both actual effects and intended effects, of foreign aid would also be thoroughly examined under this amendment. The report would be submitted to the Congress prior to the next annual authorization.

The administration has indicated that it is in the process of reevaluating many aspects of U.S. foreign policy. For example, recently President Reagan and Secretary Haig spoke about the need for a greater reliance on private assistance efforts and international trade to accomplish foreign economic development goals.

It seems to me that Congress would be encouraging and reinforcing these and other changes in the direction of our foreign aid programs if it were to adopt my amendment.

There is much criticism of foreign aid throughout American society. The analysis required by my amendment would help to answer many of the questions which people raise about the effectiveness of aid programs in accomplishing foreign policy and national security objectives.

We are now rethinking our domestic programs. We must do the same for international programs, not only in terms of budgetary costs but also in terms of actual consequences.

Specifically, the comprehensive analysis of foreign assistance as required by the amendment would include detailed information on the relative merits of bilateral and multilateral aid programs. Such information is essential in providing Congress with a rational foundation for determining the best shape for future aid programs. Congress should have this overall, integrated view of what needs to be done in future foreign assistance before it authorizes fiscal year 1983 foreign assistance spending. That authorization will be the first one that the Reagan administration could call its own.

The fiscal year 1981 and fiscal year 1982 international budgets bear heavily the policy preferences of the previous administration. Thus, I am confident that the review and analysis required by this amendment will be very useful in helping the administration to develop a coherent and fiscally sound new approach to foreign assistance in future years. Congress, too, would be able to use this study to improve its foreign aid decisionmaking in a manner that is more responsive to the public's perceptions of and preferences concerning the U.S. role in world affairs.

In conclusion, Mr. President, this amendment would require the administration to clearly spell out the rationale for future aid programs, before congressional action on the fiscal year 1983 budget. It also specifies nine principal issue areas for investigation.

With these thoughts in mind, let me say that I am grateful to the distinguished managers of the bill for accepting this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island.

The amendment (UP No. 449) was agreed to.

Mr. PELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 450

(Purpose: To limit the period for repayment of the principal amount of certain guaranteed loans)

Mr. DODD. Mr. President, on behalf of the Senator from Hawaii (Mr. Inouye), I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The bill clerk read as follows:

The Senator from Connecticut (Mr. Dodd) on behalf of the Senator from Hawaii (Mr. Inouye) proposes an unprinted amendment numbered 450:

On page 7, line 25, strike out "less" and insert in lieu thereof "more".

Mr. DODD. Mr. President, very briefly I am offering this amendment on behalf of the Senator from Hawaii (Mr. Inouye). Under the committee bill, it provides that several countries could repay their FMS loans on an extended repayment basis of "not less than 20 years." Senator Inouye's amendment changes this language to read "not more than 20 years."

This 20-year period would be preceded by a 10-year grace period and in either event the payments would probably be paid in a total of 30 years.

I understand that this is an amendment which has been agreed upon. I am glad to yield to my colleague from Indiana, Senator Lugar.

Mr. LUGAR. Mr. President, I would like to raise, for the sake of the record, with my colleague from Connecticut these points with regard to the Inouye amendment.

Is it the intent of the amendment, as the Senator understands it, to create a ceiling rather than a floor for extended FMS repayment terms?

Mr. DODD. The Senator is correct. It is designed to create a ceiling.

Mr. LUGAR. Is it the intent of the sponsor of this amendment that FMS loans to the countries involved be repaid as recommended by the administration with a 10-year grace period on repayment of the principal and a 20-year repayment period thereafter?

Mr. DODD. The Senator is also correct on that point.

Mr. LUGAR. Is it the understanding of the Senator from Connecticut that this amendment does not change the intent of the Foreign Relations Committee's philosophy on this principle?

Mr. DODD. The Senator is also correct on that point.

Mr. LUGAR. The committee majority manager, on behalf of the distinguished chairman of our committee, is delighted to accept this amendment and recommends its passage.

Mr. DODD. I thank the Senator from Indiana.

Mr. President, I do not know of anyone else who cares to speak on this particular amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut (Mr. Dodd) on behalf of the Senator from Hawaii (Mr. Inouye).

The amendment (UP No. 450) was agreed to.

Mr. DODD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. LUGAR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PERCY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

UP AMENDMENT NO. 451

(Purpose: To exclude from charges for administrative services the recovery of extraordinary expenses incurred by departments and agencies of the United States in carrying out certain functions under the Arms Export Control Act)

Mr. KASTEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. Kasten) proposes an unprinted amendment numbered 451.

Mr. KASTEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 9, strike out lines 14 through 18.

On page 9, line 20, strike out "Sec. 109." and insert in lieu thereof "Sec. 108.".

On page 13, line 2, strike out "Sec. 110." and insert in lieu thereof "Sec. 109.".

On page 13, line 3, strike out "109" and insert in lieu thereof "108.".

On page 18, line 19, strike out "Sec. 111." and insert in lieu thereof "Sec. 110.".

On page 19, line 6, strike out "Sec. 112." and insert in lieu thereof "Sec. 111.".

On page 19, line 12, strike out "Sec. 113." and insert in lieu thereof "Sec. 112.".

On page 21, line 11, strike out "Sec. 114." and insert in lieu thereof "Sec. 113.".

On page 21, line 16, strike out "Sec. 115." and insert in lieu thereof "Sec. 114.".

Mr. KASTEN. Mr. President, this amendment deals with a very small item, but nonetheless it is an important principle.

The bill before the Senate contains a provision which would allow the Department of Defense to use funds derived from charges for administrative expenses from the FMS sales for entertainment expenses. While the committee bill sets no ceiling on these funds, administration officials have testified that total entertainment funds would be about $150,000, with approximately one-half of this amount coming through this backdoor method of funding.

Mr. President, as I said earlier, this is a small item, but I do feel quite strongly that we should not be approving any new back-door spending—however small. I hope the managers will accept this amendment and if they feel the funds for this purpose are necessary, I certainly do not object to a provision authorizing the appropriation of such funds.

We have discussed this at length with committee staff. It is my understanding that this amendment, or the general thrust of it, is agreeable.

Mr. PELL. Mr. President, I understand this amendment would have no budgetary impact whatever. In the past, military advisers overseas have, in effect, a diplomatic function, and they are often called upon to entertain overseas guests on official business. This type of entertainment expense should not be borne by these particular officers.

Mr. President, the total amount of money involved here is less than $150,000.

Therefore, the committee adopted section 108.

I might also mention that the chairman of the Foreign Operations Subcommittee is not opposed to the amount requested and has agreed to provide that amount requested by the administration from MAP appropriations.

If this is the case, we likewise have no objection to this amendment particularly because, as I said earlier, it has no budgetary impact whatsoever.

On this side of the aisle, I recommend we accept the amendment.

Mr. KASTEN. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 451) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 516

(Purpose: To condition the availability of funds for the Sahel development program on the maintenance of certain accounting procedures with respect to such funds)

Mr. KASTEN. Mr. President, I call up my amendment No. 516 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. KASTEN) proposes an amendment numbered 516.

Mr. KASTEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 32, line 20, insert "(a)" after "SEC. 309.".

On page 33, between lines 2 and 3, insert the following:

"(b) Section 121 of such Act is amended by adding at the end thereof the following new subsection:

" '(d) Funds available to carry out this section (including foreign currencies acquired with funds appropriated to carry out this section) may not be made available to any foreign government for disbursement unless the Administrator of the Agency for International Development determines that the foreign government will maintain a system of accounts with respect to those funds which will provide adequate identification of and control over the receipt and expenditure of those funds.' ".

Mr. KASTEN. Mr. President, in May of this year the Foreign Operations Appropriations Subcommittee, which I chair, held its regular budget hearings on the administration's fiscal year 1982 request for the Sahel development program. Much of that hearing was spent discussing an audit report by the Agency for International Development's Inspector General, which had found serious deficiencies in the accounting systems of the countries which receive assistance under the Sahel development program. The deficiencies were such that in many of the cases looked at by the AID auditors it could not be determined what had happened to large sums of money—the report said:

> Consequently, if the 13 projects included in our review are representative, and we believe they are, then millions of dollars in local currencies are possibly being misused.

Mr. President, the two aspects of this matter which struck me in particular are: First, the revelation that the AID knew of these deficiencies for some time and did not take any action until forced to by the audit report; and second, even after the audit report was issued, it was clear to me that most of those AID officials who had some responsibility over this program, at least those who appeared before my subcommittee, were barely interested in correcting this situation and seemed unconcerned by the possible loss of such large amounts of funds.

Frankly, Mr. President, I had considered at the time calling for the complete cessation of this program until the matter was cleared up. Instead, as one step, I am suggesting we follow the recommendation of the House and condition the funding for the Sahel development program on the maintenance of an acceptable accounting system in those countries which receive assistance under this program.

Mr. President, once more, we have discussed this particular problem with the Foreign Relations Committee. I believe that both sides are aware of the problems we have had in the Sahel development program and the lack of the kinds of accounting principles and programs that we need.

I believe this is an amendment that ought to have strong bipartisan support.

Mr. PELL. Mr. President, the program of the Sahel is helping some of the most impoverished, poorest people living in conditions of desperation. Not surprisingly, the governments of those countries lack sophistication, lack the special resources, when it comes to maintaining modern accounting practices.

Nonetheless, the American taxpayers have the right to insist that their assistance funds are well managed. I believe that this amendment will be of help so that, in the future, accounting systems are improved.

I urge acceptance of this amendment, which has been cleared on this side of the aisle.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. KASTEN. I move adoption of the amendment.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 516) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 452

(Purpose: To provide that funds appropriated under the Foreign Assistance Act of 1961 or the Arms Export Control Act may be deobligated pursuant to an Act of Congress only to the extent or in the amounts provided in appropriation Acts)

Mr. KASTEN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. KASTEN) proposes an unprinted amendment numbered 452.

Mr. KASTEN. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 84, between lines 2 and 3, insert the following:

PROCEDURES FOR THE DEOBLIGATION OF FUNDS

SEC. 716. Funds appropriated to carry out any provision of the Foreign Assistance Act of 1961 or the Arms Export Control Act and obligated to carry out such provision may be deobligated, during the period for which such funds are obligated, by an Act of Congress only to the extent or in the amounts provided in an appropriation Act enacted on or after the date of enactment of this Act.

On page 84, line 4, strike out "Sec. 716." and insert in lieu thereof "Sec. 717."

Mr. KASTEN. Mr. President, the purpose of this amendment is to establish procedures for congressionally initiated deobligations of funds. The amendment simply requires that congressionally initiated deobligations must be provided for in an appropriation act.

Mr. President, I believe the principle involved here is quite simple; since only an appropriation act can make funds available for obligation, action by Congress to deobligate those funds should likewise be contained in an appropriation act.

I want quickly to add, Mr. President, and underscore that this amendment has been drawn so as to apply only to congressionally initiated deobligations.

It is not intended to affect in any way the ability of program managers, consistent with other laws, to deobligate funds.

Mr. President, once more, we have discussed this amendment with the leadership of the committee and it is my understanding that it is acceptable to both sides.

Mr. PELL. Mr. President, the Appropriations Committee is concerned that it be involved in the deobligation of funds as well as the obligation of funds. This appears to be a reasonable reqest.

The committee can accept this amendment, Mr. President. We are ready for its adoption.

Mr. KASTEN. I move adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 452) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 453

(Purpose: To eliminate the limitation on the monthly rate of payment of a readjustment allowance for Peace Corps volunteers)

Mr. PELL. Mr. President, in behalf of the senior Senator from Hawaii, I send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Rhode Island (Mr. PELL), for the Senator from Hawaii (Mr. INOUYE), proposes an unprinted amendment numbered 453:

On page 52, between lines 1 and 2, insert the following:

READJUSTMENT ALLOWANCE

SEC. 615. The first sentence of section 5(c) of the Peace Corps Act is amended by striking out "at a rate not to exceed $125".

Mr. PELL. Mr. President, the purpose of this amendment is to remove the $125 limitation on the monthly rate of payment of readjustment allowances for Peace Corps volunteers.

The readjustment allowance is a lump-sum payment provided to volunteers to ease the cost of readjusting to life in the United States after serving 2 years abroad. Currently, the readjustment allowance is computed at the rate of $125 per month for each month of completed service. This $125 monthly rate was established by Congress in 1975 and would, if adjusted for inflation, be $200 per month in 1982.

Mr. President, I believe that the time has come to provide tangible evidence of our continued support for Peace Corps volunteers. We can do that by simply removing the limitation on the monthly rate. While it is not realistic, in these times of budgetary stringency, to fully compensate for the erosion of inflation, I would hope that a new monthly rate of $175 will be established by the Director of the Peace Corps.

I believe that a $50 monthly increase in the readjustment allowance is a modest amount and an appropriate way to recruit Peace Corps volunteers.

Mr. President, this amendment has been cleared on both sides of the aisle. I ask that it be adopted.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. PERCY. Mr. President, the amendment being offered by Senator INOUYE deletes the $125 monthly ceiling on payments for Peace Corps volunteers.

It is my understanding that the current ceiling for monthly payments to Peace Corps volunteers was set in 1976. Inflation has not been taken into account since then. If inflation were taken into account, the ceiling would be over $200 per month.

Mr. President, it is difficult enough to attract talented people to serve in the Peace Corps. Holding down their already very low monthly payment will make it even more difficult to attract talented people to these worthwhile jobs.

This amendment will not increase the authorization in this bill. Any additional expenses would come out of existing funds.

Mr. President, I have never had this claim disputed. I probably have visited with more Peace Corps members, over a period of years, including my years in business while traveling abroad, than any other Member of Congress. They have been my eyes and ears in many countries. Four or five years ago, my brother-in-law, John Guy, was country director of the Peace Corps in Afghanistan and was living there with his wife and three children. I visited Afghanistan at that time, toured the country extensively. I visited with more than 200 Peace Corps members. Whether they are in Afghanistan or any other country in even more remote parts of the world, the Peace Corps has served the national interest of this country for many, many years. Certainly, just to take into account inflation, this is a justifiable expenditure and, for that reason, the managers of the bill can and will accept this amendment.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (UP No. 453) was agreed to.

Mr. PERCY. Mr. President, I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PERCY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Mr. President, I ask unanimous consent that the senior Senator from Massachusetts (Mr. KENNEDY) be added as a cosponsor to my earlier amendment (UP No. 445) on human rights in Pakistan.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MURKOWSKI). Without objection, it is so ordered.

AMENDMENT NO. 551

(Purpose: Expressing the sense of the Congress that the President should undertake a diplomatic initiative to obtain payment by the Soviet Union of its arrearages to the United Nations)

Mr. PROXMIRE. Mr. President, I call up my amendment No. 551 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an amendment numbered 551.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with. I will describe the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 84, between lines 2 and 3, insert the following:

"FINANCIAL OBLIGATIONS OF THE SOVIET UNION TO THE UNITED NATIONS

"SEC. 716. (a) The Congress finds and declares that—

"(1) the financing of the United Nations is the collective responsibility of all member nations;

"(2) the International Court of Justice has determined that the expenses of the United Nations incurred in its peacekeeping operations are properly included as a part of the regular expenses of the United Nations;

"(3) peacekeeping operations are vital to the mission of the United Nations and must be adequately financed if such operations are to continue; and

"(4) the Government of the Union of Soviet Socialist Republics is currently $180,000,000 in arrears on its payments to the United Nations, primarily as a result of its refusal to pay for the peacekeeping operations of the United Nations.

"(b) It is the sense of the Congress that the President, acting through the Permanent Representative of the United States to the United Nations, should undertake a diplomatic initiative to obtain payment by the Government of the Union of Soviet Socialist Republics of all its outstanding financial obligations to the United Nations, including its assessments with respect to the peacekeeping operations of the United Nations.".

On page 84, line 4, strike out "Sec. 716.' and insert in lieu thereof "Sec. 717.".

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the Senator from Virginia (Mr. Harry F. Byrd Jr.) and the Senator from West Virginia (Mr. Randolph) be added as cosponsors to my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, this amendment is a sense-of-the-Senate resolution stating that the President, acting through the permanent Representative of the United States to the United Nations, should undertake a diplomatic initiative to obtain payment by the Government of the U.S.S.R. of all its outstanding financial obligations to the United Nations.

The Soviet Union now stands over $180 million in arrears to the United Nations—principally for peacekeeping activities. This large debt not only tells us something about the status of peacekeeping in Soviet foreign policy, but it poses a direct threat to the financial well-being of the United Nations.

The refusal of the Soviets to pay their peacekeeping assessments spans many years and events. They refused to pay $32 million for the 1956 emergency force in the Middle East. They refused to pay their $45.7 million share for the Congo peacekeeping operation.

They refused to pay their $18.5 million obligation for the 1973–74 emergency force for the Middle East. They owe $40.3 million for the interim force in Lebanon. And they owe $23.7 million for the bond issue which was initiated to finance the U.N. after they neglected to pay for the Congo operation.

In addition to these peacekeeping debts, the Soviet Union owes $15.2 million to the technical assistance program. They deny this last debt, having paid it in rubles. But since the ruble is a nontransferable currency in the U.N. the U.N. rightly accepts only a limited number of them and considers this obligation unfulfilled.

This last item aside, the central issue here is the financing of U.N. peacekeeping forces. The U.N. was established "to maintain international peace and security," and to this end it was provided that the U.N. would have the capacity to finance a peacekeeping force.

This has proved extremely useful in certain situations, including those already mentioned. Neutral armies to serve as buffer forces and to supervise ceasefire agreements are indispensable. The U.N. is the perfect sponsor for such forces. Peacekeeping units are undeniably one of the U.N.'s most effective weapons in the fight for peace. Without the authority to commission peacekeeping units, a central function of the United Nations would be threatened.

As clear as the necessity for peacekeeping forces are the directives as to who should pay for them. It is stated very plainly in article 17 of the U.N. charter that "the expenses of the organization have been put to rest by a ruling of the International Court of Justice.

The Soviet Union, however, has done its best to undermine this system of payment. They claim that peacekeeping assessments are not part of the regular organization expenses, and thus article 17 does not hold. They proceed on the assumption that those who are supposedly responsible for a conflict must bear the expenses of a peacekeeping force. Thus, in the Congo, they say the "Belgian Colonizers" should foot the bill. In the Middle East they say Israel alone is responsible.

The bankruptcy of this position is obvious. The so-called aggressor exists only in the eyes of the beholder. If the Soviet's criterion on who should pay for peacekeeping were a general principle, we would never have any peacekeeping forces. One can easily imagine endless U.N. battles over the question of who is the aggressor.

What kind of a principle is this for an organization dedicated to international law and justice? It is a principle which is completely antagonistic to the basic U.N. tenet of collective responsibility. It is a principle which would destroy any possibility for the consensus which is crucial to peacekeeping operations. It is a principle which would ultimately put an end to such operations.

The Soviet dereliction of responsibility becomes even more apparent when we consider the fact that they have veto power in the Security Council. The Security Council must approve any peacekeeping operation. Thus the Soviets must at least tacitly approve any peacekeeping operation.

What happens is that the Soviet Union gives voice to the need for peacekeeping in the Security Council and then refuses to pay for any resulting operations. They have been getting away with this technique for years because the other nations of the U.N. simply have been worn down by Soviet rhetoric and propaganda. There has been no real campaign to force them to be a responsible member of the U.N. family by living up to their financial obligations. They are getting a free ride.

Soviet intransigence on this matter directly threatens the survival of the U.N. It undermines the most fundamental tenet of U.N. operations. By attempting to destroy collective responsibility for peacekeeping, the Soviet Union is making it even more difficult to employ this technique as an alternative to regional conflict. Without this capacity the U.N. would lose one of its few remaining substantive roles.

Already the United Nations can be accurately criticized for a lack of objective accomplishment. Without peacekeeping, its record may be bare.

The United States needs to take a stand against Soviet perfidy at the United Nations. We have the issue; we have the facts; all we need is the will.

Mr. President, I ask unanimous consent that the junior Senator from Tennessee (Mr. Sasser) be added as a cosponsor of the resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RANDOLPH addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. RANDOLPH. Mr. President, the able Senator from Wisconsin (Mr. Proxmire) in offering this amendment not only provides others of us the opportunity to cosponsor his proposal but he brings to our attention as well as to the attention of the American people the failure of the Soviet Union to join with others as we attempt to obtain peace in the world through the initiatives of the United Nations.

This is not the first time in which the Soviet Union has disregarded its commitments. It is certainly a glaring example of the Soviet Union going back on a covenant, going back on an agreement, going back on an understanding, going back on a pledge which was made by the leadership of the Soviet Union when the United Nations was created.

I have spoken many times in this body and throughout the State of West Virginia of the failure of the Soviet Union to honor its commitments. I hope that the knowledgeable managers of the bill will accept an amendment of the type which is now pending. I believe that it is very important that we, at long last, not only serve notice but that we, by our action in this body, are willing to put the Russians on notice regarding equal commitments.

Mr. PROXMIRE. Will my good friend from West Virginia yield for just a minute so I may get the yeas and nays? Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PROXMIRE. I thank my good friend from West Virginia.

Mr. RANDOLPH. I thank the Senator from Wisconsin. I cannot imagine that there would be Senators who would rise in this body and speak against the validity, the necessity, the urgency of the United States speaking out at this time in an attempt not to secure some funding which is newly requested of the Soviet Union, but only to have the Soviet Union as a responsible partner in the United Nations, with its power, as a member of the Security Council, to come to grips with this matter.

The American people deserve equity and justice in the international efforts of peacemaking. This is the time for the Russian hierarchy to be placed on notice. I hope that the Senator from Illinois will support the pending amendment.

Mr. PROXMIRE. Mr. President, I wish to thank my good friend from West Virginia for an extraordinarily eloquent statement. I think his last wish, as he expressed it, that we vote unanimously on this is exactly the reason why I asked for the yeas and nays. I think we should have a unanimous agreement.

The United Nations has been attacked, it has been maligned, and it has been criticized. And it has made a lot of mistakes. It has been wrong on many things. But it is a peacekeeping organization. That is its function, to keep peace in the world. As I pointed out in my statement, it is uniquely qualified to do so.

But there is no way it can effectively keep peace unless it gets the cooperation of other nations, and particularly a superpower like the Soviet Union, which, as the Senator from West Virginia said so well, is on the Security Council and has a veto power on any of these veto actions. Certainly if any nation is going to cooperate in the United Nations, we should expect full cooperation in these peacekeeping matters by the Soviet Union.

The Soviet Union tries to make all kinds of propaganda profit out of aggression here and there. But when it comes to really doing something constructive and positive and useful to achieve peace—as I pointed out, they are $180 million delinquent. In case after case after case, they have refused to contribute. And that is why we need a campaign to force them to do so.

Mr. RANDOLPH. Who has carried the load?

Mr. PROXMIRE. The United States of America; there is no question about it.

Mr. RANDOLPH. And we do that too many times, is that not right?

Mr. PROXMIRE. Absolutely.

Mr. RANDOLPH. In international efforts, we have every right to expect, especially, as the Senator indicated, a superpower such as the Soviet Union, to move in with its share of their obligations hopefully for the peace of the peoples of the world.

I again say that I am very grateful for the opportunity to join the Senator in such an amendment. I do not want to speak on my past activities in this area, but I have advocated for many, many years that we should look very carefully at the Soviet Union. Repeatedly its promises are made, but time after time they are not kept.

When the U.N. was created we had certainly the feeling that all of the nations, including the Soviet Union, would be in partnership, not only, let us say, in principle but in payment of the moneys necessary to keep it in operation. As Senator PROXMIRE has indicated, the U.N. peacekeeping missions are beneficial to world understanding and the protection of human rights of men and women on this Earth.

Mr. PROXMIRE. Mr. President, I again thank my good friend from West Virginia.

The reason, once again, that I offer this amendment is that unless we do speak up, unless we do go on record, unless we have the U.S. Senate act as it has, unless we can persuade the State Department to have their people at the United Nations bring this up and bring this up over and over again, we are not going to get action on it. They will be able to get away with this negligence of their obligation and their duty to support peacekeeping operations.

People may say, "Well, what good does it do to put in a resolution on the floor and make a speech? That is not going to get anywhere."

It is the only thing that can be done—to speak out on it, let them know about it and, as I say, have the State Department act aggressively and vigorously and call this before the United Nations and remind the other nations that the Soviet Union has not done its job; they have been delinquent in this respect. We should make that clear over and over again. If we do so, I am convinced we are going to get action.

I thank my friend from West Virginia.

Mr. President, I yield the floor.

Mr. PERCY. Mr. President, I have listened with interest to the comments made by my distinguished colleague from Wisconsin, Senator PROXMIRE, the author of this amendment, and the very strongly felt comments made by our distinguished and beloved colleague, Senator JENNINGS RANDOLPH.

The amendment correctly points out that the Soviet Union is $180 million in arrears to the United Nations, mostly for payments related to peacekeeping activities.

As has been aptly pointed out, these U.N. peacekeeping operations are vital in areas like the Middle East and Cyprus. Without these important U.N. forces, additional bloodshed would surely result. It also suggests ways in which the President can encourage the Soviets to make these payments in the future, and they certainly can be and should appropriately be considered for the talks to be held presumably in Geneva early next year and again between Secretary Haig and Foreign Minister Gromyko, if not before.

The managers of the bill would be perfectly willing to accept this amendment. We recognize the right of the Senator to ask for a rollcall vote. It would be our suggestion that we approach the leadership and see whether or not this vote could not be held perhaps immediately prior to the next rollcall vote that we would have.

Some Senators have inquired about rollcall votes and we did not feel there would be further rollcall votes tonight on this bill. But we can check with the leadership to see whether it could be done at the time of the continuing resolution or at the next time this bill comes up.

Mr. PROXMIRE. Mr. President, I would like to discuss this informally with my friend from Illinois, so I will suggest the asbence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I ask unanimous consent that the pending amendment, the Proxmire amendment, be temporarily laid aside so that we may take up what I consider to be a noncontroversial amendment proposed by Senators PERCY, KASSEBAUM, and LUGAR. After the disposition of that amendment, the next pending business would then be the Proxmire amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 454

Mr. PERCY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated. The bill clerk read as follows:

> The Senator from Illinois (Mr. PERCY) for himself, Mrs. KASSEBAUM, and Mr. LUGAR, proposes an unprinted amendment numbered 454.

Mr. PERCY. Mr. President, I ask unanimous consent that further reading of the amendment be disensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> (1) On page 63, beginning with line 21, delete section 708(c); and
>
> (2) Add the following new section at the end of the bill:
>
> "SEC. . It is the sense of the Congress that it welcomes the actions of the Government of Argentina to adjudicate numerous cases of those detained under the National Executive Power of the Argentine Government. The Congress expresses the hope that further such progress will continue, especially with regard to (a) providing information, insofar as the Government of Argentina has information, on those citizens in Argentina listed as 'disappeared' who have died, and (b) those prisoners who have not yet been either released or brought to justice and who are being held at the disposition of the National Executive Power."

Mr. PERCY. Mr. President, because of the inability of Senator KASSEBAUM to be on the floor right now, being engaged elsewhere on official business, I am presenting this amendment on her behalf.

While problems still occur in Argentina, human rights performance has improved. There were 12 confirmed disappearances in 1980 and none so far this year.

Prisoners held by the executive on political grounds have been substantially reduced, though about 1,000 remained on January 1.

Recently, we have been receiving documentations from the Argentine Embassy listing prisoners of the PEN that have been released. The State Department reports that as of mid-September, 133 persons have been released, 104 paroled and 5 given right of option to leave the country.

The Argentine Government recently announced that about 840 persons are still imprisoned without charge by the PEN.

However, the consistent release of persons since April suggests that the Argentine authorities are moving in a direction consistent with Senator PELL's concerns.

The amendment which we offer recognizes the Argentine Government's positive efforts on this issue. It makes it clear that there are no specific criteria that must be met before the President makes his determination concerning human rights improvements in Argentina.

It does, however, convey our hope that Argentina will continue to provide the information requested by Senator PELL and to deal with cases of those being held under the PEN.

I not only express appreciation to Senator KASSEBAUM for offering this amendment, but also to my colleague, Senator PELL, for the deep concern he has expressed on this issue, the very penetrating questions that he put to the President of Argentina when he was here visiting as President-designate and met with us, and for the persistent followup Senator PELL has made in this regard, to see that we can exert the maximum amount of influence in connection with the concerns he has so eloquently expressed.

On behalf of the majority, this amendment is acceptable. I know of no objection to it on this side.

● Mrs. KASSEBAUM. Mr. President, this is an amendment to S. 1196 that, I believe, will have a lasting and positive effect on U.S. relations with the Argentine Republic. More importantly in my judgment, the amendment will improve the human rights situation in that country. This amendment woulld strike subsection (c) of section 708 from S. 1196, which concerns the lifting of the 4-year-old U.S. arms embargo against Argentina.

The provision which the amendment seeks to strike from the bill requires that in determining whether there has been significant progress in the human rights situation in Argentina before the arms embargo can be lifted particular attention shall be paid as to whether Argentina has made every effort to account for those citizens listed as disappeared and has provided an actual list of the disappeared.

The provision further requires that Argentina must release or bring to trial all those held under an extraordinary executive authority known as PEN in Argentina.

I believe that the new and extraordinary requirement of this provision would retard both United States-Argentinian relations and the considerable human rights progress that country has witnessed since 1978.

The situation presented by the existing language parallels, I believe, a dilemma we faced with Argentina during World War II. In 1943 we were pressing the Argentine Government to break with the Axis powers and to join the war effort. There was a military government in Argentina. The Foreign Minister, Segundo Storni, was pro-Allies. He and others were attempting to move the Argentine Government toward rupture of relations.

Storni sent a letter to Cordell Hull saying that things were moving in the right direction but that it would be helpful in dealing with hardliners if the United States could agree to provide some military materiel to Argentina. He asked Hull for friendship and understanding.

Instead Hull made a public and excoriating reply. Storni was forced to resign. United States-Argentine relations went into a very difficult period even though the Argentine Government did eventually break with the Axis powers.

I believe the existing provision will have the unintended effect to undermining those in Argentina who are most sympathetic to our efforts in this country and of strengthening those in Argentina who resent U.S. concerns, and who are the most antiliberal.

We should not be discouraging reasonable interaction between Argentina and the United States by erecting yet another hurdle for our potential friends to jump over before we condescend to having a normal, friendly relationship with them.

Existing generic legislation, specifically section 502B of the Foreign Assistance Act, should be sufficient to protect any remaining human rights concerns with respect to Argentina. If the situation there worsens, the provisions of 502B can be made applicable to Argentina.

Not only must we avoid further deterioration of our relations with Argentina but also we must strengthen existing weaknesses. The June 1 issue of Newsweek describes Argentina as having established an entente cordiale with the Soviet Union during the last 4 years.

Argentina refused to support the U.S. grain embargo after the Soviet Union invaded Afghanistan. The U.S.S.R. and Argentina have exchanged military missions. Argentina has positioned itself in the United Nations with the group of 77 rather than as a reliable voting partner of the West.

Finally, Argentina has been a question mark with respect to nonproliferation issues as evidenced by its not becoming a signatory to the Non-Proliferation Treaty and similar international agreements.

In addition, better relations with Argentina can enhance U.S. security concerns in the region. Argentina controls the straits that shipping and navies must use in transit between the Pacific and Atlantic Oceans if the Panama Canal is closed and for ships too large to use it. That nation's cooperation is necessary to guard those essential sealanes.

Argentina is, therefore, an important component of hemispheric and South Atlantic defense. In addition, Argentina has become an important international grain and meat supplier. Its cooperation is essential to try to bring stability and orderliness to that arena where U.S. economic health is so much at stake. The absence of a close, cooperative relationship with Argentina should be a major concern to us all.

The reason for imposing the 1977 arms embargo against Argentina was human rights. It stands to reason that an improvement in that situation should lead to an end of the embargo. The embargo was without conditions, so should its lifting be.

In Argentina there has been measurable, substantive progress toward the restoration of civilian, democratic rule. The government has started a dialog with civilian political leaders to produce legislation that would permit renewed political activity by organized parties. Freedom of speech and the press has continued to expand in 1980 and 1981. The ILO has made note of increased labor union activity.

Two major points of criticism of Argentina's human rights record have been the disappearances and the exercise of the arbitrary powers authorized by the national executive power, known as PEN. Both of these situations have dramatically improved. Depending on whose accounting you accept, there have been either no or very, very few disappearances since August 1980.

The number of prisoners held under PEN has significantly decreased from 8,000 in 1977 to less than one-tenth of that now. The number of PEN prisoners who have been either brought to trial or released very recently is impressive, approximately 200 since April 1981. This important progress should not go unrecognized. To ignore this progress or to set up yet another impediment to the improvement in our relations would be most counterproductive and may provide reasons to some to halt the progress.

All of the above is not to say that Argentina has reformed itself into a model democracy. There remains further progress that we must continue to encourage. Amnesty International is continuing to monitor the situation and has certainly made us aware of continuing objectionable policies and incidents.

However, I believe the magnitude has considerably diminished in the last 2 years and shows a dramatic difference from the 1977–78 era. Nonetheless, objectionable policies, should they not continue to diminish, can be monitored and the U.S. policy response can be governed by section 502B of the Foreign Assistance Act which generically addresses all human rights conditions in all countries receiving U.S. arms sales and security assistance.

Mr. President, if I may take a minute more, I want to quote from Joseph Tulchin, one of our leading historians of United States-Argentine relations. Writing about the type of incident I described earlier, including others in more recent history, Tulchin had this to say:

> Whenever the U.S. openly pressured the Argentine government to behave in a certain manner, it had the unintended effect of undermining that political faction which was most sympathetic to the U.S. and of strengthening the faction which was most nationalistic, more anti-liberal, and less friendly to the U.S. In other words, interfering in Argentine domestic affairs has the effect, over and over again, of pushing the government further to the right or toward xenophobic nationalism and away from reasonable interaction with the United States.

In conclusion, I would like to bring to the Senate's attention the comments of Secretary Haig to the chairman of our committee:

> We seek repeal of this legislation for a number of reasons. There is a strategic need to consider some military sales, for example, to enhance the security of the South Atlantic. The legislation no longer is supported by the human rights situation in Argentina which has improved significantly since 1978. The legislation sets back our human rights and other interests.●

I believe that Secretary Haig's comments are wholly justified and correct. We should not hinder ourselves with requirements upon a country we seek to bring closer that will only impede the strategic and humanitarian objectives that we all seek.

I urge the adoption of my amendment.●

MILITARY SALES TO ARGENTINA

Mr. KENNEDY. Mr. President, we have before us proposed legislation—section 708 of the Foreign Assistance Act of 1961—which would lift the prohibition of security assistance to Argentina, under section 620(b) which I am proud to have coauthored in 1977 with Senator Hubert Humphrey, and would require a Presidential certification that Argentina has made "significant progress in complying with internationally recognized principles of human rights" before such assistance can be furnished.

Issues vital to United States-Argentine relations are the continued violations of human rights in Argentina, and the military junta's continued refusal to restore democracy to the Argentine people. Other relevant issues include security in the hemisphere, particularly with regard to the junta's military confrontation with Chile over the Beagle Channel dispute; its actions in Bolivia and El Salvador; its role in damaging U.S. policies regarding the Soviet Union; and its continued refusal to pursue an acceptable approach to nuclear nonproliferation.

Until the Kennedy-Humphrey amendment was enacted because of gross and consistent abuses of fundamental human rights by the Argentine military junta, up to 15,000 Argentine citizens had disappeared—a euphemism for the secret kidnaping, imprisonment, torture, and murder of men, women, and children by Argentine security forces. Until that time, 8,000 Argentine citizens were held without charge or trial under the so-called national executive power.

Fortunately, there have been some relative improvements since enactment of our legislation. In 1979, for example, there were 44 confirmed disappearances and last year there were 12. The number of prisoners being held under executive powers has been reduced to about 900 and releases continue. On many of these cases, I have intervened with the Secretary of State and the Government of Argentina. Three of those prisoners have since been released.

These developments are welcome, but they cannot be allowed to obscure the broader picture. As we examine the overall situation, it is obvious that this is not the time to resume any security assistance to Argentina, and I do not interpret the legislation before us as permitting the administration to do so.

The military junta in Argentina continues to refuse to account for the thousands of people who disappeared at the hands of the security forces.

The military junta in Argentina continues to hold hundreds of people at the disposal of the executive—without charge or without any stated reason—in utter disregard for the basic human right to learn the reasons for one's detention, or to be released.

The military junta in Argentina continues to refuse the right of option to leave the country—a right guaranteed by their own constitution—to scores of persons.

The military junta in Argentina continues to tolerate the use of torture against its opponents—two instances occurring as recently as during the visit of the Argentine president-elect to the United States this past spring.

To ignore these facts about Argentina would be to send the wrong message to all those around the world who believe that human rights are an important element in our relations with other countries—the wrong message that the U.S. Congress is willing to accede to a policy of silence and retreat on human rights. I know there are many who hope that will not be the case. But for any who have talked with leaders from Latin America, I can state without question that providing military assistance to Argentina now would have far-reaching effects, undermining U.S. relations with democracies in Latin America and elsewhere in the world.

To ignore these facts about Argentina would be to ignore the reality that members of the junta exercise dictatorial powers and serve as commanders of the military forces which were responsible for the planning and organized abduction, torture, and disappearance of as many as 15,000 persons.

These victims were not civil war victims. They were not taken in guerrilla hideouts or battles. They were kidnaped from their homes, their businesses, or while walking on the street by official agents of the Argentine police and armed forces. Those kidnapings were followed by torture and, in many cases, summary executions. The full details of thousands of cases remain hidden—and we may never know the whole, awful truth.

To ignore the facts about Argentina would be to ignore the failure of the military junta, even now, 5 years after it came to power, to tell the families of the disappeared why or how their sons, daughters, husbands, or wives were taken, where they were taken, or whether they died. Each week in Buenos Aires mothers and relatives of the disappeared meet in a main square of the capital as a visible reminder that they are still searching for their loved ones.

And all our State Department can do is to say that this is a "serious political problem" for the Argentine Government. I ask unanimous consent that my recent exchange of correspondence with the State Department about the disappeared and other human rights issues in Argentina be entered into the RECORD at the conclusion of my remarks.

To ignore the facts about Argentina would be to tell hundreds of Argentines that it does not matter that they are being held at the whim of their government—without charge, without explanation, without trial, and without any assurance of ever being released. Their arrests were arbitrary, their imprisonment was arbitrary, and their only hopes depend not on any system of law but on the arbitrary decisions of their military rulers.

To ignore this political imprisonment in Argentina is to ignore one of the most glaring and ongoing occurrences of denial of due process of law in the Americas.

The Argentine military underlines its rejection of due process by refusing the pleas of those imprisoned to be allowed the option—guaranteed by the Argentine Constitution—to leave the country.

Not once, but every year since 1975, the Argentine military has been cited by the Inter-American Commission of Human Rights of the Organization of American States for gross and consistent violations of human rights. Respected international human rights organizations ranging from Amnesty International and the International Commission of Jurists to U.S. private groups such as the American Association for the Advancement of Science have joined in the condemnation.

Only this year, the American Association for the Advancement of Science reported on the torture, imprisonment, and disappearance of scientists in that country since 1976. The AAAS citations of disappearance are matched by similar reports from international organizations representing many other sectors of society—such as teachers, labor leaders, journalists, lawyers, and doctors. All have published documentary evidence of the gross abuse of individual liberty and individual rights committed by the Argentine Government against members of these professions.

Mr. President, the number of recent examples of human rights abuse in Argentina is far from small:

In January, the United Nations working group on enforced or involuntary disappearances reported on a list of 16 secret detention centers in Argentina.

In December and in January, Amnesty International received reports of 23 prisoners being transferred between two of these detention centers subjected to severe beatings by military guards.

On February 28, leading human rights leaders, including Emilio Mignone and Jose Westerkamp, were illegally abducted and held incommunicado before being released following international protest.

On March 13, between 40 and 60 members of the Mothers of the Plaza de Mayo were detained, harassed, and questioned.

In mid-March—even while President Viola was in the United States being hosted by President Reagan, two labor union officials were kidnaped by Buenos Aires provincial police, held incommunicado, and tortured before being released.

This spring as well, the 1980 recipient of the Nobel Prize for Peace, Adolfo Perez Esquivel, his children, and colleagues in his human rights organization were subjected to bomb and death threats and to direct intimidation.

In July, the president and vice president of the Mothers of the Plaza de Mayo, the organization of families of the disappeared, were detained upon their return to Argentina from the United States. They had traveled here to receive the Rothko Chapel Award for their courage and commitment to justice and had appeared on the Bill Moyers television program. Their award, documents and the tape cassette of the Moyers program were seized and returned only after vigorous protests were mounted from the United States.

Journalists have been exposed to continued threats and abuse. In August, the international edition of Newsweek, with a cover story critical of Argentine human rights violations was seized from all newsstands.

On September 2, 16 armed men in plain clothes broke into a Peronist party office, identified themselves as federal police and seized party members Julio Barbaro and Juan Gallegos. Afterward, the police denied knowledge of the seizure. Only after immediate and vehement international protests, and without official explanation, the two were released 3 days later.

Moreover, anti-Semitism remains a poorly disguised reality among many in the Argentine military. Nazi swastikas worn on the watch chains of prison guards, and brazenly painted on prison walls, have been reported. The failure of the government to take action against blatant evidence of anti-Semitism within the military makes them at least complicit in the spread of that evil doctrine. The voice of Jacobo Timerman, and his powerful book, "Prisoner Without a Name, Cell Without a Number," stands as stark, almost unbearably painful witnesses to human abuse and degradation in Argentina.

Instead of using diplomatic and legal means at our disposal to urge the military junta in Argentina to restore full respect for human rights, for democracy, and the rule of law in Argentina, the Reagan administration has sent a high-level delegation of military officers to visit. I voiced my concern over this visit in a letter to Secretary of Defense Weinberger in April, and I regret to say that Secretary Weinberger's response was not very enlightening as to the wisdom of what the administration is doing. Mr. President, I ask unanimous consent that my exchange of correspondence with the Secretary of Defense be entered into the Record at the conclusion of my remarks.

Some people urge a relaxation of U.S. policy citing the convergence of United States and Argentine security concerns. The record does not support such an argument. For example, Argentina has repeatedly been accused of involvement in the July 1980 coup in Bolivia which toppled the elected government and constitutional law—this in direct opposition to U.S. policy under both the prior and the present administrations.

Moreover, Argentina is reported to have offered military assistance to the ruling junta in El Salvador. Such a move would be most unfortunate, exacerbating that tragic conflict with further military intervention, when what is needed is military disengagement and a mediated, negotiated solution.

Argentina has also rejected the decisions of international arbitrators in its boundary dispute with Chile in the Beagle Channel—placing itself in opposition to the concept of peaceful resolution of international disputes.

The administration appears interested in Argentine support for an anti-Soviet strategy in the South Atlantic as well as on a global basis. This desire flies in the face of Argentine actions undercutting the grain embargo against the Soviet Union after the Russian invasion of Afghanistan. Despite the assertion by the Secretary of State that Argentina is our friend—not least because officials there state their belief in God—the actions of the Argentine Government speak louder than these words and point to a rather sharp disregard for American interests. Not only did Argentina ignore the embargo, but it acted quickly to boost its own grain sales to the Soviet Union by nearly 400 percent, further undermining the policy of the United States and our allies.

And in the vitally important matter of preventing any further proliferation of nuclear explosives, Argentina's behavior appears calculated to frustrate American policy and American initiatives. During the first years of the previous administration, Argentina publicly committed itself to adhere to the Treaty of Tlatelolco, accepting thereby full-scope safeguards on all its nuclear facilities. These pious words stand in stark contrast to recent agreements concluded with West Germany and Switzerland, which were strongly opposed by the United States. They not only undercut our Nation's nonproliferation policy, but also that of our ally and neighbor, Canada. Before any military or nuclear assistance were to be considered, Argentina should fulfill its declared commitment by accepting full-scope safeguards.

The question before the Senate today is whether to accede to the lifting of the absolute prohibition of section 620(b) against the provision of military assistance to the Argentine Government at this time. The administration sought its unconditional removal. The committee has required significant human rights progress as a condition for such assistance. The President must certify that this condition has been met, and the Congress believes it is to be met by accounting for the disappeared, releasing or bringing the PEN prisoners to justice, and ending further violations of human rights in that land.

Maintaining the conditions established in the committee is a minimal necessity. If the administration seeks now to certify that these conditions have been realized, I believe that the Foreign Relations Committee should hold full and detailed hearings to evaluate the evidence cited in their justification. As I have noted, I do not believe it possible that the conditions have, in fact, been met at this time.

Mr. President, I believe that the record of Argentina's actions in the areas of fundamental interest to the United States—in human rights and democratic government, as well as in its dealings with Bolivia and other states in the Western Hemisphere; and in its obstruction of U.S. policies dealing with the Soviet Union and with nuclear nonproliferation—demonstrates clearly that Argentina's professions cannot yet be accorded the credibility that they may one day acquire.

When actions match rhetoric, then I shall be as willing as any Senator to consider security and other assistance for Argentina. At present, I shall vote for the compromise worked out in the committee, with the expectation that military assistance will not be provided to Argentina without a full justification by the administration and a thorough examination by the Senate, and especially by the Committee on Foreign Relations.

There being no objection, the material was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., March 19, 1981.

Hon. Alexander M. Haig, Jr.,
Secretary of State,
Washington.

Dear Al: Following your meetings this week with President Viola, we are writing to request that you intervene on behalf of political prisoners and those men, women and children who have "disappeared" in Argentina. Former Secretary of State Vance delivered an earlier list to the Government of Argentina, making clear that there could be no military relations until some accounting was made and prisoners released.

As you know, Senator Hubert Humphrey joined us and other Senators in introducing legislation in 1977 to end all military aid and support to Argentina because of the extremely serious violations of human rights in that country. Since the military coup in 1976, up to 15,000 individuals have been seized by security forces and then "disappeared". Periodically these disappearances continue: just this past week, two more were abducted by Buenos Aires provinical police. held incommunicado, and tortured before being released.

Amnesty International, the Inter-American Commission on Human Rights, the U.N. Human Rights Commission and other international human rights groups have documented extensive use of torture and violations of fundamental human rights; and even today, there are several thousand political prisoners who have been denied due process as well as the right of option to depart their country guaranteed by the Argentine Constitution. We are enclosing a list of particularly pressing humanitarian cases.

We believe there will be significant Congressional and public opposition to U.S. military aid to Argentina until its military junta accounts for the "disappeared", releases political prisoners, and respects the rights of its citizens. You may be aware that each Thursday, mothers of the "disappeared" hold a vigil in Buenos Aires; last week they were arrested by security police. We have met with some of them in the past and found their cases compelling reason for our country to continue to urge disclosure of the facts about their children and their grandchildren. We are making available to your Department all of the cases raised by these mothers with us, some of which are included in the enclosed list.

We hope that you will raise these concerns directly with President Viola and express your own support for these aims, as well as for the return to civilian rule and free elections in that country. To do so will be in the best traditions of our nation, and Argentine respect for freedom and human rights will make an essential contribution to increased stability and security in our Hemisphere.

With our thanks, and best personal wishes,
Sincerely,

Edward M. Kennedy.
Alan Cranston.

Political Prisoners—Argentina,
March, 1981

Jorge Albert Taiana—OAS/IACHR case 2353. Detained by Federal Police in Buenos Aires April 5, 1976.

Gustavo Westerkamp—OAS/IACHR case 2127. Arrested October 21, 1975, held without charges or trial.

Raul Hector Cano—OAS/IACHR case 3482. Detained at the disposition of the Executive since May 27, 1976.

Norberto Ignacio Liwsky—OAS/IACHR case 3905. Held at the disposition of the Executive since April 25, 1978.

Monica Maria Candelaria Mignone—OAS/IACHR case 2209. Abducted from her parents' home May 14, 1976.

Debora Esther Benshoam—Since kidnap in August, 1977, no charges have been brought against her.

Pablo Klimovsky—Abducted April 20, 1975. Now held at the disposition of the Executive.

Alberto Maximo Schprejer—Abducted January 30, 1976, held without hearing at the disposition of the Executive.

Horacio Rene Matoso—Arrested October 8, 1976, held without charge or trial.

Duilio Blas Aponte—Arrested November 18, 1974. Charged and acquited, now held at the disposition of the Executive. Right of option to emigrate rescinded.

Maria do las Esperanzas Beltramino de Loto—Arrested with her husband September 25, 1976—he is a "disappeared" person, she has been held at the disposition of the Executive, her right of option to emigrate having been rescinded.

Rodolfo Juan Begnardi—Arrested November 9, 1975, held without trial at the disposition of the Executive.

DEPARTMENT OF STATE,
Washington, D.C., March 31, 1981.
Hon. EDWARD M. KENNEDY,
U.S. Senate.

DEAR SENATOR KENNEDY: Thank you for your letter of March 19 expressing your concern over the human rights situation in Argentina and asking that Secretary Haig raise these concerns with President-designate Viola and other Argentine officials.

This administration is committed to the protection and promotion worldwide of individual freedoms and legal rights. Through the use of quiet, private diplomacy we have and will continue to pursue this important interest within the context of our overall strategic, hemispheric and security interests.

In Argentina, there have been significant improvements in human rights. There have been no confirmed disappearances this year. The number of persons held by the Executive on other than common criminal charges has been reduced from about 8,000 in 1977 to under 900 today. Greater press and judicial discretion exists. We expect this progress to continue.

The issue of accounting for the disappeared is the most difficult human rights issue facing the Argentine Government today. To the extent that it raises concerns of the military over recriminations and reprisals by a future civilian government, it impedes progress in other important areas such as restoration of due process and return to democratic rule. Over the longer term, we expect the Argentines themselves will resolve this issue. In the interim, we will continue to use our influence privately and in international fora to encourage Argentine officials in their efforts to make information available to the families of missing persons.

We have decided to seek repeal of Section 620B of the Foreign Assistance Act. By imposing blanket restrictions on the sale of military supplies and training to Argentina, this legislation inhibits the accomplishment of our strategic objectives in the hemisphere while not permitting recognition of the considerable progress Argentina has made toward the restoration of due process and rule of law. As in countries without restrictive legislation, we intend to utilize existing legislation and control procedures to take into account the full range of U.S. interests.

Yours sincerely,
RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.

U.S. SENATE,
Washington, D.C., April 10, 1981.
Hon. CASPAR WEINBERGER,
Secretary of Defense,
Washington.

DEAR CAP: The New York Times, in a front page article on April 8, 1981, reports on visits to Argentina by senior members of the Armed Forces. The article mentions General Edward C. Meyer, the United States Army Chief of Staff, and Rear Admiral Peter K. Cullins, commander of the United States South Atlantic forces, as having made visits; and Admiral Harry Train, Commander-in-Chief of the Atlantic fleet and Supreme Allied Commander, Atlantic, and Brigadier General Richard A. Ingram, commander of the Air Force Command and Staff School, as scheduled to visit Buenos Aires the week of April 13.

As you know, since the military coup in 1976, up to 15,000 individuals have been seized by security forces in Argentina and then "disappeared". These disappearances are continuing; just last month two more persons were abducted by Buenos Aires provincial police, held incommunicado, and tortured before being release. Gross violations of human rights in Argentina led the United States to end all military aid to that country in 1977, and even today, there are several thousand political prisoners who have been denied due process as well as the right of option to depart their country, guaranteed by the Argentine Constitution.

I believe there will be significant Congressional and public opposition to U.S. military aid to Argentina until its military junta accounts for the "disappeared" and gives evidence of substantial improvement in its human rights policies.

I would appreciate learning whether there was or will be any attempt by U.S. military officers to raise these concerns with their counterparts in Argentina—and if so, how and to what extent these concerns are being pursued. I would also appreciate your personal view of whether repeal of the legislation I sponsored banning military aid to Argentina is consistent with the overriding mandate in Section 502(b) of the Foreign Assistance Act that "a principal goal of the foreign policy of the United States shall be to promote the increased observance of internationally recognized human rights by all countries."

With best wishes,
Sincerely,
EDWARD M. KENNEDY.

THE SECRETARY OF DEFENSE,
Washington, D.C., May 8, 1981.
Hon. EDWARD M. KENNEDY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR KENNEDY: Thank you for your letter of April 10, 1981, expressing your concern over the human rights situation in Argentina and possible opposition to the U.S. returning to more normal military relations with Argentina.

As has been reported, there have been significant improvements on human rights in Argentina. We expect such progress to continue under the Viola administration as the Argentina Government pursues its program to return to a democratic form of government. As you know, President Viola expressed these same expectations to the Congress during his visit in March.

The Administration is pursuing important human rights objectives through the use of quiet, private diplomacy within the context of our overall national interests. We in the Department of Defense will continue to work closely with the Department of State on all high level military visits in order to achieve all of our objectives. In support of these objectives, the Department of Defense visits to Argentina will privately encourage, where appropriate, Argentine officials to continue efforts to achieve improvements in the area of human rights.

The Administration believes that through such diplomacy, including high level military visits, we can more effectively influence other governments than is possible through the use of country-specific legislative restrictions. Legislation, such as Section 620B of the Foreign Assistance Act, inhibits our achieving objectives in the national interest and does not permit recognition of the progress Argentina has made toward the restoration of due process and rule of law. We will be better able to pursue our principal foreign policy goals, one of which is to promote the observance of human rights, by developing more normal relations with the countries which are friendly toward the U.S. Moreover, other legislation and control procedures, such as 502(b), encompass human rights yet still provide the flexibility required to pursue our interests. For the above reasons, I have supported the repeal of Section 620B of the Foreign Assistance Act and believe such action on country-specific legislation is not inconsistent with our goal to promote increased observance of human rights.

Sincerely,
CAP WEINBERGER.

SECTION 706(B) ARGENTINA

Mr. KENNEDY. I would now like to inquire of the chairman and the ranking member of the committee whether they share my view that the requirement of "significant progress in complying with internationally recognized principles of human rights" should be interpreted, in the case of Argentina, to include significant progress in providing information on those citizens in Argentina listed as "disappeared" and significant progress in releasing or bringing to justice those prisoners held at the disposition of the national executive power (PEN).

Mr. PERCY. That is my understanding. If there should be significant progress in providing information on those citizens listed as disappeared and in releasing or bringing to justice those prisoners held at the disposition of the national executive power.

Mr. PELL. I share the view of the chairman and of my friend the senior Senator from Massachusetts.

Mr. KENNEDY. I would ask the chairman and the ranking member whether they could undertake, at this time, to give the closest scrutiny to any such human rights certification by the President on Argentina. I believe this issue is of the greatest importance, not only to the people of Argentina but to the prospects for human rights and democracy throughout this hemisphere.

Would the chairman and the ranking member agree that the full committee will hold a hearing or hearings if the President submits such a human rights certification, to determine whether the committee concurs with the President's finding that "significant progress" has occurred in the human rights situation in Argentina, including those provisions in the bill relating to the "disappeared" and releasing or bringing to justice those prisoners held at the disposition of the national executive power in Argentina.

Mr. PERCY. We shall certainly give the closest scrutiny to any such human rights certification by the President on Argentina. If there are serious questions about the President's certification, I would be prepared to hold a hearing to determine whether the committee concurs with his finding and whether the committee is satisfied that it includes "significant progress" along the lines suggested by the Senator from Massachusetts.

Mr. PELL. I am happy to concur with the chairman on the need for the committee to be fully satisfied on any human rights certification for Argentina, and I agree with the chairman and Senator KENNEDY that our judgment should be based—as should the President's—on human rights progress which includes significant progress in accounting for the disappeared and releasing or bring to justice those held at the disposition of the national executive power in Argentina.

Mr. President, this is an amendment that I have followed very closely. I have been very interested for months, for years, in the human rights situation in Argentina. Just a few months ago, I had the good fortune to be in Buenos Aires. I met with the leaders of the Argentine human rights movement and also with the mothers of some of the young people who had disappeared, and presumably had been tortured and murdered. Talking with these people made the whole picture come into a perspective that could not have been achieved by any other means. I did not realize until afterwards that, in each case, the leaders with whom I spoke had a child who had disappeared, presumably tortured and murdered.

Mr. President, when you actually talk to people who are so close to this kind of thing, it makes you very, very sensitive, indeed, and concerned. The torture, the abuse of any human being anywhere in the world really should be of concern to us.

In Argentina, there are still many, many human rights problems. I would say, though, that the human rights situation generally has improved. Whereas before 1980, there had been thousands of cases of individuals who had disappeared, in 1980, there were only 12. This year, there has been no reported case of disappearance, although there are still cases of people being arrested and abused and "temporarily disappeared." Prisoners held by the national executive power (PEN) on political grounds have been substantially reduced, although about a 1,000 remained on January 1. I believe the number is about 800, now.

Recently, we have been receiving documentation from the Argentine Embassy listing prisoners of the PEN that have been released. The State Department reports that as of mid-September, 133 persons have been released, 104 parolled and 5 given right of option to leave the country. The Argentine Government recently announced that about 840 persons are still imprisoned without charge by the PEN.

This figure was confirmed to me just an hour ago when members of the Foreign Relations Committee met with Argentine Foreign Minister Oscar Camilion for an exchange of ideas.

Mr. President, I realize that the substitute amendment is an attempt to communicate in a softer way our concerns to the administration and to the Argentine Government. I personally, as the author of the original amendment, would have preferred to keep the stronger, original language. From a practical viewpoint, however, I have always been of the view that half a loaf is better than no loaf, that a politician who compromises gets better results than one who says with great pride that he never compromises. If we can have an amendment that moves in the direction I wish, acceptable to us all, that is far better than having a vote on one that I know, from counting heads, will go down in defeat at this time. Therefore, I accept the compromise amendment.

Let me add here that I have had the good fortune to meet twice with President Viola prior to his actually assuming office, once in Buenos Aires and once here in the Senate. In each case, I brought up the question of those who disappeared and there was some confusion as to the reply. The first time, in Buenos Aires, the interpreter said that a listing would be issued. Later, I was informed that the interpreter had mistranslated the reply of Mr. Viola, who had said he would do his best.

I went over it a second time with President-designate Viola in a meeting in the Foreign Relations Committee when he was here last March before taking office. I said I had understood from him that there would be a listing of disappearances that would be forthcoming. This was my understanding, and I repeated the question. The President replied affirmatively when I asked if the government would publish a listing of those who are known to be dead. But on President-designate Viola's return to the Argentine, there was apparently a change of view and his statement to me was not confirmed at that time.

Mr. President, I believe this amendment does express the concern of the United States and it will serve to encourage the Argentine Government to provide information on those citizens in Argentina listed as disappeared who have actually died, and those prisoners who have not yet been released or brought to justice and are being held at the disposition of PEN, the national executive power.

While I support this compromise, I want to express my sincere hope that the Argentine Government, and the administration, understand that I and a great number of my colleagues in the Senate feel very strongly about continued progress on human rights, especially with regard to the disappeared and the PEN prisoners.

When one thinks of the disappeared, it is because of the desire for a new beginning for Argentina, because the parents in many cases have a lingering hope, perhaps, that their child is still alive. We know of the lingering hope that has existed in the hearts of parents who lost young people in Vietnam and of the hopes they nurtured that their child still may be alive. This is true with these mothers with whom I talked and with the leaders of the human rights movement in Argentina. It is to help them with a sense of compassion and humanity so that they will know what happened to their loved ones, as well as to give Argentina a new base for a democratic, compassionate beginning that I believe these listings should occur.

It is my hope, reflecting the bipartisan vote in our committee on the original amendment, that the Argentine Government continues to be responsive to those citizens in Argentina and the international community who look forward to a truly brighter day for all of the people of that proud nation.

Mr. President, I reiterate that this amendment in a stronger form passed the Foreign Relations Committee on a true bipartisan vote and reflects at least the views of the Foreign Relations Committee. This somewhat weakened amendment if it is passed, as I hope it will be, will somewhat represent the views of the Senate as a whole. I hope this amendment will be agreed to by my colleagues.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, the amendment having been supported by both managers of the bill, I think we are ready now for a vote on the amendment. I know of no objection on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 454) was agreed to.

Mr. PELL. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PELL. Mr. President, I should like the RECORD to show that when the vote was taken, there was not a single adverse vote to the amendment.

The PRESIDING OFFICER. The question recurs on amendment No. 551.

Mr. PERCY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, if I may have the attention of the distinguished chairman of the committee and the ranking minority member, I inquire whether there are other amendments that could be disposed of at this time?

Before the answer, I might say that what I plan to do, if there are no other amendments that might be dealt with now, is to ask the Senate to recess until 9 o'clock. As Members will recall, the reason for that is that the House of Representatives will not proceed to the consideration of the conference report on the continuing resolution until sometime between 7:30 and 8. It is my hope that the House will complete its action on the conference report and transmit it to the Senate for our attention sometime around 9.

If the distinguished managers of this bill, on both sides, would be agreeable to recessing at this time, I am prepared to do so. If there are other amendments that they wish to deal with at this time, which would not require Record votes, I am prepared to do that.

Mr. PERCY. Mr. President, we had hoped to finish a Helms amendment, but Senator Helms is not prepared to offer it right now. There was a possibility of the Glenn amendment, and so far as I know, he is not planning to come here right now on that amendment.

Therefore, I believe it would be best to recess until 9 o'clock.

For the benefit of all our colleagues, will the distinguished majority leader indicate what might be done at 9 o'clock, when we resume the session, and what might be the logical sequence of events?

Mr. BAKER. I thank the distinguished chairman of the committee.

My plan, then, would be to come back in session at 9 o'clock. If the House has not sent the conference report to us by that time—and I do not believe they will—we will resume consideration of the foreign assistance bill from 9 o'clock until such time as the conference report is available.

We would have Record votes after we reconvene at 9 o'clock, if they are ordered. There would be no effort to postpone or stop those votes after that hour.

I would expect that the Senate would be in fairly late, not by choice but by necessity, because tonight at midnight is the end of the Federal fiscal year; and it is imperative once again, that we deal with this matter—in this case, the continuing resolution making appropriations for several agencies and departments of Government.

So, shortly I will make the request. The Senate will shortly stand in recess, to resume consideration of the foreign assistance bill at 9 o'clock, continuing with the consideration of the foreign assistance bill from that time until such time as the conference report on the continuing resolution is available, and rollcall votes would be expected during that period.

As soon as the conference report is available, it will be the intention of the leadership to send the foreign assistance bill back to the calendar temporarily, pending disposition, while we proceed to the consideration of the conference report.

This is the outlook for the moment.

TRIBUTE TO JOE STEWART

Mr. DODD. Mr. President, like so many of my colleagues, I too want to express my sincere thanks to Joe Stewart for his many years of service to the Senate in general and to Senate Democrats in particular.

Though a newcomer to the Senate, I am fully aware of the legend that Joe established during his 30 years of service on this side of the Hill. Indeed, the legend precedes him. And I know from my own experience and from the experiences of others that Joe performed his duties always with a view to maintaining the honor and the dignity of the Senate. And his affection for and devotion to the Senate deserve both our respect and our admiration.

In short, Joe has served his Nation well and in the process he has obviously earned our gratitude. Not surprisingly, then, his departure touches us with sadness. But our sadness pales by comparison to our good wishes for him—good wishes for the very best in his new endeavors.

JOE STEWART

Mr. RIEGLE. Mr. President, the Senate recently passed Senate Resolution 214, which commended Joe Stewart for his long service to the Senate. As we all know, Joe has finally broken the 30-year bond with this body, and has accepted employment with a private concern. Joe's history in the Senate is somewhat unique, both for its longevity, and its chronology. His first appointment, in 1951, was as a page to Senator Spessard Holland of Florida. From that point, he occupied a variety of positions and ultimately became the secretary to the majority in 1979, and secretary to the minority in 1981.

Joe performed a variety of tasks for the Senate, and all of them were invaluable. I appreciate Joe's assistance to me and know that many difficult times have been made easier due to his efforts. The fact that Joe was able to complete both undergraduate and law school while he worked full-time in the Senate is indicative of his boundless energy and motivation. These attributes will serve him well in his new career, and I think that he has left his stamp on the Senate as a whole.

TRIBUTE TO WALTER JOSEPH STEWART

Mr. MELCHER. Mr. President, Walter Joseph Stewart is an impressive name which I am sure we will hear more and more in the years to come. But Joe Stewart is the name we will remember for his dedicated and incomparable service to the U.S. Senate—and to us as individual U.S. Senators.

Joe Stewart has met our impatient demands with patient and speedy response. The possible, he achieved with ease and clarity; the impossible may have taken a bit longer, but he could usually find a way to do that, too.

Joe's courtesy and calm demeanor under pressure could not mask his dedication and determination to serve the Senate—and all of us who called on him—to the fullest extent possible.

Joe Stewart will be missed by the Senate. And so will Janine Drysdale-Lowe, his able assistant who is also leaving the Hill. But a well trained and competent staff is the legacy Joe and Janine are leaving in the Office of the Secretary to the Minority and in the cloakroom. I join with those, from pages to Senators, in saying thanks for a job well done and best wishes for continued success.

JOE STEWART

Mr. BUMPERS. Mr. President, it is my pleasure to join my good friend, the minority leader, in paying tribute to the fine work of Joe Stewart.

Joe has served with distinction as secretary for the minority of the Senate, secretary for the majority, and assistant to the majority leader for floor operations. He has been helpful to Members on both sides of the aisle and has done a good job. He has been fair, and he has been accommodating to all Senators.

Joe has demonstrated a willingness to work hard. After graduating from Capitol Page School in 1953 as president of his class, he continued to work full-time in the Senate. Throughout this period in his career, he attended undergraduate and law school. He attained his law degree in 1963 from American University Law School.

In addition to the other positions I have mentioned, Joe is a former member of the Appropriations Committee staff and has served as a legislative assistant to Senator Robert C. Byrd. He has truly spent his public career in the U.S. Senate.

We will miss him, but we wish him well in his new position in private industry.

THE RESIGNATION OF WALTER J. STEWART

Mr. MITCHELL. Mr. President, the Senate lost one of its most loyal and dedicated servants when Joe Stewart resigned as secretary for the minority.

Joe has begun a new career in private industry—one that I hope will prove to be challenging and satisfying for him. But while I am happy for him, I know he will be missed here in the Senate.

Joe was always available to assist, and to provide valuable advice based on the knowledge and expertise he gained over the course of his 30-year career in the Senate. I greatly appreciate the help he has given me, and I will miss him and his able assistant, Jean Drysdale-Lowe, who has joined Joe in his new office.

I know Joe will be successful in his new career. As I join my colleagues in wishing him well, I also want to offer my personal thanks to Joe for his friendship and his loyalty.

FRENCH AND GERMAN PRESS REACTIONS TO ROLAND DECISION

Mr. HEFLIN. Mr. President, yesterday I delivered a speech on this floor expressing my serious concerns that the recent decision to scrap the Roland air defense system could cause serious repercussions with respect to our diplomatic and military relations with our Western European allies.

Today I wrote to Secretary of State

Alexander Haig asking him to take a personal role in convincing President Reagan to reconsider this action. While Supreme Allied Commander of NATO forces in Europe, Secretary Haig played a pivotal role in reaching the landmark trinational agreement that produced the Roland missile system.

Because of his key role in reaching this accord involving France, Germany, and the United States to build a European-designed missile for deployment in Western Europe, I have urged him to personally intervene and use his influence to convince President Reagan to reverse his administration's apparent decision to scrap the short-range. all-weather missile system.

Mr. President, I have spoken with the French Ambassador concerning this matter and he relayed to me his Government's great disappointment in the administration's decision to back out of this agreement.

Further, I have in my hand the English translations of newspaper articles that have appeared in the French newspaper, Le Monde, and the German newspaper, Sud-Duetsche Zeitung. Mr. President, these articles from the capital cities of two of our most important military allies bear out my warning of adverse military and diplomatic reactions to Secretary of Defense Weinberger's recent announcement that the United States is backing out of the Roland agreement.

The article in the German newspaper, Sud-Duetsche Zeitung, dated September 25, 1981, is headlined "U.S. Cancellation of 'Roland' Disappoints Bonn." The article states that "Bonn is extremely disappointed by the decision of the U.S. Government" and that "observers made no bones about the fact that the cancellation could affect the West European-American armament collaboration."

The articles in the French newspaper, Le Monde, dated September 25, 1981, are headlined "The Pentagon Intends To Cancel Its Order for European Roland Ground-Air Missiles," and "Budgetary Reductions May Cause Difficulties." The articles ask the telling question: "Will the fate now awaiting the Roland show that the U.S. would also be the first to break this reciprocal agreement at a time when the world economy is shaking them?"

Mr. President, the United States made a good-faith agreement with our French and German allies to produce this important air defense system.

Over the past 5 years, we have spent more than $1.2 billion to develop this system. I believe that to cancel the program now, at a time when it is already in production, and in light of adverse diplomatic reactions by our European allies, would not only be wasteful, but very unwise.

Mr. President, I urge my colleagues to take a personal interest in this matter and study the ramifications of canceling this project.

I ask that copies of the French and German newspaper articles appear in the RECORD at the close of my remarks, along with a copy of my letter to Secretary of State Haig.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Süd-Deutsche Zeitung, Sept. 25, 1981]

U.S. CANCELLATION OF "ROLAND" DISAPPOINTS BONN

(Negative consequences are feared for West European and American armament cooperation.)

Bonn is "extremely disappointed" by the decision of the U.S. government to not take over the German-French air-defense missile system "Roland". Although the government declined in taking an official position on Thursday, observers made no bones about the fact that the cancellation could affect the West European-American armament collaboration.

The American defense minister, Caspar Weinberger, announced last Wednesday before the budget committee of the House of Representatives, that the Roland system would not be bought by the U.S. in view of shortages in the military budget. The $477 million that had been allocated would be sacrificed to the red ink.

Roland is the most up-to-date low-altitude air-defense system in the world that is mounted on a tank. It was selected by the U.S. for the American armed forces in 1975 after hard-fought competition and was to be built under license in the U.S. The test of the missile system in America and its selection for the U.S. Army were seen to be substantial milestones in the Roland development program. The "two way street" across the Atlantic in regards to reciprocal purchases of arms was to be expanded in decisive measures. Up to now West Europeans, principally West Germany, have bought more weapons from the USA than the other way around. West Germany's capital (Bonn) showed understanding for the possibly necessary cancellations in the U.S. military budget. However, one has to ask if there were not other factors that played a role in the cancellation. The U.S. Army has long made it no secret that they would prefer an American missile to the German-French coproduction.

According to the judgment of experts, congress and circles in the American armament industry also have a basic reluctance with regards to purchasing European weapons in larger amounts, as had been held out as a prospect to the Europeans by the government of the previous President, Carter.

[From Le Monde, Sept. 25, 1981]

THE PENTAGON INTENDS TO CANCEL ITS ORDER FOR EUROPEAN ROLAND GROUND-AIR MISSILES

WASHINGTON (REUTER).—The American government has decided to cancel the purchase of French-German Roland anti-aircraft missiles because of U.S. defense expense deductions. This was expressed by Mr. Caspar Weinberger before a budgetary commission of the House of Representatives, where he gave for the first time the precisions concerning the federal military expense reduction (about $2 billion) for the year 1982, starting next October 1st.

Besides the franco-german missile renouncement (at a cost of $477 million for 1982), the Reagan administration plans on delaying or stopping the expenses for other programs: mothball ten ships, stop the order of the KC-10 refueling airplanes, reduce the number of A10 Fairchild anti-tank planes, withdraw the old Titan-2 missiles and the B-52 bombers and postpone the armored vehicles order.

Mr. Weinberger declared that President Reagan intended to reduce $2 billion defense expenses for next year and $11 billion for the next two budget years. The U.S. Army has chosen the Roland for the needs of anti-aircraft defense of its divisions stationed in Europe with a date for first delivery in 1981. Respectful of the government instructions "Buy American Act", the American Army had obtained a license from the Euromissile consortium to manufacture the weapon system by Hughes and Boeing, against payment of royalties. This American program was evaluated at between 2 and 3 billion dollars at the beginning. In the meantime, the American Roland suffered numerous restrictions: from 600 fire platforms, the order fell to 200 2 years ago and remains at that level today.

The Roland is a supersonic missile with a range of 7 kilometers and is used in an all-weather configuration. It is conceived as an anti-aircraft defense against low-flying planes. It can be installed on an AMX-30 French tank, on the German Marder and on the U.S. M-109.

[From Le Monde, Sept. 25, 1981]

TRANSATLANTIC ARMS DEBATE

(Budgetary reductions may cause difficulties.)

The franco-german Roland program, already hurt by the 1981 decision by Bonn to indefinitely postpone part of its Roland purchases, would receive a finishing stroke if the Washington cut threats come true. Excluding the U.S. Army needs, the Roland market for this decade was supposed to be equivalent to that of the F-16 sales in Europe, what was called "the contract of the century". It is therefore understandable that the European manufacturers follow with keen interest the debate of this question by Congress and stress the importance of this decision.

But the main point of what could become tomorrow a heavy transatlantic contentious debate is of political nature, touching to the basic understanding between allieds and NATO.

The U.S. have, in the past, proposed the "two-way street" idea, that is to say, a technology exchange between members of the atlantic alliance through which each party engages in favoring, by its military purchases, the production in which their partners excel most. Will the fate now awaiting the Roland show that the U.S. would also be the first to break this reciprocal agreement at a time when the world economy is shaking them?

The European industrialists do not give credit to such an egotistic initiative and rather believe that in order to drive Reagan into a corner the Pentagon has purposely chosen to interrupt an armament project that Congress would quickly re-establish in order to safeguard the diplomatic understanding between allies.

U.S. SENATE,
Washington, D.C., September 30, 1981.

Hon. ALEXANDER M. HAIG, Jr.
Secretary of State, Department of State,
Washington, D.C.

DEAR MR. SECRETARY: I am deeply concerned over the Department of Defense's decision to scrap the Roland Air Defense System. I fear this action will significantly damage our military strength in Western Europe and could have a devastating effect on our diplomatic and military relations with European allies.

It is my understanding that as Supreme Allied Commander of NATO forces in Europe you played a major role in reaching the trinational agreement involving France, Germany, and the United States to produce the Roland missile system. I have been told that this landmark accord was the result of lengthy negotiations for a European-designed weapons system which would be fully compatible with existing European weapons.

Because of your pivotal role in developing the Roland missile system, I am asking you to personally intervene and use your influence in order to convince President Reagan that cancelling the Roland system would be a serious mistake.

I do not have to describe to you the critical importance of this short-range, all-weather missile to the defense of Western Europe. Nor do I have to warn you of the potential damage the scrapping of this missile could cause to our already delicate relations with our military allies in Europe.

Mr. Secretary, you are in a unique position, having served as Supreme Allied Commander and now as Secretary of State. I urge you to take a personal interest in this important matter. I am confident that after President Reagan has received your wise counsel and has weighed the potential damage this decision could cause, he will make the proper decision.

With warmest regards, I am,

Sincerely,

HOWELL HEFLIN.

MEETING OF THE BOARD OF GOVERNORS OF WORLD BANK AND INTERNATIONAL MONETARY FUND

Mr. PERCY. Mr. President, yesterday morning I participated in the opening ceremonies of the annual meeting of the World Bank and International Monetary Fund. President Reagan gave a welcoming address which I would commend to my colleagues. The President recognized the important role the IMF and World Bank have played in the post-World War II period, and stressed our future commitment to those institutions. He also urged those institutions, and their member governments, to recognize the importance of economic policies which reward individual labor and risk taking. He believes, as I do, that economic growth can best be fostered in industrial and developing countries, by unleashing the enormous human capacity which exists everywhere, if it is not constrained by unnecessary bureaucracies and regulations.

But in addition to intelligent domestic policies, the President also acknowledged the need for international cooperation through institutions such as the World Bank and IMF, so as to maintain an open trade and financial system and to facilitate the development of low-income countries. I ask unanimous consent that the President's remarks be included in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

TEXT OF THE ADDRESS BY THE PRESIDENT TO THE 1981 ANNUAL MEETING OF THE BOARD OF GOVERNORS OF WORLD BANK AND INTERNATIONAL MONETARY FUND

On behalf of the American people, I am delighted to welcome you to Washington for your 36th Annual Meeting. It seems your deliberations take on added importance each year, and this year will be no exception. I believe your meeting can strengthen the national resolve and international cooperation required for the global economic recovery and growth we all are striving to achieve.

I am very grateful for this opportunity to address your distinguished group. It is customary to begin a speech before this Annual Meeting with a portrait of the serious problems and challenges we face today in the world economy. Those problems and challenges are certainly there—in force—and I will return in a minute to review them.

But first, let me take just a moment to salute the institutions you represent. The IMF and World Bank group have contributed enormously to the spread of hope—to a better life throughout the world community. In the process, they have proven themselves capable of change, of adapting to new circumstances and the needs of new members.

Your institutions have worked tirelessly to preserve the framework for international economic cooperation and to generate confidence and competition in the world economy. They have been inspired by the ideal of a far better world in which economic growth and development would spread to all parts of the globe. For more than three decades, they have worked toward these goals and contributed to results that are now clearly visible to all.

This past decade in particular has tested the mettle and demonstrated the strength and merit of the World Bank and IMF. As the development report of the World Bank itself notes:

"The 1970s witnessed international economic convulsions at least as serious as any that may be thought highly probable in the next 10 years. The world economy's capacity to withstand shocks has been severely tested. The tests were not passed with entire success . . . but parts of the developing world have come through remarkably well."

We need to recognize our progress and talk about it more in our conversations with one another. This in no way denies the immense problems we face. But without some sense of what we have achieved, without some encouragement to believe in our mission, we will succumb to defeatism or surrender to ill-advised solutions to problems that can never yield to grandiose schemes.

To look at the challenges before us, let us recall that vision we originally set out to reach through international cooperation. The Second World War had left us with the realization, born out of the suffering and the sacrifices of those years, that never again must human initiative and individual liberties be denied or suppressed.

The international political and economic institutions created after 1945 rested upon a belief that the key to national development and human progress is individual freedom, both political and economic.

The Bretton Woods institutions and the GATT established generalized rules and procedures to facilitate individual enterprise and an open international trading and financial system. They recognized that economic incentives and increasing commercial opportunities would be essential to economic recovery and growth.

We who live in free market societies believe that growth, prosperity, and ultimately human fulfillment, are created from the bottom up, not the government down.

Only when the human spirit is allowed to invent and create, only when individuals are given a personal stake in deciding economic policies and benefiting from their success—only then can societies remain economically alive, dynamic, prosperous, progressive and free.

Trust the people. This is the one irrefutable lesson of the entire post-war period contradicting the notion that rigid government controls are essential to economic development.

The societies which have achieved the most spectacular, broadbased economic progress in the shortest period of time are not the most tightly controlled, nor necessarily the biggest in size, or the wealthiest in natural resources. No, what unites them all is their willingness to believe in the magic of the market place.

Everyday life confirms the fundamentally human and democratic ideal that individual effort deserves economic reward. Nothing is more crushing to the spirit of working people and to the vision of development itself than the absence of reward for honest toil and legitimate risk. So let me speak plainly: We cannot have prosperity and successful development without economic freedom. Nor can we preserve our personal and political freedoms without economic freedom.

Governments that set out to regiment their people with the stated objective of providing security and liberty have ended up losing both. Those which put freedom as the first priority also find they have also provided security and economic progress.

The United States is proud of its contributions to the goals and institutions of post-War development. You can count on us to continue to shoulder our responsibilities in the challenges we face today.

We see two of overriding importance:

Restoring the growth and vitality of the world economy;

And assuring that all countries, especially the poorest ones, participate fully in the process of growth and development.

But let us remember, the most important contribution any country can make to world development is to pursue sound economic policies at home. Regrettably, many industrial countries, including my own, have not made this contribution in the recent past. We have overspent, overtaxed and overregulated, with the result being slow growth and soaring inflation. This stagflation, as the IMF annual report notes, is one of two basic problems we must quickly overcome.

The United States has set its course to economic recovery. Our program is comprehensive, and as I reminded the American people last Thursday evening, it will require effort and patience. But the reward is worth working for.

By reducing the rate of Government spending, honoring our commitment to balance the budget, reducing tax rates to encourage productive investment and personal savings, eliminating excessive Government regulation, and maintaining a stable monetary policy . . . we are convinced we will enter a new era of sustained, noninflationary growth and prosperity, the likes of which we have not seen for many years.

And as the world's largest single market, a prosperous, growing U.S. economy will mean increased trading opportunities for other nations. America now receives half of all non-OPEC developing country exports of manufactured goods to all industrialized countries, even though we account for only one-third of the total gross national product of those industrialized countries. Lower U.S. inflation and interest rates will translate into increased availability of financial resources at affordable rates. Already, capital markets in the United States are more accessible to the developing countries than capital markets anywhere else in the world. No American contribution can do more for development than a growing, prosperous U.S. economy.

The domestic policies of developing countries are likewise the most critical contribution they can make to development. Unless a nation puts its own financial and economic house in order, no amount of aid will produce progress. Many countries are recognizing this fact and taking dramatic steps to get their economies back on a sound footing. I know it's not easy—but it must be done.

Only with a foundation of sound domestic policies can the international economic system continue to expand and improve. My own Government is committed to policies of free trade, unrestricted investment and open capital markets. The financial flows generated by trade investment and growth capital flows far exceed official development assistance funds provided to developing countries.

At the same time, we are sensitive to the needs of the low-income countries. They can benefit from international trade and growth in the industrial countries because they export many raw materials and primary products the industrial world needs. But they also depend upon our aid to strengthen their economies, diversify their exports and work toward self-sufficiency.

The United States recognizes this. Over three decades, we have provided more than $130 billion in concessional assistance. The American people have proven themselves to be as compassionate and caring as any on Earth. And we will remain so.

We strongly support the World Bank. And because of our strong support, we feel a special responsibility to provide constructive suggestions to make it more effective. We believe these suggestions will permit it to generate increased funds for development and to support the efforts developing countries are making to strengthen their economies. Taking into account our budgetary constraints, we are committed to providing the Bank and IDA resources for them to continue and improve their contributions to development.

We know that stimulating private investment is also critically important. The International Finance Corporation plays the leading role in the bank family in support of such investment. Given the importance of this role, we hope it can be enhanced. We believe all facets of the Bank can play a more active role in generating private resources and stimulating individual initiative in the development effort.

The IMF also plays a critical role in establishing conditions to encourage private capital flows to deficit countries. By reaching agreements with the IMF on a sound, comprehensive, stabilization program—and by demonstrating its determination to implement that program—a borrowing country signals private markets of its intent to solve its own economic problems.

We are committed to a pragmatic search for solutions to produce lasting results. Let us put an end to the divisive rhetoric of us versus them, North versus South. Instead let us decide what all of us—both developed and developing countries—can accomplish together. Our plans for the Caribbean Basin are one example of how we would like to harness economic energies within a region to promote stronger growth. The design and success of this undertaking depends upon the cooperation of many developed and developing countries.

My colleagues and I also look forward to the upcoming summit meeting at Cancun, Mexico. That occasion will provide us with fresh opportunities to address the serious problems we face and encourage each other in our common mission.

In conclusion, each of our societies has a destiny to pursue. We have chosen ours in light of our experience, our strength and our faith. We each are ultimately responsible for our actions and the successes and failures that they bring. But while individually responsible we are also mutually interdependent. By working together through such institutions as the IMF and World Bank we can all seek to collaborate on joint problems, share our insights, and encourage the common good.

These institutions have reflected a shared vision of growth and development through political freedom and economic opportunity. A liberal and open trade and payments system would reconstruct a shattered world and lay the basis for prosperity to help avoid future conflicts. This vision has become reality for many of us. Let us pledge to continue working together to ensure it becomes a reality for all.

Thank you very much.

PRESENTATION OF THE NCOA "L. MENDEL RIVERS AWARD FOR LEGISLATIVE ACTION" TO SENATOR WILLIAM L. ARMSTRONG

Mr. THURMOND. Mr. President, on Tuesday, September 22, 1981, I was privileged to assist the Noncommissioned Officers Association (NCOA) of the United States of America in recognizing Senator WILLIAM ARMSTRONG of Colorado as the 1981 recipient of the NCOA "L. Mendel Rivers Award for Legislative Action."

This award was first given in 1972. It was a means for the association to pay tribute to an outstanding Senator or Congressman, who through dedication and devotion, exhibited great courage in support of patriotism and the U.S. Armed Forces. The association appropriately named the award in honor of a great American patriot and friend of our Armed Forces, the late Congressman L. Mendel Rivers of my home State of South Carolina.

Mr. President, I am certain that my distinguished colleagues will agree that the NCOA has selected one of our most able Members to receive its prestigious award. It was Senator ARMSTRONG that NCOA officials approached in 1979, seeking his support of increases in pay for military personnel of the active, Reserve, and National Guard forces. Senator ARMSTRONG not only promised to give his support, but he acted almost immediately to bring the matter to our attention.

Senator ARMSTRONG did not rest until Congress realized the plight of our service members and enacted legislation that gave military personnel a fair and equitable pay increase. In addition, he worked diligently to provide equal per diem payments for both officers and enlisted members of our Armed Forces.

Mr. President, twice in early 1980, Senator ARMSTRONG made attempts to add amendments calling for pay hikes for the military to certain legislative proposals. Although he was blocked in these efforts, he did not lose the war. His bulldog determination and his unabashed love for our servicemen and women caused the Senate Armed Services Committee to take note and act accordingly. Subsequent investigations revealed that many experienced and skilled noncommissioned officers and petty officers were leaving the military services because of inadequate pay and allowances.

The efforts of Senator ARMSTRONG resulted in increases in military compensation in 1980 and again this year. We will soon have a new Armed Forces pay bill going to President Reagan for his signature. The bill will provide more pay comparability and relieve some compression in those grades that have experienced low retention rates.

Senator ARMSTRONG is truly deserving of this distinguished award. He has listened to the plea of 250,000-plus members of the NCOA who are noncommissioned and petty officers of the Armed Forces. Our distinguished colleague reacted, not with words, but in deeds. He accomplished the task against great odds.

Mr. President, BILL now joins other Senators who have shared this honor in past years—Senators TOWER and DOLE in 1974 and 1978, respectively, and myself in 1972.

Mr. President, in conclusion, I join the NCOA, its president, Normand M. Gonsauls, and its chairman of the board, "Mack" McKinney, in a salute to our colleague, BILL ARMSTRONG, for a job well done. We hope that BILL will continue to stand tall in this Senate for the men and women of our Armed Forces.

IMMIGRATION AND TERRORISM

Mr. THURMOND. Mr. President, my distinguished colleague from North Carolina recently wrote an important article for Washington Dateline, a syndicated column edited by Robert H. Goldsborough of Westminster, Md. Senator JOHN EAST points out a frightening aspect of the near collapse of our border security: The millions of foreigners illegally entering our Nation probably include agents of unfriendly governments and dangerous terrorists. This is one more reason why we must promptly act to enforce and reform our immigration laws.

Mr. President, in order to share this excellent column with my colleagues, I ask unanimous consent that this viewpoint appear in the RECORD.

There being no objection the material was ordered to be printed in the RECORD, as follows:

[From the Washington Dateline,
Sept. 22, 1981]

IMPORTING TERROR

(By Senator JOHN EAST)

The name Kristina Berster may not mean much to most Americans today, but there are good reasons why we should bear it in mind. In the summer of 1978 Miss Berster, a native of West Germany, was arrested at the Canadian-U.S. border for attempting to enter the United States on a false passport. Miss Berster, it turned out, was a member of a notorious West German terrorist group, and her phony passport had been stolen from an Iranian consulate in Switzerland during its occupation by anti-Shah demonstrators. Why she was trying to enter the United States, whom she was supposed to meet here, and other natural questions that might occur to citizens concerned with the threats of our internal security have never been answered.

Federal authorities had no trouble apprehending Kristina Berster, although they may have missed some of her colleagues who could also have entered. Miss Berster's false passport made her stand out like a sore thumb. But what about those who enter the United States without passports, real or phony?

I am referring to the 1.5 to 2 million illegal immigrants who enter the United States every year according to information supplied by Attorney General William French Smith. About one half of these illegals come from Mexico, others from various countries in Central America and the Caribbean, and some from northern Africa and the Middle East. Many of the countries from which the immigrants hail are politically unstable with their own indigenous terrorist groups—most of which regard the United States as the main source of the world's problems.

No doubt the vast majority of immigrants, illegal or not, come to the United States for entirely innocent reasons—to find work, escape persecution, or, less innocently perhaps, to lock themselves into the still munificent welfare system. But there is reason to believe that some immigrants may be the fore-runners of imported terrorism.

According to a UPI story published earlier this year, Mexican police recently arrested two Mexicans and two Americans who were members of a terrorist group planning to kill U.S. Border Patrol agents. This group called itself the "Che Guevara Commandos" after the notorious Cuban Communist terrorist who met his death in Bolivia in 1967.

A common theme in the last ten to fifteen years of terrorism has been an appeal to ethnic separation and pseudo-nationalism. A great many identifiable ethnic and religious minorities in the Western world have spawned one or more groups of this category; and in Europe, the Bretons and Corsicans of France, and the Basques of Spain represent similar tendencies. Obviously not every member of these minorities is a terrorist or a sympathizer with terrorism, and not all these minorities have some legitimate grievances that are not to be ignored simply because of the terrorist tactics adopted by a few.

The unrestricted and unchecked immigration into the United States obviously sets the stage for similar separatist or terrorist movements here. And let us not forget that such movements often receive the blessing of and active support from Fidel Castro, Yasser Arafat, Col. Qaddafe, and the Kremlin—the main sponsors of what has come to be called the "Terror International." In testimony before the Subcommittee on Security and Terrorism of the Senate Judiciary Committee, of which I have the honor to be a member, Mr. Robert Moss, one of the world's foremost authorities on terrorism and the subversive tactics of Communism states:

According to reliable Western intelligence sources, Castro boasted to this assembly of revolutionary leaders of the Western hemisphere in July of 1980 that Cuba would not only spread revolution throughout Central America but had developed the capacity to ignite a race war in the United States. He described with relish the race riots that had shaken Miami, Orlando and other U.S. cities that spring, claiming that Cuba's network of undercover operatives in the United States was so extensive that "we can make the Miami upheavals look like a sunshower."

The potential terrorist threat to the United States from immigrants might not be a serious problem if the authorities responsible for checking immigrants—the Immigration and Naturalization Service—were an adequate agency. Unfortunately, the INS has a force of only 9,750 personnel who are responsible for watching the U.S. land border of Mexico and the arriving planes and docking ships throughout the United States. The U.S. Border Patrol is smaller than the police forces of some large American cities, but it is responsible for guarding over 6,000 miles of the American border.

The deluge of illegal immigrants into the United States in recent years has sparked controversy over the economic, political, and cultural consequences of the influx. To ignore the real problems attendant on the wave of refugees and immigrants is not helpful to anyone—and it could lead to hundreds of Kristina Berters penetrating our borders undetected—until their bombs and bullets announce that we have imported terrorism along with our textiles and television sets.

REAGAN ADMINISTRATION PROPOSES TO EXPORT ALASKA CRUDE OIL TO JAPAN

Mr. MELCHER. Mr. President, today's Washington Post carries a front page story on the Reagan administration's plans to ask Congress to remove the existing prohibitions on the export of Alaska crude oil. According to the story, a White House study group will recommend that the ban be lifted in a report to the Cabinet Council on Energy and Natural Resources next week. I ask unanimous consent that the text of the story appear at the conclusion of my remarks.

Mr. President, I am shocked and disappointed that the administration would seriously consider such a foolhardy proposal. In many respects, congressional adoption of the export prohibition contained in the 1973 Trans-Alaska Pipeline Act represented a compact between representatives of States who wanted a trans-Canadian pipeline and those who favored a trans-Alaska pipeline with tanker movement to U.S. ports and refineries. The Northern Tier and Midwestern States were properly concerned that an Alaskan pipeline would lead to Alaskan crude oil being exported to Japan and the Far East while their regions of the country were experiencing shortages because of Canadian cutbacks and declining production. The Reagan administration is now seriously considering a proposal to break this key congressional agreement which led to the adoption of extraordinary expediting legislation to proceed with construction of the trans-Alaska pipeline.

This is not fair to these States. It also is not in the national interest.

Furthermore oil producers in the Prudhoe field—the oil in question—do not advocate this change. They recognize the advantages of American oil for Americans. The proposal of swaps with Japan is an old saw without any thoughtful American support.

Lifting the prohibition on export of Alaskan oil will increase U.S. dependence on insecure sources of foreign oil. Every barrel exported from Alaska must be replaced with a barrel of imported oil from Libya, Algeria, Nigeria, the Persian Gulf, Venezuela, or Mexico. This endangers our national security. It sends the wrong signals about our resolve to become energy independent to OPEC, to Russia and the rest of the free world. Coming on top of the administration's proposals to scrap our alternative energy and synthetic fuels program and to dismantle the Department of Energy, this proposal signals a full fledged retreat.

Permitting the export of Alaskan oil will seriously cripple the already thin U.S. tanker fleet. The chairmen of the committees which have jurisdiction over merchant marine affairs and the ranking majority and minority members of these committees, have recently written Secretary Watt on this subject. Let me quote from their letter:

> Of the approximately 270 vessels comprising the U.S.-flag tanker fleet, 60 to 80—representing 31 percent of our tanker fleet's deadweight tonnage—are engaged in transporting Alaskan oil to the West Coast and to the Gulf and East coasts through the Panama Canal. The Maritime Administration estimates that as many as 50 of these vessels may be displaced by foreign-flag ships if Alaskan oil is exported. Owing to the worldwide surplus of tanker tonnage, it is unlikely that these displaced vessels will find other business and most, if not all, will be taken out of service.
>
> As a result, the carriers will suffer financially and some 3,200 maritime jobs will be lost, not to mention the adverse economic impact on shipbuilding and all other maritime-related industries. Moreover, if the owners of the displaced vessels default on their ship payments, the federal government could be subjected to a potential liability of over $400 million in loan guarantees under Title XI of the Merchant Marine Act, 1936. The dire consequences of such a result for the Administration's efforts to curb the federal budget are obvious.
>
> Furthermore, the loss of U.S.-flag vessels currently engaged in the Alaskan oil trade will further diminish the capability—already dangerously low—of our merchant marine to serve in its historic and essential role as an adjunct to the military in times of war or national emergency.

Mr. President, I ask unanimous consent that the full text of the letter appear at the conclusion of my remarks.

Mr. President, this week the press is reporting that President Reagan has reached decisions on deployment of the MX missile, the B-1 bomber, and other new and expensive strategic military systems to increase U.S. military capability. I respectfully suggest that the proposal to export Alaskan oil flies in the face of efforts to increase this country's national security.

First, it increases our dependence on insecure sources of foreign oil.

Second, it would deal a crippling blow to an already overaged and thin merchant marine fleet that represents a vital military strategic reserve.

Third, it would seriously undermine the economics of new crude oil pipeline systems—the Panama Canal pipeline and the Northern Tier pipeline—designed to enhance the Nation's security by efficiently moving oil from the west coast to the gulf coast and to Northern Tier and to midcontinent refining centers.

Mr. President, I fully intend to oppose any efforts to export Alaskan oil to Japan or anywhere else. I am deeply concerned that this is another instance of fundamental—and, I believe wrong—change in longstanding and proven policies that are being driven by the administration's frantic desire to increase revenue to the Treasury. We must recognize that some things are more important to our national interest than temporarily increasing revenue to the Treasury.

My office has obtained a copy of an administration document on the subject of exporting Alaskan oil. I do not know if this is the latest draft of the White House study group's report or a very early draft. In any event, based upon the story in this morning's Washington Post, the arguments and the figures used are virtually identical, if not identical.

Mr. President, I shall ask unanimous consent that this 10-page document, which is entitled "Issue Paper: Alaskan Crude Oil Exports" be printed in the RECORD at the conclusion of my remarks. I have added my critique to the paper at appropriate places which I hope puts more commonsense to their naive, ill-founded findings. The document speaks for itself.

I encourage Members to examine it with care. It proposes that Congress act to export Alaskan oil to Japan. The supposed benefits of this policy are increased profits for the major oil producers on the Alaskan north slope; increased royalty and tax revenues to the State of Alaska; and temporarily increased tax revenues to the United States from the windfall profit tax.

In return, what are the costs? The costs are immense:

The loss of markets for U.S. tankers to foreign carriers;

The loss of U.S. jobs crewing American vessels and maintaining them in American shipyards;

Giving up over one-half million barrels per day of secure Alaskan oil for imported oil in the same volume from insecure foreign sources;

Reducing our national security; and

Undercutting investments by U.S. companies to build needed pipelines and other facilities in this country to move Alaskan oil to areas of need.

Mr. President, I am not prepared to see the country pay these costs. I support a policy of U.S. oil for American consumers. I support a policy that creates and maintains U.S. jobs and generates economic activity for U.S. consumers. I support the present policy of not exporting Alaskan oil.

There being no objection, the material was ordered to be printed in the Record, as follows:

Alaskan Crude Oil Exports

Should the U.S. permit exports of Alaskan crude? Doing so would improve the efficiency of U.S. economy by lowering the cost of transporting Alaskan crude to market. Permitting exports would also increase producers' profits and the tax revenues of the U.S. government and the state of Alaska, while leaving the cost of oil to U.S. consumers unchanged. Some environmental groups and maritime labor unions opposed previous attempts to remove restrictions on the export of Alaskan crude.

Melcher comment: Congress has overwhelmingly voted against foreign sales or swaps of Alaskan oil so that Americans received and used this domestic oil.

BACKGROUND

The exports issue has been a controversial one for Congress. Several points about this controversy's history are worth noting here, to better understand the political prospects for lifting the ban.

Many early export opponents had sought a trans-Canadian rather than trans-Alaskan route for the pipeline, as a means of making Alaskan oil readily available to midwestern states. When the trans-Alaskan route was set, some Midwestern Congressmen and Senators feared that West Coast refineries would have insufficient capacity to absorb all Alaskan production. They didn't want to build a pipeline across Alaska only to supply oil to the Japanese. Therefore, despite oil industry protestations that exports were not contemplated, they wrote export limitations into the law as a means of ensuring that Alaskan oil reached American users. Since the pipeline was built, many of these individuals have changed their views, and many more have left the Congress. For example, Senator Stevenson supported the trans-Canada route and opposed exports in 1973; in 1979, however, he lead the fight for export approval on the Senate floor.

Melcher comment: This fight again resulted in overwhelmingly rejecting the proposition of export of Alaskan oil but kept it for U.S. consumers.

Restrictions on Alaskan exports have stiffened over time in two ways. First, Congress has made the Presidential findings that must precede exports harder to establish. Second, Congress has made it easier for Congressional opponents to stop exports even if the President approves them. The Trans-Alaskan Pipeline (TAP) Act permitted exports if (i) the President found that they were in the national interest, and wouldn't reduce the quality and quantity of petroleum available in the U.S., and (ii) both Houses failed to disapprove within 60 days. (Under the TAP Act, therefore, one House cannot stop exports if the other approves them.) The 1977 Exports Administration Act (EAA) added more conditions regarding Presidential findings and, more importantly, gave either House the authority to veto exports. The 1979 EAA added still more stringent conditions, and provided that both Houses had to approve exports before they could occur. Thus, current law allows either House to stop exports by doing nothing, even if the other approves.

In 1979, the Carter Administration tried to secure permission to approve exports on a limited basis, and was resoundingly defeated. They proposed an EAA provision which would authorize swaps of Alaskan exports for imports from other countries, for Alaskan production in excess of the 1.2 MMB/D then supplied. This provision was defeated in committee and on the floor of both Houses.

Much has changed since 1979 which might favor lifting the exports ban. The passage of the Windfall Profits Tax means that lifting the ban would favor the U.S. Treasury much more, and the oil companies much less, than was previously the case. In addition, GOP control of the Senate bodes well for allowing exports: many Republican Senators supported exports in 1979, while most Democrats opposed the Administration.

Melcher comment. The speculation on additional Senate Republican support may be wishful thinking by a White House think tank and assumes a large change in votes.

BENEFITS FROM LIFTING THE BAN

Permitting exports would benefit the U.S. economy by making it more efficient. Currently, West Coast refineries cannot handle all Alaskan production, so more than one-third of Alaskan crude oil is shipped from Valdez to ports on the Gulf of Mexico. The oil moves on U.S. flag tankers, at a cost of around $5 per barrel, because the Jones Act requires that U.S. ships carry cargoes between U.S. ports. If exports were permitted this oil would be shipped to Japan, or other Far East nations. Transportation on this route would cost around 60 cents/barrel on the world tanker market, and nearly $3/barrel if American tankers were guaranteed the Valdez-to-Far East trade. As a result of these reduced transportation costs, wellhead prices would rise roughly $2 to $4 per barrel.[1] Table 1 displays the effect of this increase in wellhead prices: the profits of Alaskan producers, and the tax revenues of the State and the U.S. Government, would increase as well.

Melcher comment. The above contemplates the reduction in the use of American tankers, loss of jobs for American seamen, and thus loss of American maritime income. That is not desirable, and is only consistent with the misguided basis of this paper which is American aid for foreign consumers.

The size of the profit and revenue effects shown in Table 1 depends on two factors. First, how much Alaskan oil will foreign buyers bid away from U.S. consumers? We estimate that they will displace only the 594 MB/D presently shipped to the Gulf of Mexico, and that they will not reduce the amount of crude currently shipped to the U.S. West Coast and Hawaii.[2]

Melcher comment. The "small amount" of price increase would be greatly increased with any supply disruption.

Second, will U.S. flag tankers be guaranteed any or all of the Alaska-to-Far East trade? Table 1 shows the implications of a U.S. flag monopoly, at one extreme, and of no special status for U.S. ships, at the other.

Table 1. *Increases in annual tax revenues and profits if exports are permitted*

(Means of shipment to Japan)

[In millions]

	World market tankers	U.S. flag tankers
Increases in:		
Alaskan State revenues	$267	$102
U.S. revenues	520	197
Producer profits	30	11

Melcher comment. This table assumes stable supplies from foreign sources and ignores any possibility of world supply disruptions. It is a scenario of making the U.S. more dependent on imported oil—a backward step.

Lifting the exports ban might provide another economic benefit, by encouraging further exploration and production in Alaska. A considerable incentive for such production already exists, since the Windfall Profits Tax applies only to the Sadlerochit reservoir currently in production, and will not apply to oil coming from other areas. Lifting the ban will strengthen this incentive. Not only will new production earnings be taxed less severely; these earnings ought to be considerably higher, as export-induced transportation savings drive up the wellhead price.

Melcher comment. The North Slope oil-producing, companies have never, and do not now, advocate the foreign sales or swaps of their oil.

Quite apart from the economic advantages summarized above, lifting the exports ban will bring two distinct political benefits. First, allowing exports will improve relations with Japan. Second, exports will improve the trade balance between the U.S. and Japan. Of course, exports from Alaska will be replaced by imports from foreign sources. Nevertheless, the appearance of a more favorable trading relationship might prove useful in fending off protectionist pressures directed at Japan.

Melcher comment. Gobbledegook.

COSTS OF PERMITTING EXPORTS

Lifting the exports ban will directly affect the U.S. shipping industry, and the prospects for West-to-East pipelines. In addition, some observers perceive energy security risks in allowing exports. This section describes exports' likely impact in each area.

COSTS OF EXPORTS I: THE EFFECT OF LIFTING THE BAN ON U.S. TANKERS

Discussions with Maritime Administration officials suggest that permitting exports will affect the 66 or so ships currently engaged in the Alaskan trade, and that different categories of tankers will be differently affected. The following section will describe these effects for large, small, and mid-sized U.S. flag tankers. First, however, we provide some background information about the U.S. tanker industry as a whole.

We noted above that the U.S. maritime industry enjoys a legal monopoly on shipments between American ports. In addition, the U.S. government provides subsidies to some U.S. flag tankers, to permit them to operate on the world market, despite cheaper foreign-flag competition. (Some subsidies cover the difference between U.S. and world market construction costs; others cover the difference between U.S. and world market operating costs.) Normally, the government does not permit subsidized vessels to operate on domestic routes. However, unsubsidized tanker capacity has not been sufficient to meet the demands of the U.S. Pacific trade, so the Maritime Administration has granted six-month waivers to ship owners willing to pay back their government subsidies in order to participate in the Valdez-West Coast and Valdez-Panama trade.

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[1] Wellhead prices equal the quality-adjusted world price in a given market, less the cost of shipping crude to that market. Therefore, wellhead prices will increase if transportation costs go down.

[2] Alaskan producers currently market their crude at a price very near the world price, on the U.S. West Coast. Consequently, lifting the ban will increase the West Coast price by a small amount, if it increases this price at all. Therefore, we expect that West Coast refiners will not cut back their consumption of Alaskan crude, if exports are permitted.

Large tankers.—These ships (100,000 DWT and up) are currently employed only in the Valdez-West Coast and Valdez-Panama legs of the Alaskan trade. If the ban is lifted, and if U.S. flag ships are not guaranteed some shipments to Japan, excess capacity will be available for the Valdez-West Coast route. (After a transition period, producers will no longer ship oil to Panama.) Some of this excess capacity could leave the West Coast trade. Two ships operating on six-month waivers could return to the international trade; two others which bought back their subsidies to participate in the domestic market could also do so. In addition, this situation will probably cause lower tanker rates to U.S. West Coast ports, as tankers displaced from the Valdez-Panama run compete for West Coast business.

It is not clear that any large U.S. flag tankers will be put out of business by losing the Valdez-Panama trade. Our calculations suggest that such tankers currently charge shipping rates more than two times as large as their operating costs, not counting return to capital. Thus, even if Valdez-West Coast rates dropped dramatically, operators might find continued operation in the protected U.S. tanker market to be preferable to incurring the costs of laying up (i.e., storing) their ships, or of scrapping them altogether.* Similarly, government subsidies could make operation on the world market a feasible alterative for some large tankers. Of course, all of these alternatives involve sharply reduced profits, even if every large tanker remains in operation.

Medium and Small Tankers.—Lifting the ban will displace twenty-one small tankers which currently shuttle crude from the Pacific coast of Panama to refineries on the U.S. Gulf Coast. However, small product tankers are currently in demand, and small crude tankers might be converted to find alternative employment in the product trades. Many small crude tankers are around twenty years old, however, and capital costs are probably paid off consequently, owners may choose to replace this tonnage with new product carriers which are more suited to the growing demand for product tankers.

Lifting the ban will almost certainly put nine mid-sized tankers out of business. The mid-sized tankers are generally suited to the Alaska trade. Nine of these ten tankers currently shuttle crude through the Panama Canal to Gulf Coast ports. Alternative uses for them are limited. The draft of the mid-sized tankers prohibits their entry into shallow Eastern and Gulf Coast harbors, so they cannot be absorbed by the product trade. An operating differential subsidy is available to offset the difference between the cost of mid-sized U.S. flag tankers and that of foreign tankers on the world market. However, our calculations suggest that these ships' operating costs per barrel per day are roughly twice that of large tankers. Thus, these ships will be at a competitive disadvantage relative to other U.S. flag vessels—and at an extreme competitive disadvantage relative to foreign flag ships—on the international market. Unless the government chooses to compensate for their marked inefficiency, therefore, these ships will cease operation, and their 26 man crews will have to seek other employment.

COSTS OF EXPORTS II: THE EFFECT OF LIFTING THE BAN: WEST TO EAST PIPELINES

If exports are permitted, it seems unlikely that the private sector will choose to finance any of the currently proposed West-to-East pipelines. In fact, the prospect that the ban might someday be lifted has probably deterred investors from moving more quickly in this area. The only pipeline project that has left the drawing boards, in fact, is the Panama pipe, on which construction is scheduled to begin this summer, and which will commence service late in 1982. Lifting the export ban will probably kill this pipeline. Although its backers promise a $1 per barrel reduction in the cost of shipping to the U.S. Gulf and therefore a $1 higher wellhead price, shipping Alaskan crude to Japan would increase the wellhead price much more. Thus, allowing exports will render the pipeline infeasible, even if U.S. flag ships obtain a monopoly on the trade.

Labor unions recognize the threat that exports pose to potential jobs in pipeline construction. Therefore, additional opposition is likely to come from this quarter.

MELCHER comment. The need for stable crude supply for Northern tier and Midwest states will be met by the proposed Northern tier pipeline which has cleared permitting approval by the federal government and 4 out of 5 states it would cross. This pipeline will be privately financed and deliver Alaskan and other domestic oil and foreign oil to refineries in a dozen states.

COSTS OF EXPORTS III: THE EFFECT OF LIFTING THE BAN ON ENERGY SECURITY

The energy security argument for maintaining a ban on exports of Alaskan crude oil can be simply stated: it ensures that some 1.5 MMB/D of U.S. demand will be met by supplies from a secure and stable source.

MELCHER comment. This is still valid—the over-riding issue.

We believe this benefit is more illusory than real. Alaska is clearly secure and stable, but the fact that Alaskan oil can be sold to Japan as well as the U.S. will not hurt the U.S. During a disruption, oil prices will be bid up more or less evenly all over the world. In such a situation, the amount of supply available with a ban will be little different from the amount available without a ban. If the U.S. wishes to hedge against unfavorable outcomes during a disruption, moreover, it can require contingency provisions in all sales contracts with Japanese purchasers.

MELCHER comment. Pressures to continue the sales contracts to Japan or other country would put a bind on any needed disruptions, no matter how serious U.S. needs.

Maintaining the ban does affect energy security indirectly, through its impact on Alaska's incentive to place state royalty oil in the Strategic Petroleum Reserve. Permitting exports would reduce Alaska's interest in SPR storage proposals.

MELCHER comment. Is this an afterthought? The authors of the paper should have done as Casey Stengel use to say, "They should have stood in bed."

[From the Washington Post, Sept. 30, 1981]

LIFTING OF BAN ON ALASKA OIL EXPORTS FAVORED

(By Thomas W. Lippman and John M. Berry)

A White House study group will recommend that President Reagan seek congressional authorization to lift the ban on exporting Alaskan crude oil, government and industry sources said yesterday.

A draft of the group's report says removal of the ban could increase federal revenues from oil industry taxes by $520 million a year. Alaska could get an added $267 million annually, and the producers could reap additional profits of up to $30 million.

The study group, headed by Danny Boggs of the White House Office of Policy Development, is expected to submit its proposal to the Cabinet Council on Energy and Natural Resources within a week.

The report will say that removal of the export ban would permit the oil to be sold for higher prices abroad, increase profits by reducing transportation costs, and improve relations with Japan, the prospective purchaser of the oil. The prospect of increased profits would encourage further oil exploration in Alaska, the draft says.

Reports that the recommendation is about to be submitted have stirred opposition in Congress and in the maritime industry. Ship operators and unions are strenuously opposed to the idea because, as long as the oil is limited to domestic purchase, the Jones Act of 1920 requires that it be carried in U.S.-registered vessels, but if exported it could be carried in foreign-flag ships.

Rep. Stewart B. McKinney (R.-Conn.), a leader of congressional opposition to the export plan, wrote to President Reagan last week to remind him that Congress has refused to permit the export of Alaskan crude twice, and would surely do so again. Under the Export Administration Act of 1979, both houses of Congress must approve any Alaskan oil exports.

Boggs said that "there is no finalized White House report" on the oil-export proposal because "it has to be reviewed by the Cabinet," but he did not deny that the study group had concluded the ban should be lifted.

The report deals only with oil from the Prudhoe Bay field on Alaska's North Slope. This oil is carried south through the Trans-Alaska pipeline to a tanker terminal at Valdez. The pipeline carries about 1.5 million barrels a day, about 18 percent of U.S. domestic production. About one-third of that would be available for export.

The draft of the Boggs group's report, obtained by The Washington Post, says that if exports were opened to unrestricted tanker traffic instead of limited to higher-cost U.S.-flag tankers, transportation costs would be reduced from $5 to as little as 60 cents per barrel.

The increase in profits and tax revenues would be about one-third as great, the report says, if U.S.-flag vessels were used for the exported crude.

The report dismisses as "more illusory than real" the argument of export opponents that exports should continue to be prohibited for security reasons. If the United States wishes to protect its oil sources in the event of an emergency, it says, it can add a contingency clause to any export contracts with Japan.

Boggs said the recommendation about exporting Alaskan oil was not linked to any parallel agreement on a replacement source of crude. Industry reports have said that the exported crude would be replaced by imports from Mexico, but Boggs said he has been "telling everybody for months" that there is no connection between the two proposals.

From the administration's viewpoint, as the preliminary report notes, the export proposal would have two immediate advantages: increasing revenues at a time when the White House is searching for funds to help balance the budget, and improving the U.S. bilateral trade position with Japan.

Not only would it reduce the imbalance in bilateral trade, the report says, but it would be a useful bargaining chip in negotiations with the Japanese over export limitations.

The oil companies have not been pressing for the right to export the oil, because all of the oil being produced on the North Slope by Exxon and Arco is utilized in their refineries. Standard Oil Co. (Ohio), the largest producer, sells a large part of its output to other refiners.

Lifting the export ban likely would kill two remaining proposed West-to-East crude oil pipeline projects, one in Panama and the other the northern-tier project from Washington state to the upper Midwest.

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*Operation elsewhere in the protected U.S. tanker market is not a feasible alternative: the draft of these ships makes it impossible for them to enter most Eastern and Gulf Coast ports.

CONGRESS OF THE UNITED STATES,
Washington, D.C., September 10, 1981.
Hon. JAMES G. WATT,
The Secretary of Interior,
Washington, D.C.

DEAR MR. SECRETARY: It is our understanding that the Cabinet Council on Natural Resources and Environment is considering the export of Alaskan oil. Allowing such exports will have serious adverse consequences for the United States merchant marine and an undesirable impact on our national security, international relations and, possibly, the federal budget. Accordingly, we urge you and the entire Cabinet Council to give this matter the most careful consideration.

Of the approximately 270 vessels comprising the U.S.-flag tanker fleet, 60 to 80—representing 31 percent of our tanker fleet's deadweight tonnage—are engaged in transporting Alaskan oil to the West Coast and to the Gulf and East Coasts through the Panama Canal. The Maritime Administration estimates that as many as 50 of these vessels may be displaced by foreign-flag ships if Alaskan oil is exported. Owing to the worldwide surplus of tanker tonnage, it is unlikely that these displaced vessels will find other business and most, if not all, will be taken out of service.

As a result, the carriers will suffer financially and some 3,200 martime jobs will be lost, not to mention the adverse economic impact on shipbuilding and all other maritime-related industries. Moreover, if the owners of the displaced vessels default on their ship payments, the federal government could be subjected to a potential liability of over $400 million in loan guarantees under Title XI of the Merchant Marine Act, 1936. The dire consequences of such a result for the Administration's efforts to curb the federal budget are obvious.

In addition, the feasibility of exporting Alaskan oil to Japan in exchange for Mexican oil is highly suspect since we have no assurance that Mexico will be willing or able to increase its exports to the United States. Furthermore, the loss of U.S.-flag vessels currently engaged in the Alaskan oil trade will further diminish the capability—already dangerously low—of our merchant marine to serve in its historic and essential role as an adjunct to the military in times of war or national emergency.

Finally, public support for the exploration of necessary alternative energy sources and plans such as the strategic oil reserve will be undermined if the American people perceive, and correctly so, that the United States is depleting domestic oil resources at the expense of increasing foreign imports.

The maritime issues involved in the Cabinets Council's deliberations are serious and far-reaching; they deserve careful consideration. Your attention to this matter is greatly appreciated.

Sincerely,

Committee on Merchant Marine and Fisheries:

WALTER B. JONES,
Chairman.
MARIO BIAGGI,
Vice Chairman.
GENE SNYDER,
Ranking Minority Member.

Committee on Commerce, Science, and Transportation:

BOB PACKWOOD,
Chairman.
HOWARD W. CANNON,
Ranking Minority Member.
DANIEL K. INOUYE,
Ranking Minority Member, Merchant Marine Subcommittee.

TALKING STRAIGHT ABOUT PRISONS

Mr. BUMPERS. Mr. President, I ask unanimous consent that an article from yesterday's Washington Post by James Q. Wilson entitled "Talking Straight About Prisons" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TALKING STRAIGHT ABOUT PRISONS

(By James Q. Wilson)

The recommendation of the Attorney General's Task Force on Violent Crime (of which I was a member)— that federal aid be supplied to the states to assist in building correctional facilities—merely restates what countless governors, judges, and correctional officials have long said: our prison system suffers from neglect, overcrowding and inadequacy.

Nonetheless, arguments are raised against this or any other proposal to increase prison capacity. The "decarceration" movement is not as strong as it once was, but many liberal groups still call for a moratorium on prison construction. And many conservatives, despite their professed concern for law and order, regularly oppose higher spending on corrections. President Reagan, in his speech on crime yesterday, did not mention the task force's recommendations on prisons.

Few persons, and certainly not I, argue that prison is the only suitable disposition for convicted offenders. We are today witnessing a good deal of imaginative and constructive experimentation with other ways of handling the less serious, nonviolent offender—community service, victim restitution, intensive probation, supported work, and the like. But prison is the appropriate disposition for a large number of offenders. To understand why prison capacity must be increased to accommodate the staggering growth in prison populations, it is first necessary to dispose of certain misleading arguments against that increase.

(1) "There are too many in prison who don't need to be there."

If by "need" you mean that prison should be reserved for persons who are uncontrollable, so pathologically unstable that they will be an immediate, violent menace to others if released, then the statement is partially true. But prison serves many purposes beyond confining the bloodthirsty—it deters would-be offenders, it incapacitates known offenders, it assures the innocent that justice is done and it averts private vengeance. Moreover, one should not suppose that judges today send to prison many persons convicted of minor offenses. In 1960 murderers, assaulters and robbers made up one-third of the prison population; by 1974, they made up nearly half. Only 1 percent of the prisoners are there for sex offenses other than forcible rape, only 5 or 6 percent for drug possession or marijuana trafficking.

(2) "Better prisons only coddle criminals."

Society has the right to deprive a convicted offender of his liberty; it does not have the right to deprive him of the elements of human decency by exposing him to brutality, homosexual rape or riotous cellmates. And if arguments of justice and humanity do not move you, consider the practical problem: many judges will not sentence even serious offenders to prisons they regard as inhumane, and thus such criminals are put back on the street. In 1980, 19 states were operating prisons under court orders and another dozen faced serious court challenges.

(3) "The United States already sentences to prison a higher proportion of its population than any other Western nation."

Strictly speaking, this is true, but what of it? It is analogous to saying we have a higher proportion of our population in hospitals or schools or offices than any other nation. The correct question is: what proportion of convicted offenders is imprisoned? When Kenneth I. Wolpin at Yale compared the United States and England, he discovered that a much smaller proportion of convicted offenders was imprisoned here than in England—for every offense. The United States has more people in prison chiefly because it has more crime.

(4) "Prisons make matters worse because they are schools for crime."

I know of no systematic evidence for this familiar assertion. As far as we can tell from the many studies comparing offenders, prison neither rehabilitates nor debilitates—that is, on the average, the crimes committed by persons after leaving prison or after leaving a rehabilitation program are about the same as they were before they entered. It may well be that there are some offenders who commit more crimes after having gone to prison and some who commit fewer, but we have few studies that examine these fine distinctions. And one study—of serious juvenile offenders in Cook County, Ill.—discovered that the young men sent to institutions (i.e., reformatories) had lower offense rates after release than similar offenders who were given less restrictive treatment in the community.

(5) "By the time new prisons are built, the crime rate will have fallen because of the aging of the population."

Predicting how many crimes will be committed in the future is at least as risky as predicting how many babies will be born or what the inflation rate will be. It is true that during the 1980s, young males—the principal source of criminals—will account for a smaller fraction of the population than during the 1970s. By 1990, males age 14 to 24 will make up less than 8 percent of the population; they accounted for about 10 percent in both 1970 and 1980. Between now and 1991, the number of 18-year-olds will decline by about 1 million, or about 25 percent.

But for several reasons we cannot infer from this population change a corresponding change in prison population. First, the rate at which young males commit crime may continue to rise, making up for the drop in their absolute numbers. Second, increases in the efficiency and severity of the criminal justice system may lead to a larger proportion of offenders' being convicted and sent to prison and lengthening of the average prison term. Third, the peak age at which persons are sent to prison is older than the peak age at which they commit crimes, for the simple reason that judges ordinarily do not send offenders to prison unless they have acquired a significant prior record, usually as an adult.

Alfred Blumstein and his colleagues at Carnegie-Mellon University estimate that without any changes in conviction rates or sentence length, prison populations in Pennsylvania will not peak until 1990, and even then the decline in prison population will be slow throughout the remainder of the century.

(6) "If we build more prisons, judges will just fill them up."

This argument is either false or meaningless, depending on what you think it implies. Taken literally—that all prisons will be filled regardless of capacity—it is clearly untrue. Between 1960 and 1970, when the crime rate roughly tripled, prison population in the United States declined. Even during the period 1971–75, after most state prison populations had started to rise sharply, there were 15 states in which prison population fell.

Even today, there is hardly any statistical correlation between state prisons capacity (which is a slippery concept at best) and growth in prison population.

What the argument really means, I suspect, is not that prison capacity determines prison population, but that having more prisons is bad because persons who should not be sent to prison will be sent once we remove the concern many judges rightly have: that certain prisons are inhumane. Put more bluntly, persons favoring a moratorium on prison construction have a stake in there being plenty of overcrowded, inhumane prisons so as to discredit the very concept of prison by suggesting that prison is necessarily inhumane. What poses as a statistical argument—"you'll never catch up"—is in fact a philosophical argument—"prison is bad." And that brings us back to the first argument.

We need more prison capacity, not because that capacity will lead automatically to certain results, but because it will allow us to make choices we cannot now make without brutalizing people. Moreover, there are things we can do in addition to building facilities to increase capacity. Some prisoners are serving sentences far longer than can be justified by considerations of crime prevention or simple justice. If we shorten very long terms by, say, 10 percent, the prisoner serving that term will hardly notice (and thus we lose little in terms of deterrence or incapacitation) but the gains to the system in terms of lessened overcrowding may be significant.

It is time to speak dispassionately and constructively about how best to manage our prison population and to abandon the simplistic arguments that only confuse what should be a serious discussion.

VINCE CARDINALE

Mr. MATHIAS. Mr. President, most communities have one person that sets the mark for service to his or her fellow citizens. In the case of Dundalk, Md., that person is Vince Cardinale.

For the past 19 years, Mr. Cardinale has delivered the mail in Dundalk. He is a veteran, a family man, and a member of the Order of the Sons of Italy. Through this organization, Vince Cardinale has made many contributions to his community by raising funds for children with birth defects. The victims of the recent earthquake in Italy also have reason to be grateful for his humanitarian efforts.

Mr. Cardinale is also active in other civic organizations, veterans' groups, and community projects. Dundalk is fortunate to number Vince Cardinale among its citizens.

Mr. President, I ask unanimous consent that an article from the Dundalk Eagle highlighting Mr. Cardinale's contributions to his fellow citizens be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

VINCE CARDINALE DELIVERS THE MESSAGE TO DUNDALK BY MAIL AND CHARITABLE WORK

(By Paul Rosenberger)

If you live near Dundalk Ave., or Dundalk Shopping Center, then chances are you know Vince Cardinale, Sr. As a letter carrier in this area for the last 19 years, Vince has carried millions of pieces of mail to surrounding homes in all kinds of weather and performed a vital function for his neighbors.

"You get kind of acclimated to it," he said. "It's not so bad as it sounds, and carrying a mail sack every day keeps you in pretty good shape."

Vince started working for the post office directly after World War II. A recipient of four bronze stars and a purple heart, he was in every major Pacific campaign, starting with Pearl Harbor.

"I had survived in Little Italy until I was 16, and then I enlisted in the Army," Vince said.

An alumnus of St. Michael's School, Vince went from the relatively sheltered world of the Franciscan Brothers who taught him to almost immediate military action. On December 7, 1941, he watched history pass overhead in the form of Japanese planes which strafed the Hawaiian Harbor.

"There wasn't much I could be but scared at the time," he said. But later, Vince proved himself time and again until he was promoted to Sergeant First Class.

"The way things worked, I didn't get home until after the Battle for the Phillipines," he said.

Returning home, he was given preference as a decorated veteran, and began work for another federal authority—The Postal Service. Nineteen years ago, he transferred to Dundalk after making his home in Eastfield, and has grown more accustomed to the area and its people with each passing season.

Eleven years ago, Vince and his family moved to their present Dunmanway home, and he became more involved with the Order of the Sons of Italy.

Since joining the group, Vince has been awarded several times for his campaigns to raise money for the disadvantaged, most notably for children with birth defects.

"It's not just me, or the Dundalk Lodge," he said, "It's a national project."

Although Vince is not completely responsible for much of the monies raised, he is involved enough to have been appointed Statewide General Chairman for the project.

"We raised about $21,000 for the Maryland campaign this year, and I'm projecting we will raise another $60,000 in the next two years," he said. Since its inception, the Sons of Italy have raised two and a half million dollars to fight birth defects.

"That not the only thing he's involved in," said Vince's 14-year-old son, Gino. He's started a couple of new Lodges and worked with other projects, too."

"Gino's my favorite fan," Vince said. "I feel funny blowing my own horn, so I let him do it for me."

Gino had plenty to say about his father, noting that Vince played a large part in the Maryland committee which raised over $100,000 for the Italian Earthquake Fund. But for a man whose family's origins began in the small town of Abruzzi, Italy, the disaster was easier to try and cope with than ignore.

Vince also helped organize the National Convention of the Sons of Italy held in Baltimore in 1979, winning one of many certificates of appreciation for his efforts.

Just two weeks ago, Vince and his wife, the former Pat Dombrowski, traveled to New Orleans to attend the Diamond Jubilee convention of the Order. A national delegate, Vince keeps Maryland members and Dundalk Lodge No. 2236 abreast of any new policies or directives from the National Committee.

Another duty is the National Membership and Expansion Committee, and Vince has, as his son Gino noted, started new Sons of Italy Lodges in the Baltimore metropolitan area, with another lodge planned.

"The Sons of Italy are the largest ethnic organization in the U.S., and we're on the move," Vince said. He seems determined to keep the group moving by encouraging new members to join.

"It isn't only for adults. We've got youth lodges, too", he said. As a case in point, the Anthony Cardinale Lodge, started by Vince and named for his father, is youth oriented.

Although very obviously involved with the Order of the Sons of Italy, Vince has other interests, yet he collects more unsolicited merit awards and certificates of appreciation from the group and the charities he has helped through the years. A three-time past president of the Dundalk Lodge, Vince was elected as Sons of Italy Man of the Year for 1975, has been Distinguished Venerable of the group, and members of his group look to him for guidance whenever a new project comes up.

"I really do have other interests," he said, "but sometimes it's hard to make time for them."

Because he gets up at 4:30 a.m. for his job, he admits that meeting nights can be a bit of a strain, especially during certain times of the year, as in the case of the Heritage Fair.

"We came up with the fried dough idea for the Fair when it first started and our booth has become one of the most popular," Vince said. "I just don't get home much during that weekend."

Other groups which Vince belongs to include American Legion Post No. 38, the Northwood Post of the VFW, the Knights of Columbus, and the Edgemere Moose Lodge, but Sons of Italy activities sometimes preclude his participation in other groups. Yet he works hard at his career and is now in a training program for Postal Supervisors.

A civic minded man who admits he does not want to overstep federal rules limiting postal employees from taking part in politics, he still feels strongly about some Dundalk areas issues.

Topmost in his mind is the suggestion of building new facilities, including a possible ice rink and swimming pool, at Merritt Point Beach.

"I disagree with that idea," he said. "Or at least the way it is presented. Why should the taxpayers have to pay for those facilities when only a limited number of people will be using it? The money would probably be better spent on some security down there, which could be financed through permits to local organizations who want to use the park. An 80-year-old person who goes to Merritt Point doesn't want an ice rink, they want a little security, and to know they don't have to be afraid of a small group of troublemakers.

"I'm an advocate of youth and the aged, and I think tax money could be used more wisely for them directly," he said.

Vince has proved his point many times over when talking about the young and the old, by working with the March of Dimes, and the U.S. Marines' Toys for Tots campaigns.

"You just have to get involved," he said, "and there are plenty of people in Dundalk of Italian descent who could really help the Sons of Italy. I should know how many there are, I see their names on letters every day."

To make it easier for prospective members, Vince mentioned anyone can find out more about the Order by calling him at 284–7686.

Even with all his activities, he is still a man with strong family ties, which include eight children and step-children.

"Let's see if I can get this right. O.K., there's Pamela, Richard, Vince, Jr., Judy, James, Bruce, John, and Gino," he said. "It's hard to keep it all straight."

Whether he can remember all of his own accomplishments or not, Vince's works are remembered by his family, his fellow Lodge members, and friends, not to mention Gino.

ROUTINE MORNING BUSINESS

The following routine morning business was transacted today:

MESSAGE FROM THE HOUSE

At 5:49 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following joint resolutions, without amendment:

S.J. Res. 78. Joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day";

S.J. Res. 98. Joint resolution to authorize and request the President to issue a proclamation designatiing October 16, 1981, as "World Food Day"; and

S.J. Res. 103. Joint resolution to authorize and request the President of the United States to issue a proclamation designating the seven calendar days beginning October 4, 1981, as "National Port Week".

The message also announced that the House has passed the following bill, with amendments, in which it requests the concurrence of the Senate:

S. 1211. An act to extend the Toxic Substances Control Act for 1 year.

The message further announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4048. An act granting the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near Saint Joseph, Mo., and Elwood, Kans.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker has signed the following enrolled bills and joint resolutions:

S. 1033. An act granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary;

S. 1475. An act to extend the expiration date of section 252 of the Energy Policy and Conservation Act;

H.R. 4084. An act to improve the operation of the Marine Mammal Protection Act of 1972, and for other purposes;

H.J. Res. 263. Joint resolution to designate May 6, 1982, as "National Recognition Day for Nurses";

H.J. Res. 265. Joint resolution to provide for a temporary increase in the public debt limit; and

H.J. Res. 266. Joint resolution to provide for a temporary increase in the public debt limit.

The enrolled bills and joint resolutions were subsequently signed by the President pro tempore (Mr. THURMOND).

At 10:59 p.m., a message from the House of Representatives, delivered by Mr. Gregory, announced that the House has agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H.J. Res. 325) making continuing appropriations for the fiscal year 1982, and for other purposes; and that the House recedes from its disagreement to the amendments of the Senate numbered 16, 31, 36, 43, 44, and 46, and has agreed thereto, each with an amendment.

HOUSE BILL HELD AT DESK

The following bill was ordered held at the desk by unanimous consent until the close of business on October 1, 1981:

H.R. 4048. An act granting the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near Saint Joseph, Mo., and Elwood, Kans.

ENROLLED BILLS PRESENTED

The Secretary reported that on today, September 30, 1981, he had presented to the President of the United States the following enrolled bills:

S. 1033. An act granting the consent of Congress to the agreement between the States of North Carolina and South Carolina establishing their lateral seaward boundary; and

S. 1475. An act to extend the expiration date of section 252 of the Energy Policy and Conservation Act.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, with amendments:

S.J. Res. 100. Joint resolution to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel (Rept. No. 97-197).

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

Report entitled "Second Monetary Policy Report for 1981 from the Committee on Banking, Housing, and Urban Affairs" (Rept. No. 97-198).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources:

Henry E. Thomas, IV, of Virginia, to be an Assistant Secretary of Energy (International Affairs).

(The above nomination was reported from the Committee on Energy and Natural Resources with the recommendation that it be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. STAFFORD, from the Committee on Environment and Public Works:

Lee M. Thomas, of South Carolina, to be an Associate Director of the Federal Emergency Management Agency.

By Mr. THURMOND, from the Committee on the Judiciary:

John Ernest Lamp, of Washington, to be U.S. Attorney for the Eastern District of Washington for the term of 4 years;

Emery R. Jordan, of Maine, to be U.S. Marshal for the District of Maine;

J. Raymond Bell, of the District of Columbia, to be Chairman of the Foreign Claims Settlement Commission of the United States for the term expiring September 30, 1982;

Cameron M. Batjer, of Nevada, to be a Commissioner of the U.S. Parole Commission for a term of 6 years;

Glen H. Davidson, of Mississippi, to be U.S. Attorney for the Northern District of Mississippi for the term of 4 years; and

George Landon Phillips, of Mississippi, to be U.S. Attorney for the Southern District of Mississippi for the term of 4 years.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. STEVENS (by request):

S. 1682. A bill to allow vessels in the foreign trade receiving subsidy to transport cargo between the Island of Unalaska, Alaska and the contiguous United States during a voyage in the foreign trade; to the Committee on Commerce, Science, and Transportation.

By Mr. FORD (for himself and Mr. BUMPERS):

S. 1683. A bill to provide for a 2-year Federal budget cycle, to provide for the inclusion of additional matters in the Federal budget, to strengthen congressional authorization, budget, and appropriations procedures, to strengthen congressional oversight of Federal programs, and for other purposes; by unanimous consent, ordered held at the desk until the close of business Tuesday, October 6, 1981.

By Mr. RIEGLE:

S. 1684. A bill to amend the Internal Revenue Code of 1954 to clarify the definition of geothermal energy, and for other purposes; to the Committee on Finance.

By Mr. CHILES:

S. 1685. A bill to amend the Bank Holding Act of 1956 with respect to interstate trust operations; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. LUGAR:

S. 1686. A bill to amend the Federal Reserve Act to provide that deposits of State and local governments will not be subject to reserve requirements, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BAKER (for himself and Mr. PRESSLER):

S. 1687. A bill to make a technical amendment to the International Investment Survey Act of 1976; considered and passed.

S.J. Res. 111. Joint Resolution consenting to an extension and renewal of the interstate compact to conserve oil and gas; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STEVENS (by request):

S. 1682. A bill to allow vessels in the foreign trade receiving subsidy to transport cargo between the Island of Unalaska, Alaska and the contiguous United States during a voyage in the foreign trade; to the Committee on Commerce, Science, and Transportation.

TRANSPORTATION OF CARGO IN FOREIGN TRADE BETWEEN UNALASKA, ALASKA AND THE CONTIGUOUS UNITED STATES

Mr. STEVENS. Mr. President, at the

request of the Aleut Corp. of the Aleutian Island region of Alaska, I offer the following amendment to the Merchant Marine Act of 1936:

This amendment would allow vessels constructed in U.S. shipyards that are presently limited to foreign commerce into a portion of the Alaskan trade.

Hawaii and the U.S. Island Territories have enjoyed a similar exemption from the Merchant Marine Act since its enactment in 1936. This amendment adds Dutch Harbor, Alaska to the list of noncontiguous "domestic" ports that permit U.S. vessels built with construction differential subsidy to stop in Alaska en route to the Orient.

American President Lines (APL) has joined the Aleut Corp. in this request APL and the Aleut Corp. have signed a trade agreement that is contingent upon this proposal. The trade agreement will substantially impact cost, availability and speed of ocean service to the remote Aleutian region of Alaska.

Transportation issues within the 48 States are generally confined to the relative merits of several available modes—water, rail, road, or air. Alaska spans 2,500 miles within four time zones and 33,000 miles of coastline, and most of the State is limited to air or water access.

We are wholly dependent upon ocean service for even the most basic necessities, and any proposal that directly affects our ocean lifeline receives careful scrutiny.

While I have offered this proposal today without prejudice the issues raised by such a request are fundamental, and I feel that they deserve a full hearing on the merits. The Commerce Committee has, at my request, scheduled hearings on this amendment for October 16.

Mr. President, I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1682

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, The Merchant Marine Act, 1936, as amended (46 U.S.C. § 1101 *et seq.*) is amended as follows:

(1) Section 506 (46 U.S.C. § 1156) is amended by inserting after the word "Hawaii" the following: ", the island of Unalaska in the State of Alaska".

(2) Section 605(a) (46 U.S.C. § 1175(a)) is amended by inserting after the word "Hawaii" the following: ", the island of Unalaska in the State of Alaska".

By Mr. RIEGLE:

S. 1684. A bill to amend the Internal Revenue Code of 1954 to clarify the definition of geothermal energy, and for other purposes; to the Committee on Finance.

DEFINITION OF GEOTHERMAL ENERGY

● **Mr. RIEGLE.** Mr. President, I am introducing legislation to correct a serious inequity in the current administration of the geothermal tax credit program. The IRS stipulated, by regulation, that geothermal tax credits shall not be available unless the temperature of the ground water exceeds 50° C. This definition effectively excludes most of the country, and most homeowners from taking advantage of the credit by installing groundwater heating and cooling systems.

We currently have the technology, in the form of heat pumps, to exploit this resource. Homeowners in my own State of Michigan, Ohio, and other States have begun to recognize the potential of this heating source, and have installed these systems. In fact, 40 States have identified areas of this type of geothermal potential, and some States have instituted their own tax credit program. The IRS, however, remains adament that groundwater temperatures must be as least 122° F in order to qualify for the Federal credit.

This resource is not being expanded as rapidly as we would hope due to the IRS definition. A homeowner may install a solar collector and qualify for a Federal credit, while a groundwater/heat pump system which utilizes water that has been indirectly heated by the Sun, cannot receive any Federal tax credit. This is, in my view, unfair, and not consistent with the intent of the Energy Tax Act of 1978.

The heat pump systems have a much higher efficiency than fossil systems. This efficiency allows a homeowner to pay for the cost of the system in less than 5 years, and can produce major savings in fuel use on a nationwide basis. I have not encountered any scientific evidence to substantiate the IRS limitation of 50° C, and feel that the elimination of this arbitrary limitation will induce many people to convert their present systems to a geothermal/heat pump arrangement.

This legislation is similar to that introduced in the House by Congressman Hall of Ohio. Its cost is estimated to be $10 million annually. This is a small price to pay for the energy savings that could be obtained from geothermal sources, and for removing the inequity that the IRS has created with its definition.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1684

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Geothermal Energy Amendments of 1981".

CLARIFICATION OF DEFINITION OF GEOTHERMAL ENERGY

Sec. 2. (a) General Rule.—Paragraph (3) of section 613(e) of the Internal Revenue Code of 1954 (defining geothermal deposit) is amended to read as follows:

"(3) Geothermal energy defined.—For purposes of paragraph (1), the term 'geothermal energy' means the natural heat of the earth (at any temperature) which is stored in rocks, an aqueous liquid or vapor (whether or not under pressure), or any other medium. A geothermal well shall in no case be treated as a gas well for purposes of this section or section 613A, and this section shall not apply to any geothermal property which is located outside the United States or its possessions."

(b) Clarification of Application of Business Credit and Residential Credit to Geothermal Property.—

(1) Subparagraph (D) of section 44C(c)(7) of such Code is amended by adding at the end thereof the following: "In the case of a system which uses both geothermal energy and an energy source not eligible for the credit under this section, all of the equipment comprising the system shall be eligible for the credit if, on a British thermal unit basis, geothermal energy provides more than 80 percent the energy in a typical year for which the system is designed. If less than 80 percent of the energy is supplied by geothermal energy, the credit shall apply to those portions of the system which produce, distribute, or use energy which is more than 50 percent supplied by geothermal energy (on an annual British thermal unit basis)."

(2) Paragraph (3) of section 48(l) of such Code is amended by adding at the end thereof the following new subparagraph:

"(D) Application of credit to equipment which uses both geothermal energy and another energy source.—In the case of a system which uses both geothermal energy and an energy source not eligible for the credit under this section, all of the equipment comprising the system shall be eligible for the credit if, on a British thermal unit basis, geothermal energy provides more than 80 percent of the energy in a typical year for which the system is designed. If less than 80 percent of the energy is supplied by geothermal energy, the credit shall apply to those portions of the system which produce, distribute, or use energy which is more than 50 percent supplied by geothermal energy (on an annual British thermal unit basis)."

(c) Conforming Amendments.—

(1) Clause (ii) of section 44C(c)(2)(B) of such Code is amended by striking out "any geothermal deposit" and substituting "geothermal energy".

(2) Clause (i) of section 44C(c)(5)(A) of such Code is amended by striking out "energy derived from the geothermal deposits" and substituting "geothermal energy".

(3) Clause (viii) of section 48(l)(3)(A) of such Code is amended by striking out "energy derived from a geothermal deposit" and substituting "geothermal energy".

(4) Clause (ii) of section 57(a)(11)(D) of such Code is amended to read as follows:

"(ii) all geothermal properties."

(5) Subsection (c) of section 263 of such Code is amended by striking out "any geothermal deposit" and substituting "geothermal energy".

(6) Subparagraph (E) of section 465(c)(1) of such Code is amended by striking out "geothermal deposits" and substituting "geothermal energy".

(7) Paragraph (1) of section 613(c) of such Code is amended by striking out "geothermal deposit" and substituting "geothermal well".

(8) Subsection (e) of section 613 of such Code is amended—

(A) by striking out "deposits" each place it appears in paragraph (1) and substituting "properties", and

(B) by striking out "Deposits" in the subsection heading and substituting "Properties".

(9) Subsection (b) of section 614 of such Code is amended—

(A) by striking out "geothermal deposits" in the text and substituting "geothermal wells", and

(B) by striking out "Geothermal Deposits" in the subsection heading and substituting "Geothermal Wells".

(10) Paragraph (1) of section 614(c) of such Code is amended by striking out "oil and gas wells and geothermal deposits" each place it appears and substituting "oil, gas, and geothermal wells".●

By Mr. LUGAR:

S. 1686. A bill to amend the Federal Reserve Act to provide that deposits of State and local governments will not be subject to reserve requirements, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

RESERVE REQUIREMENTS RELATING TO STATE AND LOCAL GOVERNMENT DEPOSITS

● Mr. LUGAR. Mr. President, I am today introducing a bill designed to assist States and localities raise additional revenues by easing restrictions on the management of their cash assets.

State and local governments are feeling the effects of our current national economic plight with special severity. They are accepting their share of the budget cuts enacted by Congress. They are impacted by inflation and dwindling revenues. And, they have been especially hard hit in their ability to raise capital funds in the tax-exempt bond market.

It seems to me that under these circumstances, we should be supportive of efforts which assist States and localities to raise additional revenues or realize savings in their cost of doing business. Earlier this year, Senator PROXMIRE and I joined our Banking Committee chairman, Senator GARN, in introducing S. 1427, a bill to help State and localities lower interest costs on the revenue bonds they sell for capital improvements by broadening competition for the underwriting of these securities. The revenue bond bill's time has come. It offers significant interest rate savings to State and local revenue bond issuers without cost to the Federal Government.

The bill I am introducing today falls into this same category. It offers the potential of significant additional revenues to States and localities without cost to the Federal Government.

Mr. President, the background of this issue begins with the 95th Congress extending to the Federal Government the ability to deposit Treasury tax and loan account funds in depository institutions on demand at interest rates slightly below the average Federal funds rate. This ability to earn higher interest rates on potentially significant amounts of public funds is not available currently to accounts of State and local governments. My bill would allow State and local governments to take advantage of opportunities to earn the greatest return possible on their idle cash.

State and local governments will have a greater incentive to improve upon existing cash management practices because there will be additional opportunities in placing deposits in financial institutions. While some State and local governments currently invest surplus funds in the Treasury repurchase market and in short-term Treasury bills, these markets are not always available, especially to smaller units of government. Some units of government with relatively small amounts of funds to invest do not enter these markets because of the paperwork involved or the lack of required minimum balances. This bill would allow State and local governments to deposit surplus funds in financial institutions and to earn interest at rates slightly below the Federal funds rate.

My bill also contains two additional provisions, the first of which conforms the NOW account provisions of the 1980 Deregulation and Monetary Control Act to the Federal Reserve Act provision by which we authorize banks to pay higher interest rates on Federal, State, and local demand accounts.

The second provision corrects the NOW account law to make clear that Congress intends States and localities to be eligible to establish NOW accounts.

Presently, only special purpose governmental units can maintain NOW accounts in banks if the funds are in the name of or used by schools, colleges, universities, libraries, hospitals, or other medical facilities. The Federal Home Loan Bank Board (FHLBB) recently proposed a ruling that would have allowed savings and loans to offer NOW accounts to general purpose State and local government units. However, the American Bankers Association successfully challenged the ruling and obtained a permanent injunction prohibiting State and local participation in NOW accounts.

Mr. President, I am hopeful that the Senate will support this measure which will help State and local governments earn the higher rates of return on their idle cash than might currently be available, especially to smaller and medium size governments which lack the ability to carry on sophisticated investment programs of their own.

I am pleased to report that the legislation has the support of the Municipal Finance Officers Association and the National League of Cities. I anticipate that the banking community will embrace it as well.

Mr. President, I ask that a supportive resolution adopted by the Municipal Finance Officers Association and a brief technical statement outlining the intended impact of benefits of the bill be printed in the RECORD.

There being no objection, the resolution and statement were ordered to be printed in the RECORD, as follows:

SUPPORTIVE RESOLUTION

(Concept: To give units of State and local government the same access to deposit-taking financial institutions presently enjoyed by the Federal Government.)

The federal government is able to deposit funds in financial institutions (commercial banks, savings banks, savings and loan associations, building and loan associations, homestead associations including cooperative banks and credit unions) on demand at interest rates slightly below the average Federal Funds rate in Treasury Tax and Loan note accounts. These deposits are not subject to reserve requirements. To the extent not insured by the FDIC or a comparable agency, these deposits must be secured by U.S. Government, Government Agency or municipal securities or suitable loan paper.

In contrast, state and local government demand deposits are subject to reserve requirements and cannot earn a rate higher than the rate paid on NOW accounts.

If federal laws and banking regulations are amended to permit state and local government to have the same access to financial institutions now enjoyed by the federal government, the following will occur:

(1) State and local government will have a greater incentive to improve upon existing cash management practices because there will be greater income potential for cash balances on hand for periods under 14 days. State and local governments presently have access to the Treasury repurchase market and to short term Treasury Bills for periods of one to 14 days. These markets are not always available, especially to smaller units of government. Some units of government with relatively small amounts of funds to invest do not enter these markets because of the paperwork involved.

(2) State and local government as issuers of debt will benefit to the extent that financial institutions use municipal obligations to secure these demand deposits. One would expect that each state would require that bonds pledged to secure public deposits. One would expect that each state would require that bonds pledged to secure public deposits from that state would be obligations of that state or its instrumentalities.

(3) Some states will likely accept a pool of home mortgages from within the state as collateral for public deposits placed in financial institutions which do not need tax exempt income from state and local government debt obligations.

(4) Financial institutions will benefit by their ability to attract short term funds at rates slightly below the federal funds rate. Obviously, any financial institution which now has large amounts of state and local deposits on demand will be worse off.

POLICY STATEMENT—INTEREST EARNINGS OF STATE AND LOCAL GOVERNMENT DEPOSITS

The Municipal Finance Officers Association is aware of the ability of the federal government to deposit Treasury tax and loan account funds in depository institutions on demand at interest rates slightly below the average Federal Funds rate. This ability to earn higher interest rates on potentially significant amounts of public funds is not currently available to accounts of state and local governments. MFOA feels that state and local governments should be able to take advantage of opportunities to earn the greatest return possible on their investments, particularly in light of inflation, taxpayer resistance to increasing taxes, increasing demands for services and the prospective decline in federal grant funds. Providing for the payment on state and local government tax and loan accounts is a further step toward removing the governmentally imposed restrictions on the payment of interest on various types of accounts at financial institutions.

The Municipal Finance Officers Association hereby supports changing federal statutes to allow state and local governments to enjoy the same access to financial institutions as the federal government to the earning potential of surplus funds.

Adopted: June 17, 1981.●

By Mr. McCLURE (for himself and Mr. JACKSON):

S.J. Res. 111. Joint resolution consenting to an extension and renewal of the interstate compact to conserve oil and gas; to the Committee on Energy and Natural Resources.

INTERSTATE COMPACT TO CONSERVE OIL AND GAS

● Mr. McCLURE. Mr. President, today I am introducing with the cosponsorship of Senator JACKSON a joint resolution which gives the consent of Congress to the extension and renewal of the interstate compact to conserve oil and gas.

The interstate compact to conserve oil and gas was originated by six member States and consented to by the Congress in 1935. Its membership has now grown to include 30 oil and gas producing States and 6 associate member States. These are:

Member States: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Florida, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, Utah, West Virginia, and Wyoming.

Associate States: Georgia, Idaho, North Carolina, Oregon, South Carolina, and Washington.

When the compact was originally ratified, major oilfield discoveries and the subsequent glut of oil and gas supplies had resulted in substantial loss of oil at the surface, in wholesale flaring of gas, and in oil prices as low as 10 cents a barrel. As a result, there was contamination of the topsoil and contamination of underground water supplies. The oil producing States immediately concerned agreed on the need for some cooperative effort to deal with these problems.

The purpose of the compact is "to conserve oil and gas by the prevention of physical waste thereof from any cause." (Article II.)

The compact expressly states that:

> It is not the purpose of this compact to authorize the States joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations. (Article V.)

The compact binds each signatory State to enact laws to accomplish certain specified types of oil or gas waste prevention. It also binds them to enact measures to deny access to commerce of oil produced in violation of its valid conservation statutes, and to provide stringent penalties for waste of oil or gas. Since most States already had enacted such measures prior to entering the compact, the key substantive provision was that establishing an Interstate Oil Compact Commission composed of one member from each signatory State. Its duty was:

> To make inquiry and ascertain from time to time such methods, practices, circumstances, and conditions as may be disclosed for bringing about conservation and the prevention of physical waste of oil and gas, and at such intervals as said Commission deems beneficial it shall report its findings and recommendations to the several States for adoption or rejection.

Congress has consented to extensions of the compact at approximately 2-year intervals from 1935 to 1976. The most recent congressional consent expired on December 31, 1978.

Thus, the compact has been without the congressional consent required by article 1, section 10, clause 3 of the Constitution for over 32 months.

Because of the need for speedy consideration of this joint resolution, Senator JACKSON and I did not seek additional cosponsors prior to introduction, but would invite and welcome any of our distinguished colleagues from affected States or otherwise to add their names as cosponsors at their earliest convenience.●

ADDITIONAL COSPONSORS

S. 351

At the request of Mr. WALLOP, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 351, a bill to amend the Federal Mine Safety and Health Amendments Act of 1977 to provide that the provisions of such act shall not apply to the surface mining of stone, clay, and sand work.

S. 672

At the request of Mr. PELL, the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Ohio (Mr. GLENN) were added as cosponsors of S. 672, a bill to require the Secretary of Transportation to administer a national driver register to assist State driver licensing officials in electronically exchanging information regarding the motor vehicle driving records of certain individuals.

S. 1348

At the request of Mr. SASSER, the Senator from Michigan (Mr. LEVIN) was added as a cosponsor of S. 1348, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds.

S. 1427

At the request of Mr. GARN, the Senator from Alabama (Mr. HEFLIN) was added as a cosponsor of S. 1427, a bill to reduce financing cost to cities, counties, and States by amending section 5136 of the revised statutes to permit national banks to underwrite and deal in revenue bonds issued by State and local governments, and for other purposes.

S. 1631

At the request of Mr. SPECTER, the Senator from Louisiana (Mr. JOHNSTON) was added as a cosponsor of S. 1631, a bill to establish a Presidential Commission on the Bicentennial of the U.S. Constitution.

SENATE JOINT RESOLUTION 97

At the request of Mr. MITCHELL, the Senator from Massachusetts (Mr. TSONGAS), the Senator from Utah (Mr. HATCH), and the Senator from West Virginia (Mr. ROBERT C. BYRD) were added as cosponsors of Senate Joint Resolution 97, a joint resolution to designate the second full week in October as "National Legal Secretaries' Court Observance Week".

AMENDMENT NO. 551

At the request of Mr. PROXMIRE, the Senator from West Virginia (Mr. RANDOLPH), the Senator from Tennessee (Mr. SASSER), and the Senator from Virginia (Mr. HARRY F. BYRD, JR.) were added as cosponsors of amendment No. 551 proposed to S. 1196, an original bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, to provide authorities for the Overseas Private Investment Corporation, and for other purposes.

AMENDMENT NO. 561

At the request of Mr. MITCHELL, the Senator from Arkansas (Mr. BUMPERS), the Senator from Massachusetts (Mr. TSONGAS), the Senator from Rhode Island (Mr. PELL), and the Senator from Michigan (Mr. RIEGLE) were added as cosponsors of amendment No. 561 proposed to S. 1196, an original bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, to provide authorities for the Overseas Private Investment Corporation, and for other purposes.

AMENDMENTS SUBMITTED FOR PRINTING

INTERNATIONAL DEVELOPMENT AND SECURITY ASSISTANCE ACT OF 1981

AMENDMENT NO. 571

(Ordered to be printed.)

Mr. ZORINSKY proposed an amendment to the bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, to provide authorities for the Overseas Private Investment Corporation, and for other purposes.

AMENDMENT NO. 572

(Ordered to be printed.)

Mr. ZORINSKY proposed an amendment to amendment No. 571 to the bill S. 1196, supra.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. BAKER. Mr. President, I ask unanimous consent that the Environment and Public Works Committee be authorized to meet at 9:30 a.m. on Thursday, October 1, to hold a full-committee markup on S. 1024, the Federal Aid Highway Improvement Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, October 1, to hold hearings on the AWACS and F-15 enhancement arms sale package to Saudi Arabia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Monday, October 5, at 2 p.m., to hold hearings on the AWACS and F-15 enhancement arms sale package to Saudi Arabia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Tuesday, October 6, at 2 p.m., to hold hearings on the AWACS and F-15 enhancement arms sale package to Saudi Arabia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Wednesday, October 7, at 2 p.m. to hold a business meeting to consider the AWACS package and other committee business.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be permitted to meet on Thursday, October 1, at 9 a.m., to receive briefings on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON LEGISLATION AND RIGHTS OF AMERICANS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Legislation and Rights of Americans of the Select Committee on Intelligence be authorized to meet during the session of the Senate at 10 a.m. on Thursday, October 1, to discuss intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

GUNSMOKE 1981

● Mr. ARMSTRONG. Mr. President, it is with great pride and pleasure that I inform the Senate that the top guns in the U.S. Air Force can be found in the 140th Tactical Fighter Wing of Colorado Air National Guard, based at Buckley Field in Aurora.

Earlier this month, the Air Force conducted a worldwide fighter gunnery meet at Nellis Air Force Base in Nevada. Units from U.S. tactical air forces from all over the world, and from Air Guard and Air Reserve units all across the country participated in the grueling weeklong competition, known as Gunsmoke 1981.

Gunsmoke 81 was, in a sense, the world series for Air Force attack pilots and the ground crews who maintain their aircraft. Pilots were tested in their abilities to bomb, strafe, and navigate, and ground crews were tested on their ability to keep their pilots in the air. The 12 four-aircraft teams which participated in the finals at Nellis had been selected after stiff regional competition.

When the smoke had cleared at the end of the grueling week, the team from the 140th Tactical Fighter Wing at Buckley led by Lt. Col. Wayne Shultz had won the overall competition, and Shultz had won the individual Top Gun Award. In addition, Capt. Larry Sitting won the low-angle bombing competition.

Colorado is very proud of Lieutenant Colonel Shultz, Captain Sitting, and the other flying members of the winning team—Maj. Joseph Thomas, Capt. Charles Betts, and Capt. Larry Sadler, and of the flight crews who were so indispensable in obtaining this victory. Their triumph was a triumph not for them only, but for the Colorado Air National Guard and the airplanes they flew—the Vought A-7D—as well. I salute them all.●

AGRICULTURAL EXPORTS TO THE EUROPEAN COMMUNITY

● Mr. COCHRAN. Mr. President, I call to the attention of my colleagues efforts by Secretary of Agriculture John Block to warn of new protectionist efforts being discussed in the Common Market that could restrict U.S. soybean exports to the European community.

Under an existing agreement, the United States has free access for its soybeans into the Common Market. We have successfully defended that right over the years, and it now appears that we will have to do so again.

The European Community Commission seems to be considering a proposal for imposing an internal tax on vegetable and marine fats and oils. This new proposal is being raised in the context of the enlargement of the Common Market to include Spain.

Secretary Block, in meetings with officials from the European community, has referred specifically to this proposal and warned that the United States will defend our industry from such a tax. This would apply to oil produced from U.S. soybeans and thus would be a violation of our zero duty binding.

In New York, the Secretary reiterated that position to an international audience, explaining that "any actions such as this would lead to immediate U.S. counteraction."

I commend the Secretary on his strong stand on this issue and urge the administration to continue its efforts to assure unrestricted access of vegetable and marine fats and oil products into the Common Market.

IOWAN FOR FEMA

● Mr. JEPSEN. Mr. President, I offer for inclusion in the RECORD an article that appeared in the Sioux City, Iowa, Journal on July 28, 1981. The article in question is an editorial which deals with the appointment of one of my constituents to the position of regional director of the Federal Emergency Management Agency in the Kansas City Federal Regional Center. In that, I take obvious pride.

More importantly, the editorial deals with this newspaper's perception of the Reagan administration as viewed through this appointee, Patrick J. Breheny. It comments on his lack of bureaucratic philosophy, honed as an aide on the Hill for former Iowa Congressmen Gross and Cherle. It comments on his philosophy of tough management and the fact that most bureaus of the Federal Government could use that kind of talent.

Of greatest significance, it favorably comments on this administration's intent to reverse the order of march from Federal control to local and State direction, a keystone in this administration's philosophy. I believe this editorial comment by a major newspaper in my State tells me that this administration and the work of the Congress have the support of the people of this country.

The article follows:

IOWAN FOR FEMA

An Iowan heads a relatively new regional federal agency created to deal with natural and man-made disasters. His goal is to tighten up the organization and get it back to where state and local people can handle it, reversing the order of march which usually saw the federal government responding first.

Patrick J. Breheny of Clear Lake, director of public affairs for Iowa Construction Services and former aide for 10 years to Iowa Congressmen H. R. Gross and William Scherle, has been named director of Region VII of FEMA, an acronym for Federal Emergency Management Agency with headquarters in Kansas City.

FEMA, created during the administration of President Carter, is the single point of contact within the federal government for the administration of emergency management. It is responsible for recovery from natural disasters such as floods, blizzards and tornadoes and from man-made calamities such as fires and nuclear accidents.

Several weeks ago, FEMA had two people in Iowa to aid in making a flood damage estimate. Breheny said, "We're not overpromising. Just because we are helping the state assess the damage does not mean federal aid will be forthcoming. If we feel the damage meets criteria Congress has set, then we will move in and declare it a disaster area. A bridge may have gone down, but did it go down because of the storm, or was it teetering anyway?"

That type of comment does not exactly fit the bureaucratic mold. But it's an indication of Breheny's philosophy which was honed in a decade of association with two of Iowa's most conservative congressmen, Gross and Scherle.

As director of Region VII, Breheny oversees operations in Kansas, Missouri and Nebraska, as well as Iowa. His Kansas City office has 57 employees and he reports to Louis O. Giuggrida, national director of FEMA.

The outspoken Iowan argues with a contention that there might be only 30 minutes advance warning of a nuclear attack from the Soviet Union. He said two weeks would be a more realistic figure. That is because the Russians would have to move their population to shelter in fear of reprisal and that movement would be detected by the United States' monitoring system. His agency would have charge of any mass relocation of people.

Another little-known function of FEMA is response to terrorism. Said he, "I'm not on the Hill Street squad. My job is to back up the FBI by moving people out of the area. Terrorism is a growing concern in this administration. We are working on plans."

Breheny has a reputation for tough management. Most of the bureaus of the federal government could use that talent.●

CAMPAIGN AGAINST DRUG AND ALCOHOL USERS

● Mr. **HUMPHREY**. Mr. President, as chairman of the Senate Subcommittee on Alcoholism and Drug Abuse, I applaud the efforts that have produced the "Get High on Yourself" campaign against alcohol and drug abuse.

Drug and alcohol abuse is widespread among our young people. In the past two decades, the drug problem exploded. During the sixties and the seventies, there were increases that varied between tenfold and thirtyfold in terms of levels of use by varying segments of the population, particularly adolescents and young adults.

One recent encouraging sign is the significant decrease since 1977 of high school seniors indicating approval of regular marihuana use, and a decrease in the last 2 years of their actual use of marihuana. In spite of this hopeful turnaround, the overall drug problem continues to be very serious.

Although less dramatically, alcohol abuse has also increased since the 1960's. In the 1981 Fourth Special Report to the Congress on Alcohol and Health, the Department of Health and Human Services reported results of a survey which classified 31.2 percent of the adolescent sample as alcohol misusers. One-third of all traffic fatalities are alcohol related, with alcohol abuse especially involved in accidental death and injury among young people.

All too often this abuse of alcohol and drugs results in loss of motivation and family alienation, and interferes with school performance and childhood and adolescent development. The detrimental effects of alcohol abuse on health have been well documented and we are now beginning to accumulate scientific data on the adverse health effects of long-term exposure to drugs.

We must make use of all of our resources in a cooperative effort between the private and public sectors to counteract the appeal of alcohol and drug abuse. We must warn young people of the dangers of alcohol and drug abuse, and work in our homes, schools, and communities to make them aware of alternative ways to utilize their energies and abilities. We must develop programs to help adolescents resist peer pressure to get high on alcohol and drugs.

The "Get High on Yourself" campaign is a collaborative effort to focus attention on the problem and to change attitudes toward drug and alcohol abuse. I support the aims and goals of this program and sincerely hope that it will be just the beginning of direct efforts by private businesses and concerned individuals to combat the abuse of drugs and alcohol by our young people.●

INTERIOR DEPARTMENT OPPOSES THE DICKEY-LINCOLN PROJECT

● Mr. **COHEN**. Mr. President, the fate of the proposed Dickey-Lincoln School Lakes hydroelectric project on the St. John River in northern Maine has been debated extensively on the floor of the Senate. As most of my colleagues know, I have been a strong opponent of this ill-advised project.

On August 28, 1981, the Army Corps of Engineers filed the final environmental impact statement (FEIS) on the Dickey-Lincoln project. After reviewing the FEIS, on September 28, the Department of the Interior informed the Council on Environmental Quality of its strong opposition to the project.

Since many of my colleagues have a continuing interest in this matter, I am including the complete text of the Interior Department's letter to the Council on Environmental Quality in the RECORD at this point.

The correspondence follows:

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., September 28, 1981.

Hon. A. ALAN HILL,
Chairman, Council on Environmental Quality, Executive Office of the President, Washington, D.C.

DEAR MR. HILL: The Department of the Interior has reviewed the Final Environmental Impact Statement (FEIS) for the U.S. Army Corps of Engineers' Dickey-Lincoln School Lakes Project, Maine. In our opinion, severe long-term adverse environmental impacts will occur if this project is implemented as proposed. Project-induced losses include the large-scale destruction of terrestrial and aquatic resources and the elimination of an important wilderness recreational area. Mitigation of these losses has not been adequately addressed, and those mitigation measures proposed are not an integral part of the project but the subject of a separate authorization. Furthermore, the FEIS does not address alternatives that would allow the development of the hydroelectric potential of the St. John River Basin while maintaining its unique natural resource and recreational values.

It should be noted that Secretary Watt has consistently opposed this project on environmental grounds while holding previous positions in the Federal Government. I also have longstanding familiarity with this project and hydropower projects in general because of my experience with the Bonneville Power Administration and share the Secretary's concern.

We have maintained close coordination with the Corps since 1975. In spite of our extensive efforts, disagreements persist with the Corps over our longstanding concerns about both the serious environmental effects and the lack of adequate mitigation. Since filing of the FEIS signifies an intent to proceed with the project as proposed, we believe action by the Council is appropriate. We have advised the Corps of our intention to refer this matter to you.

The enclosed statement supports our conclusions. We are prepared to discuss the issues with you at your earliest convenience.

Sincerely,

DONALD PAUL HODEL,
Acting Secretary.

Enclosure.

STATEMENT OF THE U.S. DEPARTMENT OF THE INTERIOR

(Concerning the Dickey-Lincoln School Lakes Project, Maine—U.S. Army Corps of Engineers)

During review of the draft, revised draft, and supplemental draft EIS's for this project, the Department of the Interior as well as other Federal agencies pointed out an array of deficiencies. On most points the Final Environmental Impact Statement (FEIS) does not respond satisfactorily to our concerns. One of the most serious deficiencies is the failure to address adequately mitigation of unavoidable project-induced losses of fish and wildlife and recreational resources.

A. Completion of the project as proposed by the U.S. Army Corps of Engineers, will permanently and adversely alter the aquatic and terrestrial ecosystem of the St. John River valley. The project will result in:

1. The inundation of 278 miles of streams and rivers in the basin, 66 miles of which are along the main stem of the St. John River.

2. The inundation of 80,455 acres of terrestrial habitat (excluding waterways, lakes and ponds).

3. Construction of 386 miles of transmission lines through northwestern Maine, northern New Hampshire, and Vermont.

The FEIS filed with the Environmental Protection Agency on August 28, 1981, recognizes most of the adverse impacts but, in our opinion, underestimates their severity and long-term nature. The Corps concludes that the environmental losses are offset by the economic gains to be derived from hydroelectric generation. We do not agree.

The Corps states that their proposed mitigation plan would replace 100 percent of the wildlife habitat productivity lost due to project implementation. We do not believe this to be the case as stated in our letters to the Corps on May 13, 1980, and December 29, 1980.

B. The project as proposed appears to be inconsistent with the following environmental requirements and policies.

1. The Fish and Wildlife Coordination Act.—The Corps is not proposing adequate mitigation for unavoidable project induced losses. Further, there is no guarantee that any mitigation will ever be accomplished since the Corps is requesting separate authorization for mitigation. We believe the Fish and Wildlife Coordination Act authorizes the Corps to mitigate for project induced losses.

2. National Environmental Policy Act.—Section 102e of NEPA requires the action agency to study, develop, and describe appropriate alternatives to recommended courses of action in any proposal that involves unresolved conflicts concerning alternative uses of available resources. The FEIS fails to study less damaging alternatives that would allow development of the hydroelec-

trical potential of the St. John Basin while protecting the unique natural resource and recreational values of this basin.

3. Council on Environmental Quality Guidelines for Interagency Consultation to Avoid or Mitigate Adverse Effects on Rivers in the Nationwide Inventory.—The project will permanently alter sections of the St. John River, the Big Black River, and the Little Black River listed by the Department of the Interior in July 1981 in the Nationwide Inventory of potential Wild and Scenic Rivers.

C. The Department of the Interior believes the project, as proposed, is environmentally unsatisfactory as:

1. It would permanently alter the aquatic ecosystem of 278 miles of streams and rivers.

2. It would destroy 80,455 acres of terrestrial habitat (excluding waterways, lakes and ponds), and associated wildlife resources.

3. It would eliminate over 1300 acres of wetlands used as breeding habitat by black duck, a species whose population is in decline, and important summer foraging area for moose.

4. It would destroy 36,893 acres of deer wintering areas affecting 50 percent of the deer within the St. John Region's 684,500 acres. The mitigation proposed by the Corps would compensate for less than half of this habitat loss.

5. It would destroy critical riparian habitats which support several unusual plants including the endangered Furbish lousewort.

6. It would permanently alter 55 miles of the St. John River, plus 29 miles of the Big Black River, plus 27 miles of the Little Black River all of which were listed in July 1981 by the Department of the Interior as meeting the criteria for designation as potential wild and scenic rivers. The St. John River is the largest and longest undeveloped river in the northeast, and the largest river in one of the largest, least accessible and most primitive geographical units east of the Mississippi River. The Big Black and Little Black Rivers are listed as two of the ten least developed rivers within the entire northeast region.

D. The project as proposed will result in degradation of a nationally significant environmental resource. Project-induced losses include the large-scale destruction of terrestrial and aquatic resources, and elimination of an important wilderness recreational area.

E. The Fish and Wildlife Service has worked closely with the Corps of Engineers on the project since 1975. We have recommended against project construction since January 4, 1978. We first advised the Corps of our possible intention to refer this project to the Council on Environmental Quality in our March 1, 1979, comments on the Revised Draft EIS. We have continually recommended what we feel is adequate mitigation for project-induced losses in the event the project is constructed over our objections. Although we accept some of the mitigation recommendations of the Board of Engineers for Rivers and Harbors, the portions of the proposal that will cause major long term adverse impacts have not been modified or adequately mitigated.

Following are the major steps taken since 1975 by the Department to resolve the issues:

1. Since April 20, 1976, a series of reports has been submitted by the Department of the Interior to the Corps to assist in their planning.

2. The Department of the Interior made extensive comments on the various draft environmental impact statements, revised draft environmental impact statements, and draft supplement environmental impact statements. We have consistently recommended against project construction. We have continually recommended what we feel is adequate mitigation if the project is constructed over our objections. We have informed the Corps and the Department of Energy of our possible referral intentions in letters of March 1, 1979, May 13, 1980, and December 11, 1980.

3. Fish and Wildlife Service representatives met with staff of the Board of Engineers for Rivers and Harbors on June 4, 1980, to discuss fish and wildlife mitigation plans and to clarify why we felt that the Corps' proposed mitigation was inadequate. In our comments on the proposed report of the Chief of Engineers on Fish and Wildlife Mitigation (December 29, 1980), we stated that we agreed with part of the Corps mitigation plan but that we felt that the wildlife mitigation plan was unacceptable. We maintained our recommendation that the project not be constructed and reiterated our possible referral intentions.

4. In addition, there have been numerous field level contacts and meetings between Corps of Engineers and Fish and Wildlife Service personnel.

F. The Department of the Interior recommends that CEQ become involved in discussions with us and the Corps with the objective of mediating our differences.

The goals should be to:

1. Have the Corps withdraw its EIS on this project and have the Corps and the Department of Interior, with other agencies as appropriate, work together in developing a plan that preserves the unique natural resource and recreational values of the upper St. John while providing hydroelectric power. Such a solution could be developed by eliminating Dickey Dam and concentrating on low head hydro development.

2. Have the President recommend amending the project authorization as needed to accomplish the above goals and to provide for appropriate mitigating measures.

U.S. Department of the Interior,
Washington, D.C., September 28, 1981.

Lt. Gen. J. K. Bratton,
Chief of Engineers, U.S. Army Corps of Engineers, Washington, D.C.

Dear General Bratton: The Department of the Interior has reviewed the Final Environmental Impact Statement (FEIS) for the U.S. Army Corps of Engineers' Dickey-Lincoln School Lakes Project, Maine. In our opinion, severe long-term adverse environmental impacts will occur if this project is implemented as proposed. Project-induced losses include the large-scale destruction of terrestrial and aquatic resources and the elimination of an important wilderness recreational area. Mitigation of these losses has not been adequately addressed, and those mitigation measures proposed are not an integral part of the project but the subject of a separate authorization. Furthermore, the FEIS does not address alternatives that would allow the development of the hydroelectric potential of the St. John River Basin while maintaining its unique natural resource and recreational values.

It should be noted that Secretary Watt has consistently opposed this project on environmental grounds while holding previous positions in the Federal Government. I also have longstanding familiarity with this project and hydropower projects in general because of my experience with the Bonneville Power Administration and share the Secretary's concern.

The administrative record indicates that our two respective Departments are at an impasse in resolving these conflicts. Therefore, we are referring this matter to the Council on Environmental Quality in accordance with procedures specified in 40 CFR 1504. A copy of our supporting documentation is enclosed. We request that you take no action to implement this proposal until the Council acts upon the referral.

We look forward to working with you in the further planning and analysis of this project.

Sincerely,

Donald Paul Hodel,
Acting Secretary.●

STATUS OF MACHIAS SEAL ISLAND

● Mr. COHEN. Mr. President, on April 29, of this year, the Senate ratified the Maritime Boundary Settlement Treaty with Canada. This treaty, which is awaiting approval by the Canadian Parliament, will place the competing claims of the United States and Canada to the Gulf of Maine before a Chamber of the International Court of Justice for final determination.

When this treaty came before the Senate, I spoke in support of it. At the same time, however, I felt it important to note that the treaty will not address a longstanding dispute between the United States and Canada over the status of Machias Seal Island. This island, which is situated 11 nautical miles seaward of Cutler, Maine, is small but carries great significance for the fishermen of Maine.

As I noted in my statement on the Maritime Boundary Treaty, a rich lobster fishery lies just off Machias Seal Island and Maine lobstermen have laid their traps there for generations.

The latest edition of the Commercial Fisheries News, which is published in Stonington, Maine, contains an article which sets forth the background of the Machias Seal Island dispute and its current status. I offer it for inclusion in the Record for the information of the Congress and the public. I also take this opportunity to reemphasize the importance of this island to the United States and the State of Maine.

The article follows:

Machias Seal Island Boundary Problems Won't Be Settled

(By Jon Laitin)

Canadian and US fishermen have peacefully coexisted, more or less, within the disputed waters around the Machias Seal Island for nearly a cenury. That situtaion may continue for another 100 years, says a State Department official.

Contrary to popular belief, an agreement ratified by Congress and signed by President Reagan to submit the ocean-border dispute to the binding arbitration of the World Court, will *not* settle the question concerning the little island, 11 nautical miles southeast of Culter, ME. According to David Colson, senior attorney at the State Department, if the Canadians also ratify the agreement, the Court will be asked to decide the boundary from a point approximately 20 miles seaward of the island and beyond to Georges Bank.

"Politically we weren't in a position to arbitrate the sovereignty of the island, and neither were the Canadians," says Colson. "The State Department is not going to initiate any activity (concerning Machias Seal Island)."

The Canadian boundary line runs from within the Grand Manan Channel to a point west of Flowers Rock and then to a cordinate 7¾ miles west of the island. The US line runs 2 miles east of the island. At a point approximately 20 miles seaward, the two lines cross. It is from this point the World Court may someday make a decision, one that will have a profound impact on George Bank fishermen.

Unless the state of Maine or its elected representatives lobby for an official resolution to the Machias Seal Island dispute, the waters in the vicinity of the Canadian outpost will remain a no-man's-land for another generation of lobster and scallop fishermen.

The question of the island's sovereignty dates back to the Treaty of Paris signed at the end of the Revolutionary War. The treaty's general language concerning the islands off Nova Scotia and the US is the basis of the disagreement.

THE BUZZ DISSENTION

The US has apparently always taken the position that Machias Seal Island was its possession. So, when in the mid-1800s Canada queried the US about building a lighthouse on the island to assist navigation into the Bay of Fundy, it caused little concern. Nothing was put into writing. The lighthouse was built and has been manned by Canadians to the present time. It wasn't until the 1920s when the diplomatic channels began to buzz with dissention.

Former Department of Marine Resources (DMR) Commissioner Vinal Look, who grew up in Cutler, ME, says he has always considered Machias Seal Island US territory. In the early 1970s while he was chief warden for the department, he recalls the first of several spats between US and Canadian fishermen.

The Canadians, who are restricted by a closed season for lobsters from June to November, began to resent US lobstermen who were fishing the same waters around the island. According to Look, Canadian officials told the Maine lobstermen they would have to take their traps out during the Canadian closure. DMR officials advised US fishermen they could continue fishing that area. Maine state boats and aircraft maintained a surveillance around the island for several days to support the lobstermen's rights to fish where their fathers and grandfathers had fished before them.

Commissioner Ronald Green of DMR contacted the State Department concerning the incident. A protest was relayed to the Canadian government. Canada then backed off, Look recalls.

OTTAWA, TO WASHINGTON, TO MAINE

The next conflict occurred in 1972 when Canadian scallopers were observed in the disputed waters at a time when the fishery was closed to US fishermen. Someone in Maine state government decided to force US laws on the Canadians. "We wanted to let them (Canadians) know we had control of the area," says Look.

The chief warden flew over the area and spotted the draggers just west of the island. Coastal wardens Roger Allen and Bob Burns pulled their boat alongside to inform the Canadian fishermen the area was closed to scalloping. The Canadians steamed off without arguing the matter.

But it wasn't long before Ottawa contacted Washington. Word soon came down to Maine to lay off. Peaceful coexistence was becoming the official, unwritten government policy.

Just before the US 200-Mile limit was signed into law in 1976, the Canadians jumped the gun and extended their boundary line. When the US published its line soon after it left a gap as wide as 20 miles claimed by both countries.

Further conflict was avoided when both governments later informally agreed they would have jurisdiction only over their own boats within the disputed waters. If an American or Canadian fishing vessel strayed over one or the other lines, Coast Guard personnel from either country were quick to nab the offenders.

When the Canadian boat *Windy Bird* strayed within three miles of Cutler trawling for groundfish, it was seized, then released with a warning. Look says this action may have contributed to the relatively lenient fine levied against a Stonington (ME) lobsterman who was caught by Canadians in their waters a few years later.

Marine Patrol Officer Bob Burns says he has received complaints from the Canadians when American-owned lobster buoys were spotted over the line. "It doesn't have to be too far over before they say something about it." notes Burns.

SEA IS ALWAYS BOILING

About 25 US fishermen continue to haul their traps near the island when weather conditions make the 11-mile trip from Cutler or the 26-mile journey from Jonesport feasible. The trip must be made during slack tide as the buoys go under when the tide is running in or out.

Calm waters near the coast are usually no indication of the sea conditions near Machias Sea Island. "The water is always boiling out there," says Burns. But that usually doesn't inhibit either fishermen or bird watchers who travel to the secluded outpost not more than a half-mile in length.

Some Maine fishermen have supplemented their incomes transporting ornithologists to the island of puffins and ospreys. The Canadian lighthouse personnel come out to the launching ramp to assist any attempted landing in the choppy waters.

LITTLE EMPHASIS ON MACHIAS SEAL

"People up there will get along fine as long as Ottawa and Washington don't get involved," says Colson. "As long as fishermen don't start shooting at each other, both governments will probably leave well enough alone."

But discussions have taken place in Washington to settle the issue once and for all. Colson recalls a state department suggestion in 1978 to make Machias Seal Island an international bird sanctuary and work out a joint fishing agreement with the Canadians for the surrounding waters. The matter never went beyond the proposal stage.

Look is disappointed that the dispute still remains unsettled. "When federal officials are discussing fisheries problems they tend to forget Machias Seal Island," he notes. "They're more concerned with Georges Bank."

Washington, now pressing its territorial air rights over the waters near Lebanon and Korea, apparently is not about to create a hubbub over a strategically unimportant island and waters offering a livelihood to only 25 Maine fishermen.

"There's just not going to be the emphasis put on it I feel they (Washington) should," says Look with resignation.●

HIGH INTEREST RATES

● **Mr. BOREN.** Mr. President, for several months now, I have taken the floor virtually every day to warn of the economic collapse that seems to me to be inevitably on its way under the pressure of exorbitantly high interest rates.

Earlier this week, for a period of time, that financial Armageddon seemed to be here. The stock markets in Tokyo, London, Zurich, and the United States, as well as most of the rest of the industrialized world, plunged. Fortunately, by the end of the day, the stock market in this country had rallied to an 18.55-point rise in the Dow Jones index, and by this morning, the Tokyo market had also rebounded. The economic news in other capitals was not as good.

This week, the Washington Post, the Wall Street Journal, as well as other financial publications throughout the world, are offering analyses of what happened.

One of the more bizarre explanations is that the doomsday predictions of one economic analyst so shook the industrial world that the bottom fell out of the stock market. While I am not in a position to judge the qualifications or reputation of an analyst such as Mr. Granville, I find it very hard to believe that the words of one man could cause the world financial community to quake to its very foundations—not at least if it were in a sound and stable condition.

I find it far easier to accept the analsis that high interest rates in this country in particular was a major factor in the market action. To be sure, the plunge on the British stock exchange had to do with the increase in British interest rates, but even that was tied to high interest rates in the United States.

On September 14, the Thatcher government authorized the Bank of England to raise the effective minimum interest rate on bank borrowing from 12 to 14 percent, to protect the exchange value of the pound. Such action was necessary partly because of the disparity between British interest rates and the then 20-percent prime interest rate in the United States.

I have said before that the adverse effect of high interest rates on domestic economy of the United States is only one component of the problem, albeit a very important component. The economic health of this country is intricately interwoven with the financial fabric of the other Western industrialized nations of this world, and through them, tied to the economy of virtually every nation of the world.

An economic dislocation here is not only felt in Tulsa, Muskogee, and Oklahoma City, but also in Bonn, London, Paris, and Sydney.

I say again, Mr. President, that the cancer of high interest rates must be dealt with now, not 2 or 3 months or 2 or 3 years from now, but now. Perhaps the next time the stock markets of the world begin to slide, they will keep on going. Then it will be too late.

Mr. President, I ask that articles of the Washington Post and the Wall Street Journal be printed in the RECORD.

The articles follow:

[From the Wall Street Journal, September 1981]

"BLUE MONDAY"

Yesterday's stock market jitters began in Tokyo, spread to Hong Kong, swept on to London and ended up in New York. But when all was said and done, it was a great deal less than the world-wide "panic" the tabloids were proclaiming in their early editions. London had a late rebound from the spectacular early losses. In New York, the Dow Jones Industrial Average finished up 18.55 on the day. Joe Granville's efforts to shake the world at its foundations had fallen somewhat short of the mark.

On the other hand, yesterday's New York rally notwithstanding, the stock markets are not exactly happy places these days, at least not for anyone with bullish inclinations. And however much the White House might childe Wall Street for its lack of faith, it doesn't hurt to think seriously once in awhile about why stocks are winning so little investor favor.

In England, the answer is fairly simple. The burdens of Mrs. Thatcher's economic policies have all fallen on the private sector, which wasn't in very good shape to start with. The VAT tax bite, erratic monetary policy and the dim prospects for any serious paring of the size of the public sector do not encourage English businessmen to think that their debt-heavy balance sheets are going to markedly improve soon. The strong showing by left-winger Tony Benn at the Labor Party Conference also didn't help, suggesting as it did that when and if Labor makes a comeback it will push Britain even further to the left. And finally there is the simple explanation that another boost in interest rates made fixed interest investments more attractive than stocks.

Indeed, simple explanations of market behavior have much to recommend them. Investors in both the U.S. and England have no trouble doing their arithmetic. And so long as interest rates stay high, debt will probably look more attractive than equities. If the stock markets are to recover, it will be necessary for both countries to continue to push down inflation and encourage private sector growth.

The Thatcher failures tell us nothing about prospects under the Reagan program, which makes its genuine beginning this week. Mr. Reagan has provided tax relief for the private sector and has made at least some headway against the growth of the public sector.

The markets are nervous but the tabloids were premature in describing a panic. What we can learn from the markets is that expectations of an overnight recovery from policies many years in the making were overly optimistic. It will most likely be some time yet before everyone begins to feel comfortable with the new regime.

[From the Washington Post, Sept. 29, 1981]

Stock Prices Fall in Major Markets Throughout World

(By Leonard Downie Jr.)

London.—Share prices on the stock markets of London, Tokyo, Zurich and much of the industrialized world plummeted today amid gloomy world economic predictions and the continued pressure of high U.S. interest rates.

Prices on the London Stock Exchange, after plunging nearly 30 points by noon—the equivalent of a 54-point drop in the U.S. Dow Jones index—closed 17.2 points down, the latest of several near-record drops it has suffered in the last two weeks.

The Tokyo stock market suffered one of its worst days ever, and prices in Zurich recorded their biggest loss in six years. The Duesseldorf stock exchange had its biggest drop this year and prices also plunged in Hong Kong, Sydney, Toronto and Paris.

The major exception to the worldwide stock market drop was the United States, where Wall Street rallied with an 18.55-point rise in the Dow Jones index. [The Tokyo market rebounded sharply in early trading Tuesday, however, following the Wall Street rally, Washington Post correspondent Tracy Dahlby reported.]

The dramatic drop followed several days of sliding prices in major stock exchanges. Most market analysts have attributed the worldwide slump to fears about the size of the U.S. budget deficit. If the Reagan administration is unsuccessful in meeting its stated budget-cutting goals, many investors abroad fear, extensive U.S. Treasury borrowings could keep interest rates high and lead the world to an economic depression.

Some analysts also said the stock slide could have been given momentum by pessimistic predictions late last week by U.S. stock analyst Joseph Granville, who warned of huge drops on the London, Wall Street and other stock exchanges.

While the losses mean severe economic consequences in most of the world exchanges, they are also expected to have serious political repercussions in Britain.

The drop continued a steep two-week slide being called "the black fortnight" here that has created a crisis atmosphere in financial circles and added considerably to the economic and political problems of Prime Minister Margaret Thatcher. The Financial Times index of 30 leading stocks has now plummeted 96 points in 11 trading days, a drop of 17 percent that has wiped an estimated $30 billion off the paper value of British industry.

Market analysts blame the loss of investor confidence here on growing pessimism about the future of Britain's battered economy and Thatcher's monetarist policies after a period of optimism earlier this year that the country might be starting to pull out of its worst recession in a half-century.

The fall here began Sept. 14 when the government authorized the Bank of England to raise the effective minimum interest rate on bank borrowing from 12 to 14 percent to protect the exchange value of the pound. Partly because of the disparity between the British rate and the 20 percent prime rate in the United States, which has drawn money away from Britain, the pound's dollar value has shrunk from $2.47 earlier this year to $1.78 today.

Analysts said the increase in British interest rates was a big blow to confidence in Thatcher's economic strategy, despite her Cabinet reorganization that same day designed to signal her determination not to change course.

There has been persistent speculation in the financial community here that interest rates may be raised again to approach the record 17 percent reached near the beginning of the Thatcher government before reductions were made to try to help British industry recover from the recession.

"There are fears that interest rates will go up again during the next week because the pound is falling again," said Paul Neild, chief economist of Phillips and Drew stockbrokers, who have long been critical of Thatcher's policies. "There has been a loss of confidence and credibility in the government's overall strategy and a question mark over prospects for recovery from the recession. There is now a grave risk of a renewal of the recession."

London Stock Exchange Chairman Nicholas Goodison, who has defended "the greatest thrust of government policy" as the only way to restructure the British economy, said today that "confidence will be recovered only if the government's economic policy works, if inflation is seen to be coming down and government spending is being cut."

He indicated that Britain also needed help from the Reagan administration. "The U.S. is not balancing its own budget and is keeping interest rates high," Goodison said.

Britain has had nothing but bad economic news recently. Industrial output has continued to fall, and unemployment is still rising. With the unemployment rate now over 12 percent, the highest among major industrialized countries, nearly 3 million Britons are jobless, more than during the depths of the 1930s depression.

Britain's inflation rate, which had decreased steadily for a year to provide the only statistical sign of success for Thatcher's policies, has turned upward again, increasing last month from 10.9 to 11.5 percent. The growth of the money supply, a crucial indicator in Thatcher's strategy, also has continued to exceed government targets.

Meanwhile, total government spending, rather than being reduced as Thatcher intended, is estimated to increase greatly during the next fiscal year. This would increase the budget deficit and government borrowing, which could fuel inflation and force interest rates up further.

Like Reagan, Thatcher must make more spending cuts this fall. Although her government has already significantly reduced expenditures for housing, education and other public services, deeper cuts in social programs have been thwarted by resistant members of her Cabinet. She fired some of them in her recent Cabinet reorganization and moved others to put less reluctant budget-cutters in charge of most big-spending departments.

Thatcher will still find it difficult to make more cuts. Much of the increase in government spending has been in benefits for the many more unemployed. The recession has increased the money needs of nationalized industries, although they have laid off tens of thousands of workers.

Correspondent Dahlby added:

The crash in Tokyo sent shock waves through the city's financial district Monday as the 225-stock Dow Jones average fell 302.84 yen, its sharpest one-day decline, in value terms. But by midmorning Tuesday it gained 152.34 yen, recovering slightly more than half of Monday's loss.

Previous plunges here have been much greater in percentage terms, and Monday's drop appears to have no serious political implications. If anything, economic crises here tend to bolster the popularity of Japan's Liberal Democrats because after 26 years in power they form the only political party with tested economic expertise.

A major factor in today's drop may have been the recent rush of Japanese companies into the market with public stock offerings in a bid to increase financial reserves.●

CLEAN AIR

● Mr. EAST. Mr. President, the Clean Air Act, which expires September 30, is once again under congressional review. Although some advocate its abolition in toto, the evidence shows that our air is cleaner today than in 1970 when the law was enacted.

The citizenry demands that their air be healthful, and they deserve it. I am sure that when this body completes its review, the record will reveal that the Congress supports clean air as well.

Mr. President, many reforms are being touted for the act. A midsummer Wall Street Journal editorial presents some thought-provoking options that should be carefully considered. I ask that the article be printed in the Record.

The article follows:

[From the Wall Street Journal, July 14, 1981]

Air Isn't Free

The administration's proposed revisions of the Clean Air Act, which are expected to be sent to Congress this week, aim at reducing cumbersome bureaucracy and cutting costs to business and consumers. While many of the recommendations would make needed improvements in this 11-year-old legislation, the administration may not be going far enough to temper the act with a strong dose of economic realism. In particular, the White House is shying away from its self-avowed tenet of weighing costs against benefits of federal regulations.

President Reagan issued an Executive Order on Feb. 17 that requires agencies to evaluate the potential benefits and costs of their major regulatory proposals. Such analysis can have a healthy effect on the economy by stripping away unnecessary or overly costly regulations, but even the Reagan administration is not unfettered in its ability to introduce regulatory relief, as a recent U.S. Supreme Court decision made absolutely clear.

In a case about workers' exposure to toxic substances, the court ruled that the government cannot use cost-benefit analysis in setting occupational safety and health regulations because no such provisions were set in the original legislation. Rather, it said, the law states that safety and health risks must be reduced to the extent "feasible," i.e., without regard to how large the costs or how small the benefits. The court's decision highlights the danger of using vague legislative language to skirt around hard economic and health decisions.

When Congress passed the Clean Air Act in 1970, it similarly failed to address squarely the inherent economic and health choices. For instance, the act contains no provision explaining what the economy can afford to spend to improve the quality of the air. Instead, it says that national air quality standards must provide an "adequate margin of safety" against "significant adverse health effects." Given such vague language, it is not surprising that the courts have consistently ruled that costs cannot be taken into account in setting air quality standards.

Scientific research of the past 10 years or more has also shown that the health goals of the act are unattainable. The smallest amount of air pollution will always adversely affect small segments of the population, such as those people who suffer from, say, allergies or emphysema. Even if every man-made source of air pollution were closed tomorrow, natural sources of pollution such as decaying forests and swamps would continue to harm the health of some people.

The administration's working group on the Clean Air Act drew up three options to redress the problem of setting air quality standards: to leave the current wording intact; to eliminate the "margin of safety" language and to consider the "degree of significant risk of adverse health effect"; or to allow costs to be considered in providing protection against "unreasonable risk." The administration has apparently decided to abandon the cost-benefit approach and to opt for the middle course.

The Reagan administration may consider it sufficient to replace the current loosely worded air quality goals with a policy of risk assessment—implying that some degree of health risk is considered acceptable—without specifically requiring an analysis of benefits and costs. But that strikes us as unnecessarily conciliatory in political terms toward the environmental lobby and like-minded leaders on Capitol Hill. It is a gesture that is unlikely to win the administration much praise from either side in this year's debate.

Improvement in air quality remains a worthwhile goal. But what is less widely recognized—particularly along the corridors of the Environmental Protection Agency—is that clean air carries heavy costs and it is economically important to ask how clean is clean enough. The Council on Environmental Quality estimates that air pollution control cost the U.S. $25 billion in 1979 and the costs could exceed $40 billion by the mid-1980s. Moreover, expenditures on pollution control equipment also represent lost opportunities to invest in productive ventures which could materially improve our standard of living with inputs of new goods and services.

In revising the Clean Air Act, Congress should seek to facilitate the least costly way of maintaining or improving air quality. For instance, the requirement that new plants install the "best available control technology"—often meaning the most costly—should be scrapped in favor of a flexible and innovative approach. And in promulgating new air quality standards, the government should be required to weigh the benefits against the costs. There is no such thing as free clean air.●

DEATH OF FORMER VENEZUELAN PRESIDENT ROMULO BETANCOURT

● Mr. KENNEDY. Mr. President, it is with great sadness that I learned of the death in New York City on September 28, of former Venezuelan President Romulo Betancourt. He was a friend to my family and to our Nation.

Romulo Betancourt met with President John F. Kennedy and with Senator Robert Kennedy many times. They viewed events in Latin America and in the world from the same perspective, a perspective of men committed to the ideals of democracy and social justice. It was that vision that remains imbedded in the consciousness of the hemisphere. We must never forget nor be allowed to forget that throughout the Americas, men and women still hold those ideals and still give their lives for those ideals.

Romulo Betancourt dedicated himself to construction of a strong and vigorous democracy in his own country. Twice, he served as President and carried the message of democracy throughout Venezuela and to the far corners of this hemisphere. At a time when all too many countries in the region were ruled by dictators and military cliques. Venezuela was a shining contrast of liberty and due process. He made respect for the individual a cornerstone of Venezuelan democracy.

And in 1968, he demonstrated to the world his own personal devotion and commitment to the principles he preached by leading the peaceful transfer of power to the opposition when his own party lost the Presidential election.

Venezuela has lost one of its most distinguished and honored citizens. The world has lost a defender of democracy and human rights. And all of us who prize those ideals have lost a valued friend. But President Betancourt and his example remain to inspire generations to come in the never-ending struggle to preserve and protect basic freedoms and human dignity.●

RECESS UNTIL 9 P.M. TODAY

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate stand in recess until 9 p.m. today.

There being no objection, the Senate, at 6 p.m., recessed until 9 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. GORTON).

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I understand the House of Representatives is about to receive the conference report at this moment.

I expect it will be another hour at the earliest before the Senate will receive a message from the House of Representatives on the conference report on the continuing resolution.

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

The Senate continued with consideration of S. 1196.

Mr. BAKER. Mr. President, I inquire of the distinguished chairman of the Foreign Relations Committee if he is in a position to proceed with other business in connection with the Foreign Assistance Act at this time?

Mr. PERCY. Yes; the pending business is the Proxmire amendment. The yeas and nays have been ordered on that. It would be my suggestion to ask unanimous consent that we proceed with the vote on that but have a 30-minute vote which would allow adequate time to notify Senators. They did know we were coming back, that there may be votes after 8:30 p.m. Then that would give us an extra few minutes to prepare and line Senators up to bring up other amendments. We wish to proceed and complete as much as we can of this bill.

Mr. BAKER. All right.

As I understand it, the vote on the Proxmire amendment has been ordered.

Mr. PERCY. The yeas and nays have been ordered. Is that correct?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. PERCY. That is the pending business.

Mr. BAKER. Mr. President, rather than ask permission to have a 30-minute rollcall, I am going in a moment to suggest the absence of a quorum which will run for about 15 minutes or a little less, and then we will call it off and proceed with the rollcall vote at that time.

I ask our cloakroom on this side to notify Senators that at approximately 9:15 p.m. the vote will begin on the Proxmire amendment and I ask the distinguished acting minority leader if they are inclined to do the same thing?

Mr. DIXON. Yes.

Mr. PERCY. That would be a very satisfactory arrangement.

May I also suggest to all Senators and staff who may be listening to this that they come forward with their amendments. This will be the last time for some time that we will have a chance to bring this bill up because we have the AWACS hearings all next week and if Senators who have amendments are not able to come to the floor, would they or their staff authorize the managers of the bill to call up their amendments? We have disposed of a half dozen of them that way this afternoon. So long as they are noncontroversial, we can accept them and proceed with our business then.

Mr. BAKER. I subscribe to the statement just made by the chairman of the committee and I, too, urge Members to come forward and offer their amendments.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. HELMS. Mr. President, I wish to ask the majority leader if he has reached any accommodation with the minority with respect to the Executive Calendar.

Mr. BAKER. Could the Senator from North Carolina give me just a moment?

Mr. President, I am advised that it may be possible to do that later in the evening. I say to the Senator from North Carolina I am anxious to do that, and I will pursue that request.

Mr. HELMS. I thank the Senator.

Mr. BAKER. Mr. President, I yield to the Senator from Illinois.

EL SALVADOR

Mr. PERCY. Mr. President, as the Senate knows we adopted an amendment dealing with El Salvador last week. This was regretfully an item where I could not come to agreement with the administration, and we simply agreed to disagree.

I am very happy to report that the State Department has done so in an act of comity, and I wish to read into the RECORD what the State Department official position has been after the Senate adopted its resolution on El Salvador.

The State Department indicates through a spokesman:

> We would have preferred the sense-of-Congress language, the Helms-Lugar amendment, but we can live with the new language. After all, both we and Congress are interested in the same objectives for our policy in El Salvador, protection of human rights, implementation of economic reforms, and free elections leading to a peaceful resolution of the conflict. And the disagreement we had was over the best means of reaching these goals.
>
> The language in the Pell amendment is a definite improvement over the language in the bill when it first came to the Senate floor. For example, the influence of factors beyond the control of the Government of El Salvador will be taken into account in making a certification, a recognition of obvious complications in achieving these policies in the face of persistent guerrilla activities which are not motivated by these same goals, also the standards to be certified are in some respects expressed in terms which more closely reflect the situation in that country.

So I think it is a distinct gesture on the part of the administration to reach out, to recognize that this body will not always concur with the administration.

We have a shared responsibility, and they recognize that.

Though I regret that we could not have reached an agreement, I do think with this explanation as to their present position now on reflection does indicate that we are not nearly as far apart as might have appeared at first blush.

I am happy to yield to my distinguished colleague from Massachusetts.

Mr. KENNEDY. Mr. President, earlier today I had the opportunity to be with the members of the families of the four missionaries who were brutally murdered in El Salvador.

I had spoken on that tragic incident just a few hours after it was reported last December, and on the subsequent murder of two American labor representatives in January, and I had met with the members of those families in March of this year.

I also had the opportunity recently, as did others, to meet with the President of El Salvador. President Duarte indicated that he is very desirous of additional technical help and assistance from the United States, including the Federal Bureau of Investigation, in order to resolve some of the most brutal and violent acts against American citizens who were there only to serve the people of El Salvador.

I would like to ask the chairman of the Foreign Relations Committee whether he is satisfied that the request by the El Salvadoran Government for help and assistance from the Federal Bureau of Investigation is moving in a satisfactory way. Could he give assurance to the members of the families, who have lost their dear ones in that brutal murder, that he will insure that requests to the U.S. Government for technical help and assistance, primarily from the FBI in terms of ballistic testing and other support, will actually be achieved.

Mr. PERCY. I thank my distinguished colleague for raising this very, very important issue. It has been on all of our minds. It has been the subject of a telephone conversation I had with the president of the junta—there is no president of the country, but he is the president of the junta—and Jose Napoleon Duarte assured me that as of that time everything possible was being done, and the FBI was extending to him full cooperation.

I have subsequently talked with Judge Webster, the head of the FBI, who assured me also that everything, every service that they were asking for, was being provided.

I have not talked to him about this matter recently. I just left him a few minutes ago at a dinner. I could reach him and get a report before the evening is over as to whether there is anything that can be done to assist this matter further.

As we understand in the Committee on Foreign Relations when we talked to Jose Napoleon Duarte he indicated that they did have evidence. A part of that evidence was a fingerprint which was obtained with the assistance of the FBI.

They are concerned that the evidence, though possibly adequate to bring an indictment, would be somewhat short of a possible conviction in their legal system, and they are anxious to nail this down so that when they prosecute they will succeed if they are indeed guilty and proven so by the evidence.

I feel, from our standpoint, the amendment adopted last week embraces language on the murder of six American citizens. We have kept this as one of the very high priority items with both the administration and the Government of El Salvador and I would be very happy to report back—I could report back within an hour and a half or so, and bring my colleague as much up to date as possible.

But we do express great appreciation for the Senator's interest which he has shown in this matter, which has been a matter of highest priority for the Committee on Foreign Relations.

Mr. KENNEDY. I thank the chairman of the committee, and I appreciate his sincerity and his willingness to respond to these very deep concerns.

When President Duarte was here this past week I talked with him at some length about this particular incident. He had indicated to me that they had made some additional requests of the Federal Bureau of Investigation, and I have confidence that Judge Webster, being the individual that he is, would want to respond in every way possible to these extremely reasonable requests.

I just want to make sure that there are not going to be any impediments placed in the way, for whatever reason, to seeing that that kind of response will be forthcoming.

The members of the families of the four missionaries and two labor representatives—Sisters Maura Clarke, Ita Ford and Dorothy Kazel, Ms. Jean Donovan, and Michael Hammer and Mark Pearlman of AIFLD—deserve the kind of response the Senator has been most willing to indicate he would be prepared to make. He has many responsibilities, and I realize this is an important piece of legislation, but I do think those kinds of assurances here in the U.S. Senate are extremely important—not just to those families but to the thousands and millions of Americans who are concerned about that extraordinary tragedy.

I want to indicate at this time that I will continue to work with the chairman of the Committee on Foreign Relations on this particular matter. I know that anything he can add in the course of the debate which would illuminate this situation, and everything he can possibly do after we consider this legislation, will be very much appreciated by the families themselves and certainly by this Senator.

I thank him for his response, and if he would be willing to see what assurances he can get, I would certainly be grateful for that.

Mr. PERCY. Mr. President, if the Senator would like, I would be very happy, and be joined by Senator PELL, to address a letter to the families indicating you have made this request of us, that we keep them apprised intimately we have seen to it that information with respect to the atrocities and murders is required as a part of the first certification that must be given by the President to the Senate.

It was not one of the four goals or objectives established for El Salvador; it was a separate part that certification would be required for the President. That obviously would be obtained by the Embassy, the FBI, and other agencies. But we will see that that information in the certification is provided both to the distinguished Senator from Massachusetts and, if he would like, directly to the families so that we can keep them up to date, so that they know we are deeply concerned, we share your concern, and will provide to them every bit of information.

Both of us have shared tragedies in our families, and both of us know the anguish we go through when some assailant has caused the death or loss of a family member. In our case it is going on 15 years now, and we still would like to know, if it is possible to find who committed that crime, that certainly they would be prevented from doing it again to anyone else.

Until those cases are solved, they always hang over the minds of the family, the loved ones, concerned ones, and friends. So I can assure the distinguished Senator it will be a matter of personal concern to myself and every other member of the committee.

Mr. KENNEDY. The Senator is a man of many different capacities. I think this kind of expression of humanitarian concern will make a great deal of difference to those families.

Let me just add one point here, and that is there have been over 600 individuals who are members of the security forces who have been actually arrested for the violation of human rights, some for grievous violations, matters of life and death.

There are only six, as I understand it, who have been tried and convicted and are actually being held.

There is a recognition, whether stated or unstated, that those who have been associated with the various military groups can be arrested, can commit violations of human rights with some degree of impunity, and even if they are arrested, it is unlikely they will be bought to trial; and even if brought to trial, it is unlikely they will be convicted; and if convicted, it is unlikely they will serve any time or receive any penalty. That is well understood in El Salvador.

I think the record has been laid out here. I just want to make it extremely clear to those individuals in El Salvador that on this issue as well as I would hope on individuals whose native land is El Salvador, that we are going to watch this record extremely closely over a period of time, and we are not going to stand by and see these extraordinary acts of violence continue without adequate response, and particularly as it relates, I think, to our fellow citizens and, as hopefully, it relates to the human family, the citizens of El Salvador.

So we are talking about more than a technical matter. We recognize the jurisdiction and the judicial system and we respect the sovereignty of another nation. But we watch, and we watch closely and we watch carefully for results. I know that is what the Senator from Illinois is saying this evening, as other colleagues have stated, and I want to personally thank him for those assurances for the members of the families who have lost their dear ones.

Mr. BAKER. Mr. President, I am advised now, for the information of Senators, that the House of Representatives will not convene until 9:45 to proceed with their consideration of the conference report on the continuing appropriations. I am afraid that means a very long night for the Senate since we must wait for the House to act.

But I would encourage Members who have amendments to the Foreign Assistance Act to come to the floor and offer them. The distinguished chairman of the committee indicates that there are some three or four amendments he is aware of that are yet to be offered tonight, and I would urge that Members consider that this, as the chairman pointed out, may be the last opportunity to deal with this measure for some time in view of the requirement otherwise laid on the Committee on Foreign Relations and the requirements of the Senate calendar as well.

UP AMENDMENT NO. 551

Mr. President, it is 9:20, and while I had planned originally to suggest the absence of a quorum to delay the time for the beginning of a vote on the Proxmire amendment until 9:15—and that time has passed—I am also advised that the principals involved are at hand and are available.

I will not now suggest the absence of a quorum. I would suggest, instead, that we are prepared to have a vote on that amendment.

Mr. President, have the yeas and nays been ordered on the Proxmire amendment?

The PRESIDING OFFICER. They have. Is there further debate? If not, the question is on agreeing to amendment No. 551 of the Senator from Wisconsin (Mr. PROXMIRE). The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Nevada (Mr. LAXALT), the Senator from New Hampshire (Mr. RUDMAN), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON: I announce that the Senator from Virginia (Mr. HARRY F. BYRD, Jr.), the Senator from Nevada (Mr. CANNON), the Senator from Louisiana (Mr. LONG), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 300 Leg.]

YEAS—92

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Robert C.
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
East
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Grassley
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Kennedy
Leahy
Levin
Lugar
Mathias
Mattingly
McClure
Melcher
Metzenbaum
Mitchell
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Sarbanes
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Warner
Williams
Zorinsky

NOT VOTING—8

Byrd,
Harry F., Jr.
Cannon
Laxalt
Long
Matsunaga
Moynihan
Rudman
Weicker

So Mr. PROXMIRE's amendment (No. 551) was agreed to.

Mr. BAKER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. Mr. President, I am advised now that the House is in session. They resumed their deliberations about 2 or 3 minutes ago. They are prepared now to go to the consideration of the conference report on the continuing resolution.

I estimate for Members that it will be perhaps an hour at the very latest before we have a message from the House on that subject.

I inquire of the managers of the bill on both sides if they are ready to proceed at this time with other amendments.

Mr. PERCY. The managers of the bill are prepared to proceed. The next amendment will be a Proxmire amendment, followed by a Zorinsky amendment. We will have three or four amendments. We cannot tell whether there will be rollcall votes. We have to be prepared for rollcall votes on them.

We intend to proceed up to the moment we take up the continuing resolution, to acomplish as much as we can on this bill.

AMENDMENT NO. 552

(Purpose: To deobligate certain funds obligated for Syria)

Mr. PROXMIRE. Mr. President, I call up amendment No. 552.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin (Mr. PROXMIRE) proposes an amendment numbered 552.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 23, line 22, strike out the quotation marks and the second period.

On page 23, between lines 22 and 23, insert the following:

"(h) All funds appropriated in prior fiscal years to carry out this chapter which have been obligated for Syria shall be deobligated except for funds committed or earmarked as of April 9, 1981, for (A) signed contracts; (B) issued invitations for bids, requests for proposals or offers, or purchase orders; (C) projects involving the 'Fixed Amount Reimbursement' payment procedure for which designs had been approved by the Agency for International Development; or (D) participant training which had been approved by the Agency for International Development and which is being conducted in the United States or at a university outside Syria which receives assistance under section 214 of this Act. All funds deobligated pursuant to this paragraph shall be deposited in the Treasury as miscellaneous receipts.".

Mr. PROXMIRE. Mr. President, this amendment deobligates $102.2 million in prior year funding for the country of Syria. It would reduce the backlog of U.S. commitments to Syria from $355.7 to $253.5 million. The savings of $102.2 million would come from eliminating all of the unobligated funds in the $355 million pipeline.

I cannot imagine that the American public supports a continuing foreign aid program to the country of Syria during a time of tight budgets at home and strong Syrian opposition to U.S. policies abroad. When we are cutting housing, dairy price supports, transportation, health care and thousands of other programs that benefit individual Americans, it is not only ironic but indefensible that we should continue supplying Syria with tens of millions of U.S. dollars from previous commitments.

Yes, Syria—the foe of the Middle East Peace Agreement; the occupying force in Lebanon; the client state of the Soviet Union; the prime stumbling block to peace in the Middle East; the country who has armed and encouraged the PLO; the government which almost daily castigates the United States and defends the Soviet Union for its invasion of Afghanistan.

Today, as we debate this foreign aid bill, Syria continues its plan of aggression in the Middle East by waging open warfare against Christian forces in Lebanon and by stationing advanced Soviet surface-to-air missiles in that country which pose a distinct threat to Israel's national security.

And what is the response of the United States? Our response is to hand over to this government, which publicly denounces the United States as a criminal, to hand over to this government $355 million in prior year commitments—money from the pockets of millions of American taxpayers to a regime which has vilified this country and every peace effort we have engaged in in the Middle East for a generation.

HUGE U.S. AID BACKLOG

Let us look at the economic facts. From 1976 to 1979, the United States pledged the Government of Syria a total of $429.5 million in loans and grants—mostly loans with extraordinarily favorable repayment terms—so favorable in fact that they really are long-term grants. Then in 1979, the Carter administration requested an additional $60 million for Syria and the Congress said no. A Proxmire amendment passed which reduced the funding to a very low level. And since then no new requests have been forthcoming.

But that is only half of the story. During these 4 years, very little was accomplished with these U.S. funds. A huge backlog appeared—money that was appropriated for Syria but which had not been able to be spent due to simple mismanagement by the Syrian Government and the inability of our AID program to generate the economic activity to carry out these developmental programs. The backlog now stands at $355.7 million.

The Syrian AID program came under investigation from AID's own internal investigators. The auditors found and officially reported "Almost 4 years have elapsed since AID resumed a program in Syria and very little has been accomplished." Further, they found that "recent developments in the Middle East make the political justification for the Syrian AID program questionable." And they concluded that "We believe AID should reassess their programmatic efforts in Syria and determine whether the present program will be continued or if it will be necessary to deobligate funding presently available." Let me repeat that last phrase: "or deobligate funding presently available."

So the first suggestion to deobligate existing funds for Syria came from the very Agency that is responsible for our foreign aid program—AID.

Now, where do we stand today?

CURRENT AID PLANS

The conference report on H.R. 3512, the supplemental and rescissions bill stated:

> The managers on the part of the House and Senate insist that no additional funds for Syria will be disbursed during the remainder of fiscal year 1981 and that the issue of the remaining undisbursed funds in the Syrian pipeline should be resolved in the fiscal year 1982 authorization and appropriation process.

That time is now. The backlog totals $355.7 million from prior year commitments. Of that amount, $243 million is committed by specific contract or bid process except for $10.48 million recently deobligated and returned to the Treasury by AID. This $10.4 million was for the Euphrates Basin irrigation maintenance project.

This means that of the $355.7 million in the pipeline, $102.2 million remains to be specifically obligated. It is unobligated now. No contractors are involved. There is no call on this money. No termination costs would be involved if it were deobligated. My amendment would deobligate and return to the Treasury the full amount of $102.2 million.

What projects would be stopped? The unobligated funds, which are years behind schedule for obligation and expenditure due to mismanagement both by AID and the Syrian Government, would go for some water supply and electrification projects. But the largest amount would go for road construction—roads that have military significance since they would be used, due to their geographic location, for the movement of armed forces into Israel or Jordan.

SYRIAN MISCHIEF IN MIDDLE EAST

And what of the recipient? To what just cause is our money going? These funds are contained in the account called security supporting assistance. The question is—whose security are we supporting? Surely, not Israel's, since their prime enemy is Syria. Certainly, not United States security, since our most vicious opponent in the Middle East is Syria. This money is supporting someone's security, however—the security of Syria and its treaty partner—the Soviet Union.

Let us just remember the role Syria has played in the Middle East before we give up one more dollar in foreign aid to that country.

First, Syria has carried on a coordinated worldwide campaign against the Middle East Peace Treaty. Do you remember when this body rose in sustained applause when Prime Minister Begin and President Sadat were honored in a joint session of Congress? Well, Syria's official policy calls for "destroying this treaty and foiling its results by every means possible."

What was our response? We gave them more money.

Which Arab country, of all others except pro-Soviet South Yemen, did not condemn the Soviet Union for its brutal invasion of Afghanistan? The same country which calls the United States the "evil master of colonialism." The nation that blames the United States for its own domestic political violence. The same nation whose President has said, "The United States is the No. 1 enemy of our people and our Arab nation."

So how did we, the No. 1 enemy, respond? We gave them more money.

The Syrian Government has said there is no room for neutrality concerning the Zionist enemy and its allies, and therefore Arab countries "must reject middle of the road stands on the issue of the alliance with Zionism."

What was our response? We gave them more money.

President Assad has stated, "I am for a Palestinian state on Palestinian soil; namely, between the Mediterranean and Jordan River. I want to stress that particularly." And what does that mean? It means that the Palestinian State would occupy and abolish the State of Israel. What could be more clear?

What was our response? We gave them more money.

Syria was the founder of the Rejectionist Front—the organization behind the Bagdad conference which repudiated the Peace Treaty, castigated Egypt and formed a military alliance against Israel and Egypt.

What was our response? We gave them more money.

And when President Assad went to the so-called nonalined conference in Cuba, he fiercely condemned the Camp David Accords and the United States.

And we continued to provide more money.

Damascus radio has been monitored as saying that Syria "will allow anything which come in for the Palestinian resistance—be it humanitarian or military—especially if it is related to the conflict with Israel." To back up its words with power, Syria has formed its own PLO type organization—a guerrilla group which operates throughout Lebanon and in surrounding Arab States. Its particular goal seems to be open warfare against Christian enclaves in Lebanon.

And what was our response? We gave them more money.

CONTINUING CRISIS IN LEBANON

Let us not forget tragic Lebanon. I wish every Member of this body had read the testimony of American-Lebanese groups about what has happened in Lebanon thanks in great measure to Syria. Surely no one would be voting for Syrian foreign aid if they examined the picture of war torn Lebanon very closely. Syria has 20,000 to 25,000 troops in Lebanon that routinely shell Christian enclaves and that even today are provoking a crisis there by seizing areas in south Lebanon previously left alone and by challenging Israel air superiority with Russian SAM missiles.

To some, this may seem a momentary state of affairs. But to those who have looked at the history of relationships between Syria and Lebanon, a larger picture emerges. Syria does not believe in a free and independent Lebanon. Syria has long espoused a greater Syria including Lebanon under one government.

In 1946 they economically boycotted Lebanon to bring it to its knees. In 1957 Syria encouraged violent demonstrations in Beirut against the government. And since the mid-sixties, Syria has advocated using southern Lebanon as a base of operations against Israel.

And what was our response? We gave them more money.

INTERNAL REPRESSION

It should be needless to say that in addition to these other factors, Syria has been a consistent violator of the rights of its own citizens. That government refuses to allow Jews to emigrate. Jews must carry special ID cards with curfews and internal travel restrictions. Amnesty International has documented numerous cases of torture of political opponents. Over 120,000 Kurds have been displaced and dispersed, denied proper representation, cultural and linquistic freedoms. While this comes as no surprise, our response has been to give them more money.

MIDDLE EAST PEACE MISSION

Some may claim that this is a bad time to be deleting money from Syria while discussions are continuing to defuse the Middle East situation.

I say this is the best time to deappropriate funds to Syria.

As long as it deploys surface-to-air missiles in Lebanon, we should turn off the money spigot to the Syrian Government. As long as Syria keeps fanning the flames in the Middle East, leading that region to the brink of war, the United States should keep its funds at home.

The United States should not be in the business of rewarding a nation that has historically acted as a destabilizing force in the Middle East.

The State Department argues that Syrian foreign aid was established to maintain communications with Syria, to keep our foot in the door, perhaps so we might slow down her drift toward the Soviet Union.

I say we never had our foot in the door in the first place and the money we have sent to Syria has not wedged it open one bit. And the drift toward the U.S.S.R. has become a landslide.

Syria has remained one of the Soviet Union's few allies in the Middle East. Last October, the two countries signed a 20-year friendship treaty. Syria receives most of its arms from the Russians. The SAM missile batteries in Lebanon are Soviet-supplied. There are 3,500 Soviet military advisers stationed in Syria.

Some diplomatic analysts have suspected that Moscow has been pulling strings in this latest missile crisis to restore Soviet influence in the Middle East. Secretary of State Haig has speculated that the Russians are stirring up this trouble in Lebanon to divert attention from Poland.

One frequent argument for providing foreign aid is to maintain influence with a country.

The problem with Syria is, we are providing the foreign aid and the Soviets are maintaining the influence.

The House Foreign Affairs Committee in reporting out this bill has included a provision which will deappropriate to the Treasury all the obligations for Syria that have not been specifically committed or earmarked to contractors. Thus the House action will result in a savings of $102.2 million. Unless amended, the Senate bill will not save a penny.

Every time the Syrians kick Uncle Sam, he coughs up some more greenbacks. This is one Senator who is tired of hearing the Syrian charges, who is tired of being polite to a nation that violently objects to our peace efforts in the Middle East. What kind of nonsense is it that we respond to Syrian aggression with a continuing flow of tax dollars? This is worse than pouring the money into the sea. Our money actually works against our own Nation's foreign policies.

There may be some who enjoy this diplomatic dance but there has been no payoff in the last 10 years. Enough time has gone by to test out the theory that a pat on the back and a dollar in the pocket will make Syria a reasonable and responsible member of the world community. It has not worked. They take our money, insult our Nation, and laugh behind our backs at our foolishness.

It is time to respond.

Mr. STENNIS. Mr. President, may we have order? This is an important matter. It concerns a great deal of money.

The PRESIDING OFFICER. The Senate will be in order.

Mr. PROXMIRE. Mr. President, since the introduction of this amendment, discussions have been held among personnel of the Department of State, AID, the Foreign Relations Committee, and my staff.

A compromise position has been worked out. Recognizing the congressional concerns about the expenditure of prior year funds for Syria, the State Department has agreed in writing to not further commit or spend prior year funds which have not been already committed or earmarked as of April 9, 1981. This agreement extends for the period of fiscal year 1982 and would include the provision of a deferral message covering these prior appropriations.

This language would cover a minimum of $102 million and quite probably more. The deferral, of course, could be turned into a permanent denial of the funds next year, and that is what I hope would happen. These funds should be returned to the Treasury.

But, for now, the agreement states clearly that none of these funds shall be obligated—that is, committed—to any specific project or contractor for use by Syria or actually spent.

Given these precise assurances, which would govern the Department of State and its funding agent, the Agency for International Development, and considering the clear understanding that the parties have about the nonavailability of these funds, I am willing to withdraw my amendment from further consideration, if this can be confirmed by the manager of the bill, the distinguished Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I concur with this amendment and am pleased that the Senator from Wisconsin is withdrawing it.

I should like to enter into the Record at this point a letter from the Department of State, stating the policy of the Department of State, that there will be no new commitments on this Syrian AID program until there is a change in attitude and heart on the part of Syria with respect to a number of subjects. I ask unanimous consent that the letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Department of State,
Washington, D.C., September 30, 1981.

Hon. Rudy Boschwitz,
Chairman, Subcommittee on Near East and South Asian Affairs, Committee on Foreign Relations, U.S. Senate

Dear Mr. Chairman: Since May 1981 it has been the policy of the Department and A.I.D. that undisbursed funds in the Syrian aid program pipeline beyond those committed or earmarked as of April 9, 1981 as defined by the Foreign Assistance authorization bill.

Considering congressional concerns regarding the expenditure of prior year funds for Syria, we confirm our understanding that the Department of State would not expend or commit in FY 1982 any undisbursed funds in the Syrian aid program pipeline beyond those committed or earmarked as of April 9, 1981. We also give our assurance that we will recommend that the President transmit a special message to the Congress pursuant to section 1013 of the Impoundment Control Act of 1974 (31 USC 1403) deferring any such expenditure during the coming fiscal year.

I am providing a copy of this letter to Senators Percy, Proxmire, and Kasten.

Sincerely,

Richard Fairbanks,
Assistant Secretary for Congressional Relations.

Mr. BOSCHWITZ. Mr. President, the letter represents a good compromise in my judgment.

The Senator from Wisconsin is indeed correct, that to continue more funds to Syria at this time, when it is playing a spoiler role in the Middle East, would be inadvisable. It is not quite clear whether Syria is playing a constructive role in Lebanon. As a matter of fact, as Senators may know, the Syrians have never recognized Lebanon. They have never had diplomatic relations with Lebanon. They have always considered Lebanon to be part of Greater Syria. Yet, they are in Lebanon and allegedly playing the role of peacemaker. However, in the eyes of many, they are in the role of occupier.

They continue to take a very hard line rejectionist view of the Middle East process, and they continue on the State Department's list of countries which are aiding and supporting international terrorism.

So I compliment the Senator from Wisconsin on his amendment, and I am pleased that it is withdrawn, in order to give the State Department some leverage, in order to give our Syrian friends the opportunity to do the things that we, in our country at least, believe would heighten the opportunity to be cooperative with them once again.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. BOSCHWITZ. I yield.

Mr. STENNIS. Mr. President, I commend the Senator from Wisconsin for his diligence and his efforts. He has already saved more than $100 million.

I also commend the Senator from Minnesota for his interest in this matter. I hope they will follow up on this matter. It shows what can be done. We are lagging behind on work of this kind.

Mr. PROXMIRE. I thank the Senator from Mississippi.

I also thank the Senator from Minnesota. He and his staff really took the leadership in these negotiations with the State Department and deserve a great deal of credit for the leadership they have taken.

I wonder whether the Senator from Minnesota would be agreeable to joining in a request to the GAO to investigate and to tell us how much more we could save of the $350 million that we have earmarked for Syria, because we may have an opportunity later to increase this saving.

Mr. BOSCHWITZ. Let me first respond to the distinguished Senator from Mississippi.

This is the second year that I have had the privilege of joining with the Senator from Wisconsin in this particular effort. Hopefully the attitude that exists in the Middle East with respect to the Syrians will change so we will not have to do a third year, although we will if necessary.

I intend to concur with Senator PROXMIRE that we should have such a GAO report to see what other moneys may be somewhat more committed into the pipeline, and whether or not some of them can also be laid aside and saved.

Mr. PROXMIRE. I thank the distinguished Senator from Minnesota.

Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. The amendment (No. 552) is withdrawn.

UP AMENDMENT NO. 455

(Purpose: To require that not less than 15 percent of economic support fund assistance which is allocated to finance the purchase of United States commodities be available only for the purpose of financing the purchase of agricultural commodities)

Mr. ZORINSKY. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Nebraska (Mr. ZORINSKY), for himself and Mr. BOSCHWITZ, proposes an unprinted amendment numbered 455.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 21, line 23, insert "(1)" immediately after "(a)".

On page 22, between lines 2 and 3, insert the following:

(2) Section 531 of such Act is amended by adding at the end thereof the following:

"(d) Not less than 15 percent of the funds authorized to be appropriated for each fiscal year, pursuant to this chapter, which are allocated under the Commodity Import Program to finance the purchase of commodities produced in the United States, shall be available only for the purpose of financing the purchase of agricultural commodities produced in the United States.".

Mr. ZORINSKY. Mr. President, this amendment is intended to insure that a fair percentage of our AID-financed exports include agricultural commodities. Of the entire $2.4 billion ESF program, only $398 million is budgeted for the commodity import programs in Egypt and subsaharan Africa. Of this modest amount, my amendment would require that 15 percent of the financed commodities be agricultural goods and products from the United States. For fiscal year 1982, this would amount to $60 million.

The commodity import program was established by the Agency for International Development pursuant to section 635B of the Foreign Assistance Act, which allows the President to make available to friendly governments, loans, advances and grants.

Although AID does not have a precise breakdown of the present mix of agricultural and nonagricultural commodities which are financed through the CIP, it does have a breakdown of the largest program—Egypt.

Since 1975, the United States has provided $1.875 billion through the commodity import program for Egypt, 10 percent of which has been agricultural goods and products. In addition, another 13 percent of that program has financed commodities for human needs projects, including food stuffs, and materials for education and health programs.

I offer this amendment because of my firm conviction that our bilateral aid programs must provide demonstrable benefits not only to the recipients of the aid provided, but also to U.S. citizens such as the American farmers whose tax dollars make the aid program possible.

Especially in this time of budget austerity, we must insure that every penny we authorize to be appropriated will prove a productive investment for the American economy. My amendment is designed to help provide just such assurances to the American taxpayer—that there will be a return on the foreign aid investment.

The CIP is currently a modest program, operating in some 12 countries. However, it is a program which may expand as time goes by. My amendment would place a floor on the portion used for agricultural commodities.

With the current agricultural surplus over $20 billion, it is absolutely imperative that our Government seek additional measures to promote the export of our agricultural commodities. With low price support levels forced on the Congress under threat of a Presidential veto our Nation's farmers are facing economic disaster.

Let me cite USDA's forecast for grain production:

As of September 1, national corn production is forecast at a record high 7.94 billion bushels—19 percent more than 1 year ago—1980. And in my State of Nebraska, the forecast as of September 1, is 7,728 million bushels—28 percent above 1980 and the second largest corn crop of record.

Grain sorghum production nationally as of September 1, is forecast at 864 million bushels—47 percent above 1980. In Nebraska grain sorghum production is expected to reach a record 166 million bushels—36 percent over 1980.

All wheat production nationally as of September 1 is forecast at a record high 2.75 billion bushels—16 percent more than 1980. Nebraska wheat production is expected to be down slightly from last year but that is not significant factor in light of the record national production.

Soybean production nationally is forecast at 2.09 billion bushels—15 percent above last year. In Nebraska, soybean production is forecast at a record 75.6 million bushels—42 percent above 1980 and 38 percent above the previous record year, 1979.

I am indeed proud of the production of our Nation's farmers. While the Federal Reserve Board justifies high interest and tight money to stimulate productivity, farmers are producing a record crop. This efficiency must not be allowed to put our farmers in an economic grave.

If we are not as a nation and as a Congress—willing to provide farmers adequate price protection—a need that we did not face up to in passing the farm bill, then we must help them find a market for their production.

My amendment simply provides that AID funds already allocated be used to increase farm commodity exports to the neediest nations.

Mr. BOSCHWITZ. Mr. President, I ask the distinguished Senator from Nebraska if I may join him as a cosponsor of his amendment.

Mr. ZORINSKY. I most certainly will be honored to have the Senator from Minnesota as a cosponsor of this amendment and so ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, I believe this is a reasonable amendment and so state on behalf of the chairman of the committee.

Economic support funds have been made available to help politically important countries with flexible economic assistance.

Certainly, a key problem in most recipient countries is the inability to produce adequate food for their people. This in turn presents short-term financial problems related to paying for imports of food and other agricultural commodities.

The amendment assures that a reasonable share of assistance provided through economic support funds will address the food problem with high quality American goods.

Mr. President, we are prepared to accept this amendment.

Mr. ZORINSKY. Mr. President, could we have a voice vote on the amendment?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nebraska.

The amendment (UP No. 455) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BOSCHWITZ. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The **PRESIDING OFFICER** (Mr. SPECTER.) The Senator from New Hampshire is recognized.

UP AMENDMENT NO. 456

(Purpose: To express the sense of the Congress with respect to the use of, or the provision for use of, toxins or biological or chemical agents against the peoples of Laos, Cambodia, Afghanistan, and the Soviet Union)

Mr. HUMPHREY. Mr. President, I send to the desk an unprinted amendment and ask for its immediate consideration.

The **PRESIDING OFFICER.** The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Hampshire (Mr. HUMPHREY), for himself, Mr. SYMMS, Mr. ARMSTRONG, Mr. SCHMITT, Mr. EAST, Mr. COHEN, Mr. DURENBERGER, Mr. PROXMIRE, Mr. BOSCHWITZ, and Mr. ROTH, proposes an unprinted amendment numbered 456.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 84, between lines 2 and 3, insert the following:

USE OF TOXINS OR BIOLOGICAL OR CHEMICAL AGENTS

SEC. 716. (a) The Congress hereby condemns the use of, or the provision for use of, toxins or biological or chemical agents against the peoples of Laos, Kampuchea (Cambodia), Afghanistan, and the Soviet Union.

(b) It is the sense of the Congress that the President should, acting through the Permanent Representative of the United States to the United Nations or other appropriate diplomatic agents, seek definite measures to bring to an end actions by any party or government in using, or providing for use, toxins or biological or chemical agents against the peoples of Laos, Kampuchea (Cambodia), Afghanistan, and the Soviet Union, in violation of the spirit or the provisions of—

(1) the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons, done at Washington, London, and Moscow on April 10, 1972;

(2) the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare, signed at Geneva on June 17, 1925; or

(3) customary international law.

(c) It is further the sense of the Congress that the President should vigorously seek a satisfactory explanation from the Government of the Soviet Union regarding the strong circumstantial and presumptive evidence of the use of, or the provision for use of, toxins or biological or chemical agents by the Government of the Soviet Union against the peoples of Laos, Cambodia (Kampuchea), Afghanistan, and the Soviet Union.

On page 84, line 4, strike out "Sec. 716." and insert in lieu thereof "Sec. 717.".

Mr. HUMPHREY. Mr. President. I ask unanimous consent that the following Senators be added as cosponsors of the amendment: Mr. SYMMS, Mr. ARMSTRONG, Mr. SCHMITT, Mr. EAST, Mr. COHEN, Mr. DURENBERGER, Mr. PROXMIRE, Mr. BOSCHWITZ, and Mr. ROTH.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President. On September 13, Secretary of State Alexander M. Haig, Jr., announced in Berlin that the United States now has physical evidence of the use of toxic substances in Southeast Asia. This substantiated reports of chemical weapons use that have emanated from Laos and Cambodia since the mid-1970's. Thousands of people, primarily the Hmong of Laos, have suffered terrible deaths and many more have endured unbelievable pain and anguish after exposure to these toxins. It is believed that similar agents have been used against the people of Afghanistan and indeed may have been employed during the Yemeni Civil War in 1966–67.

The resolution I have introduced condemns the use and supply of biological and chemical agents, and toxins, and it calls upon the President to promptly seek steps, in accordance with the terms of the Geneva Protocol and the Biological Weapons Convention to end this unlawful and inhuman activity. The resolution also urges the President to seek an explanation from the Soviet Union as to its role in the administration of these agents. All indications are that the Soviet Union is responsible for both the production, and the dispersal, of these heinous poisons.

It is imperative that the administration follow through with the initiative begun in Berlin. For too long, much of the world has stood by impassively as horror stories regarding the application of chemical agents appeared with increasing frequency. He must press the issue lest those powers using these weapons perceive our inaction as indifference, or worse, as tacit approval of their work.

Two recent editorials, one from the September 21, 1981, the Wall Street Journal entitled "Yellow Rain and Arms Control," and another from the September 15, 1981, the Washington Post entitled "Yellow Rain" stressed the importance of pursuing the claims raised by Secretary Haig.

Mr. President, I ask unanimous consent to have printed in the RECORD the full texts of the two editorials.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Sept. 21, 1981]

YELLOW RAIN AND ARMS CONTROL

For some time we have been hearing from disarmament enthusiasts that if only the West would slow down its side of the arms race, the Soviets might be induced to do likewise. Each new weapon we deploy simply invites an equivalent response from the other side, it's argued. The sensible course is to make a gesture of good faith and enter into negotiations.

We got to thinking about this line of reasoning, so popular in Europe today and to some extent even in this country, because of this week's meeting at the United Nations between Secretary of State Haig and Soviet Foreign Minister Gromyko. The two are scheduled to fix a time and place for the start of negotiations on theater nuclear weapons in Europe. We agreed with our allies to seek such talks as the price for installing more effective medium-range nuclear weapons in Europe to counteract the big Soviet SS20s being deployed in large numbers in Warsaw Pact countries.

We also got to thinking about it because of the disclosure by Mr. Haig last week in West Berlin of evidence that Soviet-supplied toxins are being used to annihilate insurgents and tribespeople in Southeast Asia and possibly Afghanistan. It seems to us that this development has some rather stark and ugly implications for those who think arms control is something to be worked out among nice guys if only our guys try a little harder.

For years there have been reports of some form of chemical warfare in Laos, Cambodia and Afghanistan. Refugees from these areas often referred to a "yellow rain" sprayed from helicopters and airplanes that would cause a rapid and agonizing death from blistering, vomiting, violent convulsions and massive hemorrhaging. Asian Wall Street Journal correspondent Barry Wain was one of the first to take these reports seriously; in a forthcoming book about Indochina's refugees, "The Refused," he concludes that the Communists have tried to exterminate rebellious hill people in Laos with some sort of chemical agent. (Also see Mr. Wain's dispatch on this page today.)

And author Sterling Seagrave, who started out to write about American abuses of chemical and biological warfare, winds up concluding in his new book, "Yellow Rain," that the Soviets have been using chemical warfare on a massive scale. He estimates casualties in the tens of thousands in Yemen, Laos, Cambodia and Afghanistan and theorizes that the Soviets have used these conflicts to "experiment" with their vast arsenals of deadly chemical and bacteriological weapons.

But it remained until last week's disclosure to give official credence to such reports. Until then it had been easy to shrug off the horrifying rumors simply because they were so horrifying. The symptoms described by eyewitnesses to reporters and medical teams didn't seem to fit the effects of the usual chemical or biological weapons.

Laboratory analysis of a foliage sample, however, showed the presence of massive doses of mycotoxins, fungal poisons whose effects exactly fit the refugee reports. Mycotoxins don't occur naturally in Southeast Asia. What's more, Soviet scientists are known to have had a long and deep interest in mycotoxins, which sometimes infected badly handled wheat stocks and caused several large outbreaks of poisoning in the Soviet Union in the 1930s and early 1940s. Mr. Seagrave's book discusses the matter in fascinating and convincing detail.

The single leaf-and-stem foliage sample produced by the State Department seemed scanty evidence on which to rest a charge of major war crimes. But intelligence sources say that more proof is on the way in the form of other samples, pathology reports and satellite photo evidence of Soviet CBW units in action. Doubtless there will be an effort, as with the El Salvador White Paper, to discredit the charges. Just as minor inaccuracies couldn't hide the basic truth of the subversion effort in El Salvador, however, we shouldn't allow bureaucratic haste and intelligence agency discretion to obscure the forest for the trees in this matter. The accumulated evidence is just too strong to any longer blink what's going on.

That given, we need to start thinking hard about the implications. One would be whether the U.S. needs to reconsider its unilateral ban on development of chemical and biological weapons of its own. Even more important, however, we should think anew about the nature of the enemy we confront. The widespread notion that the Soviets only arm themselves because we arm ourselves stands exposed for what it is: naiveté at best.

It was after we were committed to dismantling our CBW stockpiles that the Soviets unrepentantly stepped up their own efforts. And this, too, we must remember: The Soviets and their allies are killing people with this stuff.

So it's disappointing to us that the administration isn't now following up on its own strong lead. We trust it's only because Washington is waiting to make an even stronger case. In the meantime, the U.S. should insist that the United Nations conduct on-site investigations under the Geneva Protocol and a 1972 convention on chemical and bacteriological warfare to which the Soviets are a signatory. Mr. Haig should put Mr. Gromyko on notice that Soviet violations of its treaty commitments on chemical warfare bode ill for meaningful negotiations on nuclear arms. And no opportunity should be lost to make the point to our friends that, once again, Western good faith has been returned by Soviet duplicity and barbarous behavior.

[From the Washington Post, Sept. 15, 1981]

"YELLOW RAIN"

It was an odd spectacle in Berlin on Sunday. There were tens of thousands of demonstrators, organized by the youth wings of the parties in West Germany's ruling coalition, throwing rocks and wielding axes and painting the Reagan administration as the enemy of peace for its nuclear policies. And there was also Secretary of State Haig, pleading that the United States not be held to a "super-critical standard" while the Soviet Union and its clients are given virtually a free pass in Afghanistan and Kampuchea. Mr. Haig was making a telling point. Or rather, the crowd was making it for him. Certainly the demonstration puts a burden on the leaders of Germany's "silent majority" to make clear to Americans that tactical disagreements are not sapping the fundamental Atlantic tie.

That was not all there was to brood on in Berlin. Getting specific, Secretary Haig observed that even as the United States is accused of delay on nuclear arms control, "others"—clearly he meant Moscow and its friends—seem to be violating the agreement signed in 1972 to ban biological weapons, including so-called toxins, which are poisonous chemicals produced by biological organisms. He referred to new findings, disclosed in greater detail at the State Department yesterday, suggesting that the deadly "yellow rain" visited on those struggling against communist invaders in Laos, Kampuchea and Afghanistan in recent years was an act of biological warfare. The findings center on high levels of potent mycotoxins, which are produced neither by indigenous organisms nor by any known facilities in those countries.

The track record of this and recent administrations makes it inevitable that these allegations will be treated skeptically in many quarters. This is especially so since the administration characterizes its own evidence ambiguously as "significant" but "preliminary." It is sending its material to various governments and to the experts who had already been assigned to investigate charges of chemical warfare at the United Nations.

This is fine as far as it goes. Chemical warfare is bad enough, but it would be unspeakable if the Soviet Union were actually conducting and sponsoring biological warfare. That would be violating an international commitment and setting a loathsome precedent. But why stop with passing on the evidence to those U.N. experts? They were set at work at a time when it was thought that the offense was chemical warfare. Now it is thought to be biological, and the biological warfare "convention" allows complaints to be taken to the more politically resonant Security Council. A common rap on arms control agreements is that they are not sufficiently enforceable. So why pass by the enforcement procedure of the biological warfare convention? Let American evidence—and Soviet conduct—be examined by experts and displayed in a political forum as well.

Mr. HUMPHREY. Mr. President, it has long been suspected that the Soviet Union and its allies had made provisions for the use of, and had administered, chemical weaponry. As early as 1966, a U.S. military attaché in Saudi Arabia, Lt. Col. James Barrett, was dispatched to Yemen to collect blood and tissue samples from victims of gassing during the civil war there. In 1967, there appear to have been numerous attacks against Saudi-backed royalist followers of the ousted Imam of Yemen, Mohammed Al-Badr. Mounting evidence that the United Arab Republic, utilizing Soviet-built Ilyushin-28 jet bombers, was employing poison gas led the International Committee of the Red Cross (ICRC) to charge in a report dated May 21, 1967, that people had, indeed, been killed in UAR chemical attacks. The close relationship between the UAR and the Soviet Union, underscored by the aircraft used to deliver the weapons, hinted as to the source of the chemical agents.

Since the mid-1970's, innumerable reports in the press and comprehensive documents such as "Reports of the Use of Chemical Weapons in Afghanistan, Laos, and Kampuchea," prepared by the U.S. Department of State in July 1980, have outlined incidents that strongly suggested the use of chemical weapons in Asia. In Laos, thousands of people are believed to have died in genocidal attacks that featured chemical agents. In Kampuchea, forces fighting the Vietnamese occupation are believed to have been exposed to similar poisons. Finally, Afghans fighting the Soviet invaders of their country have claimed that chemical weapons have been used against their people.

In 1979, the Pentagon sent a team of doctors, headed by Col. Charles Lewis, chief of dermatology at the Brook Army Medical Center in San Antonio, Tex., to Southeast Asia. Their mission was to determine what, if any, chemical agents could produce the terrible symptoms of exposure—convulsions, blistering, and hemorrhaging—attributed to the weapons by victims of the assaults. A long investigation has now concluded that the agents are mycotoxins, especially virulent poisons produced by the fusaria fungus. The toxins, from the tricothecene group, were identified as T2, nivalenol, and deoxynivalenol. These odious agents inflict a most painful death and survivors endure prolonged suffering.

We can no longer ignore the issue before us. Certain nations, specifically the Soviet Union, Laos, and Vietnam, are flaunting customary international law in their use of chemical weapons. This hideous aggression must be stopped immediately. Less than a year and one-half ago, this body unanimously passed a resolution offered by the Senator from Wisconsin (Mr. PROXMIRE) pertaining to Soviet compliance with the Biological Weapons Convention in light of the outbreak of anthrax in the city of Sverdlovsk. Many of us were shocked at what appeared to be clear evidence of Soviet action in contravention of the Biological Weapons Convention. It seems equally clear to this Senator that the Soviet Union continues to act in disregard of both the Biological Weapons Convention and the Geneva Protocol, and that many lives have been lost as a result.

A U.N. inquiry, begun at the end of last year, has made little headway in its effort to investigate charges of chemical weapon use. Should the United States fail to sustain the drive to expose the use of chemical weaponry then certainly the use of these agents will continue. If we do not attempt to verify and enforce compliance with the terms of the agreements controlling biological and chemical agents and toxins, then why should the American people or, for that matter, anyone in the free world, place any faith in more comprehensive arms control negotiations? We have an obligation to ourselves, to those that have suffered, and to those suffering today, to do everything within our power to halt the illegal and cruel use of chemical weapons.

Mr. President, I intend to ask for a rollcall vote on this amendment. However, in order to call in Senators who may be some distance from the floor, unless others have business to transact—and I do not suppose they can since this is pending without unanimous consent—I am going to put in a quorum call at this time. I suggest the absence of a quorum—I withhold that for a moment. I yield to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, if there is no objection from the Senator from New Hampshire, I do have an amendment I would like to propose. Does the Senator have any idea how long he would anticipate holding up his amendment during the quorum call?

Mr. HUMPHREY. Just a few minutes before I ask for the yeas and nays.

Mr. ZORINSKY. May I ask, Mr. President, the Senator from New Hampshire if he would consider laying aside his amendment and allowing me to proceed with mine or would he rather not do that?

Mr. HUMPHREY. I would be perfectly willing to do that, I would be perfectly agreeable to that.

Mr. ZORINSKY. I will be asking for the yeas and nays on my amendment, but I did not want to preclude the time involved in the Senator's amendment unless he was willing to do that.

Mr. HUMPHREY. I would welcome a unanimous-consent agreement or the Senator may make it if he wishes and perhaps we can put the votes back to back, subject to the desires of the chairman of the Committee on Foreign Relations.

Mr. ZORINSKY. Mr. President, I ask unanimous consent to temporarily lay aside the amendment of the Senator from New Hampshire.

The PRESIDING OFFICER. Is there

objection? The Chair hears none, and it is so ordered.

UP AMENDMENT NO. 457

(Subsequently numbered amendment No. 571.)

Mr. ZORINSKY. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Nebraska (Mr. ZORINSKY) proposes an unprinted amendment numbered 457.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 84, between lines 2 and 3, insert the following new section 716 and renumber the subsequent section accordingly:
>
> SEC. 716. Notwithstanding any other provision of law, of the funds authorized to be appropriated to carry out this Act for the fiscal year 1982, $10,000,000 under part I and $20,000,000 under chapter 4 of part II of this Act shall be available only for Nicaragua under the following conditions—
>
> (a) all of the funds made available to Nicaragua shall be furnished solely for assistance to the private sector in Nicaragua;
>
> (b) the provisions of subsection (a) shall not apply when the President determines, and reports to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate, that Nicaragua has made substantial progress toward free and fair elections;
>
> (c) for each 3-month period in which any funds are expended under this Act for Nicaragua, the President shall submit to the Speaker of the House of Representatives and the Chairman of the Committee on Foreign Relations of the Senate a report accounting fully and in itemized detail for the amounts obligated and actually expended in Nicaragua.

Mr. ZORINSKY. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There apparently is a sufficient second.

The yeas and nays were ordered.

UP AMENDMENT 458

(Subsequently numbered amendment No. 572.)

Mr. ZORINSKY. Mr. President, I send a perfecting amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Nebraska (Mr. ZORINSKY) proposes an unprinted amendment numbered 458.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On the amendment proposed by Mr. Zorinsky, strike out the figure "$10,000,000" and insert in lieu thereof the figure "$13,275,000."

Mr. ZORINSKY. I ask for the yeas and nays on the perfecting amendment.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. ZORINSKY. I thank the Chair.

Mr. President, in July, I expressed my deep-felt concerns over the state of the political situation in Nicaragua. I was reacting to what I saw was increasing Government pressure on the press and and on the church, as well as to a belief that the Government was not moving with very much resolve toward direct, democratic elections.

I said at that time that—

> When the Nicaraguan leadership rededicates itself to the principles of economic and political pluralism, when there is a renewed dedication to free and direct elections, when the church can function without hindrance, when the press can publish in an atmosphere free of intimidation, I once again will proudly stand in these halls to support assistance to the Government of Nicaragua.

Today, on the occasion of the debate on the foreign aid bill, in the interest of helping to keep alive Nicaragua's hope for economic and political pluralism, I want to introduce this amendment. It calls for earmarking the assistance that is provided Nicaragua for the use of the private sector. This amendment covers development assistance and economic support funds only. Public Law 480 programs are not affected by this measure.

As provided in my amendment, when the President can certify that the Nicaraguan Government has made substantial progress toward free, direct, and fair elections, then economic assistance can be directed toward the Government itself.

The amendment also requires an accounting for the expenditure of the funds in Nicaragua. I have not been able to determine precisely how our money has been used in the past. This would require a quarterly report itemizing the amounts obligated and actually expended in Nicaragua, so that the Congress can review completely, and on a regular basis, the use of U.S. tax dollars in Nicaragua.

Mr. President, earlier in the consideration of this foreign aid bill, we have set a precedent by the earmarking of funds for Costa Rica. This amendment does nothing more and nothing less than what this body has already sanctioned in other areas of concern with respect to Latin America. I hope that my colleagues will join me in this amendment because we must continue to support the Nicaraguan private sector in its efforts to maintain a mixed economy and political pluralism. I urge my colleagues to support this hope for democracy in Nicaragua.

Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that it be in order that the yeas and nays be requested on the unprinted Humphrey amendment at this time.

The PRESIDING OFFICER. Is there objection? Without objection, it is in order to order the yeas and nays at this time.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? Apparently there is a sufficient second.

The yeas and nays were ordered.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that we lay my amendment aside and go to the amendment of the Senator from New Hampshire, with the understanding that my amendment will then be the pending business after his amendment.

The PRESIDING OFFICER. Without objection, the two amendments of the Senator from Nebraska will be set aside.

Mr. PERCY. Mr. President, reserving the right to object, I would say to my distinguished colleague, a member of the Foreign Relations Committee, who I know will want to cooperate with the managers of the bill in moving things ahead, that it is possible that we could have by the end of this rollcall a sufficient analysis of the Zorinsky amendment with respect to Nicaragua to be able to debate it and to proceed. But, not having seen the amendment until just a few moments ago, having no idea such an amendment was coming up, we have not had an opportunity to do proper staff work. We have not been able to give the administration an opportunity to comment on it so that they can tell us what the implications are and what the language means; $10 million can solely be given to the private sector. In what way? How? What implications does that have? We need that analysis.

I would hope that we would not delay the work that can be accomplished tonight and move ahead with as much dispatch as we can in other areas, absolutely assuring and guaranteeing the Senator, a member of our committee, that we would not proceed to finish this bill until adequate time had been taken on the floor to have, if necessary, an up-or-down vote on the Zorinsky amendment with respect to Nicaragua.

I have no objection to it being the pending business, but if the managers of the bill see an opportunity to take up another amendment and dispose of it, and still have not been able to get a sufficient analysis to be able to intelligently approach this amendment, I would hope the Senator would continue the practice of permitting us to go ahead with other business, reserving his right to have his amendment the pending business after that agreement has been reached.

Mr. ZORINSKY. Would the chairman of the Foreign Relations Committee, my esteemed colleague, for whom I have a great deal of respect, offer me the opportunity to lay aside my amendment as the pending business, in the event that additional business can be considered in advance of it, but with the assurance that eventually this evening, I will have an up-or-down vote on my amendment?

Mr. PERCY. The chairman of the committee cannot guarantee that we would have a vote tonight. Once this measure is set aside for the continuing resolution, we do not know whether the night will have been exhausted, the New Year's Eve celebration on the new fiscal year will be over, and we are still on the continuing resolution. But the chairman and the ranking minority Member can absolutely guarantee that the Senator's amendment can be the pending business, that we will continue to come back to the Senator and ask him to set it aside, explaining what we have to accomplish and why we have not yet been able to deal with the Zorinsky amendment.

As soon as we have completed our analysis as to what the implications are, then we will certainly want to take up the Zorinsky amendment. There is no reason to delay.

Mr. ZORINSKY. There is no time agreement on the bill itself, and inasmuch as I have been in this Chamber many evenings to very late hours, I am willing to set aside my amendment until such time as the Senator runs out of the amendments that are offered to the bill. But today, tonight, or tomorrow I would like to be assured of a vote on my amendment. I am willing to stay here as long as it takes for the chairman to run out of less controversial items or other business so that my amendment once again can become the pending business. At the end of that period of time, even if it is 2 or 3 in the morning, I would like to have a vote on my amendment.

Mr. PERCY. We do not know how long the continuing resolution will take. That is beyond our control. We know that both of us are required here. Hopefully we will be through the continuing resolution so we can start our closed session with Secretary Haig at 9 a.m. in the morning. If it is possible to get through the Zorinsky amendment and if the leadership wishes to stay in session to do so, I, for one, would be willing to do so. All I can really guarantee the distiguished Senator is that this bill will not be completed until there has been adequate time to fully debate the Zorinsky amendment and have an up-or-down vote on the Zorinsky amendment.

Mr. ZORINSKY. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the amendment in the second degree offered by the Senator from Nebraska to the original amendment.

If the Senator agrees to set aside his amendment——

Mr. ZORINSKY. Mr. President, I would have to withdraw my unanimous-consent request if I am not afforded the opportunity for a vote on my amendment this evening, after we dispose of all the business pertaining to this bill. I will object.

The PRESIDING OFFICER. Objection is heard.

Mr. PERCY. Let me make this suggestion. It is that we proceed with the Humphrey amendment vote; that we then take up, immediately after that, the Zorinsky amendment. Staff feels that within 15 minutes we can have sufficient information from the Department to analyze and discuss it then. Only if we appear to not be getting down to the heart of the matter enough to actually vote, I would then ask, if we have any other business, if the Senator from Nebraska would set aside his amendment temporarily, without losing his right, and have it then become the pending business. I think we should proceed to the vote and bring the Zorinsky amendment up as the pending business immediately after that vote.

Mr. ZORINSKY. Is it my understanding that the chairman of the committee would then have to get unanimous consent once again to lay my amendment aside?

Mr. PERCY. That is correct. That is my understanding of the parliamentary procedure.

A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. PERCY. Is it not true that if we go ahead with the vote on the Humphrey amendment the pending business would be the Zorinsky business and unanimous consent would have to be asked and obtained in order to set aside the Zorinsky amendment and take up any resolution.

Mr. ZORINSKY. When the continuing resolution becomes the pending business, my amendment would become the pending business immediately after that.

Mr. PERCY. If the amendments are set aside and the Senate turns to the Humphrey amendment, then at that point, the Zorinsky amendment, upon the disposal of the Humphrey amendment, would be the pending business before the Senate automatically.

Mr. ZORINSKY. It would require unanimous consent to lay my amendment aside at that time?

The PRESIDING OFFICER. For consideration of other nonprivileged business.

Mr. ZORINSKY. I will agree to that.

Mr. PERCY. I suggest we vote on the Humphrey amendment.

The PRESIDING OFFICER. Is there then a request to set aside the Zorinsky amendment? As yet there has been no such request.

Mr. PERCY. I ask unanimous consent that the Zorinsky amendment be set aside so that we may vote on the Humphrey amendment, after which the Zorinsky amendment will be the pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. I am ready to vote.

UP AMENDMENT NO. 456

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire. If there is no further debate, the yeas and nays having been ordered, the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from North Carolina (Mr. EAST), the Senator from New Hampshire (Mr. RUDMAN), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Louisiana (Mr. LONG), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 301 Leg.]

YEAS—92

Abdnor
Andrews
Armstrong
Baker
Baucus
Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Robert C.
Chafee
Chiles
Cochran
Cohen
Cranston
D'Amato
Danforth
DeConcini
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Eagleton
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Grassley
Hart
Hatch
Hatfield
Hawkins
Hayakawa
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Kennedy
Laxalt
Leahy
Levin
Lugar
Mathias
Mattingly
McClure
Melcher
Metzenbaum
Mitchell
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Randolph
Riegle
Roth
Sarbanes
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Warner
Williams
Zorinsky

NOT VOTING—8

Byrd,
Harry F., Jr.
Cannon
East
Long
Matsunaga
Moynihan
Rudman
Weicker

So Mr. HUMPHREY's amendment (UP No. 456) was agreed to.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HAYAKAWA. Mr. President, I support S. 1196, to extend the operating authority of the Overseas Private Investment Corp.

Recently, during one of my periodic discussions with California business leaders, I had the opportunity to discuss OPIC and what the OPIC programs mean to American businessmen. I can report to my colleagues that these businessmen—representing both large and small businesses—told me quite frankly that OPIC was a very important and valuable organization in helping them take advantage of new business opportunities in the developing nations of the world.

In fact, many of these executives stated that their companies simply would not be able to do business in many of the developing countries without the assistance and encouragement they receive from the OPIC programs.

What I heard from both large and small businesses alike was a strong endorsement for an obviously respected organization.

Mr. President, small business and cooperatives need all the practical support we can give them. Without it, they will continue to be insignificant participants in international trade and investment. They will have to forego important growth opportunities which international business offers.

Four years ago, when we last considered the OPIC legislation, we assigned to the Corporation a special task: To provide extraordinary services to U.S. small business and cooperatives. The Congress instructed OPIC to give preferential consideration—highest priority—to projects involving U.S. small business and cooperatives, which they have done. Congress set a goal for OPIC: To raise the number of projects involving small business and cooperative investors to 30 percent of the total number of projects supported.

OPIC responded promptly and effectively to our directive and increased the percentage of its activity involving small business to meet our 30 percent target. As part of this effort, OPIC management launched a systematic communications program to tell small business executives how to get involved in international business and how to get the most mileage out of the OPIC programs. OPIC sponsored or cosponsored daylong conferences in some 60 American cities across the country attended by over 12,000 people.

OPIC has made it possible for small businesses to obtain OPIC political risk insurance through their own local insurance broker.

From 1977–80, OPIC's small financing department committed 27 loans to small business projects while assisting 18 smaller investors to conduct feasibility studies for new projects.

In addition, 50 special loans, grants or loan-grant combinations were made to help develop or implement small business projects.

This latter effort involved an OPIC contribution of about $3 million. OPIC also funded the expansion of two U.S. private voluntary organizations which relend funds to very small entrepreneurs in Central and South America, Indonesia and Kenya.

These are not huge numbers, Mr. Chairman, but to those who are starting out in a developing country, trying to establish productive enterprises on a sound financial basis, OPIC is important. Where else could they obtain the long-term commercial loans, political risk insurance, and guidance they require?

These numbers are an important index of achievement, but perhaps the recent testimony of small business executives before the Senate Foreign Relations Committee summarizes best the importance of OPIC. One small businessman said:

> We have the knowledge, the flexibility, but we need help. Regardless of what private financial institutions may say, the fact is that sources of finance for small companies willing to invest overseas are almost nonexistent.

He went on:

> OPIC's financing program is the only one I know capable of meeting the needs of a small U.S. company that wants to protect or expand it overseas market by investing in a foreign country. To my knowledge, OPIC is also the only U.S. Government agency realizing both a developmental and trade support function without costing a penny to the American taxpayer.

An executive of another smaller company said the same thing—

> In truth, we never would have ventured overseas without the protection of the Overseas Private Investment Corporation. Our small company is now an important factor in improving diets in five developing countries. I feel that this is one of the finest government programs for real assistance to the developing world. It is practical; it is altruistic; it benefits others while benefiting the United States . . . . a great organization doing a valuable job.

Government programs do not often generate such high praise. I urge all the Members to get behind OPIC and support it with a favorable vote.

CONTINUING APPROPRIATIONS, 1982—CONFERENCE REPORT

Mr. BAKER. Mr. President, as I announced earlier, it is the intention of the leadership to proceed to the consideration of the conference report on the continuing resolution as soon as it is available. It is now available.

I ask unanimous consent that the foreign assistance bill be returned to the calendar and that the Chair lay before the Senate the message from the House of Representatives.

The PRESIDING OFFICER (Mr. STEVENS). The report will be stated.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (joint resolution H.J. Res. 325) making continuing appropriations for the fiscal year 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of today.)

Mr. BAKER. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats.

Mr. BAKER. Mr. President, if I may have the attention of the Senate for a moment, it is now 2 minutes after 11 o'clock.

The next order of business will be debate on the conference report itself.

I expect there will be a vote on the conference report. I am prepared to address that question on a voice vote. If there is a demand for a rollcall vote, of course, we will have it.

There are items in disagreement that have been amended by the House of Representatives which will have to be dealt with after the conference report is dealt with.

I urge all Members to consider that we need to do this before 12 o'clock tonight. We have less than an hour.

So I urge Members to forebear lengthy debate on this issue and to forebear asking for rollcall votes unless that is absolutely necessary.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. EXON. Mr. President, I wish to inquire, if I could, from the managers of the bill what changes were made in the conference committee, what specifically, I ask, was the disposition of what I understood was a movement on the House side to provide for a 4.8 percent salary increase for Members of Congress if not retroactive some time in the future. I wish an explanation of that feature of the conference report.

Mr. HATFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. The conference report on the continuing resolution is the pending business.

The Senator from Nebraska has the floor and has addressed a question to the manager of the bill.

Mr. HATFIELD. Mr. President, I wonder if the Senator from Nebraska will permit me to make a brief opening statement that may answer some questions and then get into this in an orderly way?

Mr. EXON. I am happy to yield under that condition to my friend from Oregon.

That is a key question in the mind of at least this Senator, and I hope he will explain it.

Mr. HATFIELD. Mr. President, the committee of conference on House Joint Resolution 325, the continuing resolution for fiscal year 1982, met Monday afternoon and again today to resolve the differences between the two Houses. The conference report reflects agreement on 41 of the 47 Senate amendments, the remaining 6 being reported in technical disagreement as required by the rules of the other body.

The rate of expenditure provided for the HUD-Independent Agencies Appropriation Act (H.R. 4034) is that provided for in the conference agreement on that bill, until November 20.

The rate provided for the Treasury, Postal Service, and General Appropriation Act (H.R. 4121) is at the lower of the rate provided in the House- or Senate-passed bill, the Senate having deemed its reported bill as having been passed by the Senate.

Funding for projects and activities in the Defense and Foreign Operations bills is at the current rate or the budget estimate, whichever is lower.

Projects and activities in the legislative appropriation bill including Senate items are provided for the full fiscal year.

The rate of expenditure for the remaining nine bills is the lower of the House passed or the current rate, the House having deemed passed its Labor-HHS bill as reported.

The expiration date for the resolution is November 20, 1981, the date set by the Senate.

The House accepted a number of Senate amendments added to accommodate special circumstances, including the NOAA airplane purchase, CSA closeout costs, impact aid, and the limitation on Senate staff and office buildings.

I should observe that the House did not agree to the Senate amendment relative to pay adjustments for civil service employees at executive levels III, IV, and V. The Senate amendments on honoraria and living expenses were taken back to the House in disagreement, and agreed to on separate votes, as were the other four amendments in disagreement. So now if we adopt the conference report and concur in the further House amendments to the Senate amendments, we can complete action on this measure. Given the hour, I hope we can do so quickly.

Mr. President, let me explain the parliamentary situation we have at this particular time.

The House of Representatives has acted on the conference report, and the first motion that would be made would be to adopt the conference report and then there are three amendments that the House of Representatives modified. Three Senate amendments will have to be handled separately.

Those three amendments deal with the question of bridging the gap for the program relating to the elderly people.

The second one relates to the question of the moneys that were added to the appropriation measure and further modified by the House of Representatives for the peacekeeping forces in the Sinai.

The third has to do with the amendment offered by the Senate dealing with honoraria.

That is the procedure that I understand and if I could have the attention of the Parliamentarian—Mr. President, may we have order in the chair?

The PRESIDING OFFICER (Mr. WARNER). The Senator from Oregon.

Mr. HATFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATFIELD. Mr. President, it is my understanding in informal discussions with the Parliamentarian that we would call up the conference report for the question on adoption, and following that, we would then be faced with three amendments that are in disagreement or in technical disagreement with the House of Representatives, and we would then have to handle those three amendments separately.

I identified them on a sheet of paper that I received from the majority leader as one dealing with the elderly feeding, second, the Sinai troops, and third, the honoraria.

Mr. President, is that a correct interpretation of the parliamentary situation?

The PRESIDING OFFICER. I am informed there are six amendments in disagreement.

The amendments in disagreement are numbered 16, 31, 36, 43, 44, and 46.

Mr. HATFIELD. Mr. President, let me delineate, then, between the three and six number.

Three of them are strictly technical in the sense that they are merely changing in the sections dealing with the continuing resolution.

There are three substantive amendments that I have enumerated already.

So I think that still places us where I had originally described the situation in the substantive area.

Mr. President, let me just briefly outline these three amendments of substantive character because I know that some Senators have indicated they would like to know a little bit more about these amendments before they vote on the question of adopting the conference report.

First of all, we had a situation in the program relating to feeding of the elderly that we would have a hiatus between the date ending for the continuing resolution and the present program.

So again it was merely a bridging of the continuity of this program.

I do not think that there was any controversy in that amendment as it related to the conference committee in the discussions.

The second had to do with the question of the Sinai commitment for peacekeeping forces.

Mr. President, there was reprogramed by the House of Representatives a request of $10 million for up-front money for communications, structures, buildings, and all the other things that go with the auxiliary forces supporting the Sinai peacekeeping activity. That has been reprogramed to $10 million.

The administration in this week asked for an additional $125 million for that same purpose to keep this peacekeeping up-front money available for the infrastructure and for the bases for this whole program.

The Israeli Government has contributed $20 million. The Egyptian Government has contributed $20 million.

The problem we had was that there was no authorization for this and that question was raised in conference as well as in the House of Representatives and it was considered that in order to meet the emergency that existed so that the whole Camp David peace accords upon which this whole activity was based would not fall apart and that we would keep pace with our own commitments that we would appropriate $50 million of the $125 million request with two provisos, one that no troops could be sent to the Sinai without specific congressional authorization, that this is only for materiel and for equipment and for infrastructure.

Second, that only $20 million of the $50 million could be expended immediately so that we put those two contingencies on the added moneys for the peacekeeping forces in the Sinai.

Mr. President, I invite the subcommittee chairman to comment on this because the last amendment was added by the House of Representatives I believe on the floor of the House of Representatives. I wish to have him correct my interpretation of that if it needs correcting.

Mr. KASTEN. I thank the chairman for yielding.

Mr. President, he is absolutely correct. The question about $20 million being spent was discussed on the House of Representatives floor, but was rejected.

So we have ended up with a situation in which $125 million has been made available with the proviso that this in no way permits or requires or mandates the American involvement. That will be made by the appropriate committee, but there is no limitation on the funds. That effort was debated briefly by the House of Representatives and rejected. So it remains as it did when we came out of conference.

Mr. HATFIELD. I thank the Senator for that correction.

The third and other amendment has to do with the Senate amendment on honoraria on which we removed the cap. The House modified that amendment in the committee by adding to that honoraria amendment the proposition that in the future, which begins fiscal year 1983, should the President, through his Pay Commission make a recommendation to the Congress for a pay increase for high Federal officials, and if it included the Members of Congress, the appropriated funds would be automatic, and that that would occur unless either House, one House or the other, specifically by resolution denied that pay increase.

I think you have on your desks a résumé that indicates that language very clearly on the second page numbered 15.

Mr. President, we will be subject to further questioning. But at this time in order to get to the amendments, I move the adoption of the conference report.

The PRESIDING OFFICER (Mr. STEVENS). The question is on agreeing to the conference report.

Mr. PROXMIRE. Mr. President, will the distinguished Senator from Oregon, the manager of the bill, yield for a question before we act on the conference report?

Mr. HATFIELD. Yes, I would be happy to yield.

Mr. PROXMIRE. I want to be sure that when we act on the conference report there is no provision in the conference report itself relating to honoraria or relating to a pay increase or relating to a tax deduction ceiling and that we will have an opportunity, if we wish to do so—there may not be a wish to do so, but if we wish to do so to have a vote, rollcall if we want it, on the automatic appropriation which the Senator from Oregon adverted to?

Mr. HATFIELD. That is correct.

Mr. PROXMIRE. There will be an opportunity to act separately on those amendments. So in acting on the conference report we do not prejudice our opportunity, if we wish to do that later, to vote.

Mr. HATFIELD. We maintain that upon adoption of the conference report we will handle those amendments in any manner the Senate wishes to do so.

VA HEALTH-CARE APPROPRIATIONS AND PERSONNEL CEILINGS

Mr. CRANSTON. Mr. President, as ranking minority member of the Veterans' Affairs Committee, I would like to clarify one point with respect to the appropriations for Veterans' Administration health-care staffing. Section 5010 (a)(4) of title 38, United States Code, requires the Director of the Office of Management and Budget, after the enactment of each law making appropriations for the VA, to provide the VA with authority to employ under the three VA health-care accounts the numbers of employees for which funds have been appropriated.

The accounts are the medical care account, the medical and prosthetic research account, and the medical administration and miscellaneous operating expenses account. Since VA appropriations laws do not themselves specify employment levels for that agency, it is important that the legislative history of any law making appropriations for the VA be clear and specific as to the numbers of employees for which appropriations have been made in these accounts.

In this connection, I would note that section 101(e) of the continuing resolution specifies that VA appropriations are being made until November 20, 1981, in the amounts "necessary (for VA accounts) at a rate of operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (H. Rept. No. 97-222) [on the HUD-Independent Agencies Appropriations Act, 1982, H.R. 4034] filed in the House of Representatives on September 11, 1981, as if such act had been enacted into law." With respect to the VA's medical care account, the joint explanatory statement accompanying the conference report on H.R. 4034 states that $330,054,000 and 5,181 staff years were restored to the President's March budget request. With that restoration, it is clear that fiscal year 1982 appropriations are being proposed for 186,287 staff years in the medical care account—the same number originally proposed for fiscal year 1982 in the President's budget submitted on January 15 of this year.

It seems clear to me, in light of the language used in section 101(e) of the continuing resolution and the clear legislative history of the conference report on the HUD-Independent Agencies Appropriations Act, 1982, that it is intended in the continuing resolution to provide appropriations for a pro rata portion of 186,287 staff years; that is, 186,287 full-time-equivalent employees for the 51-day period covered by the continuing resolution.

Thus, Mr. President, to make sure that there is a complete understanding on this, I ask the very able and distinguished chairman of the Appropriations Subcommittee on HUD-Independent Agencies (Mr. GARN) whether I have correctly stated the intent of the continuing resolution in this regard.

Mr. GARN. Mr. President, the Senator from California (Mr. CRANSTON) is correct. During the period covered by the continuing resolution, appropriations are made for 186,287 full-time-equivalent employees under the VA's medical care account.

Mr. CRANSTON. I thank the Senator from Utah (Mr. GARN) for that clarification and would note that, using the same reasoning for the medical and prosthetic research account, it seems clear that it is intended in the continuing resolution to provide appropriations for the employment of 4,487 full-time-equivalent employees for the period covered. Likewise, under the medical administration and miscellaneous operating expenses account, it seems clear that the continuing resolution is intended to provide appropriations for the employment of 866 full-time-equivalent employees for that period. Does the Senator agree with this analysis?

Mr. GARN. I do agree, Mr. President. That analysis is correct.

Mr. CRANSTON. Given the clear legislative history on these matters, it is the obligation of the Director of the Office of Management and Budget under section 5010(a)(4), following the President's approval of this resolution, immediately to provide the VA with these ceilings for the period ending November 20, 1981, together with the necessary funds, and promptly provide the Congress with his certification to that effect.

Mr. GARN. Mr. President, the Director's obligations to provide those ceilings and make that certification are clear, and I thank the Senator from California (Mr. CRANSTON) for his assistance in clarifying these very important matters.

Mr. CRANSTON. Mr. President, I thank the Senator from Utah once again for his cooperation and his great concern for the well-being of this Nation's veterans.

Mr. SIMPSON. I agree with the statements of the two Senators regarding this important matter and thank them for making these clarifications.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. DECONCINI. Mr. President, I am going to ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. EXON. Mr. President, I thank my friend from Arizona for asking for the yeas and nays. I was about to do the same.

I would like to ask a further question just for clarification for myself and other Members of this body.

First, is it within the knowledge of either one of the managers of this bill as to whether or not the conference report was subject to a rollcall vote in the House of Representatives?

Mr. HATFIELD. The conference report was adopted by a voice vote as I watched it on the closed circuit television.

Mr. EXON. It was adopted without a rollcall vote in the House of Representatives.

Next, if I understand it correctly, if the conference report is accepted by our body, No. 1, it would eliminate the cap on Federal employee pay raises; is that correct?

Mr. HATFIELD. No, that would not because that was dropped in conference.

Mr. EXON. That was dropped in conference—passed here but dropped in conference?

Mr. HATFIELD. The Senate receded in conference.

Mr. EXON. So it would not include the elimination of the pay cap as the Senate voted it?

Mr. HATFIELD. That is correct. It does not include it.

Mr. EXON. No. 2, if the conference report is adopted as it is returned to this body, would we eliminate the cap on honoraria?

Mr. PROXMIRE. First, Mr. President, will the Senator from Nebraska yield on that first question he asked?

Mr. EXON. I would be glad to yield to any of the managers on these questions because I want to get it straight.

Mr. HATFIELD. Can I answer that question?

Mr. EXON. Mr. President, may we have order? I am having very great difficulty in hearing.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HATFIELD. I say to the Senator that in adopting the conference report we did not make any commitment on the honoraria question because it stands separately as an amendment in disagreement. So in adopting the conference report, to answer the Senator's question, no, it does not make a decision on the honoraria question.

Mr. EXON. Let me phrase the question a little bit differently. Assume we adopt the conference report here tonight and it is signed by the President, hopefully, before midnight. Would there be any cap on honoraria?

Mr. HATFIELD. It depends on what the Senate decides to do when we take up, following the adoption or rejection of the conference report, that amendment. That amendment stands separate and apart from this motion to adopt the conference report.

If the Senate adopts the amendment as modified by the House then it becomes a part of the conference report. It will be sent to the President, and the cap will be removed. If the Senate rejects that amendment dealing with honoraria after we act on the conference report it does not go to the President and the cap remains.

Mr. EXON. If I understand the Senator from Oregon, then what he is saying is that the honoraria issue stands separately and we will have an opportunity for a rollcall vote up or down on that issue, in effect reconsidering our previous act?

Mr. HATFIELD. The Senator is correct.

Mr. EXON. Let me get to the third point: What about the elimination of the maximum $3,000 that can be claimed now by Congressmen on their income tax for away-from-home expenses? If we adopt that or is that included, and if we adopt the conference report will that go forward as it was passed in the Senate?

Mr. HATFIELD. That stands on its own, as indicated by the Parliamentarian when he outlined the amendments that are in disagreement. It will have to be acted upon as in technical disagreement so that amendment would stand separately and be acted upon after we act on the conference report.

Mr. EXON. If I understand the chairman of the Appropriations Committee then the matter of the $3,000 claim we can make on our income tax returns stands similar to the explanation he just gave us on the honoraria; is that correct?

Mr. HATFIELD. The Senator is correct.

Mr. EXON. Is the question now before the body that was agreed to just a few minutes ago with regard to the request for the yeas and nays by the Senator from Arizona on the conference report only and not on the other issues on which I have posed questions?

Mr. HATFIELD. The answer is, yes, but it is not exclusively restricted to those other issues. There are six amendments, and the Senator from Nebraska only asked me concerning, I believe, two. There are four other amendments that will stand in the same position independent of the conference report action that will have to be acted upon by the Senate by any means by which they desire to act on them.

Mr. EXON. If I understand then correctly, it seems to me that we could safely say that the conference report does not act on the issues I have just outlined, and if they are going to become part of our action they would have to be voted upon again in the Senate.

Mr. HATFIELD. They will have to be handled in whatever manner the Senate desires as a separate action to the motion to adopt conference report and, hopefully, we can do that before midnight.

Mr. EXON. Mr. President, would it be in order at this time for the Senator from Nebraska to ask for the yeas and nays on the matter of the $3,000 expense item that I referred to and on the matter of the pay raises as to the veto requirements of the Congress in the future as explained by the Senator from Oregon?

The PRESIDING OFFICER. The Chair would state it would take unanimous consent to have the yeas and nays ordered on any matter that is not pending before the Senate at this time. The yeas and nays are ordered on the conference report.

Mr. EXON. Mr. President, I ask for the yeas and nays on the two items that I have referred to; namely, the elimination of the $3,000 expense allowance for away-from-home expenses and the matter of the possible automatic raises for Members of Congress unless vetoed in the future by actions of either body.

Mr. BAKER. Mr. President, reserving the right to object, and I shall not object, Mr. President, there is no reason not to do this. I can assure the Senator from Nebraska that nobody is going to deprive him of this right to ask for a rollcall vote on these two items. If it will shorten this in any manner, I am perfectly willing, for my part, to give unanimous consent that it be in order at this time to order the yeas and nays on these two items. I do not object.

Mr. HATFIELD. I do not object.

The PRESIDING OFFICER. Does the Senator make that request at this time?

Mr. BAKER. Mr. President, I think the Senator from Nebraska has made that request. If he has not, I ask unanimous consent that it now be in order, with one showing of hands, to order the yeas and nays on the two items in disagreement just identified by the Senator from Nebraska.

Mr. DECONCINI. Reserving the right to object, does that include the question of honoraria?

Mr. BAKER. Yes, it does.

Mr. LEAHY. Mr. President, reserving the right to object, and I will just make a parliamentary inquiry, am I correct in understanding that if this bill goes past midnight before we get a final vote on it, the Federal judges get an automatic pay raise?

Mr. BAKER. Yes.

Mr. HATFIELD. They do.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays are ordered on the two items in question.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I wonder if the Senator from Arizona will withdraw his request for the yeas and nays on the conference report and save that much time for a rollcall.

Mr. DECONCINI. Mr. President, I would like to have the yeas and nays. I am more than happy to reduce it to a 5-minute vote.

Mr. BAKER. Mr. President, we cannot do a 5-minute vote. There is good attendance on the floor. I ask unanimous consent—and I need the attention of the distinguished minority leader or his representative. I am prepared to ask unanimous consent that the rollcall vote on the conference report be 10 minutes. If the Chair will bear with me for just a minute until I can get a signal from the minority, I will be prepared to make that request.

Mr. President, I ask unanimous consent that the rollcall vote on final passage on the conference report be 10 minutes in length.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the conference report. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from North Carolina (Mr. East), the Senator from New Hampshire (Mr. Rudman), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I further announce that, if present and voting, the Senator from North Carolina (Mr. East) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Virginia (Mr. Harry F. Byrd, Jr.), the Senator from Nevada (Mr. Cannon), the Senator from Louisiana (Mr. Long), the Senator from Hawaii (Mr. Matsunaga), and the Senator from New York (Mr. Moynihan) are necessarily absent.

The PRESIDING OFFICER (Mr. Warner). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 64, nays 28, as follows:

[Rollcall Vote No. 302 Leg.]

YEAS—64

Abdnor
Andrews
Baker
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Robert C.
Chafee
Cochran
Cohen
Cranston
D'Amato
Danforth
Denton
Dixon
Dodd
Dole
Domenici
Durenberger
Ford
Garn
Glenn
Gorton
Hart
Hatfield
Hawkins
Hayakawa
Heinz
Hollings
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kassebaum
Kasten
Laxalt
Leahy
Lugar
Mathias
Mattingly
McClure
Melcher
Mitchell
Murkowski
Nickles
Packwood
Pell
Percy
Pryor
Quayle
Randolph
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Thurmond
Tower
Wallop
Warner
Williams

NAYS—28

Armstrong
Baucus
Bentsen
Biden
Boren
Chiles
DeConcini
Eagleton
Exon
Goldwater
Grassley
Hatch
Heflin
Helms
Jepsen
Kennedy
Levin
Metzenbaum
Nunn
Pressler
Proxmire
Riegle
Roth
Sarbanes
Sasser
Symms
Tsongas
Zorinsky

NOT VOTING—8

Byrd, Harry F., Jr.
Cannon
East
Long
Matsunaga
Moynihan
Rudman
Weicker

So the conference report (H.J. Res. 325) was agreed to.

Mr. HATFIELD. I move to reconsider the vote by which the conference report was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House agree to the report of the committee of conference on the disagreeing vote of the two Houses on the amendments of the Senate to the resolution (H.J. Res. 325) entitled "Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 16 to the aforesaid resolution, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: 110A

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 31 to the aforesaid resolution, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

SEC. 125. The first sentence of section 110 (a) of the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12) is amended by inserting immediately before the period at the end thereof the following: "; except that the total amount so transferred from any such balance remaining as of the close of the fiscal year 1982 shall not exceed an amount equal to $15,000 or 25 per centum of the amount of such Senator's Official Office Expense Account, whichever is greater, as determined under section 506(b)(1) of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58(b)(1)), for the calendar year 1982."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 36 to the aforesaid resolution, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

SEC. 130. (a) In section 323(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441(a))—

(1) strike out all after "shall accept" down to and including "(1) any" and insert "shall accept any"; and

(2) strike out all after the word "speech," down to and including "year." and insert "or article.".

(b) In section 102(a)(1)(A) of the Ethics in Government Act of 1978 (2 U.S.C. 702 (a)(1)(A), after the word "source" where it appears the last time in the paragraph insert "including speeches, appearances, articles, or other publications".

(c) Effective beginning with fiscal year 1983, and continuing each year thereafter, such sums as hereafter may be necessary for "Compensation of Members" (and administrative expenses related thereto), as authorized by law and at such level recommended by the President for Federal employees for that fiscal year are hereby appropriated from money in the Treasury not otherwise appropriated. Such sums when paid shall be in lieu of any sums accrued in prior years but not paid. For purposes of this subsection, the term "Member" means each member of the Senate and the House of Representatives, the Resident Commissioner from Puerto Rico, the Delegates from the District of Columbia, Guam, Virgin Islands, and American Samoa, and the Vice President.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 43 to the aforesaid resolution, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert.

SEC. 137. Notwithstanding any other provision of law or this joint resolution, $250,000,000 shall be available for loans to be guaranteed under the Rural Development Insurance Fund for alcohol production facilities to applicants that the Secretary of Agriculture determines are qualified to receive such guarantees, and $93,200,000 shall be available for the Elderly Feeding Program authorized by section 311 of the Older Americans Act.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 44 to the aforesaid resolution, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert:

SEC. 138. Notwithstanding any other provision of this joint resolution, $125,000,000 shall be available for expenses necessary for the participation of the United States in a Multinational Force and Observers to implement the Treaty of Peace between Egypt and Israel: *Provided,* That the facilities constructed by use of these funds shall not be available for participation of U.S. troops in the Multinational Force and Observers in the Sinai without prior authorization by Congress for the participation of U.S. troops.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 46 to the aforesaid resolution, and concur therein with an amendment as follows:

In lieu of the section number named in said amendment, insert: 139

Mr. HATFIELD. Mr. President.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I want to propound a unanimous-consent request relating to the remaining amendments, so may I have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HATFIELD. Mr. President, excepting the two amendments which already have the yeas and nays called for and ordered, I ask unanimous consent that the other four—Nos. 16, 31, 43, and 44 that have been explained—be considered en bloc and put to a voice vote.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. Mr. President, what about the expense allowance matter? I do not want anything to move by here.

The amendments the Senator just referred to have reference to the expense account?

The PRESIDING OFFICER. The Senate will be in order. It will be helpful if the Senator from Nebraska would use the mike.

Mr. HATFIELD. We already have unanimous consent, I say to the Senator from Nebraska, to have the yeas and nays on that amendment, which is No. 46 and the honoraria, which is No. 36. Those two are excluded from this unanimous-consent agreement.

Mr. EXON. Would the Senator explain what it is so we understand? Under the unanimous-consent request, let us stack them up and I would like to ask my friend from Oregon to explain what they are and the order he is requesting that we have the rollcall votes.

Mr. HATFIELD. I have explained them previously, but I would be very happy to explain them again.

No. 16 is on page 16 of the bill. It is a Hollings amendment that was offered by the Senate and accepted by the House relating to the EDA.

What this does is prevent a RIF action being taken against these particular employees during this continuing resolution.

Mr. EXON. The Senator is requesting that be what order of voting?

Mr. HATFIELD. That is the No. 1 amendment in disagreement, but it is No. 16 in the report. What I am suggesting is, because there was no major controversy surrounding these, we voice vote these en bloc.

The second one is No. 31. That is on page 24. This is a Senate housekeeping amendment, which was acted upon by the Senate. As initially passed by the Senate, it provides for the transfer from our clerk hire any excess moneys that we might have to other funds, but not to exceed 25 percent of the total or $15,000, whichever is higher. That initially was to go into effect in 1981, but because there were some questions raised by Members of the Senate after the action was taken, I offered the amendment in the conference committee to delay the action of that until 1982 so that we could take a review of it during the year.

The third one is No. 43. Here is the language on that.

> Notwithstanding any other provision of law or this joint resolution $250 million shall be available——

Mr. EXON. Will the Senator from Oregon yield?

Mr. HATFIELD. Yes.

Mr. EXON. I assume that when the conference report was just passed, we had disposed of the matter on the judges by midnight, am I correct? Or are we still running the risk of a raise to the judges because we are talking about this matter?

Mr. HATFIELD. My understanding is that until we dispose of each one of these amendments at midnight, if we have not acted on these amendments, the judges will receive their raise.

Mr. EXON. Do I understand, including the rollcall votes?

Mr. PROXMIRE. If the Senator will yield, the fact is that until the President signs the bill, the bill is not effective, does not become law. The President will not sign the bill before midnight, that is clear. Therefore, the judges will not be in a position to get their increase.

Mr. EXON. So there is no need to rush this.

Mr. PROXMIRE. No, that is right, as far as the judges are concerned.

Mr. HATFIELD. This makes available $93,000 for the elderly feeding program authorized under the Older Americans Act. This is a bridge for that program during the life of this resolution.

The last is No. 44. This has to do with the peacekeeping forces in the Sinai that I explained earlier.

Those are the four amendments that I have asked unanimous consent to have considered en bloc and voice voted.

Mr. EXON. I thank the Senator from Oregon.

The PRESIDING OFFICER. Is there an objection to the request of the Senator from Oregon? There being none, it is so ordered.

The clerk will state the next amendments.

Mr. HATFIELD. Mr. President, these amendments have been adopted, is that correct?

The PRESIDING OFFICER. The

question is on concurring en bloc to the four amendments.

Mr. HATFIELD. Mr. President, I move that the Senate concur in the amendments of the House to the amendments of the Senate, the amendments that have been explained, by voice vote.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc.

The amendments in disagreement Nos. 16, 31, 43, and 44 were agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SENATE AMENDMENT NO. 36

Mr. HATFIELD. Mr. President, we are ready to move to the next amendment, No. 36.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

SEC. 130. (a) In section 323(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441(a))—

(1) strike out all after "shall accept" down to and including "(1) any" and insert "shall accept any"; and

(2) strike out all after the word "speech," down to and including "year." and insert "or article.".

(b) In section 102(a)(1)(A) of the Ethics in Government Act of 1978 (2 U.S.C. 702(a)(1)(A)), after the word "source" where it appears the last time in the paragraph insert "including speeches, appearances, articles, or other publications".

(c) Effective beginning with fiscal year 1983, and continuing each year thereafter, such sums as hereafter may be necessary for "Compensation of Members" (and administrative expenses related thereto), as authorized by law and at such level recommended by the President for Federal employees for that fiscal year are hereby appropriated from money in the Treasury not otherwise appropriated. Such sums when paid shall be in lieu of any sums accrued in prior years, but not paid. For purposes of this subsection, the term "Member" means each member of the Senate and the House of Representatives, the Resident Commissioner from Puerto Rico, the Delegates from the District of Columbia, Guam, Virgin Islands, and American Samoa, and the Vice President.

Mr. HATFIELD. Mr. President, this is the amendment we earlier described as the honorarium amendment which lifts the cap from the Senate honoraria, which we now have at $25,000. It adds a modification to the House as to future pay increase that may be recommended by the Presidential Pay Commission and recommended by the President.

What I would like to do is yield to my colleague from Alaska, who is the author of the amendment. What it does by the House modification is set into place an automatic provision that funding would be automatic should the Commission in the future make a recommendation that may include Members of Congress in the pay raise recommendation unless the Members of Congress specifically deny themselves that amendment or that pay raise, as we have in the past.

That, I say to my colleagues, is precisely the situation at the moment, because Congress can block any pay raise now recommended if we merely continue that, but we attached that in the conference to the honorarium amendment.

I yield to my colleague from Alaska.

Mr. STEVENS. Mr. President, I am the author of the original amendment. The amendment reported in disagreement originated in the House. Its effect is this: The President, in every quadrennial year, has the obligation to have a Pay Commission report. We also have a yearly report on cost-of-living adjustments. Those come to us in March. They go into effect in October unless they are disapproved.

As the Senator from Oregon stated, in every year but one they have been disapproved for Members of Congress. What this says is if October 1 comes and the pay raise as recommended by the President is not disapproved, it is automatically funded. It does not bar pay caps that have been voted in the past. One is in place right now. As a matter of fact, there is still one in this bill that continues the pay cap until November 20.

So there are no hidden things in this at all. It is an attempt to take the matter out for the Members of Congress, out of the legislative appropriations bill. It could be raised in the Senate, as it has been in the past, as a rider on any appropriations bill between March and October.

If the Members of the Senate want to deny themselves a pay raise, a cost-of-living allowance recommended by the President, or the quadrennial pay increase, we simply have to say it will not go into effect. So there is no hidden meaning here at all.

Mr. PROXMIRE. Will the Senator from Alaska yield?

Mr. STEVENS. Yes, I yield.

Mr. PROXMIRE. The Senator said in the past, these increases have been disapproved. Have they been disapproved or just not funded?

Mr. STEVENS. They have been disapproved because the specific language suspends the recommendation that they go into effect. They do not go into effect and therefore, they are not funded in the legislative bill.

Mr. PROXMIRE. The change here is what? How does this change the procedure from the past?

Mr. STEVENS. It does not change it as far as the ability to put a pay cap on in the future. This says if Congress does not block the President's recommendation—it does not say it does not apply to Members of Congress—it will be effective October 1 without the legislative pay bill having been enacted.

It takes the matter out of the legislative pay bill and leaves it to any other vehicle you want to use. But so far as that is concerned, even in the legislative pay bill, you put legislation in an appropriations bill, and that is what the pay cap has been in the past. It is an attempt to make the pay act work, and we agree with the proposal of the House that this would be added.

I call attention to the fact that it is very salutary. I believe that again we will face the question of pay raises. The pay cap is then effective until November 20.

This resolution expires November 20, and we will have to face it in the next continuing resolution.

This amendment says that if these moneys are accepted under this automatic funding, then those sums are in lieu of any sums accrued in prior years but not paid. There is over 20 percent in cost-of-living adjustments due Members of Congress which have not come into effect. If this automatic language is the language that triggers any pay increase, all the ones in the past are wiped off the books. That was done at the suggestion of the distinguished chairman of the committee, Representative WHITTEN. It is a good provision.

It means that if on November 20 we decide to take the 4.8-percent increase for Members of Congress and for the executive branch, at that time the accrued 21 percent would be wiped off the books.

SEVERAL SENATORS. Vote. Vote.

The PRESIDING OFFICER. The question is on agreeing to the motion to concur in the House Amendment to the Senate amendment (No. 36). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from North Carolina (Mr. EAST), the Senator from New Hampshire (Mr. RUDMAN), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Virginia (Mr. HARRY F. BYRD, Jr.), the Senator from Nevada (Mr. CANNON), the Senator from Louisiana (Mr. LONG), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators who desire to vote?

The result was announced—yeas 48, nays 44, as follows:

[Rollcall Vote No. 303 Leg.]

YEAS—48

Baker
Boschwitz
Chafee
Cochran
Cranston
D'Amato
Danforth
Denton
Dodd
Dole
Domenici
Durenberger
Eagleton
Garn
Goldwater
Gorton
Hatch
Hatfield
Hawkins
Hayakawa
Heinz
Hollings
Huddleston
Inouye
Jepsen
Johnston
Kassebaum
Kennedy
Laxalt
Lugar
Mathias
McClure
Murkowski
Packwood
Percy
Quayle
Roth
Simpson
Specter
Stennis
Stevens
Symms
Thurmond
Tower
Tsongas
Wallop
Warner
Williams

NAYS—44

Abdnor
Andrews
Armstrong
Baucus
Bentsen
Biden
Boren
Bradley
Bumpers
Burdick
Byrd, Robert C.
Chiles
Cohen
DeConcini
Dixon
Exon
Ford
Glenn
Grassley
Hart
Heflin
Helms
Humphrey
Jackson
Kasten
Leahy
Levin
Mattingly
Melcher
Metzenbaum
Mitchell
Nickles
Nunn
Pell
Pressler
Proxmire
Pryor
Randolph
Riegle
Sarbanes
Sasser
Schmitt
Stafford
Zorinsky

NOT VOTING—8

Byrd,
Harry F., Jr.
Cannon
East
Long
Matsunaga
Moynihan
Rudman
Weicker

So the motion to concur with the House amendment to Senate amendment No. 36 was agreed to.

Mr. CRANSTON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I move that the Senate concur in the amendment of the House to the amendment——

The PRESIDING OFFICER. The Senator will suspend until such time as there is order in the Chamber.

Senators are requested to take their seats. Guests in the Chamber are asked to respect the request of the Chair.

The Senator from Oregon is recognized.

Mr. HATFIELD. Mr. President, I move that the Senate concur in the amendment of the House to the amendment of the Senate No. 46.

Mr. FORD. Mr. President, I apologize, but I cannot hear the distinguished Senator from Oregon and I hope the Chair will get order.

The PRESIDING OFFICER. The Senator from Kentucky is recognized. Again the Chair requests that there be order in the Chamber.

The Senator from Oregon.

SENATE AMENDMENT NO. 46

Mr. HATFIELD. Mr. President, my motion is that the Senate concur in the amendment of the House to the amendment of the Senate No. 46.

This is the amendment that relates to the removal of the $3,000 limit on the amounts that Members of Congress can deduct on their income tax return for living expenses while away from home.

In effect it repeals that $3,000 cap that is now—not a cap but that $3,000 provision—and it puts us on the same level as all of the other citizens and business people of this country.

I yield to the Senator from Alaska who is the author of the amendment.

Mr. STEVENS. Mr. President, this amendment was taken back in disagreement with the House. It has not been changed since the time it was voted on in the Senate, with one technical amendment by the House with reference to the numbering of a section it is the same. No change in the substance, and I think it should be voted on.

The PRESIDING OFFICER. The yeas and nays having been ordered, the question is on agreeing to the motion of the Senator from Oregon. The clerk will call the roll.

Mr. DECONCINI. Mr. President, before we have a vote on this, can we turn the clock back on? I think we look pretty darned foolish here to show that we have finished this before 12 o'clock.

Mr. BAKER. If the Senator will yield to me, we cannot. I do not know what the result will be. I simply do not know what the result will be—and we are trying to complete this business before midnight. But the whole Government of the United States stops functioning if we do not pass this bill.

Mr. DECONCINI. Mr. Leader, will the Senator yield?

Mr. BAKER. I will yield.

Mr. DECONCINI. It is past midnight now. Let us not kid the American public or ourselves as grown-up people. We did not make it.

Mr. BAKER. If the Senator will yield to me, it is certainly not a new practice and it is not the last time it will happen.

Mr. DECONCINI. If the leader will yield——

SEVERAL SENATORS. Vote. Vote.

The PRESIDING OFFICER. Let there be order in the Chamber.

Mr. DECONCINI. Mr. President, I seek recognition.

The PRESIDING OFFICER. The Senator is recognized.

Mr. DECONCINI. Mr. President, I have great respect for our leader and I appreciate the fact that it has happened before and will happen again. But this is foolishness and if we are conducting the business of this Nation with these kinds of foolish moves, we have got to change. Do you not agree, Mr. Leader?

Mr. BAKER. Mr. President, I am prepared to vote.

The PRESIDING OFFICER. The question is on agreeing to the motion to concur. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RANDOLPH. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The clerk will suspend until such time as the Senate is in order.

The clerk will resume.

The assistant legislative clerk resumed the call of the roll.

Mr. RANDOLPH. Mr. President, I realize that I am not——

The PRESIDING OFFICER. The Senator is not recognized for the purpose of debate. The Senate is not in order. The clerk will resume.

The assistant legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. Order is requested in the Senate. The clerk will suspend. The clerk will resume calling the roll.

The assistant legislative clerk resumed and completed the call of the roll.

Mr. STEVENS. I announce that the Senator from North Carolina (Mr. EAST), the Senator from New Hampshire (Mr. RUDMAN), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Louisiana (Mr. LONG), the Senator from Hawaii (Mr. MATSUNAGA), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The PRESIDING OFFICER. Are there any Senators in the Chamber desiring to vote?

The result was announced—yeas 48, nays 44, as follows:

[Rollcall Vote No. 304 Leg.]

YEAS—48

Abdnor
Andrews
Armstrong
Baker
Baucus
Chafee
Cochran
Cranston
D'Amato
Denton
Dixon
Dodd
Dole
Domenici
Eagleton
Garn
Goldwater
Gorton
Hatch
Hatfield
Hawkins
Hayakawa
Hollings
Huddleston
Humphrey
Inouye
Jepsen
Johnston
Laxalt
Leahy
Lugar
Mathias
Mattingly
McClure
Murkowski
Nickles
Packwood
Percy
Quayle
Specter
Stafford
Stevens
Symms
Tower
Tsongas
Wallop
Warner
Williams

NAYS—44

Bentsen
Biden
Boren
Boschwitz
Bradley
Bumpers
Burdick
Byrd, Robert C.
Chiles
Cohen
Danforth
DeConcini
Durenberger
Exon
Ford
Glenn
Grassley
Hart
Heflin
Heinz
Helms
Jackson
Kassebaum
Kasten
Kennedy
Levin
Melcher
Metzenbaum
Mitchell
Nunn
Pell
Pressler
Proxmire
Pryor
Randolph
Riegle
Roth
Sarbanes
Sasser
Schmitt
Simpson
Stennis
Thurmond
Zorinsky

NOT VOTING—8

Byrd,
Harry F., Jr.
Cannon
East
Long
Matsunaga
Moynihan
Rudman
Weicker

So the motion to concur in the amendment of the House to the amendment of the Senate numbered 46 was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE DEDUCTION FOR AWAY-FROM-HOME EXPENSES AND HONORARIA INCOME

Mr. DECONCINI. Mr. President, last Thursday evening, President Reagan gave another of his graceful, warm, and persuasive performances on the national television and radio networks, presenting yet another revised standard version of his economic plan. The combination of additional expenditure reductions and minor revenue measures outlined at that time is apparently intended to offset—at least in part—the fiscal effects of the enactment earlier this summer of the President's tax and spending proposals. The expectational theory on which the administration predicated its economic scheme has not panned out. Further sacrifices, the Nation was told, will be necessary. Even deeper and more damaging cuts in the Federal domestic budget will have to be made.

The major portion of these additional savings, moreover, is to come through a 12.5-percent cut below the President's March 10 budget requests—a fair measure both of the excessive optimism, self-serving dissimultation, and questionable technical competence which combined to produce the original budgetary projections and of the administration's near desperation in the face of current economic realities highlighted by a deficit in the range of $60–$90 billion for the coming fiscal year.

It is thus more than ironic—indeed it is, in my view, nothing short of outrageous that on the very same day, Thursday, September 24, this body adopted two changes in current law which are to the direct material benefit of Members of the Congress. The first would remove the existing $3,000 cap on the deduction for away-from-home expenses now allowable to Representatives and Senators. This translates into tax savings—or seen from another perspective, increases in after-tax earnings—of several thousand dollars for every Member of the House and Senate.

The second, which was adopted in committee and affirmed on the floor when Senator PROXMIRE's motion to delete it was rejected, strikes the $25,000 limit on outside earnings from honoraria for speeches, articles, and other contributions to the national literary life.

Aside from the obvious tension between the time requirements of official duties and these quasi-private activities, there is the further danger that interested groups and organizations can use lucrative speaking engagements and fat fees for ghost-written articles in trade journals to acquire privileged access to congressional decisions. It is also pertinent to note that the current limit on outside honoraria, $25,000, exceeds the median income for a family of four in this country. Surely we can live on our salaries plus an amount that is more than the total income of the average American family.

Whatever judgment one reaches on these issues, Mr. President, the spectacle of the Senate of the United States voting itself increases in effective compensation on the same day the President is making an all-out public relations blitz on behalf of further sacrifices by ordinary Americans is too much to stomach. No wonder the public holds the Congress in low regard.

In any event, Mr. President, I am taking this occasion to make it clear that I intend to pursue the deletion of these provisions in the conference on House Joint Resolution 325. Should that effort prove unsuccessful, I will refuse to sign the conference report and oppose its adoption. I hope that I can count on the support of a majority of my colleagues on both sides of the aisle. I am confident that many of those who supported these provisions will, upon reflection, realize that whatever substantive merit these provisions may have is more than outweighed by the fact that this is the wrong time and the wrong place to be taking care of our own financial needs, real or imagined.

Mr. GORTON. What is the intent of the conference committee in connection with the future of the Public Health Service hospitals?

Mr. SARBANES. I join the distinguished Senator from Washington in propounding this important question.

Mr. SCHMITT. We believe that the Secretary of Health and Human Services has authority to operate those hospitals which have submitted operationally feasible plans for conversion to community operation while the Congress considers the appropriate level of funding for such conversions. It is further the intent of the chairman of the Senate Labor-HHS Appropriations Subcommittee to try to persuade his colleagues to provide sufficient funds, possibly up to $133 million, both for the closure of those hospitals in those communities which do not submit approvable conversion plans and for conversions of those hospitals in communities which do submit approvable plans.

Mr. BAKER. Mr. President, there will be no more rollcall votes tonight.

Mr. DECONCINI addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. DECONCINI. Mr. President, I would like to call to the attention of the Senate that the eastern daylight time right now is 12:27 a.m.

Mr. LEAHY. May we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. MATHIAS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Maryland.

Mr. BAKER. Mr. President, will the Senator yield to me for a brief moment?

Mr. MATHIAS. Yes.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend no longer than 15 minutes in which Senators may speak.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

WINE: IN QUALITY AND QUANTITY CALIFORNIA LEADS THE WAY FOR THE U.S.A.

Mr. HAYAKAWA. Mr. President, I bring to the attention of the Senate a wonderful story of growth and success on the American agriculture scene. Specifically I refer to the tremendous growth of wine production in our Nation and the fact that American connoisseurs of fine wines no longer need look to France and Italy for the satisfaction of their palate. American wines, over half of which are produced in California, have not only claimed four-fifths of the domestic market but our quality is truly outstanding—world-class wines which Europe is finding increasingly difficult to compete with.

Also of great interest to those of us concerned with our balance of trade is that wine exports have grown dramatically—from 15 million liters in 1978 to some 40 million liters last year. At the end of 1979, we had 724 wineries in the United States, 450 of which were in California. As a recent article in the periodical The Economist of London, pointed out, "California's mild winters and long, warm summers are near perfect for cultivating grapes. The weather is also remarkably consistent; the amount of sunshine, rainfall, humidity, even frost can be predicted accurately and reliably."

Mr. President, I ask unanimous consent that this article: "The Maturing of American Wine," from The Economist magazine, be printed in the RECORD so that there might be a greater awareness within the Senate about the great and growing wine industry of our Nation.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Economist, Sept. 5, 1981]

THE MATURING OF AMERICAN WINE

The wine-drinking world is waking up to the pleasant surprise of cheap, cheerful and sometimes remarkably mature products from California's vineyards. Winemakers elsewhere (especially in southern Europe) are becoming edgy as they see one of their biggest export markets taken by storm from within, while at the same time a brash new competitor enters their crusty old wine trade.

For centuries, Europe has shipped its bottles to the new world. In the last decade, however, a trickle of wine has begun to flow the other way. Canada was the first—and still the biggest—importer of American wines. Over the past couple of years, the dribble that flowed to wine-bibbing Britain (a country with little wine-growing of its own) has become a steadier gush. For two good reasons:

Whether a Chateau St Jean (pronounced "St Gene") for £17.50 a bottle at the Tate Gallery restaurant (one of the earliest stockists in Britain) or a £2.50 zinfandel in a Covent Garden wine bar, American wine is exceptional value by any standards.

Until recently, the hard pound and soggy dollar has made it especially easy for British importers of American wines to get their wares established. Lip-smacking Britons, brought up on cheap and sometimes nasty Spanish and Italian plonk, have been easy converts.

Result: American wine exports are going up by leaps and bounds. The Bureau of Alcohol, Tobacco and Firearms in Washington puts wine exports at 25.7m litres in 1979—up from 15.5m litres in 1978. Last year's exports are thought to have been over 40m litres.

EARLY SETTLER

Winemaking in America is practically as old as the country. Natural grapes were fermented by settlers in the sixteenth century. Cuttings from European vine species (especially Vitis vinifera) did not thrive in the harsh winters and humid summers of the American east coast. The soil was crawling with European vines' arch-enemy, phylloxera. Domesticated wild grapes (Vitis labrusca), producing spicy wines with distinct aromas, became the main source of American wine.

Commercial production began in the early 1800s, when the first domesticated native grapes were planted in Indiana, Ohio and Pennsylvania. By 1840, the wine industry had spread through most of the American east and midwest. Meanwhile, Franciscan monks at a mission in San Diego, California, had been experimenting with vinifera cuttings. The wines were acceptable for sacramental purposes, but had little commercial value. However, they showed that European varieties could be grown in Californian soil.

Modern winemaking in California owes a massive debt to Hungarian-born Agoston Haraszthy, who was commissioned in 1861 to seek cuttings from Europe. He brought back 100,000 samples, many of which were planted in his Sonoma vineyards, north of San Francisco.

California's winemakers have also a lot to thank the University of California for. The university has a pioneering department for wine research (dating back to 1887) at its Davis campus. Success for the wine researchers came after the second world war by crossing native grapes with vinifera. These hardy hybrids have boosted wine-growing in many places. Between 1955 and 1970, New York state growers used Californian knowhow to treble their wine production; sparking wine output increased fivefold. New York's production is now 135m litres a year.

American wine-growers can also thank the importers for making wine a fashionable drink. Even today, a fifth of all wine (table, dessert, sparkling and vermouth) is imported; one out of four bottles of table wine comes from abroad. Last year, America's wine imports totalled 380m litres. Italy supplied 200m litres, West Germany 49m litres and France 43m litres.

Americans have taken to white wine especially. It accounts for 49 percent of all wine drunk in America; red wine accounts for 30 percent and rosé and vermouth the rest. One out of four American households is now reckoned to be a wine buyer. But half the table wine sold in the country is drunk by only 10 percent of wine customers. Most are from the "brie and white wine set"—generally young, inner-city, bourgeois with incomes well in excess of $20,000 a year.

Thanks to them, wine sales in America outpaced spirit sales for the first time ever last year. Americans bought 100m litres more wine than spirits. Adults consumed over 12 litres of wine per head in 1980. By 1985, says Bank of America, wine consumption is likely to have risen to 15.5 litres per adult.

Wine consumption in Europe is still much higher: in France and Italy, 90–100 litres per adult annually; in Spain, around 70 litres. But sales are now declining.

America's wine-growing has taken off so rapidly it has outstripped Washington's ability to keep tabs on it. The latest figures from the bureau of census indicate that wine produced was worth $2 billion at the vineyard gate in 1979. That translated into almost $5 billion worth of bottles in liquor stores. Production has grown from 1.3 billion litres in 1978 to 1.4 billion litres in 1979 and 1.8 billion litres in 1980. Last year, California produced 970m litres of wine (54 percent of total production).

By world standards, American wine production is still piddling. Last year, the world's vineyards pressed 36 billion litres of wine. France still led with 8.3 billion litres, followed by Italy with 8 billion litres, Spain 4.5 billion litres, Russia 3.1 billion litres and Argentina 2.4 billion litres.

VINLAND REVIVED

Though hardly the "vast vineyard" that it appeared to Leif Ericsson, the Norse explorer who landed in Newfoundland 1,000 years ago, America nevertheless cultivates vines in 44 states. New York state is the second largest wine-producing area in America after California. The upstate region around Finger Lakes produces lots of sparkling, dessert and table wines. So do the Chautauqua, Niagara and Hudson valley regions. All told, New York produces 10 percent of America's wine.

Another significant wine-growing area is the Sandusky-Lake Erie Island region of Ohio (once the country's biggest wine-growing state). Wine is also produced around Cincinnati, in the foothills of the Ozark mountains in Arkansas, in the eastern part of North Carolina, at Council Bluffs in Iowa, in south-western Michigan, near the Egg Harbour district and northern New Jersey and along the Willamette valley in Oregon.

America had 676 bonded wineries at the end of 1978. A year later there were 724. New York, Oregon and Pennsylvania have had their share. But, despite skyrocketing costs of real estate, California is where most would-be winegrowers are heading. The state now has 450 wineries, about 100 of which account for 80 percent of shipments. Future winegrowers look like heading farther north—in Oregon's flinty soils that produce spectacular chablis.

EVERY KIND OF CLIMATE

California's mild winters and long, warm summers are near perfect for cultivating grapes. The weather is also remarkably consistent; the amount of sunshine, rainfall, humidity, even frost, can usually be predicted accurately and reliably. But contrary to popular belief, growing seasons do vary—creating (as in Europe) vintages of various quality.

The state has a wide range of microclimates. It offers conditions comparable to those from the Rhinegau to North Africa. That, plus the different soils and altitudes, means practically every type of grape (and hence wine) can flourish there.

The microclimates, categorised by researchers at Davis, are classified on a scale of "degree-days". This measures the time the temperature remains above 50°F during the growing season (April 1st to October 31st). The degree-day for any one day is simply its average temperature above 50°F; the total for an area is the average daily figure multiplied by the number of days that temperature has been recorded.

Five growing areas in California have been identified:

Region I where the climate offers 2,500 degree-days a year or less.

Region II with 2,501 to 3,000 degree-days.
Region III with 3,001 to 3,500 degree-days.
Region IV with 3,501 to 4,000 degree-days.
Region V with more than 4,000 degree-days.

The best growing areas are regions I and II (shown on the map, for convenience, as a single area). They are the smallest wine growing areas and located near the coast where winds blowing off the Pacific have a moderating effect.

Because local conditions vary so much, prime land (eg, Napa Valley) can cost up to $20,000 an acre. Land prices in Sonoma, Monterey and other low degree-day areas are getting almost as steep. Still, they are not deterring investors. Many of the new "boutique" wineries have been established there by private individuals. The St Jean Winery, set up seven years ago near Kenwood in Sonoma Valley, has gained a reputation for its chardonnays and Johannisberg rieslings. The founders have sunk $10m into the winery so far, using cash from their family firm.

California's wineries have benefited particularly from the influx of cash and management from outside. National Distillers, for instance, has owned Almaden Vineyards in San Jose since 1967. Today, it is a leading producer of high quality "jug" (ie, table) wines. Heublein has owned the United Vintners group since 1969. It also owns the top-rated Beaulieu Vineyard in the Napa Valley, founded by Georges Latour in 1900. Nestlé bought Beringer Brothers of St Helena, one of Napa Valley's showpieces, in 1970.

Outside investment has helped pay for sorely-needed modernisation. Refrigeration equipment, mechanical harvesters and scientific techniques brought in by young oenologists and viticulturists from Davis had their impact, first, on table wines. Then the dessert wines were improved, followed by brandy. By 1970, America's brandy consumption had quadrupled over the amount drunk a decade before—with California accounting for 75% of the production.

The French are investing heavily in California now. Recent developments include a 50–50 venture between Baron Philippe de Rothschild, owner of Chateau Mouton Rothschild in Bordeaux, and Mr. Robert Mondavi of the Robert Mondavi Winery in Napa Valley. Their aim: to produce "world class" wines in California. Three months ago, a bottle of their Napamedoc changed hands for $2,000.

Last year, Piper Heidsieck of France and Renfield Importers Ltd (a major wine and spirit importer in the United States) announced a joint venture to produce sparkling wines using the proper champenoise method. They intend building a $6m complex at Renfield's Sonoma Vineyards to produce a wine called Piper Sonoma. Winemaking equipment will be brought from France to produce 100,000 cases of sparkling wine a year.

Moet Hennessey has sunk $12m over the past four years into its 1,500 acre Californian vineyard, Domain Chandon. Under the supervision of Moet & Chandon, the vineyard's production is already running at a rate of 100,000 cases a year. Production will rise by 30 per cent annually until output hits 250,000 cases a year. In deference to French sensitivities, the name "champagne" is not used.

As more Europeans cross the Atlantic, the reputation of American (and especially Californian) wines will spread. Many a visitor has already discovered that the best the new world can produce can now challenge (and often beat) anything the old world has to offer. Though American wines are often drunk young, reserve cabinet sauvignons, zinfandels (California's own "beaujolais") and some others are beginning to show how well such wines improve with age. In 15 years' time, the great French vineyards will have a real fight on their hands.

SOUTHEAST ASIAN INTERESTS

Mr. HAYAKAWA. Mr. President, I have just read a most thoughtful article tracing the evolution of U.S. thinking about Southeast Asia since the Vietnam war. It appeared in the July 1981 issue of the Asia Bulletin, and was written by the noted Asia scholar, Dr. Russell H. Fifield, professor of political science at the University of Michigan.

Professor Fifield argues that the United States becomes involved in Southeast Asia when it perceives a major power hostile to its interests is threatening the region, and cites the war with Japan and the Vietnam war as examples in recent history. Today, he asserts, our concern is with the growing influence of the Soviet Union, as seen in its naval expansion in South China Sea, its backing of Vietnamese occupation of Kampuchea, and its overall military buildup in nuclear and conventional weapons with which it can intimidate Third World countries. While acknowledging that this concern will cause security interests to have priority in the 1980's, Professor Fifield calls attention to the increasing strategic importance and vast economic potential importance of the region. Citing Southeast Asia's resources of oil, tin, rubber, and various agricultural projects, Fifield believes that U.S. trade with the area will continue to expand in the 1980's. Coupled with our current humanitarian concern for Southeast Asian refugees and our economic assistance programs, Fifield concludes that the convergence of our security and trade interests will make the area of increasing significance in American foreign relations.

On my recent trip to Southeast Asia, I came to many of the same conclusions stated by Professor Fifield. I particularly share his view on the economic potential of the region, the importance of Asian in our diplomacy, and the necessity to provide security and economic assistance to our friends and allies in the region. I ask unanimous consent that Professor Fifield's article be printed in the RECORD.

There being no objection, the article ordered to be printed in the RECORD, as follows:

AMERICA LOOKS TO ASIA WITH MODERATE INTEREST

(By Russell H. Fifield)

The pendulum of American interests in Southeast Asia is swinging away from the marked disengagement of 1975 when Indochina fell to the Communists, but still not toward any major involvement similar to that of a decade before which committed the U.S. to war in Vietnam. Now, the pendulum has reached the point of moderate American engagement in the defense, diplomacy and development of Southeast Asia. How far and how fast the swing will be in the 1980s is not yet clear but the direction is certainly established.

The greatest restraint is American public opinion as reflected in the U.S. Congress. The Vietnam war syndrome may well be over, but the uproar about American involvement in El Salvador clearly provides a brake on Washington's policy. Moreover, Southeast Asia is a region of particular sensitivity in the U.S., given the country's debacle in Indochina and the high cost Americans still remember in unity, blood, and treasure.

In broader perspective, the U.S. becomes deeply involved in the future of Southeast Asia only when Washington perceives that a major power hostile to American interests is threatening to become dominant in the region. Such circumstances have already occurred twice in Southeast Asia in the last four decades and have helped to produce bloody wars fought by Americans.

SOVIET UNION INFLUENCE ON UPSWING

Today concerns exist about the possibilities of a third time. Japan's naked expansion in Southeast Asia was a major step on the road to Pearl Harbor and the Pacific war. Later, China's threat to the region, as perceived by several American Presidents, was an important consideration in America's military involvement in Vietnam. Now the growing influence of the Soviet Union—through its alliance with Hanoi and influential role in Kampuchea, its naval expansion in the South China Sea and related interests in the Strait of Malacca, and its increasing military power in nuclear and conventional weapons with greater capabilities in the Third World—is a source of worry to the U.S., Japan, China, and members of the Association of Southeast Asian Nations.

The importance of Southeast Asia to the U.S. extends beyond just a possible Soviet threat. The region is of more strategic importance today than ever before, being between the Indian Ocean with its very critical Middle East littoral and the Pacific Ocean with its vast economic potential. The place of petroleum in world energy supplies enhances the importance of the present and potential oil reserves in Southeast Asia whether on land or offshore. America's access to the material resources of the region—such as rubber, tin, and oil—should not be minimized. Trade in both exports and imports is growing while investments are expanding. Nor can Washington be indifferent to the future of over 350 million people in a geopolitically sensitive region.

Finally, Southeast Asia today has indirect value to the U.S. through the area's strategic relationship with Australia and economic importance to Japan, both key allies of America in the Western Pacific. Thus Washington's interests in Southeast Asia represent a combination of security, political, diplomatic, economic, and humanitarian concerns.

AMERICAN INTERESTS IN SE ASIA

But what about the degree of intensity and the mix and priority of these interests in the 1980s? Although precise definitions are elusive, the intensity of interests may be classified as vital, important, and marginal.

In the latter part of the 1960s Washington believed it had vital interests in Southeast Asia, interests worth shedding blood for in the second Indochinese war. Within 10 years essentially marginal interests had replaced the vital ones as the U.S. licked its wounds and tried to adjust to the consequences at home and abroad of the collapse of Saigon and the victory of Hanoi.

By 1980, American interests in Southeast Asia had become important, comparable in many respects to those of the 1950s. The evidence indicates that the decade of the 1980s will find these interests increasingly important. At the same time it is doubtful if they will become as vital as they were thought to be when America plunged into war in Vietnam.

The dimensions of the mix and priority of the U.S. interests in Southeast Asia in the 1980s are already emerging from the matrix of American politics and international developments. Under the Reagan administeration, American military capacity, both nuclear and conventional, vis-a-vis that of the Soviet Union will be strengthened, detente will be much more reciprocal, if at all retained, and the willingness to use American power in various ways in selected areas of the world more evident. The momentum of these developments is likely to continue through the decade, influencing the attitudes and policies of allies and adversaries as well as the nonaligned states of the Third World.

USA SUPPORT FOR THAILAND SEEN

In Southeast Asia, American security interests will have priority. Alliance commitments, namely the ties between the U.S. and Thailand under the Manila Treaty of 1954, and between America and the Philippines under the Mutual Defense Treaty of 1951, will remain firm. Indeed, the Reagan administration can be expected to give notable support to Thailand in its difficulties with Kampuchea occupied by Vietnamese forces at least for the early years of the 1980s.

The ties with the Philippines will reflect the great importance placed on the American naval facilities at Subic naval base and air facilities at Clark air base. The military presence of units of the Seventh Fleet in the South China Sea, as well as the headquarters of the 13th Air Force in the Philippines will be a reminder of America's security interests in Southeast Asia.

The weakening of the Seventh Fleet by withdrawal of significant units to the Indian Ocean to cope with the Gulf and Afghanistan crises will be remedied if planned naval expansion occurs. Military aid in different forms to various ASEAN countries will hopefully contribute to stronger ties among them and with the U.S.

In the political and diplomatic field, Washington can be expected in the 1980s to be a bulwark of support to ASEAN. The degree of backing and the pace of cooperation, however, will rightfully depend to a large extent on ASEAN's initiative and cooperation.

HANOI MUST PROVE ITSELF

President Reagan will be in no hurry to normalize relations with Vietnam. Hanoi will have to prove itself by deeds of a good neighbor in Southeast Asia. Vietnam's occupation of Kampuchea, as long as it lasts, and granting of naval and air facilities to the Soviet Union will continue to be criticized in Washington.

American economic interests in Southeast Asia will be supported by the U.S. but they will not have the priority of the security ones. Trades and investments will be encouraged as a vehicle of policy more than government aid. And bilateral assistance will be favored more than multilateral.

Humanitarian interests in Southeast Asia are likely in the 1980s to occupy a low priority in Washington. Human rights will not be allowed to weaken the security interests of the U.S. This attitude will strengthen relations at the official level in some cases but may raise problems in long-range relationships. Yet the silver thread of idealism in American policy, possibly in the treatment of boat refugees from Vietnam, will not vanish.

In the 1980s the interests of the U.S. in Southeast Asia will be tested in Thai-Vietnamese controversies over Kampuchea and Laos, but even more in the rivalries of the regional and extraregional powers of the South China Sea. These interests will be best served if America adopts the posture of neither the revolutionary nor the colonialist. Moderation in defense, diplomacy, and development will probably be the policy.

AFFIRMATIVE ACTION

Mr. HAYAKAWA. Mr. President, last week a senior official of the Justice Department testified before a House committee hearing on affirmative action that the Reagan administration no longer will insist upon or support the use of quotas or any other numerical or statistical formulae designed to provide preferential treatment to nonvictims of discrimination.

Predictably, the announcement set off a furor among affirmative action lobbyists present who predicted that such a policy of opposition could lead to "despair and gloom" or an "explosion" among minority people, according to one spokesman.

The other side of the coin of official affirmative action programs is very graphically described in the Washington Monthly of January 1981. Entitled, "What's Wrong With Affirmative Action," the article provides one horror story after another of how the concept of required quotas and hiring certain people just because of their race or sex demoralizes personnel, costs the Government thousands of dollars in legal fees and lost hours of employees' work while pursuing grievances, and often results in less efficient performance in carrying out the Government's business.

One case described a grievance brought by a marginal professional performer hired because of his race who was refused a grade raise and reimbursement of night school costs for courses not related to his Government job. The employee did virtually nothing for 3 years except work on his case—3 years of Government time—and finally won. No one will ever know the effect of this kind of happening on the morale of the other professionals or the hostilities it creates. Or how it cheapens the success of those minorities who make it because they really have the ability to do the job.

Mr. President, I recommend the article to all who are genuinely concerned about fairness and equal opportunity based on merit. I ask unanimous consent that it be printed in full in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

What's Wrong With Affirmative Action

(by Leonard Reed)

The scene was a seminar room at the Federal Executive Institute in Charlottesville, Virginia, the think tank for the U.S. government's career executives, and the discussion was animated among the half dozen or so federal managers who had been brought from various parts of the country to—well, to think. Under discussion were the impediments that an overgrown government places in the way of intelligent and efficient management, and all of the participants were leveling some blunt indictments against the powers that be (who always dwell in the next echelon up). Perhaps carried away by the heat and frankness of the bull session, one of them cited, as among the most severe problems, the government's "affirmative action" program. The animation froze as abruptly as if E. F. Hutton were about to be quoted. The executives looked around uneasily, suddenly aware that they hardly knew each other. A taboo subject had been raised, one that a person discussed frankly only with intimates. The embarrassed speaker was left to extricate his foot from his mouth as best he could.

But if few executives will discuss it in public, doubts about the government's affirmative action programs are epidemic in the federal service. They are epidemic, most dramatically, among federal managers who have long considered themselves conscientious liberals. I know these people. They supported the civil rights movement, and they ported the affirmative action concept when it was first introduced. Today, when they glance around them to make sure they are alone before unburdening themselves of their doubts, one gets the feeling they are speaking with a frustration that comes from experience. There is something else too—an aura of resentment, born of the fear that prevents them from speaking more freely.

How did affirmative action, an idea spawned in an era of generosity of spirit, get from there to here?

NETWORK-BUSTING

The great civil rights movement of the sixties culminated in the Civil Rights Act of 1964. Title VII of the Act, which became effective in the summer of the following year, prohibits discrimination based on race, color, religion, sex or national origin in hiring, firing and all other terms and conditions of employment. The concept of "affirmative action" as an adjunct to Title VII developed later, as a number of amendments and executive orders ensued throughout the seventies.

The concept has since taken on a life of its own, but the original impetus for it had a powerful rationale. Prejudice and discrimination, both conscious and unconscious, are facts of life. In government, as elsewhere, managers looking to fill vacancies lean heavily on what have recently become popularized as "networks": applicants come to their attention after being passed along by a chain of people, the first of whom is a friend of the applicant and the last of whom knows the hiring official. Because white males have dominated the positions of power in the past, most networks have been white and male as have, inevitably, the successful candidates. (True, some women and some blacks have always managed to make it big on their own, but their success only served to emphasize their exceptionality.) Adding to the unconscious screening out of all but white males was the stubborn resistance of a great many employers and managers who thought that woman's place was at home or, at best, at the typewriter, and that blacks, although not terribly reliable, could be useful at menial jobs where they were not likely to meet the public.

Habits and attitudes like those, ingrained in the social and economic fabric, are not easily changed. Prohibitions against discrimination are fine, but charges of discrimination are hard to prove. If competent women and blacks were ever to get a fair crack at the job market something had to be done to break the logjam that blocked them out. Hence, "affirmative action," a concerted effort to increase the numerical representation of women and minorities in non-dead-end jobs. It is a fair assumption that a substantial majority of the American people see that goal as one with which they associate themselves.

That substantial majority, however, melts away when the "affirmative action" moves beyond active efforts to discover, recruit, train, and hire qualified women and minorities. Increasingly, the term "reverse discrimination" ruffles the surface of American life, and the word "quota" is pronounced in terms of bewilderment or disagreement. The federal government is no exception. What is exceptional about the government is the extent to which the bounds of the discussion are set by affirmative action leaders who seem to see the program as an ideology from which no heresy is permitted. "Let the issue of quotas and 'reverse discrimination' be put to rest," decreed Eleanor Holmes Norton, head of the Equal Employment Opportunity Commission, in a 1979 address. "Let 'reverse discrimination' be banished from the language." Patricia Harris, the Carter Administration's Secretary of Health and Human Services, talking of the need to increase the number of women in management, recently said, "I hear about so-called 'reverse discrimination' but I have never seen it."

Well, to a white male denied a job or promotion simply because he is a white male, "reverse discrimination" remains a valid part of the language (as for Harris' observation, one can only suspect that she was playing in the sandbox with Ronald Reagan in that never never land where he grew up unaware that there was a racial problem in America.) And when percentile figures are set on the number of women and minorities that a supervisor must hire, irrespective of relative qualification or performance, we can call it what it is, which is a quota, or we can follow the example of Alfred Kahn and call it a banana.*

The federal government is also different in that, because Caesar's wife must be above suspicion, affirmative action takes a more hard-nosed form there than in the private sector. The government's program is enforced by full-time Equal Employment Opportunity divisions within each agency. An agency's EEO not only investigates discrimination complaints, but it wields a variety of carrots, sticks, and clubs over the heads of the other agency managers whom it suspects of foot-dragging on the affirmative action front.

The question is whether this mechanism, as it has come to operate in practice, is simply a legal device to break down the barriers of prejudice, or a blunt instrument of intimidation, leading in many cases to frivolous charges and litigation, whose costs in terms of a functioning government overwhelm any contribution it may make to opening up jobs for truly competent and qualified minorities and women. Listening to federal managers frankly discuss their experiences—something most are willing to do only after guarantees of anonymity—suggests that the latter is the case.

THEY'RE NOT OUT THERE

An executive in the Department of Health and Human Services described the current atmosphere this way:

"Affirmative action has overwhelmed consideration of fairness and efficiency in the thinking of a federal manager. Each agency has its own 'equal opportunity' bureaucracy that can justify its existence only by keeping the fires hot. You are constantly on the defensive, it's on everybody's mind, and when the subject comes up you feel compelled to cite how many women you've hired, how many minorities you've promoted. Any second thought, any questioning of the thrust marks you as a dinosaur, someone whose future is behind him."

A critical element in the performance appraisal for all federal managers is the "minority hiring and promotion" factor. What the manager is expected to achieve in order fairly general goals of satisfactory ranges from fairly general goals of "improvement in hiring practices" to "target goals—that is, specific numbers of percentages of target groups (women, blacks, Hispanics, etc.) to be hired or promoted. In many fields the scarcity of qualified minorities plus the pressures to meet the quotas creates an impossible situation for the mid-level manager.

The head of one subdivision of a government agency involved in radio broadcasting was told by a recent director of the organization that he expected him to hire a "disproportionate" number of blacks for all subsequent vacancies. By disproportionate, he explained, he meant about 70 percent. The manager protested that of 190 applicants for the two available announcer jobs, he could identify only two as blacks and their auditions had not been even close to the passing range.

"I tried to explain to him," said the broadcaster. "I travel around the country. I advertise. I personally have written to 250 radio stations asking for their cooperation in finding black announcers. Finding women in broadcast journalism is no problem, but blacks are something else again. The total enrollment of minorities—blacks, Hispanics, etc.—in the communications schools nationwide is about 4 percent, way below the average for other professions. There are damn few black males going into this business. I'm competing, when I go out recruiting interns at the universities, with the best newspapers and TV stations. But I'm told when I get back to Washington that 'they're out there, you're just not trying.' I know they're not out there—not for us. I sought out recruits at Southern University, one of the largest black schools in the country, with a large communications department, and at Clark College in Atlanta, a first-rate school. Not one of the students applied. At Howard I interviewed 80 or 90 students. One applied. I resent being put on the griddle. Yes, there are applicants that nobody else wants. I resent being told that for them we should lower the standards. Well, it didn't do any good to explain—he told me that I fill the vacancies with blacks or not at all. The upshot was that the other announcers worked overtime and the taxpayers paid for it—and I was put in the position of being a damned racist."

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*The most recent banana was packed in a proposal by the Justice Department, concerning the PACE (Professional Administrative Career Examination)—the basic entry level exam for professionals wanting federal jobs. The PACE exam had been challenged in court by minorities who claimed the test favors whites because of their background. Instead of revising the test to eliminate any unfair questions, the government offered to guarantee that the number of blacks and Hispanics who would get jobs would be proportional to the number who took the test—or else the test would be rewritten until it produced that predetermined result. That is, if half the people who took the tests were black or Hispanic, then half the available jobs would have to go to blacks or Hispanics for the test to stand.

Frank Berndt was the general counsel of the National Highway Traffic Safety Administration, a job he had held since 1975. Since that time, his office had hired 30 lawyers, 19 men and 11 women, of whom two were black. "It's easier for me to get highly qualified women out of the law schools," Berndt told the Washington Post. "With minorities it's harder. The competition for them is fierce." The reason Berndt was talking to the Post was that he had become the central figure in an unpleasant flap. His boss, Joan Claybrook, had put Berndt in for one of the bonus awards now available to senior executives. The Department of Transportation's selection board vetoed the award without explanation. But after gossip leaked out that the EEO office had axed the award on the grounds that Berndt had a lousy affirmative action record, the office admitted killing it. But, said the EEO official, he took the action not because Berndt's minority hiring record was bad—but because it was only "ordinary."

An executive in another government department, who was asked to organize a top-level consulting staff, spoke of the shoals he ran into:

"My job was to put together a staff of 18, comprised of the best professional talent available. Once this wonderful vision had been laid out, the realities struck home. After having taken on four people, I was told flatly that although there wasn't exactly a quota, if I didn't get more women and minorities immediately I wouldn't be permitted to complete the staffing. I had 4 out of the 18 and the music stopped. Now, the fact is that available blacks in the professions are in short supply. So since you are under terrific pressure to assemble a staff with the precondition of affirmative action, you find yourself in a bidding situation. The candidates come to you and they make demands. They tell you that they are being interviewed by a number of agencies, they want to know when promotions will come, where they will sit, what perks they will have—and they are in a position to say that they'll only come if the price is right. You find that you really have to scramble to prevent their walking out the door.

"Well, I was in a very awkward situation. I needed people in substantive professional areas who had been in government at a fairly senior level for some time. And there, women—and particularly minorities—are scarce. And, finally, what you do, facing reality, you accept people who are the best of a very uncertain lot. I believe in upgrading people, not downgrading standards, but that's not where it is today. People get sent around from the Director's office with a 'Must Hire' tag on them. I have so far filled eleven of the jobs—seven of them with 'targeted' people. In the affirmative action element of my performance rating I was graded 'outstanding.' But whether the people I've put on staff are adequate is another story. The point is that the emphasis isn't on qualifications, it's on the quota."

GS–14 BY RIGHT

The emphasis on race or sex rather than performance, and the explicit rules and implicit fears by which it is enforced, can wreak havoc in a large organization even after the initial hiring decision is made. That, at any rate, was the point a lawyer in relatively new section of a large federal agency was trying to make when he related this experience:

"Jim Borman was one of the original employees hired when this unit was set up. Although his credentials weren't super—he had an M.A. in urban planning from one of those degree-by-mail mills—that was glossed over in the interests of 'affirmative action.' Jim came on as a GS–11. The following year he asked for and received promotion to GS–12, although the fact is he had been a disappointment. His performance was poor and he had the kind of crummy attendance record—lots of 'sick' absences on Fridays and Mondays—that is more common in your clerical than professional staff. Nevertheless, after a year at GS–12, he asked for promotion to GS–13 [current starting salary, $26,951] and he also asked that he be reimbursed for law school courses he had begun to take at night.

"By that time he had come under my supervision and on the basis of performance I couldn't go along with the promotion. I also had to turn down his request for reimbursement, since the courses he was taking were not related to our work. Meanwhile, our unit was growing and Borman was transferred to another supervisor to whom he made the same requests with the same results. He then filed a grievance charging race discrimination in the fall of 1977. The case stayed in our agency but went through various phases over a period lasting three years. The department hired outside counsel and so did Borman.

"If it was difficult to supervise Borman before—he is intelligent but very defensive—it was now impossible. He did virtually nothing during those three years except work on his case behind closed doors—you know, keeping records, making calls and so forth. Any assignment his supervisor tried to give him, he regarded as an attempt to obstruct his preparation, and would make notes accordingly. Meanwhile, Borman finished law school and now he increased his demands: he now insisted on a promotion to GS–14 [starting salary, $37,871], on the grounds that if he had been promoted to a 13 when he felt he deserved it, by this time he could have been promoted again. Also, he wanted to be classified as a GS–14 lawyer. You get the picture?—a fellow with no legal experience at all, while at the same time we have lawyers in the department with six or eight years' experience who have been at the GS–13 level for five or more years. Well, how do you think it came out? The finding in the case was that there had been no discrimination—but everyone's afraid of an affirmative action stigma, so all of Borman's demands were met anyway: retroactive promotion to GS–14 lawyer with back pay, reimbursement for law courses, and reimbursement for his legal fees.

"Do you realize what that does to the morale of the other professionals in our section? The hostilities it creates? And how it cheapens the success of those blacks who make it because they really have it? And there is something else here that is the Achilles heel of the whole affirmative action program—which is that it's only natural that a person who knows his strong card is not his qualifications for the job but his special status will press his advantage for all it's worth. And you can't run a railroad that way."

MANAGEMENT BY OBJECTIONS

Beyond how all that affects the cost of running the federal government, the atmosphere created by defining people in terms of race heavily burdens the possibility of decent working relationships. Many of the equal opportunity officials within each agency—usually themselves minority members—are minimally qualified for this delicate work; their belief that any problems involving minority hiring and promotion are a matter of prejudice and foot-dragging on the part of bigots is inevitably absorbed by the people it is intended to help. At the lowest levels the effects may be seen in the widespread surliness of office workers. (Conversation overheard in a Department of the Interior elevator: "Hey, Mora, Donovan wants that letter typed up this afternoon." Yeah? Well tell Donovan to go f—— himself.") These attitudes, of course, find particularly fertile soil in the civil service culture where the fear of job loss is nonexistent, and supervisors are impotent. At the higher level the effect is more subtle. Another federal executive:

"When, because of the pressure, you take on underqualified minority people you have another problem. I've found that any effort to provide guidance creates a very sensitive situation. In my work we have to provide polished reports. If I have someone whose writing is sub-par and I suggest that I'd like to enroll him in a free civil service course in writing style, his immediate reaction is one of suspicion: 'Are you saying that I write ghetto English?' or 'Are you suggesting that I went to the wrong school?' Because of the atmosphere, attempts to bring someone along appear to have racial overtones. You find yourself walking on eggshells and you face the possibility that he will file a grievance.

"You run into the same thing when you want to reward people who have done a good job. The quota mentality is so heavy in the air that when thinking of cash awards or commendation or promotions you have to figure out how you can balance things on a race and sex basis—and hope that there will be something left for the most deserving people. You end up having to toss something here, something there, even though it's not appropriate, just to be able to keep control of your staff."

Added to these feelings of frustration for many mid-level managers is the conviction that their own career horizons have closed in on them. The Nirvana they look forward to—admittance into the Senior Executive Service—has become appreciably less attainable.

"I don't like to talk about it," said one manager who felt he was stymied in his career, "because it sounds like sour grapes. But I'm just part of a pattern that exists throughout government. I know a whole bunch of GS–15s in their middle to late forties or just turning 50 who had expected some day to be in top management posts. But these days the name of the game is minorities and women, and white males are reduced to telling bitter jokes (for example, Man tells wife he is contemplating sex change operation. 'But, dear,' she says in dismay, 'Then what if you don't get the promotion'). You see, the career corps of SES is made up primarily of long-timers who have been in for 20 or 30 years. Given the employment pattern of that era, they are mostly white males. So the heat is on to hire women and minorities to alter drastically the statistics."

LEPERS

The zeal of the affirmative action crusade has blended with the tactics of the earlier antidiscrimination movement to produce a mass of litigation—affecting small businesses, giant corporations and government—charging discrimination on one basis or another. Discrimination on the basis of sex is, next to age discrimination, the fastest growing charge; last year there were seven times as many such charges as in 1970. (During the same period charges of race discrimination rose by a multiple of four.) It is impossible to say how many of these cases have merit as opposed to those that are frivolous or vindictive. What is clear is that in government the litigation involved has an inhibiting and destructive effect on those managers who would like to devote their energies to trying to make their organizations work. It's not hard to see why . . .

In September, 1976, Dorothy Crook, the editor of a magazine published by the U.S. International Communication Agency, received a letter from a young women employed as a GS-5 in another government agency, inquiring about the possibility of transferring to USICA at the same level but in an editorial capacity. The woman was a graduate of Barnard College as was Crook, who, as part of the Barnard women's network, was pleased to lend a helping hand. Although she had no openings on her staff, she had a chat with her young fellow alumna. Crook then called Robert Korengold, a colleague who edited another USICA magazine, and ask him whether he would talk to the woman. Korengold was reluctant, explaining that he had no openings either, but he agreed to see her as one of those things you do to oblige a colleague. In that spirit, Korengold spoke with the woman in what he considered a counseling session—how to break into magazine work—rather than a job interview. Near the end of their talk, Korengold mentioned that a GS-12 position that called for six years' experience would be opening in a few months, one for which he told her, according to his subsequent deposition, she was in no way qualified.

Put yourself in Korengold's position for a moment. You have not called the woman into your office to destroy her hopes, but to be friendly. The last thing you want to tell her is "look, you're not good enough for this work." It is an embarrassing situation for most people, especially the soft-hearted ones—and a situation that usually produces a feverish mental search for an excuse that will allow you to turn someone down while leaving their self-esteem intact. Uncomfortably for those federal managers caught in this situation, the list of permissible excuses has shrunk considerably in the last two decades, and the one Korengold chose was a blunder: he added that since his professional staff consisted of ten women and only two men, he'd lean toward hiring a man for the sake of editorial balance.

Needless to say, the young woman then charged that she was rejected on the grounds of sex. She initiated litigation which, almost four and a half years after the original interview, is still going on. The file of court papers, now about six inches high, gives only a hint of the incredible number of hours that USICA officials and editors have put into documenting the information required by the attorneys for both sides. Understandably, agencies are apprehensive of becoming involved in such litigation—because of the stigma attached as well as the time consumed.

Official eagerness to steer clear of such headaches adds to the affirmative action pressures laid on federal managers, and to their proneness to treat as lepers any managers unfortunate enough to have a finger pointed at them. . . .

One day in 1979, Bradley Jones, head of a small government chemistry lab, learned that his chief assistant was leaving for another job within a month. Jones began actively looking for a replacement. Among the many resumes from men and women that he reviewed, one that impressed him was from a woman we can call Elizabeth Bolton. He interviewed Bolton, who was then employed in a different agency, and he was satisfied that she was, indeed, his candidate. Jones put Bolton in for "clearance," a cumbersome process still required in so-called sensitive agencies and one that managers don't initiate without a definite intention to hire the applicant. After being cleared, Bolton came in to see Jones and informed him that she was pregnant but would like to take the job on a part-time basis. Jones told her he was sorry but that his need was for a full-time assistant and she'd have to take it on that basis if she wanted it.

Shortly afterward, Jones was notified that Bolton was bringing suit against him and his agency for violating the law by refusing to hire a pregnant woman. She claimed that contrary to Jones's version she would have taken the job full-time after a period of part-time employment. When he spoke to the Agency attorney about a defense against the charge, Jones received another jolt. The Agency, not wishing to get involved in a sex discrimination case, had arrived at a settlement with Bolton that involved a job offer (which she refused) and a payment of some money (the difference between her current salary and the larger salary she would have received as Jones's assistant). Further, the attorney told Jones, the Agency had agreed to prosecute the case against him, and he would do well to hire his own attorney. Facing dismissal or suspension without pay, Jones did hire a lawyer. There ensued a series of hearings conducted by the Equal Opportunity office of the Agency during which, Jones recalls with bitterness, his account of the interview was given no credence nor was he given any opportunity to confront his accuser. The upshot was that Jones received a reprimand which is now part of his record, and he was out of pocket $1,800 for legal expenses.

You might expect Ronald Reagan to change all this. After all, he and his followers have never been advocates of affirmative action. Indeed, they do not even seem to understand the legitimate purpose behind it—the need to prevent those who have jobs to offer from slipping back into their comfortable networks of (mostly) white males, to make them reach beyond to find and develop the talent that is out there. So it is possible that the incoming administration not only will try to control the excesses of the program, but that in the process they will rip out its heart.

What is more likely, however, is that they will soon realize they can neither afford to antagonize an affirmative action lobby ready to pounce on any sign of Republican "insensitivity," nor arrest the enormous bureaucratic and judicial momentum behind the program. So they will content themselves with repeating conservative homilies, while those federal managers who care about their work will continue to be demoralized by a system that adds—to the already formidable obstacles to getting anything done in the government—the burden of trying to get it done with people chosen, not because they are the best, but because they can threaten a lawsuit or fill a quota.

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS

Mr. WALLOP. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which permits Ms. Beverly K. Hubble of the staff of Senator GRASSLEY to participate in a program sponsored by a foreign educational organization, Soochow University in Taipei, Taiwan, on October 5-11, 1981.

The committee has determined that Ms. Hubble's participation in the program in Taiwan, at the expense of Soochow University, to discuss relations between the United States and the Republice of China, is in the interests of the Senate and the United States.

ASKING THE COAST GUARD TO DO MORE WITH LESS

Mr. PELL. Mr. President, as a result of an Executive order issued yesterday by the White House, the Coast Guard has been given the added burden of stopping the flow of Haitian refugees now entering the United States illegally by sea. Regardless of the merits of the President's decision, it is obvious that yesterday's Executive order imposes a heavy responsibility on the already overburdened Coast Guard. It is another example of the haphazard way in which new missions have been heaped upon the shoulders of the Coast Guard without consideration being given to providing the service with adequate equipment and manpower to get the job done.

The Coast Guard's performance in a number of key areas has markedly declined in recent years as a result of the failure of the Coast Guard's budget to keep pace with the tremendous increase in the service's responsibilities. The Cuban and Haitian exodus in 1980 created a severe drain on the Coast Guard's limited resources, and resulted in a further decline in the service's ability to handle its primary missions. Now, the Coast Guard estimates that it will require at least $1 million a month in additional operating expenses alone to carry out the Executive order issued yesterday by the White House. Added to this cost will be the diversion of men, ships, and helicopters from vital primary missions. You just do not get something for nothing. The failure to provide offsetting resources will have a particularly severe effect on missions which have already been cut back because of inadequate resources, such as fisheries law enforcement and marine environmental pollution control activities.

Mr. President, I believe that the President's action in regard to the Haitian problem, completely apart from the merits of the plan, reflects the foolhardiness of some of the administration's budget cutting proposal. At the same time the administration is asking the overtaxed Coast Guard to do more, absolutely no consideration is being given to the need to provide the adequate resources to get the job done.

The size of the Coast Guard's fleet has declined by one-third in the last 10 years, and the remaining ships are aging and decaying rapidly. Many Coast Guard cutters, including one I served on prior to Pear Harbor, are more than 40 years old and still in service. Our failure to make the needed capital investments has left us with probably the oldest fleet of any Coast Guard or Navy in the world. To overcome this capital equipment backlog, I have recommended that the Coast Guard's capital budget be doubled in 1982 to $750 million, with this increase sustained—adjusted for inflation—for the next 10 years. Without this capital investment to overcome the neglect of the past, I believe we will inevitably see an even sharper fall-off in the Coast Guard's performance.

Yet, just last week, the administration required the Coast Guard, like other nondefense agencies, to reduce its 1982 budget by 12 percent. In the context of the Haitian mission announced yesterday, this type of budget cutting is an example of asking the Government to do more, at the same time we are giving Government—in this case the Coast Guard—less and less with which to get the essential jobs done.

ORDER FOR RECESS UNTIL 11 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Maryland.

SENATOR CHAFEE ON THE TAX BILL

Mr. MATHIAS. Mr. President, I recently had occasion to read in the Boston Globe an article written by our colleague, the Senator from Rhode Island (Mr. CHAFEE) concerning the tax reduction bill passed by Congress this summer.

Senator CHAFEE's article concerns what he terms the pitfalls he believes American business and industry must avoid if they are to retain public confidence following enactment of this sweeping change in the U.S. Tax Code.

Noting that very generous concessions will flow to industry as a result of the new tax law, Senator CHAFEE cautions that if these resources—

> are squandered and wasted . . . then a backlash will develop and a new round of anti-business sentiment will sweep the country.

Senator CHAFEE's article, Mr. President, provides a thought-provoking analysis of the dangers which will be faced by the business community if it fails to use wisely the great sums of money to be made available by the tax cut bill. I commend this article, which appeared in the August 28, issue of the Globe, to all Senators, and ask unanimous consent that it be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NOW THEY HAVE THE TOOLS . . . GET ON WITH THE JOB

(By JOHN H. CHAFEE)

The tax cut bill just signed by President Reagan can truthfully be called the answer to any general's dream—General Motors, General Tire, General Electric and General Mills, to name just a few.

Indeed, if the Business Roundtable had drawn its own bill, it could hardly do much better for its self-interest than the one Congress passed: more rapid depreciation on all equipment and buildings; tax credits for increased research and development; stock options to warm the hearts and swell the purses of management; relief for Americans working abroad; cuts in capital gains taxes; a provision for truckers to write off the value of route certificates; and a 50 percent cut in the windfall profits tax on "new" oil.

Congress passed this bill because we think the federal tax burden on American industry has been a major factor in the frequent inability of the United States to compete in world markets. The formal name of the bill—"The Economic Recovery Tax Act of 1981"—reflects this concern.

Yet, it is also true that many in Congress—myself included—believe American industrialists of the past 10 years have been too quick to blame factors other than their own shortcomings for the sagging fortunes of many sectors of our economy. Whether it's the fuel-efficient automobile, the radial tire, stereo equipment or reasonably priced steel, foreign firms have been able to produce what we couldn't—or wouldn't.

American businessmen have seemed far more capable of producing a better hamburger or pizza than they have been at building better automobiles.

But now is the time to look to the future. Industry asked for this bill; now let us see it perform. The ball is in its court.

Industry has been given an opportunity to renew its plants, to develop new products and to meet the challenge of its own rhetoric: "Give us the tools, we'll do the job." But if this opportunity is abused, then a fickle public with its equally fickle representatives will lose confidence in American business. Industry will come to be seen as a predatory target upon which it is perpetual open-hunting season.

To avoid this fate, business should take care to avoid these pitfalls:

There must be no more whining supplications for "special quotas" against those wicked imports. If American business can't compete on its own turf, it doesn't belong in the ballgame.

Industry must not squander its new depreciation dollars on exorbitant executive perks, bloated salaries or substantially increased dividends. We were promised that faster depreciation would mean renewed plants and equipment. Let's see it.

The proceeds of these cuts must be used to plan and design for the long haul. Too often the short-term goal is the hallmark of American business; research and development are too often given short shrift.

Business must bear in mind that public hostility will certainly mount if we see a new round of corporate mergers along the lines of the recent $7 billion bidding war for Conoco. Right or wrong, the public perception of such spectacles is one of corporate arrogance, of business more concerned with massing new power than in building better and more efficient products. Public confidence in industry was hardly enhanced by the sight of Mobil, the Nation's second-largest oil producer, scorning the antitrust laws as it made its bid for Conoco, the Nation's ninth-largest oil company.

If business is perceived by the public and Congress as using its new tax concessions to build plants, to invest in equipment, to create more jobs, then business will enjoy public confidence.

But if the resources now available are squandered and wasted and if business ignores the pitfalls cited above, then a backlash will develop and a new round of anti-business sentiment will sweep this country.

Since the trust-busting days of Teddy Roosevelt, Americans have harbored a deep-seated suspicion of business, especially big business. It still lurks out there, deep in the American psyche.

If that skepticism is to be put to rest, American business must prove itself worthy of the trust this tax bill presupposes.

The PRESIDING OFFICER. The Senator from California.

Mr. HAYAKAWA. Mr. President, may we have order?

The PRESIDING OFFICER. The Chair requests order in the Senate. The Senator from California is recognized.

AWACS

Mr. HAYAKAWA. Mr. President, on the eve of the appearance of Secretary Haig and Secretary Weinberger before the Foreign Relations Committee to discuss the proposed sale of AWACS and the F-15 enhancement package to Saudi Arabia, I would like to notify my collegues of my intention to introduce legislation on Monday which relates to this sale.

It is no secret that I, as well as many of my colleagues, have deep concerns and serious reservations about the proposed sale. On June 18, I held a press conference in which I listed some of the problems I saw in the proposal as it was being described. And I said that I was opposed to the sale but that I would approach the question with an open mind.

On Monday, September 14, Mr. Richard Allen, the President's National Security Adviser, and his technical experts, came to my office to discuss with me the proposed sale of AWACS to Saudi Arabia. I expressed my concerns over the matter and submitted a number of questions to him. Mr. Allen promised to get back to me with the answers. At the close of our meeting, I felt that he was aware of my deep reservations; he indicated that he would communicate them to the President.

I have yet to hear from the administration. And I still have serious concerns about the technical aspects of the sale. However, the more people I have talked to, with my colleagues in Congress and with my constituents, the more questions I have. I am disturbed at the direction we are taking. It seems to me that this whole matter has come down to a yes-or-no issue. The result is bound to be victory for one side and humiliation for the other—the United States being the loser in either case.

I have thought long and hard about the historical, cultural, and strategic aspects. And it seems to me that there are three basic issues in this whole matter. The State of Israel is the strongest democratic ally the United States has in the Middle East. Most of Israel's neighbors do not even recognize Israel's right to exist. It seems to me that from the Israeli point of view, there cannot be peace in the region until they are accepted as a member of the Middle East community.

The Saudis are also our friends and have demonstrated their willingness to work as a partner with the United States not only as an oil supplier, but also in providing economic assistance to other moderate states and in its diplomatic role in negotiating the recent cease-fire in Lebanon. However, the Saudis are a member of the Arab community and as such share their concern about the Palestinian question. And from the Saudi point of view, until this issue is resolved there cannot be peace in the region.

The third basic issue is the national security interests of the United States. Secretary Haig in testimony before the Foreign Relations Committee on September 17 said, and I agree—

> What is at stake is this nation's capacity to develop a strategy that can move the peace process forward and protect our vital interests in an unstable area exposed not only to historic Arab-Israeli rivalries but increasingly to threats from the Soviet Union and its proxies.

Starting tomorrow and probably during the remainder of the month, we will continue to hear about these threats to the Persian Gulf region and justifications for the sale, as well as the threat this sale will impose on Israel's security.

It is my desire that the formal notification on the proposed sale of arms to Saudi Arabia will offer alternatives, including diplomatic initiatives by one or more of the continuing parties.

I want Saudi Arabia to have adequate defenses. But I do not wish to increase Israel's fears. Both are surrounded by enemies, real and potential. A just compromise must be worked out to make both nations feel more secure—and thereby relieve tensions in the entire Middle East. However, at this late hour, the Senate has received no answers from the administration that such a compromise will be included in the package.

Therefore, the legislation I will propose on Monday contains provisions that should the sale go forward the President should notify the Senate 60 days prior to the delivery of the first AWACS or any other part of the package, of his determination to what extent the Saudis are continuing their moderate policies, their diplomatic role in fostering peace and stability in the Middle East and their effort at participating in a negotiated peace settlement in the Middle East which would affirm Israel's right to exist. And should the Senate find that the Saudis are no longer carrying out these policies, it is the intent of the Senate to consider and take steps to enact legislation prohibiting the delivery of these arms.

Mr. President, I think it is time that we in the Senate play a role in developing a strategy that can move the peace process forward. I believe my legislation will give us the options we have all been looking for.

As I said, I want Saudi Arabia to have adequate defense. I do not wish to increase Israel's anxiety. I thank the Chair.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who seeks recognition?

Mr. BAKER. I yield to the Senator from Washington.

ANNOUNCEMENT OF POSITION ON VOTE NO. 299

Mr. GORTON. Mr. President, at the time this afternoon when there was a motion to table the Tsongas amendment, I was unavoidably detained in the House. I ask unanimous consent that the record reflect at the appropriate point that had I been present I would have voted in favor of the motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT REQUEST—UP AMENDMENT NO. 456

Mr. HUMPHREY. Mr. President, I have a unanimous-consent request concerning the foreign assistance bill.

I ask unanimous consent that technical changes may be made to the Humphrey amendment to the foreign assistance bill to bring it into conformance with the language on the desk.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, that has been cleared on this side of the aisle.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order on tomorrow, the following Senators be recognized on special orders of not to exceed 15 minutes each: The Senator from Vermont (Mr. LEAHY), the Senator from Missouri (Mr. EAGLETON), the Senator from New Jersey (Mr. BRADLEY), the Senator from Massachusetts (Mr. KENNEDY), the Senator from West Virginia (Mr. ROBERT C. BYRD), the Senator from Tennessee (Mr. BAKER), and the Senator from Pennsylvania (Mr. SPECTER).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER DESIGNATING PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order and the Senators under the special orders just entered, there be a brief period for the transaction of routine morning business to extend no longer than 10 minutes in which Senators may speak for 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONTINUING IN EFFECT ANY AUTHORITY PROVIDED UNDER THE DEPARTMENT OF JUSTICE APPROPRIATION AUTHORIZATION ACT, FISCAL YEAR 1980, FOR A CERTAIN PERIOD

Mr. BAKER. Mr. President, this has been cleared on the other side of the aisle. I ask unanimous consent that the Senate proceed to the consideration of H.R. 4608, an act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period, and for other purposes, and I ask unanimous consent that first and second readings be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (H.R. 4608) to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period, and for other purposes.

The Senate proceeded to consider the bill.

UP AMENDMENT NO. 459

(Purpose: To change the effective date of H.R. 4608 from 6 months to 4 months)

Mr. BAKER. Mr. President, I send an amendment to the desk on behalf of the Senator from South Carolina (Mr. THURMOND).

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from Tennessee (Mr. BAKER) on behalf of Mr. THURMOND, proposes unprinted amendment numbered 459.
>
> On page 2, line 1, strike "April 1, 1982" and insert in lieu thereof "November 1, 1981."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 459) was agreed to.

The PRESIDING OFFICER. The bill is before the Senate and open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 4608) was passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. Mr. President. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BILL HELD AT DESK

Mr. BAKER. Mr. President, I ask unanimous consent that H.R. 4048 be held at the desk until the close of business tomorrow, October 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT REFERRAL—S. 1541

Mr. BAKER. Mr. President, I ask unanimous consent that the bill S. 1541, the so-called ERISA bill, be jointly referred to both the Finance Committee and the Labor and Human Resources Committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

REIMBURSEMENT OF COMMERCIAL FISHERMEN FOR CERTAIN LOSSES

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1191.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1191) entitled "An Act to extend for 1 year the authority of the Secretary of Commerce to reimburse commercial fishermen of the United States for certain losses incurred as the result of the seizure of their vessels by foreign nations", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That section 7 of the Fishermen's Protective Act of 1967 (22 U.S.C. 1977) is amended—

(1) by adding immediately after the fourth sentence of subsection (c) the following new sentence: "Those fees not currently needed for payments under this section shall be kept on deposit or invested in obligations of, or guaranteed by, the United States and all revenues accruing from such deposits or investments shall be credited to such separate account."; and

(2) by striking out "The provisions of this section shall be effective until October 1, 1981; except that payments" in subsection (e) and inserting in lieu thereof "Payments".

Amend the title so as to read: "An Act to give permanent effect to the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of United States commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations; and for other purposes.".

UP AMENDMENT 460

(Purpose: Amendment in the nature of a substitute)

Mr. BAKER. Mr. President, I move that the Senate agree to the House amendments with a further Senate amendment, which I send to the desk on behalf of Senator GORTON.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), for Mr. GORTON, proposes an unprinted amendment numbered 460.

Mr. BAKER. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

"That section 7 of the Fishermen's Protective Act of 1967 (22 U.S.C. 1977) is amended—

"(1) by adding immediately after the fourth sentence of subsection (c) the following new sentence: 'Those fees not currently needed for payments under this section shall be kept on deposit or invested in obligations of, or guaranteed by, the United States and all revenues accruing from such deposits or investments shall be credited to such separate account.'; and

"(2) in subsection (e), by striking out 'October 1, 1981' and inserting in lieu thereof 'October 1, 1984'.

"SEC. 2. (a)(1) The first section of the Act of June 29, 1935 (relating to certain seagoing vessels) (46 U.S.C. 367), as amended, is further amended by striking 'January 1, 1983' and inserting in lieu thereof 'January 1, 1988'.

"(2) Section 10(c) of the Act of May 28, 1908 (relating to seagoing barges) (46 U.S.C. 395(c)) is amended by striking 'January 1, 1982,' and inserting in lieu thereof 'January 1, 1988,'.

"(3) The last sentence of section 4426 of the Revised Statutes of the United States (46 U.S.C. 404), as amended, is amended by striking 'January 1, 1983' and inserting in lieu thereof 'January 1, 1988'.

"(b) For the purposes of section 9 of the Rivers and Harbors Appropriation Act of 1899, as amended (33 U.S.C. 401), the portion of the Green River in the State of Washington lying upstream from that State Highway 516 bridge which is in existence on the date of enactment of this Act is hereby declared to be not a navigable waterway.".

Amend the title so as to read: "A bill to extend for three additional years the provisions of the Fishermen's Protective Act of 1967 relating to the reimbursement of United States commercial fishermen for certain losses incurred incident to the seizure of their vessels by foreign nations; and for other purposes.".

● Mr. GORTON. Mr. President, I would like to explain the provisions of section 2 of S. 1191.

For many years the administration of inspection laws by the Coast Guard and its predecessor, the Steamboat Inspection Service, deemed cannery tender, fishing tender, powered and nonpowered processing vessels to be the same as fishing vessels. However, in 1962, the Coast Guard announced its intention to reverse this longstanding treatment of these unique vessels and to require their inspection, compliance with loadline requirements and with statutes regarding the transport of fishery related cargo and personnel.

In 1968 following extensive hearings in both the Senate and House as to the use of these vessels in the fishery, the Congress passed legislation which exempted them for a period of 5 years from requirements of sections 367, 395 and 404 of title 46. In 1973, on the expiration of the original exemption, the Congress again considered the use of these vessels and as a result extended the exemption for an additional 5 years. Upon the expiration of this exemption in 1978, the Congress again reviewed the vital need for these vessels in the fisheries of Oregon, Washington, and Alaska and extended their exemption until January 1, 1983, except for nonpowered processing vessels which, because of a drafting error, were only exempted until January 1, 1982.

The cannery tender and fishing tender vessels have two distinct uses. The first is the transport of fish from fishing vessels to processing plants. Second, they are used to transport cargo to or from vessels in the fishery or a facility used in the processing or assembling fishery products or the transport of processing or fishing personnel to or from operating locations.

The powered and nonpowered processing vessels of not more than 5,000 gross tons are used to process or assemble fishery products in "the fisheries of Oregon, Washington, and Alaska"—a term that includes, because of practice and congressional intent, the fishing and support activities inside the territorial waters and in the fishery conservation zone adjacent to these States.

Typically, these vessels depart from Oregon and Washington for Alaska and carry fishing and processing supplies, including food, to the remote areas. Because of the geography of Alaska with its 5,580 miles of coastline, tender vessels are often the only source of carriage of processing and fishing supplies to remote areas of the State. These vessels are not used for the transport of cargo or personnel outside of the fishing industry. Also, the powered and nonpowered processing vessels are often the only processing facilities available in remote areas. The present bill provides for another 5-year extension of these inspection exemptions, and this action is supported by the Coast Guard.

The second part of section 2 addresses a bureaucratic tangle caused by the Coast Guard's insistence on issuing a permit for a bridge across the Green River in Washington State. This amendment declares an upstream portion of this river as nonnavigable—which in fact it is—thus making sure a Coast Guard permit is not required.

The Coast Guard's declaration of navigability is a frustrating bureaucratic impediment that can serve no useful function. The Coast Guard's concern is over navigability—but the river is clearly not navigable for any sort of commerce; there are bridges both upstream and downstream from the proposed bridge which are lower; the project will not affect the course or channel of the river in any way, and on top of this the Army Corps of Engineers—which had authority to administer 33 U.S.C. section 401 until 1966—stated that no permit was necessary under 33 U.S.C. section 403—section 10 of the Rivers and Harbors Act—because the Green River in the vicinity of Kent was not a navigable water of the United States over which the corps had Rivers and Harbors Act jurisdiction. This Corps of Engineers determination clearly conflicts with the Coast Guard's declaration of navigability.

This amendment will end this bureaucratic holdup, which because of inflation is costing the taxpayers $100,000 per month in higher project costs.●

The PRESIDING OFFICER. Without objection, the motion to concur is agreed to.

OVERSEAS PRIVATE INVESTMENT CORPORATION AMENDMENTS ACT OF 1981

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 3136.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House agree to the amendment of the Senate to the bill (H.R. 3136 entitled "An Act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation", with the following amendment:

In lieu of the matter inserted by the said amendemnt, insert:

SHORT TITLE

SECTION 1. This Act may be cited as the "Overseas Private Investment Corporation amendment, insert:

CREATION, PURPOSE, AND POLICY

SEC. 2. Section 231 of the Foreign Assistance Act of 1961 (22 U.S.C. 2191) is amended—

(1) in paragraph (2)—

(A) by striking out "$520 or less in 1975 United States dollars" and inserting in lieu thereof "$680 or less in 1979 United States dollars"; and

(B) by striking out "$1,000 or more in 1975 United States dollars" and inserting in lieu thereof "$2,950 or more in 1979 United States dollars";

(2) in subsection (1) by inserting immediately before the semicolon the following: ", and to seek to support those developmental projects having positive trade benefits for the United States"; and

(3)(A) in subsection (k) by striking out "and" after "required by clause (1);";

(B) in subsection (1) by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new subsection:

"(m) to refuse to insure, reinsure, or finance any investment subject to performance requirements which would reduce substantially the positive trade benefits likely to accrue to the United States from the investment.".

ORGANIZATION AND MANAGEMENT

SEC. 3. (a) The first paragraph of section 233(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2193(b)) is amended—

(1) by striking out in the first sentence "eleven" and "six" and inserting in lieu thereof "fifteen" and "eight", respectively;

(2) by inserting after the second sentence the following: "The United States Trade Representative shall be the Vice Chairman of the Board, ex officio, except that the United States Trade Representative may designate the Deputy United States Trade Representative to serve as Vice Chairman of the Board in place of the United States Trade Representative.";

(3) by striking out "Six", "six", and "two" in the fourth, fifth, and seventh sentences of such section, as amended by paragraph (2), and inserting in lieu thereof "Eight", "eight", and "three", respectively;

(4) by striking out in the fifth sentence of such section, as amended by paragraph (2), "one" the first place it appears and inserting in lieu thereof "two"; and

(5) by striking out in the fourth sentence of such section, as amended by paragraph (2), "also serve as a Director" and inserting in lieu thereof "serve as a Director, ex officio".

(b) The second paragraph of such section is amended by inserting "including an official of the Department of Labor," after "United States,".

(c) The amendments made by this section shall take effect on October 1, 1981.

INVESTMENT INSURANCE AND OTHER PROGRAMS

SEC. 4. (a) Section 234 of the Foreign Assistance Act of 1961 (22 U.S.C. 2194) is amended—

(1) in subsection (a)(1)(C), by striking out "or insurrection" and inserting in lieu thereof ", insurrection or civil strife";

(2) in subsection (a)(2), by striking out "total" and "financing" at the end thereof;

(3) in subsection (a)(3), by striking out "authorized to issue under this subsection" and inserting in lieu thereof "permitted to have outstanding under section 235(a)(1)"; and

(4) by adding at the end of subsection (a) the following new paragraph:

"(4) Before issuing civil strife insurance for the first time, and in each subsequent instance in which a significant expansion is proposed in the type of risk to be insured under the definition of civil strife, the Corporation shall, at least sixty days before such insurance is issued, submit to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives a report with respect to such insurance, including a thorough analysis of the risks to be covered, anticipated losses, and proposed rates and reserves.".

(b) Section 234 of such Act is further amended—

(1) in subsection (b), by striking out in the last proviso "authorized to issue under this subsection" and inserting in lieu thereof "permitted to have outstanding under section 235(a)(2)";

(2) in subsection (f)(1), by striking out "(A)" and by striking out ", and (B)" and all that follows through the end of the paragraph and inserting in lieu thereof a period; and

(3) in the last paragraph of subsection (f)—

(A) by striking out in the second sentence exceed $600,000,000 in any one year, and the amount of such reinsurance shall not"; and

(B) by striking out in the last sentence ", and the Corporation" and all that follows through the end of the sentence and inserting in lieu thereof a period.

ISSUING AUTHORITY, DIRECT INVESTMENT FUND AND RESERVES

SEC. 5. (a)(1) Section 235(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2195 (a)) is amended in paragraph (2) by striking out ": Provided" and all that follows through the end of the paragraph and inserting in lieu thereof a period and the following: "Commitments to guarantee loans are authorized for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

(2) Section 235(a) of such Act is further amended—

(A) By redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(B) by inserting the following after paragraph (2):

"(3) The Corporation shall not make any commitment to issue any guaranty which would result in a reserve less than 25 per centum of the maximum contingent liability then outstanding against guaranties issued or commitments made pursuant to section 234(b) or similar predecessor quaranty authority.".

(b)(1) Section 235(a)(5) of such Act, as redesignated by subsection (a)(2)(A) of this section, is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1985".

(2) The authority of the Overseas Private Investment Corporation to enter into contracts under section 234(a) of the Foreign Assistance Act of 1961 shall be effective for any fiscal year beginning after September 30, 1981, only to such extent or in such amounts as are provided in appropriation Acts.

(c) Section 235(b) of such Act is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, the Corporation shall transfer to the Fund in the fiscal year 1982, and in each fiscal year thereafter—

"(1) at least 10 per centum of the net income of the Corporation for the preceding fiscal year, and

"(2) all amounts received by the Corporation during the preceding fiscal year as repayment of principal and interest on loans made under section 234(c), to the extent such amounts have not been expended or obligated before the effective date of the Overseas Private Investment Corporation Amendments Act of 1981,

and the Corporation shall use the funds so transferred to make loans under section 234 (c) to the extent that there are eligible projects which meet the Corporation's criteria for funding.".

GENERAL PROVISIONS RELATING TO INSURANCE AND GUARANTY PROGRAM

SEC. 6. (a) Section 237(f) of the Foreign Assistance Act of 1961 (22 U.S.C. 2197(f)) is amended by amending the first sentence to read as follows: "Compensation for insurance, reinsurance, or guaranties issued under this title shall not exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the Corporation plus interest, earnings, or profits actually accrued on such investment to the extent provided by such insurance, reinsurance, or guaranty, except that the Corporation may provide that (1) appropriate adjustments in the insured dollar value be made to reflect the replacement cost of project assets, and (2) compensation for a claim of loss under insurance of an equity investment may be computed on the basis of the net book value attributable to such equity investment on the date of loss.".

(b) Such section is further amended by striking out the last sentence.

DEFINITIONS

SEC. 7. Section 238(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2198(a)) is amended by inserting "or commitment" after "includes any contribution".

GENERAL PROVISIONS AND POWERS

SEC. 8. Section 239 of the Foreign Assistance Act of 1961 (22 U.S.C. 2199) is amended—

(1) in subsection (d), by inserting after the last semicolon the following: "to collect or compromise any obligations assigned to or be held by the Corporation, including any legal or equitable rights accruing to the Corporation;";

(2) in subsection (e)—

(A) by striking out "Auditor-General" each place it appears and inserting in lieu thereof "Inspector General"; and

(B) by striking out in the first sentence "shall have the responsibility for planning and directing the execution of audits," and inserting in lieu thereof "may conduct"; and

(3) by striking out subsections (f), (j), and (k) and redesignating subsections (g), (h), (i), and (l) as subsections (f), (g), (h), and (i), respectively.

REPORTS

SEC. 9(a) Section 240A of the Foreign Assistance Act of 1961 (22 U.S.C. 2200a) is amended—

(1) in subsection (a)—

(A) by striking out "(a)";

(B) in paragraph (1), by striking out "239(i)" and inserting in lieu thereof "239 (h)"; and

(C) in paragraph (2)(A), by striking out "239(l)" and inserting in lieu thereof "239 (i)"; and

(2) bv striking out subsection (b).

(b) The Overseas Private Investment Corporation shall prepare and submit to the Congress, not later than June 30, 1982, a report on methods for estimating the probability that particular investments or types of investments will or will not be made if insurance or other support by the Corporation is not provided. The report should review methods of taking into consideration the availability of insurance in the private sector as well as the self-insurance capabilities of investors. The report shall include recommendations on how the Corporation can incorporate consideration of such estimates when deciding which investments to support, particularly if not all applications of eligible investors can be approved. The report shall be based on studies conducted by persons who are not officers or employees of the Corporation as well as on studies conducted by the Corporation.

RETURN OF APPROPRIATED FUNDS

SEC. 10. Title IV of chapter 2 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 240B. RETURN OF APPROPRIATED FUNDS.—The Corporation shall return to the general fund of the Treasury, in a manner consistent with the objectives set forth in section 231, amounts equal to the total amounts which were appropriated to the Corporation before January 1, 1975, pursuant to section 235(f). In order to carry out the preceding sentence, the Corporation shall, in each fiscal year, pay to the Treasury an amount equal to 25 per centum of the net income of the Corporation for the preceding fiscal year, after making suitable provisions for transfers to reserves and capital, until the aggregate amount of such payments equals the amounts required to be returned to the Treasury by the preceding sentence.".

UP AMENDMENT NO. 461

(Purpose: To conform to Budget Act of 1974)

Mr. BAKER. Mr. President, I move to concur in the House amendment with a further Senate amendment, which I send to the desk.

The **PRESIDING OFFICER.** The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), for Mr. DOMENICI, proposes an unprinted amendment numbered 461.

Mr. BAKER. I ask unanimous consent that further reading be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

On page 6, the bill is amended by striking "Notwithstanding any other provision of law," and the period at the end of the sentence in which the words to be striken appear, and inserting the following in lieu of the period: ", provided, however, that loans from the Direct Investment Fund are authorized for any fiscal year only to the extent or in such amounts as provided in advance in appropriation Acts."

The **PRESIDING OFFICER.** Without objection, the motion to concur with the House amendments is agreed to.

AMENDMENT TO INTERNATIONAL INVESTMENT SURVEY ACT OF 1976

Mr. BAKER. Mr. President, I send to the desk a bill on behalf of the Senator from South Dakota (Mr. PRESSLER) and ask for its immediate consideration.

The **PRESIDING OFFICER.** The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1687) to make a technical amendment to the International Investment Survey Act of 1976.

The **PRESIDING OFFICER.** Without objection, the bill will be considered as having been read twice and the Senate will proceed to its immediate consideration.

The Senate proceeded to consider the bill.

The **PRESIDING OFFICER.** The question is on the engrossment and third reading of the bill.

The bill was ordered to a third reading, read the third time and passed as follows:

S. 1687

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4(b) of the International Investment Survey Act of 1976 (22 U.S.C. 3103(b)) is amended by striking the word "calendar" each time it appears therein.

Mr. BAKER. I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move that the motion to reconsider not be tabled and that the Senate vote forthwith on the motion to reconsider.

The **PRESIDING OFFICER.** The question is on agreeing to the motion to reconsider.

Mr. ROBERT C. BYRD. Mr. President, I withdraw that request. I move to lay that motion on the table.

The motion to lay on the table is agreed to.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have only one other matter. I inquire of the distinguished minority leader if there are items on the Executive Calendar today that might be considered at this point by unanimous consent?

Mr. ROBERT C. BYRD. Mr. President, all of the items on the Executive Calendar under the nominations designation have been cleared on this side of the aisle with the exception of No. 520.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, in view of that clearance, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nominations just identified.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. BAKER. I ask unanimous consent that the nominations so identified be considered en bloc.

The **PRESIDING OFFICER.** Without objection, the nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF STATE

Ronald I. Spiers, of Vermont, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Islamic Republic of Pakistan.

John Gunther Dean, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Thailand.

Harry G. Barnes, Jr., of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to India.

M. Virginia Schafer, of Washington, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Papua, New Guinea, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to Solomon Islands.

Frank V. Ortiz, Jr., of New Mexico, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

Thomas Aranda, Jr., of Arizona, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Uruguay.

John Augustus Bohn, Jr., of California, to be Ambassador.

INTERNATIONAL JOINT COMMISSION, UNITED STATES AND CANADA

Donald L. Totten, of Illinois, to be a Commissioner on the part of the United States on the International Joint Commission, United States and Canada, vice Charles R. Ross, resigned.

COMMUNITY SERVICES ADMINISTRATION

Samuel J. Cornelius, of the District of Columbia, to be Deputy Director of the Community Services Administration, vice William Whitaker Allison.

Mr. BAKER. I move to reconsider the vote by which the nominations were considered and confirmed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. I ask unanimous consent that the Senate return to the consideration of legislative business.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

PROGRAM

Mr. BAKER. On tomorrow, the Senate will convene at 11 a.m. After the recognition of the two leaders under the standing order, there are orders for the recognition of seven Senators on special orders for not to exceed 15 minutes each. After the disposition of time allocated to Senators on the special orders, there will be a brief period for the transaction of routine morning business as heretofore provided for.

At the conclusion of morning business, Mr. President, it is the intention of the leadership on this side to ask the Senate to proceed to the consideration of the Telecommunications Act, S. 898. It is not anticipated that it will be necessary once again to ask the Senate to remain in session late tomorrow. I expect the day will be a reasonably normal day extending no later than late afternoon.

After that, Mr. President, I expect that the Senate will be asked to recess until Monday next.

IN APPRECIATION

Mr. BAKER. Mr. President, I express my appreciation to all Senators and my apologies to their families for the imposition that I have placed on Members during this week. I have indicated so many times that I have a deep understanding of the family distress and inconvenience that is caused by late sessions other than those which must occur on Thursdays regularly or from time to time.

But I hope Members and their spouses and families will understand that the ending of the Federal fiscal year at midnight on September 30 poses a special set of circumstances and that we are under rigid deadlines that require not only the Senate but the House of Representatives as well to dispatch the business of the extension of the debt limit and the resolution making appropriations to continue the functioning of the Government and its several agencies and departments.

Were it not for those imperatives, I would not have asked the Senate to remain in session now for 3 nights in a row, far beyond the time when we ordinarily would have recessed or adjourned. I apologize for that, but I hope the Members recognize the necessity for it.

Mr. President, I express my appreciation to the distinguished chairman of the Committee on Appropriations and the ranking member and the ranking minority member for their diligence in bringing us a conference report on which the Senate has now acted, and to their staffs for their dedication and diligence as well.

Mr. President, I have no further business to transact. I inquire of the minority leader if he has any other matter he wishes to present to the Senate.

Mr. ROBERT C. BYRD. I thank the distinguished majority leader. I have no other business to transact.

RECESS UNTIL 11 A.M. TOMORROW

Mr. BAKER. Mr. President, I now move, in accordance with the order previously entered, that the Senate stand in recess until 11 a.m. tomorrow.

The motion was agreed to; and at 11:49 p.m., the Senate recessed until tomorrow, Thursday, October 1, 1981, at 11 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate September 30, 1981:

INTERNATIONAL JOINT COMMISSION, UNITED STATES AND CANADA

Donald L. Totten, of Illinois, to be a Commissioner on the part of the United States on the International Joint Commission, United States and Canada.

DEPARTMENT OF STATE

Ronald I. Spiers, of Vermont, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Islamic Republic of Pakistan.

John Gunther Dean, of New York, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Thailand.

Harry G. Barnes, Jr., of Maryland, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to India.

M. Virginia Schafer, of Washington, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Papua, New Guinea, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to Solomon Islands.

Frank V. Ortiz, Jr., of New Mexico, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Peru.

Thomas Aranda, Jr., of Arizona, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Uruguay.

John Augustus Bohn, Jr., of California, for the rank of Ambassador, while serving as U.S. Director of the Asian Development Bank.

COMMUNITY SERVICES ADMINISTRATION

Samuel J. Cornelius, of the District of Columbia, to be Deputy Director of the Community Services Administration.

The above nominations were approved subject to the nominee's commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.

EXTENSIONS OF REMARKS

SUGAR LOAN PROGRAM

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. DOWNEY. Mr. Speaker, in the next few days we will be considering the farm bill, and with it the question of whether or not to approve a billion dollar sugar loan program. I think it would be of great help to my colleagues in anticipating this question to consider the wisdom of our former colleague, Budget Director David Stockman, when he sat with us in this body 2 years ago during a similar consideration of the farm bill. The enlightened, free-market sentiments expressed so well by our distinguished colleague on that occasion can, I think, serve as a beacon to us all in the coming debate.

With that view in mind, Mr. Speaker, I would like to insert the full text of Mr. Stockman's landmark speech on sugar price supports in the RECORD for the illumination of my colleagues.

Mr. Stockman's speech follows:

Mr. STOCKMAN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, if some of the Members of the House are confused on this amendment, let me suggest a simple formula to resolve their doubt.

Flip a coin on the Frenzel amendment and then vote "no" on final passage, regardless of the outcome; because the fact is this amendment involves nothing more than an intramural debate about which pocket to fleece, the tax pocket via direct payments; and the gentleman from Minnesota (Mr. FRENZEL) is against that, and I commend him for it: or the consumer expense pocket via higher price supports and tariff levels.

I would suggest to the House that the important matter here is that in the final analysis it really does not matter which pocket you fleece, because either way, the American economy and the consumer taxpayers will end up paying up to $4 billion extra for sugar over the next 4 or 5 years and for absolutely no good reason.

Now, the simple, unvarnished purpose of this bill is to prevent low-cost foreign imported sugar from gaining a larger share of the U.S. market and thereby assure that every last acre, every plow, every harvesting machine and every processing plant now devoted to domestic sugar production remains profitable and competitive under the artificial protection of a high-tariff umbrella. Thus, the fundamental issue that this legislation poses to the House is very simple.

What does the American economy, or what do the great bulk of American consumers get from this billion-dollar insurance program designed to prop up the domestic sugar industry?

The answer, the only one that I can detect as I read the propaganda for this bill, is that in the spirit of the Halloween season upon us, the American consumer will get some protection from various international hobgoblins that are said to lurk in the world sugar market.

Of course, the most ferocious of these hobgoblins is an OPEC sugar cartel, something which we are told will spring up sphinx-like if the U.S. production base erodes even marginally.

The problem is that cartels can fix artificially high prices if, and only if, they can drastically curtail production or control production. The odds of that happening in the world sugar market are about of the same order as of eradicating ragweed.

Sugar is grown in 83 countries. It is exported by 47. It is produced in regions from Norway to Australia. It can be grown in practically every climate, topography and soil imaginable, and more importantly, since we are referencing the argument to OPEC, unlike the case of oil, in which it took mother nature 100 million years to lay down 60 percent of the world's reserves in a narrow strip of sand around the Persian Gulf, sugar production can be increased dramatically in a matter of 1, 2, or 3 years in dozens of regions around the world.

In response to these high prices that we have heard about in 1974 and 1975, for instance, U.S. acreage of sugar acreage alone expanded 27 percent within the course of less than two growing seasons.

In short, the point is a sugar cartel cannot be created because there are too many producers to begin with an artificially high prices cannot be sustained for any reasonable period of time because the production response is too elastic.

The second benefit we are supposed to get, the consumer, the American economy is supposed to get for this very high insurance premium we are being asked to pay, is protection from an unstable market and, as we heard a moment ago, from the threat that without a sugar program prices might skyrocket through the ceiling and reach 60 cents a pound again or even $1 a pound.

I think the point here is very simple. Beware of price fixers bearing gifts of Market stability and consumer protection. As a matter of fact, I would suggest we amend that old story about the three greatest lies to include: First, "My check is in the mail"; second, "This will only hurt a second"; and third, "My plan will protect you from high prices."

The fact is all price fixing, all market rigging schemes are designed to stabilize the price, of course. Even Mr. Yamani says he is ravaging our economy today to spare us from an even worse fate tomorrow.

But these price fixing, stabilizing schemes are not designed to minimize costs to consumers. They are not designed to maximize production efficiency.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent Mr. STOCKMAN was allowed to proceed for 4 additional minutes.)

Mr. STOCKMAN. No, they are designed to protect market shares, profits, and lessen competitive discipline in the industry involved.

Let me refer to this 60-cent price we had in 1975 and we have been warned will happen again if we do not have a sugar program. The main thing to say about that is that it lasted for a grand total of 5 weeks, and that is the honest to goodness fact.

In the entire last decade the world price of sugar exceeded 60 cents a pound for the grand total of 35 days. As a matter of fact, during the entire last decade the price of world sugar exceeded 30 cents a pound for only 7 months.

The point I am trying to make here very simply is yes, you had a very short period of instability in the market when the futures price was bid up, when Congress refused to extend the old program, but the underlying fundamentals of the industry and the world market are such that there is endemic excess production capacity or potential for sugar production in the world and that is going to hold the sugar price in the future much closer to the 12 or 15 cents per pound level that it is at today than the 16 to 20 cents provided for in this bill, and most certainly than the horrow stories of 60 cents or $1 per pound sugar that is being warned about by its backers.

I want to talk about the third consumer benefit that we are supposed to get from this bill; namely, protection of our economy and our consumers from the stupidity of foreign producers who insist on dumping sugar on our market below the cost of production. Since dumping is a form of income transfer of what we call foreign aid, I am wondering just who the countries are, what foreign principalities really engage in this over a sustained period of time. The fact is there has not been any evidence presented to show that.

We keep hearing about how the price in France or Denmark or Japan is 40 or 50 cents a pound but those are net importers, not exporters. The reason the price is so high internally is they support their domestic industry at that very high level. If we want to talk about dumping we have to look at the net exporters, the Philippines, Brazil, Mexico, South Africa. Their internal prices are the same as the world price. They sell both on the spot market and long-term contract market. The long-term contracts, for the most part, except for the convention, are tied to the future price and spot market price of sugar. The fact is there is a workable world sugar market out there that is not subject to the influence of all these hobgoblins we hear about.

What we have before us is a proposal that merely is aimed at a few thousand marginal producers, a very small slice of American agriculture, that do not want to have to adjust or move acreage into some other productive endeavor.

I would just remind the committee in the last 4 years, and this is an astounding figure, but in the last 4 years we have seen an expansion of the production of sunflowers from 400,000 acres to 4 million acres which came out of something that was being produced there before that was not as profitable. That expansion in 4 years is twice all of the acreage we have in sugar in the entire country.

So what the choice here today really is not between pro-producer or anti-consumer, the choice really is find a progressive economic policy that recognizes that our resources are our acreage, our capital, our labor has to shift as market conditions change, or a reactionary policy that is going

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

to freeze in every acre, every investment in labor and capital that we have in the economy today, and drive up barriers to foreign imports in order to allegedly help the national economy and the consumers.

Mr. MOORE. Will the gentleman yield?

Mr. STOCKMAN. I will be happy to yield to the gentleman from Louisiana.

Mr. MOORE. I thank the gentleman from Michigan for yielding. He makes a very eloquent argument and I have great respect for the position he takes and his argument.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. MOORE and by unanimous consent, Mr. STOCKMAN was allowed to proceed for 2 additional minutes.)

Mr. MOORE. If the gentleman will yield further, although the argument is tailored toward sugar, would not the gentleman make the same argument toward any price support program for agricultural commodities he is making now?

Mr. STOCKMAN. Yes; and I have in the past.

Mr. MOORE. And would it not also be fair to say that essentially the gentleman sees no redeeming quality, assuming the debate has been accurate, that sugar farmers cannot exist at the 10- or 11-cent world price in the United States, assuming they cannot produce for that, the gentleman sees no redeeming quality in maintaining them in business when we can, in fact, buy that sugar from a foreign market at 10 or 11 cents?

Mr. STOCKMAN. I think we should buy it at the lowest cost, whether domestic or foreign. The fact is the world market in now up to 15 cents. I think there is a substantial part of our industry that can produce and compete and make a profit over the cycle at that level. But we do have some in very high cost production areas or regions who cannot. But the fact is we have a constant process of adjustment, of acreage and of crops and of investment in our economy, and we have to encourage that, we cannot freeze in every acre that is planted to sugar today. If we did that, we would not have half the prosperity, efficiency, or level of wealth in our agricultural economy we have today.

Mr. MOORE. I understand that, but my question is, for those who cannot compete, at that point the gentleman sees no redeeming quality, economically speaking, in maintaining them in production by virtue of a price support program such as this?

Mr. STOCKMAN. I think it is a disservice to them and obviously a disservice to the entire economy.

Let me just add one point. I would say to the gentlemen I grew up in a county that planted strawberries from hedgerow to hedgerow 20 years ago and if you go back there today you cannot find a strawberry sundae. But that does not mean our area is an economic wasteland. We are growing grapes and soybeans and lots of other crops, and the farmers are better off today than they ever were growing strawberries 20 years ago.

Mr. MOORE. Will the gentleman yield further?

Mr. STOCKMAN. I yield to the gentleman.

Mr. MOORE. I think the gentleman has been very honest and I think his economic arguments are always based on solid economic theory as far as he understands it, and facts, but I think the point ought to be made, and I think he just answered the question very honestly: First, he is against farm programs; and second, he sees no redeeming grace in saving the American sugar industry.

I think we ought to realize that is implicit in the gentleman's argument.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. DOWNEY and by unanimous consent, Mr. STOCKMAN was allowed to proceed for 1 additional minute.)

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. STOCKMAN. I yield to the gentleman from New York.

Mr. DOWNEY. The gentleman realizes we do not always agree on issues. But I want to congratulate the gentleman on one of the most succinct and carefully argued presentations that I have had the privilege to hear on this floor. The gentleman is right, it is not pleasant to hear because it rubs politically the wrong way, both in his party and my party; but the fact is that there is a world market, and the sooner we recognize it and let the marketplace come to bear, the better off we will be as taxpayers and also as consumers. I thank the gentleman for a fine statement.●

TOWARD PEACE IN THE MIDDLE EAST

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BENEDICT. Mr. Speaker, the peoples of the United States and Israel share ideals, values, and spiritual roots. Both Governments are committed to democracy, justice, human rights, and freedom. I believe it appropriate, at the beginning of the Jewish New Year, a time of reflection and prayer for peace, that the Congress examine the United States-Israel relationship and the proposed sale of high technology armaments to Saudi Arabia.

I believe the United States has, and should continue to support, Israel's right to defend herself and to live in peace. A genuine peace must encompass true people-to-people relationships; full diplomatic relations; the end of hostile propaganda; political and economic warfare; and the opening of borders, communications, trade, and tourism. There must be an end to acts of terrorism and the harboring of the perpetrators of such acts by Israel's neighbors. Egypt and Israel are moving toward implementation of such a peace, which will serve as a model for all the nations of North Africa and the Middle East.

I believe strongly that the United States and other nations should desist from the sale of first-line armaments to the outspoken enemies of Israel. We should sell weapons and furnish technology only to meet legitimate defense needs of those nations whose leaders have, by their actions and rhetoric, recognized the legitimate claim of Israel to exist in freedom and security.

For these reasons, Mr. Speaker, I am opposed to the proposed sale of AWACS to Saudi Arabia. This is the most sophisticated aircraft of its kind in the world and I believe the sale jeopardizes seriously American interests in the Middle East. Until now, only the U.S. Air Force and NATO have been provided with AWACS. A sale to Saudi Arabia would mark the first time such a system appears in the arsenal of a Middle East state. I believe there is a real danger of the aircraft's secrets being compromised by defection, diversion of technological manuals, accident, or Soviet intelligence activities. This technology is simply too valuable to be placed under any but American control. In addition, I believe the sale of AWACS to Saudi Arabia would tend to destabilize the arms balance of the region and undermine American regional policy by weakening the security of Israel.

I am concerned that the proposed sale of AWACS to Saudi Arabia will jeopardize the goals of an American foreign policy that is both forceful and wise. I respectfully urge my colleagues to continue the policy of stable U.S.-Middle East relations and to oppose the sale of AWACS to Saudi Arabia.●

PENTAGON LABORS OVERTIME TO BRIEF PRESIDENT REAGAN WITH CARTOONS

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. OBEY. Mr. Speaker, this Friday the administration will announce some of the most important decisions affecting our defense establishment in almost two decades. According to press reports over the past several months, the discussions which have taken place within the administration have been hot and heavy. The issues involve both the level of defense funding and the way in which these tremendous amounts of money will be spent. Of course, the final decisions have to be made by the President. He is the one responsible for looking at all of the options presented to him and making the tough choices. Last week we saw what the President is proposing for the defense budget as his economic progam runs into trouble. This week we will be shown how the Pentagon will spend a good portion of this budget. The Armed Forces Journal International, one of the most respected publications in its field, this month tells us a little something about how these crucial choices were presented to the President for his consideration. I think you will find the following article of interest:

Pentagon Labors Overtime To Brief President Reagan With Cartoons

(By Benjamin F. Schemmer)

The President likes cartoons, Pentagon action officers have learned to their chagrin. The 32 briefing charts on defense budget alternatives which Defense Secretary Caspar Weinberger took to the White House on September 9th, for instance, required a lot of Pentagon overtime because action officers had to redo their usual charts and tables to come up, instead, with *visual* portrayals to explain the impact of the various budget levels which Weinberger and OMB Director David Stockman have been debating since mid-August.

To show how U.S. strategic forces would compare under the different budgets, for instance, Weinberger's staff ended up with a chart showing different-sized mushroom clouds—a small one for the size of strategic forces under the Carter lame duck budget, a big one for how those forces would have grown under the FY 83-87 five-year fiscal program which Weinberger spelled out in his May 18th "Defense Guidance," and a far smaller one for what would happen to them under the $30-billion budget cut which Stockman has been looking at since August. Different sizes and shapes of airplanes—a cartoon rendition of a fighter-bomber, one the same size but loaded with bombs under its wings, and a third with its nose missing—were used to illustrate how tactical air forces would vary in size and capability, and different sizes of ships to show Stockman's budget impacts on the Navy.

Weinberger took 32 briefing charts to the White House meeting, each on heavy cardboard measuring 30x40 inches. He also carried with him 32 8½x11 inch color prints of the same charts. Which ones and how many had cartoons instead of numbers on them is one of Washington's best kept secrets. AFJ was unable to find out precisely, but learned that from five to seven of Weinberger's final charts had Pentagon-drawn cartoons on them, and that one other chart had a blowup of a newspaper editorial cartoon. As one source involved with their preparation said, "There were so many revisions, it was difficult to keep track."

Some action officers getting together the data for Weinberger's briefing told AFJ they prepared the usual bar charts, tables, and graphs but were directed to "go back and come back with a 'cartoon,' or it'll never get past Carlucci." Deputy Defense Secretary Frank Carlucci previewed much of the material which Weinberger's staff assembled for the 9 September budget skirmish.

Reagan's preference for cartoons is not surprising, even on matters as serious as the security of Western civilization. His profession before turning to politics and his World War II military service were both grounded in the audiovisual arts. During the war, Reagan served as a captain with the 18th Air Force's First Motion Picture unit at the Hal Roach studios in Hollywood. He is shown in the accompanying Air Force photo making a training movie for the Army Air Corps—with a map in the background and a cartoon of an airplane to his right rear.

Still, there is some irony in the President's preference for cartoons in his national security briefings. One of the first budget-cutting proposals surfaced by Stockman's OMB staff earlier this year, when it looked at ways to tighten up the Pentagon budget, was to cut its audiovisual services. OMB Bulletin, number 81-16, "Elimination of Wasteful Spending on Government Periodicals, Pamphlets, and Audio-Visual Products," signed by Stockman on April 29th, called for government-wide reductions in audiovisual spending. On May 4th, Weinberger sent a memo to his key deputies and the military Services, ordering an "immediate 10% reduction" in the Pentagon's audiovisual and publications program, which, he said, was estimated to cost $476-million and involve 14,372 personnel in Fiscal Year 1982.

AFJ was unable to determine if all of the overtime spent preparing Ronald Reagan's cartoons on Stockman's proposed defense cuts was a result of the cutback Weinberger ordered four months ago.●

NATIONAL CULTURAL LAUREATE PROGRAM

HON. WILLIAM C. WAMPLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. WAMPLER. Mr. Speaker, as dean of the Virginia delegation, I am pleased and honored to introduce a resolution encouraging the development of a national cultural laureate program.

In 1976, several Americans conceived this program to foster pride in the accomplishments of individual Americans, their States and the Nation. Mrs. Walter Rice, wife of a former U.S. Ambassador to Australia and Mr. Allen Turner, a Washington real estate broker, formed a foundation to seek out, recognize, and honor individuals who have achieved distinction in 1 of 102 different cultural categories as voted upon by their peers. The Cultural Laureate Foundation has as its ultimate goal the establishment of a series of awards for Americans, comparable in status to the Nobel Prize.

Virginia, the only State to have instituted a laureate program at this time, honored historian Dumas Malone, author Tom Wolfe and 23 others at her first award ceremony in 1977.

This resolution commending the laureate program and encouraging establishment of the program in each State enjoys broad, bipartisan support and requires no State or Federal funding. In introducing this resolution, I am hopeful that my colleagues will join with me in support of this program to promote and recognize the American tradition of individual initiative and accomplishment.●

THE AUXILIARY OF LUTHERAN MEDICAL CENTER CELEBRATES ITS 75TH ANNIVERSARY

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. ZEFERETTI. Mr. Speaker, on October 17, a number of my constituents in Brooklyn will join together in celebration of the 75th anniversary of Lutheran Medical Center's auxiliary. I would like to congratulate the members of this organization for their dedication and hard work in helping Lutheran Medical Center provide for the health-related needs of the people of Brooklyn,.

The Lutheran Medical Center's auxiliary was founded on February 14, 1906, when a group of 82 women met in the old hospital facility to start a women's auxiliary. The original purpose for the formation of the organization was to sponsor an annual fair to benefit the hospital.

As Lutheran Medical Center grew, so did the scope and activities and involvements of the auxiliary. Over the years through socials, luncheons, cake sales, garden parties, rummage sales, smorgasbord parties, and various other fund-raising activities, the auxiliary has been responsible for contributing many hundreds of thousands of dollars to Lutheran Medical Center. In addition to raising $100,000 toward the construction of the new Lutheran Medical Center facility, the auxiliary has contributed $30,000 a year over the past 3 years to provide for ambulances, a patient orientation booklet and film, wheelchairs, and other needed equipment and services. Also, for over 46 years, Lutheran Medical Center's auxiliary has worked actively in United Hospital Fund campaigns to raise needed revenue for hospitals throughout the New York metropolitan area.

Like the many dedicated members who preceded them over the course of the past 75 years, today's Lutheran Medical Center's auxiliary, through their commitment, energy, talent, and hard work, makes a significant and valued contribution to the well-being of their neighbors.

Mr. Speaker, I am proud to honor the auxiliary of Lutheran Medical Center, whose dedication, strength, and moral and financial support continues to assist Lutheran Medical Center. The people of Bay Ridge and Sunset Park, the Borough of Brooklyn, and the city of New York have been extremely fortunate that this organization was founded, and I again congratulate the Lutheran Medical Center's auxiliary on their 75th anniversary.●

BILL GREEN SUPPORTS TUITION TAX CREDITS

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. GREEN. Mr. Speaker, I would like to bring to your attention and that of my colleagues an article by

Kenneth Dunn concerning tuition tax credits, which I support. As it is likely that this Congress may be addressing this issue, I thought the following article might make my position, and that of others who favor tuition tax credits, clear:

People Want Tax Aid on Tuition

(By Kenneth F. Dunn)

Chicago.—Black people, one could easily conclude, speak with one voice on the issue of tuition tax credits—they are against them. This conclusion seems implicit in the nearly unanimous opposition to tuition tax credits of black politicians and other prominent blacks. The Rev. Jesse L. Jackson and Carl T. Rowan in their columns have gone on record against the idea. In addition, 10 of 11 black Congressmen voted against one version of the Moynihan-Packwood bill that would have started tuition tax credits. It seems clear that blacks overwhelmingly oppose tax incentives to increase nonpublic school enrollment. Nothing could be clearer, right? Wrong. There is substantial evidence that many blacks are in favor of aid to private and parochial schools.

The fact is that blacks believe strongly in the value of private education. Some of the earliest and best American schools, the African free schools, were privately established by blacks in the 18th Century, often with white support. Later, blacks quickly sought places in Roman Catholic schools far exceeding their proportion in the Catholic population. The result is that today, although only 2 percent of American Catholics are black, 7.7 percent of Catholic school students are black. This is most evident in America's largest cities, where Catholic school enrollment among blacks is often 40 percent or higher. These are not only the children of a black elite. A 1978–1979 study by the Catholic League for Religious and Civil Rights found that 72 percent of the parents surveyed, who sent their children to inner-city Catholic schools, had annual incomes of less than $15,000. Half earned less than $10,000, and 15 percent of the respondents had incomes of less than $5,000 per year. When one considers that yearly tuition ranges from $300 to $750, the importance these parents place on quality education becomes apparent. There is also evidence that more parents would place their children in private schools if they were able to financially. A New York Times/CBS News survey indicated that blacks favor tuition tax credits by a 2-to-1 margin. Prominent blacks say overwhelmingly that blacks oppose tuition tax credits, but some 250,000 black students in Catholic schools and their parents would disagree.

Low educational levels characterize a very high percentage of inner-city public schools. As a consequence, quality education for those urban blacks who receive it is most often found in nonpublic schools. With tuition tax credits, parents could choose higher-quality educational alternatives. More parents would be able to afford good private schools and, many believe, public school administration and teachers would be forced to provide better educational services to compete for students. Some opponents of tuition tax credits argue that all public funds for education must go to public schools, no matter how many "functionally illiterate" graduates these schools turn out. Others argue that education is unlike commodities in which competition fosters quality. The first argument, in essence, advocates "throwing good money after bad," a course as unsatisfactory for society as it is for an individual. The second argument is groundless because teachers provide a service and, as in any service industry, competition discourages inefficient providers while encouraging the efficient. Students would benefit as more high-quality private schools entered the market while low-quality public schools would be forced out. Schools exist for one purpose—to educate students. Inner-city public schools are failing to educate black children. We should not sacrifice the future of millions of children merely to preserve the principle of public school education.

On the issue of tuition-tax credits, prominent blacks are out of touch with black people. Where prominent blacks are preoccupied with many peripheral issues such as busing, future student ratios, per-pupil expenditures, affirmative action and educational administrations, black parents are interested only in education. Black parents just want their kids to be able to read and write, to be able to fill out an application, to be employable. Lower-income parents should be helped in their efforts to avoid sending their children to the woefully inadequate public schools in inner cities. Black politicians and other prominent blacks as well as white politicians whose districts contain large black populations should recognize this and support measures such as tuition-tax credits that would help black families help themselves.●

SENIOR EXECUTIVES IN GOVERNMENT

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. WOLF. Mr. Speaker, a crisis in management now exists in attracting and retaining qualified and quality individuals to serve as senior executives in Government.

Recently the Office of Personnel Management admitted that retirement rates of executives newly eligible to retire increased from 15.5 percent in March 1978 to 94.7 percent in August 1980. OPM indicates that the number of career executives resigning increased 65 percent in the year ending June 30, 1981, as measured against the preceding 12-month period.

Private industry beckons many of our top Federal executives. Industry recognizes their extraordinary experience and knowledge and is willing to pay for it. Our top talent is being lured away by better financial rewards, recognition of their abilities, and the promise of more career advancement. This drain of executive talent comes at a time when the need for dedicated, experienced senior level bureaucrats is greater than ever before. If we lose their services, the replacement costs will be enormous.

More than salary is at stake here. The very ability of Government to function smoothly and effectively is being seriously threatened. One remedy, however, is to grant an increase in the executive pay for the senior executives of the Federal Government. This is a first step toward fair treatment of the senior executives of the Federal Government.●

THE SOLAR ACCESS AND FEDERAL BUILDINGS ACT

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. MOAKLEY. Mr. Speaker, today, I am introducing legislation which seeks to assist the development of solar energy at no cost to the Federal Government. It calls upon the Secretary of Energy to develop, along with the Administrator of the General Services Administration, a program to insure that each Federal building is constructed and maintained in a manner which is consistent, to the maximum extent practicable, to any applicable State and local laws governing access to sunlight.

To assist in the expanded use of solar energy, we must guarantee the access to sunlight to make it work. State and local governments will be encouraged to adopt solar access laws by making it Federal policy to observe such actions. I urge my colleagues to join with me in support of this legislation.

A text of the bill follows:

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Solar Access and Federal Buildings Act".

Sec. 2. It is the purpose of this Act to promote more harmonious intergovernmental relations and to encourage the use of solar heating and cooling, and other renewable energy sources.

Sec. 3. The Secretary of Energy, in consultation with the Administrator of the General Services Administration, shall develop and carry out a program to ensure that each Federal building shall be constructed or maintained in such a manner which is consistent, to the maximum extent practicable, to any applicable State and local laws governing access to sunlight.

Sec. 4. For the purposes of this Act—

(1) The term "Federal Building" means any building, structure, or facility which is constructed, renovated or leased or purchased in whole or in part for use by the United States.●

HOW THE NATION'S NO. 1 FARM EXPORT STATE PROMOTES OVERSEAS SALES

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. FINDLEY. Mr. Speaker, I would like to share with my colleagues an article on the exceptional work being done by the Illinois Department of Agriculture. This article, which appeared in the U.S. Department of Agriculture's Foreign Agriculture magazine, is entitled "How the Nation's No. 1 Farm Export State Promotes Overseas Sales." I commend it to the attention of my colleagues in the hope that their constituencies can benefit from the knowledge we have gained in Illinois:

Whether working alone or as a member of the Mid-America International AgriTrade Council (MIATCO) (the group organized to boost agricultural exports from 12 midwestern states) the Illinois Department of Agriculture (IDA) has as its aim to serve the Illinois farmer and agricultural exporter.

Illinois is representative of all 54 of the state departments of agriculture in each state and one each for Puerto Rico, the Virgin Islands, Guam, and American Samoa.

IDA efforts have helped boost Illinois' exports of farm products, which have climbed steadily, reaching $3.6 billion in fiscal 1980, a gain of nearly 25 percent from the 1979 level. In fiscal 1980, Illinois led all states in total commodity exports. It was No. 1 as an exporter of feedgrains and soybeans and their products, in sixth place for meats and products, and in tenth place for hides and skins. The state also had sizable exports of a number of other commodities, ranging from fruits and preparations to poultry products.

Jeff M. Idleman, superintendent of the Division of Marketing and Agricultural Services, stationed in Springfield, Ill., said all IDA programs are designed to meet the requirements of the state's agriculture. "Programs have been expanded in past years in response to the needs of the industry," Idleman noted, "and we are willing to change or abandon any of them if it becomes necessary to take a new direction.

"To make the most of trade leads IDA receives from overseas—through USDA's Trade Opportunity Referral Service (TORS), from our own overseas offices, and from other sources—IDA is computerizing its trade referral service," Idleman said. "The computer contains sales leads as well as a list of Illinois trading companies, along with the products they offer for export, plus a complete listing of the officers of these companies. This system enables IDA to match sales possibilities with potential suppliers in a matter of minutes.

"Also, to meet the needs of Illinois farmers and exporters, we have offices in Springfield and Chicago, and overseas in Brussels and Hong Kong. We also plan to open an office in Latin America to enable us to better promote Illinois farm products there. But the when and where are as yet undecided," he said.

"There are a number of success stories that come about through the efforts of our overseas staffs," Idleman said. "For example, Chicago's Tolona Pizzas got a foothold in Europe through the efforts of our Belgian office. The joint efforts of IDA, which recruited Tolona as an exporter, and the Brussels office, which coordinated its participation in important European expositions such as ANUGA in Germany and SIAL in France, provided a wedge that has been widened considerably.

"Now, Tolona has a plant in Liverpool, England, serving the Scandinavian countries, all markets of the European Community (EC), Saudi Arabia, and Bahrain. It also has a plant in Kyoto, Japan, serving a number of cities in that country and is studying the possibility of penetrating other Asian markets.

"Tolona's success, partly as the result of participation in IDA's exhibit program, gave the company a favorable view of the overseas market that has since been strengthened even more," Idleman said. "And, of course, IDA is ready to assist any other company in Illinois to enter into the overseas trade."

Not only does IDA go into export markets to drum up business, it also schedules events in this country to promote the overseas sales of Illinois farm commodities. One of the most recent of these was the U.S.-Japan Agricultural Trade Conference, held July 31. It was attended by Yoshio Okawara, Japanese Ambassador to the United States, U.S. Agricultural Secretary John R. Block, and representatives of Japanese trading and U.S. Agritrade companies. Clayton Yeutter, president of the Chicago Mercantile Exchange, was the principal speaker.

Idleman commented that while the formal sessions of the conference were important, the informal meetings that followed between U.S. exporters and Japanese buyers were, perhaps, even more important. "It was here that strong personal contacts and, possibly some contracts, were made," he said. "One recurring theme heard throughout these talks was that of 'relilability.' The American exporters stressed their dependability as suppliers and the Japanese underlined their dependability as buyers.

"Because IDA offers such a wide variety of services to Illinois exporters and farmers, it has their strong approval," Idleman said. "Many functions of the department are made easier because of the programs conducted by these supporters. For example, a check off of one-half cent is made at the point of first sale of each bushel of soybeans produced in Illinois. Former groups collect the money and administer its spending.

"Part of these funds are used to run educational programs in Illinois and part is turned over to the American Soybean Association (an FAS cooperator) for its domestic and overseas programs. This is just one type of help IDA receives," Idleman remarked.

"IDA is continually searching for ways to improve its service to Illinois farmers and exporters," Idleman said. "That is its reason for existing."●

CLEAN AIR ACT VIEWS

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BENEDICT. Mr. Speaker, in the coming weeks I will be presenting my colleagues in the House of Representatives with my views on the Clean Air Act and the proposals which have been put forth in an effort to enhance its contributions to cleaner air and economic growth. Achieving an acceptable revision of this legislation will require great congressional effort. The time to begin is now.

I certainly share the belief that we should continue a Federal air quality management program to insure the quality of the air we breathe. At the same time, however, there is no doubt that current provisions of the Clean Air Act have not only hindered industry and other businesses, but have actually prevented air quality improvements.

The issue now before Congress and the American people is not whether the Clean Air Act will be continued as a matter of policy, but rather what the content of that policy will be. H.R. 3471, which I cosponsored earlier in this Congress, is a continuing attempt to refine the bewildering and cumbersome aspects of the Clean Air Act while allowing for continued progress toward cleaner air.

Administrative burdens on industry brought on by the adverse effects of a labyrinth of regulation under the Clean Air Act have been major factors affecting costs, deferred projects, and productive capability. The inflated cost of capital due to permitting delays on large projects is substantial. In many cases industry management has stopped possible new projects due to these regulatory burdens. Furthermore, through its unnecessary complexity, the act has required development of a bureaucracy within most major companies to deal with these regulatory burdens, diverting professional expertise into negotiating a maze of regulations. The resulting contributions to regulatory induced economic stagnation can and must be overcome.

Throughout the 97th Congress, action on the Clean Air Act has been continually postponed. Even the recently announced hearings on stationary sources do not guarantee that changes to the act will be undertaken and presented to the full House membership for consideration. I urge my colleagues to maintain a keen interest in moving forward the consideration of needed changes. I will exert my best efforts on this behalf. Such action will clearly be in the country's best interest and will help to maximize protection of the public health, spur industrial growth, and foster economic stability. These are issues of too great an importance for Congress to take no action at all.●

THE GOVERNMENT SHOULD CRY OVER SPILLED MILK

HON. DONALD J. PEASE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. PEASE. Mr. Speaker, my distinguished colleague from Vermont, Mr. JEFFORDS, and I plan to offer an amendment to the Agriculture and Food Act of 1981.

Our amendment would provide for the distribution of surplus dairy products to senior citizens' meal sites, child nutrition programs, and food banks.

I have just released findings from the General Accounting Office which demonstrate quite clearly the need for this legislation. Last year alone, the Department of Agriculture sold over 71 million pounds of milk "in a deteriorated condition." In other words, enough milk to feed over 23 million people for an entire year was allowed to diminish in quality to the point where it was no longer fit for human consumption.

Not very funny. But noted satirist Art Buchwald sees some humor in it. I commend his recent column to my colleagues:

WHAT'S THE BEEF NOW?

(By Art Buchwald)

The class will please come to order. Today, children, we will talk about American agriculture. The United States produces more meat, grain, corn, dairy products, vegetables and fruit than any country on earth. Thanks to our farmers, food is one of our largest exports and we are able to feed people all over the world.

"Now, Johnny, can you name a meat that comes from an American farm?"

"Tofu."

"No, Johnny. Tofu is not a meat. It looks like meat, but it is made from soybean curd."

"Lady in the cafeteria said it was meat."

"I'm sure she didn't say it was meat. What she must have said was that you are now entitled under Department of Agriculture regulations to have a delicious tofu instead of a hamburger."

"It tasted lousy."

"Now, Johnny, you must understand tofu is an acquired taste. Does anyone know what an acquired taste is?"

"Something that tastes lousy?"

"Now, I'll have no more of that kind of talk in this sixth-grade class. An acquired taste is something you have to get used to. When I was a little girl, I didn't like spinach. But as I grew up I acquired a taste for it, and now I eat it once a week."

"You ever acquire a taste for tofu?"

"We didn't have tofu when I was a little girl."

"You're lucky. It really tastes lousy."

"Now let's talk about other things farmers raise. Edna, name something a farmer produces."

"Milk."

"Very good. Milk and other dairy products are some of the most important foods for young growing bodies because they contain calcium, which your bones need to make you strong. How many glasses of milk should a young person drink a day?"

"A half a cup."

"No, Johnny. A half a cup is certainly not enough milk for someone your age."

"Lady in the cafeteria said that's all I could have."

"She was just following federal regulations concerning school lunches."

"What's federal regulations?"

"Those are the rules the president and his advisers decide the people must live by. He had to cut down on your milk allowance to save money for the country."

"What does he do with all the milk we ain't allowed to drink?"

"It's made into butter and cheese and stored in warehouses all over America, until it gets rotten and then they throw it away."

"You got to be kidding."

"No, Johnny. That's the only way we can encourage farmers to produce milk. By buying up their surplus they're guaranteed a profit on their milk. Shall we move on to vegetables? What kind of vegetables do our American farmers raise?"

"I know the answer to that one. Ketchup."

"Ketchup is not a vegetable, Johnny."

"Lady in the cafeteria said it was a vegetable. She said I was entitled to two vegetables: potatoes and ketchup."

"Well, it's true that the Department of Agriculture declared the other day ketchup was a vegetable, but farmers don't raise it. They raise tomatoes and afterwards they are squashed up and put into bottles as ketchup. Then people like yourselves put the ketchup on your hamburgers to make them taste better."

"Lady in the cafeteria wouldn't give me no hamburger."

"Well, then, you can put ketchup on your tofu."

"I did, but it still tasted lousy."

"Johnny, you have disrupted this class enough today. You will stay after school and write 100 times on the backboard. 'America produces more food than any country in the world today.' "●

POPE JOHN PAUL II AGAIN APPEALS FOR PEACE IN NORTHERN IRELAND

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BIAGGI. Mr. Speaker, this past Sunday, Pope John Paul II issued another fervent plea for peace and reconciliation in Northern Ireland. As chairman of the bipartisan Ad Hoc Congressional Committee for Irish Affairs, I can only hope that all parties to the conflict in Northern Ireland will take heed of the words from the world's greatest living symbol of peace.

The Pope in his message recalled his visit to Ireland of 2 years ago when he pleaded for reconciliation. He said his appeal was "still valid."

The Pope's renewed appeal could not come at a more opportune time as in recent months, the situation in the North has deteriorated drastically. Violence from all quarters is again on the rise. The political vacuum which so often envelops the North is again taking hold. The economic conditions continue to worsen as new unemployment figures have been released showing a rate of nearly 20 percent, the highest rate in the history of Northern Ireland. The situation is especially tragic in Catholic neighborhoods as for example in the Strabane area, the rate is 47 percent.

The time has come to intensify and not retreat from efforts to work for a peaceful political solution to the Northern Ireland crisis. A main purpose of the ad hoc committee is to encourage the United States to play a major role in this process. All those who have a hope for peace in Ireland should unite to achieve this goal. The United States should be the catalyst in this effort but the ultimate decision should be made by all the people of Ireland.●

CHARLES G. YOUNGLOVE

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. PURSELL. Mr. Speaker, on October 3, Charles Younglove will retire as director of district 29 of the United Steelworkers of America. For over 40 years he has served his fellow workers in the labor movement and the people of Michigan in a number of leadership positions.

It has been my pleasure to work with Chuck frequently over many years and I am proud to be able to call him my good friend. I would like at this time to insert in the RECORD some information concerning his distinguished career.

CHARLES G. YOUNGLOVE

Charles Younglove was born in Scofield, Michigan, on July 25, 1915, and was educated in Scofield Elementary and Carleton High Schools. He is married and is the father of four children and has five grandchildren.

Since graduation from high school, his education has consisted of the practical experience received from day-to-day contact with all types of committees and issues within the labor movement. He also took courses at night school and summer school in his trade and union-related fields.

Younglove went to work at Great Lakes Steel Corporation, Ecorse, Michigan, as a Laborer, on October 28, 1938. In 1940 he began his career in the labor movement. It was here that he became a member of the Steelworkers' Organizing Committee (SWOC), serving as a Steward in the Scarfer Department.

In 1943, he was elected to the Executive Board of Local Union 1299, and as Roving Steward in the Electrical Department. In 1945, he was elected Vice President of 1299, and continued to be Roving Steward as well as Chairman of Division No. 4.

In 1946, he was elected President for his first 2-year term. Thus, in the short span of six years, he emerged as the top administrator in one of the largest Unions in the United Steelworkers of America.

In 1948, he was again elected President for a two-year term. During these first two terms, he was chiefly responsible for the institution of programs that have brought lasting benefits for the local union. He instituted a sports and recreation program which was incomparable in its scope of operation. There were deer hunting, pheasant hunting, and fishing contests. Over 1100 bowlers were sponsored; from 600 to 700 people participated in inter-mill softball and basketball, baseball, fast soft ball teams competing with other outstanding teams in District 29 and other districts throughout the country.

An annual children's Christmas party was held at Local 1299 for five (5) days with four (4) parties per day. Free weekly movies for children, as well as hikes were made available to all who wanted to participate in cooperation with Boy Scout groups. Between 60 and 100 children were sent to summer camp as well. Not one to overlook resources, Younglove negotiated 75 percent Company financing of this $50,000 a year program.

A cooperative effort was extended to various civic and fraternal organizations and soon he was speaking to schools, church groups and fraternal organizations by invitation, expounding the cause of Unionism and telling all who cared to listen, of the aims and goals of the union movement as he knew it.

Against bitter management opposition, the first joint Safety Committee was inaugurated under Younglove's leadership and did much to alleviate unsafe and unsanitary conditions that prevailed in those earlier days of the union. During his term as Vice President, he pushed construction of a new union headquarters.

Ever mindful of the problems that faced members, Younglove instituted a blood bank and a local union welfare committee which gave aid to thousands of members in time of personal difficulty. He realized early the advantages of Federal Credit Unions and presently holds book number 21 in the Great Lakes Steelworkers Federal Credit Union. Through his efforts, the Credit Union has grown to be one of the finest in the State.

Younglove was not re-elected in 1950 as Local Union President. He accepted this setback in the true democratic spirit and returned to work at Great Lakes Steel Corporation, in the Diesel Electric Repair in the Electrical Department. In 1952, he ran for President and was elected by an overwhelming vote. Much had been accomplished under his earlier leadership—much more remained to be done. He picked up and re-established old programs which had been dropped. The gun club gained many honors for the local union; Steward Training and education in general was advanced; social activities to encourage a spirit of friendliness and sociability were broadened; civic and county projects, such as United Fund Drives were improved upon; not all of his programs met with public cooperation. He suffered discrimination himself as a result of his early advocacy of civil rights; the local's program in the public schools of Business-Industry-Labor Days became the most popular among small businessmen, religious leaders and educators.

Organizing drives were necessary tasks. Significant gains were made in contract negotiations headed up by Younglove; an important one was the right for the Safety-Grievance Committee and full time officers to enter the plant, when necessary, day or night, to investigate complaints. Safety improved, less grievances and disputes arose, and a smooth functioning grievance was the result.

Younglove has attended every convention of the United Steelworkers Union since 1944, serving as a member of the all-important Constitution Committee and three terms on the International Wage Policy Committee. In December of 1953, he was rewarded for his tireless efforts on behalf of his members and other Local Unions by being appointed as a Representative of the International Union.

In 1961, Younglove was elected as Director of District 29, United Steelworkers of America, AFL–CIO–CLC, which covers all of lower Michigan and the twelve Northwest Counties of Ohio, with an approximate membership of 20,000 in 52 Locals, with 71 contracts. Presently, he is responsible for the administration of 238 Locals, covering approximately 426 Labor contracts, with an approximate membership of 55,000.

He accepted this new responsibility with unmatched energy and enthusiasm, vigorously instilling a new spirit and sense of dedication in all Local Unions. True to his past tradition, his work does not stop at the bargaining table. An outstanding example of this is the Annual Charles G. Younglove Golf Day, Kidney Machine Program instituted in 1970, which has raised over $175,000 for Kidney Machines, Research and Transport Vehicles, for the Kidney Foundation.

He has been even more in demand from educational institutions and various organizations as a spokesman for the labor movement, using the challenging question and answer technique. His District has the outstanding educational program in the country because he has brought education to the doorstep of the Locals regardless of their size, affordable by all.●

DO NOT DEFLATE AUTO SAFETY

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. WIRTH. Mr. Speaker, while the Reagan administration is continuing to ponder the fate of one of this Nation's most important safety measures—the automatic crash protection standard—thousands of Americans continue to die on the highways. The New York Times ran an excellent editorial on this critical problem that I recommend highly both to my colleagues, and to the decisionmakers at the Department of Transportation.

Motor vehicle accidents continue to be a national disaster with over 50,000 people killed each year and thousands more injured in highway accidents. While the deaths of our loved ones cannot be measured in economic terms, automobile accidents cost us, as taxpayers, billions of dollars each year in higher insurance costs, increased welfare payments, unemployment and security payments, and rehabilitation costs to support the injured and the families of those who have been killed.

Last April, the Subcommittee on Telecommunications, Consumer Protection and Finance, which I chair, held 2 days of hearings on the automatic crash protection standard and the administration's additional proposals to delay and even rescind the standard. Of greatest importance, the hearings concluded that the crash protection standard, when fully implemented would produce benefits far in excess of its costs. As the New York Times agrees, ideological and economic arguments against the standard do not hold up under close scrutiny. The costs of this standard are extremely minimal; the benefits in human lives and dollars are immense.

DON'T DEFLATE AUTO SAFETY

Last April 21, Lawana Hansen lost control of her 1975 Oldsmobile on Interstate 15, near Salt Lake City. She plowed head-on into a tractor-trailer at a combined speed of about 100 m.p.h. The car was demolished, but she and an 81-year-old passenger survived. She didn't know it when she bought the used car, but it contained inflatable air bags.

Few crash victims are that lucky. Only a few thousand cars built in the early 1970's came with these convenient, reliable safety devices. And if the auto industry gets its way—as now seems tragically likely—cars of the future won't come with either air bags or belt-type "passive restraints."

Combination shoulder and lap belts provide adequate protection in most crashes—but only one driver in eight bothers to snap them shut. Thus for years, the National Highway Traffic Safety Administration has pushed hard for cars to include restraints requiring no effort to use. The auto manufacturers managed to stall the process. And now the Reagan Administration, unabashedly eager to prove that this Government is a friend of business, seems inclined to surrender altogether.

The car companies say air bags are too expensive and that belt-type automatic restraints, like those on VW Rabbits, would be quickly sabotaged by owners. The manufacturers have found powerful philosophical allies among conservatives who argue that it is not the Government's business to protect people who could easily protect themselves with ordinary seat belts.

The economic arguments do not bear close examination. Confidential industry documents (confirmed by independent auto parts suppliers) show that front-seat air bags would not cost $500 to $800, as the companies assert, but $100 to $300. William Nordhaus, a Yale economist and no friend of regulation, estimates that the benefits of a passive restraint rule would far outweigh the costs: the estimated net reduction in injury costs for cars made in 1984 would exceed $30 billion.

The ideological arguments are just as flimsy. Individuals may have the right to risk their own lives. But few of us would defend the right of a parent to risk the life of a child when protection can be provided at low cost. Besides, most of the cost of injury damage is borne by all society. Why should those who do wear seat belts have to pay higher insurance bills because others would not? Why should taxpayer-financed medical and welfare programs pick up the tab when insurance doesn't?

The real mystery here is why the auto industry fights safety so hard. Passive restraints would hardly add enough to the sticker price to make a dent in car sales. Indeed, the cleaner look and freedom of movement that air bags offer might be a sales plus on expensive cars. And now that Detroit is committed to smaller cars, inherently less crashworthy, the added safety factor might be a prudent investment against product liability suits.

The explanation for the mystery may be as simple as it is sad: American auto makers, always ready to underestimate consumer sophistication and ever resentful of interference by Government, oppose air bags because they would give regulation a good name.

There is always the possibility that the Administration will have the courage and good sense to review its blanket opposition to auto safety regulation. A more realistic hope is that Japanese car companies will decide to do what Detroit would not—do well by doing good.●

OUR HOUSE IS FALLING

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. MAVROULES. Mr. Speaker, ever since the 1973 Arab oil embargo, the executive and legislative branches of the Federal Government have worked hard to build a strong and practical energy house to protect Americans from a repeat performance of the dark days of the oil embargo. The foundation was carefully laid, Mr. Speaker, by putting into place a Federal Energy Department. We called our house, "Energy Independence."

With time, the walls were added when the National Energy Act was put into place, and the windows were carefully arranged within the walls by the creation of the numerous energy conservation and alternate energy programs that were born out of the National Energy Act.

Unfortunately, Mr. Speaker, the Reagan administration refuses to place the roof on America's energy house by expanding upon the fine construction work already put into place by the building talents of the Federal Government. Worse yet, it wants to dismantle the house, piece by piece, by not funding the energy programs that have been nursed since their inception by prior Congresses and administrations.

I am particularly disturbed by the Reagan administration's treatment of Federal solar programs. Its callous disregard for the great inroads made in this energy area by federally sponsored energy programs and private industry has become more evident and offensive with recent administration announcements of what the fiscal year 1983 energy budget will look like. The administration seems to be insensitive to the fact, Mr. Speaker, that a recent Gallup poll revealed that solar energy remains the most popular energy alternative among Americans of all political persuasions, by a 2-to-1 margin over their next choice.

I am sure that many of my colleagues are equally troubled by the Reagan approach to solving our energy problems, and his treatment of the "Energy Independence" house that many helped to build. With our energy house being pulled apart from all directions by the administration, President Reagan hopes to leave very little evidence of our house's existence for future generations to study and learn from.

Mr. Speaker, my only question to the President is: "Where will the American people go to hide when the energy storm hits again?"

Mr. Speaker, the Washington Post published an illuminating article on September 29 dealing with the future of the solar industry in America, an industry that comprises one wall of our house. I commend this article to my colleagues and hope they too will agree with me that our house must not fall.

SOLAR INDUSTRY WORRIED REAGAN MAY PULL PLUG

(By Peter Behr)

At first glance, the solar electric industry looks like a certified success story for American business.

The price of photovoltaic cells—the silicon wafers that produce an electric current upon contact with sunlight—has dropped dramatically in the past decade, thanks to impressive scientific advances. Sales have grown to $50 million a year worldwide, with a dozen American firms the unquestioned leaders.

The units now are practical for use in remote areas where electric power lines don't reach, and industry officials speak confidently of further technological leaps that can make photovoltaic power as cheap as electricity from coal by 1990.

That is, provided the Reagan administration doesn't pull the plug. Since its beginnings following the 1973 Arab oil embargo, the solar industry has been nourished with streams of federal grants, subsidies and tax incentives. Congress approved a 10-year, $1.5 billion aid program three years ago, and President Carter dedicated a $28,000 solar heater on the White House roof to symbolize the connection.

All that is changing.

The Energy Department, cutting hard on fiscal year 1983 spending plans, is expected to slash direct federal grants to solar energy firms and may eliminate them entirely if the department follows the "shutdown case" being prepared by its budget staff.

Even more threatening to the solar industry is the possible loss of special tax credits and deductions for homeowners and businesses that buy solar equipment. These tax breaks were designed to boost sales of solar equipment by lowering the effective purchase price with tax subsidies. They are the key to the industry's future growth, according to industry representatives who testified before the Senate energy committee last week.

But the Treasury Department, scrambling to find revenues to shrink future budget deficits, is aiming at the energy tax credits and is likely to propose legislation to eliminate some, if not all, of them, administration officials say.

Although the industry would not die, technological development would slow dramatically, and the arrival of cheap solar electric power would fade beyond the horizon, industry officials warn.

The Reagan administration says simply that the solar energy industry is ready to stand on its own and the government is no longer handpicking favored new energy technologies for federal support.

Not surprisingly, the industry's view of a future without tax credits is very dark.

"The lead of the U.S. photovoltaics industry is eroding, and it is being challenged by foreign competitors," industry consultant Peter Glaser of Arthur D. Little Inc. said at last week's Senate hearings. Continued government support is needed, he said.

The lead will be lost if the federal government is content to sit back, waiting for the major scientific breakthrough that would make solar power cost-competitive with electricity from other sources, said William E. Bicker, spokesman for Arco Solar Industries, a subsidiary of Atlantic Richfield.

The growing need for electric power in remote areas of developing countries provides the first significant opportunity for expansion in the solar electric industry, Bicker said. If the American firms lose this market to their Japanese, French and West German competitors, they could fall behind and out of the race for good, Bicker added. And the U.S. firms can't compete abroad if sales of photovoltaic devices in the United States dry up, he concluded.

To keep the U.S. market healthy, he called for greater tax credits for commercial photovoltaic investments: companies now get a 15 percent special energy investment tax credit for purchasing solar and other renewable energy devices. Bicker and Arco would like that credit doubled for the next five years.

The particular technological challenges of photovoltaic power make federal support the key to significant cost reductions and rapid commercial development, says John Goldsmith of Solarex Corp. of Rockville, one of the industry's leading firms.

The first photovoltaic cells were formed from pure silicon crystals, drawn from cauldrons of molton silicon. The basic element in sand and one of the earth's most abundant materials, silicon must be highly purified for use in energy cells, and companies had to find faster ways of making the crystalline form.

With breakthroughs in crystal technology, the cost of producing electric power from a solar cell has dropped from $100 a watt nine years ago to less than $10 now, Goldsmith said. A comparable reduction lowering the price to $1 a watt would make solar electric power competitive with other forms of electricity, he said, and purification of silicon is an essential remaining step.●

MAURICE FELD

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. LEHMAN. Mr. Speaker, we in north Dade County, Fla., have sadly lost a beautiful human being. Moe Feld was a person who never held back. He gave of himself to the very end, and he helped those who needed him most—the elderly and the ill. As the following story from the September 10, 1981, Miami Herald Neighbors indicates, Moe's good causes were never limited. Wherever he was needed, he was there.

My heartfelt sympathy goes to his wife Alice and to his family and friends, and to all those he served so well. We will miss Moe dearly.

The article follows:

[From the Miami Herald Neighbors, Sept. 10, 1981]

MAURICE FELD: HE WAS ONE OF THE "SUPERSTAR RETIREES"

(By Pamela Noel)

North Dade has lost another active senior citizen last Thursday.

Maurice (Moe) Feld, 77, a North Miami Beach resident and community activist, died at North Miami General Hospital after a heart attack.

Feld was one of those "superstar retirees who just kept giving," said Robert Bruce, executive director of North Miami General.

Feld was a volunteer at the hospital for 10 years. He was a member of the hospital's auxiliary board of directors; chairman of the North Miami Committee for Better Health; a member of the American Association of Retired Persons and of the Mayor's Welfare Youth Committee; a delegate to the White House Conference on Aging; and legislative chairman of the Three Horizons Condominium Owners Association.

Feld and his widow, Alice, came to Miami from New Jersey, where he worked as a physical education teacher and supervisor of the Newark Recreation Department. He also was former director of the Head Start Program in Newark.

"He was a warm, caring and humane person," said Terry Cuson, North Miami General's administrative assistant to community affairs. "He had time to listen to everybody."●

FINANCIAL INTEGRITY OF SOCIAL SECURITY

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. RINALDO. Mr. Speaker, during the course of each Congress, I prepare newsletters addressing major issues before the House for distribution to the residents of New Jersey's 12th Congressional District.

In a recent report to constituents, I reviewed the financial problems plaguing the social security program and offered proposals that I believe Congress should consider in devising adjustments to preserve the financial integrity of the program. I offer the newsletter article for the review of my colleagues:

SECURITY OF FUTURE GENERATIONS

Nothing Congress does this year will be as important to the financial security of future generations of Americans as its decisions on Social Security.

The system is in financial trouble, and Congress must give top priority to making changes that will reassure current and future beneficiaries that they will not be denied benefits which they have earned, are entitled to, and are counting on.

For millions of Americans now retired, and those nearing retirement after a lifetime of earning average or below-average wages Social Security holds out the only promise of financial help in their old age. Older Americans should be assured that they can depend on their benefits following a lifetime of work. To suddenly reduce benefits and change the age of retirement would be an unconscionable breach of faith that should not be approved by Congress.

Rumors about the financial state of the Social Security funds and about changes contemplated by the Reagan Administration have angered and confused many of the 36 million beneficiaries. They have been told the system is going broke; that it will need $111 billion over the next five years; that early retirement benefits are being reduced, and that the age of retirement will be pushed back.

At the same time, they hear others claim that the system is not really going bankrupt but is low on funds and needs a technical change to help it through the tight financial period between now and 1986.

FACTS

What is the truth? Let us examine a few facts:

The Medicare and Disability funds are solvent and in adequate financial condition. The Old Age and Survivors' Fund, the largest of the three, is low on reserves and will be depleted by late 1982 unless action is taken to shore it up.

Social Security has not become a political "grab-bag." Each time benefits have been increased or expanded over the past 40 years, sufficient revenue has been on hand or projected to pay for the benefits. The crisis we face is caused by an aging population, high unemployment which has led to reduced contributions, and the growing costs of Social Security because benefits are indexed to keep pace with the increase in the rate of inflation.

There is time for Congress to act with deliberation to strengthen the system without hastily cutting benefits.

BRIEF HISTORY

When Social Security became law in 1935, the maximum tax imposed on business and industrial workers was $30 per year. Today the maximum is $1,975 per year. In 1950, the program served 3.5 million Americans compared to 36 million today.

Over the years Social Security has been expanded from a simple old age income plan to supplement retirement savings to a comprehensive program providing payments to survivors, disability assistance, vocational training, early retirement provisions, and Medicare.

Until the 1960's, only a small number of older persons qualified for Social Security retirement benefits. Today nine out of ten workers are covered. When the system started, there were eleven adults in the labor force for every person age 65 or older. Now there are only three workers for each retiree, and by the year 2020 the ratio will be two to one.

The changes in coverage and scope of the program account for part of the system's revenue problems. They have combined with unfavorable economic conditions to upset the financial balance of the Old Age and Survivors' Fund, and Congress must now develop a plan that will bring benefits and revenues into line. It must take steps to guarantee that the system will not run out of money. The challenge is to provide for long-term reforms without raising taxes, or changing the age-of-retirement features of the program.

PROPOSALS

Above all, any reforms should be based on the following principles:

They should be bipartisan.

They should honor the commitments made to older workers that the benefits they will receive will be those they have earned.

They should reassure younger workers that the system will be solvent and prepared to pay their benefits when they retire.

This will entail fundamental changes in the Social Security system. First, Congress should approve inter-fund borrowing among the three trust funds to ease the current strain on the retirement portion. This would immediately improve the short-term picture, and give Congress additional time to consider other changes in a year or two if they are advisable. Such an amendment to the law has been recommended by President Reagan and the House Social Security Subcommittee, and seems almost certain to be enacted.

Secondly, the Administration should exhibit greater flexibility on the question of using general tax revenues to help pay for Part A of Medicare (the hospital insurance portion of Social Security). Part B of Medicare (supplementary medical insurance) is already financed jointly through premiums on individuals and general revenues. There is no reason why general revenues should not be used to pay hospital bills when they already are helping to pay for visits to the doctor.

Third, Congress should phase in any changes over a long period of time. Such adjustments would immediately improve the long-range actuarial outlook of the system and, at the same time, give ample planning time to future beneficiaries.

Congress must not make major changes that would seriously disrupt the lives of those already receiving benefits or those on the brink of retirement. Many workers, in anticipation of early retirement, have already given notice at their places of employment. It would be unfair to tell them that the rules have suddenly changed and that they will not receive the benefits they were promised

I am strongly opposed to reducing benefits for those taking early retirement at age 62, to abruptly moving the age for full-retirement benefits back from 65 to 68, or increasing the Social Security payroll deduction. I will stand firm against drastic changes that would unfairly penalize any group of beneficiaries, and will fight to maintain the solvency of the system so that all participants who have contributed to the system and earned the right to benefits will collect evey dollar to which they are entitled.●

BIAGGI'S BRONX BOMBERS NEW CONGRESSIONAL SOFTBALL CHAMPS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BIAGGI. Mr. Speaker, as a lifelong resident of the Bronx I have witnessed many a championship baseball game, but none can compare to last week's Robert V. Rota Invitational Softball Championship, which I am extremely proud to announce was won in dramatic fashion by my own first year coed team, "Biaggi's Bronx Bombers."

In only its third year of existence, the Rota Championship Trophy has become one of the most sought after prizes on Capitol Hill. Over 200 coed teams from on and off the Hill entered the Congressional "B" League at the season's start. Only two, Biaggi's Bronx Bombers, and the Yellow Journalists, a team comprised of House Democratic press aides, made it to the championship game.

In a comeback I had to see to believe, my Bronx Bombers battled back from an 11-to-3 deficit to win in 10 innings, 15 to 14. The victory completed a five-game sweep of the Rota tournament, in which the Bombers outscored their opponents 60 to 22.

The comeback victory was clearly a team effort and, with that in mind, I wish to acknowledge all those who so richly deserve credit for their heroics. They include:

Donnie Allison—who hit a grand slam home run, his eighth home run in the five-game tournament;

Sandy Barros—who pitched the entire game and had four hits;

Bob Blancato—who, after leading the team all season in hitting, drove in the winning run;

Veronica Floyd and Kathy Bingley—who both played extremely well at catcher;

Craig Floyd—the captain of my team, who had three crucial hits and anchored the team on defense;

Cathy Gernert—who had two hits and scored the tying run in the ninth inning;

Glenn Goldberg—who had three hits and drove in the tying run in the ninth inning;

Mike Lewan—who had three hits in four at bats;

Nicki Phillips—who had two hits and scored two key runs late in the game;

Jim Serafin—who hit well and played a solid centerfield throughout the tournament;

David Weiskopf—who had three hits and a game-saving catch late in the game; and

Bill Ziegler—who got on base all six times at bat, and scored three times, including the game-winning run.

Other team members who deserve a special mention for their significant contributions during the playoffs and throughout the season, include Fritzi Armacost, Bob Bateman, Moya Benoit, Bruce Bible, Bernie Collins, Tom Fitzpatrick, John Flickinger, Gina Garrubbo, Annette Johnson, Terri Karamanos, Niles Lathem, and Carol Nolan.

Always one to give credit where credit is due, I also wish to express a special thanks to New York Yankee owner George Steinbrenner. Searching for an identity in this, our first year as a team, George most generously provided my players with official Yankee hats. Inspired by that gesture, the Bronx Bombers played the kind of ball all year that would have made their namesake proud, finishing the year in true Yankee tradition with a 29-to-4 record and the Congressional "B" League Championship. I am hopeful my team's success is an omen of great things to come next month for the original Bronx Bombers.

I would also like to extend my deep appreciation to the House Postmaster, Robert V. Rota, for sponsoring the "B" League Championship Tournament, and the Association of House Democratic Press Assistants (AHDPA) for organizing this prestigious event.

Finally, I would like to congratulate my distinguished colleague from New York, Stephen J. Solarz, whose coed team won the Congressional "A" League regular season softball championship, finishing the year with a very impressive 21-to-2 record. Despite losing the Dodgers to Los Angeles, Steve's team, the Solarz System, proved that winning is still a Brooklyn tradition.

Mr. Speaker, having served in this august body for 13 years I realize that victories are not to be savored for long because there's always another tough battle ahead. But, until next spring, how sweet it is.●

ADVANCES IN ALTERNATE FUELS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. MICHEL. Mr. Speaker, there are a great many exciting advances being made in the field of alternative fuels. Archer Daniels Midland, which has operations in my district, is a leader in this field. I insert in the RECORD today the text of a presentation made by Martin Andrews of ADM to the Midwest Governor's Conference:

PRESENTATION TO MIDWEST GOVERNORS CONFERENCE BY MARTIN L. ANDREAS

Governor Ray, Distinguished Midwest Governors, and guests, it is indeed a pleasure for me to be with you today to participate in a discussion of the economics and energy impacts that alternative fuels can have in these Midwestern States.

By way of introduction, Archer Daniels Midland is an agricultural processing company headquartered in Decatur, Illinois. Through our involvement in grain purchasing, transporting, and processing; ADM has capital investments in the overwhelming majority of the states represented here today. In processing soybeans, corn, wheat, sunflowers, barley malt, and other commodities; our business activities are affected by the agricultural and industrial conditions in each of your economies.

I am here today to talk to you specifically about alcohol fuels. As a pioneer in the commercialization of this concept, ADM has integrated alcohol production from corn into our existing corn wet milling business where we have historically produced corn syrups, high fructose corn sweeteners, and cornstarch. At this time, through our existing plants in Decatur, Illinois; Cedar Rapids, Iowa; and Peoria, Illinois; ADM has the capacity of 400 to 450,000 gallons per day of alcohol. With the completion of previously announced expansions at these facilities, company capacity by the end of 1981 will approach 650,000 gallons per day or approximately 220 million gallons per year. To do this, we will grind nearly 88 million bushels of Midwest produced corn. This represents a brand new market for the nation's corn growers, above and beyond their historic markets.

The development of this industry to date has been based on two fundamental principles put forth by the State of Nebraska in the early 1970's. First, is the basic principle that over the long term petroleum supplies will be more short than long and although we have seen the pendulum swing from shortage to surplus in the short two years we have been involved in alcohol production; we continue to believe this to be true. The second concept put forth by the State of Nebraska, was that agricultural prices would not escalate at the same rate as petroleum prices; therefore, making the feedstock for alcohol more competitive with petroleum over a long period of time. Again, in the two-year period that we have been involved in the fuel alcohol business we have seen the price of alcohol increase 27 cents per gallon from $1.50 when we first started to $1.77 today. During that same period the price of wholesale gasoline has increased from 35 cents to the $1.05 range or roughly 70 cents. The closing of the gap between alcohol prices and gasoline prices by nearly 40 cents in a two-year period has demonstrated the viability of the second underlying principle for alcohol fuels.

Let me state at this time that it is my opinion that the development of this industry to date can be directly related to the overwhelming support for the development of alternative fuels by individuals such as yourself. The leadership in stimulating alcohol fuels provided by the Governors of the Midwestern States has been the key factor in the development of what we consider, the first of many partial solutions to our nation's energy problems.

The significance of developing our own energy independence need not be expanded upon today, for I'm sure we are all keenly aware of the economic and strategic importance of our energy freedom. What I would like to concentrate on today, however, is the potential impact that the development of fuel alcohol can have on the economies of your states.

As I indicated, our business is agricultural processing, and we are by no means economic analysts or experts in the field of industrial development. Therefore, what I have done is factor in the potential impact of converting 200 million bushels of corn to the production of ethyl alcohol to a recently completed staff report by the Economics and Statistics Service of the United States Department of Agriculture. I selected this example because the 12 states represented by this organization last year accounted for 81 percent of the total U.S. corn production, and based on preliminary projections, will account for an even greater percentage in 1981. Although many other feedstocks are being considered for future alcohol production, this one example may provide the members of this organization with an overview of the impact of future alcohol development in your states.

First, let us look at the economic impact of reducing oil imports and instead producing 500 million gallons of ethanol, keeping in mind that each bushel of corn yields two and one half gallons of alcohol; therefore, 200 million bushels of corn are being utilized. When this ethanol is added to gasoline, at say a 10 percent level, you have an immediate displacement on a one-for-one basis of the need for a gallon of gasoline. Additionally, according to a recently completed API study, the use of ethanol in a refinery as an octane booster, one which by the way has the highest known blending octane of any additive, can effectively reduce the energy requirements of refining gasoline to higher octanes and can result in an increased yield from a barrel of crude refined such that an additional one full gallon of gasoline is saved. Therefore, each gallon of ethanol produced displaces the need for two gallons of imported gasoline. With 20 gallons of gasoline being produced from each barrel of imported crude, the production of 500 million gallons of ethanol would result in decreasing the need for 50 millions barrels of imported oil. At $33 a barrel, our trade deficit would be reduced by 1.65 billion dollars, simply by converting 200 million bushels of corn to ethanol and using that ethanol as an octane booster in our nation's refineries.

Our nation's foreign trade deficit is further reduced through the export of by-products created in the ethanol production process. As I mentioned, the wet milling process will yield two and one-half gallons of alcohol from each bushel of corn, plus 1.7 pounds of edible corn oil, three pounds of a 60 percent protein gluten meal, and 14½ pounds of 21 percent protein gluten feed, all of which can be exported. Using recent prices for these goods, we can add an additional 337 million dollars to the impact on our foreign trade deficit by converting this corn to alcohol and exporting the by-products.

Applying this same 200 million bushels of corn converted to ethanol to the USDA staff report on the impact of value-added processing yields the following data. According to the study, each dollar of corn processed by a corn wet milling operation and exported creates $14.21 worth of direct, indirect, and induced business activity and $3.37 in the form of personal income. These figures would include capital investment, additional transportation requirements, and the ripple effect created by the filling of all the needs for this production. Using an average of $3.00 per bushel, the 200 million bushels of corn would cost $600 million. This would generate, according to the USDA report, total corporate output of 6.5 billion dollars and personal income of 2 billion dollars for total U.S. activity of 8.5 billion dollars.

I might add that the basic rule of thumb for ADM's direct capital investment in alcohol facilities is one dollar for each gallon of annual capacity so that a 50 million gallon per year plant would necessarily cost approximately 50 million dollars.

According to this same USDA study, which I might add is a very preliminary report, tax revenue generated by business activity is 2.17 percent of corporate output and 15.7 percent of gross personal income. Applying these percentages to the outputs I just mentioned provides a total tax revenue generated of 459 million dollars as a result of the total business generated. If one assumes, given the bumper corn crop which we are facing this season, that these 200 million bushels would not normally go into the export market, the tax revenue generated by the conversion to ethanol as opposed to being held in surplus would equate to 91.8 cents per gallon of ethanol produced.

Again, according to the USDA report, each million dollars worth of corn when processed in the wet milling operation creates 337 job equivalents. Therefore, 200 million bushels at $3.00 per bushel would create 202,200 job equivalents. According to the report, this would represent 114,000 more job equivalents than if the same 600 million dollars worth of raw corn were exported. Stated another way, 114,000 job equivalents would return to the United States from the Middle East when 500 million gallons of ethanol production from corn displaced oil imports.

I realize that I have thrown out many numbers and a very complex concept which is being put forth by the staff of the Department of Agriculture, but I believe one can see from this the tremendous payback potential the alcohol fuels program offers to our entire economy. From its impact on our balance of payments deficit, to its impact on capital investment and tax revenues in local economies, to its impact on the creation of jobs, the total U.S. economy stands to gain from the development of this industry.

With prices today below profitable levels, I don't think I need to expand on the impact that this might make on state revenues and farmer expenditures which will generate additional revenues for the state.

Obviously, alcohol fuels from corn have a limit, and this scenario could not be carried to infinity without adversely impacting such things as our current exports of corn and the price of food. However, with a near record crop in excess of 7.5 billion bushel about to be harvested, America's farmers have again demonstrated the productive potential of your states to significantly contribute to the economies of your states and our country. They have also demonstrated their ability to significantly impact the availability of food and feed throughout the world. If the profitability of agriculture can be maintained, the necessary incentives for increased yields and improving such things as soil conservation will exist. Using a reasonable portion of our current surplus production to produce alcohol will help balance the supply/demand equation for corn, thus providing this incentive. At the same time, all of the protein and the edible oil contained in corn can be maintained for the human food chain either directly or through livestock feeding, and our nation's economy and energy security can be improved.

There are, undoubtedly, many questions still be be answered about the role alcohol fuels will play in your states and our nation's economy and many policies affecting its development still to be set.

One issue currently influencing any future decisions we as a company will make about alcohol fuels relates to legislation pending before the House Ways and Means Committee of the United States Congress.

Last year Congress passed corrective legislation designed to remove the eligibility of imported alcohol from the 4-cent federal excise tax exemption. It was not the intent of Congress, and I don't believe any of you who encouraged state exemptions intended those exemptions to apply to foreign produced alcohol.

Now, however, legislation has been introduced to repeal the off setting duty that was imposed last year. If imported alcohol produced in highly subsidized conditions is allowed to enter this country and benefit equally from the 4-cent exemption, then I have serious doubts as to the development of any further domestic production. Because of the availability of negative interest loans, cheap labor, no EPA, OSHA, and social security; Brazil has exported alcohol to the U.S. at below U.S. costs of production. By doing so, their objectives have been well served in that they have reduced the balance of trade deficit by exporting $1.40 alcohol and importing $1.00 gasoline while generating jobs and capital investments. The outcome of the discussions in Congress will tell current and potential alcohol producers whether a domestic alternative energy source is wanted or whether U.S. dollars should be invested overseas for the production of alcohol. I believe this to be an issue that will have a major impact on each of your states and would urge you to become familiar with this important issue.

In anticipation of the question of how are gasohol sales doing, I might say ADM's alcohol sales set a new record in July. But significant change is taking place in the marketing of fuel alcohol through a classic "repositioning" of the product away from the name gasohol to calling the product Super Unleaded With Ethanol. A recent test by Chevron indicates a better customer acceptance and understanding of what the product really is when called Super Unleaded. In fact, in station testing the customer preference was four to one in favor of the product labeled Super Unleaded With Ethanol.

Thank you for the opportunity to be here today, and I welcome any questions you might have.●

AGRICULTURAL SUBSIDIES

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. DOWNEY. Mr. Speaker, knowing that the farm bill will be coming before this body for consideration in the very near future, and knowing that many of my colleagues are now deliberating the preplexing question of agricultural subsidy and loan programs, I would like to offer a bit of wit and wisdom on this ever-recurring question from our former colleague in this House, David Stockman. Knowing also the high regard with which so many of my colleagues on the other side of the aisle rely upon the economic maxims of Budget Director Stockman, I am sure that they cannot fail to be impressed by the arguments he made on the subject of agricultural price support programs in a letter to then Agriculture Secretary Bergland in December 1978.

I request that this momentous letter be included in its entirety in the Record so that my colleagues on both sides of the aisle can benefit from Mr. Stockman's assessment of "cry-baby commodity groups in this country,"—his words though they could be mine—and, I quote again, "Depression-bred myths about dirt-poor yeomen ill-equipped to cope with the uncertainties of the domestic and international marketplace." Some of our colleagues may have already read the letter which I am asking be printed in the Record, because Representative Stockman at the time, in order to insure maximal distribution of his strongly held beliefs, also was thoughtful enough to send copies of his letter to the Wall Street Journal, the Washington Post, Forbes, and Fortune magazines. Perhaps one or more of these journals may choose to reprint Mr. Stockman's letter during the current debate for the better guidance of us all:

Congress of the United States,
House of Representatives
Washington, D.C., Dec. 28, 1978.

Hon. Bob Bergland,
Secretary, U.S. Department of Agriculture,
Washington, D.C.

Dear Mr. Secretary: This is to express my unabated outrage at the Department of Agriculture's recently announced intention to prop up the price of Idaho potatoes. After you spread the taxpayers' and consumers' gravy on the Russets, where will you strike next? Broccoli? Turnips? Peppermint?

Having reviewed the Department's sorry record of economic double talk on the need for "market stabilization" in feed grains, wheat, peanuts, dairy, and sugar, I'm beginning to wonder just what your concept of agricultural markets and policy really is. It is understandable, if not excusable, when Members of Congress from commodity-growing regions come trotting in with dog-eared claims and lame justifications for special dispensations that will force the taxpayer to absorb the predictable risks inherent in any line of business activity, including farming. But I would certainly hope that the USDA could exercise some semblance of leadership by occasionally resisting these self-serving, parochial claims and asserting at least a minimum regard for the general public interest and for the fact that temporary supply, demand, price, cost, and profit fluctuations are a normal part of the market system and are by no means unique to agricultural commodities. Just ask some of the scrap dealers, aluminum smelters, or auto dealers in any congressional district in the country.

It is about time that the Department stop playing nursemaid to the proliferating array of cry-baby commodity groups in this country. It is bad enough when we indemnify producers for the short-term losses associated with capricious—but nevertheless predictable—unfriendly acts of nature such as wet planting seasons, dry summers, or minor floods. But the principle implicit in your potato rescue is that producers must be indemnified for nature's acts of beneficence and bounty as well! Under just what idealized conditions of proper temperatures, planting conditions, growing seasons, and yields would you expect supply and demand to perfectly balance at the "just" price so that producers could be allowed too stand on their own two feet? And just how often can taxpayers expect that the presence of such ideal market conditions would permit surcease from their current subsidy burdens? Once per century?

Mr. Secretary, in my view we are long overdue in burying the four decade old, Depression-bred myths about dirt-poor yeomen ill-equipped to cope with the uncertainties of the domestic and international marketplace. Agriculture is now a highly-capitalized, fully-commerical line of business. If farm operators think that they can do better for themselves with big spreads, huge machinery investments and scientific farming practices than with a ten acre plot, a mule and last year's Farmer's Almanac, then let them start assuming the obligations of commercial businessmen—cash flow managment, asset structure optimization, market-oriented cropping patterns, and futures market hedging.

I fully realize that apologists for the current farm policy will argue that the transition to a commercial agriculture policy must be gradual in order to avoid undue dislocations, inequities, and so on. But your recent unjustified bail-out amounts to a full-scale charge to the rear. Indeed, your Department's supine capitulation in this potato caper makes the best argument yet for congressional enactment of a "cold turkey" policy for American agriculture.

With all best wishes, I am
Yours very truly,
Dave Stockman,
Member of Congress.●

STATE FAIR COMMUNITY COLLEGE

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. SKELTON. Mr. Speaker, last week, I was pleased to learn that the State Fair Community College and Area Vocational Technical School, in Sedalia, Mo., was chosen as a recipient of the U.S. Secretary of Education's 1981 Award for Outstanding Vocational Education Programs. I take this opportunity to congratulate them for this distinct honor.

The training of skilled workers is a very important, but it is often an underappreciated, responsibility. Today's highly mechanized and technical economy demands talent. In addition, vital skills are essential to efforts to fortify our national defense industrial base. The U.S. Department of Labor estimates that there will be an average of 31,000 new skilled labor openings annually until 1990. Unfortunately, only 2,300 new workers will qualify for such jobs each year.

The efforts of the State Fair Community College and Area Vocational Technical School to educate enthusiastic skilled workers, and to stimulate interest in valuable skilled trades, are indeed worthy of this commendation. I am sure all of the people in the Fourth Congressional District of Missouri join me in congratulating the school and in this expression of thanks for the contributions the school has made to our State and Nation.●

WATER IS OUR SURVIVAL FOR THE STATE OF NEVADA

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. SANTINI. Mr. Speaker, I have always admired those senior citizens who continue to find productive ways of using their knowledge and experience to the benefit of others. One of the most articulate, active, and productive of these seniors is Mr. Richard F. Edling, Sr., of Gardnerville, Nev. Mr. Edling has long had concerns for Nevada's resources. Recently this prominent Nevada citizen wrote an article pointing out the need to conserve one of Nevada's most vital resources—water. The following are excerpts from his article. I commend Mr. Edling's writing to my colleagues. I commend his enthusiasm and his energy to all senior Americans.

Water is our Survival for the State of Nevada

Consciousness, by concerned citizens brought into being; "Lake Tahoe Area Council." This civic organization became established during the month of June, year 1958.

History records that Lake Tahoe was discovered by Brevet Captain John C. Fremont U.S. Army Topographical Engineer, 14 February 1844. It appeared to Captain Fremont, a mountain lake approximately 15 miles across and surrounded by mountains.

The early Indian Tribes envisioned it as, "Lake in the Sky" which was to emerge "America's All-Year Playground."

The LTAC, later would become known historically as the first recognized and ventured civic organization of it's kind with the capabilities to bring to the public attention the unique and serious problems entertained by the entire Tahoe Basin which consisted of some 511 square miles of area encompassing the most beautiful Alpine Region the world had to offer.

Lake Tahoe, Crater Lake in Oregon, and Lake Baiskal in the Soviet Union were considered to be the three purest and clearest bodies of water anywhere in the world. Lake Tahoe, surrounded by the beautiful unmatched Alpine scenery throughout the entire basin. No wonder, questions began to enter the minds of those occupying this extraordinary and peaceful landscape. What were the objectives involved? How do we protect this natural phenomena and preserve this splendor for the future generations? What initiatives are necessary for its protection?

"HOW IT ALL BEGAN" The LTAC, in its beginning, was mostly sustained almost entirely by voluntary membership contributions. Later on, the benevolent Fleischman Yeast Foundation, granted this viable organization a generous grant in the amount of $125,000. This was just one of many grants.

This monetary gift would bolster its beginning financial structure for continued operating procedure. The importance of the founding of LTAC was certainly now recognized. They, together, with the efforts of the Lake Tahoe Regional Planning Commission, representing each of the five Counties involved were now dedicated to achieve results.

(The South Shore Chamber of Commerce, at their December meeting 1961; By Resolution, issued a citation to the Fleischman Yeast Foundation in Appreciation.) The LTAC and the LTRPC, worked cohesively together towards significant planning for a protective Tahoe Basin. A Master Plan in the offing.

The late Major Max C. Fleischman; A resident of Glenbrook, was one of those who loved Lake Tahoe for what it was and feared what it might become. At his death it was learned he had provided a means for protecting this mountain wonderland from its well meaning friends. The means was within the framework of the Max C. Fleischman Foundation.

The Foundation knew the purpose and provided the money. Now a man had to be found. He would need the support of many others; He would need time, experience and knowledge.

Joseph F. McDonald, retired publisher of the Reno Newspapers Inc; and a lifelong Lake Tahoe Familiar, found himself in the office of his old friend, Lester Summerfield, Administrator of the Fleischman Foundation, to discuss ways and means of carrying out Major Fleischman's known wishes with respect to Lake Tahoe.

Lake Tahoe Association was formed, with it's primary function spelled out; Get the people living and working at Lake Tahoe to join in meeting the lake problems head-on, and seed solutions which would protect the many values and preserve the many resources which are Lake Tahoe. * * *

In the beginning, Mr. McDonald worked with the three Chambers of Commerce in the lake communities, none of which was large enough in scope to act as the voice of Lake Tahoe. Among several applications, the firm of; Wilsey, Ham & Blair was selected by the LTAC as consultants to the Regional Planning Commissions of Nevada and California to research a Preliminary Regional Master Plan.

President Johnson sent members of his Sub-Conservancy Committee to meet with LTAC at Tahoe Harrah's. This writer recalls the statements from the representatives from Illinois and Ohio. The Representative from Illinois remarked; We dump our pollutants into the Chicago River; Treat it, and send it down river and the people in Peoria use it for drinking water. Natural pollutants after treatment are no problem. The Representative from Ohio remarked; Let's hope that nothing happens to Lake Tahoe such as happened to Lake Erie. Such pollution is quite another problem.

Summarizing the above; It was interesting to watch the LTAC and the LTRPC working together cohesively. Both organizations are to be commended. It would be reasonable to assume that these structured agencies were the actual beginning of the first Tahoe Regional Planning Agency. It was the writer's privilege to serve as a member of both the LTAC and the LTRPC.

The TRPA has now been revised, and the new compact is designed to strengthen this legal body in various ways; "No new Casino Development." 2. "Most other major developments have been halted until June 1983." 3. "Sub-divisions for which a tentative map has not already been approved by TRPA, could not now be developed." Question; Will the revised TRPA be able to defend their position and resist some of the pressures of opposite views.

The Santini-Burton bill authorizes the Bureau of Land Management to sell thousands of acres of Federal Land in Clark County with profits going to the U.S. Forestry Service to buy Tahoe Land. Such purchases could be used to compensate landowners located in highly environmental area. * * *

Mr. Edling continues:

There is at least some evidence that Nevadan's have taken water for granted for too long. That water in this arid land is more precious than the gold being mined in the hills or the products grown in the soil. That water, here, is the key to everything and should be valued accordingly. * * *

The pressures placed upon the natural resources within Nevada and the amount of management required to provide for the availability and integrity of these resources will increase as the State grows. Because natural resources do not recognize political boundaries or agency responsibility, all aspects of the management and use of the resources need to be coordinated between local, State and Federal Agencies. As pressures and interactions increase, cooperation between agencies will have to increase to ensure the effective and efficient management of the resources. ●

THE AD HOC CONGRESSIONAL COMMITTEE FOR IRISH AFFAIRS: A COMMITMENT TO JUSTICE

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, on more than one occasion, I have taken the opportunity to enter remarks in the Congressional Record concerning the ongoing tragedy in Northern Ireland.

In addition to once again making a plea for sanity and peace in that troubled land, I would like to make special note of the fourth anniversary of the Ad Hoc Congressional Committee for Irish Affairs of which I am a member.

Established 4 years ago, the committee has sought to bring to the attention of the American people the suffering and destruction taking place in Northern Ireland. It is the voice of the people—which is the cornerstone of the American system—that we seek to mobilize to bring about a just and lasting peace in that troubled land.

Hopefully, at some point in the not too distant future, the principles involved will commit themselves to meaningful talks that will end the killing. Perhaps a frequent reminder that individuals lives are being lost is necessary to bring the ardent and the unflinching to action.

As the ad hoc committee begins its fifth year, the ever-present hope is that a peaceful and just solution to the Northern Ireland crisis can be attained. As always, I stand ready to assist in any efforts toward that elusive goal. ●

LONG ISLAND CONGRESSIONAL CAUCUS OPPOSES GRUMMAN TAKEOVER BID

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. LENT. Mr. Speaker, I rise to call to the attention of my colleagues a most important action taken today by the members of the Long Island Congressional Caucus, of which I have the honor to be chairman. The caucus membership, Senator Alfonse D'Amato, and Representatives Gregory Carman, William Carney, Thomas Downey, John LeBoutillier, Raymond McGrath, and myself, joined in strong action to oppose the plans of the LTV Corp., of Dallas, Tex., to take over the Grumman Corp., of Bethpage, L.I.

On behalf of the 2½ million Long Island residents whom we have the honor to represent, we called upon President Ronald Reagan, Defense Secretary Caspar Weinberger, Attorney General William French Smith, and the antitrust committees of the Congress to take every action possible to prevent the attempted takeover.

The members of the Long Island Congressional Caucus are reflecting the deep concerns of our constitutents, as well as those of the employees, officers, suppliers, and stockholders of the Grumman Corp. Our caucus knows that the Grumman Corp., has been a good neighbor, a good employer, and a major asset to Long Island's economy throughout the more than 50 years since its founding on Long Island. We believe it to be in the best interests of our constituents, Long Island, and our country to prevent LTV from taking over Grumman.

Mr. Speaker, I ask that a copy of our letter to the President be inserted in the Record at this point, which details more fully the reasons for our opposition to the projected takeover.

LONG ISLAND CONGRESSIONAL CAUCUS,
Washington, D.C., September 30, 1981.
The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We, the undersigned members of the Long Island Congressional Caucus, respectfully request that you take immediate action to prevent the proposed takeover of the Grumman Corporation by the LTV Corporation of Dallas, Texas. We deeply believe that it is in the best interests of our Nation's defense structure, as well as the economic health of Long Island, that this takeover effort be stopped.

Our request reflects the concerns of our 2½ million Long Island constituents as well as the employees, stockholders, suppliers and officers of the Grumman Corporation. In the more than 50 years since its founding on Long Island, the Grumman Corporation has proved a dependable supplier of some of our Nation's most vital defense and space equipment. Currently, Grumman is supplying the Navy with four types of essential aircraft: the F-14 interceptor fighter (which recently demonstrated its capability in besting the Soviet-built MIG fighters off the coast of Libya); the A-6E all-weather attack aircraft; the EA-6B electronics countermeasures aircraft; and the E-2C electronic surveillance aircraft. In addition, Grumman is producing the tactical jamming system for the Air Force EF-111A aircraft. Grumman also built the space craft which landed Americans on the Moon.

The 28,000 employees of the Grumman Corporation comprise a superlative team for research, development and production of aerospace equipment. We firmly believe it is vital to the best interests of our country to prevent any threat to reduce or even break up this invaluable national asset.

In addition to the threat to our national defense posture, we find it would be harmful to our country for two companies engaged in extensive competition in military aircraft procurements, including the U.S. Navy's current VTX Trainer program, expected to involve the expenditure of several billion dollars over the next decade, to merge. The two companies are also engaged in extensive competition for subcontracts for airframe assemblies and engine housings and used in both commercial and military aircraft, as well as other areas. The proposed merger, apart from obvious anti-trust problems, would greatly reduce the competitive benefits of independent research and development resulting from these companies continuing as separate defense contractors.

We urge you to direct the Department of Defense and the Department of Justice to examine most thoroughly this aspect of the attempted takeover. A merger of these two aerospace giants could seriously reduce competition in military aircraft procurement, and in competition for subcontracts in airframe subassemblies and engine housings used in both commercial and military aircraft.

For these vital reasons-weakening our national defense posture, reducing competition, and possible antitrust violations—we of the Long Island Congressional Caucus urge you to take immediate action to stop the LTV Corporation from taking over the Grumman Corporation.

Sincerely,
NORMAN F. LENT,
Chairman.
GREGORY W. CARMAN.
THOMAS J. DOWNEY.
RAYMOND J. MCGRATH.
WILLIAM CARNEY.
JOHN LEBOUTILLIER.
ALFONSE D'AMATO.●

MIKHAIL KAZACHKOV STILL IMPRISONED IN RUSSIA

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mrs. HOLT. Mr. Speaker, year after year, Members of Congress rise on this floor to remind the world of the barbarities inflicted on captive peoples by the Soviet Union and its empire. We must never shirk our duty to keep telling this story. We who enjoy the blessings of freedom must never cease our efforts to win freedom for those who are oppressed by cruel totalitarians.

Because of our respect for individual liberty, we do not stop at condemning the total, faceless tyranny that afflicts humanity from the Baltic to the Pacific. We tell the story for individuals trapped in that enormous police state.

Today I bring to your attention the case of Mikhail Kazachkov, of Moscow, who has been imprisoned for 6 years. He was refused permission to emigrate from the Soviet Union in 1975, and in 1976 was sentenced to 15 years for "betraying the motherland." Three more years were added to his sentence in 1979 after he staged a hunger strike to protest denial of correspondence.

Mr. Kazachkov is guilty of no crime under any civilized definition of criminal activity. He is a political dissenter who wishes to leave the Soviet police state. He is, unfortunately, one example among many thousands.●

REPORT ON THE VOTING RIGHTS ACT

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. DIXON. Mr. Speaker, as we prepare for the critical debate on H.R. 3112, a bill to extend the Voting Rights Act of 1965, I thought my colleagues might be interested in a special newsletter which I recently mailed to my constituents, outlining the state of the current debate, a history of the act, and what it means for blacks and other minorities around the country. I commend the newsletter to my colleagues in the hope that it will add to their understanding of the act's importance and the issues which the House will face.

THE VOTING RIGHTS ACT: WHAT DOES IT MEAN TO YOU?

Congress will shortly consider legislation to extend what has been termed "the most successful civil rights legislation ever enacted"—the Voting Rights Act of 1965.

Although voting rights in California are not at issue, the outcome of this debate will largely determine the shape and extent of Black political power in the 1980s and beyond. It reaches beyond the boundaries of the states that it affects directly and provides a key test of the new Administration's sensitivity to Black concerns.

It's important for us to realize just what's at stake, and to take swift, decisive action to preserve the most sacred and precious right as Americans—the right to vote.

HOW DOES IT AFFECT YOU?

"The right to vote is the basic right without which all others are meaningless. It gives people—people as individuals—control over their own destinies."—Lyndon B. Johnson

As this report indicates, the Voting Rights Act has been instrumental in knocking down racial barriers to voting, particularly in the Deep South.

What does this mean to you?

For one thing, the election of Senators and Representatives from other regions of the country greatly affect the national decisions which touch the lives of all our citizens. And despite the Voting Rights Act and other Constitutional guarantees, Blacks continue to be grossly underrepresented in the halls of Congress. No Blacks sat on the House Budget Committee which first heard President Reagan's scheme to dismantle this nation's vital social programs. And no Black sits among the one hundred members of the United States Senate.

Beyond this, we have a special and enduring kinship with our Black brothers and sisters in the South. Thirty-six percent of Black America lives in the eight Southern states covered under the Voting Rights Act. For this reason alone, we cannot turn a deaf ear to those of us who continue to be denied their full rights as American citizens.

Despite much publicized gains, the Voting Rights Act is needed now as much as ever.

WHAT THE VOTING RIGHTS ACT DOES

The Voting Rights Act contained a variety of protections which comprehensively addressed the denial of minority voting rights. Some of its provisions are permanent and apply nationwide; others are temporary and apply only to certain states and counties with a documented history of discrimination at the ballot box.

Nationwide, the Act banned the use of so-called "literacy" tests, a device which local election boards all over the country had used to keep Blacks and poor whites from registering. In addition, the Act gave individuals, anywhere in the country, who felt they had been discriminated against, the right to bring suit.

The heart of the Act, however, lies in Section 5, or what has come to be called its "pre-clearance" requirements. Recognizing that local elected officials could—and would—try to use virtually any means possible to deny Blacks the right to vote or reduce its impact, architects of the Voting Rights Act designed a revolutionary means of insuring that future election laws and procedures would be color-blind.

Instead of relying on a costly, cumbersome and ineffective court system to enforce local voting rights, Section 5 requires state and local election boards to submit all proposed changes in election laws and procedures to the U.S. Justice Department. The Department would then either approve, or "pre-clear" the proposed changes, or voice its objections if it found them to be discriminatory. The Justice Department's objections would nullify the proposed changes, unless the local election board successfully brought suit to implement them.

In 1975, Congress amended the Voting Rights Act to require that local governments provide bilingual ballots and other assistance to non-English speaking individuals.

Unlike the nationwide provisions of the Act, the "pre-clearance" and bilingual ballot requirements apply only to areas with a proven history of voting discrimination—in the case of Section 5, to eight Southern states and parts of fourteen others. This enables the Justice Department to concentrate its resources in the areas where they are most needed.

Also, unlike the permanent ban on literacy tests, these provisions are temporary. As a result, the "pre-clearance" requirement will expire on August 6, 1982, unless Congress takes action to extend them.

The Voting Rights Act marked a fundamental shift away from exclusive local control of election functions. As a result, many individuals want to see it be allowed to expire next year.

THE VOTING RIGHTS ACT IN ACTION

Under the "pre-clearance," city, county and state governments submit proposed election law changes, along with background information, to the Justice Department in Washington. The Department then has 60 days, in most cases, to review the changes, and to issue objections if it finds them discriminatory.

Far from imposing a burden on local governments, the pre-clearance process is conducted mostly by mail, at little or no cost. Most election law changes, dealing with routine matters such as the movement of polling places, are quickly approved. Moreover, objections are relatively rare. Of the more than 35,000 proposed election law changes submitted to the Justice Department since 1965, only 800, or less than 3 percent, have been rejected.

These Justice Department objections, however, have played a major role in thwarting efforts to dilute minority voting strength.

In Richmond, Va., the Department prevented plans to annex mostly white suburban areas, a move which would have likely resulted in an all-white city government. Today, Richmond has a Black mayor, 5 Black councilmen, and a Black city treasurer.

In San Antonio, Tex., Department objections to a combined annexation/at-large election scheme helped elect 5 Hispanics and a Black to the ten-member City Council. Last spring, the city which is 52 percent Hispanic, became the first major city in the country to elect a Hispanic mayor.

IMPACT OF THE VOTING RIGHTS ACT

As these examples imply, in the sixteen years since its enactment, the Voting Rights Act has changed the political landscape of the United States.

Across the country, Blacks and other minorities have registered and voted in unprecedented numbers, due largely to the nationwide ban on literacy tests and other protections afforded under the Act. In the Southern states covered under Section 5 "Preclearance," Black registration has more than doubled since 1965 (chart, page 2). These percentages translate to 1.4 million more potential Black voters. Although the minority language requirements are less than six years old, the number of Hispanics registered to vote nationwide has already increased by over 30 percent.

Accompanying this rise in minority voter participation has been a major jump in the number of Blacks elected to public office—almost 5,000, 60 percent from the South. States like Alabama, Georgia and South Carolina have gone from under 25 Black elected officials in 1968 to over 200 apiece in 1980.

OUTLOOK

Just prior to the Congressional recess, the House Judiciary Committee approved a bill by its chairman, Rep. Peter Rodino, to extend the pre-clearance provisions of the Voting Rights Act for ten years, through 1992. The bill includes compromise provisions which allow areas which have improved their voting rights record to eventually escape the pre-clearance requirements. The full House is expected to consider the bill, H.R. 3112, next month.

However, supporters of voting rights still face a tough road ahead. The Act faces the concentrated opposition of long-time civil rights foe Strom Thurmond, who chairs the Senate Judiciary Committee. And President Reagan has yet to take a position on the extension of the Voting Rights Act.

WHAT YOU CAN DO

You can help make the difference. Write the President and your two U.S. Senators. Have your friends do the same. Tell them that the Voting Rights Act is vital to our democratic process, and to the rights of over thirty million Black and Hispanic Americans.

Voting is more than an exercise or a duty. It is the key to a better life for ourselves and our children. I fervently hope you will make your voice heard on this critical issue.●

WATER: A PLAN OF ACTION

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, September 30, 1981, into the CONGRESSIONAL RECORD:

WATER: A PLAN OF ACTION

If we act quickly and effectively to address the many water issues we face using means already at our disposal, there will be no national problem and our supply of water will be adequate to meet our needs well into the next century. The steps open to us right now are neither new nor revolutionary, but rather are improvements of measures that have been attempted in the past. We can group the steps into four basic categories:

BETTER PLANNING AND MANAGEMENT

The primary problem in some areas of the nation is a physical shortage of water, but in many others it is the weakness of institutions charged with planning and management. A number of steps must be taken to make needed improvements. We must repair and tighten the fragmented congressional jurisdiction, provide for better coordination among the federal agencies, delineate proper federal, state, and local roles, upgrade cooperation among the levels of government, and do away with conflicting and excessive statutes and regulations. Good planning and management also demand that we take up problems in an integrated way rather than one at a time. For example, we should view ground and surface water as integral parts of the same system of resources (keeping in mind that one city's wastes pollute another city's drinking water), coordinate projects to increase supply with projects to control pollution, and draft plans that go beyond the enumeration of facts to set forth the priorities. Better planning and management have been recommended by more than twenty commissions and committees since the early 1900's, but positive action has been stifled and institutional reform is badly needed.

BETTER FEDERAL PROJECTS

In previous years, Congress approached many water problems from a "structural" point of view by authorizing and funding the construction of large dams, channels, and aqueducts. In the 1970's, however, this approach became unpopular due to the "pork-barrel" nature of the projects, the environmental damage they caused, and the rising costs of energy and construction. In fact, the last four years have not seen the authorization of a single omnibus water project, and the backlog of authorized but unfunded projects now carries a price tag of $33 billion. We must overhaul and depoliticize the process through which water projects are approved and paid for. We must weed out expensive, unnecessary projects that are authorized and funded at the behest of powerful legislators or constituencies, but we should be mindful that new projects may be necessary, especially in areas where the population is growing fast and the economy is developing at a rapid pace.

BETTER CONSERVATION

During the 1970's the idea of reducing demand for water through conservation, reuse of waste water, and pricing reform gained in popularity. There is a vast potential for minimizing waste of water, especially by improving our agriculture. Irrigating by delivering water directly to the roots of plants and breeding plants that thrive on saltier water are just two things we must consider. Other steps include the repair of decaying water mains in cities, the enactment of local ordinances on plumbing and sprinkling, the refurbishing of homes with water-saving fixtures, the use of recycling systems in homes and industries, the installation of water meters to measure domestic use, and a campaign of education to stress the need to use water efficiently. Extensive savings of water can be realized in agricultural and residential settings with new technologies, changes in lifestyles, and realistic prices.

BETTER WATER QUALITY

Federal action to control water pollution commenced in the late 1940's, but the major initiatives were started up only ten years ago. Over the past decade billions of dollars have been spent on the treatment of waste water—one of the most costly public works in our history—but in spite of the huge investment the goal of high water quality has not been attained. We must improve the effectiveness of the program as we ponder innovative options, such as the reuse of waste water and the application of effluents to land. Also, although most of our effort has been directed toward "point" sources of pollution (for example, a factory that flushes toxic wastes into a stream), we must not neglect the equally important "non-point" sources of pollution (for example, a field from which sediments and pesticides wash into a river). Likewise, we must concern ourselves with the pollution of ground water because, once fouled, ground water is very difficult to clean up.

We need a combination of all four of these basic approaches to resolve our water problems. The issue is no longer whether the steps I have just outlined should be taken, but rather how best to take them at the national level and in the various regions of the country. Perhaps the most important of the four is institutional reform. If we do not have better planning and management, progress in other areas will be hampered.

So, what is the outlook? I believe that we have the potential to come to grips with water issues. I also believe that we can do it without a massive outpouring of funds. We have the capability. The question is whether we have the resolve to act. There is a growing realization nearly everywhere that action is imperative. I am hopeful that the answer to our original question is: No, there will be no national water problem because we will act to avert it.●

THE RIGHT TO VOTE

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. WYDEN. Mr. Speaker, I rise in support of extension of the Voting Rights Act of 1964. Quite literally, the right to vote is the very cornerstone of the American democratic system.

For many of us, that right is easy to exercise. We reach 18 years of age—and if we so desire—we simply walk down to the polling booth on election day and register our opinions.

Unfortunately, not all Americans are so fortunate. Although voting percentages among minority Americans have increased dramatically over the past 20 years, in some areas of our country, members of these groups are still prevented from exercising their right to vote.

This cannot be allowed to continue. And I believe the only way to insure it does not, is through extension of the Voting Rights Act until 1992.

Although the Voting Rights Act has not achieved all its authors hoped for, it has been the most successful civil rights law ever passed by the Congress. Since the act was enacted, registration and voting percentages for blacks and Hispanics have risen dramatically, especially in those areas where the minority vote can be the determining factor in the outcome of an election. The number of minority elected officials has also increased significantly, as has the number of prospective minority jurors on county juror lists.

Extension of the act is needed to insure that we do not lose what we have gained so far—and that we move even further along toward eliminating all political discrimination.

In certain ways, the bill before us today is an improvement over the original act. For example, it amends the bilingual provisions of the act to make their expiration date consistent with the entire act's extension—an important step, particularly for Hispanic Americans. Unless they have access to materials in a language they can understand, minority Americans clearly cannot exercise their right to vote.

I am strongly opposed, however, to amendments which would weaken the preclearance provisions of this act, thus allowing States which have a record of electoral discrimination to make changes in electoral boundaries and/or regulations without prior approval by the Justice Department. Without these provisions, still greater numbers of minority Americans might be denied participation in the electoral process.

Extension of the Voting Rights Act enjoys a great deal of support in my State, from citizens and public officials on both sides of the aisle. And well it should.

As President Lyndon Johnson said when he signed the act into law in 1964, the Voting Rights Act is "a triumph for freedom as huge as any victory that's been won on any battlefield." Certainly, such a triumph is worthy of continuation.●

NURSE-MIDWIFERY SERVICES

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Ms. MIKULSKI. Mr. Speaker, today I am introducing two pieces of legislation that will expand reimbursements for nurse-midwifery services. The first will allow certified nurse-midwives to receive reimbursements under Government health plans, and the second will allow them to receive medicare reimbursements for services delivered to disabled women and for routine gynecological care delivered to elderly women. These expansions in reimbursement will enhance the provider role of the nurse-midwife, establish greater freedom of choice for consumers, and encourage productive competition in our health care delivery system.

Certified nurse-midwives are quite different individuals from lay nurse-midwives of the past. The latter were women who were trained in traditional folk methods, and who effectively delivered almost all infants until the last decades of the 19th century. A certified nurse-midwife, in contrast, is a product of the more formal medical training that appears to be a trademark of the 20th century. As the name implies, a certified nurse-midwife is an individual trained in two distinct disciplines: nursing and midwifery. Each certified nurse-midwife must receive a nursing degree, practice nursing in the field of maternal and child health for at least 1 year, and then undergo a 1 to 2 year nurse-midwifery educational program. All of these programs are associated with major universities—for example, Johns Hopkins, Georgetown, Columbia, and Yale. Some of the programs bestow certificate degrees on their graduates and others award masters degrees.

Nurse-midwives provide continuous care throughout the process of birth, including prenatal, delivery, and postpartum stages. They teach preparation for labor (Lamaze) classes, do routine examinations and deliveries, and subsequently give instructions in infant care, family planning, and family adjustment. The addition of a child to a family unit often creates a stressful environment for family members, and the nurse-midwife is expressly prepared to facilitate and counsel the family in integrating the new child into their home. In addition, nurse-midwives deliver well-woman gynecological care—such as family planning services and pelvic exams—and thus both the young and the old can benefit from their services.

Various societal changes have encouraged the use of nurse-midwifery: families' interest in natural childbirth, the assertion of consumer rights, and the resurgence of women's concern with control over the natural processes of their bodies. Nurse-midwives have both stimulated and benefited from these concerns through their emphasis on personal continuity of care and their openness to alternative childbearing options. Although the earliest nurse-midwifery program opened in 1925, the largest increase in nurse-midwives has occurred in the past 10 years. Between 1970 and 1980, the number of nurse-midwifery programs doubled to more than 20 and an additional 1,600 certified nurse-midwives graduated. Today, there are approximately 2,200 certified nurse-midwives and 220 more graduate each year.

Questions regarding the safety of nurse-midwifery have long been a factor in arguments regarding expansion of such services. Many of the fears have been based on misinformation. Some individuals are unaware of the medical training that professional nurse-midwives are required to undergo; others are afraid that nurse-midwives will operate without consultation and use of physicians. In fact, nurse-midwifery practice must always occur within an interdependent system with an obstetrician—which includes a formal written alliance and use of her or his services when necessary. A prevalent assumption, however, is that complications in childbirth occur with such rapidity that nurse-midwives could not possibly call on physicians in time. This assumption may have developed initially from the fact that attending hospital obstetricians often arrive in delivery rooms late in the labor process and thus may perceive complications as developing rapidly. In reality, early signals of complications are almost always present and visible. Nurse-midwives, unlike most physicians, are in attendance throughout labor and are trained to detect and avert problems at the earliest possible moment. In serious situations, they are educated to begin appropriate interventions and to immediately call for physician assistance.

Apart from guarding against safety problems, nurse-midwives deliver care that appears to achieve superior outcomes. Studies indicate that availability of nurse-midwifery care increases utilization of prenatal services, lowers the rate of infant mortality and morbidity, and increases maternal well-being among the user population. In a study conducted in Madera County, Calif., the neonatal mortality rate dropped from 23.9 per 1,000 births, and the prematurity rate dropped from 11 to 6.6 percent, during a period of time when nurse-midwives were in attendance. When the nurse-midwifery services were terminated, the neonatal mortality rate increased to 32.1 per 1,000 births and the prematurity rate climbed to 9.8 percent.

Nurse-midwifery care is also generally less expensive than traditional obstetrical care. In 1976-77, Blue Cross/Blue Shield audited a nurse-midwifery group in New York City (the Maternity Center Association—MCA) and found that care at MCA cost 37.6 percent of in-hospital care, barring complications. Hospital and obstetrical fees for private care in New York can currently cost $3,000; medicaid pays from $1,649 to $2,230 for normal care with a 3-day hospital stay. In contrast, MCA charges $1,000 for its whole package of prenatal, intrapartum, and postpartum care.

Savings result from a variety of elements. First, some nurse-midwives use nonhospital facilities, such as birthing centers or a client's home. Those who do use hospital facilities usually keep their clients in for a much shorter period that the traditional 3 days. In Washington, D.C., hospital costs for nurse-midwifery clients who spend 6 hours or less in the hospital after delivering are approximately $600; physician clients who spend 3 days will pay close to $1,000. Second, nurse-midwives do not use technology on a routine basis, but rather only when indicated by the client's condition. This limited use of machine and laboratory techniques, combined with less frequent use of analgesia and anesthesia in labor, often results in substantial savings. In addition, nurse-midwives have a lower rate of cesarean births—a procedure that can add as much as $1,000 to a physician's fee and as much as $3,000 to hospital fees. Cesarean birth rates are approaching 30 percent in many facilities; in contrast, the cesarean birth rate at, for example, the nurse-midwifery service in North Central Bronx, is approximately 13 percent. Finally, salary differentials have been noted as a factor in costs. The average salary of a nurse-midwife in 1976 was $16,200. While this figure has increased slightly, it contrasts sharply with the $89,310 median income of obstetricians in 1979.

Nurse-midwives practice in a variety of settings—including hospitals, public health departments, private practices with physicians, family planning clinics, and independent and group practices with other nurse-midwives. I would like to stress that it is of paramount importance that nurse-midwives in the independent and group practices receive full hospital admitting privileges. In many hospitals, these privileges are unjustifiably denied. Although neither of my bills can address this problem directly, it is my hope that as the unique services of nurse-midwives are recognized and reinforced through expanded reimbursements, physicians and hospital administrators will share in that recognition and allow all qualified nurse-midwives to receive hospital admitting privileges.

Let me turn once again to the two pieces of legislation before us. In today's age of rising health care costs, it is crucial that consumers have the right to select the health care delivery system and the health care provider of their choice. Thus, I believe it is important that individuals receiving health care benefits under Government health plans and under medicare be free to avail themselves of a nurse-midwife for maternity care or routine gynecological care. In passing these bills, we will be taking the first step toward introducing true competition in our health care delivery system.●

THE FOURTH ANNIVERSARY OF THE AD HOC COMMITTEE ON IRISH AFFAIRS

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. LENT. Mr. Speaker, I rise today in observance of the fourth anniversary of the Ad Hoc Congressional Committee on Irish Affairs. It has been 4 years since this committee was formed to express support for the goals of peace, freedom, and justice through nonviolence in Northern Ireland. I am proud to be a member of this most worthy organization, and wholeheartedly support its goals.

The crisis in Northern Ireland is indeed a distressing one. Needless slayings and violence are part of the everyday existence of the Irish people in this northern Province. As a member of this committee, I have joined in cosponsorship of House Joint Resolution 158 calling on Great Britain to "exercise greater urgency and flexibility in finding a humanitarian solution to the hunger strike crisis in Northern Ireland." Great Britain must solve this terrible human crisis in Northern Ireland.

The members of our committee have been informed that Prime Minister Margaret Thatcher, in a major reshuffling of her Cabinet, announced that James Prior, formerly a key official in the Employment Ministry would assume the all-important position of Secretary of State for Northern Ireland. According to press accounts, Mr. Prior took the position with the understanding that he would be able to exert some degree of independence in his work as the highest British official in Northern Ireland. I am truly hopeful that Mr. Prior is given this "degree of flexibility" while serving in this very difficult position. The British Government should reevaluate its policy position of direct rule in this troubled province along with its inflexible position regarding the hunger strikers.

On this, the anniversary of the ad hoc committee, I pledge to work with my fellow Members of Congress in an effort to bring peace once again to this strife-torn land. I extend my best wishes and support to Mr. Prior in his mission to the northern Province. His task is a difficult one and I hope that we can work together for the goals of peace, justice, and freedom.●

IMPROVING THE OFFSHORE OIL AND GAS LAW AND ESTABLISHING PROGRAM FOR OCS REVENUE SHARING

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. JONES of North Carolina. Mr. Speaker, on Friday, September 25, I introduced H.R. 4597 a bill to amend the Outer Continental Shelf Lands Act (OCSLA), the oilspill title of the 1978 OCS amendments, and the Coastal Zone Management Act.

This bill is designed to refine and improve the OCS program by making some necessary changes to the basic offshore oil and gas law and the oil spill liability title. Also, it makes important modifications in the Coastal Zone Management Act to establish a national ocean and coastal resource management block grant program based on a small proportion of Federal OCS revenues.

The premise of my proposed legislation is that the offshore oil and gas industry, the administration, and the coastal States have common interests that should supersede recent episodes of intense conflict. I support the administration's policy of accelerating production from the Outer Continental Shelf. Such acceleration, however, must be developed in an environmentally sound manner and with the cooperation of affected coastal States. H.R. 4597 is a balanced bill that will correct certain deficiencies in the OCS law and clarify questions of liability with respect to the oilspill cleanup title of the OCS program. It will also correct an inequity in our present policy with respect to fiscal support for Federal activities in, or affecting, States by establishing an OCS revenue-sharing program for coastal States to enhance their capabilities to address the problems associated with energy activity in their respective coastal zones.

This proposed legislation contains four titles. Title I amends the OCSLA to make a number of changes that will improve and expedite the leasing program conducted by the Department of the Interior. While protecting the environmental and safety standards which the 95th Congress worked so long and diligently to enact, it would correct some of the unnecessary burdens that have been placed on the oil and gas industry. Title I would:

Authorize the extension of the period of the least term, including the exploratory stage, under appropriate conditions and establish that extraordinary delays in receiving OCS-related permits, not attributable to the lessee, would be grounds for a lease term extension;

Require that Federal OCS-related permits be granted or denied within 90 days of application, and establish a procedure for extension of such time period if required;

Add "fair market value" as determined by an assessment of bid values as a criterion in making leasing decisions;

Mandate the establishment of interest-bearing accounts for cash bids so that interest will accumulate on cash bonus bids that may be rejected;

Establish new time limits for commencing litigation to enjoin a lease sale; and

Make needed changes in the tract size, due diligence, royalty overpayment, and criminal penalty provisions of the act.

Title II contains amendments to the OCS oil spill liability title of the 1978 legislation. It would:

Clarify that the leaseholder is primarily liable for oil spill damages, cleanup, and removal costs;

Establish the right of such leaseholder to obtain liability protection through indemnity and cross-indemnity agreements;

Would incorporate the concept of proportional and contributory negligence in determining awards for damages;

Allow reimbursement of Federal, State, and local cleanup costs to be counted against the liability limit;

Provide a simplified system for evidence of financial responsibility;

Remove the present ambiguity with respect to a guarantor's liabilities; and

Clarify and increase the limits of liability for damages, cleanup, and removal cost.

Title III of the bill amends the Coastal Zone Management Act of 1972. Specifically, the third title would amend the Federal consistency provision of that act to modify the grounds upon which the Secretary of Commerce may override coastal State decisions that certain activities are "inconsistent" with their approved management programs.

Additionally, the bill would reduce the maximum time for States to make consistency decisions. Presently, the law provides that for exploration, development and production plans, a State may take as long as 6 months to certify consistency or to make a decision of inconsistency. Given the growing experience of offshore development and the role of State governments in making consistency determinations, the amendment provides that a State must make a consistency decision on an exploration plan within 60 days and on a development and production plan within 120 days.

The first three titles of H.R. 4597, then, are designed to expedite OCS exploration and development within the general provisions of existing law. These amendments are intended to rectify certain deficiencies in the OCSLA and the oil spill title and to require coastal States to respond quickly to the offshore plans developed by the oil and gas industry. The justification for the provisions contained in these titles, however, would be difficult to assert without the provisions of title IV.

Title IV would establish the national ocean and coastal resource management block grant program. It would create a fund for the sharing of Federal OCS revenues with coastal States to assist them in being prepared for, and having the capabilities to address, the impacts from energy activity in their coastal zones.

The money would be used for the continuation and enhancement of their coastal zone management programs, the coastal energy impact program, the national sea grant college program, the Commercial Fisheries Research and Development Act, and the Anadromous Fish Conservation Act.

A fund would be established consisting of 5 percent of all OCS revenues—up to a limit of $300 million per year—to be available for block grants to coastal States, starting in fiscal year 1984.

The revenue-sharing program contained in title IV is intended to address the budget cuts proposed by the administration. These cuts include an immediate phaseout of Federal support for the Coastal Zone Management Act and a termination of the coastal energy impact program (CEIP). Although CZM and CEIP are targeted for termination, the Department of the Interior has proposed a significant acceleration of its 5-year OCS oil and gas leasing program. It makes little sense to increase significantly offshore lease sales while, at the same, terminating important coastal and ocean resource management programs that States need to deal with such an increase. Addressing these seemingly inconsistent policies is one of the major purposes of title IV.

Additionally, there is the difficult question of equity between interior States and coastal States with respect to the sharing of Federal revenues. The Mineral Leasing Act of 1920, as amended, provides that 50 percent of all Federal mineral leasing receipts be allocated to the States in which the land is being leased. In fiscal year 1982, the Department of the Interior estimates that over $700 million will be available under the Mineral Leasing Act for affected States. Coastal States, on the other hand, are not authorized to tax or generate revenues from Federal leases on the Outer Continental Shelf. This revenue sharing proposal provides some equity to Coastal States to remedy this situation. However, it should be noted that the proposal in title IV of H.R. 4597 is considerably less, in terms of money and proportion, than in the Mineral Leasing Act. Whereas the latter provides 50 percent of Federal revenues—approaching $700 million in the next fiscal year—the former calls for only 5 percent of OCS revenues with a ceiling of $300 million.

This is a moderate solution to the problem of maintaining coastal State capabilities in dealing with Federal offshore leasing decisions. The proposal will expedite OCS development in an environmentally sound manner, rationalize the policy of increased lease sales with coastal protection. And enable coastal States to expedite their decisionmaking authority by the continuation of their coastal management efforts.

The bill is a reasonable and balanced approach to the need for an increase in our domestic supply of energy while providing coastal States with the support they need to assist in that development. I urge my colleagues to review the provisions of H.R. 4597 and to provide their support when this legislation reaches the floor of the House.●

TOWARD A 20TH CENTURY VIEW OF RETIREMENT AND WORK

HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. JEFFORDS. Mr. Speaker, often, it seems that the Congress is trying to solve today's problems with yesterday's solutions. Nowhere is this more the case than in our response to the needs of our citizens for an adequate old age income. In this area, we are about a century behind. Our current national pension program was appropriate for the needs of the 19th and early 20th century, is outdated and strained today and will be wholly inadequate and inappropriate for the needs that will confront out citizens only 30 to 50 years from now.

To develop a sound and forward looking national retirement policy, we must start where countless Presidential commissions and conferences have failed: We need to develop a modern view of retirement and we need to suggest the appropriate mix of private and public programs that would give each citizen a fair chance to live a dignified old age. A modern perspective on retirement can only be gained by examining the history of our current concept of retirement. Then, we must consider the problems facing today's retirees who try to live within that concept. Finally, it is worthwhile to consider the economic case for retirement and to suggest a legitimate role that Government might perform.

I. RETIREMENT AS A SOLUTION TO A 19TH CENTURY CRISIS

Retirement is a modern concept. Prior to the 19th century, there are few examples of individuals leaving the world of work and continuing to receive income. The idea that this might be a normal life pattern resulted from technological and medical advances during the industrial revolution, the consequent personal and social tragedy for the aged and, finally, the attempts of Government to redress these problems.

THE DYNAMICS OF CHANGE

The industrial revolution fundamentally changed the nature of work and the family. Older people in earlier eras had continued to contribute to society and work to their capacity while continuing to live with their families. Because farming was the dominant occupation prior to the industrial revolution, work tended to be a family enterprise in which both earnings and work were shared. In this environment, marginal contributions by older citizens were required and were routinely made. Technological changes drastically altered the social landscape of the United States and the world in the later 19th century. The extended family began to disintegrate as more and more workers moved to cities and worked in factories. This change in the work habits of America had profound social and psychological effects.

On the social level, many older Americans simply could not survive in the new industrial era. The low piecework wages and the long hours of early factory life simply wore them out. The situation was so severe that in 1903 Edward Everett Hale, former Chaplain of the U.S. Senate, declared, "there is now no place in our working order for older men." For the great majority of older American workers, continuing to work at a reduced level was not an available option.

This crisis of income was further aggravated by a profound psychological change that arose in the early 20th century in the United States. The growth of the cities, increased immigration and the steady expansion of industry contributed to the development of a negative view toward the old in society.

The impact of changes in the work patterns and expectations of the old was magnified dramatically by another development of the industrial age: improved health care. In 1850, parents on the average lived only 1 or 2 years beyond the age of their children's dependency. In 1830, about one-third of all native-born Americans reached age 60; in 1900, more than half did; and in 1975, four-fifths reached this age. As a result of these changing life expectancies, more and more individuals have faced an old age without adequate sources of income.

THE FATE OF THE OLD

With a changed work role, a negative public attitude and a growing old population, the results were predictably grim. Many of the elderly suffered incredible hardship in the late 19th and early 20th centuries. In 1910, for instance, the majority of Americans who lived in State pauper institutions were elderly: 60 percent in Ohio; 62 percent in Pennsylvania; 87 percent in Wisconsin; and 92 percent in Massachusetts.

In this environment, there was immense political and social pressure to help the elderly gain some measure of financial security. Retirement did not begin as a desirable state to which the aged could aspire. Instead, it was undertaken as a last resort to rescue the old from abject poverty.

THE GOVERNMENT RESPONSE

America was late in discovering the age problem. France established a national old age support system in 1850. Compulsory systems were established in Germany in 1889, Austria in 1906, England in 1908, France in 1910, Rumania in 1912 and Sweden in 1913. Although Theodore Roosevelt recognized the problem of the aged and urged the Congress to act in 1908, it was 30 years later before major action was taken.

The Social Security Act was the major national response to the problems of the aged in maintaining useful employment. The impetus for the act was a combination of the dynamics of the industrial changes described above, the reduced public confidence, because of the depression, in the ability of individual savings to ward off old age economic hardship, and the desire to reduce the number of older people in the work force so that new jobs for the young could be created. According to Robert Ball, former commissioner for the Social Security Administration, the system was intended to provide supplemental income for those who suffered reduced earnings capacity due to old age. Therefore, the system was created with barriers like the retirement test to discourage those who could continue to work from retiring and drawing social security funds. The effect of this provision may be the opposite of that originally intended.

II. A CONCEPT OUT OF DATE

There is a very real possibility that our current retirement policies actually work against those who seek to remain in the work force and earn a smaller income. A recent publication by the Department of Health and Human Services noted that the labor force participation of older men, over 65, has decreased steadily from 1900—when two out of three older men worked—to 1978—when only one out of five older men continued to work. The President's Commission on Pension Policy noted that this trend has accelerated significantly in recent years with male aged 65 and over participation in the labor force dropping from 39 percent in 1950 to 20 percent in 1979. Participation rates have also dropped for men aged 55 to 65 and the report says these declines have been particularly dramatic for men in their early sixties.

These reduced participation rates are the result of a variety of factors including the retirement test work disincentive, the availability of medicare to retirees when few of those employed have access to any comparable medical care program—particularly important since adults over 65 spend about 2.5 times as much on medical care as those under 65—and the liberalization of social security benefits and the linking of these benefits to increases in the CPI. Despite public statements about the limited role of social security, recent public policy has emphasized the role of social security as a primary old age income program and has made it progressively less attractive for older citizens to continue in the workforce once they qualify for benefits.

The option of social security coverage, of course, is not the only impediment to increased labor force participation by older Americans. Mandatory retirement ages are one barrier that should be carefully examined and, when reasonable, eliminated. Also, inadequate training and education are often as real a barrier for older citizens as they are for those who are younger. Manpower training programs and job counseling programs need to be thoroughly integrated with any national policy that sets the goal of increased labor force participation by older citizens in the next century.

Regardless of its cause, the movement toward early retirement has put an increasing strain on our social security system and has reduced the amount of productive work contributed to our society by older Americans. There is a very real possibility that we will not be able to afford this trend in the future.

III. THE CRISIS TOMORROW

As I have noted, the concept of retirement grew out of a need to rescue the old from poverty and to provide a supplement to their reduced but still present earning power. However, in our success in improving social security, we have built disincentives for those who desire to continue in the workforce. I do not believe that we can afford to continue our trend toward lower participation in the workforce by older Americans through the next century. In their book, "The Graying of Working America," Harold Sheppard and Sara Rix cite several disturbing estimates concerning the effects of a declining birth rate and an increasing life expectancy—

> A 1973 study demonstrated that maintaining our current level of social security benefits would require regular compounded per capita national income increases of over one per cent each year through the year 2020;
>
> A 1975 study suggested that even if we were to increase the retirement age to 65, by the year 2050 the Social Security tax rate would have to be 17.55 per cent.

There is no shortage of dire predictions and projections. Certainly, there is substantial reason to believe that our Social Security System will be under increased financial pressure.

Census projections indicate that over the next 75 years the number of elderly persons will more than double while the total population will increase by only about 50 percent. Any such projection, however, is based on a series of assumptions—generally historical—that could prove to be incorrect. The major variables that could change this picture are the birth rate and the average life expectancy. To date, the recent trend in these variables has been in an ominous direction as far as the financial support of our older population is concerned. The birth rate has undergone a substantial decline while medical advances have resulted in an increasing life expectancy for most Americans. There is a very real chance that the census estimates of national age distribution may underestimate the growth of our elderly population in the next century.

Maintaining current benefit levels and retirement practices will require either: First, a reversal of current demographic trends; or second, a dramatic increase in national productivity. These events could occur, but they seem unlikely. Indeed, there is evidence that the recent trends of increased life expectancy and declining productivity could accelerate. We are running up against some severe resource constraints that could further reduce our productive capacity and thereby threaten the maintenance of our current social security system.

LIFE EXPECTANCY

Between 1940 and 1973, the life expectancy of white males age 65 increased from 12.1 year to 13.2 years. For white females, the increase was from 13.6 to 17.3. Life expectancy for nonwhite males increased from 12.2 years to 13.1 years; and for nonwhite females, the increase was from 14 to 16.2. These impressive gains could be surpassed by advances over the next 50 years. For instance, a medical breakthrough that reduced heart disease deaths by half could extend the life of an average 65-year-old male by an additional 2.4 years and add 2.5 years to the life expectancy of the average 65-year-old female. If heart disease could be eliminated as a cause of death, both male and female 65-year-olds could expect to live more than 6 years longer—from one-third to one-half longer than they currently can expect to live after they reach that age. Medical breakthroughs of this type are possible and they would certainly exacerbate the problem of a growing, needy, aged population.

TECHNOLOGICAL AND RESOURCE DIMENSIONS

No less an authority on American business than Peter Drucker has observed that future retirees' claims for benefits can be satisfied only out of the production of the future. They are dependent on the capacity of the people at work to produce a surplus of goods and services for them, and on the willingness of the productive population to hand the surplus over against the claims of the retired people.

Recent history with increased energy costs and declining productivity raises serious questions about whether the dramatic rate of economic growth and consumption that has occurred in the last 50 years can be continued over the next 50 years and through the next century. The Global 2000 report that was recently issued by the Council on Environmental Quality and the State Department highlights the disturbing trends that are occuring in the worldwide overconsumption of our natural resource base for economic growth.

Certainly, it is possible that these trends could be reversed by major technological breakthroughs. Identification and rapid implementation of alternative energy sources or improved conservation technologies, massive development and implementation of new service sector productivity technology and improved worldwide competition by the United States could return the United States to the preeminent growth experienced over the last 100 years. However, this is probably a best case possibility rather than a probable future for our economy. I believe that we should be willing to plan our retirement future on the basis of our probable economic future, not on best case assumptions. The future is uncertain and disturbing enough that I believe that we should be prepared for major problems when we plan for it. It seems to me that in designing a viable retirement program for the 21st century, we need to pay heed to the Report of the President's Commission on Pension Policy, which states:

> The definition of retirement, which has been thought of as moving from full-time employment to full-time leisure, may need to be revised:

We may be forced to consider a retirement future for Americans that involves a continuing, though reduced, level of participation in the work force throughout their retirement years.

IV. THE ECONOMIC CASE FOR RETIREMENT

I believe that a strong case can be made that because salary and other employment benefits do not compensate an individual adequately for his nonproductive years and do not allow sufficient savings for these years, it is appropriate for the Government to insure that both industry and the employee set wages aside, through the social security payroll tax, to replace an employee's future reduced earning capacity. However, this argument becomes increasingly disputable when it is argued that the goal of retirement should be a 100-percent replacement of preretirement income. Very few individuals who reach age 65 lose all potential to earn income. In a theoretical sense, individuals should be covered by contributions based on the wear and tear of their productive capacities and should receive increasing benefits as their capacity to earn is reduced. I can see no strictly economic justification for a government system that compensates equally those who choose not to work and those who are incapable of work. The Congress has recognized this distinction is some degree by adding disability provisions to the general social security system.

Moving from the theoretical to the practical, there is no way to adequately evaluate every individual's reasonable work history expectations and to tailor a retirement plan to each individual's needs and work capacity. Some general standards, like the age 65 retirement standard, need to be applied uniformly and objectively. However, I believe that such standards should be reasonably linked to an individual's contributions to the retirement system, as the current social security benefits are, and that the payment of benefits should not be restricted in such a way that they drive productive and interested workers out of the work force, as I believe the social security system mistakenly does. The national retirement system should in some way recognize that not all people have equal work capacity and that some people in hazardous or extremely burdensome occupations simply wear out earlier than others do.

V. CONCLUSION

Like many others, I have come to the House floor to express my views on the Nation's social security crisis. I am convinced that over the longer term, this is a crisis that cannot be solved by any amount of reform or fine tuning of the social security system alone. Declining birth rates, coupled with increased life expectancy have set into motion a long-term crisis for America. Our population is aging and we will be unable to support a large group of retirees through social security alone without imposing severe taxes on our Nation's youth.

In my comments today, I have described the history of retirement policy in America, the nature of the current aging crisis in America, the possible resource and technological dimensions of this problem and the economic ease for considering a Government role in planning for old age income. I do not believe that our current systems can meet the challenge ahead. It is my hope that the Congress will take the type of broad perspective that I have outlined when dealing with our aging crisis.

I believe that this crisis can only be solved by a comprehensive approach that considers private pension and savings programs as well as social security and that also addresses the plight of older citizens who desire work and are capable of working. I also believe that the momentous and fundamental change that such an approach requires can only be made with a long lead time that provides working Americans with adequate notice of the changes that may be necessary.

Addressing these issues means that we must reevaluate the nature of retirement. We must be especially concerned about the role of work in America's retirement future.●

WHY DO THE LIBERAL HUMANITARIANS IGNORE IRAN TODAY?

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BROOMFIELD. Mr. Speaker, I draw the attention of my colleagues to three recent articles concerning the Khomeini regime in Iran. The first appeared on September 24 in the Washington Post and was entitled "Shah's Sister Views Events in Iran with Bitterness and Grief." The second article appearing on September 24 in the New York Times was entitled "Khomeini Calls for Purge of Leftist Schoolchildren." The last article appeared in the Baltimore Sun on September 28 and was entitled "Revolutionized Iranian children now oppose Khomeini; some executed."

The articles set forth what has befallen Iran since the maniac Khomeini has come to power. Not only has his regime officially executed well over 1,000 people in the last 2 years, but now he has turned his wrath upon helpless schoolchildren, some of them only 12 years old. While we do not have accurate figures on the total number of Iranians executed, but not officially announced, the number is believed to be several thousand.

As the Shah's sister appropriately asks, where are the human rights lawyers who were so active during the Shah's reign? Now that Khomeini is killing thousands, where are the liberals who demanded the overthrow of the Shah for incarcerating radical elements of the opposition? Is a regime that executes children somehow less reprehensible than a regime that imprisons marxist terrorists? Why have we heard nothing from Amnesty International over these recent events? Or do they only attack conservative secular regimes that are pro-Western, but not conservative religious ones that have declared themselves our enemy? Anyone who has developed a sense of political, religious and human values opposes restrictions on basic freedoms, especially when it involves the loss of our ultimate freedom—the right to live. It is, therefore, all the more vexing that the traditional human rights establishment is silent while Khomeini murders his fellow countrymen. If they hope to retain their credibility, the human rights establishment must demonstrate a sense of balance. They must apply their principles to all regimes. But alas, I have just recalled that they do not have the time for balance and true justice. They are too busy attacking El Salvador this week, South Korea next week, and maybe Argentina thereafter.

This selectivity may let them sleep at night, but it would not help the oppressed or the dead in Iran, Vietnam, Kampuchea, the Soviet Union, or Cuba.

[From the Washington Post, Sept. 24, 1981]

SHAH'S SISTER VIEWS EVENTS IN IRAN WITH BITTERNESS AND GRIEF

(By Edward Cody)

PARIS, Sept. 23.—From the sad luxury of a guarded Paris apartment, Princess Ashraf Pahlavi spends her days looking back at her twin brother's former empire, now the Islamic Republic of Iran, a country at war with itself.

Increasingly, as the Tehran government meets terrorist opposition with bloody retribution, the news from home brings grief, despair and more bitterness to a woman who shared the shah's flight, his embarrassing search for a refuge and, she feels, his betrayal by former President Jimmy Carter.

"I would like to know," she said in an interview, "where are the human rights lawyers who in my brother's time were making such a fuss over a simple arrest or so-called infringements on freedom of the press and things like that, Where are they? Why are they keeping silent now? I would like to make an appeal to the world, to the international community. Why do they remain silent? Where is Amnesty International now?"

She added, in soft, subdued French: "It hurts me to see my people killed like this."

Although she is regal and elegant at 61, the princess looks to a visitor like she indeed has been hurt.

By the revolution:

"In my opinion, it was not a revolution. It was a revolt and a foreign conspiracy of red [communists] and black [moslem clergy] from abroad."

By the distance between Iran and its former monarchy, represented by the shah's 21-year-old son Reza in his Cairo exile:

"We need a military coup first. Then we can restore democracy and the constitution that we have had since 1906. We already have a king—Reza II—who succeeded his father legitimately."

By the Carter administration's refusal of her brother after Ayatollah Khomeini took over in Iran:

"If my brother died so fast, if his death was before its time, it is because the Carter administration did not let him get proper medical treatment. I don't say there could have been a miracle, that he would have lived forever, but he would have lived for five or six years more. And for that, it was the Carter administration, and I condemn them severely for that."

Shah Mohammad Reza Pahlavi, stricken with cancer in several organs, died 13 months ago in a Cairo military hospital beside the Nile after an operation on his spleen. Behind him were 37 years on the Iranian throne during which he was singled out by the United States as its major ally in the Middle East until the Islamic revolution drove him from power.

In the princess's view, Carter and his national security adviser, Zbigniew Brzezinski, also deserve much of the blame for his downfall and the turmoil that has since gripped Iran.

"Six months before all these things happened, Mr. Carter was in our house, and he gave so much praise to my brother, saying he was the greatest leader in the world and that we should follow his advice, and that Iran was an island of security," she said, recalling Carter's Tehran visit on New Year's Eve 1977. "How could they think, six months later, that he was a tyrant and a despot and a dictator and that they had to get rid of him?"

The princess, who was reported to have played an active advisory role during her brother's final days on the throne, condemned what effort the Carter White House did make as bumbling and ineffective.

"Between Carter, Brzezinski and the State Department, there was never any coordination," she said, "and meanwhile, my country was coming apart."

After summer in her villa at Juan-les-Pins on the French Riviera, the princess is back in Paris for a time. Later she will move on to her New York apartment, she says, and in the meantime she is receiving the monarchist opposition leaders who have made Paris their base and who are trying to organize a military coup in Iran.

Her French-educated daughter, Princess Azadeh, devotes most of her time to work among young monarchist exiles, leading a group that puts out its own newspaper and is associated with former Gen. Bahram Ayryana. The group is best known for participation in the hijacking last month of one of three French-built Iranian missile boats off Spain as they were being delivered to the Iranian Navy.

Aside from a burst of publicity surrounding the hijacking, however, most attention has focused on former president Abol Hassan Bani-Sadr and Massoud Rajavi, leader of the leftist Mujaheddin-e-Khalq guerrillas, who fled Iran together and sought exile here July 29.

Perhaps with that in mind, Princess Ashraf invited The Washington Post for an interview to "speak openly, to say what I have in my heart, what I think." Bani-Sadr and Rajavi have ample funds from Libya and the Palestine Liberation Organization to finance their opposition, she charged, while "on this side of the opposition we don't have any money."

"All those stories about the billions of the royal family are not true," she added. "We are not comfortable. It takes money to do anything, even to have an army, a commando group. It takes money, and we don't have it."

[From the New York Times, Sept. 24, 1981]

Khomeini Calls for Purge of Leftist Schoolchildren

London, Sept. 23 (Reuters).—Ayatollah Ruhollah Khomeini called today for a purge of left-wing students and teachers as 10 million Iranians started the new school year.

In a message broadcast by the Teheran radio, Iran's revolutionary leader urged loyal students and their instructors to expel opponents of his Moslem fundamentalist regime.

Reached by telephone, parents of children as young as 7 said they had had to sign a commitment that their children would not take part in political activities or even ideological discussions while at school.

"It is incumbent on both teachers and students," Ayatollah Khomeini said, "to do their best to identify corrupt elements and to cleanse schools of the dirt of these people."

DEMONSTRATIONS BY STUDENTS

The Teheran radio said millions of students briefly attended their classes and then took part in nationwide marches demonstrating support for the clergy-dominated Government. Teheran residents described the marches as small and peaceful, despite official fears of clashes between students of different political views.

During today's mass rallies pro-Government students shouted: "Heretic hypocrites must be expelled from schools!" This was an allusion to supporters of the radical People's Mujahedeen organization. Most of the 1,000 Iranians reportedly put to death for anti-Governmnent activities in the last three months were believed to have been Mujahedeen members.

The Teheran radio said today that 22 more leftists had been put to death in the continuing wave of executions. The official Pars press agency also said that some Mujabedeen members were killed when their Teheran hideout was blown up by a homemade bomb.

The Ayatollah's message, which marked the first time he had asked formally for a purge of school children, also demanded that university professors purge what he called "dependents on the East and West superpowers."

PURGE OF TEACHERS

Thousands of university professors and school teachers were purged last year after a call by Ayatollah Khomeini for a cultural revolution and "Islamization" of the education system, and Iranian universities are still closed.

Ali Akbar Parvaresh, the Education Minister, speaking to a student rally at Teheran University, urged the establishment of intelligence departments in schools and the explusion of nonfundamentalist students.

Iranian sources quoted officials of the Education Ministry as saying that some teachers had refused to accept up to 40 per cent of their former students because of their left-wing leanings.

Some parents who went to school with their children this morning said teachers had banned the use of felt-tipped pens and that students possessing them would be expelled. The pens are often used by students to write slogans on walls.

[From the Baltimore Sun, Sept. 28, 1981]

Revolutionized Iranian Children Now Oppose Khomeini; Some Executed

Beirut, Lebanon (AP).—Iran's schoolchildren, once swept up in the revolution which overthrew the monarchy, now are appearing in the ranks of leftists devoted to toppling Ayatollah Rubollah Khomeini's fundamentalist Islamic regime. Scores have been reported imprisoned, tortured or executed.

Teenagers and even young children march at the forefront of demonstrations against the clergy's tight grip on day-to-day life. They distribute leaflets denouncing the hundreds of executions of Mujahadeen Khalq guerrillas and other leftists who are waging the terror campaign of bombings and assassinations against Khomeini loyalists.

Revolutionary officials, including Tehran Prosecutor General Assadollah Lajavardi, have called for the execution of "even a 12-year-old child if that child participates in an armed demonstration."

Ayatollah Khomeini himself, in radio broadcasts, exhorts schoolchildren to inform on fellow pupils who harbor thoughts harmful to his theocracy.

"Nearly 200 fighting Mujahadeen children have been executed in the past few days," the Mujahadeen Khalq's leader, Massoud Rajavi, said in a statement from his exile in Paris.

Contacted later by the Associated Press, he said he had learned that "30 of my sisters, children belonging to the Majahadeen Militia Girls," had gone before firing squads. Their ages ranged from 9 to 14, he said he was told.

Education Minister Ali-Akbar Paryaresh, in a telephone conversation with the AP, denied that schoolchildren as young as 12 have been executed.

"This is not the case at all," he said, but he did not respond to the question of whether high school students were executed.

Mr. Parvaresh, one of the five Khomeini disciples running for president in Friday's election to replace the assassinated Mohammad Ali Rajai, said some high schoolers "who are fighters against Islam have been arrested and are in prison."

But he said it was too early to tell how many students have been imprisoned, because schools opened for the fall semester on Wednesday.

Several Iranian sources, who stayed out of politics during the late shah's regime and continued that aloofness after his downfall in 1979, told the AP they had personal knowledge of 30 Tehran high school girls being executed earlier this month.

These sources, interviewed here and contacted by telephone in Tehran, said they knew some of the girls and their families.

They said the girls were accused of belonging to the Mujahadeen Khalq and distributing its literature at their school last spring. They were rounded up and taken to Evin Prison, and executed two days later, the sources said.

An Iranian woman, recounting a separate case, said a 12-year-old girl in the class of a teacher friend was executed for writing "death to Khomeini" on a wall.

As part of the campaign to muzzle dissent in the schools, some high school pupils have been arrested and tortured, sources told the AP.

One case cited by a young Iranian man recently arrived here involved a 19-year-old who graduated from Tehran high school last spring. The teenager was arrested at his home and accused of distributing Mujahadeen leaflets at school.

After refusing to confess to plotting to kill Islamic Revolutionary Guards, the traveler said, interrogators burned the young man's right arm, left leg and back with cigarettes. The traveler said he saw the scars, which spelled out the sentence: "The Revolutionary Guard is victorious and his enemy is dead," which takes 24 letters to spell in Iran's Farsi language.

A half-dozen other Iranians contacted by telephone all reported there were reports circulating in Tehran that up to 70,000 high schoolers had been barred from school this fall. One source said a low-ranking Education Ministry official had verified this.

Education Minister Parvaresh, asked about it, said: "Those who are fighters against Islam and the Islamic Republic were not competent and did not register [for classes]."

He said he did not know how many were banned but "they are a very, very small number."●

ACID RAIN: AN INTERNATIONAL THREAT

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. VENTO. Mr. Speaker, I would like to take this opportunity to share with my colleagues the following article taken from the current issue of Sports Illustrated magazine on the serious and continually damaging problem of acid precipitation. I believe this article is an extremely beneficial and enlightening source that covers the damage acid rain causes to our environment as well as to wildlife and possibly humans. It has even affected the very building we are gathered in, the U.S. Capitol and many of the historical monuments throughout the District of Columbia.

The article mentions that problems due to acid rain exist in many States, some of which are Minnesota, Michigan, New Mexico, Colorado, Idaho, Montana, California, Washington, Maine, New York, Pennsylvania, and West Virginia. These are only a few of the areas suffering from acid precipitation. Many more are known and countless areas are yet to be discovered. Acid rain is not a matter to be taken lightly. It is an ominous, silent killer quietly eating away our natural resources and killing our wildlife right before our eyes. As the title of the following article suggests, acid rain is truly "An American Tragedy" that we must direct our attention to and resolve as quickly as possible.

[From Sports Illustrated, September 21, 1981]

AN AMERICAN TRAGEDY

(By Robert H. Boyle)

A chemical leprosy is eating away at the face of the U.S. It's popularly known as acid rain, but rain isn't the only culprit.

The true name for this phenomenon is acid precipitation. In addition to acid rain, it includes acid snow, acid sleet, acid hail, acid frost, acid rime, acid fog, acid mist, acid dew and "dry" deposits of acid particles, aerosols and gases. And it's not only this country's problem. It is, however, the responsibility of the U.S.—as both perpetrator and victim of this ecological crime—to recognize the extreme dangers of acid precipitation and to take steps to remedy it before it becomes so pervasive as to be irreversible.

Acid precipitation is caused by the emission of sulfur dioxide and nitrogen oxides from the combustion of fossil fuels. Natural sources, such as volcanoes and mud flats, can emit sulfur dioxide into the air, but their contribution is small. "About 90% of the sulfur in the atmosphere of the northeastern United States comes from manmade sources," says Dr. George R. Hendrey, leader of the Environmental Sciences Group at the Brookhaven (N.Y.) National Laboratory.

Once aloft, the sulfur dioxide and the nitrogen oxides can be transformed into sulfuric and nitric acids by reacting with moisture in the atmosphere, and air currents can carry them hundreds, sometimes thousands, of miles from their source. When these acids precipitate to earth, they can have a devastating impact on lands and waters that have little natural buffering capacity.

Acid precipitation can kill fish and other aquatic life outright. In Scandinavia, which is downwind of pollution pumped into the skies in Western Europe, it has already destroyed fish life in 5,000 lakes in southwestern Sweden and in seven Atlantic salmon rivers and 1,500 lakes in southern Norway.

Acid precipitation can have damaging effects on human health.

Acid precipitation may pose a menace to crops and forests.

Acid deposition is already disfiguring buildings and monuments, including the U.S. Capitol.

Acid precipitation, according to many scientists, is now the single most important environmental problem in North America. It's no Tellico Dam vs. snaildarter issue, in which an obscure branch of the biological tree was threatened by technology. Rather, acid precipitation is a problem of towering dimensions. DDT contamination posed serious problems in this country, but it couldn't match acid precipitation's capacity for destruction on so many fronts and on such an overwhelming scale.

Think this kind of stuff is hyperbole? In Canada, where the province of Ontario alone has lost an estimated 4,000 lakes and could lose another 48,000 in the next two decades, there's an urgent need to curb the sources of the pollution, many of them located in the U.S., that have created such devastation and dismal prospects. But there's precious little indication that Washington is going to act. On the contrary, there's every indication that the Reagan Administration, whose Clean Air Act Working Group is chaired by Interior Secretary James Watt, is planning to gut that act when it comes up for renewal or amendment in Congress this session. The Clean Air Act, which as written in 1970 doesn't really address the problem of acid precipitation, needs strengthening, not gutting—especially by the inclusion of measures to curtail acid precipitation. The revised law should require, among other things, the burning of low-sulfur coal, the installation of scrubbers at critical plants, investment in alternative energy sources and the establishment of emissions standards on a regional—or "bubble"—basis. The costs would be very little compared to the rate hikes imposed in recent years by OPEC. A 2% surcharge on the average utility bill in the East would get rid of half the sulfur dioxide in the region. These aren't far-out figures advanced by some wild-eyed eco-freak; they're from the report of the National Commission on Air Quality, the members of which are appointed by the President.

In the U.S., acid precipitation falls almost continuously on the ecologically vulnerable lands and waters of West Virginia, Pennsylvania, New Jersey, New York, Rhode Island, Massachusetts, Vermont, New Hampshire and Maine; in short, the 182,496-square-mile northeast quadrant of the U.S. Acid precipitation has destroyed trout streams, trout ponds and bass lakes, which is unsettling if not disastrous; it is also very close to rendering the Quabbin Reservoir, which serves more than two million people in the metropolitan Boston area, an economic disaster. The cost to keep the water potable in years to come promises to be enormous. As Alan VanArsdale of the Massachusetts Department of Environmental Quality Engineering explains, "Our charge is to provide good water and, of course, we'll do that. But as the reservoir gets worse, the cost goes way up. Who wants to treat a 39-square-mile lake?"

This is a point often overlooked by the Reagan Administration: Environmental consciousness often makes good economic sense. In the classic pay-me-now-or-pay-me-later scenario, the costs the environment is not exacting today from the industries contributing to the acid rain problem, it will claim tomorrow from the public sector to clean up the resultant mess.

An official of the Environmental Protection Agency recently told Senator George Mitchell of Maine that the Administration isn't going to take any action as long as acid precipitation was confined to the Northeast. But that part of the U.S. isn't the only affected area. Southeastern states, from Florida to Kentucky, are being hit by the same mess. Some rain that falls on Raleigh, N.C. is more acid than white vinegar; The Charlotte Observer routinely reports on rain acidity on its weather page; and the Blue Ridge Parkway has become known as the Gray Ridge Parkway because of air-polluting ammonium sulfate, a form of acid precipitation.

Acid precipitation, often at levels that have been associated with the beginning of lake acidification in Scandinavia, is now falling on sensitive lands and waters in Michigan and Minnesota. It is also falling in New Mexico, Colorado, Idaho, Montana, California and Washington.

That the barn door is still wide open after several prize horses have escaped seems irrelevant to the very people who are charged with guarding the door. No portion of the U.S. has been harder hit than the Adirondack Mountains in upstate New York. The Adirondacks lie in an area affected by polluted air masses coming from the Ohio River Valley, southern Canada and the Middle West. What has happened in the Adirondacks is a preview of what might occur elsewhere.

"It's insidious," says C. V. Bowes Jr., the owner of Covewood Lodge, a resort on Big Moose Lake in the western Adirondacks. Bowes is standing in the living room of his house looking out at the acid waters of Big Moose, one of 212 Adirondack lakes and ponds that have so far been documented as acidified. It was on Big Moose, in 1906, that Chester Gillette drowned his lover, Grace Brown, thereby providing Theodore Dreiser with the basis for an American Tragedy, an ironically prophetic title in view of what has happened in recent years. The still pristine-appearing lake is now so acid that swimmers sometimes emerge with bloodshot eyes. Except for the few odd fish that hover about spring holes in the bottom, the trout are gone.

"I can remember how good the fishing was," Bowes says. "Then, 30 years ago, it slowly started to tail off. First the state blamed it on the big blowdown of 1950, when we lost 75 percent of our coniferous trees in the aftermath of a hurricane. The state said that the downed trees made the water poorer for fish. No one suspected what was wrong, but we should have known something was crazy when the trout the state stocked would run out of the lake down the outlet to the Moose River. The state next blamed the beaver. The conservation department said the beaver were warming up the water by damming tributary streams, and the department began dynamiting dam after dam, dozens of them. Acid rain was never mentioned. We never even heard about acid rain until five years ago, when we started reading about the trouble in Sweden and Canada."

By his own account, Bowes should have known better. Before he bought Covewood Lodge, a rustic hotel, in 1951, he was a professional naturalist on the staff of the National Audubon Society. Even after Bowes left Audubon, he ran field trips to Central and South America, the Caribbean and Africa. But for all of his expertise in the workings of the world around him, he admits he didn't have a glimmer about acid precipitation until it was too late.

The incident that opened Bowes's eyes occurred only a year ago, at the start of the tourist season. In July and August, when business is hectic at the Lodge, Bowes, his wife, Diane, and their two young daughters, Kimberly and Rebecca, move out of their house and live in an apartment on the third floor of the hotel. They are downstairs running the hotel all day and use the apartment only at night. One evening in July 1980, Kimberly and Rebecca turned on the faucet in the apartment to get a drink of water. They complained that it tasted "funny." Indeed it did, and analysis diclosed that it contained five times the State Health Department's permissible amount of lead and three times the permissible amount of copper. It was determined that acid precipitates entering the spring that supplied the water for Bowes's hotel had leached the metals from the building's plumbing in poisonous amounts.

The lead and copper could be tasted in the water from the apartment faucet because the water had been sitting in the pipe all day. Bowes checked all the water pipes on his property. All but one—a pipe in Bowes's own house—had highly acidic water. Bowes was puzzled by this until he learned that the contractor who had built the well serving only the family's house had used limestone around its tiling. The limestone neutralized the acid in the water. By constructing limestone filter beds for the Lodge's water supply, Bowes was able to correct the problem. Which only begs the question: How many people dependent on wells in the Adirondacks, and other places where acid precipitation comes into contact with metals, know what's in their water? And what's the consumption of that water doing to those who drink it?

Five miles up the road from Covewood Lodge in the hamlet of Big Moose, Bill Marleau sits in an armchair in the living room of his small farm house. He's ticking off the lakes in the area that have been acidified, including Woods Lake, where he has had a small cabin for years. Except for the three years he served in the Navy during World War II, Marleau has spent his entire life in Big Moose. He's of the opinion that acid precipitation has an even more widespread effect on the region than has yet been documented. Marleau isn't a scientist. He doesn't have data printouts to substantiate his views. But he's a state forest ranger—he has been one for 33 years—and until the fishing collapsed, he was an ardent angler.

"Almost everything is down," says Marleau. "Everything. Acid rain affects the birds that feed on fish, the fur-bearing animals that feed on fish. The way I look at it, everything in nature is dependent on food, and when you reduce the food supply of those birds and animals, it affects other birds and animals that aren't directly dependent on aquatic insects and fish.

"The snowshoe rabbit is down, the fox is way down, deer are down, way down, the bobcat is down, the raccoon is down. Even the porcupine is disappearing. Bear is fairly plentiful, but of course a bear is like a pig. It will eat anything from bark to garbage. Frogs and crayfish are way down. Kingfisher, osprey, gulls, they're all down. The loon has disappeared.There are no mayflies, and darning needles are way down. There used to be clouds of them when there were thick hatches of mosquitoes. The mosquitoes are nothing like when I was a kid.

"You don't see fish jump anymore. There are no fish to jump, and even if there were, there'd be no insects to make them jump. It gets to a point where you're going to have to play God again and start all over by making the environment comfortable for the littlest insect."

Acidity is measured on the pH—literally, potential of Hydrogen—scale, which runs from acidic at its low end to alkaline at the high. Every value below 7, the neutral point, is increasingly acidic. The pH scale is exponential, so that pH 4.6 is 10 times more acidic than pH 5.6, and pH 3.6 is 100 times more acidic.

"Pure" water is slightly acidic, a pH of between 5.6 and 5.7, because the water molecules combine with carbon dioxide naturally present in the atmosphere and form weak carbonic acid. While scientists are not certain that rain was ever "pure"—for instance, a million years ago it may have had pHs as high as 6 or 7 as the result of free-floating alkaline dust—they do know that trouble begins when the acidification of precipitation is intensified. The median pH for precipitation in the Northeast is generally accepted to be 4.3. Although not "officially measured," the lowest recorded level for a single storm anywhere in the world is believed to have occurred in the fall of 1978 in Wheeling, W. Va. According to the U.S. EPA there, over the course of a three-day drizzle, pHs of under 2 were discovered, more than 5,000 times more acid than normal rain. For comparison, the pH of bottled lemon juice is 2.1.

Although data are meager, the evidence indicates that in the last 20 to 30 years the acidity of precipitation has increased in many parts of the U.S. At present, the U.S. annually discharges more than 26 million tons of sulfur dioxide into the atmosphere. Just three states, Ohio, Indiana and Illinois, are responsible for nearly a quarter of this total.

Overall, two-thirds of the sulfur dioxide in U.S. skies comes from gas-, coal-, and oil-fired powerplants. Other sources: industrial boilers, smelters and refineries, 26 percent; commercial institutions and residences, 5 percent; and transportation, 3 percent. Between now and the year 2000, utilities are expected to double the amount of coal burned.

At present, the U.S. pumps some 23 million tons of nitrogen oxides into the atmosphere. Transportation sources account for 40 percent; power plants, 30 percent; industrial sources, 25 percent; and commercial institutions and residences, 5 percent. What makes these data even more disconcerting—and statistically unpredictable—is that emissions have trebled in the last 30 years.

In addition to sulfuric and nitric acids, acid precipitation often carries with it other products of combustion, such as lead, zinc, mercury, copper, cadmium and nickel, among other poisonous heavy metals. Besides dumping loads of such metals on once-balanced ecosystems, acid precipitation can also leach from the soil metals, notably aluminum, that are already present.

After the Clean Air Act was passed in 1970, utilities often sought to meet its standards by building very tall stacks. The EPA calculates that there are now 180 stacks more than 500 feet tall as compared to only two in 1969. Tall stacks can relieve local air pollution, but they increase acid precipitation in downwind areas. In 1974, American Electric Power ran ads boasting that it was the "pioneer" of tall stacks. The ads proclaimed that the tall stacks dispersed "gaseous emissions widely in the atmosphere so that ground-level concentrations would not be harmful to human health or property." These emissions, American Electric Power said, are "dissipated high in the atmosphere, dispersed over a wide area, and come down finally in harmless traces." The ads derided "irresponsible environmentalists" who wanted strict controls over the emissions and accused them of "taking food from the mouths of the people to give [themselves] a better view of the mountain." Except for one thing: It's clear now that those "harmless traces" are not harmless.

The effect of acid precipitation on a body of water depends on the nature of the rock and soils in the watershed. A watershed containing readily available calcium and magnesium or carbonates weathered from limestone can buffer acid in much the way an Alka-Seltzer or a Rolaids tablet will neutralize an upset stomach. Some parts of North America, such as the Middle West with its more alkaline soils, have great buffering capacities, but there are other areas that have hard rock and/or infertile sandy soil, and these have minimal buffering capacity. Geologic outcroppings and anomalies can make for vast differences within an area. How much acid precipitation it takes to acidify a specific body of water depends on that body's acid-neutralizing capacity, chemically measured as its total alkalinity. A lake with, say, 10 parts per million total alkalinity is low on alkalines, and in time acid can destroy it. Knowledge of the total alkalinity of a body of water and whether that alkalinity is decreasing is essential because pH can be a deceptive figure, dropping sharply only as buffering capacity is finally destroyed.

Snowfall can play a key role in acidification. Dr. Ernest W. Marshall, a geologist specializing in snow and ice, believes he can track different storms through the Adirondacks weeks after they have occurred by digging into the snowpack and examining individual storm layers. To Marshall, it's no coincidence that the Adirondack lakes that suffer most each spring lie on the range's western slope and receive the greatest snowfall. "The snow and ice store acids for three to four months," Marshall says, "and then when the spring melt comes, lakes and streams get one hell of a slug of acids. It's as though a pack-a-day smoker gave up cigarettes for four months and then tried to make up for what he had missed by smoking dozens of packs in just 10 days." High acid episodes during snowmelt are not unusual in lakes and streams that otherwise seem normal. In Norway, these episodes have been linked with large fish kills.

At 6.5 pH level, brook, brown, and rainbow trout experience significant reductions in egg hatchability and growth. At 5.5, largemouth and smallmouth bass, walleyes and rainbow trout are eliminated and declines in other trout and salmon populations can be expected. Below 5, most fish are unable to survive.

A low pH can cause female fish to retain their eggs, but even if the eggs are laid, mortality can be high in acidified waters because fish are ultra-sensitive in the egg, larval and fry stages. Ironically, as new year-classes of fish fail to develop, the older fish become bigger because of reduced competition for the food, and anglers will often report sensational catches.

Why do the fish die? Low pH by itself interferes with the salt balance freshwater species need to maintain in their body tissues and blood plasma. But apart from that, there's another factor at work: aluminum. Acid precipitation "mobilizes" (puts into circulation) aluminum, one of the most abundant metals in the crust of the earth, and as Dr. Carl Schofield, a Cornell University aquatic scientist, discovered, aluminum can be lethal to fish and other organisms at pH levels that are normally considered safe for the host fish themselves. Acidification also mobilizes mercury and cadmium, and fish that don't die may become poisonous to predators who eat them—including the human kind—because of the accumulation of such heavy metals in the fish's tissues.

Besides losing its fish life, it appears an acidified body of water also loses hundreds of other organisms, including insects, mollusks and certain types of algae. However, a few species can actually thrive. The water in an acidified lake is often a crystalline blue, but the bottom is sometimes carpeted with fibrous mats of algae, thick enough to be picked up and shaken like a rug. Bacteria that can thrive without oxygen live beneath such mats, where they decompose plant matter and produce gases that bubble to the surface in the summer months. "I suspect that this is the cause of the garbage-dump-like odor that wafts over the surface of some acidified Adirondack lakes during the warmest part of the year," says Brookhaven's Hendrey.

There's another bizarre touch: Tree leaves that fall into streams, lakes, and ponds become pickled and simply stay there. The bacteria and fungi that would normally begin to break down the leaves are inhibited, and the same holds for stoneflies and other aquatic insects that eat leaf detritus. Given this, leaves can build up in a body of water, and as Hendrey says, "Acidification is accelerating the rate of the filling-in of ponds. The accumulation of meterial is abnormal, and it's increasing so rapidly that soon it may have negative effects for human beings."

Scientists at the Freshwater Institute in Winnipeg, Canada are attempting to document the most minute changes that occur in acidified lakes. In 1969, the Canadian government established the Experimental Lakes Area southeast of Kenora, Ontario by setting aside 46 lakes for scientific investigation of pollutants. Like thousands of other lakes in eastern Canada, ELA lakes are situated on the granitic Canadian geologic shield, and because they are remote from sources of pollution, they are basically undisturbed. Inasmuch as the hydrological, meteorological, chemical, biological and physical characteristics of all 46 lakes have been measured, any one of them can serve as an experimental laboratory, with others acting as controls. Early research in the ELA centered on the effects of phosphate detergents, which led to their reduced use in Canada, and in 1976 the emphasis shifted to the effects of acid precipitation. The scientists took one lake—it has no name, just the designation Lake 223—and over the course of the next four years added three metric tons of sulfuric acid to it. Dramatic changes have already occurred. The pH of 223 has dropped from 6.5 to 5.6; aluminum, zinc and other toxic metals have been mobilized and are present in increasing concentrations; a small mysid shrimp, an important food for lake trout, has disappeared, as has the fathead minnow; the population of slimy sculpins has dropped sharply; and there is a greater incidence of deformed laketrout embryos.

Although the phenomenon of acid precipitation has been recognized only in recent years, it probably began about a century ago. Dr. Stephen A. Norton and his colleagues at the University of Maine have found buildups of lead and zinc far greater than the natural background levels in sediment cores extracted from the depths of New England and Scandinavian lakes. The cores show that the initial buildups began 100 years ago and then increased startlingly in the 1940s. In approximately 100 years lead has increased as much as 300% over the background level and zinc as much as 700%. Moreover, additional studies of the sedimentary remains of diatoms, microscopic one-celled algae, and of cladocerans, microscopic crustacea, indicate "biological changes related to acidification of some of the lakes."

As early as 1872, Robert Angus Smith noted that coal burning in Great Britain caused acid precipitation, and shortly after the turn of the century English scientists C. Crowther and H. G. Ruston reported that "acid rain," the term they used, had killed or reduced the yields of timothy, radish, lettuce and cabbage grown near Leeds in the industrialized Midlands of Great Britain.

In 1959 a Norwegian fisheries inspector, A. Dannevig, first attributed the decline in fish in southern Norway to the increasing acidity of the water, but he had no idea that the acids came from the sky. At the same time Eville Gorham, a Canadian ecologist then in England and now at the University of Minnesota, published a number of papers demonstrating that acid precipitation could affect the buffering capacity of bedrock, soils and lakes.

But it was not until 1967 that Svante Odén, a young colleague of pioneering Swedish atmospheric scientists Karl Gustav Rossby and Erik Eriksson, made the breakthrough that identified acid precipitation as a serious environmental threat. Odén, who had been asked to do research on surface-water chemistry, theorized that the increasing acidity of Swedish waters was the result of atmospheric fallout of sulfates. The Swedish government asked him to write a report on his hypothesis, and while Odén was working on it, he received a call from a fisheries inspector in western Sweden who asked, "Is it possible that a massive fish kill we have found could be related to the acid precipitation?" Odén recalls, "That was a shock to me, because that was the first real indication that acid precipitation had an impact on the biosystem."

Odén's report, issued in 1968, showed that acids emanating from Great Britain and West Germany were having a deleterious impact on Swedish rivers and lakes, particularly in the southwestern part of the country. The report created a sensation, and Odén was invited to lecture at universities in the U.S., where other scientists, notably Dr. Gene E. Likens at Cornell and one of his graduate students, Charles Cogbill; Dr. F. Herbert Bormann of Yale; Dr. James N. Galloway of the University of Virginia; and Dr. Ellis Cowling at North Carolina State began investigating acid precipitation. Cowling was instrumental in the establishment of a National Atmospheric Deposition Program, which has a network of sampling stations across the U.S. and in Canada. Dr. Harold Harvey and Dr. Richard Beamish at the University of Toronto focused on lakes. Likens and his colleagues at Cornell were in a particularly advantageous location in upstate New York. Dr. Dwight Webster, a Cornell professor of fisheries science, had been working on several Adirondack lakes that had been losing their trout populations, and Schofield, the Cornell aquatic scientist, examined the data Webster had accumulated. As Webster says now, "Everything began to fall into place." In time, even utilities joined in. Since 1977, the Electric Power Research Institute, a non-profit arm of the utility industry, has funded $14.5 million in acid precipitation research.

Apart from being a threat to aquatic life, acid precipitation poses other problems, some of which are the concern of Dr. Michael Oppenheimer, a senior scientist at the Environmental Defense Fund headquarters in New York City. Oppenheimer recently gave up his post as an atmospheric chemist with the Harvard-Smithsonian Center for Astrophysics in Cambridge, Mass. to join EDF so he could deal full time with acid precipitation and related issues.

"On certain days the air pollution from Los Angeles blows across the Southwest," says Oppenheimer. "Add that pollution drifting out of the L.A. basin to that from large power plants and smelters in the Southwest, and some of our best views in the West, such as the view of the surrounding ridges from within the Bryce Canyon National Park, are reduced. The haziness is caused by the microparticulates associated with acid precipitation. Congress was specifically concerned about this when it passed the Clean Air Act. There are possible effects on climate. Particulate matter reduces the penetration of sunlight, and I think it likely this will have some effect on climate in the Northeast and perhaps elsewhere.

"There are also possible adverse effects on human health. The first human-health effect is the inhalation of suspended microparticulates of nitrate and sulfate materials. For years asthmatics have gone West for their health, and the inhalation of microparticulates can affect asthmatics, old people and children. We're concerned now that fine particles are causing widespread health damage in the Northeast."

The "Northeast Damage Report," written for a consortium of Northeastern states by Jennie E. Bridge of the New England Interstate Water Pollution Control Commission and F. Peter Fairchild of the Northeast States for Coordinated Air Use Management, states "Human health is also directly impacted by sulfates and other fine particles transported in the atmosphere. Impacts range from serious respiratory and cardiovascular diseases to death from cancer. High levels of sulfate in the Northeast, largely due to long-range transport into the region, contribute significantly to morbidity in the region. The probability of dying from air pollution-related diseases is twice as high in the Northeast than in other regions of the United States."

According to Oppenheimer, "A second adverse human health effect is the leaching of toxic materials into drinking water supplies, both ground and surface waters." In some parts of the U.S., homeowners obtain their drinking water from roof catchments that drain into cisterns. In Ohio, for example, there are 67,000 such systems. In a study of 40 catchment-cistern homes in Clarion and Indiana counties in western Pennsylvania, Dr. William E. Sharpe, a water resources specialist at Penn State, found that 28 homes, or 70 percent, had lead concentrations—already in the water when it arrived as rainfall—in their water supplies that exceeded the EPA's "safe" level (50 parts per billion). Nine of the homes had hazardous lead concentrations caused by acid corrosion of the plumbing. "People who rely on roof catchments have very definite problems," Sharpe says. "There are possible health effects, and there are economic costs. They're going to have to lay out $600 to $1,000 per household to make rudimentary changes.

The rural sections of Clarion and Indiana counties have no public water supplies, and there's an irony here: Deep and surface coal mining has polluted the ground and surface waters so they're unfit to drink, and the people have turned to the sky as a last resort. It's the coal that's mined in the area and shipped to power plants that's coming back to kill their last resort."

Acid deposition readily affects metals, marble and limestone, and it is accelerating the degradation of buildings and monuments in the U.S. and abroad. Some of those affected in this country include the Statue of Liberty, the Washington Monument and the Capitol. "The east side of the Capitol is white Lee marble from Lee, Mass.," says Dr. Erhard Winkler of Notre Dame. "There are craters one-quarter inch or more in it. It looks like shrapnel has hit it. What has happened is that because of acid precipitation, the hard minerals in the marble had changed to talc."

With one or two exceptions, the impact of acid precipitation on crops and forests has yet to be scientifically determined. There are more variables to contend with in terrestrial ecosystems than aquatic ecosystems. But experimental work with simulated acid rain has shown a number of harmful effects on crops, such as the leaching of nutrients from foliage, the inhibition of nitrogen fixation essential to photosynthesis and the reduced yields of pinto beans and soybeans. Indeed, Dr. Lance Evans of New York's Manhattan College estimates that as a result of acid precipitation soybean farmers annually suffer a loss of $50 million because of a 1% reduction in yield.

Probably the most significant work on North American forests is that being done in the Green Mountains by Dr. Hubert Vogelmann and Margaret Bliss of the University of Vermont and Dr. Thomas E. Siccama of Yale. In a paper to be published in the Bulletin of the Torrey Botanical Club (a peer-review journal), they report a startling 50 percent dieback in red spruce on Camels Hump, Jay Peak, Bolton Mountain and Mount Abraham. The dieback has occurred in the last 15 years on land that the scientists has previously studied. "Examination of dying trees has not revealed disease organisms," they write. "The fact that trees of all ages become necrobiotic suggests that they are under environmental stress, but it is not clear what stress or stresses are involved. . . . Red spruce decline is especially pronounced at upper mountain elevations where precipitation is high and fog is of frequent occurrence. Studies currently underway in the Green Mountains indicate that both rain and fog at these elevations are highly acid. . . . Heavy metals (i.e., lead, copper and zinc) are known to be accumulating in forest soils at upper elevations. Since the environment of high elevations is normally fragile, it is possible that recent atmopheric pollution is sufficient to tip the balance of trees already growing in a stressed situation."

What's being done to curtail acid precipitation? A lot, in Canada. Canadians know they have a great deal to lose besides lakes and rivers. Forest products are the biggest industry in that country. The single largest source of sulfur dioxide emissions in North America is the International Nickel Company's nearly one-quarter-mile-high superstack, the tallest in the world, in Sudbury, Ontario. Every day the stack spews 2,500 tons of sulfur dioxide into the atmosphere, and some of it reaches the U.S. The stack used to exude more than 5,000 tons of sulfur dioxide a day, but INCO is now under provincial orders to cut emissions to 1,950 tons a day by 1983 and make further reductions thereafter to the lowest feasible level. Until last year, provincial governments set the standards for emissions of sulfur and notrogen oxides—much in the manner that the Reagan Administration is planning to propose that emissions regulations be established by individual states—but Canada amended that law in 1980, giving Parliament the authority to control sources that contribute to pollution "across national boundaries."

But Canada can't go it alone. Two-thirds of the sulfuric acid that falls there originates in the U.S., and Canada is waiting to see what the U.S. is going to do when Congress and the Administration reconsider the Clean Air Act, probably in December. If the utility industry has its way, the U.S. will not take effective action now.

Utility arguments against control of emissions sometimes are absurd, but the industry also presents the following seemingly cogent points:

It is unclear whether precipitation is becoming more acid in the East. That's true, but there are large areas of the U.S. and Canada that can't endure anywhere near current levels of acidity without suffering further damage.

Fish in Florida lakes with a low pH "show no sign of dying." Correct. What isn't said is that the fish are stunted and emaciated.

The "three lakes in the Adirondacks" argument. This is a favorite of Dr. Ralph Perhac of the Electric Power Research Institute. On Feb. 27, 1980, Perhac testified before the House Subcommittee on Oversight and Investigations that: "In EPRI's lake acidification study, we have found three lakes in the Adirondack Mountains of New York State which have very different acidities, yet these lakes lie within a few miles of each other and chemistry of the rainfall is the same at all three. Obviously some factor other than precipitation is responsible for the acidity." What Perhac didn't tell the Congressmen was that the three lakes in question—they happen to be Panther, Sagamore and Woods, Bill Marleau's old favorite—have different buffering capacities. On March 19, 1980, Perhac repeated the same testimony to the Senate Subcommittee on Environmental Pollution.

Sudden acidification of a body of water, in itself, may not be responsible for fish kills. Perhac used this argument before both the House and Senate subcommittees last year, and he cited a case of a kill that occurred in the Tovdal River in Norway in early 1975. It's true that the sudden acidification "in itself," to quote Perhac's hedge phrase, didn't kill the fish. What Perhac didn't say was that it was determined that the likely killing agent was aluminum, mobilized by the acid snowmelt.

Acid rain is turning up in remote parts of the world, such as Hawaii. Therefore acid rain is natural and industry cannot be blamed. This argument is completely irrelevant to the situation in the northeastern U.S., where natural sources are far too small to account for the observed sulfuric acid in precipitation. Yes, rain in Hawaii is acid, ranging from 5.2 at sea level to 4.3 at 7,500 feet, but the scientists who documented this, John O. Miller and Alan Yoshinaga of the National Oceanic and Atmospheric Administration, have suggested that convective rainstorms may reach high up into the troposphere to precipitate pollutants coming from distant sources. Recently Canadian scientists reported that pollutants traveling 3,000 miles and more from Europe, Asia and possibly North America are causing a pervasive haze in the Arctic during winter and spring.

A reduction in sulfur dioxide emissions in the Midwest and Northeast, say of 50 percent, wouldn't cause a 50 percent decline in suspended sulfates, wet sulfur deposition and acid precipitation in the Northeast. "It is true that there is not a one-to-one correspondence in reductions," says Oppenheimer, who has been studying the chemical transformation and deposition of sulfur, "but long-range transport models indicate that 50 percent reductions would lead to very signficant decreases closer to 50 percent than to zero."

Any acidified waters could be restored by liming is useful only on a limited Band-Aid scale for the preservation of unique fish populations. "It has its place currently in fishery management, but it isn't viewed as the solution to the problem," says Cornell's Schofield. Harvey of the University of Toronto says, "Let us dismiss out of hand that we can lime the northeast quadrant of a continent." Liming also doesn't answer the other threats posed by acid precipitation.

"In 1980 two scientists who tested ice core samples concluded that acid rain existed long before the Industrial Revolution. They found the samples, which were taken from the Antarctic and the Himalayan Mountains, laden with acid. One sample was 350 years old." This "well-documented and proven information" is cited in the Edison Electric Institute's publication, Before the Rainbow: What We Know About Acid Rain. This information is false. It was based on an article that ran in The Wall Street Journal on Sept. 18, 1980. That story began, "Acid rain, a recent concern of environmentalists, has been pelting the earth for centuries, according to findings by two University of New Hampshire scientists." The two scientists referred to, Dr. Paul Mayewski and Dr. W. Berry Lyons, insist they made no such findings. "The story was extremely distorted," says Mayewski. "There were no significant heavy acid traces at all in the cores, and we stressed to the man from The Wall Street Journal that we were doing research on ice and snow, not rain and acid rain." Mitchell C. Lynch, whose byline appears on The Wall Street Journal story, stands by his piece as an accurate presentation of the information given to him by the scientists. On Oct. 1, 1980 the Journal used Lynch's article as a peg for an editorial declaring that the "theory" that acid rain is a result of industrialization "has just taken a couple of body blows from Mother Nature."

Others have taken up the cry. In a speech last May at an international acid rain conference at the State University of New York at Buffalo, William N. Poundstone, executive vice-president of Consolidation Coal Company, cited "research by two scientists at the University of New Hampshire. They studied Antarctic and Himalayan ice cores, dating back 350 years. Here, clearly in the absence of fossil-fuel burning plants, they found pH values in the low 5s."

Industry representatives often use arguments such as the above to turn out articles that befuddle the public and legislators. Since they all seem to be reaching into the same old bag, it's sometimes difficult to discern who wrote what first. Two articles published back to back in Before the Rainbow: What We Know About Acid Rain, a 102-page paperback published by the Edison Electric Institute as part of its "Decisionmakers Bookshelf," are just about identical, word for word, page after page, except for the placement of some paragraphs.

Essentially that book is a compendium of articles intended to define the utility industry's stance on acid rain. Its tone is set by Editor Carolyn Curtis, who, after seizing upon the fact that "natural rain is somewhat acidic," writes, "So by all rights we should have been saying for years, 'It's acid raining outside,' or 'Take your umbrella. It's going to acid rain today.' This sounds preposterous, but it's true. Thus, our first understanding is that the strong verbal image, 'acid rain,' elicits more fear than it deserves."

Curtis also writes that "what has been printed on this subject ranges from good through mediocre to bad in terms of editorial consistency and scientific soundness. . . . The media—which have many fine writers, editors and, yes, thinkers—have painted for me an amusing portrait of two of our society's most distinguished professions. One is of a scientist who one day comes across some surprising information: that precipitation is higher in acidity than distilled water. He scratches his head and says, 'By golly, I've been wondering why all those fish have been disappearing!' The other is of a government lawmaker. He reads a report that scientists are learning rain has a higher acid content than they realized before. He looks up at a staffer and shouts, 'I knew it! It's those so-and-sos in industry. They've been sending stuff up in the air and now it's showering down on all of us.'

"If scientists and Congressmen were as overly reactive and quick to jump to conclusions as that, we would not have progressed beyond the alchemists and feudal system of the Middle Ages. On the other hand, if we knew all the scientific information there was to know and if every law had been passed, then those folks wouldn't have much to do."

Fred Johnson of the Pennsylvania Fish Commission says, "The utility companies responsible are dragging their feet and screaming and hollering that they need another 20 years of research. If we do that, it'll be too late. . . . They put out propaganda, and this confuses the public, which is going to suffer in the end. I just got another piece of garbage in the mail today from General Public Utilities."

The GPU's brochure that so exercised Johnson is called Take the Acid Test, and one of the questions it asks is: Is acid rain a problem in Pennsylvania? GPU's answer is, "The results of the studies to date are inconclusive and often downright contradictory. For example, the Pennsylvania Fish Commission is blaming increasing acidity in the rainfall for low fish populations in some streams. But Dr. Robert P. Pfeifer, an associate professor at Pennsylvania State University, views acid rain as a boon to the Pennsylvania farming community. He said that without the sulfur and nitrogen brought down by acid rain, Pennsylvania would become barren of most vegetation."

The utility industry has some formidable political allies on the state level, notably Ohio Governor James Rhodes, who has said that his State is no more to blame for acid rain than Florida is to blame for hurricanes. James F. McAvoy, former director of Ohio's Environmental Protection Agency, admitted to Congress last year that his state is the largest single emitter of sulfur dioxide in the nation, but he refused to concede that acid precipitation was "a very serious problem." McAvoy testified: "Despite the reported effects of acid rain on the environment we cannot afford to overreact to preliminary data, especially in light of our grave energy needs today . . . We are aware that both the U.S. EPA and the White House have stated that it will take at least 10 years to accurately determine the extent, effects, sources and controls of this phenomenon. In our opinion, the 10-year figure may be overly optimistic. . . ." Two months ago President Reagan nominated McAvoy for the Council on Environmental Quality.

What do Administration officials think about acid precipitation? In April of 1980, David Stockman, now the Director of the Office of Management and Budget, told a Washington meeting of the National Association of Manufacturers that he was "somewhat of a self-avowed heretic" who didn't belong to the "choir of the faithful committed to issuing melodious harmonies to the tenets of orthodoxy regarding the Clean Air Act." Addressing himself directly to acid rain, Stockman went on to say, "I kept reading these stories that there are 170 lakes dead in New York that will no longer carry any fish or aquatic life. And it occurred to me to question . . . well how much are the fish worth in the 170 lakes that account for four percent of the lake area of New York? And does it make sense to spend billions of dollars controlling emissions from sources in Ohio and elsewhere if you're talking about very marginal volume of dollar value, either in recreational terms or commercial terms?"

After Stockman finished, an NAM spokesman said he found it "encouraging to know that somebody who thinks like that is still in Washington and has something to say." Stockman has much to say now about any approach to acid rain. As director of the OMB he has oversight of all environmental regulations.

After the 1980 presidential elections, Prime Minister Pierre Trudeau of Canada said he planned to discuss acid precipitation with the new President at the first meeting between the two. They met and talked in Ottawa in March, but the signs are that their discussion yielded little progress on acid precipitation problems. A month afterward, Robin Porter, the State Department's specialist on pollution problems with Canada, said that any treaty with Canada on transboundary air pollution was "at least three or four years away." Angry Canadian officials said that any such delay was unacceptable.

Several weeks later the Administration further angered the Canadians when it failed to send its official representative—Frederic N. Khedouri, Associate Director of the OMB for Natural Resources, Energy and Science—to an acid rain conference in Buffalo. Among those stood up by Khedouri was Dr. Mark MacGuigan, Canada's Secretary of State for External Affairs.

MacGuigan pointedly told the conference: "To . . . those who propound the view that economic and energy considerations‘make significant controls unfeasible, I would submit that significant emissions reductions, if wisely applied, need not detract from economic and energy goals. Nor should the legitimate costs of production be passed off to another party—in this case another country. This is spurious in economic terms and irresponsible in the spirit of international legal considerations.

". . . acid rain is a serious bilateral issue because Canadians perceive that further delay in tackling the burgeoning threat of acid rain can result in further incalculable damage. Such delays would be particularly repugnant to Canadians if they were the result solely of narrow vested interests.

". . . it was an international arbitration in the 1930s between Canada and the United States that provided what is still the clearest statement of the international law relating to air pollution. At the conclusion of the Trail Smelter Arbitration, in which Canada had previously accepted liability for damage caused [to farmers] in the state of Washington by fumes from a smelter in British Columbia, the arbitral tribunal stated that 'no state has the right to permit the use of its territory in such a manner as to cause injury by fumes in or to the territory of another, or the properties of persons therein.'

"I am certain that all responsible Americans accept that the rule of law should guide their relations with other countries as well as their internal activities. I am also certain that responsible Americans recognize that our mutual obligations must be met by dealing with the causes of acid rain to prevent further damage rather than concentrating on remedies for damage after it has occurred."

The next move is up to Congress. Of all those who have addressed the issue, Oppenheimer of EDF says it best: "We have taken a basic parameter of nature, snow and rainfall, which touches everything, and we have changed the acidity by a factor of 10 to 100 times over normal in the last half-century. Nature operates on a long time scale, but we have been making a host of changes at once, and all the cumulative effects of these changes on this country cannot be understood at once. This is a matter of grave concern. Acid precipitation is an incipient disaster of the first order, and if we don't do anything, within 10 years we'll start to see seriously significant effects beyond already manifest fishless lakes."●

LEHMAN COLLEGE—50 YEARS OF SERVICE TO THE BRONX

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BIAGGI. Mr. Speaker, this past weekend in my hometown of the Bronx, a dual celebration took place on the campus of Herbert H. Lehman College. This school, one of the finest 4-year institutions in the city of New York university system, celebrated both the 50th anniversary of the founding of its campus and the 2d anniversary of its new cultural and performing arts center.

Lehman has made multifaceted contributions to our Bronx community as well as the city of New York as a whole. This began in 1931 when the school was first established as a branch campus of Hunter College for Women, located in downtown Manhattan. A 2-year school was necessary in order to respond to the increased demand of women entering higher education when the need for these educational services could not be accomplished downtown.

Lehman College continued to grow, primarily as a school for women, until World War II interrupted its development and the U.S. military took over the campus and converted it to a training facility for female recruits. Lehman's service to the community became, overnight, service to our national defense and expanded into the international sphere in 1946 when the United Nations Security Council used its facilities for meetings.

In 1951, the school was expanded into a full-fledged 4-year liberal arts institution in response to the continued demand for college opportunities. In 1968, the school officially acquired its name—Herbert H. Lehman College—in honor of the 47th Governor of New York. The Lehman family retains an active interest in the work and the contributions of the school, highlighted on March 28 of every year when Governor Lehman's birthday is marked with a memorial lecture.

In 1975, an entire new dimension was begun at the school when construction on a new, cultural and performing arts center began which would provide the outer boroughs—often the neglected sisters of the glittering Great White Way—with cultural activities of the highest caliber. Temporarily suspended because of the fiscal crisis faced by the city at the time, construction was finalized in 1977 and the center opened its doors last September to a full house for the New York Philharmonic.

It was a personal pleasure for me to attend last year's opening for several reasons. First, as New York's senior member of the House Education and Labor Committee which oversees Federal arts legislation, I was proud that such an initiative was begun as it demonstrated the power of support for the arts at the local level and what community leaders can do when they join forces on behalf of the arts. Second, as a member of the faculty at Lehman as an adjunct professor of political science, I rejoiced at the expansion of opportunities that this center presents to students, in both an entertainment as well as an educational capacity. Finally, I was happy to be able to accompany our former "First Lady of the Arts"—Joan Mondale—at the opening festivities. Having worked with her in the past on behalf of arts programs, I was familiar with her tireless advocacy for the arts across America and was pleased when she consented to attend.

Credit for Lehman's success as an institution of higher learning as well as a cultural center would not be complete without proper acknowledgement of the man who is responsible for much of this success—Dr. Leonard Lief, president of Lehman. Since my initial introduction to Len, I have remained impressed with his talent and his dedication to Lehman and can easily understand why Lehman remains the institution it is today. He is to be commended, along with the countless other officials at the school and the center, for providing the Bronx with intellectual, economic, social, and cultural contributions that touch people from all walks of life.

I heartily congratulate Herbert H. Lehman College on its 50th anniversary and hope that the next 50 years mark success and progress matched by that of the first 50. For the benefit of my colleagues, I would like to insert an article from the New York Daily News which details the activities of the performing Arts Center and urge them to read it in order to understand the importance of support for local arts programs in their own communities.

[From the Daily News, Sept. 20, 1981]

ARTS CENTER MAKING A GOOD SHOW

(By John Lewis)

The one-year-old Lehman College Center for the Performing Arts opens its second season next Sunday with a gala concert by singer Sarah Vaughan to celebrate the 50th anniversary of the founding of the school's Bronx campus.

Sarah Vaughan is one of many outstanding performing artists who will be traveling to the Bronx in upcoming months to appear at the new $50 million cultural and entertainment facility, located on the 37-acre Lehman College grounds near Paul Ave. and Bedford Park Blvd.

Others who will perform there this season include: The Chieftains, Oct 10; violinist Eugene Fodor, Oct 24; Les Ballets Jazz de Montreal, Oct. 31; guitarist Julian Bream, Nov. 1; comedian Henny Youngman, Nov. 15; flutist James Galway, Dec. 1; the Boston Symphony Orchestra, Jan. 15; singer Barbara Cook, Feb. 28; pantomimist Marcel Marceau, March 18, and violinist Pinchas Zukerman, May 21.

In addition, Lewis J. Stadlen will appear as "Groucho" Oct. 15, 16 and 17, and Gilbert and Sullivan's "H.M.S. Pinafore" will run Nov. 5, 6, 7, 11, 12, 13 and 14. The Hartford Ballet will appear in "The Nutcracker" Dec. 11, 12 and 13; Romania's Ballet Fantasio will do a full-length version of "Swan Lake" on Jan. 17, and the Broadway musical "Sweeney Todd" is scheduled for sometime in February or March, the date to be announced.

While the Lehman Center has yet to attain the stature of a Lincoln Center or a Carnegie Hall, it is the first major cultural facility for music, dance, theater and fine arts to be constructed in the Bronx-Westchester region.

Besides drawing people from the Bronx, Manhattan and Westchester, the center is attracting audiences from as far away as Long Island and New Jersey. In its first season it drew 30 percent of its audience from Westchester County. This year, it expects the Westchester audience to be about 60 percent to 70 percent.

At the same time, many private and community organizations are discovering that the excellent acoustics and other amenities that the Performing Arts Center offers make it an attractive facility to rent for special programs and events. Recently the Broadway musical "Purlie" was taped at the center for Showtime, the national pay-television service, and 2,000 persons showed up for each night of the taping.

Alan Light, managing director of the center, said that last year it had its share of sellouts but that this year is easier. "Business comes to us. We already have $40,000 to $50,000 in rentals." He said that this year center officials have changed the programing a little and are more careful with the budget.

"The first year we were flying blind," he said. "We have one year under our belt now, and it helps. The toughest year was the first year, and we are over the critical period. Financially, we look in good shape. We have the potential to rent the halls out and in the next five years this will be a major facility."

Light said that more than 60,000 persons came to the center last year and that this year's subscription sales are way ahead of last's.

"We were in the most competitive market in the world. We were competing against Lincoln Center and Carnegie Hall, and that's tough competition. The Bronx had its drawbacks, but this was a nice place," he said.

To establish Lehman Center as a first-rate facility, Light said that it tried to book the greatest attractions in the world. "Let's face it—it is the artist who draws the audience."

It opened on Sept. 28, 1980, with a spectacular performance by the New York Philharmonic, conducted by Zubin Mehta. In its first year, five major symphony orchestras played at the center. Ella Fitzgerald, George Shearing, Betty Comden and Adolph Green also performed there.

"This is the only facility like this in the history of the Bronx," Light said, "and it has had a major impact on the community, in the way people think about their neighborhood."

Planned originally in 1968 as an auditorium, construction began on the center in 1973 and was abruptly halted because of the 1975 city fiscal crisis and the failure of the State Dormitory Authority to sell bonds to continue construction.

Leonard Lief, president of Lehman College, said the two years that followed were the most depressing in his life as he looked out at the rusting skeletons of half-built buildings and the bulldozed grounds of the campus.

Finally, in 1977, with the help of then Bronx Borough President Robert Abrams and a consortium of banks—Dollar Savings, Dry Dock Savings, Seamen's Bank for Savings and Bowery Savings—$30 million in bonds were purchased and construction was resumed.

The performing Arts Center consists of a concert hall, which has a 2,400-square-foot stage and seats 2,310 persons; the Lehman College Theater, which seats 556, and the Experimental Theater, which can accommodate up to 200 persons.

Lief said that the concert hall was a means of attracting the larger community to the Lehman campus.

"Although the college had an identity here, it did not play a role in the surrounding community. We are bringing in class entertainment at relatively low prices, and the price will go down, depending on the number of the audience. The hall also is available to community groups at a reasonable fee."

Ultimately, student programs and performances will take place in the hall, he said.

Lief said that although ticket sales are way ahead of last year's pace, they alone do not cover the cost of operating the center. The college must depend on outside grants as well.

"It is a terribly expensive undertaking," he said. "Last year we were experimenting and tried a lot of things. We booked too much and were not sure of our audience. This year we are doing much better in controlling our costs and in being more selective in our programing."

Lief said that visitors to the center have said to him, "Gee, I didn't know you had all this."

"If we can get people to come here, to a Bronx institution, to a city institution with attractive grounds, I think we will have succeeded."●

ADDITIONAL AGRICULTURAL CREDITS FOR POLAND

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. GUARINI. Mr. Speaker, I have introduced a resolution today on behalf of myself and my colleagues, Representatives BOLAND, DOWNEY, FARY, and FORSYTHE urging the President to extend such agricultural credits to Poland as are necessary for the purchase of the agricultural foodstuffs needed to relieve Poland of its current shortages.

While we are all aware of the bravery of the Polish people as they continue their flight from Russian domination, few Americans are aware of the bleak economic conditions now facing Poland. Supermarket shelves in Poland stand virtually empty while long lines gather outside.

An economic breakdown may do more to cripple Polish resolve than Russian tanks. As shortages of foodstuffs and consumer commodities grow to dangerous levels, the Polish Government will no doubt face civil disturbances. Such a direct assault on the Polish Government would be all the reason the Soviet Union needs to intervene.

Mr. Speaker, the people of this country have always had strong ties with the people of Poland. I am proud of our record of support for the Polish people. In light of the serious nature of the Polish economic crisis and the dangers this imposes on Poland, I believe it important for us to continue both moral and economic help to Poland.

Therefore, I urge the President to extend additional agricultural credits to Poland beyond the $670 million extended in 1980. With the agricultural reserves held in this country by the Commodity Credit Corporation and farmers' held reserves, we have a staggering surplus that can be put to use alleviating the plight of the Polish people.

Our bountiful agricultural surplus and extended farm credits can make a difference in Poland that would make all Americans proud. I ask that the House send a clear message to the President on this issue.●

COALITION FOR AN ALTERNATIVE BUDGET HEARING

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. STOKES. Mr. Speaker, on July 18, I had the opportunity to participate in one of the most candid and objective hearings I can recall on the effects of the Reagan budget cuts. The hearing was organized by the Coalition for an Alternative Budget in Cleveland. These hearings were cochaired by myself and my distinguished colleague from the 22d Congressional District of Ohio, DENNIS ECKART. My distinguished colleague, Congresswoman MARY ROSE OAKAR, of the 20th Congressional District of Ohio also attended. Representatives from a variety of community based organizations were present to assess the impact of the cuts taking into account the current conditions within the community.

As we prepare for another round of budget cuts which could further imperil programs for the poor and disadvantaged, I ask my colleagues to review the hearing summary. At this time, I would like to insert in the RECORD, information from the Coalition for an Alternative Budget hearing in Cleveland:

SUMMARY AND CONCLUSIONS

INTRODUCTION

The following is a summary and conclusions of testimony presented to Cleveland area Congressmen on the local impact of the Reagan budget priorities. This hearing was attended by over 200 individuals representing over 80 organizations which represent several hundred thousand constituents. Supporting statements (hundreds of pages) are on file in sponsoring Congressmen's offices. Testimony resulted mainly from task forces that looked into areas of the proposed federal budget which contained excessive allocations and inequitable tax expenditures, as contrasted with areas of unfulfilled human needs of constituents. By our testimony we urge our Congressional delegation to: continue their fight for the health, interests, rights and needs of the people of Cleveland; commit themselves to a budgeting process under the control of Congress with real citizen input on a regular basis, not this sham called reconciliation; oppose excessive and wasteful military expenditures and unjust tax expenditures; fund programs to the full level of human needs, not to arbitrary, shortsighted cut-back levels set without regard to the long-term and destructive effects on individuals and communities; and fight the Reagan attempt to divide the people through the politics of paranoia, hatred and fear.

MILITARY POLICY

Increasing military spending results in rising unemployment and higher inflation as workers and resources are moved from civilian to military industries. The U.S. economy is becoming more crippled and more dependent upon competitors like Japan and Germany, which devote research, talent and capital to manufactured consumer items while U.S. research, talent and capital are devoted to non-consumable, resource-devouring weapons.

In calling for 9 percent growth in military spending above the inflation rate, the Reagan budget will increase misery and exacerbate our industrial problems. A study by Dr. James Anderson concludes that the military tax burden for the next five years will cost the average Cleveland-area family $23,000. By comparison, between 1970 and 1979 the average area family lost $14,636 of our Pentagon tax to other areas of the Country, most notably the sunbelt. Worse, these vast increases will weaken our national security.

The question must be asked, what will this unparalleled shift in budgetary priorities buy us? These are our choices: $9 million equals 1 Navy A-6E "Intruder" or employment for nearly 100,000 youth for a year at minimum wage; $4.3 billion equals 860 miles of subway tunnel for the MX missile or pay the bill for the entire U.S. mass transit system for 2 years; $23 million equals 2 Minuteman III missiles or subsidize the whole Nation's immunization system for a year; $3 billion equals 1 nuclear aircraft carrier or operate 1,000 public schools for an entire year.

We call upon our Representatives not to scramble for defense contracts for our area but to: take the leadership to secure a more-humane future for our people; support the Nuclear Weapons Freeze Campaign; support transfer amendments to rearrange budget priorities; stop all MX funding; establish a national Commission on Conversion and require Pentagon industrial contractors to create management/employee committees to draft alternative-use plans.

TAX POLICY AND REINDUSTRIALIZATION

The "grand macro design" of supply side economics cannot work with the objectives stated in Reagan's timeframe. One can't cut taxes, restrict the growth of the money supply, increase GNP, increase productivity, cut government spending, raise military spending, increase revenues to government and balance the budget all at the same time. What will happen are three shifts: (1) from the public sector to the private sector; (2) within government from the social to the military and (3) from the wealthy and powerful to the even more wealthy and more powerful. This is the discredited "trickle down" theory in its latest disguise.

Taxes from this area have flowed to Washington for years and have been used to build the sunbelt; nothing in the Reagan program targets business tax breaks to the frostbelt or areas of high unemployment or even to productive investment. The business tax cuts, a whopping ⅓ reduction, will go mainly to the 1,700 largest firms (80 percent of benefits). About ⅔ of benefits go to industries that have provided roughly only 4 percent of new jobs in the last 20 years. The real creators of new jobs—small businesses—get essentially nothing for reinvestment. In some cases, giveaways are known to be greater than potential investment—coupling accelerated depreciation with investment tax credits means $1 invested will enable a $1.20 writeoff from income tax returns. The tax shift is dramatically seen in reduction of the corporate income taxes as a percentage of federal government revenues—from 23 percent in 1960 to 12.4 percent now, to about 7 percent under the Reagan plan. Our current level of approximately $300 billion in tax expenditures does not need to be increased but reviewed, with loopholes closed. The 10-5-3 so-called reindustrialization plan will really result in paper investments such as Mobil's attempted takeover of Conoco. The benefits of this so-called reindustrialization will go to corporations and the super-rich while paid for by workers and the needy.

FOREIGN POLICY

While funds for 350 domestic programs are being reduced or eliminated, the Reagan Administration is demanding spending for new strategic and conventional weapons. In 1982 alone, the Administration budget is $25 billion above that proposed by Pres. Carter.

The Administration is basing its buildup of the military on distortions and exaggerations of the threat the Soviet Union poses to the U.S. Yet the U.S. and U.S.S.R. have signed 340 basic pacts and 16 arms control agreements. All have been honored.

The emphasis on military and armaments has led to reduction of concern for basic needs of developing countries which, ethical considerations aside, is bad for business and in disregard of international diplomacy.

The abandonment of a Human Rights Policy in support of any government which professes to be anti-Soviet, regardless of the repression and terroristic acts of that government against its citizen, could soon result in more Irans, or worse, for our Nation.

DISCRIMINATION

Loss of education funds and legal services to end discrimination will prevent minorities, women and the handicapped from obtaining education and skills necessary to escape the poverty cycle. Already victimized by discrimination these groups and the poor will not have recourse to private legal services or other supports.

The elimination of CETA jobs strikes particularly at minorities, youth and women, who together comprise 70 percent of CETA participation. Many eliminated jobs in education and social services affect women. Blacks, Hispanics and women will be forced into permanent unemployment or maintained in very low paying positions. These cuts occur as authorities recognize the need for increased educational and vocational services for minorities, women, the handicapped and the poor.

Cuts in health care particularly harm women and children. Loss of family planning funds curtails the ability of women to plan childbearing and forces more women and children onto welfare rolls.

Restoration of budget cuts, expansion of remedial programs, reinstatement of legal services to guarantee rights can be accomplished by shifting money from the military.

FULL EMPLOYMENT

We call upon Congress to demand a full and complete statement of the effects of Reagan Administration programs on employment, as mandated in the Humphrey-Hawkins Full Employment Act, and to back up this demand with legal action if necessary. An AFSCME study shows 1.4 million jobs will be lost in the public sector with passage of the Reagan plan. Studies done by the IAM conclusively prove that military spending provides far fewer jobs than money spent on virtually any other sector. Therefore, the Reagan weapons buildup will severely decrease employment.

Numerous studies prove that unemployment fuels our social problems, showing direct links with crime increases and many illnesses ranging from hypertension and heart disease to alcoholism, mental illness, family abuse and disintegration and even suicide. The effects of unemployment cost taxpayers billions of dollars which could instead be used to constructively employ people.

We need legislation to restrain our major industries from running away to low-wage havens in the south, west and overseas. Who will be able to buy products so produced if cities such as Youngstown, Akron and Cleveland are devastated? Can we as a nation afford to wastefully duplicate the costly infrastructures of these cities elsewhere? Don't loyal employees whose labor produced such profitability have some rights to secure jobs?

We need legislation to share the work by reducing the workweek with no loss in pay. We need increased, not decreased, job training and retraining programs so those wishing to climb out of poverty and contribute to our society can develop skills to do so. We support the Weiss Youth Employment Bill as an alternative to reinstitution of the draft. We implore you to take the civil unrest in Britain as a warning.

HUMAN SERVICES

Human services are often criticized because of abuses; victims are blamed but the real abusers are some greedy providers of services. Cuts in human service programs will cause enormous suffering and increase long-term costs. Single-parent families are major targets through cuts in day care as are the elderly through cuts like those in congregate meals, outreach and transportation.

Reductions in unemployment insurance and social security will force people into the welfare system and increase demand for already-burdened and slated-for-cuts human and mental health services. Women will either have to be on welfare or go to school or work and neglect their young children.

Block grants will not provide for needs. States are unable to provide for human service and mental health needs and seek to escape these responsibilities. Cuts must be restored and support increased to help people get off welfare and help the elderly and disabled lead healthy, secure lives. The preservation of our democratic heritage depends on how well we meet the basic needs of people.

EDUCATION

It is an outrage that Reagonomics takes money from public schools and channels it into excessive military expenditures. The OEA sees a pattern emanating from the Reagan administration designed to destroy public education; the AFT sees the disadvantaged and handicapped as suffering great losses.

The Reagan block grant approach would result in elimination of valuable programs. Tuition tax credits at all levels are opposed by OEA for they would, in effect, cause taxation for private and public schools. The resulting declining public school enrollment and Ohio's funding formula, based upon per-pupil attendance, would rapidly result in grossly-inferior schools.

Administration-proposed cuts of $3 billion in higher education would end higher education for all but an elite. Teacher Centers, which cost 13/100 of 1 percent of the Department of Education Budget, have proven to be cost effective and productive and should be maintained as a categorical program. Headstart has proven very effective and should suffer no decrease in funds. The Child Nutrition and School Lunch Program is essential for effective learning of many children and should not be reduced. Bilingual education must be continued if millions of youngsters are to enjoy the benefits of education so necessary in a technological society. Continuation of the Department of Education is necessary for national direction and coordination of education policy.

SOCIAL SECURITY

Thirty-five million Americans who receive Social Security benefits were promised by President Reagan that benefits to which they were already entitled would not be cut. These citizens have been victimized in his budget.

Fifty percent of all older Americans rely on Social Security as their main source of income and 10 million have no other income. On the average this amounts to $3,960/year while the "poverty level" is defined as $4,200/year. Inflation along with Reagan's cuts and delayed COLA increases only serve to worsen already miserable economic conditions.

The Reagan program, which emphasizes guns over butter, is unnecessary. The following would strengthen and make fairer our present Social Security System: (1) tax employers on total payroll; (2) raise the maximum taxable wage so high earners pay their fair share; (3) separate the Trust Funds from the unified budget and infuse general revenues into Social Security until one third of the system is financed this way; (4) provide inter-trust-fund borrowing to prevent short-term threat of Old Age and Survivors Insurance Fund insolvency.

HEALTH

The Administration's approach to health combines a vast array of categorical programs into three block grants administered by states and local governments—without priorities, standards, regulations or guidelines—and would reduce federal dollars 25 percent in fiscal year 1982. These represent major threats to health care, especially for the poor.

In emphasizing competition rather than health planning, the Administration is promoting profits for the medical industry to the detriment of public health.

Cuts in family planning funds will at least double welfare and health costs and cuts in the WIC program will result in far more children who are retarded or have serious health problems. Drastic reductions in dollars for health planning and preventive care will cause astronomical increases in the need for hospital beds and increases in dental problems and communicable diseases, including tuberculosis, among all segments of U.S. society.

HOUSING

Administration cuts in federal housing programs will serve to deepen the housing crisis facing many moderate and low-income families. As federal subsidies and housing decrease, these families will pay an increasing percentage of their income for housing. At the same time curtailment of Section 312 Weatherization loans will place these same households at the mercy of utility companies, as it is now less likely their residences will be properly insulated.

At a time when only 1 family in 8 earning less than $5000/year receives federal housing assistance, 4/5ths of the households earning over $50,000/year received a monthly subsidy of $309. The real housing costs in the federal budget are tax expenditures. In 1979 the cost to the government of housing-related tax expenditures was $21.2 billion. This compares with a 22-year total of $20.6 billion spent on public housing from 1937 through 1979. This tax policy fuels inflation and disproportionately benefits middle and upper-income citizens.

It is far more equitable to continue to provide funds to develop public housing, rehabilitate existing homes and support community development/neighborhood programs for low and moderate-income households. This would avoid the devastating impact planned cuts will have on households least able to cope with them.

ENERGY

The energy crisis is a great dilemma facing U.S. citizens. Reaganomics increases dependence on expensive and/or non-renewable energy sources and cuts funding for alternatives and conservation. A $2 billion subsidy for nuclear electricity is outrageous: nuclear is the most-expensive form of energy; nuclear investment creates few jobs and subsidies represent welfare for corporations and the rich. It's now obvious giant energy corporations won't provide capital for energy solutions which serve our human needs and best interests. Spending on alternative energy, conservation and mass transportation helps relieve high energy prices and is non-inflationary.

A national energy policy is needed which: meets basic energy needs of all our people; decreases dependence on non-renewable fuels (and foreign supplies and multi-national corporations); doesn't poison us or our environment; stabilizes frostbelt energy costs (reversing trends of corporations to move south, because of unaffordable heating and operating fuel, and resulting depopulation) and transfers funding to small (labor-intensive) businesses with the potential to solve many energy problems and employ more people (68 percent). The ultimate folly of current policy is the Clinch River Breeder Reactor. Economically unjustifiable, it creates thousands of years of health hazards and an insane increased threat of nuclear weapons proliferation.

FOOD AND NUTRITION

The Children's Defense Budget represents the most sensible and humane approach to food and nutrition for low-income families. It opposes cuts in these areas and proposes expansion of programs such as WIC and Food Stamps.

For example, the WIC Program benefits 2.2 million pregnant and lactating women, infants, and children who subsist on low incomes and have health problems related to childbirth and growth. Proposed cuts mean 700,000 recipients will be eliminated from the rolls, and another 100,000 persons waiting will never be served. WIC cuts long-term costs. At $300/pregnancy, billions in institutional care, special education and related health services are saved through proper nutrition during pregnancy and infancy.

Proposed Food Stamp cuts, as another example, would cost the 90 percent of recipients who are below the poverty level an unacceptable amount of their incomes ($350/year for an AFDC family of 4). The 20 percent cut means rent, utility and food payments cannot be met. Of the 22 million people receiving food stamps, ½ subsist on less than $3,600/year and ¾ths on less than $4,500/year. Such a cut would be devastating and further deteriorate the nutritional levels of these families.

WELFARE

Reagan's cuts in AFDC are even more devastating when state funds are included. This reduces benefits for 25,000 Ohioans and terminates benefits for 50,000 more living at or near the poverty level. Most damaged would be working families headed by poor women or low-income males.

The loss of $13.6 billion from AFDC and food stamps; reductions in Medicaid, extended unemployment benefits and rent assistance for working poor will strike a blow against the American family. Cohabitation, desertion and dishonesty will be encouraged in order for the needy to survive.

ENVIRONMENT

Proposals to return control of environmental programs to the states are wrong. Federal involvement came about because the states did not address these concerns.

To correct alleged over-regulation of industry, Administration policies reduce OSHA funding and standards. Simultaneously, these policies undermine workers' powers of collective bargaining to negotiate protection from genetically-dangerous and carcinogenic chemicals. Workers in hazardous environments and the public exposed to toxic wastes must have the right to know the dangers they are facing through mandatory labelling and must be informed by corporations of any physical damages—including genetic—that are known. Company policies which deny employment to groups particularly vulnerable to toxic chemicals are violations of principles of equality and should be prosecuted. The only fair and acceptable answer is to make the environment safe for all. The Minerals Security Bill, HR 3364 is particularly destructive and should be defeated.

Environmental Protection Agency programs need strengthening—not weakening—for they are far more cost effective than treatment of disease. The new attack on environmental standards emasculates enforcement by severe underfunding and rule changes.

Good mass transportation and urban parks are essential to full employment, good economy and quality of life and require continued federal support.

CONCLUSIONS TO TESTIMONY

The Alternative Budget Coalition thanks Congressman Louis Stokes, Congressman John Seiberling and Congressman Dennis Eckart for meeting with us. We appreciate the fact that you have not deserted us and want you to know that we are monitoring all legislative activities these days. We believe that true security begins at home by meeting basic human needs.

Congressmen, there is a beautiful statue of a woman which stands at the gateway of these great United States of America and proclaims the following symbolic message to the world: "Give me your tired, your poor, your huddled masses yearning to breathe free, the wretched refuse of your teeming shores. Send these, the homeless, tempest tossed, to me. I lift my lamp beside the golden door." This proud woman must now be holding her head down in shame and feel sad, as we do. This golden door is now shut to the working people and the disadvantaged in this Country and you, Congressmen, must open it up again.

There has been no Congressional nor Administration assessment of the real level of need in the areas on which we have testified; there has been no Congressional matching of resources to meet our real needs. We urge our representatives to fight this sham budget process masquerading as reconciliation and to reassert their power of the purse over the Reagan Administration in establishing national priorities.●

DAVID STOCKMAN'S PRESS RELEASE OPPOSING THE SUGAR PROGRAM

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. PEYSER. Mr. Speaker, it is noteworthy that the Director of OMB, David Stockman, while serving in the House was a leading opponent of proposed sugar price support programs, both in 1978 and again in 1979. For the information of my colleagues, I insert in the CONGRESSIONAL RECORD a news release issued by then Congressman Stockman regarding the proposed sugar price support program. The news release follows:

[News Release of Congressman Dave Stockman, Aug. 18, 1978]

STOCKMAN SCORES SUGAR ACT STAGGERING CONSUMER BURDEN, ARTIFICIAL SWEETENER FOR BIG SUGAR COMPANIES

Congressman Dave Stockman (R-MI), joined by a bi-partisan coalition of House Members, today warned that "there is an inflationary steam-roller high balling toward the House Floor that's about to flatten the American consumer and make a mockery of our efforts to control inflation."

Stockman charged that the proposed Sugar Stabilization Act (H.R. 13750) scheduled for Floor action later this week, could increase consumer sugar costs by a "staggering $6 billion" over the next five years.

Stockman said that the bill "culminates a deplorable game of 'up the ante' which has been pursued over the past 15 months by a determined special interest lobby consisting of domestic sugar growers and the big integrated sugar companies."

The Michigan Republican noted that the world sugar price is currently 8¢ per pound (raw value equivalent) and that until June 1977, the domestic price was about 11¢ per pound. The difference represented a modest U.S. tariff on 50 percent of the nation's sugar supply which has traditionally been imported.

"Last year the sugar lobby succeeded in attaching the de la Garza amendment to the farm bill, which had the effect of doubling the tariff, raising the domestic price to 14¢ per pound, and adding $1 billion to consumer sugar costs," he said.

Each 1¢ increase in the domestic price increases consumer costs by $270 million annually according to Stockman.

"But apparently, this huge windfall was not enough," he added. "The bill before the House will raise the domestic price to 16¢

immediately and, by means of an escalator clause, to 25¢ per pound by 1982."

Stockman said that this will result in a domestic sugar price that will be triple the current world price. That higher price is a 130% increase over the level that prevailed "before this whole sugar caper was launched last year."

The Michigan Republican also charged that the bill is "a corporate welfare measure disguised as an aid to small farmers." He said that the 30 largest sugar companies including Amstar, Amfac and Jim Walter Corporation, all with annual sales in excess of $1 billion, would receive 25% of the windfall revenues generated by the bill.

Stockman said that the bill amounts to "government imposed price fixing" because it potentially would require the Agriculture Department to reduce imports every 20 days by increasing the tariff or lowering quotes in order to maintain the artificial support price. "Thus, if consumers protest higher sugar prices by reducing consumption, it will have no effect on the rigged price. It will just back-out more imports from the U.S. market."

Stockman also said that the bill amounts to a "bail out for speculative investments that have gone sour." After world sugar prices temporarily soared in 1974, Stockman explained, substantial acreage was diverted into sugar cultivation and new sugar processing facilities were opened or expanded. When world prices receded to more normal levels, these new, high cost production areas were left unable to compete. "Now they seek shelter under a rigged price umbrella at the expense of the consumer and U.S. foreign trade."

Further, Stockman charged that the proposed sugar act would "sabotage" important U.S. foreign trade and economic initiatives. He said that the recently negotiated International Sugar Agreement, which seeks to stabilize world sugar prices, "will never get off the ground if the U.S., which absorbs nearly 30% of world sugar exports, precipitously closes its ports to foreign supplies. He also said that the current effort of U.S. trade negotiator Robert Strauss to open the Japanese and Western European markets to U.S. agricultural exports like wheat, soybeans and feed grains, "will ring pretty hollow if we suddenly erect a trade wall around our sugar market."

Finally, Stockman noted that in the last decade the U.S. had directly or indirectly appropriated nearly $6 billion in development assistance to the 11 leading LDC sugar exporters. "By eliminating the U.S. market for their sugar production," he concluded, "we seem to be saying we would rather give them a taxpayer-financed hand out than an opportunity to earn foreign exchange by the sweat and industry of their own people."●

SALUTE TO ALABAMA'S YOUNG DEMOCRATS

HON. TOM BEVILL

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BEVILL. Mr. Speaker, the State of Alabama, and the Nation, are indeed fortunate to have bright young people who are interested in politics. These leaders of tomorrow, will take this country to greater heights and will help to make our Nation stronger.

I am particularly proud of the Alabama delegates to the 1981 Young Democrats of America's Convention in Philadelphia, at which one of my constituents, Roger Bedford, was elected national treasurer of that organization.

Alabama's delegation to that convention was instrumental in helping to shape a sound national platform for the Young Democrats of America, and they demonstrated a keen knowledge of the American political institution.

It is a personal pleasure for me to read their names into the RECORD and to praise them for a job well done.

Rodney K. Anderson, Gardendale, Ala.; Roger H. Bedford, Jr., Russellville, Ala.; Benjamin Edward Carswell, Montgomery, Ala.; Patricia R. Clem, Birmingham, Ala.; LoriAnne Danley, Montevallo, Ala.; Regina B. Edwards, Birmingham, Ala.; Thomas R. Edwards, Birmingham, Ala.; Ann W. Flowers, Bay Minette, Ala.; Timothy Mark Hermetz, Cullman, Ala.; Geri Anita Horn, Birmingham, Ala.; Karen Andrea Horn, Birmingham, Ala.; Randall V. Houston, Tuscaloosa, Ala.; Patrick Allen Jones, Gurley, Ala.; Russ McDonald, Madison, Ala.; John Carroll Meehan, Birmingham, Ala.; J. Russell Moore, Montgomery, Ala.; Alfred Seawright, Montgomery, Ala.; Frances H. Smiley, Montgomery, Ala.; Freida E. Stewart, Decatur, Ala.; Mark Raymond Tygielski, Huntsville, Ala.; Oakley Kevin Vincent, University, Ala.; Baron LaRue Walker, Montgomery, Ala.; Sam Welch, Monroeville, Ala.; Dennis L. Wills, Birmingham, Ala., Beverly Ruth Wilson, Florence, Ala.; E. Beatrice Wilson, Birmingham, Ala.●

AGRICULTURE AND FOOD ACT OF 1981

HON. HAROLD ROGERS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. ROGERS. Mr. Speaker, the Agriculture and Food Act of 1981 will provide the Congress with the first chance we have had this year to take a serious look at the condition of farmers.

And, Mr. Speaker, it is high time we took a careful look at what has been happening to our farms, and decided on a course of action to keep the family farm from going out of business.

There is no question about it, small farms throughout the country and in the Fifth District of Kentucky are finding themselves in terribly dire straits.

On the one hand, net farm income is falling. Over the last year, estimates are that it has fallen by nearly 40 percent. And it is no wonder when you consider that short-term interest costs have risen 29 percent, real estate interest rates are up 19 percent, fuel costs are up 29 percent and fertilizer is up 23 percent. And the double-digit inflation rates are chiseling away at farmers' income each time they drive down to the store.

But unlike most other businesses, farmers have not been able to make up for their rising production costs by raising their prices. Prices farmers receive for their goods simply have not kept up with their rising costs of production. And so they fall further and further into debt.

And now, to pound the nails into the coffin, farmers can not even afford to go into debt, since the interest rates alone will run them out of business.

Mr. Speaker, it is time for our country to decide that it is not going to let these family farmers go out of business. Over the past decade, the Congress has voted to bail out New York City. And it has voted to bail out an industrial giant like Chrysler. And Mr. Speaker, the farmers in my district and throughout the country have paid their share of the cost of the bailouts through their taxes.

The Congress voted in favor of these bailouts because they were considered essential to our national economy.

Well, Mr. Speaker, there's no question about it, I would hate to imagine our country without family farms. They are most certainly essential to our country.

Think about it. When the colonists first arrived on the shores of America to settle this great land, they laid the foundation of our entire economy on family farms. And this foundation has held firm, providing the firm and dependable base for our economy that is now a giant in the world.

We cannot afford to neglect this sure foundation.

Whether you come from agricultural districts or whether you come from the cities of the Northeast, we all have a stake in the survival of the family farm.

For starters, we all rely on them for our food. Not one city could survive without a strong agricultural base to supply it with food.

But equally important are the values which they give our country. They encourage the hard work, the neighborliness, the practical care for family and friends which we must never forget. The cold corporate farm businesses will never be able to replace the values given to us by these family farms which have built up our communities.

Finally, agricultural communities throughout the country rely on family farms. Without them, entire local and State economies would absolutely collapse. There is no doubt about it—we cannot get by without the family farms.

Over the next few days, the Congress will be considering many of the specific commodity and farm assistance programs. I urge you to consider these points and join with me in fighting to keep these essential programs.●

NEW SOCIAL SECURITY BILL INTRODUCED

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BIAGGI. Mr. Speaker, as an original member of the House Select Committee on Aging I have a deep and abiding interest in the social security system. I believe the present and future status of the system is the preeminent issue before Congress today.

In the previous months there has been extensive discussion in Congress and within the administration on solutions to cope with the present problems afflicting the old age and survivors insurance fund.

The two schools of thought are basically as follows. The first school is that approach adopted by the current administration; cut benefits as the first solution to the current fiscal problems affecting the system.

The second school of thought says find new avenues to fund the trust funds such as general revenue financing.

Both schools of thought—especially the first—have serious problems associated with them.

Today I have introduced legislation which I hope will present a new alternative for present and future social security trust funding. My bill would earmark up to 25 percent of the revenues raised from the windfall profit tax to establish a new social security reserve trust fund. If the tax generates the expected $227 billion in revenues over its 10-year lifespan that could mean as much as $50 billion being available for this fund. The reserve fund would only be tapped if any of the three trust funds were to fall short of available resources to honor obligations. During those times when the funds were not used—they would be invested in the highest yield Government or Government-backed securities.

This is an alternative to general revenue financing in that funds used for the reserve would be derived from taxes imposed on the profits of oil companies in some cases achieved at the direct expense of consumers.

It is clearly preferable to the benefit cutting philosophy of the current administration. I reject the doomsday mentality of this administration relative to the condition of social security and categorically dismiss the idea that we must reduce benefits as a first resort.

Social security is a covenant between the American worker and his or her Government. The worker fulfills their end of the bargain when they contribute weekly or monthly or annually a portion of their hard earned wage into the social security trust fund. The Government cannot go back on its end of the bargain by reducing benefits.

I urge my colleagues to give this legislation careful consideration. I contend that a combination of this bill and temporary interfund borrowing should place the social security system on sound ground for the next 10 years.●

THE 100TH ANNIVERSARY OF ST. RAPHAEL'S

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Ms. FERRARO. Mr. Speaker, I would like to take this opportunity to call to the attention of my distinguished colleagues the 100th anniversary of St. Raphael's Roman Catholic Church in Long Island City, N.Y.

For a century St. Raphael's Church has been working very closely with the Long Island City community. St. Raphael's has brought a spiritual closeness to our neighborhoods and has played an instrumental role in making Long Island City a better place to live.

St. Raphael's, the oldest Catholic church building in Queens, was the founding parish for many of the other churches in Queens. St. Raphael's centennial celebration is a result of the many fine and devoted people of Long Island City who have dedicated their lives to making this parish a success.

St. Raphael's parish is to be commended for their dedication to those values in life which are often ignored, but are invaluable in our everyday lives: Family, community, and devotion to God.

Mr. Speaker, at this time I would like to insert into the RECORD an article which appeared in the New York Daily News, Sunday, September 27, 1981, honoring St. Raphael's.

[From the New York Daily News, Sept. 27, 1981]

PEALS OF JOY FOR 100 GOOD YEARS

(By Jack Leahy)

St. Raphael's, the red brick gothic church overlooking the Long Island Expressway in Long Island City, is marking its 100th anniversary today with a 2:30 p.m. Mass of Thanksgiving at the church.

The oldest Catholic church building in Queens still in use for worship, St. Raphael's can be thankful that it has managed to survive fires, fiscal hard times and social changes that saw the surrounding community grow from farmland to become the doorway to Manhattan.

Thousands of Nassau and Suffolk motorists, who travel on the LIE and those who leave the highway at its Greenpoint Ave. exit for streets leading to the Queensboro Bridge, rush past the church's towering steeple every day on their way to the towers of commerce across the East River.

Many of those suburban commuters are former parishioners who will be returning for today's Mass, being celebrated by Bishop Joseph Denning of Brooklyn. Many also will be attending St. Raphael's Centennial Dinner-Dance next Friday at the Astorian Manor, Astoria.

But to the parishioners who stayed behind in Long Island City, some of them in homes they've owned for half of the church's life and more, the centennial is tinged with memories of quieter, less crowded times.

"Back in the 1920s, Hughie McCullough had a dairy farm over where part of the Expressway runs now," recalled Thomas Gibbery, 73, of 50-35 38th St. "He had an old horse and he used to give the kids free rides on it on Sundays."

"Greenpoint Ave. was a dirt road in those days," said Agnes Feerick, 80, of 38-19 48th Ave.

"This whole area was called Blissville after a man named Bliss who once owned the whole place," she continued. "The section of blocks closest to St. Raphael's became known as Churchtown."

The present church is actually the second St. Raphael's to occupy the site. The parish was carved out of St. Mary's of Winfield in what is now Woodside in 1868. St. Mary's founder, a French priest named Theodore Goetz, also opened the first St. Raphael's.

"The people were largely composed of immigrants from Ireland with a small number from Germany," a church history reveals. "Despite the poverty and paucity of his congregation, Rev. Goetz erected within a year of his coming a beautiful stone church of Flemish design."

That church was torn down and replaced by the larger, present church in 1881. Much of the excavation and construction work was done late at night as a labor of love by Irish ditch diggers and hod carriers who toiled all day on the subways, tunnels and buildings of New York.

In 1932, a fire destroyed the original steeple. Steve Gregory, 62, a retired fireman who lived near the church at the time, has vivid memories of the blaze.

"People were standing across the street, praying that the church would not be destroyed," Gregory said. "As the cross on top of the steeple slowly leaned over and fell, most of us cried."

The rest of the church was saved, however, and the steeple was rebuilt just the way it had been, Gregory said. In February 1980, a new electronic carillon was installed to call parishioners to pray and Mass with musical chimes.

A more disastrous fire in 1955 gutted the old rectory and claimed the life of the Rev. George Murphy, who was assigned pastor in 1941. The present rectory was built in 1970. In the intervening years, a nearby house served as the rectory.

Like St. Mary's of Winfield, St. Raphael's prides itself on being the founding parish of other churches—St. Teresa's of Woodside, Queen of Angels in Sunnyside and St. Raphael's, in East Meadow.

"St. Teresa's is our daughter church and Queen of Angels is our granddaughter," quipped retired business executive James Maher, 69, of 47-50 41st St., who is chairman of the centennial celebration committee.

St. Teresa's, on 44th St. and 50th Ave., started as a school in 1928 with church services in the basement, Maher said "Children from St. Raphael's went to St. Teresa's parochial school until we opened our own school in 1962," he noted.

Queen of Angels, on Skillman Ave. and 44th St., started as a chapel of St. Teresa's and was established as a parish in 1953. It, too, now has its own church and school.

St. Raphael's in East Meadow, was founded in 1941 by the Rev. Charles Sullivan, who went there from the Long Island City St. Raphael's where he had been a curate since 1927.

"When you stop and think about it," said the original St. Raphael's present pastor, the Rev. August Bednartz, "a great many people beyond our own parish boundaries also have a lot to be thankful for this Sunday." ●

MASSACHUSETTS LEGISLATURE CALLS FOR TERMINATION OF MILITARY AID TO EL SALVADOR

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. STUDDS. Mr. Speaker, as public opposition continues to mount against the administration's policies in El Salvador, more and more cities and States across the country are adopting resolutions urging the Congress to end U.S. military support for the current junta. I am especially pleased to bring to the attention of my colleagues the following resolution recently enacted by the Massachusetts State House of Representatives:

RESOLUTIONS MEMORIALIZING THE PRESIDENT AND THE CONGRESS OF THE UNITED STATES TO WITHDRAW SUPPORT FOR THE MILITARY JUNTA IN EL SALVADOR

Whereas eight U.S. citizens, and over 8,000 civilians, including the archbishop of San Salvador have been killed in El Salvador in the past year; and

Whereas many of those killed were the victims of the military and paramilitary forces of the military junta which has taken control of the Government of El Salvador; and

Whereas, Archbishop Romero, before he was assassinated, made a special plea to the U.S. Government to cease its support of the military junta of El Salvador; and

Whereas direct or indirect U.S. intervention will lead to serious regional warfare, increasing the already acute suffering of the majority of the citizens of that embattled nation; and

Whereas the present military junta in El Salvador is not supported by a majority of the population, but relies, for its survival, on the strength of military forces; therefore be it

Resolved, That the Massachusetts House of Representatives hereby calls upon the President and the Congress of the United States to withdraw further U.S. support for the military junta in El Salvador, and to cease any military intervention by arms or other support; and be it further

Resolved, That the Massachusetts House of Representatives appeals for a cessation of further violence and for establishment of full respect of human rights in El Salvador; and be it further

Resolved, That copies of these resolutions be forwarded by the Clerk of the House of Representatives to the President of the United States, the Secretary of State and the National Security Advisor, the Presiding Officer of each branch of Congress and to the Members thereof from this Commonwealth.

House of Representatives, adopted, July 6, 1981.●

NEW PRESIDENT OF WORLD BANK TALKS SENSE

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. SIMON. Mr. Speaker, for many of us the new President of the World Bank has been an unknown quantity. We knew that he was chief executive of the Bank of America but otherwise nothing in his background suggested eminent qualification for the appointment as president of the World Bank.

The Washington Post of September 30 contains an article referring to his press conference and to his address that is reassuring. He apparently is both sensible and courageous.

I applaud what he had to say as the kind of message this Nation must hear, and I urge my colleagues who did not read the original article to read what I am inserting in the RECORD at this point.

The article follows:

CLAUSEN BLASTS CRITICISM OF WORLD BANK

(By Hobart Rowen)

In his first offical appearance as the new president of the World Bank, A. W. (Tom) Clausen yesterday took sharp issue with charges by the Reagan administration that the bank ignores the private sector and should toughen up its requirements for loans to middle-income countries, as well as to the very poorest.

In his first address to a Bank-International Monetary Fund annual meeting, he warned bluntly that to scrap or limit subsidized aid through the World Bank's concessional arm, the International Development Association, might lead to "political and social instability" in the Third World, even touching off "irrational violence" among jobless young people in poor urban slums.

"There is no alternative but having an IDA-7 [the next scheduled three-year replenishment of IDA funds]. Put that one at rest," Clausen told a press conference. "There is just no other alternative for the poorest nations in this world that . . . do not have access to the commercial markets."

But he said plainly that an IDA-7 would have to be structured differently, probably with less grant money from the rich nations. He implied that after 1983, IDA might also have to borrow money, from commercial markets as well as from donor countries, and that the U.S. share could be less than its 27 percent involvement in IDA-6.

The most critical of American officials have suggested that the bank's programs lately have degenerated into the equivalent of worldwide welfare. Others have raised the specter that the bank has become "socialist" in its approach, because it deals on a government-to-government basis.

Clausen brushed such comments aside as irrelevant. "You can't solve all of the problems with the private sector; no one's saying that you can," Clausen said at a press conference. "You can't solve all of the problems bilateral, and (say) to heck with the multilateral. What's needed is a combination of all those forces."

He added he was "pleased to find the bank in even sounder shape than I had anticipated." For the decade ahead, he said the bank and IDA would "continue to . . . constitute a unique source of development capital" for the Third World, with "the focus kept on the poorest of the poor."

His defense of IDA, which has come in for the brunt of the American criticism, was in unusually strong terms. "There is a general tendency to think that soft-loans are made by soft-headed people that have got soft requirements," the former chief executive of the Bank of America told reporters. "Actually, the same criteria for economic return on the credits (as on World Bank loans) is expected."

Clausen told the annual meeting that IDA "must be continued" after the current funding expires in 1984—a direct response to U.S. Treasury statements last week leaving open the question whether the United States would participate in an IDA-7.

Clausen said that the United States, as "the strongest nation" in the world, selling 30 percent to 35 percent of its exports to the less-developed nations, should continue to support IDA as a matter of "self-interest."

"The issue is not whether IDA is effective," Clausen said in his speech. "It is. Nor is the issue whether IDA is a philanthropic society. It is not. An IDA credit is not a welfare check. It is a productive investment. Consider the countries that were IDA recipients only a few years ago: Korea, the Philippines, Thailand, Ivory Coast, and some 15 similar cases.

"These countries have not only graduated from low-income to middle-income economies, but today are vigorous and valuable trading partners with the developed nations."

That was a rebuttal to Treasury Secretary Donald T. Regan, who last week said that some countries now on the IDA roll should be asked to borrow at the nonsubsidized rates at the World Bank itself, and that some of the bank's customers should go out into the private market.

Clausen, in effect, was responding that the bank had had such a policy in force since its beginnings 36 years ago. He said at the press conference that countries such as Spain, Greece, Israel and Ireland had been "graduated" from the bank's "hard-loan" window to the private market.

But the United States, which is readying a report on multilateral banks that will deal with this and other issues, apparently wants the bank to accelerate the "graduation" process, both from IDA to the bank, and from the bank into the private sector. Clausen acknowledged the pressure, noting that the industrial nations are being forced to keep their budgets in check in response to inflationary pressures.

In answer to press conference questions, Clausen said that a change in the bank's gearing ratio, as proposed last year by former president Robert S. McNamara is "appropriate," but not realistic for at least another five or 10 years.

The gearing ratio limits bank loans, dollar for dollar, to the amount of total capital, a very conservative ceiling in force since the origins of the bank in the post World War II reconstruction period. Clausen implied that a relaxation of the gearing ratio now might prove unsettling to the present holders of nearly $30 billion in World Bank loans.

An easier way to expand the bank's lending ability, Clausen said, could be achieved through larger capital subscriptions, encouraged by reducing the amount of paid-in capital, presently 10 percent, to 7½ percent or even less. He would also like to see increased cofinancing of projects with commercial banks.

Clausen also floated a trial balloon for the establishment of an international "framework that could provide the machinery for negotiating away the narrowly nationalistic policies discouraging international investment." His idea is to protect both the poor countries—now suspicious of private investment—and investing companies by basic rules on expatriation of profits, reinvestment of a share of profits, and joint ownership.●

TUITION TAX CREDIT LEGISLATION NEEDED NOW

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BIAGGI. Mr. Speaker, as a strong supporter of tuition tax credits for all tuition-paying citizens at all educational levels, I remain concerned at the apparent waning support for this proposal by the administration to date. In January 1981, President Reagan's first address to Congress included his indication of support for tuition tax credit legislation. On August 13 of this year, he signed into law the largest tax cut bill in our Nation's history, a bill I supported. Of all the major tax proposals before Congress, the only one not included in this package was tuition tax credits. Supporters of a tax credit, including myself, are anxiously awaiting movement in this direction and a reaffirmation of the administration's January commitment.

On September 22, the House Education and Labor Committee, as part of our hearings on private schools and at my suggestion, invited the administration to present its views. Assistant Treasury Secretary John E. Chapoton appeared before our committee and for the benefit of my colleagues, I would like to insert his testimony and comment upon aspects of it.

STATEMENT OF HON. JOHN E. CHAPOTON, ASSISTANT SECRETARY FOR TAX POLICY

Mr. Chairman and members of the subcommittee, I am pleased to appear before you this morning to summarize the position of the Treasury Department on tuition tax credits for parents of children attending private schools. As you know, I testified on this general subject, and in particular on the Packwood-Moynihan bill (S. 550), last June before the Subcommittee on Taxation and Debt Management of the Senate Finance Committee.

What I said three months ago remains equally true today. Tuition tax credits are a matter of considerable personal concern to the President. This Administration is determined to work as closely as possible with Congress in constructing a tuition tax credit bill which provides substantive tax relief to the families of nonpublic school students, and which broadens and enriches educational opportunities and promotes excellence in our schools. Equality of educational opportunity clearly requires that a diverse range of schools—public and private—be available to all American families, and that all American families have meaningful freedom of choice among schools. We believe that parents have a fundamental right, and responsibility, to direct the education of their children in a way which best serves their individual needs and aspirations. Moreover, we believe that parental involvement in the decisionmaking process enhances the quality of education provided and that healthy competition among schools enhances the quality of education in all schools, both public and private.

Private schools are essential to fulfilling our national educational needs. They provide a healthy diversity of approach, and are often a significant source of innovation and experimentation. But private schools are expensive. Direct grant programs for student aid involve significant administrative costs and effort for the government and families alike. Tuition tax credits may offer a simpler means to fund private education by permitting families to keep more of the money they have earned and to spend that money for the education they themselves select.

As I said last June, the Treasury Department supports the tuition tax credit concept. Enactment of tuition tax credits will recognize the value of our private schools, will assist families in meeting the increasing costs of education and, most importantly, will strengthen the right of parents to decide the education of their children. Because this is a matter of Federal education policy, we are now at work, together with other interested departments, on this important matter. A tuition tax credit working group has been created by the Cabinet Council on Human Resources. This group brings together staff members of the following departments and offices: Justice, Education, OMB, Treasury and the White House Office of Policy Development. This working group has been charged with developing options for the Cabinet Council aimed at moving a tuition tax credit proposal forward. We are most eager to work with the Congress on it at the appropriate time.

We do wish to discuss particular aspects of the tuition tax credit concept at this time. These are areas of tax policy which we believe the Congress will also wish to address.

First, tuition tax credits have a significant revenue impact, and therefore they must be considered together with other budget matters. For example, we stated last June that the revenue cost to the Treasury of S. 550 would be approximately $2.7 billion in fiscal year 1983, rising to nearly $7 billion in fiscal 1986. In a time of severe pressure on the Federal budget, these are clearly significant amounts. Moreover, these estimates would be increased to the extent that direct student assistance programs are reduced or private school enrollments or tuitions increase. Once enacted, there may be additional pressure to increase the amount of the credits. Thus, Congress may wish to consider any tax credit in the context of direct education expenditures, so that the two types of program complement one another and so that the total budgetary cost is at a desirable level.

Second, the question of making the credit available regardless of tax liability must be considered. We believe that refundability would provide assistance to needy families who are not now taxpayers. However, we think that this feature is not desirable from the standpoint of tax policy and administration. It would be both costly and burdensome—for the government and for the families involved—if the credit were made refundable to families who have little or no income, no tax liability and presently no contact with the Internal Revenue Service. Moreover, refundability of tuition credits could set a forceful precedent for the use of the tax system to deliver other types of Federal assistance programs. Congress will surely wish to consider this question carefully.

Third, whether the credit should be "phased-out" based on the income level of the family needs to be addressed. Ability to pay is a traditional consideration in tax policy as well as education policy.

In addition, safeguards need to be considered to prevent unintended "double-dipping" with regard to other tax benefits. For example, students should not be permitted to deduct as trade or business expenses tuition payments eligible for the credit.

Finally, any new provision adds some complexity to the tax law. Once again, families who now do not file tax returns or whose "short form" 1040A returns are fairly simple, could be faced with complex rules and uncertain IRS audits. We must work hard to simplify any provision as much as possible.

There are, of course, many other crucial questions to consider. For example, what grade levels are to be covered? What schools will be eligible? How does the credit relate to direct Federal educational grants? These are all questions of Federal educational policy, not tax policy.

Mr. Chairman, this is an extremely important area of public policy. We applaud the Subcommittee's work in addressing the critical questions which await us.

The importance of tuition tax credits is echoed in this testimony in three ways: first, tuition tax credits will provide substantive tax relief to families of nonpublic school students. Erroneously, many opponents of tuition tax credits claim that such credits would be handouts for the rich, who are the only ones who send their children to private schools. Nothing could be further from the truth. The 1981 Condition of Education Report by the National Center for Education Statistics surveyed 4,200 private elementary and secondary schools, both affiliated and nonaffiliated with any religion. Of the 4,200 schools, nearly half of the family incomes were under $20,000 per year, hardly an indication that such a proposal only helps the elite of our society. Further, in my own district, where the average family income is approximately $15,000 for a family of four, a large number of parents have chosen to send their children to private schools.

A second critical element which underscores the importance of tuition tax credits is such a tax credit broadens and enriches educational opportunities for students. Despite all the complex economic and sociological analyses about the quality of public education, the bottom line is that private education provides better education even though less money is spent per pupil. With the growing national discontent over declining reading and math abilities of pupils, an affordable alternative must be provided for parents that support public education with their own tax dollars.

A final reason for tuition tax credits noted in this statement is the fact that they will promote educational excellence through diversity and competition. As a senior member of the House Education and Labor Committee, I stand second to none in my support of educational aid programs for all children. As an original cosponsor of legislation to amend our major Federal education programs, such as the Elementary and Secondary Education Act, the Education for All Handicapped Children Act and the Higher Education Act, I have worked to expand these programs for public and private schools. While our system of private education represents an important component in this system with 10 percent of our students enrolled in private schools, they also employ 11 percent of the teachers and account for about 10 percent of the high school graduates. But even though these schools generate at least 10 percent of the output of education, they only account for about 6 percent of the total funds spend in the United States as a whole. Thus, while private schools receive few Federal dollars, they deserve to be compensated for these low costs with tax credits that will allow them to maintain current enrollments and keep tuition costs down.

We should, on the Federal level, be in the business of encouraging good schools to continue their work if we are really committed to quality education for all students. That is precisely why tuition tax credits are so important at a time when the Federal Government is withdrawing funds from educational programs at all levels—an action I do not support. Nonetheless, education, which has been one of the most embattled elements of the Federal budget of late, deserves a break. That break can be through tuition tax credits.

I am heartened to learn that the administration has set up a Cabinet-level task force to coordinate a policy in this area. I pledge my support for their efforts and my willingness to work with them in the House to insure the passage of tuition tax credit legislation in this 97th Congress.●

BETTER FEDERAL GOVERNMENT OPERATION

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BONIOR of Michigan. Mr. Speaker, there is growing sentiment that our Government needs the kind of serious total review that would be provided under H.R. 18. Richard Bolling's legislation to create a Commission on More Effective Government is patterned after the first Hoover Commission. Thus far, 100 Members have joined as cosponsors. The Senate Governmental Affairs Committee reported the legislation on July 8. Despite the Reagan administration's cutbacks, there will still be a massive Federal Government that must be operated better.

I hope my colleagues will examine the Senate committee report on S. 10 and the following articles and join in cosponsoring the legislation so that the Commission can quickly get underway.

[From the Kansas City Star, July 8, 1981]

Congress Considering a New Government Effectiveness Study

(By Walter R. Mears)

Washington.—A generation ago, a panel of efficiency experts surveyed the government, suggested that the Cabinet should be reorganized, found the bureaucracy bound up in red tape and complained that the Navy had a 60-year supply of hamburger.

The Cabinet later was changed. The Navy insisted there was no hamburger glut. The government still manufactures red tape.

Congress is considering a reincarnation of that efficiency panel to conduct a two-year study of the effectiveness of government and to recommend steps to make it better.

The new commission, like its predecessors, may be headed by a former Republican president. Gerald R. Ford is a leading prospect to become chairman of the Commission on More Effective Government, just as the late Herbert Hoover headed 1947 and 1953 panels. Those commissions looked into the operation of a federal government that had grown swiftly, and without blueprint, during and just after World War II.

"The perception is widely held again today by the American people that their government is not performing adequately," said the sponsors of the new study. "Many Americans see the rapid growth of government . . . during the last 20 years as a major contributor to the decline in quality of government performance."

The earlier panels produced scores of proposals, major and minor, that shaped the way federal budgets are assembled and presented.

Hoover Commission proposals were the basis for the reorganization that led to the creation of the Department of Health, Education and Welfare. It has since been divided into two departments, Health and Human Services, and Education.

The Hoover panel also reported that the government was too wrapped up in paperwork and red tape. It recommended drastic reductions in that line of bureaucratic work, but they were not enacted.

"Red tape, triplicate forms, endless paperwork—like the sorcerer's apprentice's burgeoning buckets of water, government regulations are threatening to deluge the American people," said Sen. William V. Roth Jr., R-Del.

Roth's Senate Governmental Affairs Committe began work today on a bill he and Rep. Richard Bolling, D-Mo., proposed aimed at launching the new look at government.

The mandate of the new commission would be broader than the Hoover panel, which was assigned to look into the organization of the executive branch. The new commission would survey federal operations and their relationship with state and local governments.

The commission is supposed to consider the organization and operation of the entire federal government and propose improvements not only in Washington, but in the distribution of powers among various levels of government.

President Reagan, who campaigned for a return of federal powers to state and local governments, supports the new study.

It would be conducted by an 18-member commission, three from the executive branch, six from Congress and nine from outside the government. The panel would have two years to do its work and make its proposals to Congress.

The membership would be bipartisan, and Roth envisages a panel with the stature and broad support the Hoover commissions gained. About two-thirds of their reform recommendations ultimately were adopted.

But they didn't score on hamburger. In 1955, the commission complained that the Navy had accumulated enough canned hamburger to last 60 years. The Navy said that wasn't so, insisting that there were only enough cans for four years.

And President Eisenhower said it wouldn't have lasted nearly that long. He said they would all be gone within a week if every mess in the Navy served canned hamburgers every day. He didn't say what that would have done for, or to, morale.

[From the Christian Science Monitor, Sept. 10, 1981]

U.S. Advisory Body Will Try To Unravel Bureaucratic Knot

(By Brad Knickerbocker)

One can argue persuasively that this year's startling actions on budget, taxes, regulations, and intergovernmental relations are proof that the "Reagan revolution" is already reality.

But there is widespread movement afoot in Washington to make even deeper and more lasting changes in government operations.

Its model is the Hoover Commission, a blue-ribbon panel that had significant impact on the structure and business of government in the years following World War II. It enjoys broad bipartisan support ranging from conservatives enjoying new-found power to unrepentant liberals. The White House likes the idea, and so does the "citizens' lobby," Common Cause.

Specifically, bills progressing through Congress would establish a new "Commission on More Effective Government." The commission's broad mandate would be to probe the management, organization, and operations of the executive branch of federal government as well as Washington's relations with state and local governments and the private sector.

The 18-member commission would be appointed by the President, Senate majority leader, and House speaker, with some members representing state government and others not involved in any partisan political activity. Given the party loyalties of today's political leadership, there likely would be 10 Republicans and 8 Democrats unless expected amendments prevail and an even 9-9 membership is required.

The commission would have 30 months to hold hearings and formulate recommendations before reporting to Congress and the President.

"We've tinkered here and there with the governmental machine, but what we've ended up with is a Rube Goldberg arrangement that costs the taxpayers more and more in wasted money and gives less and less service to the people," says Sen. William Roth (R) of Delaware, chief Senate sponsor. "Now is the time to have the best minds in America comprehensively review government ... so that we can start making it work better."

Liberal Democratic Sen. Thomas Eagleton of Missouri agrees and has signed on as one of many cosponsors. Deputy White House budget director Edwin Harper told a Senate Committee the Reagan administration "heartily endorses" the proposal.

To those cynics who say the commission's report would simply gather dust, the bills' supporters point out that the Hoover Commission (appointed by President Harry Truman in 1947 and chaired by former President Herbert Hoover) saw 72 percent of its recommendations adopted. Among these were the Military Unification Act and the State Department Reorganization Act.

"I was here in time to help implement the Hoover Commission recommendations," recalls Rep. Richard Bolling (D) of Missouri, veteran lawmaker and chairman of the influential House Rules Committee. "I'm completely convinced that this is the only possible way that this country can reform its government."

The growing bulk and complexity of government in this country is a source of increasing concern. Federal spending is 15 times greater today than it was 30 years ago. While the number of federal civilian employees has remained fairly constant since the late '60s, the number of workers in other levels of government has shot up. In 1950 there was one government job-holder for every 24 Americans: now, the ratio is one for every 14.

Many attribute this increase to federal programs and requirements. Between 1949 and 1979, there was a net gain of 529 federal departments, agencies, bureaus, offices, administrations, institutes, services, and other organizational subdivisions. The size of the Federal Register (one measure of the increase in federal regulatory activity) has increased nearly 300 percent in the past decade.

"Intergovernmental relations today have clearly crossed a new threshold of complexity and confusion," the Advisory Commission on Intergovernmental Relations, a highly respected bipartisan group, warned last week. "The looming fear is one of unrestrained intergovernmentalism, of government pragmatism out of control."

The Hoover Commission did its important work at a time when the United States was entering a new era in both foreign and domestic federal activity. Supporters of a new "Commission on More Effective Government" say the time is ripe for another look at the fundamentals of how Washington operates.

[From the Pittsburgh Post-Gazette, Sept. 4, 1981]

NEW HOOVER COMMISSION

Can the federal government be made to operate better? One way to find out would be to appoint a Commission for More Effective Government based on the Hoover Commission model of the late 1940s.

That idea is being pushed in Congress by people from both parties, most notably Rep. Richard Bolling of Missouri, a 32-year veteran liberal Democrat, and Sen. William Roth of Delaware, a conservative Republican. Their bills, HR18 and S10, would establish an 18-member commission to make a comprehensive study of all aspects of the federal government to find out in what arenas government operates effectively and in what ones it doesn't and to report recommendations to the Congress on "how to make government work."

California's proposition 13 and similar moves elsewhere illustrate citizen disenchantment, Mr. Bolling says. And at the national level, he adds, "Clearly, Americans have been expressing their frustration with the government's inability to deliver since the Great Society was launched . . . Despite sweeping cutbacks in government spending that the [Reagan] administration is proposing, there will still be a massive federal government that must be operated better."

The Missourian recalls working on the Hoover Commission under ex-President Herbert Hoover as a member of the House Committee on Expenditures. "It was a very successful coalition. It did not try to deal directly with policy . . . It didn't try to move boxes around to jiggle things. It tried to deal with a philosophy of government and a translation of a philosophy of government."

Mr. Bolling points out that the Republican Congress in establishing the commission may have thought it would be carried out by a Republican president. But Harry Truman's 1948 re-election foiled that. Yet the job had been done so well that 70 percent of the reforms the Hoover Commission proposed were put into place by the Democratic president.

The Post-Gazette believes such a commission could be most useful, particularly if it would focus some of its attention on improving the interface between the federal bureaucracy and individual citizens and corporations. The point of actual delivery of services often is the most frustrating time for citizens and businesses and—in many cases—also for government employees who find themselves bound by unnecessarily rigid procedures and rules.

In other words, the effort should not be so much to "move boxes around to jiggle things" as to find ways to make government function better for the citizenry it is supposed to serve.●

SHE LIVED TO SEE A DREAM COME TRUE

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. NEAL. Mr. Speaker, this is a forum in which words flow frequently about the great and the near-great. But at this time, I would like to take a few moments to eulogize one who, were she alive to hear my comments, would be humbled, if not embarrassed, by these words of praise.

I speak of a constituent and a friend to me, as she was to all people of good will—Mrs. Minerva Jessup Cox of Surry County, N.C. Mrs. Cox died August 26 at her rural home on Route 1, Westfield, in the same community where she was born. She was 104 years of age.

It is remarkable, I think, that in all of those 104 years of a rich and rewarding life, Mrs. Cox never lived more than 10 miles from her birthplace. Yet her influence not only pervaded her community, but through her good works and in the lives of her descendants has been carried to almost every corner of the United States and even to foreign lands.

Mr. Speaker, when this remarkable lady was laid to rest on August 30 at rural Chestnut Ridge Primitive Baptist Church—which she helped to found in 1897—an estimated 3,500 people attended the funeral. Among them were some 650 members of her family, including in-laws. They came from as far away as Liberia, Puerto Rico, California, Texas, New York, and other distant places. Among the mourners were her eldest daughter, 90, and eldest granddaughter, age 70.

Her survivors include 10 children, 61 grandchildren, 183 great grandchildren, and 77 great-great grandchildren. It was was not the size of her family, however, but of her heart and her commitment, that made Mrs. Cox such an exceptional person.

Born the daughter of former slaves, Mrs. Cox entered the world on March 13, 1877. Married at age 13, less than 1 year of her life was devoted to formal schooling. Yet through self-education and a lifelong association with her beloved church, she acquired both knowledge and wisdom that served here well as a church leader and Sunday school teacher until the latter years of her life.

In a memorial tribute to her on the day of her funeral, we find these words:

> She became part of the church in 1890 at the age of thirteen. She became distraught with the teachings of the leaders (of the church of which she was a member) and broke her ties with this church in 1894. She believed that Sunday School was a vital part in the Christian plan. This church did not

> hold these basic beliefs. The Progressive Primitive Baptist Church in the northern part of North Carolina and southern Virginia owes roots to Mother Minerva Cox. She became a charter member of the Chestnut Ridge Primitive Baptist Church in 1897. Since this time she became a stalwart supporter and charterer of the Sandy Ridge Progressive Primitive Baptist Association of North Carolina and Virginia and the National Primitive Baptist Convention. She taught Sunday School until she was 87. She was a member of the Women's Council and established the Women's Auxiliary, Ushers, Choirs, and Mission Offering, as well as the Pastor's Aide Fund in her church and all the churches in the association.

Ever faithful to her family and her church, Mrs. Cox accepted with equal responsibility the opportunity to befriend her neighbors and to participate in political affairs.

Again, from a memorial tribute to her:

> She was a midwife and delivered many of her grandchildren, as well as neighbors' and friends' children. She also possessed the ability to cure thresh and withdraw fire from the body. She has cured the illness over the State of North Carolina and from the north to the south of the east coast.

I was privileged, 4 years ago, to congratulate her for going to the polls, at age 99, to vote for the Democratic ticket—which she openly and publicly stated had been her preference in every election since suffrage. Last November, at age 103, she voted for the last time.

As a result of her many great and good deeds, she was named "Mother" of her church, Sandy Ridge District of the State Primitive Baptist Convention, and the National Primitive Baptist Convention. She was honored many times by local, State, and National officials, including Presidents of the United States, Members of Congress, Governors of North Carolina, and the commissioners of her county.

Mr. Speaker, I quote again from the memorial tribute to Mrs. Cox to illustrate the hope and faith that was harbored in this great heart for more than a century:

> In 1917, the Lord gave her a vision. She said she "felt that the burdens of the world were on my shoulders." She prayed and fasted for days. When she returned she told her children that the God of Moses, Abraham, Isaac, and Jacob had put it in the heart of Abraham Lincoln to lead her people out of bondage, and in the days of her children's children they would be a wise race. They would be doctors, lawyers, politicians, and teachers, and her children and other children would go to the same schools and churches.

She lived to see much of that vision become reality. She, in her own wonderful way, helped make it happen.

And so, Mr. Speaker, it is well that it be noted, here in the Capitol of the country she loved, that such a woman lived and moved the lives of others toward those goals which are our national purpose. That she lives no more, except in the memory of those who knew and loved her, is our loss.●

REAGAN PROPOSAL WOULD CRIPPLE COAST GUARD

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. STUDDS. Mr. Speaker, as chairman of the Subcommittee on Coast Guard and Navigation, I feel compelled to make the following observations about the attitude of the Reagan administration toward the Coast Guard. The evidence is overwhelming that the Coast Guard must either be granted substantial amounts of additional funds, or else it must be relieved of some of the duties it is now legally required to perform.

It was our hope, and quite frankly our expectation, that the administration would also take the problems of the Coast Guard seriously, and would join with us in an effort characterized—if not by constant agreement—then at least by a shared belief that the Coast Guard is an important contributor to a variety of national goals, and that its future is a matter of some importance to the people of this country.

Unfortunately, this has not been the case. Since our subcommittee began its work last January, we have not received one scintilla of evidence that anyone with any significant degree of power in the Reagan administration has the slightest interest in, or concern about, the U.S. Coast Guard. What we have seen, instead, is a desire—implemented clumsily and with an extraordinarily heavy hand—to drastically reduce the cost to the Government of the Coast Guard, while increasing yet further the number of jobs the agency will be asked to perform.

In February, the Reagan budget was announced, cutting the Carter request for the Coast Guard by $9 million, and mandating a reduction of 450 in the number of Coast Guard civilian employees;

In March, the administration announced a plan to recover $1.5 billion over 5 years through the assessment of user fees for various Coast Guard services, including search and rescue, aids to navigation, and marine environmental protection. This proposal was so hastily drafted and so poorly conceived, even the administration ultimately found it impossible to defend. Transportation Secretary Drew Lewis told me personally that the proposal had been badly handled, and he withdrew it completely from congressional consideration last June.

Also in March, the administration announced its opposition to the oil spill liability and compensation bill in a statement barely two pages long, and absolutely incomprehensible in its reasoning. Ironically, the oil spill legislation would, if enacted, save the Government millions of dollars a year through a mechanism which is, in essence, a user fee.

In August, the administration announced plans to assign the Coast Guard the new task of interdicting illegal immigration from the Caribbean island of Haiti; despite a plea in writing from myself and from Representative DON YOUNG, no additional funds will be made available to the Coast Guard to carry out this project.

Early this month, the administration opposed efforts, led by both Republican and Democratic members of our subcommittee, to provide for a very modest increase in Coast Guard appropriations; an increase sufficient only to allow the Coast Guard to operate in 1982 at the level it has been able to maintain in 1981.

Also this month, the Department of Transportation began a series of meetings with the maritime community in order to initiate a systematic reconsideration of the user fee concept. Recognizing the mistakes made the first time around, DOT officials assured us that this effort was a serious one, and one that did not begin with preconceptions about how much money would be raised, or what Coast Guard services would be covered. No draft legislation would be forthcoming, we were told, until the end of the year.

Finally, last Thursday, President Reagan, in presenting the Nation with his latest budget cutting plan, proposed a $168 million reduction in his previously inadequate budget request for the Coast Guard for fiscal 1982, and once again demanded immediate action on a Coast Guard user fee bill.

Simply put, the Reagan proposal would, if implemented, cripple the U.S. Coast Guard. Candidate Reagan campaigned on a platform designed, in his words, to "get Government off the backs of the people." Unfortunately, this latest proposal would get the Coast Guard off the backs of drug smugglers, polluters, and foreign fishermen; it would allow mariners the thrill of navigating around off-station buoys; it would cost hundreds of human lives and several hundred millions of dollars worth of property which would not be saved because of cuts in the Coast Guard's search and rescue program; it would make the Coast Guard incapable of preparing to assist the U.S. Navy effectively in time of war; it would cause a very substantial across-the-board deterioration in Coast Guard services and what is more—it would require thousands of commercial and recreational mariners to pay hundreds of millions of dollars for the privilege of using these deteriorating services.

The President's proposal fails to recognize the status of the Coast Guard as an uniformed armed force of the United States it sends a clear signal that this administration does not take seriously any of the missions which the Coast Guard is supposed to perform, including drug interdiction, search and rescue, and enforcement of our fisheries laws; it humiliates those who have been telling Congress and industry that this administration sincerely wished to devise an intelligent and workable Coast Guard user fee plan; it expresses, in sum, an attitude of contempt for anyone who has been engaged this year in a serious effort to deal with the problems of the Coast Guard, and I include in this category many who share the administration's fundamental economic and political perspective, Republicans and Democrats, people inside Government and out, and even some of those at the working level within OMB.

The President talks repeatedly of his mandate from the American people, but I doubt there is a single voter in this country who supported his election out of a belief he would make it nearly impossible for the Coast Guard to do its job.●

TRIBUTE TO DICK TRACY—50 YEARS OF UPHOLDING LAW AND ORDER

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BIAGGI. Mr. Speaker, as a former police officer for 23 years in New York City—I wish to call to the attention of my colleagues an important event in the law enforcement world scheduled for Sunday. On that day, Dick Tracy, the legend of law and order who appears every day in the comics section of more than 500 newspapers, will be 50 years old.

Dick Tracy has been the symbol of the "good cop." He is relentless in his pursuit of crimes and those who commit them. His integrity is beyond reproach, his dedication to duty second to none. He has taken on the most ruthless of criminals and criminal organizations—and has triumphed each time. He shows dramatically and continually that good does prevail over evil.

Dick Tracy, as the New York Daily News reported in a September 29 story was the first comic strip to "depart from the funnies approach." The comic strip has remarkable endurance achieved in large part by intense loyalty among its readers. Dick Tracy seizes upon the human instinct which both fears and loaths crime. He has served as an inspiration for many in the law enforcement community.

For 50 years, Dick has been on the daily beat. He is still going strong and that is good for our Nation. I congratulate Dick's creator, Chester (Chet) Gould, and current writer, Max Collins, and artist Rick Fletcher. Of course, I salute Dick and his devoted wife Tess and wish them continued happiness.

At this point in the Record I wish to insert an article from the New York Daily News where the comic strip Dick Tracy first broke. The article written by Dick Blood is entitled "No Copout for Dick Tracy at 50."

NO COPOUT FOR DICK TRACY AT 50

(By Dick Blood)

On Aug. 13, 1931, a telegram was delivered to a young artist in Chicago. It read: "Your Plainclothes Tracy has possibilities stop would like to see you when I go to Chicago next stop please call (Chicago) Tribune office Monday about noon for an appointment."

The telegram was addressed to Chester (Chet) Gould and it was signed by Capt. Joseph Medill Patterson, founder of the New York Daily News.

"Capt. Patterson changed Plainclothes Tracy to Dick," Gould later recalled. "He said that the first name was too long and that detectives are called 'dick' anyway. That's how Dick Tracy was born."

Next Sunday, Dick Tracy will be 50 years old. He broke into The News and 500 other papers on Oct. 13, 1931, a week after he appeared in the Detroit Mirror. He's still lean, black of hair, square of jaw and steely eyed, and still appears in The News, daily and Sunday.

Through the years, Tracy, snap-brim felt hat firmly affixed to craggy kisser, has taken on all evildoers, who frequently were given appearances to match their names.

Who can forget The Blank, a faceless man whose name was Frank Redrum (murder spelled backward); Jerome Trohs, a midget who was scalded to death in a shower, or B.B. Eyes, Flattop, Mumbles, the Brow, Pruneface?

The first to depart from the "funnies" approach, Tracy defeated the vicious enemies of society. Gould, with a strong "crime doesn't pay" message, presented Tracy's gigantic encounters in graphic detail.

Dick was betrothed to the lovely Tess Trueheart, but his devotion to crime-fighting prevented a quickie marriage. He met the beautiful Tess in 1931; he finally took her to the altar on Christmas Day 1949.

Some of Gould's most endearing characters are Gravel Gertie, the crone with the silken gray hair; B.O. Plenty, who deserved his name; Junior Tracy, a tough street kid whom Tracy took in, and Diet Smith, the tycoon.

Chet Gould, the son of a printer and now a millionaire many times over, retired in 1977 to his 130-acre estate west of Chicago. The strip was taken over by writer Max Collins and artist Rick Fletcher, who had worked for Gould 16 years.

When decent people can walk the streets again without fear, Tracy may consider retirement.●

PROPOSED REFUGEE ADMISSIONS

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. MAZZOLI. Mr. Speaker, yesterday, the House Committee on the Judiciary held a hearing on President Reagan's proposed refugee admissions for the coming fiscal year. The President has proposed 173,000 refugees be admitted, and is now consulting with Congress before making a final determination.

First, I want to express my displeasure at the absence of a Cabinet-level official at our hearing yesterday.

The committee is engaged in the process of consultation leading to decisions affecting the lives of tens of thousands of refugees, the lives of millions of Americans, and involving the expenditure of billions of tax dollars.

Yet, and with all due respect to the witness we had, the committee did not have the benefit of the thinking of any officer of the executive branch at the policymaking level. Especially in the absence of a coordinator for refugee affairs—a slot not yet filled nor even certain to be filled—the committee needs even more the observations of the Attorney General or the Secretary of State or the Secretary of Health and Human Services.

I want the consultation process to work, but it will not work if the committee does not have the policymakers before it.

Second, I want to review briefly for my colleagues the activities the Subcommittee on Immigration, Refugees, and International Law, which I have the privilege of chairing, undertook in preparation for these consultations.

We traveled to southern California in April to examine the impact of refugee resettlement there, and issued a major report which I hope my colleagues will have a chance to read.

Last month, with several of our colleagues on the Judiciary Committee, the subcommittee spent 12 days in Southeast Asia and Western Europe examining the refugee camps and discussing the problems with refugee experts and government officials. A formal report of our trip, and findings and recommendations deriving from it, will be issued next month.

The Immigration Subcommittee has held 3 days of hearings this month on all aspects of the refugee program, including questions not ever examined carefully before, such as the adequacy of the medical screening of refugees. The subcommittee last spring held 7 days of hearings on various immigration and refugee topics to provide background on this many-faceted subject.

Finally, your subcommittee has held informal talks and briefings, almost beyond count, to gain a closer purchase on the subject and on the nature and extent of the responsibility—if, indeed, there is any—to accept refugees for resettlement in the United States.

In sum, the subcommittee has spent a tremendous amount of time studying these issues, and I want to thank and commend my six subcommittee colleagues for their hard work. It is a privilege and an honor to work with these outstanding people and our excellent staff.

Now let me make a few specific comments on the President's recommendations of refugee admissions for fiscal year 1982.

I believe the number of admissions the President has initially recommended is too high. The overall number should be closer to 120,000 to 125,000 rather than the 173,000 he has recommended.

Specifically, based on the information the subcommittee has gathered, my personal view is that the United States should admit approximately 80,000 Indochinese during the next fiscal year rather than the 120,000 recommended by the President.

I make this recommendation in light of the dramatic decline in the numbers of Indochinese now resident in camps in first asylum countries who wish to be resettled in third countries.

In addition, total flows of refugees into first asylum countries of Southeast Asia—seeking temporary harbor or seeking resettlement—have fallen tremendously. Last month, for the first time since the Vietnam war ended in 1975, no boat people from Vietnam arrived in Thailand.

I also believe the U.S. admissions should be reduced in order that refugee agencies, such as the United Nations High Commissioner for Refugees, can internationalize resettlement.

This year, the United States is once again taking more than two-thirds of all Indochinese refugees being resettled. Internationalization is a failure. Perhaps if the United States adopts a more realistic admissions policy, other countries will respond to moral and international pressure to take more refugees than they are taking now. So long as the United States does it all, the other nations feel no such pressure.

My final reason for believing the numbers need to be reduced is that domestic resettlement is not succeeding. Over 65 percent of Indochinese refugees receive welfare. State, county, and local government officials have dramatized to the subcommittee that their localities are being overwhelmed by the financial, social, housing, and law enforcement stresses brought about by massive initial settlement and secondary migration of refugees.

The voluntary agencies have testified that the sponsorship process has broken down. No longer are the sponsors stable, financially solvent U.S. citizens. Rather, sponsorships are institutional, and the sponsors seldom work with the refugees or support the new family in the traditional sense of sponsorships.

I would add that reducing Indochinese admissions to around 80,000 is consonant with numbers recommended by a Senate Immigration Subcommittee staff report, recently issued.

It is consonant, too, with the observations of Secretary of Health and Human Services Richard Schweiker as reported in the Miami Herald last week.

I would like to mention in passing that the number recommended for Latin America and the Caribbean needs to be reexamined in light of the political, military and economic turmoil in that part of the world.

I should note here that if refugee admissions numbers are insufficient to address an emergency, the Refugee Act of 1980 provides for consultations to reallocate or expand numbers as necessary.

I must touch briefly on several refugee-related issues which, I believe, need reexamination.

One is the question of the definition of a refugee. The legal memo prepared by the Office of Legal Counsel at the Department of Justice contributes to the body of knowledge on the subject. So does the memo prepared by my subcommittee staff.

However, I remain concerned over the disagreement among legal and refugee experts over the status of those who leave their homeland for economic reasons, to better their lots in life, and who then claim protection and rights as refugees by claiming they would be persecuted were they to return to their lands.

My analysis of the situation leads me to suggest that such persons are not refugees under the 1980 act, unless there is a change in the political situation in their home countries since their departure or some such similar development.

I am also very concerned about medical screening procedures now applicable to refugees seeking entry to the United States.

In 1979, a decision was made to allow refugees with active—though not infectious—tuberculosis to enter the United States. I do not believe this policy is defensible. The health of the American people is at risk here, not just the health of the refugees. The subcommittee has hundreds of pages of testimony in which medical experts have taken issue with the looseness of the health screening. I feel such screening needs to be reexamined and substantially tightened.

Another item which needs attention is the high welfare dependency rate of refugees residing in the United States. Sixty-five percent of all refugees—mostly Indochinese—are on welfare today. Many go on welfare within days—not weeks or months, but days—of their arrival in the United States.

This is wrong and self-defeating and has created a welfare mentality on the part of many refugees.

All actors in the resettlement process, including the voluntary agencies, must share responsibility for the present situation. The Department of State, the Department of Health and Human Resources, the voluntary agencies, and State and local authorities must work together immediately to correct the flaws in the present system.

My observation of past consultations leads me to commend the work done by my colleagues, but to express some doubt about how effective the process has been. I do not know whether this present effort will be any more effective. But "hope springs eternal," as the poets say.

So I am hopeful that with the help and assistance of the administration, we can make the consultation workable and effective and, thus, forestall the imposition of some other system for determining the Nation's refugee policies.●

AFTER OCTOBER 1—THEN WHAT?

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. BIAGGI. Mr. Speaker, traditionally the dawning of a new fiscal year is marked by high hopes, new initiatives, and Government pay raises. This fiscal year eve, however, high hopes have been replaced by high interest rates; the only new initiatives are the dismantling of old ones; and Government pay raises will be replaced by 75,000 RIF (Reduction In Force) notices.

To make matters worse, reports are already coming in about further budget cuts and job losses in fiscal year 1983. For example, I am extremely concerned about an article that appeared in today's Washington Post stating that "the Environmental Protection Agency will strip 3,200 personnel of their jobs by the end of 1983, eliminating 30 percent of the agency's 10,380 employees at a cost of $17.6 million just for severance pay."

Beyond the shocking fact that 3,200 Federal employees will be out of jobs within the next 2 years, we are also faced with the stark reality that a number of vital environmental programs will either end after years of success, or they will never even get started.

The Post article reports, "The cuts are so massive that they could mean a basic retreat on all the environmental programs of the past 10 years, according to agency sources * * *"

Also at stake, according to the article, "would be many programs ordered by Congress that are just beginning to get off the ground: the Superfund toxic waste dump cleanup, regulations for tracking industrial waste and construction safe disposal sites for it, and testing of new chemicals."

As a leading advocate of the Superfund toxic waste dump cleanup program, and a strong supporter of an effective environmental protection policy I am deeply disturbed about these and other proposals to transfer clean air act powers, toxic waste regulation and other important environmental functions to the States.

Later this Congress, we will have an opportunity to act on many of these proposals. While I recognize the important need to eliminate government waste, I contend that the elimination of environmental waste is equally important.

Mr. Speaker, at this time I wish to insert the full text of today's Washington Post article, which was written by Joanne Omang:

INTERNAL RIFTS, HUGE STAFF CUT HINT EPA RETREAT ON PROGRAMS

(By Joanne Omang)

Budget cuts at the Environmental Protection Agency will strip 3,200 personnel of their jobs by the end of 1983, eliminating 30 percent of the agency's 10,380 employes at a cost of $17.6 million just for severance pay.

The cuts are so massive that they could mean basic retreat on all the environmental programs of the past 10 years, according to agency sources and administration critics.

At the same time, divisions between Administrator Anne M. Gorsuch and career agency staff over her approach to policymaking have all but reached open warfare. White House aides are privately worried that Gorsuch may be isolating herself not only from environmental groups, whom they expected to alienate, but from some industry and state officials as well.

Gorsuch has reportedly proposed a 1983 operating budget down 20 percent from her 1982 request of $1.19 billion, according to several Capitol Hill sources. Counting inflation and President Reagan's recent call for another 12 percent chop, actual spending could drop a level that will buy about 40 percent of what former president Carter proposed.

At stake would be many programs ordered by Congress that are just beginning to get off the ground: the Superfund toxic waste dump cleanup, regulations for tracking industrial waste and constructing safe disposal sites for it, and testing of new chemicals.

Suspected hazardous air pollutants like formaldehyde indoors and diesel fumes outdoors are only beginning to be studied, and those programs would appear to be in jeopardy along with many others in the research field.

Even if the Office of Management and Budget breaks all precedent and cuts Gorsuch's figures no further, an internal agency draft indicates that the 3,200 jobs could go, in addition to the normal 6 percent attrition. The draft requests $17.6 million to pay employee severance.

"We'll have to be doing twice as much as we are now with a third fewer people," said an employee in the hazardous waste control program.

Gorsuch and her senior staff allegedly made most of the major budget decisions without consultation with the bureaucrats who must administer the programs, and there have been major struggles when protests were regarded as acts of disloyalty.

For example, Nolan Clark resigned last week as head of policy planning, the number three post at EPA and one that Gorsuch had reorganized the agency to create. Clark cited "irreconcilable differences" with Gorsuch as his reason for departing. Sources close to him blamed efforts by Gorsuch's political aides to oust some senior staff people who had questioned whether the agency could meet its legal requirements under proposed budget cuts.

"There hadn't been a whole lot of thinking about the long-term impact," one said. "It's difficult to exaggerate the paranoia there."

Denis Prager, associate director of the White House Office of Science and Technology Policy, confirmed that in part. He said in an interview that Gorsuch "feels an entrenched bureaucracy is fighting her at every turn" and that "there is to some degree a 'we-them' mentality, the 12th [administrative] floor and the rest of the agency."

A source who works on pesticide regulation agreed. "The 12th floor never talks to anyone down here unless its to ask us for numbers to justify decisions they've already made," the source said.

EPA spokesman Byron Nelson rejected the charges. All 1983 budget figures are preliminary, he said, and no draft estimates of employee cuts have yet reached Gorsuch. Current and expected budget cuts will not hurt required programs, he said. "We feel we can shift our management priorities to take care of that which Congress expects of us."

Transfer of some EPA functions to the states, he said, will mean needing fewer people, while management shifts will take care of any other shortfalls. But that issue is the very one that has caused friction with some industry and state officials.

Several governors have met with Gorsuch to protest her proposed transfer of clean air act powers, toxic waste regulation and other functions to them at a time of major budget squeezes. Members of the trucking industry asked that federal standards for emissions be maintained, while railroad industry spokesmen want noise control to stay in Washington.

"Some of them protested to Reagan that she wasn't listening," an administration insider said. "She could be in trouble if those people get down on her."

But Utah Gov. Scott M. Matheson, one of those initially unhappy with Gorsuch, has changed his mind now that he knows her better, an aide said.

"She's made some real effort and lines of communication are open now," and aide said. "She seems willing to listen."●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, October 1, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 2

9:30 a.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of James J. Carey, of Illinois, to be a Federal Maritime Commissioner.
235 Russell Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to review the identification process verifying the authority to work in the United States.
412 Russell Building

10:00 a.m.
Joint Economic
To hold hearings on the employment-unemployment situation for the month of September.
2154 Rayburn Building

OCTOBER 5

9:00 a.m.
*Foreign Relations
To resume hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S.J. Res. 110, S.J. Res. 17, S.J Res. 18, and S.J. Res. 19, measures amending the Constitution to establish legislative authority in Congress and the States with respect to abortion.
2228 Dirksen Building

Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain in-

equities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees.
4232 Dirksen Building

Small Business
Urban and Rural Economic Development Subcommittee
To hold hearings to discuss the use of small issue tax-exempt industrial development bonds to finance small business projects.
424 Russell Building

10:00 a.m.
*Judiciary
*Criminal Law Subcommittee
To hold hearings on S. 101 and S. 751, bills to eliminate and establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

*Judiciary
Security and Terrorism Subcommittee
To hold hearings to discuss the retention or destruction of certain Federal Government files.
6226 Dirksen Building

10:30 a.m.
Select on Intelligence
Legislation and the Rights of Americans Subcommittee
To resume closed hearings on intelligence matters.
Room S-407, Capitol

2:00 p.m.
Energy and Natural Resources
To hold joint hearings with the Committee on Environment and Public Works Subcommittee on Nuclear Regulation on S. 1662 and S. 637, bills to establish a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To hold joint hearings with the Committee on Energy and Natural Resources on S. 1662 and S. 637, bills to establish a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
3110 Dirksen Building

Foreign Relations
Closed briefing on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
S-116, Capitol

OCTOBER 6

8:30 a.m.
Energy and Natural Resources
Energy Conservation and Supply Subcommittee
To hold oversight hearings on the Department of the Interior's proposed five-year plan for oil and gas development in the Outer Continental Shelf.
3110 Dirksen Building

9:00 a.m.
Select on Intelligence
To hold a closed business meeting.
Room S-407, Capitol

9:30 a.m.
Foreign Relations
To continue hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings to review standard language to be included in all future block-grant legislation.
Room to be announced

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Labor and Human Resources
Investigations and General Oversight Subcommittee
To hold hearings to explore the cause and effect of missing children, focusing on home environment, local law enforcement agencies and citizen action groups.
4232 Dirksen Building

Joint Economic
To hold hearings to evaluate economic policies of the United States and the United Kingdom.
2359 Rayburn Building

10:30 a.m.
Commerce, Science, and Transportation
To hold hearings on the nominations of Malcolm M. B. Sterrett, of Maryland, and Frederic N. Andre, of Indiana, each to be a member of the Interstate Commerce Commission.
235 Russell Building

Energy and Natural Resources
To continue joint hearings with the Committee on Environment and Public Works' Subcommittee on Nuclear Regulation on S. 1662 and S. 637, bills to establish a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
3110 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To continue joint hearings with the Committee on Energy and Natural Resources on S. 1662 and S. 637, bills to establish a Federal program for the interim storage and permanent disposal of high-level nuclear waste from civilian powerplants.
3110 Dirksen Building

2:00 p.m.
Budget
To hold hearings on the proposed additional budget reductions of the President's economic program.
6202 Dirksen Building

Judiciary
To hold hearings on pending nominations.
2228 Dirksen Building

Labor and Human Resources
To hold hearings on the nominations of William M. Bell, of Michigan, to be a member of the Equal Employment Opportunity Commission, and Michael J. Connally, of Michigan, to be General Counsel of the Equal Employment Opportunity Commission.
4232 Dirksen Building

OCTOBER 7

9:00 a.m.
Foreign Relations
To continue hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building

10:00 a.m.
*Judiciary
To hold oversight hearings on the activities of the Public Integrity Section of the Department of Justice.
2228 Dirksen Building

2:00 p.m.
Foreign Relations
Business meeting, to consider the proposed Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia, and other pending calendar business.
4221 Dirksen Building

OCTOBER 14

9:30 a.m.
Judiciary
Agency Administration Subcommittee
To hold oversight hearings on the implementation of the Military Personnel and Civilian Employees Claims Act of 1964, title XXI of the Criminal Code.
357 Russell Building

Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 110, amending the Constitution to establish legislative authority in Congress and the States with respect to abortion, and other related measures.
2228 Dirksen Building

10:00 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss the present conditions of the mass refugee asylum process.
412 Russell Building

2:00 p.m.
Judiciary
To hold hearings on S. 1639, to modernize the extradition laws of the United States.
2228 Dirksen Building

OCTOBER 15

9:30 a.m.
Banking, Housing, and Urban Affairs
Business meeting, to mark up S. 1230, authorizing the minting of special coins commemorating the 1984 summer Olympic games in Los Angeles, Calif.
5302 Dirksen Building

Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 134, S. 1422, and S. 1444, bills authorizing the Administrator of General Services to donate certain Federal personal property to State and local governments.
1318 Dirksen Building

Judiciary
*Constitution Subcommittee
To resume oversight hearings on the implementation of the Freedom of Information Act, and on S. 1247, S. 1235, and S. 587, bills providing for the protection of certain confidential information from the disclosure requirements of the Freedom of Information Act.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

10:30 a.m.
Energy and Natural Resources
To hold hearings on S. 1674, modifying certain provisions of the Revised Organic Act of the Virgin Islands and providing certain other authorities affecting the territories and possessions of the United States.
3110 Dirksen Building

1:30 p.m.
Judiciary
Security and Terrorism Subcommittee
To resume hearings on the origin, direction, and support tactics of terrorism.
2228 Dirksen Building

OCTOBER 16

9:30 a.m.
Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on proposed legislation permitting certain liner vessel operators in the foreign commerce of the United States to participate in domestic trade between Unalaska Island, Alaska and the west coast of the continental United States.
235 Russell Building

10:00 a.m.
Energy and Natural Resources
To resume hearings on S. 1544, authorizing funds for fiscal years 1982, 1983, and 1984 for State and local energy block grant programs.
3110 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss policies relating to deportation and exclusion.
412 Russell Building

Judiciary
Security and Terrorism Subcommittee
To continue hearings on the origin, direction, and support tactics of terrorism.
6226 Dirksen Building

Judiciary
*Separation of Powers Subcommittee
To resume hearings on S. 1647, restricting the power of Federal courts in matters of court-ordered school busing, focusing on certain community problems.
2228 Dirksen Building

OCTOBER 19

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on S. 750 and S. 1288, bills providing energy tax credits for industrial and commercial business to encourage investment in new energy conserving equipment.
2221 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 110, amending the Constitution to establish legislative authority in Congress and the States with respect to abortion, and other related measures.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee and Water and Power Subcommittee
To hold joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

2:00 p.m.
Finance
Oversight of the Internal Revenue Service Subcommittee
To hold hearings on the recovery of attorneys fees in tax cases.
2221 Dirksen Building

OCTOBER 20

9:00 a.m.
Labor and Human Resources
To hold oversight hearings on the implementation of the Comprehensive Employment Training Act (CETA).
4232 Dirksen Building

9:30 a.m.
Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 1421, to establish the National Archives and Records Administration as an independent executive agency.
3302 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Energy and Natural Resources
To hold joint hearings with the Committee on Environment and Public Works' Subcommittee on Nuclear Regulation on S. 1606, to provide for a nuclear property damage insurance fund, and to provide funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To hold joint hearings with the Committee on Energy and Natural Resources on S. 1606, to provide for a nuclear property damage insurance fund, and to provide funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

OCTOBER 21

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To continue hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Judiciary
To resume hearings on S. 326, prohibiting a refiner, other than an independent or small refiner, from operating a gas station in the United States, and making it unlawful for a supplier to practice price discrimination in the sale of motor fuel.
2228 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings to examine the impact of marihuana on youth, focusing on the areas of health and education
4232 Dirksen Building

Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education and youth employment programs.
1224 Dirksen Building

2:00 p.m.
Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 1018, authorizing funds through fiscal year 1986 for the protection and conservation of fish and wildlife resources along the coastal barriers of the Atlantic and gulf coasts.
4200 Dirksen Building

OCTOBER 22

9:30 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss temporary worker programs of the Federal Government.
2228 Dirksen Building

Labor and Human Resources
To hold oversight hearings on activities relating to affirmative action of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

10:00 a.m.
Judiciary
*Juvenile Justice Subcommittee
To hold hearings on the early detection of juvenile crime.
5110 Dirksen Building

OCTOBER 23

10:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee and Water and Power Subcommittee
To resume joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

Judiciary
Criminal Law Subcommittee
To hold hearings on violent crime task forces.
2228 Dirksen Building

Judiciary
Separation of Powers Subcommittee
Business meeting, to mark up S. 1647, restricting the power of Federal courts in matters of court-ordered school busing.
5110 Dirksen Building

OCTOBER 26

9:30 a.m.
Judiciary
Courts Subcommittee
To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.
2228 Dirksen Building

Judiciary
Juvenile Justice Subcommittee
To hold hearings on the judicial systems' policies relating to correctional institutions and sentencing of juveniles.
357 Russell Building

OCTOBER 27

9:30 a.m.
Labor and Human Resources
To hold hearings on S. 1483, proposed Radiation Exposure Compensation Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

2:00 p.m.
*Judiciary
To hold oversight hearings on merger policy in the private sector.
2228 Dirksen Building

OCTOBER 28

9:30 a.m.
*Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building

*Labor and Human Resources
Labor Subcommittee
Business meeting, to consider S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To continue oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

OCTOBER 29

9:30 a.m.
Commerce, Science, and Transportation
Business, Trade and Tourism Subcommittee
To hold hearings on S. 1256, to regulate interstate commerce by protecting the rights of consumers, dealers, and end users.
235 Russell Building

Judiciary
Courts Subcommittee
To hold hearings on the future income of individuals claiming bankruptcy.
5110 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To continue hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Public Lands and Reserved Water Subcommittee
To hold hearings on S. 625, revising the boundary of Voyageurs National Park in the State of Minnesota.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

OCTOBER 30

10:00 a.m.
Judiciary
To resume oversight hearings on the implementation of the Copyright Act of 1976, focusing on section 101 relative to cable TV policy.
2228 Dirksen Building

NOVEMBER 4

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

NOVEMBER 5

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Judiciary
Juvenile Justice Subcommittee
To hold hearings to examine the impact of media on juveniles.
6226 Dirksen Building

NOVEMBER 10

9:30 a.m.
Labor and Human Resources
To resume hearings on S. 234, to encourage the establishment of home health care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

NOVEMBER 11

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

NOVEMBER 12

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

NOVEMBER 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

CANCELLATIONS

OCTOBER 1

9:30 a.m.
Labor and Human Resources
To resume hearings on S. 234, to encourage the establishment of home health care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

2:00 p.m.
Judiciary
Courts Subcommittee
To hold hearings on S. 1107, to require cases of a local or regional nature be filed in the States or regions in which the subject of the suit is found.
2228 Dirksen Building

OCTOBER 2

10:00 a.m.
Commerce, Science, and Transportation
To hold hearings in conjunction with the National Ocean Policy Study on S. Con. Res. 29, disapproving certain coastal zone management Federal consistency regulations.
1318 Dirksen Building

OCTOBER 6

10:00 a.m.
Commerce, Science, and Transportation
To hold hearings on S. 709, prohibiting the sale of beverage containers without a minimum refund value, and prohibiting the sale of metal beverage containers with detachable openings.
235 Russell Building

2:00 p.m.
Foreign Relations
To continue hearings on the Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.
4221 Dirksen Building

OCTOBER 15

9:30 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate and establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

OCTOBER 22

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1554, S. 1253, S. 482, and S. 440, bills to amend the Federal Criminal Code with respect to the circumstances under which a person charged with or convicted of a crime may be released on bail or personal recognizance.
Room to be announced

NOVEMBER 2

10:00 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To hold oversight hearings on the implementation of Title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (P.L. 95-621).

3110 Dirksen Building

NOVEMBER 3

10:00 a.m.

Energy and Natural Resources

Energy Regulation Subcommittee

To continue oversight hearings on the implementation of Title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (P.L. 95-621).

3110 Dirksen Building

SENATE—*Thursday, October 1, 1981*

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. Thurmond).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Father of mercies and God of all comfort.—II Corinthians 1: 3.

Who setteth the solitary in families.—Psalms 68: 6.

We pray for the strengthening of our homes. The intensity of these past days inevitably impacts our families and homes. We pray for spouses and children who at great cost release their loved ones to public service. Grant that they may be sensitive to the enormous physical and emotional burden days like these impose on those who labor here. Help them to be patient and tranquil in mind and heart when they feel abandoned, when demands on the Hill rob them of time and attentions they have a right to expect.

Help the Senators to be patient when they feel misunderstood by loved ones and to be sensitive to their needs. Enable them to give to family and home the priority God commands. Give them special grace to give loving and affectionate reassurance so desperately needed in times of loneliness which is often confused with rejection. As no nation or culture can long survive disintegration of its families, endow Thy servants with the desire to give leadership in this respect as models of family fidelity.

Gracious God, bring healing and renewal to our families which compose the greatest wealth our land enjoys. Embrace them with Thy reconciling love and cover them with joy and peace. In Jesus' name I pray. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE CHAPLAIN'S ADMONITION

Mr. STEVENS. Mr. President, I hope that our Chaplain will not continue to have those mental wiretaps on all of us who have some strain in our personal lives because of the long hours. I do think his comments this morning are so much on point that he must have his own system of obtaining the same kind of comments that I heard here in the Chamber last night very late and his remarks in our prayer this morning are most appropriate.

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, it is my understanding that there will be a period for routine morning business this morning following a special order.

Will the Chair state how long that will extend?

The PRESIDENT pro tempore. Ten minutes.

ZIP+4

Mr. STEVENS. Mr. President, an article appeared recently in the September issue of Association Management that deserves special attention of the Senate. It was written by John Jay Daly who is well versed in the question of the nine-digit ZIP code.

He is responsible for disseminating fair and accurate information to his audience which consists primarily of organizations with a need to know the facts about this or any other mail program. As he stresses in the article, the new system is strictly voluntary and mailers should study it to see how they can benefit.

In addition, the postal expert points out that the ZIP+4 represents the last great hope of making major postal progress.

I am not certain I agree entirely with the statement that it is the last great hope as I personally have great hope in electronic mail systems which also are coming on as far as the Postal Service is concerned.

But I do urge everyone to look at the ZIP code system, the new system, and I ask unanimous consent to have printed in the Record the John J. Daly article.

There being no objection, the article was ordered to be printed in the Record, as follows:

Living With the Nine-Digit ZIP Code

(By John Jay Daly)

"Zip+4," commonly known as the nine-digit Zip Code, will soon be a fact of American life. Initially, the greatest effect will be felt by business mailers, but associations that mail a lot should study the implications of the expanded code to see if they can benefit by gearing up now for its use.

In budget-cutting legislation passed before its August recess, Congress stalled quick installation of the system. The legislation prohibits the Postal Service from offering financial incentives to users until October 1983. Congress has not killed the program since it is allowing USPS to take the necessary steps to put the program in place.

The expanded coding plan will always be voluntary. It involves adding a hyphen and four digits to the existing five-digit Zips, except in a few cases where geographic growth requires some changes within the present five digits. By taking advantage of automation technology as well, the United States Postal Services hopes to achieve the increased efficiency demanded by the rapid growth and dispersal of our population. As a USPS brochure puts it: "Zip + 4 lets us handle more mail by handling it less." Note, they've never claimed it will speed delivery.

In a classification case wending its way through the independent Postal Rate Commission, the Postal Service has proposed that only first-class mailers of 500 or more properly prepared mail pieces get a half-cent discount for its use. The 10-year-old Postal Reorganization Act provides that after such a proposal has been before them for 90 days, USPS may implement the change on a temporary basis. However, it won't now because recent congressional action bans the discounts until the beginning of the 1984 federal fiscal year.

If business mailers' arguments prevail, the discount could be increased, and it is possible, but not probable, the PRC could recommend some type of discount for second- and third-class users. More likely, however, a separate classification case will be required to add discounts for those classes.

MANY HURDLES

The classification process at the PRC isn't the only hurdle the controversial plan has had to overcome. The Postal Service also had to pass the Reagan administration's Office of Management and Budget guidelines for cost-effectiveness.

Its initial submission was rejected as incomplete, but in late June, Postmaster General William F. Bolger finally received a one-page letter from OMB giving the go-ahead but expressing these two concerns: "The first is the cost and efficiency of the new equipment: in short, will it work, and will the costs be as predicted? The second is the quality differential among non-Zip, 5-Zip and Zip + 4." OMB's okay was critical to the timetable.

The next day, as part of its budget cutting package, the House voted to have USPS "delay implementation through fiscal year 1983" and then promptly took a 10-day recess for Independence Day. The budget package was not yet law since the Senate hadn't acted. USPS issued an 8,000-word Final Rule to explain the program in detail, even including summaries of varied comments, many critical.

LEGISLATIVE ATTENTION

The Zip + 4 proposal has received considerable congressional attention with hearings held before several House and Senate subcommittees. Senator Ted Stevens (R-AK), chairman of the Senate subcommittee with jurisdiction over postal affairs, supports the system. His bill (S. 678), which the Postal Service supported, was enacted to ensure by law that the program will forever be voluntary. Many user groups, however, remain skeptical.

Republican Senator David F. Durenberger of Minnesota, a vocal critic of the plan, wanted to kill it outright by an amendment to the bill that would deny any federal funds to implement the program. The amendment was initially defeated on the Senate floor on procedural grounds and was later also defeated in the subcommittee.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

WHAT SHOULD ASSOCIATIONS DO?

What can and should associations do about Zip + 4?

Study the program. Each association must assess for itself whether adding the hyphen and the four digits makes long-term economic sense. As long as the proposed users' discount is restricted to first-class mail, and the amount of the discount is only half a cent per piece, relatively few associations can justify the conversion. As those factors change, however, more will arrive at a different answer, particularly if computers are used for addressing.

To get started, ask your postmaster to have a Customer Relations Officer discuss your own mailing patterns; if you know you want to convert immediately, ask for the form to order the computer tapes USPS provides free for 60 days to make the conversion to Zip + 4 easier. USPS will also offer a one-time conversion service for mailers who have manually maintained files of more than 500 names.

Associations that use business reply envelopes or cards should plan to obtain new bar code negatives that correspond to their unique Zip + 4 code and Facing Identification Mark (FIM) negatives, when their current supplies are exhausted. Negatives may be ordered from Postal Service customer service representatives.

Use of preprinted Zip + 4 bar codes and FIM markings will not only help improve USPS mail processing efficiency but also enable mailers to use automatic sorting equipment for inhouse mail processing.

WHAT THE FOUR NEW DIGITS MEAN

Even if you don't convert your mailing system to the program, association executives should ensure that the hyphen and four new digits are added to any new printed material—stationery, business cards, application forms, booklets, and so forth—so your members and others will know your code. For instance, the unique add-on code for ASAE is -1168, which would be written 20005-1168. The first two of the new digits identify a specific sector of a delivery zone that may consist of several blocks, a group of streets,, large buildings, or a small geographical area.

The last two numbers divide sectors into even smaller areas called segments: one side of a city block, or both sides of a particular street, one floor in a large building, specific departments within an association or business firm, a cluster of mailboxes, sections of post office boxes, or other similar geographic groupings.

In another office—across the street and around the corner and in another five-digit coding area from ASAE—the new digits 20006-2993 are what is known as firm direct, which is unique for that office. The law firm next door has yet another Zip + 4 designation.

This summer, USPS plans to send out a mass mailing to notify businesses and associations of their own new add-on codes. You can get the codes of others by calling an 800 toll-free number network to be on-line this fall; households will learn their codes next spring. In addition to the computer tapes that are now available on 60-day free loan, there will be local and regional directories but no national directory. since it would be too big to lift. There will be a national microfilm directory, however. And this fall, USPS will publish a Zip + 4 service bureau directory listing all known firms providing assistance to mailers who want to convert their address files.

In addition, USPS plans to hold seminars across the country to explain the benefits of the Zip + 4 program and how to use the data tapes. Users can also ask for special training programs for their employees. If you wish. USPS will provide spokesmen to talk about the program at your group meetings.

COMPUTERS AND COOPERATION ARE KEY

Key to the success of the program will be widespread cooperation coupled with computer technology. Later this year, optical character reader (OCR) machines will be installed in larger post offices, the 300 management sectional centers, at the rate of approximately eight per month through 1985. The Postal Service has been testing these machines for more than four years with favorable results.

A flyer, "Addressing for Optical Recognition" (USPS Notice 165), can be obtained free from your local postmaster.

The program has somehow survived a lot of criticism and, now that the numbers are arriving, will continue to be greeted with skepticism and scorn. The Postal Service has a massive public education job to do. But able assistance is available.

To help them with their herculean efforts, USPS has received considerable support from experts like James E. Pehta, executive vice president of List Processing Company, a Midwestern computer software firm. In repeated testimony before Senate and House subcommittees, Mr. Pehta has emphasized the need for the USPS to explain "in understandable terms to business, citizens, and Congress both the reasons behind and the benefits of this new program to the postal customers of this country—and also to postal employees themselves."

PROJECTED "ROI" IS HIGH

Mr. Pehta also emphasized that the software is available to implement the Zip + 4 program. He pointed out that while the total investment in the equipment is high ($900 million or more), the promised returns on investments (46 percent) can be justified, but mailers must make their own financial decisions.

Another mailing expert who supports the program is David T. Jones, president of the Business Equipment Group of Bell & Howell, Chicago, Illinois. Mr. Jones has more than 22 years experience in a number of mail-handling processes. His company's equipment annually processes an estimated 30 billion pieces of first-class mail and another 20 billion pieces of third-class mail.

"REALISTIC RATE INCENTIVE" URGED

When he testified before a House subcommittee earlier this year, Mr. Jones pointed out that "our country has need for a greater expanded code in order to automate the required, expanded, refined sortation and because of an increased population, number of individual homes, number of individual residences, and an increased number of businesses." He urged that a realistic rate incentive be set up so more businesses would use the new system faster.

With the much heralded and much maligned expanded Zip Code nearing reality, it behooves association executives and their staffs to study the program to see how they can benefit. There's no need to make a complete, immediate change to the system, but implementing a gradual conversion is certainly to the long-term benefit of most associations.

It didn't quite take all of the 17 years it's been in effect for the five-digit system to be used on 97 percent of the mail, but the Zip Code is now a well-established part of most everyone's mail. especially businesses. Undoubtedly, there will continue to be huge pockets of resistance to the voluntary use of the four-digit add-on, and it isn't likely ever to achieve the near-universal acceptance of the basic program.

However, since government and business mailers, including associations, generate more than 80 percent of all letter mail volume, which is almost all machinable and most of it OCR readable, the success of the controversial program hinges on cooperation.

4 PLUSES OF ZIP + 4

Widespread business use of Zip + 4 should provide these pluses:

More efficient and consistent service but not speedier deliveries.

Greater accuracy of mail distribution, though there will still be errors.

Greater ability to hold down postal costs—86 percent of which are labor and 6 percent are energy.

Greater postage rate stability, though rate will continue to rise.

Naturally it won't be easy, nor without cost or pain, considering that 86 percent of the present $22 billion postal budget goes for labor. But as a longtime postalologist who has tracked the procedural and policy changes of eight Postmasters-General, I agree with the present one, who has urged Congress not to legislate against Zip + 4 since it represents the last great hope of making major postal progress.

Even if only half of USPS's promises come true, the massive effort everyone will have to expend should still be worth it. Especially since the program is voluntary.

DAY ONE OF THE ECONOMIC RECOVERY ACT

Mr. STEVENS. Mr. President, we must recognize that today, October 1, 1981, marks the first day in which the President's tax reform program takes effect.

It is significant to note that while some criticism has been levied toward the Economic Recovery Act, the fact is the actual tax cuts begin as of today.

I am hopeful that as the Economic Recovery Act is fully implemented, the benefits will be evident throughout all sectors of our economy. The signals this package sends to the financial community are ones representing a strong and effective economic policy dedicated to lower Government spending, reduced deficits and a balanced Federal budget.

The effect of these signals should show the dedication and determination of the administration to adequately and effectively address the critical questions that today affect and guide our Nation's economy. The commitment for a strong and vibrant economy will hopefully be reflected by a renewed faith in Government by the financial sector as well as individual Americans.

This commitment and faith should be expected to be reflected in lower interest rates, increased savings and increased investments by individuals and businesses throughout the country.

Mr. President, in the weeks ahead the Senate will again be addressing the issue of further budget cuts as proposed by President Reagan. Many of these budget reductions will be accomplished in the appropriations process.

The combination of the reduced Federal spending with the beginning of the tax bill program will continue to serve as an impetus to get our Nation back on the road to economic recovery.

Finally, Mr. President, I think it is appropriate to commend the Senate as a whole for having taken part in the total enactment of the Economic Recovery Act and supporting the President's program. Without the dedication of Congress, particularly the Senate, October 1, 1981, would not have the meaning that it has for me today.

THE FIRST DAY OF THE NEW FISCAL YEAR

Mr. BAKER. Mr. President, staying out late is supposed to be fun, but to tell the truth, I have not seen too many smiling faces this week. It has been a difficult week, and all I can say is that, "I told you so."

But this week's feverish pace aside, I want to take this opportunity to thank my colleagues on both sides of the aisle, the clerks and the official reporters of debates and all the employees who set their daily watches to the hours of the U.S. Senate.

With that in mind, I simply want to add that I have some good news and some bad news to now report. First, the good news is that because we have all endured the type of week that we have, the Senate will not be in session tomorrow. The bad news is however, that we will no doubt need tomorrow's reprieve, and several more, for life in the Senate has not reached its twilight years, and there will be more weeks like this one before we do.

Mr. President, I now ask unanimous consent that an editorial which appeared in this morning's Wall Street Journal be printed in the Record. It is an astute analysis of the Reagan administration's economic policies, and the significance of this first day of the new fiscal year.

There being no objection, the article was ordered to be printed in the Record, as follows:

A Policy Comes of Age

Today the Reagan economic policy actually starts to take effect, with both the initial budget cuts and the initial tax reductions becoming law with the start of a new government fiscal year. In view of the turmoil in the financial markets, the glee of Mr. Regan's critics and the sense of near-panic within the administration itself, it's worth taking a moment to recall what those policies are supposed to do.

President Reagan inherited an economy wracked by a decade of accelerating inflation umparalleled in this nation's peacetime history. This inflation had unbalanced the financial system, undermined productive investment and insidiously raised tax rates to the point where it was obvious to nearly all that inflation is an impediment rather than a stimulus to real growth. The administration's policies were designed to cure this cancer.

The therapy, however, was further designed to do the least possible damage to the patient. The inflation was to be killed with restrained monetary growth. But the side effects that this powerful drug might have on production and employment were to be minimized by a dose of new incentives, principally a reduction in stifling and ever-mounting tax rates. Thus, the hope was to cure a mind-bending inflation without provoking a mind-bending recession.

Along Wall Street and in central banks around the world, of course, there are economists who in their hearts believe that the cure for inflation is recession, and that the cure for bad inflation is bad recession. As interest rates soared and stocks tumbled these past six weeks, the knock-em-in-the-head conservatives have been making unholy alliance with the high-tax liberals to write off the Reagan prescription before it could even be administered. Both agree that his tax cuts, which is to say rate reductions of just about enough to offset the automatic tax boost from inflation, are responsible for all our woes. Everything would be rosy if only taxes were not stabilized but raised.

Yet on the basis of the partial results so far available, the astonishing thing is not the policy's failure but its success. Above all, inflation is falling. Monetary restraint and decontrol of oil prices did not have to await an Oct. 1 effective date, and their effect is seen in a slowing increase in the Consumer Price Index. The trend is even starting to reduce wage demands, which the Keynesian analysts tend to consider the essential and also impossible key to disinflation.

In the real sector, the side effects of the cure have so far been remarkably slight. The patient is fatigued and unhappy, but out of bed and able to function. There has been no rise in measured unemployment. We may officially register a recession in 1981, but only by the smallest margin in the most technical sense. The surprising resilience of the economy is almost certainly an advance expectional effect of the tax cuts that go into effect today and, more importantly, on Jan. 1.

The worrisome symptoms lie in the financial sector. High interest rates and falling stock prices, painful enough in their own right, have often though not invariably been precursors of recession in the real sector. Those of us who championed the Reagan policy mix, had hoped that the expectation of slower inflation would reduce interest rates, even before the policies were actually in effect, and it is perplexing and disappointing that rates did not fall but rose.

That the hoped-for expectational effect has not materialized, though, by no means proves that the actual policies will not work. In particular, the tax cuts to be effective in January include powerful savings incentives—the reduction in the top marginal rate on returns from savings to 50 percent from 70 percent, the new retirement account provisions, faster corporate depreciation and even the misguided All-Savers certificate, to the extent its proceeds are arbitraged out of housing and into the credit markets generally. With these powerful additions to the supply of credit in sight, it would be profoundly premature to write off the Reagan policies because of high interest rates.

It is far from clear, in any event, what the markets are telling us. To be sure, the fad is to look for a deficit under every bed. But as a percentage of GNP the current deficit is neither rising nor huge by either historical or international standards. And if the fear were future deficits, as Milton Friedman observes, long-term interest rates would not be below short-term ones.

The hue and cry over the deficit and high interest rates, too, is often disingenuous. The liberals, who have never worried about deficits before, want more taxes to spend. The Wall Street economists want attention, and are often taken more seriously in Washington than in their own trading rooms. The loudest complaints over high interest rates comes from individuals and businesses who have overextended debt in the belief that inflation would bail them out; while it may be possible to end inflation without decimating the economy it is feckless to say no one should be hurt. And for everyone who pays a high interest rate, after all, someone else receives it.

Perhaps the previous depressive impact of high rates will be lost now that money market funds and the like allow these returns to flow to the ultimate saver. In curing inflation, discouraging borrowers and rewarding savers is not the worst policy that might be imagined.

The real problem with high and volatile interest rates lies in their implication not for short-term economic management but for long-term growth. It is unrealistic to expect businesses to undertake long-lead-time projects in the current climate of uncertainty, and it is unrealistic to expect to balance the federal budget at current nominal interest rates. The persistence of rates that cannot be explained by current inflation plus a healthy real rate of 6% or so must almost certainly reflect a lack of confidence that the Federal Reserve can hew to a noninflationary money policy. (As the latest dip in bonds reflects the Fed's latest flinch in keeping money tight.) Unless the inflation super-premium starts to fall away, the administration and the Fed will be forced to look more closely at a link between the dollar and gold. The argument for this link, instrumental in ending many past inflations, is precisely that it might provide the expectational impact that has so far eluded us.

So as the Reagan economic policy comes of age, our advice is to avoid premature panic. Inflation is falling, and a serious recession has not yet arrived. Lower interest rates would be nice in the short run, and are essential in the long run, but cures for dread diseases are seldom entirely painless. This is not the time to get into spitting matches with Wall Street, to center policy on manipulating the deficit to fine-tune the bond market, to scurry frantically for nickel-and-dime tax increases. This is the time to take the long view. Yes, we know. The 1982 elections are coming. But one of the things being tested is whether a modern democracy can stick with a given policy long enough to give it a fair test.

ORDER OF BUSINESS

Mr. STEVENS. Mr. President, I yield the remainder of our time to the Senator from Pennsylvania and ask unanimous consent that his special order be taken up first, if there is no objection.

The PRESIDING OFFICER (Mr. Cochran). Is there objection to the request of the Senator from Alaska?

Mr. STEVENS. Mr. President, I withhold that until I discuss it with the Senator from West Virginia.

Mr. ROBERT C. BYRD. How long will the other special order last? The majority side has one special order?

Mr. STEVENS. He is the only one and the others are all on the minority side.

Mr. ROBERT C. BYRD. Very well.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. Specter at this point in connection with the introduction of legislation relating to crime control are printed later in today's Record.)

RECOGNITION OF THE MINORITY LEADER

Mr. ROBERT C. BYRD. Mr. President, I thank the Chair.

VIOLENT CRIME IN AMERICA

Mr. ROBERT C. BYRD. Mr. President, I have spoken out previously on the subject of the increasing level of criminal violence which rages across our land. Some months ago, all of my Democratic colleagues recommended a comprehensive crime program designed to deal with this continuing danger to our communities and our homes. Our crime package, which was introduced as the "National Security and Violent Crime Amendments of 1981," is still pending before the Senate. I hope it will be passed by the Senate within the next few weeks. Our program, which was announced in June, addressed virtually every aspect of the Federal law enforcement effort.

Our proposals called for the jailing, before trial, of persons charged with crimes who constitute a danger to the community.

Our proposals called for stiffer prison terms for violent criminals, without the possibility of parole.

Our proposals called for a whole host of tough new laws directed at terrorists and arsonists, would-be assassins and organized criminals.

And we proposed the appointment of a new cabinet-level official to reshape, direct, and manage a workable and effective program to halt the menace of illegal drugs which account for so much of the street crime in our land.

Today, I would like to acknowledge the President's declaration in New Orleans earlier this week that he, too, is interested in addressing the problem of crime. I welcome his joining our effort, and I look forward to seeing the specifics of the legislation he will propose.

Let me just add that I hope the President will reconsider his announced intention of making further cuts in law enforcement. As my colleagues are aware, the administration originally proposed cuts in crime-fighting programs which added up to approximately $231 million.

Last week, additional proposed cuts of at least 16 percent were announced. Certainly if there is a single program on which the American people are agreed that no cuts should be tolerated, it is the Government's effort against violent crime.

I hope we can all work together in a spirit of nonpartisanship in addressing this problem. My colleagues and I stand ready to act, and to act now.

Thank you, Mr. President.

ORDER OF PROCEDURE ON SPECIAL ORDERS

Mr. ROBERT C. BYRD. Will the distinguished acting majority leader enter an order that Senators using the 1 hour of 15-minute special orders on this side may allocate that as they wish and that the orders do not have to follow any particular sequence?

Mr. STEVENS. Mr. President, I make that unanimous-consent request and further ask unanimous consent that the distinguished minority leader have complete control of that hour to allocate as he sees fit, or his designee.

Mr. ROBERT C. BYRD. I thank the distinguished Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

A LOOK AT THE NEW (FISCAL) YEAR

Mr. ROBERT C. BYRD. Mr. President, we often have New Year's Eve celebrations. Today is the beginning of the new fiscal year and yesterday there was a kind of New Year's Eve celebration.

So, I suppose, that yesterday's having witnessed the New Year's Eve party, today would be an appropriate day to think in terms of the "morning after." The trouble with New Year's Eve celebrations is that we all have to wake up the next day to face reality.

Arthur Schlesinger, Jr., recently wrote:

> The supply-side fantasy is voodoo economics. . . . The witch doctors have had their day. Reality is awaiting.

Much is said about the President's program not having been in effect and about today's being the day in which the program will, at last, go into effect.

The President, from time to time, has said:

> Why, of course, my program is not working. Those who say my program is not working, of course it isn't. It hasn't begun yet It won't begin until October 1.

Well, this is October 1, but the program began, in many respects, long ago.

For example, the business side of the tax cut was made retroactive to January 1. So that was New Year's Day for the business side of the tax cut. The tight money policy which Mr. Reagan advocated all during the campaign last year has been in effect all year, and prior thereto, as a matter of fact.

The money growth policy of the Federal Reserve has been as restrictive this year as at any time in history.

Many of the rescissions went into effect several weeks ago. The budget cuts already have been felt to some degree, although not as much as they will be, and the regulatory relief component of the President's economic program has been in effect quite some time, the President already claiming in his most recent televised speech to have reduced Government regulations by 30 percent. So in reality, most of the President's economic program has been in effect before today. As I say, money has been tight since January, budgets have already been cut, and the business tax cuts were retroactive to January 1. The President's program is undeniably complete now, so it is time to cast aside future promises and accept the present responsibilities.

As October 1 approached, the administration's brave words and rosy predictions began to wilt. Nearly a year ago, candidate Reagan told a nationwide audience that he had "submitted an economic plan * * * that can provide for a balanced budget in 1983 if not earlier, and * * * we can afford the tax cuts I have proposed."

Four months later, on February 3, 1981, the President backed off somewhat, telling reporters "one of the things I have not retreated from is the 1983 target of a balanced budget."

Fifteen days later, on February 18, in presenting his economic recovery program, he declared that—

> By fiscal 1984, under the policy recommendations presented in this document, the Federal budget should be in balance.

Now, with the exception of a few preprogramed computers at the OMB, there is no indication that a balanced budget is in sight; and even conservative economists, many of them, admit that the 1984 deficit could run between $75 and $100 billion.

The supply-side miracle predicted by the administration has also been exposed as something like a high school card trick. Treasury Secretary Donald Regan said in February:

> The negative reaction on Wall Street . . . is betting on the ability of this administration to get this package through the Congress. . . . They like the package, but they are suggesting that we may not be able to get this through the Congress.

Not to be outdone by his boss, Treasury Under Secretary Norman Ture said:

> I think you will see an upturn in the very, very near future, following the adoption of the President's program.

Then Secretary Regan upped the ante slightly by declaring, in April that—

> A full three year program announced and enacted into law . . . will produce immediate and beneficial responses by workers, savers and investors.

These predictions trailed off as passage of the administration's tax and budget packages became more likely. And in August, as the markets responded to passage with tumbling bond and stock prices, and greater deficits loomed for the future, the President said that problems were caused "in part (by) not getting totally what we had asked for in the budget cuts, but also that the tax package finally came in with additional reductions."

Well, the President asked for $35 billion in tax cuts and he got $35 billion in tax cuts. He asked for a 3-year across-the-board tax cut and he got a 3-year across-the-board tax cut. He first asked for 10 percent per year for 3 years—Kemp-Roth in its purest form—and then he backed away from 10 percent the first year. It was obvious that 10 percent the first year would create too great a strain on the budget, so the administration backed away from the 10 percent the first year. So it was 5 percent the first year, 10 percent the second, and 10 percent the third, which was Kemp-Roth still in its purest form, with the business component of the tax cut being made retroactive to January 1.

Such excuses are less convincing when we remember that in late April, the President urged a joint session of Congress to pass the Budget Act, saying:

> We embrace and fully support the (Gramm-Latta) substitute.

I have inserted the words "Gramm-Latta," to identify the substitute.

> It will achieve all the essential aims of controlling Government spending—

Listen to that.

> It will achieve all the essential aims of controlling Government spending, reducing the tax burden, building a national defense program second to none, and stimulating the economic growth and creating millions of new jobs.

Already we are seeing what is happening to the national defense program "second to none." It is already being cut $2 billion this current fiscal year—fiscal year 1982, a $2 billion defense cut. If it were cut to $3.8 billion, it would be down to the Carter budget.

So I would imagine that the Soviets, having been challenged to an arms race which they "cannot hope to win", as the President said, are probably puzzled by this type of arms race in which the administration promised a great defense buildup and now is already talking about skeletonizing an army division and cutting back on many other needed areas of defense. But that can be a subject for another day.

In July, the President said that the tax bill—

> Includes just about everything to help the economy. We reduce the marriage penalty . . . we increase the exemption on the inheritance or estate tax . . . (we include) a short-term but substantial assistance for the hard-pressed thrift industry as well as reductions in oil taxes . . .

Most of these specific items were "additional reductions" the President criticized a few weeks later.

There should be no surprise about the failure of markets to turn around, or of investment to spurt forward as administration predictions foretold. The one-two combination of high interest rates and slack demand make capital investment highly unattractive to businesses, when an 18-percent return can be earned in money markets.

As Arthur Schlesinger, Jr. correctly notes:

> It turns out now that while rich people naturally rejoiced in a program that reduced their income and estate taxes, they never really believed it would produce all those miraculous side effects . . . For a man who reveres the free market, (President Reagan) is strangely resistant to the market's verdict on his economic plan.

On this morning after the night before, Democrats call on the President to watch the market's verdict closely. Nearly a month ago after the tax and budget bills were passed, President Reagan said:

> There's been a slump, and they say, "Well, the slump is because the program isn't working." Well, it isn't. It doesn't start until October 1st.

Today is October 1. We all hope the President's program will work, and that the supply-side miracle he promised will occur. But we are afraid it will not, and that the losers will be the millions of Americans who work for a living or depend upon social security for their livelihood; or the small business people who are facing bankruptcy and confronting the sordid picture that bankruptcies are up 41 percent over what they were a year ago.

These are the people President Reagan called the real "heroes" of America, and they deserve our best efforts to improve the economy. I hope we will not forget them as the New Year's glow fades.

I ask unanimous consent to insert in the RECORD an article by Arthur Schlesinger, Jr., which appeared in the Wall Street Journal on Tuesday, September 29.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ADMINISTRATION ECONOMICS: END OF ILLUSIONS

(By Arthur Schlesinger, Jr.)

The house of cards is beginning to fall. President Reagan is right in saying that his "economic plan" won't go into effect until Oct. 1. But that is beside the point. The point has always been that the Reagan plan relies above all on psychological impact. The mere enactment of tax and spending cuts, it was supposed, would by itself reverse "expectations." Investors and bankers, believing that inflation would be ended, interest rates lowered, the budget balanced, would rush to play their appointed roles in the drama of recovery.

It turns out now that while rich people naturally rejoiced in a program that reduced their income and estate taxes, they never really believed it would produce all those miraculous side effects. Dr. Reagan's snake oil might keep hair neatly combed but would not necessarily cure erysipelas, fallen arches and cancer. Given this not unreasonable skepticism, the voodoo magic of expectations is simply not working.

The President, sounding more like Margaret Thatcher every day, is going to fight out on his line if it takes all winter. For a man who reveres the free market, he is strangely resistant to the market's verdict on his economic plan. His men, in the meantime, have discarded their calculations of the spring, returned to their abacuses and now conclude that the budget will have to be cut still more.

RESURRECTION OF GOLD BUGS

The more desperate among them think only a return to the gold standard can instill the missing element of confidence. This resurrection of the gold bugs is a little hard on the Secretary of the Treasury, who is also, by statute, chairman of the Gold Commission. "It is," observes the Financial Times of London, "as if the Surgeon General had been mandated to examine the potential for leeching, or the Attorney General to take a look at ordeal by fire as a mode of criminal investigation."

The President's determination to stay the course will be tough on a lot of people over the next year or two. But it may have its uses in the long run. Neoconservative economics deserves a full and fair test. If the Reagan plan collapses, the country will at least have got the supply-side and monetarist theologies out of its system.

The reduction of federal taxes and spending is, of course, only part of a broader attack on what President Reagan calls the "oppression of big government." The federal establishment, in his view, has become an awful behemoth swallowing up the money, rights and liberties of the people. His intention is to contract the scope of federal responsibility and to transfer federal functions as far as he can to the states. One wonders whether the President's new federalism may not turn out to be another house of cards.

The bystander might suppose from the perfervid language of the day that the national government, in recent years, had undergone a spectacular and monstrous expansion. I hesitate to spoil people's fun by bringing up the figures, but stern obedience to the historian's duty compels me to overcome that hesitation. For the figures reveal something astonishing against the background of popular mythology. They reveal that there has been no great growth in the federal establishment over the last 30 years.

In fact, the number of civilians working for the federal government has not even kept pace with population growth. In 1949, the federal force consisted of 2.1 million. Thirty years later, while the country had grown by 70 million, the federal force had grown only by 750,000. 13.9 out of every 1,000 Americans worked for the federal government in 1949; 12.7 in 1979. In short, the perecntage of federal government employes has actually declined in the last 30 years. Moreover, more than a third of the federal civilian work force—nearly a million persons—are in national defense jobs, and another 650,000 deliver the mail. Together, defense and the postal service accounted in 1979 for over 56 perecnt of federal employes.

Or consider the federal budget. In 1954, the federal budget represented 19.4 percent of gross national product; 25 years later, it represented 21.3 percent—an increase, but hardly the hemorrhage we have heard about so often. As for taxes, federal budet receipts in 1960 amounted to 18.3 percent of GNP; in 1979, 19.6 percent. These spending and taxing ratios are considerably lower in relation to GNP than those in the democratic states of Western Europe. The federal payroll was actually a smaller percentage of GNP in 1979 than in 1950.

Why then the widespread idea about the remorseless growth of government? One answer to that is that government on all levels has indeed expanded—but that the spectacular and monstrous expansion has taken place in state and local government. Again, some figures. In 1950, 4.2 million persons worked for state and local governments; in 1979, 13.1 million. While the federal labor force grew by 27 percent, the state and local labor force has grown by 212 percent. State and local employes represented 67 percent of total government employment in 1950, 82 percent in 1979. In 1960, federal purchases of goods and services exceeded state and local governments combined; in 1980, state and local government purchases had become nearly twice as great.

All this suggests where the real issue of government expansion and overload lies, and why President Reagan's new federalism may be heading for difficulties. Much of the recent growth has taken place in response to past federal policies, but that will be inconsiderable compared to the growth the Reagan policies will require. The projected transfer of social functions—welfare, education, mass transportation, health care—to states and localities can only mean still greater acceleration in the growth of state and local bureaucracies. And it can only mean an increase in state and local taxes that will soon cancel out the alleged benefits of federal tax reduction.

"Take just one area," President Reagan said of the federal government in his speech in July at Atlanta to the National Conference of State Legislatures. "In 1978, there were 35 programs for pollution alone." This is no doubt deplorable. But under the new federalism there would be at least 50 separate state pollution programs, with inevitable and destructive competition to woo industry at the expense of the states that maintain standards. Talk about duplication, inefficiency and waste! While the quality of state administration has undoubtedly improved in recent years, this fact compensates neither for the redundancy nor for the impotence of 50 state-of-state bureaucracies set up to manage problems that spill across state lines.

Nor does American history offer much evidence to warrant the belief that state and local government will be more incorruptible, more expert and more competent than federal government. Look at the prisons and insane asylums in your own state, wherever you are.

Nor, contrary to myth, does history demonstrate local government to be more responsive to popular need than the federal government. President Reagan spoke in Atlanta about his "campaign to give the government back to the people." Yet local government historically has been the government of the locally powerful; and the best way the locally powerless have found to vindicate their human and constitutional rights against the locally powerful has been through resort to the national government.

A MORE COMPLEX ECONOMY

Thomas Jefferson thought otherwise in a simpler time, when a predominantly agricultural society gave each man a sufficiency with which to protect himself. One reason why the nation has moved steadily away from the Jeffersonian proposition is because that proposition, in a more complex economy, has meant a system by which the strongest local interests, whether planters, landlords, merchants or industrialists, have been able to consolidate their control.

Local government historically is the last refuge of reaction. The national government historically has been the protector of the poor and powerless. Had the states' rights view prevailed, we would still have slavery in the United States. Mr. Reagan cited the Federalist Papers in his Atlanta talk. If he would take another look at these fundamental essays, he would recall that they were an argument for a "vigorous national government" They were not a plea for a return to the Articles of Confederation.

Even if we had a national government prepared to meet its responsibilities, state and local government would be in trouble enough in the face of fiscal stringencies, prohibitively high interest rates and a crumbling infrastructure in desperate need of repair and renewed. But, with an administration in Washington yearning to dump still more problems on local units already staggering under overload, the prospect is grim.

Yet, as the supply-side fantasy is voodoo economics, this notion of palming everything off on the states is voodoo politics. The witch doctors have had their day. Reality is awaiting.

RECOGNITION OF SENATOR LEAHY

The **PRESIDING OFFICER**. Under the previous order, the Senator from Vermont is recognized for not to exceed 15 minutes.

THE PRESIDENT'S ECONOMICS

Mr. **LEAHY**. Mr. President, a number of my colleagues took to the floor yesterday in what they termed a celebration of the fiscal new year. I stood on the floor at midnight, waiting for that magic moment that we all experience on New Year's Eve. I did not know whether maybe the beautiful skylight here in the Chamber would descend a la Times Square in New York, or whether the normally reserved joint leadership would break out with noisemakers or hats. But none of those things happened.

Mr. **ROBERT C. BYRD**. Did the Senator see any balloons?

Mr. **LEAHY**. Well, I saw some punctured anticipations, I think I can say to my distinguished friend from West Virginia. Some of the balloons were beginning to expand and, having ample material to expand them, I might add, did not quite work the way they were supposed to.

A lot of people did not feel that relief of return to fiscal responsibility. I know I did not feel it, even though it had been promised me by my distinguished colleagues earlier in the day. In fact, midnight passed without any particular event, although at 12:27 this morning I was on the floor and that was the time chosen for the official commencement of the fiscal new year.

I did not feel any particular twinge and I did not have a mood of celebration at that time, I must tell my good friend from West Virginia, and I suspect he felt much the same way that I did at that time.

Mr. **ROBERT C. BYRD**. Did the Senator conclude that the miracle of the new year was late in coming? Indeed, the clocks stopped prior to the hour of midnight. It was not the same as on New Year's Eve.

Mr. **LEAHY**. In fact, I have always found the general feeling of people on New Year's Eve to almost want to hurry the clock, if anything, to get to that magic hour of midnight. I kept looking at the clock and it seemed to be very slow.

I have had clocks like that at home, usually because we failed to wind them. But that condition seemed to be with all the clocks around here. I did not know whether that was part of the magic moment of midnight.

But then it occurred to me that instead of everybody rushing forward to that joyous feeling that you feel on New Year's, that perhaps there was a hesitancy; perhaps there was not quite the anticipation, or at least the anticipation had changed from one of joy to one of some concern.

That may well be because the President's new economics were coming into play.

I must say, Mr. President, that I want to be totally bipartisan about this. I really do. I must say that I have looked at the Reagan-Bush economics, and I support without reserve what Vice President Bush said when he called them voodoo economics. So that will be my bipartisan statement of the day.

Vice President Bush, in discussing his and the President's economic policy, which he described as voodoo economics, was absolutely right, and I commend him for spotting what took many others, including Wall Street, much longer to spot.

High interest rates and the current economic slump are going to continue unabated, unless the President changes the course of his economic program. His recent address to the Nation presented him with a chance to alter that course. I am greatly disappointed that he chose, instead, to push us further down the budget-slashing road, a road which is a deadend and one that is going to insure the social fabric of our Nation will be sorely shredded.

Experts on Wall Street and in Congress agree that the economic growth, the lower interest rate, and the shrinking budget deficits the President continues to promise are nowhere in sight. Instead, they see deficits in the range of $170 to $270 billion between now and 1984. And they see deep recessions in housing, in agriculture, in the auto industry, and other industries which cannot bear the strain of high borrowing costs.

Let me say this, Mr. President: I talked about voodoo economics. I feel the arithmetic has not changed since I held a series of meetings in Vermont to warn of the pitfalls of the President's program earlier this year.

No matter how you total the columns, a $750 billion tax cut, and a $1.6 trillion defense buildup, add up to bigger and bigger deficits, and higher and higher interest rates.

The President has vowed to dig in his heels in response to the deteriorating economic situation. This week he has ordered yet another round of painful budget cuts—although initially he has asked for just $16 billion of the $150 to $250 billion in new cuts he will eventually need to meet his balanced budget goal. He has forcefully stated that he will not reconsider his massive tax-cutting package and he has rejected all but a modest pruning of the defense budget.

The President's resolve and conviction may be admirable, but his policies are cause for great alarm. Unless Mr. Reagan shows a new willingness to compromise on tax cuts and defense spending, I fear his economic program will soon collapse in total failure.

He won the first round of budget cuts—a round which totaled $35 billion. He has a fighting chance on the newest round of cuts proposed this week—a new round of cuts which would total just $16 billion, but which would leave most health, education, jobs, housing, and other services reduced by from 30 to 40 percent. But, there is virtually no chance that Congress and the American public will support calls for another $150 billion in cuts—$150 billion in cuts above and beyond those already proposed by the President to pay for his tax cuts and defense spending increases.

And yet, without that, I do not see where we will ever have a balanced budget.

Let us look for a minute at the vision Mr. Reagan has for his 1984 budget.

If it is balanced, a minimum of $150 billion in new budget cuts will have been proposed and approved. Because of his tax cut, the President will have just $748 billion in revenues available to be spent. His defense program will cost $261 billion. Interest on the national debt will cost $86 billion. Social security and other direct benefits to individuals will cost $393 billion. That leaves $8 billion. Yes, $8 billion to run the balance of Government.

Mr. President, I do not believe that the American people want a Government which merely writes the checks for military spending, and, as an infrequent afterthought, for social needs. I do not believe that the American people want to eliminate spending for health services and mental health, and for the education of handicapped children. I do not believe they want to do away with loans for low- and middle-income families who send their children to college, or to eliminate the programs which fill the cracks in the homes of the elderly and poor to protect them against the winter.

The American people do not want to. I know the people of my own State of Vermont do not want to.

Mr. President, these numbers and examples are startling. They are also well within the bounds of reason given the present course.

I hope that the President recognizes the danger of proceeding farther down the budget-cutting road.

The health of the economy does depend to a large extent upon reduced deficits, but deficits can be reduced without a wholesale assault on the Federal budget.

Deficits can be reduced by acknowledging that we cannot yet afford the full $750 billion in tax cuts recently approved.

Deficits can be eliminated by recognizing that much waste and fraud remains in the Pentagon's budget; by putting our defense dollars into sorely needed areas of operation and maintenance, in training and readiness, but recognizing the foolishness of $30 billion commitments to obsolete weapons systems like the B-1 bomber. By recognizing that a great threat to our national security is the failing economy and soaring interest rates we have created within our own borders.

Mr. President, as soon as the President and Congress admit what has been obvious for some time—that we cannot simultaneously slash revenues, build our defenses, and balance the budget—we can get on with the business of restoring the health of our economy and a decent living standard for working American families.

Mr. President, I yield to the distinguished Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

A NEW BEGINNING

Mr. BRADLEY. Mr. President, today is a new beginning. That is what all the pins on the lapels of colleagues on the other side of the aisle said last night: "A new beginning."

Mr. President, I hope that the new beginning does not bring old news of persistent inflation, higher deficits, and a sluggish economy, an economy that is not taut and competitive in world markets, but rather, is slack and seemingly unable to marshal the resources to fuel robust economic growth for the American people.

Mr. President, the economic recovery package of the Reagan administration is now in place. In the last several months, we have heard that, of course, the reason things were not going so well was because the package was not in place. But if we reflect back to the points made time and again by the administration in February, we remember they stressed that the very idea of the passage of this package, with its large tax and budget cuts, coupled to a sharp drop in the growth of the supply of money, would alter economic expectations.

In and of itself, it was supposed to restore confidence in the financial markets; and bring a curtailment of inflationary behavior. Indeed, expectations were supposed to be the main weapon against inflation. The economic program was supposed to have signaled very clearly a change in direction.

These tax and budget cuts, combined with the decrease in the growth of the supply of money, was supposed to reassure everyone, and that would bring fourth a flow of investment in the long-term growth of this country. In fact, Mr. President, the passage of the tax bill provided tax benefits to productivity in business sector which became effective January 1, 1981, that is effective last January, not today or next year.

But, of course, Mr. President, investment did not take off. We came back from an August recess saddened and alarmed by the woes of small businessmen, prospective homeowners, and average citizens who in their daily lives were trying to cope with interest rates close to 20 percent. They were and we were, some of us, unable to explain why, after the adoption of that economic recovery program that, according to administration officials in February, was supposed to have such a positive effect on the economic psychology of this country, why, interest rates were at 20 percent?

Mr. President, it seemed there were some Members of this body who began to see conspiracies afoot, conspiracies of diabolical Eastern bankers responsible for high-interest rates. And proposals floated through this Chamber for a windfall profit tax on interest income, credit controls, and other assorted panic measures.

Mr. President, what happened in August was, after the euphoria over the passage of the tax bill had ebbed, people began to examine the details. They began to look at the budget reconciliation bill and the first budget resolution, and they found an incredible imbalance to the Federal budget—an imbalance that was fiscally stimulative; and imbalance that said we are going to cut the budget $135 billion and enact $750 billion in tax cuts at the same time, and also increase defense spending nearly $150 billion. They concluded that this formula might well be stimulative, and that there might well be higher deficits in the future. Therefore, prudent investors in the market, investors not controlled by a conspiracy, but individuals like all of us, looking at their own future and assessing the prospects of the economy, decided, "We have to keep our investments short term, because we look at these fiscal facts and conclude that we shall have much bigger deficits. The Government is into the financial markets for $80 or $90 billion, crowding out private sector investment."

Therefore, Mr. President, interest rates remain very high, so high that not only has the housing industry in this country became endangered—but the bulk of the savings of the American public is in danger of being wiped out. There are those people who believe that the administration's real purpose is to cause a crash of the housing industry because most American people have all their savings tied up in their house, not in bank accounts, and if the value of that house dropped 20 to 40 percent in a short period of time, inflationary expectations will have been cracked and it will seem that we had finally gotten hold of inflation.

But that is not the way it was supposed to have happened, according to the supply-side fairly tale. That is not how it was supposed to have happened.

Mr. President, any small businessman has to finance his inventories. We heard the story over the August recess that you cannot finance inventories if your profit margin is 3 percent, 4 percent, or 5 percent, and you assume that you will not have an interest higher than 14 percent, and the interest rate goes to 19 percent to 20 percent. What happens to the profit margin? It is gone. What happens to the hardware store on the corner? It is gone, too, because you cannot finance inventories at a loss forever.

Now even though the value of your house may have dropped 30 percent because of high interest rates, you still might have a couple of thousand dollars in the bank. So you go to the bank and draw out the money and buy inventories for the shelves of your hardware store, in the hope that people will come in and buy those inventories. For a few months, you can do that, if you expect those interest rates to come down. But if they do not come down, you are under, you have failed, you are bankrupt.

But that is happening every day across the country right now because of high interest rates, because of the underlying irresponsible fiscal policy of this administration, because of the policy that has led to cuts in the budget of $135 billion and, on the other hand, tax cuts of $750 billion.

Mr. President, these interest rates are battering us. We found that out when we went home in August and heard our constituents. But it is not just those constituents. Those interest rates are also endangering our national security. Since 1945, we have worked to create a viable international financial system. Since the late 1960's there has developed an enormously large Eurodollar market. And the dollar is the world's reserve. We are still the dominant economy. So when we raise interest rates because of an irresponsible fiscal policy, those interest rates dramatically affect our allies and trading partners across the world.

One example is West Germany, where there is low inflation and high unemployment. West Germany should follow a stimulative policy, but because our interest rates are high, unless West Germany wants to see their mark depreciate to the point where it becomes an ineffective currency, they have to raise their interest rates.

Mr. President, with those high interest rates pushing West Germany into a recession, would normally want to expand government spending. But they can not because that would put further pressure on interest rates, so they must reduce spending instead. And what do they choose to cut? Defense—the common defense. Partly because of high U.S. interest rates, the Germans cannot afford to increase spending for defense.

The point, simply, is that the economic recovery package passed in early August has had a counterproductive effect. It has not altered psychological expectations with any new beginning. Rather, under a closer scrutiny, the program has led financial markets around the world to conclude that it is fiscally irresponsible and ultimately will hurt the national defense of this country and our allies.

Mr. President, this is a new beginning, but I am afraid that the new beginning is bringing the old news of intractable deficits, of higher interest rates, a sluggish economy. That is exactly what we are facing now. The administration prefers to call it a period of flatness in the economy for the next 6 months. But others might call it a recession.

And what has the administration now proposed to rescue the economy from this predicament? The administration has said, "We will now cut the budget further."

I do not pretend to have all the facts, but, as I recall, the last President to have cut the budget in the face of a recession was Herbert Hoover. People were unemployed, businesses were failing, and the response of Herbert Hoover was, "Cut the budget."

What is the situation today? Businesses are failing, unemployment is rising. What is the response of this administration, coming to the rescue of their economic recovery program in its infancy? Cut the budget. The same message. It is troubling.

Mr. President, I noticed euphoria on the other side when the stock market did not crash, against the predictions of a noted analyst who probably was given greater press attention than he should have gotten. There was great euphoria on the other side that the stock market did not crash. Hooray. The stock market did not crash in response to the economic recovery program of the administration, the new beginning. If that is something to be euphoric about. Maybe that is what they were celebrating last night as the clock turned into the new beginning—that there was not a stock market crash.

Well. that is not what I believe is worth celebrating, not if we have have intractable inflation and soaring deficits and a decline in the competitiveness of the U.S. economy in world markets.

That is why a number of us have looked at these fiscal facts and this irresponsible fiscal policy and concluded that if deficits are going to come down in the next year, or two, or three, you cannot get all the necessary cuts out of the nondefense portion of the budget, unless you cut social security. Of course, that was attempted by the administration earlier this year, when it moved to cut early retiree benefits thereby balancing the budget on the backs of the senior citizens of this country, because of that irresponsible fiscal policy.

That was rejected by the Senate, Republican and Democrat alike, by a vote of 96 to zero. So we have to be careful.

Are we going to get that out of the nondefense portion of the budget? It is unlikely, unless, of course, the whole policy of the U.S. Government becomes the policy of a small band of individuals who are a part of the administration's coalition, the pure ideologues, who, as my colleague from New York has said, are to general conservatives, as anarchist are to liberals.

So, Mr. President, I do not believe it is the agenda of Senators generally, from the Republican or the Democratic side of the aisle, to follow a policy which takes the Federal Government out of everything; but that is the agenda of a small group within the administration's coalition. But should not happen. And it will not happen.

We already have gone far enough in the reconciliation bill.

There will be more than 400,000 families who will be cut from the rolls of aid to families with dependent children. There will be some 1 million civilian workers not eligible for extended benefits under unemployment compensation who otherwise would have received them. There will be some 234,000 people who lose eligibility for trade adjustment assistance. School lunches will rise 20 to 30 cents for the children of this country. We have gone far enough.

We are not going to cut another $70 to $80 billion out of the nondefense portion of this budget. We have gone far enough.

So, how do we put this in some perspective?

Mr. President, if you are an earner of $20,000 and you have three kids, you are going to be paying more for your children's school lunches than you are going to get in a tax cut in the course of a year.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. BRADLEY. I yield.

Mr. ROBERT C. BYRD. How much of a tax cut will the average worker get out of this package?

Mr. BRADLEY. As the distinguished minority leader knows, if you made $25,000 or $30,000, you get about $8 a week, maybe $6 a week, maybe $12 depending on how many children you have.

Mr. ROBERT C. BYRD. But the average worker would you say would get what?

Mr. BRADLEY. $8 a week.

Mr. ROBERT C. BYRD. The average worker?

Mr. BRADLEY. $6 a week.

Mr. ROBERT C. BYRD. $6 a week.

Mr. BRADLEY. I can give the Senator the table if he wishes to see. At $10,000 with two children, a single wage-earning family gets a tax reduction of $4.68 over 3 months.

Mr. ROBERT C. BYRD. $4.68. That would not be enough, I am told, to buy a bottle of cheap champagne to join the administration's celebration.

Mr. BRADLEY. The minority leader certainly could not buy a bottle of cheap champagne. It probably would not pay for the peanut butter and jelly sandwich with which you have to send the children to school because they cannot afford to buy the school lunches.

Of course, you cannot deduct from your tax obligation the peanut butter and jelly sandwiches. But if you had a lunch at the Lion d'Or you might be able to deduct if you were "conducting business" and were of course in a much higher bracket.

The point is that you are not going to get the numbers out of the nondefense portion of the budget unless your heart turns cold and you turn your backs on the legitimate needs of people in this country, on senior citizens, on children without the opportunity for proper nutrition, or children without the opportunity to go to college.

So, Mr. President, where are the new cuts going to come from? Are they going to come from defense? I think maybe we could look a little more carefully at defense and probably find some more out of the defense budget. But are we going to find $70 to $80 billion in defense?

Mr. President, if we did, if this administration said, "We are going to find it in defense," they would be recommending defense levels that were substantially under the expenditures levels recommended by the Carter administration, levels they came into office criticizing as inadequate to defend our security.

I thought that this whole election last time was about making America strong, paying any price so the Soviets would back off the arms race and adventurism in foreign countries.

Well, "If you cannot take the heat get out of the kitchen," said one famous Democrat and if the first time you get a little heat you drop those defense levels way below what the former Carter administration proposed, your program is in jeopardy, and if what is being jeopardized is not just your economic program, but the security of the country.

So it can not all come out of defense. So what is the choice, Mr. President?

The remaining choice is between deferring some portion of the tax cut, or raising new taxes. The administration has proposed raising taxes. I remember that every time someone in the Finance Committee said let us eliminate this tax expenditure, let us eliminate that tax expenditure, instead of cutting the budget, the response from the administration was, "You are raising taxes." If I heard the President right the other night, he is proposing to raise some taxes, including increases through "user fees."

So, is that the way we are going to get another $70 to $80 billion? Unlikely? In their effort to get something in Congress the administration gave away the store. The tax cut initially was supposed to be just a rate reduction and some accelerated depreciation. It mushroomed into the biggest tax cut in history, a cut that basically substantially deprives the people of Federal revenues needed for the decade of the 1980's.

I believe the administration will ultimately recognize this and if they want interest rates to come down and deficits to decrease, they will defer a portion of the tax cut. I see the ranking minority member of the Budget Committee on the floor and I am sure he will talk about that in greater detail.

So I will not get into any specific proposal for deferring the tax cut, except to say that ultimately the administration will come to the fact that it is more important for the deficit to be reduced and for interest rates to drop than it is for that average American family to get $4 to $8 a week, which will go for the children's school lunches anyway unless the supplyside miracle materializes before our eyes in the next couple of months. And, of course, that has to do with psychology.

The argument is that if you have another $8 in your pocket you are going to work harder. Now, that raises a couple of questions. If you had piece work only, yes, you might decide to work an extra hour or two to make a few extra bucks. But, if you are governed by a very strict union contract, you are not going to be able to work harder unless the union decides you should.

Moreover, if you are not a pieceworker, or you are not paid by the hour, but instead receive a fixed salary that does not vary with hours worked, where is the so-called supply-side incentive to work more or harder?

So the idea that you are going to work harder and produce more because you have $8 in your pocket, $8 in your pocket that you are going to pay out in increased charges for school lunches, or in increased food and housing costs, is, Mr. President, as I have said a number of times in this debate on the floor, the essence of the supply-side fairy tale.

I mean, there are a lot of reasons why people work harder. You want to advance in the company. You want to take satisfaction in the job well done. You want to establish a personal relationship with another person. You want to make some more money.

But $8 more is going to be the catalyst that is going to produce a productivity jump unparalleled in this history? Just as a rough rule of thumb, to get the growth that will generate the tax revenues needed to avoid deferring that tax cut, you need to get $5 of growth for every dollar of tax cut. Is that going to happen? It never has before.

So, no, Mr. President, I do not think that is going to happen.

Now, there are other colleagues on the floor so I am not going to go into great length about the other problems with this new beginning but I wish to make two other points.

This new beginning has brought to the fore the inconsistencies of the policies that advocate simultaneously reducing marginal tax rates, cutting nondefense, increasing defense, and reducing the supply of the money.

The inconsistencies are real and virulent. And they will put monetary and fiscal policy on a conflicting course. The fiscal policy is stimulative and irresponsible. The monetary policy is restrictive. The result will be that on this day of new beginning, because of the conflict between monetary and fiscal policy, we will have the old news, the old news of slower growth, intractable inflation, and higher interest rates, the old news that the health of our economy and consequently our national security are in danger.

(Mrs. HAWKINS assumed the chair.)

Mr. BRADLEY. Finally, Madam President, the new beginning does not begin to address the structural economic questions, things like how you get people in a city with 40 percent unemployment, people with little stake in society, back to work; how you get workers in older industries which are losing their competitiveness retrained to work in the new industries. It does not answer that. It does not respond to challenges posed by the interdependence of our economy with foreign economies. It does not address problems posed by the large debt due our banks by Third World countries, countries which if there is a world recession, have no means of paying those loans, and, whose default could jeopardize the banks of this country and the economy of this country. It does not address of these things. Instead, the foreign economic policy of the administration seems to be: "The best government is no government. Reduce the activity of the World Bank and the IMF. Let these countries and our banks crash. These countries have got to go and reduce their marginal tax rates."

One of the truest proponents of supply-side economics said to me when I said maybe we need the World Bank and the IMF, "Well, do you know what is the tax rate on the margin in Zaire?" I said, "No; I do not know what the tax rate is on the margin." He said, "99 percent. What we have got to say to Zaire is get your taxes down, cut your budget, and then your economy is going to boom."

Well, I guess there is a fairy tale for Zaire as well as there is one for us here, Madam President. Over time people here and there will recognize that.

So I will abbreviate my remarks. I see other colleagues on the floor who would like to comment about this new beginning. But let me say that I hope it all works. I hope it all works, and I say that as a Democrat who wants to be back in my majority. If it works we will have great economic growth. Inflation will be down, and everybody will be prosperous. But I fear it is not going to work, and if it does not, Democrats will be there with their hands outstretched in conciliation and with compromise a program, a program that says, "Defer some of those tax cuts, address competitiveness, make us first in the international arena, address human capital problems directly, and get serious instead of believing in a fairy tale."

Mr. ROBERT C. BYRD. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. Forty-five minutes.

Mr. ROBERT C. BYRD. Madam President, I yield to Mr. HOLLINGS, then to Mr. HART, then Mr. BAUCUS, and then Mr. KENNEDY.

WATCH WHAT THEY DO, NOT WHAT THEY SAY

Mr. HOLLINGS. Madam President, with respect to the new federalism, I see the distinguished Presiding Officer, the Senator from Florida in the chair. Florida is very, very vitally concerned with regard to the new federalism in the context of coastal zone management, that affects the internal affairs of the State of Florida, the State of South Carolina, and 33 coastal States, that started a new federalism back in 1972, almost 10 years ago.

After years of hearings—with the cooperation of the several States—we induced the States to start a new federalism by implementing the Coastal Zone Management Act with the premise that comprehensive State plans be developed to anticipate the needs of urban sprawl, water needs, recreational, energy needs, and where the port facilities and all were going. We did this because projections show that by the year 2000, 85 percent of the population of the United States will live within 50 miles of the coast, including the Great Lakes. We, determined to get ahead of this in a comprehensive way with the Federal Government leading the initiative financially with planning grants and what have you, and thereupon have the States submit to Washington plans to be approved by the Federal Government. Once a State plan had been approved then all activity, not just State but both State and Federal, would have to be consistent with the approved State plan.

Now, that has moved forward very, very successfully, and we are not talking just money now, we are talking about the new beginning and the new federalism. But what about the kind of new federalism we witnessed here this morning? We were supposed to have a hearing on the changes in the coastal zone Federal consistency regulations. Without consultation with the States or the Congress—the Department of Commerce has promulgated a regulation to do away with the consistency provision that the States have relied on. Several Governors from Florida and at least 17 other States have become exercised and very, very deeply concerned over this proposed regulation—and we had a hearing set for this morning because within 16 more days that regulation becomes law unless disapproved by both bodies.

Now the hearing has been called off. Why? Because we could not have a witness, they say, from the Department of Commerce. The Governors and other witnesses coming to that particular hearing in a bipartisan fashion before our Committee on Commerce could not be heard so that we could move forward with the new federalism.

Is this the strategy—that we are supposed to lose the days of the October recess within that remaining 16-day period? Is it going then to be thwarted, this great initative that we had 10 years ago in the new beginning, the new federalism, is that going to be changed by Washington edict without the Governors and the local folks even being heard?

We cannot get that hearing. Florida is concerned about it, South Carolina is concerned about it, Massachusetts, Michigan, Alaska, California, Oregon, and others, and I begin to wonder. Is this the same old Government we had when John Mitchell was the Attorney General and said, "Watch what we do, not what we say"? We talk of a new beginning, but by our actions it looks like the old Washington merry-go-round that they have written books and books about. You at the State level and me at the State level, Madam President, resisted and pledged if we ever got into Washington we would try to change it. New beginning? It looks like old Washington politics to me. New federalism? It looks like old octopus Federal Government coming in with the bureaucracy that we talked about here turning the clock back on one of the great initiatives that we promulgated with the local county, State, and Federal governments working hand in hand.

Madam President, is this another "Watch what we do rather than what we say"?

Our distinguished President went to New Orleans and he talked on Monday of this week to the International Association of Chiefs of Police. I have been very concerned about law enforcement since I experienced 4 years specifically as the chief law enforcement officer of a State. I have an appreciation, as former Governor Reagan for those in the vineyard, those out on the frontlines. What does the President say on Monday, and what does he say on Friday about the new beginning?

He says on Monday to the law enforcement officers: "It is time for honest talk, for plain talk." That is a quote from our distinguished President.

In talking about the agencies, he even goes beyond the FBI and the Justice Department. He says:

> One of the single most important steps that can lead to a significant reduction in crime is an effective attack on drug trafficking.

And, heaven knows, the distinguished Presiding Officer from Florida knows about drug trafficking there. They have been besieged and beseeched.

That is what we hear on Monday. We go a little bit further, if you please, Madam President, and the President of the United States says to the law enforcement officers in New Orleans: "Let's face it, they do it"—talking about people engaged in crime—"they do it because it is easy. They do it because they believe no one will stop them." I repeat: "They do it because they believe no one will stop them."

And then, talking of the amount of those able to stop them, the President, in his peroration, says:

> Again I commend you, for you man the thin blue line that holds back a jungle which threatens to reclaim this clearing we call civilization. No bands play when a cop is shooting it out in the dark alley.

He talks of that thin blue line, Madam President. In talking about where this administration stands, the President said:

> And that's why I want to say a word today to those Federal agents and prosecutors who have done so much in recent years to expose the problem of organized crime and public corruption. The existence of syndicates of highly organized criminals and public officials who peddle their sacred trust are blots on American history. I can assure you, no Administration has ever been more anxious to work toward wiping away those bolts. So, to those in the field who fight this frustrating, sometimes disheartening battle against highly sophisticated forms of crime: this Administration stands behind you.

Now, is this the new beginning? John Mitchell said 10 years ago, "Watch what we do, not what we say."

And what did they do on Friday when they talked on Monday? On Friday was their new beginning. We who have worked in that vineyard, not just at the State level, but I chaired for 4 years the appropriations for the Department of Justice, the Drug Enforcement Administration, the FBI, the U.S. attorneys and marshals, and it has been a rearguard action against all administrations. I thought we, perhaps, had a new beginning, and the subcommittee has already accepted my recommendation that we increase the House allowance by $6.4 million, particularly the restoration of the agent's AUO. But let us see now exactly what occurred down at the White House.

The President of the United States comes and proposes his further revisions to the budget and, please, my gracious, Madam President, what happens? The FBI is cut some 2,000 positions, reducing the special agent force some 600 agents. Tragic. Is that a new beginning?

Let us see what has been happening over the years as to whether we are going to really flesh up that thin line and really stand behind them with the manpower necessary.

In fiscal year 1972, we had 8,631 agents—10 years ago since. We are now into fiscal 1982.

It is very interesting that the society and its responsibility and the wave of crime has increased and the responsibility has increased, and now we are getting the new beginning to get the manpower and really stand behind the people we talked to on Monday, do we stand behind them on Friday with the new beginning? Instead of 8,631 we had 10 years ago, they cut, by 1974, the agent force to 8,496. By 1978, the agent force had been cut to 8,077. By 1982, the request had been cut to 7,887. And now, with the 600 agents about to be cut, I am down to almost 1,500 less FBI agents today with the new beginning—if we go forward in that new beginning, which is the same old thing of going backward if we go forward—we are cut 1,500 agents below what we had to do the job 10 years ago.

There is an eerie feeling about this new beginning, Madam President, because that permeates not just the FBI agents but the Drug Enforcement Administration and other vital law enforcement activities. The President acknowledges the incredible impact of drug addiction on the crime rate in New Orleans. We knew all that in Florida, in South Carolina. They have come in with drugs from up around Beaufort and Charleston and up to Georgetown and we have only three DEA agents for the entire coast. It is just like reading the London Times when I go home and get the local newspaper with all the crime around and see all the drug busts and arrests and everything else involved. The courts are holding court down, trying to catch up in Georgetown, S.C., 60 miles away, since we do not have enough courtrooms in Charleston.

But what is proposed for the DEA? They cut them, again, another $27.4 million. A total cut of $35.2 million above the nearly $8 million they cut President Carter's original 1982 request, that is how they are going to stand behind them.

Earlier this year I went into the Coast Guard program, because we realized that we increased the United States by size one-third with the extension of the 200-mile limit. And we see them coming out of Cuba and Haiti, the refugees and everything else, to the coast of Florida.

So we banned together with the senior Senator from Florida in the Budget Committee and increased that Coast Guard budget some $500 million. We had to compromise with the House in the final form of the budget resolution for $300 million increase.

On Monday we talk about that thin blue line that is there and how this administration stands behind you. On Friday they cut them an additional $228.6 million on top of the $7 million they cut in March. Is that a new beginning, Madam President, or is that John Mitchell's "Watch what we do, not what we say"?

Madam President, since other colleagues are here ready to express their views, I ask unanimous consent that a table displaying the cuts that are now proposed, below President Carter for the FBI, DEA, U.S. attorneys, IRS, Customs Service, and the Coast Guard be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1982 BUDGET REQUESTS

[Dollar amounts in millions]

Agency	January 1981 (Carter)	March 1981	September 1981	Cuts from January 1981
FBI	$743.6	$739.0	$696.0	$47.5
DEA	236.2	228.5	201.0	35.2
U.S. attorneys	194.8	189.9	178.5	11.4
IRS	2,649.2	2,566.0	2,454.0	195.2
Customs Service	510.2	480.0	451.2	59.0
Coast Guard	2,200.7	2,193.0	1,964.4	236.3

Mr. HOLLINGS. Finally, Madam President, one final comment, I quote David Stockman: "We can't live with any more deficits," says Stockman. "We have got to start living within our means."

Question. Is that really a new beginning or is that still the same old "Watch what we do, not what we say"? Because look at what the President is doing. The President, with this particular program and other programs coming up, is cutting the FBI and the Justice Department and the Drug Enforcement Administration. We are cutting the Coast Guard. We are cutting defense. For 10 years, we have cut taxes—seven tax cuts in 10 years—to the tune of a $731 billion loss to the Treasury of the United States. We have cut defense.

We have been cutting, if you please, all the particular programs and taxes and increasing the deficits higher and higher. Now, in the outlook of this particular program, we see what? The highest deficit for this fiscal year, as we begin it today in 1982, of $70 billion. We never have gotten up that high. We got up to $66 billion under President Ford.

We hoped to try to keep it going down. As Adlai Stevenson said years back, when he was asked whether he was a conservative or a liberal, "That is not the important question. Are we headed in the right direction is the important question," said Adlai at that time.

Are we headed in the right direction to higher deficits or lower deficits? We are headed for a $70-billion deficit in 1982 and a $100-billion deficit in 1984. And what does the President submit and what does David Stockman submit to correct that situation and change and get a real new beginning?

That is what disturbs me, a totally inadequate program. You can give the President of the United States his cuts of last Thursday night in the next 10 minutes and not be near the mark. On 75,000 bureaucrats, "Get rid of them." I would vote for it. That would save $1.5 billion. Give the cuts across the board, the cuts in defense, and you are talking about somewhere between $20 and $30 billion in budget authority, not outlays. It would be a miracle if this Congress cuts between $20 and $30 billion.

One further thought. We are looking for $100 billion in tax increases or further spending cuts. The business community, Wall Street, Main Street, stockholders, investors know that that is so. Thousands of individuals know we are not headed in the right direction. We do not have a "new beginning." We have the same old "Watch what we do, not what we say."

Mr. JOHNSTON. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. JOHNSTON. I do not know whether the Senator is familiar with the saying in Cajun French in Louisiana, but it is: "Le plus la change, le plus c'est la même chose." It means the more things change the more they stay the same. Instead of a new beginning, it looks like we are going down the same old road we have been traveling on so bumpily over the past decade.

Mr. HOLLINGS. That is the way the distinguished Senator from Louisiana sees it, that is the way I see it, and I am confident that that is the way the majority of the Senate sees it and Wall Street and Main Street see it.

I wish we could go back to before the President signed this into law. But once they look at the arithmetic and watch what they are doing, it is not just the liberal or conservative, whether or not we are going to feed poor children, educate America or these other things, but it is the idea of the hidden agenda of the Republican Party coming to the fore every day. Every day we see that the hidden agenda is not to balance the budget but to dismantle the Government.

I say that most seriously.

I would like to know and realize that they believe in a balanced budget or a government in the black. The strategy and scheme here is to keep the deficit so high we will come with more spending cuts, first round, second round, third round, going through 4 years of rounds. They do not care about defense, about law enforcement, about other things. They are more frightened of the national Government of the United States than the Soviet Government in Moscow. There is a crowd around here which wants to dismantle it.

David Stockman said there is no responsibility to provide any service. That is the course they are on.

That is a new beginning, if that is what they want to admit to. Jack Kemp started it and said, "We do not worship at the shrine of a balanced budget."

Do not call this a new beginning with respect to balanced budgets and that we cannot afford deficits.

There is no program on the table. The President all year long has said, "If you do not like my program, give me an alternative."

When he does not give a program that is in any way adequate, real, serious, sustainable or credible, which causes the stock market to plummet, then he does not want to hear about any alternatives to get us into the black. They keep on this good show. They have control of the airwaves and the TV screens of America. They can tell them on Monday how they are for law enforcement but tell them on Friday, "You are out of a job," such as the 1,500 agents less than we had 10 years ago, with all this great responsibility, this great wave in crime and how we stand behind it.

They cut law enforcement, school lunches, children programs, and themselves, into a pattern of dismantling the Government of the United States. They ought to understand that is the new beginning and the people of America ought to be watching.

They just do not mind deficits. I used to think some of them did. They delight in deficits; they delight in these high-interest rates. That is part of the suffering that they say we should suffer in order to eliminate the Government.

That is the Republican policy and program, if there is a new beginning that we start here on October 1, but I rather believe we are back to John Mitchell, "Watch what we do, not what we say."

Madam President, I also want to comment briefly on the impact of the "New Beginning" on the budget in general since this is the first day of what the Republicans would like to call "America's new beginning," but in reality it is not a beginning at all but merely a continuation of past policies, policies that have failed. In the 1970's the Congress cut taxes and cut defense spending and the Federal deficits became larger. Now the Congress is cutting taxes by even larger amounts and cutting nondefense spending and the deficits are rising. This country cannot afford the delusion that there has been a fundamental change in the way Government conducts its fiscal affairs. We cannot afford the economic program proposed by the Reagan administration.

The Republicans argue to give the program a chance—this is only the first day. Anybody with any sense can look beyond the first day and do simple budgetary arithmetic and see that outlays are going to exceed revenues by substantial and perhaps even widening margins for the foreseeable future. The Republicans refuse to consider these numbers—they are only forecasts, they say, the program has just begun.

The other day I heard a story of a young Republican who came home very late one Saturday night after imbibing heavily in excessive tax cuts. As he pulled into the driveway the car sputtered to a stop—out of gas. When his wife, a Democrat, said that without gas he could not get to church the next day, he said, "that is only a projection, I have not yet tried to start the car." Such are the delusions of the Republicans.

We know what the true picture of our budgetary situation really is. In testimony before the Budget Committee, Alice Rivlin put the case conservatively. To balance the budget in 1984 requires spending cuts of approximately $100 billion. Such cuts would eliminate all of Government except for defense, interest on the debt and benefit payments. I ask that a list of these payments be included in the RECORD at this point.

Benefit payments for individuals

[In billions]

Program:	*Fiscal year 1984 outlays*[1]
Social security	$195
Medicare	60
Medicaid	20
Federal civilian retirement	25
Unemployment insurance	17
Veterans pensions and compensation	17
Food stamps	10
Subsidized housing	10
Supplemental security income (SSI)	9
AFDC	8
Veterans health care	7
Student assistance	6
Other	9
Total	393

[1] Estimate of Administration July budget using CBO economics.

The following table shows that if we continue these benefits, defense, and pay our interest on the debt, we have no revenues left for anything else:

Fiscal year 1984

[In billions]

Defense	$269
Benefit payments	393
Net interest	86
Total	748
Revenues	748
Deficit (−)	---

This means that a large number of programs will have to be eliminated, such as:

Disaster loans and grants.
Cancer research.
National parks.
Small business loans.
Space program.
Highways.
Bridges.
Dams and water projects.
Agriculture price supports.
Coast Guard.
School lunches.
Amtrak.
Postal Service subsidies.
Airports grants.
Air safety.
Coastal zone management.
Soil and water conservation.
Mass transit.
Ports.
Waterways.
Land grant colleges.
Public health—innoculations, rat control, inspections.
REA—Electricity.
Farmers Home Administration.
Rural development.
Aid to education.
Justice Department.
FBI.
Drug enforcement programs.
Other anticrime programs.

The President, after consideration of recent congressional action, has wisely chosen to withdraw his social security proposals. Many of the other items on the list are not ones that are going to be changed by this Congress. Where will the administration get the money to balance the budget, as it has promised to do?

In fact, Republicans want to have large Federal deficits because they believe that will force Congress to make more and more spending cuts. That was the reason for the excessive tax cuts. But they fail to understand that Congress has already made tough spending cuts in a reconciliation measure which I cosponsored.

The Republican approach presumes that the Congress is fiscally irresponsible in much the same way as the recently proposed enhanced Presidential impoundment powers presumed Congress to be irresponsible. I know the facts to be otherwise. It is the Republicans who are irresponsible in passing excessive tax cuts when they should have known, if they had done their homework, that cutting sufficient amounts from spending to balance the budget by 1984 is neither likely nor desirable.

We need to rescind part of the tax cut so that budget deficits will be getting smaller not larger. I have discussed my own proposals at length elsewhere and will not repeat the arguments again here today.

We cannot restore confidence in Government with this kind of fiscal program. We will need to raise taxes at some point as a means to reduce interest rates and get the economy growing. Meanwhile, these are Reagan's deficits and Reagan's interest rates. Let there be no mistake about that.

The PRESIDING OFFICER. The Senator from Montana is recognized.

PRESIDENT REAGAN'S ECONOMIC PROGRAM: THE TEST BEGINS

Mr. BAUCUS. Madam President, last year, after the November election, we faced high interest rates, and high rates of inflation and unemployment.

President Reagan knew that if we were going to get our economic house in order, he had to come up with a dramatic program. He did, and Congress adopted it.

Madam President, today is the effective date for the beginning of President Reagan's economic program. In the past several months, Congress has undertaken the most dramatic, concerted action in its history with regard to a President's spending and tax proposals. What President Reagan proposed is now the law of the land.

I hope the President's program works. Like all Americans, I want an economy that works, an economy that provides good jobs, an economy that does not rob the value of earnings with the cruel tax of inflation, an economy that promotes social and economic justice for all citizens.

I want to see Reaganomics work. Nothing less than the economic and social well-being of our Nation is at stake. The economic problems we must overcome are too serious for partisanship. I have and I will continue to work to make Reaganomics as successful as possible.

Madam President, today the President's program will begin to receive its sternest test—the test of the real world. That test did not begin 6 months ago. Nor will it begin 6 months from now. The test begins today.

Thus, it was with some perplexity that I listened to President Reagan's address last week. Before his program was to go into effect, he was asking Congress to cut an additional $13 billion in spending in fiscal year 1982 and $80 billion over the next 3 years. He said that Congress had not cut as much as he asked for.

Frankly, that is not accurate. It is a false charge.

Earlier, the President asked Congress to cut spending by $33 billion in fiscal year 1982. Congress more than complied with this request. Congress cut $35.6 billion in fiscal year 1982, and over $135 billion over the next 3 years.

In other words, before his program was to go into effect, the President went on national television and changed his own program. This is what one of my colleagues called an "economic recovery program for a sick economic recovery program."

I do not under-estimate the President's task. His problem is immense. His arithmetic simply does not add up. The deficit continues to soar.

But I must call into question this administration's intentions. Is the administration asking everyone to tighten his belt a little to get the economy moving again? Is the administration asking everyone to share the burden of economic recovery equally? Is the administration embarking on true Government reform, which we all agree is needed, or is the administration bent on dismantling the Government?

I fear it is the latter. Increasingly, it appears that the administration is content to use soaring deficits as an excuse for the wholesale dismantling of programs. Increasingly, it appears that the administration is not committed to a balanced budget. Instead, it appears to be committed to a radical ideology of no Government—simply dismantling Government one large chunk at a time.

The President last week asked Congress to cut fiscal year 1982 appropriations by 12 percent across-the-board from the proposals he put forward in March. We should make no mistake: Such action would not mean a mere belt tightening, but the indiscriminate wholesale elimination of programs. It would mean, for example, the end of the payment-in-lieu-of-taxes program, MHD, the land and water conservation fund, State water research institutes, the historic preservation program, Amtrak, and an untold number of other programs. It would mean drastic cuts in highway funding, cuts that my State of Montana, with its vast distances and sparse population, simply cannot sustain if we are to have economic prosperity.

But the President's program leaves me unsettled. Whether intended or not, the President's program redistributes income from low- and middle-income wage earners to the wealthiest among us.

In the United States, the disparity of income between high- and low-income people already is greater than in nearly all other industrial countries. The effect of Reagan economics is, I fear, to widen this disparity.

Frankly, an equally unsettling feature of this program is its intended purpose. It is with curiosity that I find this administration not terribly concerned about deficits. This administration does not seem to want to lower the deficit or have a balanced budget. In fact, I think, as Senator HOLLINGS from South Carolina said, this administration likes deficits. It likes deficits because it wants to force Federal spending down as close to zero as possible except for national defense and a few isolated programs.

I find this unsettling because I think it puts the finger on the critical difference between the philosophy of this administration and the philosophy of the majority of the American people. That is, this administration, by and large, wants no government, practically zero government. What we need, instead, is to redefine the role of government in our society, and to make it work for the good of the many, not the few.

To get a clearer idea of precisely what it does mean I commend to my colleagues an interview with OMB Director David Stockman that appeared last month in the National Journal.

I ask unanimous consent that the article appear at this point in RECORD.

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

STOCKMAN ON THE BUDGET OUTLOOK—"WE CANNOT FUND THE GREAT SOCIETY"

Dave Stockman remains Ronald Reagan's radical: the Cabinet member with the clearest idea of where he wants government to go, why and how to get there. But the director of the Office of Management and Budget still has a long way to travel. By the agency's own estimates, balancing the budget in fiscal 1984—the Administration's goal—will require cutting spending at least $44 billion below existing program levels. Many outside analysts believe the true figure is much higher.

In a one-hour interview, Stockman left little doubt where he thinks most of the cuts should be made: in domestic social programs. The Administration's rough target, he said, is to cut domestic social spending, excluding social security, by about 30 per cent from the levels prevailing when it took office. Stockman figures that about half the job has already been done.

He discounts widespread skepticism that such deep cuts aren't possible. The 1981 tax bill, he argues, fundamentally altered congressional spending politics. Congress, he said, must either cut spending or accept larger deficits.

Not surprisingly, Stockman finds a silver lining in much of the criticism leveled at the Administration in recent weeks. He thinks that Democrats who have made an issue of large future deficits are simply creating pressure for deeper cuts in social programs. And though he is not pleased by the adverse reactions of the stock and bond markets, he says that Wall Street's skepticism has helped bring the spending issue to a head.

Stockman talked to National Journal reporters Timothy B. Clark, Dick Kirschten and Robert J. Samuelson on Sept. 12. Excerpts of the interview follow.

Q. Everybody described the first round of spending cuts as very difficult. But you were really going after the most vulnerable programs, and the President came in with a great deal of popular support. Can you maintain the kind of political coalition you need through the second and third stages of budget cutting?

A. The political balancing will be difficult. But I would suggest we're in a new arena; the tax bill passed by Congress last summer will finally bring truth in government to policy decisions. Congress can no longer tax through inflation and bracket creep the unknown and uninvolved taxpayer constituencies; it must confront the fiscal imbalance [deficit] that's been there for decades. It will now have to go either after the taxpayer constituency, the defense constituency or the discretionary program constituency—or acquiesce to large deficits and the adverse financial and economic consequences of that. The illusion of large future revenues to cover the expenditure side of the budget is gone, and that changes the basic nature of the fiscal equation.

Q. Is it your political judgment that, of these three constituencies, the one for discretionary spending is the weakest?

A. Yes. I think it will be interesting to observe how far proposals to impose new taxes get in the next two years. I don't think they'll get out of committee. I think it'll be interesting to observe how far radical cuts in the defense budget will get in the next couple of years. I don't think there'll be a hearing, because people realize what a serious situation we're in in terms of our fundamental national security. That leaves only one place left to give—and that is a lot of people who have been at the federal trough on the basis of taxing people who didn't have a chance to weigh in the equation. The rate reduction for indexing finally gives the taxpayer, the enterprise base of our economy, the voice that it should have long had in the fiscal equation.

Q. Hasn't the sort of outcry that has come from Wall Street in the past four or five weeks—the reaction of the stock and bond markets—really been to your immediate benefit because it brings the spending issue to a head quickly?

A. Yes. But I think what you have to understand about Wall Street is that it's not a financial judgment about economic defects of the [President's economic] program. It is a political judgment based on extrapolation from the past behavior of the federal government. And it is a defective judgment in my view because it does not recognize the new equation in which decisions will be made—mainly that Congress can't count on future inflation [and bracket creep] to solve its present political problems.

Q. In the past four or five weeks, some Democrats have made a great to-do about the large deficits. Do you feel they're walking into a trap?

A. Absolutely. They are setting up, to some degree, the case that I've been trying to articulate. Perhaps it is not yet fully comprehended. We cannot fund the Great Society. Substantial parts of it will have to be heaved overboard. To the extent that they make the deficit an issue politically, they're sawing off the limb.

Q. You feel they have put themselves in the position of choosing among evils—heaving over their old programs, embracing the deficits or raising taxes?

A. Yes. What other choices are there? Those are the building blocks of the system.

Q. It helps to come to grips with it sooner rather than later?

A. I think so.

Q. At a House Budget Committee hearing recently, two Wall Street bank executives were calling for new taxes—excise taxes, windfall taxes on natural gas and so on. Others on Capitol Hill are suggesting that we can't possibly balance the budget without at least some new tax by 1984. Is that in the cards at all?

A. It's not in the cards as a generic solution to the problem. We have some user fee proposals, and there may be some marginal judgments that you could make about the tax system that would make sense. But there are only the three generic solutions [to federal spending], and rolling back—terminating access to—domestic programs is the preferred one.

Q. All these numbers about budget deficits are very confusing. There's a problem in comparing figures between 1982 and 1983 and 1984. Cuts in 1984 involve inflated dollars, and some of the things you may do in 1982 will affect 1984 spending. What proportion of the cuts that eventually have to be made have already occurred?

A. I would say about half. One way of looking at the problem without getting into numbers confusion is that we have got to shrink the non-interest, non-defense, non-social security part of the government by 30 per cent in real terms [after inflation] over the next three years from where we were in January—the Carter budget or the fiscal year 1981 budget.

Q. So you have already shrunk it by 15 per cent?

A. Well, no one's putting a hard quantitative magnitude on it. Roughly, that's my judgment on what has been achieved by entitlements changes, by way of eliminating certain programs which commanded resources like public employment jobs, by way of reducing programs at lower levels by block grants.

LARGER PROBLEMS

Q. You are leaving defense out of this entirely. Does that mean that there really will be no defense cut at all from original expectations and that you are simply paring back for re-estimates?

A. In terms of the larger fiscal path—of reducing the size of the budget to a level compatible with the revenue yield under the tax program, and that's roughly 18.5 per cent of the gross national product by 1984—the debate in recent weeks about defense is irrelevant because we're talking about small changes at the margin. And those small changes are not of a magnitude sufficient—nor should they be—to solve the larger problem. The larger problem can only be solved in three ways: by increasing or imposing taxes, which we are opposed to; by underfunding defense, which we think would be dangerous; or by recognizing that the federal government has a tendency to take on commitments that it can't afford and that are not compatible with restoring economic enterprise to the economy. These commitments will have to be scaled back or terminated in some substantial way. And we think that the third course is the policy that we must pursue and is the right one for the country.

Q. At what point will the Administration have to move into the major entitlement programs—particularly those that affect the elderly, social security and medicare?

A. We don't intend to do that. On social security, we have a reform plan [before Congress] that we believe is justified, because it doesn't impact on earned social insurance benefits in any appreciable way. It does slow down the growth rate of some secondary or marginal benefit programs; however, they were funded in an earlier era—when the system had surpluses—and they can't be funded now. In terms of medicare, there is a problem in the explosive rate of growth, but that will require a large reorganization of the medical care financing and delivery systems and not simply cuts in the programs themselves.

In the other entitlements, we have already reformed rather substantially, and we have no hesitation in making further changes. The food stamp program, in my judgment, is still too big; the medicaid program has to be pared back rather drastically. And there is still opportunity in some of the lesser entitlement programs—housing, AFDC [aid to families with dependent children] and so forth—to reduce further the bloated case levels and benefits that have built up over the years.

Q. On social security, is the Administration still in favor of the provisions to cut early retirement benefits that was included in its May proposals?

A. Well, we think something has to be done about early retirement as part of the middle-term and long-term solution. It would have helped in the short-term as well, but Congress and the American public don't seem willing to support early changes in early retirement. So if anything is done, it will probably have to be on a more phased basis.

Q. But don't you need large short-term savings in social security?

A. Well, we have $48 billion [in savings] over the next five years already included in the budget.

Q. That assumes passage of your plan. Is a large part of the $48 billion a result of reducing or changing the early retirement benefits?

A. The early retirement, if I remember correctly, is about $15 billion over five fiscal years. And it really doesn't grow to a large savings level until the 1985–86 period. The largest saving on the budget horizon between 1982 and 1984 is the delay in the cost-of-living adjustment from July to October. That will reduce outlays by about $3 billion for the next couple of budget years. We would also like to see a tightening of disability.

Q. What about a substantial change in the cost-of-living adjustment? The Senate

Budget Committee is considering a reduction of the adjustment of 3 percent below the current index for two or three years. If this were pushed on the Hill, would the Administration accept it?

A. Well, I think that it's pretty much staff speculation at this time. I don't know whether there's any consensus on the Hill or in the country. When you're talking about cost-of-living adjustments for social security beneficiaries, remember they've been victimized by the inflationary policies of government, and they shouldn't be the first to bear [cutbacks].

Q. You have written in the past about the need to wean the well-to-do off some of these welfare programs, to make them more "need specific." Do you still feel that way?

A. Yes, as a general matter. Social security, I think, is a different case, because it's social insurance. It's not a welfare program. I think we ought to eliminate—to the extent it's politically feasible—the obvious welfare benefits that have been grafted into the system. The minimum benefit is one case. Disability is out of control in terms of the original intent—that is, as a social insurance program. In areas other than social security, we have to some degree implemented that principle. We've lowered the eligibility levels for subsidized school lunches, for food stamps.

Q. On medicare, you've already increased the co-payment on hospital insurance. What are the political costs of doing that? Many people living on fixed incomes are very worried about any changes and are concerned about what they see as an Administration changing their financial status quo.

A. That's true. But, on the other hand, the federal government spent $196 billion this year in payments for social insurance and [other programs] for the elderly. A few billion out of that is not going to cause great suffering—if it's done with a targeted principle—or undue hardship. Today, 28 per cent of the budget supports the elderly population.

Q. The seven programs [social security, medicare, railroad retirement, unemployment compensation, AFDC, supplemental security income and veterans' benefits] identified as part of the social "safety net" constitute a considerable portion of the budget. Can the Administration maintain that safety net as originally conceived?

A. Yes. But you have to understand that the social safety net is an abstract concept. When you get into the complex world of government programs, application is on a program-by-program basis, where different people will make different judgments. Obviously, social insurance is part of the safety net, but with social insurance you have welfare elements. One political party is going to say we're [violating] the safety net, while another is going to say we're simply separating welfare elements from social insurance elements. The same is true of medicare. There was no divine notion as to the split between the government payments and the beneficiary payments to run the system. A lot of things have changed over time. The [beneficiary] contribution, for instance, was originally 50–50 for physicians' insurance. Now, it's down to about 25 per cent. If we propose to restore the earlier ratio, is that in violation of the social safety net concept or not? I don't think it is, but at the program level you've got a lot of room for difference of opinion.

GOALS FOR THE ECONOMY

Q. Let's turn to your economic assumptions. Have you, or the President, come around to the idea that your initial program contained internal contradictions: that you can't have higher growth and lower inflation at the same time; that you can't have higher defense spending, lower taxes and balanced budgets together?

A. I don't accept that notion at all. I do suggest that implementation of the program is not yet complete. If we can implement the remainder of the fiscal program—and remove the Treasury from the credit markets—confidence will rebuild and the money markets will recover. Then the fundamental economics of the program will work as suggested: we will have growth on one side and a gradual reduction of inflation—and the financial disorder that accompanies it—on the other.

Q. Suppose it comes down to a choice. What will be the Administration's first priority—higher inflation or lower growth?

A. I don't believe that the federal government or the Administration can manipulate the economy in the sense that you're suggesting—that we can say, "Okay, we'll take two points off growth or two points off inflation" and expect it to occur. We have to create the fiscal and monetary conditions for both of those policies to work, and it is pretty clear what that requires—reducing deficits.

Q. But would you—in the short run at least—attempt to relax on your anti-inflation goals?

A. No. I don't believe we can relax on the anti-inflation goals in the slightest. The underlying problems and disorderly economic conditions stem from the deliberate inflation policies the government has pursued for 10 years. And if there is any indication of a reversal of the policies we have announced—that they are being changed, relaxed or backtracked—I think it would have a devastating effect on the markets.

Q. Let's look at the budget for 1983 and 1984. You originally said that there was $30 billion and $44 billion that needed to be cut in those two years. The Congressional Budget Office is predicting higher deficits, and, internally, the Office of Management and Budget seems to think the deficit will be somewhat higher, too. Can you tell us now how much more you may need to cut in those years?

A. We are working on the premise right now that we need $30 billion and $44 billion. We are working within a budget structure which has a series of outlay ceilings by agency. Those outlay ceilings right now add up to $30 billion more than our targets in 1983 and $44 billion in 1984. If agencies are facing reestimates [higher spending than expected for continuing programs], then those reestimates will have to be offset by program reductions elsewhere.

Q. Can you quantify that now?

A. The only thing that can add to the deficit beyond what is planned, other than technical reestimates of programs which are automatically taken care of by the ceiling, are reestimates of revenues or interest payments. At the present time, I don't think there is any reason to change the estimate of revenues, and I think it is premature to change the estimates on interest. Most forecasters are having trouple predicting the interest rates a month from now. I don't think it serves any useful purpose to change the 1984 interest rate assumption. For 1982, we do recognize that interest rates will stay higher longer than was expected. But a good part of that is offset by lower revenue losses from the tax bill in 1982 than we had originally estimated.

Q. When do you expect to let Congress and the public know what spending cuts will be necessary to achieve your balanced budget in 1984?

A. A lot of the details will be in the 1983 budget proposals. On the other hand, the new agency budget ceilings make it very easy for minimally informed analysts to determine what programs will get squeezed. If you take a look at the Labor Department ceiling—let's say it comes down by $X billion—there are only so many programs in the department from which funds can be drawn. But no decisions will be made until we go through the entire budget review process.

Q. And so what is the point of issuing the agency budget ceilings?

A. One of the credibility problems we have right now is that the market looks at the budget and says if you add up all the agencies and the ceilings, they exceed the bottom line outlay level by $44 billion. Is that gap ever going to close? The first step to closing it is reducing all the agency ceilings by $44 billion. The second stage is translating those reduced ceilings at agency levels into policy and program details which will then appear in the 1983 budget.

Mr. BAUCUS. Now, Madam President, I subscribe to the view that Government spending should be curbed. Too many programs, however worthy their intentions, are inefficient and wasteful. Public officials have a duty to insure that taxpayers' funds are spent wisely. In that regard, I turn now to a situation I hope disturbs President Reagan too.

YEAREND SPENDING SPREE

Madam President, there is a second area that concerns me. If we had paused and listened for a moment yesterday, we would have heard a sound coming from the bureaucracy that is peculiar to this time of year; a sound that has become as much a part of Washington as the returning swallows are to Capistrano. I am speaking of course, of the last day of the fiscal year and the sound of money being thrown out the Federal doors.

This unfortunate annual event wastes untold millions of tax dollars as white-collar bureaucrats seek to justify their existence and expand their empires by spending every last available dollar. We are all aware of how boondoggles funded on this day have often been immortalized in news accounts of how the Government abuses tax dollars.

I had hoped that this year would be different. I had hoped that the daily discussions in Congress and inside the new administration on cutting budgets and saving money would have some effect on those public officials responsible for this midnight spending spree.

Perhaps somewhere there are Government officials who are saying no to this annual raid on the Treasury. But at least at one department, the Department of Education, the spending was faster and more furious than ever.

Madam President, I should like to place in the Record several memoranda that document this sorry state of affairs.

There being no objection, the material was ordered to be printed in the Record, as follows:

U.S. Senate,
September 25, 1981.

Hon. Milton J. Socolar,
Acting Comptroller General, General Accounting Office, Washington, D.C.

Dear Mr. Socolar: It has come to my attention that the Department of Education is currently planning to award over $117 million worth of contracts in the last 10 days of Fiscal Year 1981. This amounts to over 60 percent of their estimated contract awards for the entire year. Included in this amount is $10 million worth of procurements that were initiated after the cut-off dates established by the Department of Education. I have attached to this letter memoranda that document this situation.

As you are well aware, this type of year-end spending spree wastes scarce federal tax dollars and is a result of mismanagement by Department of Education officials. At a time when all Federal agencies are being asked to cut back, we can ill-afford the excesses resulting from poorly managed, quickly negotiated contracts.

I request that the General Accounting Office do an immediate review of all contract awards and modifications made by the Department of Education in September of this year in order to determine why they were made so late in the year. For each contract reviewed, please examine the need for the services or product, planning, price negotiation and cost, compliance by Department of Education officials with procurement laws and regulations including those dealing with competitive bidding, and adequacy of work statements. In addition, please examine the need and reasons for all contracts awarded by top agency officials over the objections of contracting personnel and the effect on contracting personnel of being required to award a large number of contracts in a minimum amount of time.

Thank you for your attention to this request. I would appreciate receiving your recommendations on how this situation can be prevented in the future.

With warmest personal regards, I am

Sincerely,

MAX BAUCUS.

[Memorandum]

U.S. DEPARTMENT OF EDUCATION,
June 4, 1981.

From Director, Office of Procurement and Assistance Management.

Subject Deadlines for fiscal year 81 procurements.

No new Request for Proposal (RFP) for fiscal year 1981 moneys can be submitted for award by September 30, 1981. New procurements can only be 8a's, small purchases, or non-competitive procurements.

The deadlines for submissions of fiscal year 1981 procurements are:

Non-competitive procurements.—June 30, 1981 for procurements under $100,000. July 9, 1981, for procurements of $100,000 and over. (This is the last scheduled meeting of the Non-Competitive Review Board.)

8a Set-Asides.—July 17, 1981.

Small Purchases.—August 1, 1981.

Modifications to existing contracts will be awarded as scheduled. If there are any contracts modifications which have not been scheduled, please submit that information by June 15, 1981 to the Contract Scheduling Unit in the Office of Director, OPAM, so that the procurement operating branches may include them in their scheduled workload for the rest of the fiscal year.

The Contract Scheduling Unit is located in ROB-3, room 5680. If there are questions please contact Mary Mozingo of the Contract Scheduling Unit at 245-8604.

FREDERICK A. WILL.

[Memorandum]

WASHINGTON, D.C.,
January 26, 1981.

To All Education Executive Officers.

From Acting Director, Office of Procurement and Assistance Management.

Subject Request-for-Proposals Cut-Off Date.

This is to notify you that no Request-for-Proposal for services will have a closing date after June 1, 1981.

In order for this office, working with Program offices to complete the Contract Evaluation Process and the Education Audit Agency to conduct Pre-Award Audits in accordance with Federal Procurement Regulations, June 1, 1981, will be the closing date for all competitive procurements.

No RFP will close after June 1, 1981.

You should alert all of your Program Staff to this cut-off date and encourage them to meet it. Better to be rushed now than sorry later.

FREDERICK A. WILL.

[Memorandum]

U.S. DEPARTMENT OF EDUCATION,
September 21, 1981.

To Ralph Olmo, Controller.

From Frederick A. Will, Director, Office of Procurement and Assistance Management.

Subject The Dollars to be Awarded for the Remainder of Fiscal Year 1981 as of September 21, 1981.

The dollars to be awarded by the end of fiscal year 1981 are:

OPAM branch chief	Dollar amount
Bragg (OSERS)	$18, 982, 503
Getreu (OPE)	8, 230, 740
Hazard (OERI)	16, 586, 023
Maimone (OBE/ESE/OAE/ASM)	27, 238,921
Muscar (ADP)	46, 226, 123
Total	117, 264, 310

Attached is a listing of the individual contracts by contract branch and contract specialist.

If you have any questions contact Mary Mozingo at 245-8160.

THE SECRETARY,
Washington, D.C., September 30, 1981.

Hon. DAVID STOCKMAN,
Director, Office of Management and Budget, Washington, D.C.

DEAR MR. STOCKMAN: This is to advise you of actions taken by the Department of Education pursuant to the moratorium on publications and audio-visual productions established by OMB Bulletin 81-16.

In accordance with the Bulletin, this Department submitted to OMB on July 15, 1981 a proposed control system for monitoring spending on publications and audio-visual productions. The proposed system was rejected by OMB in a memorandum of August 25, 1981. The memorandum directed us to resubmit a control system and cost exhibit and to maintain the moratorium in effect on new activities in these areas, pending approval of the revised control system. Since the moratorium went into effect April 20, 1981, we have fully complied with its terms, and we are now engaged in preparing a revised control system for submission to OMB.

Even without a finally approved control system, we have acted to cancel several contracts or components of contracts involving printing or audio-visual activities. (These savings are listed at Tab A.) We have taken these actions to implement the purposes of the OMB Bulletin in those cases where we had the legal authority to decline to obligate funds.

However, we have found it necessary to make other awards involving printing and audio-visual activities pursuant to the exemption authority granted in the Bulletin. (These awards are listed at Tab B.) All of these awards were made because it was determined that they involved essential services or that failure to award them would have made the Department vulnerable to charges of illegal impoundment of funds. As the Bulletin itself indicates, reductions in expenditures of appropriated funds resulting from the moratorium are subject to the reporting requirements for rescissions or deferrals under the Impoundment Control Act of 1974.

If this Department had been aware earlier in the fiscal year that the moratorium would remain in effect at the close of the fiscal year, we believe that we would have been in a position to make further savings in publications and audio-visual costs by submitting rescission messages or reprogramming requests. However, given the timing for action on our control system, neither a rescission message nor a reprogramming request was possible for funds that will lapse on September 30.

Therefore—to avoid an illegal impoundment of funds and pursuant to paragraph 6 j and k of the Bulletin—we determined that it was necessary to award contracts involving publications or audio-visual activities in those cases where the contract was explicitly provided for in an authorization or appropriations law or in the budget justification or legislative history of an appropriation, or where the contract represented a significant proportion of an appropriation line item.

Although, as indicated above, we might have saved additional funds with more time, I should also note that almost all of the contracts awarded fall outside of the primary objectives of the President's April 20 memorandum and the OMB Bulletin. These contracts are not for public relations, publicity, or advertising, but rather are awarded with funds under program authorizing statutes to carry out programmatic purposes.

Sincerely,

T. H. BELL.

TABLE A.—CONTRACTS AND PUBLICATIONS NOT FUNDED IN FISCAL YEAR 1981

	Program/office	Am
PROJECT TITLE		
Staff development and mathematics problem solving.	Basic skills	$100,
Operation of title I ESEA evaluation technical assistance centers (6 projects).	Title I	87,
Project management and evaluation competencies for Indian vocational education project administrators.	Vocational education	25, 0
Strategies for linking vocational education programs to tribal economic development plans.	do	6, 000
Campaign to promote technician education and training.	Public affairs	95, 000
Critical television viewing skills	Ed/tech	125, 000

	Program/office	Amount
PUBLICATIONS		
urce Guide: Employment of the Handicapped	OSERS	$4, 032
ite Insights: Promising Stretegies in High School Special Education.	OSERS	11, 000
ectory of Postsecondary Schools with Occupational Programs.	NCES	32, 000
ojects in Progress	Vocational education	29, 500
Research reports, guidebooks, etc. (14 publications)	NIE	36, 000

TABLE B.—CONTRACTS AND PUBLICATIONS TO BE FUNDED IN FISCAL YEAR 1981

	Program/office	Amount[1]
CONTRACTS		
Technical assistance to SEA's and LEA's in the use of appropriate technological alternatives in special education service delivery.	OSERS	$950,000 (7,600)
Curriculum development for social behavior (3 awards).	OSERS	2,000,000 (33,390)
Processes for improvement of secondary school programing for handicapped students (6 awards).	OSERS	440,000 (30,000)
Analyses of direction service and development of information package.	OSERS	600,000 (21,900)
Educational media production project for the hearing impaired.	OSERS	580,000 (100,000)
Instructional media production project for the severely handicapped.	OSERS	390,000 (62,357)
Closer look	OSERS	200,000 (40,000)
Educational development center—Women's educational equity.	WEEAP	1,000,000 (285,000)
Reading is fundamental	Basic skills	5,850,000 (550,000)
Assessment of State-administered programs of the Adult Education Act.	ADPAC	2,258
Set-up and processing of 1980 national vocational education data system.	ADPAC	360
Science and mathematics interactive television package.	Ed/Tech	$649,000
BC-TV	Basic skills/ED-TV	225,000
Improving the management of school boards	Planning and evaluation	99,368 (9,800)
Brochure Describing Clearinghouse on the Handicapped.	OSERS	150
Guide to Federal Funding in Career Education, Education and Work and Vocational Education.	Vocational adult education	2,000
Student Aid Officer Training Materials	Postsecondary education	1,400,000 (252,000)
Student Aid Application Order System	do	909,000
Selected List of Postsecondary Education Opportunities for Minorities and Women.	do	1,670
Five Federal Financial Aid Programs, 1981–82; A Student Consumer's Guide.	do	57,000
Federal Financial Aid for Men and Women Resuming their Education or Training.	do	5,000
Progress of Education in the U.S.A	Office of the Under Secretary	8,500
Digest of Education Statistics, 1981	NCES	13,500
Fourth Annual Report, 1980, National Advisory Committee on Black Higher Education and Black College and Universities.	Postsecondary education	4,700

[1] AV-publications portion of contract is shown in parenthesis, if different from total amount of contract.

As my colleagues will note, the Controller for the Department of Education was informed on September 21, 1981, that $117 million earmarked for contracts remained to be awarded before September 30.

This amounts to over 60 percent of the estimated $187 million contract dollars the Department of Education expects to spend this year. Included in the $117 million is $10 million worth of contracts that were initiated after cutoff dates established by the Department of Education to avoid the problems of yearend spending.

This situation is unconscionable. I do not doubt that many valuable projects will be funded in the final hectic days at Education. But I also do not doubt that many unnecessary projects will receive funding.

As many of my colleagues may remember, I chaired a subcommittee during the last Congress that examined contracting procedures in various Government agencies. The type of yearend spending currently underway at the Department of Education magnifies the many abuses we found.

For example, Government officials involved in last minute contract awards are often forced to use shortcuts that waste money. These include noncompetitive or sole-sourced contract awards, contract modifications for tasks not included in original contracts, incremental funding of existing contracts beyond current needs, omission of pre-award surveys, omission of cost/price analyses, and omission of documentation justifying negotiation.

In addition, the hectic pace set by yearend spending prohibits the check and balance between agency program officials and agency contract officials. Complex contract laws, regulations and guidelines have been written to assure that the best interest of the Government are served at a fair price. Without adequate time to review contract proposals, contract officials are unable to assure that money spent on contracts will be spent effectively.

Yearend spending has developed as an implicit philosophy in government that all available funds must be spent before the end of the fiscal year. It is time that philosophy was changed.

In addition, I obtained yesterday a copy of a September 30, 1981, letter from Secretary Bell of the Department of Education to David Stockman, Director of the Office of Management and Budget. The letter notifies Mr. Stockman that the Department of Education is lifting the moratorium on Government publications and audiovisual materials set by President Reagan last April.

Attached to the letter is the list of contracts that the Department of Education apparently awarded yesterday. I have instructed my staff to try and obtain a clearer picture of just what each of these contracts is buying.

I am concerned that last minute decisionmaking is going to cost the taxpayer millions of dollars without adequate justification.

I have asked the General Accounting Office to review all contracts awarded by the Department of Education during September 1981.

INTEREST RATES AND HOUSING INDUSTRY

Mr. BAUCUS. Madam President, I should also like to raise at this point something that every U.S. Senator has talked about over the past few months—high interest rates and their devastating effect on the economy.

The economy in Montana is probably little different from the rest of the United States—particularly Northern States—in that our businesses are hungry for capital, but cannot afford the prohibitive interest rates now being charged for borrowing this capital. Not a day goes by when I do not have some contact with a Montana businessman who is either going under or is about to go under. This cannot continue, but somehow it does.

I do not make these statements for political reasons. I make them because I believe we have to act in a bipartisan way to do something about these high interest rates before we discover that the cure for the inflation is worse than the disease.

I would like to insert in the RECORD at this point three articles that appeared this week in the Washington Post. These in-depth reports on the personal impacts that high interest rates are having on homebuilders were prepared by Howie Kurtz and Lewis Simons, two reporters who have done an excellent job of documenting the personal tragedy and economic significance of the problems that high interest rates are having on the housing industry.

I ask unanimous consent that the articles be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Sept. 27, 1981]

HOUSING MARKET SINKS INTO "DEEP TROUBLE"

(By Howie Kurtz and Lewis M. Simons)

The buying, building and selling of houses, depressed for at least a year beneath the sheer weight of mounting interest rates, appears to be sliding into virtually unprecedented economic decline.

The high cost of borrowing money already has swept most Washington-area residents out of the housing market for the foreseeable future. Bankruptcies among builders are on the increase, housing starts are down, entire subdivisions are standing idle and virtually no mortgage loans are being made at the current market rate of more than 19 percent.

Instead, builders, developers and most average homeowners have been forced to do what the bankers cannot, which is to subsidize mortgage loans for their buyers with thousands of dollars out of their own pockets. But most housing professionals say these people already have strained their resources to the limit, raising the specter of collapse for a major segment of both the local and national economy.

"I can't tell you how many builders aren't building, realtors aren't selling, title companies aren't closing," said William F. Sinclair, president of Perpetual American Savings and Loan, the area's largest, which just laid off 38 loan officers because there wasn't anything for them to do.

At a recent meeting in Boston, Michael Sumichrast, chief economist of the National Association of Home Builders, advised the 1,700 members of his board to get out of the home-building business, at least for the next six months. "The bottom line is a disaster," Sumichrast, an acknowledged pessimist, said in an interview. "We're in trouble. We're in deep trouble."

The mortgage squeeze has taken its toll on thousands of people like Wendy Abraham. The young Silver Spring woman said that when she and her husband, Richard, decided to have a child, they effectively forfeited their chance to buy a house.

"It's just horrible," she said. "Does it have to be a tossup between having a house and having a child?"

There are pockets of optimism. Federal Housing Commissioner Philip D. Winn, the Reagan administration's chief housing spokesman, insists, for example, that the industry is a cyclical one that will bounce back. "There is not a housing crisis today," he said in an interview. "My crystal ball tells me we can look for a real drop in interest rates by the spring of '82." He said he meant rates would be "in the area of 14 or 15 percent."

But Herman J. Smith, a Fort Worth developer who is president of the 123,000-member home builders' association, responded to Winn's prediction by saying: "That [rate]-would be a disaster for 93 percent of the home buyers in America today."

Moreover, the Reagan administration's tight money policies have convinced many bankers and builders that interest rates will not fall for at least another year. By then, they reason, many more businesses will go broke.

While mortgage money is scarce, there is no shortage of depressing statistics:

The number of new single-family homes sold in the Washington area dropped from 5,168 in the first eight months of 1979 to 3,638 for the same period this year, according to Housing Data Reports, a local market research firm. The biggest dry spell came in the months of July and August, as sales of all new homes, town houses and condominiums fell from 5,054 last year to 2,677 this year.

Resales of existing homes in the area fell from a peak of 37,302 for the first eight months of 1978 to 22,101 for the same period this year, a 41 percent decline. In August alone, there were just slightly more than half as many resales as in August 1979, a fall from 4,371 to 2,357.

The supply of unsold condominium apartments here jumped from 2,710 units in June 1980 to 6,250 last June, a major backlog in what was once the area's hottest-selling commodity. In the District alone, the number of new condos brought on the market each month dropped from 412 last year to 121 this year.

Perpetual American was processing 76 new mortgages last month, compared with 350 in June 1979. The total amount of mortgage money loaned by Perpetual has plummeted from $209 million in 1979 to $48 million so far this year.

New mortgage commitments made by savings and loan firms throughout the country in the first eight months of 1981 were down by nearly $7 billion compared with the same period last year.

Nationally, new home sales are down to an annual rate of 420,000 units, or only one-half of a good housing year.

Housing starts in August plunged 34 percent compared with the same period last year, the third lowest level since World War II. This dropped the annual figure for new construction to 937,000 units, the first time this year that housing starts have slipped below the psychological benchmark of one million a year.

Home builders already are going broke at an unprecedented rate: In August alone, there was a 42 percent increase in bankruptcies and a 53 percent increase in business failures.

These developments have chilled the long-overheated Washington real estate market, as the success stories that filled the cocktail party circuit in the mid-1970s have given way to tales of woe and frustration. The average value of local properties increased just 6 percent last year—and actually decreased in some parts of the city—a far cry from the double-digit appreciation rates that once made real estate such an irresistible proposition for so many.

But it is the personal impact of the mortgage squeeze that often is most telling.

Jack Meverson, 34, has been trying to sell his three-bedroom Capitol Hill town house for more than a year. But although he has offered to provide some of the financing himself and has gradually dropped the price—from $245,000 to $237,500, then to $227,500 and finally to $219,500—no one has offered to buy it.

"This whole thing has prevented me from moving forward with my life," said Meyerson, who has since moved to Philadelphia to join a law firm there. "At the interest rate I bought the house for [10¾ percent], a couple with two good salaries from government jobs could have afforded it. Now they couldn't handle it."

Six weeks ago Meyerson gave up, pulled the house off the market and rented it out. Then he and his wife bought a far more modest townhouse in Philadelphia than they had originally planned.

"Because we couldn't sell the house in D.C., we ended up living in an apartment far longer than we wanted to, and we weren't able to buy the kind of large house here that we could live in for 20 years," he said. "It's a real pain in the neck having all your equity tied up."

Stanley and Ann Hamilton started packing their prized china and crystal last December when they found a buyer for their 71-year-old row house on Cathedral Avenue NW. Hamilton, executive director of the American Trucking Association, then signed a contract for a model home in Fairfax County to be closer to his office, which was moving to Virginia.

But the wealthy consultant who arranged to buy their home lost his financing, and Hamilton was forced to back out of the Virginia deal. Over the next few months, Hamilton signed three more contracts for his five-bedroom rambler, only to have one buyer drop out and the other two rejected by the banks.

The discouraged lobbyist dropped his price from $225,000 to $200,000, offered a third trust himself at 15 percent interest, and finally sold the house last week. "We consumed a few bottles of booze that night," said Hamilton, who now has two months to find a house in Virginia. "We just didn't want to get excited about a new house and have it fall through again."

[From the Washington Post, Sept. 27, 1981]

HIGH COST OF BORROWING IS KILLING DREAM OF HOME OWNERSHIP

Some people can't afford to wait. Charlotte Hall thought her housing troubles were over in June when she sold her house in Springfield and bought a much larger four-bedroom home in a newly evolving subdivision in Burke. But she lost her job when The Washington Star folded, has been forced to move out of town and is scrambling to sell her house in a far more depressed market than the one she encountered just three months ago.

"The only people who are trying to sell a house in this market are crazy," said the young newspaper editor, who is moving with her husband and their 5-year-old son to take a job at Newsday, but doesn't know whether she can buy a house in Long Island. "Our house has been on the market for five weeks and no one is looking. My real estate agent told me everyone is sitting around her office waiting for the phone to ring."

The builder at Hall's Southport development, Costain of Washington Inc., is facing a similar dilemma: trying to unload 14 of 35 houses built so far in the $150,000 range. These houses are intended for the broad range of middle-class buyers who until recently formed the backbone of Washington's lucrative housing market. But it is these people who have, for the first time, been priced out of the market.

"It's the people in the middle of the market who are suffering, the great middle class," said Sinclair, the aggressive, 35-year-old president at Perpetual. "The guy in Fairfax with a wife and three kids who wants to buy a $175,000 house, he can't qualify. He's working, his wife is working and they're not making it."

The danger signs are everywhere:

A sales agent with one of the area's largest and most successful condominium developers was shocked to find that her paycheck bounced a few weeks ago.

Long and Foster, one of the area's largest realty firms, reports that its sales in August dropped 17 percent from the same period last year. "We're staying alive through creative financing," said P. Wesley Foster, the firm's president."If not for that we'd be flat out of business. It would be a nightmare."

"There's never been a time when so many houses stayed on the market for so long," said Wally Adamson, a manager with the Shannon and Luchs realty firm. "On Sundays these people used to be out looking. There's a fear psychosis out there."

Some realty agents, brushing aside the latest statistics, insist that this is actually the best time to find bargains. "The high interest rates also make it a good time to buy a home because you're not paying full market price," said Helen Hubbell, regional vice president for Merrill Lynch Realty-Chris Coile Inc. "If interest rates do drop, the market's going to be unbelievable and we'll probably have a big increase in the price of homes."

Others are not as sanguine. Twenty-three years ago, Phyllis Tobin became the first sales person at Sterling Radcliffe Real Estate in Olney. Now she is the last remaining partner and is closing down the company.

The latest downturn convinced her two partners they could make more money in other lines of work. One is going into advertising, the other becoming a manager for a large corporation.

"If the market had been booming, I could have attracted a new sales manager and new salesmen," Tobin said. "But I didn't want to do it all myself. I can go work for another company with fewer headaches."

As the breadwinner for her large family, Tobin tried to keep the firm going, even as her own sales dropped by more than half. "Now when you get a customer, you put your hand around his neck and put your foot on his chest and sell him something," she said. But even this aggressive attitude failed to halt the downslide.

"I've seen any number of bankruptcies and I'm sure more are just around the corner," said Edward R. Carr, a developer with 12 subdivisions in Northern Virginia, who is not replacing his employes as they leave. "If this kind of market continues for another six months, I'm sure there'll be a real spate of failures."

Some builders already have run out of rope. Chet Cowan has survived several economic downturns during his 20 years as a Washington builder, "but this is absolutely the worst one—no comparison." Now his firm, Cowan and Hodgkins, has filed for bankruptcy.

Cowan was in the midst of developing a 49-lot subdivision near Potomac when his luck ran out. "We ran into a cash-flow problem," he said. "When you're paying 2 percent over prime on construction loans, you've got to move a lot of houses fast."

In the current climate, it's little wonder that many homeowners are becoming reluctant landlords. After trying to sell their three-bedroom house on Constitution Avenue NE for a year and a half, Frank and Judy Prunella decided to move out and rent the place to a White House aide who came to town with the Reagan administration.

The White House staffer liked the house so much he decided to buy it, but as the long-awaited settlement grew closer, he found that he couldn't sell the condominium he left behind in California and had to back out of the deal. He is still renting the $135,000 house, and the Prunellas are still trying to sell it.

"It's really the pits," Judy Prunella said. "It's hard to get anyone into the house because people have been scared off. The rent doesn't even come close to covering our payments."

As the damage to the housing industry intensifies, businesses and services tied to housing are feeling the impact in growing numbers. And few expect any relief until, or unless, mortgage rates drop appreciably.

David M. Jones, a respected investment economist in New York, says that while the housing industry is resilient and can recover, it is likely to remain depressed through all of 1982.

"The mortgage market as we knew it is, essentially, dead," he said. "The 30-year, fixed-rate mortgage has burned many savings and loan institutions to death. It's got to be replaced by the variable rate mortgage. The golden age of housing was the '70s. The '80s will be impaired by maor shifts in the forms of financing."

And what does all this mean for those who still hope to have a home of their own?

"Young couples are going to have to live with Mommy and Daddy a little longer," Jones said. "Their dream of moving into that cute little cottage, all freshly painted, carpeted and furnished, is going to be put off. Mom, apple pie and housing made this country tick for years. No more."

[From the Washington Post, Sept. 28, 1981]

Housing Slump Spreads Its Misery

(By Lewis M. Simons and Howie Kurtz)

The lumber industry, with dozens of mills shutting down every week and thousands of workers losing their jobs, is being devastated by the slump in home building.

One million construction workers are expected to be laid off by the end of the year.

Savings and loan associations, mortgage insurance firms and title companies are dismissing employes for lack of work.

And waiting lists for public housing projects in Washington have swelled dramatically with poor people who have no place else to live.

From lumber mills to furniture makers, from lawyers to moving firms, from carpenters to drywall contractors and, ultimately, for anyone who dreams of buying a house, high interest rates and scarce mortgage money are unleasing a broadening wave of anguish through the area and the nation.

"There is a ripple effect that hits the people who make carpeting, wallpaper, furniture, silverware, draperies, even the guy in Michigan who makes spare parts for a heat pump," said William F. Sinclair, president of Perpetual American Savings and Loan Association, the area's largest mortgage company. "The housing industry affects 23 percent of the U.S. economy. You're damned right we're crying the blues."

Nowhere has this ripple effect hit with more force than in the lumber industry. Veteran lumbermen in Virginia, where forest products generate $2.8 billion a year and create employment for 80,000 workers—making it one of the largest private sources of employment in the state—say they see only hard times for at least another year.

"We trimmed back to three days' work six weeks ago," said Mac Butler, manager of the Butler Lumber Co. in Chase City in southern Virginia. "We normally employ about 200 workers, but we've had to let about 100 go. My father started this business 45 years ago and this is the worst I can remember."

A lumber industry leader, A. Milton Whiting, president of the National Forest Products Association, recently told President Reagan in a letter that "a sizable portion of the lumber industry is approaching extinction. This is the most serious crisis our industry has faced in nearly 50 years."

And one of Reagan's closest allies in the industry, Peter Murphy, who is being considered for appointment as ambassador to Ireland, said his own lumber company in Portland, Ore., has been on a four-day schedule for the last six weeks and has laid off 60 workers.

A number of lumber companies throughout the Pacific Northwest have closed down, and the impact on the small towns that rely on them was "just as though a light had been switched off," Murphy said. "There's no doubt that the industry is in dire straits, and it's all due to high interest rates."

Murphy said, however, that he had great faith that the administration's economic policies would soon produce "a major improvement, in which rates will be in a steady down pattern in the next five to six months. When we get mortgage rates back to the 11½- to 13-percent bracket, people will be able to buy houses again—and they will buy."

But many people in other businesses linked both directly and indirectly to the ailing housing industry are far less confident. In fact, some bankers say that the limited number of loans still being made is intended mainly to save both lenders and borrowers from a wave of costly foreclosures.

"We're still seeing some 'forced' mortgage activity because loans are being made below market rate," said Thomas J. Owen, Perpetual American's chairman. "This is being done because a developer may be in jeopardy of bankruptcy and it's not in the lending institution's interest to let this happen," he said. "But once the product is off the shelves, the number of loans will drop dramatically."

The consequences are most keenly felt among those who swing the hammers and lay the bricks. In the first five months of this year, 4,000 local construction workers lost their jobs, the Metropolitan Washington Council of Governments reports. While union officials here say their members are being kept busy by the booming office-building market, it is the nonunion workers who are bearing the brunt.

"It's cut my work in half," said David Kreh, a drywall contractor in Silver Spring. "All my builders are just sitting there and they aren't building any more. I can see the writing on the wall. In another month we're going to be in big trouble."

"It's really taken its bite on us, too," said Gene Cornett, who has cut the crew of his Rockville excavation firm from 24 to 10. "We get a contract for 25 houses and they build three or four at a time. It's really a panic right now."

"Everyone I talk to says they can't last much longer," said Gary Balsamo, president of Built-Rite Builders, a small firm in Rockville. "We hold an open house and maybe one or two people come out. If this thing doesn't turn around within the next six months, I can't make it."

"Obviously if nobody's buying houses, we're not going to be moving anyone into them," added Bernie Secrist, vice president of Beltway Movers Associates.

Some have already lost their jobs. Jack Eye, 26, was let go by AC&R Insulation Co. last week, and this time it's expected to last far longer than the week-long layoffs of the past. "They don't even know when I'll be able to go back to work," the four-year veteran said. "They said the next time I come in there, some other people might be laid off, too.

"No other insulation companies are hiring, and I've got bills for rent and food," said Eye, who lives in Landover Hills. "I'll have to look for another kind of job. I just had an interview for a warehouse job with Safeway."

Even lawyers haven't been immune. Berneice Naylor at Attorneys Title Corp. in D.C. said the firm is currently handling 318 title searches, compared with 510 at this time last year. What's more, Naylor said, the firm just laid off two employees and is wasting "many, many hours" on title searches for buyers who ultimately don't qualify for financing—which means the firm doesn't get paid.

It would be difficult to overstate the importance of housing to the financial markets. Perhaps no other business, except automobile manufacturing can send tremors into so many segments of the economy when interest rates become volatile. For example, the Federal National Mortgage Association (Fannie Mae), which buys billions of dollars worth of mortgages from lenders and sells debt obligations to private investors, is the nation's second largest borrower, after the U.S. Treasury.

Ticor Mortgage Insurance Co. of D.C., a firm that insures mortgages in which the downpayment is 20 percent or less, also is feeling the strain. The sky-high interest rates have forced most home buyers to make larger downpayments so they can qualify for smaller loans—and that means fewer mortgages for Ticor to insure.

"It's kind of tough for me because I work mainly on commission," said Kathy Stemler, an account executive with the firm. "My business is down about 50 percent, and in the next few months it'll be down even more." This, in turn, has complicated her carefully devised plan to buy a $101,500 two-bedroom condominium in Arlington.

With sales plunging, the demand for other kinds of housing is increasing at a time when the federal government is sharply curtailing its traditional role in the market. This has produced the most severe strain in a generation on harried tenants, private landlords and local government officials.

"We're renting everything we can get our hands on," said P. Wesley Foster, president of the Long and Foster realty firm. "We're hardly running any ads. We don't have to."

John T. O'Neill, vice president of the Apartment and Office Building Association here, said the declining availability of rental units, particularly those in lower price ranges, means that "rental housing is on a path toward extinction."

Virtually no privately financed rental housing has been built in the metropolitan area for several years, O'Neill said. "The most critical shortfall is in rental housing for senior citizens and for lower-income families with several children," he said.

Federal Housing Commissioner Philip D. Winn said there are no financial incentives for private developers to build rental apartments. "When interest rates get this high, the housing industry gets it in the neck," he said. "You can't expect to have any multifamily construction with these rates, absolutely not. The numbers just can't be made to fit."

By next year, Winn said, the federal government will no longer subsidize the construction of rental housing for low- and moderate-income families. Nevertheless, he said, "I'm not concerned about how we're going to house America in the next 10 years.

That will be up to the states, the cities and the private sector."

Many of the Washington area's poorest residents, who can neither afford to buy nor to rent without government help, have turned to public housing, where nearly one of every 10 D.C. residents already lives.

D.C. Housing Director Robert Moore said the number of new applicants jumped from 1,297 in the first eight months of 1980 to 1,881 for the same period this year, a 45 percent increase. Moore's staff, meanwhile, is interviewing people who first applied for three-bedroom apartments in January 1974.

The waiting lists for public housing and rental subsidies also have swelled in Alexandria. And in affluent Montgomery County, 9,500 families are now waiting for such assistance, up from 6,000 last year. But federal officials say they plan to abolish the rental subsidies next year, a budget-slashing move that will cost D.C. alone $30 million a year.

Perhaps the most dramatic impact has been on the city's highly touted program to renovate boarded-up homes and sell them to people making less than $25,000. Soaring interest rates have eliminated nearly all the potential buyers, and only 40 percent of the 200 houses renovated so far are now occupied.

"Many of these houses are sitting unsold and some have had their windows broken and their furniture stolen," Moore said. "We had contracts on all 200 homes—in some cases with backup buyers five deep—but people are no longer qualifying at 16, 17 and 18 percent [interest rates]. We've had people come in and tear up their contracts."

In an effort to salvage the city's investment, Moore is now forced to subsidize these purchasers by "buying down" their interest rate, a method that requires the city to come up with more cash at settlement. After fixing up a house with a $40,000 mortgage, the city government must pay another $3,600 to in effect reduce the interest rate by 3 percent. But even that approach is no longer working.

"When I was buying the rate down to 14 percent, I was able to close on some houses," Moore said. "Now that the rate is 19½ percent, I'm buying it down to 16½ percent, but I'm not selling. People just can't qualify."

Rhea de Arce, 44, a dental assistant who rents an apartment in the Mount Pleasant area, had been waiting 2½ years to buy one of the city's renovated $37,000 condominium apartments on Harvard Street NW. She lives with her 7-year-old daughter and was so intent on buying a unit that she went to dozens of neighborhood meetings to organize support for the project.

"They were supposed to be completed last December, then they said January, and then August," de Arce said. "By then, I couldn't afford it. When interest rates started going up so high, I just sat back and didn't bother any more. Being divorced and with a daughter, I just couldn't put myself out on a limb."

High interest rates also have prompted most local officials to hold off on selling millions of dollars in tax-exempt bonds to provide low-interest mortgages. In Montgomery County, officials found that a new bond sale would only aid home buyers making more than $35,000 and they're debating whether to subsidize people in that income bracket.

Prince Georges County faces a similar dilemma. The county had hoped to sell $45 million in bonds to encourage people to buy condominium apartments by offering them 12 percent mortgages. "But now the interest rate would be more like 14 percent and we're not sure we would be assisting all that many people," said housing director Earl Morgan.

Even tenant groups, which until recently were cashing in on the condominium boom, are falling on hard times. Three years ago, the residents of Ordway Gardens in Northwest Washington won widespread attention when they became the first tenant group in the city to convert their apartment project.

But as interets rates soared along with the cost of renovation, only half the tenants bought apartments in the 122-unit complex. Last winter they had to bring in an outside firm to try to sell the rest. An executive at the J.E. Robert Company said the firm expected to sell all the apartments by July, but there are still 40 left and buyer interest is way down.

The refurbished units, which range in price from $80,000 to $142,000, are just a block from the new Metro station in Cleveland Park. But sales have been so sluggish that the Robert firm has had to buy down the interest rate from 19½ percent to 16½ for the first three years of the mortgage.

"We had absolutely no choice if we want to bail the tenants out of the bind they're in," said Hank Livelsberger, the firm's vice president. "The interest clock is ticking each month."

[From the Washington Post, Sept. 29, 1981]

Builders Fight the High-Interest Battle

(By Lewis M. Simons and Howie Kurtz)

Two years ago, when John C. Walker III began planning to build a dozen contemporary-style homes on a wooded cul-de-sac in Potomac, he figured they would be snatched up in no time.

Walker was certain that young professional couples would be lured by the stylish three-bedroom layout and the woodshake roof, the stone patio and acrylic skylights, the choice location and the $160,000 price tag. With interest rates at 10 percent, all he needed was to find a select number of two-income families earning at least $56,700 a year. How could he miss?

But interest rates took off as soon as Walker's crew broke ground, peaking this month at 19 percent. Now, as Walker punches out the figures on his pocket calculator, a couple needs an income of $95,733 to qualify for the same mortgage. This has scared off most potential buyers and left Walker with five unsold houses—four of them still unfinished—and a growing degree of uncertainty about the future.

"Whether they'll all be sold by the end of the year, I don't know," the stocky, sober-minded Walker said. "I may just end up renting them because of the high cost of cash. It wasn't feasible for me to stop construction and leave four empty lots. You finish them and you pray."

A short distance up Connecticut Avenue from Walker's Chevy Chase office, William L. Berry takes out a cream-colored graph showing his profits going up almost as quickly as the interest rates that are holding Walker down.

This summer, when 83 percent of builders across the country gloomily reported the level of prospective buyers visiting their developments as "low to very low," Berry said 4,000 people passed through his model houses in five developments in Maryland and Virginia.

While 71 percent of the nation's developers reported their sales as "poor," Berry said, "we've sold 30 homes and grossed over $6 million."

What's his secret?

"There's no secret," the amiable, gray-haired builder said. "We're bucking the trend because I stress the importance of market research, the importance of spotting a void in the market—and then filling that void."

At a time when interest rates have sent the housing industry into a tailspin, these two builders have tried to cope in very different ways. For one, it is a time to hunker down, to live off the fruit of past labors while waiting for the climate to improve. For the other, it is a time to move aggressively, to exploit fully the small, well-heeled market he has so painstakingly carved out for himsef.

For all his mounting problems, John Walker has weathered the financial storm better than many builders, largely by drawing on a cash reserve from a lucrative town house project he finished last year. But he is still struggling to close the book on Birnam Wood, his small development near Cabin John Mall.

Walker swings around from his desk and pulls out his calculator again. At 12 percent, a $100,000 mortgage at his subdivision would cost someone $1,028 a month. At 19 percent, the monthly bill jumps to $1,588.

Since most of his potential customers are well below the $95,000 income bracket, Walker got on the phone and persuaded his bank to provide loans at 15¼ percent, well below the market rate. "What are their options—to foreclose on me?" Walker asked. "Then they've got to sell the houses themselves."

Now Walker has arranged to "buy down" that interest rate—in effect, to attract buyers by subsidizing their monthly payments—to a more affordable 12⅞ percent. That means he has to pay what now amounts to $988 a month per house to bridge the gap between the buyer's payments and the market rate.

"Very few builders can afford to do this," he said. "I won't make any money—I just won't go under. The only question is how long before my surplus runs out."

There are some pitfalls to this buy-down scheme, for unlike the standard 30-year mortgage, the buy-down loan lasts for only five years. "It's like honey on flypaper," he acknowledged. "The bank gets you to qualify for the loan, but it comes due in five years and the buyer has to refinance. We're all gambling that the rates will come down. If the rates are still high then, look out."

The 53-year-old builder has made some other unorthodox deals more reminiscent of a used-car salesman. In one case, he is taking a customer's current home as a trade-in and plans to rent it out until the sales market recovers.

Pasted across the wall of Walker's small office are the blueprints of successful subdivisions, reminders of a time when financing was easy and profits were abundant. It is a difficult period for Walker, a fourth-generation Washington builder who is already grooming his son to take over the company that bears the family name.

He recently had to lay off two long-time employes, one of whom has been with him for 12 years. After reaching $3.3 million in sales in 1978, he'll be lucky to top the million-dollar mark this year. And he doesn't expect to build many new houses on speculation. These days, he said, most small builders will only start new homes that have been presold.

"The only thing we'll be doing next year is selling what's left over this year," Walker said with a frown.

While others trim their sales, Bill Berry, former Air Force pilot, oil wildcatter, now housing developer, says he has found a way to prosper.

"In this market, and it is the worst possible market, the worst I've ever seen, we're actually growing," he said. Then, holding up his right hand and ticking off the indicators of that growth, he went on:

"We've hired three new middle-management people. We're expanding our office space. Last Wednesday, we had our annual employe dinner and declared over $59,000 in profit sharing, compared to $36,068 in fiscal '80.

The basic ingredients of Berry's victory in this summer of housing drought appear to be so simple as to warrant a place in any primer for developers. They are: Do your market research. Learn what kinds of housing and what price ranges are missing in the local marketplace.

Build the desired houses at the desired prices. And then, add the only mysterious element—excitement.

Excitement?

"That's right," Berry said. "We learned that even in such a bad market, if you have an exciting house you could excite people enough to convince them to buy it and to sell their present house, with all the problems that means today."

Berry's premier example of excitement in housing is Canterberry, the "equestrian community" he is building in Fairfax County. When he bought the 100-acre property near Burke Lake Park last December, he said, "It had 41 lots. But, instead of putting up a normal subdivision, we decided to build an equestrian project. Our market research showed that there were none in the Fairfax area.

"We felt that there were people with money who wanted to live in that kind of community, yet couldn't afford the million-dollar estates. Our houses are big and sell under $200,000." (Actually, they range from $175,000 to $241,600.)

"We could have cut the land up into more than 41 lots, but we astounded people in the business by going against high density in a time of a bad market. We decided that a third of the lots would be two acres and the rest between one and two acres."

The horsiness is achieved by a network of bridle paths, which Berry has installed, and by telling buyers that they have enough land to build their own stables and enough common ground for a jumping ring. The rest is up to them.

Berry's second project, which likewise seems to go against the grain, is McLean Estates. Opening a looseleaf binder of computer printouts and maps, his index finger settled on a map specked with yellow spots. "We plotted all the projects in the McLean area over $250,000 and we found all these. Then we plotted those under $250,000 and what did we find?" His pointing finger ran over the map on the next page. "None."

There it was—the void in the market.

Berry moved quickly. As with his other projects, Berry put up several model homes and built others only as the orders came in. But while McLean Estates consists of pretty much the same houses he has built at Canterberry, anyone who understands why "McLean" should take precedence in an address must be willing to pay for it. The prices range from $206,100 to $254,900.

Again, Berry knew his market. A computer profile of the first 10 buyers at McLean Estates shows that 80 percent have incomes over $85,000; 50 percent have two incomes; 40 percent are under 34 years old; 80 percent have children; almost all already own a house.

While other builders are scrimping on the style in which they furnish their model homes, Berry spent lavishly. While others are pinching advertising pennies, Berry was buying full pages.

"I know all that sounds like a lot of baloney," he said, "but the fact that's how we operate. And works."

Throughout the Washington area, dozens of other developers are scrambling to find out what works in a depressed market. Although the average price of a new house in the area has inched up to $117,092, the high cost of financing has prompted more and more people to think small.

The result: 40 percent of all sales in the first half of this year were for under $90,000, and 59 percent were under $100,000, according to Housing Data Reports, a local market research company.

Renay Regardie, the firm's president, said first-time buyers are still grabbing up efficiency and one-bedroom condominiums. But she said the market for some of the costlier, two-bedroom condominiums in D.C. "is in danger of crippling itself, a victim of lousy product, hype, greed, overestimation, inflated interest rates and this year's crummy real estate market."

Singles, young women and professional couples are still clamoring to break into the market, Regardie said, and a growing number are turning to attached town houses, which are now dominating the suburban market for the first time.

"Town houses were once looked at as your first buy on the way to single-family heaven," she said. "But they are smaller and about $20,000 cheaper than single-family homes, and when the husband and wife are both working, they might want to come home to a town house with a common pool and tennis courts and not have to worry about mowing the lawn."

At the same time, high interest rates have blocked most area homeowners from moving into bigger houses. Lisa and John Thompson have waited a long time to sell their Montgomery Village town house in order to "trade up" to a larger residence closer to the city—only to find that they can't sell their home.

"We don't feel under great pressure to move," said John Thompson, 27, who is tired of the 45-minute commute to his advertising agency. "But we feel we ought to buy because rates are just going up like crazy. And even if the rates drop, then prices will go crazy."

"Things are so reversed now that to own a house is a liability," said Steven M. Cohn, a real estate agent who was showing the Thompsons a $119,000 town house in Rockville last weekend. "Trading up is just about impossible because it's so hard to sell your house."

Cohn said his agency no longer accepts contracts that are contingent upon buyers first selling their own homes. "In the last couple of months we've had eight or nine contingency contracts, and not one has gone through," he said.

Things are even more difficult for first-time buyers like Rick Hubbard, 24, and his wife Lori, who have been married little more than a year. They are tired of paying rent for their cramped Alexandria apartment and are thinking about starting a family, but they can't afford a mortgage at more than 14 percent interest.

"We were kind of naive at first," Lori Hubbard said as they walked through the living room of yet another model home in Fairfax. "Now we're getting a rude awakening. The more we look, the more we're thinking we'll just have to sit around the apartment for awhile. We've saved a lot of money and it scares us to think we wouldn't have anything left over."

The salesmen at many suburban subdivisions are among the loneliest people in town these days. Many spend hours watching television and waiting for a few customers to trickle in.

At Burke Cove, one of a row of new Fairfax County developments with prices starting at $59,200, the number of weekend visitors this summer began to dwindle from 70 to about 30. Last Saturday and Sunday, only 12 people stopped by.

"Our sales are nowhere near what they used to be," said sales manager Judy Heilig. "A lot of people walk in and don't even ask the purchase price, they just say, 'What's your interest rate?' "

Gordon Smith of Miller and Smith, a McLean development company with houses priced from $64,000 to $105,000, said the number of visitors to his five area projects is at a 10-year low. The lowest-priced condominiums are selling best, he said, "but even 'best' is bad these days. People who'd normally buy an $80,000 town house are settling for a $60,000 condo."

Even luxury housing is feeling the pinch. Last fall, when developers for the Lee National Corp. finished the last section of their Chatsworth project in Northwest Washington, they found to their chagrin that the brick town houses, priced up to $319,000, were not selling. They took the homes off the market for awhile, then launched another sales drive. From April 1 to Sept. 1, they didn't sell a single home.

Finally, the developers agreed to offer their own financing at 12¾ percent on five- and 10-year loans, and this month they managed to sell a few houses. Even at those rates, however, someone who buys the $319,000 four-bedroom model must put down at least 25 percent—or $80,375—and make payments of $3,033 a month.

If his firm had not been able to offer the cut-rate financing, said marketing director John Engel, "I'd invite your photographer to Key Bridge to watch me jump off in chains."

Clearly, while some have found ways to survive and even prosper, many area builders are increasingly pessimistic about the future.

"The current problem is far greater than the public realizes," Walker said. "Foreclosures and bankruptcy among builders would be rampant if it weren't for the fact that the bankers are in as much trouble as we are and are reluctant to blow the whistle. Builders are going to be dropping like flies in a very short period of time."

[From the Washington Post, Sept. 29, 1981]

HOME BUYERS NOW FORCED TO CONSIDER SOMETIMES RISKY FORMS OF FINANCING

(By Howie Kurtz and Lewis M. Simons)

Buyers who until recently could finance their homes much as their parents did—with a fixed-rate, 30-year loan—now face a bewildering and often treacherous array of so-called creative financing techniques designed to qualify them for mortgage loans.

In recent months builders, developers and homeowners have discovered that virtually the only way to sell a house is to "buy down" the interest rate—that is, to pay part of the buyers interest costs by depositing several thousand dollars in a separate bank account.

In some cases, they subsidize the rate for only the first few years of a 30-year loan, after which the buyer's monthly payments suddenly jump to the full 18 or 19 percent rate. But a growing number of sellers are offering short-term "ballon" loans in which the entire balance of a mortgage—the "balloon"—comes due in three to five years.

Since the buyers then must refinance the entire mortgage at the prevailing market rate, they are gambling that interest rates will fall before their "balloons" come due. If the gamble doesn't pay off, they face losing their homes or being saddled with sharply higher monthly payments.

"The risk is entirely on you," said Stephen Cox, senior vice president of B. F. Saul Co., one of the Washington area's major mortgage firms. "We may not be in a position to refinance it in five years and you may have to refinance it yourself. The buyer is trading off the certainty of a 30-year mortgage for having a lower rate today."

"If the rates are outrageous in five years," added Thomas Bonorden at Washington Federal Savings and Loan, "it's possible we'll have a lot of property on our hands."

Some of the other new financing arrangements also carry considerable risks. The latest offering on the complex mortgage menu is the adjustable rate mortgage (ARM), whose interest rate rises and falls with a variety of indexes. Some banks adjust the rates yearly while others raise or lower them every few months.

And while some tie their interest charges to six-month Treasury bills, others base the payments on their own cost of borrowing, a more volatile measure that may be more beneficial to the bank than the home buyer.

Still others are offering graduated rate mortgages, in which the monthly payments are lowered for the initial five years to enable the customer to qualify. Home buyers who take this bet are gambling that they will be able to handle steeper payments in the future.

It's little wonder that area bankers say most would-be home buyers remain wary of these complicated arrangements.

As though this weren't enough of a problem, many home buyers are learning that banks no longer allow them to assume an owner's existing mortgage, which may be at now-unheard-of rates such as 8 or 9 percent. Some lenders are compromising, offering new loans at, say, 13 percent, just to get a deadwood 8 percent mortgage off their books.

The Federal National Mortgage Association, or Fannie Mae, which buys mortgages from lenders, recently gave an encouraging boost to the new arrangements by agreeing to purchase bought-down mortgages as well as adjustable rate loans.

Many Reagan administration officials say the new "All Saver" certificates, which offer consumers $1,000 ($2,000 for married couples) in tax-free interest income over the next 15 months, will enable savings and loans to pump billions of dollars into new mortgages. Toward that end, Fannie Mae recently announced some new incentives to make it more profitable for savings and loans to channel their All Savers cash into home mortgages.

But some financial experts say the plan is too little and too late. "No S&L in its right mind is going to invest that money in long-term mortgages, or even five-year mortgages," said New York investment economist David M. Jones. If he is right, thousands of borrowers may lose their high-stakes gamble that mortgage rates will come down any time soon.

REAGANOMICS AND ITS "REAL" IMPACT ON GOVERNMENT REGULATION

Mr. BAUCUS. Madam President, questions about other parts of the administration's program should be asked as well. For example, 2 days ago the administration proposed cuts in the Environmental Protection Agency that are so massive as to mean nothing less than a basic retreat in all of the environmental gains of the past 10 years.

Recently, too, President Reagan's Commerce Department issued a list of what it believes are the worst Government regulations. The list is called the "Terrible 20."

The list is the result of the administration's pledge to "remove the tentacles of excessive Government regulation which are strangling our economy." That has a nice ring to it. I like it. I believe we all share the desire to get rid of unnecessary regulations.

Indeed, we sometimes feel awash in a sea of red tape. However, the rush to deregulate is not an open field run. We must remember that one man's red tape is another's health and well being.

I have read the Commerce Department's "Terrible 20" list and I find it astonishing. What is so terrible about the Federal regulation that limits worker exposure to lead and arsenic in the workplace? It is on the hit list. What is so terrible about the regulations on nuclear plant licensing and the management of hazardous wastes? They are on the hit list. What is so outrageous as "clean air standards?" They, too, are on the list.

On the other hand, do we want to simplify the Tax Code, whose complicated structure creates nearly half of the paperwork created by the Government to the tune of 650 million hours? Certainly. But, alas, this is not on the list.

Madam President, my point is simple. Congress has given the President his program. It begins today. Now I am prepared to look hard at additional spending cuts, to reexamine tax policies, and to look at other ways to make Reaganomics as successful as possible. But blanket authority to cut spending is no substitute for the hard, sweaty, difficult process of forming public policy and getting majority support for it.

Whatever the issue—be it taxes or spending—we are better off with tough, open debate on who gets how much and who pays. Let the President be specific about spending cuts. Let Congress examine them. In the meantime, the President's program is being given a chance.

At this point I ask unanimous consent to have printed in the RECORD, two recent articles that detail the administration's actions on environmental fronts, and three articles that offer alternatives to Reaganomics. I commend them to my colleagues' attention.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 1, 1981]

SENATE PANEL DECIDES TO TAKE LOOK AT TROUBLED EPA

(By Joanne Omang)

The Senate Environment and Public Works Committee yesterday halted action on environmental legislation in order to hold hearings two weeks from now on the state of affairs within the turbulent Environmental Protection Agency and on the nationwide effects of proposed EPA budget cuts.

A copy of the EPA's 1983 budget proposals indicates that the reductions in operating funds are $216,447,000, or about 18 percent below President Reagan's 1982 request. Full-time staff under the remaining $975 million operating budget would be reduced from the current 10,381 to 8.340, a 20 percent slash.

One of the most striking cuts would be a 50 percent chop in funds for enforcing air-pollution rules for stationary sources such as industrial plants.

Administration critics have worried that such cuts could mean that the EPA cannot enforce the environmental laws of the past decade. In scheduling the Oct. 15 hearing, environment committee Chairman Sen. Robert T. Stafford (R-Vt.) said major cuts "would deeply impair all the functions" of the EPA and would "deeply distress" him.

"We'd better stop legislating and see where we're at," he said. Sen. Jennings Randolph (D-W. Va.), ranking minority member on the environment committee, said in a letter to Stafford that new legislation should cease until the committee could "determine if the agency has the ability or the will to carry out these programs."

The action comes at a time when EPA administrator, Anne M. Gorsuch is under fire from within the EPA for what some senior staff members have called overly political decision-making.

White House officials also have expressed concern that she has not managed to convince key political and industrial supporters of the administration that she has their interests in mind.

As if to illustrate that point, President Reagan and Vice President Bush jumped into the arena yesterday to back Gorsuch's push for revisions the administration wants in the controversial Clean Air Act.

Reagan wrote to Stafford urging speedy action on the measure, and Bush met with Stafford, Gorsuch and Senate Majority Leader Howard H. Baker Jr. (R-Tenn.) to press the same message. This led to speculation that Bush might be replacing Gorsuch as the administration's voice on the bill.

EPA spokesman Byron Nelson, however, said Bush had only been brought in "to lend his weight to the matter and to illustrate the high priority it has," and that Gorsuch would continue as the key administration voice on air-pollution policy.

Stafford said he got the impression during the meeting that Gorsuch remained the lead actor, and a spokesman for Bush said he was acting in his capacity as regulatory reform chief.

On the House side, Rep. Toby Moffett (D-Conn.) joined the debate over Gorsuch, saying in an interview that his government operations subcommittee staff had been forced to threaten Gorsuch with a subpoena to get her to appear at an Oct. 21 hearing.

"I can't understand why they [at EPA] are in such a confrontational spirit," he said.

The hearing will concern what Moffett called the "lack of even token progress" on implementing legislation aimed at controlling toxic wastes and on issuing regulations for building waste-disposal sites.

Hazardous substance control efforts, including the massive Superfund site cleanup bill, are chief among new EPA programs that will strain the reduced agency work force and resources as the programs begin to go into effect.

Nelson noted that Moffett had asked Gorsuch to discuss 13 subjects. "It takes time to get that together," he said.

At the same time, Rep. James J. Florio (D-N.J.) released a General Accounting Office report saying that the EPA's overall toxic-control effort "provides little assurance that public health and the environment are protected."

At least 8,300 known hazardous waste treatment, storage or disposal sites have not been registered under the law, and they have not been pursued, the report said.

Nearly all of a sampling of registered sites were found out of compliance with regulations, and any final regulations for them are at least eight years away, Florio said.

[From the Washington Post, Sept. 30, 1981]

INTERNAL RIFTS, HUGE STAFF CUT HINT EPA RETREAT ON PROGRAMS

(By Joanne Omang)

Budget cuts at the Environmental Protection Agency will strip 3,200 personnel of their jobs by the end of 1983, elim'nating 30 percent of the agency's 10,380 employes at a cost of $17.6 million just for severance pay.

The cuts are so massive that they could mean a basic retreat on all the environmental programs of the past 10 years, according to agency sources and administration critics.

At the same time, divisions between Administrator Anne M. Gorsuch and career agency staff over her approach to policymaking have all but reached open warfare. White House aides are privately worried that Gorsuch may be isolating herself not only from environmental groups, whom they expected to alienate, but from some industry and state officials as well.

Gorsuch has reportedly proposed a 1983 operating budget down 20 percent from her 1982 request of $1.19 billion, according to several Capitol Hill sources. Counting inflation and President Reagan's recent call for another 12 percent chop, actual spending could drop to a level that will buy about 40 percent of what former President Carter proposed.

At stake would be many programs ordered by Congress that are just beginning to get off the ground: the Superfund toxic waste dump cleanup, regulations for tackling industrial waste and constructing safe disposal sites for it, and testing of new chemicals.

Suspected hazardous air pollutants like formaldehyde indoors and diesel fumes outdoors are only beginning to be studied, and those programs would appear to be in jeopardy along with many others in the research field.

Even if the Office of Management and Budget breaks all precedent and cuts Gorsuch's figures no further, an internal agency draft indicates that the 3,200 jobs could go, in addition to the normal 6 percent attrition. The draft requests $17.6 million to pay employe severance.

"We'll have to be doing twice as much as we are now with a third fewer people," said an employe in the hazardous waste control program.

Gorsuch and her senior staff allegedly made most of the major budget decisions without consultation with the bureaucrats who must administer the programs, and there have been major struggles when protests were regarded as acts of disloyalty.

For example, Nolan Clark resigned last week as head of policy planning, the number three post at EPA and one that Gorsuch had reorganized the agency to create. Clark cited "irreconcilable differences" with Gorsuch as his reason for departing. Sources close to him blamed efforts by Gorsuch's political aides to oust some senior staff people who had questioned whether the agency could meet its legal requirements under proposed budget cuts.

"There hadn't been a whole lot of thinking about the long-term impact," one said. "It's difficult to exaggerate the paranoia there."

Denis Prager, associate director of the White House Office of Science and Technology Policy, confirmed that in part. He said in an interview that Gorsuch "feels an entrenched bureaucracy is fighting her at every turn" and that "there is to some degree a 'we-them' mentality, the 12th [administrative] floor and the rest of the agency."

A source who works on pesticide regulation agreed. "The 12th floor never talks to anyone down here unless it's to ask us for numbers to justify decisions they've already made," the source said.

EPA spokesman Byron Nelson rejected the charges. All 1983 budget figures are preliminary, he said, and no draft estimates of employee cuts have yet reached Gorsuch. Current and expected budget cuts will not hurt required programs, he said. "We feel we can shift our management priorities to take care of that which Congress expects of us."

Transfer of some EPA functions to the states, he said, will mean needing fewer people, while management shifts will take care of any other shortfalls. But that issue is the very one that has caused friction with some industry and state officials.

Several governors have met with Gorsuch to protest her proposed transfer of clean air act powers, toxic waste regulation and other functions to them at a time of major budget squeezes. Members of the trucking industry asked that federal standards for emissions be maintained, while railroad industry spokesmen want noise control to stay in Washington.

"Some of them protested to Reagan that she wasn't listening," an administration insider said. "She could be in trouble if those people get down on her."

But Utah Gov. Scott M. Matheson, one of those initially unhappy with Gorsuch, has changed his mind now that he knows her better, an aide said.

"She's made some real effort and lines of communication are open now," the aide said. "She seems willing to listen."

[From the Nation, Mar. 7, 1981]

Alternative to Supply Side: The True Road to Industrial Renewal

(By Robert B. Reich)

The rampant inflation, high unemployment and negative international trade balances that have plagued the American economy in recent years, and resisted cure by fiscal and monetary policies alone, are symptoms of America's worsening international competitive position.

Imports and exports now constitute 24 percent of our gross national product, up from just 14 percent in 1970. During the past decade nearly two million manufacturing jobs have been lost to foreign trade. Over that same period the share of the world market claimed by U.S. manufactured goods has fallen by 23 percent.

Although there is widespread agreement on the cause of the spreading economic malaise, what government and industry in the United States should do about it has provoked considerable controversy. Right now the loudest voices in the land are calling for government measures to raise the level of investment by reducing consumption, so that new capital can be created. These proponents of supply-side economics typically argue that government should interfere less in the economy: taxes should be reduced to encourage savings and investment, regulation and antitrust enforcement should be curtailed and government should curb the growth of public expenditures for Social Security, health and welfare. President Reagan's recently announced economic program is based squarely on these principles.

Such measures surely will be painful for many Americans, particularly the poor. Since the propensity to save is higher for the rich than the poor, a tax cut for savers and investors is likely to result in a regressive shift in the tax burden. It also will reduce the standard of living of a substantial number of our citizens who, because of age, ill health or lack of job training, must rely to a significant extent on public assistance. Poorer citizens are also particularly dependent on "public goods" like clean air and safe working conditions, which the more wealthy of our citizens can purchase for themselevs by living in less polluted neighborhoods and opting for safer jobs.

Worse, the sacrifices of the poor may be for nothing. A central tenet of the supply-siders' faith is that capital formation is the primary source of future productivity. But this proposition is far from established. Indeed, the available evidence shows no direct link between capital investment and output. Our rate of productivity growth declined between 1967 and 1973, yet the rate of growth of capital formation during this period was higher than it has been at any time in the postwar period. Indeed, our annual investment in manufacturing, measured as a percentage of manufacturing output, has increased steadily over the decade, and has not been substantially below that of Japan or West Germany.

Moreover, as our economy has shifted from manufacturing to services, the amount of capital we need to sustain rapid growth has diminished. This is because service businesses require less capital than manufacturing businesses. Between 1960 and 1978, while employment in manufacturing rose 21 percent, the number of persons providing services grew by 72 percent. And service exports—engineering, insurance, banking, consulting—have grown accordingly; they are now rising at a faster clip than any other category of foreign trade—15.7 percent a year, compared with a 6.7 percent growth in merchandised trade.

Finally, it seems reasonably clear that our future economic growth will be dependent on knowledge-intensive, rather than capital-intensive, businesses. Our emerging industries (biotechnology, lasers, semiconductors) require far less capital per worker than the heavy industries that previously dominated our economy (autos, steel, shipbuilding). Thus, in an advanced industrial economy, the trend toward a declining overall level of investment may be entirely appropriate and even desirable.

What is more, much of the limited capital we now have has been frittered away on nonproductive uses—merely rearranging the ownership of industrial assets rather than increasing their real value. There is every reason to believe that the same fate will befall any additional infusion of capital. In the last three years, for example, some $100 billion of corporate cash resources has been used to acquire existing corporate assets through tender offers. The vast bulk of these transactions involve conglomerates absorbing unrelated lines of business. Despite all the claims about the "synergy" that such combinations produce, there is very little evidence to suggest that the average merger has enhanced the basic profitability or productivity of the merging enterprises. Other investments that currently preoccupy our money managers are more obviously speculative: foreign-currency contracts, commodities, financial features and real estate.

All this asset-rearranging activity diverts the attention of corporate executives, who spend their time fending off takeovers, responding to depositions and devising novel tax and accounting schemes rather than building better products. It also creates vast service industries in law, accounting, tax consulting and finance, to which some of our most talented and creative citizens are drawn.

If the supply-siders' nostrums for increasing the level of capital investment are questionable at best, what is the alternative? Some argue for preserving the economic relationships of the past, outmoded or not, by controlling price increases, erecting tariffs and quotas against foreign imports, regulating factory closings and relocations, limiting direct investment abroad and investing public funds in dying industries. But markets cannot be frozen in time like Brigadoon. Moreover, such restrictions may have the perverse effect of stifling economic growth while imposing substantial costs on the economy.

The real alternative to supply-side economics goes under the name of "industrial policy." Industrial policy is little known or understood in America, although Japan and Western Europe have been using its techniques for many years. Proponents of industrial policy worry less about capital formation than do supply-side economists, but worry more about how capital is allocated. Rather than regard the economy as a "zero-sum" game in which the standard of living of many citizens must be sacrificed to obtain a higher level of investment, industrial policy concentrates on how government can obtain the most productive possible pattern of investment, particularly with regard to high-wage industries in which the United States can achieve a competitive advantage in the world economy.

Both supply-siders and industrial policy proponents assume that the individual market decisions of countless consumers and investors are preferable to letting government determine what goods and services should be produced in the economy and how investment should be allocated. But proponents of industrial policy argue that the practical choice is not between government intervention and non-intervention. To a significant degree, government already shapes industrial development through procurement and research and development programs. For example, the Federal Government (largely through the Department of Defense) now purchases more than half of all aircraft, more than half of all radio and TV communications equipment, a fourth of all the engineering and scientific instruments and a third of all electron tubes and nonferrous forgings manufactured in the United States. Indeed, government procurement as a percentage of the gross national product is twice as high in the United States as it is in Japan, which is far more advanced in applying industrial policy. Equally important, the Federal Government currently funds more than 35 percent of all

U.S. industrial research and development, and employs (directly or indirectly) more than 30 percent of our nation's scientists and engineers. These effects will be larger in the years ahead, as an increased defense budget makes up a greater percentage of the G.N.P.

Beyond such programs, the Federal Government affects the pattern of investment through a host of other policies: tariffs, quotas and order marketing agreements; tax laws and rulings; loan guarantees and subsidies; public lands management; publicly financed insurance. In 1980 alone, tax benefits to particular industries totaled $70 billion; the Government issued $221.6 billion in loan guarantees and $60 billion in direct loans, and it had $2 trillion worth of outstanding insurance. Taken altogther, these Government expenditures that act to promote certain industries or businesses amounted to 13.9 percent of the G.N.P.

Yet none of these programs have been evaluated in terms of their effectiveness in enhancing competitiveness on the world market. None have been viewed as part of a coherent industrial policy. Rather, they are formulated by agencies and Congressional subcommittees closest to well-established industries and therefore most susceptible to special pleading. The result has been a political hodgepodge of subsidies. The Government now spends five times as much on research and development for commercial fisheries as it does for steel; it gives $455 million in tax breaks to the timber industry but none to the semiconductor industry; more than $6 billion in loans and loan guarantees go to the shipbuilding industry, compared with $940 million to the auto industry. In addition, tariffs on CB radios, apparel, shoes and sugar now cost U.S. consumers $2.8 billion a year; import restrictions on steel have raised the costs and reduced the competitiveness of every U.S. producer dependent on the metal (motorcycles, autos, appliances, machinery), while price controls on oil and gas have yielded cheap feedstocks for U.S. synthetic fiber manufacturers, giving them 23 percent lower mill costs than their European competitors. Meanwhile, special tax and credit provisions have channeled one-third of gross domestic investment into residential construction.

Industrial policy proponents argue that without an explicit strategy designed to improve competitive performance of our economy in world markets, government will simply let the politically strongest or most active businesses within each industry make policy. Unless government takes the initiative by easing the transition from declining industries and actively promoting new ones in anticipation of such declines, it will be forced to yield to political pressure and channel capital to the losers.

But industrial policy is not merely a matter of better adjusting to structural changes in the economy. Government promotion of certain industries can also be a positive force for economic development. International competition among advanced industrial countries has become a race in which the first manufacturer to achieve high volume and gain experience can underprice all its potential international rivals. Government can provide a head start in this race by subsidizing the growth of such industries. New technologies often require massive and accelerated infusions of capital in order to achieve the scale of production and know-how necessary for competitive development—larger and quicker than capital markets can provide. Our present competitive advantages in aircraft and semiconductors, for example, are due in no small measure to Government procurement. The Federal Government accounted for 92 percent of all aircraft sales in the 1950s; a whole generation of commercial aircraft was spun off from these defense-related prototypes. Government purchases of semiconductors accounted for close to 40 percent of all semiconductor sales in the 1950s, making possible our present lead in this field. A similar story can be told about rayon, synthetic rubber, antibiotics, communication satellite technology and nuclear power—all major international competitors.

Indeed, international competitiveness has become an explicit policy objective of the governments of Japan, France, West Germany and the United Kingdom. They are vigorously promoting industries with the greatest promise of international competitiveness, through subsidies, loans and special tax advantages. Government-owned or controlled enterprises now produce 85 percent of all the oil of the non-Communist world, 54 percent of steel, 35 percent of polyethylene 20 percent of automobiles. In addition, these governments are providing incentives for semiconductors, biotechnology and lasers. In 1978, national governments and state enterprises accounted for 65 percent of all borrowing on Eurocurrency markets—up from 20 percent just three years before. The United States must get in step soon; our rivals will not wait for us.

The emerging debate between supply-siders and proponents of industrial policy has been more ideological than pragmatic; it is framed in terms of the ideal relationship between governments and markets rather than the hard realities of international competition. As a practical matter, future policy makers must opt for industrial policy because it provides a far more efficient way to enlarge national wealth than does supply-side economics. Our pattern of investment directly determines our international competitiveness, while the level of investment affects it only remotely, if at all. Many of our state governments are already developing explicit industrial policies. California's Gov. Jerry Brown is now proposing a $22 million package of subsidies aimed at invigorating the state's high-technology businesses; both Minnesota and North Carolina are financing large microelectronics research centers; Ohio is establishing a $5 million fund to aid high-technology companies.

The important question, therefore, is not whether we will have an industrial policy but how that policy is to be devised. Will it be hidden or visible to the public? Who will participate in its formation? The waning Carter Administration flirted with tripartite boards composed of government, business and labor representatives which would hash out an industrial policy for each of our major industries (steel, autos, coal). This was a variant on the numerous commissions and tribunals that have brought industry and government together to promote economic growth since Herbert Hoover was Secretary of Commerce.

But such boards rest on the false premise that there are only two divergent interests within every industry: business and labor. They leave out two groups with a substantial interest in productivity: consumers and innovative businesses that seem to enter the industry. As a result, tripartite boards typically have enabled the least competitive but most entrenched segments of an industry to consolidate their political bases and form powerful coalitions against structural change—demanding tariffs, quotas and bailouts instead of the means to restructure the industry and phase out its least productive parts.

There is little danger that the Reagan Administration will tinker with tripartite boards (too much like planning). The danger is quite the opposite—that the new Administration will deny that it has an industrial policy at all. It will continue to make manifold decisions about how capital is to be allocated in the economy—only they will be made out of public view. Such a policy will make it difficult for the Administration to ignore the pleadings of particular industries (and their Congressional delegations) for special subsidies and benefits. As a result, we will have more of the same. Alternatively, we could go the way of Japan and West Germany, where industrial policies are designed by oligarchies of leading bankers and high-level government officials (it is interesting to note in this regard that a recent proposal to re-create a Reconstruction Finance Corporation came from Felix Rohatyn, a partner in the investment banking firm of Lazard Frères & Company).

The second alternative is not satisfactory either. Industrial policy making should be explicit and public. I should seek to achieve a broad consensus about how American industry can improve its competitive performance in world markets. It should involve consumers, small businesses, emerging industries and nonunion workers as well as organized labor and big business. It should also call in the best minds from the private sector—business executives, academics, financial analysts. In short, industrial policy must be part of the public agenda—an ongoing process of debate and analysis, reflected in newspapers, journals, public-affairs programs and classrooms. As the inevitable alternative to supply-side economics, industrial policy should truly become the public's business.

[From the Washington Monthly, Sept. 1980]

PIE-SLICERS VS. PIE-ENLARGERS

(By Robert B. Reich)

The United States now has the highest percentage of obsolete plants, the lowest percentage of capital investment, and the lowest growth in productivity and savings of any major industrial society. Some reasons for our decline are obvious: Rampant inflation, fed by energy price hikes, discourages personal saving and productive investment; tight-money policies designed to fight inflation further dampen new investment.

But the current crisis has deeper roots. Simply put, the structure of our economy—its underlying organization, the incentives it offers—has discouraged long-term growth in favor of short-term paper profits. An ever-larger portion of our economic activity is focused on rearranging industrial assets rather than on increasing their size. Instead of enlarging the economic pie, we are busy reassigning the slices.

Look around you, and you can see the rearrangers hard at work, prospering. They are the accountants who manipulate tax laws and depreciation rules to produce glowing—or at least presentable—annual reports. They are the financiers who think up new varieties of debentures or new mutual funds. They are the consultants who plot acquisition campaigns and the lobbyists skilled at obtaining government subsidies. They are the corporate executives, trained in law and finance, who hire all of the above, and the lawyers whose briefcases bulge with the statutes, opinions, depositions, interrogatories, motions, and prospecti necessary to carryout their strategies.

Whom you hear less and less of are the pie-enlargers—the engineers and inventors who create better products at less cost, and the entrepreneurs and workers who translate those ideas into new factories, new jobs, and ultimately into goods and services that people want to buy. By any number of measurements, including the total amount of money, effort, and media attention devoted to each, the ratio of asset-rearrangers to asset-enlargers in our economy is running at about 2 to 1.

The most obvious example is the continuing rage of mergers. In the last three years some $100 billion of corporate cash resources have been used to acquire existing corporate assets through tender offers. This money otherwise could have been spent on new factories and other productive uses. Some of it may eventually find its way into the hands of investors willing to take such risks—but just as surely, much of it does not. Instead of generating future economic expansion, the money circulates among companies like the stakes in a floating dice game.

The pace of this game has been accelerating. In 1978, 2,106 acquisitions were announced, valued at $34 billion, a 54 percent increase over the $22 billion reported in 1977. In 1979 the figures jumped to 2,128 acquisitions valued at $43.5 billion, almost double the 1977 figures.

This dramatic increase in corporate asset-trading is usually explained by the simple fact that many corporate shares are selling below book value. Faced with the alternatives of investing corporate earnings in new plants, equipment, or research (risky propositions whose payoffs are likely to be in the distant future) or undertaking a distribution to shareholders (who would rather pay a low capital gains tax on appreciation of shares than a high income tax on dividends), corporate managers instead see considerable attraction in snapping up profitable, well-run companies with established market positions. They speak of gains from "synergy": the dynamic effects of pooled management upon what were formerly independent firms, making the whole greater than the sum of the parts. They point to the high underlying value of the assets being purchased relative to their price on the stock market.

On closer inspection, some acquiring companies have built houses of cards. The aging plants they purchase may be undervalued in terms of book value, but not in terms of what it will cost to replace them with inflated dollars. And despite all the claims for "synergy," there is very little evidence to suggest that mergers have on the average enhanced the basic profitability of merging enterprises.

But the game of rearranging industrial assets can involve many plays beyond the conglomerate merger. Some are blatantly speculative—somebody wins only to the extent that somebody else loses. Last year, for example, 76 million commodity futures contracts were traded, up from 13.6 million in 1970—a 458-percent gain compared to a 174-percent increase in stock market volume during the same period. Foreign currency contracts and financial futures add to the growing lists of speculative investments. And the frenetic swapping of real estate that preoccupies our upper middle class continues, recession or not.

Other plays are less obviously speculative, more like elaborate Ponzi schemes in which asset-rearranging yields high returns so long as no one calls the bluff. For example, Union Carbide recently increased its first quarter profits by $217.3 million—a healthy jump that added $3.28 to each share of its stock. Yet Carbide accomplished its feat without adding a dollar to its assets. Instead, the company had simply adopted more liberal bookkeeping methods for depreciation, investment tax credits, and certain interest costs. The accounting charges, according to Wall Street analyst Thorton O'glove, "will have no impact on cash flow or distributable income." A whole new field of consultancy has grown up in recent years, "earnings management," which consists almost entirely of such strategic use of accounting conventions—redistributing income from good years to bad, recognizing profits in advance of sales, and similar innovative techniques.

Still other fertile fields of asset-rearranging involve the manipulation of tax laws or international rates of exchange. Silver and treasury bill futures, for example, are often used in a profitable maneuver known as the "tax straddle," in which an investor buys a futures contract and simultaneously sells an identical contract. Since futures trading is a "zero-sum" game, the investor will make money on one of the contracts and lose the same amount of money on the other. No matter. The loss may be deducted immediately, while the profit, if the straddler plays his tax return right, may be deferred indefinitely. His only risk is that the IRS may prove he was trying deliberately to avoid taxes, an unlikely event. Tax straddles and similar strategies are being actively promoted by the "commodities advisory services" that have sprung up recently, and are estimated to net their practitioners about $4 billion a year in unpaid taxes. But they represent only a fraction of the yields available to lawyers, accountants, and financiers who continually discover new loopholes, shelters and gimmicks.

Lawsuits are a final form of classic asset-rearranging. Securities fraud, patent infringement, antitrust, product liability—these are the growth fields of American business. But when two corporations, with their platoons of lawyers, grind each other down in court, is any socially useful product created? If you have doubts, you should know that, in the antitrust area alone, $2 billion was spent last year by American corporations engaging in litigation with each other.

"PROFITS NOW"

I do not want to suggest that all efforts directed at rearranging corporate assets are necessarily wasteful. To the extent that they allocate capital more efficiently to where it can be most productive, or smooth out what would otherwise be sudden changes in supply and demand, they make our economy perform better. But given the recent record of speculation and finagle, one must ask whether these benefits are worth what we're paying for them, in terms of both direct cost and future productivity.

Our current obsession with asset-rearranging harms productivity in three related ways:

1. Short-term payouts: Improvements in productivity often depend on investment strategies geared to the long term. Research aimed at developing fundamentally new technologies is apt to go slowly, yielding little or no profit for many years. The development of the internal combustion engine, electronics, xerography, and semiconductors each depended on a quarter century or more of trial and error. Commercialization often requires the development of large-scale production facilities, distribution and sales networks, and quality control systems. All this calls for a willingness to invest now for greater return in a distant future.

But asset-rearrangers typically require that investments pay off in the short term, even at the expense of greater yields later on. Not long ago, for example, the majority of stock on our exchanges was owned by individuals. Today, 75 percent of corporate stock is bought and sold by profesional portfolio managers of mutual funds, pension funds, and insurance companies. These managers must do more than invest for the future—they must also attract and keep clients. So they are under tremendous pressure to demonstrate the short-term earnings that potential clients look for. In the search for quick profits, they move in and out of large positions with little regard for the strengths of the underlying enterprise. Securities analysts and brokers likewise hope to show profits by correctly guessing the short term fluctuation of price-earnings multiples instead of the long-term potential for growth.

There is a good argument that, even without the intervention of the portfolio managers, stockholders as a group tend to take a relatively short-term view of their investments compared with the value of those investments to society. The reason is simple: If an investor puts $1,000 into an existing enterprise, he may, if his stock performs better than average, get back about $1,500 in five years. Suppose instead he put money into a research and development company that was trying to produce a new product or a new manufacturing method. The benefits to him would be proportionately greater, though they would come at a later date. But the potential benefits to society of this second investment would be vastly greater—the creation of an entire new industry, perhaps spawning other products and technologies, establishing thousands of new jobs, and shoring up entire communities. The individual stockholder will not profit from these beneficial "multiplier" effects of his original investment, so he will tend to ignore them, sticking with the safe investment in an existing company that promises "profit now." The portfolio managers, in a sense, merely enable investors to pursue their short-term gains more efficiently.

An exception to this general rule are the stockholders of many small or closely-held enterprises. They tend to be concerned about long-term goals simply because they are closer to their company—involved in its management, familiar with its work force, committed to the product or process they are developing. And they are able to pursue those goals, at the expense of immediate gains, because they are not playing with anyone's money but their own. Not surprisingly such small or closely-held firms, particularly in high-technology industries, account for the lion's share of new ventures, inventions and innovations.

On the management side, the overall picture is similar. The average corporate chief executive may have an even smaller stake in future growth than the average stockholder. By the time he reaches the top, the typical executive may remain with a company only a few more years before retiring or moving to a position with another firm. The average term of office for today's chief executive officers is only four years—and, as one president of a machine tool company said recently, "A chief executive plots his career first and his capital budget second." Even his compensation—in the form of incentive bonuses and stock options—is likely to be geared to short-term earnings.

Indeed, thanks to the high mobility of capital and management, those who have the strongest economic stake in the long-term health of an enterprise are apt to be its lower-level employees, whose mobility is more limited. Employees must live with the consequences of declining long-term productivity within an industry and a region; investors and managers often can bail out long before. It is interesting that in Japan trade unions are among the most vocal advocates of long-term investment strategies that emphasize productivity and growth.

The most obvious example of truncated corporate vision, of course, occurred in 1975, in the aftermath of a recession and an oil crisis, when American automobile manufacturers planned their new product lines. At the time, buyers were climbing back into bigger cars, and small car sales were slumping. But all the long-range trends indicated a growing shortage of fuel and a growing demand for smaller cars. Automakers had the choice: Tool up for big cars and make some quick bucks, or tool up for smaller cars and profit over the long run. GM chose to hedge its bets with a modest (though ultimately inadequate) "downsizing" program. But Ford and Chrysler chose to stick with what was selling at the time (Ford even considered advertising itself as the "Home of the Whopper"). When Ford finally brought out "downsized" sedans, they were still on the overweight side and they flopped badly. Of course, by the time the bottom dropped out and Ford began laying off workers by the thousands, the mastermind of its big-car strategy, former Ford president Lee Iacocca, had moved on to better things at Chrysler, where he could give his undivided attention to lobbying for government loans to save a company from the same long-term problems he had left behind at Ford.

If you look at the other industries in which our competitive position is declining relative to that of Japan and West Germany—steel, consumer electronics, semiconductors—you will find the same pattern. The U.S. industries have lower research and development budgets, smaller or less modern plants, lower capacity. You will find a higher incidence of defects in U.S. products, which may reflect a smaller investment in quality control. All this is the result of the short-run balance sheet mentality, which translates into low investment in the research that may produce technological breakthroughs a decade from now, or in the modernized and expanded factories that may reduce costs and improve quality beyond the next turn in the business cycle.

ENERGY CRISIS

2. Paper Entrepreneurialism: Asset-rearranging also harms productivity by using up the energies of our most talented citizens. Instead of product-entrepreneurs, we have spawned a nation of paper-entrepreneurs, who by now embody our most original thinking and energetic wheeling and dealing. Paper entrepreneurialism promises the best financial rewards, the greatest employment security, and the highest social status. The result is a "brain drain" away from innovation in production or distribution.

Today, corporate executives spend an increasing portion of their days fending off takeovers, finding companies to acquire, responding to depositions in lawsuits, and seeking various forms of government largess, instead of worrying about how their products can be made and distributed more efficiently. More of our top corporate executives are now trained in law and finance than in any other field—in contrast to three decades ago when most corporate leaders were trained in marketing, engineering, and sales.

Meanwhile, our best minds are increasingly drawn to the pie-dividing professions of law, finance, and accounting, and away from pie-enlarging professions like engineering and science. While graduate programs in law and accounting are booming, science programs are floundering—again a contrast with other industrialized nations. Out of every 10,000 citizens in Japan, for example, only one is a lawyer and three are accountants. In the U.S., 20 are lawyers and 40 accountants. Out of the same group in Japan, 400 are engineers and scientists; here only 70 are engineers or scientists.

But I'm forgetting something, you say—the recent boom in business school attendance. Surely that reflects a shift toward hard-headed productive values? Don't count on it. The most sought-after jobs among business school graduates are in—you guessed right—finance and consulting, where the specialty is the shuffling of corporate boxes. Positions as special assistants to the heads of diversified companies are particularly prized, because they allow the application of sophisticated portfolio-management techniques (which favor current "profit centers" over longterm innovation). A typical hotshot B-school graduate wouldn't be caught dead supervising production for a steel company, and he's even less likely to try to start his own business. Out of a recent graduating class of 721 at the Harvard Business School, a grand total of seven reported that they had gone on to start ventures of their own. "Independence" to today's business graduate means working for the Boston Consulting Group instead of for GM. There, as the industrial equivalent of a lawyer, he can plot mergers and tax shelters without ever getting his hands dirty actually turning out a product.

3. Divisiveness: In an economy based on asset-rearranging, corporations, unions, industries and individuals are pitted against one another in the desperate attempt to obtain a share of a stable or shrinking pie. The circle is a vicious one: as the economy begins to decline, each group seeks to preserve its standard of living, but it can do so only by appropriating a portion of the declining wealth of another group. Usually this is accomplished by influencing the government to reslice the pie by subsidy or taxation, but not always.

The catch is that the groups seeking to grab assets from each other are often the very groups whose collaboration is necessary for real growth to occur. The clearest example is in the field of labor-management relations. Here the portion of the pie shared by workers has been declining as inflation has outstripped wage hikes. Trying to recoup, unions demand catch-up raises, only to find that other unions do the same, which produces another round of inflation. And as corporate managers themselves become more militant in the face of declining profits, they are apt to resort to hostile counter-strategies—hiring consultants to "bust" their unions, moving factories to other states or countries. The result is likely to be a breakdown in cooperation between unions and management, possibly including crippling rounds of strikes, that will ensure there will be even less product to spread around. Only when an entire industry faces collapse, as in autos and steel, do labor and management begin to recognize their common interests—and by then it is usually too late.

We are now in the early stages of this cycle. Blue-collar employees are still paying the heaviest price for our decline, followed closely by small business. The industrial Midwest is growing poorer while the Southwest is gaining in wealth. These divisions would not loom so large in an economy that was expanding. But the attempt to restore an expanding economy will only be crippled to the extent that citizens see themselves primarily as members of different warring groups—blue collar or white collar, small business, investor or consumer, Frostbelt or Sunbelt.

A LITTLE DISCRIMINATION

How are we to break out of the downward spiral of asset rearranging? It may be tempting to conclude that our problems stem in a simple manner from too many restrictions on free enterprise or on the accumulation of wealth. But our more productive economic competitors, Japan and West Germany, both have governments that are larger and intrude more heavily into the private sector than our own. In both countries, the gap between the richest and poorest citizens is substantially less than it is in our nation.

Instead, we should focus on what sort of enterprise we are encouraging, on how individuals are accumulating wealth, and we should take steps to ensure that more of our economic activity is of the asset-expanding variety, and that less effort goes into rearranging.

We could start with the incentives offered by our tax system. As mentioned above, corporations currently have a strong incentive to retain and reinvest their earnings because of the two tax breaks built into the structure of our revenue code: First, dividends are taxed as income to shareholders when they are paid out, but if a corporation reinvests, the increase in the value of its stock will only be taxed when the shareholder sells his shares. Second, that increase will be taxed at the lower capital gains rate, while dividends are taxed as ordinary income.

The incentive for management to reinvest that is created by these provisions would be fine if corporations put their money into new productive assets instead of buying up old assets, like other firms. So why not limit the tax breaks to corporate earnings that actually are reinvested in new production, equipment, or research and development? A corporation's earnings could be immediately taxed as income to shareholders (without the capital gains break) unless the earnings were "rolled over" by the corporation into new investment.

The same incentives could be given to individual shareholders themselves, in which case corporations with extra cash could be encouraged to buy back their stock rather than acquire a target company at a premium. That would give the shareholders the benefit of the premium to reinvest at market prices, and free the corporation from the demands of those shareholders most likely to insist on immediate gains.

Likewise, in the other areas where the tax laws currently encourage speculation in old assets, we could be more discriminating, and target the tax breaks to apply only to fresh investments. The most obvious offender here is the congerie of loopholes—mortgage interest deductions, howeowner's exemptions and capital gains treatment—that indiscriminately subsidize the trading of existing real estate. Instead, these tax breaks could be given only to those who invest in new buildings, creating the additional housing needed to ease our current shortage.

A second group of reforms would affect the means of financing business ventures. To discourage rearranging, the Federal Reserve could establish guidelines that would make it more costly for banks to provide easy credit for speculation and conglomerate acquisition. To stimulate long-term investment, businesses could be freed from the impatient demands of stockholders through various government incentives that reduced their need to go to the stock market for financing. If you are going to encourage a long-run growth, for example, debt-financing has a great advantage, since as long as a corporation meets its interest payments, it is free to sacrifice short-term profits for long-term productivity. Again, Japan has some lessons for us. The Japanese government's ability to channel investment into very large-scale integrated circuits, for example, has enabled firms in that industry to avoid equity markets and aim for long-term growth.

A final set of changes should focus on the ownership of productive assets. Schemes of employee ownership and participation not only appear to improve productivity over the short term, but they may also improve prospects for long-run growth, since employees typically have a higher stake in the continuing viability of an enterprise than do either managers or investors. And there are a variety of mechanisms for stimulating more of the smaller, privately-held enterprises that are most likely to see new ideas through to fruition. Their owners could be allowed to deduct losses more easily from personal income, and they could be freed from the host of levies—franchise taxes, gross recepits taxes, and social security taxes—that apply in full force whether or not their business has any profits out of which to pay them.

We have seen a variety of quick-fixes for our economic troubles proposed over the years, and more are being offered every day, from across-the-board income tax cuts, to indiscriminate depreciation writeoffs, to protectionist tariffs. We have also seen, over the years, that frequently these proposals simply stimulate more asset-rearranging. Accelerated depreciation allowances, for example, may end up giving corporations extra cash to spend on another round of acquisitions. In evaluating the current rash of remedies, we need to look for those that would attack the imbalance of entrepreneurial effort at the core of our economy. We could begin by asking ourselves the question: which strategies will stimulate more paper, and which more product?

[From the New Republic, Feb. 21, 1981]

THE LIBERAL PROMISE OF PROSPERITY

(By Robert B. Reich)

Any view of the proper role of government in the economy must, if it is to lay claim to ideological predominance in America, carry with it the promise of prosperity. In the quarter-century following World War II, liberalism did just that. Between the mid-1930s and the late 1960s liberalism successfully married the modern welfare state to principles of Keynesian demand-management of the economy. The spectacular performance of the American economy during that interval demonstrated that active government intervention was not just compatible with prosperity but essential to it. Social justice fit hand in glove with economic growth, because both depended upon strong, centralized bureaucracies to organize a substantial portion of the national economic product.

Since 1970 that liberal promise has been broken. Our economy is now in decline, largely because of America's worsening international competitive position. During the past decade nearly a million manufacturing jobs have been lost in the region stretching from the factories of Baltimore to the auto plants of St. Louis, and another million in the rest of the country. The share of the world market claimed by US manufactured goods has fallen by 23 percent. Thirty percent of our autos are now made abroad, compared to eight percent in 1970; 15 percent of our steel, compared to nine percent in 1970; over 50 percent of our consumer electronics products, compared to 10 percent in 1970. The list goes on: hand calculators, cameras, metalforming machine tools, food processors, sporting equipment, motorcyles, stereo components, textile machinery, watches, tires, video components, pianos, footwear. For the last five years we have been running substantial trade deficits—in 1980 approaching $25 billion. Ten years ago productivity—real output per hour of work—rose at an annual rate of 2.9 percent; since 1977 productivity has delined .4 percent a year. We now have the highest percentage of obsolete plants, the lowest percentage of capital investment, and the lowest growth in productivity of any major industrial society other than Great Britain.

In the face of this precipitous decline liberalism has been all but silent. It has been replaced by another ideology that promises prosperity, but not social justice. This new ideology calls for government measures to raise the level of savings and reduce consumption, so that new capital can be created without fueling inflation. Although differing in particulars, proposals that apply this ideology typically call for across-the-board income tax reductions coupled with tax reductions on savings and investment; reductions in government spending, particularly for huge and growing programs like Social Security, Medicare, and welfare; and a relaxation of government regulations pertaining to health safety, and the environment.

These proposals would result in less social justice, if we define social justice as an equitable distribution of income and of public goods like clean air, clean water, opportunities for outdoor recreation, safe products, and safe working environments. Any across-the-board reduction in income taxes will especially benefit upper-income groups that now pay the most taxes. In addition, any taxing scheme that makes it more costly to spend earnings than to save them inevitably will hurt the poor (who have no choice but to spend a high proportion of their earnings) more than the rich (who can afford to defer consumption). This regressiveness will be made worse by cuts in Social Security, Medicare, and welfare, upon which the poor and elderly are particularly dependent. Similarly, proposals to relax regulations governing health, safety, and the environment invariably will make the distribution of public goods less equitable. To the extent that clean air, clean water, outdoor recreation, safe products, and safe working conditions are not available to the population in general, they will become private commodities available only to those who can afford to buy them, by living in exclusive neighborhoods, buying bottled water, vacationing in pristine environments, and avoiding hazardous jobs.

However troubling these proposals may be to the national conscience, the explicit promise they offer of economic growth and productivity has given them political legitimacy. By abandoning its own promise of prosperity, liberalism has ceded the very ideal that rendered its vision of social justice palatable to the majority. Without that promise, liberalism's call for social justice has become something akin to charity, to be balanced against the more compelling goals of growth and productivity—a moral luxury to be afforded when and to the extent we can. At worst, it has become a demand for preserving economic relationships as they were when times were better: controlling price increases, erecting tariffs and quotas against foreign imports, regulating factory closings and relocations, limiting direct investment abroad, and investing public funds in dying industries. Without the promise of prosperity, liberalism's argument to the majority has become a paean to the status quo.

If liberalism is to regain ideological predominance during the 1980s it must reestablish a rational connection between prosperity and social justice. But it cannot do so by means of now discredited notions of aggregate demand management. Conservatives are right when they focus on the supply side of the economic ledger and ask what conditions will generate growth and productivity. It is their answer that is wrong, not their question.

Liberalism's answer might be based in part on the experience of our international competitors who have grown and prospered during our decline. If there is a connection between prosperity and social justice, it is to be found there—in Japan's spectacular rise during the past 10 years from 40 percent of our per capita national income to 85 percent; in West Germany's rise during the same period from 68 percent to 105 percent; and in Sweden's rise from 90 percent to 112 percent. By any measure, each of these economies has outperformed ours over the last 10 years. Even though they are more dependent on imported oil than we are, their productivity increased at a faster rate than ours and their levels of unemployment remained lower. And notwithstanding what appears to be a pending worldwide recession, within the next few years citizens in these countries are likely to enjoy a higher standard of living than our own citizens.

This growth has been accomplished in conjunction with, not in opposition to, social justice. The distribution of income in these countries is more equitable than it is in the United States. In Sweden, the poorest 10 percent of the population now receives 2.4 percent of the yearly national income; in Japan, 3.2 percent; in West Germany, 2.9 percent. In the US the poorest 10 percent of our population receives a much smaller share—only 1.5 percent of our yearly national income. Moreover, the salary differential between highest- and lowest-paid employees is much smaller in these countries than it is in the US. Swedish, Japanese, and West German corporate executives earn only about 40 to 60 percent more money than the lowest-paid workers in their companies. In the US it is not unusual for executives to take home three times the pay of the lowest-paid workers. Some five-year pacts for corporate officials run to eight million dollars or more, including pensions, stock options, accumulated bonuses, and fringe benefits. And corporate taxes are higher in these countries than in the US.

Social security and unemployment insurance are more generous in Sweden, Japan, and West Germany: 20.1 percent of Sweden's annual income goes to social security, while 90 percent of the Swedish unemployed receive substantial compensation; in Japan, 9.7 percent of national income goes to social security, and 59 percent of the unemployed receive compensation—but Japanese companies provide many additional unemployment and retirement benefits that bring the total much higher; and in West Germany, 19.9 percent of national income goes to social security and 75 percent of the unemployed receive compensation. In the United States, on the other hand, only 9.3 percent of our national income goes to paying Social Security, and only 58 percent of our unemployed are compensated.

In addition, employees have more job security and better working conditions abroad: in Sweden, Japan, and West Germany workers cannot be fired arbitrarily, yet the vast majority of US employees can be dismissed without notice or reason. Swedish workers get five weeks of paid vacation each year; Japanese and West German workers receive four weeks. In the United States, the average employee receives only two and a half weeks of vacation per year. In Sweden, 83 percent of employees are unionized; in Japan and West Germany approximately 40 percent of the work force is unionized. Workers in all three countries participate in management decision-making through various management-labor councils and committees. By contrast, less than 21 percent of US employees are unionized, and there is little opportunity for labor participation in management.

Nor have these countries sacrificed health, safety, and the environment in pursuit of growth and productivity. Unlike the US, each has a substantial national health insurance program, financed by government and industry. Infant mortality (a measure of public health) is substantially lower in Sweden (eight per 1,000 live births), Japan (8.9), and West Germany (nine) than it is in the United States (14.1). Industrial accidents per 100,000 people are fewer in Sweden (2.4) and West Germany (2.5) than in the United States (3.1), although Japan's record is worse than ours in this regard (3.7). And environmental regulation in each of these countries is at least as strict as it is now in the United States; the environments of these countries are less contaminated by carbon monoxide, hydrocarbons, and nitrogen oxides than ours.

But wait, you say. These nations can enjoy prosperity and social justice because they don't have our huge military expenditures. Last year we spent $520 per person on defense, while Sweden spent only $103, Japan $87, and West Germany $266. Arguably, had we been able to invest most of those funds on research, development, new factories and equipment, we could have enjoyed higher growth and had additional funds left over for social programs and for public goods like clean air. Viewed in these terms, our problem has been precisely what conservative supply-siders say it has been: too few resources for new investment. According to this view, unless we drastically reduce military spending (a course many liberals would feel uneasy in recommending), we have no choice but to sacrifice some degree of social justice for the sake of greater productivity.

But look again. Although conservatives place great faith in capital formation as the primary source of future productivity, the relationship between capital investment and return is not at all clear. Our rate of productivity growth declined between 1967 and 1973, when the rate of growth of capital formation was stronger than it has been at any time in the postwar period. Indeed, in the last five years, a larger share of our national product has been devoted to business investment than at any other time since World War II. Our annual investment in manufacturing as a percentage of manufacturing output has increased steadily over the decade, and has not been substantially below that of Japan, West Germany, or Sweden. In any event, as our economy has shifted from manufacturing to services, the amount of capital we need to sustain rapid growth has diminished. Between 1960 and 1978, while employment in manufacturing rose 21 percent, the number of persons providing services grew by 72 percent. Service businesses use less capital. Invested capital per employee (in 1972 dollars) amounted in 1976 to $29,100 in manufacturing but only slightly more than $20,000 in the service sector.

If our overall level of investment is not responsible for our economic woes, what is? How have our international competitors managed to achieve unparalleled growth and social justice without investing a much higher percentage of their manufacturing income? In advanced industrial countries productivity and economic growth depend not so much on overall level of investment as upon how investment is used. Within complex industrial systems there are so many potential bottlenecks and critical levers, so many transactions to be coordinated within and among public and private bureaucracies, and therefore so much room for either productive collaboration or crass manipulation, that the amount of resources available for investment may be less important than how the investment is directed and absorbed. Put simply, the organization of an advanced economy can either encourage productivity—by channeling investment into industries or processes which are capable of yielding high output, and generating high morale and motivation in the work force—or it can discourage productivity by doing the opposite.

How have we used our precious capital? Much of it has been put to non-productive uses—rearranging existing industrial assets rather than building new productive strength. In the last three years, for example, some $100 billion of corporate cash resources have been used to acquire existing corporate assets through tender offers—offers by one company to purchase a controlling share of the stock of another company. So far this year alone, merger activity is running at a $50 billion annual rate. Or consider the rampant speculation now under way in commodity futures: 76 million futures contracts were traded last year, up from 13.6 million in 1970—a 458 percent gain compared to a 174 percent increase in stock market volume during the same period. Foreign currency contracts, financial futures, and real estate add to the growing list of speculative investments. Indeed, collectively we invest more money in mortgages than we do in all U.S. businesses put together—and the bulk of this goes into inflating the value of existing homes rather than into new home construction. We also invest over $10 billion a year in lawsuits among companies.

Although this asset-rearranging activity does not directly use up scarce capital resources—dollars merely exchange hands among speculative players—it is indirectly wasteful. It creates vast service industries in law, accounting, tax consulting, and finance, to which some of our most talented people are drawn. It diverts the attention of corporate executives, who spend their time fending off takeovers, responding to depositions, and devising novel tax and accounting schemes rather than building better products.

Sweden, Japan, and West Germany invest a much smaller percentage of their savings in these sorts of non-productive, asset-rearranging ventures. Unfriendly corporate takeovers are rare. Proportionately fewer resources flow into home mortgages or futures contracts. There are far fewer lawsuits, fewer lawyers and accountants. Out of every 10,000 citizens in Japan, only one is a lawyer and three are accountants. In the U.S., 20 are lawyers and 40 are accountants. Out of the same group in Japan, 400 are engineers and scientists; here only 70 are engineers or scientists.

Nor, in comparison to Sweden, Japan, and West Germany, have we done a particularly good job of motivating our work force. Our industries are plagued by chronic absenteeism and work stoppages. The average number of days lost each year to industrial disputes for every 1,000 employees is 1,349 in the U.S., compared to 39 in Sweden, 244 in Japan, and 56 in West Germany. Moreover, American craftsmanship is notoriously poor. "Made in USA" is becoming synonymous with "second-rate." Products manufactured in Sweden, Japan, and West Germany are famous for their fine craftsmanship.

Disaffection among U.S. employees is by no means limited to the lowest rungs of the employment ladder. U.S. companies are discovering that they must keep a watchful eye on middle-level executives, lest they systematically embezzle company funds, abuse perquisites, or abscond with trade secrets. The U.S. Chamber of Commerce estimates that American businesses lose approximately $44 billion each year from white-collar crime. Loyalty cannot be presumed even at the highest levels, as fast-paced senior executives increasingly desert their company suites for larger bonuses and better stock options elsewhere. The average tenure of today's chief executive is less than four years—hardly time enough in which to worry about long-term productivity.

It is all too easy, when faced with these realities, to blame our weak national character, our moral decrepitude, or our narcissistic national impulses. But citizens of Sweden, Japan, and West Germany are as acquisitive, self-indulgent, and fun-loving as we. On the other hand, these three countries represent as diverse a set of histories, traditions, and norms as are likely to be found among advanced industrial nations. So there is no culturally determined secret to their success. The difference between them and us is less one of national character than it is of economic organization, and the effects of that organization upon a citizenry's sense of shared purpose.

Citizens of Sweden, West Germany, and Japan appear to have more of a shared commitment to productivity. There are, to be sure, differences of opinion in each of these countries about how to achieve productivity and there are the inevitable pulls and tugs of interest groups and geographic regions vying for prominence. But overall, the extent to which all segments of the work force—blue-collar, white-collar, management, government—take responsibility for improving industrial output is impressive. Indeed, blue-collar employees in these countries are among the most vocal proponents of new productive investment.

By contrast, our work force at every level lacks a sense of shared purpose. In a Harris poll conducted several years ago, 70 percent of U.S. workers agreed that management and shareholders benefit from increases in productivity; but less than 20 percent felt that employees also benefit. Too often productivity improvements result in layoffs, as fewer employees are needed to accomplish the same tasks. Alternatively, cash-rich companies are seen to plow their earnings into acquisitions and mergers rather than into expansion and additional jobs. Or when expansion does occur, too often it is in the form of new plants built as far away as possible from unionized regions of the country, where low-wage labor can be exploited. Increasingly this has come to mean Mexico, South Korea, and Taiwan.

Our productive processes are marked by suspicion, distrust, insecurity, and opportunism. Employees—white-collar and blue-collar alike—are sacked without warning. Factories close without warning. Even executives are fired without warning. This fearful atmosphere inhibits the flow of accurate information up the corporate hierarchy. Bad news is buried below, until—months or years later—it blossoms into a major crisis or scandal. Job insecurity discourages cooperation even among employees at roughly the same level. Why help your junior colleague if there is a risk he will displace you when he learns his job? Since the "system" appears to be rigged, the only rational response is to be selfish and cunning.

Within a productive system that depends on cooperation and good faith, we have spawned a dominant work ethic characterized by cynical indifference and manipulation. Its most visible symptoms are shoddy workmanship and work stoppages. In its more insidious form it means a paper entrepreneurialism that merely rearranges industrial assets through merger, acquisition, lawsuit, tax dodge, or outright speculation, rather than devoting capital to new production.

We cannot contrive social cohesion, of course. Our melting-pot culture invariably will suffer from tensions that more homogeneous nations can avoid. But a collective commitment to increased productivity is possible here if premised upon a vision of social justice in which the fruits of productivity are equitably shared, as they are in Sweden, Japan, and West Germany. A narrower differential between the highest- and lowest-paid employees; more generous Social Security, unemployment, and health insurance; a greater degree of job security and job safety; cleaner and healthier environments; broader participation in management—these factors may account for the greater shared commitment to productivity in Sweden, Japan, and West Germany. Rather than constituting luxuries to be traded off against productivity, these elements of a more equitable industrial organization may be critical to achieving it.

Is social justice essential to productivity in an advanced industrial economy? That is the central issue that liberalism must begin to address in earnest. The task will not be easy. The data are disconcertingly "soft"—describing the psychological and social conditions under which productivity thrives. But a set of hypotheses about human motivation in an advanced industrial system based upon social justice is no less plausible, and no more verifiable, than the very different social and psychological hypotheses behind the conservative ideology.

To the question, "what conditions will generate growth and productivity?" conservatives have responded with a set of prescriptions premised upon the hypothetical power of human greed and fear. A society that simultaneously offers both the prospect of substantial wealth and the threat of severe poverty surely will inspire great feats of personal daring, dazzling entrepreneurialism, and cutthroat ambition. But just as surely it may reduce the capacity of its members to work together toward a common end. The conservative promise of prosperity is an ideology suited to a frontier economy in which risk-taking is apt to be more socially productive than cooperation, but it is hardly appropriate to an advanced industrial economy in which collaboration is critical. Liberalism must reestablish the connection between prosperity and social justice. In an advanced industrial economy like ours, and just those of our more productive neighbors, this is the only supply-side theory that makes lasting sense.

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Industries in Distress

(By Robert B. Reich)

As the Japanese continue to tug on the loosest threads of our industrial fabric, there is increasing danger that the American economy may unravel. The problem is that we have no systematic means of repairing the weave once the threads start to come undone. One after another, the tattered industries have been pulling the sound ones down with them. Now it's autos, and the Reagan administration's current approach to that industry is not going to help.

Bill Brock, the administration's trade negotiator, was off to Tokyo two weeks ago. His mission was to pressure his Japanese hosts to put "voluntary" restrictions on their car exports to the U.S. By the end of last week it appeared that he had succeeded. The plan has obvious political advantages. It will give the industry and the United Auto Workers what they want—a barrier against the Toyotas, Hondas, and Datsuns that are displacing Fords, Chevrolets, and Plymouths. US auto makers like the plan because it will allow them both to raise prices and to reclaim a share of the US market. The hope is that this will give them the capital needed for retooling. At the same time, the plan allows the administration to stick to its free-trade rhetoric. Vice President Bush has noted that the administration has "stopped short of asking the Japanese" to restrict their exports, and that the administration won't "go down the slippery slope of protectionism." Technically, he was telling the truth. It won't be necessary to make a formal, explicit request of the Japanese. They are well aware of pending legislation to limit auto imports. So Japan's "independent" decision to restrict its auto exports will create no damaging precedent for US trade policy. What the Japanese decide to do is their own business.

This hidden trade barrier will be a trifle less visible than the voluntary restrictions and "orderly marketing agreements" that the US has negotiated with increasing frequency over the last 20 years. These agreements in turn have been less visible, and thus more politically expedient, than the tariffs and quotas that shaped our trade policy before them. Hidden agreements of this kind are costly to America, not only because of the higher consumer prices they generate but also because they are relatively immune from public scrutiny. They are perfect devices for a government that wants protection from imports but doesn't want to admit it. Precisely because hidden trade barriers are hard to identify, control, or measure, they ultimately threaten the entire fragile system of international free trade, which is dependent upon informal policing and goodwill.

Like all devices that artificially maintain the price of domestic goods, these voluntary restrictions send costly ripples through the rest of the economy, undermining other domestic industries that depend upon the restricted imported goods. In an economy increasingly subject to foreign trade, any import barrier is apt to jeopardize the competitiveness of related industries. For example, the protection accorded US textile manufacturers, culminating in the Multi-Fiber Agreement of 1973, put American clothing manufacturers at a competitive disadvantage in world trade, since they had to pay higher prices for the textiles they used. To compound the damage, these restraints encouraged foreign textile manufacturers to shift their production to apparel, thereby channeling their cheap textiles into the US market through finished goods. Hong Kong, Korea, and Taiwan soon were flooding the US market with cheap clothes—causing US apparel manufacturers in turn to seek protection. In precisely the same way, restrictions on steel imports have driven up the price of domestic steel—thereby adding to the competitive woes of US automakers, who purchase over 20 percent of domestic steel output.

Voluntary import restrictions also encourage foreign manufacturers to upgrade their products as a way of maintaining their foreign earnings in the face of the limited quantity they can export. Thus the restrictions often push foreign producers into the more expensive or specially tailored end of the US market, where domestic manufacturers otherwise have their best chance of maintaining competitiveness. In steel, restrictions on imports have encouraged foreign manufacturers to shift their production to specialty steel products, such as stainless-steel bars and alloy tool steel. Specialty steel had been the most competitive part of the domestic steel industry, relatively immune from foreign imports. Since this shift in foreign production, specialty-steel manufacturers have suddenly found themselves directly challenged by Asian and European producers who are now intent on gaining a larger share of the US specialty-steel market.

Notwithstanding these substantial costs to the economy at large, voluntary export restrictions have provided the US industries they're supposed to protect with very little real protection. For one thing, exporters from countries not subject to the agreements have rushed in to take advantage of whatever marketing opportunities the restrictions create. For another, manufacturers from restricted countries have shifted their operations to non-restricted countries, thus circumventing the agreements. Or foreign manufacturers have simply altered their products so that they fall outside the agreements. In response to a flood of imported shoes from Korea and Taiwan, voluntary export agreements were negotiated with these countries in 1977. One year later, footwear imports from Hong Kong, Italy, and Brazil had more than filled the gap. And because the 1977 agreements had not covered rubber footwear, Korean and Taiwanese manufacturers merely changed the composition of their products, substituting rubber for certain parts. In no time, millions of Americans were wearing rubber shoes from Korea and Taiwan.

The same sad story followed a 1977 agreement with Japan voluntarily limiting Japan's export of color television receivers. By 1978, color sets were streaming into the United States from Taiwan, Korea, and Singapore. After agreements were reached with these countries, the TVs began entering the US in the form of sub-assemblies and components, which were not restricted by the agreements. Since by this time most US television manufacturers already had established their own overseas operations to produce their own sub-assemblies and components, they were in no position to seek yet another round of agreements restricting these imports as well.

At best, voluntary restrictions have only postponed the competitive decline of the industries they have sought to protect. They have not helped these industries improve their long-term competitive positions. The steel industry, for example, failed to take advantage of the breathing space it enjoyed after the first round of voluntary restrictions that went into effect in 1969. In fact, the industry's capital expenditures for each of the six subsequent years were below the 1968 level. Nor did the steel industry undertake any major restructuring after the "trigger-price" system was initiated in 1977. The same failure to retool during periods of protection has characterized most of the textile, apparel, footwear, and color television industries.

Part of the problem has been that the US government has never conditioned protection upon an industry's explicit agreement to restructure. But industries in decline typically have difficulty raising the capital necessary for restructuring. Tax credits and depreciation allowances don't help, since there are no profits to deduct them from. Banks and investors don't like to sink money into enterprises that show little promise of profitability in the short run. The US government could step in to fill this gap but, with the exception of bailouts for near-bankrupt firms like Lockheed and Chrysler, the government has not developed any positive program for helping industries restructure. The Trade Act of 1974 authoized the government to provide limited loans and loan guarantees to companies injured by foreign competition, but it restricted eligibility to companies that already had experienced an absolute decrease in sales or production. As a result, these funds have come too late, after companies have been seriously weakened, and the help has gone to the weakest companies within the industry rather than to those that have the best chance of regaining world market share. In any case, the funding has been too limited. In the apparel industry, the average grant has been approximately one million dollars—not nearly enough to permit major retooling.

The only kind of industry restructuring in which the US government has directly participated has been the negative one of rolling back health, safety, and environmental regulations. The auto and steel industries consistently have argued that such rollbacks are necessary preconditions for their competitive survival. In response, recent administrations have trimmed, rescinded, or extended timetables for complying with assorted regulations. In conjunction with its push for Japanese restraint, the Reagan administration has announced that it would relax or rescind 34 environmental and safety regulations upon automobiles.

But industry investments required by health, safety, and environmental regulations have had only a marginal impact upon their international competitiveness. During the 1970s the steel industry spent an average of $365 million annually to reduce pollution and improve worker safety—about 17 percent of its total capital investment during the decade. Japanese steel manufacturers, meanwhile, spent more than twice as much money to control pollution and protect the safety of their workers. The West Germans were not far behind. Moreover, 48 percent of the cost of the pollution-abatement required of US manufacturers was underwritten by state and local governments through industrial development bonds. Clearly, regulatory requirements cannot be held responsible for the competitive decline of US industry, and regulatory rollbacks are unlikely to result in industrial revitalization. Even if Detroit retains all the money it hopes to save by avoiding regulations—an estimated $1.4 billion over the next five years—it won't come close to raising the $80 billion it needs to retool sufficiently and regain competitiveness with the Japanese.

As a practical matter, could successive administrations have done any differently? The answer is yes. In the face of urgent demands for declining industries and their unions for relief from imports, wasn't protection in some form politically inevitable? The answer is no. These competitive problems have been compounded over decades. The government could have worked closely with the most competitive businesses and their unions in each of these industries at an early stage. By anticipating serious competitive declines, it could have developed a politically acceptable strategy for salvaging the industry through carefully targeted export subsidies, funds for new investment, aid in developing foreign markets, and programs to retrain and relocate permanently laid-off workers.

Ironically, the most competitive businesses in each of these industries—and their industrial customers—neither sought nor wanted protection initially, but had it thrust upon them. This was the case for much of the textile industry in the face of the protection accorded raw-fiber producers; for a significant portion of the clothing industry with regard to protection given to textile manufacturers; for part of the shoe industry—particularly dealers and retailers—in the face of the protection given to footwear manufacturers; and for specialty-steel producers and auto makers in light of the protection given to carbon-steel manufacturers. Similarly, it was no accident that in 1979 a robust General Motors opposed tariff protection against Japanese imports, while Ford clamored for it. Seeing its own profits threatened from abroad, a less confident General Motors has now joined the pro-protection chorus.

The US government could have taken political advantage of these differences within industries by strengthening the most competitive businesses and helping workers find new jobs. Instead, it watched passively as one industry after another lost market share to foreign producers. Finally, the least competitive businesses within each industry have been able to form strong political coalitions—often with the support of organized labor—to demand and obtain protection. This pattern has become so common, and the mutual responses of industry and government so routine, that the eventual strategy for "saving" the US auto industry was to be expected. The only change in tactics over the years has been a gradual movement on the part of the government toward export restrictions that are less formal and less visible, resting upon ever more subtle trade "discussions," suggestions, and veiled threats.

A nation cannot simply ignore its declining industries in hopes that market forces will somehow take care of the problem. Our present economy is less able to adjust on its own to such declines than at any time in the recent past. Fifteen years ago, when only eight percent of our economy was subject to foreign trade and we enjoyed rapid growth, a decline in one industry typically was offset by increases in another. Capital and labor could shift fairly easily out of old enterprises and into new. But today, with more than 20 percent of our economy exposed to foreign trade and with much slower domestic growth, these adjustments are far more difficult. Industry declines are not automatically offset by growing domestic enterprises that will absorb the newly freed capital and labor. Instead, all too often, the new growth takes place abroad—attracting our capital but stranding our labor within vast regional pockets of unemployment. The political and social costs of these dislocations are becoming too high to be ignored. We have only two practical choices to make about our declining industries. We can protect them from foreign competition by erecting tariffs, quotas, or "voluntary" export agreements, and by sacrificing the health and safety of workers and consumers. Or we can ease the adjustment of capital and labor out of declining industries by assisting workers with retraining and relocating and by subsidizing the development of new businesses within the same region or community, while providing short-term funds to those portions of declining industries that are capable of becoming competitive on their own.

The U.S. has chosen to rely mostly on the first alternative, and the Reagan administration shows no sign of altering that choice. Autos aren't the only example. Three weeks ago the administration quietly removed duty-free status for $3.8 billion worth of imports from Hong Kong, South Korea, Taiwan, Brazil, and Mexico—thereby substantially increasing the protection accorded U.S. manufacturers of car parts, electrical goods, fertilizer, and chemicals. And if accepted by Congress, the administration's proposed cuts in federal job-training and regional economic development programs will make it harder than ever for workers in declining industries to shift into new jobs.

By contrast, our major trading partners—particularly Japan, West Germany, and France—have devised a variety of measures for accelerating the movement of capital and labor out of their declining industries. In recent years they have grown more sophisticated in their policies for retraining and relocating workers, for developing new industry in depressed regions, and for restructuring declining industries in ways that salvage their most comeptitive parts.

In a world economy becoming increasingly integrated, advanced industrial nations must learn to divest themselves gracefully of their least competitive businesses. The future strength of the US economy will not depend on the production of automobiles or steel any more than will the future of the Japanese economy. Surely we will continue to have some automobile and steel-making capacity, particularly in high-technology components and in specialty steel. But the bulk of these industries inevitably will ge the way of textiles, apparel, footwear, shipbuilding, and televisions—first to South Korea, Hong Kong, Taiwan, Singapore, Mexico, and Brazil, and then on to Malaysia, Thailand, the Philippines, and the rest of Latin America.

This pattern of industrial evolution can be expected to accelerate in the coming years as the costs of worldwide communication and transportation continue to drop. Major industrial declines will be a continuous aspect of our economic life. After autos and steel it will be other mature industries such as petrochemicals and home appliances. Meanwhile the competition for new markets will be shifting to now "knowledge-intensive" industries like fiber-optics, robotics, fine chemicals, semiconductors, and products derived from biotechnology.

Ultimately, our economic future will depend on the speed and efficiency with which our capital and labor can find their way out of declining industries and into emerging ones. "Voluntary" export agreements and regulatory rollbacks just retard this necessary transition. Instead we need affirmative policies that help distressed industries salvage their most competitive segments and that help workers adjust to change. Such policies will require—dread word—planning. Getting them enacted will require coalition-building. Anything less is not a strategy for economic development. It is a recipe for slow but sure economic decay.

THE BEGINNING OF A NEW FISCAL YEAR

Mr. KENNEDY. Madam President, today marks the beginning of a new fiscal year—but it is a happy new year only for the privileged few. The administration calls it a new beginning. But for millions of average American families, it is not so much a new beginning as a sad beginning—the start of a year of hardship and injustice as the administration's unfair program takes effect. with its cruel combination of budget cuts for average families and tax cuts for the truly wealthy.

Today also marks a different sort of beginning than the administration originally had in mind—the beginning of action by Congress on their second economic program in the 8 short months they have been in office.

The theme of their original program was great expectations. But with today's high interest rates, a more apt title from Dickens would be bleak house. In fact, as they struggle to shore up their sagging plan, the current situation could also be called A Tale of Two Programs—the old one that did not work, and the new one they proposed last week.

The euphoria of July has given way to the reality of October. The bloom is off the rosy forecasts of last spring.

Wall Street and the financial markets quietly pocketed their tax cuts—and then resoundingly cast votes of no confidence in the program. And now, as the budget cuts hit the streets today, millions of middle-class and low-income Americans will begin to feel the impact of drastic cutbacks in programs that have made a difference in their lives—helping students to pay for a college education, children to get a decent lunch in school, the elderly to exist on meager retirement income, the jobless to obtain the skills they need to work.

The budget cuts have pulled the rug out from under all these families—while the tax cuts are installing wall-to-wall carpeting for the rich.

The administration's program is fundamentally unfair. It is Government of the rich, by the rich, and for the rich.

I reject a policy of perpetual budget cuts which take more and more from the middle class and the needy, in order to give more and more to the few Americans who are very wealthy.

I reject a policy that afflicts the afflicted in order to comfort the comfortable.

High interest rates, higher unemployment and lower standards of health and education cannot move America forward. We cannot meet the needs of the 1980's by turning backward to the world of the 1890's.

I voted against the administration's $750 billion tax cut because it was unfair to average Americans and because its size was unwise in an unstable economy. And I am proud of that vote.

I believed then, and I believe now, that it is unfair to hand the oil industry $33 billion in tax subsidies, while slashing help for the handicapped and energy assistance for families with higher fuel bills.

I believe that it is unfair to give most of the tax reductions to one-twentieth of our taxpayers, while cutting social security for our senior citizens.

I believe that it is unfair to pursue a monetary policy under which Gulf and Mobil can borrow over $5 billion each in a single 2-day period, but a working family cannot obtain a home mortgage even at the fantastic interest rate of 19 percent.

If economists were psychiatrists, they would diagnose this current distress as the symptom of a schizophrenic economic policy. It makes no sense to rev up the economy with massive tax cuts and huge increases in spending for defense, while simultaneously slamming on the brakes with the highest interest rates in history.

The lesson of these painful weeks is becoming clearer every day. Monetarism and supply-side economics do not mix. An economic policy divided against itself cannot stand. Unless we put our economic house in order, we are doomed to a dismal future of endless inflation, endless unemployment, endless budget deficits, and endless hardship for the people.

I favor a balanced budget and a policy of price restraint to bring inflation down. That is why I sought to condition the third year of the tax cut on the state of our economy. And that is why we should, at the very least, repeal the new $33 billion tax break for the oil companies.

Above all else, we must offer creative solutions to the new problems of the 1980's. Democrats must be the party of both principle and practicality—which has always been our mission in the history of this land. Where Federal regulations are excessive, we must deregulate—which was a Democratic initiative in the first place. Where programs are ineffective, we must end them. But when they are worthwhile, we must continue to fight for them.

That fight was harder for us to make earlier this year. But now is a time when all Americans understand that our need is not for another quick fix, but a fair policy to close budget deficits, to bring interest rates down, to restore a just prosperity, and to heal the deeping divisions within our country.

The administration is clinging to its claim that today marks a new beginning—but for all those who will suffer, it is the beginning of the end for their best hopes.

THE BEGINNING OF A NEW FISCAL YEAR

Mr. FORD. Madam President, today marks the beginning of a new fiscal year, the first complete fiscal year of the Reagan administration.

I want to congratulate President Reagan for the political success he has achieved in persuading Congress to accept almost all of his budget and tax cut proposals. I think our distinguished majority leader, Senator Baker, and the distinguished House minority leader Representative Michel, also deserve a great deal of credit for their success in lining up solid Republican support for the President's new economic plan.

There has been a great deal of discussion in recent days that current economic conditions cannot be attributed to the new administration, because, after all, the new budget and tax cuts do not begin until October 1. That is not entirely correct; President Reagan has been in office 8 months now and has had time to make some significant changes in that short period of time. He has been able to institute a new capital cost recovery tax system to spur increased corporate investment. He has been able to repeal a great many Federal regulations and to rescind several billion dollars in fiscal year 1981 spending. In addition, he has been able to shepherd the Federal Reserve Board through public criticism of its tight monetary policy.

Furthermore, the administration has been in office a sufficient amount of time to create a certain confidence, or should I say insecurity, in the financial community as to future economic conditions. But, I will accept that the major part of the new economic order, as proposed by President Reagan, does not go into effect until today. The President asked for time and he has said many times that these policies will only slowly bring a change in the economy. I am willing to give him time and to let his programs have their impact on the economy. But, as we give the President and his programs a chance to work, I also hope that we can hold the administration up to its grand promises of economic prosperity without pain.

Today, October 1, the first part of the new supply-side tax cut goes into effect and for the average income family of four, the increase in take home pay should average around $5 to $10 a week. Of course, for higher upper income families, the across-the-board supply-side tax cut will mean a somewhat larger weekly tax cut. This is only right according to the administration—after all, it says, the wealthy pay more in taxes, save more money, and the tax savings will encourage them to work longer, harder and be more productive. I do not know if that is true or not, but I again here am willing to give the President time to see if that does, in fact, work.

For my own State of Kentucky, October 1 is an especially important day. Kentucky is a comparatively poor State. Consequently, it will be among the States hardest hit by the budget cuts. It is my understanding that 28,000 Kentuckians currently receiving AFDC will lose their benefits and be ineligible for medicaid.

Another 12,000 will lose social security disability payments and 27,000 more will be ineligible for food stamps. In addition, starting today, children will pay more for their school lunches and the new system of block grants will go into effect in the State.

The administration considered these people and these people-oriented programs expendable, the fat in the Federal budget and an obstacle to economic growth.

And for these people, the start of a new fiscal year will be far from a happy occasion.

Yes; today all the talk of recent months about budget cuts and tax cuts moves from the abstract to reality. Today, nearly every American will be touched in one way or another, positive or negative, by the new economic recovery plan.

I truly hope that we have done the right thing. I know that many of these programs were in dire need of reform. At the same time, however, I worry that in some instances we have cut too far, too fast and that individuals truly in need of Government help will be forced to endure further hardship and suffering.

So, like it or not and for better or for worse, welcome all to the new year.

THE PRESIDENT'S ECONOMIC PROGRAM WILL NOT WORK

Mr. HART. Mr. President, today marks the beginning of a new role for the Federal Government as prescribed by President Reagan's economic recovery program. If the economy responds as poorly to the budget cuts and tax cuts which go into effect today, as it has over the last 2 to 3 months since the package was enacted, then the President will be forced to continue to come back to Congress in search of a recovery program for his own economic recovery program, as he did last week. This will be no surprise to those of us who have argued from the beginning that the President's proposals, particularly the expensive personal income tax cuts, just will not work.

President Reagan has achieved the economic program he wanted. Over the coming months, we will be seeing the effects of cuts in medicaid, food stamps, job training programs—all the ways a just society tries to help the poor, the sick, the elderly, the jobless. In my own State of Colorado Federal spending for important social services such as school lunches, child abuse programs, and special medical care will be reduced to $30.4 million in fiscal year 1982 from current spending levels of $35.5 million. In addition more than 3,000 families in my State will face reduced benefits under the aid to family with dependent children program. Almost 5,000 families will become ineligible for such benefits. We will also be seeing the effects of the tax cut too. Although most of us will not notice much difference in our take-home pay, the chances are excellent we will see a difference in inflation—higher interest rates—higher—and the Federal deficit—higher.

It has been clear from the start, that the President's economic program will not work. For an administration that professes as much faith in the marketplace as this one, there is a surprising failure to recognize the markets' judgment. Neither Wall Street nor Main Street have reacted enthusiastically to the President's recovery program.

Last week, the President had to come back to Congress for a bailout. The President cited a number of reasons for returning to Congress for further budget cuts in a budget already stripped to the bone in many areas. He said, for example, that Congress "has taken actions that could add even more to the cost of Government." But he failed to mention his administration has been behind and supportive of any new spending approved by Congress.

He also noted that in the euphoria following passage of the budget bill, he failed to mention he did not get all of what he wanted.

The President neglected to point out, however, that what caused his economic program to sink was the enormous 3-year tax cut scheduled to go into effect next week. A month after its passage the stock market had dropped 80 points, the bond market hit all-time lows, and interest rates were at all-time highs.

We have known all along that the President could not have it all—massive increases in defense spending, an enormous tax cut, and a balanced budget in 1984. Since he still refuses to admit that, we can only assume he will continue to ask Congress to bail him out with more and more spending cuts, deeper and deeper into programs the American people support.

We must reject the President's euphoria-clouded vision, and we must reject his latest plans to achieve it.

What the President has proposed is not likely to win much congressional support—and therefore little Wall Street support either. The most sensible way to rescue the President's sinking program remains the simplest one: to delay the personal income tax cuts.

The personal tax cuts should be postponed until the budget is balanced. Such a step would reduce the 1982 deficit by $26 billion—even more than the President is proposing—and would signal the financial markets that we are serious about balancing the budget.

Unless we take this step, we will, as the President said last week, have to keep cutting and cutting into programs that the majority of Americans support. It is time for us to get the Federal deficit under control—not by cutting deeper and deeper into programs Americans support, but by delaying the personal tax cuts.

(Mr. MATTINGLY assumed the chair.)

CRIME CONTROL

S. 1688—CAREER CRIMINAL LIFE SENTENCE ACT OF 1981

S. 1689—INCARCERATION OF STATE PRISONERS SENTENCED TO LIFE AS CAREER CRIMINALS IN FEDERAL INSTITUTIONS

S. 1690—REHABILITATION REQUIRING STATES TO PROVIDE PRISONERS A TRADE BEFORE PAROLING THEM

Mr. SPECTER. Mr. President, I thank the Senator from Alaska for allowing me the opportunity at this time to send to the deck three bills and ask that they be referred to the appropriate committee or committees.

These bills deal with the issue of crime control in the United States.

This day, October 1, 1981, is the appropriate time to submit these bills for consideration of the Senate in light of the fact that the economic recovery program starts today and that on Monday of this week the President of the United States used the occasion of a speech before the International Chiefs of Police to speak out on the issue of violent crime in this country.

These three bills are designed to deal with violent street crime and contain an outline of Federal initiatives which I submit can be effective in dealing with violent street crime.

The first bill deals with career criminals and by that I mean, as defined in the statute, someone who is convicted of a series of offenses.

This bill would make it a Federal offense when an individual after having been previously convicted of two or more robberies or burglaries is charged with a third robbery or burglary with the use of a firearm.

My experience as district attorney of Philadelphia and the experience of many other law enforcement officials in this country has been that a relatively small number of career criminals commit a very large number of robberies and burglaries which are the most vicious forms of street crime in this country.

The unhappy experience in this Nation has been that the State court systems have not handled street crime because of lengthy delays and because of inadequate sentencing. Careful research has been done on the constitutional aspects and I shall submit for the RECORD a detailed statement which establishes the requisite constitutional nexus of interstate activity bottomed on the use of a firearm so that there is, realistically viewed, no constitutional issue involved on this measure.

This proposal would be implementable without undue burden on Federal facilities because it would require no additional police work since the investigations are being accomplished at the present time by local law enforcement, and would simply involve the submission of an extra file to the U.S. attorney.

I have conferred with officials of the Department of Justice, who have been favorably impressed with this proposed legislation, and the Assistant Attorney General in charge of the Criminal Division, Lowell Jensen, has made the comment that this could be accommodated within the framework of existing U.S. attorney resources.

The second piece of legislation which I propose deals with incarceration of career criminals in Federal institutions.

The essence of the second bill is that when a State imposes a life sentence for an habitual criminal, that convict would be sent to a Federal institution. A check has been made with Federal prison authorities who advise that Federal resources are sufficient to accommodate convicts under the terms of this bill where it would be prospective from the date of enactment.

I circularized these bills among members of the Judiciary Committee last week, and today I will be circularizing them further among all Members of the Senate with a letter to each of my colleagues.

On September 25 I wrote to the President summarizing these two bills, and I shall submit a copy of that letter for the RECORD.

The third bill which I am submitting today for referral to the appropriate committee deals with the correlative issue of rehabilitation. The aspect of criminal law enforcement to impose tough sentences on tough criminals and to have life sentences for those who are career criminals requires that at the same time a realistic effort be made at rehabilitation where that is possible to do. My experience as district attorney of Philadelphia, when I had occasion to visit all of the prisons of Pennsylvania, showed me that convicts are routinely released as functional illiterates and without a trade so that there should be no major wonder that those convicts return to the streets and commit more robberies and more burglaries.

In the instance of the third bill, it would require that States make a good faith effort to see to it that those released after terms of imprisonment of 2 years or more are able to read and write and have a basic skill so that they will be able to earn their way on the outside world without resorting to a life of crime.

The second aspect of the rehabilitation line has not yet reached fruition because hearings are scheduled before the Juvenile Justice Subcommittee of the Judiciary Committee which I Chair. That proposal will look for finding the critical spot in the life of the juvenile on the crime track to try to remove that juvenile from a life of crime.

The pattern is repeated again and again where juveniles are traunts from school at 8 or 9, vandals at 9 or 10, petty larceny at 11 or 12, burglary at 13 and 14, robbery 15, and robbery-murder at 17. If they are not incarcerated at that juncture, they then proceed to a life as career criminals.

My own sense is that there is a point in that crime cycle where the juveniles could be saved, both in terms of their own individual rehabilitation for useful lives in our society, and in order to relieve the burden of the career criminal who graduates from juvenile crime. As of this moment, as I say, I am not prepared to introduce legislation on that subject because it is going to require considerably more analysis and hearings which we have scheduled before the Juvenile Justice Subcommittee of the Judiciary Committee.

The importance of career criminals in the epidemic of violent crime in the United States and the role the Federal Government should play can be described as follows:

VIOLENT CRIME HAS REACHED INTOLERABLE LEVELS

For the past 15 years, Americans have suffered a grave and worsening epidemic of violent crime. From 1966–80, the number of major offenses per year increased more than twofold. The increasing number of offenses could not be explained by population growth. The crime rate—major crime per thousand population—also increased greatly over this period. The annual increase in the major crime rate usually exceeded the increase in the inflation rate and many years exceeded 10 percent.

Although the increases in the major crime rate moderated in the mid-1970's, in the last 2 years they have risen again sharply. The rate for all major crimes was up 10 percent in 1980 compared to 1979 and in 1979 rose nearly 10 percent over 1978. The rate of violent crime increased even more. Burglary is now so common it affects 1 household in every 14 each year. That means, on the average, one burglary for every street in America.

PERSONAL INJURIES AND FINANCIAL LOSSES OF CRIME VICTIMS ARE SUBSTANTIAL

The violent crime epidemic causes immeasurable physical injury to innocent individuals. For example, one out of three robbery victims sustains injury. Damage and loss to property annually amounts to more than $8 billion. Annual losses from burglary alone are estimated at more than $3 billion. Of all the money and personal property taken by robbers and burglars, more than 75 percent is never recovered.

COSTS OF CRIME AGGRAVATE INFLATION

Financial losses arising directly from crimes like robbery and burglary and from private expenditures attempting to avoid and insure against them add significantly to increases in the price of goods and services which must be paid by consumers. Thus, the economic losses from the crime epidemic fall not only on the immediate victims but on all Americans.

TRADE AND COMMERCE ARE DAMAGED

The epidemic of violent crime adversely affects commerce. Robberies of banks, stores, homes, and travelers directly interfere with interstate commerce by impeding the free flow of funds, goods, services, and people. Burglaries increase insurance rates, depreciate real estate, accelerate the decline of neighborhoods, and otherwise indirectly interfere with interstate commerce. Both offenses increase the cost of operating businesses. Many stores close rather than continuing to be robbed and burglarized. The damage to the local community and to the local economy cannot be measured but is substantial. Interstate commerce and the national economy are also affected adversely.

ROBBERIES AND BURGLARIES ARE THE MOST DAMAGING CRIMES TO SOCIETY

Robberies and burglaries occur with far greater frequency than other violent felonies, affect many more people, and cause the greatest losses. A person is 40 times more likely to be a victim of burglary and 7 times more likely to be a victim of robbery than of rape.

Robberies involve physical violence, or the threat thereof, being deliberately directed against innocent individuals. Burglaries involve invasion of their homes or workplaces, violation of their privacy, and loss of their most personal and valued possessions. Often—30 percent for robberies—these offenses result in physical injuries; usually—90 percent for robberies—they result in significant financial loss; always they inflict psychological injury. Such crimes force people to live not in freedom but in fear.

MOST ROBBERIES AND BURGLARIES ARE COMMITTED BY CAREER CRIMINALS

A high percentage of robberies and burglaries are committed by a limited number of repeat offenders. Many commit scores of offenses. Some studies estimate that the majority of these offenses are committed by career criminals. Career criminals often have no lawful employment; their full-time occupation is crime for profit and many commit crimes on a daily basis.

In New York City, for example, studies showed that only 1,100 recidivists were probably responsible for most of the 100,000 robberies each year. Another study showed that only 49 imprisoned robbers admitted committing 10,000 felonies over 20 years. A third study showed that only 6 percent of those born in 1945 who committed crimes were responsible for 80 percent of the offenses of their age group. Various studies also indicate that for every time a career criminal is arrested for robbery or burglary, he has probably committed 10 to 20 such crimes. Career criminals commit robberies and burglaries interchangeably.

MANY ARE HEROIN ADDICTS

Many career robbers and burglars are addicts. One study revealed that only 243 heroin addicts committed 500,000 felonies over 11 years. Moreover, the study demonstrated that the frequency of their offenses was far greater when they were actually on the drugs. Many committed a felony nearly every day.

Interstate trafficking in heroin and other dangerous drugs is primarily a Federal enforcement responsibility.

MANY USE FIREARMS

The most dangerous robbers and burglars are those who place in jeopardy the life and limb of their victims by the use of firearms. Nearly half of all robberies involve guns.

These firearms circulate in interstate commerce. Most of these deadly weapons were illegally imported into or illegally distributed throughout the United States. Many of these firearms are cheap handguns known as "Saturday night specials" which have no lawful use and are carried in violation of law. The interstate trafficking in handguns is primarily a Federal enforcement responsibility.

CRIMINAL CONSPIRACIES ARE COMMON

Career robbers and burglars often combine into criminal groups or gangs. Nearly half of all robberies involve multiple perpetrators.

ROBBERIES AND BURGLARIES ARE IN INTERSTATE COMMERCE

Such criminals often cross jurisdictional and State lines to commit their offenses. Moreover, they often distribute their stolen goods across State lines through professional fences.

SOME LOCAL LAW ENFORCEMENT AGENCIES ARE OVERBURDENED

Traditionally, enforcement of laws against most kinds of robberies and burglaries has been primarily the responsibility of State and local government. However, in some large urban jurisdictions, the criminal justice systems are so severely overloaded as to be incapable of combatting this epidemic of armed robberies and burglaries by career criminals. Courts are often badly congested and a large backlog of pending cases often prevents prompt trials, resulting in more crimes by defendants on bail and decreasing the deterrent effect on others. These pressures, combined with prison overcrowding, also may encourage excessive plea bargaining and unduly short sentences. Consequently, career criminals remain at liberty to continue their crime sprees.

Where the justice system is overwhelmed by the volume of crime and cases, the results are disastrous. For example, in New York City, there were 539,000 felony complaints in 1979. Arrests were made in only 105,000 cases, 1 in 5. Of those arrested only 16,000—less than 1 in 5—were indicted and 12,000 were convicted. Thus, only 1 in 10 arrests resulted in a finding of guilt. Of 12,000 convicted, only 4,000 were sentenced to imprisonment. That is only about 4 percent of those arrested.

Two hundred thirty-five recidivist robbers arrested in New York City in 1980 had an average of 12 prior adult arrests. They were believed responsible for up to 25,000 robberies. Despite such records, their average time spent in prison on prior crimes was only 6 months.

THE FEDERAL GOVERNMENT SHOULD SUPPLEMENT STATE ENFORCEMNT IN SUCH JURISDICTIONS

The capacity of Federal prosecutors and courts to safeguard the public in jurisdictions overwhelmed by violent crime by expeditiously convicting and removing such repeat robbers and burglars who use guns from society is well established and their resources are sufficient to enforce the proposed act. The Federal courts normally try criminal cases within 4 months compared to many cities which have trial delays of 1 year or more. Federal judges sentence serious offenders to far longer terms than State judges in some jurisdictions. For example, the average sentence for bank robbery imposed by Federal judges is 15 years; in New York City the typical sentence for robbery is only a few years. Federal investigative resources would not be required since the arrests would be made by local police on the basis of evidence they had secured.

THE CONSTITUTIONAL RIGHTS OF CITIZENS REQUIRE FEDERAL ENFORCEMENT

The epidemic of robberies and burglaries violates the Federal constitutional rights of the victims. The U.S. Government has a legal responsibility to protect the people from domestic enemies, insure domestic tranquility, guarantee the right not to be deprived of life or property except by due process of law, and safeguard interstate commerce. Therefore, the Federal Government should assist in those jurisdictions which cannot combat the violent crime epidemic on their own.

SUPPLEMENTAL FEDERAL ENFORCEMENT IS CONSISTENT WITH THE CONSTITUTION AND ESTABLISHED NOTIONS OF FEDERALISM

Career robbers and burglars who use firearms usually acquired them through interstate commerce, often dispose of stolen goods across State lines, often cross State lines to commit offenses, are frequently addicted to heroin which moves in interstate commerce, and directly disrupt interstate commerce. Therefore, such career robbers and burglars are properly the subject of Fedeal enforcement under the commerce clause of the Constitution. Where the States have not been able to remove them from society, it is as appropriate for the Federal Government to do so as to prosecute organized criminals and drug traffickers who also violate State statutes.

I ask unanimous consent to have printed the three bills, my letter to the President dated September 25, 1981, and a factsheet showing the heavy incidence of violent crime as it relates to a small number of individuals committing a large number of robberies or burglaries.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1688

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Career Criminal Life Sentence Act of 1981".

SEC. 2. Chapter 103 of title 18, United States

Code, is amended by adding at the end thereof the following new section:

"§ 2118. Career criminal life sentence

"(a) Whoever commits, conspires, or attempts to commit a robbery or a burglary in violation of the felony statutes of a State or of the United States while using, threatening to use, displaying or possessing a firearm, after having been twice convicted of a robbery or a burglary in violation of the felony statutes of a State or the United States is a career criminal and upon conviction shall be sentenced to imprisonment for life.

"(b) Notwithstanding any other provision of law, defendants charged under this section shall be admitted to bail pending trial or appeal only as provided in capital cases and the sentence shall not be suspended. It is the intent of Congress that such defendants—

"(1) be tried within sixty days; and

"(2) have any appeal decided within sixty days.

"(c) For purposes of this section—

"(1) 'United States' includes the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States;

"(2) 'felony' means any offense punishable by imprisonment for a term exceeding one year.

"(d) No provision of this section shall operate to the exclusion of any other Federal, State, or local law, nor shall any provisions of this Act be construed to invalidate any other provision of Federal, State, or local law.".

Sec. 3. The table of sections for chapter 103 of title 18, United States Code, is amended by adding at the end thereof the following new item:

"2118. Career criminal life sentence.".

Sec. 4. It is the intent of Congress that in exercising its jurisdiction under this Act, the United States should ordinarily defer to State prosecution. However, if the Attorney General or a United States Attorney, in consultation with appropriate State or local officials, determines that there is a significant Federal interest in the case and the State authorities are unlikely to secure a sentence of imprisonment for life, then Federal prosecution may be brought.

S. 1689

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) Congress finds that—

(1) career criminals commit a large percentage of the violent and major felonies afflicting society, causing immeasurable physical injury to innocent persons and damage, destruction, or loss to their property estimated at billions of dollars annually, thereby terrorizing law-abiding citizens, disrupting the community, and undermining respect for law;

(2) the continuing criminal activity of career criminals adversely affects interstate commerce;

(3) despite prior convictions for serious offenses, many repeat offenders are placed on probation or sentenced to unduly short terms of imprisonment by State judges, to the detriment of public safety;

(4) many repeat offenders cannot reasonably be rehabilitated and, unless incarcerated for life, will commit further felonies;

(5) many States have "habitual criminal" statutes providing for life sentences for repeat offenders, upon subsequent felony convictions;

(6) many State prison systems are severely overcrowded, understaffed, and unable to confine convicts sentenced to life imprisonment under such statutes in a safe, secure, and humane manner;

(7) State judges may be deterred by the lack of sufficient prison space, staff, and funding from imposing life sentences for repeat offenders as provided by State law, and the legislatures in those States without such habitual criminal statutes may be dissuaded by such considerations from enacting such statutes;

(8) the interests of justice and public safety would be served if State authorities felt free to impose life sentences for repeat major offenders unrestrained by such considerations;

(9) the Federal Bureau of Prisons sometimes has empty cells available and can make additional space available by consolidating inmates, consistent with suitable standards, and ultimately can open additional institutions and cells, without great cost or delay, in certain Federal facilities, including abandoned military facilities and Public Health Services Hospitals; and

(10) the Federal Bureau of Prisons has an outstanding record in safety, effectively, and humanely confining inmates sentenced to life imprisonment.

(b) The Congress declares that the purpose of this Act is to remove undue restraints on States imposing sentences on repeat major offenders by authorizing the Federal Government to assume custody of prisoners sentenced under State habitual criminal statutes to imprisonment for life, without cost to the State.

Sec. 2. (a) Upon request by a State pursuant to section 3, the Federal Bureau of Prisons of the Department of Justice shall promptly arrange and accept custody of convicts who are sentenced to life imprisonment under the habitual criminal statutes of a State, to the extent that space is or can be made readily available in the Federal prison system. The Federal Bureau of Prisons shall confine such convicts until certification to the Attorney General by appropriate authorities of the State that the sentence of a transferred prisoner has been terminated by parole, pardon, or otherwise as provided by State law, or, absent such certification, for the natural life of the prisoner.

(b) This Act shall apply only to the incarceration of persons sentenced to imprisonment for life under the State habitual criminal statute after the date of enactment.

Sec. 3. (a) All applications for Federal incarceration under this Act shall be subject to approval by the Attorney General of the United States and shall include a certification by the State that the prisoner to be transferred has been sentenced to life imprisonment under a State habitual criminal statute.

(b) The Attorney General shall have the authority to review the nature and circumstances of the offenses committed by any prisoner who is proposed for transfer and the existing capacities of the State prison system from which transfer is sought. The Attorney General may reject any application for Federal incarceration based upon such considerations and upon the availability of space in the Federal prison system. The decisions of the Attorney General under this subsection shall not be subject to review by Federal or State courts.

S. 1690

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the prison authority of a State shall have an obligation to provide prisoners with a marketable job skill and basic literacy, and the parole authority shall not release a prisoner sentenced under the law of the State to a term of two years or more prior to the expiration of his sentence unless the State has met such obligation.

(b) On or before one hundred and eighty days before the effective date of this Act, the Attorney General of the United States shall, after consultation with the State Prison Vocational Skills Advisory Council, promulgate such regulations as are necessary to carry out the purposes of this Act including a determination of what constitutes a "marketable job skill and basic literacy".

Sec. 2. (a) Notwithstanding any other provision of Federal law, any State desiring to receive any grant, contract, award, or other assistance paid for from Federal funds for use in its prison programs, shall certify to the Attorney General that it is in compliance with the provisions of this Act.

(b) Except as provided in subsection (c), any State which fails to comply with this Act shall be ineligible to receive any Federal funds for its prison programs until such time as the State can certify to the Attorney General that it is in compliance with the provisions of this Act.

(c) (1) If the Attorney General determines that a State has made a good faith effort to comply with the provisions of this Act, the Attorney General may grant such State probationary status for one year during which time the State shall be eligible for any Federal funds for prison programs, notwithstanding subsection (a).

(2) No state shall be eligible for probationary status under paragraph (1) for more than two years.

Sec. 3. (a) There is established the State Prison Vocational Skills Advisory Council (hereinafter in this Act referred to as the "Council") which shall advise the Attorney General of the United States regarding regulations necessary to carry out the provisions of this Act. The Council shall be composed of—

(1) the Associate Attorney General, who shall serve as its chairman;

(2) the Director of the Federal Bureau of Prisons;

(3) the Under Secretary of Labor; and

(4) six representatives from State and local prison systems, each from a different State, to be selected by the Attorney General.

(b) It shall be the duty of the Council to advise the Attorney General in formulating regulations as provided in section 1(b).

Sec. 4. Nothing in this Act shall be—

(1) construed to reflect the intent of Congress to invalidate or modify any State law except insofar as it may be directly inconsistent with this Act, or

(2) construed as creating any right in any State prison.

Sec. 5. This Act shall become effective one year after the date of the enactment of this Act.

U.S. Senate,
Committee on the Judiciary,
Washington, D.C., September 25, 1981.

The President,
The White House,
Washington, D.C.

Dear Mr. President: I think you may be interested in two bills which I plan to introduce next week in the United States Senate dealing with career criminals.

From my experience as District Attorney of Philadelphia, I have found that a relatively small number of career criminals commit a large percentage of the robberies or burglaries, constituting the most troublesome aspect of street crime in the United States.

These career criminals are able to commit numerous crimes because of lengthy delays in the state court trial systems and lenient sentences by state court judges. These conclusions are supported by many District Attorneys and other law enforcement officials around the country.

My proposal is to establish a new Federal crime, punishable by life imprisonment, for anyone who commits a robbery or burglary with the use of a gun after having been previously convicted of two or more robberies or burglaries. Robbery and burglary have been selected because these are the two most prevalent street crimes and are most easily identifiable, as contrasted with rape or homicide, as having interstate implications.

The nexus for Federal jurisdiction would be present with the use of a gun and by the Congressional conclusion, which would be based on substantial evidence, that such career criminals operate in interstate commerce. For your review, I am enclosing a memorandum of law on this subject.

Whenever the Federal government has tried to do something about violent crime, the comment is frequently made that there is little that can be done because street crime is a matter solely for local law enforcement. This legislation would change that where the states have failed to handle the career criminals in the course of their first two convictions. There is ample precedent for such Federal involvement by analogy to RICO, narcotic laws, firearms, etc.

I have discussed this proposal with Justice Department personnel and have gotten a favorable preliminary response. Lowell Jensen, Assistant Attorney General of the Criminal Division, expressed the view that existing resources of United States Attorneys could handle this new offense. It would not place any new burden on Federal investigative resources since arrests would be made and charges lodged by local police.

The second proposal provides that anyone convicted and sentenced, after the enactment of the statute, to life imprisonment under state habitual criminal statutes would be incarcerated in a Federal penitentiary. Some 41 states currently have habitual criminal statutes. This proposal would encourage state court judges to sentence under habitual criminal statutes and would encourage the remaining states to adopt such statutes. We have contacted Federal prison officials and have found that it is realistic for Federal penitentiaries to accommodate such convicts.

Justice Department personnel have expressed a favorable preliminary response to this second proposal as well.

With this letter, I am enclosing the two proposed bills. I would be very interested in any comments which you may care to make.

Sincerely,

ARLEN SPECTER.

CONSTITUTIONALITY OF A FEDERAL CAREER CRIMINAL LIFE SENTENCE ACT

This memorandum considers the constitutionality of a federal statute that would make it a federal crime to commit a third violation of state robbery or burglary statutes and use or possess a firearm.

I. JURISDICTION

Under the Constitution, the national government is one of enumerated powers. Powers not accorded it by the Constitution are reserved to the states and to the people. U.S. Const., Amend. X. Authority over most criminal conduct has been exercised by the states under the power reserved to them by the Constitution to protect public health and safety, "the police power."

Congress, however, has broad powers to reach criminal activity involving interstate commerce. The federal bank robbery statute is based on these powers. The Racketeer Influenced and Corrupt Organizations Act is another example.

The leading Supreme Court case analyzing the authority of Congress to invoke the commerce clause as authority to punish activity that, like many robberies and burglaries, is intrastate in character, is *Perez* v. *United States*, 402 U.S. 146 (1971). Perez involved the federal anti-loansharking law, 18 U.S.C. §§ 891–896, which prohibits "any extension of credit with respect to which it is the understanding of the creditor and the debtor at the time it is made that delay in making repayment . . . could result in the use of violence or other criminal means to cause harm to the person, reputation, or property of any person." The Supreme Court sustained the application of the statute to a loansharking transaction that was purely intrastate in character. The Court indicated that Congress may regulate activities: (1) using interstate commerce, (2) involving the instruments of interstate commerce, or (3) affecting interstate commerce. Where the activity is one "affecting" commerce, the question is whether the regulated activity falls within a class that Congress could legitimately conclude to have an effect upon interstate commerce and Congress is allowed considerable leeway in defining the class of activities that it is regulating. If that question is answered affirmatively, the inquiry must stop. Whether a particular act involved in prosecution involves an interstate connection is irrelevant.

The constitutional authority for a federal statute against career criminals arises from the commerce clause. Compared with loansharking analyzed in *Perez*, repeated commission of robbery and burglary offenses involving firearms is a class of activities that Congress could reasonably conclude to "affect" interstate commerce because:

1. Robberies and burglaries of stores directly interfere with intestate commerce by increasing the cost of operating businesses.

2. Robberies and burglaries deter travel.

3. Robberies and burglaries funnel stolen goods into interstate fencing operations.

4. They are often inspired by addiction to illegal drugs shipped in interstate or foreign commerce, purchased in violation of federal laws, and marketed by organized crime on an international scale.

5. Firearms used in robberies and burglaries have either been shipped in interstate commerce or assembled of elements shipped in interstate commerce.

II. PENALTY

A proposal that would use prior state convictions to enhance federal sentencing is also constitutionally permissible. Such a proposal is analogous to the Dangerous Special Drug Offender sentencing statute, 21 U.S.C. § 849, which permits enhanced sentencing for persons found to have been previously convicted in State or federal courts for two or more drug trafficking offenses. This statute has been upheld against an assertion that it violated the double jeopardy clause. *United States* v. *Sierra*, 297 F. 2d 531 (2d Cir. 1961), cert. denied 369 U.S. 853 (1962).

The requirement of a mandatory sentence of life imprisonment also involves no constitutional infirmity. The Supreme Court has recently upheld a state recidivist statute that mandated a life sentence following a third felony, despite the contention that imposition of a life sentence for three larceny offenses involving a total of slightly more than $200 was a violation of the cruel and unusual punishment clause of the Eighth Amendment. *Rummel* v. *Estelle*, 445 U.S. 263 (1980).

FACT SHEET

1. In 1980 there were more than 500,000 robberies and 3 million burglaries. Robberies rose more than 30 percent from 1978 to 1980. Bank robberies rose 50 percent in the same period. Street robberies also rose nearly 50 percent. Burglaries rose more than 20 percent fom 1978 to 1980. Nighttime residential burglaries rose 15 percent between 1979 and 1980. Daytime residential burglaries increased more than 20 percent.

2. The crime rate for both offenses also increased dramatically. The robbery rate increased 24 percent from 1978 to 1980. The burglary rate increased more than 11 percent in the same period.

3. Burglary affects one in every 14 households each year. Overall, crime touches one in every three households. Annual losses for all crime exceed $8 billion. Burglary alone is responsible for more than $3.3 billion of the losses. Robberies resulted in losses exceeding $300 million per year with the average loss for street robberies of $400. Of all money and property taken in robberies and burglaries, less than one-fourth have ever been recovered.

4. An American is 40 times more likely to be a victim of burglary than of rape; a person is 7 times more likely to be a victim of robbery than of rape. There are more than three times as many rapes as murders.

5. Half of all robberies involve the use of firearms. One-third of the robberies result in physical injury. Nearly half the robberies involve multiple perpetrators.

6. Eighty percent of those arrested for burglary had a prior record of adult arrests. Fifty-eight percent had a prior burglary arrest. Forty-seven percent had prior drug arrests. Forty-four percent were on parole, probation or bail at the time of their arrest.

7. A typical group of 100 persons convicted of robbery would have committed 490 armed robberies, 310 assaults, 720 burglaries, 70 auto thefts, 100 forgeries and 3,400 drug sales in the previous year of street time.

8. Forty-five states have habitual criminal statutes providing increased terms of imprisonment. Twenty-eight of the statutes provide for a life sentence. Twenty-one states supply statistics on use of these statutes, reporting a total of nearly 2,000 prisoners serving sentences under these acts. Of this number, fewer than 100 were serving life sentences.

9. Various studies show that forty-nine imprisoned robbers committed 10,000 felonies and that 243 heroin addicts committed half a million felonies and that a typical career criminal commits 200 felonies a year—160 related to drugs and and 40 that are not. New York City, 1979: 539,000 felony complaints, 105,000 arrests, 16,000 indictments, 12,000 convictions, 4,000 sentenced to prison.

Mr. PROXMIRE. Mr. President, will the Senator yield very briefly?

Mr. SPECTER. I yield.

Mr. PROXMIRE. I want to thank my good friend from Pennsylvania for his statement this morning and for the legislation he has introduced. I think there is no man in this body, no man who has been in this body for many years, who has had the kind of experience he has had in a big city, Philadelphia, as its district attorney.

I think there is no problem that is more perplexing, more puzzling, or more frustrating than the problem of dealing with crime in our country, and I think the Senator from Pennsylvania is making a most constructive kind of suggestion, and I am very, very, anxious to have an opportunity to study his legislation. I think he is making a real contribution to this body and to this country by taking the floor and giving us the benefit of his remarkable background and experience as an outstanding district attorney in Philadelphia.

I thank the Senator.

Mr. SPECTER. I thank the Senator from Wisconsin for those very gracious remarks.

My activities in public service have not been nearly so noteworthy as have his. I believe he came to the Senate at approximately the same time I became an assistant district attorney, and I have admired his career in the Senate over these many years, and his activities have drawn widespread acclaim, none with greater emphasis than those of the past week where he distinguished himself as a man of principle and as a man of stamina at the 100-percent level.

The thoughts which I have expressed today reflect my own concern over the problem of violent crime, which spans some 22 years and a great deal of experience and a great deal of thought, which leads me to make these proposals today on the problems of violent crime and the career criminal.

I thank the Senator from Wisconsin and I thank the Chair. I yield the floor.

EQUAL ACCESS TO JUSTICE

Mr. DOMENICI. Mr. President, today, October 1, 1981, marks the beginning of a new era in the relationship of the citizen to his Federal Government. In the last Congress we enacted a legislative proposal entitled "Equal Access to Justice" which provides that when a small businessman or individual is engaged in litigation with the Federal Government, either on the administrative or judicial level, prevails and the Government cannot substantially justify its position, he is then entitled to strong attorney fees and costs.

The question of who regulates the regulators can now be answered. Public Law 96–481 allows the individual citizen who feels the burden of capricious and arbitrary regulations to fight them. If he prevails he does so without suffering the economic detriment which precluded so many average citizens from challenging their Federal Government—even when they knew they were right. The reason was that protracted litigation against legions of Federal attorneys was financially too high a price to pay for vindication of individual rights. But no longer. As of today, any case pending with the U.S. Government comes under the purview of the Equal Access to Justice Act.

This law has a sunset provision which allows us to experiment with an exception to the American rule regarding attorney fees. Traditionally our jurisprudence system provides that litigants pay their own costs, no matter who prevails.

However, we have legislated over 120 exceptions to this rule providing for payment of attorney's fees. Public Law 96–481 would be the broadest exception. For years the greatest complaint about our Government has been the phenomena of over-regulation. Many solutions have been proposed; legislative veto, regulatory reform, administrative oversight, and so on. It has always been my feeling that the individual American citizen who is being regulated is the logical one to fight over-regulation. But our administrative law system favored the Government.

The familiar refrain "you can't fight the system" rang true. The presumption that agencies would not promulgate regulations exceeding their congressional authority, the necessity of perfecting your administrative remedies, a time-consuming, frustrating and often fruitless requirement of getting into court, the legal costs involved often made knuckling under the prudent choice. Today, Americans will be able to fight their Government when they feel it has gone too far and if they are right it will cost the Government not the citizen.

The costs of those awards and the agency responsible will be recorded and a report submitted to the Budget Committee annually prior to consideration of the budget of those agencies. Hence, we will be able to focus directly on the agencies and the individuals responsible for the promulgation of unnecessary or unreasonable regulations. Hopefully, this new law will have another effect. Agencies will now have an inducement for settling cases as quickly and reasonably as practical. Prior to today, personnel were rated on how many citations they issued, how many agency adjudications they won and how often the courts upheld them.

Consequently, the costs of winning and what happened to the individual citizen were often a secondary consideration. In the legislative history of Public Law 96–481 there are numerous horror stories cited of small businesses put out of business because they were snarled into the gears of this enforcement machine. Now because the agencies know the cost in prevailing is being tabulated and the cost of losing will ultimately come out of those agencies' budgets, there is an incentive to resolve the situation as quickly and economically as possible.

Mr. President, October 1, 1981, will be historically remembered as the first day of President Reagan's austerity program. But it should also be remembered as the day when the tensions between the Federal Government and the citizens regulated by that Government were readjusted. As of today no longer will Americans say "you can't fight city hall." As of today, if you fight and you are right it will not cost you a dime.

Mr. President, this is going to be done on a trial basis, and I think it has an excellent chance of swinging the pendulum more toward the middle so that the National Government does not take advantage of citizens in its regulatory process because of its unequal resources and gigantic size and ability to have lawyers and all kinds of processes to work against a citizen.

Mr. President, I yield the floor.

WHERE DO WE GO FROM HERE?

Mr. JACKSON. Mr. President, on September 26, 1981, the U.S.S. *Antrim* (FFG-20), a guided missile frigate, was commissioned in Seattle.

The ship is the 4th of 13 vessels to be built by Todd Shipyard, one of three important Navy shipyards in Puget Sound.

At the commissioning ceremony, Mr. Wells B. McCurdy delivered the principal address. Mr. McCurdy is a longtime friend of Secretary of Navy John Lehman and was asked by the Secretary to be his personal representative on this important occasion.

Mr. McCurdy has a deep understanding and appreciation of the tasks facing the U.S. Navy and of the work that needs to be done if we are to rebuild our fleet and maintain a credible Navy presence in the world.

In the way of background, Mr. McCurdy was commissioned in the Navy as an ensign in 1941, first serving on U.S.S. *Biscayne*, a seaplane tender. In 1943, he was designated a naval aviator and saw various antisubmarine assignments, completing his active duty in 1946 as an associate professor with the University of California NROTC. He remained with the Naval Reserves, attaining the rank of captain in July 1962.

Mr. McCurdy has long been active in civic and community affairs in Seattle and Washington State. He is a successful businessman and now serves as president of Pacific Factors, Ltd.

Mr. President, I mention these things because I want to draw my colleagues' attention to the thoughtful remarks Mr. McCurdy delivered at the commissioning ceremony. He articulated very well the key problems facing the Navy and the tasks facing us here in Congress in the effort to rebuild the Navy.

I recommend his comments to Members of this body and ask unanimous consent that the text of Mr. McCurdy's remarks be printed in the RECORD at this point.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

WHERE DO WE GO FROM HERE?

(Principal address delivered by Wells B. McCurdy)

Mrs. Antrim, Admiral Williams, Admiral Berry, Adm. De Wolf, USCG, officers and crew of the "*Antrim*", ladies and gentlemen: (Adm. De Wolf is represented here today by Capt. Joseph Wubbold).

Two weeks ago, SecNav John Lehman called and asked me if I would be willing to represent him at this commissioning ceremony of the "*Antrim*". This is something he particularly wanted to attend to himself, as the commanding officer, Cdr. Bill Wright, a 1964 graduate of the Naval Academy, served with him for a 15-month period in 1976–77, at the Arms Control and Disarmament Agency, when John Lehman was Deputy Director of that Agency. He wanted you to know that Bill Wright did an outstanding job at ACDA, and that the thing that impressed all of them was his energy, attention to details and dedication to the task at hand.

Bill changed offices many, many times during this period, always asking "what is there to do", then doing it—and looking around for something more to do. SecNav John Lehman feels the Navy is fortunate to have Bill Wright as the commanding officer of the "*Antrim*" as it joins the U.S. Navy—and commends him to you as an outstanding naval officer.

Most of you have not had the opportunity to get to know John Lehman, and I thought perhaps a word or two about him might be of interest to you. First off, he is a friend of mine, which starts him off on the right track. He is 39 years of age, a native of Pennsylvania, and the best thing I can say about John is that he is a bright, tenacious scholar, author and business man.

He has achieved many honors at many universities, particularly in the field of diplomacy, national security and international relations—capped with a designation of visiting fellow at Johns Hopkins School of Advanced International Studies in Washington, D.C. At present, he holds the rank of Lcdr. in the Naval Reserve and is designated a naval flight officer (bombadier/navigator)—and has just recently completed his 2 weeks active duty aboard the nuclear carrier *"Nimitz"*. Under Henry Kissinger, he served as a senior staff member at the National Security Council, was a delgate to the mutual balanced force reduction negotiations in Vienna, Deputy Director ACDA, chairman of Republican National Defense Advisory Committee, and president of the Abington Companies, a consulting firm in Washington, D.C., specializing in national security and defense matters, from March, 1977 to June, 1981, when he assumed the position of SecNav. John is married and has a son and daughter.

He feels very close to the Northwest, having taken reserve duty at Whidbey Island, and knows that the Seattle business community all embrace the Navy and have helped in all ways to make them welcome here. Evidence of this is that John Lehman has been in Seattle 3 times in the last 4 months.

My father, a Seattle surgeon and Naval Reserve flight surgeon, was an inspiration to me to go to the University of Washington, attend the N.R.O.T.C. there, and receive a commission as ensign. My two sons have both been affiliated with the Naval Reserve—Russell was on active duty as a P.I.O. and P.A. officer and served as aide to several admirals. Bruce attended the N.R.O.T.C. unit at the University of Idaho. Returning to Seattle after Navy duty, I joined the Navy league, and subsequently, was vice president of the Seattle chapter, and also became a life member of the Naval Reserve Association and the Naval Institute.

Years have a way of escaping us, and much to my surprise, having received this assignment, was to find that Dick Antrim and I were both designated Naval aviators, and both served in lighter-than-air at the NAS, Lakehurst, N.J. I had the pleasure of officially getting to know Dick on two of his tours of duty at Lakehurst. Once was before, and once after, he received the Congressional Medal of Honor and the Navy Cross—when I was aide and training officer of the staff of VAdm C. E. Rosendahl, who was then head of all L-T-A in the Navy.

In December 1948, Dick was assigned to the office of chief of naval operations as assistant for L-T-A programs and planning for a 2-year period. So you can see that 30 years have passed since our paths crossed last, which makes visiting with his wife and family today an even greater pleasure for me.

John Lehman asked me to emphasize a number of key points that he would give to you today if he were here—and I think I would like to entitle my remarks for him as, "where do we go from here?"

1. The United States has been called an "island" Nation and must depend on ocean trade routes to bring to our shores critical and vitally needed resources, of which we are in short supply, or have no natural deposits. Let me give you a list of natural resources of which we have to import 90 percent, or more, in order to support our industrial complex in the U.S.: tin, chromite, rubber, industrial diamonds, bauxite, cobalt, asbestos, manganese, and nickel.

A revitalized, greatly increased U.S. merchant marine fleet is essential to maintain these ocean lanes of supply and trade routes. One mission of the U.S. Navy is to ensure our free use of the seas, whereas a mission of the Soviet Union is to deny us the free use of the seas.

They are out-distancing us as illustrated in the news clippings in Wednesday's Seattle Times. Quoting in part: "The Soviet Union has supplied Cuba with more military equipment during the first nine months of 1981 than it has in any single year since the Cuban missile crisis in 1962. Among the equipment received this year was a 2,100-ton antisubmarine warfare frigate, the biggest and newest naval vessel ever delivered to Cuba from Moscow. The 300-foot vessel carries surface-to-air missiles, anti-submarine rocket launchers, twin 76-millimeter guns, and anti-aircraft cannons."

Last Saturday morning while the *"Antrim"* was at anchor in Elliott Bay, conducting full tests of her operating equipment and electronic gear, I observed and took a picture of a modern, rust-stained Soviet ocean trawler, approximately 300′ in length, and bristling with electronic gear, pass slowly, close aboard. A coincidence—hardly; a purposeful visit—probably.

2. The U.S. today faces a sophisticated, offensive, blue water threat, in virtually all oceans, in the form of the Soviet Navy and her government-operated merchant marine, the navies of her satellites, marine and fisheries vessels, and active ocean research ships—all growing in numbers and with sophisticated weapons as well.

3. We have permitted the strength of our U.S. Navy to deteriorate in just 10 years—yes, 10 years—from 847 ships to a low of 454 ships today—make that 455 with the addition of the U.S.S. *"Antrim"* to our fleet.

Meantime, the Soviets have increased their fleet size to over 1,700 vessels. Last year they built 40 naval vessels to our 18; and 30 merchant ships, militarized auxiliaries of their navy.

History has shown that any maritime nation that allows its navy to become weak in numbers, manpower and weaponry, has only one place to go in world importance—down.

4. It is the determination of our President, enthusiastically supported by a strong SecNav and CNO, to achieve a 600-ship Navy prior to 1988. This is considered a minimum size, necessary to regain control of the seas; freely and forcefully show the flag; reassure our allies of our capability and national will; and put our enemies on notice that our Navy is indeed serious about defending the United States and its world-wide interests.

It is essential that our cruise missile technology be capitalized on by equipping ships, subs and aircraft with Harpoon and Tomahawk missile capability as fast as practicable.

Now the numbers to do the job: to attain a 600-ship Navy, it will be necessary to build/modernize 25–30 ships/year; 15 carrier battle groups—up from 12; 4 surface action groups; 100 attack submarines—the Soviets now have launched a titanium high-speed (over 40 knots) military sub. They have 285 attack subs to our 81; and in ballistic missile subs, the score is 62 to our 36.

Amphibious shipping capable of lifting a marine amphibious force (MAF) in one ocean and, independently, a marine amphibious brigade (MAB) in the other.

Additional support ships to sustain forward deployments—on September 14, the Navy purchased from Sea-Land Corp. 6 of the largest and fastest containerships in the U.S. with an option for 2 more. The 33-knot SL–7 vessels are 946 feet long and 105.5 feet wide.

John Lehman believes the only practical way to expand the fleet in the near term is to reactivate an aircraft carrier or two, and up to four 58,000 ton battleships of the *"Iowa"* class from the mothball fleet.

In early July, the SecNav and Senator Henry Jackson personally inspected the carrier *"Oriskany"* (which, by the way, was just yesterday cut from the defense budget by Congress—$364,000,000) and the BB *"New Jersey"* at Bremerton. They are in excellent condition due to mothballing, particularly the *"New Jersey"*, which subsequently was towed to Long Beach on July 27, where the naval shipyard will activate the vessel at a cost of $329,000,000—$237,000,000 reactivation, and $92,000,000 modernization—with recommissioning to be accomplished prior to February 1, 1983—less than 18 months from now. This is a positive cost and time framework commitment by the Secretary, and is an outstanding buy in terms of money, time, and in terms of total fire power (adding Tomahawk, Harpoon and Phalanx weapons systems to her 9–16″ guns), the *"New Jersey"* will deliver more bang for the buck—and show the flag in a positive, impressive manner.

It is reasonable to expect most uninformed people to judge a ship's age from the date she was commissioned. Using this approach in the case of the *"New Jersey"*, since she was commissioned in 1943, makes her 38 years old. However, it is not the numerical age of the ship that is critical. Instead, it is the ship's service life—in terms of her service life, the *"New Jersey"* was in use only about 13 years. The service life of a ship is defined as the wear and tear on the ship's hull, machinery, and equipment, resulting from active use. When constructed, a battleship was built with a life expectancy of 30 years. This means that the *"New Jersey"* still will have between 17 and 20 years of active service left when she joins the fleet in 1983.

As a tribute to the foresight of Carl Meurk, west coast exec. vice president of Todd Pacific Shipyards Corp., and John Gilbride, vice president and general manager of Todd, Seattle, the earthwork is already under way, pilings are being driven, and plans have been completed to move a floating drydock here to Seattle from San Francisco, large enough to accommodate the BB *"Iowa"* for her reactivation and modernization. These are positive benefits, not only for the Navy, but for the Seattle area.

5. The important catgory of research and development must have a cycle that is reduced from 10–20 years down to 5–6 years, which means locking down production at an earlier stage than many people would like to have happen.

However, if we are going to get new types of vessels into the fleet, such as the *"Pegasus"* class patrol combat missile (hydrofoil), whose speed is in excess of 40 knots, and which carries 8 Harpoon missile launchers . . . researched and developed by the Boeing Company here in Seattle, using technology derived from the aircraft industry . . . it is necessary to lock this program down and go into production . . . the mission of these vessels will be to operate offensively against hostile surface combatants and other surface craft; and conduct surveillance, screening, and special operations.

The lead ship was delivered 3 years ago; then followed more research & development; and now, the 5 follow on ships are scheduled for delivery in late 1981–82. You all are familiar with the commercial version of this vessel, known as a *Jet-Foil* . . . on which many of you probably have ridden to Victoria and back.

6. The shipbuilding industry has had its problems with construction of ships for the Navy, particularly in subs. There were major and substantial cost overruns and delivery delays of up to 2½ years . . . as in the case of Trident missile submarine contracts on the *"Ohio"*. Of the 20 submarines currently under construction by Electric Boat Company, 15 are behind their original schedules . . . the Navy and Electric Boat announced on September 14 that they have settled their bitter dispute over the cost and delivery overruns.

Shipyards here in the Puget Sound area operate on a business-like basis, where ships are being delivered to the Navy ahead of schedule, below budget cost, and with quality workmanship that has become a hallmark of this area's yards. The FFG program is a good example of this, and most certainly Todd is to be commended for their part in what is generally conceded to be a good cost effective program, to the extent that Congress could likely expand it in total numbers.

From the Navy's standpoint, they want to design lower cost ships with acceptable performance, that then require: (1) fewer change orders; (2) cost less to operate; (3) require fewer personnel to man them; and lastly, (4) want to reward the yards who bring out the ships below cost and ahead of schedule by allowing them to participate in the savings.

7. All of the foregoing is for naught if we do not have the crews aboard the ships to maintain and operate them. It is therefore necessary to retain the personnel we already have, train them with additional and new skills, recruit new and young people into the naval service, and reward them with a pay scale that is commensurate with the responsibilities they have to assume. President Reagan told the crew of the carrier "*Constellation*" on August 20 this year: "You deserve compensation worthy of the sacrifice you are making—and you'll get it!"

It is John Lehman's conviction that the end result will be a return of pride and professionalism—not only on the part of the crews of the U.S. Navy ships—but on the part of the U.S. Naval Reserve, who have their own training ships to man, so that in time of war or national emergency, they can take their place with the fleet.

Naval superiority—not parity—is our national strategy and can be attained in the next 5–8 years. This may be our last chance—but with a will to win, we can put it all back together!

Having identified to you some of the key points in SecNav Lehman's program of "where do we go from here", I think it important to read to you a wire I received this morning from John Lehman:

"Well—after the commissioning ceremony of the U.S.S. "*Antrim*" (FFG–20) is over today, tell her commanding officer, Bill Wright, and his executive officer, Jim Euliss (who I understand is a Miami University N.R.O.T.C. graduate at Oxford, Ohio) "that the Atlantic fleet needs, and is awaiting the arrival of, the "*Antrim*" to take up her share of the load on the east coast—and don't tarry along the way—particularly at Mazatlan. May you and your crew enjoy smooth sailing, following seas and God speed to join the Atlantic fleet."

PROPOSED ARMS SALES TO SAUDI ARABIA

Mr. PERCY. Mr. President, section 36 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of a proposed sale shall be sent to the chairman of the Foreign Relations Committee.

The notification received by the committee this morning is for the sale to Saudi Arabia of five AWACS aircraft, AIM–9L Sidewinder missiles, conformal fuel tanks, and KC–707 refueling tankers. The full administration justification for these sales is included with the notification.

In keeping with my intention to see that such information is available to the full Senate, I ask to have printed in the RECORD at this point a notification which has been received.

In addition to the materials included in the notification, I requested that the Department of State provide additional information as allowed under the Arms Export Control Act. I also ask that this additional information be placed in the RECORD so as to provide maximum information to the public.

The material follows:

DEFENSE SECURITY AGENCY,
Washington, D.C., October 1, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 81–96 and under separate cover the classified annexes thereto. This Transmittal concerns the Department of the Air Force's proposed Letters of Offer to Saudi Arabia for Airborne Warning and Control System (AWACS) aircraft, aerial refueling aircraft, AIM–9L missiles, and conformal fuel tanks for Saudi F–15 aircraft estimated to cost a total of $8.5 billion. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portions of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 81–96A

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Control Act

(i) Prospective Purchaser: Saudi Arabia.

(ii) Total Estimated Value:

	Billion
Major Defense Equipment*	$0.6
Other	5.2
Total	5.8

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Five E–3A aircraft; associated spares and support equipment for three years; three years of contractor provided logistics, maintenance, and training support in Saudi Arabia; USAF and/or contractor provided CONUS training and technical support; a facility site survey; and provision for the design, construction, and supply of required AWACS related ground based Command, Control, and Communications (C^3) facilities and equipment, including an appropriate number of ground radars.

(iv) Military Department: Air Force (SJA).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending 31 March 1981.

(viii) Date Report Delivered to Congress: October 1, 1981.

POLICY JUSTIFICATION

SAUDI ARABIA–E–3A AIRCRAFT

The Government of Saudi Arabia has requested the purchase of five E–3A aircraft; associated spares and support equipment for three years; three years of contractor provided logistics, maintenance, and training support in Saudi Arabia; USAF and/or contractor provided CONUS training and technical support; a facility site survey; and provision for the design, construction, and supply of required AWACS related ground based Command, Control, and Communications (C^3) facilities and equipment, including an appropriate number of ground radars, at an estimated aggregate cost of $5.8 billion. (An additional sale may be requested for design and construction services to provide ground facilities to support the aircraft. This request, if received, will be notified separately.)

This sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. In addition to enhancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

This sale will not have an adverse impact on the regional military balance. The E–2C, an airborne surveillance platform similar to the E–3A, is currently in the inventory of Israel. Ground radar systems are presently in the inventory of most of Saudi Arabia's neighbors.

Saudi Arabia currently lacks the early warning required for an effective air defense network. The E–3A aircraft and related ground based C^3 equipment, combined with a small number of ground radars, are the most effective means of providing the early warning required for effective air defense. Five E–3A aircraft will allow the Royal Saudi Air Force (RSAF) to maintain one 24-hour per day orbit during short periods of heightened tension or hostilities.

Configuration of the RSAF AWACS aircraft will be identical to the standard USAF E–3A aircraft except that the Joint Tactical Information Distribution System (JTIDS), Electronic Counter Counter Measures (ECCM) enhancement and sensitive intelligence information, HAVE QUICK UHF communication modifications, and three additional display consoles included in the latest USAF version will not be included nor will commercial substitutes be provided for these systems. However, commercially available substitutes will be provided for the U.S. Government Mode IV Identification Friend or Foe (IFF) and U.S. Government encryption systems.

The Boeing Aerospace Company of Seattle, Washington, is the prime contractor for this proposed sale.

Initially, approximately 480 U.S. contractor personnel will be required in Saudi Arabia in support of this proposed sale to provide logistics support and maintenance training. Approximately 30 U.S. Government personnel will also be required to provide contract oversight and operator training. Although it is expected that the number of contractor personnel will decrease as the RSAF becomes trained to perform maintenance, some U.S. contractor maintenance will be required in-country for the life of the system.

This proposed sale has no impact on U.S. defense readiness as the E–3A will come from new production.

TRANSMITTAL No. 81–96B

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Saudi Arabia.

(ii) Total Estimated Value:

	Millions
Major Defense Equipment*	0
Other	$110
Total	110

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: One hundred and one ship sets (202 tanks) of conformal fuel tanks (CFTs) for the Royal Saudi Air Force (RSAF) F–15 aircraft. The CFTs are streamlined fuel tanks, two per aircraft, which afix to the sides of the F–15 fuselage. The sale would include spare parts, support equipment, training equipment, publications, and other related support for the CFTs.

(iv) Military Department: Air Force (SFA, Amendment No. 3).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending 31 March 1981.

(viii) Date Report Delivered to Congress: October 1, 1981.

POLICY JUSTIFICATION

SAUDI ARABIA—CONFORMAL FUEL TANKS FOR F-15 AIRCRAFT

The Government of Saudi Arabia has requested the amendment of FMS case SFA, under which 60 F-15 aircraft are being provided to the Royal Saudi Air Force (RSAF). This amendment will include 101 ship sets (202 tanks) of conformal fuel tanks (CFTs) and related spare parts, support equipment, training equipment, publications, and other support at an estimated cost of $110 million.

This sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. In addition to enchancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

Recent military developments (the Iraq-Iran War and the Soviet invasion of Afghanistan) have created a new situation in the region which requires the enhancement of the RSAF F-15 capabilities, particularly in providing the aircraft with more endurance to improve the Saudi air defense capability. The Kingdom is a relatively large geographical area, and CFTs would enable the Saudis to fly sorties from bases other than those directly under attack. The CFTs will increase the time aloft of each F-15 flight, and given the relatively small number of aircraft, this is an important factor in defending the Kingdom.

The introduction of CFTs in Saudi Arabia will not affect the regional military balance. Israel has equipped its F-15s with CFTs.

The prime contractor will be the McDonnell Douglas Corporation of St. Louis, Missouri, which is the aircraft manufacturer for F-15s.

No additional U.S. Government or contractor personnel will be required in Saudi Arabia to implement this sale. Sufficient fuel specialists will be in Saudi Arabia under existing contracts to provide support for the CFTs.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale. The production rate for the USAF is low enough to allow phase-in of another customer to procure CFTs concurrently.

TRANSMITTAL No. 81-96C

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Saudi Arabia.

(ii) Total Estimated Value:

	Millions
Major Defense Equipment*	$100
Other	22
Total	122

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Article or Services Offered: A quantity of 1,177 AIM-9L SIDEWINDER air-to-air missiles with related spare parts and special test and support equipment.

(iv) Military Department: Air Force (SFA, Amendment No. 3).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending March 31, 1981.

(viii) Date Report Delivered to Congress: October 1, 1981.

POLICY JUSTIFICATION

SAUDI ARABIA—AIM-9L SIDEWINDER MISSILES

The Government of Saudi Arabia has requested the purchase of 1,177 AIM-9L SIDEWINDER air-to-air missiles for use on Royal Saudi Air Force (RSAF) F-15 aircraft together with related spare parts and special test and support equipment at an estimated cost of $122 million.

This sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. In addition to enhancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

Recent military developments in the Middle East (the Iran-Iraq war and the Soviet invasion of Afghanistan) have increased the potential for hostile action against Saudi Arabia. This changed situation requires enhancement of RSAF F-15 capabilities, including its capabilities for short range air-to-air defense. The acquisition of the AIM-9L by Saudi Arabia will not upset the regional balance. Israel has also purchased the AIM-9L missile.

Saudi Arabia needs the AIM-9L missile because of a legitimate requirement for RSAF F-15s to be able to intercept high speed hostile aircraft which could threaten the oil fields with minimum warning. The missile has the capability of a head-on attack against hostile aircraft, which obviates the need for Saudi interceptors to lose vital time in maneuvering into a rear attack position as required by the AIM-9P missiles currently in the RSAF inventory. Therefore, the AIM-9L, significantly enhances the capability of the RSAF to intercept and destroy attacking aircraft before they can damage vital resources. RSAF personnel will be able to absorb this missile into the inventory both from the operational and maintenance perspectives, as they have already demonstrated capabilities to operate and maintain earlier AIM-9 series missiles.

The AIM-9L missiles proposed for sale will come from U.S. inventory on a one-for-one exchange basis as the newer version AIM-9M missiles are delivered from new production. The prime contractor for the AIM-9M missile is the Raytheon Company of Lowell, Massachusetts.

It is estimated that approximately nine additional munitions support U.S. contractor personnel will be required in Saudi Arabia for a period of about three years, due to the increased size of the overall RSAF air-to-air missile inventory.

As noted, the AIM-9L missiles will be provided from U.S. inventory, and an equal number of AIM-9M missiles will be produced using funds from this FMS case to replace them. Under these circumstances, no adverse impact is anticipated on U.S. readiness.

TRANSMITTAL No. 81-96D

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act

(i) Prospective Purchaser: Saudi Arabia.

(ii) Total Estimated Value:

	Billions
Major Defense Equipment*	$0.6
Other	1.8
Total	2.4

*As indicated in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Eight Boeing 707 aerial refueling aircraft, including an initial purchase of six aircraft and an option to purchase two additional aircraft; three years supply of spares and support equipment; three years of contractor maintenance, training, and logistics support in Saudi Arabia; and CONUS training provided by USAF and/or the contractor.

(iv) Military Department: Air Force (SKA).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: None.

(vii) Section 28 Report: Included in report for quarter ending March 31, 1981.

(viii) Date Report Delivered to Congress: October 1, 1981.

POLICY JUSTIFICATION

SAUDI ARABIA—AERIAL REFUELING AIRCRAFT

The Government of Saudi Arabia has requested the purchase of up to eight Boeing 707 aerial refueling aircraft, including an initial purchase of six aircraft and an option to purchase two additional aircraft; three years supply of spares and support equipment; three years of contractor maintenance, training and logistics support in Saudi Arabia; and CONUS training provided by USAF and/or the contractor at an estimated cost of $2.4 billion.

This sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. In addition to enhancing the overall Western security posture in the Persian Gulf region, the sale will increase regional stability by improving Saudi Arabia's air defense capabilities. In these ways, it will help ensure continued Western access to vital Persian Gulf oil.

The purchase of the aerial refueling aircraft will enhance the Saudi air defense capability by increasing the range and time aloft of the Saudi F-15 aircraft. In view of the size of the country, the few bases at which the F-15 aircraft will be located, and the increased regional threat, the capability to prolong the endurance of interceptor aircraft is essential to the defense of the Kingdom. These same aerial tankers can be used to refuel the E-3A aircraft also requested by Saudi Arabia and the F-5 aircraft already in their inventory, likewise extending their time aloft.

The sale of this equipment and support will not affect the basic military balance in the region. Saudi Arabia already has KC-130 aircraft for refueling its F-5s. Both Israel and Iran have aerial refueling capabilities.

Approximately 320 contractor personnel will be required to provide initial support in Saudi Arabia. The contract will be for support for three years. Follow-on contractor support beyond the initial contract period is expected to be needed for an extended period, but the number of U.S. contractors should decrease as the Royal Saudi Air Force becomes trained to perform maintenance.

The prime contractor will be the Boeing Aerospace Company of Seattle, Washington.

There will be no adverse impact on U.S. defense readiness as a result of this sale. Procurement will be from new production.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., October 1, 1981.
Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Department of of State has requested us to provide to you additional information as required by the Arms Export Control Act, Section 36(b), concerning the sale of the Airborne Warning and Control System (AWACS) aircraft, aerial refueling aircraft, AIM-9L missiles, and conformal fuel tanks for Saudi F-15 aircraft to Saudi Arabia. The requested information is attached.

Sincerely,
ERICH F. VON MARBOD,
Director.

E-3A AIRBORNE WARNING AND CONTROL SYSTEM (AWACS)

A. Description and capabilities of the articles and services to be offered: Five E-3A aircraft; associated spares and support equipment, for three years; three years of contractor provided logistics, maintenance, and training support in Saudi Arabia; USAF and/or contractor provided CONUS training and technical support; a facility site survey; and provision for the design, construction, and supply of required AWACS related ground based Command, Control, and Communications (C^3) facilities and equipment, including an appropriate number of ground radars. The E-3A aircraft is a modified Boeing 707-320B aircraft capable of providing low altitude radar coverage out to 200 nautical miles from its 29,000 feet on-station altitude and is capable of remaining aloft for approximately 11 hours without refueling and 22 hours with aerial refueling.

B. Estimate of number of U.S. Government and U.S. civilian contract employees required in-country in support of this proposed sale: Approximately 30 U.S. Government personnel will be required in Saudi Arabia to provide contractor oversight and operator training. Additionally, approximately 480 U.S. contractor personnel will be required in Saudi Arabia initially to provide logistics support and maintenance training.

C. Name of the contractor expected to provide the articles and services proposed to be sold: The Boeing Aerospace Company of Seattle, Washington, is the prime contractor for this proposed sale

D. Evaluation, prepared by the Director of the Arms Control and Disarmament Agency in consultation with the Secretary of State and the Secretary of Defense, of the manner, if any, in which the proposed sale would—(i) contribute to an arms race; (ii) increase the possibility of an outbreak or escalation of conflict; (iii) prejudice the negotiation of any arms controls; or (iv) adversely affect the arms control policy of the United States: The proposed sale of AWACS aircraft will not significantly affect the dominant Israeli lead in air capability vis-a-vis Saudi Arabia. In the context of United States plans for establishing a strong military presence in the Persian Gulf region, the E-3A should be viewed primarily as a defensive system. The Saudis intend to use it (with United States contractor support personnel) to enhance their ability to deter or defend against air attacks. AWACS would allow the Saudis to detect law altitude attack aircraft in sufficient time to protect otherwise vulnerable facilities. It would also allow them to reduce the number of ground radars they would otherwise need, many of which would result in enormous logistics problems because of their location in uninhabited areas with no water or other local support. The mission of Saudi AWACS will be to provide warning of attacks primarily from the east across the Persian Gulf and also from the south out of the People's Democratic Republic of Yemen. Early warning capability is not new to the region. Israel already has in operation a similar aircraft, the E-2C Hawkeye. Furthermore, ground radar systems which can provide early warning of Israeli aircraft movements are presently in the inventory of most of Saudi Arabia's neighbors.

The proposed sale of AWACS is not likely to increase the possibility of an outbreak of conflict. On the contrary, the improved early warning capability should help to deter air strikes against otherwise vulnerable Saudi oil facilities. Its mission will be essentially defensive. Within the framework of U.S. policy it does not pose a serious offensive threat to neighboring states. The Saudi AWACS would not have any electronic intelligence collection capability. It would not have the advanced U.S. jam-resistant digital and voice communication equipment, nor an electronic counter countermeasure (ECCM) capability. These deletions will significantly degrade its potential usefulness in coordinating offensive strikes into neighboring countries which have effective jamming gear. The closer to the border an AWACS might fly, the more vulnerable to jamming it would become. Moreover, if the Saudi AWACS were to fly close enough to a border to coordinate deep offensive strikes it would be quite vulnerable to being shot down by defensive aircraft or missiles, even if it were to attempt a retreat in the face of enemy aircraft attacks. This is particularly true in the case of Israel, with its superior air defense system. In any event, it would be exceedingly difficult for the Saudis to use AWACS effectively to coordinate the combat aircraft of other countries with those of Saudi Arabia. To be effective, such a combined mission would require extensive prior training, which would rapidly become known to the U.S. Government and others, as well as specialized equipment which only the U.S. could provide. For the foreseeable future the AWACS cannot be maintained for more than a brief period without U.S. contractor personnel. (Even U.S. Air Force AWACS will always require some contractor involvement in the maintenance of sophisticated portions of the system.)

The sale of AWACS is not likely to prejudice the negotiation of any arms control arrangements in the area. Since the AWACS would enhance the Saudis' confidence in their ability to deter or defend against an attack on their critical, but presently vulnerable, oil fields, it should reduce somewhat the febrile volatility of the region and even enhance the prospects for progress toward peace in the Middle East—a major U.S. foreign policy objective. The sale would not adversely affect the arms control policy of the United States and, by contributing to regional stability, it would, in fact, support the policy.

E. Reasons why Saudi Arabia needs E-3A aircraft and how Saudi Arabia intends to use them: Saudi Arabia currently lacks the early warning required for an effective air defense. The Royal Saudi Air Force (RSAF) has concluded that the E-3A aircraft, combined with a small number of ground radars, is the most effective means of providing them with the required early warning. Saudi Arabia intends to use these aircraft to provide routine random radar coverage of their sensitive border areas. With the five AWACS aircraft, early warning radar coverage would be adequate for 24-hour coverage of one orbit for a maximum of seven days during periods of increased tension.

F. Impact on military stocks and preparedness of the U.S.: This proposed sale will have no impact on U.S. military stocks or preparedness. All articles will be provided from new procurement and will have no impact on the delivery of USAF or NATO E-3A AWACS aircraft.

G. Reasons why the proposed sale is in the U.S. national interest: The E-3A AWACS that will be provided to Saudi Arabia to underscore the U.S. Govrenment's continuing commitment to assist Sandi Arabia in enhancing the defensive capability of the Royal Saudi Air Force (RSAF). This sale will also support a broader strategy designed to block Soviet penetration into the region, contribute to regional stability, and strengthen security in Southwest Asia, an area of vital interest to the United States.

H. Impact of the proposed sale on the military capabilities of Saudi Arabia: The equipment to be provided under this proposed sale will enhance the early warning capability of the RSAF. Five E-3A aircraft will allow the RSAF to provide 24-hour coverage of one orbit for a maximum period of seven days. Since most strategic targets in Saudi Arabia (oilfields, military bases, and population centers) are close to the border and/or coastline, low level air attacks could be conducted on them with very little warning. With its 200 nautical mile low altitude coverage, the E-3A could provide the RSAF with a 15-20 minute warning on an attack, allowing interceptor aircraft on alert to take off and intercept the threat prior to reaching the target.

I. Impact of this proposed sale on the relative military strengths in the region: Ground radar systems are presently in the inventory of most of Saudi Arabia's neighbors, and the E-2C, an airborne radar surveillance platform, is currently in the inventory of Israel. This sale will not have a significant adverse impact on the regional military balance.

J. Estimate of the levels of trained personnel and maintenance facilities needed and available to utilize effectively the articles and services proposed for sale: Approximately 40 flight crew personnel, 130 mission crew personnel, and 440 support personnel are required to utilize effectively five E-3A aircraft. Sufficient flight crew personnel should be available for cross-training from other RSAF weapons systems. Some mission crew personnel should also be available for cross training from ground radar systems, but USAF assistance may be required initially. Almost complete contractor support will be required initially for all maintenance and logistics functions, and U.S. contractors will be required to support key elements of the system for its entire life.

K. Extent to which comparable articles and services are available from other countries: The United Kingdom plans to produce the NIMROD, an aircraft with capabilities similar to the E-3A and the E-2C.

L. Impact of the proposed sale on U.S. relations with countries in the region: Provision of these aircraft will strengthen U.S. relations with Saudi Arabia and moderate Arab governments in the region. Israel's concerns about this sale are recognized and steps are being taken to ensure that Israel maintains its qualitative military edge.

M. Description of any agreement proposed to be entered into by the U.S. for the purchase of E-3A aircraft: None.

N. Projected delivery dates of the articles and services to be offered: Based on a December 1981 start time on long lead items, expected delivery of the first E-3A to the RSAF will be in late CY 1985. The remaining aircraft will be delivered at a rate of one per month thereafter.

O. Description of weapons and levels of munitions required as support for the proposed sale: None.

P. Analysis of the relationship of the proposed sale to projected procurements of the same item: Production of Saudi Arabian E-3A aircraft will commence immediately after start of last U.S./NATO E-3A currently programmed. This will keep the production line open in the event of future purchases by the U.S. or any other customer.

Aerial Refueling Aircraft (KC–707)

A. Description and capabilities of the articles and services to be offered: Eight Boeing 707 aerial refueling aircraft, including an initial purchase of six aircraft and an option to purchase two additional aircraft; three years supply of spares and support equipment; three years of contractor maintenance, training, and logistics support in Saudi Arabia; and CONUS training provided by USAF and/or the contractor. The KC–707 aircraft is a derivative of the Boeing 707–320C airliner and is essentially the same aircraft as the E–3A AWACS (minus the surveillance avionics suite) with an aft fuselage mounted refueling boom and refueling drogues at each wing tip. The aircraft will be fitted with TF–33 engines. The KC–707 will be capable of refueling the F–5 aircraft from each of two wing tip-mounted drogue refueling receptacles and, if properly configured, from the fuselage mounted boom. F–15 and E–3A aircraft can be refueled from the boom station only. The maximum KC–707 fuel capacity is 184,800 pounds. The amount of fuel available for transfer depends on flying time since takeoff, e.g., after two hours flying time approximately 150,000 pounds of fuel can be transferred.

B. Estimate of number of U.S. Government and U.S. civilian contract employees required in-country in support of this proposed sale: Approximately 320 contractor personnel will be required to provide initial support in Saudi Arabia. The initial contract will be for three years. Follow-on contracts beyond the initial contract period are expected. The number of U.S. contractor personnel should decrease as the Royal Saudi Air Force (RSAF) becomes trained to perform maintenance and to operate the aircraft.

C. Name of contractor expected to provide the articles and services proposed to be sold: The Boeing Aerospace Company of Seattle, Washington, is the prime contractor for this proposed sale.

D. Evaluation, prepared by the Director of the Arms Control and Disarmament Agency in consultation with the Secretary of State and the Secretary of Defense, of the manner, if any, in which the proposed sale would—(i) contribute to an arms race; (ii) increase the possibility of an outbreak or escalation of conflict; (iii) prejudice the negotiation of any arms controls; or (iv) adversely affect the arms control policy of the United States: The proposed sale of six to eight Boeing aerial refueling aircraft will not significantly affect the dominant Israeli lead in air capability vis-a-vis Saudi Arabia. The sale of the tankers would not introduce a new capability into the area, since aerial refueling capability is already possessed by Israel, Iran, and Egypt, as well as by the Saudis themselves. This new aerial refueling capability will provide Saudi F–15 aircraft with the endurance, range, and flexibility to defend Saudi Arabia's vast territory against the potential air threat from the east and the south. In addition, these tankers would increase the deterrent capability of Saudi F–5 and AWACS aircraft.

This sale is not likely to increase the possibility of the outbreak of conflict. In fact, the tankers are intended to increase the effectiveness of Saudi air defenses, thereby deterring attacks against vulnerable oil facilities. The sale of these tankers would represent only a miminal increase in potential capability for a threat to Israel. More importantly, in view of the highly effective and vastly superior Israeli air defense systems, Saudi strikes against Israel would at best be extremely costly and are highly unlikely.

The sale of KC–707 aircraft is not likely to prejudice the negotiation of arms control arrangements. On the contrary, by improving the Saudi deterrent against attack and increasing Saudi Arabia's confidence in its own security, the sale should reduce somewhat the febrile volatility of the region and even increase the prospects for regional stability and further progress toward peace in the Middle East—a major U.S. foreign policy objective. This sale would not adversely affect the arms control policy of the United States and, by contributing to stability, it would, in fact, support that policy.

E. Reasons why Saudi Arabia needs KC–707 aircraft and how Saudi Arabia intends to use them: This new aerial refueling capability will provide the RSAF F–15s with the endurance, range, and flexibility necessary for a small number of aircraft to defend an area the size of Saudi Arabia. The F–15s will be widely dispersed in Saudi Arabia at Dhahran in the east, Taif in the west, and Khamis Mushayt on the southern border. This dispersal allows rapid reaction to a local threat but spreads the force too thinly to counter a sustained assault in any one region. Aerial refueling will allow F–15s to launch from and return to home station while supporting defensive operations in another region. This capability is essential to avoid congestion of the main operating base in the region under attack and to avoid making unreasonable demands on the limited RSAF airlift capability. Similarly, aerial refueling of the E–3A AWACS and F–5 fighter aircraft will extend their endurance and reduce sortie demands.

F. Impact on military stocks and preparedness of the U.S.: This proposed sale will have no impact on U.S. readiness. The KC–707 is a derivative of a Boeing 707–320C airliner and will come from new procurement. The aircraft will be manufactured on the same production line as the E–3A AWACS, but will have no impact on the delivery of USAF or NATO AWACS E–3A aircraft.

G. Reasons why the proposed sale is in the U.S. national interest: The aerial refueling aircraft that will be provided to Saudi Arabia underscore the U.S. Government's continuing commitment to assist Saudi Arabia in enhancing the defensive capability of the RSAF. This sale will also support a broader strategy designed to block Soviet penetration into the region, contribute to regional stability, and strengthen security in Southwest Asia, an area of vital interest to the United States.

H. Impact of the proposed sale on the military capabilities of Saudi Arabia: The sale of KC–707 aircraft will expand and enhance the ability of Saudi F–5s and F–15s to defend the Kingdom, protect the oil fields, and provide stability in the region. The Saudi military requires an aerial refueling capability to provide its F–15s with the endurance, range, and flexibility necessary for a small number of aircraft to defend an area the size of Saudi Arabia. Aerial refueling of RSAF E–3As will allow the Saudis to maintain one continuous orbit for up to one week during a time of crisis.

I. Impact of this proposed sale on the relative military strengths in the region: Sale of the KC–707 will not affect the military balance in the region adversely, specifically vis-a-vis Israel. The Israelis have KC–130 and modified KC–707 aircraft for refueling of their tactical aircraft. The large geographic area of Saudi Arabia makes it imperative that the RSAF have aerial refueling so that their F–15s can be launched from and return to home station while supporting defensive operations in another region of the Kingdom.

J. Estimate of the levels of trained personnel and maintenance facilities needed and available to utilize effectively the articles and services proposed for sale: Construction of maintenance and support facilities will be required at Al Kharj, the RSAF main operating base for KC–707 aircraft. Some of the RSAF personnel requirements to support KC–707s can be converted from the RSAF C–130 program plus new pilot/maintenance training assets. Approximately 60 RSAF aircrew personnel and 167 RSAF maintenance personnel will be required to support six (6) KC–707 aircraft. Based on projected RSAF manpower availability (considering all new programs), an adequate number of personnel will be available in CY 1989.

K. Extent to which comparable articles and services are available from other countries: Aerial refueling aircraft to interface with F–15s/F–3As are not available from other countries.

L. Impact of the proposed sale on U.S. relations with countries in the region: Provision of these aircraft will strengthen U.S. relations with Saudi Arabia and moderate Arab governments in the region. Israel's concerns about this sale are recognized and steps are being taken to ensure that Israel maintains its qualitative military edge.

M. Description of any agreement proposed to be entered into by the U.S. for the purchase of KC–707 aircraft: None.

N. Projected delivery dates of the articles and services to be offered: Forty-four months after contract award.

O. Description of weapons and levels of munitions required as support for the proposed sale: None.

P. Analysis of the relationship of the proposed sale to projected procurements of the same item: The KC–707 aircraft are not in the USAF inventory. The aircraft proposed for the RSAF would come from new procurement. Since these aircraft are manufactured on the same production line as the E–3A AWACS, there will be a cost saving for the USAF AWACS program due to a more economical production rate.

Aim–9L Sidewinder Missiles

A. Description and capabilities of the articles and services to be offered: A quantity of 1,177 AIM–9L SIDEWINDER air-to-air missiles with related spare parts and special support and test equipment. The AIM–9L has the mission to detect, home-on, intercept, and destroy an enemy aircraft. The AIM–9L is superior to earlier SIDEWINDERs in that it provides an improved seeker, giving all-aspect and better look-down/shoot-down capabilities; increased maneuverability; and improved warhead lethality.

B. Estimate of number of U.S. Government and U.S. civilian contract personnel required in-country in support of this proposed sale: No U.S. Government personnel are required in-country for this sale. Minimum contractor support is anticipated for ground handling, load crew training, and missile test facility training. Total contractor support requirement is estimated to be approximately nine (9) personnel.

C. Name of the contractor expected to provide the articles and services proposed to be sold: The Raytheon Corporation of Lowell, Massachusetts, and the Ford Aerospace and Communications Corporation of Newport Beach, California, are both major component contractors for the AIM–9M missile.

D. Evaluation, prepared by the Director of the Arms Control and Disarmament Agency in consultation with the Secretary of State and the Secretary of Defense, of the manner, if any, in which the proposed sale would—(i) contribute to an arms race; (ii) increase the possibility of an outbreak or escalation of conflict; (iii) prejudice the negotiation of any arms controls; or (iv) adversely affect the arms control policy of the United States: The proposed sale of 1,177 AIM–9L SIDEWINDER air-to-air missiles does not raise serious arms control concerns. These are essentially defensive weapons which are required to intercept hostile aircraft which might threaten Saudi oil fields. The sale of AIM–9L missiles to Saudi Arabia would not introduce a new technology into the area. Israel has already purchased this missile and has produced its own advanced air-to-air missiles which may have a similar all-aspect capability. The U.S. has been willing to sell the Israelis the number and types of air-to-air missiles Israel believes it needs for its own defense. The Israeli Air Force will continue to be vastly superior to that of Saudi Arabia.

The sale is not likely to increase the possibility of the outbreak of conflict. On the contrary, it will better deter attacks on what might otherwise appear to be tempting Saudi targets for quick air strikes primarily from across the Persian Gulf, but also from the People's Democratic Republic of Yemen. Thus, the sale would contribute to stability. The superiority of Israeli air defenses makes it unlikely these missiles would be used in an attack on Israel.

The sale of AIM-9L missiles is not likely to prejudice the negotiation of arms control arrangements in the area. In fact, by reducing the risk of attack on Saudi Arabia and increasing the confidence of the Saudis in their security arrangements, it should reduce somewhat the febrile volatility of the region and even add to the prospects for peace in the Middle East—a major U.S. foreign policy objective. The sale would not adversely affect the arms control policy of the United States and, by contributing to regional stability, it would, in fact, support that policy.

E. Reasons why Saudi Arabia needs AIM-9L missiles and how Saudi Arabia intends to use them: Saudi Arabia needs the AIM-9L missiles because of a requirement for Royal Saudi Air Force (RSAF) F-15s to be able to intercept high speed hostile aircraft which could threaten the oil fields with minimum warning. The missile has the capability of forward hemisphere (head-on) attack against hostile aircraft (which obviates the need for Saudi interceptors to lose vital time in maneuvering into a rear hemisphere attack position as required with the AIM-9P missiles currently in the RSAF inventory. Therefore, the AIM-9L significantly enhances the capability of the RSAF to intercept and destroy attacking aircraft before they can damage vital resources.

F. Impact on military stocks and preparedness of the U.S.: This proposed sale will have no impact on U.S. readiness. The AIM-9L missiles proposed for this sale will come from U.S. inventory on a one-for-one exchange basis as the newer version missiles (AIM-9M) are delivered to U.S. inventory from new production.

G. Reasons why the proposed sale is in the U.S. national interest: The AIM-9L missiles that will be provided to Saudi Arabia underscore the U.S. Government's continuing commitment to assist Saudi Arabia in enhancing the defensive capability of the RSAF. This sale will also support a broader strategy designed to block Soviet penetration into the region, contribute to regional stability, and strengthen security in Southwest Asia.

H. Impact of the proposed sale on the military capabilities of Saudi Arabia: The AIM-9L significantly enhances the capability of the RSAF to intercept and destroy attacking aircraft before they can damage vital resources. The RSAF should be able to absorb this missile into its inventory both from the operational and maintenance perspectives as they have already demonstrated capabilities to operate and maintain the earlier AIM-9 series missiles.

I. Impact of this proposed sale on the relative military strengths in the region: The sale of AIM-9L missiles to Saudi Arabia will not introduce new technology into the Middle East. Israel has already purchased the AIM-9L missile. The current military balance continues to favor Israel in terms of the numbers and quality of aircraft. Acquisition of AIM-9L missiles by Saudi Arabia will not measurably affect that balance.

J. Estimate of the levels of trained personnel and maintenance facilities needed and available to utilize effectively the articles and services proposed for sale: The RSAF will have an organizational maintenance capability, and with U.S. contractor support, an intermediate maintenance capability for the AIM-9L. Depot support for the missile will be provided in the U.S. Additional RSAF maintenance personnel are not expected, since the RSAF has previously demonstrated a capability to operate and maintain earlier AIM-9 series missiles. The RSAF should be able to absorb the AIM-9L into its inventory with little difficulty. Some contractor training in ground handling, load crew, and missile test facility training will be required.

K. Extent to which comparable articles and services are available from other countries: The AIM-9L missiles are not available from other countries. No other short range air-to-air missiles possess an all-aspect capability against non-afterburning targets similar to that of the AIM-9L/M, with the possible exception of the improved SHAFIR, known as the PYTHON, produced by Israel. France has underway a program to produce an improved R.550, MAGIC, missile that will have an all-aspect capability against non-afterburning targets.

L. Impact of the proposed sale on U.S. relations with countries in the region: Provision of these missiles will strengthen U.S. relations with Saudi Arabia and moderate Arab governments in the region. Israel's concerns about this sale are recognized and steps are being taken to ensure that Israel maintains its qualitative military edge.

M. Description of any agreement proposed to be entered into by the U.S. for the purchase of AIM-9L missiles: None.

N. Projected delivery dates of the articles and services to be offered: The delivery of the AIM-9L missiles to Saudi Arabia will depend on when a firm order is placed for the replacement AIM-9L missiles and will be based on the AIM-9M production/delivery schedule. Production lead time for the AIM-9M missiles is 30 months after contract award.

O. Description of weapons and levels of munitions required as support for the proposed sale: None.

P. Analysis of the relationship of proposed sale to projected procurements of the same items: The AIM-9L is no longer in production. The AIM-9L missiles proposed for the RSAF will come from the U.S. inventory on a one-for-one exchange with AIM-9M missiles when the AIM-9Ms are delivered to the U.S. inventory from new production.

CONFORMAL FUEL TANKS (CFTs)

A. Description and capabilities of the articles and services to be offered: One hundred and one ship sets (202 tanks) of comformal fuel tanks for F-15 aircraft with spare parts, support equipment, training equipment, publications, and other related support equipment for the CFTs. The CFTs are streamlined fuel tanks, two per aircraft, which nest along the sides of the F-15 fuselage in the wing root area. The CFT's have an empty weight of about 2,000 pounds and a total fuel capacity of approximately 9,750 pounds (1,500 gallons of JP-4) per ship set. Four (4) AIM-7F missiles are mountable on the CFTs, similar to the manner in which missiles are mounted on the aircraft fuselage. Modifications to the F-15s would be required before air-to-ground munitions could be launched from the CFTs; this modification cannot be accomplished by the Saudis without U.S. assistance.

B. Estimate of number of U.S. Government and U.S. civilian contract employees required in-country in support of this proposed sale: No U.S. Government personnel are required in-country for this sale. Minimum contractor support is anticipated, since Royal Saudi Air Force (RSAF) facilities at all F-15 main operating bases have adequate storage and maintenance facilities.

C. Name of the contractor expected to provide the articles and services proposed to be sold: The McDonnell Douglas Aircraft Corporation of St. Louis, Missouri, the manufacturer of the F-15 aircraft, is the prime contractor for this proposed sale.

D. Evaluation, prepared by the Director of the Arms Control and Disarmament Agency in consultation with the Secretary of State and the Secretary of Defense, of the manner, if any, in which the proposed sale would—(i) contribute to an arms race; (ii) increase the possibility of an outbreak or escalation of conflict; (iii) prejudice the negotiation of any arms controls; or (iv) adversely affect the arms control policy of the United States: The sale of 101 ship sets of CFTs for Saudi F-15 aircraft does not raise serious arms control concerns. These tanks would increase the range and/or loiter time of the Saudi F-15 aircraft, allowing F-15s based in the western portion of the country to be used in defense of the eastern oil fields. Acquisition of these tanks by the Saudis would not give them an increase in capability beyond that already possessed by their neighbors. Both Iran and Israel have air-to-air refueling capabilities, and Israel has contracted for the purchase of CFTs for its own F-15s.

This sale is not likely to increase the possibility of the outbreak of conflict. In fact, a more effective and flexible Saudi defense should help to deter air strikes against otherwise vulnerable oil facilities. The addition of CFTs will not significantly alter the tactical air balance between the Arab states and Israel. Saudi Arabia has never participated more than nominally in Arab wars against Israel. The Saudis fully recognize that Israeli air defense systems (including pilots, aircraft, and surface-to-air system crews) are extraordinarily capable, and that Saudi missions into Israeli air space—either to engage Israeli aircraft or strike Israeli targets—would be prohibitively costly.

The sale of CFTs is not likely to prejudice the negotiation of arms control arrangements in the area. On the contrary, as it reduces the risk of attack on Saudi Arabia and increases Saudi confidence in their security arrangements, it should reduce somewhat the febrile volatility of the region and even enhance the prospects for peace in the Middle East—a major U.S. foreign policy objective. The sale would not adversely affect the arms control policy of the United States and, by contributing to regional stability, it would, in fact, support that policy.

E. Reasons why Saudi Arabia needs CFTs and how Saudi Arabia intends to use them: Saudi Arabia needs CFTs for its F-15s to provide the aircraft with greater endurance to enhance their defense capability. The Kingdom is a relatively large geographical area approximately one-third the size of the United States. The primary strategic area in Saudi Arabia is the major oil producing area, which stretches approximately 300 miles north to south along the eastern third of the Kingdom. Any attack would probably be aimed at the one F-15 base in the area, King Abdul Aziz Air Base (KAAB), so as to neutralize the RSAF air defense. It is imperative that the RSAF be prepared to launch and recover F-15s from bases other than that directly under attack. The distances from the other two F-15 bases, located in the western sector of the country, are approximately 600 to 700 nautical miles. Without CFTs, the RSAF F-15s would be capable of reaching the target area, but could not return. With CFTs, the F-15s could remain on station over the target area for about 30-60 minutes and still return to their departure stations.

F. Impact on military stocks and preparedness of the U.S.: This proposed sale will have no impact on U.S. readiness. The RSAF quantities of CFTs will be provided from new production. The current USAF Five Year Defense Plan reflects procurement of 150 ship sets in FY 82 and 83 with deliveries beginning in June 1983. The production rate required for the USAF is low enough to allow a phase-in of this proposed sale concurrently with the USAF requirements.

TRIBUTE TO WALTER JOSEPH STEWART

Mr. HOLLINGS. Mr. President, I rise today to speak a few words in tribute to our just retired secretary for the minority, Walter "Joe" Stewart. Working for the Senate and making it go are any number of relatively unsung figures. For 30 years now Joe Stewart has been part of this institution going from page to cloakroom staff to the Appropriations Committee and then on to secretary for the majority and most recently secretary for the minority. Joe has contributed significantly to the smooth operation of the Senate. It has been almost 16 years now since I first met Joe and I can truly say that in all my contacts with him, I have found him invariably helpful. When a Senator talks to Joe, you know that you are getting an honest, informed, and considered judgment. Joe began winning the confidence of Senators when he first came here and his elevation through a diversity of assignments attests to his success in keeping that confidence.

The posts held by Joe are among some of the busiest in the Senate. They can wear a person down, but Joe not only performed them capably—he did them with enthusiasm and verve. He has been here long enough, I think, to develop a real respect, and affection, for the institution of the Senate and a part of Joe will, I am sure always remain here.

So I join his many, many friends in wishing Joe all good things as he embarks on a somewhat different career. And we remind him that he will always be welcomed here. We look forward to a long continuing association with Joe and to sharing the benefits of his wise counsel. We thank him for a job not only well done, but superbly done.

NOMINATION OF DAVID B. FUNDERBURK

Mr. BAKER. Mr. President, if I could have the attention of the minority leader, there have been certain discussions on both sides of the aisle on a time certain to vote on the nomination of David B. Funderburk, of North Carolina, which appears as Calendar Order No. 520 on today's Executive Calendar.

I would like to propose, Mr. President, that we establish 2 p.m. today as a time certain for a rollcall vote on Mr. Funderburk. In a moment, if that is agreeable, and if the order is granted, I will ask that we go into executive session at that time so that any debate on that nomination or any other item of executive business be transacted during that period in relation to Mr. Funderburk.

Mr. ROBERT C. BYRD. Mr. President, the distinguished majority leader's proposal is agreeable to this side of the aisle.

Mr. BAKER. Mr. President, I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nomination of David B. Funderburk, of North Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the nomination.

Mr. BAKER. Mr. President, are we in executive session?

The PRESIDING OFFICER. We are in executive session.

Mr. BAKER. Mr. President, before the clerk reports, I ask unanimous consent that the vote on the Funderburk nomination occur at 2 p.m. today.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask for the yeas and nays on the nomination.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

NOMINATION OF DAVID B. FUNDERBURK TO BE AMBASSADOR TO ROMANIA

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate the nomination just identified.

The PRESIDING OFFICER. The clerk will read the nomination.

The assistant legislative clerk read the nomination of David B. Funderburk, of North Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Republic of Romania.

Mr. BAKER. Mr. President, I yield the floor.

Mr. TSONGAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. TSONGAS. Thank you, Mr. President.

Mr. President, I requested the rollcall vote on this nominee and I would like to inform my colleagues or their staffs as to why I did so. In order to explain, I would have to indicate what happened in the committee.

We were holding hearings on nominees of the administration for various State Department ambassadorial positions. And as I am sure my colleagues can understand, I believe it was a Monday morning that the hearing took place, that nominees for ambassadorial posts are quite pro forma, attendance is very sketchy and, generally, on a Monday morning, practically nonexistent.

I had not intended to be in that particular committee, because I had obligations in the Energy Committee, but because of other reasons, I was in the Foreign Relations Committee at that time. I was flipping through the bibliographies and noticed that in the case of Professor Funderburk, that he was very familiar to Romania, had spent time there, had a rather impressive background on Romanian issues, was, as I would later discover, a very personable individual, and in most cases, I think, despite the lack of serious foreign policy or at least foreign service background, a nomination that most of us would be delighted to support.

As I go through the bibliographies, my major interest generally is in their language capability relative to the country they are going to. And Professor Funderburk speaks Romanian fluently.

But at the bottom of the bibliography, under the category of publications, it lists and I read "Author, 'If the Blind Lead the Blind: The Scandal Regarding the Mis-Teaching of Communism in American Universities, 1978.' "

Well, that is the kind of title that kind of piques your interest, so I asked a few questions about it. It did not seem to be anything of any particular concern. And that was the end of that.

But I went back to my office and I asked my staff to get a copy of it and just look through it, which they did, and they came back to me with what I will discuss now.

The book was written by Professor Funderburk to be used in his classroom, as he argued, although an article in the Charlotte Observer would suggest that at least they had the impression that it was more than that. But let us take Dr. Funderburk at his word. I have no reason to doubt it.

The book is some 67 pages and goes into a number of issues. What I would like to do is read some selected quotes from the book to give Members an idea of why I felt compelled to vote "no" on the nomination and why I think it is important that Members understand what they are voting on.

The nomination passed the committee on a 7-to-4 vote, with a number of Members not voting. And I think most of them had not seen the materials that I had seen.

Having had access to the book, I requested that the committee hold additional hearings, which took place at 8 o'clock Monday morning in which Senator PERCY was there and myself. And then I spent an hour and a half talking to Professor Funderburk on his views and particularly asking him questions on the quotes I am going to read now.

I ask unanimous consent that a transcript of that second hearing be printed in the RECORD at the conclusion of my remarks this afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. TSONGAS. There were a number of issues raised in the book and I will just go through some of them in the order in which they appear in the book, although the categories tend to be somewhat cross indexed, but it will give some idea of what the concern was.

On page 10, and I will quote:

> In this work, I make the serious charge that many of the American University professors deliberately spread lies about communism for reasons of personal benefit and profit.

That is a pretty strong statement.

On page 14:

> The American news media is filled with young and educated i.e. often propagandized moralists who view situations in Communist countries via the eyes of Marxist-Leninist terminology.

That is pretty strong, too.

Page 23:

> Many of the professors preach socialism and whistle the tune of the Internationale.

Page 23:

> With an overwhelming majority of Americans still professing belief in Jesus Christ and the goodness, mercy, kindness and justice He stood for, many if not a majority of Communist studies' professors are atheistic, agnostic or nonbelievers.

Again on page 23:

> On the other hand, nonbelievers do not usually place the same high value on individual lives, tending rather to accept mass murders e.g. Stalin's in order to obtain a desirable objective.

Page 26:

> Communist regimes of the Soviet Union, China, and Cambodia, for examples, must have set a record in terms of humans killed. Can we as Christians, Jews, moralists, or just human beings, allow such dastardly actions to pass unnoticed? Even more than in the case of Hitler's destruction of the European Jews, we should unremittingly keep this story before the future leaders of our country and destiny.
>
> Six million Jews are of course are no less important. But the Nazi regime in Germany disappeared over 30 years ago.

Page 27:

> Yet many people are still being killed in the Gulag Archipelago by today's Communist henchmen. Unconscionable elements of our national news media have remolded many of these murderers into near show biz idols.

Page 51:

> The Reverend Billy Graham was duped by Communist officials in Hungary during his September 1977 visit when he naively said that, "people can come to church and worship God," forgetting to mention "at great and tragic risk." Evidently he was pulling punches so that he would be invited to the USSR and again be used as a tool for helping these countries appear religiously humane at the Belgrade conference—the sequel to the Helsinki conference.

Page 58:

> On the contrary, American grantees—

Now referring to Americans who go abroad on these various exchange programs—

> may be vetoed by the Communists following their selection in the United States. American exchange scholars are not usually representative of general political views but more often "liberal," leftist or socialist in outlook.

Finally, on page 61:

> The (grant-making) selection boards—

This is on the exchange program—

> should be broadened to include a wider distribution ideologically, geographically and institutionally. Must the board memberships include principally athiests and non-Christians from northeastern Ivy League and large State universities?

I do not know what my colleagues think of all that, but speaking as one individual, you have to be concerned. There are some obvious questions.

Are the memberships of these boards made up principally of athiests and non-Christians? If someone says that, where is the proof?

Was Billy Graham duped and did he then proceed with that so that he could be invited to Russia and again be used as a tool?

That is a pretty strong charge.

Do the university professors whistle the tune of the Internationale?

Is the news media filled with young and educated often propagandized moralists who view situations in Communist countries via the eyes of Marxist-Leninist terminology?

Is there a majority, if not many, Communist studies professors who are atheistic, agnostic, or nonbelievers?

Have unconscionable elements of our national news media remolded these Communist henchmen into near show biz idols?

Well, Monday morning at 8 o'clock we got together and had the hearing. I asked Professor Funderburk to go into these quotes and to give me his response. I will say that I found him to be more flexible than I had expected. In his behalf, having read these statements, I should suggest what his responses were.

No. 1, on the issue of Billy Graham, that he was duped and that he was invited to Russia to be used as a tool, Professor Funderburk modified that to say that that was conjecture.

No. 2, on the U.S. State Department special report, which if I remember correctly, was on the Helsinki conference which he referred to as a whitewash, he was unable to name anyone in the State Department who he felt was guilty of the whitewash.

On the issue that the Communists can veto grantees of exchange programs and American exchange scholars are more often liberal or Socialist in their ideology, he said he had no evidence of that.

On the question of whether the board memberships included principally athiests and non-Christians, he stated that perhaps he should have used the words "should the board" rather than "must the board."

On the issue of the news media being largely liberal leftists who say that communism is no threat to our way of life—and I asked him to name me particular reporters or publications—he referred to the International Herald Tribune, Time magazine, Newsweek magazine, correspondents in Eastern Europe in the early and mid-1970's, though later, if I remember, he said he had not personally met the correspondents.

(Mr. WALLOP assumed the chair.)

Mr. TSONGAS. Mr. President, as to the remark about the media remolding many of these murderers—Communists—into "near show biz idols," the reference was to the national press.

On the question as to whether the professors preached socialism and whistled the tune of the "Internationale," he regretted that statement and said that he wished he had not written it.

On the issue of personal benefits and profit, again he was unable to document it and just said that was his impression.

On the issue of many Communist studies professors being atheistic, agnostics, and nonbelievers, the same response: There was no evidence to that effect, that was just his impression.

Finally, on the issue that communism is monolithic, he said that a nation that is Communist is basically a one-way street, you can get in but you cannot get out. That is a strange attitude for one to take who is trying to wean Romania away from the Soviets.

Finally, there was a statement made about the number of professors that he had met in his various programs and suggested that he had met over a thousand professors and only a couple that he referred to who were probably—this is on page 31:

> Most of the more than one thousand professors with whom I have talked . . . refuse to expose the incorrectness of many Marxist-Leninist predictions, the imperialist nature or tendencies of communist states, or the evils endemic in communist systems.

Then he refers to those exceptions: Profs. John Basil and Richard Walker of the University of South Carolina, Prof. Donald Treadgold and Dr. Karl Wittfogel of the University of Washington are the exceptions. But let me read the list of universities where these thousand professors come from that he feels have not exposed the incorrectness, et cetera, et cetera. Wake Forest University, and the Universities of Washington, California at Los Angeles (UCLA), and South Carolina; Colorado, Wyoming, Texas at El Paso (UTEP), North Carolina; Universities of Arizona, Arkansas, Chicago, Columbia, Duke, East Texas State, Emory, Florida, Georgia, Harvard, Houston, Illinois, Indiana, Kent State, Kentucky, Midwestern, New Mexico State, New York (NYU), Ohio State, Oklahoma, Oklahoma State, Rice, Southern Illinois, SUNY-Buffalo, Texas, Texas at Arlington, Texas Tech, Trinity (San Antonio), Washington (Seattle), Yale, and others.

A rather comprehensive list.

The purpose of doing what I am doing, Mr. President, is to avoid what happened in the committee. We are going to vote on this nomination at 2 o'clock, and I want the Members to at least understand why I have raised the issue, and I do not want anyone to argue that he did not know about it, because it will be in the RECORD prior to the vote.

One final comment. I do not perceive Dr. Funderburk in the way I perceived Dr. Lefever. To the contrary. There is a remarkable difference of personality. There is a pleasantness of the man's personality in Dr. Funderburk that I found compelling. I think there is a capacity by Dr. Funderburk to get beyond the kind of strident extremism in the book. I never felt that was true of Dr. Lefever. That is why I worked as hard as I could to defeat him.

My role today, Mr. President, is not to wage any kind of delaying tactic, because I have not objected to the vote, nor to go around and try to collar my colleagues in any kind of serious effort to deny him the nomination. I do not feel toward him as I did toward Dr. Lefever. But I do think it is important that someone who makes these kinds of statements should be held accountable. That issue should be brought to the attention of those of us who vote on him so that when he becomes Ambassador, there will be a sensitivity—first, to how he is perceived by his State Department colleagues; and, second, how he is perceived in Romania.

I think it is possible to wean most, if not all, of the East European nations away from the kind of Soviet control that we see today. It is going to require people who have an intellectual capacity to deal with the world as they find it.

I think Dr. Funderburk is better than his book would imply, but I, for one, speaking only for one, could not vote for someone who wrote these kinds of statements only 3 years ago, if only so that, at some point down the road, I do not have to explain why I did it.

Therefore, Mr. President, my purpose today is not to wage a battle, because I do not think this battle is winnable. It is rather a function of providing information to Members. They can make their own decisions.

Exhibit 1

Continuation of Nomination of: David B. Funderburk, of North Carolina, To Be Ambassador to the Socialist Republic of Romania

Monday, September 28, 1981

U.S. Senate,
Committee on Foreign Relations,
Washington, D.C.

The Committee met, pursuant to notice, at 8:05 a.m., in Room 4221, Dirksen Senate Office Building, the Honorable Charles Percy (Chairman of the Committee) presiding.

Present: Senators Percy and Tsongas.

Also Present: Charles Berk, Chris Chamberlin, Christopher Manion, John Ritch, Alan Safran, Diana Smith, Committee's and Senator's staffs.

The Chairman. The Foreign Relations Committee is holding a hearing this morning to continue its consideration of the nomination of David B. Funderburk of North Carolina to be United States Ambassador to the Socialist Republic of Romania. This morning's session is being held at the request of Senator Tsongas, who has expressed interest in one of Mr. Funderburk's numerous writings, and wishes to ask the nominee some additional questions concerning that specific work.

David Funderburk brings an impressive background of Romanian affairs to this hearing. During 1971 and 1972, he was the recipient of a Fulbright-Hayes Fellowship for study and research in Romania. In addition, he is listed in Who's Who in Romanian America and is a national board member of the Society for Romanian Studies. He has authored numerous articles on Romanian affairs and history, and speaks the language fluently.

Moreover, Mr. Funderburk had a special opportunity to serve as a Foreign Service staff officer in Romania during 1975, acting as the principal American guide for a highly successful USIA photographic exhibition that attracted more than 70,000 Romanians during its ten-day stay and showing.

In summing up this experience, Mr. Funderburk has written "There is no substitute for the human element in contacts with the native people at their level in their language."

Certainly. Ambassador Designee Funderburk's firsthand experiences with the Romanian people, his deep interest and broad experience in Romanian affairs will contribute greatly to his service in Bucharest. His recognition of the importance of the human element in diplomatic relations should make him all the more effective in developing a good working relationship with the Romanian government.

Mr. Funderburk, we thank you for your continuing cooperation with the Committee, in coming before us this morning.

Senator Tsongas, do you have any opening statement, this morning? And you might comment about the theme of The Road From Here, a famous book that we have all been privileged to have a copy of.

Senator Tsongas. I attempted to inquire whether you bought it, but since I sent it to you, I guess I shouldn't ask. [General laughter.]

The Chairman. So you have no opening statement?

Senator Tsongas. No.

The Chairman. Very well. I have just a few questions, and then we will turn over most of the time this morning to you.

Mr. Funderburk, would you tell us how you first became interested in Romanian affairs?

STATEMENT OF DAVID B. FUNDERBURK, OF NORTH CAROLINA, TO BE AMBASSADOR TO THE SOCIALIST REPUBLIC OF ROMANIA.

Mr. Funderburk. Yes, Mr. Chairman.

In 1962 and 1963, at undergraduate college at Wake Forest University, I studied under a professor who was an expert in Romanian affairs. This was the beginning of my interest in Romania. From that point, my wife and I and at that time one son drove to the west coast from North Carolina two summers in a row to study the language at UCLA and the University of Washington, but our initial interest did come from studying at Wake Forest under Keith Hitchins, who is now at the University of Illinois.

The Chairman. What aspects of your background do you believe qualify you most to serve as our chief diplomatic official in Romania?

Mr. Funderburk. Mr. Chairman, I believe that the four occasions which I have spent in Romania, including the Fulbright year, two springs as an IREX professor and one spring as a USIA Foreign Service Officer, have prepared me for such a position. Also, during the last few years at Campbell University, I have served in an administrative capacity as the coordinator of Federal grants programs. I believe this has given me administrative experience in addition to the experience in the field in Romania itself.

In addition, some of the things which you mentioned earlier include 18 or 19 publications, many of which were published in Romania itself by the Romanian officials and membership and leadership in the Society for Romanian Studies and other organizations.

Senator Percy. Do you believe that you can develop an effective working relationship with your counterparts in the Romanian government? If so, on what do you base your belief?

Mr. Funderburk. Yes, Mr. Chairman, I do. I feel that I already have done this in the sense that I have been able to work very well with Romanian officials through the past decade or two. The Romanians have invited me to their 23 August annual independence celebrations at the Romanian Embassy from time to time. They invited me to present a paper on the occasion of their centennial independence celebration in 1977. I was only one of two Americans invited for that occasion.

We in turn have invited Romanian officials from the Embassy in Washington to various symposia which we have conducted at a university in Texas and a university in North Carolina. So, I know personally some of the members of the Romanian Communist Party who now are in the foreign ministry, and in cultural ministries in Bucharest, and previous Ambassadors, and I have been able to work well with them.

The Chairman. You not only have had a chance to study in Romania, but have had the privilege of actually living with a Romanian family and seeing their country through their eyes. How have these experiences shaped your attitudes toward Romania and its people?

Mr. Funderburk. I think it has made my wife and my children and me very sympathetic and very understanding regarding the average Romanian. I believe it gave us the distinctive opportunity to live in the shoes of the Romanians, inasmuch as it is possible for a foreigner to do that, for one year.

For example, we used public transportation, shopped in Romanian stores, the same way the Romanian people did, and we lived in an apartment in the city. We lived basically on a stipend which was equivalent to what the average Romanian lives on. So, I feel like the opportunity for us to live in their shoes has given us a greater sympathy and understanding of the Romanian people and of Romania itself than we would otherwise have had.

The Chairman. How long did you actually live in Romania, and what portion of that time was spent living with a family?

Mr. Funderburk. We have spent in all about one and a half years in Romania on four different occasions, and one year of that one and a half was spent with a Romanian family.

The Chairman. During 1975, you also served as a Foreign Service staff officer in Romania, acting as a tour guide for a USIA photographic exhibition. Would you tell the Committee why you were selected as a guide? What can you tell the Committee about that experience?

Mr. Funderburk. Mr. Chairman, the selection for the USIA exhibit post was based on competitive examinations. This resulted from an examination in the Romanian language conducted by Voice of America and oral examinations on political, cultural, and economic affairs conducted by a panel of USIA officials.

I was the only non-Romanian American selected for that exhibit. I feel that it gave me special insight into the feelings of the Romanian people. As you mentioned initially, over 70,000 Romanians came to the photography exhibit, and I was the sole American at the entrance to that exhibit, greeting the Romanians as they came in. I spoke to them in their language. This gave me an opportunity to try to project a good image for the United States. It gave them an opportunity to ask about their conceptions or misconceptions of the United States.

The Chairman. In the past, I have written on communism as a political philosophy and under President Eisenhower headed the Republican program for progress in the 1950's. We came out with a very, very strong anti-communist position there. My writings have not been nearly as extensive as yours.

Would you comment on your writings and also on the conclusion of the Department of State that you are not identified strongly by the public as an anti-communist, and are seen by the Romanians as fair and impartial?

You have been accepted by the Romanian government as United States Ambassador, haven't you? Hasn't that been cleared?

Mr. Funderburk. Yes, sir.

The Chairman. Fine.

Mr. Funderburk. Mr. Chairman, I have written approximately 19 publications. All of those were scholarly, academic works with the exception of the book in question, which was not really published or written for public dissemination. There are only a limited number of copies, and they were utilized solely in my classrooms at Campbell University for the sake of argument, for the sake of effect, and were in use in conjunction with several other textbooks and several other writings.

I believe that the statements that I made there, which have to be taken in that context, do not reflect my attitudes toward the Romanian people or the Romanian Communist Party. That work was directed principally toward Soviet communism, and it was in recognition of some concerns that I had and some hopes that I had that maybe the American people could be informed better about what the communist system is in the Soviet Union, and what its liabilities are, and perhaps know some of the advantages of our system.

I feel that it has to be put in that context. As you mentioned, I have maintained a very good working relationship with the Romanians. The Romanians are aware of my personal feelings regarding Soviet communism, and they don't really have any problems in that regard.

In fact, they have mentioned to me that they are glad to see the Republicans back in the White House, because it was President Nixon who was also very strongly anticommunist, let me say anti-Soviet communist, who helped proceed with detente with the People's Republic of China and also with the Socialist Republic of Romania. They considered him as well as President Ford, both of whom visited Romania, to be great friends of the Romanian people.

They look forward to this Republican Administration doing the same thing.

The CHAIRMAN. My final question is just a long-range one. Looking down the track, if you are confirmed, what do you hope really to accomplish as Ambassador to Romania? What issues do you think will be of greatest concern to the U.N., to the Embassy staff?

Mr. FUNDERBURK. Mr. Chairman, I would like to project along with my wife and two children the best possible image for the United States. As an Ambassador, you would represent the President of the United States as well as the Secretary of State and the official policy of the government. Certainly one of my major hopes would be to improve bilateral relations between the Romanians and the Americans. I feel with my background and understanding of Romanian history, culture, heritage, and traditions, and how sensitive and concerned about those elements the Romanians themselves are, I believe they would appreciate having a person who is familiar with their own country and has some understanding and appreciation for it.

I would like to be helpful in the process of improving bilateral relations between our two countries. I think some of the major concerns when we are there in Bucharest will be trade relations between the U.S. and Romania and also political relations.

If I might mention details for just a moment, since the signing of the Most Favored Nation Treaty and the trade agreement with the Romanians in 1974 and 1975, trade between our two countries has dramatically increased. This is a good sign. I think we can further increase trade between the two countries. Romania plays a very important role in international affairs, and high level visits and contracts are an important element in their perception of the world.

This is why the visits of Presidents Nixon and Ford were so important to them. President Ceausescu has been to the United States on only four occasions, I believe. During this year, Secretary Baldrige went to Bucharest, and the Foreign Minister of Romania has been to the United States and will be here in the next couple of days to meet again with Secretary Haig, and I think to be aware and to be concerned about Romanian sensitivities in terms of political relations at the highest level, the importance they attach to it, and for us to work in the direction of having more high level contact, I believe, would be a very important element of our political relationship.

The CHAIRMAN. Well, I think at age 37 to assume an Ambassadorship, you might be setting some sort of record, and would be the envy of all career officers.

We welcome your wife, Betty Jo, to this hearing, and your son David and daughter Deanna. I would like to say to them that the Ambassador's family is a tremendously important asset. If they don't relate well, it is a drag. If they do relate well, they can contribute immensely to the strength of the diplomatic effort of this country. They can in a way that sometimes the Ambassador himself cannot do.

I know that your ability, Betty Jo, to speak Romanian also and to communicate will be an asset indeed. I am sure the children will pick it up very quickly, too, a lot more quickly than we adults could. It will be a very important thing, and a very important effort for them to do that. It will be very, very important indeed.

I would like to thank you for being at this early morning hearing, and particularly want to thank my colleague, Senator Tsongas, who is one of the hardest working and most devoted and dedicated members of this Committee. His interest in having you come back, I think, was a great service to this Committee. It gave me an opportunity to be with you when I could not at the previous hearing. Also, I think it is important that we look at what you have said in the past, and determine whether that has a relationship to your future responsibilities.

I want to thank Senator Tsongas very much indeed for the interest he has taken in every aspect of this Committee's work, and particularly in the service he has performed in requesting that you be brought back today. Thank you.

Senator Tsongas, may I say that I have a meeting at 8:30. Would you mind being good enough to chair the hearing from that point on?

Senator TSONGAS. Thank you, Mr. Chairman.

I do apologize for getting you here earlier than the rest of the members.

Let me start off by saying that I have no problem with the Ambassador Designate's qualifications vis-a-vis Romania. I think his expertise in the field and command of the language are commendable indeed. It is something we don't often see in many nominees.

I also apologize to you, Dr. Funderburk, for the time of the morning. It was very difficult for me to be here. I suspect it was difficult for you as well.

Mr. Chairman, the reason I wanted to have this session has nothing to do with the nominee's qualifications or capacity and language ability, et cetera, but really I wanted to go over in some detail the statements made in the book entitled "If the Blind Lead the Blind: The Scandal Regarding the Mis-Teaching of Communism in American Universities". This was published in 1977, if I remember correctly. I believe July 4th, 1978. I beg your pardon.

The CHAIRMAN. I think it is interesting, if I might interject something which I did not notice before, you dedicated the book to your mother. The only hard cover book I wrote which I dedicated to my mother was called "Growing Old in A Country of The Young", and I dedicated it to her, the youngest of us all. She is going into her nineties and we still can't keep up with her.

Senator TSONGAS. I am a little out of step here, Mr. Chairman. I dedicated my book to my father.

The CHAIRMAN. Well, we all stayed right in the family.

Senator TSONGAS. What I would like to do, Dr. Funderburk, is go through this book in some detail. Let me raise the issues that you raised, and let me give you a chance to clarify them. I say this because I think if this book is not in some way brought into some context, your effectiveness both in the State Department among your colleagues, which I assume and know is important to you, and indeed your effectiveness in Romania would be comprised.

I think this is an opportunity to set the record straight, because there are statements in here that I think do give one pause.

I have just one question before we begin the details. You said that you wrote the book not for public dissemination. Is that correct? But rather to be used in your classroom.

Mr. FUNDERBURK. Yes, Senator. It was not officially published. It was in effect printed by a local printing house just for use in my classrooms.

Senator TSONGAS. The reason I say that is that the Charlotte Observer story of September 2nd—I will read it to you. "Funderburk says he wrote it for Helms' 1978 campaign, dispensing it at campaign headquarters, and uses it still in his history classes at Campbell.

Mr. FUNDERBURK. Senator, that is not accurate. I worked in Senator Helms' campaign in 1978, and there were a few copies that were given to the party in the county in which I lived, but the book was not written for Senator Helms' campaign, and in fact it was not distributed throughout the state.

Senator TSONGAS. So this statement in the newspaper is incorrect?

Mr. FUNDERBURK. Yes, sir.

Senator TSONGAS. How many copies of this were printed? Do you know offhand?

Mr. FUNDERBURK. I think 300 or 400, approximately.

Senator TSONGAS. And they all went to students? Is that right?

Mr. FUNDERBURK. That's right, with the exception of five or ten copies for the Harnett County Republican Party in 1978.

Senator TSONGAS. All right. Why don't we go through it?

There are seven themes which are raised in the book which I will discuss. I suppose maybe the best way of doing them is to take the references first and then go into the more complicated issues later on. Let me do the shorter references first. Do you have a copy of the book with you?

Mr. FUNDERBURK. Yes, sir.

Senator, may I interject here that I did receive a letter from the editor of the Charlotte Observer subsequent to that article that you mentioned, a letter in which he itemized several things that were mentioned in the article that he felt biased that article unfairly against me. So he wrote a letter in effect of apology for that, and also called me to ask my opinion about the article, in which he apologized.

Senator TSONGAS. Would you like to put that letter in the record?

Mr. FUNDERBURK. Yes, sir. I brought a copy of it with me.

Senator TSONGAS. I would ask, Mr. Chairman, that the article from the Charlotte Observer on Wednesday, September 2nd, 1981, and the letter from the editor to Dr. Funderburk be included in the record.

The CHAIRMAN. Yes, they shall be inserted in the record at this point.

(The material referred to follows:)

* * * * *

Senator TSONGAS. Let me say that that is better press than I usually get. I might try your technique and see what happens.

Let me read this off so you will know where I am coming from. Of the seven issues that are raised, one is the issue of the mis-teaching of communism. The second are statements involving academia. The third is a basic view toward the Soviet bloc. Fourth are statements regarding the news media. Fifth are statements regarding the educational exchange programs. Sixth involves the State Department, and the seventh is a statement that you made about Reverend Billy Graham and the issue of the Helsinki Conference. I will go through those and do them in reverse order, not order of importance, but rather the ones that we can dispense with more quickly we will do first, and then we will get to the more complex ones later on.

On Page 51, you are dealing at the point with the issue of the reality of religions' plight in eastern Europe, and indicate that many American grantees of the program fail to see or report the reality of that plight. Then you say the following: "The Reverend Billy Graham was duped by communist officials in Hungary during his September, 1977, visit when he naively said that 'people can come to church and worship God', forgetting to mention 'at great and tragic risk'. Evidently he was pulling punches so that he would be invited to the U.S.S.R. and again be used as a tool for helping these countries appear religiously humane at the Belgrade Conference—the sequel to the Helsinki Conference."

Specifically, the statement that is made here does two things. One, it says that he was duped by communist officials in 1977, and secondly, that he was doing it so that he could be invited to the U.S.S.R. to be used as a tool. Do you have a response?

Mr. Funderburk. Senator, of course, it was not wise of me to attribute motives to Mr. Graham. My thinking at that time was that it was presumptuous of him to make a judgment on the religious situation in Hungary after having only been there for a few days, and not having the language or cultural background of the people and of the country. This was my feeling at the time.

Senator Tsongas. What I am trying to get to is this. You would stand by the comment, then, that he was duped, I would assume by the people in Hungary, that he was there for a few days, that they gave him a dog and pony show?

Mr. Funderburk. I think he was misinformed. I would state this. Or that he was not informed of the actual reality of the situation.

Senator Tsongas. As to the statement that he did so so that he would be invited to Russia and again could be used as a tool——

Mr. Funderburk. This was conjecture on my part.

Senator Tsongas. Would you like to modify that, disavow it, or affirm it?

Mr. Funderburk. I think I should modify it by saying that that was conjecture on my part, yes, sir.

Senator Tsongas. Do you stilll think that is the case? Conjecture implies that's what I think happened but I have no proof of it. Do you still think that was the case?

Mr. Funderburk. I am not sure, Senator.

Senator Tsongas (presiding). We will leave that issue for the time being. Let me refer to your comments on the State Department. On Page 39, you refer to life stories of particular individuals. You comment on the United States State Department special report on the monitoring of the Helsinki Conference provisions. You say that it lists a few prominent dissident persecution cases of human rights violations. However, the report overlooks the many more in number but less known sufferers, and do give an example.

You refer to that report, and then subsequently in reference to the Romanian government as a "greater whitewash." Who in the State Department would be responsible for that whitewash?

Mr. Funderburk. Senator, I don't attribute this to anyone. My concern was that only a few cases were mentioned. I felt that there were actually more cases in reality. I had heard this from various people. So, I don't attribute to anyone in the State Department some kind of actual attempt to mislead the American public. Perhaps it was simply omission because of a space requirement, or maybe this was a synopsis or summary on the part of the State Department of the highlights of cases that had been brought to their attention.

Senator Tsongas. But that is a very different impression. That may well be the case or it may not, but "whitewash" is a strong word. "Whitewash" implies not omission but commission. Would you modify, disavow, or reaffirm the use of the term "whitewash" regarding the State Department special report?

Mr. Funderburk. Again, Senator, I think that this as well as most of the other lines that could be extrapolated from the book or pulled out of context have to be kept in the framework of the fact that this book was written to challenge, to provoke, and to produce argument in the classroom, and it was utilized in conjunction with other works as well.

Senator Tsongas. Well, it certainly provokes. I have to give you credit for that.

[General laughter.]

Senator Tsongas. All right. That resolves that issue. I hope you spend as much time going over my book as I have spent going over yours, just in some spirit of comity.

Mr. Funderburk. Senator, I have already read one chapter in your book, and I will comment on that later, if you would like.

[General laughter.]

Senator Tsongas. When you get to the Senate and I am a nominee, we will discuss it.

[General laughter.]

Senator Tsongas. Let me deal with the criticism of the educational exchange programs. On Page 58 you refer to the recipients of grants from the various exchange programs, and those who go overseas. You say "American grantees may be vetoed by the communists following their selection in the United States." Do the governments involved have the right to veto?

Mr. Funderburk. That is my understanding, Senator, that they are presented by the Fulbright Committee a list of American prospective grantees, and they have the right to accept or reject those.

Senator Tsongas. Then you say that "American exchange scholars are not usually representative of general political views, but are more often liberal, leftist, or socialist in outlook." What is your evidence for that statement?

Mr. Funderburk. I am sorry, Senator. Where is that?

Senator Tsongas. On Page 58, the second full paragraph, second sentence.

Mr. Funderburk. This was just an impression that I had at the time. I don't have any survey evidence to verify that.

Senator Tsongas. So the statement that the grantees are socialist and leftist is an impression?

Mr. Funderburk. My main impression or concern was that grantees should more clearly reflect the diversity of American life and the diversity of American political points of view.

Senator Tsongas. You say also that they are not sent abroad to collect information on various subjects about which reporting to the government is required. You go on further. "One disturbing feature of the exchange is the fact that U.S. grantees did not spread pro-American views, but rather anti-American propaganda." So the statement is that the grantees spread anti-American propaganda. What evidence do you have of that?

Mr. Funderburk. It was my feeling that at least several grantees that I knew were more often accentuating the negative rather than the positive aspects of America. Senator, I also state, for example, on Page 57 that the academic exchanges can provide a small element of increased understanding, and that benefits are derived from the exchange, so I don't feel that it is all one-sided. This is used for effect.

Senator Tsongas. So when you said U.S. grantees, you were referring to several that you have known, I assume. The statement as it is read suggests—well, let me go on: "When this is contrasted with the dissemination of Marxist-Leninist dogma by the communist exchanges, the non-reciprocity nature of the programs becomes clear. No American lecturer would dare criticize any aspect of communist society while lecturing in east Europe."

Mr. Funderburk. This was my experience, that there was just an understood reality that you couldn't go to the host government and in any way say anything negative about either the political or economic situation in that country, but on the other hand, grantees from eastern Europe or the Soviet Union could certainly come to our country and point out the liabilities of our system.

Senator Tsongas. Let me continue on the issue. On Page 61 you refer to the grant agencies in the U.S. Government, in this case HEW and the Office of Education, and you refer to the selection boards. You say, "Must the board memberships include principally atheists and non-Christians from northeastern Ivy League and large state universities?" What evidence do you have that the selection boards are made up principally, which argues a majority plus, of atheists and non-Christians?

Mr. Funderburk. Senator, I feel like that question could be taken in different ways. It doesn't necessarily imply that I am stating there that the boards actually are made up principally of atheists and non-Christians. So it is the way the question is stated. Must they be this way or must they be that way? But it is not implying that they are actually that way.

Personally, I feel that religion is a very private and personal matter.

Senator Tsongas. Let me read the sentence to you: "Must the board memberships include principally atheists and non-Christians from northeast Ivy League and large state universities"? Do you believe that they are not made up of atheists and non-Christians?

Mr. Funderburk. Well, "must" to me at that point, I guess, means also "should", so it would read to me "Should the memberships include principally atheists and non-Christians from northeastern Ivy League and large state universities?" Or, should they include——

Senator Tsongas. But that is not the word you used. The word that you used was "must" which implies strongly, I might add, that that is what exists. In that context, you continue, "Efforts should be made to limit present attempts made by the selection committees to require ideological conformity among American award winners. It would not hurt the exchanges to send a few representatives from our nation who actually reflect the majority views: Christians, moderate or conservative Democrats or Republicans."

Mr. Funderburk. Senator, that is a general statement that reflects my hope, let me say, and my concern that perhaps there could be an orientation process for American grantees going overseas in the same way that you have orientation for work in the Foreign Service or the State Department. For example, I think it would be beneficial if grantees going to eastern Europe or to the Soviet Union perhaps spent a week or two traveling around the various offices in the State Department to get a more clear picture of the situation in eastern Europe, as well as perhaps a language test which is given in fact for some grantees but not for every grant category.

Senator Tsongas. On Page 17, you refer to the IREX board. You also say this: "If grantees have views in any way unsympathetic with the communist regimes, their selection would have been considered detrimental to the continuance of the program."

Mr. Funderburk. Well, I should say if grantees had views in any way unsympathetic and that was known to the committee, certainly I was selected as a grantee.

Senator Tsongas. Let me deal with the issue of the news media. I myself am in the strange position of defending the news media, but we will let that aberration continue. On Page 9, which is part of the introduction, you refer to the news media as "largely liberal leftist news media tells us all that it is not such a bad result," referring to the communist takeover of other nations. Do you think the news media is leftist in this country?

Mr. FUNDERBURK. Senator, I don't think that the general news media is, no. I think, for example, that a great majority of the newspapers of this country have endorsed in national elections people like Nixon, Ford, and Reagan, so in this statement I was saying that the national—that it was just an impression of mine at that time that the national news media, which to me would be the news media in, say, ten of the largest cities, had a liberal slant. In the past four years since I actually wrote that work, I believe that the political climate in the country has changed, so this may not to day be the case.

I will say that I miss the Star, to which I subscribed.

Senator TSONGAS. Does that imply that the Washigton Post is "liberal leftist"? That is probably the kindest thing you could say about it from your perspective, I think.

Mr. FUNDERBURK. Well, I think the Star provided a balance to the newspaper scene in Washington.

Senator TSONGAS. So the statement that the national news media is "largely liberal leftist" stands how at this point?

Mr. FUNDERBURK. Well, currently, I think, Senator, it would depend on which newspapers we are talking about.

Senator TSONGAS. Well, name me some leftist newspapers.

Mr. FUNDERBURK. Well, I would say that the Washington Post and the New York Times have a liberal bent. I wouldn't say leftist, but I would say liberal bent, despite the fact that they may have conservative columnists who write in those papers. This is from an editorial standpoint.

Senator TSONGAS. Name me a leftist newspaper. I am just trying to use your terminology.

[Pause.]

Senator TSONGAS. I guess the point is that someone who puts his thoughts into writing as those of us who give speeches all the time and who write too should be held accountable. Obviously, you have to get through this next 50 minutes or so before you can be held free, but there is an accountability, and that is what this session is about. I am sure, were you to do it over again, you would perhaps wish that you had those 300 copies back, but that is not the case.

Mr. FUNDERBURK. Senator, in terms of that statement, "liberal leftist", the way I would interpret it is this. I don't mean leftist in the sense of socialist, but leftist in the sense of liberal, that is, just to the left of the center. This is the way that I interpreted the term. It may mean something else to you. I am not sure.

Senator TSONGAS. Do you think Social Security is——

Mr. FUNDERBURK. Excuse me?

Senator TSONGAS. I assume that you support Social Security.

Mr. FUNDERBURK. Yes, I do. My mother gets Social Security.

Senator TSONGAS. Some have argued that Social Security is socialist, that Medicare and those kinds of things are encroaching—someone once referred to them as creeping socialism. Do you share that view?

Mr. FUNDERBURK. No, I don't.

Senator TSONGAS. On Page 14, in the last paragraph, you state, "One reason the professors in the classroom have an easier time neglecting the essence of communism is that the students have been 'prepared' by the news media, our fourth and perhaps most influential estate has 'miseducated' the student before he enters college by daily reporting that communism is no threat to our way of life."

Mr. FUNDERBURK. Senator, I might have to revise that. In the past four years teaching in the classroom, I am not sure that most of the students read a newspaper at all.

Senator TSONGAS. Well, which newspapers have been reporting that?

Mr. FUNDERBURK. Again, I was writing this for a certain effect. My main concern was that students were not being presented the reality of the Soviet communist system, including its liabilities. To give you one example of what I am referring to in this, and this has more to do with textbooks, I realize, than it does with newspapers, I did a survey, as you can see in the book, on various textbooks used for Soviet history. Also, I read a pamphlet which was written for the Senate Judiciary Committee by Professor Richard Wolker of the University of South Carolina entitled "The Human Cost of Communism in China". I believe there also was such a pamphlet written by Robert Conquest on "The Human Cost of Communism in the Soviet Union". These were written, I am not sure what year, but the two pamphlets catalogue the various deaths that resulted from collectivization and communization in both the Soviet Union in the late twenties and early thirties and in China during the early 1940's.

My feeling and my concern was that this information which was in these pamphlets provided for a Senate Committee is not often found in the textbook. In fact, if it is found in there at all, there is one line that may mention that a few people were killed as a result of collectivization, but there certainly is no emphasis, and there is no cataloguing of actually what apparently took place according to Wolker and Conquest.

Senator TSONGAS. Well, let me ask you the question again. You referred to the news media as "daily reporting that communism is no threat to our way of life". I take it that you would not name a newspaper that does that.

Mr. FUNDERBURK. No, I would not.

Senator TSONGAS. If your students asked you why you wrote that, would your answer be, you did it for effect?

Mr. FUNDERBURK. Partly for effect. I think it has to be taken in the context of this whole work.

Senator TSONGAS. The sentence after that reads, "The American news media is filled with young and educated, i.e., often propagandized moralists who view situations in communist countries via the eyes of the Marxist-Leninist terminology."

Mr. FUNDERBURK. My concern at that point, Senator, was that I have seen several correspondents for national newspapers in the U.S. in eastern European capitals. My concern, my feeling, my impression was that they did not know the language of the country, the history, the background, or the culture of the people. They went to the country. They stayed in the high rise hotel built for Americans and for westerners, with the businessmen. They lived pretty well while they were there. They spoke with one or two government officials who could speak in English, in their language, and basically they did not get a valid reading of what was going on in the country. This is what was reported.

Senator TSONGAS. Well, who are those people? Specifically, to which reporters are you referring?

Mr. FUNDERBURK. Well, I don't remember the actual individuals.

Senator TSONGAS. Well, who did they write for?

Mr. FUNDERBURK. They were writing for national news magazines in the U.S. or let's say for the International Herald Tribune, which is a combination of the Washington Post and New York Times, or for Time or Newsweek.

Senator TSONGAS. So these would be the correspondents for the Tribune, Time, and Newsweek, at what point in time?

Mr. FUNDERBURK. This was during the early and mid-1970's.

Senator TSONGAS. Let me go on to the next point. On Page 27, you refer to the news media again, and you say that "many people are still being killed in the Gulag Archipelago by today's communist henchmen. Unconscionable elements in our national news media have remolded many of these murderers into new show big idols." Who are these elements and when did they do that?

Mr. FUNDERBURK. Senator, my concern was, for example, that you had running stories for years about American atrocities in Vietnam. I feel that you don't have running stories daily about Soviet atrocities in Afghanistan, or Soviet backed atrocities in Cambodia. Perhaps this is because those are closed societies and we don't have the same access to them, but the balance is what I was concerned about.

Senator TSONGAS. Who are the elements in the national news media specifically?

Mr. FUNDERBURK. I don't know, Senator. I don't know any specific elements. I don't have any conspiracy theory or anything like that.

Senator TSONGAS. But you say "unconscionable elements in our news media have remolded many of these murders into near show-biz idols." The elements are who? I mean, are you talking about television, newspapers, what?

Mr. FUNDERBURK. My concern is in the general coverage from national television and national press.

Senator TSONGAS. So the national press, including TV, has tried to remold these murderers into near show-biz idols?

Mr. FUNDERBURK. I would prefer to see them give a better balanced account of what actually goes on.

Senator TSONGAS. You refer to that situation as a "colossal coverup". Who is doing the covering up? Would it be just the media, or would you go beyond that?

Mr. FUNDERBURK. I don't know that there is an actual coverup, Senator. I just feel that there is not a balanced account presented. This is the total context that I feel in the work.

Senator TSONGAS. Well, you refer to "in the face of this colossal coverup", so the "colossal coverup" is what?

Mr. FUNDERBURK. To me that would be in not reporting or not placing as great as emphasis on liabilities and atrocities that may be committed by the Soviet Union, as opposed to giving top coverage to those committed by the United States.

Senator TSONGAS. In the last sentence in that paragraph you say, "Our society's news media and university professors and those duped by them are criminals guilty of the crime of omission, if not also of commission."

Mr. FUNDERBURK. My concern is that you often have left out the elements of Soviet society and the nature of Soviet aggressiveness and expansionism. I don't feel that this is given adequate coverage. This is what I meant by omission.

Senator, may I point out that this writing, even though it was written for effect and for the sake of argument in the classroom, was the writing of a private individual, a professor. It does not include the statements that I would write as a public official? I think the facts and the evidence indicate that when I worked for the USIA as a Foreign Service staff officer, I was objective, tolerant, and cognizant of other people's diverse viewpoints and of the fact that we live in a pluralistic country. These are my actual beliefs. I feel as a public official this is what I reflect, so it is a different perspective when you are a public official than when you are a private citizen in a government capacity.

Senator Tsongas. It is also true in politics.

Mr. Funderburk. Pardon me?

Senator Tsongas. It is also true in politics. Let me deal with the issue of your comments about academia and your colleagues, and various educational institutions. On page 23, you make the statement, "Many of the professors"—these are area studies professors—"preach socialism and whistle the tune of the Internationale." Specifically, to whom are you referring.

Mr. Funderburk. At this point, Senator, I would have left out that sentence and emphasized the one following it, which says, let's see, seldom do they "write or speak disparagingly about communism."

Senator Tsongas. Have you ever heard anybody whistle the tune of the Internationale?

Mr. Funderburk. No, I have not.

Senator Tsongas. You may, many of the professors do.

Mr. Funderburk. Right. This is not to be taken literally, that they actually whistle it or sing it.

Senator Tsongas. But do they preach socialism?

Mr. Funderburk. No, I don't believe so, Senator. I would omit that sentence, as I mentioned. I believe, again, that often times they don't appear as critical of the communist system as perhaps they are of our own, and I feel that there should be a balance there. I myself am critical of certain aspects of American society.

This I have demonstrated on the stand, working as an exhibit guide. I was in an official government capacity, and if the Romanians asked me about crime in America, then I had to tell them that, yes, we do have crime in America.

Senator Tsongas. Well, I can't disagree with that.

There are a number of other statements about people in academia who believe in and are propagating the idea that "communism is no danger, but in fact just another democratic political party of the left, more humane, egalitarian, and anti-imperialist, and thus morally better than most parties." That is on Page 13. Who are these academicians?

Mr. Funderburk. Senator, this is part of the general thrust of the book in which I am attempting to demonstrate for the sake of effect that there is another side to the story which I feel should be told. This is one element of that, but it has to be put into the context that I am concerned about, professors and others, including the problems with the Soviet system, for example, that the Soviet economic system has not been very successful economically, perhaps because of lack of incentives or perhaps because of lack of private holdings. These are things on which I wish there would be greater emphasis. This is my main concern, as well as perhaps to mention from time to time that our system has been highly productive, if perhaps uneven to some degree.

Senator Tsongas. There are two other issues, and then I will be finished. On Page 10, you say, "In this work I make the serious charge that many American university professors deliberately spread lies about communism for reasons of personal benefit and profit." Who?

Mr. Funderburk. Well, again, this refers back to something about which we were talking earlier, which is, if you write unfavorably about communism, then it is very unlikely that you would be considered for a grant to go to that country.

Senator Tsongas. But you say "deliberately spread lies about communism." Who is deliberately spreading lies? Name those people.

Mr. Funderburk. I don't have a list of people.

Senator Tsongas. Name me one.

Mr. Funderburk. Senator, my concern, again, is that they are not presenting the balanced view of the communist system.

Senator Tsongas. But if you say, "I make the serious charge that many of the American university professors deliberately spread lies about communism", and I say just name me one, you should certainly be able to do that.

Mr. Funderburk. Well, my general feeling at that time was that there were in general many professors, let's say.

Senator Tsongas. But who? Specifically who?

Mr. Funderburk. Well, I don't have a specific name at hand. But I would just say many professors were not presenting a balanced account. This is my concern.

Senator Tsongas. How do you know they were not presenting a balanced account? You must have either heard them or read them.

Mr. Funderburk. Right.

Senator Tsongas. Okay. Who had you heard, and who had you read?

Mr. Funderburk. Well, I am referring to textbooks, for example.

Senator Tsongas. Give me an example.

Mr. Funderburk. I have a list of the textbooks which were written in there. I am not saying that I attribute this to them, but I will say that in reading those textbooks on Soviet history, for the most part, there was no mention of the human cost of communism which was mentioned by Richard Wolker and Robert Conquest.

Senator Tsongas. Okay. Would you read those off to me? These would be the professors who deliberately spread lies about communism for reasons of personal benefit and profit. That would include who?

Mr. Funderburk. I would not say that, Senator. I would just say that the professors who wrote these textbooks or some of the professors who wrote the textbooks did not include what I felt was a balanced account, and did not include certain aspects that I thought were important, such as the human cost of communism or the heavy price paid by forced collectivization, but I do not charge them, these specific individuals, with spreading lies about communism.

Senator Tsongas. Who do you charge? I mean, you say, "I make the serious charge."

Mr. Funderburk. I don't charge anyone with spreading lies about communism, but simply with omitting certain information.

Senator Tsongas. I mean, if I pick up something that says to me, "I make the serious charge that many of the American university professors deliberately spread lies about communism for reasons of personal benefit and profit," and I am just an average citizen, I have to assume that somebody out there is doing that. So, my question to anybody is, okay, who is doing that? I'd like to know about that. We have to stop it. If you go to the author and you say, who did it, who is doing all this, and the author says, well, gee, I don't know, then what?

Mr. Funderburk. Well, that is a misleading statement from my standpoint, and I would not say that officially. I wouldn't make that statement today.

Senator Tsongas. Do you believe it any more?

Mr. Funderburk. No, I don't.

Senator Tsongas. What caused you to change your mind?

Mr. Funderburk. Well, again, I think the general climate of opinion in the country has changed. I feel in the past two or three years there is a greater——

Senator Tsongas. Were there professors who did that? The reason I said that is—well, let me read this. "In the most relevant fields of political science, history and economics, in the largest state and private universities, a majority of professors are apparently spreading erroneous propaganda, virtually unchallenged. Professors dependent upon the receipt of fellowships for study in the communist world and upon publications and conference papers abroad for career advancement and self-enjoyment are pulling punches in their classes and writings. Professors tell our students that it is not such a bad result. After all, we are informed, if the whole world is communist, there will be so many national communisms and divisions within the ranks that measures of freedom will exist." And you refer to, "We produce and have what they want, but nevertheless our system is criticized via our annual selfflagellation exercise. Perhaps this is due to the non-religious and crass materialistic aspirations of many members of our news and academic institutions." That is Page 10.

Who in our news and academic institutions has non-religious and crass materialistic aspirations?

Mr. Fundeburk. Senator, I think I can best explain this by perhaps stating that in the wake of Vietnam, there is perhaps a tendency in the United States for people in this country to point out the defects of our system and the lack of wisdom of us being in Vietnam. I think now that Vietnam is behind us the perspective and the situation in the country has changed somewhat, and that there is indeed a greater focus on Soviet aggression today, and less a focus on American intervention. I think those statements would have to be seen in the context of a concern over the Vietnam situation.

Senator Tsongas. On Page 31, you say "Most of the more than 1,000 professors with whom I have talked in colleges and conferences or grant agency interviews in New York in Washington or while studying abroad with American colleagues refused to expose the incorrectness of many Marxist-Leninist predictions, imperialist nature or tendencies of communist states or the evils endemic in communist systems." And then you refer to, "Of the universities I attended, only professors John Basil and Richard Walker of the University of South Carolina confronted these critical issues." And you also refer to Professor Donald Treadgold and Dr. Carl Wittfogel—is that right?

Mr. Funderburk. That's right.

Senator Tsongas. Of the University of Washington. But there must be others, but who and where, and among the universities that you refer to, Wake Forest, University of Washington, UCLA, University of South Carolina, University of Colorado, University of Wyoming, University of Texas at El Paso, University of North Carolina, various places you have been in meeting with professors from Universities of Arizona, Arkansas, Chicago, Columbia, Duke, East Texas State, Emory, Florida, Georgia, Harvard, Houston, Illinois, Indiana, Kent State, Kentucky, Midwestern, New Mexico State, New York University, North Carolina, Ohio State, Oklahoma, Oklahoma State, Rice, Southern Illinois, State University of New York at Buffalo, Texas, Texas at Arlington, Texas at El Paso, Texas Tech, Trinity in San Antonio, UCLA, Washington at Seattle, Yale, and others. "Most of the more than 1,000 professors with whom I have talked", so you are saying that you have met professors from all those universities, and the only ones who spoke out were Basil, Walker, Treadgold, and Wittfogel. Would you care to clarify that?

Mr. Funderburk. My concern was that most of the universities that you mentioned were places where I attended conferences, meetings, or symposia regarding Slavic studies or east European studies. A few of the universities were those that I attended, and the professors that I had at those universities. My general feeling was, in meeting many of those professors from the various universities listed, that they did not balance the account in their presentation of Soviet communism, and that they tended to leave out, let's say, what I consider to be the liabilities of the system.

Senator Tsongas. On purpose?

Mr. Funderburk. I don't know, Senator. I wouldn't attribute to them certain motives about which I cannot be sure.

Senator Tsongas. Well, you have already attributed personal profit to them, personal benefit and profit.

Let me raise the final issue with you. On page 23, and on page 49, you speak of the issue of religion. You and I both happen to be Christians, and what I wanted to discuss here is this. On page 49 you say, "Many professors do not consider the loss of religious freedom important. It is more popular and 'intellectual' to be an atheist or agnostic in some academic institutions in this nation." Which academic institutions?

Mr. Funderburk. Senator, I believe as a professor that it is more popular to be an iconoclast and when you are going into a classroom from a high school, and you go into the class, and you sit down and you listen to a professor, the professor perhaps has more effect or dramatic appeal instantly if he uses different points of view in the class, and if he is provocative. I have found that the classroom iconoclast is often more popular among the students. Perhaps I should put this in the context of students getting away from home for the first time and trying to show their independence to some degree, so I do realize that whatever you are exposed to in college and whatever seems provocative and interesting and is different from what you heard when you grew up, that most people actually return to their moorings before their life is over, perhaps, and become more, should we say, conservative as they get older, but during the college years it is often popular to say what is unlike what you grew up hearing, and this has a special effect on you.

Senator Tsongas. I don't disagree with that statement, but the question is this. You say that in some academic institutions in this nation it is more popular to be an atheist or agnostic. Which academic institutions?

Mr. Funderburk. I don't have any specific academic institutions. This is just a general statement.

Senator Tsongas. Is that true of all academic institutions or of some academic institutions?

Mr. Funderburk. I would say that in some institutions it is more popular to be an iconoclast.

Senator Tsongas. Do you think it is more popular to be an atheist in the Ivy League than in non-Ivy League schools?

Mr. Funderburk. Not necessarily. No, sir. This is just something that is in colleges in general, perhaps. I should note that we do have the luxury and the privilege in this country, in colleges, thank God, of being able to present different points of view in the classroom for effect. I think it is in some ways beneficial to a student to be exposed to points of view which are entirely different from his own. I know it was instructive for me when I was in college to listen to the Chairman of the Communist Party of the United States of America. I think it was important to be exposed to both Senators from all sides of the political spectrum as we were at Wake Forest.

Senator Tsongas. On Page 23 you say, "Many, if not a majority, of communist studies professors are atheistic, agnostic, or non-believers." Do you stand by that statement?

Mr. Funderburk. Senator, I don't have any evidence to back up that statement. This was just a general impression, which may have been at one particular point in history, but I wouldn't stand by that being a valid statement based on the evidence, but just a general impression that I had from talking to certain people.

Senator Tsongas. Can you name me a few? I mean, if you have a general impression, it must be from meeting people.

Mr. Funderburk. I don't have any names that I would want to mention.

Senator Tsongas. But you have met them, I assume.

Mr. Funderburk. I have met and have worked with some professors. They have the right to be an atheist. I accept that right in this country. Or to be agnostic. I have met some in these areas studies who in fact have admitted that and we have had lively discussions about it. It is their right.

Senator Tsongas. You say, "A believer in Christianity is evidently much more likely to perceive the dangers of communism than a non-believer. Non-believers do not usually place the same high value on individual lives." You are referring here obviously to a non-believer in Christanity. Is that right?

Mr. Funderburk. Well, I am referring there to a nonbeliever in any higher religion, not necessarily just Christianity. But I would have to include, let us say, a nonbeliever in the world's great religions, such as Judaism, Christianity, Hinduism, Buddhism.

Senator Tsongas. Well, why do you not say that when you write something like this?

Mr. Funderburk. Well, if I elaborated on each line, the book would have been much longer. It would have been more expensive for me to print this, for one thing.

Senator Tsongas. And we would have had a longer sleep last night.

Mr. Funderburk. Yes. But I do, I want to reiterate for you, Senator, that I think religion is a very private and very personal matter, and I do not think that my religion ought to be imposed on anybody else.

Senator Tsongas. If you read more than one chapter of my book, you will see that I share that view.

Do you think that the Moral Majority's recent political activism is a positive development?

Mr. Funderburk.

Mr. Funderburk. I do not agree with the Moral Majority's actions and views, in general. I do not subscribe to the Moral Majority, I would state.

My religion is more private and more individual and personal than theirs. I do not think personally that religion ought to be interjected into the political scene.

Senator Tsongas. And finally, you refer to the kind of communism is not a monolithic myth and you argue that communism is monolithic.

Mr. Funderburk. I state in that article overall, Senator, that my feeling is that communism is monolithic in certain respects, whereas most works indicate that communism is not monolithic, in general. This is just my own particular thesis that I feel there are certain characteristics and aspects that I mentioned there that would tend to show communism as being monolithic.

But obviously, I realize that in many other ways it is not and that there is a diversity of viewpoint in the communist world. Obviously, I realize that there are tremendous differences between Romania, Yugoslavia, Poland, and the Soviet Union, to say nothing of Albania and China.

Senator Tsongas. You say there is no example of a country which, having become communist, is no longer communist, that it is a one-way ticket.

Mr. Funderburk. That was my impression. I know that Salvadore Allende was elected in Chile, but my understanding he was a Marxist but not a member of the Communist Party of Chile.

Senator Tsongas. Do you think that the developments in Poland suggest that it may be more than just a one-way ticket?

Mr. Funderburk. It is impossible to say, for me, at this time on that subject, Senator.

Senator Tsongas. Are you of the belief that once a nation becomes communist it is unable to extricate itself from that?

Mr. Funderburk. That has been my feeling. That may be the nation would prefer to extricate itself from communism but that it would not be permitted to do so.

Senator Tsongas. So, "once communist, always communist"?

Mr. Funderburk. "Always" is a big word. I would certainly say that it appears that way.

Senator Tsongas. Do you think that Afghanistan is communist?

Mr. Funderburk. I do not believe that communism has taken root in Afghanistan. I think the central puppet government in Kabul is communist, Karmal's government is a communist government. But that government does not control Afghanistan. I do not believe. So there has been no communist system throughout Afghanistan, if that answers your question.

Senator Tsongas. My concern is I think these countries indeed can be weaned away from communism, because, as you say, communism is a very ineffective and brutal society and system, and that in the long term the Soviets deal in nothing but weaponry and ideology, as I point out in that chapter, which I suspect you read.

And I would feel comfortable if I knew that the Ambassadors we send to these countries were actively believing that they could be weaned away and not simply were to see them as lost causes. Would you care to comment on that?

Mr. Funderburk. I certainly hope that we could wean them away. And certainly in the case of Afghanistan, this is a unique situation. When I wrote the book, Afghanistan was not part of the situation.

I do believe, Senator, in the case of the country to which I have been nominated, that it is in our best interest to maintain very good relations with the Romanians because the Romanians desire national independence, and they are very nationalistic people, they are very independent-minded people. And if we can do anything to help them maintain their national sovereignty and independence, I would recommend it.

Senator Tsongas. I just made notes while you spoke, and let me see whether my understanding of our exchange is correct. There are eight issues that were involved: one, the statement about Reverend Billy Graham being duped by communists in 1977. You feel he was misled. As to his being invited to the U.S.S.R. to be used as a tool, you say that is conjecture and you would leave it at that.

On the statement in the book that the United States State Department's special report on the Helsinki human rights violations was a whitewash, you would not name anybody in the State Department who engaged in a whitewash.

Mr. Funderburk. [Nods affirmatively.]

Senator Tsongas. On the issue of whether grantees going to communist countries are socialists, you have no evidence of that, that they spread anti-American propaganda, the same.

And the statement that the boards are made up of atheists and non-Christians is a statement that you wish you had not made. Is that correct?

Mr. Funderburk. That is correct.

Senator Tsongas. As to the news media, the term "largely liberal leftists," means the national news media, that they argue that communism is no threat to our way of life, again referred not to local news media but national?

Mr. Funderburk. [Nods affirmatively.]

Senator Tsongas. The statement that the news media is made up of young reporters who refer to Marxists, who see the communist world in Marxist-Leninist terms, refers to not general reporting but the International Herald-Tribune and Time and Newsweek correspondents that you met in early and mid-1970s?

The statement that the news media has

remolded many of these "murderers"—referring to the communists—into neo-showbiz idols again is limited to the national press.

Mr. Funderburk. Senator, could I interject? I did not actually meet any of those correspondents. I saw some of the correspondents. But I did not actually meet them.

Senator Tsongas. The statement as to the "colossal coverup"—and this is referring to Cambodia—how did we leave that? That you felt that "coverup" was too strong a term? Was that it?

Mr. Funderburk. Right. I believe that there has been an omission there in terms of atrocities.

Senator Tsongas. When you say that professors "preach socialism and whistle the tune of the Internationale," you wish you had not said that? When you said that professors "deliberately spread lies about communism for personal benefit and profit," and we went through all those institutions, you would not name me one who did.

The statement that it is more popular in some academic institutions to be an atheist or an agnostic, you could not name me or would not name me any of the academic institutions.

On the statement that "many communist studies' professors are atheistic, agnostic, and nonbelievers," the same.

And finally, on the issue of whether communism is monolithic, you feel that it is a one-way ticket, that once a nation becomes communist, that they "always," modified, stay communist; is that correct?

Mr. Funderburk. That has apparently been the case to date, but I would hope that it will not be the case in the future.

Senator Tsongas. Professor Funderburk, this could not be a very pleasant exchange for you and for your family, nor is it for me, since I had to leave my family early to get here.

The point is that given a chance to write this book again, would you do it?

Mr. Funderburk. No, I would not. I think I might use some of the material in the classroom, and I think in the essentials of the book, which were my concern about presenting a balance in the classroom, that I would maintain this, I maintain this belief, and I would try to project this in the classroom.

But some of the specific lines that I made in this book I would—I would not print for official publication.

Senator Tsongas. I may end up feeling that way about what I have said in my book, so I may share that.

And the final point I would like to make is that most societies have a sense of moderation, a sense of stability, and a sense of keel, and that when there is a violation of that stability, whether it comes from the right or the left, there is a recation against it.

The statements you made about the Moral Majority, et cetera, to the extent that any society gives in to extremism, the left or the right, it can only be pushed to its confrontation and disintegration.

And my concern when I read this was that a society, whether ours or somebody else's, reading these statements would react in exactly that way.

And if you are to be our Ambassador, it is important to have on the record your reaction to this book, because if you are to be taken seriously, it is not your anticommunism—I think most Americans share that perspective—but a sense of going beyond reasonable limits, making charges that you cannot substantiate, making comments and statements that you have to withdraw, et cetera, hampers you in terms of how you are viewed by your colleagues and how you are viewed abroad.

And I would hope that today's record gave you that opportunity and perhaps sends a signal to those in academia that if they are in academia—and this is the left and the right—and aspire to government service, they ought to be careful in documenting what they say as we in public life have to document what we say as well.

I appreciate your appearance here today.

Mr. Funderburk. Senator, may I make a final comment?

Senator Tsongas. Of course.

Mr. Funderburk. I consider myself to be flexible and realistic, and I think that my life has demonstrated that in terms of the tolerance that I have for other people, in terms of my appreciation for pluralism and diversity in American life.

I do not perceive myself as being a rigid ideologue. So I think that this is one writing which is out of context for me. It has to be put back into the context of it having been written for effect in classroom and for the sake of argument to balance with other books. But that the other 18 works that I have written do not reflect the same statements but simply my belief that we should preserve and we should cherish diversity and pluralism in this society.

So I think I am a flexible and realistic person, and I have dealt on this basis with Romanian officials.

Senator Tsongas. Let me say finally that my judgment on you and yours on me is perhaps important, but the final judgment is really what our children think of us. I would like to believe that when all is said and done, what I have done, would reflect well on them, that what I have done would not sort of give them an opportunity to have to explain and modify and clarify.

You have an opportunity now in this post to make them remarkably proud of you. I know that you take that very seriously.

Mr. Funderburk. Thank you very much, Senator.

Senator Tsongas. Thank you.

This committee is adjourned.

[Whereupon, at 9:40 a.m., the committee adjourned, to reconvene upon the call of the Chair.]

Mr. TSONGAS. Mr. President, I was asked to suggest the absence of a quorum, but if anybody would like to speak, I shall yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, there are several aspects that are incontrovertible about the nomination of Dr. David Funderburk. First, Dr. Funderburk is a young man of impeccable character. He is a young man of remarkable ability. And he is uniquely qualified to serve as U.S. Ambassador to Romania.

Frankly, Mr. President, it is difficult not to be a little bit offended by the implicit criticism of Dr. Funderburk. Do you know, Mr. President, what his sin is? His sin is that he has dared to be critical of communism and of those who, consciously or unconsciously, have assisted in rolling the tide of communism around the world.

I find it intriguing that various characterizations are made of anyone who dares to speak out against communism. Almost always they are described as being strident. Dr. Funderburk has been so characterized here today.

I do not recall all that Dr. Funderburk wrote in his little book. I have only the recollection that he sought to sound a warning about professors on our college campuses who were missing the boat in terms of properly and adequately explaining the perils of communism to their students.

Dr. Funderburk's problem, perhaps, is that he did not mince words when he wrote about the menace of communism. As always, that offended those who are not concerned about communism. But the fact remains that the vast majority of the American people are concerned, and I can assure the distinguished Presiding Officer, the Senator from Wyoming (Mr. Wallop), that the people of my State are concerned.

We always have this sort of thing. Let someone dare to speak out against communism, and there comes the inevitable torrent of criticism.

Mr. President, it may be too late to restrain the advancing tide of communism, because too few of our leaders were willing to speak out in years gone by, for fear that they would be called strident.

Mr. President, in my State some years ago there was an issue involving providing a public forum on State-owned campuses for Communist propaganda. The majority of the people of my State resented using their tax money to provide a free forum for propagandists whose purpose in life was to undermine and destroy America. As a result, the North Carolina General Assembly enacted a law forbidding the use of tax money to provide such forums for Communist propaganda.

Mr. President, I wish Senators could have seen and heard the outcry by the liberal brethren in the media of our State. The law was eventually repealed, after it was no longer needed. But the people, through their representatives, had made their point: They did not seek to silence anybody; they simply did not want to be required to finance a forum for anyone dedicated to the destruction of America.

The introducers of the bill in the North Carolina Legislature were attacked vehemently by the media. The secretary of state of North Carolina, Thad Eure, made the mistake of acknowledging that he had helped in the drafting of the law, and he was roundly attacked.

There were the usual specious declarations that the first amendment was somehow being trampled underfoot. That was totally false. Anybody is free to speak in North Carolina if they arrange their own forum and pay for it. But the majority of the people in North Carolina do not feel that they should be taxed to provide a free forum for anyone dedicated to the destruction of America.

Dr. David Funderburk did write a book. As I say, I cannot recite one sentence of it today, but I recall that the thrust of it was to warn that not enough people understood the peril of communism.

What is wrong with that? Is that strident? It depends. It depends on where one stands in the political spectrum.

I say again that no President has nominated a citizen with higher character or greater love for his country than David Funderburk; and for his book to be dissected,after these years, with the implication that he is somehow unfit or unqualified to be Ambassador to Romania borders on being a cheap shot to which I must object.

Moreover, the Government of Romania is anti-Soviet. The Government of Romania is pleased with the nomination of Dr. David Funderburk to be U.S.

Ambassador to Romania. I predict that he will serve with distinction in this post.

What Dr. Funderburk perceived is precisely what millions of other Americans have perceived—that we have not been sufficiently diligent in explaining to the young people of this country that communism is not just another political ideology, but that it is a deadly tyranny intent upon dominating the world.

Mr. President, Alexandr Solzhenitsyn has repeatedly made precisely the same point that Ambassador Funderburk made in his book.

I am proud that David Funderburk is a North Carolinian. I am gratified that the President of the United States has recognized Dr. Funderburk's unique and distinct qualifications. I suggest that the American people are fortunate that this young man is willing to serve as U.S. Ambassador to Romania. I am confident that the Senate will confirm this nomination overwhelmingly.

I yield the floor.

ORDER FOR RETURN TO LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session immediately after the conclusion of the rollcall vote on Mr. Funderburk's nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TSONGAS addressed the Chair.

Mr. BAKER. Does the Senator wish to extend time?

Mr. TSONGAS. One minute.

Mr. BAKER. Mr. President, I ask unanimous consent that the time for debate on this nomination be extended for——

The PRESIDING OFFICER. For 5 minutes?

Mr. BAKER. No. For 2 minutes.

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. TSONGAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GORTON). Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that there be 2 minutes of additional time for debate to be equally divided between the Senator from Massachusetts and the Senator from North Carolina on this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who seeks recognition?

Mr. TSONGAS. Mr. President, under the agreement how much time do I have, 1 minute or 2 minutes?

The PRESIDING OFFICER. The Senator has 1 minute.

Mr. TSONGAS. Mr. President, I simply say that the arguments I made were very simple. I simply quoted the book:

> The Rev. Billy Graham was duped by communist officials in Hungary during his September 1977 visit when he naively said that "people can come to church and worship God," forgetting to mention "at great and tragic risk." Evidently he was pulling punches so that he would be invited to the U.S.S.R. and again be used as a tool for helping these countries appear religiously humane at the Belgrade Conference—the sequel to the Helsinki Conference.
>
> The [grant making] selection boards should be broadened to include a wider distribution ideologically, geographically and institutionally. Must the board memberships include principally atheists and non-Christians from northeastern Ivy League and large state universities?
>
> With an overwhelming majority of Americans still professing belief in Jesus Christ and the goodness, mercy, kindness and justice He stood for, many if not a majority of communist studies' professors are atheistic, agnostic or nonbelievers.

The arguments I made are very simple. I read the book, and to argue that the book is without fault is to subscribe to the comments that were made.

I yield back the remainder of my time.

Mr. HELMS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of David B. Funderburk, of North Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Republic of Romania. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from California (Mr. HAYAKAWA) and the Senator from New Hampshire (Mr. RUDMAN) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from New York (Mr. MOYNIHAN), and the Senator from West Virginia (Mr. RANDOLPH) are necessarily absent.

I further announce that, if present and voting, the Senator from West Virginia (Mr. RANDOLPH) would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 75, nays 19, as follows:

[Rollcall Vote No. 305 Ex.]

YEAS—75

Abdnor
Andrews
Armstrong
Baker
Bentsen
Boren
Boschwitz
Bradley
Burdick
Byrd,
  Harry F., Jr.
Chafee
Chiles
Cochran
Cohen
D'Amato
Danforth
DeConcini
Denton
Dixon
Dole
Domenici
Durenberger
East
Exon
Ford
Garn
Glenn
Goldwater
Gorton
Grassley
Hatch
Hawkins
Heflin
Heinz
Helms
Hollings
Huddleston
Humphrey
Jackson
Jepsen
Johnston
Kassebaum
Kasten
Laxalt
Long
Lugar
Mathias
Mattingly
McClure
Melcher
Murkowski
Nickles
Nunn
Packwood
Pell
Percy
Pressler
Proxmire
Pryor
Quayle
Roth
Sasser
Schmitt
Simpson
Specter
Stafford
Stennis
Stevens
Symms
Thurmond
Tower
Wallop
Warner
Weicker
Williams

NAYS—19

Baucus
Biden
Bumpers
Byrd, Robert C.
Cranston
Dodd
Eagleton
Hart
Inouye
Kennedy
Leahy
Levin
Matsunaga
Metzenbaum
Mitchell
Riegle
Sarbanes
Tsongas
Zorinsky

ANSWERED "PRESENT"—1

Hatfield

NOT VOTING—5

Cannon
Hayakawa
Moynihan
Randolph
Rudman

So the nomination was confirmed.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. BAKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I ask unanimous consent that the President be notified that the nomination has been confirmed by the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will return to legislative business.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there be 1 minute for the transaction of routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ECONOMIC POLICY FOR OLDER AMERICANS

Mr. PRESSLER. Mr. President, the effectiveness of our economic policies has a direct impact upon the well-being of all Americans, but especially older Americans.

The financial stability of many programs, such as social security and medicare, depend to a large degree upon the state of our economy.

Social security's short-term financing problems have been caused mainly by adverse economic conditions in recent years.

High unemployment has siphoned off funds for the program, while rampant inflation has driven up costs. For each one percent rise in the unemployment rate, social security's revenue declines by about $3 billion. For each 1 percent rise in the cost of living, social security's outlays jump by about $1.5 billion.

Inflation is also playing havoc with the lives of the elderly. As prices go up, their purchasing power goes down.

Many older Americans are discovering that a seemingly comfortable income a few years ago just does not stretch very far today.

Social security and other Federal income maintenance programs provide cost-of-living protection for the aged, but much of the elderly's other income is essentially fixed.

Quite clearly, a healthy economy is vital for older Americans and for the programs that are so important for their daily lives.

The National Retired Teachers Association and American Association of Retired Persons—the Nation's largest organizations representing senior citizens—recognize the importance of economic policies for older persons.

Recently, the associations' legislative council developed comprehensive legislative policies for older Americans. Sound, anti-inflationary economic policy headed the agenda for the associations' 13 million members.

Mr. President, these proposals should be of interest to all Members of the Senate. They represent a thoughtful expression based on considerable deliberation and research, and deserve review. For these reasons, I ask unanimous consent that the NRTA–AARP legislative council's economic policy recommendations be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

1981 Federal and State Legislative Policy

THE UNCERTAIN PROSPECTS FOR RECOVERY FROM THE RECESSION

February is generally regarded as the month in which the 1980 recession began. Four months earlier the Federal Reserve System had announced a new monetary policy, the objective of which was to restrain the expansion of the money supply. This change in monetary policy represented a complete departure from the policy practiced for decades that aimed at a "smoothing out" of interest rates. The objective was to keep interest rates at target (generally low to moderate) levels by expanding or contracting the money supply as needed. The old policy, however, facilitated and aggravated the rising inflation rate. The objective of the new anti-inflation monetary policy has been to control the rate of increase in the supply of money and credit and bring the rate of increase in line with the rate of increase in "real" Gross National Product (GNP). Under this new policy, interest rates fluctuate with the demand for funds.

Once the new policy was initiated in October, 1979, the growth of the money stock slowed substantially in the last months of that year and dropped sharply in the early months of 1980. Market interest rates rose rapidly until April, 1980, when the financial "crunch" ended.

The change in monetary policy undoubtedly contributed to the onset of the 1980 recession. But the credit controls imposed in March, 1980, also played a part. Business activity dropped precipitously between the first quarter and the second quarter of 1980. GNP declined by 9.6%. In retrospect, the credit controls only served to deepen the recession unnecessarily, since they were not needed to "cool off" the economy. The interest rate structure in March and April was chilling enough; the prime rate on business loans reached 20 percent. However, the annualized inflation rate for the first quarter was up to 18 percent. Such an extraordinary level of inflation led to an "over-kill" of monetary and credit restraint. Unfortunately, however, there were no other reasonably effective tools available to the Administration to curb the rising inflation.

The housing sector of the economy suffered most severely from the recession, being particularly affected by the sharp rise in mortgage costs and the reduced availability of mortgage credit. Housing starts fell from an annual rate of about 1.5 million units at the end of 1979 to 0.9 million units in May and June of 1980. Domestic auto sales fell from a rate of 7.5 million units in 1979 to an annualized rate of 5.2 million units in May and June 1980. Auto sales were not only affected by the recession, but also by the high costs of credit. Aggravating matters, of course, was the lack of auto models which offered fuel economy to the public. (The retail price of gasoline had risen from about 70 cents a gallon at the end of 1978 to $1.22 a gallon by April, 1980.) Unemployment during the second quarter of 1980, the depths of the recession, reached 7.8%.

But the housing and auto industries were not the recession's only casualties. The expectation of achieving a balanced federal budget in fiscal year (FY) 1981 was a victim. Even the financial position of the social security system was significantly weakened by the decline in employment in the second quartr and the very large (14.3 percent) inflation-induced benefit increase which took effect in July.

Although the decline into recession had been precipitous, there were signs of recovery during the third quarter, which gave the 1980 recession the appearance of being one of the shortest on record. By August, unemployment had dropped to 7.6 percent. Retail sales were rising, factory orders were up and housing starts increased. But although some voices in the private and public sectors predicted that the recovery was under way, others were forecasting either months of "stagflation" or even another dip into recession before the recovery would really be in motion.

By the fourth quarter of 1980, there was increasing evidence that the Federal Reserve was following a policy of "leaning against the [inflation] wind." Interest rates which had dropped during the months of April through July began to climb again as the incipient recovery brought increased demand for funds. At the same time, there was a growing realization the inflation rate would not be meaningfully reduced by the recession. Lenders began to raise the "inflation premium" being built into interest rates. By the end of December the prime rate was over 21 percent.

The mini-recovery which began in the third quarter of 1980 and which was led by a revival of consumer spending was a tender flower. The recurrence of exceptionally high interest rates could only dampen housing starts and auto sales—the two sectors of the economy which had suffered the most during the steep slide in the second quarter of 1980. At best, the outlook in December 1980 was for a weak continuation of the recovery during the early months of 1981. The recovery, if sustained, would likely be sluggish and uncertain as rising energy and food costs, rising taxes and inflation in general, continue to limit the growth of personal income. Any stimulation of the economy through tax cuts and increased defense spending remains months away.

Although the country was still in a state of depressed business activity at the end of 1980 and the recession could not truly be considered at an end, there are two conclusions that can safely be drawn from the 1980 experience. First, despite a mild to moderate recession, inflation still continues at high rates. Second, excessive reliance on restrictive monetary policy to combat inflation prompts sharp declines in the country's output of goods and services and chokes off the investment in new plant and equipment that is needed to improve productivity.

THE NEED TO REVITALIZE THE ECONOMY

The 1980 recession has taken place at a time when the country may be going through an economic crisis. There has been a public awareness for several years that the U.S. economy has been ailing. How serious the economic situation is has been much debated, but some ominous trends and facts cannot be ignored. The factors contributing significantly to inflation have become so deeply entrenched in the economy that "double-digit" inflation has come to be accepted as part of the regular order of events. Also, because of the nation's failure to deal promptly with the "energy crisis" (see ENERGY POLICY for further discussion), the country continues to pay a huge $90 billion indemnity that weakens the dollar.

The nation's manufacturers have been losing out in the global struggle for competitive advantage. Imported manufactured items have made strong inroads even in U.S. domestic markets. By 1979, the U.S. auto industry, for example, had lost 16.9 percent of the domestic market to imports.

It has been suggested that the reason why the U.S. has been losing its competitive edge over its industrial neighbors is because the nation, with a matured economy, has been satisfied to work along with aging plants and outdated processes. In a basic industry such as steel, for example, the U.S. uses continuous slab-casting to make only 16 percent of its steel, whereas Japan uses it for 50 percent of its steel and West Germany for 38 percent of its products.

Related to the decline in new investment is the low rates of household saving in the United States. Post-war, personal savings as a percent of disposable income have averaged only around 5 percent to 7 percent. Although the GNP rose during this period, too much of the gain went into consumption rather than savings. Consumer spending has been continually spurred in an attempt to create full employment. In comparison to the U.S., household savings in West Germany approximated 14 percent during the 1970's while in Japan it varied between 18 and 22 percent. Nobel-prize winning economist Lawrence R. Klein has said: "We have lived high on the hog and failed to modernize our plant and equipment. We must go from being a high-consumption economy to being a high-savings economy if we are to reindustrialize and improve our standard of living."

Another aspect of the nation's weakness in industry is the diminished thrust given to it from innovation. Industrial research and development (R&D) spending has been declining as a percent of real GNP, dropping from 2.10 percent of GNP in 1964 to 1.60 percent in 1979. According to the National Science Foundation, growth in technical manpower has also been slowing and is now down to an annual rate of only 2.2 percent—about half the growth rate of the 1950's and 1960's.

Declining productivity has been blamed as the source of low real rates of growth in the economy. The figures usually quoted are output per hour of work. For manufacturing employment, productivity grew at a compounded rate of 2.9 percent between 1967 and 1973, but declined to 1.6 percent a year from 1973 to 1979. While this decline is a matter for much concern, there has been a sizable shift in employment away from manufacturing and toward service industries and other trades. Whereas in 1929, manufacturing constituted 34 percent of nonagricultural employment, in 1979 it had declined to 23 percent. It is generally agreed that productivity changes in the service industries are difficult to measure and that in many service areas any productivity gains are doubtful.

There is little doubt that productivity has suffered as a result of excessive and often conflicting government regulation which has served to raise costs and impede business initiative. But ironically, business has often opposed attempts to remove regulation, notably in the various transportation fields where protected situations have been preferred to open competition.

Another factor that must be considered is the relatively anemic effort the government makes to promote export sales. The fact is that the U.S. lacks export financing facilities which are competitive relative to those of other exporting countries.

It is important for the elderly that all these economic trends be reversed and that the nation's economy be revitalized. High rates of inflation and low or no growth in productivity and in GNP have resulted in stationary or declining living standards and their counterpart in the public sector—the budget squeeze. What had previously been the relatively easy task of distributing shares of an increasing pie of economic resources has become the thankless and often acrimonious task of deciding whose piece of pie should be smaller.

As applied to the elderly, as well as other disadvantaged groups, the budget squeeze has made it next to impossible to expand legislatively federal cash or in-kind benefits. The more immediate problem, in fact, is to prevent those benefits, in real, inflation-adjusted dollars, from being reduced.

INFLATION: ITS CAUSES AND CONSEQUENCES

The United States has now moved into an era of double-digit inflation. As measured by the Consumer Price Index (CPI), prices moved up 13.3 percent in 1979 and rose by over 12 percent in 1980. Rapidly rising food and crude oil prices will probably sustain price inflation at double-digit levels in 1981, particularly in the absence of strong anti-inflation measures. What is even more disturbing, however, is that the "core" or underlying rate of inflation—a measure of inflation used to approximate the "wage-price" (or "price-wage") spiral—has been ratcheted up to around 9 percent to 10 percent.

These price rises in the aggregate are the result of a variety of causes, each operating with different force at different times. Federal budget deficits year after year ignited the inflation trend and help sustain it. The OPEC cartel since 1974 has fueled the trend by raising the price of crude oil some 18 times over. Also, government at all levels has been busy legislating cost increases while in the private sector "administered" pricing practices have made their contribution to inflation. Even money supply growth became an inflationary force when it was excessively expanded during the 1970's.

Once inflation starts, the public seeks to protect itself from the devalued currency and from price rises. The working public asks for wage increases to cover past and future losses in real income. Since employers can pass on these wage increases by raising prices, the wage/price spiral starts. It is a secondary inflation phenomenon, but it is now an important means by which inflation is perpetuated.

A study made in 1980 by Data Resources, Inc., established that the largest component of modern inflation is the wage/price spiral. If inflation is running between 12 and 13 percent a year, the wage/price spiral is probably contributing 8 to 10 percent of the annual increase in prices. The unhappy part of the wage/price spiral is that the average person makes no more economic gains with wages and prices chasing each other at an 8 to 10 percent level than he would if they were chasing each other at a 3 to 4 percent level.

In recent decades, there are no examples of the wage/price spiral withering away. Even the recent recession had practically no effect on the core inflation rate. This provides a strong rationale for the need to use strong "incomes policies"-policies designed to get business and labor (with the government acting as arbitrator) to sit down together and establish lower rates for wage and price increases.

The economic concept which assumes that the wage/price spiral can wither away automatically under certain circumstances has been called "gradualism." It assumes that if the public sees that the government is gradually moving toward prudent and restrained monetary and fiscal policies, then the public will lower their expectations of future inflation levels, reduce their demands for wage increases, and start to increase their savings. The problem is that the gradualism concept has not worked over the past fifteen years, perhaps because the public has lost confidence in the government's willingness and ability to adopt strong anti-inflation policies and adhere to them year after year.

It is our belief that inflation has become so entrenched in the United States that only "shock" treatment in the form of a strong incomes policy will be able to break the wage/price spiral. But even that will be inadequate unless monetary restraint is continued and the public sees positive steps being taken in the direction of fiscal restraint. The restrictive monetary polices currently being pursued will not be enough standing alone; indeed, tight monetary policy will produce further recession and high levels of unemployment. Since it is clear that the high and persistent inflation is the product of multiple causes, those causes must be met by an anti-inflation program that includes multiple solutions.

A comprehensive, multi-faceted anti-inflation program is urgently needed. The continuing double-digit inflation is rapidly defrauding those who do not have the "market power" to protect themselves against it—a category which includes the elderly. It is doing this by transferring income and wealth from those who are unable or less able to protect themselves, to groups and individuals who are well enough organized to have market power. For example, businesses are often able to set prices regardless of market conditions. Some groups of workers are able to obtain wage increases equaling or surpassing inflation rates with no off-setting productivity gains. As these effects become apparent to the affected groups, social tensions are created or exacerbated.

Inflation is also discouraging savings, because savings are not protected from inflation losses, and is encouraging the accumulation of debt, because debtors can expect to repay loans in rapidly depreciating dollars. The reduced supply of savings tends to reduce investment, on which future gains in productivity and living standards are largely dependent.

Inflation is also making business management difficult because it is distorting year-to-year comparisons of income and expenses. The businessman who faces uncertain future rates of inflation does not know how much to set aside out of current income for future expenditures, such as the cost of replacing depreciating plant and equipment.

In the equity and debt financial markets, inflation is having a highly disruptive effect. Equity markets are disrupted both because real profits tend to be lowered and because it becomes increasingly difficult to forecast profit trends. High and irregular rates of inflation tend to wreck the debt financial markets because lenders and borrowers have no way of forecasting interest rates for intermediate and long term loans. Available capital tends to move into short term loans, thus denying funds for long term investment needs of heavy industry.

The disruption of financial markets may not be particularly harmful to large businesses which can finance expansion out of retained earnings and other internal cash flows. But in the case of small business—small business that the economy needs to maintain a healthy degree of innovation and price competition—the disruption in the financial markets is very harmful.

Inflation is also distorting the workings of the tax system. When the structure of income taxes is professive, as it is in the U.S., the phenomenon of "bracket creep" automatically causes a rising percentage of taxable income to be collected in taxes without the consent of the taxpaying public.

Finally, for the elderly, inflation is causing a deterioration in their living standards. Although the elderly are not the only victims of inflation, they are, as a group, more severely affected than virtually all other groups in the population (see Income Policy for further discussion).

SHORT TERM POLICY OPTIONS

Something effective must be done to control an inflation rate that is now around one percent per month and is one of the highest among the industrialized nations in the world. While there are no overnight solutions to the problem, a package of remedies must be pursued that will be effective in reducing inflation to a more tolerable 3 to 5 percent range in a reasonably short period of time—perhaps 2 to 3 years. Ultimately, the annual rate must be reduced to 1 to 2 percent.

It must be recognized that there are no solutions that do not entail some pain, disadvantage and/or costs for specific groups. However, the cost to society and the nation of allowing inflation to take its uncontrolled course is far larger. Inflation is sapping the economic strength of the country. Unless brought under control, it may do much more irreparable damage.

Most economic policymakers agree that the inflation rate could be brought down rapidly if the nation were willing to suffer a sharp, deep and sustained drop in output and associated unemployment rates in the range of 20 to 25 percent. However, the costs to the nation in terms of lost output and unemployment would be so staggering that such policy should not be pursued. The cure would likely be worse than the disease.

Ruling out a depression-induced deflation as a cure, we are left with a variety of policy options, none of which can do the job by itself but all of which, in the aggregate, should be able to reduce inflation to tolerable levels. These policies would be aimed at the various factors contributing to the current inflation.

A. FISCAL POLICY

The federal budget must be brought into balance and that balance must thereafter be maintained over the business cycle (but not necessarily in each year). While the Associations recognize that the effect of balancing the budget will be to reduce the inflation rate only slightly compared to what it otherwise would be, nevertheless, balancing the budget must be one component of an effective anti-inflation program. Although a recession and continued high rates of inflation will make a balanced budget more difficult to achieve, a sustained effort ought to be able to achieve the objective in 2 to 3 years, assuming no major economic or national security calamities intervene.

Given the world situation and public sentiment, it is probable that spending for defense and national security will be substantially increased (in real terms) in the near future. To the extent possible, any such increased spending should come from the savings that can be achieved through the more efficient and cost-effective administration and operation of government and government programs including defense programs.

A constitutional amendment to force a balanced budget would be inappropriate since it would put government economic policy in a straightjacket and foreclose the use of discretionary and automatic fiscal measures in times of economic difficulty. However, the Administration and the Congress should at least impose upon themselves through the budget-making process, a set of priority setting guidelines, the objective of which should be a balancing of the budget within 2 to 3 years.

B. MONETARY POLICY

When considering monetary policy, it must be remembered that an important method of dealing with inflation is to reduce the rate of expansion in the supply of money and credit. For the most part, the rate of expansion in the 1970's was excessive. These excessive growth rates should be gradually reduced over the next 2 to 4 years until the rate of expansion is consistent with the rate of the expansion in real GNP.

It should be recognized that the Federal Reserve System, independent as it is (and ought to be), is from time-to-time subjected to strong political pressures. To ameliorate this situation, the Congress should impose on the System guidelines designed to limit effectively the rate of growth in the supply of money and credit. The Federal Reserve's money and credit by focusing on the growth rate rather than by focusing on interest rate manipulation should be endorsed by such guidelines. However, the Federal Reserve, to achieve more stable rates of growth than it did in 1980, when it undershot its targets in the second quarter and overshot them in the third, needs to develop more precise and effective techniques of achieving those targets.

C. STANDBY CONTROLS

In order to deal effectively and resolutely with the wage/price spiral and inflationary expectations, the President should be given stand-by authority to impose price and/or wage controls in those sectors of the economy that are leading the inflation parade. The health care industry is an outstanding example of just such a sector; the rate of escalation in health care costs has been clearly out of control for some time. (See Health Policy for further discussion.)

The hard core inflation rate, estimated to be running at about 9 to 10 percent now, needs to be brought down by methods which effectively dampen the public expectations of still more inflation. Stand-by authority for the implementation of controls on a selective basis will immedately alert the public to the fact that the government is serious about reducing inflation to tolerable levels within two to three years. The more forcefully it is indicated to the various groups that they must cooperate in the common effort, the less likely it is that the stand-by authority will have to be exercised in more than just a few cases.

D. REGULATORY/DEREGULATORY/ANTITRUST ACTIONS

In many economic sectors, price competition is either non-existent or too weak to act as an effective restraint on the rate of increase in prices or as an effective stimulant to efficiency. In those sectors where regulatory action would be appropriate to promote price competition—as, for example, the implementation of the Federal Trade Commission's Funeral Rule—such action should be taken and supported. Where government regulation is or has become anticompetitive or is simply cost-enhancing without yielding compensating public benefits, such regulation should be reformed or eliminated (i.e., the sector should be deregulated) whichever is more appropriately promotive of price competition. Certainly, the government should refrain from erecting new regulatory barriers that discourage or lessen competition. Finally, in those sectors where vigorous enforcement of the antitrust laws would promote price competition, such actions should be taken. The Congress should support and oversee such action and assure its effectiveness by enacting any necessary amendment to the antitrust statutes.

E. RESTRAINT OF GOVERNMENT PRICE PUSH, COST PUSH AND TAX PUSH ACTIONS OF ALL KINDS

A significant portion of the current inflation spiral can be attributed to government action at all levels that promote or approve price, cost and tax increases of many kinds. In 1980, for example, the federal government took action to raise "trigger prices" on steel imports, thus prompting price increases for domestic steel products. Such action should be held to the bare minimum. As part of that effort, the Congressional budget process should be strengthened so that the Congress becomes far more sensitive to the inflationary impacts of legislation. The inflationary effects of legislation deemed essential must be kept to a minimum.

F. RESTRAINT OF RISING REGULATORY-INDUCED HOUSING COSTS

Inflation in the housing area is second only to inflation in the energy area within the category of special items that helped send the inflation rate for 1979 and 1980 into double digits. The present high cost of mortgage money is an important factor contributing to higher housing costs. The answer to this problem, however, is not to have the government subsidize lower mortgage interest rates at the expense of small savers through government regulation and at the expense of everyone through the further inflation that the excessive expansion of the supply money and credit entails. Mortgage interest rates will only move downward as the rate of inflation is brought under control.

G. CONSERVATION OF ENERGY

The nation's dependence on imported crude oil for nearly 50 percent of its needs has greatly contributed to the inflation rate. Since 1973 the OPEC cartel has pushed up the price of crude oil 18 times over. The OPEC price for crude oil has tended to become the world price for crude oil and substitute fuels, except where fuel prices are subject to price controls. In recent years, higher crude oil prices may have contribtued between 2 and 4 percent to the annual inflation rate.

After having examined the short term options available to reduce the inflationary pressures generated by domestic and international developments with respect to energy (**see Energy Policy for further discussion**), it is clear that the most viable one is conservation to constrict aggregate energy demand. While every effort should be made to induce such conservation, as, for example, through educational programs, tax breaks, the expansion of weatherization programs, a shift away from declining block utility rate setting to inclining block utility rate price for crude oil has tended to become the setting with lifeline provision, and the expansion of mass transit, some form of rationing is needed for petroleum products. It has become apparent with the passage of time that rationing through the price mechanism is the method most readily acceptable to the American public for achieving conservation and has apparently succeeded in reducing consumption. But to the extent that further rationing by price is employed, with the price increases affected through the imposition of new taxes, the revenue from such taxes should be channelled back to the public in general and the needy in particular.

LONG TERM POLICY OPTIONS

Many of the recommended short term anti-inflation remedies would also have continuing application in the long term as, for example, maintaining a balanced federal budget over the business cycle and restricting the rate of growth in the nation's supply of money and credit to the rate of growth in real GNP. However, the longer range goals of a continuing and effective anti-inflation policy must involve the promotion of significant increases in the rate of savings and investment in the economy for the purpose of fostering increased gains in worker productivity. Success with respect to these objectives will help reduce inflation pressures and help hold the inflation rate down at tolerable levels.

Changes in the income support structure designed to encourage and reward increased work effort on the part of the elderly and changes in the tax law to encourage savings and investment would also be most helpful. (**See Income Policy and Tax Policy** for further discussion.) Indeed, with respect to the last point, it is particularly urgent that industry receive relief from depreciation regulations in the tax codes for plant and equipment. But, although tax cuts favoring business are needed in the aggregate, they should not be so large that they promote inflation.

Research and development should be encouraged through government grants and through the tax laws. Small business should also be encouraged through the tax laws and through the restoration of vigor and stability to the financial markets. The success of the efforts undertaken to promote the competitive market system should also yield benefits, since that is the best system for encouraging productivity while maintaining effective restraint on price increases. To help export sales, the government should remove roadblocks and adopt an aggressive strategy for promoting U.S. manufacturers in world markets. Recognizing that knowledge and technical skill are key ingredients for success in fostering optimum growth in a modern economy, the government should promote increases in education standards in general and increases in the numbers of scientific and technical workers in particular. Finally, the success of short and long term efforts to promote the expansion of domestic energy supplies will yield significant benefits in terms of reducing inflation and revitalizing the general economy.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

Mr. BAKER. Mr. President, what is the business before the Senate?

The PRESIDING OFFICER. There is no business before the Senate.

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981

Mr. BAKER. Mr. President, if I could have the attention of the Senate for a moment, I ask unanimous consent that the Senate now proceed to the consideration of S. 898, Calendar Order No. 235, the Telecommunications Act.

Mr. HOLLINGS. I object.

Mr. BAKER. Mr. President, I move that the Senate now proceed to the consideration of calendar order 235, S. 898.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. HOLLINGS. Mr. President, if the distinguished majority leader wants to go into it, I would be delighted to explain to my colleagues why the delay is being asked by this particular Senator.

Mr. BAKER. Will the Senator yield for a moment?

Mr. HOLLINGS. I yield.

Mr. BAKER. I should have said this before I yielded the floor, but the matter now pending before the Senate is my motion to proceed to the consideration of this item. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. BAKER. I would like to say to the Members of the Senate that it is my intention to pursue this motion and to do so, if necessary, for a fair amount of time this afternoon. I do not expect that I will ask the Senate to remain late. It had been my hope that we could get to this bill, perhaps have opening statements, and then go out at a reasonably early hour, at 4 or 5 o'clock, or thereabouts.

But if it is necessary to debate the motion to proceed, then I intend to stay for a reasonable length of time and do that.

I would inquire of the distinguished Senator from South Carolina if he would be in a position to agree to a time in which we would debate the matter of the motion to proceed and then vote, if necessary; otherwise, to present the matter to the Senate.

Mr. HOLLINGS. No, Mr. President, I am sorry that I cannot agree to a time agreement on the particular bill itself. I would be glad to elaborate further for the benefit of my colleagues why I take this position at this particular time. I think it is absolutely necessary that everyone understand this most complex bill which will face the national Congress this year.

We have been working in a strange way for the last several days, actually for about a 10-day period, between the Committee on Commerce and the Committee on the Judiciary, more specifically with the Senator from Oregon, our chairman, and the Senator from South Carolina, the chairman of the Judiciary Committee.

They only got together yesterday in their agreement on certain amendments which, when we do lay down this particular measure for consideration, will replace a major portion of the bill.

As further proof of the need for time, the Assistant Attorney General in charge of Antitrust, Mr. Baxter, has sent over amendments, one yesterday and I think we received the other one today. I think we will have time for the staffs as well as the Senators to review these particular amendments to see wherein we can agree and wherein we cannot agree, and then move forward perhaps next week to the consideration of the bill and maybe some of the votes.

There is no filibuster intended. This is a very genuine effort on a very important piece of legislation that the Congress has worked on for almost 10 years. Now we bring it up and I am confident, talking to my colleagues, that they have no idea of its content and that they more or less have sort of become fixed in their position by local contacts from A.T. & T.

I do not presume, for example, to persuade too effectively in that light. I realize full well, Mr. President, that I am a minority of a minority, but I feel very genuinely that this particular measure should be considered, and the only way to get it up for proper consideration is to withhold its actual laying down for consideration at this particular time so that we can have time this afternoon, tomorrow, and next week. Later on we can perhaps work out a time agreement of some kind so we can have the orderly procedure of being able to consider the amendments and see what are realistic amendments, what amendments we might get support for and what we might not be able to get support for.

I particularly want to be aware in this debate that I not be in violation of rule XIX where I speak more than twice upon one question in the same legislative day.

I have been so very much engaged in budgetary and defense matters that I had not really realized I could work myself into a difficult position today on this particular bill.

I will further elaborate and explain to my colleagues with some apology. I am always delighted to yield so long as I do not yield in violation of rule XIX, namely, that I have to find out what is a legislative day, and that I not be taken off my feet for having spoken twice in the same legislative day on a particular matter.

As I see it now, in compliance with that rule, I am on the first legislative day laying the groundwork for one of the most interesting of all subjects.

Actually, if Members become immersed in the communications field as some of us have who work on the Communications Subcommittee, and I have been a member of that particular subcommittee for the past 15 years, you would realize that what has to be done is to update the 1934 Communications Act.

The fact of the matter is that this particular Senator tried to bring it to the floor last year, and someone contended, "How do you object at this time when you wanted to bring a bill up 2 or 3 years ago when we had bipartisan agreement between the senior members?" The Senator from Nevada was then the chairman of the committee, with the ranking member then, Senator PACKWOOD, now our chairman, and as ranking member of the subcommittee Senator GOLDWATER, of Arizona.

We worked pretty well, let us say, up until this year. I emphasize up until this year because in trying to keep up and work with the committee and the committee staff, it has been somewhat disconcerting to this particular Senator that we run it off in some sort of fashion like an auction or conspiracy.

Specifically, communications being as important as it is, and trying to get a full debate, good understanding and a good end product, at least on the Senate side of the Capitol, this Senator, with extension of licenses for broadcasters. The broadcasting companies' licenses went from 3 to 5 years, with other particular requirements.

Having cosponsored that, obviously, for a period of years, we did not put that in and of itself, but that was the good part. When I say the good part, that brings to mind the fact that we are dealing with energies that are more powerful, perhaps, than Congress itself. So we need the support of the broadcast industry to get a good bill through.

As long as we can hold their feet to the fire of responsibility on the one hand—holding the good part on the other—we get a balanced product. This year, without warning, without notice, when I was working on budget matters, we find it fixed to the reconciliation bill.

It had no budgetary impact. It was formative legislation. The Members or staff had no chance to study or realize what we were doing. So in reality, what we did was abandon responsibility in the approach to this all-important subject. Then, if we treat it singularly in the wrong forum of the budget, as a formative matter of congressional policy and communications, we move even further to the auction which was so deplorably pursued in the matter of the budget.

The rule of thumb on this communications bill was let us see how many votes we can get and get it through. Do not debate it. As was told to the leadership here today, this bill would be called. The Senator from South Carolina had a couple of amendments, but we satisfied all the others. It will only be a matter of 2 or 3 hours and we shall pass the bill over to the House side. What they were saying is, yes, we took care of the press, the publishers.

It was very interesting to see that develop last year. We had an editorial saying, "We have waited long enough and we have labored long enough, we have had sufficient hearings. Now is the time to move forward with the new act."

Whether it was an omnibus bill, as Lionel Van Deerlin wanted on the House side, or a narrower bill, as we wanted on the Senate side: "Now it is time to move."

As time moved on, this was in July, they realized A.T. & T. as the monster that it is. I shall describe it as a sort of two-headed monster, one very benevolent, one very vicious. They can come right in and take over, let us say, the advertising business. The yellow pages could broadcast on the screens. We realize that there is a free press that is looking for free enterprise.

They did not know whether they were ready to stand that kind of competition. Did they really want the form? Did they want A.T. & T. to compete for the first time and give the viewing public and the public generally better service or at least competitive service?

Next thing you knew, bang, once they realized that, there was an emergency. We had to have hearings. Where is the Communications Subcommittee chairman? We had publishers of the most powerful newspapers in the entire world gathered around in the huddle: "Don't rush, don't move, let's have hearings, it is a drastic bill."

I feel like a publisher this afternoon, only I cannot be satisfied as they were satisfied last year. They were able to protect themselves against the threat of competition. They were powerful enough to look out for themselves. And they put their provision in.

Then there was another element or group, the burglar alarm crowd, who were clever enough. The burglar alarm crowd came in and put in enough protection for themselves.

Everybody wants free press, everybody wants competition, but they provided for that.

Then to show you the pure shenanigans in an approach to an all-important, complex measure, you find herein provisions for cable television all of a sudden. Without any warning to the municipalities, this bill takes away from them the matter of franchise, takes away from them the matter of license fees or any kind of control. We are going to have new federalism and I can tell how we are going to give them new federalism.

What we are going to give them is a Washington provision that writes into the law a crowd that was astute and powerful enough to get into the auction system and write it into the bill, much to the puzzlement of my distinguished and astute chairman, the Senator from

Arizona (Mr. GOLDWATER), who says he has never heard of it.

I am trying to give the atmosphere, the basis, the feel and the reason for my being here and standing here this afternoon and perhaps tomorrow and maybe a little longer. The distinguished chairman came up and said, "I never even heard of it." Here he is, the chairman of the Commerce Committee's Subcommittee on Communications. He is going to have to have hearings so the local people of America we all hear about can be heard.

My dear colleagues, this is a bad measure. We have to clean it up, because the pressures are really there. The telephone crowd has done its homework and they have done it as thoroughly perhaps as they performed some years ago—in 1976 with the Bell bill.

Let us go back to when I said it is a two-headed monster. Maybe we can elaborate for a little while. We have a lot of time. It is a monstrosity. It is nature's monstrosity. You have a company that has $150 billion in assets. Try to describe $150 billion? It is about the eighth or ninth largest country in the world that has a GNP of $150 billion. It has revenues of $50 billion and has profits of $7 billion. So you get that kind of size which does not, in ordinary circumstances, frighten me.

To a large extent, it has worked to the benefit of the using public. We do have the best telephone system in the world, and we have the best of the best in character and ability serving on the local boards, district managers and all. You love them, I love them, everybody loves them. But when you come right down to it, they play a Mr. High Road and they play a Mr. Low Road.

I shall have to go into what I call the low road. Yesterday afternoon, for example, the head of Southern Bell was in my office saying, "What, who, me? What do you have against us? What objections do you have?" Knowing is believing.

Let us go back to that 1976 bill. We have down in black and white what the intent was. Do not come now and say they do not want monopoly. They went around and corralled cosponsors to the tune of 23 Senators on this side and a good 160 or so over on the House side for the Bell bill. We heard from A.T. & T. We heard exactly what they had in mind and what they thought was good for America.

That is all they said. They said, "Keep everybody out totally. Give us a monopoly and not have a competitive market, or, on the other hand, free us up, without any regulations, without any controls, without any assurances, without any particular provisions or safeguards, even if there is not a competitive market in place."

That was the rule of ruin, the rule of takeover, and it is by the most decent and lovable and charming and astute and talented people.

We know what they want. They wrote it down for us in 1976, and they almost got their way. At that particular time, I was chastized for trying to hold up, not cosponsoring, and wondering where we were headed.

I studied this particular problem over the years. When my counterpart on the other side, Chairman Van Deerlin, said he wanted an omnibus bill, I said:

> Let us on the Senate side follow your hearings, and we will have our hearings and probably take the alternate approach of section by section, updating the particular measure; and either way it works out, it will be good for the public.

In the House bill, they provided for the divestiture of Western Electric. We never provided it in the bill we worked out. I introduced it. Our staff drew it up for us. Senator GOLDWATER, Senator CANNON, Senator PACKWOOD, and the rest of us joined, trying to move that measure at that time.

We are not looking to penalize or jeopardize, in any sense, A.T. & T. as an entity or the system as being the best in the world. That is one of the greatest concerns this Senator has. I have been on the side of deregulation, and I have seen the chaos.

The distinguished Senator from Nevada could not be here this afternoon, but he knows of my difference on that particular score with airline deregulation. As of the 14th of this month, the Senator from Nevada (Senator CANNON) was saying, "Look, Senator HOLLINGS, you have Air Florida." Well, they just came in momentarily, because, as of the 14th of this month, they are pulling out entirely, and I am back with less service, higher prices, more inconvenience, and paying the way for those things you see advertised.

What do you see advertised? That you can fly from Washington, D.C., to Miami for $89. Oh, no—you fly for $79; and they keep on getting it down. Where do they make it up? You can fly over my hometown of Charleston, S.C., for 79 bucks, but what does it cost me to go down there? It costs me, still, $116, just one way; and if you fly round trip, you can get that Miami trip for $130, and it costs me $230.

So do not say, "You are a nervous little politician. You're too worried about size. You should be a little more mature and don't worry about size."

We need to look at size. We need to watch what they say and watch what they do.

They say size does not bother them, and they try to move regardless of antitrust concerns and everything else of that kind. Size does have a part in here, and it has a very dramatic part.

When we started, as I indicated, with the Bell bill and held that up and started moving to try to reform the Communications Act of 1934, what really occurred during that was to work out a plan whereby we could protect, as you might well expect, the users—you, me, the president of A.T. & T., the newspaper reporter covering the story, the Parliamentarian, everybody—high, low, rich, poor, North, South, business, or personal use.

As we set out to try to protect those users, we necessarily attracted to our side the Consumer Foundation of America, Common Cause, Ralph Nader, and everybody else of that kind.

Historically, if you have experienced what I have experienced over the past several years, these groups no longer are concerned. They have given up. They have quit the field. Do you know the consumers I have now? The consumer groups worrying about this bill are the Bank of America, the Ford Motor Co., General Motors, Chase Manhattan, and everybody else of that kind—the biggest users in the world, folks paying $60 million a year in telephone bills. Why? Because they have a neat, little provision in this bill whereby A.T. & T. can have its key facilities in the wholly-owned subsidiary of A.T. & T., which easily is cross-subsidized by you and me, as rate payers, over the many years. This $150 billion company can cross-subsidize all the same if we do not put in place the proper safeguards. They can set that up by meeting with a few New York and Washington lawyers for a couple of hours. They do not have to worry about the financial market.

They have the money. They can put the money to work, and in short order they can start a company and place in it the modernized developments of the finest lab in the world in this particular field, Bell Laboratories, which you, Mr. Rate Payer, and I have built over the years under this monopoly with a guaranteed profit. They have not been in the field of competition, in the free marketplace.

We are talking about, as of this minute, a monopoly, an admitted monopoly, a consented-to monopoly, which consented to back in 1956, some 25 years ago, that they would not compete in the general field of computerization, electronics development, and everything else of that kind. So they have not been in that field, and necessarily they have only one place for the great products of Bell Lab. We learned that.

So it is not just a sense of pro bono publico. Wait until I read the latest decision, in September, by Judge Greene, if you think this crowd is pro bono publico. They have no place else to go. I love them, with the Bell Hour and everything else. It was not pro bono publico. That was the only place they had to go with their products and services.

Now, with the facilities provision and the subsidiary section of the present bill, S. 898, what do they do? They can put the facilities and all the advancements and competitive measures in the unregulated subsidiary, put them there at less than their full cost. They put it in there in a noncompetitive way; and before long, there is no competition in the transmission field, and they take in the GTE's, ITT, and everybody else who comes into the field and developed it over the past 25 years and, in a predatory fashion, extinguish them.

I emphasize that if I were the chairman of a board and I were running a business entity, I would readily agree that I am chairman, not pro bono publico.

I do not know where the people are who are complaining about the stock market not being able to listen. It is not there for patriotic purposes. The stock market is there to make a profit.

So A.T. & T. and its subsidiary—says "Let's get a president who knows how to compete. Put those new facilities in the unregulated subsidiary." The new President is going to put them in. That is the way he is going to make a profit.

They will say, "Don't worry, we have a reputation for good service"—reliable, kindly, gentle, concerned people at the local level, the district managers, all men of the year, presidents of the Chamber of Commerce, heads of the Rotary Club, and everything else, just saying what the public wants.

We can ride on the momentum of that reputation for a good 3 or 4 years, and when they want new facilities in an expanding area, they just say how it was Congress that caused the problem, they just keep plugging. But there are no improvements, no facilities, no expansion, for a 3- or 4-year period. They use the tremendous leverage of the billions upon billions collected over the years of existence and put them in those subsidiaries. Then the competition is gone, and then we have an unregulated monopoly.

Then and there is when we return to those practices that were engaged in and are continued to be engaged in over the many, many years by A.T. & T., which I say has the head of benevolence but it has the head also of most anticompetitive conduct that you could possibly think of. I am going to elaborate on that in a little while.

I think the other evil that has come about, and we can go into several of them, is the capability of the Federal Communications Commission to do its job. Is it not a very interesting thing that we puff and blow and beat our breast and talk about the administrative, regulatory reform.

A.T. & T. found out how to deal with the FCC years ago. They got it down completely. They have controlled it. A.T. & T. is just the finest operation you have ever seen at controlling others.

I can give you a Republican chairman of FCC, I can give you a Democratic chairman of FCC, and they said with respect to controlling, auditing, determining the cost, and actually taking the order and enforcing the order—no way—no chance. They just never have been able to do it.

I think in the last several years there have been anywhere from 10 to 12 different decisions about rates. Few have been adhered to, few ever obeyed.

A.T. & T. has a bureaucratic system, a bunch of lawyers and everything else, and they keep those lawyers and they keep those appeals going.

Since I am enjoying myself, I will have to say right at this particular point therein is the problem. Who pays for that, all those lawyers? They come around here and say, "You cannot have lawyers for the poor." We deny them the system of justice in this country. But we pay for those lawyers. There are write-offs for the corporation. There are write-offs at the public service entities. There are write-offs at the FCC. There is all that lawyer expense of hundreds and hundreds of millions of dollars in lawyer expense that we say right here in this Chamber as a matter of public policy, that, yes, we should pay for those lawyers, but when we come to a man with a landlord-tenant case, a man with a domestic case, a man with a check case or any other kind of nominal little day-in-court kind of situation—some cannot even speak the language or otherwise understand.

We are going to have to balance the budget, and everything else. Yet, we keep on paying those millions upon millions of dollars to foster the bureaucracy of the legal crowd here in Washington and all over the country to frustrate the will and decision, if you please, of the administrative body, the Federal Communications Commission.

That is not my judgment. That is the judgment of the General Accounting Office. It just published a report.

I have neighbors on the telephone board. I have best friends on it. I served as best man to one of them.

I got a call all the way from El Paso, Tex., from one of the best friends I will ever have in life who said, "What is bothering you about this bill?"

And I said, "Bob, do you understand anything about the bill? When did you get into it?"

He said, "You know I am on the board now, and I thought I would call and discuss it."

They do not know what is going on. They do not have any idea about the Communications Act. He does not know anything about the FCC, the lawyers, the deals, the frustration, the anticompetitive practices, and all the history that are distinguished local directors, local managers. At the Rotary Club, they are the nicest fellows you would ever see. They dress neatly. They are very polite. They are absolutely honest, and they come and look and smile at you. They contribute in the community. They participate in fund drives for the Community Chest and the United Fund.

But they do not know. I would never have known had I not gotten into the arena, on this particular subcommittee, and listened for a good period of the past 10 years trying to find out just what was the right thing to do, trying to open up the field of competition on the one hand and then not reregulate. What has the Senator from Oregon, our chairman, done with this particular bill?

Every time I notice, and I can look and see, and I can see what I introduced and what he introduced, what we generally agreed on. We both have a little history here.

For example, at one time after we met all morning long with staff, the Senator from Arizona, the Senator from Oregon, the Senator from Nevada and myself had an agreed-to bill. It took care of all the situations, guaranteed the competition, did away with the consent degree, and had no divestiture.

I am relating the facts of life in the Chamber. With that agreement, we would have a more competitive situation.

However, having worked it out at 2 o'clock by 4 o'clock we got a letter signed by every Republican—that is when we were in the majority—by every Republican, other than the ones in the conference, saying that not only did they disagree with the agreement but there was not going to be any bill that year.

You begin to see the power on Senators, the feel that I have and I am trying to impart to others, when they can come and in 2 hours do this. They are not playing for small stakes on this one.

I had the head of the General Telephone Co. in here. He said this bill would put him out of business. I understand they changed him around, to bring that up to date.

He sat in my office. He said the bill they have reported out that is right now on this calendar would put GTE out of business.

What happened? I said, "Even the burglar alarm people did a better job than you. Why weren't you around doing something? I have been here trying to talk. You have your Washington representative. You have vice presidents and everything else."

Now they have this letter. We have a letter from GTE that is at best a weak endorsement of the bill with substantial reservations about it. You can see that power. I saw it as Governor of South Carolina.

I am going to get the reregulation part. I do not like to lose these points. I might as well have a nice time this afternoon.

You find out a great deal from these corporations. When I go to carpetbag the North and even the West, I had a Dun & Bradstreet $500 million index. It lists all the big companies in the country. These corporate fellows come into the office at 8 o'clock—you know they are all sort of GI and like to jump up around and praise themselves how early they are to work, but they do not miss that martini lunch. Incidentally, that thing almost killed me, trying to keep up with them. These corporate fellows are all together cross-serving on the various boards.

They know how to get to everybody. You will find the same crowd on the business round table is the same crowd on the NAM and the same crowd on the directorate of the Chamber of Commerce. That could be good or bad.

The point is that they are all wound up in there, and they are all intermingled. They are all put in the position through their connections not to complain and not to look out. After knowing this is not too strange when they say on one day that it is going to put them out of business and then on the next day, without real changes in the bill, they say it is a good bill, but I do have some reservations about it.

Now back to the original point. There are significant differences between this bill and the agreement of the Senator from Arizona and the Senator from Oregon, the Senator from Nevada, and myself.

You look at that bill, and you will find all of the provisions to try to develop a competitive market so there would not be any cross-subsidizing, there would not be any predatory pricing. We put in those particular provisions there so you would not have to come back to the FCC because, after all, we were deregulating. We did not want to end up with a misunderstanding. We wanted clearly drawn lines so one can see exactly where they were. We were not trying to develop a bonanza for a bunch of Washington lawyers to appeal this and appeal that.

Where we drew all those lines clearly, they have all now been fuzzed, and the entity to try to clear up the fuzziness has now become the FCC.

When I started off with the minority, now the majority on that side, they were damning the FCC; that it was one of the sorriest groups, the chairman was a veritable rascal, and that we had to get rid of him.

Now you will find S. 898 in love with the FCC. You will find every fuzzed position is referred to the arbiter, the FCC, and you will find further, as the GAO has said, they are not capable of making these findings and these determinations. They do not have over at the FCC more than a dozen or so accountants.

I looked at the chairman of the board of A. T. & T., and I said, "Mr. Chairman, can you tell us the cost between, let us say, local and long distance? Let us sever those out so we can distinguish them and find out what we are doing." And he said, "Senator, I cannot tell you that."

We just do not know this basic fact and the last hearings did not even pursue this point fully. Now the authors of this bill are going to get up and say that this bill has had so many hearings, and it has been there for years, and we have been dragging our feet, and now is the time to fish or cut bait. They will go into all of those things like how they are going to take the leadership, and they always give themselves the good government award. But you are not going to find the cost of A. T. & T.'s services.

The Federal Communications Commission has never been able to find the costs of A. T. & T.'s services. Mr. President, I ask unanimous consent that a letter to which I referred, from the General Telephone and Electronics Corp., dated September 30, 1981 to the Honorable Robert Packwood, chairman of the Committee on Commerce, be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

General Telephone &
Electronics Corp.,
Washington, D.C., September 30, 1981.

Hon. Bob Packwood,
Chairman, Committee on Commerce, Science and Transportation, Washington, D.C.

Dear Senator Packwood: We have had, since late this morning, an opportunity to quickly review the amendments intended to be proposed to S. 898 by members of the Senate Committees on Commerce and Judiciary, as well as the Baxter proposal. While we continue to have some reservations, particularly in the areas of capital recovery, facilities ownership, interconnection and financing of the FSA, and the amount of outside purchases to be made by the Bell System, we feel that these amendments if accepted in their entirety constitute a significant improvement in the measure and we are therefore prepared to lend our support to passage of S. 898 in the Senate.

Very truly yours,
John A. Whittaker.

(Mr. SPECTER assumed the chair.)

Mr. PACKWOOD. Is that the letter where they have endorsed the bill?

Mr. HOLLINGS. Yes, I am going to read that letter. The letter, Mr. President, says:

> We have had, since late this morning, an opportunity to quickly review the amendments intended to be proposed to S. 898 by members of the Senate Committees on Commerce and Judiciary, as well as the Baxter proposal. While we continue to have some reservations, particularly in the areas of capital recovery, facilities ownership, interconnection and financing of the FSA, and the amount of outside purchases to be made by the Bell System, we feel that these amendments if accepted in their entirety constitute a significant improvement in the measure and we are therefore prepared to lend our support to passage of S. 898 in the Senate.
>
> Very truly yours,
> John A. Whittaker.

He is listed in the heading of the letter as a vice president in charge of government affairs.

Now, Mr. President, there are some interesting features to that particular letter because I had been talking with the chairman of the board. They had been not just talking to me but pleading with me to make certain that no bill passed unless they had really something with respect to capital recovery and definitely an amendment on outside ownership and facilities ownership. I had it described to me by the chairman of GTE how the facilities ownership provision in this bill would take GTE, a large responsible company but with a very, very de minimis percentage proportion of the market, and how that would veritably decimate their activities and put them out of business. Make no mistake about it, GTE has serious reservations with this provision.

They also have serious reservations with the provisions on interconnection and financing of the fully owned subsidiary, the FSA, and the amount of the outside purchases to be made by the Bell System. They mention them now as reservations rather than quid pro quos before they could possibly support a bill.

So you can see by the size and nature of the operation of corporate America that they have been threatened and they have responded accordingly. No question in my mind. I do not have to draw any clearer pictures, having the experience to know the definite concerns they came to me with and had and will continue to have.

I have had my personal bankers, best of friends, write me about this bill.

A.T. & T. does not leave any stone unturned. They would like to make sure that I help along with this bill. It is that superpower board table atmosphere that we have to come into the 20th century; government is archaic and oppressive and backward, obsolete, and how we are going to have a chance to come out into the bright sunshine of progress in the future and I should help with that.

Well, I have been trying to do that on a fair basis and preserve competition. I want to insure that competition will exist without the things that have occurred over the several years by A.T. & T. as a matter of practice.

I am not in charge of the Justice Department. President Reagan took over, and they say he has the most competent and the best of friends in his new Attorney General, Mr. Smith, and he has those in the Justice Department who have been working on the A.T. & T. case.

And I think that it probably would be a good idea at this particular time, for the instruction of my colleagues, to see what the Justice Department and not the Senator from South Carolina sees as misgivings and the potential for anticompetitive practices—because throughout the consideration of all of these amendments, you will find us discussing the potential. You will find it characterized in two extremes, perhaps. One by the Senator from Oregon, the chairman of our committee, who thinks everything is just fine as duck soup; and myself, who thinks we must be more cautious.

Let us not look to either Senator, but let us look to the Republican Department of Justice, and not what they presented in an antitrust case 2 years or 10 years ago, or what they have been presenting for years on end before the Federal Trade Commission.

I can tell you here and now that you will get some feel for the tremendous oppression of the use of the court system by an entity of this size if you talk to the head of MCI, the large corporation that finally won an antitrust verdict of $1.8 billion earlier this year. Talk to that gentleman and find out just in the last 12 months how many courts of the land A.T. & T. has been in. Over two dozen different proceedings going on in every court in every jurisdiction. They just fan right out to try to see whether they could overpower and overweigh any smaller entity that was not guaranteed a profit, that had to watch their legal expenses.

And you will find here what the Reagan Justice Department has presented to the court in the finding and holding by Judge Greene in the United States of America against American Telephone and Telegraph Co., Western Electric Co., and Bell Telephone Laboratories. This was filed on September 11, less than a month ago. It gives factual documentation which we will elaborate on. It could be very boring to some; very interesting to others. But I think it ought to be heard.

Now, I do not want to mislead. A.T. & T. has yet to come and will start soon, between now and December, and refute or join in issue with the factual findings. They can present other findings or other explanations, but then you have what we call an issue of fact to be determined by the trier of the case itself. Then you go ahead and find out where the truth actually lies.

The first committee a Senator will get is the District of Columbia Subcommittee when you get on appropriations. And if you survive that one, you might stay on. There is no appreciation. There is never enough money. Some years ago, the Senator from Hawaii and I were handling the matter of all the chauffeurs and costs of the District budget. And then, when considering the court system, Judge Greene's name came up. I found that he and Senator Inouye had been classmates at George Washington Law School. And I found him most reasonable, most objective, and one of the finest jurists.

When Judge Greene denied the motion to dismiss the A.T. & T. case, he stated:

> The testimony and the documentary evidence adduced by the Government demonstrate that the Bell System has violated the

> antitrust laws in a number of ways over a lengthy period of time.

Now, let us emphasize that, because A.T. & T. would have you believe, that in a large entity of this kind you cannot keep track of everybody and things will happen in certain cases.

Well, a mistake here, a mistake there. That is one thing.

But when you find in a court order, from factual presentations made by the Justice Department and not those who were left in there by the Carter administration. I am sure Mr. Baxter and Attorney General Smith did not allow the Carter administration holdovers to appear in any Federal district court.

When they present the factual evidence to demonstrate, as the judge says, that the Bell System has violated the antitrust laws in a number of ways over a lengthy period of time, should we not believe it?

I quote further on the three factual issues:

> Whether there has been proof of anticompetitive conduct with respect to the interconnection of customer-owned terminal equipment, part three; Bell's treatment of competitor's inner-city service areas, part four; and its procurement of equipment.

Now, that is the interconnection of customer phone terminal equipment; the treatment of competitors in the inner-city services area; and the procurement of equipment.

> That evidence sustains the Government's basic contentions and the burden is on the defendant to refute the factual showings made in the Government's case in chief. The court holds in favor of the position espoused by the Government.

That is your government and my government, that is not an anti-A.T. & T. or a pro-A.T. & T. finding. That is just a finding on the factual issues under oath presented in a court of law.

And we had the President himself on Monday of this week who said that we have to do better in the courts. Certainly, let us not come on Monday and say let us have the hearings in courts and listen to the proof and let us sustain these hearings and the proof and then come on Friday and say there is nothing to them. That, perhaps, is what has been happening in the court system that disturbs President Reagan and disturbs this Senator. That is why what I cite here now is not to be disregarded:

> The court holds in favor of the position espoused by the Government on the legal issues relating to the course of conduct, the jurisdiction of the Federal Communications Commission, the existence of monopoly power, notwithstanding regulation, part 2, and the bulk of the equipment questions, but it decides in line with the defendant's position that any obligation to provide equality of access and interconnection is subject to a reasonableness test. Judgment is reserved until the conclusion of the entire case on the relationship between the communications laws and the antitrust laws and the inner-city pricing claim, part 8.
>
> The intentions of the Government relating to the Bell System's representations to the FCC, those alleging the existence of a bare market and those which concern equipment prices, will be stricken on the basis of the findings stated herein.

Mr. President, before we cover that in full, and I think we are going to have to cover this decision and pick out instance after instance after instance of the interconnection of customer-provided terminal equipment, how they frustrated interconnections and other particular practices. Time and again they talk about what the witnesses had to say. You cannot help but get a picture that this is not a casual mistake, but a concerted effort and, if proven, a concerted effort in violation of the law.

We will go into the history, Mr. President, of A.T. & T. in just a moment, but I want to hold up on that to cover the minority finding.

Mr. President, at this point I ask unanimous consent to yield to the distinguished Senator from Florida and not, under rule XIX, lose my right to the floor or have it calculated as more than one speech.

Mr. PACKWOOD. Reserving the right to object, I did not hear the request.

Mr. HOLLINGS. I asked that I be permitted to yield to the Senator from Florida without losing my right to the floor and not to have it counted as more than one speech under rule XIX. I have a lot that I would like to say.

Mr. PACKWOOD. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mrs. HAWKINS in connection with the introduction of legislation are printed in today's RECORD under Statements on Introduced Bills and Joint Resolutions.)

Mr. HOLLINGS. Mr. President, I do not like to refer casually but I do like to refer specifically. Here, for example, is the MCI Communications Corp. versus the American Telephone and Telegraph. It is very interesting to see the special verdict.

Here is a group of jurors who served and listened over months and months in this particular trial.

This is not a casual thing. I read from the actual court verdict:

> Your general verdict will be accompanied by answers to the following series.
>
> Please bear in mind what I have told you about the elements of each of the claims made by manufacturers against the defendant and what I have told you about the burden of proof.
>
> The burden of proof is the preponderance of evidence.

Here they say:

> Please answer the following questions yes or no: Do you find that the plaintiffs proved the existence of a relevant market?
>
> Answer, Yes.
>
> Do you find that the testimony had monopoly power in the relevant market?
>
> Answer: Yes.
>
> In relation to the predatory pricing issues, please mark what you find to be the proper cost standard.

They have checked in there, the 12 jurors, a unanimous verdict, after months of trial and listening to the factual evidence, not Senator HOLLINGS.

The verdict continues:

> As to each subpart of this question, please answer yes or no. Do you find that the defendant willfully maintained its monopoly by committing any of the following acts charged in the complaint: A., refusing FX and CCSA or interconnections to MCI?

MCI is a legitimate corporate entity, good decent Americans doing business with good decent Americans, the A.T. & T.

To that question the jury unanimously found yes.

> Did they engage in willfully maintaining this monopoly by committing the act of tying local service to A.T. & T. long distance service?

They answered "yes" to that particular question.

This is all willful conduct. This is not negligent or casual. You have to prove almost malice, under the law, when we talk about willful conduct.

> That they willfully interfered with the MCI customers by disconnecting Fx ccsa, and other services?

That jury found, yes. That is not a bailout. They will not put that on TV with lovely music.

In a minute, I will come to tying this together. I will tell of Richard Wiley, who A.T. & T. liked at that time, and what he found out about the Bell bill as Chairman of the FCC. I will get to what he thought was the intent and purpose, if you please, of Big Brother or Ma Bell at that particular time.

Then the court asked, after months of trial and hundreds of witnesses:

> Do you find that the defendant willfully maintained this monopoly by denying interconnection for multipoint service?

The answer unanimously was "Yes."

> Do you find that they willfully maintained that monopoly by providing inappropriate or inefficient equipment or procedures for interconnection?

They unanimously found yes.

Here is MCI, a company coming on the market trying to sell stock. There is no guarantee of profit there. Everybody likes to get A.T. & T. stock. But here MCI is trying to pay their expenses, trying to get into business, struggling along, and here is a monopoly, A.T. & T. The President says: "80 percent of our jobs come from small business." Well, here is a small business, in relation to A.T. & T., trying to get into the market and bring about competitive practices and advance services.

They unanimously found that A.T. & T. willfully did suppress competition.

> Did they willfully try to maintain their monopoly position by negotiating in bad faith for an interconnection agreement?

They would not give the connections. They would not negotiate in good faith. They would deny interconnections beyond a defined distance. They would interfere with the customers and right on down the line. It was not just one little thing.

These antitrust cases are difficult. That is why lawyers keep them going on and on. I know of one gentleman who got into the Louisiana land case in the sixties. He has retired now in Florida. He handled one case and here I am trying to stay in office and clean up the Communications Act of 1934. He showed wisdom. He got hold of one of these things and hung on until he made enough money for a healthy retirement.

You can see why the meticulous test is necessary to find out the conduct and the character of the other head of this monster.

> Did they do it willfully by filing State tariffs in bad faith?

Unanimously yes.

> Did they also willfully maintain their monopoly position by predatory pricing?
>
> Answer, yes.

And right on down the list: "Do you find that the plaintiffs were injured?"

You have not only to find all that, you have to find, as the old wag says, the proximate cause, as the judge here, the distinguished Senator from Maine (Mr. MITCHELL), would know. He would charge these things. This is old hat to him and very interesting, but it is a stated verdict to be found by this jury, so they will understand and not just be opposed to a particular company.

Having found all these things, what is ordered and adjudged?

> It is ordered and adjudged that plaintiffs MCI Communications Corporation and MCI Telecommunications Corporation recover the defendant American Telephone & Telegraph Company the sum of $1.8 billion with interest thereon at the rate of 9 percent per annum, as provided by law, and their costs, including a reasonable attorney's fee.

For a lawyer that is better than going into the communications business. As a lawyer; I had better see them and listen to them a little bit more, so maybe I can find such a case.

I try to give a balanced view, because I hope to continue to talk on telephones when I get through my particucular amendments. But it is very, very interesting to see the Federal Communications Commission Report on Domestic Telecommunications Policies, dated September 27, 1976.

You must remember that herein comes, of course, a Republican President, in January 1969. By 1976, he had been in office more or less about 7 years and having been in there, had made all of the appointments to the FCC. Having gotten around to making all of the appointments and appointed, and I say this not in a cute or derisive fashion, but most respectfully, a most competent Chairman of the Federal Communications Commission, they had had time to clean up. I hear it said here in the changeover to President Reagan, it would take them 2 to 3 years to get rid of the appointments that we Democrats put in when we succeeded President Ford. But this is after a 7-year movement to get rid of all the Democrats and put their kind into the administrative body. What did they find? Not what Senator HOLLINGS found.

Let us see some of the things that should be of interest to the body here. They will come now and say, that this is an industry bill. What an absolute joke, to come and beg on your common sense and reason to think that it is anything but Bell.

Who owns Southern Bell? A.T. & T. owns every share of stock of Southern Bell. Talk about an industry bill.

You ought to see how the different public service commissions all line up to satisfy the whim and the will and the want of Ma Bell. If you are in a State legislature, if you want to get help, if you want to get votes for yourself either to get into office or for your particular measure, they have the telephone man. He is paid by the rate payers, which is us, and the public and everything else. They cannot lose money, and they have influence. If you treat them nice, they will treat you nice. And they will take care of it. And they will look out for each other.

I see the Senator from Arizona (Mr. GOLDWATER) over there, the chairman of my subcommittee. I have an amendment here that I shall have to go into a little later on this afternoon or at another time with respect to the ratepayer because, in addition to the provisions for competition here, we must be concerned with local rates.

You cannot find A.T. & T.'s costs. The FCC cannot prove these costs. Certainly those poor little State public utility and public service commissioners have not been able to find out.

I talked with Dr. Alfred Kahn, who used to be in town. I think he was looking for a balanced budget at one time. The distinguished gentleman testified years ago as an economist and head of a department up at Cornell University before he came here. He is an expert in communications. He testified how they had studies of the New York Public Service Commission and they found, rather than business supporting the regular ratepayer, and rather than making the long distance lines support the local user, that on the contrary, the studies before the New York Public Service Commission showed that you and I, the local user, were supporting much long distance business.

A.T. & T. refutes it. They will get up enough witnesses just to talk, and they will refute that. But they have never been able to refute it with sound evidence.

What they have been doing is going to these understaffed State commissions and running those rates up. They are going to say, you know how it is, now that they have gotten into the field of competition and what-have-you, we have had to limit our services and take away this and take away that.

Incidentally, we shall get to that particular provision about the revenues for the yellow pages.

Mr. President, may I yield to the distinguished Senator from Arizona without losing my right to the floor?

Mr. PACKWOOD. For what purpose, Mr. President?

Mr. HOLLINGS. For whatever purpose the Senator from Arizona really desires.

Mr. GOLDWATER. Mr. President, I would like to explain if I may. I think the majority leader intends to break this up at about 4 o'clock. When he is going to resume, I do not know. I wanted the opportunity to read something that will explain in part why I have offered two amendments—one amendment, now—to S. 898. I wondered if the Senator from South Carolina will yield for that purpose with the understanding that he will not lose the floor.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I would have to object to that purpose, Mr. President.

The PRESIDING OFFICER. Objection is heard.

Mr. HOLLINGS. I thank the distinguished Senator from Arizona for his helpfulness, at least his attempt to be helpful.

Mr. President, I understand—and mind you me, I hate to belabor my colleagues. I really do. I guess everyone has heard me too much on the budget and say to themselves, "That fool now has heard his voice and he has gotten like Wayne Morse; he wants to talk all the time on every subject and never give up the floor."

That is not the case at all, Mr. President. It is a question of—and there is no better way to state it than our friends from the People's Republic of China stated it—reeducation. I think in this case it is a reeducation in a particular instance. It is not to come back to the precepts of the belief in philosophy. On the contrary, I am trying to take from a good 10-year experience of listening and learning and trying to project some of the alarms and concerns I have about S. 898.

Whereas, in the original instance, it looked like an instrument of good, in the end instance, it is going to extinguish all kinds of competition, ruin competitive industries on the one hand and, to the detriment of the using public, run up the rates and destroy the services just like airline deregulation. In fact, I just might ask unanimous consent, if this bill passes, to not be in violation of the rules of the ethics if I be allowed to buy one heck of a lot of A.T. & T. stock.

If this happens, Mr. President, we are not going to wait, as too many waited around for the market to go as it is obviously is going to go. We read in the Washington Post that President's advisers and the former heads of the Council of Economic Advisers said that it just was not in the cards. They wanted, in the words of the Republican President, a change of direction. They wanted deficits. At least get us into the black.

But that program has not been followed. We see, for example, that indexing means an extravagant loss of taxes. That was never in Kemp-Roth originally. We see a loss of $200 to $268 billion in 1985 and 1986 and Government in the red forever.

Now, if we come back to this particular measure, if we are going to go through with it as is, I might as well take care of my grandchildren.

We are getting a few grandchildren coming along, and we have to look out for their education.

I think people should be allowed to use their commonsense and say it is not a conflict of interest; it is just a conflict between the Senator from South Carolina and A.T. & T.

Now, what does Chairman Wiley and the Commission state of FCC's views concerning the Bell bill.

We say in equity, "He who seeks equity must be equity." We say, as another maxim of the practice in equity, "He must come in with clean hands." When they came in to find us, they had clean hands and were really looking to compete. Were they really looking to compete, as is the contention of S. 898? They had no idea thereof. I quote:

> Over the past decade, national telecommunications policy has come to recognize the fundamental precept that the American consumer should have the right to use the public telephone network in a manner privately beneficial but not publicly detrimental, and that in exercising its rights the public should not be precluded by artificial regulatory barriers from employing the communications equipment or services best suited to each individual's needs. The experience of the last decade—detailed throughout this Report to Congress. . . .

This is from 1966 to 1976, with a majority at that time being under a Republican administration.

The record should show that this thing runs on for hundreds of pages, and we will get into it in detail.

> The experience of the last decade—detailed throughout this Report to Congress—amply confirms that in terms of consumer responsiveness, innovation, and diversity of communications services, the public interest is better served by permitting consumers to obtain specialized services and equipment from any company or individual that is ready, willing, and able to meet consumer needs or demands—rather than by limiting communications users to a sole source monopolist.

Is that not an interesting finding? Can you imagine that this delightful, friendly, come-in-and-be-like-the-next-guy entity, A.T. & T., would even want to extinguish all the competition? They want it written into law by the national Congress—an absolute monopoly. Ma Bell was asking to be a sole source monopolist.

The material I have been quoting is not Senator HOLLINGS or some politician talking. This is the Federal Communications Commission, with its Republican chairman. It reads:

> The Commission believes that the Consumer Communications Reform Act of 1976 would seriously disserve the public interest by limiting important consumer rights; by limiting effective regulatory action to protect consumers against discriminatory rates and practices; by limiting the ability of the FCC to maintain or formulate policies designed to assure the widest availability of high quality telecommunications service to the entire nation; and, by delegating to the unreviewed discretion of the telephone industry fundamental social and political decisions.

That is a pretty drastic, far-reaching conclusion A.T. & T. wanted not only to get rid of all competition and be one monopoly, but also, they wanted to delegate to themselves the unreviewed discretion to make fundamental, social, and political decisions. They wanted to be the FCC. They wanted to be the supplier. They wanted to be like Plato's politicians, who make their own little laws to their own applause. They were going to be the whole hog, and they almost got away with it, in the atmosphere of that time.

The question this afternoon is whether they are going to get away with it entirely, without even a hearing by any Senator at any time.

I do not make any friends by doing this, I know. I do not pick up any votes. I hope the telephone is not going to cut me off when I get home tonight. [Laughter.]

They have a way of operating. I will read these cases, and you will see how they work.

So, since our time is a little limited this afternoon to give a cohesive presentation, let us jump to the views I filed at the time. I said:

> It is with a strong sense of responsibility to the user community—both large and small—and to a competitive telecommunications industry that I must dissent to S. 898, as reported. This legislation, despite pretenses otherwise, clearly harms these users and neither maintains nor fosters effective competition in this industry.
>
> Since 1976, this Committee has worked very hard to fashion a new, national telecommunications policy based on more competition and less regulation. Along the way, we have closely examined this industry. We have learned where competition exists and where it does not. We have learned about the tendencies and practices of regulated firms and firms with enormous market power. S. 898, unfortunately, fails to heed these lessons.

That is why you have to take a little time with respect to the call by our distinguished majority leader to lay before the Senate the bill for consideration, to make certain that Senators understand, learning through the hearings and the experience of Senators on both sides of the aisle, working in this field, that there have been lessons.

> Instead of a clear policy statement based on sound evidence, the Committee has reported muddled, imprecise legislation based on untested theory.
>
> While I too, favor more competition and less regulation, these objectives cannot be followed blindly. Market realities and real life firm practices must come into play. It is here where S. 898 most has problems. The legislation ignores the fact that while there are competitors to A.T. & T. in the transmission capacity market, there is not yet, nor will there soon be effective competition.

While there is competition in terminal equipment there is no competition in long distance service and local service.

So it is not an either/or or very clear picture upon which to draw conclusions, and that is why it takes time and it takes understanding.

> The legislation ignores the fact that regulated firms that possess significant market power have incentives and opportunities to use this power to the detriment of users and competitors. Any policy that is based on such misconceptions cannot be sound.

While there is competition in terminal transmission capacity market there is not yet nor will there soon be effective competition.

You have to go and read the letters that were presented in the case from the various heads of companies. There is a letter from Esmark. There are letters from Lockheed, the Ford Motor Co., and General Electric.

We are going to come back here and have plenty of time. Let us look at the General Electric Corp.—there is none finer—I know them well. In fact, I know the people on the board of GE are on the board of A.T. & T.

The GE letter states:

> The bill assumes that viable competition is readily available in all telecommunications markets. This simply is not the case. It is our opinion that competitive alternatives are available in less than 20 percent of the overall market.

That is what General Electric, one of the particular users, is telling us.

Let us look at some more of these letters. I am sure that these are all good letters, and they do not give a lopsided view.

Let us take Lockheed, for example, the company that Congress believes in because we gave them a loan guarantee. I remember well chairman of the board, Dan Holton.

I remember going out to Sunnyvale some 20 years ago with Mr. Eugene Root, the vice president, Mr. Herschel Brown, and Mr. Stan Burrows who was then in charge of the development of the Polaris missile, and they had PERT, projects engineering research and testing, and they would find out what they want in the end instance and then item by item, product by product, manufacturing process by manufacturing process, come down and back into the original item and find out how to really get into this advance technology.

It was the most fantastic thing that a lay person like myself could see. We have Lockheed in my State and they are in the Senator's State. They are good operators, and I am reading here just one of the parts of his letter.

> We do not believe that the present level of competition is adequate and it may take another 3 to 5 years for it to reach the point where we can really feel that effective competition exists.

They are a good company. They do not want a monopoly. They do not want to wait forever, but they would like to see the market itself develop into a competitive market and in the next few years just as they are coming in. This one decision by MCI cleared a lot of decks with respect to the predatory practices and everything else. When you get a $1.8 billion verdict against you, you begin to sort of clean up your act and you are a little bit more careful than you were originally.

So they come in and they say that it is not a competitive market and they pray in the consideration of this particular bill that Congress hold up on certain parts of it for a 3- to 5-year period so you can get into competition and have a proper market develop. I am reading from Ford Motor Co.'s letter.

> For the past few years, Ford Motor Company has increasingly endeavored to utilize less costly competitive services and equipment but less than 15 percent of our 1980 voice transmission expenditures were non-Bell. In some cases, of course, there is no viable option for Bell services.

This is not a politician about competition. This is Ford Motor Co.

> In other cases, A.T. & T.'s marketing resources make it more attractive to choose their alternative. In either situation, the achievement is far below that which we would expect in an effective competitive environment.

Mr. BAKER. Mr. President, will the Senator yield to me without losing his right to the floor?

Mr. HOLLINGS. I am glad to yield to the distinguished majority leader without losing my right to the floor, it being clearly understood that I am still engaged in my first talk and the same legislative day under rule XIX, whether or not to lay for consideration S. 898.

Mr. BAKER. Mr. President, I include all those conditions in my unanimous-consent request in preparation for the announcement I am about to make.

Mr. President, I am prepared to go off this debate on this motion and have a brief period for the transaction of routine morning business. There are some items that we can dispose of that are noncontroversial I believe.

If the Senator has no objection, I am prepared at this time to ask unanimous consent to go into morning business. If the Senator is prepared to do that, let me frame the request so the Senator will know what he is dealing with.

ORDER FOR ROUTINE MORNING BUSINESS TODAY

ORDERS FOR MONDAY

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business to extend not longer than 15 minutes in which Senators may speak. I further ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. on Monday. Further, I ask unanimous consent that on Monday after the recognition of the two leaders under the standing order and any special orders and after the transaction of a brief period for routine morning business, which will be provided for hereinafter, that the Senate resume consideration of the motion to proceed to S. 898, Calendar Order No. 235, and that at that time the Senator from South Carolina be recognized to resume debate on this measure and that the debate at that time be considered as his first speech in the same legislative day under the provisions of rule XIX.

Mr. HOLLINGS. I thank the Senator.

Mr. GOLDWATER. Mr. President, reserving the right to object, and I shall not object, I am informed that there are seven Senators on this side of the aisle who request a hold on this bill, and I think there are eight Senators on the other side.

Does the request for hold have any bearing on this bill?

Mr. BAKER. Mr. President, my friend from Arizona who has been in the Senate a lot longer than I have and is much wiser than I am will recognize I am sure that——

Mr. GOLDWATER. I am just much older. That is all.

Mr. BAKER. No. And much wiser.

I am sure he will recognize that one of the prime responsibilities of the leadership, whether it is Republican or Democratic leadership, is to try to arrange an orderly schedule of the affairs of the Senate.

Sometimes it is necessary to give weeks of advance notice on when matters will come up.

I think I have perhaps even had conversations with the Senator from Arizona about the urgency in scheduling this piece of legislation.

A month ago I indicated that we would consider this bill at sometime in early October. Two weeks ago I indicated in letters to a number of Senators and made an announcement at the chairmen's meeting of the policy luncheon that I would do so sometime on or after October 1 and before the recess of October 7.

It is true that a number of Senators on this side and the Senator will be interested to know that a number of Senators on the other side as well I believe indicated they did not wish that to occur and asked for holds on the bill.

But at some point it is simply necessary to proceed.

I have no desire whatever to rush this to the detriment of the position of any Senator.

But I must apologize to my friend from Arizona and say that I think that we simply have to do this bill, and that is why I made the motion that I made.

Mr. GOLDWATER. Mr. President, reserving the further right to object, and I shall not object, I just wish the leader to make that clear. I understand it perfectly.

If the leader will allow me a letter was sent around to colleagues this morning indicating that I was considering not putting up my amendments. That is just wrong as wrong can be. I am going to call them up and I will not concede one bit the amendments were sneaked in, and I am going to get them out in the bright light of day.

Mr. BAKER. I have no doubt of that.

Mr. HOLLINGS. Mr. President, reserving my right to object, and I shall not object, all the distinguished majority leader has said is absolutely true with the notice of the chairman and everything else of that kind. But we just did not have the complete bill.

Mr. BAKER. Yes.

Mr. HOLLINGS. We did not really get it all, in essence, from the Judiciary and Commerce Committee staffs until today. Some of it was given as shown by letters to the private sector before Senators received it.

All I am trying to do this afternoon and next week is just see where I am and what amendments would be intelligent and substantial amendments. We are not trying to filibuster the bill. But we wish to give proper consideration so colleagues can really look at it and reflect on it.

Mr. BAKER. I understand that and I am sympathetic to the point of view expressed by the Senator from Arizona and the Senator from South Carolina. I reiterate I am not going to hurry anybody. I would like them to know—there is an old saying in Tennessee "I ain't got no dog in that fight." All I want to do is to try to get this bill up and disposed of in an orderly way. I am not trying to choose up sides on any amendment or on the bill itself. But it is my responsibility to try to dispatch the business of the Senate in an orderly way.

I do not think, Mr. President, that there is anything else that is required to protect the Senator from South Carolina, and if there are no other reservations, I would now repeat my request.

The PRESIDING OFFICER (Mr. ABDNOR). Without objection, it is so ordered.

Mr. BAKER. I thank the Chair.

ROUTINE MORNING BUSINESS

Mr. BAKER. Now, Mr. President, we are in morning business; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. BAKER. I yield the floor.

The PRESIDING OFFICER. The Senator from North Carolina.

TEMPORARY DELAY OF THE OCTOBER 1, 1981 INCREASE IN THE PRICE SUPPORT LEVEL FOR MILK

Mr. HELMS. Mr. President, I send a bill to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the bill by title.

Mr. PROXMIRE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard. The clerk will state the bill by title for the information of the Senate.

The assistant legislative clerk read as follows:

A bill (S. 1697), to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

Mr. PROXMIRE. Mr. President, I object to the immediate consideration of this bill.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. Mr. President, in this connection this is the so-called delay of the increase in the milk price supports, and the objection is noted and, of course, I am not going to make any effort to proceed and press the point at this time.

I will say, however, that the House of Representatives, I am told, will proceed with this matter today. I talked to the minority leader a moment ago and he indicated that they should be in a position to consider this measure, and identical measure, by the way.

May I make this further inquiry of the minority leader or the Senator from Wisconsin: Is it worthwhile for the Senate, in your view, to remain in session to receive that message from the House or would there still be some objection to the House-passed measure if we stay in session?

Mr. PROXMIRE. I fully appreciate the problem of the administration and the leadership. But this is something that has a very, very serious effect on dairy farmers, and I just do not have any alternative except to object. This will be discussed in some detail if it is brought up.

Mr. BAKER. I thank the Senator.

Mr. PROXMIRE. Under any circumstances.

Mr. BAKER. I appreciate his point of view.

Mr. President, I have no desire to prejudice that point of view or the rights of any Senator, so I will not pursue the matter.

Mr. HELMS. Mr. President, I thank the able majority leader and I thank the Senator from Wisconsin. I would just point out that $1 million a day of the taxpayers' money is involved in this.

Mr. President, on Friday, September 18, the Senate accomplished what many observers and wags had declared impossible: The Senate passed a farm bill that meets the test of the budget constraints under which we have all had to labor this year.

Included in our farm bill was a minimum level of price support for milk at 70 percent of parity. A proviso to that requirement stipulates that such support cannot be less than $13.10 per hundredweight of milk. Adjustments can be made annually by the Secretary when certain conditions of Federal expenditure are met.

Earlier this year when the Congress passed the 1981 Omnibus Budget Reconciliation Act, it provided that price supports are to be set a minimum of 75 percent of parity. It was anticipated at that time that the new farm bill would have been passed by October 1, and support levels would be governed by the provisions of the new law.

In the absence of final action on the farm bill, the Budget Reconciliation Act provides that the Secretary must increase milk price support levels by about 40 cents per hundredweight from current levels. When the farm bill finally passes it is intended by the Senate that support levels will be decreased to the level adopted by the Congress, thus overriding the Reconciliation Act.

As Senators know, the House has not yet acted on the new farm bill. As a consequence we are confronted with the necessity for the Secretary to increase the milk price supports unless we adopt an interim measure to allow the Secretary to withhold on that until the Congress passes the new farm bill.

This kind of seesawing in price supports can only be detrimental to the sound functioning of the dairy industry. The instability introduced into the dairy market would seriously disrupt the individual farmer's and handlers' marketing decisions. CCC stocks would certainly increase, and even greater quantities of milk products could be sold to the Government. Such a development could serve to reduce commercial stocks and as a result retail prices of dairy products could increase unnaturally.

If the supports are allowed to increase on a short-term basis, certain entities in the industry could use the Government as a storage mechanism by selling its products to the CCC. A handler, for instance, could sell large amounts of his stocks to the CCC. Then, after the passage of the new farm bill—when a new and lower support level would be enacted into law—the handler could purchase back some of these stocks; he would do so at 110 percent of the lower support price. This means that the handler would actually be paying a price substantially less than he sold it to the Government in the first place. The net result of such a transaction is that the Government would be incurring the additional cost of storage and not the handler. This means that Government expenditures for the dairy program could increase.

Now, this is a situation which will cost the taxpayers at least $10 million per week—but which will not accrue to the advantage of the dairy farmers. This kind of transaction would be an additional burden on a program which we have tried to make more fiscally sound. Because of the potential for serious—but lawful—abuse of the situation created by the delay in the passage of the farm bill in the House, the dairy program would have to carry a potentially embarrassing and unnecessary burden.

Mr. President, the bill would also extend the time to carry out a national wheat marketing quota referendum pursuant to section 336 of the Agricultural Adjustment Act of 1938. The Secretary of Agriculture has also requested this provision.

Unless new farm legislation is enacted by October 15, 1981, the Secretary will be required to conduct a national referendum of eligible wheat producers to determine whether they favor establishment of a national marketing quota for wheat for the marketing year beginning June 1, 1982. The original date for conducting such a referendum—August 1, 1981—was delayed to October 15, 1981 by Public Law 97-24, enacted July 23, 1981.

As I have said, it is not clear at this point that the farm bill can be enacted before October 15. Therefore, this bill would prevent a costly, confusing, and unnecessary exercise. The Department of Agriculture estimates that the total cost of preparing for and conducting a wheat referendum would be about $4.8 million.

I urge adoption of this bill so that we might avoid that kind of difficulty. I do so in my capacity as chairman of the Committee on Agriculture, Nutrition, and Forestry because it is a necessary part of the overall consideration the Senate has given to the farm bill.

I ask unanimous consent that a letter from Secretary of Agriculture Block to Senator HATFIELD be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., September 23, 1981.

Hon. MARK O. HATFIELD,
Chairman, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As you know, the Senate recently passed the Agriculture and Food Act of 1981. However, it is not certain that new farm legislation will be enacted by October 1, 1981. Therefore, I seek your assistance in delaying implementation of permanent legislation concerning the dairy and wheat price support programs by including the attached language in the continuing resolution that your Committee is scheduled to consider today.

While there are different views in the Congress concerning the appropriate milk price support level for the next four years, there is virtually no disagreement that the price support should remain at the current level of $13.10 per hundredweight for fiscal year 1982. This is necessary to bring the cost of the program under control for the benefit of farmers and consumers alike. Without the immediate adoption of the attached language which would maintain the current level of milk price support pending enactment of new farm legislation. I would be required to raise the current level by nearly 50 cents per hundredweight on October 1, 1981. Such an increase is not acceptable to the Administration. It would confuse dairy farmers, increase government outlays, add administrative burdens, and impose additional costs on the consumer.

In addition, unless new farm legislation is enacted by October 15, 1981, I will be required to conduct a national referendum of eligible wheat producers as to whether a marketing quota is to be established next summer. I am confident that once new farm legislation is enacted there will be no provision for wheat marketing quotas, which have not been in effect for over two decades. Conducting such a referendum would be costly, confusing, and unnecessary. Thus, I urge you to include in the continuing resolution language to delay the final date for conducting such a referendum.

Mr. Chairman, I appreciate your immediate consideration of these essential matters.

Sincerely,

JOHN R. BLOCK,
Secretary.

THE 1981 FARM BILL

Mr. PROXMIRE subsequently said: Mr. President, I will only take a couple of minutes. I do want to explain that the reason I objected to the attempt to act, in effect, on the 1981 farm bill prematurely was because that bill is an absolute disaster for the Nation's dairy farmers. I think we should have clearly in mind what the effect of acting on that bill now would be.

It is clear that if we do that, the 1949 law, the basic underlying law, which provides for 75 percent of parity for dairy farmers, will be overtaken by the action that we took a few weeks ago and that would mean the dairy farmers would be frozen at $13.10, instead of going to $13.56.

I realize this is inconvenient for the Department of Agriculture. But we certainly should not prematurely judge what the House is going to do. They may not proceed along the course we did.

What has been done to the dairy farmer is to freeze that $13.10 level for milk for the rest of this year, for all of 1982, for all of 1983, and for all of 1984, which means that every single penny of inflation will have to come out of his net income.

As I said before, the University of Wisconsin figures that means the average dairy farmer will lose 70 percent of his net income, an absolute disaster. There is no other farmer, there is no other businessman, no worker, nobody in this country, no group, at least, that is being asked to make that kind of sacrifice.

For us just to go ahead and do it prematurely without action by the House is wrong—I realize it is a long shot and I realize the House might very well go along, I suppose they probably will go along with what the Senate did, but it is not certain. And whatever prospect there is that the dairy farmer might get a better break, that we might be able to get some increase above the $13.10, should not be prejudged by any action by this body.

The House has not acted yet, even on the preliminary postponement of the farm bill.

So I felt I had no other course, as a Senator from Wisconsin, except to object.

IN PRAISE OF OPERATION RESCUE

Mr. MATHIAS. Mr. President, in a period when fiscal resources at the State and local school system levels are decreasing and it has become increasingly more difficult to effectively meet the constantly expanding educational needs of children, I would like to call attention to a program which, last year, clearly demonstrated widespread support for the public schools in the District of Columbia.

Operation rescue, which was a call for active broadbased community support, clearly responds to the mandate for more effective utilization of private resources. Operation rescue also clearly reflects recently appointed School Superintendent Floretta McKenzie's stated objective to involve the community in the educational programs of the District of Columbia schools.

In March 1981, the District of Columbia public schools, in concert with a wide range of community organizations, local business and industry, religious institutions, and individuals, launched an intensive volunteer recruitment program called "operation rescue" in support of the newly implemented student progress plan.

As a result of demographic data review, elementary schools with the greatest need for additional educational support were identified and targeted for direct tutorial assistance in the areas of reading and mathematics.

In a period of less than 4 weeks, more than 1,000 volunteers were recruited to tutor in the schools. In addition to the volunteers who provided at least 4 hours a week of instructional enhancement services to local schools, corporations provided loan executives to support the coordinator in this massive recruitment, orientation, and placement effort.

It is remarkable that of the 1,000 tutors who were initially recruited, approximately 700 remained with this program for the entire period of operation, and evaluation indicated that of those polled, 93 percent were willing to return. Over 50 percent of the tutors were employed and had to program their tutoring hours into their work schedules. Further, many of the target schools are in the sections of the city where traditionally it has been very difficult to place and retain volunteers who were not residents of that area.

The metropolitan Washington corporate community was extremely supportive in this effort. Five corporations loaned executives to assist in coordination, public relations, and administrative support on a full-time basis. Additionally, both public and private agencies provided release time for one or more employees to serve as tutors. Indeed, members of the staff of both Senators and Congressmen also responded to the call for support.

The positive coverage provided by the media was also instrumental in the success of operation rescue. Editorials and public service announcements on television, radio and in the newspapers were a critical element in the enormous recruitment drive.

Probably the greatest indication of the success of the program, however, is the support it received from the school staff. Operation rescue was a mechanism for the development of a model for providing nonprofessional support for the instructional team in a school. It also expanded the perceptions of the role of the community as a direct support in the education process.

Beyond the additional help they received for their pupils, school staff were pleased by the good public relations afforded them by operation rescue. Principals commented that citizens whose previous contact with the public schools had been only through what they read in the papers were now able to see firsthand that the schools were orderly, teachers were teaching and pupils were learning.

As operation rescue begins its second phase this fall, the thrust of the program is toward institutionalization of the kinds of support that were provided on an emergency basis last year. With more reductions in Government assistance to the schools, it is crucial that community support be available on an on-going basis and not just as an ad hoc response to each developing crisis.

To this end, operation rescue—phase II will continue to expand the kinds of services used in last year's program. A goal has been set again this year to recruit sufficient volunteers to meet the needs of children identified first in the 40 schools involved last year. A waiting list is developing for new schools that wish to register for rescue services. A large number of educational, religious, and community organizations have been asked to help in this recruitment effort. Corporations will again provide loan executives to staff the office. A local public relations firm has agreed to take on operation rescue as an account in the early months when public awareness of the program is critical. A graphic arts firm has taken over the task of producing public service announcements.

The Washington Urban League, as a community partner and catalyst for this effort, will be providing assistance to the project in recruitment and media coordination and will serve as cosponsor of the program.

Operation rescue—phase II purposely remains on a small budget, with a small staff, and without Government funding. The successful implementation of last year's program on short notice with tremendous contribution from the private sector was a clear indication that the community has a wide range of untapped resources which can and must be called on to support public education.

THE AWACS ISSUE

Mr. MATHIAS. Mr. President, the AWACS issue is not simply a question of whether it is advisable to supply highly-sophisticated reconnaissance aircraft to another nation located in a volatile area of the world. Of far greater importance are the underlying purposes and consequences of the action. The AWACS sale is of enormous consequence because it is both the symbol and bona fides of a national commitment by the United States to Saudi Arabia.

National commitments should not be the result of unintended, incremental entanglements; nor should we back into a national commitment without fully realizing the consequences of each important action. The Vietnam entanglement grew step by small step over a period of years, until we found ourselves enmeshed almost inextricably with the fate of Vietnam. In the aftermath of that experience, we examined how the United States had committed itself so deeply. In the examination of the Vietnam era, we took steps to prevent any national commitment from being made except through the full and considered exercise of constitutional processes.

Some of the Senate will recall that in 1968 the Senate passed the national commitments resolution, which stated that the United States could not enter into a binding national commitment to another nation except by "treaty, statute or joint resolution." We are clearly now considering a national commitment to another nation. The AWACS sale is in fact a step of enormous consequence. It is the symbol and reality of our relations with the nations of the Persian Gulf, with Israel, and it has an important bearing on our relations with the Soviet Union.

The AWACS sale is as important as any treaty we have entered into in recent years.

I urge the Senate to look on this issue as an important constitutional question and as a grave step of fundamental policy importance.

The Senate should be able to answer three broad questions:

First, how are our strategic interests affected? This question assumes a strategic policy for the Mideast of which this decision, positive or negative, will be component.

Second, how will this sale enhance regional stability and how will it enhance our relations with the other nations in the area? This question again requires definition of our comprehensive strategy.

Third, how will the sale improve the chances for an Arab-Israeli settlement? This question necessarily relates the sale to the context of the Mideast peace process of which it will be a part, whether approved or rejected.

We must be able to answer these questions before entering into this national commitment with Saudi Arabia. The full exercise of the constitutional process of study, debate, review, and a vote are required.

ENERGY

Mr. MITCHELL. Mr. President, in President Reagan's recent speech to the Nation on the economy, he called for sacrifices by all members of our society. While the details of the President's new plan have not been revealed, documents prepared by the Department of Energy make one thing very clear: We are being asked to further downgrade energy conservation as a means of reducing our dependence on foreign oil imports.

This administration has been implementing a sharp reversal in energy policy under the guise of budget policy. In the first round of budget cuts, the President requested an incredible 80-percent reduction in the Federal conservation budget. The Congress, preferring a more balanced energy policy, approved a 44-percent reduction in authorizations for these programs. Even this cut was much greater than most other programs had to absorb. Clearly, energy conservation has taken its share of cuts.

But the administration is not satisfied. The Treasury Department proposes to eliminate the residential and business energy tax credits for conservation and alternative energy expenses. The fact sheet accompanying the President's speech refers to a similar proposal.

A second document, which the Department of Energy prepared to comply with OMB budget targets for fiscal year 1983, deals a further blow to Federal support for conservation. One of the options reflects an additional 84-percent cut, on top of the cuts already enacted. This would involve termination of almost all conservation activities, including the low income weatherization program.

Perhaps the administration is seeking to cease Federal conservation efforts because the relative calm in the world oil markets has made a strong national energy policy seem less urgent. If anything, recent history shows that becoming complacent about energy policy now will only hurt us when the next supply disruption occurs.

Furthermore, the current world oil glut underscores the importance of conservation. Over the first 6 months of 1981, the United States was importing 20 percent less than it was a year earlier. The United States was able to do this in spite of a 1-percent decline in domestic oil production. Total domestic oil consumption declined 6.7 percent compared to the first 6 months of 1980. This decline was partly due to a sluggish economy, but greater conservation efforts contributed significantly.

As important as conservation is nationally, it is even more important in a State such as Maine. Nearly 57 percent of Maine's total energy supply comes from foreign oil. This amounts to a drain of over $1 billion a year from Maine's economy. Thus, not only do Maine's consumers bear the burden of rising oil prices, but the outflow of purchasing power costs us dearly in lost jobs and income.

It is no surprise that Maine, which had the second highest average household energy expenditure in 1980, has led the Nation in conservation efforts. Although the high cost of fuel has been the prime motivating force, Federal conservation efforts have clearly played an important role.

A good example is the residential energy conservation credit. In 1978, the first year in which the credit was available, almost 32,000 Maine households took advantage of it. This credit supported $26 million in conservation expenditures. Preliminary data for 1979 indicate that the number of households using the credit jumped to 36,000. This number will certainly increase as more people become aware of the credit and of the opportunities for conservation.

Few incentives can be as broad based as this tax incentive. It has the potential to reach every household that has a tax liability. Furthermore, it provides an added incentive to conserve and the additional financial resources necessary to make the investment. The administration acknowledged the value of this credit in its initial budget proposals when it cited the energy credits as a reason for cutting back on direct spending programs.

The business energy tax credits are just as important to Maine's energy future. As with conservation, renewable energy development can displace foreign oil and strengthen Maine's economy. Two of Maine's leading renewable energy sources have been aided significantly by the tax credits.

These credits have created necessary financial incentives and have opened up access to capital that often is not available to development of alternative sources of energy.

Many of the spending programs that may be shut down have provided similar assistance to Maine's efforts to encourage conservation and renewable energy sources. In addition to providing financial incentives, these programs spread valuable information on the possibilities for gains in energy efficiency through conservation. Many households are unfamiliar with all the opportunities to save energy available to them, so this service provided by the Federal Government is very valuable.

An example of a beneficial program that would have to be terminated under DOE's budget recommendations is the low income weatherization program. By serving low income households, this program addresses the needs of that group of people that a market-oriented policy cannot. Low income households feel the sting of rising oil prices more than any other group, as a much greater share of the income goes to paying energy bills. Even though this gives them a great incentive to conserve, poor families often lack the financial capacity to make the conservation investments.

Far from being a welfare program, the weatherization program provides a long-term solution to the energy needs of our low income population. One study found a 27-percent savings in energy costs for each $1,000 investment program. In a cold State such as Maine, this could result in annual savings of $380 a year for a house heated by oil. Weatherization is clearly the most effective means of addressing the vulnerability of low-income households to rising energy costs.

The State of Maine has one of the leading weatherization programs in the country. Roughly 17,000 units have been weatherized, with a projected need for weatherizing an additional 50,000 units. Terminating this program would deal a serious blow to Maine's conservation efforts and to the ability of low-income residents to cope with rising fuel costs.

The administration justifies its attacks on conservation on the grounds that the market provides sufficient incentives to resolve our energy problems. Presumably, the administration's energy policy is predicated on reducing Government's role in energy markets. Yet its actions belie its words on this issue.

The administration apparently has more faith in the ability of consumers to act in the free market than it has in oil producers and the nuclear power industry. During the House debate on the tax bill, the administration backed $16 billion in tax breaks under both the windfall profit and the corporate income taxes. Most energy analysts express considerable skepticism over the likely impact of these benefits on oil production. More importantly, the administration's action illustrates the inconsistency in their free market approach to energy policy.

The same applies to its policy on nuclear energy. Although the administration has withdrawn subsidies for conservation activities and renewable energy development, it continues to press for funding of the Clinch River nuclear breeder reactor. This decision is highly questionable on substantive grounds. But it is also another example of the administration's inconsistent approach to energy policy, an inconsistency acknowledged by David Stockman before he joined the administration.

What emerges is an energy policy that attempts to solve our problems through greater production. Yet even the administration's own forecast, contained in its national energy plan, foresees a decline in domestic oil production over the next several years. It is not surprising that this same plan forecasts little or no progress in reducing our dependence on foreign oil.

As a Senator from a State that feels the effects of this dependence more than most, I strongly urge Congress to pursue a more balanced energy policy that included a strong emphasis on conservation. Perhaps the signals that the administration has sent on the conservation programs and tax credits will eventually be renounced. If not, I will fight efforts to reduce our conservation efforts and seek a more balanced policy.

It is true that energy consumers do have enormous financial incentives to invest in conservation. Yet they do not always have the necessary information or financial resources to do so. Furthermore, their decisions do not incorporate the additional benefits to the nation that would result from a lower level of oil imports.

We do not have to sacrifice our budget goals to pursue a more sensible energy policy. We could start by reclaiming the $12 billion in Federal revenues lost due to the oil industry tax breaks enacted earlier this year. We could also examine other tax breaks that have been available to oil producers for years.

As if it needed further proof, the administration's approach to raising revenues reveals its bias for production incentives. Of the $6.6 billion in income tax revenues lost due to all energy-related tax provisions in fiscal year 1981, 84 percent, or $5.5 billion is due to subsidies for conventional fuels. Yet in its budget cutting the administration focused only on the remaining 16 percent that is devoted to encouraging conservation and renewable energy sources. Surely the other 84 percent should be subjected to the same scrutiny.

Another positive step would be to terminate the Clinch River breeder reactor. In addition to aiding our fiscal efforts, this move would be a significant improvement in our national nuclear energy policy. Continuing with Clinch River raises all of the unsettled questions of expanded nuclear power development, including the disposal of radioactive waste, operational safety, and the spread of weapons grade nuclear material. Furthermore, even if we wish to develop breeder technologies, there are many reasons to doubt the adequacy of the Clinch River project to accomplish this goal.

Once these steps have been taken, we would not have to sacrifice our conservation efforts, which have already borne their share of budget cuts. We must preserve our energy security.

DR. ALTON OCHSNER

Mr. ABDNOR. Mr. President, a distinguished native son of South Dakota and outstanding American died last week in New Orleans, La.

Great, and deserved, tribute is being paid the memory of Dr. Alton Ochsner whose pioneer work in the 1930's first linked smoking with lung cancer.

Dr. Ochsner's parents came to South Dakota in a covered wagon and his father ran a general store in Kimball. He later attended the University of South Dakota which last year honored him by establishing a surgical chair in his name.

A professor of surgery at Tulane University before establishing the Ochsner Clinic in New Orleans, Dr. Ochsner gained world renown as a heart surgeon. While setting demanding professional standards for himself, his colleagues, and his students, he never lost sight of the importance of treating each of his patients as an individual.

Dr. Ochsner, like a good many South Dakotans, also took his citizenship responsibilities very seriously and was very outspoken in his views.

All South Dakotans are proud of his achievements and of him as a friend and neighbor who valued the importance of being a friend and neighbor. All Americans have benefited from his skills and his courage.

I submit for the RECORD an article from the Washington Post of September 25, 1981.

The article follows:

DR. ALTON OCHSNER DIES; PIONEER IN LUNG CANCER

NEW ORLEANS.—Dr. Alton Ochsner, 85, a heart surgeon who is credited with first linking smoking to lung cancer in the 1930s, died Thursday.

He had undergone surgery for a heart ailment Sept. 5, at the Ochsner Medical Foundation Hospital, which he founded in 1942 and directed for 24 years.

Dr. Ochsner performed 20,000 operations during his career, acting as physician to such notables as Argentine President Juan Peron, golfer Ben Hogan and actor Gary Cooper.

He began studying a possible link between smoking and lung cancer in 1936, when as professor of surgery at Tulane University's school of medicine he saw a dramatic rise of cancer cases. Two years later, he addressed a convention of the American College of Surgeons, of which he later was president, in New York City and said his studies showed cancer and smoking were related.

At 21, Dr. Ochsner recalled, he smoked half a pack of cigarettes and "got very sick." He never again smoked. He said he saw his first case of lung cancer as a medical student at Washington University in St. Louis in 1919. His professor at the time told him it was such a rare disease that he was unlikely to see another case, he said.

He stopped performing operations at 70, in accordance with a rule he set for surgeons serving under him at Ochsner Hospital.

Dr. Ochsner was known for his outspoken views and political conservatism. He issued blistering attacks on communism, as well as the complacency and poor health habits of Americans.

Survivors include his second wife, Jane Kellogg Sturdy Ochsner, three sons, all doctors, Alton Ochsner Jr., John Lockwood Ochsner, and Mims Gage Ochsner, and a daughter, Sis Mann.

WALT DISNEY WORLD TENCENNIAL

Mrs. HAWKINS. Mr. President, for 10 years, the State of Florida has had the great pleasure of playing host to the most sparkling and ingenious entertainment creation in the history of humankind. It is with a special thrill that at this time I have the opportunity to express the gratitude and the joy that people throughout the world feel upon the sound of the word "Disney World."

Tomorrowland; Main Street, U.S.A.; Frontierland; Liberty Square; Adventureland; and Fantasyland have become legend. Their magic weaves memories and moments the like and the wonder of which exists nowhere else on this Earth. For young and old, images of this oasis in the midst of wooded and lake-caressed Florida will never fade.

Walt Disney World has grown to mean so much to so many. Autumn winter, spring, summer it is the mecca of over 14 million pilgrims who know the incomparable mystery that dwells here. Aboard riverboat, on pirate ship, roller coaster, mountaintop. Over 126 million people have laughed inside your gates and some 15,000 friends work to make this wondrous entertainment gem the shining place it is.

The State of Florida is now one of the greatest entertainment centers in the world, resplendent with the diamond genius of Disney.

Congratulations, Walt Disney World, for your gleaming past and the best of wishes for your experimental prototype community of tomorrow. The starry future holds for you untold treasures of adventure and entertainment.

On this day beginning the Tencennial of Walt Disney World, I join the people of Florida and the United States in saying, "Thank you." Thank you for the joy and happiness you have brought to so many. Thank you for the unequaled excitement you have given us, and for the great opportunity that you bring this land that we love so much.

And, most importantly, we thank you for making us smile. You own our hearts.

AUTHORIZATION FOR CERTAIN ACTION DURING RECESS

Mr. BAKER. Mr. President, I have a number of requests I would make at this point.

Mr. President, I ask unanimous consent—and I believe all of these have been cleared—that during the recess of the Senate on Friday, October 2, 1981, messages from the President of the United States and the House of Representatives may be received by the Secretary of the Senate and appropriately referred, and that the Vice President, the President pro tempore, and the acting President pro tempore be permitted to sign duly enrolled bills and joint resolutions.

Further, Mr. President, I ask unanimous consent that until 5 p.m., today, Senators be permitted to introduce bills, resolutions, and statements, and that committees be authorized to file reports.

The PRESIDING OFFICER. Without objection it is so ordered.

CONSENT TO THE AGREEMENT BETWEEN KANSAS AND MISSOURI ESTABLISHING THEIR MUTUAL BOUNDARY

Mr. BAKER. I ask unanimous consent that the Senate proceed to the consideration of H.R. 4048, an act granting the consent of Congress to the agreement between the States of Kansas and Missouri, and I ask that the bill be considered as if having been read twice by title.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4048) granting the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near Saint Joseph, Missouri, and Elwood, Kansas.

The Senate proceeded to consider the bill.

The bill (H.R. 4048) was ordered to be read a third time, was read the third time, and passed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VETERANS' COMPENSATION AMENDMENTS OF 1981

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 917.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 917) entitled "An Act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and the other purposes", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That (a) this Act may be cited as the "Veterans' Compensation Amendments of 1981".

(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

RATES OF DISABILITY COMPENSATION

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$58";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$109";

(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "$165";

(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$229";

(5) by striking out "$291" in subsection (e) and inserting in lieu thereof "$325";

(6) by striking out "$367" in subsection (f) and inserting in lieu thereof "$415";

(7) by striking out "$434" in subsection (g) and inserting in lieu thereof "$505";

"(8) by striking out "$503" in subsection (h) and inserting in lieu thereof "$595";

(9) by striking out "$566" in subsection (i) and inserting in lieu thereof "$680";

(10) by striking out "$1,016" in subsection (j) and inserting in lieu thereof "$1,131";

(11) by striking out "$1,262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,405" and "$1.968", respectively;

(12) by striking out "$1.262" in subsection (l) and inserting in lieu thereof "$1.405";

(13) by striking out "$1,391" in subsection (m) and inserting in lieu thereof "$1.548";

(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1.760";

(15) by striking out "$1.768" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$1.968";

(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$845" and "$1.258", respectively;

(17) by striking out "$1.137" in subsection (s) and inserting in lieu thereof "$1,265", and

(18) by striking out "219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively. consistent with the increases authorized by this section. the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended—

(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";

(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";

(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$154";

(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$193" and "$38", respectively.

(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";

(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";

(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$124" and "$38", respectively.

(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";

(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade	*Monthly rate*	*Pay grade*	*Monthly rate*
E–1	$415	W–4	$595
E–2	429	O–1	525
E–3	439	O–2	542
E–4	466	O–3	581
E–5	480	O–4	613
E–6	491	O–5	677
E–7	514	O–6	761
E–8	542	O–7	825
E–9	[1] 568	O–8	904
W–1	525	O–9	971
W–2	546	O–10	[2] 1,062
W–3	562		

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $611.

[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,139.".

(b) Subsection (b) of such section is amended by striking out "$43" and inserting in lieu thereof "$48".

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$302";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$390"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$390" and "$79", respectively.

RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMITY COMPENSATION FOR CHILDREN

SEC. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS

SEC. 204. (a) Section 413 is amended by inserting "(a)" before "Whenever", and by adding at the end thereof the following new subsection:

"(b) If dependency and indemnity compensation has been awarded under this section to a veteran's child or children and the entitlement of an additional child of that veteran to dependency and indemnity compensation under this section is later established effective retroactively, the amount payable retroactively to the additional child is the amount equal to the difference between the total of the increased award for the retroactive period and the prior total award for that period.".

(b) Section 414(c) is amended by adding at the end thereof the following new sentence: "However, if during the month in which such a child attains the age of 18 the child is also being considered to be a child below the age of 18 for purposes of additional dependency and indemnity compensation for a surviving spouse under section 411(b) of this title, the amount payable to the child for that month under this section shall be reduced by the amount payable to the surviving spouse for the same month under such section that is attributable to the child.".

TITLE III—LIFE INSURANCE PROGRAM AMENDMENTS

INCREASE IN MAXIMUM AMOUNTS OF LIFE INSURANCE

SEC. 301. (a) Section 767 is amended—

(1) in subsection (a)—

(A) by striking out "$20,000" and inserting in lieu thereof "$35,000"; and

(B) by inserting "$30.000, $25,000, $20,000" after "or (B) to be insured in the amount of";

(2) in subsection (c)—

(A) by inserting "$30,000, $25,000, $20,000" after "or to be insured in the amount of"; and

(B) by inserting "$35,000, $30,000, $25,000" after "or insured in the amount of"; and

(3) by adding at the end of such section the following new subsection:

"(d) Notwithstanding any other provision of this section, any member who on the effective date of this subsection is a member of the Retired Reserve of a uniformed service (or who upon application would be eligible for transfer to the Retired Reserve of a uniformed service) may obtain increased insurance coverage up to a maximum of $35,000 (in any amount divisible by $5,000) if—

"(1) the member—

"(A) is insured under this subchapter on the effective date of this subsection; or

"(B) within one year after the effective date of this subsection, reinstates insurance under this subchapter that had lapsed for nonpayment of premiums; and

"(2) the member submits a written application for the increased coverage to the office established pursuant to section 766(b) of this title within one year after the effective date of this subsection.".

(b) Section 777(a) is amended—

(1) by striking out "or $20,000" in the first sentence and inserting in lieu thereof "20,000, $25,000, $30,000, or $35,000";

(2) by striking out "$20,000" in the second sentence and inserting in lieu thereof "$35,000"; and

(3) by striking out "$20,000" both places it appears in the fourth sentence and inserting in lieu thereof "$35,000".

COLLECTION OF AMOUNTS FOR SERVICEMEN'S GROUP LIFE INSURANCE PROGRAM

SEC. 302. Section 769 is amended by adding at the end the following new subsection:

"(f) The Secretary of Defense shall prescribe regulations for the administration of the functions of the Secretaries of the military departments under this section. Such regulations shall prescribe such procedures as the Secretary of Defense, after consultation with the Administrator, may consider necessary to ensure that such functions are carried out in a timely and complete manner and in accordance with the provisions of this section, including specifically the provisions of subsection (a)(2) of this section relating to contributions from appropriations made for active duty pay.".

BENEFICIARY'S RIGHT TO ELECT ONE-SUM PAYMENT

SEC. 303. (a) The second sentence of section 717(c) is amended to read as follows: "However, the first beneficiary may elect to receive payment under any option which provides for payment over a longer period of time than the option elected by the insured, or if no option has been elected by the insured, may elect to receive payment in one sum or under any option which provides for payment over a period of thirty-six months or any longer period.".

(b) Section 752(a) is amended—

(1) by inserting "in one sum or" in the second sentence after "payment of the insurance"; and

(2) by adding at the end the following new sentence: "Notwithstanding any provision to the contrary in any insurance contract, the beneficiary may, in any case in which the insured has not exercised the right of election of the insured as provided in this subchapter, elect to receive payment of the insurance in one sum.".

(c) The Administrator of Veterans' Affairs shall notify each individual who on the date of the enactment of this Act is insured under a National Service Life Insurance policy or a United States Government Life Insurance policy of the amendments made by this section and shall provide each such individual with the forms necessary for election of a mode of payment of the insurance (or to change an existing election of mode of payment). Such notice and forms shall be sent by regular mail to the individual's last known address as contained in insurance records of the Veterans' Administration.

(d) The amendments made by subsections (a) and (b) shall apply only to insurance maturing after March 31, 1982.

TITLE IV—MISCELLANEOUS PROVISIONS

VETERANS' ADMINISTRATION ORGANIZATION AND STAFFING LEVELS

SEC. 401. (a)(1) Section 203 is amended to read as follows:

"§ 203. Availability of appropriations and of funded personnel ceilings

"(a) Any funds appropriated to the Veterans' Administration may, to the extent provided in this title or an appropriations Act, remain available until expended.

"(b)(1) With respect to each law making appropriations for the Veterans' Administration, there shall be provided to the Veterans' Administration the funded personnel ceiling defined in paragraph (4) of this subsection and the funds appropriated therefor.

"(2) In order to carry out the provisions of paragraph (1) of this subsection, the Director of the Office of Management and Budget shall, with respect to each such law (A) provide to the Veterans' Administration for the fiscal year concerned such funded personnel ceiling and the funds necessary to achieve such ceiling, and (B) submit to the appropriate committee of the Congress and to the Comptroller General of the United States certification that the Director has so provided such ceiling. Not later than the thirtieth day after the enactment of such a law or, in the event of the enactment of such a law more than thirty days before the fiscal year for which such law makes such appropriations, not later than the tenth day of such fiscal year, the certification required in the first sentence of this paragraph shall be submitted, together with a report containing complete information on the personnel ceiling that the Director has provided to the Veterans' Administration for the employees described in paragraph (4) of this subsection.

"(3) Not later than the forty-fifth day after the enactment of each such law. the Comptroller General shall submit to the appropriate committees of the Congress a report stating the Comptroller General's opinion as to whether the Director of the Office of Management and Budget has complied with the requirements of such paragraph in providing to the Veterans' Administration such funded personnel ceiling.

"(4) For the purposes of this subsection, the term 'funded personnel ceiling' means, with respect to any fiscal year, the authorization by the Director of the Office of Management and Budget to employ not less than the number of employees for the employment of which appropriations have been made for such fiscal year.".

(2) The item relating to such section in the table of sections at the beginning of chapter 3 is amended to read as follows:

"203. Availability of appropriations and of funded personnel ceilings.".

(b) Section 210(b) is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end the following:

"(2)(A) Except as provided in subparagraph (B) of this paragraph, any exercise by the Administrator of the authority granted under the second sentence of paragraph (1) of this section shall only be effective if (i) a plan describing the proposed exercise of authority, including a justification therefor, is submitted to the Congress, and (ii) before the end of the sixty-day period beginning on the date of such submittal neither House of Congress adopts a resolution stating in substance that it disapproves the proposed exercise of authority.

"(B) This paragraph shall not apply (i) to administrative reorganizations within any bureau, agency, or office of the Veterans' Administration that existed on the date of the enactment of this paragraph, or (ii) to any exercise of authority that involves a reduction of less than 10 percent in any fiscal year in the number of full-time equivalent employees at any Veterans' Administration office or facility.

"(C) There shall be excluded from the computation of the sixty-day period referred to in subparagraph (A) of this paragraph any day on which either House of Congress is not in session because of an adjournment of more than three days to a day certain or an adjournment of the Congress sine die.".

(c) Section 5010(a) is amended by striking out paragraph (4).

BAR TO BENEFITS

SEC. 402. (a) Section 3103 is amended by adding at the end thereof the following new subsection:

"(f)(1) Subject to paragraph (2) of this subsection and notwithstanding section 977 of title 10 or any other provision of law, any person who becomes a member of a uniformed service on or after the date of the enactment of the Veterans' Compensation Amendments of 1981 and who fails to complete at least twenty-four months of such person's initial period of enlistment or other period of obligated service is not eligible for any right, privilege, or benefit under any law administered by the Veterans' Administration (other than loan guaranty benefits by virtue of eligibility under section 1818(a)(2) of this title).

"(2) Paragraph (1) of this subsection does not apply to any person—

"(A) who is discharged or released from active duty for the convenience of the Government under section 1171 of title 10 or for hardship under section 1173 of title 10;

"(B) who is discharged or released from active duty for a disability incurred in line of duty; or

"(C) who has a disability determined to be service connected to a compensable degree.".

(b)(1) Chapter 17 is amended by inserting after section 602 the following new section:

"§ 603. Limitations on eligibility

"Eligibility for care and services under this chapter is subject to the provisions of section 3103 of this title.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 602 the following new item:

"603. Limitations on eligibility.".

(c)(1) Chapter 23 is amended by adding at the end the following new section:

"§ 909. Limitations on eligibility

"Eligibility for benefits under this chapter is subject to the provisions of section 3103 of this title.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"909. Limitations on eligibility.".

(d)(1) Chapter 24 is amended by adding at the end the following new section:

"§ 1009. Limitations on eligibility

"Eligibility for benefits under this chapter is subject to the provisions of section 3103 of this title.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"1009. Limitations on eligibility.".

(e) Section 1625 is amended by inserting "or under conditions which under section 3103 of this title bar the use of benefits" after "under dishonorable conditions".

(f) Section 1818 is amended by adding at the end the following new subsection:

"(c) In addition to the requirements of subsection (a)(1), the eligibility of a veteran who became a member of the uniformed services on or after the date of the enactment of the Veterans' Compensation Amendments of 1981 and has been discharged or released from active duty is subject to the provisions of section 3103(f) of this title.".

PRESERVATION OF PENSION OF CERTAIN BLINDED VETERANS

SEC. 403. Section 3203(a)(1)(B) is amended by striking out the period at the end and inserting in lieu thereof the following "unless the veteran is a blinded person and the case is being furnished in a Veterans' Administration blind rehabilitation center or clinic.".

EFFECTIVE DATES

SEC. 404. (a) Except as provided in subsection (b), the amendments made by this Act shall take effect on October 1, 1981.

(b)(1) Subsection (d) of section 767 of title 38, United States Code, as added by section 301(a)(3), shall take effect on October 1, 1981, or on the first day of the first month beginning more than sixty days after the date of the enactment of this Act, whichever is later.

(2) The amendment made by section 402 shall take effect on the date of the enactment of this Act.

Amend the title so as to read: "An Act to amend title 38, United States Code, to provide a cost-of-living increase in the rates of disability compensation for disabled veterans and in the rates of dependency and indemnity compensation for survivors of disabled veterans, and for other purposes.".

The Senate proceeded to consider the bill (S. 917).

UP AMENDMENT NO. 462

Mr. BAKER. Mr. President, I send an amendment to the desk on behalf of Senators SIMPSON and CRANSTON.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), for Mr. SIMPSON and Mr. CRANSTON, proposes an unprinted amendment numbered 462.

Mr. BAKER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the matter proposed to be inserted by the House amendment to the text of the bill, insert the following:

SHORT TITLE; AMENDMENTS TO TITLE 38, UNITED STATES CODE

SECTION 1. (a) This Act may be cited as the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

INCREASES IN RATES OF DISABILITY COMPENSATION

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$58";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$107";

(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "$162";

(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$232";

(5) by striking out "$271" in subsection (e) and inserting in lieu thereof "$328";

(6) by striking out "$367" in subsection (f) and inserting in lieu thereof "$413";

(7) by striking out "$434" in subsection (g) and inserting in lieu thereof "$520";

(8) by striking out "$503" in subsection (h) and inserting in lieu thereof "$604";

(9) by striking out "$566" in subsection (i) and inserting in lieu thereof "679";

(10) by striking out "$1,016" in subsection (j) and inserting in lieu thereof "$1.130";

(11) by striking out "$1.262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,403" and "$1,966", respectively;

(12) by striking out "$1.262" in subsection (l) and inserting in lieu thereof "$1,403";

(13) by striking out "$1.391" in subsection (m) and inserting in lieu thereof "$1,547";

(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1,758";

(15) by striking out "$1,768" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$1.966";

(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$844" and "$1,257", respectively;

(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,264"; and

(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

INCREASES IN RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended—

(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";

(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";

(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$153";

(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$192" and "$38", respectively;

(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";

(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";

(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$123" and "$38", respectively;

(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";

(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

INCREASES IN CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".

INCREASE IN COMPENSATION PAYABLE TO CERTAIN SEVERELY DISABLED VETERANS

SEC. 104. Section 314 is amended—

(1) in subsection (l), by striking out "both hands, or";

(2) in subsection (m), by striking out "two extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis" and inserting in lieu thereof "both hands, or of both legs at a level, or with complications, preventing natural knee action with prostheses in place, or of one arm and one leg at levels, or with complications, preventing natural elbow and knee action with prostheses";

(3) in subsection (n), by striking out "of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance" and inserting in lieu thereof "or loss of use of both arms at levels, or with complications, preventing natural elbow action with prostheses in place, has suffered the anatomical loss of both legs so near the hip as to prevent the use of prosthetic appliances, or has suffered the anatomical loss of one arm and one leg so near the shoulder and hip as to prevent the use of prosthetic appliances,"; and

(4) in subsection (o), by inserting "or if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of prosthetic appliances," after "less.".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

INCREASES IN RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade:	*Monthly rate*
E-1	$415
E-2	428
E-3	438
E-4	466
E-5	479
E-6	490
E-7	514
E-8	542
E-9	[1] 567
W-1	525
W-2	546
W-3	562
W-4	595
O-1	525
O-2	542
O-3	580
O-4	613
O-5	676
O-6	761
O-7	824
O-8	903
O-9	970
O-10	[2] 1,061

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps., or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $610.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,138.".

(b) Subsection (b) of such section is amended by striking out "$43" and inserting in lieu thereof "$48".

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$301";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$389"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$389" and "$79", respectively.

INCREASES IN RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS

SEC. 204. (a) Section 413 is amended by inserting "(a)" before "Whenever", and by adding at the end the following new subsection:

"(b) If dependency and indemnity compensation has been awarded under this section to a veteran's child or children and the entitlement to dependency and indemnity compensation under this section of an additional child of that veteran who is over the age of eighteen years and who had previously been entitled to dependency and indemnity compensation under this section before becoming eighteen years of age is later reestablished effective retroactively upon determination that such child is pursuing a course of instruction at an approved educational institution, the amount payable retroactively to the additional child is the amount equal to the difference between the total of the increased award payable under this section to the children of the deceased veteran for the retroactive period and the prior total award for such purpose for that period.".

(b) Section 3010(e) is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) Except as provided in paragraph (2) of this subsection, the"; and

(2) by adding at the end the following new paragraph:

"(2) In the case of a child who is eighteen years of age or over and who immediately before becoming eighteen years of age was counted under section 411(b) of this title in determining the amount of the dependency and indemnity compensation of a surviving spouse, the effective date of an award of dependency and indemnity compensation to such child shall be the date the child attains the age of eighteen years if application therefor is received within one year from such date.".

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT

INCREASE IN AUTOMOBILE ASSISTANCE AMOUNT

SEC. 301. Section 1902(a) is amended by striking out "$3,800" and inserting in lieu thereof "$4,400".

EXTENSION OF ELIGIBILITY FOR ADAPTIVE EQUIPMENT ASSISTANCE

SEC. 302. Section 1902(b) is amended—

(1) by inserting "(1)" before "The"; and

(2) by adding at the end the following new paragraph:

"(2) In the case of any veteran (other than a person eligible for assistance under paragraph (1) of this subsection) who is entitled to compensation for ankylosis of one or both knees, or one or both hips, the Administrator, under the terms and conditions set forth in subsections (a), (c), and (d) of section 1903 of this title and under regulations which the Administrator shall prescribe, shall provide such adaptive equipment to overcome the disability resulting from such ankylosis as (A) is necessary to meet the applicable standards of licensure established by the State of such veteran's residency or other proper licensing authority for the operation of such veteran's automobile or other conveyance by such veteran, and (B) is determined to be necessary by the Chief Medical Director for the safe operation of such automobile or other conveyance by such veteran.".

TECHNICAL AMENDMENTS

SEC. 303. Sections 1902 and 1903(b) are amended by striking out "he" each place it appears and inserting in lieu thereof "the Administrator" and by striking out "his" each place it appears and inserting in lieu thereof "such person's".

TITLE IV—LIFE INSURANCE PROGRAM AMENDMENTS

INCREASES IN MAXIMUM AMOUNTS OF LIFE INSURANCE

SEC. 401. (a) Section 767 is amended—

(1) in subsection (a)—

(A) by striking out "$20,000" and inserting in lieu thereof "$35,000"; and

(B) by inserting "$30,000, $25,000, $20,000" after "or (B) to be insured in the amount of";

(2) in subsection (c)—

(A) by inserting "$30,000, $25,000, $20,0000" after "or to be insured in the amount of"; and

(B) by inserting "$35,000, $30,000, $25,000" after "or insured in the amount of"; and

(3) by adding at the end of such section the following new subsection:

"(d) Notwithstanding any other provision of this section, any member who on the effective date of this subsection is a member of the Retired Reserve of a uniformed service (or who upon application would be eligible for assignment to the Retired Reserve of a uniformed service) may obtain increased insurance coverage up to a maximum of $35,000 (in any amount divisible by $5,000) if—

"(1) the member—

"(A) is insured under this subchapter on the effective date of this subsection; or

"(B) within one year after the effective date of this subsection, reinstates insurance under this subchapter that had lapsed for nonpayment of premiums; and

"(2) the member submits a written application for the increased coverage to the office established pursuant to section 766(b) of this title within one year after the effective date of this subsection.".

(b) Section 777(a) is amended—

(1) by striking out "or $20,000" in the first sentence and inserting in lieu thereof "$20,000, $25,000, $30,000, or $35,000";

(2) by striking out "$20,000" in the second sentence and inserting in lieu thereof "$35,000"; and

(3) by striking out "$20,000" both places it appears in the fourth sentence and inserting in lieu thereof "$35,000".

COLLECTION OF AMOUNTS FOR SERVICEMEN'S GROUP LIFE INSURANCE

SEC. 402. Section 769 is amended by adding at the end the following new subsection:

"(f) The Secretary of Defense shall prescribe regulations for the administration of the functions of the Secretaries of the military departments under this section. Such regulations shall prescribe such procedures as the Secretary of Defense, after consultation with the Administrator, may consider necessary to ensure that such functions are carried out in a timely and complete manner and in accordance with the provisions of subsection (a)(2) of this section relating to contributions from appropriations made from active duty pay.".

BENEFICIARY'S RIGHT TO ELECT ONE-SUM PAYMENT

SEC. 403. (a) Section 717(c) is amended—

(1) by striking out "Unless" in the first sentence and inserting in lieu thereof "Except as provided in the second and third sentences of this subsection, unless"; and

(2) by inserting the following new sentence after the second sentence: "In the case of insurance maturing after September 30, 1981, and for which no option has been elected by the insured, the first beneficiary may elect to receive payment in one sum.".

(b) Section 752(a) is amended by adding at the end the following new sentence: "Notwithstanding any provision to the contrary in any insurance contract, the beneficiary may, in the case of insurance maturing after September 30, 1981, and for which the insured has not exercised the right of election of the insured as provided in this subchapter, elect to receive payment of the insurance in one sum.".

TITLE V—VETERANS' ADMINISTRATION HOUSING BENEFITS

ESTABLISHMENT OF GRADUATED-PAYMENT PLANS IN VETERANS' ADMINISTRATION LOAN GUARANTY PROGRAM

SEC. 501. (a) Section 1803(d)(2) is amended—

(1) by inserting "(A) after "(2)"; and

(2) by adding at the end the following new subparagraphs:

"(B) The Administrator may guarantee loans with provisions for various rates of amortization corresponding to anticipated variations in family income. With respect to any loan guaranteed under this subparagraph—

"(i) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; and

"(ii) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal) may not at any time be scheduled to exceed the projected value of the property.

"(C) For the purposes of subparagraph (B) of this paragraph, the projected value of the property shall be calculated by the Administrator by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 percent per year, but in no event may the projected value of the property for the purposes of such subparagraph exceed 115 percent of such reasonable value. A loan made for a purpose other than the acquisition of a single-family dwelling unit may not be guaranteed under such subparagraph.".

(b) Section 1828 is amended—

(1) by inserting "(1)" after "constitution or law"; and

(2) by inserting "(2) restricting the manner of calculating such interest (including prohibition of the charging of interest on interest), or (3) requiring a minimum amortization of principal," after "lenders,".

INCREASE IN MAXIMUM AMOUNTS OF SPECIALLY ADAPTED HOUSING ASSISTANCE

SEC. 502. Section 802 is amended—

(1) in subsection (a)—

(A) by striking out "$30.000" and inserting in lieu thereof "$32,500";

(B) by striking out "him" each place it appears and inserting in lieu thereof "such veteran"; and

(C) by striking out "his" in clause (3) and inserting in lieu thereof "such veteran's"; and

(2) by striking out "section 804(b)(2)" in subsection (b) and inserting in lieu thereof "section 804(b)".

EXTENSIONS OF MAXIMUM TERMS OF GUARANTEED LOANS FOR MOBILE-HOME PURCHASES

SEC. 503. Paragraph (1) of section 1819(d) is amended to read as follows:

"(1) The maturity of any loan guaranteed under this section shall not be more than—

"(A) fifteen years and thirty-two days, in the case of a loan for the purchase of a lot;

"(B) twenty years and thirty-two days, in the case of a loan for the purchase of—

"(i) a single-wide mobile home; or

"(ii) a single-wide mobile home and a lot;

"(C) twenty-three years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home; or

"(D) twenty-five years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home and a lot.".

TECHNICAL AMENDMENTS

SEC. 504. Section 1826 is amended—

(1) by striking out subsection (a); and

(2) by striking out "(b)".

TITLE VI—MISCELLANEOUS PROVISIONS

VETERANS' ADMINISTRATION ADMINISTRATIVE REORGANIZATIONS; REQUIRED STAFFING LEVEL AUTHORITIES

SEC. 601. (a)(1) Section 210(b) is amended—

(A) by inserting "(1)" after "(b)"; and

(B) by adding at the end the following new paragraph:

"(2)(A) The Administrator may not in any fiscal year implement an administrative reorganization described in subparagraph (B) of this paragraph unless the Administrator first submits to the appropriate committees of the Congress a report containing a detailed plan and justification for the administrative reorganization. Any such report shall be submitted not later than the day on which the President, pursuant to section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), submits to the Congress the Budget for the fiscal year in which the administrative reorganization is to be implemented. No action to carry out such reorganization may be taken after the submission of such report until the first day of such fiscal year.

"(B) Subparagraph (A) of this paragraph applies only to an administrative reorganization within the Veterans' Administration that involves a reduction during any fiscal year in the number of full-time equivalent employees with permanent duty stations at a covered office or facility—

"(i) by 10 percent or more, or

"(ii) by a percent which, when added to the percent reduction under this subsection in the number of such employee with permanent duty stations at such office or facility during the preceding fiscal year, is 15 percent or more.

"(C) For the purposes of this paragraph—

"(i) The term 'administrative reorganization' means a consolidation, elimination, abolition, or redistribution of functions under the authority granted the Administrator under the second sentence of paragraph (1) of this subsection.

"(ii) The term 'covered office or faculty' means a Veterans' Administration office or facility that is the permanent duty station for 25 or more employees or that is a freestanding outpatient clinic.".

(2) Paragraph (2) of section 210(b) of title 38, United States Code, as added by paragraph (1), does not apply to an administrative reorganization (as defined in such paragraph (2)) that is fully accomplished before the date of the enactment of this Act.

(b) Section 5010(a) is amended—

(1) in paragraph (4)—

(A) by inserting "for any fiscal year (or any part of a fiscal year)" in subparagraph (A) after "for the Veterans' Administration"; and

(B) by inserting "(or part of a fiscal year)" after "fiscal year" the first place it appears in subparagraph (B) and both places it appears in subparagraph (D); and

(2) by adding at the end the following new paragraph:

"(5) Notwithstanding any other provision of this title or of any other law, funds appropriated for the Veterans' Administration under the appropriation accounts for medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses may not be used for, and no employee compensated from such funds may carry out any activity in connection with, the conduct of any study comparing the cost of the provision by private contractors with the cost of the provision by the Veterans' Administration of commercial or industrial products and services for the Department of Medicine and Surgery unless such funds have been specifically appropriated for that purpose.".

CONTINUED PAYMENT OF PENSION TO CERTAIN HOSPITALIZED VETERANS UNDERGOING A PRESCRIBED PROGRAM OF REHABILITATION

SEC. 602. Paragraph (1) of section 3203(a) is amended—

(1) by striking out "Where" in subparagraph (B) and inserting in lieu thereof "Except as provided in subparagraph (D) of this paragraph, where"; and

(2) by adding at the end the following new subparagraph:

"(D) In the case of a veteran being furnished hospital or nursing home care by the Veterans' Administration and with respect to whom subparagraph (B) of this paragraph requires a reduction in pension, such reduction shall not be made for a period of up to three additional calendar months after the last day of the third month referred to in such subparagraph if the Administrator determines that the primary purpose for the furnishing of such care during such additional period is for the Veterans' Administration to provide such veteran with a prescribed program of rehabilitation services, under chapter 17 of this title, designed to restore such veteran's ability to function within such veteran's family and community. If the Administrator determines that it is necessary, after such period, for the veteran to continue such program of rehabilitation services in order to achieve the purposes of such program and that the primary purpose of furnishing hospital or nursing home care to the veteran continues to be the provision of such program to the veteran, the reduction in pension required by subparagraph (B) of this paragraph shall not be made for the number of calendar months that the Administrator determines is necessary for the veteran to achieve the purposes of such program.".

HEADSTONES, MARKERS, AND MEMORIAL AREAS

SEC. 603. (a) Subsection (b) of section 906 is amended to read as follows:

"(b) The Administrator shall furnish, when requested, an appropriate memorial headstone or marker for the purpose of commemorating any veteran—

"(1) whose remains have not been recovered or identified,

"(2) whose remains were buried at sea, whether by the veteran's own choice or otherwise,

"(3) whose remains were donated to science, or

"(4) whose remains were cremated and the ashes scattered without interment of any portion of the ashes,

for placement by the applicant in a national cemetery area reserved for such purpose under the provisions of section 1003 of this title or in a State, local, or private cemetery.".

(b) Subsection (a) of section 1003 is amended to read as follows:

"(a) The Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of members of the Armed Forces and veterans—

"(1) who are missing in action;

"(2) whose remains have not been recovered or identified;

"(3) whose remains were buried at sea, whether by the member's or veteran's own choice or otherwise;

"(4) whose remains were donated to science; or

"(5) whose remains were cremated and the ashes scattered without interment of any portion of the ashes.".

MINIMUM ACTIVE-DUTY SERVICE REQUIREMENT FOR BENEFITS

SEC. 604. (a) (1) Chapter 53 is amended by inserting after section 3103 the following new section:

"§ 3103A. Minimum active-duty service requirement.

"(a) Notwithstanding any other provision of law, any requirements for eligibility for or entitlement to any benefit under this title or any other law administered by the Veterans' Administration that are based on the length of active duty served by a person who initially enters such service after September 7, 1980, shall be exclusively as prescribed in this title.

"(b) (1) Except as provided in paragraph (3) of this subsection, a person described in paragraph (2) of this subsection who is discharged or released from a period of active duty before completing the shorter of—

"(A) 24 months of continuous active duty, or

"(B) the full period for which such person was called or ordered to active duty,

is not eligible by reason of such period of active duty for any benefits under this title or any other law administered by the Veterans' Administration.

"(2) Paragraph (1) of this subsection applies—

"(A) to any person who originally enlists in a regular component of the Armed Forces after September 7, 1980; and

"(B) to any other person who enters on active duty on or after the date of the enactment of the Veterans' Disability Compensation, Housing, and Memorial Affairs Amendments of 1981 and has not previously completed a continuous period of active duty of at least 24 months or been discharged or released from active duty under section 1171 of title 10.

"(3) Paragraph (1) of this subsection does not apply—

"(A) to a person who is discharged or released from active duty under section 1171 or 1173 of title 10;

"(B) to a person who is discharged or released from active duty for a disability incurred or aggravated in line of duty;

"(C) to a person who has a disability that the Administrator has determined to be compensable under chapter 11 of this title;

"(D) to the provision of a benefit for or in connection with a service-connected disability, condition, or death; or

"(E) to benefits under chapter 19 of this title.

"(c) (1) Except as provided in paragraph (2) of this subsection, no dependent or survivor of a person as to whom subsection (b) of this section requires the denial of benefits shall, by reason of such person's period of active duty, be provided with any benefit under this title or any other law administered by the Veterans' Administration.

"(2) Paragraph (1) of this subsection does not apply to benefits under chapters 19 and 37 of this title.

"(d) For the purposes of this section, the term 'benefit' includes a right or privilege, but does not include a refund of a participant's contributions to the educational benefits program provided by chapter 32 of this title.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 3103 the following:

"3103A. Minimum active-duty service requirement.".

(b) Section 3103A of title 38, United States Code, as added by subsection (a), shall not apply with respect to the receipt by any person of any benefit provided by or pursuant to law before the date of the enactment of this Act. Notwithstanding such section, a person who before such date has received a certificate of eligibility from the Administrator of Veterans' Affairs for benefits under chapter 37 of title 38, United States Code, is eligible for such benefits after such date.

DELIMITING DATES FOR SURVIVING SPOUSES OF CERTAIN SERVICE-CONNECTED DISABLED VETERANS

SEC. 605. (a) Section 1712(b)(1) is amended—

(1) by inserting "of the following" after "whichever";

(2) by striking out "the date" in clause (A) and inserting in lieu thereof "The date";

(3) by striking out the comma and "or" at the end of clause (A) and inserting in lieu thereof a period; and

(4) by striking out clause (B) and inserting in lieu thereof the following:

"(B) The date of death of the spouse from whom eligibility is derived who dies while a total disability evaluated as permanent in nature was in existence.

"(C) The date on which the Administrator determines that the spouse from whom eligibility is derived died of a service-connected disability.".

(b) Subsection (f) of section 2 of Public Law 90-631 (82 Stat. 1331) is amended to read as follows:

"(f) (1) Except as provided in paragraph (2) of this subsection, in the case of any person who is an eligible person by reason of subparagraph (B) or (D) of section 1701 (a) (1) of title 38, United States Code, if the date of death or the date of the determination of service-connected total disability permanent in nature of the person from whom eligibility is derived occurred before December 1, 1968, the 10-year delimiting period referred to in section 1712(b) (1) of such title shall run from such date.

"(2) If the death of the person from whom such eligibility is derived occurred before December 1, 1938, and the date on which the Administrator of Veterans' Affairs determines that such person died of a service-connected disability is later than December 1, 1968, the de'imiting period referred to in section 1712(b) (1) of such title shall run from the date on which the Administrator makes such determination.".

WAIVER OF PRO RATA REFUND REQUIREMENT IN THE CASE OF CERTAIN INSTITUTIONS

SEC. 606. Section 1776 is amended by adding at the end the following new subsection:

"(d) The Administrator may waive, in whole or in part, the requirements of subsection (c) (13) of this section in the case of an educational institution which—

"(1) is a college, university, or similar institution offering postsecondary level academic instruction that leads to an associate or higher degree,

"(2) is operated by an agency of a State or of a unit of local government,

"(3) is located within such State or, in the case of an institution operated by an agency of a unit of local government, within the boundaries of the area over which such unit has taxing jurisdiction, and

"(4) is a candidate for accreditation by a regional accrediting association,

if the Administrator determines, pursuant to regulations which the Administrator shall prescribe, that such requirements would work an undue administrative hardship because the total amount of tuition, fees, and other charges at such institution is nominal.".

NAMING OF VETERANS' ADMINISTRATION MEDICAL CENTERS

SEC. 607. (a) The Veterans' Administration Medical Center in Reno, Nevada, shall after the date of the enactment of this Act be known and designated as the "Ioannis A. Lougaris Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Ioannis A. Lougaris Veterans' Administration Medical Center.

(b) The Veterans' Administration Medical Center in Clarksburg, West Virginia, shall after the date of the enactment of this Act be known and designated as the "Louis A. Johnson Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Louis A. Johnson Veterans' Administration Medical Center.

TITLE VII—EFFECTIVE DATES

SEC. 701. (a) The amendments made by titles I, II, and III shall take effect as of October 1, 1981.

(b) (1) Except as otherwise provided in this subsection, the amendments made by titles IV, V, and VI shall take effect on the date of the enactment of this Act.

(2) The amendments made by section 401 shall take effect on December 1, 1981.

(3) The amendments made by section 504 shall take effect as of October 17, 1980.

(4) The amendments made by section 601(b) (1) shall take effect as of October 1, 1981.

(5) The amendments made by section 602 shall take effect on the date of the enactment of this Act and shall apply with respect to veterans admitted to a Veterans' Administration hospital or nursing home on or after such date.

(6) The amendments made by section 603 shall apply with respect to veterans dying before, on, or after the date of the enactment of this Act.

In lieu of the amendment of the House to the title of the bill, amend the title so as to read: "An Act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, to increase the rates of dependency and indemnity compensation for the surviving spouses and children of disabled veterans, to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans, to increase the maximum amount payable under the Veterans' Administration automobile assistance and specially adapted housing assistance programs, to expand eligibility for memorial markers to require advance notification to Congress regarding certain Veterans' Administration reorganizations, and to limit expenditures of medical appropriations in connection with contracting-out studies; and for other purposes.".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 462) was agreed to.

Mr. SIMPSON. Mr. President, this measure is before the Senate now as a privileged matter in lieu of the formal conference report.

SUMMARY

Mr. President, I rise in strong support of S. 917, the proposed Veterans' Disability Compensation, Housing and Memorial Benefits Amendments of 1981. I urge expeditious passage of this bill which is needed to insure that the over 2,275,900 service-connected disabled veterans, their dependents and the survivors of those who gave their lives in service to our country receive the average 11.2 percent cost-of-living increase in disability compensation and dependency and indemnity compensation (DIC) as soon as is possible.

Mr. President, I introduced S. 917 on April 8, 1981, at the request of the administration. The Senate Committee on Veterans' Affairs, which I am privileged to chair, held hearings on this and certain other measures on June 11, 1981. The committee unanimously reported out a committee amendment on June 25, 1981, which passed the Senate on July 24, 1981. The committee worked hard to provide a bill in a timely manner, a bill which would be responsive to the impact of inflation on our Nation's service-connected disabled veterans by providing an 11.2 percent cost-of-living increase. This measure contains a number of other important expansions and improvements to the compensation, housing, memorial affairs and other VA programs.

Mr. President, the House finally passed H.R. 3995 on September 21, 1981. This measure contains a cost-of-living increase for compensation and DIC as well as certain other provisions. The Senate and House Veterans' Affairs Committees had less than 2 weeks to work out the differences in the two bills before the October 1, 1981, effective date for the increase in compensation and DIC. I regret that this first cost-of-living increase will be received in a retroactive payment.

However, I believe that the extensive negotiations between the two committees have produced an equitable compromise, and trust that the veterans who will have to wait no longer than 30 days for their increase will be pleased with the product of both committees' efforts which has produced legislation to expand certain VA benefits and services for our Nation's veterans.

Mr. President, all the provisions of S. 917 are explained in detail in the joint explanatory statement, which follows: However, I would like to briefly highlight several important provisions of the bill.

VETERANS' DISABILITY COMPENSATION AND INDEMNITY COMPENSATION BENEFITS

Mr. President, the original bill, S. 917 would provide for an 11.2-percent increase in the rate of compensation for service-connected disabled veterans and for dependency and indemnity compensation (DIC) for the survivors of those veterans whose death is service connected. This is the same rate of increase that recipients of social security and VA pension were given this year. Certainly, this most deserving group of veterans should not receive less than the indexed increases for other programs. However, due to this year's severe budget restrictions the Senate committee felt that a higher raise would not be possible in light of the administration's sincere efforts to reduce spending and to begin to control inflation.

The House bill, would increase the basic rates by an average 11.3 percent for veterans and DIC recipients—using a weighted scale to produce increases which would range from 7.4 percent for veterans with a 10-percent disability to 20.1 percent for those veterans with a 90-percent disability and 11.3 percent for those veterans who are 100 percent disabled. The disparity in the increases was a result of an effort by the House to correct differences between the amounts received by those with different disability ratings over the years as a result of rounding off increases to the next higher dollar.

The compromise agreement incorporates the philosophy of the House provision, but uses the Senate's 11.2 percent increase as the average.

INCREASE IN COMPENSATION TO CERTAIN SEVERELY DISABLED VETERANS

Mr. President, a provision which was introduced by my honored colleague on the committee, STROM THURMOND, would provide an increase in the rate of compensation to certain severely disabled veterans who have lost or lost the use of their upper extremities. This provision was not in the House bill but is contained in the compromise. These veterans had been paid at the same rate as those veterans with the loss or loss of use of lower extremities.

Although the loss of use of or loss of lower extremities without question results in a major disability, the veteran does not experience the same degree of difficulty in performing daily living tasks as the veterans with the loss of or loss of use of both upper extremities. This increase in compensation is meant to compensate more adequately the more severe impairments which result from the loss of or loss of use of both upper extremities.

AUTOMOBILE ADAPTIVE EQUIPMENT AND SPECIALLY ADAPTED HOUSING

Mr. President, two provisions, introduced by my good friend and predecessor as chairman, ALAN CRANSTON, would increase the maximum amount payable through each of these programs to eligible veterans. I am most pleased that these worthwhile provisions are contained in the compromise. The providing of benefits to service-connected disabled veterans is the primary mission of the VA, and I am pleased to be sponsoring a bill which contains such provisions. The eligibility for the automobile-purchase grant would be increased by the Senate provision to those veterans who suffer from service-connected anklyosis if it is established that automotive adaptive equipment would be necessary for the safe operation of a vehicle.

GRADUATED PAYMENT MORTGAGE PROGRAM

Mr. President, I introduced a bill, which was incorporated into S. 917, and is contained in the compromise, which would establish a graduated payment mortgage program (GPM) within the VA's loan guaranty program. This very important provision is incorporated in the bill because the committee recognizes the increasing problems young people are having in obtaining loans with the soaring cost of homes and high interest rates. The GPM payments are carefully planned to reflect an increase in earning power over a specified period of years. This generally allows for a lower down payment and lower monthly payments in the early years of the mortgage while the veteran is becoming established in a job or profession. As the veteran's salary goes up, so do the payments. The payments reach a plateau and level off for the remainder of the mortgage period. This provision was designed to assist the younger veteran in putting down roots and becoming established, contributing members of their communities during the early stages of building security and a family.

PENSION FOR HOSPITALIZED VETERANS UNDERGOING A PRESCRIBED PROGRAM OF REHABILITATION

Mr. President, another provision, which I introduced and which is included in the compromise agreement, is one which would provide for the continued payment of nonservice-connected disability pension to certain hospitalized veterans who are enrolled in a prescribed program of rehabilitation. The House's provision would have provided such a continuation for blinded veterans who are undergoing a program of rehabilitation.

This provision would allow a 3-month extension of pension within any 12-month period so as not to provide a disincentive to veterans to participate in such programs designed to increase independence in daily living. Under current law, a single veteran's pension is reduced to $60 after 3 months of hospitalization. This liberalization would help to encourage such veterans to participate in VA rehabilitation programs of all kinds without the real concern of not being able to meet ongoing expenses upon their release.

The committee strongly urges the Administrator to use discretion in any further exclusions of months from pension reduction which would be based on individual determinations. The purpose of this provision is to provide extra incentive for the veteran to become more independent, and the committee wishes to emphasize that any unnecessarily lengthy hospital or nursing home stays are not to be encouraged.

VA REORGANIZATION

Mr. President, the House bill contained a provision which would provide that any VA reorganization effort which would include at least 10-percent reductions in any fiscal year in the number of full-time equivalent employees (FTEE's) would be subject to a resolution of congressional disapproval by either House. Mr. President, I strongly opposed this provision. I cannot accept the policy of a one-House veto in this instance. This could impair attempts by the Administrator to make changes which he has determined as being necessary to constitute an effective use of employees, programs and restricted fiscal resources.

This approach would not seem to me to encourage open communications between the Congress, the administration and the VA. Yet it is important that the Congress be involved in any major reorganization effort, especially if health-care facilities would be involved. However, I strongly believe that the new administrator needs to be given the opportunity to develop his own plans and share them with both the House and Senate Veterans' Affairs Committees without the fear of a one-House disallowal on any grounds.

Mr. President, in my view, the compromise agreement contains a very equitable solution to this issue. The Administrator would be required to submit to the Congress no later than the day on which the President submits his proposed budget, a detailed plan for any proposed organization which would in any fiscal year involve a reduction in the number of FTEE's permanently assigned to any VA facility or office that is either the permanent duty station for 25 or more employees or an outpatient clinic by 10 percent or more or by a percentage that, when added to the percentage reduction resulting from a reorganization in the preceding fiscal year, is 15 percent or more.

This reorganization could be effective at the onset of the new fiscal year. This would provide ample time for congressional comment and dialog with the VA, and if, as a last resort, the Congress disapproved of the proposed actions as being harmful to the delivery of service to our Nation's veterans, there would be time to enact legislation to prohibit such actions.

RESTRICTION ON USE OF FUNDS TO STUDY CONTRACTING OUT OF COMMERCIAL OR INDUSTRIAL TYPE SERVICES

Contracting out for certain commercial and industrial products and services is not a new idea. The implementations of the Office of Management and Budget (OMB) Circular A-76 is meant to produce a more efficient, streamlined government at a significant cost savings. This administration has continued the interest sparked by the last administration in pursuing studies which would determine areas in which at least a 10-percent savings would be realized in the VA—and other agencies.

This committee, as well as the House committee, will hold hearings this fall in order to carefully review all aspects of this issue. Since we have not yet had the opportunity to examine this highly controversial matter, the committees strongly believe that no funds appropriated for the VA's medical care account, medical and prosthetic research account, or medical administration and miscellaneous operating expenses account should be used for the purpose of conducting any studies comparing the cost of the VA itself performing various D.M. & S. functions with the cost of contracting out to the private sector for these services—unless funds have been specifically appropriated for that purpose. The compromise contains such a provision. The committee hearing will address our concerns with respect to these studies as well as other aspects of OMB Circular A-76.

Specifically, the committee will examine the impact of using funds appropriated for the provision of health-care services to conduct these studies; the allegation that contracting out may negatively impact on quality health care; the possibility that the results would not be cost-effective in the out-years, and finally, a March 21, 1981, VA General Counsel opinion which concluded that the contracting out of "basic medical care operations of D.M. & S. cannot be justified. * * * legally."

Mr. President, in conclusion, I wish to sincerely thank the distinguished ranking minority Member from California, Senator CRANSTON, for his invaluable help throughout the entire process of crafting this bill and reaching a very equitable compromise, the remarkable Senator from South Carolina, Senator THURMOND, for his contributions, and each of the other committee members and colleagues, all of whom are cosponsors of this measure.

In addition, I should like to recognize and thank the very able members of the majority staff for their efforts—Ken Berquist, former chief counsel and staff director, and his successor, Tom Harvey, Julie Susman, Laurie Altemose, and our editorial director, Harold Carter, as well as members of the capable minority staff—Jonathan Steinberg, Babette Polzer, Ed Scott, and Ingrid Post. The hard work and cooperation of my most capable and effective counterpart on the House Veterans' Affairs Committee, G. V. "SONNY" MONTGOMERY, and his very able staff headed by Mack Fleming were essential to the achievement of this equitable compromise.

Mr. President, I am most pleased to have the opportunity to urge my colleagues in the Senate to ratify this carefully crafted measure which contains a much-needed cost-of-living increase for our Nation's most deserving veterans. On behalf of the entire committee, I urge the Senate's favorable consideration of this bill.

The explanatory statement follows:

EXPLANATORY STATEMENT OF SENATE BILL, HOUSE AMENDMENT (H.R. 3995), AND COMPROMISE AGREEMENT ON S. 917, THE VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

Rate increase

Both the Senate bill and the House amendment would amend chapter 11 of title 38, United States Code, to increase, effective October 1, 1981, the basic rates of service-connected disability compensation for veterans, the rates payable for certain severe disabilities, the annual clothing allowance for certain severely disabled veterans, and the dependents' allowances payable to veterans rated 30-percent or more disabled. The Senate bill would increase those rates and allowances by 11.2 percent; the House amendment would increase the basic rates by an average of 11.3 percent and the other rates and allowances by 11.3 percent.

The compromise agreement would provide increases, effective October 1, 1981, of an average of 11.2 percent in the basic rates. The rates under current law, the Senate bill, the House amendment, and the compromise agreement are as follows:

Disability rating	Current law	Senate bill	House amendment	Compromise agreement
Percent:				
10	$54	$60	$58	$58
20	99	110	109	107
30	150	167	165	162
40	206	229	229	232
50	291	324	325	328
60	367	408	415	413
70	434	483	505	521
80	503	559	595	604
90	566	629	680	679
100	1,016	1,130	1,131	1,130

The compromise agreement would further provide for 11.2-percent increases, effective October 1, 1981, in the rates payable for certain severe disabilities, the annual clothing allowance, and the dependents' allowances.

Increase in compensation payable to certain severely disabled veterans

The Senate bill, but not the House amendment, would amend section 314 of title 38, effective October 1, 1981, to raise by one full step the statutory award designation that determines the rates of special monthly compensation payable to veterans who suffer from service-connected loss or loss of use of both upper extremities.

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

Rate increase

Both the Senate bill and the House amendment would amend chapter 13 of title 38, United States Code, to provide, effective October 1, 1981, an increase of 11.2 and 11.3 percent, respectively, in the rates of dependency and indemnity compensation (DIC) payable to the surviving spouses and children of veterans whose deaths were service connected.

The House recedes.

Miscellaneous DIC amendments

The House amendment, but not the Senate bill, would amend section 413 of title 38 to limit the amount of retroactive DIC benefits payable to a veteran's surviving child (in cases where there is no surviving spouse) whose eligibility for DIC benefits is established at a time later than the eligibility of the veteran's other surviving child or children was established. This provision would limit the amount paid to such a later-eligible child to an amount equal to the difference between the total amount paid to other surviving children and the amount that would have been paid if such child had established eligibility on a timely basis.

The Senate recedes with an amendment providing that, effective October 1, 1981, this limitation would apply only to those situations involving a child who is over the age of eighteen years who had previously been entitled to DIC and who is, after reaching eighteen years of age, determined to be entitled to retroactive DIC payments by virtue of attending school. The Committees expect that the VA, in implementing this provision, will take appropriate steps to alert individuals who may be affected by this limitation of the importance of promptly reporting to the VA changes in status so as to avoid application of the new limitation entirely or largely.

The House amendment, but not the Senate bill, would amend section 3010(e) of title 38 to provide that where a surviving spouse is a DIC recipient receiving a dependent's allowance for a child and the child becomes entitled to DIC when he or she has reached age 18 and is attending school, the DIC benefits payable to the surviving child for the month in which he or she reaches age 18 would be reduced by the amount of the dependent's allowance paid to the surviving spouse.

The Senate recedes with an amendment that, effective October 1, 1981, would provide that the effective date of the otherwise eligible surviving child's award for the month in which such child turns 18 is the date of the child's eighteenth birthday—the same effective date, under present law, for the reduction made in the dependent's allowance received by the surviving spouse on behalf of such child.

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT

Automobile assistance amount

The Senate bill, but not the House amendment, would amend section 1902 of title 38, United States Code, to increase from $3,800 to $5,000, effective October 1, 1981, the maximum amount of assistance payable by the Administrator toward the purchase price of an automobile or other conveyance.

The House recedes with an amendment increasing the maximum amount to $4,400.

Extension of eligibilty for adaptive equipment

The Senate bill, but not the House amendment, would further amend section 1902 to provide, effective October 1, 1981, a veteran (not already eligible for the section 1902 automobile-purchase grant) who suffers from service-connected ankylosis of one or both knees, or one or both hips, with eligibility for such appropriate automobile adaptive equipment as is determined to be necessary to meet the applicable standards of licensure established by the State of the veterans' residence or as is determined necessary for the veteran's safe operation of the automobile. The Senate bill would also, effective October 1, 1981, make technical corrections in chapter 39.

The House recedes with an amendment that would require the Chief Medical Director to make a determination of the necessity for adaptive equipment in all cases. In connection with this provision, the Committees note the wide discrepancy between the cost estimates prepared by the VA and those prepared by the Congressional Budget Office. In light of this discrepancy, the Committees will monitor carefully the implementation of this provision and direct the VA to maintain for at least three years data on the costs arising as a result of the enactment of this provision.

TITLE IV—LIFE INSURANCE PROGRAM AMENDMENTS

Increase in maximum amounts of insurance

Both the House amendment and H.R. 3499 as passed by the Senate on June 16, 1981, would amend chapter 19 of title 38, United States Code, to increase from $20,000 to $35,000 the maximum amount of Servicemen's Group Life Insurance and Veterans' Group Life Insurance that may be purchased. The House provision would be effective on October 1, 1981, or on the first day of the first month beginning more than 60 days after the date of enactment, whichever is the later; the Senate provision, on the first day of the first month which begins at least 60 days after the date of enactment.

The compromise agreement contains this provision made effective December 1, 1981. In connection with the compromise agreement provision extending the increased-insurance opportunity to those who are members of the Retired Reserve of a uniformed service on the effective date, including those who, on that date, would upon application be eligible for "assignment" to the Retired Reserve, the Committees note that the term "assignment" is intended to have the same meaning as the term "transfer" in section 269(f) of title 10, United States Code, the provision relating to transfers to the Retired Reserve. The term "assignment" is used in the compromise agreement for purposes of consistency with the uses of the terms "assigned" and "assignment" in the Retired Reserve context in other title 38 provisions (sections 765(5) and 767(a)), terms which the Committees understand are interpreted by the VA as having the same meaning as "transferred" and " transfer".

Collection of amounts for servicemen's group life insurance program

The House amendment, but not the Senate bill, would amend section 769 of title 38 to require, effective on October 1, 1981, the Secretary of Defense to prescribe regulations to ensure timely collection of Servicemen's Group Life Insurance premiums for reservists.

The Senate recedes with an amendment making the provision effective on the date of enactment.

Beneficiary's right to elect one-sum payment

The House amendment, but not the Senate bill, would amend chapter 19 of title 38 to permit beneficiaries of National Service Life Insurance and United States Government Life Insurance policies to elect lump-sum payments of proceeds if the insured veteran did not specify a payment option. The House amendment, which would apply with respect to policies maturing after March 31, 1982, would further require the VA to notify each individual insured under such policies of the amendments made by the provision and provide each such individual with the forms necessary for the election of a payment option.

The Senate recedes with an amendment making the chapter 19 amendments applicable to policies maturing on or after October 1, 1981, and deleting the requirement that the Administrator notify all insured veterans of the modification. However, the Committees expect that the Administrator will, at the time of the next regular mailing to policyholders (generally, the annual premium notice) advise such veterans of this modification and their rights to specify a payment option in order to preclude, if they wish to do so, the availability of the lump-sum option to their beneficiaries.

TITLE V—VETERANS' ADMINISTRATION HOUSING BENEFITS

Establishment of graduated payment plans in Veterans' Administration loan guaranty program

Both the Senate bill and H.R. 2039 as passed by the House on June 2, 1981, would amend chapter 37 of title 38, United States Code, to permit, effective October 1, 1981, the VA to guarantee graduated-payment mortgage loans.

The compromise agreement contains this provision made effective on the date of enactment.

Increase in maximum amounts of specially adapted housing assistance

The Senate bill, but not the House amendment, would amend section 802 of title 38 to increase from $30,000 to $35,000, effective October 1, 1981, the maximum amount of assistance payable for specially adapted housing and to make a series of technical corrections.

The House recedes with an amendment increasing the maximum amount to $32,500 and making the provision effective on the date of enactment.

Extensions of maximum terms of guaranteed loans for mobile-home purchases

The Senate bill, but not the House amendment, would amend section 1819(d) of title 38 to conform, effective October 1, 1981, the maximum maturities for mobile home loans which may be guaranteed by the VA to the maximum maturities applicable as of October 1, 1981, by virtue of the enactment of Public Law 97–35 (section 338 (a)), in the case of FHA-insured loans for the purchase of manufactured housing. The applicable maximums would be as follows: 20 years in the case of loans for a single-wide home and for a single-wide home and a lot; 23 years for a double-wide home; and 25 years for a double-wide home and a lot.

The House recedes with an amendment making the provision effective on the date of enactment.

Technical amendment

The Senate bill. but not the House amendment, would amend section 1826 of title 38, effective on the date of enactment, to make a technical correction so as to conform the provisions of chapter 37, with respect to withholding of benefits in order to recoup debts arising as a result of loans made or guaranteed under that chapter, to the provisions of section 3114, relating to indebtedness offsets, enacted by Public Law 96–466.

The House recedes with an amendment

making the provision effective on October 17, 1980, the date of enactment of Public Law 96-466.

TITLE VI—MISCELLANEOUS PROVISIONS

Veterans' Administration reorganizations

The House amendment, but not the Senate bill, would amend section 210(b) of title 38, United States Code, effective October 1, 1981, to provide generally that no exercise of the Administrator's authority thereunder with respect to the consolidation, elimination, abolition, or redistribution (hereinafter referred to as "reorganization") of VA bureaus, agencies, offices, or activities shall be effective unless the Administrator has submitted a plan for the proposed reorganization to the Congress and, within sixty days thereafter, neither House of Congress adopts a resolution of disapproval. This requirement for Congressional opportunity to disapprove reorganizations would not apply to reorganizations that exist on the date of enactment or to any exercise of the section 210(b) authority that involves less-than-10-percent reductions in any fiscal year in the number of full-time equivalent employees (FTEE's) at any VA office or facility. In computing the sixty-day period for Congressional disapproval, periods of adjournment by either House of Congress of more than three days would not be counted.

The Senate recedes with an amendment to section 210 of title 38 that would provide, instead of the Congressional-disapproval-opportunity provisions, for advance notice to the Congress regarding certain reorganizations.

Under the compromise agreement, the Administrator's exercise of the reorganization authority would, effective on the date of enactment with respect to reorganizations not fully accomplished prior thereto, be conditioned in certain circumstances on the VA's following specific procedures. Thus, in any case in which the Administrator proposes a reorganization that would reduce by a specified percentage the level of full-time equivalent employees (FTEE's) permanently assigned to a specified facility or office, the Administrator would be required to submit to the Congress no later than the day on which the President submits the Budget of the United States Government for a fiscal year a detailed plan and timetable for the proposed reorganization, and the Administrator would not be permitted to implement the planned reorganization before the first day (October 1) of that fiscal year.

The requirement to follow this advance notification procedure would apply to any proposed reorganization that would, in any fiscal year after fiscal year 1982, reduce the number of FTEE's permanently assigned to any VA facility or office that is either the permanent duty station for 25 or more employees or a freestanding outpatient clinic by either 10 percent or more or by a percentage that, when added to the percentage reduction resulting from a reorganization in the preceding fiscal year, is 15 percent or more.

Because the condition regarding advance notice to Congress could not be complied with regarding such an administrative reorganization, under this provision no such administrative reorganization could be undertaken in fiscal year 1982 (except, technically, for one fully accomplished before the date of enactment).

Thus, if an administrative reorganization were to involve an 8-percent reduction in, for example, FY 1982, of the FTEE's permanently assigned to such a VA facility or office and a 7-percent reduction in FY 1983, the provision would apply with respect to the proposed reorganization for FY 1983. If the reduction in the second year were 6.9 percent, however, the provision would not apply.

Veterans' Administration staffing levels

The House amendment, but not the Senate bill, would repeal section 5010(a)(4) of title 38, effective October 1, 1981, relating to VA medical personnel staffing levels, and, at the same time, amend section 203 of title 38 to add a new subsection (b) that would incorporate the provisions of section 5010 (a)(4), modified so as to encompass all VA personnel staffing levels. The effect of that modification would be to expand the scope of these provisions to include employees paid under the VA's general operating expenses and construction accounts.

Present section 5010(a)(4) requires that, after the enactment of each law making appropriations to the VA (including regular and supplemental appropriations laws and continuing resolutions, whether or not such laws contain appropriations for personnel purposes, the Director of the Office of Management and Budget provide the VA with the authority, together with the funds needed to carry out such authority, to employ not less than the numbers of employees for which the Congress has appropriated funds in three named VA health-care accounts—medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses.

That section further requires the Director of OMB, within specified time periods, to certify to the appropriate committees of the Congress and to the Comptroller General that the personnel ceilings and funding have been provided to the VA and requires the Comptroller General to report to the appropriate committees of the Congress on the Director's certification.

The compromise agreement does not add to the specification of the three listed accounts. However, it does contain provisions amending section 5010(a)(4) solely for the purpose of clarifying that it applies to an appropriation law (such as a continuing resolution) that provides funding for only part of a fiscal year and adding to section 5010(a) a new paragraph (5) to prohibit the use of funds appropriated for the VA healthcare accounts for—and to prohibit any VA employees compensated from such funds from undertaking—the conduct of certain cost-comparison studies regarding the contracting-out of functions of the VA's Department of Medicine and Surgery (DM&S).

The clarification of section 5010(a)(4) is needed in light of the position taken by OMB (but not agreed to by the Committees) that the OMB Director's obligation under section 5010(a) to provide funded personnel ceilings applies only when funds have been appropriated for a full fiscal year for the VA health-care accounts involved and that the OMB Director thus has no obligation under section 5010(a)(4) in connection with a continuing resolution expiring before the end of a fiscal year.

The Committees stress that the only substantive change to present section 5010(a)(4) being made by the provision in the compromise agreement is this one clarification with respect to appropriations for less than a full fiscal year.

The Committees also stress that the Director of OMB's obligation set forth in section 5010(a)(4) to provide the "funded personnel ceiling" to the VA continues throughout the period for which particular funds are appropriated by the Congress and is not a one-time obligation that can be met by an initial authorization to the agency to hire certain numbers of employees followed by a withdrawal, in whole or in part, of that authorization or by a limitation or restriction on the exercise of that authorization that would substantially interfere with the VA's employment of the personnel levels involved.

With reference to the phrase "funded personnel ceiling", which is defined in present section 5010(a)(4)(D) to mean "not less than the number of employees for the employment of which appropriations have been made for a [particular] fiscal year", the Committees note (as they did at the time that provision was added to title 38 by section 301 of Public Law 96-151) their intent that, with respect to a particular appropriations Act, the staffing level that is to be provided to the VA by OMB is the particular staffing level for which appropriations have been unequivocally identified in the legislative history of such Act (including the budget submissions for the appropriations account involved) as intended to support a specified employment level.

In this regard, the Committees were and are aware that the amounts identified for personnel costs in the legislative history of a regular appropriations Act for the staffing levels involved generally are not sufficient to cover the costs of pay raises that are provided after the President's budget for the fiscal year in question is submitted.

In this regard, it was and is the Committee's intention that the funding needed for the increased personnel cost resulting from employment of the intended personnel levels at the higher salary levels be taken from funds originally identified for non-personnel costs, or pending the enactment of supplemental appropriations legislation, from funds that would otherwise be spent on personnel costs later in the fiscal year, or from a combination of such funds.

In addition, although the compromise agreement does not expand the scope of the provision in current law to add employment levels under the VA's general operating expenses (GOE) and construction accounts, the Committees will follow closely the use made of funds appropriated for fiscal year 1982 for specified employment levels under those accounts and will (as indicated) reexamine the need to expand the scope of section 5010 (a)(4) in terms of experience with such employment levels.

With respect to another matter regarding VA health-care appropriations and in connection with the agreement on the reorganization provision—activities under Office of Management and Budget Circular A-76 or otherwise in connection with the contracting-out (and studies of the feasibility of such contracting) of functions carried out by VA employees—the compromise agreement would prohibit the use of any funds appropriated for the VA's medical care account, medical and prosthetic research account, or medical administration and miscellaneous operating expenses account for the purpose of conducting any studies comparing the cost of the VA itself performing various functions in the VA's Department of Medicine and Surgery (DM&S) with the cost of having such functions performed by private contractors—unless the funds involved have been specifically appropriated for that purpose. The compromise agreement would also prohibit any VA employees paid under those accounts from carrying out any activities in connection with such studies unless the funds had been specifically appropriated for the conduct of the studies.

In this connection, the Committees note the plans currently underway in DM&S health-care facilities to implement Circular A-76, which prescribes policies for acquiring by contract commercial and industrial products and services, including health services. Under Circular A-76, DM&S facilities are being required to conduct a vast number of studies, approximately 4,000, to evaluate the comparative costs of having various functions performed by private contractors rather than, as they are now, by VA employees.

The Committees are concerned about the conduct of these studies from three standpoints: First, the substantial costs involved (estimated as high as $29 million) must come from funds appropriated for the provision of health-care services; second, contracting out may prove to be counterproductive to the goal of good health care and not even to be cost-effective in the long run; and third, in light of the March 21, 1980, opinion of the VA General Counsel concluding that the contracting out of "basic medical care operations of DM&S cannot be justified . . . legally," serious doubt exists that many of the functions being examined for purposes of their being contracted can lawfully be performed by private contractors.

Thus, in anticipation of further close scrutiny of the issues involved by both Committees, including oversight hearings beginning shortly, the Committees believe that no further steps should be taken to implement Circular A-76 cost-comparison studies in VA health-care facilities unless the Congress has expressly decided to make funds available specifically for that particular purpose.

Continued payment of pension to certain hospitalized veterans undergoing a prescribed program of rehabilitation

Both the Senate bill and the House amendment would amend section 3203(a) of title 38 to provide that the non-service-connected pension of certain hospitalized veterans would not be reduced during certain periods of hospitalization.

The Senate bill, effective on the date of enactment, would provide that, for the purposes of computing the length of the period of VA hospital or nursing home care after which a veteran's non-service-connected pension is reduced, where the primary purpose of the care is the provision of a prescribed program of rehabilitation services only periods of care that exceed 180 days within a 12-month period would be counted as time during which the veteran is being furnished hospital or nursing home care. The House amendment, effective October 1, 1981, would exempt non-service-connected blinded veterans from the reduction in pension provisions if such veterans are enrolled in a VA blind rehabilitation program.

The compromise agreement would provide that for the purpose of computing the length of hospital or nursing home care after which pension is reduced, a period of up to three additional calendar months would not be counted if the primary purpose of the care during that period is to furnish a prescribed program of rehabilitation services. The agreement would further authorize the Administrator to preclude pension reduction for such additional months as are determined to be a period during which further rehabilitation services are needed and the primary purpose of the care continues to be rehabilitation. The provision would be effective on the date of enactment and would apply with respect to veterans admitted to a VA hospital or nursing home on or after such date.

The Committees wish to emphasize that any further exclusions of months from pension reduction by the Administrator would be required to be based on individual determinations that the prolonged period of hospital or nursing home care is actually necessary for rehabilitation purposes. The Committees intend that the authority to grant extensions be exercised cautiously so as to avoid any unnecessarily lengthy stays in hospitals or nursing homes.

The Committee also notes that the applicability of this provision for not counting certain periods of care when the primary purpose is rehabilitation does not depend upon the purpose for which the veteran was initially admitted. In those cases in which the veteran is initially admitted for acute care (or primarily for any other purpose than rehabilitation), the provision would become applicable at a later time when, during a continuous period of care, the primary purpose of care becomes rehabilitation.

The Committees further note that the provision has been made effective on the date of the enactment and applicable to veterans admitted to VA hospitals or nursing homes on or after such date in order to facilitate implementation of it, but point out that with respect to veterans hospitalized prior to the effective date for other than rehabilitation purposes whose pensions have been reduced, and who are in need of a rehabilitation program, the VA could, as necessary to create motivation for threir participation in rehabilitation, discharge and readmit them for rehabilitation purposes and thereby secure the benefit of this provision further.

HEADSTONES, MARKERS, AND MEMORIAL AREAS

Both the Senate bill and H.R. 1714 as passed by the House on June 2, 1981, would amend section 906 of title 38, effective October 1, 1981, to expand the Administrators authority to furnish headstones and markers for placement in national cemeteries or local or private cemeteries in the case of veterans whose remains have not been recovered or identified or whose remains were buried at sea to permit the Administrator to furnish headstones or markers in such cases for placement in State cemeteries and to furnish them for placement in a cemetery in the cases of veterans whose remains were donated to science or were cremated and the ashes scattered.

The House bill, but not the Senate bill, would provide that, in cases where no remains are interred, markers may also be furnished for placement in other appropriate locations as designated by the next of kin and approved by the Administrator. The Senate provision would apply to deaths occurring at any time, and the House provision would apply to deaths occurring after December 7, 1941.

The House recedes with an amendment making the provision effective on the date of enactment (and applicable to deaths occurring at any time).

Both the Senate bill and H.R. 1714 as passed by the House on June 2, 1981, would amend section 1003(a) of title 38, effective October 1, 1981, to expand the requirement that the Administrator set aside, when available, certain areas in national cemeteries for honorific purposes (specifically to honor the memories of members of the Armed Forces missing in action or whose remains have not been identified or recovered or have been buried at sea) to require that the Administrator also memorialize in that manner veterans (and members of the Armed Forces expressly in the House amendment) whose remains have been donated to science or cremated without interment. The Senate provision would apply with respect to deaths occurring at any time, and the House provision would apply with respect to deaths occurring after December 1, 1941.

The compromise agreement contains this provision (including applicability to members of the Armed Forces), effective on the date of enactment, applicable with respect to deaths occurring before, on, or after such date.

Minimum-service requirement

Both the Senate bill and the House amendment would incorporate in title 38 (as a new section 3103A under the Senate bill, and as a new subsection (f) of section 3103 under the House amendment) a general two-year minimum-service requirement for VA-administered benefits eligibility (and, in the Senate bill only, other title 38 benefits eligibility) for persons who initially enter active duty on or after the date of enactment of this legislation.

Thus, both the Senate and House provisions would, with respect to benefits administered by the VA (and, in the Senate bill, also with respect to other title 38 benefits), replace and modify the minimum-service requirement in section 977 of title 10, which was added by section 1002(a) of Public Law 96–342 (the Department of Defense Authorization Act, 1981) and took effect on September 8, 1980, the date of that law's enactment. The title 10 provision applies to all federal benefits based on active-duty service but imposes a minimum-service requirement only with respect to enlisted personnel.

Under both the Senate and House provisions officers entering active duty on or after the date of enactment would be subject to the title 38 requirement as well as enlisted personnel who entered after September 7, 1980; the minimum-service requirement would be made applicable to commissioned officers of the Public Health Service (PHS) and the National Oceanic and Atmospheric Administration (NOAA) who enter full-time duty on or after the date of enactment; the exception in the title 10 provision for hardship discharges would be continued in title 38; and the exception in the title 10 provision for disability discharges would be continued in title 38 with a modification, effective (so as not to withdraw a benefit previously bestowed) on the date of enactment, clarifying that this exception would apply only if the disability had been incurred in line of duty.

In addition, both the House and Senate versions would provide an exception for veterans who have compensable disabilities. In contracts, a title 10 exception now applies to those who have a disability—whether or not compensable—that was incurred during the period of enlistment and not the result of intentional misconduct nor incurred during a period of unauthorized absence.

By basing this exception on compensability, the Senate- and House-proposed title 38 provisions would restrict it so as to exclude (from the general exception for all benefits eligibility) those whose disabilities are so minor as to be non-compensable, but expand the exception to include those having disabilities that are incurred during an unauthorized absence but are nevertheless considered to have been incurred in line of duty under section 105(b)(1) of title 38 (and thus are, if of the required severity or type, compensable) if the individual was not avoiding duty by deserting or taking an unauthorized absence that materially interferred with the performance of military duties. The Senate version of this exception would apply retroactively to all who initially enter active duty after September 7, 1980; the House version would apply only to those who enter active duty after the date of enactment.

With respect to Servicemen's Group Life Insurance (SGLI) benefits under chapter 19 of title 38, which the VA had determined to be subject to the title 10 provision, the Senate bill would provide an exception, retroactive to September 7, 1980, for the payment of SGLI proceeds, under section 768 (a)(1)(A) of title 38, which provides a 120-day "grace" period (up to a one-year grace period for those who are totally disabled when discharged) following the date of discharge. The House amendment would (by virtue of including the minimum-service requirement provision in section 3103 of title 38, relating to bars to benefits, and under a VA determination that subsection (d) of that section provides an implied exception to the bars for all contractual insurance programs) have the effect of providing a complete exception, effective with respect to those who enter active duty after the date of enactment, for SGLI and other chapter 19 insurance programs.

The Senate bill, but not the House amendment, would provide an exception, effective retroactively to September 7, 1980, for the provision of benefits for any service-connected disability, which would have the effect of authorizing the provision of benefits specifically for or in connection with service-connected but non-compensable disabilities (for example, certain outpatient dental care for recently discharged veterans, health care for the service-connected disabilities of certain former service members who have non-qualifying discharges, and beneficiary travel reimbursement in connection with the provision of such care). Eligibility for a benefit specifically for or in connection with a service-connected disability should not be confused with general benefits eligibility derived from the exception noted above for any veteran who has a compensable disability.

The Senate bill, but not the House amendment, would expressly:

Preclude the provision of benefits to the survivors and dependents of veterans who initially enter active duty after September 7, 1980, and would generally be ineligible for VA and title 38 benefits.

Provide that, notwithstanding any other provision of law, only the minimum-service requirements set forth in title 38 shall apply with respect to VA and title 38 benefits eligibility based on the service of a person who initially enters active duty after September 7, 1980.

Define the term benefits to include any right or privilege but not a refund of a participant's unused contributions to the education benefits program under chapter 32, the Post-Vietnam Era Veterans' Educational Assistance program (VEAP).

Provide that the measure would have no effect on the provision of benefits prior to October 1, 1981.

The compromise agreement incorporates provisions derived, with certain modifications, from both the Senate bill and the House amendment. Thus, the compromise agreement includes the Senate provision that would make title 38 the exclusive source of any minimum-service requirements with respect to VA and title 38 benefits eligibility based on the service of those who initially enter active duty after September 7, 1980. The compromise agreement generally imposes a minimum-service requirement for such eligibility with respect to those who originally enlisted in a regular component of the Armed Forces after September 7, 1980, and any other person, including officers and certain enlisted personnel, who—without having previously completed 24 months of continuous active duty or been discharged up to 90 days prior to the expiration of an enlistment under section 1171 of title 10 (convenience of the government)—enters active duty (including full-time duty as a commissioned officer in PHS or NOAA) on or after the date of enactment.

By using the same language as currently appears in section 977 of title 10 to describe the individuals who would have entered active duty after September 7, 1980, and before the date of enactment ("any person who originally enlists in a regular component of the Armed Forces [after September 7, 1980]"). Committees intended to ensure that the general scope of the minimum-service requirement is not expanded retroactively to include any new categories of personnel.

Thus, with respect to the categories of personnel not covered by the title 10 provision—commissioned officers of the Armed Forces, PHS, and NOAA and enlisted personnel who had any service in a regular component of the Armed Forces before September 7, 1980—the new title 38 minimum-service requirement would apply prospectively only, that is, it would apply only to those entering on active duty after the date of enactment.

The Committees also note their agreement with the VA's interpretation with respect to the title 10 minimum-service requirement that, in the case of a person who signed a delayed-entry contract with one of the service branches prior to September 7, 1980, and pursuant to that contract was assigned to a reserve component until entering on active duty after September 7, 1980, the date on which that person "originally" enlisted in a "regular component" of the Armed Forces is the date on which he or she actually entered on active duty. As a consequence, these individuals have been considered by the VA to be within the scope of the title 10 provision, and the Committees intend for that same interpretation to apply under the title 38 provision.

With certain exceptions, the minimum-service requirement would be the shorter of 24 months of continuous active duty or the full period for which the individual was called or ordered to active duty. (The latter alternative would apply in the event that the armed services chcose to offer initial enlistment pericds of less than two years; it would also apply to reservists who are ordered to active duty for periods of less than two years.)

With respect to determinations as to whether the minimum-service requirement has been fulfilled, the Committees note that, under VA regulations that are applied to existing minimum-service requirements (for example, the 180-day requirement for certain peacetime veterans' eligibility for VA home loan guaranties), certain non-duty periods are excluded, such as time lost on absence without leave (without pay) or under arrest without acquittal. The Committees intend that the same exclusions be applied under this new provision in computing the total amount of time served, but do not intend that such an exclusion be considered a break in service for purposes of determining whether the individual's service was continuous.

The Committees note that the new title 38 provision would preclude, with respect to VA and other title 38 benefits, future occurrences of the anomalous situation (which can occur under the title 10 provision) whereby an individual would not be subject to the minimum-service requirement if he or she had already served any period of active duty prior to September 7, 1980, even though the period was less than two years.

For example, an individual with a pre-September 7, 1980, active-duty enlistment period of as little as one day who enters a subsequent period of active duty after September 7, 1980, is not subject to the minimum-service requirement in the title 10 provision. The compromise agreement would prevent such results with respect to those entering a period of active duty after the date of enactment, but would not take away any benefits eligibility that such persons may have by virtue of their prior service.

The compromise agreement provides exceptions to the minimum-service requirement for:

A person discharged under section 1171 (discharges for the convenience of the government up to 90 days prior to the expiration of an enlistment) or 1173 (hardship discharges for enlisted personnel who have dependents) of title 10.

A person discharged for a disability incurred or aggravated in line of duty. The Committees note that, as a result of this modification (for purposes of title 38 and other VA benefits eligibility) of the title 10 exception for disability discharges to include a requirement that the disability involved be incurred or aggravated in line of duty, those who originally enlisted after September 7, 1980, and are discharged before the date of enactment because of disability that the VA determines not to have been so incurred or aggravated would lose, as of the date of enactment, any general title 38 and VA benefits eligibility that they had by virtue of the broader title 10 exception.

Moreover, the compromise agreement specifies that the general preclusion of benefits would not be applied to:

A person who has a disability that the Administrator has determined to be compensable. The Committees note that this exception would be permanent and thus would not cease to apply if, following the Administrator's determination of compensability, the disability improved to the point of becoming non-compensable. On the other hand, the Committees note that, as a result of this modification (for purposes of title 38 and other VA benefits eligibility) of the title 10 exception for certain persons who have disabilities that were incurred during service, an individual who originally enlisted after September 7, 1980, and was discharged before the date of enactment would lose, as of the date of enactment, any general title 38 and VA benefits eligibility that they had by virtue of the title 10 exception as the result of a non-compensable disability.

The provision of a benefit specifically for or in connection with a service-connected disability, condition, or death. The Committees note that this exception is derived from the Senate bill with a modification to clarify that it applies (as intended by the Senate provision) to benefits provided on the basis of a service-connected death, for example, the service-connected burial benefit in section 907 of title 38.

Any benefits under chapter 19 of title 38, relating to insurance. The compromise agreement would provide for the application of this exception (and the companion exception noted below for survivors) retroactive to September 7, 1980, so as to ensure that no former service-member (or survivor) loses any title 38 insurance benefits as the result of either the title 10 or this new title 38 minimum-service requirement.

The compromise agreement expressly precludes, with certain exceptions, the provision of VA and title 38 benefits to the survivors and dependents of veterans as to whom the new provision requires the denial of benefits. The exceptions to this preclusion are benefits under chapters 19 (insurance) and 37 (home loans). The Committees note that this provision would not provide an exception to the preclusion of benefits for the survivors or dependents of a veteran in those cases where the veteran failed to fulfill the minimum-service requirement and is thus eligible only for benefits for or in connection with a non-compensable disability or condition.

The compromise agreement also defines the term "benefit" to include any right or privilege but not a refund of a participant's unused contributions under the education benefits program under chapter 32 (Post-Vietnam Era Veterans' Educational Assistance Program (VEAP)). The Committees note that, although they intend the term "benefits" to be broadly construed so as to include all title 38 and VA benefits and services of value that are provided to veterans, survivors, and dependents, it is not the Committees' intention that this new subsection be construed as having any effect at all on any procedural rights, privileges, or opportunities that are afforded in connection with any benefit—such as counseling services through which individuals are advised as to what, if any, benefits they may be eligible for and are assisted in making application for benefits, and rights in connection with the adjudication of claims for benefits.

In addition, the compromise agreement specifies that the new title 38 minimum-service requirement provision would not apply so as to withdraw entitlement to any benefit provided under law before the date of enactment and that, in the case of a person who received a certificate of eligibility for a VA home-loan guaranty under chapter 37 of title 38 before the date of enactment, he or she would continue thereafter to be eligible for that benefit. With respect to the provision to continue the VA guaranty eligibility in cases in which the certificate has already been issued, the Committees note that they are advised by the VA that recovery of such certificates would be administratively infeasible and that the integrity of the guaranty program requires that they be given effect.

Radiation literature review

The Senate bill, but not the House amendment, would require, effective on the date of enactment, the VA to conduct a review of the scientific and medical literature relating to the long-term health effects in humans of exposure to radiation from nuclear weapons tests and thereafter issue appropriate regulations for the resolution of claims based on such exposure.

The Senate recedes.

Chapter 35 delimiting period modification

The Senate bill, but not the House amendment, would amend section 2 of Public Law 90-631 to provide, effective on the date of enactment, that in the case of a spouse of a veteran whose death occurred prior to December 1, 1968 (the effective date of that law), but whose death was not determined to be service-connected until after such date, the spouse's delimiting period for the use of VA educational assistance benefits would begin on the date on which the death was determined to be service connected. The Senate bill would also amend, effective on the date of enactment, the criteria, in section 1712(b) of title 38, relating to the measurement of delimiting periods for spouses and surviving spouses to codify the VA's interpretation that the 10-year delimiting periods of certain surviving spouses are measured from the date on which the Administrator determines that the veteran died of a service-connected disability.

The House recedes.

Waiver of pro-rata refund policy requirement

The Senate bill, but not the House amendment, would amend section 1776 of title 38, effective on the date of enactment, to permit the Administrator to waive, in the case of a public institution of higher learning that is a candidate for accreditation, the requirement that non-accredited institutions of higher learning maintain a pro-rata refund policy when the Administrator determines that the small amount of tuition, fees, and other charges at the institution make such a requirement an undue administrative burden.

The House recedes with an amendment clarifying the type of educational institution that would be eligible for such a waiver.

The Committees have become aware of instances where educational benefits have been denied solely because a veteran's courses, to be pursued at a newly established community college, were not yet accredited and the college lacked the requisite refund policy. In some of these cases, the institutions involved were founded to meet the needs of their communities and were the only such institutions in the immediate vicinity. In such cases, although too new to have obtained accreditation, the institution had acquired "candidate" status, reflecting the potential eventually to become fully accredited, and the tuition and fees charged were governed by a State law providing for modest rates, with no provision for refunds. The Committees note that adoption of a pro-rata refund policy by the concerned colleges in such a situation would be unrealistic in terms of the small amounts of any refunds involved.

In the particular circumstances described above, the Committees believe that waiver of the pro-rata refund requirement would be merited. The Committees intend, however, that the VA narrowly construe and apply this provision which has been carefully drawn to provide relief only where compliance with the pro-rata refund requirement would be unduly burdensome and unrealistic due to the disproportionate administrative costs of refunding nominal amounts. This should be balanced, however, with the continuing need to guard against abuse by those who would seek to take advantage of veterans receiving federal benefits. The Committees expect the VA to monitor closely any waivers granted, and act promptly against any discovered abuse.

Hospital naming

The Senate bill, but not the House amendment, would, effective on the date of enactment, name the Veterans' Administration Medical Center in Reno, Nevada, the "Ioannis A. Lougaris VA Medical Center."

The House recedes with an amendment that would also, effective on the date of enactment, name the Veterans' Administration Medical Center in Clarksburg, West Virginia, the "Louis A. Johnson Veterans' Administration Medical Center." The Committees note that this proposal regarding the Clarksburg facility has been approved by the House Veterans' Affairs Committee's Screening Group for naming of VA medical facilities as meeting all criteria under the House Committee's guidelines on hospital namings: namely that the proposal is sponsored by the entire State delegation in the House and is endorsed in writing by the State component of each of the Congressionally chartered veterans' organizations, and generally, that the individual to be honored is a deceased veteran of a period of war who completed at least 25 years of employment in the Federal service or was the recipient of the Congressional Medal of Honor.

TITLE VII—EFFECTIVE DATES

Both the Senate bill and the House amendment make provision for the effective dates of the various provisions of the respective bills.

The compromise agreement provides that the provisions of titles I, II, and III would be effective on October 1, 1981, and, except as otherwise provided, the provisions of titles IV, V, and VI would be effective on the date of enactment; other provisions which would be effective on other specified dates or under specified circumstances are discussed elsewhere in this explanatory statement.●

VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981—COMPROMISE AGREEMENT

Mr. CRANSTON. Mr. President, I am pleased to rise on this first day of a new fiscal year and join the distinguished chairman of the Veterans' Affairs Committee in urging the Senate to approve the amendments of the Senate to the amendments of the House to S. 917, the proposed Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981. The provisions of the Senate substitute amendment embody a compromise agreed to after extensive negotiations between the two Veterans' Affairs Committees.

The compromise agreement contains provisions derived from S. 917 as passed by the Senate on July 24 and from the House substitute amendment to that legislation, the proposed Veterans' Compensation Amendments of 1981, as passed by the House in the nature of a substitute to S. 917 on September 21. We are acting most expeditiously, I believe—within 10 days of receiving the measure back from the other body with its substitute amendment.

As the ranking minority member of the committees, I believe the pending legislation represents a fair compromise of the differences between the two bodies on this legislation, the basic purposes of which lie at the very heart of veterans' programs—securing fair and just benefits for service-connected disabled veterans.

The recognition of the sacrifices made and the hardships incurred by our Nation's veterans are best reflected in our commitment to assuring that we meet the needs of those who bear the scars of battle and the dependents and survivors of those veterans who made the supreme sacrifice as the result of service to our country.

The needs of veterans who suffer from service-connected disabilities and the survivors of veterans who died from service-connected causes must always be our No. 1 priority in dealing with VA programs—a sacred commitment which must be kept as a fundamental part of past national defense efforts as well as of our capability of assuring our national security in the future.

This bill stands clearly for the proposition that, even in this time of severe budgetary constraints, the Congress is fully dedicated to honoring this Nation's debt to those veterans who have given so much of their health and lives so that all of us can live in freedom today.

Mr. President, the Senate's position on the matters addressed in the legislation—including a number of provisions derived from measures that I, joined by several of my colleagues on the Veterans' Affairs Committee, introduced earlier this year—are well represented in the compromise agreement. I believe that a number of provisions of the compromise agreement are particularly noteworthy, and I would like to take this opportunity to discuss them.

VA SERVICE-CONNECTED DISABILITY COMPENSATION RATE INCREASES

Mr. President, title I of the pending compromise agreement would provide increases, effective October 1, 1981, averaging 11.2 percent in the basic rates of service-connected disability compensation. Our yardstick for this increase, as has been the Senate's guiding philosophy for a number of years now, has been to provide an increase averaging no less than the increases in social security and VA pension rates effective the preceding July.

The Senate bill, Mr. President, would have provided for an 11.2-percent across-the-board increase in these allowances and rates. The House amendment would have increased the basic rates by an average of 11.3 percent and the other rates and allowances by 11.3 percent. The percentage increases in the House amendment varied for each percentile, ranging from 7.4 percent of those rated 10-percent service-connected-disabled to 20.1 percent for those rated 90 percent.

The theory of the House for the variation was to adjust the scale so that veterans with a greater disability receive a greater proportionate share of the increase. We generally concurred with the need for making such differential adjustments to provide more equitable rates at the upper range of the disability scale in relationship to the rates for those with 100-percent service-connected disabilities. However, we sought to simplify the way in which this result would be accomplished by providing for three ascending percentage increases for each triad of percentiles.

Thus, Mr. President, the rates of increases in the compromise agreement are as follows: For veterans rated 100-percent disabled, 11.2 percent; for veterans rated 70- through 90-percent disabled, 20 percent; for veterans rated 40- through 60-percent disabled, 12.6 percent; and for veterans rated 10- through 30-percent disabled, 8.0 percent. Title I of the compromise agreement would also provide, as did the Senate-passed bill, for 11.2-percent increases, effective October 1, 1981, in the rates of special monthly compensation payable to veterans for certain severe disabilities, the annual clothing allowance for certain severely disabled veterans, and the dependents' allowances payable to veterans rated 30 percent or more disabled. Title II would increase by 11.2 percent the rates of dependency and indemnity compensation—DIC—payable to surviving spouses and children of veterans whose deaths were service connected.

Thus, the compromise agreement provides for a much-needed cost-of-living increase in the rates of compensation for almost 2.3 million service-connected disabled veterans and in rates of DIC for almost 325,000 survivors of veterans who died of service-connected causes. It is my understanding that, if this measure is signed into law by October 19, the VA plans to issue by mid-November supplemental checks reflecting the increase for the month of October and that the checks issued for the month of November—those received on December 1—will reflect the new benefit rates.

AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT AMENDMENTS

Mr. President, title III of the compromise agreement would increase from $3,800 to $4,400 effective October 1, 1981, the amount of the automobile assistance allowance provided by the VA to veterans with certain severe, service-connected disabilities and would extend, also effective October 1, 1981, eligibility for the provision of automobile adaptive equipment to certain other service-connected disabled veterans.

These provisions are derived from a measure that I, joined by Senators RANDOLPH, MATSUNAGA, DECONCINI, THURMOND, STAFFORD, and MITCHELL, introduced early in this session—S. 416, the proposed Automobile Assistance and Adaptive Equipment Amendments of 1981.

Under the program of automobile assistance—first established in 1946—veterans who have suffered the service-connected loss or loss of use of one or both feet or hands or service-connected blindness are entitled to a one-time VA grant to assist them in purchasing an automobile. Since the effective date of the last increase, which I authored in 1978, to the current level of $3,800—October 1, 1978—the Bureau of Labor Statistics Consumer Price Index component for new automobiles has increased more than 22 percent.

Thus, the compromise agreement, by increasing the automobile assistance allowance to $4,400 will help to prevent the value of this benefit from being overtaken by inflation. Although the increase is not as much as I had proposed in S. 416 and the Senate approved on July 24—an increase to $5,000—I am pleased that members of the House committee were willing to meet us half way on this provision in recognition of the need for a reasonable increase.

Mr. President, the compromise agreement provision to extend, as I proposed in S. 416 and the Senate approved in S. 917, eligibility for adaptive equipment to certain individuals not eligble for the automobile purchase grant would provide eligibility under specified circumstances to a veteran who is entitled to service-connected compensation for ankylosis of one or both knees, or one or both hips, but who is not considered to have lost the use of a lower extremity.

I am very pleased that both Veterans' Affairs Committees share my view that it is appropriate that the Federal Government assist these veterans with the cost of the adaptive equipment necessary for them to operate a motor vehicle. In this case, the compromise agreement provides that the award would be made to provide adaptive equipment to overcome the resulting disability if the equipment is determined necessary for the veteran to satisfy his or her State's drivers' licensing laws or regulations and is determined by the VA's Chief Medical Director to be necessary for the veteran to operate his or her motor vehicle safely.

INCREASE IN SPECIALLY ADAPTED HOUSING ASSISTANCE

Section 502 of the compromise agreement would increase from $30,000 to $32,500, effective on the date of enactment, the maximum amount payable in specially adapted housing assistance under chapter 21 of title 38 to certain veterans with total and permanent service-connected disabilities. Under chapter 21 those veterans whose disabilities necessitate structural adaptations are eligible for a grant not to exceed 50 percent of the cost of a home and the necessary land, up to the prescribed maximum.

This provision in the compromise agreement derives from the provisions of another measure I introduced earlier this year—S. 415—with the same cosponsor as for S. 416. That measure would have provided an increase in the amount of maximum assistance to $35,000 and the committee and the Senate adopted that level in S. 917. Again, the House committee was willing to meet us half way in agreeing to an increase to the $32,500 level, the first increase since October 1, 1978. Thus, the compromise agreement will enable many in this special group of veterans eligible for the specially adapted housing assistance program to obtain assistance approximating 50 percent of the cost of their homes.

MOBILE HOME LOANS

Mr. President, section 503 of the compromise agreement represents a provision that I authored which was incorporated in S. 917 by virtue of a committee amendment offered by the distinguished majority leader (Mr. BAKER), on behalf of Senator SIMPSON and myself, during the Senate's consideration of S. 917 on July 24.

This provision would amend section 1819 of title 38, relating to VA loan guaranties for the purchase of mobile homes and mobile home lots, to extend the maximum lengths of maturity of the various types of loans for such purchases that may be guaranteed by the VA and would thus conform the maximum terms of such loans guaranteed by the VA to the corresponding new maximum terms for FHA-insured manufactured housing loans that were enacted by Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981.

VA and FHA loans, as well as other Federal commitments, are often pooled in large denominations and then sold on the secondary market. However, in order to pool such loans, the maturity dates need to be comparable so that all the loans in the pool mature at the same time. Facilitating the combined packaging of these loans for sale in the secondary market would serve to increase the overall availability of credit for veterans and would thus benefit veterans who choose to purchase manufactured housing.

Thus, I proposed and both Veterans' Affairs Committees have agreed to increase the maturity dates of VA-guaranteed loans from 15 to 20 years in the case of loans for a single-wide home and for a single-wide home and a lot; from 20 to 23 years for a double-wide home; and from 20 to 25 years for a double-wide home and a lot.

Mr. President, I welcome the administration's support for this provision as set forth in a September 10, 1981, letter, which I ask unanimous consent to be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VETERANS' ADMINISTRATION,
DEPARTMENT OF VETERANS BENEFITS,
Washington, D.C., September 10, 1981.

Hon. ALAN CRANSTON,
Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: We are advised that two measures are currently pending before your Committee proposing to extend the maximum repayment term of VA guaranteed mobile home loans.

One measure is H.R. 4085, 97th Congress; the other is S. 917, 97th Congress. The mobile home loan term extension is included in section 405 of this latter measure, which was added as a floor amendment when it was passed by the Senate. 120 Cong. Rec. S 8409 (daily ed. July 24, 1981).

For the reasons stated below, the Veterans Administration supports such an extension, but would prefer the terms currently set forth in S. 917.

Both bills would extend the term of loans for the purchase of single-wide units, either with or without a lot. from 15 years and 32 days to 20 years and 32 days. Both would also extend the term of a loan for the purchase of a double-wide mobile home plus lot from 20 years and 32 days to 25 years and 32 days. Under S. 917, the term of a loan for the purchase of a double-wide unit without a lot would be extended from the present 20 years and 32 days to 23 years and 32 days, whereas under H.R. 4085 the period would be 25 years and 32 days. In addition, under S. 917, the term of a loan for the purchase of a lot only would remain at 15 years and 32 days, while H.R. 4085 would extend the term of such loan to 20 years and 32 days.

An extension of the terms of mobile home loans insured by the Secretary of Housing and Urban Development under section 2 of the National Housing Act was made by section 338 of the Omnibus Budget Reconciliation Act of 1981, Pub. L. No. 97-35.

The new terms of HUD insured mobile home loans are identical with those contained in S. 917.

The loans placed in Government National Mortgage Corporation (GNMA) mortgage pools must have similar terms and conditions. The proposed extension of the maximum repayment term of VA mobile home loans would facilitate the pooling of these VA loans with FHA title I loans which, in turn, would help increase the availability of funding for VA loans.

Enactment of an extension of the mobile home loan term would result in insignificant costs.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely yours,
DOROTHY L. STARBUCK,
Chief Benefits Director.

PAYMENT OF PENSION DURING CERTAIN PERIODS OF HOSPITALIZATION

Mr. CRANSTON. Section 602 of the compromise agreement, Mr. President, would amend section 3203(a) of title 38 to provide that the non-service-connected pension of certain hospitalized veterans not be reduced during certain periods of hospitalization during which the primary purpose of care is the provision of a prescribed program of rehabilitation services. This provision in the compromise agreement is based on provisions contained in both the Senate- and House-passed versions of this legislation designed to remove a disincentive for non-service-connected disabled veterans to participate in programs of rehabilitation.

The House-passed provision would have applied only to blinded veterans participating in a VA blind rehabilitation program. The Senate provision included my proposal to apply this concept to all VA pension recipients participating in VA rehabilitation programs rather than limit it only to blinded veterans.

I am grateful that the House Veterans' Affairs Committee shared my very strong feeling that this disincentive to participation in rehabilitation programs should be eliminated generally.

MISCELLANEOUS EDUCATIONAL ASSISTANCE AMENDMENTS

Mr. President, the compromise agreement also contains provisions in which I have a particular interest pertaining to educational assistance benefits under title 38.

First, the compromise agreement would amend a free-standing provision of Public Law 90-31 in order to modify the manner in which the delimiting period is measured in the case of a surviving spouse under chapter 35 for VA educational assistance for survivors and dependents. This provision, which I developed in consultation with the House committee and the VA, is designed to correct an inequity in existing law that came to the attention of the committee earlier this year.

Second, the amendment would amend chapter 36 of title 38 to provide for a waiver of a pro-rata refund requirement in the case of certain public institutions. This provision was incorporated in the Senate-passed version of S. 917 on the initiative of the Senator from Arizona (Mr. DECONCINI) and is designed to deal with a particular situation which, according to the VA, is unique to Arizona.

VA ADMINISTRATIVE REORGANIZATION AND STAFFING LEVEL PROVISIONS

Mr. President, section 601 of the compromise agreement includes two very significant provisions, representing compromises with respect to provisions in the House amendment, that are designed to protect the integrity and efficiency of VA program operations. The first provision would require advance notice to the Congress of administrative reorganizations involving substantial reductions of employment levels in VA facilities and offices. The second provision would prohibit the use of funds appropriated for certain VA health care accounts for—and prohibit any VA employee paid from such funds from undertaking—the conduct of certain cost-comparison studies.

VA ADMINISTRATIVE REORGANIZATIONS

Under the provision requiring advance notice to Congress of certain reorganizations, the Administrator would not be able to take action to implement any reorganization which involves specified levels of employment reductions and which has not been fully accomplished before the date of the enactment of this measure unless the Administrator has, no later than the date that the President submits the budget in January for the upcoming fiscal year, provided Congress with a detailed plan and justification for the reorganization. Thereafter, the planned reorganization would be prohibited from beginning to be implemented in any manner until the following October 1.

This provision would apply to planned employment reductions of 10 percent or more in any fiscal year of the number of fulltime-employee equivalents—FTEE's—permanently assigned to any VA office or facility that has 25 or more employees permanently assigned to it or is a free-standing outpatient clinic. This provision would also apply to employment reductions that would reduce the number of FTEE's permanently assigned to such an office, facility, or outpatient clinic in any fiscal year by a percentage which, when added to a percentage reduction made by an administrative during the preceding fiscal year, is 15 percent or more.

Mr. President, I support this provision because I believe that, during these times of great pressure to reduce Federal programs, there is a great risk that unwise, substantial reorganizations that would impair the VA's ability to provide essential services to veterans may be forced on the agency.

Part of the reason for my concern in this regard springs from the extremely impractical reorganization proposed in March of this year as the result of an arbitrary $38-million cut in the President's budget request for the VA general operating expenses—GOE—account. That proposed March GOE cut, if it had been approved by the Congress, would have required a more than 2,000 FTEE reduction in VA nonhealth care employment levels. The only means that the agency could conceive of to implement the bulk of that reduction was a massive consolidation of its over 50 regional offices into three or fewer large regional centers.

This proposal—besides being impossible even to begin to implement in the course of 1 fiscal year—would have had a serious adverse impact on the effective administration of numerous veterans' entitlement programs. In the budget and appropriations processes thus far completed for fiscal year 1982, the Congress has rejected the proposed cut, and the reorganization plan was shelved temporarily.

However, it has now apparently been dusted off by the Office of Management and Budget as a basis for justifying in substantial part the President's September 28 proposed reduction—right back to the exact figure proposed by the President on March 10—of $55.8 million from the GOE account level approved by the House of Representatives in the fiscal year 1982 HUD-Independent Agencies Appropriations Act conference report and approved only yesterday by the Congress in the fiscal year 1982 continuing resolution, House Joint Resolution 325, as the level through November 20.

I would also emphasize, Mr. President, that this provision would not itself erect any barriers to the implementation, after the expiration of the advance notice period, of a planned reorganization. It would simply give the Congress a realistic opportunity to assess the plan and, if the Congress were in strong disagreement with the proposed reorganization or any particular aspect of it, to take appropriate oversight or, if necessary, legislative action to halt, limit, or otherwise modify the plan. The availability of the traditional annual compensation rate increase bill or of an appropriations measure each year would provide a convenient and timely vehicle for such legislative action if Congress should find it necessary to act adverse to such a planned reorganization.

CIRCULAR A-76 STUDIES

The second, related provision pertains to plans currently underway to implement Office of Management and Budget Circular A-76 in the VA's Department of Medicine and Surgery. Circular A-76 prescribes administrative policies for Federal agencies acquiring by contract commercial and industrial products and services, including health services. Under that circular, VA health care facilities across the Nation are being required by the Office of Management and Budget to conduct a vast number of studies, approximately 4,000, to evaluate the comparative costs of having various functions performed by private contractors rather than, as they now are, by VA employees. Under the circular, when those studies show that the services involved could be obtained more cheaply from private contractors, the agency would be required to proceed to acquire them by contract.

The provision in the compromise agreement would, effective on the date of enactment, require the cessation of activities to carry out those studies in VA health care facilities until such time as the Congress specifically makes appropriated funds available for them.

Mr. President, during the debate on the continuing resolution last week (Congressional Record S10481, daily ed. September 25, 1981), I expressed the concerns that I have about the diversion of VA health care funding to conduct these studies and about the push to contract out services currently being performed by VA health care facility employees.

Summarized briefly those concerns, which both Committees on Veterans' Affairs fully share are: First, the substantial costs involved—estimated at as high as $29 million—are being taken from funds appropriated for the provision of health care services; second, contracting out may prove to be counterproductive to the goal of good health care and may not even be cost-effective in the long run; and third, in light of the March 21, 1980, opinion of the VA General Counsel concluding that the contracting out of "basic medical care operations of D. M. & S. cannot be justified * * * legally," serious doubt exists that many of the functions being examined for purposes of their being contracted can lawfully be performed by private contractors.

Because of these concerns, on September 22, the other minority members of the Senate committee joined me in a letter to our distinguished colleague, the chairman of the committee (Mr. SIMPSON), recommending that a provision specifically along the lines of the one we are now proposing be included in this compromise agreement. On that same date, the other minority members and I also addressed a letter to the chairman to urge that the committee hold oversight hearings on these issues in October.

Mr. President, I ask unanimous consent that a copy of the letter be inserted in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., September 22, 1981.

Hon. ALAN K. SIMPSON,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR AL: As you know, on July 29, the Veterans' Administration published in the Federal Register a schedule setting forth a timetable for VA action to "study certain commercial-industrial type activities" (CITAs) in the Department of Medicine and Surgery (DM&S) as part of the agency's compliance with OMB Circular A-76.

We recognize that there is a need to find economies in the VA budget, but we are concerned that there are many questions about the impact of OMB Circular A-76 on DM&S that should be answered before the VA goes forward in the manner anticipated by that Circular with wide-scale and very costly (some estimates are as high as $29 million) surveys of the feasibility of contracting out functions currently performed by DM&S employees.

Among the questions that we believe must be answered satisfactorily are ones concerning the impact on the overall ability of DM&S to fulfill its various missions, especially its primary mission of providing quality health care to eligible veterans and, in fact, whether A-76, as applied to those functions of DM&S that relate directly to this primary mission, is consistent with the statutory responsibilities of DM&S set forth in title 38. In an opinion issued on March 21, 1980, the VA's General Counsel ruled that, in light of the specific statutory structure and functions of DM&S, "the application of A-76 to the basic medical care operations of DM&S cannot be justified legally. . . ."

As an example of the possible impact of Circular A-76 on DM&S, one of the CITAs that was listed for review in the schedule published in the Federal Register was food services, including preparation and delivery services. Many persons familiar with the DM&S system and with other health-care systems generally have suggested very persuasively that a medical center's dietetics service is an integral part of the health-care system and, thus, have questioned the result of such a contracting in terms of effective management of overall health care.

Questions have also been raised about the agency's ability to provide uninterrupted health care to eligible veterans if some, many, or most important functions were carried out by an outside contractor and the contractor became unable to provide the contracted services because of an employee work action, such as a strike, a result that is forbidden by current law. Another concern that has been raised about the impact of Circular A-76 is the possibility that once the agency contracts with a private entity for a service it will lose the capacity to perform the function in-house itself; in areas where there is only one qualified contractor available, that contractor would be in a position to demand increasingly greater fees for performing the function. We have received reports of such situations that have already occurred but have not yet had the opportunity to verify them.

Among those expressing concerns to us about Circular A-76 have been VA employees, both individually and collectively. We have also heard from organizations representing these employees. Naturally, many employees have expressed legitimate concerns about the impact of Circular A-76 on their own positions. Many also have raised larger concerns about the VA's overall ability to provide quality health care when many of the providers lack employee identification with or loyalty to the system.

Hence, we strongly question whether the initial phase of the agency's compliance with Circular A-76, as set forth in the Federal Register notice, in view of the very significant investment of funds, time, and effort that will be required, is warranted until there is a more complete understanding of whether and to what extent DM&S is being legally and properly required to comply with Circular A-76.

In light of these and other concerns, we strongly urge that the Committee hold at least one day of oversight hearings in October at which the Administration, including representatives of OMB involved with Circular A-76, veterans and veterans' organizations, VA employees and organizations who represent these employees, and others concerned could testify.

With warm regards,

Cordially,

ALAN CRANSTON,
JENNINGS RANDOLPH,
SPARK M. MATSUNAGA,
DENNIS DECONCINI,
GEORGE J. MITCHELL.

Mr. CRANSTON. Thus, Mr. President, I am pleased that both committees have determined that further close scrutiny of the issues involved is needed and will conduct oversight hearings in the near future. In the meantime, the committees believe—and have provided legislatively in the compomise agreement—that no further steps should be taken to implement Circular A-76 cost-comparison studies in VA health care facilities unless and until the Congress expressly decides to make funds available specifically for that particular purpose.

MEDICAL PERSONNEL STAFFING

Mr. President, section 601 of the compromise agreement also provides, effective October 1, 1981, a needed clarification of section 5010(a)(4) of title 38, relating to VA medical personnel staffing levels. Present section 5010(a)(4) requires that, after the enactment of each law making appropriations to the VA, the Director of the Office of Management and Budget provide the VA with the authority, together with the funds needed to carry out such authority, to employ not less than the numbers of employees for which the Congress has appropriate funds in three named VA health care accounts—medical care, medical, and prosthetic research, and medical administration and miscellaneous operating expenses.

That section further requires the Director of OMB, within specified time periods, to certify to the appropriate committees of the Congress and to the Comptroller General that the personnel ceilings and funding have been provided to the VA and requires the Comptroller General to report to the appropriate committees of the Congress on the Director's certification.

The compromise agreement contains a provision amending section 5010(a)(4) solely for the purpose of clarifying that it applies to an appropriation law—such as a continuing resolution—that provides funding for only part of a fiscal year. This clarification of section 5010(a)(4) is needed in light of the position taken by OMB that the OMB Director's obligation under that section to provide funded personnel ceilings applies only when funds have been appropriated for a full fiscal year for the VA health care accounts involved and that the OMB Director thus has no obligation under section 5010(a)(4) in connection with a continuing resolution expiring before the end of a fiscal year.

Mr. President, this issue came to light in connection with a July 31, 1981, letter that I wrote to the Director of OMB questioning the adequacy of the July 1, 1981, certification he had provided under section 5010(a)(4) following the enactment of the Supplemental Appropriations and Rescission Act, 1981, Public Law 97-12. In a September 9, 1981, response that I received from the counsel to the OMB Director, he took the position that I have just described with respect to the Director's obligations under a continuing resolution.

Mr. President, I ask unanimous consent that this exchange of correspondence be inserted in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Office of Management and Budget,
Washington, D.C., July 1, 1981.
Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

Dear Alan: I certify that I have provided to the Medical Care, Medical and Prosthetic Research, and Medical Administration and Miscellaneous Operating Expense accounts of the Veterans Administration all funds for those accounts provided by the Supplemental Appropriations and Rescission Act of 1981 (P.L. 97–12). FTE staffing allowances for these three accounts for fiscal year 1981 are 184,909, 4,443, and 853, respectively.

This certification is voluntarily forwarded notwithstanding the determination of the Counsel of the Office of Management and Budget, adhering to the determination made during the prior Administration, that no certification is required for periods covering less than a full fiscal year by Section 5010 (a) (4) (B) of Title 38, United States Code.

Sincerely,

David A. Stockman, *Director.*

Identical letters sent to: Honorable G. V. Montgomery, Honorable Milton J. Socolar.

U.S. Senate,
Committee on Veterans' Affairs,
Washington, D.C., July 31, 1981.
Hon. David A. Stockman,
Director, Office of Management and Budget, Washington, D.C.

Dear David: I recently saw a copy of your letter of July 1 to Senator Alan Simpson in his capacity as the Chairman of the Veterans' Affairs Committee, in which you certified that you had provided to three VA appropriations accounts (the Medical Care, Medical and Prosthetic Research, and Medical Administration and Miscellaneous Operating Expense accounts) "all funds" for these accounts provided by the Supplemental Appropriations and Rescission Act of 1981 (Public Law 97–12).

I have two concerns with regard to this letter. First, as the principal author in the Senate of section 301 of Public Law 96–151, which added paragraph (4) to section 5010 (a) of title 38, United States Code, I am unaware of any basis for the assertion, as made in your letter, that "no certification is required [by section 5010(a) (4) (B)] for periods covering less than a full fiscal year". In fact, I believe that the phrasing in the law as enacted by the Congress regarding the nature of the obligation established by this law—"[w]ith respect to *each* law making appropriations for the Veterans' Administration' (section 5010(a) (4) (A)—emphasis added)—indicates the clear intention of the Congress that the certification obligation is applicable with reference to all appropriations actions affecting the VA, not simply to those actions providing appropriation for a full year. I would appreciate a copy of any analysis available to you that reaches a contrary result.

My second concern relates to the substance of the obligation established by section 5010 (a) (4) (B). Under that provision, you, as the Director of OMB, are required to provide the VA with the "funded personnel ceiling [(for which appropriations have been made)] and the funds necessary to achieve such ceiling" for the fiscal year concerned and to certify to the appropriate committees of the Congress and to the Comptroller General that you have "provided such ceiling". In your letter of July 1, you certified that you had provided "all funds" for the three accounts and thereafter seemed simply to recite what the "FTE staffing allowances" for those accounts are. Thus, your letter did not explicitly state what you considered to be the numbers of full-time employee equivalents for which Congress had appropriated funds under the accounts involved, and therefore—due to the lack of clarity involved in the phrase "FTE staffing allowances . . . are"—did not clearly specify that you had provided the VA with the authority to employ those numbers of full-time employee equivalents.

I believe that your certifications would be more clear—and that a failure to comply fully with section 5010(a) (4) could be avoided in the future—if you would specify in future letters of certification regarding VA appropriations laws, that you have provided to the VA all of the funds appropriated for each of the accounts involved, that you have provided the VA with the authority to employ the number of full-time employee equivalents under each such account for which funds have been appropriated, and what that number of full-time employee equivalents is with respect to each account.

I look forward to your response to my concerns on this subject.

Cordially,

Alan Cranston,
Ranking Minority Member.

Office of Management and Budget,
Washington, D.C., September 9, 1981.
Hon. Alan Cranston,
Ranking Minority Member, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

Dear Senator Cranston: This is in response to your letter to the Director concerning the requirement in 38 U.S.C. 5010 (a) (4) that the Director, OMB, certify that he has provided to the Veterans Administration (VA) the funded personnel ceiling for which funds have been appropriated in specified accounts for any fiscal year.

Your first question concerns the Director's statement that a determination had been made in the previous Administration, and adhered to in this Administration, 'that no certification is required for periods covering less than a full fiscal year. . . ."

The referenced determination was originally made in the context of the Supplemental Appropriations and Rescission Act, 1980 (Public Law 96–304) which provided funds for increased pay costs but did not provide additional personnel positions. The previous Administration concluded that, under these circumstances, Public Law 96–304 did not trigger a new reporting requirement. When a similar situation arose this year, under the Supplemental Appropriations Act, 1981 (Public Law 97–12), the Director did provide the certification which is the subject of your letter. To the extent that the letter, which I drafted for the Director's signature, suggests that OMB will not provide certification following any appropriation for less than a full fiscal year, the suggestion was inadvertent. When a law makes appropriations for the Veterans Administration which provide for a level of personnel through the end of the fiscal year, we intend to comply with the certification procedure.

On the other hand, different issues are present with respect to continuing resolutions or other appropriations actions that expire prior to the end of a fiscal year. Subsection 5010(a) (4) (B) imposes two duties upon the Director, OMB, as follows:

". . . the Director of the Office of Management and Budget shall, with respect to each such law (i) provide to the Veterans Administration for the fiscal year concerned such funded personnel ceiling and the funds necessary to achieve such ceiling, and (ii) submit to the appropriate committees of the Congress and to the Comptroller General of the United States certification that the Director has so provided such ceiling."

Obviously the Director cannot, under a continuing resolution which expires during a fiscal year, provide personnel ceilings or funds "for the fiscal year concerned."

Your second concern relates to the sentence in the Director's July 1 certification which reads "FTE staffing allowances for these three accounts for fiscal year 1981 are. . . ." You state that this language lacks clarity and falls short of full compliance with the Act. Perhaps the best response to your concern is the fact that the Comptroller General has reported to the Congress that the Director, in his July 1 certification, "has complied with the requirements of 38 U.S.C. 5010(a) (4). . . ." Nevertheless, in future certifications we will try to assure that no possible ambiguity exists.

Very truly yours,

Michael J. Horowitz,
Counsel to the Director.

Comptroller General
of the United States,
Washington, D.C., July 22, 1981.
Hon. David A. Stockman,
Director, Office of Management and Budget.

Dear Mr. Stockman: The enclosed letter contains our opinion as to whether you have complied with the requirements of section 5010(a) (4) of title 38, United States Code to provide the Veterans Administration the funded personnel ceilings authorized by the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97–12).

Sincerely yours,

Milton J. Socolar,
Acting Comptroller General of the United States.

Comptroller General
of the United States,
Washington, D.C., July 22, 1981.
Hon. Alan K. Simpson,
Chairman, Committee on Veterans' Affairs, U.S. Senate.

Dear Mr. Chairman: As required by section 5010(a) (4) of title 38, United States Code (as added by section 301(a) of Public Law 96–151), we have reviewed the Office of Management and Budget's (OMB's) certification of the apportionment of staff ceilings and funds to the Veterans Administration's (VA's) medical care and certain related accounts for the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97–12). Based on our analysis of VA and OMB data, we believe that the Director, OMB, has complied with the requirements of 38 U.S.C. 5010 (a) (4) and has released to VA the funded personnel ceilings and funds made available in the supplemental act.

MEDICAL CARE

The supplemental act provided for the following actions under VA's medical care account:

Authorized a general supplemental increase of $79,967,000.

Disapproved the proposed deferral of $29,389,000 for 1,280 medical care positions (the equivalent of 1,280 staff years).

Rescinded $25,789,000 because only $3,600,000 is required to provide funding for these 1,280 positions for the remainder of fiscal year 1981.

Authorized $265,205,000 for increased pay costs for fiscal year 1981.

The net effect of these actions is a $348,772,000 increase to the medical care account. OMB has released these funds to VA and restored 320 staff years to this account as a result of the deferral disapproval.

By adding 320 staff years, OMB has, in effect, restored the 1.280 positions that were proposed for deferral but disapproved by the Congress. Since three quarters of fiscal year 1981 have already passed, VA needs 1,280 positions for only the remaining quarter—the equivalent of 320 staff years.

The new staff year allowance provided by OMB for medical care is 184,909. This figure is computed as follows:

Medical care staff years provided for by the fiscal year 1981 appropriation act (Public Law 96–526)	[1] 185, 869
Positions (or staff years) involved in deferral action	−1, 280
Staff years restored by OMB	+320
New medical care staff year allowance	184, 909

Footnote at top of next page.

[1] OMB certified on January 15, 1981, that 185,848 medical care staff years had been released to VA. This figure was later adjusted to 185,869 because of a change in VA's budget adjustment for common services (used to account for personnel working under other appropriation accounts).

MEDICAL AND PROSTHETIC RESEARCH

The supplemental act provided $7,917,000 for increased pay costs for medical research and disapproved the proposed deferral of $1,690,000 for this account. OMB has released all funds appropriated to VA and restored the 74 staff years affected by the proposed deferral action. As a result, the new staffing allowance for medical and prosthetic research is 4,443. This is the same figure originally released by OMB before the proposed deferral action.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

The supplemental act provided $1,591,000 for increased pay costs for medical administration and disapproved the proposed deferral of $515,000 for this account. OMB has released all funds appropriated to VA and restored the 14 staff years affected by the proposed deferral action. The new staffing allowance for medical administration and miscellaneous operating expenses is 853. This is the same figure originally released by OMB before the proposed deferral action.

Please let me know if we can provide any further assistance in this matter.

Sincerely yours,

MILTON J. SOCOLAR,
Acting Comptroller General,
of the United States.

Mr. CRANSTON. Mr. President, I would note that the House amendment to S. 917 would have expanded the provisions of section 5010(a)(4) to include all VA personnel compensated through appropriated funds. Our committee did not agree to include that provision and it, therefore, is not included in the compromise agreement. We have not yet perceived as great a need for including nonhealth care personnel within the scope of this extraordinary provision as there has been and continues to be with respect to Department of Medicine and Surgery personnel.

However, I, along with other members of the Veterans' Affairs Committees, will be following very closely the use made of fiscal year 1982 funds that are appropriated for specified personnel levels under the GOE and construction accounts. If necessary, we will reexamine the need to expand section 5010(a)(4).

I also wish to point out, Mr. President, the very detailed expression of the views of both committees, in the explanatory statement being inserted into the RECORD by our distinguished committee chairman, as it will also be made a part of the deliberations in the other body, on section 5010(a)(4).

MINIMUM-SERVICE REQUIREMENT

Mr. President, both the Senate bill and the House amendment contained provisions to incorporate in title 38 a general 2-year minimum-service requirement for VA-administered benefits for persons who initially enter active duty after the date of enactment of this measure. The Senate version also included other title 38 benefits eligibility within the scope of the requirement.

Thus, both the Senate and House measures would, with respect to benefits administered by the VA—and, in the Senate bill, also with respect to other title 38 benefits—supersede, by replacing and modifying, the general 2-year minimum-service requirement in section 977 of title 10, which was added by section 1002(a) of Public Law 96-342, the Department of Defense Authorization Act, 1981, and took effect on September 8, 1980, the date of that law's enactment. The existing title 10 provision applies to all Federal benefits based on active duty service but imposes a minimum-service requirement only with respect to enlisted personnel.

The Senate bill also contained a provision to establish that, notwithstanding any other provision of law, only the minimum-service requirements set forth in title 38 shall apply with respect to VA and title 38 benefits eligibility based on the service of a person who initially enters active duty after September 7, 1980.

Mr. President, section 608 of the compromise agreement would incorporate in title 38, in a new section 3103A, a general 2-year minimum-service requirement—applicable to officers as well as enlisted personnel and to commissioned officers of the Public Health Service and National Oceanic and Atmospheric Administration—as well as the provision constituting title 38 as the exclusive source of any minimum-service requirement for title 38 and VA benefits eligibility for those who initially enter active duty after September 7, 1980.

Proposed new section 3103A reflects a very lengthy, painstaking effort on the part of both committees in consultation with the Armed Services Committee in both bodies, with very valuable help from the VA and other agencies, to fashion a provision that blends the positions that each body had taken and deals fairly and equitably with the individuals concerned. I believe that that effort has been successful. I call special attention to the very complete discussion of this provision in the explanatory statement to which I previously referred.

It is my belief, Mr. President, that upon enactment of this new provision in this measure, the Armed Services Committee should proceed to recommend legislation repealing section 977, and Senator SIMPSON and I plan to introduce shortly appropriate legislation to this effect.

RADIATION LITERATURE REVIEW

Mr. President, I regret very deeply that the compromise agreement does not contain a provision, which I authored, that would have required the VA to conduct a review and analysis of literature relating to the long-term adverse health effects of human exposure to radiation and would have required the VA to consult with and actively coordinate with other Federal Government entities involved in radiation exposure-related activities.

The purpose of the review, which would have been similar to that which the VA is conducting pursuant to section 307 of Public Law 96-151, on literature regarding dioxin, the highly toxic contaminent in agent orange, was to assure that the VA is fully informed about and would pull together available relevant scientific information regarding radiation exposure. I believed that such a review would enhance the VA's capacity to resolve fairly and consistently the very complex issues involved in radiation-related VA compensation and DIC claims.

Approximately 250,000 Defense Department personnel participated in nuclear weapons tests between 1945 and 1963. In addition, an estimated 25,000 service personnel served in the U.S. occupation forces in Hiroshima and Nagaski following the atomic bombings of those cities during World War II. During the 96th Congress, I chaired hearings on the difficulties experienced by veterans in pursuing claims, through the VA adjudication process, for health problems they believe are related to their exposure to radiation during service and by veterans' survivors who believe that the veterans' deaths resulted from radiation-related causes.

Resolving such claims is complicated because the long-term health effects of exposure to low levels of radiation are not yet completely understood. However, it is clear that human exposure to certain levels of radiation causes—usually after a latency period of many years—an increased incidence of malignant tumors and also can cause genetic damage. Today, even though the controversy continues as to what specific health problems might result from exposure to low levels of radiation, scientists are in general agreement that there is no completely safe level of exposure to radiation.

Information received during the committee's hearings in the last Congress—and related hearings held by other congressional committees during the 95th and 96th Congresses—demonstrated that the Government failed to follow up medically on these veterans to determine what, if any, adverse health effects might be related to their exposure.

Thus, there is little information available related directly to the experience of this population. In dealing with radiation-related claims, the VA has relied heavily on comprehensive reviews such as the 1972 and the 1980 reports of the committee on Biological Effects of Ionizing Radiation—known as BEIR—of the National Academy of Sciences and the 1977 report of the Scientific Committee on the Effects of Atomic Radiation of the United Nations. These reviews were concerned primarily with determining minimum exposure levels that might be considered safe. Their relevance to the case-by-case adjudication of individual veteran's claims and their utility in adjudicating those claims may vary greatly.

Further, as the General Accounting Office pointed out in its January 2, 1981, report entitled "Problems in Assessing the Cancer Risks of Low-Level Ionizing Radiation Exposure"—EMD-81-1—some 80,000 articles have been published internationally on the health effects of ionizing radition. In my view, the VA, for the purpose of reaching reasonable determinations with respect to these claims, should be required, as the provision I authored would have done, to pull together and analyze the available scientific literature and to determine where updating is needed or gaps in available research need to be filled.

Mr. President, despite my best efforts to persuade my colleagues in the House to accept the Senate provision, I was not successful. Nor have I been successful thus far in my efforts to have the administration support this legislative program.

Nevertheless, I remain convinced of the value of such a literature review, and I urge the Administrator to take appropriate action, within existing authority, to insure that the agency is aware, to the maximum extent feasible, of the available literature on the health effects of exposure to radiation and that this information is made available in a useful format to all VA employees directly involved with resolving claims for benefits based on such exposure or who otherwise deal with veterans who have experienced such exposure. Likewise, I urge the Administrator to develop and foster all possible coordination and cooperation with other governmental entities involved in the conduct of research and in other scientific and medical efforts in the area of radiation exposure.

CONCLUSION

Mr. President, we have pending before us another example of an excellent bipartisan effort that reflects our commitment to meeting the needs of those who have served this Nation in time of need. The distinguished chairmen of both committees, Senator SIMPSON and Congressman MONTGOMERY, deserve congratulations for the development of this measure, as does the ranking minority member (Mr. HAMMERSCHMIDT) of the House Veterans' Affairs Committee.

In addition, I want to express my deep appreciation for their excellent work on this measure to staff members of the House committee, Mack Fleming, Rufus Wilson, Arnold Moon, and Charles Peckarsky; to Robert Cover, assistant counsel, House Legislative Counsel's Office, and to members of our committee staff, Julie Susman and Ken Bergquist, and Ken's successor, Tom Harvey—who, though on board for but a few days, has played a most constructive role in facilitating our agreement on this measure. Special thanks, of course, for the work of the members of the minority staff, Babette Polzer, Bill Brew, Ed Scott, Jon Steinberg, Ingrid Post, and Charlotte Hughes.

Mr. President, the compromise agreement now before the Senate is an excellent one, and it has my complete support.

I urge my colleagues to approve it unanimously.

Mr. BAKER. Mr. President, I move that the Senate concur in the amendments of the House with the amendments I have sent to the desk.

The motion was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have certain items on the Executive Calendar on this side which are cleared for action by unanimous consent. I will identify them and ask the minority leader if he is in a position to consider them. On page 1, under Department of Energy, Calendar Order No. 525, Henry E. Thomas IV, of Virginia, and on page 2 all of those items under Department of Justice, being Calendar Orders Nos. 527 through 532.

Mr. ROBERT C. BYRD. Mr. President, the minority is ready to proceed.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for the purposes of consideration of the nominations just identified.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

DEPARTMENT OF ENERGY

Henry E. Thomas IV, of Virginia, to be an Assistant Secretary of Energy (International Affairs).

DEPARTMENT OF JUSTICE

John Ernest Lamp, of Washington, to be a U.S. attorney for the eastern district of Washington.

Glen H. Davidson, of Mississippi, to be U.S. attorney for the northern district of Mississippi.

George Landon Phillips, of Mississippi, to be a U.S. attorney for the southern district of Mississippi.

Emory R. Jordan, of Maine, to be a U.S. marshal for the district of Maine.

Cameron M. Batjer, of Nevada, to be a Commissioner of the U.S. Parole Commission.

J. Raymond Bell, of the District of Columbia, to be the Chairman of the Foreign Claims Settlement Commission of the United States

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

NOMINATION OF HENRY E. THOMAS IV TO BE ASSISTANT SECRETARY OF ENERGY FOR INTERNATIONAL AFFAIRS

● Mr. McCLURE. Mr. President, I support the nomination of Henry E. Thomas IV to be Assistant Secretary of Energy for International Affairs.

Mr. Thomas was born in Charlotte, N.C., and graduated from the Virginia Military Institute in 1959. He has a masters degree in international affairs and has done graduate work in Sino-Soviet affairs. He served for 10 years in the U.S. Marine Corps before becoming a senior analyst with the Defense Nuclear Agency. Mr. Thomas' experience includes Government service as assistant director of the U.S. Price Commission and as part of the senior policy staff within the Environmental Protection Agency.

I ask that the biography of Mr. Thomas prepared by the Department of Energy be printed in the RECORD at this point.

The biography follows:

HENRY E. THOMAS

Henry E. Thomas is Assistant Secretary for International Affairs, Designate, U.S. Department of Energy (DOE). In this position, Mr. Thomas would be responsible for developing, managing, and directing programs and activities related to the international aspects of energy policy. He would ensure that U.S. international energy policies and programs conform with national goals, legislation and treaty obligations, and assist the Secretary in providing the President with independent technical advice on international energy negotiations.

Mr. Thomas has served in the policy area with the Environmental Protection Agency since 1973. His responsibilities included senior staff and line management positions directing multidisciplinary teams involved in national regulatory actions which encompassed coordination of regulatory issues relating to international trade. Mr. Thomas has represented the United States in several international forums, including the Organization for Economic Cooperation and Development, the Commission of the European Communities, the European Economic Community, and the United Nations Environmental Program.

From 1971 to 1973, Mr. Thomas served as Assistant Director, Price Commission, Executive Office of the President. In that capacity, he directed analytical studies of major U.S. industries, including those related to the petroleum production and distribution. Previously he was with Electronic Data Systems Corporation, responsible for governmental liaison and systems studies coordination. He also served with the U.S. Marine Corps, with assignments in the intelligence community and with the Defense Nuclear Agency in materials production, safeguards, and reactor and weapons design. Mr. Thomas currently holds the rank of Lieutenant Colonel in the Marine Reserve.

Mr. Thomas received a B.A. degree in history and economics from Virginia Military Institute in 1959 and an M.A. degree in international affairs from the University of New Mexico in 1970. His graduate work also includes studies in Sino Soviet Affairs at George Washington University. In addition, he has undertaken specialized course work at the Defense Intelligence School, Foreign Service Institute, Military Assistance Institute, the U.S. Atomic Energy Commission, and Defense Nuclear Agency.

Born in Charlotte, North Carolina, Mr. Thomas has resided in Europe, Latin America, and the Far East. He currently lives in Alexandria, Virginia, with his wife, the former Marian Mellish, and their two children, Evans and Nicholas.

Mr. McCLURE. The Committee on Energy and Natural Resources held a hearing on Mr. Thomas' nomination on September 24, 1981. On September 30, 1981, the committee reported favorably the nomination by a vote of 19 to 0. Mr. Thomas has supplied all the information required of him by the Rules of the Senate and the committee has complied with all provisions regarding conflicts of interest.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

DEFERRALS OF CERTAIN BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT—PM 80

The Presiding Officer laid before the Senate the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Agriculture, Nutrition, and Forestry, the Committee on Commerce, Science, and Transportation, the Committee on Armed Services, the Committee on Energy and Natural Resources, the Committee on Labor and Human Resources, the Committee on Foreign Relations, the Committee on Finance, the Committee on Environment and Public Works, and the Committee on the Judiciary:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report twenty-six deferrals of fiscal year 1982 funds totaling $737.2 million. The deferrals are primarily routine in nature and do not, in most cases, affect program levels.

The deferrals are for programs in the Departments of Agriculture, Commerce, Defense, Energy, Health and Human Services, Interior, Labor, State, Transportation, and Treasury, the Pennsylvania Avenue Development Corporation, and the Motor Carrier Ratemaking Study Commission, as well as for Appalachian regional development programs.

The details of each deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *October 1, 1981.*

MESSAGE FROM THE HOUSE

ENROLLED JOINT RESOLUTIONS SIGNED

At 11:19 a.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the Speaker has signed the following enrolled joint resolutions:

S.J. Res. 78. Joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day";

S.J. Res. 103. Joint resolution to authorize and request the President of the United States to issue a proclamation designating the seven calendar days beginning October 4, 1981, as "National Port Week"; and

H.J. Res. 325. Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes.

The enrolled joint resolutions were subsequently signed by the President pro tempore (Mr. THURMOND).

ENROLLED JOINT RESOLUTIONS PRESENTED

The Secretary reported that on today, October 1, 1981, he had presented to the President of the United States the following enrolled joint resolutions:

S.J. Res. 78. Joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day"; and

S.J. Res. 103. Joint resolution to authorize and request the President of the United States to issue a proclamation designating the seven calendar days beginning October 4, 1981, as "National Port Week."

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1995. A communication from the Acting General Counsel of the General Accounting Office, transmitting, pursuant to law, a report on the status of budget authority proposed, but rejected, for rescission; jointly, pursuant to the order of January 30, 1975, to the Committee on Appropriations, the Committee on the Budget, the Committee on Labor and Human Resources, the Committee on Agriculture, Nutrition and Forestry, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Environment and Public Works.

EC-1996. A communication from the Assistant Secretary of State for Congressional Relations, transmitting, pursuant to law, reports covering certain properties to be transferred to the Republic of Panama under the Panama Canal Treaty of 1977; to the Committee on Armed Services.

EC-1997. A communication from the Director of the Defense Security Assistance Agency, transmitting pursuant to law, a report on a proposed foreign military sale to Egypt; to the Committee on Armed Services.

EC-1998. A communication from the Assistant Secretary of the Air Force for Research, Development, and Logistics, transmitting pursuant to law, notice of a decision made to convert the transient aircraft maintenance function at Reese Air Force Base, Texas, to performance by contract; to the Committee on Armed Services.

EC-1999. A communication from the Assistant Secretary of the Air Force for Research, Development, and Logistics, transmitting pursuant to law, a report on a decision to convert the transient aircraft maintenance function at Columbus Air Force Base, Mississippi, to performance by contract; to the Committee on Armed Services.

EC-2000. A communication from the Assistant Secretary of the Air Force for Research, Development, and Logistics, transmitting pursuant to law, a report on a decision made to convert the transient aircraft maintenance function at Laughlin Air Force Base, Texas, to performance by contract; to the Committee on Armed Services.

EC-2001. A communication from the Assistant Secretary of the Air Force for Research, Development and Logistics, transmitting, pursuant to law, a report on a decision made to convert the transient aircraft maintenance function at Williams Air Force Base, Arizona, to performance by contract; to the Committee on Armed Services.

EC-2002. A communication from the Director of the Defense Security Assistance Agency, transmitting pursuant to law, a report on a proposed foreign military sale to Spain; to the Committee on Armed Services.

EC-2003. A communication from the Executive Director of the Neighborhood Reinvestment Corporation, transmitting, pursuant to law, a report on the Mutual Housing Association National Demonstration; to the Committee on Banking, Housing, and Urban Affairs.

EC-2004. A communication from the Acting Secretary of Housing and Urban Development, transmitting, pursuant to law, a report on Section 202 Housing Cost Reduction; to the Committee on Banking, Housing, and Urban Affairs.

EC-2005. A communication from the General Counsel of the Department of Energy, transmitting, pursuant to law, a notice of a meeting related to the International Energy Program; to the Committee on Energy and Natural Resources.

EC-2006. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "The United States Remains Unprepared For Oil Import Disruptions"; to the Committee on Energy and Natural Resources.

EC-2007. A communication from the Secretary of Energy, transmitting, pursuant to law, the fourth Comprehensive Program and Plan for Federal Energy Education, Extension, and Information Activities; to the Committee on Energy and Natural Resources.

EC-2008. A communication from the Acting Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Millions Paid Out In Duplicate And Forged Government Checks"; to the Committee on Finance.

EC-2009. A communication from the Acting Assistant Legal Advisor for Treaty Affairs of the Department of State, transmitting, pursuant to law, a report on international agreements, other than treaties, entered into by the United States in the sixty day period prior to September 23, 1981; to the Committee on Foreign Relations.

EC-2010. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, legislation adopted by the Council on September 30, 1981; to the Committee on Governmental Affairs.

EC-2011. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, legislation adopted by the Council on September 30, 1981; to the Committee on Governmental Affairs.

EC-2012. A communication from the Under Secretary of the Interior transmitting a draft of proposed legislation to provide for the distribution of Warm Springs judgment funds by the Indian Claims Commission in Docket 198; to the Select Committee on Indian Affairs.

EC-2013. A communication from the Executive Secretary of the National Music Council transmitting, pursuant to law, the audit report of the Council for the fiscal period ending April 30, 1981; to the Committee on the Judiciary.

EC-2014. A communication from the Chairman of the National Commission for Employment Policy transmitting, pursuant to law, the Commission's recommendations on vocational education; to the Committee on Labor and Human Resources.

EC-2015. A communication from the Secretary of Education transmitting, pursuant to law, a report on the Indian Definition Study; to the Committee on Labor and Human Resources.

EC-2016. A communication from the

Comptroller General of the United States, transmitting pursuant to law, a report entitled "SBA's 7(j) Management Assistance Program: Changes Needed to Improve Efficiency and Effectiveness"; to the Committee on Small Business.

EC–2017. A communication from the Assistant Vice President of the Farm Credit Banks of Baltimore, transmitting, pursuant to law, the annual Retirement Plan Report for the Farm Credit District of Baltimore for the year ending December 31, 1980; to the Committee on Governmental Affairs.

EC–2018. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report on a proposed foreign military sale to Saudi Arabia; to the Committee on Foreign Relations.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–450. A resolution adopted by the General Court of the Commonwealth of Massachusetts; to the Committee on Appropriations:

RESOLUTIONS MEMORIALIZING CONGRESS TO ENACT A JOBS WITH PEACE BUDGET

"Whereas, the following question appeared on the ballot in the Second Middlesex, Suffolk, and Middlesex, and Second Middlesex and Norfolk Senatorial Districts: 'Shall the Senator from this district be instructed to vote in favor of a resolution calling on the Federal Government to cease unnecessary spending on new military programs and, instead, to spend the funds for civilian needs such as construction of energy-efficient housing, mass transit, public education and health care'; and

"Whereas, a majority of voters in said senatorial districts voted in favor of said 'jobs with peace' resolution; and

"Whereas, 199,000 Massachusetts citizens were jobless as of November, 1980, with unemployment in excess of twenty-five per cent in certain inner-city areas; and

"Whereas, a 1980 U.S. Bureau of Labor Statistics study shows that military spending is the least efficient federal activity in terms of employment, creating only 75,710 jobs for every billion dollars spent in the military sector as compared with 92,071 jobs for the same amount spent on mass transit, 100,072 jobs in construction, 138,939 jobs in health care and 187,299 jobs in education; and

"Whereas, the cost of living in Massachusetts has risen at a rate of more than twelve per cent per year; and

"Whereas, military spending is one of the most inflationary of all federal activities because it adds to aggregate demand without increasing the supply of privately consumable goods; and

"Whereas, the Massachusetts public is frustrated by the burden of taxation as evidenced by the passage of proposition 2½; and

"Whereas, the average Massachusetts family paid $2,770 in taxes for military goods and services last year; and

"Whereas, many experts believe that continued increased spending on new military programs will not enhance national security but will instead escalate an arms race which increases the likelihood of nuclear war; and

"Whereas, the proposed increases in military spending will result in a decrease in federal aid to municipalities at the same time other local revenues are cut back due to proposition 2½ forcing reductions in funding for mass transit, housing construction, health care and education; therefore be it

"*Resolved*, that the general court of Massachusetts urges President Ronald Reagan and the Congress of the United States to cease unnecessary spending on new military programs and, instead, to spend the funds for civilian needs such as construction of energy-efficient housing, mass transit, public education and health care; and be it further

"*Resolved*, that a copy of this resolution be sent forthwith by the clerk of the House of Representatives to the President of the United States, the presiding officer of each branch of Congress, and to the members thereof from this Commonwealth."

POM–451. A petition from a citizen of Campbell, Calif., favoring congressional cooperation with the efforts of the Reagan administration to strengthen the military power of the United States; to the Committee on Armed Services.

POM–452. A joint resolution adopted by the Legislature of the State of California; to the Committee on Commerce, Science, and Transportation:

RESOLUTION

SENATE JOINT RESOLUTION NO. 9

"Whereas, California's seafood industry is responsible for the landings and shipments of one billion pounds annually of fish and shellfish products having a significant and beneficial impact on all segments of California's economy; and

"Whereas, California's offshore fishery reresources are vast and, with proper management, could support a substantially expanded seafood industry in California; and

"Whereas, Under the Fishery Conservation and Management Act of 1976, fishery resources not fully utilized by the United States are available for harvest by foreign fishing fleets within the United States 200-mile fishery conservation zone; and

"Whereas, A significant impediment to the full utilization by California and other coastal states of offshore fishery resources is the lack of sufficient or modern shoreside seafood processing facilities capable of processing and marketing the catch of California and other coastal states fishermen; and

"Whereas, Legislation passed by the Congress and signed by the President in 1980 to provide, among other things, loan guarantees for seafood processing, is not sufficient to stimulate investment in processing facilities because of current economic conditions; and

"Whereas, Federal legislation, including, but not limited to, (a) extending tax deferral programs to include shoreside seafood processing, (b) providing short-term inventory and export loan guarantees, (c) creating within the seafood industry a commodity credit corporation, and (d) designating fishing ports and seafood processing as a priority for economic development, is necessary for California and other coastal states; and

"Whereas, The President has emphasized the need for business development, including tax incentive programs; now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly*, That the Legislature of the State of California memorializes the President and Congress of the United States to enact legislation which would encourage the construction of new and modern facilities for processing seafood for human consumption so that California and other coastal states will be able to fully utilize their offshore fishery resources; and be it further

"*Resolved*, That federal legislation be enacted to enable existing facilities which process seafood for human consumption to be eligible for tax deferral programs; and be it further

"*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–453. Joint resolution adopted by the Legislature of the State of California; to the Committee on Environment and Public Works:

"SENATE JOINT RESOLUTION NO. 13

"Whereas, The Pacific Fishery Management Council includes the western states of Oregon, Washington, Idaho, and California which have few common characteristics; and

"Whereas, Only one fishery exists in the State of Idaho, and yet Idaho votes on all fisheries subject to council jurisdiction; and

"Whereas, California has a unique coastline over 1,100 miles in length; and

"Whereas, California is much larger geographically than the other states, and of comparable size to east coast states organized under one council; and

"Whereas, The State of California and Mexico share resources not found north of the California border, which are subject to bilateral and cooperative research efforts between California and Mexico; and

"Whereas, California alone has more fisheries in the fisheries conservation zone than the other Pacific Council states combined, shares few fisheries, and, in fact, has more diverse fisheries not common with the other Pacific Council member states; and

"Whereas, The recreational fishery is a large and valuable asset to California and its problems are primarily inherent to this state; and

"Whereas, The Pacific Fishery Management Council is formulating specific plans subjecting certain fisheries to council jurisdiction, and four of those plans relating to domestic fisheries for anchovies, jack mackerel, squid, and billfish would affect only California; and

"Whereas, Landings and shipments in California exceed one billion pounds annually and have a significant impact on California's fishing industry and all segments of California's economy; and

"Whereas, The Pacific Fishery Management Council established a fishery management plan for the salmon fishery in 1980, despite objections from the California Legislature and commercial and recreational fishermen, which had disastrous results for California's salmon fishery; and

"Whereas, Other fisheries only pursued in California may soon be the subject of council management planning efforts; and

"Whereas, The Pacific Fisheries Management Council recently voted to recommend to the Secretary of Commerce that the State of Alaska be given voting status, rather than observer status, on the council, thus creating a further voting disadvantage for California; and

"Whereas, Legislation has been introduced in Congress to establish a separate California fishery council and other legislation to establish a fishery management council including only the State of California is being drafted; now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly*, That the Legislature of the State of California respectfully memorializes the President and fishery management council including only Congress of the United States to establish a the State of California; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM–454. Joint resolutions adopted by the Legislature of the State of California; to the Committee on Environment and Public Works:

"SENATE JOINT RESOLUTION NO. 15

"Whereas, The need for an immediate and permanent solution to the severe beach erosion problem afflicting the beaches of northern San Diego County is apparent; and

"Whereas, The erosion problem is a regional problem affecting all beaches from Oceanside to La Jolla; and

"Whereas, The best available engineering and scientific evidence indicates that the primary cause of the erosion problem is the Federal government's construction of the Marine Corps' Del Mar Boat Basin and appurtenant ocean structures; and

"Whereas, The Federal government has acknowledged and accepted full responsibility for correcting the problem; and

"Whereas, Interim short-term solutions to the erosion problem such as the current effort involving the dredging of Oceanside Harbor and placing the dredged material on the beaches are neither effective nor cost-efficient; and

"Whereas, A truly effective, permanent solution to the regional beach erosion problem requires immediate stabilization of beaches, coupled with the prompt installation of a permanent sand bypass system which will transport sand from north of the Del Mar Boat Basin to the beaches of Oceanside and cities to the south; and

"Whereas, The Army Corps of Engineers has prepared a survey report, dated September 1980, studying the beach erosion problem and proposing four alternative solutions; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California memorializes the Army Corps of Engineers to move the survey report forward as rapidly as possible into advanced engineering and design; and be it further

"*Resolved,* That the Legislature of the State of California memorializes the Army Corps of Engineers to design, construct, and put into operation at the earliest possible date an effective, permanent sand bypass system which will restore to the fullest extent possible the natural flow of sand to the beaches of northern San Diego County to alleviate the regional erosion problem, and to act immediately to stabilize the beaches to prevent further destruction of public and private property; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Unied States Army Corps of Engineers, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-455. Joint resolution adopted by the Legislature of the State of California; to the Committee on Foreign Relations:

SENATE JOINT RESOLUTION—NO. 3

"Whereas, There is no reciprocity agreement presently in effect between the Republic of Mexico and the United States of America regarding the operation of motor carriers owned by Mexican individuals or companies in the United States of America or the operation of American motor carriers in Mexico; and

"Whereas, This situation results in unduly restrictive measures by the Republic of Mexico for allowing American-owned motor carriers to operate within Mexico while allowing Mexican-owned carriers to easily operate in the United States without proper operating authority because of the lack of a formal international agreement requiring Mexican carriers to prove operating authority for operation in the United States; and

"Whereas, The operation of improperly credentialed Mexican-owned carriers deprives the state of revenue in the form of Board of Equalization taxes, motor vehicle license, weight, and registration fees, city business license fees, business and corporation fees, personal income taxes, Public Utilities Commission fees, and Workers' Compensation and State Disability Income Fund contributions; and

"Whereas, if Mexican carriers are operating in California without proper authority, the state suffers increased unemployment and the situation places an undue economic burden upon American-owned carriers; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the President and Congress of the United States are respectfully memorialized to direct the Interstate Commerce Commission and the Department of Transportation to investigate and ascertain the extent of operation of improperly credentialed motor carriers owned or operated by individuals and companies from the Republic of Mexico and to take action to develop an agreement between the Republic of Mexico and the United States of America for reciprocity in the operation of motor carriers between the several states of these two nations; and be it further

Resolved, That the Commission of the Californias investigate and ascertain the extent of operations in California of improperly credentialed motor carriers owned or operated by individuals and companies from the Republic of Mexico and report its findings and recommendations to the Legislature on or before July 1, 1982; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, to the Department of Transportation, to the Interstate Commerce Commission, to the Department of State, and to the Commission of the Californias."

POM-456. Joint resolution adopted by the Legislature of the State of California; to the Committee on Foreign Relations:

SENATE JOINT RESOLUTION NO. 7

"Whereas, During 1980, the countries of Costa Rica, Mexico, Ecuador, and Peru seized 22 United States flag tuna vessels, and the cost of the fines and other direct charges paid by the tuna fishermen as a condition for the release of the vessels and crews totaled $9.6 million; and

"Whereas, Another 16 vessels were harassed and detained, and the cost of charges incidental to the seizures and harassment connected with port charges, fuel, travel, and loss of fishing is estimated to exceed $2.5 million; now, therefore, be it

"Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the Congress of the United States to discontinue the sale of oceangoing vessels suitable for use as military ships to any country which uses its fleet in any manner adverse to legitimate American fishing interests; and be it further

"Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

POM-457. A resolution adopted by the Aeronautical Industrial District Lodge No. 1, Harford, Conn., opposing the decontrol of natural gas; to the Committee on Energy and Natural Resources.

POM-458. A petition from a citizen of Fort Smith, Ariz., relative to union violence; to the Committee on Labor and Human Resources.

POM-459. A petition from a citizen of Clearwater, Fla., relative to monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM-460. A petition from a citizen of Keswick, Iowa, relative to monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM-461. A petition from a citizen of Everett, Wis., relative to monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM-462. A petition from a citizen of Auburn, Ohio, relative to monopoly bargaining in the Federal service; to the Committee on Labor and Human Resources.

POM-463. A resolution adopted by the Senate of the Commonwealth of Massachusetts; to the Committee on Labor and Human Resources:

RESOLUTIONS MEMORIALIZING CONGRESS ON THE ADOPTION OF LEGISLATION PROVIDING FOR THE ESTABLISHMENT OF A REYE'S SYNDROME COORDINATING COMMITTEE

"Whereas, there is pending before the Congress of the United States Senate Bill 290 which seeks to establish a coordinating committee on Reye's syndrome which shall be a part of the National Institute of Neurological and Communicative Disorders and Stroke; and

"Whereas, a Reye's syndrome coordinating committee would make grants and enter into contracts for the purpose of conducting basic and clinical research relating to the causes, diagnosis, early detection and treatment of Reye's syndrome; now therefore be it

"*Resolved,* That the Massachusetts Senate respectfully urges the Congress of the United States to enact legislation to establish said coordinating committee in order to assure a thorough understanding and course of treatment of Reye's syndrome; and be it further

"*Resolved,* That a copy of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, to the presiding officer of each branch of the Congress, and to each Member thereof from the Commonwealth."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PERCY, from the Committee on Foreign Relations, without amendment:

S. Res. 217. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S.J. Res. 100; referred to the Committee on the Budget.

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title.

S. 1503. A bill to authorize the President to allocate supplies of crude oil and petroleum products during a severe petroleum supply shortage (with minority and supplemental views) (Rept. No. 97-199).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SPECTER:

S. 1688. A bill to combat violent and major crime by establishing a Federal offense for continuing a career of robberies or burglaries while armed and providing a mandatory sentence of life imprisonment; to the Committee on the Judiciary.

S. 1689. A bill to authorize incarceration in Federal prisons of convicts sentenced to life imprisonment under the habitual criminal statute of a State; to the Committee on the Judiciary.

S. 1690. A bill to require States to assure that prisoners have a marketable job skill and basic literacy before releasing them on parole; to the Committee on the Judiciary.

By Mrs. HAWKINS (for herself and Mr. METZENBAUM):

S. 1691. A bill to amend the Federal Reserve Act with respect to the terms of the Board of Governors of the Federal Reserve System, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. ABDNOR (for himself and Mr. MOYNIHAN):

S. 1692. A bill to provide for the operation, maintenance, and construction of deep-draft channels and harbors; to the Committee on Environment and Public Works.

By Mr. KASTEN:

S. 1693. A bill to provide for the issuance of a special stamp to commemorate the 200th anniversary of the presence of the bald eagle on the official seal of the United States of America; to the Committee on Governmental Affairs.

By Mr. THURMOND:

S. 1694. A bill to amend section 266(a) of title 10, United States Code, to require that selection boards considering Reserves for appointment, promotion, and certain other purposes in the Armed Forces include an appropriate number of Reserves as members; to the Committee on Armed Services.

By Mr. SYMMS:

S. 1695. A bill to repeal the Generation Skipping Transfer Tax; to the Committee on Finance.

By Mr. WALLOP:

S. 1696. A bill to amend the Social Security Act to facilitate enforcement of provisions requiring suspension of benefits to inmates of prisons and other public institutions by ensuring the availability of necessary information from Federal instrumentalities; to the Committee on Finance.

By Mr. HELMS:

S. 1697. A bill to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. DENTON (for himself and Mr. LEVIN):

S. 1698. A bill to amend the Immigration and Nationality Act to provide preferential treatment in the admission of certain children of United States Armed Forces personnel; to the Committee on the Judiciary.

By Mr. MATHIAS:

S. 1699. A bill to reimburse the city of Frederick, Maryland, for money paid by the citizens of such city to save and hold harmless valuable military and hospital supplies owned by the United States Government; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 1688. A bill to combat violent and major crime by establishing a Federal offense for continuing a career of robberies or burglaries while armed and providing a mandatory sentence of life imprisonment; to the Committee on the Judiciary.

S. 1689. A bill to authorize incarceration in Federal prisons of convicts sentenced to life imprisonment under the habitual criminal statute of a State; to the Committee on the Judiciary.

S. 1690. A bill to require States to assure that prisoners have a marketable job skill and basic literacy before releasing them on parole; to the Committee on the Judiciary.

(The remarks of Mr. Specter on this legislation appear earlier in today's RECORD.)

By Mrs. HAWKINS (for herself and Mr. METZENBAUM):

S. 1691. A bill to amend the Federal Reserve Act with respect to the terms of the Board of Governors of the Federal Reserve System, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

FEDERAL RESERVE AMENDMENTS OF 1981

Mrs. HAWKINS. Mr. President, since Congress returned from the August recess punishingly high interest rates have dominated debate on economic policy. We all agree that high interest rates are having a devastating effect. High interest rates now threaten many businesses. Bankruptcies are at a record high. The housing industry is dormant. And demand for loans to boost farm productivity is down substantially.

I fully support and have faith in the President's economic revitalization program which begins today. President Reagan and this Congress are trying to reverse the effects of years of irresponsible Government spending and runaway deficits. However, it took years for our difficulties to develop. So, we must be patient and give the economic recovery plan a chance to work.

However, it is difficult to be patient when high interest rates have such an adverse impact on everyone, including the Federal Government. If we could finance the national debt at 5 percent instead of 15 percent, we could save $30 billion in fiscal year 1982. This would reduce considerably the need to make budget cuts elsewhere.

Because of this interest rate problem, we have made significant cuts in Federal spending. Even the social security system has not been left untouched. And in spite of the massive Soviet military buildup, we will cut the defense budget.

At a time of record high interest rates and at a time when Congress is scrutinizing every budget in order to save as much as possible, no Government operation should be overlooked. For these reasons, on September 11, 1981, I called for immediate legislative action to restructure the Federal Reserve Board as a first step toward lower interest rates and for finding further ways to reduce Government spending.

It amazes this Senator that in these times of fiscal constraint that any part of the Federal Government can have an operating budget approaching $1 billion yet not be subject to congressional review. Yet that is exactly the situation for the lucky Federal Reserve System. In far different times, Congress first allowed the System to pay its costs out of interest earned from the Treasury securities it holds to perform certain central banking functions. That interest income now totals $13 billion. The System gives over to the Treasury about $12 billion, and uses the remaining $1 billion as it sees fit. How they use the money is probably not the way Congress would choose to do so.

For example, half of their budget goes for salaries, including what appears to be excessive sums for regional Federal Reserve bank presidents. Over $1 million alone is spent to compensate only these 12 people. In fact, operating costs of the System have risen by 800 percent since 1950 while the Consumer Price Index has moved just over 200 percent.

The expenses of the Board of Governors are fat, too. Since 1950, Board expenses have risen an astounding 1,700 percent, according to Arthur Andersen and Co., who audits their books. I feel it is most appropriate that the Congress take back the power of the purse it handed over to the system in view of these truly shocking statistics.

Restructuring is also needed to give the President more control over national economic policy since he bears the ultimate responsibility for the economic condition of the country. Yet currently five of the seven Board members are Carter appointees and none of them are monetarists or supplysiders but followers of Keynes instead. That means thinking about fiscal policy has shifted sharply, but the same cannot be said about monetary policy. While the Nation changed fiscal policymakers last November, it has not changed its central bankers.

Today I am introducing what I called for a couple of weeks ago. I am introducing a bill that requires the System to be subjected to the annual congressional authorization and appropriation process and it also restructures the Federal Reserve Board for the first time in over 45 years. Here are the specifics.

First, the expenses of the Federal Reserve banks must be paid only from such funds as may be specifically authorized and appropriated by Congress for that purpose. This will give Congress the opportunity to scrutinize the budget of the Federal Reserve System just as it examines the budgets of all other government operations. No governmental unit should be exempt from a review on how taxpayers' money is spent.

Second, the Comptroller General of the United States must make at least one annual audit of the Federal Reserve Board, of all Federal Reserve banks, and their branches and facilities. Currently, the Comptroller General is not required to perform an audit every year. It is only reasonable that our central bank, which has so much power over the economy, be reviewed at least once a year.

Third, Board members will serve 5-year terms instead of the current 14-year terms so that any President will be able to appoint governors who support his economic policy. Fourth, for the same reason both the Chairman and the Vice-Chairman of the Board will serve at the pleasure of the President.

Fifth, only one Board member may have served on the staff of the Federal Reserve System prior to his appointment to the Board. This rule is needed to prevent institutional inbreeding that is prevalent on the Board now. Inbreeding promotes the continuation of institutional ideas, not those of a new administration.

Finally, this legislation increases the Board size from seven to nine. Increasing the number of members makes it possible for representatives from many different economic sectors to participate in decisions made by a board which affects everyone.

It is imperative that the current high interest rates come down soon, and I know that President Reagan wants this to happen. Yet, only when the impasse between those who want to follow new policies and those who want to follow old ones is broken can the administration and the Board work together to lower interest rates. The Congress can help by restructuring the Board to make it more responsive to the needs of a new administration embarking on a novel economic program and by applying sound budgetary principles to the System itself. I urge my colleagues to give Reaganomics a real chance to succeed by adopting this bill. The text follows.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1697

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Reserve Amendments of 1981".

SEC. 2. Section 10 of the Federal Reserve Act is amended by striking out the first and second paragraphs and inserting in lieu thereof the following:

"The Board of Governors of the Federal Reserve System (hereinafter referred to as the 'Board') shall be composed of nine members to be appointed by the President by and with the advice and consent of the Senate for terms of 5 years, except as hereinafter provided. In selecting the members of the Board not more than one of whom shall be selected from any one Federal Reserve district, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interest, and geographical divisions of the country. Not more than one member of the Board may have served as a staff member of the Federal Reserve System. Of the members first appointed under the first sentence of this paragraph, one shall serve for a term of 1 year, two shall serve for terms of 2 years, two shall serve for terms of 3 years, two shall serve for terms of 4 years, and two shall serve for terms of 5 years, as designated by the President at the time of appointment. Thereafter each member shall hold office for a term of 5 years from the expiration of the term of his predecessor unless sooner removed for cause by the President. Each member of the Board shall within fifteen days after notice of appointment make and subscribe to the oath of office. Upon the expiration of their terms of office, members of the Board shall continue to serve until their successors are appointed and have qualified.

"Of the persons thus appointed—

"(1) one shall be designated by the President, by and with the advice and consent of the Senate to serve as chairman of the Board, and

"(2) one shall be designated by the President, by and with the advice and consent of the Senate to serve as vice chairman of the Board,

to serve at the pleasure of the President for a term ending on January 30, 1985. Thereafter, each member so designated shall serve as chairman or vice chairman for a term of 4 years from the expiration of the term of his predecessor. The chairman of the Board, subject to its supervision, shall be its active executive officer.

"Any person appointed or designated to fill an unexpired term shall serve only for the remainder of that term.".

SEC. 3. The members of the Board of Governors of the Federal Reserve System in office on the date of enactment of this Act shall continue to serve until five members of the Board, as provided for under the amendment made by section 2, have been appointed and have qualified.

SEC. 4. Section 7 of the Federal Reserve Act is amended by inserting immediately after the section heading the following new paragraph:

"The full amount of all interest, discounts, assessments, and fees received by Federal Reserve banks shall be paid or credited by such banks to the Secretary of the Treasury and covered into the Treasury as miscellaneous receipts. The expenses of such banks may be paid only from such funds as may be specifically authorized or appropriated for that purpose."

SEC. 5. (a) The third paragraph (12 U.S.C. 243) of section 10 of the Federal Reserve Act is amended to read:

"There are hereby authorized to be appropriated such sums as may be necessary to pay the expenses of the Board and the salaries of its members and employees.

SEC. 6. Section 117(e)(1)(A) of the Accounting and Auditing Act of 1950 is amended by inserting "annually" after "(A)."

By Mr. ABDNOR (for himself and Mr. MOYNIHAN):

S. 1692. A bill to provide for the operation, maintenance, and construction of deep-draft channels and harbors; to the Committee on Environment and Public Works.

NATIONAL HARBORS IMPROVEMENT AND MAINTENANCE ACT OF 1981

Mr. ABDNOR. Mr. President, I am today introducing legislation that is designed to move our national harbor maintenance and development program forward in a manner that I believe is realistic and sensible.

I am particularly pleased that the distinguished senior Senator from New York (Mr. MOYNIHAN), the ranking minority member of the Senate's Subcommittee on Water Resources, has agreed to cosponsor this bill. Since this bill shifts much of the cost for future harbor work onto non-Federal interests and the actual users of the harbors, I believe it is very significant that a Senator who represents one of our major ports has agreed to sponsor the bill.

Before discussing some of the details of this bill, I want to make it clear to my colleagues that this bill provides an important philosophical initiative, but that some specific provisions may need to be more clearly defined. Nevertheless, I am introducing this bill because I believe we must act soon to resolve the issue of future Federal participation in harbor development, offering greater certainty to harbor managers and users.

To that end, I intend to call the Subcommittee on Water Resources together to begin to mark up harbor development legislation within the next 2 weeks or so. We will use this bill as our starting point. It would be my hope that we can get legislation to the Senate floor very soon after our committee markup.

I am convinced that it is necessary to move legislation forward not only to provide certainty to the ports and their customers, but also to assist President Reagan in meeting the fiscal obligations he has set for our Nation. While I have said that I do not view this bill as final, provisions to require full non-Federal cost sharing on new harbor construction are sound and essential.

Mr. President, our Subcommittee on Water Resources has examined the issue of port development at a number of hearings this year. The problems are complex, riddled with seemingly conflicting issues and demands. A high demand appears to exist for new port development. We have heard much about the need for "superports" to expedite coal exports. We are also confronting an increasing backlog of unfulfilled maintenance dredging. And yet, I am convinced that we will not see any increase in Federal spending on port development.

We simply no longer have the luxury to perpetuate the traditional federally funded approach to harbor development and maintenance. The Federal budget can no longer absorb those costs.

Our system for Federal study, authorization, and construction is exceedingly slow. Aside from the impediment of slow Federal funding, the time required to obtain necessary permits for construction of ports and related facilities is tedious.

The administration has addressed fiscal problems by proposing full local cost sharing on all aspects of harbor work. That legislation has been introduced as S. 809. President Reagan recently reiterated his belief that such legislation is vital. While I do not share the President's belief that the total costs of such work should be shifted onto the ports and their users, I see the need for a major new initiative.

It might be easy simply to say, "Let's split the difference, you pay half, we pay half." I disagree. I believe that the greater Federal interest and commitment exists in maintaining our harbors at their presently existing dimensions. But I believe it is proper to say to those ports that see an economic value in expansion: You must pay for that yourself, in a manner that allows the beneficiaries to shoulder that cost.

I am convinced that such an approach makes economic sense. Only when the beneficiaries participate in the financing of projects will we see a true selection of high priority work, and its early implementation. Our present system of congressional authorizations and appropriations, or any variation on it, will simply not lead to the rapid execution of these priorities.

The National Harbors Improvement and Maintenance Act encourages rapid development of port improvements by allowing the private marketplace to determine priorities among projects. If a project has substantial benefits, the non-Federal markets will assess this potential, and provide the funding.

Several port representatives have testified to the subcommittee that they are confident they can obtain private financing, and would be willing to do so, if no Federal financing alternative existed. Our bill acknowledges this ability, encouraging private financing of new port development. If substantial benefits exist in new port development, I am convinced the ports will be able to obtain necessary funding in the marketplace, then repay it through fees collected as a result of the additional, more efficient shipping.

A stronger and more logical Federal commitment exists for continued Federal financing of maintenance dredging. Many existing ports would probably be hampered severely if the non-Federal sponsor were required suddenly to assume the full cost of that maintenance dredging. Yet we have to acknowledge our budgetary constraints, which make it appropriate to require that non-Federal sources pay at least a portion of those maintenance costs.

This bill requires non-Federal authorities to pay 25 percent of the maintenance of harbors and channel dimensions authorized by Congress prior to January 1, 1981; the cost would be 50 percent on channels and harbors developed after that date. There will, no doubt, be suggestions that those figures be increased, possibly on a gradual basis over time.

It may be argued that this bill disenfranchises the Army Corps of Engineers from harbor work. This is not true. The corps will continue to do all maintenance dredging under this bill, unless a local authority wants to go ahead on its own at its own expense. The corps will maintain a role in building projects related to national defense. And the corps will be encouraged to work with local authorities to develop and construct new projects undertaken at local expense.

Finally, the bill seeks to expedite development. The bill, of course, eliminates one of the biggest problems—congressional delays—by allowing non-Federal interests to determine the speed and funding of new harbor projects. By eliminating the need for congressional authorization of projects—although not prohibiting such authorizations, if they involve national defense work—the bill should greatly accelerate the ability of ports to move forward on necessary projects.

The bill should also reduce the time needed for issuing permits by mandating a joint review process for all Federal permits. Although there have been individual problems with individual permits, a major problem with permitting appears to have been the fact that each permit is processed individually. A recent report of the General Accounting Office indicated that time required to obtain permits could be cut in half if permits were consolidated. This bill mandates such a consolidation. It requires all affected Federal agencies to work together to consolidate the permitting process and allows the States and localities to become involved in such a process. The bill charges the Corps of Engineers with the responsibility to insure that the timetables are met, establishing reporting requirements to indicate progress and assure completion.

Mr. President, I hope my colleagues will see the wisdom of this bill. It is the product of many hearings and much discussion with experts throughout the country. Senator MOYNIHAN and I believe it is a straightforward approach to solving an important problem. I do not expect that it will at first be received with enthusiasm by the port and shipping industry. But on reflection. I am convinced it is likely to be the only approach that achieves a fair division of costs, while assuring what we all seek—early action on priority work that will enhance our national capability to export goods.

I would urge that any interested person or group write to the committee in the near future before our markups expressing their views on the approach in this bill. We will review those comments with great care, and include them in our RECORD.

Mr. President, I ask unanimous consent that a copy of a section-by-section analysis of this bill, followed by a copy of the bill itself, be printed at this point in the RECORD.

There being no objection, the analysis and bill were ordered to be printed in the RECORD, as follows:

SECTION-BY-SECTION ANALYSIS

Section 1 contains the short title of the bill, "The National Harbors Improvement and Maintenance Act of 1981."

OPERATION AND MAINTENANCE

Section 2 establishes the conditions under which the Corps of Engineers will continue to dredge deep-draft channels and harbors of the United States.

Section 2(a) requires that non-federal authorities pay 25 percent of the cost of dredging any channel or harbor that was authorized as of January 1, 1981, and 50 percent of the maintenance costs for projects authorized after that date or undertaken under the terms of Section 3 of this Act. Thus, any project authorized prior to January 1, 1981 would be maintained at 75 percent federal-expense. But if local authorities go forward on their own with a project to deepen the harbor, the Federal share of maintenance costs would drop to 50 percent.

Section 2(b) limits federal liability for damage resulting from Federal maintenance activities.

Section 2(c) requires the Secretary of the Army to transmit annually to the President and Congress a report of harbor maintenance needs and proposed maintenance expenditures for the following fiscal year. In addition, the report will include anticipated expenditures at each harbor for the succeeding four years. The intent of this Section is to provide the President and the Congress longer term view of national harbor maintenance needs.

Section 2(d) authorizes $250 million per year for maintenance work for the fiscal years 1983 through 1987.

NEW CONSTRUCTION

Section 3 defines the procedures for new project construction, as well as the role of the Army Corps of Engineers in studies and the construction of new projects. This section also describes procedures for completing studies and construction initiated prior to enactment of this Act.

Section 3(a) authorizes non-federal interests to undertake construction of harbor improvements, subject only to obtaining necessary federal, state, and local permits necessary for construction of these improvements and related facilities. This section is designed to facilitate the rapid development of needed channel and harbor construction, requiring no additional Congressional authorization or federal funding for new construction.

Section 3(b) authorizes the Corps of Engineers to act as the design contractor for ports, to do feasibility studies, and obtain the necessary permits on behalf of non-federal interests, if the non-federal interests agree to reimburse the Secretary for these expenses. The Secretary is also authorized to bid on and to contract to construct any actual improvements. This section allows local authorities to take advantage of the vast experience and expertise of the Corps of Engineers for study and construction work, while preserving the local option of going directly to private contractors for such work.

Section 3(c) authorizes the Corps to complete any study currently underway, or to transmit the partially completed study to the appropriate non-federal interest, at local discretion. Any study of a harbor improvement currently underway would be completed at full federal expense.

Section 3(d) concerns any harbor construction now underway on such projects. The non-federal interest must agree to assume the remaining costs of construction beginning in fiscal year 1983. The remaining costs would be repaid, plus the Treasury rate of interest, within 50 years of the bill's enactment. Construction could not continue after fiscal year 1982 unless such a payback agreement was signed.

Section 3(e) specifies that no harbor construction work shall be undertaken, except under the terms of this Act. Except for national defense purposes, as described in section 4, there will be no Federal funding of new harbor construction.

NATIONAL DEFENSE ACTIVITIES

Section 4 allows Congress to authorize and appropriate funds for projects which are necessary for national defense purposes. It also defines the condition under which non-defense related construction would occur as a component of a project designed for defense purposes, and permits the Federal Government to reimburse non-Federal interests for any defense-related construction under Section 3.

Section 4(a) authorizes harbor development and maintenance activities necessary for national defense purposes. Projects would have to be specifically authorized and funded by Congress.

Section 4(b) defines the circumstances under which projects constructed for national defense can be expanded to include construction of non-defense related improvements. Prior to Congressional authorization of a defense-related construction project, the appropriate non-federal interest would have to agree in writing to pay for that portion of the project related to non-defense needs during the period of construction. Thus, Congress would authorize those projects proposed only for defense purposes, but allows Congress to authorize larger, combined projects if the local authorities agree to pay their costs during construction.

Section 4(c) is the reverse of Section 4(b). It allows the Federal Government to pay to local authorities the cost of defense-related improvements which the non-federal authority would construct. For example, if 20 percent of the traffic in a specific harbor is for defense purposes, Congress is authorized to appropriate 20 percent of the project's construction cost.

HARBOR USER CHARGE

Section 5 allows local authorities to recover their harbor construction and maintenance work costs through user charges on vessel traffic. It also defines procedures for imposing such fees, exempting vessels from payment of the fees.

Section 5(a) authorizes non-federal interests to collect user fees to pay for construction and maintenance work performed in accordance with Sections 2, 3, and 4 of the Act. These fees would be set on a port-by-port basis, so that each port would be responsible for expenses incurred locally. Implicit in this section is the option for the port to use local tax revenues or other monies as an alternative or supplement to user fees, if local authorities wish to do so.

Section 5(b) states that such fees must be imposed only after a public hearing. Fees can be imposed only to the extent that they reflect service and benefits from the improvements. This section is intended to assure that only those users who benefit from a port improvement pay for it.

Section 5(c) exempts from user fees any non-commercial vessels of the United States, foreign countries, states or any other political subdivision.

PERMITS

Section 6 establishes a procedure for joint review and consolidated processing of all permits required prior to initiation of construction of harbor improvements and related construction activities. This section will assure that the local authorities will have a specific time in which to obtain all federal permits necessary for harbor development and other related activities. To the extent possible, state and local authorities will be included in the joint review process. The section defines the responsibilities of both federal agencies and the permit applicant, designates the Corps as the lead agency to ensure Federal compliance, and provides for progress reports to Congress to avoid delays in meeting the schedule of compliance.

Sections 6 (a) through (e) describes this process. The non-Federal interest must notify the Corps of Engineers of an intent to construct port and related facilities. Within 15 days, the Secretary must publish this notice in the Federal Register and notify all affected state and local agencies, requesting their cooperation in the consolidated review process. The non-Federal agencies are given 30 days to notify the Secretary of a willingness to participate in a consolidated permitting process.

Within 90 days thereafter, the Secretary must enter into an Agreement with affected Federal agencies and any state and local agencies willing to be parties to the Agreement for the purpose of establishing a schedule to process all necessary permits. To the extent possible, the agreement must consolidate hearing and comment periods, and procedures for data collection and report preparation. The agreement must also define the responsibilities of the nonfederal interest with respect to data development and information necessary to process each permit.

The agreement will include a schedule date to inform the applicant as to whether there is a reasonable likelihood that the permits will be granted. If not, the schedule can be extended only once for 120 days to revise the original application to meet the objections of the federal agencies.

Six months prior to the final day of the schedule, the Secretary is required to submit a progress report to Congress which will summarize all work completed to date and detail the schedule for completing all remaining work. Such notice will signal any potential problems in meeting the compliance schedule and provide adequate time to resolve these problems to assure that the schedule is met.

Section 6(f) requires the Secretary to submit a report to Congress which describes the time required to issue federal environmental permits related to harbor development, and make recommendations for reducing the time necessary to issue such permits.

DEFINITIONS

Section 7 contains several definitions that are used in the bill:

(1) Deep-draft channels and harbors of the United States;

(2) Non-federal interest;

(3) State; and

(4) Commercial waterway transportation.

S. 1692

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembed, That this Act may be cited as the "National Harbors Improvement and Maintenance Act of 1981".

OPERATIONS AND MAINTENANCE

Sec. 2. (a) The Secretary of the Army, acting through the Chief of Engineers (hereinafter in this Act referred to as the "Secretary"), is authorized to maintain the deep-draft channels and harbors of the United States to the depths and widths authorized by law, or to the depths and widths that may be constructed under the terms of Section 3 of this Act. After October 1, 1982, the Secreary shall expend no funds to maintain any deep-draft channel or harbor of the United States, except as authorized under Section 4 of this Act, until an appropriate non-Federal interest contracts with the Secretary to pay:

(1) 25 per centum of those expenses required to maintain project dimensions no greater than those authorized as of January 1, 1981, or

(2) for projects for which improvements were authorized subsequent to January 1, 1981, or prosecuted under the terms of Section 3 of this Act, 50 per centum of the cost of maintaining those channels or harbors.

(b) Before the Secretary shall undertake any operation or maintenance of a channel or harbor in accordance with the provisions of this Section, the appropriate non-Federal interest shall agree in writing to hold and save the United States harmless from liability for damages arising out of such activities, except to the extent that such damages are caused by the fault or negligence of the United States or of its contractors.

(c) By November 1, 1982, and annually thereafter, the Secretary shall prepare and transmit to the President and to the Congress a report of national harbor maintenance needs for the succeeding fiscal year. The report shall identify the maintenance needs and proposed expenditures for each deep-draft channel and harbor of the United States. The Secretary shall include in such report estimates for maintenance work for each of the succeeding four years at each such channel and harbor.

(d) For the purposes of this section, the sum of $250,000,000 is authorized to be appropriated to the Secretary for each of the fiscal years ending September 30, 1983, through September 30, 1987, with such sums to remain available until expended.

NEW CONSTRUCTION

Sec. 3(a) A non-Federal interest is authorized to undertake any improvement for the purposes of navigation in the deep-draft channels and harbors of the United States, subject to obtaining permits required pursuant to federal, state, and local law in advance of the actual construction of such improvements.

(b)(1) The Secretary shall, when requested by an appropriate non-Federal interest, undertake all necessary studies and engineering for construction to be undertaken under subsection (a) of this Section, and assist in obtaining all necessary permits, provided that the non-Federal interest contracts with the Secretary to reimburse the United States for the cost of such studies during the period that such studies are conducted.

(2) The Secretary is authorized to bid on and to contract to construct any improvement undertaken in accordance with the provisions of subsection (a) of this section.

(c) The Secretary is authorized to complete and transmit to the appropriate non-Federal interest any study for improvements to the deep-draft channels and harbors of the United States that was initiated prior to the date of enactment of this Act, or, upon the request of such non-Federal interest, to terminate such study and transmit such partially completed study to the non-Federal interest. Studies under this subsection shall be completed without regard to the requirements of subsection (b)(1) of this Section.

(d) The Secretary is authorized to complete channel and harbor construction projects for which construction was initiated prior to the date of enactment of this Act, provided that the appropriate non-Federal interest enters into a contract with the Secretary to repay, within 50 years of the date of enactment of this Act, the cost of all such work undertaken after September 30, 1982, together with interest on the unpaid balance at a rate to be determined by the Secretary of the Treasury. The Secretary of the Treasury, in determining such rate of interest, shall consider the average market yields during the month preceding the fiscal year in which each advance is made on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the reimbursement period of the project.

(e) Beginning on October 1, 1982, no new construction work on a deep-draft channel or harbor of the United States shall be undertaken except under the terms of this Section, or Section 4 of this Act.

NATIONAL DEFENSE ACTIVITIES

Sec. 4(a) Nothing in this Act may be construed to prohibit or otherwise interfere with the Secretary or other Federal authority to operate, maintain, or improve any deep-draft channel or harbor of the United States solely for purposes of Coast Guard navigation requirements, Department of Navy transportation requirements, or any other national defense transportation requirements.

(b) Any project authorized under the provisions of this Section may include additional improvements requested by the appropriate non-Federal interest, provided that, prior to the authorization of such improvements, the appropriate non-Federal interest enters into a contract with the Secretary to pay, during the period of construction, that portion of the project's cost which the Secretary determines to be allocable to non-defense-related needs. If such non-Federal interest fails to so participate, the Secretary shall design such project solely to meet national defense requirements

(c) If non-Federal interests undertake a project under the terms of Section 3 of this Act that can be expected to provide direct benefits to the national defense requirements of the United States, the Secretary is authorized to contract with such non-Federal interests, subject to appropriations acts, to pay, during the period of construction, that portion of the project costs directly attributable to national defense requirements.

HARBOR USER CHARGES

Sec. 5(a) Upon enactment of this Act, and in accordance with the provisions of this Section, any affected non-Federal interest is authorized to recover its obligations for construction and maintenance work undertaken pursuant to this Act, including associated administrative expenditures, by the collection of fees for the use of such projects by vessels in commercial waterway transportation.

(b) If fees are imposed on vessel owners or operators, such charges shall be imposed only to the extent that they reflect the service and benefits from any channel or harbor maintenance or improvement provided to such vessel owner or operator. Such fees shall be established by a public hearing pursuant to State law.

(c) Fees authorized by this Section shall not be imposed on—

(1) vessels owned and operated by the United States or any other nation or any political subdivision thereof and not engaged in commercial service; or

(2) vessels used by a State or political subdivision thereof in transporting persons or property in the business of the State or political subdivision.

PERMITS

SEC. 6. (a) The Secretary, upon receipt from an appropriate non-Federal interest of a written notice of intent to construct improvements, shall initiate procedures to establish a schedule of compliance for the purpose of joint processing of all federal permits required prior to initiation of such construction activities.

(b) (1) Within 15 days of the receipt of correspondence under the terms of subsection (a) of this Section, the Secretary shall publish such notice in the Federal Register. The Secretary shall also notify in writing all state and local agencies that may be required to issue permits for construction of such improvements and related activities that such construction is proposed. The Secretary shall solicit the cooperation of such agencies and request that they also become parties to a Memorandum of Agreement (hereinafter in this Act referred to as the "Agreement"). If within 30 days following publication of notice in the Federal Register any such agency advises the Secretary in writing of its willingness to become a signatory to the Agreement, the Secretary shall include such agency in the Agreement.

(2) Within 90 days of the Secretary's receipt of the correspondence described in subsection (a) of this Section, the Secretary of Interior, the Secretary of Commerce, the Administrator of the Environmental Protection Agency, and any state or local agencies which have notified the Secretary in writing shall enter into the Agreement with the Secretary to establish a schedule of compliance with the necessary federal permits required for undertaking such improvements. The schedule of compliance shall not exceed two years from the date of the Agreement.

(c) (1) The Agreement shall, to the extent possible, consolidate hearing and comment periods, procedures for data collection and report preparation, and the environmental review and permitting process with data collection and analysis associated with the feasibility study conducted by the non-Federal interest. The Agreement will also detail the non-Federal interest's responsibilities with respect to data development, and information necessary to process each permit, including a schedule of dates when such information and data will be provided to the appropriate federal, state, or local agency.

(2) Such Agreement shall also include a scheduled date by which the Secretary, taking into consideration the views of all of the affected federal agencies, shall determine whether there is a reasonable likelihood that the federal permit or permits will be issued. If the Secretary determines there is a reasonable likelihood the necessary permit or permits will not be issued, then the Secretary shall so notify the appropriate non-Federal interest. The Secretary may revise the Agreement only once to extend the schedule of compliance for a period not to exceed 120 days for the purpose of allowing the non-Federal interest to revise the original application to meet the objections of the federal agencies.

(d) Six months prior to the final day of the schedule, the Secretary shall provide to Congress a written progress report. The report shall be transmitted to the Committee on Environment and Public Works of the United States Senate and the Committee on Public Works and Transportation of the United States House of Representatives. The report will summarize all work completed in accordance with the Agreement and shall include a detailed work plan which shall assure completion of all remaining work in accordance with the Agreement.

(e) Not later than the final day of the compliance schedule, the Secretary shall notify the non-Federal interest as to whether the permit or permits are issued.

(f) Not later than March 1, 1981, the Secretary shall prepare and transmit to the Congress a report describing the amount of time required to issue federal environmental permits related to construction of deep-draft channel and harbor improvements. The Secretary shall include in such report recommendations for reducing the amount of time required to issue such permits, including any proposed changes in existing law.

DEFINITIONS

SEC. 7. For the purposes of this Act—

(1) The term "deep-draft channels and harbors of the United States" means waterway channels or ocean or Great Lakes ports of the United States (other than those administered by the Saint Lawrence Seaway Development Corporation) of a federally authorized depth of greater than fourteen feet;

(2) The term "non-Federal interest" means a State or a legally constituted public body other than a State which has full authority and capability to enter into and perform agreements and to pay damages, if necessary, in the event of failure to perform;

(3) The term "State" means any State of the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, the Northern Marianas Trust Territories, or the Virgin Islands; and

(4) The term "commercial waterway transportation" means any use of a vessel in any deep-draft channel or harbor of the United States—

(a) in the business of transporting persons or property for compensation or hire, or

(b) in transporting property in the business of the owner, lessee, or operator of the vessel.

● Mr. MOYNIHAN. Mr. President, I am pleased to join the chairman of the Water Resources Subcommittee, Senator ABDNOR, in introducing a bill to stimulate the growth and development of our Nation's ports. I commend my colleague from South Dakota for his seriousness and resolve on this issue. He has traveled across the country to learn about our waterways and ports. He understands the needs of our ports and he appreciates the intense, and I might add healthy, competition among our ports.

The bill we introduce today I believe reflects two principles I enunciated on July 16, 1981 at a hearing of our subcommittee. First, we as a nation have a major economic interest in developing a number of deepwater ports capable for supplying 50-year contracts for American coal to the European and Pacific rim countries. Yet, in spite of the clear, palpable need for action, we have in water resources an area of public policy which at this point is failing us.

As I remarked at the hearing, "the old free-boating days, when these were free goods, and whoever was chairman of the subcommittee got two dams, the ranking minority got one, everybody else on the committee got a promise and nobody else got any, have gone away with the environmental impact statement and budget deficit." Our bill recognizes that the "old free-boating days" are over by putting in their place a simple, unencumbered method of financing new port dredging projects without engaging the lengthy and often arbitrary machinations of Congress.

The second principle reflected in our bill is that decisions made by Government in the realm of port development ought as near as possible be the equivalent of decisions that would be made by a free market. The highly competitive nature of the port community makes this approximation a reasonable one. Indeed, our bill carries this principle to the point of letting the marketplace make the choices.

There are currently 27 port deepening projects under study by the Corps of Engineers. Some studies will be completed by early next year while others may not be completed until 1986. We have 29 major harbor channels already authorized at 40 feet or deeper. Under the weight of so many competing projects, how is the Congress capable of making sound investment decisions? And even if such decisions could be made wisely, where would we find the funds in the Treasury to finance all those projects considered to be necessary? At the present time, no money for new port development has been included in the Federal budget for the next 3 years.

The bill Senator ABDNOR and I introduce today adheres to these fundamental principles—and these fundamental realities. Our intention is to stimulate economically efficient port development by non-Federal interests and at the same time continue the Federal role in maintaining our ports at their currently authorized depths. Our intention is to improve the Federal processing of environmental permits by consolidating hearings, comment periods, and data collection by the various Federal agencies. Our bill in no way compromises the integrity and purpose of our environmental statutes but instead directs the Federal agencies to pursue more administratively efficient procedures within a fixed time frame.

One of the virtues of our bill is its simplicity. It removes the maze of congressional checkpoints in project authorization and appropriation. Although Federal money would no longer be forthcoming for additional port improvements under our bill, such a loss may be offset in part by the time saved in accelerating the study process through the use of private funds.

We introduce this bill with the expectation that those who know more about the subject of port development and the financing of large infrastructure projects will come forth and tell us what we have done wrong in our bill—and what we have done right. This bill is the product of several hearings both in Washington and in the field and the product of extensive consultation with port directors throughout the country. It is a national bill in every sense of the word and it is a bill without bias toward any one commodity.

While the prospect of massive export

of American coal provides us with the excuse to alter the status quo, we are only doing what should have been done by the Federal Government years ago. All ports will benefit from a process that actually works, not one laden with promises that will never come to pass.●

The PRESIDING OFFICER (Mr. MATTINGLY). The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I came to the Chamber to make a statement on another matter which I will do momentarily, but I could not let this moment pass without commending Senator ABDNOR and Senator MOYNIHAN. There is no question in my mind that they are on the right track.

This approach has many facets to it, with reference to the port needs in this country. This bill, based upon a great deal of study and a number of hearings will allow the marketplace to pay for these developments. It does not provide for major subsidy from the U.S. Treasury for deep ports that we keep hearing about.

I commend the Senator for that.

I introduced a bill before the hearings that did not go that far, but I think he is on the right track and I hope that the markups will move quickly.

Mr. ABDNOR. Mr. President, will the Senator yield?

Mr. DOMENICI. I yield.

Mr. ABDNOR. I certainly thank the Senator for those words.

I want him to know that we greatly appreciate all the input he has provided, that we used in this bill. The Senator from New Mexico introduced his bill. I am sure he will find much of his thinking in this bill was taken from past bills that he introduced.

This is the bill that hopefully we can all come together on in committee. It is an important part of the President's program. Maybe it is not giving the President everything he requested, but we think it is a step in the right direction.

I thank the Senator.

Mr. DOMENICI. Again, I commend the Senator, and I pledge to him that I will look at it very quickly. He might find the Senator from New Mexico as a cosponsor very soon, even though I introduced a bill that I put in much earlier before all the facts and hearings that the Senator from South Dakota so aptly described in detail took place.

But more importantly, I think that the Senator from South Dakota has cleared away a lot of the commotion about the Federal Government having to pay for these ports. Obviously, if we moved in that direction, and a couple of years ago there was a hue and cry to do that, we would have made another bad mistake.

It is obvious we do not have to pay 100 percent of the cost of these ports. In fact, the suggestion of the Senator from South Dakota is that we pay none of the construction costs because the marketplace will do it. That will be the way we decide which ports are really needed, rather than the Congress dictating where they should be built.

I commend the Senate for that.

By Mr. THURMOND:

S. 1694. A bill to amend section 266(a) of title 10, United States Code, to require that selection boards considering Reserves for appointment, promotion, and certain other purposes in the Armed Forces including an appropriate number of Reserves as members; to the Committee on Armed Services.

RESERVE REPRESENTATION ON PROMOTION BOARDS

Mr. THURMOND. Mr. President, I rise to introduce legislation to require that selection boards considering Reserves for appointment, promotion, and certain other purposes in the Armed Forces include an appropriate number of Reserves as members.

Mr. President, this legislation restores the provisions of law on this subject which were passed in the Armed Forces Reserve Act of 1952.

This bill is necessary because in the Technical Corrections Act of 1981 to the Defense Officer Personnel Management Act of 1980, this provision was eliminated although it was an issue of substance rather than a technical correction.

The effect of the change was to make it mandatory that there be at least one Reserve officer on each board for promotion, demotion, involuntary release, discharge or retirement. Since boards are frequently broken into smaller panels it is obvious that the new law could be met with the appointment of only one Reserve officer and he could not provide the needed representation if two or more panels within the board considered Reserve personnel actions.

The old law was working very well and simply required that an "appropriate number of Reserves as prescribed by the Secretary concerned" be named to the board.

My bill restores that provision, and this legislation is needed to assure that Reserve members have at least some representation on boards or panels considering Reserve promotions and other personnel matters.

Mr. President, I would like to acknowledge the interest in this matter by Brig. Gen. Thomas H. King, U.S. Air Force retired. General King has been a leader in the Reserve community for many years and has worked with me on this and other Reserve issues during this period.

Mr. President, I ask unanimous consent that a copy of this bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1694

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 266(a) of title 10, United States Code, is amended to read as follows:

"(a) Except as provided in section 612(a)(3) of this title, each board convened for the appointment, promotion, demotion, involuntary release from active duty, discharge, or retirement of Reserves shall include an appropriate number of Reserves, as prescribed by the Secretary concerned under standards and policies prescribed by the Secretary of Defense.".

SEC. 2. Section 612(a)(3) of title 10, United States Code, is amended by striking out "with the exact number of reserve officers to be determined by the Secretary of the military department concerned in his discretion,".

By Mr. SYMMS:

S. 1695. A bill to repeal the generation skipping transfer tax; to the Committee on Finance.

GENERATION-SKIPPING TRANSFER TAX

● Mr. SYMMS. Mr. President, could you imagine a tax being imposed that nobody could understand; that costs the private sector hundreds of thousands of dollars to try to understand and implement; for which the IRS has not yet published key regulations which are essential to understanding and implementing the law; for which the IRS has not yet published forms to enable individuals to file even if they knew about the tax or could understand the procedure; which costs the Government more to administer than it is supposed to collect; and which has not yet collected 1 red cent? Does this sound like a tax that would be imposed by the Duchy of Fenwick? No, it is a tax that is supposed to be imposed by the U.S. Department of the Treasury and which has been on the books since it was thrown into the 1976 Tax Reform Act during a 2 a.m. conference session.

The generation-skipping transfer tax is extremely complex and costly to administer. It is, in fact, so complex that even the most knowledgeable individual or corporate fiduciaries, insurance people, accountants, and attorneys, all of whom are affected by this tax, are finding it extremely difficult to interpret or apply.

The generation-skipping transfer tax can never be defended on revenue grounds. According to the Joint Tax Committee, this tax is projected to have no revenue effect in its early years and they hope to generate $400 million of revenue to the Treasury in its 20th year. However, the private sector has spent hundreds of thousands of dollars in attempting to understand and implement the law and to no avail. Two volumes, each the size of the yellow pages, have been published in an attempt to comprehend the law. Clearly, the tax is regressive since it does not collect any revenue but is costing the private sector significant sums of money to try and comply with the law.

While the generation-skipping transfer tax cannot be defended on revenue grounds, neither can it be defended on the ground that the statute can be made to work. There are numerous, complicated, analytical steps that must be followed in order to determine whether any amounts are held in trust that will be subject to the generation-skipping transfer tax. This analytical process often results in an unexpected and inequitable application of the tax.

There are at least 14 key defined terms to master under chapter 13, as well as a handful of other terms not actually defined, but nevertheless, essential to the operation of the statute. As if this were not enough, the generation-skipping transfer tax has no antecedent in prior law, meaning that an estate planner's comprehension of Federal estate and gift tax concepts is of little value when grappling with chapter 13.

Furthermore, significant portions of the tax relating to generation-skipping transfer taxation are not in the statute and remain to be written. In particular, there are eight places on the face of chapter 13 where important rulemaking authority is delegated to the Secretary and, for good measure, there is a ninth resort to the Secretary, this one for information as opposed to rulemaking. None of these nine delegations has been discharged by issuance of final regulations, even though the first date upon which a taxable generation-skipping transfer may have occurred was June 12, 1976.

There are many complex provisions in the Internal Revenue Code, but perhaps none of such wide-ranging application as those relating to the generation-skipping transfer tax. Even to the few attorneys who enjoy the status of expert in estate planning affairs, chapter 13 presents difficulties which are insurmountable.

As an example, according to a survey done at an American Bar Association nationwide meeting, only one attorney thought he comprehended most of the statute. Furthermore, the American Bar Association recently endorsed repeal of the generation-skipping transfer tax at their 1981 annual meeting.

It is important to note that the question of complexity extends far beyond wills and trusts and those who prepare and sign them. Chapter 13 applies also to a broad range of so-called trust equivalents, arrangements which, while not generation-skipping trusts, are deemed to have substantially the same effect as a generation-skipping trust. (IRC S2611 (d) (1).)

Practitioners were surprised to learn that in recently issued proposed regulations both estates and custodianships under Uniform Gifts to Minors Acts are considered by the Treasury Department to be among the trust equivalent arrangements to which chapter 13 applies. These arrangements are so commonplace, so fixed in character, so finite in duration, and so far removed from the sort of conduct to which chapter 13 is directed that extension of the generation-skipping transfer tax rules to these devices is sure to result in the uninformed failure to comply with chapter 13 on a grand scale.

The foregoing indicates to many a clear and present danger to this country's voluntary compliance tax system. On the one hand, many will fail to comply with the requirements of chapter 13 simply out of ignorance. On the other hand, some will be encouraged to ignore chapter 13 in the belief that it is impossible for the Government to effectively enforce the tax and that, even in the event that a failure to comply is discovered, a plea of ignorance may appear to have sufficient validity to forestall the application of the penalty provisions.

If the Federal Government is to police the tax effectively, it must devise a system to keep track of all trust beneficiaries and all trustees under the hundreds of thousands of generation-skipping trusts in existence. It must know when and how much property is added to all preexisting trusts in order to determine the extent to which existing trusts have become subject under chapter 13. It must know when and in what fashion powers of appointment are exercised under generation-skipping trusts, and when interests or powers under such trusts are disclaimed or assigned.

In addition, the Federal Government must stockpile similar information as to the multiple of trust equivalent arrangements subject to the tax. Moreover, the Federal Government must acquire and store gift and estate tax information as to every person classified as a deemed transfer with respect to any generation-skipping transfer and must be prepared to supply that information to each form 706-B tax return preparer upon request.

The incredible amount of information that is required would seem to be beyond the storage capacity of any known computer. Even with active help from the taxpaying community, the collection and constant updating of the required data is an exercise the magnitude of which boggles the mind. Proper staffing to administer and collect the generation skipping transfer tax would have to be immense. Given the complexity of chapter 13, the training process alone seems overwhelming, and the number of civil servants needed to receive, analyze, store, sort, and respond to the required chapter 13 information would have to be staggering.

If it were the policy of this administration to not repeal estate and gift taxes, then idealistically it would be equitable to have a generation skipping transfer tax as well, if a system of taxation could be implemented that was cost-effective. However, since it is the policy of this administration and the policy of the chairman of the Estate and Gift Tax Subcommittee in the Senate Finance Committee to repeal estate and gift taxes, it would not be consistent to try and impose another version of this tax at this time. Furthermore, it is highly unlikely that a cost-effective generation-skipping transfer tax could be implemented. The cost of record-keeping alone would be prohibitive.

Clearly, the generation skipping transfer tax reenforces the notion that the Government not only wants to collect revenue but that the Government is trying to punish the taxpayers in the process. And, in this case, no revenues have yet been collected.

The only time that the tax might work is if every individual in the estate plan dies in order. If an individual dies out of order, then the wrong generation might be taxed. I know in the years that I have served as a Member of Congress, that the Congress has been able to do many things but there is one thing I am sure of and that is that Congress will never be able to make individuals understand or comply with this law, and more important, I do not believe that we will ever be able to make people die in order.●

By Mr. WALLOP:

S. 1696. A bill to amend the Social Security Act to facilitate the enforcement of provisions requiring suspension of benefits to inmates of prisons and other public institutions by insuring the availability of necessary information from Federal instrumentalities; to the Committee on Finance.

SUSPENSION OF SOCIAL SECURITY BENEFITS TO INMATES

● Mr. WALLOP. Mr. President, in the 96th Congress, I sponsored legislation to end an unintended use of social security disability funds for the payment of benefits to convicts. It made little sense to provide a windfall to criminals, particularly from a public program which was encountering financial difficulties. Arguments in support of this proposal are all the more relevant today due to the increased financial difficulties confronting the social security system.

My proposal was enacted into law as part of last year's budget reconciliation procedure. The proposal suspends social security disability benefits to any individual who would otherwise be receiving them while he or she is imprisoned by reason of a felony conviction. The suspension does not apply when a court of law has decided that the individual is participating in an approved vocational rehabilitation program which is expected to result in his return to substantial gainful employment upon release from prison.

The law has not been fully implemented due to a conflict with the Privacy Act. Under this act, the Federal Bureau of Prisons, which is a part of the Justice Department, cannot release information on any Federal prisoner to the Social Security Administration without the consent of the prisoner. Similarly, States with their own privacy laws have also raised obstacles to the effective operation of the prohibition.

Today, I am introducing a bill which would exempt the Federal Bureau of Prisons from the Privacy Act for the purpose of transmitting information to the Social Security Administration on prisoners receiving disability benefits. The Privacy Act provisions will apply to the Social Security Administration, and this information cannot be further disseminated.

There are about 3,200 prisoners in Federal and State prisons who would be affected by this legislation. The cost to the social security trust funds for the benefits paid to prisoners is estimated to be about $16 million annually. We cannot continue to provide this windfall to individuals who certainly do not need nor deserve the benefits. I will work for the speedy enactment of this provision.

A similar bill is being introduced in the House of Representatives by Congressman HAROLD SAWYER of Michigan. I commend my colleague for taking the lead to insure the effective application of this law.●

By Mr. DENTON (for himself and Mr. LEVIN):

S. 1698. A bill to amend the Immigration and Nationality Act to provide preferential treatment in the admission of certain children of U.S. Armed Forces personnel; to the Committee on the Judiciary.

ADMISSION OF CERTAIN CHILDREN TO THE UNITED STATES

● Mr. DENTON. Mr. President, today I am introducing legislation which I hope will remedy a serious inequity affecting many innocent children. These are children of mixed Asian and American heritage the so-called Amerasians, whose fathers were American servicemen stationed in Korea, Thailand, Laos, Vietnam, Japan, the Philippines, and Taiwan.

This bill is concerned with the plight of Amerasian children who were abandoned by their fathers. Because of characteristics which readily identify them as children of mixed heritage, they are victims of wanton discrimination in countries that are unwilling to accept them. Estimates of the numbers of these offspring of American soldiers and sailors range up to 400,000, but the actual figure is probably closer to 80,000 or 100,000. They are born of two cultures and accepted by neither. They live in abject poverty and have virtually no chance to better their plight in the countries of their birth.

This bill if passed would also give Americans desiring to sponsor such a child the right to do so, something denied them by present law. In fact, the applicant is required to have a U.S. sponsor who would be responsible for supporting the applicant at a level equal to or above 125 percent of the OMB poverty level for a period of 5 years upon the immigrant's arrival in this country.

My bill would change that by providing preferential treatment in the admission of these children of U.S. servicemen. Specifically, the bill would amend the Immigration and Nationality Act to provide that a child of a U.S. serviceman would be able to apply for immigration to the United States under the first preference and fourth preference of the act. The first preference relates to unmarried sons and daughters of U.S. citizens and the fourth preference relates to married sons and daughters. The Department of Justice and the Department of State, in cooperation with the host government and private agencies, would be required to substantiate paternity.

The proof of paternity and sponsorship standards in this bill are sufficiently rigid to discourage fraud. This legislation would not "open the floodgates" of immigration, because it would simply give the Amerasians preference. It would not allow for an increased number of immigrants and it will not be a burden on the taxpayers of this country.

A young girl who has come to this country wrote of her experience. "My mother is a Korean and my father is an American," she wrote:

> I don't know my father. He was an American soldier. He promised to marry my mother but he left Korea without saying goodbye and without ever seeing me.
>
> The Korean family made me a housemaid when I was only 11 years old. I just went to school a little bit. School was bad because everybody called me all kinds of names. It was hard to make friends. When I walked by myself Korean boys came to me and beat me until I could not move.
>
> When someone of mixed blood like me grows up, he cannot find a job. If you get a job, it will be as a housegirl or boy, all kinds of dirty work. When Korean people get into a fight, the person who started the fight will go to jail. But if an Amerasian gets into a fight with a Korean, the police will always send the Amerasian to jail. It doesn't matter who started the fight. I was told by the police that it didn't matter how much I got beat up, my father was an American, so I was not protected by Korean law.

The story of this little girl, named Debbie, has a happy ending, because she was able to come to this country. Debbie wrote that—

> When I came to the U.S., everything was different. People are so nice. . . . I was so happy because I never had a friend that really cared about me.

But, Mr. President, there are many other children like Debbie still overseas, still waiting for the opportunity that she had.

Our Nation has a moral responsibility to these children of American citizens. Unfortunately, the United States has no provision to take responsibility for the inevitable offspring of servicemen stationed or fighting overseas. Most European nations give the children born out of wedlock, parented by a citizen and a foreign native, the right to choose citizenship in the land of the father. Under current law, the Immigration and Nationality Act of 1952, these individuals can only apply for a permanent resident visa under the "Sixth Preference", relating to skilled and unskilled workers in short supply, and the "Non-Preference" category which almost guarantees a 5-to-10-year wait before immigrating to the United States.

The United States was founded and continues to thrive on a compassionate regard for human justice. We must not turn our backs on those children who trace their current misfortune to the circumstance of their birth; they must not be abandoned by this Nation as they were abandoned by their fathers.

This bill is a recognition of a simple truth: These children of American fathers have the right to live in America.●

● Mr. LEVIN. Mr. President, it is with a great deal of pleasure that I join my colleague Senator DENTON in introducing this legislation today. The proposal seeks to correct a flaw in the current Immigration and Nationality Act which denies the children of U.S. citizens their legitimate claim to proper immigration status. This legislation specifically addresses the needs of those individuals, often referred to as Amerasians, who have been abandoned by their U.S. servicemen-fathers in Korea, Vietnam, Laos, Thailand, Japan, Taiwan, and the Philippines.

Mr. President, under the provisions of this bill, as offspring of U.S. citizens, an Amerasian would be able to apply for immigration to the United States under the first preference (unmarried sons and daughters of U.S. citizens) and fourth preference (married sons and daughters) categories of the Immigration Act.

Currently an Amerasian can only apply for a permanent resident visa under the sixth preference (skilled and unskilled workers in short supply) and the nonpreference category which guarantees a 5-to-10 year wait before receiving a visa. The legislation directs the Department of State and the Department of Justice, in cooperation with the host government and private voluntary agencies to determine U.S. paternity.

Additionally, the legislation requires the applicant to have a U.S. sponsor. This sponsor would be legally responsible for supporting the applicant for a period of 5 years beginning on the date of the alien's admission for permanent residence, or during the period beginning on the date of the alien's admission for permanent residence and ending on the date on which the alien becomes 21 years of age, whichever period is longer. The immigrating Amerasian must also comply with all other requirements of the Immigration and Nationality Act in order to qualify for admittance to the United States.

Mr. President, this legislation responsibly addresses the needs of thousands of Amerasians and the obligation encumbent upon us to meet those needs. The Amerasian would come at no expense to the taxpayer. He or she would be included in the present quota of immigrants from their countries and would not increase the total number of persons coming to this country. They would be required to meet all the requirements of health and character expected from other immigrants.

Mr. President, I would like to share with my colleagues the remarks of a couple from my own State of Michigan, Kris and Arnie Lee of Grand Rapids, Mich., the adoptive parents of several Amerasian children. And I quote

> We are the parents of six children (five adopted). Two of these children are from a home for mixed race children in Korea. They are the children of a Korean woman and an American service man. We are concerned about the many other half American children who live in Korea.

They went on to say—

> The children of Americans in certain Asian countries are not wanted by their birth countries. He is shunned and excluded from full participation in education, marriage and employment opportunities. Because of this rejection an Amerasian person comes to feel that he is not a full human being, that he is a freak of nature, the punishment for his parents disregard of social norms. He learns that he has no right to expect the basic things in life that other purer Asians take for granted.
>
> Cruel as this is, we cannot be too quick to blame his mother's world for their insensitivity to the Amerasians without also looking at ourselves and our own responsibility to our children born in other countries.

The Lees went on to say:

> Although we in this country are also struggling with racial prejudice and social norms which are harmful to children, America is in a better position to accept children of mixed parentage than are the homogeneous societies in Asia. In America there are many minority groups where individuals can derive a sense of identity. Culturally, financially and practically we have the ability to

> help the Amerasian children and young people There are many tragic situations in the world that we can do little about. But in this situation we can do something And we should feel especially compelled since this involves our own children How can we as a country speak about human rights if we turn our backs on the rights of the American-Asian Child? We do not believe that America will continue to ignore these children and young people.

Mr. President, I believe the United States is in large part accountable for the current conditions of Amerasian individuals. This country should meet its responsibility by providing the opportunity for a better future for these children of U.S. citizens.

According to an article entitled "The Warrior's Children," written by David Devoss in the November 1980 issue of GEO:

> Thirty years of U.S. military involvement in Korea have produced as many as 6,000 Amerasians. Only 4,500 of an estimated 8,000 Amerasians have been located in Thailand. There are more than 5,000 "Vietnam era" Amerasians in the Philippines, and the number of unwanted half-Americans in Vietnam itself, which hosted better than 2.1 million U.S. soldiers between 1965 and 1973, could conceivably total 25,000. Only the homeless Amerasians in Saigon were ever counted and when the last U.S. helicopter rose from Tan Son Nhut Airport five years ago, an estimated 8,000 of them were left behind. Adorned with cowlicks and spattered with freckles, many resemble midwestern members of Future Farmers of America. Only their tattered pajamas and the pox they have acquired from sleeping in fetid back alleys brand them as bui doi—"dust of life."
>
> The rumpled, bureaucratic men who control South Vietnam today insist that Amerasians are not their responsibility. For them, the children and their mothers are "American" and thus ineligible to attend public schools, hold a job or receive a government ration card. "Our society does not need these bad elements," says Vo Vonh Thuan, a former Viet Cong who administers Saigon's Department of Social Welfare.

Mr. President, time is of the essence. Condemned children are waiting and hoping for the opportunity to come to a land that will accept them as fellow human beings.●

By Mr. MATHIAS:

S. 1699: A bill to reimburse the city of Frederick, Md. for money paid by the citizens of such city to save and hold harmless valuable military and hospital supplies owned by the U.S. Government: to the Committee on the Judiciary.

REIMBURSEMENT OF CERTAIN EXPENSES TO FREDERICK, MD.

Mr. MATHIAS. Mr. President, it is a tradition in Maryland that her Members of Congress are expected to work doggedly to correct grievous wrongs. Nowhere is this demand for tenacity more apparent than in the unremitting efforts to reimburse the people of Frederick for a $200,000 debt incurred by the United States during the Civil War.

Today, for the 10 time, I am introducing a bill to accomplish this long-sought goal. Such a bill was first introduced by Representative Louis McComas of Maryland in 1889 before the 51st Congress. The bill has been introduced by a Marylander in each succeeding Congress. Twice, in 1890 and 1892, the Committee on War Claims of the House of Representatives, reported it favorably to the full House.

Many of you are familiar with the circumstances surrounding this bill, so I will be brief in my recounting of the incident.

On July 9, 1864, Gen. Jubal A. Early, commander of the Confederate Army at Frederick, demanded $200,000 from the city for use to support his invading army. Stored in Frederick at the time were Federal supplies valued at between $1 million and $1.5 million. Rather than turning over the supplies, the patriotic citizens of Frederick borrowed money from the town's banks to pay the ransom. The negotiations for the ransom delayed the Confederates long enough to prevent the capture of Washington.

The debt incurred by the citizens of Frederick was finally paid off in 1951 with taxes that had been levied on them since the Civil War. Their sacrifice to save Union military stores should be recognized by a grateful Nation and compensated, if not rewarded. If it were not for their loyalty to the Union and their public spirit, the course of history might have been altered dramatically.

The House committee report of 1890 referred to the loyalty of Maryland and especially of Frederick during the Civil War and cited the State's willingness to fulfill every war demand made on it by Washington. The report also noted that the action by the citizens of Frederick on that day in July of 1864 not only saved their homes from certain destruction, but saved a large quantity of Union military supplies from seizure and delayed the Confederates' march on lightly defended Washington.

The committee report recommended that the bill be passed:

First. Because the State of Maryland and Frederick were loyal to the Union, and supplied it with great numbers of troops.

Second. Because the Government failed in its constitutional duty to "protect" the State and Frederick "against invasion" and instead withdrew their domestic protection for use in the general protection of the Government.

Third. Because all the precedents of the Government's actions in similar cases are in support of the duty of refunding the ransom paid. In addition to the above reasons, considered sufficient by these committees, are the following:

Fourth. Because the Government for its protection converted Frederick into a military depot, and gave it a character, different from other towns, which induced the exaction of this excessive ransom.

Fifth. Because more than $200,000 worth of military supplies were saved for the Government from capture and destruction by the payment of the ransom.

Sixth. Because the delay caused by the parleying of the loyal citizens of Frederick with General Early in connection with his demands furnished time to fortify Washington, then undefended, and thus saved the National Capital from falling into the hands of the enemy.

Seventh. Because sound public policy justifies a Nation in indemnifying its loyal parts, in successful wars, for injuries which were suffered for the national good.

Mr. President, the wisdom of the House Committee on War Claims in approving the bill is apparent to this day.

There is ample precedent for this type of congressional action. In 1795, Congress approved $8,500 to be paid to the people of Western Pennsylvania for damage inflicted by "insurgents" in the Whiskey Rebellion. In 1816, Congress passed an act to repay people whose property the Government had exposed to the enemy, during the War of 1812.

It is obvious that in 1864 the Government failed to protect Maryland from invasion. The U.S. Government today should not continue to turn its back on the people of Frederick. This injustice must be remedied.

Frederick is justly entitled to reimbursement for the outlays of municipal funds for the following purposes:

First. Bonds and certificates issued to the five banks from which the General Early money was obtained as security for the loan to the city on July 9, 1864, held by banks 1868–88.

Second. Interest paid at 6-percent per annum by the city upon the bonds and certificates to the banks, 1868–88, such interest being derived from taxes imposed by the city.

Third. Interest on the tax loss to pay interest 1868–88, at 4-percent per year.

Fourth. Tax exemption granted five banks from general special tax levy of 20 cents per $100 on capital stock, 1868–88.

Fifth. Interest at 4-percent on tax loss in granting exemption to banks, 1868–88.

Sixth. Interest at 4-percent per annum on above costs to city to repay five banks for their respective loans, the bank loans having been made to the city 1864, and compromise settlement agreement on debt payment of $125,225.21 of above bonds and certificates accepted July 1, 1868, paid July 1, 1888, by refunding debt, 1888–1970.

Seventh. Interest paid by city on 24-percent of refunding bond issues of 1888 in amount of $512,500 at 4-percent interest, bank bonds refunded in amount of $123,000, 1838–1917.

Tax loss to pay interest on 24-percent at 4-percent, 1888–1917.

Eighth. Interest at 4-percent per annum on tax loss to pay 24-percent of interest 1888–1917, bonds having been partially amortized, 1888–1917.

Ninth. Interest at 4-percent on interest paid on bonds and on tax loss incurred to pay interest, 1917–70.

Tenth. Interest paid on 24-percent of refunding bond issue of October 1, 1917, at 4½-percent, attributable to refunded bank bonds, of issue of $380,000, October 1, 1917, to October 1951.

Tax loss to pay interest on 24-percent at 4½-percent, 1917–51.

Eleventh. Interest at 4-percent on interest paid on bonds and on tax loss incurred to pay interest, 1951–70.

The bill I propose will terminate the financial obligation for the genuine service to the country by the city of Frederick. Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1699

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the city of Frederick, Maryland, a sum not to exceed the actual cost to the city, including interest thereon when incurred, to make the payment as hereinafter stated, on the debt incurred until October 1, 1951, and simple interest at the rate of 4 per centum per annum on the cost to the city to liquidate the debt as incurred, until reimbursement is paid of the amount determined by the Secretary of the Treasury to be due as defined herein, as of the date of payment in full satisfaction to the claim of the city against the United States for reimbursement for the money paid by the city on July 9, 1864, upon demand of Lieutenant General Jubal A. Early (commanding general of the Confederate Armed Forces of over twenty thousand troops then surrounding the city) and under rumored threats that all the property in the city would be destroyed; the demand having specified $200,000, and in the alternative medical supplies of $50,000 at current prices, commissary supplies to the same amount, ordnance supplies with the same, and quartermaster's supplies of like amount (all of such being the property of the United States Government as part of the supply depot and hospital of the command headquarters of the Union Armed Forces in Frederick for the deployment of Union troops at strategic points along the Maryland shores of the Potomac River in western Maryland as a defense against invasion by Confederate troops across the Potomac and in defense of Washington from attack through Maryland, and to supply Union troops moved through the command area during the war; none of such demanded supplies being the property of Frederick) and with all Federal troops (including advance guard and their mobility supplies) having evacuated the city to be deployed for the imminent battle of the Monocacy, the city and the Government supply depot being left defenseless; after pleading negotiations throughout the day with the Confederate command, which failed, and under stress of the rumored threats of destruction, the city demanded the money required of the banks of the city to be delivered to the Confederate general, the city promising the lending banks that the citizens of the city would be taxed to reimburse the banks, and taxes were imposed over a long period by the city to amortize the debt and through a series of refunding bond issues of the city, finally liquidated in the year 1951, at rates of interest of 6 per centum, 4 per centum, and 4½ per centum and upon delivery of the money by the banks to the city and delivered to the Confederate general late in the day, by orders of the Confederate general none of the Government property was destroyed nor molested, and not only was Government property saved harmless, but the daylong negotiations, between city officials and Confederate officers, gave time for better strategic deployment of the limited Union Armed Forces at the Monocacy and the arrival of some reinforcements, and most importantly the relatively short battle of Monocacy, together with the stubborn resistance and difficulty of Frederick in raising the $200,000 demanded, lost a day in the march upon Washington by the Confederate Armed Forces and gave time for the successful reinforcement of the Union defense of Washington—thus the claim of Frederick is for action taken not only to save United States Government property from being destroyed, but also, at great financial cost to the citizens of Frederick to carry the debt, which contributed greatly in saving Washington from direct attack by over twenty thousand of the Confederate Armed Forces and allowing time for arrival of reinforcements for the Union Armed Forces for the defense of Washington.

ADDITIONAL COSPONSORS

S. 1235

At the request of Mr. D'Amato, the Senator from New Hampshire (Mr. Humphrey) was added as a cosponsor of S. 1235, a bill to exempt certain matters relating to the Central Intelligence Agency from the disclosure requirements of title 5, United States Code.

S. 1348

At the request of Mr. Sasser, the Senator from Mississippi (Mr. Stennis), and the Senator from Virginia (Mr. Warner) were added as cosponsors of S. 1348, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds.

S. 1607

At the request of Mr. D'Amato, the Senator from Michigan (Mr. Riegle), the Senator from Alaska (Mr. Murkowski), and the Senator from Ohio (Mr. Metzenbaum) were added as cosponsors of S. 1607, a bill to amend the Internal Revenue Code of 1954 to provide a minimum interest and dividend exclusion of $200 for each individual.

SENATE CONCURRENT RESOLUTION 37—CONCURRENT RESOLUTION DISAPPROVING PROPOSED AWACS SALE TO SAUDI ARABIA

Mr. PACKWOOD (for himself, Mr. Jackson, Mr. Cranston, Mr. Jepsen, Mr. Boschwitz, Mr. Pryor, Mr. Bradley, Mr. Danforth, Mr. Roth, Mr. Biden, Mr. Inouye, Mr. D'Amato, Mr. Andrews, Mr. Baucus, Mr. Bentsen, Mr. Burdick, Mr. Cannon, Mr. Chiles, Mr. Cohen, Mr. DeConcini, Mr. Dixon, Mr. Dodd, Mr. Durenberger, Mr. Eagleton, Mr. Ford, Mr. Gorton, Mr. Hart, Mr. Hatch, Mrs. Hawkins, Mr. Heflin, Mr. Heinz, Mr. Kasten, Mr. Kennedy, Mr. Levin, Mr. Matsunaga, Mr. Mitchell, Mr. Metzenbaum, Mr. Moynihan, Mr. Pell, Mr. Pressler, Mr. Proxmire, Mr. Riegle, Mr. Sarbanes, Mr. Sasser, Mr. Simpson, Mr. Specter, Mr. Tsongas, Mr. Weicker, Mr. Williams, and Mr. Zorinsky) submitted the following concurrent resolution, which was referred to the Committee on Foreign Relations.

S. Con. Res. 37

Resolved by the Senate (the House of Representatives concurring), That pursuant to section 36(b) of the Arms Export Control Act, the Congress objects to each of the following proposed sales to Saudi Arabia (the certifications describing these proposed sales having been submitted to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate on October 1, 1981):

(1) The proposed sale of E-3A Airborne Warning and Control System (AWACS) aircraft, together with related defense articles, defense services, and design and construction services (transmittal No. 81-96A).

(2) The proposed sale of conformal fuel tanks for F-15 aircraft, together with related articles and defense services (transmittal No. 81-96B).

(3) The proposed sale of AIM-9L Sidewinder air-to-air missiles, together with related defense articles (transmittal No. 81-96C).

(4) The proposed sale of Boeing 707 aerial refueling aircraft, together with related defense articles and defense services (transmittal No. 81-96D).

SENATE RESOLUTION 217—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. PERCY, from the Committee on Foreign Relations, reported the following original resolution; which was referred to the Committee on the Budget:

S. Res. 217

Resolved, that pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S.J. Res. 100, a joint resolution to authorize the participation of the United States in a multinational force and observers to implement the treaty of peace between Egypt and Israel, for fiscal year 1982. Such waiver is necessary to allow the authorization of $125,000,000 in additional budget authority for fiscal year 1982 to provide for the United States share of the initial costs of the multinational force and observers.

Compliance with section 402(a) of the Congressional Budget Act of 1974 was not possible by the May 15, 1981 deadline, because the agreement to establish a multinational force was not completed until August 3, 1981.

The effect of defeating consideration of the supplemental authorization will be to prevent U.S. participation in the multilateral Sinai peacekeeping force which is to be in place prior to the Israeli withdrawal from the Sinai in April of 1982. Funds are required as soon as possible to begin construction of the necessary facilities for the force and observers as well as preparations for other aspects of the infrastructure of the organization.

The desired authorization should not delay the appropriations process and has already been under consideration by the Appropriations Committee. It is also included within the President's proposed revision of his fiscal 1982 budget proposals along with corresponding reductions to offset its impact on the overall budget. The amount required can therefore be accommodated by the Second Concurrent Resolution on the Budget as amended by the Senate.

SENATE RESOLUTION 218—RESOLUTION RELATING TO THE SCHOOL LUNCH PROGRAM

Mr. MELCHER (for himself, Mr. Pryor, Mr. Eagleton, Mr. Bradley, Mr. Sasser, and Mr. Cranston) submitted the following resolution; which was referred to the Committee on Agriculture, Nutrition, and Forestry:

S. Res. 218

Resolved, that it is the sense of the Senate that regulations for the School Lunch Program under the National School Lunch Act will retain the goal in effect as of September 25, 1981, of providing one-third of the recommended dietary allowances of nutrients for children as established by the National Academy of Sciences.

Mr. MELCHER. Mr. President, I am today submitting Senate Resolution 218.

which would retain in the school lunch program the goal in effect as of September 25, 1981, of providing one-third of the recommended dietary allowances of nutrients for children as established by the National Academy of Sciences.

Previously, I had offered this proposal as an amendment to the debt limitation legislation, but I had agreed to withdraw if after receiving agreement from the majority leader and the chairman of the Finance Committee that if I offered it as a sense of the Senate resolution, they would bring it up as soon as it was convenient. My understanding at the time was that the Agriculture Committee agreed with this understanding.

Senator HELMS was not present on the floor at that time, but we attempted through committee staff to explain the agreement. I hope we can consider it next week.

The resolution states in effect that despite necessary budget cuts—despite the belt-tightening that is going on in Washington and at the local level, the Senate of the United States thinks that it makes sense to retain the nutritional integrity of the school lunch program.

This resolution should end substitution of catsup and relish for vegetables.

This resolution should end the 6-oz. glass of milk and have schools stick with the usual 8-oz. carton.

The resolution retains the school lunch goal of providing one-third of the recommended dietary allowances of nutrients for children as established by the National Academy of Sciences.

The Department of Agriculture says this simple little resolution might be used in lawsuits that might be filed against the regulations.

But there are no regulations. The White House ordered them to be withdrawn.

The Senate believes that first and foremost, the school lunch program is one designed to provide good nutrition to little kids when they are at school.

This resolution does not provide any rigid guidelines that the Department and the local schools will find difficult to live with.

I have gone to considerable lengths to find out what the substantive objections could be in this amendment, and there are not any—none.

Nevertheless, the Department has asked the distinguished chairman of the Agricultural Committee to waste his time, and the time of the Senate to stonewall on this issue.

The Department of Agriculture apparently asks Members of the Senate, who for years have supported the nutritional values of the school lunch program, to now vote against what they have believed in and voted for in the past.

I do not have to conjure up pictures of Oliver Twist begging his schoolmaster for another cup of gruel.

I do not have to stand here and call to mind the image of David Copperfield being forced for hours to stand in the schoolyard in the rain.

I do not have to do that, because a vote against this resolution is a vote for Scrooge.

It has been argued in the Senate that it is all right to cut the nutritional value to 25 percent of the recommended dietary allowances for children. Everybody has to cut back, why should not the schoolchildren?

Congress cut more than $1 billion out of the program. Many school lunches have not met the goal of providing in a school lunch 30 percent of the daily dietary needs of the child.

For budgetary and many other good reasons, many schools cannot serve the children the one-third goal in each meal. But that goal is still essential and most school lunches now come close.

What do you gain by reducing the goal by 5 percent?

Do you save money? No way. Neither the Federal Government or local school districts can save money by abandoning nutritional goals because less quality means fewer children eat the lunch and the cost per serving increases.

This resolution is a commitment by the Congress that the school lunch program is supposed to serve the most nutritious meals possible, given available money and commodities. School lunch charges have been increased 15 to 26 cents per child.

It has been charged that this simple little sense of the Senate resolution violates what Congress did in the Reconciliation Act.

This is not true.

The Congress told the Department of Agriculture to adjust the regulations to permit schools to reduce costs, because the Federal Government was cutting back support.

But at the same time, the Congress told the Department to do this without reducing the nutritional values in the program.

So how did the Department respond to this directive?

They cut the nutritional value, even though Congress told them not to do it.

If anyone is violating the Reconciliation Act, it is the Department of Agriculture.

The Senate must not forget the past and the conditions that led to the enactment of the first school lunch law.

The program was started 35 years ago as a solution to the startling consequences of poor nutrition which resulted in large numbers of young men being declared 4-F during World War II. Evidence of malnutrition was rampant throughout the country.

Many studies have documented the success of the child nutrition programs and many of the nutritional deficiencies of our people.

I urge the Senate to remember and support the values which led to the creation of the school lunch program.

I plead with Members of both political parties: Do not vote for Scrooge.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION ACT, 1982

AMENDMENT NO. 573

(Ordered to be printed and to lie on the table.)

Mr. KASTEN (for himself and Mr. PROXMIRE) submitted an amendment intended to be proposed by them to the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT

AMENDMENT NO. 574

(Ordered to be printed and to lie on the table.)

Mr. TOWER submitted an amendment intended to be proposed by him to the bill (S. 898) to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

AMENDMENT NO. 575

(Ordered to be printed and to lie on the table.)

Mr. PRESSLER submitted an amendment intended to be proposed by him to the bill S. 898, supra.

● Mr. PRESSLER. Mr. President, I rise to offer an amendment to S. 898, the Domestic Telecommunications Act of 1981.

My amendment addresses a very specific aspect of the cable television cross-ownership ban referred to in section 237 (c) of S. 898. This amendment in no way attempts to change the basic deregulatory thrust of S. 898. Nor does it attempt to undue the difficult but necessary balance achieved in this legislation. My amendment does help one particular segment of the United States with regard to cable television service—that is, the rural communities of this country.

Under current Federal Communications Commission regulations, telephone companies are banned from owning cable services in their exchange areas. However, the FCC allows a telephone company or cooperative in a rural area to apply for a waiver of this cross-ownership ban since, in these instances, independent cable television operation is not considered feasible. This is a wise, flexible provision on the part of the Commission. But in some cases, there has been unnecessary delay and costly litigation in granting a waiver to the small co-op. For example, a recent waiver application was granted to a small South Dakota telephone cooperative only after 2 years of lengthy proceedings.

One problem with the current waiver application process is that the definition of "rural area" is and has been subject to change by the Commission. My amendment specifically defines the term "rural area" while, at the same time, allowing some discretionary flexibility on the part of the Commission to take into account demographic and economic changes.

In a notice of proposed rulemaking this past winter, the FCC indicates that it is moving toward a cross-ownership ban exemption for co-ops serving these rural areas. My amendment will express congressional support for the option of telephone companies and cooperatives serving areas where independent cable operations cannot profitably function. This service has already been provided in many parts of the country by co-ops. A study done by the Minnesota Cable Communications Board estimated that the average minimum density for a nonprofit or cooperatively-owned cable operation was 12 homes per mile, whereas a for-profit operator would need 20 homes per mile. Clearly, co-ops can do the job in places where independent cable cannot. Congress must remove obstacles in the way of providing this service and my amendment will assist in doing that.

Now I am not suggesting that major telephone companies be allowed into the cable industry. I do not ask that the ban be changed in this regard. However, there are many rural communities which are not financially attractive to cable companies; as a result, they are the last to benefit from the technological revolution taking place in the industry today.

For instance, my hometown of Humboldt, S. Dak., with 189 households in the community, does not have cable service at this time. In order for a cable company to provide service to Humboldt and maintain an adequate profit margin, a monthly subscriber fee of $30 would have to be charged. This high monthly rate would not be attractive to many subscribers. Consequently, Humboldt has no cable service.

In a recent magazine article, Bruce Jacobs of the Cooperative Communications Project said that cable service can offer "a potential for facilitating real community growth and involvement." Nowhere is this more important than in a rural area where distance and low population density can inhibit community communication. Cable's technology promises opportunities for schools, hospitals, Senior citizen centers, and local governments to communicate and share information in these small towns. My amendment will remove one barrier in the effort to provide this service.

The cable industry got its start in rural America. As a Senator from that part of the country, I would hate to see small towns lose out on the continuing growth and changes of the cable market. I am not suggesting that only one type of system should provide cable to rural areas. But I am insisting that cable service be provided by someone to every community that wants it and will benefit from it.

Mr. President, it is for these reasons that I urge my colleagues to join in support of this amendment.●

NOTICES OF HEARINGS

COMMITTEE ON THE BUDGET

Mr. DOMENICI. Mr. President, the Senate Budget Committee will meet for a hearing on Tuesday, October 6, at 2 p.m. in 6202 of the Dirksen Senate Office Building with David Stockman, Director of the Office of Management and Budget. For further information, contact Lynn Pearson of the Senate Budget Committee staff at 224–0544.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Judiciary Committee be authorized to meet during the session of the Senate today, October 1, at 2 p.m., to hear testimony on the Criminal Code bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

AGRICULTURAL EXPORTS

● Mr. BENTSEN. Mr. President, yesterday the Senate Export Caucus met jointly with the House Export Task Force to discuss our agricultural export program with Trade Representative Bill Brock and Secretary of Agriculture John Block. As co-chairman of the Senate Export Caucus, I asked for this meeting because of the importance of agricultural exports to this Nation's economy and because of the severe problems that we are now facing in both domestic and export markets for U.S. farm products.

I am convinced that the favorable balance of trade in agriculture is misleading. The world trade situation in agriculture is in fact unsatisfactory.

The United States had a $36 billion deficit on the goods account in 1980. It will be worse in 1981. Agriculture is one of the few areas that keep our overall trade deficit from being a lot worse. Now, in that regard, trends in agricultural trade policies are disturbing.

PAST AGREEMENTS

For one thing, it appears that the United States is not getting what it bargained for in terms of market access for its agricultural exports. For example, we have an agreement on paper with the European Communities to accept our high quality beef in the amount of 10,000 metric tons per year. Yet, in this year, Europe is accepting only about 3,000 tons. The reason is not lack of American effort or American inefficiency or lack of knowhow; the reason is that European governments have been bureaucratically denying us in fact what they agreed to give us on paper. They are making licenses for beef imports almost impossible for European importers to get. These licenses have been available only a few days out of every quarter.

LACK OF ENFORCEMENT

A second aspect of the trade program of the United States that concerns me from the point of view of agricultural exports is our own mechanism for enforcing these MTN agreements. That mechanism is section 301 of the Trade Act of 1974.

Congress amended section 301 during consideration of the Trade Agreements Act of 1979 to provide specifically that it could be used to enforce our rights under the agreements negotiated during the multilateral trade negotiations, and we also put time limits in the law for bureaucratic consideration of these cases.

We want to avoid cases like the section 301 petition that has been sitting around in the executive branch for 6 or 7 years against European-duty preferences for citrus fruit from North Africa and Spain. Most of that time was spent trying to figure out why citrus was a bad case. But citrus was a good case 7 years ago, and if the Reagan administration decides to do nothing with it on the ground that it is now a bad case, that just means the executive branch delayed it so long it became a bad case.

Third, I am concerned about European policies in agriculture. The European Communities have been excluding American agricultural exports for years, but now there is a trend toward their displacing our agricultural exports in third country markets. That would appear to be inconsistent with the subsidies code signed by the European Communities, the United States, and other countries during the multilateral trade negotiations that ended in 1979.

A few individual exporters have been brave enough to step forward and complain under section 301. They are fearful that the U.S. Trade Representative's office would not even accept the cases they bring—let alone do anything about them. But the Trade Representative has the authority to self-initiate cases under section 301.

I therefore suggest that the Trade Representative undertake a review of the EC's common agricultural policy to determine whether it is actionable under section 301.

I ask my letter to Ambassador Brock on this subject be printed in the RECORD following my remarks.

NEED FOR ACTION

Mr. President, our farm economy is in dire straits. Real net farm income in 1980 was only $8.9 billion, the lowest since the depression. In 1981 it will probably be no higher. Farmers are heavily dependent on export markets. Exports take the production from one of every three U.S. crop acres, and they bring in one of every $5 of farm cash receipts.

High interest rates and bumper crops have driven farm prices to extremely low levels. Yet the strong dollar produced by these same high interest rates has increased the price of our farm products overseas. In July, the Rotterdam price of U.S. wheat in Dutch guilders was 40 percent higher than a year earlier, even though the dollar price was about the same.

Meanwhile, the EC variable levy on U.S. wheat exports has increased from about $1.62 per bushel to about $2.24 since January. The EC farm price of wheat is now about $6 per bushel, but EC exports subsidies on wheat are about $2 per bushel. In addition, the EC is also taking over our export markets for other commodities, such as broilers, in a similar fashion.

It is time that the U.S. Government stood up and fought for the rights of our farmers instead of burdening them with embargoes and with foreign policy strings such as those tied to the New Zealand butter deal.

The letter follows:

U.S. SENATE,
Washington, D.C., October 1, 1981.

Hon. WILLIAM BROCK,
U.S. Trade Representative,
Washington, D.C.

DEAR BILL: I appreciate your participation in the Export Caucus meeting on agricultural exports yesterday. Your frank appraisal of the trade problems facing us today was most timely and informative.

A strong and effective agricultural export program is vital to our Nation's economy, and I appreciate your efforts to lower trade barriers and promote our agricultural exports around the world. However, I am deeply concerned about our agricultural export effort, and I am particularly concerned over our lack of progress in lowering trade barriers which are adversely affecting our agricultural exports.

A classic case is the failure of the European Community to live up to their commitment to allow increased access for U.S. high-quality beef. We secured a commitment to increase this quota to 10,000 metric tons, yet the current trade level is only about 3,000 metric tons. This is not much higher than the level being imported before the agreement.

Even more serious, however, is the recent emergence of the European Community's Common Agricultural Policy as an export subsidy tool which is shoving the United States out of markets all over the world. This practice would appear to be inconsistent with the so-called "Subsidies Code" negotiated during the Multilateral Trade Negotiation and approved by the Congress in the Trade Agreements Act. This displacement does severe harm to U.S. farmers, who depend on exports for one of every five dollars of farm cash receipts.

I believe that you should seriously consider initiating your own motion under Section 301 of the Trade Act of 1974 in the case of these export subsidies. Section 301 was specifically set up as the enforcement mechanism against such unfair trade practices, but its use has been characterized by delay and indecision. Indeed, some petitions are now pending in your office which relate to the EC's agricultural practices, and they should in no way be delayed by this request. But the EC export subsidy program is now of sufficient proportions that some overall government approach is absolutely necessary.

I believe that the United States Government should initiate a Section 301 case on its own on this subject. I urge you to give serious consideration to such a move.

Sincerely,

LLOYD BENTSEN.●

GREECE

● Mr. HEINZ. Mr. President, I wish today to add my comments to the colloquy which took place recently concerning the ancient and great nation of Greece, its relationship to the United States, and its importance to the Western community of nations.

As we all know, Greece is the birthplace of the essence of Western political culture. The early Greeks developed a representative system of government where as many citizens as possible were allowed to participate, regardless of rank, status, or wealth. As long ago as 390 B.C., Aristophanes exercised a political right that is crucial to a free society—the right to publicly criticize governmental policies.

In the modern world, Greece is an important ally of the United States, both because of its democratic system of government, and because of its key strategic position. Recognizing this, the United States went to the assistance of war-torn Greece in the days immediately after the end of World War II, and this aid was instrumental in assuring that totalitarian forces seeking to control Greece were defeated.

As it has rebuilt its economy and military strength, Greece has become an important member of the NATO community of nations. Greece's position is crucial to the Western World. Lying at the southern tip of the Balkan Peninsula, the land mass and the isles of Greece constitute the geographical link between Italy to the west and Turkey to the east. It is also a bridge between the continents of Europe, Africa, and Asia.

It follows from this brief description that from a military viewpoint:

1. Greece is pivotal to the defense of both Turkey and Italy. Whoever controls Greece can isolate Turkey and outflank Italy. Greece ensures the strategic integrity of NATO's Southeastern flank and provides Early Warning and Air Defense coverage for Allied naval forces operating in the Mediterranean.

2. The Greek Islands dotting the Aegean form successive defensive lines in depth against an attack from the North, effectively denying access to the Mediterranean to a hostile force, even if the Bosporus and Dardanelles Straits were to be forced. These islands also provide the necessary strategic and tactical depth for supporting combat operations in Macedonia and Thrace, landing reinforcements and supplying Turkey.

3. By virtue of its central position, its splendid natural harbor of Suda Bay, and its military airport facilities, the island of Crete can effectively control East-West air and sea communications to Israel, Egypt, and the oil rich Middle East beyond.

If Crete were to be lost, surface naval operations of the alliance would be confined to the western Mediterranean alone, west of Sicily, and direct access to the Middle East would become more than problematical.

It is obvious that due to its strategic importance, Greece would be, in case of war, a prize objective for Warsaw Pact countries, for it would enable them to neutralize the Dardanelles Strait, to drive a wedge between Italy and Turkey, outflanking the first and isolating the latter, and to press on toward Asia Minor, or southern Italy, North Africa, Egypt, or the Middle East as circumstances might dictate.

In addition to its contribution to the development of political democracy, and its strategic importance, there is another contribution that Greece has made to the United States, and that is, the contribution of many of its hard-working, spirited people to the shores of this country. Our Nation has been greatly enriched by the contributions made by emigrants from Greece, and I am very pleased that many of these people have chosen to make Pennsylvania their home. Our economy, our culture, and our political life have all been strengthened by their presence.

Because of the values that Greece and the Greek people have developed, and practice, and because of the strategic importance of Greece to the Eastern World, I fully support the continuation and improvement of warm relations between Greece and the United States.

I urge the President, and those who implement U.S. foreign policy, to continue to work with the Greek Government and the Greek people in a continuing effort to strengthen the ties that bind two of the world's great democracies.●

GEORGETOWN ALL-STARS WIN SENIOR LITTLE LEAGUE WORLD SERIES

● Mr. ROTH. Mr. President, Delaware may not have a major league baseball team yet, but in a small town in southern Delaware, a world championship pennant is flying high. That championship was captured by 15 young men from Georgetown, Del., who ran away with the Senior Little League World Series held in Gary, Ind., just a few weeks ago.

Maintaining a .357 team batting average in the playoffs, the Delaware sluggers mowed down the other five best teams in the world enroute to the championship. Not only was it the first time in the history of the State that a Delaware team has competed in the World Series, but the Georgetown victory marks the first time in 9 years that the United States has won the world championship title. I might add that five of our Delaware champs have been named to the Senior League All-World Team for their excellence in the World Series.

It is not hard to imagine the pride that the people of Georgetown felt when word came that their team had won. The people, that is, who were not already in Indiana. I understand more than 50 of Georgetown's 1,700 citizens made their way to Gary to cheer on their all-stars.

Mr. President, I would like to let the members of the team and the citizens of Georgetown know that their pride is shared throughout the State of Delaware and the Nation. The members of the Georgetown Senior Little League team represented their community, their State and their country in the finest tradition of American competition and sportsmanship, and their stellar performance took them all the way to the top. I congratulate and commend these young men, their coaches, their managers and their families for their willingness to accept a challenge and their unstinting dedication to becoming No. 1. I also want to congratulate the town of Georgetown for the heartwarming support its citizens gave the team—proving once again the importance of community involvement, especially in the activities of our youth. The Georgetown all-stars have put Georgetown, Del. on the national map.

Mr. President, I would now like to further recognize the members of the team by submitting their names for the RECORD: Timmy Conoway, Kevin Duperron, Mike Hearn, Barry Joseph, Alan Mears, Brian Messick, Timmy Mumford, Bruce Nobles, Timmy Reynolds, Billy Savage, Jeff Shockley, Tom Tipton, Kevin Waples, Guy Wilkins, and John Young.●

AMERICAN FARM POLICY

● Mr. BURDICK. Mr. President, I want to recommend to my colleagues that they read the article titled "Breadbasket Blow; Farmers, Already Hurt By Economy, Get Hit With Low Grain Prices" beginning on the front page of the Wall Street Journal, October 1, 1981.

We recently completed an extended

debate in this body on what the farm policy should be for the next 4 years. Nearly all of the points raised in Mr. Thomas Petzinger's article were brought out in the course of that debate.

Mr. President, farming is our most basic of industries. The purpose of having any kind of farm bill at all should be to set a floor under small and medium-sized farmers' revenues at least at the cost of production. We have failed to do that. As the article indicates dramatically, the result could well be disastrous not only for farmers, but for rural America as we know it today.

Mr. President, the farm bill that passed the Senate 2 weeks ago places the future of the family farm in America in the hands of foreign buyers of our grain. I voted against it in the Senate. I hope the House of Representatives will show a better understanding of the needs of agriculture in the writing of its farm bill.

I ask that Mr. Thomas Petzinger's article be printed in the RECORD.

The article follows:

BREADBASKET BLOW: FARMERS, ALREADY HURT BY ECONOMY, GET HIT WITH LOW GRAIN PRICES

(By Thomas Petzinger, Jr.)

A year of bumper crops is shaping up as just as tough on farmers as last year's drought.

Inflation, high interest rates and even the stronger dollar overseas are combining with a growing grain glut to batter American agriculture. Farm income, which had been forecast to rise to as much as $27 billion this year, instead is likely to be no better than last year's $19.9 billion. Adjusted for inflation, that would make this season the worst for farming in nearly two decades.

Wheat prices are down 7% from a year ago, corn down 23% and soybeans off 19%. What frightens farm economists, though is that this slump, besides being severe, is different from the customary up-and-down cycles that are as old as farming itself.

Most farmers used to produce a wide range of crops and livestock, and the low grain prices that hurt that part of their operation often fattened their profits on cattle or hogs. But fewer farmers are diversified now; and, in any case, livestock prices are so weak that they yield only marginal profits on pork, and continued losses on cattle.

SPRING BORROWING

"The farms have fundamental problems that go well beyond the cyclical pattern of commodities," says Marvin Duncan, an economist at the Federal Reserve Bank of Kansas City. "Farmers are very closely tied to the effects of 'stagflation' in the economy."

It isn't always recognized, for instance, that farming is an interest-sensitive business. Besides borrowing to buy machines, as any businessman might, many farmers take out loans each spring to buy seed, fuel, herbicide and fertilizer, planning to repay the money when the crop is in. Those who fatten cattle commonly borrow to buy the young "feeders."

Now, with operating costs on the rise and profits scant, borrowing costs are enoromus for many farmers. And those who have recently begun buying a piece of land are saddled with today's interest rates on that as well.

Farmers well understand what they're up against. Don Russell of Des Moines, Iowa, recalls that only a few years ago it cost him about $21 to finance purchase of a steer or heifer for fattening. The interest cost today is about $120—"pratically what it costs to feed the darn thing the whole year you have it," he complains.

COST SQUEEZE

Elwin Poe of Holyoke, Colo., will pay about $17,000 in interest on the $100,000 working capital he has borrowed this year for diesel fuel, seed, fertilizer, crop dusting and other necessities. Adding in utility bills for irrigation and other operations, the costs on Mr. Poe's corn and soybean farm are running 30 percent ahead of last year, he says.

A bushel of corn for which a farmer can get $2.20 to $2.40, depending on his location, costs an average of $3.11 to grow, the Agriculture Department figures. (If the farmers' average expense for buying or renting land is excluded, the product costs drops to a break-even level of $2.38.) For wheat, a bushel that costs about $5.32 to produce, counting land costs, brings the farmer about $3.60.

Some experts see little hope that farming can climb out of the slump soon. If forecasts hold, this will be the first time since the Depression that "real," inflation-adjusted farm income has been below $10 billion two years in a row, observes Richard Pottorf, an agricultural economist at Data Resources Inc. In a new report, he predicts that "unless some unforeseen event rescues farmers in the near future, many will be pushed over the brink and into depression."

DAIRYMEN DOING BETTER

Terry Barr, a senior Agriculture Department economist, is somewhat less pessimistic. "Prices will slide this year, but not to depression levels," he says. "People are getting concerned about the grain sector, and the livestock sector has been through a real wringer."

There are still a few areas of strength. Almost all dairy farmers are operating profitably, largely because of the federal price-support system (although the Senate recently voted to cut spending on the supports). In addition, fertilizer prices are lower than a year ago. The prospect of another poor harvest in the Soviet Union could spur demand for U.S. grain, particularly if bad weather buffets grain and soybean producers in South America and Australia.

Moreover, the Reagan administration has just proposed a new wheat set-aside program, similar to those used in 1979 and before. Under the program, wheat growers who left 15 percent of their land idle could participate in government price-support and loan programs if prices fell below a minimum level. The administration hasn't proposed a corn set-aside, although Agriculture Secretary John Block says he's thinking about it.

But Mr. Block's willingness to embrace set-asides shows just how serious the farmers' plight is. Last spring the Reagan administration proposed scrapping its standby authority to put a set-aside into effect. Congress wouldn't agree, though, and now the administration is using a law it had wanted to abolish.

What has most depressed crop prices is the prospect that this year's grain and soybean yields will be more prodigious than anyone had imagined. Conrad Leslie, a private crop forecaster, anticipates a record corn harvest of 8.04 billion bushels, 21 percent more than the Agriculture Department forecast early last spring. His soybean forecast of 2.04 billion bushels is 12 percent more than the government expected at the start of the growing season.

Only a year ago, the prospect of a worldwide grain shortage was regarded by experts as a real, and scary, possibility. In the wake of the 1980 drought in the U.S., world grain stocks hit a five-year low. The year's consumption exceeded production by 37 million metric tons, an amount twice the size of the Canadian wheat crop. Ample carry-over stocks from prior years prevented a shortage, but another poor growing season this year would have produced a seller's market for grain.

BIG LETDOWN

That possibility caused some early optimism among farmers that has only worsened the effect of the downturn. James Needs of Upper Sandusky, Ohio, for instance, ordinarily sells more than half his soybean crop at an agreed-upon price before the fall harvest. Last spring, when local buyers were offering nearly $8 a bushel, "we had the opportunity to sell the crop at a decent price," he says. "But we got caught up in all the rosy forecasts and missed our opportunity."

Mr. Needs did lock in the sale of about 10 percent of this year's crop at just over $7 a bushel. But with soybeans currently selling for little more than $3 a bushel in his area, he expects to market the remaining 90 percent of this year's crop at a loss.

Meanwhile, the dollar's 14 percent appreciation since last October (against a composite of major currencies) is making it that much more expensive for foreign buyers to import U.S. produce. As a result, U.S. agricultural exports have stayed even with last year's depressed levels, despite widespread expectations that they would rise sharply.

In the longer terms, U.S. farmers are facing growing competition from abroad. Argentina has nearly tripled the number of acres devoted to soybeans since 1974. Brazil has increased its grain acreage 24 percent and its soybean plantings nearly fivefold since the mid-seventies, according to an Agriculture Department study. Brazil is emerging as a world-class crop producer, thanks largely to its government's generous subsidies and to financial help from the Japanese.

EFFECT OF EMBARGOES

The Russians, too, have been scouting elsewhere for grain in the wake of the 16-month embargo on U.S. sales to the Soviets. Grain-export embargoes have "got some countries kind of jittery" over the reliability of the U.S. as a food supplier, says Boyd Chugg, an Agriculture Department economist.

While the grain-price problem is one of oversupply, the trouble with livestock prices is weak consumer demand. The percentage of U.S. household income spent on meat has declined in five of the last six years, to 4.1 percent in 1980 from 4.9 in 1974. So while the cost of raising a steer to market weight has increased to an average of 76 cents a pound, the price of fat cattle now stands at about 66 cents a pound.

Rough as this is on ranchers and feedlot operators, it doesn't affect the thousands of farmers who have given up on livestock. Outfitting a farm with efficient livestock-production facilities is a costly proposition and so is buying the machinery for growing crops, so many farmers are choosing one or the other. The year-round labor involved in raising livestock also enters the picture.

In DeKalb, Ill., Russell Andres is selling his 200 head of beef cattle in hopes of doing better by concentrating on corn. "They say it's all supposed to average out," the 30-year-old farmer says, "but I haven't even had an average year yet."

Some economists also worry about how long farmers will be able to continue borrowing against the rise in land values—a rise that moderated last year to about 7 percent from the double-digit pace of the 1970s. Notes George Hoffman, an Agriculture Department economist: "The scary part comes when the increase in land values slows to the point that lenders are unwilling to refinance farmers" who need operating capital. That isn't happening yet, but farmers fear that a further tightening of credit would make rural bankers wary of rolling over debt.

For now, the squeeze is forcing farmers to cut corners. They're cutting back machinery purchases for a second year in a row to a degree that is crippling International Harvester Co. and even hurting industry leader

Deere & Co. U.S. farmers probably will buy only 139,100 tractors this year, about 4 percent below last year and nearly 12 percent below earlier forecasts for this year, says Jerry A. Anderson, an analyst at Sanford C. Bernstein & Co.

Ted Diehl of Indianola, Iowa, who raises about 6,000 hogs a year and has a 450-cow herd, says that "for the first time in my 27 years in this business, our employes won't get a raise this year." Merlin Groot of Manson, Iowa, plans to delay some post-harvest tillage until next spring. Some farmers are even reducing fertilizer applications to save money.

And while it's often said that farmers can always find something to complain about, this year their words have a deeply pessimistic tone. As Mr. Diehl puts it, "This business is making fools out of all of us."●

GOOD NUCLEAR ADVICE

● **Mr. KENNEDY.** Mr. President, I would like to bring to the attention of all my colleagues an important article by professor and former Secretary of State Dean Rusk, entitled, "Nuclear Advice From One Who Has Been There," which appeared today in the Washington Post.

Secretary Rusk offers excellent advice on the key issues of strategic weapons and nuclear arms control which lie ahead of the administration and the Congress. Of special importance to our debate on MX and SALT is his counsel to pursue effective limits on the Soviet nuclear forces during the period before new strategic weapons are ready to be deployed:

> Why not at least try to negotiate what we would consider desirable levels against the background of our capacity to build rapidly if the Soviets make it clear that they prefer a further expensive race. New weapons systems would require several years before deployment: it would be foolish to postpone arms limitation talks until such a "position of strength" became a reality. We need not accept at face value the hints that the Soviets may be willing to talk about deep cuts, but we can find out what they may be willing to do.

Mr. President, I believe that Secretary Rusk's advice is of great value to public administration and congressional discussion of these vital nuclear issues, and I request that his article be inserted in the RECORD.

The article follows:

Nuclear Advice From One Who Has Been There

(By Dean Rusk)

Last Aug. 9 was the anniversary of the dropping of the second atomic bomb on Nagasaki, duly noted by various and sundry in the media. I did not see or hear anyone note that on Aug. 9 we had put behind us 36 years since one of these dreadful weapons had been fired in anger. It is of the greatest importance that we are able to say that, given all the crises we have had since 1945. It didn't happen; there were several occasions when carelessness, bravado, reckless or infatuation with one's own rhetoric could have plunged us over the edge of the cliff. It did not happen. There are those who say that history has no record of a military weapon that has not been used in armed conflict—but history has had only 36 years' experience with nuclear weapons, and that record does not point to Doomsday. Writing in 1960 about thermonuclear war, Herman Kahn seemed to say that the human race would be very lucky to get to the year 1975. Also in 1960, the late C. P. Snow assured us, with "scientific" certainty, that some of these nucelar weapons would go off within 10 years. I happen to believe that mankind is farther away from a full nuclear war than we have been in 30 years; but that is a long story and cannot be developed here.

George Kennan has called for a 50 percent reduction in the nuclear arsenals of both nuclear superpowers. I share his hope, but hope does not solve the problem. Mr. Kennan would monitor agreed reductions by what has come to be called "national means of detection." The possibility of reasonable verification is crucial to agreed limitations in nuclear weaponry. It is just a question of possible cheating by those who cannot and will not trust each other. Verification is the crucial means by which surging political forces such as suspicion, fear, hate and demagogy can be kept under reasonable control. Witness the Nuclear Test Ban Treaty of 1963. It is a sad fact that the need for verification requires limitations on delivery systems rather than on nuclear warheads. If we could find some way to ensure against hiding warheads away in caves in New Mexico, Siberia and Yunnan, I would favor zero nuclear weapons tomorrow morning. In terms of the safety of the American people, which must be the central object of foreign and defense policy, it seems clear that we are much less safe today than we were before these weapons were invented. I cannot conceive of a system of verification, however, that would allow us to limit warheads instead of delivery systems.

There is another problem; it will not be easy to persuade the Soviet Union to accept far-reaching reductions in nuclear weapons. We can recall that President Carter and Secretary Vance proposed to Moscow some numbers substantially below the numbers agreed upon in principle by President Ford and Chairman Brezhnev Vladivostok. The proposal received a brusque refusal in Moscow, leading a number of our commentators to suggest that Carter and Vance simply did not know how to deal with the Russians. When we discuss nuclear arms limitations bilaterally with the Soviet government, there is a ghost at the table—the People's Republic of China. In Moscow they see a billion Chinese armed with nuclear weapons with whom they have several thousand miles of common frontier. If China would move away from Chairman Mao's proposal to abolish all nuclear weapons without verification. I would hope that Peking, London and Paris could be drawn more directly into nuclear arms limitation talks—but there are many problems about that.

There are some things we ourselves can do in order to make more sense. One of the oldest and most futile notions periodically sprung upon a gullible public is the idea that we should build up our own nuclear arsenals rapidly in order to be able to negotiate arms reductions from a "position of strength." Why not at least try to negotiate what we would consider desirable levels against the background of our capacity to build rapidly if the Soviets make it clear that they prefer a further expensive race? New weapons systems would require several years before deployment; it would be foolish to postpone arms limitation talks until such a "position of strength" became a reality. We need not accept at face value the hints that the Soviets may be willing to talk about deep cuts, but we can find out what they may be willing to do. An observer must hope that these issues are being raised in private preliminary explorations between Washington and Moscow.

Another bit of nonsense floating around these days is that we must expect far-reaching concessions from the Soviets before serious arms limitation talks can begin. Concessions on what? Obviously, there are inevitable linkages between arms limitation and other events of major political importance. On a certain Wednesday morning in August 1968 we and the Soviets were all set to make a simultaneous identical announcement in Washington and Moscow that President Lyndon Johnson would shortly visit Leningrad to initiate what came to be called the SALT talks. Unhappily, on the very night before that Wednesday morning, Soviet forces marched into Czechoslovakia, and we had to cancel the announcement on arms limitation talks. Ironically, a very few years later the SALT II treaty was doomed by the march of Soviet forces into Afghanistan. It must be said that movement of Soviet forces into Poland to snuff out reforms in that country would, among other things, postpone indefinitely any serious arms limitation discussions. Some linkages are simply inescapable, but neither this country nor the Soviet Union is likely to pay for an admission ticket to let talks begin; the assumption must be that arms limitations can be in the interest of both sides, despite differences on other matters.

Some constructive moves could be made without waiting for full-blown negotiations on SALT III, or whatever they are to be called. We have thus far succeeded in barring nuclear weapons from the vast area of Antarctica, from the ocean seabeds and from orbiting in outer space. At the time of the brilliantly successful shuttle flight, the press reported a considerable amount of jubilation in the Pentagon about new horizons being opened up for our military establishment. For what? One can accept the use of outer space for certain passive measures of use to the military, such as communications and satellite photography. But weapons? We should move promptly to get an agreement with the Soviet Union that (1) no weapons of any kind be deployed in space, (2) no satellites belonging to another nation shall be attacked by any means whatever and (3) if any satellite belonging to any nation goes out of control, the parties would consult about measures to be taken to destroy the threatening satellite. Otherwise we might find ourselves with a space weapons program that would stagger the imagination in terms of cost, add little or nothing to comparative military capabilities and merely provide a massive subsidy to the aerospace industry.

Similarly, we are beginning to hear talk about reviving antiballastic missiles (ABMs). If there is a fundamental change in the state of the art and it becomes possible to wave a magic wand (lasers?) and sweep the skies and outer space of any hostile object, we will have a new situation. But the development of ABMs in the form of missiles carrying nuclear or conventional warheads makes no sense whatever. Any schoolboy knows that the presence of such ABMs on both sides would simply cause each side to multiply its offensive missiles to the point where ABMs could be smothered or used up before the main strikes were delivered. Let ABMs rest where they are—but continue research and development on possibilities not now available.

One does not know whether to be amused or alarmed by some of the precious and pseudo-sophisticated talk going around about strategies for limiting damage in a nuclear war. It is suggested, for example, that counterforce strikes would send a signal to the other side that we would limit our strikes to military targets (in the hundreds) and that the other side would accommodate by leaving our cities alone. If the idea is to send signals, the best way to send a signal is to pick up the phone and talk to them. I have not seen anyone spell out just how such a conversation would go; my own attempts to construct any such conversation lead quickly into the world of the bizarre. Several hundred nuclear missiles aimed at "military" targets, with their accompanying cones of deadly fallout and the fatal pollution of the earth's atmosphere, cannot be distinguished from an all-out nuclear strike, except by playing with words unrelated to the real world. I have had enough experience with real crises to know that those carrying final responsibility are not going to confine themselves to scripts written in advance by think tanks. Anyone who thinks that an all-out Soviet attack on Western Europe, including the American conventional and nuclear forces stationed there, would not lead to an all-out nuclear war is living in a dream world.

Each new administration goes through the difficult transition from campaign rhetoric to the responsibilities of office in the real world. There is an enormous difference between the world of opinion, where political campaigns are fought, and the world of decision. Though they were not my candidates, I wish **President Reagan** and **Secretary Haig** well in foreign policy matters; we are all in this canoe together and will go down together or come through together. It would be most unfortunate if those now in high office were to believe some of the things they themselves said in the campaign. Because of our electoral college system, the last election appeared to be a "landslide;" in fact, almost half the voters wanted someone else to be president. The only "mandate" that a new president receives in foreign policy is the requirement that he be as wise as he can possibly be in the presence of a complicated, turbulent and dangerous world.●

A CASE OF IMMIGRATION DISCRIMINATION?

Mr. HUDDLESTON. Mr. President, one of the front page articles in yesterday's Washington Post heralded the new policy of the administration to begin intercepting ships on the high seas suspected of carrying illegal aliens to the United States. As we all know, the illegal aliens this order is aimed at stopping are primarily Haitians. While we all should applaud a sincere effort to begin cracking down on illegal immigration into this country, a close look at the administration's total immigration policy discloses that the administration is more interested in looking tough than in actually being tough.

There is a glaring inconsistency in the administration's program which every citizen in this country should be aware of because it will have a direct impact on our economy and society for years to come. The administration says that it will be intercepting ships which are carrying Haitians because they do not qualify for political asylum in this country.

To qualify for political asylum, an alien must meet the same definition as a "refugee," which is an individual who is fleeing his or her country because he or she has a well-founded fear of persecution. According to the administration, Haitians are not fleeing persecution; they are only looking for a better standard of living and are in effect economic migrants. As the Office of Legal Counsel for the Department of Justice stated last month, "economic hardship itself, however, is not a basis for eligibility as a refugee under the Act."

This should come as a surprise to no one because almost everyone agrees that the refugee and asylum laws which Congress passed last year were intended to provide refuge for the true freedom fighters of the world and were not intended to act as an international welfare program in disguise.

However, the administration has given its own unique interpretation to this law which says that Haitians must abide by it but that hundreds of thousands of Indochinese economic migrants do not have to. According to the administration's immigration policy, if you are an economic migrant from Haiti, the United States will stop your boat on the high seas and forcibly return you to Haiti. But, if you are an economic migrant from Indochina the Federal Government will extend an invitation to resettle permanently in the United States, pay your way here and put you on the welfare rolls for up to 3 years.

Furthermore, if a country of first asylum in Southeast Asia attempts to adopt a policy of repatriating the economic migrants who are streaming into that particular country, a policy very similar to our own in regard to Haitians, the State Department expresses its strong disapproval.

Mr. President, the claim that the United States has adopted a policy of admitting economic migrants from Indochina as refugees is no longer speculation. It has now been well-documented by the press, by government officials who have firsthand knowledge of the program, and by congressional and executive fact-finding missions to Southeast Asia.

Yet in spite of all this, the Attorney General came to Congress last week and delivered the message that the administration intends to admit an additional 120,000 Indochinese refugees in fiscal year 1982. And, even though his own Office of Legal Counsel says they must distinguish economic from political refugees, the Attorney General indicated that the administration probably would still consider all migrants from Laos, Cambodia, and Vietnam as refugees.

The inconsistency of the administration's program is highlighted even more by the fact that Health and Human Services Secretary Schweiker believes there is not enough money in the budget for more than 95,000 refugees. Furthermore, the Senate Judiciary Committee's Subcommittee on Immigration issued a report on September 21 which said that no more than 80,000 to 100,000 should be admitted in fiscal year 1982.

It appears that the administration is more interested in getting headlines with its controversial interdiction-at-sea policy for Haitians than it is in developing a fair immigration policy which truly represents the best interest of the people who are now living in this country.

I ask unanimous consent that a fact sheet which my office has prepared on the Indochinese refugee program be printed in the RECORD.

The program follows:

INDOCHINESE REFUGEE PROGRAM—FACT SHEET/ COMMENTS OF NOTE

I. The Refugee Act of 1980 defined "refugee" in specific terms:

"The term 'refugee' means (A) any person who is outside any country of such person's nationality . . . who is unable or unwilling to return to, and is unable or unwilling to avail himself or herself of the protection of, that country because of persecution or well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion."—Immigration and Nationality Act, section 101(a)(42).

II. The Department of Justice recently issued a directive which in effect orders INS officials to ignore the section of the law which defines a refugee.

". . . . you are directed to instruct all officers in your district that with respect to persons coming out of Vietnam, Laos and Cambodia . . . (all) are to be presumed to be refugees and INS officers will limit their findings to admissibility under section 212 (a) of the Immigration and Nationality Act."—Directive to INS, Hong Kong from Doris Meissner, Acting Commissioner.

III. This "presumption" was invented because INS officials were complying with the intent and the letter of the law by refusing to process as refugees thousands of individuals who were simply economic migrants.

"Most recent arrivals are 'low-risk' refugees that do not belong to harassed minority groups, do not have close family ties in the United States, and were not associated with American programs during the war (66 percent of those in the initial processing phase for entry into the United States in March–April 1980 fell in this categroy IV of 'other' under the American preference criteria for Indochinese refugees)."—"Indochinese Refugees: The Impact on First Asylum Countries and Implications for American Policy," a study for the Joint Economic Committee, November 25, 1980.

"At present, any Indochinese considered for resettlement is automatically given refugee status—though by both American and United Nations criteria, a refugee is a person unable to return to this country 'because of persecution or a well founded fear of persecution' . . . Most Vietnamese who fall into these categories have long since left the country. . . . Today the arrivals are mostly ethnic Vietnamese, fleeing hardship rather than persecution.

"A clear majority of those leaving Vietnam are economic migrants motivated by the country's poor economic performance and spurred by the open opportunity to resettle in the U.S. or elsewhere with little delay . . . many refugees openly admit this."—"Pull Factor Gets the Push," by Patrick Smith, "Far Eastern Economic Review," July 17, 1981.

"All of those who fled their homeland are generically referred to as 'refugees,' in that they seek a place of refuge either on a temporary or permanent basis. In the strict sense of the term, however, it appears that some number of them, difficult to ascertain with accuracy, may not qualify as a 'refugee' within the meaning of the term, defined in the 1967 U.N. Protocol Relating to the Status of Refugees, which was adopted by the United States in the Refugee Act of 1980"—"The Indochinese Refugee Situation," report to the Secretary of State by the Special Refugee Advisory Panel, August 12, 1981.

"After interviewing several thousand refugees, I am convinced that the majority of all are economic refugees.

"Almost the entire group of refugees leaving North Vietnam are illiterate fishermen and farmers who do not even know the political structure of Vietnam before or after 1975. They were not really persecuted before or after 1975. They are just looking for something better and if they could have found it in the SRV they would have stayed even though the communists are now in power".—INS Immigration Examiner, memo regarding Indochinese refugee program and processing procedures, June 9, 1980.

IV. The excessively liberal refugee resettlement policy of the United States is actually encouraging and promoting the continued flow of "refugees" in Southeast Asia.

"An unregulated open-ended policy to accept applicants at 14,000 a month is an invitation which is irresistible and will encourage persons to depart these countries for some time to come"—Joseph Sureck, district director, INS, Hong Kong, memo, February 9, 1981.

The conclusion is inescapable that the main responsibility for the new wave (of refugees) is the American insistence of maintaining large quotas and publishing them to Vietnam, while insuring that radio broadcasts and naval vessels facilitate the flow".—The U.S. and the Refugees: From Charity to Cynicism," by Derek Davies, "Far Eastern Economic Review," July 17, 1981.

"The success of the program for Laotians and Vietnamese has the effect of increasing the flow of refugees attracted by liberal first asylum conditions and the prospect for rapid resettlement . . . Most observers think that if Vietnam permitted or encouraged departures, as many as 1 million . . . would choose to leave".—"Indochinese Refugees," a study prepared for the Joint Economic Committee, Congress of the United States, November 25, 1980.

"Persons interviewed related that it was well known in Cambodia that food and medical supplies could be obtained at the Thai border from Voluntary Agencies . . . The majority stated after arriving at the Thai border they received information from persons working for the Voluntary Agencies, radio broadcasts, and other refugees that if they could exhibit some connection with the United States Government such as prior civil service in Cambodia, military, family relations resettled in the U.S., they could apply to be resettled in the U.S.—INS Officer, Bangkok, memo, May 7, 1981; source: U.S. Department of Justice.

"The high resettlement quotas and the ease with which refugees pass through the pipeline are blamed as the principal pull factors encouraging and perpetuating the exodus. The U.S. Congress is shortly to consider funding for a quota of 144,000 places for the year beginning October 1. That figure, broadcast to Vietnam by Voice of America when it was announced by the State Department earlier this year, is considered a provocation.—'Pull Factor Gets the Push,' by Patrick Smith, 'Far Eastern Economic Review,' July 17, 1981.

" 'There is a danger of creating a self-generating monster that will live for years beyond its normal life,' said one representative of the United Nations High Commissioner for Refugees (UNHCR). 'The more the West accepts, the more will leave Indochina. In Vietnam, particularly, everyone listens to the Voice of America and British Broadcasting. Those stations report every step of every new resettlement program.'—Philadelphia Inquirer, June 1979, inserted in CONGRESSIONAL RECORD, August 1, 1979, by Senator WALTER D. HUDDLESTON.

"The panel also found it disturbing that some refugees in Southeast Asian camps are fully aware of the U.S. welfare program, and there was evidence that, to some degree, knowledge of welfare contributed to the 'magnet' effect of drawing Indochinese out of their homelands to the U.S.

"Voice of America and other radios heard in Indochina should take utmost care to present balanced reporting on refugee developments, including coverage of perils of escape, difficulties of refugee camp life, duration of detention before resettlement is available, problems of employment in resettlement countries and similar matters.—'The Indochinese Refugee Situation.' " report to the Secretary of State, August 12, 1981.

V. Representatives of friendly countries are expressing serious concern about the United States refugee policy in Southeast Asia.

"Late last month the Australian Government announced it would be monitoring the outflow carefully in the future. The statement followed a tour of camps in Malaysia and Thailand by Immigration and Ethnic Affairs Minister Ian MacPhee . . . the statement continued, 'it was clear that the nature of the refugee outflows was changing. Many reaching Malaysia and Thailand now were economic refugees.'

"Other resettlement countries—Australia, Canada and France are the leaders behind the U.S.—are already showing signs of winding down their resettlement programms.—'Pull Factor Gets the Push,' by Patrick Smith, "Far Eastern Economic Review," July 17, 1981.

"In an internal memorandum, written by a staff person responsible for its Indochinese program, the United Nations High Commission for Refugees suggests that its mission in Southeast Asia is more and more distorted, and that he finds himself engaged, primarily through the wishes of the United States, in bailing out a policy of incitement toward immigration and of destabilization of the communist regimes of the peninsula.—Le Monde Newspaper, July 8, 1981.

"I met Don Cameron, Canadian Embassy official concerned with refugees . . . He concurred with the distinction being made between political and economic refugees by INS, and suggested that it is time the resettlement countries consider whether they can continue an open-ended policy which is an invitation for persons to come out of communist countries, generally assured eventually being accepted by a resettlement country regardless of reasons for leaving.

"I explained to him (Peter Lange, Australian refugee official in Kuala Lumpur) the reasons for INS engaging in the current deferral program. He said he had also been thinking along similar lines . . . he believes that the resettlement countries should consider measures to deter persons from leaving the communist countries who are nonrefugees. He indicated that he would be expressing his views in a message to the ,Australian Foreign Ministry.—Mr. Joseph Sureck, district director, INS, Hong Kong, memo, April 15, 1981.

"Indeed there is a real danger, to judge from conversations the Panel had with diplomatic representatives of principal resettlement countries, that some of these countries may soon reduce the numbers of Indochinese refugees they are currently accepting for resettlement.—'The Indochinese Refugee Situation,' report to the Secretary of State, August 12, 1981.

"The ASEAN governments generally do not share some basic assumptions underlying American policy towards the Indochinese refugees, notably that it is important to provide a non-communist alternative to the peoples of Indochina.—'Indochinese Refugees,' a study for the Joint Emonomic Committee, Congress of the United States," November 25, 1980.

VI. There are strong indications that the U.S. refugee program is really a misguided foreign policy which hopes to undermine Communist regimes in Indochina.

"Senator Walter Huddleston, a Kentucky Democrat, has provided the Senate Foreign Relations Committee with proof, he says, of State Department pressure resulting in U.S. acceptance of thousands of Southeast Asian immigrants who don't qualify for entry. . . . He charges that State officials encouraged the Justice Department and the Immigration and Naturalization Service to bend laws to admit qualified 'economic' refugees. . . . Other critics also contend that the State Department entices refugees to magnify an impression of Third World citizens fleeing communist regimes.—Newsweek, August 17, 1981.

". . . the continuing exodus today is being deliberately encouraged. Given Washington's failure thus far to respond to a dramatically changed situation, the intentions behind this encouragement are becoming more difficult to deny: it is partly to leech able-bodied people away from the task of reconstructing Vietnam, but mostly to provide living evidence of the hatefulness of the oppressive Hanoi regime and of its disastrous economic failures—'The U.S. and the Refugees; From Charity to Synicism,' by Derek Davies, 'Far Eastern Economic Review,' July 17, 1981.

"One may even think that some bureaucrats in the State Department are of the opinion that the Indochinese exodus is 'a good thing,' and should be discreetly encouraged. This prevents the stabilization of communist regimes in Indochina, it provides a useful source of information about these countries, and seems to show to the world that the Indochinese 'continue to vote with their feet.' It is doubtful that the HCR is well advised when it uncritically accepts the assumptions of these people. This creates a dangerous precedent for other refugees and mass migration".—Selon Un Rapport Interne Du HCR, Le Monde Newspaper, July 8, 1931.

VII. The flow of "refugees" in Southeast Asia is expected to continue for an indefinite time at a very high level, which means that the U.S. must decide if it will continue to accept hundreds of thousands for resettlement.

"A new surge of Vietnamese 'boat people,' nearly double the rate early this year, has begun to flood Southeast Asia, raising concern that many of the problems that dogged the last great refugee wave in 1979 may reoccur."—"Surge of 'Boat People' Hits S.E. Asia," the Washington Post, May 19, 1981.

"The prospect of an ongoing, substantial exodus strongly underlines the urgency for humane measures to deter the flow of increasing numbers of refugees whose reasons for fleeing derive more from normal migration motives than from fear of perscution.—"The Indochinese Refugee Situation," report to the Secretary of State by the Special Refugee Advisory Panel, August 12, 1981.

VIII. Refugee assistance programs funded by the United States are costing taxpayers billions of dollars at a time when domestic assistance programs are being substantially cut back.

"The total cost borne by federal, state and local governments for refugee assistance abroad and in this country is estimated to be $1.7 billion for fiscal year 1980 and $2.112 billion for 1981.

(This report is now outdated. In FY 1980 the total cost was approximately $2 billion and it is estimated that the cost for FY 1981 will be over $2.5 billion.)—Presidential Report on Total Cost of U.S. Refugee Assistance February 1980.

"Each month, California officials estimate, from 5,000 to 6,000 Southeast Asian refugees move to this state, and more than half seek public financial assistance.

". . . officials say that they fear a permanent underclass of 'welfare-dependent' refurgees is developing that could present economic problems for communities in the future —"Welfare Dependency of Indochinese Refugees Worries California Officials," the New York Times, July 7, 1981.●

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZING TESTIMONY BY HERMAN SCHWARTZ AND REPRESENTATION BY THE SENATE LEGAL COUNSEL

Mr. BAKER. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 219) authorizing testimony by Herman Schwartz and representation by the Senate Legal Counsel in the cases of *William P. Tavoulareas, et al.* v. *The Washington Post Co., et al.* and *William P. Tavoulareas, et al.* v. *Philip Piro*, Civil Action Nos. 80-3032, 80-2387.

The Senate proceeded to consider the resolution.

Mr. BAKER. Mr. President, this resolution under Senate Rule XI would authorize Herman Schwartz, a Senate employee, to testify and produce certain documents in the cases of *William P. Tavoulareas, et al.* v. *The Washington Post Co., et al.* and *William P. Tavoulareas, et al.* v. *Philip Piro*, C.A. Nos. 80-3032, 80-2387, pending in the U.S. District Court for the District of Columbia. Mr. Schwartz' testimony has been requested by the plaintiffs.

The resolution also directs the Office of Senate Legal Counsel to represent Mr. Schwartz in connection with his testimony in this case to protect the privileges of the Senate if the need arises.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 219) was agreed to, as follows:

S. RES. 219

Whereas, in the cases of *William P. Tavoulareas, et al.* v. *The Washington Post Co., et al.* and *William P. Tavoulareas, et al.* v. *Philip Piro*, Civil Action Nos. 80-3032, 80-2387, pending in the United States District Court for the District of Columbia, counsel for plaintiffs have requested the testimony and production of certain documents by Herman Schwartz, an employee of the Senate;

Whereas, Title VII of the Ethics in Government Act of 1978, Public Law 95-521 ("the Act"), establishes the Office of Senate Legal Counsel and provides that the Senate may direct its Counsel to represent the Senate, its committees, Members, officers, or employees;

Whereas, by the privileges of the Senate of the United States and Rule XI of the Standing Rules of the Senate, no evidence under the control or in the possession of the Senate can, by the judicial process, be taken from such control or possession but by permission of the Senate;

Whereas, when it appears that testimony of an employee of the Senate is needful for use in any court for the promotion of justice and, further, that such testimony may involve documents, papers and records under the control of or in the possession of the Senate and communications, conversations, and matters related thereto, the Senate will take such action thereon as will promote the ends of justice consistently with the privileges and rights of the Senate: Now, therefore be it

Resolved, That pursuant to section 704(a)(2) of the Act, the Senate Legal Counsel is directed to represent Herman Schwartz in connection with his testimony in the cases of *William P. Tavoulareas, et al.* v. *The Washington Post Co., et al.* and *William P. Tavoulareas, et al.* v. *Philip Piro*, Civil Action Nos. 80-3032, 80-2387;

SEC. 2. That Herman Schwartz is authorized to testify at deposition in the cases of *William P. Tavoulareas, et al.* v. *The Washington Post Co., et al.* and *William P. Tavoulareas, et al.* v. *Philip Piro*, Civil Action Nos. 80-3032, 80-2387, and to produce documents requested of him, except concerning matters for which he and the Senate Legal Counsel or his representative determines are privileged from disclosure.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, that concludes the housekeeping matters that I have.

Mr. President, I yield the floor.

CONCERNING CURRENT FOOD CRISIS IN POLAND

Mr. D'AMATO. Mr. President, I send a resolution to the desk and ask for its immediate consideration. It is entitled "Concerning Current Food Crisis in Poland."

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 220) concerning current food crisis in Poland.

The cosponsors of the resolution are: Mr. Murkowski, Mr. Helms, Mr. Moynihan, Mr. Hatch, Mr. Garn, Mr. Hayakawa, Mr. Levin, Mr. Denton, Mr. Heinz, Mr. Stevens, Mr. Weicker, Mr. Symms, Mr. Kasten, Mr. Zorinsky, Mr. Hatfield, Mr. Roth, Mr. Jepsen, Mr. Quayle, Mr. Cohen, Mr. Lugar, Mr. Percy, Mr. Boschwitz, Mr. Baker, Mr. Leahy, and Mrs. Hawkins.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ROBERT C. BYRD. Mr. President, there is no objection on this side, as far as I know, to proceeding with this resolution. It has been cleared.

There being no objection, the Senate proceeded to consider the resolution.

Mr. D'AMATO. Mr. President, the United States has, throughout the history of modern diplomatic relations, never failed to supply aid to those countries with troubled or failing economies. The entire period of reconstruction following World War II exemplifies the desire to rebuild and assist the economy of any country, to speed a return to the world community. The time has come for the United States to lend assistance from our massive agricultural reserves to a country falling into a depression not unlike that experienced in America in the 1930's.

The news that comes from Poland each day paints a grim picture of a nation on the brink of almost complete economic collapse. Poland's foreign debt is presently $27 billion and rising while national income is decreasing by approximately 15 percent. All production figures point to a deepening slump that defies comprehension.

Maintaining civil order in the face of mounting economic pressure is the most difficult task facing the Polish Government.

Experts predict that if economic aid to Poland from the Soviet Union does not increase, the government will be brought to its knees. Shortages in foodstuffs and virtually all consumer commodities are becoming acute. There is currently no reason to assume that the situation can possible improve without U.S. aid.

Since the beginning of the strikes in August of 1980, the United States has been supportive of the Polish people: Both morally and economically. In September of 1980 the United States authorized $670 million in agricultural credits through the Commodity Credit Corporation. The United States has also joined its western allies in rescheduling 90 percent of the Polish debt through 1981.

I commend the actions of the administration to date; more is urgently needed to preserve the tenuous peace and stability necessary in Poland. The agricultural reserves this country now has in the Commodity Credit Corporation storage areas and farmer-held reserves are staggering. We now have in these programs 600 million bushels of wheat, 432 million bushels of corn, 15 million bushels of barley, and over 458 million pounds of butter. In addition, we hold a large amount of reserves in rye, milk, and other commodities.

We must call upon the President to exercise our most effective tool for peace. Additional credits for agricultural purchases are urgently needed to carry Poland through the winter and forestall any economic crisis. Aid to Poland will put its economy on the road to recovery and minimize the possibilities of any confrontation.

This is an opportunity for the United States to show the people of Poland and the entire Eastern bloc that our primary commitments are to peace and freedom.

FOOD FOR POLAND

Mr. MOYNIHAN. Mr. President, the working people of Poland, organized finally into the first genuinely free trade union in the Communist world, today find themselves subject to ever greater threats of increased repression precisely because the rights of workers are inconsistent with the demands of a totalitarian state.

Yet the people of Poland remain determined to resist, to assert their rights, to perservere in their heroic struggle for democracy.

This determined movement for freedom in a Communist land is an awesome and inspiring thing for friends of liberty.

One wants to help. We all do, of course. Americans and free people everywhere want to help. There are, in truth, limits. We watch, we support, we encourage Mr. Walesa and Solidarity, we hope. One wishes there were more, much, much more, that one could do.

It happens that there is a food shortage, even a crisis, now. And here Americans can help. The United States is the largest provider of foodstuffs to the world. Surely we can provide for Poland. I say we must. I believe we shall.

CARE, The American Catholic Relief, and other charities, have recently begun to deliver food to Polish citizens. These programs warrant our support, our encouragement, our contributions.

By adopting this resolution today, the U.S. Senate will commit itself to supporting these private efforts, to supporting the Polish people. I am proud to be a cosponsor. I urge my colleagues to lend their support as well.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 220) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. Res. 220

Whereas the American people and the people of Poland share a close and lasting bond; and

Whereas the Polish people have attempted to honor their international relationships and commitments; and

Whereas the independent trade union leadership, which is supported by the Polish people, is attempting to forge a mutually responsive relationship between workers and government; and

Whereas the grave economic situation and falling productivity represent a serious threat to the existence of Poland as an independent nation; and

Whereas acute shortages in foodstuffs and vital consumer goods further the suffering of the Polish people; and

Whereas the United States currently holds a large surplus of agricultural commodities—including dried dairy products, soy, corn, barley and wheat; and

Whereas it is in the tradition of the American people to assist those facing the threat of hunger and malnutrition: Now, therefore, be it

Resolved, That it is the sense of the United States Senate that:

(1) The growing acceptance of basic principles of freedom and democracy in Poland is fully supported by the Senate;

(2) The President of the United States is to be commended for extending $800,000,000 in agricultural credits and aid in fiscal year 1981 to the Polish people;

(3) The United States Senate urges the President to develop a policy strategy for Poland commensurate with United States humanitarian concerns, national interests and domestic budgetary constraints, to include appropriate extension of additional agricultural credits for the purchase of United States food-stuffs;

(4) The United States Senate urges the President to press for further economic assistance to Poland from the members of the world community, particularly Canada, our European allies and the Soviet Union, and from private relief organizations.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. D'AMATO. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. D'AMATO. Mr. President, I wish to thank all Senators, particularly the Senator from Illinois (Mr. PERCY) and Senator PELL of the Foreign Relations Committee, for their speedy action in reporting this resolution.

THE KINGDOM OF AUSCHWITZ

Mr. PROXMIRE. Mr. President, over the years in my speeches urging ratification of the Genocide Convention, I have frequently called attention to the writings of Elie Wiesel, Alexander Donat, and the others who have detailed the horrors of the holocaust and the human tragedies in Cambodia, Vietnam, and elsewhere.

I have done so because I feel the message these writers are attempting to convey is one that must be heard. Contained in their shocking accounts of incredible suffering and human destruction is a desperate plea. It is a plea that these atrocities not repeat themselves; that with a vision of the past, society will act to prevent them.

Mr. President, I would like to call attention to yet another of these important literary works. This one, an article by Otto Friedrich, which appeared in the September issue of Atlantic Monthly, is a shocking in-depth portrait of one Nazi concentration camp.

In his article, "The Kingdom of Auschwitz," Mr. Friedrich describes the creation of the camp, the ease and nonchalance with which Hitler's "final solution" was carried out, and the operation of the death machine, the loss of dignity, torture, and human destruction the Jews were forced to suffer.

Mr. Friedrich does not attempt to explain. He merely leaves us with a few of his own observations. One that is particularly noteworthy is "that there is no natural or unwritten law that says of any atrocity whatsoever: This shall not be done."

Mr. President, the question we must all ask of ourselves is. What can be done about this? It is not an easy question to answer, but it is a far more dangerous one to ignore.

The Genocide Treaty, like all of man's laws, domestic or international, cannot absolutely prevent the crime from ever being committed again. But it is at least a step in the direction of an answer.

The mass murder of members of a racial, ethnic, national, or religious group is a crime that we must address however best we can. To assert that genocide is not a proper subject for international law, or to in any other way dismiss this challenge, is irresponsible.

Mr. President, former President Ford was a strong advocate of the Genocide Treaty, as was President Nixon and as is the Reagan administration, and as has been every President who has served since Harry Truman.

I urge my colleagues to heed the words inscribed in the visitors' book at the Auschwitz Museum by former President Ford:

> This monument inspires us further to the dedicated pursuit of peace, cooperation and security for all peoples.

I urge swift ratification of the Genocide Treaty.

RECESS UNTIL MONDAY, OCTOBER 5, 1981, AT 11 A.M.

Mr. BAKER. Mr. President, I know of no other business to be transacted by the Senate today, and I see no Senator seeking recognition. Therefore, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 11 a.m. on Monday.

The motion was agreed to, and the Senate, at 4:33 p.m., recessed until Monday, October 5, 1981, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate October 1, 1981:

The Judiciary

Richard J. Cardamone, of New York, to be U.S. circuit judge for the second circuit, vice William H. Mulligan, resigned.

Robert D. Potter, of North Carolina, to be U.S. district judge for the western district of North Carolina, vice, a new position created by Public Law 95-486, approved October 20, 1978.

Department of Defense

James R. Ambrose, of North Carolina, to be Under Secretary of the Army, vice Robert Harry Spiro, Jr., resigned.

Jay Raymond Sculley, of Virginia, to be an Assistant Secretary of the Army, vice Percy Anthony Pierre, resigned.

In the Air Force

Maj. Gen. James H. Ahmann, 406-34-1017 FR, U.S. Air Force, under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in the grade of lieutenant general.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 1, 1981:

Department of State

David B. Funderburk, of North Carolina, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Socialist Republic of Romania.

Department of Energy

Henry E. Thomas IV, of Virginia, to be an Assistant Secretary of Energy (International Affairs).

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

Department of Justice

John Ernest Lamp, of Washington, to be U.S. attorney for the eastern district of Washington for the term of 4 years.

Glen H. Davidson, of Mississippi, to be U.S. attorney for the northern district of Mississippi for the term of 4 years.

George Landon Phillips, of Mississippi, to be U.S. attorney for the southern district of Mississippi for the term of 4 years.

Emery R. Jordan, of Maine, to be U.S. Marshal for the district of Maine for the term of 4 years.

Cameron M. Batjer, of Nevada, to be a Commissioner of the U.S. Parole Commission for a term of 6 years.

J. Raymond Bell, of the District of Columbia, to be Chairman of the Foreign Claims Settlement Commission of the United States for the term expiring September 30, 1982.

HOUSE OF REPRESENTATIVES—*Thursday, October 1, 1981*

The House met at 10 a.m.

Rev. Charles P. Sarelis, pastor, St. Nicholas Greek Orthodox Church, Detroit, Mich., formerly of Boston, Mass., offered the following prayer:

In the name of the Father and of the Son and of the Holy Spirit. Amen.

All merciful God, our help and our refuge, we thank You for Your many blessings upon our Nation.

Come into our lives anew, O Lord, for in You do we trust.

We acknowledge that without Your guidance we can accomplish nothing.

Guide our steps in Your paths of truth and wisdom, purity, and selflessness.

Rekindle within us a deep faith in You so that in it and through it we may find greater confidence and a deeper commitment to each other and our fellow citizens.

Grant to us the courage to proclaim Your divine laws of justice and brotherhood both at home and among the nations of the world.

Bless this august assembly, its leadership, our President, and all civil authorities who labor for peace, harmony, and justice at home and throughout the world.

Grant that their efforts and ours be beneficial to all and to the glory of Your all holy name. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. WALKER. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 294, nays 71, answered "present" 1, not voting 67, as follows:

[Roll No. 225]

YEAS—294

Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Ashbrook
Atkinson
Badham
Bafalis
Bailey (PA)
Barnard
Barnes
Bedell
Benedict
Benjamin
Bennett
Bethune
Bevill
Biaggi
Bingham
Bliley
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Brown (OH)
Broyhill
Burgener
Burton, Phillip
Butler
Campbell
Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coleman
Collins (IL)
Collins (TX)
Conte
Coyne, James
Coyne, William
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Daschle
de la Garza
DeNardis
Derrick
Dicks
Donnelly
Dorgan
Dougherty
Downey
Duncan
Dunn
Dwyer
Dymally
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Fithian
Flippo
Florio
Foglietta
Foley
Fowler
Frank
Frenzel
Frost
Fuqua
Gaydos
Gephardt
Gilman
Ginn
Glickman
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall, Ralph
Hamilton
Hammerschmidt
Hartnett
Hatcher
Hawkins
Hertel
Hightower
Hillis
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffords
Jeffries
Jenkins
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
LaFalce
Lagomarsino
Lantos
Latta
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Lott
Lujan
Luken
Lundine
Lungren
Markey
Marks
Marlenee
Marriott
Martin (IL)
Martin (NY)
Matsui
Mavroules
McClory
McDonald
McEwen
McGrath
McHugh
McKinney
Mica
Michel
Mikulski
Mineta
Minish
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Murphy
Murtha
Myers
Napier
Natcher
Nelligan
Nelson
Nichols
Nowak
Oakar
Oberstar
Panetta
Patterson
Paul
Pease
Perkins
Peyser
Porter
Price
Pritchard
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roukema
Roybal
Rudd
Santini
Sawyer
Scheuer
Schneider
Schulze
Sensenbrenner
Shamansky
Shannon
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Skelton
Smith (IA)
Smith (NJ)
Smith (PA)
Snowe
Snyder
Solarz
Stangeland
Stanton
Staton
Stokes
Stratton
Studds
Synar
Tauke
Tauzin
Taylor
Thomas
Vento
Walgren
Wampler
Waxman
Weaver
Weber (OH)
Weiss
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wright
Wyden
Wylie
Yates
Yatron
Young (FL)
Young (MO)
Zablocki
Zeferetti

NAYS—71

Archer
Aspin
Bailey (MO)
Beilenson
Broomfield
Brown (CO)
Burton, John
Carman
Coats
Coelho
Conable
Coughlin
Courter
Craig
Crane, Philip
Dannemeyer
Daub
Davis
Derwinski
Dowdy
Dreier
Dyson
Emerson
Evans (IA)
Forsythe
Gejdenson
Hall, Sam
Harkin
Heckler
Hefner
Hendon
Hiler
Hollenbeck
Holt
Jacobs
Johnston
Jones (OK)
Kramer
Leach
Lowry (WA)
Mattox
McCollum
McCurdy
Miller (CA)
Miller (OH)
Mottl
Obey
Oxley
Parris
Patman
Roemer
Roth
Rousselot
Russo
Sabo
Schroeder
Schumer
Sharp
Smith (AL)
Smith (NE)
Smith (OR)
Solomon
Spence
Stenholm
Stump
Swift
Traxler
Volkmer
Walker
Watkins
Wortley

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—67

Addabbo
Applegate
AuCoin
Beard
Bereuter
Blanchard
Byron
Chisholm
Clay
Conyers
Corcoran
Crockett
Danielson
Deckard
Dellums
Dickinson
Dingell
Dixon
Dornan
Edwards (OK)
Evans (GA)
Ford (MI)
Ford (TN)
Fountain
Garcia
Gibbons
Gingrich
Goldwater
Goodling
Hall (OH)
Hance
Hansen (ID)
Hansen (UT)
Heftel
Holland
Jones (NC)
Long (MD)
Lowery (CA)
Madigan
Martin (NC)
Mazzoli
McCloskey
McDade
Mitchell (MD)
Moffett
Neal
O'Brien
Pashayan
Pepper
Petri
Pickle
Pursell
Quillen
Richmond
Rinaldo
Rogers
Savage
Seiberling
St Germain
Stark
Trible
Udall
Vander Jagt
Washington
Weber (MN)
White
Young (AK)

☐ 1015

Messrs. CRAIG, CARMAN, LOWRY of Washington, ARCHER, and STENHOLM changed their votes from "yea" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4608. An act to continue in effect any authority provided under the Department of Justice Appropriation Authorization Act, fiscal year 1980, for a certain period, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to the Senate amendment with an amendment to a bill of the House of the following title:

H.R. 3136. An act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

The message also announced that the Senate agrees to the amendments of the House with amendments to a bill of the Senate of the following title:

S. 1191. An act to extend for 1 year the authority of the Secretary of Commerce to reimburse commercial fishermen of the United States for certain losses incurred as the result of the seizure of their vessels by foreign nations.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1687. An act to make a technical amendment to the International Investment Survey Act of 1976.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled joint resolution earlier today:

H.J. Res. 325. Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
September 30, 1981.

HON. THOMAS P. O'NEILL, Jr.,
Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: This is in further reference to my letter of July 20, 1981 informing you of receipt of a grand jury subpoena, issued by the United States District Court for the District of Columbia, by a member of my staff, for records in my custody and possession.

I have determined, after consultation with the General Counsel to the Clerk, that compliance would be consistent with the provisions of House Rule 50. Therefore this is to formally notify you that compliance will be effected.

Furthermore, the records generally consist of payroll and personnel information generated and retained by the Office of Finance in performance of the disbursement authority of the Clerk.

The subpoena will continue to be available for inspection by Members in my office.

Sincerely,
EDMUND L. HENSHAW, Jr.,
Clerk, House of Representatives.

HIGH INTEREST RATES VIEWED AS GREATER PROBLEM THAN INFLATION

(Mr. YATRON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YATRON. Mr. Speaker, I rise today to express my strong opposition to the continued tight money policy of the Federal Reserve Board.

Today, excessively high interest rates are causing great hardship for many sectors of the economy and threatening to delay or completely stifle America's economic recovery. Millions of small businessmen and farmers are faced with bankruptcy, the unemployment picture is being complicated, and homeownership is becoming increasingly less of a reality to the average American family.

The tight money policy of the Federal Reserve Board is not holding down inflation. To the contrary, it is contributing to inflation by deepening the Federal deficit and increasing the cost of servicing the national debt. If interest rates do not come down to reasonable levels soon, the consequences could be more devastating, and considerably more hazardous, than our inflation problems. Our very social fabric and the vitality of the American family could be seriously undermined.

Although many banks have recently lowered their prime rates, it is too soon to know with any certainty whether this is more than just an aberration. A 19-percent prime rate is still far too high. Action needs to be taken now.

I call on President Reagan and Paul Volcker, Chairman of the Federal Reserve Board, who is the architect of the current monetary policy, to take immediate steps to lower interest rates.

We simply cannot allow this country to suffer from such harsh and unwarranted policies of the Federal Reserve Board. The American people have waited long enough for an improved economy, and this body cannot permit high interest rates to stand in the way.

THE PRESIDENT'S ACTION ON HAITIAN REFUGEES

(Mr. DYMALLY asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DYMALLY. Mr. Speaker, President Reagan has recently ordered that ships in international waters shall be intercepted if suspected of harboring Haitian refugees. This is an illegal act and a violation of the U.N. Convention on Refugees.

This issue has been of great concern both to the Congressional Black Caucus and the Caribbean Action Lobby. We have called repeatedly for an equitable policy toward Haitians that gives them the same consideration as other refugees. The administration is obviously moving in the opposite direction, one that I view as extremely destructive.

I am appalled at this action. It is dreadfully inhumane, and so far as I am concerned, it is absolutely outrageous.

The Haitians clearly suffer political repression; it is not just economic. Our Government is blatantly inconsistent in welcoming refugees from Communist countries while turning our backs on refugees from other countries.

Mr. Speaker, the question this issue raises in my mind is: What is going to happen to the rest of the Caribbean? Where do we go from here? The signs to me are ominous.

□ 1030

HIGH INTEREST RATES KILLING AMERICAN DREAM

(Mr. FITHIAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FITHIAN. Mr. Speaker, high interest rates are killing an American dream—the dream of homeownership—by working Americans.

Mortgage rates of between 18 to 19 percent are quite literally pushing homeownership beyond the grasp of all but the wealthiest American families. Figures on new housing starts for this year reveal that the housing industry faces its worst year since 1946, with little hope of improving conditions for the rest of the year.

There is little wonder that few buyers are lining up to purchase new homes at prevailing mortgage rates. A young couple buying a $70,000 home on a 25-year mortgage can expect to pay a staggering quarter million dollars for that home when interest payments are added up. With 18 to 19 percent mortgage rates, even a family with two breadwinners simply can not afford to buy a home.

Over the past two decades, homeownership has provided not only shelter, but a measure of financial stability for most American families. A generation divorced from the financial security of owning their own homes will be a generation denied a hedge against inflation and financial security.

This Congress has it within its power to bring down interest rates. We can bring down Federal deficit spending this year by repealing the shameful tax giveaway package which Congress passed as part of the President's tax bill. Every dollar we gain by repealing these ill-considered tax breaks for big oil and the Nation's largest, most profitable corporations means one fewer dollar the Government will have to borrow. Every dollar the Government does not borrow is one step closer to bringing homeownership back within the reach of working Americans.

EFFECT OF REAGAN TAX CUT

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ALEXANDER. Mr. Speaker, today is the first day of the new fiscal year in which the people of this country will receive benefits from the Reagan tax cut.

John Farmer, who works in Jonesboro, Ark., earns about $12,500 a year. Under the Reagan tax bill he will receive about $2 per week in his pay envelope as a result of the tax cut that went into effect today. But the $102 which Mr. Farmer will receive in tax savings this year will add to the 1982 deficit, at current interest rates, about $19.38. The total deficit created by the tax cut is calculated through 1983 and 1984 to be approximately $150 billion in deficits.

Those deficits will result in more inflation and will help keep interest rates so high that Mr. Farmer will be unable to purchase a new car or appliance or finance a college education for his children.

In short, Mr. Speaker, the President has borrowed money at very high rates of interest to finance a tax cut that really would not benefit Mr. Farmer very much and which will probably make his modest income worth less than it is today.

I commend to my colleagues H.R. 4523, which will defer the effective date of certain tax rate reductions for 1983 and beyond until the budget is balanced, as a means of assuring the American economy and Mr. Farmer that the Government is going to stop crowding private sector borrowers out of the credit markets by going on a pay-as-you-go basis.

Unless we start looking closely at the revenue side of the picture, the enormous borrowing demands, of the Government on the money markets will keep interest rates about twice what they should be. I ask Mr. Farmer, who is paying twice as much in interest rates as he is receiving back in tax cuts, to count his change.

TAX CUT SIGNALS RETREAT FROM WAR ON POVERTY

(Mr. WILLIAMS of Montana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILLIAMS of Montana. Mr. Speaker, today marks the sound of retreat for the "War on Poverty" and the launching of the "War on the Poor." This administration recently pushed through a tax bill which gives tens of millions of dollars to multinational oil companies while, at the same time, changing the welfare system to financially penalize a working mother who dares to earn $11,000 a year. While we continue to ask the taxpayers to subsidize three-martini lunches, we substitute catsup for vegetables for the nutritional needs of the poorer children in this country.

This Nation remains committed to the eventual elimination of ignorance, poverty, despair, disease, hunger, and sooner or later the American people will elect a new Congress and a new President who will once again recommit themselves to these uniquely American and noble ideals.

HOUSE SHOULD NOT VETO SEXUAL ASSAULT REFORM ACT FOR DISTRICT OF COLUMBIA

(Mr. DELLUMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELLUMS. Mr. Speaker, today the gentleman from Illinois, Representative PHILIP CRANE, will offer a motion asking this body to discharge the Committee on the District of Columbia from further consideration of House Resolution 208, a resolution he introduced which sought to have the Congress veto an act of the City Council of the District of Columbia, District of Columbia Act 4-69, the District of Columbia Sexual Assault Reform Act of 1981.

I would like my colleagues here in the House to know that the Committee on the District of Columbia handled this resolution in strict accordance with the rules of the committee and in complete conformity with the provisions for such resolutions that are contained in the Home Rule Act of 1973.

The committee acted timely; our deliberations were full, well ordered and thoughtful; we carefully followed guidelines for consideration that have served us well in the process of deciding when the Congress should exercise the veto. The guidelines are enumerated in a "Dear Colleague" which we circulated to the Members yesterday. In no way was our handling of the matter less than fair or proper. And I hasten to add that by all evidence and every indication, the City Council of the District of Columbia was equally proper and thorough in its consideration of this act, which was unanimously adopted by a council vote of 13 to 0.

Mr. Speaker, after the complete exercise of our responsibility in the handling of House Resolution 208, the committee rejected it by a strong bipartisan vote of 8 to 3. I believe that this exercise and this vote dispensed with the responsibilities of the Congress in this matter. The consideration of discharging a committee is something which should be undertaken with great care and caution.

Thank you, Mr. Speaker.

NEW FISCAL YEAR BEGINS EFFECTS OF CRACKPOT THEORIES

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, today is the day when the American people begin to feel the effects of the crackpot theories that were enacted into law by this Congress earlier this year. The people are already beginning to respond to the effects of those cuts: $35 billion have been cut in just about every area of American life; in welfare, in food programs for the young and old, in hospitalization, in health care, in education; literally in just about every program on the books.

But, even before those crackpot theories have had a chance to take effect, here comes the President, who took great credit for getting the original $35 billion cut adopted, saying, "Congress did not give me as much as I wanted when it gave me everything I asked for," and demanding a $16 billion cut on top of the $35 billion.

I do not believe the American people will stand for it. I think somewhere along the line somebody in this administration has to look reality in the face and admit that those crackpot theories really led us down the primrose path. That "someone," Mr. Speaker, should be the President of the United States.

HOUSE HAS CONSTITUTIONAL DUTY TO REVIEW THE DISTRICT OF COLUMBIA SEXUAL ASSAULT REFORM ACT

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, later this morning it is expected that the gentleman from Illinois (Mr. Philip M. Crane) will offer a motion to discharge the Committee on the District of Columbia from further consideration of House Resolution 208. This measure, of which I am a cosponsor, would disapprove District of Columbia Act 4-69, the so-called Sexual Assault Reform Act.

Unfortunately, the real issue here—namely, the onerous provisions of the District of Columbia Act reducing or repealing the penalties for sex-related offenses—has been blurred by those who suggest that this is an intrusion into the affairs of the District of Columbia and that the House has no right to intervene. Nothing could be further from the truth, Mr. Speaker. We have a responsibility under article I, section 8, of the Constitution "to exercise exclusive legislation in all cases whatsoever, over such District * * * as may * * * become the seat of Government of the United States * * *."

We do ourselves, our constituents, and the citizens of the District of Columbia a grave disservice if we fail to review and disapprove of the act as passed by the City Council. A single example can serve to illuminate the tenor of the act. If we fail to disapprove the act today, the maximum sentence for a person convicted of forcible rape will be reduced from life imprisonment to 20 years in jail. The crowded court calendar being what it is, plea bargaining has become a standard procedure. Reducing the penalty for rape from life to 20 years will correspondingly reduce the starting point in plea bargaining discussions, and potentially reduce actual sentences accordingly.

The affairs of the Nation's Capital have an impact beyond the banks of the Potomac. If we fail to bring the disapproval resolution to the floor and then adopt it, we send the wrong signal to the country and the courts at a time of increased public concern about crime. I urge my colleagues to support the motion and the resolution of the gentleman from Illinois (Mr. Philip M. Crane).

HOUSE RESOLUTION 208, DISAPPROVING THE DISTRICT OF COLUMBIA SEXUAL ASSAULT ACT OF 1981

(Mr. McKINNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McKINNEY. Mr. Speaker, later today a motion will be offered to discharge the Committee on the District of Columbia from consideration of House Resolution 208, a resolution to disapprove the District of Columbia Sexual Assault Reform Act of 1981 (District of Columbia Act 4-69). Having served on the committee since coming to Congress in 1971, and as the ranking minority member, I feel it is incumbent upon me to address this matter, and urge my colleagues to vote no.

Accepting the principle of home rule as the law of the land, the committee has already sought to determine what should serve as guidelines for taking action to veto local legislation. Paramount in this consideration was the fact that home rule for the District of Columbia was an extension of the principle that local governments should be allowed to make decisions on local matters—essentially, an extension of States rights. As a result, three criteria were developed which are used by the committee in all cases where resolutions of disapproval of local legislation are advanced:

Does the action of the city violate the Constitution?

Does the action of the city exceed the authority granted in the Home Rule Act or other statute?

Does the action of the city violate a clear Federal interest?

I urge you to support individual human rights and vote no on the resolution.

LABOR-HHS APPROPRIATIONS BILL

(Mr. LOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LOTT. Mr. Speaker, the Labor-HHS appropriations bill scheduled for floor action today is at least $1.6 billion over the President's March budget in terms of discretionary budget authority, and is nearly $4 billion over his new September budget proposals.

It exceeds the levels allowed in our congressional budget resolution.

It is opposed by members of the House Budget Committee.

It faces a certain Presidential veto.

To the subcommittee's credit it was marked up before the President's latest budget proposals were submitted, but does not reflect the new, more urgent economic conditions we are faced with.

Mr. Speaker, the continuing resolution we passed yesterday gives us 50 days in which to reach a meeting of the minds and produce a bill that all parties will hopefully find acceptable. I believe the Appropriations Committee ought to take advantage of that time to reconsider the measure in the context of the new budget proposals. I urge the majority leadership to pull the bill and let the Appropriations Committee have an opportunity to further work its will.

VOTE ON CONTINUING RESOLUTION A MOCKERY TO BELT TIGHTENING

(Mr. PARRIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PARRIS. Mr. Speaker, what we did on the floor of this House near midnight last night makes a mockery of what we have been trying to accomplish here. What we did holds every Member of this body up to ridicule by the people of this Nation, and I might add rightfully so.

Every day for the past 9 months we have been telling the people to tighten their belts. Week, after week, after week we have been calling for sacrifices from an anxious nation. But apparently those sacrifices and that belt tightening do not apply to Members of Congress.

The fact that the Members of this House voted themselves a tax credit, and voted future Congresses automatic pay increases without a recorded vote so those persons supporting these fiscal outrages could hide in the pack and not be held accountable makes me thoroughly ashamed for the processes of this body.

We adopted these congressional increases at a time when we are telling Federal employees their already austere salary and benefit programs will receive even further reductions, and at a time when we are telling senior Federal employees who are already underpaid that they cannot have a pay increase, but must remain under a ridiculous pay cap that is costing this Government some of its most talented and dedicated employees.

No wonder the average American thinks Members of Congress are dishonest. We act like we are. We demonstrate our dishonesty for every American to see, when we fail to cast recorded votes on issues of this importance. This time we deserve the criticism and scorn we so frequently and generously receive.

HOUSE RESOLUTION 208, DISAPPROVING DISTRICT OF COLUMBIA SEXUAL ASSAULT ACT

(Mr. PHILIP M. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PHILIP M. CRANE. Mr. Speaker, this morning I intend to move to consider House Resolution 208, disapproving the District of Columbia Sexual Assault Act.

Three points need to be kept uppermost in our minds.

First. The District of Columbia Act legalizes homosexual conduct, decriminalizes the seduction of children, legitimizes incestuous relations, and reduces the penalty for forcible rape, to name just a few of the more abhorrent features.

Second. This is not a matter of home rule, since the Constitution and the Self-Government Act give Congress unqualified authority to oversee District actions. Furthermore, local citizens have not had an opportunity to comment. I hold here 10,000 petitions of affected residents who disapprove of the act.

Finally, let there be no doubt that attempting to hide behind a procedural vote will fool no one. A vote to table or postpone is a vote to legalize sodomous homosexual liaisons, decriminalize the seduction of 16-year-old children, and reduce the penalty for forcible rape, for the act will become law if we do not disapprove it today.

I urge the House to consider the issue at hand and then pass the resolution. Thank you.

DISTRICT OF COLUMBIA SEXUAL ASSAULT REFORM ACT OF 1981

(Mr. SILJANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SILJANDER. Mr. Speaker, much has been said and written about the legal authority Congress has to veto the District of Columbia Sexual Assault Reform Act. Some of this discussion has been intentionally vague and confusing. Opponents of this resolution imply that the District's right of home rule is somehow violated because this resolution does not meet the three criteria the committee has mentioned for reviewing City Council action, namely, does the legislation violate the Constitution, Home Rule Act, or a clear Federal interest.

However, nowhere in their arguments do they mention that these criteria are not codified in any law. Furthermore, they are not even included in the committee's own written list of rules. They are merely an ad hoc informal list of considerations.

Moreover, this House has not felt itself bound by these criteria in the past when reviewing actions affecting the District. Two very recent examples come to mind; the ban on police and fire department hiring by lottery and the ban on a citywide gambling lottery. These three criteria are not written in stone. They are not even written on paper. Let us not be fooled by them.

□ 1045

INTRODUCING LEGISLATION TO PLUG LOOPHOLE IN SOCIAL SECURITY ACT

(Mr. SAWYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SAWYER. Mr. Speaker, during the last Congress a number of us worked quite hard to get through an act to plug a loophole in the Social Security Act, which allowed prisoners, who are already being fully supported by the public, to draw disability benefits as though they were out paying their own way.

We now find that our plugging of the loophole has not worked quite as well as we intended. There is still a loophole left. That is the Privacy Act prevents the Bureau of Prisons and the State prison officials from coordinating with social security to discover who these people are.

Today, I am introducing a bill to plug that loophole, which will itself save $16 million a year for the fund. It seems to me that we should first clear up these kinds of inequities and misconceived uses and abuses of the fund before we even discuss the question of in any way threatening or interfering with the legitimate benefits of people who earned it and who need the money.

MEMBERS URGED TO SUPPORT HOUSE RESOLUTION 208

(Mr. SMITH of Alabama asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Alabama. Mr. Speaker, Congress has an important responsibility to oversee the actions of the local government of the District of Columbia, especially when those actions are repugnant to the feelings of many of its own residents as well as the majority of American citizens.

It is indeed unfortunate that District of Columbia Act 4-69 explicitly repeals present criminal statutes against fornication, adultery, sodomy, bestiality, and seduction by a teacher of a female aged 16 to 21. This action by the D.C. Council would help create an atmosphere in our Nation's Capital which is alien to the great majority of American citizens.

Our Nation's Capital should be a place where all Americans can come and see reflected the moral and social precepts which we have historically held.

I urge my colleagues to assume their unique legislative duties with regards to the District of Columbia and support House Resolution 208.

REPEAL THE DISTRICT OF COLUMBIA SEX BILL

(Mr. BLILEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, later this morning we will be acting on several motions relevant to District of Columbia Act 4-69. One of these motions will be to discharge the Committee on the District of Columbia from further consideration of House Resolution 208 which disapproves District of Columbia Act 4-69. While it is unusual for a Member to advocate discharge of his own committee, in this instance, I consider the national interest to be best served by discharging the committee and approving House Resolution 208.

The Constitution and the Home Rule Act explicity state that the Congress has the responsibility of final legislative authority over the District of Columbia. This is not an issue of home rule; it is rather an issue of the moral and legal standards of the United States of America. The clear result of District of Columbia Act 4-69 would be the legalization and hence the legitimization of unusual sexual practices in the Nation's Capital.

This matter is of concern to every Member of this Congress because we live here and because people from our districts, people whom we represent, visit Washington in large numbers every day. These people have a right to expect sufficient deterrent against the threat of sexual assault and against exposure to pornography while they are here.

The District is representative of America to the world and is visited by thousands of foreign visitors each year. The moral and ethical tradition of this Nation is poorly served and represented by the provisions of District of Columbia Act 4-69, and I urge each of my colleagues to support the disapproval of this act by helping to call up House Resolution 208 and voting for it.

QUEST TO RESURRECT THE AMERICAN DREAM

(Mr. LUNGREN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUNGREN. Mr. Speaker, a number of speakers have taken the well this morning to talk about the new economic policies as they go into effect, and some have described them collectively as a war on the poor.

Mr. Speaker, I do not think that is an appropriate description of this. What we have is a quest for resurrecting the American dream for every American citizen, especially the poor.

For those who would suggest that what we are doing is wrong and is some how an offense against the poor, I would ask what their alternative is. In most cases they tell us we should do what we have done in the past 4 years under the previous administration.

Let us just look at a couple of salient facts. One is that it only took the Carter administration 4 years to take us from a 4.8-percent inflation rate to 2 years of back-to-back double-digit inflation for the first time in our Nation's history.

In 4 years the previous administration took us from interest rates well below 10 percent to what? To the highest rates in a century. Double-digit rates, all the way up to and past 20 percent.

I would suggest, Mr. Speaker, that the old type of economic program does not assist the American people at large, and it certainly does not assist the poor. It hurts them far worse than anything we could do. Let us go on with the Reagan proposals.

STAND UP AND BE COUNTED

(Mr. DANIEL B. CRANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIEL B. CRANE. Mr. Speaker, I wholeheartedly support Resolution 208. When the Washington, D.C., Council legalizes homosexual conduct and the seduction of children and decreases the penalty for forcible rape, we have lost sight of the moral codes of a God-fearing society. We can no longer play the three monkeys—hear no evil, see no evil, and speak no evil.

Lincoln once said:

> To sin by silence when they should protest makes cowards of men.

The time has come for all God-fearing people to stand up and be counted.

Santayana once made the statement that—

> Those who fail to learn the lessons of history will be condemned to relive them.

Are we a destitute society of derelicts? When will we stand up and be counted?

DISTRICT OF COLUMBIA SEXUAL REFORM ACT OF 1981

(Mr. FAUNTROY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous matter.)

Mr. FAUNTROY. Mr. Speaker, many Members have called attention to the fact that there will be a motion to discharge from the District of Columbia Committee House Resolution 208 with respect to District of Columbia Act 4-69.

I would hasten to say that the committee had hearings on this subject, and those hearings confirmed for us the fact that much of the fiction that has been quoted thus far in the 1-minute statements really did not apply to this act. It does not in any way sanction homosexual activity. It does not prohibit the statute on adultery and fornication. Indeed, it complies with the model penal code.

This act is a product of a process which began back in August, 1974, when the Congress created the District of Columbia Law Revision Commission. That Commission conducted extensive public hearings in 1977 and 1978 on the criminal laws of the District of Columbia, and following these hearings the Commission recommended that the criminal laws of the District of Columbia be reformed and updated so as to conform to the trend in other jurisdictions.

On the basis of that recommendation, the District of Columbia Council conducted further public hearings in 1980 and 1981. Upon conclusion of that, this act was adopted. The act is consistent with the laws of some 25 States, and generally follows the model penal code.

I would certainly urge that, out of respect for the democratic process, we reject this effort to discharge the committee.

Mr. Speaker, I include in my remarks a "Dear Colleague" letter of September 14, 1981, on this subject:

> CONGRESS OF THE UNITED STATES,
> HOUSE OF REPRESENTATIVES,
> *Washington, D.C., September 14, 1981.*
>
> DEAR COLLEAGUE: Many of you have no doubt received inquiries about the D.C. Sexual Reform Act of 1981, D.C. Act 4-69. In addition, a Resolution of Disapproval has been introduced and the House District of Columbia Committee is expected to hold hearings soon on the Resolution. There are many reasons why you should oppose any effort to overturn the action of the D.C. Government in passing this legislation.
>
> D.C. Act 4-69 is a product of a process which began in August, 1974, when the Congress created the D.C. Law Revision Commission. That Commission conducted extensive public hearings in 1977 and 1978 on the criminal laws of the District of Columbia. Following those hearings, the Commission recommended that the criminal laws in the District be reformed and updated so as to conform with the trend in other jurisdictions. On the basis of that recommendation, the D.C. Council conducted further public hearings in 1980 and 1981. Upon conclusion of those hearings, D.C. Act 4-69 was adopted. The Act is consistent with the laws of some twenty-five other states and generally follows the Model Penal Code.
>
> As you know, as the representative of the people of the District of Columbia in Congress, I have been vigorously involved in the debates on matters which I believed involved a strong moral principle. My personal point of view has not always been accepted. However, once the people have made their choice known by either initiative or referendum or through their elected officials, I have always respected that choice. This is the democratic process. To do otherwise would be less than fair and would promote inequality and injustice.
>
> When Congress passed the Home Rule Act in 1973, we withheld from the local government the transfer of authority over its criminal laws. That authority was transferred, however, in 1979. The D.C. Council may now enact new criminal laws for the District. Moreover, there is no compelling federal interest involved in D.C. Act 4-69. I urge you to oppose any effort to undo the natural process of law-making in the District of Columbia.
>
> Staff of the House District of Columbia Committee has prepared a "Fact Sheet" on the bill, and I invite you to take advantage of it in responding to those inquiries. If you have any questions or desire further information, please feel free to contact me or Johnny Barnes at 5-1615.
>
> Sincerely,
>
> WALTER E. FAUNTROY,
> *Member of Congress.*

THE ECONOMY

(Mr. RITTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RITTER. Mr. Speaker, I would like to make a few observations on the latest debate on our economy.

The impatience of some politicians criticizing the economic recovery program is rivaled only by their inability to provide alternatives and their newly arrived at enthusiasm for reduced Federal deficits.

An economy suffering from a decade or more of Government overspending, overlending, and overtaxing cannot turn around overnight. Those who say it must are the same people who put it in its present mess.

"Instant gratification—instant turnaround," we are told by many in the media, is what the American people want. Well, if my own congressional district in Pennsylvania's Lehigh Valley is any indication, the great majority of Americans do understand that magic tricks will not do. They know that discipline and perseverance on the part of Congress is required to set this country straight. Which leads me to the last point.

The great majority of Americans have a far better sense of what is good for this country than the "opinion makers" give them credit for. Thus, listening to the people back home will help us fend off special-interest-group pressure. My advice to my colleagues is to listen a little more and demagog a little less.

ECONOMIC PROGRAM

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, we have heard discussions, such as from the last speaker, on the economic programs of the President. We will be taking up later today the Labor and HHS legislation, at which time, I am sure, there will be amendments to reduce the amount of spending therein according to the President's newest budget proposals made just last month, in September.

I would like to remind the House that in the tax bill that the President asked for and this Congress passed, over the objections of some of us, there is a provision in there that gave oil producers far in excess of the amount that the President wants to cut.

So what the President is telling this House is that it is all right to give to oil producers millions of dollars, billions of dollars, at a time when the country is suffering, at the same time to cut down programs for the economic well-being of this country.

Who needs it most? You out there, the taxpayer, who gets $2.10 or $2.50 next week in your tax cut, or the oil producer who is going to get $2,000 or $5,000 a week in his paycheck?

□ 1100

TWENTY-SIX DEFERRALS OF FISCAL YEAR 1982 FUNDS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 97-95)

The **SPEAKER** pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report twenty-six deferrals of fiscal year 1982 funds totaling $737.2 million. The deferrals are primarily routine in nature and do not, in most cases, affect program levels.

The deferrals are for programs in the Departments of Agriculture, Commerce, Defense, Energy, Health and Human Services, Interior, Labor, State, Transportation, and Treasury, the Pennsylvania Avenue Development Corporation, and the Motor Carrier Ratemaking Study Commission, as well as for Appalachian regional development programs.

The details of each deferral are contained in the attached reports.

RONALD REAGAN.

THE WHITE HOUSE, *October 1, 1981.*

NATIONAL TOURISM POLICY ACT

The **SPEAKER** pro tempore. The unfinished business is the question of suspending the rules and agreeing to the conference report on the Senate bill, S. 304.

The Clerk read the title of the conference report.

The **SPEAKER** pro tempore. The question is on the motion offered by the gentleman from New Jersey (Mr. FLORIO) that the House suspend the rules and agree to the conference report on the Senate bill, S. 304, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 288, nays 112, not voting 33, as follows:

[Roll No. 226]

YEAS—288

Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Ashbrook
Atkinson
AuCoin
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Benjamin
Bethune
Bevill
Biaggi
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brown (CA)
Burgener
Burton, John
Burton, Phillip
Byron
Campbell
Carman
Carney
Chappell
Cheney
Clausen
Clay
Clinger
Coelho
Coleman
Collins (IL)
Conte
Conyers
Coughlin
Courter
Coyne, William
Crockett
D'Amours
Danielson
Daschle
Davis
de la Garza
Deckard
DeNardis
Derrick
Derwinski
Dicks
Donnelly
Dorgan
Dougherty
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Eckart
Edwards (AL)
Edwards (CA)
Emery
English
Erdahl
Ertel
Evans (DE)
Evans (IN)
Fary
Fascell
Fazio
Ferraro
Fish
Fithian
Flippo
Florio
Foglietta
Foley
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frost
Fuqua
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Ginn
Gonzalez
Gore
Gramm
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hall, Ralph
Hamilton
Hammerschmidt
Hance
Harkin
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hillis
Hollenbeck
Hopkins
Horton
Howard
Hubbard
Hughes
Hutto
Ireland
Jeffords
Jenkins
Jones (OK)
Jones (TN)
Kazen
Kemp
Kildee
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Loeffler
Long (LA)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Markey
Marks
Marlenee
Marriott
Martin (NY)
Matsui
Mavroules
McClory
McCollum
McCurdy
McGrath
McHugh
McKinney
Mica
Mikulski
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Nelligan
Nelson
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Panetta
Parris
Patman
Patterson
Perkins
Petri
Peyser
Porter
Price
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Rhodes
Richmond
Rinaldo
Ritter
Roberts (SD)
Rodino
Roe
Rogers
Rose
Rosenthal
Rostenkowski
Roth
Roybal
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schneider
Schumer
Sensenbrenner
Shamansky
Shannon
Shaw
Simon
Skeen
Skelton
Smith (IA)
Smith (NJ)
Smith (PA)
Snowe
Snyder
Solarz
Solomon
St Germain
Stangeland
Stanton
Staton
Stokes
Stratton
Studds
Swift
Synar
Tauke
Thomas
Traxler
Udall
Vento
Volkmer
Walgren
Wampler
Watkins
Waxman
Weaver
Weiss
Whitehurst
Whitley
Whitten
Williams (MT)
Williams (OH)
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

NAYS—112

Archer
Aspin
Bedell
Beilenson
Benedict
Bennett
Bereuter
Bingham
Bliley
Brodhead
Brooks
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Butler
Chappie
Coats
Collins (TX)
Conable
Coyne, James
Craig
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Dickinson
Dixon
Dreier
Early
Edgar
Edwards (OK)
Emerson
Erlenborn
Evans (IA)
Fenwick
Fiedler
Fields
Findley
Frenzel
Glickman
Goldwater
Goodling
Gradison
Hagedorn
Hall (OH)
Hall, Sam
Hansen (ID)
Hartnett
Hertel
Hightower
Hiler
Holt
Huckaby
Hunter
Hyde
Jacobs
Jeffries
Johnston
Kastenmeier
Kindness
Latta
Leach
Leath
Livingston
Long (MD)
Lungren
Martin (IL)
Martin (NC)
Mattox
McDonald
McEwen
Michel
Miller (CA)
Miller (OH)
Moffett
Moore
Moorhead
Oxley
Paul
Pease
Regula
Reuss
Roberts (KS)
Robinson
Roemer
Roukema
Rousselot
Schroeder
Schulze
Seiberling
Sharp
Shelby
Shumway
Shuster
Siljander
Smith (AL)
Smith (NE)
Smith (OR)
Spence
Stark
Stenholm
Stump
Tauzin
Walker
Weber (MN)
Weber (OH)
Whittaker
Wylie
Yates

NOT VOTING—33

Addabbo
Beard
Chisholm
Corcoran
Dellums
Dingell
Dornan
Evans (GA)
Ford (MI)
Garcia
Gingrich
Hansen (UT)
Holland
Hoyer
Jones (NC)
Lewis
Madigan
Mazzoli
McCloskey
McDade
Neal
O'Brien
Pashayan
Pepper
Pickle
Quillen
Savage
Taylor
Trible
Vander Jagt
Washington
White
Wilson

□ 1115

The Clerk announced the following pairs:

Mr. Addabbo with Mr. Vander Jagt.
Mr. Dingell with Mr. O'Brien.
Mr. Pickle with Mr. McCloskey.
Mr. Pepper with Mr. McDade.
Mrs. Chisholm with Mr. Lewis.
Mr. Jones of North Carolina with Mr. Madigan.
Mr. Dellums with Mr. Taylor.
Mr. Garcia with Mr. Quillen.
Mr. Washington with Mr. Gingrich.
Mr. Ford of Michigan with Mr. Pashayan.
Mr. Evans of Georgia with Mr. Corcoran.
Mr. White with Mr. Dornan of California.
Mr. Hoyer with Mr. Beard.
Mr. Wilson with Mr. Hansen of Utah.
Mr. Mazzoli with Mr. Trible.
Mr. Holland with Mr. Neal.

Messrs. HUNTER, MOORHEAD, BROOKS, SILJANDER, CRAIG, and McEWEN changed their votes from "yea" to "nay."

Mr. MARLENEE changed his vote from "nay" to "yea."

So (two-thirds having voted in favor thereof) the rules were suspended and the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FLORIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report on the Senate bill, S. 304.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PERMISSION FOR COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS TO SIT TODAY AND TOMORROW DURING 5-MINUTE RULE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Finance and Urban Affairs be allowed to sit during the 5-minute rule today and tomorrow for further consideration of H.R. 4603.

I am joined in this request by the minority.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I wish to point out to my good colleague from Rhode Island, we have some rather critical legislation scheduled for floor action today. Are you sure you want to deny the members of the Committee on Banking, Finance and Urban Affairs the opportunity to hear this discussion and debate? It is hard for me to believe the gentleman wants to take his committee members away from these important issues.

Mr. ST GERMAIN. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I would be delighted to yield to my colleague.

Mr. ST GERMAIN. Mr. Speaker, for a long period of time, the gentleman from California (Mr. Rousselot) was a participant in the deliberations of the Committee on Banking, Finance and Urban Affairs, and I am sure he appreciates the importance of the condition of the thrift industry at the present time. We are attempting to address this, and this is a bipartisan request on behalf of Mr. Stanton of Ohio, Mr. Wylie, and myself.

Mr. ROUSSELOT. Is the committee marking up the bill or having hearings?

Mr. ST GERMAIN. We are marking up the bill.

Mr. WYLIE. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. Reserving the right to object, I would be glad to yield to my colleague from Ohio (Mr. Wylie).

Mr. WYLIE. Mr. Speaker, I would respectfully request my good friend from California not to object to this unanimous consent request at this time.

As you know, I am the ranking Republican on the Financial Institution Subcommittee.

Mr. ROUSSELOT. I have heard that.

Mr. WYLIE. I join with Congressman Stanton of Ohio, the ranking minority member of the full committee, in asking we be allowed to finish markup of this important bill. It is emergency legislation designed to help failing savings and loans.

Mr. ROUSSELOT. Failing savings and loans?

Mr. WYLIE. If there be failing savings and loans. But we have been working on it for some time now. I would say to the gentleman from California that I think this is very important, too, that we be allowed to continue to mark up this bill today.

Mr. ROUSSELOT. Well, Mr. Speaker, reserving the right to object, I regret that you might miss this privileged resolution that is about to come up relating to the District of Columbia. Is the gentleman sure he wants to give up on being present for that legislation?

Mr. ST GERMAIN. I am sure everybody heard the people from the Moral Majority on radio this morning, and we are all familiar with the issues that confront us. But we do have important work to do.

Mr. ROUSSELOT. Well, Mr. Speaker, I am inclined to object, but I will not, because of the persuasiveness of my colleague from Ohio (Mr. Wylie).

Mr. WYLIE. I thank the gentleman.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island (Mr. St Germain)?

There was no objection.

HOUSE RESOLUTION 208, A RESOLUTION DISAPPROVING D.C. ACT 4-69

(Mr. McDONALD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McDONALD. Mr. Speaker, shortly we will consider House Resolution 208, a resolution disapproving D.C. Act 4-69. Prior to full consideration, however, we must approve a privileged motion to discharge House Resolution 208 from committee. Lest any of my colleagues misunderstand, a vote against the motion to discharge is a vote of approval of a law that specifically and explicitly repeals the present criminal statutes against seduction by a teacher of a female aged 16 to 21, sodomy, bestiality, adultery, fornication; and amends the indecent exposure law so as to make prosecution much more difficult.

In addition, D.C. Act 4-69 would reduce the maximum sentence for rape from life imprisonment to a maximum of 20 years.

Is this the signal that we want to send to our constituents, that we, their elected Representatives, approve of deviant sexual practices that are contrary to the standards and values of the vast majority of Americans? Are we prepared to tell them that we stood idly by and allowed the morals and standards of our Nation's Capital, their Capital, to degenerate?

Nor can we hide behind the guise of "home rule." First of all, we have a constitutional obligation to exercise legislative authority over the District of Columbia. Second, when home rule was being debated, those who had reservations about home rule were repeatedly assured by those proposing home rule that section 601 provided for congressional review. Now that home rule has passed, why are these people screaming "foul" when we invoke the very provision that they pointed to so reassuringly only a couple of years ago? And third, the D.C. home rule requires us to act, for we are already a part of the process. Unless we vote to disapprove, we are, in de facto, approving this act.

Quite simply, if we fail to act and fail to disapprove D.C. Act 4-69, then we are clearly saying that God owes Sodom and Gomorrah an apology.

DISAPPROVING ACTION OF DISTRICT OF COLUMBIA COUNCIL IN APPROVING THE DISTRICT OF COLUMBIA SEXUAL ASSAULT REFORM ACT OF 1981

MOTION OFFERED BY MR. PHILIP M. CRANE

Mr. PHILIP M. CRANE. Mr. Speaker, pursuant to sections 602(c) and 604 of Public Law 93-198, I move to discharge the Committee on the District of Columbia from further consideration of House Resolution 208, disapproving the action of the District of Columbia Council in approving the District of Columbia Sexual Assault Act of 1981,

The SPEAKER. Is the gentleman in favor of the resolution?

Mr. PHILIP M. CRANE. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

> Mr. Philip M. Crane moves, pursuant to Sections 602(c) and 604 of Public Law 93-198, to discharge the Committee on the District of Columbia from further consideration of House Resolution 208, disapproving the action of the District of Columbia Council in approving the District of Columbia Sexual Assault Act of 1981.

MOTION TO TABLE OFFERED BY MR. M'KINNEY

Mr. McKINNEY. Mr. Speaker, I offer a privileged motion to table.

The SPEAKER. The Clerk will report the motion to table.

The Clerk read as follows:

Mr. McKINNEY moves to table the motion to discharge.

The SPEAKER. The Chair will state that the motion to table is not debatable.

The question is on the motion to table.

The question was taken; and on a division (demanded by Mr. PHILIP M. CRANE) there were—yeas 106, nays 98.

Mr. PHILIP M. CRANE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 117, nays 292, not voting 24, as follows:

[Roll No. 227]

YEAS—117

Aspin
AuCoin
Bailey (PA)
Barnes
Bedell
Beilenson
Bingham
Bolling
Bonior
Brodhead
Brown (CA)
Burton, John
Burton, Phillip
Clay
Coelho
Collins (IL)
Conable
Conyers
Coughlin
Coyne, James
Coyne, William
Crockett
Danielson
Daschle
Dellums
DeNardis
Dixon
Downey
Dwyer
Dymally
Edgar
Edwards (AL)
Edwards (CA)
Erdahl
Fascell
Fenwick
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Frank
Frenzel
Frost
Garcia
Gejdenson
Gradison
Gray
Green
Harkin
Hawkins
Hertel
Hollenbeck
Horton
Howard
Hoyer
Jacobs
Jeffords
Kastenmeier
LaFalce
Leach
Lehman
Leland
Long (MD)
Lowry (WA)
Lundine
Markey
Matsui
McHugh
McKinney
Mikulski
Miller (CA)
Mineta
Mitchell (MD)
Molinari
Nowak
Oberstar
Obey
Ottinger
Patterson
Peyser
Price
Pritchard
Pursell
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rodino
Rosenthal
Roukema
Roybal
Sabo
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Snowe
Solarz
Stark
Stokes
Studds
Swift
Synar
Udall
Vento
Walgren
Waxman
Weaver
Weiss
Wolpe
Wyden
Yates

NAYS—292

Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Ashbrook
Atkinson
Badham
Bafalis
Bailey (MO)
Barnard
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bliley
Boggs
Boland
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brooks
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Burgener
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coats
Coleman
Collins (TX)
Conte
Courter
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Davis
de la Garza
Deckard
Derrick
Derwinski
Dickinson
Dicks
Donnelly
Dorgan
Dougherty
Dowdy
Dreier
Duncan
Dunn
Dyson
Early
Eckart
Edwards (OK)
Emerson
Emery
English
Erlenborn
Ertel
Evans (DE)
Evans (IA)
Evans (IN)
Fary
Ferraro
Fiedler
Fields
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Goldwater
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Grisham
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Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Hatcher
Heckler
Hefner
Heftel
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Hopkins
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Jeffries
Jenkins
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Jones (OK)
Jones (TN)
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Long (LA)
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Lowery (CA)
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Young (AK)
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NOT VOTING—24

Addabbo
Beard
Blanchard
Chisholm
Corcoran
Dingell
Dornan
Evans (GA)
Fazio
Gingrich
Hansen (UT)
Holland
Jones (NC)
Mazzoli
McCloskey
O'Brien
Pashayan
Pepper
Pickle
Quillen
Savage
Trible
Washington
White

☐ 1130

Mr. BENNETT and Mr. MICHEL changed their votes from "yea" to "nay."

Mr. PRITCHARD and Mr. HOLLENBECK changed their votes from "nay" to "yea."

So the motion to table was rejected.

The result of the vote was announced as above recorded.

☐ 1145

The SPEAKER pro tempore (Mr. HOWARD). Pursuant to the provisions of section 604(e) of Public Law 93-198, the gentleman from Illinois (Mr. PHILIP M. CRANE) will be recognized for 30 minutes, and the gentleman from California (Mr. DELLUMS) will be recognized for 30 minutes, if the gentleman from California is opposed to the motion to discharge.

The Chair will inquire, is the gentleman from California (Mr. DELLUMS) opposed to the motion to discharge?

Mr. DELLUMS. Yes, I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman qualifies.

The Chair recognizes the gentleman from Illinois (Mr. PHILIP M. CRANE).

Mr. PHILIP M. CRANE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, based upon this last vote, it is apparent to me what the sense of this body is, and for that reason, since in the interest of expediting consideration of my motion we can get to other important business on this floor today, I would like to relinquish my time during this portion of the debate so as to be able to speed up the possibility of proceeding to actual consideration of the motion.

So with that, Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me remind my distinguished colleagues that the gentleman from Illinois (Mr. PHILIP M. CRANE) indicated just a moment ago that he wanted to dispense with this matter so that we as Members of Congress could get on with more important business.

I would suggest, Mr. Speaker, that there is no more important business than the defense of democratic procedure processed and adherence to the statutes that we establish. There is no greater responsibility than the responsibility that we have as Members of Congress to guarantee the franchise to millions of human beings.

Now, my distinguished colleague, the gentleman from Illinois, suggested that this body should remove from the District of Columbia responsibility for further consideration of this matter so that the House may work its will. In 1973, this body engaged in a significant discussion and in a significant debate dealing with the question of whether or not the District of Columbia was indeed solely the Capital of the United States or whether the District of Columbia simultaneously was a community of human beings who lived in the District of Columbia and who have nothing to do with the Federal interests.

I would suggest, Mr. Speaker, that when the Congress of the United States enacted the District of Columbia Self-Government and Reorganization Act of 1973, euphemistically referred to as the Home Rule Act, the Congress of the United States indeed stated that there is both a Federal and a local interest in the District of Columbia. We gave unto the Council of the District of Columbia the responsibility to engage in the enactment of laws, and I would suggest that we cannot come down on the District of Columbia simply because we do not agree with the political posture of the City Council if indeed we believe in the franchise for the residents of the District of Columbia. We cannot have these people somewhere between independence and enfranchisement within the framework of the democratic process and in servitude on the other hand. In some way we have to clarify our posture in that regard.

The Committee on the District of Columbia is charged with the responsibility of acting upon all resolutions of disapproval. Over the course of the last several months and years we, as the members of the Committee on the District of Columbia, have evolved a set of experiences that have led us to establish criteria. The Committee on the District of Columbia has established criteria that we thought should be established that would allow us as members of the committee to be guided with justice and equity through the morass of resolutions of disapproval and to in turn attempt to guide this body, the full House, in these significant matters. It was our hope that, given the intent and the spirit of the Home Rule Act, we could establish the sundry criteria so that we could address any resolution of disapproval irrespective of the subject matter, and we came up with three criteria.

No. 1, is the act passed by the City Council violative of the Home Rule Act? Did the City Council exceed its authority granted to it by this body under the Home Rule Act of 1973? Not one Member, including my distinguished colleague, the gentleman from Illinois, would argue that the City Council violated the Home Rule Act. So we strike that one.

The second criteria: Did the City Council, in the enactment of D.C. Act 4-69, violate the Constitution of the United States? Not one single colleague has argued that what the City Council did in enacting D.C. Act 4-69 violated the Constitution of the United States.

That, then, leads us to the third criteria, and that is this: Has the City Council in the enactment of D.C. Act 4-69 raised a Federal issue or obstructed the Federal interest?

This is an important discussion. In the debate on the Home Rule Act there was significant discussion with respect to the Federal interest on the one hand and the local interest on the other, and the committee, as Members of this body, tried diligently to define the dichotomy between the two. Only one member of the committee who supported the resolution of disapproval, my distinguished colleague, the gentleman from Virginia, suggested that this indeed did challenge Federal interests and was indeed an obstruction of the Federal interest.

So we asked the gentleman to expand upon his argument. The gentleman then used the Constitution of the United States to suggest that the sole purpose of the District of Columbia is to act as the Capital of the United States, and by virtue of that the gentleman suggested that an act enacted into law by the District of Columbia Council obstructed the Federal interest.

I take exception to that and would challenge it on its face. First of all, I would argue that when the Congress of the United States enacted the Home Rule Act of 1973, it came to grips intellectually, philosophically, and politically with the dichotomy between the local interest and the Federal interest. The overwhelming majority of this body said that there are several hundred thousand people who live in the District of Columbia outside the Federal enclave, who live lives on a daily basis as teeming millions of other Americans do throughout this country in tens of thousands of cities in the United States.

We accepted that. We said that there are people who live here, who have a local interest, and let us try as diligently as we can to separate those interests out.

So I would argue with my colleague, the gentleman from Virginia, that if in any way this act thwarted the Federal interest, it cannot be argued on legal grounds and no one has offered the argument that said, on page 2, line 27, paragraph 3, here is what we perceive to be clearly stated as a threat, violation, or obstruction of the Federal interest.

There has been no definition of the Federal interest except in rather broad and vague and general terms, and I would suggest to the Members again that when we enacted the Home Rule Act, we put some definition to it. We said that we accept the fact that there are people out there who are American citizens, who live within the framework of the free and democratic society, and who ought to no longer be disenfranchised.

But now they are engaged in a very controversial act. They have the audacity to engage in reforming the laws regarding sexual assault, so a number of my colleagues decided that we now must challenge the District of Columbia on this matter.

But I am asking, when do we throw down democratic processes? I may disagree with many of the Members on this side of the aisle and many of my colleagues on our side of the aisle, but I will not violate nor challenge nor destroy the democratic processes that give us the right to offer our opinions.

The point I make is this: If you can challenge the District of Columbia government because you do not agree with the politics of something they enact, when do you come after Ron Dellums or any other Members because of the politics they espouse?

Democracy is a fragile thing. The District of Columbia enacted a gambling law. I am in the progressive wing of the body politic. If I had voted on a resolution of disapproval on the merits of the question of gambling, I would have opposed the District of Columbia government because my politics say that gambling is part of the capitalistic mystique that harms many poor people in this country by giving them the illusion that by spending a couple of dollars, tomorrow morning they could awaken with $1 million. But I chose not to challenge them because more important than expressing my political view on the question of gambling was to express my profound support for the concept and the principles of democracy and freedom.

We cannot have these people in the District of Columbia being involuntary slaves or servants on one day and free citizens on the other at the whim of Members of Congress.

Now, we brought witnesses before our committee. They were not the same witnesses that the District of Columbia brought before its committee because we did not perceive the role of the U.S. Congress as supplanting the function of the District of Columbia government. These people went into every community in the District of Columbia and held hearings on this matter, and after those hearings they developed a piece of legislation that was unanimously enacted by a vote of 13-0.

Now, if the residents of the District of Columbia cannot appreciate or feel as strongly as a number of us may about the substantive aspects of the law, then they can do the same thing your constituents and my constituents can do when they do not like the stance we take; they can get rid of us.

But it is the height of hypocrisy, Mr. Speaker, when we set ourselves up as arrogant elitists and say that:

> In some way we know democracy better than you do, in some way we as Members of Congress are the shining beacons of democracy, and you as the local City Council, duly elected by your constituents, are not

charged with the same responsibilities and accountability as we are.

You cannot yesterday say, "I applaud home rule" and today say, "I take it back," unless you have established a set of criteria that moves you intelligently, reasonably, fairly, and within the framework of democratic principles through the morass of stances.

Mr. Speaker, we all know that this is probably the most political body on the face of the Earth. Elected officials are perhaps the most creative political thinkers of all time. We take an issue and we take it 180 degrees in any direction we want. Politicians by definition are very creative thinkers. Politicians by definition are always looking over their shoulders. So here we find ourselves with a bill where everybody is looking over his shoulder.

And so am I—but not to see whether somebody is gaining on me to take my seat but whether or not the time is gaining on me when democratic processes go out the window.

I find it tragic, Mr. Speaker, and ludicrous that some of the most powerful flag-wavers who are Members of our body politic are the very first people to thwart the principles of democracy when they do not agree with a political stance. I may or may not agree with the stance taken by the City Council on a whole range of issues. That is not what is at stake here when we sit as Members of the Congress of the United States.

□ 1200

When we sit as Members of Congress of the United States we ought to be guided by wisdom. We should not be sitting here trying to be the City Council of the District of Columbia. We should not.

Believe me, I would not let this matter die in a few minutes because if the committee is discharged I want the 10 hours to debate this question; 10 hours is a very short time to debate an abdication of democratic principles and procedures. One cannot do it in 10 or 15 minutes so that we can smoothly move the business of the Congress. There are 700,000 people outside this door whose lives are at stake based on how we define their freedom.

The Committee on the District of Columbia carried out its responsibilities. We carried out those responsibilities with integrity and dignity and honesty. We did not choose to hear yea and nay on the merit of the situation because when the Congress enacted the Home Rule Act it said Members of Congress generally, members of the District of Columbia Committee specifically. We do not choose to sit as the city council. We have enacted a law that lets people do that.

If you truly believe in democratic principles, then you have got to let that process go forward. Do not kill the process simply because of your political stance, because to kill democratic procedures is a massive blow. So I do not see this personally. I do not see this as simply a challenge to the committee structure. I mean, after all, the committee structure is a nebulous mechanism anyway.

But what I am exercised about is the caring about other human beings and whether or not we lie to people when we enact laws and say you truly are a part of this country and you truly are part of the democratic process, except when you enact laws that are controversial, so that we can engage in the dance of expedient politics and bring a local matter to national attention.

I think that it would be much more honest for my colleagues who do not believe that the District of Columbia Sexual Assault Reform Act is appropriate to write a Federal one and bring it to this floor and let us have at it on that basis. But let us not use this platform to take a local matter, which clearly challenges the principles of the Home Rule Act, and attempt to make it a national issue. If my colleague really is interested, Federal law can supersede local law and the gentleman can write a bill. He can write a bill.

We have had hearings and my distinguished colleague from Illinois (Mr. PHILIP M. CRANE) with all due respect, Mr. Speaker, chose not to appear. The gentleman was on Capitol Hill. The gentleman did not even submit written testimony before our committee. I saw the gentleman's testimony in a "Dear Colleague." But we held the hearings, we had discussions and we had debate. We heard from the people charged with the responsibility of letting us know whether the process had integrity, what was meant by it, and the law itself required that the Mayor of the District of Columbia report to us on all legislative matters within 30 days of enactment.

So we had the Mayor, the Chairperson of the District of Columbia, the Corporation Counsel, the Chairperson of the Law Revision Committee, and our distinguished colleague from Illinois. These were the relevant people to answer the question: "Did it violate the spirit or the intent of the Home Rule Act? Did it violate the Constitution or obstruct the Federal interests?"

The overwhelming response to all three of those questions was no. If the answer to any of those questions were yes then we have a different situation. So, it is not that we have attempted to close off debate. What we have said is we need to have some guidelines that move us through this morass so that at any moment, whether it is 20 years down the road, 20 months, 20 minutes, or 20 decades, that people can look back upon this moment and say this body stood for the principles of democracy.

That is why this gentleman is exercised. It is not about discharging the committee. This gentleman could care less. But there is a higher principle here.

So, I would conclude, Mr. Speaker, that I strongly disagree with my colleague from Illinois that we ought to dispense with this matter in a few moments to get on with other more important business, because there is no more important business than to ratify the principles of democracy. There is no more important principle than the principle of saying that 600,000 or 700,000 people do indeed have the franchise within the framework of our formal Goverment. There is no higher responsibility, and it would seem to me frivolous in the extreme to assume that we could dispense with this matter in a few moments so that people could take their political stance, and then we could get on with other more convenient business.

I want to make it inconvenient because we need to discuss this matter, Mr. Speaker. I would suggest to all my colleagues who believe profoundly and deeply in democratic principles, you and I may not agree on the philosophical issues. I stand in the progressive wing of the body politic and I stand here without shame and without fear and without defense. Many of my colleagues stand in the right wing of the body politic. So be it. When we come together, let us have at it on the ideological issues, but let us not destroy the very process that allows you and I to debate the question.

What I am suggesting is that this resolution of disapproval indeed challenged the very process that we have established, that breathes life in the ideas of democracy. The residents of the District of Columbia are human beings, as we are, and if they do not like this bill they can recall the Members, they can replace the Members, just as they can replace any of us if they do not agree with the ideas we espouse. If my colleagues believe in that principle, then they ought to go forward.

We talk about messages being communicated around here. We always get on the floor and talk about sending messages. What message gets sent when we decide at any given moment that democracy is not convenient? Perhaps as a black human being I am sensitive to the fact that in too many instances the establishment exercises the laws when it is convenient and takes them back when it is not convenient.

Why is it that one person can stand up on this floor and offer a resolution to disengage a committee, discharge a committee from its responsibilities in this situation when not one person can discharge any other committee around here? When we enacted the Home Rule Act, a number of our more conservative colleagues who wanted to keep some control on the lives of the residents of the District of Columbia said we cannot give these local residents the right to rewrite the Criminal Code, I would say to my colleagues, gee-e-s, that is really freedom when you can rewrite the laws that govern your lives. So they have established an extraordinary provision that said that any time the District of Columbia enacts a law that affects the Criminal Code, one Member, one Member can get up and offer a resolution to discharge a committee.

Why did they do that? It was not for healthy reasons and my colleagues and I know that. I won't enunciate them and enumerate them because we all know exactly what those reasons are.

In the silence and solitude of our own conscience and mind we understand what that was all about. It was a quite reactionary posture and in my estimation thwarted the whole notion of the democratic process when one person in a body that is supposed to be a group-oriented body can get up and motion to discharge the actions of a committee. But they said no, we do not want this city, majority black, to have this kind of power, and one person can do it. But one person cannot discharge other committees, but only the District of Columbia because, in a halfhearted fashion maybe, we really did not mean home rule.

Maybe at this moment we really do not mean that we believe in democratic principles. What message do we send to other people in other nations at this critical juncture in our evolution when we say we do not care about these 600,000 or 700,000 people. They have the audacity to enact a law that we do not agree with. Therefore, we will challenge the processes.

I may agree with the gentleman from Illinois if we began to talk about the specifics. But I would argue diligently that that is not what is before us at this point. What should be before us in what is the appropriate role of the U.S. Congress, if we truly believe we should not be the City Council, and again I will conclude with the three points.

Keep this in mind throughout this debate, because the extent to which I can take it 10 hours I am taking it 10 hours. Did they thwart, violate, the Home Rule Act, violate the Constitution of the United States, obstruct the Federal interest? The answer to all three of those questions is no.

I think our committee acted appropriately and wisely and intelligently, and I would ask, Mr. Speaker, that the Members of this body reject the motion before us to discharge the committee.

I reserve the balance of my time.

Mr. PHILIP M. CRANE. Mr. Speaker, I yield such time as he may consume to my distinguished colleague from my home State of Illinois (Mr. McClory).

Mr. McCLORY. I want to commend my colleague from Illinois (Mr. Philip M. Crane) for bringing this subject to the floor of the House today. Certainly there is nothing inconsistent with our Constitution.

As a matter of fact, the District of Columbia has had home rule before we enacted the District of Columbia Self-Government Act of 1973 and home rule has been withdrawn before. I think we have an inherent responsibility constitutionally to grant to the District of Columbia, this Federal City, such degree of home rule as we may want to repose in its officials and to withdraw it if we choose.

Under the Home Rule Act, as a matter of fact, we have retained this legislative responsibility or this legislative authority to override actions of the City Council. I think that by enacting the Sexual Assault Reform Act, the City Council has offended the Congress. I think they have offended the American people by this action. And I think it is entirely consistent with our prerogatives that we should take up the resolution as urged by my colleague from Illinois (Mr. Philip M. Crane) and we should approve his initiative overwhelmingly here today and I salute the gentleman for his diligent work in bringing this important issue to the House.

Mr. PHILIP M. CRANE. I thank my colleague for his gracious remarks.

I yield such time as he may consume to my distinguished colleague from Montana (Mr. Marlenee).

Mr. MARLENEE. Mr. Speaker, in the past 2 weeks a friend of mine visiting from Montana has been murdered, beaten to death in the area of one of Washington's better hotels. What kind of home rule is that?

In the past 2 weeks a staff member serving on the Interior Committee was murdered in his own home, knifed to death. What kind of home rule is that?

In the past 2 weeks a friend of mine from Montana was carrying out the garbage behind his own home and was mugged right behind his own home. What kind of home rule is that?

Since the first of the year a member of my staff had a knife held at his throat in his own home and was robbed of everything that he had in his own home.

I am mad and I am mad about crime. I hope the message goes home loud and clear to the District of Columbia: "Clean up your act."

Mr. PHILIP M. CRANE. Mr. Speaker, I would be happy to yield 1 minute to the gentleman from Michigan (Mr. Conyers).

Mr. CONYERS. I appreciate the gentleman yielding to me because I wanted to ask the angry Member walking off the floor, who I hope can hear me, to explain what in God's name this particular piece of legislation has to do with his very virulent opposition to crime being committed in the District of Columbia? If there is any rational connection at all I would love to hear him explain to me what this matter has to do with the crimes that he and I deplore.

The gentleman is not on the floor, so I thank the gentleman for yielding and return his remaining time.

Mr. PHILIP M. CRANE. I thank the gentleman.

I would like to make just one additional comment, Mr. Speaker, and that is to correct a misimpression of the distinguished chairman of the District of Columbia Committee. I did, in fact, submit my testimony before that committee in writing and I have a copy of it here in the event the gentleman did not see that.

Mr. DELLUMS. Mr. Speaker, will the gentleman yield for a response?

Mr. PHILIP M. CRANE. Yes, I am happy to yield to the gentleman from California.

Mr. DELLUMS. Mr. Speaker, I certainly in no way attempted to impugn the integrity or credibility of the gentleman from Illinois. That is not my purpose. What I did was state fact.

I have just consulted with my staff and they have said they have not received, unless your staff dropped the ball somewhere, they still have not received official testimony, as I understand it, before our committee. I have four staff people here saying no, we have not received it.

We are not in the business of coming to the floor engaging in communicating fallacies. That is certainly not what we are about here. I think we can discuss the matter intelligently. I made a statement of fact. If the gentleman's intent was to do it, then I would strike the matter. But I am saying for the official Record, we have not received the gentleman's testimony.

Mr. PHILIP M. CRANE. All I can say is last Thursday, I believe it was, that testimony was delivered from my office.

☐ 1215

If it was lost somewhere, I have an additional copy here. But I will save that for the time we get into debate.

Mr. Speaker, I reserve the balance of my time.

Mr. DELLUMS. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Connecticut (Mr. McKinney).

Mr. McKINNEY. Mr. Speaker, I would request of the gentleman from Illinois if I could use 5 minutes of his time, since we only have 8 minutes left on the other side.

Mr. PHILIP M. CRANE. Mr. Speaker, I am happy to yield that time to the gentleman from Connecticut.

Mr. McKINNEY. Mr. Speaker, I appreciate the gentleman's yielding me that additional time, and it is done in the same fairness with which I read the gentleman's "Dear Colleague," which I really would like to say I thought was a fair document of the gentleman's belief.

Having served on this committee since coming to Congress in 1971, and as the ranking minority member, I feel it is incumbent, obviously, upon me to address this matter both procedurally and in its substantive aspects.

Many of my colleagues on both sides of this aisle have asked me why I would want this job—particularly when it costs me dearly in every election, and it looks like it is going to cost me even more dearly in the next one. I told then minority leader Gerald Ford that I wanted this job because I believed in the Constitution, I believed in the responsibility under the Constitution of people to bear arms, to defend their country, I believed in the duty of people to pay taxes to support their country, and that I saw at that time 800,000 Americans, with their citizens fighting in Vietnam, paying taxes into the U.S. Government with no ability to express even who the mayor of their city was going to be. We changed that.

I believe in my State that we believe that human beings, private American citizens, have the right under the Constitution of the United States to control their private lives without the interference of somebody who is not elected by them. We in Connecticut would greatly object if you came to our State and overturned the statute that you have now overturned, or seem to be about to overturn here today, and yet we have exactly the same laws. In fact, they have the same laws in almost every way in Alaska, California, Colorado, Connecticut, Delaware, Hawaii, Indiana, Iowa, Maine, Nebraska, Nevada, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Vermont, Washington, and Wyoming.

When I first joined the Committee on the District of Columbia there was no home rule. In short, Congress controlled anything and everything concerning the city of Washington. We decided whether or not an alley should be closed, we established and monitored programs, we determined the budget and the funding levels for all offices and departments. Washington was not a city, but a creature of Congress.

Not long after my arrival in Congress, however, things changed. In December of 1973, the President signed Public Law 93-198, commonly referred to as the District of Columbia Home Rule Act. It was not a complete severing of the ties between Congress and the Nation's Capital, but it was the first step in what all of us involved knew would be a lengthy transition which would eventually bring the city to the status of an independent municipality. There have been problems in this transition, just as there has been great progress.

Anticipating the inevitable difficulties confronting a fledgling local government, Congress reserved to itself the right to override local legislative actions. Since home rule, the Committee on the District of Columbia has been charged with the responsibility of reviewing legislation enacted by the District of Columbia on behalf of the House of Representatives.

Accepting the principle of home rule as the law of the land, the committee sought to determine what should serve as guidelines for taking action to veto local legislation. Paramount in this consideration was the fact that home rule for the District of Columbia was an extension of the principle that local governments should be allowed to make decisions on local matters of their citizens—essentially exactly the same right that I have heard supported by my colleagues on the Republican side of this aisle time after time after time: States rights. Get Uncle Sam out of my life.

As a result, three criteria were developed by the committee to use in all cases where we were resolving and approving or disapproving of City Council action:

Does the action of the city violate the Constitution? Does the action of the city exceed the authority granted in the Home Rule Act or other statute? Does the action of the city violate a clear Federal interest?

The answer to all of the above is "No."

To date, the committee has considered 10 resolutions of disapproval, including House Resolution 208. The subject matter has included gambling, statehood, revision of the sexual assault provisions of the criminal code, rent control, and the location of chanceries and embassies in the city of Washington. In all cases, the committee has been guided by the criteria I have just mentioned. Only once was it necessary to overturn legislation enacted by the city, because only once was it clearly demonstrated that one of the guidelines had been violated.

While I apologize for that stroll through history, I think it very important to make the record clear on one point. The subject matter of the city law which would be rejected by House Resolution 208 is controversial and emotional. But that has nothing to do with the procedures to be utilized in reviewing the legislation. The committee acted in a timely manner, held a hearing, and passed judgment on the resolution based on the established guidelines. Given that, I cannot understand how anyone can justifiably move to discharge the committee on this issue. The specifics of the issue should not and did not in any manner change the way the committee responded to the resolution of disapproval.

Having said that, I will go no further on procedures. I do not wish to chastise any Member for exercising his or her rights under the procedures of this body. Even though the Committee on the District of Columbia has acted in the usual manner on this resolution, the provisions of the Home Rule Act allow a Member to move to discharge. I respect that right, and I understand it because the shoe has been on the other foot.

In order to understand the reason for the motion to discharge, one is forced to look beyond procedure and examine the substance of the matter at hand, and it is here, Mr. Speaker, that there is emotion, opinion, and disagreement.

Some have alleged that the District of Columbia Sexual Assault Reform Act of 1981 was developed without adequate citizen participation and that it does not represent the consensus of the citizens of the city of Washington. I would like to stress that last phrase, because I think it is of extreme importance. We ought not be here to judge the provisions of this local legislation by our individual moral standards, or those of our constituency. This law will not affect our constituencies. It seems to me that having given the city of Washington the limited autonomy that we have, we have no business dictating moral standards, or for that matter any other standards, to the residents of the city. That is their decision and theirs alone. So the only yardstick by which to measure this legislation ought to be whether or not it reflects the wisdom of the residents of the city.

I am aware that the gentleman from Illinois has many petitions, but I think we should take a long look.

The impetus for this legislation is found in the recommendations of the District of Columbia Law Revision Commission. This Commission was established by Congress in 1974 to review the laws and statutes relating to the District of Columbia and recommended changes. The membership of the Commission consists of individuals appointed by the President, both Houses of Congress, the Mayor, the local courts, and the local unified bar. The recommendations of this body of highly qualified individuals led the City Council to begin its consideration of the legislation which House Resolution 208 seeks to disapprove.

In its deliberations, the City Council held public hearings throughout the city and received testimony from any and all interested parties. Additionally, the City Council held open committee meetings and ultimately approved by unanimous vote the matter in question today. Given the extent of the hearings and discussion on this issue, I find it hard to believe that the will of the residents is not represented in this legislation, despite petitions.

There has been great confusion, generated by reports in the media and by other ecumenical interests, about what this legislation would or would not do. Rather than removing penalties for many serious offenses, the District of Columbia Corporation Counsel testified under extensive questioning at committee hearings that in many cases, District of Columbia Act 4-69 sets more severe penalties for a broader range of offenses. The resulting statute would also be more in line with the comparable provisions of most other States and the Model Penal Code of the American Law Institute. My own State of Connecticut dealt with this question in 1969, and the result was a statute that reflected the reality of life in the 20th century rather than the 19th century. In my opinion, District of Columbia Act 4-69 attempts to do the same thing, in a manner which a majority of the local residents perceive as correct.

Mr. Speaker, there is no basis for agreeing with a motion to discharge the Committee on the District of Columbia from consideration of House Resolution 208. Procedurally, the Committee on the District of Columbia has dealt with this matter in the prescribed manner and in a timely manner. Substantively, neither the Congress nor any individual Member has any business inflicting personal moral standards on the residents of the District of Columbia. I urge all Members to vote against any motion to discharge.

Mr. GRAY. Mr. Speaker, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman from Pennsylvania.

Mr. GRAY. Mr. Speaker, I would like to identify myself with the gentleman's remarks, and particularly one statement that the gentleman made with regard to many in this body who are now calling for local control and States rights. Here, at this particular juncture, many of those who are calling for local control are now saying, "We are against local control when it comes to the District of Columbia."

I think the gentleman from Connecticut (Mr. McKINNEY) has articulated that very clearly, and I want to agree with him 100 percent.

Mr. McKINNEY. Mr. Speaker, I am sure the gentleman, without being disrespectful, will remember another gentleman who said, "Let my people go."

Mr. WEISS. Mr. Speaker, will the gentleman yield?

Mr. McKINNEY. I yield to the gentleman from New York.

Mr. WEISS. Mr. Speaker, I rise in opposition to the motion to discharge the Committee on the District of Columbia from further consideration of House Resolution 208, a resolution to veto the District of Columbia Sexual Assault Reform Act of 1981 (District of Columbia Act 4-69).

Support of this discharge motion is a violation of the integrity of the Home Rule Act. This act has received due consideration by the City Council and the District of Columbia Committee and has adhered to three principles set down by the Committee on the District of Columbia: It does not violate the Constitution, exceed authority granted in the Home Rule Act or other statutes, nor violate a clear Federal interest. This act involves local legislation only with no Federal impact and it does not set precedent—40 States already have laws similar or nearly similar to the District of Columbia Act 4-69. No legislation in the history of home rule has had a more extended or public consideration. As well as beginning hearings on this matter in 1977, before enactment the legislation was fully reviewed, both by the U.S. attorney and Corporation Counsel and their suggestions were incorporated into the bill.

The act is a comprehensive act which will modernize and consolidate the District of Columbia law regarding sexual assault. Up to this point laws on sexual activity or conduct were scattered among seven separate chapters of the District of Columbia Code. The change in the statute, which is supported by the ABA, Gray Panthers, Downtown Cluster of Churches, ACLU, Metro Police, National Coalition Against Sexual Assault, Washington Central Labor Council, the United Church of Christ, and many other related organizations, only repeals prohibitions on noncommercial sexual conduct between consenting adults; it expands the protection against sexual abuse of previously unprotected classes of persons and strengthens prohibitions against sexual conduct with children, by grading the crime according to the age of the victim and perpetrator.

Even the author of the discharge motion, in testimony he gave on the act stated that:

> Individual conduct is not properly a concern of government unless that conduct harms others * * *.

Noncommercial conduct between consenting adults does not fall into that category.

Clearly the City Council has a right to create its own laws and this law is not in violation of the District Committee's three criteria which might justify disapproval. In support of home rule I urge my fellow Members to join me in opposition to the discharge motion.

Mr. McKINNEY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The gentleman from Connecticut (Mr. McKINNEY) yields back 2 minutes to the gentleman from California (Mr. DELLUMS).

Mr. PHILIP M. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. PARRIS).

Mr. PARRIS. I thank the gentleman for yielding.

Mr. Speaker, I would point out to this body that I am the second ranking minority member on the District of Columbia Committee and, as some of my colleagues may have noticed, from time to time I have some modest interest in what transpires here. I have the privilege of representing an adjoining area of this great Nation.

I would also remind my colleagues that I was a Member of this body in 1973 when the Home Rule Act was adopted. I supported it, I voted for it, I worked on it, and I am proud of it.

I take this time, Mr. Speaker, to make one brief statement. Home rule carries with it responsibilities, as well as rights and benefits. That responsibility, includes the requirement of quality public education, adequate public safety, equitable personnel procedures, and enactment of reasonable public laws. If the present administration of the District of Columbia would understand those principles, they would have a great deal more success in working with the majority of the Members of this Congress.

The SPEAKER pro tempore. The gentleman from California (Mr. DELLUMS) has 2 minutes remaining.

The gentleman from Illinois (Mr. PHILIP M. CRANE) has 18½ minutes remaining.

Mr. PHILIP M. CRANE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DELLUMS. Mr. Speaker, I yield the remaining 2 minutes to the distinguished gentleman from the District of Columbia (Mr. FAUNTROY) for the purpose of closing the debate.

(By unanimous consent, Mr. FAUNTROY was allowed to proceed for 5 additional minutes.)

Mr. FAUNTROY. Mr. Speaker, the chairman of the Committee on the District of Columbia has eloquently made the argument relating to the home rule dimensions of the discharge motion before us. I should like to focus more specifically on the extent to which this discharge motion would violate the integrity of the committee process in this body.

The fact is that you are asking the House to discharge a committee from a responsibility which it has already duly exercised.

Are we being asked to discharge a matter from a committee that has sat on it? Obviously, no. This committee has fully carried its mandate and acted both expeditiously and judiciously on House Resolution 208. In short, the motion to discharge would denigrate and dismiss the proper and careful considerations that this committee has given to the subject matter.

The discharge motion is based on some concerns that the author and others have with the substance of the act passed by our locally elected City Council. The question becomes: Do we wish to discharge this because this act would remove all sanctions on homosexuality, as has been claimed?

If that is the basis on which you vote for the discharge petition, I certainly hope that, should it succeed, you are a part of the 10 hours of debate on the question which will show that that is simply not the case, that is not in fact true; and had those of us who are Members of this body been in the hearings by the City Council or been in the hearings held by the District Committee, they would know that. It has been suggested that you ought to support this discharge motion because the act repeals statutes prohibiting adultery and fornication. I submit to you that, had the Members of this body filed a petition to run for the City Council and been duly authorized to conduct the hearings, they would know that that is not the case.

□ 1230

Had they been on the Committee of the District of Columbia, which has duly discharged its responsibility to hold hearings on House Resolution 208, they would know that. But we will get into that, if necessary, during the extended debate on the substance of what the duly elected representatives of the people of the District of Columbia have concluded about the model criminal code and the suggestion and recommendations of the commission authorized by this Congress to review the District of Columbia criminal codes.

Let us be honest with one another. The fact is that this measure is about to take 10 hours of the time of the Members of this body because of the insistence of some persons in our country who lack the courage to go to the 25 States of this Union.

We know why this issue has become of such critical importance that we are prepared to set aside the other issues of vital importance to the people of this Nation to discuss it is because some people are prepared to dump on the residents of the District of Columbia, when they do not have the courage to go to the 25 States of this Union and to see to it what they would impose upon us is imposed upon them for they have no such regulations.

We know that the same people are not prepared to bring before this national body a law that would require of all the States of the Union what they want to require of the people of the District of Columbia.

Mr. Speaker, I am a minister of the Gospel and I have no objection to people who have deeply held religious convictions expressing themselves and acting upon them in the body politic generally, but I say to those who want to dump on the District of Columbia what they are not willing and prepared to do nationally, that when they come to this Chamber, that when they come to the District of Columbia, come with the whole gospel, and we are anointed by God to declare good news to the poor.

The same people who deny us the right to enact a criminal code and meet the needs of the people of our city are the same people who have counseled the Members of this Congress to deny food stamps to the hungry and housing to the ill housed, and jobs to the jobless, and I say to them if I were Jesus of Nazareth in the Sermon on the Mount, beware of false prophets who come to you in sheep's clothing, and in their hearts they are ravenous wolves.

If I were the psalmist, their tongues are smoother than butter, but war is in their hearts.

The words out of their mouths are softer than oil and yet they have drawn swords to cut out the heart not only of the democratic process, but within the committees of the Congress of the United States, but of the Home Rule Act which we in good conscience passed nearly 10 years ago.

And to some of them I would say, if I were the Apostle Paul, speaking to the conservative Church of Rome, I bear you record that you have a zeal for God, but not according to knowledge, for you being ignorant of God's righteousness and going around to establish your own righteousness have not submitted yourselves to the righteousness of God.

Mr. CONYERS. Mr. Speaker, will the gentleman yield?

Mr. FAUNTROY. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the chairman of the Congressional Black Caucus for yielding before he gets into his more secular remarks, because I think that he might want to point out that maybe some of the Members who voted just previously are not advised of the premises at all under what is in this law that is considered obnoxious to some.

Would it be fair in our charity to consider that maybe some of the Members maybe were not fully advised what they were voting on?

Mr. FAUNTROY. I can say without fear of successful contradiction that many voted not knowing that the act which was passed by our city council does not, as suggested, remove all sanctions against homosexuality. Indeed, it strengthens the provisions with respect to homosexuality.

Mr. CONYERS. So we are forgiving those who erred in this transgression that occurred here today?

Mr. FAUNTROY. I ask in the name of the Apostle Paul that they be forgiven. But, let me say very seriously my essential point, Mr. Speaker, is that we are dealing with a question first of the integrity of our committee process. This is not a committee that has sat on legislation the way others who in years past have done on legislation designed to disenfranchise American citizens generally and the District of Columbia particularly.

We have discharged our responsibility fully and have reached a well considered conclusion, 8-to-3, a bipartisan basis, and so on the basis of that alone, Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion to discharge the committee offered by the gentleman from Illinois (Mr. PHILIP M. CRANE).

The question was taken, and the Speaker pro tempore announced that the noes appeared to have it.

Mr. PHILIP M. CRANE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 279, nays 126, not voting 28, as follows:

[Roll No. 228]

YEAS—279

Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Ashbrook
Atkinson
Badham
Bafalis
Bailey (MO)
Barnard
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bliley
Boland
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brooks
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Burgener
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coats
Coleman
Collins (TX)
Conte
Courter
Craig
Crane, Daniel
Crane, Philip
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Davis
de la Garza
Deckard
Derwinski
Dickinson
Dicks
Donnelly
Dorgan
Dougherty
Dowdy
Dreier
Duncan
Dyson
Early
Eckart
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (IN)
Fary
Fiedler
Fields
Findley
Fithian
Flippo

Foley
Forsythe
Fountain
Fowler
Frost
Fuqua
Gaydos
Gibbons
Gingrich
Ginn
Glickman
Goodling
Gore
Gramm
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Harkin
Hartnett
Hatcher
Heckler
Hefner
Hendon
Hightower
Hiler
Hillis
Holt
Hopkins
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffries
Jenkins
Johnston
Jones (TN)
Kazen
Kemp
Kildee
Kindness
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leath
LeBoutillier
Lee
Lent
Levitas
Lewis
Loeffler
Long (LA)
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Mavroules
McClory
McCollum
McCurdy
McDade
McDonald
McEwen
McGrath
Mica
Michel
Miller (OH)
Minish
Mitchell (NY)
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Oakar
Oxley
Panetta
Parris
Patman
Patterson
Paul
Pease
Perkins
Petri
Pickle
Porter
Price
Rahall
Railsback
Regula
Rinaldo
Ritter
Roberts (SD)
Robinson
Roemer
Rogers
Rose
Rostenkowski
Roth
Rousselot
Rudd
Russo
Santini
Sawyer
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Skelton
Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snyder
Solomon
Spence
St Germain
Stangeland
Stanton
Staton
Stenholm
Stratton
Stump
Tauke
Tauzin
Taylor
Thomas
Traxler
Vander Jagt
Volkmer
Walker
Wampler
Watkins
Weber (MN)
Weber (OH)
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Wilson
Winn
Wolf
Wortley
Wright
Wylie
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

NAYS—126

Akaka
Aspin
AuCoin
Bailey (PA)
Barnes
Bedell
Beilenson
Bingham
Bolling
Bonior
Brodhead
Brown (CA)
Burton, John
Burton, Phillip
Clay
Collins (IL)
Conable
Conyers
Coughlin
Coyne, James
Coyne, William
Crockett
D'Amours
Danielson
Daschle
Dellums
DeNardis
Derrick
Dixon
Downey
Dunn
Dwyer
Dymally
Edgar
Edwards (AL)
Edwards (CA)
Evans (IA)
Fascell
Fazio
Fenwick
Ferraro
Fish
Foglietta
Ford (MI)
Ford (TN)
Frank
Frenzel
Garcia
Gejdenson
Gephardt
Gilman
Gonzalez
Gradison
Gray
Green
Hawkins
Heftel
Hertel
Hollenbeck
Horton
Howard
Hoyer
Jacobs
Jeffords
Jones (OK)
Kastenmeier
Leach
Lehman
Leland
Livingston
Long (MD)
Lowry (WA)
Luken
Lundine
Marks
Matsui
Mattox
McHugh
McKinney
Mikulski
Miller (CA)
Mineta
Mitchell (MD)
Molinari
Nowak
Oberstar
Obey
Ottinger
Peyser
Pritchard
Pursell
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rodino
Rosenthal
Roukema
Roybal
Sabo
Scheuer
Schneider
Schroeder
Seiberling
Shamansky
Shannon
Smith (IA)
Snowe
Solarz
Stark
Stokes
Studds
Swift
Synar
Udall
Vento
Walgren
Waxman
Weaver
Weiss
Williams (MT)
Wirth
Wolpe
Wyden
Yates

NOT VOTING—28

Addabbo
Beard
Blanchard
Boggs
Chisholm
Coelho
Corcoran
Dingell
Dornan
Evans (GA)
Florio
Goldwater
Hansen (UT)
Holland
Jones (NC)
Kogovsek
Markey
Mazzoli
McCloskey
O'Brien
Pashayan
Pepper
Quillen
Roberts (KS)
Roe
Savage
Trible
Washington

☐ 1245

Mr. WILLIAM J. COYNE and Mr. FRANK changed their votes from "yea" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

MOTION OFFERED BY MR. PHILIP M. CRANE

Mr. PHILIP M. CRANE. Mr. Speaker, I offer a motion.

The Clerk read as follows:

> Mr. PHILIP M. CRANE moves that the House proceed to the immediate consideration of House Resolution 208 pursuant to section 604(g) of the District of Columbia Self-Government and Governmental Reorganization Act (D.C. Code, sec. 1-127(g)).

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. PHILIP M. CRANE).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. DELLUMS. Mr. Speaker, on that I request a recorded vote.

The SPEAKER pro tempore. The gentleman asks for the yeas and nays. All Members wishing the yeas and nays will rise and remain standing until counted.

The Chair will count the House.

One hundred and fifty-seven Members are present; thirty-four having stood, a sufficient number, the yeas and nays are ordered.

POINT OF ORDER

Mr. WALKER. Mr. Speaker, a point of order.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WALKER. Mr. Speaker, the gentleman asked for a recorded vote, I believe, which requires 44 Members.

The SPEAKER pro tempore. The Chair put the question for the yeas and nays. The Chair counted for the yeas and nays, the Chair would inform the gentleman.

The yeas and nays are ordered. Members will cast their vote by electronic device.

The vote was taken by electronic device, and there were—yeas 287, nays 110, not voting 36, as follows:

[Roll No. 229]

YEAS—287

Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Bliley
Boggs
Boland
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Burgener
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Clausen
Clinger
Coats
Coleman
Collins (TX)
Conte
Courter
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Daub
Davis
de la Garza
Derrick
Derwinski
Dickinson
Dicks
Donnelly
Dorgan
Dougherty
Dowdy
Dreier
Duncan
Dunn
Dyson
Early
Eckart
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IN)
Fary
Ferraro
Fiedler
Fields
Findley
Flippo
Foley
Forsythe
Fountain
Fowler
Frost
Fuqua
Gephardt
Gibbons
Gingrich
Ginn
Glickman
Goodling
Gore
Gramm
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Harkin
Hartnett
Hatcher
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holt
Hopkins
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffries
Jenkins
Johnston
Jones (TN)
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leath
LeBoutillier
Lee
Levitas
Lewis
Loeffler
Long (LA)
Lott
Lowery (CA)
Lujan
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Mavroules
McClory
McCollum
McCurdy
McDonald
McEwen
McGrath
Mica
Michel
Miller (OH)
Minish
Mitchell (NY)
Moakley
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Oakar
Oxley
Panetta
Patman
Patterson
Paul
Pease
Perkins
Petri
Pickle
Porter
Rahall
Railsback
Ratchford
Regula
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Rogers
Rose
Rostenkowski
Roth
Rousselot
Rudd
Russo
Santini
Sawyer
Schulze
Schumer
Sensenbrenner
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Skelton
Smith (AL)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Stangeland
Stanton
Staton
Stenholm
Stratton
Stump
Tauke
Tauzin
Taylor
Thomas
Traxler
Vander Jagt
Volkmer
Walgren
Walker

Wampler
Watkins
Weber (MN)
Weber (OH)
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wolf
Wortley
Wright
Wylie
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

NAYS—110

AuCoin
Barnes
Bedell
Beilenson
Bingham
Bolling
Bonior
Brown (CA)
Burton, John
Burton, Phillip
Clay
Coelho
Collins (IL)
Conable
Conyers
Coughlin
Coyne, James
Coyne, William
Danielson
Dellums
DeNardis
Dixon
Downey
Dwyer
Dymally
Edgar
Edwards (AL)
Edwards (CA)
Evans (IA)
Fascell
Fazio
Fenwick
Fish
Fithian
Foglietta
Ford (MI)
Ford (TN)
Frank
Frenzel
Garcia
Gejdenson
Gilman
Gonzalez
Gradison
Gray
Green
Hawkins
Hollenbeck
Horton
Howard
Hoyer
Jacobs
Jeffords
Kastenmeier
Lantos
Leach
Lehman
Leland
Livingston
Long (MD)
Lowry (WA)
Luken
Lundine
Markey
Marks
Matsui
Mattox
McHugh
McKinney
Mikulski
Miller (CA)
Mineta
Mitchell (MD)
Nowak
Oberstar
Obey
Peyser
Price
Pritchard
Pursell
Rangel
Reuss
Rhodes
Rodino
Roe
Rosenthal
Roukema
Roybal
Sabo
Scheuer
Schneider
Schroeder
Seiberling
Shamansky
Shannon
Smith (IA)
Stark
Stokes
Studds
Swift
Synar
Udall
Vento
Waxman
Weaver
Weiss
Wirth
Wolpe
Wyden
Yates

NOT VOTING—36

Addabbo
Beard
Biaggi
Blanchard
Cheney
Chisholm
Corcoran
Crockett
Dannemeyer
Daschle
Deckard
Dingell
Dornan
Florio
Gaydos
Goldwater
Hansen (UT)
Holland
Jones (NC)
Jones (OK)
Lent
Mazzoli
McCloskey
McDade
Moffett
Molinari
O'Brien
Ottinger
Parris
Pashayan
Pepper
Quillen
Richmond
Savage
Trible
Washington

□ 1300

Mr. McHUGH changed his vote from "yea" to "nay."

So the motion was agreed to.

The result of the vote was announced as above recorded.

The resolution reads as follows:

H. Res. 208

Resolved, That the House of Representatives disapproves of the action of the District of Columbia Council described as follows: The District of Columbia Sexual Assault Reform Act of 1981 (D.C. Act 4-69), signed by the Mayor of the District of Columbia on July 21, 1981, and transmitted to the Congress pursuant to section 602(c)(2) of the District of Columbia Self-Government and Governmental Reorganization Act on July 21, 1981.

The **SPEAKER** pro tempore. Pursuant to the provisions of section 604(h) of Public Law 93-198, the gentleman from Illinois (Mr. Philip M. Crane) will be recognized for 5 hours, and the gentleman from California (Mr. Dellums) will be recognized for 5 hours.

□ 1330

Mr. **PHILIP M. CRANE**. Mr. Speaker, I would like to make a unanimous-consent request based upon the succession of votes that we have already had, and the fact that there is pressing other business. I do not mean to minimize the importance or the significance of the issue under discussion, but I think there is a conversancy on the part of the Members of this body as to what the issues are that are involved here, and I think minds are pretty well made up.

Mr. Speaker, I ask unanimous consent that we limit our debate to 1 hour, to be divided equally.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. **DELLUMS**. Mr. Speaker, reserving the right to object, I do so for the purposes of entering into a colloquy with my distinguished colleague from Illinois.

First, I would state to my distinguished colleague that I am shocked the gentleman suggests 1 hour when we just got through talking less than 2 minutes ago that the gentleman would ask for a maximum of 2 hours.

Mr. **PHILIP M. CRANE**. If the gentleman will yield, I will certainly consider 2 hours. I was hopeful that we might be able to do it in 1, but if my distinguished colleague is persuaded that he needs the additional hour, I will even go so far as to yield time out of my 1 hour of that 2-hour period to the gentleman for discussion if he will accept the 2-hour limitation.

Mr. **DELLUMS**. If I may reclaim my time, Mr. Speaker, further reserving the right to object, I would just state to my distinguished colleague and Members of the House that I figure there is no more important business to come before this body than to address the fundamental issues that are embodied in the action that we are about to take.

The second point, Mr. Speaker, is that on rare occasions this body has attempted to limit debate before it, even engaged in the debate. We have no idea, Mr. Speaker, how many people on this floor seek to engage in a significant discussion on this matter.

I would suggest to my colleague from Illinois that his unanimous-consent request at this moment is premature. This is considered to be the greatest deliberative body in the world. We at this point are enunciating democratic principles all over the world, and it would seem to me that to engage in a limited debate on a matter of this magnitude, of this degree of controversy, with this many people interested, would be the height of absurdity.

I would ask my distinguished colleague if he would either do one of two things, and I would yield for his response. I would be prepared to support the gentleman's unanimous-consent request if he asks unanimous consent to limit debate from 10 hours down to 5 hours; or rather than limit debate, maybe he will allow this debate to go forward for a couple of hours. This gentleman will continue to be in communication with the gentleman from Illinois. At the end of a couple of hours we can determine whether or not there is significant interest that would warrant further debate on the floor.

I yield to my colleague.

Mr. **PHILIP M. CRANE**. Well, I know that there is some strong sentiments on both sides of the aisle to get on with the other business, and for that reason, I would still insist on my unanimous-consent request that we can establish a time certain of 2 hours. As I say, I will be happy to give some of my time to the chairman of the District of Columbia Committee.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. **MITCHELL** of Maryland. Mr. Speaker, I object.

The **SPEAKER** pro tempore. Objection is heard.

MOTION OFFERED BY MR. PHILIP M. CRANE

Mr. **PHILIP M. CRANE**. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Philip M. Crane moves to limit debate on the resolution to not more than 2 hours.

Mr. **PHILIP M. CRANE**. Mr. Speaker, I move the previous question on the motion.

The previous question was ordered.

The **SPEAKER** pro tempore. The question is on the motion offered by the gentleman from Illinois (Mr. Philip M. Crane).

The question was taken; and the Speaker pro tempore being in doubt, the Committee divided, and there were—yeas 106; nays 66.

Mr. **DELLUMS**. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER** pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 253, nays 141, not voting 39, as follows:

[Roll No. 230]

YEAS—253

Albosta
Alexander
Andrews
Annunzio
Applegate
Archer
Ashbrook
Atkinson
Badham
Bafalis
Bailey (MO)
Barnard
Benedict
Bennett
Bereuter
Bethune
Biaggi
Bliley
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Butler
Byron
Campbell
Carman

Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coats
Coleman
Collins (TX)
Conable
Conte
Courter
Coyne, James
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Davis
de la Garza
Deckard
DeNardis
Dickinson
Dicks
Dorgan
Dougherty
Dowdy
Dreier
Duncan
Dunn
Dyson
Eckart
Edwards (AL)
Emerson
Emery
English
Erdahl
Erlenborn
Evans (DE)
Evans (IA)
Fary
Fenwick
Fiedler
Fields
Findley
Flippo
Forsythe
Fountain
Frenzel
Fuqua
Gephardt
Gibbons
Ginn
Goodling
Gore
Gramm
Gregg
Grisham
Gunderson
Hagedorn
Hall (OH)
Hamilton
Hance
Hansen (ID)
Hartnett
Hatcher
Heckler
Heftel
Hendon
Hightower
Hiler
Hillis
Holt
Hopkins
Horton
Hubbard
Huckaby
Hunter
Hutto
Hyde
Ireland
Jeffries
Jenkins
Johnston
Jones (TN)
Kemp
Kildee
Kindness
Kramer
LaFalce
Lagomarsino
Latta
Leath
LeBoutillier
Lee
Lent
Lewis
Livingston
Loeffler
Lott
Lowery (CA)
Lujan
Lundine
Lungren
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
McClory
McCollum
McCurdy
McDade
McDonald
McEwen
McGrath
Mica
Miller (OH)
Mitchell (NY)
Molinari
Mollohan
Montgomery
Moorhead
Morrison
Mottl
Murtha
Myers
Napier
Natcher
Nelligan
Nelson
Nichols
Nowak
Oxley
Patman
Patterson
Paul
Perkins
Porter
Price
Pursell
Rahall
Ratchford
Regula
Reuss
Rhodes
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roe
Rogers
Rose
Rostenkowski
Roth
Roukema
Rousselot
Rudd
Russo
Sawyer
Schulze
Sensenbrenner
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Snowe
Snyder
Solomon
Spence
St Germain
Stangeland
Stanton
Staton
Stenholm
Stratton
Stump
Swift
Tauke
Tauzin
Taylor
Thomas
Vander Jagt
Vento
Volkmer
Watkins
Weber (MN)
Weber (OH)
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Winn
Wirth
Wolf
Wortley
Wright
Wylie
Yatron
Young (AK)
Young (MO)
Zablocki
Zeferetti

NAYS—141

Akaka
Anderson
Anthony
AuCoin
Bailey (PA)
Barnes
Bedell
Benjamin
Bevill
Bingham
Boggs
Boland
Bolling
Bonior
Brown (CA)
Burton, John
Burton, Phillip
Clay
Coelho
Collins (IL)
Conyers
Coyne, William
Danielson
Daschle
Dellums
Derrick
Derwinski
Dixon
Donnelly
Downey
Dwyer
Dymally
Early
Edgar
Edwards (CA)
Edwards (OK)
Ertel
Evans (GA)
Evans (IN)
Fascell
Fazio
Ferraro
Fish
Fithian
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Garcia
Gejdenson
Gilman
Gingrich
Glickman
Gonzalez
Gradison
Gray
Green
Guarini
Hall, Sam
Hammerschmidt
Harkin
Hefner
Hertel
Hollenbeck
Howard
Hoyer
Hughes
Jacobs
Jeffords
Jones (OK)
Kastenmeier
Kazen
Kogovsek
Lantos
Leach
Lehman
Levitas
Long (LA)
Long (MD)
Lowry (WA)
Luken
Marks
Matsui
Mattox
Mavroules
McHugh
McKinney
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Moore
Neal
O'Brien
Oakar
Oberstar
Obey
Panetta
Pease
Petri
Peyser
Pickle
Pritchard
Railsback
Rangel
Rodino
Roemer
Rosenthal
Roybal
Sabo
Santini
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shamansky
Shannon
Sharp
Smith (PA)
Solarz
Stark
Stokes
Studds
Synar
Traxler
Udall
Walgren
Walker
Wampler
Weaver
Weiss
Wolpe
Wyden
Yates
Young (FL)

NOT VOTING—39

Addabbo
Aspin
Beard
Beilenson
Blanchard
Brooks
Burgener
Chisholm
Corcoran
Coughlin
Crockett
Dingell
Dornan
Florio
Gaydos
Goldwater
Hall, Ralph
Hansen (UT)
Hawkins
Holland
Jones (NC)
Leland
Markey
Mazzoli
McCloskey
Michel
Mikulski
Murphy
Ottinger
Parris
Pashayan
Pepper
Quillen
Richmond
Savage
Trible
Washington
Waxman
Wilson

☐ 1330

Mr. VENTO changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. PHILIP M. CRANE) will be recognized for 1 hour, and the gentleman from California (Mr. DELLUMS) will be recognized for 1 hour.

The Chair recognizes the gentleman from Illinois (Mr. PHILIP M. CRANE).

PARLIAMENTARY INQUIRY

. Mr. CONYERS. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The Chair will inquire, does the gentleman from Illinois (Mr. PHILIP M. CRANE) yield for a parliamentary inquiry?

Mr. PHILIP M. CRANE. Yes indeed, Mr. Speaker.

Mr. CONYERS. Mr. Speaker, I thank the gentleman for yielding.

May I inquire, Mr. Speaker, was the previous vote not on the previous question?

The SPEAKER pro tempore. No. The Chair will inform the gentleman that the previous vote was on the motion offered by the gentleman from Illinois (Mr. PHILIP M. CRANE).

The Chair recognizes the gentleman from Illinois (Mr. PHILIP M. CRANE).

Mr. PHILIP M. CRANE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, on September 9 of this year my resolution to disapprove the District of Columbia's Sexual Assault Act was introduced in the House. This act, passed by the City Council and sent to Congress in July, will become law in the District unless, under a provision of the Home Rule Act, it is disapproved by the House or Senate prior to October 5.

I urge my colleagues to exercise the authority provided for in that act and join me in voting to disapprove the proposal. On balance, I feel that the act represents a substantial improvement in the District's Criminal Code, and I very much support those provisions which extend legal protections to victims of assault. Unfortunately, though, I think the proposal is laced with provisions which are so onerous as to make the proposal totally unacceptable both to a majority of the residents of the community, and more importantly, a majority of the citizens of the country.

Although the basic proposal stems from years of legal evaluations and public hearings, the final product, most especially those objectionable provisions, was not discussed in public hearings. Many of the civic associations and religious organizations in the District and elsewhere are strongly opposed to the measure, and that includes, among others, such people as Archbishop Hickey of Washington, D.C., the National Association of Evangelicals, and the Baptist Ministers Conference here in Washington, D.C.

I would like to read a letter from Archbishop Hickey to my colleagues at this time. It reads as follows:

> My brothers and sisters in Christ; The Council of the District of Columbia this week enacted legislation intended by its authors to modernize and consolidate the laws of the District regarding sexual assault. The bill broadens the traditional definition of rape to include forms of compulsion other than physical force.
>
> Efforts to combat rape more effectively are commendable. I am pleased, also, that the provisions protecting children and minors from sexual abuse remain in the law.
>
> The new legislation, however, removes civil prohibitions with regard to adultery, fornication and sodomy. By so doing the law withdraws significant support for fundamental values of our Jewish and Christian moral tradition. The fabric of society is weakened when basic values of family life and human sexuality are no longer protected by law.
>
> Adultery, fornication and sodomy are immoral. The withdrawal of civil prohibitions and penalties does not make them morally permissible. They are wrong because of the very nature of human love, sexuality and the family. Our present situation, therefore, makes it even more necessary that the family and the Church community offer guidance and encouragement in the areas of moral judgment and value formation based on the enduring law of God taught to us by the Lord Jesus.
>
> Each of us should take this occasion to renew our own dedication to the teaching and example of Christ and to pray that our

society will uphold those fundamental human values received from God himself. They are for the welfare of our families and of people everywhere.

Asking your prayers for all families and for all who seek to live in Christ Jesus, I am,

Sincerely in Christ,

JAMES A. HICKEY,
Archbishop of Washington.

Mr. Speaker, none of us is interested in interfering in the private lives of citizens or in mandating moral values. However, there are certain objective standards of ethical conduct which we as legislators should not permit to be vitiated. Portions of the D.C. proposal do precisely that. The three most objectionable aspects of the proposal do the following:

First, they reduce the maximum penalty for forcible rape from a possible life term to no more than 20 years. For violent, especially recidivist acts of this nature, this penalty is grossly insufficient, particularly when the perpetrator is further benefited by lenient judges unwilling to levy the maximum penalty or the parole process which puts him on the street after serving only a fraction of his sentence.

☐ 1345

Section 13 of the proposed act removes completely the proscriptions against, and as a result the penalties for, the seduction of children as young as 16 years of age. The same section of the bill decriminalizes sodomous homosexual activity.

As indicated earlier, I am not attempting to stipulate moral values, but there are certain types of behavior, such as those listed above, which are fundamentally, ethically, and morally wrong. We would be remiss in fulfilling our responsibilities as legislators if we were to acquiesce in the legitimization of conduct which we, and more importantly our constituents, find unacceptable.

Neither the Founding Fathers when they made provisions for the District in the Constitution, nor the Congress when it permitted home rule, had any intention of establishing an independent competitive or even autonomous governmental entity here in Washington.

Let me read for the benefit of those who have not reviewed it recently, article 1, section 8 of the Constitution. It states:

> The Congress shall have power * * * To exercise exclusive Legislation in all cases whatsoever, over such district * * * as may, * * * become the Seat of the Government of the United States, * * *.

In the Self-Government Act of 1973 there is a "reservation of Congressional authority" provision. Section 601 states:

> Notwithstanding any other provision of this Act, the Congress of the United States reserves the right, at any time, to exercise its Constitutional authority as legislature for the District, by enacting legislation for the District on any subject, whether within or without the scope of legislative power granted to the Council by this Act, including legislation to amend or repeal any law in force in the District prior to or after enactment of this Act and any act passed by the Council.

Lest anyone in this body think that this Congress has not exercised that authority, we have, even with regard to such things as prohibiting meters in District of Columbia cabs, and most recently, in fact last week the House blocked a D.C. plan to hire new police officers and firemen by lottery. Last week the House also blocked a D.C. plan for a citywide gambling lottery. Last week the House blocked a D.C. plan for hauling sludge to Pennsylvania.

This Congress, in section 601 of the Home Rule Act providing for this oversight and involvement on the part of the National Congress as far as the District of Columbia is concerned, I think demonstrated an appropriate kind of foresight. The District is the seat of the Federal Government. It belongs to all of our citizens every bit as much as it does to its residents. To the extent that the tax dollars from our constituents are expended to maintain the Federal City, then we have a continued stake in what happens here.

The House should vote to return the measure to the City Council for a thorough reworking and a full public discussion of the final product. When the measure returns to the House I will be happy to write my colleagues urging its approval. In the meantime, I would urge they join me in voting in favor of my resolution of disapproval which will send this D.C. act back to the City Council for reconsideration.

Mr. STUDDS. Mr. Speaker, will the gentleman yield?

Mr. PHILIP M. CRANE. I yield to the gentleman from Massachusetts (Mr. STUDDS).

Mr. STUDDS. I thank my colleague for yielding. Did I understand the gentleman to cite a letter from Bishop Hickey, the Roman Catholic Bishop of Washington?

Mr. PHILIP M. CRANE. I did indeed, an open letter which appeared in the Catholic Standard.

Mr. STUDDS. I would assume in so doing that the gentleman is citing Bishop Hickey as a knowledgeable source on this kind of a question which involves values and morals, and I would assume, therefore, that the gentleman also agrees with Bishop Hickey, who testified before the Foreign Affairs Committee of this House, with respect to the immorality of the U.S. position in El Salvador. He was speaking in behalf of the Conference of Catholic Bishops.

Mr. PHILIP M. CRANE. I would say to the gentleman that Archbishop Hickey's comments that I read address a specific issue. I am not conversant with all of Archbishop Hickey's stands on other issues, although I can tell the gentleman safely that I know that he would not be defined as one of PHILIP M. CRANE's political philosophy. As a result, I think he is an independent witness and an objective witness on a subject where we do happen to share some common ground.

Mr. Speaker, I reserve the balance of my time.

CALL OF THE HOUSE

Mr. CONYERS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

A call was taken by electronic device, and the following Members responded to their names:

[Roll No. 231]

Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Ashbrook
Atkinson
AuCoin
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Bedell
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Bliley
Boggs
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Burgener
Burton, Phillip
Butler
Byron
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Clinger
Coats
Coelho
Coleman
Collins (TX)
Conable
Conte
Conyers
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crane, Philip
Daniel, R. W.
Danielson
Dannemeyer
Daub
Davis
de la Garza
Deckard
Dellums
Derrick
Derwinski
Dickinson
Dicks
Dixon
Dorgan
Dowdy
Downey
Dreier
Duncan
Dunn
Dwyer
Dymally
Dyson
Eckart
Edgar
Edwards (AL)
Edwards (OK)
Emerson
Emery
English
Erdahl
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Fithian
Flippo
Foglietta
Foley
Ford (MI)
Ford (TN)
Fountain
Fowler
Frenzel
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hansen (ID)
Harkin
Hartnett
Hatcher
Hawkins
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holt
Hopkins
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Johnston
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Madigan
Marks
Marriott
Martin (IL)
Martin (NY)
Mattox
Mavroules
McClory
McCollum
McCurdy

McDade
McDonald
McEwen
McGrath
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Moffett
Molinari
Mollohan
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
O'Brien
Oakar
Oberstar
Obey
Oxley
Panetta
Patman
Patterson
Paul
Pease
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Robinson
Roe
Roemer
Rogers
Rose
Rosenthal
Rostenkowski
Roth
Roukema
Rousselot
Roybal
Rudd
Russo
Sabo
Sawyer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shelby
Shumway
Shuster
Siljander
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snowe
Snyder
Solomon
Spence
St Germain
Stangeland
Staton
Stenholm
Stokes
Stratton
Studds
Stump
Swift
Synar
Tauke
Tauzin
Taylor
Thomas
Traxler
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (OH)
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (FL)
Young (MO)
Zablocki
Zeferetti

☐ 1400

The SPEAKER pro tempore. On this rollcall, 352 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with.

DISAPPROVING ACTION OF DISTRICT OF COLUMBIA COUNCIL IN APPROVING THE DISTRICT OF COLUMBIA SEXUAL ASSAULT REFORM ACT OF 1981

The SPEAKER pro tempore. The Chair recognizes the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to focus the debate on the issues before us.

The distinguished gentleman from Illinois (Mr. PHILIP M. CRANE) has brought before this body House Resolution 208, a resolution to disapprove a specific action of the Council of the District of Columbia, the District of Columbia Sexual Assault Act of 1981, District of Columbia Act 4-69.

The question before us at this point is: How do we now proceed in our consideration of this resolution?

My colleague, the gentleman from Illinois, argues that the Constitution gives us the responsibility to review any act passed by the Council of the District of Columbia to which we take objection. That is embodied in the Home Rule Act of 1973. We have the specific right to reserve unto ourselves the review of all laws enacted by the District of Columbia Government and under certain provisions our colleagues can bring a resolution of disapproval, have it referred to the District of Columbia Committee and then, based upon the committee's action, have it come before the full body of the House of Representatives.

Now, the question is, how do we as a body proceed?

It seems to me, Mr. Speaker, there are two directions in which we can go. Direction No. 1 is to repeat the process by which the City Council arrived at its action.

In 1974, the U.S. Congress brought to reality the Law Revision Commission. In 1977, the Law Revision Commission made recommendations to the City Council with respect to modernizing and reforming the Criminal Code. In 1980 and 1981, the City Council of the District of Columbia held extensive hearings. Those hearings were the basis upon which the City Council acted.

Now, I have here, Mr. Speaker, the list of the witnesses that were brought before the City Council in hearings over a 2-year period. In this first page, without reading the names, there are 15 witnesses listed; on the second page, 6 witnesses; on the third page, 12 witnesses; on the fourth page, 11 witnesses; on the fifth page, 14 witnesses; on the final page, 12 witnesses.

Now, if we are going to proceed with the first potential alternative, and that is to repeat the action of the City Council, we would indeed in all good faith have to hold a series of hearings throughout this entire city, in every neighborhood area, and come up with a list of 50- or 60-plus people who would have the opportunity to testify. We could go through the act word by word, line by line, sentence by sentence, and evaluate the law enacted by the City Council. But I would suggest that we are not a court of competent jurisdiction, unless we are prepared to at least replicate and/or go beyond what the City Council did in arriving at its decision to enact District of Columbia Public Law 4-69, a bill to reform the Criminal Code in the specific area of sexual assault.

But we as a body chose in 1973 to not replicate the City Council. We in our wisdom decided that there were too often competing interests in the District of Columbia: the Federal interest, and that is all of America's interest in the Capital of the United States, and the local interest, the 600,000 or 700,000 human beings who live in Washington, D.C., who have the right to the franchise, as any other citizen in the United States.

We in our wisdom decided that we did not want the District of Columbia to be a colony of the United States.

☐ 1415

In fact, there are many organizations that perceive the District of Columbia as the last colony of the United States, and my colleagues in their collective wisdom suggested that we must do away with that, give the District of Columbia the franchise, and we did.

And so it would seem to me that to attempt to replicate the business of the City Council is an absurdity. Eight years ago we decided that we had more important things to do than to act as the City Council of the District of Columbia. We had foreign policy calculations to absorb and consider. We had defense policy calculations to absorb and consider. We had enormous domestic issues affecting over 200 million Americans that we should be engaging in and placing our intellectual, spiritual, moral, and political energies into that business, and we said, let us free ourselves of the business of being the City Council and we enacted in 1973 the Home Rule Act. The residents of the District of Columbia duly elected a mayor and city council to do the business, to express the will of the people in this District. So they engaged in this process, and, as a result, unanimously, not majority, unanimously enacted this law, 13 to 0.

So, if we decide or if we are consistent with our efforts in home rule, we must now strike this first proceeding, and that is to replicate, repeat, engage in redundant activities with respect to what the District of Columbia did in arriving at the enactment of this law.

What is the second mechanism? The second mechanism is to think through what was the spirit and the intent of Congress when it enacted the law in 1973. We said we chose not to be the city council. We stepped back from that, but my colleagues on this side of the aisle who support this resolution are correct, my colleagues did write into the law an opportunity to review. That is not the question here.

The question is: What criteria shall we use in the process of review that is consistent with the Home Rule Act and is consistent with our desire for justice and our desire to embrace high ideals of democracy, democratic principles, and democratic procedures?

That then leads us to how the District of Columbia Committee arrived at the criteria it established in trying to determine whether we shall or shall not vote on a resolution of disapproval.

We decided that it was not within our jurisdiction, in terms of the spirit of the Home Rule Act, or our competency to look at the specific legislation. We came up with different criteria. We said, No. 1, does the act of the city council violate the Home Rule Act? That seems to me quite reasonable and quite intelligent and one can arrive at an objective assessment of that question.

Irrespective of political views, ideological perspective or value orientation, the question is: Did they violate the Home Rule Act?

A reasonably intelligent human being can take the Home Rule Act in one hand and the act of law of the city council in the other and arrive at some conclusion with respect to that.

No one here argues that they have exceeded their authority or indeed violated any section, any line, any sentence, of the Home Rule Act.

Our second criteria was, have the council violated the Constitution of the United States? No one here is competently asserting with a straight face, Mr. Speaker, that this act in any way challenges constitutional prerogatives or constitutional rights of any American citizen.

The third criteria, does the act of the council in any way raise a Federal issue or obstruct the Federal interest? And what is the Federal interest? Does it obstruct the capacity of the U.S. Congress to represent 200-plus million Americans as it carries out its responsibility? Has the city council engaged in an act that thwarts our capacity to do this? The answer to that is "no."

So, I am suggesting, Mr. Speaker, and Members of this body, it is a serious matter before us. It is not frivolous. I feel quite pained that we are here in a limited debate on a matter that strikes at the very fundamental processes of our way of life. This is not a frivolous matter.

A few of my colleagues came in on this last rollcall angry because someone called a quorum call that would ask them to come down from the House dining room to this body and at least participate in the debate to disenfranchise 600,000 human beings, and the response was, What are you people doing? You are making us angry, we are going to vote against everything, and the point is we are prepared to harm people, but we do not want to do the work and be participants in the lynching.

If we are going to harm people at least integrity ought to dictate that we come here and do it in the full light of day and stop posturing politically for other purposes. This is a serious matter here and I would suggest that we are not competent to repeat the business of the City Council. This is not an appropriate vehicle.

I chose not to engage in a dialog on the specific legislation because I think it is inappropriately before us. However, I do think, given the law, that we have a responsibility to review it. In our wisdom as members of the District of Columbia Committee, and as Members of the House, many of us have come to the conclusion that we have to have objective criteria to be used in our review that falls within the framework, the spirit and intent of the Home Rule Act.

Now some of my colleagues are saying this matter has achieved a level of significant controversy. The Moral Majority is interested in this issue. The Reverend Falwell is interested in this issue. Bishops are interested in this issue. But somewhere in the third or fourth grade I learned there is a separation of church and state here, that is, some way we ought to be engaging in dealing with matters that are our responsibility within the framework of democratic processes. And irrespective of this controversy, we ought to have the integrity to stay within the guidelines of procedures that can move us through this morass without imposing our personal religious views and without challenging a body and destroying the process simply because we disagree.

There are a number of the Members on this side of the aisle with whom I have nothing in common politically, but I would stand with them and fight violently against any effort that would deny us the right to at least express our will.

Every one of these Members has a city council that could enact this very same law, but those same Members cannot apply that to the Government in Washington, D.C. Their response is, but this is the Capital.

And my response is, in 1973 the Congress understood and identified the duality of interests here and we attempted in our wisdom with an extra amount of compromises to make this dichotomy as clear as we could within that really conservative atmosphere that we enacted the Home Rule Act in 1973.

So, Mr. Speaker, this is an inappropriate matter to bring before the Congress of the United States. Unless we are dealing with this within the spirit of the Home Rule Act, but many of our colleagues are saying, "But, RON, I just do not buy the specific provisions." My progressive political posture would have dictated that I vote against the gambling ordinance in the District of Columbia, as I said earlier in the debate, but I did not impose my personal will because I am more concerned about giving life to the democratic process. That is all we have, without that we are cannibals. Without a civilized set of processes, we will cannibalize each other. We are just an unruly mob of people who can willy-nilly move on anyone irrespective of their ideas, and I am not sure that is what we are about here.

I would say to the maker of this motion, if the gentleman is serious, then why does he not offer a sexual reform act for the entire Nation and then let us engage in debate on that question.

That would at least be more honest than saying we can have home rule part of the time, but when I do not agree with it or it is inconvenient, we cannot have home rule.

People cannot live between freedom and servitude. Freedom is an absolute principle. It seems to me that in this country, where we are now saying this is the great bastion of democracy, how can we in the Capitol of the United States thwart people's rights because we are prepared to dance on the whims of political expediency, and we all know there is enormous pressure.

A number of my colleagues do not even know what the issue is here, but some kind of way they say rights are involved. The moral majority is involved, maybe I had better dance. But my colleagues, we are dancing on our own freedoms because maybe tomorrow the challenge will be to our rights and who will stand for us.

Mr. Speaker, I reserve the balance of my time.

Mr. PHILIP M. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia (Mr. BLILEY).

Mr. BLILEY. Mr. Speaker, the act which the District Council adopted contains some good provisions, including the broadening of the definition of rape to include homosexual attacks, the retention of the age of consent at 16 years instead of lowering it to 12 years as originally introduced, and the recognition that a sexual assault may take place between a married couple who are separated and not living together. These provisions reflect the world as it exists today and are in accord with our traditional beliefs and moral principles.

I must point out, however, that this act does more than redress certain outdated sections of law. District of Columbia Act 4-69 reduces the maximum penalty for forcible rape from life in prison to 20 years. As we all know, the current rules on parole and time off will allow a person sentenced to 20 years to get out and back on the streets in only a few years and in this instance 20 years is the maximum sentence, not the mandatory or usual sentence. The trauma and suffering that can be caused by rape as well as the psychological damage to the victim is a terrible thing and can last a lifetime and keep the victim from enjoying a normal life. This act doubles the penalty for a homosexual assault, which at least begins to acknowledge the seriousness of this form of rape, but it cuts the penalty for heterosexual rape drastically—no matter how heinous the attack or how brutal the damage to the victim. In a time when women's rights are so prominently discussed and advocated I find it difficult to understand the attempt to lessen the penalty for the forcible denial of a woman's most basic right, which is the protection of her own body.

District of Columbia Act 4-69 would decriminalize, and thus legitimize, almost any sexual act or practice between two, or more people as long as they all agreed to it. The law in such matters cannot be neutral. This act, by specifically legalizing unusual sexual practices, would condone them. The moral and ethical traditions of this Nation do not condone acts such as sodomy and adultery and I do not believe that the people of America believe that they are acceptable and should be allowed by law in the Nation's Capital.

District of Columbia Act 4-69 contains provisions which are good and are needed, but it also contains provisions which are not only bad—they are wrong.

You have heard, and I am certain that you will continue to hear, many well meaning people say that they do not like all of the provisions of this act either, but that it is not our job to overturn a legally adopted law in the District of Columbia. I must point out that the District is a unique jurisdiction in American Government. The District of Columbia is the Nation's Capital and was set up solely for that purpose by the Congress. This fact is stated in the Constitution and final legislative authority is explicitly reserved to the Congress. The Founding Fathers clearly stated their desire for the Nation's Capital to be a special place and for the final authority over it to rest with the people of the Nation through their elected representatives.

We, as Members of Congress, cannot and must not deny our constitutional responsibilities. We are required to uphold the Constitution by our oath of office and I will not abrogate that oath and that responsibility and allow the enactment of a law which I know to be wrong in the Nation's Capital.

I will close my statement by saying that I support House Resolution 208 and urge my colleagues to do likewise so that the District can revise District of Columbia Act 4-69 to more closely conform to recognized moral standards and traditions.

☐ 1430

Mr. DELLUMS. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, I rise in support of a piece of legislation that reflects the will of the people, the will of the people of the District of Columbia.

Before addressing any substantive parts of the legislation, I just want to share a couple minutes with you in terms of my thinking about this House and my experience in this House. I have served here now almost 12 years. I have seen this House rise to glorious heights of statesmanship on occasion, and I have seen it sink to very low levels on occasion.

I think the House worries me the most when it is stampeded. I honestly believe that what we see here today is a stampede, a stampede. Why, I do not know. It might be out of political fear, fear of the far right, fear of the Moral Majority, but I think we do a disservice to this body and ourselves personally when we unthinkingly are stampeded into action.

The best illustration that I can give of the House being stampeded was in a statement made earier today when we were debating this issue. A Member of this House stood before us and went into a long discussion about crime, how crime would be increased and he was so angry about crime. Well, everyone is angry about crime.

In my former residence, my home in Baltimore was broken into twice. I was burglarized.

My brother's father-in-law, an 80-year-old man, was set upon by three young thugs in Baltimore and he fought his way out and kept his money. They beat him, but he fought.

My brother, Clarence, who some of you know served very long as a lobbyist for the NAACP was on his steps in his home, going up his front steps when some thugs grabbed him and tried to rob him. He resisted. He was shot in his hand.

I have had personal experience with crime and other Members of this House have. No one likes crime; but I suggest in the stampede that we are confronting here today, we get a Member making a statement that somehow or another this piece of legislation will increase crime in the District of Columbia. It was a good Member who made that statement, but he was caught up in a stampede and he made a very unthinking and illogical statement.

All that I have heard as I have moved around the floor from those who oppose the will of the District of Columbia City Council is the matter of giving legitimacy to homosexuality. I am not at all sure that the bill does that; but let me ask you just to think on the great artists, the great writers, the actors, the historians, who on their own volition chose that way of life. I do not think we know enough about human behavior. I do not think we know enough about the sociopsychological dynamics of sex that we can make that one issue the issue on which we would want to oppose this bill. I do not think we know enough to do that.

The Kinsey report of some years ago, and a more recent study about unusual sex practices between husbands and wives, reveal startling information. The point is that we do not know. If that is the center of opposition, and it is the wrong center of opposition because the bill does not do this at all, then I think that is unthinking behavior on the part of a Member or Members of this House who are being stampeded into action.

In Maryland we have a State song, "Maryland, My Maryland." A part of that State song goes, "The despot's heel is on thy shore, Maryland, my Maryland."

I say to you today, my colleagues, if we take action against the will of the District of Columbia, as represented by its City Council, we are acting in a despotic manner. There is no if or but about it. There is no other way around it. We are doing exactly what my colleague, the gentleman from California said. We are saying to a group of people, "You are free to run your own government, but you must run it the way we want to run it. You must run it in absolute conformity to every demand of the Congress."

How can we agree to do that, we who are up in arms about the Soviets threatening other nations, we who are concerned about the Soviet presence in other nations, how can we condemn that kind of despotic behavior and at the same time, as the highest legislative body in this Nation, act in a despotic manner? I do not think we can.

I would respectfully suggest to the Members that this debate was necessary. People were up late last night. Their nerves are on edge today. The subject is sensitive and controversial, the areas that we deal with in this reform bill; but I am so glad we have taken the time to debate. I think during the course of this debate we will get rid of the stampede mentality that was demonstrated three times today and that we will have another opportunity for the House to forget all about the political security of its individual Members. That is what I think is the motivation for far too many Members, to forget about that, and to once again rise to the height of statesmanship that I believe this body is capable. I have seen it happen time and time again.

It is not easy. It is not easy. It would be the easiest thing in the world for me to say yes, I am with my colleague, the gentleman from Illinois (Mr. PHILIP M. CRANE). It would be the easiest thing in the world for me to follow a path of political expediency, but that is not why we are here. We are here for two reasons; one, to reflect the will of the people and the other to give some leadership to the people.

I would hope that the action proposed by my friend, the gentleman from Illinois (Mr. PHILIP M. CRANE) will be defeated. I would hope that after we have taken some time just to stop and think that we would reverse these earlier votes that took place.

I am not an expert in this area. I leave that to the members of the D.C. Committee and others who are interested. I am an expert in one thing. I am an expert in sensing when a legislative body acts in a fashion motivated by the highest principles of democracy and when it does not.

So it is up to this body. I am not going to tell anyone how to vote. It is up to each Member to make that decision.

I yield back the balance of my time.

Mr. PHILIP M. CRANE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in response to some of the commentary that we have heard, I would remind my colleagues that we have responsibilities in this body that we cannot abdicate under our Constitution. If one wants to talk in terms of an unlimited and unrestrained home rule in D.C., that cannot even be done statutorily. It would require an amendment to our Constitution, the repeal of article I, section 8.

I think in supporting my resolution that the Members of this body are exercising an appropriate and responsible authority.

Mr. Speaker, I yield such time as he may consume to my colleague, the gentleman from Michigan (Mr. SILJANDER).

● Mr. SILJANDER. Mr. Speaker, I am opposed to the District of Columbia Sex Act and will vote against it when it comes to the floor for a vote. It is time to call a halt to the use of Washington, D.C., as a "sandbox" for social experimentation. Our city is a window to the Nation and should be a healthy example of American life. It would be a national embarrassment to have the laws of Washington legitimize sexual practices that run counter to the long standing national consensus on these issues.

Furthermore, the Constitution is quite clear on this matter. That document gives Congress the authority to monitor and approve or disapprove laws passed by the District of Columbia City Council. A responsibility comes with that authority. We have a responsibility to see that legislation is passed that sets the proper moral tone for our National's Capital, a tone that reflects the moral foundation on which our country was built. This bill is a clear violation of that foundation.

Today, we have an opportunity to improve this city. I intend to do so by voting against the District of Columbia Act.●

Mr. DELLUMS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, just briefly I would like to suggest to the previous speaker——

Mr. CONYERS. Mr. Speaker, I make a point of order that a quorum is not present in the Chamber of the House of Representatives.

The SPEAKER pro tempore. The Chair will state that pursuant to clause 6(e) of rule XV, the Chair cannot entertain a point of order of no quorum at this time.

PARLIAMENTARY INQUIRY

Mr. CONYERS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CONYERS. Mr. Speaker, does not the Speaker have it in his power and his discretion to call a quorum when a point of order is put to the Chair?

The SPEAKER pro tempore. The Chair will inform the gentleman that the Speaker does not have that unilateral authority; however, the Chair may recognize a Member of the House to move a call of the House at his discretion.

Mr. CONYERS. Mr. Speaker, I move a call of the House.

The SPEAKER pro tempore. Without objection, a call of the House is ordered.

Mr. PHILIP M. CRANE. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

The question is on the motion offered by the gentleman from Michigan for a call of the House.

The question was taken; and the Speaker pro tempore being in doubt, the House divided, and there were—yeas 6, nays 10.

Mr. CONYERS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

□1445

The SPEAKER pro tempore. The Chair will state this motion does not require a quorum. Therefore, a point of order is not in order on this motion.

Mr. DELLUMS. Mr. Speaker, I yield the gentleman from Connecticut (Mr. McKINNEY) such time as he may consume.

Mr. DELLUMS. Mr. Speaker, I would ask my distinguished colleague from Connecticut if he would yield to the gentleman from California.

Mr. McKINNEY. I yield to the chairman.

Mr. DELLUMS. I thank my colleague for yielding.

I would simply like to make a couple of statements directed at the gentleman from Michigan (Mr. SILJANDER), the previous speaker in the well.

I would simply say to my distinguished colleague, No. 1, I listened very carefully to the statement the gentleman made. We are not asserting that we do not have the authority. That would be absurd. The authority is clearly drawn in the act itself. The responsibility is something that we are not questioning because the responsibility flows from the authority.

The question that we are to be looking at is the gentleman's final point, the judgmental issue, and what this gentleman has, as diligently as he can, tried to say is that we understand that we have (a) the authority; (b) the responsibility, and based on that we must make a judgment.

What we are trying to say is what shall be the criteria that will determine that judgment. That is what is being discussed here, and that is where the three points of the gentleman from California come in.

Finally, I would say to my colleague that I am sure that the gentleman made the statement unwittingly, but the gentleman referred to a sandbox. Children live in a sandbox. This is a community of human beings, many of them are not children, and this gentleman would take objection to referring to the residents of the District of Columbia as living in a sandbox.

I would be very pleased if the gentleman from Connecticut would yield further so the gentleman could make a brief response, because I certainly wish the gentleman would strike that comment.

Mr. McKINNEY. I would yield to the gentleman from Michigan (Mr. SILJANDER) for a brief reply.

Mr. SILJANDER. Mr. Speaker, I will be brief in reply to the gentleman from California.

Please understand, my reference to a social sandbox, a social engineering sandbox, dealt with the issue that so many of these issues affect the young people. In no way was I interpreting or trying to suggest that all the adults in Washington, D.C., are, in fact, children. I am simply suggesting that the social engineers are using the District of Columbia too often. This is just one more case of using the children.

If the gentleman listened to my comments, I reiterated the word "children" many times, literally using children as a social engineering sandbox. I do not appreciate it. I think all of us should be concerned with the young people, not just the adults, as well.

Mr. McKINNEY. If the two gentlemen would not mind, I will take back my time.

I think the chairman and the eloquent gentleman from Baltimore have probably said it all. But I suppose that I would be remiss in the 11 years of work I have put into this committee if I did not cover some of the points that have been brought up over, and over, and over again.

First, I think we ought to talk about the subject of basic human morality, not as it comes to the bedroom, which is the business of man and God, or man and church, or man and wife, but morality toward our fellow human beings.

When I came to this Congress, I considered that there was a part of our governmental structure which was an anachronism which was way past its time and which, in frankness, was an obscenity to the very idea of democracy. And that was the fact that the District of Columbia, which our forefathers, when they wrote the Constitution had never foreseen as becoming such a tremendous city, was disenfranchising 800,000-odd people from the right to determine how they were taxed or how they were governed.

It was made exceptionally the more heinous to me because we were in the midst of Vietnam, and this city had the highest percentage of men in its population fighting in Vietnam of any city in the United States of America except for Detroit. Yet not one person living here or sending their son to war or paying the taxes for that war, one of the greatest mistakes in this Nation's history, could have a word to say in either one of these Houses.

I committed myself, and I went to the minority leader and begged him to put me on the District of Columbia Committee—which is a rarity in this House of Representatives—so that I could help to abolish it. After he had picked himself up off the floor, he said he would be delighted to have a volunteer rather than following the age-old, wrist-breaking techniques of getting people to join the committee.

I dedicated myself to the idea that we were going to give the people of the District of Columbia what our forefathers said they would give every other American—the right to have their lives run by the people they elect to represent them; the right to have some judgment as to how their tax dollars were spent.

In 1974 this House saw fit to let them have a modicum of home rule. We, in effect, said that, yes, we have the responsibility under the Constitution; yes, we have the responsibility to protect the national interest, and the three points that we consider have been repeated over, and over, and over again today. But, we said, in fact, times have changed, and we see a moral duty—and I remember listening to the speeches—of letting the people of this city control their lives within the parameters of not affecting the Federal institution or violating the Constitution.

I remember day after day, with the gentleman who, unfortunately, has left this body, Brock Adams, sitting in the back of the room and saying:

> Well, we are going to have to give the suburbanites the guarantee that there won't be a nonresident income tax.

We did it.

> We are going to have to give some of the people on Judiciary who worry about the idea that we will keep the courts.

We did it. We are going to have to do this, and we did it. And they are going to get a little nervous about oversight, so we will do something that we cannot do in any other committee of the U.S. Congress: We will allow one Member to discharge by motion and a majority is all he will need, whereas in any other committee in this Congress you have to—and I have tried to do it—bring 218 people to this desk in person during the working hours of the House of Representatives to sign a petition.

We did all of that to satisfy those who were frightened, to follow through on the moral commitment that we would let the people of this city govern themselves.

They have chosen to pass a law. The mere fact that it mentions sex seems to drive people up one end of the wall and down the other. I find myself consistently amazed, standing here watching the people vote from various States, where their State representatives, the representatives of the people of that sovereign State, in 25 cases passed legislation exactly like this. Woe unto you if you should sin in Washington or Virginia; just drive over the border into Maryland. Or if you want a particular different sin, try New York or New Jersey.

The issue is legislators of sovereign people representing those people, at which point they would not be there if they had not said, "This is what we want for our people."

How can we go back on our moral commitment of the early seventies and say "No." We did it only once in the Chanceries case. That was a matter of pure Federal interest, even though some disagreed on that. We did not feel that the City Council could tell the State Department where a chancery could go. A fine line, but a Federal interest, obviously.

Now we are talking about an issue that is totally involved with the private lives of the people of this city.

In this city, 94 organizations have signed on to back this bill. They run the gamut from the National Conservative Political Action Committee, sometimes referrred to as NCPAC, to the National Coalition Against Sexual Assault, the League of Women Voters, the District of Columbia Commission on Human Rights, the Central Labor Council, the American Federation of Government Employees, Self-Determination For District of Columbia, Americans for Democratic Action, National Capital Union Presbytery, the Downtown Cluster of Congregations, 12 churches, and so forth.

These are not churches who are endorsing sex. They are not endorsing homosexuality. They are not endorsing deviant behavior. They are endorsing the right of the majority of the people of the District of Columbia to judge and rule and govern themselves.

Several of my colleagues on this floor have said, "Well, we have a responsibility, we have a right to veto legislation, we have a right to say what we feel." I agree. And we have a right to say it and do it here. But I think that under the moral commitment that we make, it would be more proper if this expression of deep concern for the morality of the people of this city had been done in any of the extensive public hearings in your neighborhood or mine. Or if one lived in the suburbs, one could have gone at night down to the City Council Chamber and testified, as a U.S. Congressman, as to your concern about the image of the Capital and not wanting this to happen.

They would have listened. One does not have to be a voter to appear in front of the City Council. I have appeared in front of the Council because that is where I should appear if I am going to try to interfere with the process, the governing process in the District of Columbia.

I think it was said very well by an editorial in the Washington Post:

> Now comes Rev. Jerry Falwell and the Moral Majority to ask Congress to veto a new District law on sexual activities because it is, Mr. Falwell says, "perverted." He anticipates that some objection might be made to his request for Congress to intervene in local affairs, and he said that home rule does not include the right to legalize decadence. Mr. Falwell is being joined by some local supporters, including the Baptist Ministers' Conference.
>
> The merits of the legislation that Reverend Falwell opposes need not be argued—again—here. It is enough to say that local attention to the bill resulted in trimming certain sections from it, notably. . . .

And it goes on and on and on, and it turns out to say:

> Mr. Falwell's views would have been appreciatred before the City Council. There are local residents who agree with him. Asking Congress to undo what locally elected officials have decided is best for the city, however, is to wreck the delicate balance of home rule.

Mr. Speaker, I ask unanimous consent to enter into the RECORD, with these remarks, the section-by-section analysis of the bill, the listing of organizations supporting this legislation, plus the editorial that I just quoted from.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The material referred to follows:

SECTION-BY-SECTION ANALYSIS

Section 1 indicates that the short title of this act is the "District of Columbia Sexual Assault Reform Act of 1981".

Section 2 lists the definitions to be used in the act.

Section 3 defines sexual assault in the first degree, the most serious of the sexual-assault offenses. It is a crime punishable by imprisonment of up to twenty years.

Section 4 sets out the offense of sexual assault in the second degree, a crime punishable by ten years of imprisonment.

Section 5 sets out the crime of unlawful sexual acts with a younger child. The penalty is up to twenty years paralleling the first degree sexual assault penalty. This section aims to protect the very young child from sexual abuse, while allowing for some sexual experimentation between persons very close in age. The age of the perpetrator could not be more than two years older before a sexual act with a child below twelve would trigger the provisions of this act.

Section 6 defines and sets out the penalty for unlawful sexual acts with an older child. An older child is defined as being between twelve and fifteen years of age. A person who engages in a sexual act with a child between the ages of twelve and fifteen who is at least four years older is subject to the ten year penalty, if found guilty.

Section 7 defines unlawful sexual act with a Ward and carries a five-year penalty. This provision would penalize a person who has a position of responsibility for, or a family or guardianship relationship to a child who uses that position as leverage to have sex with a minor under the age of eighteen.

Section 8 sets out the definition and punishment for Unlawful Sexual Acts with an inmate or patient and would establish a penalty of up to five years for the offense.

Section 9 sets out Sexual Contact in the First Degree and establishes the penalty at three years. Sexual contact is defined as compelling a person to participate in or submit to a sexual contact, which is specifically defined according to the bodily parts that are touched.

Section 10 sets out Sexual Contact in the second degree and establishes the penalty at one year or $1,000.00 or both for this offense.

Section 11 provides that the court may give an added penalty of up to one and one half times the maximum penalty if the perpetrator is a parent, grandparent, aunt or uncle of the victim.

Section 12 provides that no child under age 18 may be prosecuted as an adult for any crime included in this act, except for sexual assault in the first degree.

Section 13 is the repealer section. The following sections would be repealed: forcible rape and carnal knowledge; false charges of unchastity; seduction and seduction by a teacher; adultery; incest; indecent acts with children, except for section (b) relating to enticing or luring children to a place to take indecent liberties; and fornication.

Section 14 is the amendatory provision. Generally, current statutes that use the words rape or carnal knowledge would be amended to conform to the new language of the act.

ORGANIZATIONS EXPRESSING WRITTEN SUPPORT FOR DISTRICT OF COLUMBIA ACT 4-69, SEXUAL ASSAULT REFORM ACT OF 1981

D.C. League of Women Voters.
National Women's Political Caucus.
Women's Equity Action League.
Jewish Community Council.
American Civil Liberties Union.
D.C. Commission for Women.
Rape Crisis Center.
National Coalition Against Sexual Assault.
Child Advocacy Center.
Womens Legal Defense Fund.
District of Columbia Chief of Police.
Children's Hospital Child Protection Center.
D.C. Health Coalition.
Libertarian Party.
D.C. Commission on Human Rights.
Greater Washington Central Labor Council—AFL-CIO.
Downtown Cluster of Congregations (12 churches).
National Institute for Women of Color.
Council 26/AFSCME.
American Federation of Governmental Employees.
The Gray Panthers.
The Feminist Law Collective.
Self-Determination for D.C. (54 organizations).
Americans for Democratic Action.
D.C. Common Cause.
National Capital Union Presbytery.
International Association of Machinists and Aerospace Workers.
American Bar Association.
United Church of Christ—Office for Church in Society.
National Conservative Political Action Committee.

[From the Washington Post, Sept. 13, 1981]

JERRY FALWELL COMES TO TOWN

Now comes Rev. Jerry Falwell, the Moral Majority's leader, to ask Congress to veto a new District law on sexual activities because it is, Mr. Falwell says, "perverted." He anticipates that some objection might be made to his request for Congress to intervene in local affairs, and he says that home rule does not include the right to legalize decadence. Mr. Falwell is being joined by some local supporters, including the Baptist Ministers' Conference.

The merits of the legislation that Rev. Falwell opposes need not be argued—again—here. It is enough to say that local attention to the bill resulted in trimming certain sections from it, notably a provision lowering the age of consent for teenagers involved in sexual activity. As it stands now, the bill decriminalizes only homosexual acts and sodomy between consenting adults. This is what the city council and mayor approved, after much public outcry about the bill. Mr. Falwell is not shining a light on obscure legislation that lawmakers would sneak past District residents.

It is noteworthy that Mr. Falwell did not address his objections to the city council when it was considering the bill or to Mayor Barry before he signed it. Mr. Falwell's focus is on Congress. His interest in this legislation, he admitted, is based on the fear that it might be a model for other cities. That is why he has asked Congress to override the law by passing two other bills.

Mr. Falwell's views would have been appreciated before the city council. There are local residents who agree with him. Asking Congress to undo what locally elected officials have decided is best for the city, however, is to wreck the delicate balance of home rule. The D.C. government operates with a caution born of full knowledge that Congress can wipe out any local law or decision it finds undesirable. Congress has so acted before, mainly in cases it thought directly affected the federal interest. To have Congress begin taking action on a local matter now would make home rule a charade and would take away much of the city's limited claim to democratic rule. Congress, in its diplomatic way, should show Mr. Falwell the way to the District Building as it shows him and his proposal the way out.

Mr. LIVINGSTON. Mr. Speaker, will the gentleman yield, and will the gentleman from California (Mr. DELLUMS) give the gentleman some additional time so I might ask the gentleman a few questions about this particular bill?

Mr. DELLUMS. Will the gentleman yield to me?

Mr. McKINNEY. I would be delighted to yield.

I would like to say to my other friend, the gentleman from Louisiana (Mr. LIVINGSTON), not being a lawyer, do not make them too legal.

Mr. DELLUMS. I would like to suggest to my distinguished colleague in that well that if the gentleman is seeking time and the gentleman is on the other side of the issue, I would appreciate it very much if the gentleman would receive the time from the gentleman from Illinois (Mr. PHILIP M. CRANE).

Mr. McKINNEY. If my chairman would yield for just a moment, perhaps the gentleman from Illinois (Mr. PHILIP M. CRANE) can give me a minute or two.

Mr. PHILIP M. CRANE. If the Speaker will permit, I would like to yield to the gentleman from Louisiana (Mr. LIVINGSTON) such time as he may consume for the colloquy with the gentleman in the well.

□ 1500

The SPEAKER pro tempore. The gentleman from Louisiana (Mr. LIVINGSTON) is recognized for 2 minutes.

Mr. LIVINGSTON. Mr. Speaker, I thank the gentleman for yielding. It may be that I might ask the other side of the aisle to yield to me as well, because frankly I am right in the middle of this thing. I have been listening to the debate with great attention, and I am a little bit concerned about the issue. I have been watching it; I have been talking to people, anticipating that this was coming up.

As a former prosecutor for some 6 years and a lawyer for 9 years, I am not here to defend any of the modes of conduct that are being chastized or castigated by this bill, or which are being reformed by the bill that is before the District of Columbia Council. But I am concerned that, in the rush of some degree of emotionalism, perhaps many Members of Congress are not aware of what is actually in the District of Columbia Act 4-69. As a matter of fact, I had to try very hard to get a copy of this bill. I now have one. I have read it through several times, and I am under the impression that it might not be available to very many Members of Congress.

And so I looked at it, and while I realize that there may be some failure in the bill to speak out against homosexuality, for example, it does not in my reading of it—and perhaps the gentleman from Illinois might wish to comment on this—it does not in my reading make legal any public displays of homosexuality or any lewd or lascivious conduct. Would the gentleman like to enlighten me on that point?

Mr. PHILIP M. CRANE. Yes, I would. Under the repealer provisions, that is, section 13 of the District of Columbia bill, among other provisions of the District of Columbia Code that are repealed are 22-3001, for example, deals with the question of seduction.

The SPEAKER pro tempore. The time of the gentleman from Louisiana has expired.

Mr. PHILIP M. CRANE. Mr. Speaker, I yield two additional minutes to the gentleman from Louisiana.

Section 22-3001 reads:

> If any person shall seduce and carnally know any female of previous chaste character, between the ages of sixteen and twenty-one years, out of wedlock, such seduction and carnal knowledge shall be deemed a misdemeanor . . . .

That provision of the District of Columbia Code is specifically repealed in section 13 of the District of Columbia Council's bill under consideration. There are others also, including the one alluded to earlier dealing with the alteration of the penalties for rape.

There are, in fact, several different provisions that have been repealed. So, in reading the bill it is not that one can find what are offensive references. One has to go to the existing District of Columbia Code and find out what is being repealed, and thus in effect is being decriminalized.

Mr. LIVINGSTON. I understand the gentleman's point, but my point is, in fact, that section 9(a) on page 12 of the enrolled version of the bill provides that obscenity in public is a 90-day misdemeanor and actually is subject to a 1 year term of imprisonment if involving a minor. Now, the point is that public obscenity is still illegal in this bill, and to say that there is no violation for such an offense is simply not correct.

Mr. PHILIP M. CRANE. If I can reclaim the time for just a second on that point, I am not addressing the question of public obscenity. I am talking about decriminalizing the seduction of what is defined as a minor. I would like to ask my colleague from Connecticut in that connection, was he attempting to suggest that the State of Maryland has decriminalized the seduction of a minor?

Mr. LIVINGSTON. If I could regain my time on this particular point, and the gentleman has been kind enough to yield to me——

The SPEAKER pro tempore. The time of the gentleman from Louisiana has again expired.

Mr. PHILIP M. CRANE. Mr. Speaker, I yield 2 additional minutes to the gentleman from Louisiana.

Mr. LIVINGSTON. I checked with volume 8, No. 3, 1979 edition of Family Planning/Population Reporter. It indicates that the age of consent in Maryland is 16, and that the age of consent in Virginia is 14; and that all this Act 4-69 revision by the Council of the District of Columbia does is to conform to the surrounding law in making the age of consent the same as that of surrounding States. What is wrong with that?

Mr. PHILIP M. CRANE. Is the gentleman referring to the age of consent? Is he talking about for marriage?

Mr. LIVINGSTON. No, I am referring to, generally speaking, the age of consent with reference to sexual crimes. If the gentleman would yield further, I would be happy to read him the exact provision in Maryland:

> It is illegal for anyone to have carnal knowledge of any female under 14; lesser crime for anyone 18 or older to know carnally any female between 14 and 16; illegal for any female over 18 to know carnally any male under 14.

So, the age of consent in Maryland for such a crime is 16 and in Virginia, without reading it, I would say it is 14. I am trying to understand for my own purposes what is wrong with this bill that is not wrong with the provisions of the law that exist in Maryland or Virginia.

Furthermore, I would comment on the rumors that are going around in this House. Someone told me that this bill legalizes or decriminalizes incest. Yet, my review indicates that section 6 makes an 8-year felony for incest.

And, what is wrong with the testimony of the women's rights organizations who appeared before the D.C. Council? As I understand it, they proclaimed that a sentence of life imprisonment for rape dissuaded most people from convicting a person for rape where a woman testified against a man, and they believed that while the man might deserve a life penalty, the jury might be more inclined to convict if the maximum sentence were defined in terms of not more than 20 years. I suggest that a reduced sentence is better than no conviction at all.

The SPEAKER pro tempore. The time of the gentleman from Louisiana has again expired.

Mr. PHILIP M. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut (Mr. McKINNEY) to respond to an earlier question.

Mr. McKINNEY. Mr. Speaker, I would just like to respond just to clarify the record for the gentleman from Illinois in that I was merely trying to show that in any one of these issues, they move from State to State to State. What it really is, is the will of the people in those states that have built that set of rules, and the same rules should be allowed to take hold in Washington, D.C.

Mr. DELLUMS. Mr. Speaker, I yield 2 minutes to my distinguished colleague from Louisiana (Mr. LIVINGSTON).

Mr. LIVINGSTON. Mr. Speaker, I appreciate the gentleman yielding. I will simply sum up. I have gone through this bill extensively, and I am concerned again that the Members of the House of Representatives simply have not taken the time to look at District of Columbia Act 4-69. If they were to do that, they would realize that many of the rumors that have been promulgated about this particular act are not as valid as they think.

I have to say that I have been labeled as a conservative. I am an ex-prosecutor, and I am not trying to defend homosexuality, incest, or any other deviation of mankind, but what I am trying to say is, let us not run away with the emotionalism of the hour, but carefully consider if we want to overturn an act which appears to have been rationally considered by a capable, deliberative body within the District of Columbia.

Mr. DELLUMS. I thank the gentleman for his enormous contribution to these proceedings.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. PHILIP M. CRANE) has 30 minutes remaining, and the gentleman from California (Mr. DELLUMS) has 22 minutes remaining.

The Chair recognizes the gentleman from Illinois.

Mr. PHILIP M. CRANE. Mr. Speaker, I would like to yield such time as he may consume to my colleague from Utah (Mr. MARRIOTT).

Mr. MARRIOTT. Mr. Speaker, I thank the gentleman. I rise with the utmost respect for my friends from California, the District of Columbia, and Maryland, and find this to be a very interesting subject. I have listened intently to them for the most part of this debate.

I would like to make just three points, and then enter into a colloquy, if I could, with the gentleman from California. First of all, we seem to have gotten carried away on the basic question, but that in this resolution we have been discussing home rule. It appears to me that there is not unlimited self-government in the District of Columbia; that in fact there is limited government at best.

As I read section 601, it appears to me that Congress does have the authority, if I could read it, "to exercise its congressional right and authority as legislature for the District by enacting legislation for the District on any subject, whether within or out of the scope of legislative powers granted to the Council by this Act."

That means, I assume, we have authority to amend, to repeal, to do anything we want with any decision that comes from the Council.

The gentleman from California set down three criteria that I would like to just address briefly. He indicated that unless the Council's decision violates the Constitution or violates home rule or obstructs the Federal interest, then we ought not to be involved in discussing the issues. I would like to just make the point that I think many Members of the House, including this gentleman, believe that perhaps this decision does in fact obstruct Federal interests.

Let me just make a point that has been made before, but I would like to reiterate it. First of all, Washington is not just another city. It is in fact a rather unique city. It is the Nation's Capital and it belongs to all the American people, some 230 million—not just the 600,000 that we have been discussing for several hours today. It is in fact a visible city, and I think that if there ought to be some standards in this country, that maybe Washington, D.C., ought to set those standards. The fact that other cities may have laws that are anything but becoming is not the point, and I think that this country has declined morally in many States as well as in the Capital City.

There is a large concentration of Federal employees here and they have an interest as well in the criminal statutes. I suppose that decriminalization in the District of Columbia does have some kind of a spillover into Virginia and Maryland. The case was made by the previous speaker that all we are doing is bringing the laws in Washington, D.C., in line with the laws of Virginia and Maryland. That is not the way I read it as I look at the statistics.

Maybe the gentleman from California would dispute this if it is not correct. According to this handout I have received from the Delegate from Washington, D.C., Mr. Fauntroy, Virginia and Maryland both have laws against adultery, laws against fornication, and laws against sodomy. The Council's decision, by a vote of 13-0, as I read it, liberalized homosexuality and basically legalized homosexuality and sodomy if consenting adults are involved. Second, it repeals the 1- and 2-year penalty for adultery and fornication. That does not look to me like that is in line with the Virginia or the Maryland law, and I would like to have a comment on that.

The final point I want to make is that if in fact the House has voted that we do want to make our position known on this issue, regardless of how we interpret home rule, the question then is, that has not been addressed today, is this: Has the Council liberalized the moral standards of the city? If this in fact is a Federal city, then we ought to be concerned on behalf of all Americans.

What about the decisions of the Council? Have they in fact liberalized homosexuality and sodomy? Have they in fact liberalized adultery and fornication? Have they in fact limited sentences on rape? It seems to me if there is a 20 year maximum or a 20 year sentence, which is a maximum sentence, the average rapist may well serve only 1½ or 2 years and be back on the street.

□ 1515

Have they in fact legalized the seduction of children under the age of 16?

Well, I have never received in any of this debate today any clear answer to those questions, and I contend that many Members of the House have gone beyond the procedural question and are concerned, now that we have gotten to this point, and are asking, how bad is this new law that the Council has perpetrated upon us?

If the law is a good one, I would stand with the gentleman from California (Mr. Dellums), but if in fact it has liberalized the law to the point that we cannot accept it, then I have to take a different course.

I might just mention in conclusion that one great statesman some years ago said that no nation can be great unless that greatness is built on the foundation of morality and decency. So I do not think any State or any Federal district has the right to lessen the laws that might promulgate more problems than we have now.

Mr. Speaker, I would like to yield to the gentleman from California (Mr. Dellums) or the gentleman from Michigan (Mr. Conyers) and just discuss for a moment the decision of the Council itself and how bad the law is.

Mr. DELLUMS. Mr. Speaker, I suggest that the gentleman first yield to the gentleman from Michigan (Mr. Conyers).

Mr. MARRIOTT. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Speaker, I thank the gentleman for yielding.

I would like to very quickly read to the gentleman a few sentences that I think answers one of the major questions—one among a number of them—that he has raised.

Does this legislation effectively remove all sanctions against homosexual conduct in the District of Columbia? I have heard the gentleman refer to that continually.

It not only does not do that; it increases the prohibitions. I emphasize this to my colleague. The penalty for forcible homosexual activity is doubled under this law.

Mr. MARRIOTT. I understand that to be the case, but I have another question.

Mr. CONYERS. Is the gentleman opposed to that?

Mr. MARRIOTT. No, absolutely not. But I would ask this question:

What is the law in Washington, D.C., now regarding homosexuality and sodomy among consenting adults? What is the law in that regard?

Mr. CONYERS. Mr. Speaker, if the gentleman will yield, let me put it in just three sentences.

Mr. MARRIOTT. I understand what the gentleman said before. I understand what he said, that for forced situations they have doubled the penalty, but what have they done to the adult consenting situation? Has that been liberalized, or is the penalty different?

Mr. FAUNTROY. Mr. Speaker, will the gentleman yield?

Mr. MARRIOTT. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. Mr. Speaker, the law of the District of Columbia is the same in that regard, I will say to the gentleman, as it is in 40 other States.

Mr. MARRIOTT. It is the same now or it will be the same when this bill passes?

Mr. FAUNTROY. When this bill passes, it will be the same as it is in 40 other States.

Mr. MARRIOTT. So in fact they have liberalized those laws to comply with 40 other States?

Mr. FAUNTROY. We have conformed with 40 other States of the Union; yes. And as I suggested earlier, if we want to bring in a national law to apply to all of the States, I would certainly recommend that the gentleman do that, and perhaps that would be the proper approach.

Mr. MARRIOTT. I understand that, but the point I am making is that they have liberalized that law in comparison to what it was.

Mr. FAUNTROY. We have in effect centralized it in that we have conformed to what 40 States in their considered judgment have felt should govern the situations in their communities.

Mr. CONYERS. Mr. Speaker, will the gentleman yield for a moment?

Mr. MARRIOTT. I am glad to yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Speaker, I asked the gentleman to yield becuase I think we have a 50-percent agreement. The gentleman applauds the new law that doubles the criminal penalties against homesexuality, but he deplores that part of this law that makes it noncriminal for consenting adults; is that correct?

Mr. MARRIOTT. To be involved in homosexual activities, that is correct.

Mr. CONYERS. Yes. We have come to agreement 50 percent of the way.

Mr. MARRIOTT. But then the gentleman takes it away.

Mr. PHILIP M. CRANE. Mr. Speaker, will the gentleman yield?

Mr. MARRIOTT. I yield to the gentleman from Illinois.

Mr. PHILIP M. CRANE. Mr. Speaker, we have heard the reference to the 40 States that are in agreement. According to the factsheet—and this was contributed by our distinguished colleague, the gentleman from the District of Columbia (Mr. Fauntroy)—outlining the State criminal code penalties of the 50 States, I only count 25 States that have decriminalized sodomy among consenting adults; is that correct?

Mr. FAUNTROY. Mr. Speaker, if the gentleman will yield, as we indicated, we conform generally to 40 other States, and I will stand corrected on 25. We agree with half the States of the Union.

Mr. MARRIOTT. Mr. Speaker, if I may reclaim my time, let me just make the point that under the present recommendations by the Council, they would be substantially more liberal in Washington, D.C., than they would be in Maryland or Virginia; is that not the case? That is the case, as I understand it.

There is one other question I would have for the gentleman from California, and that is on section 11. Perhaps I am reading it wrong, but it appears to me that this law says, on the prosecution of persons under the age of 18, no person under age 18 may be prosecuted for crimes under this act except for the crime of sexual assualt in the first degree.

Now, would the gentleman interpret what that means? Does that mean that on all these other cases, we cannot prosecute minors?

Mr. DELLUMS. Mr. Speaker, will the gentleman yield to me?

Mr. MARRIOTT. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Speaker, the gentleman indicated that he was addressing a question to the gentleman from California.

The position of the gentleman from California is abundantly clear on the floor of this Congress. I shall not, will not, and do not at this time engage the gentleman or anyone else on this floor on the substantive question of the law that was enacted by the City Council, because it is the position of this gentleman that this is wholly inappropriate and not correctly before this body.

We are not at this moment a court of competent jurisdiction on this question, and it seems to me that at this moment this debate has achieved the level of absurdity. I underscore that point. It is not the question at this point, and we ought not to be addressing those issues.

I stated to the gentleman that it is the position of this gentleman that if we are going to entertain this matter, it ought to be in the framework of the three points we established. If I do not have that assurance, I should not be making a statement, and I shall not then step outside those three criteria. I will go down in flames on that point.

Unless the gentleman will propound his question in the framework of the three criteria, I will not dignify it with an answer to his response. The point is that I had a 30-minute debate with my colleague, and I stated unequivocally what the position of the gentleman from California was on this matter. I cannot reply in debate or discuss in detail or at any length the provisions or sections of the District of Columbia Act 4-69, unless we believe it is unconstitutional or it violates the Home Rule Act or it is an obstruction of the Federal interest, and the gentleman from Utah has not made a point in any of those areas.

Mr. MARRIOTT. Mr. Speaker, if I may reclaim my time, I think I at least tried to make the case that some of us are in doubt that this question of obstructing the Federal interest has been dealt with. I think that article 1, section 8, paragraph 601, gives the authority to deal with the question.

Mr. DELLUMS. Mr. Speaker, will the gentleman yield further on that.

Mr. MARRIOTT. That is my position, and as long as I, along with other Members of the House, believe there are some possible Federal interests involved, I think that is what this debate is going to come down on. I contend to the gentleman that most Members of the House, I think, would agree with that, and that is why this Chamber is empty today, because their minds have been made up on this issue.

Mr. DELLUMS. Mr. Speaker, will the gentleman yield?

Mr. MARRIOTT. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Speaker, first of all, let me repeat for the umpteenth time that we are not here challenging whether we have the authority. That is clearly in the law. We are not suggesting that we have the responsibility. Responsibility flows from the authority in the act.

The only question is, what is the criteria we have established to carry out our judgment with respect to what we do in these areas?

Mr. Speaker, that is the point we have been debating in this regard, and the gentleman from California has made his position abundantly clear to every Member on the floor of this House.

Mr. MARRIOTT. That is the procedural question.

Mr. DELLUMS. This is more than procedural; that is conceptual.

Mr. MARRIOTT. Mr. Speaker, I simply say that there is a possibility that this legislation obstructs the Federal interest, and that is one of the criteria. That is the point on which I am hanging the statement that I make today.

Mr. DELLUMS. Mr. Speaker, the gentleman makes his statement on the obstruction of Federal interest. I listened carefully to the debate, and he has not made his argument. He has asserted his case, but he has not made the argument.

Mr. MARRIOTT. How can we? I say that because you have not discussed the particular legislation that was passed by the Council. To me, that is where the issue hangs.

Does the legislation that the Council passed have a tendency to obstruct the Federal interest? Some of us claim that it does.

Mr. Speaker, I yield back the balance of my time.

Mr. DELLUMS. Mr. Speaker, may I inquire as to the amount of time remaining on this side?

The SPEAKER pro tempore. The Chair will state that the gentleman from California (Mr. DELLUMS) has 22 minutes remaining, and the gentleman from Illinois (Mr. PHILIP M. CRANE) has 15 minutes remaining.

Mr. DELLUMS. Mr. Speaker, I yield such time as he may consume to the gentleman from the District of Columbia (Mr. FAUNTROY).

Mr. FAUNTROY. Mr. Speaker, during the course of our proceedings today I have raised objection to the efforts to discharge the committee from its properly exercised responsibility to consider House Resolution 208, and we failed. Arguments on the floor on the question of home rule have been eloquently put, and while I did not choose that we should resolve ourselves now into the committee or the Council of the District of Columbia to consider the substance of District of Columbia 4-69, we are here, and I want to thank the gentleman from Louisiana (Mr. LIVINGSTON) for at least raising questions about the substance of this legislation.

As I indicated at an earlier time, had the Members of this Congress been with the City Council when it held hearings on this measure, it would know that we had been provided with considerable fiction as to what in fact this act does, and this debate afterwards gives us at least some opportunity to replace that fiction with fact. The fact is that many Members are not on the floor of the House today and have closed their minds because they have been led to believe that this act repeals the statute under which one colleague of ours was arrested in the Longworth Building. That is not true.

They are under the impression that this statute effectively removes all sanctions against homosexual conduct in the District of Columbia. That is not true; that is fiction. The fact is that the act, as the gentleman from Michigan (Mr. CONYERS) has indicated, does not eliminate all prohibitions against homosexual conduct. Indeed the act increases the prohibition. The penalty for forcible homosexual activity is doubled.

The District law on prostitution is amended to prohibit homosexual as well as heterosexual practices. The laws prohibiting statutory rape have been expanded to prohibit sexual conduct, including homosexual conduct with boys as well as girls, whereas it now only protects young girls from sexual abuse. Further, regarding the law against homosexual public conduct, that remains in force.

The Members need to understand that section 22-3502 of the District of Columbia Code would be repealed by the proposal. Section 22-3502 provides a 10-year maximum penalty for certain sexual conduct when applied to heterosexual as well as homosexual activity. Indeed it applies to conduct by and between married parties carried out in the privacy of their bedroom. The context of other laws remain on the books and will be on the books. The only prohibition removed by this repeal is that applying to adult, consensual, private, noncommercial activity. While that conduct could be homosexual in character, most of it is heterosexual, and much of that is between married people.

Members of this Congress have been led to believe that this law would repeal statutes prohibiting adultery and fornication. The bill does not remove all sanctions regarding adultery and fornication. Adultery remains a consideration in the child custody and property disposition aspects of divorce cases, as does fornication in paternity cases. What is repealed is the 1-year maximum criminal penalty for fornication and the 2-year maximum penalty for adultery.

It has been suggested that this law reduces the penalty for forcible rape from life imprisonment to 20 years in jail. That is in fact true. But had the Members of this Congress sat as a city council, as did those who were elected sat, they would know that every single women's group that is concerned about forcible rape that testified urged that this be done because of the fact that the present law discourages the conviction and sentencing of those who have committed these heinous acts.

Had the District of Columbia Commission on Women had an opportunity to testify before this Congress, had the Rape Crisis Center, had the Women's League Defense Fund, or had the D.C., State, Federal, Business and Professional Women's Club had an opportunity to testify before this Congress, they would have urged us that for the protection of women in our Nation's Capital, what the City Council has in fact done is to set a 20-year sentence that will see to it that judges, prosecutors, and juries will not be shy about convicting persons guilty of these heinous acts.

I could go on, Mr. Speaker, but let me say that I, as the Members know, am a resident of the District of Columbia, and I represent the people of the District of Columbia in this forum. I also participate in major policy debates in the city and among the people of the city, and I vigorously urge the adoption of my personal views. My views are not always accepted. However, once the people have made their choice by initiative or by referendum, and through their elected officials, I have always respected that choice. It seems to me that that is the democratic process, and to do otherwise suggests that justice, equality, and fair play in an orderly society are mere rhetoric that we use with respect to the citizens around the country but not with respect to the citizens of the District of Columbia.

So I would urge my colleagues to take a close look at what the City Council has in fact done and to ignore—I will not call them "lies," because lies are told with the deliberate intent of deceiving, and I do not accuse those who have told Members of this Congress that if they vote to sustain the committee on this question, they are voting to legalize homosexuality and eliminate penalties for sodomy, of lying, because they are not lying.

☐ 1530

I would rather suggest they are acting out of ignorance of what, in fact, the law does. Had the women who testified before the committee and had the prosecutors testified before the committee and the general counsel of the police department who testified in favor of these measures had an opportunity to speak to the City Council here assembled, then perhaps we would be as enlightened as were the members of the Council who passed this, and as was the committee from which this measure has been discharged, who listened to a small measure of testimony with respect to the substance of this act.

The final question, therefore, is: Are we to say to the American people and, indeed, to ourselves, that we have no second-class citizens in this country except those who live in the District of Columbia, and we have one-man one-vote for all Americans, except those of us who live here and the citizens of the District of Columbia have no right that the citizens of this country are bound to respect? That is the ultimate home rule question. But while we act on that in the judgment which will be taken on this measure, I hope that we would act intelligently and informed and not from ignorance and having been misled.

Mr. CONYERS. Mr. Speaker, will the gentleman yield?

Mr. FAUNTROY. I am happy to yield to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. I just want to commend the gentleman from Washington, D.C. His legal interpretation about the effect of the broadening of the ability to prosecute under this new proposed District of Columbia law is absolutely correct. I applaud the gentleman's very clear description.

Mr. FAUNTROY. I thank the gentleman.

Mr. PRITCHARD. Mr. Speaker, will the gentleman yield?

Mr. FAUNTROY. I yield to the gentleman from Washington (Mr. PRITCHARD).

Mr. PRITCHARD. I want to compliment the gentleman and say he has made a very clear case. I think he has hit right on the issue.

As far as whether people are here, or listening, or they have already made up their minds, I think the gentleman and I both know that this is a very easy vote, it is a cheap vote to give the moral majority, and one that does not affect your home district, and you would just as soon not have somebody beating you over the head in the next election when there are a lot of Members on the Hill that are just taking a duck on this one. I am sorry, but I do support the gentleman and I think he has made a very clear case.

Mr. FAUNTROY. I thank the gentleman.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. FAUNTROY. I yield to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Speaker, I am not speaking to the points that have just been raised by the previous speaker, I think we all feel in this House that we must uphold morality and standards of honor and justice.

But my own State of New Jersey has laws that are remarkably similar to the ones that are being proposed and have been agreed to by the committee, and have been proposed by the Council. My own view is that these acts that are described are reprehensible, deplorable, and saddening.

However, that which takes place in private between consenting adults is nobody's business. It is an invasion of privacy.

At one time in New Jersey we even had laws concerning relations between married couples. People can go so far to invade the privacy of others.

However, I would certainly not vote as I have, except that I understand that this law proposed by the Council is concerned about behavior in public and that public lewdness and lascivious behavior will not be tolerated in this city and should not be tolerated in this city.

I am happy to see that it is going to be a 90-day sentence or 1 year if that lewd and obscene behavior involves a minor. That, I think, is a sound difference between invasion of privacy and debasement of society.

Mr. FAUNTROY. I thank the gentlewoman.

Mr. PHILIP M. CRANE. I have no further requests for time, and I reserve the balance of my time.

Mr. DELLUMS. Mr. Speaker, I yield 4 minutes to the distinguished gentleman from California (Mr. DYMALLY).

Mr. DIXON. Mr. Speaker, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from California.

Mr. DIXON. Mr. Speaker, the gentleman from Illinois (Mr. PHILIP CRANE) stated that his disapproval resolution does not violate the concept of home rule because language restrictions are oftentimes attached to the annual appropriation bills for the District of Columbia. He went on to cite examples such as the provision prohibiting the use of funds to implement a hiring system that uses a drawing to rank prospective police officers and firefighters who pass the written test; the restriction on the transfer of sludge outside the District of Columbia; and the denial of funds for the local gambling board.

Let me make it very clear, Mr. Speaker, that certainly Congress can and does place restrictions on the use of funds, but there is really no comparison between restrictions on the use of money and the disapproval of a local ordinance which has been approved by locally elected officials. Let me explain why.

With respect to the police and fire hiring policy, the language placed in the appropriation bill does indeed prohibit the city from implementing the system of a drawing to determine the selection order of those who pass the written test. But this system was put in place as an administrative matter by the Mayor with the City Council's consent. It did not go through the lengthy process which gives all those who wish a chance to be heard on an issue and results in an ordinance that comes from those most directly involved.

On the second issue, the House merely provided a temporary 60-day delay in the transporting of sludge to a new landfill. That is much different than completely turning around a statute that has been debated and approved by the local legislature and chief executive. Concerning the gambling board, there was no language in the appropriation bill prohibiting the use of funds for implementing the gambling initiative. The House did absolutely nothing on that proposal.

So the gentlemen's argument that his disapproval resolution does nothing more than what is done through language on appropriation bills is spurious and not supported by the facts.

Let me say at this point, Mr. Speaker, that even though language provisions are included on appropriation bills, many Members feel that it is wrong for the Congress to dictate how the local government should spend revenues which, for the most part, are raised from taxes, fees, and charges imposed on local residents.

Mr. Speaker, I realize this is an emotional issue and that many of the points in D.C. Act 4-69 may not have been fully explained. And although the Congress has the authority to place language in an appropriations measure that limits the use of funds or delays an effective date, there can be no question in anyone's mind that such language provisions are entirely different than disapproving a local ordinance—one that has received the benefit of public hearings and the leadership and approval of a locally elected mayor and city council.

Mr. Speaker, the facts do not support the comparison the gentleman from Illinois (Mr. PHILIP M. CRANE) attempted to make earlier, and even if the facts were accurate, one wrong does not justify another. Regardless, Mr. Speaker, the gentleman's disapproval resolution goes deeper in that it pierces the veil of integrity as far as the issue of local self-government and home rule are concerned.

It is clear that the government of the District of Columbia acted within its authority in passing the Sexual Assault Reform Act. In doing so, it was acting within the authority which it was granted under the Home Rule Act of 1973. Passage of this resolution of disapproval would be a clear and dangerous violation of home rule.

Although since 1973 there have been 10 resolutions of disapproval considered, in only one instance, when the Council attempted to dictate location of chanceries, was such a resolution passed and the law overturned. In that instance, there was a clear and compelling Federal interest. I do not believe such a case can be made here.

It should be noted that some 24 States have enacted provisions regarding sexual assault and sexual conduct among consenting adults which are consistent with the law passed by the District of Columbia City Council. Beyond this fact though, this act neither violates the Constitution, exceeds the authority granted under home rule, nor violates a Federal interest.

It is a sad day when the clarion call of a small band of zealots in this body railroad legitimately enacted laws because those laws do not meet "their" standard of morality. The single-minded nature of this resolution will make a mockery of progress toward home rule here in the District of Columbia. Passage of this disapproval will assure the residents of this city that for all the talk about home rule, and the need to encourage self-governance, the Congress remains ready to step in whenever it is so inclined to second-guess the actions of this city's lawfully elected government.

Such a mixture of morality and hypocrisy should be odious to the Members of this body. I strongly urge the defeat of this resolution.

Mr. DYMALLY. Mr. Speaker, I think a case against this resolution has been made in a very eloquent manner by the distinguished chairman of the House Committee on the District of Columbia, and the gentleman from Connecticut (Mr. MCKINNEY).

If I may, I should just like to ask the gentleman from Illinois (Mr. PHILIP M. CRANE) one question which is hypothetical. I have just received word that the Illinois Legislature has abolished the police department in the gentleman's city of Prospect and replaced it with State police. What would be the gentleman's reaction to that?

Mr. PHILIP M. CRANE. Will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from Illinois (Mr. PHILIP M. CRANE).

Mr. PHILIP M. CRANE. I would be very keenly distressed.

Mr. DYMALLY. I thank the gentleman very much. I think he has just made a case against his resolution, because what we have before us here is not whether that act by the City Council is proper, or moral, or legal, it is whether they have complied with Federal law. It seems to me that we are passing moral judgment on legal principles.

The only questions I think we need to ask and answer are the following:

Has the action of the city exceeded the powers granted it under the Home Rule Act?

Has the city on the face of this 4-69 Act clearly violated any constitutional principle?

Third, has the city interfered in a Federal question or obstructed the Federal interests?

If there ever was a case of colonial mentality, in my judgment it is exemplified in this piece of legislation before us today. It seems to me so hypocritical that Members who come from States with a lottery would vote against a lottery, especially those from Maryland and Virginia.

The question then that is before us, and the one that should be of interest especially to Members on the other side of the aisle—over the last 20 years I have heard them talk about local initiative and States' rights, and this seems to me a violation of local initiative.

Mr. PHILIP M. CRANE. Will the gentleman yield?

Mr. DYMALLY, Yes, I yield on the gentleman's time.

Mr. PHILIP M. CRANE. On my own time, then.

I would remind the gentleman that Mount Prospect, Ill., is a totally inappropriate parallel with Washington, D.C. The gentleman's distress may have some basis but, on the other hand, that is an issue to be taken up with the 50 States if he wants to repeal article I, section 8 of our Constitution and its mandate to the Members of this body, which is explicit and abundantly clear, just as the home rule bill is abundantly clear on the responsibilities this body has. It is tax dollars from our area which go to underwrite the costs of this city to a very substantial amount, not the other way around.

Mr. DYMALLY. I do not want to dispute the distinguished gentleman from Illinois, but the fact of the matter is that this city, this District is subsidizing the Federal Government. This District pays in more taxes to the Federal Government than it receives, so that is not an exactly accurate statement.

If we feel so keenly it seems to me one of the things we should do is adequately finance the city in proportion to the amount of money they give the Federal Government.

Mr. PHILIP M. CRANE. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Virginia (Mr. Parris).

Mr. PARRIS. Mr. Speaker, I appreciate the gentleman yielding. I would just like to address the question to the previous speaker who has frankly confused me modestly in his comments in his reference to the lottery in my own State of Virginia. Will the gentleman clarify?

Mr. DYMALLY. Will the gentleman yield?

Mr. PARRIS. I yield to the gentleman.

Mr. DYMALLY. I was referring to Maryland.

Mr. PARRIS. The gentleman included the Commonwealth of Virginia, which I have the privilege of serving, and I was confused on that point.

Mr. DYMALLY. I meant Maryland. I am sorry.

Mr. PARRIS. I thank the gentleman for his clarification and yield back the balance of my time.

Mr. DELLUMS. Mr. Speaker, I yield 5 minutes to my distinguished colleague from Michigan (Mr. Conyers).

Mr. CONYERS. Mr. Speaker, the one thing that is abundantly clear is that the rule that permits, on a majority vote, a committee to be discharged must be changed, and I will initiate that process within the Democratic Caucus immediately. I am ashamed on behalf of the leadership of the Congress that on this critical question involving 900,000 people, on this question involving the integrity of the committee process, I find myself first of all strapped by not being able to summon the Members to the floor for debate. Second, I then hear the gentleman from Illinois pointing to the lack of people on the floor, of which there are presently less than 50, and have been ever since my last quorum call, and asserting that that is because everybody understands the law and have made up their minds. Well, the one thing that this debate has proven, even though it has been aborted again by the person who intervened with this absurd proceeding, is that nobody understands what the law is. We can, at least, have it reduced to the Congressional Record so that we can review the law that actually increases the penalty, broadens the protection against those who are the persons who may be victims of sex crimes, and then, when the highest legislative body in the United States of America comes to debate this, with nobody understanding precisely what we are doing in overturning a full committee's action and a council that has worked and had a number of hearings for a great amount of time, what does this say about concern on the national level? I approach my colleagues now as chairman of the Criminal Justice Subcommittee, which happens to be holding hearings on the Federal Criminal Code, of which sex assaults and sex crimes are a part. What is the Federal law, and who in Congress would like to move this position being put forward into the Federal law?

A call to my subcommittee will reveal that there is not one pending sex crime bill in the Subcommittee on Criminal Justice.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. CONYERS. I yield to my colleague from New Jersey (Mrs. Fenwick).

Mrs. FENWICK. I thank my colleague for yielding. I have one question I would like to ask. Does this newly proposed bill, the Council's bill, increase or decrease the penalty for public lewdness, lascivious behavior, et cetera?

Mr. CONYERS. I would have to yield to the counsel for the committee for a precise answer on that. I would say to the gentlewoman that as soon as I get that I will put it in the Record.

This bill clearly extends the protection and the coverage for victims of sex crimes. It extends the penalty for public sex crimes. It makes it clear in a way, especially in terms of forceable rape, that we now have classes of the crime of rape that were not covered by the previous simplistic version, which was the very simple and the most gross act. Now it includes those who may be seduced or who are not competent to know what they are doing, who have not finally given their consent, and other fiduciary capacities in which persons might be taken advantage of by both sexes.

Mrs. FENWICK. I thank my colleague.

Mr. CONYERS. Finally, I would point out to my colleagues that the Federal Criminal Code legislation passed in the full Committee of the Judiciary, and by the other body in the previous term, fully contemplates the thrust of this law which we are so busy turning over and taking apart.

□ 1545

So I suggest to the Members that what we are doing here today in this process is an incredible disservice to the committee procedure, that we are acting in an area in which our unfamiliarity has now been publicly spread upon the record, to the embarrassment of most of the Members here. We do not know what is in the bill. It has been distorted. Thanks are due to a valiant few. I salute the gentleman from California, the chairman of the committee, the Delegate from Washington, the gentleman from Louisiana, and a handful of others who have spent time trying to bring truth and light to this measure.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. Philip M. Crane) has 13 minutes remaining and the gentleman from California (Mr. Dellums) has 2 minutes remaining.

Mr. PHILIP M. CRANE. Mr. Speaker, I yield 2 minutes to my colleague, the gentleman from Virginia (Mr. Parris).

Mr. PARRIS. I thank the gentleman for yielding.

Mr. Speaker, I wanted to simply make a technical point that was addressed by the gentleman from Michigan just a few moments ago in his expression of his intent to approach the problems of the procedures set out in the home rule bill as it relates to the discharge petition by one Member.

I submit to the gentleman that I would hope that he would not pursue that.

In 1973, when home rule was adopted, we debated that particular point at some great length and the suggestion was made that if any single Member of this body feels constrained to do so, a discharge petition can be brought. That is why we are here today.

The point I make to the gentleman is that it is not likely, in most instances, that, without great support on that motion, there would be a majority of the Members of this body who would support that petition.

So what I submit, for the sake of argument, at least, that in most instances if you can get 218 or more Members to vote for a petition to discharge, you can sure get 10 or 20 or 50, or whatever is the appropriate number, to go on that petition.

Mr. CONYERS. Mr. Speaker, will the gentleman yield?

Mr. PARRIS. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Speaker, I am glad that the gentleman is concerned with this point. But that is precisely what I was struggling to make clear. You do not need 218 Members to discharge. Unlike every other discharge requirement under the rules of the House of Representatives, you need a simple majority vote. That, precisely, is what I propose to remedy.

Mr. Speaker, one last thing. I have just been handed the following note by a citizen of the District of Columbia, and I feel that this is a sincere expression of the concern for what is happening to the democratic process, particularly in the context of our floor debate on the resolution of disapproval.

The text of the note follows:

OCTOBER 1, 1981.

Hon. RONALD DELLUMS,
2136 Rayburn House Office Building,
Washington, D.C.

DEAR MR. DELLUMS; Having just witnessed your impassioned defense of the right of the people of the District of Columbia to determine their own way of life, I would like to express my profound admiration and respect for your efforts on this issue.

Freedom and democracy have sustained two setbacks today, as the members of the greatest democratic body in the world have acted to remove from a group of citizens the right to self-determination, and the right to act as one wishes in the sanctuary of his own home.

Your attempt to enlighten the piously "moral" members of the House on this cause was eloquent, thoughtful, and most importantly, right. I share your belief that twenty months, twenty years, twenty decades from now, the history books will reflect the extreme danger that was posed by this action of the House, and will show that on future occasions, our representatives were able to exercise the good judgment that is imbedded in their trust.

Mr. PARRIS. I thank the gentleman for his contribution, and I yield back the balance of my time.

● Mr. FRENZEL. Mr. Speaker, I oppose this motion to discharge the resolution of disapproval of D.C. Act 4-69 from the District of Columbia Committee, and therefore will vote for the motion to lay it on the table.

The District of Columbia Sexual Assault Act, passed unanimously by the D.C. City Council on July 14, 1981, makes certain changes in the D.C. criminal law of which many people, including myself, disapprove.

It is not the specific provisions of the act, however, that make a difference here. What is at issue today is the appropriate exercise of Congress authority over legislation passed by the District. The disapproval resolution asks us to revoke home rule. Under the Home Rule Act Congress has authority to "amend or repeal * * * any act passed by the Council." The District of Columbia Committee has, however, exercised its oversight functions carefully, using reasonable criteria to determine in which cases congressional interference is justified.

When considering such cases, the committee says it considers whether the District's legislation first, violates the Constitution; second, exceeds the authority granted in the Home Rule Act; or third, obstructs a clear Federal interest. Obviously, the Council's action is not unconstitutional, nor does it exceed the limits stipulated in the Home Rule Act. I do not believe that it interferes in a Federal question, or obstructs the Federal interest.

It does, however, unreasonably interfere with the local decisionmaking authority of the District of Columbia.

Forty States now have laws nearly similar to D.C. Act 4-69. Although proponents of the resolution of disapproval claim we must maintain a stricter standard for the District because it is the Nation's showplace. But I am more concerned about another example we are in danger of setting today.

I have traditionally favored decreased Federal interference in local affairs. I will continue to do so. Therefore, I will not vote to change a local decision.

Surely none of us would tolerate congressional interference in such matters in our home States and cities. I do not like Congress telling my town of Golden Valley how to write its ordinances. I believe that the citizens of Washington deserve like consideration.

I think anyone truly committed to the principle of local decisionmaking should admit that Congress has no business overturning a matter, however repugnant, that has already been properly dealt with by the D.C. Council, and does not violate the Constitution. I urge a vote for the motion to table it against the resolution to disapprove.●

● Mr. OBERSTAR. Mr. Speaker, the issue before the House today is whether Congress should act to interfere with the operation of the government of the District of Columbia and with implementation of legislation duly enacted by the elected government of the District.

We do not face an easy question. The relationship between Congress and the District is not the same as that between Congress and the States. The Constitution explicitly grants Congress broad legislative jurisdiction over the seat of the Federal Government of the United States. Congress, however, has acted to use that constitutional authority to provide for the principle of home rule which governs the District of Columbia today. Under the provisions of law enacted by Congress, the District elects a city council and a mayor which function as the legislature and Governor do in the States.

Congress retains the right under Public Law 93-198, the Home Rule Act, to review all legislation passed by the District government.

The ranking member of the House Committee on the District of Columbia, our distinguished Republican colleague, the gentleman from Connecticut (Mr. McKINNEY), has stated quite well during this debate that Congress should consider legislation enacted by the District government in light of three major questions:

First, does the action of the city violate the Constitution?

Second, does the action exceed authority granted by the Home Rule Act and other legislation enacted by Congress?

Third, does the action violate a clear Federal interest?

The Federal interest involved is the efficient operation of the Federal Government. The question we face is: Does the legislation which is the subject of the resolution before us today interfere with the operation of the Federal Government in Washington? My duty to my constituents in Minnesota requires that I evaluate the legislation, not as if I were a member of the D.C. City Council, but in terms of the Federal interest in the operation of the National Government.

Tested by those three standards, the resolution before us falls short. The District of Columbia Council action does not violate the Constitution, it does not exceed the authority of the Home Rule Act, and it does not violate the Federal interest in the effective operation of the National Government.

Consequently, I must concur with the Committee on the District of Columbia that the resolution before us today is inappropriate and I must vote against the resolution of disapproval, House Resolution 208.●

● Mr. FOGLIETTA. Mr. Speaker, in his leadership of the floor debate for support of the District of Columbia's Sexual Assault Reform Act (D.C. Act 4-69), the gentleman from California, the Honorable Mr. DELLUMS, speaks both eloquently and correctly about the issue before this body. I commend him for his efforts, his grasp of the many elements of the question we address, and his respect for the rights of the people, not only from the District of Columbia, but from across the land. Also, I commend the gentleman from Connecticut, the Honorable Mr. McKINNEY, for his efforts and dedication as ranking minority member of the Committee on the District of Columbia, both on the House floor today, and in committee since the beginning of his tenure in Congress. At the conclusion of this debate, I hope that many more Members of this body will join across the aisle to reject House Resolution 208, which is a resolution whose provisions and implications are both very serious and very dangerous.

Mr. DELLUMS and Mr. McKINNEY have, I believe, placed the issue in the proper perspective. They have cited the questions that came before the

Committee on the District of Columbia that would make the rejection of D.C. Act 4-69 justifiable. They asked if the Sexual Reform Act violates the Constitution. Obviously, if the provisions of the act are placed in the laws of 25 other States around the country, they do not. They asked if the act exceeds the authority granted by the Home Rule Act of 1973. It does not. They asked if it is in clear violation of the Federal interest. It is not. And yet, at this time, there is the very real possibility that, at the end of this day, D.C. Act 4-69 will be on its way across town to the D.C. City Council Chambers again, rejected by this body.

The issues that confront us in this debate are many. Clearly, there are those who see it as a moral issue. To a degree, they are right. There are those who view it as a legal issue. It is that, too. But from the standpoint of the Federal authority the legal questions have been satisfied. The grounds by which we may send this bill back to the city are covered. The city is in no violation of those requirements. Surely we must see that.

If we take up the matter on moral grounds then we must ask, is this body the place for such a debate on an issue of this kind? I think not. This question, because it in no way violates Federal law, belongs in the province and the domain of the State, and, in this case, of the District of Columbia. It is not for us to legislate their morality, or their criminal code as it relates to it so long as it does not violate Federal law. Rather than assault the moral element of the question, we should respect the right of the District of Columbia's citizens to make their own judgments. This law is not ground breaking or unique. Indeed, it is merely an attempt by the District of Columbia to move into line with half our States, which have already recognized the privacy of relations between consenting adults. May I point out to the gentleman from Illinois who leads the debate for discharge that it was his own State which first recognized this right, and, in 1961 brought it into law.

Mr. Speaker, Members of the House, I urge you to consider the argument put forth by the gentleman from California, Mr. Dellums. Consider that this bill in no way infringes on the authority of the Congress, that it is not the right of the Congress to legislate over this matter. Merely, because the people of the District of Columbia are not your constituents, do not abuse their right to self determination, to make up their own minds as citizens of America, because it is convenient for you. To do so is an infringement upon the rights of the District of Columbia, upon the rights of her citizens, and upon the rights granted simply through living in a democracy such as ours.●

Mr. PHILIP M. CRANE. Mr. Speaker, I reserve the balance of my time.

Mr. DELLUMS. Mr. Speaker, may I inquire of the gentleman from Illinois whether he chooses to close out the debate?

The gentleman from California only has 2 minutes remaining. So I would like to get some idea as to how the gentleman chooses to proceed.

Mr. PHILIP M. CRANE. Yes, I would indeed like to close out the debate from this side. The distinguished chairman of the committee is short of time, I realize, and requested that I yield him 2 additional minutes. I am more than happy to do that, and then I will finish our presentation.

Mr. DELLUMS. Mr. Speaker, might I engage the gentleman for a brief colloquy on that matter?

Mr. PHILIP M. CRANE. Certainly.

Mr. DELLUMS. The gentleman on this side has 2 additional minutes.

The SPEAKER pro tempore. The gentleman from Illinois (Mr. Philip M. Crane) has 11 minutes remaining. The gentleman from California (Mr. Dellums) has 2 minutes remaining.

The gentleman from Illinois has the right to close debate. I understand the gentleman has stated that he would yield 2 of his minutes to the gentleman from California, which would mean 4 minutes for the gentleman from California and 9 minutes for the gentleman from Illinois.

Mr. DELLUMS. The gentleman from California would like to ask the distinguished gentleman from Illinois, in the spirit of his original offer, maybe we could split the difference, the gentleman from California taking 6 minutes and the gentleman from Illinois taking 7 minutes, and we will close out the debate.

Mr. PHILIP M. CRANE. All right. Why not?

The SPEAKER pro tempore. The gentleman from California (Mr. Dellums) is recognized for 6 minutes.

Mr. DELLUMS. Mr. Speaker, I first would like to thank my distinguished colleague, the gentleman from Illinois, for yielding time for us to close out this debate. The debate has been devoid of rancor and anger, and the gentleman from California appreciates that very much. But I would like to add that I believe this is perhaps one of the most tragic moments that I have found myself in as a Member of the House of Representatives, and that is with all due respect to the Members who support the resolution of disapproval, House Resolution 208.

I think that what we are doing here is significantly challenging the notion of democratic processes. I think that we are significantly challenging the whole notion of home rule. As a matter of fact, I would assert that at this very moment, home rule is a sham and a fraud as it is perceived by the majority of my colleagues in the House of Representatives. Home rule is not a reality. The residents of the District of Columbia continue to be in a colony, the District of Columbia. We only give illusion to freedom and democracy, only when it is convenient. But when we choose to proselytize, we challenge the District. When we choose to address a controversial issue that cannot as easily be addressed at the Federal level, we challenge the District of Columbia. When we wanted to make a significant point without any significant risk to ourselves politically, then we thought home rule, because residents of the District of Columbia do not send us to office. In fact, they send a gentleman who does not even have a vote on the floor of Congress. He can only speak.

So I think that home rule is a sham. I think that what we have done all day here underscores the notion that home rule is no longer a reality, that we give lip service to this. So let all of the Facist nations in the world understand that we do not really believe in democracy unless it is convenient. Let all of the nations that we challenge, who are undemocratic in the processes, hear loud and clear that the U.S. Congress also does not care about freedom, and justice, and dignity within the framework of a representative form of government embodying democratic principles, because it is not convenient. Let everyone understand that we are guided more by political considerations than we are the caring of human freedoms. Let people understand that we write laws where the labels appear to do justice to people, but in reality the implementation of those laws leave a great deal to be desired.

This gentleman is in the progressive wing of the body politic, referred to by some as the Don Quixote of Capitol Hill, perhaps. But this gentleman will continue to tilt at windmills if those windmills speak to the very essence of our human lives, and that is the right of people to express themselves within the framework of the democratic process.

So 8 years ago we said, "you people can have home rule," but today we are saying, "But we have you somewhere between freedom and servitude, and today we choose to place you in servitude."

There is no dignity in that position. There is no integrity in that position. I would submit, with all due respect, there is no honesty in that position. The fact that we are devoid of an audience here speaks to the reality that my distinguished colleagues, the gentleman from Maryland, was perfectly current when he said that "my colleagues are being stampeded into a position," because there is no thought process here.

Even if we disagree with the residents of the District of Columbia, we should defend their right to take a stand, because that is all this country is about. If we are not about that, we are just some other group of 200 million human beings flailing away at each other on a daily basis. But what brings us dignity and what brings us a beacon of hope is that we are, ostensibly, a people committed to democratic procedure, democratic processes, individual rights, and individual freedoms.

But this whole day, in my estimation, is a significant challenge to that. My colleagues would leave the Chamber and suggest that they fought diligently for these principles, when I suggest that we have done just the opposite.

Mr. Speaker, we are not here raising the question of whether the House has authority. We wrote this Home Rule Act in a very conservative environment, and many of my colleagues wrote this authority into the act in order to get it through the Congress. That is a reality. That is a fact. We do not challenge it. Do we have a responsibility under the act as it is written? Obviously, we do. The question is, What shall be the criteria that will guide the judgments we make as we impact upon other people's lives?

And again I underscore that we developed that criteria, but it has now been thrown out because we are not dancing on the whims of political expediency. But I would repeat: We are dancing on our own principles, we are dancing on our own credibility, we are dancing on our own integrity. Some day we will live to regret this moment.

I realize that I am standing here in a losing cause, and many of us have stood in a losing cause. We continue to stand only because we hope that 20 weeks, 20 months, 20 years, 20 decades from now, somebody will write that some people stood up here and fought for the only thing that we have that makes us a civilized people, and that is our commitment to democratic freedoms. We have not abandoned it.

So I stand here in frustration and in defeat. But I think that ultimately it is the majority side of this issue that ultimately will be defeated, because people will not for a long time tolerate a violation of their democratic principles.

Mr. Speaker, I yield back the balance of my time.

The **SPEAKER** pro tempore. The Chair recognizes the gentleman from Illinois (Mr. PHILIP M. CRANE).

Mr. PHILIP M. CRANE. Mr. Speaker, I want to congratulate the distinguished chairman of the Committee on the District of Columbia for his very able presentation of his side of this debate and the gentlemanly way in which he has conducted himself throughout the afternoon.

I would simply remind my colleagues that there are many D.C. residents, as well as constituents outside of this jurisdiction, who feel that they were not properly represented at the time of the D.C. Council hearings. For example, Rev. Cleveland Sparrow, president of Sparroworld Baptist Corp. here in Washington, D.C., stated:

> Congress must learn that the D.C. City Council did not hold hearings to obtain our views on this matter.

Rev. Cary Pointer, president of the Baptist Ministers' Conference of D.C., urged that the Congress should act to veto this legislation because it did not represent the constituencies that he represents.

There are other civic and community organizations in District of Columbia and, as I indicated earlier today, I have 10,000 petitions from residents of Washington, D.C., urging Congress to do the responsible thing in overturning what they feel was an inappropriate act by the D.C. Council. When I say "an inappropriate act," I am not talking about the entire bill. The entire bill, in fact, has much merit. I would say easily 90 to 95 percent of it is a plus, very positive. But I think it has such flagrant deficiencies that it is essential that the Members of this body vote to send it back to the drawing boards, back to the D.C. Council for more extensive hearings, more input, more representative input from some of the affected parties who have strong objections. I think, therefore, the responsible position on the part of this body is to vote aye on House Resolution 208 disapproving the action of the District of Columbia Council and approving the District of Columbia Sexual Assault Act of 1981.

Mr. Speaker, I yield back the balance of my time.

The **SPEAKER** pro tempore. All time has expired.

The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. PHILIP M. CRANE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER** pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 281, nays 119, answered "present" 1, not voting 32, as follows:

[Roll No. 232]

YEAS—281

Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Archer
Aspin
Atkinson
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bliley
Boland
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CO)
Brown (OH)
Broyhill
Burgener
Butler
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coats
Coelho
Coleman
Collins (TX)
Coughlin
Courter
Coyne, James
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Dannemeyer
Daub
Davis
de la Garza
Derwinski
Dickinson
Dicks
Donnelly
Dorgan
Dougherty
Dowdy
Dreier
Duncan
Dyson
Early
Eckart
Edwards (OK)
Emerson
Emery
English
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Ferraro
Fiedler
Fields
Findley
Fithian
Flippo
Foley
Ford (MI)
Fountain
Frost
Fuqua
Gaydos
Gephardt
Gingrich
Ginn
Glickman
Goodling
Gore
Gramm
Gregg
Grisham
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Hatcher
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
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Hillis
Holt
Hopkins
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Hughes
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Hutto
Hyde
Ireland
Jeffries
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leath
LeBoutillier
Lee
Lent
Levitas
Lewis
Loeffler
Long (LA)
Lott
Lowery (CA)
Lujan
Madigan
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Mavroules
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McCollum
McCurdy
McDade
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Mica
Michel
Miller (OH)
Mitchell (NY)
Moakley
Mollohan
Montgomery
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Morrison
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Murtha
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Napier
Natcher
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Nelson
Nichols
O'Brien
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Oxley
Panetta
Parris
Patman
Patterson
Paul
Pease
Perkins
Petri
Pickle
Porter
Price
Rahall
Railsback
Ratchford
Regula
Rhodes
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Rogers
Rose
Rostenkowski
Roth
Rousselot
Rudd
Russo
Santini
Sawyer
Schulze
Sensenbrenner
Shamansky
Sharp
Shaw
Shelby
Shuster
Siljander
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snyder
Solomon
Spence
St Germain
Stangeland
Stanton
Staton
Stenholm
Stratton
Stump
Tauke
Tauzin
Taylor
Thomas
Traxler
Vander Jagt
Volkmer
Walker
Wampler
Watkins
Weber (MN)
Weber (OH)
White
Whitehurst
Whitley
Whittaker
Whitten
Wilson
Winn
Wolf
Wortley
Wright
Wylie
Yatron
Young (AK)
Young (FL)
Zablocki
Zeferetti

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Akaka
AuCoin
Barnes
Bedell
Beilenson
Bingham
Boggs
Bolling
Bonior
Brown (CA)
Burton, John
Burton, Phillip
Clay
Collins (IL)
Conable
Conte
Conyers
Coyne, William

Crockett
Danielson
Daschle
Deckard
Dellums
DeNardis
Derrick
Dixon
Downey
Dunn
Dwyer
Dymally
Edgar
Edwards (AL)
Edwards (CA)
Erdahl
Fascell
Fazio
Fenwick
Fish
Foglietta
Ford (TN)
Forsythe
Fowler
Frank
Frenzel
Gejdenson
Gilman
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Gradison
Gray
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Guarini
Hawkins
Hollenbeck
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Howard
Hoyer
Jacobs
Jeffords
Kastenmeier
Leach
Lehman
Livingston
Long (MD)
Lowry (WA)
Luken
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Markey
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Mattox
McHugh
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Miller (CA)
Mineta
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Moffett
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Oberstar
Ottinger
Peyser
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Rosenthal
Roukema
Roybal
Sabo
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Shannon
Snowe
Solarz
Stark
Stokes
Studds
Swift
Synar
Udall
Vento
Walgren
Waxman
Weaver
Weiss
Williams (MT)
Wirth
Wolpe
Wyden
Yates

ANSWERED "PRESENT"—1

Obey

NOT VOTING—32

Addabbo
Ashbrook
Beard
Blanchard
Chisholm
Corcoran
Dingell
Dornan
Florio
Garcia
Gibbons
Goldwater
Hansen (UT)
Harkin
Holland
Jones (NC)
Leland
Mazzoli
McCloskey
McGrath
Moore
Murphy
Pashayan
Pepper
Quillen
Savage
Shumway
Simon
Trible
Washington
Williams (OH)
Young (MO)

□ 1610

The Clerk announced the following pairs:

On this vote:

Mr. Young of Missouri for, with Mr. Washington against.

Mr. Simon for, with Mrs. Chisholm against.

Until further notice:

Mr. Garcia with Mr. Shumway.

Mr. Leland with Mr. Trible.

Mr. Florio with Mr. Pashayan.

Mr. Addabbo with Mr. Quillen.

Mr. Pepper with Mr. McCloskey.

Mr. Dingell with Mr. McGrath.

Mr. Jones of North Carolina with Mr. Hansen of Utah.

Mr. Murphy with Mr. Williams of Ohio.

Mr. Mazzoli with Mr. Beard.

Mr. Blanchard with Mr. Dornan of California.

Mr. Holland with Mr. Corcoran.

Mr. Savage with Mr. Ashbrook.

Mr. Harkins with Mr. Moore.

Mr. JAMES K. COYNE changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3603, FOOD AND AGRICULTURE ACT OF 1981

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 97-262) on the resolution (H. Res. 235) providing for the consideration of the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4437, ENERGY CONSERVATION DAYLIGHT SAVING ACT OF 1981

Mr. BOLLING, from the Committee on Rules, submitted a privileged report (Rept. No. 97-263) on the resolution (H. Res. 236) providing for consideration of the bill (H.R. 4437), to promote energy conservation by providing for daylight saving time on an expanded basis and for other purposes, which was referred to the House Calendar and ordered to be printed.

□ 1620

EXTENDING TIME FOR CONDUCTING REFERENDUM REGARDING NATIONAL WHEAT MARKETING QUOTA, AND DELAYING INCREASE IN MILK PRICE SUPPORTS

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 232 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4612) to temporarily delay the October 1, 1981, increase in the price-support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning on June 1, 1982, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. BOLLING) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, this is a rule which makes in order a bill which will temporarily prevent milk prices from going up significantly and which will prevent the institution of the preliminary steps to provide for a wheat referendum. This bill is necessary because the agriculture bill has not become law. When that bill becomes law in some fashion or another, presumably it will provide for a different level of dairy price supports and for a procedure with regard to the wheat referendum.

I am informed that unless this bill goes into effect, it will cost the Federal Government roughly $1 million a day. It seemed worthwhile to save that money, since the intent of the Congress seems to be to pass a lower level of price supports than would otherwise be in effect, for a few days.

So far as I know, there is only a limited amount of controversy with regard to the bill that will be made in order by this rule. The rule was requested by a bipartisan pair, the chairman and the ranking minority member of the Committee on Agriculture. I understand there are a few Members who will object to this approach, but I see no reason for debating the rule. It passed the Rules Committee unanimously.

I reserve the balance of my time.

Mr. LATTA. Mr. Speaker, I agree completely with the statements just made by our chairman concerning this rule and concerning the bill.

I would point out two other things.

First, this is a very unusual rule because it is completely open.

Second, without this legislation, the support price for milk automatically increases today. This means that the taxpayer will spend $1 million per day unnecessarily, and the price of milk to consumers will go up unnecessarily.

As pointed out by the chairman, we had no opposition to the rule before the committee.

I have one request for time. I yield 2 minutes to the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Speaker, I was one of the few Members from Wisconsin who supported similar legislation last April to skip over the already scheduled April 1 increase in dairy price supports. I did so at that time because I believe that there has to be some general change in price support programs, not only for dairy, but also for all of the other commodities that are supported by the Federal Government in one way or another.

But as time has gone on, I see that the dairy farmer is being asked to accept a disproportionate share of those cuts, and that farmers in other commodities have certainly not gotten as big a lump on their heads or are getting as big a lump on their heads as is scheduled for the dairy farmer.

By taking this bill up today, the House will be going to a rush judgment. The reconciliation bill which was passed and signed into law less than 2 months ago provided for the October 1 increase in dairy price supports. The bill that this rule makes in order was introduced 2 days ago, last Tuesday. There has been no committee action. There is no committee report. There is no Congressional Budget Office estimate on actually what the effect on the taxpayers will be.

I believe that the House is acting hastily in considering this matter and I rise in opposition to the resolution.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. HARKIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4612) to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Iowa (Mr. HARKIN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4612, with Mr. FLIPPO in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Iowa (Mr. HARKIN) will be recognized for 30 minutes, and the gentleman from Virginia (Mr. WAMPLER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, H.R. 4612 would delay an increase in the support level for milk which is required by the Agricultural Act of 1949, as amended by the Omnibus Reconciliation Act of 1981.

The support price of milk has been maintained at $13.10 per hundredweight during the past year. In the absence of action by the House today, the support level must be increased to 75 percent of parity, or about $13.50 per hundredweight, a total increase of about 40 cents per hundredweight.

The support price for milk will be considered during House action on the farm bill, which is to commence either today or tomorrow. Amendments will be offered, I expect, to reduce the level required under current law so as to meet budget targets set by the first concurrent budget resolution. The Senate has already completed consideration of farm legislation and its action has voided the increase that would otherwise take place today.

Mr. Chairman and members of the Committee: As chairman of the Livestock, Dairy and Poultry Subcommittee of the House Agriculture Committee, I find myself in an odd situation here.

□ 1600

First of all, let me just say that I do not agree with the Reagan budget, that I did not vote for the budget when it was passed by this House. I think it was a phony budget and I do not support the things that have demanded those budget guidelines. That is why, quite frankly, I am and I have been an articulate and firm supporter of providing as much support for dairy and other parts of agriculture as possible.

However, I recognize the House and Senate passed the budget and we have to live with it. Therefore, hopefully being a responsible member of this body, I think it behooves us then to bring bills to the floor which meet those budget guidelines. The bill that has been reported out of the House Agriculture Committee, that will be coming up on the floor tomorrow, does not meet that budget guideline. However, a block of amendments will be offered by my colleague from Iowa (Mr. BEDELL), which will significantly reduce many areas in the agriculture bill to bring it in line with the first budget resolution. Included in those cuts will be a drastic cut in the dairy price support program, a cut which I am supporting. I am supporting it because I recognize the necessity to, No. 1, send a signal to our dairy farmers throughout the country that we do indeed have to slow down the rate of growth in production of milk and milk products in this country.

Second, I recognize that we must do it because, in order to get any program at all, we have to come in under the budget resolution target ceilings in order to enroll the bill and send it to the President.

What the Senate did on dairy, I believe, is unconscionable. They did not just lower the dairy support programs. They in fact took the first step in the total abolition of the total dairy price support program in this country, a program that has worked effectively for both farmers and consumers since 1949. On the other hand, the members of our Subcommittee on Dairy on the Agriculture Committee have taken a responsible position on this. I believe I can say without fear of contradiction that both the Republican and Democratic members of that subcommittee support the amendment that will be offered by Mr. BEDELL tomorrow on the farm bill to provide that next year the level of support for dairy will not be increased 1 cent above what it was last year; that is, $13.10 per hundredweight. Furthermore, the amendment provides that next year on October 1, 1983, that the dairy price supports would go no higher than the parity level, than it is this October 1, which would be about 72.5 percent. Then, in the outyears of 1984 and 1985, if the quantity of supply stock that CCC has on hand is over 3.5 pounds milk equivalent, the Secretary can reduce the price support for dairy to 70 percent of parity. If, however, the stocks are lower than 3.5 million pounds, the Secretary must increase the support price to 75 percent. That, I believe, is the most reasonable way out of the predicament we find ourselves in today, and I believe that when that amendment comes up, I hope that the Members of the body will support it because it will be a reasonable solution to this problem; not the gutting action that was taken by the Senate last week when they passed their bill.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. DE LA GARZA. Mr. Chairman, I yield 5 additional minutes to the gentleman from Iowa.

Mr. HARKIN. I am hopeful that we can preserve the dairy price support program which, as I said, has worked well since 1949. I realize that it has been out of whack in the last couple of years. I realize that it has to get back to a stable supply and demand system, but we do not do it overnight. We do not gut the entire program as the Senate did. We do not drive young dairy farmers out of business, but we do it in a very carefully designed scenario as I believe we did in the subcommittee.

Mr. HAGEDORN. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I would yield, but first I would say that my colleague from Minnesota has been very actively involved in coming up with this proposal I just talked about that will be offered on the farm bill. He has been a very diligent and active member of the subcommittee and one I know who is very active in support of his dairy farmers, not only in his State but throughout the country.

Mr. HAGEDORN. I thank the gentleman for yielding and join with him in his support of H.R. 4612. I also share his expression of what the committee will be doing tomorrow when we take up the Bedell amendments, and I think he has outlined very accurately the diligent way in which we have pursued this and coming up with a reasonable compromise in order that we can bring down massive levels of dairy supports, and at the same time provide a very important foundation for that very important segment of our agricultural community.

Mr. Chairman, I join my distinguished colleagues in support of H.R. 4612, to temporarily delay the increase in the current support price level of milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

The 1977 Food and Agriculture Act expired yesterday, September 30, 1981, and if the law is not changed the dairy provisions of the recently passed Omnibus Reconciliation Act will come into effect. Under these provisions, the Secretary would be required to set the price support level between 75 and 90 percent of parity. It would also require semiannual adjustments in the support price beginning April 1, 1983. The Secretary would be allowed to set support prices based on a formula of projected purchases of surplus milk products by the Government.

These provisions are similar to those adopted by the House Agriculture Committee in H.R. 3603. When the Omnibus Reconciliation Act was passed, it was agreed that the dairy provisions were to be construed only as an interim measure and the dairy price support for milk would have to be reconsidered in order to meet the budget targets in the concurrent budget resolution for the fiscal year ending September 30, 1982.

The dairy provisions in the Omnibus Reconciliation Act will require net outlays in fiscal year 1982 that would exceed the first concurrent budget resolution by $475 million. H.R. 3603, which contains the 75 percent semiannual adjustment for fiscal year 1982, would exceed the budget resolution by $619 million.

The Senate recently passed an administration-backed farm bill which mandates a minimum dairy price support level of 70 percent of parity unless the Secretary estimates that net Government purchases will exceed $750 million; then the minimum support price will be $13.10 per hundredweight, which is the present level.

Obviously, the impacts of these measures are quite different and until there is a consensus as to what will be the appropriate milk price support level, it is imperative we maintain the current price support. To do otherwise would send mixed signals to producers, increase consumer costs and require additional Government outlays of a million dollars a day.

Wheat marketing quotas have not been in effect for more than two decades. If the Secretary is required to conduct a national referendum of wheat producers it will be confusing to producers and will be costly and unnecessary.

In conclusion, failure to extend these provisions will leave producers with no clear knowledge as to how they plan their future operations. It would be irresponsible and would only complicate the passage of a new farm bill.

Mr. HARKIN. Mr. Chairman, I would just conclude by saying that while I support H.R. 1642, I do it because I think it is reasonable at this time. I do it also with the fervent hope and plea that colleagues do take the time necessary to take just a little bit of time to examine the dairy price support program, to listen to the debate when it comes up tomorrow, and to help us in supporting a reasonable compromise so that we can work our way out of this situation in the next 2 or 3 years without destroying the hopes and dreams of many young farmers in this country.

So, I hope that we can get this bill through today. It is a reasonable thing to do, but I hope that Members will also be reasonable on the dairy provision on the farm bill when it comes up tomorrow.

Mr. DE LA GARZA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to remind the Members that in addition to the dairy section which the gentleman from Iowa has so eloquently discussed, we also have a second section to the bill which suspends the referendum for wheat that is mandated by permanent law. Should we not delay that until we work out the farm bill, the process must begin for a national referendum on wheat, so this legislation also suspends that until November 15.

Mr. Chairman, I would like to commend the chairman of the subcommittee and all the members of the subcommittee for the very responsible and quite exemplary manner in which they have conducted themselves under very dire circumstances as relates to dairy, because they have realized, as I do, that legislation is the art of the possible. Certainly what we have to do and must do under the budget has been carried out to the fullest by the bill.

I must commend them for the exemplary way in which they, against their better wishes, offered the restraints necessary to provide for the necessary legislation that we would need in the farm bill to reduce the oversupply of dairy products and, I think, can be done as will be discussed later.

Mr. WAMPLER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I urge passage of H.R. 4612, a bill that would forestall the increase in the dairy price supports to 75 percent, effective today, October 1. This bill would also forestall a need until November 15 to hold a wheat referendum. The passage of this bill by the Congress is of great importance to people who believe in reasonable consideration of legislation as well as economy in Government, and in the fair and equitable administration of our laws.

This bill would save the American taxpayers roughly $35 million. It forestalls the increase in dairy price supports to 75 percent of parity today October 1 and sets a new date of November 15, 1981.

In other words, without this bill the price of milk purchased by the Government today will increase to $13.56 per hundredweight. Yesterday it was $13.10. The purchases by the Government of surplus dairy products at a 46-cent increase is estimated by USDA to cost $1 million per day. For the month of October, that will amount to $31 million.

If the farm bill is passed and signed into law by November 1 that saving will be made for U.S. taxpayers.

Meanwhile, without a 1981 Farm Act, the Agriculture Act of 1949 becomes effective today, and that means that a needless wheat referendum with respect to the national marketing quota for wheat is scheduled for October 15.

Once the 1981 farm bill becomes law, the referendum will have become a meaningless exercise inasmuch as the language in the 1981 Farm Act becomes controlling and moots the need for a referendum for wheat.

It is important that we close this spending "gap" in the dairy support legislation today and avoid the cost of a wheat referendum that will be made moot by the passage of the 1981 farm bill.

I urge passage of H.R. 4612.

□ 1640

Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Wisconsin (Mr. GUNDERSON), a very valuable member of the Committee on Agriculture.

Mr. GUNDERSON. Mr. Chairman, I rise to discuss what we are about to do here today, because I think it is important that all the Members of this body, as we consider this particular bill and as we consider the legislation that is coming before us tomorrow in the general 4-year farm bill, understand what has been done in the dairy industry.

I doubt that there is one Member of the House today who believes that we are going to do anything but quickly pass this legislation and eliminate the October 1 adjustment. An argument can be made on both sides of that question, but I think it is time that we finally understand what we have been doing in 1981 to the American dairy farmer.

When most of us took office in January of this year, we came in with parity at 80 percent, and it was projected that it was going to cost this particular National Government something like $2 billion. So the first bill out of the track, when President Reagan began his economic recovery program, was to eliminate the April 1 price adjustment for dairy price supports. We did that, and we saved the American taxpayers $190 million.

Shortly thereafter, in reconciliation in July, we went from 80 percent to 75 percent, and we saved the American taxpayers another $381 million, for a total of $571 million that has been saved up to this point in time.

Now, if we believe all the stories that we have been reading and hearing about the fact that the October 1 price adjustment cost the American treasury $1 million a day and we are going to eliminate that today, then let us assume that for the next year we are going to save $365 million there, and all of a sudden in the dairy price support program for 1982, from where it was since we began office in 1981, in 1 fiscal year, we are going to cut some $936 million out of this one program. That is something between a 40- and a 45-percent reduction in the cost of the program in 1 year.

Mr. Chairman, I ask the Members to take a look at this and tell us what other commodity program or what other programs in this Congress have been asked to endure that kind of a cut.

Mr. WAMPLER. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Vermont (Mr. Jeffords).

Mr. JEFFORDS. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, I somewhat reluctantly but realistically rise in support of this bill. I do so because I know that we have a problem, the dairy farmers of this country know that we have a problem, and we also know that this is not the time or the place to fight that issue. The time and the place is on the farm bill.

For us to go forward right now and to try and do what many would like to do would be counterproductive.

I would like to take this time just to remind the Members and urge the Members to take a look at the "Dear Colleague" letter that several of us sent around examining the history of the dairy price support program, because it was designed and it has been effective not at taxpayers' expense but at consumers' savings, for although we have some costs right now, if we take a look at what has happened with dairy products versus all food in the CPI generally over the past 10 years, we find that it has saved consumers some $37 billion over what it would have been had it gone up relative to the ordinary CPI.

The cost of the program up to the last couple of years was practically zero. It was less than $3 billion for 10 years. What we have to do now is to bring that program back under control.

The reason that Congress took it over and the reason we are in the problem we are in now is that the previous administration—the Nixon administration—picked upon the dairy program to do what this administration might like to do, and that is to prove that it is an example of how to save money. But it was counterproductive. They destroyed the dairy industry.

What happened? We had some of the largest price increases in dairy products that we have had in the last 20 or 30 years. We had serious problems that resulted in real losses to consumers, losses to farmers, and eventually a loss to the taxpayers.

Mr. Chairman, I hope that the Members will take a look at that program. We have a reasonable proposal coming along. Let us support the program, and let us go along with this proposal which will just postpone the adjustment for 45 days.

Mr. WAMPLER. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin (Mr. Petri).

Mr. PETRI. Mr. Chairman, I rise to associate myself with the remarks of my distinguished colleague, the gentleman from the Ninth District of Wisconsin (Mr. Sensenbrenner), and the gentleman from the Third District of Wisconsin (Mr. Gunderson).

Mr. WAMPLER. Mr. Chairman, I have no further requests for time, and I reserve the balance of my time.

Mr. de la GARZA. Mr. Chairman, I yield such time as he may consume to the distinguished majority leader, the gentleman from Texas (Mr. Wright), to speak out of order.

(By unanimous consent, Mr. Wright was allowed to speak out of order.)

LEGISLATIVE PROGRAM

Mr. WRIGHT. Mr. Chairman, I take this time for the purpose of announcing to the Members the plans for the remainder of this week and for next week.

When we complete action upon this bill today, we will have completed the schedule for today.

We will convene at 10 o'clock tomorrow, Friday, and adjourn at 3. We hope to do the following things in the following order tomorrow:

First, we will consider the rule on the farm bill, H.R. 3606, the Agriculture and Food Act of 1981. We will adopt the rule, and then we will have general debate on H.R. 3112, the voting rights bill, followed by general debate on the farm bill, and rising at 3 o'clock tomorrow.

On Monday, we will have no suspensions. We will come in at noon on Monday, and we will take up H.R. 3112, the Voting Rights Act extension. Immediately upon completing the general debate, we will move directly into amendments on the Voting Rights Act and continue Monday until we have completed action on the voting rights bill.

On Tuesday, we will take up H.R. 4560, the Labor-Health and Human Services appropriation bill, and we will complete action on that legislation on Tuesday. It is our intention to ask unanimous consent to convene at 10 a.m. on Tuesday.

On Wednesday, we will convene at 10 o'clock. We plan to adjourn at 3 o'clock on Wednesday, that being the beginning of a recess period, the Jewish religious holidays occurring at the beginning of sundown Wednesday, and we will continue in recess to observe on Monday, Columbus Day, reconvening at noon on Tuesday the week after next.

On Wednesday, we would complete H.R. 3606, the farm bill. That is our plan. If we are able to stay on this schedule, we will complete the milk price support bill, the farm bill, the voting rights bill, and the Labor-Health and Human Services appropriation bill before adjourning.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Wisconsin (Mr. Kastenmeier).

Mr. KASTENMEIER. Mr. Chairman, I appreciate the chairman of the Agriculture Committee yielding to me, and I wish to state that I have high admiration for him and for the subcommittee chairman, the gentleman from Iowa (Mr. Harkin), as well as other members of the committee.

Nonetheless, Mr. Chairman, I respectfully rise in opposition to this bill. I think the Congress ought well to consider the state of esteem it is held in terms of its credibility among the American taxpayers.

We have presently a farm bill calling for semiannual adjustments in terms of the dairy price support program, and have had for 4 years.

□ 1750

The Congress reaffirmed this in 1979 and for good reason, following the adoption of the trade bill.

The last adjustment was made 1 year ago. Notwithstanding the fact that the dairy industry had forgone its adjustment April 1, it did have a right to expect the October 1 adjustment of today.

There are those who say this will cost the American taxpayers up to $1 million a day. I would only remind this body, Mr. Chairman, that we have enacted a tax bill going into effect today which will, in terms of tax expenditures, cost a lot more than $1 million a day. Will it be $50 million a day, $100 million a day? I do not know.

But we had a preexisting statute which gave a 3.5-percent increase to the dairy industry for an industry whose expenses have gone up in the intervening year 9 percent. I believe, Mr. Chairman, we ought to follow through on this.

While I appreciate the comments in terms of the farm bill the gentleman from Iowa made, that should await another time. As far as this adjustment is concerned, I believe the Congress has an obligation to follow through on it and I oppose this bill.

Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin (Mr. Obey).

Mr. OBEY. I thank the chairman for yielding. I would simply follow up on the remarks made by the previous speaker from Wisconsin by saying this: I frankly am quite amused by the figure which is being used by some groups estimating the cost of this adjustment as being around $1 million a day. The fact is that we are costing the U.S. Treasury about $1 million a day because of the virtually unrestricted use of casein. I hear very little objection to that fact. We are asking here that we not treat the dairy differently than we are treating most other commodities. Everybody understands what is going on.

There were some arrangements made, evidently, at least the newspapers have carried stories to that effect, to the effect that there were certain votes on the Budget Reconciliation Act that were promised to the White House in return for "consideration" on a few other commodities. Now dairy is being asked to roll over and be cooperative in the process of gaging the dairy industry to a much greater extent than any other commodity group in the farm bill which we will consider later this week.

This is an extremely small adjustment. It is the first adjustment which these farmers will have had in about a year's time, and it seems to me that even if they only get it for a few days before the new farm bill goes into effect it compensates them in small measure for the injustices which are being done to them, no matter what version of the farm bill passes.

I would urge opposition to this piece of legislation.

Mr. de la GARZA. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota (Mr. Oberstar).

Mr. OBERSTAR. I thank the gentleman for yielding.

I have heard a lot of talk today about money that has been saved by putting off the dairy price increase. It may have saved some money, but we have certainly caused a lot of anguish for dairy farmers. This spring dairy farmers were told, well, just put off the April adjustment but you will get the one in October, and just hang around and, in any event, Congress is going to take care of you in the farm bill. Now we are putting off the one in October and the farm bill is not on, and we do not know what it is going to contain for dairy farmers.

There has been a lot of talk about it. So there they stand waiting and waiting while imports eat up the growth sector of the domestic market.

Dairy farmers in my district are not engulfed by this excess production discussed today, but they are engulfed by rising costs and diminishing profits. I think it is time for justice on the dairy farm. We ought to defeat this bill.

Mr. de la GARZA. Mr. Chairman, to close the debate on our side I yield 3 minutes to the distinguished gentleman from South Dakota (Mr. Daschle).

Mr. DASCHLE. Mr. Chairman, this bill will soon come up for a vote and, indeed, it should. I do not think there ought to be any illusions about what this really is, what issue is at stake here. It is not cost. I do not think that anyone can demonstrate here that we are going to be saving the Federal Government a great deal of money.

The real issue here is credibility, credibility as was just discussed by the gentleman from Minnesota, credibility when the farmers in all our country have come to this Congress, once again, to be turned away when they were told that October 1 would be the day that they get a cost-of-living increase. It is credibility when just last night we were here until 1 o'clock giving ourselves a tax break, giving ourselves a pay raise, and we turn right around, within 24 hours, and today we say no, we deserve it but you do not.

It is a credibility issue, too, when we see New Zealand and time and again we have found them as a country vetoing sales to other countries, vetoing a sale to Egypt, and England, and to Romania, vetoing sales that could mean the makeup in the loss of revenue that we have incurred.

So this is a question of credibility. Our credibility is at stake and without question we again will see a continuation in the erosion of that credibility as we face this vote today.

Mr. GEJDENSON. Mr. Chairman, will the gentleman yield?

Mr. DASCHLE. I yield to the gentleman from Connecticut (Mr. Gejdenson).

Mr. GEJDENSON. Mr. Chairman, I would just like to join my colleagues who feel the outrage of having supported oil subsidies, peanut subsidies, and tobacco subsidies and not milk. So I support the gentlemen. Mr. Speaker, one of my first votes in Congress was to postpone the April 1 increase in dairy price supports. It was my understanding at that time that the new administration was going to cut Federal spending in a fair and equitable manner, and I felt that dairy farmers were willing to share in this responsibility. It is now October, however, and it has become clear to me that the budget cuts are not being allocated fairly.

The administration's tax cut gave $11 billion to the oil companies. Deals have been made to continue subsidies for tobacco, peanuts, and sugar. Under these circumstances, I cannot now justify putting off the semiannual adjustment for dairy products again. These hard-working men and women should not be forced to bear the burden of balancing the budget when special interests are getting huge tax breaks and other Government handouts.

When this administration shows the same concern for dairy farmers and other hardworking Americans as it does for the oil companies I will support its budget cuts, but until then I cannot stand by and let the working people of this country be deprived of a decent standard of living so that the rich can get richer.

Mr. DASCHLE. I thank the gentleman and yield back the balance of my time.

● Mr. ROTH. Mr. Speaker, I am unalterably opposed to H.R. 4612 which would delay the October 1 adjustment in the dairy price support program pending action of the farm bill.

This is an unprecedented breach of faith with the dairy farmer. What this legislation attempts to do is to create new farm policy without benefit of formal farm legislation which expired at midnight. I cannot stand idly by and watch the dairy farmer be singled out in this fashion when all other agricultural sectors go untouched by these last minute budget reductions.

Since March of this year, I have watched systematic attempts to dismantle the dairy price support program in the name of a balanced budget. Should this legislation pass, it will simply hasten the demise of numerous young, small dairy operations which, because of inflation and interest rates, are barely hanging on to begin with.

I wholeheartedly object to H.R. 4612. The dairy farmer must not be made the scapegoat for an unbalanced budget any longer.●

(By unanimous consent Mr. de la GARZA was allowed to speak out of order.)

PROCEDURE ON FARM BILL

Mr. de la GARZA. I take this time, Mr. Chairman, to advise the Members, as the majority leader advised as well, we will take the rule and general debate on the farm bill tomorrow. It would be my hope, we have two amendments that are a consensus of the committee that would be offered en bloc, and it would be my hope that they would be agreed to I would say almost unanimously by the committee, and I would hope that we might dispose of those two amendments after general debate. But should there be a request for a vote, in order that Members might make their plans, it would be our intention to rise and not proceed with the vote at that time.

The **CHAIRMAN**. The Clerk will read.

The Clerk read as follows:

H.R. 4612

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provisions of section 201(c) of the Agricultural Act of 1949, as amended, the price of milk shall be supported at the level of $13.10 per hundredweight for milk containing 3.67 per centum butterfat for the period beginning October 1, 1981, and ending November 15, 1981.

SEC. 2. The last sentence of section 336 of the Agricultural adjustment Act of 1938 (7 U.S.C. 1336) is amended by striking out "October 15, 1981" and inserting in lieu thereof "November 15, 1981".

The **CHAIRMAN**. Are there any amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. WRIGHT) having assumed the Chair, Mr. FLIPPO, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4612) to temporarily delay the October 1, 1981, increase in the price support level of milk and to extend the time for conducting the referendum with respect to the national market quota for wheat for the market year beginning June 1, 1982, pursuant to House Resolution 232, he reported the bill back to the House.

The **SPEAKER** pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The **SPEAKER** pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. **KASTENMEIER**. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER** pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 328, nays 58, not voting 47, as follows:

[Roll No. 233]

YEAS—328

Alexander
Anderson
Annunzio
Anthony
Applegate
Archer
Atkinson
AuCoin
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Bliley
Boland
Boner
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Brown (CO)
Brown (OH)
Broyhill
Burgener
Burton, John
Burton, Phillip
Butler
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Clay
Clinger
Coats
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Coughlin
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crockett
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derwinski
Dickinson
Dicks
Dixon
Donnelly
Dougherty
Downey
Dreier
Duncan
Dunn
Dwyer
Dymally
Dyson
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
Erlenborn
Ertel
Evans (DE)
Evans (IA)
Evans (IN)
Fascell
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Fithian
Flippo
Foglietta
Foley
Ford (TN)
Forsythe
Fowler
Frank
Frenzel
Fuqua
Gaydos
Gephardt
Gilman
Gingrich
Ginn
Glickman
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Guarini
Hagedorn
Hall (OH)
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Hollenbeck
Holt
Hopkins
Horton
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Jacobs
Jeffords
Jeffries
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kemp
Kildee
Kindness
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
LeBoutillier
Lehman
Lent
Levitas
Lewis
Livingston
Loeffler
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Lungren
Madigan
Markey
Marks
Marlenee
Marriott
Martin (IL)
Martin (NC)
Matsui
Mattox
Mavroules
McCollum
McDade
McDonald
McEwen
McGrath
McKinney
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Molinari
Mollohan
Montgomery
Moorhead
Morrison
Mottl
Murtha
Myers
Napier
Natcher
Nelligan
Nichols
Nowak
O'Brien
Oakar
Ottinger
Oxley
Panetta
Parris
Patman
Patterson
Paul
Pease
Perkins
Peyser
Pickle
Porter
Price
Pursell
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Robinson
Rodino
Roe
Roemer
Rogers
Rosenthal
Rostenkowski
Roukema
Roybal
Rudd
Russo
Santini
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Shamansky
Sharp
Shaw
Shelby
Siljander
Skeen
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snowe
Snyder
Solarz
Spence
St Germain
Stanton
Stark
Staton
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tauke
Thomas
Udall
Vander Jagt
Walgren
Walker
Wampler
Waxman
Weaver
Weber (OH)
Weiss
White
Whitehurst
Whittaker
Whitten
Wilson
Winn
Wirth
Wolf
Wolpe
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Zeferetti

NAYS—58

Akaka
Albosta
Andrews
Aspin
Bonior
Byron
Coelho
Daschle
Dorgan
Dowdy
English
Erdahl
Evans (GA)
Fazio
Ford (MI)
Fountain
Frost
Gejdenson
Gonzalez
Gunderson
Hall, Ralph
Hall, Sam
Hefner
Kastenmeier
Kazen
Kogovsek
Lee
Long (LA)
Luken
Lundine
Martin (NY)
McCurdy
McHugh
Mitchell (NY)
Moore
Neal
Oberstar
Obey
Petri
Roberts (SD)
Rose
Sabo
Sensenbrenner
Shuster
Skelton
Solomon
Stangeland
Stump
Taylor
Traxler
Vento
Volkmer
Watkins
Weber (MN)
Whitley
Williams (MT)
Wortley
Zablocki

NOT VOTING—47

Addabbo
Ashbrook
Beard
Blanchard
Boggs
Bolling
Broomfield
Chisholm
Corcoran
Crane, Philip
Derrick
Dingell
Dornan
Early
Fary
Florio
Garcia
Gibbons
Goldwater
Goodling
Hansen (UT)
Holland
Ireland
Jones (NC)
Leath
Leland
Mazzoli
McClory
McCloskey
Murphy
Nelson
Pashayan
Pepper
Pritchard
Quillen
Rahall
Roth
Rousselot
Savage
Shannon
Shumway
Simon
Tauzin
Trible
Washington
Williams (OH)
Young (MO)

□ 1710

The Clerk announced the following pairs:

Mr. Jones of North Carolina with Mr. Williams of Ohio.

Mrs. Boggs with Mr. Pashayan.

Mr. Florio with Mr. Roth.

Mr. Ireland with Mr. Rousselot.

Mr. Holland with Mr. Shumway.

Mr. Derrick with Mr. Ashbrook.

Mr. Early with Mr. Broomfield.

Mr. Dingell with Mr. Philip M. Crane.

Mr. Blanchard with Mr. Goodling.

Mr. Pepper with Mr. Hansen of Utah.

Mr. Murphy with Mr. McCloskey.

Mr. Tauzin with Mr. Corcoran.

Mr. Shannon with Mr. Dornan of California.

Mr. Simon with Mr. Beard.

Mr. Leath with Mr. Quillen.

Mr. Mazzoli with Mr. Pritchard.

Mr. Leland with Mr. Trible.

Mr. Young of Missouri with Mr. McClory.

Mr. Addabbo with Mr. Nelson.

Mr. Fary with Mr. Rahall.

Mrs. Chisholm with Mr. Washington.

Mr. Garcia with Mr. Savage.

Messrs. **ASPIN, DOWDY, McCURDY, FAZIO, VENTO, FOUNTAIN,** and **SKELTON** changed their votes from "yea" to "nay."

Mr. DELLUMS and Mr. WILLIAM J. COYNE changed their votes from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1720

GENERAL LEAVE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

HOUR OF MEETING ON TUESDAY NEXT

Mr. FOLEY. Mr. Speaker, we are seeking clearance on the minority side for a unanimous-consent agreement which I would like to offer authorizing the House to come in at 10 o'clock on Tuesday next. Next week we will have an early adjournment on Wednesday for the beginning of the recess because of the Jewish holiday. It is anticipated the House will close its business about 3 o'clock. For that reason and because we are scheduling an appropriation bill on Tuesday, we would like to obtain clearance.

Mr. Speaker, I ask unanimous consent that when the House convenes on Tuesday next, it convene at 10 a.m.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

ADJOURNMENT FROM FRIDAY, OCTOBER 2, 1981, TO MONDAY, OCTOBER 5, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow, it adjourn to meet at noon on Monday, October 5, 1981.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. DE LA GARZA. Mr. Speaker, reserving the right to object, I do so to ask the distinguished whip a question. I was informed by the majority leader that on Wednesday next we would have a full day's session in order to hopefully complete work on the farm legislation.

Mr. FOLEY. I am sorry that there was some confusion on that, but we do have a standing commitment to respect the Jewish high holiday which begins on sundown on Wednesday. It is assumed the House will take a recess or adjourn at 3 or 4 o'clock in the afternoon.

Mr. DE LA GARZA. Will the convening be at 10 o'clock Wednesday for the House?

Mr. FOLEY. The convening will be at 10 o'clock.

Mr. DE LA GARZA. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington (Mr. FOLEY)?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

ON OCTOBER 1—A NEW FISCAL YEAR

(Mr. HAWKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAWKINS. Mr. Speaker, today, as some of us will begin to enjoy windfall gains from a new tax law that was approved not on the basis of being fair and equitable, but as being deliberately constructed to help the rich, I hope we will not continue down a dead-end street of believing in what President Reagan calls "the magic of the marketplace."

Empirical evidence of six recessions in the postwar period resulting from similar tight monetary and regressive fiscal policies now being pursued, documents the fallacy of "feeding the fat and starving the lean" economics.

For those who care to think objectively and to heed commonsense, I am inserting into the RECORD the report of the National Advisory Council on Economic Opportunity, a governmental agency which the Congress created, warning us that the blunderbuss budget cuts in social programs will lead not to price stability and a sounder economy but more crime, poverty, welfare dependency, and general social and economic chaos. The Council's statement follows:

> The National Advisory Council on Economic Opportunity today sharply criticized the Reagan Administration's proposed cutbacks in federal income-transfer and antipoverty programs, saying that the effect of these cuts will be to cause massive suffering as well as to undermine the work ethic and family life among the poor. The Administration's proposed cutbacks of these crucial federal programs, warned the Council in releasing its Final Report, will severely deepen the crisis of poverty in the future and could drive whole segments of our society toward hopelessness and despair. Instead, the Report calls for passage of the Economic Opportunity Act and continuation of the Legal Services Corporation, two programs that are essential to the well-being of the more than 29 million Americans still living in poverty.
>
> In a separate statement, Arthur I. Blaustein, Chairman of the Council, said:
>
> "By separating economic theory from social policy and pursuing the former at the expense of the latter, the Administration has adopted a strategy of brinksmanship that could lead to social chaos.
>
> "There is a price to be paid for the reduction of human and social services. The price is that these cutbacks will not reduce crime; they will increase it. They will not reduce the use of drugs; they will increase it. They will not reduce alcoholism; they will increase it. They will not reduce physical and mental illness; they will increase it. They will not promote better family life; they will destabilize it. They will not increase respect for the law; they will weaken it.
>
> "At present, there exists an air of suspended disbelief over the radical changes that have occurred in the past two months. That is because the lay-offs, the shutdowns, the cut-backs, and the reduced paychecks have not yet reached ground level. But the day of reckoning will come shortly. October 1, 1981, will be remembered as a day of infamy, for it will mark the worst massacre of social and human service programs in American history."
>
> The Report, "The American Promise: Equal Justice and Economic Opportunity," addresses itself specifically to the issues of unemployment, inflation, women in poverty, the implementation of human and social service programs, citizen participation and volunteerism, and the "myths" of poverty. The 15-member Council established by Congress in 1967 and appointed by the President, is responsible for making an annual report to the President and Congress on programs and policies aimed at helping the poor. It is slated for abolition by this Administration.
>
> Attacking what it termed persistent myths about poverty in the United States, the Council presented evidence that disputed what it termed the "mistaken" view of some economists that the reduction in the poverty population had been a result of "growth in the private economy." The Council maintained that for some time such growth "has ceased to 'trickle down' to the poor in the form of more jobs, better income, and a more rewarding and productive role in society." And, the Council reaffirmed its belief that only those comprehensive and national economic revitalization efforts targeted specifically toward dissadvantaged communities and the jobless would effectively combat poverty in the 1980s: a strategy that the Administration is abandoning.
>
> In addition to releasing the Report, the Council issued the following statement:
>
> "Seventeen years ago, this nation made an historic commitment to reduce, if not eliminate, poverty in America. The Economic Opportunity Act was conceived with moral conviction and dedicated to the proposition that all Americans, even the 36 million poor, were entitled to both opportunity and equal access to the law.
>
> "The Act itself called for a national effort to attack the causes of poverty, and related social problems, which were national in character and scope.

"All the testimony given to the Council over the past several years has shown that these federal programs do work; that they do help people get out of poverty; and that the delivery systems are providing the necessary basic human and social services. Thus, after fifteen years of progress in our nation's effort to relieve poverty, when in fact the number of poor had, by 1980, been reduced by 11 million and millions more have been kept above the poverty line, this Council is deeply concerned that the process will be reversed by recent policy decisions by the Administration that will serve not only to increase the number of poor, but to make their burden more severe.

"The three aspects of the Administration's Economic Recovery Program that gravely concern the Council are: (1) the massive across-the-board cuts in social and human service programs; (2) the abolition of delivery systems provided for in the Economic Opportunity Act and the Legal Services Corporation Act; (3) the transfer of federal authority and program responsibility to the states through block grant programs.

"In evaluating the impact of these changes on the poor, we believe that each of these decisions taken alone would be painful; but taken together they will be absolutely devastating. This Council, under four Presidents (two Republicans and two Democrats), has consistently taken the position that the federal government must maintain active responsibility for pursuing the goals of the Economic Opportunity Act. This has never been a partisan issue, and it should not be one now. The Council vigorously reaffirms its earlier recommendations that the Economic Opportunity Act and the Legal Services Corporation Act should be reauthorized.

"The Council is well aware that the economic difficulties facing our nation are complex and often seem overwhelming. But these difficulties cannot be used as an excuse for reneging on our social and moral commitments as a nation. We are deeply troubled by the notion that national issues, ones that require national policy and programs and that are a part of our national purpose, should suddenly devolve to the states. The issue is not federal versus state responsibility; rather, it is the dimunition or avoidance of any national standards of responsibility and accountability. To deflect, suspend, or fragment responsibility and accountability suggests that we are either renouncing or failing to assert our moral purpose as a nation. Worse than that, the administration seems to be denying that this moral purpose exists.

"The effect of the block grant proposal, as opposed to the Economic Opportunity Act and the Legal Services Corporation Act, is to destroy existing support systems that are effective, that have a proven capacity to deliver services, and that utilize local planning and implementation capabilities. They are being replaced by a new system that has a poor track record, and is restrictively financed, more bureaucratic, less accountable, and more subject to intense political pressures. The last point is extremely important in that effective and efficient use of limited federal funds is in danger of being thwarted by conflicting political interests in each state.

"After reviewing the recent budget process, it appears that there has been a massive transfer from basic human and social services to our military budget. The Council seriously questions whether it is in the national interest to relegate a substantial number and social service programs to the junkpile, while we increase the stockpiling of weapons of mass destruction in an arms race where overkill has long been achieved.

"Moreover, these changes are occuring without any serious national debate, when advocates of balanced national priorities are dismissed by the President as representatives of 'special interests,' and critics of the Administration's policy are referred to as 'demagogues.'"

In criticizing the Administration's sharp cutbacks in social programs, the Council's statement emphasized the negative impact of these cutbacks on work and family life. "From an administration that places high priority on the importance of family life and the work ethic" it said, "this budget will be self-defeating." The Council cited the following analyses, drawn from its own research and other recent studies, in support of its statement that "these policies will actually encourage dependency instead of work, family breakdown instead of family stability:"

The Council cited an estimate by the Congressional Budget Office that proposed cuts in Public Service Employment under the Comprehensive Employment and Training Act (CETA) would result in a net loss of between 210,000 and 330,000 jobs in fiscal years 1981 and 1982, causing a sharp rise in expenditures for welfare and unemployment insurance.

The loss of these jobs, the Council pointed out, would be compounded by cuts in support services (which range from child care to mass transit), creating a "spiral effect" that will "deal a devastating blow to the realistic job prospects of hundreds of thousands of disadvantaged workers." The Council cited an estimate by the Wharton Economic Forecasting Associates that about three-quarters of a million jobs would be lost through cuts in CETA alone, and an additional million as a result of the Administration's program reductions as a whole.

The Council singled out proposed cuts in the Aid to Families with Dependent Children (AFDC) program as an example of how the reality of the Administration's budget departs from its rhetoric. Citing independent studies by the Congressional Budget Office and the University of Chicago's Center for the Study of Welfare Policy, the Council noted that the bulk of cuts in AFDC are concentrated on families who are presently working but do not now earn enough to maintain an adequate living. The Council pointed out that welfare recipients who work will have their incomes cut by an average of more than 20 percent, versus a 4 percent reduction for those who do not work, and in some states the Administration's proposed changes will eliminate the difference between what an AFDC family can receive if no one works and the income it can receive with a full-time worker. Noting that this sharply penalizes the working poor, the Council commented that "The Administration apparently feels that only the rich need incentives to work."

The Council said that families with young children—especially minority families and families headed by women—would be among the worst victims of the hardships imposed by the Administration's cuts. Citing an analysis by the Congressional Budget Office, the Council pointed out that of those families that are expected to lose a substantial portion of their spendable income from reductions in Public Service jobs, AFDC, Food Stamps, and the School Lunch program, over two-thirds are headed by women, and almost two out of five are nonwhite. Referring to the University of Chicago study, the Council noted that a single-parent family with two children could lose up to 30 percent of its disposable income from reductions in AFDC, Food Stamps, and child nutrition programs alone.

In rejecting the Administration's contention that renewed economic growth will eventually "trickle down" to the poor to offset these losses, the Council declared that it "flies in the face of everything we know about poverty today." The Council cited new evidence in this year's Report affirming that growth in the private economy has had a declining role in reducing poverty, and that "virtually all of the reduction in poverty since the mid-1960's has come about through the expansion of social insurance and income-transfer programs" of the kind now under attack by the Administration.

Though poverty increased most dramatically in the "hard-hit, declining cities of the Northeast and Midwest," the Report says, "poverty rates also remained disturbingly stable even in those cities characterized by strong—occasionally phenomenal—growth in jobs and income. In short, economic growth has had little impact in decreasing poverty rates in recent years, even in the boom cities of the Southwest."

The stubborn persistence of poverty in the face of economic growth, the Council pointed out in its statement, results in part from the changing nature of the poverty population. What the Report terms the "new" poor are increasingly a population of those whom the private economy has passed by. Even in good times, the Council noted, these people—the aged, the disabled, disadvantaged youth, women heading families with small children—are rarely hired by the private sector. In 1978, a year of economic recovery, the unemployment rate among disadvantaged minority youth was 41 percent. Among AFDC recipients, one of the groups most harshly affected by the Administration's cuts, nearly 70 percent are children, more than two-thirds of them 11 years old or younger. Among the adults, the overwhelming majority are women heading families—about 80 percent of whom are either required as full-time homemakers, disabled, or already in training, at work, or seeking work.

Because few of these people can be absorbed into the private economy without special assistance and support, said the Council, the "massive suffering" these program cuts will bring "cannot be balanced by any credible long-range benefits from the Administration's program—even under the most optimistic economic assumptions." Instead, the Council declared, any economic "renewal" resulting from the Administration's policies would "take place at the expense of stable, rewarding family lives and genuine work opportunities for the poor and their children."

Mr. Blaustein, Chairman of the Council, added that: "We are watching a great tragedy unfurl before us. The steady drumbeat of rhetoric emanating from Administration officials and shrewdly orchestrated by the White House is intended to create, and has heretofore succeeded in creating, a counter-reality and new myths with respect to social policy. For example, by continuously referring to economic opportunity and equal justice programs as welfare programs, the Administration has misled the American public. These programs are, in fact, designed to achieve the opposite, to create jobs and economic opportunities and to encourage people who are dependent upon welfare to become productive citizens and taxpayers. By seeking to eliminate these programs and substituting its own policies, the Administration will deny upward mobility to millions on welfare and will force many of the working poor into welfare dependency. By shifting program authority from the federal government to the states through block grants, the Administration has created a bureaucratic nightmare that will result in government by provisional catastrophe. By transferring huge amounts of funds from human and social services to defense, the Administration is not dampening inflation, it is fueling it.

"In order to gain support for its economic package, the Administration has conjured up the specter of an 'economic Dunkirk.' What it is perpetuating is a 'social Pearl Harbor' which will have a devastating impact on the poor who are defenseless, as well as wiping out the modest gains made in the past fifteen years by women, the elderly, minorities, and the young—the most vulnerable segments of our society."

THE PUBLIC DEBT CONTROL ACT

(Mr. DASCHLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DASCHLE. Mr. Speaker, I am today introducing the Public Debt Control Act. The effect and intent of this legislation is simple. This measure prohibits the House and Senate from approving a budget deficit whenever the public debt limit exceeds $1 trillion. The public debt limit today is $1,079,800,000,000.

The House and Senate must act now to control the public debt and eliminate any further deficit spending. In 1955, the public debt was $272 billion and the cost of financing the debt was $6.3 billion. Congress this week has approved a public debt limit of more than $1 trillion and the cost of financing the public debt this year will be an estimated $106 billion. Mr. Speaker, this is fiscal insanity.

The cost of merely financing the public debt this year—not reducing the debt, but merely paying interest on the debt—will exceed more than the total outlays for international affairs; general science, space, and technology; energy; natural resources and environment; agriculture; commerce and housing credit; transportation; community and regional development; the administration of justice; and veterans' benefits and services contained in the first concurrent resolution on the budget for fiscal year 1982. The cost of merely financing the public debt this year, $106 billion, is also nearly equal to the entire cost of the Federal Government in 1953. I repeat, Mr. Speaker, this is fiscal insanity.

In his address to the Nation 1 week ago, President Reagan recognized the need for controlling the public debt. President Reagan said:

> In just the past decade, our national debt has more than doubled. And in the next few days it will pass the trillion dollar mark. One trillion dollars of debt—if we as a nation need a warning, let that be it.

In his address 1 week ago, President Reagan also said:

> Our interest payments on the debt alone are now running more than $96 billion a year. That's more than the total combined profits last year of the 500 biggest companies in the country; or to put it another way, Washington spends more in interest than on all of its education, nutrition and medical programs combined.

Mr. Speaker, President Reagan was right. The size and cost of the public debt is crippling the Nation's economy.

I firmly believe the public debt must be reduced and the first step to reducing the public debt is controlling the public debt by prohibiting further deficit spending. Congress has shown very little concern about deficit spending in the past and even less concern about the public debt. The consequences of this lack of concern are now coming due and the costs are absolutely devastating and destructive.

During the past decade, Congress has increased the public debt limit more than 20 times. Now that Congress has approved a public debt limit of more than $1 trillion I fear Pandora's box has been opened and the past ready willingness of Congress to increase the pubic debt and deficit spend will in the future look like fiscal moderation in comparison.

The time to control the public debt and prohibit any further deficit spending is now. It is today.

Mr. Speaker, I include the text of the Public Debt Control Act for printing in the RECORD, as follows:

H.R. 4651

A bill to amend the Congressional Budget Act of 1974 to provide that neither the House of Representatives nor the Senate may consider any concurrent resolution on the budget in which outlays exceed revenues for any fiscal year if the statutory limit on the public debt exceeds one trillion dollars

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Debt Control Act".

SEC. 2. (a) Title III of the Congressional Budget Act of 1974 is amended by inserting at the end thereof the following new section:

"CONSIDERATION OF CONCURRENT RESOLUTIONS ON THE BUDGET

"SEC. 312. (a) CONSIDERATION OF CONCURRENT RESOLUTIONS.—Whenever the statutory limit on the public debt is in excess of $1,000,000,000,000, it shall not be in order in either the House of Representatives or the Senate to consider any concurrent resolution on the budget unless the level of Federal revenues set forth in such resolution equals or exceeds the level of total budget outlays set forth in such resolution for the fiscal year to which the concurrent resolution applies.

"(b) DEFINITION.—For purposes of this section, the term 'statutory limit on the public debt' means the maximum face amount of obligations issued under authority of the Second Liberty Bond Act and obligations guaranteed as to principal and interest by the United States (except such guaranteed obligations as may be held by the Secretary of the Treasury), determined under section 21 of such Act after the application of the second sentence thereof, which may be outstanding at any one time.".

(b) The table of contents of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 311 the following:

"Sec. 312. Consideration of concurrent resolutions on the budget.".

SEC. 3. This Act and the amendments made by it are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House), at any time, in the same manner and to the same extent as in the case of any other rule of such House.

JAMES E. WEBB—A REMARKABLE MAN

(Mr. BOLAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BOLAND. Mr. Speaker, last week at the U.S. Military Academy at West Point the Sylvanus Thayer Medal was presented to former National Aeronautics and Space Administration Chief James E. Webb. The inscription on the award is as follows:

> The Sylvanus Thayer Medal, awarded by the association of graduates, U.S. Military Academy, for outstanding service to the Nation.

Jim Webb is truly deserving of this honor. In his distinguished career, he has built a record of accomplishment and integrity matched by very few. As a boy, he demonstrated the traits that have served him so well in all his endeavors. Webb bagged groceries and worked in retail stores during his school days in Oxford, N.C. Later, limited finances interrupted his studies at the University of North Carolina. Undeterred, Webb worked for a construction firm before returning to college. Despite part-time work at the School of Education he was elected to Phi Beta Kappa and graduated with a bachelor of arts degree in 1928. In 1930, Mr. Webb became a U.S. Marine Corps reservist and learned to fly airplanes—beginning his active interest in aviation and aeronautics.

During the mid-1930's, Webb worked in Washington, D.C., as an assistant to the general counsel of the Aeronautics Chamber of Commerce of America. Characteristically, he also attended night classes at the George Washington University Law School and was admitted to the bar in 1936.

Mr. Webb's Government career began in 1946. After a brief period at the Department of the Treasury, he was appointed Director of the Bureau of Budget. Webb advocated balanced budgets and ordered reductions in the number of civil service employees in an attempt to reduce spending. Webb's continuing interest in Federal research and development was demonstrated by a study he ordered listing all such activities for inclusion in the budget. The study was instrumental in the establishment of the National Science Foundation.

In 1949, Mr. Webb became Under Secretary of State, serving with Dean Acheson. While at the State Department, Webb supervised a reorganization that urged expansion of scientific activity. He also helped establish several science attachés in U.S. Embassies abroad.

Webb left the Government in 1952 and divided his efforts among various business and public service activities. One of the latter was Educational Services, Inc., a nonprofit organization devoted to improving physics instruction in secondary schools.

Jim Webb's extensive experience in Government and business ideally prepared him to head the National Aeronautics and Space Administration. His tenure as Administrator, from 1961 to 1968, is the longest of any NASA chief. His outstanding memory and honesty were tremendous assets in his dealings with Congress and the White House. His administrative talents—and almost legendary ability to keep his fingers firmly on the pulse of NASA's myriad activities—were invaluable.

While at NASA, Webb pushed for a balanced space program. This may have resulted in certain projects being started without adequate planning and having to be canceled when technical difficulties occurred. But Webb's protection of several space science projects resulted in tremendous scientific advances for the country. Mr. Webb also initiated a NASA financed training program for Ph.D. scientists that has been an enormous success.

Jim Webb often worked with men of towering egos—but he never let his own interfere with accomplishing whatever task was set before him. In certain ways he may be the forgotten man of the space program. But I doubt this country could have met the challenge of placing men on the Moon in the decade of the 1960's without Jim Webb's hands on the controls. Webb had just the right combination of intelligence, salesmanship, energy, and imagination to pilot NASA through the shoals that threatened the Nation's space program in the 1960's.

But Webb's service to the Nation did not end with his retirement from NASA. By a joint resolution of Congress in 1970 he was appointed a citizen regent of the Smithsonian Institution. The regents elected Webb chairman of their executive committee in 1972. He has held this key role since then. As chairman of the executive committee, Jim Webb has been extremely active, serving as a vital link between the Board of Regents and the Secretary of the Institution.

I have had the opportunity to work with Jim Webb through the appropriations process when he was NASA Administrator and more recently on the Smithsonian Board of Regents. I congratulate him on receiving the Sylvanus Thayer medal for outstanding service.

He is indeed a remarkable man.

Mr. Speaker, I will now proceed to another subject.

MESSAGE TO THE VETERANS' ADMINISTRATION ON PATIENT CARE COMPUTER SUPPORT

Mr. Speaker, the HUD-Independent Agencies Appropriations Subcommittee has long been concerned with the quality of care in the Veterans' Administration health care system. One of the ways to improve the delivery of health care is to automate what are now basically manual operations. All modern hospitals use computers for functions such as pharmacy, admissions, scheduling, and clinical laboratories. Most VA hospitals do not have these functions automated.

The Veterans' Administration has been studying the need for patient care computer support in the medical centers for several years without reaching any apparent solution. To help address this problem the conferees on the 1981 HUD-independent agencies appropriation bill provided $800,000 to the Department of Medicine and Surgery for planning the health care information system—using a different approach to the subject. The funds provided were for 10 staff-years and a study. In addition, the act included $475,000 in another account to allow the Office of Data Management and Telecommunications to participate in planning for the health care information system. The Veterans' Administration testified that it strongly supported the conference recommendation and complimented the committee on its initiative.

The study, a contract for determining the most cost-effective medical network, needed to be let as soon as possible. To make a long story short, the contract has not been awarded. The VA indicates it hopes to award a contract in early fiscal year 1982.

Because of the delays, the Veterans' Administration developed a chronology on the proposed contract which I will insert at the end of my remarks. That chronology appears to indicate either foot dragging or bureaucratic snafu or both. Whatever the reason, taking nearly 1 year to award a contract—a contract to help improve the care of patients—is unacceptable. It may be that there is excessive staff in certain offices. The committee will look into that issue.

Clearly, the review process should be revised. I hope the Veterans' Administration will make whatever procedural corrections are needed as soon as possible. The chronology on the proposed contract follows:

CHRONOLOGY: PROPOSED CONSULTANT CONTRACT FOR DETERMINING THE MOST COST EFFECTIVE MEDICAL NETWORK (CHIEF MEDICAL DIRECTOR MEMO OF JULY 28, 1981)

November 21, 1980: Conference Report on Fiscal Year 1981 appropriation published in Congressional Record, page H11201. Report, relative to Medical Administration and Miscellaneous Operating Expenses (MAMOE), stated the following:

"The conferees have provided $800,000 to be used for continued planning for both integrated and functional health care information systems and for ten additional positions to provide the necessary management capability and technical support. The Veterans Administration has been studying the need for patient care computer support in the hospital and medical center environment for several years without reaching any apparent resolution. There is uncertainty about the potential benefits and cost-effectiveness of the various approaches available. The conferees believe VA should first determine which of the available functional (such as patient scheduling) or integrated (which combines functional applications into a hospital-wide system) technologies would be most cost-effective and of maximum value to the agency's vast medical center network. This program should be well documented and planned but should utilize current, off-the-shelf technology (which includes both currently operating VA medical center systems and commercially available systems), rather than embarking on a course of action that may take a decade or more to come to fruition. The conferees will expect that various alternatives will be analyzed before installing VA-wide solutions; that suitably engineered testing and validation methods will be used; and that the network-wide implications of pursuing functional and integrated solutions simultaneously will be properly documented and reviewed by central office and hospital-based management."

November 21, 1980: DM&S staff notified of Conferee action by telephone.

November 24, 1980: Copy of Conference Report formally forwarded to Department and Staff Office Heads by Comptroller's Office.

December 2 and December 3, 1980: House agreed to Conference Report, with amendments; Senate agreed and concurred in House amendments.

December 15, 1980: The President approved and signed into law the 1981 Appropriation Act (Public Law 96-526).

January 15, 1981: The Office of Management and Budget approved the first MAMOE apportionment of funds, which had been transmitted by the Agency on December 9, 1980—prior to Presidential approval of Act.

March 5, 1981: OMB initiated a reapportionment which placed $515,000 in reserve, making such unavailable for Agency use.

March 17, 1981: President Reagan transmitted deferral and rescission actions to the Congress, including one related to MAMOE (D81-97) for $515,000, which "reflects a decision to defer staffing funds for 14 full-time equivalents until the fourth quarter. These funds are deferred as part of the Administration's efforts to curtail the growth of Federal employment".

June 11, 1981: OMB released the reserves of $515,000 to the Agency.

June 16, 1981: OMB advised the Agency of revised fiscal year 1981 employment ceilings—including the increase of 14 for MAMOE.

Note.—Notwithstanding the uncertainty of both fund and employment levels for the fiscal year, action was initiated to comply with the new direction related to Medical ADP as reflected by the following sequence of events related specifically to the subject contract proposal (going back to February of 1981).

February 2, 1981: Dr. Klainer, Special Assistant to the Chief Medical Director (CMD), telephoned Mr. Edward Lombard, ADP Staff Specialist of the House Appropriations Committee, relative to a draft Request For Proposal (RFP) seeking technical assistance. A draft was provided to him and he subsequently forwarded it to the General Accounting Office (GAO) for their comments. VA was asked not to release an RFP until GAO had responded.

February 3, 1981: A proposed RFP was transmitted by the CMD to the Assistant Administrator for Supply Services "in accordance with the Congressional mandate for 'continued planning for both integrated and functional health care information system. . . .', as provided in the Fiscal Year 1981 budget." Lifting of the restriction that this be a small business set aside was requested by the CMD.

February 10, 1981: Supply advised the CMD there was insufficient justification for not making it a set aside, requested submission of problem and project questions (so-called "Twenty Questions" document) and advised they would proceed with preliminary RFP preparation pending review by the ADP Review Group.

February 26, 1981: Dr. Klainer prepared a Report of Contract relative to a meeting held with GAO on this date attended by GAO, Congressional, DM&S and ODM&T staff to discuss and clarify the RFP prepared by DM&S. A point was made that the results of consultant studies, conducted for VA at an earlier date, would be made available to the new contractor and that VA staff would brief on these previous studies. (CRC Systems Inc; Applied Management Systems; etc.) GAO inquired as to whether the RFP had been "staffed out" with OMB but made no recommendation as to the advisability of such. At this meeting it was indicated that any number of forces could interact and could delay the activity planned and "Dr. Klainer stated that he was not sanguine that the RFP will go out in this fiscal year".

February 27, 1981 (March 26, 1981): A memo was prepared by Dr. Whitcomb, Acting Director of the Computerized Medical Systems Office (DM&S) endorsed by the Deputy Chief Medical Director and approved by the CMD on March 26, 1981. This memo recognized the uncertainty of current and future resource availability; the need to proceed with the RFP; the requirement to recruit and assign 10 additional DM&S positions related to necessary ADP management and technical support; the need for reprogramming of added ADP resources, etc.

March 9, 1981: By CMD memo of this date, an update of the February 3rd RFP was forwarded to Supply. The "minor amendments" were clarifying in nature and resulted from GAO advance-following their review of the draft RFP.

April 14, 1981: DM&S forwarded its "20 question" response to Supply Services related to the RFP.

June 16, 1981: RFP, for a "Requirements-Type Consultant Study to Determine the Most Cost-Effective Medical Care Information System", was released by Supply to prospective offerors. A closing date of July 15, 1981 was set forth in the release.

July 17, 1981: Dr. Klainer advised CMD of possible new closing dates of August 14th or 17th due to "error" by Supply Service in advising bidders as to whether the RFP was a small business set aside or completely unrestricted. (Was intended to be latter). Dr. Klainer apprehensive about handling of RFP, delays and burden of the time constraint this imposes upon DM&S as technical evaluator of all bids.

July 28, 1981: Chief Medical Director requests (by memo) the Administrator's approval to contract with a consultant to conduct the RFP study. Cites the availability of $500,000 in fiscal year 1981 MAMOE appropriation and urgent need to proceed.

July 31, 1981: Memo from Supply to DM&S, in regard to request, informs that cost proposals are not furnished the technical evaluation team simultaneously with the technical responses.

August 12, 1981: Dr. Klainer, as Contracting Officer Technical Representative and Chairman of the Technical Evaluation Committee, requests by memo that certain DM&S staff and the Director, Health Care Delivery Systems Support Service of ODM&T be available August 17th to start the technical evaluation of proposals.

August 17, 1981: Mr. Red in a memo to Mr. Donohue expressed reservation about the proposed DM&S approach, particularly as to their deferring "their entire responsibility in concept, planning, designing and evaluating to the contractor". Expressed hope that answers would be found in the DM&S presentation on ADP.

August 18, 1981: Dr. Klainer queries Supply as to where the proposals were, which he thought were to be delivered on the 17th.

August 19, 1981: Inspector General declines the request of DM&S to have an IG representative participate in the technical evaluation or selection process as being inappropriate but informs of availability for necessary audits.

August 20, 1981 and August 31: Supply informs DM&S that "The technical proposals on the RFP cannot be released to the evaluation team until the procurement is approved by the Administrator".

August 24, 1981: DM&S briefed the Administrator on ADP in DM&S. CMD asks the reasons for the hold up of the RFP. The Administrator requests Mr. Art Red to look into the matter.

September 14, 1981: Meeting attended by Dr. Custis, Dr. Klainer, Messrs. C. Hoffman, R. Blunt, Art Red, Bob Frongello, Herb Mulqueen.

Conclusion.—Replies to RFP, which were received August 14, 1981, have not yet been released for evaluation. It is a general opinion that, even if the Administrator approves the contract approach, it would not now be possible to award a contract in fiscal year 1981 as it would take approximately six (6) weeks to properly evaluate the proposals.

REALISTIC GUIDELINES TO PROVISIONS OF LAW AFFECTING YOUNG BERRY PICKERS

(Mr. MORRISON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORRISON. Mr. Speaker, today I am joining my distinguished colleagues from the Pacific Northwest in sponsoring legislation which will enable a local tradition to live on. The issue is whether or not 10- and 11-year-old schoolchildren should be allowed to continue the summer pastime of picking berries for extra spending money.

As you may know, Washington and Oregon grow the finest strawberries, raspberries, and blueberries in the Nation. Due to their delicate exterior, these berries must be harvested by hand.

In 1977, the Congress recognized the special problem facing the berry growers in Washington and Oregon by amending the Fair Labor Standards Act to give the Secretary of Labor authority to issue waivers that would permit persons 10 and 11 years of age to be employed to harvest berries and other short-season crops under limited circumstances.

The amendments to the act also require individual berry farmers to prove the pesticides and chemicals used on their crops would have no adverse effect on the health of the 10- and 11-year-olds before the children are allowed to pick.

The 1977 amendments have been interpreted by the Department of Labor and the U.S. Court of Appeals to mean that a grower must bear the burden of proving the absolute safety of any pesticide before the 10- and 11-year-olds can harvest the berries.

I wish it were possible to prove that any chemical is absolutely safe in any situation, but this cannot be done.

This legislation would remove from the growers the burden of proving that the chemicals used in the berry fields are not harmful. Instead this proof would be provided by the Environmental Protection Agency which is in a much better position to make this objective decision.

None of use wishes to return to the child labor abuses of the thirties and this bill does not interfere with current protections in the law. Strong Federal protections necessary for young workers involved in agricultural hand harvesting operations will continue. We have youngsters who want to work and who are asking that they be permitted to do so. Participation in the harvest provides an invaluable social and educational experience that cannot be gained from from a textbook or in a classroom.

This practice has assisted the region's berry growers to harvest their crops and has allowed many children the chance to earn extra spending money. It is a cooperative arrangement that has been beneficial to all parties involved.

If the children cannot pick, the impact on the agricultural community will be substantial. The impact of the situation affects not only the children, growers, and processors, but ultimately consumers as well.

I hope that the House and Senate will promptly support this bill and restore realistic guidelines to the provisions of the law affecting the 10- and 11-year-olds in the Pacific Northwest's berry fields.

THE NEED FOR CONGRESSIONAL ACTION TO PROTECT THE NATION'S SPORTS FANS AND OUR BOXERS AND TO CLEAN UP THE PRIZEFIGHT GAME

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ASHBROOK. Mr. Speaker, recent years have witnessed a phenomenal growth in the amount of money being taken in by major American sports.

As a result of television revenues, team and player incomes have reached levels that boggle the mind of the average sports fan. What is more, when television does not pick up the entire bill, the fans themselves pick up the tab by paying ticket prices that are astronomical by standards of former years.

Major sports, in all forms, has become a multibillion-dollar industry, and with the coming of cable television the industry is going to grow even bigger. Vast sums of money are changing hands, and even larger sums will be exchanged in future years, particularly in such popular money-making sports as baseball, football, basketball, and boxing.

Of these four major, baseball, football and basketball operate in this country under various styles of self-regulation, and in some instances, Federal laws that protect the consuming sports public, as well as the participants.

In professional baseball, football, and basketball, there are organized leagues, with commissioners and presidents, that work to maintain the integrity of their sports. The same is true in the case of college and amateur sports, where associations like the National Collegiate Athletic Association and the Amateur Athletic Union serve as self-regulatory agencies. If there is a problem or complaint, we all know to whom we go. It may be Larry O'Brien or Pete Rozelle or Bowie Kuhn. There is someone in charge.

In professional boxing, however—one of the most lucrative sports industries in the country—vast amounts of money are changing hands and the consuming sports public is paying for multimillion-dollar extravaganzas, with little if any responsible self-regulation of the sport to protect either the public or the participants. Whom would I go to or to whom would the public go if you question some happening in boxing?

With due respect for the various State boxing commissions that exist in this country, bigtime boxing today is, to all intents and purposes, controlled by a small group of men who operate today pretty much as the people who controlled boxing did back in the early part of the century, when the sport was known to be manipulated, if not downright crooked in many areas.

There are two so-called regulatory bodies that serve as what amounts to front groups for the bigtime promoters and operators who control professional boxing in this era of $50 million gates and frequent sports consumer ripoffs, like the Muhammad Ali-Larry Holmes farce that took place a year ago.

These two bodies are the World Boxing Council and the World Boxing Association. Both are controlled and dominated by foreign sports cliques, despite the fact that the big money being generated in the boxing resurgence of recent years comes from the United States.

The fact is that young American prizefighters, like Ray "Boom-boom" Mancini of Youngstown, Ohio, cannot, like their athletic counterparts in other sports, depend on a known, responsible association or league to see to it that they get a fair shake in their chosen profession. The record is clear that there has been manipulation, blackmail, fraud, coercion, and criminal conduct in the boxing world during the past few years.

The same is true of American fight fans, the consuming public that finances the multimillion-dollar gates in boxing in the 1980's. As a result, we have seen operators and promoters in the boxing business succeed in taking in not only the public, but in one well-publicized scandal in recent years, two major TV networks, in staging bouts that deceived the public.

Now, as the size of closed circuit gates is on the increase, by leaps and bounds, and with cable television promising to bring in undreamed-of gate receipts for major boxing promotions, it is about time that a spotlight was thrown on the way bigtime boxing is being run, and on the men and the so-called council and association groups that run the sport.

Ordinarily, I think the Federal Government should stay out of areas where private enterprise operates. But what we're dealing with in professional boxing today is, as I say, a multibillion-dollar enterprise that has demonstrated no interest in self-regulation in the interest of the sports public. More important possibly, no real interest has been demonstrated in young men like Boom Boom Mancini, who like many young American boxers, has a dream but that dream may be cynically manipulated by nameless, faceless boxing czars who, like ancient tyrants, have a virtual thumbs-up, thumbs-down control over their subjects.

Boxing has to be cleaned up—so that the public gets what it pays for and young, talented, and deserving athletes like Ray Mancini can get the opportunity to practice their chosen profession in an atmosphere that doesn't exploit them in order to make a small number of fast buck promoters rich.

For this reason, I intend to urge the House Judiciary Committee and other appropriate congressional committees to begin an in-depth investigation of professional boxing at the earliest possible time. I am also looking into other possible legislative remedies. The investigation should go thoroughly into such subjects as how fights are promoted, how the physical well-being of fighters is safeguarded, how championship and rating systems are determined, and how the money division among promoters, fighters, and other participants in boxing matches are decided—in short, how the sports public is being protected, and whether new laws are necessary, with teeth in them, to clean up the sport.

TOBACCO AND PEANUTS

(Mr. FOUNTAIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. FOUNTAIN. Mr. Speaker, we will soon begin debate upon the 1981 farm bill, and I rise in support of that bill in general, and in support of the peanut program, as reported in the House farm bill, in particular. I would add that I strongly oppose any amendment which would gut or otherwise damage the tobacco program.

Simply put, any attempt to severely alter the present peanut or tobacco program would mean economic disaster and chaos not only for thousands of small farmers, but also for the rural communities in which these farmers shop, bank, attend church, and send their children to school.

Indeed, with only about 4 percent of the population still directly involved in farming, do we want to—can we afford to—force more and more of our Nation's farmers off the land? No; we must not.

At a very modest cost, these two programs have benefited our Nation. In fact, we in the United States pay a smaller percentage of our income for food than any other nation in the world. But, to maintain our bountiful food and fiber supply, we must see to it that our farmers have some basic incentive to stay on the land. I have sent a letter and fact sheet to each Member outlining the importance of both the tobacco and peanut programs—their importance not only to my home State of North Carolina, but to much of the rest of the country.

I respectfully urge all the Members of this body to carefully study this information because the small- and medium-sized farmers of this Nation are counting on your support. Indeed, they must have your support or many of them will, in all probability, be driven off the land and onto the welfare lines.

Mr. Speaker, the underlying principle which is embodied in our commodity programs is as old as the Book of Genesis and the system by which Joseph stabilized the food supply of ancient Egypt through 7 years of plenty and 7 years of famine. So it is told that having stored up during the years of plenty, the people were able to survive the years of famine.

Something similar to that has served both the Nation and our farmers well for over 40 years. Let us not now move with reckless spirit or undue haste to undermine a system which has benefited so many for so long.

Mr. Speaker, at this point I include my letter with the aforementioned explanation.

HOUSE OF REPRESENTATIVES,
Washington, D.C., September 25, 1981.

DEAR COLLEAGUE: As you know, the 1981 Farm Bill will soon come before the House, and I am asking for your support for two vital programs in that bill, the tobacco program and the peanut program. And it would make many of us very happy if you would call or drop a note saying you will stand by these farmers.

When the Farm Bill is considered, a program-gutted amendment will apparently be offered. If adopted, this amendment would not only destroy the tobacco program, but would also create economic chaos and disaster in my own State of North Carolina and throughout much of the rest of the country, especially the 22 states (and Puerto Rico) which grow tobacco.

In addition, there may be an attempt to dismantle the peanut program, which at a modest cost, has helped to insure an adequate supply of high quality peanuts at a reasonable cost to the consumer. The peanut program has also helped to provide the farmer with a fair price for his labors, although many still go broke due to factors beyond their control.

The farmers of our Nation have become the world's most productive food and fiber producers largely through commodity programs such as those dealing with tobacco and peanuts. In fact, Americans spend a smaller percentage of their income on food than the people of any other nation.

Unfortunately, most people don't stop to realize the unique and difficult situation which our farmers face. And if we want to keep our farmers on the land (and only 4 percent of the population is still actively involved in farming), they must have some basic incentive to continue farming. For farms aren't like factories; you can't shut down production one week and then start up again soon thereafter. Farming is seasonal, and farmers are at the mercy of the weather as well as all sorts of insects and plant diseases which can ruin a crop almost overnight.

I hope you will take a few moments to study the enclosed fact sheets on both the tobacco and peanut programs. They should clear up some misconceptions. For example, it seems incredible to me, but many people still believe that the tobacco program is in some way related to the amount of tobacco consumed. There is, of course, no correlation, but that is just the sort of misconception we need to overcome.

I thank you for your attention in this very important matter. If I can furnish you with more information about the tobacco or peanut programs, please do not hesitate to contact me or any other member from a tobacco or peanut producing state. You may also contact Ted Daniel or Walter Woodson in my office at 225-4531.

With best wishes and highest personal regards, I am

Sincerely,

L. H. FOUNTAIN.

Enclosures.

P.S. I have also included a summary of findings from the 1979 study conducted by the Wharton Applied Research Center. I found the state tax receipts especially enlightening.

FACTS ABOUT THE TOBACCO PROGRAM

First, let me dispel an often-mentioned myth. There is no connection whatsoever between the tobacco program and the continued consumption of tobacco products. Tobacco has been consumed for hundreds of years, and it is a fact of life that some people will always use tobacco. Even past secretary of the Department of Health, Education and Welfare, Joseph Califano, certainly no friend of tobacco, testified before Congress in 1978: "I do not believe that anyone that smokes or doesn't smoke or decides to begin or continue or stops smoking because of the tobacco 'subsidy'. I don't think it is in any way related to that."

The term subsidy brings me to the second point. Mr. Califano gave an accurate assessment, but the gave the program the wrong name in calling it a subsidy. There is no tobacco subsidy. It is a price loan program, and the money loaned is repaid with interest. And incidentally, this type of program isn't unique to tobacco. In fact, 13 other commodities are under similar programs, and these programs have helped American farmers become the most productive in the world by assuring them a steady market and usually stable prices.

Third, the tobacco program is cheap, dirt cheap. Indeed, among all the Federal commodity programs, the tobacco program is the most effective and least costly. Since 1933, the Commodity Credit Corporation has incurred losses of about $58 billion in all its loan operations, acquisitions and disposal, grain reserves, producer payments, and export payments. Tobacco's share of this loss is less than one-half of one percent. So there is not much opportunity to save money by gutting this program; but, its elimination would certainly be extremely costly, to the economy, to the government, and most of all to the family farmers in tobacco states.

Fourth, tobacco, through a stabilizing tobacco program, has earned billions and billions of dollars for government at all levels. As a matter of fact, tobacco is the most heavily taxed consumer product; and as such, over $6 billion in direct excise taxes are collected annually. The bottom line is that tobacco generates—both directly and indirectly—about $22 billion in taxes annually.

Fifth, tobacco, again largely because of the stabilizing affect of the tobacco program, provides over two million jobs in this country. From the field worker to the matchbook maker to the local salesman, needed jobs rely heavily on tobacco. In fact, tobacco and its supplier industries directly or indirectly account for the employment of about 2½% of America's entire private sector labor force.

Sixth, as the world's largest exporter of tobacco, we ship about one-third of our tobacco crop overseas. And in 1979 alone, tobacco brightened our export picture to the tune of $1.7 billion net. And that's important these days.

Seventh, land used in the production of tobacco has a high value, and thus the taxes on this land are high. If the tobacco program is destroyed, land values will plummet and property taxes will follow suit. Where will the funds lost through lower taxes come from? We all know the answer to that.

Eighth, and this is important, what happens to those farmers and others involved in tobacco production if the tobacco program is abolished? Do these people go to the cities and line up for welfare? The Federal government is not going to save any money by eliminating this program. Quite the contrary. If the farmers and workers and their respective children who now make a living producing tobacco are thrown off the land, our taxpayers, through other programs, will pay for their food, housing, medical, and educational expenses.

If the tobacco program is eliminated or substantially changed, the cost to society will be high and personal suffering will be great. And for what? To save money? No. To lower the amount of tobacco sold annually? Hardly. To stop people from smoking? No, there is just no correlation. The only result will be to disrupt the lives of millions of hard-working people, most of whom also produce food and fiber for the rest of us; and to witness massive and unlimited tobacco production by a handful of large corporations.

I sincerely hope we can count on your vote against any efforts against tobacco farmers, and the financial damage such efforts would do to our total economy.

FACTS ABOUT THE PEANUT PROGRAM

PURPOSE OF THE PROGRAM

The purpose of the original enacting legislation was to stabilize the family farm, keep supply in line with demand, while passing peanuts along to the consumer at a reasonable price.

Since 1938, the peanut program has served the American consumer and farmer well. The program has been operated in a manner which has made peanuts an inexpensive source of protein for consumers while keeping thousands of families on the farm. The program has been an unqualified success in reaching the goals established for it by the Congress over the past 43 years.

THE AUTHORITY AND OPERATION OF THE PEANUT PROGRAM

The main features of the peanut program consist of acreage allotments, nonrecourse loans to provide price support and short-term operating capital to peanut producers, and an import quota to protect these supply control and price support programs from lower-priced and usually inferior peanuts produced in other countries.

THE PROGRAM HAS ENHANCED FAMILY FARMING IN AMERICA

During the past 40 years, the Peanut Price Support Program has made a significant contribution to the economic stability and preservation of thousands of family farms. There are just under 60,000 peanut farms in the three major peanut producing areas of the United States—the Southeast, the Southwest, and the Virginia-Carolina area. Since acreage allotments have been established for many years, acreage expected to be produced, as well as income to the growers can be anticipated within limits; providing a stabilizing influence on each State, county, community and family farm involved in peanut production.

With the value of acreage allotments being capitalized into the value of land, lending institutions view the higher value of land as additional collateral for loan security. Without allotments and price supports, property values would plummet in many areas and adequate financing would be difficult to obtain. A dismantling of the peanut program after over 40 years would cause economic chaos to and possible destruction of the family farm.

THE PROGRAM HAS INSURED QUALITY PEANUTS

The peanut program has insured the American consumer a quality food product. The recent importation of peanuts from throughout the world has only given more proof that American peanuts are better than those found anywhere else. Many imported peanuts have been found to have large insect infestations as well as heavy traces of harmful chemical residue. We must maintain the present program to insure our consumers a quality food and protein product.

THE PROGRAM IS COST EFFECTIVE

The peanut program remains one of our agricultural bargains, especially when compared with programs for most other commodities.

Even with last year's drought, which saw a peanut production shortfall for the first time in over a quarter of a century, the farm price for a pound of peanuts was only up 12½% this compares well with the 85% jump in retail prices for peanut products.

Since the Agricultural Act of 1938, the peanut program has cost the Federal government very little. With the adjustments placed in the 1981 Farm Bill, the cost to the taxpayers will be even lower, with a projected cost of only $1.8 million by 1985.

THE PEANUT PROGRAM HAS ENCOURAGED GREATER FARMING PRODUCTIVITY

In the space of only 22 years, peanut production has nearly tripled to about four billion pounds annually; and through the use of new seed varieties, better use of fertilizer, and improved management, peanut farmers have increased their per acre yield substantially.

THE PROGRAM HAS ENCOURAGED AND CREATED INCREASED U.S. PEANUT EXPORTS

In 1979, we exported 362,000 metric tons of edible peanuts. Our share of the world market has skyrocketed to 48%, and we have now displaced India as the world's leading exporter of peanuts.

CONCLUSION

The peanut program has contributed substantially to the economy of my State of North Carolina as well as to the economy of much of the rest of the country.

Any drastic changes in the peanut program would ruin the peanut family farmer, running many longtime farmers off the land and onto the welfare rolls. And to what end would this be done? To witness the control of the peanut industry by a few corporate farms.

Please help us in the fight to preserve the peanut program and the family farm!

TOBACCO'S CONTRIBUTIONS TO THE 50 STATES

	Direct and indirect employment [1]	Percent of State jobs	Direct and indirect compensation [2] (millions)	Percent of State wages	Direct State tax receipts [3] (millions)	Direct Federal tax receipts (millions)
Alabama	25,900	2.1	$385.5	2.5	$60.4	$55.9
Alaska	3,800	3.0	62.1	2.0	4.8	7.8
Arizona	17,500	2.1	276.1	2.4	44.7	37.0
Arkansas	13,300	1.9	205.2	2.6	50.4	31.5
California	201,300	2.3	3,145.8	2.3	387.3	421.8
Colorado	21,600	2.0	341.9	2.3	35.6	43.2
Connecticut	30,900	2.4	458.7	2.3	77.4	52.7
Delaware	5,200	2.3	79.9	2.1	12.7	12.1
District of Columbia	7,200	2.1	111.5	2.0	15.1	17.3
Florida	81,500	2.7	1,148.5	3.0	271.0	172.1
Georgia	45,700	2.5	626.5	2.6	89.8	92.4
Hawaii	7,100	2.1	113.2	2.5	14.2	10.9
Idaho	6,200	2.0	96.1	2.3	10.0	13.3
Illinois	99,700	2.1	1,576.4	2.1	218.2	218.2
Indiana	44,000	2.1	660.8	2.1	101.7	110.8
Iowa	22,800	2.0	348.7	2.6	55.6	45.0
Kansas	19,500	2.2	297.6	2.7	37.6	39.6
Kentucky	81,700	7.4	916.0	6.2	48.8	160.3
Louisiana	27,600	2.1	424.6	2.3	68.9	68.8
Maine	7,400	2.1	110.6	2.5	24.4	21.4
Maryland	36,500	2.7	553.7	2.8	68.4	76.0
Massachusetts	48,600	2.1	722.3	2.2	151.1	96.5
Michigan	76,400	2.3	1,203.6	2.1	164.7	170.9
Minnesota	32,900	2.0	502.7	2.2	90.6	62.6
Mississippi	14,900	2.1	219.2	2.6	40.6	40.8
Missouri	37,900	2.0	576.6	2.2	74.7	96.4
Montana	5,600	2.2	85.1	2.9	12.0	13.8
Nebraska	12,100	1.9	188.5	2.7	25.9	25.0
Nevada	6,300	1.9	98.2	2.1	15.3	18.6
New Hampshire	7,400	2.3	106.2	2.6	27.1	30.4
New Jersey	65,900	2.4	1,057.5	2.5	176.2	156.1
New Mexico	8,300	2.3	129.9	2.8	16.9	17.7
New York	159,200	2.5	2,404.5	2.3	390.2	368.5
North Carolina	147,700	6.8	1,592.4	6.0	90.0	278.6
North Dakota	4,800	1.9	72.3	3.0	10.4	10.4
Ohio	86,600	2.1	1,344.6	2.1	210.9	183.7
Oklahoma	22,900	2.3	347.8	2.7	51.4	56.9
Oregon	20,200	2.2	316.7	2.4	33.1	47.9
Pennsylvania	103,800	2.3	1,505.9	2.3	267.9	274.9
Rhode Island	7,200	2.0	110.3	2.3	25.3	20.0
South Carolina	27,900	2.7	340.0	2.6	36.0	53.8
South Dakota	4,800	1.9	71.8	3.2	9.2	10.1
Tennessee	48,900	3.1	613.9	3.0	87.9	94.3
Texas	107,400	2.1	1,639.3	2.3	309.3	235.5
Utah	8,400	1.6	133.1	2.0	11.0	12.9
Vermont	3,800	2.1	56.4	2.6	9.9	12.8
Virginia	90,700	6.4	1,193.2	5.3	61.6	183.0
Washington	31,500	2.4	507.2	2.6	74.8	56.3
West Virginia	13,600	2.5	204.6	2.5	42.1	31.6
Wisconsin	35,800	1.9	557.2	2.2	99.1	65.6
Wyoming	3,800	2.3	59.6	2.6	5.2	8.3
Totals	2,052,000	2.5	29,900.0	2.5	4,317.8	4,442.5

[1] Full-time-equivalent jobs, calculated relative to the average national work week in the sector by the Wharton econometric model. Employment in some of the support industries and farm states. 5,600 jobs, could not be allocated to the states.

[2] Compensation includes all company-paid benefits exclusive of taxes. Compensation in some support industries and farm states, a total of $100.2 million, could not be allocated to the states.

[3] These figures do not include sales taxes of $62 million, local excises of $128 million or real estate and property taxes of $58 million paid by the manufacturers and farmers.

Source: These figures are from the 1979 study conducted by the Wharton Applied Research Center.

HAPPY NEW BUDGET YEAR, AMERICA

(Mr. OBERSTAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OBERSTAR. Mr. Speaker, the new fiscal year 1982 which we begin today marks a milestone in the era of Government nonservice initiated by President Reagan.

The high interest rate, booming deficit tax bill takes effect today. The House should also note that many Americans today will begin to harvest the bitter fruits of the Omnibus Reconcilation Act. Let me give my colleagues a vivid example.

In 1980, the Hibbing Daily Tribune did a very touching profile of Bobby Skorich. The lead paragraph read: "Bobby Skorich is no longer an unemployment statistic."

Mr. Skorich is a 25-year-old man with Down's syndrome. Through the CETA program, Bobby Skorich had a job he liked, a job that the St. Louis County Courthouse needed done.

The program gave Bobby the first meaningful opportunity in his life to work and to contribute in a way commensurate with the ability given him by God.

Yesterday was Bobby Skorich's last day on the job. Today he becomes an unemployment statistic again.

It was not a happy new budget year for him. Bobby and his family will not be cheering the administration's tax and budget programs.

From time to time, I shall use the forum of the House floor to bring to the attention of my colleagues not just the overall impact of program reductions, but case studies of the individual consequences of the new Reagan era. I shall not ignore, however, particularly moving examples of the so-called incentives flowing from the tax bill.

CIVIL DEFENSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. SKELTON) is recognized for 60 minutes.

Mr. SKELTON. Mr. Speaker, I have often taken the floor of this House to talk on the subject of civil defense, in offering amendments to authorization and appropriation legislation and at other times during general debate when the subject of civil defense arose.

I have asked for this special order today because I believe it necessary once again that the Members of this body have the opportunity to express their support for this vital program, this program of civil defense. I want to thank my colleagues who are here today to join in this effort.

To begin this discussion, Mr. Speaker, it would be appropriate to review what has happened to civil defense and the civil defense program in recent years, both in terms of legislative action here in Congress and within the various administrations. In September 1978, then President Carter issued Presidential Directive PD-41 which directed that the Nation's civil defense program should enhance the survivability of the American population and their leadership, thus enhancing deterrence and stability and reducing the possibility of Soviet coercion during a time of crisis.

PD-41, Presidential Decision 41, also contemplated a "dual use" civil defense to help deal with peacetime disasters and emergencies.

In September of 1979 the House passed my amendment to the Department of Defense authorization bill that embodied the thrust of Presidential Decision 41. It set out the goals and elements that were to be included in an enhanced civil defense program, authorized a 5-year program and, most importantly, it stated that civil defense would be considered part of the U.S. strategic defense. Unfortunately, this amendment died in the conference committee that year in 1979.

In 1980 we renewed this effort and we were successful in a similar amendment, minus the 5-year authorization. It was adopted by both Houses of Congress. It was signed into law by the President. Thus, the House, the Senate, and the administration went on record in support of an enhanced civil defense program.

This year we fared just as well during the authorization process. The House in the Department of Defense authorization bill approved $174 million for fiscal year 1982, an increase of $41.2 million over the administration's request.

□ 1730

This was an endorsement of the House Armed Services Committee judgment that this level of funding is needed to implement the D-prime program, a 7-year funding effort to improve population survival in the event of nuclear war, thereby enhancing deterrence and crisis stability.

Unfortunately, we have not met with equal success in the appropriation process over this same period. Our attempts to get adequate funding for the civil defense program have been frustrated at every turn. In the decade prior to the fiscal year 1981 appropriation, we saw the resources allocated for civil defense decline steadily. Last year, we did manage a real increase of 10 percent over the fiscal year 1980 level. Although this fiscal year 1981 funding of $123 million was far less than the $167 million needed to begin D-prime last year, a number of us were encouraged. We thought that at least we had turned the corner and could build on the initiatives permitted by this increase, move toward full implementation of PD-41, and have a truly nationwide, comprehensive civil defense program.

Needless to say, our hopes have not been fulfilled by what has happened so far this year on civil defense funding. The HUD-independent agencies appropriation bill for fiscal year 1982 funds civil defense at $128.8 million, an amount that is even below the $132.8 million requested in the original Carter budget, and endorsed by the Reagan administration. We have been told that the new administration has endorsed PD-41, but so far this administration, like its predecessor, has not joined the fight to secure funding that is sufficient to make the lofty goals of that document a reality.

If given a chance, civil defense will work. It will save lives both during nuclear war and natural disaster. An enhanced U.S. civil defense program will serve to restore a measure of the strategic balance of power with the Soviet Union which has an active, well funded, and by all accounts a workable civil defense program. Moreover, an enhanced civil defense program is affordable, even with today's tight budgets. There can be no greater priority for spending tax dollars than to spend them on a program that will save the lives of U.S. citizens. The total cost of the 7-year D-prime program would be a modest $2.3 billion. The 5-year version of the plan, known as the D program, would cost around $2 billion. In either case, it is a small price to pay for the lives that would be saved.

Mr. Speaker, there is support for an enhanced civil defense program here in Congress and among the population as a whole. The number of Members participating in this special order reflects that fact. In addition, on this floor on July 17, the chairman of the House Appropriations Subcommittee on HUD-Independent Agencies, Mr. BOLAND, told me in a colloquy concerning the D and D-prime programs, "I would be willing to fund a program at that level over that period if it has the administration's support. If we are going to put into place a civil defense program that is going to protect the people of the United States, not only in time of war but also against natural disasters, this type of program is necessary."

We have much to do, Mr. Speaker, and out time is running short. We must begin an enhanced civil defense program soon, and we must deal with the related areas of command, control, and communications, early warning systems, air defense, and ballistic missile defense. The time for study and reevaluation is over. The time for action is now.

Mr. MITCHELL of New York. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to my friend, the gentleman from New York (Mr. Mitchell).

Mr. MITCHELL of New York. I thank the gentleman for yielding.

Mr. Speaker, I wish to commend my good friend and colleague, the gentleman from Missouri (Mr. Skelton) on his holding of this special order on civil defense. He has been a long and strong supporter of an improved civil defense program for our Nation.

It is my belief one of the most pressing and unmet needs facing our Nation is for an adequate civil defense program—one which is responsive to existing threats and prepares us for future challenges.

To respond to this need, I proposed a comprehensive, 7-year civil defense program. Its cost of approximately $2.6 billion, represents but a fraction of our estimated total defense expenditures for the period covered—the increase in funding over our present program amounts to approximately one-tenth of 1 percent of our Department of Defense annual budget.

The program I am advancing is one that will give us, for the first time in this nuclear era, the protection we must be assured of as we face our ideological adversaries who lack our commitment for the pursuit of peace. Simply put, my goal is to help to balance the strategic scales but, if there should be a war, to guarantee the survival of our Nation. We have no such guarantee today. It is time we did.

The 7-year plan would concentrate the use of the funds requested for: Crisis evacuation; research and development; emergency operating centers; training and education; and management and coordination.

In each one of these critical areas our present civil defense program fails the test of adequacy.

This program was not developed by me, rather it emerged over an extended period of time after protracted study by civil defense experts who have earned respect and a national reputation for their work in this area. It is a product of serious, well-intentioned people who share a concern about our present, have learned from lessons of the past and are determined to prepare us to live in peace. It is the program D-prime recommendation of the civil defense workshops which were held in Rosslyn, Va., in the fall of 1977 by the Systems Planning Corporation for the Defense Civil Preparedness Agency.

We are in trouble. The Soviets have an excellent civil defense system. We do not. Neither nation had an adequate program in the midsixties. But for more than a decade the Soviets have been spending over $1 billion a year on civil defense. We have averaged less than $100 million. They have a three-track program: Individual protection, community shelters, and population evacuation. We have only one, community shelters, and it is in disarray in spite of the dedicated and dogged efforts of many professional and amateur civil defense leaders.

Why is this a problem? Because it destroys the strategic balance. The best hope for peace, we are told, is the maintenance of the strategic balance. There are varying estimates on the effect of an all-out nuclear war. If the Soviets have time to put their civil defense program into operation—3 or 4 days prior to the holocaust—the results would be far more destructive to the United States, which does not have a plan—over 100 million dead—than the Soviet Union—5 to 20 million killed. Should we adopt the D-prime plan of the Interagency Study on Civil Defense, developed under the aegis of the National Security Council, they estimate we can save up to 85 percent of our population. Should the Soviets target population, they estimate up to two-thirds of our population will be preserved.

Most experts agree we enjoy "rough equivalence" with the Soviets in weaponry. From my perspective it appears to get rougher each year. But if Soviet weapons have a far greater destructive effect on us than our weapons on them, it is as though they had far more weapons. This makes a mockery of the strategic balance. It does not exist.

Once the balance of terror is gone the Soviets have an awesome edge in any confrontation, whether it be at the bargaining table, an act of adventurism in Europe, Africa, the Mideast or in all-out nuclear war.

It has been said that "eternal vigilance is the price of liberty." Events in Iran and the invasion of Afghanistan have shown that to be true. If Russia is able to grab up one or two more countries, we may be forced into war—with a strong possibility that the conflict could develop into a nuclear confrontation. Why not provide at least minimal protection for our civilians? Why not teach them to survive?

Why have we not done something about civil defense? Chiefly because far too many Americans are the victims of three misconceptions—the first being the overkill fallacy, wherein the casualties per kiloton in Hiroshima and Nagasaki are multiplied by the number of kilotons in the world's arsenal. This implies that by some means we can collect the entire target populations in the same density as existed in Hiroshima and Nagasaki, and keep them unwarned and vulnerable. A statement of identical validity is that the world's inventory of small arms ammunition, or for that matter, kitchen knives, can also kill the human population several times over.

Another widely held misconception is that much of the world's population would be destroyed by fallout from a large-scale nuclear war. "On the Beach" reflects how this thinking originated. The National Academy of Science estimates that the long-term effect of this fallout would only amount to a 2-percent increase in the cancer rate over a 15-year period. This increase could be countered by not rebuilding many of the cigarette plants that would be destroyed in such a holocaust.

Finally, victims of the doomsday scenario feel, mistakenly, that survivors of a large-scale nuclear war would have to live underground for weeks at a time. Not so, our scientists tell us. An individual can protect himself from the most dangerous type of radiation because it travels like light, in a straight line. A handkerchief, folded over six or eight times, can serve as an effective gas mask to provide protection from the less dangerous type of radiation.

That is the bad news. The good news is it is not too late do something about it. A relatively inexpensive remedy is to develop a civil defense system of our own. Some of our defense leaders suggest the way to compensate for Soviet superiority—they no longer claim it does not exist—is to retarget our weapons. Retargeting would supposedly balance through civil defense—the potential saving of American lives rather than the potential destruction of Soviet citizens.

We must begin today to rebalance the strategic equation. How do you deter an attack unless you can convince an enemy that you will win the war that he is starting? I find it doubtful that anyone aware to the strategic imbalance believes we would fire any nuclear weapons if it meant the destruction of our society. Without a civil defense system that is precisely what it means.

Basically, this $2.6 billion program requires the authorization of the Federal Emergency Management Agency (FEMA) to increase from $174 million in 1982 to $487 million in 1988.

For the first time ever the House Armed Services Subcommittee on Military Installations designated D-prime as the desired program for civil defense in the United States. The $174 million authorized for 1982 represents the first year's cost of this 7-year comprehensive program.

The committee language is as follows:

> The level of funding in the authorization of appropriations in subsection (a) repre-

sents the first year of a comprehensive 7-year upgraded funding program for civil defense known as the D-prime program, which is based upon the goal of achieving a comprehensive population relocation capability for time of crisis. The program originated in executive branch studies in the civil defense area that provided the basis for Presidential directive 41, issued in September 1978, and is consistent with the action of Congress in enacting title V of the Federal Court Defense Act of 1950 in Public Law 96-342

The Congress of the United States will spend approximately $225 billion for our offensive capability. Without the $174 million for civil defense we are doing almost nothing to protect American citizens.

Does it not make good sense to spend a little more to provide a plan that would help prevent war, but in the event of war, would help protect all Americans?

I urge my colleagues to join me in helping to implement the D-prime program. Our total national defense demands no less.

□ 1740

Mr. OBERSTAR. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield.

Mr. OBERSTAR. Mr. Speaker, I would like to commend the gentleman from Missouri for taking this special order on the vital issue of civil defense, and congratulate him and the gentleman from New York (Mr. MITCHELL) for the contribution both of them made as recognized national leaders in alerting this country to the need of rebuilding civil defense, and fighting on the House floor for improved funding for the civil defense efforts.

I have supported their efforts in the past and will continue to support them in the future. I hope all of our colleagues will pay close attention to the very substantial information that is being presented here in the course of this special order.

Mr. SKELTON. I thank the gentleman from Minnesota very much.

Mr. DYSON. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to my friend from Maryland.

Mr. DYSON. Mr. Speaker, I would like to take this opportunity today to applaud my distinguished colleague's efforts on behalf of a strong home defense for the United States. Let me join him in requesting from the President the continued commitment he and his party have made for an effective civil defense program.

It is my concern, however, that perhaps during our current budget difficulties, the administration, with the consent of the Congress, will make this country's emergency preparedness a casualty of the budget ax.

For fiscal year 1982, the budget for the Federal Emergency Management Agency is $128.8 million, which translates into 57 cents per capita that this Government is spending to protect the life and property of the American people from nuclear attack and assist them during times of natural and manmade disasters.

I realize that this subject is one of little interest to many of my colleagues and, to some degree, the American people who view the question of survivability in a nuclear attack impossible. Yet I believe the role of a nation's emergency preparedness has a dual function. The question of survivability is essential but also a viable and comprehensive program of civil defense will clearly demonstrate to our adversaries that the United States will yield no strategic advantage to the Soviet Union or any other nation.

I believe that it is important to again remind the Members of this House and the American people that it is not the United States which has embarked on the most ambitious and aggressive civil defense program during peacetime, but the Soviet Union, and my question is, why?

Studies conducted by our own experts show that the Soviets spend 20 times as much for civil defense as the United States—nearly $2 billion annually. Why does a nation which cannot provide its people with basic consumer goods devote substantial resources to civil defense? Are they afraid of a U.S. sneak attack or is it mere paranoia?

I would argue that it is neither, but rather a calculated element of their overall strategic philosophy that nuclear war is winnable and that should be a sobering thought for all of us.

I am committed, as I believe this Congress is, to the restoration of this Nation's military posture. However, I believe, as does my colleague from Missouri, that an intricate element in our overall strategic strength lies in a no-nonsense emergency preparedness program.

I would therefore urge both my colleagues in the House and the administration to continue the progress made to date in the civil defense of the United States.

Mr. SKELTON. I thank the gentleman from Maryland for his remarks. He has been a strong supporter of civil defense since he has been in Congress. I thank him for his contribution today.

Mr. McDONALD. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to my colleague from Georgia.

Mr. McDONALD Mr. Speaker, I thank the gentleman from Missouri for yielding. I would like to applaud his having a special order to review and extremely important topic that, unfortunately, our Nation has disregarded for too long. We can see from the great interest by the news galleries over our heads, that is symptomatic of the problems that we face, that for whatever reason, the news media of this country have been active proponents by its sense of omission or commission of the MAD policy of mutual assured destruction.

Mr. Speaker, the subject of civil defense looms larger each day and becomes important with each passing hour as the United States moves into "the window of vulnerability" to our strategic forces. Our only hope to change the pathetic situation as regards to civil defense in this country, is to change the basic public attitude that has been built up by our opinion makers that we are in for mutual assured destruction and that no one will survive, so why even discuss it. This attitude is the grossest nonsense of all time. The United States has to survive and continue if civilization, as we know it, is to continue. Can we expect the athiest Marxists with their 100-percent materialism to preserve civilization if they prevail or will they turn the entire Earth planet into one vast Gulag? I think we all know the answer to that.

The theory of mutual assured destruction has done more than cripple our civil defense. It has amost crippled our national will to survive. It has convinced the man in the street that there is no use in civil defense as each side has enough bombs to kill each other 10 times over anyway. MAD has further, and insidiously in my view, prevented our Nation from having a real strategic goal in any future conflict with the Soviet Union in that it assumes an awesome exchange of weapons followed by little else than just clouds of radiation.

Before every new conflict, we are told that weapons are so awful that the war will last not longer than a few days or weeks. The invention of the machinegun was supposed to make World War I very short. It did not, as armies learned to dig in deeply. World War II was supposed to be very short as the invention of the bomber plane would make it impossible to fight longer than a few weeks. Now, of course, we talk of the 3-week war or even in shorter terms because of nuclear weapons.

It is a strange thing that we do not find talk of mutual assured destruction emanating from Moscow. What we do find is that the defense hierarchy of Moscow talks of fighting and winning a nuclear war. We also find a vast system of civil defense that is building factories out in the country, has deep shelters in its cities, spends several billions on training civil defense personnel and plans to evacuate as many people as it can. Could it be that the Soviet Government values its citizens more that we do? The People's Republic of China also has a vast shelter system to protect its people and, obviously, intends to try and survive a nuclear strike. And, while neither the Soviet nor the Communist Chinese civil defense systems are perfect, they will be able to save a lot of people and much of their industrial capacity in any nuclear exchange.

As in the case of the infantry in World War I, we need to dig deeply into the earth and let that be our armour against a nuclear attrack. We, too, need a shelter system, an evacuation plan, and a system to protect our industrial capacity. For a few hundred million dollars, we could start a serious civil defense program, start training the necessary personnel and start taking the steps necessary to our Nation's survival and abandon the MAD doctrine which can only lead to our Nation's destruction and/or surrender. Otherwise, we are doomed to live in the valley of the shadow for the next 5 years at least, our very existence dependent upon the whims of the Politburo in Moscow.

Mr. Speaker, let me once again commend my colleague from Missouri for this most important special order on the subject of civil defense.

Mr. SKELTON. I thank my friend and colleague from Georgia for his contribution today.

Mr. BRINKLEY. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to my friend and colleague from Georgia.

Mr. BRINKLEY. Mr. Speaker, I thank the gentleman very much. If the roll is called of civil defense and civil defense issues, the name of the gentleman from Missouri would head the list in terms of those who have made such a fine contribution to the remedial legislation designed in the interests of the American citizen in time of war. Following Mr. SKELTON's name certainly would be the gentleman from New York (Mr. MITCHELL), Mr. WHITEHURST of Virginia, Mr. DICKINSON of Alabama, and many others of us who have felt for a long time that civil defense has been neglected.

Mr. MITCHELL of New York. Mr. Speaker, will the gentleman yield?

Mr. BRINKLEY. Of course.

Mr. MITCHELL of New York. I would just like to add that very nearly at the top of that list would be the gentleman from Georgia because of the splendid job he has done not only to develop the civil defense system, but in the leadership he has provided as chairman of the subcommittee that has jurisdiction over this subject.

Mr. BRINKLEY. I thank my friend and fellow pilot from the State of New York.

Where I am coming from is just a tad different. The Whiteman Air Force Base, I believe, you have instruments of war there that would be targeted by the Soviet Union; is that not correct?

Mr. SKELTON. That is absolutely correct. We have 150 ICBM missile silos that are at or in the Fourth Congressional District of Missouri that I represent. The gentleman is correct.

Mr. BRINKLEY. If I recall correctly, in the gentleman's district in the recent past, there has been severe flooding which we would term as a natural disaster.

Mr. SKELTON. Yes, we had—and of course I have told the gentleman of these because of his interest in the dual use of civil defense—we had a killer flood in the western part of my district, the Fourth District of Missouri, and we have had killer tornados on two occasions in which civil defense played a very important part.

Mr. BRINKLEY. And this brings me to the structure of which I speak, which is one of dual use which would provide a future in-place system of civil defense that would be tested and exercised by the Vikings, the Berserkers—the natural disasters that do certainly come along from time to time, which would provide us an adequate preparedness on which we could depend should that dire day ever come.

□ 1750

So I have been something of a missionary. I have preached the gospel of dual use, not only because of the certainty of natural disasters but because it would give us some self-confidence in our attack preparedness.

I also believe, Mr. Speaker, it would provide an important peacetime dividend, a cost-effective mechanism that would give us more bang for the buck. It would give us two for the price of one. If we are getting the utility of civil defense in peacetime, we also have it standing in the wings for a time of war.

I think that success is a matter of margins. I think that that capability which better prepares itself just a little bit more in a state of readiness would stand it in good stead in the event of war.

So I do speak for a dual use system, and I would say to the Members of the House that our subcommittee has at this time grafted in the defense authorization bill language which does bring natural disaster preparedness up to the same status, as a matter of statutory law, as that in the civil defense system. We are in conference right now, but we are trusting that that will become a matter of law and that this will be helpful to our civil defense system because of the fact that it serves as a powerful incentive. It would motivate our local and State people who are charged with the needs of a natural disaster situation, it would encourage them to do their job, and then we would have them in place in the event the attack disaster would come along.

Finally, Mr. Speaker, I might mention the item which the last speaker referred to, and that is the doctrine of mutual assured destruction (MAD). It has been said that the Soviet Union has sufficient firepower to kill every human being on Earth, and that we in the United States have sufficient firepower to kill every human being on Earth. Why is it, then, that we compete more and more in this arms race in which we are engaged?

Well, that is not exactly right. Those presumptions, those beliefs, would presume that on bombing day all the people of the world would go into the cities to which that firepower is targeted. The Soviet Union has different plans. It has a dispersal system which would take the people away from the population centers and thus save the lives of millions. That is the goal toward which the gentleman from New York (Mr. MITCHELL) has pointed. If we should go to a continental system such as the prime or the followon, it would serve the American people well because we would disperse the people and we would save millions, countless millions of lives.

Finally, in conclusion, I am going to explore with our subcommittee the addition of language which would permit the President to institute a volunteer system with reference to State and local governments under the authority of the Federal civil defense umbrella which might come into play and trigger the energies of national groups chartered by the Federal Government. I am speaking of those charters held by veterans' groups, Gold Star Wives, and others who might be an important backup in any dispersal system that we might have.

Once again, Mr. Speaker, I thank the gentleman from Missouri (Mr. SKELTON) for taking this time to emphasize the importance of civil defense and the fact that it is time that we "fish or cut bait."

Mr. SKELTON. Mr. Chairman, I thank the gentleman from Georgia (Mr. BRINKLEY), and I do appreciate the gentleman's participating in our special order this evening.

The gentleman from Georgia has shown extraordinary leadership as chairman of the subcommittee in assisting civil defense, and he has in all meanings of the word been the "father of dual use"—dual use of civil defense, including natural disasters, along with the protection against nuclear attack. The gentleman from Georgia should certainly be thanked for the hard work he has done in this area.

Mr. KRAMER. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to my friend, the gentleman from Colorado.

Mr. KRAMER. Mr. Speaker, I thank the gentleman for yielding.

Let me first begin by saying how much I personally appreciate—and I am, hopefully, speaking on behalf of the people of the congressional district of which I have the privilege to be the Representative, the Fifth Congressional District of Colorado—and how much we appreciate the work of the gentleman from Missouri (Mr. SKELTON), the work of the gentleman from New York (Mr. MITCHELL), and the work and efforts of our distinguished subcommittee chairman, the gentleman from Georgia (Mr. BRINKLEY) in bringing to the followup stage this most critical and vital issue.

The MAD doctrine—mutual assured destruction—under which this country has operated its strategic umbrella now for almost two decades is, in my judgment, a discredited policy. It is one by which the acronym, MAD, truly and very characteristically identifies the significance of this policy, because it is a policy that emphasizes the disprotection of the American homeland and the American people. It is a policy that in effect holds American populations as unwitting pawns in a game of strategic balance and counterbalance. It purposely puts the American population at risk, because it says that to be able to protect yourself and your citizens is somehow destabilizing or is somehow going to upset potentially the other side.

Thus it has come about that we have no protection against incoming hostile bombers, we have no protection against incoming hostile missiles, and we have no way today of which I am aware of protecting the American people in the event that some calamitous or purposeful or inadvertent event is somehow triggered.

Since the gentleman has brought these matters to our attention during the course of our subcommittee meetings, I have often since reflected and wondered, what would happen if an American President faced a crisis of this kind. As I understand it, it would take about 4 days for the Soviets to fully implement the Soviet civil defense policy. What would an American President do at a time when a crisis arose between us and the Soviet Union, when tensions were running high, if the Soviet Government implemented its civil defense policy 1 day at a time, knowing that if that policy were successfully implemented, the potential exists, as I understand the figures, that if an exchange were then to take place between us and the Soviet Union, the United States would lose upward to 150 million people from its population and the Soviets, although they would suffer a tremendous loss, could nevertheless minimize that loss to about 15 million, less than the number that was lost by the Soviets in World War II?

With those kinds of ratios staring an American President in the face and with a Soviet ultimatum then following, what action would an American President take?

Would he capitulate to Soviet demands, or would he have the capability of resisting?

Quite frankly, if I were an American President in that situation, I do not know what I would do, and I hope that no American President is ever put in that situation.

But until we pay attention to the capability of reversing the discredited doctrine of MAD and turning to the defense of the American homeland and the American people, that risk is one that we run against a very dangerous time fuse and a very dangerous time clock. And our subcommittee chairman has, I think, put it very artfully in terms of the statement, that the "time is now to fish or cut bait." Many have stated, "Well, the American people really don't care about civil defense. It is not an issue." Well, we can tell, I think, from the news attention that this matter is getting that it is not an issue. But I would submit that it is not an issue because the American people, as we sit here in this room, honestly believe that they do have a capability of protecting themselves, and the gentleman is doing a marvelous job of educating them so that they no longer believe that.

□ 1800

They do have a civil defense program that is capable of defending American populations, and that is the reason that so little excitement seems to be generated over the issue.

I really truly believe that the gentleman from Missouri (Mr. SKELTON) does us a real service by educating us, by laying out these cold, bleak, hard facts as to just what great risks there are if we continue on this policy.

We can no longer continue to be solely an offensive country, building weapons that are capable of destroying people without some consideration of protecting ourselves and our people against those same weapons or types of weapons being directed against us.

I am privileged to be a part of this special order and again I commend the gentleman for bringing this vital issue to the attention of the American people.

Mr. SKELTON. I thank the gentleman very much. I appreciate the gentleman from Colorado's continued and very helpful support in the area of civil defense. The gentleman has been so sincere and working hard, and we do appreciate the gentleman participating today.

Mr. GINGRICH. Mr. Speaker, will the gentleman yield?

Mr. SKELTON. I yield to my friend from Georgia (Mr. GINGRICH).

Mr. GINGRICH. I thank my friend from Missouri for recognizing me. I appreciate the gentleman taking the leadership to speak today on an issue that is only of importance should war come, but then is of such importance that it should concern all of us in peacetime.

The question I think every American should ask is what is the cost of insurance and what is it worth to have it.

It is very clear to anyone who has looked at any field that the Soviet Union does believe that nuclear war is an instrument of political policy. It is very clear from anyone who has ever studied history that accidents do happen, mistakes are made, political leaders do frankly goof, and the net result can be a war no one wanted.

If we were to invest in civil defense on the scale that is reasoned, and legitimate and necessary, and nothing ever happened, we might at most have wasted some money. If we fail to invest in civil defense and something happens, we will have wasted lives.

I would far rather be the man who faced my grandchildren and said, yes, I was too cautious, yes, I cared too much, yes, I did too much, than be the man who faces the survivors and tries to explain why we did not do the things that were necessary.

It is clear that the Defense Department looks too narrowly at the question of strategic weapons and strategic defense. We are on the verge of designing an MX missile system which will guarantee that after an all-out Soviet first strike, missiles will survive but cities will not. Any reasonable examination of the plans for the MX mobile basing system will indicate clearly an assumption that it is possible that the Soviet Union might one day, for reasons of policy, explode 100, 200, 1,000, 3,000 hydrogen warheads on the North American Continent. In that environment, the fallout, the radiation, the downwind effect on the Midwest, on Chicago, on Detroit, and in some circumstances on Washington, would be so phenomenal that the impact on human beings would be so incredible that we stand a chance of saving literally millions of human beings.

Here is a society which will spend over $1 million to keep alive a person who has been in a car wreck and whose brain has ceased to function. Here is a society which will spend literally hundreds of thousands of dollars a year to keep alive chronically ill people. Here is a society which believes in setting up kidney treatment centers at a cost of over $1 billion a year.

Mr. SKELTON. If I may reclaim my time for a moment, I know the gentleman would be interested in knowing that in the year 1977 and the year 1978 the U.S. Government, through the U.S. Air Force, spent $124 million to harden 150 ICBM silos in western Missouri, in my district, the Fourth District of Missouri.

During that same year, less than $100 million was spent to protect the people of this Nation from the very same eventuality that they spent $124 million to harden those silos. It is rather ironic. That is exactly what the gentleman is saying. And I yield to him again.

Mr. GINGRICH. I thank my colleague for enlightening me. I had no idea of those numbers and I think the gentleman is right. We harden missiles, but we do not harden human beings. We protect control centers but we do not protect people.

There is probably no single cause in terms of the amount of attention it does not get that deserves more attention, more investment, more thought, and more commitment than the cause of civil defense.

I challenge the Reagan administration and I believe this Congress will ultimately join in challenging the Reagan administration to build a prohuman, prosurvival, propopulation, strategic policy that is the equal to its weaponry, its hardware, and its strategic offensive policy, because if we look at the real world it is inconceivable to me, as I am sure it is inconceivable to my colleague, that any President would use any kind of strategy or diplomacy knowing that a Soviet first strike, even if it allowed the MX to survive, would, in the process, have killed literally millions of Americans from fallout, not from the blast, not from the immediate effect, but from the careless, wanton lack of preparation on the part of our Government and its leaders.

I simply want to close by saying again to my colleagues, I know that it is a long and lonely vigil. I know the gentleman and the dean of the Georgia delegation have led the fight. I want to commend both of you because I think literally there may be in our lifetime no single cause that saves more American lives than the cause of civil defense that the two of you have so eloquently espoused. I thank the gentlemen.

Mr. SKELTON. I thank the gentleman for his very appropriate comments.

The gentleman reminds me that during the 1930's, beginning about 1934, there was a Member of Parliament in the United Kingdom that spoke of a great danger across the English Channel, and that great danger and the great new fact of which this Member of Parliament spoke was the fact that Germany was building a tremendous air fleet. Few paid attention. Few paid attention to him until about 1938, and people did begin to pay attention to Winston Churchill. They did begin to build Hurricane fighters and Spitfire fighters.

But what is more important, they began to make preparation for the use of the tunnel system, the subway system of London, should the eventuality ever come to pass that London were bombed, and thank goodness he was heeded.

He was heeded, and because of that literally thousands of British people are alive today because they had that protection, not just from the interceptors that were built, but by the use, the proper use of those tunnels, and the proper use of the subways in London.

Mr. Speaker, a number of our colleagues have spoken today and expressed, as I have attempted to, the sincere desire to have a strong civil defense for our Nation. I represent the 4th Congressional District of Missouri. In that district is Whiteman Air Force Base, which is the control center of 150 ICBM missiles, Minutemen II missiles. These missiles, as we all know, are targets of Soviet missiles should the unthinkable come to pass.

I want the people of western Missouri to be safe. But there are other Whiteman Air Force Bases in this Nation and there are other missile fields in this Nation, there are other strategic airfields and there are other strategic submarine bases, some 39 strategic first-strike areas that we think would be targeted first. The people that live in those areas, as well as the people that live in our cities and towns all across our Nation, deserve protection should the unthinkable come to pass.

Let it not be too late.

Mr. Speaker, I intend to persevere. Mr. Speaker, I intend that we eventually have a strong civil defense program that is properly funded and one that we in America can be proud of and one that will be part in truth and fact of our strategic defense.

With the help of the Members of this body we will have such a civil defense in the days ahead.

● Mr. FLIPPO. Mr. Speaker, I would like to associate myself with the remarks that have been made by my colleagues about civil defense. The problem with civil defense has been that no one ever needs it, no citizen spends much time thinking about it, no pressure groups breath down our necks to do something until it is too late—until there is a disaster. Only then will our constituents turn to us and say, with justification: "Why didn't you plan for this?"

There is nothing politically expedient or glamorous about civil defense; only the mundane, long-haul planning that all of us pray we will never need.

Congress can be proud that in the last few years we have made a start in planning for national emergencies. We have done our homework and found that civil defense has more uses than we thought. Not only will an effective plan provide stability during time of crisis and enhance our survivability, but the mere promise of stability and survivability provides a deterrent to our potential enemies and a powerful psychological weapon in our arsenal.

A strong civil defense network can be efficiently adapted to natural disasters so that we can marshall our resources to provide a coordinated response for floods, hurricanes, tornados, blizzards, or nuclear and chemical accidents.

We need to do more in this area. We can not afford to postpone our efforts to some unspecified future date.●

● Mr. HUGHES. Mr. Speaker, I welcome this opportunity, offered by my distinguished colleague IKE SKELTON, to discuss the vital subject of our Nation's civil defense.

In the past, when conventional warfare was the sole source of confrontation between nations, conventional means for defending a nation's citizenry were sufficient. We could hide from enemy bombs and bullets using the same facilities we would use to hide from tornadoes or natural disasters in this country. In addition, our natural geographic isolation from our enemies provided sufficient disincentive to discourage our enemies from major attack with the exception of the bombing of Pearl Harbor.

Nuclear weapons and accurate missile guidance systems have changed our countries defense needs. Now, we can no longer afford to solely concentrate on weaponry designed for attack or defense from conventional attack, nor can we assume that our most significant enemy, the Soviet Union, can be wholly prevented from penetrating our defenses in the case of a nuclear conflict. So, at a time when we are spending record amounts on weapons systems which we hope will discourage the Soviet Union from ever beginning a conflict, we must also plan for a possibility which we fervently hope will never become reality—nuclear attack.

In the event of a full-scale nuclear confrontation between the United States and U.S.S.R., there is one inescapable reality—millions of human beings would die and life as we know it would be inalterably disrupted. But knowing that, we must not forget that the tragedy which would befall the United States in such an event could be significantly mitigated in the event of an attack. Millions of lives could be saved at a surprisingly low social cost.

According to data provided by the Federal Emergency Management

Agency (FEMA), a system of civil defense which could save approximately 80 percent of our population from death in a nuclear war would cost about $2.6 billion over 7 years, or about $1.67 per person per year. This system, called a "Crisis Relocation Plan," would cost about $1.8 billion more than the current civil defense system, yet save about 90 million more human beings than current capabilities could. In the words of the FEMA report: "This works out to $20 per life saved, which many consider an attractively low insurance premium."

The benefits of such a system extend well beyond those in the event of nuclear conflict, which we must make every conceivable effort to avoid. First, such a system could actually deter the occurrence of conflict, by improving our defense. Second, it could reduce the Soviet's powers of coercion, by reducing a genuine civil defense gap between the United States and U.S.S.R. Third, in the event of natural disasters, nuclear powerplant incident, or other peacetime emergency, a civil defense evacuation plan could prove invaluable.

So let us not be shortsighted as we consider means to provide for our Nation's defense. Although a good offense may be the best defense, a good defense should not be forgotten.

We cannot forget the need to alleviate some of the terror of the nuclear age, to attempt to prevent the feared eventuality, and to save as many American lives as possible should the leaders of the Soviet Union or our own leaders ever think the unthinkable, and plunge us into an irreversibly tragic confrontation. Let us support civil defense.●

● Mr. SAM B. HALL, JR. Mr. Speaker, I commend the gentleman from Missouri for securing a special order to give House Members an additional opportunity to discuss the posture of our Nation's civil defense. His concern over the possibility that Congress may compromise our civil defense capability by reducing its budget commitment for this program is to be appreciated. Indeed I share fully his commitment to maintaining a level of appropriations adequate to preserving civil defense as an essential and integral part of our overall national defense policy. The civil defense effort should not be surrendered or reduced.

In the process of reviewing and establishing defense priorities civil defense always seems to be the odd man out. Offensive hardware attracts attention away from the very real need to maintain passive defense programs, including civil defense. Neither effort should take from the other. They must be mutually supportive in their roles of deterring Soviet aggression and the aggressive acts of other potential adversaries.

The result of this conscious disenchantment with passive defense has been the erosion of our civil defense posture over a period of years to the point where it no longer is a credible element within our strategic force structure. Civil defense, in my judgment, must once again be considered in conjunction with our offensive and defensive forces if our national security is to be preserved. To erase it from our strategic formula is to threaten the very mission and purpose of our strategic nuclear force; namely the deterrence of nuclear war.

We no longer have the luxury of assured force superiority over the Soviets. Those days are long behind us and it is questionable today whether or not a balance of strategic military power—often referred to as a "rough equivalence"—exists. At best, we can say that, for the present time, the real strength and preparedness of the U.S. strategic Triad remains credible to the Soviet Union. However, the future of relative United States-Soviet strategic balance is cloudy. United States development and deployment of modern strategic weapons just are not keeping pace with the Soviet Union and our defense capability, in the eyes of the Soviets, may be waning.

The facts speak for themselves. To understand the extent of our vulnerability to Soviet nuclear attack requires only a brief review of the relative United States-U.S.S.R. strategic balance.

The current U.S. B-52 bomber force will require modernization beyond the mounting of cruise missiles. We cannot afford continued reductions in fleet size for the purpose of cannibalization of aircraft to keep remaining B-52's on line.

Current land-based ICBM forces will become more vulnerable with time as Soviet missile accuracy and MIRV capability improve.

The submarine-launched ballistic missile (SLBM) force represents the only U.S. strategic delivery system being modernized. Meanwhile, the Soviet Union is modernizing a large portion of its forces, hardening its facilities and continuing its intensive research and development.

Since 1970, according to information provided by the Joint Chiefs of Staff, the United States has put into production one variant of an existing intercontinental ballistic missile (ICBM), one new type of submarine and submarine-launched ballistic missile system, and no new strategic bomber systems.

In the same period, Soviet efforts to improve and enlarge its strategic forces have brought them from a position of clear inferiority to one of superiority in many measures of capability. The Soviets have modernized the ICBM force through new deployment and modifications to deployed systems which have incorporated greater throw weight, more reentry vehicles per missile, and increased accuracy. The Joint Chiefs of Staff now report that the Soviets possess a "clear and growing advantage in ability to kill hard targets."

Too, the Soviets continue to diversify and improve other elements of their strategic element structure. They continue to build modern, nuclear-powered ballistic missile submarines more quickly than the United States, new generations of longer range submarine-launched ballistic missiles (SLBM) thereby expanding the patrol area of the Soviet submarines making them and their missiles less accessible to U.S. interception. Further, while retaining their existing intercontinental bomber forces, the Soviets have deployed over 100 Backfire bombers and are adding about 30 each year. This bomber has sufficient range to be used as an intercontinental bomber against the United States.

While the United States can claim advantage in state-of-the-art technology, technology not employed or deployed does nothing to improve our defense posture.

These trends, which must be viewed with serious concern, have created what the President often refers to as the "window of vulnerability." The very size of that so-called window makes survivability a top priority concern. It is more than clear that the strategic military balance between the United States and U.S.S.R. continues to shift toward our potential adversary in a very big way. Indeed, the imbalances are of such magnitude measured quantitatively and qualitatively as to confront the United States with the prospect of facing such imbalances well into the future. This is particularly true in light of the Soviets' willingness to continue to invest heavily to keep the momentum going in their favor.

The realities of the United States-Soviet strategic balance render it essential that civil defense be maintained as a critical element in our national defense structure. The Soviets are approaching a first strike capability and the ability of the United States to survive such a strike becomes of ever-growing importance as a deterrent factor.

To note how seriously the Soviets view civil defense, one has only to look at their efforts in this regard. To complement their offensive capabilities, the Soviet Union maintains a large strategic defense force supplemented by what the Joint Chiefs of Staff refer to as "an extensive civil defense program," both of which are far superior to their U.S. counterparts.

We must approach the Soviet level of effort for passive defense, including civil defense, if our strategic nuclear force is to continue to provide a credible deterrence to potential Soviet nuclear aggression. Our "window of vulnerability" remains too wide open without such an improved civil defense posture. We must take into account the civil defense commitment of the Soviets and strengthen our own civil defense program accordingly with the purpose of developing plans to be implemented during times of crisis.

The magnitude of Soviet civil defense efforts and capability, when coupled with high accuracy and more reliable missiles, could adversely affect our ability to implement the U.S. deterrence strategy.

We have to own up to the fact that the worse case scenario might occur. Should it occur in the near future, the Soviet Union has a first strike capability of inflicting on currently unprotected Americans something in the order of 1.60 million fatalities. Enhanced civil defense efforts providing for a greater degree of survivability and continuity of government will serve to improve our deterrence posture.

In the interest of world peace, the Soviets cannot be permitted to believe that their civil defense system will improve their ability to wage war and enhance Soviet survival of a nuclear exchange. We need, instead, to impress upon the Soviets the ability of the United States to recover quickly from the effects of a nuclear attack, and in a condition permitting a U.S. retaliatory attack of a nature to inflict catastrophic damage to the Soviet Union.

Currently, our civil defense program lacks credibility, and I join my colleague and friend in taking this opportunity to express my full endorsement for maintaining a firm budget commitment for a strong and viable civil defense.●

● Mr. LOTT. Mr. Speaker, I certainly agree with my colleagues on the floor today who are speaking to the importance of civil defense as an integral part of our Nation's defense posture. We must take caution against any misconceptions regarding the viability of civil defense.

Over the last 15 years, the Soviets have spent almost $2 billion per year to construct a comprehensive civil defense system. This amounts to approximately $5 per capita and compares to our own expenditure of some 49 cents per capita, most of which is earmarked for administrative expenditures.

Although estimates regarding the capabilities of the U.S.S.R. civil defense system vary, it is clear that the Soviets are making a conscious effort to protect their population in the event of nuclear war and have included all segments of their society in their defense planning.

The irony of our present situation is that the United States could develop a reasonably effective civil defense program given a few well-thought-out plans and relatively modest expenditures of time and money. All that is lacking is a Federal commitment.

Such a commitment is necessary to an effective partnership in civil defense between local governments and the Federal Government to prepare our communities and the Nation to survive a war. If this preparation is made, these same communities are also prepared to survive the common natural occurrences of floods, tornadoes, and hurricanes.

In view of current international tensions, the civil defense partnership must be upheld and strengthened. Civil defense must once again become an integral component in our strategic debate.●

● Mr. FLIPPO. Mr. Speaker, I would like to associate myself with the remarks that have been made by my colleagues about civil defense. The problem with civil defense has been that no one ever needs it, no citizen spends much time thinking about it, no pressure groups breathe down our necks to do something until it is too late—until there is a disaster. Only then will our constituents turn to us and say, with justification: "Why didn't you plan for this?"

There is nothing politically expedient or glamorous about civil defense; only the mundane, long-haul planning that all of us pray we will never need.

Congress can be proud that in the last few years we have made a start in planning for national emergencies. We have done our homework and found that civil defense has more use than we thought. Not only will an effective plan provide stability during a time of crisis and enhance our survivability, but the mere promise of stability and survivability provides a deterrent to our potential enemies and a powerful psychological weapon in our arsenal.

A strong civil defense network can be efficiently adapted to natural disasters so that we can marshal our resources to provide a coordinated response for floods, hurricanes, tornadoes, blizzards, or nuclear and chemical accidents.

We need to do more in this area. We cannot afford to postpone our efforts to some unspecified future date.●

□ 1810

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. GILMAN) is recognized for 5 minutes.

● Mr. GILMAN. Mr. Speaker, on September 24, 1981, I was at the United Nations in New York City, discharging my duties as a member of the U.S. delegation to the U.N. Consequently, I was unable to be present to vote on rollcall No. 224, and I take this opportunity to announce how I would have voted, had I been present.

On rollcall No. 224, the vote on final passage of H.R. 3210, a bill to amend the Surface Transportation Assistance Act of 1978, and to establish obligation limitations for fiscal year 1982, I would have voted "yea." This bill passed by a vote of 377 to 25.●

PRESIDENT REAGAN DISCUSSES WORLD ECONOMIC GROWTH THROUGH PRIVATE ENTERPRISE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 15 minutes.

● Mr. KEMP. Mr. Speaker, yesterday President Reagan delivered a magnificent speech in challenging all nations of the world—developed and developing—to join with us in making a new beginning for economic growth and prosperity for all people, everywhere. Addressing the annual meeting of the World Bank and International Monetary Fund, the President called on all nations, but especially the developing nations of the world, to recognize that:

> Only when the human spirit is allowed to invent and create, only when individuals are given a personal stake in deciding economic policies and benefiting from their success—only then can societies remain economically alive, dynamic, prosperous, progressive and free.

I applaud the President for bringing a long awaited reversal to the approach which the United States as well as the major international financial institutions have taken to development. In his remarks, the President made clear that prosperity and growth are not limited by nationality, race, geography or resources. Economic growth is limited solely by the rewards and freedoms which individuals may obtain through initiative, effort, and achievement. This is the same message which he has brought so successfully to the American people.

The President is also to be congratulated for reiterating the support of his administration and the American people to assisting those whose economic condition is so precarious that they require the same social safety net which we jealously guard for our own people. The President made clear that the American people will stand beside those who require our help.

At the same time, however, he sounded a warning to those nations which have become dependent on continuous transfers of wealth for their survival.

> The domestic policies of developing countries are likewise the most critical contribution they can make to development. Unless a nation puts its own financial and economic house in order, no amount of aid will produce progress.

The United States stands willing to help any nation which would enhance the freedom and economic well-being of its people, but, a system dependent on tranfers of wealth will surely lead to the decline of both nations.

In the next few weeks, the Congress will be considering both the authorization and appropriation for aid to our sister nations. I hope that each of us will read the President's remarks and consider them when we begin to reflect on the role of the United States as a catalyst for growth and prosperity in the world. I believe that we will join together in the opinion that many of the sharp criticisms which we have all made in the past are being eclipsed by this new beginning.

I include the full text of the President's remarks at this point in the RECORD:

REAGAN TALK TO WORLD BANK AND I.M.F.

WASHINGTON, September 29.—Following is the text of the address today by President Reagan to the 1981 annual meeting of the board of governors of the World Bank and International Monetary Fund:

On behalf of the American people, I am delighted to welcome you to Washington for your 36th annual meeting. It seems your deliberations take on added importance each year, and this year will be no exception. I believe your meeting can strengthen the national resolve and international cooperation required for the global economic recovery and growth we all are striving to achieve.

I am very grateful for this opportunity to address your distinguished group. It is customary to begin a speech before this annual meeting with a portrait of the serious problems and challenges we face today in the world economy. Those problems and challenges are certainly there—in force—and I will return in a minute to review them.

But first, let me take just a moment to salute the institutions you represent. The I.M.F. and World Bank group have contributed enormously to the spread of hope—to a better life throughout the world community. In the process, they have proven themselves capable of change, of adapting to new circumstances and the needs of new members.

CLEARLY VISIBLE TO ALL

Your institutions have worked tirelessly to preserve the framework for international economic cooperation and to generate confidence and competition in the world economy. They have been inspired by the ideal of a far better world in which economic growth and development would spread to all parts of the globe. For more than three decades, they have worked toward these goals and contributed to results that are now clearly visible to all.

This past decade in particular has tested the mettle and demonstrated the strength and merit of the World Bank and I.M.F. As the development report of the World Bank itself notes: "The 1970's witnessed international economic convulsions at least as serious as any that may be thought highly probable in the next 10 years. The world economy's capacity to withstand shocks has been severely tested. The tests were not passed with entire success. . . but parts of the developing world have come through remarkably well."

We need to recognize our progress and talk about it more in our conversations with one another. This in no way denies the immense problems we face. But without some sense of what we have achieved, without some encouragement to believe in our mission, we will succumb to defeatism or surrender to ill-advised solutions to problems that can never yield to grandiose schemes.

To look at the challenges before us, let us recall that vision we originally set out to reach through international cooperation. The second World War had left us with the realization, born out of the suffering and the sacrifices of those years, that never again must human initiative and individual liberties be denied or suppressed.

KEY IS INDIVIDUAL FREEDOM

The international political and economic institutions created after 1945 rested upon a belief that the key to national development and human progress is individual freedom, both political and economic.

The Bretton Woods institutions and the GATT established generalized rules and the procedures to facilitate individual enterprise and an open internationl trading and financial system. They recognized that economic incentives and increasing commercial opportunities would be essential to economic recovery and growth.

We who live in free market societies believe that growth, prosperity, and ultimately human fulfillment, are created from the bottom up, not the government down.

Only when the human spirit is allowed to invent and create, only when individuals are given a personal stake in deciding economic policies and benefiting from their success—only then can societies remain economically alive, dynamic, prosperous, progressive and free.

Trust the people. This is the one irrefutable lesson of the entire postwar period contradicting the notion that rigid government controls are essential to economic developmental.

The societies which have achieved the most spectacular, broad-based economic progress in the shortest period of time are not the most tightly controlled, nor necessarily the biggest in size, or the wealthiest in natural resources. No, what unites them all is their willingness to believe in the magic of the market place.

Everyday life confirms the fundamentally human and democratic ideal that individual effort deserves economic reward. Nothing is more crushing to the spirit of working people and to the vision of development itself than the absence of reward for honest toil and legitimate risk. So let me speak plainly: we cannot have prosperity and successful development without economic freedom. Nor can we preserve our personal and political freedoms without economic freedom.

Governments that set out to regiment their people with the stated objective of providing security and liberty have ended up losing both. Those which put freedom as the first priority also find they have also provided security and economic progress.

TWO IMPORTANT CHALLENGES

The United States is proud of its contributions to the goals and institutions of postwar development. You can count on us to continue to shoulder our responsibilities in the challenges we face today.

We see two of overriding importance:

Restoring the growth and vitality of the world economy.

And assuring that all countries, especially the poorest ones, participate fully in the process of growth and development.

But let us remember, the most important contribution any country can make to world development is to pursue sound economic policies at home. Regrettably, many industrial countries, including my own, have not made this contribution in the recent past. We have overspent, overtaxed and overregulated, with the result being slow growth and soaring inflation. This stagflation, as the I.M.F. annual report notes, is one of two basic problems we must quickly overcome.

The United States has set its course to economic recovery. Our program is comprehensive, and as I reminded the American people last Thursday evening, it will require effort and patience. But the reward is worth working for.

GROWTH AND PROSPERITY

By reducing the rate of Government spending, honoring our commitment to balance the budget, reducing tax rates to encourage productive investment and personal savings, eliminating excessive Government regulation, and maintaining a stable monetary policy we are convinced we will enter a new era of sustained, noninflationary growth and prosperity, the likes of which we have not seen for many years.

And as the world's largest single market, a prosperous, growing U.S. economy will mean increased trading opportunities for other nations. America now receives half of all non-OPEC developing country exports of manufactured goods to all industrialized countries. Lower U.S. inflation and interest rates will translate into increased availability of financial resources at affordable rates. Already, capital markets in the United States are more accessible to the developing countries than capital markets anywhere else in the world. No American contribution can do more for development than a growing, prosperous U.S. economy.

The domestic policies of developing countries are likewise the most critical contribution they can make to development. Unless a nation puts its own financial and economic house in order, no amount of aid will produce progress. Many countries are recognizing this fact and taking dramatic steps to get their economies back on a sound footing. I know it's not easy but it must be done.

Only with a foundation of sound domestic policies can the international economic system continue to expand and improve. My own Government is committed to policies of free trade, unrestricted investment and open capital markets. The financial flows generated by trade investment and growth capital flows far exceed official development assistance funds provided to developing countries.

THEY DEPEND UPON OUR AID

At the same time, we are sensitive to the needs of the low-income countries. They can benefit from international trade and growth in the industrial countries because they export many raw materials and primary products the industrial world needs. But they also depend upon our aid to strengthen their economies, diversify their exports and work toward self-sufficiency.

The United States recognizes this. Over three decades, we have provided more than $130 billion in concessional assistance. The American people have proven themselves to be as compassionate and caring as any on earth. And we will remain so.

We strongly support the World Bank. And because of our strong support, we feel a special responsibility to provide constructive suggestions to make it more effective. We believe these suggestions will permit it to generate increased funds for development and to support the efforts developing countries are making to strengthen their economies. Taking into account our budgetary constraints, we are committed to providing the bank and I.D.A. resources for them to continue and improve their contributions to development.

We know that stimulating private investment is also critically important. The International Finance Corporation plays the leading role in the bank family in support of such investment. Given the importance of this role, we hope it can be enhanced. We believe all facets of the bank can play a more active role in generating private resources and stimulating individual initiative in the development effort.

SIGNALS PRIVATE MARKETS

The I.M.F. also plays a critical role in establishing conditions to encourage private capital flows to deficit countries. By reaching agreements with the I.M.F. on a sound, comprehensive stabilization program—and by demonstrating its determination to implement that program—a borrowing country signals private markets of its intent to solve its own economic problems.

We are committed to a pragmatic search for solutions to produce lasting results. Let us put an end to the divisive rhetoric of us versus them, north versus south. Instead let us decide what all of us—both developed and developing countries—can accomplish together. Our plans for the Caribbean Basin are one example of how we would like to harness economic energies within a region to promote stronger growth. The design and success of this undertaking depends upon the cooperation of many developed and developing countries.

My colleagues and I also look forward to the upcoming summit meeting at Cancúm, Mexico. That occasion will provide us with fresh opportunities to address the serious problems we face and encourage each other in our common mission.

ALSO MUTUALLY INTERDEPENDENT

In conclusion, each of our societies has a destiny to pursue. We have chosen ours in light of our experience, our strength and our faith. We each are ultimately responsible for our actions and the successes and failures that they bring. But while individually responsible we are also mutually interdependent. By working together through such institutions as the I.M.F. and World Bank we can all seek to collaborate on joint problems, share our insights, and encourage the common good.

These institutions have reflected a shared vision of growth and development through political freedom and economic opportunity. A liberal and open trade and payments system would reconstruct a shattered world and lay the basis for prosperity to help avoid future conflicts. This vision has become reality for many of us. Let us pledge to continue working together to ensure it becomes a reality for all.

Thank you very much.●

EXPORT-IMPORT BANK FINANCING NOTIFICATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

Mr. NEAL. Mr. Speaker, I am notifying the House today of the U.S. Export-Import Bank's proposal to provide credits of more than $800 million to enable Air Canada to purchase up to 24 Boeing 767-200 jet aircraft in the United States.

The Eximbank notified Congress on August 29, 1980, that it had made preliminary commitments for a series of purchases by Air Canada. The bank is now prepared to fulfill those commitments. The direct credits involved have been increased by nearly $230 million, however, to cover additional costs incurred since the original Eximbank commitment.

This notification from the Eximbank was referred to me as chairman of the Banking Committee's Subcommittee on International Trade, Investment and Monetary Policy. Under section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, the Eximbank must notify Congress of proposed loans or financial guarantees, or combinations thereof, of $100 million or more. Unless the Congress determines otherwise, the Eximbank may give final approval to the transaction after 25 days of continuous session of the Congress after notification.

I am submitting for the RECORD copies of the Eximbank material (including the August 29, 1980, notification) explaining the terms and details of the proposed transaction. I would welcome any comments or questions my colleagues might have on this matter.

The Eximbank material follows:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., September 8, 1981.

Hon. STEPHEN L. NEAL,
Chairman, Subcommittee on International Trade, Investment and Monetary Policy, House Banking Committee, U.S. House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Eximbank has submitted a statement to the Speaker of the House of Representatives and the President of the Senate in accordance with the provisions of Section 2(b)(3)(i) of the Export-Import Bank Act of 1945. I am taking the liberty of providing you with a copy of this statement.

Sincerely,

NANCY S. PIGMAN,
Congressional Relations Officer.

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., September 8, 1981.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives, U.S. Capitol, Washington, D.C.

DEAR MR. SPEAKER: Reference is made to Eximbank's letter of August 29, 1980 to the United States House of Representatives, a copy of which is enclosed, which was submitted pursuant to Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, concerning Eximbank financing to assist Air Canada in the purchase of up to 24 Boeing 767-200 jet aircraft. We wish to inform you that Eximbank will at this time convert previously issued preliminary commitments into a credit of $800,472,000, which is $229,773,000 more than the amount set forth in the August 29, 1980 letter. The increase is due to price adjustments calculated in accordance with the provisions of the Boeing-Air Canada purchase contract.

As is customary in sales contracts for aircraft orders to be delivered over a period of years, there may be additional increases in the price in accordance with the price adjustment formula in the sales contract and, therefore, Eximbank also will issue at this time a preliminary commitment for additional credits of up to $130,000,000 for any such increases. The interest rate on such additional credits covered by the Preliminary Commitment would be at Eximbank's current rate of 12% per annum and a credit application fee of 2% will be charged on such additional credits.

There are no other changes in the transaction.

Very truly yours,

WILLIAM H. DRAPER III.

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., August 29, 1980.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, U.S. House of Representatives, U.S. Capitol, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to Section 2(b)(3)(i) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States House of Representatives with respect to the following transaction involving U.S. exports to Canada:

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to make available to Air Canada financing in the form of loans and guarantees (Eximbank Financing) of $460,173,000 to facilitate the purchase in the United States by Air Canada of 12 Boeing 767-200 jet aircraft with related spare engines, spare parts and services. The total U.S. export value of these purchases is estimated to be $575,216,000.

This transaction is the first proposed credit under a Preliminary Commitment issued by Eximbank to Air Canada for financing of Air Canada's purchases of jet aircraft referred to in our letter of August 23, 1979. In that Preliminary Commitment, Eximbank indicated to Air Canada the terms and conditions under which it will be prepared to extend up to $828,000,000 of financing (including the Eximbank Financing proposed in this transaction) to Air Canada to assist in the purchase of up to 24 Boeing 767-200 jet aircraft (including the 12 mentioned above) to meet that airline's needs for increased traffic on its domestic and North American routes and replacement of its aging fleet. Including the transaction mentioned above, the total U.S. export value of these purchases is estimated to be $1,035,000,000.

2. Identity of the Borrower

Air Canada, Canada's largest airline, was established in 1937 as a corporation owned by the Canadian National Railroad and was reorganized in 1978 under the ownership of the Government of Canada. Its routes are worldwide, the principal routes being to Europe and North America, in addition to extensive operations throughout Canada. Eximbank has previously made 6 loans to Air Canada and repayments have been made on a timely basis.

3. Nature and Use of Goods and Services

The principal goods to be exported from the United States are 12 Boeing 767-200 commercial jet aircraft to be used by Air Canada, together with the additional commercial jet aircraft contemplated by the Preliminary Commitment, to handle increased traffic on its domestic and North American routes and to replace its aging fleet. The aircraft will be exported under various schedules during the period 1982-1986.

The airframes for the 767's will be manufactured in the Seattle-Renton-Everett area by the Boeing Company of Seattle, Washington. The engines for the 767's will be manufactured by the Pratt and Whitney Aircraft Division of United Technologies Corporation in Hartford, Connecticut. In addition, other U.S. firms will furnish spare parts. Non-U.S. components manufactured in Japan and Italy will cost about $60,901,000 or approximately 11% of the United States goods, and are not included in the financing plans set out below.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The Eximbank financing support of $460,173,000 contemplated in this transaction will facilitate the export of $575,216,000 of United States goods and services. Sales, profits and employment for U.S. aircraft manufacturers and their subcontractors are heavily dependent upon exports.

During the next two to three years, several large foreign airlines will be undertaking major reequipment programs, and through 1990 aircraft purchases by foreign airlines are expected to account for approximately 40% of total U.S. aircraft sales. Eximbank's financial support for exports of U.S. aircraft has assisted U.S. aircraft manufacturers in obtaining approximately 80% of the world market for commercial jet aircraft, and Eximbank believes it must be sensitive to purchasers' needs during this period of new product selection to insure that U.S. aircraft and engine manufacturers are able to offer attractive financing which helps them to sustain their position as a leading U.S. export sector.

The export of 12 Boeing 767-200 jet aircraft will have been achieved in the face of strong competition from the A-310-200 jet aircraft manufactured by Airbus Industrie. The A-310-200 was determined by Air Canada to be technically and economically competitive with the B767-200 for Air Canada's domestic and North American routes. To be competitive and to break into the important North American market with the A-310-200 type of aircraft, Airbus arranged special financing with support by the Governments of France and Germany. Adequate, comparable financing from U.S. sources was necessary to offset the A-310-200 financing. Air Canada's selection of the 767 over the Airbus will govern a substantial portion of Air Canada's fleet acquisition plans for the period through 1990. The Eximbank financing, therefore, was a decisive factor in winning this sale for the U.S. suppliers.

Boeing estimates that the sale of 12 B767-200 jet aircraft will provide 12.2 million man/hours of work for Boeing and its subcontractors, including 1.8 million for Pratt and Whitney in Connecticut for production of the engines. Additional benefits which will flow to the United States from the transaction include follow-on sales of up to 12 additional B767-200 jet aircraft and related exports of spare parts, ground support and other auxiliary equipment.

2. The Financing Plan

The cost of the 12 B767-200 jet aircraft will be financed as follows:

	Amount	Percent of U.S. costs
Cash payment	$115,043,000	20
Eximbank financing	460,173,000	80
Total	575,216,000	100

It is expected that the Eximbank Financing described above will consist of a blend of an Eximbank direct loan and a loan of a private financial institution guaranteed by Eximbank.

(a) Eximbank Charges

The financial charge on the Eximbank Financing to be paid by Air Canada will be 8.7 percent per annum, payable semiannually until the start of principal repayments as set forth in subparagraph (b) below. A commitment fee of 0.5 percent per annum will also be charged on the undisbursed portion of the Eximbank Financing.

(b) Repayment Terms

The Eximbank Financing, together with interest thereon, will be repaid in 2 schedules of 24 equal semiannual installments beginning (i) January 15, 1984 for aircraft to be delivered in 1982 and 1983 and (ii) January 15, 1985 for aircraft to be delivered in 1984. Repayments will be computed on the basis of an actuarial annuity method requiring level installment payments composed of decreasing amounts of interest and increasing amounts of principal in each installment, with interest accruing prior to the start of principal repayments being payable semiannually.

Attached is certain additional information on Eximbank activity in, and economic data about, Canada.

Sincerely,

H. K. Allen.

Attachments.

EXIMBANK EXPOSURE IN CANADA

[As of July 31, 1980]

	Outstanding	Undisbursed
Direct loans	$266,265,082.89	$139,286,880.20
Financial guarantees		
CFF loans	289,555.58	
Bank guarantees	253,870.60	
Insurance:		
Medium	1,036,208.53	815,871.70
Short	113,820,916.29	

DEFAULTS AND RESCHEDULINGS

In the past ten years there have been no defaults or reschedulings of Eximbank direct credits financing U.S. export sales to Canada.

Area (1000 sq. km.) = 9,976.
Population (beg. 1979): 23.5 million.
Population Density: 2/sq. km.
GNP per capita (1979): $9,464.

	Percent
Expenditures of GNP (1979):	
Consumption	63
Government	17
Capital Formation	24
Exports	24
Imports	−28
Total	100
Origin of GDP (1978):	
Agriculture	3
Industry	29
Services	61
Other	7
Total	100

U.S. EXPORT SALES TO CANADA

	1976	1977	1978	1979	1980(P)
GNP data:					
Nominal (billions of U.S. dollars)	$194.2	$197.6	$203.2	$222.4	$249.3
Rate of change (real GNP) (percent)	5.4	2.4	3.4	2.7	0.3
Fiscal and monetary data:					
Government deficit (millions of U.S. dollars)	$3,246.5	$6,965.6	$9,526.6	$9,906.2	$2,191.8
Deficit as a percent of GNP	1.7	3.5	4.8	4.5	0.9
Increase in money supply (M2) percent	12.6	14.0	10.7	2	NA
Savings ratio (percent)	10.2	10.1	10.4	10.3	NA
Price data (annual changes):					
CPI (percent)	7.5	8.0	8.9	9.1	9.7
WPI (percent)	4.2	9.2	9.4	13.9	10.9
Labor data (annual changes):					
Wages (hourly earnings), (percent)	14	10.5	7.1	9.0	NA
Productivity (percent)	5.1	0.4	0.4	−0.9	0.6
Unemployment rate (percent)	7.1	8.1	8.4	7.5	7.8
External debt:					
Net international indebtedness (billions of U.S. dollars)	$19.9	$25.8	$40.1	$42.1	$41.2
As percent of GNP	10.2	13.1	19.7	18.9	16.5
Debt service ratio (total debt, percent)	4.1	4.8	6.1	7.4	NA
Balance of payments (millions of U.S. dollars):					
Exports	$38,534	$40,396	$44,276	$55,785	$61,012
Imports	−$37,127	−$37,896	−$41,424	−$52,374	−$60,098
Trade balance	$1,407	$2,500	$2,852	$3,411	$914
Services (net)	$5,331	−$6,810	−$7,358	−$8,237	−$9,265
Transfers (net)	$488	$381	$36	$531	$513
Current account balance	−$3,435	−$3,929	−$4,470	−$4,295	−$7,849

U.S. EXPORT SALES TO CANADA—Continued

	1976	1977	1978	1979	1980(P)
Capital balance	$4,425	$2,630	$1,689	$5,750	NA
Overall balance	$989	−$1,299	−$2,781	$1,455	NA
Reserves (millions of U.S. dollars):					
Foreign exchange (excluding gold)	$4,964	$3,672	$3,560	$3,056	
Gold (average London price)	$2,698	$3,251	$4,276	$12,278	

Sources: OECD Survey, IMF, and IFS.●

POET ARCHIBALD MACLEISH COMMENTS ON THE OCTOBER 1 START OF THE REAGAN ECONOMIC PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

● Mr. REUSS. Mr. Speaker, some years ago the great poet and former Librarian of the Library of Congress, Archibald MacLeish, wrote a poem which describes quite accurately how the Reagan economic program was put together and what will happen now that October 1 is here and the program has gone into effect. The poem follows:

THE END OF THE WORLD

Quite unexpectedly as Vasserot
The armless ambidextrian was lighting
A match between his great and second toe
And Ralph the lion was engaged in biting
The neck of Madame Sossman while the drum
Pointed, and Teeny was about to cough
In waltz-time swinging Jocko by the thumb—
Quite unexpectedly the top blew off:

And there, there overhead, there, there, hung over
Those thousands of white faces, those dazed eyes,
There in the starless dark the poise, the hover,
There with vast wings across the canceled skies,
There in the sudden blackness the black pall
Of nothing, nothing, nothing—nothing at all.●

HAPPY 10TH, WALT DISNEY WORLD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 5 minutes.

● Mr. PEPPER. Mr. Speaker, distinguished colleagues of the House, let me with utter delight remind all of us that yesterday marked the 10th anniversary of a place which has done so much to make people happy that it is truly a landmark of good feeling in our Nation today: Walt Disney World.

Walt Disney World, in the lovely, temperate, sunlit, and ocean-bathed State of Florida has been an attraction for over 14 million people each year who come to enjoy the many activities and thrills offered at Walt Disney World, where fun has been elevated to a science and where it is just about impossible to find a crying toddler or unhappy parent. The children have fun, the young and the old, the parents and grandparents, too, delight in seeing such a place full of smiles and warm feeling.

The people of Florida are proud and happy that Walt Disney World has made its successful home in the Orlando area of central Florida, bringing tourism and travelers from all over the world and helping to transform our State into a metropolitan, modern place. It is unfortunate that Walt Disney could not have witnessed the unceasing parade of joyous folk from far and near coming to visit his creations, but all of us are grateful to his genius and desire to make people feel happy. Happy anniversary.●

HIGH INTEREST RATES

The SPEAKER pro tempore. Under a previous order of the House the gentlemen from Oregon (Mr. WEAVER) is recognized for 15 minutes.

● Mr. WEAVER. Mr. Speaker, I would like to address a subject of utmost importance to my district, the State of Oregon, the Northwest and the entire Nation. I am referring to the intolerably high interest rates that are crippling our economy. Today's interest rates, adjusted for inflation, are at their highest levels since the Great Depression. Unless we want this country to return to the economic conditions of that period, swift action must be taken to reverse the policies that have given us stiflingly high interest rates.

CONDITION OF THE ECONOMY

While the largest corporations can afford to finance huge mergers like the Conoco deal, small business is being crushed under the oppressive weight of 20-percent interest rates. Persistent inflation coupled with high interest rates have doubled the failure rate of commercial and industrial business over the last 2 years, giving us the highest failure rates in over 15 years.

In Oregon, the result is not a recession, but a true depression. The administrator for the Oregon State Employment Division recently announced that Oregon's unemployment rate, at 10 percent, is among the highest in the Nation. By the end of the year, this figure could climb as high as 12.5 percent. In some towns where mills have been forced to close, the rate of unemployment has reached over 20 percent. Can you imagine, more than 1 out of every 5 workers is out of a job.

THE HOUSING INDUSTRY ON THE ROCKS

Two of the major industries in our State, wood products and construction, are experiencing their worst decline in decades. Mortgage rates at or above 17 percent have kept the housing industry down in its 2-year long slump, with housing starts likely to fall short of last year's disastrous total of 1.3 million units. The Commerce Department has just announced that housing starts have reached an all-time low, with new construction of single-family houses hitting its lowest point since the Government began keeping records more than two decades ago. This decline in housing starts, the longest since the end of World War II, has seen permits fall by more than 50 percent from the peak of 2.1 million units during the last quarter of 1978. No housing industry decline on record has had a worse combination of duration and severity since the 1930's.

By all figuring, high interest rates are to blame. I would like to share with you some excerpts from my constituents who have taken the time to write me about the economic conditions in Oregon:

> I live in a small town on the coast of Oregon. My husband owns a logging corporation. This business employs about 40 people, and has become a very important part of this community. It has always proven to be a profitable business until recently. . . . This well-established business that my husband finally owns is about to lose all of their assets and be forced into bankruptcy. This is just one example of all the smaller logging businesses all over Oregon. There are towns close to us that have also had mills close down in the past two years. I have never seen as many for sale signs on houses as are here! . . . As you well know, the interest rates are the main reason for this happening—From a letter to the President from Karen M. Robinson, Coquille, Oreg.
>
> The housing and lumber industry needs your help. We are in the midst of a real depression. We've had over a 50 percent decline in housing starts and home sales.—D. J. Rogers, President Elect, Oregon Association of Realtors, Springfield.
>
> We can't take it anymore. To work for years and watch your entire savings, home, and all your personal possessions lost to support 20 or more percent interest [rates] because the product that you produce is made unsalable purely because the politicians [have] singled out your industry to stop inflation is infuriating. Driving people to bankruptcy cannot be the way to run a country.—Gerald Engler, Portland Real Estate Broker.

I live in Eugene, Oregon, which is very dependent on the housing industry. Since the housing industry is dead, or at the best, slowly dying nationwide, our economy is being hurt drastically. The loss of jobs has been tremendous and there are only three viable builders still building in the Eugene-Springfield area. Mail and moving van records show that [more people are moving out of town than arriving.] Our apartment vacancy rate runs from 15 to 30 percent. We need a change and we need it now! You need to respond to the needs of the average American and the small businessman. It is imperative that the interest rates . . . be brought back to a realistic level. You cannot do it too soon.—Boyd Iverson, Iverson-Hughes Realtors, Eugene.

Many construction development companies will not be able to continue the building of apartments unless interest rates are lowered to reasonable amounts. If rates do not come down, no more housing will be built and thousands of people will be out of work! America will bust if something is not done about high interest rates and inflation.—Mel Hoiland, Portland.

INTERNATIONAL WOODWORKERS
OF AMERICA,
Portland, Oreg.

DEAR CONGRESSMAN: The IWA stands firmly with you and the other members of the Northwest Congressional delegation who are seeking action from the Administration to bring down interest rates.

Actions taken by the Federal Reserve Board to severely restrict the money supply have caused a disaster in the credit markets. These policies have literally brought U.S. housing to its knees. The best projections we have indicate housing starts in 1981 will be lower than at anytime in the last 35 years.

With over 30 percent of the manufacturing workforce in the Northwest employed in lumber and wood products—in normal times—the region bears a disproportionate share of the misery suffered from tight money policies.

The wild fluctuation of interest rates has added another element of uncertainty and indecision on the part of potential home buyers. Homes mortgages now stand at 17 percent. This figure must come down before housing begins to pick up and lumber orders increase.

Even as interest rates fall we fear there will be a rather long delay in lumber orders (and hence employment pick up in our industry) because of the huge inventory of unsold homes now on the market.

The Administration and the Congress have deregulated the banking industry, removed restrictions from savings and loans and have cut back on much needed government housing programs. This strategy has caused funds that would have been available for housing to be diverted elsewhere. One of the major areas capital has been attracted to are the short term high interest bearing commercial paper markets. These moves have contributed to inflation as business has substantially increased their short term borrowing. This high cost of capital certainly gets passed along to consumers in the concentrated industries where a few firms administer prices.

Government spending and budget deficits are not the central problem. Business borrowing has increased much more than government borrowing during the last 4 years. Government spending is indeed needed to finance job-creating public works projects and to add to the purchasing power of the poor.

Two years ago wood products employment in Oregon was 84,000. Today there are only 67,000 people working in the industry and many more firms have announced curtailments. We are facing a bleak winter as extended unemployment benefits have been exhausted, heating costs continue to rise, and as social assistance programs are cut back.

The Northwest cannot wait for the so-called Reaganomics cure. The economy is extremely sick right now and has been for almost two years.

We sincerely hope that you are successful in persuading the Administration and the Congress that immediate steps should be taken to bring interest rates down.

In view of the fact the Fed is an independent body the Congress should put together a legislative package that would compel the Fed to be responsive to the real world economic conditions.

The legislation should include mandates concerning money supply, growth rates, objectives for limiting wild interest rate fluctuations, guidelines on the Fed's use of the discount-rate policy, and member bank reserve requirements.

Legislation should also deal with the unregulated flow of U.S. capital to foreign countries and the Congress should consider selective credit controls in order to direct funds away from non-productive areas and into productive economy-building pursuits.

With kind regards and thanks, I am

Sincerely yours,

KEITH J. JOHNSON,
President.

FUNDAMENTAL CONTRADICTIONS

As if it is suddenly some kind of surprise, people are realizing that the fundamental contradictions of the administration's brand of "supply-side" economics are going to bankrupt us. The administration's figures simply don't add up: a $750 billion tax cut combined with a $1.5 trillion military build-up inevitably add up to one result—continued, massive budget deficits—and even more pressure on credit markets as the Treasury moves in to finance them.

The high interest rate policies of this administration are creating a depression in Oregon, and this should serve as an indicator of things to come for the rest of the economy. Mr. Speaker, I submit that these policies must be turned around.●

DISTRICT OF COLUMBIA SEX LAW VETO

(Mr. ASKBROOK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ASHBROOK. Mr. Speaker, this morning, the gentleman from Illinois (Mr. PHILIP M. CRANE) will offer a privileged motion to discharge House Resolution 208 from the Committee on the District of Columbia to the full House. I urge support for the gentleman's motion and I support adoption of the resolution.

The new District of Columbia sex law, approved by the District of Columbia City Council and Mayor Marion Barry, Jr., is one of the most irresponsible actions ever taken by the District government. And that is quite an achievement.

One of the most objectionable aspects of the District of Columbia Sexual Assault Reform Act is the change in the maximum penalty for forcible rape. If the District government has its way, the maximum penalty would be reduced from life imprisonment to 20 years in jail.

In addition, the new law would repeal present criminal statutes against seduction by a teacher of a female aged 16 to 21, sodomy and bestiality. The law would also amend the indecent exposure law to make criminal prosecution more difficult.

We will hear a lot of argument about home rule. I reject those arguments. This Congress has an obligation to protect the inhabitants of this city and the millions of Americans who travel here each year from all across this country. The new D.C. sex law endangers those individuals and we must overrule it.

Again, I urge support of the gentleman's motion and adoption of the resolultion of disapproval.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GIBBONS (at the request of Mr. WRIGHT), after 3 p.m. today, and for Friday, October 2, on account of a death in the family.

Mr. IRELAND (at the request of Mr. WRIGHT), after 4:30 p.m. today, and for Friday, October 2, on account of service as a representative to the U.N. General Assembly full session.

Mr. BEARD (at the request of Mr. MICHEL), for today through October 7, on account of minor surgery.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LEE) to revise and extend their remarks and include extraneous material:)

Mr. GILMAN, for 5 minutes, today.

Mr. KEMP, for 15 minutes, today.

Mr. PARRIS, for 1 hour, October 6, 1981.

(The following Members (at the request of Mr. DYSON) to revise and extend their remarks and include extraneous material:)

Mr. NEAL, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. REUSS, for 5 minutes, today.

Mr. PEPPER, for 5 minutes, today.

Mr. WEAVER, for 15 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Won Pat and Mr. Florio, to insert their remarks on S. 304, National Tourism Policy Act, just prior to the vote thereon.

(The following Members (at the request of Mr. Lee) and to include extraneous matter:)

Mr. Napier.
Mr. Goldwater in two instances.
Mr. LeBoutillier in two instances.
Mr. Stangeland.
Mr. Roberts of South Dakota.
Mr. Kemp in two instances.
Mr. Frenzel in five instances.
Mr. Roth.
Mr. Hollenbeck.
Mr. Carman.
Mr. Marlenee.
Mr. Fields in four instances.
Mr. Broyhill.
Mr. Collins of Texas in two instances.
Mr. Lee.
Mr. Gradison.
Mr. Hartnett.
Mr. Sawyer.
Mr. Leach of Iowa.
Mr. Daniel B. Crane.
Mr. McGrath.
Mr. Evans of Iowa. .
Mr. Moore.
Ms. Fiedler.
Mr. Bingham.

(The following Members (at the request of Mr. Dyson) and to include extraneous matter:)

Mr. de la Garza in 10 instances.
Mr. Long of Louisiana.
Mr. Stark.
Mr. Frank.
Ms. Ferraro.
Mr. Lundine.
Mr. Rahall.
Mr. Corrada.
Mr. Conyers.
Mr. Bedell.
Mr. D'Amours.
Mr. Eckart.
Mr. Solarz in two instances.
Mr. Stokes.
Mr. McDonald in three instances.
Mr. Brinkley in two instances.
Mr. Bonker in two instances.
Mr. Sam B. Hall, Jr.
Mr. Aspin.
Mr. Lehman.
Mr. Hughes.
Mr. Gejdenson.
Mr. Dingell.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1687. An act to make a technical amendment to the International Investment Survey Act of 1976; to the Committee on Foreign Affairs.

SENATE ENROLLED JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following titles:

S.J. Res. 78. Joint resolution to provide for the designation of October 2, 1981, as "American Enterprise Day"; and

S.J. Res. 103. Joint resolution to authorize and request the President of the United States to issue a proclamation designating the 7 calendar days beginning October 4, 1981, as "National Port Week."

ENROLLED JOINT RESOLUTION SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 325. Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes.

A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res. 325. Joint resolution making continuing appropriations for the fiscal year 1982, and for other purposes.

ADJOURNMENT

Mr. BRINKLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 10 minutes p.m.) the House adjourned until tomorrow, Friday, October 2, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2292. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Force's proposed sales of certain defense equipment and services to Saudi Arabia (Transmittals Nos. 81-96A, 96B, 96C, and 96D), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2293. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Air Force's intention to offer to sell certain defense equipment and services to Saudi Arabia (Transmittals Nos. 81-96A, 96B, 96C, and 96D), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 3228. A bill to amend the Export-Import Bank Act of 1945 to offset foreign export credit subsidies through the establishment of the Competitive Export Subsidy Fund; with amendments (Rept. No. 97-261). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOLLING: Committee on Rules. House Resolution 235. Resolution providing for the consideration of H.R. 3603, a bill to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes (Rept. No. 97-262). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 236. Resolution providing for the consideration of H.R. 4437, a bill to promote energy conservation by providing for daylight saving time on an expanded basis and for other purposes (Rept. No. 97-263). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DASCHLE:

H.R. 4651. A bill to amend the Congressional Budget Act of 1974 to provide that neither the House of Representatives nor the Senate may consider any concurrent resolution on the budget in which outlays exceed revenues for any fiscal year if the statutory limit on the public debt exceeds $1 trillion; to the Committee on Rules.

By Mr. FRANK:

H.R. 4652. A bill to prohibit the interstate shipment of a human body for the purpose of cremation unless a medical examiner or licensed physician has certified that the body does not contain a medical implant containing a battery or power cell; to the Committee on Energy and Commerce.

Mr. LEACH of Iowa:

H.R. 4653. A bill to amend the Internal Revenue Code of 1954 to repeal the special leasing rules added by the Economic Recovery Tax Act of 1981 which permit transfer of tax benefits; to the Committee on Ways and Means.

By Mr. MARLENEE:

H.R. 4654. A bill to convey certain lands and to remove certain restrictions from certain previous conveyances of lands in Custer County, Mont.; to the Committee on Interior and Insular Affairs.

By Mr. MARTIN of North Carolina:

H.R. 4655. A bill to amend the Internal Revenue Code of 1954 with regard to the rollover or multiyear distributions from a qualified pension plan; to the Committee on Ways and Means.

By Mr. ROGERS:

H.R. 4656. A bill to repeal the recently enacted provision of law providing for the permanent appropriation of funds for pay for Members of Congress, and to restore the

$3,000 limit on tax deductions for living expenses of Members of Congress while away from home; jointly, to the Committees on Appropriations, House Administration, Post Office and Civil Service, and Ways and Means.

By Mr. SOLARZ (for himself, Mr. Bereuter, Mr. Bonior of Michigan, Mrs. Collins of Illinois, Mr. Corrada, Mr. Donnelly, Mr. Dwyer, Mr. Fazio, Mr. LaFalce, Mr. Markey, Mr. Simon, and Mr. Williams of Montana):

H.R. 4657. A bill to establish a National Commission on Down's Syndrome; to the Committee on Energy and Commerce.

By Mr. VANDER JAGT:

H.R. 4658. A bill to amend the Internal Revenue Code of 1954 to provide for an extension of the period during which an individual must purchase a new residence for nonrecognition of gain on the sale of an old residence in the case of members of the Armed Forces who are stationed overseas or who are otherwise required to reside in Government-owned quarters; to the Committee on Ways and Means.

By Mr. WALKER:

H.R. 4659. A bill to allow an occupational privilege tax to be imposed on certain Federal employees by Caln Township, Chester County, Pa.; to the Committee on Veterans' Affairs.

By Mr. PEPPER:

H.J. Res. 333. Joint resolution designating February 1983 as "American History Month;" to the Committee on Post Office and Civil Service.

By Mr. FASCELL (for himself, Mr. Derwinski, Mr. Rosenthal, Mr. Bingham, Mr. Yatron, Mr. Solarz, Mr. Bonker, Mr. Studds, Mr. Ireland, Mr. Mica, Mr. Barnes, Mr. Wolpe, Mr. Shamansky, Mr. Gejdenson, Mr. Dymally, Mr. Eckart, Mr. Lantos, Mr. Gilman, Mrs. Fenwick, Mr. Dornan of California, Mr. Leach of Iowa, Mr. Erdahl, Mrs. Snowe, and Mr. LeBoutillier):

H. Con. Res. 194. Concurrent resolution disapproving the proposed sales to Saudi Arabia of E-3A airborne warning and control system (AWACS) aircraft, conformal fuel tanks for F-15 aircraft, AIM-9L Sidewinder missiles, and Boeing 707 aerial refueling aircraft; to the Committee on Foreign Affairs.

By Mr. DORGAN of North Dakota:

H. Con. Res. 195. Concurrent resolution expressing the sense of Congress that the President should fill the 1982 vacancy on the Federal Reserve Board with a person of substantial small business or agricultural experience; to the Committee on Banking, Finance and Urban Affairs.

By Mr. D'AMOURS:

H. Con. Res. 196. Concurrent resolution to express the sense of the Congress that the next two vacancies on the Board of Governors of the Federal Reserve System should be filled by individuals with extensive background and experience in housing and small business; to the Committee on Banking, Finance and Urban Affairs.

By Mr. YATRON:

H. Con. Res. 197. Concurrent resolution expressing the sense of the Congress that the President should press for a negotiated settlement among the major political factions in El Salvador in order to guarantee a safe and stable environment for free and open democratic elections; to the Committee on Foreign Affairs.

By Mr. MICHEL (for himself and Mr. Wright):

H. Res. 237. Resolution to repeal rule XLVII (relating to "limitations on outside earned income") of the Rules of the House of Representatives; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. McCURDY:

H.R. 4660. A bill for the relief of Rocio Raechel Swain; to the Committee on the Judiciary.

By Mr. ST GERMAIN:

H.R. 4661. A bill for the relief of Petty Officer Michael J. Fisette, U.S. Coast Guard; to the Committee on the Judiciary.

By Mr. WILLIAMS of Ohio:

H.R. 4662. A bill for the relief of Eun Ok Han; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 467: Mr. Corcoran.

H.R. 894: Mr. Coats and Mr. Paul.

H.R. 1127: Mr. Downey.

H.R. 1297: Mr. Gregg and Mr. McCollum.

H.R. 1298: Mr. Gregg and Mr. McCollum.

H.R. 1864: Mr. Archer.

H.R. 1918: Mr. Fazio, Mrs. Collins of Illinois, Mr. Hoyer, and Mr. Dixon.

H.R. 2251: Mr. Simon.

H.R. 2488: Mr. Goodling.

H.R. 2501: Mrs. Fenwick, Mr. Pritchard, and Mr. Beard.

H.R. 2640: Mr. Matsui.

H.R. 2828: Mr. Andrews, Mr. AuCoin, Mr. Boner of Tennessee, Mr. Brinkley, Mr. Brown of Colorado, Mr. Conte, Mr. Daniel B. Crane, Mr. Dicks, Mr. Dorgan of North Dakota, Mr. Dowdy, Mr. Dreier, Mr. Dymally, Mr. Edwards of Alabama, Mr. Fascell, Ms. Fiedler, Mr. Foglietta, Mr. Ralph M. Hall, Mr. Sam B. Hall, Jr., Mr. Hunter, Mr. Hutto, Mr. Jenkins, Mr. Kramer, Mr. Lagomarsino, Mr. LaFalce, Mr. Lewis, Mr. McCollum, Mr. Marriott, Mr. Mica, Mr. Moorhead, Mr. Morrison, Mr. Myers, Mr. Ottinger, Mr. Paul, Mr. Rose, Mr. Roybal, Mr. Simon, Mr. Swift, Mr. White, Mr. Wilson, Mr. Wright, and Mr. Yatron.

H.R. 2996: Mr. Porter.

H.R. 3274: Mr. St Germain, Mr. Lungren, Mr. Dornan of California, Mr. Dannemeyer, and Ms. Fiedler.

H.R. 3721: Mr. Porter.

H.R. 3841: Mr. Schumer, Mr. Markey, and Mr. Walgren.

H.R. 4404: Mr. Broyhill, Mr. Hughes, Mr. Cheney.

H.R. 4410: Mr. Dunn, Mr. Santini, Mr. Vento, Mr. Mitchell of Maryland, Mr. Neal, Mr. Sunia, Mr. Fauntroy, Mr. Dwyer, Mr. Edgar, and Mr. Won Pat.

H.R. 4418: Mr. Cheney.

H.R. 4432: Mr. Won Pat and Mr. Neal.

H.R. 4575: Mr. Marlenee.

H.R. 4646: Mr. Fish, Mrs. Schroeder, and Mr. Shannon.

H.J. Res. 72: Mr. Lee.

H.J. Res. 260: Mr. Hammerschmidt.

H.J. Res. 321: Mr. Russo, Mr. Marriott, Mrs. Holt, Mr. Hyde, Mr. Paul, Mr. Boland, Mr. Siljander, Mr. Beard, Mr. Fary, Mr. Dyson, Mr. Smith of Pennsylvania, Mr. Sunia, Mr. Tauke, Mr. Vento, Mr. Emerson, Mr. Dougherty, Mr. Mazzoli, Mr. Hutto, Mr. Corrada, Mr. Dreier, Mr. Coats, Mr. Frenzel, Mr. Porter, Mr. Murphy, and Mr. Weber of Minnesota.

H.J. Res. 323: Mr. Neal, Mr. Hammerschmidt, and Mr. McCurdy.

H. Con. Res. 68: Mr. Dorgan of North Dakota.

H. Con Res. 159: Mr. Dreier.

H. Res. 26: Mr. Roemer.

H. Res. 146: Mr. Ratchford.

H. Res. 218: Mr. Stark, Mr. Markey, Mr. Crockett, Mr. Edgar, Mr. Wyden, and Mr. Eckart.

H. Res. 219: Mr. Hughes.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3112

By Mr. BROWN of Colorado:

—Page 9, line 7, insert "(a)" after "Sec. 3.".

Page 9, after line 9, insert the following:

(b) Section 203(e) of the Voting Rights Act of 1965 is amended by striking out the period at the end and inserting in lieu thereof ", and are not literate in the English language.".

H.R. 3603

By Mr. BOWEN:

—Page 2, strike out from the table of contents "TITLE V—UPLAND COTTON" and insert in lieu thereof "TITLE V—COTTON".

Page 25, line 18 striking "TITLE V—UPLAND COTTON" and inserting in lieu thereof "TITLE V—COTTON".

Page 32, after line 9, inserting the following:

Sec. 507. Effective beginning with the 1982 crop of extra long staple cotton, section 101(f) of the Agricultural Act of 1949 (7 U.S.C. 1441(f)), is amended to read as follows:

"(f) The provisions of this Act relating to price support for cotton shall apply severally to (1) American upland cotton and (2) extra long staple cotton described in subsection (a) and ginned as required by subsection (e) of section 347 of the Agricultural Adjustment Act of 1938, as amended, except that, notwithstanding any other provision of this Act, price support shall be made available for the 1982 and each subsequent crop of extra long staple cotton through nonrecourse loans as provided in this subsection. If producers have not disapproved marketing quotas for any crop of extra long staple cotton, price support loans shall be made available to cooperators for such crop at a level which is not less than 75 per centum or more than 125 per centum in excess of the loan level established for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) of such crop at average location in the United States. If producers have disapproved marketing quotas for any crop of extra long staple cotton, price support loans shall be made available to cooperators for such crop at a level which shall be 50 per centum in excess of the loan level established for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) of such crop at average location in the United States. Nothing contained herein shall affect the authority of the Secretary to make price support available for extra long staple cotton in accordance with section 402 of this Act.".

By Mr. CARMAN:

—Page 86, after line 25, insert the following new section:

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 1210. Section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) is amended by adding at the end thereof the following new subsection (d):

"(d)(1) There is hereby established in the Treasury a revolving fund to be known as the Agricultural Export Credit Revolving Fund, which shall be available without fiscal year limitation for use by the Commodity Credit Corporation (hereinafter referred to in this subsection as the 'Corporation') for financing in accordance with this section and section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c)—

"(A) commercial export sales of United States agricultural commodities out of private stocks or stocks owned or controlled by the Corporation on credit terms of not to exceed three years;

"(B) export sales of United States breeding animals (including, but not limited to, cattle, swine, sheep, and poultry), including the cost of freight from the United States to designated points of entry in other nations; and

"(C) the establishment of facilities in importing countries to improve the capacity of such countries for handling, marketing, processing, storing, or distributing fungible agricultural commodities produced in and exported from the United States (through the use of local currency generated from the sale of United States agricultural commodities).

"(2) The Corporation shall use the revolving fund only to extend credit for purposes of market development and only where there is substantial potential for developing regular commercial markets for United States agricultural commodities.

"(3) The Secretary of Agriculture shall ensure that the revolving fund is used in such a manner as to involve equitable use of the funds to finance sales to the greatest feasible number of countries. In carrying out this objective, the Secretary shall establish procedures under which—

"(A) not less then 85 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the purposes provided in clause (A) of paragraph (1) of this subsection; and

"(B) not to exceed 25 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the financing of credit sales to any one country for the purposes described in paragraph (1) of this subsection.

"(4) There are authorized to be appropriated to the Agricultural Export Credit Revolving Fund such sums as Congress shall deem necessary to carry out the provisions of this subsection. All funds received by the Corporation in payment for credit extended by the Corporation using the revolving fund in financing export sales of the type specified in paragraph (1) of this subsection shall be added to and become a part of such revolving fund.

"(5) The Secretary shall submit an annual report to Congress not later than December 1 of each year with respect to the use of the revolving fund in carrying out export credit sales by the Corporation in the previous fiscal year. Such report shall include the names of the countries extended credit under such programs, the total amount of such credit in the case of each such country in such fiscal year, and a discussion and evaluation of the market development activities of the Corporation under this subsection during such fiscal year. The first such report shall be submitted to Congress not later than December 1, 1982.

"(6) The revolving fund created by this subsection is abolished effective October 1, 1985, and all unobligated money in such fund on September 30, 1985, shall be transferred to and become part of the miscellaneous receipts account of the Treasury.

"(7) The authority provided under this subsection shall be in addition to, and not in place of, any authority granted to the Secretary or the Corporation under any other provision of law.

"(8) The authority provided by this subsection to incur obligations to make loans shall be effective only to the extent that such obligations do not exceed annual limitations on new direct loan obligations which shall be provided in annual appropriations Acts.".

By Mr. COLEMAN:

—Page 89, after line 23, insert the following new section (and redesignate succeeding sections accordingly):

ADJUSTMENT OF THE THRIFTY FOOD PLAN

SEC. 1306. Section 3(o) of the Food Stamp Act of 1977 is amended by striking out clause (6) and all that follows through the end of clause (9), and inserting in lieu thereof the following: "(6) on October 1, 1982, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twenty-one months ending the preceding June 30, 1982, and (7) on October 1, 1983, and each October 1 thereafter, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding June 30".

(Food stamp funding and program extension.)

Page 114, line 7, insert "and" at the end thereof.

Page 114, strike out line 8 and all that follows through line 17, and insert in lieu thereof the following:

(2) inserting before the period at the end thererof the following: "; not in excess of $11,300,000,000 for the fiscal year ending September 30, 1982; not in excess of $11,170,000,000 for the fiscal year ending September 30, 1983; not in excess of $11,115,000,000 for the fiscal year ending September 30, 1984; and not in excess of $11,305,000,000 for the fiscal year ending September 30, 1985".

Page 120, after line 22, insert the following new section.

AUTHORITY OF OFFICE OF INSPECTOR GENERAL

SEC. 1343. Any person who is employed in the Office of the Inspector General, Department of Agriculture, who conducts investigations of alleged or suspected criminal violations of statutes, including but not limited to the food stamp program, administered by the Secretary of Agriculture or any agency of the Department of Agriculture, and who is designated by the Inspector General of the Department of Agriculture may—

(1) make an arrest without a warrant for any such criminal violation if such violation is committed, or if such employee has probable cause to believe that such violation is being committed, in the presence of such employee,

(2) incident to making an arrest under paragraph (1), search the premises and seize evidence, without a warrant;

(3) execute a warrant for an arrest, for the search of premises, or the seizure of evidence of such warrant is issued upon probable cause to believe that such violation has been committed, and

(4) carry a firearm,

in accordance with rules issued by the Secretary of Agriculture, while such employee is engaged in the performance of official duties under the authority provided in section 6, or described in section 9, of the Inspector General Act of 1978. (5 U.S.C. app. 6, 9)

Page 104, line 23, insert after "of coupons" the following: "including any losses involving failure of a coupon issuer to comply with the requirements specified in section 11(d)(21),".

Page 108, line 21, strike our "paragraph:" and insert in lieu thereof "paragraphs:".

Page 109, after line 9 insert the following:

"21. that, project areas or parts thereof where authorization cards are used, and eligible households are required to present photographic identification cards in order to receive their coupons, the state agency shall include, in any agreement or contract with a coupon issuer, a provision that (1) the issuer shall (A) require the presenter to furnish a photographic identification card at the time the authorization card is persented, and (B) record on the authorization card the identification number shown on the photographic identification card; and (2) if the State agency determines that the authorization card has been stolen or otherwise was not received by a household certified as eligible, the issuer shall be liable to the State agency for the face value of any coupons issued in the transaction in which such card is used and the issuer fails to comply with the requirements of clause (1).".

By Mr. ENGLISH:

—Page 16, strike lines 21 through 24 and substitute the following: "Amend the first three sentences of subsection (f)(1) to read as follows: The Secretary shall provide for a set-aside of cropland if the Secretary determines that domestic carry-over supplies of wheat will in the absence of a set-aside exceed 6 per centum of total world usage for the previous crop year. If a set-aside of cropland is in effect under this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set-aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, but in any case not less than 15 per centum of that farm's previous year's plantings. When such set-aside has been announced, loan rates shall be increased by 5 per centum above the level established in section 107A. The producer may, at his option, elect to set-aside 30 per centum of the farm's previous year's plantings, in such case the producer shall be eligible for a loan rate 15 per centum higher than the level established in section 107A. The Secretary shall announce any such set-aside not later than August 1, prior to the calendar year in which the crop is harvested, except that in the case of the 1982 crop, the Secretary shall announce such set-aside as soon as practicable after enactment of the Food and Agriculture Act of 1981. For the 1982 through 1985 crops, the Secretary shall permit the set-aside acreage to be devoted to haying and grazing.".

—On page 77, insert after line 2 the following:

AUTHORITY TO RELEASE BEE GERM PLASM

SEC. 1012. Section 103 of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 283) is amended by adding immediately before the period "and may release bee germ plasm to the public".

—Page 114, following line 2 insert the following new section and renumber the following sections of title XIII accordingly:

PILOT PROJECTS TO SIMPLIFY THE PROCESSING OF APPLICATIONS FOR CERTAIN AFDC AND SSI RECIPIENTS

SEC. 1336. Section 17 of the Food Stamp Act of 1977 is amended by inserting a new subsection as follows:

"(d) The Secretary is authorized to conduct two pilot projects in which households that consist entirely of recipients of aid to families with dependent children under part A of title IV of the Social Security Act, whose gross income does not exceed 130 percent of the nonfarm income poverty prescribed by the Office of Management and Budget guidelines, and households that consist entirely of recipients of Supplemental Security Income under title XVI of the Social Security Act shall be deemed to satisfy the application requirements prescribed under section 5(a) of this Act and the income and resource requirements prescribed under sections 5(c) through 5(g) of this Act. Allotments provided pursuant to section 8(a) of this Act shall be based upon household size and the benefits paid to such household under part A of title IV of the Social Security Act, and title XVI of the Social Security Act, respectively, or, at State option, the standard of need for such size household, under both such programs: *Provided*, That the Secretary shall also make such modifications in the value of such allotments as may be necessary to assure that in each pilot project area, average food stamp benefits by household size for households receiving aid to families with dependent children and participating in the pilot project, and for households receiving supplemental security income and participating in the pilot project, are not reduced below what such average benefits would be under this Act for each such category of households, respectively, in each such pilot project area, for the period or periods the pilot project is in operation. The Secretary may conduct such projects on a statewide basis in two States, or in political subdivisions within such States, and shall evaluate the impact on recipient households, administrative costs, and error rates.".

—Page 190, insert after line 14 the following:

LOAN MORATORIUM

SEC. 1508. Effective only for the period beginning on the date of enactment of this Act and ending on September 30, 1982, section 331A of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1981a), is amended by striking out the word "may" wherever it appears after the introductory phrase "In addition to any other authority that the Secretary may have to defer principal and interest and forego foreclosure," and inserting in lieu thereof the word "shall".

—Page 222, following line 25, insert the following new title:

TITLE XVII—EFFECTIVE DATE

SEC. 1647. Notwithstanding the foregoing provisions of this Act and any other provision of law, the Food and Agriculture Act of 1981 shall be effective for the period beginning on the date of enactment and ending September 30, 1983.

By Mr. FINDLEY:

(To amend the wheat program.)

—Strike lines 2 through 25 on page 11 and all on pages 12, 13, 14, 15, and 16, and lines 1 through 23 on page 17, and insert in lieu thereof the following:

SEC. 107B. Notwithstanding any other provision of law—

"(a) The Secretary shall make available to producers loans and purchasers for each of the 1982 through 1985 crops of wheat at such level, not less than $3.50 per bushel, as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(b)(1)(A) In addition, the Secretary shall make available to producers payments for each of the 1982 through 1985 crops of wheat in an amount computed as provided in this subsection. Payments for any such crop of wheat shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for wheat shall be the amount by which the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop,

is less than the established price per bushel.

"(C) For the 1982 through 1985 crops of wheat, the established price shall not be less than $4 per bushel for the 1982 crop, $4.20 per bushel for the 1983 crop, $4.40 per bushel for the 1984 crop, and $4.60 per bushel for the 1985 crop. Any such established price may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(D) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of the subsection.

"(2)(A) Except as provided in subparagraph (C) of this paragraph effective with respect to the 1982 through 1985 crops of wheat, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as provided in subparagraph (C) of this paragraph, effective with respect to the 1982 through 1985 crops of wheat, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) With respect to the 1982 through 1985 crops of wheat, producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, effective only for the 1982 through 1985 crops of wheat, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency or no crop insurance covered the loss because of transitional problems attendant to the Federal crop insurance program; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of wheat. The proclamation shall be made not later than August 1 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.

"(3) The individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The wheat acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the previous year by at least the percentage recommended by the Secretary of the proclamation of the national program acreage made not later than August 1 prior to the year in which the crop is harvested. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than for the preceding year, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields provided by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary the Secretary may establish national, State, or county program payment yields on the basis of historical yields as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national State, or county program payment yields are established the farm program payment yields shall balance to the national, State, or county program payment yields.

"(e)(1) Notwithstanding any other provision of this section, the Secretary may impose a limitation on the acreage planted to wheat if the Secretary determines that the total supply of wheat will, in the absence of such limitation, be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Such limitation shall be achieved by applying a uniform percentage reduction to the wheat acreage base for each wheat-producing farm. Producers on a farm who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation imposed by the Secretary under this paragraph shall be the acreage planted on the farm to wheat for harvest (including any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to wheat for harvest in the two crop years immediately preceding the year for which the determination is made. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (i) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity, by (ii) the number of acres authorized to be planted to such commodity under the limitation imposed by the Secretary (hereinafter in this subsection referred to as 'reduced acreage') shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion. However, the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, bay and grazing of the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flexseed, triticale oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

"(2) The Secretary may conduct a land diversion program and make land diversion payments to producers of wheat if the Secretary determines that such payments will assist in obtaining necessary adjustments in the total acreage of wheat. If a land diversion program is in effect under this subsection, the Secretary may also require that producers participate in such program as a condition of eligibility for loans, purchases, and payments authorized by this section. Land diversion payments shall be made to a producer on a farm who devotes an acreage of cropland on the farm to conservation uses approved by the Secretary in accordance with a land diversion contract entered into with the Secretary. The amounts payable to a producer under a land diversion contract shall be determined by such means as the Secretary determines appropriate, including the submission of bids for such contracts. In determining the acceptability of a contract offer, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producer and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(3) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(4) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation no later than such date as the Secretary may prescribe. The Secretary may by mutual agreement with the producer, terminate or modify any such agreement entered into under this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) In any case in which the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not adversely affect the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 302. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1982, through May 31, 1986.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

Sec. 303. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1982 through 1985 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

Sec. 304. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1982 through 1985.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1982 THROUGH 1985 CROPS OF WHEAT

Sec. 305. Section 107 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops of wheat.

—Strike lines 19 through 24 on page 45 and all on pages 46 through 58 and lines 1 through 3 on page 59, and insert in lieu thereof the following:

TITLE VII—PEANUTS

ANNUAL MARKETING QUOTA AND STATE ACREAGE ALLOTMENT

Sec. 701. Section 358 of the Agricultural Adjustment Act of 1938 is amended as follows:

(a) Subsections (a) and (e) shall not be applicable to the 1982 through 1985 crops of peanuts.

(b) Subsection (c)(1) is amended, effective for the 1982 through 1985 crops of peanuts, by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ": *Provided*, That the peanut acreage allotment for the State of New Mexico shall not be reduced below the 1977 acreage allotment as increased pursuant to subsection (c)(2) of this section.".

NATIONAL ACREAGE ALLOTMENT; NATIONAL POUNDAGE QUOTA; FARM POUNDAGE QUOTA; AND DEFINITIONS

Sec. 702. Effective for the 1982 through 1985 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections (k) through (p) as follows:

"(k) The Secretary shall, not later than December 1 of each year, announce a national acreage allotment for peanuts for the following crop taking into consideration projected domestic use, exports, and a reasonable carryover: *Provided*, That such allotment shall be not less than one million six hundred and fourteen thousand acres.

"(l) The Secretary shall, not later than December 1 of each year, announce a minimum national poundage quota for each of the marketing years 1982 through 1985 which shall not be less than one million two hundred thousand tons. If the minimum national poundage quota for any marketing year is insufficient to meet total estimated requirements for domestic edible use and a reasonable carryover, the national poundage quota for the marketing year shall be increased by the Secretary to the extent necessary to meet such requirements.

"(m) For each farm for which a farm acreage allotment has been established, a farm yield for peanuts shall be determined. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977: *Provided*, That if peanuts were not produced on the farm in at least three years during such five year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(n) For each farm, a farm base production poundage shall be established equal to the quantity determined by multiplying the farm peanut acreage allotment by the farm yield determined in accordance with subsection (m) of this section.

"(o) For each farm, a farm poundage quota shall be established by the Secretary for each marketing year equal to the farm base production poundage multiplied by a factor determined by the Secretary, such that the total of all farm poundage quotas will equal the national poundage quota for such marketing year. The poundage quota so determined, beginning with the 1982 crop for any farm, and continuing through the 1985 crop for any farm, shall be increased by the number of pounds by which marketings of quota peanuts from the farm during the immediately preceding marketing year, beginning with 1981, were less than the farm poundage quota: *Provided*, That any such increase, to the extent that it may not be fully applied to the farm poundage quota for the marketing year following the marketing year in which such undermarketing occurred, shall be applied to the farm poundage quota for subsequent marketing years: *Provided further*, That the grower must have planted in such preceding marketing year at least 50 per centum of the farm allotment in order to qualify for such undemarketing carryforward: *Provided further*, That total marketings shall not exceed actual production from the farm acreage allotment: *Provided further*, That if the total of all such increases in individual farm poundage quotas exceeds 10 per centum of the national poundage quota for the marketing year, the Secretary shall adjust such increases so that the total of all increases does not exceed 10 per centum of the national poundage quota.

"(p) For the purpose of this part and title I of the Agricultural Act of 1949, as amended—

"(1) 'quota peanuts' means, for any marketing year, any peanuts which are eligible for domestic edible use as determined by the Secretary, which are marketed or considered marketed from a farm, and which do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year, any peanuts which are marketed from a farm and which are in excess of the marketings of quota peanuts from such farm for such year but not in excess of the actual production of the farm acreage allotment;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts and seed and use on a farm.".

SALE, LEASE, AND TRANSFER OF ACREAGE ALLOTMENTS

Sec. 703. Effective for the 1982 through 1985 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 is amended by—

(1) in subsection (a)—

(i) striking out ", if he determines that it will not impair the effective operation of the peanut marketing quota or price support program,"; and

(ii) striking out "may" each place that word appears and inserting "shall" in lieu thereof; and

(2) adding at the end thereof new subsections (i) and (j) as follows:

"(i) Notwithstanding any other provision of this section, transfers shall be on the basis of the farm base production poundage, and the acreage allotment for the receiving farm shall be increased by an amount determined by dividing the number of pounds transferred by the farm yield for the receiving farm, and the acreage allotment for the transferring farm shall be reduced by an amount determined by dividing the number of pounds transferred by the farm yield for the transferring farm.".

"(j) Notwithstanding the provisions of subsections (b)(1) and (g) of this section, in the case of any State for which the peanut acreage allotment is eleven thousand acres or less, all or any part of a farm acreage allotment may be transferred from a farm in one county to a farm in another county in the same State and the fifty-acre limitation on the total peanut allotment transferred to any farm shall not apply.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

Sec. 704. Effective for the 1982 through 1985 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 is amended by—

(1) striking out in the first sentence of subsection (a) "75 per centum of the support price for" and inserting in lieu thereof "120 per centum of the support price for quota";

(2) inserting after the first sentence of subsection (a) a new sentence as follows: "The marketing of any additional peanuts from a farm shall be subject to the same penalty unless the peanuts, in accordance with regulations established by the Secretary, are placed under loan at the additional loan rate under the loan program made available under section 108(b) of the Agricultural Act of 1949 and not redeemed by the producers or are marketed under contracts between handlers and producers pursuant to the provisions of subsection (i) of this section.";

(3) striking out "normal yield" in subsection (a) and inserting in lieu thereof "farm yield"; and

(4) adding at the end thereof new subsections (f) through (k) as follows:

"(f) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(g) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that would reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the peanuts which the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(h) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108(c) of the Agricultural Act of 1949. Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(i) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area association) for approval not later than March 15 of the year in which the crop is produced.

"(j) Subject to the provisions of section 407 of the Agricultural Act of 1949, as amended, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus (1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer, or (2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year, or (3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year: *Provided*, That between date of delivery of additional peanuts to Commodity Credit Corporation for loan and April 30 of the marketing year, the area association shall, unless otherwise agreed to by the association and the Commodity Credit Corporation, be responsible for deciding whether to accept or reject lot list bids when the price offered equals or exceeds the Commodity Credit Corporation minimum sales price specified in this subsection.

"(k) Notwithstanding any other provision of this section, beginning with the 1980 crop, the amount of any penalty assessed under this section with respect to marketing of quota or additional peanuts or otherwise shall be reduced or waived completely to the extent that the Secretary, through the local committees, determines that the marketing subject to penalty was done unintentionally or unknowingly: *Provided*, That weight errors with respect to marketing of quota or additional peanuts not exceeding one-tenth of 1 per centum per marketing document shall not be considered an excess marketing and shall not be subject to penalty.".

REPORTS AND RECORDS

SEC. 705. Effective for the 1982 through 1985 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

PRESERVATION OF UNUSED ALLOTMENTS

SEC. 706. Effective for the 1982 through 1985 crops of peanuts, section 377 of the Agricultural Adjustment Act of 1938 is amended by inserting after the words "farm acreage allotment for such year" the following: "or, in the case of peanuts, an acreage sufficient to produce 75 per centum of the farm poundage quota".

PRICE SUPPORT PROGRAM

SEC. 707. Effective for the 1982 through 1985 crops of peanuts, title I of the Agricultural Act of 1949 is amended by adding at the end thereof a new section 108 as follows:

"PEANUT PROGRAM

"SEC. 108. Notwithstanding any other provision of law—

"(a) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1982 through 1985 crops. The national average quota support rate for the 1982 crop of quota peanuts shall be the national average cost of production including the cost of land on a current value basis, for such crop, as estimated by the Secretary, but in no event less than $575 per ton. The national average quota support rate for each of the 1983, 1984, and 1985 crops of quota peanuts shall be the national average quota support rate for such peanuts for the preceding crop, adjusted to reflect the change, during the period January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which a level of support is being determined, in the national average cost of peanut production, excluding the cost of land. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: *Provided*, That the Secretary may make adjustments for location of peanuts and such other adjustments as are authorized by section 403 of this Act.

"(b) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1983 through 1985 crops. In determining support levels, the Secretary shall take into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets: *Provided*, That the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to insure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for which the level of support is being determined.

"(c)(1) In carrying out subsections (a) and (b) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in 7 CFR 1446.10 (1980)) only to a designated area marketing association of peanut producers which is selected and approved by the Secretary and which is operated primarily for the purpose of conducting such loan activities. Such associations, and no others, may be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans under this subsection shall include, in addition to the price support value of the peanuts, such costs as an association reasonably may incur in carrying out its responsibilities in its operations and activities under this section and section 359 of the Agricultural Adjustment Act of 1938: *Provided*, That cooperative marketing associations engaged in handling, shelling, or dealing in peanuts in any manner, other than the area marketing associations selected and approved by the Secretary under this paragraph, may not conduct loan, diversion or any other activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(2) The Secretary shall require that each association designated in paragraph (1) establish pools and maintain complete and accurate records by type for quota peanuts handled under loans and for additional peanuts produced without a contract between handler and producer described in section 359(i) of the Agricultural Adjustment Act of 1938. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each grower. Net gains for peanuts in each pool shall consist of (A) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (B) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (A) of this paragraph. Notwithstanding any other provision of this subsection, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such grower.".

By Mr. **FRANK**:

—Beginning on page 3, strike out line 2 and all that follows through line 4 on page 7, and insert in lieu thereof the following:

MILK PRICE SUPPORT

SEC. 101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446), as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended—

(1) in subsection (c) by striking out the second sentence and all that follows through the period at the end of such subsection, and inserting in lieu thereof the following: "Notwithstanding the foregoing, for the period beginning October 1, 1981, and ending September 30, 1985, the minimum level of price support for milk shall be 70 per centum of the parity price therefor: *Provided*, That whenever the Secretary estimates that the net cost of Government price support purchases of milk or the products of milk will exceed $250,000,000 (excluding the cost of milk or the products of milk purchased and used for donation, but not to exceed $150,000,000) if the support price for milk is established at the level re-

quired by the foregoing provisions of this subsection, such level of support may be adjusted to the extent the Secretary deems appropriate but not to a level less than the support price for the prior marketing year: *Provided further,* That the support price, as so adjusted, shall in no case be less than $13.10 per hundredweight of milk containing 3.67 per centum butterfat: *Provided further,* That the level of support for milk for the remainder of the 1981-82 marketing year may be adjusted in accordance with the foregoing although a level of support for such year has been established prior to the effective date hereof. Such price support shall be provided through the purchase of milk and the products of milk."; and

(2) by striking out subsection (d).

By Mr. JEFFORDS:

—Page 3, strike out line 3 and everything that follows through line 4, page 7 and insert in lieu thereof the following:

SEC. 101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended by—

(1) deleting everything after the first sentence in subsection (c) and inserting in lieu thereof the following: "Notwithstanding the foregoing, for the period beginning October 1, 1981, and ending September 30, 1982, the minimum level of price support for milk shall be 70 per centum of the parity price therefor: *Provided,* That the support price shall in no case be less than $13.10 per hundredweight of milk containing 3.67 per centum butter fat: *Provided further,* That such price support shall be provided through the purchases of milk and the products of milk."

—Page 10, add after the last sentence on line 13 a new section as follows:

REGIONAL FOOD SECURITY

SEC. 107. In order to better balance the supply of and demand for fluid milk and milk products within specific regions within the continental United States and in order to guarantee regional food security, the Secretary of Agriculture shall submit to Congress, not later than one year following the effective date of this subtitle, recommendations regarding the design and administration of the Federal dairy support program and milk marketing orders in order to guarantee regional production self-sufficiency and food security.

—Page 120, insert a new section as follows:

REIMBURSEMENT EXCLUSION

SEC. 1343. Section 5(d)(5) of the Food Stamp Act is amended by adding before the comma the following: ": *Provided,* That no portion of benefits provided under title IV-A of the Social Security Act, to the extent it is attributable to an adjustment for work-related or child care expenses, shall be considered such reimbursement.".

By Mr. LUNDINE

—Page 45, beginning with line 19, strike out all down through line 3 on page 59 and insert in lieu thereof the following:

"REPEAL OF EXISTING PROGRAM

"SEC. 701. (a) Effective beginning with the 1982 crop of peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357-1359), relating to peanuts, is repealed.

"(b) Effective beginning with the 1982 crop of peanuts, the Agricultural Act of 1949 is amended—

"(1) by striking out 'and peanuts' in section 101(b); and

"(2) by striking out 'peanuts,' in section 408(c).

"PRICE SUPPORT FOR PEANUTS

"SEC. 702. Effective beginning with the 1982 crop of peanuts, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

"(1) by inserting 'peanuts,' after 'honey,' in the language preceding subsection (b); and

"(2) by adding at the end thereof a new subsection '(g)' as follows:

"(g) The prices of the 1982 and subsequent crops of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, the cost of production, any change in the index of prices paid by farmers for production items, interest, taxes and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the crop year for which the level of support is being determined, the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets."

By Mr. PEASE:

—Page 9, line 18, strike out "ENCOURAGEMENT OF".

Page 9, line 19, insert "SURPLUS" before "DAIRY".

Page 9, line 20, insert "(1)" after "(a)".

Page 9, beginning on line 20, strike out "is encouraged to" and insert in lieu thereof "shall".

Page 10, after line 2, insert the following new paragraph:

"(2) For the purpose of disposing of excess inventories of dairy products held by the Commodity Credit Corporation, the Secretary shall, to the fullest extent practicable—

"(A) exercise the authority provided in section 416 of the Agricultural Act of 1949 to dispose of such excess inventories of diary products without regard to whether such disposal is for the purpose of preventing waste; and

"(B) distribute to food banks participating in the food bank program established under section 211 of the Agricultural Act of 1980 the maximum amount of excess dairy products which can be consumed by persons to whom such food banks distribute food. Section 4(b) of the Food Stamp Act of 1977 shall not apply with respect to distribution of dairy products under this subsection.

Page 10, after line 13, insert the following new sections:

DISPOSITION OF SURPLUS DAIRY PRODUCTS TO CERTAIN NUTRITION PROGRAMS

SEC. 107. The Agricultural Act of 1949 is amended by inserting after section 416 the following new section:

"DISPOSITION OF SURPLUS DAIRY PRODUCTS

"SEC. 416A. For the purpose of disposing of excess inventories of dairy products held by the Commodity Credit Corporation, the Secretary, to the fullest extent practicable, shall donate such dairy products to recipients of contracts or grants under title III of the Older Americans Act of 1965 to be used for providing nutrition services in accordance with the provisions of such title. Distribution of such dairy products shall be in addition to the donation of commodities, and the making of payments in lieu of such commodities, under section 311 of such Act. Such dairy products shall not be considered by the Secretary to be donated commodities for the purpose of determining the level of assistance under section 311(a) of such Act or for the purpose of determining cash payments under section 311(c) of such Act.".

DISTRIBUTION OF DAIRY PRODUCTS THROUGH COMMUNITY FOOD BANKS

SEC. 108. (a) Section 211(a) of the Agricultural Act of 1980 is amended—

(1) in the first sentence by striking out "carry out demonstration projects to provide agricultural commodities and other foods" and inserting in lieu thereof "establish a program to provide dairy products";

(2) in the second sentence by striking out "demonstration projects, agricultural commodities and other foods" and inserting in lieu thereof "program, dairy products";

(3) in the third sentence by striking out "agricultural commodities and other foods" the first place it appears and inserting in lieu thereof "dairy products"; and

(4) by striking out the fourth and fifth sentences.

(b) Section 211(b) of the Agricultural Act of 1980 is amended—

(1) in paragraph (1) by striking out "demonstration projects conducted" and inserting in lieu thereof "programs established"; and

(2) in paragraph (2)—

(A) by striking out "demonstration projects" and inserting in lieu thereof "program";

(B) by striking out "agricultural commodities and other foods" and inserting in lieu thereof "dairy products"; and

(C) by striking out "projects" each place it appears and inserting in lieu thereof "program".

(c) Section 211(c) of the Agricultural Act of 1980 is amended—

(1) in the first sentence by striking out "agricultural commodities and other foods" and inserting in lieu thereof "dairy products"; and

(2) in the second sentence by striking out "projects" and inserting in lieu thereof "program".

(d) Section 211(d) of the Agricultural Act of 1980 is amended—

(1) by striking out ", 1982," and inserting in lieu thereof "of each year"; and

(2) by striking out "demonstration projects" and inserting in lieu thereof "program".

(e) Section 211(e) of the Agricultural Act of 1980 is amended by striking out "food" each place it appears and inserting in lieu thereof "dairy products".

(f) Section 211(f) of the Agricultural Act of 1980 is amended by striking out "to carry out this section $356,000" and inserting in lieu thereof "such sums as may be necessary to carry out this section".

(g) Section 211 of the Agricultural Act of 1980 is amended—

(1) by redesignating subsection (f) as subsection (h); and

(2) by inserting after subsection (e) the following new subsections:

"(f) The Secretary shall minimize paperwork requirements placed on food banks which participate in the program established under this section and shall otherwise encourage food banks to participate in such program.

"(g) For purposes of this section the term 'dairy products' includes fluid milk.".

(h) The heading for section 211 of the Agricultural Act of 1980 is amended to read as follows:

"DISTRIBUTION OF DAIRY PRODUCTS THROUGH COMMUNITY FOOD BANKS"

By Mr. PEYSER:

—Page 61, line 6, strike out "sugar beets and sugarcane," and insert in lieu thereof "oil sunflower seeds".

Page 61, line 10, strike out "sugar beets, sugarcane,".

Page 61, line 11, insert "and" at the end thereof.

Page 61, strike out line 12 and all that follows through page 62, line 7.

Page 62, line 8, strike out "(3)" and insert in lieu thereof "(2)".

Page 62, line 10, strike out "(g)" and insert in lieu thereof "(f)".

By Mr. ROBERTS of Kansas:

—Page 16, after line 24, add a new subsection (4) to read:

"(4) amending the third sentence of subsection (f)(1) by deleting the period and adding, ": *Provided,* That loans and purchases for the 1982 crop of wheat shall be exempt from the provisions of this section.".

By Mr. ROSE:

—Page 45, strike out line 18 and everything that follows through line 3, page 59, and insert in lieu thereof the following new title:

TITLE VII—PEANUTS

ANNUAL MARKETING QUOTA AND STATE ACREAGE ALLOTMENT

Sec. 701. Section 358 of the Agricultural Adjustment Act of 1938 is amended as follows:

(a) Subsections (a) and (e) shall not be applicable to the 1982 through 1985 crops of peanuts.

(b) Subsection (c)(1) is amended, effective for the 1982 through 1985 crops of peanuts, by striking out the period at the end of the second sentence and inserting in lieu thereof the following: "*Provided,* That the peanut acreage allotment for the State of New Mexico shall not be reduced below the 1977 acreage allotment as increased pursuant to subsection (c)(2) of this section.".

NATIONAL ACREAGE ALLOTMENT: NATIONAL POUNDAGE QUOTA: FARM POUNDAGE QUOTA: AND DEFINITIONS

Sec. 702. Effective for the 1982 through 1985 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections (k) through (p) as follows:

"(k) The Secretary shall, not later than December 1 of each year, announce a national acreage allotment for peanuts for the following crop taking into consideration projected domestic use, exports, and a reasonable carryover: *Provided,* That such allotment shall be not less than one million six hundred and fourteen thousand acres.

"(l) The Secretary shall, not later than December 1 of each year, announce a minimum national poundage quota for each of the marketing years 1982 through 1985 which shall not be less than one million two hundred thousand tons. If the minimum national poundage quota for any marketing year is insufficient to meet total estimated requirements for domestic edible use and a reasonable carryover, the national poundage quota for the marketing year shall be increased by the Secretary to the extent necessary to meet such requirements.

"(m) For each farm for which a farm acreage allotment has been established, a farm yield for peanuts shall be determined. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977: *Provided,* That if peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(n) For each farm, a farm base production poundage shall be established equal to the quantity determined by multiplying the farm peanut acreage allotment by the farm yield determined in accordance with subsection (m) of this section.

"(o) For each farm, a farm poundage quota shall be established by the Secretary for each marketing year equal to the farm base production poundage multiplied by a factor determined by the Secretary, such that the total of all farm poundage quotas will equal the national poundage quota for such marketing year. The poundage quota so determined, beginning with the 1982 crop for any farm, and continuing through the 1985 crop for any farm, shall be increased by the number of pounds by which marketings of quota peanuts from the farm during the immediately preceding marketing year, beginning with 1981, were less than the farm poundage quota: *Provided,* that any such increase, to the extent that it may not be fully applied to the farm poundage quota for the marketing year following the marketing year in which such undermarketings occurred, shall be applied to the farm poundage quota for subsequent marketing years: *Provided further,* That the grower must have planted in such preceding marketing year at least 50 per centum of the farm allotment in order to qualify for such undermarketing carry forward: *Provided further,* That total marketings shall not exceed actual production from the farm acreage allotment: *Provided further,* That if the total of all such increases in individual farm poundage quotas exceeds 10 per centum of the national poundage quota for the marketing year, the Secretary shall adjust such increases so that the total of all increases does not exceed 10 per centum of the national poundage quota.

"(p) For the purpose of this part and title I of the Agricultural Act of 1949, as amended—

"(1) 'quota peanuts' means, for any marketing year, any peanuts which are eligible for domestic edible use as determined by the Secretary, which are marketed or considered marketed from a farm, and which do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year, any peanuts which are marketed from a farm and which are in excess of the marketings of quota peanuts from such farm for such year but not in excess of the actual production of the farm acreage allotment;

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts and seed and use on a farm.".

SALE, LEASE, AND TRANSFER OF ACREAGE ALLOTMENTS

Sec. 703. Effective for the 1982 through 1985 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 is amended by—

(1) in subsection (a)—

(i) striking out ", if he determines that it will not impair the effective operation of the peanut marketing quota or price support program,"; and

(ii) striking out "may" each place that word appears and inserting "shall" in lieu thereof; and

(2) adding at the end thereof new subsections (i) and (j) as follows:

"(i) Notwithstanding any other provision of this section, transfers shall be on the basis of the farm base production poundage, and the acreage allotment for the receiving farm shall be increased by an amount determined by dividing the number of pounds transferred by the farm yield for the receiving farm, and the acreage allotment for the transferring farm shall be reduced by an amount determined by dividing the number of pounds transferred by the farm yield for the transferring farm.".

"(j) Notwithstanding the provisions of subsections (b)(1) and (g) of this section, in the case of any State for which the peanut acreage allotment is eleven thousand acres or less, all or any part of a farm acreage allotment may be transferred from a farm in one county to a farm in another county in the same State and the fifty-acre limitation on the total peanut allotment transferred to any farm shall not apply.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

Sec. 704. Effective for the 1982 through 1985 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 is amended by—

(1) striking out in the first sentence of subsection (a) "75 per centum of the support price for" and inserting in lieu thereof "120 per centum of the support price for quota";

(2) inserting after the first sentence of subsection (a) a new sentence as follows: "The marketing of any additional peanuts from a farm shall be subject to the same penalty unless the peanuts, in accordance with regulations established by the Secretary, are placed under loan at the additional loan rate under the loan program made available under section 108(b) of the Agricultural Act of 1949 and not redeemed by the producers or are marketed under contracts between handlers and producers pursuant to the provisions of subsection (i) of this section.";

(3) striking out "normal yield" in subsection (a) and inserting in lieu thereof "farm yield"; and

(4) adding at the end thereof new subsections (f) through (k) as follows:

"(f) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(g) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that would reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the peanuts which the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(h) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108(c) of the Agricultural Act of 1949. Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(i) Handlers, may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area association) for approval not later than March 15 of the year in which the crop is produced.

"(j) Subject to the provisions of section 407 of the Agricultural Act of 1949, as amended, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus (1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer, or (2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year, or (3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year: *Provided*, That between date of delivery of additional peanuts to Commodity Credit Corporation for loan and April 30 of the marketing year, the area association shall, unless otherwise agreed to by the association and the Commodity Credit Corporation, be responsible for deciding whether to accept or reject lot list bids when the price offered equals or exceeds the Commodity Credit Corporation minimum sales price specified in this subsection.

"(k) Notwithstanding any other provision of this section, beginning with the 1980 crop, the amount of any penalty assessed under this section with respect to marketing of quota or additional peanuts or otherwise shall be reduced or waived completely to the extent that the Secretary, through the local committees, determines that the marketing subject to penalty was done unintentionally or unknowingly: *Provided*, That weight errors with respect to marketing of quota or additional peanuts not exceeding one-tenth of 1 per centum per marketing document shall not be considered an excess marketing and shall not be subject to penalty.".

REPORTS AND RECORDS

SEC. 705. Effective for the 1982 through 1985 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

PRESERVATION OF UNUSED ALLOTMENTS

SEC. 706. Effective for the 1982 through 1985 crops of peanuts, section 377 of the Agricultural Adjustment Act of 1938 is amended by inserting after the words "farm acreage allotment for such year" the following: "or, in the case of peanuts, an acreage sufficient to produce 75 per centum of the farm poundage quota".

PRICE SUPPORT PROGRAM

SEC. 707. Effective for the 1982 through 1985 crops of peanuts, title I of the Agricultural Act of 1949 is amended by adding at the end thereof a new section 108 as follows:

"PEANUT PROGRAM

"SEC. 108. Notwithstanding any other provision of law—

"(a) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1982 through 1985 crops. The national average quota support rate for the 1982 crop of quota peanuts shall be the national average cost of production including the cost of land on a current value basis, for such crop, as estimated by the Secretary, but in no event less than $575 per ton. The national average quota support rate for each of the 1983, 1984, and 1985 crops of quota peanuts shall be the national average quota support rate for such peanuts for the preceding crop, adjusted to reflect the change, during the period January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which a level of support is being determined, in the national average cost of peanut production, excluding the cost of land. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: *Provided*, That the Secretary may make adjustments for location of peanuts and such other adjustments as are authorized by section 403 of this Act.

"(b) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1982 through 1985 crops. In determining support levels, the Secretary shall take into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets: *Provided*, That the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to insure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for which the level of support is being determined.

"(c)(1) In carrying out subsections (a) and (b) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in 7 CFR 1446.10 (1980)) only to a designated area marketing association of peanut producers which is selected and approved by the Secretary and which is operated primarily for the purpose of conducting such loan activities. Such associations, and no others, may be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans under this subsection shall include, in addition to the price support value of the peanuts, such costs as an association reasonably may incur in carrying out its responsibilities in its operations and activities under this section and section 359 of the Agricultural Adjustment Act of 1938: *Provided*, That cooperative marketing associations engaged in handling, shelling, or dealing in peanuts in any manner, other than the area marketing associations selected and approved by the Secretary under this paragraph, may not conduct loan, diversion or any other activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(2) The Secretary shall require that each association designated in paragraph (1) establish pools and maintain complete and accurate records by type for quota peanuts handled under loans and for additional peanuts produced without a contrast between handler and producer described in section 359(i) of the Agricultural Adjustment Act of 1938. Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed in proportion to the value of the peanuts placed in the pool by each grower. Net gains for peanuts in each pool shall consist of (A) for quota peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (B) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (A) of this paragraph. Notwithstanding any other provision of this subsection, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such grower.".

By Mr. SMITH of Iowa:

—Amend title IV by adding a new section at the end thereof as follows:

SEC. 404. Notwithstanding any other provision of law; if the Secretary requires as a condition of eligibility for loans or purchases that feed grain producers participate in a land diversion program or devote acres to conservation uses, such producers shall be paid not less than an amount determined by multiplying the number of acres required to be withdrawn from the production of feed grains by such producer times the farm program payment yield times 80 percent of the loan rate applicable for the crop involved; provided, the Secretary may provide a producer with an option of receiving a reduced payment for such diverted acres if such producer devotes such diverted acres to another crop prescribed by the Secretary.

By Mr. STENHOLM:

(Title IV—Upland Cotton.)

—Page 28, line 5, strike "may" and substitute "shall."

Page 28, strike lines 7, 8, 9 and 10 up to "such" and substitute the following: "total domestic carryover stocks of upland cotton will otherwise exceed 4.2 million bales. Such acreage limitation shall be no less than 15 per centum."

Page 29, between lines 16 and 17, insert the following: "When such acreage reduction has been announced, loan rates shall be increased by 10 per centum above the levels established in section 103(f). The producer may, at this option, elect to reduce acreage by 25 per centum, in which case, the producer shall be eligible for a loan rate 20 per centum higher than the level established in section 103(f)."

Page 30, strike lines 8, 9, 10, 11 and 12.

(Title IV—Feed Grains.)

—Page 25, strike line 9 through 12 and substitute the following:

"Amend the first three sentences of subsection (f)(1) to read as follows: The Secretary shall provide for a set-aside of cropland if the Secretary determines that domestic carryover supplies of corn will in the absence of a set-aside exceed 18 per centum of the previous year's total use. If a set-aside of cropland is in effect under this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, but in any case not less than 15 per centum of the farm's previous year's planting. When such set-aside has been announced, loan rates should be increased by 5 per centum from the level established in section 105A. The producer may, at his option, elect to set aside 25 per centum of the farm's previous year's plantings. In such case the producer shall be eligible for a loan 10 per centum higher than the level established in section 105A. The Secretary shall announce any such set-aside not later than November 1, prior to the calendar year in which the crop is harvested."

(Title III—Wheat.)

—Page 16, strike lines 21 through 24 and substitute the following:

"Amend the first three sentences of subsection (f)(1) to read as follows: The Secretary shall provide for a set-aside of cropland if the Secretary determines that domestic carry over supplies of wheat will in the absence of a set-aside exceed 6 per centum of total world usage for the previous crop year. If a set-aside of cropland is in effect under this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, but in any case not less than 15 per centum of that farm's previous year's plantings. When such set-aside has been announced, loan rates shall be increased by 5 per centum above the level established in section 107A. The producer may, at his option, elect to set aside 25 per centum of the farm's previous year's plantings. In such case the producer shall be eligible for a loan rate 10 per centum higher than the level established in section 107A. The Secretary shall announce any such set-aside not later than August 1, prior to the calendar year in which the crop is harvested."

—Page 69, between lines 21 and 22, add a new title, "PRODUCER STORAGE PROGRAM FOR UPLAND COTTON".

The Secretary may formulate and administer a program under which producers of upland cotton will be able to store cotton when it is in abundant supply and extend the time period for orderly marketing. Said program shall consist of a farmer-owned cotton reserve with a loan rate which shall be determined by the Secretary with terms and conditions designed to encourage producers to store upland cotton for extended periods of time in order to promote orderly marketing when upland cotton is in abundant supply. Interest charges for said loan shall be the same as the current rate charged for other commodities loans except that there shall be no interest charges for the second and third years of said loan and the Secretary may, at his discretion, waive interest charges for the first year of said loan.

Payments shall be made to producers in such amounts as the Secretary determines to be appropriate to cover the costs of storing cotton held under the program. Said cotton may be held either in commercial or farm storage and storage payments shall be the same for both locations.

Producers may redeem and market without penalty the cotton securing such loans whenever the Secretary determines the market price for upland cotton has reached a specified level, which shall be set at his discretion. At such time, storage payments shall cease to be made and interest charges shall begin.

Under no circumstances shall producers be required to redeem such loans in less than three years.

—Page 190, between lines 14 and 15, add section 1508:

"REVOLVING EXPORT CREDIT FUND"

SEC. 1508. The Secretary may establish in the Treasury of the United States a revolving fund to be known as the Agricultural Export Credit Revolving Fund (hereafter in this paragraph referred to as the 'Fund') which shall be available to finance commercial export credit sales under paragraph (1) of the "Food for Peace Act of 1966" (7 U.S.C. 1707(a)(a)). The Commodity Credit Corporation shall deposit in the Fund, as provided by Appropriation Acts—

"(i) a sum of money equal to the aggregate of amounts received by the Commodity Credit Corporation from the liquidation of loans and other financing arrangements made under paragraph (1) before the date of the enactment of the Agricultural Export Credit Revolving Fund Act and liquidated after September 30, 1980, and

"(ii) all sums received by the Commodity Credit Corporation from the liquidation of loans and other financing arrangements made under paragraph (1) after the date of the enactment of the Agricultural Export Credit Revolving Fund Act.".

—Page 222, line 22, add the following to section 1645: "Notwithstanding any other provision of law to the contrary—the Food and Agriculture Act of 1981 shall be effective for the period beginning on the effective date of the Act and ending September 30, 1982.".

By Mr. WEAVER:

—Page 45, beginning with line 19, strike out all down through line 3 on page 59, and insert in lieu thereof the following:

"REPEAL OF EXISTING PROGRAM

"SEC. 701. (a) Effective beginning with the 1982 crop of peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357-1359), relating to peanuts, is repealed.

"(b) Effective beginning with the 1982 crop of peanuts, the Agricultural Act of 1949 is amended—

"(1) by striking out 'and peanuts' in section 101(b); and

"(2) by striking out 'peanuts' in section 408(c).

"PRICE SUPPORT FOR PEANUTS

"SEC. 702. Effective beginning with the 1982 crop of peanuts, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

"(1) by inserting 'peanuts,' after 'honey,' in the language preceding subsection (b); and

"(2) by adding at the end thereof a new subsection (g) as follows:

"(g) The prices of the 1982 through 1985 crops of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, the cost of production, any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the crop year for which the level of support is being determined, the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets.".

—Page 77, after line 2, insert the following:

ESTABLISHMENT OF AN EXPORT GRAIN BANK

SEC. 1012. (a) That the purpose of this section is to create an Export Grain Bank under the Department of Agriculture. It shall be the function of the Export Grain Bank—

(1) to administer, in accordance with this Section, a system providing for two prices for American farm commodities, one for foreign sales and one for domestic sales; and

(2) to make certain regular payments to growers of agricultural commodities out of the additional revenues obtained from foreign sales under this Section.

(b)(1) No person who enters into a contract of sale for export agricultural commodity shall export such commodity unless—

(A) such contract is approved by the Secretary under subparagraph (3); and

(B) such person agrees to make the payments required under subsection (d).

(2) Any person seeking approval of a contract under paragraph (1) shall provide the Secretary with a written statement setting forth—

(A) the financial terms of the contract;

(B) the quantity of each agricultural commodity sought to be exported;

(C) the identity of the buyer; and

(D) the destination of the commodities sought to be exported.

(3)(A) The Secretary shall approve, for purposes of this Section any contract for the exportation of an agricultural commodity unless the price to be paid under such contract with respect to such commodity is less than the minimum price established by the Secretary for such commodity under Subsection (C).

(c)(1) The Secretary shall establish as soon as practicable and adjust at such times thereafter as the Secretary considers appropriate, with respect to each type of agricultural commodity, a minimum price below which the export sale of such commodity may not be made. Such minimum price shall be the price which the Secretary, based on a study of domestic and foreign commodities markets, determines—

(A) will achieve the greatest aggregate profits; and

(B) is reasonably obtainable in foreign markets.

(2) The study referred to in paragraph (1) shall be performed by the Secretary not later than 90 days after the date of the enactment of this Act.

(d)(1) Except as provided in paragraph (2), each person receiving approval of a contract of sale for export of an agricultural commodity under Subsection (b)(3) shall, with respect to such contract, pay into the Export Grain Bank established by Subsection (c), an amount equal to—

(A) the minimum price established for such commodity under subsection (c), reduced by

(B) the domestic market price of such commodity, including a reasonable margin of profit, as determined by the Secretary.

(2) The Secretary may, with respect to any person, modify the amount payable into the Export Grain Bank if the Secretary determines that the modification of such amount is necessary to prevent undue hardship to such person.

(e)(1) There is established in the Treasury of the United States an Export Grain Bank, to which there shall be deposited amounts paid under Subsection (d).

(2) To the extent provided in advance in appropriation Acts, amounts from such Bank—

(A) may be made available to the Secretary for payments to growers of agricultural commodities under subsection (f); and

(B) may be made available for any other program administered by the Secretary.

(f)(1) Amounts made available to the Secretary under subsection (e)(2)(A) shall be paid to each grower who, at such times and in such manner as the Secretary shall prescribe, certifies to the Secretary the aggregate amount of each agricultural commodity which such grower produced in a marketing year.

(2)(A) Except as provided in subparagraph (B), the amount payable to a grower under paragraph (1) with respect to an agricultural commodity produced in a marketing year shall be determined by multiplying—

(i) the amount of the appropriation to be distributed under paragraph (1) with respect to such commodity and such marketing year, by

(ii) a fraction, the numerator of which is the aggregate amount of such commodity certified by such grower under paragraph (1) for such marketing year and the denominator of which is the aggregate amount of such commodity certified by all growers under paragraph (1) for such marketing year.

(B) In determining the amount payable to a grower under subparagraph (A) for the first marketing year to which this Act applies, the Secretary shall adjust the fraction described in such paragraph to reflect amounts stored by growers in the producer storage program for wheat and feed grains which is administered by the Secretary under section 110 of the Agricultural Act of 1949 (7 U.S.C. 1445e).

(3) Any amount which may be payable to a grower in any year under this section shall be made at such regular intervals as the Secretary shall prescribe, except that such payments shall be made at least once every one hundred and twenty days.

(g) There is established an advisory committee for the purpose of advising the Secretary with regard to the responsibilities of the Secretary under this Act. The advisory committee shall be composed of seven members, who shall be appointed by the Secretary from the various sectors of the agricultural community, with at least four of such members to be appointed from among growers of agricultural commodities.

(h)(1) It shall be unlawful for any person to sell an agricultural commodity for export except as provided in subsection (b)(1).

(2) Any person found by the Secretary, after notice and opportunity for an agency hearing on the record in accordance with section 554 of title 5, United States Code, to have sold an agricultural commodity for export in violation of paragraph (1) shall be liable to the United States for a civil penalty. The amount of the civil penalty for each violation of paragraph (1) shall not exceed the revenues derived from the export sale of the agricultural commodity involved in such violation. The amount of such civil penalty shall be assessed by the Secretary by written notice. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability of pay, and such other matters as justice may require.

(3) Any person against whom a civil penalty is assessed under paragraph (2) may obtain review thereof in the appropriate court of the United States by filing a notice of appeal in such court within thirty days after the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found or such penalty imposed, as provided in section 2112 of title 28, United States Code. The findings and order of the Secretary shall be set aside by such court if they are not found to be supported by substantial evidence, as provided in section 706(2) of title 5, United States Code.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General of the United States, who shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(5) The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty which is subject to imposition or which has been imposed under this section.

(j) For purposes of this section—

(1) the term "agricultural commodity" means wheat, corn, soybean, soybean meal, barley, oats, and rice;

(2) the term "grower", when used with respect to an agricultural commodity, means any person actively engaged in raising such commodity; and

(3) the term "Secretary" means the Secretary of Agriculture.

(k)(1) Subject to paragraph (2), this section shall take effect October 1, 1981.

(2) This section shall not apply to any contract of sale for export which is entered into before October 1, 1981, except to the extent that such contract may be extended or otherwise modified after the date specified in paragraph (1).

(3) This section shall not apply to any contract of sale for export which is entered into after October 1, 1985, unless such contract is an extension or modification of a contract entered into on or before that date.

H.R. 4560

By Mr. ERTEL:

—Page 62, after line 23, insert the following new sections:

SEC. 513. None of the funds provided under this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur or other personal servants to any officer or employee of such department or agency.

SEC. 514. None of the funds provided in this Act shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon. This section shall not apply to security, emergency, rescue or armored vehicles.

By Mr. PEASE:

—Page 3, line 1, insert immediately before the colon the following, "and $131,134,055 shall be for title II (C) of such Act".

EXTENSIONS OF REMARKS

JEWISH NEW YEAR'S GREETINGS TO IDA NUDEL, SOVIET "REFUSENIK"

HON. TONY P. HALL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 30, 1981

● Mr. HALL of Ohio. Mr. Speaker, on this second day of Rosh Hashannah, I would like to pay tribute to Ida Nudel, a prisoner of conscience, who is being held in the Siberian wasteland of the Soviet Union. Before her imprisonment, Ida Nudel was known as the Guardian Angel of Moscow for her indefatigable efforts to help her fellow Soviet Jews emigrate to Israel to escape Soviet religious persecution and intolerance.

I would like to share with my colleagues the New Year's greeting I sent to Ida Nudel:

House of Representatives
Washington, D.C., September 28, 1981.

Ms. Ida Nudel,
Poste Restante, Selo Krivosheinsky Rayon, Tomskaya Oblast, R.S.F.S.R., U.S.S.R.

Dear Ms. Nudel: At this time of the Jewish New Year I write to encourage you and to wish you a year of good health and a year of freedom. It is my hope that in the coming year you will be reunited with your sister in Israel.

My colleagues and I in the United States House of Representatives are well aware of the courageous work you have done in helping other Jews to emigrate from the Soviet Union. We admire your undaunted determination to practice your religion freely and without persecution.

As the year 5742 begins for you, be heartened in the knowledge that we in the United States will continue to work tirelessly to guarantee the religious freedom that you seek.

L'Shannah Tovah—a good year.

Best wishes.

Sincerely,

Tony P. Hall,
Member of Congress.●

RECORD INTEREST RATES AND RURAL ELECTRIC COOPERATIVES

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. DASCHLE. Mr. Speaker, I recently received a letter from Mr. Loren A. Zingmark, general manager of East River Electric Power Cooperative, concerning the near-term and long-term consequences of record interest rates on South Dakotans and particularly the 67,000 consumers served by East River. Mr. Zingmark's analysis of the disastrous consequences of record interest rates should be read by each Member of the House and Senate and I am inserting the complete text of Mr. Zingmark's letter in the Record at the conclusion of my remarks.

East River Electric Power Cooperative, located in Madison, S. Dak., is an electric supply cooperative. It serves 23 electric distribution cooperatives in eastern South Dakota which provide the electric power needs of 67,000 consumers in 23 South Dakota counties and western Minnesota.

As an electric supply cooperative, East River purchases power wholesale and the majority of the power it purchases is generated by Basin Electric Power Cooperative, a power-generating cooperative. Increased costs sustained by Basin Electric increase the cost of wholesale power purchased by East River for its 67,000 consumers.

To meet the power needs of rural consumers, Basin Electric has undertaken a program of expanding generating capacity, a program which is costly, but necessary to serve the power needs of consumers served by rural electric cooperatives in eight States. To finance this program, Basin Electric has incurred short-term debt of more than $900 million which must be financed at today's usurious interest rates. As a consequence, one-third of the cost of power supplied today by East River is due to interest costs being paid by Basin Electric and this proportion may increase, as it has been forecast interest costs will exceed fuel costs for Basin Electric next year.

In the future, this short-term debt must be financed as long-term debt. The consequence of refinancing this debt at today's interest rates would be devastating for the 67,000 consumers served by East River and the thousands of other rural Americans served by other rural electric cooperatives which purchase power from Basin Electric. If this debt were to be refinanced at 14-percent interest, East River's consumers would be forced to pay an average of $16.8 million annually in interest costs or a total of $456 million during the period of indebtedness which represents an annual payment of $250 for 27 years by each of East River's 67,000 consumers in eastern South Dakota and western Minnesota. As Loren Zingmark has noted, this increase in the cost of essential electric power will more than cancel the promised benefits of the tax reduction legislation approved by Congress in August.

Clearly, Mr. Speaker, current interest rates are destroying the basic fabric of our Nation's economy and unless interest rates are reduced substantially in the very near future the consequences of record interest rates will be a severe economic burden on millions of rural American families for decades to come.

East River Electric
Power Cooperative, Inc.,
Madison, S. Dak., September 21, 1981.

Congressman Tom Daschle,
Cannon Office Building,
Washington, DC

Dear Tom: Since receiving your August 5 letter in answer to my letter expressing an urgent concern about interest rates, we have done an analysis of some of the effects of high interest costs upon East River. In response to your request that we provide you with information about the effects of high interest costs upon East River and its members, we offer the following:

The single greatest cost to East River is wholesale power purchases, which make up approximately 80 percent of our annual budget at the present time. About 55 percent of the power is purchased from Basin Electric Power Cooperative, Bismarck, which is a Rural Electrification Administration borrower which depends for most of its funding upon the Federal Finance Bank. Basin's portion of our total power supply will continue to increase in the future, so that the figures presented here will understate the actual effects which we will experience in the future.

Basin's two greatest expenses are fuel and interest costs. For example, Basin's 1981 financial forecast indicates that interest costs are overtaking fuel costs as the largest single expense. In 1982, interest expense will be greater than fuel costs! Since Basin is building large coal-fired generating stations to meet future loads of its members throughout eight Great Plains states, it is particularly exposed to financial markets. At the present time it has $923,667,000 outstanding in short term debt which must be refinanced between now and 1988 into long term debt. In other words, it has at this time more than $900-million exposure to today's prevailing high interest rates which could become embedded in the rural electric rates of this and other parts of the rural areas of this region for thirty years to come. Thus, a large percentage of the cost of electric power in eastern South Dakota will to a very large degree be determined by the interest costs which Basin Electric will have to pay in the future. For example, one-third of East River's rate to its members is to pay our share of Basin's interest costs in 1982, and that proportion is expected to increase. Please note also that the $900-million represents only the short term debt; Basin also has about $500-million in long term debt, some of which is at variable interest rates sensitive to the high rates being paid today.

It also will continue to incur debt as projects under construction proceed. Our example covers only a portion of the interest burden, but makes clear the exposure.

What will be the effect upon East River's 67,000 consumers served by rural electric systems in eastern South Dakota and west-

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● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

ern Minnesota should Basin Electric not be able to refinance its requirements at reasonable rates? The rates now being paid on the short term debt ranges from about 10.5 percent and 13.3 percent. Should the average rate on the refinanced short term debt amount to 14 percent (the FFB rate today is 16+ percent), East River's rural electric consumers will have to pay an average of $16.8-million more annually, or a total of about $456-million over the life of the debt. That amounts to $250 annually to each and every consumer for 27 years. Those with incomes less than $50,000 a year might wish to compare such increases with their "tax break" afforded them in the recent "tax relief" bill.

From the perspective of what one might consider reasonable interest costs of 7 percent or 8 percent, given a "reasonable" inflation rate of 6 percent and a prime rate of 8 percent, interest costs in the 12 percent and 14 percent range are a terrible burden upon the people. They are a burden in the absolute sense too—that is, the product is price managed and over priced. One can hardly think of high interest rates as anything but taxation by the economic system because they are way out of proportion to the intrinsic worth of debt and are imposed throughout the marketplace by the compliance or default of the government. That is, "default" in the sense that Congress and the administration have a profound responsibility to act to bring under control those conditions which threaten a healthy, orderly economy. It is my contention that continued high interest rates will disrupt the nation in deep and serious ways. The so-called "free-market" economists disagree that high interest rates are dangerous (although even the Wall Street bankers are beginning to cry about administration policies) because they regard a national economy as something like a biological species governed by laws of nature not by the laws of men. I realize that this is an argument which has been going on since Adam Smith in the 18th century, but it does not change the reality of what is happening in rural America today. Many farmers can no longer afford to borrow operating funds, meet debt service on their mortgages and still pay for the basic needs such as fuel and electricity. The situation is still a disgrace to our nation!

The point I wish to make with this discussion is that until a couple of years ago, interest rates as high as 8 percent or 9 percent were thought to be unnaturally high. If sanity were to return to our economy, consider what the difference would be between Basin Electric financing its debt at 8 percent rather than 14 percent. The cost of electricity to consumers in eastern South Dakota would be reduced by $226-million over the 27 year period. I know that you are fully aware of what that kind of money means to the family farmer, businessman, laborer in this part of the country. At the same time as such burdens are being imposed on our rural people, farm legislation is being considered which will cut deeply into the already minimal supports given to the agricultural products in this region, although tobacco supports, of all things, continue to be muscled through the Congress. At the same time our rural people face the high interest bills in their own daily lives, the new tax bill indexes income taxes to prevent "bracket creep", an affliction many a laborer and farmer would welcome! Tom, the world is out of joint with Reaganomics and the people of South Dakota are going to suffer for a long time because of these high interest costs.

Thank you for the opportunity to comment upon interest rates. I hope the general information about the impact of interest costs upon power plant construction at Basin Electric and their direct effect upon consumers in this state will be useful to you in your efforts to find solutions to this problem. Congress should act soon and decisively to control interest rates, even if it means a basic restructuring of the Federal Reserve System. If I can be of further help to you, please call on me at any time.

Sincerely,

LOREN A. ZINGMARK,
General Manager.●

FOURTH ANNIVERSARY OF THE IRISH NATIONAL CAUCUS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. DERWINSKI. Mr. Speaker, the Ad Hoc Congressional Committee for Irish Affairs, under the dedicated leadership of its chairman, the gentleman from New York, MARIO BIAGGI, is commemorating its fourth anniversary this week.

The stated goals of the committee are to work for peace, justice, and freedom in Northern Ireland. The committee believes that these goals can be achieved through nonviolence. As a member of the ad hoc congressional committee, I concur with these goals.

The tragedy in Northern Ireland has gone on for far too long. It requires a strong diplomatic effort which should be made available so that a long overdue solution can somehow be negotiated. Although the Reagan administration has emphasized to the British the need to negotiate a solution to the continuing problem in Northern Ireland, the British are not yet prepared to launch any independent initiative; and the present British Government, like its predecessors, seems unable or unwilling to come up with a compromise.

It is my hope that we can help bring some progress, under appropriate circumstances, to this tragic problem by our efforts in Congress and through the work of the Ad Hoc Congressional Committee for Irish Affairs.●

NEEDED: A SCIENTISTS ANTIDEFAMATION LEAGUE

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. MARTIN of North Carolina. Mr. Speaker, I have just recently received copies of letters from our distinguished colleague, the gentleman from New York (Mr. ROSENTHAL), which were mailed to American scientists on August 24, 1981. The letters request voluntary disclosure of their research funding and income from consumer groups, industry associations, corporations or corporate-funded foundations. In language similar to that used in a similar letter to nutritionists in 1975, these scientists are told only that the inquiry arises out of the writer's deep interest as chairman of a relevant House subcommittee. Recipients are not told that the 1975 letter never resulted in any subcommittee hearing or action, nor that its responses were turned over instead to the Ralph Nader-Affiliated Center for Science in the Public Interest. Nor are they told of the character assassination crusade that followed when this center for science partnership published its resulting report. As a former scientist, I am embarrassed that our respected friend and colleague would let his staff involve him in this kind of business.

That report, bluntly entitled "Feeding at the Company Trough" (later published as "Professors on the Take"), cites research grants, consulting fees, and directorships of 17 "eminent nutritionists" in order to construct the accusation that they "have traded their independence for the food industry's favor," and "have abandoned their professional independence to curry the favor of the food magnates." Scientists ought to be forewarned whether another similar abuse of such information is intended.

One author described this report as "shocking," and indeed that would seem a fit characterization of this flimsy "exposé." It is shocking that nutritionists, and now other scientists, would be decoyed into disclosing partial information that affords no comparison with their other sources of funding or income, such as their employing academic institution, or Federal and State governments. It is shocking that they would be led into doing so by a letter which implies some official congressional interest while omitting the hidden connection with the Nader activists. It is truly shocking that efforts would be made to discredit and defame nutritionists and other scientists on a basis of guilt by association.

It has become merely customary that when industry is expected to pay for independent research on the properties and effects of their products, the scientists who work on those grants and contracts are then politically flogged for doing so, if their opinions conflict with those who would ban chemicals at the drop of a hat. Meanwhile, these inquisitors find no fault with scientists whose income is derived from government, as long as their opinions support the politicized science of the Delaney clause and its absolute zero risk orthodoxy, regarded as obsolete and anti-intellectual by most scientific learned societies.

Public policy in scientific matters should be based on scientific evidence as interpreted by scientists. To substitute an alternate reliance on character assassination, guilt by association and intimidation of those who disagree with the chemophobia of the pseudo-consumer activists is a disservice to American scientists as well as to American consumers.

Mr. Speaker, somebody needs to establish a Scientists Anti-Defamation League to expose these ad hominem attacks on scientists, and perhaps to disclose the interconnections, origins and sources of funding of the attackers, who seem to find inordinate interest in such information about others.●

SOVIET NATURAL GAS PIPELINE: REMNANTS OF DÉTENTE

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, since the policy of détente was initiated nearly a decade ago, the issue of trade has been a prominent feature of U.S.-Soviet relations. When President Nixon signed into law the Export Administration Act of 1969—an act replacing the Export Control Act of 1949—the ban was lifted on the export of goods and technology to the Soviet Union that would strengthen its economic potential.

The rational for this change was contained in Kissinger's concept of linkage. It was argued that increased U.S.-Soviet trade would help to establish a web of constructive relationships giving the Soviet Union a stake in peace by making it more conscious of what it would lose by a return to confrontation. In addition, it was believed that increased trade might leaven the autarchic tendencies of the Soviet system and eventually lead to its integration with the international economic order. The capstone of these developments was to have been the gradual liberalization of Soviet society.

These lofty illusions gradually gave way to the realization that détente has always been a one-way street. While the United States acted in good faith to establish "a new structure of peace," the Soviet Union used détente—and its accompanying trade policies—to vastly expand its military might, obviously at U.S. expense.

Today, the policy of détente is dead. Remnants remain, however, and are of crucial importance to the United States.

Last November, the Carter administration approved major U.S. participation in the Soviet Union's proposed $15 billion Yamal natural gas pipeline project. To be built and funded with Western financial, material, and technological resources, this project—if given final approval—would involve the construction of a 3,600-mile pipeline running from northwestern Siberia to West Germany. When completed, Western Europe expects to benefit from a promised delivery of approximately 1,500 billion cubic feet (bcf) per year of natural gas to help alleviate its dependence upon Middle East sources.

This decision—if not reversed by the Reagan administration—would place America's geostrategic position vis-a-vis the Soviet Union in jeopardy.

For some time, it has been Soviet policy to increase the economic dependence of Western Europe on the Soviet bloc. During the last decade, for instance, West German trade with Eastern Europe and the U.S.S.R. increased to the point where Germany has become highly vulnerable to economic blackmail. This was made evident in West Germany's reluctance to support U.S. calls for an embargo on the Soviet Union in the wake of the Afghanistan invasion.

The Yamal pipeline deal, expected to supply 30 percent of West German natural gas imports, would dramatically increase this vulnerability and possibly undermine NATO. Moreover, it would provide the Soviet Union with a substantial source of hard currency with which to finance its continuing military buildup and worldwide geopolitical offensive.

It should not be forgotten that since the beginning of the postwar period, the Soviet Union has sought to decouple Western European interests from those of the United States. Through economic, political, and military means, the U.S.S.R. intends to force the free nations of Europe to consciously tailor their foreign and domestic policies to the designs of Soviet imperialism.

Fortunately, however, the Soviet natural gas pipeline is not the only means of diversifying Western energy sources. An alternative opportunity exists to develop the vast energy potentials of the free world. America's coal supply and synfuels industry, Norwegian hydrocarbon supplies, African liquefied natural gas, and a U.S. reentry into the nuclear reactor services market in Western Europe, are only some of the options which can be developed within the free world.

In short, rather than providing $15 billion of Western resources to build an energy infrastructure in the Soviet Union, it makes infinitely more sense to invest in the development of the energy potential of the free world.

The decade of détente, characterized by liberal East-West trade policies, had the intent of moderating Soviet behavior and merging U.S.-Soviet interests in the status quo. Instead, the Soviet Union challenged the West with: first, an unprecedented military buildup; second, massive geopolitical offensive; third, an unrestrained support of international terrorism; fourth, direct and indirect use of military force in Afghanistan and Poland; and fifth, potential economic blackmail. All encourage the "Finlandization" of Western Europe.

Perhaps it is time to pay heed to the dictum of Comrade Lenin: "We will give a rope to the bourgeoisie, and the bourgeoisie will hang itself." It may contain more truth than some have thought.●

TAX RELIEF FOR AMERICANS ABROAD

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. FRENZEL. Mr. Speaker, the October 5, 1981, edition of U.S. News & World Report contains an article on the changes in the tax laws as they pertain to overseas Americans in the Economic Recovery Tax Act of 1981.

The article reconfirms the widespread belief in both Congress and the business community that the tax relief provided in the bill will help American companies employ more U.S. nationals in their overseas operations. This will be of particular help to U.S. construction firms, and will eventually lead to an increase in U.S. exports.

The article, however, also points out another benefit of the legislation which was overlooked during the debate on this provision. Because of the changes in the 1981 Tax Act, Americans are now back in demand in foreign companies. This will help further to stimulate American exports, while at the same time helping to relieve the unemployment problem here at home.

A copy of the article follows:

TAX RELIEF FOR AMERICANS WORKING ABROAD

New deductions will cut the U.S. tax bite on overseas wages. More foreign jobs and exports are expected. But not everyone will benefit.

Americans who work abroad—and their U.S. employers—are getting a financial pat on the back from Uncle Sam.

New breaks in the recently enacted tax law are designed both to reduce the tax burden on expatriates and to make them more attractive as employes.

Starting in 1982, many Americans overseas will be subject to little, if any, U.S. income tax on foreign earnings. In some cases that will mean that Americans abroad will demand less compensation. More important, it will mean savings for the many U.S. firms that now pick up the extra taxes often faced by workers sent overseas.

For a typical worker overseas, the savings could amount to several thousand dollars a year.

Today, Americans abroad are typically hit with an increased tax bill because, in addition to base salary, they often get extra compensation to prod them to move out of the U.S. On top of that are taxable allowances for such things as housing, higher living costs, trips back home and education for their children.

Although the old rules allowed deductions for certain foreign living costs, critics say the provisions were inadequate and too complex. The new breaks go further in sheltering income by allowing an outright exclusion from U.S. tax for a big chunk of the compensation and extra allowances.

Specifically, the new rules will allow an American working abroad to exclude from tax up to $75,000 in compensation next year. The ceiling will rise $5,000 a year after that until it tops out at $95,000 for 1986 and later. If a husband and wife both hold jobs, each will get a separate exclusion.

A second break allows an additional tax exemption for housing costs that exceed a floor—initially about $6,350 a year. The floor is tied to U.S. government salaries and will rise as federal pay increases. Cost of a second family household outside the U.S. will also qualify for a tax exclusion if living conditions where the worker is located are considered adverse. In either case, housing can't be "lavish or extravagant."

To qualify for the income and housing exclusions, workers will generally have to reside in a foreign country for one full taxable year or be present in a foreign country for 11 of 12 months.

In another new break, it will be easier for workers housed at company sites abroad to exclude from tax the value of camp-style lodging and meals they receive. No longer will the site have to be in a "hardship" area or "substandard" to get an exemption.

For many companies, the changes will mean a sharp reduction in tax reimbursements to employees and lower administrative costs, predicts Towers, Perrin, Forster & Crosby, a management consulting firm. In addition, it believes that "tax relief will give multi-nationals greater flexibility in assigning key people to overseas posts."

Backers of the tax cut expect a bonus for the domestic economy, too. They say reduced taxes will make it less costly to pick Americans for overseas work and thus reverse a decline in the number of Americans holding foreign jobs. That, they say, will boost U.S. exports because American managers and professionals are more prone to buy U.S. made goods and to design projects that use American equipment than are foreign nationals. "People tend to use what they are familiar with," says a U.S. executive.

Chase Econonometrics, a business-research firm, reports that the reduced presence of Americans abroad has held U.S. exports at least 5 percent below what they otherwise would be. "That means lost jobs, income and tax revenue in the United States," says Robert D. Shriner, a Chase economist.

Construction companies are expected to be big beneficiaries. The new breaks will go "a long way toward making U.S. engineering and construction companies competitive with those from Western Europe and Japan, whose nationals are completely exempt from paying income taxes to their home governments," says Maurice L. Mosier, president of the National Constructors Association.

Among the companies expecting to be helped is Morrison-Knudsen International, an Idaho-based construction firm that has been paying some 4 million dollars a year in tax allowances to overseas employees. "The new law will reduce the amount we have to pay to keep an American overseas, and that will make our prices more competitive," says C. E. King, a vice president.

A second look. Foreign companies are also taking another look at hiring Americans, says Gilbert Dwyer, a partner in Ward Howell International, a New York-based recruiting firm. He says that inquiries from four Middle Eastern clients about filling spots with Americans were prompted in part by the new tax law.

Not every worker or employer will save. That's because Americans abroad generally must pay foreign tax, too. The foreign tax can be used as a credit against U.S. taxes and thus in a number of cases Americans already do not pay U.S. tax on their earnings because high foreign taxes more than offset the U.S. liability. That's generally the case in Belgium, Brazil, Canada, Japan and Germany, for example, says Arthur Hayes, a partner in the accounting firm of Ernst & Whinney. On the other hand, savings can occur in countries that impose a lower tax than the U.S. Included in this group are Saudi Arabia, Hong Kong, Britain and Venezuela, says Hayes.

A side benefit will be lower U.S. tax rates on the investment income of many Americans abroad. That's because income left after exemptions will be taxed starting at the lowest U.S. rates.●

TRIBUTE TO J. S. WEBB

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. GOLDWATER. Mr. Speaker, last week in California a most remarkable gentleman was honored at a dinner given by the City of Hope board of trustees and the aerospace and electronic industries.

He is J. S. (Sid) Webb, vice chairman of the board of TRW, and he was presented the "Spirit of Life," the highest award given by the City of Hope Medical and Research Center.

From his tour of duty as a lieutenant in the U.S. Navy, to his eventual elevation to the vice chairmanship of TRW in June of 1978, Sid Webb's life has been full of business and civic endeavors. For 15 years, from 1963 until 1978, he was at the helm of development and operation of TRW Electronics, overseeing 18,000 employees and 41 plants in 7 countries. Still, he found time to share his life with his wife Lucille, be a member of the board of trustees of the Hugh O'Brian Youth Foundation and the Performing Arts Council of the Music Center; and be a member of the board of directors of the independent colleges of southern California and the Estelle Doheny Eye Foundation. In May of 1980, he was also appointed president of the TRW-Fujitsu Co., a joint venture formed to market Fujitsu's line of computer products in the United States.

I join the fine people who saluted an outstanding American, Sid Webb, last week in Los Angeles.●

TWENTY-FIFTH ANNIVERSARY OF THE KIWANIS CLUB OF FARMINGDALE, N.Y.

HON. GREGORY W. CARMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. CARMAN. Mr. Speaker, our country has maintained its greatness through the selfless, volunteer activities of the American people. Individuals have joined together in committees, clubs, and fraternal organizations in order to serve their communities and to serve those less fortunate than themselves. These groups have lent strength, dignity, and purpose to all with whom they come in contact. One of these organizations is the Kiwanis Club of Farmingdale, N.Y., which is celebrating its 25th year of service and dedication to America.

During its 25 years of community activity, the Kiwanis Club of Farmingdale has maintained an excellent record in its contributions to the people of Long Island. This record is an enviable one because of the consistent and committed efforts of each of its members over the years. These efforts have won the club the admiration and appreciation of friends and neighbors throughout Farmingdale.

The Kiwanis Club has made its contribution in a variety of different areas and in a variety of different ways. During the Iranian hostage crisis, the Kiwanis contributed flags to be flown in honor of our captive fellow Americans. Patriotic acts of this kind are essential if we are to maintain our spirit and identity during the difficult times that face our country. It's encouraging to know that devotion and pride are not in short supply with the Farmingdale club.

The Kiwanis have long recognized the necessity for this type of love of country, and for this reason they have sponsored two Boy Scout troops and a Cub Scout pack. The Kiwanis' concern for the development of the young people of their community is also seen in the fact that each year the organization has provided the opportunity for four Farmingdale children to attend Camp Kiwanis in upstate New York, completely free of charge. And each year two college scholarships are awarded to the graduating class of Farmingdale High School.

Not only are the Kiwanis active with the youth of the area but they are also vitally concerned with the community's senior citizens. Each year the club sponsors a major entertainment event at the Daleview Nursing Home, providing a welcome change of pace for some very important people. In addition the organization maintains a wheelchair for use by anyone in need.

As part of its normal activities, the Kiwanis annually commemorate outstanding service and contribution to the community through its Man of the Year Award. An unusual activity was the contribution made by the club to the Farmingdale auxiliary police for the purchase of a patrol car.

As you can see, Mr. Speaker, there is a great deal for the Kiwanis Club to be proud of. It would be impossible to recount the many acts of kindness and service made by the group and its members. I commend Don Steller, the immediate past president of the club, for the faithful history of his organization. And I encourage Charles Thompson, the current president, to carry on the fine tradition of service to Farmingdale and the Nation.●

WOODWARD HIGH'S 150TH ANNIVERSARY

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. GRADISON. Mr. Speaker, I rise to commemorate the 150th anniversary of Woodward High School, in Cincinnati, Ohio. Woodward is the oldest free public high school west of the Alleghenies, and possibly the oldest public school in the country. Its unique and noteworthy position symbolizes the right of every American child to a free secondary education.

Woodward was founded in 1831, on land granted to William Woodward to provide for the education of the poor children of Cincinnati. When the school opened, it consisted of a 4-room, 2-story brick building and had a student body of 42 boys.

In 1834, Woodward became the first school in the United States to offer instruction in the Spanish language. In 1840, it added a night school, and in 1851, it admitted its first female student and hired its first female faculty member.

Today, Woodward is part of the Cincinnati school system. Since its opening, 32,961 students have graduated, including former President and Chief Justice William Howard Taft.

Mr. Speaker, the celebration in recognition of Woodward's anniversary is not just to honor the history and progress of one school, but to honor the history and progress of public education throughout the country. Our Nation's schools have so often been criticized that we sometimes forget how far we have come in providing a reasonable education to all our citizens. As a graduate of the Cincinnati Public School System, I am proud of the tradition of public education at Woodward, in Cincinnati, and in the country as a whole. I am hopeful that Woodward High will enjoy 150 more years that are as successful as its last 150.●

RURAL FREE DELIVERY 85TH ANNIVERSARY OBSERVED

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. DASCHLE. Mr. Speaker, today marks the 85th anniversary of rural free delivery and it is particularly fitting today to recognize the importance of our Nation's rural mail delivery system and to pay tribute to our Nation's rural letter carriers.

Until Postmaster General John Wanamaker conducted a free delivery mail experiment in 1891, in order to obtain their mail all rural residents were required to travel to town and visit the post office. City residents had enjoyed the benefits and convenience of free mail delivery since 1863 and Postmaster General Wanamaker recognized this disparity between the mail delivery service provided rural Americans and their city cousins. Postmaster General Wanamaker argued persuasively rural residents should be afforded the same delivery service already being provided to city residents and fortunately the views of Postmaster General Wanamaker prevailed. As a result, on October 1, 1896, rural free delivery was commenced and millions of rural Americans who had been previously isolated and underserved began to receive the benefits of rural free delivery.

Rural free delivery greater facilitated communication for rural Americans and improved the quality of their lives. No longer were farmers forced to halt their labor and travel into town merely because of the possibility an important letter was awaiting them at the post office. To his credit, Postmaster General Wanamaker realized the burdens and inefficiencies of such a system and the efficiency which was possible through the delivery of the mail by rural letter carriers.

Rural free delivery was a great victory for rural residents and the dedication to service and courtesy of rural letter carriers assured the progress of rural free delivery was realized by millions of rural Americans. Today on the 85th anniversary of rural free delivery we recognize the importance of mail delivery service to rural America and the importance of past, current, and future contributions of rural letter carriers to quality rural mail service.●

THE NAMIBIA TRAP

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. FIELDS. Mr. Speaker, I am pleased to place in the RECORD another editorial which addresses itself to the important issue of phony racism charges leveled against the United States following its veto of a proposed Security Council resolution. The editorial points out that the only issue in Angola, and South Africa's recent attack on terrorist bases, is the Soviet Union's grab for territory and power in southern Africa.

Mr. Speaker, the Congress, the press, and the American people should know that the cries of racism regarding this issue are little more than a repetitious propoganda tactic orchestrated by the Soviet Union and its allies of the Socialist International.

[From the Wall Street Journal, Sept. 2, 1981]

THE NAMIBIA TRAP

Word from Cape Town yesterday that South African defense forces had killed Soviet officers and taken a Soviet warrant officer prisoner during their raid into Angola emphasizes the seriousness of recent events in Southern Africa. A popular understanding in the U.S. of the Reagan administration's position on that conflict becomes all the more important.

The Soviet deputy UN delegate, Rikhard S. Ovinnikov, heaped abuse on the U.S. Monday for its veto of a proposed Security Council resolution condemning South Africa for the raid. He accused the U.S. of "pandering" to apartheid. His puppet, a delegate from Angola, chimed in calling the Reagan administration "racist."

Before the world press picks up the Soviet line, it might be good to get a few things straight. First, the fight in Angola had nothing to do with race. The South African raiders consisted of both blacks and whites and so did the forces that resisted them. The raiders were countering a Soviet power play, the deployment of surface-to-air (SAM) missiles in southern Angola, escalating the continuing Soviet effort to take effective control of South West Africa (Namibia). The presence of the SAMs, revealed by an Angola official yesterday, would have threatened South African airspace. The U.S. administration was quite right in refusing to condemn South Africa without equal condemnation of the Soviets. The fact that the U.S. stood alone in the Security Council, while France and Germany caved in and Britain abstained, is a mark of honor, not guilt.

It was about time a U.S. administration stood up on the issue of Namibia. Most Americans have little understanding of the situation and thus become easy prey for those left-wing racism charges.

First of all, South Africa has made genuine efforts to prepare Namibia for independence as it is obligated to do under terms of the old international mandate that gave it control of the place. A constitutional conference consisting of representatives of the territory's 11 distinct population groups

(Owambos, whites, Damaras, Hereroes, Kavangos, Namas, Coloreds, East Caprivians, Bushmen, Pehoboth Basters and Tswanas) was convened in 1975. A national assembly representing all these groups was elected in 1978 by popular vote. The assembly elected a council of ministers representing the various population groups.

The council has been taking over the tasks of government under the supervision of a South African administrator general. Many discriminatory laws have been repealed and a multiracial civil service formed.

The UN, however, has not recognized this government, insisting instead on turning Namibia over to the South West Africa People's Organization (SWAPO), which has for years conducted guerrilla warfare against the territory from across the border in Angola. SWAPO is Soviet sponsored. South Africa has resisted this out of a fully justified fear that a SWAPO takeover would mean Russians and Russian-backed terrorists on its border. The Russians would inherit Namibia's mineral riches and its position closer to the vital Cape sea routes. The world would then view a perpetual state of war, with thousands more Africans slaughtered or made homeless like the victims of Soviet conquest in Ethiopia.

The blacks of Namibia, particularly the non-Owambo minority tribes, appreciate this danger as well as the whites. That is one reason that the various ethnic groups have cooperated so well in working toward representative government. Blacks participate in the defense forces fighting SWAPO on the border and were part of the raid into Angola. They have no wish for a SWAPO dictatorship backed by Russia and enforced, as in Angola, with Cuban troops and East German-managed concentration camps.

Indeed, it is resentment of Russians, Cubans and East Germans in Angola that has enabled the anti-regime forces of Jonas Savimbi to gather wide support in the Angolan population and seize control of large chunks of Angola's territory. The U.S., thanks to former Senator Dick Clark, is barred by law from helping the Savimbi forces but Mr. Savimbi has managed quite well with aid from South Africa and China and with captured materiel.

What is really at issue in Southern Angola is a Soviet grab for territory and power. The central question is whether a moderate and representative government of Namibia will be given a chance to survive or fall prey to SWAPO and the Soviets. The South Africans have done enough on behalf of moderation and pluralism in Namibia to have earned the right to resist the Soviet grab. And as for the U.S., it is good to have an administration that is not going to wilt before those phony Soviet charges of racism.●

PEANUT AMENDMENT TO FARM BILL

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. LUNDINE. Mr. Speaker, the House of Representatives will soon begin consideration of H.R. 3603, the Food and Agriculture Act of 1981. During consideration, I will join with my colleague from Illinois (Mr. FINDLEY) to offer an amendment to eliminate the current system of allotment acreage and poundage quotas for peanuts. Our amendment replaces this outdated system with a straightforward loan support program for peanuts that is similar to the current support programs for corn, wheat, soybeans, rice, and other crops.

It has become painfully evident that we have sanctioned nothing less than a Government-mandated monopoly in peanuts that rewards a privileged few, stifles productivity, creates artificial crop shortages, and forces consumers to pay unjustifiably high prices for peanuts and peanut products. We offer our amendment with a firm conviction that only a freer, more competitive market in peanuts can provide both greater prosperity for peanut producers and reduced prices for consumers.

Today, peanuts are the only food crop for which rigid production restrictions and marketing controls are maintained. Under the current program, the Government determines where peanuts are produced, who can produce them, and what amount can be produced and marketed. After careful study, I am unable to find any substantial justification for this restrictive system, nor any reason why peanuts should be accorded treatment so preferential to that given every other food crop.

The inadequacy of this system of controls was evident in the doubling of peanut prices in the wake of last year's drought. At one point last winter, the price of shelled peanuts was permitted to rise 400 percent, from 40 cents per pound to $1.75 per pound. These high prices, which have continued, have pushed peanuts and peanut products out of the diet of many American households. This is particularly troubling when one considers that peanut butter contributes a significant portion of the protein in the diet of children, particularly poor children.

I am particularly troubled that the almost feudalistic peanut acreage allotment system is permitted to continue. Over 70 percent of current peanut production is on allotments leased by growers from individuals whose father or grandfather received acreage allotments over 40 years ago. These individuals take no risks and contribute nothing to the production process, and yet they receive annual "tribute" payments averaging between $200 and $250 per allotment acre. The cost of acquiring allotment rights constitutes nearly 90 percent of the land rental costs associated with peanut farming. The leasing of allotment acreage adds approximately $200 per ton to the cost of peanuts, contributing significantly to production costs reflected in the current $455 per ton support price for peanuts.

It is estimated that the current acreage allotment and production quota restrictions add 10 cents per pound to the retail price paid by consumers for peanuts and peanut products. In New York State alone, the additional cost to consumers in 1980 amounted to more than $17.5 million. For the Nation as a whole, consumers were forced to pay an additional $200 million for the unnecessary costs associated with the program.

There is no justification to continue a program which imposes additional costs on the majority of American consumers while bestowing special privileges on a select few. The right to grow peanuts in this country should not be determined by inheritance nor subject to monopoly rents. While a system of rigid production restrictions and marketing controls may have been justified by market conditions 40 years ago, they are clearly unacceptable under current economic conditions.

The amendment we plan to offer will eliminate the current acreage allotment and poundage quota restrictions. It will permit anyone to grow peanuts for sale and allow peanuts to be grown in areas where production is most efficient and cost effective. The amendment provides for a system of support involving loans and purchases by the Department of Agriculture at support levels determined by the Secretary of Agriculture.

I am convinced that a simple loan program—one comparable to those now in effect for every other food crop—can offer adequate protection to peanut producers, while assuring stable prices and quality products to consumers and reduced administrative cost to Government. Such a program is entirely consistent with the administration's emphasis on free market forces and with the public's demand for policies that are noninflationary and reforms that reduce special privilege.

I believe this amendment offers a fair and equitable arrangement for both peanut producers and consumers and deserves the support of the House membership.

The text of the amendment follows:

AMENDMENT TO H.R. 3603 OFFERED BY MR. LUNDINE

On page 45, beginning with line 19, strike out all down through line 3 on page 59 and insert in lieu thereof the following:

"REPEAL OF EXISTING PROGRAM

"Sec. 701. (a) Effective beginning with the 1982 crop of peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357-1359), relating to peanuts, is repealed.

"(b) Effective beginning with the 1982 crop of peanuts, the Agricultural Act of 1949 is amended—

"(1) by striking out 'and peanuts' in section 101(b); and

"(2) by striking out 'peanuts,' in section 408(c).

"PRICE SUPPORT FOR PEANUTS

"Sec. 702. Effective beginning with the 1982 crop of peanuts, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

"(1) by inserting 'peanuts,' after 'honey,' in the language preceding subsection (b); and

"(2) by adding at the end thereof a new subsection '(g)' as follows:

"(g) The prices of the 1982 and subsequent crops of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, the cost of production, any change in the index of prices paid by farmers for production items, interest, taxes and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the crop year for which the level of support is being determined, the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets."●

CONGRESSIONAL VIGIL FOR SOVIET JEWS: THE LIPCHIN CASE

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. FRANK. Mr. Speaker, Tzalo and Khaya Lipchin have been waiting over 3 years to be reunited with their son Leonid, who lives in Massachusetts. His parents live 5,000 miles away in Leningrad, and have been denied exit visas since they first applied to leave over 3 years ago. Now 34 years old, Leonid was allowed to leave the Soviet Union in 1978 after his 16-day hunger strike embarrassed Soviet authorities into granting him an exit visa. Unfortunately, the Soviets have denied that same right to his parents.

The Lipchins have received numerous denials of the requests to leave since they first applied. Each time the grounds listed are that Tzalo had knowledge of state secrets when he was employed by NPO Electroautomatica, a Leningrad-based navigational computer manufacturer. The company Tzalo Lipchin worked for was involved, along with a French firm, Thomson-CSF, Inc., in designing the navigational system used in two Soviet commercial airplanes. How secret to the Soviet Union could a project be that was completed in consort with a French firm? Clearly the Soviets fabricated an excuse to deny the Lipchins exit visas.

I am pleased to take this opportunity to join with other Members of Congress who have, over the course of the session, taken the time to express their concerns about particular emigration cases. The recent rash of arrests and trials, and the unusually low Jewish emigration rate, make our efforts all that much more timely. During the month of August, only 400 Jews were allowed to emigrate—less than in any other month in the modern movement of Jews from the Soviet Union to the West. From the standpoint of U.S. policy, our expressed concern for the welfare of individuals wishing to emigrate reminds the administration that it must do all it can to put human rights on the foreign policy agenda. Not only is a strong human rights policy reflective of a congressional mandate, but it can save lives and effectively pressure the Soviets.

Leonid Lipchin has played an active role in seeking the release of his retired father and ailing mother from the Soviet Union. I commend him for his vigilance and hope that his efforts will soon bring his parents closer to him. By so doing, the Soviet Union will have fulfilled an important obligation to international agreements and Soviet constitutional law, as well as an important humanitarian gesture of good will.●

DEFENSE SPENDING CUTS

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. GOLDWATER. Mr. Speaker, I rise today to comment upon the recent, much discussed cuts in defense spending for fiscal year 1982 and beyond. At the outset, I want to say that I still stand foursquare behind the need for increased defense spending.

It is clear that the Soviets have been engaged in a concentrated drive for military superiority. The portion of their gross national product which has been consistently devoted to military spending over the past 20 years is about 13 to 15 percent annually. That is a profound difference from our 5 percent annually. Not quite so clear, but imminent, is that soon we may militarily lag behind the Soviets in the air, on the sea, and on the land. This is unconscionable.

Despite the unquestionable need to rebuild our Armed Forces, if we bankrupt our Nation in the process it stands to reason that we will be "cutting off our noses to spite our faces." We have to be strong not only militarily, but industrially, and economically as well. I firmly believe that we have started the slow process of rebuilding our economy with the passage of the Reagan economic package earlier this year. We should not deviate from this decision.

The President, reportedly spurred by continuing skepticism from Wall Street regarding the sincerity of his intentions to cut spending, balance the budget and control inflation, has acknowledged that DOD's budget, among others, will have to be cut in an effort to balance the budget by 1984. I support any such cuts, recognizing that we are talking, after all, about cuts in proposed increases, not actual cuts from budget levels in past years. We will still have the largest peacetime defense budget in our Nation's history.

It is critical that, in pursuing these budget revisions, we can look to items which will not impact on our ability to defend ourselves and the interests of our foreign allies. I hope that we can concentrate, for example, on improving efficiency, cutting out waste and looking for ways to avoid cost overruns. In a budget as vast as DOD's there's no doubt that we can find a substantial portion of the needed cuts in this type of area.

In sum, I hope my colleagues will continue to see the need for pulling together as a team on this very vital issue. It would be criminal, indeed, to sacrifice either national security for economic security, or vice versa, when with judicious consideration we can have both.●

THE WASHINGTON POST AND THE $1 TRILLION DEBT

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. DASCHLE. Mr. Speaker, recently the Washington Post announced a new contest for its readers. Newspaper contests are neither new or unusual. Many newspapers, for example, have weekly contests during the football season and offer prizes to those readers who are best able to predict the results of collegiate and professional games.

The new Washington Post contest is something altogether different however. Called the "Trillion Dollar Forecast", the Post is offering Washington Post T-shirts, a Washington Post book bag, lunch with Post writers and editors, and a picture in the Post for the reader who correctly forecasts the day on which the public debt eclipses $1 trillion.

The whimsical attitude of the Post to a public debt of $1 trillion is wrong and a disservice to the public. Interest payments alone on the public debt next year will cost more than an estimated $100 billion. One of every seven dollars in Federal outlays will be used simply to pay interest on the public debt; not reduce it, but simply finance it.

Contrary to the views of the Washington Post, a $1 trillion public debt is not a time for frivolous contests and hoopla. A $1 trillion public debt is a national fiscal failure and not cause for creating a carnival-like atmosphere. The Wasington Post should know better.●

DEMYTHICIZING PUBLIC SUPPORT OF PRIVATE HIGHER EDUCATION

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. ECKART. Mr. Speaker, as a member of the Subcommittee on Postsecondary Education, I have a interest in the future of higher education in this country. Our educational system is facing severe economic threats. If our Nation's colleges and universities are to survive in the years ahead, they must look for alternate ways to assure the excellence of their academic programs. Dr. Clodus R. Smith, vice president for university relations at Cleveland State University, has authored a white paper entitled "Demythicizing Public Support of Private Higher Education," which he and Cleveland State University would like to share with my colleagues.

WHY PRIVATE SUPPORT FOR PUBLIC COLLEGES?

The decade of the 80's will be an era of challenge for higher education in America. The countervailing forces of increasing costs and declining enrollment require that useful data and informed decisions articulate clearly what will be necessary to preserve the quality, the diversity, and the independence of American higher education. During the 80's, new concepts and definitions will emerge concerning the preservation of colleges and universities and the idea of what public monies should buy for public good beyond the immediate and the necessary for institutional survival.

As competition for funds heightens, corporate decisions regarding contributions to higher education in the 1980's will be more difficult and more significant than ever before. Serious consideration must be given to public higher education's appropriate share of corporate giving.

There is a persistent myth and misperception that private schools operate without public assistance and that public colleges and universities meet their objectives without private support. This perception is not true today; it has not been true for fifty years. Private universities are not supported solely from private funds. Private institutions receive federal funds for student assistance, research and development, and certain other programs. Forty-nine states, including Ohio, provide some form of aid to the private sector. Public subsidies to private higher education far exceed private support to private higher education. Seventy-nine percent of America's college students attend public institutions; 21 percent attend private institutions. At the same time, 45 percent of the educational and general operating revenues of private higher education are tax monies that are provided to private institutions through student aid programs, research and development grants, tax exemptions and contracts. The imbalance suggests that public higher education does not receive its fair share of private gifts from corporations, individuals, and community foundations.

Business and industry have an important stake in providing such support. Well-educated men and women are businesses' most important asset. Research and development activities, cooperative projects, faculty consultations and in-service education programs are services that increasingly are used by the corporate community.

It has been estimated that 40 percent of public college graduates are employed in business and industry. For example, 400 of the presidents and chairmen of the board of Fortune magazine's 500 major corporations attended public colleges and universities; 62 percent of the fifty state governors attended state colleges; 48 percent of the living Nobel Prize laureates graduated from public universities; 60 percent of the U.S. senators were trained at public universities and colleges; 49 percent of the 435 representatives in Congress attended public universities; and 239 members of the National Academy of Science are faculty members at public universities. Contributions that produce improved human resources, improved data and information, and answers to technical or management questions are a wise investment and a good business decision.

Although the federal government has recognized the legitimacy and value of corporate giving by allowing for deductions of up to 5 percent of pretax income for charitable purposes, corporate philanthrophy remains barely at the 1 percent level after reaching a high 1.26 percent in 1969. It is apparent that many corporations have not responded to the incentive provided by federal tax laws, and, in fact, have allowed the relative level of corporate contributions to slip below levels previously thought to be acceptable and attainable.

While corporate profits have risen steadily over the last decade, the level of corporate giving as a percentage of profits has declined. Corporate investment through contributions to higher education in the final half of the decade amounted to only 1 percent of the total operating and capital budgets of all colleges and universities. Educators hope for, and need, an orderly growth in corporate aid during the 80's, to assure both the diversity and the excellence of academic programs.

Private support to public higher education is more vital today than ever before. As inflation increases, competition for state and federal funds and budget cutbacks erode financial support for universities. Although corporate contributions cannot be a major source of funding for the total cost of education, what they can do, and they should do, is to help provide that added margin of revenue which can make the difference between excellence and mediocrity in higher education. Private support provides scholarships and loans for students. It increases the numbers of distinguished faculty through endowed chairs. Private support builds museums, performing arts institutes, medical centers, libraries, and adult education centers. Finally, private support furthers excellence in teaching and learning through social academic opportunities for all students and broadened educational opportunities for minorities.

Public colleges and universities provide a quality, low-cost educational opportunity for over three-fourths of America's college graduates and serve as a resource for the surrounding communities. Since 79 percent of the nation's college students attend public institutions, voluntary support of the public sector has a large impact in terms of the number of students who benefit. It is philanthrophy well applied.

It is no accident that the United States possesses at the same time the most powerful and productive economy in the world and the finest educational system. They are a unit, integral to one another. If our educational system is weakened, the strength of our corporate community will suffer.

Private investment in public higher education is the difference between the adequate and the great. Adequate is not good enough. The highest level of excellence, realized through corporate support, is essential to public higher education in the nation and in the state of Ohio.●

THE FOURTH ANNIVERSARY OF THE AD HOC CONGRESSIONAL COMMITTEE ON IRISH AFFAIRS

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. HOLLENBECK. Mr. Speaker, I rise to commemorate the fourth anniversary of the Ad Hoc Congressional Committee on Irish Affairs. During the past 4 years, I am convinced that the ad hoc committee played an important role in encouraging the executive branch to reconsider our Nation's current hands off policy regarding Northern Ireland.

In speaking with my constituents during the recent congressional district work period, I know that they share my view toward moderating U.S. policy in such a way as to help reduce the human rights violations taking place on a daily basis throughout Northern Ireland. The U.S. Government cannot simply turn its back on a situation in which men and women are being deprived of their inalienable rights. Instead, I believe the role of the United States should be one of assisting in the achievement of a peaceful solution in Northern Ireland and, in conjunction with the ad hoc committee, I will direct my efforts to that end.

As the committee enters its fifth year, I have little doubt that we will continue to make progress toward our goal of ending the strife in Northern Ireland. I, for one, will use the resources of my office in an effort to ease the plight of those suffering from British intransigence.●

EXPIRATION OF EMERGENCY PETROLEUM ALLOCATION ACT

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. BROWN of Ohio. Mr. Speaker, most of us have probably wondered at some point in our lives what value there is in the study of history. One reason that is usually presented, is to avoid repeating past mistakes. Certainly, we should heed this wisdom when considering new legislation to replace the Emergency Petroleum Allocation Act (EPAA).

The EPAA simply did not work. It exacerbated two modest shortages. It did not allocate fuel equitably, and it created such a volume of regulations that there were approximately 33,000 hearings and appeals decisions.

During the hearing held by the Subcommittee on Fossil and Synthetic Fuels on July 28, 1981 on EPAA, I voiced my concern that we could not reconsider the EPAA without recreating the EPAA. Unfortunately, recent events proved this concern to be all too justified.

The Committee on Energy and Natural Resources of the other body has recently been holding a series of markup meetings on S. 1503, the Standby Petroleum Allocation Act of 1981. This bill would give the President standby petroleum allocation and price control authority. EPAA itself grew from four pages to a waist-high set of detailed regulations. S. 1503 began as another "simple" and "modest" bill of six pages, but today, the committee adopted an amendment giving allocation priority to all of the same interest groups that won in 1973. In fact, the exact EPAA allocation priority language was adopted, section 4(b)(1).

Some of the interest groups include transportation facilities, agricultural operations, dairy and fishing activities, the petroleum industry itself (including branded and nonbranded independent refiners and marketers), public services, public health, and mining.

In addition, an amendment with a buy/sell provision was passed by the committee with the price established as the mean of the acquisition cost and the market price, a direct benefit to the less efficient refiners, insuring their supply in a crisis, but only through subsidization by the more efficient refiners. Several more amendments are expected.

Like the 7-year locust, the EPAA is threatening to return. The other body's bill is just a new name on an old paper. We cannot afford to ignore the lesson that history has taught us.

The President has unequivocally stated his opposition to any type of allocation and price authority. I urge that all my colleagues support his position and refuse to enact any new legislation giving the President this unneeded and unwanted authority.●

PAY RAISE TACTICS SHAMEFUL

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. LEE. Mr. Speaker, I rise to voice my absolute disgust with the pitiful demonstration of spineless, self-serving deceit which I witnessed on the floor of this House last evening as Members of this body were faced with the prospect of giving themselves a featherbed which they refuse to give to those who elected them.

Under the cloak of darkness, in the final hours of Federal fiscal year that has—until now—stood as a benchmark of progress, Members of this House were presented with a test of principle. In my opinion, all but 32 of the 435 Members on the roll failed that test. Only 32 Members in a Chamber that was comparatively packed with people stood to demand a recorded vote on the question of giving themselves an increase in pay and benefits.

These 32—and I am proud to say that I was among them—were not enough to force a written record of each individual's position on this matter. As a result, neither voters nor history will ever be provided with a list of which "pillars of democracy" in this House crumbled first to immediate personal greed.

Mr. Speaker, it is not my intention here to declare that I personally oppose the short-lived increase in salary for Members of Congress or the fact that Members should be given the same opportunity to deduct away-from-home living expenses as other American business figures. There are many compelling reasons to make these adjustments. But not now and not this way.

I oppose, with every one of the principles of fair play and open Government I have ever held dear, the way this House shirked its responsibility to those who put us here. If Congress needs and deserves an increase, then it should be done. But it should be approved and placed on the record today only to take effect after the start of the next Congress. Let this membership and its challengers campaign on a platform for or against the raise, but give the 1982 voter the chance to decide who is right or wrong.

Throughout this year, the attention of all America has been focused on this legislative body and its administrative counterpart down Pennsylvania Avenue. We have puffed our chests with pleas for "cut, reduce, sacrifice, make do, bite the bullet" and every manner of urging for Americans to do with less than they have in the past. Now that they have agreed, I think it is a cruel and vicious joke on them for us to holler "Gotcha!" and take for ourselves what we would have them deny to their families.

I want it on the record that I fix the blame on Democratic and Republican leaders of this House for the shameful display of "gimme" that took place in this Chamber on the evening of September 30, 1981.

I, for one, hope the memory of this action remains fresh in the minds of voters until November 1982.●

THE LEGITIMACY OF THE RUGBY MATCHES

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. FIELDS. Mr. Speaker, today I am inserting for the RECORD an article entitled "The Great Political Scrum." The author, James J. Kilpatrick, discusses the legitimacy of the South African rugby team's exhibition matches in the United States and inappropriate actions of New York City officials in trying to cancel the matches. I commend my colleagues' attention to this excellent article on a relevant subject that should have never become controversial.

[From the Washington Post, Sept. 27, 1981]

THE GREAT POLITICAL SCRUM

(By James J. Kilpatrick)

This weekend marks the end of the Springboks' brief tour of the United States. It has proved a shameful experience—shameful for us, not for the Springboks.

The Springboks, as everyone must know by now, are members of a South African rugby team. They are in the United States quite legally. They are not official representatives of the South African government, but it would make no difference if they were. Their purpose is to play rugby, an entirely legal sport, and also to entertain the relatively few American fans of this historically English game.

The Springboks have every right to engage in these contests. Rugby fans have every right to watch them. Those who despise South Africa's racial policies of apartheid have every right to engage in peaceful protest of those policies. Governments are instituted among men to keep such rights secure.

But in the matter of the Springboks, we have witnessed the virtual abdication of that primary obligation of government in a free society. The spineless performance of New York's Gov. Hugh Carey will stand for some time as a wretched monument to the ascendancy of lick-spittle politics in our nation. Given a choice between standing by principle and surrendering to a mob, Carey surrendered to the mob. He capitulated without a fight. He undertook to cancel a match in Albany. His excuse? So many demonstrators might attempt to disrupt the match that the public safety would be endangered.

Fortunately, a federal judge with a better understanding of the Constitution intervened. It never should have been necessary to test the issue in court. Gov. Carey's clear duty was to protect the civil and constitutional rights of the people—all the people—and if this meant calling 5,000 cops and 100,000 members of the National Guard, so what? It is impossible to imagine a more justifiable expenditure of the people's money than in the preservation of the people's liberties.

Out in Chicago, one of the leaders of the mob attempted piously to suggest that they were engaged in civil disobedience "in the fashion of Martin Luther King." Balderdash! The courageous blacks who 20 years ago sought equal access to buses, parks, hotels, theaters and restaurants were not seeking to deny rights to others, but to establish them for themselves.

By contrast, members of the "Stop the Springboks" mob were engaged not in the expansion of rights, but in the suppression of rights. They cast themselves not in the righteous mold of Martin Luther King, but in the contemptible mold of the Free Speech Association of the 1960s—a gaggle of hoteyed little fascists who believed in free speech for themselves, but for no one else.

Forgive me if I do not now insert a ritualistic denunciation of South Africa's racial policies. By our contemporary standards the policies are odious. All the same, there is something revoltingly hypocritical in the blubbering we lately have heard about South Africa. Our own history embraces a history of slavery. Our Constitution treated Negroes as "three-fifths of all other persons." Congress maintained racial segregation in the public schools of our capital as recently as 1954. By what right do we gaze down our national nose at a South African rugby player and say, "We are holier than thou?" Little by painfully little, South Africa has been relaxing its policies of apartheid. Changes come there with great difficulty—but changes came here with great difficulty also.

This, too: it is passing strange, is it not, that the protesters who are so vociferous about South Africa are so mum about the Soviet Union. No one tried to shut down the hockey games between a Soviet team and an American team. Yet the denial of fundamental freedoms in the Soviet Union is at least as gross as the denial in South Africa. What double standard have we here?

Our responsibility, it seems to me, is so to protect human liberties here at home that we provide an example for all the world to see. In the matter of the Springboks, we set a sorry example indeed.●

A SINCERE CONDOLENCE

HON. BALTASAR CORRADA

OF PUERTO RICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. CORRADA. Mr. Speaker, it is with a heavy heart that I inform the House of Representatives today of the death of a very sweet, very distinguished 85-year-old lady who passed away in Puerto Rico this last Saturday, September 26, 1981. I refer to Mrs. Tula Delgado Vda. de Fernós, the widow of Dr. Antonio Fernós-isern, who I am sure some of you still remember with affection. He was the Resident Commissioner from Puerto Rico—my predecessor—during the years from 1947 through 1964, serving a total of 17 years.

Those were crucial years for Puerto Rico, and Dr. Fernós was aware of the importance of securing congressional assistance for the island, a goal he tried to attain not only through admirable dedication to his work, but also through the relations which are socially possible for a Congressman moving on the Washington scene.

In this respect, he had an invaluable collaborator: Mrs. Fernós his wife, a gracious woman, with a charming personality, who made many friends both within and outside the Congress. Educated by the nuns of the Sacred Heart, she could speak fluently both English and Spanish, keeping herself abreast of world and national events, local news from Puerto Rico, the literary successes, the social scene. She presided over dinners and receptions as the great lady that she was, always making guests feel the warmth of her friendship and understanding.

In Puerto Rico, her loss has been mourned by the many who had the privilege to meet her and enjoy her sincerity, her charm, her intelligence. Mrs. Corrada and I join them in extending our condolences to her immediate relatives: Her sister Mrs. Aurora Delgado Vda. de Felices, her niece Dr. Carmen Lydia Felices, her nephew Brig. Gen. Salvador E. Felices, of the U.S. Air Force (retired); and her godchild, Mrs. Teresita Santini González. I am sure that doña Tula will always be remembered with special affection. May God have mercy on her soul and may she rest in peace.●

AGRIBUSINESS NEEDS FOREIGN MARKETS

HON. CLINT ROBERTS

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. ROBERTS of South Dakota. Mr. Speaker, as a cosponsor of H.R. 3136, I rise in support of the Overseas Private Investment Corporation Amendments Act of 1981.

The bill before us attempts to extend one of the few programs operated by the U.S. Government in support of U.S. investment and trade. I know there has been a great deal of attention paid recently to the elimination of certain disincentives to U.S. trade and investment and it is certainly appropriate to eliminate these hindrances to U.S. business. Nevertheless, I am continually surprised that programs to facilities investment and trade, especially those that operate at little or no expense to the taxpayer, do not receive greater support in Congress. The OPIC program is a case in point. Not only does OPIC operate its programs in a way that simultaneously assists U.S. business to compete in foreign markets and assists friendly developing countries upgrade their economies, but it does this in a totally cost-free manner. In fact, OPIC has been a money making proposition for the United States since its inception and, to put it mildly, it must be one of the most cost-efficient development assistance programs ever operated by the U.S. Government. For example, last year, OPIC showed a net profit of $67 million after writing insurance of more than $1 billion for U.S. businesses.

OPIC protects and encourages U.S. business investments abroad by offering political risk insurance, loan guarantees, and direct loans. OPIC was created in 1969 and received appropriations of approximately $106 million in its early years. Today, the corporation is self-sustaining, with reserves approaching $700 million.

My primary interest in OPIC is the contribution it makes to the U.S. agribusiness community. Approximately 30 percent of OPIC's clients are smaller U.S. businesses, farm cooperatives, or individuals. Some examples of OPIC projects include: a flour mill in Grenada buying $2.9 million worth of U.S. wheat; a bulk grain storage and handling facility in Korea which will import more than 2 million metric tons of U.S. wheat, milo, barley, and corn annually. Additionally, there is a soybean processing plant in Jamaica, poultry plants in Taiwan and the Dominican Republic. Not only do these plants improve the quality of life in these countries, but they also provide markets for our ailing agribusiness industry.

We are all aware, Mr. Speaker, that one of the key elements of this administration's development assistance policy is to shift a greater share of the burden on to the private sector and to make such assistance increasingly conditional on certain economic reforms by the host developing country. I would suggest that OPIC precisely meets this function inasmuch as it not only engages U.S. private business interests in the lead role of development assistance but also instills certain principles of free enterprise into the host country's economy.

Of course, I suppose there may be those who still assert that, notwithstanding all these achievements, foreign investments by U.S. companies is a dubious activity in itself. I would say to those who hold this view that perhaps they are not taking note of the evidence that U.S. foreign direct investment not only significantly enhances the U.S. competitive position in international markets, but also strengthens our economy here at home with expanded production and employment.

Mr. Speaker, it is apparent to me that the United States has a good deal going with the programs of the Overseas Private Investment Corporation as do the deserving nations of the Third World. We should pass this bill today and give OPIC every encouragement for the tasks ahead.●

NUCLEAR SHIFT TEST ENGINEERS

HON. THOMAS F. HARTNETT

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. HARTNETT. Mr. Speaker, I would like to bring to the attention of my distinguished colleagues a problem involving the nuclear shift test engineers who perform vital maintenance duties on our Nation's nuclear powered vessels. Presently, there exists a distortion in the pay relationship between the subordinate GS-11 and GS-12 nuclear shift test engineers and their GS-13 supervisors, wherein the engineers receive higher pay than their supervisors. Consequently, there is no incentive to accept the supervisory position and a shortage has developed.

This problem arose as a result of an Office of Personnel Management decision which declared the supervisory position to be professional, therefore, exempting it from coverage under the Fair Labor Standards Act. Yet, at the same time, it was determined by OPM that GS-11's and GS-12's were not professional positions, therefore, they continue to be covered under the Fair Labor Standards Act which requires payment of time and one half for all overtime in excess of 40 hours per week.

The Navy had expressed its concern in this situation, yet was unable to get OPM to reverse its decision. However, OPM is now completing development of a new classification standard for nuclear engineering positions which hopefully will address this pay relationship problem. Should the present pay relationship between supervisory and nonsupervisory nuclear shift test engineering personnel be continued, it is my feeling that special legislation may be necessary in this critical occupational area.

I encourage the Office of Personnel Management and the Department of the Navy to rectify this situation at the earliest possible date. The work of our nuclear personnel must be carefully monitored to insure that our efficiency and standards remain high.●

SENIOR CITIZEN RESOURCES, INC.

HON. MARY ROSE OAKAR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Ms. OAKAR. Mr. Speaker, one of the many privileges I have as a Member of Congress is representing creative, loving older Americans and those who work with them. This month, one of the finest programs in greater Cleveland celebrated its 10th anniversary. I am proud of its director, Doris Schwab, and proud of the work these older Americans have done. The following article explains their rich past. May they have many more decades of service.

HAPPY ANNIVERSARY—10 YEARS

Senior Citizen Resources has a decade of history. It is filled with determination, perseverance, and dedication.

SO, YOU MIGHT APPRECIATE THE PAST

The Cleveland Jaycees were asked by the Cuyahoga Metropolitan Housing Authority to provide a two day a week activities program for the 290 elderly persons residing in the Crestview Estates.

They accepted the challenge and in September, 1971, formed Elder Lot, Inc. Doris S. Schwab was hired as Executive Director to organize Crestview Center; the Cleveland Foundation awarded a grant for its operation. Interest grew, people became involved and in 1972 an Open House was held to invite the elderly residents of the community of Old Brooklyn to participate. After months of research and conferences and proposal writing, a Title VII Nutrition Grant was made to the Corporation! Without a doubt this was the key to the expanding program and to gaining the community support that is vital to the future of any such organization.

Seniors soon found open doors to service, nutrition, activities, transportation, education and volunteerism.

A newsletter called Crest Lines was compiled and quickly spread the good news about the congregate meals and the joy that one received when participating.

The Board of Trustees became very energetic in their quest for funding. Several Grants which were awarded included those from the George Gund, Beaumont, and Kulas Foundations. Support continued from the Cleveland Foundation for three additional years.

Federal funding was made to the agency through the Title III C and B of the Older Americans Act, and Title XX of the Social Security Act.

Two years ago the funding was greatly enhanced when United Way accepted the organization as a Member Agency. The seniors themselves, community groups, churches and individuals continue to invest their time and money in this great program.

In 1978, a second site, Brighton, was opened at Pearl and Broadview Roads.

Immediately following this expansion, the name of the Corporation, Elder Lot, Inc. was changed to Senior Citizen Resources, Inc. The newsletter, which was sent to several thousand seniors in Old Brooklyn, also took on a new look and most appropriately named Seniors in Touch.

Still on the move, great anticipation was experienced when Brighton Center moved to the new Deaconess-Krafft Center, located behind Deaconess Hospital. A grant of $125,000 was awarded for the expansion of the building.

Senior Citizen Resources, Inc. has served as a bridge into retirement for many who need to stay involved and has helped countless numbers of persons to stay comfortable in their homes to prevent or delay nursing home care.

A LOOK TO THE FUTURE

The wheel chair lift vehicle has just joined the small fleet of three vans which provide a means of mobility for hundreds of persons each week.

A program for the disabled is now in the development process.

The Health Service Project funded by the Deaconess Foundation is off the ground.

Various types of services, housing, and congregate living programs for elderly persons are being discussed and researched by the Board of Trustees.

The dedication of the seniors and the community to this program is unequaled. The Board of Trustees and Staff are motivated because of your support and needs. May we continue our efforts together to bring joy into the lives of those persons whom we meet and reach out to those who need our help. Happy anniversary.●

JAMES A. HALEY

HON. CLAUDE PEPPER

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 23, 1981

● Mr. PEPPER. Mr. Speaker, during the August recess, one of the fine and able members who served in this House passed away—James A. Haley. Jim had served in the House for 24 years. He was a dedicated, hardworking public servant. He rendered immeasurable service to the veterans of this country as chairman of the House Veterans' Committee. The veterans never had an advocate who sought more diligently and conscientiously to recognize in our veterans' programs the gratitude of this country for the service they had rendered and the lives they had offered to their Nation. Mr. Haley was also deeply concerned about our environment and especially the preservation of our natural resources. He contributed much to the work of the Interior Department and the preservation of our national lands, forests, streams, and other natural assets. Mr. Haley made a distinguished record in World War I, serving in the principal battles in which the American Forces were engaged in that war. He served in the Army of Occupation as well. He had a distinguished business career as a president and director of the Ringling Brothers Barnum and Bailey Circus. He successfully engaged in the newspaper publishing and in the printing business. He was chairman of the Democratic executive committee of his county, Sarasota, in Florida. He was, for 4 years, a member of the House of Representatives in the Florida Legislature and twice a delegate at the Democratic National Convention.

Hence, the life of James A. Haley was, to a large degree, spent in public service, serving his community and country. Everything Jim Haley did, he did with integrity, with determination, and deep dedication. He was a warm and constant friend, a gracious and charming gentleman, a great American. Jim Haley will be cherished by all who knew him. I shall always gratefully remember his friendship.●

ENHANCED RADIATION WEAPONS AND THE DEFENSE OF WESTERN EUROPE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. KEMP. Mr. Speaker, I want to take this opportunity to record my support for President Reagan's prudent and militarily sound decision to produce enhanced radiation warheads, popularly known as the neutron bomb. I fully agree with the President's decision, and I look forward to an early decision to field enhanced radiation weapons, to enhance the defense of America's troops in Europe. The special characteristics of the neutron warhead would increase deterrence in Europe by improving the credibility of an effective NATO counter to Soviet military power, which has reached alarming proportions. And such an increase in the credibility of deterrence would diminish the prospect that war would ever break out in Europe.

Notwithstanding the strength enhanced radiation weapons would lend NATO's deterrent, the President's decision to produce the weapons has been the subject of much controversy, not the least among the members of NATO. Much of the confusion surrounding these weapons must be laid to the past vacillation of the U.S. Government over whether or not to produce and deploy enhanced radiation weapons in Europe. President Carter initially decided yes, garnered the allies' concurrence and support—and then changed his mind. Moreover, the Soviet Union has conducted a well-orchestrated propaganda and disinformation campaign, to foster Western opposition to enhanced radiation production.

In short, there has been too much confusion and too little understanding surrounding what enhanced radiation weapons are, what they are designed to do, and what their implications might be for the defense of Western Europe.

I recently had the opportunity to meet a man who has a special insight into these questions: Mr. Samuel T. Cohen, an eminent physicist and defense adviser to the Reagan campaign. Mr. Cohen, who joined the Manhattan project fresh out of graduate school, developed the original technical-military concept of enhanced radiation weapons in the late 1950's, for which he has been acclaimed "the father of the neutron bomb." I would like to share with my colleagues some of Mr. Cohen's observations, as set forth in the following excerpts from a recent op-ed article he wrote for the Los Angeles Herald Examiner:

> The neutron bomb operates on a principle essentially the opposite of nuclear battlefield weapons thus far stockpiled by the United States. Instead of deriving its effects from fissioning (splitting) the very heaviest atoms, i.e., uranium and plutonium, it is based on the fusing (joining) of the very lightest of atoms—hydrogen. Instead of maximizing destructive blast effects and the output of highly toxic radioactivity, which occurs from fission reactions, the neutron bomb's fusion reactions minimize these two undesirable qualities. Most of the energy from the neutron bomb is in the form of very energetic and penetrating neutrons, with a minimum of blast and radioactivity. As a consequence, these weapons can be used to neutralize enemy forces on the battlefield without the attendant destruction of civil property and large areas of radioactive contamination.
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> During the first neutron bomb debate, a number of objections were raised against deploying these weapons in Europe. It was held that deployment of neutron bombs would lower the threshold of nuclear war. However, the responsibility for a war in Europe escalating into nuclear conflict resides with the U.S. president. Only the president, the commander in chief, can order the use of nuclear weapons. Former President Carter made it very clear what presidential policy on this matter was when he wrote. "The decision to use nuclear weapons of any kind, including (neutron) weapons, would remain in my hands. . . . A decision to cross the nuclear threshold would be the most agonizing to be made by any president. I can assure you that these weapons will not make that decision any easier. But by enhancing deterrence, they could make it less likely that I would have to face such a decision."
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> It has been said that neutron bombs are immoral because they kill people while sparing property. Most who make this charge do not bother to point out which people are being killed and what property is being spared. The people are enemy personnel, i.e., Russian soldiers, in the event of an invasion of Europe. It would be the intent of European soldiers to kill Russian soldiers, using whatever weapons they are provided, to keep their territory from being overrun and occupied. (It always has been the intent of soldiers to kill enemy soldiers.) Were neutron bombs to be used, the killing would become much more effective. Also, and practically never is this pointed out, in the vast majority of cases those who survive the neutron effects will fully recover. To see the human aftermath of non-lethal conventional weapon effects, go to any VA hospital. As for the spared property, these happen to be the urban-industrial assets that will enable the civilians to go on living after the war is over.
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> What good would it do, it is sometimes argued, for NATO to employ discriminate neutron bombs, when the Soviets will respond with indiscriminate tactical nuclear weapons, producing appalling and unacceptable damage to Europe?
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> Our knowledge of Soviet nuclear capabilities is too restricted to allow for either acceptance or rejection of this argument. As U.S. government nuclear weapons official Edward Teller has stated, "Those who argue that U.S. introduction of low collateral damage tactical nuclear weapons is meaningless as long as the Soviets maintain high yields ignore the possibility that the Soviets have already moved toward lower yield systems or will do so in response to the U.S. initiation." Regarding the possibility of the Soviets having developed and produced neutron bombs, Leonid Brezhnev said recently that many years ago the USSR had tested these weapons.
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> Beginning in 1961, with the Kennedy administration, the importance of achieving discriminate tactical nuclear capabilities such as the neutron bomb, effectively disappeared. In fact, in 1963, when a very successfully tested neutron warhead was proposed for Army battlefield missiles, the Kennedy administration openly argued against such production.
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> This U.S. policy attitude has persisted up to the present time. As a consequence, there is not one warhead in the NATO battlefield nuclear arsenal that reflects the very considerable progress made by the United States in discriminate warhead technology during the last two decades. Nor, as of today, is there even one production requirement for discriminate battlefied warheads, including, of course, the neutron warhead.
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> Moreover, because of NATO's basic policy—the so-called Flexible Response policy—it is extremely difficult to argue for the large-scale incorporation of neutron warheads into its arsenal. The highly emotional outbursts in most NATO European countries after Weinberger's remarks make it very plain how those countries choose to interpret the politics of this policy. There is no room here to debate the efficacy and credibility of NATO's Flexible Response policy which conceptually is now more than 20 years old. Rather, it will be briefly explained and the role of the neutron bomb in this policy context examined.
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> The European Theater war.
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> It involves a war scenario something like this:
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> After extensive preparation, giving NATO ample time to prepare its defenses, the Soviet/Warsaw Pact armies invade Europe with conventional forces. (No nuclear weapons are employed by the Soviets.) In this initial phase of the war NATO will defend only by conventional means.
>
> If NATO's conventional defenses fail and deep enemy penetrations into West Germany seem imminent and unavoidable, to prevent such incursion and the over-running of NATO forces, battlefield nuclear weapons now come into play. (It is assumed that the Soviets still will not employ their own nuclear weapons.) This will involve some number of these weapons, ranging from tens to perhaps a couple of hundred, used against the forward enemy armored echelons to neutralize these forces and bring the attack to a halt. Whereupon, it is expected, the Soviets will choose to end hostilities and move to the conference table.
>
> If this tactical nuclear gambit does not succeed in bringing hostilities to a halt and the Soviets persist, then, in accordance with

its longstanding pledges, the United States will broaden the war to include nuclear attacks against the Soviet Union itself. The expectation is that such drastic reprisal surely will bring Soviet aggression to an end, if indeed the threat of such action hasn't already succeeded in this purpose.

It is in this second phase that the neutron bomb comes in. The U.S. government has maintained, correctly so, that using neutron weapons in this battlefield role will enable highly effective attacks to be made against enemy armor, while at the same time significantly reducing the danger to friendly defending troops and substantially reducing the extent of civil damage in West Germany. On this basis neutron weapons would seem distinctly preferable to the currently stockpiled tactical nuclear weapons. Former President Jimmy Carter made this preference very clear, when he argued for neutron bombs in 1977.

If, despite these advantages, NATO Europeans, particularly the West Germans, do not want these weapons deployed on their soil, one should be inclined to respect their views. They do have very sensitive domestic political problems on this issue and do not desire to have the United States force these weapons down their throats. (That, essentially, is what we used to do in the years leading up to the neutron bomb debate beginning in 1977. We were their nuclear protectors; we would decide on what weapons to deploy).

However, there is one problem, a U.S. problem having its own domestic political sensitivities, which works to complicate this issue. The territory the Germans want to spare from nuclear weapons deployment also happens to be occupied by almost 200,000 troops which the United States long and generously has provided to help protect NATO Europe.

Looking at these troops from a U.S. standpoint, their commander in chief, the president, may feel obliged to protect NATO Europe by keeping them in Germany to honor our alliance commitment. At the same time, however, he also is obliged to protect these American forces with the best possible military means to prevent their defeat and capture in the event of war. Thus, if neutron bombs represent the best means of accomplishing this objective, we would want to have them at least deployed by U.S. forces in Germany. Their use would substantially reduce civil destruction and carnage, even below the levels resulting from large-scale conventional conflict. Although, in principle, this might be appealing from a European standpoint, from an American standpoint, it should be secondary to concern over the survival of its own forces.

Regarding the allegedly higher priority for U.S. intermediate-range nuclear missiles (ground-launched cruise missiles and Pershing II ballistic missiles) to be deployed in Europe, it should be realized that in the context of the war scenario described above, the use of such weapons will have but little direct military effect on stopping the Soviet/Pact armored forces. By striking enemy forces in Eastern Europe and Western Russia, they might have a beneficial effect in the event the war were to be prolonged. But they hardly would represent by themselves a means to prevent U.S. and NATO European forces from being overrun on the battlefield. These missiles properly belong to the third phase of Flexible Response when the United States invokes its strategic nuclear pledges to NATO. (Pledges that Henry Kissinger declared recently the United States would never honor in view of the possible horrendous consequences for the United States should such attacks on Soviet soil bring a Soviet nuclear response on U.S. soil.)

At least symbolically, the current revival of the neutron bomb issue represents a fundamental conflict of belief between Europe and America over Europe's defense. It has to do with whether NATO Europe is seriously willing to defend itself against ground invasion or whether it prefers to use the strategic nuclear guarantees of the United States as a reason (or rationalization, as many see it) to avoid establishing a credible ground defense. It has to do with whether for the sake of the alliance, the alliance will choose to continue with a policy (and its corresponding military capabilities) which is decreasing in credibility—as the Soviet conventional and nuclear forces continue to increase and increasingly exceed those of the West—or change its course toward a more realistic solution.

While the United States may feel great obligations to the NATO alliance, it also has fundamental obligations to itself. This includes economic obligations which are becoming most pressing. Backing up U.S. troops stationed in Germany is an overall investment of ground, air and sea forces whose annual upkeep is approaching $100 billion a year. To many Americans, the idea of bowing to German resistance against deployment of neutron bombs, whose use might save American forces (and also German forces) from defeat, may not be acceptable.

The enormous U.S. contribution to NATO Europe is to prevent Europe from being overrun and occupied. Were such prevention to bank on U.S. strategic nuclear retaliation against Russia, there would be no need for this huge American military investment in Europe's defense. Without an adequate ground defense, which more than 30 years after the creation of NATO continues to be the case, the American forces in Germany are little more than potential hostages in the keep of the Red Army. This is not acceptable to Americans.

Recently, I spoke with a former U.S. defense secretary about neutron bombs. He declared his full support for producing these weapon and I declared my skepticism about their production, opining that German resistance would thwart any U.S. production decision. "Who said I was talking about European deployment?" he replied "I was thinking about Korea." His thoughts are worth considering.

Contrary to the claim made by the Carter administration that neutron weapons were designed solely around European deployment, the truth of the matter is that the original neutron bomb concept was formulated primarily with Asian limited war scenarios in mind. (I should know, I did it.) Fresh in mind at that time was the Korean War experience and all its frustrations for the United States.

With respect to helping defend South Korea with neutron weapons, four key points are in order.

First, the U.S. has sizable military forces in South Korea—about 30,000 troops. (Very recently, President Reagan pledged to keep these forces there.) For the reason given above in advancing the need for European deployment, i.e., the requirement to best protect American troops, the same holds true in Korea.

Second, in contrast to the West German repugnance for neutron weapons, the South Koreans are almost certain to welcome deployment on their soil. Augmenting Korea's defense with neutron bombs, the alleged "super weapons," would substantially strengthen an alliance which has seen considerable tension in recent years.

Third, doubtless the introduction of these weapons by the United States would greatly enhance deterrence of aggression by the North.

Fourth, should deterrence fail, as happened in 1950-51, Seoul, only 25 miles below the DMZ (and the vital artery in South Korea's economic and political bloodstream), may again become a major battleground. In such an event, were neutron warheads available for Seoul's defense, the almost total devastation from the first Korean War could be avoided.●

TRIBUTE TO HUGH L. WILLCOX

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. NAPIER. Mr. Speaker, very soon, an outstanding citizen, Mr. Hugh L. Willcox, a personal friend and long-time member of the legal profession, will retire from the University of South Carolina's board of trustees after 18 years of dedicated service. I do not want to let the opportunity pass without pointing with pride to a man who is a highly respected member of his community and State.

A quick look at a list of Mr. Willcox's accomplishments will make a person wonder when he had time to practice law. His work in educational, civic, religious, and business activities is superseded only by his countless contributions to his profession.

Professionally, Mr. Willcox serves as the guiding force of the Willcox, Hardee, O'Farrell, McLeod, Buyck & Baker law firm of Florence, S.C. While his boundless knowledge of the law has made him highly admired among his peers, his service in professional organizations has won him equal respect.

He has served as president of the South Carolina Bar Association and the Florence County Bar Association and holds memberships in the American Bar Association's Committee on State Legislation, American Counsel Association, Association of Insurance Attorneys, Judicature Society, National Association of Railroad Trial Counsel, South Carolina Defense Attorneys' Association, and the South Carolina State Bar Foundation. He is also presently serving as a member of the Fourth Judicial Circuit Conference.

His civic service has touched all facets of society. He has served as president of the Florence Kiwanis Club and the Florence County Museum, where he still serves actively on the board of trustees. He also holds trusteeships or directorships on the American Cancer Society, Florence

County Memorial Stadium Commission, McLeod Regional Medical Center, Pawley's Island Civic Association, South Carolina State Library Board and the Tricentennial Commission of South Carolina. He has additionally been active in the American Legion, Florence County Historical Society, and the Defense Research Institute.

He is a member and past junior and senior warden of St. John's Episcopal Church of Florence.

Business activities beyond his law practice include memberships on the advisory board of the South Carolina National Bank, from which he retired in 1978 after 30 years service; and chairman and member of the board of directors of People's Federal Savings and Loan Association; plus memberships on the boards of Litchfield Golf Co., Inc., of Pawley's Island and the Pawley's Island Pavilion Co.

In educational circles, he has also made his mark. Of course, the occasion first mentioned in these remarks was of his retirement after 18 years of service on the University of South Carolina's board of trustees. That institution's progress during this period has been immeasurable. Much of that progress is due to the leadership provided by Hugh L. Willcox. He not only took a special interest in the university, but also offered his educationally oriented leadership to St. Mary's Junior College of Raleigh, N.C., and the James F. Byrnes Academy of his hometown, Florence.

America, South Carolina, the Sixth Congressional District and Florence will long continue to reap the benefits of a lifetime of service by our friend Hugh L. Willcox. Albert Schweitzer's words summarize this man's life: There is no greater religion than human service. To work for the common good is the greatest creed.

Hugh L. Willcox has spent his life in human service—working for the common good. I salute him and am honored to call his accomplishments to the attention of the House.●

ACID RAIN—WE NEED A BALANCED APPROACH

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. CORCORAN. Mr. Speaker, I am concerned about the increasing number of statements being made about the issue of acid rain and its supposed health and environmental effects. Recently, reports on acid rain have been issued by the General Accounting Office and the National Research Council of the National Academy of Sciences. Articles appeared earlier this month in Sports Illustrated and the Chicago Tribune. The article in the Tribune was entitled, "Canadians Blame U.S. for Acid Rain." Several of our congressional colleagues have made statements on acid rain that have appeared in the CONGRESSIONAL RECORD. The Office of Technology Assessment is currently studying the issue as is a task force created by title VII of the Energy Security Act. Tomorrow, the Energy and Commerce's Subcommittee on Health and the Environment begins 3 days of hearings on the issue of acid rain.

I have recently become aware of a paper on this issue. The paper, entitled, "Canadian Economic and Energy Policy Factors Affecting the Acid Rain Issue," was written by Mr. James M. Friedman, an attorney with the Cleveland law firm of Guren, Merritt, Feibel, Sogg & Cohen. Mr. Friedman discussed the findings presented in this paper at a late July meeting involving the Ohio congressional delegation. He is working with a group of Midwestern utilities, the Coalition for Environmental and Energy Balance, on the issue of acid rain. In his paper, Mr. Friedman discusses in some detail the domestic forces which drive the Canadian initiatives in connection with acid rain and Canada's economic and energy policies.

The General Accounting Office, in its report earlier this month, stated:

> Acid precipitation may be one of the most polarizing yet least understood energy/environment issues of the 1980's.

I agree with this characterization, and I urge my colleagues to carefully consider the ramifications of any proposed Federal legislative action on this issue. Mr. Speaker, excerpts from Mr. Friedman's paper follow, and I commend his comments to the attention of all Members.

CANADIAN ECONOMIC AND ENERGY POLICY FACTORS AFFECTING THE ACID RAIN ISSUE

Discussions of the acid rain issue necessarily involve an evaluation of complex, interrelated scientific issues. The mysteries and uncertainties of atmospheric chemistry, long-range dispersion modeling or geological buffering capacities dominate the various seminars and conferences at which the topic of acid precipitation has been presented so often recently. While these subjects are essential to the Policy Making process, they have effectively diverted attention from equally important issues which are relevant to the ultimate legal and policy resolution of the acid rain question.

Any full-scale, permanent accommodation of the competing interests symbolized by the acid rain controversy must necessarily recognize the broad economic, energy and political context within which the various parties to this dispute are functioning. Without an intelligent appreciation of the domestic forces which drive the Canadian initiatives in this area, responsible executive and legislative policy makers run the severe risk of misunderstanding or miscalculating the actual long-term effects of the various "solutions" which are proffered in the name of international cooperation and environmental protection. Thus, I believe that just as a careful program of scientific research is necessary to evaluate current Canadian demands for immediate, drastic action, so too it is essential to study the domestic Canadian roots of these political initiatives and the likely long-term effects of the requested solutions on the international interests of the United States.

As an example of the highly political coloration of the current state of the Canadian position on acid rain one need only review the claims made by the Canadians with respect to individual sources of sulphur dioxide emissions in the Midwest and Ohio Valley. Reviewing the voluminous documentation offered by the Canadians at both the federal and provincial levels, as well as the extensive propaganda program funded by Canadian governmental sources, one finds no reference to emissions from sources located in the states of Pennsylvania, New York, Connecticut, Massachusetts or the other New England states. The seeming paradox of the omission of sources closest to the Canadian border in the face of allegations about other sources hundreds of miles further south and west can be explained only by the political alliance between the Canadians and those so-called "downwind" states. (This paradox has been further documented in the pending Section 126 proceedings before the USEPA in which, among other things, the State of New York has complained about alleged violations of ambient air quality standards caused by sources as far west as Illinois without any reference whatsoever to sources located in its allied state of Pennsylvania.) Politics, not science, is at the root of such a position.

Foremost in any discussion of the context within which the acid rain issue must be evaluated is the intensive program of energy resource and economic nationalism orchestrated by the Canadian federal government. The centerpiece of this effort is the National Energy Policy announced by Prime Minister Pierre Trudeau in October, 1980. Originally promoted as a plan for energy self-reliance for the Canadian economy, the NEP has aroused intense domestic Canadian, as well as international, opposition.

In broad outline, the NEP has three basic objectives: (1) To gain Canadian control of at least 50 percent of the country's oil and gas production by 1990 (as compared to the current level of 30 percent); (2) to increase the share of oil and gas owned by the Canadian federal government; and (3) to regulate the supply and demand of energy sources through tax and financial incentives to consumers and producers.

Aside from the taxing mechanisms employed through the NEP, it is clear that one of the major objectives of the program is to maintain Canadian oil prices at levels well below the international market price. For example, the current Canadian price is $18.75 per barrel as compared to an average world market price of approximately $40.00 per barrel.

Directly related to the NEP objective of increased Canadian involvement and ownership in the energy industry, is Prime Minister Trudeau's proposal for "Canadianization" of the country's other industries. This program aims to reduce foreign ownership of Canadian industry from 70 to 50 percent by 1990. Its basic elements consist of the following:

EXPANDED USE OF THE CANADA DEVELOPMENT CORPORATION

The CDC is a government financed holding company created to control activities in five industries: petrochemicals; pipelines and related oil transport; mining and refining; health care products; and advantage capital. An example of its recent activities is the role which it played in the acquisition of all of the Canadian assets of Texasgulf, Inc. thus eliminating a major American presence in Canada.

EXPANDED USE OF THE FOREIGN INVESTMENT REVIEW AGENCY

This government body reviews and assesses the performance of large foreign firms in Canada and must review all proposed takeovers of Canadian companies by foreign companies. Prime Minister Trudeau is currently attempting to further expand the power of FIRA.

ENFORCEMENT AND EXPANSION OF THE "GILLESPIE GUIDELINES"

These regulations, among other things, encourage foreign owned entities to conduct research and development in Canada and to encourage them to become sole suppliers of certain products for export from Canada to their home countries.

EXPANSION OF THE EXPORT DEVELOPMENT CORPORATION

This agency offers various types of economic assistance to Canadian exporters in order to encourage expansion of overseas markets and meet international credit competition.

At the same time as the government of Canada is moving swiftly to gain control of foreign assets in Canada, it has encouraged Canadian private businesses in an expansive takeover campaign of foreign investment in the United States. Current unofficial estimates of Canadian direct investment in the United States exceed 20 billion dollars, with substantial growth expected during the decade of the 1980s.

The primary driving forces behind these takeovers and mergers include the easy availability of Canadian (and American) bank credit, Canadian tax incentives, and Canada's weak anti-trust legislation which accords mergers prima facie legal status. Thus, at a time when the Canadian government is actively eliminating American economic opportunity and historic investment opportunities in Canada, Canadian private enterprise is engaged in an unprecedented intrusion south of the border.

Many of the foregoing economic and industrial issues which I have described affect, or are affected by, the current intensive debate over the status and future of the Canadian Constitution. Without detailing the nuances of the current constitutional debate, it is important to emphasize that federal-provincial tensions over the status of the constitutional powers of each level of government has further intensified the East-West conflicts over control of energy and natural resources as outlined previously. These tensions have found their political expression in the fact that no member of the ruling Liberal Party which currently runs the federal government has been elected from west of Manitoba. On the other hand, the opposition Conservative Party was not able to elect a single member of Parliament (out of 74) from the province of Quebec. This degree of political polarization accurately reflects the political and economic conflicts which have encouraged the Canadian federal government to seek external issues which might unify Canadian constituencies. The acid rain issue is clearly one of these.

It should be clear that the acid rain issue and its attendant problems is only one of a range of economic-energy-environmental issues on the agenda between the United States and Canada. Each of these issues is directly related to the internal domestic policies being pursued by the Canadian government and must be approached with the Canadian objectives in mind. Another example of this range of issues is the long-term replacement of American coal sources for the production of power in Eastern Canada. As the Canadian National Energy Policy encourages the development of domestic petroleum sources, it also is encouraging the replacement of the utilization of Eastern U.S. coal sources with Western Canadian sources for the production of electricity in Ontario. Within the last four years the use of Canadian coal by Ontario Hydro has increased 12-fold while the importation of American coal has decreased at least 12 percent. Further, a large number of long-term U.S. coal supply contracts with Canadian users will expire within the next five years and probably be replaced with Western Canadian coal or lignite.

Keeping in mind the general direction of current Canadian energy and economic policies, let us examine both the structure and content of the Canadian scheme of environmental control. At the federal level, programs to control pollution are the responsibility of the department known as Environment Canada. The jurisdiction of this department ranges far beyond environmental protection to include wildlife, fisheries, historic sites and national parks. In this sense Environment Canada performs many of the same functions as the U.S. Department of Interior. The environmental obligations of the department are located in the Environmental Protection Service. It is important to point out, however, that federal authority to execute comprehensive environmental programs is severely limited by constitutional restrictions in Canada. In this sense, environmental policy is yet another ground of conflict in the escalating tension between the federal government and the provinces, as well as the East and the West. In general the federal government is limited to a coordinating and support role supplementing the provincial programs.

Since the primary jurisdiction to control air pollution in Canada lies at the provincial level, it is somewhat instructive to review actual behavior in this field, rather than the fashionable rhetoric that has become part of the Canadian official policy in promoting the acid rain issue. The actual record of the Ontario government in particular does not support Canadian claims of stringent control measures at home as the basis for demands for drastic reductions by U.S. sources.

The best known source of sulphur dioxide emissions on the entire North American continent is the International Nickel (INCO) copper smelter located at Sudbury, Ontario. This particular source has been estimated to emit between 1 and 3 percent of all the sulphur dioxide produced on the North American continent. These emissions averaged an estimated 6,000 tons per day in 1970 when the provincial government ordered INCO to reduce these to 750 tons per day by the end of 1978. However, the INCO smelter was still emitting 3,600 tons per day and much of the reduction which had been achieved was the result of cutbacks in smelting operations rather than the introduction of pollution control equipment. Recently the Ontario Ministry of Environment announced a new program to "reduce" Sudbury's emissions to 2,000 per day by 1983—a level almost three times as high as the amount originally required for 1978. Ontario's performance in the control of sulphur dioxide emissions at the Sudbury smelter is not unique. With much fanfare Ontario Hydro recently announced that it would be undertaking a significant program of pollution control estimated at a cost of Five Hundred Million Dollars. This program was obviously aimed at supplementing Canadian demands for extensive new controls in the United States. However, a closer review of the Ontario Hydro program demonstrates that its "goal" is to reduce emissions below 1970 levels after the year 1990. In fact, data compiled from Ontario Hydro itself shows that total emissions from its coal fired stations in 1982 will have increased to a level almost double that of 1970. (It is interesting to note that included among these increasing Ontario Hydro emissions will be more sulphur dioxide from a coal fired station being reactivated in order to sell electricity for export to General Public Utilities in the United States to replace power from the Three-Mile Island station.)

These hard figures demonstrate that Canadian behavior in the environmental field does not necessarily match its rhetoric meant for consumption south of the border. This has not escaped comment by domestic Canadian commentators either. In its recent brief to the Acid Rain Subcommittee of the Canadian House of Commons the Montreal Society to Overcome Pollution stated "The Canadian government is resorting to its unfortunate practice of blaming the Americans for the problem, and . . . planning no changes at home."

The inconsistent position of the Canadian environment establishment is best demonstrated with respect to one other factor in the acid rain equation. It is generally agreed that motor vehicle emissions (oxides of nitrogen) constitute an important and growing component in any evaluation of acid precipitation. In fact, some sources believe that by 1990 nitrogen oxides will constitute the greater proportion of any acid precipitation problem. Nevertheless a comparison of U.S. and Canadian 1981 exhaust emission standards for passenger cars shows that while the United States standard is 1.0 grams per mile the Canadian standard is three-times more lenient, 3.1 grams per mile. Since recent studies conducted for the United States Department of Energy indicate that oil fired sources of nitrogen oxides, including motor vehicles, may constitute the most important component of any acid precipitation problem, it is interesting to evaluate the insistence of the Canadians that their problems stem from coal fired power plants hundreds or thousands of miles distant rather than nearby concentrations of automobile emissions which are not controlled at a level similar to U.S. standards.

A review of the current status and future plans of the Canadian electric utility industry is instructive and helps synthesize much of the previous material relating to Canadian energy policy and domestic environmental regulation. Current plans provide for a mix of electric generation in Canada by the year 2000 to be provided 47 percent by nuclear facilities, 37 percent hydro electric and 16 percent fossil fuel, mainly coal. (Current 1980 proportions are 9.4 percent nuclear, 69 percent hydro and 21.6 fossil fuel.) Thus, Canadian energy planning is heavily dependent upon the expansion of nuclear capacity between now and the end of the century. An extensive nuclear building program is currently underway to meet these plans. (Interestingly enough, in view of Canadian complaints about U.S. power plant pollution, large amounts of nuclear waste from Canadian plants are regularly disposed of in the United States.)

In the past few years Canadian exports of electricity to the United States have grown significantly reaching a level of 793 million dollars in 1980. With the completion of additional high voltage transmission interconnections between Canada and the United States an additional 30 percent increase in such exports will occur by 1985. Further substantiation of these intentions is supplied by Ontario Hydro's recent application to the National Energy Board for approval of export of up to 20 billion kilowatt hours in 1983 as compared to 11 billion kilowatt hours in 1981. In addition, Hydro Quebec has planned expansion of its hydro electric capacity to increase exports to New England and New York. This trade is projected to be so lucrative that the province of Newfoundland is engaged in a severe conflict with Quebec over the profits involved in the resale of Newfoundland hydro power in the U.S. by Hydro Quebec. (This conflict is further exacerbated by the unavailability of financing for Hydro Quebec projects due to concern over the separatist movement in Quebec.)

In this brief discussion, naturally, it is not possible to explore in detail the nuances and complexities of the broad economic and political issues of which the acid rain controversy is only one part. However, it should be clear that whatever the atmospheric or chemical causes of acid precipitation, if any, may be, the causes of the acid rain political controversy are clearly traceable to carefully planned Canadian National Energy objectives and the intense domestic Canadian controversy over federal and provincial control of natural resources and energy. A thorough review of the implications of exchanging American dependence upon imported oil for potential dependence upon imported Canadian electricity would be essential for American policy makers before acceding to the extensive and sophisticated public relations program sponsored by the Canadian government demanding immediate, drastic solutions. In addition, a careful review of the potential local sources and relaxed regulatory climate in Canada is necessary at the same time. Finally, a thorough understanding of the complementary nationalization of Canadian industry simultaneous with the unprecedented level of Canadian investment in American markets will help to place the acid rain controversy in the proper Geopolitical context. Without a proper and thorough understanding of all of these factors, domestic and international, any American response to the acid rain issue could compromise vital American interests without any appreciable improvement in international relations or environmental protection.●

FARM BILL

HON. ARLAN STANGELAND

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. STANGELAND. Mr. Speaker, America cannot afford to have us pass a watered-down farm bill. The basic farm programs that come out of this debate will have far-reaching effects on our farmers, our consumers, and our whole economy.

From the beginning of his administration, I have supported the goals of President Reagan.

I believe that restrained Federal spending will help to lower inflation and interest rates.

I believe that lower taxes will increase investment, employment, productivity, and the tax base.

I believe that we will balance the Federal budget when the economy recovers and grows.

But I do not believe that the administration's goals will be aided by a weak farm bill. If you want to increase jobs and productivity, do not punish the besieged farmers. If you want to lower inflation, do not vote against a steady food supply at stable prices. And if you want to hold down spending, do not vote for false savings that will be canceled by expensive remedial actions that may be necessitated by the effects of a weak farm bill.

I am not exaggerating the disastrous conditions facing the farmer.

It was rural America that bore the brunt of the wrongheaded Soviet grain embargo. Interest rates are clobbering the farmer and small businessman, who cannot pass along the cost to the consumer. Inflation and high fuel costs are choking the men and women who raise our food. And farm income has tumbled from $33 billion in 1979 to $19 billion in 1980, a decrease of over 40 percent, with no projections for real improvement in 1981 or 1982.

Many farmers are going down for the third time. And if they go under, they will drag a lot of consumers with them.

The administration's outlook on the farm bill is twofold and has a certain appeal. It is right to try to restrain Federal spending. And it is right to work for a market-oriented, free-enterprise philosophy for the farm industry in normal times.

But these are not normal times. The economic disaster facing American farmers, and the whole economy prevents an immediate leap away from basic and reasonable farm programs. There are no jobs to be had on abandoned farms and no taxes to be gleaned from silent fields.

I think that the administration would admit that it underestimated the long-range effects of the grain embargo. It is now realizing that the impact of that unilateral action, combined with record crops and near-record carryovers, have closed or hampered our access to many overseas markets.

We have been able to persuade the administration to make a few concessions along the way. They have agreed to accept a 15-percent set-aside provision for the wheat program. And they have consented to accept whatever sugar and peanut programs Congress settles on.

In the next few days, I will try to persuade you of the merits of each of these individual commodity programs. But for now, I would like to share my views about the overall farm bill.

This bill is not a raid on the Treasury. It is a small investment in a steadily priced, stable food supply. Most of these programs provide only loans that are repaid with interest.

This bill is not a rip-off of the consumers. Most of these programs provide support that is well below market prices. This is proven by the fact that, even with Federal farm supports, the American consumer only spends 16.2 percent of his disposable income on food, while Soviet consumers spend 45 percent of their income just to put food on the table.

And finally, this bill is not a huge giveaway for the farmers. These modest programs only help farmers to cover their cost of production and bring their crops to market in an orderly fashion.

The modest increases this bill makes on the Senate version work out to about $5 per American consumer. You will be spending more than the $5 bill for higher food prices at the supermarket next year if we pass a weak farm bill.

The strength of the farm bill will reflect the strength of the farmer. And the strength of the farmer will reflect the overall strength of the economy. I hope you will give this bill your utmost consideration in the course of debate during the next few days.●

THE BUDGET CUTS: ROUND TWO

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. FIELDS. Mr. Speaker, I rise in enthusiastic support of President Reagan's second round of budget cuts. It is the responsibility of this legislative body to enact additional cuts in Federal spending if we ever hope to balance the budget, reduce high interest rates, and once again have a strong, healthy economy.

Without these additional reductions, fiscal year 1982 outlays will hit $722 billion, $27 billion above both the administration's budget and the first Gramm-Latta budget resolution.

Without the new budgetary savings, the fiscal year 1982 deficit will grow to $59 billion and, combined with $20 billion in off-budget spending, total Federal borrowing for fiscal year 1982 could reach nearly $80 billion for the third year in a row.

Mr. Speaker, the Federal budget has become a fiscal albatross. Interest on the public debt is estimated at $109 billion for fiscal year 1982. We must curtail Federal spending in an attempt to balance the budget, reduce Government borrowing and eventually bring down high interest rates.

Now is the time to put aside partisan rhetoric and the misguided policies of the past which have brought us persistent double-digit inflation, high interest rates, and a stagnant economy.

I implore my colleagues to support additional budget cuts which will lead us down the road to economic recovery.●

GRASSROOTS SUPPORT FOR EXTENDING THE VOTING RIGHTS ACT

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. CONYERS. Mr. Speaker, the House is scheduled to begin debate next Monday on one of the most important bills we will take up this year, H.R. 3112, a bill extending the Voting Rights Act of 1965. Since its enactment, the Voting Rights Act has been successful in increasing minority participation in the electoral process. During the hearings on H.R. 3112 nearly 100 witnesses affirmed the continuing need for this legislation, evidencing a strong grassroots support for the bill.

Further evidence of the grassroots support for this legislation is provided in an article from yesterday's Detroit Free Press describing the activities of community groups in Detroit on behalf of the Voting Rights Act extension. I applaud the efforts of these organizations and pledge to work with them toward the goal of passage of H.R. 3112.

I am inserting a copy of the article in the RECORD at this point so my colleagues will be aware of their efforts and of the strong public support for the Voting Rights Act.

[From the Detroit Free Press, September 30, 1981]

VOTING RIGHTS COALITION FORMED

(By Gerald Volgenau)

Representatives of 11 Detroit groups said Friday they had united to call for the unamended extension of the Voting Rights Act of 1965.

The act, described as "the most effective civil rights law ever passed," protects minorities' rights to vote by specifically banning literacy tests, unfair redistricting, poll taxes and other discriminatory practices.

A bill to extend enforcement provisions of the Voting Rights Act 10 years beyond the present termination date of August 1982 is scheduled to be brought before the U.S. House of Representatives next week.

"We are here to demand that the Voting Rights Act be extended . . . without any weakening amendments," said Willie Hampton, of the A. Phillip Randolph Institute-Labor Alliance Coalition.

"We are here to show the depth of support in the community to extend the Voting Rights Act," said Norman Naimark, of the Labor Zionist Alliance.

Other groups represented included the Detroit Association of Black Organizations, the Detroit Roundtable of Christians and Jews, the Interdenominational Ministerial Alliance, the Jewish Community Council, the Jewish Labor Committee, the Metropolitan Detroit AFL-CIO, the Rabbinical Council of Metropolitan Detroit, the UAW and the Workmen's Circle.

According to Catherine LeRoy, counsel to the House Judiciary Committee, the act itself is permanent, and only certain sections might be terminated if not approved by Congress.

The heaviest debate surrounds Section 5 of the act, which requires that some states and counties must get federal approval or "preclearance" before changing any election laws.

A compromise reached this summer by the House Judiciary Committee would let the states and counties avoid this rule if they meet a set of rigid requirements concerning their records on voting rights.

Section 5 is intended to prevent redistricting that disenfranchises minority voters.

Michigan is not among the states that must get federal preclearance. This section only applies to Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, Virginia, and selected counties in several other states.

Another section involves the continuation of bilingual education to ensure full voting rights. This section does not expire for another four years, but has been included in the House bill.

In Detroit, speakers supported the need to continue the voting rights rules by citing recent appearances by the Ku Klux Klan and neo-Nazis, the growth of conservative forces in government and numerous violations of the act over the past 15 years.

"In the atmosphere of the present administration, certain social gains which had been assumed can no longer be assumed," said Naimark. "We have certain conservative forces and we can't assume anything any more."

"This is an insurance policy that we didn't need according to the Constitution," said Charles Benham, director of the Detroit Roundtable. "But we found that without the insurance policy, the basic spirit of the law will not be acted out."

"Eight hundred violations (of this act) were brought to the Justice Department," said David Offenheiser, a UAW international representative. "I think it is 800 too many * * * and we don't want any more."●

HOUSE CONCURRENT RESOLUTION 191—BALANCE IN U.S. HUMAN RIGHTS POLICY

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, on September 24, I introduced House Concurrent Resolution 191 which "expresses the sense of the Congress that all athletic teams from the United States should refuse to participate in any sport event with athletic teams from the Union of Soviet Socialist Republics." It is my judgment that, in view of the legitimate criticisms voiced in these Chambers against the U.S. tour of the South African Springbok rugby team, this limited action is necessary to underscore and reaffirm America's commitment to a genuine and balanced policy of human rights.

House Concurrent Resolution 191 follows closely behind House consideration of House Concurrent Resolution 183 in which 200 Members of Congress voted to go on record opposing South Africa's policy of apartheid by expressing the sense of the Congress that the Springbok rugby team not play in the United States. I supported this resolution because apartheid is morally reprehensible and contrary to the very nature of man. It is a policy totally at odds with respect for human rights and fundamental freedoms.

Mr. Speaker, the United States would be false to its own political values and traditions if it stood silent in the face of political repression. Running throughout the American political character is the theme that America occupies a special place in the hard march of mankind. As Cushing Strout has shown in "The American Image of the Old World," the self-image of America is that of a land of virtuous simplicity untainted by tyranny, injustice, and vice. Our Founding Fathers—Benjamin Franklin, Thomas Paine, Thomas Jefferson, John Adams, Alexander Hamilton, and others—all believed that it was America's destiny to be the repository and the exemplar of human freedom.

America, unique among all nations of the world, was established with freedom as a fundamental right bequeathed to all men by their Creator. In the document which declared the independence of America from the tyrannical rule of the British King, it is stated:

> We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.

The very essence of the American Revolution was the founding of freedom and the establishment of lasting institutions to guarantee the rights of freedom and citizenship. The depth of this commitment lies in the fact that, if a government becomes destructive of freedom, one of the rights of the people is to abolish such a government and replace it with a new government most likely to effect the safety and happiness of the people.

Thus, freedom was not viewed as a right pertaining to Americans alone, a phenomena relative to a country's specific culture or history. Rather, the Founding Fathers rightly judged freedom as a fundamental right visited upon all men by their Creator and, as such, rooted by that Creator in the very nature of man. It was, in short, an "inner measure" of man's ultimate purpose, and all cultures and histories were to be judged by the extent to which they would contribute to its realization.

America's role in the course of human history was determined by this vision of freedom. America was to be an exemplar of freedom to men and countries everywhere. As John Adams said in 1765 before independence, the settlement of America constitutes "the opening of a grand design in providence for illumination of the ignorant, and the emancipation of the slavish part of mankind all over the Earth."

Throughout this century the recognition that freedom had an important role to play in defining America's relationship with the rest of the world shaped much of U.S. foreign policy. President Wilson's 14 points were an expression of America's belief in the principle of national self-determination and served as the guiding spirit for the League of Nations. Even the ultimate sanction of the League was grounded in the belief that all men sought after freedom, and that the moral authority of world public opinion would prevail over the forces of tyranny. The four freedoms of Roosevelt guided America through the Second World War and played importantly in the establishment of the United Nations with its Universal Declaration on Human Rights.

The period after World War II saw America assume a leadership role in world politics, mobilizing the forces of freedom against Soviet-Communist expansionism. President Truman, responding to Soviet aggression in Iran, Greece, and Turkey, declared it was the policy of the United States to "defend free peoples everywhere" from communism. And even though cries for liberation became the dominant rhetoric during the 1950's, the policy of containment continued in effect throughout the Eisenhower, Kennedy, and Johnson administrations.

The Vietnam and Watergate era saw America consumed by self-doubt and a seemingly endless nihilism. Out of this milieu was born the policy of détente with its objective of reaching accommodation with the Soviet Union. This policy—contrary as it is to the American tradition of freedom—however, was doomed to failure. As Soviet proxy forces ranged throughout Africa, Southeast Asia, and Central and South America, Soviet-sponsored terrorism was striking at the heart of the free world. In Afghanistan, innocent victims were forced to face Soviet tanks and helicopter gunships with World War I vintage rifles. The Polish people, armed only with courage and a desire for freedom, stood valiantly against threats of invasion and mass bloodshed.

As these events unfolded, America slowly began to regain its sense of destiny and national purpose. The Carter emphasis on human rights—so trivial in its own right—soon acquired proper focus as the Reagan administration moved to assume the mantle of leadership and signal the world that it would lead in the defense of freedom against Soviet Communism. America, once again emboldened with confidence, was about to reassume her proper historic role as the exemplar of human freedom.

The floor debate last week on House Concurrent Resolution 183, condemning the South African policy of apartheid, was continuous with, and expressive of, America's central concern with human freedom. Supporters and opponents alike judged South Africa's policy of apartheid as: First, in fundamental violation of a universal human nature; second, contrary to basic American values; and third, antithetical to what America symbolizes to the rest of the world. Supporters of the resolution, in particular, were sensitive to the moral outrage represented by apartheid, as the following quotations will illustrate:

> Few actions by this body will so clearly indicate the humanitarian values and principles for which our Nation stands. * * * The issue is, what type of government we are going to have and what we are going to stand for as a nation. * * *—Mr. Bedell.
>
> "The only thing required for the triumph of evil is that good men do nothing." * * * Our statements here do not mean much, but when we have an opportunity to do something, merely to indicate that it is the sense of this House that we are against apartheid, then I think if we fail to do it, we are lesser as a human being and lesser as a legislative body.—Mr. Mitchell of Maryland.
>
> I would hope our country is secure enough, and big enough in heart and spirit, to stand up for what is morally correct and to take a position on this vitally important human rights issue.—Mr. Dymally.
>
> This cannot be a "good-will" tour, for there can be no good will between a nation such as ours, which values freedom and human dignity, and the racist government of South Africa.—Mr. Dixon.
>
> Freedom-loving Americans will not sit by and allow people to play ball games while oppression and brutality are visited on the majority of people in South Africa. It is our responsibility to oppose any activity that will give any degree of acceptance to the system of apartheid.—Mr. Conyers.
>
> A firm policy against apartheid will strengthen our position among African nations by showing our commitment to global human rights.—Mr. Rangel.

The depth of commitment by the American people to freedom, and those human rights and institutions supportive of its realization, cannot be overemphasized. There are wrongs which transcend all times and circumstances, and the conscience of America requires they be judged unacceptable to all men whatever their differences. Dehumanizing forces cannot be condoned. They must be opposed with consistency and prudence.

It was because of my strong commitment to this tradition that I joined my colleagues in supporting House Concurrent Resolution 183. Even though this resolution only expressed the sense of the Congress in opposition to apartheid, and had little impact on the policies of the South African Government, it nonetheless sent a signal around the world that America remains the land of the free and intends to continue serving as the inspiration for those who are yet struggling for their freedom.

The significance these statements have for the oppressed around the world is immeasurable. Whenever America speaks of freedom, the "yardstick of truth" is strengthened and the walls of tyranny are weakened. For this reason—and to maintain a proper proportion in our concern—I have introduced House Concurrent Resolution 191. Not unlike the Springbok rugby team, Soviet teams are continually on tour in the United States, reaping benefits in money and good will. Such actions are an affront to the countless millions who are daily oppressed and tortured by the Soviet system. To allow continuation of these events, without expressing the sense of the Congress that Soviet teams are emissaries of a government oppressive of the majority of its citizens, would be an affront to our national conscience and historic purpose. And in light of the Springbok resolution, it would be hypocritical. To repeat the statement of my colleague, Mr. CONYERS: "Freedom-loving Americans will not sit by and allow people to play ball while oppression and brutality are visited on the majority of people" in the Soviet Union.

Mr. Speaker, before continuing, I would like to make clear that in speaking of the Soviet Union, no reference is intended to the Russian people, or the Ukranians, Lithuanians, Latvians, Estonians, Tartars, Jews, or any of the other nationalities. The Soviet Union is alien to all nationalities and the oppressor of each. The crimes committed first in Russia and then elsewhere around the globe are due to characteristics totally unique to communism.

Mr. Speaker, the nature of communism is very deceptive. It wraps itself in a Messianic mantle of false justice, false economy, false fraternity, and false promises. It says it wants only better conditions for the workingman, and the removal of the real abuses of the economic order. But it does not show its real face. It does not say it is a planned, systematic deception of human beings designed for the purpose of gradually enslaving nations and the entire human race. It does not say that communism is a tree whose roots are atheism, materialism, naturalism, and class struggle, and whose fruits are the destruction of freedom, individuality, family, right of free speech, and right of worship. As His Holiness Pope Pius XI said in his encyclical letter "Divini Redemptoris:"

> Communism is intrinsically wrong, and no one who would save Christian civilization may collaborate with it in any undertaking whatsoever.

Since 1917, the Communist system of the Soviet Union has forced on its people the most morally abhorrent system ever to darken and stain the pages of human history. It has pursued a ruthless policy of expansionism with a view to extending that system to all the peoples of the world and eradicating nothing less than the Judeo-Christian way of life—including the sacred values on which it rests.

Since the early days of its 64-year existence, the Soviet Union has employed a Communist police apparatus to commit a continuous chain of the most treacherous violations of human rights ever recorded in history, systematically killing a reported 60 million of its own people. This policy continues as religious persecution, cultural deprivation, and social discrimination against all nationalities under its domination is mercilessly enforced. Throughout the entire fabric of human life, the Soviet system seeks: First, to eliminate all national differences; second, to subordinate the economic life of its citizens to the interests of the State; third, to improve centralized administration and military control over each of its 15 Republics; and fourth, to execute a policy of strict population control through the use of collaborators, the militia, and the KGB.

Rather than creating a society for the liberated Marxistman, the Soviet Union has become "a prison of nations" destructive of all that is good. And, to make matters worse, these ideals of communism are exported beyond Soviet borders as the captive nations list continues to grow, the most recent addition being the formerly free state of Afghanistan.

Mr. Speaker, how is it that such a system—long since rejected scientifically and now proven erroneously by experience—could spread to all parts of the world, great and small, advanced and backward? The answer, perhaps, is too complex to grasp completely. But part of the reason, to be sure, lies in the atmosphere of silence so long pervasive throughout much of the free world.

The Soviet Union conducts one of the most sophisticated disinformation efforts the world has ever known. It makes use of pamphlets and reviews, of cinema, theater, and radio, of schools and universities. Little by little it penetrates all classes of people and even reaches the more intellectually advanced of the community with the result that few are aware of the poison which increasingly pervades their minds and hearts. Aware of the universal desire for peace, Soviet propagandists pretend to be the most zealous promoters in the movement for world peace. At the same time, they stir up class warfare in small villages and towns throughout the underdeveloped world, causing suffering and death. Knowing their system offers no internal guarantee of peace, they have recourse to unlimited armaments. Under various deceptive names, they establish organizations and periodicals with the sole purpose of carrying their ideals into quarters otherwise inaccessible. They worm their way into freedom-loving organizations and, without receding from their subversive principals, they invite free men to collaborate with them in the realm of so-called humanitarianism and charity.

Mr. Speaker, it is time to end this charade. It is time to denounce the Soviet system for what it truly is—a system in absolute conflict with the dignity and the freedom of man.

I urge my colleagues to join me and cosponsor House Concurrent Resolution 191.●

OPPRESSION OF POLITICAL PRISONERS IN RUSSIA

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Ms. FERRARO. Mr. Speaker, I strongly support passage of House Concurrent Resolution 111 and House Resolutions 152 and 193 voicing American opposition to the Soviet Union's unjust imprisonment and mistreatment of Yuriy Shukhevych, Anatoly Shcharansky, and Yuri Badzyo and instructing the President through his emissaries to make our concerns known to Soviet authorities.

The 1975 Helsinki agreement, signed by the Soviet Union and the United States, charges signatory nations with the responsibility "to deal in a positive and humanitarian spirit with the applications of persons who wish to be reunited with members of their family" and acknowledges the right of every nation to question the treatment of citizens of other countries. The failure of the U.S.S.R. to uphold its commitments under international law, such as the Helsinki accords, can no longer be tolerated.

Political prisoners of conscience have not only been denied permission to emigrate and to join their families abroad, but also, have been subjected to constant harassment, unjust imprisonment, and total disregard for their physical and mental health. Furthermore, several others refuse to voice their opposition for fear of similar treatment or refusal of a possible future visa. Forced to live under such conditions, these individuals cannot speak for themselves and consequently, they need our help.

The ailing Yuriy Shukhevych, convicted for the so-called crime of refusing to denounce the ideals of Ukrainian nationalism and deeds of his father, needs our help. Americans must forcefully urge the U.S.S.R. to provide proper medical care by releasing Shukhevych and by allowing him and his family to emigrate.

Anatoly Shcharansky, a distinguished political prisoner of conscience in declining health who was denied the right to emigrate to Israel, needs our help.

Yuri Badzyo, also a Ukrainian nationalist, who was placed in a labor camp for his opposition to russification, needs our help. He and his family should no longer be denied their basic rights and freedoms because of their personal beliefs.

I encourage my colleagues and other concerned groups such as the Greater New York Conference for Soviet Jewry to keep pressing for the release of these prisoners through letters, rallies, and other means.

For the past several years I have been following the case of Ida Nudel whose release looks the most promising. In 1971, Ida Nudel was denied permission to join her family in Israel and has since then been harassed, interrogated, and is now in exile in Siberia and in poor health. She, too, needs our help. I personally adopted Ida Nudel as my Soviet Jewish Prisoner of Conscience and have been attempting to meet with various Soviet officials including Soviet Ambassador Andrei Dobrynin to urge her immediate release. Letters have been sent to President Reagan and to Secretary of State Alexander Haig to urge them to raise her case with the Soviet Foreign Minister Andrei Gromyko.

In the name of human decency, I urge all of my colleagues to support fully all congressional resolutions which condemn the Soviet Union's harsh policy toward Soviet Jews and other dissidents. As the leader of the free world, it is imperative that we condemn such policy and continue our efforts to attain the release of Shukhevych, Shcharansky, Badzyo, and Nudel, and hundreds of others who have been imprisoned for their beliefs.●

RAILROAD RETIREMENT CUTBACKS

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. FLORIO. Mr. Speaker, I must rise in opposition to the Labor-HHS appropriations bill. Regretfully, this bill fails to adequately fund one portion of the railroad retirement system. As a result, almost 400,000 railroad retirees will see their dual benefit component cutback by 21 percent starting today.

The dual benefit component is designed to be financed by general revenues, unlike the rest of the system, which is designed to be financed by payroll taxes. It is estimated that an appropriation of $440 million for fiscal year 1982 is required to insure full dual benefit payments to all eligible recipients. Unfortunately, the Reagan administration has recommended an appropriation of only $350 million—resulting in a 21-percent cutback. To make matters worse, as he recently stated on television, President Reagan will recommend a further 12-percent cut in most appropriations. I am informed that the Reagan administration will try to apply this further cut to the dual benefit appropriation.

I am greatly distressd by these developments. I have strongly urged the Appropriations Committee to reject the original cuts desired by the Reagan administration. Unfortunately, the Appropriations Committee chose to stick with the original Reagan budget request, necessitating the 21 percent benefit cutback. I am hopeful the committee will not choose to adopt the additional 12-percent cutback now urged by the administration.

President Reagan promised the American people that he would maintain a social safety net. Unfortunately, that safety net has been developing a lot of holes lately. This bill represents but another hole in that safety net.●

IF NOT NOW—WHEN?

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● **Mr. FIELDS.** Mr. Speaker, columnist George Will recently compared our Nation's economy to a Rubik's cube: "It has six sides and you have to fix all six simultaneously." Mr. Will points out that the Reagan administration is attempting to repair the economy by addressing itself to all the various components, instead of one only. For this, the administration should receive credit and high praise.

Also, Wall Street Journal writer, Vermont Royster, has penned a lucid and penetrating insight into our economic problem and the administration's approach to resolving it.

Mr. Speaker, I fully associate myself with Mr. Royster's concluding assessment:

> I can't assert with certainty—and neither can anyone else—that the Reagan program will at long last end a generation of inflation and put things right. * * * What can be said with certainty, however, is that past policies—ever increasing Government spending and deficits, constantly pumping out money and credit to pay for them—have led us to near disaster. * * * What's also plainly on the record is that no previous administration has had the courage to attack the problem boldly. Leading Democrats make no secret of their plans, once again in the White House, to return to all the policies that brought us to our present state.

Mr. Speaker, in his recently televised speech, the President asked the question, "If not now—when?" I believe that the answer is never. Unless we now change course and the statist approach to government, we will never do it. Going back to the bankrupt policies of liberalism and socialism would be like rummaging in a magpie's nest to stock a king's treasury. It will not work. It will only further impoverish all Americans. The record is clear that liberal policies of the past decades have failed repeatedly to make that fragile and difficult journey from theory to reality.

Mr. Speaker, though the job is a difficult one indeed, the time to do it is now. If we do not make the hard choices, who ever will? It is time that we fully join the President's efforts and reject what George Will has called the Scarlett O'Hara doctrine of government: I will think about it tomorrow.

The George Will and Vermont Royster columns follow:

KEEP CALM ABOUT REAGANOMICS; STOCKMAN'S DOING A GOOD JOB

(By George F. Will)

WASHINGTON.—The president dipped his pen in his enchanted ink and called the nation to order Thursday night. He did not again turn the public's bones to water—such raptures are for newlyweds, and hence are things of the past. But he did four useful things.

At a moment of national nervousness, not to say neurosis, about economic arcana, the president came front and center to show (as E. M. Forster said) that "keeping calm and cheerful is one of one's unshakable functions."

Second, he cauterized the Social Security issue, which could have turned the 1982 election into a referendum on the Republican "attack" on Social Security. The proposal to put off painful choices until after a bipartisan study is mandatory politics (there being no moral obligation to walk off a cliff). It also is a venerable Washington tradition. It is a combination of the Scarlett O'Hara Doctrine of Government ("I'll think about it tomorrow") and the "Annie" Hypothesis ("Tomorrow is always a day away").

FINANCIAL COMMUNITY WATCHES

Third, the president reaffirmed his determination to press for reductions in a range of other entitlement programs. An understandably skeptical financial community is watching for evidence that government can modify promises that were made improvidently. And the financial community is watching for evidence that this president can avoid the paralysis that has afflicted most recent presidents. (The proposed AWACS sale is a threat to economic health because it may end with a presidential defeat that would be seen in financial as well as diplomatic circles as evidence that the United States still is not be led by its president but by Congress, a fractious committee of 535.)

Fourth, the president focused attention on something the public understands and likes: cutting government payrolls. In this regard, it was interesting that the AFL-CIO, while staging "solidarity" rallies, does demonstrate class division—division within the labor movement. The division is between blue-collar workers and the "new class" white-collar workers of the public employees' unions. The latter are left-wing, shrill—and directly threatened by the president's program. Blue-collar workers know they pay taxes that pay for white-collar workers, with whom they feel something less than "solidarity." Tennyson said Browning would die in white-tie and some people may think Reaganites wear black-tie when cutting the budget. But the public is a lot angrier about "bureaucrats" than about Betsy Bloomingdale's parties.

It is reported that many congressmen are not so much angry at David Stockman as they are "sick and tired" of him. That does them no credit. Perhaps never in American history has an executive branch appointee been so indispensable to so much. Had he not been available for his job, the president's program would not have begun moving until May, and would not have moved far by next May. If the markets are jittery abut Reaganite action, imagine how they would be in the face of inaction—in a fifth year of drift.

Some congressmen resent Stockman not because he is a constant bringer of bad news and poser of hard choices, but because he has risen above his—or their—station. Washington is a steep social pyramid, and many congressmen have little engines fueled by envy of a few who rise from anonymity—especially those whose rise is the merited result of industriousness in the service of imagination.

THE ECONOMIC "CUBE"

Stockman is guilty not only of precocity but of coherence. He understands that a great nation's economy is like a Rubik's Cube. It has six sides and you have to fix all six simultaneously. Congress is almost systematically incoherent, unable (when not just unwilling) to consider how one thing leads to, or is connected to, two thousand others.

Stockman is the sharp chisel the president needed for sculpting new politics from the granite of government inertia. Like a chisel, Stockman is sharp because he is narrow at the cutting edge. That is not to say he is intellectually narrow. He has reflected more profoundly than most about broad questions of social policy. To say he is narrow at his cutting edge is just to say he is, of necessity, tightly focused. Cutting is his job.

A chisel takes a pounding, and wears out. But that outcome is, I pray, a long way off, and before it happens Stockman will have set a standard of public service at which most subsequent servants will shoot in vain.

"Everything," said Dostoyevsky, "seems stupid when it fails." Reagan's program will seem stupid if (which I do not expect) it fails. Meanwhile, some of Stockman's critics resemble the British cavalry officer who was said to be so stupid even some of his fellow officers noticed.

[From the Wall Street Journal, Sept. 30, 1981]

THINKING THINGS OVER

THE SCREAMS OF PAIN

(By Vermont Royster)

If not the Reagan administration—who? If not now—when?

Those two questions are reported to have been put by President Reagan himself before his assembled Cabinet as they were discussing the twin problems raised by his anti-inflation program, how to deal with the political pressure caused by high interest rates and the resistance to further cuts in government spending.

They are both painful questions but they will not go away.

For more than a generation we have been plagued by an inflation, mounting year by year, relentlessly eroding the value of the people's money and savings. The cause is rooted in ever-growing government deficits, carelessly accepted by past administrations, and by unthinking efforts to "pay for" them by in effect printing dollar bills.

By November a year ago, the consequences could no longer be hidden as the rate of dollar depreciation rose to double-digit figures. People decided they had "had enough." They chose Ronald Reagan over then President Carter because Mr. Carter, while promising four years earlier to achieve a balanced budget by 1980, failed to carry out his promise. In his four years, the deficits rose and the inflation rate doubled.

So whatever else may be argued about the "mandate" President Reagan received in that election, there can be no doubt that shrinking the government's budget and halting inflation were clearly writ. Along with this was a hope the new President could also reduce the people's taxes, not only to ease personal burdens but to increase savings for long-overdue investment.

Mr. Reagan also promised another overdue correction, the repair of our defenses. This, too, met with people's approval. Had this not been the case the Congress, including many Democrats, would not have so speedily endorsed the Reagan program.

Now we all, the President as well as the people, are finding that to painful questions there are only painful answers. Interest rates, already high, remain so. The cuts in the budget, though large by any past standards, have begun to seem insufficient. More will have to be made.

There's no use pretending this will not hurt even more. Cutting defense will run counter to one of the President's promises, although it's worth noting that defense spending will still be higher than before. Cutting anything else in the budget will necessarily eat into domestic programs important to one or another segment of our population.

What the President has to face, then, is that some of his desires conflict with others. What the rest of us have to face is that there is no way—no way at all—to end a generation of inflation without anguish.

As a nation, we are much like a person addicted to some narcotic. When at last he recognizes that the drug habit is ruining him (until he recognizes that, there's no hope of cure) there's still no easy way back to health, whether he tries to kick the habit gradually or by the "cold turkey" method. The latter offers the greater shock but is more quickly done. The former drags the pains out interminably.

So with our efforts to end inflation and the stagnant economy its brought with it. It might be possible, though politically difficult, to slow the government's spending and restrain the printing of money little by little, year by year. That is what Presidents Nixon and Ford tried to do; that is what President Carter promised to do. The result we know. The inflation rate today is higher than when each of these Presidents came to office.

President Reagan chose a more drastic course. While reducing taxes in an effort to increase savings available for investment, he hewed heavily at the government's budget and encouraged the Federal Reserve to keep a tight rein on the money supply.

This has brought screams of pain from those with an interest in various segments of the government's budget. It hasn't—yet—brought down those high interest rates.

But miracles hardly ever happen, and that's what it would have been if all the pains had vanished so quickly. The Reagan program has been in place only since midsummer and autumn has just begun. Some of that program isn't yet in effect; the tax cuts begin only with October.

Even so there have been some faint signs of improvement. The inflation rate has stopped rising, actually turned down a bit. The same is true of interest rates, although in both cases the change seems miniscule. Foreign markets, if not our own, have taken notice. The dollar is stronger today than a year ago against the world's major currencies. The improvement is just not enough to ease our impatience.

I can't assert with certainty—and neither can anyone else—that the Reagan program will at long last end a generation of inflation and put things right. Whether we or the President wish it, there will probably have to be more drastic budget cuts, including some in the defense program, before we have got our financial house in order. Then we'll have to wait a time before we can judge the results.

What can be said with certainty, however, is that past policies—ever increasing government spending and deficits, constantly pumping out money and credit to pay for them—have led us to near disaster. On that, the record is plain.

What's also plainly on the record is that no previous administration has had the courage to attack the problem boldly. Leading Democrats make no secret of their plans, once again in the White House, to return to all the policies that brought us to our present state.

Hence the questions. If not the Reagan administration, who? If not now, when? To each, I'm afraid, our political history gives depressing answers.●

OVERSIGHT SHEDS ITS OVERCOAT

HON. GILLIS W. LONG

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. LONG of Louisiana. Mr. Speaker, I hope that oversight is at last emerging from its plain brown wrapper.

This is the case, judging from the testimony and lively panel discussions by Members at the series of hearings on oversight conducted by the Rules Subcommittee on the Legislative Process.

Reconciliation brought home to us this session the vulnerability of the congressional budget process. It also highlighted the potentially useful role that oversight can play in shoring up that beleaguered and abused procedure.

A solid background of systematic oversight would be a help to decision-making in the normal course of the authorization process. Under the pressures of a reconciliation such as the one we just experienced, prior oversight could be a critical factor in making intelligent program and policy choices.

Improved congressional oversight can also help us attack the problem we face of limited Federal revenues and scarce resources. It is only thrifty commonsense in difficult times to take a fresh look at what you have to work with—to patch up, renovate, and make the most of what you have.

Concentrated oversight can scour out waste in ineffective Federal programs and bring out the shine in the good ones.

The subcommittee has before it several proposals that are designated to improve oversight.

In our hearings, we have been soliciting Members' opinions particularly on a new proposal for an oversight season. House Resolution 218, introduced by the Honorable TOBY MOFFETT, provides for an experimental oversight season in January 1982. Before the committees begin their regular business, they would devote 3 weeks to oversight hearings. There would be no other legislative business.

The subcommittee is also considering H.R. 2, the Sunset Act, introduced by the Honorable JAMES J. BLANCHARD; H.R. 58, the Sunset Review Act, introduced by the Honorable BUTLER DERRICK and me; and section 1, the oversight portion of House Resolution 100, the Committee Improvement Amendments Act, introduced by the Honorable TRENT LOTT, ranking minority member of the subcommittee.

To describe these briefly: H.R. 2 would bar spending funds for programs and eliminate tax expenditures unless these are reviewed and reauthorized at least once in a 10-year period.

H.R. 58 is an amalgam of what I believe to be the best features of H.R. 2 and other oversight-related bills of past Congresses, but the House would vote on the termination of programs; they would not expire automatically.

Section 1 of House Resolution 100 requires the Government Operations Committee to review oversight plans of the authorizing committees, hold hearings on these agendas, and fashion committee plans into a resolution to bring to the floor.

As chairman of the subcommittee, I am pleased that so many Members have brought their ideas and oversight-related bills to our hearings. We have welcomed the testimony thus far of Representatives BERKLEY BEDELL, JIM BLANCHARD, JACK BROOKS, LEON PANETTA, and PATRICIA SCHROEDER.

We have another hearing scheduled Friday, October 2, at 10 a.m., in H-313. This is a bipartisan venture. TRENT LOTT and I encourage all interested Members to please call the subcommittee office, extension 5-1037, for details. We will continue these rewarding sessions for some weeks to come.●

A BIG BIRD IN HAND

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. McDONALD. Mr. Speaker, the C-5A plane is the present backbone of our rapid deployment force. Plans are again afoot to build the so-called C-X plane for the rapid deployment force. As yet, no one knows how much that plane will cost exactly or when it will be ready. What is known is that the C-5A plane can do the job of heavy lift and that the quickest way to secure additional reliable airlift is to reopen the C-5A assembly line in Marietta, Ga. In this connection, an editorial by the Derus Media Service agrees with this stand. I include it at this point for the edification of my colleagues.

A BIG BIRD IN HAND

Just about all of us are aware of two significant facts regarding this nation's defense problems: (1) there is an obvious shortage of airlift capacity and (2) the demands for defense equipment far exceed the money available.

It doesn't take an expert to realize that in order to correct our airlift deficiency we need "the mostest, fastest and cheapest."

Haven't we been here before? Back in the mid-1960s it was recognized that emphasis had to be placed on strengthening the rapid deployment capability of conventional military forces to any trouble spot on earth. We need an airlift capability to move the outsized fire power of the U.S. Army to contingency areas at established bases and substandard airfields in every corner of the world.

The solution to that problem was the C-5A Galaxy. The C-5A has been doing just that job for more than eleven years. It has carried outsized military equipment around the world quickly and efficiently—items that no other aircraft in existence can carry. The aircraft's vital role in blunting the North Vietnamese offensive in 1972 and in rushing urgently needed equipment to Israel in the 1973 Yom Kippur War served notice to the world that long-range airlift of the heaviest firepower could turn the tide of battle.

The C-5A has demonstrated the flexibility to transport not only all the biggest and heaviest units in the Army and Marines Corps inventory, but also the people to operate them. And it can carry huge loads of palletized cargo over long distances into major airports or rudimentary strips. Forces deployed to foreign lands can rest assured they will have the backing of today's modern weaponry due to the capabilities of this huge aircraft.

The problem is there are only 77 C-5As available to face today's tasks.

With great foresight, the U.S. Air Force preserved the tooling used to build the original fleet of C-5A airlifters. This forward-looking step could save the nation considerable money, money that could be directed to other strategic programs. It offers us an opportunity to expand our airlift capacity in "the mostest, fastest and cheapest" way possible.

Why not build more C-5As?●

THE 25TH REMEMBRANCE OF THE HUNGARIAN REVOLUTION

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. RITTER. Mr. Speaker, on October 25, 1956, Soviet troops invaded Hungary. Although this event occurred 25 years ago, the stark memories of young children fighting tanks for the cause of freedom, of families fleeing their burning homes, of heroism against impossible odds will never be diminished by the passage of time. These memories are at once the images and realities of an event that captured the world's attention 25 years ago and have not been forgotten. On this, the 25th anniversary of the Hungarian Revolution, I am proud to recognize the brave people of Hungary, who gave their lives for the cause of freedom on the streets of Budapest 25 years ago and to those people, both inside and outside of Hungary who continue to pay homage to that revolution and who look to the day when the Hungarian people will be free to determine their own destiny. Their strong sense of nationalism and desire for freedom from outside oppression is an inspiration to all people.

The Hungarian Revolution is one of those ironic moments of history in which success is mixed with tragedy, euphoria with sadness, freedom with oppression. For a few brief, but wonderful days, the Hungarian people basked in the climate of new found freedom. Just like the people of Poland today, Hungary in October 1956 was a nation groping toward liberalization. Its people were united, its nationalism swelling. As one observer said: "It was as though a nation which for centuries has boasted proudly of its patriotism has suddenly awakened from a nightmare." People long afraid of spies among friends stood in the streets talking and laughing with each other. While this year marks the 25th anniversary of the Soviet invasion of Hungary, it also marks the 25th anniversary of Hungary's brief period of freedom. This is why our event in the Lehigh Valley both commemorates and celebrates 1956. We commemorate the sacrifice, the dead, the sorrow, the loss. We celebrate the heroism, the spirit, the kindling of the flame of freedom, the joy.

I am proud to represent, in the U.S. Congress, an area rich in ethnic culture and tradition. The Lehigh Valley of Pennsylvania has greatly benefited from the many nationalities who have settled there and who have added to the culture and personality of our community. In Allentown, Bethlehem, Easton, and the surrounding communities live many families whose knowledge and understanding of the Hungarian Revolution has not been gained through books, films or stories. Their understanding is a personal one—they were there. Today, 25 years later, many of these people are still searching for understanding as to why their hopes and aspirations were so brutally crushed, why their friends were consumed by armored legions of the Soviet Army, and why their country is still forced to live under a government that stifles freedom.

As one whose father was born in Hungary and having been nurtured in its culture and rooted in its traditions, I share the feelings of my many Hungarian neighbors in the Lehigh Valley when looking back to 1956. These are the people who look back to the events in October 1956 with a feeling of pride and sadness. These memories will be the inheritance of each generation of Hungarians, a symbol of their past and a challenge for their future. Whenever any man or woman stands up against Communist tyranny, no matter how impossible the odds, at that very moment the free Hungarian nation lives again. The heaviest hammer and the sharpest sickle cannot change that, and never will. And we shall do our part to keep the candle of freedom burning—commemorating and celebrating—by remembering each year the legacy of 1956.

Mr. Speaker, I am proud to inform my colleagues that many of my friends and neighbors from the Lehigh Valley will be joining with me in a special celebration and commemoration of the Hungarian Revolution on October 25 in Northampton, Pa. This is the third annual commemoration of this event and I am glad to have helped in organizing it. Besides the comeraderie, music, dancing, singing, food, costumes, and good cheer, our thoughts will be focused on that time when a light flickered in the darkness only to be blown out by a cold and harsh wind.●

REVENUE BOND RULING IMPEDES POLLUTION CONTROL

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. BEDELL. Mr. Speaker, the Treasury Department issued Revenue Ruling 81-216 on August 24. Many of us in the Congress have protested that rule, noting that it has the effect of extinguishing a number of State and local programs that help finance the development of small businesses and family farms.

Recently, I have become aware of another calamitous effect of Revenue Ruling 81-216. The small issue bonds that are the target of the ruling increasingly have been used to help finance environmental protection efforts by small businesses. These bonds have been successfully coupled with the SBA's pollution control loan guarantee program to provide an effective financing mechanism for small firms that are installing pollution abatement equipment.

The recent Treasury Department ruling appears likely to undermine both the pollution control bond and the SBA pollution control loan guarantee programs. Those programs are authorized by statute and have been reaffirmed by Congress as recently as the budget resolution we passed just this summer.

At the conclusion of my remarks, Mr. Speaker, I wish to place in the Record a letter I received from the Council of Pollution Control Financing Agencies. This letter clearly spells out the adverse effect Revenue Ruling 81-216 will have on small business efforts to comply with Federal and State requirements for improvement in the quality of our environment.

The letter raises another very important point. The Treasury Department's ruling disrupts ongoing State and local programs throughout the United States. Governors from the Midwest and the Northwest have petitioned President Reagan to rescind the rule. The letter I have here notes that several Governors have talked to the President personally about this issue. Yet this bureaucratic action, which was taken without any hearings or opportunity for public comment, remains intact.

This is hardly an auspicious start for the President's proposal for new federalism. That program, you may recall, is his pledge to turn over to the States the primary responsibility for programs such as local economic development and pollution control. Unfortunately, the Treasury Department seems to have decided to pursue a different course with its recent ruling, as it is taking away from the States the financing tools they need to carry out development and pollution control plans involving small businesses.

Yesterday, I sent to Treasury Secretary Regan a letter signed by two dozen Members of the House, urging that he revoke Revenue Ruling 81-216. Included among the signers of that letter are Wes Watkins, chairman of the bipartisan Congressional Rural Caucus, Parren Mitchell, chairman of the Small Business Committee, and Joe McDade, ranking minority member on Small Business. It is my sincere hope that the administration recognizes this as a true indication of the broad and widespread congressional concern over the ruling.

Congressional hearings are being scheduled and legislation already is being circulated for cosponsors. None of this would be necessary if the Treasury Department officials simply acknowledge that they made a mistake and then go back to the drawing board. I hope they come to their senses soon, before too much damage is done to the small business and family farm communities.

At this point in the Record, I wish to insert the text of a letter from Mr. Ronald Bean, president of the Council of Pollution Control Financing Agencies.

The letter follows:

Council of Pollution Control
Financing Agencies,
Washington, D.C., September 29, 1981.

Representative Berkley Bedell,
Chairman, Subcommittee on Energy and Environment, Committee on Small Business, House of Representatives, Washington, D.C.

Dear Mr. Bedell: I am writing on behalf of the state and local agencies who comprise the Council of Pollution Control Financing Agencies in support of your opposition to Revenue Ruling 81-216, issued by the Treasury Department August 24, 1981.

The ability to aggregate small issue bonds is a key to providing sorely needed capital for small businesses who are faced with the cost of meeting environmental mandates. Council member agencies, who work for the increased availability of financing to achieve national environmental goals, have strongly supported the Small Business Administration's Pollution Control Loan Guarantee Program, which has an outstanding record of providing the necessary guarantees for small business pollution control loans.

The Congress recognized this when, with the support of your committee, it increased the ceiling of this program as part of the first budget resolution. It should be noted that due to the modest fees to SBA, and the excellent track record of the program, it constitutes a net addition to the Federal treasury.

The impact of the revenue ruling is to undermine the efforts of the state and local agencies who compromise the Council, and who have in many cases made great efforts to seek out small businesses to inform them of this program, and then to guide them through the complexities of securing the financing they need to comply with pollution control orders.

The Congress, in establishing this program, recognized that aggregating financings into umbrella financings under the SBA guarantee would be a key to its success and provided for that to occur. The Treasury ruling seems to fly in the face of statutory language, but that has not dissuaded the department from its efforts.

I must also comment on the unbending response of the Administration to the appeal of a delegation of governors who met with the President and voiced their concern over the ruling. After being told the ruling would be withdrawn, they later learned that it is being replaced by a proposed regulation, backdated to August 24, so that the freeze will continue in effect throughout the period of proposal and comment.

You are well aware of the impact on other financings which this policy threatens. You should additionally be aware that when pollution control mandates are in question, small firms face deadlines which prevent them from waiting for other financing to become available, or for market rates to go down. If these firms cannot manage to structure financings to fit the straitjacket imposed without warning by the revenue ruling, they will face stark decisions on whether to continue facilities, and jobs.

I am enclosing specific examples of how firms have been aided in the attached statement, given before hearings on the program earlier this year in the U.S. Senate Committee on Small Business.

Although the Council will support legislative efforts to overturn the ruling, we feel that what has been done administratively can be undone the same way, far more quickly. Therefore, I want to let you know of our backing for your letter to Secretary Regan, and our availability for any further information and other assistance we can provide.

Sincerely,

Ronald Bean, *President.*●

SOCIAL SECURITY PAYMENTS FOR INMATES

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. SAWYER. Mr. Speaker, a law enacted by the 96th Congress, which prohibits prison inmates from social security disability payments, has not been fully implemented by the Social Security Administration. We passed Public Law 96-473 (codified at 42 U.S.C. 423(f)(1)) because we believed that the basic purposes of the social security program are not served by the unrestricted payment of benefits to inmates. The disability program exists to provide a continuing source of monthly income to those whose earnings are cut off because they have suffered a disability. The need for this source of income is clearly absent in the case of an individual who is being maintained at public expense in prison. Having witnessed and supported the passage of this bill, I am appalled at this obstruction of the intent and instructions of Congress. If this law had been enforced, the administration would have saved an estimated $16 million in 1981 alone.

The Social Security Administration's failure to implement the act results from a direct conflict between two Federal laws. Today I have introduced a bill that would remedy this conflict and carry out our existing congressional mandate. My distinguished colleague of the other body, Senator MALCOLM WALLOP, introduced an identical bill in the Senate today.

To locate exempted inmates, the Social Security Administration must compare its list of recipients with a Justice Department list of Federal prisoners. A name appearing on both lists would indicate a prisoner receiving benefits in violation of Federal law. This process, however, has never transpired because the Justice Department cannot release its list of prisoners without violating the consent requirement of the Privacy Act, 5 U.S.C. 552a.

My amendment would exempt the agency supplying information to the Social Security Administration from the Privacy Act for the narrow purpose of enforcing Public Law 96-473. The bill maintains the protections of the Privacy Act by subjecting the Social Security Administration to its restrictions. Finally, the amendment is retroactive. The retroactive provisions will protect the agencies from a planned transfer of the list based on an OMB determination that such a transfer is in compliance with the spirit of Public Law 96-473. This transfer will likely be challenged in litigation under the Privacy Act, and my bill will affirm the finding of the OMB.

Mr. Speaker, the social security program needs our support. Our elderly citizens are justly concerned about all the talk with respect to cuts in social security. This is one cut that can be made without impact on those who have paid into the system for a lifetime, and it must be considered first, before debate proceeds on any others. This amendment will bring the program closer to its basic purpose. The bill extricates misused funds and reserves them for qualified recipients. I invite my colleagues to join me in sponsoring this measure and insuring its rapid passage in Congress. The bill is a reaffirmation of our decision in the 96th Congress and a healthy and necessary improvement to the social security system.●

A POSITIVE BLUEPRINT FOR LABOR MANAGEMENT COOPERATION

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. KEMP. Mr. Speaker, the time has come to debunk the myth that the interests of labor unions are invariably opposed to the interests of management. Labor and business, after all, have a common interest in making firms more profitable by avoiding antagonistic confrontations and by improving the quality of life of workers. They have a common interest in economic programs that foster business expansion, job creation, and better real wages.

One individual who has a vivid perception of the shared goals of workers and managers is Ben Fischer, a seasoned and able professional in the field of labor relations, whose extensive experience includes service as a director of the American Arbitration Association and as a high-ranking official of the United Steelworkers of America. In an article in Business Week, Mr. Fischer tells us that "warfare was yesterday's agenda." The interests of both labor and management are better served by a collective bargaining process that is based on cooperation rather than conflict:

> Instead of a union making demands and a company making offers, collective bargaining should be a continuing study of problems and needs.

Such a cooperative atmosphere can bring to workers the job satisfaction they seek and simultaneously generate the boosts in productivity that American management yearns for. I commend Mr. Fischer's insightful article to my colleagues as a blueprint for successful labor-management relations in the future.

The article follows:

TAKING COMBAT OUT OF LABOR RELATIONS

(By Ben Fischer)

Collective bargaining in the 1980s must evolve from a form of warfare into the means for governing the workplace with respect to wage matters, working conditions, and those items that relate to the work force. We have an opportunity to institutionalize a form of private government, uniquely American and free of government domination.

The labor-management relationship has been moving toward a structure that legislates (the formation of the contract terms), administers (day-to-day implementation of its terms), and adjudicates (through the grievance procedure). In fact, the final step in resolving complaints of violation of the contract is being placed in the hands of privately selected and privately paid judges. The labor relations judicial process is called arbitration.

The development of this government is a logical and essential response to our society's economic needs. The warfare and hostility that have typified most of the nation's bargaining history are luxuries our society can no longer afford. What we need are strong unions, self-assured, secure and capable of serving as cooperative partners in the labor-management relationship. What we need is management genuinely willing to accept unions and their role as full partners in the labor-management relationship.

This seems to be the gradual development of our own history and experience. It has become urgent, however, because of external problems such as foreign penetration of our markets, intensified domestic competition, inadequate capital investment, and the scourge of inflation.

A SUPPORTIVE ENVIRONMENT

The dramatic response has been a series of programs for cooperation to improve productivity, to improve the quality of work life, and to resist foreign competition. If these programs are to be effective over a period of time, they must take place in a collective bargaining environment that is supportive. Workers are unlikely to have high morale and constructive interests in improved performance while they are engaged in periodic or incessant combat.

The key to the 1980s may well be more attention to how bargaining is carried on. If warfare is not the name of the game, then the institutions of combat should be displaced by new ways more conducive to effectuate cooperative rule making, administration, and arbitration.

What might these new ways be? All we can do is indicate some general considerations because collective bargaining must vary widely in response to the infinite combinations of circumstances that exist throughout our economy.

The notion of a union making demands and a company making offers is counterproductive. It persists because of inertia. Some of the most successful relationships have long since abandoned this route.

Instead, parties should bring their problems and needs to each other. The bargaining table should be the place for thorough exploration of the matters brought there. In fact, such exploration should take place long before a contract expires so that facts and opinions can be gathered in a responsible and, if possible, a joint manner.

The object is not to win but to reach agreements that best serve the needs of the enterprise and the workers. The wide variety of issues that now occupy the attention of bargainers makes agreement difficult to achieve, but the demand-offer route increases the difficulty, complicates the process of balancing the issues, and, too often, leaves unsettled or badly settled issues that have substantial impact on all concerned.

WHAT WORKERS WANT

The process whereby representatives meet and exchange proposals and finally come up with agreement often ignores the opinions and knowledge of the constituents. This is especially true on the union side.

The issues that concern workers are no longer the simple matter of how much. As workers increase ther income, they can afford to become concerned about other matters, including quality of life at the workplace. These workers do not react to a settlement only in terms of how much but express great concern over a wide array of other issues.

The bargainers of both sides have to appreciate that the worker of the '80s is not like his predecessor. Therefore, the representatives must know what goes on and must develop channels of ongoing consultation, not only to keep people informed but also to test out various proposals. By the time agreement is reached, a substantial consensus should already be assured. Springing an agreement on the members to see if it meets their approval confuses and defeats the objective of achieving a fair and useful settlement.

And, finally, collective bargaining does not stop with the signing of an agreement. The parties have the job of assuring the proper implementation of its terms and an efficient, fair means of handling grievances.

Grievances do not do harm. Failure to address them is the culprit. If the parties approach settlement without hostility, most grievances will be resolved fairly and promptly. Those that go to arbitration will be handled not as lawsuits but as matters that both parties want settled fairly.

In this kind of atmosphere, the labor-management community can address the many problems that plague companies and unions. High morale is essential to high levels of performance. An ongoing cooperative atmosphere can unleash the ideas and energies of workers and provide our economy with needed productivity boosts.

Warfare was yesterday's agenda. Aggressive achievement of effective performance and satisfied workers is the need for the '80s.●

HUMAN RIGHTS—CHILE—TERRORISM IN THE NATION'S CAPITAL

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. BONKER. Mr. Speaker, with an exquisite sense of timing, the Pinochet regime in Chile cleared three ex-intelligence officers of all charges of the 1976 bombing murders of Orlando Letelier and Ronni Karpen Moffitt. It was 5 years, almost to the day, since the terrorist crime in the Nation's Capital. The Chilean Government neatly wrapped up the case by expelling the Letelier family's defense attorney, Mr. Jaime Castillo Velasco, from the country. Mr. Castillo was also the president of the Chilean Human Rights Commission, an organization which documents continued torture and repression in Chile.

In its eagerness to improve relations with the Pinochet government, the Reagan administration has abandoned any further pursuit of justice in the Letelier/Moffitt murders and turned a blind eye to continued gross violations of human rights in Chile.

Remembering the most heinous act of terrorism in America, I would like to bring to the attention of my distinguished colleagues the following article by Colman McCarthy which appeared in the September 27, 1981, Washington Post:

A CRIME TO REMEMBER

(Colman McCarthy)

Tourists to the nation's capital have a new monument to visit, one worthier than most. At Sheridan Circle, on the Embassy Row section of Massachusetts Avenue, a beautifully crafted granite and bronze memorial to Orlando Letelier and Ronni Moffitt now graces the scene.

Five years ago this month both were slain at the circle while driving to work at the Institute for Policy Studies. A bomb had been planted in Letelier's car on orders, it was to be charged later, from the secret police of Chile. Letelier had been a senior diplomat in the democratically elected Allende government that was violently overthrown in 1973 with the help of the CIA. Mrs. Moffitt, whose husband was in the back seat and survived the blast, was 25, a former teacher and from a Jewish family in New Jersey.

A few days before the fifth anniversary of her husband's assassination, Isabel Letelier received a visitor in the living room of her Washington home. She talked about her four sons, her goals as the director of the Committee for Human Rights in Chile and the violence—open and hidden—that the Pinochet regime continues to inflict on her homeland.

A conversation with Mrs. Letelier offers the chance, initially, to enjoy an oral memoir of Chile's culture. Motioning to a brightly colored hand-woven mural of a Chilean countryside, she explains that it was made by peasant women at a rural center in Isla Negra. The center was once supported by Pablo Neruda, Chile's Nobel laureate poet, whose home was ransacked after his death in late September 1973 when the military dictators took power.

Without the context of Chile's rich culture, it is impossible to understand Mrs. Letelier's passionate love of her country. She tells of a new wave of "cultural repression" ordered by the junta through "a law which eliminates advanced study of the humanities and social studies in the public universities."

Damage done to a people's culture is less easy to detect than the violence inflicted on citizens themselves. But despite the Pinochet regime's effort to gussy its image and the Reagan administration's eagerness for diplomatic quietness about authoritarian excesses, reports persist about this damage.

In February, a resolution passed by the U.N. Commission on Human Rights told of the "continuation of the state of emergency [in Chile], the increase in the number of detentions . . . banishments and cases of torture, ill-treatment and unexplained deaths."

A month after Ambassador Jeane Kirkpatrick visited Chile in August for some public chumming with President Pinochet, Amnesty International declared that "torture still appears to be a systematic part of official policy. There are consistent reports of electric shock being applied for hours to the most sensitive parts of the prisoners' bodies. . . . In other cases, squirting water at high pressure into body orifices, burning with cigarettes, rape and other sexual abuse are used."

Not one to talk about electric shockers or high pressure hoses even when the dictators are thousands of miles aways, Kirkpatrick apparently didn't upset Pinochet by getting finicky about the details of torture when he was directly in front of her. She said her conversation with him had been "most pleasant."

In her living room, Mrs. Letelier spoke ironically of how pleasant Pinochet surely found the Kirkpatrick visit and her desire to "normalize" relations between the Reagan administration and the junta: "When she left, a very heavy repression followed. For example, they expelled the president of the commission for human rights, Mr. Jaime Castillo Velasco." Three other opposition politicians were also ordered to leave.

The grief that Mrs. Letelier still carries about the assassination of her husband is something she bears privately. What is public, though, and what cries out to be shared by everyone, is her anger over the Reagan administration's warm regard for the Chilean regime.

Two people were slain—one an American citizen—on a street in Washington, and the Kirkpatrick answer is that "outstanding questions" about this unsolved crime should not spoil a north-south friendship.

If that's so, how many killings in Washington, and how much more torture in Chile, will it take before the United States expresses its disgust and says enough?●

BROYHILL ANNOUNCES RESULTS OF ANNUAL QUESTIONNAIRE

HON. JAMES T. BROYHILL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. BROYHILL. Mr. Speaker, for the past 19 years, I have been submitting an annual opinion questionnaire to my constituents. The return rate this year indicates that the people back home are more interested in the important issues now than in the past, at least, that is the case if the returned questionnaires are any indication.

At least 50 percent more people returned their opinions to me in Washington this year than during the past several. We have been receiving about 16,000 responses; however, we have gotten more than 24,000 this year, and they are still arriving each day in our Washington office.

I believe people are more interested in what goes on in Washington now than they used to be. They also feel that their Representatives in Washington are more willing to listen to their viewpoints than possibly in the past.

Those who responded are strong advocates of the death penalty, nuclear power, increased defense spending, workfare programs, military drafts, and no trade with Iran.

By a smaller margin, they support the ending of Saturday mail delivery, a temporary reduced minimum wage for teenagers, and they oppose a single 6-year term for the President.

As I expected, the respondents were almost evenly divided on the controversial abortion question, which was stated, "Do you favor a constitutional amendment that would prohibit all abortions except when the life of a mother is at stake?" The "no" answers received 12,041 votes or 50.7 percent; while, 11,714 said "yes." Several hundred indicated they were undecided.

Receiving the most positive votes was the issue of able-bodied food stamp recipients being required to work in order to qualify for food stamps. Nearly 95 percent answered in the affirmative. As you know, we recently gave the States the authority to institute such programs if they agreed.

Seventy-eight percent supported the continued development of nuclear power, as long as the proper health and safety standards were considered.

Seventy-three percent supported the death penalty for those convicted of attempted assassinations of public officials. Many respondents indicated they felt the death penalty should not be used just for attempted killings of elected officials, but for all people. Others indicated the death penalty should be imposed only if the intended victim died.

The strongest negative response (83 percent) came on the question of trade with Iran. Sixty-eight percent indicated they did not favor a constitutional change which would permit the President to serve a single 6-year term instead of two 4-year terms.

By a 61-39 percent margin, my people said they would go along with the end to Saturday mail delivery to save money. By an almost 2-to-1 margin, support for changing the minimum wage law was voiced so as to provide a lower minimum wage for young people 18 and under on a temporary 6-month basis.

Most of these issues are now before the 97th Congress. Knowing how the people back home feel will be of great assistance to me. Even the ones which have been decided by this Congress will come up again in future debate.●

SOVIET MISSILE SITES REPORTED INSIDE LIBYA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. McDONALD. Mr. Speaker, Libya is rapidly moving to the forefront as a surrogate for the Soviet Union in Africa. The discovery of SS-12 surface-to-surface missiles in Libya underscores this fact. This missile, coupled with the outpouring of arms into Libya by the U.S.S.R., give Gaddafi the potential to create real trouble on the African continent and in the Mediterranean. The Daily Telegraph, September 24, 1981, reports he now has more combat aircraft than Egypt, in addition to the SS-12 missiles as well as an estimated 10,000 Russians assisting him. This number may be a bit high as the information released by the Pentagon yesterday shows only 2,300 Soviet "advisers" and 3,000 Cubans. However, the situation is serious enough and taken together with his fostering of terrorism, presents a significant threat to the free world. I commend the item to the thoughtful attention of my colleagues.

SOVIET MISSILE SITES REPORTED INSIDE LIBYA

(By Air Cdre G. S. Cooper)

Libya has a dozen Russian Scaleboard SS-12 surface-to-surface missiles capable of reaching Athens, Cairo and targets in southern Turkey, it was disclosed in a report published yesterday.

The Libyan air force, which was shown last year as being similar in strength to Egypt's force of 290 combat aircraft, is now credited with 408 Russian and French planes.

The nuclear warheads of Scaleboard SS-12 missiles deployed in Russia are reported to be in the megaton range, suggesting greater destructive power than NATO's American Pershings.

Disclosure of the Russian missiles on Libyan soil is made by the International Institute for Strategic Studies in its report "The Military Balance 1981-82."

An independent source puts the number of Libyan combat aircraft much higher and reports seeing the newly-delivered Russian missiles installed in bunkers cut into the hills outside Tobruk.

Russians, estimated to number at least 10,000 are said to be "thick on the ground," in and around Tobruk and Benghazi.

Many other missile sites have been built on the Egyptian and Chad borders. These are equipped with 118 Soviet Frong and Scud battlefield support missiles capable of firing non-nuclear warheads at a range of up to 150 miles.

GADDAFI'S THREAT

Recently the Libyan leader, Col. Gaddafi threatened to attack nuclear bases in Western Europe and Mediterranean islands if Libya was attacked.

Italy is planning to base 121 cruise missiles at Comiso in Sicily and the Italian Foreign Ministry was reported as saying it was "greatly surprised" by Col. Gaddafi's threat to retaliate against the "nuclear arsenals" in Italy, Greece and Turkey if incidents similar to the shooting down of two Libyan fighter aircraft by the United States Navy occurred again.

Sicily and the southern tip of Italy would fall well within the range of Scaleboard SS12 missiles if they were to be deployed in the Tripoli area. Attacks could also be mounted by Libya's ground attack aircraft.

COST PROBLEM

As far as the East-West balance of strategic forces is concerned, "Military Balance 1981-82" concludes that there is a basic underlying stability which is unlikely to be altered in the near future.

But the strain of limited financial and manpower resources for defense at all levels is becoming increasingly noticeable, especially in Western Europe.

The Soviet Union is maintaining a comprehensive effort to modernize all her theatre nuclear forces while NATO programmes, to be implemented only from late 1983, remain the subject of considerable political controversy in Europe.●

HOUSE EXPORT TASK FORCE COSPONSORS MEETING WITH USTR AMBASSADOR BROCK AND USDA SECRETARY BLOCK

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. BONKER. Mr. Speaker, yesterday the House Export Task Force cosponsored a meeting with the U.S. Trade Representative, Ambassador William Brock, and the Secretary of Agriculture, John Block, to discuss agriculture export policies and issues. It was the first in what I hope will be a series of meetings organized jointly by the House Export Task Force, of which I am chairman, and the Senate Export Caucus, cochaired by Senators BENTSEN and ROTH. More than 70 members of the task force and caucus and their staff aides were present. The meeting provided us the opportunity to hear the status of several key issues concerning agriculture exports and exchange thoughts and ideas in an informal atmosphere.

Mr. Speaker, long term, stable, and sustainable export growth is vital to our Nation's economic health. Farm exports are projected to total $48 billion in fiscal 1981 and $60 billion by 1985. They are the leading positive factors in the U.S. balance of trade.

Both Ambassador Brock and Secretary Block were candid in their remarks. In addition to discussions on the farm bill and agriculture trade with Japan, both provided the status on the United States-Soviet grain sales, negotiations for which are currently being conducted in Moscow for a 1-year interim agreement. While a date has not yet been set to begin negotiations for a long-term agreement, both Ambassador Brock and Secretary Block indicated we are in an excellent bargaining position.

The European Economic Community's export subsidies were an issue addressed at length by Ambassador Brock, who stated that the EEC currently subsidizes an estimated $16 billion in exports, in addition to individual member countries' export subsidies totaling $40 billion. The Ambassador said discussions will begin this year to remedy the situation. USTR also hopes to have GATT extend agricultural codes of conduct to be more in line with the industrial codes.

Secretary Block stated that the United States will have record crops of wheat and corn this year, with near record production of soybeans and cotton. The Department of Agriculture is actively seeking to find new markets for agriculture products, expand old markets, and open markets that are either closed or difficult to penetrate.

Mr. Speaker, during the last 10 years, American farm exports have almost tripled in volume, surging 25 percent in the last 2 years alone. Farm sales abroad provide more than 20 percent of farm income and some 630,000 nonfarm jobs producing, processing, shipping, and financing the export trade.

The role of agriculture exports in our overall trade cannot be overstated. The export task force is actively promoting legislation that will aid American exporters and provide the proper export incentives to those small- and medium-sized firms not currently exporting. The agriculture sector plays a vital role in our export policies.

Yesterday's meeting with Ambassador Brock and Secretary Block provided the opportunity for the administration to know that we are indeed interested in agriculture exports. The House Export Task Force and the Senate Export Caucus are planning more informal meetings during the next few months on other pertinent issues. Through such fora, we will be better able to convey the sense of Congress of the urgency in promoting exports and legislation that will support and assist the American businessman.●

THE HIGH ROAD TO SPACE

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. GINGRICH. Mr. Speaker, distinguished colleagues. In November of 1980, the American people rejected the previous administration's belief that we suffered from an incurable, national malaise. Applause resounded throughout the Nation last January when President Reagan reminded us "We are too great a nation to limit ourselves to small dreams."

And as we in the Congress work with the administration to solve the serious and difficult problems of today, we must not limit our search for solutions to the confinements of Earth, but rather include the unbounded resources and energies available in space.

I am placing in the RECORD today a chapter from a new book by noted author, editor, and aerospace engineer Ben Bova, the "High Road." I commend this passage and the entire work to my colleagues.

The chapter follows:

> A new space race has begun, and most Americans are not even aware of it.
>
> This race is not merely between two nations jockeying for political prestige or military power. This new race involves the whole human species in a contest against time. All of the people of Earth are in a desperate race against global disaster.
>
> The end of civilization is in sight, now, in the smoking streets of Tehran and Belfast and Miami, in the starving masses of the Sahel and Cambodia, in the nuclear arsenals and imperial ambitions of many nations. Only by raising our sights above the immediate problems of the moment, only by reaching outward into space itself, can we avert the coming worldwide collapse of civilization and the deaths of billions.
>
> Problems press in on us from all sides, and we are so busy dealing with what is urgent that we have lost track of what is important. We have become short-sighted, thinking only of the immediate crisis. We perceive the future as something quite remote from us; then we are shocked by the sudden changes that the future brings.
>
> If we expect to see the next century, or to have our children survive in it, then we must adjust our vision for the long view. We must begin building the twenty-first century now. Today. We have already wasted too much precious time. Very little time is left in which we can act.
>
> To save the Earth we must look beyond it, to interplanetary space. To prevent the collapse of civilization and the end of the world as we know it, we must understand that our planet does not exist in isolation. Our Earth is part of a Solar System that is incredibly rich in energy, in natural resources, in all the wealth and raw materials that we need to build a flourishing, fair, and free global society.
>
> This new space race, in reality, is a crucial struggle against humankind's ancient and remorseless enemies: hunger, poverty, ignorance, and death.
>
> We must win this race, for one brutally simple reason: survival.●

BRIAN ANSLEY TRIBUTE

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. ROSENTHAL. Mr. Speaker, I want to take this opportunity to commend Brian Ansley for his efforts in making Flushing, a community in my congressional district, a better place to live.

On October 1, 1981, Mr. Ansley left his position as executive director of the Downtown Flushing Development Corp. However, Mr. Ansley left us with a significant contribution to the community. During his 3-year tenure, Brian worked tirelessly on a variety of economic revitalization projects to improve the Flushing community. He was instrumental, for example, in the rehabilitation of the Lippmann Arcade, the establishment of a quarter-million-dollar revolving loan fund for store renovation, the construction of additional parking facilities and the restoration of Daniel Carter Beard Park. Mr. Ansley helped to bring over $7 million to improve Flushing's economic climate.

Although I am very sorry to see him go, I know that he has left behind a firm foundation for us to expand upon. I wish Brian and his family my sincere good wishes for a very happy and healthy future.●

"CALL TO CONSCIENCE" VIGIL

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. AUCOIN. Mr. Speaker, I am pleased to participate again this year in the "Call to Conscience," the congressional vigil for Soviety Jewry, calling attention to the plight of Solomon Alber. I commend Congressman BARNES for organizing this important demonstration of congressional concern for the victims of Soviet oppression.

Since the last time I addressed this Chamber about Solomon Alber and his courageous family, relations between the Soviet Union and the United States have taken a turn for the worse. Tensions are strained over the Soviet invasion of Afghanistan. Our hopes for productive arms limitation talks are dim. Soviet emigration has dropped radically over last year.

But in spite of this dismal picture, I continue to hope that human rights will prevail and that next year I can report on Solomon Alber's deliverance from the Soviet Union. It is not an idle hope; it is one that I want my colleagues to share.

Solomon Alber's story is at the same time his own personal story and yet very much like the story of every other Soviet Jew who is refused permission to emigrate in blatant disregard for the Helsinki accords.

Mr. Alber, a mathematician and physicist, was director of a computer research laboratory when he applied for emigration visas for himself and his family—his wife, Evangelina, and his sons, Mark and Ilya. He was refused in 1975 and, as a consequence of the application, was demoted. Evangelina, a physician, lost her job as a pathologist as well.

News about the family's application refusal spread quickly in their small scientific community outside Moscow.

The New York Times reported in June 1976 that Mark, then 15 years old, has become the target of an officially inspired campaign of threats and violence. First, his fellow students began the "silent treatment," refusing to speak to him. Then, as the shunning wore off, they taunted him, calling him "Jew, Jew, Jew" in derisive tones. Later, Mark was twice beaten, once into unconsciousness. Nevertheless, the police took no action, even though they apparently knew the identity of the assailants.

Shortly after this, a metal ball was shot through the third floor bedroom window of the Alber home. Fortunately, neither Mark not Ilya were in the room at the time. Still, the police dismissed the incident as a prank.

But the most important part of Solomon Alber's story is that he himself is not without hope and that he continues to work for his freedom. At last report, he is active in the refusenik organization, working at sacrifice to promote his dream and that of others. Unfortunately, his wife has contracted a lymphatic infection and has been forbidden to work by the authorities at the Central Medical Institute. Her condition is serious, but not critical. His son Mark passed the mathematics exam to enter the University of Moscow but was denied admission, and is now attending an institute for Railway Engineering, one of the few to which Jews are admitted.

As you see, Mr. Speaker, life for the Alber family continues, just as they continue to hope that one day they will be allowed to emigrate. I am pledged to see that the Albers do not hope in vain. I call upon my colleagues to join me in this effort by expressing their concern directly to the President, to Soviet Ambassador Dobrynin and Soviet Premier Brezhnev, demanding that the Albers and their fellow Jews be allowed to leave. With this kind of support, the Albers can continue to hope, and perhaps next year I can say to you the Albers are free.●

INTERSTATE COST ESTIMATE

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. ANDERSON. Mr. Speaker, today, October 1, is the start of a new fiscal year. Many of my friends on both sides of the aisle are celebrating the fact that today marks the beginning of a new era in Federal-State relations, and what State and local governments can expect from Washington.

Many of our colleagues may not know that as part of this new relationship, apparently, States may no longer expect to receive their share of authorized apportionments for the construction of what is generally referred to as the Interstate Highway System.

The Department of Transportation's authority to distribute Interstate apportionments among the States expired yesterday. You can be sure we will each be hearing from our State highway departments, notifying us of this fact. We have every right to respond that this is not the fault of the U.S. House of Representatives or any of its Members.

This past April, the Public Works and Transportation Committee reported out legislation, H.R. 3210, significantly redefining the Interstate Highway System, reducing its cost to complete, and allowing the apportionment of construction moneys.

Recognizing that this bill would probably not be enacted by today, we brought to the floor 10 days ago, a concurrent resolution allowing construction funds to be apportioned among the States utilizing the present distribution factors, rather than those included in H.R. 3210. That resolution passed by a voice vote. Then, last Thursday, a week ago today, H.R. 3210 passed by an overwhelming margin of 377 to 25.

So, what is the problem? The problem is that the other body, and the administration, have chosen to not help us get enacted a simple concurrent resolution extending the present statutory factors. To be fair, that distribution would be based on factors which, with the passage of H.R. 3210, would become outdated. But, as subsequent legislation, were H.R. 3210 signed into law, the legislative factors recognized in that bill would take effect.

The plain and simple fact is that the other body has chosen to play politics with the Interstate Highway System.

Their committee did not even mark up its version of H.R. 3210 until yesterday. And yet, it did not see fit to consider a separate interstate cost estimate.

Mr. Speaker, when our colleagues are visited by their home State highway officials, they should kindly invite their guests to walk over to the other side of the Hill. For that is the precise location where their problem lies.●

BLOOD, SWEAT, AND SHAME

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. BINGHAM. Mr. Speaker, in the New York Times of September 23, Tom Wicker asks if "the American economy is in such desperate shape that the guaranteed pensions of the elderly must be cut by $5 billion a year—while the swollen Reagan military budget is being reduced by only $2 billion." The answer is, of course, that it is not—the Reagan economic program is a conscious attempt to redistribute this Nation's resources. The bottom line of Reagan economics is taking from the poor and giving to the wealthy. As Tom Wicker puts it, "there's nothing noble about Mr. Reagan's economics."

Mr. Speaker, I urge my colleagues to read this Tom Wicker column and to bear its message in mind when the administration comes around insisting on additional budget cuts. This is an excellent piece to contemplate on day 1 of fiscal year 1982 and the inauguration day of the Reagan economic program.

Blood, Sweat, and Shame

(By Tom Wicker)

Is the American economy in such desperate shape, and are the American people grown so callous, that the guaranteed pensions of the elderly must suddenly be cut by $5 billion next year—while the swollen Reagan military budget is being reduced by only $2 billion?

Must the most lavishly fed people in the world, in order to reach greater prosperity and wield more armed power, really cut the school lunches of 26 million needy children from two to only 1.5 ounces of meat a day?

Both are elements of the "recovery" program for which Ronald Reagan has asked his Cabinet officers to give their "blood, sweat and tears." What a perversion of a phrase that evokes one of the noblest struggles of Western history!

There's nothing noble about Mr. Reagan's economics. And the issue is no longer—as perhaps it might have been earlier this year—whether profligate Federal spending, some of it on unproductive programs, needed to be reduced. It did.

But now the issue is whether a panicky Administration can redeem an ill-conceived economic program, rushed too hastily through Congress and oversold to the American people as meeting "all the essential aims of recovery," by making more, deeper and hastier budget cuts—this time into the supposed "safety net" that Mr. Reagan himself promised to preserve for the "truly needy."

What does he think most Social Security beneficiaries are, California millionaires?

Let's be clear about the record so far: First, Mr. Reagan and his eager party pushed through a $35 billion spending reduction while making vast claims for having "reversed history" and boasting that the budget would be balanced by 1984.

But second, even while doing so, they also scheduled an increase of 7 percent annually, after inflation, in military expenditures—a spending program that dwarfed the nonmilitary budget cuts and a military expansion larger than that for the Vietnam War buildup of the 1960's.

Next, the Administration and its followers insisted, over the opposition of most Democrats and most economists, on a three-year, 25 percent income tax cut that they first claimed would generate more revenues than the old rates, and which Mr. Reagan once argued would pay for his military buildup.

Now the skies over the White House are dappled with chickens coming home to roost. No signs have been seen of the great surge of investment supposed to greet the income tax cuts. Interest rates, persistently underestimated by Mr. Reagan and his statisticians—again over the dissent of most Democrats and economists—are keeping Federal debt service and prospective deficits high, and will keep economic growth low.

To honor his balanced budget promise, Mr. Reagan needs something in the vicinity of $75 to $100 billion by 1984—a shortfall of which, again, he was duly warned by the Democrats and most economists.

He could get it by raising taxes, but that would be an abject confession of the failure of cutting taxes and, worse, a slap in the face to his wealthly backers.

He could also find the money by cutting military expenditures—the MX would be a good place to start—but that would anger his right-wing supporters and offend Mr. Reagan's own romatic notions of standing tall in the world.

So he is going to seek the money by hacking holes in the safety net, gutting aid to the cities, ending any Federal efforts at job training for the unskilled, and—somewhere in the near future—turning welfare back to the tender mercies of states themselves hardpressed for public funds.

Is this what the American people voted for in 1980? Is Mr. Reagan really carrying cut a "mandate" when he decides to defer retirees' cost-of-living increases (at an average three-month cost to Social Security recipients of $87 and to veterans of $94) in the very teeth of his own pledges not to cut these benefits?

Few people, certainly not a majority of Americans, voted for such specifics as that—or for cutting schoolchildren's bread servings from eight to one a week, or for slashing mine safety inspection funds. Rather, the people voted to "give his program a chance" in its main outlines.

Budget-cutting was part of that program; so was tax-cutting; so were military spending increases. All are getting their chance. But the preliminary evidence is that Mr. Reagan's claims for the way the three would work together to restore prosperity were pipe dreams. And he certainly did not tell us that, in practice, the last two could be achieved only through extreme forms of the first.

Republican moderates, awake at last, are demanding a $9 billion cut, instead of the President's minuscule $2 billion, in the 1982 military spending increase. That alone would permit pension guarantees to be met on schedule, while $7 billion hardly threatens an arms buildup that actually contemplates building both the B-1 bomber and the Stealth bomber, while old folks and children go hungry.●

THE BAY NEWS—A HOMETOWN PAPER THAT MAKES A DIFFERENCE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. SOLARZ. Mr. Speaker, local newspapers play an important part in every American community, and Brooklyn is no exception. In my district we are fortunate to have an excellent example of a weekly newspaper, the Bay News, that operates in the best traditions of American journalism. Published by Courier-Life Publications, the Bay News is ably edited by Gary Daniels.

Recently, this paper ran an editorial that, to me, aptly describes what my constituents in Brooklyn are really like, and why I am so proud to have the opportunity to represent these caring, concerned, and active citizens in the Congress.

This editorial, which describes the spirit of Brooklyn residents was strikingly demonstrated at a rally I organized in opposition to the AWACS sale to Saudi Arabia.

Mr. Speaker, I ask permission that this editorial be reprinted in today's CONGRESSIONAL RECORD.

[From the Bay News, Sept. 21, 1981]

BROOKLYN DEMONSTRATES ITS TRADITION OF CONCERN

The rally held last week in Abraham Lincoln High School to protest the proposed sale of weapons to Saudi Arabia sent one kind of message to Washington. Another kind of message reverberated throughout Brooklyn in the wake of the meeting and reinforced something we have been saying for a long time: There is no borough, city or town in New York with as many concerned, informed or dedicated citizens as Brooklyn.

We have a hard time imagining Manhattan residents coming out in such large numbers to attend anything, much less a rally, held on a rainy night so far from the nearest subway station. Ditto for their counterparts in Queens and the Bronx. (Staten Island residents can't even get to the grocery store when it rains, so they are excused.)

But Brooklyn came out—by the thousands. They came by bus and car hours before the rally and continued arriving throughout the evening. They came to be involved, to make themselves known. And those who couldn't attend sent their petitions—more than 20,000 of them.

It was an extraordinary display of concern.

But even more extraordinary was the subject of the concern. Although many in attendance were Jewish, hundreds were not. Yet the dedication, the caring about a matter thousands of miles removed was stirring. Black and white, Christian and Jew—everyone cared.

This newspaper is proud of Brooklyn's dedication. It is a rare privilege to see so many people, so many different people, come together regardless of political persuasions or personal interest to make their feelings known. We are honored to have been the first community in the country concerned enough to address this crucial issue as one.

We applaud the politicians who participated in the rally. You heard Brooklyn's voice and you listened. That is half of what we ask of you. Now it is up to you to bring Brooklyn's message with you—to represent.

But our ultimate words of praise go to the people who came to the rally. Whether you participated and actively supported the speakers or whether you merely wanted to consume a different perspective, you cared enough about our future—your future—to participate.

Please continue your committment to being involved. Brooklyn, America—indeed, the entire world—needs more like you. Don't abandon us now.●

A SALUTE TO THE HONORABLE SAMUEL BROGDON, JR.

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. STOKES. Mr. Speaker, on October 24-25, 1981, members of the Northern Jurisdiction of the Ancient Accepted Scottish Rite of Freemasonry, Prince Hall Affiliation Ohio Council of Deliberation will convene in Cleveland, Ohio. During that weekend, I and other Masons from around the State of Ohio will pause to salute and honor the Honorable Samuel Brogdon, Jr., Illustrious Deputy of the Orient.

As a 33d degree Prince Hall Mason and member of the Bezzaleel Consistory No. 15, A.A.S.R. and the Bezzaleel Assembly No. 19, Order of the Golden Circle, I regard it as an honor to join in this testimonial to a man of great religious fervor and love for his fellow man—my good friend and fraternal mentor, Samuel Brogdon, Jr.

Cognizant of the forthcoming testimonial to Samuel Brogdon, Jr., I could not allow this opportunity to pass without bringing the values, the personality and the great deeds of this dynamic human being to the attention of my colleagues in the House. It is a great pleasure for me today to use this distinguished forum for a man whose life has been a forum for promoting brotherhood, inspiration and service to a host of community groups and human beings.

Mr. Speaker, with those initial thoughts, it is with profound joy that I take this opportunity to share with my colleagues the achievements of this outstanding man. This serves not only as a salute but also a celebration of the life and achievements of Samuel Brogdon, Jr.

Mr. Speaker, Samuel Brogdon has touched the lives, in a very unique way, of almost every person he has come into contact with. He has been an exceptional employee, a diligent community activist, a bulwark in his church and one of the most respected and revered leaders in Prince Hall masonry and shrinedom. No salute or honor bestowed upon Samuel Brogdon would be complete without touching on these aspects of his life. These aspects shine brilliantly like guiding stars and provide a clear path and direction for many individuals to follow.

Mr. Speaker, Samuel Brogdon was born and educated in Warren, Ohio. He served, with distinction, in the U.S. Post Office for 35 years. During that time, he was the recipient of numerous honors and awards for outstanding service.

Mr. Speaker, his tenacity for getting the job done was an asset to him in his community organization affiliations. Sam Brogdon is a board member of such notable active organizations as the Family Service Association, Trumball County Cancer Society, Fair Housing Commission of Warren, the mayor's Committee on Human Relations, Citizens Committee for Youth, and the Warren Urban League.

Few people can boast of this kind of stature and involvement in community organizations that are noted for helping the downtrodden, the disadvantaged and people in crisis. Samuel Brogdon can. He is a man who has dedicated his life to these same goals and simultaneously has become a pillar of strength and an aggressive member in these organizations.

As a token of esteem and appreciation for his service to the community, Samuel Brogdon has been the recipient of numerous coveted community awards. They include the Kiwanis Club of Warren, "Layman of the Year Award", the Outstanding Citizens Award for the Warren Urban League and Samuel Brogdon Day in Warren, Ohio.

Mr. Speaker, in addition to being an outstanding leader in the community, Samuel Brogdon is a widely respected religious leader in the Grace A.M.E. Church in Warren. He displays this leadership role as a church trustee. He has served as the president of the choral ensemble and a member of the church's finance committee. Additionally, he served as chairman of the church mortgage liquidation committee from 1974 to 1975 when the church mortgage was liquidated.

Mr. Speaker, one would think that all of these activities would keep Sam Brogdon extremely busy and deplete his energies. However, that is and never has been the case with Samuel Brogdon.

Mr. Speaker, while others may be tired from working and giving of themselves for others, my friend, Samuel Brogdon, was just warming up. His zeal for service and religious convictions are best summed up in the words from a spiritual,

> I ain't no ways tired. Come too far from where I started from. Nobody told me the road would be easy. I don't believe he brought me this far to leave me.

Mr. Speaker, Sam Brogdon has done what few men could do in terms of shepherding the Masons in the State of Ohio. I can attest to that because it was Samuel Brogdon who inspired me to achieve new heights in the Prince Hall Masons. He was a constant guide and adviser as I became a 33d degree Mason. He has been instrumental in cultivating my masonic involvement.

Mr. Speaker, it is this same energy, this drive and this commitment to helping others which constitutes Samuel Brogdon's mark on Prince Hall Masons in Ohio. I know that I speak for my brothers in the Prince Hall Masons when I say that it is a mark which is etched eternally on our hearts and minds.

Mr. Speaker, in Prince Hall masonry Samuel Brogdon is a towering figure. He is a shepherd and trailblazer for me and others who have joined the ranks. His ascendancy in the Masons and the respect he enjoys stand as a fitting tribute. In my mind, he is the classic example of a man who has followed the legacy laid down by Prince Hall who founded the Masons, African Lodge No. 459 in 1787 in Boston, Mass.

Within the parameters of the masonic order, Mr. Speaker, Samuel Brogdon has amassed numerous titles and positions. They include being a member of King Solomon Lodge No. 87, past master and presently serving as lodge secretary. He is also past patron of Mizpah Chapter, OES and member and past high priest of Excelsior Chapter, No. 39, Royal Arch Masons of Youngstown, Ohio.

My good friend, Samuel Brogdon, Jr., is a member of the Cuyahoga County No. 9 Heroines of Jericho, member of Emmanuel Commandery, No. 32, Knights Templar, past commander-in-chief Bezzaleel Consistory, No. 15. He was elected grand master of the Most Worshipful Prince Hall Grand Lodge in 1969.

The illustrious Samuel Brogdon, Jr., currently is serving as the grand secretary of the Most Excellent Prince Hall Grand Chapter of Ohio Royal Arch Masons and deputy-at-large of the Ancient Arabic Order, Nobles of the Mystic Shrine. He was crowned a 33d degree Mason in 1962 and corneted an active member of the United Supreme Council in 1974. That same year, he became overseer for the State of Ohio. In 1975, he was appointed as deputy for the State of Ohio. In 1976, he became chairman of the United Supreme Council Golden Circle Committee and in 1977 selected as deputy for the year.

Mr. Speaker, this exhaustive list of achievements within the Prince Hall Masons reveals the unswerving dedication of Samuel Brogdon, Jr. Judging from his civic, religious, and masonic achievements, it is not difficult to see why so many individuals have come to revere and respect this exceptional man.

For many years, he has nurtured ideals and visions of what his contribution to the community and his fellow man should be. Mr. Speaker, the manner and courage with which he has pursued these ideals and goals reminds me of the following quotation:

> Ideals are like stars: you will not succeed in touching them with your hands, but like the seafaring man on the desert of waters, you choose them as your guides and following them, you reach your destiny.

Armed with these humanistic ideals, Mr. Samuel Brogdon, Jr., illustrious deputy of the Orient, has made an indelible mark on the community, his church and the Prince Hall Masons in Ohio. His success mirrors his character—positive and unquestionable. The philosophy that he promotes and the warmth that he shares will always be a beacon of light to me and many other people.

With those thoughts in mind, Mr. Speaker, I ask my colleagues to join me in saluting the Honorable Samuel Brogdon, Jr., on the occasion of his testimonial during the 72d Annual Council of Deliberation Meeting of Prince Hall Masons in Cleveland, Ohio.●

THE PERSONAL TOUCH IN PELHAM

HON. NORMAN E. D'AMOURS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. D'AMOURS. Mr. Speaker, I would like to share with my colleagues an excellent article from today's Wall Street Journal by Mitchell C. Lynch on Lou Fineman and the Pelham Bank & Trust Co.

This article clearly demonstrates that even in today's troubled economic times, a hard working banker who cares about his community can be successful. Lou Fineman and the Pelham Bank & Trust Co., are a credit to their community. The community recognizes the unique services the financial institution offers and has stuck with it through thick and thin.

This article also testifies to the importance of maintaining small, independent banks across our Nation. These independent banks offer services and care which larger conglomerates cannot match. It is our duty as citizens and Representatives to work to preserve this kind of service for our constituents.

HOMESPUN FINANCE—PERSONAL TOUCH HELPS PELHAM, N.H., BANKER KEEP MONEY ON HAND

(By Mitchell C. Lynch)

PELHAM, N.H.—Try to withdraw as little as $500 from Pelham Bank & Trust and the president himself, Louis Fineman will come out of his office and ask you why.

Tell him your money can get higher interest rates elsewhere, and Mr. Fineman, his hand on your shoulder, will look you in the eye skeptically and ask politely. "How much?" He will hear the figure, roll it around in his mind, furrow his brow and then break into a broad smile. "Why don't you come into my office? We can get you more than that right here," he says.

If Mr. Fineman is persuasive—and he usually is—the customer puts his money right back into the bank and winds up thanking Mr. Fineman profusely. Lou Fineman clasps his own hands together and, sounding more like a country preacher than a banker, intones: "I thank God you came through these doors."

Another thing about Lou Fineman: He is 65 years old and has been a bank executive only 10 years. Before that, he was a local dairy farmer and cattle dealer, and he never took a formal course in banking or finance in his life.

Like many smalltown banks, Pelham Bank & Trust—the only bank here—is in danger of losing its independence. And Mr. Fineman may well become an anachronism. Many little banks across the country are being eyed by bigger institutions in their state, and, if Congress permits interstate banking, they probably will become takeover targets of big institutions in Boston, New York and other money centers as well. Last year, an estimated 300 banks were acquired, up 50 percent from 1979.

But although big outside institutions can provide local residents with more banking services, they still can't offer the folksy personal touch that helped make little banks so successful in the first place.

Partly because of the likes of Lou Fineman, most small banks so far have escaped the hazards of a changing banking system—and they are flourishing. Despite the beginning of an anticipated rash of takeovers, the Federal Reserve Board says, the number of banks in the U.S. increased last year by 129 to 15,201; presumably those formed in growth areas such as the Sun Belt more than made up for those acquired. Moreover, the 12,735 banks classified as small—with assets of $100 million or less—last year accounted for only 19 percent of the assets but 29 percent of the profits in commercial banking, the Fed says.

UNCERTAIN FUTURES

But the Fed adds that small banks are facing uncertain futures as more and more of their deposits are lured away by the high interest rates available elsewhere. Roland Roberge, New Hampshire's bank commissioner, calls the average small banker "a frightened and bewildered guy."

Small bankers have much to be frightened about. The government is phasing out ceilings on deposit interest rates, and little banks wonder whether they can afford to pay much more. Moreover, competition is stronger and different, with money-market funds, credit-card companies and even Sears, Roebuck & Co. offering bigger returns on money and, in many cases, far more services to customers. Today, the new all-savers certificates start going on sale. "People are going to trade local convenience for price," Mr. Roberge predicts.

In the past two years, bank-holding companies in New Hampshire have acquired more than a dozen smaller banks in order to broaden their markets and tighten their defenses against the new competition.

CUSTOM SERVICE

Fighting back, Mr. Fineman essentially offers custom service. If a depositor says he can get a 15 percent interest rate elsewhere on $10,000, for example, Mr. Fineman calls a correspondent bank, usually First National Bank of Boston, and invests the money in a portion of, say, a $100,000 certificate of deposit yielding 16½ percent. The customer gets 16 percent and Pelham Bank a half-percentage-point fee.

While using correspondent banks to offer customers many of the services of a big-city institution, small banks have some advantages of their own. For example, knowing the local people tends to reduce the likelihood of making bad loans. Last year, Pelham Bank's so-called uncollectable commercial loans totaled only $279.

But one problem with the Fineman-type personal-touch banker is that he is perhaps the only person in town who can run a bank. Whether by takeover by another bank or retirement, "If Lou Fineman ever left, that Pelham Bank would be blown out of the water," says Terrance Murphy, an Arizona banker who used to deal with Mr. Fineman for First National Bank of Boston.

At the moment, however, Pelham Bank, like many one-town institutions, is doing well. Only 12 years old, it has $64 million of assets, up from $46.3 million on Jan. 1. Its return on assets, an important barometer, is a robust 1.61 percent—towering over the average 0.6 percent return of big-city institutions. Its liquidity ratio, which measures its supply of cash and short-term notes relative to its total assets, is a stunning 63 percent, more than double that of big banks (the higher a bank's liquidity ratio, the less likely is it to get stuck with a passel of low-yielding long-term loans.) Last year its operating profit surged 27 percent to $840,000.

And financial performance isn't the only reason some small banks are attractive to bigger institutions. Like Pelham Bank, the choicest ones are in areas likely to grow rapidly.

Hard by the Massachusetts boundary and about 40 miles north of Boston, the town of Pelham is smack in the middle of the southern New Hampshire economic-growth belt. Attracted by New Hampshire's low taxes, many Massachusetts companies have transferred their headquarters and plants across the state line. And until the nationwide slowdown in home building began, much of southern New Hampshire was rapidly becoming part of the Boston suburbs.

But although in a growth area, Pelham itself, a town of 5,600, is a bit off the beaten track and so far has missed out on the prosperity. Its few upper-income homes are priced at about $70,000, and many of its other dwellings are set back in the woods and fronted by that omnipresent rural sculpture—the broken-down rusted, tireless and partly stripped automobile.

The town's only economic base, the dairy business, is dead. The herds have dwindled from 44 a dozen years ago to only two, and now it is rare to see cows grazing in pastures enclosed by the traditional stone walls. Local folks say few farmers' sons were willing to continue the fight against the New England hills and stony soil.

But many of the old pastures are marked off for residential development once interest rates drop and people resume buying homes. When and if a real-estate boom hits Pelham, a crucial role may be played by Mr. Fineman, the son of Russian immigrant parents who operated a 25-head dairy farm here. His mother died when he was 13 years old, and although he was the second youngest of six children, he wound up running the farm when his father became seriously ill soon thereafter.

"Used to milk them myself," he says, demonstrating the motions of milking a cow. "We never had one of those milking machines." About five feet, seven inches tall, he is slender and sinewy and looks at least 15 years younger than his 65 years. His thinning hair is still dark, and his complexion is the healthy burnt-red of a man who has spent many hours outdoors. From years of squatting on a milking stool twice a day, his back is bent forward slightly. His forearms are hard.

The drive to establish a bank in Pelham was led by Leo Kahn, the president of Purity Supreme Inc. Purity, which operates 42 supermarkets and 19 drugstores in the Northeast, had built a supermarket in Pelham and wanted banking services nearby. After the new bank got off to a slow start under executives brought in from outside, Mr. Kahn recommended that Mr. Fineman, then a bank director, be named president. At that time, in 1971, Mr. Fineman was a dairy farmer and cattle dealer suffering through hard times because the local dairy business was drying up. The bank then had assets of $3 million.

About five years ago, Mr. Fineman noted the early growth of money-market funds, which invest shareholder cash in short-term debt securities and yield far higher interest rates than banks can pay on deposits. He got a list of all depositors with $25,000 or more on account, met them one at a time in his office and vowed that he could get them interest rates on high-yielding securities through correspondent banks.

Though now without any cows to milk, Mr. Fineman still rises early and is among the first in the bank's office every morning. He routinely helps the tellers open the night-deposit sacks and count the money—chatting all the while. As customers arrive, he strolls around, helping some fill in their deposit slips correctly and offering advice to anyone who seeks it.

Once, Mr. Fineman spotted an elderly couple from a neighboring town at the bank. "Can I help you?" he asked as usual. The man and woman said they each were buying $20,000 of six-month certificates. They added that they were splitting the transaction, at some inconvenience, because they earlier had been advised elsewhere to do so for estate tax reasons. Mr. Fineman assured them that "it doesn't make any difference" if the purchase is divided in that way.

Six months later, they returned to renew their certificates at the bank, and the man told the bank president, "You're the fellow who questioned me and, by golly, you were right." Mr. Fineman discussed the tax rules with them some more and so impressed the couple that they later deposited $360,000 in the bank. "You're the only banker who called us on the way we've been doing things," the man said.

Sometimes Mr. Fineman scores a hit with what he calls "straight good manners." Two years ago, a young man wearing jeans and a green T-shirt waited outside the president's office while Mr. Fineman was on the telephone. "Looks like you're too busy," the man said as he walked out. Mr. Fineman ran outside the bank and got him back into the office.

The young man had recently sold his business in California and was carrying a check for $1,000,260 in his pocket. Mr. Fineman agreed to clear the West Coast bank check immediately, and he then advised the man of the best investment that the bank could offer. The man in the green T-shirt invested $1 million and gave the $260 to Mr. Fineman as a gift.

"I thank God you came through these doors," Mr. Fineman said.●

OPPOSITION TO GRUMMAN TAKEOVER BID

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. McGRATH. Mr. Speaker, yesterday I joined with all of the other members of the Long Island Congressional Caucus in strong opposition to the proposed takeover of the Grumman Corp. by the LTV Corp. of Dallas, Tex. Our opposition to the takeover is based on a deep concern for the employees of Long Island's most significant industry, as well as for the defense needs of our Nation.

Long Island was the center of this Nation's aircraft industry when it was in its vital growing stage. Although the center of this industry has since shifted away from Long Island, the Grumman Corp. remains a vital part of the Nation's aerospace industry. It has contributed to the defense of the

Nation through production of such Navy aircraft as the F-14, the A-6E, the EA-6B, and the E-2C. Grumman also built the spacecraft that landed men on the Moon and was a vital contributor to the success of the Space Shuttle *Columbia.*

Besides being vital to our country, Grumman is vital to Long Island. 28,000 people work for Grumman, and thousands more work for the high technology firms on Long Island and in New York which make components for Grumman products. Grumman has long been an exemplary corporate citizen, its employees consider themselves to be part of a family, and the corporation is essential to the Long Island tax base. We of the Long Island Congressional Caucus believe that it is in the best interests of Long Island, our constituents and our country that this takeover bid be prevented.

In letters to the President, Defense Secretary Weinberger, Attorney General Smith and the chairmen of the House and Senate Judiciary Committees, we expressed legitimate concerns about the possible antitrust implications of the takeover and the possible reduction in the competitive benefits of independent research and development which would result from the takeover. A merger of these two companies, which are currently engaged in extensive competition in military aircraft procurement, could seriously reduce the ability of the Armed Forces to procure the best possible military aircraft at the most competitive price.

I intend to work in any way I possibly can to stop a takeover which would appear to have few, if any, advantages for either Long Island or the Nation.●

THE NAMIBIA TRAP

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, an article in the Wall Street Journal of September 2, 1981, accurately outlines the Soviet threat in Namibia and Angola. I urge my colleagues to carefully consider the facts presented in this article.

[From the Wall Street Journal, Sept. 2, 1981]

THE NAMIBIA TRAP

Word from Cape Town yesterday that South African defense forces had killed Soviet officers and taken a Soviet warrant officer prisoner during their raid into Angola emphasizes the seriousness of recent events in Southern Africa. A popular understanding in the U.S. of the Reagan administration's position on that conflict becomes all the more important.

The Soviet deputy UN delegate, Rikhard S. Ovinnikov, heaped abuse on the U.S. Monday for its veto of a proposed Security Council resolution condemning South Africa for the raid. He accused the U.S. of "pandering" to apartheid. His puppet, a delegate from Angola, chimed in calling the Reagan administration "racist."

Before the world press picks up the Soviet line, it might be good to get a few things straight. First, the fight in Angola had nothing to do with race. The South African raiders consisted of both blacks and whites and so did the forces that resisted them. The raiders were countering a Soviet power play, the deployment of surface-to-air (SAM) missiles in southern Angola, escalating the continuing Soviet effort to take effective control of South West Africa (Namibia). The presence of the SAMs, revealed by an Angola official yesterday, would have threatened South African airspace. The U.S. administration was quite right in refusing to condemn South Africa without equal condemnation of the Soviets. The fact that the U.S. stood alone in the Security Council, while France and Germany caved in and Britain abstained, is a mark of honor, not guilt.

It was about time a U.S. administration stood up on the issue of Namibia. Most Americans have little understanding of the situation and thus become easy prey for those left-wing racism charges.

First of all, South Africa has made genuine efforts to prepare Namibia for independence as it is obligated to do under terms of the old international mandate that gave it control of the place. A constitutional conference consisting of representatives of the territory's 11 distinct population groups (Owambos, whites, Damaras, Hereroes, Kavangos, Namas, Coloreds, East Caprivians, Bushmen, Pehoboth Basters and Tswanas) was convened in 1975. A national assembly representing all these groups was elected in 1978 by popular vote. The assembly elected a council of ministers representing the various population groups. The council has been taking over the tasks of government under the supervision of a South African administrator general. Many discriminatory laws have been repealed and a multiracial civil service formed.

The UN, however, has not recognized this government, insisting instead on turning Namibia over to the South West Africa People's Organization (SWAPO), which has for years conducted guerrilla warfare against the territory from across the border in Angola. SWAPO is Soviet sponsored. South Africa has resisted this out of a fully justified fear that a SWAPO takeover would mean Russians and Russian-backed terrorists on its border. The Russians would inherit Namibia's mineral riches and its position closer to the vital Cape sea routes. The world would then view a perpetual state of war, with thousands more Africans slaughtered or made homeless like the victims of Soviet conquest in Ethiopia.

The blacks of Namibia, particularly the non-Owambo minority tribes, appreciate this danger as well as the whites. That is one reason that the various ethnic groups have cooperated so well in working toward representative government. Blacks participate in the defense forces fighting SWAPO on the border and were part of the raid into Angola. They have no wish for a SWAPO dictatorship backed by Russia and enforced, as in Angola, with Cuban troops and East German-managed concentration camps.

Indeed, it is resentment of Russians, Cubans and East Germans in Angola that has enabled the anti-regime forces of Jonas Savimbi to gather wide support in the Angolan population and seize control of large chunks of Angola's territory. The U.S., thanks to former Senator Dick Clark, is barred by law from helping the Savimbi forces but Mr. Savimbi has managed quite well with aid from South Africa and China and with captured material.

What is really at issue in Southern Angola is a Soviet grab for territory and power. The central question is whether a moderate and representative government of Namibia will be given a chance to survive or fall prey to SWAPO and the Soviets. The South Africans have done enough on behalf of moderation and pluralism in Namibia to have earned the right to resist the Soviet grab. And as for the U.S., it is good to have an administration that is not going to wilt before those phony Soviet charges of racism.●

PERSONAL EXPLANATION

HON. W. HENSON MOORE

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. MOORE. Mr. Speaker, I was not able to record my vote on House Resolution 208 offered by the gentleman from Illinois (Mr. CRANE) as I was speaking at a legislative forum sponsored by the Congressional Operations Institute and the legislative alert system in the room in which I was speaking in the Rayburn House Office Building malfunctioned causing me to miss this vote. Had I been present for the vote I would have voted for House Resolution 208.●

ON OCTOBER 1: A VOICE FROM MAINE STREET TO PRESIDENT REAGAN

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. BONKER. Mr. Speaker, today is October 1, the first day of the new fiscal year, and the day that the final remaining elements of President Reagan's economic program go into effect. Across the country today, State and local governments are struggling to find ways to maintain vital social programs which have served the destitute, helped millions of working poor to hold poverty at arm's length, and greatly enhanced the quality of life for all Americans.

October 1 is also a day that underscores all of the ironies and disparities in the President's economic program, which offers tax windfalls for the superrich and large corporations, but only program cuts and empty assurances to the poor and middle-class Americans.

The disparities in the Reagan administration's economic program were further exposed last night to anyone who watched network news. On one hand, the viewer saw the joy and opulence of the Republicans celebrating their pyrrhic budget victory—reportedly arriving in gleaming limousines, dressed in the latest fashion, sipping expensive champagne. On the other, the viewer saw the frustration and sense of tragedy on the faces of the committed workers of the Community Services Administration, as that great antipoverty agency created under President Johnson closed its doors.

Mr. Speaker, I would like to take some time on this, the day the final components of the administration's program are put in place, to comment on the events of the past 1½ months and the new economic and social direction that the Reagan administration is attempting to chart for this country.

As the administration's economic recovery program has floundered in recent weeks, President Reagan and other White House officials have tried to implicitly shift the blame from themselves to another quarter—the financial markets in this country, who are just not buying the package. The argument goes something like this: While Main Street, the broad mass of the American working public, wholeheartedly support the President's policies, the insidious forces of the markets—which, as Mr. Reagan has continually counseled us, should never be trusted—are undermining his program, dooming it to failure unless vital social programs are further slashed.

Well, Mr. Speaker, I recently received a copy of a letter to Senator HENRY M. JACKSON from a constituent of mine, Mr. John A. Bennett. I would like to include a portion of this letter in the official RECORD for the attention of my colleagues. Mr. Bennett was deeply critical not only of the administration's economic policies, but also the entire philosophical underpinning of President Reagan's about-face in the proper role of Government. And let me assure you, Mr. Speaker, this letter did not come from some manipulative mogul on Wall Street, but from an average citizen who represents millions of others like himself on Main Street who are concerned about the direction in which Mr. Reagan is leading this country.

Mr. Bennett presents a powerful defense of Governmental programs, which have from the start been the all-too-convenient whipping boy of Mr. Reagan.

> We, as a people and a nation, can do things through institutions of government to improve our existence when we can't do such things through individual effort.
>
> There is nothing wrong with governmental regulation, if it is reasonable. During this 20th Century it has been necessary to regulate the operation of the automobile, radio, television, and the airplane, for the benefit of all.

Mr. Reagan would do well to study these arguments from a representative of Main Street. Government is not an inherent evil; properly conceived, government is the instrument through which the broadest hopes, aspirations, and commitments of all the people are translated into fact. I commend this letter to the attention of my colleagues.

OCEAN SHORES, WASH.,
September 2, 1981.

Subject: Remarks of a perplexed constituent.

HENRY M. JACKSON,
Senator, U.S. Senate, Washington, D.C.

I am tired of the press's adulation of Reagan economics. I find Reagan's tax cuts illogical as a means of attaining fiscal stability. I am tired of the touting of the idea that the "market" should be the principal factor in setting prices. Too often the "market" is rigged to the detriment of the American people. This is illustrated by O.P.E.C.'s pricing of petroleum.

How can the Republicans get away with this sort of nonsense? Somehow Democratic voices are strangely silent about a principal truth about the American Way of Life. We, as a people and a nation, can do things through institutions of government to improve our existence when we can't do such things through individual effort.

There is nothing wrong with governmental regulation, if it is reasonable. During this 20th Century it has been necessary to regulate the operation of the automobile, radio, television and the airplane, for the benefit of all.

There are no reasons why the economy can't be managed reasonably. As I recall government got into this regulation business when the rail tycoons fouled up the railroads after the Civil War. Congress created the Interstate Commerce Commission to untangle the mess. Similarly Congress has had to deal with banking, and the sales of securities creating the Federal Reserve and the Securities and Exchange Commission.

As an observation these bodies act independent of one another and possibly work at cross purposes. Thus there may be a need to somehow get these regulating bodies coordinated to better serve the nation.

I find Reagan programs to be on the heartless side. They have made massive cuts in people programs, but they make no cuts on the money side. The holders of tax exempt government bonds are asked to make no sacrifices. The payment of 15% interest on short term federal borrowing is scandalous.

The proposed tax cuts are not stirring noticeable business expansion to lessen unemployment. In fact one of the indicators of the state of thinking in the business community, the Dow-Jones average, dropped below 900 last week from a peak of over 1000 in the early part of the year. In times past such Dow trends preceded the economy by about six months.

To earn your pay, you have a lot to do back there in Washington, D.C. This may be facetious, but we do expect a lot from the Congress and the Presidency.

Yours sincerely,

JOHN A. BENNETT.●

THE FOURTH ANNIVERSARY OF THE AD HOC CONGRESSIONAL COMMITTEE FOR IRISH AFFAIRS

HON. WILLIAM J. HUGHES

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. HUGHES. Mr. Speaker, I am pleased to join my colleagues in commemorating the fourth anniversary of the Ad Hoc Congressional Committee for Irish Affairs. This group, necessitated by the grim reality of the tragic problems of Northern Ireland, has dedicated itself to the goals of peace, freedom, and justice through nonviolence in Northern Ireland.

We are all well aware of the strife which has plagued Northern Ireland. Violence and terrorism have marred the land and people of this area for too many years. The desperate intensity of human emotion involved have been underscored by the self-imposed starvation of members of the IRA in Maze Prison.

Rather than mourn the past, however, we must look to the future in a constructive and realistic manner. The appointment of a new Secretary of State for Northern Ireland lends new hope that the British Government will open itself toward discussion of a reduction of its presence as well as undertake positive steps toward that goal.

We of the ad hoc committee must continue our efforts to encourage such positive steps toward a lasting solution. Whether it takes 4 more years or 40, we must work unerringly to encourage our Government to use the means it has available to encourage the British and leaders in Northern Ireland to faithfully work for our committee's goals of peace, freedom, and justice.●

ENGINEERING EDUCATION UNDER STRESS

HON. COOPER EVANS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. EVANS of Iowa. Mr. Speaker, I would like to submit, for the benefit of my colleagues, an article which appeared in the September 25, 1981, issue of Science magazine. It deals with a subject of great significance to this country: the crisis we face in engineering education programs. The article is particularly timely because the House Science and Technology Committee will hold hearings next week (October 6 and 7) on the subject of engineering manpower. As an engineer, I am concerned about the future of engineering education and this article is of special interest to me since it focuses on my alma mater, Iowa State University. I recommend it to my colleagues since it provides an excellent overview of the crisis currently facing colleges and universities throughout the country.

ENGINEERING EDUCATION UNDER STRESS

UNDERGRADUATE CRUSH EXACERBATES SHORTAGE OF FACULTY, RESOURCES; IOWA STATE AVOIDS LIMITS ON ADMISSIONS BY EXTENDING TIME TO DEGREE

AMES, IOWA.—At Iowa State University (ISU), incoming students intent on majoring in high-demand specialties in engineering and computer science are warned that it may take them 5 years rather than 4 to complete their undergraduate work. The caveat is a clear local sign of what nationally is being called the crisis in engineering education.

As in other universities around the country the oversubscribed majors are electrical engineering, computer engineering, and mechanical engineering, with chemical and aeronautical engineering not far behind. At ISU the computer science department is lodged in the College of Sciences and Humanities rather than the College of Engineering, where it is in many universities, but the same overload conditions prevail.

Nationally, the "crisis" goes beyond crowding in undergraduate programs. In high-demand areas, faculty, particularly junior faculty are in short supply. Complaints about inadequate or obsolete equipment are endemic. Morale in many places is sinking.

Perhaps most significant, the ablest graduates with bachelor's and master's degrees are accepting job offers from industry on terms that universities cannot match. The result is depletion of the ranks of graduate students on which research and teaching heavily depend.

Cutbacks in federal support of research and manpower training going back more than a decade have contributed to the problem. But the decline in status and rewards of engineering and computer science faculty compared to their counterparts in industry is a relatively new phenomenon. And there is serious concern about the current quality of engineering education and the longer term implications of a lost generation of faculty.

How are the universities dealing with the novel combination of feast and famine in engineering? What are the effects on students and faculty? To examine the crisis in terms of such practical problems as scheduling and staffing, it is necessary to focus on a specific institution. Iowa State provides an example of a technically oriented major institution with a big engineering school that this fall put fully into effect a scheme designed to maintain the quality of the engineering program while meeting the new conditions.

At ISU the trends are clear. Enrollment in engineering has virtually doubled from a low point in the 1970's to about 5375 (4,815 undergraduates) this term. At ISU, the number of engineering students has increased from less than 13 percent in 1974 to more than 20 percent of the total enrollment of some 24,200 this term. Continuing the steady climb of recent years, electrical engineering rose from 671 majors last year to 745 this term, computer engineering from 370 to 440, and mechanical engineering from 631 to 673.

A key decision for any engineering school faced with current enrollment pressures is whether to limit admission to the oversubscribed specialties. At ISU, the decision was made at the top by the State Board of Regents, who set policy for Iowa's public universities. The regents have hewed to the line of its traditional policy that all Iowa high school graduates ranking in the top half of their class are eligible for admission. The alternatives are regarded as philosophically and politically unpalatable.

Working with this version of open admissions, the faculty had to devise a way to manage an overflow. In electrical and computer engineering the crunch comes in the sophomore year after students have made it through a basic engineering program. Majors are required to take a block of three entry-level courses for the "professional" engineering program. Admission to these courses is granted according to a set of firm criteria. First preference goes to qualified students earlier denied entrance. Candidates for the courses must have completed prerequisites satisfactorily and grade point averages also figure in selection. The real bottleneck is the laboratories for entry-level "professional" courses. ISU engineering faculty have long emphasized the importance of the laboratory part of the curriculum and they chose not to dilute the lab experience. This meant continuing to have lab sections of 12 students working in two-person teams. Electrical engineering department chairman J. O. Kopplin says that the faculty feels that students "need to use the instruments to know what's going on." Crowding more students into some labs could cause safety problems, but educational considerations were paramount in the decision to hold the line. Last year laboratories ran on a full schedule that included Saturday mornings. This year, half the seats in the labs go to students denied assignments earlier, so the number bumped is going up.

In the computer science department, chairman Robert M. Stewart, Jr., says that his department is also "falling further behind." The start of classes brought 300 new declared majors. The rate of growth in the department is indicated by the fact that computer science now has 700 majors, only about 100 of whom are seniors. The number of majors is, in fact, a poor gauge of the pressures on the department. Computer engineering majors in the College of Engineering—some 450 of them now—take a number of computer science courses in common with computer science majors. And the heavy demand from other departments of the university for computer instruction means that droves of students are turned away. Like engineering majors, prospective computer science majors are being told that it may take more than 4 years to finish.

For faculty, the increasing numbers obviously have consequences. Teaching loads in terms of assigned classes have not been substantially increased. The normal load at ISU is 12 credit hours. For most faculty members this works out to teaching two classes and performing other duties to fulfill the obligation.

Class sizes, however, have risen sharply. Lecture classes that might have had enrollments of less than 30 in the mid-1970's may now have more than 70. Engineering faculty numbers have not been increased in proportion to the rise in enrollments. This means that the number of students each faculty member is expected to advise has grown. And scheduling has grown more complex and frustrating as students more frequently are shut out of classes. Larger classes and heavier advising loads are said to be making relations between teachers and students more impersonal.

The pattern is apparently now very common in engineering schools. Edwin C. Jones, Jr., an electrical engineering professor at ISU, whose participation in national professional activities gives him a broad perspective, says that there are widespread worries about the effects of current conditions on engineering teaching. In large classes recitation is impractical and teachers resort to straight lecturing. The tendency is not to collect homework. At ISU, faculty have resisted using machine-graded examinations now common elsewhere, but Jones thinks that professors teaching large classes will almost inevitably write exams to make grading them easier.

As student numbers have increased, university budget cuts have tended to reduce support services. Clerical staff dwindles, office supplies run short, and there is no money for equipment such as word processors that might permit the administrative load to be handled more effectively.

In engineering and computer science departments, the increases in undergraduate enrollments are not paralleled in graduate education. In electrical engineering, for example, the number of graduate students in the department peaked at about 100 in the late 1960's and in recent years has hovered between 50 and 60. The numbers would be even lower were it not for an influx of foreign students into graduate programs in all U.S. engineering schools in the 1970's. At ISU, about half the current graduate students in electrical engineering are on visas. Department chairman Kopplin notes that the foreign students are generally strong in research and do well in graduate work, but in many cases lack the fluency in English to serve as teaching assistants. The scarcity of teaching assistants adds to the faculty's task of bearing the undergraduate load.

The ebb of American students in graduate programs is in part ascribed to flagging federal support of manpower training. Federal fellowships which once attracted top American graduates are no longer available. Assistantships now require performance of specific duties which give graduate students less time for work on their degrees than was customary in the past. The ISU administration has sought to keep graduate stipends competitive at least with those paid with public institutions in neighboring states and have made them tenable for 12 months rather than 9 as in the past. But the full graduate stipend, now about $700 a month, pales in comparison to what industry currently offers a graduate with a bachelor's or master's degree in engineering or computer science.

In commenting on the paucity of American candidates for doctorates, computer sciences department chairman Stewart makes the telling point that in his field, "the Ph.D. is not perceived as cost effective." The computer scientist who stays in the university for his degree "will not make up the salary difference in the long run." Others say that in hot areas such as computer graphics and artificial intelligence, researchers in industry have the edge in working freedom and equipment, traditionally advantages offered by the university.

The same calculus operates at the faculty level, particularly with junior faculty. At ISU, assistant professors are paid in the low to mid-twenties for an academic year. In high-demand specialties ISU must compete not only with industry but with other universities. Engineering currently has 10 positions unfilled, some of which have been open for 2 or 3 years. Consulting traditionally offers a means for engineers to supplement their incomes. Opportunities are in some degree affected by nearness to industry and ISU, as one administrator put it, is "in the middle of a cornfield." From the recruiting standpoint, however, there are compensations., Two recent additions to the engineering faculty, for example, were glad to leave urban areas and come to Ames where schools are good and housing costs moderate by current standards.

Current constraints on university budgets make it difficult to compete in the new manpower market. ISU last year had an experience of a kind increasingly familiar to Midwest universities when a drop in state revenues caused "recision" of 4.6 percent in its operating budget. The cuts fell heaviest on building and instrumentation budgets, sharply affecting growth areas like engineering and computer science. This year there was some relief in the form of significant salary increases and a substantial raise in tuition, which the university was for the first time allowed to keep and apply to academic activities. The university administration also did what it could to give divisions with rising enrollments a budgetary dividend. But there is agreement that in the budget context of universities like ISU a major reallocation of resources is unlikely.

Faculty and administrators at ISU say expectations about state financing have changed. In the future, it will be necessary for those working in engineering and computer science to take much more responsibility for acquiring equipment and even new buildings. Dean of engineering R. R. Boylan concurs, saying, "It is quite clear to us that we will need to find a supplement to state money to survive." This means forging new links with alumni and convincing industry that its own interests are served by helping to fund the departments that provide the people and ideas industry needs.

The same sort of initiative is seen as necessary in recruiting graduate students, particularly doctoral students. Universities have cooperated with industry in providing graduate training, often part time, for their employees. Now, says Boylan, industry must be convinced that it is just as important for universities to produce the academics of the future.

This year, an ISU experiment in matching numbers to resources in engineering and computer science is under way. But what if the queuing system produces an increasing backlog, making entering students feel that they face an infinite regress? If that should happen, say faculty and administrators, it would then be necessary to consider—traditions and politics notwithstanding—ISU's own version of limits to growth.●

CONDOMINIUM CONVERSION FUELS INFLATION: PART II

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. ROSENTHAL. Mr. Speaker, still another example of how condominium conversion adds to higher housing costs and indeed fuels the inflationary spiral has been brought to my attention and I want to share it with my colleagues. The September 24, 1981, issue of the Montgomery County, Md., Sentinel has an article about the steep increase in taxes assessed as a result of a particular conversion. The taxes on the Promenade Apartments in Bethesda, Md., were $458,421 before conversion. As a result of the conversion, and the very steep projected sellout value of the apartments, the tax bill presented this year is $1,374,131. This steep increase is not unusual for converted buildings. It results in a heavier burden for purchasers and for the inflation-plagued economy. Something must be done to get this problem under control. I urge my colleagues to examine two bills I recently introduced to deal with the national crisis caused by conversions: H.R. 3840 and H.R. 3841.

The article follows:

[From the Sentinel (Montgomery County), September 24, 1981]

PROMENADE APPEALS TAX ASSESSMENT

(By Keith F. Girard)

American Invsco, the giant Chicago-based condominium conversion corporation, is appealing the property tax assessment on the luxury Promenade Apartments, a twin-tower, high-rise in Bethesda it bought last year for $50 million and is converting to cooperative ownership.

At the time of the sale, the twin 18-story buildings and 25 acres of surrounding land at 5225 Pooks Hill Road were valued at $26.5 million. Annual property taxes were $469,438.

Last July state tax assessors took another look at the property and boosted the value to $96.89 million, a figure that is slightly under the estimated $97.6 million American Invsco was expected to gross from the sale of the Promenade's 1,072 units.

At the new value—a 266 percent increase over the old amount—annual taxes soared to $1.38 million.

In a cooperative building, residents do not actually buy their units. Rather, they buy shares in the property equivalent to the value of their apartments. Property taxes are assessed to residents based on their shareholdings.

American Invsco, which owns the property through Mutual Housing Corp., a subsidiary, would be liable for the taxes on all unsold units.

While exact numbers are unknown, a property appraisal report prepared as part of the appeal stated that only 428 units had been contracted for by May of this year, and of those, only 248 units had gone to settlement.

The corporation, which has been reported to be in questionable financial condition, filed an appeal in July, immediately after tax assessment notices were mailed to property owners.

Silver Spring lawyer Howard J. Thomas who is handling the appeal, said this week the corporation believes the true assessment should be $49.7 million, the purchase price of the building.

Thomas, who is co-chairman of the state Democratic party and lobbies for American Invsco in Annapolis, met with a state tax assessor last July to review the assessment. The meeting, which was the first step in the appeals process, resulted in a devaluation of the property to $79.2 million.

Under the state's triennial assessment system, that amount would be phased in over three years.

Even so, it would result in a $1.28 million tax bill this year.

The case has been appealed to the local Property Tax Assessment Appeal Board. No hearing date has been set.

The controversial Chicago-based corporation has grown in 10 years into one of the biggest condominium converters in the country. The firm last year, according to some reports, handled properties worth $2 billion.

Last fall Rep. Benjamin Rosenthal, D-N.Y. launched an investigation into condominium conversions nationwide and focused on the American Invsco empire. Despite its phenomenal growth the company financial position is a closely held secret even within the privately owned corporation.

With high interest rates ravaging real estate markets across the country, recent reports have questioned the financial stability of Invsco, which is estimated to have assets of $600 million. In an Aug. 10 article appearing in Fortune magazine, Invsco was reported to have liabilities approaching $500 million.

To acquire and convert the Promenade, according to the magazine, Invsco borrowed $29.2 million from a New York bank at an interest rate tied to two percentage points over the prime rate. The interest amounts to around $6 million a year.

Moreover, the magazine also reported that sales were sluggish at the luxury cooperative. More than half were unsold and 187 were vacant, according to the article.

The property tax appeal case also reveals financial information that heretofore has been unavailable.

According to the file, Mutual Life Insurance Company now holds a note on the property for $22.2 million at an interest rate that rises and falls to reflect market rates.

A property report prepared by an independent appraiser last May stated that net proceeds from the sale of 428 units amounted to $23.5 million after deducting sales discounts. Most of the sales were for smaller units. Remaining are larger, more expensive units that have a more limited market, "especially in light of the present economic outlook," according to the report.

One result has been an increase in the sellout time, which is now doubled to 24 months. The report, however, called the figure "optimistic," and stated the actual sellout time could be extended by another six to 12 months.

Aside from the purchase price, Invsco also has spent more than $7 million for such things as refurbishment, interest and marketing. The corporation expects to make $19.5 million in gross profit.

The appraisal report placed the fair market value of the complex at $62.9 million, an amount that would result this year in estimated taxes of $886,000.

If the appeal is successful, Thomas said Promenade residents who own co-op shares also would benefit from the reduced assessment.●

MR. ASPIN AND THE FIRST BUDGET RESOLUTION

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. ASPIN. Mr. Speaker, I would like to discuss an issue that arose recently with regard to the "need" for Congress to make further spending cuts. This is a good time to set the record straight about what the first budget resolution did, and did not, call for in the way of congressional spending cuts. To begin with, the budget resolution directed reconciliation, which was totally achieved with the law enacted August 14. But a second issue has come up.

When Alice Rivlin, the Director of the Congressional Budget Office, testified before the House Budget Committee on September 10, she stated:

> The CBO spending projections assume that substantial spending cuts will be made—over and above those contained in the Omnibus Budget Reconciliation Act of 1981—through the appropriations process and by other means. These further spending cuts amount to about $15 billion in 1982. . . . These additional savings are implicit in the First Budget Resolution targets.

This testimony was subsequently misinterpreted by the administration; they implied that the President's budget and the budget resolution called for $15 billion more in congressional spending cuts than Congress enacted. This is simply not true, and a letter from Alice Rivlin to Chairman Jones on September 23 makes that clear. As her letter says:

> This statement has been misinterpreted to mean that Congress must enact an additional $15 billion of savings to meet the President's original 1982 budget request.

The CBO letter specifies that over half of that $15 billion—$8 billion—is just estimating differences. If the administration's estimates are correct, no further action at all is needed by anyone. Of the remaining $7 billion, $2½ billion is supposed to be accomplished by the administration, not by Congress, through the reduction of waste, fraud, abuse, and mismanagement. Another $2¼ billion is presently being achieved through separate—nonreconciliation—spending actions of Congress. CBO identified only one reduction in the budget resolution on which Congress has taken no action.

That reduction is a $2.3 billion cut to Ways and Means programs. It is a cut to social security and other indexed programs, and was initially assumed to be achieved through changes in the method of calculating the CPI or some other inflation measure. This proposal originated in the Senate, and became part of the budget resolution in conference. The cut was never included in the President's budget, the Jones budget, or the Gramm/Latta amendment to the budget resolution.

The text of the letter from CBO, which explains the $15 billion figure, is attached:

CONGRESSIONAL BUDGET OFFICE,
U.S. CONGRESS,
Washington, D.C., September 24, 1981.
Hon. JAMES R. JONES,
Chairman, Committee on the Budget, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for information concerning the $15 billion of "additional savings" for fiscal year 1982 that I mentioned in my testimony before your Committee on September 10. This statement has been misinterpreted by the Administration to mean that the Congress must enact an additional $15 billion of savings to meet the President's original 1982 budget request.

The $15 billion estimate is an arithmetic calculation that results from comparing the first budget resolution outlay target for 1982 with the CBO baseline budget projection used to measure savings in the reconciliation process. The $15 billion estimate represents a mixture of technical estimating differences between the CBO baseline and the first budget resolution assumptions and some additional savings that must be accomplished by the Administration and/or Congress.

An explanation of what is included in the $15 billion estimate requires an interpretation of the policy and estimating assumptions underlying the first budget resolutions targets. As you know, the House and the Senate have different interpretations about what was included in these targets. To respond to your request, we have analyzed the resolution target for 1982 using House policy and estimating assumptions and have verified the results of our analysis with the Committee staff.

The following table is a list of the components that make up the $15 billion estimate:

[In billions]

Technical estimating differences between CBO baseline projection and House assumptions for first budget resolution	$8.05
Additional outlay reductions to be accomplished by legislative actions	4.55
Additional outlay reductions to be accomplished by the Administration	2.45
Total	15.05

The largest component in the list consists of technical estimating differences between the CBO baseline outlay projection for 1982 and the House assumptions for the first budget resolution. The House assumptions were based mainly on the budget estimates provided by the Administration in its March budget revisions, while the baseline projection was constructed with CBO estimating methods. These estimating differences do not result from different policy or economic assumptions. For example, the Administration's estimates for many programs assume that 1982 spending will be at a lower rate than that contained in the CBO baseline. If the Administration's assumptions prove to be correct, then the estimating differences mentioned above will disappear. Many of these technical estimating differences are described in CBO's published analysis of the March budget revisions. In addition, the CBO baseline projection for interest costs (function 900) is about $2.3 billion higher than the level specified in the first budget resolution.

About $4.5 billion consists of additional spending reductions—over and above those contained in the Reconciliation Act—that the first budget resolution assumed would be accomplished by legislative means. The largest component of this $4.5 billion consists of $2.3 billion of unspecified spending reductions that originated from savings to Social Security and other indexed benefit programs assumed in the Senate-passed resolution. Most of the remaining legislative savings are already assumed in the spending targets allocated to the Appropriations Committee in the first budget resolution.

Finally, about $2.5 billion consists of outlay reductions that the resolution assumes will be accomplished by the Administration. Some of these administrative savings were proposed by the Administration and others were added by the Gramm/Latta substitute passed by the House. The Administration proposed making savings by decreasing the interest-rate subsidies given to veterans receiving insurance loans and to farmers receiving price support loans, and by accelerating the leasing of mineral resources on federal lands. The House assumed additional administrative savings through more vigorous prosecution of oil price violations and accelerated collection of outstanding debts owed to the federal government.

I hope that this information will be helpful to the Committee.

Sincerely,

ALICE M. RIVLIN,
Director.●

FEDERAL RESERVE SYSTEM BADLY NEEDS MAJOR OVERHAUL

HON. RON MARLENEE

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. MARLENEE. Mr. Speaker, I would like to express concern today about a problem that has now become the No. 1 roadblock to economic recovery: High interest rates.

I would like to call attention to two newspaper columns written by Larry Bowler, publisher of my hometown newspaper, the Daniels County Leader, of Scobey, Mont.

The two columns, titled "Federal Reserve System Badly Needs Major Overhaul" and "It Isn't What Happens: It's How You Look At It," pose some interesting questions about the high interest rates now afflicting our people and our economy.

Small business and farmers, two groups that are the backbone of Scobey's economy, and the entire State of Montana's economy, are especially suffering because of the high interest rates. Mr. Bowler, in his own colorful style, looks at the Federal Reserve, high interest rates, the World Bank, 2 percent REA loans, and grain exports to India, and ties them together to come up with some startling conclusions. And Mr. Bowler brings these conclusions into special significance for the people of Scobey—small businessmen and farmers.

I believe the following material will prove helpful to my colleagues, and I submit the information into the RECORD:

FEDERAL RESERVE SYSTEM BADLY NEEDS MAJOR OVERHAUL

Thoughout its history the United States of America has endured all sorts of experimentation with its governmental systems. From these experiments there have evolved some good things; and some bad things.

The settling of the West—one of the greatest mass movements of population in the history of the world—into the vast spaces west of the Mississippi River, involved primarily the initiative and resourcefulness of those doing the settling—within a very loose framework of governmental supervision, generally negligent, and often corrupt.

However, as many of the vacant spaces in the contiguous 48 states became filled in, some serious basic problems surfaced.

Among these problems were that cash and credit available to the western states always was short; and that the New England states—the centers of finance, viewed the Western states virtually as colonies, to be exploited, judiciously or otherwise.

In the process the Union periodically underwent panics, depressions and ruthless depredations by those in charge of major financing and law making.

Then, in 1913 President Woodrow Wilson got Congress to pass a law which created the Federal Reserve System.

Its avowed purpose was to create a governing financial body, fairly independent of political whimsy, which would establish and maintain financial stability thoughout the nation; to guard the value of American currency; and above all, to create a financial atmosphere which would avoid the destructive results of ruthless manipulations by the major centers of finance, and forestall vicissitudes of the times, not only in this nation but also by those abroad who had extensive interests in the resources and development of this nation. They still do, but for a different crowd.

The Federal Reserve System—in theory not at all bad, but in practice considerably less than that—thus operated for about twenty years.

Unfortunately, in those two decades, the same things happened as before—panics, depressions, ruthless depredations.

Then came upon the scene Franklin D. Roosevelt, who took office in 1933, following the elections of 1932 in which he and his party won dominance by an overwhelming majority.

Although basically a conservative fellow, coming from a family of old wealth of Dutch ancestry from upstate New York, FDR sensed the message of the times and quickly shifted from his campaign platform to keep the budget balanced, after his election.

He also was soon to observe that most of his Social Register friends and acquaintances—even as were his ancestors the Dutch patroons, who held people in serfdom on their vast estates—were up to their customary piratical operations.

Thus he found himself on a collision course with them—if he was to maintain his mandate and exercise his ingenious brand of personal power which he would develop so well in the years ahead.

A man of considerable personal charm, his private life was basically with the socially elite, and always continued to be, while his wife, Eleanor took his public statements seriously and often embarrassed him in her naive actions, but still helped accomplish what became known as the "reign of FDR," lasting until his death in 1945.

However, early in his first term he decided the Federal Reserve System and existing banking laws needed some overhauling. In succeeding "rubber stamp" Congresses he achieved his aims, in 1935.

In the process he did accomplish some needed reforms. But, in heeding his "Brain Trust," a collection of fuzzy-headed intellectually elite economists, he also went along with planting the seeds of a philosophy which laid down certain principles from which this nation still chronically suffers.

One of those principles was that the federal government should use the taxation base more than just to run the government. It should also use taxes as a punitive force.

As a political realist, of course, he also began to realize that as he scourged the "economic royalists," in fireside chats and in new and punitive tax laws which the mass of the American public loved, there was a hard core fact:

1. You should never kill the goose that lays the golden eggs; those people who venture capital, enterprise and management which makes jobs.

2. That "whacking the rich" will never come anywhere near to providing massive, government revenues. That taking a good tax bite out of all wage-earners was a better answer.

During World War II, FDR was approached by an efficiency expert who showed him how to use the "victory tax" as means to take from every wage-earner a chunk of the paycheck.

It soon evolved into the withholding tax.

As a consequence, since then no one on salary wages gives a good —— what the taxes are—which since then also the government required employers to deduct—what counts is "take home pay."

Moreover, under state laws, and under legislation designed to provide against hardship of employees in being laid off thru no fault of their own, we pay unemployment checks to some unemployed who get far more working half a year than the majority of people make when they are working full time.

And, as a consequence, this nation in each state has unwittingly promoted the continuing existence of professionally "unemployed," who only work to get into a position where they can quit and then lay around drawing more checks for being deliberately unemployed.

It takes no imagination to figure who pays for this. All of us do.

However, the master politician, as FDR certainly was—with monarchical overtones—falls short of top rank as a statesman in that by using his great personal charm and politically growing expertise, he could not see that as he circumvented the basic checks and balances of American government, he opened the doors—he set a precedent—for the same kind of manipulations to his successors, regardless of their abilities.

Thus began the planned deficit policy in American governmental operations; and, like Topsy, it just grew and grew.

Meanwhile, the Federal Reserve System, which FDR overhauled, and in so many ways improved, he left the door open for government manipulation of our basic financial and monetary stability.

As a consequence of FDR's very personal manipulations and nictitations, with considerable influence from Keynesian monetary policies, America began to accept deficit spending as a way of life.

No person or private firm could nor can continue to operate under that policy. Bankruptcy is the inevitable result.

But, until the Reagan administration, the foregoing fiscal policy of the federal government has been the thing to do. Some states, including Montana, have for a couple of decades started to follow that policy.

Meanwhile, the Federal Reserve System, originally designed to maintain a monetary and credit policy for stability has become a tool of irresponsible federal taxing and spending, like there is no tomorrow.

Only a nation so fulsome in resources, sturdy citizenry and size could have maintained some form of day-to-day sanity under these conditions; with a national debt that boggles the mind.

Meanwhile, under the tax, tax, and spend, spend, spend in excess policy, one of the richest nations in both natural and human resources in the world must now face up to "paying the piper."

We can do it, but not easy.

There is no way we can do it until the Federal Reserve System begins, for the first time, to function in its original avowed purpose. The interest rates are absolutely ridiculous. The monetary policy is like a Calcutta.

The Federal Reserve System for some time has been far worse than the Interstate Commerce Commission. Both are "basket cases."

In 1980 Congress passed the first major laws effecting changes in the Federal Reserve System and banking laws since 1935. Some of these changes are very controversial, particularly in regard to the basic dual banking system in America—state banks and national banks.

Some parts of the new laws are heavily weighted in favor of the really big banks in the U.S., at the expense of the smaller community and country banks.

Meanwhile, the Federal Reserve System continues to flounder in its own mess, while dictating certain lines of action, yet avoiding some of the chronically ill aspects of the FRS.

America is a very strong, lusty and resourceful nation. It better be—because the Federal Reserve System has only aggravated the basic financial climate in this nation at the expense and hardship of the general public.

The past fifty years have shown that whichever political party has been in power, it doesn't seem to make much difference. There is something basically wrong with the FRS which is overdue in correction.

IT ISN'T WHAT HAPPENS: IT'S HOW YOU LOOK AT IT

The news that rural electric and telephone cooperatives still are borrowing money to improve their systems at the rate of 2 percent interest—almost ridiculous in these times of 20- to 25-percent interest out on the market—causes us to point up certain salient facts:

This kind of a borrowing rate has been available to all private utility companies—power or telephone, since the beginning.

The "clinker," however, is that in order to get that 2 percent rate, the utility borrowing the moola must service the entire area of their projected service.

In short, Nemont Telephone Co-Operative never would have come into being if Mountain Bell had embarked on a program—which they could have had at the same interest rates, had they been willing to service rural customers regardless of their remoteness in the service area.

The fact that Nemont by now is no much more efficient and more modernized than Mountain Bell at this time is only a minor item in regard to this particular disquisition.

Let's get back to the 2 percent interest rate. All borrowers nowadays know that kind of rate must be clearly subsidized by the federal government. And, anyone who is reading the news knows that Uncle Sam—you don't hear that term much nowadays—already is a trillion bucks in hock. But keep in mind, to whom?

Moreover, we happened upon an interesting statistic recently in regard to the World Bank.

Those who know about this international institution also know that the funds for that World Bank are provided mainly by Uncle Sam. Any contributions by the Soviet Union to the World Bank would be in counterfeited U.S. dollars, even as that outfit did in the late '30s and during World War II.

However, getting back to the 2 percent interest, subsidized by Uncle Sam, let's compare this with a recent loan to India by the World Bank. Keep in mind the World Bank is chiefly financed by the U.S.

Now let's view India, one of the oldest civilizations in the world.

Let's review that the millions of bushels of grain sent from time to time by the U.S. were on one hand stolen by India's adept moneylenders who in turn hiked the prices and sold it to the poor; and on the other hand how India's government allowed many of those grants in wheat to be labeled "a gift from USSR," right on the docks shortly after it was unloaded.

That was some years ago.

Let us review again how that nation—one of the most populous in the world—currently has a virtual dictatorship; and, during the regime of Indira Ghandi, obtained a loan from the World Bank of more than $320 million.

The terms?

Very interesting—3.8 percent interest, with a ten year no-interest grace period. What does that mean?

It means you can borrow several hundred million dollars and don't start paying interest until after ten years; then at 3.8 percent.

Keep in mind that loan was from the World Bank, contributed to chiefly by the U.S. of A. And, incidentally, who is Uncle Sam?

Our logic may be a bit erratic. But we doubt it—as anyone like ourselves would.

Our thinking takes us into some very wild regions.

A Daniels County farm family takes a CCC loan on grain, to get some cash to pay the bills. The interest rate is something like 14.5 percent, less than the going prime of 20 percent. They should feel good?

Like h— they should!

We are very glad the rural electric and telephone companies can maintain, upgrade and extend their services in the rural areas; and that they should get the money to do that at 2 percent.

But we DO NOT LIKE that the American taxpayer should finance a very cold-hearted, often misguided ruthless kind of conglomerated international business establishment which arranges things so that a government like India—similar to South American and Central American dictatorships—should be the beneficiary of 3.8 percent interest loans, and in turn kick us in the head.

This goes on and on and on.

It just happens that the current President of the U.S. doesn't like this program—a program instituted since about 1940 by the so-called liberals in the U.S.

President Reagan's programs—including his firm stand with the striking elite air-controllers—has been assailed by many as a program in favor of the "fat cats." Why doesn't Wall Street like Reagan?

It is very interesting that Reaganomics is not being very well received by the boys on Wall Street. Has anyone bothered to wonder about this?

The stock market, the gross national product. These are things the daily news seems filled with.

These things are not the great strength of the U.S., nor should they be considered any kind of reading on our economic health.

New York City, the financial capital of the world, should only be a minor reflection of all the things going on in our nation—it should not influence it. We repeat, the tail wagging the dog.

For too many years these people have been "the tail wagging the dog."

They have led us down too many primrose paths. They are actually very provincial. They also have missed badly.

They think what happens in New York should govern all of this great, diverse and vastly resourceful and healthy United States.

By now we know, full well, these people don't know what's going on out of town; and they could care less, because if it isn't something those case-hardened people can manipulate, it is of no concern.

President Reagan says it's quite a bit different.

All right, which crowd do you choose to believe?

Meanwhile, anyone want to argue about 2% interest loans for REA and RTA, compared to 3.8% for India?●

SPEECH OF CHARLES MANATT

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. HARKIN. Mr. Speaker, last Friday, Charles Manatt, chairman of the Democratic National Committee, spoke to an agricultural forum in Des Moines, Iowa. Mr. Manatt, a native Iowan, has painted a picture that everyone interested in agriculture should study carefully.

American farmers are in trouble. That is a blunt fact. We must face up to that fact and deal with it if we are going to avoid even more disastrous problems for farmers and our whole society. Mr. Manatt has laid out the record and spelled out some of the reasons for our current situation. He has laid out the dismal record of the Reagan administration and the actions taken by this administration which have led to our current troubles in agriculture.

Following is the text of Mr. Manatt's address:

Coming home to Iowa renews my spirit. My roots are here. Even if you leave the farm, you don't lose the bonds with the land.

You never lose the feeling for the people you grew up with, the people who work the land—who harvest America's bounty every fall.

Iowa's heritage and mine are inseparable from agriculture, inseparable from the family farm.

When you talk about the family farm here in Iowa, it's not just political rhetoric. Here it's real. It stands for your neighbors and for mine—for the people who are the spine of this great agricultural industry.

I believed for many years, as many of you did, that the weather posed the single greatest threat to the farm. We've all seen what a drought can do, how a hailstorm can destroy a year's work.

That hasn't changed. But there's another dark cloud hanging over the prosperity of America's farmers—every bit as destructive in its effect as the searing heat of summer without rain.

That cloud is the Reagan administration, and its economic and agricultural policies—its step backward to the do-nothing twenties, the age that spawned the most devastating economic calamity that Iowa and this country have ever witnessed.

There are people right here today who remember three-cent hogs and fifty-cent corn because government did nothing. There are people today who remember penny auctions, widespread foreclosures, the farm holiday movement and the great movement of the thirties that set up federal farm programs.

The Democratic response to the calamity of the twenties and thirties was engineered, in large measure, by a great Iowan, the late Henry A. Wallace.

It was based on the recognition that farmers needed a safety net, something to protect them from economic collapse. Through the years, that net has frayed at the edges. But at its center, it was held.

Today Ronald Reagan wants to punch great holes in that safety net. He wants to make it so weak as to be useless.

The Reagan administration has set up three men who want to do away with the kind of farm protection that Democrats have stood for over the years, for one reason or another, and the Reagan majority in the Senate has given us the fourth. Four men—in this order of importance:

Secretary of State Alexander Haig, who wants the genius and hard work of American farmers to be pawns in his international game of intrigue.

Director of Management and Budget David Stockman, who wants to sacrifice hard-fought gains on the altar of his false budgets.

Chairman of the Senate Agriculture Committee, Senator Jesse Helms, who is the first Chairman of Agriculture in either the House and Senate who has brought division and rancor and pitted commodity against commodity, farmer against farmer.

And Secretary of Agriculture John Block, who would do away with income protection, let farmers compete with each other like they did in the twenties.

Notice I listed Block fourth, perhaps that's too high. He's not making farm policy—Haig and Stockman are.

Contrast their actions this year to the rosy promises that candidate Reagan made to you last year—September 30th, to be exact—on a farm near Nevada.

He promised to "lead this nation out of the economic disaster" he found in late 1980. He promised a "bold commitment to genuine economic growth".

He promised everything in his power to "see that the energy needs of America's food supply system are met".

He promised to "emphasize the development of fuel farming", to promote alcohol fuel and renewable energy supplies.

He promised not to "turn our backs on programs that have sought to assure the farmer a reasonable income".

He promised that the entire thrust of his administration "would be to make farming profitable again".

That was just a year ago!

What a set of golden promises!! And what a set of broken promises!!

Instead of "genuine economic growth" we are facing the most persistent high interest rates that threaten the survival of every farm family, every small business in Iowa and beyond.

Instead of helping meet farmers' energy needs, his administration actively opposes efforts to guarantee farm priority for petroleum and natural gas.

Instead of advocating "fuel farming" his Stockman proposes the abolition of alcohol fuel loan guarantees—a program that costs the Treasury nothing—and threatens to impound the money that Democrats in Congress appropriated over his objection.

Instead of making good on his promise not to turn his back on farm programs, he's done just the opposite—decimating the dairy price support program, proposing the destruction of target price protection.

And instead of making farming profitable again, he's presided over one of the most historic slides in crop prices in a few short months that we've ever seen.

Ronald Reagan asked last September, "Ask yourself if you are better off today because of the policies of Jimmy Carter?"

I would like to ask Iowa's farmers today, "Are you better off today with Ronald Reagan in the White House?"

Are you better off with:

Corn prices down 98 cents a bushel since January?

Soybeans off 148 cents a bushel?

Wheat prices down 50 cents a bushel?

A livestock market so weak that the producers cannot survive?

Are you better off with $2.50 corn and $6 soybeans? That's what we can look for, over the year, in this Reagan administration.

Are you better off with farm income this year likely to be less than last year?

Are you better off today with Ronald Reagan's interest rates?

Farmers' interest costs today are 28 percent higher than they were a year ago, when candidate Reagan came to Iowa to ask your help.

Farmers are paying 18 to 20 percent more today to cover their purchases of machinery, fertilizer, fuel, seed—their normal operating expenses.

Farmers will pay more than 20 billion dollars in interest this year on a debt of 180 million dollars. I've seen estimates that say 12 billion dollars has been subtracted from farm profits this year just by these exorbitant Reagan interest rates.

The architect of the economic structure we face today, David Stockman, isn't satisfied.

He'd like to go another step further—eliminate all Government credit programs. Do away with Farmers Home Administration loans, do away with the Small Business Administration programs that Neal Smith has worked so hard to save, do away with price support loans, do away with soil and water conservation loans.

Now maybe the Stockman plan wouldn't hurt the few thousand giant farms, the big operations like John Block runs in Illinois, but it would devastate the hundreds of thousands of hard-working family farmers across this land.

A Democratic administration left American agriculture a glowing legacy in Bob Bergland's and Neal Smith's farmer-owned grain reserve. It's evened out the rough edges, taken grain off the market and kept prices from collapsing. And it's assured our overseas customers that grain is here when they need it.

But David Stockman and John Block want to tinker with the reserve just as they tinker with the farm programs.

First, they blackmailed Congress into repealing the free interest in the first year of the reserve.

Then they increased the interest rates to 15.25 percent.

Finally, they put a ceiling on the size of the reserve.

I'm not certain that farmers and ranchers can stand being full partners in this administration, as Reagan said they would be. I'm not sure many of them want to be.

Their actions all seem to hinge on one promise—cut the budget, and let farmers hang out in the wind, let them be once again the disfranchised as they were in the twenties.

These Republicans in Washington love to talk about a free market. They get absolutely misty-eyed talking about how they will expand exports.

But they don't have a free market when Alexander Haig orders that American butter can't be sold to the Soviet Union. They don't have a free market when they say Nicaragua's poor no longer will get Food for Peace commodities for their school lunch programs because of shaky evidence of Soviet infiltration.

They have no free market when they sign a contract that says USDA can't export butter for a full year without the permission of the New Zealand Dairy Board.

And USDA's own economic experts have raised the possibility that next year's farm exports—in the first full year of Ronald Reagan's leadership—could actually drop in value from this year.

What a bitter irony if it comes to pass—and I truly hope that it doesn't—that the first drop in farm export in 12 years would come under an administration that professes its loyalty to the free market and talks in glowing terms about helping farmers export.

I would like to announce that the Democratic National Committee has begun a Farm Conference which will be headed by Dan Morgan—a farmer from Nebraska. We have had our initial meeting of farmers at the DNC and we plan to have a Conference that is an advocate for the family farm, not one which is skewed to the large corporate farm.

I began these remarks by quoting Ronald Reagan, I will close by quoting Vice President George Bush and his remarks to state presidents of the Future Farmers of America. He said: "We are going to do everything to make sure American farmers are going to have everything they need to get the job done."

If getting the job done means: falling farm prices; another drop in farm income; extortion-level interest rates; a sharp cutback in federal farm credit programs; deliberate, calculated steps to dismantle federal farm price stabilization programs; and acquiescing to unreasonable trade demands by other nations, then this administration certainly is getting the job done. But, my fellow Iowans, they're doing a job on you, not for you.

Their "free market" will set a lot of family farmers free—free from farming, free to pursue other lines of work.

Can farmers stand three more years?●

SAUDI ARABIA—ISLAND OF INSTABILITY

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 1, 1981

● Mr. LEHMAN. Mr. Speaker, the administration has today officially notified Congress of its plan to sell AWACS aircraft and F-15 enhancements to Saudi Arabia.

As the Congress continues to scrutinize the risks of selling our most sophisticated weaponry to the Saudis, I hope the lesson of Iran will not be lost. The United States has already made foreign military sales to Saudi Arabia which far exceed U.S. military sales to Iran under the late Shah's regime. The New York Times reported today that military sales to the Saudis total over $34 billion, $13 billion of which have already been delivered.

At the time of these arms sales to Iran, our intelligence experts considered the Shah's regime to be stable. Despite our experience of witnessing the loss of our weaponry, we are now being told that the Saudi regime is not only stable, but that this arms package will strengthen that stability. I am not willing to take that gamble of compromising more technologically complex weaponry, and will vote for passage of a resolution of disapproval, which I have cosponsored, when it is considered in the House.

In the September 1981 issue of Harper's, Frank Gervasi cites Riyadh's own figures that at least $63.1 billion has been spent by the Saudi Government on military hardware and installations since 1973. I recommend his article "Island of Instability" to my colleagues. The article follows:

ISLAND OF INSTABILITY

(By Frank Gervasi)

In an apparent rush to replace Iran as the putative "guardian of the Persian Gulf," Saudi Arabia has become the world's biggest buyer of modern Western weapons. The authoritative independent Lebanese weekly Al-Kifah Al-Arabi reported on March 15 that the Saudis' military acquisitions to date have surpassed those of the shah of Iran. Since 1973, according to Riyadh's own figures, the kingdom has spent at least $63.1 billion on military hardware and installations, a sum out of all proportion to its defense needs, the size of its population, and the strength of its armed forces.

The country's main supplier over the years has been, and continues to be, the United States. American policy toward Saudi Arabia seems to consist principally in making available to the exigent Saudis whatever weapons they may want, no matter how complex or deadly, how potentially dangerous to Israel—our only democratic ally in the Middle East—or how detrimental to our national interests.

Conceived in fear of the Soviet threat to the area's oil fields, and born of a desire to create in Saudi Arabia an "island of stability" in a highly unstable region, the policy ominously resembles the one pursued with Iran during the regime of the late shah. Once again, Washington is pouring billions of dollars' worth of advanced weapons into a feudal Islamic society driven by tribal factionalism, industrially and culturally backward, and even less able than Iran to handle the complicated tools of modern warfare.

Indeed, an air of unreality bordering on the irrational hangs over the Saudis' martial extravagance and Washington's complicity therein. The latest demands from Riyadh—to which the Reagan administration has acquiesced—are for some of the most sophisticated weapons produced by American arsenals. They include five AWACS (Airborne Warning and Control Systems) aircraft for delivery in 1985; an unspecified number of conformal fuel tanks, equipment that would greatly enhance the range of the sixty F-15 "superplanes" the Saudis bought in 1978; approximately 350 AIM 9-L Sidewinder air-to-air missiles; and seven KC-707 aerial tankers for refueling planes in flight.

This "package" of technologically complex weaponry, valued at roughly $5 billion, is being submitted to Congress, where it is already producing a long, bitter, and divisive debate. The deal is being challenged by a substantial number of legislators, Republicans as well as Democrats, who doubt the wisdom of providing such "high-tech" armaments to a country notorious for its deficiencies in manpower and skills and dedicated to the proposition that Israel should be expunged from the map of the Middle East in a holy war. Riyadh has repeatedly called for a jihad against the Jewish state, most recently at the Muslim summit conference held in Taif, Saudi Arabia, in January.

The threat to Israel represented by the AWACS alone is real enough. Operating at 30,000 feet, this aircraft is an "eye in the sky" capable of "seeing," or sensing, planes in the air from as far away as 400 miles, the distance from New York to Cleveland. Planned as an aerial battlefield command center, it combines the functions of airborne early warning battlefield surveillance, and tactical control.

The AWACS incorporate several computerized top-secret electronic and other devices. So jealously has the U.S. guarded its AWACS over the years that only now, in fact, are these aircraft being delivered to our NATO allies to be teamed up with Britain's counterpart, the Hawker-Siddeley Nimrod. While some of the equipment carried in our own Boeing E-3A AWACS will not be included in the AWACS to be sold to the Saudis the U.S. nevertheless runs a considerable risk that its secrets would be compromised should an AWACS be flown by a defecting Saudi crew to South Yemen or Ethiopia and fall into enemy hands. The possibility that AWACS and other American arms sold to the Saudis might someday be turned against the U.S. should not be overlooked.

That AWACS would be used against Israel in Arab hands is virtually a certainty. Given the aircraft's capabilities, every military move the Jewish state might make would be immediately detected. Israel, for instance, could not mobilize its troops for defense without the Saudis' knowing where and how it was deploying its forces and equipment. This would be bad enough from Israel's point of view, but the AWACS would permit the Saudis to do even more. These advanced radar planes—specially modified, awkward-looking Boeing 707 jets surmounted by 30-foot rotating domes crammed with electronic sensors and communications equipment that are probably unique—can also distinguish the different "targets" or objects they "see": e.g., a fighter plane and a bomber.

Assume for a moment that the Israelis would find it necessary to send up a substantial part of their air force in the event of the threat of another Arab-Israeli war. A single AWACS, with its twelve radar consoles, will provide Israel's enemies with such detailed information as the Israeli planes' size, speed, and direction. Enemy planes and antiaircraft devices could then "home in" immediately on the Israeli planes. Indeed, the AWACS equipment is so "intelligent" that it could instantaneously determine the best routes for planes and missiles to intercept the Israeli aircraft.

A major Israeli resource in the delicate balance of military power in the Middle East has been the qualitative superiority of much of its arms, particularly of its planes. The kind of information furnished by the AWACS would, of course, wipe out much of this advantage. AWACS can also serve to negate the tactical superiority hitherto demonstrated by Israeli pilots. One of the most important elements in past Arab-Israeli conflicts has been the ability of the Israeli pilots to fly near ground level to elude enemy radar. The AWACS, however, can distinguish between low-flying planes and the background "clutter" that normally show up on radar screens and helps to provide cover.

The range of AWACS' "vision" can best be illustrated, perhaps, with an American example. Flying at 30,000 feet, an AWACS over Washington, D.C., would detect high-flying planes as far away as Massachusetts, Michigan, South Carolina, and parts of Tennessee and Ohio.

With this in mind, one can see how an AWACS plane, stationed over the Saudi airport at Tabuk, a mere 220 miles southeast of Jerusalem, could easily blanket the entire state of Israel. Far from the actual battlefields, and virtually invulnerable, given the sensitivity of their radar equipment, the AWACS aircraft and the information they provide could well decide the outcome of future Arab-Israeli battles. Israeli military experts with whom I talked recently in Tel Aviv's Shiloah Institute for Strategic Studies estimated that the AWACS would "multiply the offensive strength of the Saudi air force by a factor of three and its defensive power by five."

AWACS in Saudi hands would mean, therefore, that the Arabs as a whole would have an important edge in battlefield surveillance. It is highly probable, the Israelis reason, that if any Arab state went to war against Israel, the Saudis would make the AWACS available to it, or, at the very least, the information they gather.

Israel's Hawkeye radar planes are no match for the AWACS aircraft. Among other advantages, the latter can remain aloft for long periods. With aerial refueling, AWACS planes have remained in the air for as long as seventeen hours in U.S. military exercises.

What worries the Israelis just as much as the projected sale of AWACS to the Saudis is the prospect that the kingdom's newly acquired F-15s will have greater firepower and range if equipped with so-called Fast Packs. These include auxiliary fuel pods and multiple-ejection (bomb) racks, equipment that, along with the deadly Sidewinder missiles, the Carter adminstration repeatedly, explicitly, and publicly promised would not be supplied to the Saudis.

On May 8, 1978, in a letter to Senator John Sparkman, then chairman of the Senate Foreign Relations Committee, Defense Secretary Harold Brown said, "the plane [F-15] requested by Saudi Arabia will not be equipped with the special features that could give it additional range. Specifically, the plane will not have . . . auxiliary fuel tanks that conform to the body of the plane, and Saudi Arabian KC-130 tankers will not have equipment for refueling the F-15 . . . nor do we intend to sell [Saudi Arabia] any other systems or armaments that could increase the range or enhance the ground attack capability of the F-15." The Pentagon had previously assured the House International Relations Committee that the Saudi air force was "not scheduled to get the AIM 9-L [air-to-air] missiles . . . carried on U.S. Air Force F-15s" and that, furthermore, "an F-15 sale would not lead to the sale [to the Saudis] of E-3A AWACS."

But by the summer of 1980, Brown and other Carter administration officials were pressing for the additional weapons, insisting that the U.S. response would be viewed in Riyadh as a "litmus test" in shaping a U.S.-Saudi Arabian "special relationship" guaranteeing a steady supply of oil at "stable prices." President Carter, in the midst of his reelection campaign against Ronald Reagan, was pressed by his political strategists to reject the Saudi request lest New York and other heavily populated "Jewish states" be lost. Carter, of course, did exactly that, promising voters only a few weeks before election day that the original Brown commitments to Congress (and to Israel) would be honored.

But, while Carter was assuring Israel's friends on the Hill that the Brown commitments would be upheld, senior officials in his administration, in various pilgrimages to Riyadh, were urging the Saudis to "be patient." After the election, they said, the Carter administration would propose the F-15 enhancement sale, and more. This shocking fact has since been confirmed by both Brown and former secretary of state Muskie. In a letter to Democratic senator Carl Levin of Michigan, released this spring, the two officials acknowledged that in the event of a Carter victory the U.S. would have moved ahead with "an early and positive decision" on the Saudi requests shortly after the election. Their conclusions, Brown and Muskie said, "were based on the changed situation in the Gulf since 1978."

The Reagan administration, after examining the matter for all of two weeks or so, decided to approve the Saudis' requests, conveniently pleading the need to honor earlier U.S. "commitments." During their testimony before various Senate and House committees, both Secretary of State Alexander Haig and Defense Secretary Caspar Weinberger repeatedly referred to the Carter administration's "promises" to the Saudis. In their letter to Senator Levin, however, Brown and Muskie had concluded by saying that "The Carter administration indicated its views on this matter to its successors, but neither bound the American government nor precluded the new administration from doing its own evaluation of the proposed sale and reaching an independent decision—which the Reagan administration did."

The massive arms sales to Saudi Arabia are intended, of course, to strengthen the regime of the autocratic ruling House of Saud and to help stabilize the entire (highly unstable) region. Washington apparently reasons that an internally calm Saudi Arabia will ensure the West's continued access to Persian Gulf oil, and further America's own interests in its global rivalry with the Soviet Union. The reasoning is identical to the logic that motivated a succession of previous administrations in formulating policy toward Iran, and Washington seems to have given little thought to the possibility that history might repeat itself in the case of Saudi Arabia. Yet the possibility definitely exists.

To being with, the Saudis do not have the manpower and skills required to operate the highly complex equipment they are acquiring, much less maintain it in good working order. Although Saudi Arabia is roughly twice the size of Texas and California combined, it has fewer native inhabitants than Massachusetts. Officially, Saudi Arabia's population is about 7.5 million; actually, however, only about 5 million are Saudis, of whom between 80 and 85 percent are illiterate. The other 2.5 million are foreigners. As a people, the Saudis dislike working with their hands. To man their oil fields and perform the other manual tasks involved in fulfilling the requirements of their new, $270-billion five-year plan of "modernization, development, and industrialization," therefore, the Saudis are obliged to recruit large numbers of foreign workers.

Militarily, the Saudis are even worse off. To defend their vast 830,000 square miles of desert territory they have a volunteer army of 45,000 men, a 17,000-man air force, a 4,000-member navy, and a National Guard of 30,000 men. The armed forces are also obliged to rely heavily on foreign technicians and advisers, among them 2,000 Pakistanis and at least 1,000 Americans. (When Iraq invaded Iran last September, the United States sent to Saudi Arabia four AWACS with about 600 personnel to patrol Arabian skies for any threat to the Saudi oil fields.)

The United States has been involved with Saudi Arabia's defense establishment since the end of World War II, but the involvement deepened and broadened in 1974, when Washington and Riyadh signed an agreement for economic and military cooperation whereby the United States virtually undertook to guarantee the petroliferous kingdom's territorial integrity and political independence under the House of Saud. The task of equipping and expanding Saudi Arabia's armed forces fell to American contractors under the supervision of the U.S. Army corps of engineers. A new military academy and headquarters for the National Guard are being built at Riyadh; naval bases are being constructed at Jiddah and Jubail, military air bases at Tabuk, in the northwest corner of the country, and at Khamis Mushait, in the southwest, near Najran; while in the northeast, at al-Batin, near the border with Kuwait, an entire "military city" is rising. It is rumored that logistic support for the Saudi army is being organized by the Bendix Corporation; the National Guard is being trained by the Vinnel Corporation; Lockheed is operating the air-defense network; Raytheon is providing the Hawk missile systems.

No oracular gifts are required to discern the inherent dangers in the policy that the United States is pursuing. Massive sales of armaments to the Saudis may help reduce the cost of research and development involved in producing such highly sophisticated weapons as AWACS and in repatriating billions of petrodollars, but in the end are counterproductive. Historically, large-scale infusions of arms have failed to perpetuate in power unpopular authoritarian regimes, especially monarchies. Examples abound of revolutionary colonels bringing down their kings.

Over the years an army of publicists working on behalf of the oil companies and the House of Saud have more or less succeeded in creating the impression abroad that the royal family in Riyadh is in firm control of its country. In fact, the Saudi regime is weak and vulnerable.

The stability of the Saudi monarchy is endangered by widespread corruption in the government, the unequal distribution of wealth and power, the dearth of indigenous skilled technicians and professionals, and the presence in the country of a variety of malcontent groups. These include some 300,000 Shiite sympathizers of Iran's Ayatollah Khomeini, hordes of foreign laborers, the numerous orthodox religious zealots, and the restive military. According to Arnold Hottinger, the senior Middle East correspondent for the Neue Zürcher Zeitung, "the regular Saudi army has been ripe for revolution for some time."

Saudi instability was dramatically demonstrated in November 1979 by the assault on the Grand Mosque in Mecca, Islam's holiest of holies. The insurgents, religious zealots numbering several hundreds, held out for ten days in the shrine before Saudi troops could dislodge the rebels from the mosque, its minarets, and the labyrinthine catacombs below the main building, where many had taken refuge.

The drama at Mecca underscored the fragility of the regime, the uncertainty of the royal family's claim on the loyalty of its citizens, and the weakness of the Saudi armed forces, to which we are entrusting F-15s and other sophisticated weapons. It took the combined efforts of the National Guard and the army to recapture the mosque.

In its first "Strategic Survey for 1981," the Lebanese Arab Press Service (APS) said it doubted whether heavy arms shipments from the West would enable Saudi Arabia to defend itself and the Gulf area against the Soviet Union and Arab radicals. "In the only recent military test which the regime has had to undergo," APS said, "the Saudi armed forces demonstrated weakness, incompetent leadership, indecision and foolishness. It would appear that a giant arms package has been placed on shoulders unable to carry it alone. The siege of the Mecca mosque . . . shook an already nervous Riyadh regime, not into decisive action, but into a display of gross incompetence."

In its latest weekly report, distributed in English as well as Arabic, APS stressed the "negative effect of the arms purchases on Saudi Arabia's internal stability." The strengthening of several army units, the report said, also strengthens "the potential alternative to the rule of the House of Saud."

To forestall a military coup, the royal family has placed princes of the blood in sensitive commands. Prince Sultan, a full brother of Crown Prince Fahd and a sophisticated politician, is minister of defense and in command of the traditional armed forces; army, navy, and air force. Their mission is to defend the country against external attack, but they would seem to be deliberately organized to be ineffectual. And by dividing the military into two competing commands—regular armed forces and National Guard—and playing them against each other, the monarchy hopes to keep the military neutralized. According to APS, "The fears which prevent the regime from forming a more cohesive national defense force seem to have some basis where the air force is concerned." The royal family's fear of the military's growing strength has caused postponement of plans to institute compulsory military service for all Saudi tribesmen. The delay is deemed significant in view of the fact that only 48,000 troops are available to absorb the immense quantities of sophisticated Western weaponry arriving in the country. Awareness of the army's manpower shortage and insurrectional potential has led to a decision to hire some 10,000 to 20,000 Pakistani mercenaries.

In the view of Dr. Yehoshaphat Harkavi, an Arabist and former chief of Israeli intelligence, whom I interviewed at his home in Tel Aviv, the House of Saud faces an uncertain future. "I don't know exactly how it will come to grief," Harkavi said, "but the present regime cannot survive, simply because it is anachronistic. Saudi Arabia is a feudal society in which foreigners do all the work. The Saudis themselves don't do anything. The work is done by Yemenites, Pakistanis, Palestinians, and so on. I believe many Americans fool themselves about Saudi Arabia's stability."

Prominent among the "many Americans" who are deluding themselves about Saudi Arabia's potential as a "guardian of the Persian Gulf" is Secretary of Defense Caspar Weinberger. It was he, after all, who prevailed on President Reagan, over some objections from the State Department, to approve the Saudi arms deal.

Clearly, the sale of sophisticated weapons to Saudi Arabia will not ensure the country's stability and advance the cause of peace in the Middle East. In reality it will merely intensify an already dangerous arms race in the area, and increase the likelihood of war in the very region where stability is needed. Arms sales are no substitute for diplomacy.

The arming of Saudi Arabia would be justified only if it brought the Saudis closer to American policy. But they been eminently uncooperative in every respect. They have impeded, not helped, the Camp David peace agreements, and continue to finance the terrorist activities of the Palestine Liberation Organization, last year to the tune of $400 million. Finally, although the Saudis would have to rely on the U.S. to protect them in the event of a major threat from the Soviet Union, they have steadfastly refused to allow American forces to be based on their soil.

The U.S. has repeatedly acceded to Saudi demands for weapons and has gotten nothing in return. It is time Washington made its own demands and stopped allowing Riyadh to dictate our Middle East policy.●

HOUSE OF REPRESENTATIVES—*Friday, October 2, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We lift our voices in appreciation, O God, for the promises and opportunities of a new day.

Bless all those people who labor in this place, whatever their responsibility, and encourage all to use their talents in service to this Nation and for the welfare of the people. Help us to see the vision of a better world where respect for truth is known and the dignity of each person is honored. May Your Spirit surround us with Your love and comfort us with the abundance of Your grace. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. SOLOMON. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SOLOMON. Mr. Speaker, I object to the vote on the grounds that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 273, nays 28, answered "present" 3, not voting 129, as follows:

[Roll No. 234]

YEAS—273

Akaka
Alexander
Andrews
Annunzio
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bailey (MO)
Bailey (PA)
Barnard
Bedell
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Bliley
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brown (CA)
Brown (CO)
Broyhill
Burgener
Burton, Phillip
Butler
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Clinger
Coelho
Coleman
Collins (TX)
Conte
Conyers
Coughlin
Courter
Coyne, William
Craig
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daub
Davis
de la Garza
Dixon
Dorgan
Downey
Dreier
Duncan
Dunn
Dwyer
Eckart
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Fazio
Fenwick
Ferraro
Fields
Findley
Fish
Flippo
Foglietta
Foley
Fowler
Frank
Frenzel
Frost
Gaydos
Gephardt
Glickman
Gonzalez
Gore
Gradison
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hartnett
Hatcher
Hawkins
Hefner
Hendon
Hertel
Hightower
Hiler
Hillis
Hollenbeck
Holt
Hopkins
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hyde
Jeffords
Jeffries
Jenkins
Jones (TN)
Kastenmeier
Kazen
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Livingston
Long (LA)
Lott
Lowry (WA)
Lujan
Lungren
Madigan
Markey
Marks
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
McClory
McCollum
McCurdy
McEwen
McHugh
Mica
Michel
Mikulski
Miller (OH)
Mineta
Minish
Mitchell (NY)
Moakley
Molinari
Montgomery
Moore
Moorhead
Morrison
Mottl
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nowak
Oakar
Oberstar
Obey
Panetta
Parris
Patman
Paul
Pease
Perkins
Peyser
Pickle
Porter
Price
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Roemer
Rogers
Rostenkowski
Roukema
Rudd
Sawyer
Scheuer
Schumer
Sensenbrenner
Shamansky
Sharp
Shaw
Shuster
Skelton
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (PA)
Snowe
Snyder
Solarz
Spence
Stanton
Staton
Stenholm
Stokes
Stratton
Studds
Synar
Tauzin
Taylor
Thomas
Udall
Vento
Volkmer
Walgren
Wampler
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Whitley
Whittaker
Winn
Wolf
Wolpe
Wright
Wyden
Wylie
Yates
Yatron
Young (FL)
Zablocki

NAYS—28

Byron
Conable
Derwinski
Dickinson
Edgar
Evans (IA)
Fascell
Forsythe
Goodling
Harkin
Heckler
Jacobs
Johnston
Jones (OK)
Lundine
Mattox
Miller (CA)
Mitchell (MD)
Patterson
Petri
Russo
Sabo
Schroeder
Shelby
Smith (OR)
Solomon
Walker
Wortley

ANSWERED "PRESENT"—3

Dymally
Moffett
Ottinger

NOT VOTING—129

Addabbo
Albosta
Anderson
Anthony
Applegate
Badham
Bafalis
Barnes
Beard
Beilenson
Blanchard
Boggs
Boland
Brodhead
Brooks
Broomfield
Brown (OH)
Burton, John
Chappell
Chisholm
Clay
Coats
Collins (IL)
Corcoran
Coyne, James
Crane, Philip
Crockett
Daschle
Deckard
Dellums
DeNardis
Derrick
Dicks
Dingell
Donnelly
Dornan
Dougherty
Dowdy
Dyson
Early
Evans (IN)
Fary
Fiedler
Fithian
Florio
Ford (MI)
Ford (TN)
Fountain
Fuqua
Garcia
Gejdenson
Gibbons
Gilman
Gingrich
Ginn
Goldwater
Gramm
Hagedorn
Hansen (UT)
Heftel
Holland
Horton
Hutto
Ireland
Jones (NC)
Kemp
Lantos
Latta
Lewis
Loeffler
Long (MD)
Lowery (CA)
Luken
Mavroules
Mazzoli
McCloskey
McDade
McDonald
McGrath
McKinney
Mollohan
Murphy
Nelson
Nichols
O'Brien
Oxley
Pashayan
Pepper
Pritchard
Pursell
Quillen
Rahall
Railsback
Rose
Rosenthal
Roth
Rousselot
Roybal
Santini
Savage
Schneider
Schulze
Seiberling
Shannon
Shumway
Siljander
Simon
Skeen
Smith (AL)
St Germain
Stangeland
Stark
Stump
Swift
Tauke
Traxler
Trible
Vander Jagt
Weiss
White
Whitehurst
Whitten
Williams (MT)
Williams (OH)
Wilson
Wirth
Young (AK)
Young (MO)
Zeferetti

☐ 1015

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 4048. An act granting the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near Saint Joseph, Mo., and Elwood, Kans.

The message also announced that the Senate agrees to the amendments of the House with amendments to a bill of the Senate of the following title: (S. 917) "An act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and for other purposes."

VETERANS' PROGRAMS EXTENSION AND IMPROVEMENT ACT OF 1981

Mr. MONTGOMERY. I ask unanimous consent to take from the Speaker's table the bill (H.R. 3499) to amend title 38, United States Code, to extend the Vietnam-era veterans' readjustment counseling program, to provide medical care for Vietnam veterans exposed to herbicide defoliants (including agent orange), to recover the cost of certain health care provided by the Veterans' Administration, and for other purposes, with Senate amendments thereto, and concur in the Senate amendments with amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments and the House amendments to the Senate amendments, as follows:

Senate amendments: Strike out all after the enacting clause and insert:

That (a) this Act may be cited as the "Veterans' Programs Extension and Improvement Act of 1981".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

EXTENSION OF AUTHORITY TO PROVIDE CERTAIN CONTRACT HOSPITAL CARE AND MEDICAL SERVICES IN PUERTO RICO, THE VIRGIN ISLANDS, AND OTHER TERRITORIES

SEC. 2. Section 601(4)(C)(v) is amended by striking out "December 31, 1981" and inserting in lieu thereof "September 30, 1982".

ELIGIBILITY FOR CARE FOR A DISABILITY LINKED TO EXPOSURE TO SUBSTANCES FOUND IN HERBICIDES, DEFOLIANTS, AND MALARIA PREVENTATIVES

SEC. 3. (a) Chapter 17 of title 38, United States Code, is amended—

(1) by amending subsection (a) of section 610—

(A) by striking out "and" after clause (3);

(B) by inserting after clause (3) the following new clause:

"(4) any veteran for a disability which a physician employed by the Veterans' Administration determines (or, in areas where no such physician is available, by a physician carrying out such function under a contract or fee arrangement with the Administrator) is a disability with respect to which the Administrator has found, upon the recommendation of the Chief Medical Director, there to be some credible medical evidence, indicating that such disability may be caused by the exposure of humans—

"(A) to—

"(i) dioxin if such veteran served on active duty in the Republic of Vietnam during the Vietnam era, or

"(ii) any other toxic substance found in an herbicide, a defoliant, or a malaria preventive medication used in connection with military purposes if the Administrator finds that such veteran was exposed to such substance while serving on active duty in the Republic of Vietnam during such era, or

"(B) to radiation if the Administrator finds that such veteran was exposed to such radiation while participating in a nuclear weapons test while serving on active duty,

unless the Administrator determines (I) that such exposure was not incurred in line of duty or was the result of such veteran's willful misconduct, or (II) upon the recommendation of the Chief Medical Director, that, despite such credible evidence, on the basis of clear and convincing medical evidence, such disability is not caused by such exposure: *Provided*, That (I) no veteran may be provided care under this clause after the last day of the period beginning on the date that the Administrator submits to the appropriate committees of the Congress the initial report described in section 301(b)(2) of the Veterans Health Programs Extension and Improvement Act of 1979 (Public Law 96-151; 93 Stat. 1098) and ending one year after such date, and (II) that such report shall include the Administrator's recommendations, and reasons therefor, with respect to whether the authority to provide care under this clause should be extended beyond such period; and"; and

(C) by redesignating clause (4) as clause (5); and

(2) by amending subsection (i) of section 612—

(A) by inserting after clause (3) the following new clause:

"(4) To any veteran for a disability described in section 610(a)(4) of this title."; and

(B) by redesignating clause (4) as clause (5).

LIMITATION ON CERTAIN DENTAL CARE ENTITLEMENT

SEC. 4. Clause (2) of section 612(b) is amended by inserting after "that" in subclause (B) "(i) in the case of a person who reenters active service in either the military, naval, or air service within one year after the date of such person's prior discharge or release from such service, the one-year limitation shall be measured from the date of such person's subsequent discharge or release; and (ii)".

EXTENSION FOR CERTAIN VIETNAM-ERA VETERANS TO REQUEST READJUSTMENT COUNSELING

SEC. 5. (a) Section 612A(a) is amended—

(1) by striking out "or two years after the effective date of this section" and inserting in lieu thereof "or by September 30, 1984"; and

(2) by adding at the end the following new sentence: "Notwithstanding the first sentence of this subsection, in any case in which the Administrator determines that a veteran was, at any time during the period in which such veteran was eligible to request such counseling under such sentence, prevented from receiving such counseling—

"(A) because of a medical condition of such veteran, or

"(B) because such veteran was incarcerated in a Federal, State, or local jail or penal institution,

such period shall not run during the period of time that such veteran was so prevented from receiving such counseling. For the purposes of this subsection, the term, 'medical condition' means a disability, including an alcohol or drug dependence or abuse disability.".

(b) Section 612A is further amended by adding at the end the following new subsection:

"(g) During the twelve-month period ending September 30, 1984, the Administrator shall take appropriate steps to ensure (1) the orderly transition, by October 1, 1984, of that part of the program established under this section for the provision of readjustment counseling services by Veterans' Administration personnel from a program providing services through centers located primarily in facilities situated apart from the health-care facilities operated by the Veterans' Administration for the provision of health-care services under other provisions of this chapter to a program providing such services primarily through such health-care facilities, and (2) the continued availability after such date of readjustment counseling and related mental health services under this section to veterans eligible for the provision of counseling and services requested before such date. Not later than April 1, 1984, the Administrator shall submit to the Committees on Veterans' Affairs of the Congress a report on the plans made and actions taken to carry out this subsection.".

VOCATIONAL REHABILITATION AND GI BILL PROGRAMS DELIMITING PERIODS EXTENSION BASED ON ALCOHOL OR DRUG DISABILITIES

SEC. 6. (a) Section 1501 is amended—

(1) by redesignating paragraphs (3) through (9) as paragraphs (4) through (10); and

(2) by inserting after paragraph (2) a new paragraph (3) as follows:

"(3) The term 'medical condition' means a disability, including an alcohol or drug dependence or abuse disability, of a veteran.".

(b) Section 1662(a) is amended by inserting at the end of paragraph (1) the following new sentence: "For the purposes of this paragraph, an alcohol or drug dependence or abuse disability from which the veteran has recovered shall not be considered to be the result of willful misconduct.".

(c) Section 1712(b)(2) is amended by adding at the end the following new sentence: "For the purposes of this paragraph only, an alcohol or drug dependence or abuse disability from which the eligible person has recovered shall not be considered to be the result of willful misconduct.

TO EXTEND FOR TWO YEARS CERTAIN TRAINING FOR CERTAIN EDUCATIONALLY DISADVANTAGED AND UNSKILLED, UNEMPLOYED, OR UNDEREMPLOYED VIETNAM-ERA VETERANS

SEC. 7. Section 1662(a) is amended by adding at the end the following new paragraphs:

"(3) Notwithstanding the expiration of the applicable delimiting period under paragraph (1) of this subsection, any eligible veteran who served on active duty at any time during the Vietnam era may, effective October 1, 1981, be provided educational assistance under this chapter until September 30, 1983, for the purpose of permitting such veteran to pursue—

"(A) a program of apprenticeship or other on-job training; or

"(B) and approved vocational objective or secondary education course if such veteran does not have a secondary school diploma (or an equivalency certificate).

"(4) A program of education consisting exclusively of flight training may not be approved in the case of any veteran pursuing a program of education under paragraph (3) of this subsection.".

EXTENSION OF VETERAN'S READJUSTMENT APPOINTMENT AUTHORITY

SEC. 8. Section 2014(b)(2) is amended by striking out "1981" and inserting in lieu thereof "1984".

EXTENSION OF TIME FOR STATE MEDICAL SCHOOLS ESTABLISHED WITH ASSISTANCE OF VA GRANTS TO OBLIGATE FUNDS

SEC. 9. Section 5073(a)(2)(G) is amended by striking out "seventh such period" and inserting in lieu thereof "seventh and eighth such periods".

AMENDMENTS TO AGENT ORANGE STUDY PROVISIONS

SEC. 10. Section 307 of the Veterans Health Programs Extension and Improvement Act of 1979, Public Law 96-151 (93 Stat. 1097), is amended—

(1) by amending subsection (a)(1) to read as follows:

"(a)(1)(A)(i) The Administrator of Veterans' Affairs shall design a protocol for and conduct an epidemiological study of the long-term adverse health effects in humans of service in the Armed Forces of the United States in the Republic of Vietnam during the period of the Vietnam conflict as such health (including genetic and psychological) effects may result from exposure to phenoxy herbicides (including the herbicide known as agent orange) and the class of chemicals known as the dioxins produced during the manufacture of such herbicides.

"(ii) In conducting the study provided for by division (i) of this subparagraph, the Administrator may, as the Administrator deems appropriate, expand the scope of such study to include an evaluation of the long-term adverse health effects in humans of such service as such health (including genetic and psychological) effects may result from other factors involved in such service, including exposure to other herbicides, chemicals, medications, or environmental hazards or conditions and to include the means of detecting and treating such effects.

"(B)(i) The Administrator shall also conduct a comprehensive review and scientific analysis of the literature covering other studies relating to whether there may be long-term adverse health (including genetic and psychological) effects in humans from exposure to phenoxy herbicides (including the herbicide known as agent orange) and the class of chemicals known as the dioxins produced during the manufacture of such herbicides.

"(ii) In conducting the review and analysis of the literature provided for by division (i) of this subparagraph, the Administration may, as the Administrator deems appropriate, expand the scope of such review and analysis of the literature to include a review and analysis of the literature covering other studies relating to whether there may be long-term adverse health (including genetic and psychological) effects in humans from other factors involved in service in the Armed Forces of the United States in the Republic of Vietnam during the Vietnam conflict or in other comparable situations involving one or more of the factors described in subparagraph (A)(ii) of this paragraph and to include the means of detecting and treating such effects.

"(C) The Administrator may, in carrying out the study provided for by subparagraph (A) or the review and analysis of the literature provided for by subparagraph (B), or both, enter into such contracts or agreements with private or public agencies or persons for such necessary services, including design of the protocol for or the conduct of, in whole or part, such study, or both, or such review and analysis of the literature, or both, as the Administrator may deem practicable and necessary."; and

(2) by amending subsection (b)—

(A) by amending paragraph (2) by inserting "for administrative or legislative action, or both," after "recommendations"; and

(B) by adding at the end the following new paragraph:

"(3)(A)(i) Not later than ninety days after the submission of each report provided for in paragraph (2), the Administrator shall, based on the results described in each such report and the comments and recommendations thereon and any other available pertinent information, develop and publish in the Federal Register, for public review and comment, proposed regulations containing proposed guidelines, standards, and other criteria (together with an explanation of the bases for such proposed guidelines, standards, and criteria) for resolving claims for benefits administered by the Veterans' Administration based on exposure to agent orange during service in the Armed Forces of the United States in the Republic of Vietnam during the Vietnam conflict.

"(ii) If the Administrator expands the scope of the study provided for in subsection (a)(1)(A)(i) (as provided for in subsection (a)(1)(A)(ii)), such proposed regulations shall also contain proposed guidelines, standards, and other criteria for resolving claims for benefits administered by the Veterans' Administration based on one or more factors described in subsection (a)(1)(A)(ii) related to such service.

"(iii) Proposed regulations developed and published pursuant to division (i) of this subparagraph (and, if proposed regulations are developed and published pursuant to division (ii) of this subparagraph, pursuant to such division) shall include specification of any presumptions (including any presumptions regarding service and exposure) to be applied to the resolution of the claims to which such proposed guidelines, standards, and criteria in such proposed regulations apply.

"(iv) Notwithstanding any other provision of law, the public review and comment process required by division (i) of this subparagraph shall be conducted in accordance with the provisions of sections 553 (b) and (e), 556, and 557 of title 5, United States Code.

"(v) On the same day as such proposed regulations are published as required by division (i) of this subparagraph, the Administrator shall submit to the appropriate committees of the Congress any recommendations for legislative action that the Administrator considers appropriate in light of such proposed guidelines, standards, and criteria, the report submitted pursuant to subsection (b)(2), and other available pertinent information.

"(B) Not later than ninety days after the completion of the public review and comment process provided for in subparagraph (A) (i) and (iv), the Administrator shall publish in the Federal Register final regulations containing the guidelines, standards, and other criteria (together with an explanation of the bases for such guidelines, standards, and criteria) for resolving the claims involved.

"(C) Nothing in subparagraph (A) or (B) shall be considered to limit in any way the discretion and authority of the Administrator to promulgate or prescribe regulations, guidelines, standards, or other criteria for resolving any claims described in subparagraph (A) (i) or (ii) at any time earlier than the time prescribed in subparagraph (A) for the publication of the proposed regulations described in such paragraph.

"(D) the Administrator's compliance with the provision of, and any regulations promulgated pursuant to, this paragraph shall be subject to judicial review in accordance with the provisions of chapter 7 of title 5, United States Code.".

TECHNICAL AMENDMENT TO PUBLIC LAW 96-385

SEC. 11. Section 508 of the Veterans' Disability Compensation and Housing Benefits Amendments of 1980 (Public Law 96-385; 94 Stat. 1538) is amended by striking out subsection (b).

SERVICEMEN'S GROUP LIFE INSURANCE AND VETERANS' GROUP LIFE INSURANCE

SEC. 12. (a) Section 767 of title 38, United States Code, relating to the Servicemen's Group Life Insurance program, is amended—

(1) in the first sentence of subsection (a)—

(A) by striking out "$20,000" and inserting in lieu thereof "$35,000"; and

(B) by inserting "$30,000, $25,000, $20,000," after "(B) to be insured in the amount of";

(2) in the first sentence of subsection (c)—

(A) by inserting "$30,000, $25,000, $20,000," before "$15,000, $10,000, or $5,000"; and

(B) by inserting "$35,000, $30,000, $25,000," before "$20,000, $15,000, or $10,000"; and

(3) by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this section, any member who, on the effective date of this subsection, is assigned to, or who upon application would be eligible for assignment to, the Retired Reserve of a uniformed service, may obtain increased insurance coverage under this subchapter up to a maximum of $35,000 in increments of $5,000, if the member (1) is insured under this subchapter on such effective date or, within one year after such effective date, reinstates insurance which lapsed before such date for nonpayment of premiums, and (2) submits, within one year after such effective date, a written application for increased coverage to the office established pursuant to section 766(b) of this title.".

(b) Section 777(a) of such title, relating to Veterans' Group Life Insurance, is amended—

(1) by striking out "or $20,000 only" in the first sentence and inserting in lieu thereof a comma and "$20,000, $25,000, $30,000, or $35,000 only";

(2) by striking out "$20,000" in the second sentence and inserting in lieu thereof "$35,000"; and

(3) by striking out "$20,000" each place it appears in the fourth sentence and inserting in lieu thereof "$35,000".

(c) The amendments made by subsections (a) and (b) shall become effective on the first day of the first month which begins at least sixty days after the date of the enactment of this Act.

Amend the title so as to read: "An Act to amend title 38, United States Code, to extend the authority to provide certain contract hospital care and medical services in Puerto Rico, the Virgin Islands, and other territories, to remove a limitation on certain dental care entitlement, to extend the period for Vietnam-era veterans to request readjustment counseling, to clarify eligibility for delimiting period extensions for vocational rehabilitation and GI bill benefits based on disability, to extend the program of veterans' readjustment appointments in the Federal Government, to extend for two years for certain educationally disadvantaged, unskilled or unemployed Vietnam-era veterans the period of time in which GI bill benefits may be used for the pursuit of certain training, and to provide certain health-care eligibility and outpatient care priority to veterans for disabilities linked to their exposure to Agent Orange, other specified toxic substances in Vietnam, or to nuclear weapons test radiation; to authorize expansion of an epidemiological study regarding veterans exposed to Agent Orange; and for other purposes.".

House amendments to the Senate amendments: In lieu of the matter proposed to be inserted by the Senate amendment tc the text of the bill, insert the following:

SHORT TITLE; AMENDMENTS TO TITLE 38, UNITED STATES CODE

SECTION 1. (a) This Act may be cited as the "Veterans' Health Care, Training, and Small Business Loan Act of 1981".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—HEALTH CARE

EXTENSION OF AUTHORITY TO PROVIDE CERTAIN CONTRACT HOSPITAL CARE AND MEDICAL SERVICES IN PUERTO RICO, THE VIRGIN ISLANDS, AND OTHER TERRITORIES

SEC. 101. Section 601(4)(C)(v) is amended by striking out "December 31, 1981" and inserting in lieu thereof "September 30, 1982".

MEDICAL CARE FOR DISABILITIES THAT MAY BE RELATED TO EXPOSURE TO AGENT ORANGE, CERTAIN OTHER HAZARDOUS SUBSTANCES, OR NUCLEAR RADIATION

SEC. 102. (a) Section 610 is amended—

(1) in subsection (a)—

(A) by striking out "and" at the end of clause (4);

(B) by redesignating clause (5) as clause (6); and

(C) by inserting after clause (4) the following new clause (5):

"(5) a veteran who meets the conditions of subsection (e) of this section; and"; and

(2) by adding at the end the following new subsection:

"(e)(1)(A) Subject to paragraphs (2) and (3) of this subsection, a veteran—

"(i) who served on active duty in the Republic of Vietnam during the Vietnam era, and

"(ii) who the Administrator finds may have been exposed during such service to dioxin or was exposed during such service to a toxic substance found in a herbicide or defoliant used in connection with military purposes during such era,

may be furnished hospital care or nursing home care under subsection (a)(5) of this section for any disability, notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure.

"(B) Subject to paragraphs (2) and (3) of this subsection, a veteran who the Administrator finds was exposed while serving on active duty to ionizing radiation from the detonation of a nuclear device in connection with such veteran's participation in the test of such a device or with the American occupation of Hiroshima and Nagasaki, Japan, during the period beginning on September 11, 1945, and ending on July 1, 1946, may be furnished hospital care or nursing home care under subsection (a)(5) of this section for any disability, notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure.

"(2) Hospital and nursing home care may not be provided under subsection (a)(5) of this section with respect to a disability that is found, in accordance with guidelines issued by the Chief Medical Director, to have resulted from a cause other than an exposure described in subparagraph (A) or (B) of paragraph (1) of this subsection.

"(3) Hospital and nursing home care and medical services may not be provided under or by virtue of subsection (a)(5) of this section after the end of the one-year period beginning on the date the Administrator submits to the appropriate committees of Congress the first report required by section 307(b)(2) of the Veterans Health Programs Extension and Improvement Act of 1979 (Public Law 96-151; 93 Stat. 1098).".

(b) Clause (4) of section 612(i) is amended to read as follows:

"(4) To any veteran (A) who is a former prisoner of war, or (B) who is eligible for care under section 610(a)(5) of this title.".

OUTPATIENT DENTAL CARE

SEC. 103. (a) Subsection (b) of section 612 is amended—

(1) by inserting "(1)" after "(b)";

(2) by redesignating clause (1) as clause (A);

(3) by striking out clause (2) and inserting in lieu thereof the following:

"(B) which is service-connected, but not compensable in degree, but only if—

"(i) the dental condition or disability is shown to have been in existence at time of discharge or release from active military, naval, or air service;

"(ii) the veteran had served on active duty for a period of not less than 180 days immediately before such discharge or release;

"(iii) application for treatment is made within 90 days after such discharge or release, except that (I) in the case of a veteran who reentered active military, naval, or air service within 90 days after the date of such veteran's prior discharge or release from such service, application may be made within 90 days from the date of such veteran's subsequent discharge or release from such service, and (II) if a disqualifying discharge or release has been corrected by competent authority, application may be made within 90 days after the date of correction; and

"(iv) the veteran's certificate of discharge or release from active duty does not bear a certification that the veteran was provided, within the 90-day period immediately before the date of such discharge or release, a complete dental examination (including dental X-rays) and all appropriate dental services and treatment indicated by the examination to be needed;";

(4) by redesignating clauses (3), (4), (5), (6), (7), and (8) as clauses (C), (D), (E), (F), (G), and (H), respectively;

(5) by designating the second sentence of such subsection as paragraph (2) and by striking out "clause (2)" in such sentence and inserting in lieu thereof "clause (B) of paragraph (1)";

(6) by designating the third sentence of such subsection as paragraph (3);

(7) by designating the fourth sentence of such subsection and all that follows in such subsection as paragraph (4); and

(8) by striking out "pursuant to this subsection" in the last sentence and inserting in lieu thereof "pursuant to this paragraph".

(b)(1) Section 612(c) is amended by striking out "clause (2)" and inserting in lieu thereof "paragraph (1)(B)".

(2) The last sentence of section 612(f) is amended by striking out "subsection (b)(7)" and inserting in lieu thereof "clause (G) of subsection (b)(1)".

(c)(1) Section 612(b)(1)(B)(iii)(I) of title 38, United States Code, shall apply only to veterans discharged or released from active military, naval, or air service after August 12, 1981.

(2) A veteran who before August 13, 1981—

(A) was discharged or released from active military, naval, or air service,

(B) reentered such service within one year after the date of such discharge or release, and

(C) was discharged or released from such subsequent service,

may be provided dental services and treatment in the same manner as provided for in section 612(b) of title 38, United States Code, if the veteran is otherwise eligible for such services and treatment and if application for such services and treatment is or was made within one year from the date of such subsequent discharge or release.

EXTENSION OF PERIOD FOR VIETNAM-ERA VETERANS TO REQUEST READJUSTMENT COUNSELING

SEC. 104. (a)(1) Section 612A(a) is amended by striking out "or two years after the effective date of this section" and inserting in lieu thereof "or by September 30, 1984".

(2) The amendment made by paragraph (1) shall take effect as of October 1, 1981.

(b) Section 612A is further amended by adding at the end the following new subsection:

"(g)(1) During the twelve-month period ending on September 30, 1984, the Administrator shall take appropriate steps to ensure—

"(A) the orderly transition, by October 1, 1984, of that part of the program established under this section for the provision of readjustment counseling services by Veterans' Administration personnel from a program providing such services primarily through centers located in facilities situated apart from the health-care facilities operated by the Veterans' Administration for the provision of other health-care services under other provisions of this chapter to a program providing readjustment counseling services primarily through such health-care facilities; and

"(B) the continued availability after such date of readjustment counseling and related mental health services under this section to veterans eligible for the provision of such counseling and services who requested such counseling before such date.

"(2) Not later than April 1, 1984, the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report on the plans made and actions taken to carry out this subsection.".

MEDICAL CARE FOR SURVIVORS AND DEPENDENTS OF CERTAIN VETERANS

SEC. 105. The second sentence of section 613(b) is amended by striking out "particularly" and "most effective".

RECOVERY OF THE COST OF CERTAIN HEALTH CARE PROVIDED BY THE VETERANS' ADMINISTRATION

SEC. 106. (a)(1) Subchapter III of chapter 17 is amended by adding at the end the following new section:

"§629. Recovery by the United States of the cost of certain care and services

"(a) In any case in which a veteran is furnished care and services under this chapter for a non-service-connected disability that was incurred—

"(1) incident to the veterans' employment and the disability is covered under a workers' compensation law or plan that provides reimbursement for or indemnification of the cost of health care and services provided to the veteran by reason of the disability,

"(2) as the result of a motor vehicle accident to which applies a State law that required the owners or operators of motor vehicles registered in that State to have in force automobile accident reparations insurance, or

"(3) as the result of a crime of personal violence that occurred in a State, or a political subdivision of a State, in which a person injured as the result of such a crime is entitled to receive health care and services at such State's or subdivision's expense for personal injuries suffered as the result of such crime,

the United States has the right to recover the reasonable costs of such care and services from the State, or political subdivision of a State, employer, employer's insurance carrier, or automobile accident reparations insurance carrier, as appropriate, to the extent that the veteran, or the provider of care and services to the veteran, would be eligible to receive reimbursement or indemnification for such care and services if the care and services had not been furnished by a department or agency of the United States.

"(b) The amount that may be recovered by the United States under subsection (a) of this section may not exceed the lesser of (1) an amount equal to the reasonable cost of the care and services furnished the veteran under this chapter, as determined by the Administrator, or (2) the maximum amount specified by the law of the State or political subdivision concerned or by any relevant contractual provision to which the veteran was a party or was subject. The Administrator shall prescribe regulations for the determination of the reasonable cost of care and services under clause (1) of the preceding sentence, and any determination of such reasonable value by the Administrator under such clause shall be made in accordance with such regulations. Regulations under the preceding sentence shall be prescribed only after notice and opportunity for public comment.

"(c)(1) The United States shall, as to the right provided in subsection (a) of this section, be subrogated to any right or claim that the veteran or the veteran's personal representative, successor, dependents, or survivors may have against a State or political subdivision of a State, an employer, an employer's insurance carrier, or an automobile accident reparations insurance carrier.

"(2)(A) In order to enforce any right or claim to which it is subrogated under paragraph (1) of this subsection, the United States may intervene or join in any action or proceeding brought by the veteran or the veteran's personal representative, successor, dependents, or survivors against a State or political subdivision of a State, an employer, an employer's insurance carrier, or an automobile accident reparations insurance carrier.

"(B) If—

"(i) no such action or proceeding has been commenced within one hundred and eighty days after the first day on which care and services for which recovery is sought were furnished to the veteran by the Veterans' Administration under this chapter, and

"(ii) the United States has sent written notice by certified mail to the veteran at the veteran's last-known address (or to the veteran's personal representative or successor) of the intention of the United States to institute legal proceedings,

the United States may, sixty days after the mailing of such notice, institute and prosecute legal proceedings against the State, political subdivision, employer, employer's insurance carrier, or automobile accident reparations insurance carrier.

"(d) A veteran eligible for care and services under this chapter may not be denied such care and services by reason of this section.

"(e) No law of any State or of any political subdivision of a State, and no provision of any contract or agreement entered into, renewed, or modified under any State law, shall operate to prevent recovery by the United States (1) under subsection (a) of this section for care and services furnished under this chapter to any veteran for a non-service-connected disability, or (2) under section 611(b) of this title for care and services furnished under such section to an individual as a humanitarian service in an emergency case.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 628 the following new item:

"629. Recovery by the United States of the cost of certain care and services.".

(b) Section 629 of title 38, United States Code, as added by subsection (a), shall apply with respect to care and services furnished under chapter 17 of title 38, United States Code, on or after the date of the enactment of this Act.

MEDICAL CARE FOR VETERANS IN THE REPUBLIC OF THE PHILIPPINES

SEC. 107. (a) Section 624(d) is amended by striking out "and at the same rate as specified in section 632(a)(4) of this title".

(b) Section 631 is amended by inserting "in fulfilling its responsibility" after "the Republic of the Philippines".

(c)(1) Section 632 is amended to read as follows:

"§632. Contracts and grants to provide for the care and treatment of United States veterans by the Veterans Memorial Medical Center

"(a) The President, with the concurrence of the Republic of the Philippines, may authorize the Administrator to enter into contracts with the Veterans Memorial Medical Center, with the approval of the appropriate department of the Government of the Republic of the Philippines, covering the period beginning on October 1, 1981, and ending on September 30, 1986, under which the United States—

"(1) will provide for payments for hospital care and medical services (including nursing home care) in the Veterans Memorial Medical Center, as authorized by section 624 of this title and on the terms and conditions set forth in such section, to eligible United States veterans at a per diem rate to be jointly determined for each fiscal year by the two Governments to be fair and reasonable; and

"(2) may provide that payments for such hospital care and medical services provided to eligible United States veterans may consist in whole or in part of available medicines, medical supplies, and equipment furnished by the Administrator to the Veterans Memorial Medical Center at valuations therefor as determined by the Administrator, who may furnish such medicines, medical supplies, and equipment through the revolving supply fund pursuant to section 5021 of this title.

"(b)(1) To further assure the effective care and treatment of United States veterans in the Veterans Memorial Medical Center, there is authorized to be appropriated for each fiscal year during the period beginning on October 1, 1981, and ending on September 30, 1986, the sum of $500,000 to be used by the Administrator for making grants to the Veterans Memorial Medical Center for the purpose of assisting the Republic of the Philippines in the replacement and upgrading of equipment and in rehabilitating the physical plant and facilities of such center.

"(2) Grants under this subsection shall be made on such terms and conditions as prescribed by the Administrator. Such terms and conditions may include a requirememt of prior approval by the Administrator of the uses of the funds provided by such grants.

"(3) Funds for such grants may be provided only from appropriations made to the Veterans' Administration for the specific purpose of making such grants.

"(c) The Administrator may stop payments under a contract or grant under this section upon reasonable notice as stipulated by the contract or grant if the Republic of the Philippines and the Veterans Memorial Medical Center do not maintain the medical center in a well-equipped and effective operating condition as determined by the Administrator.

"(d)(1) The authority of the Administrator to enter into contracts and to make grants under this section is effective for any fiscal year only to the extent that appropriations are available for that purpose.

"(2) Appropriations made for the purpose of this section shall remain available until expended.".

(2) The item relating to such section in the table of sections at the beginning of chapter 17 is amended to read as follows:

"632. Contracts and grants to provide for the care and treatment of United States veterans by the Veterans Memorial Medical Center.".

(d)(1) The heading of subchapter IV of chapter 17 is amended to read as follows:

"Subchapter IV—Hospital Care and Medical Treatment for Veterans in the Republic of the Philippines".

(2) The item relating to such subchapter in the table of sections at the beginning of such chapter is amended to read as follows:

"Subchapter IV—Hospital Care and Medical Treatment for Veterans in the Republic of the Philippines".

MINIMUM NUMBER OF HOSPITAL AND NURSING HOME BEDS IN MEDICAL FACILITIES OF THE VETERANS' ADMINISTRATION

SEC. 108. (a)(1) Paragraph (1) of section 5010(a) is amended by striking out the first sentence and inserting in lieu thereof the following: "The Administrator shall establish the total number of hospital beds and nursing home beds in medical facilities over which the Administrator has direct jurisdiction for the care and treatment of eligible veterans at not more than 125,000 and not less than 100,000. The Administrator shall establish the total number of such beds so as to maintain a contingency capacity to assist the Department of Defense in time of war or national emergency to care for the casualties of such war or national emergency. Of the number of beds authorized pursuant to the preceding sentence, the Administrator shall operate and maintain a total of not less than 90,000 hospital beds and nursing home beds and shall maintain the availability of such additional beds and facilities in addition to the operating bed level as the Administrator considers necessary for such contingency purposes. The President shall include in the Budget transmitted to the Congress for each fiscal year pursuant to section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), an amount for medical care and amounts for construction sufficient to enable the Veterans' Administration to operate and maintain a total of not less than 90,000 hospital and nursing home beds in accordance with this paragraph and to maintain the availability of the contingency capacity referred to in the second sentence of this paragraph.".

(2) Paragraph (3) of such section is amended to read as follows:

"(3)(A) The Chief Medical Director shall at the end of each fiscal year (i) analyze agencywide admission policies and the records of those eligible veterans who apply for hospital care, medical services, and nursing home care, but are rejected or not immediately admitted or provided such care or services, and (ii) review and make recommendations regarding the adequacy of the established operating bed levels, the geographic distribution of operating beds, the demographic characteristics of the veteran population and the associated need for medical care and nursing home facilities and services in each State, and the proportion of the total number of operating beds that are hospital beds and that are nursing home beds.

"(B) After considering the analyses and recommendations of the Chief Medical Director pursuant to subparagraph (A) of this paragraph for any fiscal year, the Administrator shall report to the committees, on or before December 1 after the close of such fiscal year, on the results of the analysis of the Chief Medical Director and on the numbers of operating beds and level of treatment capacities required to enable the Veterans' Administration to carry out the primary function of the Department of Medicine and Surgery. The Administrator shall include in each such report recommendations for (i) the numbers of operating beds and the level of treatment capacities required for the health care of veterans and the maintenance of the contingency capacity referred to in paragraph (1) of this subsection, and (ii) the appropriate staffing and funds therefor.".

(b) Section 5010 is further amended by striking out subsection (b) and redesignating subsection (c) as subsection (b).

TITLE II—VOCATIONAL TRAINING AND GI BILL EDUCATIONAL ASSISTANCE PROGRAMS

EXTENSION OF CERTAIN GI BILL ELIGIBILITY FOR EDUCATIONALLY DISADVANTAGED AND UNSKILLED OR UNEMPLOYED VIETNAM-ERA VETERANS

SEC. 201. (a) Section 1662(a) is amended by adding at the end the following new paragraph:

"(3)(A) Subject to subparagraph (C) of this paragraph and notwithstanding the provisions of paragraph (1) of this subsection, an eligible veteran who served on active duty during the Vietnam era shall be permitted to use any of such veteran's unused entitlement under section 1661 of this title for the purpose of pursuing—

"(i) a program of apprenticeship or other on-job training;

"(ii) a course with an approved vocational objective; or

"(iii) a program of secondary education, if the veteran does not have a secondary school diploma (or an equivalency certificate).

"(B) Upon completion of a program or course pursued by virtue of eligibility provided by this paragraph, the Administrator shall provide the veteran with such employment counseling as may be necessary to assist the veteran in obtaining employment consistent with the veteran's abilities, aptitudes, and interests.

"(C)(i) Educational assistance may be provided a veteran for pursuit of a program or course described in clause (i) or (ii) of subparagraph (A) of this paragraph using eligibility provided by this paragraph only if the veteran has been determined by the Administrator to be in need of such a program or course in order to achieve a suitable occupational or vocational objective. Any such determination shall be made in accordance with regulations which the Administrator shall prescribe.

"(ii) Educational assistance provided a veteran for pursuit of a program described in clause (iii) of subparagraph (A) of this paragraph using eligibility provided by this paragraph shall be provided at the rate determined under section 1691(b)(2) of this title.

"(D) Educational assistance may not be provided by virtue of this paragraph after December 31, 1983.".

(b) The amendment made by subsection (a) shall take effect on January 1, 1982.

EXTENSION OF VETERANS' READJUSTMENT APPOINTMENT AUTHORITY FOR CIVIL SERVICE APPOINTMENTS

SEC. 202. (a) Section 2014(b)(2) is amended by striking out "1981" and inserting in lieu thereof "1984".

(b) The amendment made by subsection (a) shall take effect as of October 1, 1981.

TITLE III—SMALL BUSINESS LOANS

SHORT TITLE

SEC. 301. This title may be cited as the "Veterans' Small Business Loan Act of 1981".

DISABLED VETERANS' AND VIETNAM-ERA VETERANS' SMALL BUSINESS LOAN PROGRAM

SEC. 302. (a) Chapter 37 is amended by adding at the end thereof the following new subchapter:

"Subchapter IV—Small Business Loans

"§ 1841. Definitions

"For the purposes of this subchapter—

"(1) The term 'disabled veteran' means (A) a veteran who is entitled to compensation under laws administered by the Veterans' Administration for a disability rated at 30 percent or more, or (B) a veteran whose discharge or release from active duty was for a disability incurred or aggravated in line of duty.

"(2) The term 'veteran of the Vietnam era' means a person (A) who served on active duty for a period of more than one hundred and eighty days, any part of which occurred during the Vietnam era, and who was discharged or released therefrom with other than a dishonorable discharge, or (B) who was discharged or released from active duty for a service-connected disability if any part of such active duty was performed during the Vietnam era.

"§ 1842. Small business loan program

"(a)(1) Subject to subsection (b) of this section, the Administrator may provide financial assistance to veterans' small business concerns for the purpose of (A) financing plant construction, conversion, or expansion (including the acquisition of land), (B) financing the acquisition of equipment, facilities, machinery, supplies, or materials, or (C) supplying such concerns with working capital.

"(2) Subject to paragraph (3)(A) of this subsection, financial assistance under this section may be provided in the form of (A) loan guaranties, or (B) direct loans.

"(3) The Administrator shall specify in regulations the criteria to be met for a business concern to qualify as a veterans' small business concern for the purposes of this subchapter. Such regulations shall include requirements—

"(A) that at least 51 percent of a business concern must be owned by individuals who are veterans of the Vietnam era or disabled veterans in order for such concern to qualify for a loan guaranty and that at least 51 percent of a business concern must be owned by disabled veterans in order for such concern to qualify for a direct loan; and

"(B) that the management and daily business operations of the concern must be directed by one or more of the veterans whose ownership interest is part of the majority ownership for the purposes of meeting the requirement in clause (A) of this paragraph.

"(b) The availability of financial assistance under subsection (a) of this section is subject to the following limitations:

"(1) The Administrator may not make a direct loan under this section unless the veterans' small business concern applying for the loan shows to the satisfaction of the Administrator that the concern is unable to obtain a loan guaranteed by the Veterans' Administration under this section or made or guaranteed by the Small Business Administration.

"(2) The Administrator may not guarantee a loan under this section if the loan bears a rate of interest in excess of the maximum rate of interest prescribed under section 1845 of this title.

"(3) The Administrator may not make or guarantee a loan under this section for an amount in excess of $200,000.

"(4) The original liability of the Administrator on any loan guaranteed under this section may not exceed 90 percent of the amount of the loan, and such liability shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the loan, but such liability may not exceed the amount of the original guaranty.

"(c) Each loan made or guaranteed under this subchapter shall be of such sound value, taking into account the creditworthiness of the veterans' small business concern (and the individual owners) applying for such loan, or so secured as reasonably to assure payment.

"(d)(1) Except as provided in paragraph (2) of this subsection the Administrator may not make or guarantee a loan under this subchapter to a veterans' small business concern in which an ownership interest is held by a veteran who also has an ownership interest in another small business concern if such ownership interest was considered in qualifying that other concern for an outstanding loan made or guaranteed under this subchapter or the Small Business Act (15 U.S.C. 631 et seq.).

"(2) Paragraph (1) of this subsection shall not apply if 51 percent or more of the business concern seeking a direct or guaranteed loan under this subchapter is owned by veterans of the Vietnam era or disabled veterans without including the ownership interest of the veteran whose ownership interest in another small business concern was previously considered in qualifying that other concern for an outstanding guaranteed or direct business loan under this subchapter or the Small Business Act (15 U.S.C. 631 et seq.).

"(e)(1) In order to protect the interest of the United States, upon application by a veterans' small business concern which is the recipient of a loan guaranteed under this subchapter, the Administrator (subject to the provisions of this subsection) may undertake the veterans' small business concern's obligation to make payments under such loan or, if the loan was a direct loan made by the Administrator, may suspend such obligation. While such payments are being made by the Administrator pursuant to the undertaking of such obligation or while such obligation is suspended, no such payment with respect to the loan may be required from the concern.

"(2) The Administrator may undertake or suspend a veterans' small business concern's obligation under this subsection only if—

"(A) such undertaking or suspension of the obligation is, in the judgment of the Administrator, necessary to protect the interest of the United States;

"(B) with the undertaking or suspension of the obligation, the small business concern would, in the judgment of the Administrator, become or remain a viable small business entity; and

"(C) the small business concern executes an agreement in writing satisfactory to the Administrator as provided by paragraph (4) of this subsection.

"(3) The period of time for which the Administrator undertakes or suspends the obligation on a loan under this subsection may not exceed five years. The Administrator may extend the maturity of any loan on which the Administrator undertakes or suspends the obligation under this subsection for a corresponding period of time.

"(4)(A) Before the Administrator may undertake or suspend a veterans' small business concern's obligation under this subsection, the Administrator shall require the small business concern to execute an agreement to repay the aggregate amount of the payments which were required under the loan during the period for which the obligation was undertaken or suspended—

"(i) by periodic payments not less in amount or less frequently falling due than those which were due under the loan during such period,

"(ii) pursuant to a repayment schedule agreed upon by the Administrator and the small business concern, or

"(iii) by a combination of the method of payments described in clauses (i) and (ii) of this subparagraph.

"(B) In addition to requiring the small business concern to execute the agreement described in subparagraph (A) of this paragraph, the Administrator shall, before the undertaking or suspension of the obligation, take such action and require the small business concern to take such action as the Administrator considers appropriate in the circumstances, including the provision of such security as the Administrator considers necessary or appropriate, to assure that the rights and interests of the United States and any lender will be safeguarded adequately during and after the period in which such obligation is so undertaken or suspended.

"§ 1843. Liability on loans

"Each individual who has an ownership interest in a veterans' small business concern that is provided a direct loan under this subchapter, or that obtains a loan guaranteed under this subchapter, shall execute a note or other document evidencing the direct or guaranteed business loan, and such individuals shall be jointly and severally liable to the United States for the amount of such direct loan or, in the case of a guaranteed loan, for any amount paid by the Administrator on account of such loan.

"§ 1844. Approval of loans by the Administrator

"(a) Except as provided in subsection (b) of this section, a loan may not be guaranteed under this subchapter unless, before the closing of the loan, it is submitted to the Administrator for approval and the Administrator grants approval.

"(b) The Administrator may exempt any lender of a class of lenders listed in section 1802(d) of this title from the prior approval requirement in subsection (a) of this section if the Administrator determines that the experience of such lender or class of lenders warrants such exemption.

"(c) The Administrator may at any time upon 30 days' notice require loans to be made by any lender or class of lenders under this subchapter to be submitted to the Administrator for prior approval. No guaranty shall exist with respect to any such loan unless evidence of the guaranty is issued by the Administrator.

§ 1845. Interest on loans

"(a) Loans guaranteed under this subchapter shall bear interest not in excess of such rate as the Administrator may from time to time find the loan market demands. In establishing the rate of interest that shall be applicable to such loans, the Administrator shall consult with the Administrator of the Small Business Administration.

"(b) The rate of interest on any direct loan made by the Administrator under this subchapter may not exceed the maximum rate in effect under subsection (a) of this section at the time the direct loan is made.

"§ 1846. Maturity of loans

"The maturity of a loan made or guaranteed under this subchapter that is used in whole or in part for the construction, conversion, or expansion of facilities or for acquisition of real property may not exceed twenty years plus such additional reasonable time as the Administrator may determine, at the time the loan is made, is required to complete the construction, acquisition, or expansion of such facilities. The maturity of any other loan made or guaranteed under this subchapter may not exceed ten years.

"§ 1847. Eligible financial institutions

"The Administrator may not guarantee under this subchapter a loan made by an entity not subject to examination and supervision by an agency of the United States or of a State.

"§ 1848. Preference for disabled veterans

"In the extension of financial assistance under this subchapter, the Administrator shall give preference, first, to veterans' small business concerns in which disabled veterans who have successfully completed a vocational rehabilitation program for self-employment in a small business enterprise under chapter 31 of this title have a significant ownership interest, and, second, to veterans' small business concerns in which other disabled veterans have a significant ownership interest.

"§ 1849. Revolving fund

"(a) There is established in the Treasury a revolving fund to be known as the 'Veterans' Administration Small Business Loan Revolving Fund' (hereinafter in this section referred to as the 'fund').

"(b) Amounts in the fund shall be available to the Administrator without fiscal year limitation for all loan guaranty and direct loan operations under this subchapter other than administrative expenses and may not be used for any other purpose.

"(c)(1) Effective for fiscal year 1982 and fiscal years thereafter, there is authorized to be appropriated to the fund a total of $25,000,000.

"(2) There shall be deposited into the fund all amounts received by the Administrator derived from loan operations under this subchapter, including all collection of principal and interest and the proceeds from the use of property held or of property sold.

"(d) The Administrator shall determine annually whether there has developed in the fund a surplus which, in the Administrator's judgment, is more than necessary to meet the needs of the fund. Any such surplus shall immediately be transferred into the general fund of the Treasury.

"(e) Not later than two years after the termination of the authority of the Administrator to make new commitments for financial assistance under this subchapter, the Administrator shall transfer into the general fund of the Treasury all amounts in the fund except those that the Administrator determines may be required for the liquidation of obligations under this subchapter. All amounts received thereafter derived from loan operations under this subchapter, except so much thereof as the Administrator may determine to be necessary for liquidating outstanding obligations under this subchapter, shall also be so deposited.

"§ 1850. Incorporation of other provisions by the Administrator

"The Administrator may provide that the provisions of sections of other subchapters of this chapter that are not otherwise applicable to loans made or guaranteed under this subchapter shall be applicable to loans made or guaranteed under this subchapter. The Administrator shall exercise authority under the preceding sentence by regulations prescribed after publication in the Federal Register and a period of not less than 30 days for public comment.

"§ 1851. Termination of program

"The Administrator may not make commitments for financial assistance under this subchapter after September 30, 1986.".

(b)(1) The title of such chapter is amended to read as follows:

"Chapter 37—HOUSING AND SMALL BUSINESS LOANS".

(2) The table of chapters before part I and the table of chapters at the beginning of part III are each amended by striking out the item relating to chapter 37 and inserting in lieu thereof the following:

"37. Housing and Small Business Loans .... 1801".

(3) The table of sections at the beginning of such chapter is amended by adding at the end the following:

"Subchapter IV—Small Business Loans

"Sec.
"1841. Definitions.
"1842. Small business loan program.
"1843. Liability on loans.
"1844. Approval of loans by the Administrator.
"1845. Interest on loans.
"1846. Maturity of loans.
"1847. Eligible financial institutions.
"1848. Preference for disabled veterans.
"1849. Revolving fund.
"1850. Incorporation of other provisions by the Administrator.
"1851. Termination of program.".

CONFORMING AMENDMENTS

SEC. 303. (a) Section 1801 is amended—

(1) by redesignating subsections (a) and (b) as subsections (b) and (c), respectively;

(2) by inserting before subsection (b) (as redesignated by clause (1)) the following new subsection:

"(a) For the purpose of this chapter, the term 'housing loan' means a loan for any of the purposes specified by sections 1810(a) and 1819(a)(1) of this title.";

(3) by striking out "this chapter—" in subsection (b) (as redesignated by clause (1)) and inserting in lieu thereof "housing loans under this chapter—"; and

(4) by striking out "Coast and Geodetic Survey" in subsection (c) (as redesignated by clause (1)) and inserting in lieu thereof "National Oceanic and Atmospheric Administration (or predecessor entity)".

(b) Section 1802 is amended—

(1) by inserting "housing loan" in subsection (a) before "benefits" both places it appears;

(2) by inserting "housing" in subsection (a) after "insured";

(3) by inserting "housing loan" in subsection (b) after "insurance" both places it appears;

(4) by striking out "Loans" in the first sentence of subsection (d) and inserting in lieu thereof "Housing loans";

(5) by inserting "housing" in the second sentence of subsection (d) after "Any";

(6) by inserting "housing" in subsection (e) after "require"; and

(7) by inserting "housing" in subsection (f) after "Any".

(c) Section 1803(d) is amended—

(1) by inserting "housing" in clause (1) after "any"; and

(2) by inserting "housing" in the first sentence of clause (3) after "real estate".

(d) Section 1807 is amended by inserting "housing loan" after "eligible for".

(e) Section 1815(a) is amended by inserting "housing" after "Any".

(f) Section 1817 is amended—

(1) by inserting "housing" in subsection (a) after "direct" the first place it appears; and

(2) by inserting "housing" in the first sentence of subsection (b) after "direct".

(g) Section 1818(a) is amended by inserting "housing loan" after "eligible for the".

(h) Section 1819(a)(1) is amended by inserting "housing loan" after "eligible for the".

(i) Section 1819(b)(2) is amended by striking out "loan guaranty" and inserting in lieu thereof "housing loan".

(j) Section 1824 is amended—

(1) by inserting "housing" in subsection (b) after "for all"; and

(2) by inserting "housing" in subsection (c) after "incident to".

(k) Section 1517(b)(1) is amended by inserting "shall assist such veteran in securing, as appropriate, a loan under subchapter IV of chapter 37 of this title and" after "the Administrator".

AUTHORIZATION OF APPROPRIATIONS FOR ESTABLISHMENT OF PROGRAM

SEC. 304. There is authorized to be appropriated a total of $750,000 for fiscal years 1982 through 1986 for use by the Administrator of Veterans' Affairs for expenses incidental to the establishment of the small business loan program authorized by subchapter IV of chapter 37 of title 38, United States Code (as added by section 302).

EFFECTIVE DATE

SEC. 305. The amendments made by this title shall take effect at the end of the 180-day period beginning on the date of the enactment of this Act, except that the authority of the Administrator of Veterans' Affairs to promulgate regulations under subchapter IV of chapter 37 of title 38, United States Code (as added by section 302), shall take effect on such date of enactment.

TITLE IV—MISCELLANEOUS PROVISIONS

EXPANSION OF SCOPE OF AGENT ORANGE STUDY

SEC. 401. (a)(1) Paragraph (1) of section 307(a) of the Veterans Health Programs Extension and Improvement Act of 1979 (Public Law 96-151; 93 Stat. 1097) is amended to read as follows:

"(1)(A) The Administrator of Veterans' Affairs shall design protocol for and conduct an epidemiological study of any long-term adverse health effects in humans of service in the Armed Forces of the United States in the Republic of Vietnam during the period of the Vietnam conflict as such health effects may result from exposure to phenoxy herbicides (including the herbicide known as agent orange) and the class of chemicals known as the dioxins produced during the manufacture of such herbicides. In conducting such study, the Administrator may expand the scope of the study to include an evaluation of any long-term adverse health effects in humans of such service as such health effects may result from other factors involved in such service, including exposure to other herbicides, chemicals, medications, or environmental hazards or conditions. The Administrator may also include in the study an evaluation of the means of detecting and treating adverse health effects found through the study.

"(B) The Administrator shall also conduct a comprehensive review and scientific analysis of the literature covering other studies relating to whether there may be long-term adverse health effects in humans from exposure to phenoxy herbicides (including the herbicide known as agent orange) and the class of chemicals known as the dioxins produced during the manufacture of such herbicides. In conducting such review and analysis, the Administrator may expand the scope of such review and analysis to include a review and analysis of the literature covering other studies relating to whether there may be long-term adverse health effects in humans from other factors involved in service in the Armed Forces of the United States in the Republic of Vietnam during the period of the Vietnam conflict or in other comparable situations involving one or more of the factors described in the second sentence of subparagraph (A). The Administrator may also include a review and analysis of the means of detecting and treating adverse health effects found through any study covered by either such review and analysis.".

(2) Paragraph (3) of such section is amended by inserting "first" after "submission of the".

(b) Section 307(b) of such Act is amended—

(1) by inserting "for administrative or legislative action, or both," in paragraph (2) after "recommendations"; and

(2) by adding at the end the following new paragraphs:

"(3) Not later than ninety days after the submission of each report under paragraph (2), the Administrator shall, based on the results described in such report and the comments and recommendations thereon and any other available pertinent information, publish in the Federal Register, for public review and comment, a description of actions, if any, that the Administrator proposes to take with respect to programs administered by the Veterans' Administration. Each such description shall include a justification or rationale for any such action the Administrator proposes to take.

"(4) The first report submitted under paragraph (2) shall include the Administrator's recommendation, and reasons therefor, with respect to whether the authority to provide care and services under and by virtue of section 610(a)(5) of title 38, United States Code, should be extended beyond the expiration period specified by section 610(e)(3) of such title.".

TECHNICAL ADJUSTMENT OF COMPUTATION OF RETIREMENT ANNUITIES FOR CERTAIN PERSONNEL

SEC. 402. (a) Subsection (b) of section 4109 is amended to read as follows:

"(b)(1) In computing the annuity under subchapter III of chapter 83 of title 5 of an individual who retires under such subchapter (other than under section 8337 of such subchapter) after December 31, 1981, and who served at any time on a less-than-full-time basis in a position in the Department of Medicine and Surgery to which such individual was appointed under this subchapter—

"(A) for the purpose of determining such individual's average pay, as defined by section 8331(4) of title 5, the annual rate of basic pay for full-time service shall be deemed to be such individual's rate of basic pay; and

"(B) the amount of such individual's annuity as computed under section 8339 of title 5 (before application of any reduction required by subsection (i) of such section) shall be multiplied by the fraction equal to the ratio that that individual's total full-time equivalent service bears to that individual's creditable service as determined under section 8332 of title 5.

"(2) For the purposes of paragraph (1)(B) of this subsection, an individual's full-time equivalent service is the individual's creditable service as determined under section 8332 of title 5, except that any period of service of such individual served on a less-than full-time basis shall be prorated based on the fraction such service bears to full-time service. For the purposes of the preceding sentence, full-time service shall be considered to be eighty hours of service per bi-weekly pay period.

"(3) A survivor annuity computed under section 8341 of title 5 based on the service of an individual described in paragraph (1) of this subsection shall be computed based upon such individual's annuity as determined in accordance with such paragraph.".

(b)(1) The amendment made by subsection (a) shall take effect as of October 1, 1981.

(2) The annuity under subchapter III of chapter 83 of title 5 of an individual who retires under such subchapter during the period beginning on October 1, 1981, and ending on the date of the enactment of this Act and who served at any time on a less-than-full-time basis in a position in the Department of Medicine and Surgery to which such individual was appointed under subchapter I of Chapter 73 of title 38, United States Code, shall be computed without regard to section 4109(b) of title 38, United States Code.

In lieu of the amendment of the Senate to the title of the bill, amend the title so as to read: "An Act to amend title 38, United States Code, to extend the period for Vietnam-era veterans to request counseling under the veterans' readjustment counseling program, to provide medical care eligibility for veterans exposed to herbicides or defoliants (including agent orange) or to nuclear radiation, to establish a minimum total number of operating beds in Veterans' Administration hospital and nursing home facilities, to extend for certain Vietnam-era veterans the period of time in which GI Bill educational assistance benefits may be used for the pursuit of certain training, to provide a small business loan program for Vietnam era and disabled veterans, and to extend the authority for veterans readjustment appointments in the civil service; and for other purposes.".

Mr. MONTGOMERY (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments and the proposed House amendments to the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. HAMMERSCHMIDT. Mr. Speaker, reserving the right to object, I take this time for the purpose of asking the distinguished chairman of the Committee on Veterans' Affairs to give us an explanation of the amendments that were agreed to by the Senate.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the chairman of the committee.

Mr. MONTGOMERY. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I would hope that the Members would pay attention to our explanation. This is a very important bill. It pertains to medical care for veterans and the extension of the veterans' readjustment counseling program. It affects agent orange and the Vietnam-era veterans.

Mr. Speaker, on June 2, 1981, the House, by a vote of 388 to 0 passed H.R. 3499, a veterans' bill to extend the Vietnam-era veterans' readjustment counseling program, to provide medical care for Vietnam veterans exposed to herbicide defoliants, including agent orange, and other health-related matters.

On June 16, 1981, the other body passed the bill, with amendments, by a vote of 99 to 0. Some of the amendments were education provisions which has been passed by the House on June 1, 1981, in a separate measure (H.R. 3423).

The amendments I am proposing to the Senate amendments, Mr. Speaker, reflect an agreement we have reached with the other body on all provisions contained in H.R. 3499 and H.R. 3423 as passed by the House.

The distinguished chairman of our Subcommittee on Hospitals and Health Care, RON MOTTL, is on the floor, and if the distinguished gentleman from Arkansas will yield to him, he can very briefly outline the major provisions of the agreement with the other body.

Mr. HAMMERSCHMIDT. Mr. Speaker, further reserving the right to object, I yield to the distinguished gentleman from Ohio (Mr. MOTTL).

Mr. MOTTL. Mr. Speaker, I thank the distinguished ranking minority member of the Veterans' Affairs Committee, Mr. HAMMERSCHMIDT, for yielding. I would like to briefly explain the differences in the amendments we are now considering to H.R. 3499, as it was passed on June 2, 1981.

First, we are accepting a Senate provision to add to the language priority outpatient care for Vietnam veterans who believe that their current medical conditions may be associated with exposure to agent orange. In addition, outpatient care will be provided on a priority basis for other veterans the Administrator of Veterans' Affairs finds were exposed to ionizing radiation from the detonation of a nuclear device in connection with a test or with the occupation of Hiroshima and Nagasaki, Japan, during the period September 11, 1945, and July 1, 1946. Such outpatient care would be provided to obviate the need for hospital care, and it would make it clear that health care is provided notwithstanding the fact there is insufficient medical evidence that such disabilities may be associated with exposure to agent orange and ionizing radiation and that these disabilities are not to be construed as involving service connection or affect in any way determinations involving service connection or disability compensation under chapter 11 of title 38.

Further, this new eligibility for health care would expire 1 year following the submission of the first report by the VA on the epidemiological study mandated by Public Law 96-151.

Second, an amendment is made to section 612(b), title 38, clarifying that in the case of a veteran who was discharged or released from active service before August 13, 1981, and who reenters the service within 1 year of leaving it, the period provided for outpatient, noncompensable dental care relating to such veteran's first period of service would be reinstated for 1 year following discharge from the subsequent service. This amendment takes into account the reduction of this period from 1 year to 90 days for those discharged after September 30, 1981, as modified by Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981.

Third, this bill extends the period for Vietnam-era veterans to request psychological readjustment counseling for 3 years or until September 30, 1984. This provision differs from the House-passed version in that the last 12-month period ending September 30, 1984, will be a transitional period, bringing the vet centers from "store front" operations which are apart from VA facilities, to operations providing these services through regular VA medical facilities.

This provision would permit the VA to then continue readjustment counseling after September 30, 1984, within VA medical centers and outpatient clinics.

Fourth, this bill contains the House-passed grant provisions of $500,000 per year through fiscal year 1986 to the Republic of the Philippines to assist in the replacement of obsolete equipment and rehabilitation of the physical plant of the Veterans' Memorial Medical Center, but it is amended to require that this authority be limited in each fiscal year to the amount appropriated specifically for such grant for that year.

Fifth, the provision of H.R. 3499 relating to minimum number of hospital and nursing home beds has been amended in this bill to eliminate separate numbers of hospital beds and nursing care beds and requires the Administrator of Veterans' Affairs to operate and maintain a combined total of 90,000 beds and to maintain the availability of such additional beds and facilities necessary to fulfill VA's contingency responsibility for assisting the Department of Defense in time of war or national emergency.

In addition, the amendment would require VA's Chief Medical Director to review health care admission policies, practices, and bed mix at the end of each fiscal year. It would further require the Administrator to report to the Committees on Veterans' Affairs the results of this review by December 1, after the close of the fiscal year.

Sixth, the House-passed expansion of the scope of the study on agent orange is amended by this bill to authorize the Administrator to expand the study to include the means of detecting and treating the adverse health effects, if any, found through the study and/or review of the world literature on phenoxy herbicides. The amendment further provides that the Administrator will publish in the Federal Register, for public review and comment, the actions, if any, the VA proposes to take with respect to VA programs in light of the results of the study.

Last, Mr. Speaker, there is added an amendment to section 4109 of title 38, which pertains to the retirement rights of part-time persons appointed to the Department of Medicine and Surgery.

This amendment postpones the effective date of the method of computing retirement benefits of such part-time employees from October 1, 1981 to December 31, 1981, and would prevent such employees from qualifying for a disproportionately large annuity, which was not intended when this provision first passed in Public Law 96-330. The delay in the effective date is to allow publication and implementation of these new provisions to the affected employees and to remove an unintended impact on career part-time employees that resulted from the original amendments in Public Law 96-330.

Mr. Speaker, these are the compromises reached with the Senate. The remainder of the provisions of the amendments now before us are the same as the bill that was passed by the House on June 2, 1981.

Mr. HAMMERSCHMIDT. Mr. Speaker, further reserving the right to object, I yield to the distinguished gentleman from Pennsylvania to explain the educational compromises now contained in the bill.

Mr. EDGAR. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I would like to give my full support to H.R. 3499 as amended by the Senate. The legislation represents the combined efforts of both the House and Senate Veterans' Affairs Committees in shaping a bill tailored to meet the specific needs of the Vietnam era veteran. Many of the provisions within this bill have been delayed or ignored in the Congress far too long, for years in fact. However, the bill also contains several requirements for the extension of two specific programs whose congressional mandate expired October 1. Therefore, I believe it is imperative that we approve this legislation, preparing it for the President's signature to avoid further disruption of services within these programs.

The bill extends for 3 years, from October 1, 1981, eligibility for Vietnam era veterans to receive readjustment counseling through the storefront counseling centers, or so-called, Vet Centers throughout the United States. Few programs of this size and scope have received such popular response from the American public or from their veteran clientele in such a short time. However, yesterday, eligibility authorized by the Congress through Public Law 96-22 for Vietnam era veterans to receive readjustment counseling through this program expired. Because of the delay in final congressional approval of this bill, the Veterans' Administration issued a directive yesterday to the Vet Centers advising them to deny assistance to most new clients. We need to correct this situation as soon as possible in speeding this legislation to the President's desk.

The explanatory statement accompanying H.R. 3499 outlines the intention of the committees that Vet Centers remain open for an additional 3-year period. Extensive hearing testimony and a $2 million study mandated by the Congress covering the total readjustment needs of the Vietnam veteran, states quite clearly that the effectiveness of these centers rests in their ability to provide outreach counseling and services to Vietnam veterans only if they remain apart from traditional VA health care facilities. I believe within this 3-year extension for the storefront counseling centers we have authorized the program to have sufficient time to accomplish its mandated purpose as originally conceived and designed. Excepting extension of the program in this state, the explanatory statement also states that the VA may incorporate readjustment counseling services and Vet Center personnel into traditional VA health care surroundings, but only after October 1, 1984. In doing so it is my interpretation of the legislation that we have offered a buffer and safeguard for the continued successful operation of the program as it is now, and have included the provision for continued counseling as needed in the future. I would like to state that the consolidation or incorporation of any Vet Center before that time into traditional VA surroundings, without explicit cause stated to the committees, will be viewed in the same light as the closing or elimination of any VA facility and should be so stated in the budget proposal submitted to the House and Senate for congressional review as mandated by the conference agreement on the veterans compensation bill S. 917 which should be before the House this afternoon. Vet Center personnel are part of the congressionally mandated personnel categories under Public Law 96-151 within the VA Department of Medicine and Surgery and are therefore not subject to indiscriminate reduction without congressional authorization through the budget process.

H.R. 3499, as amended, also provides a 2-year extension, effective December 31, 1981, of the 10-year delimiting period for certain Vietnam era veterans to utilize their GI bill entitlement for vocational, apprenticeship, and on-the-job training. As chairman of the House Veterans Affairs Subcommittee on Education, Training, and Employment, I am pleased to see this provision, originally approved by our subcommittee and passed overwhelmingly by the House in H.R. 3423 included in the final draft of this legislation.

The movement to extend the 10-year delimiting date for education and training benefits has been a long and arduous process. As early as 7 years ago, many of us in the House and Senate saw the need to extend the delimiting date to meet the special experience and readjustment needs of these veterans. I am glad that we have finally reached that point today and have achieved that goal in light of budget restrictions to target that assistance to those with the most need.

H.R. 3499 also extends the veterans readjustment appointments program for 3 years, extending eligibility to educationally disadvantaged Vietnam era veterans for employment within the Federal work force. This program also expired on October 1 of this year and must be reauthorized as soon as possible to insure the employment continuity of those already employed and those seeking job assistance in Federal agencies and departments.

Mr. Speaker, I am pleased that the Senate has agreed to accept our subcommittee's recommendation to authorize a small business loan program implemented by the Veterans' Administration. The House-Senate agreement will provide $25 million for a 5-year program offering small business loans up to $200,000 for eligible Vietnam era and certain disabled veterans. Judging the poor record of the Small Business Administration in implementing current law and regulation governing special consideration for veterans in obtaining small business loans, our subcommittee had no choice but to recommend this proposal. However, I believe that I should state, quite clearly, at this point, that as chairman of the House Veterans' Affairs Subcommittee on Education, Training, and Employment, and as coauthor of this legislation with the chairman of the full committee, SONNY MONTGOMERY of Mississippi, I do not consider this provision to be an empty promise or merely a threat to prod some other Federal agency into a better performance record. This authorization if approved by the Congress and the President will stand on its own merits. When funded by either OMB or the Appropriations Committees, the loan program will only afford these veterans the same entitlement enjoyed by World War II and Korean war veterans.

For the first time legislation before the Congress has addressed, in a substantive way the subject of the defoliant agent orange and its possible effect on the current health of the Vietnam veteran in providing direct benefits and services to those potentially affected. It is only right and just that we provide health care in VA medical facilities for those veterans whose health may have been affected by agent orange while we have to wait, almost interminably for the results of ongoing scientific inquiry. We have given the Vietnam veteran the benefit of the doubt which is only fair. We have also, in providing this health care eligibility made the assumption that, without a lack of concrete knowledge as to exactly where the defoliant was sprayed and who may have been exposed, we have accepted the rationale that anyone with service in Vietnam could have potentially been exposed and therefore, under regulation still to be designed, is eligible for treatment.

The legislation would also authorize the Veterans' Administration to expand ongoing epidemiological study to include the potential effects of exposure to defoliants, chemicals, medications or environmental hazards or conditions. Modern warfare does not present a benign environment. It is only natural that the VA have this authority to review other cause and effect potentialities while continuing on their ongoing agent orange inquiry as well.

While I am pleased that both of these provisions are included in this legislation, I am also concerned that the health care eligibility and the expansion of the agent orange study allow for considerable interpretation by the Veterans' Administration. In the area of health care, I understand that the Chief Medical Director of the VA has assured the committee that regulations governing admitting procedures for these veterans will be liberalized to the maximum extent. I hope this to be the case. I also trust that as specified in the legislation, health care eligibility will continue for these veterans for a full year following the formal preliminary results as reported from the study and not from a point of preliminary review and analysis of initial inquiry. At that point the legislation also requires the VA to publish in the Federal Register what steps they intend to take and what recommendations they propose in extending VA benefits to those veterans presumed to be affected by exposure to these chemicals. In completion of the study, I trust as well that every effort will be expended to come to a speedy but thorough analysis of any factor arising from service in Vietnam which could be causing health problems among the Vietnam veteran community today.

Mr. Speaker, in passage of this legislation, I would like to thank the chairman of the committee, SONNY MONTGOMERY of Mississippi for the new direction and leadership he has brought the committee this year. I would also like to thank all the members of the Education, Training and Employment Subcommittee and expecially ranking member DON EDWARDS of California, TOM DASCHLE, the chairman of the Vietnam Veterans in Congress, and ranking minority member MARGARET HECKLER for their hard work and commitment to the provisions in the bill before us today. The gentlemen from California, South Dakota and the gentlelady from Massachusetts have a deep commitment to the needs of the Vietnam veterans. It is a pleasure working with them. I would also like to express my appreciation to RON MOTTL of Ohio, chairman of the House Veterans' Affairs Subcommittee on Hospitals and Health Care for his assistance. In designing this total legislative package for the Vietnam veteran this year our two subcommittees have enjoyed a very close working relationship. We have designed a well-formed package of long-awaited vocational, economic, and health care assistance to meet the needs of the Vietnam veteran. I trust following Senate action, the President will join us in approving this legislation and sign H.R. 3499 into law.

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I would like to thank the ranking member of our subcommittee, MARGARET HECKLER, and also the ranking member of the full Veterans' Affairs Committee, DON EDWARDS, our chairman, and TOM DASCHLE, for their efforts in particularly focusing this particular legislation on the Vietnam era veteran. I think this is an historic moment and while there is noise in the Chamber and while this is under a unanimous-consent decree, I urge my colleagues to read the particular facets of this legislation because I think we are making a strong statement in support of the Vietnam era veteran.

Mr. Chairman, I am concerned with some of the news that I hear out of the administration about a new round of budget cuts. My hope is that as those new rounds of budget cuts come before us they will not impact in a negative way on veterans legislation. I urge my colleagues to strongly support this legislation and I thank the gentleman for yielding.

Mr. MONTGOMERY. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. Further reserving the right to object, I yield to the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Speaker, I want to compliment the distinguished gentleman from Pennsylvania, the chairman of the Subcommittee on Education, Training, and Employment, for his diligent leadership in heading this subcommittee this year. BOB EDGAR has done a tremendous job and three provisions of the proposed amendments reflect his dedicated service to our Nation's veterans. An additional major education bill, now pending in the Armed Services Committee, has received most favorable consideration. Dozens of witnesses have appeared before the Veterans' Affairs Committee, as well as the Armed Services Committee, and later this year, we are hopeful that measure will be before the House.

Mr. Speaker, I also want to commend the distinguished gentlelady from Massachusetts, the ranking minority member of the subcommittee, Mrs. HECKLER, for the time and attention she has given to these education measures. She, too, has been a tremendous help and has participated in so many of the hearings that have been held on education-related matters during this session of the Congress. I am appreciative of the work of all members of that subcommittee and commend them for the excellent programs we are preparing to send to the President that will be so much help to all veterans, and especially the disabled and Vietnam-era veterans.

Mr. Speaker, I want to commend the very able gentleman from Ohio (Mr. MOTTL) and the distinguished ranking member of our full committee, JOHN PAUL HAMMERSCHMIDT, for the tremendous job they have done in working together to reach agreement with the other body. It has been no easy task and they are to be commended. I want to pay special tribute to the very able chairman of the Senate Committee on Veterans' Affairs, Hon. ALAN SIMPSON, for the strong leadership he has displayed in working out this agreement. Without such leadership, Mr. Speaker, we could not have resolved some very tough policy issues contained in these two bills. I am certain all veterans of our Nation share my view and will be expressing their deep appreciation to him for his time and effort in their behalf.

I want to again thank the very distinguished ranking minority member of the Senate Committee, Hon. ALAN CRANSTON, the former chairman of the committee. Always a gentleman, I continue to appreciate his leadership in our committee work. There has never been an issue before us that he has not been willing to settle objectively. He is always very fair and open minded. I am most grateful for his assistance.

Mr. Speaker, I personally appreciate the work of all members of our subcommittee, Mr. EDWARDS of California, Mr. APPLEGATE of Ohio, Mr. BONER of Tennessee, Mr. SHELBY of Alabama, Mr. MICA of Florida, Mr. DASCHLE of South Dakota, Mr. GRAMM of Texas, Mr. EDGAR of Pennsylvania, Mr. DORGAN of North Dakota, Mrs. HECKLER of Massachusetts, Mr. HILLIS of Indiana, Mr. SOLOMON of New York, Mr. MCEWEN of Ohio, Mr. DUNN of Michigan, Mr. SMITH of New Jersey, and Mr. SMITH of Alabama. Each of these members played a major role in putting together what I consider to be a major veterans' health-care bill, especially for our Vietnam veterans.

The major provisions of the proposed amendments would:

First, extend authority to provide certain contract hospital care and medical services in Puerto Rico, the Virgin Islands, and other territories. The authority would be extended to September 30, 1982.

Second, provide medical care on a priority basis for veterans exposed to agent orange, toxic substances found in herbicides and defoliants, or radiation from a nuclear detonation. I shall not dwell on this issue, Mr. Speaker, as I think the House position was fully discussed during floor debate on the bill back in June. The proposed amendments would provide that veterans exposed to dioxin or other toxic substances found in herbicides used as defoliants in Vietnam and who are suffering from disabilities that could possibly be related to such exposure, will be eligible to receive inpatient treatment for such disabilities, notwithstanding that at the time of application for care there is insufficient medical evidence to conclude that such disability may, in fact, be associated with such exposure. In other words, Mr. Speaker, the agreement reflects our view that until the current mandated studies are concluded and the results are in as to whether exposure to agent orange and other toxic substances do result in adverse, long-term health effects, the Veterans' Administration will provide hospitalization for certain disabilities. As I will explain in our more detailed joint explanatory statement that will follow later, the new eligibility would not apply with respect to disabilities that are found, according to guidelines issued by the Chief Medical Director, to have resulted from a cause that clearly could not be related to the specified exposure. What we are saying is that until the results of ongoing studies are in, we intend to take care of these veterans without sufficient evidence that the specific disability was caused by exposure to agent orange and other dioxin-contaminated defoliants and herbicides used during the Vietnam conflict.

Third, provide a statutory priority for outpatient care for disabilities so as to obviate the need for hospital care. The priority established would give these veterans a higher priority for such care over other veterans without service-connected disabilities.

Fourth, extend by 3 years the period of time within which an otherwise eligible Vietnam-era veteran may request readjustment counseling from the Veterans' Administration through the Outreach centers.

Fifth, strengthen and clarify the VA's authority to recover the costs of veterans' non-service-connected care from workers' compensation carriers, automobile no-fault insurers, and States that pay for the costs of health care provided to victims of crimes of personal violence.

Sixth, extend for 5 years the VA's authority to contract with the Veterans' Memorial Medical Center in the Republic of the Philippines for the care and treatment of U.S. veterans in the Philippines and would provide authority for grants of up to $500,000 annually for 5 years to assist in the replacement and upgrading of equipment and the rehabilitation of the physical plant and facilities of the center. The grant authority in each fiscal year would be limited to amounts appropriated specifically for such grants for that year.

Seventh, require the Veterans' Administration to establish authorized hosptial and nursing home bed levels at not more than 125,000 and not less than 100,000. In addition, the Administrator would be required to operate and maintain a combined total of 90,000 hosptial and nursing care beds, and to maintain the availability of such additional beds and facilities as are necessary to fulfill the Administrator's contingency responsibility to the Department of Defense in time of war or national emergency.

In 1968, the Department of Medicine and Surgery operated over 112,000 hospital beds. Over the past 12 years, the hospital bed level for VA medical centers (end of fiscal year 1980) was 82,960. Since 1971, hospital beds have been decreased by more than 15,000. During the same period, VA has increased nursing care beds by only 4,000.

Since 1971, VA has decreased domiciliary beds by 4,384.

As of June 30, 1981, World War II veterans totaled more than 12,000,000. The average age of these veterans is about 62 years. As of March 31, 1981, more than 3,305,000 were between the ages of 60 and 64; more than 1,493,000 between the ages of 65 and 69, and more than 700,000 between the ages of 70 and 74. The point is, Mr. Speaker, we will be facing a crisis situation within the next 2 or 3 years when so many of these veterans will be seeking more episodes of care and the length of stay will be longer.

Recently, our Administrator, Mr. Robert P. Nimmo, during an interview with representatives of the American Legion, was asked how he proposed to solve VA's health care delivery relating to understaffing, overcrowding, and deteriorating facilities. He responded that upgrading medical care for our veterans is not going to take place overnight. He suggested several possibilities, including improved management techniques. In responding to this very critical question put to him by the American Legion, he said:

> We don't have time to delay the preparations needed for taking care of the aging veteran population. It's coming on us very rapidly. We've got to do some really careful planning to accommodate that population.

Mr. Speaker, I could not agree more with the Administrator. We must prepare to meet the demand for all aspects of health care for these veterans. We cannot do that by continuing to decrease operating beds. We cannot allow the bed level to slide as it has been doing for the past 15 years. This provision will establish a minimum operating bed level and require VA to include adequate funds to operate at least 90,000 hospital and nursing care beds. If acute care beds are not needed in any facility, then they should be converted to nursing care beds because the need is obvious. We cannot now take care of the demand for nursing care and with World War II veterans rapidly approaching an average age of 65 years, the demand for nursing care in the next few years will be staggering. We must begin to plan to accommodate the increased health-care needs of the World War II veteran population as the Administrator has suggested. We believe this provision of the proposed amendments is a step in the right direction.

Eighth, authorize the expansion of both the epidemiological study and the literature review mandated by section 307 of the Veterans' Health Programs Extension and Improvement Act of 1979 regarding veterans exposed to agent orange, to include additional factors that might be related to adverse health problems being experienced by some Vietnam veterans.

Mr. Speaker, in addition to the medical provisions, the agreement contains three major education provisions for Vietnam and disabled veterans. The agreement would:

First, extend the delimiting period, effective January 1, 1982, for an eligible Vietnam-era veteran, whose GI bill benefits would otherwise have expired, through December 31, 1983, for apprenticeship or other on-job training, or a program with a vocational objective if the Administrator determines that the veteran is in need of either such program in order to achieve a suitable occupational or vocational objective, or for pursuit of a program of secondary education.

Second, extend for 3 years—until September 30, 1983—the authority for disabled and Vietnam-era veterans to receive noncompetitive appointments to fill positions in the Federal civil service.

Third, authorize a one-time appropriation of $25 million for the establishment of a program of small business loans for disabled and Vietnam-era veterans. The Administrator could offer loan guarantees and direct loan assistance to veterans' small business concerns until September 30, 1986.

Finally, Mr. Speaker, the agreement would amend section 4109(b) of title 38, United States Code, which would modify the way in which employees working on a less than full-time basis in the VA's Department of Medicine and Surgery could receive credit for such employment in the computation of their civil service retirement annuities.

Mr. Speaker, much time and effort has been spent by many members of our committee to reach agreement on these matters. It is most important that we enact this measure without further delay. It is my understanding the other body is expected to consider the proposed amendments early next week should they be adopted by the House.

Mr. Speaker, there follows a more detailed explanation of the differences between the House-passed bill, the Senate amendments, and the compromise agreement:

EXPLANATORY STATEMENT OF HOUSE BILL, SENATE AMENDMENT (S. 921), AND COMPROMISE AGREEMENT ON H.R. 3499, THE "VETERANS' HEALTH CARE, TRAINING, AND SMALL BUSINESS LOAN ACT OF 1981"

TITLE I—HEALTH CARE

Extension of authority to provide certain contract hospital care and medical services in Puerto Rico, the Virgin Islands, and other territories

Both the House bill (in section 2) and the Senate amendment (in section 2) would amend section 601(4)(C)(v) of title 38, United States Code, to extend by nine months, from December 31, 1981, until September 30, 1982, the VA's authority to provide, on a contract basis, in the Commonwealth of Puerto Rico, the Virgin Islands, and other territories of the United States, hospital care for non-service-connected disabilities and such outpatient treatment to obviate the need for hospital admissions for such disabilities.

The compromise agreement contains this provision.

Medical Care for Veterans Exposed to Agent Orange, Toxic Substances Found in Herbicides and Defoliants, or Radiation from a Nuclear Detonation

Both the House bill (in section 3) and the Senate amendment (in section 3) would amend section 610 of title 38 to provide certain veterans with new eligibility for VA hospital and nursing home care, pre-hospital and post-hospital outpatient treatment, and outpatient treatment to obviate the need for hospital admission (hereinafter referred to as "basic VA health-care eligibility").

The House bill would provide a Vietnam veteran with basic VA health care eligibility for conditions that a physician—either a VA physician or, in an area where no VA physician is available, a physician under contract with the VA—determines "may be associated with" exposure to phenoxy herbicides and chemicals used as defoliants (including the defoliant Agent Orange) in Vietnam.

The Senate amendment generally would provide basic VA health-care eligibility for a disability as to which the Administrator has found, on the recommendation of the Chief Medical Director, "some credible medical evidence" that the disability may be caused by exposure to:

(1) dioxin (a toxic contaminant in Agent Orange) if the veteran served in Vietnam.

(2) other toxic substances found in an herbicide, defoliant, or malaria preventive medication if the veteran was exposed to such a substance in Vietnam, or

(3) radiation if the veteran was exposed to it from a nuclear weapons test.

However, such eligibility would not be provided if the Administrator determines that the exposure was not in the line of duty or was the result of misconduct or, upon the recommendation of the Chief Medical Director, that there is clear medical evidence that the disability is not caused by the exposure.

The Senate amendment, but not the House bill, would amend section 612(i) of title 38 to provide a priority for outpatient care for these disabilities ahead of care for non-service-connected veterans and would terminate the new health-care eligibility one year following the submission of the first report on the VA's epidemiological study on the effects of Agent Orange under section 307(b)(2) of Public Law 96-151. (The first report on that study is due two years after the protocol for the study is approved; a proposed protocol design is in the peer review process at this time.)

The compromise agreement contains a provision derived from these provisions and worded ("notwithstanding that there is insufficient medical evidence to conclude that such disability may be associated with such exposure") so as to carry out clearly the Committee's intent that the proposed changes be construed so as to relate only to eligibility for health care under chapter 17 of title 38 and not be construed to suggest that the disabilities involved are service connected or affect in any way determinations regarding service connection, including eligibility for VA disability compensation under chapter 11 of title 38.

Under the provision in the compromise agreement, eligibility for the provision of basic health-care services directly by the VA is granted for a veteran's disability if it is found that the veteran, during active duty, "may have been exposed" to doxin or "was exposed" in Vietnam to any toxic substance in an herbicide or defoliant used in connection with military purposes there or to ionizing radiation from the detonation of a nuclear device in connection with the veteran's participation in the test of a nuclear device or with the American occupation of Hiroshima or Nagasaki, Japan, following World War II. However, the new eligibility would not apply with respect to disabilities that are found, according to guidelines issued by the Chief Medical Director, to have resulted from a cause other than the specified exposure. The Committees intend that the Chief Medical Director use this authority to exclude certain disabilities so as to provide a basis for examining physicians to reach a medical judgment that the cause of the claimed disability is clearly something other than the exposure in question, thereby precluding eligibility under this provision for care for that disability. Also, the Committees note their intent to provide the Chief Medical Director with complete flexibility in terms of the form of the guidelines regarding such matters as excluding categories of disabilities, providing for case-by-case determinations, excluding categories but providing for exceptions, and the like.

With regard to exposure to dioxin, in light of the current difficulties that have arisen with respect to determining definitively the actual usage patterns of Agent Orange and other dioxin-contaminated defoliants and herbicides and troop movements during the Vietnam conflict, the Committees intend that, with respect to any claim based on exposure to dioxin, the Administrator concede that such exposure occurred if the Administrator finds that the military records of the veteran claiming such exposure indicate that the veteran served in the Republic of Vietnam during the Vietnam era.

This new eligibility for health care would expire one year following the submission of the first report by the VA on the epidemiological study mandated by section 307(b)(2) of Public Law 96-151.

The compromise agreement would provide a statutory priority for outpatient care for the disabilities covered, ahead of care for non-service-connected veterans.

The Committees note that the effect of the new eligibility and outpatient priority being established is to add to a veteran's existing eligibilities, not to create an exclusive avenue for eligibility for VA care. Thus, if a particular non-service-connected disability (for example, appendicitis) was found to be the result of a cause other than a specified exposure, the veteran in question would still be fully eligible for VA hospital care for that disability if the veteran was unable to defray the expenses of care for that disability (and took the oath to that effect required by VA regulations) and would be eligible for necessary post-hospital care in connection with that disability. Also, for a non-service-connected disability (for example, a back ailment) likewise found to be the result of a cause other than a specified exposure and not necessarily requiring immediate hospitalization but requiring treatment to obviate the need for hospital care, the veteran would retain basic eligibility for VA outpatient care, to the extent of available outpatient resources at the particular VA facility in question, but would have no statutory priority for such care.

Limitation on Certain Outpatient Dental Care Entitlement

The Senate amendment (section 4), but not the House bill, would amend section 612(b) of title 38 to clarify that, in the case of a veteran who reenters service within one year of leaving service, the one-year period provided for in that section within which to apply for outpatient care for noncompensable dental conditions relating to the first period of service will be reinstated following discharge from the second period of service.

The compromise agreement contains this provision modified to take into account the fact that, effective with respect to those who are discharged after September 30, 1981, the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, the application period was shortened to 90 days. This provision is included as part of an otherwise technical rewriting of section 612(b) to reorganize the provisions in that section so as to make it more understandable, particularly following recent amendments to the section in the Reconciliation Act and the Former Prisoner of War Benefits Act of 1981, Public Law 97-37.

Extension of Period for Vietnam-era Veterans To Request Readjustment Counseling

Both the House bill (section 4) and the Senate amendment (section 5) would amend section 612A to extend by three years—from September 30, 1981, until September 30, 1984—the period of time within which an otherwise eligible Vietnam-era veteran may request readjustment counseling from the VA.

The Senate amendment, but not the House bill, would also provide for a tolling of a veteran's eligibility period during any period in which the veteran was prevented from receiving such counseling because of a medical condition, including an alcohol or drug dependence or abuse disability, or because such veteran was incarcerated. In addition, the Senate amendment, but not the House bill, would require the Administrator, during the year ending September 30, 1984, to take steps to ensure the transition of the readjustment counseling program from one providing counseling primarily in facilities apart from other VA health-care facilities—the so-called "Vet Centers"—to one providing counseling primarily through regular VA medical facilities, such as VA medical centers and outpatient clinics, and to submit a report on those steps to the Committees on Veterans' Affairs by April 1, 1984.

The compromise agreement contains the three-year extension of the eligibility together with the transitional provision of the Senate bill. In this regard, the Committees note that it is not their view that, as of October 1, 1984, absent any further legislation extending the eligibility period, all Vet Centers will necessarily cease operation. Rather, it is the Committees' view that, on that date, the emphasis of the readjustment counseling program would be shifted to a program providing services through VA medical centers and outpatient clinics, but that there would be no bar to the Administrator deciding to continue to operate some Vet Centers after that date to provide necessary readjustment counseling to veterans having requested such help before that date, particularly in areas where the demand on the Vet Center is expected to remain at a high level and the other VA health-care facilities in the immediate area would not be able to absorb easily a significant increase in demand for services.

The compromise agreement does not contain either tolling provision from the Senate amendment. These provisions are not included in light of the fact that the overall eligibility period to request readjustment counseling is being extended for an additional three years and no individual veteran is at risk of losing his or her eligibility to request such counseling during this extended period. The Committees intend to review the need for and appropriateness of such tolling provisions at a later time closer to the expiration of the eligibility period in 1984.

Medical Care for Survivors and Dependents of Certain Veterans

The House bill (section 5), but not the Senate amendment, would amend section 613(b) of title 38 to facilitate the treatment in VA facilities of individuals eligible for health care through the CHAMPVA program where the use of those facilities for CHAMPVA beneficiaries would not interfere with the care or treatment of any eligible veteran.

The compromise agreement contains this provision.

Recovery of the Cost of Certain Health Care Provided by the Veterans Administration

The House bill (section 7) would amend subchapter III of chapter 17 of title 38 to strengthen and clarify the VA's authority to recover the costs of veterans' non-service-connected care, in appropriate cases, from workers' compensation carriers, automobile no-fault insurers, and States that pay for the costs of health care provided to victims of crimes of personal violence. A nearly identical provision was included in the reconciliation recommendations made by the Senate Veterans' Affairs Committee to the Senate Budget Committee and later incorporated as section 1304 of S. 1377, the proposed "Omnibus Reconciliation Act of 1981", as passed by the Senate on July 13, 1981.

The compromise agreement contains this provision.

Medical Care for Veterans in the Republic of the Philippines

The House bill (section 6), but not the Senate amendment, would amend section 629 of title 38, to extend for five years, through fiscal year 1986, the VA's authority to contract with the Veterans' Memorial Medical Center in Manila for the care and treatment of U.S. veterans in the Republic of the Philippines and to provide authority for grants of up to $500,000 annually for five years, through fiscal year 1986, to the Veterans' Memorial Medical Center to assist in the replacement and upgrading of equipment and the rehabilitation of the physical plant and facilities of the Center.

The compromise agreement contains this provision with an amendment to limit the grant authority in each fiscal year to amounts appropriated specifically for such grants for that year.

Minimum Number of Hospital and Nursing Home Beds in Medical Facilities of the Veterans' Administration

The House bill (section 8), but not the Senate amendment, would amend section 5010 of title 38 to require the VA to establish the numbers of hospital and nursing home beds in VA medical facilities at not more than 125,000 and not less than 100,000, so as, in part, to maintain a contingency capacity to assist the Department of Defense in time of war or national emergency and to operate and maintain not less than 82,500 hospital beds and not less than 9,000 nursing home beds. This provision would also require the budget transmitted to the Congress for each fiscal year to include an amount for medical care and for medical facility construction sufficient to enable the VA to operate the required numbers of hospital and nursing home beds.

The House bill would further amend section 5010 to change a required periodic review by the Chief Medical Director of VA health-care admissions policies and practices to an annual review, to add a requirement that the review include an evaluation of the established bed levels, the geographic distribution of these beds, and the demographic characteristics of the veteran population, and to establish a specific date (December 31) by which the Administrator must, based on this review, submit an annual report to the Veterans' Affairs Committees regarding the number of operating beds and, as necessary, any change in that number.

The compromise agreement contains this provision with amendments that eliminate separate numbers of hospital beds and nursing home beds and instead require the Administrator to operate and maintain a combined total of 90,000 beds, to include both hospital beds and nursing home beds, and to maintain the availability of such additional beds and facilities as are necessary to fulfill the Administrator's contingency responsibility regarding assistance to the Defense Department; that require the Chief Medical Director's review of VA health-care admissions policies and practices to include an analysis of the adequacy of the mix of operating beds (as between hospital, intermediate care, and nursing home beds), to change the due date of the Administrator's report from December 31 to December 1; and that require that the Administrator's report include recommendations on the appropriate staffing and funds needed for the numbers of operating beds recommended.

The Committees note that in a recent letter enclosing a report under current section 5010(a)(3)—the first such report received since 1973 when the report requirement was first enacted as part of Public Law 93-82—the VA expressed the view that the phrase "rejected for care" which appears in current law and which would be maintained in law if provisions in the compromise agreement are enacted "has become an ambiguous measure for summarizing final applications for VA medical care benefits". The letter goes on to note that there "may be isolated instances where temporary conditions * * * preclude personnel from immediately placing non-service-connected veterans who have stabilized medical problems into VA medical care programs" and then lists possible alternative results in such a situation including placing a veteran on a waiting list or referring the veteran to another VA medical center or the veteran's local physician. The Committees note that the phrase "rejected for care" is meant to encompass such results and that the review and report mandated in the compromise agreement should deal with them specifically.

TITLE II—VOCATIONAL TRAINING AND GI BILL EDUCATIONAL ASSISTANCE PROGRAMS

Alcoholism and Drug Abuse and Dependency Disabilities

The Senate amendment (section 6(a)), but not the House bill, would amend chapter 31 to define the term "medical condition" to mean a disability, including an alcohol or drug dependence or abuse disability, or combination of disabilities. The term is used in existing law only in the provision (in section 1503(b)(1)) pertaining to extensions of periods of eligibility; thus, the inclusion of an alcohol or drug dependence or abuse disability within the definition would provide for a tolling of the period of eligibility during a period when an alcohol or drug disability prevented a veteran from participating in a chapter 31 program.

The compromise agreement does not contain this provision.

The Senate amendment (section 6(b)), but not the House bill, would amend both chapters 34 and 35 to provide that, solely for the purposes of determining eligibility for an extension of the delimiting period as a result of a disability that prevented the veteran or eligible person from pursuing training, an alcohol or drug dependence or abuse disability from which the individual has recovered shall not be considered to be the result of willful misconduct.

The compromise agreement does not contain this provision.

Extension of Delimiting Period for Certain Vietnam-Era Veterans

Both the Senate amendment (section 7) and H.R. 3423 (section 101) as passed by the House on June 2 would amend chapter 34 of title 38 to provide for an extension of up to two years of the GI Bill delimiting period for certain Vietnam-era veterans. The Senate amendment would, effective October 1, 1981, permit a veteran who served during the Vietnam era and who has unused entitlement to chapter 34 educational benefits to use such entitlement until September 30, 1983, to pursue programs of apprenticeship or other on-job training and, if such veteran does not have a high school diploma (or its equivalent) to use such entitlement for pursuit of a program of secondary education or vocational training. The House bill would, effective January 1, 1982, permit a Vietnam-era veteran to use remaining educational entitlement until December 31, 1983, for pursuit of a program of on-job training or a program of education with a vocational objective if such veteran was determined, in accordance with regulations prescribed by the Administrator, to be in need of the program in question by a counselor at a readjustment counseling center, a veterans' assistance office, a State employment office, or a VA medical facility. Also, under the House bill, the Administrator would be required to provide employment counseling.

The compromise agreement provides, effective January 1, 1982, that the delimiting period of an eligible Vietnam-era veteran whose GI Bill delimiting period would otherwise have expired would be extended through December 31, 1983, for purposes of use of remaining educational assistance benefits for pursuit of a program of apprenticeship or other on-job training or a program with a vocational objective if the Administrator determines that the veteran is in need of either such program in order to achieve a suitable occupational or vocational objective, or for pursuit of a program of secondary education. The assistance allowance paid for pursuit of a program of secondary education would be the rate prescribed in section 1691(b)(2), the cost of tuition and fees or the full-time rate, whichever is the lesser. The Administrator would be required to provide, following completion of training, employment counseling in order to assist the veteran in obtaining appropriate employment. The Committees note that the Administrator would have the authority to delegate the responsibility for making determinations of need for the program in accordance with regulations required to be prescribed.

Veterans' Readjustment Appointments

Both the Senate amendment (section 8) and H.R. 3423 (section 301) as passed by the House on June 2 would amend section 2013 of title 38 to extend the authority (the Senate amendment for three years, until September 30, 1984, and the House bill for two years, until September 30, 1983) for veterans' readjustment appointments under which eligible disabled and Vietnam-era veterans may receive noncompetitive appointments in the Federal civil service.

The compromise agreement would extend the authority until September 30, 1984.

TITLE III—SMALL BUSINESS LOANS

Small Business Loan Program

H.R. 3423 (title II) as passed the House on June 2, but not the Senate amendment, would amend chapter 37 of title 38 to authorize a one-time appropriation of $25 million for the establishment of a program of small business loans for certain service-connected disabled and Vietnam-era veterans under which the Administrator could, until September 30, 1991, offer loan guarantees and direct loan assistance to veterans' small business concerns in order to enable such concerns to acquire, expand, or start a small business.

The compromise agreement contains this provision with amendments, including amendments that would:

Provide that the Administrator's authority to offer small business loan guarantees or make direct small business loans would expire on September 30, 1986.

Authorize the Administrator, when it is determined to be in the best interest of the United States, to suspend the obligation for repayment of a direct loan or to assume the obligation to make payments on a guaranteed loan.

Require the Administrator to consult with the Administrator of the Small Business Administration (SBA) in determining the rate of interest applicable to direct and guaranteed loans.

Prohibit individuals who are receiving small business loan assistance from the SBA from participating in the program.

Specify that the Administrator may, in making direct or guaranteed loans to eligible veterans, take into account the creditworthiness of the veterans' small business concern and the individuals involved in such concern.

Require the Administrator, in carrying out the requirement to give preference to service-connected disabled veterans, to give first preference to veterans who have completed a vocational rehabilitation program for self-employment in a small business enterprise under chapter 31 (and make a conforming amendment to chapter 31 to reflect such a requirement).

Make a series of amendments clarifying the intent of the Committees with respect to the definition of an eligible veterans' small business concern and the applicability of existing provisions of chapter 37 to the small business loan program, and make other technical modifications.

TITLE IV—MISCELLANEOUS PROVISIONS

Expansion of the Scope of Agent Orange Study

Both the House bill (in section 8) and the Senate amendment (in section 10) would amend section 307 of the Veterans Health Programs Extension and Improvement Act of 1979, Public Law 96-151, to authorize the expansion of both the epidemiological study and the literature review mandated by that section regarding veterans exposed to Agent Orange to include additional factors that might be related to the health problems being experienced by Vietnam veterans including exposure to other herbicides, chemicals, medications, or environmental hazards or conditions.

The compromise agreement contains this provision.

The Committees note that this provision merely authorizes an expansion of the epidemiological study or the literature review, or both, and does not mandate the expansion of either effort. As to any literature review expansion, since that review is about to be completed and submitted, the provision authorizes an expansion through supplementation of the completed report. The Committees recognize that there are legitimate concerns about the possible health hazards of Vietnam veterans' exposure to elements other than Agent Orange during their service that would support expansion of the epidemiological study or literature review or both. The Committees are also aware that concern has been raised by some who have studied the Agent Orange issue, including the scientific panel of the interagency work group on phenoxy herbicides, that it may not be possible to identify a population with a known exposure to Agent Orange so as to conduct a meaningful scientific study of the effects of such exposure. At the same time, the Committees are aware of a very strong interest among many of those concerned with the Agent Orange issue that a concerted effort be made to resolve questions relating to Agent Orange and of the strong desire not to detract from this effort by focusing on exposure to other elements. In light of this divergence of views, the Committees have agreed to provide discretionary authority to the Administrator to expand the mandated study or review or both as the Administrator deems appropriate.

The Senate amendment, but not the House bill, would specify that any study of the health effects of exposure to Agent Orange should include an evaluation of the genetic and psychological effects.

The compromise agreement does not contain this provision.

The Senate amendment, but not the House bill, would authorize the Administrator, as part of the mandated epidemiological study or the literature review or both, to expand either or both to include the means of detecting and treating the adverse health effects found through the study or review.

The compromise agreement contains this provision.

The Senate amendment, but not the House bill, would expressly provide the Administrator with authority to contract with non-VA entities for the design or the conduct of the study or both.

The compromise agreement does not contain this provision.

The Committees note that the Administrator, under section 213 of title 38, has general authority to "enter into contracts or agreements with private or public agencies or persons * * * for such necessary services" as the Administrator deems practicable and the Committees recognize that, pursuant to this authority, the Administrator has full authority to enter into contracts with non-VA entities for the design or conduct of the study or both. (The Administrator has already exercised this authority for the literature review and for the design of the protocol for the epidemiological study.)

The Senate amendment, but not the House bill, would provide a framework, including specific steps and a timetable for such steps, within which the VA would be required to translate information obtained from the Agent Orange study—and other factors if the study is expanded—and information from other relevant studies or sources, into guidelines in published regulations for responding to the claims of Vietnam veterans that are based on exposure to such elements and to submit to the Congress any recommendations that the Administrator considers appropriate. The Administrator's compliance with this provision and the regulations established thereunder would expressly be made subject to judicial review.

The compromise agreement contains a substitute provision establishing a more general framework of accountability under which the Administrator would be required to publish in the Federal Register, for public review and comment, a specification of what actions, if any, the VA proposes to take with respect to VA programs in light of the results of the study and other available pertinent information.

Retirement Credit for Part-Time Employees

The Senate amendment (section 11), but not the House bill, would amend section 508 of the Veterans' Disability Compensation and Housing Benefits Amendments of 1980, Public Law 96-385, to repeal the provision in that section that made a technical amendment to section 114 of Public Law 96-330, the Veterans' Administration Health-Care Amendments of 1980, which had amended section 4109 of title 38. The Public Law 96-330 amendment modified the way in which employees working on a less than-full-time basis in the VA's Department of Medicine and Surgery (DM&S) receive credit for such employment in the computation of their civil service retirement annuities. That provision, which was designed to result in annuities for part-time employees more closely related to their total periods of service, was to become effective with respect to individuals retiring on or after October 1, 1981. Based on a misunderstanding of the impact of the Public Law 96-330 provision, a technical amendment was included in Public Law 96-385 to make the changes in the annuity computation formula prospective only. Subsequently, it became clear that the Public Law 96-385 technical amendment had the unintended effects of postponing the proposed changes for many years and, in the interim, allowing part-time employees to qualify for disproportionately large annuities.

The compromise agreement contains a provision to postpone the effective date of the annuity computation change from October 1, 1981, to December 31, 1981, thereby allowing sufficient time for the new method to be implemented and publicized to DM&S employees who might be affected by it; to amend the relevant provision in section 4109 (instead of repealing the Public Law 96-385 provision); and to make other technical alterations to the annuity computation formula so as the specify the relationship of the new computation formula to other provisions in title 5 relating to annuity computations and remove an unintended impact on career part-time employees that had resulted from the original amendments to section 4109 in Public Law 96-330.

Under the provisions of section 4109 of title 38, as that section would be amended by provisions in the compromise agreement, the new annuity computation formula would not apply in the case of an otherwise covered individual who retires under section 8337 of title 5 because of a disability. Other provisions in section 4109 of title 38, as it would be amended, would specify that a survivor annuity under section 8341 of title 5 would, when the employee's annuity was or would be computed using the new formula, be based on the annuity as so computed and also that, if a reduction to a retiring employee's annuity is required pursuant to section 8339(i) of title 5 because of an unpaid deposit, that reduction shall be made to the annuity after it is computed according to the new formula.

With reference to the change in the annuity computation formula to remove an unintended impact on career part-time employees, under the amendment to section 4109 of title 38 made by Public Law 96-330, the annuity of an individual retiring after part-time service in DM&S would be computed using the individual's full rate of annual pay but before computing the annuity, the other factor in that computation, the individual's years of creditable service would be reduced by a factor equal to the percentage that such individual's service was of full-time service. Because of the sliding-scale for the rates that are applied to the early years of federal service in computing an annuity under section 8339(a) of title 5, the method of computing an annuity required by the Public Law 96-330 amendment would have the effect of reducing a career part-time employee's annuity on a more than proportional basis. (For example, an individual retiring after 30 years of service in DM&S all on a half-time basis with a high-three year average salary of $50,000 would have received an annuity of $14,062.50 before the enactment of Public Law 96-330 ($25,000 × .5625). Following the enactment of that law, the annuity would have been reduced to $13,125.00 ($50,000 × .2625).)

Under the provisions in the compromise agreement, an individual's annuity is computed using the individual's full rate of annual pay and the full years of creditable service. The result obtained from the computation done in this manner would than be reduced by a factor equal to the percentage that such individual's service was of fulltime service. Using this formula, the annuity in the example discussed above for the 30-year, half-time employee would be $14,062.50 ($50,000 × .5625 × ½), the same amount that the individual would have received under the law prior to the enactment of Public Law 96-330.

Increase in Maximum Amounts of Insurance

Both the Senate amendment (section 12) and S. 917 (section 301) as passed by the House on September 21 would amend chapter 19 of title 38 to increase from $20,000 to $35,000 the maximum amount of Servicemen's Group Life Insurance that may be purchased.

The Committees note that this provision has been incorporated in the compromise agreement reached on S. 917 and, thus, is not incorporated in this compromise agreement.

Mr. Speaker, I urge the adoption of the amendments.

Mr. HAMMERSCHMIDT. Mr. Speaker, further reserving the right to object, I am most pleased that we have resolved the differences with the other body on H.R. 3499.

Most of the provisions of this bill remain essentially as they were when it passed the House on June 2. These include a 3-year extension of the readjustment counseling program for Vietnam veterans, a 9-month extension of the authority of the Veterans' Administration to provide contract medical care for veterans in Puerto Rico, the Virgin Islands, and other territories, priority medical care for Vietnam veterans who have disabilities which may be associated with the herbicide known as agent orange, expansion of the agent orange study, continued grants associated with medical care to veterans in the Republic of the Philippines, recovery rights for costs of VA medical care in cases of certain third parties who may be liable for such costs, maintenance of a certain number of hospital and nursing care beds in the VA medical system, and authorizing certain dependents to be treated in VA hospitals.

Mr. Speaker, the other body passed a somewhat different version of this bill. It also added a provision extending authority for excepted appointments of Vietnam veterans to the Federal work force and extending the delimiting date under the GI bill for up to 2 years in certain instances where veterans were pursuing apprenticeships or other on-the-job training. These two matters had already been approved by the House in slightly different form by its passage of H.R. 3423 also in June 2.

The other body also added a section which slightly alters the requirement for the previously mentioned agent orange study. It also added a technical amendment to existing law with respect to retirement credit for part-time employees of VA's Department of Medicine and Surgery. This amendment was requested by the administration.

In the compromise, the House accepted the Senate additions.

Mr. Speaker, the main areas of the compromise are as follows:

First, veterans exposed to radiation will be added to the category of those who may be treated in VA facilities if VA doctors feel their disabilities may be associated with such exposure.

Second, priority outpatient care will be given to Vietnam veterans—ahead of care for non-service-connected disabilities—if the VA doctors feel their disabilities may be associated with agent orange.

Third, with respect to the readjustment centers, it is now provided that during the third year of their extension they will, for the most part, be phased into the mainstream of VA medical care. This will provide for an orderly transition period.

Fourth, the Philippine Republic's grant, as originally contained in H.R. 3499, provided $500,000 annually to assist in replacement of obsolete equipment and repair of the physical plant of the Philippines Memorial Veterans' Hospital. This authority will now be limited in each fiscal year to amounts specifically appropriated.

Fifth, the Veterans' Administration study on the effects of agent orange on veterans is expanded to include authority for the study of the adverse effects, if any, on veterans exposed to other herbicides.

Sixth, H.R. 3499 as passed by the House called for the operation of a specific number of hospital and nursing beds. The compromise eliminates these separate requirements. It will now be required of the VA that it operate and maintain a total combined bed structure—hospital and nursing—of 90,000 beds. The Chief Medical Director of the Veterans' Administration will annually review bed levels, national distribution of beds, and demographic characteristics, and report the results to the Congress each December 1.

Mr. Speaker, I am persuaded that the compromise reached with the other body is a good one. I am pleased to support it. I congratulate the distinguished chairman of the Committee on Veterans' Affairs, Mr. MONTGOMERY, for his efforts in this regard. I also congratulate all of those who have worked so diligently to bring this bill to us for final passage.

● Mr. DASCHLE. Mr. Speaker, it is indeed a pleasure to come before this body today in support of legislation which addresses several important areas of concern that have been raised by Vietnam veterans. It has been 8 long years since the last American troops were withdrawn from South Vietnam, yet many of these men still suffer from health and psychological problems, low educational attainment, unemployment and deep mistrust of those governmental institutions which sent them to war and were responsible for helping them upon their return. It is perhaps understandable that Americans for many years have attempted to wash away the needs and concerns of Vietnam veterans, just as they washed away the unpleasant memories of the war itself. It is perhaps understandable that only recently have their problems, such as "post traumatic delayed stress" been recognized by long established institutions of medicine. And thus it is perhaps understandable that many Vietnam veterans have had a difficult row to hoe in readjusting to civilian society. But it is not understandable, in fact reprehensible, how the U.S. Government could for so many years ignore the needs of Vietnam veterans crying out for help with the problems that resulted from their participation in a bitterly fought, unpopular and controversial war. A perfect example of this government inaction was the recent admission by the Air Force that they had inadvertently dumped agent orange in at least 41 instances directly over or near U.S. airbases and other military installations. Though this information was gleaned during a hearing before the House Veterans Affairs Subcommittee on Medical Facilities and Benefits over 1 year ago, the Air Force did not at that time acknowledge that American ground units had been involved. It has taken the Air Force 11 years to acknowledge what Vietnam veterans have been telling us all along—that they were not only exposed to agent orange while serving their country in Vietnam, but that many of them were sprayed directly. It is little wonder that this kind of foot dragging and ineptitude has caused credibility problems. Nonetheless, I believe that a giant step toward closing the credibility facing the U.S. Government as a result of its past inaction toward Vietnam veterans has been taken today.

The conference report on H.R. 3499, the "Veterans Health Care, Training, and Small Business Loan Act of 1981" brings before us today a comprehensive package of benefits designed to alleviate concerns and problems Vietnam veterans have voiced, especially in the areas of health care and employment.

Title I of this legislation will provide Vietnam veterans eligibility for VA hospital and nursing home care, prehospital and post hospital outpatient treatment, and outpatient treatment to obviate the need for hospital admission, or in other words, "basic VA health care eligibility," for illnesses and disabilities that may have been caused by exposure to herbicides or defoliants, including agent orange, while serving in Vietnam. This coverage will also be extended to veterans who were exposed to ionizing radiation as a result of their participation in the detonation of nuclear test devices or their involvement with American occupation forces in Hiroshima or Nagasaki, Japan, following World War II. Determination for health care coverage will be made by individual VA doctors based on guidelines issued by the chief medical director of disabilities or illnesses which are definitely not related to exposure to dioxin or radiation. Examples of disabilities which are not related would include broken arms, legs, back ailments, appendicitis, and so forth. Thus, anything outside of this realm, including cancers, gastrointestinal, genitalurinary, neurological, cardiovascular, psychobehavioral, dermatological, or liver problems, as well as diseases of unknown etiology, should all be covered under this eligibility criteria. This is certainly not an all-inclusive list but one which I feel will provide the VA with a starting point. Clearly, where there is doubt, the doubt should be resolved in the veterans favor. I know that the House Veterans Committee will hold oversight hearings early next year to insure that the VA is properly interpreting Congress instructions on this measure.

I would also like to comment on Senate language included in this section to terminate this basic health care eligibility 1 year following the submission of the first report of the VA's epidemiology study on the effects of agent orange. This language should not be interpreted to suggest that treatment should terminate while planning efforts and preliminary studies are being conducted. The UCLA School of Public Health, Division of Epidemiology, in their draft protocol, suggested conducting further preliminary studies before the VA begins a historical cohort study of the effects of agent orange on Vietnam veterans.

Title I of H.R. 3499 also extends for 3 years the tremendously successful storefront psychological readjustment centers. Over 60,000 veterans and family members have been assisted by this program to alleviate the pressures brought on by post traumatic delayed stress. Though language in the bill will require that steps be taken to transfer the responsibilities and functions of the centers to regular VA medical facilities, it is in no way to mean that all vet centers are to be phased out. On the contrary, where there remains a high level of demand for these services, individual vet centers will be allowed to operate independently from regular VA medical facilities. The unique nature of the program which calls for the centers to be located away from the traditional, more sterile and inhibiting environment of the VA medical centers has certainly enhanced its success.

I am also pleased that the House has had the foresight and courage to mandate that a minimum of 90,000 hospital and nursing home beds be maintained by the VA. We have seen continual OMB encroachment on the VA's ability to provide quality care and service to veterans as a result of budget and personnel cutbacks, and bed reductions. H.R. 3499 will guarantee that at least 90,000 beds are available for what will most assuredly be a large influx of World War II age veterans in the next 20 years. I might add that by maintaining at least this number of beds we have provided ourselves a safety valve should the United States become involved in another war or conflict which would necessitate the hospitalization of wounded soldiers beyond the present capacity of DOD hospital facilities to care for them.

H.R. 3499 also takes great strides in providing employment and business opportunities for unemployed Vietnam veterans in both the private and public sectors. Legislation I originally introduced as H.R. 2391, later incorporated into H.R. 2953 would provide a 2-year extension of the delimitation date for Vietnam era veterans in need of employment assistance. This extension would provide a veteran on the job, vocational or apprenticeship training benefits should it be determined that he is in need of employment assistance. Employment counseling services are also to be provided. Over 38,000 veterans are expected to utilize this program.

A perhaps little known but effective provision in the law known as the Veterans Readjustment Appointments Civil Service hiring authority was extended for 3 additional years. This program allows disabled or Vietnam era veterans with 14 years or less education to be hired noncompetitively in the Federal Government up to a GS-7 level. This program has resulted in the hiring of over 160,000 veterans since its inception back in 1970.

Title III of this legislation authorizes what I consider to be a landmark provision. Few people realize it, but the Small Business Administration was founded as an offshoot of the VA. Originally intended only to serve veterans, the SBA has since seen its role expanded to serve all citizens, with the emphasis in recent years on women and minorities. This emphasis is perfectly acceptable, but unfortunately veterans have been lost along the way. Despite repeated oversight hearings held in the past 2 years by my colleagues RON MOTTL, and SONNY MONTGOMERY, the SBA has done little to give veterans the "special consideration" they were required to provide as a result of the passage of Public Law 93-237. H.R. 3499 now gives the VA authority to make business loans to veterans which will insure that those who served their country in wartime do not get lost in the shuffle and that those Vietnam veterans trying to start their own business are afforded every opportunity to do so.

Last but not least, we come to title IV, which makes refinements in the agent orange epidemiology study mandated in Public Law 96-151. In the past year, we have learned that veterans were exposed to a panoply of herbicides, insecticides, and other toxic chemicals while stationed in Vietnam. With the new authority provided in this bill, the VA's epidemiology study can be expanded to take into account the health effects of these other chemicals, or their synergistic effects. This section also calls for the VA to publish in the Federal Register what actions it will take with respect to the findings of the epidemiology study or other efforts undertaken to more thoroughly analyze the effects of dioxin and other chemicals on the human system.

In conclusion, this legislation has been a long time coming, but I am confident that we have a carefully prepared and realistic bill which will show Vietnam veterans that they have not been forgotten, that their concerns are being addressed, and that we will continue listening to them just as we have the veterans of our other conflicts. I would be remiss if I did not acknowledge the support of the subcommittee chairmen who helped guide this legislation through to this stage. BOB EDGAR, of the Education, Training, and Employment Subcommittee, and RON MOTTL, of the Hospitals and Health Care Subcommittee. In addition, the Chairman of the full committee SONNY MONTGOMERY, deserves commendation for his support and perseverance in this process as does the ranking majority Member from California, DON EDWARDS. Finally, my fellow members of the Vietnam Veterans in Congress, and especially, the vice chairman, LEON PANETTA, deserve recognition for their tremendous support and assistance in achieving this legislative victory today.●

● Mr. LEATH of Texas. Mr. Speaker, I rise in strong support of the proposed House amendments to H.R. 3499, as amended by the Senate, and I compliment the distinguished chairman of the full committee, Mr. MONTGOMERY; the very able ranking minority member, Mr. HAMMERSCHMIDT, and the distinguished subcommittee chairman, Mr. MOTTL, for working out a very good agreement with the other body on these health, education and related issues.

Mr. Speaker, I shall not dwell on what has already been said about the compromise agreement except to say I am delighted that we have kept in tact a provision of the House-passed bill which I think is extremely important. Earlier this year, I introduced H.R. 3307. My bill would establish a maximum and minimum bed level in the Department of Medicine and Surgery. I am delighted to see that, although changed slightly, the provision of my bill is contained in the proposed House amendments. The compromise agreement would establish a minimum operating bed level of 90,000 total hospital and nursing care beds and the Veterans' Administration, in its budget submission each year, would be required to include sufficient funds to operate those beds.

Mr. Speaker, during the past 10 years, as the very able gentleman from Mississippi has pointed out, the number of operating hospital beds in VA hospitals has been reduced by more than 15,000. With the aging World War II veteran population rapidly approaching the time when there will be a greater demand for their care and treatment, we must be willing to meet that commitment. This minimum operating bed level will require the Veterans' Administration to establish more nursing care beds in order to meet this greater demand.

Mr. Speaker, I have three excellent VA hospitals in my congressional district. They include the Olin E. Teague Veterans Center in Temple, Tex.; the Veterans Administration Medical Center in Waco, Tex., and the Veterans Administration Medical Center in my hometown of Marlin, Tex. These hospitals render excellent care for veterans throughout the region, and I am very proud of the dedicated employees who continue to provide such excellent care to veterans. We could use more nursing care beds at Marlin and I am working to bring that about. In my view, requiring a minimum operating bed level throughout the system will speed up the establishment of more nursing care beds throughout the country. I am delighted to support the proposed amendments, and I again want to compliment the leadership of the Committee on Veterans' Affairs for the results they obtained in reaching agreement with the other body.●

Mr. HAMMERSCHMIDT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. DANIELSON). Is there objection to the request of the gentleman from Mississippi to dispense with the reading of the amendments?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Mississippi?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter on the legislation just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

OVERSEAS PRIVATE INVESTMENT CORPORATION AMENDMENTS ACT OF 1981

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3136) an act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation, with Senate amendments to the House amendment to the Senate amendment and concur in the Senate amendments to the House amendment to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendments to the House amendment to the Senate amendment as follows:

Page 6, lines 23 and 24, of the House engrossed amendment, strike out "*Notwithstanding any other provisions of law, the* and insert "*The*

Page 7, line 12, of the House engrossed amendment, after "*funding*" insert : *Provided, however, That loans from the Direct Investment Fund are authorized for any fiscal year only to the extent or in such amounts as provided in advance in appropriation Acts*

Mr. BINGHAM (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment to the House amendment to the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object, I would inquire of the chairman of the subcommittee if he can explain to us how the amendments he is presenting change the effect of the bill, particularly with relation to the direct investment fund.

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from New York.

Mr. BINGHAM. Members will recall that last Monday, September 28, the House passed H.R. 3136 extending the operating authority for the Overseas Private Investment Corporation, and in a form that we thought would be accepted by the other body. We did run into one slight snag in that the Senate Budget Committee raised an objection that the authority for the direct loan program was not specifically subject to the appropriations process. The other body, therefore, added a provision specifying that the direct loan program is subject to the appropriation process and that is the only change in the bill before us.

Mr. LAGOMARSINO. Further reserving the right to object, I might inquire of the chairman: Is it his opinion that the direct investment fund will continue its operation at normal levels?

Mr. BINGHAM. I would say in my opinion it would continue without change.

Mr. LAGOMARSINO. Mr. Speaker, I support the motion, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. BINGHAM) to dispense with the reading of the amendments?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from New York?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

CUTS IN DEFENSE SPENDING MUST NOT MEAN CUTS IN NATIONAL SECURITY

(Mr. MICHEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MICHEL. Mr. Speaker, there has been much said and written about the congressional mood to cut the defense budget more than President Reagan wants.

Such pressure is coming from both sides of the aisle.

I am a political realist and I would not be serving the President well by disguising the fact that such a mood exists in this House.

But I also have another responsibility, as do the leaders of the majority party.

As leaders we must not only be practical when it comes to political realities—we must also be unyielding when it comes to matters of national security.

We cannot allow this budget debate to proceed along the lines of pitting the defense budget against the nondefense budget.

We must approach the defense budget with one question in mind: Is this budget adequate to meet our national security needs?

That is the only defense budget question that matters.

If we cut defense spending without asking—and responsibly answering—that question, we may be balancing the budget not only on the backs, but possibly on the graves of young Americans in our Armed Forces.

I will support any cuts, in any part of the defense program, so long as those cuts do not weaken our national security or endanger the lives of our young men and women.

GOOD NEWS FROM A NAVY MOTHER

(Mr. DANIELSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DANIELSON. Mr. Speaker, amid all of the bad news and gloom that we face each day it is a relief to have some truly good, wholesome and cheerful news.

This week I received a most welcome letter from one of my constituents, Mrs. Arline Sweeten, of El Monte, Calif., a U.S. Navy mother. An eloquent and warm letter, it proclaims her just pride in our Navy for saving the life of her son, SN2 Marc A. Sweeten, who fell overboard from his ship, the U.S.S. *John F. Kennedy,* while on the high seas.

As a former Navy person, and a proud American, I share Mrs. Sweeten's letter with you, Mr. Speaker, with our colleagues, and with all of America.

EL MONTE, CALIF.,
September 24, 1981.

Congressman GEORGE DANIELSON,
Rosemead, Calif.

DEAR SIR: On or about Sept. 1, 1981, our son, SN. 2 Marc A. Sweeten, fell overboard from the U.S.S. John F. Kennedy. They were at sea somewhere between Florida and Cuba.

As our Congressman we felt you would know the proper means by which to convey our gratitude and thanks to all those responsible for our son's rescue. Also our pride in our Navy for it's fine training, competence and care for the individual.

That huge ship, 5,000 men, putting all their efforts into retrieving one lone sailor bobbing around an ocean * * * that to me is the epitome of care and compassion.

I refer specifically to the copter and deck crews, the man who jumped from the copter into the water to help our son, whose names I don't know. To BM3 Jenkins who saw Marc go over the side and gave the warning that put into motion the rescue operation. He fired the smoke flare that aided in locating Marc in the water, threw him the life jacket which gave him the first hope he'd been seen and would be rescued. When he came to his senses after his fall and found himself in a very large ocean with his ship fading from sight, that jacket meant everything to him. We also thank the Navy in general for the fine training that allowed Marc to keep his presence of mind, to remember his survival training till help came.

There are two reasons for my writing this letter. The first is the obvious feelings I have on a personal level. There is a second, perhaps even broader reason here. We're so glad to be able to recount a positive story, and hope all those involved in this instance received due and deserved recognition.

So, from a grateful Sweeten family, our thanks to those men of the U.S.S. *John F. Kennedy.*

To you sir, our thanks for whatever time and effort you may give this matter on our behalf.

Sincerely,

ARLINE SWEETEN.

PRECLEARANCE BAILOUT UNDER VOTING RIGHTS ACT EXTENSION

(Mr. CAMPBELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CAMPBELL. Mr. Speaker, a broad consensus has formed for extending the Voting Rights Act with a provision granting jurisdictions with good voting records a fair opportunity to bail out from the preclearance provision of the act. I support this position. This consensus is threatened, however, by disagreement over whether States should be eligible to bail out independently of their political subdivisions.

I want to suggest a way to break this impasse and reforge the kind of strong bipartisan consensus that ought to exist about legislation to protect the voting rights of all. It is in this spirit that I shall propose an amendment for a modified independent bailout. Under this amendment, a State may petition for bailout only if—

First, two-thirds of such State's political sudivisions have obtained a declaratory judgment granting bailout; and

Second, such State has made reasonable efforts to assure the compliance of such State's political subdivisions with the Voting Rights Act.

Then, the State must meet the other exacting criteria of the bill before the bailout is granted

By adopting a fair extension of the Voting Rights Act with a fair bailout, we accept the policy of penalizing the bad and rewarding the good. A modified independent bailout is consistent with this goal.

IRRESPONSIBLE GOVERNMENT BILL PAYING MUST BE STOPPED

(Mr. HILER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HILER. Mr. Speaker, one of the major small business issues to emerge in the 97th Congress is the problem of delinquent payment practices on the part of Government agencies. Businesses that sell goods and services are forced to wait unreasonably long periods to receive payment by the Government and are prohibited from charging interest on overdue accounts as they would to commercial customers.

An all too typical example of Government slow pay has been provided to me by Mr. Edwin Burke of Burke's Audio Visual Center in South Bend, Ind. Over a 3-year period, the Veterans' Administration Hospital in Battle Creek, Mich., made 15 purchases from Mr. Burke's firm. Of these 15 purchases, payment was made later than 30 days in all but one instance. The average payment was made in 57 days and two purchases billed to the VA last April are still outstanding. Anybody who has run a business can understand Mr. Burke's frustration with 3 years of sloppy Government bill paying and the inability to do anything about it, short of ceasing to do Government business altogether.

The magnitude of the problem was portrayed by the General Accounting Office in 1978. GAO found that 39 percent of all bills paid by the Federal Government are late, with the average delay being 74 days. The General Services Administration, the Government's main buyer, paid 74 percent of its invoices more than 30 days late; the Department of Transportation paid late 64 percent of the time; and the old Department of Health, Education, and Welfare paid 69 percent of its invoices late.

It is for these reasons, Mr. Speaker, that I am cosponsoring H.R. 3494, a bill introduced by my distinguished colleague on the Government Operations Committee, Representative GLENN ENGLISH of Oklahoma, and H.R. 2036, introduced by the gentleman from California, Representative ROBERT LAGOMARSINO. These bills and a similar bill by Representative JOSEPH MCDADE would require a Federal agency to pay its vendors within 30 days. If it failed to do so, the vendor would be allowed to charge interest on the amount past due. H.R. 3494 specifies that the interest payments must come out of an agency's administrative funds, and not out of agency program funds. H.R. 2036 also prohibits the Government from taking discounts granted as incentives for prompt payment after the discount has expired, a practice that has become widespread.

I urge my colleagues who have not done so to pledge their support for the slow pay legislation and to work for its enactment by this Congress. The long and deplorable practice of irresponsible Government bill paying must be put to an end.

NO HOME RULE BLINDERS ON CONGRESS IN DISTRICT'S CRIME WAVE INACTION

(Mr. PORTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PORTER. Mr. Speaker, in case anyone sees the dark foreboding of paternalism in the House vote yesterday on the District of Columbia Sexual Assault Reform Act, let me try to put it in perspective.

The rate of serious crime—murders, rapes, assaults, armed robberies, burglaries, and the like—in the District of Columbia is at its highest level since 1971 and much of the increase, which is still occurring, has come in the last few years.

Over a year ago the Congress directed the District to hire 200 additional police officers to help combat this crime epidemic that the gentleman from Montana illustrated so forcefully for us in yesterday's debate. The District administration did everything possible to avoid this direction and has not yet hired the needed officers.

In the face of this apparent lack of concern by the city, is it any wonder that the Congress would take the opportunity to vote against the liberalization of criminal laws—any criminal laws—in the District of Columbia?

The distinguished chairman of the District Committee can—and did—argue all day about the affront to home rule, and his points are well taken.

But the impression remains that the District is not well governed, with an accumulated deficit of nearly $400 million and no sensible plan to address it, problems of a bloated bureaucracy and poor public services, and this record of largely drug-related violent crime heading off the graph.

It is hard to expect Congressmen—who, with their staffs, work and live, in many cases, in the District—to wear blinders to this sorry state of affairs.

VOTING RIGHTS EXTENSION ACT OF 1981

(Mr. SUNIA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SUNIA. Mr. Speaker, I rise in strong support of H.R. 3112, the Voting Rights Extension Act of 1981, which will be the subject of debate in the House today. I congratulate the Judiciary Committee on their careful consideration of this civil rights measure. I also applaud the bipartisan support of this act.

I cosponsored this legislation because I believe that this extension will enable a large number of minorities who are qualified to vote to participate in the election process, and to cast their votes accordingly. Despite increased political participation by minorities in many jurisdictions covered by the act, the fact remains that minorities continue to face a variety of problems which the Voting Rights Act was designed to overcome.

The right to vote in a democracy is the cornerstone on which all other political rights of citizens rest. The Voting Rights Act represents our national commitment to the goal that all citizens are given the opportunity fully and effectively to exercise this basic right. In closing, I urge my colleagues to support the extension of this act. Thank you.

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TAKING AMERICANS FOR A RIDE

(Mr. WYDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYDEN. Mr. Speaker, I am appalled at some of the comments made by OMB Director David Stockman before the House Budget Committee yesterday.

Among other comments, Mr. Stockman informed us that elimination of Amtrak would be no great loss, except in the Northeastern United States.

Mr. Speaker, although it is obvious he does not intend for them to get there on Amtrak, Mr. Stockman is clearly taking the American people for a ride.

He just does not have his facts. Oregonians, for example, are taking advantage of Amtrak in ever-increasing numbers. For many, such as the elderly, who do not drive, it is one of the few reliable intrastate transportation alternatives available. Even for those who do drive, it has become an increasingly popular alternative to the less energy-efficient automobile.

I am appalled that Mr. Stockman would so glibly suggest that we turn our backs on a transportation alternative that can move 550 passengers 1 mile on 2 gallons of diesel fuel—a transportation alternative that also reduces traffic congestion on our streets and highways, thus protecting the environment and the health of our citizens.

Elimination of Amtrak is neither cost effective nor fair. I urge Mr. Stockman to rethink his position on this issue.

PROVIDING FOR CONSIDERATION OF H.R. 3603, FOOD AND AGRICULTURE ACT OF 1981

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 235 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 235

Resolved, That upon the adoption of this resolution it shall be in order to move, sections 303(a)(4) and 401(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes, the first reading of the bill shall be dispensed with, and all points of order against the bill for failure to comply with the provisions of clause 5, rule XXI are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule by titles instead of by sections, with each title considered as having been read. Immediately after the short title and table of contents have been designated by the Clerk, it shall be in order to consider before the consideration of other amendments the amendments printed in the Congressional Record of September 30, 1981, by, and if offered by, Representative Bedell of Iowa, said amendments shall be considered en bloc and shall be considered as having been read, and all points of order against said amendments for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act (Public Law 93-344) are hereby waived. Immediately after the disposition of the amendments offered by Representative Bedell, it shall be in order to consider en bloc the amendments printed in the Congressional Record of September 30, 1981, by Representative de la Garza of Texas, and said amendments shall be considered as having been read. If the amendments offered by Representative Bedell and Representative de la Garza are adopted, further amendments to the bill shall be in order as if the bill as so perfected was the original bill for the purpose of amendment under the five-minute rule. It shall be in order to consider the amendments printed in the Congressional Record of October 1, 1981, by, and if offered by, Representatives Jeffords of Vermont, Rinaldo of New Jersey, Findley of Illinois, and Rose of North Carolina, and all points of order against said amendments for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived. It shall be in order to consider the amendment printed in the Congressional Record of October 1, 1981, by, and if offered by, Representative Richmond of New York or Representative Coleman of Missouri, and all points of order against said amendment for failure to comply with the provisions of clause 7, rule XVI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 3603, it shall be in order, sections 303(a)(4) and 401(a) of the Congressional Budget Act of 1974 (Public Law 93-344) to the contrary notwithstanding, to proceed to the consideration of the bill S. 884, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 3603 as passed by the House.

The SPEAKER pro tempore (Mr. Danielson). The gentleman from Missouri (Mr. Bolling) is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Mississippi (Mr. Lott), pending which I yield myself such time as I may consume.

Mr. Speaker, I am going to handle this rule in two parts. First, it was worked out very carefully with the minority and with the various proponents of amendments so that it would be a fair rule. It was passed by the Rules Committee unanimously. I am not aware of any controversy over the adoption of the rule. But I am also going to put a long statement, even longer than the rule, in the Record, explaining in part and in detail the reason the rule is as complicated as it is. I want that to serve as a warning to all Members that the House of Representatives finds itself in a very difficult legislative situation, not just on this bill, but probably on many authorization bills that will come before us.

The reason the matter was held up briefly in the Rules Committee is because the legislative process has been so complicated by events that have already taken place that it is extremely difficult to provide for an ordinary open rule. I give the Members just one example, before I yield the floor to my friend, the gentleman from Mississippi, and that example is that a lot of germane amendments, germane to this farm bill, would not be in order unless they were made in order and specifically granted a waiver, because of certain provisions of the Budget Act. We are in a situation where authorization bills are now very much in the same situation that most of the appropriation bills are, that they need to be given special waivers because of other factors that are not normal in the older legislative process. This means, in effect, that all the Members are going to have to adjust themselves to a new set of difficulties if they seriously want to offer amendments to bills, because there may be hidden and unexpected needs for waivers against obscure provisions of the Budget Act or other rules that may come into effect under the current circumstances.

The reason I held up the bill before the Rules Committee for a short time was to try to see if we could work out a reasonable method that would expedite it and at the same time make fair the process so that it more or less was like the old legislative process where you authorize, you appropriate, and then you look at the situation as a whole through the Budget Act. It is now so much more complicated than even that complicated statement that it is very important that the average Member understand that he faces new and complex problems, and he should be prepared to come, perhaps, before the Rules Committee when he is in doubt, to make sure that he has a simple right to offer a germane amendment.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Illinois.

Mr. YATES. Is this not the situation that the gentleman warned about some time ago, when he argued against the restrictive interpretations of the Budget Act at the time that an apporiation bill was on the floor, saying that we were placing ourselves into a straitjacket by the rigid interpretations that were taking place at that time?

Mr. BOLLING. It is, to a degree, the same situation that I was describing at the time. It also includes some unexpected developments that I did not really anticipate. But it is, in essence, the same kind of situation.

Mr. YATES. I note that this rule proposes to waive certain provisions of the Budget Act. Does that mean that the bill may result in exceeding the budget?

Mr. BOLLING. The bill comes to the floor $1 billion over the budget, and part of the provisions of the rule are designed to facilitate an effort on the part of the committee to bring the bill into line. Those Budget Act waivers that we give are designed to make it possible for germane amendments, in effect, and germane substitutes to be offered. They are the same waiver we have to give to the bill itself to get it on the floor. So we have a sequence. We give the same waiver to the bill itself. We give the same waiver to the substitutes and we give the same waiver to the amendments to the substitutes.

Mr. YATES. If the gentleman will yield further, is not the gentleman saying that when further legislation comes up, in order for a Member to offer an amendment to prospective legislation it may be necessary for him to obtain a clearance from the Rules Committee if his amendment may go over the budget?

Mr. BOLLING. It is not so much a clearance as to bring to the attention of the Rules Committee that his germane amendment may not be in order. I am talking about a narrow situation that does not involve going over the budget. If it goes over the budget, then it gets a little more complicated than that because, although we do not have to, we seek the advice of the Budget Committee as to whether a waiver should be granted. We do not always follow their advice, but we seek it. And that is just another complication that I think the House better be aware of.

Mr. YATES. What happens in this particular bill? You have made in order certain amendments. Other Members will not be able to offer such amendments. Do we know what the effect of the amendments that you have authorized are likely to be on the amounts that the budget bill has made in order?

Mr. BOLLING. If I may answer the gentleman, before I yield to my friend, the gentleman from Texas, the chairman of the committee, the reason for the delay was to try to face the more complicated legislative problem and use this bill to illustrate the procedural dilemma. In a sense, the chairman of the Agriculture Committee and the staff of the Agriculture Committee were the victims of the need to warn the House for the future in this bill. They seemed to be made the goat by being delayed, when they were scheduled to be on the floor yesterday, and it was only because we felt—the committee felt—that we had to make clear the situation in all its complexity and confusion to the other Members of the House so that they would be warned.

I do not know what the answer to this situation is as yet, except this kind of a device. But I do think it means that the House of Representatives, even this year, is going to have to take into consideration the possibility of dealing with modifications of the process. I do not think that is something that is going to get done in a month or two. But I think we have developed, sort of accidentally and not very thoughtfully, a process that is so confused and so complex that it is very difficult to be fair to all Members, even for those who wish to do so, and I would have to admit that there are some who like very much to keep Members from having an opportunity to work their will on the floor. That is a custom that we are sort of used to in some of the committees. I am not suggesting that is true of the Agriculture Committee. But there are devices whereby people avoid issues coming up. Even those Members who want to be fair find it extraordinarily difficult to be fair under these circumstances.

Mr. YATES. I thank the gentleman.

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Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

A couple of questions. One is on some of the waivers here. One is on rule 21, clause 5, which as the gentleman knows, is the amendment which would not permit appropriations in an authorization bill.

Could the gentleman tell me what the nature of the appropriations might be that are in this particular authorization?

It appears to me, in going through the bill, that it is transfers of funds, collections of fees and this sort of thing, that are going to be transferred into the regular appropriations process. Is that true of all of the items that would be covered by that particular waiver?

Mr. BOLLING. I hope that is so. That is the intention.

In the statement that I am going to put in the RECORD, in discussing that particular clause, the waiver is necessary because several sections of the bill specifically direct the use of funds from previous agriculture appropriations, change the status of funds, and contain provisions which may otherwise result in unauthorized proceedings, and in doing so they are subject to a point of order. That is what I believe to be the truth.

Mr. WALKER. I appreciate that.

If the gentleman will continue to yield, the waivers in the Congressional Budget Act—I appreciate the gentleman's explanation. I think it was an excellent explanation and it is going to serve as a guide, I think, for some time to come.

But I am also concerned about the fact that in this bill we are talking about authorizations of four programs that go into the outyears of 1983, 1984, and 1985. It would appear to me—and what I gather from some of the discussions that I have had—that the committee's appropriations or need for proceedings for those years, as dictated by this bill, will be considerably over budget estimates that the administration has made for those outyears.

I expressed the concern that this waiver also impacts on those outyears in that manner, a concern that I have previously talked about with the gentleman on other bills.

Was there any discussion before the Rules Committee of this particular problem?

Mr. BOLLING. There was considerable discussion and we came up with a resolution that we thought was the best that we could.

The intention of the committee, the avowed intention of the Agriculture Committee is to come within the budget and to meet the Budget Act. They think they have done so, and I do not know precisely how one can prove that they did or did not. That is the real difficulty, because we have a question of two things.

We have the question of absolute figures and formulas which create figures that are not totally dependent simply on the formula but on other events that may take place. So we have a future problem that is of some significance.

But they have attempted, as I understand it, to deal with all of that in the most rational way possible, and I understand that it is acceptable, if not to the administration, at least to the minority.

Mr. WALKER. If the gentleman will yield further, if I understand the procedures that the gentleman has developed, the gentleman developed waivers because of those kinds of problems, but the gentleman also then assured through the waivers that were developed for amendments that anybody who wants to try to get at those problems that they see in the outyears would be able to do so in the amendment that would speak to that particular problem and would not have a point of order raised against them with regard to the Budget Act.

Mr. BOLLING. That is true with this limitation. We are not successful in reaching everybody so we may have missed somebody, and I got permission from the committee to add certain names, certain amendments, if we were notified of it before the rule was actually filed. That is the reason that I am going through this particular effort now, so that people will be warned in the future that they had better be very careful about the possibility that the amendments that they want to offer, which, although germane, are subject to a budget waiver, the need for a budget waiver. They are going to have to find that out for themselves and come in and inform us, because we are not going to be able to think for everybody what they want to do. Further, I would add that amendments to amendments made in order may possibly be subject to points of order under the Budget Act if they attempt to increase rather than decrease the amounts in the outyears.

Mr. WALKER. I certainly appreciate the gentleman's explanations.

In other words, the only people who will have section 303(a)(4) waived are people who are named in the resolution, anybody else who would have an amendment that would require that kind of waiver would not be eligible——

Mr. BOLLING. That is correct.

Mr. WALKER [continuing]. To offer an amendment because it would be subject to a point of order.

Mr. BOLLING. That is right, and that was going to happen inadverently if we had not held up the matter and through the cooperation largely of the minority had a search made of the Members to find out if they had amendments which were subject to that kind of point of order.

Mr. Speaker, this resolution provides for the consideration of H.R. 3603, the Food and Agriculture Act of 1981. It is an open rule, allowing any germane amendment not otherwise subject to another point of order to be offered under the 5-minute rule. The rule provides 2 hours of general debate with the time equally divided between the chairman and ranking minority member of the Committee on Agriculture. The rule provides for one motion to recommit.

To facilitate orderly consideration of the bill, there are several waivers of points of order. The first waiver is section 303(a)(4) of the Budget Act which prohibits consideration of new spending authority to become effective in a fiscal year prior to the adoption of the first budget resolution of that year. For example, a bill containing new spending authority to become effective in fiscal year 1983 cannot be considered in the House until the first budget resolution for fiscal year 1983 has been adopted. The waiver is necessary because the bill sets target prices and support prices for certain commodities—dairy, feed grains, sugar, peanuts—beyond fiscal year 1982. However, full compliance with the Budget Act in this regard would preclude consideration of new price support legislation for a particular crop year until after the crops are planted. Clearly, compliance would be inconsistent with sound farm policy. Thus, the rule contains the waiver.

The rule further waives all points of order against several sections of the bill for failure to comply with the provisions of section 401(a) which prohibits consideration of new contract authority which is not limited to amounts provided in appropriations acts.

Mr. Speaker, the rule further waives all points of order against the bill for failure to comply with clause 5, rule XXI which prohibits appropriations in a legislative bill. The waiver is necessary because several sections of the bill specifically direct the use of funds from previous agriculture appropriations, change the status of funds or contain provisions which may otherwise result in an unauthorized appropriation, and in doing so are subject to a point of order.

Mr. Speaker, the procedure for considering the bill under the 5-minute rule is somewhat unusual. Immediately after the designation of the table of contents, the rule provides for the consideration en bloc of amendments printed in the Congressional Record of September 30, 1981, by Mr. Bedell and waives section 303(a)(4) of the Budget Act against those amendments. These amendments are substantive in nature and would have the effect of bringing the bill into compliance with the allocations of the first concurrent resolution on the budget for fiscal year 1982. The amendments would be subject to the offering of germane amendments and the division of the question if such motion were made.

Upon the disposition of the Bedell amendments, it would be in order to consider en bloc technical and conforming amendments printed in the September 30 Record by Mr. de la Garza. If the amendments offered by Mr. Bedell and Mr. de la Garza are adopted the bill as perfected to that point would be considered as an original bill for purposes of amendment.

In other words, the Clerk would proceed with the reading of the bill by title for amendment and each title would be subject to the offering of germane amendments notwithstanding the fact that a complete title may have been amended by the adoption of the Bedell amendments. The Bedell amendments contain complete substitutes for both titles I and IX and, without the provision I have just explained, would have precluded the offering of germane amendments to either of those titles. The Committee on Rules has attempted by this procedural method to maintain the normal amendment process when confronted with complex legislative circumstances.

The rule further makes in order amendments printed in the Record of October 1 by Representatives Jeffords, Rinaldo, Findley, and Rose and waives section 303(a)(4) of the Budget Act against consideration of these amendments. The Rules Committee felt that it was a matter of equity to allow individual Members to offer amendments containing outyear figures on spending authority since the bill itself contains such figures and would be protected by an identical waiver.

In addition, the rule provides a waiver of clause 7, rule XVI, the germaneness rule, allowing the consideration of an amendment printed in the October 1 Record by both Mr. Richmond and Mr. Coleman. The amendment relates to food stamps and the waiver is necessary because some of the enforcement procedures go beyond what is currently allowed under the Organic Act.

After the passage of H.R. 3603, the rule makes in order the consideration of S. 884, the Senate agriculture bill. Waivers of sections 303(a)(4) and 401(a) are provided to permit consideration of the price supports for the various commodities and other provisions.

Mr. Speaker, as my colleagues well know, this bill is complex and contains a number of controversial provisions. It is the result of extensive deliberations by the Committee on Agriculture. Enough will be said concerning the major issues that I will not take up my colleagues time now with a discussion of them. Under this open rule, Members will have ample opportunity to discuss those provisions and work their will.

Mr. Speaker, I urge my colleagues to adopt House Resolution 235 so that we may proceed to consideration of H.R. 3603, a vital piece of legislation not only for the agricultural community in this country, but for the Nation as a whole.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. BOLLING. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Speaker, there is a major malaise in the farm sector today that has been steadily building for the past several years. Simply put, the problem involves a decline in farm income coupled with staggering increases in production costs.

The problem grows out of conditions over which the farmer has little or no control. The economy continues to show little vitality and the conditions of stagnation that have persisted since 1978 are still with us. There is considerable weakness in all the major sectors of domestic and foreign demand—consumption, exports, and government—and little prospect of improvement in view of the absence of a comprehensive export policy to expand markets.

Inflation is taking its toll. With the annual rate of retail food prices—as measured by the CPI—running at about 9 percent this year, consumer demand is expected to weaken even further. The tight money policy has led to the overvaluation of the dollar and dampened the demand for exports of food and fiber. Even with the promise of additional sales to the U.S.S.R. the prospect is for a continuation of the huge buildup of stocks from the 1981 crops.

The current philosphy predominant in the administration has produced a retreat from established policies which once assured an aggressive role by the Government in promoting exports through Commodity Credit Corporation loans and Public Law 480 programs. With the exception of peanuts and dairy products, farm price support programs have been largely dismantled and the administration has proposed substantial decreases in loan and target prices which are reflected in the Senate version of the 1981 farm bill.

In the face of weakening demand for farm products we have experienced record rice and wheat production and the forecast is for very large crops of feed grains, oil seeds, and cotton. Overproduction, coupled with declining demand, means drastically lowered prices. Lowered prices means declining farm income. Declining income means more farmers leaving the land and more obstacles to economic recovery.

As an example of this situation, I am enclosing an article from the Wall Street Journal of October 1.

Richard Potorff, in a study conducted for Data Resources, Inc., the well respected economic forecasting firm says:

> The outlook for farm income and profitability has gone beyond dismal and would have to be termed catastrophic. Net farm income in 1980 fell to about $20 billion, down sharply from 1978 and 1979, but when this $20 billion is adjusted for inflation, farmers received less in income than they have at any time since 1934.

See table 1. Farm cash receipts will be up about $11 billion in 1981 but production costs will also increase by an estimated $14 billion, very nearly wiping out any difference between receipts and costs of production. See Attachment 3, table 2.

Adding to the so-called price-cost-credit squeeze which has been afflicting farmers for several years now, are the effects of trade deficits, embargoes, and the impact of high interest rates. Throughout the 1970's and into the 1980's, the Nation faced increasing trade deficits and the need to expand exports became a national urgency. In order to increase exports farmers were encouraged to plant fence row to fence row by Government and by the farm bills supported in Congress and by the last several administrations. They have been responding admirably for a decade at a time when the flames of inflation, fueled by those trade deficits, have grown larger. While others in the private sector and in the Government have talked about working to reduce trade deficits, farmers have produced and have done something about it.

At the same time, Government expenditures were expanding, creating a succession of Federal deficits which also fired inflation and drove production costs skyward. In October 1979, with the appointment of Paul Volcker to the Chair of the Federal Reserve Board, the Fed initiated its tight money policy of slowing the growth of money by forcing interest rates even higher. With only brief respite in 1980, the Fed has ratcheted interest rates upward with each new forecast of increased deficits and every indication of an acceleration in the growth of money.

Farmers are not the only ones hurt by high interest rates—but they have been hurt worse than other sectors because farming has gone from being labor intensive to capital intensive in just a few short years under a farm policy that encouraged increased production and expanded exports. Farm debt, which was a modest $26 billion in 1960, grew 600 percent by 1980 to a massive $160 billion. Source: Annual Reports of the Farm Credit Administration, 1981.

With the inauguration of Ronald Reagan, it became clear that a tight monetary policy would be a key feature of his program to control inflation. The tightening of available credit caused commodity market contractions that resulted in sharp declines in farm prices. Because the dollar was substantially strengthened relative to foreign currencies as a result of the high interest rates, exports of U.S. food and fiber began to level off or decline. The President added to the mounting debt service problem of farmers by severely curtailing Government loan and guarantee programs, including those designed to aid farmers in times of emergency or natural disaster. Today, the remaining equity farmers have in their land is being eroded by the high cost of repaying loans needed for production and operation. Farmers without additional equity face the imminent prospect of going out of business. Now, farmers face the prospect of reaping a harvest of bankruptcy as reward for their patriotic effort.

Another major problem facing the export of farm products is the shadow of future embargoes. So long as we practice a policy of expanded agricultural exports, the prospect of future embargoes for national security purposes will remain. The farm bill before the House makes an effort to deal with such an eventuality but it remains for the Congress to put into place a truly comprehensive program for protecting farmers in the event of future embargoes.

In the case of the 1980-81 embargo on grain shipments to the U.S.S.R., the grain companies which had contracts canceled as a consequence of the embargo were able to sell those contracts to the Commodity Credit Corporation at no loss. Later, the companies bought the grain back at lower prices and exported it to other nations. The grain companies suffered no loss—in fact, many of them made a profit—but net farm income continued to drop and the debt-to-asset ratio for agriculture continued to rise. Export growth must be renewed. Projections for $48 billion in overseas farm product sales made in the fall of 1980 have been revised downward to about $44 billion. Most of the losses come not from decreases in the volume of sales but in the value of the products. That means, Mr. Speaker, that the American farmer will lose $4 billion in income this year because farm prices consistently declined in 1981.

Mr. Speaker, these are not problems that emerged yesterday. They have been building for some time and are well recognized by everyone in the agricultural sector. Yet, despite the acknowledged importance of American agriculture to the continued economic well-being of the Nation, the Reagan administration presented the Congress with recommendations for a bare-bones, low-support farm bill last March. It was apparent then, as now, that Government expenditures in the budget would take precedence over the survival of the farmer.

Unfortunately, the Senate saw fit to accept the budgetary priorities of the administration rather than acting to deal in a realistic way with the problems of American agriculture. The budgetary problems of the Government cannot be solved on the backs of the farmer. He has already taken more than his fair share of cuts.

The Senate version of the farm bill reflects the same sort of voodoo that permeates most of the President's other economic proposals. It presumes that the farm sector will be another of those mythical ships that will rise with the tide without any help from the Government. But the ship is sinking fast and the 1981 farm bill can provide only a weak lifeline.

The reality is that as sick as the American economy is, the medicine called supply-side economics can only intensify the malaise in the farm sector. The administration-approved Senate bill does not address the need for solidifying the floor under farm income. It does not comprehensively address the need for ameliorating the effect of high interest rates on farm production costs and export sales. It shortchanges the farmer in the area of export expansion by cutting credit programs for foreign customers. It does not address the mounting effects of excessive borrowing on farm equity. It ignores the intensely focused effects of a sluggish economy on farm product demand and consumption.

In short, it asks the American farmer to again assume a disproportionate share of the burden for achieving the budgetary goals of the administration. Mr. Speaker, all questions of fairness aside, I think we have to consider the probable disastrous economic effects of the administration's farm

policy and deal realistically with the current plight of American agriculture. For that reason, I urge that the House approve the bill prepared by the House Agriculture Committee.

The aforementioned material follows:

[From the Wall Street Journal, Oct. 1, 1981]

BREADBASKET BLOW: FARMERS, ALREADY HURT BY ECONOMY, GET HIT WITH LOW GRAIN PRICES

(By Thomas Petzinger, Jr.)

A year of bumper crops is shaping up as just as tough on farmers as last year's drought.

Inflation, high interest rates and even the stronger dollar overseas are combining with a growing grain glut to batter American agriculture. Farm income, which had been forecast to rise to as much as $27 billion this year, instead is likely to be no better than last year's $19.9 billion. Adjusted for inflation, that would make this season the worst for farming in nearly two decades.

Wheat prices are down 7% from a year ago, corn down 23% and soybeans off 19%. What frightens farm economists, though, is that this slump, besides being severe, is different from the customary up-and-down cycles that are as old as farming itself.

Most farmers used to produce a wide range of crops and livestock, and the low grain prices that hurt that part of their operation often fattened their profits on cattle or hogs. But fewer farmers are diversified now; and, in any case, livestock prices are so weak that they yield only marginal profits on pork, and continued losses on cattle.

SPRING BORROWING

"The farms have fundamental problems that go well beyond the cyclical pattern of commodities," says Marvin Duncan, an economist at the Federal Reserve Bank of Kansas City. "Farmers are very closely tied to the effects of 'stagflation' in the economy."

It isn't always recognized, for instance, that farming is an interest-sensitive business. Besides borrowing to buy machines, as any businessman might, many farmers take out loans each spring to buy seed, fuel, herbicide and fertilizer, planning to repay the money when the crop is in. Those who fatten cattle commonly borrow to buy the young "feeders."

Now, with operating costs on the rise and profits scant, borrowing costs are enormous for many farmers. And those who have recently begun buying a piece of land are saddled with today's interest rates on that as well.

Farmers well understand what they're up against. Don Russell of Des Moines, Iowa, recalls that only a few years ago it cost him about $21 to finance purchase of a steer or heifer for fattening. The interest cost today is about $120—"practically what it costs to feed the darn thing the whole year you have it," he complains.

COST SQUEEZE

Elwin Poe of Holyoke, Colo., will pay about $17,000 in interest on the $100,000 working capital he has borrowed this year for diesel fuel, seed, fertilizer, crop dusting and other necessities. Adding in utility bills for irrigation and other operations, the costs on Mr. Poe's corn and soybean farm are running 30 percent ahead of last year, he says.

A bushel of corn for which a farmer can get $2.20 to $2.40, depending on his location, costs an average of $3.11 to grow, the Agriculture Department figures. (If the farmers' average expense for buying or renting land is excluded, the product costs drops to a break-even level of $2.38.) For wheat, a bushel that costs about $5.32 to produce, counting land costs, brings the farmer about $3.60.

Some experts see little hope that farming can climb out of the slump soon. If forecasts hold, this will be the first time since the Depression that "real," inflation-adjusted farm income has been below $10 billion two years in a row, observes Richard Pottorf, an agricultural economist at Data Resources Inc. In a new report, he predicts that "unless some unforeseen event rescues farmers in the near future, many will be pushed over the brink and into depression."

DAIRYMEN DOING BETTER

Terry Barr, a senior Agriculture Department economist, is somewhat less pessimistic. "Prices will slide this year, but not to depression levels," he says. "People are getting concerned about the grain sector, and the livestock sector has been through a real wringer."

There are still a few areas of strength. Almost all dairy farmers are operating profitably, largely because of the federal price-support system (although the Senate recently voted to cut spending on the supports). In addition, fertilizer prices are lower than a year ago. The prospect of another poor harvest in the Soviet Union could spur demand for U.S. grain, particularly if bad weather buffets grain and soybean producers in South America and Australia.

Moreover, the Reagan administration has just proposed a new wheat set-aside program, similar to those used in 1979 and before. Under the program, wheat growers who left 15 percent of their land idle could participate in government price-support and loan programs if prices fell below a minimum level. The administration hasn't proposed a corn set-aside, although Agriculture Secretary John Block says he's thinking about it.

But Mr. Block's willingness to embrace set-asides shows just how serious the farmers' plight is. Last spring the Reagan administration proposed scrapping its standby authority to put a set-aside into effect. Congress wouldn't agree, though, and now the administration is using a law it had wanted to abolish.

What has most depressed crop prices is the prospect that this year's grain and soybean yields will be more prodigious than anyone had imagined. Conrad Leslie, a private crop forecaster, anticipates a record corn harvest of 8.04 billion bushels, 21 percent more than the Agriculture Department forecast early last spring. His soybean forecast of 2.04 billion bushels is 12 percent more than the government expected at the start of the growing season.

Only a year ago, the prospect of a worldwide grain shortage was regarded by experts as a real, and scary, possibility. In the wake of the 1980 drought in the U.S., world grain stocks hit a five-year low. The year's consumption exceeded production by 37 million metric tons, an amount twice the size of the Canadian wheat crop. Ample carry-over stocks from prior years prevented a shortage, but another poor growing season this year would have produced a seller's market for grain.

BIG LETDOWN

That possibility caused some early optimism among farmers that has only worsened the effect of the downturn. James Needs of Upper Sandusky, Ohio, for instance, ordinarily sells more than half his soybean crop at an agreed-upon price before the fall harvest. Last spring, when local buyers were offering nearly $8 a bushel, "we had the opportunity to sell the crop at a decent price," he says. "But we got caught up in all the rosy forecasts and missed our opportunity."

Mr. Needs did lock in the sale of about 10 percent of this year's crop at just over $7 a bushel. But with soybeans currently selling for little more than $6 a bushel in his area, he expects to market the remaining 90 percent of this year's crop at a loss.

Meanwhile, the dollar's 14 percent appreciation since last October (against a composite of major currencies) is making it that much more expensive for foreign buyers to import U.S. produce. As a result, U.S. agricultural exports have stayed even with last year's depressed levels, despite widespread expectations that they would rise sharply.

In the longer term, U.S. farmers are facing growing competition from abroad. Argentina has nearly tripled the number of acres devoted to soybeans since 1974. Brazil has increased its grain acreage 24 percent and its soybean plantings nearly fivefold since the mid-seventies, according to an Agriculture Department study. Brazil is emerging as a world-class crop producer, thanks largely to its government's generous subsidies and to financial help from the Japanese.

EFFECT OF EMBARGOES

The Russians, too, have been scouting elsewhere for grain in the wake of the 16-month embargo on U.S. sales to the Soviets. Grain-export embargoes have "got some countries kind of jittery" over the reliability of the U.S. as a food supplier, says Boyd Chugg an Agriculture Department economist.

While the grain-price problem is one of oversupply, the trouble with livestock prices is weak consumer demand. The percentage of U.S. household income spent on meat has declined in five of the last six years, to 4% in 1980 from 4.9% in 1974. So while the cost of raising a steer to market weight has increased to an average of 76 cents a pound, the price of fat cattle now stands at about 66 cents a pound.

Rough as this is on ranchers and feedlot operators, it doesn't affect the thousands of farmers who have given up on livestock. Outfitting a farm with efficient livestock-production facilities is a costly proposition and so is buying the machinery for growing crops, so many farmers are choosing one or the other. The year-round labor involved in raising livestock also enters the picture.

In DeKalb, Ill., Russell Andres is selling his 200 head of beef cattle in hopes of doing better by concentrating on corn. "They say it's all supposed to average out," the 30-year-old farmer says, "but I haven't even had an average year yet."

Some economists also worry about how long farmers will be able to continue borrowing against the rise in land values—a rise that moderated last year to about 7% from the double-digit pace of the 1970s. Notes George Hoffman, an Agriculture Department economist: "The scary part comes when the increase in land values slows to the point that lenders are unwilling to refinance farmers" who need operating capital. That isn't happening yet, but farmers fear that a further tightening of credit would make rural bankers wary of rolling over debt.

For now, the squeeze is forcing farmers to cut corners. They're cutting back machinery purchases for a second year in a row to a degree that is crippling International Harvester Co. and even hurting industry leader Deere & Co. U.S. farmers probably will buy only 139,100 tractors this year, about 4% below last year and nearly 12% below earlier forecasts for this year, says Jerry A. Anderson, an analyst at Sanford C. Bernstein & Co.

Ted Diehl of Indianola, Iowa, who raises about 6,000 hogs a year and has a 157-cow herd, says that "for the first time in my 27 years in this business, our employees won't get a raise this year." Merlin Groot of Manson, Iowa, plans to delay some post-harvest tillage until next spring. Some farmers are even reducing fertilizer applications to save money.

And while it's often said that farmers can always find something to complain about, this year their words have a deeply pessimistic tone. As Mr. Diehl puts it, "This business is making fools out of all of us."

TABLE 1.—FARM INCOME

[Billions of dollars; quarterly data at seasonally adjusted annual rates]

Period	Income of farm operators from farming							
	Gross farm income					Production expenses	Net farm income	
	Total [1]	Cash marketing receipts			Value of inventory changes [2]		Current dollars	1967 dollars [3]
		Total	Livestock and products	Crops				
1973	98.9	87.1	45.9	41.1	3.4	65.6	33.3	25.1
1974	98.3	92.4	41.4	51.1	−1.6	72.2	26.1	17.7
1975	100.3	88.2	43.0	45.1	3.4	75.9	24.5	15.2
1976	101.8	94.8	46.1	48.7	−2.4	83.1	18.7	11.0
1977	108.7	96.3	47.6	48.7	1.0	90.3	18.4	10.2
1978	127.5	112.9	59.2	53.7	.6	101.1	26.5	13.5
1979	151.9	131.9	68.5	63.4	5.3	119.2	32.7	15.1
1980	150.5	136.4	67.4	69.0	−2.0	130.7	19.9	8.1
1979:								
III	152.5	131.4	67.1	64.3	6.6	120.2	32.3	14.6
IV	154.1	133.6	67.5	66.1	5.1	124.9	29.2	12.8
1980:								
I	149.3	133.0	66.3	66.7	.9	126.0	23.4	9.9
II	145.8	131.9	64.0	67.9	−1.9	129.0	16.9	6.9
III	151.9	139.2	68.9	70.3	−3.7	132.2	19.7	7.9
IV	155.1	141.5	70.4	71.1	−3.3	135.6	19.5	7.6
1981:								
I	57.7	142.5	69.8	72.7	−1.9	139.4	18.3	7.0
II	165.2	145.7	69.0	76.7	2.0	142.2	23.0	8.6

[1] Cash marketing receipts and inventory changes plus Government payments, other farm cash income, and nonmoney income furnished by farms.

[2] Physical changes in end-of-year inventory of crop and livestock commodities valued a average prices during the year.

[3] Income in current dollars divided by the consumer price index (Department of Labor).

Source: Department of Agriculture, except as noted.

TABLE 2.—PRICES RECEIVED AND PAID BY FARMERS

[1977=100]

Period	Prices received by farmers			Prices paid by farmers			
	All farm products	Crops	Livestock and products	All commodities, services, interest, taxes, and wage rates [1]	Production items, interest, taxes, and wage rates	Production items	Ratio [2]
1973	98	91	104	71	72	73	138
1974	105	117	94	81	81	83	130
1975	101	105	98	89	89	91	113
1976	102	102	101	95	95	97	107
1977	100	100	100	100	100	100	100
1978	115	106	124	108	109	108	106106
1979	132	116	147	123	125	125	107107
1980	134	125	144	139	140	138	96
1980:							
September	142	135	150	141	143	142	101
October	142	135	150	142	144	143	100
November	144	140	149	144	145	144	100
December	145	142	148	144	145	145	101
1981:							
January	144	144	145	147	149	146	98
February	144	144	144	148	149	147	97
March	143	146	141	149	150	148	96
April	143	143	143	150	151	150	95
May	142	143	141	150	151	150	95
June	142	137	146	151	152	150	94
July	141	136	146	150	151	149	94
August	137	129	145	151	150	149	91
September	134	121	145	151	150	149	89

[1] Includes items not shown separately.

[2] Percentage ratio of index of prices received by farmers to index of prices paid, interest, taxes, and wage rates.

Note.—The official indexes are published on a 1910–14 base as required by law. The indexes have been converted to a 1977=100 base to facilitate comparison with other indexes.

Source: Department of Agriculture.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I support the adoption of this rule, which will provide for the consideration of H.R. 3603, the Food and Agriculture Act of 1981. Although the resolution before us is somewhat unusual and appears to be rather complex, I believe it is the best means for resolving a difficult situation in order to bring the bill to the floor.

I want to emphasize at the beginning, Mr. Speaker, that this is not a closed rule or a modified closed rule. Although certain specified amendments are made in order, this rule does not shut the door to other amendments. Under this open rule, any amendments which are germane and which comply with the Budget Act and other Rules of the House will also be permitted.

This resolution waives several points of order against the bill. First of all, section 303(a)(4) of the Congressional

Budget Act of 1974 must be waived in five instances. These portions of the bill deal with price supports and loan rates for wheat, corn, and other feed grains, peanuts, sugar beets, and sugarcane. Since these sections of the bill provide new spending authority for fiscal years 1983 through 1985, years for which we have not yet passed first budget resolutions, section 303(a)(4) must be waived. Second, section 401(a) of the Budget Act must be waived for this bill because four sections contain new contract authority which is not provided by an appropriation act. Clause 5 of rule XXI, prohibiting appropriations in a legislative bill, must also be waived with respect to four sections of the bill if it is to be considered.

The bill will be read for amendment by titles rather than by sections, and it is the necessity for waivers against certain important amendments which results in the seeming complexity of this rule. The rule makes in order the consideration en bloc of amendments offered by Representative **Bedell** and by Chairman **de la Garza** which were printed in the Congressional Record of September 30, 1981. This rule also specifically makes in order amendments printed in the October 1, 1981, Congressional Record by Representatives **Rose** of North Carolina, **Jeffords**, **Rinaldo**, and **Findley** and waives section 303(a)(4) of the Budget Act against them, again because of their effect upon the out-year spending authority.

In addition, this resolution waives clause 7 of rule XVI, the germaneness rule, against an amendment printed in yesterday's Record by Representatives **Coleman** and **Richmond** dealing with the food stamp program.

I should further point out that the en bloc amendments by Representatives **Bedell** and **de la Garza** will be fully amendable prior to adoption. The rule also provides that, after the adoption of the en bloc amendments, additional amendments may be offered as if the adopted language were original text.

I want to express my appreciation to the distinguished chairman of the Committee on Rules, Mr. **Bolling**, for his earnest efforts to bring this bill to the floor in the fairest manner possible. In addition, I commend both the chairman and ranking minority member of the Committee on Agriculture for their cooperation in an attempt to see that the interests of all parties were protected to the extent possible.

Again, I stress that this is an open rule waiving certain points of order to permit additional amendments which would otherwise be out of order. The confusion which surrounded this matter in the Committee on Rules and which caused the rule to be delayed, should serve as a reminder to all members who are interested in amending legislation on the floor. If there is the slightest chance that an amendment might violate the Budget Act or otherwise need a waiver, its author would be well advised to submit it to the Parliamentarian so that the Member will be able to bring any problems to the attention of the Committee on Rules in a timely fashion.

In conclusion, Mr. Speaker, I support this rule and urge its adoption so that the House may work its will on this important farm legislation.

Mr. Speaker, I yield such time as he may consume to the gentleman from Wisconsin (Mr. **Sensenbrenner**).

Mr. SENSENBRENNER. Mr. Speaker, I rise in support of the rule and underscore the need for a dairy price support level of 75 percent parity.

Mr. Speaker, The dairy farmers were the first segment of the American population to accept their share of the burden to restore our economic health. In April of this year, the dairy industry forwent the automatic, semiannual adjustment on dairy price supports which amounted to close to a dollar increase. The farmers sacrificed a total of $87 million which had been promised by the Government. It is now apparent that this segment of agriculture is expected to make further sacrifices.

Present law provides a price support level of 80-percent. Our job now is to determine what price support level will alleviate the current problems of overproduction, excessive Government costs, and rising inventories. We all know that the 80 percent level over the past 4 years has been too high and I indicated my concern over this level of parity in today's market by supporting the President in April. However, we must guard against overreacting. The dairy price support program has functioned effectively to assure an adequate supply of dairy products at a reasonable cost throughout the history of the program. Prior to the 1978-79 marketing year, the average cost of the program was less than $250 million annually. The price support program has brought stability to an industry which is subject to annual fluctuations in both production and consumer demand. While we have seen the problems from having the program set too high, we must be careful about the effects on the dairy farmer, the industry, as a whole, and the American consumer if the level is set too low.

The current price of $13.10 per hundredweight represents about 71 to 72 percent of parity. The House farm bill would adjust that price slightly to 75 percent of parity. The Senate version, on the other hand, provides a price support level of 70 percent with annual adjustments. The annual adjustment will most likely be eliminated if the Commodity Credit Corporation (CCC) stocks are above $750 million of milk equivalent, thus maintaining a price of $13.10 for the next 2 years. At that time, $13.10 will represent approximately 60 percent of parity. When CCC stocks drop below the $750 million cutoff level, it is highly unlikely that the administration will be willing to adjust the price by 10 percent of parity. It is possible, if the Senate language is adopted, that the dairy farmer will never receive even 70 percent of parity during the lifetime of the farm bill.

The results of such a substantial decrease in price supports would be devastating to the American consumer and the dairy industry. Past history has shown that keeping prices too low has caused huge market price swings, as were experienced in 1973 and 1974 when prices were relatively higher than the CPI. The dairy farmer is already suffering from a cost-price squeeze. This is particularly true for those young farmers who entered the industry when interest rates were extremely high. These young farmers are barely making ends meet, as is, and to maintain a price level of $13.10 over the next year or so would put them out of business.

As I have mentioned, the purpose of the dairy price support program is to assure adequate supply for consumers at a relatively stable price with a fair return for the farmer. Farmers have depended on price stability to make sound and productive management decisions. Milk plants have benefited in that the supply of milk has not fluctuated to the extremes as have other agriculture products. Consumers have benefited through the availability of high quality dairy products at reasonable prices. In other words, the dairy price support program has worked. It has only been over the past few years that we have seen large increases in Government purchases and CCC stocks. In an effort to curtail overproduction and reduce Government spending, we eliminated the April increase. The House has wisely proposed reducing price supports from 80-percent parity to 75-percent parity to further reduce costs and discourage overproduction. While reducing the support level to 75 percent will have an impact on the net income to dairy farmers, I think they realize the need for this action in light of our supply problems and growing CCC stocks. However, a price support program as passed by the Senate would mean the wholesale bankruptcy of many of our dairy farmers.

The dairy industry is not being unreasonable to expect a fair return on their investment while providing this country a dependable supply of milk and milk products. The industry has already sacrificed by foregoing the April increase and will undoubtedly suffer further setbacks by a reduction in the support level. As yet, no other segment of agriculture has been required to take significant cuts in their respective programs. We must reduce Federal spending, but must the dairy farmers be expected to take the entire brunt of these cuts? An arbitrary decision that dairy farmers can now absorb a larger share of inflation and continue to produce adequate quantities of milk could prove to be disastrous, both for American consumers and the dairy industry in 1982 and 1983.

Mr. LOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia (Mr. WAMPLER).

Mr. WAMPLER. Mr. Speaker. I rise in support of this rule. It is critically important that this body begin consideration immediately of H.R. 3603, the 1981 farm bill. Most of the current commodity programs expired September 30, 1981, with the end of the fiscal year. Only yesterday we passed H.R. 4612, an emergency measure that would forestall the effect of an increase, in milk price supports to 75 percent of parity. It also delays until November 15, 1981, the need to conduct a costly wheat referendum that the passage of the 1981 farm bill, H.R. 3603, will make wholly unnecessary.

However, the more costly feature of delay in acting on the 1981 farm bill may well rest with the uncertainty it produces in the farm sector.

Producers are unsure of the ground rules under which they will be operating for the next 4 years. Many of them have some tough decisions to make in planning for their next crop, and we have some difficult decisions to make here on some of the programs that will significantly affect them. We should move quickly to deal with these issues and bring to resolution the policy and budgetary questions that must be faced.

This rule makes in order consideration of H.R. 3603, the Food and Agriculture Act of 1981, reported from the House Committee on Agriculture on May 19 of this year. Frankly, I think we are all aware that the bill, as reported from the committee, is in excess of the new entitlement funding levels prescribed by the first concurrent budget resolution. I will insert in the RECORD at the end of my statement an excerpt from the committee report (H. Rept. No. 97-106) setting forth the "cost estimate for H.R. 3603" as prepared by the Director of the Congressional Budget Office on May 19, 1981.

It would appear that H.R. 3603 is in excess of the budget resolution for the life of the farm bill. Even after appropriate adjustments are made for farm and food stamp program reductions mandated in the Omnibus Reconciliation Act, H.R. 3603 is apparently still over the first concurrent budget resolution.

While the first concurrent budget resolution may be said technically to apply only to fiscal year 1982, we all should know that, based on President Reagan's economic recovery program and our own actions here in the Congress in adopting House Concurrent Resolution 115 and in enacting the Omnibus Reconciliation Act of 1981, we have all committed ourselves to do our best to limit our new entitlement funding for fiscal years 1983 and 1984 and beyond so that this country can get its fiscal affairs under control.

Several of us on this side of the aisle observed in "Minority Views" accompanying the committee report (H. Rept. No. 97-106) to H.R. 3603 that—

> We strongly support our farmers and ranchers, our dairymen and others who contribute to our strong farm sector which, in our opinion, is the backbone of our national economy. As a nation we owe much to our farm sector, and we wish to see it maintained in a strong and healthy condition.
>
> * * * * *
>
> We are faced with the difficult task of trying to attack inflation and high interest rates which are driving up farmers' costs of production and eating up what would otherwise be their profits.
>
> We believe President Reagan was elected to try to bring economic order out of economic chaos, and he can only do this if the Congress helps him bring federal spending, federal intervention in farming enterprises and in farm family life under control.
>
> We do not want to mislead farmers and ranchers and others in the agriculture community into believing that a certain amount of austerity can be avoided while we try to put the nation's economic house back in order. However, we want to and will strive to be fair in what budget constraints may dictate relating to farm programs. * * *

It was with those aims in mind that we offered a minority substitute to H.R. 3603 in committee that came very close to meeting the budget constraints of the first concurrent budget resolution. For whatever reasons, that substitute was rejected in committee.

However, much has occurred since the committee reported this 1981 farm bill, H.R. 3603, on May 19, 1981. For one thing, we passed an Omnibus Reconciliation Act that has reduced the cost of farm programs and the food stamp program as originally written into this bill. I understand the chairman will offer an amendment printed in the CONGRESSIONAL RECORD and mentioned in this rule that will strip the bill of those provisions already enacted into law in the Reconciliation Act.

Mr. Speaker, it made much sense to await action by the Senate on its version of the farm bill, S. 884. Now the House must work its will on these farm policy and budget issues without any more fiddling and fine tuning by the committee. Now time is of the essence, and it is important that the House act promptly on this legislation. The issues are relatively clear and straightforward and so are the options.

This bill provides certain safety net provisions for its farm programs that are needed in the farm sector. Farmers are hard hit by years of high living by the Government which resulted in high interest rates, high inflation rates, and tremendously high costs of production. We currently have the anomalous situation of an abundant harvest with lower farm prices.

Only yesterday, the Wall Street Journal carried a front page story about farmers hard hit by the economy being hurt by lower grain prices. However, like a patient who is beset by the silent killer, high blood pressure, the farm economy, not unlike other sectors of the economy, is going to have to moderate its way of life and suffer some discomfort, or else the patient, the farm sector, and the country as a whole will suffer far more crippling effects if the high blood or inflation pressure is not brought under control.

We find that even now the administration's programs are strengthening the dollar in world markets. However, even this salutory objective is having near-term adverse effects on total farm income by reducing farm exports. Also, at the very time that inflation is being brought under some control and the President is convincing the skeptic and the stock market that he is serious about a balanced budget by 1984, the budget deficit largely set in motion last year is causing high interest rates as the Government goes to the marketplace to obtain Government financing of that deficit and pays through the nose for that money.

I should point out the strange situation we have gotten ourselves into in this country that may not be readily apparent as we proceed to floor action on this matter. For instance, the costs of fiscal year 1982 for the wheat, feed grains, cotton, and other commodity farm programs are largely dictated by the amendment to the 1977 Farm Act that was signed into law on December 3, 1980, Public Law 96-494, the Agricultural Act of 1980. Those increases in target prices are going to result in fairly large and unexpected outlays after October 1, 1981, in the form of deficiency payments to producers that will impact on the fiscal year 1982 budget.

Now, I do not for 1 minute believe that farmers would not much rather get their income in the marketplace. However, for reasons not in their control, their income is down, not in some small part to Government intervention in one form or another that impacts on their operations.

For instance, embargoes in recent years have resulted in increasing competition from abroad for U.S. farmers. Argentina, we are told, has increased its number of acres of soybeans threefold since 1974. Brazil has increased its grain acreage 24 percent and its soybean plantings nearly 500 percent since the mid-1970's. Meanwhile, when farm income goes down and interest rates increase, it hits our industrial production. Farm machinery sales are off considerably this year, and farm machinery manufacturers are feeling the pinch in demand.

I am confident that our U.S. farmers can compete worldwide and that we can recapture lost markets. I am confident that our runaway inflation can be brought under control and that interest rates will moderate, leaving the farmer in a less serious cost-price squeeze than he has found himself in over the last few years.

However, it probably will not be painless; it probably will not be without some economic dislocation; and it will not be done overnight. Therefore, we must afford a safety net for farmers and ranchers while we get our economic house in order and plan for a goal and objective of a more market-oriented, healthy, and prosperous farm sector.

Meanwhile, I am hopeful that we will have some "budget scorekeeping" assistance from the Budget Committee and the Congressional Budget Office as we proceed to markup this bill in the Committee of the Whole. It would be helpful to have adequate data and written documentation of what our budget limitations may be as they relate to new entitlement authority contained in the first concurrent budget resolution for function 350 as it relates to farm programs and function 600 as it relates to the food stamp program.

I doubt that anyone is happy with the fact that the House farm bill must meet budget constraints. Certainly, Senators from farm States had to be disheartened by the safety net provided farmers in S. 884, the Senate farm bill. However, the Senate acted as we must now act to resolve issues of farm policy within certain funding constraints for the next 4 years.

There is much in this bill that is helpful to farmers. Target prices were retained. The farmer-held reserve was extended. The loan programs for the major farm commodities have been extended for 4 more years; and while the figures may not be as high as some of us would like to see them, they should continue to provide continued price support to various commodities.

This bill will not be a panacea for all the farm ills that exist on our farms or in our farm communities. However, it will address many of the concerns facing our farmers. Farmers are the backbone of our economy in many important respects. We must address their needs fairly and realistically or our economy as a whole will suffer.

However, we are down to the wire now. The old farm programs are expiring and farmers need to know the shape of the programs under which they will be operating for the next 4 years. It is important that we move ahead quickly despite any personal reservation any of us may have about the precise form of farm legislation or the budget process that may limit what may be provided in these farm programs.

The rule we consider here is, I believe, a fair one that apprises Members of what to expect in the way of amendments; it is an open rule with several waivers of the Budget Act included so as to provide Members with an opportunity to try to reshape the basic bill. An en bloc amendment will be offered that will bring the bill within shooting range of the first concurrent budget resolution in fiscal year 1982, if not in fiscal years 1983 and 1984.

I urge my colleagues to support this rule.

Mr. LOTT. Mr. Speaker, I have no further request for time, and I reserve the balance of my time.

Mr. BOLLING. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Speaker, I want to thank the chairman of the Rules Committee and the ranking member and really all the members of the Rules Committee for their great consideration and for the work they did in preparing this rule, which I certainly support.

I have a question I would like to ask the chairman of the committee.

Mr. Speaker, when the Bedell bloc amendments are offered, it is my intention at that time to demand a division, and I wanted to be sure that this was in accordance with the rule, that we could demand and have a separate vote on the two items that are within that amendment, the dairy and the sugar.

□ 1115

Mr. BOLLING. Of course, that decision will be made by the Chairman of the Committee of the Whole at that time, but it is my understanding that that is a proper request.

Mr. PEYSER. I thank the chairman for that. My intention, so that many Members who are very interested in this area will understand, is that I would be making that request to the Chair to separate the vote on the Bedell amendment and the purpose there would be to have a separate vote on the sugar issue.

The purpose would be to do that because, while the Bedell amendment reduces sugar 1 cent to bring it in line with the Senate, it really, for those who feel that the sugar program should not be carried forward, means very little. After the vote on the Bedell amendment, and as the bill progresses, I will then be offering an amendment on title IX, which has the main sugar provision in it. At that point, of course, the House will again act its will and we will proceed on that basis.

Mr. HUCKABY. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I will be glad to yield to my friend.

Mr. HUCKABY. Do I understand it is the gentleman's intention to oppose the section in the Bedell amendment that lowers the sugar support price; the gentleman prefers to have a higher sugar support price?

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. BOLLING. Mr. Speaker, I yield 1 additional minute to the gentleman from New York.

Mr. PEYSER. No. The gentleman well knows that my intention is to have no support price for sugar. I appreciate the question.

In closing, I think that while many of us have felt very strongly on the issue, there certainly have been some moments of good humor in all this. I think that is a tribute to the House and while I do not often like to concede defeat, at this time I have got to say that the cookie that the gentleman from Hawaii sent to all the Members was better than the lemon that I sent.

Mr. HUCKABY. Mr. Speaker, will the gentleman yield for one additional question?

Mr. PEYSER. I would be glad to yield if I have time.

Mr. HUCKABY. Is it the gentleman's intention to offer his amendment to the Bedell amendment or wait until we get into the section dealing with sugar?

Mr. PEYSER. No. I will ask for a separate vote on the Bedell amendment in order to defeat that section of it and then I will offer my amendment on title IX.

Mr. HUCKABY. I thank the gentleman.

Mr. LOTT. Mr. Speaker, I have no further requests for time.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 343, nay 1, not voting 89, as follows:

[Roll No. 235]

YEAS—343

Akaka
Alexander
Andrews
Annunzio
Anthony
Applegate
Archer
Ashbrook
Aspin
Atkinson
AuCoin
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Bliley
Boggs
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brown (CA)
Brown (CO)
Broyhill
Burgener
Burton, Phillip
Butler
Byron
Campbell
Carman
Carney
Chappie
Cheney
Clausen
Clinger
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Coughlin
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derwinski
Dickinson
Dicks
Dixon
Dorgan
Downey
Dreier
Duncan
Dunn
Dwyer
Dymally
Dyson
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Fascell
Fazio
Fenwick
Ferraro
Fields
Findley
Fish
Flippo
Foglietta
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Gaydos
Gephardt
Gingrich
Ginn
Glickman
Gonzalez
Goodling
Gore
Gradison
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Hollenbeck
Holt
Hopkins
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Jacobs
Jeffords
Jeffries
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Livingston
Long (LA)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Lundine
Lungren
Madigan
Markey
Marks
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mattox
Mavroules
McClory
McCollum
McCurdy
McDade
McDonald
McEwen
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Molinari
Montgomery
Moore
Moorhead
Morrison
Mottl
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nichols
Nowak
Oakar
Oberstar
Obey
Ottinger
Oxley
Panetta
Parris
Patman
Patterson
Paul
Pease
Perkins
Petri
Peyser
Pickle
Porter
Price
Pursell
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rostenkowski
Roukema
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sensenbrenner
Shamansky
Sharp
Shaw
Shelby
Shuster
Simon
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snowe
Snyder
Solarz
Solomon
Spence
St Germain
Stanton
Stark
Staton
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tauke
Tauzin
Taylor
Thomas
Udall
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Whitley
Whittaker
Whitten
Williams (MT)
Wilson
Winn
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (FL)
Young (MO)
Zablocki

NAY—1

Marlenee

NOT VOTING—89

Addabbo
Albosta
Anderson
Badham
Barnes
Beard
Blanchard
Boland
Brodhead
Brooks
Broomfield
Brown (OH)
Burton, John
Chappell
Chisholm
Clay
Coats
Coelho
Corcoran
Crane, Philip
Crockett
Daschle
Derrick
Dingell
Donnelly
Dornan
Dougherty
Dowdy
Early
Evans (IN)
Fary
Fiedler
Fithian
Florio
Foley
Ford (MI)
Fuqua
Garcia
Gejdenson
Gibbons
Gilman
Goldwater
Gramm
Hansen (UT)
Holland
Horton
Ireland
Jones (NC)
Latta
Levitas
Lewis
Loeffler
Long (MD)
Luken
Mazzoli
McCloskey
McGrath
Moffett
Mollohan
Murphy
Nelson
O'Brien
Pashayan
Pepper
Pritchard
Quillen
Rahall
Railsback
Rosenthal
Roth
Rousselot
Roybal
Savage
Schulze
Shannon
Shumway
Siljander
Skeen
Stangeland
Stump
Traxler
Trible
Weiss
White
Whitehurst
Williams (OH)
Wirth
Young (AK)
Zeferetti

□ 1130

The Clerk announced the following pairs:

On this vote:

Mr. Addabbo for, with Mr. Levitas against.

Until further notice:

Mr. Zeferetti with Mr. Railsback.
Mr. Dingell with Mr. Badham.
Mr. Early with Mr. Dougherty.
Mr. Garcia with Mr. Rousselot.
Mr. Nelson with Mr. Broomfield.
Mr. Weiss with Mr. Loeffler.
Mr. Rahall with Mr. O'Brien.
Mr. Pepper with Mr. Whitehurst.
Mr. Roybal with Mr. Quillen.
Mr. White with Mr. Brown of Ohio.
Mr. Brooks with Mr. Young of Alaska.
Mr. Fuqua with Mr. Horton.
Mr. Chappell with Mr. Pashayan.
Mr. Boland with Mr. Latta.
Mr. Mollohan with Mr. Trible.
Mr. Murphy with Mr. Pritchard.
Mr. Traxler with Mr. Skeen.
Mr. Rosenthal with Mr. Stangeland.
Mr. Coelho with Mr. Gilman.
Mr. Long of Maryland with Mr. Lewis.
Mr. Moffett with Mr. Philip M. Crane.
Mr. Donnelly with Mr. Brodhead.
Mr. John L. Burton with Mr. McCloskey.
Mrs. Chisholm with Mr. Schulze.
Mr. Ford of Michigan with Mr. Shumway.
Mr. Foley with Mr. Dornan of California.
Mr. Derrick with Mr. Williams of Ohio.
Mr. Blanchard with Mr. Daschle.
Mr. Florio with Mr. Gejdenson.
Mr. Jones of North Carolina with Mr. Fithian.
Mr. Fary with Mr. Barnes.
Mr. Wirth with Mr. Clay.
Mr. Shannon with Mr. Holland.
Mr. Ireland with Mr. Luken.
Mr. Mazzoli with Mr. Dowdy.
Mr. Evans of Indiana with Mr. Crockett.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

VETERAN'S DISABILITY COMPENSATION, HOUSING AND MEMORIAL BENEFITS AMENDMENTS OF 1981

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 917), to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and for other purposes, with Senate amendments to the House amendments, and concur in the Senate amendments to the House amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendments to the House amendments as follows:

Senate amendments to the House amendments to S. 917: In lieu of the matter proposed to be inserted by the House amendment to the text of the bill, insert the following:

SHORT TITLE; AMENDMENTS TO TITLE 38, UNITED STATES CODE

SECTION 1. (a) This Act may be cited as the "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

INCREASES IN RATES OF DISABILITY COMPENSATION

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$54" in subsection (a) and inserting in lieu thereof "$58";

(2) by striking out "$99" in subsection (b) and inserting in lieu thereof "$107";

(3) by striking out "$150" in subsection (c) and inserting in lieu thereof "$162";

(4) by striking out "$206" in subsection (d) and inserting in lieu thereof "$232";

(5) by striking out "$291" in subsection (e) and inserting in lieu thereof "$328";

(6) by striking out "$367"; in subsection (f) and inserting in lieu thereof "$413";

(7) by striking out "$434"; in subsection (g) and inserting in lieu thereof "$521";

(8) by striking out "$503"; in subsection (h) and inserting in lieu thereof "$604";

(9) by striking out "$566"; in subsection (i) and inserting in lieu thereof "$679";

(10) by striking out "$1,016"; in subsection (j) and inserting in lieu thereof "$1,130";

(11) by striking out "$1,262" and "$1,768" in subsection (k) and inserting in lieu thereof "$1,403" and "$1,966"; respectively;

(12) by striking out "$1,262" in subsection (l) and inserting in lieu thereof "$1,403";

(13) by striking out "$1,391" in subsection (m) and inserting in lieu thereof "$1,547";

(14) by striking out "$1,581" in subsection (n) and inserting in lieu thereof "$1,758";

(15) by striking out "$1,768" each place it appears in subsection (o) and (p) and inserting in lieu thereof "$1,966";

(16) by striking out "$759" and "$1,130" in subsection (r) and inserting in lieu thereof "$844" and "$1,257", respectively;

(17) by striking out "$1,137" in subsection (s) and inserting in lieu thereof "$1,264"; and

(18) by striking out "$219" in subsection (t) and inserting in lieu thereof "$244".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

INCREASES IN RATES OF ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended—

(1) by striking out "$62" in clause (A) and inserting in lieu thereof "$69";

(2) by striking out "$104" in clause (B) and inserting in lieu thereof "$116";

(3) by striking out "$138" in clause (C) and inserting in lieu thereof "$153";

(4) by striking out "$173" and "$34" in clause (D) and inserting in lieu thereof "$192" and "$38", respectively;

(5) by striking out "$42" in clause (E) and inserting in lieu thereof "$47";

(6) by striking out "$77" in clause (F) and inserting in lieu thereof "$86";

(7) by striking out "$111" and "$34" in clause (G) and inserting in lieu thereof "$123" and "$38", respectively;

(8) by striking out "$50" in clause (H) and inserting in lieu thereof "$56";

(9) by striking out "$112" in clause (I) and inserting in lieu thereof "$125"; and

(10) by striking out "$94" in clause (J) and inserting in lieu thereof "$105".

INCREASE IN CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$274" and inserting in lieu thereof "$305".

DISABLED VETERANS

SEC. 104. Section 314 is amended—

(1) in subsection (1), by striking out "both hands, or";

(2) in subsection (m), by striking out "two extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis" and inserting in lieu thereof "both hands, or of both legs at a level, or with complications, preventing natural knee action with prostheses in place, or of one arm and one leg at levels, or with complications, preventing natural elbow and knee action with prostheses";

(3) in subsection (n), by striking out "of two extremities so near the shoulder or hip as to prevent the use of a prosthetic appliance" and inserting in lieu thereof "or loss of use of both arms at levels, or with complications, preventing natural elbow action with prostheses in place, has suffered the anatomical loss of both legs so near the hip as to prevent the use of prosthetic appliances, or has suffered the anatomical loss of one arm and one leg so near the shoulder and hip as to prevent the use of prosthetic appliances,"; and

(4) in subsection (o), by inserting "or if the veteran has suffered the anatomical loss of both arms so near the shoulder as to prevent the use of prosthetic appliances," after "less,".

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

INCREASES IN RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 201. (a) Subsection (a) of section 411 is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a surviving spouse, based on the pay grade of the person upon whose death entitlement is predicated, at monthly rates set forth in the following table:

"Pay grade	*Monthly rate*
E-1	$415
E-2	428
E-3	438
E-4	466
E-5	479
E-6	490
E-7	514
E-8	542
E-9	[1] 567
W-1	525
W-2	546
W-3	562
W-4	595
O-1	525
O-2	542
O-3	580
O-4	613
O-5	676
O-6	761
O-7	824
O-8	903
O-9	970
O-10	[2] 1,061

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $610.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,138.".

(b) Subsection (b) of such section is amended by striking out "$43" and inserting in lieu thereof "$48".

(c) Subsection (c) of such section is amended by striking out "$112" and inserting in lieu thereof "$125".

(d) Subsection (d) of such section is amended by striking out "$56" and inserting in lieu thereof "$62".

INCREASES IN RATES OF DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 202. Section 413 is amended—

(1) by striking out "$189" in clause (1) and inserting in lieu thereof "$210";

(2) by striking out "$271" in clause (2) and inserting in lieu thereof "$301";

(3) by striking out "$350" in clause (3) and inserting in lieu thereof "$389"; and

(4) by striking out "$350" and "$71" in clause (4) and inserting in lieu thereof "$389" and "$79", respectively.

INCREASES IN RATES OF SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 203. Section 414 is amended—

(1) by striking out "$112" in subsection (a) and inserting in lieu thereof "$125";

(2) by striking out "$189" in subsection (b) and inserting in lieu thereof "$210"; and

(3) by striking out "$96" in subsection (c) and inserting in lieu thereof "$107".

MISCELLANEOUS DEPENDENCY AND INDEMNITY COMPENSATION AMENDMENTS

SEC. 204. (a) Section 413 is amended by inserting "(a)" before "Whenever", and by adding at the end the following new subsection:

"(b) If dependency and indemnity compensation has been awarded under this section to a veteran's child or children and the entitlement to dependency and indemnity compensation under this section of an additional child of that veteran who is over the age of eighteen years and who had previously been entitled to dependency and indemnity compensation under this section before becoming eighteen years of age is later reestablished effective retroactively upon determination that such child is pursuing a course of instruction at an approved educational institution, the amount payable retroactively to the additional child is the amount equal to the difference between the total of the increased award payable under this section to the children of the deceased veteran for the retroactive period and the prior total award for such purpose for that period.".

(b) Section 3010(e) is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) Except as provided in paragraph (2) of this subsection, the"; and

(2) by adding at the end the following new paragraph:

"(2) In the case of a child who is eighteen years of age or over and who immediately before becoming eighteen years of age was counted under section 411(b) of this title in determining the amount of the dependency and indemnity compensation of a surviving spouse, the effective date of an award of dependency and indemnity compensation to such child shall be the date the child attains the age of eighteen years if application therefor is received within one year from such date.".

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT

INCREASE IN AUTOMOBILE ASSISTANCE AMOUNT

SEC. 301. Section 1902(a) is amended by striking out "$3,800" and inserting in lieu thereof "$4,400".

EXTENSION OF ELIGIBILITY FOR ADAPTIVE EQUIPMENT ASSISTANCE

SEC. 302. Section 1902(b) is amended—

(1) by inserting "(1)" before "The"; and

(2) by adding at the end the following new paragraph:

"(2) In the case of any veteran (other than a person eligible for assistance under paragraph (1) of this subsection) who is entitled to compensation for ankylosis of one or both knees, or one or both hips, the Administrator, under the terms and conditions set forth in subsections (a), (c), and (d) of section 1903 of this title and under regulations which the Administrator shall prescribe, shall provide such adaptive equipment to overcome the disability resulting from such ankylosis as (A) is necessary to meet the applicable standards of licensure established by the State of such veteran's residency or other proper licensing authority for the operation of such veteran's automobile or other conveyance by such veteran, and (B) is determined to be necessary by the Chief Medical Director for the safe operation of such automobile or other conveyance by such veteran.".

TECHNICAL AMENDMENTS

SEC. 303. Sections 1902 and 1903(b) are amended by striking out "he" each place it appears and inserting in lieu thereof "the Administrator" and by striking out "his" each place it appears and inserting in lieu thereof "such person's".

TITLE IV—LIFE INSURANCE PROGRAM AMENDMENTS

INCREASES IN MAXIMUM AMOUNTS OF LIFE INSURANCE

SEC. 401. (a) Section 767 is amended—

(1) in subsection (a)—

(A) by striking out "$20,000" and inserting in lieu thereof "$35,000"; and

(B) by inserting "$30,000, $25,000, $20,000" after "or (B) to be insured in the amount of";

(2) in subsection (c)—

(A) by inserting "$30,000, $25,000, $20,000" after "or to be insured in the amount of"; and

(B) by inserting "$35,000, $30,000, $25,000" after "or insured in the amount of"; and

(3) by adding at the end of such section the following new subsection:

"(d) Notwithstanding any other provision of this section, any member who on the effective date of this subsection is a member of the Retired Reserve of a uniformed service (or who upon application would be eligible for assignment to the Retired Reserve of a uniformed service) may obtain increased insurance coverage up to a maximum of $35,000 (in any amount divisible by $5,000) if—

"(1) the member—

"(A) is insured under this subchapter on the effective date of this subsection; or

"(B) within one year after the effective date of this subsection, reinstates insurance under this subchapter that had lapsed for nonpayment of premiums; and

"(2) the member submits a written application for the increased coverage to the office established pursuant to section 766(b) of this title within one year after the effective date of this subsection."

(b) Section 777(a) is amended—

(1) by striking out "or $20,000" in the first sentence and inserting in lieu thereof "$20,000, $25,000, $30,000, or $35,000";

(2) by striking out "$20,000" in the second sentence and inserting in lieu thereof "$35,000"; and

(3) by striking out "$20,000" both places it appears in the fourth sentence and inserting in lieu thereof "$35,000".

COLLECTION OF AMOUNTS FOR SERVICEMEN'S GROUP LIFE INSURANCE PROGRAM

SEC. 402. Section 769 is amended by adding at the end the following new subsection:

"(f) The Secretary of Defense shall prescribe regulations for the administration of the functions of the Secretaries of the military departments under this section. Such regulations shall prescribe such procedures as the Secretary of Defense, after consultation with the Administrator, may consider necessary to ensure that such functions are carried out in a timely and complete manner and in accordance with the provisions of this section, including specifically the provisions of this subsection (a)(2) of this section relating to contributions from appropriations made for active duty pay.".

BENEFICIARY'S RIGHT TO ELECT ONE-SUM PAYMENT

SEC. 403. (a) Section 717(c) is amended—

(1) by striking out "Unless" in the first sentence and inserting in lieu thereof "Except as provided in the second and third sentences of this subsection, unless"; and

(2) by inserting the following new sentence after the second sentence: "In the case of insurance maturing after September 30, 1981, and for which no option has been elected by the insured, the first beneficiary may elect to receive payment in one sum.".

(b) Section 752(a) is amended by adding at the end the following new sentence: "Notwithstanding any provision to the contrary in any insurance contract, the beneficiary may, in the case of insurance maturing after September 30, 1981, and for which the insured has not exercised the right of election of the insured as provided in this subchapter, elect to receive payment of the insurance in one sum.".

TITLE V—VETERANS' ADMINISTRATION HOUSING BENEFITS

ESTABLISHMENT OF GRADUATED-PAYMENT PLANS IN VETERANS' ADMINISTRATION LOAN GUARANTY PROGRAM

SEC. 501. (a) Section 1803(d)(2) is amended—

(1) by inserting "(A)" after "(2)"; and

(2) by adding at the end the following new subparagraphs:

"(B) The Administrator may guarantee loans with provisions for various rates of amortization corresponding to anticipated variations in family income. With respect to any loan guaranteed under this subparagraph—

"(i) the initial principal amount of the loan may not exceed the reasonable value of the property as of the time the loan is made; and

"(ii) the principal amount of the loan thereafter (including the amount of all interest to be deferred and added to principal) may not at any time be scheduled to exceed the projected value of the property.

"(C) For the purposes of subparagraph (B) of this paragraph, the projected value of the property shall be calculated by the Administrator by increasing the reasonable value of the property as of the time the loan is made at a rate not in excess of 2.5 percent per year, but in no event may the projected value of the property for the purposes of such subparagraph exceed 115 percent of such reasonable value. A loan made for a purpose other than the acquisition of a single-family dwelling unit may not be guaranteed under such subparagraph.".

(b) Section 1828 is amended—

(1) by inserting "(1)" after "constitution or law"; and

(2) by inserting "(2) restricting the manner of calculating such interest (including prohibition of the charging of interest on interest), or (3) requiring a minimum amortization of principal," after "lenders,".

INCREASE IN MAXIMUM AMOUNTS OF SPECIALLY ADAPTED HOUSING ASSISTANCE

SEC. 502. Section 802 is amended—

(1) in subsection (a)—

(A) by striking out "$30,000" and inserting in lieu thereof "$32,500";

(B) by striking out "him" each place it appears and inserting in lieu thereof "such veteran"; and

(C) by striking out "his" in clause (3) and inserting in lieu thereof "such veteran's"; and

(2) by striking out "section 804(b)(2)" in subsection (b) and inserting in lieu thereof "section 804(b)".

EXTENSIONS OF MAXIMUM TERMS OF GUARANTEED LOANS FOR MOBILE-HOME PURCHASES

SEC. 503. Paragraph (1) of section 1819(d) is amended to read as follows:

"(1) The maturity of any loan guaranteed under this section shall not be more than—

"(A) fifteen years and thirty-two days, in the case of a loan for the purchase of a lot;

"(B) twenty years and thirty-two days, in the case of a loan for the purchase of—

"(i) a single-wide mobile home; or

"(ii) a single-wide mobile home and a lot;

"(C) twenty-three years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home; or

"(D) twenty-five years and thirty-two days, in the case of a loan for the purchase of a double-wide mobile home and a lot.".

TECHNICAL AMENDMENTS

SEC. 504. Section 1826 is amended—

(1) by striking out subsection (a); and

(2) by striking out "(b)".

TITLE VI—MISCELLANEOUS PROVISIONS

VETERANS' ADMINISTRATION ADMINISTRATIVE REORGANIZATIONS; REQUIRED STAFFING LEVEL AUTHORITIES

SEC. 601. (a)(1) Section 210(b) is amended—

(A) by inserting "(1)" after "(b)"; and

(B) by adding at the end the following new paragraph:

"(2)(A) The Administrator may not in any fiscal year implement an administrative reorganization described in subparagraph (B) of this paragraph unless the Administrator first submits to the appropriate committees of the Congress a report containing a detailed plan and justification for the administrative reorganization. Any such report shall be submitted not later than the day on which the President, pursuant to section 201(a) of the Budget and Accounting Act, 1921 (31 U.S.C. 11(a)), submits to the Congress the Budget for the fiscal year in which the administrative reorganization is to be implemented. No action to carry out such reorganization may be taken after the submission of such report until the first day of such fiscal year.

"(B) Subparagraph (A) of this paragraph applies only to an administrative reorganization within the Veterans' Administration that involves a reduction during any fiscal year in the number of full-time equivalent employees with permanent duty stations at a covered office or facility—

"(i) by 10 percent or more, or

"(ii) by a percent which, when added to the percent reduction under this subsection in the number of such employees with permanent duty stations at such office or facility during the preceding fiscal year, is 15 percent or more.

"(C) For the purposes of this paragraph—

"(i) The term 'administrative reorganization' means a consolidation, elimination, abolition, or redistribution of functions under the authority granted the Administrator under the second sentence of paragraph (1) of this subsection.

"(ii) The term 'covered office or facility' means a Veterans' Administration office or facility that is the permanent duty station for 25 or more employees or that is a freestanding outpatient clinic.".

(2) Paragraph (2) of section 210(b) of title 38, United States Code, as added by paragraph (1), does not apply to an administrative reorganization (as defined in such paragraph (2)) that is fully accomplished before the date of the enactment of this Act.

(b) Section 5010(a) is amended—

(1) in paragraph (4)—

(A) by inserting "for any fiscal year (or any part of a fiscal year)" in subparagraph (A) after "for the Veterans' Administration"; and

(B) by inserting "(or part of a fiscal year)" after "fiscal year" the first place it appears in subparagraph (B) and both places it appears in subparagraph (D); and

(2) By adding at the end the following new paragraph:

"(5) Notwithstanding any other provision of this title or of any other law, funds appropriated for the Veterans' Administration under the appropriation accounts for medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses may not be used for, and no employee compensated from such funds may carry out any activity in connection with, the conduct of any study comparing the cost of the provision by private contractors with the cost of the provision by the Veterans' Administration of commercial or industrial products and services for the Department of Medicine and Surgery unless such funds have been specifically appropriated for that purpose.".

CONTINUED PAYMENT OF PENSION TO CERTAIN HOSPITALIZED VETERANS UNDERGOING A PRESCRIBED PROGRAM OF REHABILITATION

SEC. 602. Paragraph (1) of section 3203(a) is amended—

(1) by striking out "Where" in subparagraph (B) and inserting in lieu thereof "Except as provided in subparagraph (D) of this paragraph, where"; and

(2) by adding at the end the following new subparagraph:

"(D) In the case of a veteran being furnished hospital or nursing home care by the Veterans' Administration and with respect to whom subparagraph (B) of this paragraph requires a reduction in pension, such reduction shall not be made for a period of up to three additional calendar months after the last day of the third month referred to in such subparagraph if the Administrator determines that the primary purpose for the furnishing of such care during such additional period is for the Veterans' Administration to provide such veteran with a prescribed program of rehabilitation services, under chapter 17 of this title, designed to restore such veteran's ability to function within such veteran's family and community. If the Administrator determines that it is necessary, after such period, for the veteran to continue such program of rehabilitation services in order to achieve the purposes of such program and that the primary purpose of furnishing hospital or nursing home care to the veteran continues to be the provision of such program to the veteran, the reduction in pension required by subparagraph (B) of this paragraph shall not be made for the number of calendar months that the Administrator determines is necessary for the veteran to achieve the purposes of such program.".

HEADSTONES, MARKERS, AND MEMORIAL AREAS

SEC. 603. (a) Subsection (b) of section 906 is amended to read as follows:

"(b) The Administrator shall furnish, when requested, an appropriate memorial headstone or marker for the purpose of commemorating any veteran—

"(1) whose remains have not been recovered or identified,

"(2) whose remains were buried at sea, whether by the veteran's own choice or otherwise,

"(3) whose remains were donated to science, or

"(4) whose remains were cremated and the ashes scattered without interment of any portion of the ashes, for placement by the applicant in a national cemetery area reserved for such purpose under the provisions of section 1003 of this title or in a State, local, or private cemetery.".

(b) Subsection (a) of section 1003 is amended to read as follows:

"(a) The Administrator shall set aside, when available, suitable areas in national cemeteries to honor the memory of members of the Armed Forces and veterans—

"(1) who are missing in action;

"(2) whose remains have not been recovered or identified;

"(3) whose remains were buried at sea, whether by the member's or veteran's own choice or otherwise;

"(4) whose remains were donated to science; or

"(5) whose remains were cremated and the ashes scattered without interment of any portion of the ashes.".

MINIMUM ACTIVE-DUTY SERVICE REQUIREMENT FOR BENEFITS

SEC. 604. (a)(1) Chapter 53 is amended by inserting after section 3103 the following new section:

"§ 3103A. Minimum active-duty service requirement

"(a) Notwithstanding any other provision of law, any requirements for eligibility for or entitlement to any benefit under this title or any other law administered by the Veterans' Administration that are based on the length of active duty served by a person who initially enters such service after September 7, 1980, shall be exclusively as prescribed in this title.

"(b)(1) Except as provided in paragraph (3) of this subsection, a person described in paragraph (2) of this subsection who is discharged or released from a period of active duty before completing the shorter of—

"(A) 24 months of continuous active duty, or

"(B) the full period for which such person was called or ordered to active duty, is not eligible by reason of such period of active duty for any benefit under this title or any other law administered by the Veterans' Administration.

"(2) Paragraph (1) of this subsection applies—

"(A) to any person who originally enlists in a regular component of the Armed Forces after September 7, 1980; and

"(B) to any other person who enters on active duty on or after the date of the enactment of the Veterans' Disability Compensation, Housing, and Memorial Affairs Amendments of 1981 and has not previously completed a continuous period of active duty of at least 24 months or been discharged or released from active duty under section 1171 of title 10.

"(3) Paragraph (1) of this subsection does not apply—

"(A) to a person who is discharged or released from active duty under section 1171 or 1173 of title 10;

"(B) to a person who is discharged or released from active duty for a disability incurred or aggravated in line of duty;

"(C) to a person who has a disability that the Administrator has determined to be compensable under chapter II of this title;

"(D) to the provision of a benefit for or in connection with a service-connected disability, condition, or death; or

"(E) to benefits under chapter 19 of this title.

"(c)(1) Except as provided in paragraph (2) of this subsection, no dependent or survivor of a person as to whom subsection (b) of this section requires the denial of benefits shall, by reason of such person's period of active duty, be provided with any benefit under this title or any other law administered by the Veterans' Administration.

"(2) Paragraph (1) of this subsection does not apply to benefits under chapters 19 and 37 of this title.

"(d) For the purposes of this section, the term 'benefit' includes a right or privilege, but does not include a refund of a participant's contributions to the educational benefits program provided by chapter 32 of this title.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 3103 the following:

"3103A. Minimum active-duty service requirement.".

(b) Section 3103A of title 38, United States Code, as added by subsection (a), shall not apply with respect to the receipt by any person of any benefit provided by or pursuant to law before the date of the enactment of this Act. Notwithstanding such section, a person who before such date has received a certificate of eligibility from the Administrator of Veterans' Affairs for benefits under chapter 37 of title 38, United States Code, is eligible for such benefits after such date.

DELIMITING DATES FOR SURVIVING SPOUSES OF CERTAIN SERVICE-CONNECTED DISABLED VETERANS

SEC. 605. (a) Section 1712(b)(1) is amended—

(1) by inserting "of the following" after "whichever";

(2) by striking out "the date" in clause (A) and inserting in lieu thereof "The date";

(3) by striking out the comma and "or" at the end of clause (A) and inserting in lieu thereof a period; and

(4) by striking out clause (B) and inserting in lieu thereof the following:

"(B) The date of death of the spouse from whom eligibility is derived who dies while a total disability evaluated as permanent in nature was in existence.

"(C) The date on which the Administrator determines that the spouse from whom eligibility is derived died of a service-connected disability.".

(b) Subsection (f) of section 2 of Public Law 90-631 (82 Stat. 1331) is amended to read as follows:

"(f)(1) Except as provided in paragraph (2) of this subsection, in the case of any person who is an eligible person by reason of subparagraph (B) or (D) of section 1701(a)(1) of title 38, United States Code, if the date of death or the date of the determination of service-connected total disability permanent in nature of the person from whom eligibility is derived occurred before December 1, 1968, the 10-year delimiting period referred to in section 1712(b)(1) of such title shall run from such date.

"(2) If the death of the person from whom such eligibility is derived occurred before December 1, 1968, and the date on which the Administrator of Veterans' Affairs determines that such person died of a service-connected disability is later than December 1, 1968, the delimiting period referred to in section 1712(b)(1) of such title shall run from the date on which the Administrator makes such determination.".

WAIVER OF PRO RATA REFUND REQUIREMENT IN THE CASE OF CERTAIN INSTITUTIONS

Sec. 606. Section 1776 is amended by adding at the end the following new subsection:

"(d) The Administrator may waive, in whole or in part, the requirements of subsection (c)(13) of this section in the case of an educational institution which—

"(1) is a college, university, or similar institution offering postsecondary level academic instruction that leads to an associate or higher degree,

"(2) is operated by an agency of a State or of a unit of local government,

"(3) is located within such State or, in the case of an institution operated by an agency of a unit of local government, within the boundaries of the area over which such unit has taxing jurisdiction, and

"(4) is a candidate for accreditation by a regional accrediting association.

if the Administrator determines, pursuant to regulations which the Administrator shall prescribe, that such requirements would work an undue administrative hardship because the total amount of tuition, fees, and other charges at such institution is nominal.".

NAMING OF VETERANS' ADMINISTRATION MEDICAL CENTERS

Sec. 607. (a) The Veterans' Administration Medical Center in Reno, Nevada, shall after the date of the enactment of this Act be known and designated as the "Ioannis A. Lougaris Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Ioannis A. Lougaris Veterans' Administration Medical Center.

(b) The Veterans' Administration Medical Center in Clarksburg, West Virginia, shall after the date of the enactment of this Act be known and designated as the "Louis A. Johnson Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Louis A. Johnson Veterans' Administration Medical Center.

TITLE VII—EFFECTIVE DATES

Sec. 701. (a) The amendments made by titles I, II, and III shall take effect as of October 1, 1981.

(b)(1) Except as othewise provided in this subsection, the amendments made by titles IV, V, and VI shall take effect on the date of the enactment of this Act.

(2) The amendments made by section 401 shall take effect on December 1, 1981.

(3) The amendments made by section 504 shall take effect as of October 17, 1980.

(4) The amendments made by section 601(b)(1) shall take effect as of October 1, 1981.

(5) The amendments made by section 602 shall take effect on the date of the enactment of this Act and shall apply with respect to veterans admitted to a Veterans' Administration hospital or nursing home on or after such date.

(6) The amendments made by section 603 shall apply with respect to veterans dying before, on, or after the date of the enactment of this Act.

In lieu of the amendment of the House to the title of the bill, amend the title so as to read: "An Act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, to increase the rates of dependency and indemnity compensation for the surviving spouses and children of disabled veterans, to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans, to increase the maximum amount payable under the Veterans' Administration automobile assistance and specially adapted housing assistance programs, to expand eligibility for memorial markers to require advance notification to Congress regarding certain Veterans' Administration reorganizations, and to limit expenditures of medical appropriations in connection with contracting-out studies; and for other purposes.".

Mr. MONTGOMERY (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments to the House amendments be considered as read and printed in the Record.

The SPEAKER pro tempore (Mr. Mineta). Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Mississippi?

Mr. HAMMERSCHMIDT. Mr. Speaker, I reserve the right to object.

Mr. Speaker, I yield to the distinguished chairman of the committee, the gentleman from Mississippi (Mr. Montgomery).

Mr. MONTGOMERY. Mr. Speaker, on September 21, the House by unanimous voice vote passed H.R. 3995, in lieu of the provisions of S. 917, which passed the Senate on July 24 and which would have provided an across-the-board 11.2-percent cost-of-living adjustment in compensation and DIC benefits. The House bill would have provided an average 11.3-percent cost-of-living adjustment in these benefits effective October 1, 1981, with the more seriously disabled veterans receiving a higher rate of increase. I advised you at that time that this bill would provide a much-needed cost-of-living increase and that it was within the targets established by the first concurrent budget resolution. This legislation is necessary since the cost-of-living increase for service-connected veterans is not indexed by law.

I am happy to say that we have resolved our differences with the Senate and have retained the major parts of our bill.

The amendments I bring before you today, and which were passed by the Senate yesterday, provide for an average 11.2-percent increase. This is in keeping with President Reagan's economic projections in his budget submission. At the same time, the way this increase is weighted reflects the committee's concern and subsequent efforts to remedy a situation which has occurred within the program.

Over the years, the effects of periodic rate increases have served to distort the compensation rate structure. Totally disabled veterans have always received our sympathetic consideration. This is shown by their current $1,016 monthly rate, about double the $566 rate payable for a 90-percent disability.

On the other hand, rounding off to the next higher dollar has increased rates for the least disabled veterans—those at the 10- to 30-percent levels—beyond what has been justified by their disabilities or the Consumer Price Index.

It is felt that we should utilize the earmarked funds in the budget resolution to adjust the scale so that veterans with a greater disability receive a greater proportionate share of the increase. This is consistent with what we have done in past years.

As a matter of fact, since July 1, 1952, there have been 15 cost-of-living increases provided by the Congress in service-connected benefits. Out of these, nine provided for a graduation in one form or another. The principle upon which this has been based is a logical attempt by the Congress to provide moneys proportionate to the reduction in the abilities of the individuals to engage in productive employment.

Mr. Speaker, this measure will benefit 2,275,969 service-connected veterans and 324,206 widows and children of veterans who died of service-incurred causes.

In addition to providing for a cost-of-living increase, the proposed amendments contain certain provisions which would benefit our amputeed veterans by raising by one full step the statutory award designation payable to veterans who suffer from service-connected loss or loss of use of both upper extremities. Such veterans have little ability to care for themselves and this provision will help rectify the disparity between compensation rates for loss of function between those who have suffered the anatomical loss or loss of use of both upper extremities and those who have suffered a loss of the lower extremities.

In addition, the amendments provide a more equitable system for computation of survivors' dependency and indemnity compensation (DIC) when an overpayment is created by the retroactive addition of certain children. It also eliminates duplication of DIC for the month in which a child in the widow's custody becomes 18 if such child is pursuing a course of higher education and becomes eligible for DIC benefits in his or her own right. Similar provisions were contained in last year's compensation bill but were deleted by the Senate. I am pleased that we were able to resolve this issue this year. These are basically housekeeping provisions which will simplify VA processing procedures.

The automobile assistance allowance would be increased from $3,800 to $4,400. As we all know, rapid inflation has hit the automobile industry. This provision will be of utmost help to those service-connected veterans who become eligible for this allowance. Further, the amendments extend eligibility for automobile adaptive equipment in certain cases to veterans who suffer from ankylosis of the hip or the knee. Mr. Speaker, in order to make sure that this benefit is not abused, we worked with the Senate and as a result require that the State licensing authorities and the chief medical director must make a determination of the necessity for adaptive equipment in all such cases.

Mr. Speaker, maximum insurance coverage for SGLI and VGLI for active duty personnel and reservists would be increased from $20,000 to $35,000. This must be done in order to preserve the value of their insurance coverage. The last increase in coverage to $20,000 was effective in 1974. Inasmuch as the cost of living has increased approximately 65 percent since then, this increased ceiling is consistent with the rise in living costs and will insure that this type of insurance keep up with their needs. This provision is strongly supported by the Defense Department and the administration. Since the programs are designed and operated to be self-sustaining, there will be no impact on our efforts to balance the budget.

The amendments contain two additional insurance provisions. One of these requires the Secretary of DOD to issue regulations to insure timely collection of SGLI premiums from reservists. A GAO study conducted last year reflected that this was a significant problem. Estimates on members separated and indebted from the Navy alone indicated over a $3 million delinquency. Though the program is financially secure, this means those who are paying their premiums are also paying for the delinquent reservists. This provision assures that the premium paying burden is shared by all of the individuals who choose to have this protection.

Beneficiaries of NSLI and USGLI insurance programs would be permitted to elect lump-sum payments of proceeds if the veteran fails to specify a payment option. Under current law, payment of these proceeds cannot be made in less than 36 equal monthly installments unless the veteran specifies a lump-sum option. Mr. Speaker, I wish to specify that this will not cancel any designation made by the veteran. The relationship between the veteran and the VA is contractual when it comes to insurance and the designation of beneficiary and mode of payment. In contacting the Attorney General with regard to undesignated cases, however, he responded that no substantial constitutional objections could be raised and that a change in law could be effected to provide for a lump-sum settlement in such cases. Therefore, Mr. Speaker, this provision will be a great help to many widows who would otherwise have to receive the benefits over a period of several months.

Additionally, the amendments permit the VA to guarantee graduated-payment mortgage loans. This is similar to a provision passed by the House on June 2. As you are aware, Mr. Speaker, current interest rates are preventing many veterans from purchasing homes. It is hoped that this change in the law will provide some relief for young veterans who would otherwise be unable to purchase a home.

For those who are interested in manufactured housing rather than conventional, the measure extends the maximum terms of loans for the purchase of mobile homes.

The specially adapted housing allowance would be increased from $30,000 to $32,500. Mr. Speaker, as you know, paraplegic veterans require special ramps, plumbing facilities, wide doors, and other adaptations essential for their health and safety. In view of steadily escalating housing costs, this small increase will help meet the needs of this special group of veterans.

Mr. Speaker, in order to reach an agreement on the differences between the Senate- and House-passed bills, we had to compromise on one issue which I think is very important. The original House-passed version of this bill would have provided a one-house veto over any major reorganization plan involving substantial personnel reductions.

The compromise we are considering today, while preserving the principle of congressional oversight regarding reorganizations, does not include the single House veto authority. It does, we hope, achieve the desired result by requiring that any proposed major reorganization be submitted to the Congress with the annual budget submission and and that such reorganization cannot be implemented until the beginning of the first day—October 1—of the new fiscal year. I think it is important that the Congress play a major role in any significant change in the makeup of the Veterans Administration.

As you will recall, earlier this year, the administration proposed to consolidate the adjudication and loan guaranty functions now in 57 different regional offices into one central location. This ill-conceived plan, abandoned by the administration, would have had a most devastating effect on the operation of these programs. It would also have required the transfer of some 12,000 VA personnel and would have cost tens of millions of dollars in relocation and other expenses. Even though the other body would not accept our proposal on this matter, the compromise agreement is a good one and I can assure you that we will watch closely the actions of the Office of Management and Budget. The Veterans' Affairs Committee will not hesitate to come forth with new legislation if the administration takes arbitrary action and ignores the specific direction of Congress regarding this matter.

In addition, the House in its original bill wanted to expand the current statutory provision of law so that funds appropriated for certain personnel staff levels in three medical accounts would also apply to other VA accounts, including general operating expenses and construction. This was not acceptable to the other body. The compromise agreement does not add to the specification of the three listed accounts. However, it does contain provisions amending section 5010(a)(4) solely for the purpose of clarifying that it applies to an appropriation law, such as a continuing resolution, that provides funding for only a part of a fiscal year.

To section 5010(a) a new paragraph (5) to prohibit the use of funds appropriated for the VA health-care accounts for—and to prohibit any VA employees compensated from such funds from undertaking—the conduct of certain cost-comparison studies regarding the contracting-out of functions of the VA's Department of Medicine and Surgery (D.M. & S.).

At this time, VA is being required to conduct approximately 4,000 studies to evaluate the comparative costs of having items such as laundry and food service performed by private contractors rather than VA personnel. I am told that these so-called cost-savings studies could cost the VA medical care budget as much as $29 million in fiscal year 1982 and fiscal year 1983.

The next provision of the bill is in response to the needs of certain veterans in receipt of non-service-connected pension benefits who are undergoing a prescribed program of rehabilitation.

Under current law, an individual without dependents who is hospitalized for 90 continuous days or more may suffer a decrease in pension benefits. This provision is formulated to prevent blinded and other veterans undergoing rehabilitation from having to forfeit their pension by extending this 90-day limitation to 180 days. In cases exceeding the prescribed 180 days, the Administrator is authorized to determine future entitlement on a case-by-case basis if continuing rehabilitation is needed.

Mr. Speaker, a provision similar to House-passed H.R. 1714, which passed the House on June 2, is also contained in this compromise agreement. This provision would require the VA to furnish headstones and markers in cases where a veteran's remains are donated to science or are cremated. In addition, this provision not only would provide markers for veterans memorialized in State cemeteries, it would permit the Administrator to memorialize veterans, MIA's or those buried at sea by setting aside areas in national cemeteries in honor of those whose remains are unrecoverable.

This provision would have no inflationary impact and is supported by the administration.

Mr. Speaker, the provision dealing with the minimum service requirement for VA-administered benefits eligibility is highly technical in nature. As you know, the original bar to benefits provision is contained in section 977 of title 10, Public Law 96-342, which became effective September 8, 1980. Our language simply clarifies the intent of the Congress and provides specific guidelines insofar as VA benefits are concerned. It solves an existing inequity by treating officers and enlisted men alike and reclassifies the term "disability." Unfortunately, under the provisions of Public Law 96-342, dental caries could be deemed as service-connected disabilities and thus qualify individuals, who otherwise breached their contract with the military service, to the full realm of VA benefits.

The next provision regarding the chapter 35 delimiting period modification is in response to the case of a spouse of a veteran whose death occurred prior to December 1968 but whose death was not determined to be service connected until many years later. This provision insures that such 10-year delimiting period for educational purposes commences as of the date the VA determines that it is a service-connected death. Though this has not been a frequent occurrence, I am quite pleased that by enactment of this provision, no spouse will be denied the benefits to which she is entitled. The last education provision permits the Administrator to waive a requirement that a nonaccredited institution maintain a pro rata refund policy in the case of a public institution that is a candidate for accreditation when the Administrator determines that the small amount of tuition, fees, and other charges at the institution make such a requirement an undue administrative hardship. To my knowledge, only one such educational institution would be affected at this time.

Finally, the amendments would name the VA medical center in Reno, Nev., the "Ioannis A. Lougaris VA Medical Center." In addition, effective the date of enactment, the VA medical center in Clarksburg, W. Va., would be named the "Louis A. Johnson Veterans Administration Medical Center."

Mr. Speaker, in summary, the proposed amendments will enhance the lives of our service-connected veterans and many other veterans who have served in the defense of our country.

We have worked closely with the majority and minority of the Senate Veterans' Affairs Committee in reaching agreement on all these issues. I therefore urge favorable consideration of this measure.

Mr. Speaker, because of the delay in clearing this legislation, the October compensation checks will be issued at the old rates. The VA has told me that if we clear the amended bill today and the President signs it into law without delay, the retroactive checks for October can be put into the mails during the first week in November and that the November checks payable on December 1 would be at the new rates.

There follows a detailed explanation of the agreement reached with the other body on S. 917.

EXPLANATORY STATEMENT OF SENATE BILL, HOUSE AMENDMENT (H.R. 3995), AND COMPROMISE AGREEMENT ON S. 917, THE "VETERANS' DISABILITY COMPENSATION, HOUSING, AND MEMORIAL BENEFITS AMENDMENTS OF 1981"

TITLE I—VETERANS' DISABILITY COMPENSATION BENEFITS

Rate increase

Both the Senate bill and the House amendment would amend chapter 11 of title 38, United States Code, to increase, effective October 1, 1981, the basic rates of service-connected disability compensation for veterans, the rates payable for certain severe disabilities, the annual clothing allowance for certain severely disabled veterans, and the dependents' allowances payable to veterans rated 30-percent or more disabled. The Senate bill would increase those rates and allowances by 11.2 percent; the House amendment would increase the basic rates by an average of 11.3 percent and the other rates and allowances by 11.3 percent.

The compromise agreement would provide increases, effective October 1, 1981, of an average of 11.2 percent in the basic rates. The rates under current law, the Senate bill, the House amendment, and the compromise agreement are as follows:

Disability rating	Current law	Senate bill	House amendment	Compromise agreement
10 percent	$54	$60	$58	$58
20 percent	99	110	109	107
30 percent	150	167	165	162
40 percent	206	229	229	232
50 percent	291	324	325	328
60 percent	367	408	415	413
70 percent	434	483	505	521
80 percent	503	559	595	604
90 percent	566	629	680	679
100 percent	1,016	1,130	1,131	1,130

The compromise agreement would further provide for 11.2-percent increases, effective October 1, 1981, in the rates payable for certain severe disabilities, the annual clothing allowance, and the dependents' allowances.

Increase in Compensation Payable to Certain Severely Disabled Veterans

The Senate bill, but not the House amendment, would amend section 314 of title 38, effective October 1, 1981, to raise by one full step the statutory award designation that determines the rates of special monthly compensation payable to veterans who suffer from service-connected loss or loss of use of both upper extremities.

TITLE II—SURVIVORS' DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS

Rate increase

Both the Senate bill and the House amendment would amend chapter 13 of title 38, United States Code, to provide, effective October 1, 1981, an increase of 11.2 and 11.3 percent, respectively, in the rates of dependency and indemnity compensation (DIC) payable to the surviving spouses and children of veterans whose deaths were service connected.

The House recedes.

Miscellaenous DIC amendments

The House amendment, but not the Senate bill, would amend section 413 of title 38 to limit the amount of retroactive DIC benefits payable to a veteran's surviving child (in cases where there is no surviving spouse) whose eligibility for DIC benefits is established at a time later than the eligibility of the veteran's other surviving child or children was established. This provision would limit the amount paid to such a later-eligible child to an amount equal to the difference between the total amount paid to other surviving children and the amount that would have been paid if such child had established eligibility on a timely basis.

The Senate recedes with an amendment providing that, effective October 1, 1981, this limitation would apply only to those situations involving a child who is over the age of eighteen years who had previously been entitled to DIC and who is, after reaching eighteen years of age, determined to be entitled to retroactive DIC payments by virtue of attending school. The Committees expect that the VA, in implementing this provision, will take appropriate steps to alert individuals who may be affected by this limitation of the importance of promptly reporting to the VA changes in status so as to avoid application of the new limitation entirely or largely.

The House amendment, but not the Senate bill, would amend section 3010(e) of title 38 to provide that where a surviving spouse is a DIC recipient receiving a dependent's allowance for a child and the child becomes entitled to DIC when he or she has reached age 18 and is attending school, the DIC benefit payable to the surviving child for the month in which he or she reaches age 18 would be reduced by the amount of the dependent's allowance paid to the surviving spouse.

The Senate recedes with an amendment that, effective October 1, 1981, would provide that the effective date of the otherwise eligible surviving child's award for the month in which such child turns 18 is the date of the child's eighteenth birthday—the same effective date, under present law, for the reduction made in the dependent's allowance received by the surviving spouse on behalf of such child.

TITLE III—AUTOMOBILE ASSISTANCE AND ADAPTIVE EQUIPMENT

Automobile assistance amount

The Senate bill, but not the House amendment, would amend section 1902 of title 38, United States Code, to increase from $3,800 to $5,000, effective October 1, 1981, the maximum amount of assistance payable by the Administrator toward the purchase price of an automobile or other conveyance.

The House recedes with an amendment increasing the maximum amount to $4,400.

Extension of eligibility for adaptive equipment

The Senate bill, but not the House amendment, would further amend section 1902 to provide, effective October 1, 1981, a veteran (not already eligible for the section 1902 automobile-purchase grant) who suffers from service-connected ankylosis of one or both knees, or one or both hips, with eligibility for such appropriate automobile adaptive equipment as is determined to be necessary to meet the applicable standards of licensure established by the State of the veteran's residence or as is determined necessary for the veteran's safe operation of the automobile. The Senate bill would also, effective October 1, 1981, make technical corrections in chapter 39.

The House recedes with an amendment that would require the Chief Medical Director to make a determination of the necessity for adaptive equipment in all cases. In connection with this provision, the Committees note the wide discrepancy between the cost estimates prepared by the VA and those prepared by the Congressional Budget Office. In light of this discrepancy, the Committees will monitor carefully the implementation of this provision and direct the VA to maintain for at least three years data on the costs arising as a result of the enactment of this provision.

TITLE IV—LIFE INSURANCE PROGRAM AMENDMENTS

Increase in maximum amounts of insurance

Both the House amendment and H.R. 3499 as passed by the Senate on June 16, 1981, would amend chapter 19 of title 38, United States Code, to increase from $20,000 to $35,000 the maximum amount of Servicemen's Group Life Insurance and Veteran's Group Life Insurance that may be purchased. The House provision would be effective on October 1, 1981, or on the first day of the first month beginning more than 60 days after the date of enactment, whichever is the later; the Senate provision, on the first day of the first month which begins at least 60 days after the date of enactment.

The compromise agreement contains this provision made effective December 1, 1981. In connection with the compromise agreement provision extending the increased-insurance opportunity to those who are members of the Retired Reserve of a uniformed service on the effective date, including those who, on that date, would upon application be eligible for "assignment" to the Retired Reserve, the Committees note that the term "assignment" is intended to have the same meaning as the term "transfer" in section 269(f) of title 10, United States Code, the provision relating to transfers to the Retired Service.

The term "assignment" is used in the compromise agreement for purposes of consistency with the uses of the terms "assigned" and "assignment" in the Retired Reserve context in other title 38 provisions (sections 765(5) and 767(a)), terms which the Committees understand are interpreted by the VA as having the same meaning as "transferred" and "transfer".

Collection of amounts for servicemen's group life insurance program

The House amendment, but not the Senate bill, would amend section 769 of title 38 to require, effective on October 1, 1981, the Secretary of Defense to prescribe regulations to ensure timely collection of Servicemen's Group Life Insurance premiums from reservists.

The Senate recedes with an amendment making the provision effective on the date of enactment.

Beneficiary's right to elect one-sum payment

The House amendment, but not the Senate bill, would amend chapter 19 of title 38 to permit beneficiaries of National Service Life Insurance and United States Government Life Insurance policies to elect lump-sum payments of proceeds if the insured veteran did not specify a payment option. The House amendment, which would apply with respect to policies maturing after March 31, 1982, would further require the VA to notify each individual insured under such policies of the amendments made by the provision and provide each such individual with the forms necessary for the election of a payment option.

The Senate recedes with an amendment making the chapter 19 amendments applicable to policies maturing on or after October 1, 1981, and deleting the requirement that the Administrator notify all insured veterans of the modification. However, the Committees expect that the Administrator will, at the time of the next regular mailing to policyholders (generally, the annual premium notice) advise such veterans of this modification and their rights to specify a payment option in order to preclude, if they wish to do so, the availability of the lump-sum option to their beneficiaries.

TITLE V—VETERANS' ADMINISTRATION HOUSING BENEFITS

Establishment of graduated payment plans in veterans' administration loan guaranty program

Both the Senate bill and H.R. 2039 as passed by the House on June 2, 1981, would amend chapter 37 of title 38, United States Code, to permit, effective October 1, 1981, the VA to guarantee graduated-payment mortgage loans.

The compromise agreement contains this provision made effective on the date of enactment.

Increase in maximum amounts of specially adapted housing assistance

The Senate bill, but not the House amendment, would amend section 802 of title 38 to increase from $30,000 to $35,000, effective October 1, 1981, the maximum amount of assistance payable for specially adapted housing and to make a series of technical corrections.

The House recedes with an amendment increasing the maximum amount to $32,500 and making the provision effective on the date of enactment.

Extensions of maximum terms of guaranteed loans for mobile-home purchases

The Senate bill, but not the House amendment, would amend section 1819(d) of title 38 to conform, effective October 1, 1981, the maximum maturities for mobile home loans which may be guaranteed by the VA to the maximum maturities applicable as of October 1, 1981, by virtue of the enactment of Public Law 97-35 (section 338(a)), in the case of FHA-insured loans for the purchase of manufactured housing. The applicable maximums would be as follows: 20 years in the case of loans for a single-wide home and for a single-wide home and a lot; 23 years for a double-wide home; and 25 years for a double-wide home and a lot.

The House recedes with an amendment making the provision effective on the date of enactment.

Technical amendment

The Senate bill, but not the House amendment, would amend section 1826 of title 38, effective on the date of enactment, to make a technical correction so as to conform the provisions of chapter 37, with respect to withholding of benefits in order to recoup debts arising as a result of loans made or guaranteed under that chapter, to the provisions of section 3114, relating to indebtedness offsets, enacted by Public Law 96-466.

The House recedes with an amendment making the provision effective on October 17, 1980, the date of enactment of Public Law 96-466.

TITLE VI—MISCELLANEOUS PROVISIONS

Veterans' administration reorganizations

The House amendment, but not the Senate bill, would amend section 210(b) of title 38, United States Code, effective October 1, 1981, to provide generally that no exercise of the Administrator's authority thereunder with respect to the consolidation, elimination, abolition, or redistribution (hereinafter referred to as "reorganization") of VA bureaus, agencies, offices, or activities shall be effective unless the Administrator has submitted a plan for the proposed reorganization to the Congress and, within sixty days thereafter, neither House of Congress adopts a resolution of disapproval. This requirement for Congressional opportunity to disapprove reorganizations would not apply to reorganizations that exist on the date of enactment or to any exercise of the section 210(b) authority that involves less-than-10-percent reductions in any fiscal year in the number of full-time equivalent employees (FTEE's) at any VA office or facility. In computing the sixty-day period for Congressional disapproval, periods of adjournment by either House of Congress of more than three days would not be counted.

The Senate recedes with an amendment to section 210 of title 38 that would provide, instead of the Congressional-disapproval-opportunity provisions, for advance notice to the Congress regarding certain reorganizations.

Under the compromise agreement, the Administrator's exercise of the reorganization authority would, effective on the date of enactment with respect to reorganizations not fully accomplished prior thereto, be conditioned in certain circumstances on the VA's following specific procedures. Thus, in any case in which the Administrator proposes a reorganization that would reduce by a specified percentage of the level of full-time equivalent employees (FTEE's) permanently assigned to a specified facility or office, the Administrator would be required to submit to the Congress no later than the day on which the President submits the Budget of the United States Government for a fiscal year a detailed plan and timetable for the proposed reorganization, and the Administrator would not be permitted to implement the planned reorganization before the first day (October 1) of that fiscal year. The requirement to follow this advance notification procedure would apply to any proposed reorganization that would, in any fiscal year after fiscal year 1982, reduce the number of FTEE's permanently assigned to any VA facility or office that is either the permanent duty station for 25 or more employees or a freestanding outpatient clinic by either 10 percent or more or by a percentage that, when added to the percentage reduction resulting from a reorganization in the preceding fiscal year, is 15 percent or more.

Because the condition regarding advance notice to Congress could not be complied with regarding such an administrative reorganization, under this provision no such administrative reorganization could be undertaken in fiscal year 1982 (except, technically, for one fully accomplished before the date of enactment).

Thus, if an administrative reorganization were to involve an 8-percent reduction in, for example, fiscal year 1982, of the FTEE's permanently assigned to such a VA facility or office and a 7-percent reduction in fiscal year 1983, the provision would apply with respect to the proposed reorganization for fiscal year 1983. If the reduction in the second year were 6.9 percent, however, the provision would not apply.

Veterans' Administration staffing levels

The House amendment, but not the Senate bill, would repeal section 5010(a)(4) of title 38, effective October 1, 1981, relating to VA medical personnel staffing levels, and, at the same time, amend section 203 of title 38 to add a new subsection (b) that would incorporate the provisions of section 5010(a)(4), modified so as to encompass all VA personnel staffing levels. The effect of that modification would be to expand the scope of these provisions to include employees paid under the VA's general expenses and construction accounts. Present section 5010(a)(4) requires that, after the enactment of each law making appropriations to the VA (including regular and supplemental appropriations laws and continuing resolutions, whether or not such laws contain appropriations for personnel purposes), the Director of the Office of Management and Budget provide the VA with the authority, together with the funds needed to carry out such authority, to employ not less than the number of employees for which the Congress has appropriated funds in three named VA health-care accounts—medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses. That section further requires the Director of OMB, within specified time periods, to certify to the appropriate committee of the Congress and to the Comptroller General that the personnel ceilings and funding have been provided to the VA and requires the Comptroller General to report to the appropriate committees of the Congress on the Director's certification.

The compromise agreement does not add to the specification of the three listed accounts. However, it does contain provisions amending section 5010(a)(4) solely for the purpose of clarifying that it applies to an appropriation law (such as a continuing resolution) that provides funding for only part of a fiscal year and adding to section 5010(a) a new paragraph (5) to prohibit the use of funds appropriated for the VA healthcare accounts for—and to prohibit any VA employees compensated from such funds from undertaking—the conduct of certain cost-comparison studies regarding the contracting-out of functions of the VA's Department of Medicine and Surgery (DM&S).

The clarification of section 5010(a)(4) is needed in light of the position taken by OMB (but not agreed to by the Committees) that the OMB Director's obligation under section 5010(a) to provide funded personnel ceiling applies only when funds have been appropriated for a full fiscal year for the VA health-care accounts involved and that the OMB Director thus has no obligation under sections 5010(a)(4) in connection with a continuing resolution expiring before the end of a fiscal year.

The Committees stress that the only substantive change to present section 5010(a)(4) being made by the provision in the compromise agreement is this one clarification respect to appropriations for less than a full fiscal year.

The Committees also stress that the Director of OMB's obligation set forth in section 5010(a)(4) to provide the "funded personnel ceiling" to the VA continues throughout the period for which particular funds are appropriated by the Congress and is not a one-time obligation that can be met and initial authorization to the agency to hire certain numbers of employees followed by a withdrawal, in whole or in part, of that authorization or by a limitation or restriction on the exercise of that authorization that would substantially interfere with the VA's employment of the personnel levels involved.

With reference to the phrase "funded personnel ceiling", which is defined in present section 5010(a)(4)(D) to mean "not less than the number of employees for the employment of which appropriations have been made for a particular fiscal year", the Committees note (as they did at the time that provision was added to title 38 by section 301 of Public Law 96-151) their intent that, with respect to a particular appropriations Act, the staffing level that is to be provided to the VA by OMB is the particular staffing level for which appropriations have been unequivocally identified in the legislative history of such Act (including the budget submissions for the appropriations account involved) as intended to support a specified employment level. In this regard, the Committees were and are aware that the amounts identified for personnel costs in the legislative history of a regular appropriations Act for the staffing levels involved generally are not sufficient to cover the costs of pay raises that are provided after the President's budget for the fiscal year in question is submitted. In this regard, it was and is the Committees' intention that the funding needed for the increased personnel cost resulting from employment of the intended personnel levels at the higher salary levels be taken from funds originally identified for non-personnel costs, or pending the enactment of supplemental appropriations legislation, from funds that would otherwise be spent on personnel costs later in the fiscal year, or from a combination of such funds.

In addition, although the compromise agreement does not expand the scope of the provision in current law to add employment levels under the VA's general operating expenses (GOE) and construction accounts, the Committees will follow closely the use made of funds appropriated for fiscal year 1982 for specified employment levels under those accounts and will (as indicated) re-examine the need to expand the scope of section 5010(a)(4) in terms of experience with such employment levels.

With respect to another matter regarding VA health-care appropriations and in connection with the agreement on the reorganization provision—activities under Office of Management and Budget Circular A-76 or otherwise in connection with the contracting-out (and studies of the feasibility of such contracting) of functions carried out by VA employees—the compromise agreement would prohibit the use of any funds appropriated for the VA's medical care account, medical and prosthetic research account, or medical administration and miscellaneous operating expenses account for the purpose of conducting any studies comparing the cost of the VA itself performing various functions in the VA's Department of Medicine and Surgery (DM&S) with the cost of having such functions performed by private contractors—unless the funds involved have been specifically appropriated for that purpose. The compromise agreement would also prohibit any VA employees paid under those accounts from carrying out any activities in connection with such studies unless the funds had been specifically appropriated for the conduct of the studies.

In this connection, the Committees note the plans currently underway in DM&S health-care facilities to implement Circular A-76, which prescribes policies for acquiring by contract commercial and industrial products and services, including health services. Under Circular A-76, DM&S facilities are being required to conduct a vast number of studies, approximately 4,000, to evaluate the comparative costs of having various functions performed by private contractors rather than, as they are now, by VA employees. The Committees are concerned about the conduct of these studies from three standpoints: First, the substantial costs involved (estimated as high as $29 million) must come from funds appropriated for the provision of health-care services; second, contracting out may prove to be counterproductive to the goal of good health care and not even to be cost-effective in the long run; and third, in light of the March 21, 1980, opinion of the VA General Counsel concluding that the contracting out of "basic medical care operations of DM&S cannot be justified . . . legally," serious doubt exists that many of the functions being examined for purposes of their being contracted can lawfully be performed by private contractors. Thus, in anticipation of further close scrutiny of the issues involved by both Committees, including oversight hearings beginning shortly, the Committees believe that no further steps should be taken to implement Circular A-76 cost-comparison studies in VA health-care facilities unless the Congress has expressly decided to make funds available specifically for that particular purpose.

Continued payment of pension to certain hospitalized veterans undergoing a prescribed program of rehabilitation

Both the Senate bill and the House amendment would amend section 3203(a) of title 38 to provide that the non-service-connected pension of certain hospitalized veterans would not be reduced during certain periods of hospitalization. The Senate bill, effective on the date of enactment, would provide that, for the purposes of computing the length of the period of VA hospital or nursing home care after which a veteran's nonservice-connected pension is reduced, where the primary purpose of the care is the provision of a prescribed program of rehabilitation services only periods of care that exceed 180 days within a 12-month period would be counted as time during which the veteran is being furnished hospital or nursing home care. The House amendment, effective October 1, 1981, would exempt nonservice-connected blinded veterans from the reduction in pension provision if such veterans are enrolled in a VA blind rehabilitation program.

The compromise agreement would provide that for the purpose of computing the length of hospital or nursing home care after which pension is reduced, a period of up to three additional calendar months would not be counted if the primary purpose of the care during that period is to furnish a prescribed program of rehabilitation services. The agreement would further authorize the Administrator to preclude pension reduction for such additional months as are determined to be a period during which further rehabilitation services are needed and the primary purpose of the care continues to be rehabilitation. The provision would be effective on the date of enactment and would apply with respect to veterans admitted to a VA hospital or nursing home on or after such date.

The Committee wish to emphasize that any further exclusion of months from pension reduction by the Administrator would be required to be based on individual determinations that the prolonged period of hospital or nursing home care is actually necessary for rehabilitation purposes. The Committees intend that the authority to grant extensions be exercised cautiously so as to avoid any unnecessarily lengthy stays in hospitals or nursing homes.

The Committees also note that the applicability of this provision for not counting certain periods of care when the primary purpose is rehabilitation does not depend upon the purpose for which the veteran was initially admitted. In those cases in which the veteran is initially admitted for acute care (or primarily for any other purpose than rehabilitation), the provision would become applicable at a later time when, during a continuous period of care, the primary purpose of care becomes rehabilitation.

The Committees further note that the provision has been made effective on the date of the enactment and applicable to veterans admitted to VA hospitals or nursing homes on or after such date in order to facilitate implementation of it, but point out that with respect to veterans hospitalized prior to the effective date for other than rehabilitation purposes whose pensions have been reduced, and who are in need of a rehabilitation program, the VA could, as necessary to create motivation for their participation in rehabilitation, discharge and readmit them for rehabilitation purposes and thereby secure the benefit of this provision further.

Headstones, markers, and memorial areas

Both the Senate bill and H.R. 1714 as passed by the House on June 2, 1981, would amend section 906 of title 38, effective October 1, 1981, to expand the Administrator's authority to furnish headstones and markers for placement in national cemeteries or local or private cemeteries in the cases of veterans whose remains have not been recovered or identified or whose remains were buried at sea to permit the Administrator to furnish headstones or markers in such cases for placement in State cemeteries and to furnish them for placement in a cemetery in the cases of veterans whose remains were donated to science or were cremated and the ashes scattered. The House bill, but not the Senate bill, would provide that, in cases where no remains are interred, markers may also be furnished for placement in other appropriate locations as designated by the next of kin and approved by the Administrator. The Senate provision would apply to deaths occurring at any time, and the House provision would apply to deaths occurring after December 7, 1941.

The House recedes with an amendment making the provisions effective on the date of enactment (and applicable to deaths occurring at anytime).

Both the Senate bill and H.R. 1714 as passed by the House on June 2, 1981, would amend section 1003(a) of title 38, effective October 1, 1981, to expand the requirement that the Administrator set aside, when available, certain areas in national cemeteries for honorific purposes (specifically to honor the memories of members of the Armed Forces missing in action or whose remains have not been identified or recovered or have been buried at sea) to require that the Administrator also memorialize in that manner veterans (and members of the Armed Forces expressly in the House amendment) whose remains have been donated to science or cremated without interment. The Senate provision would apply with respect to deaths occurring at any time, and the House provision would apply with respect to deaths occurring after December 7, 1941.

The compromise agreement contains this provision (including applicability to members of the Armed Forces), effective on the date of enactment, and applicable with respect to deaths occurring before, on, or after such date.

Minimum-service requirement

Both the Senate bill and the House amendment would incorporate in title 38 (as a new section 3103A under the Senate bill, and as a new subsection (f) of section 3103 under the House amendment) a general two-year minimum-service requirement for VA-administered benefits eligibility (and, in the Senate bill only, other title 38 benefits eligibility) for persons who initially enter active duty on or after the date of enactment of this legislation. Thus, both the Senate and House provisions would, with respect to benefits administered by the VA (and, in the Senate bill, also with respect to other title 38 benefits), replace and modify the minimum-service requirement in section 977 of title 10, which was added by section 1002(a) of Public Law 96-342 (the Department of Defense Authorization Act, 1981) and took effect on September 8, 1980, the date of that law's enactment. The title 10 provision applies to all federal benefits based on active-duty service but imposes a minimum-service requirement only with respect to enlisted personnel. Under both the Senate and House provisions, officers entering active duty on or after the date of enactment would be subject to the title 38 requirement as well as enlisted personnel who entered after September 7, 1980; the minimum-service requirement would be made applicable to commissioned officers of the Public Health Service (PHS) and the National Oceanic and Atmospheric Administration (NOAA) who enter full-time duty on or after the date of enactment; the exception in the title 10 provision for hardship discharges would be continued in title 38; and the exception in the title 10 provision for disability discharges would be continued in title 38 with a modification, effective (so as not to withdraw a benefit previously bestowed) on the date of enactment, clarifying that this exception would apply only if the disability had been incurred in line of duty.

In addition, both the House and Senate versions would provide an exception for veterans who have compensable disabilities. In contrast, a title 10 exception now applies to those who have a disability—whether or not compensable—that was incurred during the period of enlistment and not the result of intentional misconduct nor incurred during a period of unauthorized absence. By basing this exception on compensability, the Senate- and House-proposed title 38 provisions would restrict it so as to exclude (from the general exception for all benefits eligibility) those whose disabilities are so minor as to be non-compensable, but expand the exception to include those having disabilities that are incurred during an unauthorized absence but are nevertheless considered to have been incurred in line of duty under section 105(b)(1) of title 38 (and thus are, if of the required severity or type, compensable) if the individual was not avoiding duty by deserting or taking an unauthorized absence that materially interfered with the performance of military duties. The Senate version of this exception would apply retroactively to all who initially enter active duty after September 7, 1980; the House version would apply only to those who enter active duty after the date of enactment.

With respect to Servicemen's Group Life Insurance (SGLI) benefits under chapter 19 of title 38, which the VA had determined to be subject to the title 10 provision, the Senate bill would provide an exception, retroactive to September 7, 1980, for the payment of SGLI proceeds, under section 768(a)(1)(A) of title 38, which provides a 120-day "grace" period (up to a one-year grace period for those who are totally disabled when discharged) following the date of discharge. The House amendment would (by virtue of including the minimum-service requirement provision in section 3103 of title 38, relating to bars to benefits, and under a VA determination that subsection (d) of that section provides an implied exception to the bars for all contractual insurance programs) have the effect of providing a complete exception, effective with respect to those who enter active duty after the date of enactment, for SGLI and other chapter 19 insurance programs.

The Senate bill, but not the House amendment, would provide an exception, effective retroactively to September 7, 1980, for the provision of benefits for any service-connected disability, which would have the effect of authorizing the provision of benefits specifically for or in connection with service-connected but non-compensable disabilities (for example, certain outpatient dental care for recently discharged veterans, health care for the service-connected disabilities of certain former service members who have non-qualifying discharges, and beneficiary travel reimbursement in connection with the provision of such care). Eligibility for a benefit specifically for or in connection with a service-connected disability should not be confused with general benefits eligibility derived from the exception noted above for any veteran who has a compensable disability.

The Senate bill, but not the House amendment, would expressly:

Preclude the provision of benefits to the survivors and dependents of veterans who initially enter active duty after September 7, 1980, and would generally be ineligible for VA and title 38 benefits.

Provide that, notwithstanding any other provision of law, only the minimum-service requirements set forth in title 38 shall apply with respect to VA and title 38 benefits eligibility based on the service of a person who initially enters active duty after September 7, 1980.

Define the term benefits to include any right or privilege but not a refund of a participant's unused contributions to the education benefits program under chapter 32, the Post-Vietnam Era Veterans' Educational Assistance program (VEAP).

Provide that the measure would have no effect on the provision of benefits prior to October 1, 1981.

The compromise agreement incorporates provisions derived, with certain modifications, from both the Senate bill and the House amendment. Thus, the compromise agreement includes the Senate provision that would make title 38 the exclusive source of any minimum-service requirements with respect to VA and title 38 benefits eligibility based on the service of those who initially enter active duty after September 7, 1980. The compromise agreement generally impose a minimum-service requirement for such eligibility with respect to those who originally enlisted in a regular component of the Armed Forces after September 7, 1980, and any other person, including officers and certain enlisted personnel, who—without having previously completed 23 months of continuous active duty or been discharged up to 90 days prior to the expiration of an enlistment under section 1171 of title 10 (convenience of the government)—enters active duty (including full-time duty as a commissioned officer in PHS or NOAA) on or after the date of enactment.

By using the same language as currently appears in section 977 of title 10 to describe the individuals who would have entered active duty after September 7, 1980, and before the date of enactment ("any person who originally enlists in a regular component of the Armed Forces [after September 7, 1980]"), the Committees intend to ensure that the general scope of the minimum-service requirement is not expanded retroactively to include any new categories of personnel. Thus, with respect to the categories of personnel not covered by the title 10 provision—commissioned officers of the Armed Forces, PHS, and NOAA and enlisted personnel who had any service in a regular component of the Armed Forces before September 7, 1980—the new title 38 minimum-service requirements would apply prospectively only, that is, it would apply only to those entering on active duty after the date of enactment.

The Committees also note their agreement with the VA's interpretation with respect to the title 10 minimum-service requirement that, in the case of a person who signed a delayed-entry contract with one of the service branches prior to September 7, 1980, and pursuant to that contract was assigned to a reserve component until entering on active duty after September 7, 1980, the date on which that person "originally" enlisted in a "regular component" of the Armed Forces is the date on which he or she actually entered on active duty. As a consequence, these individuals have been considered by the VA to be within the scope of the title 10 provision, and the Committees intend for that same interpretation to apply under the title 38 provision.

With certain exceptions, the minimum-service requirement would be the shorter of 24 months of continuous active duty or the full period for which the individual was called or ordered to active duty. (The latter alternative would apply in the event that the armed services choose to offer initial enlistment periods of less than two years; it would also apply to reservists who are ordered to active duty for periods of less than two years.)

With respect to determinations as to whether the minimum-service requirement has been fulfilled, the Committees note that, under VA regulations that are applied to existing minimum-service requirements (for example, the 180-day requirement for certain peacetime veterans' eligibility for VA home loan guaranties), certain non-duty periods are excluded, such as time lost on absence without leave (without pay) or under arrest without acquittal. The Committees intend that the same exclusions be applied under this new provision in computing the total amount of time served, but do not intend that such an exclusion be considered a break in service for purposes of determining whether the individual's service was continuous.

The Committees note that the new title 38 provision would preclude, with respect to VA and other title 38 benefits, future occurrences of the anomalous situation (which can occur under the title 10 provision) whereby an individual would not be subject to the minimum-service requirement if he or she had already served any period of active duty prior to September 7, 1980, even though the period was less than two years. For example, an individual with a pre-September 7, 1980, active-duty enlistment period of as little as one day who enters a subsequent period of active duty after September 7, 1980, is not subject to the minimum-service requirement in the title 10 provision. The compromise agreement would prevent such results with respect to those entering a period of active duty after the date of enactment, but would not take away any benefits eligibility that such persons may have by virtue of their prior service.

The compromise agreement provides exceptions to the minimum-service requirement for:

A person discharged under section 1171 (discharges for the convenience of the government up to 90 days prior to the expiration of an enlistment) or 1173 (hardship discharges for enlisted personnel who have dependents) of title 10.

A person discharged for a disability incurred or aggravated in line of duty. The Committees note that, as a result of this modification (for purposes of title 38 and other VA benefits eligibility) of the title 10 exception for disability discharges to include a requirement that the disability involved be incurred or aggravated in line of duty, those who originally enlisted after September 7, 1980, and are discharged before the date of enactment because of disability that the VA determines not to have been so incurred or aggravated would lose, as of the date of enactment, any general title 38 and VA benefits eligibility that they had by virtue of the broader title 10 exception.

Moreover, the compromise agreement specifies that the general preclusion of benefits would not be applied to:

A person who has a disability that the Administrator has determined to be compensable. The Committees note that this exception would be permanent and thus would not cease to apply if, following the Administrator's determination of compensability, the disability improved to the point of becoming non-compensable. On the other hand, the Committees note that, as a result of this modification (for purposes of title 38 and other VA benefits eligibility) of the title 10 exception for certain persons who have disabilities that were incurred during service, an individual who originally enlisted after September 7, 1980, and was discharged before the date of enactment would lose, as of the date of enactment, any general title 38 and VA benefits eligibility that they had by virtue of the title 10 exception as the result of a non-compensable disability.

The provision of a benefit specifically for or in connection with a service-connected disability, condition, or death. The Committees note that this exception is derived from the Senate bill with a modification to clarify that it applies (as intended by the Senate provision) to benefits provided on the basis of a service-connected death, for example, the service-connected burial benefit in section 907 of title 38.

Any benefits under chapter 19 of title 38, relating to insurance. The compromise agreement would provide for the application of this exception (and the companion exception noted below for survivors) retroactive to September 7, 1980, so as to ensure that no former servicemember (or survivor) loses any title 38 insurance benefits as the result of either the title 10 or this new title 38 minimum-service requirement.

The compromise agreement expressly precludes, with certain exceptions, the provision of VA and title 38 benefits to the survivors and dependents of veterans as to whom the new provision requires the denial of benefits. The exceptions to this preclusion are benefits under chapters 19 (insurance) and 37 (home loans). The Committees note that this provision would not provide an exception to the preclusion of benefits for the survivors or dependents of a veteran in those cases where the veteran failed to fulfill the minimum-service requirement and is thus eligible only for benefits for or in connection with a non-compensable disability or condition.

The compromise agreement also defines the term "benefit" to include any right or privilege but not a refund of a participant's unused contributions under the education benefits program under chapter 323 (Post-Vietnam Era Veterans' Educational Assistance Program (VEAP)). The Committees note that, although they intend the term "benefits" to be broadly construed so as to include all title 38 and VA benefits and services of value that are provided to veterans, survivors, and dependents, it is not the Committees' intention that this new subsection be construed as having any effect at all on any procedural rights, privileges, or opportunities that are afforded in connection with any benefit—such as counseling services through which individuals are advised as to what, if any, benefits they may be eligible for and are assisted in making application for benefits, and rights in connection with the adjudication of claims for benefits.

In addition, the compromise agreement specifies that the new title 38 minimum-service requirement provision would not apply so as to withdraw entitlement to any benefit provided under law before the date of enactment and that, in the case of a person who received a certificate of eligibility for a VA home-loan guaranty under chapter 37 of title 38 before the date of enactment, he or she would continue thereafter to be eligible for that benefit. With respect to the provision to continue the VA guaranty eligibility in cases in which the certificate has already been issued, the Committees note that they are advised by the VA that recovery of such certificates would be administratively infeasible and that the integrity of the guaranty program requires that they be given effect.

Radiation literature review

The Senate bill, but not the House amendment, would require, effective on the date of enactment, the VA to conduct a review of the scientific and medical literature relating to the long-term health effects in humans of exposure to radiation from nuclear weapons tests and thereafter issue appropriate regulations for the resolution of claims based on such exposure.

The Senate recedes.

Chapter 35 delimiting period modification

The Senate bill, but not the House amendment, would amend section 2 of Public Law 90-631 to provide, effective on the date of enactment, that in the case of a spouse of a veteran whose death occurred prior to December 1, 1968 (the effective date of that law), but whose death was not determined to be service-connected until after such date, the spouse's delimiting period for the use of VA educational assistance benefits would begin on the date on which the death was determined to be service connected. The Senate bill would also amend, effective on the date of enactment, the criteria, in section 1712(b) of title 38, relating to the measurement of delimiting periods for spouses and surviving spouses to codify the VA's interpretation that the 10-year delimiting periods of certain surviving spouses are measured from the date on which the Administrator determines that the veteran died of a service-connected disability.

The House recedes.

Waiver of pro-rata refund policy requirement

The Senate bill, but not the House amendment, would amend section 1776 of title 38, effective on the date of enactment, to permit the Administrator to waive, in the case of a public institution of higher learning that is a candidate for accreditation, the requirement that non-accredited institutions of higher learning maintain a pro-rata refund policy when the Administrator determines that the small amount of tuition, fees, and other charges at the institution make such a requirement an undue administrative burden.

The House recedes with an amendment clarifying the type of educational institution that would be eligible for such a waiver.

The Committees have become aware of instances where educational benefits have been denied solely because a veteran's courses, to be pursued at a newly established community college, were not yet accredited and the college lacked the requisite refund policy. In some of these cases, the institutions involved were founded to meet the needs of their communities and were the only such institutions in the immediate vicinity. In such cases, although too new to have obtained accreditation, the institution had acquired "candidate" status, reflecting the potential eventually to become fully accredited, and the tuition and fees charged were governed by a State law providing for modest rates, with no provision for refunds. The Committees note that adoption of a pro-rata refund policy by the concerned colleges in such a situation would be unrealistic in terms of the small amounts of any refunds involved.

In the particular circumstances described above, the Committees believe that waiver of the pro-rata refund requirement would be merited. The Committees intend, however, that the VA narrowly construe and apply this provision which has been carefully drawn to provide relief only where compliance with the pro-rata refund requirement would be unduly burdensome and unrealistic due to the disproportionate administrative costs of refunding nominal amounts. This should be balanced, however, with the continuing need to guard against abuse by those who would seek to take advantage of veterans receiving federal benefits. The Committees expect the VA to monitor closely any waivers granted, and act promptly against any discovered abuse.

Hospital naming

The Senate bill, but not the House amendment, would, effective on the date of enactment, name the Veterans' Administration Medical Center in Reno, Nevada, the "Ioannis A. Lougaris VA Medical Center".

The House recedes with an amendment that would also, effective on the date of enactment, name the Veterans' Administration Medical Center in Clarksburg, West Virginia, the "Louis A. Johnson Veterans' Administration Medical Center". The committees note that this proposal regarding the Clarksburg facility has been approved by the House Veterans' Affairs Committee's Screening Group for naming of VA medical facilities as meeting all criteria under the House Committee's guidelines on hospital namings: namely that the proposal is sponsored by the entire State delegation in the House and is endorsed in writing by the State component of each of the Congressionally chartered veterans' organizations, and generally, that the individual to be honored is a deceased veteran of a period of war who completed at least 25 years of employment in the Federal service or was the recipient of the Congressional Medal of Honor.

TITLE VII—EFFECTIVE DATES

Both the Senate bill and the House amendment make provision for the effective dates of the various provisions of the respective bills.

The compromise agreement provides that the provisions of titles I, II, and III would be effective on October 1, 1981, and, except as otherwise provided, the provisions of titles IV, V, and VI would be effective on the date of enactment; other provisions which would be effective on other specified dates or under specified circumstances are discussed elsewhere in this explanatory statement.

Mr. Speaker, I urge the adoption of the Senate amendments.

Mr. **HAMMERSCHMIDT**. Mr. Speaker, I am most pleased that agreement has been reached on a bill to provide cost-of-living increases to service-connected disabled veterans, their dependents, and survivors. Adequate benefits for these individuals deserve to be the highest priority of the Congress. S. 917 which is now under consideration carries out our obligation in this regard.

The bill before us grants an average 11.2-percent increase in compensation benefits. Larger than average increases go to the most severely disabled veterans. This is a proper method of payment which I endorse.

The remainder of S. 917 is concerned with a number of needed revisions to existing law. All of the provisions of the bill have been carefully considered by committees of both Houses. Agreement has been achieved on a number of important matters. In addition to the well deserved cost-of-living increase for veterans, dependents and survivors, the bill provides for:

First, technical correction of existing laws relating to benefits for children of deceased veterans.

Second, an increase in automobile allowances for veterans who are service connected and who have amputations or who have lost the use of limbs.

Third, payment for adaptive equipment for automobiles for service-connected veterans with certain severe disabilities.

Fourth, increase in servicemen's group life insurance from $20,000 to $35,000—this was previously agreed to by the House in H.R. 3499.

Fifth, beneficiaries receiving national service life insurance proceeds in a lump sum when the insured had not so designated—this was previously agreed to by the House on September 21.

Sixth, establishment of graduated payment plans in the VA loan guarantee program—this was previously agreed to by the House when it passed H.R. 2039 on June 2, 1981.

Seventh, extension of maximum times of guaranteed loans for mobile home purchases.

Eighth, notification to the Congress of proposed VA reorganization prior to their implementation—this is a modification of the language adopted by the House on September 21, 1981.

Ninth, no activity in the VA medical program with respect to contracting out studies could occur out of current appropriated funds. Congress would have to appropriate for this purpose.

Tenth, continuation of pension payments to certain seriously disabled single veterans who are hospitalized and pursuing rehabilitation programs.

Eleventh, furnishing headstones, and markers in those instances where deceased veterans' remains were not recovered or whose remains were lost at sea or where such remains were donated to science—the House previously agreed to this provision in H.R. 1714 which passed the House on June 2, 1981.

Twelfth, certain other technical amendments with respect to periods of active duty as those periods relate to receipt of VA benefits.

Thirteenth, the naming of two VA hospitals after two distinguished Americans. The VA Medical Center in Clarksburg, W. Va., is named for the Honorable Louis A. Johnson, the former Secretary of Defense. The VA Medical Center in Reno, Nev., is named for the Honorable Ioannis A. Lougaris, a prominent Reno attorney who was the guiding force in establishing the Reno center.

Mr. Speaker, this bill results from a lot of dedicated effort. SONNY MONTGOMERY, the distinguished chairman of the Committee on Veterans' Affairs deserves great credit for his work in arriving at necessary compromises. The gentleman from Texas Mr. SAM B. HALL, Jr. and the gentleman from Ohio (Mr. CHALMERS WYLIE), also deserve much credit as do all the members of the committee on both sides of the aisle who worked on the bill. They are all to be congratulated.

This bill is within the guidelines given to our committee as to budget limitations. Mr. Speaker, I support the bill and I urge the support of my colleagues.

Mr. Speaker, I withdraw my reservation of objection.

● Mr. LEATH of Texas. Mr. Speaker, I rise in strong support of Senate bill S. 917, as amended. I am delighted to note that the Senate amendments are almost identical to the House provision that would provide a cost-of-living increase for our service-connected, disabled veterans and DIC for eligible beneficiaries. The amendments provide an average 11.2 percent increase weighted heavily toward the more seriously disabled service-connected veteran. I am glad the other body has recognized the need to make certain that those veterans with severe service-connected disabilities are duly compensated.

I shall not dwell on the specifics of the bill as they have already been laid out by the distinguished chairman of the committee, the gentleman from Mississippi, Mr. MONTGOMERY. I am pleased that we have increased the maximum insurance coverage for servicemen's group life insurance and veterans' group life insurance for active duty personnel and reservists. The maximum would be increased from $20,000 to $35,000. Mr. Speaker, this will be good news for the hundreds of thousands of servicemen and women who will benefit greatly by this action in the House.

The proposed amendments would increase the automobile assistance allowance from $3,800 to $4,400.

The amendments permit the VA to guarantee home loans with graduated payments. This would give the Veterans' Administration an option so that a veteran could purchase a home that he otherwise would be unable to purchase. This provision is similar to a measure which passed the House on June 2.

The proposed amendments would also increase the specially adapted housing allowance from $30,000 to $32,500.

Finally, Mr. Speaker, I want to point out two provisions of the proposed amendments that are extremely important to me, and all veterans throughout the Nation. The proposed amendments contain a provision very similar to a provision in H.R. 2888 which I introduced early this year. On March 10, the administration proposed a transfer and consolidation of loan guarantee and adjudication functions from the 58 VA regional offices to one centralized location. This would have involved a transfer of some 12,000 people and a substantial reduction of personnel. The proposed plan would have required the agency to begin cutting back on personnel in the regional and outlying offices effective June 1 of this year so that by October 1 the full reduction would have occurred. This did not happen because of the strong leadership of the chairman of the full committee and others who joined with me in moving to stop such action. Agreement was reached with the Office of Management and Budget not to proceed until Congress decided whether the plan should take effect. The Appropriations Committee agreed with us and the funds were restored in the fiscal year 1982 VA appropriations bill.

I am pleased to note, Mr. Speaker, that in the agreement we reached with the other body on this issue the authority which the Administrator of Veterans Affairs now has with respect to any planned reorganization will be changed effective on the date of enactment of these amendments. From now on, any reorganization or transfer of functions that would result in a reduction of personnel of more than 10 percent in a fiscal year or 15 percent in two consecutive years would first have to be submitted to the Congress. The Administrator would not be permitted to implement the planned reorganization or transfer of functions before the first day—October 1—in the budget year. This procedure would not effect any change in a permanent duty station where there are less than 25 employees. It would, however, apply to all freestanding outpatient clinics. Mr. Speaker, the bottom line of this provision is simply this. Before there can be a major reduction of personnel through the transfer of functions, or before there can be any closing of a VA medical facility or office, with few exceptions, such reduction or closure shall not take place until Congress has had an opportunity to review such plan. This will certainly assure proper oversight of such procedures before they can be carried out.

Finally, Mr. Speaker, let me say how pleased I am to note that a provision of this measure would prohibit the use of medical care, medical and prosthetic research, and medical administration and miscellaneous operating expenses funds from being used to carry out the so-called Office of Management and Budget circular A-76 provisions relating to the conduct of studies comparing the costs of various VA-performed functions in the Department of Medicine and Surgery with the costs of having such functions performed by private contractors. Under current plans, the Veterans' Administration is faced with a personnel reduction of some 22,000 people through these so-called contracting-out procedures. The full committee has scheduled a hearing on October 20 to review this issue. As a result of those hearings we may take action to prohibit any contracting out where the quality of care would be affected to any degree. We are not taking any firm position on the substantive issue here, but what we are saying is that if these studies to compare costs are to be conducted, funds must be appropriated for that purpose. We are telling the Office of Management and Budget that we are not going to allow VA to absorb these costs from funds that have been appropriated for patient care and other health-related activities. I commend the distinguished chairman for working with the other body to reach agreement on this most important issue.

Mr. Speaker, I am also glad that the Senate amendments being considered include a provision that was contained in H.R. 1714 as passed by the House on June 2. This bill was reported out of my subcommittee and would expand the Administrator's authority to furnish headstones and markers for placement in national cemeteries, or local and private cemeteries, in the cases of veterans whose remains have not been recovered or identified or have been buried at sea.

As I previously stated, Mr. Speaker, I shall not take the time of the House to go into the other provisions of the Senate amendments other than to say that I support them and urge my colleagues to adopt them now so that this measure can be sent forward to the President and checks, reflecting the cost-of-living increase, can be mailed to veterans in November.●

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Mississippi?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks, and that all

Members may have 5 legislative days within which to revise and extend their remarks on the service-connected veterans' cost-of-living increase.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

VOTING RIGHTS ACT EXTENSION

Mr. EDWARDS of California. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3112) to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. EDWARDS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for consideration of the bill, H.R. 3112, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from California (Mr. EDWARDS) will be recognized for 1 hour, and the gentleman from Illinois (Mr. HYDE) will be recognized for 1 hour.

The Chair recognizes the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Speaker, I yield such time as he may consume to the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, I rise in support of the Voting Rights Act extension as reported by the Judiciary Committee. As a member of the committee and cosponsor of the bill, I feel strongly that the act is one of the most effective and important civil rights laws ever passed. The hearing record clearly shows that the act remains vitally important to preserving the right to vote for those who have benefited from the act's provisions since it was first adopted and to extending that right to those who still are denied the full right to vote under the one-man, one-vote doctrine. I encourage my colleagues to support the bill as reported and the President to sign it as soon as both Houses have acted. Quick, positive action will give a clear signal to the country that voting rights are and will continue to be one of our most cherished traditions and that the U.S. Government will continue to back up that tradition with the needed remedies extended in this bill to insure that all Americans do not in anyway have their constitutional right to vote diluted or jeopardized.

We have come a long way in insuring freedom and opportunity for all American citizens regardless of race, color, sex, national origin, or language, but in keeping with the Judeo-Christain maxim, "unto whomsoever much is given, of him shall be much required," we still have a lot of work to do. It is of vital importance to the future of our Government that those who have been disenfranchised for most of our short history continue to be quickly brought into our electoral system to participate fully. Only then will all Americans have an opportunity to determine who will make the critical local and national decisions facing each of us every day.

The Subcommittee on Civil and Constitutional Rights found overwhelming evidence that the act is still needed. Unfortunately, there are areas of the country where individuals are still discriminated against. Voting districts are still drawn unfairly to dilute the strength of minority votes. And people are still faced with insurmountable language barriers that make voting impossible. The committee also recognized that there are covered areas where such an exemplary job in remedying past discriminatory practices exists that it has provided a reasonable mechanism for allowing them to bailout of the preclearance requirements. If a jurisdiction can prove that it and all of the units of government within its territory have not discriminated with respect to voting rights within the previous 10 years and can present objective evidence of the level of minority participation, it can and should be able to be exempted from that requirement of the act. This provision, as drafted by the committee, is fair. But I do not want to see the House turn an escape hatch into a gaping hole that will weaken the act.

In conclusion, I want to emphasize that this bill is important not only to those vitally affected citizens, but also because it reinforces to the rest of the world our fundamental democratic principles. We cannot hope to be an example to other nations considering what type of government to implement if we do not encourage and participate in the full practice of democracy at home.

Again, I ask that we pass this bill as reported and get on with the work we need to be doing; that of securing the most fundamental of our political rights.

Mr. EDWARDS of California. Mr. Chairman, I yield 10 minutes to the distinguished chairman of the Committee of the Judiciary, the gentleman from New Jersey (Mr. RODINO).

Mr. RODINO. Mr. Chairman, this is indeed a historic day. I believe that the matter that we are about to consider, the Voting Rights Act, and its extension, is one of the most important pieces of legislation to come before this body. I believe that it is well too, that we recognize the members of the committee who have deliberated long and concientiously over this measure. Both the majority and the minority members have done the kind of job that reflects credit on the House of Representatives and with the same bipartisan spirit that gave birth to this legislation back in 1965.

Mr. Chairman, I especially want to commend the chairman of the subcommittee, Mr. EDWARDS for his diligence, together with the ranking minority member, Mr. HYDE. I know that there has been some areas of disagreement—not as to the need for this legislation, but rather the details by which we might arrive at a proposal which would meet the approval of all the Members of this House. I urge that while we do have those disagreements, we understand that the measure before us is one over and beyond personal considerations, because it affects the commitment that we have made as a nation to all the people of this Nation, and of what we believe to be the highest tradition of the House of Representatives.

Mr. Chairman, it has almost become a cliche to describe the Voting Rights Act as the most successful civil rights legislation ever enacted. If that description is a cliche, it is also a truth with which no one can seriously quarrel. Under this law, registration and voting by black and Hispanic citizens who had been deliberately denied these constitutional rights has risen dramatically. Under this law, the number of minority elected officials has increased substantially.

Some might point to these successes and argue the protections of the law are no longer needed. But the extensive hearings by the Judiciary Subcommittee on Civil and Constitutional Rights convinced even those skeptics that continuance of the act, including preclearance, was absolutely vital. As a consequence, H.R. 3112 was reported out of the Committee on the Judiciary with the overwhelming bipartisan support that the Voting Rights Act has traditionally received.

In the course of our deliberations, the need to extend the preclearance requirement became overwhelmingly evident. Whether certain of those who write election laws possess a higher gift of imagination than others of us, I do not know. But time and again we were told by witnesses of ingenious schemes designed to deny citizens their right to vote or to dilute the strength of their ballots. The list of ploys—dual registration, reregistration, gerrymandering, at-large elections, annexations, intimidation, inconvenience, to name a few—is limited only by the imagination. Without preclearance these jurisdictions would again find ways to discriminate against minority voters.

As originally introduced, this legislation called for a simple extension of the 1965 preclearance section of the law. But during our proceedings it also became clear that fairness dictated that an avenue to excape the preclearance requirement should be afforded those jurisdictions that have had a history of complying with the law. Therefore, a bipartisan bailout provision was adopted by the committee.

As amended, the bill extends existing preclearance provisions through August 5, 1984. These require that State and local governments that have a history of voting discrimination get the approval of the Justice Department or the U.S. District Court for the District of Columbia for any proposed changes in election laws. The bailout amendment would permit jurisdictions to escape preclearance after August 5, 1984, if they can prove to the D.C. court that for the preceding 10 years they had not engaged in illegal acts, that there had been no objection by the Justice Department or the court to their proposed changes, that no Federal examiners had been assigned to register voters or enforce election laws, and that they had made constructive efforts to eliminate harassment of minority voters and increase their opportunities for convenient registration and voting. Areas removed from preclearance could be brought back into coverage if they should engage in voting discrimination in the 10 years after exemption is approved.

Two other revisions of the act are also proposed in H.R. 3112.

The first one would amend section 2 so that plaintiffs in voting rights suits would have to prove that actions by State and local governments had resulted in voting discrimination regardless of the jurisdictions' intent. This amendment would restore the law to where it was before the Supreme Court ruling last year in City of Mobile against Bolden. That decision suggested that specific proof of discriminatory purpose was required for a voting suit to be successful. Legislative history shows that Congress intended that proof could rest on either discriminatory result or purpose.

The second revision would continue for 7 years the requirement that voting assistance be provided in languages other than English when there is a substantial number of citizens who could not vote effectively without such help. These bilingual provisions are to expire in 1985. It is logical to put them on the same timetable as other special sections of the act.

In our debate on H.R. 3112 we will hear expressions of honest disagreement over the scope of the Voting Rights Act.

Some, for instance, might contend that the preclearance procedure should be applied nationwide, This is both impractical and unnecessary: Impractical because it would create an impossible burden on the Justice Department and unnecessary because the act is already national in scope, as recent events in New York City demonstrated. The act bans discrimination across the land. Section 5, the preclearance provision that insures citizens are not disenfranchised, now applies to 24 States or parts of States in all sections of the country in which voting discrimination has been proved. There is no need for clearance in other jurisdictions.

Others will argue that the bailout provision is too demanding, distrustful of the Federal judiciary system, and that bailout could be blocked by frivolous suits.

Yes; the bailout standards that must be met are demanding—they should be. But they are also reasonable, and they provide incentive and opportunity for jurisdictions to comply with the law and escape preclearance. The change acknowledges that escape is virtually impossible under current law.

With regard to bailout jurisdiction, it is logical that it should rest with the D.C. court. This process will insure uniformity of application of the bailout standards. Such consistency is essential to fair and equal administration of the act.

To alleviate apprehension about frivolous suits, the committee will offer an amendment that would prohibit consideration of a bailout effort only when a discrimination suit being litigated was filed before application for bailout. Suits filed after the application would not block final judgment on that application. However, adverse findings in suits after bailout approval would bring the jurisdiction back under the act's coverage.

Finally, on the matter of the bilingual provisions, I will say only that I am firmly convinced that it makes sense to act now so that we do not have to reopen the issue a few years hence. I am also convinced these provisions are necessary if we are to help our citizens who do not speak English to exercise effectively their right to participate in our political process.

I am confident that after these issues are thoroughly debated and our disagreements thoughtfully aired, H.R. 3112, as reported by the committee and with our proposed amendment, will again achieve broad bipartisan support.

This legislation is reasonable, and it is right.

☐ 1145

The **CHAIRMAN**. The time of the gentleman from New Jersey (Mr. RODINO) has expired.

Mr. **EDWARDS** of California. Mr. Chairman, I yield 1 additional minute to the gentleman from New Jersey (Mr. RODINO).

Mr. **BUTLER**. Mr. Chairman, will the gentleman yield?

Mr. **RODINO**. I yield to the gentleman from Virginia.

Mr. **BUTLER**. Mr. Chairman, I just want to take issue with the gentleman's statement that the revisions of section 2 would restore the law to what it was before the Supreme Court made the decision on voting.

Actually, of course, what it would do is restore the law to what the gentleman thought the law was. The Supreme Court in fact has to make its decision and has to interpret section 2, and what the gentleman is asking us to do with the changes in section 2 is to overturn the Supreme Court decision on voting and make proportional representation an index of discrimination.

Mr. **RODINO**. Mr. Chairman, I would remind the gentleman from Virginia (Mr. BUTLER) that all we had to do was look at the legislative history as to what the Congress had intended, and I am sure we would find that the legislative history would support the position I am now stating, so I believe the gentleman is absolutely incorrect.

Mr. **SENSENBRENNER**. Mr. Chairman, will the gentleman yield?

Mr. **BUTLER**. Mr. Chairman, will the gentleman yield further?

Mr. **RODINO**. I yield to the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. **SENSENBRENNER**. Mr. Chairman, let me ask the gentleman, is it not correct that section 2 of the bill before the committee today explicitly states that proportional representation is not to be considered in interpreting the section?

Mr. **RODINO**. The gentleman is correct.

The **CHAIRMAN**. The time of the gentleman from New Jersey (Mr. RODINO) has expired.

Mr. **HYDE**. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. **SENSENBRENNER**. Mr. Chairman, I rise in strong support of H.R. 3112, legislation to extend the Voting Rights Act of 1965, for another 10 years.

The Voting Rights Act has been heralded as the most successful piece of civil rights legislation ever enacted by the Congress of the United States. Its passage in 1965 ended over 100 years of congressional and judicial attempts aimed at protecting the constitutional right to vote.

Besides extending the act until 1992, H.R. 3112 accomplishes three other major objectives.

First, it clarifies section 2 of the act by prohibiting any voting qualification, prerequisites, standard, practice, or procedure which results in discrimination. Section 2 would be violated if this alleged unlawful conduct has the effect or impact of discrimination on the basis of race, color, or membership in a language minority group. The amendment does not create a right to proportional representation.

Second, the language assistance provisions are extended until 1992. Otherwise, they would expire in 1985. These provisions are necessary to guarantee language assistance in the electoral process for the integration of language minority citizens into the political mainstream.

Finally, H.R. 3112 provides for a workable provision which allows fully covered States and their political subdivisions to initiate declaratory action in order not to be required by the preclearance provisions of section 5. This bailout provision, fashioned by the gentleman from California (Mr. **Edwards**), the gentleman from New York (Mr. **Fish**) and myself, for the first time provides an incentive for covered jurisdictions to take affirmative steps toward assuring nondiscrimination in voting. It has been argued it is unreasonable to require all political subdivisions to be clear before allowing the whole State to bail out. However, an examination of the various statutes of the fully covered jurisdictions shows that the home rule provision for counties is weak. This means that with the exception of Louisiana, there is substantial control by the State over the affairs of its subdivisions. I believe that once a State is forced to closely monitor its political subdivisions, it will do a better job of insuring that discriminatory voting practices at the county and parish levers do not occur. In some instance, the State itself does not have a good record.

For example, from January 1, 1975, through June 30, 1981, there were over 225 objections made by the Department of Justice against various discriminatory voting practices in fully covered jurisdictions. In the case of Texas, which recently repealed its home rule statute, the Department of Justice has issued over 85 objections. In the case of Mississippi, which has a weak home rule statute, the Department of Justice has issued over 30 objections. In both States, several objections were made against voting practices initiated against the State itself. The bailout provisions in H.R. 3112 will have a dual effect; an incentive is created for the State to clean up its act, while at the same time, forces it to monitor the activities of its local subdivisions. If not, then the counties and parishes will still be permitted to bail out from the provisions of section 5.

The argument has been advanced that all the local subdivisions will have to bail out before a State can become eligible. This is simply a misstatement of the truth. The committee report explicitly states: "It should be noted that for State or political subdivision to qualify for bailout, all of the units of Government within that State or political subdivision must meet the bailout criteria." Dual filing by the counties and States will not occur.

A further criticism has been levied against yet another one of the standards which provides for the delay of a bailout petition if a voting rights suit is pending. The gentleman from California (Mr. **Edwards**) will offer an amendment that will not allow for consideration of lawsuits filed after the bailout application is made. However, lawsuits filed before the bailout application is made will still be considered. This is only fair. Such a lawsuit raises a substantial question of whether the jurisdiction is in compliance with the voting rights laws. Concerns about frivolous lawsuits being filed are unwarranted. There are provisions including assessing costs and attorney's fees against plaintiffs and their attorneys. If such a suit is filed, it can be dismissed even before it reaches the court docket.

A final essential element of the compromise is that a bailout judgment will await a final judgment in any pending voting discrimination suit. The interests of judicial economy dictate that pending suits alleging denials of voting rights be adjudicated before a court determines the merits of a bailout suit. Provisions in current law deter the filing of nonmeritorious suits, which, in any event, will be disposed of quickly. Consent decrees under this section are treated the same as final judgments as a bar to bailout. Traditionally such decrees are treated as the functional equivalent of final judgments.

In conclusion, H.R. 3112 is a fair proposal. It provides reasonable, but tough, standards to guard against voting discrimination. It should be adopted intact. Any efforts to dilute the effectiveness of the Voting Rights Act should be defeated.

Mr. EDWARDS of California. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, we are bringing to the House of Representatives a very good bill today.

The subcommittee members, both the minority and the majority, and certainly the staffs on both sides of the aisle worked hard and long on this legislation, and we all owe them our thanks. We owe our thanks also to the many thousands of people and organizations throughout the United States who have shown such overwhelming support for this bill and for the concept of voting registration protection. Indeed I think it is very much to the credit of our country that we have this widespread support for the extension of the Voting Rights Act on a nationwide basis.

Mr. Chairman, my distinguished colleagues, the gentleman from New Jersey (Mr. **Rodino**) and the gentleman from Wisconsin (Mr. **Sensenbrenner**), have explained the three major changes in the bill, so I will only go into them very briefly.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Massachusetts.

□ 1200

Mr. CONTE. Mr. Chairman, as an early cosponsor of the Voting Rights Act extension, I would like to strongly urge all of my colleagues here in the House to support this legislation as a reaffirmation of our commitment to the importance of the right to vote for all of our citizens.

Mr. Chairman, less than 2 years after its proposal in the wake of perhaps our greatest national tragedy—the Civil War—the 15th amendment to our Constitution was ratified. That amendment to the Constitution guarantees that voting rights for all of our citizens shall not be denied or abridged by any State.

Within 1 year after the adoption of the 15th amendment, some three quarters of a million black citizens registered to vote. It seemed that our young Nation had learned the painful lessons associated with treating a people as second-class citizens.

In the late 1800's, Congress repealed portions of the Reconstruction Acts and placed elections in the hands of the States as Federal occupational troops began to withdraw. By the 1930's however, it was becoming more and more evident that since the dismantling of the Reconstruction Acts, certain States were going back to their old ways and denying voting rights to black citizens.

Once again, the Federal Government had to get back in the business of protecting voting rights. In 1939, the civil rights section of the Justice Department was created; in the forties, various court cases reaffirmed the importance of our most sacred right. By the 1950's, the Civil Rights Movement was growing rapidly, and the Nation was exposed to the need for legislative action to protect voting rights.

Under section 2 of the 15th amendment, Congress has the power to enforce that amendment through appropriate legislation. Thus, the Civil Rights Acts of 1957, 1960, and 1964 were adopted by Congress as steps toward strengthening the enforcement of voting rights.

Unfortunately these acts, while constructive and well-intentioned, were not enough. Speaking of those three acts as alternatives to judicial solutions to the problem, President Johnson's former Attorney General said, "We have seen the alternative tarnished by evasion, obstruction, delay, and disrespect."

In response, Congress passed the Voting Rights Act of 1965 to provide for timely review and relief of 15th amendment violations. Since the passage of that necessary and historic legislation, Congress has seen fit to pass amendments to the act in order to insure that barriers to minority voter participation do not arise, either intentionally or unintentionally.

Today, although much progress has been made, the record shows that it is again necessary to reaffirm the importance of protecting the rights for all guaranteed under the 15th amendment. I do not like to stand on the House floor today and say that the most progressive nation on Earth is still a little slow in learning that voting rights for all of our citizens is vitally important to making our system of government work. I do not like having to again see the power of the Federal Government asserted to insure a right which should have long ago been insured at a local level. But I believe strongly enough in the necessity of this effort that I put my name on this legislation as a cosponsor.

In conclusion, Mr. Chairman, I say to my colleagues that we are not talking today of a partisan issue or a philosophical issue. We are talking about a simple but important basic right which underpins our system of government, and a right in which all of us presumably believe or we would not be serving in this body. I urge my fellow Members in the House to support this bill. Thank you.

Mr. EDWARDS of California. I thank the gentleman for his comments.

Mr. RICHMOND. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from New York (Mr. RICHMOND).

Mr. RICHMOND. Mr. Chairman, I rise to express my strong support for H.R. 3112, the Voting Rights Act extension.

The Voting Rights Act represented a critical milestone in this Nation's effort to guarantee that all citizens could exercise their most sacred constitutional right, the right to vote. As a result of the requirements of the Voting Rights Act, tremendous progress has been made in improving minority access to the political process.

Some of my colleagues have argued that the preclearance provisions of the Voting Rights Act are unfair, because they impose the most stringent requirements of the act on selected jurisdictions, rather than on the Nation as a whole. However, I am sure my colleagues recall that these preclearance provisions were enacted specifically to insure strict enforcement procedures in those jurisdictions, both Northern and Southern, which were engaged in discriminatory voting practices at the time the Voting Rights Act was passed.

In order to insure equitable treatment of all areas, H.R. 3112 would permit jurisdictions covered by the preclearance requirements to bailout of coverage if they prove a clean record on voting rights for 10 years. During the course of its current review of Government regulations, the Reagan administration has endorsed the concept of concentrating enforcement efforts on areas with a history of violations, and I believe H.R. 3112 takes a fair approach to this issue.

The Voting Rights Act has led to tremendous improvements in the number of minority citizens who register, vote, and are elected to public office. Nevertheless, a great deal of progress must still be made before we can truly claim that the laws protect all citizens equally.

The U.S. Commission on Civil Rights, in its recently published report on the Voting Rights Act, cites numerous examples of voting discrimination that are still occurring. Between 1975 and 1980, the Justice Department objected to 700 proposed changes submitted by jurisdictions covered under the preclearance provisions of the act. Thus, while much has been accomplished, it would be wishful thinking to believe that in 16 short years, the battle to end voting discrimination has been won.

We will not have fulfilled the mandate of our Constitution until all citizens participate fully in the election process. We must maintain and enforce the strongest possible voting rights safeguards and I urge my colleagues to support H.R. 3112 and to reject any amendments that would weaken or undercut this monumental civil rights legislation.

Mr. EDWARDS of California. Mr. Chairman, the bill we bring to the House today is a good bill; it is a fair bill. It is a more liberal bill than the present law, in that it will provide incentives for covered jurisdictions to improve access for minorities to register, vote and be elected to public office. When this bill is enacted, we will be able to look back upon our work here in the House of Representatives with great pride.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. Of course I yield to my friend from Virginia (Mr. BUTLER).

Mr. BUTLER. I thank the gentleman for yielding. I would like to congratulate him for his leadership on this legislation in this field. In this particular instance, of course, we think the gentleman has overshot a little bit. But during the course of time we will develop the areas of disagreement during the debate.

I have in my hands a "Dear Colleague" from the gentleman of September 30. There are several statements in there that I would like to ask the gentleman about.

One part says each amendment to be offered by the Republicans would do serious damage to the bill. I think the gentleman would concede that that is premature since the gentleman has not yet reviewed the amendments which the Republicans would offer.

Mr. EDWARDS of California. It is the opinion of the majority that all of the amendments that we know about that will be offered by the gentleman from Virginia (Mr. BUTLER) and others will do damage to the bill, and we are going to resist them.

Mr. BUTLER. I appreciate that. I think, however, if the gentleman would ask his staff to review some of them with us we could find some imperfections in the bill.

In the gentleman's "Dear Colleague" of September 30 it states:

> Our calculations indicate of the 800-plus jurisdictions now required to preclear voting law changes, approximately 25 percent could be eligible for bailout by 1984.

I wish the gentleman would share with us the source of that information and give us an opportunity to review it because I have serious doubts about the accuracy of it.

Mr. EDWARDS of California. The estimates we have have been worked out with great care by individuals and organizations who work in the voting rights field. Indeed, some of the estimates and some of those statistics came from the Department of Justice.

Mr. BUTLER. Is there a document that we could review rather than take the gentleman's time?

Mr. EDWARDS of California. Yes. I have a chart which I will be happy to provide to the gentleman.

For example, the State of Alabama has 67 counties covered by the Voting Rights Act. Only three, however, have had voting rights judgments. Sixteen have had a section 5 objection filed. Eleven have had Federal examiners. According to these figures approximately 55 percent of the counties in Alabama will have no disqualifying factors when the new bailout formula becomes effective and would be eligible at least to file a bailout suit.

Mr. BUTLER. Will the gentleman identify the instrument that he is reading from, the document he is reading from, so that we could examine it ourselves?

Mr. EDWARDS of California. It was prepared by an outside organization active in the voting rights field. I will be happy to give the gentleman a copy.

Mr. BUTLER. We have been provided a copy of the briefing book prepared by the Leadership Conference on Civil Rights, and that may be the gentleman's source. But a footnote on page 7 says:

> It is impossible to tell precisely which counties would be able to bail out because the necessary information would not come until the bailout suit.

Than it goes on to say:

> The best estimate is approximately 25 percent of the covered counties would be eligible to bail out in 1984 on the basis of their past records, and assuming that they eliminate discriminatory mechanisms.

Is this the source? Is this the best evidence we have of what the States could do?

Mr. EDWARDS of California. We have worked very hard at getting volunteer attorneys, and in consultation with the Department of Justice, to get the very best information we can on the subject. These figures are, of course, estimates; this is the best information we have and we believe that it is accurate.

Mr. BUTLER. Did the gentleman's hearings produce any information in this area?

Mr. EDWARDS of California. Our hearings did not cover these particular statistics, no.

Mr. BUTLER. As a matter of fact, the bailout did not come to us through the subcommittee route. It was brought before the committee without any discussion or hearings in the committee or subcommittee, or any effort to develop this sort of information. Is that a fair statement?

Mr. EDWARDS of California. That is not accurate. The bailout provision was worked out over many months of consultation between the members of the subcommittee and with other people.

Mr. HYDE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, many times we are asked, especially at home, why get into politics. The pay is not all that good, the hours are terrible, your motives and integrity are often questioned. Certainly your commonsense is an issue.

But issues like the Voting Rights Act provide a great answer, because this bill is so important, and to have an opportunity to be a part of shaping legislation that does touch the lives of so many people is, indeed, the major reward for serving as an elected official.

Oliver Wendell Holmes years ago said:

> A man must take part in the actions and passions of his time at peril of being judged not to have lived.

Certainly those of us who have immersed ourselves in this Voting Rights Act legislation have taken part indeed in action and much passion. But it is an honor to have been associated with this legislation and with so many people who have poured their energies their good will and their hearts into trying to accomplish something to make the electoral process more open and more available to everyone in the United States.

I would certainly not want to forgo the opportunity to say that while we legislators have the opportunity to debate, the shaping of this legislation is every bit the work of some very dedicated staff. They deserve accolades for the work they have done. They have been professional. They have been selfless, and they have been superb. I speak certainly of Alan Parker. I speak of Catherine A. Leroy. I speak of Ivy Davis. And I speak of Helen Gonzales of the majority staff. They have been superb and of immense assistance.

I must speak, of course, of Tom Boyd of the minority staff who has just done a herculean job helping everyone on the subcommittee, particularly on the minority side.

It is important to mention the chief sponsor, Chairman RODINO, whose fatherly advice and shepherding of this bill has undergone a few tempests but, nevertheless, has been excellent. DON EDWARDS is a gentleman. He is indeed a scholar and the ideal person to have guided this legislation. HAROLD WASHINGTON has been very faithful in attending the committee hearings and has made an immense contribution to this legislation. WALTER FAUNTROY and JOHN CONYERS, along with HAROLD spent long hours with me, educating me and negotiating with me in an attempt to work an agreement out. That it failed is no fault of their own.

DAN LUNGREN, my colleague on the subcommittee, has been a tower of strength and commitment and dedication and he deserves great credit. CALDWELL BUTLER, it does not take much insight to know that he is passionately committed to minority rights and to making them a reality. Last, I thank TOM RAILSBACK, who joined us in working on this, and CARROLL CAMPBELL. I would like to pay tribute to them before I launch into the therapy of explaining my views on this bill.

The 15th amendment, the 15th amendment in our Constitution is perhaps the most important statement of political principle on the planet. It guarantees everybody, no matter what their race, what their color, the right to vote.

I suggest that the right of free speech is secondary to the right to vote. It does not do one much good if one can speak his mind, speak his piece, assemble peaceably, if one cannot implement his views by voting for them. Anything that obstructs that right to vote is wrong, it is improper, it ought to be illegal, unconstitutional, and so it is.

So we are here today to try to make that mandate in the 15th amendment, which was so painfully and, I may say, bloodily attained, enforceable and a reality for everybody.

I approached this problem distasteful of the administrative preclearance process. Frankly, important rights, especially voting, when it comes to being a part of the electoral process, ought to be protected in a court where you have the rules of evidence, where you have presumptions, where you have a judge who is going to give equal time to both sides, and where you can even have a jury of your peers. That is the ideal situation and that was my initial approach to providing remedies for voting rights abuses that exist. Let us repair to the courts rather than some assistant attorney general sitting behind a metal desk in the Justice Department. Administrative preclearance is much too summary, it is much too susceptible of politicization. The courts are the great bulwark and protectors of people's rights.

That is all true, but when you get into the election process you do not have time for the interminable delays that are inherent in the court process. Elections come and go. Reapportionments come and go. Registrations come and go. So the court is just ineffective in enforcing these important constitutional rights.

That realization came to me after the hearings in Washington, in Montgomery, Ala., and Austin, Tex., so reluctantly I abandoned my preference for the remedy of going to court to correct these abuses and recognized the practicality, the indispenability of the preclearance provision.

So what do we do? We recognize the need for preclearance as a process, and we acknowledge from the hearings that although the South and the rest of the country has made enormous strides, heroic strides in opening up the process to minorities, there is a long way to go yet. We are indeed but halfway up the mountain.

We heard tales of abuses in areas where polling booths are not available, where reregistration is demanded, but the registration offices are open from 4 to 9, 1 day a week, and all sorts of subtle and not-so-subtle deprivations of people's right to vote.

So this legislation is needed and it ought to be continued. But I suggest to my colleagues simple justice demands that it be evenhanded and that we recognize in the old Confederacy and in other parts of the country that are under this preclearance provision, which admittedly is an extreme remedy for an extreme situation, recognize good faith compliance and provide a method that is doable, that is achievable, that is workable for these jurisdictions, whether they be States or whether they be counties or parishes, to emancipate themselves from the stigma, from the burden of having to get permission from Washington every time they changed their election laws.

So that was our aim. That was our goal, to fashion a tough, difficult, but nonetheless workable and balanced bailout provision for those areas that did live up to the law, both the letter and the spirit.

Let us look at the bailout. This is the device by which the South is to be permitted to rejoin the Union on a parity with the rest of the country. Is it fair? Is it achievable?

Conceptually, this bailout is a good, fair bailout. What are some of the tradeoffs? My colleagues will recall that Chairman RODINO introduced a bill which extended the pre-clearance section for 10 years. One trade-off was, and it was my idea, let us make preclearance permanent.

□ 1215

Let us make it permanent. Why 10 years? Why 5 years? Why 7 years? Let us make it a permanent part of the law because where voting rights abuses exist, they should be corrected. But the tradeoff for making pre-clearance permanent was construction of a bailout where a jurisdiction could emanicipate itself, could get out from under, if it lived up to the letter of the law and the spirit of the law, even went beyond the law. So that is what we tried to do.

We hoped for an ecumenical bailout because attitudes are as important as the letter of the law. Attitudes have got to change, so people recognize the need, not just to obey the law, but to open up the process. Our concepts and the Republican concepts for bailout were, no test or device for 10 years. Every submission timely made, every submission that ought to have been made to change election laws by covered jurisdictions had to have been made and had to have been made on time. No objections and no judgments against that jurisdiction. And more than that, we are not asking Massachusetts to do this or New Jersey or New York, where maybe more ought to be done—I do not know—but we are asking these jurisdictions that bear the burden of preclearance to go beyond the letter of the law, to do any of several things such as to open up their registration to unusual hours, on Saturdays, to get mobile registrations, to do away with structural inhibitions, to live up to the spirit of the law by taking constructive action to open up the process.

And, lastly, we suggested that the court retain jurisdiction for 10 years in case there is any backsliding.

Now, these concepts were agreed on. But in reducing them to writing, they became unglued. Disputes arose over: Can a State bail out if all of its counties have not bailed out?

Well, the argument was that the State can exercise pressure on these counties. The counterargument was: Why should a State legislature, which may have very little influence over home rule counties, be held in because 1 or 2 or 5 or 10 recalcitrant counties refused to obey the law? Why not eliminate those that have obeyed the law and focus the public attention on those recalcitrant counties and bring the pressure of the Justice Department and public opinion against them? That could have been done. But we could not work it out.

Well, an amendment is going to be offered by CARROLL CAMPBELL that says, "OK, let a State get out if two-thirds of the counties are out." I suggest that is not weakening the bill; it is helping the bill. I resent people saying that every amendment being offered on this side is an attack on voting rights, which some people have said, and which is wrong. Let a State get out if two-thirds of its counties are out, and focus attention, let us go and hold hearings in those counties that are still in, and then let us demand that the Justice Department send somebody to jail. That is strengthening the act, not weakening the act.

Pendency of lawsuits: Listen, you have got to have 10 years of good conduct, then you file a bailout, and somebody goes and files a lawsuit who has 10 bucks for a filing fee. That should not knock the bailout out of court. Let us take a look and see what happens. After all, you retain jurisdiction for another 10 years. The way you have it written, it is bailout by unanimous consent. Anybody, any nut can file a lawsuit if they have got a filing fee. So be practical. That is all we are asking.

The significance of consent decrees: What you have in the bailout that we object to is that if you have entered into a consent decree, you are barred from a bailout. I want the judge to look at the circumstances surrounding the entry of the consent decree. Maybe they were buying their peace. Maybe the plaintiff's lawyer did not want to dismiss the suit, he wanted an order of court. But look at the equities. Good faith. That should have been worked out.

Spelling out constructive efforts: We had problems on that. One of the things that the majority wants is to mandate proof of levels of participation by minorities. Well, I suggest we can open the door, but you cannot push people through. You can make the process open and accessible, but you cannot make people exercise it. And I suggest to the Members that Massachusetts, that New York, that New Jersey, and even the District of Columbia, have worse records of minority participation than Mississippi and the South. So if you are going to make the South show levels of participation, I want to be able to show your State's level of nonparticipation so the court has before it all of the evidence. That ought not to be too tough. Access, yes. Results, very difficult. Resolving these problems ought to have been easy.

One more thing, the presence of examiners. The way you have your bill written, if a Federal examiner has gone down there, no bailout. The way it ought to be written is, the court ought to inquire into the circumstances why the examiner was asked and was sent down there and what his report was. What if examiners were sent down there and came back and said, "Clean"? Too bad. The way you have it written, no bailout. That is not fair. And an amendment to correct that is not weakening the act. It is making it rational and making it sensible.

These issues, my friends, are resolvable. They are resolvable between people who are reasonable and of good will. I concede that at one time I said, "Enough is enough," in the negotiating; and that was a mistake. But I suggest to the Members that negotiating with the civil rights community is quite a frustrating experience. It is like sitting on one end of a water bed. That goes down, and the other end goes up. You go sit on that end, that goes down and this is up. I would suggest Philip Habib would have had a very difficult time getting agreement among the various factions.

We are going to offer amendments on this side. They are good amendments. They are strengthening amendments. I do not know of a responsible Republican, at least in this House, who wants to gut this act. They want to make it fair and doable and achievable.

The hyperbole of the proponents' statements is—I do not know what to say. I do not want to be harsh. You do not want to say it is ignorance; you do not want to say it is intellectual dishonesty. I suspect it is part of a hardball strategy to intimidate people not to support any amendments whatsoever. Well, the end of a good Voting Rights Act does not justify the means of labeling good-faith amendments as weakening, as racist, as against the Voting Rights Act.

Now, my friends, this legislation has a long way to go. It needs more than token Republican support, insofar as the bailout is concerned. And I appeal once more to reason and good will, in the hopes that some of our amendments might be understood for what they are. I understand the negotiating strategy: Go into the conference with a bill where you have got some fallback positions. But I do not want to be a part of a strategy. I want to be a

Congressman that works to fashion the best bill possible, one you can believe in, and then we can confront the gentlemen from the other side and say, "This is a good product. You ought to adopt it." We want to work with you. We want to have a bill that we can defend and believe in. I hope you do not turn us away.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the gentleman for yielding, and I want to commend him on his remarks. I say to him that during the entire consideration of the extension of the Voter Rights Act, no one has worked more diligently, more dedicatedly, and even with an open mind. I remember the gentleman very specifically, based on the hearing and the witnesses and the testimony, showed that he could modify his view if we could prove our case to him. I remember that the gentleman negotiated in good faith with just about anybody who wanted to.

I know I certainly had access to direct communication with him when we were trying to fashion the various parts of the bill that are important. And I commend the gentleman for his sincerity. During this debate and the 5-minute rule, and everything that flows beyond, I want to assure the gentleman of my good will and continued cooperation in trying to work out a resolution.

Mr. HYDE. I thank the gentleman. I never doubted it for a minute.

Mr. CONYERS. I have not finished yet.

If the gentleman will allow me to continue, I just felt that I heard him commend our distinguished colleague, the gentleman from Virginia (Mr. BUTLER), for his support and commitment to the Voter Rights Act. Do I infer from that that he has been a supporter of the Voter Rights Act?

Mr. HYDE. I think it is fair to say to my friend, the gentleman from Michigan, that the gentleman from Virginia (Mr. BUTLER) is a supporter of equal access to the polls. He has difficulty with many of the items and paragraphs and terms of this. But in my talks with him, I do not know anybody more committed to opening up the process to minorities from the gentleman from Virginia (Mr. BUTLER). I accept his disagreements with me and with the majority as very good faith, very lawyer-like and worthy to be listened to.

Mr. CONYERS. Well, finally, on the matter of the authorship of some of these provisions, we, or at least I, speaking for myself on the committee, felt that we owed a great deal to the gentleman in the well in connection with the bailout and the provisions that were worked out. We said that in full committee. I have said it publicly. I have never denigrated any of the approaches that were different from mine. I think that the gentleman should still feel fully entitled to the credit to which he deserves for his role in helping us recognize that a bailout was eminently essential. There was no bailout, as the gentleman said, in the original legislation. We went back to the drawing board as a result of the gentleman's specific intervention in this result.

Mr. HYDE. If I may reclaim my time. I welcome the gentleman's remarks. I certainly do not seek any credit.

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. Mr. Chairman, I simply want to associate myself with the remarks of the distinguished gentleman from Michigan (Mr. CONYERS) in all particulars, particularly his reservation about the strong support of voting rights by another Member, with one exception.

The gentleman mentioned the District of Columbia.

Mr. HYDE. Yes.

Mr. FAUNTROY. And the voting rights record of the citizens here.

Mr. HYDE. Forty-three percent of the blacks voted in the District of Columbia in 1980. Those are the statistics.

Mr. FAUNTROY. Yes.

Mr. HYDE. Mississippi does a much better job of having blacks vote than the District of Columbia.

Mr. FAUNTROY. Yes. But the gentleman understands, on the strength of the vote yesterday, why many citizens of the District of Columbia have come to feel that their votes do not count. And I think the record of our voting is amazing in that regard.

Mr. HYDE. I am sure when the gentleman runs for office, they feel differently and very strongly about electing him.

Mr. FAUNTROY. Well, I will agree with that. But beyond that, the gentleman does recognize that one of the compelling reasons for the extension of this Voting Rights Act is that there are a number of mechanisms now in place, now being used, that render many voters—not only black voters, but many voters—the privilege of voting but not having their votes count. Annexations, at-large elections, and redistricting.

Mr. HYDE. I must recapture my time because we are limited on my side. I appreciate what the gentleman has said.

I yield to the chairman briefly, and only if it is a compliment.

□ 1230

Mr. RODINO. I thank the gentleman for yielding.

As the principal sponsor of this legislation, I must state that the gentleman is due a great deal of credit and we did discuss, as the gentleman knows, originally, the bailout provision as a means of getting a consensus. We recognized that.

I think, unfortunately, while negotiations were really sincere and genuine on both sides, I think the gentleman must accept the fact that there came a time when the gentleman himself said halt, nothing beyond that, and we came to that kind of impasse and then we were left on our own.

Mr. HYDE. This gentleman has conceded the tactical error of attempting to draw an end to the interminable negotiations by saying "enough is enough," but we are all entitled to a little hyperbole, as I am sure the chairman of the subcommittee will agree.

Mr. RODINO. This does not detract from the gentleman who is speaking.

Mr. HYDE. I thank my friend.

Mr. Chairman, I reserve the balance of my time.

Mr. EDWARDS of California. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I rise in support of H.R. 3112, a bill to extend the Voting Rights Act of 1965.

The act was initially passed in 1965, my first year in the House, and was truly a landmark in the long struggle for civil rights in this country. I was especially proud that the distinguished chairman of the Judiciary Committee at that time, Emanuel Celler, picked up a suggestion I made to him that the act cover party elections and procedures, as well as general elections: Chairman Celler saw to it that an amendment to that effect was adopted and remained in the bill.

Certainly the Voting Rights Act has proven to be one of the most important and effective civil rights laws ever passed by Congress. More than 1 million black Americans were added to the registration rolls in the first 7 years of the act's coverage. Registration of Hispanics has increased 30 percent nationally and 20 percent in my own home State of New York during the last 5-year extension of the act.

But despite increased minority participation in every phase of the electoral process in jurisdictions covered by the act, minorities continue to face a variety of problems which the act was designed to overcome. Resistance and hostility on the part of the citizens of many such jurisdictions toward increased minority participation has been documented. The U.S. Commission on Civil Rights, which was established by the Congress to, among other things, evaluate Federal laws and their effectiveness in combating discrimination, has once again found that harassment and intimidation of minority voters and candidates continue to persist.

There are continuing problems in registration and in voting. The Commission found that some registration officials are openly hostile and intimidating to minorities when they attempt to register as well as when they attempt to vote. In several jurisdictions, all polling places were located in predominantly white communities, or in areas which were not served by public transportation. Such tactics were used to discourage the minority vote. In addition, minorities face a number of barriers to electing the candidates of their choice in jurisdictions covered by section 5 of the act which requires covered jurisdictions to submit any proposed election law changes to the Department of Justice for approval. Local governments are now using such tactics as shifting from single-member to at-large districts, annexing outlying districts to dilute minority strength, and discriminatory gerrymandering of district lines, only to name a few. These unscrupulous tactics are becoming more common; for example, we have seen a massive increase in the number of discriminatory annexations of outlying white districts in order to dilute the minority vote—from 9 in the first 10 years of the act to 234 in the subsequent 5 years. In addition, the Justice Department has objected to approximately 811 proposed State and local election law changes, 538 or two-thirds of which occurred since 1975, the date of the last extension of the act. Clearly, voting discrimination is still all too prevalent and I am afraid that if section 5 preclearance was to be eliminated or diluted in any way, many jurisdictions would implement discriminatory changes. Should this occur, the impact on minority voting and representation would be devastating.

Neither should we attempt to apply section 5 preclearance to every jurisdiction in the United States. To do so would be unnecessary and would deluge the Justice Department with proposed voting law changes from areas where there has been no demonstration of need for section 5 preclearance and would seriously jeopardize the effective enforcement of the act. Furthermore, the act is already national in the sense that any jurisdiction in the Nation which demonstrates a violation of the 14th or 15th amendment can be brought under the special provisions of section 5 of the act at any time in the future.

I would like to take this opportunity to commend the Judiciary Committee for adopting the new bailout provision which will relieve covered jurisdictions from the section 5 preclearance requirement if they have a genuine record of nondiscriminatory voting practices for 10 years prior to filing for a bailout. I feel that this provision is fair and achievable, and at the same time contains sufficient safeguards to protect minority voting rights.

Equally important is the extension of the bilingual provision of the act. Many members of language minorities find it difficult and sometimes impossible to vote when election materials and assistance are provided only in English. The record shows that election laws have been used to dilute Hispanic voting power and that Hispanics have been discouraged from voting because of intimidation. The provisions for bilingual election materials and voting assistance are critical in encouraging language minorities to become active participants in the democratic process. Further, the cost of implementing the language assistance provision is minimal.

In short, extension of the Voting Rights Act of 1965 is crucial to this democracy if we are to preserve the rights of all of our citizens guaranteed by the 14th and 15th amendments of the Constitution of the United States. I urge my colleagues, therefore, to pass H.R. 3112 without weakening amendments.

Mr. EDWARDS of California. I yield such time as he may consume to the gentleman from Texas (Mr. FROST).

Mr. FROST. Mr. Chairman, I rise in support of H.R. 3112. I believe the Judiciary Committee has reported a balanced bill that will allow the Voting Rights Act to continue to protect the constitutional rights of minorities to participate in the political process.

Mr. Chairman, I doubt that anyone will argue against the past successes of the Voting Rights Act during the course of this debate. Before it was enacted in 1965, only 29 percent of the black voting age population in the States now covered by the act was actually registered to vote. Today, in many of the covered States, over 50 percent of the eligible black citizens of voting age are registered to vote.

The Voting Rights Act has been extremely important to the black and Hispanic citizens of my home State of Texas. Hispanic registration in Texas has been increased by two-thirds since the Voting Rights Act was expanded to include Texas. And, there has been a 30-percent increase in the number of Hispanic elected officials in the State between 1976 and 1980. Blacks also have made great strides in Texas in recent years, substantially increasing the numbers of offices they hold at the State and local level.

But those successes are also used by some people as evidence that the act has served its purpose—that its objective of unimpeded minority access to the ballot box has been reached. The Judiciary Committee hearings have shown, however, that this is not the case. Witness after witness appeared before the committee to report on lingering instances of voter discrimination. It became evident to the Judiciary Committee—and I believe to a majority of my colleagues—that the rate of minority electoral participation may be on the rise, but that it remains substantially lower than white participation levels. And the logical consequence of access to the ballot box—actual political representation of minorities—continues to lag. We have more minority officials in local, State, and Federal offices, but their numbers are not commensurate with their relative share of the population.

All the evidence comes down on the side of extending the Voting Rights Act in a way that requires jurisdictions to protect and promote minority political participation. H.R. 3112 achieves this, but it is not so heavy-handed as to rob the covered jurisdictions of the incentive to make these improvements on their own.

For example, the fairly restrictive bailout provisions of the act are sustained in H.R. 3112 until August 1984. After that time, the exemption standards are relaxed, but they cannot be invoked by any jurisdiction without compelling evidence of its compliance with the law.

The other section of the act which has been very important for Texas minorities—the language provisions—are preserved in the committee bill in recognition of the need to conduct elections in languages that all citizens can understand. H.R. 3112 extends the requirement that jurisdictions with language minority groups that constitute at least 5 percent of the voting-age population provide voting instructions in the minority language. This requirement is extended through August 5, 1992. Mr. Chairman, any attempts to dilute these language assistance provisions will deny non-English-speaking minorities the chance to participate in the choice of their elected officials. The committee itself is aware that complicated election laws and registration forms have been used in the past to disenfranchise minorities. The language provisions of this legislation should not be diluted and they should not be deferred.

Mr. Chairman, the sections of this act which in the past have meant the most to our minority citizens are the sections that have been most effectively addressed in H.R. 3112. You may hear the claim repeated many times during the course of this debate that the political climate of the South is changing. And I would agree that the days of blatant civil rights violations are coming to an end. But the insidious forms of discrimination persist. Outright intimidation has been replaced with more subtle but equally exclusionary tactics. We have a role in guaranteeing full participation that is more important now than it ever was.

The Congress did not pass the Voting Rights Act with the intention of letting it lapse when the job was half done. The bill that is before us today represents the best vehicle for accomplishing the original objectives of the act. I hope my colleagues will join me in opposing attempts to weaken it in any way.

Mr. EDWARDS of California. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota (Mr. OBERSTAR).

Mr. OBERSTAR. Mr. Chairman, I rise in strong support of H.R. 3112, the Voting Rights Act extension and commend the gentleman from California and the gentleman from New Jersey (Mr. RODINO) for their leadership in bringing this legislation forward.

Mr. Chairman, the fundamental basis of our constitutional form of government is that the authority to govern comes from the people. The Government does not grant rights; it protects rights and exercises authority only to the extent authority has been given to it by the people.

The right of all citizens to vote is essential to the legitimacy of any government. Government need not require all citizens to vote; but neither under any circumstances should government act as a barrier to voting. When government itself prevents a class of citizens from voting, it creates a travesty that undercuts its very claim to legitimacy.

The 15th amendment to our Constitution reads:

> SEC. 1. The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color or previous condition of servitude.
>
> SEC. 2. The Congress shall have power to enforce this article by appropriate legislation.

If we fail to enact such appropriate legislation, we have failed to fulfill our most elementary constitutional responsibility. Congress passed the Voting Rights Act because State and local governments were depriving millions of citizens of their right to vote. That law is consistent with the current spirit of "getting government off the backs of its citizens." It got governments off the backs of millions of blacks and other minorities and allowed them to participate in the process of electing their Government.

The Voting Rights Act has been the most effective civil rights legislation in our history. It is an act of which Congress can be proud.

The argument that the act's effectiveness is reason to abolish it is folly. The act has corrected much of the problem. The Judiciary Committee, however, in its extensive hearings, received testimony on continued discriminatory voting registration procedures.

The act provides covered jurisdictions with the right to seek exemption or "bailout" from the provisions of the act if they can demonstrate that they have complied with the act for 10 years.

This House should soundly reject any attempt to amend the act to extend the provisions to the entire country. The problem which led to the 1965 act was not nationwide. To address a problem where it exists is not discriminatory. It is commonsense. Any attempt to extend the act to the entire country is clearly an attempt to weaken the act to the point of ineffectiveness.

The Judiciary Committee reported this bill by a vote of 23 to 1 after the most careful and extensive consideration. It is an excellent bill, one which I am proud to have cosponsored. We ought to pass it unanimously without amendment and insist that the conference report reflect the commendable bipartisan efforts of the House Judiciary Committee that wrote this bill.

Mr. EDWARDS of California. Mr. Chairman, I yield 6 minutes to a valued member of the subcommittee, the distinguished gentleman from Illinois (Mr. WASHINGTON).

Mr. PURSELL. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentleman from Michigan.

Mr. PURSELL. Mr. Chairman, I, too, would like to indicate my support for the outstanding leadership on the Republican and Democratic side in one of the most important pieces of legislation this year.

Mr. WASHINGTON. Mr. Chairman, I rise in support of H.R. 3112, sponsored by the distinguished gentleman from New Jersey, and wish to associate myself with the laudatory remarks of the previous speaker, and I want to indicate to this body that it has been an edifying and wonderful experience for me to sit upon the Subcommittee on Civil and Constitutional Rights chaired by the gentleman from California (Mr. EDWARDS).

It was an interesting experience and one which made clear to me that the kind of expertise he displays in marshaling witnesses and testimony was in accord with the highest standards of this Congress.

I take my point of departure in this discussion, as did the previous speaker, the distinguished gentleman from Illinois, from the 15th amendment, with emphasis upon that section which says that the States shall not deny or abridge the rights of the freedom to vote.

H.R. 3112, extending the Voting Rights Act of 1965 is a simple extension which puts meat and gusto and verve to that long languishing 15th amendment.

I do not think we can look at the 15th amendment in a void. I think it has to be put into historical context, in the historic continuum. If we look at it in a void, we may forget that this country has, over the past 100 or more years, been steadily impelled in the direction of an ever-extending franchise to guarantee every adult the untrampled, inviolate right to vote. That is what this debate is all about.

The question is whether this Congress will continue, in its pristine powerful form, the act which, after a 100 years of delay, was finally designed to do something about the right of blacks and Hispanics in this country to vote.

When we look at it in a historical context it takes on more meaning. I think we can trace it, for example, to the direct election of Senators in these United States. We can take our point of departure from the 19th amendment, and the suffrage for women. We can look at the other aspects of that continuum, the constant fight to remove certain impediments to the black man's right to vote in the South, such things as a grandfather clause, knocked down by various courts. We can look at the 24th amendment and the elimination of the poll tax as part of an exorable march to expand the franchise in this country.

The 18-year-old vote carried it forward as did the one-man, one-vote decision of the Supreme Court in the sixties, and, finally the Civil Rights Act of 1965.

So we can see that this country's objective has always been to protect the right to vote as an individual. When people stand here and say this is punishment to the South, or punishment to the covered jurisdictions, or an impingement upon their sovereignty, or a holding of them in hostage, they are not looking at the 15th amendment and they are certainly not looking at the history of this country, a history which has made it very clear that every adult citizen should have the right to vote.

The registration figures indicate quite clearly that this act has been successful. For example, in the covered jurisdictions, primarily in the South, the registration figures have gone up from about 20 percent to approximately 50 percent. The number of black elected officials in covered jurisdictions in the South has gone up from approximately 100 to around 2,000.

Section 5, the preclearance section, has therefore been a strong and powerful mechanism whereby devices designed to dilute the vote in the South have been removed.

There are some who say that since it has been such a singular success, perhaps the time has arrived to abandon it. Obviously and clearly that is not true. Anyone who had been privy to the hearings we had throughout this country, in which we saw scores of witnesses at 18 hearings, would certainly come to the conclusion, as I have done, that not only should the act be extended, but also that no mechanism should dilute it in any meaningful fashion.

We heard prominent litigators before us on both sides of the question, civil rights organization leaders, State officials, Secretaries of State, Attorneys General, former and present Congressmen, those who had been involved in the initial 1965 act, and those here sitting in the House today.

Black and white State assemblymen from throughout the South appeared before us, grassroots people, academicians, but there was an overwhelming positive support for the extension of section 5, preclearance. The weight of the testimony was simply astounding.

The gentleman from Illinois is not diminishing the potency of that evidence when he says that the weight of the testimony was so overwhelming that it turned him around. He had been against, to a certain extent, the extension of that act.

The witnesses before us gave us a chamber of horrors, instance after instance in which the act had been violated. There had been intimidation, threats, coercion, poll changes with no notice, individuals in the South forced to vote at an open table where everyone could see them and intimidation was rampant.

Objections have been filed to approximately almost 300 of these various changes in the South.

The Civil Rights Commission stated that over 500 changes made in covered jurisdictions were not submitted to the Attorney General. Racial gerrymandering was rampant in many, many jurisdictions through the South. And annexations designed to threaten black strength were rampant.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. WASHINGTON) has expired.

Mr. EDWARDS of California. Mr. Chairman, I yield 2 additional minutes to the gentleman from Illinois.

Mr. WASHINGTON. Multiple registration has been required. Inconvenient voting locations have been mandated primarily in black counties or black locales. There have been unnecessary runoffs and slate requirements where no slates were needed.

In short, the chamber of horrors was so bad that it brought even my good friend from Illinois to the point where he had to change his mind. The net result is that this act has become a cause celebre in every black locale in the country. I know of not a single black person or Hispanic person in the entire country who has any reservation about absolute support for the extension of this act. But even though we support the act very strongly, we listened to the argument that bailout was required because we should not punish the States. Although I did not feel it had any credence, and although I felt it lacked potency, in the spirit of camaraderie and in the spirit of bipartisanship—a spirit that prevailed throughout—we made a monumental concession to that side of the aisle. That concession was simply this: Instead of forcing the covered jurisdictions to come out the way they came in, we made modifications. In short, a county can come out of a State, something it could not do before. That was a monumental concession and one which I think indicated the spirit of those who wished to support this kind of act.

I submit to my colleagues that the time has come to put this issue behind us. It has been going on not for 17 years, but almost 117 years. The issue is not resolved, and if every few years we must come back and rehash this business, I think we will be sending the wrong signals to the people of this country.

I think H.R. 3112 as voted out of the Judiciary Committee is a fine piece of legislation and see no reason to dilute it further. I urge its support.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

On the question of counties getting out independently of States, I am sure the gentleman recognizes, say, in New York, where three counties are in but the State is not——

The CHAIRMAN. The time of the gentleman from Illinois (Mr. WASHINGTON) has expired.

Mr. EDWARDS of California. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania (Mr. GRAY).

Mr. GRAY. Mr. Chairmam, I rise in support of H.R. 3112. I urge my colleagues to pass this extension of the Voting Rights Act without any crippling amendments.

Only 16 years ago, Mr. Chairman, literacy tests and poll taxes were common to many parts or our Nation. They were the crude, discriminatory practices which kept blacks and Hispanics from voting—until the advent of the Voting Rights Act.

The impact of the act was immediate and far-reaching. In just one decade, black registration in the South nearly doubled. And since 1965, the number of black elected officials across the United States has more than tripled.

It is true the minority community no longer faces blatant practices such as literacy tests and poll taxes. But we face just as serious a threat to our ability to elect representative public officials.

This threat comes in the form of gerrymandering and annexation schemes aimed at limiting the voting power of minorities. This threat is in fact a reality. For example, within the past 2 months, the Justice Department struck down a reapportionment plan in Virginia because it would have crippled the voting power of blacks. More than 500 such Justice Department objections have been made in the past 6 years. They demonstrate the need to extend the Voting Rights Act and to extend it intact.

Mr. Chairman, there is yet another compelling reason for us to renew the Voting Rights Act. It goes beyond the fact that the act is a protection and an incentive for blacks and Hispanics to vote and play an active role in the political arena.

I refer, Mr. Chairman, to the new politics of the 1980's, with its blatant disregard for the disadvantaged and economic disaster for poor and minority families.

We already know that the administration's safety net has many large, gaping holes in it and is—in the words of David Stockman—"a term of art."

Given this reality, Mr. Chairman, the only real safety net which minorities can count on is our own capacity to participate in the political system.

The Voting Rights Act, to a major degree, has made this participation possible and meaningful. If you remove or water down the Voting Rights Act then you remove the most basic safety net in a democracy.

I urge my colleagues, Mr. Chairman, to consider this when we vote on this carefully crafted compromise which the gentleman from New Jersey has so skillfully brought to us today.

Mr. EDWARDS of California. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. SAM B. HALL, JR.)

Mr. SAM B. HALL, JR. The right and privilege to vote should never be abridged, doctored, or limited. This undiluted right is as basic to fundamental justice today as it was generations ago when a group of citizens revolted against a despicable king.

Just as fundamental and basic as it was when men from 13 Colonies drew the line against tyranny 200 years ago.

I am strongly supportive of H.R. 3112.

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Mr. HYDE. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Chairman, in taking up the extension of the Voting Rights Act of 1965, once again the Committee on the Judiciary is offering the House of Representatives a chance to take a further step in the historic task of assuring equal rights for all our citizens. It is this role that makes service on the Judiciary Committee so rewarding and the association with my colleagues on the committee so satisfying.

On our side of the aisle, I am normally teamed up with TOM RAILSBACK of Illinois in our advocacy of judiciary legislation. Unfortunately, TOM had previous engagements in his district that could not be changed when general debate was scheduled for today. He has asked me to explain to the House his strong support for the extension of the Voting Rights Act.

The Voting Rights Act of 1965 has been recognized as the most successful and critical civil rights legislation ever enacted. There can be little argument about this statement, as black, Hispanic, and other language minority voter participation has increased dramatically in the South, Southwest, and in other covered jurisdictions since 1965.

We are considering nothing less than the right to vote. Despite the advances made in expanding the opportunities for all Americans to vote, more needs to be done. The Judiciary Committee heard testimony from every part of the country supporting the continuation of the Voting Rights Act, particularly the key preclearance and minority language provisions which we are bringing to the floor of the House. The committee's near unanimous vote on H.R. 3112 is evidence of the significance of this issue.

Outlawing literacy tests, poll taxes, and other devices in the 1965 act was the first step in achieving the rights guaranteed by the 15th amendment. Section 5 of the act was designed to prevent new forms of discriminatory tests and devices from being used to deny blacks the right to vote. Section 5 requires that certain State and local governments must preclear with the Department of Justice any changes in voting or election procedures. Thus, at-large elections, annexations of white suburbs to dilute minority voting strength, and racial gerrymandering, methods which replaced the poll tax and literacy test, are subject to review by the Justice Department. Jurisdictions enacting these tests and devices are frustrated in efforts to prevent black voter participation due to the preclearance requirements of the Voting Rights Act.

In 1975, preclearance was expanded to include large parts of the Southwest where Hispanics, American Indians, and Asian Americans were shown to have been discriminated against much the same way that blacks had been.

In the past 15 years, over 800 discriminatory voting changes have been blocked under section 5. Does anyone doubt that such changes would proliferate if section 5 were not extended?

Recognizing that certain jurisdictions had complied with the Voting Rights Act, the committee approved an amendment to the act which permits those jurisdictions with clean records to bailout from coverage. The bailout requirements are fair, and should permit many counties and States to end their coverage under the act.

The committee's amendment permits, for the first time, political subdivisions within a State to apply for bailout. Over 800 local jurisdictions should be eligible under the amendment. States which can show that its political subdivisions are also clean will be permitted to petition for a bailout as well. These States must accept some responsibility for its laws and assist its subdivisions in complying with the Voting Rights Act.

Bailout can be achieved if the court determines that certain qualifications have been met. These include a showing that no discriminatory tests or devices have been used for the past 10 years; no judgments against the jurisdiction have been issued for violations of the act; and there has been compliance with the Voting Rights Act preclearance provisions. The jurisdiction must also demonstrate that constructive efforts to eliminate intimidation and harassment of protected persons under the act have been taken, and that expanded opportunities for voter participation have been achieved.

The bailout provision approved by the committee is fair, and represents a vast improvement over current law.

H.R. 3112 also extends the bilingual election requirement until 1992. This provision has brought the franchise to untold numbers of Mexican Americans, Puerto Ricans, Cubans, American Indians, and Asian Americans whose right to vote is no less sacred than any other citizen's, but who have been systematically denied educational opportunities and are consequently not proficient in English.

Bilingual elections have been shown to be of only minimal cost. Even longtime opponent, Representative MCCLOSKEY, admitted recently that their costs were no longer significant.

Contrary to fears some have expressed, bilingual elections do not promote "cultural separatism." Instead, they encourage all citizens to participate in the most fundamental activity of our democracy. New Mexico has conducted elections bilingually since 1912 and that State has the highest degree of Hispanic participation of any State in the country. It is also the only State in which Hispanics hold statewide-elected offices. Clearly, bilingual elections are an incentive to participate, not an incentive to withdraw.

Mr. Chairman, I urge my colleagues to support the bill as reported by the committee, along with some clarifying amendements to be offered by the committee. I also urge my colleagues to support the minority language provisions, which have contributed greatly to the ability of many who speak another language, but who are American citizens, to exercise their constitutional right to vote.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I thank my colleague for yielding.

I am heartily in favor of this bill. It is undoubtedly one of the most important and I support it wholeheartedly.

I would like to ask the chairman, the gentleman from California (Mr. EDWARDS), or the chairman, whichever, I am very troubled about something. I do not think there is sufficient protection there for the voter. The voter, as Victor Gotbaum once said to me, "No vote is any good that is not secret."

I think that if advice is needed, both parties can get together and advise outside and coach and say, "Well, this is the way it looks. This is what you are going to have to do." But nobody ought to go into that thing unless they are blind or have not got an arm or two arms. I mean, it is open to the most terrible abuse and there is no protection as far as I can see.

Would the gentleman accept an amendment that would require that any advice and help take place outside the voting booth itself?

Mr. EDWARDS of California. Well, if the gentlewoman would yield, I do not know of any States where the people go actually into the polling booth.

Mrs. FENWICK. Oh, oh——

Mr. EDWARDS of California. In addition to that, we had no testimony to the effect that the abuse that the gentlewoman from New Jersey mentions exists. This is a new objection to me.

Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. SEIBERLING), a valued member of the committee.

Mr. SEIBERLING. Mr. Chairman, I do not need to add anything to what has been said already about the importance of this. It is properly called the most important and most successful civil rights measure we have ever passed, because it deals with the most basic right in a democracy, the right to vote.

I would like to make two observations, however. During our last debate in the committee 5 years ago on the extension of the act at that time, one of the Members said to me, "How would you like it if the Attorney General had to screen all election laws in the State of Ohio?"

My response was that if the State of Ohio, which I do not believe is the case, had a situation where rights of voters were being denied on the basis of race or other discriminatory grounds, I would welcome the intervention of the Attorney General. I am sure that is true of most of us here.

The other thing I would like to say, I commend the gentleman from California (Mr. EDWARDS) not only for his achievement in getting this bill in the shape it is in, but for the amendment which the gentleman plans to offer to make it clear that frivolous complaints could not stop the bailout in a legitimate proceeding. They would be dealt with and only if they ultimately panned out into a real complaint after the fact would there be any effect on the proposed bailout.

It does seem to me that this disposes of the only remaining substantive or procedural objection that I felt had any merit in the committee.

I want to commend the gentleman for so preparing that amendment.

Mr. HYDE. Mr. Chairman, I yield 4 minutes to the ranking Republican member, the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. Mr. Chairman, I thank the gentleman for yielding. I want to commend the chairman of the subcommittee, the full committee and my distinguished colleague, the gentleman from Illinois, the ranking minority member on the subcommittee, for their extensive work in connection with undertaking to extend the Voting Rights Act of 1965.

Mr. Chairman, through the years I have consistently favored civil rights legislation. I have always firmly believed that there are certain rights which the Constitution bestows on all of us and that the Federal Government has the overriding responsibility to guarantee respect for those rights. Unfortunately, it took until the sixties for the Congress to recognize that duty and create a body of law aimed at emphasizing that Federal role.

The 1964 Civil Rights Act marked the beginning of an intensive Federal effort to put an end to discrimination in public facilities, public education and federally funded programs. Four years later, Congress passed the 1968 act, which attempted to address the special problems of Indian rights and set up effective procedures by which housing discrimination could be eradicated. Unfortunately, not all of these programs have been as effective as once hoped. The Fair Housing Act, for example, needs improvement. I and my colleague from Illinois (Mr. RAILSBACK) worked with other Members of this body to fashion a compromise amendment which would enable the House to support some improvements. We were successful in the House in our efforts to improve the enforcement mechanism in the bill in line with the compromise proposal we had drafted. The measure failed to be acted upon in the other body.

Perhaps the most successful of all civil rights acts has been the Voting Rights Act, first passed in 1965. It was created in order to respond to the reprehensible record of voting rights abuse documented in some parts of our Nation. While 17 of the 19 sections in title I were intended to be, and will remain, permanent, 2 sections were designed at their inception for temporary application. Even former Chief Justice Earl Warren, writing for an 8-1 Court (Justice Black, of Alabama, dissenting in part and concurring in part), observed that in the light of the evidence the constitutionality of these sections was based upon their temporary and rational condition. I am talking, of course, about sections 4 and 5 of the act, the controversial administrative preclearance provisions.

The bill before us, H.R. 3112, does not undo these sections. On the contrary, until the compromise drafted by the ranking minority member of the subcommittee, Mr. HYDE, was inexpertly laden with numerous provisions which make no logical sense, it reflected the improvement that covered jurisdictions, particularly in the South, have demonstrated over the past 16 years. Moreover, I believe that H.R. 3112, even in its present form, demonstrates, in principle, recognition of that improvement. It simply has some substantial flaws which should be corrected by this body. I urge you, then, to pay close attention to the balance of the debate and to the amendments which will be offered next week.

Among the changes which will be suggested is one which I will offer. Its purpose will be to eliminate the requirement in the act that State and local jurisdictions distribute, at their own expense, I might add, registration or voting materials, including instructions, forms and ballots, in foreign languages listed in section 203(e) of the act. In order to be brought under the requirements of this section, and it is important to note that I am not talking about the preclearance provisions of sections 4 and 5—a jurisdiction need only have a language minority population of 5 percent of its voting age citizenry and have an illiteracy rate within that group which is higher than the national average. You should know that the definition of "language minority" only covers Asian Americans, American Indians and Hispanics. It does not offer the same potential benefit to Eastern Europeans in the Midwest or to the French in Vermont. It does not even require an inability to speak English as a condition for membership in a "language minority." And it presumes that the language minority which is illiterate in English is literate in its native tongue. Ridiculous.

I know the chairman of the committee and the subcommittee will argue that the costs of this federally mandated obligation, required regardless of need, is not expensive and that the hearings support that view. Not so. The hearings nowhere document cost. In fact, Mr. Drew Days, former Assistant Attorney General for the Department of Justice's Civil Rights Division, testified on March 13 of last year that there exists no central mechanism by which either cost or use can be documented—and yet the requirement remains. This bill would extend the eligibility potential for acquiring that financial obligation for 7 more years, from 1985 until 1992—and it does so 4 years in advance.

Since the subcommittee made no genuine effort to document cost, I decided to write the jurisdictions now covered by the bilingual ballot requirements of the act and ask them what their experience has been. I received responses from 17 States, virtually all of whom indicated that compliance is extremely costly and that the Federal requirement is particularly burdensome now, at a time when revenues are being reduced. I will discuss more fully the responses I received when I offer my amendment. For the moment, I will offer the letters I have for the RECORD so that they will be available for review before the amendment process begins. That request will be made when we return to the House.

Mr. Chairman, the letters and material referred to are as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 1, 1981.

Hon. ROSE MOFFORD,
Secretary of State, West Wing, State Capitol, Phoenix, Ariz.

DEAR SECRETARY OF STATE MOFFORD: The Judiciary Committee of the United States House of Representatives is currently holding hearings on the extension of the Voting Rights Act of 1965. As a part of this extension, we are considering legislation to extend the expiration date of the 1975 bilingual ballot amendments from their current 1985 expiration date to 1990.

I am writing to request the following information regarding how these laws have affected your state in implementing the bilingual ballots and election materials:

(1) A listing of the counties or wards which must provide bilingual ballots and election materials;

(2) The number of bilingual ballots printed;

(3) The additional cost of providing the bilingual ballot in these counties for:

(a) Primary elections;

(b) General elections;

(4) The number of requests for these ballots and materials during the election.

Thank you in advance for your help in this matter. It will make possible a thorough evaluation of the effectiveness of these laws.

Sincerely yours,

ROBERT McCLORY,
Member of Congress.

STATE OF CALIFORNIA,
Sacramento, Calif., June 22, 1981.

Representative ROBERT McCLORY,
Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE McCLORY: Thank you for your inquiry of June 1st regarding minority language election materials.

Before answering the questions in that letter, I believe that it would be useful for me to describe California's method of complying with the minority language requirements of the Voting Rights Act. Thirty-eight California Counties are covered for Spanish and one of these, San Francisco, has also a requirement to provide election materials in Chinese. One other county, Inyo, must provide oral assistance to an American Indian minority with no written language. Moreover, in consultation with the U.S. Justice Department, Civil Rights Division, that the demographic makeup of four covered counties is such that compliance with the oral assistance requirements of California law constitutes compliance with the Federal law. These counties are Amador, Lassen, Sierra, and Tuolumne.

The State of California counties use three general methods, singly or in combination, of meeting the Voting Rights Act's requirements:

1. Automatic, targeted, provision of minority language materials.
2. Provisions of minority language materials upon request. Requests are made by use of postage-paid-by-government postcards. This method is often referred to as "captioning".
3. The provision of bilingual election materials, countywide.

Local circumstances control the selection of methods. The choice is made on the basis of providing the best possible service at the lowest possible cost.

My staff has recently compiled a survey, the results of which are tabulated in Attachment I. The primary election costs were not sought in the survey, but are quite close to the General Election costs. The survey did not determine the number of minority language pamphlets which were printed by the seven counties using that method. The results of a later inquiry are tabulated in Attachment II. As you can see from the foregoing, "bilingual" is not a term that is fully descriptive of the materials which California provides to its minority language voters.

In addition to the county costs shown in the attachments, the state has costs in two areas:

1. Provision of minority language versions of the state Ballot Pamphlet.
2. Provision of bilingual voter registration materials. The costs of these approximates $95,000 and not more than $5,000 respectively per election.

I will be happy to supply any other information which you may request.

Sincerely,

MARCH FONG EU,
Secretary of State.

ATTACHMENT I.—1980 GENERAL ELECTION

Counties	Translation cost	Incremental printing cost	Incremental postage cost	Incremental staff labor cost	Incremental processing cost	Other incremental cost	Total cost
Alameda	$3,435.00	$2,636.45	$586.09	$613.55	0	4,800.00	$12,071.09
Colusa	60.00	488.70	2.05	0	.25	7.88	558.88
Costra Costa	3,437.00	11,505.00	167.00	75.00	114.00	0	15,298.00
Fresno	225.00	14,400.00	0	1,141.00	0	2,000.00	17,766.00
Imperial	350.00	2,075.50	0	0	0	0	2,425.50
Inyo	30.00	0	0	0	0	0	30.00
Kern	245.00	13,941.00	0	3,000.00	0	0	17,186.00
Kings	225.00	3,409.00	659.00	1,827.00	210.00	0	6,330.00
Los Angeles		29,100.00	3,700.00	94,100.00		8,300.00	135,200.00
Madera	250.00	2,487.00	0	106.00		533.00	3,376.00
Merced	238.00	2,572.51.00		500.00		150.00	3,460.51
Monterey	424.00	25,707.00	0	0	0	0	26,131.00
Napa	1,350.00	5,940.00	2,336.55	11.72		172.00	9,810.27
Orange	500.00	18,105.00	0	1,125.00	0		19,730.00
Placer		21,950.00	0	0	0	0	21,950.00
Riverside	745.00	1,227.00	130.00	1,800.00	200.00	100.00	4,202.00
Sacramento	1,076.00	5,211.23	75.27	1,135.00	0	0	7,497.50
San Benito		346.05				141.00	487.05
San Bernardino	976.50	60,250.00	1,000.00	27,500.00	0	5,000.00	94,726.50
San Diego	3,200.00	54,700.00	100.00	1,100.00	50.00	0	59,150.00
San Francisco	15,360.00	4,537.00	409.00	4,125.00	145.00	7,000.00	31,576.00
San Joaquin	1,031.00	1,700.00	58.00	525.00	75.00		3,389.00
San Luis Obispo	645.00	10,186.73		4,292.00			10,874.65
San Mateo		7,917.00		9,812.00	206.00	223.00	18,158.00
Santa Barbara	630.00	11,271.00	396.00	229.00	100.00	0	12,626.00
Santa Clara	935.00	4,034.00	117.43	189.40	20.00	100.00	5,395.83
Santa Cruz	1,795.50	14,297.00	10.00				16,102.50
Solano	6,000.00		0		0		6,000.00
Sonoma	1,004.37	3,615.19	243.80	147.36	0	0	5,010.72
Stanislaus	1,058.00	6,288.22	0	0	0	796.00	8,142.22
Sutter	55.00	863.37	14.00	200.00	100.00		1,232.37
Tulare	665.65	3,468.68	0	277.92	0	247.95	4,660.20
Ventura	982.00	13,667.00	745.00	121.00	52.00	241.00	15,808.00
Yolo	5,000.00						5,000.00
Yuba	785.00	2,674.44	0	245.00	0	146.00	3,850.44
San Francisco (Chinese)	24,167.00	4,537.00	543.00	4,125.00	170.00	7,000.00	40,542.00
Total	76,880.02	365,108.07	11,292.19	154,073.87	1,442.25	36,957.83	645,754.23

ATTACHMENT II.—SPANISH BALLOTS PRINTED 1980

Counties	Primary election	General election
Contra Costa	18,780	40,440
Imperial	800	700
Kings	1,640	3,590
Merced	200	200
Riverside	1,353	1,290
San Luis Obispo	3,130	19,560
San Mateo	5,000	13,250

ELECTIONS DIVISION,
Austin, Tex., June 25, 1981.

Hon. ROBERT MCCLORY,
Member of Congress, Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN MCCLORY: In response to your letter concerning the implementation of bilingual ballots and election materials and the extension of the bilingual requirements, I would like to furnish you with the following information that you have requested.

All 254 counties and wards with the exception of three counties, those being Grayson, Cooke, and Fannin which are located on the Oklahoma border, are required to provide bilingual ballots and election materials. All ballots and ballot materials are printed in both English and Spanish in both primary and general elections. Since there is not a distinguishable difference, there is not a separate number of requests for bilingual ballots and materials during the election.

The additional cost of providing the bilingual ballot is not substantial. The additional cost is in the preparation of the printing of the ballot with additional cost for the translation of the English to Spanish and the layout of the ballot.

Please note, however, that while the costs of the State printing bilingual ballots and elections materials may not be significant, there are numerous political subdivisions within the State who similarly print materials and ballots for their elections. We have not attempted to measure those costs.

The State of Texas is mandated by Article 1.08 of the Texas Election Code to provide bilingual election materials. If the Voting Rights Act were not extended, Texas would continue to supply bilingual election materials.

Sincerely,

GEORGE W. STRAKE,
Secretary of State.

FLORIDA DIVISION OF ELECTIONS,
Tallahassee, Fla., June 24, 1981.

Hon. ROBERT MCCLORY,
U.S. Congressman, Committee on the Judiciary, Washington, D.C.

DEAR MR. MCCLORY: In response to your request of June 7, listed below are the counties in Florida which are required to provide bilingual ballots and election material:

Collier, Hardee, Hendry, Hillsborough, Dade, and Monroe.

The expenses incurred in conducting elections are borne by the counties, therefore this office does not have information showing the cost of this printing.

Please let us know if we may be of further assistance to you at any time.

With kindest regards, I remain,

Sincerely,

DOROTHY W. GLISSON,
Deputy Secretary for Elections.

CALIFORNIA STATE UNIVERSITY,
Long Beach, Calif., June 17, 1981.

Hon. ROBERT MCCLORY,
Rayburn House Office Building,
Washington, D.C.

DEAR BOB: Earlier this week Chairman Flemming and Staff Director Nunez appeared before the Edwards subcommittee to testify on the extension of the Voting Rights Act of 1965, as amended. I support the extension of the Act, with one exception. That exception is reflected in the dissent which I have filed on the Minority Language Provisions. While I understand a copy has been filed for the record, I did want to send you one personally.

I hope all is well with you.

With kindest regards,

Sincerely yours,

STEPHEN HORN.

STATEMENT OF COMMISSIONER STEPHEN HORN ON THE MINORITY LANGUAGE PROVISIONS OF THE VOTING RIGHTS ACT

I do not concur with the arguments made by the Commission staff and my colleagues in Chapter 7, "The Minority Language Provisions of the Voting Rights Act." Nor do I concur with Recommendations 1, 2, 4 and 5 in Chapter 8 as they pertain to the extension and implementation of that portion of the Act.

To argue that the provision of "Equal protection of the laws" includes voting rights assistance in the language of some minority group members and not others is to pervert the meaning of a Constitution which was designed to protect the individual. Equal protection is not a matter of group protection, it is a matter of individual protection. The 1970 national census recorded 96 mother tongues where languages other than English were the primary languages in the households in which many of our fellow citizens were raised. The 1980 census coded 387 non-English language possibilities, 180 of which were spoken by various tribes and groups of American Indians. As we can readily see, to continue to aid with specialized electoral services those who are in a few but not most minority-language groups is itself discriminatory. To provide governmental assistance to aid one or even a handful of speakers of any of these possible 387 languages is also absure. To assure equal protection of the laws, there is one solution which is dictated by common sense: "If one wishes to cast a ballot in the United States of America, one should learn as much English as is necessary to fulfill that limited, but fundamental, aspect of citizenship." Such a national policy would not stop a friend or relative who speaks the primary language of the citizen from writing out instructions or from marking a sample ballot for the individual who needs assistance. Such a national policy would not stop community-based ethnic groups from rendering assistance to those less familiar with English than others. Such groups have been readily available for each immigrant wave. What such a policy would stop is the illusion that for every language group in the nation a government agent must be employed or some form of government assistance must be made available to aid all members who understand English less well than their native language.

Presumably, naturalized citizens had to learn some English in order to receive citizenship. Before this nation goes the way of Quebec or engages in the bitter language-based quarrels of some of the fragmented states of India, I recommend that we call a halt to what many of us have long recognized as a misguided experiment. I thus urge Congress not to extend the Minority Language Provisions of the Voting Rights Act.

SECRETARY OF STATE,
Phoenix, Ariz., June 23, 1981.

Hon. ROBERT MCCLORY,
House of Representatives,
Washington, D.C.

DEAR MR. MCCLORY: This is in response to your letter of June 1, 1981 regarding bilingual voting services. The following numbered statements correspond to your inquiries:

(1) All of Arizona is covered under bilingual voting service for Spanish language and four counties are covered, under the provision covering Native Americans. The four counties are Coconino, Navajo, Apache, and Pinal.

(2) Approximately 1,200,000 ballots were provided in a bilingual format and every registered household (800,000) was mailed a bilingual sample ballot.

(3) Each county budgets individually for elections costs, therefore a dollar figure for statewide cost is not available at this time. However, Arizona did conduct a special election June 3, 1981, to vote on constitutional changes and the state funded all costs. Bilingual translation of the Publicity Pamphlet and Ballot language was approximately $2,000.00. The printing cost of the bilingual portion is estimated at $80,000.00.

(4) Since all jurisdictions print both languages on the ballots and sample ballots and on all instructional material, no one need ask for one language or the other. This "blanket coverage" method is employed throughout Arizona.

It should be noted that there are many jurisdictions in Arizona that have a very small fractional percentage of their population who are members of a covered minority. Having the entire state of Arizona covered under the Voting Rights Act does place some additional financial burden on areas that are struggling to remain fiscally sound.

Thanks for your interest in the bilingual coverage and hopefully, this information will assist you in evaluating the need and effectiveness of the Voting Rights Act.

Sincerely,

ROSE MOFFORD,
Secretary of State.
(By Jim Shumway,
state elections officer).

SECRETARY OF STATE,
Cheyenne, Wyo., June 9, 1981.

Hon. ROBERT MCCLORY,
Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE MCCLORY: With regard to your letter of June 1, 1981, concerning the hearings on the extension of the Voting Rights Act of 1965, we are pleased to provide the following information;

(1) Three of our twenty-three counties provide bilingual information: Carbon, Laramie and Sweetwater.

(2) All ballots printed in those counties are a combination of English and Spanish.

(3) The cost to each county is of course, doubled by the double language printing requirement.

(4) We have no way of determining the number of voters who might actually need a bilingual ballot, or the number who would request such a ballot. However, we hope to implement a procedure for the 1981 statewide school trustee elections that will determine the actual need for bilingual ballots.

The County Clerks, as election officials for the above-named counties have stated that many people with Spanish surnames are offended by the implication that they could not read and understand English.

If we can provide any additional information, please let us know.

Sincerely,

THYRA THOMSON,
Secretary of State.

SECRETARY OF STATE,
Salem, Oreg., June 18, 1981.

Hon. ROBERT MCCLORY,
Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE MCCLORY: This is in response to your request for information about the effect of the 1975 bilingual ballot amendments to the Voting Rights Act of 1965 in Oregon during the 1980 primary and general elections. Specifically,

1. Malheur County is the only county that we provide bilingual ballots and election materials.

2. Number of Malheur County bilingual ballots printed: a. Primary, 500; b. General, 500.

3. Cost of providing the bilingual ballots for Malheur County: a. Primary ballots and publications, $1,695; b. General ballots and publications, $1,695.

4. Number of request for bilingual ballots: a. Primary Election, 3; b. General Election, 3.

5. The Malheur County Voters' Pamphlet is printed in both English and Spanish. It is distributed to every household within the county. There is additional costs for printing it in Spanish: a. Primary Election, 12,150 printed; cost of the Spanish part, $20,161.10. b. General Election, 11,524 printed; cost of the Spanish part, $11,125.24.

As you can see from the above data, it cost us $7,285 per vote during the 1980 Primary Election and $4,273 per vote during the 1980 General Election to provide bilingual ballots and election materials. It is extremely costly to implement the 1975 bilingual ballot amendments within our state.

If we can be of further assistance, please contact us.

Sincerely,

RAYMOND A. PHELPS, Jr.

SECRETARY OF STATE,
Topeka, Kans., June 17, 1981.

Hon. ROBERT MCCLORY,
Member, Judiciary Committee, U.S. House of Representatives, Washington, D.C.

DEAR SIR: Attached is a summary of information you asked for in regard to bilingual ballots.

It appears that there is little or no use of these ballots as evidenced by the 1980 report. Certainly the cost per ballot is difficult to justify on a cost-effective basis.

With every good wish.

Cordially,

JACK H. BRIER,
Secretary of State.

COST OF BILINGUAL BALLOTS IN KANSAS—1980

	Number of Spanish ballots printed	Number of Spanish ballots voted	Cost of ballots	Legal publications	Translation	Total cost	Cost per ballot voted
Finney County:							
Primary	1,900	10	$674.18	$192.35	$126.40	$992.93	
General	2,400	19	654.38	318.99	345.60	1,318.97	
Total	4,300	[1]29	1,328.56	511.34	472.00	2,311.90	$79.72
Wichita County:							
Pres. Pref	525	0				373.98	
Primary	450	0				699.34	
General	450	0				716.48	
Total	1,425	0				1,789.80	(2)
Grant County:							
Primary	200	0				957.06	
General	200	1				598.06	
Total	400	1				1,555.12	1,555.12

[1] The election officer states the number of ballots used is misleading, as the people requesting Spanish ballots do not need them.

[2] None voted.

Note: Total cost of Spanish election material—$5,656.82. Number of ballots voted—30. Cost per ballot voted—$188.56.

OFFICE OF THE LIEUTENANT GOVERNOR,
Honolulu, Hawaii, June 16, 1981.

Hon. ROBERT MCCLORY,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN MCCLORY: In response to your letter requesting information about the implementation of the multi-lingual requirements of the Voting Rights Act in Hawaii, we are sending our report on Multilingual Voter Education for the 1980 elections, which gives an overall view of our activities.

The answers to your specific questions follow:

1. The Voting Rights Act requires assistance be given in Ilocano (Filipino) in all four counties, Hawaii, Honolulu, Kauai, and Maui; Japanese in Hawaii and Kauai; and Chinese in Honolulu.

2. We printed facsimile ballots in the required languages for all precincts of each County. They were posted in all voting booths and outside each polling place. Voter Assistance Officials in each precinct had 50 copies to give to those who requested them. The total number of sets of facsimiles (in some precincts voters received as many as eight ballot cards) printed statewide was 18,750 for the Primary, and 18,650 for the General Election.

3. The cost of printing the facsimile ballots for the Primary Election was $16,594 and for the General, $12,512. This does not include the translation costs, which were $3,500 for all our multi-lingual work for the 1980 elections.

4. I regret that our figures on the number of facsimiles requested are not very meaningful because Voter Assistance Officials did not keep accurate records. The figures are on page 9 and 10 of the report.

I hope this information will be of help to you.

With all good wishes,

JEAN KING,
Lieutenant Governor.

OFFICE OF THE LIEUTENANT GOVERNOR, VOTER EDUCATION SECTION—MULTI-LINGUAL VOTER EDUCATION IN HAWAII, 1980

PURPOSE

In compliance with the Federal Voting Rights Act, as amended in 1975, a Multi-Lingual Voter Education program was designed and implemented to help meet the needs of the language minority groups in Hawaii. The Filipino Ilocano-speaking population was covered state-wide. In the City/County of Honolulu, services are provided for the Chinese; and on Kauai and Hawaii, for the Japanese.

OBJECTIVES

To provide Multi-Lingual Voter Education and information to language minority groups as mandated by the VRA amendments of 1975.

To maximize voter registration, participation and interest.

To provide a better understanding of individual voting rights and responsibilities.

To familiarize the target groups with the electoral process.

To coordinate the translation of informational materials in the mandated languages, covering subject matter pertaining to voter registration and elections, and to make this material easily understood and readily accessible.

To utilize the mass media as a means of reaching the people.

To provide outreach workers and poll workers fluent in mandated languages.

To provide services to the County Clerks, including coordinating of the translation of their materials, and supplying them with language materials for voter registration and the elections.

To accomplish these objectives with minimum budget and staff.

PROGRAM

Multi-lingual advisory groups

Ilocano, Chinese and Japanese Advisory Groups were formed, composed of respected individuals who were recommended to us by their peers. Acting in an advisory capacity, these groups served as a link with the language minority communities in helping us to determine the need for our services. We prepared a glossary of common election terms in English which the committees translated into standard terms in their respective languages. In addition to helping us set up standards for the future translation of informational material, the committees answered a questionnaire that we prepared which provided us with valuable insights and suggestions.

Advisory group members

Filipino: Amy Agbayani, Director, Operation MANONG, University of Hawaii; Jake Manegdeg, Election Advisory Committee; Amado Yoro, writer and columist for Hawaii Filipino News and HSPA; Pacita Saludes, President, GUMIL, and organization of Ilocano writers in Hawaii.

Chinese: Sister Ernest Chung, Catholic Social Services; Welton Won, Chinese Chamber of Commerce; Dr. Daniel Kwock, Department of History, University of Hawaii; Mr. Yip-Wang Law, Chinese scholar and teacher; Wah Chan Thom, retired businessman and community leader.

Japanese: Harumi Oshita, Radio Station KZOO; Roy K. Soga, President, Hawaii Times, Ltd.; Paul S. Yempuku, President, Hawaii Hochi; Joanne Ninomiya snd Elizabeth Keith, translators and broadcasters KIKU-TV.

Translations

Our office contracted with the Hawaii Association of Language Teachers (HALT) to do the necessary translations. The coordination of many election materials to be translated for our office and the Counties was done by Multi-Lingual Voter Education. We assisted in the final preparation, printing and shipping of election materials to the Counties with the cooperation of the Logistics Section.

The translating, typesetting, printing and/or reproducing of election materials in three languages covered an extensive range and included:

Brochures, flyers, fact sheets, election proclamation, statewide district and polling places, script for single party primary slide show, public service announcements for radio and television, absentee voting instructions and applications, newspaper advertisements, county election information, and news releases.

Personnel

Two outreach persons, Andrea Baptista and Forentina (Tina) Ritarita, were hired to develop a program for the Ilocano-speaking people. Lily Lu was chosen to do our Chinese outreach. As we were aware that there was a need for voter education assistance within the Samoan Community, Veronica Barber was enlisted to help there. Although we did not have a person specifically hired to do Japanese outreach (and were not mandated to do so here in Honolulu), our outreach workers were always supplied with materials that had been translated into Japanese, and these were distributed when necessary. Andrea had a full-time position and the others worked 20 hours per week. Fumi Nitta, who worked as a translator and Voter Education outreach person in the past, was available for certain occasions.

Training and supervision of personnel

Orientation/briefing-type meetings were held for all Multi-Lingual workers. Background and current information was shared, teaching tools and materials and presentation techniques were discussed. Target groups and areas were researched, and individual action plans created. Because we were limited in personpower and time, we agreed to try to put a special emphasis on utilizing the language media as the best method for reaching the largest number of people.

The Supervisor Dolores Tsukano regularly met separately with each language representative. Although there were many times when they would join forces to give presentations in a situation where speakers of all three or four languages were represented, their most important challenge was to concentrate on their individual areas, and to reach people who were not part of organized groups.

Multi-lingual voter education materials

Our Voter Education informational materials were translated from English into the various languages either through our connection with HALT or by the outreach workers themselves. They were eager to have as many teaching tools as possible, and in some instances created their own. The Single Party Primary Slide show with narration in English and Ilocano was appreciated and utilized. Large quantities of printed materials were distributed on Oahu, and also sent to the counties. In Honolulu an estimated 6300 pieces of Ilocano literature were distributed, 700 Chinese and 500 Samoan.

Bilingual voter assistance on election day

Dolores worked with Baron Gushiken, Precinct Official Recruitment and Training Coordinator, to determine the precincts which needed bilingual assistance, based on past and present statistics. She aided in the recruiting and placing of bilinguals, and in some instances gave additional instruction to those who felt timid about trying the job for the first time. A Bilingual Voter Assistance report is included as Attachment A.

IMPLEMENTATION PROCEDURES

Ilocano outreach

Andrea and Tina worked as a team, with Andrea taking the lead as the coordinator for Ilocano activities. Her extensive contacts, and knowledge of the Filipino community provided numerous opportunities for them to plan and present Voter Education programs. They clearly enjoyed their work, and were good representatives to send out among the people we were trying to reach. They were received with great appreciation, and even affection in many places that they visited, and created much good will for the office. Fun and humor were injected into their presentations, most specifically by Andrea, with Tina playing "straight-person" and also providing a genteel grace. They went to churches, clubs and organizations, parties and family gatherings, public parks, and the congregate dining sites (often with the help of Lily when the area was known to have Chinese). Literature in Japanese was also taken along and distributed when needed.

Prior to the Primary Election, good use was made of our Single Party Primary slide show in Ilocano outreach presentations. Community leaders were very cooperative in providing good leads for resource people, organizations and facilities which were valuable in the setting up of our presentations. Many programs were given during evenings, weekends or holidays, which were good times for the Ilocano target groups to be reached.

Because of Andrea's connections with the Filipino media, she arranged to appear on various radio programs as a guest speaker, and had a good response on the call-in type shows.

Following the Primary Election, Andrea and Tina reviewed the areas which needed the most bilingual assistance, and made a concerted effort to give presentations in those areas before the General.

Andrea and Tina are of the opinion that bilingual voter education is a must, due to the increasing number of Filipinos who are being naturalized, either as a result of the 5 year residency law, or because of the easing of requirements for those with low literacy rates who have been here most of their lives. In their outreach, they found great enthusiasm and interest in government participation among the Filipinos they met. They say that suffrage has been the dream of Filipinos aspiring to become citizens. Filipinos do not really need to be told to go out and vote, but rather need to be instructed in how to vote by being given a better understanding of government and the electoral process through voter education.

Chinese outreach

Lily Lu was an ideal choice as a representative to the Chinese community from this office, and there is no doubt that she made a good impression wherever she went. Her task was not easy in that she worked alone, had fewer hours per week to invest (although she put in many more than she claimed), and did not always find the actively receptive audiences that were the norm for the Ilocano outreach.

Lily visited churches, nursing homes, Chinese societies, and also distributed literature through the Chinese language schools so that the children would take the information home. She found many people who were not citizens, were not interested or were discouraged about "politics."

In order to reach the Chinese people who were unfamiliar with English, and in order to reach them on a broader base, Lily devoted much of her effort to the Chinese media. She arranged to have our public service announcements about registration, voting, elections and deadlines on the Chinese radio programs. The United Chinese Press cooperated by running feature articles on voter education information on the front page of their daily newspaper. These articles were written by Lily, or prepared by a reporter, based on interviews with her. Because Lily often found attitudes of fear among the elderly voters about trying to vote knowledgeably, she emphasized the voter assistance and spoiled ballot aspects of the voting procedures. She also found that when an older person was residing with married children, which is often the case in the traditional Chinese home, the elder person might have an interest in voting, but would not want to be a "bother," so would not ask to be helped to register and vote.

Samoan outreach

Veronica Barber, our Samoan outreach person began her work by translating our materials into Samoan, and also creating other teaching tools for use in her presentations. We learned that the approach to the Samoan community was based on certain protocol that must be observed in order to show proper respect to chiefs and elders. Veronica, as a young Samoan woman, regardless of her Chieftainess status, could not properly teach chiefs or elders without an appropriate person from the chief or elder class to accompany her.

Veronica found that there was a great interest in learning about voting among the Samoans, especially since the concept of voting is new to them. The first election in American Samoa was held less than 3 years ago. Many people she spoke to didn't realize that they had to be naturalized citizens before they would be permitted to vote. This often brought about inquiries concerning citizenship. Veronica felt that a great need also exists for outreach to be done that encompasses both citizenship and voter education.

Unfortunately, midway through Veronica's stay with us, her mother became terminally ill and died. Her responsibilities to her mother, family and the estate took her to Samoa, so she was not able to return to work as soon as she originally thought. Before she left for Samoa, however, she came in and took all of our General Election information to be translated into Samoan by a friend. She also arranged for this translated information to be given to Repeka Alaimoana-Nuusa, who has the Samoan program on Channel 11, so that it could be used several times before the General Election.

Multi-lingual voter education and the media

In addition to the newspaper, radio and television coverage already mentioned, we ran paid ads for the Primary and the General Election, translated from the one-page English instructional ads which ran in the Honolulu Star Bulletin and Advertiser, and on the Neighbor Islands. The ads were carried in the following papers:

Primary Election.—Hawaii Filipino News, United Chinese Press, Hawaii Times, Hawaii Hochi;

General Election.—Hawaii Filipino News, United Chinese Press. Information was sent to the Times and Hochi which they printed as a service in their special election editions.

Mr. Sun Young Byun, publisher of the Korean language weekly "Oriental Life in Hawaii" was cooperative in using our materials in his magazine.

In addition to the personal contact our outreach personnel had with the radio and television language media, public service announcements about voter registration and the elections, accompanied by a letter, were sent to radio stations KOHA, KZOO, KIKU, KISA and KJYE.

RECOMMENDATIONS

We were fortunate in having people to do our Multi-Lingual outreach who were genuinely concerned with voter education and interested in their assignments. Their experience, and ours, has helped us in formulating some ideas and suggestions to improve our method of operation in the 1982 elections.

Translations

In the past, we have contracted with the Hawaii Association of Language Teachers (HALT) to have our election materials translated. Our unsatisfactory experience with HALT makes it impossible for us to recommend using them in the future. In the interests of cost, time invested, convenience and the need for regular communication with the translators who are doing our work, we need to hire our own translators. Hiring and dealing directly with translators would also be beneficial for the translators for the reasons mentioned above.

Personnel

In the future we should consider choosing our outreach workers before the Multi-Lingual Advisory Group meetings. In this way, the bilingual workers could aid in choosing and contacting candidates for the Advisory Groups, and when the meetings were held, would be part of our working relationship with the Groups. This approach would mean hiring and training the outreach people in late May, and soliciting and appointing people for the Advisory Group in early June. The Advisory Groups could meet in mid-June, and surveys, action plans and initial appointments completed by the end of June. Actual outreach would then begin from July first.

Decisions on the number of bilingual workers to hire in 1982 will need to be based on whether we can find workers who are also capable translators, or if we will have our translations done by people outside the office. In either case, we are agreed that we must keep the quality of our translated materials high by having them proofed and approved by a second translator.

In 1982, we would recommend that bilingual personnel be hired as follows:

Ilocano—two positions—full-time if they are to do translations; one full-time and one part-time if not translating.

Chinese—one position—full-time if translating; part-time if not translating.

Japanese—one part-time position.

Samoan—one part-time position.

Other

In our Samoan outreach, we should research the subject of naturalization for Samoans, as there is a need for this information in making presentations.

In setting up Advisory Groups, we should also consider including the Samoan community.

CONCLUSION

There is definite evidence that Multi-Lingual Voter Education is needed in various sectors of our bilingual communities. Our experience in the 1980 elections should make it possible for us to design and implement an effective Multi-Lingual program in 1982.

BILINGUAL VOTER ASSISTANCE AT THE POLLS, 1980

BILINGUAL VOTER ASSISTANCE OFFICIALS

During the 1980 Primary and General Elections in the State of Hawaii, bilingual voter assistance was provided at the polls in accordance with the Voting Rights Act Amendments of 1975. In the City and County of Honolulu, the Office of the Lieutenant governor recruited and trained 68 bilingually proficient workers to serve in targeted precincts throughout Oahu. In most instances, these people held the position of Voter Assistance Official, and in others, they were Precinct Officials who could be called upon to give language assistance when it was needed.

Initial preparation for the recruitment of bilingual officials began with the review of bilingual data from the 1976 and 1978 elections, and making projections based on the most recent registration, population and naturalization statistics.

Compared with the 36 bilingual officials who were used in the 1978 elections, our coverage at the polls in 1980 has doubled. Of the 68 people, 50 were Ilocano speaking, and were assigned to precincts in districts 16 through 22, and in the 26th district. Chinese assistance was provided in Districts 14 and 17 by nine Cantonese speaking workers. A need was anticipated and filled for Japanese assistance in Districts 10, 12 and 22. Samoan bilingual assistance was provided to Districts 22 and 23. In addition to our officially selected bilingual workers at the polls, we had many precinct workers who could speak a language other than English either conversationally or in pidgin, which also helped with the explanation of procedures at the polls.

STATE OF HAWAII BILINGUAL VOTER ASSISTANCE STATEWIDE SUMMARY [1]

[Primary election 1980]

County	Targeted groups			Total oral assistance
	Cantonese	Ilocano	Japanese	
Oral assistance				
Honolulu	204	920	529	1,653
Hawaii				
Kauai				
Maui	1	184	82	267
Total	205	1,104	611	1,920
Written assistance—facsimile ballot				
Honolulu		4		4
Hawaii		5	4	9
Kauai				
Maui				
Total		9	4	13
Total oral and written bilingual assistance				1,933

[1] This data is not complete. It was taken from the Voter Assistance Official Worksheets on which all Voter Assistance Officials were instructed to record instances of assistance given. In many cases recording was incomplete or nonexistent.

STATE OF HAWAII BILINGUAL VOTER ASSISTANCE STATEWIDE SUMMARY [1]

[General election 1980]

County	Targeted groups			Total oral assistance
	Cantonese	Ilocano	Japanese	
Oral assistance				
Honolulu	141	965	144	1,250
Hawaii	6	83	116	205
Kauai	0	25	2	27
Maui				
Total	143	1,012	262	1,482
Written assistance—facsimile ballot				
Honolulu	4	61		65
Hawaii		5	4	9
Kauai				
Maui				
Total	4	66	4	74
Total oral and written bilingual assistance				1,556

[1] This data is not complete. It was taken from the Voter Assistance Official Worksheets on which all Voter Assistance Officials were instructed to record instances of assistance given. In many cases recording was incomplete or nonexistent.

ATTACHMENT B

ELECTION EXPENDITURES IN COMPLYING WITH THE VOTING RIGHTS ACT AMENDMENTS OF 1975

1980

NOTE.—Under the Voting Rights Act, Hawaii is required to provide registration and voting notices, forms, instructions, assistance, or other materials or information relating to the electoral process including ballots, in the language of the "applicable language minority group(s)" as well as in the English language. The "applicable language minority group(s)" in Hawaii are: Ilocano in all Counties; Japanese in Hawaii and Kauai Counties; and Chinese in the City and County of Honolulu.

1980 primary and general elections

Facsimile ballots	$29,184.90
Instructions: Posters, flyers, slide show, brochures	4,134.69
Newspaper Ads	6,343.96
Personnel: Bilingual outreach workers in the office of the Lieutenant Governor and bilingual voter assistance officials at the polls	15,750.04
Translations	3,500.00
County expenses—Costs connected with Charter Amendments, Registration, etc.:	
Hawaii County	855.00
Kauai County	1,133.80
Maui County	1,912.03
City and County of Honolulu	124.00
Total County expenses	4,024,83
Total statewide costs	62,938.42

STATE OF NEW MEXICO,
OFFICE OF THE SECRETARY OF STATE,
Santa Fe, N. Mex., June 15, 1981.

Hon. ROBERT MCCLORY,
U.S. Congress,
Washington, D.C.

DEAR CONGRESSMAN MCCLORY: Thank you for your letter of June 1, 1981, in which you inquire how the 1975 bilingual ballot amendments to the Voting Rights Act of 1965 have affected New Mexico.

All 32 counties in the State of New Mexico are required under the Federal Voting Rights Act Amendments to provide bilingual ballots in Spanish and English. There are six counties in New Mexico in which oral translations are provided in the various Indian dialects at the polling place on election day because the languages are traditionally unwritten.

The New Mexico Legislature appropriates $150,000 in the Secretary of State's budget to provide instructions and other documents for the primary election that are required to be bilingual. In 1980, this office distributed $50,070 to the counties, which must provide bilingual ballots, as supplemental money to offset the cost of printing the ballots, provided translators and translations in the six counties having an Indian population of five percent or greater, and printed legal notices concerning the election. We do not have on record the cost to the counties for providing bilingual ballots. For the general election 1980, the Legislature provided $100,000 to the Secretary of State to print the documents required to be bilingual, out of which $50,070 was allocated by the Secretary of State to the counties to supplement expenditures for the bilingual printing of the ballots. All ballots that are printed, including ballot strips for voting machines, emergency paper ballots and absentee ballots, registration forms and instructional materials, are bilingual. The voter, therefore, does not have to request individual bilingual ballots since all ballots are bilingual. The Secretary of State's office spent a total of $143,000 for the 1980 primary election and $100,000 for the 1980 general election to meet the bilingual requirement.

For your information, we are enclosing a Roster of State of New Mexico Elective State, Legislative, District and County Officials for 1981–1982.

If we can provide further information, please call on us.

Sincerely,

SHIRLEY HOOPER,
Secretary of State.

Florida Department of State,
June 12, 1981.

Hon. Robert McClory,
U.S. Congressman,
Washington, D.C.

Dear Congressman McClory: This will acknowledge receipt of your letter dated June 1, 1981, with reference to the Voting Rights Act of 1965.

I have asked a member of my staff, Mrs. Dorothy W. Glisson, Deputy Secretary for Elections, to respond to your correspondence. You should receive a reply from Mrs. Glisson in the next week.

If we may be of further assistance, feel free to call upon this office.

Sincerely,

George Firestone,
Secretary of State.

Scotts Bluff County Commissioners,
Gering, Nebr., June 14, 1981.

Hon. Robert McClory,
House of Representatives,
Committee on the Judiciary.

Dear Congressman McClory: It is my understanding that the judiciary committee is considering extending the expiration date of the 1975 bilingual ballot. Since Scotts Bluff County is the only county in the state of Nebraska required to have a bilingual ballot, I feel it is appropriate for someone close to the situation to comment on the merits of this issue.

As far as we here in Scotts Bluff County are concerned the bilingual ballot has very few benefits and a number of drawbacks. To my knowledge, not one Scotts Bluff County resident has used the bilingual ballot since it was required by law. It has cost our county a great deal of money at a time when funds are short. The majority of Mexican-American people in Scotts Bluff County are also opposed to the ballot since their ancestry goes back in the community about forty-five years.

As a representative of Scotts Bluff County, I prefer to see legislation concerning the bilingual ballot repealed.

Sincerely,

Clint Morrison
Scotts Bluff County Commissioner.

Gering, Nebr.,
June 15, 1981.

Robert McClory,
Committee on the Judiciary,
Washington, D.C.

Dear Congressman Robert McClory: I am responding to the inquiry you made of Secretary of State Allan Beermann regarding what affect the Voting Rights Act of 1965 has had on the State of Nebraska.

(1) Scotts Bluff County is the only Nebraska County required to implement the bilingual ballot! Population—38,344;

(2) 17,000 bilingual ballots needed for an election;

(3) Costs to taxpayer: 1980 primary election—$17,673.26 1980 general election—16,044.68;

(4) Requests for bilingual ballot—none.

I have enclosed three (3) resolutions adopted by Scotts Bluff Commissioners and directed to representatives in Congress for action. All have remained dormant.

We beg of you, PLEASE remove this financial burden from Scotts Bluff County Nebraska. The cost is prohibitive.

Sincerely,

Evelyn Mundt,
Scotts Bluff County Clerk.

Congress of the United States,
House of Representatives,
Washington, D.C., June 1, 1981.

Hon. Allan Beermann,
Secretary of State,
Lincoln, Nebr.

Dear Secretary of State Beermann: The Judiciary Committee of the United States House of Representatives is currently holding hearings on the extension of the Voting Rights Act of 1965. As a part of this extension, we are considering legislation to extend the expiration date of the 1975 bilingual ballot amendments from their current 1985 expiration date to 1990.

I am writing to request the following information regarding how these laws have affected your state in implementing the bilingual ballots and election materials:

(1) a listing of the counties or wards which must provide bilingual ballots and election materials;

(2) the number of bilingual ballots printed;

(3) the additional cost of providing the bilingual ballot in these counties for: (a) primary elections; (b) general elections;

(4) the number of requests for these ballots and materials during the election.

Thank you in advance for your help in this matter. It will make possible a thorough evaluation of the effectiveness of these laws.

Sincerely yours,

Robert McClory,
Member of Congress.

Resolution

Whereas: Census Bureau information for the Department of Justice has determined that Scotts Bluff County Nebraska comes under the requirements of Sections 4(f)4 and 203(c) of the Voting Rights Act of 1965, as amended by the Voting Rights Act of 1975 and

Whereas: Scotts Bluff County has been in compliance with the rulings of said Voting Rights Act as amended by printing and publishing all notices, materials and ballots relative to voter registration and voting bi-lingually and has had interpreters available at all elections since receiving notification of being covered by said act, and

Whereas: Scotts Bluff County has determined that preparing and printing all registration and election materials. notices and ballots bi-lingually has materially increased the cost of elections and that having all information printed in both languages on the ballot has created confusion and slowed down the voting procedure thus causing public resentment and

Whereas: Scotts Bluff County Commissioners have determined that in those elections held in compliance with the bi-lingual requirement there was no instance of any usage of the second language observed by any of the election officials at the polling places, nor was the service of the interpreters requested, and

Whereas: pursuant to section 32-460 R.R.S. 1943 as revised, any person unable to read the ballot on election information may have the assistance of a member of his family, a friend, or an election official in casting his ballot, thereby fulfilling any need of any person unable to read the English language, and

Whereas: it has been observed that providing the election notices and ballots bi-lingually is regarded by most Mexican-Americans in this area as an insult to their intelligence and degrading to the image of their ethnic group.

Now therefore be it hereby resolved that: the Scotts Bluff County Commissioners are herewith requesting Senators Hruska and Curtis and the Representatives in Congress from the State of Nebraska to exert every possible effort to have the Voting Rights Act revised, amended or rescinded to eliminate the requirement for Scotts Bluff County to provide bi-lingual voter registration and election materials.

Resolution

Whereas, the Census Bureau information for the Department of Justice has determined that Scotts Bluff County Nebraska comes under the requirements of Sections 4(f) and 203(c) of the Voting Rights Act of 1965, as amended by the Voting Rights Act of 1975, and

Whereas, Scotts Bluff County has in past elections been in compliance with the rulings of said Voting Rights Acts, and

Whereas, since it was determined that in the preparation and printing of all registration and election materials for the punch card voting system used in Scotts Bluff County, the cost of the election and related voter registration doubled due to the bilingual requirement, and

Whereas, Scotts Bluff County, with a total population of 38,398, incurred a cost of $16,000.00 in providing bilingual ballots for the 1980 General Election, and

Whereas, it has been determined that in those elections held since the injunction of the bilingual requirement there was no instance of any usage of the second language, now

Therefore be it hereby resolved that, Scotts Bluff County requests Senator Edward Zorinsky and Senator J. James Exon and Representative Virginia Smith to support S. 53 amending the Voting Rights Act of 1965 to repeal certain requirements relating to bilingual election requirements.

Whereas: The Census Bureau information for the Department of Justice determined that Scotts Bluff County, Nebraska, is under the requirements of Sections 4(f)4 and 203(c) of the Voting Rights Act of 1965, as amended by the Voting Rights Act of 1975, and,

Whereas: Scotts Bluff County has in past elections been in compliance with the rulings of said Voting Rights Acts and,

Whereas: Scotts Bluff County has now determined that in the preparation and printing of all registration and election materials for the punch card voting system used in Scotts Bluff County, the cost of election and related voter registration has doubled because of the bilingual requirement and,

Whereas: Scotts Bluff County has determined that in those elections held with the bilingual requirement there was no instance of any usage of the second language observed and,

Whereas: It was observed that providing the bilingual services was regarded by most Mexican-Americans in this area as an insult to their intelligence and degrading to the image of their ethnic group,

Therefore be it hereby resolved that: Scotts Bluff County is herewith requesting

Senator Edward Zorinsky and Senator J. James Exon, Representative Virginia Smith, Representative Douglas Bereuter, and Representative John Cavanaugh to support the efforts of Senator S. I. Hayakawa in this bill to amend the Voting Rights Act of 1965 to repeal certain requirements relating to bilingual election requirements.

MICHIGAN DEPARTMENT OF STATE,
Lansing, Mich., June 16, 1981.

Mr. ROBERT MCCLORY,
Member of Congress, Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR MR. MCCLORY: Your letter to the Honorable Richard Austin, Secretary of State for the State of Michigan, has been forwarded to this office for reply. You asked specific questions regarding the use of bilingual ballots and election material in the State of Michigan. The questions will be answered seriatim:

1. The communities in Michigan covered by bi-lingual requirements of Federal law are:

County	1980 registration	Township or city	Method of voting	Language
Allegan	510	Clyde Township	Voting machine	Spanish.
Barry	1,110	Orangeville Township.	Voting machine	Spanish.
Chippewa	[1] N/A	Sugar Island Township.	Paper ballots	American Indian.
Lapeer	1,020	Imlay Township	Punch card	Spanish.
Lenawee	11,073	Adrian City	Voting machine	Spanish.
	2,667	Madison Township	Voting machine	Spanish.
Newaygo	974	Grant Township	Voting machine	Spanish.
Saginaw	39,312	Saginaw City	Punch card	Spanish.
	6,166	Buena Vista Township.	Voting machine	Spanish.

[1] No written language in Sugar Island Township.

2. The cost of printing ballots and other election supplies falls on the counties involved. The number of ballots required is the number of registered voters in the precincts involved.

3. This office has not required the counties involved to furnish cost data since 1976. In that year the cost of printing ballots (county expense) was $5,997.10; the cost of translation and printing of supplies furnished by the State was $6,566.80; the cost of supplies furnished by local units was $7,993.50. In that year the Spanish ballots and supplies were used by 35 persons total in three elections (two primaries and 1 general election). It is assumed that the cost has increased due to inflation and that the use of the Spanish ballot has not increased.

4. See answer to 3.

Michigan has some particular problems with the VRA as it applies to bi-lingual that other states do not. First: Registration units in Michigan are the cities and townships. This means there are approximately 1,600 registration units in the state of varying sizes. As a result many smaller units reach the 5 percent threshold required by the statute to come under the Act. Larger units with concentrations of Spanish origin voters (Detroit, Flint, Lansing, etc.) because of their total number of registrations do not reach the 5 percent figure. Before the inclusion of the bi-lingual portion of the act took effect local clerks, at the urging of the State Election Division of the Department of State, manned the polls with interpreters to assist Spanish-speaking voters. This practice has continued in those areas.

Second: The test, which is a percentage of the number of registered voters with Spanish origin names, ignores the question of whether such voters, many of long-time residence in Michigan, can read and write English.

In Sugar Island Township, Chippewa County, the registered voters are largely of Chippewa (American Indian) origin. There is no written native language and only one survivor who can speak the Chippewa dialect. He (who is by the way an elected official and whose name regularly appears on the ballot) is at the polling place to assist if requested.

I hope this information will be of value to you.

Sincerely,

JAMES O. CHAPMAN,
Acting Director, Elections Division.

STATE OF MISSISSIPPI,
SECRETARY OF STATE,
Jackson, Miss., June 9, 1981.

COMMITTEE ON THE JUDICIARY,
House of Representatives,
Washington, D.C.

Attention: Congressmen ROBERT MCCLORY.

DEAR CONGRESSMAN MCCLORY: I am writing in regard to your letter of June 1, 1981, concerning bilingual ballots.

To the best of my knowledge, no county in Mississippi uses bilingual ballots and election materials. In Mississippi, ballots are printed at the county level. Therefore, if any bilingual ballots were printed for the general election last year, the number of such ballots and the cost would have to be obtained from each county. Our office had no requests for bilingual ballots and election materials during the November, 1980, general election.

If I may be of any further assistance, do not hesitate to call or write.

Very truly yours,

EDWIN LLOYD PITTMAN,
Secretary of State.
By: ROBERT M. ARENTSON,
Assistant Secretary of State.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, D.C., June 1, 1981.

Hon. VEL PHILLIPS,
Secretary of State,
State Capitol,
Madison, Wis.

DEAR SECRETARY OF STATE PHILLIPS: The Judiciary Committee of the United States House of Representatives is currently holding hearings on the extension of the Voting Rights Act of 1965. As a part of this extension, we are considering legislation to extend the expiration date of the 1975 bilingual ballot amendments from their current 1985 expiration date to 1990.

I am writing to request the following information regarding how these laws have affected your state in implementing the bilingual ballots and election materials:

(1) a listing of the counties or wards which must provide bilingual ballots and election materials;

(2) the number of bilingual ballots printed;

(3) the additional cost of providing the bilingual ballot in these counties for:

(a) primary elections;

(b) general elections;

(4) the number of requests for these ballots and materials during the election.

Thank you in advance for your help in this matter. It will make possible a thorough evaluation of the effectiveness of these laws.

Sincerely yours,

ROBERT MCCLORY,
Member of Congress.

STATE OF WISCONSIN BILINGUAL VOTING COMMUNITIES

Town of Nashville, Forest County: David Campbell, Town Clerk, Route 1, Crandon 54520.

Town of Bovina, Outagamie County: Milan Ratsch, Town Clerk, Route 1, Shiocton 54170.

Town of Oneida, Outagamie County: Mrs. Marie Van De Bruggen, Town Clerk, Route 1, Oneida 54155.

City of Hayward, Sawyer County: Rolf Williamson, City Clerk, City Hall, Hayward 54843.

ALBANY, N.Y.,
June 9, 1981.

Hon. ROBERT MCCLORY,
House of Representatives Office Bldg.,
Washington, D.C.

DEAR CONGRESSMAN: Your letter of June 1, 1981 relating to bi-lingual voting procedures and addressed to Hon. Basil A. Paterson, our secretary of state, has been referred to this agency for reply.

The 1975 amendments to the Voting Rights Act of 1965, impose a statutory bilingual requirement in only three counties in New York State, namely Kings (Brooklyn), New York (Manhattan), and Bronx Counties.

The New York City Board of Elections actually conducts the elections in these three counties and has found it administratively more practical to bi-lingualize the ballot in all precincts of the five counties within the city rather than target the three counties only.

This was done also because a federal court order (Matter of Torres) in 1974 had resulted in bi-lingualization of some parts of the other two counties in the city for the special benefit of persons of Puerto Rican birth or ancestry because of the acknowledged fact that English was not the predominant classroom language in many Puerto Rican schools for decades even though they were operated under the flag of the United States.

The orders (one for New York City and one for "upstate") addressed to the particular situation of Puerto Ricans affect all or parts of counties outside New York City. If you would like to have copies and discuss it further, we would be glad to furnish copies to develop your file. But, it would appear that your committee is mostly interested in the statutory requirements of bi-lingualization implementing specific statutory criteria.

There are two or three other states (Pennsylvania and Illinois, at least) that were ordered to bi-lingualize in certain areas by court order for the specific benefit of persons of Puerto Rican birth or ancestry.

It might be helpful to establish specific statutory criteria to assist this group, somewhat more liberal than the criteria for Hispanic voters generally, because of the omission of the Puerto Rican educational system to assure English fluency for its students. The relief in the court orders may be too broad to be effective in all cases.

I am sending copies of your letter and of this response to the Executive Director of the New York City Board of Elections requesting that they furnish you with specific cost figures in regard to implementing the statutory program in their three covered counties.

We would be glad to have one of our legal or administrative staff confer with your counsel in Washington, especially if your committee would be willing to re-imburse us for the cost of his attendance.

I think it is important to draw a careful distinction between programs which seek to assist disadvantaged people fully to participate in the democratic process and those which may tend purposedly to perpetrate cultural differences.

Very truly yours,

GEORGE V. PALMER,
Assistant Executive Director.

ALBANY, N.Y.,
June 9, 1981.

Mrs. BETTY DOLEN,
Executive Director, New York City Board of Elections, New York, N.Y.

DEAR BEA: Enclosed please find a copy of a letter addressed by Congressman Robert McClory, ranking Republican member of the House Judiciary Committee desiring to have information on the cost of implementing the bi-lingual voting program.

I have furnished a partial answer, copy enclosed. Would you please send him an answer to questions "3" and "4" together with any appropriate suggestions or observations on the programs.

Very truly yours,

GEORGE V. PALMER,
Assistant Executive Director.

PIERRE, S. DAK.
June 10, 1981.

Hon. ROBERT MCCLORY,
Member of Congress,
Washington, D.C.

DEAR CONGRESSMAN MCCLORY: In response to your letter of June 1st relative to extension of the 1975 bilingual ballot amendments to the Voting Rights Act of 1965, I submit the following:

1. South Dakota does not provide bilingual ballots. The Dakota language is not a written language.

2, 3, and 4. The answer is none.

South Dakota counties that have a number of Indian voters provide interpreters at the polls to comply with the Voting Rights Act. Some of the voters feel this is an insult, and the use of the interpreters is minimal.

We do have a law that permits a voter to have someone of their own choice assist them in marking their ballot. I really feel that with that provision in our laws, there is no need for the interpreters. To my knowledge, there is no language barrier problem in our state.

Sincerely,

(MISS) ALICE KUNDERT,
Secretary of State.

BOISE, IDAHO,
June 8, 1981.

Hon. ROBERT MCCLORY,
Committee on the Judiciary, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN MCCLORY: I am in receipt of your letter of June 1 concerning the effect the implementation of the bilingual ballots has had on Idaho. I have listed your questions and my responses as follows:

1. A listing of the counties or wards which must provide bilingual ballots and election materials: Cassia, Spanish; and Bingham, American Indian.

2. The number of bilingual ballots printed:

1976—Cassia please note attachment 1976—Bingham Oral Assistance

1978—Cassia Oral Assistance 1978—Bingham Oral Assistance

1980—Cassia Oral Assistance 1980—Bingham Oral Assistance

Cassia—Two precincts were targeted oral assistance plus a roving interpreter.

Bingham—Six precincts were targeted.

3. The additional cost of providing the bilingual ballot in these counties.

Again please note the attachment for the additional cost of bilingual ballots for the 1976 elections for Cassia County. In 1978 and 1980 there were no additional costs for the oral assistance.

Bingham County's additional cost for the oral assistance for 1978 and 1980 was approximately $120.00 per election.

4. The number of requests for these ballots and materials during the election.

In 1976 Cassia County issued 11 spanish ballots at a cost of $99.60 per ballot.

In 1978 and 1980 Cassia County did not record the number requesting oral assistance.

In Bingham County there has not been a record kept of those requesting oral assistance.

As you will note from the above information the effect of implementing bilingual ballots in Idaho has been minimal.

Please do not hesitate to contact our office if we can be of further assistance.

For the Secretary of State,

BEN YSURSA,
Chief Deputy, Secretary of State.

Enclosure: as cited.

BURLEY, IDAHO,
June 27, 1977.

BEN YSURSA,
Deputy Secretary of State,
Statehouse, Boise, Idaho.

DEAR BEN: Enclosed please find a copy of the breakdown of additional costs involved in conducting a Bi-lingual Election in Cassia County. These costs, however, are receipted costs only and do not include the cost for additional time involved in the conducting of an election by the County Clerk's Office or the Precinct Workers.

If we can be of any further assistance, please do not hesitate to ask.

Sincerely,

TIMOTHY A. HURST,
Deputy Clerk.

RECAPITULATION OF COST OF SPANISH BALLOTS OF 1976

Claim No. and bill	Explanation	Amount
Presidential Preference Primary Election		
9229 Billy R. Crystal	Spanish translation of notice of election and official ballots.	$26.40
9248 Burley Reminder, Inc	Printing Spanish ballots	194.05
9249 South Idaho Press	Notice of Presidential preference primary election in Spanish.	22.40
9246 Computer Election Systems	Write-in (secrecy) ballot envelopes—Spanish.	18.65
Total		261.50
Spanish ballots cast		2
Primary Election		
9486 Billy R. Crystal	Spanish translation of notice of election and official ballots.	11.00
9499 Burley Reminder, Inc	Printing Spanish ballots	212.30
9499 Burley Reminder, Inc	Printing Spanish sample ballots.	180.00
9498 South Idaho Press	Notice of primary election in Spanish.	36.90
9246 Computer Election Systems	Write-in (secrecy) ballot envelopes—Spanish.	18.65
Total		458.85
Spanish ballots cast		0

RECAPITULATION OF COST OF SPANISH BALLOTS OF 1976—Continued

Claim No. and bill	Explanation	Amount
General Election		
9842 Billy R. Crystal	Spanish translation of notice of election and official ballots.	$75.00
9844 Burley Reminder, Inc	Printing official ballots and sample ballots in Spanish.	256.33
9845 South Idaho Press	Notice of general election in Spanish.	25.20
9246 Computer Election Systems	Write-in (secrecy) ballot envelopes—Spanish.	18.65
Total		375.18
Spanish ballots cast		9

Recapitulation

Presidential preference primary election	$261.50
Primary election	458.85
General election	375.18
Total cost	1,095.53
Total Spanish ballots cast	11
Cost per vote	99.60

STATE OF MINNESOTA,
OFFICE OF THE SECRETARY OF STATE,
St. Paul, Minn., June 8, 1981.

Representative ROBERT MCCLORY,
Committee on the Judiciary,
Washington, D.C.

DEAR REPRESENTATIVE MCCLORY: As far as this office knows, there are no counties in Minnesota required to provide bilingual ballots pursuant to U.S.C. § 1973aa-1a. Generally, ballots are prepared at the county level, and we are unaware of any use of or requests for bilingual ballots in the state.

If we can be of any further assistance, please let us know.

Sincerely,

JOAN ANDERSON GROWE,
Secretary of State.

GRACE HAUKOOS,
Director, Election Division.

STATE OF NORTH DAKOTA,
DEPARTMENT OF STATE,
Bismarck, N. Dak., June 8, 1981.

Representative ROBERT MCCLORY,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE MCCLORY: This will acknowledge your letter of June 1, regarding the extension of the Voting Rights Act of 1965, regarding the bilingual ballot.

It is my feeling that absolutely no ballot should be printed other than the American language. We should all use the American language in the United States and we should all learn the English language. If this is not the case, then we should have many ballots in North Dakota. We should have German, Polish, Norwegian ballots printed. They are minorities, too. There are a few who can't speak English yet.

The only people we have are the Indians and I think there were about 5 counties designated where we were suppose to have printed bilingual ballots, but the Indians don't even have an Indian printing or alphabet of their own. They hold their tribal meeting in our English language and their tribal election in the English print. Therefore, the Indian Affairs Commissioner recommended we print our ballots in the English language.

Again, I firmly believe that anyone who lives in the U.S. of America should be able to speak the American language, or at least try to learn to speak it and familiarize themselves. If they need help for voting, the election officials are always there to help them vote.

If I can be of further help, don't hesitate to call me.

Sincerely yours,

BEN MEIER,
Secretary of State.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 2, 1981.

Hon. ROBERT MCCLORY,
U.S. House of Representatives,
Washington, D.C.

DEAR BOB: My office is compiling material on the burdens incurred by State and local officials in administering the 1980 elections in accordance with the bilingual ballot provisions of the Voting Rights Act of 1965. If you know of situations in your district which would shed light on this matter, I would appreciate it if you would contact me or Tom Hyde of my staff at 5-2915.

Best regards,

WILLIAM M. THOMAS,
Member of Congress.

DEPARTMENT OF STATE,
SECRETARY OF STATE,
Lincoln, Nebr., June 5, 1981.

Hon. ROBERT MCCLORY,
Committee on the Judiciary,
Washington, D.C.

DEAR CONGRESSMAN MCCLORY: We have only two counties involved in this—Scotts Bluff and Thurston.

The materials you requested are coming direct from those county clerks and you should be receiving it soon.

Sincerely,

ALLEN J. BEERMANN,
Secretary of State.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 1, 1981.

Hon. WILLIAM D. SWACKHAMER,
Secretary of State,
Carson City, Nev.

DEAR SECRETARY OF STATE SWACKHAMER: The Judiciary Committee of the United States House of Representatives is currently holding hearings on the extension of the Voting Rights Act of 1965. As a part of this extension, we are considering legislation to extend the expiration date of the 1975 bilingual ballot amendments for their current 1985 expiration date to 1990.

I am writing to request the following information regarding how these laws have affected your state in implementing the bilingual ballots and election materials:

(1) a listing of the counties or wards which must provide bilingual ballots and election materials;

(2) the number of bilingual ballots printed;

(3) the additional cost of providing the bilingual ballot in these counties for: (a) primary elections; (b) general elections;

(4) the number of requests for these ballots and materials during the election.

Thank you in advance for your help in this matter. It will make possible a thorough evaluation of the effectiveness of these laws.

Sincerely yours,

ROBERT MCCLORY,
Member of Congress.

STATE OF MAINE,
DEPARTMENT OF STATE,
Augusta, Maine, June 5, 1981.

Hon. ROBERT MCCLORY,
Committee on the Judiciary,
Washington, D.C.

DEAR REPRESENTATIVE MCCLORY: Your letter to Secretary of State Rodney S. Quinn has been referred to me for a reply.

In 1977 the Maine Legislature passed a bill that instructed this office to print specimen ballot instructions in the French language. These instructions were to be sent to the municipal clerks upon request. Since the passage of this law there has been very few requests and, in fact, there have been no request for these instructions for the last two election years. Therefore, the cost has been minimal.

For your assistance I am enclosing that portion of Maine Election Law, 21 MRSA § 704, sub-§ 6, containing this provision.

If I can be of any further assistance, please do not hesitate to contact me.

Sincerely yours,

LORRAINE M. FLEURY,
Secretary, Election Bureau.

Enclosure.

STATE OF MAINE—TITLE 21—ELECTION LAWS

§ 703. Number of ballots furnished

The Secretary of State shall furnish each voting place with at least 75 ballots for every 50 votes cast at that voting place at the last election of that type.

1. Extra ballots needed. If the clerk believes that extra ballots will be needed, he shall request them from the Secretary of State a reasonable time before the election. The Secretary of State shall send the requested number to the clerk, and may furnish as many additional ballots as he believes necessary.

§ 704. Specimens

Specimen ballots are governed by the following provisions:

1. Secretary of State to prepare. The Secretary of State shall prepare the specimen ballots.

A. Content. The words "SPECIMEN BALLOT" in bold type, the title and date of the election, and the name of the voting district must be printed at the top of the ballot. The facsimile of the signature of the Secretary of State must not be printed on it. It must be printed flat with the back blank. Otherwise, it must be printed substantially the same as a regular ballot.

B. Color. The ballot must be printed on paper of a distinctive color.

2. When furnished. The Secretary of State shall send a reasonable number of specimen ballots to the clerk for posting as provided in subsection 3, and an additional number with the regular ballots.

3. Clerk to post. The clerk shall post or cause to be posted a specimen ballot at least 7 days before the election in a conspicuous, public place in each voting district.

1961, c. 360, § 1; 1975, c. 761, § 31.

4. Secretary of State to publish. A reasonable time before the election the Secretary of State shall make specimen ballots available for publication in all newspapers having general circulation in the area to which the ballots pertain. A single specimen ballot so published may carry the name of each candidate for State Senator and Representative to the State Legislature having residence in the area covered by the circulation of the newspaper. The name of the voting district need not be printed on the published specimen ballot.

1961, c. 360, § 1; 1971, c. 65, § 19; 1977, c. 496, § 11.

5. Candidate or nominee to fill vacancy. When a candidate for nomination or a nominee is chosen to fill a vacancy, the Secretary of State and the clerk of each interested municipality shall perform the duties required by this section as promptly as possible.

6. Specimen ballot instructions printed in the French language. The Secretary of State shall prepare ballot instructions in the French language, to be printed on a separate sheet of paper which may conveniently be attached to specimen ballots. The Secretary of State shall furnish such ballot instruction sheets upon request by the clerk of a municipality. The number of specimen ballot instruction sheets to be furnished to a municipality, when added to the number of specimen ballots and instruction posters in the English language to be furnished to that municipality, shall not be greater than the total number of specimen ballots and instruction posters to be furnished * * *.

§ 705. Emergency ballot procedure

In an emergency as described in this section, the Secretary of State may prepare new ballots, amend those already printed or procure them from another municipality or voting district. He may authorize any clerk to do the same.

1. Ballots amended. Ballots already printed may be amended by having corrective stickers added, as directed by the Secretary of State.

2. Emergency described. An emergency may exist as follows: If there is a shortage of ballots; if the ballots are not delivered in time for the election; if the ballots are missing, defaced or destroyed; or if replacement of a vacancy or the correction of an error in the ballot requires its amendment.

§ 706. Official ballot box

An official ballot box is governed by the following provisions:

1. Furnished by Secretary of State. The Secretary of State shall furnish an official ballot box for each voting district.

2. Described. The boxes must be of uniform design. Each box must be equipped with a suitable lock and key. In the top of the box there must be an opening large enough to allow a single, folded ballot to be inserted, and no larger, with a slide device by which the opening may be covered or uncovered. The box must be large enough to receive the ballots deposited in it at any election.

3. Municipality may provide. A municipality may provide ballot boxes at its own expense. Each box may contain a mechanical device for counting and endorsing the ballots deposited in it but it may not be equipped so as to record any distinguishing mark or number on a ballot. Each box must meet the requirements of this section. Once approved by the Secretary of State each box becomes an official ballot box.

4. Official ballot box required. Only an official ballot box may be used to receive official ballots cast at any election.

5. Separate ballot box for constitutional amendments and referenda. A municipality having 5,000 or more inhabitants, except where such municipality uses voting machines or electronic voting systems, shall, and a municipality with fewer inhabitants may, by vote of its municipal officers, use separate ballot boxes at elections for deposit

of votes on constitutional amendments and referenda. The municipal officers shall notify the Secretary of State of such actions at least 60 days before the date of the election at which such separate ballot boxes are to be used. If such separate ballot boxes are to be used, they shall be subject to all the provisions relating to official ballot boxes, as provided in this section. They may be furnished by the Secretary of State at the expense of the municipality.

1961, c. 360, §1; 1963, c. 2; 1973, c. 60; 1975, c. 761, §32.

Mr. EDWARDS of California. Mr. Speaker, I yield 2 minutes to the gentleman from Puerto Rico (Mr. Corrado).

Mr. CORRADA. Mr. Chairman, I rise in strong support of H.R. 3112, legislation which extends and amends the Voting Rights Act of 1965.

The bill provides for an extension of the act's preclearance provisions through August 5, 1984. After that date, it establishes new bailout standards permitting individual political subdivisions to seek exemption or bailout from the preclearance requirements and continues the bilingual provisions of the act for another 7 years, among other things.

The destiny of the Voting Rights Act of 1965, one of the most important and controversial legislations of our time, is dependent on the action we take here. What we do is of utmost importance since we are facing the issue of the preservation or disintegration of an act that has been hailed as the most important civil rights bill ever enacted by the Congress. This high priority legislation has enabled millions of discouraged black and Hispanic American citizens to exercise the sacred constitutional right to vote. It has been responsible for a higher participation of black voters in the political process. Their registration percentage has almost doubled since 1965. Likewise, in Texas, for example, registration among Hispanics has increased by an encouraging two-thirds.

This bill is controversial to some simply because they have failed to realize that despite this legislation's success in its endeavor to protect the exercise of the right to vote, the promise of equal participation in the political spectrum is still unfulfilled. The hearings left no doubts of the pressing need to extend this act for the procurement of a fair and equal participation of all American citizens in the political process. We are still confronting voter registration and absentee ballot abuses, at-large election schemes and annexations, gerrymandering, intimidation and harassment, failure to provide or abusive manipulation of assistance to illiterates. In summary, a long list of practices and procedures used with the sole purpose of depriving minorities of full electoral participation. The persistence of these conditions or threats of their repetition make it unbearable not to extend the Voting Rights Act.

Later some amendments to the bill, reported out by the House Judiciary Committee with a vote of 23 to 1, are to be considered on the floor. Unfortunately, amendments that weaken the protection of voting rights and enhance the possibility of the failure of this legislation have been brought for our consideration. One of the proposed amendments that causes me great concern is the one that would defer action on bilingual provisions until 1985. Our esteemed colleague and friend Robert McClory will offer an amendment to eliminate the provision to extend the requirement that jurisdictions with language minority groups which constitute at least 5 percent of the voting age population provide registration and voting instructions in the minority language. Some supporters of this amendment argue that those who cannot understand English are deprived of the means of understanding political issues. Apparently there are some who believe that the right to vote of an American citizen can be put "on hold" like a telephone call until that citizen's proficiency in English is increased so as to enable him or her to understand the political issues of our Nation. We know for a fact that some English-speaking voters in our country are far from understanding the political debates of these times. We also know that these political issues are discussed in Spanish and explained by Hispanic leaders of our Nation. The fact is that what the supporters of this amendment would accomplish by eliminating the bilingual requirements is to get rid of an effective means of providing non-English-speaking citizens with a voice in the political decisionmaking of their communities and of our Nation. We know that the mere understanding of English does not per se guarantee the understanding of our political debates. What should we do with the English-speaking citizens that do not understand the political issues? Should we exclude them from the voting polls also?

The right to vote as part of our democratic process is absolute. It does not distinguish between blacks or whites, rich or poor, intellectuals or illiterates, English or Spanish speaking; it is directed to guarantee equality under the polls so that someday this Nation conceived in liberty and dedicated to the proposition that all men are created equal sees its principles of democracy fulfilled to their intended end. There cannot be any other way for this right to be exercised; it is the undisputed backbone of our constitutional rights.

The Congress has a duty under the Constitution to preserve our democracy. Let us not compromise our principles. Let us protect this right.

I urge my colleagues to approve this legislation without any weakening amendments.

Mr. HYDE. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. Lungren), a member of the subcommittee.

Mr. LUNGREN. Mr. Chairman, Abraham Lincoln once said, "People will little note nor long remember what we say here." Some of us think that perhaps he was referring to Congress on a Friday afternoon. I am a little discouraged, I guess, by the fact this was scheduled for general debate at this time because it is such an extremely important issue, one that I think ought to be looked at with tremendous delicacy and tremendous attention by all the Members. I would hope that they will take the opportunity to read this debate when they are here next Monday as we consider in the amendment process the actual voting on this bill.

Mr. Chairman, I supported the amendment, this extension of the Voting Rights Act, both in the subcommittee and in the full Judiciary Committee, and I support it now. But I do think some changes are necessary. Without a doubt, based on the hearings we had, preclearance is necessary in some form; yet I think the vehicle to achieve our purposes once we have reached agreement as to those purposes is a matter of differences of opinion.

□ 1300

I think there are men and women of good will on a number of different sides, on a number of different questions, that still remain with respect to this legislation. Having said that, Mr. Chairman, I must say that it is unfortunate that we now seem to be subjected to some emotional moral overkill that is surfacing, and communications going around the Hill, some statements by representatives of the civil rights community such as any amendment offered by the Republican side will be a crippling amendment, or any amendment offered on the Republican side will attempt to gut section 5, or any Republican amendment will somehow be against the Voting Rights Act.

I heard some of these comments made before we had even decided, some of us, which amendments we might offer. Although I know Members here are very skilled in analyzing situations and in analyzing legislation, I have yet to meet a Member who is able to forecast with precise accuracy what all the amendments might be that one Member or a group of Members might offer.

I suggest that even yesterday we had something that should be commended to our attention. There were debates on the floor that some groups, allegedly something called the Moral Majority, has taken the political, the moral high ground on certain issues. It is suggested to us that unless we vote precisely the way they tell us to vote on every particular issue, we are somehow immoral. I think that had I taken that approach yesterday, I would not have listened to the comments of the gentleman from Michigan or the gentleman from the District of Columbia, or the gentleman from Maryland, and would have in fact voted the way suggested by those people, but having listened to them and having understood that I was sent here as a Congressman, that I was sent here to look at what we have, to look at the words, to look at the manner in which we create a vehicle to achieve our purposes, I owed to my constituents and I owed the American people something more than that.

I would suggest that very same argument ought to be used with every single amendment that is brought forward here. I resent—I think anybody in this Chamber would resent—the fact that someone is called against civil rights because they may have a difference of opinion as to how we achieve most effectively and most reasonably the aim that we have reached a consensus on.

In that respect, Mr. Chairman, I would say that it is unfortunate that a great deal of what the committee created 7 hours before reporting it is unnecessary and cannot but be reviewed by many as somewhat unreasonable. I think we will find that Mr. HYDE has mentioned a number of those objections. I hope that we will have an opportunity to discuss them, and that we will deal with this debate and judge them on their merits rather than say en masse they are all wrong, that somehow they are an effort to gut the bill. That is not what is being done.

One of the objections that some of us have talked about is whether or not a State may be allowed to bail out without all of its counties getting out. It has already been suggested that an amendment will be presented for our consideration which will say that a State can get out if it proves it is clean on its level, and two-thirds of all the counties within it have shown that good faith. One of the reasons I think it is important: When we first were talking about nationalizing, the possibility of nationalizing applications of preclearance sections, representatives of the civil rights community came to me and said, "You will basically be strengthening it to death. You will so overload the system of consideration at the Justice Department and the courts with respect to the Nation when they would have to submit every single possible change in their laws which would deal with civil rights."

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. HYDE. Mr. Chairman, I yield 1 additional minute to the gentleman from California.

Mr. LUNGREN. They said, "We would not have the ability to react."

Well, in fact that argument ought also to be applicable here if we have counties that have done a good job; that have gone through the hoops we put here that are not easy hoops to go through, that come in here in good faith and have a record, is it not better to have them submit and not have the Justice Department wasting time with that, but concentrating on those counties in the covered areas that are recalcitrant so that we isolate them and put pressure upon them to come into the real world, and come into the world of good faith.

In summary, Mr. Chairman, I would only say this: I would hope that we would be able to have the debate during the 5-minute rule on the same level we have had it here during general debate, and that we would debate the merits of each and every proposal as it is brought forward, and not submit to emotional blackmail which says that one particular segment of the civil rights community, as I said, they do not want this even though three out of four or two-thirds of the civil rights groups agreed with it, and that if you vote against it you are against civil rights. We deserve more than that. Our constituents deserve more than that.

Mr. EDWARDS of California. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from the District of Columbia (Mr. FAUNTROY).

Mr. FAUNTROY. Mr. Chairman, I want to join in commending the bipartisan leadership of this Judiciary Committee for the excellent way in which they have handled the preparation for this very important vote which we are about to take on Monday. I am particularly grateful to the chairman of the committee, Mr. RODINO, and to the subcommittee chairman, Mr. EDWARDS, who has indeed enriched the public service and exalted public life by the careful and fair and just way in which he has presided over the proceedings.

Members will note that in the course of this debate the 18 black Members of Congress, the members of the Congressional Black Caucus, are unanimous in supporting H.R. 3112 as it has emerged from the committee. We do so not simply because the act originally was enacted to redress long suffered grievances on the part of black Americans, but because it has grown to be a symbol of the determination of this Nation to move to the high grounds and principles that we enunicate but often fail to live.

Much has been said about the civil rights movement that worked so hard to bring this act into being. I was a part of that 16 years ago. Indeed, I coordinated the Selma and Montgomery march on behalf of Dr. Martin Luther King, Jr., which catapulted the question of voting rights into national and international prominence, and resulted in this act being considered by the Congress then. At that time, poll taxes and literacy tests and other means were used to deny black citizens the right to vote. The hearings that were held by the committee clearly pointed out that there are new forms of discrimination today—annexation, at-large elections, and gerrymandering, are all used today to deny that basic right to vote not alone to blacks but to whites and Hispanics as well. So, title II has emerged.

The CHAIRMAN. The time of the gentleman from the District of Columbia has expired.

Mr. HYDE. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. COLLINS).

Mr. COLLINS of Texas. Mr. Chairman, I rise in opposition to this bill. As I have heard so many of the speakers today talk about bailing out, I think the greatest need in this bill is to bail in. The problem with the Voting Rights Act is that the originally covered States have had to cope with the most onerous parts of the statute sections 4 and 5, while the rest of the country lives by a less stringent standard. This is true even though the South has made remarkable progress in voter registration. This is an inequitable, nonsensical bill.

Let me tell the Members what happened. There probably was a need for this bill, I think probably a strong need, but look what it has accomplished. The Justice Department between 1965 and 1974 objected to 6 percent of the proposed election law changes and, in 1980, Justice objected to only 1.8 percent of the proposed changes—practically no objections. But down in my State of Texas we lead the entire Nation in election law preclearance applications. We have a big State, and every time we change a little commissioner's district we have to make application. We have had 16,208 of these change applications filed.

Only 130 were objected to. What that means is that Justice objects to only 1 application in 123. We cannot elect a city council, we cannot appoint a school board, we cannot have a commissioners election because everything is going through all of this redtape.

I do believe that if all of you fine gentlemen had this redtape and bureaucracy and delays in your own States, you would submit a more reasonable bill to us today.

The Texas voter registration system—the Voting Rights Act is all about voter registration—is one of the best and most equitable registration system in the country. A person arrives in Texas one day as a stranger, he settles down, he mails a postcard, and in 30 days he is eligible to vote. It takes him 30 days. There is not any system in the country that is any better than that.

Let us go back and see what the goals of the Voting Rights Act were. They were to increase voter registration. Between 1964 and 1976 we made great strides in minority voter registration. In Louisiana, registration went from 32 to 64 percent; in South Carolina, registration increased from 39 to 61 percent; Virginia registration increased from 46 to 61 percent. In fact, in Alabama 10.7 percent of the legislature's members are black. The bill has been very, very effective. But today what do we have? We have got so many weaknesses. It is a bill that disregards due process—any fair constitutional lawyer would say that. Here is a bill that says only one court in the land can try these Voting Rights Act cases. We have Federal courts all over the Nation but only the District of Columbia is allowed to rule on these cases. Senator Ervin, who is known as a civil rights advocate, said, "Why should we just have one court, one court only, the District of Columbia court to rule on this?"

What you are doing in this bill which is even harder to comprehend, you are asking to reverse the Bolden decision of the Supreme Court, in which Justice Stewart, writing for the Court, held that discriminatory motivation is a necessary ingredient of a 15th amendment violation. Since the act is based on the 15th amendment, discriminatory purpose or intent should be necessary to prove its violation.

Mr. Chairman, in this debate on the extension of the Voting Rights Act, this Congress must make a decision as to whether stringent Federal regulation of the electoral process should be continued, terminated, or modified. We must determine whether it is time to end what has been referred to as the most significant Federal intervention in the South since Reconstruction. I am convinced that major changes must be made in the Voting Rights Act if we are to correct its serious problems that make it basically unconstitutional. Let me briefly outline my case.

First, the Voting Rights Act is founded on ideas that depart from the traditional notions of federalism and separation of powers. The act is repugnant to the concept of due process and is overly broad in its application. Most important, the act puts certain States on an unequal footing with other States through an unconstitutional exercise of legislative authority under the 15th amendment.

Second, there has been a radical transformation of the purpose of the Voting Rights Act through a series of Supreme Court cases. An act that, according to former Attorney General Katzenbach, was "aimed at getting people registered" has become a vehicle that is expected to insure that certain groups have electoral representation. This transformation stems in part from the High Court using one-man, one-vote cases resting on the 14th amendment to interpret the Voting Rights Act, which rests on the 15th amendment. The Court has more recently acknowledged that there is no violation of the act without evidence of discriminatory intent. This is a landmark opinion because it throws out the idea that the act can be violated if an electoral change is discriminatory in effect, regardless of whether discriminatory purpose existed. The committee bill unwisely tries to mitigate this recent Court decision, which I believe is highly inappropriate.

Finally, there is evidence that suggests that the original goals of the act have been achieved. That is, minority voter registration has been highly successful and literacy tests have been banned nationwide. Judging from minority representation in southern legislatures, increased minority voter registration, and the number of electoral changes that have been submitted compared to the number that have been objected to, there is reason to give serious thought to the continuing need for the temporary provisions of the act.

To show that the Voting Rights Act is an important departure from the recognized bounds of legislative authority under the Reconstruction amendments, I want to review briefly the intentions of the original framers of the 15th amendment and the history and scope of civil rights enforcement legislation.

The Reconstruction amendments were the products of Congress trying to protect civil and suffrage rights in the post-Civil War period of turmoil. The 14th amendment overturned the Dred Scott decision and brought the country's blacks into full citizenship. The 15th amendment, which declared that the right to vote shall not be denied "on account of race, color, or previous condition of servitude," was designed to bring enfranchisement to blacks both in the North and the Deep South. From a review of the congressional debates on the passage of the 15th amendment, it seems clear that the framers were primarily concerned with guaranteeing suffrage to newly freed slaves and protecting them against future disenfranchisement. In fact, much of the concern was focused on the suffrage rights of northern blacks since many southern blacks were already voting under military reconstruction and new State constitutions.

It is interesting, and relevant to our Voting Rights Act debate, that the 15th amendment authors intended for the power to prescribe voter qualifications to remain with the States. The only exceptions were qualifications relating to race, color, or previous servitude. As William Gillette, the noted historian has written: "It did not give the Federal Government the right to set up suffrage requirements, but left the fundamental right with the States." I will come back to the important constitutional questions this historical perspective raises in a moment. First, let us look at the enforcement legislation passed by Congress in early response to the Reconstruction amendments.

Within 2 months of passage of the 15th amendment, Congress acted under section 2 of the amendment which gave it power "to enforce this article by appropriate legislation." The Civil Rights or Enforcement Act of 1870 sought to proscribe State and private action from interfering with voting rights. The Supreme Court struck down the act's prohibition of private interference on the grounds that the 15th amendment did not authorize Congress to prohibit private interference with the right to vote.

Another law, the Force Act of 1871, was passed to provide for the appointment of Federal officials to oversee the election of Members of the House of Representatives. The Force Act was upheld although the Court never addressed the question of whether the act was an appropriate exercise of Congress enforcement powers under the 15th amendment.

Until the 1950's, it was thought the Congress had two areas of power over the electoral process: First, it could protect, under the 15th amendment, against State interference based on race, color, or previous condition of servitude; second, Congress could protect against public or private interference in Federal elections. Until this time, it was thought that congressional proscription of private interference with the right to vote was beyond its powers under the 15th amendment.

The question of Congress' right to protect against private interference with voting was reopened with the Civil Rights Act of 1957, which prohibited any person, public or private, from interfering with the right to vote for Federal officials. The act called for the Attorney General to bring suit against those charged with violating suffrage rights and created the Commission on Civil Rights and a Civil Rights Division in the Justice Department.

The Civil Rights Act of 1960 authorized the Attorney General to obtain through the courts a finding of a "pattern or practice" of voter discrimination in any jurisdiction. Armed with such a finding, the Federal Government could supervise the elections and register all eligible blacks.

Finally, in the 1964 Civil Rights Act, simple Federal regulation of elections was superceded by a restriction of the rights of States to establish voter qualifications, apparently in clear opposition to the intentions of the framers of the 15th amendment. The act actually imposed a Federal literacy test in that it required that any prospective voter must be presumed to be literate if he had completed the sixth grade in a school where English was the basic language.

The theme that runs through the legislation to this point is that of increased Federal involvement in the States' authority to oversee the electoral process. My concern is that with each new piece of legislation, the Congress has taken more and more liberty with its enforcement authority under the 15th amendment. However, all bounds of authority under the Enforcement clause were exceeded with the passage of the Voting Rights Act in 1965. The act, which does not need to be explained here, established a Federal presence in the originally covered Southern States "which in the thoroughness of its control is reminiscent of the Reconstruction era." The Voting Rights Act actually gives Federal authorities a veto power over State laws in that it prohibits States from enacting legislation prior to approval in Washington. Having traced the development of enforcement legislation and seen it strain at the reins of constitutional authority, now is a good time to talk about why the Voting Rights Act has serious constitutional problems that must be corrected.

I mentioned earlier that a study of the debates leading to passage of the 15th amendment leads to the conclusion that its authors never meant for the States to be stripped of their right to primary control over suffrage. Yet that is exactly what has happened with the Voting Rights Act. The Supreme Court has held that:

> * * * as against the reserved powers of the States, Congress may use any rational means to effectuate the constitutional prohibition of racial discrimination in voting.

The problem with this is that it neglects to account for federalism operating as a limit to the scope of Congress enforcement powers.

Justice Black has written that the act is outside the valid exercise of congressional authority. He refers to the requirement that covered jurisdictions, like my State of Texas, must submit electoral changes to Washington for approval as an action forbidden by the Constitution. Black wrote that:

> By requiring a State to ask a federal court to approve the validity of a proposed law which has in no way become operative, Congress has asked the State to secure precisely the type of advisory opinion our Constitution forbids.

I want to share one other quote from Mr. Justice Black with my colleagues:

> Certainly if all the provisions of our Constitution which limit the power of the Federal Government and reserve other power to the States are to mean anything, they mean at least that the States have power to pass laws * * * without first sending their officials hundreds of miles away to beg federal authorities to approve them.

We should all recall that the idea of a congressional veto of State laws was rejected in 1787. Because of the scope of Congress enforcement authority granted under the Voting Rights Act, far and above that foreseen by the 15th amendment, Justice Black was led to conclude that the Voting Rights Act reduced the States to "little more than conquered provinces."

Another major constitutional problem with the act is its denial of due process. Section 5 of the act forbids States to enact electoral laws of their choosing without first making them acceptable to the Attorney General or the District Court for the District of Columbia. This means that the established principle of States enacting electoral laws and awaiting a court's ruling on their constitutionality has been thrown out the window. Instead, their laws must conform to a Federal standard and must be cleared through a single court.

Disputes involving Federal rights normally go to a local district court. Senator Sam Ervin has asked, "On what basis can you justify saying, 'Close all the courts in the land except one'?" This aspect of the law, so dear to those who tire of the slow judicial system, is repugnant to the idea of due process. It has been argued that the judiciary is too slow to deal with the problem of voter discrimination. Crime is very serious, as well, but no one is suggesting that we scrap the judicial system that deals with criminal prosecutions and replace it with an administrative mechanism that clears the dockets but tramples on peoples' rights. We should give the Southern States covered by the Voting Rights Act the same due process we make available to alleged criminals.

The most serious constitutional problem with the Voting Rights Act is that it creates a basic inequality among States that are supposed to exist in a union on equal footing. The equal footing doctrine holds that "every new State is entitled to exercise all the powers of government which belong to the original States of the Union." A State has a right to constitutional equality both at the time of its admission and forever. The idea of equal footing is useless if a State can be denied equality after it has become a permanent member.

It seems clear that Congress does not have the right to remove a State's electoral powers and not be in violation of the Constitution. To tell certain States that they cannot proceed with certain kinds of legislation without prior Federal approval while the rest of the Union goes untouched is a blatant violation of the equal footing doctrine. Some may argue that the drastic measures of section 5 are required by certain emergency conditions. We should recall the Supreme Court in its 1934 Blaisdell decision:

> Emergency does not create power. Emergency does not increase granted power or remove or diminish the restrictions imposed upon power granted.

We should think long and hard before we conclude that any special conditions justify Congress taking away State power, as has occurred through the Voting Rights Act.

A trend in recent Supreme Court decisions interpreting the scope of the Voting Rights Act and expanding its purpose from helping minorities achieve access to the ballot box to guaranteeing them political effectiveness has compounded the constitutional defects of the Voting Rights Act. I believe that because the act exceeded constitutional authority in the first place, the way has been opened for a liberal court to read into it meanings the framers of neither the act nor the 15th amendment had in mind.

What we have seen since the decision in Allen versus State Board of Elections in 1969 is the transformation of the Voting Rights Act from an instrument designed to get minorities registered to vote and eliminate discriminatory literacy tests to a law that will guarantee the maximum political effectiveness of minorities. The law was to be used to guarantee the right of racial minorities to hold office. The Allen decision held that States not only must submit election law changes that may prevent minorities from registering and voting, but also laws that may tend to diminish their political strength. The test is always whether the effect of a law is discriminatory—intent to discriminate has become irrelevant.

The Voting Rights Act, as originally passed, assumed that access to the ballot would normalize the participation of minorities. The Allen decision, however, unfairly assumed that blacks would always be set apart from the rest of the population and that they always vote as a bloc. The Voting Rights Act authors felt that once blacks were enfranchised, that should be the final responsibility. It does not hold that just because a group can go to the polls it also has a right to expect maximum political effectiveness.

Clearly, Congress did not intend section 5 of the act to be interpreted so broadly. We should look at the remarks of those who originally came to the Hill arguing for passage of the act. Attorney General Katzenbach in 1975 said:

> The Voting Rights Act was originally designed to eliminate two of the principal means of frustrating the 15th Amendment rights guaranteed to all citizens: the use of onerous, vague, and unfair tests and devices enacted for the purpose of disenfranchising blacks; * * * the Voting Rights Act attempted to eliminate these racial barriers, * * *.

The evidence suggests that these original goals have been reached. Minority voter registration has increased tremendously and literacy tests have been banned nationwide. Putting aside the serious constitutional defects of the act and assuming the validity of its original goals, let us look at the evidence of its success. You will probably agree with me that there is little justification for continuing the temporary provisions, sections 4 and 5 in their present form.

By 1972, more than 1 million new black voters were registered in the seven States in the South originally covered by the act. In 1964, Alabama had 23 percent of its eligible blacks registered. In 1976, 58.1 percent were registered. In Georgia, 44 percent were registered in 1964, while 56 percent were registered in 1976. Look at some others:

	1964 (percent)	1976 (percent)
Louisiana	32.0	63.9
Mississippi	6.7	67.4
South Carolina	38.8	60.6
Virginia	45.7	60.7

This is remarkable progress. Despite the demonstrated success of registration, the States still have to submit even the most minute electoral changes to the Federal Government. From 1965 to 1974, the Justice Department objected to only 6.2 percent of the proposed election law changes; from 1975 to 1980, the Feds have objected to only 1.8 percent or 526 out of 28,802 submissions.

In my State of Texas, which leads the Nation in election law changes, the Justice Department has objected to only 0.8 percent of those changes submitted. That means DOJ lawyers had to review 16,208 applications to find 130 they could find a reason to object to. Our State attorney general, Mark White, has said that the act's coverage is too broad and that it makes no sense, for example, to have to have bilingual ballots even in counties where there are few or no Hispanics. Mr. White said:

> But that doesn't matter to federal authorities. We still have to submit law changes no matter how minute they might be.

We have the best voter registration system in the country in Texas, and yet have been covered by the Voting Rights Act since 1975. Any person can register by mail the first day he comes to Texas and be able to vote after 30 days.

Even if the act's proponents are concerned that minorities have as much representation in southern legislatures as those in the North, they should be pleased to learn that blacks made up an average of 5.8 percent of Southern legislatures in July 1980 as opposed to their constituting 5.24 percent of northern legislatures. In fact, the legislatures of the six Southern States originally covered by the act have the highest percentage of black membership, 8.4 percent, ranging from a low of 3.6 percent black members in Virginia to a high of 10.7 percent in Alabama.

What these figures suggest to me is that there has been a good enough record on voting rights in the affected States to allow the temporary provisions to either expire or be significantly changed. The requirements for Federal preclearance were never meant to be permanent. We should not allow this unprecedented exercise of legislative authority to continue, especially in light of our significant record of achieving the original goals of the Voting Rights Act.

I will be offering several amendments to the committee bill that, if adopted, would lessen the onerous burden of the act and lessen its constitutional weaknesses. The burden of proof should be shifted to the Federal Government, the jurisdiction for hearing voting rights cases under the act should not be limited to the Federal District Court in the District of Columbia. Most important, the "effects test," whereby the discriminatory effect of a State's laws are more important than their intent, should be repealed.

I believe that if we continue to interpret section 5 as broadly as we have in the past, we are on the road to having the Federal Government approve every act of government at the State and local level. At a time when people want less government and greater freedom, we must not allow our decision on the Voting Rights Act to lead to a greater Federal presence in our lives.

Mr. EDWARDS of California. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. LELAND).

Mr. LELAND. Mr. Chairman, I truly appreciate this opportunity and I would like to commend the gentleman from California (Mr. EDWARDS), and of course, the gentleman from New Jersey (Mr. RODINO), for this excellent piece of legislation. There are many parts of this legislation that I do not particularly agree with, but in the spirit of compromise, in the spirit of politics, I understand why it is that we have to accept what is in this bill.

Mr. Chairman, I stand here representative of an example of what it is, where instruments that have been presented to this country would allow for opportunities, for minorities like myself to participate in the American process of democracy. My views are somewhat different than probably the majority of the Members of this House of Representatives on both sides, but rather I had the opportunity because I am an American citizen. Historical accidents called racism and other kinds of obstacles placed in our paths have indeed disallowed Hispanics and blacks to participate in the process equally.

It takes longer than 20 or 30 years to correct those historical accidents. I ask for opportunities like this bill to proceed with correcting those historical accidents in America.

Mr. Chairman, I am reminded now, at this moment so strong in historical repetition of the Grecian myth of Sisyphus. Sisyphus, whose endless plight in tortured immortality was to heave and push, tug and tow a huge, rough, rock up the awkward, craggy slopes of a steep mountain—upon reaching the pinncle—only to see that boulder plummet, crashing, and breaking, down to the ugly bottom. Watching that rock lie brazenly, scoffingly awaiting the beleaguered Sisyphus as again, in anguish, he begins his ceaseless struggle back to the top.

Our duty as we debate the extension of the Voting Rights Act today, is to do our part to eliminate the egregious burden of disenfranchisement that has plagued blacks, Hispanics, and other Americans throughout our spotted history.

I ask you today to shoulder the burden which lifted, has let a black Ernest McGowan, a black Anthony Hall, a Mexican American Ben Reyes in my city of Houston, Tex., sit proudly on the city council, elected from single member districts.

We must shoulder the burden which, when lifted, has allowed a 64-percent increase in Mexican American voter registration and a 30-percent increase in Hispanic-elected officials in Texas for the last 4 years. The bilingual provisions of the act must be extended to 1992 now—not later in 1985—but now as an integral part of the act.

I ask you to shoulder the burden, speaking not only as a fellow colleague, but also as one who has directly benefited from this ever so necessary act.

Mr. Chairman, we must shoulder this formidable burden together and pass this act. I know that together, this heavy, heinous boulder called disenfranchisement can be easily tossed into the liberating sea.

I urge the passage of H.R. 3112, without amendment.

Mr. EDWARDS of California. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. Rangel), a distinguished former member of the committee.

Mr. RANGEL. Mr. Chairman, I would like to join with those who have supported the leadership of Chairman Rodino, Subcommittee Chairman Edwards, and more importantly Mr. Hyde, who had different ideas but he was able to hear testimony to prove to his satisfaction that we needed this type of legislation.

It is recognized that no one could restrict or would want to restrict Members from offering amendments to this legislation. By the same token, I can see how some are shocked that perhaps some of the laws do not appear to be equitable as they treat certain States different from others, but I think there are many, many groups in this country that would recognize that when this country had treated certain of its citizens in such a manner in which they had to give up their lives and lose the lives of their loved ones, when this country knows that it has denied the people who have given up their lives in war and still were not given the opportunity to represent their people in legislative bodies, when we can see today as a result of this law we have brought America closer to what all of us in our hearts would like to see it, it seems to us that we should be very sensitive in tinkering with the law, that we should be concerned with our ability to improve the law, and have enough compassion for those civil rights organizations that are frightened that they may be adversely affected.

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Mr. HYDE. Mr. Chairman, I yield 5 minutes to the gentleman from South Carolina (Mr. Campbell).

Mr. CAMPBELL. Mr. Chairman, as a Representative from South Carolina, one of the States originally covered by the preclearance provision of the Voting Rights Act, I feel that I have a special responsibility to participate in this debate.

After much thought, and after talking to people on all sides of this issue, I announced on July 23 my support for extending the Voting Rights Act. I explained at the time that I learned long ago just how fragile the right to vote is—how vulnerable it is to threats of force and intimidation, and how these tactics are not unheard of in our own country and in our own time. I pointed out that it was not long ago that minority participation in my State's politics was negligible. In 1960, for instance, only 15.6 percent of eligible black voters were registered to vote in South Carolina. To some, that is ancient history to be relegated to school textbooks and forgotten. To black Americans, however, this is not ancient history, for behind the unfortunate statistics there were men and women who for nearly 100 years after the passage of the 15th amendment to the U.S. Constitution were denied an equal chance to exercise the most basic freedom offered by a democracy.

There is another lesson from the not so distant past that I can speak to firsthand. For it was not long ago that another type of voter discrimination existed in the South. Those of us who labored for years to make a two-party system a reality in the once solid Democratic South need not be reminded that the political process is not always as open and free as it should be. For years, Republicans were often the victims of intimidation and harassment in certain corners of the South. Yes; there were even scattered acts of violence perpetrated on this troublesome, nonconforming minority calling themselves Republicans. It is no wonder that blacks and Republicans have often joined together and called upon the protections of the Voting Rights Act to assure fair election procedures in State governments.

So, as I approach the issue of voting rights, I do so mindful that this is not a liberal versus conservative, Republican versus Democratic, or North versus South issue. Demagogues and extremists, and those who would inject the worst kind of narrow partisan politics, have no place in a discussion of something as fundamental as protecting the right to vote. Instead, what is needed is a sense of fairness, a sense of equity, and a sense of history.

Mr. Chairman, it is in the spirit that I have over the past months brought together disparate groups in a good-faith attempt to forge the kind of broad, bipartisan consensus that ought to exist about legislation to protect the voting rights of everyone. Many of us agree that the answer lies in incorporating into the Voting Rights Act a fair mechanism that would allow those covered jurisdictions with good voting rights records an opportunity to gain relief from the preclearance provision of the law. This way we begin to take the first steps in focusing attention on those remaining regions that perpetuate a system of voter discrimination; no longer could those jurisdictions that wish to keep their election process closed elude public and governmental scrutiny by hiding behind the mass of the some 7,296 cities, towns, counties, and States covered by the present law. And no longer would State and local officials feel penalized by a law that in its present form offers no recognition or reward to those jurisdictions that have tried to make their election laws fair to everyone.

A Voting Rights Act with a fair bailout is legislative recognition that much progress has been made in the South, and that black political strength is a fact throughout the South. As a recent article in the Wall Street Journal pointed out, last year 59.5 percent of all voting-age blacks in Mississippi voted, as did 51.3 percent of all voting-age blacks in South Carolina. The comparable figures were 40.4 percent for New York, and 38.4 percent for Massachusetts. As the face of the South changes, and as this area becomes absorbed into what is more popularly referred to as the Sun Belt, our task is to recognize these changes and to understand that the Voting Rights Act, if it is to remain vital and effective, requires carefully considered adjustment.

By rejecting straight extension of the present law, and by refusing to allow the act to expire, the House Judiciary Committee has framed the proper parameters for this debate. There remains a question whether State governments should be permitted to seek bailout until all of their political subdivisions are eligible. If not, then it would logically follow that New York, North Carolina, and other States should be under preclearance in whole because they have covered subdivisions. I shall offer an amendment to allow independent bailout under certain conditions.

There are other areas of concern that will be addressed by amendments, some of which I shall support, others I shall not. It is unfair—indeed it is sheer demagoguery—to suggest that all amendments to the committee bill represent a backdoor attempt to kill this legislation. I have confidence that my colleagues will recognize many amendments as sensible and constructive proposals that will give the Voting Rights Act the kind of broad, bipartisan consensus it deserves, for I am seeking to support this bill and to work for its acceptance here and in South Carolina.

Mr. Chairman, I yield back the balance of my time.

Mr. EDWARDS of California. Mr. Chairman, I yield 2 minutes to the gentleman from Tennessee (Mr. Ford).

Mr. FORD of Tennessee. Mr. Chairman, I rise in strong support of H.R. 3112, and I would like to commend my colleagues on both sides of the aisle for the leadership they have shown in this legislation.

I also wish to go on record today, Mr. Chairman, as saying that I will oppose any and all amendments that may be offered to weaken the Voting Rights Act extension.

It is clear that discrimination is alive and well in the affected southern States as well as the subdivisions. Testimony provided at the subcommittee hearings shows that voter discrimination has merely gotten more sophisticated, and that the intentions are to keep political power from minorities in areas that would be affected and even where they are approaching a majority.

I think the record will show that in 1981, 58 percent of the black southern voting age population is registered, compared to 80 percent of the white voting age population.

In the 15 years we have had the Voting Rights Act, black voter registration increased by 1,138 percent in the State of Mississippi, by 150 percent in the State of Alabama, and by 100 percent in the State of Louisiana. Yet, the fact remains that black registration is still 20-percent lower in this region than white.

Since the act, southern black elected officials have gone from less than 100 to 2,400. Yet, only 3 percent of the area's State senators are black, 8 percent of the State representatives are black, less than 5 percent of members of governing boards are black, and 3 percent of the mayors are black.

As to the original affected States—Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Virginia—only 5 percent of the elected officials in these covered States are black, in an area that is 26 percent black.

In Alabama, five of the seven counties designated for reregistration in 1981 are in the "black belt." The sponsor of the reregistration bill in the State legislature exempted the predominantly white counties in his district from compliance with the registration bill.

In 1978, Choctaw County, Ala., white registration declined 22 percent, and black registration by 47 percent following voter reregistration.

Recently, Virginia tried to implement a redistricting plan that combined largely white areas to create new districts making it almost impossible for blacks to increase their current representation in the State legislature (four delegates and two State senators). For example, the 45th House district is 55-percent black; the plan would make it a white majority.

While much has been done, more work remains. I stand in complete support of this unamended bill.

Mr. HYDE. Mr. Chairman, I yield 4 minutes to the gentleman from Virginia (Mr. BLILEY).

Mr. BLILEY. Mr. Chairman, the right to register and vote is one of the fundamental rights of citizens everywhere, and so it is the fundamental duty of this body to protect that right to the fullest extent. I am truly sorry that the bill we will be considering today and Monday does not meet that requirement.

Mr. Chairman, H.R. 3112, the Judiciary Committee's proposal to extend sections 4 and 5 of the 1965 Voting Rights Act, has numerous flaws in it—flaws that perpetuate old problems, and flaws that create new ones. The difficulties with this bill are almost too numerous to mention individually.

My concern, and the concern of persons in jurisdictions covered by the preclearance provisions of section 5, is with provisions that would exacerbate the very inequities we should be addressing.

First and foremost, this bill allows no means by which a jurisdiction burdened with preclearance could remove itself from coverage. The committee maintains it has developed a reasonable, reliable bailout for covered jurisdictions. But upon examination of that bailout mechanism, I fail to understand how any jurisdiction could be eligible.

This bill contradicts known legal procedure and seeks to interpret instruments of law in a loose and unguided manner. In no court is a consent decree interpreted as an admission of guilt. But it is according to the Judiciary Committee. Consent decrees in no way indicate guilt on anyone's part, but instead acknowledge an agreement has been reached between two disagreeing parties.

Before I joined this body, I served as mayor of the city of Richmond, Va. I served in that capacity for 7 years, having been elected for only 2. The reason for my extended term was that the Justice Department enjoined the city from holding elections for 5 years. Their objection was to an at-large city council, though the department approved an at-large election for the city's five statehouse seats. I have not to this day determined the basis of such "reasoning."

After receiving notice of the Justice Department's rejection of the city's redistricting plan, the city and the department entered into a prolonged suit, litigated in Washington, at considerable cost to the city, the Justice Department, and especially the taxpayers, regardless of race. The case prevented elections in Richmond for 5 years. I was tired, the city was tired, and I am certain that the Department was tired, too. But they maintained their position and we, ours, until we could suffer no longer. At last, the Department and the city engineered an agreement that would stop the senseless and expensive lawsuit. The Justice Department withdrew its objections and the court found in favor of the city, concluding that there never was any intent to dilute the minority vote. But for that one incident, the city's record is unblemished. Since the Department removed its one objection when it signed the consent degree, Richmond's record of compliance with section 5 is perfect.

But now the Judiciary Committee would bar Richmond from bailout because we made a cooperative agreement to avoid going broke. If anything diluted voting rights, it was the Justice Department's injunction against city elections. I ask you, if the right to vote is so fundamental, and universal, then what reason is there for denying an entire city the right to vote for 7 years? Each and every citizen of my city would have been perfectly within his or her right to file suit against the Justice Department for abridging his right to vote.

By holding consent decrees to be legally binding admissions of guilt under a broad redefinition of "final judgment," the committee is actually encouraging extended litigation rather than providing an incentive for speedy settlement and restoration, if needed, of voting rights. I wonder, had this provision been in place in 1970, if Richmond would ever have settled its case? If the committee truly wishes to create a cooperative climate for the protection of voting rights, it will remove this stigma from consent decrees.

I urge the Members of this body to examine the intent and the effect of the committee's actions in H.R. 3112, and work to modify the inequities therein.

Mr. RUDD. Mr. Chairman, will the gentleman yield?

Mr. BLILEY. I yield to the gentleman from Arizona.

Mr. RUDD. Mr. Chairman, when the Congress enacted the bilingual ballots provision of the Voting Rights Act in 1975, it heaped unnecessary expense and bureaucracy upon State and local governments, and also committed a gross wrong against the very people it sought to help.

Throughout our Nation's history, we have seen periods when there have been great influxes of peoples from all over the world—from the European Continent, the Asian Continent, and from our neighboring continent to the south. These people had as their goal, the creation of a new life here. They did not ask for special consideration, but instead accepted the laws, customs, and language of our developing Nation. They knew that mastering the basic tool of communication in their new home was the very key to their attaining their goal, and becoming productive members of our society. The contributions these immigrants have made to this country's vast economic, and cultural wealth are a result of this melding process. The multilingual provisions of the Voting Rights Act represent a blockade to new citizens in this era by discouraging them from becoming proficient in English. President Teddy Roosevelt said:

> We have room for but one language here, and that is the English language, for we intend to see that the crucible turns our people out as Americans, and not as dwellers in a polyglot boarding house.

His statement has nothing to do with renouncing cultural or ethnic ties, but simply recognizes the fact that the only way for minority groups to succeed in America is to integrate themselves in basic ways into the economic and cultural mainstream.

It should be recognized also, that the Members of these so-called language minorities never asked for this legislation. There was very little evidence, even at the outset of the campaign to include language minorities in the bill, that such discrimination existed. There is even less evidence today that the measures enacted have been at all successful. The cost, as I mentioned earlier, to State and local governments in printing the multilingual ballots and instructions is astounding. And, I know from the experience in my own State of Arizona that election officials have very few requests for help by the special minority members appointed in compliance with the act. It is their opinion that the ballots have little or no impact on the minority-language voter turnout.

For these reasons, I ask that the House consider seriously the effects of these ineffective and unnecessary provisions and vote to repeal them.

Mr. EDWARDS of California. Mr. Chairman, I yield 1 minute to the gentleman from Georgia (Mr. FOWLER).

Mr. FOWLER. Mr. Chairman, I want to tell you a story about a constituent of mine. You may find that you recognize the name. The story is about a black man, an elevator, and a second story registrar's office. The elevator is marked "colored," and is temporarily out of service. The only stairs in the building are designated "whites only," and so the young man waits.

The wait continues throughout that day, and then for several days, while the elevator for white people operates without a hitch. Ironically enough, while the young man stands and waits, hundreds of white elementary schoolchildren board "their" elevator, which is always running, to tour city hall and observe democracy in action.

The year is 1920, in Atlanta, Ga., and the young black man is Rev. Martin Luther King, Sr., father of the slain civil rights leader. After several days of patient waiting, the "colored" elevator finally comes to life, and the young preacher ascends to the Negro registration office. Here he pays a poll tax, not imposed in the white registration office down the hall, and takes a literacy test, also not required for white Atlantans. He passes the test, and becomes a registered voter. A triumphant moment, and one he will remember for the rest of his life.

In his autobiography, "Daddy King," Martin Luther King, Sr., recounts his struggle to register and the importance of having the right to vote. Today, there are no more "colored" elevators, no more poll taxes, and no more literacy tests in our country. It is much easier now for a black to register to vote, not only in Atlanta, but in every metropolis and every hamlet in the land. Nevertheless official chicanery, harassment, and intimidation of minority voters continues. Locations and times for registration and voting are made inconvenient for working people. Filing fees for potential candidates are prohibitively expensive. In subtle ways, minorities are still prevented or discouraged from full participation in the electoral process.

We as a nation have made great strides since 1920 in increased minority participation in our democratic process. Much of this progress can be directly attributed to the enactment and enforcement of the Voting Rights Act of 1965. Seven States were originally covered by the Voting Rights Act in 1965, and black registration more than doubled in these States in the decade following adoption of the act. In Mississippi, the percentage of blacks registered to vote increased from a remarkably low 6.7 percent to an equally remarkable 59.8 percent in just 2 years.

My home State of Georgia, one of the States covered by section 5 preclearance, has also witnessed significant increases in minority voter registration during the effective period of the Voting Rights Act. The number of blacks registered to vote in Georgia jumped from 180,000 in 1960 to 300,000 within 2 years of passage of the act. The ranks of black voters in Georgia have continued to swell, reaching 450,000 in 1980. In this 20-year period, from 1960 to 1980, the percentage of blacks of voting age who were registered to vote increased from 29.3 to 51.9 percent.

The Voting Rights Act has brought about many changes, but there is still much to do. In Georgia, as in most Southern States, black registration generally remains 20 percent lower than white registration, with just over one-half of the black population of voting age registered to vote. And voting abuses continue. As recently as 1980, in Taliaferro County, the sheriff and his deputy, both white, took it upon themselves to deliver absentee ballots to black households and help voters fill them out. The results were predictable. In southwest Georgia in 1974, a black candidate ran unopposed in a primary for the Democratic nomination for a school board seat. Since it was an uncontested election, only 58 people went to the polls to vote. When the votes were tallied a white candidate had somehow accumulated 59 write-in votes to win the election. The election was eventually thrown out by the courts, but it serves as an example of what can be done and is done to corrupt the electoral process and deny minorities their rightful voice in self-government.

My State is not the only, nor is it the worst, offender in the area of voting regulations and procedures. You have all read or heard of similar cases in jurisdictions throughout the Nation. Although it is primarily Southern States which are most significantly affected by the Voting Rights Act, the Southwest, West, and Northeast continue to produce instances of harassment and intimidation of minorities. Hispanics in Texas, California, and New York are still encountering language-discriminatory registration and voting practices, such as a lack of bilingual materials. In Texas, 85 objections to proposed voting law changes have been raised since that State was added to the Voting Rights Act preclearance coverage in 1975.

It is not my purpose to stand here and cast stones at other States, or at election officials in my own State. These things continue to happen because the vote is so important in America, and I rise only to underscore its importance and our constitutional duty to nurture and preserve it in the most aggressive manner we can devise.

You and I know that voting is real power in this country. Voting strength for minorities, in the practical world of politics and government, means improved public services, fairer location of public parks and cultural facilities, improved transportation routes, participation in public employment—in short, responsive government. We in government have to answer to our voters.

Effective voter participation is also a strong inducement to responsible participation in the economic life of our communities. The right to vote carries with it responsibility, and an inherent stake in the future of our society. It is the first and all-important step toward full participation in the economic as well as the political life of America.

Given this first step, blacks and Hispanics by the millions have taken the additional steps toward productive involvement in all phases of society. They have built upon the cornerstone of their place in our democracy a solid place in our economic life. In Atlanta, the president of our Chamber of Commerce, Herman Russell, is a black businessman of national reputation and extraordinary success. Many of the Nation's largest minority-owned businesses are located in our city. Blacks are continually emerging as both business and political leaders in a vibrant urban community where biracial business activities go hand-in-hand with a working political partnership.

We have won many battles, but we have not yet won the war against discrimination in voting. We need the enforcement mechanisms of the Voting Rights Act nearly as much today as we did in 1920 when Reverend King fought his quiet fight, and nearly as much as we did in 1965 when the Voting Rights Act was first passed. The key to the Voting Rights Act will continue to be the section 5 preclearance procedures, which represent an efficient and economical method for insuring compliance with this landmark statute. Our courts are awash in a sea of litigation already, and we do not need more of that. We need a strong incentive to comply with the spirit of the act, and preclearance, combined with the rigorous bailout standards written into this bill by the Judiciary Committee, will provide that.

With the committee's bill, we in the Congress have the opportunity, and the moral obligation, to insure that the right to vote is not abridged, and that no citizen is ever discriminated against, directly or indirectly, when registering, voting or running for public office. To deny one citizen this basic right is to undermine our entire democratic system, but by our support of this bill, we can reaffirm the principles upon which this great Nation was founded more than 200 years ago.

President Lyndon Johnson, when submitting the voting rights legislation, stressed the far-reaching impact of the right to vote in his inimitable way:

> I want all those other things—buses, restaurants, all of that—but the right to vote with no ifs, ands or buts, that's the key.

Today it is still the key—the key to full and responsible participation in our society.

I urge your support of H.R. 3112.

Mr. EDWARDS of California. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Massachusetts (Mr. Frank), a member of the committee.

Mr. FRANK. Mr. Chairman, this is a time when we have heard a great deal about the problems of government and excessive regulation and about solutions being worse than problems.

The Voting Rights Act is a piece of governmental machinery that has worked extraordinarily well. There was an admitted problem; it was not just a problem but it was one of the most serious detriments in the fabric of American democracy. The widespread and the widely admitted and documented fact that people in large numbers were being denied the right to vote in this country because of their color was a disgrace. This act did more to undo that disgrace than any other single action that was ever taken.

But we still have a problem. Enormous progress has been made, and for the Congress at this time either to fail to continue that act or substantially to weaken it would be a very grave error.

This is a case where a piece of legislation had been carefully crafted to meet the problem that existed. It was not overdrawn and it has not been overused. There was no record here of horror stories that anyone could bring forward about abuses, and certainly any rational calculation of what has happened here would come down on the side of saying that this act has been much more productive of good than almost any other act we can cite.

We have heard the notion that we need somehow to improve the act by extending it to the entire country, and that is obviously one put forward by those who have opposed the act over the years; they have been the advocates of that notion. It is really an effort to obfuscate the issue and to do by indirection what people do not want to do directly. The recent innovation of the act in New York City, I think, refutes the implication that there is regional bias.

Mr. Chairman, this is an extraordinary piece of legislation, and I hope we can continue it.

Mr. PHILLIP BURTON. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Massachusetts (Mr. Frank).

I think any observer of the American political scene over the last several decades must realize that the Voting Rights Act is perhaps the most important single contribution this Congress has made in terms of perfecting our electoral and democratic processes.

Mr. Chairman, I strongly support the legislation as reported by the committee and commend our dear friend and dean of our delegation, the gentleman from California (Mr. Edwards), for his enduring and effective and most important leadership in this vital part of our political process.

Mr. FRANK. Mr. Chairman, I just want to associate myself with the remarks that the gentleman from California (Mr. Phillip Burton) just made about the work of the chairman of the subcommittee and the other members of the subcommittee.

We have here one of the most successful pieces of legislation that Congress has put forward in years. We have an example of how government can work to meet an admitted problem. We must not tamper with this act, weaken it, or demean it, because only through it have we reached a degree of justice in our democratic process. Equality is our goal, but it is not yet reality. We must not confuse the goal with reality.

Mr. Chairman, this is a bill which is essential if we are ever to attain the goal of full equality and bring it to reality.

Mr. EDWARDS of California. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania (Mr. Bailey).

Mr. BAILEY of Pennsylvania. Mr. Chairman, H.R. 3112 should be passed without objection, hopefully without a dissenting vote and hopefully without amendment.

The issues here are much wider than the proper legal constructions upon which the proposed changes are based. The concerns and rights of our minorities and their faith and respect for this system are really at stake, and our Nation's dedication to what we stand for underlies this debate.

It is much too soon, Mr. Chairman, to forget and stop fighting for what we all feel and know is right.

□ 1330

Mr. EDWARDS of California. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. Garcia).

Mr. GARCIA. Mr. Chairman, before I start I would like to say to those who are here, and I guess those who are in the galleries listening to this debate, if you were to measure the ethnic and racial makeup of the Congress today you would probably think that it is overwhelmingly minority. I just want to assure everybody in the gallery that is not the case. We are all here, and we are here because we are fighting for a fundamental right that affects every one of our communities.

The fact is I am a product of the Voting Rights Act of 1965. I was elected in 1965 to the New York State Assembly as a representative from a district within the South Bronx community which at that time had a population of well over 50 percent Hispanic and yet had but one Hispanic in the New York State Legislature. I am delighted to say that after that past we elected three Hispanics and two blacks, all out of the South Bronx community which would not have been there had the Voting Rights Act of 1965 not taken place.

Just let me say to my colleagues who talk about the bilingual provisions, as a Puerto Rican, as a person of Puerto Rican ancestry, I would hope that someday we would be able to achieve what the Commonwealth of Puerto Rico has been able to achieve in terms of voter participation. Ninety-five percent of those who are eligible to vote in Puerto Rico are registered to vote. Why? Because within the framework and under the American flag of the Commonwealth, those ballots are printed in a language that is understood by Americans. I underline the word Americans.

The problem that takes place is when many of these people come to the United States there is a feeling of disenfranchisement because they do not understand the ballot.

I would ask my colleagues here if you would be able to interpret for me the Mass Transit Act and the bond issue in the State of New York in 1971. We are all literate; we are all Members of this body. I guarantee you there are Members here who would not understand what that transportation bond issue was about.

Every year more and more bond issues are coming up within individual States. My colleagues from California had proposition 13, which was one of the major propositions in this country which took place in the State of California. Many people did not understand proposition 13. If you take a person who is an American with limited speaking ability and you put them in that voting machine where they have all of 2 or 3 minutes to vote and ask them to interpret what they are doing on these bond issues, I am going to tell you that half of us are not going to understand it and God forbid, when you talk about a person talking about understanding the process, they are not going to understand it.

So I say this to my colleagues and the chairman, because he has been such a great champion in this area.

The Voting Rights Act of 1965 has been hailed as the most effective civil rights legislation ever passed. It has brought the right to vote to millions of America's minorities, from New York to Alaska, from Florida to northern California. It is a symbol of our commitment to equality in voting for all U.S. citizens, regardless of race, color, or membership in a language minority group. But the Voting Rights Act is also sad evidence of one of our Nation's most disgraceful problems: The fact that throughout our history, racial and linguistic minorities have been systematically and purposefully disenfranchised. In 1981, the most overt kinds of discrimination in voting have been subdued, but in their place have arisen violations of the right to vote that are more subtle but no less pernicious.

H.R. 3112, the bill we are considering today, addresses each of the problems documented in 8 weeks of congressional hearings conducted earlier this year by my colleague from California, Mr. DON EDWARDS. Witness after witness came forth and told the Subcommittee on Civil and Constitutional Rights that blacks, Hispanics, Asian Americans, and American Indians continued to be victimized by State and local officials who sought to dilute their votes.

Witnesses from Texas spoke eloquently about counties which draw districts which purposefully dilute the Mexican American vote. They spoke about election officials who did not permit bilingual poll workers to speak Spanish when that was what they were hired to do. They spoke about jurisdictions which received letters of objection to discriminatory voting laws, such as redistricting plans, and went ahead and conducted elections using the objected-to change, in outright violation of the law.

These violations continue to this day. In June the Department of Justice objected to a polling place change in the Burleson County Hospital District in Houston, Tex., where the county reduced the number of polling places from 13 to 1, forcing Mexican Americans to travel 20 miles in order to vote. At a time when jurisdictions are investing a good deal of effort in subtle forms of discrimination, they have not entirely abandoned the tried and true blatant methods of disenfranchising minorities, such as reducing the number of polling places, or moving them the night before an election and not informing the minority voters that they were being moved.

Many witnesses spoke eloquently about the need for bilingual election assistance and sought to dispel the fears of bilingual voting that seem to permeate this body. Witnesses remarked that the cost of providing bilingual election assistance was minimal. Robert Abrams, attorney general of my own State of New York, said that "beyond the startup costs, the sums were truly insignificant." My colleague from California, Mr. MCCLOSKEY, admitted that the cost of bilingual elections was so insignificant that it was no longer at the heart of his continued opposition to them.

I would ask him to continue to consider this issue and to look at the facts, not the hostility of so many Anglos to bilingual elections. Are the opponents of bilingual elections aware that 45 percent of all Hispanics over the age of 65 have not had more than 5 years of school? Are they aware that Mexican Americans in Texas were systematically prohibited from receiving decent educations until very recently, and that as a result untold numbers of them do not speak English? Are they aware that Puerto Ricans in New York are U.S. citizens and that many of them were born and raised on an island where Spanish was their first and often only language?

H.R. 3112 extends the bilingual election requirements until 1992. These are temporary provisions, designed specifically to enable non-English-speaking citizens the opportunity to vote immediately, not to await some distant time in the future when our educational system may give them the tools with which to communicate fully and freely in our society in the language of our country, English. When Congress banned literacy tests in 1965, it did not send out a signal advocating illiteracy. It simply recognized that literacy tests had been used to deprive blacks of their right to vote. Similarly, when Congress banned English-only elections for certain areas in 1975, it did not send out a message that English was no longer our official language. It sent out a message that dealt with the fact that many of our citizens do not speak English and that as citizens they were entitled to assistance in exercising the most fundamental right of our democracy, the one which permits each and every one of us to be present here today.

H.R. 3112 also continues section 5 preclearance for all jurisdictions presently covered until such time as they improve their record on minority voting rights. The bill contains a new, flexible bailout which will permit jurisdictions with a genuine record of nondiscrimination in voting to be relieved of the preclearance requirement. Each of the provisions in the new bailout was carefully drafted and considered. The new bailout protects minority voting rights. It also meets the concerns of those from covered jurisdictions who feel their districts are unfairly covered. If they are in fact unfairly covered, the bailout in the bill will permit them to be free of preclearance.

It saddens me that we expect opposition to H.R. 3112, and that there has always been opposition of one sort or another to the Voting Rights Act. As men and women who make the laws for the entire country, we should embrace the opportunity to expand the franchise to all citizens, not find new ways to limit it.

As we go into this debate on the Voting Rights Act, I urge my colleagues to remember their responsibility to uphold the Constitution and the sacred right to vote for all citizens and to support H.R. 3112 with no amendments.

Mr. EDWARDS of California. Mr. Chairman, I yield 2 minutes to the gentleman from Hawaii (Mr. AKAKA).

Mr. AKAKA. Mr. Chairman, I rise in strong support of H.R. 3112, the Voting Rights Act extension.

The Voting Rights Act was originally signed into law in 1965 in response to the feeling of Congress that this country required a sound piece of legislation which would eliminate voter discrimination. When Congress passed this bill, many of our citizens praised it as one of the most significant pieces of civil rights legislation in the history of our country. Now, the act is again before Congress for reauthorization.

Although we in this country have made great strides in ridding our land of this form of discrimination, it is clear that this statute has not outlived its usefulness. There is still racial and language discrimination in this country. There is still dissatisfaction and unrest. And, according to a study made by the U.S. Commission on Civil Rights, we still need the Voting Rights Act. Although this legislation has been effective, its accomplishments are fragile. We must continue to protect the rights of our minorities.

In 1965, minorities simply did not enter our political system. In 1965, our minorities were virtually disenfranchised from free participation in our political system. Although the Commission on Civil Rights found that substantial progress had been made as a result of this act, the Commission also found that persistent and serious obstacles to complete participation in our political processes still remain.

The fact is that minorities continue to constitute a small percentage of elected officials. Despite increased political participation by minorities in many areas of the country, the fact is that minorities continue to face a variety of problems that this act was designed to overcome.

The Commission's report has documented white resistance and hostility by some State and local officials, officials who are hostile to increased minority participation in almost every aspect of the voting process. The fact is that there are still some areas where local jurisdictions do not believe in equality before the law. There are still some areas of this country where local jurisdictions violate either the letter or the spirit of the law—or both.

In many ways, we in this country are lucky: Poll taxes and literacy tests are no longer a requirement of participation in the voting process. But the facts are very clear: if we do not extend this act, we will give reluctant localities avenues of opportunity to use very sophisticated ways of disenfranchising the minority voter. If we do not extend this act, a municipality could certainly redistrict or annex a surrounding suburban area to dilute minority voting power. Or, a municipality could very easily change public offices from elected to appointed seats. Indeed, the opportunities for violating both the spirit and letter of the law are virtually limitless.

We need to extend the Voting Rights Act, for the sake of what has happened to the minorities in this country in the past, and to protect them from what may happen in the future.

It is not enough to say that we have made great strides in the area of minority discrimination and simply leave it at that. We are not a stagnant nation. Our demography is constantly changing. In fact, the demography of this Nation has changed more since 1965 than it has in 50 years. For the last two decades, we have opened our arms to the world's homeless. We have given shelter to men and women fleeing economic oppression and political persecution. More often than not, these immigrants and refugees run the risk of being politically disenfranchised. The rights of all citizens, regardless of where they live or their nation of origin, must be protected, for that is precisely what a democracy is all about.

The Voting Rights Act of 1965 has been hailed as the most important civil rights bill enacted by Congress. Without doubt, it has been the most effective tool for protecting the right to vote in this country. And, as such, we owe it to ourselves to grant this tool another 2 years of life.

Because this act provides evidence of this Nation's commitment to assure that none of its citizens are deprived of the basic right guaranteed by the 14th and 15th amendments, I urge my colleagues to support this bill.

Mr. EDWARDS of California. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. STOKES).

Mr. DIXON. Mr. Chairman, will the gentleman yield?

Mr. STOKES. I yield to the gentleman from California (Mr. DIXON).

Mr. DIXON. Mr. Chairman, rarely has there been a cause so right, so just, so moral as the fight to secure equal rights and opportunities for all our Nation's citizens. The struggle to end segregation, racism and bigotry in our society is one that lifted an entire people out of bondage and helped cleanse the soul of a troubled nation.

Today, the conventional wisdom dismisses that struggle as a battle already won; a bygone era in the Nation's archives. True, there have been gains. Black men and women today enjoy less hope and less opportunity to reap the blessings of liberty for oneself and one's posterity.

Today, on the floor of this House, we are confronted with a reminder that discrimination, and hence the struggle to eradicate it, is not a thing of the past. I cannot overemphasize both the symbolic and the practical importance of the Voting Rights Act and this legislation to extend its terms for an additional 10 years. This bill is crucial to not only the one-tenth of our Nation which is black, but also to the nine-tenth which is not, for it speaks directly to our Nation's reputation as a just and compassionate society.

President Lyndon B. Johnson once said that—

> The right to vote is the basic right without which all others are meaningless. It gives people—people as individuals—control over their destinies.

Mr. Chairman, there are many power centers in this country; from the ivy-covered walls of our Nation's universities to the elaborate board rooms of our largest corporations. For the most part, these centers are beyond the reach of most of the people of this Nation. But there are—or should be—exceptions. Those exceptions lie within the Halls of Congress, the legislative chambers of our 50 States, and the city councils and town halls over America. The right to vote gives every citizen regardless of his or her station in life, a key to those chambers of influence. In our democracy, aggrieved individuals need not cry in the wilderness; instead, they can register and vote their satisfaction, or their discontent.

With the Voting Rights Act, black and brown Americans began to taste that power for the first time in our Nation's history. Census statistics and the hearing record assembled by the Judiciary Committee testify to the act's effectiveness. Since 1965, black voter registration in the covered States has more than doubled. Mississippi's black registration has risen from 6.7 percent of eligible voters to 72.2 percent. And the number of black elected officials nationwide has jumped to nearly 5,000—over 60 percent from the States covered under the act.

Since the institution of the bilingual ballot provisions of the act in 1975, Hispanic voting strength nationwide has increased by almost a third.

Despite or perhaps because of this record, there are those who wish to see the act die a natural death, or else kill it with kindness.

There are those who assert that the time for the act has passed; that the bad old days of racial discrimination are over. But the record and the political realities suggest otherwise. Of the 815 Justice Department objections registered under the act, 500, or 61 percent, have come since 1975—10 years after the act's original enactment. This indicates what we as blacks already know; that the imagination of men knows no bounds when it comes to devising means of discrimination. In just the past few years, we have seen examples where 30 predominantly black polling places were changed the night before an election in which there was a major black candidate for the U.S. Senate. We have seen instances in which predominantly white outlying areas were annexed with the intent or the effect of diluting black voting power. Just this year and just a hundred miles down the road from this Chamber, we saw redistricting plans which split a major black population concentration betweeen several legislative districts. As long as discrimination remains so evident within our society, can there be any doubt that the Voting Rights Act is still needed?

There are those who feel that the act penalizes a particular section of the country, or that it places an undue burden on "sovereign" localities. This ignores the fact that under our system of government, only the will of the people is "sovereign." More to the point, the Voting Rights Act does not mention the use of any State or locality. Instead, it provides specific, detailed, objective criteria for coverage based on past patterns of discrimination; namely, registration percentages and the use of a test or device. As a result, the act applies fairly and effectively to areas all over the country, including four counties within my own State of California. In addition, the burdens on localities are more imagined than real. Most election law changes are routinely approved; virtually all within the statutory limit of 60 days. Only 3 percent have been rejected, only four have been successfully overturned in court. Clearly, preclearance has proven an effective mechanism, which protects voting rights while not disrupting the legitimate administration of local elections.

Mr. Chairman, the chairmen of the Judiciary Committee (Mr. RODINO) and of its Civil and Constitutional Rights Subcommittee (Mr. EDWARDS) have brought before us a measure which is fair and workable, one which deserves bipartisan support. Together with other friends of justice, they have forged compromise legislation which reaffirms our commitment to full, effective participation in our democratic process while meeting the concerns of represented localities. It extends the act for 10 years, long enough to cover the 1990 redistricting. It clarifies the intent of Congress in drafting the act. And it provides stringent yet achieveable standards for areas which have cleaned up their act to escape coverage.

These bailout standards represent a major new direction for the act. H.R. 3112 for the first time allows counties and cities within covered States to bail out from under coverage on their own. While keeping present standards intact for 2 years, it would reward jurisdictions which have clean voting records for 10 years, a period encompassing at least two Presidential elections. The committee bill is well crafted to allow up to a quarter of currently covered jurisdictions to escape coverage violations which it can prove were trivial and promptly corrected or for complaints filed after the application for bailout. At the same time, it insures uniform interpretation of the act by requiring bailout suits to be brought within the District of Columbia District Court, and allows for private litigation to "bail in" jurisdictions which return to their wayward ways. Mr. Chairman, there is something for everyone within these compromise provisions, and they merit passage by this House.

At this point, I would like to say a special word about the issue of bilingual voting materials, required in certain areas under the 1975 amendments. In seeking to amend the timetable for these provisions and put them on the same footing as the preclearance requirements, sponsors of the legislation are undoubtedly taking a risk. But it is a risk well worth taking. Nationwide, the bilingual provisions have increased Hispanic voter participation by 30 percent in just 5 years. In California, the increase has been 38 percent; in Texas, 68 percent.

Contrary to opposing claims, these increases can be encouraged and accomplished at minimal cost to the taxpayer. In Los Angeles County, the cost of bilingual voting materials declined from $845,000 in the 1976 primary to $355,000 in the 1976 general election only 5 months later. In 1980, these costs amounted to only $135,200; or 1.9 percent of the total amount spent in administering the election. Once instituted and properly administered bilingual elections soon become standard and accepted. New Mexico has had dual voting since 1912; New York City since the early 1970's.

A more fundamental question than cost is whether we as a nation are willing to take affirmative steps to insure that the blessings of democracy are extended to those whose native language is not English. I submit that such a course is consistent with our character and our spirit as a nation.

We are not a cultural monolith. Our strength derives in large part from our diversity. And while we may seek to assimilate language minorities in our ranks, we should not effectively deny them access to the ballot box in the process. To do so would be tantamount to reinstituting literacy tests for a segment of our population. It is absurd to say that the ability to cast a ballot in one's native language once every 2 years deters an individual from trying to learn English. What the bilingual ballot provisions of the Voting Rights Act do is insure that these individuals will be represented in the halls of government, and that actions taken there will be taken with their consent and their participation.

Mr. Chairman, now is not the time to retreat from our committment to equal rights at the ballot box. We need the Voting Rights Act now more than ever. I urge a strong, bipartisan endorsement of H.R. 3112 without amendment.

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. STOKES. I yield to the gentleman from Massachusetts.

Mr. MARKEY. Mr. Chairman, I rise to voice my strongest support for H.R. 3112, the extension of the Voting Rights Act of 1965. This legislation has insured for millions of Americans the precious right to vote, a right which is the cornerstone of all other rights. The renewal of the Voting Rights Act will emphatically reinforce our Nation's commitment to democracy and universal suffrage.

The passing of time may sometimes cloud the historical monumentality of the Voting Rights Act, but this lesson must not be forgotten. Before the implementation of the act, the enormous burden of the case-by-case litigative approach to enforcing voting rights left overwhelming numbers of minorities disenfranchised. In 1964, for example, less than 7 percent of the voting age black population in Mississippi was registered to vote. Today that figure stands at more than 60 percent. Facts such as these from throughout the Deep South dramatically convey the type of civil rights progress directly attributable to the Voting Rights Act.

Despite substantial advancement of voting rights, the battle is not yet won. During hearings on the act, extensive evidence was presented showing the perpetuation of efforts to exclude minorities from the electoral process at all stages. Sadly, such injustices are continuing 17 years after the original passage of the Voting Rights Act.

Clearly, extension of the act is still an essential element in the civil rights struggle. Any retreat in its provisions would jeopardize the gains of the last two decades and threaten continuation of the status quo where discrimination still exists.

There are those who still argue that some of the act's provisions are too cumbersome, that the passing of time has rendered them obsolete. The changing complexion of our society refutes this argument, however. For example, the section of the act calling for bilingual elections, where a substantial foreign language minority exists, helps insure voting rights for a growing segment of the population.

We have heard talk as well about removing the preclearance provision of the act, or making the bailout section far too lenient. But these aspects of the act give it real clout, and must not be severely weakened by those who seek to "fine tune" the act.

We must not underestimate the importance of the Voting Rights Act extension. As Franklin Delano Roosevelt once stated so eloquently, "The only sure bulwark of continuing liberty is a government strong enough to protect the interests of the people." In a democracy, the ability to vote is perhaps the most basic and vital right a citizen can possess.

If we retreat in any way from our commitment to protecting the right of suffrage, we shall surely threaten the foundations of our society. There is no greater danger to our domestic tranquility than the possibility of alienating scores of citizens from the electoral process.

We have made great strides in expanding the freedoms of American citizens in the last two decades. There is no reason to believe that we cannot enjoy far greater advancement on this front in the years ahead. The extension of the Voting Rights Act is an indispensable element in keeping that hope alive. I urge all of my colleagues to support the extension of this landmark civil rights bill, which serves as both a symbol of freedom and a practical way of insuring the voting rights for all Americans.

Mr. STOKES. Mr. Chairman, I rise in support of this legislation and I congratulate the Members of the House on both sides of the aisle who formed this significant and important piece of legislation, Mr. Chairman, America is the bulwark of freedom in the world. Our form of democratic government is an example to other nations all over the world. The right of every American to participate fully in our Government is guaranteed by our Constitution. The Voting Rights Act only came into being in order to insure those rights of citizenship which are guaranteed under our form of constitutional government. I cannot conceive of any more precious right than the right to vote. It is important that those of us who serve in this body as a result of the right of American citizens to go to the polls and vote for their elected representatives do everything within our power to preserve and protect the right to vote. And anywhere in America where we find any infringement upon or abridgement of that right we have the responsibility to remove that impediment. This act insures every American an opportunity to express his citizenship in a participatory democracy. It removes every last vestige of discrimination in the right of black Americans and other minorities to vote. I urge the Members of this House to rise up to the height this House is capable of and pass this legislation without crippling amendments.

Mr. HYDE. Mr. Chairman, I yield 7 minutes to the gentleman from Virginia (Mr. Butler).

Mr. BUTLER. Mr. Chairman, I also want to join my colleagues in recognition of the leadership of the gentleman from Illinois on this legislation. I appreciate his contribution, he has brought us a long way in the deliberation.

I also want to join with those who have praised the benefits of the Voting Rights Act of 1965 and its extension. I have done so many times in the past myself.

Two references were made to me and my State, indicating the necessity for response. The gentleman from Michigan questioned my commitment to the voting rights for minorities. I will not trespass on the time of the House to extoll my own virtues, but I assure the membership I am quite comfortable with my commitment.

I have 20 years in public life, 10 years in the General Assembly of Virginia. I am proud of my past in improving the election laws of my State since 1965. In a moment I will address the question of Virginia's record.

The gentleman also should be aware that what we are about today is adopting a bailout for good behavior under the Voting Rights Act. Bear in mind the bailout principle is one to which I tried to persuade this House to agree to 7 years ago. My approach—the bailout approach was rejected then. So today, we have come to the approach I suggested 7 years ago. Rather than to be criticized, I would expect the gentleman from Michigan would appreciate me for the prophet that I am.

I do appreciate this great change in direction this bill represents.

The references to my State and to the questions about redistricting which were objected to by the Department of Justice and mentioned by the gentleman from Pennsylvania, Mr. Gray, illustrate very clearly the problem which the new legislation presents. The redistricting of our State senate was objected to for one jurisdictional line which had been previously accepted by the Department of Justice in an earlier redistricting. Likewise, one legislative area in the house of delegates was objected to by the Department of Justice. Neither was objected to as an affirmative feeling of discrimination, but because the State, in the judgment of the Department of Justice, still did not meet the burden of proof under the act.

Rather than argue that issue, rather than go to court, the State of Virginia quickly acceded to suggested changes and quickly reenacted legislation which has now been accepted by the Department of Justice.

But what has happened? As a result of those two objections if we pass the bill before us the State of Virginia will not be able to bail out of the preclearance requirement of the Voting Rights Act for 10 years. As a result of those two objections which were quickly corrected, those two redistricting lines, the State of Virginia will not be able to bail out for 10 years.

That illustrates what is wrong with this legislation, when one looks at the record of my State. The gentleman from California was kind enough to present me with some figures earlier today. They show that we have 136 political units in the State of Virginia.

Mr. Edwards' figures show that there have been no final judgments of discrimination in the time of this legislation. There were only four objections by the Department of Justice listed on this report. There have been 13 such objections since 1965 for the whole State of Virginia. So far as I know, there is no community in the State of Virginia which has not complied with the submissions required under this act for well over 10 years. Yet, if this legislation passes, the State of Virginia with a record of such compliance will not be able to get out from under the preclearance provisions of the act for over 10 years. That is wrong. I submit that is wrong.

There are really two legislative problems before us. They are pretty well set forth in the report of the committee on page 28, if my colleagues wish to read it:

> There are numerous voting practices and procedures which result in discrimination. In the covered jurisdictions, post-1965 discriminatory voting changes are prohibited by section 5.

So that takes care of the problems which have arisen since the act was passed.

> But, many voting and election practices currently in effect are outside the scope of the act's preclearance provision.

Because they were in existence before 1965.

That is the problem we should be addressing today. What are you going to do with those discriminating conditions which were in effect before 1965 and which preclearance is not required until you change them?

What we must do is develop incentives to encourage the people to do something about it, and presumably that is what you are trying to do here today with the bailout. We are trying to find reasonable incentives under the act to encourage those States or subdivisions which may have areas of discriminating voting practices to do something about it.

How do you do it? You look around for reasonable incentives under the bailout to encourage such things. The problem is the area of discussion before us today is how do we encourage those jurisdictions to improve performance.

I submit that the bailout that we have here has no incentive because of the hopeless provisions for Virginia which I have just told you about, and other impossible conditions throughout. They have all been addressed from time to time by people here.

Therefore the amendments to be before you will be addressed to where are we going: what reasonable changes can we make in the act which would encourage the people in covered jurisdictions to try to get out from under it. The question is reasonableness, and that is what the amendments will be addressed to replace from the floor that which is unreasonable in the bill with what is reasonable.

So I invite Members to take care and listen carefully to the amendments which will be offered. I assure you I have consulted with all the people on our side who are offering amendments from what they have said to me, all amendments under consideration are reasonable and will encourage voter participation, and be a great incentive and improvement to voting performance throughout the South, even greater than we have at the present time.

Again, the first problem is what are we going to do to take care of those conditions which are pre-1965, discriminatory practices which have not been changed; and second, what about the rest of the country.

That is section 2 of the act and that is the one which covers everybody. This is an area of real disagreement. The proposed changes in section 2 apply to all of the States. What it does is overturn the Supreme Court decision of the United States and thereby, in effect, imposes a proportionate representation on all of the political subdivisions in the United States. This amendment, as well, will be addressed in the course of the floor debate.

But I invite all of the Members of the House, not just the covered jurisdictions, but everyone to look carefully at the changes to section 2. The implications and the long-range effects of imposing the results test under this section are so great that every State, every political jurisdiction within the United States is going to find itself under attack wherever it has at large voting and minority voters.

□ 1345

No change in section 2 is necessary to the extension of the preclearance requirements of the Voting Rights Act. Certainly, it is not necessary under the record of our experience with the Voting Rights Act to date.

So I would urge the Members by floor amendment to reject that change in section 2 of the act which has been suggested by the committee.

Mr. CHENEY. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Wyoming.

Mr. CHENEY. Mr. Chairman, we have before us today one of the most important ongoing pieces of legislation we will face in the 97th Congress.

Since the passage of the first voting rights legislation in the 1950's, our country has made massive strides in insuring the most basic of all constitutional rights for all citizens.

Since that time, we have barred poll taxes and literacy tests, discriminatory districting and all other devices once aimed at preventing black Americans from exercising their right to vote. As chairman of the House Republican Policy Committee, I am proud to point to the traditions and history of the Republican Party in protecting minority rights in the United States of America.

The legislation before us would continue in effect the voting rights legislation that has done so much to bring about the massive social changes we have witnessed in our country during the past two and a half decades. Throughout the once racially strifetorn South, black voters now constitute the decisive element that has brought about—and continues to bring about—that positive change.

We must vote to continue the effectiveness of the Voting Rights Act. Our Nation's history, traditions, conscience and needs call on us to do so. However, in so doing, we must recognize the progress that has been made under the law until now. We must make it possible for those parts of the country that have demonstrated their good faith, which have complied with the existing law for a decade and more, and which have worked to bring about full participation in the electoral process by minority voters, to qualify for preclearance to bail out from provisions of the act. The House Republican Policy Committee has adopted an official policy statement to that effect.

However, in its haste to extend the Voting Rights Act and to create new standards of performance by affected States, the majority on the House Judiciary Committee has recommended amendments to Federal law which would create as many new wrongs as it seeks to alleviate:

The proposals would block any jurisdiction from "bailing out" of the provisions of the Voting Rights Act while any action—no matter how frivolous—alleging voting rights abuses in the jurisdiction are pending;

States would be barred from bailout if any jurisdiction within their borders—even those over which they have little or no control—fail to comply with the law, regardless of the States' wishes;

Even inconsequential objections of the Federal Department of Justice would block States for a full decade from bailing out of the provisions of the law;

Out of court settlements would be discouraged and full-fledged lawsuits encouraged by provisions which would expand the definition of "final judgment" as a bar to bailout to include consent decrees, settlements and other such agreements;

Extension of bilingual provisions of the act, which require localities to provide bilingual voting materials in language-minority and high illiteracy jurisdictions would continue to slow assimilation of minorities;

The proposed amendments apply an unrealistically stringent test on a nationwide and retroactive basis, requiring that governments prove not only that the election laws are constitutional, but also that they have no unintended ill effects on minority voters; and

The extension as reported by the majority of the Judiciary Committee would require local units of government to prove their compliance with the law in the Federal court in the District of Columbia, far from the facts to be ascertained and at high cost to those local governments.

The full Policy Committee statement follows:

Protection of minority rights is the oldest tradition of the Republican Party. Our proudest heritage is the role the Republican Party has played historically in affording equal protection of law to all Americans. Throughout our party's history, Republicans have helped lead the fight against poll taxes, literacy tests, racially based districting and other means used to improperly bar black citizens' participation in elections.

The United States has made great strides toward racial equality since adoption of the Civil Rights Acts of 1957 and 1960. Expansion of voting rights provisions in legislation in 1964, 1965, 1970 and 1975 provided further their assistance in guaranteeing Americans the right to vote. Indeed, almost 60 percent of blacks in Louisiana and Mississippi now vote regularly, compared with only 40 percent of blacks in some populous northern states. Voting rights legislation has had a positive impact on American life today.

The House Republican Policy Committee supports extension of the Voting Rights Act with reasonable provisions allowing states, localities and other units of government to "bail out" from coverage by preclearance provisions of the law in instances in which full compliance with the regulations can be demonstrated.

As reported by the majority on the House Judiciary Committee, however, legislation extending the Voting Rights Act would make such bailouts impossible to attain and would extend such coverage permanently, regardless of progress made. The House Republican Policy Committee endorses the Republican Party's traditional support for protection of the voting rights of all Americans, but calls attention to and strongly disagrees with the inequitable bailout provisions reported by the Judiciary Committee.

Mr. EDWARDS of California. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Chairman, it is enormously important that this bill be passed. The bill is significant in and of itself. But it assumes an even greater dimension of importance now because of the climate in which we find ourselves.

I talked briefly with the gentleman from California (Mr. LUNGREN) before he left the floor, trying to explain to him why there is the fear in the black and minority community about amendments. That fear comes about because programs that were not designed for blacks or minorities exclusively, but were significant to us, have been eliminated and eroded. It is within that climate that we have concern.

We have concern, also, because of the attacks on affirmative action that are being mounted every day, the result being that when blacks go into various agencies of the Government now—and I have personal knowledge of this—some bureaucrats will tell them, "We are no longer interested in your problem. It is a new ball game." That is why we fear amendments.

I think we fear amendments because of a climate in which you see the resurgence of the Klan, those perverted racists Klansmen, and other hate groups. In my State of Maryland alone, the State human relations commission reported in a hearing to me that there have been 400 hate group incidents in the State of Maryland within 1 year.

So it is within that climate that this bill assumes a greater significance, and it is within that climate that we fear any kinds of amendments being offered. I would hope that the bill would be passed without any crippling amendments.

I think what we must do is try to perceive the kind of changes that have taken place so dramatically in this Nation over the last couple of years, changes in which people are saying the concerns of blacks are no longer the concerns of the Nation.

I would urge that the bill be passed without any crippling amendments.

Mr. Chairman, I rise in support of H.R. 3112, the Voting Rights Act extension and I urge all Members to vote in favor of its passage. Hailed as the most successful civil rights law ever passed, the future of the Voting Rights Act's continued enforcement rests with the actions of this body over the next few days.

While the provisions of the Voting Rights Act have facilitated a degree of viable participation in the political process by many Americans, we have to be very realistic about the necessity for its continuation. The percentage of minority elected officials remains disproportionately low throughout this Nation. Moreover, the old tricks involved in redistricting, reregistering, and annexing to hide purposeful attempts to dilute minority voting power have certainly not disappeared. Yes, this is a sad commentary for a democracy, and the Voting Rights Act provides the essential mechanisms to address such problems and correct existing inequities.

As the Members of this body know, the attempts to dilute the role of the Federal Government in enforcing significant laws and regulations are being realized as legislation and policies to this effect are enacted. Such attempts have prevailed as the Judiciary Committee has reviewed the Voting Rights Act extension. Initial efforts to alter and diminish the Justice Department's jurisdiction in enforcing the section 5 preclearance provisions of this act resulted in intense and thorough deliberations by members of the Subcommittee on Civil and Constitutional Rights and the full Judiciary Committee. Additionally, these bodies, working along with civil rights groups and others, fashioned proposed changes to the key section IV provisions. Such "bail-out" elements have been incorporated in the legislation before you. Last, after careful deliberations, the measure before us extends the language provisions of the Voting Rights Act. Specifically, the requirement that jurisdictions with language minority groups which constitute at least 5 percent of the voting-age populations provide voting instructions in the minority language, is extended through August 5, 1992.

I am disturbed by the anticipated amendments to weaken the criteria under which States and jurisdictions may bail out from the Voting Rights Act provisions and as we continue deliberations, I will speak in opposition to such efforts. Additionally, we will be faced with attempts to dilute and/or strike the extension of the act's language requirements and I will support the efforts to fight against these attempts.

The bill before us is supported by such diverse groups as the American Federation of Teachers, United Steelworkers of America, American Bar Association, NAACP, and the League of Women Voters. To date, there is not one thread of organized opposition to the Voting Rights Act extension. I strongly support the passage of H.R. 3112 without weakening amendments and urge my colleagues to vote in its favor.

Mr. EDWARDS of California. Mr. Chairman, I yield 1 minute to the distinguished gentlewoman from Illinois (Mrs. COLLINS).

Mrs. COLLINS of Illinois. Mr. Chairman, I stand in support of H.R. 3112 and in opposition to any and all weakening amendments.

Earlier during the debate today, the gentlemam from Illinois (Mr. HYDE) stated that the bailout provision will enable the South to rejoin the Union.

I submit that blacks in America have been trying to rejoin this Union since the death of Reconstruction.

A little over a decade ago, Dr. Martin Luther King, Jr. said:

> Many of the ugly pages of American history have been obscured and forgotten. Society is always eager to cover misdeeds with a cloak of forgetfulness, but no society can fully repress an ugly past when the ravages persist into the present.

Unfortunately, when it comes to the right of minorities to vote, this statement is no less true. We have heard from many that the 1965 Voting Rights Act has solved the problem. It has not. We have heard that bailout is fair. It is not. It may appease the Southern States, but it will weaken the bill as it now stands.

The Votings Rights Act is a good act. But unfortunately there are those who want the bailout provision. The bailout provision will definitely weaken this piece of legislation.

The right to vote is the most fundamental cornerstone of democracy. Consequently, it is imperative that we extend the Voting Rights Act, without any amendments which would negate every American's right to vote and infringe upon our civil rights as guaranteed by the Constitution of the United States.

The CHAIRMAN. The gentleman from Illinois (Mr. HYDE) has consumed all of his time.

The gentleman from California (Mr. EDWARDS) has 5 minutes remaining.

Mr. EDWARDS of California. Mr. Chairman, I yield 2½ minutes to the gentleman from Michigan (Mr. CROCKETT).

Mr. CROCKETT. Mr. Chairman, in the summer of 1964, I left my law office in Detroit and went down to Mississippi, to volunteer my services to defend civil rights workers who were engaged in voter registration. In those days, it was almost impossible for blacks to become registered voters in the State of Mississippi. Among the young people engaged in that campaign who consulted with me were three young men—Michal Schwermer, Andrew Goodman, and James Chaney. I am sure that those names are familiar to those of you who were around in those days, because the day after they talked with me about voter registration, they disappeared in the vicinity of the city of Philadelphia, Miss., and a few days later their murdered bodies were found buried in a shallow grave. The death of those three civil rights workers perhaps accounted more than anything else for President Johnson insisting that Congress pass the Voting Rights Act of 1965.

I was back in Mississippi not very long ago, and the changes that have been wrought as a result of this Act are outstanding. Today Mississippi has more black elected public officials than any other State in the Nation. But the prevalence of voting rights abuses which caused the development of this Voting Rights Act has not ended, Mr. Chairman. That was made clear in the extensive hearings before the Judiciary Committee and its subcommittee as well as in the informal gatherings around the country and in the studies conducted by civil rights organizations, and others, over the years. Just last month, in New York City, the Federal court enjoined a discriminatory city council election when that city failed to get preclearance of its election law changes under section 5.

In Richmond, Va., Mr. Chairman, the Federal Court also had to step in when a new redistricting statute was found in violation of the Voting Rights Act.

These and other cases attest to the ongoing need for this legislation and the judicial remedies it establishes, to protect the constitutional rights of voters around the country.

I strongly urge my colleagues in the House to fully support the Voting Rights Act extension and to vote against all crippling amendments.

Mr. EDWARDS of California. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. MATSUI).

Mr. MATSUI. Mr. Chairman, I rise in strong support of this legislation without any amendments.

Sixteen years ago, Congress authorized a historic piece of legislation which sought to end electoral practices designed to disenfranchise minority voters. The act insured that all citizens independent of their race or national origin could exercise their voting rights unobstructed by discriminatory State action. With the inherent foundation of our constitutional system being the right of all Americans to vote, the passage of this legislation proved instrumental in affirming this national precept.

The Voting Rights Act has been hailed as the most effective piece of civil rights legislation ever enacted. It has translated principles of participatory democracy into reality for hundreds of Americans. Our democracy is founded on the premise that fundamental public policy questions are to be answered through the ballot box and not by violent acts on the streets. Adherence to this principle, however, demands that all citizens have a fair and equal opportunity to vote. Unfortunately, this electoral right was nothing more than a dream for many prior to the enactment of the Voting Rights Act.

The Voting Rights Act has made voting equality a reality by establishing some simple, yet basic, national election standards. Its reauthorization will require State and local governments, possessing a history of voting discrimination, to clear proposed changes in election laws with the Justice Department or the U.S. district court. State and local governments will be allowed to remove themselves from this preclearance requirement if their record of voting procedures conform to all Federal requirements for 10 years. Further, the bill maintains the existing Federal mandate that voting assistance be provided in languages other than English for the substantial number of citizens who could not vote effectively without such help.

While tremendous gains have been achieved over the past 16 years, discriminatory electoral practices still exist. Between 1975 and 1980, the U.S. Justice Department disapproved over 500 of approximately 30,000 proposed electoral changes submitted for preclearance. In Virginia, for example, the State's redistricting plan for 1981 was disapproved because it did not meet the one-person, one-vote requirement. In light of these continued abuses, it is imperative that Congress reauthorize the Federal protections granted by the Voting Rights Act.

We must remain vigilant in our national commitment to protect all citizens' rights to participate in our democratic process. More importantly, we must maintain the statutory tools by which compliance with minimum standards of electoral equality is insured. This is what the reauthorization of the Voting Rights Act will give us.

Mr. EDWARDS of California. Mr. Chairman, I yield such time as he may consume to the gentleman from Montana (Mr. WILLIAMS).

Mr. WILLIAMS of Montana. Mr. Chairman, the height of political literacy is the simple X which is placed upon the election ballot. Perhaps the most wrenching yet grandest struggle in our history is that of our people reaching for the right to vote.

This Congress must protect and expand that right. All of us must be ever vigilant to guard against the slightest dimunition in the full freedom of each voting age American to cast a ballot.

I am in support of extending the Voting Rights Act.

Mr. EDWARDS of California. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. DYMALLY).

Mr. DYMALLY. Mr. Chairman, the very fact that there is any debate over whether we should renew the Voting Rights Act is a sad and disturbing circumstance.

The exercise of the fundamental citizenship right of voting is something that ought never even be questioned. Yet, black Americans have had to struggle since the birth of this Nation to secure this right, while other minority citizens have been disenfranchised by language barriers.

I know there are those who wish to say that the problems have been solved, that legislation and enforcement provisions are no longer necessary. Yet, the signs are rampant that discrimination yet abounds, and that without these protections many Americans will again be reduced to second-class citizenship.

Other colleagues of mine will be speaking to various provisions of the act which expire in 1982. I wish to speak specifically to a section due to expire in 1982. I wish to speak specifically to a section due to expire—by virtue of a prior legislative error—in 1985.

Section 4(f) and section 203 of the act require that jurisdictions with language minority groups which constitute at least 5 percent of the voting-age population provide voting instructions in the minority language.

Extension of these provisions would put these sections on the same timetable as the rest of the act—that is, they would expire in 1992. That the provisions should be retained is argued in the results of the past 5 years, during which time the rate of first-time voters among language minorities dramatically increased.

At the same time, full political equity for minorities has been nowhere near achieved. To revert to a practice of excluding Hispanics, Asians, and native Americans who occupied this land long before our forefathers and who have retained their indigenous language traditions would be the height of arrogance and insensitivity. To abandon our proud tradition of integrating recent immigrants-become-citizens into our political processes would truly be a tragedy of the largest magnitude. Not to extend these provisions would indeed constitute such an abandonment, as Hispanics and Asians—particularly in the Southwest and California—know all too well.

The Federal courts have ruled repeatedly that discriminatory literacy tests are unconstitutional, and English-only elections are equivalent to such literacy tests. This very body, the Congress of the United States, declared in 1975 that this form of discrimination has been "pervasive and national in scope."

Let us not turn back the clock of time. Let us not turn away from our fellow Americans who love this Nation, who work and die for this land, and who wish to go to the polls with pride and dignity to vote as citizens of the United States of America.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I am heartily in favor of this bill, as the gentleman knows. But when the time comes when either political party in this country stands up for the rights of our fellow citizens for political reasons instead of for justice reasons, we are lost.

● Mrs. CHISHOLM. Mr. Chairman, I rise in support of H.R. 3112, the bipartisan Judiciary Committee bill to extend the Voting Rights Act.

The Voting Rights Act protects constitutionally guaranteed voting rights for minority citizens and is the most successful civil rights legislation ever enacted. An overwhelming majority of over 100 witnesses appearing before the House Subcommittee on Civil and Constitutional Rights testified to the significant impact which the act has had in increasing the participation and representation of minorities in the political process. These same witnesses presented compelling evidence of continuing discriminatory election practices which underscores the need to extend the protections guaranteed by the act's special provisions.

On Friday, July 31, the House Judiciary Committee voted 23 to 1 to report out H.R. 3112, the bipartisan bill to extend and amend the Voting Rights Act. I am in complete support of this bill which extends the section 5 preclearance provision of the act;

amends section 2 to clarify the burden of proof which plaintiffs must carry in voting discrimination cases; continues until 1992 the 1975 provisions which provide language voting assistance to language minority citizens; and provides a fair bailout procedure for covered jurisdictions seeking removal from the section 5 preclearance requirement.

Since 1965, the section 5 preclearance requirement has prevented over 800 discriminatory election law changes. Section 5 is as important today because discriminatory practices originally banned by the Voting Rights Act have been replaced by other devices, including racially biased redistricting plans, annexations diluting minority voter representation, and at-large elections. Moreover, opportunities for racial gerrymandering will increase with prospective redistricting based on the 1980 census.

H.R. 3112 amends section 2 of the Voting Rights Act to clarify the intent of this provision to ban any election law which has the effect of discriminating against minority voters. This view was the rule of law followed by the Supreme Court until the 1980 case of Mobile versus Bolden, when a plurality of the Justices suggested that direct evidence of specific intent to discriminate was required. This standard of proof places an overwhelming burden on the individual bringing suit in a voter discrimination case and makes protection of voters' rights virtually impossible. H.R. 3112 seeks to restore the standard of proof originally applied in section 2 cases.

The bilingual provisions were added to the Voting Rights Act in 1975, after Congress found that members of language minority groups were often excluded from the electoral process. Many U.S. citizens who are not fluent in English have come to this country as adults or have been raised in communities where another language predominated; for example, the Southwest or Puerto Rico. As a result, many persons, especially Hispanics and American Indians, cannot effectively participate in the electoral process. These provisions have significantly opened the political process to language minority citizens across the country.

Moreover, for a number of jurisdictions—notably the entire State of Texas—the need to provide language assistance to language minority voters served as a trigger for coverage under section 5, the provision protecting minority voters against discriminatory voting practices. Section 5 coverage, being general in scope, also protects black voters from such practices. Striking provisions which place jurisdictions such as Texas under section 5 would deny both language minority and black voters protection from discriminatory voting practices.

The House subcommittee has heard extensive testimony supporting the language assistance provisions and I wholly support the Judiciary Committee's informed decision to extend these provisions at this time.

The Voting Rights Act has been an effective and critical means of insuring the equal participation of all U.S. citizens in the electoral process. It has helped increase minority registration and voting. Yet, while there has been undeniable progress under the Voting Rights Act, full political equality for minorities has not yet been achieved. For these reasons, as a member of the Congressional Black Caucus and a Representative from a jurisdiction covered by the section 5 preclearance provision, I urge your support of H.R. 3112 without crippling amendments.●

● Mr. WIRTH. Mr. Chairman, I rise in wholehearted support of H.R. 3112, which extends the Voting Rights Act of 1965. The Voting Rights Act guarantees Americans the right to vote—which is fundamental to the preservation of all our other rights.

H.R. 3112, a bipartisan measure, follows more than 2 months of comprehensive hearings. Citing abuses and procedures still used to inhibit or dilute minority participation in elections, nearly 100 witnesses testified to the continued need for the protections of the Voting Rights Act, which I believe is the most effective single piece of civil rights legislation ever enacted.

As reported from the Judiciary Committee, H.R. 3112 would:

Continue the vital section 5 preclearance provision of the act while providing equitable and achievable measures for States and counties to "bail out" from the preclearance requirement.

Strengthen section 2 to make it easier to challenge discriminatory voting practices in court.

Continue the requirement of bilingual election and voting assistance until 1992.

I oppose amendments to H.R. 3112 that would effectively gut the Voting Rights Act or neutralize its impact. First, by loosening the standards under which jurisdictions may "bail out" from the preclearance requirement would seriously weaken the protection of voting rights guaranteed by the 15th amendment to the Constitution. Despite the impressive progress in registration, voting and representation of minority citizens, testimony received during committee hearings made it plain that voting discrimination is still common in many areas covered by the act. These States and localities should be required to meet a reasonable yet stringent test before they are released from the preclearance requirements—and the committee bill provides such a test.

Second, the proposal to extend the preclearance requirement to the entire country would dilute enforcement while serving little useful purpose. Requiring every State and political subdivision in the country to meet the preclearance requirements would create an impossible workload for the Justice Department and could gut the act.

Finally, while the language minority provisions of the current Voting Rights Act do not expire until 1985, deferring action on these bilingual requirements until then would isolate and effectively nullify them. Bilingual election materials and assistance are an effective means of providing non-English speaking citizens with a voice in the political decisionmaking of their communities—such as the Hispanic neighborhoods in Denver that I represent.

Mr. Chairman, America's historic experiment in universal suffrage must not be compromised by continued discriminatory practices. I urge my colleagues to join me in support of H.R. 3112, without crippling amendments.●

● Mr. STARK. Mr. Chairman, one of the most important pieces of legislation before the 97th Congress is the extension of the Voting Rights Act of 1965, which protects constitutionally guaranteed voting rights for minority citizens. It has proven to be one of the most effective civil rights bills ever passed by Congress.

But the battle has not been won. During 2 months of hearings, an overwhelming majority of over 100 witnesses, appearing before the House Subcommittee on Civil and Constitutional Rights, testified to the significant impact which the act has had in increasing the participation and representation of minorities in the political process. These same witnesses presented compelling evidence of continuing discriminatory election practices which underscore the need for extension of the protection guaranteed by the act.

Access to the ballot box is the most basic right in a democratic society. The need for vigorous enforcement has not subsided. Therefore, the Congress must extend the life of the Voting Rights Act to insure the right to vote for millions of racial and language minorities.●

● Mr. FOGLIETTA. Mr. Speaker, as a cosponsor of H.R. 3112, the extension of the Voting Rights Act, I rise to speak in favor of its enactment, as supported by the Judiciary Committee, without weakening amendments.

The Voting Rights Act embodies our national commitment to government which is truly representative of all Americans. I feel that this commitment is as important today as it was in 1965 when the act was originally adopted. Indeed, at a time when we are reducing programs designed to meet the needs of the less fortunate in our society, and calling upon the poor and the near-poor to make sacrifices in the interest of our national economy, we must be even more vigilant about guaranteeing the right of these same people to be heard through the electoral process.

As a result of the Voting Rights Act, millions of black and Spanish-speaking citizens throughout the country have been able to exercise the right to vote. In the 1980 Presidential election for example, the rate of black voter registration in the Southern States covered by the act was estimated to be 59 percent, in contrast to the 29 percent of black registered voters in the covered States prior to the enactment of the Voting Rights Act in 1965. Similarly, the registration among Hispanics in Texas has increased two-thirds since the language assistance provisions were added to the act in 1976.

Despite this progress, the Judiciary Committee, in 18 days of hearings, found evidence that voter discrimination, through significantly lessened, has not been eradicated. A study published by the Lawyer's Committee for Civil Rights Under Law, in September 1981, entitled "Voting in Mississippi: A Right Still Denied," found that as a result of the act, black, voter registration in that State increased from 6.7 percent in 1964, to more than 60 percent currently, and the number of black elected officials increased from 29 in 1968 to 387 in 1981. In spite of this dramatic increase, the study found that efforts to dilute and cancel out black voting strength are still continuing, including various attempts at gerrymandering, manipulating voting rules, last-minute polling place changes and implementing changes without Voting Rights Act preclearance.

Of course, the impact of the Voting Rights Act is not limited to the South. In my own neighborhood in Philadelphia, I have witnessed how the language assistance provisions have helped our Hispanic community to reflect its concerns through the electoral process.

These statistics, and our experience with the Voting Rights Act, demonstrate that it is, without doubt, one of the most successful statutes ever enacted by Congress. It is also one of the most important. The right to vote in a democracy is the cornerstone on which all other rights rest. The Voting Rights Act represents our national commitment to the goal that all citizens are given the opportunity fully and effectively to exercise this basic right. That commitment must be continued, as long as racial prejudice and discrimination remain a factor in our society.●

● Mr. WON PAT. Mr. Speaker, I rise to urge passage of H.R. 3112, the Voting Rights Extension Act. This measure has the support of every major civil rights organization and I share their belief that this measure is needed to insure and to protect the voting rights of all Americans, including non-English-speaking groups and minorities.

Since its original passage in 1965, the Voting Rights Act has been most beneficial in providing equal voting rights for minority Americans. This has been particularly true of blacks and Latinos. But the provisions of this bill also apply to Pacific Americans and as such, I believe that it is important that this measure be continued.

There are a large number of Pacific Americans living in the mainland who need the protection provided by the Voting Rights Act. According to census figures, there are over 32,000 Guamanians living in the 50 States and nearly 50,000 residents of American Samoa and countless other persons of Pacific American heritage. They need the protection under the law this measure provides to assure that local and State governments do not attempt to legislate or restrict their right to vote in elections.

I urge my colleagues here today to give it their full approval and not vote to weaken it in anyway. The United States stands proud in the family of nations for protecting the voting rights of all its citizens. Let us not now take a step backward.

Equal participation in our Government is the only way democracy will ever work. This measure is an important building block in the democracy of this great country and I urge my colleagues to keep it intact by approving the legislation before us today.●

Mr. EDWARDS of California. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. Mitchell of Maryland) having assumed the chair, Mr. Bolling, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3112) to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. HYDE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous material on the bill just debated, H.R. 3112.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FOOD AND AGRICULTURE ACT OF 1981

Mr. de la GARZA. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. de la Garza).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3603, with Mr. McHugh in the chair.

The Clerk read the title of the bill.

□ 1400

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Texas (Mr. de la Garza) will be recognized for 1 hour, and the gentleman from Virginia (Mr. Wampler) will be recognized for 1 hour.

The Chair recognizes the gentleman from Texas (Mr. de la Garza).

Mr. de la GARZA. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this is a very momentous occasion for us here in the Congress, for the Committee on Agriculture and the House of Representatives, and indeed, for the American people as we discuss H.R. 3603, the Agriculture and Food Act of 1981.

I support, with amendments that will be offered later, this legislation because we need in the interest of the entire Nation and indeed of the world stability in the agricultural sector.

Just this morning in one of the newspapers in this Capitol I read a report from Lester Brown, one of the renowned researchers and experts in the field of world food resources, where he stated that the population of the world, which will increase around the turn of the century to over 4 billion people, could not be sustained materially in the manner in which it is now being sustained nutritionally, unless we have more productivity, and that perhaps that productivity is indeed limited due to the lack of fertile lands or arable lands and that the bulk of them are now under production.

Second, let me say that there are some Members in this House who oppose either parts of this legislation or the whole. I could not fathom anybody opposing this legislation for one simple reason—less than 3 percent of the population of the United States provides all of the food and fiber for the entire population of the United States and enough to export to bring precious income back to our country—that 225-plus million people are fed by less than 3 million.

Further, and I think this is worthwhile for all of those who may listen or may read the record—it should be noted that the people in the United States, of course, there are always exceptions—every rule has an exception—and someone might quote us the exception, but in general the people of the United States today are the best fed people in the world, in the history of the world. And they buy the best quality food in the world, in the history of the world, for the smallest part of their disposable income.

It takes less of their income to buy the food which they need to sustain themselves than in any other country in the world, in the history of the world, to get the food that they need.

There will always, of course, be the exception.

The American housewife, or homemaker can get meat; for example, if she wants beef, if she wants mutton, if she wants ham, sheep, goat, poultry, whatever she wants, she can get, whole or frozen, or fresh, or cut up. All you have to do is to go to the supermarkets and to the grocery stores and it is there, available, for a lower price, a lower part of disposable income, than for all of the people in the rest of the world.

The housewife can get the fruits, the vegetables, and of course in this legislation we do not deal with fruits and vegetables, but our farmers still produce those items, the best quality for the American people.

Now, why the need for the legislation? Because sources or items or factors beyond the control of the farmer have forced his cost of production to the limit—many times beyond what he sells his product for; the cost of fuel, the imposition by the Government of restrictions or limitations, what kind of pesticides, what kind of insecticides, how much he has to pay his farmworkers. Not that he begrudges this—and indeed the farmworker probably is the lowest paid of all of the workers of America—but yet that farmworkers contribute more, I say respectfully, than any other worker in America because he works for less, unfortunately, but helps provide the food that is necessary to sustain this great Nation and our people.

Because of these deficiencies, Government has to intervene, and we have this program which is meager assistance at best, a safety net, if one calls it that—and we are not speaking here of a hammock someone can go out and take a siesta on, we are speaking of a safety net that you see in the circus, the last thing that will break your fall before you fall to the ground and break all the bones in your body, as you see with the aerialists in the circus.

This is what we are trying to do for the American farmer. There are American farms collapsing by the day. There are American dairymen shutting down their operations. There are young people closing down their farms, and I listened to Lester Brown saying we will not be able to feed all the people in the world.

So this is a very small modest effort to assist that productivity and meet our responsibility as a Congress and a Nation and as a people to that less than 3 percent who provide the food and fiber for all of us.

There are various and sundry parts of this bill which I would not detail to the Members, but rather will be available to read in the RECORD. But I say very respectfully that the line should be forming behind us to support us, to provide this very, very modest assistance to those who provide the food and fiber.

Now, the Members will hear later about other amendments. The bill that passed the committee is beyond the budget resolution, but we have a consensus amendment from the committee, and outside the committee, that will be offered by the gentleman from Iowa (Mr. BEDELL), that will bring our bill in line or below the budget imposed upon us by the Budget Committee.

We will bring our bill below the budget for fiscal year 1982 as instructed by the committee. So, I would hope that the Members who are not here would read the RECORD. For when we resume our deliberations next week, those who oppose sections of this bill should realize again that it may be popular to say, well, it will increase the price of sugar, it will increase the price of wheat for bread, it will increase the price to the consumer out there in the marketplace. It may well in very, very small areas, but it is either that or, like in many other countries in the world that we have been reading of lately, getting in line and waiting at the grocery store only not to have food available. We really do not know what it is not to have it available. I daresay all of us here had lunch. No one told us how much we could order for that lunch. No one told us what the ration would be. That is what we are trying to continue and to do so we have to offer a very modest form of legislative or Government assistance to those who put that food on our table, to those who put that food on our table for the lowest amount of disposable income than for any other people in the world—in the history of the world.

Mr. Chairman, I would add that we need an effective Government farm program because American agriculture is in deep economic trouble today. Without our action to continue a fair safety net farm support program, that trouble will get worse. And that would be the worst kind of bad news for American consumers.

Depression in agriculture can weaken the ability of American farmers to provide us all with ample supplies of food and fiber at reasonable prices.

The fact that farmers are in trouble today is no news to those of us who follow agriculture closely. But for those who do not, let me recall for you the report issued by the Department of Agriculture just a few days ago.

That report said prices paid to farmers fell 2.2 percent in September. That decline left the farmer's purchasing power at the lowest level since April 1933. According to the report, farm prices were down to just 59 percent of parity in September, the lowest since April 1933, when the figure was 54 percent. Just 1 year ago, farm prices were at 68 percent of parity compared with the 59 percent we got last month.

Looking ahead, we do not see much official optimism.

An Agriculture Department expert was quoted Thursday as predicting some continued weakness in prices this month unless there is an unexpected surge in exports or a sudden turn for the worse in harvest prospects.

Government analysts have predicted that net farm income for 1981, which was formerly expected to show some improvement, may be down around last year's very poor level. In fact, if we consider cash income without inventory changes, 1981 could be even worse than the very bad year we had in 1980.

Many of my colleagues may have noted the feature story on this issue in Thursday's Wall Street Journal.

That story pointed out that inflation, high interest rates, and even the strength of the dollar overseas are combining with a growing grain surplus to batter the farm economy. The story points out that wheat prices are down 7 percent from a year ago, corn down 23 percent, and soybeans off 19 percent. The story adds that in this farm recession, unlike some of those in the past, we have some new problems.

Producers generally, unlike situations in that past, cannot recoup their present losses on crops from offsetting profits on livestock. This time, livestock prices are so weak that there is only marginal profit in pork and continued losses in cattle, the Journal says.

This account also underlines the tremendous squeeze farmers face because of continued high interest rates. One Iowa farmer reports that a few years ago, his interest cost on money borrowed to finance a steer was about $21. Today, the interest on that one feeder is about $120—about the cost of feeding the steer.

The Journal story quotes one private economist as saying that:

> Unless some unforeseen event rescues farmers in the near future, many will be pushed over the brink and into depression.

Secretary Block, in recent testimony before a subcommittee of the Joint Economic Committee, had this to say:

> The farm balance sheet for this year is equally bleak. Farm asset values are up 8.4 percent. But farm liabilities are up some 14.7 percent from last year, due primarily to the increasing cost of borrowing financing for land purchases and operations.

Also, the Secretary said he thinks hardly any farmers can make money when they pay 20 percent interest rates. The Secretary is perfectly right, and this is part of our problem.

Mr. Chairman, I do not know how accurate the forecasts are, but I am convinced that farmers are facing a really critical period over the next few years. That is why we must—for the protection of the entire Nation—maintain a farm program which gives producers at least a fighting chance to win their way back to a sound economy.

We understand the budget problems facing all legislation in this Congress. We understand fully that agriculture is going to absorb its share of the cuts which must be made to rebuild the Nation's economy.

But we must also understand that if we permit agriculture tc continue sliding into depression, farmers will not be the only victims. In the long run, a depressed agriculture is the worst kind of bad news for consumers, because a depressed agriculture loses the ability to give consumers what they need most—an ample and stable food and fiber supply at reasonable prices.

I will not take your time to describe in detail the provisions of H.R. 3603. I will include for the record a summary of those provisions. Suffice it to say here that it revises and extends for another 4 years price support and related programs for most of the major farm commodities. It likewise extends the export assistance provisions of Public Law 480. It reauthorizes and places caps on appropriations for the food stamp program for 4 more years, and provides the tools to conduct that program in a manner which keeps hunger from the needy and eliminates the greedy. It improves and renews provisions relating to agricultural research, extension, and teaching. And in no small measure it comes to grips with threats to one of the most precious elements of our national heritage—fertile, productive agricultural land—which is increasingly endangered by erosion and conversion to a host of nonagricultural uses.

H.R. 3603 is by no means a fat or flabby bill. Its provisions reflect the best judgment of the Agriculture Committee as to the minimal levels of protection necessary to permit American agriculture to continue the role it has so admirably filled in supplying adequate quantities of food and fiber at reasonable cost to the consumers of the Nation while at the same time meeting the heavy demands of the world for agricultural commodities. Many of the provisions represent the only real safety net for farmers who are caught in the increasingly severe squeeze between declining prices and ever-increasing costs.

It is true, however, that the bill as reported will, for fiscal year 1982, result in costs exceeding the limits prescribed in the first concurrent budget resolution. However, amendments will be offered by a member of the committee to bring its costs within those limits. They will deal with the dairy price support provisions and several other sections of the bill.

I would pause to point out that the Agriculture Committee has been one of the most diligent committees of the Congress in practicing budgetary restraint. For example, last spring it reported out one of the first significant measures adopted by this session of the Congress to reduce Federal expenditures by eliminating a scheduled increase in dairy support levels. This action was estimated to have saved a total of $246 million in outlays in fiscal years 1981 and 1982. The committee performed in a similar fashion, Mr. Chairman, during the reconciliation process. Measures agreed to in conference with our Senate counterparts resulted in savings of a total of $2.7 billion over and above those called for by the reconciliation provisions of the first budget resolution. In this regard, I will offer amendments to H.R. 3603 which will delete provisions already disposed of by the Reconciliation Act or other legislation.

We assure you that we fully intend again to take the responsible course during the consideration of H.R. 3603. But we do not intend to deprive Amercian farmers of the minimal protection they need to permit them to survive the vagaries over which they have no control—the weather, disaster, inflation, and crushing interest rates. And we must act to preserve the very basis for our bounty—the land.

With the amendments I have referred to, the bill constitutes a responsible and cost-effective approach to maintaining a viable agriculture in the national interest, and insuring that hunger will not stalk the needy of our land.

It is a bill that merits the support of the farmer as well as the consumer. And I urge my colleagues to give it that support.

BRIEF EXPLANATION OF THE PROVISIONS OF H.R. 3603, THE FOOD AND AGRICULTURE ACT OF 1981

TITLE I—DAIRY PRODUCTION ACT OF 1981

The following are the major features of the Dairy Production Act of 1981:

Price support level

Establishes milk price supports for four years beginning October 1, 1981, between a floor of 75 percent of the parity price and a ceiling of 90 percent of parity based on a formula of projected purchases of surplus milk products by the government, consideration of inventory stocks on hand, and the effect of any increased dairy imports.

Provides for semi-annual price adjustments to not less than 75 percent of parity; however, if Commodity Credit Corporation (CCC) purchases exceed 5.5 billion pounds of milk equivalent or 500 million pounds of nonfat dry milk, the support price of milk need not be adjusted except as necessary to maintain a support price of 75 percent of parity.

Produce handlers

Preserves the legal status of producer handlers under Federal Milk Marketing Orders.

Federal milk marketing orders

Extends authority for seasonal base and "Louisville" plans as provisions of the Federal Milk Marketing Orders, designed to encourage dairy farmers to pattern their seasonal milk production to meet market needs.

Extends provision of Agriculture Consumer Protection Act of 1973 requiring a hearing to amend a Federal Milk Marketing Order if one-third producers petition.

Extends CCC authority under section 202 of Agriculture Act of 1949 transferring excess dairy stocks to military and veterans' hospitals.

Extends Dairy Indemnity Program for value of milk removed from market due to contamination from pesticides, toxic chemicals or nuclear fallout.

Encourages wider consumption of dairy products through export promotion and domestic distribution programs.

Requires Secretary of Agriculture to explore domestic casein production by using CCC inventories to minimize impact of casein imports on dairy program.

TITLE II—WOOL AND MOHAIR

This title extends for four years the provisions of section 703 of the National Wool Act of 1954, the present payment program for wool and mohair, maintaining the present level of support for shorn wool at 85 percent of the formula rate in the Act, with mohair to be supported at a comparable rate.

TITLE III—WHEAT

The bill would provide a program for the 1982 through 1985 crops of wheat under which—

(1) loans on the 1982 crop of wheat would be made at not less than $3.55 per bushel, and for the 1983 through 1985 crops of wheat, loan levels would be adjusted proportionally to the adjustments made in the target price for wheat. The Secretary would have authority to adjust wheat loan levels downward by up to 10 percent whenever the yearly average cash price for the prior year is not more than 105 percent of the announced loan for that marketing year, but not below $3.00 per bushel. If the loan level is reduced under this authority, payments to producers are required to assure the same

return as they would otherwise have received.

(2) a target price program would be discretionary with the Secretary unless carryover levels at the end of the marketing year exceed one billion bushels of wheat at which time, a target price program would become mandatory for the next crop year.

(3) target price for the 1982 crop of wheat would be $4.20 per bushel, and for crop years 1983 through 1985, target prices would be adjusted to reflect the difference of the average adjusted cost of production per acre for the two-year period, including the year for which the target price is being established, as compared to the two previous year's cost of production. Costs of production would include variable costs, machinery costs and general overhead costs, but not land and management costs.

(4) prevented planting and low yield disaster programs would be continued only if subsidized crop insurance was not generally available in the county.

(5) set-aside authority would be continued for the 1982 through 1985 crops of wheat but the Secretary would be required to make announcement of national program acreage and any set-aside not later than August 1.

(6) marketing quotas and producer certificate provisions would be suspended for the years 1982 through 1985.

TITLE IV—FEED GRAINS

The bill provides a program for the 1982 through 1985 crops of feed grains under which—

(1) loans on the 1982 crop of corn would be made at not less than $2.65 per bushel and for the 1983 through 1985 crops loan levels would be adjusted proportionally to corn target price adjustments. The Secretary could lower corn loan levels, up to 10 percent per year but not below $2.00 per bushel if the yearly average cash price for the prior year is not more than 105 percent of the loan rate for that year.

(2) loans for grain sorghum, barley and rye would be made on similar basis as in current law, except that oat loans would be made on a weight comparison basis to other feed grain crops.

(3) target prices would be discretionary for corn and grain sorghum unless carryover stocks of corn exceed 1.3 billion bushels at end of marketing year, in which case, corn and grain sorghum target price program would be mandatory for the following crop year.

(4) target price for the 1982 crop of corn would be $2.90 per bushel, and for crop years 1983 through 1984, the target price for corn shall be adjusted annually using the same cost of production adjustment formula as for wheat. Target price levels for grain sorghum and if designated by the Secretary, oats and barley would be set at a fair and reasonable relationship basis to corn.

(5) disaster program would be continued only in those counties where subsidized crop insurance was not generally available.

(6) authority for a set-aside program would be continued for the 1982 through 1985 crops, except that national program and set-aside announcements must be made by November 1.

TITLE V—UPLAND COTTON

The bill extends for the 1982 through 1985 crops the cotton program provided in current law, except that—

(1) the minimum loan level would be increased from 48 to 55 cents per pound.

(2) the base quality for the Northern European price quotation used to determine the loan rate would be changed from strict middling $1\frac{1}{16}$ inch to middling $1\frac{3}{32}$ inch cotton.

(3) the target price would be based on 120 percent of the loan rate.

(4) disaster payments would be available only in counties where subsidized crop insurance is not generally available.

(5) reductions in cotton acreage from last year's plantings could be required as a condition of eligibility for program benefits in lieu of set-aside authority in current law.

(6) the Normal Crop Acreage provision in current law would not be extended to appy to upland cotton.

(7) cross-compliance and offsetting-compliance provisions would be prohibited.

(8) the Secretary would be required to provide a seed cotton recourse loan program.

(9) cotton imported under the special import quota in effect when the price of cotton exceeds 130 percent of the average price for the preceding 36 months would be duty free.

TITLE VI—RICE

The bill extends for the 1982 through 1985 crops of rice the program contained in current law, except that—

(1) program benefits would be available to all rice producers who comply with program requirements. The provision which limits program benefits to holders of historical allotments would thus be eliminated; also, the standby provisions of permanent law relating to rice allotments and marketing quotas would be repealed.

(2) the minimum loan rate would be increased to $8.00 (now $6.31) per hundredweight.

(3) the target price would be adjusted based on the cost of production formula contained in the current program, except that costs would be calculated on a per acre basis with the difference in costs than factored to a per hundredweight basis.

(4) disaster payments would be available only in counties where subsidized crop insurance is not generally available.

(5) the set-aside program would be extended with specific authority for the Secretary to limit production of rice acreage from the preceding year as a condition of benefit eligibility.

(6) normal crop acreage provisions in current law would not be extended to apply to rice of the 1982 through 1985 crops.

(7) the Secretary would be required to submit a report by July 31, 1983 evaluating whether futures prices on rice effectively reflect market prices and whether it or the seasonal average price received by farmers could be used as a basis for computing loan and target prices.

TITLE VII—PEANUTS

Title VII of the bill would—

1. extend the allotment, quota, and price support programs applicable to 1978-81 crops of peanuts, with certain changes summarized below, to the 1982-85 crops.

2. establish a minimum national poundage quota of 1,300,000 tons for each of the next four marketing years.

3. permit undermarketings of a producer for one year to be carried forward, for poundage quota purposes, to two or more subsequent years, rather than to a single year, as at present.

4. provide that the Secretary, through local committees, shall reduce or waive marketing penalties for unintentional violations, and that minor errors on marketing documents shall not be considered violations.

5. in States having peanut acreage allotments of less than 11,000 acres, permit the transfer of allotments within the State, and lift the 50 acre limitation on the total allotment that may be transferred to any farm.

6. change from June 15 to March 15 the deadline for producers and handlers to contract for additional peanuts.

7. provide that additional peanuts placed under loan will be eligible for sale at marketing time only with consent of the producer.

8. give the three area associations primary responsibility for accepting or rejecting offers to purchase loan peanuts at or above the minimum sales price through April 30 of the marketing year.

9. establish the loan level for 1982-crop quota peanuts at the national average cost of production, including land costs, but not less than $600 per ton, and for quota peanuts of each of the 1983-1985 crops at the level for the preceding year, adjusted for changes in the cost of production, excluding land costs.

10. authorize the Secretary to set the loan rate for additional peanuts, but at a level estimated to result in no program losses to CCC on such peanuts.

11. provide that no cooperative marketing associations, other than the three area associations selected by the Secretary, may receive warehouse storage loans or carry out field supervisory functions on behalf of CCC.

TITLE VIII—SOYBEANS

The bill would require a mandatory loan program for the 1982 through 1985 crops under which—

(1) the loan level would be determined by: (i) taking the Chicago quoted cash market prices for the preceding five years for Number 1 yellow soybeans; (ii) discarding the high and low years; (iii) averaging the middle three; and (iv) setting the loan level at 75 percent of the average, but the minimum loan level under the formula could not be less than $5.02 per bushel. The Secretary could lower soybean loan levels ten percent per year, but not below $4.50 per bushel, if the average market price for the prior year was not in excess of 105 percent of the loan rate for that year.

(2) production adjustment control programs and reserve program would be prohibited.

TITLE IX—OTHER COMMODITIES

The bill would require mandatory loan programs for the 1982 through 1985 crops under which—

(1) for sugar, a loan rate of 19.6 cents per pound would be established for the 1982 crop, and for the 1983 through 1985 crops, the loan rate would be adjusted based on changes in the average cost of production for the two crop years including the year for which the determination is made from the immediately preceding two-year period. The costs of production would not include land or management expenses.

(2) for sunflower, the loans would be made at not less than $9.00 per hundredweight.

TITLE X—GENERAL AND MISCELLANEOUS COMMODITY PROVISIONS

This title contains a number of separate provisions dealing with various aspects of commodity legislation which would:

Continue for the 1982 through 1985 crops the current limitation of $50,000 on the total amount of payments (excluding disaster payments) which a person may receive under one or more of the annual commodity programs for wheat, feed grains, upland cotton, and rice, and continue the annual limitation of $100,000 on disaster payments.

Continue the Producer Storage program for wheat and feed grains with several modifications as follows:

Provide the Secretary with discretion to waive storage charges and interest on support loans for reserve grain, thereby deleting the interest waiver provided in current law for the 1980 and 1981 crops.

Instead of the current system of "release" and "call" prices which govern movement out of the reserve, provide the Secretary flexible authority to cancel early-release penalties when market prices reach 125 percent of the loan rate, halt storage payments at 135 percent, and impose market rate interest when corn reaches 145 percent and wheat 160 percent of the loan;

Provide the Secretary with discretion over the size of the reserve;

Provide an entry loan rate on grain for the reserve at the higher of 110 percent of the loan rate or $3.85 per bushel for wheat and $2.80 per bushel for corn.

Provide a minimum resale price for CCC held stocks of grain while reserve is in effect of 105 percent of the price levels at which the market rate interest rates are invoked.

Extend through 1986 the special grazing and hay program.

Authorize the Secretary to provide for a set-aside of cropland for one or more of the 1982 through 1985 crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the Executive Branch of government.

Continue for the 1982 through 1985 crops of wheat and feed grains, but not for upland cotton and rice, current authority of the Secretary to require, as a condition of eligibility for loans, purchases and payments under the Agricultural Act of 1949, that producers not exceed the acreage on the farm normally planted to crops designated by the Secretary. Modifies the requirement, however, so as to base the normal acreage for any crop year on the acreage planted to such crops during the preceding two years.

Authorize the Secretary to reduce accumulated interest charges on Commodity Credit Corporation loans, up to the cost of one year's storage so as to neutralize the incentive to default in a period of declining prices.

Authorize the Secretary to transfer from other appropriations or funds available to agencies or corporations of the Department of Agriculture such sums as the Secretary deems necessary, to be available in emergencies for the arrest and eradication of plant pests or contagious or infectious diseases of animals or poultry.

Provide that if the Secretary determines that the supply of wheat, corn, upland cotton or rice for the marketing year for any of the 1982 through 1985 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crops are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply for the purpose of other statutes.

TITLE XI—NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

This title—

Provides for an advisory board consisting of producers representing various geographical areas in the United States to review and recommend improvements in cost of production formulas and parity formulations utilized by the USDA.

Requires the Secretary to report to the Board on the disposition of its recommendations and reasons therefor and make an annual report to the Congressional Committees on Agriculture on activities under the title.

TITLE XII—EXPORT PROVISIONS

The bill contains provisions which as to—

Food for peace program (Public Law 480)

Extends the program four years through December 31, 1985.

Increases the annual ceiling for the Title II donation program for $750,000,000 to $1,000,000,000.

Extends the authorization for overseas market development to include alcoholic beverages in addition to wine and beer.

Embargo protection

Amends the provisons of current law to require the loan rate to be set at 90 percent of parity for any embargo based on reasons other than national security and at a level not less than the average market price during the 15 days preceding the embargo if the embargo is based solely on national security.

Applies requirement to new loans.

Exempts from the requirement certain embargoes including situations where the suspension would reduce the annual tonnage of exports by less than two per centum.

Waives interest charges on loans adjusted during an embargo and provides for payment of storage charges to producers.

When embargo is discountinued, provides for loan level to be adjusted to regular rate in four steps over a nine-month period.

Other provisions

Requires an investigation and report by the Secretary of Agriculture to Congress on increased usage for human consumption of protein by-products derived from alcohol fuel production.

Expresses sense of Congress that any agreement by the United States for foreign sales of wheat, feed grains, or soybeans provide for a price of not less than the cost of production.

TITLE XIII—FOOD STAMPS

This bill would extend the food stamp and commodity distribution programs for four fiscal years through September 30, 1985 and would—

(1) repeal the October 1-December 31 update of the Thrifty Food Plan based on projected food costs that was scheduled to take place as of January 1 of each year starting in 1982:

(2) reduce the gross income eligibility ceiling to 130 percent of the poverty level;

(3) repeal increases in dependent care deductions for working adults and medical deductions for the elderly, blind, and disabled scheduled to take effect on October 1, 1981;

(4) require retrospective accounting for determining ongoing program eligibility and allotments for all but migrant farm worker households on a nationwide basis by October 1, 1983;

(5) require monthly reporting to accompany implementation of retrospective accounting for all households with earned income (except migrant farmworker households) or receiving unemployment compensation or required to register for work or required to file monthly reports for Aid to Families with Dependent Children (AFDC), but not households in which all members are elderly, blind, or disabled or who reside in States with the lowest error rates;

(6) impose an authorization ceiling for fiscal years 1982, 1983, 1984, and 1985 fixed at $10.010 billion, $10.345 billion, $10.290 billion, and $10.480 billion, respectively;

(7) raise the authorization ceiling for fiscal year 1981 to $11.480 billion to accommodate program needs;

(8) require the Secretary to permit any political subdivision that wishes to do so in return for a 50 percent share of workfare administrative costs and that agrees to comply with the Secretary's guidelines, to administer a workfare program in which non-exempt food stamp recipients must work for the subdivision at the Federal minimum hourly wage rate (or State rate, if higher), payable in the form of food stamps.

(9) require parents and children who are living together to be treated as one household unless one parent is 60 years of age or older;

(10) eliminate all boarders from participation in the program;

(11) eliminate establishments that do only a marginal staple food business, such as bars, gas stations, party stores, and carryout shops, from the program unless they're the only food store in the immediate area;

(12) permit Alaska to have a distinct Thrifty Food Plan for its rural areas;

(13) reduce the adjustment of the standard deduction and the dependent care/excess shelter deduction cap by deleting reliance upon the homeownership component in the housing costs of the Consumer Price Index;

(14) deny deductions for any expenses paid on a household's behalf by a third party and require the income and resources (over a floor) of sponsors of certain aliens to be deemed available to those aliens in order to determine the aliens' eligibility and benefits;

(15) give the Secretary flexibility to alter the complex accounting standards for ascertaining the value of licensed vehicles;

(16) extend disqualification from the program after hearing from fraud to the making of false or misleading statements or misrepresentations or concealing or withholding facts; expand the use of allotment reduction to recover non-fraud overissuance arising from agency error; and permit States to retain 50 percent of all misrepresentation claims collected;

(17) extend program disqualification for voluntarily quitting a job to current program participants; extend sanctions for noncompliance with the food stamp work registration requirement to food stamp participants who fail to satisfy an AFDC-WIN or unemployment compensation work requirement; and make work registration an annual requirement;

(18) disqualify strikers and the households to which they belong from participating in the food stamp program (unless they were eligible to participate prior to the strike);

(19) make States strictly liable for issuance losses and provide liability for, on the basis of negligence, failures in certain other areas of State agency administrative responsibility;

(20) prevent households that apply to participate in the program and are declared to be eligible from receiving any stamps for that part of the month prior to the date on which they filed their application;

(21) end the 60-day transfer provision permitting benefits to follow a household moving from one political subdivision to another in an uninterrupted fashion;

(22) terminate the basic mandate to perform outreach;

(23) allow States flexibility to provide households with a notice of expiration of their certification periods up to 30 days before the start of the last month of a six month or longer certification period;

(24) limit provision for expedited food stamp benefits within three working days of application to applicant households with $150 or less in gross income a month and liquid assets of $100 or less and to applicant households whose only income for 10 days after filing an application is $25 or less from a new source of income and who also meet the $100 liquid assets test;

(25) end the Department's liability to restore food stamps to households that have wrongfully been denied them or terminated from the program if the benefits were lost more than one year prior to a household's request for restoration;

(26) require the State agency to request and utilize for certification purposes household members' wage and benefit information available from the Social Security Administration and State unemployment compensation agencies;

(27) require the Secretary to allow political subdivisions to use certified mail in issuing food stamps to reduce mail theft and loss:

(28) clarify the Secretary's authority to determine the amount of and settle or adjust any claim, including claims filed against State agencies for issuance losses;

(29) end the imposition of staffing standards upon the States;

(30) require States to meet the Secretary's standard for improper denials and terminations in order to receive 55 percent Federal funding of administrative costs and further require all States with error rates over five percent to develop corrective action plans;

(31) mandate obtaining a household's Social Security number as a prerequisite to participation;

(32) extend pilot cash-out projects for four years at State option and expand possible cash-outs to include AFDC families;

(33) provide contract and grant authority to develop means for continuous nutritional monitoring of high-risk populations;

(34) require certain studies of various accounting and reporting methods;

(35) provide penalties for the fraudulent misuse of commodities;

(36) provide authority for pilot projects using the commodity supplemental feeding program for low-income elderly persons; and

(37) prevent current Supplemental Security Income cash-out States from reverting to food stamps.

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1981

This title extends by four years the period during which activities may be carried out under the Agricultural Research, Extension, and Teaching Policy Act of 1977, expands the scope of activities authorized in such Act, and includes other changes that clarify certain provisions of the Act. It is a continuation of the effort begun under such Act, that was included as title XIV of the Food and Agriculture Act of 1977 (P.L. 95-113), which sought to bring a number of separate statutes dealing with agricultural research, extension, and teaching into closer coordination and sought to bring about better planning and performance of these tasks in areas of critical national need.

The following are the major features of the 1981 amendments to title XIV:

Revised findings and purposes: To emphasize the importance of the historical Federal-State partnership in the conduct of research, extension, and teaching in the food and agricultural sciences and the need to strengthen the relationship through expanded planning and coordination.

Amends definitions: (1) to broaden definition of "food and agricultural sciences"; (2) expands definition of "States" to include American Samoa, the Commonwealth of the Northern Marianas, and the Trust Territory of the Pacific Islands; and (3) defines the terms "cooperating forestry school", "State cooperative institutions", and "State cooperative agents".

Joint Council: Representation is increased and expanded to ensure regional differences and to embrace views of other agricultural institutions. Three-year terms of service are staggered to provide continuity.

The responsibility of the Joint Council for carrying out the functions of planning and coordination has been revised and existing regional research, extension, and teaching organizations of State cooperative institutions are to be utilized wherever possible to provide planning and coordination.

The Users Advisory Board is increased in membership to provide varied and regional representation and terms of service are staggered.

Authority for the Secretary of Agriculture to establish cooperative human nutrition centers to focus resources, facilities, and scientific expertise on high-priority nutrition problems.

An additional Assistant Secretary of Agriculture is provided to carry out the provisions of this research, extension, and teaching title.

Emphasis of facilities grants is changed from purchasing equipment, supplies, and land to renovating, refurbishing, or retrofitting existing buildings and spaces; also includes cooperative forestry schools and 1890 colleges and institutions eligible to receive facilities grants.

The Secretary of Agriculture is required to promote and develop a higher education program in the food and agricultural sciences and the Secretary of Education is required to relinquish the remainder of his responsibilities under the Bankhead-Jones Act. Also, revises the grants guidelines for undergraduate and graduate food and agricultural programs.

The research grant program in alcohol fuels and industrial hydrocarbons from agricultural products is extended for three years and the total institutions in any one State may receive is set at $5 million.

Amounts for funding extension at 1890 land-grant institutions are increased from four percent to seven percent of the amount made available under the Smith-Lever Act any one State may receive is set at $5 million.

Amounts for funding extension at 1890 land-grant institutions are increased for four percent to seven percent of the amount made available under the Smith-Lever Act.

Seeking parity in funding for State agricultural experiment stations, the bill provides that not less than 25 percent of USDA research or grant funds for Cooperative and Agricultural Research shall be appropriated for Hatch Act experiment stations. (Provision to be phased in in fiscal year 1984.)

Federal-State research grant ratio should remain equal and not be diminished by indirect costs, tuition remission, or lowering of the State share when the Federal grant amount is increased.

Long-range Planning: Given the lag between the initiation of research and its application, the Secretary of Agriculture is asked to develop a long-range view of research needs together with an annual research needs assessment report.

USDA is required to undertake a study assessing the effectiveness of the six regional food and human nutrition research centers.

Priority needs must be established in the field of animal health and disease research.

Provision is made for the establishment of an International Dairy Goat Research Center.

USDA is given additional authority in international research to include transitional countries, those moving from developing status but not yet fully developed economically

A new "Aquaculture" subtitle L is added (1) establishing a new aquacultural research and extension program which includes grants to colleges and universities, Federal laboratories, and experiment stations to encourage and improve productivity in aquaculture; (2) establishing an advisory board and an annual authorization of $7.5 million; and (3) requiring the program to be coordinated with the plan developed under the National Aquaculture Act of 1980.

A new subtitle is added providing for research in rangeland management to improve native forage productivity and conservation.

The McIntire-Stennis Act of 1962 is amended providing for the Secretary of Agriculture to appoint a 16-member advisory forestry council; and expanding the factors to be considered in making apportionment of funds under that Act.

Increases are provided in the authorized ceilings for appropriations in the years after fiscal year 1982 for research, extension, and teaching.

The bill extends title XIV through fiscal year 1985, thus bringing the title into conformance with the expiration of a new four-year farm bill.

TITLE XV—CREDIT, RURAL DEVELOPMENT, AND FAMILY FARMS

Farmers Home Administration Programs

The bill amends the Consolidated Farm and Rural Development Act as follows:

Removes the five percent ceiling on the interest rates for water, waste disposal, and community facility loans to public bodies and nonprofit associations and provides that interest rates for such loans be set by the Secretary of Agriculture but not in excess of current market yields on municipal obligations of comparable maturities. It would, however, authorize interest rates not in excess of five percent for certain loans made to communities where the median family income is below the poverty level or where a significant portion of those to be served have low incomes.

Provides a two percent interest penalty on various loans made to finance nonfarm construction on prime farmland unless optional sites are unavailable.

Provides that interest rates on operating and ownership loans to low-income, limited resource borrowers be determined by the Secretary but not in excess of one-half the cost of money to the U.S. Government nor less than five percent.

Facilitates making FmHA operating and ownership loans to small farm production cooperatives by removing the family farm size limitations for the cooperative entity but not for the individual members.

Extends the authority to make economic emergency loans through September 30, 1982.

Farm storage facility loan program

The bill amends the Commodity Credit Corporation Charter Act with respect to the farm storage facility loan program to—

Extend the authority to make loans through September 30, 1985, in amounts not less than 80 percent of the cost of construction of the facility but not to exceed $100,000 for construction or remodeling. The loans shall be for at least eight years, at the producer's option, but not more than ten years; interest rates are to equal rates charged the Corporation by the U.S. Treasury plus up to one percent; and the size of the facilities are to be based on space required to store two years of production by the borrower.

Rural Electrification Administration programs

The bill amends the Rural Electrification Act of 1936 as follows:

Extends for ten years the annual appropriation authority of $30 million for purchase by the United States of capital stock of the Rural Telephone Bank.

Removes the special two percent interest rate for insured loans to electric and telephone borrowers, except that the REA Administrator would be authorized to make insured loans at rates of less than five percent but not less than two percent upon determination that a borrower has experienced extreme financial hardship or cannot provide service without an excessive increase in utility rates charged by the borrower.

Requires that loans guaranteed by REA be made by the Federal Financing Bank upon the request of a borrower.

Family farms

The bill would reaffirm statements in other legislation expressing the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. It would require the Secretary of Agriculture to include, in the annual report to Congress on this subject, an assessment of how Federal tax, credit, and other laws affect the growth of nonfamily farm operations.

TITLE XVI—CONSERVATION

This title includes the following ten subtitles designed to focus on the problems of soil and water conservation:

Subtitle A, Special Areas Conservation Program: establishes a program designed to target increased financial and technical assistance to landowners and operators in the most seriously eroding areas in the country, as designated by the Secretary of Agriculture.

Basically the program would involve these elements:

cost-sharing and technical assistance to landowners and operators in a designated special area;

long-term contracts between USDA and landowners and operators based on conservation plans for the farm;

agreement by owners and operators to implement their plans in accordance with a firm schedule and to forfeit further rights and make refunds of payments received if they violate the contract;

determination by the Secretary of Agriculture of the cost-sharing percentages necessary to carry out the program;

authority to compensate owners and operators for income lost as a result of losses incurred due to adjustments from crops to permanent vegetative cover; and

approval of all project areas designated by the Secretary by the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry.

Subtitle B, Matching Grants for Local Conservation Activities: establishes a program of annual grants for local conservation activities. Grants would be made to local units of government, through State soil conservation agencies, for noncapital expenditures to meet local and State conservation objectives. To be eligible for a grant, a local unit of government must have a long-range conservation program, a current work plan consistent with the program, and equally matching funds or in-kind services assured from regional, State, local, or private sources.

The long-range programs and annual plans may include any of several specified soil, water, and related resource conservation objectives, including technical assistance to landowners.

Grant funds would augment rather than replace other technical and financial assistance programs of the U.S. Department of Agriculture.

Subtitle C, Conservation Loan Program: establishes a conservation loan program. It directs CCC to make secured and unsecured loans to agricultural producers for natural resource conservation and environmental enhancement measures that are recommended by County and State ASC committees and are part of a conservation plan approved by the local soil and water conservation district. Loans could not exceed $25,000 to any producer; loans over $10,000 must be secured; loans could be made for a period of up to 10 years and at an interest rate based upon the rate of interest charged CCC by the Treasury. Total of loans in one year could not exceed $200,000,000.

Subtitle D, Volunteers for Conservation: directs the Secretary of Agriculture to establish a program to utilize voluntary services by interested people who are willing to aid in carrying out the natural resource assistance programs of the Department. The volunteers would serve without compensation and could not displace USDA employees. The program would protect such volunteers in case of injury on the job and in case of tort claims.

Subtitle E, Reservoir Sedimentation Reduction Program: establishes a five-year assistance program for testing the possibility of reducing excessive sedimentation in existing reservoirs under agreements with the Secretary. State and local governments would work with conservation districts, agriculture department agencies, and other interested parties in developing and implementing plans to curb soil erosion on the watershed drainage areas above no more than five publicly-owned reservoirs selected by the Secretary. Any plan could be implemented only after approval of the plan by the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry.

Subtitle F, Designation of Lands Set Aside or Diverted; provides that designations by producers of land for set-aside or diversion program purposes may be disapproved by the local soil and water conservation district boards. The boards, if empowered to do so by the Secretary, could disapprove the producer's designation of land if it will make a less than average contribution to soil conservation compared with other lands the producer could have designated. A farmer could then submit an amended application designating those lands which would be acceptable to the district board.

Subtitle G, Land Removed from Production for Conservation Purposes: authorizes the Secretary to provide compensation in the form of payments to a farmer, in a county where the soil normally freezes to a depth of not less than four inches annually, who removes his land from production for the purpose of installing permanent conservation measures. Payments would be made to farmers in amounts determined by the Secretary to be necessary to achieve the purposes of the program, but not to exceed one-half the average annual rental rate for similar land in the county. Financial assistance may not be provided with respect to any conservation measure without the approval of the soil and water conservation measures. Payments would be made to farmers in amounts determined by the Secretary to be necessary to achieve the purposes of the program, but not to exceed one-half the average annual rental rate for similar land in the county. Financial assistance may not be provided with respect to any conservation measure without the approval of the soil and water conservation district board for the district in which the land is located, and no more than one-half of one percent of the land in any county may be covered under the program in any year.

Subtitle H, Agricultural Land Resources:

encourages the Secretary to cooperate with other Federal agencies in developing policies that recognize the importance of limiting conversion of productive agricultural land to non-agricultural uses;

directs the Secretary and the Director of the Office of Management and Budget to submit to Congress a report within one year of enactment recommending how Federal programs could be designed and administered to assure the retention of productive agricultural land;

encourages the Secretary to provide technical assistance to any State or locality or qualifying nonprofit organization which desires to develop programs or policies to limit the conversion of productive agricultural land to other nonagricultural uses;

directs the Secretary to design and implement and distribute educational programs and materials emphasizing the importance of productive agricultural land to the Nation's wellbeing; and

authorizes the Secretary to carry out the subtitle, with existing facilities and funds otherwise available, through grants, contracts or other means that he deems appropriate.

Subtitle I, Resource Conservation and Development: contains findings that rural areas of the Nation are confronted by critical problems of resource utilization and the environment, and that, if the situation remains unchanged, the result will be decline of the family farm system, small business enterprise and job opportunities. It states that the purposes of the subtitle is to encourage and assist State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out a resource conservation and development program. It directs the Secretary of Agriculture to make available to such entities, through technical and financial assistance, to enable them to develop area plans and actions needed to conserve and better utilize land, develop natural resources and improve economic and environmental conditions in rural areas. It would authorize the Secretary to make loans and grants to local units of government and nonprofit organizations designated to receive such assistance by the Governor or the legislature of the State concerned to enable them to carry out an area plan approved by the Secretary. The area plan would address land conservation and utilization, water management, and community development objectives and may identify for special emphasis groups such as small farm operators or rural poor. The plan would have to be consistent with any existing comprehensive plan for the area.

Subtitle J, Effective Date; Regulations: provides that all provisions of the title shall become effective October 1, 1981, unless otherwise provided. It also directs the Secretary to prescribe such regulations as may be necessary to carry out the provisions of the title.

Mr. WAMPLER. Mr. Speaker, I yield myself such time as I may consume.

Mr. WAMPLER. Mr. Chairman, as we begin consideration of the farm legislation that will determine the Nation's agricultural policy for the next 4 years, I urge my colleagues to give sober and careful consideration to the objectives that should guide our deliberations.

Referring to the title of the bill before us, H.R. 3603, the objectives of the farm legislation are: First, to provide price and income protection for farmers; second, to assure consumers an abundance of food and fiber at reasonable prices; and third, to continue food assistance to low-income households.

These are laudable—and attainable—objectives, provided that we keep them in mind as we discuss, debate, and amend the legislation before us.

What we are dealing with is a viable, dynamic industry that undergrids our whole economy. Agriculture is the Nation's biggest industry. Its assets total nearly $1 trillion—equal to about 88 percent of the capital assets of all manufacturing corporations in the United States.

Agriculture is also the Nation's largest employer. Between 14 and 17 million Americans work in some phase of agriculture—from growing food and fiber to selling it at the supermarket. Farming itself uses 3.6 million workers—as many as the combined payrolls of the automotive industry, transportation, and the steel industry.

I mention those facts only to stress that what we do here in this Congress in terms of guiding the agricultural policy of the Nation goes far beyond the legislative halls and touches on the lives and fortunes of literally millions of our fellow Americans.

Therefore, I urge my colleagues to apply the bench test of the objectives I quoted from the bill's title and make sure that the end result of our deliberations will, in truth: Provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, and continue food assistance to low-income households.

Meanwhile, this will be the first year that we will have written a 4-year farm bill in a legislative environment where the Budget Act places certain limitations on what we can provide farmers in the way of "price and income protection" and the extent to which we can "continue food assistance to low-income households."

The 1977 farm bill was written shortly after the Budget Act went into effect and before it became an important factor in the legislative process to serve as a tool for balancing Government expenditures against revenues.

The 1981 farm bill is being written in a legislative atmosphere where the Federal Government—in its overregulatory actions, its high spending ways and in its intrusion into farming operations—is being perceived for the first time in many years as being subject to some control by Congress and the President.

Before the Vietnam war and the war on poverty, our Federal budget was not quite $100 billion. Now the interest on our national debt is nearly $100 billion each year and we are financing a national debt of over $1 trillion.

Our farmers are cultivating land that today is selling for over $3,000 an acre. The yield per acre of crops such as corn is probably double what it was just a few years ago. But are farmers themselves enjoying a higher standard of living than they were in the 1950's? I doubt it. Are consumers still obtaining food at reasonable prices and at a lower percentage of income than any other nation in the world? I am sure they are.

Thus, while this 1981 farm bill is being written in something of a watershed period of this country as it relates to farm legislation and while new constraints are placed in putting a farm bill together, many of the reasons for providing sound, reasonable farm legislation are here today as they were many years ago.

The current administration and farmers themselves, I believe, wish to see a shift to more market-oriented farm programs. However, like an accident victim in a hospial who is on a life support system, we cannot remove that life support system abruptly without endangering the patient.

The farm programs in this bill do not contain massive subsidies to farm commodity groups. They are modest in cost and are intended to decrease Government interference in farm operations.

Where cuts have been made in farm programs, every attempt was made to make it fair and equitable in relationship to cuts made in nonfarm programs. Moreover, attempts were made to increase somewhat the reliance on private sector financing and income in the marketplace where the availability of credit and income do not depend on the vagaries of Government, congressional whims, or the fine print in appropriations bills.

President Reagan is making inroads in reducing inflation, getting control of the Government and even reversing the direction of overregulation of several aspects of farm operations. Interest rates are beginning to show signs of moderating. The administration is showing its determination to balance its budget by 1984. All of these things will aid farmers in the long term, but a reasonable farm bill is needed for the next 4 years to provide a safety net that will avoid widespread bankruptcies and a deep recession.

Even today as we come to the floor, we are advised of an 18-million-metric-ton sale of grain to Russia that will help take up some of the farm surplus. However, it is universally acknowledged that while the sale helps, it will not have much of an effect on farm prices in the near term. It may merely stem the erosion of farm prices at country elevators.

I strongly urge the Members to pass a farm bill that is fair to farmers. They are out there producing food for our tables—our consumers—at the most reasonable prices in the world. They are suffering terribly from the cost-price squeeze of high production costs and low prices. Meanwhile, farm exports are the one really bright spot in our export trade picture.

Our farmers are hard working and independent, but they continue to need our help in the form of a good and reasonable farm bill. Let us join together to provide this measure.

Let me now just summarize what is contained in H.R. 3603:

TITLE I—DAIRY PRODUCTION ACT OF 1981

H.R. 3603 supports prices between a floor of 75 percent of parity and a ceiling of 90 percent of parity based on a formula based on projected purchases of surplus milk products by the Government. When projected annual purchases are more than 500 million pounds of nonfat dry milk or butter and cheese equivalent to 5.5 billion pounds or more of whole milk, the minimum support level would be not less than 75 percent of parity. As projected acquisition levels decline, the minimum support level would increase until reaching not less than 85 percent of parity when nonfat milk purchases are projected at 50 million pounds or less and the milk equivalent of butter-cheese purchases drops under 1 billion pounds.

Semiannual adjustments are retained at not less than 75 percent of parity subject to the above trigger levels.

The dairy provisions will require net outlays in fiscal year 1982 estimated at $1.509 billion or $619 million above spending targets of the first concurrent budget resolution spending targets—$890 million.

Meanwhile, Public Law 97-35, the Omnibus Budget Reconciliation Act of 1981, contains dairy provisions that went into effect on October 1, 1981, if legislation is not passed which delays an increase in the price support level. The act contains similar provisions as

H.R. 3603 except that for fiscal year 1982, there is no semiannual adjustment which would reduce program costs an additional $144 million.

The House passed H.R. 4612 yesterday which would forestall the 75 percent of parity increase in the Government support price for dairy until November 15, 1981. However, the Senate will not act on that measure until next week.

Mr. BEDELL, in his en bloc amendment that he will offer to H.R. 3603, would set the price support of milk at not less than $13.10 per hundredweight for fiscal year 1982; not less than 72½ percent of parity in fiscal year 1983 and not less than 75 percent of parity in fiscal years 1984 and 1985 if the Secretary estimates that Government purchases of milk products will be less than 3.5 billion pounds—milk equivalent—during either year.

The Senate farm bill, S. 884, provides that for the period beginning October 1, 1981, and ending September 30, 1985, the minimum level of support for milk shall be 70 percent of parity. However, if the Secretary estimates that the net cost of Government price support purchases will exceed $750 million if the support level is established at the level otherwise required by section 201(c) of the 1949 act, the level of support may be adjusted as the Secretary determines to be appropriate but not to a level less than the level of support for the prior marketing year and, in no event, may the level be less than $13.10 per hundredweight.

TITLE II—WOOL AND MOHAIR

H.R. 3603 in title II extends the current support price for wool at 85 percent of the formula set forth in the National Wool Act, retains the wool payment provision and retains the wool reimbursement provisions.

Estimated outlays for the wool provisions are projected to match the budget resolution spending targets of the first concurrent budget resolution for all fiscal years.

TITLES III AND IV—WHEAT AND FEED GRAINS

The wheat and feed grain provisions of the bill represent the committee's efforts to come to grip with rapidly rising production costs. Today's farming is energy intensive. While farm product prices have remained relatively stable in recent years, by and large declining in real terms, energy costs have risen dramatically. As these energy cost increases have worked their way through the economy, prices for other farm production inputs have reflected thoses increases. In addition, our Government's efforts to help the Nation cope with these problems led to still more cost increases and reduced margins for the Nation's farmers.

At the same time, the committee has made a genuine effort to confront and resolve these problems, we now are facing a greater danger—inflation. To overcome this problem we find we must cut back Government outlays. I believe our farmers are willing to accept their share of the cuts needed to fight inflation. For this reason, we are going to have to consider reducing support levels for certain farm commodity programs to meet the budget targets Congress adopted in the first concurrent budget resolution.

TITLE VIII—SOYBEANS

The soybean provisions of the bill are modest and were developed with the concurrence of the American Soybean Association, a growers' organization. Since these provisions were adopted, it has become evident that a technical amendment is in order. That amendment would change the base from the Chicago cash price for No. 2 Yellow soybeans to the average price received by farmers as computed by the U.S. Department of Agriculture. This change is necessary because USDA no longer publishes the Chicago cash price. The Board of Directors of the American Soybean Association has endorsed this change.

TITLE X—FARMER-OWNED RESERVE

The farmer-owned reserve provision under title X generally represents a continuation of current law with certain changes intended to make the program function more effectively. Again, the support levels mandated in the House committee bill may need minor adjustments to meet our budget targets. In addition, there may be a need to change the release provisions of the reserve to give the Secretary more flexibility in administering the program.

TITLE V—UPLAND COTTON

For upland cotton, H.R. 3603 would:

First, retain target prices and deficiency payments with target prices set at 120 percent of the loan level;

Second, retain current formula that sets loan rates based on market price averages, but increase minimum loan level from 48 cents to 55 cents a pound;

Third, require a loan program for seed cotton;

Fourth, allow paid diversion;

Fifth, eliminate general set-aside authority and require that any reductions in acreage apply specifically to cotton acreage;

Sixth, authorize disaster payments for prevented planting or low yield if crop insurance is unavailable;

Seventh, eliminate cross-compliance requirement;

Eighth, continue special 90-day import quota when the price of cotton exceeds 130 percent of the average price for the preceding 36 months and provide that cotton imported under quota be duty free; and

Ninth, eliminate normal crop acreage provision as it applies to cotton—title X.

TITLE VI—RICE

For rice, H.R. 3603 would:

First, repeal acreage allotments;

Second, retain target prices and deficiency payments with target prices adjusted annually to reflect changes in the per acre cost of production;

Third, establish loan rates at a level which bears the same ratio as the loan level in the preceding year bears to the target price—75 percent;

Fourth, increase minimum loan level from $6.31 per hundredweight to $8.00 per hundredweight;

Fifth, authorize disaster payments for prevented planting or low-yield if crop insurance is unavailable;

Sixth, change authority for general cropland set-aside rice acreage set-aside;

Seventh, require USDA to report on use of rice futures or season average price as basis for determining loan rate; and

Eighth, eliminate NCA requirement for rice—title X.

TITLE VII—PEANUTS

H.R. 3603 basically extends those changes made by the 1977 act to the peanut price support, acreage allotment, and poundage quota programs. These changes have resulted in lower outlays and a generally smoother operation of the peanut program.

Title VII authorizes price supports for the 1982 crop at not less than $600 per ton for quota peanuts, those grown within the limits of the farm poundage quota, with annual cost of production adjustments—excluding land as a factor in production costs—and at a level to be determined by the Secretary that would not cause losses to the Commodity Credit Corporation for additional peanuts, those peanuts in excess of the farm poundage quota but grown within limits of the farm acreage allotment. The minimum national poundage quota for the 1982-85 crops is 1.3 million tons. The minimum national acreage allotment for the same period is 1.614 million acres.

The administration supports the peanut provisions contained in H.R. 3603.

Here again, there may be an amendment offered by members of the committee that would moderate the cost of this program considerably beyond the program described above.

TITLE IX—OTHER COMMODITIES

This title contains provision for a sugar program that would establish a minimum loan rate of 19.6 cents a pound for the 1982 sugar crop, with loan levels to be adjusted annually to reflect changes in the per acre cost of production.

The so-called Bedell amendment would amend the sugar provisions of H.R. 3603 and reduce the support level to one not too different than that contained in the Senate bill S. 884.

The Senate bill requires that sugar processed between the effective date of the bill and March 31, 1982, be supported through a purchase program. The level of support must approximate a raw sugar price of 19.6 cents per pound.

Effective October 1, 1982, the Senate bill requires a loan program be established for sugar for the 1982 and subsequent crop years. The minimum support level—raw sugar basis—for the 1982 crop is 18 cents per pound; for 1983, 18.5 cents per pound; for 1984, 19 cents per pound; and for 1985, 19.5 cents per pound.

Loans made available under this provision must mature in the fiscal year in which they were disbursed.

TITLE XII—EXPORT PROVISIONS

This title extends the authority through December 31, 1985, to finance sales under title I and to enter into program of assistance under title II of the Agricultural Trade Development and Assistance Act of 1954, commonly referred to as Public Law 480.

The five sections in the bill are the jointly agreed provisions between the House Committee on Foreign Affairs and the House Committee on Agriculture, which share jurisdiction over Public Law 480.

These same provisions are incorporated almost verbatim in the Senate farm bill. Additionally, the Senate farm bill has certain other provisions that are included in H.R. 3566, the International Security and Corporation Development Act, which has a separate Title VI: Food for Peace, which reflects the separate jurisdiction of the House Foreign Affairs Committee over the program. I am unaware of any reason for not adopting these provisions of H.R. 3603.

TITLE XIII—FOOD STAMP AND COMMODITY DISTRIBUTION AMENDMENTS

The food stamp portion of the 1981 farm bill is one, I am sure, that will catch the attention of many Members. This is a program that has grown considerably from pilot projects in the 1960's to a nationwide program that serves over 22 million persons at a cost in fiscal year 1981 of $11.5 billion.

The original purpose of this program was to raise the nutritional level of low-income persons by enabling them to purchase an adequate diet with food stamps. However, I might add that with the elimination of the purchase requirement, the food stamp program can no longer insure an adequate diet. Participants no longer receive the full benefit of the thrifty food plan; now they receive only a portion of their nutritional needs through food stamps.

Nevertheless, the food stamp program is one that I do support. It is one that helps the poor, the elderly, and the disabled. It is, however, a program with problems. Recently in Virginia 40 people were arrested for food stamp trafficking. Food stamps were exchanged for cash and used to purchase guns, televisions, illegal drugs, and other such items. The Office of the Inspector General tells me that this type of operation occurs in many cities across the Nation.

According to the U.S. Department of Agriculture's statistics, almost 9 percent of the money spent for food stamps goes to people who are either ineligible for program benefits or receive too many benefits. There are problems with the food stamp program—these, however, are problems that can be corrected by a better designed program and by better management on the Federal, State, and local levels.

Most of the reforms aimed at the food stamp program were addressed in the Omnibus Reconciliation Act and will be implemented by States very soon. Others are contained in the bill before us now.

Additionally, the ranking member on the subcommittee responsible for the food stamp program and the chairman of that subcommittee will offer an amendment to reauthorize the program and set the spending levels for the next 4 years. This amendment also will address some of the problems I mentioned earlier, such as food stamp trafficking and food stamps incorrectly issued.

This is a bipartisan amendment. It is supported by the administration, and I urge you to support it as well.

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1981

This title extends and improves on title XIV as now stated in the 1977 farm bill. It reaffirms and emphasizes the partnership which exists between the Federal Government and State institutions in conducting agricultural research, extension, and teaching. Several new features are included in this years' title XIV. There is a new subtitle on rangeland research which was proposed by Chairman DE LA GARZA and adopted. There is also a new subtitle on aquaculture which provides direction and authorization for a new aquaculture research and extension program in the Department of Agriculture, thus carrying out the provisions of the National Aquacultural Act of 1980.

The provision in the 1977 farm bill relating to the all important Joint Council on Food and Agricultural Sciences, which advises the Secretary of Agriculture on priorities for food and agricultural, extension and teaching programs, suggests areas of responsibilities among Federal, State, and private organizations in carrying out such programs, and also recommends levels of financial and other support needed to carry out such programs, has been modified to obtain a more traditional balance of Federal and State experts in the actual fields of research, extension, and teaching on the Council than exists under current law. It is the opinion of the committee that this new provision along with a modification in the submission dates for the Council's reports afford the Secretary with better and more timely advice than he now receives under current law.

The National Agricultural Research and Extension Users Advisory Board also has been modified to increase the membership of the Board by four additional producer members from the various geographical regions of the Nation. This was done to correct an imbalance that exists in current law.

One of the most important features of this title, in my estimation, is the section that requires the President to appoint an Assistant Secretary of Agriculture to carry out the agricultural research, extension, and teaching responsibilities of this act. This Assistant Secretary will lend emphasis to the importance that all of us feel as necessary for the tasks that are ahead in research, extension, and teaching in agriculture.

Authority has also been granted to the Secretary of Agriculture to aid States in establishing human nutrition research centers at State land grant colleges or other cooperating institutions.

The various sections in title XIV are the results of much shared work and coordination between various individuals concerned with research, extension, and teaching. The majority and minority members of the House Committee on Agriculture are in agreement on this title XIV, and you will see that title XIV of the Senate farm bill is very similar and again reflects the results of coordination of all parties concerned.

TITLE XV—CREDIT, RURAL DEVELOPMENT AND FAMILY FARMS

The majority of provisions contained in title XV of H.R. 3603 were incorporated into the reconciliation bill which was signed into law on August 13, 1981. As a result, H.R. 3603 has only two current provisions.

First, rural telephone bank stock purchase: This provision continues the authority for appropriation for the Treasury purchase of not more than $30 million of class A stock in the RTB annually through 1991.

Second, extension of the Emergency Agricultural Credit Adjustment Act of 1978: This provision extends for 1 year—to September 30, 1982—the authority for FmHA to make economic emergency loans. No additional funding is provided.

TITLE XVI—CONSERVATION

H.R. 3603 represents several months' discussion with major farm groups on provisions for controlling soil erosion and for minimizing the impact of Federal actions on the conversion of productive agricultural lands. Groups which testified in support of these provisions included the National Association of Conservation Districts, the National Association of Counties, National Grange, National Farmers Union, National Farmers Organization, and the National Association of the State Departments of Agriculture.

The specific provisions of the title include authority for the Secretary of Agriculture to target technical and financial assistance to critical eroding areas and for making conservation grants to States and local units of government. Authority is also in the bill for the Secretary of Agriculture to target technical and financial assistance to critical eroding areas and for making conservation grants to States and local units of government. Authority is also in the bill for the Secretary to establish a resource conservation and development program, and to continue a policy on family farms. These provisions were adopted in the House Committee on Agriculture with no opposition.

The major conservation provision which is in the House farm bill but not in the Senate farm bill is that dealing with conservation grants to States and local units of government. This provision, however, is a major element of the administration's Resource Conservation Act recommendations and it is supported by the National Governors' Association.

CONCLUSION

With some moderating amendments such as the Bedell en block amendment, this bill will produce a reasonable legislative product—one not too far different than many of us on this side of the aisle supported as a substitute in the committee.

It will give us a product that we can take to conference with the Senate and return here with a conference report that I believe most of you can support, that will meet the first concurrent budget resolution constraints, will help the President's economic recovery program, and will send a bill to the President that he can sign into law.

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Mr. DE LA GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. Mr. Chairman, on October 1, the Wall Street Journal carried a story regarding the desperate economic conditions in agriculture.

Farm income, expected to be as much as $27 billion this year, will be closer to $19.9 billion. The Wall Street Journal article continues to point out that if the forecasted drop in farm income is correct, that this will be the first year since the Depression that "real" inflation-adjusted income has been below $10 billion for 2 years in a row. What the article is saying is that the farm sector is in a depression now.

If the farm bill we are considering does not make possible some meaningful changes in the prices farmers are receiving, the legislation we are considering is going to be known as the Farm Bankruptcy Act of 1981. Forced farm sales are increasing with each month as the markets for grain, cotton, and livestock continue to drop. I am not sure what the Farmers Home Administration is going to do with all of the repossessed farms it appears they will soon possess.

Wheat prices have dropped 36 cents over the past year. Corn has gone down 49 cents over the past 12 months. Comparing the price of cotton between this September and last September, the price is 18.6 cents lower this year.

The depressing figures continue: Cattle, off $5 a hundredweight; calves, $11. For the farmer, there is no corner to go to find help.

We are going to hear a lot of talk during this debate on the farm bill about the farmer should be out there in the free enterprise system. If there was a real enterprise system, I would agree and so would most of the farmers I know.

A free system would mean there was no marketing interference. No embargoes, no tariffs by importing countries, no dumping of surplus commodities by other countries, and no using food as a weapon of foreign policy. We all know that these actions are not going to happen.

The exports of agricultural commodities are vital to both this country and to our farmers. Forty-two percent of the grain grown in the United States goes for export. Exports of meat, cotton, citrus products, many forms of processed foods, help our balance of payments and provide jobs and income for many people.

If the programs are administered properly, there will not be a budget problem. If commodity loan levels on wheat, cotton, and feed grains were raised just to the target levels in the committee bill, it would provide a base for prices that would mean that farmers could have a chance. It we would work at being a dependable supplier of food and fiber, our exports would be showing an even better return. Exports at price levels below the cost of production do not help our balance of payments when we are importing oil to produce those crops. The commodity loan progam is not some type of grant or giveaway. The farmers take a loan, paying an interest rate that is equal to the cost of money to the Federal Government plus 1 percent, and then pay it back when the commodity is redeemed.

On September 16, the New York Times stated in their editorial that farmers should not have any more problems than some company that makes ballpoint pens. I beg to differ. There is a difference. The weather has little impact on producing those pens. I do not know of very many pen companies that are operated by families that work at the job often 7 days a week from dawn to dark. The production of food is a little more important to the citizens of this country than the production of pens.

If you take the New York Times editorial at face value, they know all about farming and it is very easy. They tell us that if farmers will just have a careful mix of their crops and forward contract in the futures markets, there should be no problem. It is not quite that simple. It is often a better bet to try and predict the weather than the futures markets. The Times editorial tells us that farm programs help the large farmers more than the small ones. If that is true there are a lot of small farmers in my district that want to continue helping those so-called big farmers. If we had a strong farm program we would not have had the vast numbers of small and large farmers go out of business.

We hear about how much we subsidize farmers in this country. Take a look at how the countries in Europe subsidize farmers. Check with Japan and see how farmers are treated there. These strong industrialized nations understand how important it is to keep their domestic agriculture as strong as possible. This Congress and the country need to realize that farmers are vital to the economic security of the United States.

I urge the Members of this House to support amendments that will help turn the farm economy around and place our programs on the foundation of strong prices for the products that give life and health.

If we do not produce a farm bill that will give some hope and help to our farmers, I will not vote for the final bill. The permanent legislation is better than a bill like the Senate passed. I will not support a Farm Bankruptcy Act.

Mr. WAMPLER. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Chairman, as the House debates H.R. 3603, the Food and Agriculture Act of 1981, the producers of this country are faced with high interest rates, high production costs, and low prices. This legislation will not guarantee producers higher prices nor will it help to solve all of the problems that farmers will continue to face.

The Agriculture Committee, after extensive hearings, reported out a bill which does not achieve the level of savings as required by the budget resolution. It is estimated that this legislation, despite budget reconciliation, is still $800 million over the budget.

There are certain provisions in this bill which I believe merit attention as they are, in my view, the direction that farm legislation must take in the future.

In the 1960's, excessively high support levels for cotton made cotton noncompetitive with foreign-grown cotton and resulted in huge Government surpluses. Cotton farmers do not want to return to those days again.

Title V of this legislation provides for a cotton program for the 1982 through 1985 crops. Most of the cotton provisions are an extension of the current market oriented program as contained in the 1977 farm bill. Major provisions extended in this legislation include: First, basing the price support loan on a percentage of the average market price; second, allowing for an extended 8-month loan period when prices are low; third, providing for a special 90-day import quota when prices are too high; and fourth, suspending acreage allotments.

Additionally, this legislation maintains the target price concept for cotton to provide deficiency payments for producers when the market price falls below a given level. In an effort to continue this trend toward market orientation I offered an amendment in subcommittee to base the target price on a percentage of the loan rate, rather than basing it on a cost of production formula. Thus, coupled with a loan rate that reflects the market, this legislation will continue to assure cotton's marketability.

Other provisions are: First, elimination of the disaster payments except in those counties where crop insurance is not available; second, requirement that any deduction in cotton acreage be from last year's cotton acreage; third, cross-compliance and offsetting compliance would be prohibited as a condition for program eligibility; fourth, cotton imported under the 90-day special import quota would be duty free; and fifth, the Secretary would be required to provide a seed cotton recourse loan program.

CBO estimates that the cotton provisions are within the budget resolution. I urge my colleagues to support these bipartisan provisions on cotton.

Title VI of this legislation relates to the rice program. The provisions in this title are further aimed at reducing the restrictions on rice production and opening up the program to anyone who wants to produce. The United States produces only 2 percent of the world's rice, but accounts for 20 percent of the export market. Or, put another way, over 50 percent of the U.S. production enters the export market.

Since the committee reported out its legislation in May, various economic factors have changed the outlook for rice and more importantly the budget impact that these provisions could have in 1984 and 1985. The September crop production report issued by USDA indicates that the 1981 rice crop will be 179 million hundredweight, a 23-percent increase from last year's production; 1981 exports are projected to be lower than last year, due to lower world imports, in particular lower imports from Korea.

Average prices for the 1981-82 season are projected at $10.25 per hundredweight. USDA estimates that deficiency payments could total $34 million on 43 cents per hundredweight. The legislation as reported out by the committee provides for target prices based on changes in cost of production on a per acre basis. CBO estimates that under this formula the target prices for the 1982-85 crops would be $11.90, $13.20, $14.51, and $15.82 respectively. Since this legislation proposes to eliminate allotments, twice as much acreage would be eligible for deficiency payments. While it is true that there are acreage-control provisions in this legislation that would enable USDA to reduce acreage in times of high supply, USDA estimates that it would be necessary to impose an acreage reduction of over 30 percent to avoid huge deficiency payments.

One area of concern which I have in the rice program is the basis for determining the loan rate. During subcommittee markup I pursued the idea of tying the loan rate on rice to a percentage of the market price. However, there is no standard market price for U.S. rice. While the New Orleans Commodity Exchange began trading rice futures this year, it is too early to determine whether this new market could provide a standard of measurement for U.S. prices. This legislation requires the Secretary of Agriculture to report on the feasibility of using either the futures market or the season average price as the basis for determining the loan rate.

Title IX of this legislation provides for a nonrecourse loan program for sugar beets and sugarcane. I support the inclusion of a sugar loan program in this overall farm package.

The United States is one of the world's largest sugar-producing countries and yet we are the only major producer without a domestic sugar policy. Additionally, while the United States is a major producer of sugar, only 55 percent of consumer demand is met through domestic production with the remaining demand met through imports. Because of the highly volatile nature of sugar, extreme price fluctuations occur when there are small changes in production. This is clearly demonstrated by the recent drop in world prices. With 1981-82 world production expected to total 90 to 94 million tons, world prices plunged to around 12 cents per pound in August—the lowest level in 2 years—thus triggering import fees for the first time in over a year.

It has been said that the United States does not need a sugar program, that sugar can be imported at a cheaper price, and that prices should be determined by the so-called free market. However, this free market is comprised of only 20 percent of the total sugar produced in the world. During a bad crop year, the amount of sugar available for this market is reduced, thus causing price increases. In 1980, because of weather and crop-disease-related problems, world price jumped from 19 cents in January to 40 cents in October.

The best policy for both producers and consumers should be one aimed at stabilizing prices rather than no policy, which creates instability. U.S. producers can produce sugar efficiently as long as there is stability in the market. A nonrecourse loan program would provide consumers with a stable price.

Mr. WAMPLER. Mr. Chairman, I yield such time as he may consume to the gentleman from Puerto Rico (Mr. CORRADA).

Mr. CORRADA. Mr. Chairman, I rise in support of H.R. 3603, the Food and Agriculture Act of 1981, and in particular would like to address myself to two sections of this bill which are crucially important to the economy of Puerto Rico.

First of all, Mr. Chairman, I would like to commend the members of the House Agriculture Committee for their considerable diligence in weaving together a variety of sometimes disparate food and agriculture programs into a comprehensive and sensible piece of legislation.

This, I might note, has not been an easy task but the national needs of agricultural policy will be met if the general terms of this legislation are adopted. Not only that, the complex and sometimes overwhelming chore of meeting the national needs for a nutritional policy in the food stamp program have also been adequately addressed by the portions of H.R. 3603 that address themselves to reforming and tightening this program. The extension and revision of the food stamp program will be sorely needed in a time of rising national unemployment.

Mr. Chairman, there are two portions of this bill which, if adopted, will help the general economy and the needs of your fellow American citizens residing in Puerto Rico.

These include the provision for a nonrecourse loan program to sustain our sugarcane industry in Puerto Rico and the need for adequate nutritional assistance for our most needy citizens living in Puerto Rico.

Let me address the topic of sugar price supports and title IX of H.R.

3603 as reported by the House Agriculture Committee.

Along with Florida, Louisiana, and Hawaii, Puerto Rico is a domestic producer of sugar. Our industry in Puerto Rico is suffering adverse circumstances which would, if not alleviated, have a negative effect on an economy already suffering from the budget tightening and cutback scenario we are now experiencing in our island.

The rejection of any fair and equitable sugar price support program would seriously aggravate the sugar portion of our local economy.

We are experiencing an unemployment rate of more than 20 percent in Puerto Rico and abandonment of this program would come at a time when our agricultural industry in Puerto Rico is starting to revive. The sugar industry sector involves more than 12,000 workers—in harvesting, in processing, and in refineries.

The government of Puerto Rico is sustaining this industry while at the same time moving toward the broad goal of agricultural self-sufficiency in other areas.

I would strongly urge the Members of the House to consider the fact that removal of sugar price supports and the loan program, which the legislation before us offers, would aggravate a troubled sugarcane industry and result in increasing unemployment.

I urge the Members to adopt the title IX provisions of this legislation.

Turning to another portion of the legislation, I would like to also endorse those provisions of the section dealing with food stamps.

I commend the distinguished chairman of the Subcommittee on Domestic Marketing, Consumer Relations and Nutrition, Mr. RICHMOND, for his laborious and effective hearings which have resulted in a general tightening and improvement of the food stamp program.

The continuation of the food stamp program and the effect the program has in Puerto Rico has been the subject of considerable debate and controversy within the Senate and House Agriculture Committees.

I would like to remind the Members that as things now stand, Puerto Rico will suffer a sharp and exclusive reduction in food stamp assistance. This will be so since Congress, by adopting the omnibus budget reconciliation bill, also voted for an agricultural provision that takes Puerto Rico out of the food stamp program by July 1 of next year.

In its place, we are left with a "nutritional assistance block grant" which has been proferred to no other State or territory of the Union, with severe cutbacks in this program.

They have told us that if you are a U.S. citizen living in Puerto Rico, you have to live with less nutritional assistance than if you lived in any other part of the United States.

I strongly opposed this exclusive and discriminatory treatment but we are moving ahead in Puerto Rico to come up with a new program to meet the nutritional needs of the more than 56 percent of the population now receiving food stamps.

Any further cutbacks, which some circles are suggesting should be imposed in this program, would add insult upon injury to the people of Puerto Rico who are proud of their citizenship. They should be voted down.

Mr. Chairman, these are neither pleasant nor untroubled times. The country, and Puerto Rico, is confronted with a sometimes overwhelming massive array of problems—problems of high interest rates, of a lagging economy, and of budgetary cutbacks which will hurt all the citizens of the United States.

And, while this may be a time of uncertainty, I am hopeful that the sense of the Congress on the issues before us today in the Food and Agriculture Act of 1981 will be resolved with fairness, and with justice for people that are most in need of our help today.

I urge the adoption of the House Agriculture's reported bill as it pertains to sugar price supports and to continuance and modification of the Federal food stamp program.

Mr. WAMPLER. Mr. Chairman, I yield 3 minutes to the gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Chairman, for a moment I would like to take a different view. At this time when we are concentrating on saving money, we have a tendency to be shortsighted. Let us examine this farm bill from the perspective of an insurance policy. Let us take a look at the agriculture bill as an insurance policy and ask ourselves some questions.

If you had your most valuable asset, the thing that meant the biggest difference to you in being able to survive on the world market, in being able to compete, in being able to have a fairly good balance of payments, would you say that a third of 1 percent of your budget was too much to spend to preserve that asset?

I do not think so. If you were to look to the future and say that the ability of this Nation to survive lies primarily in its ability to produce food, would you say that spending one third of 1 percent of your budget on an insurance policy was too much? I do not think you would.

What has that insurance policy done for us up to now? Where do we stand in comparison with the rest of the world in our agricultural policy? The cost per person of our agricultural efforts in this country are the lowest in the world.

In addition, the percentage of personal income that is spent for food in the United States is next to the lowest in the world. Only West Germans spend less.

Where are we with respect to the increase in the cost of our food relative to the increase of food costs in the rest of the world? The United States is near the lowest.

Where does dairy stand relative to the cost for all food? It has been running considerably less than the cost for all food. Obviously, I am concerned that some want to destroy the dairy support program. This attack, I believe, is unfounded.

It was only yesterday that I rose to address this body and spoke in favor of postponing the October dairy price adjustment until November 15. I did this somewhat reluctantly in view of the cost-price squeeze that many farmers today are facing, but with the recognition that the American dairy farmer also wants to do his part to bring the economy under control. The dairy industry supports the passage of the bill we reported yesterday and this represented the second time in 6 months that we have asked the farmer to make a large financial sacrifice—a 50-cow dairy farmer has lost almost $10,000 in annual revenues. In less than 12 months what other large productive sector has done similarly?

The dairy support program has a problem—a problem that the American dairy farmer hopes we can solve in a reasonable manner without causing chaos. For that reason, I believe that it is important that we evaluate carefully the purpose for and historical operation of the program.

The support program has operated fairly well over the past 30 years. In 26 of those years the market price has been above the support level. Since the beginning of the program the support level has never been below 75 percent. In fact, the program has operated so well that in the last 10 years consumers have saved $37 billion—the Consumer Price Index for dairy products has been consistently lower than both the CPI for all food items and the general CPI. In 1980, for example, the CPI for all dairy products was 28 points lower than the CPI for all foods and 19 points below the CPI for all items. Today it takes only half the amount of work to buy the same quart of milk that it took to buy it in 1950. Over the years, the net cost to the taxpayer has been relatively small for stabilizing the market and for guaranteeing an adequate supply of milk to the consumer at a reasonable cost.

The question on everyone's mind is what has caused the large surplus that we have today. I contend that the problem was largely caused by a poor dairy support policy by the administration in the early 1970's and an overreaction by the succeeding administration to the market chaos that followed.

In the early 1970's the administration increased by over 100 percent the imports of dairy products and lowered supports to their lowest level in 7 years in response to increased retail prices. Domestic production of fluid milk sharply declined by over 5 billion pounds, as many farmers left business as production costs exceeded market returns. In response to this chaos, Congress mandated the minimum of 80 rates in the upper teens, at a time when sharply increasing costs of production, coupled with soft agricultural prices, are squeezing cash flow and profits almost to the breaking point.

Dairy earnings fell dramatically in 1980 as milk prices did not keep up with increases in production expenses. According to the Springfield Farm Credit Bank's 1980 economic review of 391 dairy farms in the Northeast, cash expenses rose 14 percent per cow, while cash receipts rose by only 8 percent per cow. The return on assets was 5.3 percent and on equity 3.3 percent. This compares very poorly with the large corporate sector where the return on stockholders' equity has been from 13 to 15 percent. The return to the large farm has never been higher than 7 percent—usually it has run below 5 percent.

Dairy farmers are in a low-profit business, with tremendous investments in land, buildings, cows, and machinery. To continue to reduce supports while costs of production continue to climb is dangerous.

I ask my colleagues to join me in passing a reasonable farm bill that provides a fair return to the farmer. Frankly, I am concerned about the future of the family farm and our ability to produce food at reasonable prices. A number of national reports have been issued in recent months that draw attention to our need to produce more food in the percent of parity—the Carter administration jumped it to 83 percent for a short period of time. In analyzing the dairy support program in 1979, the Congressional Budget Office stated that "in short, 80 percent of parity offers price stability and will not cause any major changes in current conditions for dairy farmers." Even the Congressional Budget Office was wrong, dairy stocks have been building in recent months—the agricultural alternatives to dairying have not been good and in many areas farmers have shifted to dairying. In addition, the last administration imposed a grain embargo, which lowered feed costs to producers.

History does show then that the dairy industry is very volatile. A low support program in the early 1970's caused production to decline and consumer prices to increase. An overreaction by policymakers later helped to stimulate the supply unbalance we have today.

Obviously the dairy program must be handled like a ship and not a sports car. If the solution is too drastic, it will take years to correct, costing consumers millions to correct. If this body adopts a policy that allows dairy supports to fall below 70 percent, the solution will be too great. Almost all agricultural experts agree with me that the economic condition of agriculture is so fragile that we must not allow that to happen.

The greatest problem plaguing all farmers today is that of trying to service a record-high debt loan at interest future. Those reports include "The Global 2000 Report to the President, the National Agricultural Lands Study," and a publication entitled, "Agricultural—Food Policy Review: Perspectives for the 1980's." Each of these reports indicates that both domestic and foreign demand for food will increase significantly by the turn of the century. Foreign demand is forecast to expand at a near record 2.5 to 3 percent annually. Meeting this demand in foreign production alone would entail, it is said, expanding U.S. production at roughly 1½ times the average of the postwar period to date.

In completing, I would just say this. Let us again look at our farm bill as an insurance policy. This is not the time to change our insurance program, a program that has worked so well in providing an ample supply of food to the American consumer at a reasonable cost. It is not the time to eliminate that insurance program for it surely benefits us all.

Mr. DE LA GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from North Dakota (Mr. DORGAN).

Mr. DORGAN of North Dakota. Mr. Chairman, I am concerned about the farm bill that has been written in the House committee. I am also concerned about the farm bill that was recently passed by the U.S. Senate.

I'm concerned about the family farm. I come from a State that until this year has not allowed corporate farming. In other States when you look out your back door you see Farmer Coors Beer, Farmer Tennaco, Farmer Union Carbide; but in North Dakota you see Farmer Johnson, Farmer Larsen, Farmer Olsen, Farmer Christensen; and if you are in the German part of North Dakota you see Farmer Schmidt, Farmer Schmaltz. Those are the farmers that I care about, the family size farms.

They plant something in the spring and hope that something comes up in the fall that they can harvest. Then they wonder whether, when it comes up in the fall, they will get a good harvest and whether the price they get will be sufficient to allow them to pay their bills. The reason they must always wonder is that agricultural prices are subjected to very volatile swings in the world market—tremendous highs and lows.

Family size farming units have far too fragile an economic base to sustain themselves when they are subjected to these kind of market lows. That is why we have a farm program.

Now, a farm program is not a handout. It is not a giveaway. It is not charity. A viable farm program consists of loan rates that provide some basic price support for that family size unit—support that gives the family farm a basic chance to make a go of it in the marketplace. That is all a farm program is.

Now, why is it important? It is important because farming is important in this country. Farming is not just a business. It is a way of life. That yard light out in the prairies in this country represents the economic blood vessels of a rural lifestyle that keeps those small towns together; so it is more than just a business. It is a way of life. It is something we ought to support. Again, we are not talking about a handout. We are talking about loan programs. That is a very important distinction to make.

Farming contributes about $40 billion to this country's exports sales. It is the only thing that saves us given the balance-of-trade problems that we have in other areas. So farming is very important.

Now, let us consider the problem that a farmer faces. According to the USDA, it costs about $5.20 to produce a bushel of wheat. If the farmer produces that bushel of wheat today at a cost of $5.20, and takes it to the market he will get $3.60 a bushel for it. That does not make any sense.

We need a farm program that guarantees a reasonable price to the family-size farming units to allow those folks to have a chance to make it.

One of the things that has distressed me in the several weeks that we have been discussing the farm bill is that I do not hear any real serious talk about what is necessary for that family farmer out there to make a go of it. I hear Mr. Stockman and Mr. Haig chanting about the budget and about the signals we send to the Soviets. Unfortunately Mr. Stockman and Mr. Haig, in my opinion, have had a far greater influence on the farm bill in this Congress than has the Secretary of Agriculture.

I said on the floor the other day that I do not think Mr. Stockman would know the difference between a razorback hog and a pickup truck. I do not know what he is doing in the area of farm policy; but the fact is if you talk to the Secretary of Agriculture and really find out what is necessary for the family farmer to make a go of it in this country, you will find that the farm bills we are discussing simply are not adequate.

I hope that we are able to improve the farm bill on the floor of this House in the next few days, so that we have a loan rate that makes good sense for the family farmers.

Mr. WAMPLER. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri (Mr. COLEMAN).

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN. I yield to the gentleman form Kansas.

Mr. GLICKMAN. Mr. Chairman, we are here today to consider the Nation's farm policy for the next 4 years. Our debate and decisions will affect not only the farmers of our country, but every single American. Indeed, the legislation we are considering deals with perhaps the most basic of issues that confronts us here in Congress: The ability of the United States to supply itself and the world with adequate food and fiber.

The United States has the most remarkable record of agricultural success in the world. No other nation can come close to achieving the productivity level of America's farmers. In just 12 months, between 1978 and 1979, U.S. farmers increased their productivity by 3 percent. At the same time, their counterparts in other developed market economies registered no gain at all. Since the 1950's, the productivity of American agriculture has increased 75 percent. No other sector of our economy can show that kind of record.

Further, American agriculture provides our Nation's consumers with the greatest supply and variety of food at the lowest cost of any nation on the face of the Earth. American consumers spend only 16 percent of their disposable income on food. Japanese consumers spend 25 percent and Soviet consumers, a whopping 45 percent.

Why has American agriculture worked? Because of its highly decentralized structure. Most American farm units are small, family operated businesses. Unlike other businesses in which small size is a drawback, American farmers have made it an advantage and produce large yields at low cost. They are, therefore, efficient, to the benefit of American consumers and consumers around the world who import our farm commodities.

The success of American agriculture has not been through mere luck, but through hard work coupled with a carefully crafted program that provides a minimal level of protection against the yearly fluctuations in farming caused by weather, prices, and other variables which farmers cannot control. Before the implementation of the basic farm program in the thirties, we could not depend on the type of bountiful production we now have grown to enjoy. Why? Because farmers had no assurance that their investments in productivity would not be lost because of factors which they could not predict.

The farm program works on a market-oriented principle and does not resemble the heavily subsidized and protective farm programs in Europe and Japan. Unlike farmers in other nations, American producers do not rely on the Government program for guidance, but turn to the market for making their decisions. When the market is good, they sell. When it is not, they have the option to take out short term commodity loans from the Commodity Credit Corporation so they can wait to sell at a time when they might cover their costs. Farmers pay interest on these loans at a rate of the cost of money to the Government. So they are not a subsidy since repayments plus interest are made, but a marketing tool to permit them operating funds until the time at which they can afford to sell.

Regrettably, the current economic situation has taken its toll on producers as much as—if not more than—any other group in America. High input costs of fuel, fertilizer, and interest in the face of a depressed market have put farmers in the tightest squeeze in 50 years. And these record-high interest rates are exacerbating their dilemma. It's a normal practice in the farm sector to borrow each year to cover costs of planting with repayment planned for harvesttime. Couple that with the massive cost of land and equipment, and I am sure you can understand why these interest rates are absolutely devastating to farmers.

The Department of Agriculture is now forecasting 1981 farm income to remain at the 1980 level, and 1980 income was 40 percent below the 1979 level. Adjusted for inflation, 1980 and 1981 together are the worst two years for farm income since the Depression. I would ask my colleagues, has any other group of working Americans faced such a dramatic cut in their income?

In spite of all the fears of consumers, farmers, as a group cannot effect price increases. They are too diffused and must sell to a limited number of buyers, so individual farmers do not have the ability to dictate to the marketplace. I would remind my colleagues who are afraid this bill will hurt consumers that if small family farms are forced out of business and replaced by large corporate farms, market manipulation would very likely force prices up. And I would tell my colleagues that that is a real threat, in fact, more and more farmers are being forced to liquidate every day.

It is significant to note that farmers receive only 39 cents of each food dollar. The remainder comprises shipping, processing, and nonfarm labor costs. This is an important fact to bear in mind when considering the value of arguments such as one in a recent Post editorial that criticized the reduced acreage program as increasing the price of food. If the goal is to hold food prices down, I would suggest that it is sound policy to bolster the economic base of the family farmer. And, if we are looking for ways to hold prices down, I would urge my colleagues to look at that other 61 cents of the food dollar.

For these reasons, I support H.R. 3603 which was reported by the House Agriculture Committee. It provides more realistic support prices for a number of commodities than its Senate counterpart, S. 884. For instance, H.R. 3603 provides a $4.20 per bushel target price for 1982 crop wheat, whereas S. 884 provides $4. Further, H.R. 3603 provides a $2.80 per bushel target price for 1982 corn, whereas S. 884 provides $2.70. I would note that it costs an estimated $5.32 to produce a bushel of wheat and about $3.11 to produce a bushel of corn.

I am not saying that H.R. 3603 is perfect; far from it. There are a good number of things that I would put in an ideal farm bill that are not included in H.R. 3603. And, because of budgetary constraints, members of the Agriculture Committee will be offering an amendment to reduce the costs of the bill. I intend to offer some amendments myself as well in order to improve upon the committee bill, and I have seen a number of other amendments that would enhance the bill. Let me now turn briefly to two amendments I will be offering.

First, the set-aside provision as currently announced is doomed to failure. Quite simply, the Secretary of Agriculture made the set-aside announcement after a large number of Great Plains' producers had planted their wheat. What incentive do they have to rip up planted acreage for which their investment in seed, fuel, fertilizer, and time has already been made? To get the set-aside to work—and it must if wheat producers are to survive—it must be designed so that acreage will not simply be plowed under. I will be offering an amendment with Congressman GLENN ENGLISH to make this set-aside workable. The amendment would permit producers to use set-aside acres for grazing and haying this crop year. Enactment of the amendment would encourage producers to set aside the required acres while enabling them to derive some productive use of those acres.

Second, something has to be done to maximize agricultural exports. We certainly have quantities of commodities to sell and importing nations appear willing to buy—but the financing for the sales simply does not seem to be available in adequate amounts. I will be offering an amendment to establish a Commodity Credit Corporation revolving fund for export market development and expansion. The fund will provide financing for short term commercial export sales of U.S. farm products when it appears such credits will help develop export markets and expand existing markets. It should help our exports become more competitive in the face of subsidized sales of other exporting nations. And I would point out that competing nations—Canada, Argentina, and others—are making a concerted effort to maximize their own exports. By putting these parts of our export credit programs on a revolving fund basis, we should be able to enhance and stabilize our export promotion programs without adding dollars to the budget.

The bill adopted by the Senate will not help farmers pull themselves out of the virtual depression with which they face. In fact, if we go along with such an inadequate approach, I am very concerned that, instead, we will see that depression-like situation ripple into other sectors of the economy. I do not want to be a doomsayer, but I do want to remind my colleagues that our last depression began as America's farmers went under. We should not run the risk of letting that happen again.

Mr. COLEMAN. Mr. Chairman, today we begin debate on legislation that affects our Nation's No. 1 industry, our Nation's No. 1 employer, our Nation's No. 1 exporter, and our Nation's No. 1 inflation fighter—and that is the farm bill, the American farmer, all the things that I have just mentioned.

Agriculture is today, as it always has been, the foundation of the American economy. As we take up the 1981 farm bill, I would like to say a few words about the plight of the American farmer.

Mr. Chairman, the farmer continues to face an uphill battle. Interest rates have gone through the ceiling. Costs of production are higher than ever; and prices paid to the farmer for his commodities are sitting at the same point they were 10 years ago.

During the summer months as the President's economic recovery program took shape and became law, while many of our citizens clamored about losing their entitlements or a portion of their welfare payments, the Nation's farmers were hard at work in the fields. Millions of acres were planted. In my district of north Missouri, thousands of acres of corn and soybeans were put into the ground. I might add that hundreds of those thousands of acres were planted under extreme difficulty.

I know that many of my urban colleagues are well aware of the hardships facing farmers. They know that our Nation's farmers every year risk more capital and hard work to weather, pests, and the economy than most Americans will even earn in 4 or 5 years at 40 hours per week of work. In fact, if anyone thinks that the spirit of risk-taking and entrepreneurship is dead in America, they should look to the American farmer.

To be sure, farmers do complain. They complain about the weather, they know there is not a whole lot that they can do about it. They complain about pests, but they do have the ability to eradicate most of these today with herbicides and pesticides. They complain about the economy, but what can they do about the economy? More than weather, the economy is more contrary and does not pass through like a summer thunderstorm to leave time to plant and sow again. No, the economy stays around, thwarting each move a farmer makes.

It is a fact, Mr. Chairman, that our economic problems are slowly destroying the family farm. The farmer is just about out of options, and unless we get the economy moving again, the Government will limit farmers' options even further.

The cost of farm production is skyrocketing, increasing more quickly than farm income. Record interest rates are sapping the viability of the biggest, most efficient farms, let alone the smaller ones. Like the Federal Government, farmers, both large and small, have to borrow and they are overburdened with debt. The farmer goes into debt to continue his productivity, to provide food and fiber not just for himself, but for 68 other people in the United States and around the world; yet even under these adverse conditions, I know that most American farmers continue to support the economic recovery program of President Reagan, and specifically they are willing to share in some of the budget-cutting burdens; that is, if all Americans are going to do the same. Frankly, nonfarm sections of farm bills in recent history have accounted for more spending than farm sections of the bill. I think we must recognize that both farmers and consumers must share in this sacrifice.

Mr. Chairman, this is a bare bones bill. The easiest thing I could do today would be to stand up and ask for more spending for farm programs; but that would be an exercise in futility.

First of all, to create a Christmas tree out of this bill would surely bring on a veto by the President. Second, American farmers are smart enough to see through the sham of loading up an initial farm bill only to have it cut down at the White House. And third, it would not serve the best interests of the Nation as a whole.

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Because, if myself and other farm district colleagues were to call for more spending on this farm bill, it would send a signal to all Members of Congress to load up on their particular bills, and clearly this is not the way to bring spending under control.

Mr. Chairman, I am calling for restraint among my colleagues based on the knowledge that American farmers are willing to make sacrifices today in the hopes of a better tomorrow; because farmers are optimists or they would not be farming. Interest rates are a leading concern of farmers today. We hope to bring those interest rates down, and we must send the right signal to Wall Street and stay within the budgetary confines, a farm bill that meets the President's recommendations and which I believe the American farmer is a step in the right direction.

It will serve notice to special interest groups that what we do here in this bill is that Congress can control spending. It will serve notice to the financial community that Congress is dedicated to reducing spending, and to the entire Nation that Congress is serious about bringing down the interest rates.

Mr. Chairman, I would like to pay special note of praise to the chairman of the Agriculture Committee, the gentleman from Texas. This is his first farm bill he is bringing to the floor of the House, and his first year as chairman of our committee. I can say with all honesty that it has been a pleasure to work with him and put together a farm bill and work out, sometimes disagreements, sometimes compromises and other things to bring the farm bill to the floor. I think he should be congratulated.

Mr. DE LA GARZA. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi (Mr. BOWEN).

Mr. BOWEN. Mr. Chairman, I want to congratulate the distinguished chairman of our Committee on Agriculture as well as the ranking minority member and all those Members on both sides of the aisle who have worked together in a bipartisan effort to develop a sound and comprehensive farm bill.

With farm prices falling across the board and with American agricultural incomes falling, now more than ever we need to pass good farm legislation. American farmers are suffering severely at the same time they are exporting $45 billion a year in products that generate for the American people an agricultural trade surplus for this Nation of $27 billion, compared with a trade deficit by the nonagricultural sector of our country of $50 billion a year.

American farmers have been among the most severely injured by high interest rates and double-digit inflation over the last several years. Real income for American farmers, for example, from 1978 to 1980 fell by 18.4

percent, while the average for the rest of our Nation fell by 5.6 percent.

I am very pleased as chairman of the Subcommittee on Cotton, Rice, and Sugar to present to the House legislation which we on the Agriculture Committee believe will help stabilize prices for those commodities, provide fair and moderate prices for consumers, and a living income for producers of those commodities. I am especially pleased that the cotton, rice, and sugar industries of our Nation have arrived at nearly unified positions in support of this legislation.

The cotton title of our farm bill simply extends the current market-oriented program with very few modifications. The identical loan program which is now statute law is continued, and the target price will be adjusted to market conditions by being set at 120 percent of the loan level.

We hope that this program will continue to avoid the mistakes of the early 1960's, when artificially high U.S. loan levels encouraged and in effect subsidized the production of foreign cotton and resulted in the acquisition by our own Government of massive quantities of cotton when market prices fell below loan levels.

The loan level of our bill is set in such a way as to provide an orderly marketing and financing mechanism for the cotton industry, while insuring at the same time that American cotton will stay competitive in world markets, and our target price system is designed as basic protection for farmers in the event of unreasonably low prices without interfering with marketing. We are very pleased that since 1973, when we first adopted the target price concept, we have had to make no deficiency payments to cotton producers.

In the rice title of this bill we also continue the loan and target concept which has become the characteristic of most of our commodity programs, and we have achieved the goal we set for ourselves 5 years ago when we opened the production of rice to all farmers in America. This means that every rice farmer is free not only to plant rice but is eligible to receive any program benefits, such as participation in the loan and target program. Thus, through the termination of allotments and marketing quotas, the double standard which has existed for years in the rice industry is ended.

A very much needed addition to our farm legislation is being included in H.R. 3603 this year, and that is a program to insure that the sugar industry of our Nation will survive. This section, as amended, will cost not one U.S. tax dollar and will establish a simple, minimal, nonrecourse loan far below the cost of production for sugar, to provide a safety-net which will insure survival of our domestic industry and adequate supplies of sugar at stable prices for American consumers.

From 1934 through 1974, our Nation had a stable sugar market, which was reasonable both for consumers and producers, with the price of sugar stabilized at a variation of no greater than 6 cents a pound, except in only 2 isolated years in that entire 40-year period. Unfortunately, since the termination of that act in 1974, we have seen shocking price fluctuations because our Nation has been used as a dumping ground for surplus foreign sugar from countries who protect their own producers with sugar programs and who dump their excess on the world market—largely in the United States—at whatever price they can obtain.

The United States is the only sugar producer in the world which has no program to insure the survival of its domestic industry and the only sugar-producing nation which mandates no control over the importation of foreign sugar. Because of the extreme volatility of the world sugar market—based as it is upon the dumping of each producing nation's temporary surplus—since 1974 we have seen consumer sugar prices skyrocket as high as 63 cents a pound. Sadly, when the price received by sugar producers has fallen to catastrophically low levels, even 7 and 8 cents a pound, America's consumers have not received consequent benefits. Instead, consumer prices tend to soar at the slightest increase in producer prices but are amazingly sluggish in declining when farm prices are plummetting. Shockingly, there are even instances when the price received by farmers is falling at the same time the price of sugar products to consumers is climbing.

Eighty percent of the world's production of sugar is consumed in the countries of production, and 5 percent is traded through special marketing agreements, but the remaining 15 percent is unloaded any place a market can be found at whatever price must be set to move it. In a Wall Street Journal article of September 22, the European Economic Community's sugar subsidies are cited at the root of the recent drop in the price of sugar on the so-called world market during the past 3 months. The Common Market guarantees its growers about 27 cents a pound for sugar—a level far above the modest 18 cents which this bill contains—but they are unloading their excess production abroad at prices which are driving our sugar producers into bankruptcy, thereby reducing American production, which is now at a level of about 55 percent of our national needs.

While some of you may wonder why we should not simply throw the 100,000 Americans employed in our domestic sugar industry out of work and buy all our sugar from abroad, the fact of world production is that America's needs cannot be met by imports. In fact, USDA recently reported that if there had been no domestic sugar industry during the most recent worldwide sugar shortage, the price of sugar would have been several hundred percent higher for America's consumers.

In short, there is no real world sugar market. There is only a highly volatile dumping ground where world shortages in production result in extraordinarily high prices for American consumers, and world surpluses drive sugar producers to bankruptcy, making us even more dependent upon unpredictable foreign sources. No sugar-producing nation subjects itself to the conditions which we do, and we should certainly not continue to do so.

The sugar section which I strongly endorse—speaking as I do for a State which does not produce sugar commercially—has been passed by the Senate and endorsed by the administration. It is imminently fair to consumers, well below production costs for farmers, and a significant contribution to achieving economic stability for our Nation. I urge you to reject damaging amendments to this section and to support the position of your Agriculture Committee in passing a fair, sound, and balanced Agriculture and Food Act of 1981.

Mr. WAMPLER. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Illinois (Mrs. MARTIN).

Mrs. MARTIN of Illinois. Mr. Chairman, I rise in support of a very worthy provision of this legislation which will affect the food stamp program through the concept of "workfare." Tucked away in the Food Stamp and Commodity Distribution Amendments of 1981 that are contained in title 8 of this bill, is a section providing the option for local political subdivisions to adopt a workfare program. I know from experience in my district in Illinois that workfare, if included in this legislation, will be a successful effort by the Congress to reduce fraud in public assistance programs and make them more effective for the people needing assistance.

The Agriculture and Food Act, as currently written, directs the Secretary of Agriculture to permit local governments to institute a workfare program whereby every member of a household who is able to work can be required to perform work for a local government in return for the public assistance received. Persons who are disabled, retired, under majority age, participating in some other work project, or responsible for an infant or an incapacitated person will not be required to participate in the program. Workfare participants cannot displace other public employees, must be compensated consistent with others doing similar work and at least at the minimal wage, and cannot be required to work in excess of 20 hours per week or in excess of the value of the assistance they are receiving. Also, the Secretary is required to approve all workfare programs and to provide 50 percent of the administrative costs and work-related expenses of these programs.

The object of this program is quite clear. It provides an opportunity for those people who are able to work to make a contribution to society in return for society's assistance to them. This "working off your welfare" serves to rid the welfare rolls of those who are only seeking a freeload or a handout and choose to sacrifice their benefits if they cannot receive them workfree. This program is quite valuable to local governments which not only benefit from the lessened welfare rolls, but also benefit from the work performed in return for the public assistance. Most importantly, workfare helps to break the welfare syndrome that plagues our Government's efforts to effectively help those needing and deserving of public assistance.

The Federal cost in covering 50 percent of the participation and administrative expenses will be more than offset by the savings that will be achieved. It has often been charged that a workfare program is not cost effective, that the expense of the program is greater than the savings incurred. The committee report accompanying this legislation correctly summarized this concern in citing the public testimony on the bill that emphasized that the success of workfare projects depended upon community support and careful administration.

Mr. Chairman, I know from the workfare programs that are already in operation in my district in Illinois that workfare works. It works because the community does support the program and the local governments are dedicated to and capable of properly managing the program. While GAO says that the savings of a workfare program more than pay for its funding, the experience of workfare in my district offers an even better analysis of the success of these programs.

Freeport Township, in northwestern Illinois, has a workfare program affecting recipients of township aid that had a cost-benefit ratio of 1:12 after just 2 months of operation. Rockford Township has begun a similar program with three basic goals: first, provide community service work; second, salvage and improve the pride and self-confidence of recipients by allowing them to feel useful; and third, purging the rolls of those who don't want to work. The Rockford Township supervisor has received letters of support from the various divisions of local government that have been involved in the program. The Winnebago County Health Department reported that absenteeism and failure to show has been minimal and that the workfare employees have made a substantial contribution in numerous areas. The Rockford Park District reported that after just 1 month the grounds are in much better condition as a result of workfare and that they believe the participants are benefiting from their exposure to the working society, making their eventual reentry to the work force easier.

The Sanitary District of Rockford stated they did not become involved with CETA because of the inherent operational difficulties and the strong distaste for Government work programs. The sanitary district, however, labeled workfare as successful beyond anyone's imagination. The Winnebago County Board stated, that instead of writing a letter of complaint on the workfare program, as they had originally expected, they were writing a letter of commendation.

This testimony has one very important message: workfare works. Not only is workfare good for the local governments, it is equally beneficial to the workfare participants. My constituents who work in the workfare program have credited it with allowing them to keep their pride and self-esteem when they had to ask for help.

Not only does the experience in northern Illinois with workfare show that it can be administered effectively, the public support has also been outstanding. Few criticisms have been voiced about workfare, and the local support can best be summarized by an editorial aired by WROK, a radio station in Rockford, Ill., that I am submitting at this time in the RECORD:

> It's an idea that almost seems too logical to work when it's put into actual practice. Instead of letting people collect welfare for nothing, require them to perform work for a public agency and earn whatever assistance they're getting.
>
> This idea has been put into practice since last Spring in Rockford Township, and while the numbers involved aren't extraordinary, it appears to be working. Township supervisor Helvig Sorenson says about 180 people are currently on the workfare program, doing custodial and clerical jobs at various government agencies such as the County Health Department, the park district, and the school board. Sorenson says that represents about fifty percent of the people on general assistance from the Township and he's hoping to get it up to seventy-five percent. He feels there are about twenty-five percent who for one reason or another can't work.
>
> Each person on workfare gets the minimum wage of $3.35 an hour toward whatever assistance they're receiving from the Township. The Township also has to pay for their transportation to and from the job and worker's compensation costs. Sorenson says that of the people on assistance, most are very willing to work, but he adds that there's no way of knowing how many people don't show up asking for assistance because they don't want to work.
>
> While it's only been in existence for a few months, this is a program that appears to be a tremendous success. Not only is the Township pleased about it, but the people getting assistance also appear to appreciate the opportunity to work, rather than get something for nothing. It is limited, however. It does not extend to the people on public aid. This is where Congress can make some changes. The same type of program is being proposed in a bill co-sponsored by Rockford Congressman Lynn Martin. Again it would require all able-bodied public aid recipients to do some kind of work for various public agencies in order to get their welfare payments.
>
> The system is not perfect and certainly is not a cure all for the welfare mess in this country. It's worked in Rockford Township, but it may not be so successful when the federal government gets its hands on it. Still we feel it's worth a try on the federal level and we congratulate Township officials for making such a logical idea work.

As the editorial states, workfare works on the township level and, even if it is not as successful on a national scale, it should be implemented as a Federal program to help resolve the welfare mess.

In conclusion, Mr. Chairman, the experience with workfare in my district has been successful and I believe that it will be equally successful at the Federal level. I commend the members of the House Agriculture Committee for including workfare in the Agriculture and Food Act of 1981, and urge my colleagues to support this provision of the bill.

Mr. WAMPLER. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Minnesota (Mr. HAGEDORN).

Mr. HAGEDORN. Mr. Chairman, I thank you for the opportunity to make some opening remarks as we prepare to consider the farm bill.

H.R. 3603, as it was reported out of committee, is a bill that goes well beyond the budget restraints that were imposed upon it by the Budget Committee. As it was reported out of the Agriculture Committee, estimated commodity outlays under the bill will exceed the first concurrent budget resolution for fiscal year 1982 by almost $1 billion and will total more than $5 billion through fiscal year 1985. The dairy provisions in the committee bill will exceed its budget-spending target by over $600 million in fiscal year 1982.

The dairy provisions in H.R. 3603 represent the lion's share of outlays that exceed its budget target. During the reconciliation process, dairy provisions similar to those in the committee bill were included to reduce spending. However, a savings of $450 million was claimed by forgoing the April 1 semiannual price adjustment. Further savings were achieved by forgoing the semiannual increase in fiscal year 1982. Thus, savings were made that did not result in a substantive change in the law to reduce costs. These provisions went into effect October 1. This body passed H.R. 4612, which would temporarily delay the increase in the dairy price support until November 15, 1981. However, a companion measure in the Senate, S. 1697, was delayed because a parliamentary objection was raised to prevent immediate consideration of the bill. Thus, the support level has been raised from $13.10 per hundredweight, to $13.56 per hundredweight, or 75 percent parity, causing Government costs to increase at a rate estimated at $1 million per day. This action will send a confusing signal to dairy producers and end up increasing costs to the consumer. In all likelihood, the new farm bill will set the dairy price-support level below the 75-percent level and require a readjustment to permanent law.

I am quite concerned about the possible adverse effects these budget restraints may impose on our farmers, ranchers, and dairymen. For several years, they have been caught in a cost-price squeeze. They are facing record-high interest rates, inflation which is driving up production costs and declining farm income—all of which is beyond their control. Many are struggling just to keep their operations afloat.

Mr. Chairman, agriculture is of prime importance to the economic well-being of this country. Each citizen in the United States has a stake in the farmer's survival.

Farming and the industries that support it account for almost 25 percent of our gross national product. And, in some rural areas, almost all of the economic activity is generated by agriculture.

As a representative from Minnesota, a highly agriculture-oriented State, I feel that agriculture is a national economic resource that Congress must assure is maintained at its full potential.

Nonetheless, if we are going to bring interest rates and inflation under control and, in turn, improve the national economy, we will have to reduce Federal spending to tolerable levels. As a part of the effort to reduce Federal expenditures and balance the budget, the Congress must pass a farm bill that will reduce outlays and still meet the specific needs of U.S. agriculture.

I intend to support the dairy provisions in the block of the Bedell amendments which will be considered immediately after general debate.

Those provisions include selling a minimum support level of milk not less than $13.10 per hundredweight for milk containing 3.67 percent of milk fat for fiscal year 1982. In fiscal year 1983, the price of milk would be supported at a level of not less than 72.5 percent of parity, the current level we have now. For the remaining fiscal years 1984 and 1985, the price support shall not be supported at 75 percent of parity, except when the Secretary determines that net Government purchases of milk or milk products exceeds 3.5 billion pounds of milk equivalent, then the support level may be adjusted to as low as 70 percent of parity.

I believe these provisions will send dairy producers a strong signal to make adjustments to their dairy herds to bring production down to acceptable levels. I am also confident that these provisions will allow the dairy price support program to meet the budget constraints for fiscal year 1982, but also for the outyears.

If we do not pass some provisions that will adequately adjust milk supply in relation to domestic and foreign demand, I will personally take whatever action is required to rectify this situation.

Regardless of how important the dairy industry is to our agricultural economy and, in turn, our national economy, there is no way that we can justify a price support program that encourages excessive supply in relation to consumer demand. Dairy producers and the dairy industry must realize that some adjustments in the dairy support program are required to bring Government costs under control. Net Government outlays have increased sharply since 1979. For the 1980-81 marketing year that ends today, net outlays will total almost $2 billion and require CCC purchases of 12.6 billion pounds of dairy products, both record levels.

By the same token, it is extremely unfair to the dairy industry to compete with imported dairy products that are subsidized and sold in this country at reduced prices. A recent USDA study estimated that the 152.2 million pounds of casein imported into the United States in 1980 displaced 333 million pounds of nonfat dry milk which cost the U.S. Government $300 million to purchase. CCC stocks of dairy products, particularly cheese and nonfat dry milk, are presently well above last year's level. And while we are actively trying to promote export of dairy products, our export outlets are still limited. I think the time has come to take some positive action to correct this injustice to the dairy industry.

Today, the Reagan administration announced that they will provide an additional 15 million tons of grain to the Soviet Union over the next year. This action is to be applauded. It will provide a needed boost to our grain exports, which are currently only running at a level of a year ago. With record corn and soybean crops now being harvested along with a record wheat crop reaped earlier this year, it is extremely important that we find all available outlets to expand our exports and offset the negative balance of U.S. trade.

Concerning other farm programs, I fully endorse the continuation of the farmer-owned reserve. It has worked effectively in the past in that it has provided farmers a tool which allows them to remove grain from the market when prices are depressed, and allows them the opportunity to merchandise their product at a later time when prices recover to a more reasonable level.

In addition, it is equally important that loan rates for wheat and feed grains are set at levels which accurately reflect the cost of production for our most-efficient producers.

Loan rates should provide a safety net that will guarantee that producers can at least recover their operating costs, which have been skyrocketing in recent years. However, we should resist pressure to raise loan rates to levels that will encourage marginal farmers to produce wheat and feed grains which ultimately end up being owned by CCC and the U.S. taxpayer.

In closing, the House must take an approach that will result in farm programs that provide some measure of stability and income protection for U.S. farmers. I believe that we can operate within the budget restrictions to develop appropriate modifications and improvements that will enhance the basic agricultural legislation that is now in place.

Thank you, Mr. Chairman.

Mr. DE LA GARZA. Mr. Chairman, I yield 5 minutes to the gentleman from Washington, the majority whip (Mr. FOLEY).

Mr. FOLEY. Mr. Chairman, I rise today in strong support of H.R. 3603, as reported by the House Committee on Agriculture. H.R. 3603 will extend and update a number of important farm commodity programs; extend the food-for-peace provisions under Public Law 480; provide reauthorization for agricultural research, extension, and teaching programs; establish programs and policies to facilitate soil and water resource conservation efforts; extend agricultural credit programs, and last but not least, reauthorize the food stamp program.

Due to budgetary restraints, the programs and authorities included under H.R. 3603 do not provide all that I think necessary to insure the continued stability and soundness of our agricultural economy. Nevertheless, the bill is of vital importance to our Nation's farmers, and I urge the House to approve it.

Mr. Chairman, before I turn my attention to the provisions affecting wheat, soybeans, and feed grains, which are under the jurisdiction of my own subcommittee, I want to state for the record that the price and income protections provided by H.R. 3603 are, in the strictest sense, an invesment in the continuing ability of the farmers of this Nation to meet the food and fiber needs of consumers at home and abroad. Despite arguments that may be made here on the floor of the House that these programs are unnecessarily expensive, in my judgment, they are among the best and most prudent investments the American people could make. A productive agriculture is essential if we are to win our fight against inflation and the high interest rates which threaten our economy today.

The price support programs in particular have provided farmers with a degree of stability in uncertain markets. This, in turn, has contributed hugely to what little economic stability exists in the United States today. One can only wonder what the inflationary consequences might have been if we had not had such an abundant crop this year.

I believe the continuation of the target price programs is also terribly important because they provide the Secretary of Agriculture with an equitable method of controlling production and Government costs during periods of temporary surplus, while at the same time providing producers some protection from prices sliding far below the cost of production.

Clearly we cannot provide total protection to the agricultural economy, nor should we be expected to do so in an open-market system. However, if we are going to continue a system to provide abundant supplies of low-cost food and fiber to the consumers of this country and the world, then we also have a responsibility to those people who provide us with this abundance.

Having said this, I would turn your attention to those provisions of H.R. 3603 which apply to wheat, soybeans, and feed grains:

WHEAT

The bill increases the minimum loan rate from $3.20 to no less than $3.55 per bushel in 1982. For the 1983-85 crop years, the loan level would be adjusted by the same percentage as the wheat target price.

The bill increases the target price to $4.20 per bushel in 1982, compared to $3.81 per bushel in 1981, and annually adjusts the target price for the 1983-85 crop years to reflect changes in the per-acre cost of production, excluding land and management costs. However, a further provision gives the Department discretionary authority to use or suspend target prices when wheat carryover levels are less than 1 billion bushels.

While the bill also continues set-aside and voluntary diversion authority through 1985, it requires the Department to make national program acreage and set-aside announcements no later than August 1.

SOYBEANS

H.R. 3603 extends the soybean loan program for 4 years, basing the loan level on 75 percent of the average Chicago cash price for No. 1 Yellow Soybeans for the preceding 5 years, excluding the high and low years. However, the minimum loan level for 1982 cannot be set at less than $5.02 per bushel. The bill further provides that loan eligibility not be contingent upon a cross-compliance or set-aside requirement.

FEED GRAINS

The minimum loan rate for corn is increased to $2.65 per bushel in 1982—from $2.40 per bushel in 1981—and is adjusted annually thereafter through 1985 by the same percentage as the corn target price is adjusted.

Target prices are increased from the 1981 level of $2.40 to $2.90 per bushel in 1982 and are further adjusted each year, through 1985, to reflect changes in the per-acre cost of production, excluding land and management costs. As with the wheat program, the Department is given discretionary authority to use or suspend target prices when corn carryover levels are less than 1.3 billion bushels.

Finally, the bill sets loan rates for grain sorghums, barley, oats, and rye in relation to the corn loan rates, authorizes target price programs for corn and grain sorghum as well as for barley and oats if so designated by the Secretary; set-aside and voluntary diversion authority is continued through 1985, however the Department is required to make national program acreage and set-aside announcements for corn no later than November 1.

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Mr. WAMPLER. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from Kansas (Mr. ROBERTS).

Mr. ROBERTS of Kansas. Mr. Chairman, I appreciate this opportunity to make this statement in regard to the 1981 omnibus farm bill.

I would like to commend my colleagues on the Agriculture Committee for the long hours of work that have gone into H.R. 3603—work that has been difficult, to say the least. I would especially like to thank Chairman DE LA GARZA and our minority leader, BILL WAMPLER, for their bipartisan efforts.

I remember well the advice of the former Agriculture Committee chairman, Bob Pogue, from Texas who always said it was not a question of passing the best possible farm bill, but the best farm bill possible; and that is certainly true today.

I have the privilege of representing the 57-county big First District of Kansas. In normal crop years, we grow more wheat than any State. We are, in fact, livestock and grain country. We are, in fact, rural and smalltown America.

Back in 1977, when the current farm bill was being considered, my predecessor, Keith Sebelius, offered these comments:

> Today, in my district and throughout the High Plains Wheat producing area, we are in the midst of a severe price, credit and cash flow crisis. The picture in wheat, feed grains and the livestock industries is bleak. If something is not done, we could experience an agri-tragedy.

Today, 4 years later, those words are prophetic. In 1977, 4.5 percent of our population made their living on farms. Today that figure is down to 2.6 percent. From 1975 to 1980, this Nation lost close to 182,000 farms. Two thousand farmers per week have gone out of business since 1960. Nonfarmers now own as much as 50 percent of the farmland.

The 1977 farm bill—and all of the bipartisan attempts to improve it and to press for administrative changes in policy—did not reverse this trend. The agri-tragedy is continuing.

National farm income is down 39 percent from 1979 levels. Farm income for 1980, last year, was $20 billion. But adjusted for inflation, net farm income dropped to below $10 billion, the lowest since 1934, the darkest year in the Great Depression.

I have a price board posted in my office where we keep track of the daily wheat, corn, milo, and cattle markets in my hometown of Dodge City. In 1973, 8 years ago, a Dodge City wheat producer could sell a bushel of wheat for $4.30. Today, that farmer would receive $3.57 a bushel. Name me one industry selling their product for 17 percent less than 8 years ago.

We have been plagued in the High Plains with wheat and cattle prices below the cost of production for several years in a row. Grain producers have survived by making up in yield what they lack in price and by increasing their debt load. This year, we had soaring interest rates, no price and no crop due to freeze damage and, of course those ever rising production costs.

Among the 2,400 farms in Kansas State University's Extension Farm Management Association, farm income was down 13.4 percent over last year. At the same time, farm expense rose almost 8 percent and net farm income plunged an astounding 66 percent.

My colleagues, we are in trouble. We are losing diversified and established producers. It used to be that the crucial question in agriculture policy was where the next generation of farmers would come from. Today, it is how can the current generation hang on?

Yet, against this backdrop of severe problems, we seem to be considering this farm bill as if it were wine and roses in farm country.

Business Week magazine says:

> Agriculture is a strong industry and that for the most part of this century, the government has given the farmer special help at the expense of the consumer and the taxpayer.

The Christian Science Monitor said:

> While widening rents continue to appear in the nation's social safety net, Uncle Sam apparently will have little trouble providing a cushion for American farmers.

The Washington Post recently headlined a story, "Senators Till Sweeter Soil for Farm Programs."

I have news for these folks. Agriculture is sick and the illness is nationwide. Continued high interest rates and low farm prices are not only hurting established farmers and ranchers, but are also shutting down mainstreet in rural and smalltown America. If we do not see progress in getting interest rates down, inflation under control and price improvement, the situation is so serious it will impact the President's economic recovery program.

Mr. Chairman, in this regard, this seems to be the year of the insect in Washington. We have in this body "Boll Weevils," "Gypsy Moths," and now even "Gold Bugs." Hopefully, we will not discover a "Medfly."

It would appear that the "Gypsy Moths" have informed the President they will not survive the winter unless they are spared further cuts in the budget.

Mr. Chairman, in Kansas and throughout farm country there lives an insect. He makes his living by working in the ground. He lives in small colonies and for the most part is part of a social group. But, when threatened, the yellow jacket becomes aggressive and the worker will attack.

During a recent tour of the 57 counties of my district, and in talking with thousands of people at the Kansas State Fair, I find strong support for what President Reagan is trying to accomplish. Some 70 percent of those who took the time to stop by our booth at the fair said they would support additional spending cuts, including those made in the military budget.

We know the greatest enemy of the farmer is inflation. The price of diesel fuel has risen 150 percent in 4 years. Fertilizer costs are up over 50 percent. Interest rates have doubled. According to a recent General Accounting Office report, 70 to 90 percent of the farmer's gross receipt go for direct production costs.

The result has been a cost-price squeeze that had become a virtual bear hug. The farmer today is faced with a paradox of enormous irony. He is being asked to produce enough food and fiber for our own Nation and a troubled and hungry world and yet the price he received for his product is still below the cost of production.

Yet, Mr. Chairman, farmers and stockmen in my district stand firmly behind the President and goals of his economic recovery program.

They support the President in his efforts to cut the budget. Doubtlessly, we will make progress in fitting a size 38 farm bill into a pair of size 34 jeans issued by the Office of Management and Budget. American farmers are quite willing to do their part to balance the national budget. My message is that the effort to cut spending can play no favorites, no section of the country. Do not prod us "yellow jackets" with a stick. Our sting raises large welts and causes swelling.

In this regard, I know some of my colleagues from urban areas will say it is not the business of government to keep farmers in business or to deny anyone the right to fail. I strongly agree. But, let us look at who is the real beneficiary of the farm bill.

We forget that in this Nation a small portion of one's take-home pay is going for food. This portion is smaller than anywhere in the world; some 15 to 18 percent depending on an individual's income level. And, the farmer sees very little of that 15 percent. The farmer receives less return from a loaf of bread than the cost of the bread wrapper.

Mr. Chairman, because the American consumer spends only 15 percent of his income on food, that remaining income is invested in other areas of the economy. Citizens of other countries pay up to 40 percent of their income for food. I ask, who is subsidizing whom?

If the present trend in agriculture is not changed, it will have ominous portents for the American consumer. It has been estimated that by the year 2000 over half of our Nation's food output will be produced by 50,000 or fewer farms. Let me point out, that in the State of Kansas alone, we now have 72,000 farmers.

When farming is controlled in the style of large corporations, it will no longer be a traditional and proven way of life. Agriculture will be run strictly for a profit. When this happens, the American consumer will long for the days that farming was a way of life instead of being dominated by corporations and super farms.

Mr. Chairman, H.R. 3603 had been characterized as being over budget and much too expensive. The charge has also been leveled, mostly in the urban press, that the farm program has not taken cuts. This is not the case. Major cuts have been made as a result of the first budget reconciliation act.

Major cuts have been implemented in interest subsidies within the Farmers Home Administration programs. User fees have been imposed for Federal grain inspection so that farmers bear the cost of inspection; inspection, I might add, that in my State is superfluous. The tobacco farmer will now pay for the cost of inspecting tobacco. We have eliminated the disaster program which protected the farmer from natural disasters. This program has been replaced by the Federal Crop Insurance Corporation, which forces the farmer to bear the burden of insurance premiums. We have gone down this road despite the fact the FCIC program in not working well in the High Plains and may leave the farmer with no protection from natural disaster. Major cuts have been made in the REA program and, of course, the dairy program has received a cutback earlier this year.

Mr. Chairman, we have cut programs and, doubtlessly, we will undergo more cuts as this bill is considered. Most producers know that these cuts will have to be endured. They support the goal of the administration which is for the farmer to obtain a reasonable return from the marketplace within a market oriented farm policy. Let me stress, however, we are still picking up the pieces of shattered prices from the ill-advised Soviet grain embargo. Officials in the State Department still propose using farm exports as a tool in foreign policy and we continue to import substandard food products in competition with American farmers. Clearly, we cannot have it both ways. Farmers cannot stay in business with free enterprise policies on the production end and control on the market end.

Mr. Chairman, in view of our continued price, cash flow and credit problems, it is my contention we need a reasonable increase in the loan rate for wheat and feed grains. H.R. 3603 contains this modest increase. H.R. 3603 contains target prices. I feel this provision is essential if we are to rebuild American agriculture from the devastating impact of the Soviet grain embargo. The target price program will insure that the Reagan administration lives up to its word on expanded exports. It is insurance for the farmers that the State Department will not be meddling in the business of agricultural exports. If we sell the grain and the price improves, the target price deficiency payment will not be made. It is that simple.

Mr. Chairman, the farmer-stockman in my district does not want special treatment. All he asks for is a fair shake. He does not want subsidies or protection, but only a fair and reasonable farm policy. I urge my colleagues to consider this farm bill with the understanding that what is good for the farmer is also good for the consumer and in the best interest of all Americans.

Mr. DE LA GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. STENHOLM. I yield to my colleague, the gentleman from Tennessee.

Mr. JONES of Tennessee. Mr. Chairman, I thank my good friend, the gentleman from Texas, for yielding to me, and I rise in support of the bill.

Mr. Chairman, as we proceed with consideration of the Food and Agriculture Act of 1981, I think it is important that we all take time to consider the serious and severe circumstances facing our Nation's farm sector today.

America's farmers have been hit hard by drought, inflated production cost, and high interest rates. They are now recovering from a year in which net farm income fell nearly 40 percent from the year before. The net farm income for 1980 was $19.9 billion, 39 percent below 1979's $32.7 billion, in constant dollars.

Double-digit inflation, higher interest rates, and increasing energy costs pushed total farm production expenses up 10 percent in 1980 to $130.7 billion.

In 1980, short-term interest increased 29 percent, fuel costs were up 29 percent, fertilizer 27 percent, and real estate interest up 19 percent.

Meanwhile, there was no way the American farmer could pass along his increase in the cost of production. The price of farm products has not even approached the level necessary to keep pace with the skyrocketing prices for essential farm inputs.

Farm debt has reached record levels, and forecasters tell us that production expenses are expected to climb at a rate of 9 to 11 percent this year.

With these gloomy facts in mind, I ask my colleagues: Can we really expect any sector of our economy to survive and continue to operate for much longer under these conditions? I can tell you that the farmers and agribusinessmen in my district answer this question with a resounding "No."

Yet, while we recognize the problems—and seem to be resolved that they will worsen before getting better—we are confronted with suggestions and choices that I believe are grossly absent of any real solutions or relief for the farmer.

I am a realist. I know that current economic conditions dictate that we make some tough decisions. The public demands fiscal restraint, and the budget ax has become as much a part of the legislative process as the gavel.

As a member of the House Agriculture Committee, I know well the difficulties we have all faced in making reductions where we hope the adverse impacts to human beings will be least. As a farmer, and as one who has lived all my life in rural America, it has been with a great deal of reluctance that I have agreed to many of the spending cuts reported by the Agriculture Committee this year. Nevertheless, I have made these difficult choices in the belief that the health of the overall economy would be better served.

In looking for agricultural programs to trim, there comes a point where there is no longer any fat, and the only thing left to cut is the lean and the bone. Mr. Chairman, we have already taken our pound of flesh, and I urge the Congress not to attempt to balance the budget by killing the goose that laid the golden egg.

The one bright spot in the U.S. overseas trade picture is our export of $41.2 billion worth of farm products. This resulted in an agricultural trade surplus in 1980 of almost $23 billion, which was of significant benefit to our Nation's balance of trade. Our agricultural exports have increased dramatically from the $7 billion figure in 1970, and further growth is still possible if we only recognize the importance of keeping American agriculture healthy.

In the next few hours and days, decisions will be made that will affect the state of American agriculture for decades to come. It is my sincere hope that compromises can be reached, and that a farm bill can be produced which truly serves the best interests of our Nation and its farmers.

Over the years, Congress has recognized the importance of agriculture to our national economic security. For decades we have developed and supported programs to stabilize agriculture and to encourage the development and strength of the family farm structure.

It is this same attitude and responsible treatment of agricultural policy that I will be looking for when I cast my vote on this legislation.

Mr. STENHOLM. Mr. Chairman, the late Will Rogers once made a statement that I think will be very fitting for us to keep in mind as we get into the debate and eventual passage of the 1981 farm bill. He said:

> It ain't really people's ignorance that bothers me so much. It's them knowing so much that ain't so, that's the problem.

Now, I submit that there are going to be three areas we are going to get into on the farm bill in which a lot of us are going to be talking about things that are just not so. One is in the area of the budget, that the farm bill is an expensive bill. When we look at the very real fact that the 1972 farm budget was $5.3 billion, we should remember that the budget that we are passing this year is $4.5 billion.

Now, I would defy any other agency of the Federal Government or any other proponent of a bill that will come before this House to say that they are living within those standards.

Also, with regard to the fact that this particular bill is going to be over the 1982 budget, it is a fact that after we get through passing the amendments to be offered by the gentleman from Iowa (Mr. BEDELL), we will be within the budget. So any argument that we will be outside the budget will not be factual.

The second group of attacks we will have on the farm bill will come from those cheap-food advocates who have been present in this House since 1952 and who refuse to recognize and acknowledge that the American people are eating better on less percent of their income than the people of any other country in the world. If we continue to contend that that is not a fact, I will suggest that those days are going to be numbered in which we will continue to enjoy the quality and quantity of food we now enjoy.

The third attack on the bill is going to come in this House by those who still believe in the tooth fairy and believe that there is a free world market and all we need to do is allow the American producers to produce and sell into that so-called free world market.

If anyone tries to convince me that the Soviet Union is a free world market, that the People's Republic of China is a free world market, that the Japanese market is a free world market, or that the European Common Market is a free world market, as defined by Americans, I will suggest that they offer that in proof as they come into the debate.

We need to take a look at the marketing system of agriculture, a system that is once again allowing the U.S. farmer to sell his commodities to the Soviet Union below the cost of production, thus subsidizing the Soviet Union on grain sales that we need to make because of the productivity of the American farmers.

Quite frankly, the bill that comes out of the Committee on Agriculture is not going to do anything to address the real problem—low farm income. Is it not interesting that the two programs that have worked well for farmers and consumers, the dairy program and the peanut program, two programs that have worked and that have provided a stable supply of good quality milk and peanuts in the grocery store at a price that the average American, even the poorest among us, can afford to buy, are coming under the greatest amount of attack and that has caused us to do something about them?

Mr. Chairman, I quite frankly and honestly believe that we could do irreparable harm to the dairy program if we go any further than what the Agriculture Committee is now recommending, and that we have already done harm with what we have done trying to live within the budget. We on the Committee on Agriculture, those of us who believe in the value of the dairy program, believe that we should go no further.

Mr. WAMPLER. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Wisconsin (Mr. GUNDERSON).

Mr. GUNDERSON. Mr. Chairman, first of all, I would like to take this opportunity to commend the distinguished chairman of our committee, Mr. DE LA GARZA, and our hard-working ranking member, Mr. WAMPLER, for their tireless efforts in producing H.R. 3603. It certainly goes without saying that the farmer is the backbone of America and, as such, deserves the support of the Congress and the administration in continuing their enormous contribution to the American economy.

Unfortunately, Mr. Chairman, there are some Members of this body who do not understand the importance of the farmer's contribution to our society and our economy and will seek every opportunity to make massive and disabling cuts in the Federal Government's support of the American farmer.

Equally unfortunate is the fact that we bring H.R. 3603 to the floor for consideration at a time when the shock of a Presidential request for additional reductions in Federal spending is fresh in all of our minds. I am gravely concerned that the spirit of the moment may induce otherwise policy-conscious Members to follow the whims of a few whose proposals would destroy American agriculture as we now know it.

Mr. Chairman, there is no disputing the fact that H.R. 3603 in its present form exceeds the budgetary limitations we set for the agriculture function in May. Accordingly, cuts must be made. It is most important, however, that these revisions be equitably distributed among the various commodities and programs contained in H.R. 3603.

This certainly has not occurred in the Department of Agriculture's proposed changes in H.R. 3603. Target prices for wheat increase from their current level of $3.10 to $4, target prices for corn increase from their current level of $2.40 to $2.70, and target prices for rice increase from their current level of $10.68 to $10.73. Yet dairy price supports will be maintained at $12.80 per hundredweight of 3.5 milk.

It is essential to note that these revisions are proposed despite the fact that estimated outlays on wheat will exceed estimated outlays on dairy by over $500 million in fiscal year 1982, according to the administration's figures; we have a bumper corn crop that should drive prices down and not up; and the Commodity Credit Corporation is expected to accumulate a surplus of rice this year.

I am, therefore, concerned that the dairy program has been singled out for inequitable cuts to reach the limitations as set by the first budget resolution. Accordingly, I rise today to warn my colleagues of the dangers of adopting the administration's proposal on the dairy program that will be offered by the gentleman from Massachusetts.

THE HISTORY OF THE DAIRY PROGRAM

The dairy price support program was created in 1949 to guarantee an adequate supply of dairy products to the American consumer at a reasonable price and to insure the dairy producer a reasonable price for his product. The goals of the dairy program, then, are to stabilize milk price and balance supply and demand for dairy products.

During the 32-year history of the program, the support level has never been set below 75 percent of parity.

If production exceeds consumption, the Federal Government will offer to remove the surplus from the market at the support price established for the product. Under normal circumstances, this excess production returns to the market during the year at times of inadequate production. Net program costs average $283 million per year.

HOW DID THE CURRENT CCC SURPLUS OCCUR?

Since 1979, the CCC has had a surplus of dairy products in storage since production has exceeded consumption. There are several contributing factors to this surplus.

First of all, the market prices for beef, cull cows, and corn have all been low. Low beef and cull cow prices discourage dairy farmers from raising cattle, a natural alternative to dairy farming, and encourage them to continue to milk cows they would otherwise cull. Low corn prices encourage farmers to feed their dairy herds more. The result of these three market factors is a greater production of milk.

Second, American foreign policy has discouraged exports of American dairy products. We may have lifted the Russian grain embargo but we still have a butter embargo in effect against the Soviets. This, of course, compounds the problem of increased production.

Third, imports of foreign dairy products and dairy substitutes such as casein impact upon our surplus of domestic dairy products. The importing of these foreign products directly displaces domestic dairy products in many cases, thereby increasing the cost of the dairy price support program to the Federal Government.

Fourth, consumption of dairy products has decreased. A sluggish economy has encouraged the American consumer to try alternatives and imitation products.

In short, the current CCC surplus can be traced to factors other than the price support program itself.

ACTION HAS ALREADY BEEN TAKEN THIS YEAR

In an effort to reduce Federal outlays on the dairy program, the Congress has already acted twice this year.

In March the Congress eliminated the April adjustment in dairy price supports that saved $190 million in outlays in fiscal year 1981.

Then, in reconciliation, the level of support was decreased from the current 80 percent to 75 percent of parity. This move is expected to save at least $381 million in fiscal year 1982 alone and almost $6 billion over the next 5 fiscal years.

Thus, since the beginning of 1981, the dairy program has received $571 million in cuts. It is noteworthy to point out that H.R. 3603 will cut an additional $100 million in outlays as it is presently written, since it forgoes the April 1, 1982, adjustment in dairy price supports.

Accordingly, the dairy program has already saved $671 million in outlays in fiscal years 1981 and 1982. This should be more than an adequate signal to America's dairy farmers to limit their production.

While further cuts will undoubtedly be suggested to bring H.R. 3603 within the limitation of the first budget resolution, we should not overreact to the current imbalance between the supply and demand in dairy products.

There are those who would give the Secretary of Agriculture the authority to set the dairy price support level lower than 70 percent of parity if the Secretary, in his sole discretion, estimates that net removals by the CCC will exceed $250 million in the next marketing year. This proposal would result in a 48-percent reduction in the dairy program in fiscal year 1982 and an average loss in income of $9,021 per dairy farmer annually.

Mr. Chairman, the American dairy farmer is willing to take his share of reductions in Federal spending; however, at a time when other commodities receive no cuts whatsoever, it is patently inequitable to expect one segment of the American farm community to have their program cut in half.

UNREASONABLE ACTION WILL BRING DRAMATIC RESULTS

If we do not exercise reason in our consideration of the dairy title of H.R. 3603, many young and beginning farmers who are presently barely making a living as dairy farmers in these times of high interest rates and soaring costs of production will be forced out of business. Who, then, will replace the older dairy farmers when they retire? This problem will confront us in the very near future as the average age of the Wisconsin dairy farmer is now 55 years old.

If many of America's dairy farmers are forced out of business, within a few short years production will decrease below consumer demand and otherwise stable prices for dairy products will increase dramatically.

The effect on the American consumer will be great. There are those who would argue that a price support program artificially increases consumer prices. Statistics indicate that this has not happened in the dairy program.

Between 1967 and 1980, the Consumer Price Index for all food products increased from a base of 100 to 162.4. During the same period of time, the index for dairy products rose from a base of 100 to 132.7—only one-half the rate for all food products combined. And it should be pointed out that the majority of the increase in dairy prices came in the mid-1970's when an attempt was made to lower dairy price supports and consumer prices soared until supports again stabilized the market.

Clearly, the dairy price support program has accomplished its goal of stabilizing consumer prices for dairy products and, at the same time, it has insured the dairy farmer a reasonable price for his production.

As such, when we review the dairy program in the farm bill in the near future, we should exercise reason, not reckless abandon, in making alterations to a program that has worked so well in the past.

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Mr. de la GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. Peyser).

Mr. PEYSER. Mr. Chairman, in 2 minutes it is kind of tough, but I do want to say first of all that I want to thank the chairman of the committee and the ranking member. I had the privilege of serving on the Agriculture Committee under Chairman Pogue and under Chairman Foley. I regret I have not had the opportunity under Chairman de la Garza. But it is interesting for me personally to note so many of my good friends in this House over the years are from the agriculture States, in spite of so many basic differences we may have.

First of all, Mr. Chairman, I would like to point out is has been said on the floor several times in the last week or two that I have fought and defeated a sugar bill. I have never defeated a sugar bill in the House. The House of Representatives, twice in the last 7 years, by substantial majorities, voted down a sugar bill. They are going to have the opportunity to make it three times in this next week or so.

I would like to read a very brief statement:

> There is an inflationary steamroller that is balling towards the floor of the House that is about to flatten the American consumer and make a mockery of our efforts to control inflation.

That is a quote spoken about the sugar program by one who is now recognized as the leading budget person in this country, David Stockman. He made that statement in 1978. I do not know anything that he has said in recent days to refute that statement.

I would also like to point out that one of the difficult things for me, and I think for the majority of the Members in this House, is that we have gone through an agonizing period over the last several months of cutting programs for the elderly, cutting programs for students, cutting mass transportation, cutting jobs, eliminating programs that have been really needed, coming down to school lunches, and I will not go through that again, but the administration, as it said, ended up with catsup on its face, and attempts to really make the program devastatingly weak, and having done all of this, when we now talk of instituting a new sugar program that has been rejected just 2 years ago by this Congress, I just do not think it is going to stand up.

I thank the gentleman for yielding me this time.

Mr. WAMPLER. Mr. Chairman, I yield 4 minutes to the gentlewoman from Nebraska (Mrs. Smith) who serves as the ranking Republican member of the Agriculture Appropriations Subcommittee.

Mrs. SMITH of Nebraska. Mr. Chairman, I rise in support of H.R. 3603, the Food and Agriculture Act of 1981. May I join in paying tribute to the distinguished chairman of the House Agriculture Committee, the ranking minority member, and all other members of this committee. As I pointed out in House debate on the agriculture appropriations bill for fiscal 1982, national farm income declined by 25 percent in 1980. This in itself is disturbing news and should wave a red flag to lawmakers, but let me add some information that has become available since that time.

The hard fact is that American farmers today are in deep economic trouble. The record crops we are harvesting this year have already driven prices down to levels which are far below the costs of production.

The USDA, on September 2, revised its farm income estimates—downward. The Department advised us that because of continued weakness in farm prices, net farm income would be $20 to $24 billion in 1981. Keep in mind that net farm income in 1980, a year that was 25 percent below 1979, only reached $20 billion.

According to the Monday, September 28 issue of the Wall Street Journal, wheat was selling on the cash market at the end of last week in Kansas City for 25¾ cents a bushel below a year earlier. Corn was down 74 cents. Soybeans were $1.34½ lower than a year ago. Sugar was down 21.7 cents.

According to these figures, wheat farmers face a cash market which is down 6 percent from a year ago. Corn is off 22 percent; soybeans, off 18 percent; sugar, off 57 percent; cotton, off 28 percent.

Mr Chairman, It is perfectly obvious that prices on this scale mean sharply lower income for farmers during a period in which production costs of all kinds continue to climb and interest rates remain at disastrous levels.

What about 1982? Does the situation look better for the near future? Not from what we can tell. Feed grain production is up 22 percent: soybeans, up 15 percent. All wheat is forecast at a record 2.75 billion bushels—16 percent more than last year. Cotton will increase 39 percent and all tobacco production is up 11 percent from last year. When production goes up, prices go down. This is not to mention large carryovers from last year, a gloomy livestock feeding outlook, outrageous interest rates, and a stronger dollar and weak world economy tempering export demand.

It used to be that if grain prices were not good we could feed it to livestock as an alternative. But livestock prices, too, are below the cost of production. In Nebraska it costs $74 a hundred to get steers to 1,100 pounds. But the price on the Omaha market is only $66-$67. Hog prices are about $5 per hundredweight below production costs.

A commodities report which I received last week from my State of Nebraska started out by saying, "Corn futures hit contract lows in every month today," which says something about the weakness in the corn market.

What does this all mean in human terms? It means that farmers are facing 3 years of financial loss that may very well force many out of business. Producers in my district have helplessly watched cash prices at their local elevators drop from season highs, barely covering the costs of production, to their current levels—in many cases $1 below early July prices.

But we must also understand that if agriculture is permitted to continue sliding into depression, farmers will not be the only victims. In the long run, a depressed agriculture is the worst kind of bad news for consumers, because a depressed agriculture loses the ability to give consumers what they need most—an ample and stable food and fiber supply at reasonable prices.

The effects of a poor agricultural economy, besides those felt by producers and consumers, are those felt by smalltown rural America. Businessmen and women already punished by high interest rates rely on a strong agriculture for their livelihood, too. I just received a call informing me that two farm machinery dealerships have gone out of business. Main Street is really hurting and the prospects for continuation of some services and products look dim.

Take some time to consider that the difference between the House committee version and the Senate version amounts to about $700 million for commodity price support and loan costs in 1982. I cannot justify that reduction in light of the agricultural economy and because of inconsistencies, such as our planned $850 million donation to the World Bank in 1982.

I plan to offer an amendment instituting immediate entry of 1981 crop feed grains into a farmer-held reserve. This will allow excess stock to be taken off the market and give farmers marketing operations that will help during this time of depressed prices.

I ask your support of this amendment and urge you to oppose all amendments that would weaken commodity prices.

Mr. DE LA GARZA. Mr. Chairman, I yield 4 minutes to the gentleman from Hawaii (Mr. AKAKA).

Mr. AKAKA. Mr. Chairman, I want to take this opportunity to commend my good friend, Mr. DE LA GARZA, on his work on the 1981 farm bill. As chairman of the Agriculture Committee, he has labored long and hard over this bill. Farming has always been, and remains today, a major economic base for this Nation. For this reason, the 1981 farm bill deserves every Member's support.

One commodity in this bill that has received considerable attention is sugar. Mr. Chairman, most of us in this Chamber have never seen a sugar beet or a stalk of sugarcane. Fewer still understand the care and attention required to bring a crop of beet or cane to harvest. Yet every day sugar appears on our kitchen table and in our food and drink. Sugar is a staple of life; it is clear that the Nation's consumers deserve a viable domestic sugar-producing industry that will assure them adequate supplies at fair and equitable prices.

During consideration of this bill, an amendment will be offered to strike the nonrecourse loan provision for sugar from the farm bill. This amendment is being promoted by the interests of large foreign-owned and foreign-operated sugar refineries which process sugar imported from countries in South America, Europe, and South Africa.

Although the foreign interests promoting this amendment would like us to believe that the consumer will benefit if the loan program for sugar is eliminated, nothing could be further from the truth. Mr. Chairman, the consumers of our Nation should not believe this myth for 1 minute. Consumers now pay more for imported sugar because the special interests promoting foreign-owned and foreign-processed sugar have nothing but their own financial gain in mind.

The Northeast is an area which has long been dominated by imported sugar. Foreign sugar pours in through our eastern ports and saturates the shelves of supermarkets in the Northeast. This study, "Sugar Market Statistics," prepared by the Department of Agriculture, conclusively demonstrates that consumers in the Northeast pay 2.6 cents per pound more for this foreign sugar than do consumers in other sections of the country. Somewhere between the time that this foreign sugar enters our ports at prices well below the price of our domestically produced sugar and the time the sugar appears on the shelf, the price jumps to a level that is 2.6 cents above our own domestic sugar. And all that extra cost ends up as profit for foreign producers.

At the same time that this foreign sugar is adding to our food bills, it is taking jobs and income away from our own farmers. There is nothing that foreign sugar producers would rather see than the defeat of the sugar loan program. If that occurs, they will flood the domestic market with their cheap, subsidized sugar, forcing the 100,000 Americans who are directly employed in sugar production out of work. It is a simple reality that our domestic industry does not stand a chance in the face of massive imports of subsidized foreign sugar if this loan program for sugar is not adopted.

Just today, Ambassadors from seven nations in South America have written a formal letter of protest to Secretary of State Alexander Haig. These nations—all dependent on their ability to dump their excess production of sugar on our domestic market—have complained to our Government that congressional approval of the sugar provisions of the farm bill will "adversely affect their economies and contribute to unrest or violence."

As a Member of the U.S. Congress, I object to being threatened by a gang of South American nations. Furthermore, the case made by these nations has little bearing on the facts of sugar. What these South American Ambassadors refuse to admit publicly is that their real enemy is not congressional approval of a U.S. sugar loan program. Their real enemy is wealthy nations like those which belong to the European Common Market, for Common Market nations dump sugar onto the U.S. and world markets at prices well below the cost of production. Everyone knows that lesser developed countries simply cannot afford the massive subsidies that Common Market nations provide to their sugar growers.

In recognition of the special need of lesser developed countries to have access to foreign markets such as those offered by the United States, our Nation had adopted a trade policy called the generalized system of preferences or the GSP. What the GSP does is very simple: It waives duty requirements for the lesser developed nations and allows them duty-free exports to the United States. Certainly, this gives them an advantage in international trade.

In fact, all but one of these nations named in the Post article qualify under the GSP program for duty-free export of sugar to the United States. It is ludicrous for this gang of South American nations—nations which already receive preferential treatment for their export of sugar to the United States—to threaten the Congress of the United States. Surely these nations cannot, in any good faith, argue that protection of our domestic sugar industry will contribute to "growing unrest or violence" in their own countries—certainly, they cannot make that claim with a straight face.

To bow to the implied threats of these South American nations will not save the South American nations from any more violence or unrest. Succumbing to their threats will, however, seriously weaken one of American's essential farm industries—the sugar beet and sugarcane industries—in addition to creating an unemployment rate of 35 percent of one of my islands in Hawaii. If that will not create unrest, I do not know what will.

If these South American nations are really interested in protecting the economic interests of their sugar industry, then their course of action is really a very simple one: They should join Australia and Brazil in their protest of the Common Market's dumping of over 5.3 million tons of subsidized sugar on world markets—a practice routinely carried out by Common Market countries.

Mr. Chairman, for 40 years, from 1934 to 1974, we maintained a viable domestic sugar industry under the terms of the Sugar Act. It is only since the expiration of the Sugar Act in 1974 that prices have fluctuated wildly. In 1974 alone, the price for sugar increased from 8 to 64 cents per pound. By 1977, the price declined to 7 cents per pound. In 1980, because of the absence of a domestic sugar program, the price rose to 40 cents per pound before plummeting to a low of 11 cents in August of this year.

It is only in the absence of a domestic program that we have experienced this price roller coaster. The consumer is not happy riding this roller coaster, and neither is the farmer. What both the consumer and the farmer need is a domestic sugar loan program that will maintain a viable domestic sugar-producing industry and thereby assure adequate supplies at stable prices for American consumers. This can only be achieved under a loan program as provided in the farm bill.

I urge my colleagues to join with me in opposing the Peyser amendment. The choice is clear. A vote against the Peyser amendment is a vote against foreign-owned and foreign-operated sugar refineries which in no way benefit this Nation or its consumers. A vote for the sugar loan program in the farm bill is a vote to support American farm products—products which are a better deal for the consumers of our Nation and the 100,000 workers who are employed in this important domestic industry.

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Mr. WAMPLER. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Montana (Mr. MARLENEE).

Mr. MARLENEE. Mr. Chairman, I congratulate the chairman and ranking minority member for their hard work in the Agriculture Committee.

The agricultural industy is willing to shoulder its share of responsibility in correcting an economy that has been shattered by 25 years of policies laddened with regulations and Government spending that have driven interest rates and inflation to alltime highs.

It is for this very reason we must proceed with extreme caution. For if we act with haste, we will surely doom a generation of farmers to bankruptcy.

We are writing this bill at the worst possible time. Interest is at an alltime high and farmers are hit harder than any other segment of our economy by this one factor.

Interest paid by farmers in 1980 was around $16.5 billion. It is projected that in 1981 farmers will have to pay over $120 billion in interest charges.

We are writing a bill at a time when every viable agricultural program of the past has been curtailed. There is a mood, by those who have seen their favorite programs slashed, a mood to cut every farm program and then go home and campaign that they did something about consumer prices and that they did, in fact, cut the budget.

We are, in effect, writing a farm bill under duress. I submit to this assembly that it is ludicrous to write a farm bill under these conditions, a bill that will be binding for 4 years.

We all hope that the present economic conditions cease, but why sell our farmers into bondage by binding them to today's conditions. We must defeat any amendments that are designed to decrease farmers income. If not, we have no choice but to make this a 1-year bill.

Net farm income in 1980 fell to approximately $20 billion, down sharply from 1978, down 27 percent, and 1979, down 39 percent. When this $20 billion is adjusted for inflation, farmers received less in income than they have at any time since 1934—less income than any time since 1934. I want you all to just think about that for a second. The major industry in America, the industry that has done more to assure that our balance of trade does not become even more dismal, the most productive industry in America, the most productive agricultural sector in the world, the people that place food and drink on your table; they are living on 1934 income. This cannot go on.

We cannot talk agriculture and economics without statistics. Economists, those practitioners of the dismal science, have sharpened their pencils and have predicted ruin for agriculture. Adjusted net farm income has never been below $10 billion for 2 years in a row since 1936. The way things are shaping up, 1982 could be the third consecutive year below the $10 billion figure. According to Data Resources, Inc.—

> Spendable income (receipts minus expenditures) portrays an even more depressing description of the farm sector difficulties.

To find comparable levels we must again go back in history more than 30 years.

August of 1981 is an indication of the health of American agriculture. This month showed the sharpest decline in crop prices in 17 months. It was the first time since June 1980 that prices fell below the level of a year earlier. The USDA report predicts 1981 net farm income will be around $22 billion, $2 billion more than 1980 at best. Two billion more in income sounds like a lot to many people. But let us look at the expense side of the ledger. In 1980 fuel went up 29 percent, fertilizer up 27 percent, short-term interest 29 percent, real estate interest 19 percent, and taxes 6 percent. I need not tell you of the increase in overall interest rates. A 1-percent increase in interest rates translates into a decline of farm income of about 10 percent. It does not take long to shove American agriculture into the red with costs skyrocketing and prices declining.

Debt—it now appears to be an American pastime with the Government the major player in the game. Yet, how are agricultural producers to survive in this cost-price squeeze except to sell out—and to whom at such interest rates—or to borrow. Total farm debt in 1978 was $136.1 billion; 1979, $157.9 billion; and 1980, a figure of $174.5 billion was reached.

What has American agriculture done through this midst of hard times. Produced like never before. Record wheat crops, record corn crops, and one of the best export years ever is in the making. All this to bring to Americans the lowest priced food in the world.

What are we doing to this industry today? It is comparable to a disease that attacks wheat in my home State. While it stands tall and firm, the inner kernel of grain is being slowly eaten away, undetected by most people. Come harvest, the grain powders and the crop is ruined. No income produced, no food grown. The action unfolding on this bill is similar. We are slowly eating away at the productive heart of America. Undetected by many Americans, little understood—the productive potential, the stabilizing influence, American productivity will be sapped—today with the results not to be apparent until 1982 and beyond. The challenge we face today is no easy task; we are writing a 4-year economic health program under an economy beset by ills. Let us not provide a cure that results in the death of a patient.

Mr. DE LA GARZA. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, I also want to join my colleagues in complimenting our distinguished chairman, the gentleman from Texas (Mr. DE LA GARZA). I believe that in the almost yearlong debate now surrounding the development of this farm bill our chairman has set an example of diligence, fairness, and openness in letting all of us have our due input into the development of this bill.

Agriculture today in the United States is, to quote an article that appeared in the Des Moines Register, a "sorry story." The editor of the Bayard, Iowa, newspaper, the Bayard News, Mr. Ken Robinson, said in a recent newspaper headline that "selling price is below cost." And he pointed out that the average price of growing corn this year in the United States is about $3.11 a bushel, but that the price that farmers are receiving near Bayard today is about $2.21 a bushel.

Earlier this year, Mr. Robinson pointed out that corn in central Iowa was selling for about $3.16 a bushel. As I said, today it is $2.21 a bushel, a drop of 95 cents a bushel just since the first of the year.

Soybeans, he goes on to point out, this September is $1.18 a bushel less than it was in January, and yet interest rates are up, fuel costs are up, fertilizer is up, land is up, hogs and cattle are selling at the same prices this year that they did last year.

[From the Bayard News, Sept. 17, 1981]

U.S. CROP PRODUCTION COSTS

Item	Cost per acre				Cost per bushel			
	1978	1979	1980	1981	1978	1979	1980	1981
Corn:								
Excluding land	$150.23	$177.85	$213.54	$246.12	$1.49	$1.62	$2.36	$2.38
Including land	199.20	232.35	277.83	320.47	1.98	2.12	3.07	3.11
Sorghum:								
Excluding land	97.68	120.30	136.31	159.35	1.84	1.96	3.19	2.87
Including land	119.58	152.27	177.04	201.28	2.25	2.48	4.07	3.62
Oats:								
Excluding land	72.90	[illegible]	99.02	113.00	1.46	1.67	2.17	2.19
Including land	95.79	115.54	136.80	151.46	1.91	2.27	3.00	2.94
Wheat:								
Excluding land	74.30	90.36	108.13	123.52	2.48	2.79	3.62	4.13
Including land	98.46	120.53	144.12	159.20	3.29	3.72	4.62	5.32
Soybeans:								
Excluding land	99.13	114.99	131.47	149.71	3.39	3.60	5.02	4.97
Including land	150.23	164.28	192.05	223.01	5.14	5.15	7.33	7.41

1978 and 1979 final; 1980 preliminary; 1981 projected. Totals, including land, include composite land allocation, which is an average of share rent, cash rent, and a charge based on acquisition value of owner-operator land.

SELLING PRICE BELOW COST

The above chart showing the cost of producing crops in America was released recently by the United States Department of Agriculture. To go along with this statistic, we did some checking with the Mid-Iowa Cooperative to see just what has happened to prices since Reaganomics has taken over in this country.

On January 20, 1981, corn was quoted at $3.15 a bushel. It closed Tuesday, September 15, at $2.32 a bushel.

Beans were quoted at $7.26 a bushel on January 20 and Tuesday the quote was $6.08.

Remember, during the last two harvest seasons grain prices have advanced but there is no indication that this will happen this year.

If you want to see something even worse, go back to the day after election, November 5, 1980. On that day corn was quoted at $3.16 a bushel and beans were bringing $6.62.

It's not hard to figure. If your corn makes 120 bushels to the acre, you have lost $100 an acre in eight months.

In our dairy sector, parity at the beginning of this new marketing year will be at the lowest ratio that it has been since 1949 for our dairy farmers. Net income of farmers in 1979 was $33 billion. In 1980, it dropped to $20 billion. It is forecast this year to also be around $20 billion. For last year and this year, the net income for farmers will be at the lowest level in 45 years.

Now I tell this to my urban friends and colleagues, and they say, "Well, how can that be? If it is that bad, how can farmers continue to exist?"

Well, the answer is simply this: Farmers continue to invade their equity to pay their operating expenses. In other words, they are borrowing more and more money.

And what has been the response of this administration? Raise the interest rates in Farmers Home Administration, phase out the storage facility loans at a time when many farmers still have their 1980 crops in their bins and they need to take this crop out of the field and to store it so that they can sell it later on at prices that they want. Now they are pulling the rug out by taking away the storage facility loans. We need to open the reserve this fall. The administration, on more than one occasion this year, indicated that they were going to open the reserve for corn this fall so that farmers could take corn out of the fields and put it right into the reserve.

☐ 1520

To this date they still have not announced it.

Today I call upon the administration to open up that reserve now for our corn farmers, to help them bolster their prices so they can put the corn right into the reserve out of the field.

The CHAIRMAN. The time of the gentleman from Iowa (Mr. HARKIN) has expired.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 additional minute to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I also want to point out that the administration put an embargo on butter that has held by CCC. We can sell grain to the Soviet Union, but now we cannot sell butter. What kind of sense does that make?

One last thing. The longer I am here in this body, the longer I serve on the House Agriculture Committee, the more convinced I am that we must stop giving our grain away overseas. We should now establish an export grain bank of the type envisioned by our colleague from Oregon. We are in fact the OPEC of wheat and corn and we should begin demanding more for what we sell abroad.

Today I understand that we have told the Soviet Union that they can buy up to 23 million metric tons this fiscal year. That will be a record purchase for the Soviet Union, and guess what? They are going to get it at bargain basement prices. The Soviet Union will be buying our corn and our wheat from our farmers at below the cost or production. What kind of signal does this send to the Soviet Union by our Secretary of State when we are selling our grain to the Soviet Union below the cost of the production at the same time that the President wants to build more bombers, MX missiles and a thousand more cruise missiles?

I only make this plea to my urban colleagues and to Dave Stockman and Ronald Reagan: Please, let us begin using some good, old-fashioned commonsense in dealing with American agriculture.

Mr. WAMPLER. Mr. Chairman, I yield 4 minutes to the gentleman from Missouri (Mr. EMERSON).

Mr. EMERSON. Mr. Chairman, I rise in general support of H.R. 3603. As we all know, this farm bill has been scheduled and rescheduled several times during the last few days. The lack of a clear schedule prevents us from being as well focused as we should be on this very important subject.

A general farm bill only comes up every 4 years and our Nation's farmers who represent the most productive element of the producing sector of our economy deserve our undivided attention. While H.R. 3603 has imperfections and inadequacies, it is not an unreasonable document on which debate and amendment may proceed.

Uncertainty in agricultural policy causes greater uncertainty among producers—often with adverse economic consequences, and I am concerned that the scheduling of this very important bill has not been given the priority it deserves on our national agenda.

The 1981 farm bill basically authorizes or reauthorizes major farm programs for the next 4 years. It extends basic loan programs, target price, and farmer held reserve programs for major commodities.

The bill also provides farmers additional income protection against embargoes, which is of vital importance.

Through all these provisions, the central aim is to provide stability in the marketplace and a fair return to our producers. This stability, and the return in profit to our producers, has been shattered recently by high interest rates and high inflation, which drives up the farmers' cost of production and eats up what would normally be their profits. So this bill must also be read in the context of what we are also, otherwise, trying to do to reduce inflation and high interest rates.

I speak personally for a diverse agricultural district in Missouri, bordered on the east by over 300 miles of Mississippi river frontage, and on the west by the Ozark Mountains. We run from the north near St. Louis all the way south to Arkansas. It is a rich and fertile agricultural area. Diversity is shown from dairy and livestock and feed grain production in the north to rice, cotton, and soybeans in my southern delta area. We abound also in apples, peaches, and timber. My district's No. 1 industry raised last year over 225,000 bales of cotton, 15 million bushels of wheat and 26 million bushels of soybeans, and that was in a drought stricken year.

This production is made possible by hard-working, risk-taking farmers, who are often at the mercy of elements beyond their control; and, sometimes at the mercy of elements, such as selective embargoes, that could be controlled by political processes but in far too many cases have not been.

Our abundant farm production allows the United States to export two-thirds of its rice, half of its soybeans, three-fifths of its cotton, and more than a third of its corn. This kind of production assures reasonable food prices in this country.

Our exports help make it possible for U.S. consumers to pay far less for food than people in any other country in the world. Without exports, acreage would have to be greatly reduced. On the average we spend less than 16 percent of our disposable income on food stuffs.

In contrast, people in some countries—including certain Western democracies—pay 30, 40, 50, percent of their disposable income for daily sustenance. This incredible food factory manned by the American farmer produces enough food and fiber to feed and clothe himself and 68 other people.

As well as providing food and fiber to the American consumer at bargain prices, the American farmer exported $40 billion of farm products in 1980 while we imported $80 billion in foreign oil.

The American farmer covered one-half the tab of imported oil. It is my belief that Congress and the American people have an obligation to support legislation that will provide stability and keep this great American agricultural machine productive and vibrant. The agricultural community and we on the Agriculture Committee are sometimes accused of being very parochial, having parochial interest, but let me remind my colleagues that these "parochial interests" add up to one of the most productive economic machines this world has ever seen, and I as one who represents a producing area, would appeal to all my colleagues, equally, across the board, to give agriculture a fair hearing as we commence the deliberations on this farm bill.

I thank my colleagues for their attention at this time, and urge their careful consideration and objective evaluation in the days ahead.

Mr. WAMPLER. Mr. Chairman, I have no further requests for time on this side, but before yielding back my time, I want to take this opportunity to commend and congratulate the chairman of the Committee on Agriculture, my friend and colleague from Texas (Mr. DE LA GARZA), and all of the subcommittee chairmen, and all of the ranking members and indeed, the entire membership of the Committee on Agriculture for their efforts in bringing this bill to the floor such that it addresses farmers' concerns and meets the constraints of the first concurrent budget resolution with the exception perhaps of the outyears.

I think this has truly been a bipartisan effort and while it may not offer as much as some of us would like, it does I think indeed perhaps more than I thought we could when we began to write this bill and certainly when we started hearings on the bill earlier in this year.

I hope all members of the committee will listen carefully in a very considerate way as the various amendments are presented and debated because indeed, Mr. Chairman, it is important that we pass a bill that will preserve and protect this great enterprise of American agriculture, and having no further requests for time I yield back the balance of my time.

□ 1530

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. PANETTA).

Mr. PANETTA. Mr. Chairman, as a member of the House, Budget and Agriculture Committees, I would like to compliment the chairman, Mr. DE LA GARZA for his tireless efforts throughout the reconciliation process and the markup of the farm bill to meet the budget guidelines enacted by the House. In that vein, I want to urge all my colleagues to support the Bedell amendment which will be offered shortly after H.R. 3603 is brought to the floor. This crucial amendment which enjoys the support of the committee will bring the farm bill into line with the spending limits imposed in the first concurrent budget resolution providing for a reduction of $983 million. It must be adopted to abide by budget constraints and to avert a potential Presidential veto.

The Bedell amendment will bring the farm bill under budget in a manner that tries to protect vitally important farm programs to the extent possible given the restrictions imposed by Gramm-Latta. It is a balanced and carefully thought out approach that represents the best effort of the House Agriculture Committee. It is by no means a generous bill. It provides bare minimum support for our Nation's farmers. It is a compromise—but one that seeks to meet the realities of a Nation's budget, economy, and agriculture.

I intend to offer to the bill four amendments which I would also like to briefly describe for you. The first would increase the licensing fees charged to dealers in perishable commodity under the Perishable Agricultural Commodities Act. This law provides a mechanism for policing the fast-paced commodity brokerage industry. It establishes standards of business conduct and enjoys the overwhelming support of the agricultural industry. The entire program is financed by licensing fees charged to merchants, dealers, and brokers. This fee, however, has not been increased in many years. Consequently, current fees are inadequate to meet the program costs. Despite the fact that fees are set at the maximum allowable rate, the program will experience a $300,000 deficit in fiscal year 1981. My amendment to raise these fees was passed by the Senate. I urge your support for it when I offer it here in the House.

The second amendment I will offer was also adopted by the Senate, albeit in a slightly different form. It would express the sense of Congress that the Secretary of Agriculture should use, to the maximum possible extent, existing authority to pursue a more aggressive export policy. The Secretary has been authorized to establish international trade offices, interim credit revolving funds, market development programs for value-added and processed foods, and cooperator programs for foreign exporters. This amendment would encourage him to take full advantage of these authorities. It would also strengthen the Department's hand in negotiations with Japan and the European Economic Community to ease import restrictions on American agriculture products.

My amendment differs slightly from that adopted by the Senate in that it expands upon the recommendations to the Secretary regarding his negotiations with Japan to include discussions concerning lettuce and other specialty crop exports. The Salinas Valley, which I represent, accounts for 42 percent of all the acreage committed to lettuce in the entire State of California. The significance of this fact becomes apparent when you realize that over 72 percent of all the lettuce grown in the United States comes from California. The annual field value alone of this single crop in the Salinas Valley exceeds $200 million.

While there is a tremendous demand in Japan for California lettuce, growers and shippers are quite reluctant to export it because of uncertainty as to whether it will be accepted by Japanese officials as suitable for their markets. Japan's pest tolerance levels do not comport with the USDA's standards for the issuance of phytosanitary certificates. These certificates certify that the particular product does not exceed acceptable levels of plant pests. It is necessary for the Secretary to negotiate with the Japanese toward the adoption of mutually acceptable standards so that exporters may be assured of entrance to Japan's markets. My amendment urges the Secretary to undertake such negotiations with regard to lettuce and other specialty crops.

The third amendment I intend to offer would give the Secretary additional discretionary authority to approve long-term leases entered into by recipients of Farmers Home Administration loans and third parties, when such leases are necessary to insure the continuation of services for which the original loan was extended. A particular problem in my district has pointed out the need for this additional authority. I would urge my colleagues to support this measure as well.

Finally, my fourth amendment will be offered as an adjunct to a proposed amendment to give the Secretary broad new powers to deal with extraordinary emergencies resulting from plant pest infestations that threaten the fresh fruit and vegetable industry. Under this new authority, the Secretary would be empowered to "destroy or otherwise dispose of" any product infested or believed to be infested by a dangerous plant pest. My amendment would give the Secretary the authority to provide compensation to growers in instances where he exercises this power. Compensation would be discretionary and would only be exercised by the Secretary when necessary to avoid serious injustice. My amendment parallels the authority the Secretary has regarding animal diseases infestations, with the exception being that under my amendment compensation would be discretionary while in the animal disease situation, compensation is required.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. RICHMOND), the distinguished chairman of the subcommittee that handles food stamps.

Mr. RICHMOND. Mr. Chairman, why am I here? Why am I a member of the Agriculture Committee? Why am I supporting this bill? Well, I am the only urban member of the House Agriculture Committee, as you know.

On the other hand, many of you probably do not know that I have been farming for 25 years, so I have had a good opportunity to understand both farming and the lives of the poor people whom I represent in Brooklyn. I represent the third poorest district in the State of New York.

I am a liberal. I represent consumers, but I am 100 percent behind this farm bill. I think our chairman has done an outstanding job in keeping us all together.

The gentleman from Virginia (Mr. WAMPLER) has been wonderful.

The ranking minority member of my committee, the gentleman from Missouri (Mr. COLEMAN) has been outstanding in working together on a bipartisan bill. Everyone of the supports that we have prescribed in our bill is sound and fair and gives the farmers an opportunity to try to make a living.

I just came back from Japan. Japan's agriculture is in total disarray. As good as they are in industry, that is how bad they are in agriculture. You come back to this country and you realize that the one area in the United States that is outstanding, outstanding in the entire world, is the agriculture sector. There we have the technology. There we have the knowledge and there we have people with an interest in productivity, people willing to work.

Now, for us here in Congress to do anything to hurt the farmers, force the farmers to sell their land frequently for much more money than they could possibly make growing crops, I think would be a great mistake. That is why I am for the farm bill. That is why I want to support sugar. I want to support tobacco. I want to support rice, cotton, every one of these other commodities, because if we do not support them, you can bet your bottom dollar the farmer just will not stay in business.

I do not smoke and I do not use sugar, but many Americans do smoke and many Americans do use sugar. Do we Americans want to have an OPEC of tobacco? Do we want to have an OPEC of sugar? We have seen what happened when we did not support sugar just recently. Sugar went to 50 cents a pound.

Do we also realize that we Americans just cannot afford to import those products that we can grow in this country? We need the jobs. We need the foreign exchange.

Let us all work together on a farm bill and let us remember that in that farm bill we have a first-class food stamp bill. We have taken a cut of 15 percent on food stamps against the present food stamp program. We have tightened every phase of the food stamp program. We have gotten bipartisan support on the food stamp bill.

Let us remember that we have a wonderful farm bill. We have a good honest, clean, food stamp bill. Give us a chance to put both these bills together and get them working.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Chairman, there is a way to increase farm income and not cost the Treasury or the American consumer a single penny. We could make as much as $20 billion more for our grain sold overseas if we followed the law of commodities and set the minimum price for overseas grain.

Now, I have an amendment that I will offer to the farm bill, the grain export bank, that would give the Secretary of Agriculture the discretion to set minimum prices for our grain sales overseas. It will not affect the domestic price. The domestic price would remain free, but the wealthiest nations in the world, the Soviet Union, Japan, Germany, and OPEC nations who buy our grain would simply pay what is a fair and reasonable price. This is not gouging them. It is getting a reasonable price so that our farmers can stay in business.

How much longer are we going to go on giving our grain away and letting our farmers go bankrupt? When are we going to wake up and set this minimum price so we can realize the true value of our grain that we sell to foreign customers?

Now, the USDA Bulletin No. 167, "Changes in the International Grain Trade in the 1980's," says that it is feasible—read this and vote for the Weaver grain export bank amendment so we can put our farmers in business again.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from South Dakota (Mr. DASCHLE).

Mr. DASCHLE. Mr. Chairman, I have a tremendous amount of admiration for the chairman this year. He had done an admirable job under very difficult circumstances and certainly the same can be said for the ranking member; but I rise in opposition to this bill as a member of the House Agriculture Committee. I rise because we consider this bill at a time when our operating costs this year alone have increased 14 percent.

The USDA has estimated the cost of production for wheat this year will be $5.32 a bushel; for corn, $3.11 a bushel, and yet this bill locks in loan rates, and I might add market rates, at $3.55 a bushel for wheat and $2.65 for corn. After passage, we will have reached one of the lowest levels of parity in American history. Wheat will be set at 50 percent of parity, corn at 54 percent.

Efforts will be made to bring this bill down to levels even below that passed by the Agriculture Committee. When the Senate lowered the target price of wheat from the $4.20 level in the Senate Agriculture Committee-passed bill to a $4 level, it is estimated that it saved $173 million in Federal outlays. That is not the whole story, however. The 20 cents reduction in the wheat target price also cost us $2 billion in farm income and $1.5 billion in trade revenue. We would be much better off with an additional $2 billion in farm income and $1.5 billion in trade revenue than with the small savings in Federal outlays.

In South Dakota, just an increase of 10 cents a bushel will increase income in our State by more than $20 million. Just when they need it the most, just when we are expecting interest rates to level off at some 18 percent, just when costs of production figures are going up even further, we see this agricultural budget as one of the lowest of any agricultural budgets ever passed in the U.S. Congress. In 1981 it is expected to be four-tenths of 1 percent. That compares to 1.26 percent as late as 1979.

The impact of this legislation could be disastrous. A way of life will one day die if policies such as these continue. Just during the last 2 years alone, this country has lost more than 450,000 farm residents and now we estimate that the farm population is only 2.7 percent of the entire population in our country.

And USDA estimates that more than 1,000 farm families a week leave our country's farms and as a result of those policies we can expect that trend to continue.

We intend to offer some amendments and to organize ourselves and certainly speak out louder than ever against policies such as those we are enacting today.

Mr. Chairman, one of the amendments which I intend to offer concerns the food-for-peace program. I include my statement before the Agriculture Subcommittee on Government Operation in the RECORD, as follows:

STATEMENT OF CONGRESSMAN TOM DASCHLE BEFORE THE AGRICULTURE SUBCOMMITTEE ON DEPARTMENT OPERATIONS, RESEARCH AND FOREIGN AGRICULTURE, MARCH 13, 1981:

I appreciate the opportunity to make a statement today regarding the Food for Peace Program. My statement will be brief.

The one point I want to emphasize is that the members of this Subcommittee and the Agriculture and Foreign Affairs Committees must view the Food for Peace Program in terms broader than just that of an export tool. Food for Peace may be an export tool, but it also has a goal of assisting the recipient country. Congress should, therefor, consider more than just how much money Food for Peace should receive.

You will hear testimony today from several food aid groups regarding the need for reforms in the Food for Peace Program. Their concern, and my concern, is that the assistance we give through Food for Peace serve a developmental purpose—there is no point in giving or selling food on concessional terms which then undercuts local markets in the recipient countries or which does not reach the needy population.

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When Food for Peace began we had agricultural surpluses and it seemed that the program would solve two problems at once—getting rid of agricultural surpluses, for which we had no storage space and which served to depress market prices, and allievating world hunger.

We no longer live in a time of agricultural surpluses and we may never again. Our problem may be one of choosing which countries among the world to export to. The Global 2000 Report projects a world population of 6 billion by the year 2000 and that *80 percent* of those people will live in developing countries. We are talking about 4.5 billion people with inadequate agricultural resources. The United States cannot feed 4.5 billion people.

We should use the Food for Peace program to more aggressively encourage agricultural development in the recipient countries. Currently 70% of our food under the program is in the form of concessional sales. The recipient governments in turn sell the food—sometimes at prices which undercut local markets and thereby harm their own farmers and discourage incentive to increase agricultural output. Often, as in Bangladesh, the food does not reach the most needy, but is sold by the Government to selected urban groups such as civil servants, police and army.

In 1977 Congress strengthened the self-help or development aspect of Food for Peace by establishing Title III which basically turns Title I loans into grants for those countries willing to institute and complete agricultural development projects. Currently only 7 countries—Bolivia, Bangladesh, Senegal, Sudan, Honduras and Egypt—have signed Title III contracts. Only 15% of the Food for Peace commodities are under Title III contract. Title III was a good idea but more reforms are necessary.

There have been recent suggestions that the self-help measures in Title I be strengthened by requiring that the contracts be more specific and verifiable regarding economic and agricultural development and that the projects be of benefit to the most needy segment of the population. Another suggestion has been that we apply more leverage for agricultural development by requiring that Title I recipients switch to the more stringent and agricultural development-oriented Title III program.

From a purely domestic perspective, it is not in our self-interest to promote short-term oveseas marketing strategies for U.S. agricultural products which support and encourage long range structural poverty. The stronger demand for food associated with reducing poverty and increased income would provide greater incentives for food production and place greater pressure on the recipient governments to give renewed attention to their own agricultural sectors. The greatest impetus for long range commercial markets for the U.S. comes from equitable economic development in the Third World, which would enable us to export on nonconcessional terms not only our agricultural products but our manufactured industrial goods.

Thank you again for the opportunity to appear before this Subcommittee. There is increasing criticism of the structure of the Food for Peace program by those who administer this aid program in the field, and I hope, therefore, that Congress will take a serious look at reform of the Food for Peace program this year.

☐ 1540

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Louisiana (Mr. BREAUX).

Mr. BREAUX. Mr. Chairman, I was awakened very early this morning by the very most disturbing news contained in the headline in the Washington Post, which said that the sugar price program would lead to violence, Latin lands warn.

I am not really very surprised that some countries which make billions of dollars off exporting subsidized government sugar to the United States would somehow be a little disturbed by the fact that maybe the U.S. Government is now trying to establish a program which is going to encourage domestic sugar production. I would imagine the OPEC nations several years ago were equally disturbed when the United States made a decision that perhaps now was the time we should start concentrating on producing enough domestic oil and gas for our own citizens. So, they say that our adopting a sugar program could cause a restiveness, create and cause political tension, and—my gosh—even in many cases by synonymous with violence. How horrible it would be if the United States would attempt to become self-sufficient for the consumers of the United States in a product that last year we spent $2 billion in payments going to foreign countries to try and get enough sugar for our American citizens. That was the balance-of-payment deficit in the sugar program.

I commend the chairman for the program he has brought to the floor, and I point out to those who talk about the horribly high cost of the sugar program, the last time the United States of America had a program was back in 1977 and 1978, and do you know what the results were? The U.S. Treasury—$67 million on the tariffs on the imported sugar. That is a program, I think, that in fact does not cost the Government anything.

The fact that it may disturb some foreign exporters who dump sugar into the United States, I say, so be it. That is the course they have decided on and embarked upon and they are just going to have to live with the facts of life while we make the program for our own American citizens more stable, and therefore our economy more stable.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. VOLKMER), a distinguished member of the committee.

Mr. VOLKMER. Mr. Chairman, I first wish to commend the chairman of the committee, the gentleman from Texas, and the gentleman from Virginia (Mr. WAMPLER), and also wish to commend the gentleman from Iowa (Mr. BEDELL) who will be bringing by way of his amendment the bill in line with the budget.

I for one am not completely satisfied with the bill, even though I support it completely. I had hoped that we would be able to do a little more for our farmers, but under the budgetary restraints we are not able to do so and yet be able to provide for each of our commodities.

I would just like in passing to say this: The wrapper around a loaf of bread costs more or as much as what the farmer gets for the wheat that goes into that loaf of bread. That is something to think about. When you go to the store and buy a box of cereal, the box that contains the cereal costs the manufacturer and the consumer as much as it costs for the oats or the corn, what have you, in it that the farmer gets, for the price he gets for that which is in it.

Here is just something to think about in passing; the average American consumes 236 pounds of meat a year, approximately 20 pounds a month. In no other country can the consumer eat meat as cheaply and as much and as good as we do in this country. In many countries they are eating less than that in a year. Nor do they have the productivity we have among our farmers. Because of that farmers' productivity the American consumers are able to eat so well.

But, what has it cost the American farmer? A combine in 1971, an average combine, cost $35,000. Now, it is $105,000. A tractor, a 150-horsepower tractor—not a real big one—cost $13,000 in 1971. In 1981 it costs $45,000.

What does it cost the farmer for land when a young farmer wants to go out and produce today? What is it going to cost him? It will cost him a quarter of a million dollars at the least to start to buy the land.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. LUNDINE).

Mr. LUNDINE. Mr. Chairman, I wish to join my colleagues in support of H.R. 3603, the Food and Agriculture Act of 1981. This legislation is of great importance, not just to the producers of certain agricultural commodities, but to the well-being of thousands of communities throughout the Nation and to the Nation's economy.

We tend to minimize the important and vital role agriculture plays in the Nation's economy. Farming constitutes the single most important industry in my State of New York and throughout the Nation. It employs more people, produces a greater volume of products, is more productive and contributes more to foreign trade than any other single American industry.

American agriculture experienced a resurgence during the past decade. After remaining relatively stable prior to World War II and increasing only slightly through the sixties, agricultural productivity rose dramatically during the seventies, and has increased by nearly 15 percent since 1975. This has been due, in part, to improved farming techniques and technology, but also to the replacement of outdated, restrictive farm policies with more flexible loan support programs.

The enhanced efficiency and productivity of the American farmer contributed significantly to the Nation's economic growth up through the midseventies and has helped to lessen the overall decline in the Nation's productivity in recent years. Today, the American farmer produces 2½ times more per man-hour than in 1960 and more than 10 times as much as 1930. The average farmer today produces 65 percent more per acre than his father did.

Of equal significance has been the phenomenal growth during the past decade of U.S. agricultural sales abroad. Nearly half of the agricultural commodities in the world's trade are grown in the United States. The increasing volume of agricultural sales abroad has helped to reduce balance-of-payments deficits and has strengthened U.S. trade at a time when nonagricultural exports have continually been in deficit. Without these massive agricultural sales abroad, it would have been impossible to even come close to offsetting our annual $80 billion bill for imported oil.

As I noted, Mr. Chairman, a major factor contributing to the stability and productivity of American agriculture has been our current system of price supports through Government loan and purchase programs. H.R. 3603 continues these important programs for 4 years. In addition, it reauthorizes needed agricultural research and teaching programs, initiates new efforts to improve rural living standards and preserve family farming, and provide new conservation programs to protect prime farmland and reduce soil erosion.

With several important exceptions, I support these provisions of the legislation and commend the Agricultural Committee for its painstaking and careful consideration of the legislation. I wish to particularly commend the committee for its actions regarding the dairy price support program. The provisions contained in H.R. 3603 provide a sound compromise between the need to reduce Government expenditures for dairy supports and the need to preserve prices at a level that maintains the viability of dairy farming and permits small dairy farms to continue operating.

I think it would be a mistake to make further, sizable reductions in the dairy support program, as has been proposed by the Reagan administration and a number of my House colleagues. Dairy farming involves high costs and considerable risk. The uncertainty normally associated with dairy farming has been compounded during the past year by the political debate concerning Government spending. In April, with little advanced warning, dairy farmers lost a semiannual adjustment in the dairy support price. Reductions were then made in the support program in the budget legislation. Additional cuts were incorporated in the House and Senate versions of the farm bill. Now, even deeper cuts are being proposed.

I should also point out that discussions have continued since early this year on the possibility of altering the entire basis for the dairy support program—of eliminating the parity index for determining support prices. These changes and discussions have added to the uncertainty and frustration felt by many dairy farmers, and has already contributed to the closing of a number of small-scale dairy operations in my district.

I will concede that there has been abuse in the dairy support program and that the Government has amassed an unjustifiably large stock of surplus dairy products. However, this is as much a tribute to the productivity of American dairy farming and the lack of an aggressive export program as it is an indication of abuse. It is precisely because dairy farming has become so efficient and productive under the current support program that these surpluses have occurred.

Mr. Chairman, I would much rather see the Federal Government become more active in promoting the sale of dairy products abroad and distributing surplus products at home than merely seeking to cut costs by reducing price supports and forcing many dairy farmers out of the industry. Such action would be ill-advised and shortsighted.

I am not advocating that there should be no reductions in the dairy support program. As I have indicated, considerable reductions have already been made in this and other legislation. The dairy farmers in my district have been willing to absorb these cuts as part of a nationwide effort to restrict excess spending and curb inflation and high interest rates. However, there is a strong feeling among these farmers—one which I share—that the dairy farmer should be required to bear the entire burden of reducing expenditures for agricultural programs. It is unjustifiable to require frequent and excessive sacrifice from dairy farmers when outdated and costly programs are permitted to continue for tobacco and peanuts and when costly new supports are being proposed for sugar.

I find it particularly difficult to support provisions of the legislation which continue the archaic and overly restrictive peanut program. It has become painfully evident to me that Congress has sanctioned nothing less than a government-mandated monopoly in peanuts that rewards a privileged few, stifles productivity, creates artificial crop shortages and forces consumers to pay unjustifiably high prices for peanuts and peanut products.

During the amendment process on this legislation, I will join with Mr. FINDLEY of Illinois in offering an amendment to eliminate the current system of allotment acreage and poundage quotas for peanuts. Our amendment will replace this outdated system with a straightforward loan support program for peanuts that is similar to the current support programs for corn, wheat, soybeans, rice, and other crops.

After careful study, I am unable to find any substantial justification for this restrictive support system, nor any reason why peanuts should be accorded treatment so preferential to that given every other food crop. I offer my amendment with the firm conviction that only a freer, more competitive market in peanuts can provide both greater prosperity for peanut producers and reduced prices for consumers.

The inadequacy of the current peanut program was evident in the doubling of peanut prices in the wake of last year's drought. At one point last winter, the price of shelled peanuts was permitted to rise 400 percent, from 40 cents per pound to $1.75 per pound. These high prices, which have continued, have pushed peanuts and peanut products out of the diet of many American households. This is particularly troubling when one considers that peanut butter contributes a significant portion of the protein in the diet of children, particularly poor children.

I am particularly troubled that the almost feudalistic peanut acreage allotment system is permitted to continue. Over 70 percent of current peanut production is on allotments leased by growers from individuals whose father or grandfather received acreage allotments over 40 years ago. These individuals take no risks and contribute nothing to the production process, and yet they receive annual tribute payments averaging between $200 and $250 per allotment acre. The cost of acquiring allotment rights constitutes nearly 90 percent of the land rental costs associated with peanut farming. The leasing of allotment acreage adds aproximately $200 per ton to the cost of peanuts, contributing significantly to production costs reflected in the current $455 per ton support price for peanuts.

It is estimated that the current acreage allotment and production quota restrictions add 10 cents per pound to the retail price paid by consumers for peanuts and peanut products. In New York State alone, the additional cost to consumers in 1980 amounted to more than $17.5 million. For the Nation as a whole, consumers were forced to pay an additional $200 million for the unnecessary costs associated with the program.

There is no justification to continue a program which imposes additional costs on the majority of American consumers while bestowing special privileges on a select few. The right to grow peanuts in this country should not be determined by inheritance nor subject to monopoly rents. While a system of rigid production restrictions and marketing controls may have been justified by market conditions 40 years ago, they are clearly unacceptable under current economic conditions.

The amendment we plan to offer will eliminate the current acreage allotment and poundage quota restrictions. It will permit anyone to grow peanuts for sale and allow peanuts to be grown in areas where production is most efficient and cost-effective. The amendment provides for a system of support involving loans and purchases by the Department of Agriculture at support levels determined by the Secretary of Agriculture.

I am convinced that a simple loan program—one comparable to those now in effect for every other food crop—can offer adequate protection to peanut producers, while assuring stable prices and quality products to consumers and reduced administrative cost to Government. Such a program is entirely consistent with the administration's emphasis on free market forces and with the public's demand for policies that are noninflationary and reforms that reduce special privilege.

I believe this amendment offers a fair and equitable arrangement for both peanut producers and consumers and deserves the support of the House membership.

Mr. DE LA GARZA. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Chairman, I think that next week as we get into the specifics of this bill we are going to see a confirmation of the old maxim, "Free enterprise is nice to advocate, but I wouldn't want to live there."

We are going to see some of the staunchest advocates of the free enterprise system in the Congress of the United States talk about how good it is for everybody except them. There are going to be, I think, some changes in attitudes that have manifested themselves.

I understand the need to provide adequate income for various groups in our society, but I do not think we can exempt the agricultural community from the kinds of cuts that have gone on today. I think it is time that the consumer and the taxpayer got a little recognition.

Legislation that tells people that they cannot grow peanuts, they cannot do this, they cannot do that, which comes out of the consumer's hide, is totally out of sync with the times.

I would like to quote on this subject a man who does have some consistency on the point, George Will. In yesterday's Washington Post he said:

> Compared with some cowboys' symbols of rugged individualism; hairy-chested, leathery-skinned; crow's feet around the eyes, who use heavily subsidized water, graze their cattle on public land for a pittance and have their market protected by beef import quotas, compared with such as Marlboro men, the average inner-city welfare mother is the soul self-reliance.

I am going to be offering an amendment on dairy and not on cattle, because in this particular season for my faith I have to keep the two separate, but I hope that we will have a consistency when we talk about the agriculture bill next week, with regard to inflation and protecting the taxpayers' dollars.

Mr. DE LA GARZA. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. Mr. Chairman, I would first of all like to commend the chairman of the committee and the ranking minority member of the committee; but I think I would like to go further than that. I would like to commend the members of the committee. It is a real privilege to serve on a committee where the people are working together for the American people and for the American farmer; and whether one is a Democrat or a Republican comes secondarily. At least, my impression of that committee is one in which all of the members put partisan politics aside in their concern about what is best for our country and for our farmers. If we are concerned about our Nation and if we are going to look at our total national problems, then I think we had better recognize first of all the importance that agriculture plays in our total national problems.

The fact is that in 1981, during the first 6 months, our agricultural exports were at an annual rate of $48.6 billion. This represented a 14-percent increase. This year it is projected that our agricultural exports will exceed imports by some $28 billion. Thank God we have that healthy agriculture to help pay for our oil and the other products we are bringing in.

One of the questions we face as we debate this farm bill is whether we are going to preserve this one great strength that we have in our society or whether we are going to worry about some of our little parochial interests; whether, if you will, the urban members are going to oppose the rural members; and whether we are not going to look at what is best for our Nation.

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Many of us tried to look at what was best for our Nation when New York

City was in trouble and needed help. I hope the Members of this Congress, as we look at some of the issues in this bill, will try to look at the importance of what is best for our Nation and particularly the importance of keeping a healthy agriculture so we can continue to pay for the coffee and bananas and tea and other items we import in agriculture and still have a balance of trade of some $28 billion.

When originally passed out of the committee, this bill exceeded what has turned out to be our budget requirements. That is because we did not know what the budget would be as we passed out the bill. Even at that time we believed that the bill provided less than many of us would have preferred.

When the bill comes before the House under the 5-minute rule, I will offer an amendment that will bring the bill down to where it meets the budget requirements of our 1982 budget. The amendment I intend to offer to this bill reduces our expenditures by some $1 billion in order to get it in line. It attempts to limit farm program expenses by reducing certain commodity price support levels and making other programs now mandated by H.R. 3603 discretionary. The amendment reduces the price support level for milk and adopts the lower sugar support prices approved by the Senate. The amendment also makes discretionary the new sunflower and conservation programs authorized in H.R. 3603. It also provides for the continuation of the current farm storage facility loan program and the emergency feed program at the option of the Secretary of Agriculture.

The major changes made by my amendment affect the dairy and sugar price support programs. In the case of dairy, my amendment lowers the price support levels currently authorized in H.R. 3603 at 75 to 90 percent of parity with semiannual adjustments through the year 1985. The support schedule for dairy in my amendment would be established as follows:

For 1982, the support level would remain at the current $13.10 per hundredweight. Holding the dairy support level to this figure is estimated to save $619 million in fiscal year 1982—a figure accepted by the Budget Committee—and would likely result in the support level falling below 70 percent of parity by the end of fiscal year 1982.

In 1983, my amendment provides for a support level of 72.5 percent of parity with the annual adjustment taking effect on October 1, 1982.

In 1983 and 1985, the amendment provides for dairy products to be supported at a level not less than 70 percent of parity, with the added provision that if projected net Government price support purchases in 1984 or 1985 are likely to fall below 3.5 billion pounds—about one-fourth their current level—then the Secretary must support dairy prices at least 75 percent of parity.

As I mentioned, my amendment also adopts the reduced sugar price support levels approved by the Senate a couple of weeks ago. The language of my amendment provides for a 1982 sugar support price of 18 cents per pound, with subsequent annual increases in the support level to reflect increases in the cost of production, but not to exceed one-half of 1 cent per pound per year.

I believe that this amendment provides for a balanced and responsible reduction in farm program expense, but assures our farmers adequate income protection.

Mr. Chairman, I hope as we consider this legislation that we will consider ourselves not just New York Representatives and not just Iowa Representatives but Representatives of our Nation and recognize the importance of a sound agriculture in our country.

Mr. DE LA GARZA. Mr. Chairman, to conclude, I yield myself such time as I may consume, and then I would hope to yield back the balance of my time.

To follow up with what the gentleman from Iowa (Mr. BEDELL) has said, let me make it explicitly clear that under the first budget resolution the ceiling imposed on us is $2 billion 182 million, and by proposing the Bedell amendment to the bill, our figure then would be $2 billion 165 million, which is below the first budget resolution, and then we will be within the budget.

Mr. ANTHONY. Mr. Chairman, the House has before it the 1981 farm bill. Based on the effort that has been expended by Members of this body this year in reconciling budgetary restraint with the legitimate needs and demands of the American people for protection and services, I can anticipate that the outcome of the farm bill debate must inevitably be inadequate to the needs of the farm sector because those needs are large. However, there is a critical level below which we cannot sustain further cuts.

After the Senate completed action on the legislation in a way I believed to be too severe for farmers, I called in a number of reporters who cover legislation affecting my State and district to convey to them my views on the farm bill and my apprehension regarding the future of agriculture. I will try to convey to my colleagues some of the reasons for that apprehension. In my view, two words can summarize the situation, "imminent depression."

The situation our farmers face today is the result of a variety of factors which have converged this year and they will be familiar to many. I will briefly review a few of them.

First. Costs of production: The inflation in producer costs has steadily mounted to a point that USDA data comparing prices paid by farmers with prices received by farmers has long since moved in opposite directions. Farm input costs since the mid-1970's have consistently trended upward to a point that the index of 1981 costs are 300 percent of those seen in 1967. During the same period, prices received by farmers have been on a roller coaster that has gone down much more than up and has trended downward consistently in 1981. The 1981 index of prices received is barely double those seen in 1967 and the large gains in farmer income made in the early 1970's have long since been lost to the inflationary surges of the past few years. The costs of farming cannot indefinitely exceed the income generated from it.

Second. Reliance on export markets: The farm bills of 1973 and 1977 were based on the expectation that U.S. farmers would be able to sell in an open world market where millions of hungry people would eagerly seek the produce of America's farms. To some extent, that is accurate in that our export volume has grown significantly. Nonetheless, many pitfalls have shaken the farmer's confidence in "market oriented" agriculture.

Export volume and dollar value have expanded dramatically in the past decade. The value of agricultural exports rose from $7 billion in 1970 to $44 billion in 1981 while the export tonnage rose from 61 million metric tons to 164 million metric tons.

Despite this remarkable performance, U.S. farmers have slipped deeper into economic quicksand at the same time they have massively expanded production.

In the 1970's there were embargoes for short supply reasons and in 1980-81, there was an embargo for foreign policy and national security reasons.

In this stop and go atmosphere, farmers have been encouraged to produce for an export market that has been a double-edged sword. As they have fought hunger abroad and helped to reduce the trade deficits of the United States, their equity in their land and resources has been sacrificed. Heavy pressures have been placed on fragile land resources and the future ability of farmers to remain in full scale production has been brought into question. Farm debt has steadily mounted and there has been a steep decline in net farm income.

Third. Farm income: The bottom line in any industry is the issue of profitability. For many farmers in my district, there is not any and has not been any for several years. One of the most positive effects on the economy would be a return to profitability for agriculture. There clearly is not going to be any again this year for most.

USDA is forecasting net farm income to be below $20 billion for the second year in a row. The widely quoted study by Richard Pottorff of Data Resources, Inc., of Lexington, Mass., noted that this figure, when adjusted for inflation, is the lowest net income level for farmers since 1934.

His conclusion that the farm sector of the United States is in a crisis unlike any seen since the Great Depression is certainly true in Arkansas. The severe drought of 1980 was unlike anything our farmers had seen since the 1930's. In Arkansas, it contributed to a major jump in farm indebtedness and prevented any prospect for an adequate income for farmers. The Farmers Home Administration and the Small Business Administration currently have a combined total of farm loans in Arkansas in excess of three quarters of a billion dollars. It will take many years to retire this level of debt and unless there is a dramatic change in the prospects for farm income, I am certain that many of our farmers will be forced out of business by their debt loads and poor income prospects.

SUMMARY

The farm bill we will debate in the next few days will not be the salvation of American agriculture. It cannot be and is not designed to be. However, if the levels of protection provided by the Senate are maintained, then the farm bill will impede any prospect for agricultural recovery. I urge that my colleagues support the bill reported out by the House Agriculture Committee. It is a bill we worked very long and hard on. It does meet the budgetary guidelines we adopted earlier this year, and it is a barebones minimum below which we cannot cut without contributing to an even greater hemorrhage to agriculture, the Nation's lifeblood.

● Mr. TRAXLER. Mr. Chairman, I rise in support of H.R. 3603, the Food and Agriculture Act of 1981. This is the premier piece of farm legislation that the Congress will consider in the coming years, and it is particularly important that we pay close attention to the condition of our farm economy before accepting any of the amendments that will be offered to reduce the size of the farm program.

There is no doubt about the importance of agriculture to our Nation. It supplies us with the food that we need daily. It is the largest component in our favor when we look at our Nation's balance of trade. It is the most basic of our economic sectors, because without food we can do nothing.

We are in the midst of strong efforts to cut the Federal budget. Some of these efforts are very well needed, while there is no doubt that all of these efforts are generally well intended.

But those who want us to cut farm programs even more than we have already certainly must be willing to doom our Nation to a depression, or they would not be pressing their case so strenuously. It is a historical fact that each economic downturn in our Nation's history has been preceded by a downturn in our farm economy.

It may be interesting to note at this point that Business Week reported in its September 28 edition that:

> Net farm income, after plunging 40 percent last year to $20 billion, may reach only that level again in 1981, according to the latest Agriculture Department forecast.

The article went on to day, "Adjusted for inflation, the 2-year total will be the lowest since the mid-1930's." I hope that our colleagues who believe that all farmers are extremely wealthy will take note of the fact that our farmers are being asked to live under the economic stature that our Nation faced 50 years ago. We have never asked anything so drastic of any other sector of our economy, and I hope that we will not be foolish enough to ask agriculture to be the first guinea pig on the chopping block of free-market economy, because we all know that given the market ability of industrial firms and the various tax incentives that have been given to industry to sweeten their economic aspirations that nobody else lives under a free-market economy.

And do not be fooled into believing that only farmers will suffer if we accept the easy and shortsighted route some will propose with this farm legislation of cutting programs. The same Business Week article pointed out that last year farmers spent nearly $100 billion for various materials, such as pesticides, seeds, and equipment, as well as for services and credit. Any industry which supplies farmers—and that includes almost every industry in our Nation—will feel the impact of any cuts that we will expect farmers to absorb. This fact obviously means that no sector of our economy is sheltered from any mistaken reductions that this body makes in our farm programs.

We boast that we have the greatest food producing capability on Earth. This is due to two factors: Our industrious farmers and our continuous agricultural research efforts. Farmers work long and hard to provide our food supply. They must endure the undeserved barbs that some throw at them for high food prices when, in fact, the high prices are most frequently due to the middlemen in the food chain: the wholesalers, the processors, the transporters, the retailers. They endure the vagaries of weather. Sugar beet and dry bean farmers in the district I represent are currently trying to recover from severe rainstorms over the last month which will make it impossible to harvest portions of their crops. This means that many of these farmers will again face low incomes as a result of weather disasters.

Our agricultural research base is superior. As a member of the Subcommittee on Agriculture of the House Appropriations Committee, I have been a strong supporter of funding for agricultural research. We need to develop strains of grain that are resistant to various diseases. We need to develop, for example, a new strain of wheat every 5 years if we are to continue to have ample supplies of wheat.

A major conference was sponsored by Michigan State University and the Department of Agriculture in Michigan last year which demonstrated that we need to concentrate additional resources on animal agriculture if we are to have adequate supplies of meat in the years to come.

All of these efforts come at a time when we are considering how to feed a growing population on a shrinking supply of farmland. Every year literally thousands of acres of farmland are taken out of production because farmers can either no longer afford to produce, or because young farmers are unable to obtain credit to purchase the land or the supplies that they need for farming, or because the offer of large sums of money to sell the farm so that it can be turned into a new housing tract or another shopping mall are too attractive compared to the lack of appreciation that our consumers have for what the farmer does.

Mr. Chairman, I want to turn my attention to just a few specifics about the farm bill at this point. I will certainly speak at different points during the debate on each of these programs to help my colleagues understand why we need the various provisions of the farm bill.

First, let me turn to the issue of sugar price supports. We have included in H.R. 3603 a sugar price support program for the first time in the history of any major farm bill. While this body adopted the de la Garza amendment to the 1977 Farm Act, this provision is unique because it was included in the Agriculture Committee's recommendations to the House. The Senate has already adopted a similar provision.

Our domestic sugar industry supplies roughly half of all the sugar consumed in the United States. I represent the fifth largest sugar beet producing district in the Nation. All five of the sugar beet processing plants in Michigan are located in my congressional district. Nearly 2,150 farm families produce sugar beets on nearly 100,000 acres of land in Michigan. The 5 processing plants employ more than 1,500 men and women during the course of the year. In other words, sugar beets are an important component of Michigan's agricultural economy.

If the sugar beet producer does not receive an equitable price for his product, he or she will go out of production. If enough farmers go out of production, the sugar beet processors will at least close some plants if not go out of business entirely. This has been the historical pattern in every part of our Nation. To date, we have been fortunate in Michigan because our plants have not been forced to close. But in every place in the Nation when a processing plant has closed, that plant has never again reopened. The result is a loss of jobs, a loss of local tax revenues, and a loss of the self-esteem that every productive member of our society earns.

Some will tell you that we will survive if our sugar industry closes down. We probably will. But what is the price? Have not we heard about the problems that the steel industry would face if we did not take action to heed its problems? Have we not been told by several of our colleagues of the problems that our shoe-producing industry would face if we did not take action to restrain the importation of foreign-made shoes? The story is no different with sugar.

We are trying to save jobs. We are trying to save an important economic component of our agricultural economy. We are only asking that the market price reflect the cost of production that our farmers face. I hope that my colleagues will think about these factors before we consider amendments to modify the sugar price support provisions in this bill. I certainly will have more to say about sugar when we reach that point in the bill.

The second feature of this bill that I would like to discuss is the dairy price support program. It is ironic that we seem to be asking the dairy farmer to make several sacrifices in 1 year. Last April the President signed into law his proposal to avoid the April 1 semiannual price adjustment for dairy price supports which would have restored the support level to 75 percent parity. The dairy farmers of our Nation said they would go along with efforts to hold down Federal spending, and they agreed to forego the April adjustment.

But since 1949, we have had a dairy price support program which has kept dairy prices at a minimum of 75 percent parity. We did have a brief time during which we supported dairy prices at 80 percent parity, and that support level admittedly led to some significant increases in the stocks of dairy products that are held by the Commodity Credit Corporation.

We have had 70 percent parity essentially since last April, and we are now again telling dairy farmers that we have to keep dairy price supports at 70 percent parity for all of fiscal 1982. This means that dairy farmers will be getting the same support price for milk on September 30, 1982, as he was getting on October 1, 1980—2 years without an increase.

And now, for the ultimate insult to the dairy farmer, we will have a 75 percent parity price in place for about 1 to 2 weeks as a result of the Senate not acting on the bill to hold support levels at 70 percent. Prices will go up to consumers as a result of this temporary increase, but according to a representative of one of the leading consumer groups who was quoted in the Washington Post earlier this week, once we reduce supports to 70 percent parity, it is unlikely that consumer prices will drop. Consumers will pay the same, therefore, whether the farmer gets 70 percent or 75 parity. It is just the farmer who will get less.

We are also telling dairy farmers this year that we are willing to accept their sacrifices, while the administration will reduce the amount of milk that schoolchildren receive in school lunches from 8 to 6 ounces. I wonder how many of our colleagues, Mr. Chairman, know that no dairy currently produces milk in 6-ounce cartons. I wonder how many of our colleagues know that the cost of developing the special packaging for the smaller milk cartons will totally offset the cost savings achieved as a result of the reduced volume of milk served with a school lunch. But this is the mood of the administration, cut for the sake of cutting, with little or no reflection upon the impact of the proposed cuts. We need to get off this merry-go-round of self-destruction, and return to the days of deliberate consideration in which we balance the arguments for and against various proposals, and vote on the merits, not on the basis of some mandate which some pollster develops for a fee.

The final program that I would like to discuss in the farm bill is the food stamp program. I realize that this is a most unpopular program. We have forced some tremendous reductions in the food stamp program this year, and I sincerely hope that we are done taking food out of the mouths of poor people while allowing the administrators of the program to go about their business untouched.

Let me give you an illustration. Recently an elderly lady called my office to complain about a cut she received in food stamps. Her social security check was increased $38 per month. As a result, her food stamp benefits were cut $43 per month. As a result of the generosity of Government, she now has a net $5 less to spend on food each month. She gets $5 less for food while the President is apparently prepared to recommend that we build the MX missile system and the B-1 bomber. An adequate supply of food has not become obsolete, but we are telling this elderly lady that she will eat less so that we can have more military hardware which will do little if anything to improve the defense posture of our Nation.

Certainly there are reported incidents of fraud and abuse in the food stamp program. I wholeheartedly support any effort to reduce this abuse which threatens the continued availability of the one feeding program that has been praised as one of the best efforts of the Federal Government in meeting the needs of the poor. But, Mr. Chairman, our colleagues need to realize that tightening the eligibility standards does nothing to get the liars and cheats off the program. They are on the program illegally to start with. All they have to do is to refine their lies, while the honest citizen sees his ability to obtain an adequate diet taken away. How would any of our colleagues feel to be the poor person who lost their ability to obtain food stamps only to learn that some local food stamp officials and organized crime are still using food stamps to buy drugs, to get money, or to take elaborate vacations?

The problem is one of abuse and neglect in the program which has gone on for too long because the Justice Department has frequently turned down requests for assistance from the Department of Agriculture because food stamp cases are not glamorous enough. I hope the Secretary of Agriculture does well with his newly announced efforts to reduce fraud and abuse in the program, but I will not be convinced of the sincerity of these efforts until I see the results.

There is a new wrinkle to the feeding program section of this bill this year. The bill also reauthorizes the commodity supplemental feeding program, a program which provides commodities to certain mothers, infants, and children, who are found to be at nutritional risk. The program operates in about 20 cities and serves about 115,000 people at a cost of about $22 per person per month. This bill reauthorizes the commodity supplemental feeding program, recognizing that it is one of the most cost-effective programs run by the Federal Government. Studies have shown that for every dollar we spend on targeted nutritional assistance, we save $3 in health-care costs.

The new wrinkle is that the bill authorizes the establishment of two pilot projects to determine the feasibility of providing similar commodity packages to senior citizens. These are pilot projects which will be run out of existing commodity supplemental feeding program sites in order to minimize administrative complexities and costs that might otherwise be associated with the program. There have been statements of support for this program in the Senate, and funding has been provided for this program in the fiscal 1982 agriculture appropriations bill, contingent upon the enactment of this authorizing legislation. I commend the committee report on its extensive discussion of the project and the intent that surrounds these pilot projects.

Mr. Chairman, we need strong farm legislation to keep a strong farm economy. Anything less is not in our national interest. We may save money today by cutting farm programs, but I guarantee you: If we do that, we will certainly pay a very dear price in the years to come.●

● Mr. **RAILSBACK**. Mr. Chairman, much is at stake as we begin consideration of farm legislation intended to provide the essential stability for continued production of enough food to meet domestic consumption and an increasingly important world market.

The American farmer, consumer, and taxpayer all have a larger share in the outcome of our deliberations to reauthorize our country's farm commodity programs for the next 4 years.

What we are trying to strike is a delicate legislative balance. One that will encourage market oriented production by our farmers—allowing for maximum producer freedom with a minimum of Government interference—and thereby provide higher net incomes to farmers and ranchers. And at the same time assure consumers of reasonable prices and stability in food supplies and fit within the overall economic constraints of a budget aimed at reducing Government spending.

Current farm productivity, a whopping 76 percent greater crop output on the same number of acres as was produced by this generation of farmers' fathers, will result in a record wheat and corn harvest this year; according to experts, our wheat and corn crop will be 50 percent larger than this year's Russian crop.

The American consumer and people the world over are the beneficiaries of our farmers' productivity and efficiency. For fiscal 1981 the U.S. domestic agricultural surplus will allow this country to export a record $44.5 billion in farm commodities. Our favorable commodity trade balance this year and last will amount to more than a third of our bill for imported oil.

But contrary to what we might expect, farmers have experienced a painful decline in real farm income: Down over 40 percent in 1980. This is added to their burden of dealing with soaring production costs, record-high interest rates and falling commodity prices.

It was no surprise, therefore, to read a recent New York Times article reporting that the September decline in prices paid to farmers for their crops has cut the buying power of their income received to its lowest level in nearly 50 years.

We cannot overlook that most farmers operate under unique economic conditions. Farmers must operate with an eye toward changing weather conditions, swings in supplies and prices for their commodities and work within the constraints of an extended period of production and one annual harvest.

This brings us back to the reason Congress has seen fit to provide a stabilizing base for the farm economy. Without commodity programs to relieve the "bust" of "boom and bust" cycles, many productive family farms will be forced out of business, sparing only the largest and wealthiest producers. This would endanger the assurance to consumers of an adequate supply of food and fiber at reasonably stable prices.

These commodity programs should not be designed as markets in themselves, but policies aimed at encouraging farmers to produce for the market—not for the Government.

By supporting this market approach to farm legislation, Mr. Chairman, farmers will have the opportunity to produce our essential farm products at a reasonable profit, while this approach offers our best hope for minimizing Government expenditures for farm products. I hope we will be mindful of these important considerations as we work to reauthorize our country's farm programs in the next days.●

● Mr. **MITCHELL** of New York. Mr. Chairman, I am proud to represent one the leading dairy-producing regions of our Nation. I am proud of that fact because my constituents produce a significant segment of one of this Nation's most essential commodities, but I am also proud because my dairy farming constitutents are among the most industrious, dedicated, independent, and self-sacrificing citizens of this Nation.

A few years ago, I took an informal poll of dairy farmers in my district. I asked them how many hours a week they and members of their family worked on the farm. The results were very revealing. They showed that the average dairy farmer works 80 hours a week. The members of his family contribute an additional 60 hours a week. Many work for less than the minimum wage.

I am proud of my dairy farming constituents not only because of their admirable efforts as producers of an essential ingredient of our Nation's diet. I am also proud of them for their role as citizens.

This spring, the vast majority of them accepted the necessity of eliminating the March 1 semiannual adjustment in the milk support price. They recognized that the President was calling upon all Americans to make sacrifices in order to control Federal spending. They knew that this question was an important first test of our Nation's ability to make essential budget reductions. They should be praised for their support of the effort to balance the Federal budget.

However, rather than receiving the praise and respect due them as good citizens and hard-working members of our economic community, it appears that some policymakers have decided that the dairy farmer is an easy victim of budget cuts. While other commodities continue to receive considerable Federal subsidies, some would cut dairy price supports even further. Some policymakers would turn their backs on the promise made to dairy farmers and all Americans that the sacrifices of the economic recovery program would be shared equally.

Well, I am pleased to see that the House Agriculture Committee has not concurred with those who wish to take advantage of the dairy farmer, I support the committee bill's provision to establish a milk price support floor of 75 percent of parity price and provide for a semiannual price adjustment. The committee should be complemented for its even-handed and fair-minded approach to the question of farm subsidies.

Maintaining an adequate milk price support level is important to both the consumer and the producer of milk. If we fail to maintain the price support, the farmers I talked about earlier will surely go bankrupt. It that happens, acute shortages of milk will develop and the big operators will expand their operations to take up the slack. These larger milk producers will incur greater costs due to the expansion and the price of milk will skyrocket. Cheap milk will disappear with the loss of inexpensive labor contributed by the small family farm.

If the Members of the House are concerned about meeting consumer needs for reasonably priced milk—if we are concerned about insuring the continuation of the small family farm—if we are concerned about allowing one of America's hardest working groups of people to earn a decent living, I urge them to support the committee bill.●

● Mr. **FOWLER**. Mr. Chairman, I come before you today in support of the committee bill and preservation of the peanut acreage allotment system.

My home State of Georgia is the Nation's leader in peanut production, and the acreage allotment program has worked well in Georgia for over 40 years. The peanut program has consistently proven beneficial to both consumers and producers alike. The program has insured quality peanuts at a fair market price for consumers, and has helped to control supply and stabilize the market for producers. Without this acreage allotment system, the market would be periodically flooded with peanuts, pushing prices below production costs and forcing many small farmers permanently out of business.

In addition to stabilizing the market and protecting the family farm, the acreage allotment system is also important in insuring the stability of the banking system in peanut-growing areas such as Georgia. Banks make loans on the basis of acreage allotments because farmers generally do not have substantial savings or other assets with which to secure loans. The elimination of the acreage allotment system would devalue peanut-growing land and have an extremely detrimental effect on the banking system in these rural areas.

The peanut industry contributes over $3 billion to our Nation's economy each year. The cost of the program, in comparison, is minuscule. In 1978, the Commodity Credit Corporation's outlays for the peanut price support program totaled $39.1 million. These outlays are decreasing every year and projected to be only $1.8 million by 1985—$1.8 million for an industry that contributes over $3 billion each year.

The average peanut acreage allotment is 29 acres. These are not corporations we are talking about, but family farms who have sometimes handed down acreage allotments for generations. We must continue to protect the small family farmer. The peanut acreage allotment system provides this protection, and I urge you to support it.●

● Mr. PEASE. Mr. Chairman, my distinguished colleague from Wisconsin and I plan to offer an amendment to H.R. 3603, the Agriculture and Food Act of 1981. The amendment was printed in yesterday's CONGRESSIONAL RECORD, but unfortunately Mr. JEFFORD's name was omitted. I want to make it clear that this is a joint effort.

Our amendment provides for the distribution of surplus dairy products to food banks, senior citizens meal sites and child nutrition programs. The scope of this amendment will supply vital nutrition to those individuals who have been hard hit by recent budget cuts.

The response and support that we have received thus far is very gratifying. Letters and telegrams have arrived from a variety of groups such as the National Milk Producers Federation, Bread for the World, the National Grange and Friends Committee on National Legislation. I hope that our colleagues will also lend their support to our amendment when it is considered next week.●

● Mr. BROWN of California. Mr. Chairman, the consideration of any piece of comprehensive legislation is an arduous process and the Food and Agriculture Act of 1981 is no exception. We in the Agriculture Committee began the process many months ago and through hearings and markups have attempted to craft a bill that best serves the public interest. With the passage of a lower budget ceiling than we had anticipated, the Agriculture Committee went back and reworked the programs during the budget reconciliation process. From this working and reworking of food and agriculture programs has emerged a package that I feel serves both public need and the budget constraints that we are operating under.

But this process has had its costs. The earlier House debates on the budget and the recent Senate debate on their version of the 1981 farm bill have created divisions between Members of Congress and even within the food and agriculture sector. I hope that we can put these differences behind us in the debate on the bill before us today.

The House Agriculture Subcommittee on Department Operations, Research, and Foreign Agriculture whose leadership I share with the ranking minority member, Mr. WAMPLER, worked to draft two of the titles to this bill.

Title XII reauthorizes the portions of the Public Law 480, food for peace program under the Agriculture Committee's jurisdiction. We have worked in close concert with the Foreign Affairs Committee, with whom we share jurisdiction. I would like to thank Chairman ZABLOCKI and ranking minority member Mr. BROOMFIELD for their cooperation in this effort.

The food-for-peace program has been an effective tool for humanitarian food aid and a means of shipping U.S. agricultural products abroad. The language contained in the 1981 farm bill makes minor changes in the program's operations and we have dealt with the budgetary issues during the reconciliation process. The House version of title XII is a noncontroversial section of the bill before us.

Title XIV of this bill reauthorizes the food and agriculture research, extension, and teaching programs which were brought together in a comprehensive manner for the first time in the 1977 farm bill. The effectiveness of our earlier efforts is shown by the fact that only minor revisions are incorporated in this year's reauthorization. I would like to acknowledge Mr. WAMPLER's longstanding interests in these vital food and agriculture functions and to give him credit for a job well done on this title.

Our food and agriculture research, extension, and teaching system has provided us with our present bounty. Unfortunately this bounty causes us to take much for granted and may lead some to question the need for strong Federal support of this system. To decrease our support now will deny us the tools that we need for the future and is a short-sighted move. I hope that we can avoid ill-advised cuts in future budget considerations.

One provision of interest to me, outside of my subcommittee's jurisdiction, deserves some mention. The sugar provisions contained in this legislation are vital to a large segment of the farm community and I urge my colleagues to support these provisions. My home State of California is the top sugar beet producing State in the country and desperately needs protection from the price fluctuations that have had such a damaging effect upon our beet producers.

The stabilization of sugar prices protects this part of our agricultural sector and protects the consumer from the wild price swings of recent years. It will also allow our producers to compete effectively against the heavily subsidized Common Market production which has artificially driven world prices down and threatens the elimination of our domestic production. To be at the mercy of foreign sugar suppliers would be disastrous for the American consumer.

I would also like to commend the chairman of the Subcommittee on Conservation, Credit, and Rural Development, Mr. ED JONES, and the ranking minority member, Mr. JEFFORDS, for a job well done on the conservation title of this bill. One component of this title, the special areas conservation program, is a significant initiative which will lead to the targeting of soil conservation expenditures toward agricultural land most in need of protection. In this era of rising pressure on our cropland and decreasing Federal budgets, efforts such as this to maximize our conservation efforts should be fully supported.

I want to commend the full committee chairman, Mr. DE LA GARZA, and the ranking minority member, Mr. WAMPLER, for their efforts in bringing this bill along. These have been trying times over the last few months and their leadership has moved our vital farm programs through in a balanced form. I urge my colleagues to recognize this effort and support these important food and agriculture programs.●

● Mr. LONG of Louisiana. Mr. Chairman, the House will soon be voting on the farm bill, which sets national policy for agricultural commodities for the next 4 years.

Few provisions of the bill are as important from an economic or equity perspective as those sections dealing with sugar. For the first time, Mr. Chairman, we have the opportunity to treat this fifth largest American crop as part of an integrated plan to promote and protect key sectors of American agriculture.

The sugar industry has suffered over the recent decades, not only from inherent instability in the world sugar market, but also from the lack of a coherent, reasonable sugar program. We now have the opportunity to take a significant step toward alleviating this latter problem, by incorporating sugar in the omnibus farm bill and extending equitable loan treatment to sugar farmers and processors on the same basis as that extended to wheat, corn, oats, and other important commodities.

The vulnerability of the sugar industry to external dumping of surplus stocks and the lack of a reliable domestic policy is especially clear in Louisiana where, despite efficient production methods, total production has been falling as farmers confront unstable prices and rising costs of production. In Rapides Parish, a cooperative mill in on the verge of closing down, threatening 150 jobs and the loss of $3 million to the local economy.

Mr. Chairman, the House and Senate bills, while differing on a few specifics, reflect a common commitment to restore sugar to its rightful place as a significant component of our farm economy.

In our consideration of the farm bill, we must reaffirm that commitment.●

● Mr. **BROWN** of Ohio. Mr. Chairman, when President Reagan took office in January, he promised to get Government off the peoples' backs and give more regard to the free market system. As we debate the Food and Agriculture Act of 1981, this Congress has the opportunity once again to help him fulfill that pledge to the American people.

Despite attempts by special interest lobbyists to maintain artificially high price support levels for the Nation's food crops, the Senate has passed a bill that conforms with the Reagan administration's basic goal of reducing Federal interference in the marketplace. Although not perfect, it provides a better vehicle for streamlining the Federal price support system than the House Agriculture Committee's proposal that we are now debating.

Over the next few days, we will have many opportunities to change the budget-busting Agriculture Committee bill to draft a plan that more nearly reflects economic reality and prudence.

During this process, every effort must be made to keep farm programs within the $2.1 billion spending target set in the fiscal 1982 budget.

Although the Federal Government has a meaningful role to play in assuring the stability of the farm industry, it must be remembered that the one thing the farmer values most strongly is his independence. In his first 9 months in office President Reagan has tried to redirect the misguided economic, regulatory and farm policies of the Carter administration that brought us record-high inflation and the Russian grain embargo that damaged no one but the American farmer.

For too long, Congress has contributed to the farmers' burden by approving soaring budgets and making the Federal role in agriculture not supportive, as was intended, but dominant. The American farming industry remains strong, but it needs relief from the burden of Government overregulation if we are to break the cycle of inflation and high interest rates crippling farmers' ability to borrow.

Farmers can thrive under a free market economy that lets prices for commodities rise and fall according to the law of supply and demand. But they need help, as we all do, in living with inflation that erodes buying power.

Passage of a farm bill that sets realistic budget targets and support levels, as proposed by the administration, will go a long way to insuring the future health of the American farm industry and bringing inflation under control.●

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

● Mr. RATCHFORD. Mr. Chairman, amidst the broad range of technical and emotional issues before us today as we debate the Food and Agriculture Act of 1981 is one issue that should enjoy universal support, yet it does not.

The peanut production quota and allotment program is unlike that of any other edible commodity. Similar programs existed years ago, but were gradually abandoned to the benefit of those industries and consumers. It is remarkable that an individual who wishes to purchase land and begin farming in any State may do so for any edible agricultural commodity except peanuts. This is due to an arbitrary and antiquated acreage allotment system for peanuts that precludes a farmer from growing peanuts unless he has an acreage allotment. He can only be this fortunate if he inherited this land from a grandfather who grew peanuts in 1938, or he is able to purchase or rent an allotment on an annual basis.

When selected in 1938, these allotments were granted to only a very small number of peanut farmers in selected counties. Since that time, few of the allotment holders actually grow peanuts. In fact, some experts have estimated that some 70 percent of the peanuts now grown are on land rented from an allotment holder. This means that the overwhelming majority of individuals who inherited allotments no longer farm that land themselves yet benefit from the Government agricultural program.

It is high time we reversed this trend and extend support only to those agricultural industries that require it, and to those individuals that actually farm the commodity. The price support allotment program is particularly unfair to the consumer, because increased farmer costs due to often excessive allotment rentals must necessarily be reflected in the price of peanuts and peanut products on the market. In 1981, the peanut crop is being federally price supported at $455 per ton, and yet the value of an allotment rental is believed to average between $200 and $250 an acre. As a result, the landholder fares quite well for he accepts only cash in advance for an allotment rental—at a rate that may be significantly higher than adjacent land which is every bit as fertile but does not possess a peanut acreage allotment. The farmer takes a terrible risk in providing the landholder cash for land which may not yield desired crop that year due to weather conditions and the like. Finally, the consumer is forced to assume the final responsibility for this senseless system by paying artificially inflated prices for everyday goods such as peanut butter, packaged peanuts, and peanut candies.

Today more than 94 percent of the peanuts produced in this country come from just a few counties in a mere six States, even though many other counties and several new States have land that can effectively yield a good peanut crop and the farmers anxious to grow this increasingly popular commodity. This wholly arbitrary and discriminatory system restricts the supply of peanuts. We must now expose this commodity to the very same open-market forces that has allowed other farmers across this country to flourish and kept prices at acceptable levels.

Finally, we must end current poundage quota limits which limit the amount of peanuts that can be grown per acre for domestic use. Consumers are thus forced to pay higher prices for quota peanuts sold, while those peanuts grown above the limit are sold overseas at a lower price due to a lower level of support. It has been estimated that the combined effect of the acreage allotment program and the poundage quotas will cost consumers at least $175 million over the next 4 years. Additionally, for domestic peanut manufacturers, like Peter Paul Cadbury which employs some 350 people in my district, until market forces are brought to bear they will be forced to sustain higher prices for their goods and actually import more expensive peanuts from abroad. I urge my colleagues to support amending language to this bill that would eliminate these two suspect and inflationary programs.●

The **CHAIRMAN**. All time has expired.

Mr. DE LA **GARZA**. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. McHugh, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3603) to provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes has come to no resolution thereon.

UNEMPLOYMENT STATISTICS FOR SEPTEMBER 1981

(Mr. HAWKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HAWKINS. Mr. Speaker, I am saddened to report to the House the unemployment statistics for the month of September and to compare those with the months of June, July, and August.

There has been a tremendous increase in the number of unemployed in 1 month, from August to September, from 7.2 to 7.5.

This is more than a statistical fluke because, for the first time, there has been both a decrease in the number of employed as well as an increase in the number of unemployed.

Behind this fact lies many factors that I think we should consider. One, it means a tremendous increase in unemployment insurance. It is a pressure against social security which is already in trouble. It means more food stamps and welfare that we are beginning to deny to individuals, even in spite of this increase. It certainly means less revenue at the Federal, State, and local levels. It means increased inflation and less chances of a balanced budget.

[In percent]

September 1981 Unemployment Rates		August	July	June
Overall	7.5	7.2	7.0	7.3
Black and other overall	15.1	15.0	13.6	14.2
Black overall	16.3	16.2	14.4	15.5
Hispanic overall	9.3	9.7	9.9	10.2
White overall	6.5	6.1	6.2	6.4
Black and other men	13.0	12.4	11.6	12.5
Black men	14.5	13.3	12.1	13.8
White men	5.3	5.1	4.9	5.3
Black and other women	13.7	12.8	12.0	12.0
Black women	14.3	13.8	12.8	13.2
White women	5.7	5.4	5.8	5.7
Overall youth	19.3	18.8	18.1	19.0
White youth	17.0	15.6	16.1	16.5
Black and other youth	37.5	45.7	36.4	38.6
Black youth	40.2	50.7	40.0	40.7

The total number employed, as measured by the household survey data, was 98,270,000. This is a decrease of 674,000 from last month's figure. The business establishment survey data shows a total employment level of 91,875,000 a decrease of 152,000. When both charts move in the same direction, it lends more credence to the trends exhibited. Thus, when both show less people employed last month, we can see a general tightening up of the job market. The total number of unemployed in September was 7.966 million, an increase of 309,000.

BLS is attributing the increase in the overall unemployment rate specifically to the increase in unemployed adult men and women. Significantly, two/thirds of the decrease in number of employed are people who lost their jobs, through layoffs, rather than those who fired. Perhaps one of the few glimmers of hope is the decrease in black teen unemployment. However, we are just now entering the new era of the Presidency so we should not be too confident about anything.

A CONGRESSIONAL "MEA CULPA"

The SPEAKER. Under a previous order of the House, the gentleman from Iowa (Mr. Leach) is recognized for 30 minutes.

Mr. LEACH of Iowa. Mr. Speaker, in light of continued high interest rates and a sluggish economy, President Reagan last week asked Congress to reassess its recently enacted tax and spending guidelines and to reduce the projected 1982 deficit by $16 billion.

The President's concerns are valid. The deficit should be reduced substantially and Government spending brought into balance with receipts as soon as possible. But there is more than one way to skin a deficit, and I would propose a somewhat different set of priorities than the 12-percent across-the-board cut in social programs suggested by the administration.

The admission of error is not a general characteristic of politicians or political bodies, but Congress has an obligation to acknowledge a profound "mea culpa" in its summer's work. The job creation potential of the President's economic recovery program is jeopardized by the pork-barrel mentality with which we in Congress expanded the President's original request for a more limited tax cut.

To atone for excesses, Congress should immediately reconsider the reduction we authorized in the windfall profits tax in the oil industry, a reduction that will cost the Treasury an estimated $11 billion over the next 5 years. In addition, we should immediately reconsider the novel provision included in the tax package which allows companies with tax losses to sell through intricate lease arrangements their losses to companies that are profitable.

Rewarding companies for losing money in a capitalist society is like selling indulgences for moral indiscretions in the Middle Ages. Again, the loser is the Treasury—an estimated $9 to $10 billion over the next 5 years.

What the country needs is as much concern for tax equity as tax cuts. A pork-barrel approach to tax cutting has as explosive ramifications for interest rates as spending profligacy.

Accordingly, this past week I introduced legislation (H.R. 4550 and H.R. 4653) which repeals these two special interest parts of the recently enacted tax package.

Importantly, both political parties share responsibility for the bloated scope of the tax bill. A case in point is the windfall profit tax reductions. First proposed by the Democrats in an effort to keep the "boll weevils" abroad an alternative tax package, the Republicans promptly doubled the ante and caused another whopping reduction in taxes for an industry that pays very little in the way of Federal income taxes in the first place.

President Reagan originally proposed a reduction solely in individual income taxes and reform of corporate depreciation schedules. The size of the tax cut in the administration's approach was actually reduced and the date of effective implementation for income tax reductions deferred by Congress. The egregiousness that crept into the Tax Code is due exclusively to the add ons of Congress, and accordingly it is Congress which has the responsibility to take the lead in attempting to fine tune the parts of the Tax Code it instigated.

Both political parties also share responsibility for shoring up the social security system. Social security is our most important social program. It must be protected at all cost. Given the inability of Congress to face up to problems in the system, and given the unattractiveness of alternatives—that is, a lowering of benefits or the tapping of general revenues—its a preeminently reasonable approach to bolstering the social security trust funds as to tap windfall profit tax revenues.

No sector of the American economy needs a tax break less than the oil industry, and no social program needs a spending break more than social security.

For this administration's program to work depends primarly on whether the American people perceive it to be equitable. Another 12-percent cut in social programs, as proposed by the President, will prove exceedingly difficult to achieve, especially as contrasted with a minimal 1-percent cut in defense. This is particularly the case because in the first round of budget cuts social programs were reduced by 20 to 25 percent while military programs were allowed to increase substantially.

Military spending cannot continue to be sacrosanct. The rate of increase in defense spending must be slowed if we are to achieve the important economic goals we have set for ourselves. National security cannot be measured in dollars spent by the Pentagon. Our greatest strategic asset is our economy. To the degree it is stunted, our security is jeopardized. Cutting taxes and letting loose the Strangelovian spenders at the Defense Department is like stomping on the brakes and stepping on the accelerator at the same time. If the engine does not blow, a few gaskets will. Defense contractors may prosper, but unless greater balance is brought to the budget, Main Street merchants will be forced to visit the bankruptcy judge. Only prudent approaches to defense spending will produce both a strong military and a strong economy.

In the long run, only a Government policy based on arms control as well as arms buildups has the true potential for enhancing our national security. In the short term, the economic alarm bells ringing so loudly on Wall Street relate directly to the projections of profligate increases in military expenditures. There would be no single announcement more apt to turn the stock market around—if not cause the biggest rally in history—than that of successful negotiation of a meaningful SALT Treaty. There would be no single indication that economic and strategic rationality had been established than deferral of spending on the MX missile system.

To be equitable, Congress must also take a hard look at public works projects. Extravagant undertakings like the Tennessee-Tombigbee Waterway project, the Clinch River breeder reactor, special interest subsidies for the tobacco, sugar, and peanut industries must be eliminated. The formula for distribution of low-income fuel assistance should be redesigned to insure that aid goes to those States with harsh winters, rather than to pay air-conditioning bills for Sun Belt citizens. Pork-barrel formulae applied to transfer programs can be as mischievous as pork-barrel programs themselves.

Next in importance to perceptions of equitability for public policy are perceptions of reasonableness. Thoughtful people on Wall Street and Main Street must have confidence in the economic policy framework. Now is not the time for the economic ideologues to advance prescriptions of economic salvation based on return to the gold standard. What is needed are prudent spending and taxing decisions, not the economics of alchemy. Advocacy of a return to the gold standard may be good politics, but if the administration were to sanction such patent economic nonsense as an excuse for fiscal irresponsibility it runs the danger of destroying here and abroad any semblance of confidence that thoughtful people may have in the President's economic program.

Above all, however, success of the President's program depends on perceptions of fairness. It would be irresponsible to predict riots in the street if further cuts in social programs are adopted, for extreme predictions can too easily help fulfill extreme prophecies. But without question, unless equitability is underlined in the important legislation the Congress will be considering this month, social and racial division could become pronounced.

To reduce interest rates and strengthen the overall economy we must reduce the deficit. To achieve equitability, we must take a more balanced approach to budget cutting than the administration has proposed.

Such an undertaking will require careful compromise on the administration's side and forthcoming recognition of the need for Congress to change its ways. As a beginning we in Congress should say: "Mea Culpa," and get on with the business of good Government instead of good politics.

□ 1600

Mr. BEDELL. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I yield to the gentleman from Iowa (Mr. Bedell).

Mr. BEDELL. As an Iowan, I want to say how proud I am to serve with my colleague from Iowa (Mr. Leach). We might disagree at times on individual items, but I want to congratulate him greatly for his courage on this issue. I certainly want to congratulate him for the statement he has made. I think he makes us all proud to be Americans.

Mr. LEACH of Iowa. I appreciate the comments of the gentleman from Iowa.

I might say a good, strong, first step in the direction of greater fiscal responsibility will be support for the amendment that he will be offering in the Agriculture Committee.

THE FARM BILL

(Mr. ANTHONY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANTHONY. Mr. Speaker, debate has continued to go on about the farm bill. I just had a couple of extra comments that I wanted to make about it because the farm economy is in very serious trouble and, because of that, it is important that this body be very deliberative, but try to put the underpinning for some support mechanisms so that the farming community can survive.

I can give my colleagues two words to describe what the situation is in my State, and that is "imminent depression."

PRESIDENT REAGAN'S ECONOMIC PROGRAM AND THE FUTURE OF EDUCATION IN AMERICA

The SPEAKER pro tempore (Mr. Dyson). Under a previous order of the House, the gentleman from Michigan (Mr. Ford) is recognized for 10 minutes.

● Mr. FORD of Michigan. Mr. Speaker, President Reagan's economic program has stirred deep unrest among those of us who are about the future of education in America.

Last night the Reverend Timothy S. Healy, president of Georgetown University, and a nationally recognized educational leader, spoke at the University of the District of Columbia, warning that political developments are threatening to undo the progress we have made in providing access to education to the poor and to minorities.

I hope my colleagues will benefit from Father Healy's keen insight. The complete text of the speech follows:

Speech by Rev. Timothy S. Healy

Beginnings are always fun. There is newness, the excitement of starting up, and a massive shot of what most distinguishes us from the beasts—hope. When the new thing is a university campus, as it is at the University of the District of Columbia; and when the speaker is an old war horse of a teacher who gets excited at the mere mention of September, and when the new university is also tied to the service and growth of a city, I run out of words. September is a special month, because for a few days it lets those of us who spend our lives in universities forget ourselves, shuck our mistakes, shed our compromises, look forward to new people and new minds; and in God's providence, if we are lucky, to at least some new friends. It's a kind of high, an exultation which gives our tired minds and being a chance to share the glow of fresh students, and we seem younger, feel more alive, and are once again filled with promise.

For letting me share in this beginning, I'd like to say thank you. I'd like also to say thanks for inviting me back onto ground that is so familiar I ache to think of it. I spent seven years in a great public university, one of the oldest and most distinguished in the land. They were the best I have ever spent anywhere. They were busy, distracting, crazy, frustrating, and, I hope, filled with learning. Thanks also for letting Georgetown share even in this minor way in your new campus, and in the surge of growth it gives this University. For the City in which we all live, for its future, for its peace, and for the growth and happiness of its young people, no single work going is as important as what you do here.

Twelve years ago, at City University of New York, when we were plotting a then heretical notion called "open admissions", I first realized how much American higher education had changed in my life time. I don't mean distribution of colleges, or their number. I do mean the expectation our fellow citizens have of us, the job they ask us to do, the coverage they expect of us. When I was in high school there were 8 million college graduates in America. Forty years later, there are almost 13 million college students. In 1990 we are quite likely to have twice as many college students as there were college alumni in 1940. Most American parents still dream, from the very day a child is born, of getting him into college. The immigrants who pour across the Rio Grande, like the immigrants who once thronged Ellis Island, dream the same dreams about college and what it can do for their children. In their differing ways, and their differing languages, they hope that education will be the door not only into the future but into a successful future. They pass on that hope to most of America's young adults. Popular expectation far overgoes any strength we have, reaches well beyond even our best hopes and dreams. Because it does, despite public unease, despite outcries about loan programs, despite the quiverings of legislatures, public and private higher colleges share a national commitment to give every young citizen who wants and can handle it a chance at college with reasonable hope of success.

Most talk about universities footnotes the work of two men, the delightfully dactylic John Henry Newman and Alfred North Whitehead. Both wrote so eloquently and profoundly about the institution to which most of us here have given our lives, that all we can do now is gloze. Today let us recall Whitehead's understanding of how a university remakes its society when it brings together the learning of its elders, and the imagination and energy of its young. He calls universities "the chief agencies for the fusion of progressive activities into an effective instrument of progress". It is that "effective instrument of progress" I would like to talk about.

America is in a rancorous mood these days and our meanness tracks not escalating interest rates, but a sinking Dow Jones. In the United States such narrowing moods, such bouts of meanness have been recurrent. We deny our generosity, we constrict what used to be called in high rhetoric the "bowels of compassion", we pull away from the imperatives of our own history. These moods have found different names: "Nativism", "Know-Nothingism", "America First", "the Ku Klux Klan", "McCarthyism". Now we have the new righteousness and its prophet, "the Moral Majority".

We are caught in a depression of soul, a denial of our own powers, a betrayal of our historic instincts, a national change of mind and sagging of spirit far beyond the periphera of politics. No one administration, no one president, no one Congress can make us abandon cities, neglect the poor, the unemployed and the aged, withdraw our support from children, students and research at home, and lead us to bed down with tyrants and torturers abroad. It is we ourselves, most of us Americans, who go along, approve and applaud this souring of self and society.

That national mood lays a burden on universities which accept Whitehead's idea that the meeting of learning and imagination is one way to build the nation's future in the minds of its young. Universities and above all, urban ones, now face a sadder, but no less important task, that of rebuilding. We may be one of the few places where America's "compassionate agenda" is dealt with, explained, and kept alive into the future so that it some day may again lighten the nation's thinking.

American higher education in the 17th and 18th century aimed mostly at "a learned clergy". The next purpose was the creation of a national identity, exemplified by Georgetown in the 18th century and the University of Virginia in the early 19th. During the Civil War the land grant colleges were born, hoping to educate for productivity and westward expansion. Finally, starting with the GI Bill and continuing in the huge growth of the community colleges, we have passed beyond belief, identity and productivity to equality of opportunity, really an affirmation of universal citizenship.

The current national sniping at the universities bears principally upon that newest third purpose. The poor and those previously excluded, the black, and the Spanish speaking, will be most hurt by what is happening to student aid. What we forget in our rancor is that our third purpose, equality, is now the key both to productivity and to national identity. To deny or diminish equality of access, is to drive out the poor. This leaves us with a vision of "the nation" too white and too middle class. It also, by cutting out people, blocks real productivity. There is a natural elitism in the academy, for the mind is an elite instrument. But valid elites stay open. And woe betide us if having once opened the gates, our new meanness slams them shut on an urban proletariat and so doom it to a leaderless, stagnant and explosive future.

Part of the fun of public higher education, is its straight lined agenda. Whatever bucking and weaving the City administration may have to do, whatever political fencing the Board of Higher Education has to deal with, the University's agenda is a masterpiece of simplicity. It is to make free and informed citizens out of the young men and women of the District of Columbia. Just double that when the university is metropolitan rather than state. There used to be a half dozen of them, some very low cost and some free. The free ones are all gone and the low cost ones now charge rates comparable to state universities. The University of the District of Columbia may be the only one left that is low cost. The citizens of the District, like New Yorkers in 1847 (but unlike New Yorkers in that they never changed their mind) did indeed vote to declare higher education a right, even of the poorest citizens. That seems to me nothing more nor less than the logical conclusion from our proud declaration of universal citizenship. At least here in this University, at least for a while, at least in some part, we may be able to keep America's dream undeferred.

The problem is that we must live within a very narrow and limited world. We are bound within teaching and learning. We open minds, we dispel fears, we enhance skill, and ultimately, at our very best, we foster both creation and discovery. On that ground we work, and on that ground alone can we be both at ease and useful. But the work we do is nothing less than the making of tomorrow's city. That responsibility reaches back to the deepest taproot of western society, the ideal of the justice of God that shines out of the Hebrew scriptures. Hardly an abstraction or something imposed from outside, that justice rises up out of the life of a people. God's justice is present where the widow, the poor and the afflicted are cared for, and absent where they are not. The centuries of Christian living add only confirmation, and the wisdom of democracy changes nothing of that vision. The poet and prophet Isaiah told us over 2,000 years ago; "If you draw out your soul to the hungry and satisfy the afflicted, then shall your light rise in obscurity and your darkness be as the noon day". America's compassionate agenda merely says "Amen".

Precisely because this appears to me as a religious issue, I feel how vulnerable it is to the new religiosity that's sweeping the nation. I'm on safe ground, since when the Moral Majority says "Christian", it doesn't mean me. The new righteousness runs counter to Western religion in three serious ways. First of all, unlike either Judiasm or Christianity, it is anti-intellectual and simplistic. Chesterton makes Father Brown remark, "to downgrade the human mind is bad theology". Neither life nor faith yields to any quick and easy formula. The Bible and the revelation of which it is a part, as well as the long history of synagogue and church have not ever pretended to solve all problems. "Ale does more than Milton can to justify God's ways to man" was not spoken by an irreligious man, nor is it, when compared to the arrogant assumption of omniscience, an irreligious statement. If we stretch any revelation to cover items like treaties with Taiwan, and the Panama Canal, we make a mad world where the things of God and the things of man are confused. That will ultimately put the city of God and the city of man to a war in which both lose.

More frightening than anti intellectualism or over simplification in the righteousness is the moral pose of its political jeremiads. Its voice is the voice of hatred; its stand is against rather than for; it revels in a rhetoric of condemnation; its master work is political assassination. Ultimately, in this republic these are the seeds of its death. The fairness of the American people will bring it down. Whether hatred comes wrapped in white sheets or the scripture, it is still a denial of man and his works.

Let us look at two ways in which universities must work to defend people's rights, against the new righteousness. Like you I come from a great city, New York, in which you can hear almost every accent on the face of the earth. Both cities have the echo of the thousand voices of man, sharp and sweet, strong and supple, from the baroque austerity of Spanish to the trader's patois of southeast Asia. And in striving to meet the needs of new citizens, in tailoring its work to their language and culture, in adapting to their need, the University of the District of Columbia reinforces and perhaps teaches the City itself a lesson. This house respects cultural diversity, and in a quiet way, while preparing new citizens for the life in the United States, it honors the countries, the traditions, the religions, and the languages from which they come. There never is a question of locking them into their origin; but as long as this University is true to itself, there can be no question either of disrespect.

Nowhere over the past few years has our new righteousness hit us harder, or done us more damage, than in its assault on the classic American idea that for all that we might do well for ourselves, we still worked abroad to do good for others. In eight years of living abroad I learned that if we opened our gates half the human race would move to America, not because we are the richest place on earth, and certainly not because we are the prettiest, but out of spiritual hunger, because we are the freest. Our foreign politics stood for something, made us more than mere members of a nation, lined us up against oppression, tyranny, and human cruelty, wherever found.

For the moment we seem to be moving away from that stand—steadily backwards. We have deafened our ears and hardened our hearts. In defiance of all two hundred years of our tradition, we claim now that our only consideration is our own interest. I am reminded of a remarkable prayer from eighteenth century Cornwall. It mirrors all too well the face we now show abroad:

"Lord God, we pray Thee in Thy goodness to lead all ships through calm seas to safe harbor, and suffer them not to be wrecked. But if, Oh Lord, in Thine inscrutable wisdom, wrecked they must be; let them be wrecked upon the Cornish coast to the profit and advancement of this Thy Christian people."

Perhaps there is very little that any university can do to alter foreign policy. All of us can labor against provincialism and parochialism. We can lead students to foreign language, to area studies, and to a deep understanding of how profoundly interdependent all nations are. Slowly and steadily UDC can fill the hearts of Washinton's leaders of thirty years hence with an understanding of the diversity of a hundred traditions which has made their city and their nation great, and which makes this tired globe the kaleidoscope that it is. No righteousness is possible for us or America unless we teach an understanding older even than America: no man is free while any man is slave.

The need to rebuild in the minds of tomorrow's leaders their sense of obligation to their fellow man is not less real at home than it is abroad. We have recently coolly and calmly determined that it is the private sector that must rebuild the broken centers of our great cities. Our bitter set of new national priorities puts military hardware above the promises we made to the old; gulls children out of school lunches; and calls mothers with dependent children drones. Our new economics solemnly proposes that student loans can be adequately replaced by tuition tax credits, but only if the family is lucky enough to pay taxes. In our haste to balance the budget, we seem to ride roughshod over the human considerations that have absolved innocent victims of past mistakes and kept hope alive so that men and women still fight for the future. Your students here can tell you far better than I the daily encroachment that the cuts will make, on life, on sustenance, and, alas, on their opportunity to get an education.

Your labor within the University to keep alive America's compassionate agenda may well be more important than anything else you do. UDC can fill the hearts of Washington's leaders thirty years hence, with an understanding that it is the part of greatness to see and meet human need, that it is abominable to blame and then punish the victim; that rancor and meanness of spirit are poor bases on which to build an imperial economy. Surely no where in all of America will these truths be so clearly and cleanly spoken as in our university classrooms. No place else in America is their speaking more important than in the nation's capital. In these grim and rancorous days, every urban university will have to fight to stop the newly righteous from destroying the ancient compassion of our cities and our universities.

Let me start where I began, by saying how proud I am to be with you this morning. I know of nothing in this City that looks more to its future, that promises more to its people, and that is more needful to its surviving. As a clergyman I am often most comfortable with religious terms. There is no secular work in the City of Washington with more grace, more instinct with the great Christian virtue of hope, and more freighted with the even greater Christian virtue of love, than the work you do here. At the end of his marvelous play, "A Man for All Seasons," Robert Bolt puts a remark into the mouth of Thomas More which applies to you, and please God, to me as well. A young man who is ambitious for political preferment seeks it from Chancellor More, and More urges him to go back to his university studies. "Be a teacher, be a great teacher", More tells him. The young man responds in puzzlement, "And if I am, who will know"? Thomas More responds, "Yourself, your pupils, and God. Not a bad audience", sir, "not a bad audience."●

THE REAGAN ADMINISTRATION'S APPROACH TO WORLD DEVELOPMENT

The SFEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

● Mr. REUSS. Mr. Speaker, this week the annual meeting of the International Monetary Fund and the World Bank was held in Washington. During the course of the week, we were given another look at the Reagan administration's approach toward international development. It was a rhetorically confusing and substantively disturbing performance.

Prior to the start of the joint meetings of the World Bank and the International Monetary Fund, the Reagan administration had sent decidedly mixed signals to the developing world. In a recent speech before the General Assembly of the United Nations, Secretary Haig laid out a broad framework for U.S. policy toward developing countries. He pledged to support the work of the International Monetary Fund and gave a ringing endorsement to the effectiveness and continued importance of the World Bank. Like many previous Secretaries of State, he emphasized the importance of incentives, the vitality of the private market and the realities of budget stringency. But these factors were not the centerpiece of the Secretary's presentation.

While the administration is speaking with one voice before the United Nations, the Treasury Department has been preparing a review of the operations of the World Bank and the regional development banks. The draft study starts with lavish praise for the multilateral development banks. They were judged to be effective in serving U.S. economic, political and humanitarian interests at a reasonable cost to the U.S. taxpayer.

This apparently generous assessment of the bank performance, however, led to quite draconian proposals. Instead of expanding the role of such effective institutions, the draft report charts a course of gradual debilitation and decline. According to the recommendations of the draft report, there will be a gradual withdrawal of the United States from soft loan windows and no expansion of U.S. support for the hard loan activities of the multilateral development banks.

The draft report also argues that the United States should maintain its leadership role in the development banks. But influence in the banks depends on a nation's contribution to bank funds. To cut back our own contributions and maintain influence, we have to stop others from increasing their financial support for the development banks. It is a little like Scrooge forbidding his nephew to help the poor.

The administration has expressed a similar reluctance to bank any new initiatives by the International Monetary Fund. They are reluctant to see the IMP expand its resources through direct borrowing in the market and they are anxious for the IMP to set tougher conditions for the funds they do loan.

The administration saw no need to add to world liquidity by creating additional special drawing rights or paper gold. Although the proposal to create 12 billion new SDR's would have added only marginally to world liquidity, it would have enhanced the credit standing of the developing world. It would also have continued the longstanding commitment of the United States and other IMF members to the SDR as a reserve asset that could reduce the burdensome reserve role of the U.S. dollar.

The international economic policies of the Reagan administration are not shared by our allies and are anything but popular in the developing world. The quarrel over substance has been made worse by wrapping their policy in very different kinds of rhetoric. Before the United Nations the administration struck a posture of concern and commitment toward the problems of international development. At home, the administration bowed to its own rightwing by treating the development banks as part of a world welfare system and by talking tough on requirements of any loans. The decadelong attempt to focus development on the basic needs of poor people around the world was casually discarded by Dr. Beryl Sprinkel, Under Secretary for Monetary Affairs. At a September 23, 1981, press conference Sprinkel brushed aside a question on basic needs with these worlds:

> I think basic needs are best served by significant real economic growth and higher standards of living. That's the way I have satisfied my basic needs and you have satisfied your basic needs.

At home, the Reagan administration offers the poor the benefits of an untested economic theory. In his speech to the Governors of the IMF and the World Bank, Secretary Regan applies similar reasoning to the growth prospects of the developing countries. The emphasis was on proper incentives and the strength of the private market coupled with a supply side optimism about the performance of the international economy. And paralleling the domestic trimming of public investment and safety net before the program has shown any signs of working, they are asking the developing countries to trust their own economic future to theory. We should offer the world more than that.●

THE 1983 EPA BUDGET: A "TIME BOMB IN THE BASEMENT" APPROACH TO POLLUTION CONTROL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. MOFFETT) is recognized for 15 minutes.

● Mr. MOFFETT. Mr. Speaker, I come before the House today with direct evidence that the Reagan administration intends to inflict irreparable damage to the congressionally mandated programs for the protection of our Nation's air and water resources. I have obtained an OMB-requested budget submission from EPA which outlines dramatic cuts from the 1981 spending levels.

The Environmental Protection Agency will lose 50 percent of its funding for research and development in 1983 in comparison to the 1981 levels. And, the abatement, control, and compliance activities will be reduced by 39 percent. With the budget reductions contemplated by EPA, its workforce will sustain a reduction of 3,200 employees. This will chop 30 percent of the employees who administered programs as of August 1981.

Major slashes have been scheduled for the air quality budget which will be down $43 million from the Reagan initial request in the 1982 budget. Drinking water will lose $16.5 million in funding. Toxic substance programs will be reduced by $26.5 million, a 27-percent reduction. And these figures do not contain the 12-percent reductions requested by the President on September 24. Finally, what the figures do not reveal is that inflation will reduce the real purchasing power of the EPA authorization another 20 percent from its 1981 level.

Such cuts in these mandated EPA programs should not be tolerated. They will set back our efforts to clean the Nation's air and water resources by decades. The cuts represent a subtle attempt to scuttle programs mandated by law through a backroom budget maneuver. We made commitments over the last decade—beginning with the Clean Air Act—to eradicate pollutants which constitute serious health hazards. The pollutants have not gone away; unfortunately, it is the resources to combat them which are evaporating.

The charts which follow explain the cuts. They are from actual EPA documents.

TABLE I.—ENVIRONMENTAL PROTECTION AGENCY, FISCAL YEAR 1983 OMB REQUEST—APPROPRIATION SUMMARY: BUDGET AUTHORITY OBLIGATIONS, OUTLAYS, FULL-TIME EQUIVALENCY

[In thousands of dollars]

	Fiscal year 1981 actual (estimated)	Fiscal year 1982 President's budget (reorg/restruc)	Fiscal year 1983 budget request	Fiscal year 1983 total (L1 + L2)
Salaries and expenses:				
Budget authority	561,693.91	582,769.0	518,721.2	540,093.8
Obligations	551,316.0	582,769.0		
Outlays	547,052.0	613,922.0		
Full-time equivalency (FTE):				
Permanent full-time (PFTE)	10,381.8	9,825.2	78,340.2	8,344.2
Other (OPFTE)	2,373.6	2,383.5	1,872.8	1,872.8
Total	12,755.4	12,208.7	10,213.0	10,217.0
Research and development:				
Budget authority	250,485.7	190,635.0	122,703.8	122,703.8
Obligations	191,670.2	188,509.0		
Outlays	223,900.0	190,650.0		
Abatement, control and compliance:				
Budget authority	534,794.0	413,928.0	330,575.0	354,789.3
Obligations	517,386.0	418,940.0		
Outlays	493,190.0	441,000.0		
Full-time equivalency (FTE):				
Permanent full-time (PFTE)				
Other (OPFTE)	35.3			
Total	35.3			
Enforcement:				
Outlays	6,812.0			
Buildings and facilities:				
Budget authority	4,115.0	4,115.0	3,000.0	4,000.0
Obligations	3,663.0	4,837.0		
Outlays	2,500.0	3,700.0		
Scientific activities overseas:				
Obligations	165.0	805.0		
Outlays	2,700.0	1,300.0		
Subtotal, operating programs:				
Budget authority	1,351,088.6	1,191,447.0	975,000.0	1,021,586.9
Obligations	1,264,200.2	1,195,860.0		
Outlays	1,276,154.0	1,250,572.0		
Full-time equivalency (FTE):				
Permanent full-time (PFTE)	10,381.8	9,825.2	8,340.2	8,344.2
Other (OPFTE)	2,408.9	2,383.5	1,872.8	1,872.8
Total	12,790.7	12,208.7	10,213.0	10,217.0
Construction grants:				
Budget authority	2,548,837.0		2,400,000.0	2,400,000.0
Obligations	3,700,000.0	1,100,000.0		
Outlays	4,180,000.0	3,840,000.0		
Regulatory council:				
Budget authority	2,500.0			
Obligations	2,490.0			
Outlays	2,052.0	1,028.0		
Full-time equivalency:				
Permanent full-time (PFTE)	10.0			
Other (OPFTE)	15.5			
Total	25.5			
Operations, research and facilities:				
Obligations	1,125.3			
Outlays	3,200.0	2,000.0		
Revolving fund:				
Obligations	580.0	700.0		
Outlays	50.0	100.0		
Trust funds:				
Obligations	3.0	25.0		
Outlays	20.0	20.0		

TABLE I.—ENVIRONMENTAL PROTECTION AGENCY, FISCAL YEAR 1983 OMB REQUEST—APPROPRIATION SUMMARY: BUDGET AUTHORITY OBLIGATIONS, OUTLAYS, FULL-TIME EQUIVALENCY—Continued

[In thousands of dollars]

	Fiscal year 1981 actual (estimated)	Fiscal year 1982 President's budget (reorg/restruc)	Fiscal year 1983 budget request	Fiscal year 1983 total (L1+L2)
Reimbursements:				
Obligations	30,000.0	30,000.0		
Full-time equivalency (FTE):				
Permament full-time (PFTE)	60.0	58.8	58.8	58.8
Other (OPFTE)	12.4	9.0	9.0	9.0
Total	72.4	67.8	67.8	67.8
Consolidated working fund: Outlays	17.0			
Hazardous substance response trust fund:				
Budget authority	68,000.0	200,000.0	275,000.0	275,000.0
Obligations	43,849.1	200,000.0		
Outlays	12,000.0	12,000.0		
Full-time equivalency (FTE):				
Permanent full-time (PFTE)	63.4	503.0	554.6	554.6
Other (OPFTE)	6.8	81.0	87.4	87.4
Total	70.2	584.0	642.0	642.0
Payment to hazardous response trust fund:				
Budget authority	9,000.0	28,000.0	44,000.0	44,000.0
Obligations	9,000.0	28,000.0		
Outlays	9,000.0	28,000.0		
Total, Environmental Protection Agency:				
Budget authority	3,970,425.6	1,391,447.0	3,650,000.0	3,696,586.9
Obligations	5,051,247.6	2,554,485.0		
Outlays	5,482,493.0	5,133,720.0		
Full-time equivalency (FTE):				
Permanent full-time (PFTE)	10,515.2	10,387.0	8,953.6	8,957.6
Other (OPFTE)	2,443.6	2,473.5	1,969.2	1,969.2
Total	12,958.8	12,860.5	10,922.8	10,926.8

U.S. ENVIRONMENTAL PROTECTION AGENCY—DECISION UNIT ANALYSIS

BUD 1A; DU Code R500; HQ X; RT ; DU Title: Workforce Adjustment; and responsible office: Office of the Administrator.

GOALS, OBJECTIVE, AND REGULATORY REQUIREMENT

This request provides resources for personnel compensation and benefits to adequately fund the projected workforce adjustments that the Agency plans to undergo in the next two years. Specifically, this decision unit will fund the workforce adjustment associated costs of (1) severance pay, (2) lump sum leave, (3) Unemployment Insurance Compensation, and (4) increased personnel compensation and benefits.

CURRENT OPERATIONS

Certain EPA offices—notably the Offices of Research and Development; Water; and Air, Noise and Radiation—are already initiating workforce adjustments in 1982 due to the 1982 budget decreases. Further workforce adjustments, however, will be required in 1983 due to the additional PFTE decreases planned for 1983.

DECISION UNIT LEVEL DESCRIPTION AND EXPECTED ACCOMPLISHMENTS

This $17.6 million request reflects the estimated resources to fully fund workforce adjustments. Our projected workforce adjustment cost is an estimate based upon the following assumptions:

Agencywide, our attrition rate is projected at 6 percent per year (our current annual rate).

Workforce adjustments will be conducted within specific areas of affected organizations.

There will be minimal transfers from one physical location to another, thereby minimizing the transportation costs of workforce adjustment.

The average cost is $5,500 per affected employee. This is a composite total which includes Unemployment Insurance Compensation, severance pay, lump sum leave costs, and increased personnel compensation and benefit costs associated with salary retention rights.

Projected 1983 decreases are based on a comparison of the 1982 and 1983 PFTE ceilings after accounting for attrition.

Our workforce adjustments will affect 3,200 permanent full-time employees.

TABLE II.—ENVIRONMENTAL PROTECTION AGENCY

[Fiscal year 1983 OMB request]

	Fiscal year 1982 President's budget (reorganization/restructure)	Fiscal year 1983 budget request	Fiscal year 1983 total (L1+L2)	Change (+/−) budget request minus fiscal year 1982	Change (+/−) total (L1+L2) minus fiscal year 1982
Air quality:					
Budget authority	$240,859.9	$197,488.8	$206,235.8	−$43,371.1	−$34,624.1
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	1,698.3	1,355.0	1,355.0	−343.3	−343.3
Other (OPFTE)	286.5	230.3	230.3	−56.2	−56.2
Total	1,984.8	1,585.3	1,585.3	−399.5	−399.5
Water quality:					
Budget authority	$248,752.6	$191,224.3	$197,644.3	−$57,528.3	−$51,108.3
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	2,343.3	1,897.5	1,897.5	−445.8	−445.8
Other (OPFTE)	586.6	467.7	467.7	−118.9	−118.9
Total	2,929.9	2,365.2	2,365.2	−564.7	−564.7
Drinking water:					
Budget authority	$89,229.4	$72,643.2	$78,533.2	−$16,586.2	−$10,696.2
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	516.3	468.8	468.8	−47.5	−47.5
Other (OPFTE)	120.8	95.3	95.3	−25.5	−25.5
Total	637.1	564.1	564.1	−73.0	−73.0
Hazardous waste:					
Budget authority	$118,229.4	$108,361.2	$111,518.5	−$9,673.1	−$6,515.8
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	607.7	590.8	590.8	−16.9	−16.9
Other (OPFTE)	215.5	196.9	196.9	−18.6	−18.6

TABLE II.—ENVIRONMENTAL PROTECTION AGENCY—Continued

[Fiscal year 1983 OMB request]

	Fiscal year 1982 President's budget (reorganization/restructure)	Fiscal year 1983 budget request	Fiscal year 1983 total (L1+L2)	Change (+/−) budget request minus fiscal year 1982	Change (+/−) total (L1+L2) minus fiscal year 1982
Total	823.2	787.7	787.7	−35.5	−35.5
Pesticides:					
Budget authority	$62,998.4	$50,920.6	$50,920.6	−$12,077.8	−$12,077.8
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	806.1	669.8	669.8	−136.3	−136.3
Other (OPFTE)	114.6	91.2	91.2	−23.4	−23.4
Total	920.7	761.0	761.0	−159.7	−159.7
Radiation:					
Budget authority	$13,056.1	$11,228.8	$11,228.8	−$1,827.3	−$1,827.3
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	212.0	199.2	199.2	−12.8	−12.8
Other (OPFTE)	40.4	35.8	35.8	−4.6	−4.6
Total	252.4	235.0	235.0	−17.4	−17.4
Noise:					
Budget authority	$2,382.8		$172.6	−$2,382.8	−$2,210.2
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	29.2		4.0	−29.2	−25.2
Other (OPFTE)	13.7			−13.7	−13.7
Total	42.9		4.0	−42.9	−38.9
Interdisciplinary:					
Budget authority	$25,108.4	$23,663.3	$23,663.3	−$1,445.1	−$1,445.1
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	359.4	333.3	333.3	−26.1	−26.1
Other (OPFTE)	67.2	62.7	62.7	−4.5	−4.5
Total	426.6	396.0	396.0	−30.6	−30.6
Toxic Substances:					
Budget authority	$98,910.7	$72,440.7	$72,440.7	−$26,470.0	−$26,470.0
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	726.4	641.5	641.5	−84.9	−84.9
Other (OPFTE)	104.8	88.3	88.3	−16.5	−16.5
Total	831.2	729.8	729.8	−101.4	−101.4
Energy:					
Budget authority	$72,017.6	$35,550.0	$35,550.0	−$36,467.6	−$36,467.6
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	144.9	64.8	64.8	−80.1	−80.1
Other (OPFTE)	99.3	39.5	39.5	−59.8	−59.8
Total	244.2	104.3	104.3	−139.9	−139.9
Management and support:					
Budget authority	$215,981.8	$208,479.1	$237,079.1	−$7,502.7	+$21,097.3
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	2,440.4	2,178.3	2,178.3	−262.1	−262.1
Other (OPFTE)	743.1	574.1	574.1	−169.0	−168.9
Total	3,183.5	2,752.4	2,752.4	−431.0	−431.0
Buildings and facilities: Budget authority	$4,115.0	$3,000.0	$4,000.0	−$1,115.0	−$115.0
Subtotal, operating programs:					
Budget authority	$1,191,447.0	$975,000.0	$1,028,986.9	−$216,447.0	−$162,460.1
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	9,884.0	8,399.0	8,403.0	−1,485.0	−1,481.0
Other (OPFTE)	2,392.5	1,881.8	1,881.8	−510.7	−510.6
Total	12,276.5	10,280.8	10,284.8	−1,995.7	−1,991.6
Construction grants: Budget authority		$2,400,000.0	$2,400,000.0	+$2,400,000.0	+$2,400,000.0
Hazardous substance response trust fund:					
Budget authority	$200,000.0	$275,000.0	$275,000.0	+$75,000.0	+$75,000.0
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	503.0	554.6	554.6	+51.6	+51.6
Other (OPFTE)	81.0	87.4	87.4	+6.4	+6.4
Total	584.0	642.0	642.0	+58.0	+58.0
Total, Environmental Protection Agency:					
Budget authority	$1,391,447.0	$3,650,000.0	$3,703,986.9	+$2,258,553.0	+$2,312,539.9
Full-time equivalency (FTE):					
Permanent full-time (PFTE)	10,387.0	8,953.6	8,957.6	−1,433.4	−1,429.4
Other (OPFTE)	2,473.5	1,969.2	1,969.2	−504.3	−504.2
Total	12,860.5	10,922.8	10,926.8	−1,937.7	−1,933.6

EXPLANATION OF VOTES

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PICKLE) is recognized for 5 minutes.

● Mr. **PICKLE**. Mr. Speaker, I was absent from the House of Representatives for a portion of the legislative day, October 1, 1981, because I was addressing the National Council on Teacher Retirement in Boston, Mass. I missed three rollcall votes. Had I been present, I would have voted as follows:

Rollcall No. 225, by a vote of 294 yeas to 71 nays with 1 voting "present," the House approved the Journal of Wednesday, September 30. I would have vote "yea."

Rollcall No. 226, by a vote of 288 yeas to 113 nays, the House suspended the rules and agreed to the conference report on S. 304, to establish a national tourism policy and an independent Government agency to carry out the national tourism policy. I would have voted "aye."

Rollcall No. 227, by a vote of 117 yeas to 292 nays, the House rejected a motion to table the motion to discharge the Committee on the District of Columbia from further consideration of House Resolution 208. I would have voted "aye."●

LEGISLATIVE VETOES AND THE HOUSE SCHEDULE

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 5 minutes.

● Mr. **MOAKLEY**. Mr. Speaker, yesterday we had a fairly good example of how a legislative veto works. I do not, for purposes of this statement, wish to deal with the specifics of the District of Columbia ordinance nor the desirability of congressional review of such ordinances.

I want to simply address the question of how the operations of the House are affected by rules of the

House written into law with little or no regard to how they comport with other aspects of the procedure and schedule of this body.

At approximately 11 a.m. a motion was offered to discharge the committee from further consideration of the resolution (H. Res. 208) and began the following series of procedural actions:

Approximate time, action, and vote

11 a.m.—Motion to discharge offered	
11:30 a.m.—Motion to table offered and voted one-hour debate on discharge	117-292
12:45 p.m.—Vote on motion to discharge	279-126
1 p.m.—Motion to consider offered and voted 10-hour total recognition on resolution	287-110
1:30 p.m.—Motion to limit debate to 5 hours offered and voted	253-141
2 p.m.—Call of the House	352
4:10 p.m.—Vote on adoption of resolution	281-119

At 11 a.m., Mr. Speaker, the House began consideration with 71 percent of the Members participating in the rollcall voting against a procedural motion to prevent consideration. Five hours and six recorded votes later, the resolution was adopted. The first vote was 117 to 292, the last 281 to 119. At no stage in the proceedings was the result in doubt. The weakest showing of the supporters of the disapproval resolution was on the 253-to-141 vote deciding whether the House would debate for 10 hours or 5 before adopting the disapproval resolution.

I have seen many multibillion-dollar appropriation bills passed with fewer votes and in less time. In point of fact, Mr. Speaker, only two questions were before the House. First, "Did the House wish to take up the question of the D.C. ordinance?" Second, having heard the arguments of supporters and opponents of both the substance and procedure, "Did the House wish to disapprove the ordinance?"

The rules of the House imposed by the D.C. Home Rule Act required six votes to answer those two questions.

It also required 5 hours which had been scheduled for other business. The impact of this unexpected addition on the House schedule has been enormous, as the following table illustrates:

Action originally scheduled	Action taken or rescheduled
Thursday, October 1 and Friday, October 2:	
Labor, H.H.S. Appropriation (debate and votes).	Postponed to the following week.
Voting Right Act (complete consideration).	Debate only; votes postponed to the following week.
Agriculture and Food Act (rules, debate and votes).	Rule only; debate and votes postponed to the following week.
Kennedy Center	Postponed to after the recess.
Monday, October 5:	
Deposit Insurance Flexibility	Do.
Independent Safety Board	Do.
Omnibus Territories	Do.
Sugar Tariff	Do.
Omnibus Tariff and Duty	Do.
Export Credit Subsidies	Do.

Mr. Speaker, I wish to make clear that I do not, in any way, blame the sponsors of the resolution for using the provisions of law available to bring the questions before the House. Nor do I criticize opponents of the resolution for using all the parliamentary tools at their disposal.

But I would point out to the House that there are more than 230 provisions of law related to congressional review of rules, ordinances, and executive actions. Many are appropriate tools for retaining congressional supervision of delegated legislative responsibilities. But a large number of these contain rules of procedure similar to those used yesterday and, taken together, these rules pose a serious danger to the ability of the House to manage its business.●

LEGISLATION TO REGULATE FOREIGN PROCESSING VESSELS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 15 minutes.

● Mr. YOUNG of Alaska. Mr. Speaker, earlier this year I introduced legislation to regulate the use of foreign processing vessels in the internal waters of the State of Alaska during the 1981 fishing season. At the time I introduced the bill, I indicated that it was a temporary solution to a particular problem involving Alaska. It was clear to me then, as it is now, that a comprehensive national solution had to be developed to plug a loophole in the Magnuson Fishery Conservation and Management Act. Today, I am introducing such legislation.

The problem stems from the fact that, when we passed the MFCMA, we prevented foreign vessels from fishing and processing in our 200-mile zone without a permit, and we prevented such activities in the territorial sea altogether. However, due to the wording used to define "fishing" in the act, we found that the internal waters of any State were open to fish processing, although they were closed to fish harvesting. Thus, additional legislation is needed.

My bill tries to take into account problems raised by the State of Alaska and fishermen and processors from throughout the United States. It is written as a free-standing bill, rather than an amendment to the MFCMA. This was done to satisfy concerns that a solution be found as quickly as possible and to avoid conflicts with MFCMA amendments that the Subcommittee on Fisheries and Wildlife Conservation is now preparing. I hope that the chairman of that subcommittee will agree to address the issue separately so as to avoid tying up the MFCMA amendment process.

The following is a brief analysis of the bill:

Section 1. Definitions, including a definition of the term "process". This term includes a number of activities, including the purchase of fish. It is designed to regulate the purchase of fish by foreign vessels from American fishermen and from foreign fishermen in the internal waters of any State.

Section 2. This section prohibits the processing of fish in internal waters except under State regulation or, in some cases, by the permission of the Secretary of Commerce.

Section 3. This section is the key one which will allow States to regulate foreign vessels in their internal waters. The section provides for submission of a State management plan to the Secretary and requires that he approve such a plan as long as it is consistent with certain standards. A strict time limit is placed on the Secretary's actions to avoid unnecessary bureaucratic delay.

The standards for approval include allowance for public participation, reasonable regulation by the State to protect the health and safety of State residents, provisions for amending the plan, and provisions allowing foreign vessels to process fish in certain instances.

The last two standards deserve particular discussion. Under existing law, distinctions are made between foreign vessels and U.S. vessels operating at sea, even though both types of vessels may process fish. I think it is appropriate that these distinctions be maintained. At the same time, a foreign vessel should not be allowed to dump sewage in State waters or run an operation that is dangerous for U.S. citizens. Thus, the State should be allowed to have some regulatory authority.

Deciding when a foreign processing vessel will be allowed to operate is a particularly sensitive problem. Thus, the intent is that a vessel cannot process fish in those areas where U.S. processors have the capability and intent to process the same species of fish, so long as the U.S. processors are able to purchase all fish harvested and offered for sale in a reasonable period of time. If U.S. processors have to put U.S. fishermen on poundage delivery limits or offer to purchase fish only once every two or three days, then the fishermen should have the right to explore the option of selling to a foreign vessel. Further, if a U.S. processor offers to purchase fish for processing into one form at a certain price, and a foreign vessel offers to purchase fish for processing into another form at a different price, then U.S. fishermen should have the option of choosing. Obviously, the State must make the decision as to what U.S. capability and intent may be. When doing so, however, the State must consider adverse economic impacts on U.S. fishermen.

Section 4. In this section, the Secretary is allowed to permit foreign vessels to operate if no State plan is in effect. He may charge fees to the foreign vessel as long as such fees do not exceed the cost of providing the permit. Before a permit is issued, he is required to notify the appropriate Regional Fishery Management Council. It is intended that such notification provide an appropriate chance for the Council to make its views known. Once a State plan goes into effect, Secretarial permission is automatically withdrawn and regulation will be in the hands of the State.

Section 5. This section provides an enforcement mechanism and civil and criminal penalties. It is intended that the Secretary will use the opportunity for cooperative enforcement with the State so that the State can enforce regulations governing foreign processing activity.

Mr. Speaker, I think this bill will provide the long-term national solution to a national problem that I spoke of earlier. I hope that it will be given prompt consideration by the appropriate committee.●

LEAVE OF ABSENCE

(By unanimous consent, leave of absence was granted to:)

Mr. Weiss (at the request of Mr. Wright), for today, on account of official business.

Mr. Chappel (at the request of Mr. Bennett), for today, on account of official business.

Mr. Gilman (at the request of Mr. Michel), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Leach of Iowa) to revise and extend their remarks and include extraneous material:)

Mr. Leach of Iowa, for 30 minutes, today.

Mr. Young of Alaska, for 15 minutes, today.

(The following Members (at the request of Mr. Stenholm) to revise and extend their remarks and include extraneous material:)

Mr. Ford of Michigan, for 10 minutes, today.

Mr. Gonzalez, for 15 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Reuss, for 5 minutes, today.

Mr. Moffett, for 15 minutes, today.

Mr. Pickle, for 5 minutes, today.

Mr. Moakley, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Leach of Iowa) and to include extraneous matter:)

Mr. Young of Florida in 10 instances.

Mr. Leach of Iowa in two instances.

Mr. Hollenbeck.

Mr. Daniel B. Crane.

Mr. Ritter.

Mr. DeNardis.

Mr. Brown of Ohio in two instances.

Mr. Hansen of Utah.

Mr. Gradison.

Mr. Gingrich.

Mr. McClory.

Mr. Emery.

Mr. Bereuter.

(The following Members (at the request of Mr. Stenholm) and to include extraneous matter:)

Mr. Stark in two instances.

Mr. Volkmer.

Mr. Eckart.

Mr. Reuss in two instances.

Mr. Chappell.

Mr. Barnes in two instances.

Mr. Stokes.

Mr. Guarini.

Mrs. Bouquard in two instances.

Mr. Vento.

Ms. Ferraro.

Mr. Schumer.

Mr. Miller of California.

Mr. Natcher.

Mr. Pease.

Mr. LaFalce.

SENATE ENROLLED JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J. Res. 98. Joint resolution to authorize and request the President to issue a proclamation designating October 16, 1981, as "World Food Day."

ADJOURNMENT

Mr. STENHOLM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 5 minutes p.m.) under its previous order, the House adjourned until Monday, October 5, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2294. A letter from the Executive Director, Neighborhood Reinvestment Corporation, transmitting a report on the mutual housing association national demonstration program, pursuant to section 316 of Public Law 96-399; to the Committee on Banking, Finance and Urban Affairs.

2295. A letter from the Administrator, Energy Information Administration, Department of Energy, transmitting the quarterly report for the period April through June, 1981, on imports of crude oil, residual fuel oil, refined petroleum products, natural gas, and coal; reserves and production of crude oil, natural gas, and coal; refinery activities; and inventories; together with data on exploratory activity, exports, nuclear energy, and electric power, pursuant to section 11(c)(2) of the Energy Supply and Environmental Coordination Act of 1974, as amended; to the Committee on Energy and Commerce.

2296. A letter from the Chairman, Interstate Commerce Commission, transmitting a report on whether rail carriers should continue to be subject to section 11707 of title 49, United States Code, pursuant to section 211(d) of Public Law 96-448; to the Committee on Energy and Commerce.

2297. A letter from the Acting Secretary of State, transmitting notice of the selection of the American Embassies at Dakar, Senegal, and Montevideo, Uruguay as model foreign language competence posts, pursuant to section 2207 of the Foreign Service Act of 1980; to the Committee on Foreign Affairs.

2298. A letter from the Assistant Secretary of State for Congressional Relations, transmitting Presidental Determination No. 81-13, authorizing the transfer of economic support funds to the peacekeeping operations account to prepare for the establishment of a Sinai peacekeeping organization, pursuant to section 614(a)(1) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2299. A letter from the Assistant Secretary of State for Congressional Relations, transmitting, notice of the proposed transfer of certain property to the Republic of Panama, pursuant to section 1504(b) of Public Law 96-70; to the Committee on Foreign Affairs.

2300. A letter from the Acting Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2301. A letter from the Custodian, Group Insurance and Retirement Plans, Office of the Adjutant General, Department of the Army, transmitting the annual report of the U.S. Army nonappropriated fund retirement plan for fiscal 1980, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

2302. A letter from the Secretary, Retirement Committee, Farm Credit Banks of Texas, transmitting, the annual report of the banks' retirement plan, covering calendar year 1980, pursuant to section 121(a)(2) of the Budget and Accounting Procedure Act of 1950, as amended; to the Committee on Government Operations.

2303. A letter from the Acting Comptroller General of the United States, transmitting the second of three volumes of a report on fraud in Government programs (AFMD-81-73, September 30, 1981); to the Committee on Government Operations.

2304. A letter from the Acting Comptroller General of the United States, transmitting a report on accounting and collection procedures in the Treasury's Division of Check Claims (AFMD-81-68, October 1, 1981); to the Committee on Government Operations.

2305. A letter from the Chairman, Joint Committee on Taxation, transmitting a report on refunds and credits of internal revenue taxes reported to the committee during fiscal year 1980, pursuant to section 6405 of the Internal Revenue Code of 1954 (H. Doc. No. 97-96); to the Committee on Ways and Means and ordered to be printed.

2306. A letter from the Deputy Secretary of Agriculture, transmitting notice of a delay in submission of the report due by September 30 on planned programing of food assistance under titles I and III of the Agricultural Trade Development and Assistance Act of 1954, required by section 408(b) of the act; jointly, to the Committees on Agriculture and Foreign Affairs.

2307. A letter from the Acting Comptroller General of the United States, transmitting a report on the Comptroller of the Currency's management of property remaining from closed receiverships of national banks (GGD-81-94, September 25, 1981); jointly, to the Committees on Government Operations and Banking, Finance and Urban Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAZZOLI: Committee on the Judiciary. H.R. 4327. A bill to amend the Immigration and Nationality Act, and for other purposes; with an amendment (Rept. No. 97-264). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DUNCAN:

H.R. 4663. A bill to amend the Internal Revenue Code of 1954 to provide that certain individuals will not be treated as manufacturers for purposes of the excise tax on sporting goods or firearms, and for other purposes; to the Committee on Ways and Means.

By Mr. ERDAHL:

H.R. 4664. A bill to amend title 5, United States Code, to provide for payments of interest to annuitants and recipients of workers' compensation in cases in which adjustments to their annuity or compensation payments are not made in a timely manner, as required under such title; jointly, to the Committees on Post Office and Civil Service and Education and Labor.

By Mr. GLICKMAN:

H.R. 4665. A bill to amend provisions of Public Law 97-51; jointly, to the Committees on Appropriations, Post Office and Civil Service, House Administration, and Ways and Means.

By Mr. GRADISON (for himself, and Mr. Gephardt):

H.R. 4666. A bill to amend title XVIII of the Social Security Act to provide for an optional alternative medicare program, and for other purposes; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. GUARINI (for himself, Mr. Forsythe, Mr. Howard, Mr. Florio, Mr. Roe, and Mr. Rinaldo):

H.R. 4667. A bill to amend the Internal Revenue Code of 1954 to include certain tax-exempt organizations as eligible recipients of scientific property for purposes of the special computation of the charitable contribution deduction for such property; to the Committee on Ways and Means.

By Mr. GUNDERSON:

H.R. 4668. A bill to amend the Federal Water Pollution Control Act to extend certain compliance deadlines applying to publicly owned treatment works; to the Committee on Public Works and Transportation.

By Mr. HERTEL:

H.R. 4669. A bill to amend title 10, United States Code, to restrict the purchase of foreign-made administrative motor vehicles by the Department of Defense; to the Committee on Armed Services.

By Mr. RINALDO:

H.R. 4670. A bill to establish a National Commission on interest rates; to the Committee on Banking, Finance and Urban Affairs.

By Mr. RINALDO:

H.R. 4671. A bill to reform the laws relating to former Presidents; jointly, to the Committees on Government Operations, House Administration, the Judiciary, and Post Office and Civil Service.

By Mr. ROGERS:

H.R. 4672. A bill to direct the Secretary of the Treasury to develop a plan for lowering interest rates; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SAWYER:

H.R. 4673. A bill to amend the Social Security Act to facilitate enforcement of provisions requiring suspension of benefits to inmates of prisons and other public institutions by insuring the availability of necessary information from Federal instrumentalities; to the Committee on Ways and Means.

By Mr. YOUNG of Alaska:

H.R. 4674. A bill to regulate the use of foreign vessels for the processing of fish in the internal waters of the States of the United States; to the Committee on Merchant Marine and Fisheries.

MEMORIALS

Under clause 4 of rule XXII,

196. The SPEAKER presented a memorial of the Legislature of the Commonwealth of Massachusetts, relative to military spending; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. MILLER of California introduced a bill (H.R. 4675) to direct the Secretary of the Department in which the U.S. Coast Guard is operating to cause the vessel *Jennie May* to be documented as a vessel of the United States so as to be entitled to engage in the coastwise trade, which was referred to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 374: Mr. Russo.

H.R. 746: Mr. Synar, Mr. Moorhead, Mr. Kindness, and Mr. McClory.

H.R. 1193: Mr. Murphy, Mr. Pepper, Mr. Coelho, and Mr. Molinari.

H.R. 1711: Mr. Santini and Mr. Paul.

H.R. 2322: Mr. Petri.

H.R. 3463: Mr. Donnelly.

H.R. 3596: Mr. Jacobs, Mr. Minish, Mr. Ottinger, Mr. Foglietta, Mr. Sunia, Mr. Roe, Mr. Lehman, Mr. Boner of Tennessee, Mr. Murphy, Mr. Oberstar, Mr. Zeferetti, Mr. Solomon, Mr. Fary, Mr. Edgar, Mr. Lent, Mr. Madigan, Mr. Lantos, Mr. Miller of California, Mr. Yatron, Mr. Bouquard, Mr. Molinari, Mr. Hollenbeck, and Mr. D'Amours.

H.R. 3614: Mr. Martin of North Carolina, Mrs. Schroeder, Mr. Robinson, Mr. Minish, Mr. Marlenee, Mr. Coleman, Mr. Nichols, Mr. Trible, Mr. Mollohan, Mr. Hatcher, Mr. DeNardis, Mr. Fazio, and Mr. Ford of Michigan.

H.R. 3632: Mr. LaFalce, Mr. Rahall, Mr. Mottl, Mr. Dwyer, Mr. Schumer, Mr. Shelby, Mr. Nelligan, Mr. Edgar, Mr. Seiberling, and Mr. Pepper.

H.R. 3670: Mr. Foglietta, Mr. Frost, Mr. Patman, Mr. Synar, Mr. Tauke, Mr. Neal, and Mr. Bereuter.

H.R. 3824: Mr. Porter, Mr. Dunn, Mr. Tauke, Mr. Edwards of Oklahoma, and Mr. Evans of Delaware.

H.R. 3910: Mr. Weber of Minnesota and Mr. Ottinger.

H.R. 3969: Mr. Roberts of Kansas, Mrs. Collins of Illinois, Ms. Oakar, and Mr. Foley.

H.R. 4147: Mr. McKinney and Mr. Kogovsek.

H.R. 4214: Mr. Winn.

H.R. 4382: Mr. Weaver, Mr. Barnard, Mr. Howard, Mr. AuCoin, Mr. Leach of Iowa, Mr. Hertel, and Mr. Hughes.

H.R. 4418: Mr. Santini.

H.R. 4433: Mr. Edgar.

H.R. 4439: Mr. Mottl, and Mr. Roe.

H.R. 4443: Mr. Frank, Mr. Bedell, Mr. Eckart, Mr. Hughes, Mr. Seiberling, and Mr. Foglietta.

H.R. 4475: Mr. Ford of Michigan.

H.R. 4481: Mr. Breaux, Mr. Florio, Mr. Fascell, Mr. Shaw, and Mr. Porter.

H.R. 4528: Mr. Alexander.

H.R. 4543: Mr. Ginn.

H.R. 4562: Mr. Benjamin.

H.J. Res. 268: Mr. Archer, Mr. Bingham, Mr. Burgener, Mr. William J. Coyne, Mr. Dan Daniel, Mr. Robert W. Daniel Jr., Mr. DeNardis, Mr. Fary, Mr. Hollenbeck, Mr. Leath of Texas, Mr. Howard, Mr. Hughes, Mr. Mavroules, Mr. Marks, Mr. Matsui, Mr. Hoyer, Mr. Moffett, Mr. Leland, Mr. Nelligan, Mr. Grisham, Mr. Schulze, Mr. Shamansky, Mr. Wolf, Mr. Pashayan, Mr. McKinney, Mr. Peyser, Mr. Shumway, Mr. Stenholm, Mrs. Schneider, Mr. Edwards of Alabama, and Mr. Petri.

H.J. Res. 316: Mr. Schumer, Mr. Barnard, Mrs. Fenwick, Mrs. Bouquard, Mr. Weber of Ohio, Mr. Weiss, Mr. McEwen, Mr. Young of Alaska, Mr. Simon, Mr. Forsythe, Mr. Robinson, Mr. Hopkins, Mr. Annunzio, Mr. Howard, Mr. Smith of New Jersey, Mr. Roe, Ms. Mikulski, Mr. Pickle, Mr. Minish, Mr. Conte, Mr. Pritchard, Mr. Florio, Mr. Courter, Mr. Barnes, Mr. Rahall, Mr. Burgener, Mr. Downey, Mr. Neal, Mr. Guarini, Mr. Rhodes, Mr. DeNardis, and Mr. Green.

H.J. Res. 326: Mr. Edwards of Oklahoma, Mr. Ottinger, Mr. Brodhead, Mr. Ritter, Mr. Jones of Tennessee, Mr. Hillis, Mr. Dunn, Mr. Pursell, Mr. Miller of Ohio, Mr. Trible, Mr. Smith of Oregon, Mr. Alexander, Mr. Dyson, Mr. Ford of Michigan, Mr. Solomon, Mr. Molinari, Mr. Bailey of Missouri, Mr. Weber of Ohio, Mr. de la Garza, Mr. Edgar, Mr. Morrison, Mr. Mazzoli, Mr. Chappell, Mr. Daschle, Mr. Moffett, Mr. Benjamin, Mr. Ginn, Mr. Guarini, Mr. Napier, Mr. Emerson, Mr. Railsback, Mr. Marks, Mr. Hughes, Mr. Dorgan of North Dakota, Mr. Skelton, Mr. Kastenmeier, Mr. St Germain, Ms. Fiedler, Mr. Gephardt, Mr. Neal, Mr. D'Amours, Mr. Stump, Mr. Nelligan, Mr. Gregg, Mr. Jacobs, Mr. Edwards of Alabama, Mr. Smith of Alabama, Mr. Corrada, Mr. Hartnett, Mr. McCollum, Mr. Shelby, Mr. Zablocki, Mr. Roberts of Kansas, Mr. de Lugo, Mr. Coleman, Mr. Young of Missouri, Mr. Traxler, Mr. Rhodes, and Mr. Simon.

H. Con. Res. 168: Mr. Ottinger, Mr. Beilenson, Mr. Mavroules, Mr. Derwinski, Mr. LaFalce, Mr. Forsythe, Mr. Wyden, Mr. Fowler, Mr. Oberstar, Mr. Porter, Mr. Edgar, Mr. Bereuter, Mr. Richmond, Mr. Fazio, Mr. Ford of Michigan, Mr. Lungren, Mr. Daniel B. Crane, Mr. Kildee, Mr. Luken, Mr. Coelho, Mr. Simon, Mr. Dyson, Mr. Wolpe, Mr. Smith of New Jersey, and Mr. Seiberling.

H. Con. Res. 190: Mr. RAHALL, Mr. DORGAN of North Dakota, Mr. ROTH, and Ms. MIKULSKI.

H. Res. 207: Mr. STRATTON, Mr. MCDONALD, Mr. SMITH of Oregon, Mr. WATKINS, Mr. PARRIS, Mr. WILSON, Mr. KEMP, Ms. FIEDLER, Mr. MCKINNEY, Mr. LAGOMARSINO, Mr. YATRON, Mr. CORRADA, Mr. NEAL, and Mr. PORTER.

H. Res. 219: Mr. ASPIN, Mr. DASCHLE, Mr. ROSENTHAL, and Mr. BENEDICT.

PETITIONS, ETC.

Under clause 1 of rule XXII,

230. The SPEAKER presented a petition of the City Council, Evanston, Ill., relative to a nuclear weapons freeze between the United States and the Soviet Union; which was referred to the Committee on Foreign Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3112

By Mr. CAMPBELL:

—Page 4, line 6, strike out "A" and insert "Except as provided in paragraph (6) of this subsection, a".

Page 8, after line 11, insert the following:

"(6) Notwithstanding any other provision of this section to the contrary, a State which would be eligible for a declaratory judgment under this subsection, but for a circumstance or event which rendered any of such State's political subdivisions ineligible as a political subdivision for such a declaratory judgment, may obtain the issuance of a declaratory judgment under this subsection if—

"(A) two-thirds of such State's political subdivisions have obtained such a declaratory judgment; and

"(B) such State has made reasonable efforts to assure the compliance of such State's political subdivisions with this Act.

Page 8, line 12, strike out "(6)" and insert "(7)" in lieu thereof.

By Mr. COLLINS of Texas:

—Page 3, after line 19, insert the following:

(3) by inserting "or in any State with respect to which no determination has been made under subsection (b) of this section or in any political subdivision of such State," after "separate unit, the second place it appears";

Redesignate succeeding paragraphs accordingly.

Page 8, after line 23, insert the following:

(c) Section 5 of the Voting Rights Act of 1965 is amended by inserting "or whenever a State with respect to which the prohibition set forth in section 4(a) not based upon any determination made under section 4(b) is in effect shall enact or seek to administer any voting qualifications or prerequisites to voting, or standard, practice, or procedure with respect to voting different from that in force or effect on the date of the enactment of the amendment adding this clause," after "November 1, 1972,".

—Page 3, after line 19, insert the following:

(3) by striking out "the United States District Court for the District of Columbia" each place it appears and inserting "the appropriate United States district court" in lieu thereof;

Redesignate succeeding paragraphs accordingly.

Page 8, after line 23, insert the following:

(c) Effective on and after August 5, 1984, subsections (b) and (d) of section 14 of the Voting Rights Act of 1965 are each amended by striking out "section 4 or".

—Page 4, line 8, insert "the Government has failed to disprove by a preponderance of the evidence the contention of the plaintiff that" after "determines that".

—Page 8, strike out line 24 and all that follows through line 6 on page 9 and redesignate succeeding sections accordingly.

—Page 9, after line 6, insert the following:

SEC. 3. Section 5 of the Voting Rights Act of 1965 is amended by striking out "and will not have the effect".

Redesignate succeeding sections accordingly.

H.R. 3603

By Mr. CONTE:

—Page 63, strike out line 2 and insert in lieu thereof the following: "1980 and 1981 crops and $20,000 for each of the 1982 through 1985 crops.".

By Mr. DASCHLE:

—Page 3, immediately before line 1, insert the following new item:

"TITLE XVII—IMPORTED MEAT".

Page 222, after line 25, add the following new title:

TITLE XVII—IMPORTED MEAT

Subtitle A—Examination, Inspection, and Labeling Requirements for Imported Meat

SEC. 1701. Section 20(a) of the Federal Meat Inspection Act (21 U.S.C. 620(a)) is amended by inserting "(1)" after "(a)", and by adding at the end thereof the following:

"(2) Any carcass, part of a carcass, meat, or meat food product described in paragraph (1) (or container or package thereof) which is imported into the United States, and any meat food product (or container or package thereof) made in whole or in part of any such imported meat, shall be labeled 'Imported From ———', 'Contains Meat Imported From ———', or 'May Contain Meat Imported From ———', as the case may be, with the blank space to be filled in with the name of the country of origin. The first sentence of this paragraph shall not apply if the carcass, part of a carcass, meat, or meat food product (or the container or package thereof) is required to be marked or labeled to show the country of origin in accordance with regulations prescribed under paragraph (1).

"(3) If a person cuts any carcass, part of a carcass, meat, or meat food product into pieces (or breaks a container or package containing any of such articles) other than to prepare it for ultimate consumption, and such carcass, part of a carcass, meat, or meat food product (or such container or package) is marked or labeled under paragraph (1), (2), or (4)(C)(ii), such person shall mark or affix a label to each of such pieces (or the container or package containing any of such pieces) to supply the information which was so provided before it was cut (or broken).

"(4)(A)(i) No carcass or part of a carcass described in paragraph (1) may be imported into the United States unless such carcass or part of a carcass, including the internal organs (or samples from such internal organs) of the animal from which such carcass or part came, is examined and inspected at the port of entry to determine that such carcass or part is not adulterated.

"(ii) No meat or meat food product described in paragraph (1) (or container or package thereof) may be imported into the United States unless such meat or meat food product is examined and inspected at the port of entry to determine that such meat or meat food product is not adulterated.

"(B) Any examination or inspection conducted under this paragraph with respect to any carcass, part of a carcass, meat, or meat food product, shall include the equivalent of at least one core test for every fifty pounds thereof (irrespective of whether the article is fresh, chilled, frozen, or cured), except that, in the case of cans or other sealed containers thereof, such examination or inspection shall be conducted using such methods as the Secretary shall by regulation prescribe.

"(C)(i) Notwithstanding subsection (b), the Secretary shall, in accordance with such regulations as the Secretary shall prescribe, dispose of any article determined under this paragraph to be adulterated by selling such article as tankage or fertilizer.

"(ii) Any article determined under this paragraph not to be adulterated shall be labeled "Prime", "Choice", "Standard", or "Utility", as the case may be, in accordance with such regulations as the Secretary shall prescribe, to indicate the grade of such article.

"(D) Any examination, inspection, or labeling required under this paragraph shall be performed by inspectors appointed for that purpose by the Secretary.

"(E) For purposes of subparagraph (A)(i), the term 'internal organs', as used with respect to an animal, means the liver, heart, kidneys, lungs, and spleen of such animal.

"(5)(A) The Secretary shall prescribe such assessments and fees on imported carcasses, parts of carcasses, meats and meat food products as the Secretary determines necessary to cover the costs of inspection, examination, marking, and labeling, under this section.

"(B) In establishing the level or rate of assessments and fees to be imposed under this paragraph, the Secretary shall take into consideration the volume of imports into the United States of the articles to which this section applies, the value of such imports, and such other factors as the Secretary determines appropriate.

"(C) No carcass, part of a carcass, meat, or meat food product (or container or package containing any of such articles) as to which an assessment or fee is levied under subparagraph (A) shall be released from customs custody unless the foreign plant exporting such carcass, part of a carcass, meat, or meat food product (or container or package containing any of such articles) to the United States pays, in accordance with such regulations as the Secretary shall prescribe, such assessment or fee.".

SEC. 1702. The amendments made by section 1701 shall become effective one hundred and eighty days after the date of the enactment of this Act.

Subtitle B—Requirement That Eating Establishments Inform Customers That Imported Meat or Meat Food Products Are Served in Such Establishments

SEC. 1703. (a) Any person owning or operating an eating establishment which serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 20(a) of the Federal Meat Inspection Act (21 U.S.C. 620(a)) shall inform individuals purchasing food from such establishment of that fact—

(1) by displaying, in a conspicuous place in such establishment, a sign indicating that

imported meat is served in such establishment; or

(2) by providing the information specified in paragraph (1) on the menus offered to such individuals.

(b) Any person owning or operating an eating establishment who knowingly violates subsection (a), or whose employee or other agent knowingly violates such subsection, shall be fined in an amount not to exceed $100 for each day during any part of which such subsection is so violated.

(c) For purposes of this section—

(1) the term "eating establishment" means any restaurant, cafeteria, lunch counter, or other facility—

(A) which engages in operations affecting commerce; and

(B) which sells meat or meat food products for consumption on the premises;

(2) the term "commerce" means travel or transportation between any of the several States, between any foreign country and a State, or between points in the same State but through any other State or foreign country; and

(3) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(d)(1) For purposes of this section, an eating establishment engages in operations affecting commerce if—

(A) such establishment serves or offers to serve food to any individual engaged in commerce; or

(B) a significant portion of the food which such establishment offers for sale has moved in commerce.

(2) The Attorney General shall prescribe by regulation within thirty days after the date of the enactment of this Act, and may thereafter amend whenever necessitated by a change of circumstances, the meaning of the term "significant portion" for purposes of paragraph (1)(B).

SEC. 1704. Section 1703 shall become effective one hundred and eighty days after the date of the enactment of this Act.

—Page 11, line 10, strike "$3.55" and insert in lieu thereof "$4.00".

—Page 18, line 12, strike "$2.65" and insert in lieu thereof "$2.85".

—Page 81, insert the following after line 5 and redesignate the succeeding sections accordingly:

HUNGER AND GLOBAL SECURITY

SELF-HELP MEASURES TO INCREASE AGRICULTURAL PRODUCTION; VERIFICATION OF SELF-HELP PROVISIONS

SEC. 1201. (a) Section 109(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in paragraph (3) by inserting immediately before the semicolon ", and reducing illiteracy among farmers";

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by inserting the following new paragraph immediately after paragraph (10):

"(11) carrying out programs to improve the health of farmers and their families.".

(b) Section 109 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new subsection:

"(d)(1) In each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum feasible extent, in quantitative and measurable terms, and (B) in a manner which ensures that the needy people in the recipient country will be the major beneficiaries of the self-help measures pursuant to each agreement.

"(2) The President shall, to the maximum feasible extent, take appropriate steps to satisfy himself that, in each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake are additional to the measures which the recipient country otherwise would have undertaken irrespective of that agreement or amendment.

"(3) The President shall take all appropriate steps to determine whether the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out.".

By Mr. DORGAN of North Dakota:

—Page 86, after line 25, insert the following new section:

STUDY OF ALTERNATIVE EXPORT MARKETING OF GRAIN

SEC. 1210. (a) The Secretary of Agriculture shall conduct a study to develop proposals for legislation that would provide alternative marketing and pricing programs to assure that the price paid by foreign purchasers for grain produced in the United States results in producers of such grain receiving an average amount for such grain that is not less than the average estimated domestic cost of production of such grain. For purposes of this subsection the term "grain" means wheat, soybeans, and corn and other feed grains.

(b) For purposes of developing proposals under subsection (a), the domestic cost of production shall be determined on the basis of official statistics maintained by the Department of Agriculture, and shall include the average acquisition value of land as the cost of land.

(c) The Secretary shall transmit the proposals developed under subsection (a) to the Congress not later than January 1, 1983.

By Mr. FINDLEY:

—On Page 17, delete lines 1 through 7 and insert in lieu thereof the following:

"SEC. 303. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) are repealed.".

—Page 111, after line 22, insert the following new section (and redesignate succeeding sections accordingly):

PILOT PROJECTS TO SIMPLIFY THE PROCESSING OF APPLICATIONS FOR CERTAIN AFDC, SSI, AND MEDICAID RECIPIENTS

SEC. 1333. Section 17 of the Food Stamp Act of 1977 is amended by adding at the end thereof the following new subsection:

"(d) The Secretary may conduct pilot projects in which households that include one or more recipients of aid to families with dependent children under part A of title IV of the Social Security Act, of supplemental security income under title XVI of the Social Security Act, or of medical assistance under title XIX of the Social Security Act, and whose gross income does not exceed the applicable income standard of eligibility described in section 5(c) of this Act shall be deemed to satisfy the application requirements prescribed under section 5(a) of this Act and the income and resource requirements prescribed under subsections (d) through (g) of section 5 of this Act. For any pilot project carried out under this subsection, allotments provided pursuant to section 8(a) of this Act shall be based upon household size and upon the benefits paid to such household under part A of title IV, under title XVI, and under title XIX of the Social Security Act, except that the Secretary shall adjust the value of such allotments as may be necessary to ensure that the average allotment by household size for households participating in such pilot project and receiving such aid to families with dependent children, such supplemental security income, or such medical assistance, as the case may be, is not less than the average allotment which would have been provided under this Act but for the operation of this subsection, for each category of households, respectively, in such pilot project area, for any period during which such pilot project is in operation. The Secretary may conduct such pilot projects in any political subdivision of a State, upon the request of such political subdivision, or throughout a State, upon the request of such State. The Secretary shall evaluate the impact of such pilot projects on recipient households, administrative costs, and error rates. The Secretary shall pay to agencies and organizations operating such pilot projects 50 per centum of all administrative costs involved in operating such projects. In promulgating regulations under this section, the Secretary shall consult with the Secretary of Health and Human Services to ensure that to the extent practicable, in the case of households participating in such pilot projects, the processing of applications for, and determinations of eligibility to receive, food stamp benefits are simplified and are unified with the processing of applications for, and determinations of eligibility to receive, benefits under such titles of the Social Security Act.".

By Mr. PEYSER:

—Beginning on page 45, strike out line 19 and all that follows through line 3 of page 59, and insert in lieu thereof the following:

REPEAL OF EXISTING PEANUT PRICE SUPPORT

SEC. 701. The Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) is amended—

(1) in section 301(b)—

(A) in paragraph (1)(B) by striking out ", rice or peanuts" and inserting in lieu thereof "or rice";

(B) in paragraph (3)(A) by striking out "rice, and peanuts" and inserting in lieu thereof "and rice";

(C) in paragraph (6) by striking out subparagraph (C);

(D) in paragraph (10)(A)—

(i) by striking out "wheat, and peanuts" and inserting in lieu thereof "and wheat"; and

(ii) by striking out "20 per centum in the case of wheat; and 15 per centum in the case of peanuts" and inserting in lieu thereof "and 20 per centum in the case of wheat";

(E) in paragraph (13)—

(i) by striking out subparagraph (B) and subparagraph (C); and

(ii) in subparagraph (G) by striking out "or peanuts, shall" and all that follows through "may be," and inserting in lieu thereof ", shall be the average yield per acre of corn"; and

(F) in paragraph (16)(A) by striking out "rice, and peanuts" and inserting in lieu thereof "and rice";

(2) by striking out part VI of subtitle B of title III;

(3) in section 361 by striking out "peanuts,";

(4) in subsection (a) and subsection (b) of section 371 by striking out "peanuts," each place it appears;

(5) in section 373—

(A) in the first sentence of subsection (a)—

(i) by striking out "peanuts," each place it appears;

(ii) by inserting "and" before "all persons engaged in the business of redrying"; and

(iii) by striking out ", all farmers" and all that follows through "machines"; and

(B) in subsection (b) by striking out "peanuts",

(6) in section 375(a) by striking out "peanuts,";

(7) in section 377 by striking out "in the case of peanuts, an acreage sufficient to produce 75 per centum of the farm poundage quota or,"; and

(8) in section 378(c) by striking out "tobacco, and peanuts," and inserting in lieu thereof "and tobacco,".

PRICE SUPPORT FOR PEANUTS

SEC. 702. The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) is amended—

(1) in section 101(b) by striking out "and peanuts";

(2) in section 201—

(A) by inserting "peanuts," after "honey," in the language preceding subsection (b); and

(B) by adding at the end thereof the following new subsection:

"(e) The prices of the 1982 through 1985 crops of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1 and ending December 31 of the calendar year immediately preceding the marketing year for which the level of support is being determined, the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, but not more than $250 per ton for the 1982 crop, $175 per ton for the 1983 crop, $100 per ton for the 1984 crop, and such level as the Secretary finds appropriate, in accordance with this subsection, for the 1985 crop of peanuts."; and

(3) in section 408(c) by striking out "peanuts,".

EFFECTIVE DATE

SEC. 703. The amendments made by this title shall take effect beginning with the 1982 crop of peanuts.

Page 59, strike out line 11 and insert in lieu thereof the following:

(2) adding immediately after subsection (e) the following new section:

Page 59, line 12, strike out "(e)" and insert in lieu thereof "(f)".

Page 61, strike out line 12 and line 13, and insert in lieu thereof the following:

(2) adding immediately after subsection (f) the following new subsections:

Page 61, line 14, strike out "(f)" and insert in lieu thereof "(g)".

Page 62, strike out line 8 and line 9.

Page 62, line 10, strike out "(g)" and insert in lieu thereof "(h)".

By Mr. RICHMOND:

—Page 89, after line 23, insert the following new section (and redesignate succeeding sections accordingly):

ADJUSTMENT OF THE THRIFTY FOOD PLAN

SEC. 1306. Section 3(o) of the Food Stamp Act of 1977 is amended by striking out clause (6) and all that follows through the end of clause (9), and inserting in lieu thereof the following: "(6) on October 1, 1982, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twenty-one months ending the preceding June 30, 1982, and (7) on October 1, 1983, and each October 1 thereafter, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding June 30".

FOOD STAMP FUNDING AND PROGRAM EXTENSION

Page 114, line 7, insert "and" at the end thereof.

Page 114, strike out line 8 and all that follows through line 117, and insert in lieu thereof the following:

(2) inserting before the period at the end thereof the following: "; not in excess of $11,300,000,000 for the fiscal year ending September 30, 1982; not in excess of $11,170,000,000 for the fiscal year ending September 30, 1983; not in excess of $11,115,000,000 for the fiscal year ending September 30, 1984; and not in excess of $11,305,000,000 for the fiscal year ending September 30, 1985".

Page 120, after line 22, insert the following new section.

AUTHORITY OF OFFICE OF INSPECTOR GENERAL

SEC. 1343. Any person who is employed in the Office of Inspector General, Department of Agriculture, who conducts investigations of alleged or suspected criminal violations of statutes, including but not limited to the food stamp program, administered by the Secretary of Agriculture or any agency of the Department of Agriculture, and who is designated by the Inspector General of the Department of Agriculture may—

(1) make an arrest without a warrant for any such criminal violation if such violation is committed, or if such employee has probable cause to believe that such violation is being committed, in the presence of such employee,

(2) incident to making an arrest under paragraph (1), search the premises and seize evidence, without a warrant,

(3) execute a warrant for an arrest, for the search of premises, or the seizure of evidence of such warrant is issued upon probable cause to believe that such violation has been committed, and

(4) carry a firearm,

in accordance with rules issued by the Secretary of Agriculture, while such employee is engaged in the performance of official duties under the authority provided in section 6, or described in section 9, of the Inspector General Act of 1978 (5 U.S.C. app.6,9).

Page 104, line 23, insert after "of coupons" the following: "including any losses involving failure of a coupon issuer to comply with the requirements specified in section 11(d)(21),".

Page 108, line 21, strike out "paragraph:" and insert in lieu thereof "paragraphs:".

Page 109, after line 9 insert the following: "21. that, project areas or parts thereof where authorization cards are used, and eligible households are required to present photographic identification cards in order to receive their coupons, the State agency shall include, in any agreement or contract with a coupon issuer, a provision that (1) the issuer shall (A) require the presenter to furnish a photographic identification card at the time the authorization card is presented, and (B) record on the authorization card the identification number shown on the photographic identification card; and (2) if the State agency determines that the authorization card has been stolen or otherwise was not received by a household certified as eligible the issuer shall be liable to the State agency for the face value of any coupons issued in the transaction in which such card is used and the issuer fails to comply with the requirements of clause (1).".

By Mr. VOLKMER:

—Page 20, line 12, after "corn" insert "grain sorghums and other feed grains".

H.R. 4560

By Mr. BIAGGI:

—Page 3, line 8, strike out "$221,680,000" and insert in lieu thereof "$209,847,000", and on line 10, strike out "$55,420,000" and insert in lieu thereof "$67,253,000".

By Mr. PEASE:

—Page 3, line 1, strike out the colon and insert in lieu thereof the following: ", and at least $98,560,000 shall be for training under section 236 and for job search and relocation allowances under sections 237 and 238 of the Trade Act of 1974:".

[*The following amendments omitted from the Record of October 1, 1981*]

H.R. 3603

By Mr. FINDLEY:

(To amend the wheat program.)

—Strike lines 2 through 25 on page 11 and all on pages 12, 13, 14, 15 and 16, and lines 1 through 23 on page 17, and insert in lieu thereof the following:

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION PROGRAM, AND LAND DIVERSION FOR THE 1982 THROUGH 1985 CROPS OF WHEAT

SEC. 301. Effective only for the 1982 through 1985 crops of wheat, the Agricultural Act of 1949 is amended by adding after section 107A the following new section:

"SEC. 107B. Notwithstanding any other provision of law—

"(a) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of wheat at such level, not less than $3.50 per bushel, as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(b)(1)(A) In addition, the Secretary shall make available to producers payments for each of the 1982 through 1985 crops of wheat in an amount computed as provided in this subsection. Payments for any such crop of wheat shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for wheat shall be the amount by which the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop, is less than the established price per bushel.

"(C) For the 1982 through 1985 crops of wheat, the established price shall not be less than $4 per bushel for the 1982 crop, $4.20 per bushel for the 1983 crop, $4.40 per bushel for the 1984 crop, and $4.60 per bushel for the 1985 crop. Any such established price may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the corps involved on the basis of the proportion of the value of the total production derived from each crop.

"(D) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as provided in subparagraph (C) of this paragraph, effective with respect to the 1982 through 1985 crops of wheat, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as provided in subparagraph (C) of this paragraph, effective with respect to the 1982 through 1985 crops of wheat, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) With respect to the 1982 through 1985 crops of wheat, producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, effective only for the 1982 through 1985 crops of wheat, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss because of transitional problems attendant to the Federal crop insurance program; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of wheat. The proclamation shall be made not later than August 1 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.

"(3) The individual farm program acreage for each crop of wheat will be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The wheat acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the previous year by at least the percentage recommended by the Secretary in the proclamation of the national program acreage made not later than August 1 prior to the year in which the crop is harvested. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than for the preceding year, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(e)(1) Notwithstanding any other provision of this section, the Secretary may impose a limitation on the acreage planted to wheat if the Secretary determines that the total supply of wheat will, in the absence of such limitation, be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Such limitations shall be achieved by applying a uniform percentage reduction to the wheat acreage base for each wheat-producing farm. Producers on a farm who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation imposed by the Secretary under this paragraph shall be the acreage planted on the farm to wheat for harvest (including any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to wheat for harvest in the two crop years immediately preceding the year for which the determination is made. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (i) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity, by (ii) the number of acres authorized to be planted to such commodity under the limitation imposed by the Secretary (hereinafter in this subsection referred to as 'reduced acreage') shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion. However, the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

"(2) The Secretary may conduct a land diversion program and make land diversion payments to producers of wheat if the Secretary determines that such payments will assist in obtaining necessary adjustments in the total acreage of wheat. If a land diversion program is in effect under this subsection, the Secretary may also require that producers participate in such program as a condition of eligibility for loans, purchases, and payments authorized by this section. Land diversion payments shall be made to a producer on a farm who devotes an acreage of cropland on the farm to conservation uses approved by the Secretary in accordance with a land diversion contract entered into with the Secretary. The amounts payable to a producer under a land diversion contract shall be determined by such means as the Secretary determines appropriate, including the submission of bids for such contracts. In determining the acceptability of a contract offer, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producer and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(3) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(4) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation no later than such date as the Secretary may prescribe. The Secretary may by mutual agreement with the producer, terminate or modify any such agreement entered into under this subsection if the Secretary detemines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) In any case in which the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not adversely affect the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 302. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j, of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1982, through May 31, 1986.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. 303. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1982 through 1985 crops of wheat.

SUSPENSION OF QUOTAS PROVISIONS

SEC. 304. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1982 through 1985.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1982 THROUGH 1985 CROPS OF WHEAT

SEC. 305. Section 107 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops of wheat.

—Page 45, strike line 20 through 24, all of pages 46 through 58, and line 1 through 3 on page 59, and insert in lieu thereof the following:

REPEAL OF EXISTING PROGRAM

SEC. 701(a) Effective beginning with the 1982 crop of peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357-1359), relating to peanuts, is repealed.

(b) Effective beginning with the 1982 crop of peanuts, the Agricultural Act of 1949 is amended—

(1) by striking out "and peanuts" in section 101(b); and

(2) by striking out "peanuts," in section 408(c).

PRICE SUPPORT FOR PEANUTS

SEC. 702. Effective beginning with the 1982 crop of peanuts, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by inserting "peanuts," after "honey," in the language preceding subsection (b); and

(2) by adding at the end thereof a new subsection (g) as follows:

"(g) The prices of the 1982 and subsequent crops of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of this Act, the cost of production, any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period beginning January 1, and ending December 31, of the calendar year immediately preceding the crop year for which the level of support is being determined, the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets.".

—Page 32, strike lines 10 through 25, all of pages 33 through 44, and lines 1 through 17 on page 45, and insert in lieu thereof the following:

TITLE VI—RICE

REPEAL OF PROVISIONS RELATING TO NATIONAL ACREAGE ALLOTMENTS, ALLOCATIONS, APPORTIONMENT, MARKETING QUOTAS, AND PENALTIES

SEC. 601. (a) Effective beginning with the 1982 crop of rice, sections 352, 353, 354, 355, and 356, of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1352, 1353, 1354, 1355, and 1356) are repealed.

(b) Effective beginning with the 1982 crop of rice, section 377 of such Act (7 U.S.C. 1377) shall not be applicable to rice acreage.

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, RICE ACREAGE REDUCTION PROGRAM, AND LAND DIVERSION FOR THE 1982 THROUGH 1985 CROPS OF RICE

SEC. 602. Effective only for the 1982 through 1985 crops of rice, section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) is amended by adding at the end a new subsection (i) as follows:

"(i) Notwithstanding any other provision law—

"(1) For the 1982 through 1985 crops of rice, the established price shall not be less than $10.73 per hundredweight for the 1982 crop, $11.23 per hundredweight for the 1983 crop, $11.73 per hundredweight for the 1984 crop, and $12.23 per hundredweight for the 1985 crop. Any such established price may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(2) The Secretary shall make available, to cooperators in the several States of the United States, loans and purchases for each of the 1982 through 1985 crops of rice at a level that bears the same ratio to the loan level for the preceding year's crop as the established price for such crop bears to the established price for the preceding year's crop. If the Secretary determines that loans and purchases at such a level for any of the 1982 through 1985 crops would substantially discourage the exportation of rice and result in excessive stocks of rice in the United States, the Secretary may, notwithstanding the foregoing provisions of this paragraph, establish loans and purchases for any such crop at such level, not less than $8 per hundredweight, as the Secretary determines necessary to avoid such excessive stocks. The loan and purchase level for each of the 1983, 1984, and 1985 crops of rice shall be established on the basis of the loan and purchase level established for the preceding crop year before the application of the preceding sentence. The established price and the loan and purchase level for each crop shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(3) The Secretary shall make available to cooperators payments for each of the 1982 through 1985 crops of rice grown in the several States of the United States at a rate equal to the amount by which the established price for the crop of rice exceeds the higher of—

"(A) the national average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(B) the loan level determined under paragraph (2) for such crop.

"(4) The payments for each such crop of rice shall be computed by multiplying (i) the payment rate by (ii) the farm program acreage for the crop by (iii) the yield established for the farm. In no event shall payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice. The yield for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the three preceding years. The actual yield shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the cooperators.

"(5) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (6) of this subsection.

"(6)(A) Except as provided in subparagraph (C) of this paragraph, effective only with respect to the 1982 through 1985 crops of rice, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the cooperators on the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage which the producers were prevented from planting to rice or other nonconserving crop in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as provided in subparagraph (C) of this paragraph, effective only with respect to the 1982 through 1985 crops of rice, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice which the producers are able to harvest on any farm is less than the result of multiplying 75 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to cooperators at a rate equal to 33⅓ per centum of the established price for the crop for the deficiency in production below 75 per centum for the crop.

"(C) With respect to the 1982 through 1985 crops of rice, cooperators on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their rice acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, effective only for the 1982 through 1985 crops of rice, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss because of transitional problems attendant to the Federal crop insurance program; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(7)(A) The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under subparagraph (B) of this paragraph if the Secretary determines a revision necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable caryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined, except that the rice acreage on a farm eligible for payments shall not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the previous year by at least the percentage recommended by the Secretary in the annual proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than for the preceding year, but the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(8)(A) Notwithstanding any other provision of this subsection, the Secretary may impose a limitation on the acreage planted to rice if the Secretary determines that the total supply of rice will, in the absence of such limitation, be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Such limitation shall be achieved by applying a uniform percentage reduction to the rice acreage base for each rice-producing farm. Producers on a farm who knowingly produce rice in excess of the permitted rice acreage for the farm shall be ineligible for rice loans, purchases, and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation imposed by the Secretary under this subparagraph shall be the acreage planted on the farm to rice for harvest (including any acreage which the producers were prevented from planting to rice or other nonconserving crop in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to rice for harvest in the two crop years immediately preceding the year for which the determination is made. In determining the acreage planted to rice in any previous year for purposes of this subparagraph, the Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (i) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to rice, by (ii) the number of acres authorized to be planted to rice under the limitation imposed by the Secretary (hereinafter in this subsection referred to as the 'reduced acreage') shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion. However, the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

"(B) The Secretary may conduct a land diversion program and make land diversion payments to producers of rice if the Secretary determines that such payments will assist in obtaining necessary adjustments in the total acreage of rice. If a land diversion program is in effect under this subsection, the Secretary may also require that producers participate in such program as a condition of eligibility for loans, purchases, and payments authorized by this subsection. Land diversion payments shall be made to a producer on a farm who devotes an acreage of cropland on the farm to conservation uses approved by the Secretary in accordance with a land diversion contract entered into with the Secretary. The amounts payable to a producer under a land diversion contract shall be determined by such means as the Secretary determines appropriate, including the submission of bids for such contracts. In determining the acceptability of a contract offer, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producer and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(C) The reduced acreage and the additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(D) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation no later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producer, terminate or modify any such agreement entered into under this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(9) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(10) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(11) In any case in which the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not adversely affect the operation of the program.

"(12) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection.

"(13) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(14) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"(15) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this subsection.".

DEFINITION OF COOPERATOR

SEC. 603. Effective only with respect to the 1982 through 1985 crops of rice, the third proviso in the first sentence of section 408(b) of the Agricultural Act of 1949 (7 U.S.C. 1428(b)) is amended to read as follows: "*Provided further*, That for the 1982 through 1985 crops of rice, a cooperator shall be a producer on a farm who has reduced the acreage base planted to rice as required under section 101(i)(8) of this Act.".

(To provide for a grain reserve program.) —Strike line 11 through line 25 on page 63 and all on pages 64, 65, 66, 67, and 68, and line 1 through line 21 on page 69, and insert in lieu thereof the following:

SEC. 1002. Section 110 of the Agricultural Act of 1949 is amended to read as follows:

SEC. 110. (a) The Secretary is authorized to formulate and administer a program under which producers of wheat and producers of feed grains will be able to store wheat and feed grains when such commodities are in abundant supply and extend the time period for their orderly marketing. The Secretary shall establish safeguards to assure that wheat and feed grains held under the program shall not be utilized in any manner to unduly depress, manipulate, or curtail the free market. The authority provided by this section shall be in addition to other authorities available to the Secretary for carrying out producer loan and storage operations.

"(b) In carrying out the producer storage program, the Secretary may provide original or extended price support loans for wheat and feed grains under terms and conditions designed to encourage producers to store wheat and feed grains for extended periods of time in order to promote orderly marketing when wheat or feed grains are in abundant supply. Loans made under this section shall be made at the same level of support as provided for by this Act or at such higher level as the Secretary may deem appropriate. Among such other terms and conditions as the Secretary may prescribe by regulation, the program may provide for (1) repayment of such loans in not less than three years nor more than five years; (2) payments to producers for storage in such amounts and under conditions as the Secretary determines appropriate to encourage producers to participate in the program; (3) a rate of interest as determined under subsection (c) of this section; (4) recovery of amounts paid for storage, and for the payment of additional interest or other charges in the event such loans are repaid by producers before the market price for wheat or feed grains has reached the price levels specified in clause (5) of this subsection; and (5) conditions designed to induce producers to redeem and market the wheat or feed grains securing such loans without regard to the maturity dates thereof whenever the Secretary determines that the market price for the commodity has attained a specified level, as determined by the Secretary.

"(c) The rate of interest charged participants in the program authorized by this section shall be not less than the rate of interest charged the Commodity Credit Corporation by the United States Treasury, except that the Secretary may waive or adjust such interest as the Secretary deems appropriate to effectuate the purposes of this section. Notwithstanding the foregoing, the Secretary is authorized to increase the applicable rate of interest in such amounts and at such intervals as the Secretary determines is appropriate to encourage the orderly marketing of wheat and feed grains securing loans made under this section after the market price for the commodity has attained the level determined under clause (5) of subsection (b).

"(d) Notwithstanding any other provision of law, the Secretary may require producers to repay loans under this section plus accrued interest and such other charges as may be required by regulation prior to the maturity date thereof if the Secretary determines that emergency conditions exist which require that such commodity be made available in the market to meet urgent domestic or international needs and the Secretary reports such determination and the reasons therefor to the President, the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives at least fourteen days before taking such action.

"(e) The Secretary shall announce the terms and conditions of the producer storage program as far in advance of making loans as practicable. In such announcement, the Secretary shall specify the quantity of wheat or feed grains to be stored under the program which the Secretary determines appropriate to promote the orderly marketing of such commodities. The Secretary may place an upper limit on the amount of wheat and feed grains placed in the reserve, but such upper limit may not be less than seven hundred million bushels for wheat and one billion bushels for feed grains.

"(f) Notwithstanding any other provision of law, except as otherwise provided under section 302 of the Food Security Wheat Reserve Act of 1980 and section 208 of the Agricultural Trade Suspension Adjustment Act of 1980, whenever the original or extended loan program authorized by this section is in effect, the Commodity Credit Corporation may not sell any of its stocks of wheat or feed grains at less than 110 per centum of the then current price level at which the Secretary may encourage repayment of producer storage loans with respect to the commodity prior to the maturity dates of such loans, as determined under clause (5) of the third sentence of subsection (b) of this section. The foregoing restriction shall not apply to—

"(1) sales of such commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage; and

"(2) sales or other disposals of such commodities under the Act of September 21, 1959 (73 Stat. 574, as amended; 7 U.S.C. 1427 note).

"(g) The Secretary may, with the concurrence of the owner of grain stored under the program authorized by this section, reconcentrate all such grain stored in commercial warehouses at such points as the Secretary deems to be in the public interest, taking into account such factors as transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations which assure that the holding producer or warehouseman shall, at all times, have available for delivery at the designated place of storage both the quantity and quality of grain covered by his commitment.

"(h) Whenever grain is stored under the provisions of this section, the Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities of grain in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such commodities which the Commodity Credit Corporation owns or controls. Such purchases to offset sales shall be made within two market days following the sales. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions.

"(i) The Secretary shall use the Commodity Credit Corporation, to the extent feasible, to fulfull the purposes of this section. To the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section, the Secretary shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.".

To amend the feed grain program.

—Strike line 2 through line 25 on page 18 and all on pages 19, 20, 21, 22, 23, and 24, and line 1 through line 17 on page 25 and insert in lieu thereof the following:

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION PROGRAM, AND LAND DIVERSION FOR THE 1982 THROUGH 1985 CROPS OF FEED GRAINS

SEC. 401. Effective only for the 1982 through 1985 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105A the following new section:

"SEC. 105B. Notwithstanding any other provision of law—

"(a)(1) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of corn at such level, not less than $2.50 per bushel, as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(b)(1)(A) The Secretary shall make available to producers payments for each of the 1982 through 1985 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection. Payments for any such crop of feed grains shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to such feed grains.

"(B) The payment rate for corn shall be the amount by which the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop,

is less than the established price per bushel.

"(C) For the 1982 through 1985 crops of corn, the established price shall not be less than $2.70 per bushel for the 1982 crop, $2.85 per bushel for the 1983 crop, $3 per bushel for the 1984 crop, and $3.15 per bushel for the 1985 crop. Any such established price may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(D) The payment rate for grain sorghums, oats and, if designated by the Secretary, barley, shall be at such rates as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(E) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as provided in subparagraph (C) of this paragraph, effective only with respect to the 1982 through 1985 crops of feed grains, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage which the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 22⅓ per centum of the established price for the crop.

"(B) Except as provided in subparagraph (C) of this paragraph, effective only with respect to the 1982 through 1985 crops of feed grains, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) With respect to the 1982 through 1985 crops of feed grains, producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, effective only for the 1982 through 1985 crops of feed grains, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss because of transitional problems attendant to the Federal crop insurance program; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of feed grains. The proclamation shall be made not later than November 1 of each calendar year for the crop harvested in the next succeeding calendar year. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum

"(3) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined. The feed grain acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the previous year by at least the percentage recommended by the Secretary in the proclamation of the national program acreage made not later than November 1 prior to the year in which the crop is harvested. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than for the preceding year, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct to abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(e)(1) Notwithstanding any other provision of this section, the Secretary may impose a limitation on the acreage planted to feed grains if the Secretary determines that the total supply of feed grains will, in the absence of such limitation, be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Such limitation shall be achieved by applying a uniform percentage reduction to the feed grain acreage base for each feed grain-producing farm. Producers on a farm who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm: *Provided*, That the Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases and payments to comply with an acreage limitation established under this subsection if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation imposed by the Secretary under this paragraph shall be the acreage planted on the farm to feed grains for harvest (including any acreage which the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to feed grains for harvest in the two crop years immediately preceding the year for which the determination is made. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (i) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity, by (ii) the number of acres authorized to be planted to such commodity under the limitation imposed by the Secretary (hereinafter in this subsection referred to as 'reduced acreage') shall be devoted to conservation uses, inaccordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion. However, the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, oats, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not adversely affect farm income.

"(2) The Secretary may conduct a land diversion program and make land diversion payments to producers of one or more of the crops of corn, barley, oats, and grain sorghums if the Secretary determines that such payments will assist in obtaining necessary adjustments in the total acreage of any of these feed grains. If a land diversion program is in effect for one or more of the crops of corn, barley, oats, and grain sorghums, the Secretary may also require that producers participate in such program as a condition of eligibility for loans, purchases, and payments authorized by this section. Land diversion payments shall be made to a producer on a farm who devotes an acreage of cropland on the farm to conservation uses approved by the Secretary in accordance with a land diversion contract entered into with the Secretary. The amounts payable to a producer under a land diversion contract shall be determined by such means as the Secretary determines appropriate, including the submission of bids for such contracts. In determining the acceptability of a contract offer, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producer and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the country or local community.

"(3) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(4) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation no later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producer, terminate or modify any such agreement entered into under this subsection if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) In any case in which the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not adversely affect the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment

Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1982 THROUGH 1985 CROPS OF FEED GRAINS

SEC. 402. Section 105 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops of feed grains.

EXTENSIONS OF REMARKS

BILINGUAL BALLOT LAW

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. McCLORY. Mr. Speaker, I am attaching to this statement several newspaper editorials and articles which shed light on the wisdom of repealing the provisions relating to minority language ballots and election information:

[From the Tribune, May 2, 1979]

HAYAKAWA BILL WOULD KILL BILINGUAL BALLOT LAW

WASHINGTON.—California Sen. S. I. Hayakawa introduced legislation yesterday that would eliminate provisions in the 1975 Voting Rights Act that required bilingual voting ballots in some states and counties.

Under the current law, bilingual ballots must be provided if more than 5 percent of the voting age population in any jurisdiction are members of a language minority group and less than 50 percent of that jurisdiction voted in the 1972 presidential election.

Hayakawa proposes to scrap that section of the act on the basis that the costs of printing the bilingual ballots outweigh the "small benefits" gained.

The 39 California counties currently affected by the bilingual ballot provision, the senator said, spent $2 million on the ballots in last year's elections.

Hayakawa particularly cited San Bernardino County, where 113 ballots cost more than $108,000 or $957.54 apiece.

Eastbay officials differed on the potential effects of Hayakawa's amendment.

Alameda County's voter registrar, James Riggs, said the financial effect "probably wouldn't mean a great deal" because in Alameda County "we can make a ballot essentially for the cost of ink, typesetting and the cost of translation. It would save us some money, but not a significant amount."

But Contra Costa County Elections Officer Lon Underwood estimated the potential savings at $50,000 a year because "unlike Alameda County, we have to go monolingual because of our voting system. Alameda's system lends itself to bilingual—mine does not."

Hayakawa said he became disenchanted by bilingual ballots after checking the cause of low voter turnouts and discovering that "there are factors other than discrimination."

He said his major opposition is to the triggering mechanism of the act, which is based on the number of voting age individuals who are illiterate in English.

"Our naturalization laws specifically require that a knowledge of spoken and written English be demonstrated to become an American citizen," Hayakawa noted. "The requirement for a bilingual ballot actually contradicts the pertinent provisions of the naturalization law and implies that the English language requirement is an unnecessary formality."

[From the Independent and Gazette, June 6, 1978]

COST RUNS IN THOUSANDS FOR BALLOTS IN SPANISH

Contra Costa taxpayers spent $29,000 so that 27 persons could cast their ballots in Spanish in the last general election. That breaks down to $1,074.07 per ballot.

And in Alameda County, in the same election, taxpayers spent about $16,000, or $22.86 per ballot, to enable some 700 persons to vote in Spanish.

Since September, 1975, the U.S. Voting Rights Act has required that voters cannot be discriminated against because they don't speak English.

The law, an extension of the original 1965 Voting Rights Act, says that in any area where the non-English speaking population exceeds 5 percent of the population, ballots in that language must be provided.

Assistant Contra Costa Election Supervisor Bod Delvati said out of the 262,365 persons who voted in the general election in his county, there were requests for 27 Spanish ballots.

Because of the system of voting in Contra Costa, special Spanish only ballots must be prepared, translated, set in type, proofread and then printed.

Enough must be printed to satisfy the needs of those areas of the county where there are concentrations of Spanish-speaking people, such as Richmond, Pittsburg, Brentwood and Oakley, Delvati said. And, he added, on election day there are bilingual election officers present in those areas to assist the Spanish-speaking where there might be any questions.

Alameda County Registrar of Voters Jim Riggs said his county's voting method "lends itself to bilingualism" because both English and Spanish translations can be put on opposite margins of the ballot and the actual voting is done in the center portion of the ballot.

He said it is difficult to extract the exact cost of the Spanish portion but the translation runs about $6,000 and the printing of the extra type about $10,000.

Riggs said there are about 700 identified persons in the county who need the Spanish text to vote.

A Contra Costa Elections Office employee said one of the 27 Spanish language ballots cast last election was secured by a person who does not know a word of Spanish, as far as anyone knows.

The voter was described as a "professional malcontent."

The San Francisco registrar of voter's office reported it prepares ballots in English, Spanish and Chinese. The Spanish and Chinese ballots cost almost $22,000 each to prepare and print, it added.

Under the federal act, the bilingual ballot system will be used until 1985 when its impact will be reassessed.

[From the S.F. Sunday Examiner and Chronicle, May 6, 1979]

NEARLY $1,000 A BALLOT—BIG BILL FOR BILINGUAL VOTING

(By Tom Eastham)

WASHINGTON.—We all know voting is a precious right, but how does $957.94 for each ballot strike you?

That's what it cost to supply each of 113 voters with Spanish ballots in California's San Bernardino County last year.

Expecting a big turnout of Spanish-speaking voters, the county spent $108,247 to have the bilingual ballots printed—then got only 113 requests.

In fact, three remote California counties—Amador, Lassen and San Benito—spent $7,200, $1,659 and $1,230, respectively, to print the bilingual ballots and nobody at all showed up to use them.

Even in counties with large Spanish and Chinese populations, requests for the bilingual ballots fell far below expectations. San Francisco spent $68,302 printing the ballots and only 3,400 were requested—a cost of $20.09 each.

Los Angeles spent $656,222 and used 53,367 ballots, at $12.30 per ballot. Coastal San Luis Obispo County spent $30,149, then got only 35 requests for the ballots, at $861 each.

The story of the high-priced, low-popularity ballots was similar in most of the 39 California counties that used them: Alameda County $85.59; Contra Costa $158.68; San Mateo $109.90.

Lowest per-ballot cost was in heavily Spanish-speaking Santa Clara County. It used only 900 ballots and kept costs down to $8,302.

Thirty states used the bilingual ballots last year. A 1975 amendment to the Voting Rights Act requires bilingual voting materials when more than 5 percent of the voting-age citizens in a county are members of a language minority.

Now three California Republicans have responded to their unhappy constituents with three seperate bills to knock the provision out of the voting act. Interestingly, the author of the 1975 amendment was former Democratic Sen. John Tunney. And ironically, the man who knocked out Tunney—Sen. S.I. Hayakawa—is the latest to introduce legislation.

Ticking off the astounding cost statistic in a Senate floor speech, Hayakawa nevertheless declared that the cost of the ballots is not his major objection.

He says the requirement for bilingual ballots contradicts the naturalization law by implying English is "an unnecessary formality"—and is a step away from national unity. He even suggests it might create a separatist movement like that among the French in Canada.

When Bakersfield's freshman Republican William Thomas introduced his bill, he called the bilingual requirement "complicated, unneeded, unwanted and very costly"

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

and said California minority voters "resent being singled out" with the ballots.

Citing the "awesome costs," Thomas called the bilingual ballots "a poor return on the taxpayer dollar—and this waste especially large in the wake of Proposition 13. Local governments simply don't have that kind of money to throw around."

First to introduce legislation deleting the bilingual provision was Rep. Pete McCloskey, a Menlo Park Republican.●

A TRIBUTE TO DR. ROBERT SCOTT

HON. HAROLD C. HOLLENBECK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. HOLLENBECK. Mr. Speaker, on October 22, the community of Cresskill, N.J., and the Cresskill Board of Education are paying tribute to the accomplishments of a very special educator. Dr. Robert Scott has served with distinction for the past 19 years as the community's superintendent of schools. He has assured during this period that thousands of young men and women have graduated from the Cresskill public school system with the sound educational foundation, skills, and knowledge on which to build their adult lives.

Dr. Scott is recognized by his colleagues and his community for his steadfast dedication to quality education for our youth. I am proud to offer him my congratulations on the honors bestowed upon him, my commendation for a difficult job well done, and my very best wishes for happiness and good health in his retirement.●

ECONOMIC CONTRADICTIONS WITHIN "REAGANOMICS"

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. REUSS. Mr. Speaker, I want to share with my colleagues an excellent editorial by Tim McBride, formerly an intern with the Congressional Budget Office and now a graduate student in economics at the University of Wisconsin—Madison. The editorial, which appeared in the October 1, 1981, Milwaukee Journal, cogently points out several contradictions within the Reagan administration's economic program.

ECONOMIC CONTRADICTIONS NEED TO BE CORRECTED

(By Tim McBride)

"Reaganomics" has gone awry. Less than nine months after Reagan took office, the stock market has plunged, interest rates have climbed and inflation stays at double-digit levels. What's wrong with "Reaganomics?"

Administration officials are blaming the current troubles on Jimmy Carter, the Federal Reserve, the unions—everyone but themselves. But, if the administration were honest, it would admit that the problem is "Reaganomics" itself and, more specifically, Reagan's contradictory economic policies.

What's contradictory about Reagan's program? The problem is that several of Reagan's policies, instead of being aimed at achieving a consistent end, are designed to lead to different ends and, hence, contradict each other.

Specifically, the six-point program Reagan proposed in January called for: 1) a reduction in federal spending, 2) a "significant" tax cut, 3) a reduction in government regulations, 4) a policy to control the growth in the money supply, 5) a massive increase in military spending and 6) a balanced budget by 1984.

CONFLICT IS OBVIOUS

The first contradiction is pretty obvious. It will be impossible for Reagan to balance the budget by 1984 after first paying for a $750 billion tax cut and a trillion-dollar defense buildup, no matter how much he guts social programs. This problem has been obvious since the campaign, when John Anderson said these policies could be achieved "only with mirrors" and then-presidential candidate George Bush dubbed them "voodoo economics."

But the second contradiction wasn't so obvious immediately and is now only beginning to be noticed by Wall St. It is the problem of trying to balance the budget while at the same time trying to maintain slow monetary growth. This is because tight money, by definition, is synonymous with high interest rates. And high interest rates cause slow growth, which in turn causes unemployment.

Despite his recent criticism of the Federal Reserve, Reagan encouraged, in his six-point program, the very policies he is now criticizing. But it has now become clear that it will be impossible to balance the budget, because high interest rates affect both budget expenditures and tax receipts. High interest raises federal expenditures by increasing the amount of money the federal government must pay in interest on its outstanding debt, while at the same time raising the cost of social programs such as unemployment insurance and food stamps once slow growth and unemployment set in. Those two problems are only the beginning, however, because the federal deficit will be further worsened because unemployment and slow growth will lower federal tax receipts.

DEFICIT KEEPS GOING UP

So Reagan's tight monetary policy will likely lessen the chances that Reagan's goal of a balanced budget will be reached. Originally, Reagan had projected a 1982 budget deficit of $45 billion, using the assumption that 90-day Treasury Bill rates would average 11.1 percent this year. Now it seems that that assumption will fall far short of reality and, therefore, recent estimates of the budget deficit range between $60-80 billion.

The third contradiction in the Reagan program is over the uncertain effects of his regulatory reform. While the administration has predicted that eliminating certain regulations will save billions of dollars every year, others disagree. For example, deregulation of oil and natural gas will cost consumers billions of dollars, increasing inflation and slowing growth (especially in the already-depressed Midwest and Northeast regions). Similarly, regulations that seem very costly—like automobile safety laws—will actually be very costly to remove, due to increased medical and insurance costs. Since some regulatory reform will slow growth and increase inflation, it will be harder to keep interest rates down and balance the budget.

Surely, some of these effects haven't been felt yet. Indeed, as Reagan has pointed out, the fiscal policies (tax and budget cuts) only begin in October and will take several months to completely take effect.

But this doesn't mean that Reagan can't be blamed for the current economic woes. This is because the effects of Reagan's high interest rates are already being felt and because Wall St. has begun to doubt that "Reaganomics" will work. This has caused the big slump in the stock market. While it is true that Reagan inherited an economy in trouble, it is clear now that few believe that "Reaganomics" is the answer.

What can Reagan do to correct the current malaise? Clearly he must begin to reverse some of his contradictory policies. He needs to reduce the size of his defense budget and tax cut. Instead of wasting his time blaming others, he should correct his mistakes.●

DONATIONS OF EQUIPMENT TO NONPROFIT SCIENTIFIC RESEARCH ORGANIZATIONS

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. GUARINI. Mr. Speaker, today I am privileged to be joined by my colleagues, Mr. Forsythe, Mr. Howard, Mr. Florio, Mr. Roe, and Mr. Rinaldo, in introducing legislation to make donations of newly manufactured equipment to nonprofit scientific research organizations eligible for the special computation of the charitable contribution deduction for such property which is contained in the Economic Recovery Tax Act of 1981 (Public Law 97-34).

During consideration of the research and development portion of the new tax act, Congress clearly recognized the important contributions of nonprofit scientific research organizations by making corporate grants for basic research performed by these organizations eligible for inclusion as qualifying expenditures in the new incremental research and development tax credit.

Some of the most vital research work in the country is now underway at nonprofit research institutes. Many of them—the Salk Institute, Sloan-Kettering, the Mayo Clinic—are well known for being in the vanguard of medical progress.

Today, there are more than 3,500 nonprofit institutes engaged in basic scientific research in the United States. I am especially proud that the Institute for Medical Research is based in Camden, N.J. Its history of achievement is well known in the scientific community, yet its ability to continue its work is threatened by reductions in Federal funding, a problem faced by other research institutes.

I would like at this time to provide you with a brief history of the institute and its work which, I believe, will help in understanding the need for the legislation being introduced today.

The Institute for Medical Research was founded in the early 1950's by business leaders from the Camden area who wished to provide an independent facility for the pursuit of medical research. They had been inspired by the work of Dr. Lewis L. Coriell who, working in a converted linen closet at a local hospital, had developed the complex tissue culture techniques now used throughout the world.

The institute is renowned for its work in cell biology, cytogenetics, microbiology, virology, and immunology, as well as molecular biology. Today, its 100 researchers focus their efforts on furthering our understanding of the processes involved in cancer, aging, birth defects, and infection control.

Over the years, the institute has successfully competed for Federal grants and contracts with this funding accounting for 80 percent of its annual $3.5 million budget. The balance is derived from private contributions. However, the amount of Federal funds available to these institutes has remained static over the past decade and reductions are likely, in view of current budgetary constraints.

Some research institutes have managed to develop profitable alliances with major corporations. But for a substantial number of research organizations, particularly those involved in basic research where there is little assurance of immediate commercial applications for their work, such lucrative arrangements are unlikely.

One obvious solution to this problem is to encourage additional support for these institutions from the private sector. Congress, as I indicated earlier, has demonstrated its support for these organizations by permitting corporate grants for basic research to these institutions to qualify for the incremental R. & D. tax credit.

A further inducement would be to allow donations of scientific equipment to qualify for the charitable contribution deduction contained in the new tax act. This incentive is badly needed. "The Annual Survey of Corporation Contributions for 1980," published by the Conference Board, shows that while corporate support for university research was 6.6 percent of all corporate contributions, nonuniversity research organizations received only 1.3 percent of such contributions.

I respectfully request that my colleagues join me in this modest effort to facilitate the continuation of the work done by nonprofit scientific research institutes.●

AWACS SALE

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. SCHUMER. Mr. Speaker, in formally notifying the Congress yesterday of the proposed AWACS sale to Saudi Arabia, the administration presented its policy justification for the sale. The policy justification however, is based on unsubstantiated assumptions and an unrealistic view of Saudi defense policy.

The administration makes the claim that the sale will contribute significantly to U.S. foreign policy and national security objectives by helping to increase the security of a friendly country of vital interest to the United States. Yet, the administration fails to explain how five AWACS will protect Saudi security from a major threat—that of internal rebellious forces. Nor does the administration explain how the AWACS can truly aid tiny Saudi Arabia in resisting a direct Soviet advance. Further, the administration fails to counter the argument that the Saudis do not need this most advanced American technological power to deter threats from any conceivable Soviet proxy.

The administration's asserting that the sale of AWACS will enhance Saudi security ignores the reality of Saudi defense capability and of true threats to Saudi security. A responsible Congress would remain unconvinced.●

REPEALING THE WINDFALL PROFIT GOODIES—WHEN FORBES TALKS, WILL CONGRESS LISTEN?

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. DASCHLE. Mr. Speaker, recently I introduced H.R. 4587, to repeal the windfall profit tax reduction provisions contained in the tax bill passed by Congress in August. Support for taking another look at the tax bill and the raid of the Treasury it authorized has come from a surprising and welcome source, Malcolm S. Forbes, editor-in-chief of Forbes magazine.

In his editorial in the October 12 issue of the magazine which bears his name, Forbes says:

> Since the prospect of a greater budget deficit has Wall Street and some of the business world so panicked, they can contribute mightily to reducing the deficit prospects mightily by vigorously supporting a six-month postponement of the recently passed tax cuts. And/or supporting a *selective outright repealing or reduction of the tax goodies, such as the enormously liberalized depreciation schedules and other $billion sweeteners thrown in to outbid the Democrats' tax measures.* (Emphasis added.)

The windfall profit tax reduction provisions in the tax bill are the surest example of the goodies and sweeteners which Malcolm Forbes refers to in his editorial. The windfall profit tax reduction provisions will reduce revenues by $11.76 billion, a high-stakes raise in the bluff poker game played to win political victory at any cost. They should be repealed.

When Malcolm S. Forbes talks, will Congress listen? I certainly hope so when the issue is repealing the windfall profit tax goodies in the tax bill.

I insert Malcolm Forbes' editorial in the Record at this point:

> BUSINESS AND WALL STREET HAVE TO MAKE HARD CHOICES TOO
>
> Since the prospect of a greater budget deficit has Wall Street and some of the business world so panicked, they can contribute mightily to reducing deficit prospects mightily by vigorously supporting a six-month postponement of the recently passed tax cuts. And/or supporting a selective outright repealing or reduction of some of the tax goodies, such as the enormously liberalized depreciation schedules and other $billion sweeteners thrown in to outbid the Democrats' tax measure.
>
> It's only now that the first heavy batch of federal spending reductions are beginning to hit and hurt those affected. States, cities, bureaucracies and the beneficiaries of these reduced programs only now are about to experience the impact. Given such circumstances, it's just nonsense to expect the Congress to add even further $billions in reductions of such programs. The colossal adjustments, materially and psychologically, that have to be made to this consequential new government direction preclude for quite a while any sizable further whacks.
>
> Along with hard choice defense cuts, tax cut give-ups are the only other way to assuage those panicked at the prospect of a greater budget deficit. While one can argue whether there should be such paranoia about a bigger deficit, the fact is, there is.
>
> In short, the Give-Ups parade has to be joined—for some months anyway—by supply-siders.●

PERSONAL EXPLANATION

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. BARNES. Mr. Speaker, I was unavoidably absent from the House floor during two votes earlier today. On rollcall No. 234, the motion to approve the Journal of Thursday's proceedings, I would have voted "aye." On rollcall No. 235, adoption of the rule providing for the consideration of H.R. 3606, the Agriculture and Food Act of 1981, I would have voted "aye."●

FACTS ON THE VOLUNTARY MEDICARE OPTION ACT

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. GRADISON. Mr. Speaker, I would like to submit for the RECORD the following fact sheet on a bill that Mr. GEPHARDT and I introduced today.

FACTS ABOUT THE VOLUNTARY MEDICARE OPTION ACT (VMO)

I. PURPOSE OF THE VMO

A. To restrain the rapidly increasing cost of health care through the stimulation of competition in the financing and delivery of health care. (The more efficiently and economically a plan can provide health care services, the more benefits that plan will be able to provide and the more attractive that plan will be to the eligible Medicare recipient.)

B. To promote cost-consciousness among Medicare beneficiaries, private plan deliverers, physicians, and hospitals.

C. To offer eligible Medicare recipients more freedom in selecting health benefits suited to their personal needs.

II. BENEFITS OF THE VMO

A. Less bureaucratic red tape for the Medicare beneficiary.

B. Containment of health care costs which could provide for savings for both the Medicare beneficiary and the government and for increased benefits for the beneficiaries at no extra cost. (For the amount of the payment, plans might be able to provide coverage ranging from the current benefits plus a rebate to the current benefits plus additional services.)

III. ELIGIBILITY FOR THE VMO

Anyone who is eligible to receive benefits under parts A and B of Medicare, except those persons who have end-stage renal disease and/or those persons who are eligible for Medicaid, may elect to receive benefits through the VMO.

IV. ELIGIBILITY TO PROVIDE VMO PLANS

A. A plan must provide at least those health care services covered under parts A and B of Medicare.

B. The Secretary of the Department of Health and Human Services will designate health care areas within the United States based on regional differences in the cost of health care. In each health care area, all plans must have an open enrollment period for the month of November preceding the plan year. At that time they must accept all eligible individuals who reside in the health care area.

V. CALCULATION OF MEDICARE PAYMENT

The amount of the payment during the first three years of the program would be based on the average per capita cost of Medicare adjusted to reflect actuarial differences in disability status, age, sex and residence. This amount would be indexed annually by the medical care component of the Consumer Price Index. In subsequent years, the amount of the payment would be based on the average cost of plans for each actuarial category in each health care area. This amount would be indexed annually according to the implicit price deflator for the Gross National Product.

VI. MEDICARE'S PAYMENT TO QUALIFIED PLANS

Medicare will make payments to qualified plans in monthly intervals in advance of services rendered.

VII. OPTING OUT OF THE VMO

A. If, at the end of a plan year, an individual wishes to resume coverage under parts A and B of Medicare, he/she may.

B. If a plan ceases operation during a plan year, an individual may either choose another plan in the health care area or may return to coverage under parts A and B of Medicare.

C. If an individual moves into a new health care area and his/her plan is not offered there, he/she may join a new plan or return to coverage under parts A and B of Medicare.●

PERSONAL ANNOUNCEMENT

HON. JAMES V. HANSEN

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. HANSEN of Utah. Mr. Speaker, I was unable to be present on the floor of the House of Representatives yesterday for rollcall Nos. 225 through 233. Had I been present I would have voted "yea" on roll No. 225 to approve the Journal of Wednesday, September 30; "yea" on roll No. 226 to suspend the rules and agree to the conference on S. 304, to establish a national tourism policy; "no" on roll No. 227, the motion to table the motion to discharge House Resolution 208; "yea" on roll No. 228 to discharge the Committee on the District of Columbia from further consideration of House Resolution 208; "yea" on roll No. 229, the motion to consider House Resolution 208; "yea" on roll No. 230 to limit debate on House Resolution 208 to not more than 2 hours; "yea" on roll No. 232 to adopt House Resolution 208, disapproving the action of the District of Columbia Council in approving the District of Columbia Sexual Assault Reform Act of 1981; "yea" on roll No. 233 to adopt H.R. 4612. In addition, I was unable to be present on the floor of the House this morning for rollcall Nos. 234 and 235. Had I been present I would have voted "yea" on roll No. 234 to approve the Journal of Thursday, October 1; and "yea" on roll No. 235 to adopt a rule providing for consideration of H.R. 3603, the agriculture and food act.●

ONE OLD OVERCOAT

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. BROWN of Ohio. Mr. Speaker, one of the great prides of my district is the U.S. Air Force Museum, which over the first decade of its residence at Wright-Patterson Air Force Base has been visited by more than 1 million people. Each year, Col. Dick Uppstrom and his staff adds to its collection of materials and memorabilia. It is one of the best places I know to sense what this 20th century has given us to treasure for the magnificent milestone of mankind it has so far been.

On September 5, there was a touching and nostalgic addition made to one section of the museum display. That section, "Celebrities in Uniform," includes the personal effects of people who attained show business stardom—and when their country was at war, they served in Air Force uniforms along with other American men and women. Jimmy Stewart's A-2 flight jacket, the one he wore in those B-24 Liberator missions over Hitler's Germany is there. Mrs. Kay Gable has given an oil painting of her husband, Clark Gable, showing him as a gunner. Glenn Miller's cap and trombone are enshrined, a remembrance of the man who took his music to the men who loved it in England, and died in a tragic accident in the English Channel on December 15, 1944.

Our present Commander in Chief, President Ronald Reagan, was a captain in the Army Air Force, too. The reason for the festivities at Wright-Patterson on September 5 was for the placement of his old Army Air Force overcoat among the collection of the celebrities in uniform display. As it was there through the good offices of his longtime colleague and friend, Col. Barney Oldfield, USAF (Ret.), now a corporate director of Litton Industries, Inc. in Beverly Hills, Calif., he was asked to make some pertinent remarks.

I respectfully submit them to be placed in the RECORD.

REMARKS OF COL. BARNEY OLDFIELD, USAF (RET.)

Congressman Brown, Colonel Uppstrom, Distinguished Guests, Friends: Not so many months ago, I was asked if I would mind being No. 2 choice as a speaker, if No. 1 didn't show up. When I was hurried into the breach, I asked who had been the No. 1 choice and they told me Lt. Gov. Mike Curb of California. At the last moment, he couldn't make it. A short time after that, the Women's Chamber of Commerce in Atlanta called. Same question: Would I mind holding myself in readiness as their annual banquet speaker if their No. 1 choice had a conflict of some kind. I said sure that being No. 2 was pretty high for me. When the call came to come on, I found I was standing in for Rosalynn Carter. She had another commitment, but maybe she knew she'd be spending a lot of time around Atlanta before long anyway. Today, it's no news to anybody that the first choice to be here was our President, Ronald Reagan. So, you see I'm working my way up in the world—even if I'm still a professional No. 2—the Avis of the dais!

My first encounter with him was on April 1, 1939. Even though neither of us knew it then, what he told me then is an instruction from which I've never wavered. The film studio, Warner Brothers, staged a world premiere of its film starring Errol Flynn and Ann Sheridan called Dodge City in the old onetime frontier town of the same name in Western Kansas. The studio brought 26 stars and featured players from Hollywood, and newspaper people from all over the country. There was a lot of hoopla all day and into the night and as I was sitting in my compartment on the train writing the story, there was a rap on the partially open door and a young face was framed there. "I'm supposed to meet everybody on this train," he said with a boyish smile, "my name is Ronald Reagan. Be sure you write something nice about me." In the 42 years which have passed since, that admonition has never been changed, nor will it be today.

When we both left our uniforms behind at World War II's end, he went back to the Warner Brothers studio to resume his career and I was taken on as part of the studio publicity staff. Three of the people I had met in Dodge City, Kansas—Errol Flynn, Ann Sheridan and sure enough Ronald Reagan—were assigned to me to work with. This gave me a lot of range—from boudoir rover boy to eagle scout. One of the chores of publicists at a studio in those days was to read his clients' fanmail. A lot of good feature stories had their roots in how fans reacted. I never got much I could use from Errol's mail, which was loaded with explicit photos of the girls who became grandmothers of Hugh Hefner's centerfold generation, and their letters were full of invitations to sultry fun and games. It has always been my belief that whatever I know about love, I learned by correspondence—Errol's correspondence. But people always saw Ronald Reagan, wrote about and to him, as if he were the nice guy who had lived next door and who had gone away for whatever reason and seeing him on the screen in whatever role he played was a kind of renewal of old ties.

It was not so much an old tie—but that was part of it—as it was an old overcoat, which brings us to this point today, this occasion which enlivens and makes current this magnificent respository of a special kind of history, the United States Air Force Museum. Mankind's third dimension, his loosening of the clutches of gravity and what was done because of it for freedom, for victories, or everlasting testimony to courage and its accomplishment—it's all here. Men and women in uniform flew in these vehicles that technology kept making better, more capable, more of a reliance on which to insure our country's future. The U.S. Air Force Museum staff, always small but always conscientious, has gone to the ends of the earth—literally—to collect and bring here all these mementos for the oncoming generations to marvel and ponder.

Imagine my surprise on November 5, 1980 when I had a phone call from the museum's curator, Royal Frey. He was almost whispering in the phone, as if he didn't want his secretary to hear as he was about to confess a monumental omission. He reminded me that we had worked together to get Jimmy Stewart's A-2 leather flying jacket, and Clark Gable's oil painting, and Glenn Miller's cap and trombone—all that and a lot of other bits and pieces in what was called the Museum's "Celebrity Wing". Then came his admission. "Yesterday," he said in that very low voice, "Ronald Reagan was elected President of the United States—and he was once in the Army Air Force, and we don't have anything of his in our Museum. Do you suppose you could get to him and get us something if he still has anything?" I said I would try, and wrote the President-elect a note about how he'd be moving soon, and moving time was a good time to get rid of excess baggage—such as World War II memorabilia if he had any left.

Considering everything else that was going on in his life, I found it remarkable that he came back with a letter almost at once which said:

"I've found a few snapshots of me in uniform. The blouses—summer and winter—and the caps have long disappeared, but I still do have my overcoat." He said he'd get this off to Royal Frey as soon as he could. When I sent this letter to Royal, he came right back saying would I stay in the traffic pattern until the Museum had the coat. He said if the Museum at its lower level in the Air Force were caught dealing with the Commander-in-Chief-elect, the E-Ring of the Pentagon might bulge in a couple of places and Royal Frey could be sent to a weather station in Antarctica!

Another note to the President-elect about him sending the uniform direct in the interests of Royal Frey's continued residence in Ohio was sent.

Two weeks after the inauguration, Royal was on the phone again "You can't believe what's here in the middle of my desk," he said. "It's a box with eight $1 stamps on it. I never saw a dollar stamp before. In it is Ronald Reagan's old Army Air Force overcoat, and his hand-written note to me making the gift officially. It looks to me like he must have packed it himself." He was quick to grant the right to the Museum to pull his files at the Federal Records Center in St. Louis to get whatever else it needed to personalize and authenticate this exhibit.

The coat which has the place of honor in this "Celebrities in Uniform" section tells its own story about that deeply imbedded characteristic in American youth. It goes under the name of patriotism, and it causes men and women to have a special emotion or feeling for country of birth, or citizenship. Our present Commander-in-Chief didn't go to a service academy, nor did he get a college ROTC commission. In the '30's, there was a Military Manpower Act. It provided one could enlist as a candidate for a commission. Then there was a weekly class at Fort Des Moines, which was a horse cavalry station then, and weekly written assignments were made on which the candidates were graded. Some of the presentations were oral, and being a radio announcer at the time, he did well with these. That's how he got his commission.

The switch from the Cavalry to the Army Air Force was not so much Pegasus-updated, but because of a letter from Jack Warner, head of production at his old studio, who asked General Hap Arnold to transfer him so he could be a knowledgeable part of the Air Force Motion Picture unit Warner was putting together. It's one of the touching things about this old overcoat that when Royal Frey was looking into his records to make this exhibit, he found that Warner letter and the transfer orders it caused—and it was the first time now President Ronald Reagan found out how he went from the Cavalry Branch overnight into the Army Air Force.

There is much more weighty testimony than mine about endearing qualities of this man who wore this old overcoat. I have seen him at the top of his profession, at the actor's depths—when roles are hard to come by, even non-existent, have seen him rise to every challenge and acquit himself creditably whether the role is real or make-believe and a friend to him is a friend for life. He had human encounters in the bulk for a professional lifetime, and he never failed to learn from each of them—his leadership style is based on that.

As we who know him are proud to see him where he is today, he was also proud when he was wearing this old Army Air Force overcoat. I'm glad it's here, where it belongs—as he does, to history.●

CONGRESSIONAL HYPOCRISY

HON. BOBBI FIEDLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Ms. FIEDLER. Mr. Speaker, I rise to condemn the voice votes authorizing automatic pay raises and extra tax deductions for Members of Congress, both in its form and substance. By these votes, the House has given itself what amounts to an inexcusable pay raise.

And by these votes, the House has also voted itself an automatic cost-of-living increase that will shield the Members of this institution from the inflation being caused by the irresponsible spending originating in this very House. At a time when we are asking Americans across the country to make do with less, at a time when Americans are suffering from high inflation and high interest rates, it is unconscionable for Congress to be fattening its own pay packets. That is why I have voted against this resolution.

Mr. Speaker, a mile down Pennsylvania Avenue, President Reagan is struggling mightily to bring Congress' runaway budgets under control. If Congress has any spare time, it should be looking for ways to help the President cut the budget instead of looking for ways to fill its pockets.

Not only has this House voted itself first place at the public trough, but it has done so anonymously. By using the parliamentary device of a voice vote, instead of a recorded vote, those in support of this action are attempting to hide their vote from the electorate. This may seem like a neat trick tonight, but I would remind this House that come election time, the public will remind Congress of that famous threat made by Joe Louis—"You can run, but you can't hide."●

STATEMENT BY MR. ED LOGUE OF THE SOUTH BRONX DEVELOPMENT ORGANIZATION ON URBAN JOBS AND ENTERPRISE ZONES

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. GARCIA. Mr. Speaker, I want to enter into the RECORD the remarks of a man I respect and admire, Mr. Edward J. Logue. Ed is the president of the South Bronx Development Organization (SBDO). Under his leadership and direction SBDO has provided immeasurable assistance to the people of the South Bronx through the creation of jobs and regrowth of that area.

Recently, Mr. Logue spoke on the merits and failures of the Urban Jobs and Enterprise Zone Act, a bill introduced by me and my colleague from New York, Congressman JACK KEMP.

I thank Ed Logue for his honest opinion.

Mr. Logue's remarks follow:

THE NEW URBAN DEVELOPMENT CONCEPT: ENTERPRISE ZONES

URBAN ENTERPRISE ZONES IN THE CURRENT CONTEXT

American public policy and legislative action with respect to housing and community development have had many virtues and many accomplishments in ameliorating unfortunate social conditions in a society whose private sector, by and large, cherishes the blind pursuit of the bottom line with little or no regard for quite predictable consequences.

This philosophy President Reagan has raised to the highest level of official doctrine when in Washington, only this week, he told assembled Third World representatives that there would be no increase in the relatively modest U.S. funds now made available to developing nations. Instead he advised them to "encourage private enterprise and free market forces."

Draw what comfort you can from the fact that the message is the same at home and abroad.

Only last summer the American people and their elected representatives were sold a bill of goods, once described as "voodoo economics."

Last week when the Reagan package's only impact seemed to be great losses in the stock market, and higher interest rates, the President came to us again proposing further shredding of his "safety net."

Only the military are safe. Only national security is to become a higher public priority.

An Art Buchwald column recommended that the South Bronx arrange to become a North American El Salvador, so that the Federal gusher would be turned our way. Some of my friends in the South Bronx think Buchwald has a point. Others are quite concerned with what the South Bronx will be like next spring and next summer when the full impact of the Reagan cuts is felt.

But I am not before you to make a political speech or to do an exposition on the South Bronx.

Having observed my full share of Federal waste, incompetence, arrogance, and indifference, it is indeed time for a change.

RECENT LEGISLATIVE ENACTMENTS AFFECTING POTENTIAL ENTERPRISE ZONES

However, it is also time we consider Kemp-Garcia in the present and likely future context. I suggest that things have changed drastically since I first wholeheartedly endorsed the concept. Now I am not sure and I intend to tell you why.

(1) The sponsors, and particularly Congressman Garcia, always stated that urban enterprise zones were a supplement, not a substitute. That assurance can no longer be relied on.

(2) Community Development Block Grants and the UDAG program have been cut back and it is this administration's clearly stated intention to cut back until they disappear.

(3) EDA and its programs are to be abolished and in the meantime cut back sharply. They have.

Only last night, the Acting Assistant Secretary of Commerce killed the Hunts Point Truck Stop which would have created 500 jobs for South Bronx residents and provided much needed services for the world's largest wholesale food market. It wasn't even a grant, it was a partial guarantee of a bank loan. The package had cleared all the bureaucracy up to the Acting Secretary.

(4) Public housing is to be cut way back and operating subsidies made necessary by inflation are to be reduced.

(5) The Section 8 deep subsidy is scheduled to disappear. In New York City it almost has, with only 509 units funded in fiscal year 1981.

(6) Everybody who knows anything about housing knows that ownership is the best answer for lower income as well as middle income people. Everybody but those who profit from tax shelters.

Yet after Mayor Koch gave priority to the Section 312 and Section 235 programs previously moribund in New York City and things began to move, both those programs have been shut off.

KEMP-GARCIA, PRESENT DRAFT, STANDING ALONE IS NOT ENOUGH

I could go on, but I have said enough to present this proposition:

Anyone seriously concerned about our nation's urban problems must consider Kemp-Garcia as if it were standing alone as our country's major effort in troubled urban (and rural) areas. That is the administration's intention and they have been getting their way.

By that standard the bill is seriously wanting and in its present form no longer worthy of support. It must be rewritten from top to bottom so that Bob Garcia and the rest of us can say to the people we work with that it will make a meaningful difference.

When last summer the administration and the Congress rewrote the depreciation schedules in the tax code from top to bottom, they gave positive encouragement to industry to make a fresh start outside enterprise zones. I am not sure they knew what they were doing but that is what they did.

There is much to commend in that rewriting. I, for one, support it to make our country more competitive across the world.

However, it will not be good for potential enterprise zones, including the South Bronx.

And just one more. Last week unwilling to face the music on the budgetary consequences of his tax cuts the President found $3 billion to save by eliminating what he called "abuses and obsolete incentives" in the tax code. That reference was to industrial development bonds.

So here we have Kemp-Garcia increasingly alone.

I believe we must make major changes in the Kemp-Garcia bill and do so quickly.

One reason the "concept" though not the bill in its present form deserves support is because it is the "new" idea. We are very fickle about urban programs in this country and our commitment is limited.

The new boys on the block want a new game. I say give it to them, but in a way that will work.

Personally I prefer urban renewal. It was the best community rebuilding program I have seen anywhere in the world. However, that's all over.

THE INTERNAL REVENUE CODE AS A VEHICLE FOR COMMUNITY PROGRESS

I have long believed, maybe for twenty years, that the Internal Revenue Code had more to do with what happened in most American cities, not all, than HUD or EDA. Most of that impact was negative.

No one can call the tax code simple, yet in a way it is. The code does not have an opinion on your project or weigh it against others. If you qualify, you qualify and that is that.

THE SECRETARY OF THE TREASURY SHOULD ADMINISTER THE ENTERPRISE ZONE LEGISLATION

Therefore, the number one change I propose is that full responsibility for administration of the urban enterprise zone go to the Secretary of the Treasury. What could be more absurd than having HUD or Commerce administer a law that was basically interpreting the tax code.

THE PHONY CONCEPT OF "TAX EXPENDITURES" IN THE GHETTO

However, we must quickly educate the Treasury about "tax expenditures" in the zones. "Tax expenditure" is a relatively new phrase. All it means is that the Treasury counts every dollar not collected because of tax inducements as a dollar lost.

When it comes to enterprise zones that is patently absurd. The notion that the money would have been spent there anyway is a product of ignorance or callousness, or both.

Anybody who seriously knows any possible enterprise zones knows that just isn't true.

Next we must try to educate the Treasury, and apparently the Congress as well to the idea that the South Bronx-type enterprise zones of America are now areas which cost far more to serve than they contribute to the Treasury, yest represent enormous potential for positive change.

Our workers and our employers need a sharp competitive edge. May I be blunt about it. We need to make the South Bronx competitive with Japan which has the most protected home market in the world. And Taiwan and Korea.

The issue is not will we hurt the suburbs so let's not do too much.

Rather, the issue is how can we make the South Bronx and other enterprise zones so attractive that American and foreign manufacturers will be swarming to it.

What will that mean to the suburbs. Less welfare. Less crime. A less riven society.

Let us err on the side of generosity in the incentives offered. If the South Bronx blooms is that bad?

SPECIFIC RECOMMENDATIONS

It is in that context that I make the recommendations which follow. They will cost the Federal government nothing.

(1) Whatever the new depreciation schedules are for the nation as a whole—make them twice as attractive in the enterprise zones. If building depreciation is fifteen years, cut it in half to seven and a half, and allow land to be depreciated as well. Same with machinery and equipment.

(2) We want unskilled people to get skills and the opportunity to work. Give the employers substantial tax incentives for every zone resident they train and keep. A system of tax credits is probably the simplest way.

(3) While we are at it why not give credit to employers who hire and train new zone residents wherever the place of employment.

There are tens of thousands of vacancies in the offices of Manhattan right now.

South Bronx residents have always commuted in large numbers to the "City" to work. Now the skills required are different, but the people are very trainable if it is made attractive enough to the employer.

(4) Favor small business—The Congress has just eliminated estate taxes for 90 percent of the population.

Why not eliminate all Federal taxes except social security for all zone businesses existing—or not, who do a volume of $500,000 a year or less. Think of the red tape that would eliminate.

(5) It is time the Federal government minded its own business. There is no reason to require State and local governments to pass muster on their incentives. Let them do their own thing.

For years while New York City and State taxed everything in sight, South Carolina went the other way and so did many other states.

We woke up and became competitive. We sould say to Washington "Stay out of it." Let us do our own thing. We will be rewarded or punished for whatever we do.

(6) Bury the obscene idea of a competition for ten to twenty-five zones a year. Maybe you cannot imagine what such a competition will do for a lot of self-important bureaucrats at HUD, but I can.

After all if the zone program isn't going to cost the government any money (except nebulous "tax expenditures"), why impose a limit. Let a hundred flowers bloom. Does the Treasury interpret the code to allow tax benefits to only the ten to twenty-five best solutions? By whose criteria? Cut it out.

(7) Eliminate housing from the bill. It is only a sop. This is a "jobs" bill and that is all it should be. We need a real housing bill—and soon. Let us go to work on that separately and immediately. The tax code can do as well for housing.

CONCLUSION

I congratulate Bob Garcia and Jack Kemp for their courage and their creativity. All we need is a few minor adjustments. Let's get on with it.

Give us a for real enterprise zone legislation and we will make it work.

Our Mayor, our Governor, our legislators and community leaders will do their thing.

They do not need any advice or instruction from Washington.●

STOCKMAN SOCIAL SECURITY PHILOSOPHY MUST BE REJECTED BY CONGRESS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. BIAGGI. Mr. Speaker, I was greatly disturbed by the comments made yesterday by OMB Director David Stockman about social security. In testimony before the House Budget Committee Stockman made as a major point that basic social security retirement benefits should not be immune in future rounds of budget cuts.

That comment is so typical of this administration which is showing itself to be no real friend of our Nation's 36 million social security recipients. I have time and time before stated my rejection of this administration's doomsday mentality about the condition of social security and categorically reject the idea that cutting benefits should be the first resort we turn to to address whatever problems the system may have at the present time.

What ever happened to creative thinking in OMB? Why is it that they have become so one dimensional with respect to social security? Does this administration not understand that social security is really a covenant between the American worker and their Government? The worker has held up his or her end of the bargain by faithfully contributing their weekly or monthly wages to social security. The Government cannot now renege on its end of the bargain by cutting benefits based on these contributions.

The time has come for us to address the present and future of social security. There is no shortage of constructive and viable legislative ideas for insuring the continued viability of social security. Ideas such as interfund borrowing, earmarking revenues from the windfall profit tax for a social security trust fund and better administration of the social security trust funds. These are all ideas which should be considered first. Cutting benefits is the least desirable approach.●

SAVING SOCIAL SECURITY

HON. DANIEL B. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. DANIEL B. CRANE. Mr. Speaker, attached is an article by Mr. Ernest Volkman entitled "Saving Social Security" which I would like to submit for the attention of my colleagues whom I think will find it of interest.

Mr. Volkman's article, which was published in Family Weekly, September 27, 1981, gives a history of the social security system, discusses some of the weaknesses in that system, and lists some possible remedies to the problems social security is facing.

I submit this article for your attention and that of other Members of the Congress: The article follows:

SAVING SOCIAL SECURITY

(By Ernest Volkman)

To Americans in their Golden Years—as politicians like to call people over 65—Social Security isn't simply another Government program. It's a lifesaver. The payments offer them a modest retirement income, and the programs Medicare provides protect against the costs of catastrophic illness.

And so, when the Reagan Administration earlier this year began to talk of "cutting costs" in the Social Security system, it didn't sit well with the many millions of Americans now receiving money from that system. The political reaction was immediate: Retirees by the thousands bombarded their Congressional representatives with protests about what they perceived as impending cuts in their checks. Even demurrals by President Reagan himself failed to cool the political explosion, and a 96-0 vote in the Republican-controlled Senate objecting to an Administration plan to reduce benefits sharply for workers retiring at age 62 underscored the political minefield that Social Security represents.

But the fact remains that Social Security is in serious trouble, squeezed by soaring costs and tax collections that aren't keeping pace. This doesn't mean that the system will go bankrupt tomorrow, but unless there are some basic reforms, Social Security simply cannot pay its bills without dipping into general tax revenues—or without a major tax increase, which seems out of the question.

There has been much emotional rhetoric about Social Security recently, on both sides of the argument. To get some idea of what the argument is all about, let's take a close look at what the Federal Government's most famous (and enduring) social program is all about, how it came about—and what's wrong with it.

The Social Security Act was passed in 1935, and the program started collecting payroll taxes in 1937 (the maximum rate then was $30 a year), and the first Social Security benefits check went out in 1940 ($22.54).

Today about 35 million Americans receive Social Security benefits and 115 million Americans pay payroll taxes to support the system. And they are paying like they have never paid before: Workers this year are paying a maximum rate of $1,975. Since 1975, outlays for Social Security have increased by 81 percent. For that reason, Government economists now estimate that the maximum payroll tax for Social Security will be about $5,300 a year by 1986.

Troubles in the Social Security System began to show up in the early 1960's. Up until then the system was for the most part free of economic woes. But by the beginning of the 1960's, it was clear that Social Security was being assaulted by the same sort of economic problems that wracked the entire American economy—problems that have only worsened since. One is inflation: Social Security benefits, keyed to cost of living indexes, are rising at a faster rate than the ability of payroll tax revenues to keep pace. Another problem is demographics. There are proportionately fewer workers in the labor force today, thanks to the end of the post-World War II baby boom. Simply put, people are living longer—and therefore collecting Social Security longer—and the proportionate increase of workers in the labor force to support them hasn't happened. (In 1950 there were 16 workers for each Social Security recipient; this year, there is an average of 3.5 workers for each recipient.

To grasp how all this came about, one must realize that from its birth, Social Security contained a number of ambiguities that took more than 40 years to become serious problems.

Actually, Social Security was conceived in a shrewd political maneuver by President Franklin D. Roosevelt. Faced with growing public support for something called the Townsend Plan—an impractical scheme dreamed up by a man named Francis Townsend, who wanted the Government to pay $200 a month to retirees over 60—Roosevelt dreamed up his own scheme. Roosevelt's idea undercut the Townsend Plan by setting up what amounted to a trust fund—workers would pay into the trust fund during their working years, then draw retirement pay out of the fund, proportionate to their contributions. What Roosevelt was shrewdly proposing was a Government-run "insurance program" rather than a Townsend-type giveaway program, and Social Security was an instant political success. It seemed to be the answer to the bleak future faced by so many thousands of elderly workers in the Depression era, a problem summed up in the famous lament of the time, "Too old to work; too young to die."

But as Roosevelt was aware, Social Security was not precisely as he had described it. For one thing, it was not true that the money a retiree would receive would be linked to the money he or she had put into the fund. Right from the beginning, Social Security was founded on the implicit assumption that the benefits for the old would be paid out of the wages of the young. Partially, this was political protection; as Roosevelt once pointed out, so long as the retirees depended on payroll taxes legislated upon the labor force, then the program would be politically impossible to scrap (a real fear of Roosevelt and his supporters in those days).

This was a perfectly workable system, as long as Social Security remained a relatively workable system. It didn't. Originally, it covered only workers in business and industry but it was later expanded to include professionals such as doctors, the self-employed, military personnel, most Government employees and agricultural and domestic workers. Further, the original scope of retirement benefits—monies were due only to retired people over age 65 or their survivors—has since been expanded greatly. Now, benefits go not only to retirees but also to the disabled, dependents, and, of course, elderly victims of illness (under Medicare, a Social Security program). Further, benefits have been widely expanded; they are now increased automatically as the cost of living rises.

The first signs of major trouble began to show up in the early 1970's in the Social Security Trust Fund. This is the pool of money built up by tax contributions, from which benefits are paid. With some alarm, Government economists noticed that the trust fund was being depleted faster than the tax revenues were coming in. As benefit costs began to exceed tax revenues, the Social Security Administration had to dip deeper and deeper into the reserve fund to make up the difference. It was only a matter of time before the fund was eaten up.

There was no easy solution to the problem. Even a large Social Security tax increase during the past three years has barely kept the wolf away from the door. The wolf is not the greed of retirees, as some suppose (nobody's getting rich on Social Security), but the inexorable march of demographics. Simply, the percentage of older Americans is increasing, a fact that underscores an inherent weakness of the Social Security idea: For it to work, the number of workers must always be greater than the number of retirees. Right now, there are barely enough workers to keep the vast system going, and by the early part of the next century, when the post-World War II boom babies retire, the squeeze will be even greater.

Questions concerning what's wrong with the Social Security System (and what to do about it) have become mixed up in some nasty political hairpulling between Republicans and Democrats in Congress, where the ultimate solution for the problem rests. The battle was touched off not too long ago when the Department of Health and Human Services presented what is normally a routine annual report to Congress on the status of the Social Security Trust Fund. The presentation this year was somewhat alarmist, noting that as early as a year from now, the fund would be so depleted that the government might find it difficult to send out retirement checks until more tax money came in.

This possibility upset Democrats, who accused the Republicans of demagoguery and insisted that the condition of the trust fund was not nearly as bad as claimed. Besides, they noted, the Government in a pinch could dip into general tax revenues to pay Social Security benefits.

In fact, what all this posturing means is that nobody wants to take the political risk of doing something about Social Security. There are really only two roads open: 1) raise Social Security taxes even higher; or 2) reduce the future growth of benefits. Either choice seems politically risky.

Yet, the fact remains that Social Security does indeed need reforms—reforms that have been delayed for years by political timidity and sincere self-delusion. In the view of most Government economists and Congressional experts on the Social Security problem, here are the system's most glaring weaknesses, and some possible remedies:

The Social Security tax is a regressive tax: The tax, a flat percentage tax with an upper limit, discriminates against the poor, since, proportionately, they pay more of their income into the system than do the rich. The tax must be converted into a progressive tax of some sort, based on income.

Restrictions on outside earnings are unfair: The present law sets restrictions on how much earned income retirees can receive before their Social Security benefits are reduced—but excludes unearned income (such as stock dividends or pension benefits). This helps the rich, since they are more likely to be receiving unearned income in retirement. If there is to be an earned income limitation for retirees—and there is plenty of evidence to suggest there shouldn't be—then it should be made equitable and not discriminate between the two kinds of income.

Social Security is not an insurance program: Social Security as insurance is a persistent American myth. The fact is it has not been that for many years; the range of benefits now available obviously has little relation to tax contributions into the system. Americans, contrary to popular belief, do not get back the money they pay into Social Security; they pay for the previous generations' retirees and are in turn supported by the generation of workers behind them.

Social Security pays retirees according to formula, not need: Although the Government points out that Social Security is a "floor" and not a living allowance, many retirees have no other income and must live on Social Security exclusively. But given current payment formulas, those people are forced to live fairly close to the poverty level. At the same time, there are retirees receiving Social Security who do not really need it, since they have accumulated sufficient nest eggs for their retirement. Obviously, something is wrong here; if Social Security is meant to help people in need, then it should pay them enough to live on.

But while these solutions may seem simple enough, acting on these points would involve sweeping changes in the present system, and it is unlikely they will be considered anytime in the near future. Instead, Congress will be confronted fairly soon with the necessity for some sort of Band-Aid approach, although the two most-discussed approaches are political opposites. One is the Reagan Administration approach. It calls for reducing benefits sharply for those who retire at 62 years old, and slightly for those workers retiring at age 65. The aim, generally, is to postpone the retirement age of most workers—68 is a commonly discussed figure—which will cut down the number of retirees and thus reduce the financial demands on the Social Security System.

The general approach of the Democrats, on the other hand, is to leave virtually all the current benefit provisions of the law untouched and try to get the financial problem straightened out first. Plans include dipping into still-solvent Social Security trust funds set aside for such programs as Medicare or replenishing Social Security trust funds from general tax revenues, if necessary.

The problem with both these widely differing approaches, of course, is that neither addresses the long-term problems of Social Security. It is a political fact of life that current retirees on Social Security will not lose any benefits, but what will happen to the next generation of workers when they're ready to retire is another matter altogether. Further, both plans assume that the economy will improve. What if it doesn't? As long as unemployment remains relatively high, the Social Security System is really being hurt because there are fewer workers contributing Social Security taxes. (Economists estimate that each 1-percent increase in the unemployment rate means a loss of $2 billion in Social Security taxes.)

Plainly, Congress is not disposed to carrying out any major overhaul of the Social Security system at the present time, mainly because of uncertainties over the political fallout. And, as Congressional critics never tire of pointing out, no administration since Roosevelt's has dared to take the political risk of overhauling a system that everybody agrees is not really working right, but keeps rolling along anyway.●

NATIONAL 4-H WEEK—1981

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. NATCHER. Mr. Speaker, October 4 marks the beginning of a week's celebration of National 4-H Week, and once again I am pleased to commend this fine program for its past accomplishments and worthwhile goals.

Over 5 million boys and girls between the ages of 9 and 19 participate in this program, which is administered by the Cooperative Extension Service of the Department of Agriculture. Almost 600,000 adult volunteer leaders generously donate their time to help these young people become contributing members of society. Any young person may enroll in a 4-H project, whether he lives on a farm, in the inner city, or in between.

This year, the theme for National 4-H Week is "4-H—Pathways to the Future." Emphasis is placed on the individual development of each youth. These 4-H'ers realize the importance of building solid foundations for the years ahead. By participating in learn-by-doing educational projects, they may explore such areas as animal and poultry production, home gardening, first aid, and public speaking. There is something for everyone in 4-H: participants may raise a prize-winning pig, study marine science, or even visit a foreign country as a 4-H ambassador.

These young people, along with their leaders, have a definite commitment to service. Not only do they work to improve their community, but they also have an interest in the conservation of energy and our natural resources. We are fortunate that 4-H participants are encouraged to investigate career opportunities in environment-related fields.

The 4-H program is certainly very successful in the Commonwealth of Kentucky. Almost one-third of Kentucky's youth took part in a 4-H project last year. Emphasis is being placed on recruiting older teenagers to be leaders, and already more than 4,500 have volunteered.

I can think of no resource greater than the youth of our Nation. I would like to thank all 4-H participants for their fine contributions to their community, their State, and their Nation.●

SUGAR BILL DANGEROUS

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. BINGHAM. Mr. Speaker, today's edition of the Washington Post carried an article which I would like to bring to the Members' attention.

At a time when budget constraints are restricting the ability of the United States to provide economic assistance to our friends in the Third World, we must pay particular attention to the impact abroad of our domestic policies and programs. For example, Fred Bergsten, in the fall issue of Foreign Policy points out that U.S. economic policies which maintain interest rates at unprecedented rates, in addition to having a long-term adverse impact on the U.S. trade balance, are having the immediate adverse effect of requiring other countries also to maintain unusually high interest rates.

Similarly, today's Washington Post carries a story which makes the point that one consideration in the formulation of a domestic sugar program should be its impact on other sugar producing countries, particularly our neighbors in Central America and the Caribbean. The story follows:

SUGAR PRICE PROPS WOULD LEAD TO VIOLENCE, LATIN LANDS WARN

(By Ward Sinclair)

President Reagan's controversial hands-off policy toward new sugar price supports, already a source of concern among his own budget and foreign-policy advisers, now has drawn indirect criticism from seven Latin American sugar-producing countries.

In a formal letter to Secretary of State Alexander M. Haig, Jr., ambassadors from the seven nations—all dependent on sugar sales to the United States—have warned that congressional approval of the price supports will adversely affect their economies and contribute to unrest or violence.

Their message went to the State Department as the House began gearing up for debate on a four-year farm bill that would reestablish a price-support program to prop up U.S. sugar producers.

Opponents, headed by Reps. Peter Peyser (D-N.Y.) and Margaret Heckler (R-Mass.), are expected to succeed in knocking the sugar program out of the bill when it reaches the floor. But the Senate included a sugar program in its bill last month, and industry lobbyists expect that a final farm measure will contain some type of sugar supports.

The U.S. sugar industry gained some unanticipated ground over the summer when Reagan, who had not endorsed a price-support scheme, agreed to accept whatever Congress produced in return for the votes of several key sugar-state legislators on his economic program.

Since then, however, as world sugar prices have continued on a downward trend, other administration policymakers have registered concern that a new sugar program could have costly budgetary and foreign-affairs consequences.

"Both the State Department and the Office of Management and Budget have become very concerned, even with the 18-cent-per-pound support price in the Senate bill, because of possible new costs to the government," a Department of Agriculture official said this week.

Sugar policy has been one of the more sensitive farm issues in the administration. After legislators and U.S. producers protested, the USDA earlier this year withdrew and has not republished an economic-impact study warning that a sugar support program could cost the government money and substantially intensify inflation.

Earlier last spring, another internal State Department study raised more storm flags over the cane, beet and corn sweetener industry. The study said developing countries that depend on sugar exports to the United States would be "greatly affected" by policies aimed at encouraging domestic production.

In lobbying for price supports, U.S. producers and sugar-state legislators have contended that, without the loan assistance, the domestic industry would continue to atrophy and the United States, which imports about half of its sugar, would become "hostage" to foreign producers.

But for the support program to work at little or no cost to the government, a system of quotas and duties would have to be established to limit imports. Such a system would protect U.S. producers by keeping lower-priced foreign sugar out while attempting to minimize government acquisitions of excess domestic production.

In their letter to Haig, the governments of Panama, Guatemala, Barbados, Honduras, the Dominican Republic, Peru and Nicaragua cautioned that quotas and increased duties on their sugar would seriously undermine their economies and work against the administration's professed policies of free trade and development stimulation.

Weakening of local economies, the letter said, could promote new social problems and restiveness, "creating and causing political tensions that are in many cases synonymous with violence."

A State Department official said yesterday the department could make no immediate comment on the seven nation message.●

A RANCHER'S LETTER ON SOCIAL SECURITY

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. DASCHLE. Mr. Speaker, I received a very poignant letter yesterday from a South Dakota resident which I would like to share with my colleagues. I feel that this letter exemplifies the fear and confusion that President Reagan has sown among the elderly by his alarmist and unnecessary predictions last spring and during the summer that social security is going broke.

I am pleased that since these initial statements were made, the President has sought to temper his remarks and is seeking a bipartisan solution to the short- and long-term problems facing the old age and survivors trust fund. Following is the text of the letter:

MUD BUTTE, S.D.
Sept. 26, 1981.

HON. REPRESENTATIVE TOM DASCHLE: I was among the crowd of citizens that attended your meeting at the "Sturgis senior citizens" hall yesterday.

Being a ranch wife of 48 plus years I did not ask a question as I assumed all of the other people were Sturgis residents and retired.

My question and complaint is—after working these last almost half century on a ranch as a wife and a non paid hired hand why will my social security be cut? I have herded sheep and lived the first three years of married life in a sheep wagon. My three children were born at home with a midwife because we couldn't pay a doctor. I never had a tooth filled until I could pay the dentist. I learned to live with poverty and get along. Never charged a bill anywhere, afraid we couldn't pay it.

I know over the years I have raised 1,000 bum lambs bottle fed. I always done the milking. I herded the sheep during World War II while the husband put up what little hay and feed we had. I know I have earned my keep in this world.

I was just beginning to feel goodness of being able to give more to my church and 4-H clubs, swimming pool in faith. And all local fund drives for people such as needing a kidney machine and so forth. Plus paying my prescription medications. It's a good feeling to know you can help someone else. And pay your own way.

I don't like the idea of my social security being cut. I will be 70 years old March 7, 1980. My hard working days are past. Arthritis plus other complications. I couldn't build up any credits on my own if I wanted to.

There should be some way where farm and ranch wives could split their joint earnings and a wife get to pay into social security. That would be of no assistance to me but to future working wives.

Whatever comes out I appreciate your efforts in that and all other efforts you have made in behalf of farm and ranch and agriculture in general. You had a very nice and informative meeting yesterday. We believe you are doing a right good job.

Thank you,

BILL AND LILLIAN OLSON.●

SUGAR PRICE PROPS COULD LEAD TO LATIN VIOLENCE

HON. JIM LEACH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. LEACH of Iowa. Mr. Speaker, I would like to bring to the attention of my colleagues an article appearing in the October 2 Washington Post on sugar which carries prophet significance.

The article follows:

[From the Washington Post, Oct. 2, 1981]

SUGAR PRICE PROPS WOULD LEAD TO VIOLENCE, LATIN LANDS WARN

(By Ward Sinclair)

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In a formal letter to Secretary of State Alexander M. Haig, Jr., ambassadors from the seven nations—all dependent on sugar sales to the United States—have warned that congressional approval of the price supports will adversely affect their economies and contribute to unrest or violence.

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Since then, however, as world sugar prices have continued on a downward trend, other administration policymakers have registered concern that a new sugar program could have costly budgetary and foreign-affairs consequences.

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Sugar policy has been one of the more sensitive farm issues in the administration. After legislators and U.S. producers protested, the USDA earlier this year withdrew and has not republished an economic-impact study warning that a sugar support program could cost the government money and substantially intensify inflation.

Earlier last spring, another internal State Department study raised more storm flags over the cane, beet and corn sweetener industry. The study said developing countries that depend on sugar exports to the United States would be "greatly affected" by policies aimed at encouraging domestic production.

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In their letter to Haig, the governments of Panama, Guatemala, Barbados, Honduras, the Dominican Republic, Peru and Nicaragua cautioned that quotas and increased duties on their sugar would seriously undermine their economies and work against the administration's professed policies of free trade and development stimulation.

Weakening of local economies, the letter said, could promote new social problems and restiveness, "creating and causing political tensions that are in many cases synonymous with violence."

A State Department official said yesterday the department could make no immediate comment on the seven nations' message.●

BABI YAR

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. RITTER. Mr. Speaker, Sunday, October 4, will mark the 40th anniversary of a most abhorrent event in the history of man's inhumanity to man. For it was during a mere 36-hour period, September 29-30, 1941, that the Nazis systematically murdered 33,771 Jews at a ravine near Kiev known as Babi Yar. These Ukrainian Jews were part of the estimated 100,000 to 200,000 citizens of the Ukraine murdered at Babi Yar before the Germans were driven from Kiev in 1943.

The events of 50 years ago have left a deep wound in the collective memory of the Jewish people. On each anniversary, Soviet Jewish activists have attempted to gather at Babi Yar to recite memorial prayers near a monument erected by the Soviet Government. Each year these Soviet Jews have been turned away by the Soviet police. Their leaders have been arrested and some are serving prison terms.

And so, Mr. Speaker, it appears that the persecution and inhumanity directed against the Soviet Jews continues even today. This is especially sad inasmuch as one of the most important traditions of the Jewish people is remembering and honoring their dead. To add insult to injury, a powerful monument was erected at Babi Yar in 1976 to honor the citizens there, but nowhere on the memorial is there any mention of the Jews who were slain.

I know it is not easy for any of us to face this ugly reality and realize that any government or group of people could be capable of such despicable acts against mankind. However, as one who has lived in the Soviet Union and traveled throughout Eastern Europe, I have observed firsthand the oppression and persecution that many Soviet Jews of today are confronted with. Recently, I joined with 89 of my colleagues in signing a letter appealing to Ambassador Anatoly Dobrinin that the Soviet Jews be permitted to conduct, with freedom and dignity, memorial services in honor of their numbers murdered at Babi Yar.

Sunday, October 4, many of us will commemorate the occasion of the Babi Yar massacre as one of the greatest acts of cruelty in the history of mankind. It is my hope that the Soviet Government will respond positively to our appeal and permit the Soviet Jews to exercise their humble but important memorial services at Babi Yar and appropriately honor the martyrs who were slain there.

Hopefully, this occasion will remind us all what we have to be grateful for, and more important, inspire us to continue to speak out against gross and blatant violations of human rights such as this.

Thank you.●

SALUTE TO PETE LASATER

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. JONES of Tennessee. Mr. Speaker, I rise today to pay special tribute to a remarkable man who resides in my district, Mr. J. P. "Pete" Lasater. Mr. Lasater is from Henry County, Tenn., and has just recently retired from the Paris-Henry County Public Utility District, but his contributions to his native area go far beyond service on just that board.

He has served as mayor of Paris, Tenn., past president of the local Lions Club, the Henry County Quarterly Court, the Henry County Election Commission, and the board of education. He is a past president of the chamber of commerce, a licensed attorney, a deacon and elder of his church, an active member of the Masons, and past president of the Tennessee State Bottlers Association. Of course, no one person could do all that without being involved in politics and Pete has been, both at the local level and the State level.

The point in all this is that Pete Lasater has been a successful businessman, industrialist, and politician; all the while he has been active in church and civic affairs. He has insured that a portion of his life was devoted to giving something back to other people and his community. His recent retirement from the utility board will create a void there, but I am sure that Mr. Lasater will continue to serve others in any way he can.

That kind of service deserves recognition and that is the reason for my remarks today. In addition, I will insert a recent editorial that appeared in the Paris Post-Intelligencer in the RECORD.

SALUTE TO PETE LASATER

The resignation of J. P. Lasater, Jr., last week as a member and president of the board of commissioners of the Paris-Henry County Public Utility District draws attention to the many areas of community service he has given his native Paris and Henry County over a span of more than 50 years.

Better known as "Pete" by his many friends, associates and the general public, Lasater tendered his resignation to the gas board last Thursday, commenting that he had "served long enough and it was time for someone else to take over." He had served on the board since 1968 and as president since 1974.

Although Pete Lasater's service on the gas board has been a key factor in the system's progress during the past 12 years, that was only one of many contributions he has made to his community in the way of public service. He served as mayor of Paris during the construction of Camp Tyson and the early years of World War II. He is past president of the Paris Lions Club, Paris Country Club, a charter member of the Paris Elks Lodge and was president of the Tennessee State Bottlers Association for two terms back in the years when he and his family ran the Paris Coca-Cola Bottling Co. He turned from the soft drink business to the clay business in 1951, and was operating clay mines and processing plants in Paris and in Wrens, Ga., at the peak of his success in that field. He sold the plants when he retired in 1970.

In 1976, Lasater was recognized by local Masonic bodies when he was awarded 50-year certificates of membership in three Grand Masonic bodies in Tennessee. Lasater served on the Henry County Court, was chairman of the County Election Commission and is a former member of the County Board of Education. He is a past president of the Chamber of Commerce and a licensed attorney. He is a lifelong member of the First Presbyterian Church, where he has served as a deacon and elder.

Active in politics since an early age, he managed the late Gov. Gordon Browning's campaign, and also managed Congressman Ed Jones' campaign when he first ran for Congress in 1969. He was for many years a member of the County Democratic Executive Committee. He has served as chairman of the March of Dimes and assisted in scores of other such civic endeavors.

"Pete" Lasater has held responsible positions in business, industry, politics, church and civic organizations. There is no way to measure the value of the service he has so willingly given his native community. Although he "retired" in 1970, he has continued to answer many calls to service during the past 10 years.

We believe we speak for the entire community when we give a big "Hat's Off" to Pete Lasater for a lifetime dedicated to the betterment of Paris, and another "Hat's Off' to his wife of 57 years, Laurine Martin Lasater, who has not only helped her husband in his career but has also established her own record of service to others that is in itself outstanding.●

BUDGET ALTERNATIVES HEARING

HON. DENNIS E. ECKART

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. ECKART. Mr. Speaker, I would like to submit, at the request of the Alternative Budget Coalition, a synopsis of testimony on the Federal budget which was presented by a wide range of participants at a hearing held in Cleveland, Ohio. The hearing was attended by Representatives STOKES and OAKAR, a representative from Congressman SEIBERLING's office, and myself.

The synopsis follows:

SUMMARY AND CONCLUSIONS OF CONGRESSIONAL HEARING ON THE BUDGET

INTRODUCTION

The following is a summary and conclusions of testimony presented to Cleveland area Congressmen on the local impact of the Reagan budget priorities. This hearing was attended by over 200 individuals representing over 80 organizations which represent several hundred thousand constituents. Supporting statements (hundreds of pages) are on file in sponsoring Congressmen's offices. Testimony resulted mainly from task forces that looked into areas of the proposed federal budget which contained excessive allocations and inequitable tax expenditures, as contrasted with areas of unfulfilled human needs of constituents. By our testimony we urge our Congressional delegation to: continue their fight for the health, interests, rights and needs of the people of Cleveland; commit themselves to a budgeting process under the control of Congress with real citizen input on a regular basis, not this sham called reconciliation; oppose excessive and wasteful military expenditures and unjust tax expenditures; fund programs to the full level of human needs, not to arbitrary, shortsighted cut-back levels set without regard to the long-term and destructive effects on individuals and communities; and fight the Reagan attempt to divide the people through the politics of paranoia, hatred and fear.

MILITARY POLICY

Increasing military spending results in rising unemployment and higher inflation as workers and resources are moved from civilian to military industries. The U.S. economy is becoming more crippled and more dependent upon competitors like Japan and Germany, which devote research, talent and capital to manufactured consumer items while U.S. research, talent and capital are devoted to non-consumable, resource-devouring weapons.

In calling for 9 percent growth in military spending above the inflation rate, the Reagan budget will increase misery and exacerbate our industrial problems. A study by Dr. James Anderson concludes that the military tax burden for the next five years will cost the average Cleveland-area family $23,000. By comparison, between 1970 and 1979 the average area family lost $14,636 of our Pentagon tax to other areas of the Country, most notably the sunbelt. Worse, these vast increases will weaken our national security.

The question must be asked, what will this unparalleled shift in budgetary priorities buy us? These are our choices: $9 million equals 1 Navy A-6E "Intruder" or employment for nearly 100,000 youth for a year at minimum wage; $4.3 billion equals 860 miles of subway tunnel for the MX missile or pay the bill for the entire U.S. mass transit system for 2 years; $23 million equals 2 Minuteman III missiles or subsidize the whole Nation's immunization system for a year; $3 billion equals 1 nuclear aircraft carrier or operate 1,000 public schools for an entire year.

We call upon our Representatives not to scramble for defense contracts for our area but to: take the leadership to secure a more-humane future for our people; support the Nuclear Weapons Freeze Campaign; support transfer amendments to rearrange budget priorities; stop all MX funding; establish a national Commission on Conversion and require Pentagon industrial contractors to create management/employee committees to draft alternative-use plans.

TAX POLICY AND REINDUSTRIALIZATION

The "grand macro design" of supply side economics cannot work with the objectives stated in Reagan's timeframe. One can't cut taxes, restrict the growth of the money supply, increase GNP, increase productivity, cut government spending, raise military spending, increase revenues to government and balance the budget all at the same time. What will happen are three shifts: (1) from the public sector to the private sector; (2) within government from the social to the military and (3) from the wealthy and powerful to the even more wealthy and more powerful. This is the discredited "trickle down" theory in its latest disguise.

Taxes from this area have flowed to Washington for years and have been used to build the sunbelt; nothing in the Reagan program targets business tax breaks to the frostbelt or areas of high unemployment or even to productive investment. The business tax cuts, a whopping one-third reduction, will go mainly to the 1700 largest firms (80 percent of benefits). About two-thirds of benefits go to industries that have provided roughly only 4 percent of new jobs in the last 20 years. The real creators of new jobs—small businesses—get essentially nothing for reinvestment. In some cases, giveaways are known to be greater than potential investment—coupling accelerated depreciation with investment tax credits means $1 invested will enable a $1.20 writeoff from income tax returns. The tax shift is dramatically seen in reduction of the corporate income taxes as a percentage of federal government revenues—from 23 percent in 1960 to 12.4 percent now, to about 7 percent under the Reagan plan. Our current level of approximately $300 billion in tax expenditures does not need to be increased but reviewed, with loopholes closed. The 10-5-3 so-called reindustrialization plan will really result in paper investments such as Mobil's attempted takeover of Conoco. The benefits of this so-called reindustrialization will go to corporations and the super-rich while paid for by workers and the needy.

FOREIGN POLICY

While funds for 350 domestic programs are being reduced or eliminated, the Reagan Administration is demanding spending for new strategic and conventional weapons. In 1982 alone, the Administration budget is $25 billion above that proposed by Pres. Carter.

The Administration is basing its buildup of the military on distortions and exaggerations of the threat the Soviet Union poses to the U.S. Yet the U.S. and U.S.S.R. have signed 340 basic pacts and 16 arms control agreements. All have been honored.

The emphasis on military and armaments has led to reduction of concern for basic needs of developing countries which, ethical considerations aside, is bad for business and in disregard of international diplomacy.

The abandonment of a Human Rights Policy in support of any government which professes to be anti-Soviet, regardless of the repression and terroristic acts of that government against its citizens, could soon result in more Irans, or worse, for our Nation.

DISCRIMINATION

Loss of education funds and legal services to end discrimination will prevent minorities, women and the handicapped from obtaining education and skills necessary to escape the poverty cycle. Already victimized by discrimination these groups and the poor will not have recourse to private legal services or other supports.

The elimination of CETA jobs strikes particularly at minorities, youth and women, who together comprise 70 percent of CETA participation. Many eliminated jobs in education and social services affect women. Blacks, Hispanics and women will be forced into permanent unemployment or maintained in very low paying positions. These cuts occur as authorities recognize the need for increased educational and vocational services for minorities, women, the handicapped and the poor.

Cuts in health care particularly harm women and children. Loss of family planning funds curtails the ability of women to plan childbearing and forces more women and children onto welfare rolls.

Restoration of budget cuts, expansion of remedial programs, reinstatement of legal services to guarantee rights can be accomplished by shifting money from the military.

FULL EMPLOYMENT

We call upon Congress to demand a full and complete statement of the effects of Reagan Administration programs on employment, as mandated in the Humphrey-Hawkins Full Employment Act, and to back up this demand with legal action if necessary. An AFSCME study shows 1.4 million jobs will be lost in the public sector with passage of the Reagan plan. Studies done by the IAM conclusively prove that military spending provides far fewer jobs than money spent on virtually any other sector. Therefore, the Reagan weapons buildup will severely decrease employment.

Numerous studies prove that unemployment fuels our social problems, showing direct links with crime increases and many illnesses ranging from hypertension and heart disease to alcoholism, mental illness, family abuse and disintegration and even suicide. The effects of unemployment cost taxpayers billions of dollars which could instead be used to constructively employ people.

We need legislation to restrain our major industries from running away to low-wage havens in the south, west and overseas. Who will be able to buy products so produced if cities such as Youngstown, Akron and Cleveland are devastated? Can we as a nation afford to wastefully duplicate the costly infrastructures of these cities elsewhere? Don't loyal employees whose labor produced such profitability have some rights to secure jobs?

We need legislation to share the work by reducing the workweek with no loss in pay. We need increased, not decreased, job training and retraining programs so those wishing to climb out of poverty and contribute to our society can develop skills to do so. We support the Weiss Youth Employment Bill as an alternative to reinstitution of the draft. We implore you to take the civil unrest in Britain as a warning.

HUMAN SERVICES

Human services are often criticized because of abuses; victims are blamed but the real abusers are some greedy providers of services. Cuts in human service programs will cause enormous suffering and increase long-term costs. Single-parent families are major targets through cuts in day care as are the elderly through cuts like those in congregate meals, outreach and transportation.

Reductions in unemployment insurance and social security will force people into the welfare system and increase demand for already-burdened and slated-for-cuts human and mental health services. Women will either have to be on welfare or go to school or work and neglect their young children.

Block grants will not provide for needs. States are unable to provide for human service and mental health needs and seek to escape these responsibilities. Cuts must be restored and support increased to help people get off welfare and help the elderly and disabled lead healthy, secure lives. The preservation of our democratic heritage depends on how well we meet the basic needs of people.

EDUCATION

It is an outrage that Reagonomics takes money from public schools and channels it into excessive military expenditures. The OEA sees a pattern emanating from the Reagan administration designed to destroy public education; the AFT sees the disadvantaged and handicapped as suffering great losses.

The Reagan block grant approach would result in elimination of valuable programs. Tuition tax credits at all levels are opposed by OEA for they would, in effect, cause taxation for private and public schools. The resulting declining public school enrollment and Ohio's funding formula, based upon per-pupil attendance, would rapidly result in grossly inferior schools.

Administration-proposed cuts of $3 billion in higher education would end higher education for all but an elite. Teacher Centers, which cost thirteen one-hundredths of 1 percent of the Department of Education Budget, have proven to be cost effective and productive and should be maintained as a categorical program. Headstart has proven very effective and should suffer no decrease in funds. The Child Nutrition and School Lunch Program is essential for effective learning of many children and should not be reduced. Bilingual education must be continued if millions of youngsters are to enjoy the benefits of education so necessary in a technological society. Continuation of the Department of Education is necessary for national direction and coordination of education policy.

SOCIAL SECURITY

Thirty-five million Americans who receive Social Security benefits were promised by President Reagan that benefits to which they were already entitled would not be cut. These citizens have been victimized in his budget.

Fifty percent of all older Americans rely on Social Security as their main source of income and 10 million have no other income. On the average this amounts to $3,960/year while the "poverty level" is defined as $4,200/year. Inflation along with Reagan's cuts and delayed COLA increases only serve to worsen already miserable economic conditions.

The Reagan program, which emphasized guns over butter, is unnecessary. The following would strengthen and make fairer our present Social Security System: (1) tax employers on total payroll; (2) raise the maximum taxable wage so high earners pay their fair share; (3) separate the Trust Funds from the unified budget and infuse general revenues into Social Security until one third of the system is financed this way; (4) provide inter-trustfund borrowing to prevent short-term threat of Old Age and Survivors Insurance Fund insolvency.

HEALTH

The Administration's approach to health combines a vast array of categorical programs into three block grants administered by states and local governments—without priorities, standards, regulations or guidelines—and would reduce federal dollars 25 percent in fiscal year 1982. These represent major threats to health care, especially for the poor.

In emphasizing competition rather than health planning, the Administration is promoting profits for the medical industry to the detriment of public health.

Cuts in family planning funds will at least double welfare and health costs and cuts in the WIC program will result in far more children who are retarded or have serious health problems. Drastic reductions in dollars for health planning and preventive care will cause astronomical increases in the need for hospital beds and increases in dental problems and communicable diseases, including tuberculosis, among all segments of U.S. society.

HOUSING

Administration cuts in federal housing programs will serve to deepen the housing crisis facing many moderate and low-income families. As federal subsidies and housing decrease, these families will pay an increasing percentage of their income for housing. At the same time curtailment of Section 312 Weatherization loans will place these same households at the mercy of utility companies, as it is now less likely their residences will be properly insulated.

At a time when only 1 family in 8 earning less than $5,000/year receives federal housing assistance, four-fifths of the households earning over $50,000/year received a monthly subsidy of $309. The real housing costs in the federal budget are tax expenditures. In 1979 the cost to the government of housing-related tax expenditures was $21.2 billion. This compares with a 22-year total of $20.6 billion spent on public housing from 1937 through 1979. This tax policy fuels inflation and disproportionately benefits middle and upper-income citizens.

It is far more equitable to continue to provide funds to develop public housing, rehabilitate existing homes and support community development/neighborhood programs for low and moderate-income households. This would avoid the devastating impact planned cuts will have on households least able to cope with them.

ENERGY

The energy crisis is a great dilemma facing U.S. citizens. Reaganomics increases dependence on expensive and/or nonrenewable energy sources and cuts funding for alternatives and conservation. A $2 billion subsidy for nuclear electricity is outrageous: nuclear is the most-expensive form of energy; nuclear investment creates few jobs and subsidies represent welfare for corporations and the rich. It's now obvious giant energy corporations won't provide capital for energy solutions which serve our human needs and best interests. Spending on alternative energy, conservation and mass transportation helps relieve high energy prices and is non-inflationary.

A national energy policy is needed which: meets basic energy needs of all our people; decreases dependence on nonrenewable fuels (and foreign supplies and multinational corporations); doesn't poison us or our environment; stabilizes frostbelt energy costs (reversing trends of corporations to move south, because of unaffordable heating and operating fuel, and resulting depopulation) and transfers funding to small (labor-intensive) businesses with the potential to solve many energy problems and employ more people (68 percent). The ultimate folly of current policy is the Clinch River Breeder Reactor. Economically unjustifiable, it creates thousands of years of health hazards and an insane increased threat of nuclear weapons proliferation.

FOOD AND NUTRITION

The Children's Defense Budget represents the most sensible and humane approach to food and nutrition for low-income families. It opposes cuts in these areas and proposes expansion of programs such as WIC and Food Stamps.

For example, the WIC Program benefits 2.2 million pregnant and lactating women, infants and children who subsist on low incomes and have health problems related to childbirth and growth. Proposed cuts mean 700,000 recipients will be eliminated from the rolls, and another 100,000 persons waiting will never be served. WIC cuts long-term costs. At $300/pregnancy, billions in institutional care, special education and related health services are saved through proper nutrition during pregnancy and infancy.

Proposed Food Stamp cuts, as another example, would cost the 90 percent of recipients who are below the poverty level an unacceptable amount of their incomes ($350/year for an AFDC family of 4). The 20 percent cut means rent, utility and food payments cannot be met. Of the 22 million people receiving food stamps, one-half subsist on less than $3600/year and three-fourths on less than $4500/year. Such a cut would be devastating and further deteriorate the nutritional levels of these families.

WELFARE

Reagan's cuts in AFDC are even more devastating when state funds are included. This reduces benefits for 25,000 Ohioans and terminates benefits for 50,000 more living at or near the poverty level. Most damaged would be working families headed by poor women or low-income males.

The loss of $13.6 billion from AFDC and food stamps; reductions in Medicaid, extended unemployment benefits and rent assistance for working poor will strike a blow against the American family. Cohabitation, desertion and dishonesty will be encouraged in order for the needy to survive.

ENVIRONMENT

Proposals to return control of environmental programs to the states are wrong. Federal involvement came about because the states did not address these concerns.

To correct alleged over-regulation of industry, Administration policies reduce OSHA funding and standards. Simultaneously, these policies undermine workers' powers of collective bargaining to negotiate protection from genetically dangerous and carcinogenic chemicals. Workers in hazardous environments and the public exposed to toxic wastes must have the right to know the dangers they are facing through mandatory labeling and must be informed by corporations of any physical damages—including genetic that are known. Company policies which deny employment to groups particularly vulnerable to toxic chemicals are violations of principles of equality and should be prosecuted. The only fair and acceptable answer is to make the envrironment safe for all. The Minerals Security bill, H.R. 3364 is particularly destructive and should be defeated.

Environmental Protection Agency programs need strengthening—not weakening—for they are far more cost effective than treatment of disease. The new attack on environmental standards emasculates enforcement by severe underfunding and rule changes.

Good mass transportation and urban parks are essential to full employment, good economy and quality of life and require continued federal support.

CONCLUSIONS TO TESTIMONY

The Alternative Budget Coalition thanks Congressman Louis Stokes, Congressman John Seiberling and Congressman Dennis Eckart for meeting with us. We appreciate the fact that you have not deserted us and want you to know that we are monitoring all legislative activities these days. We believe that true security begins at home by meeting basic human needs.

Congressmen, there is a beautiful statue of a woman which stands at the gateway of these great United States of America and proclaims the following symbolic message to the world: "Give me your tired, your poor, your huddled masses yearning to breathe free, the wretched refuse of your teeming shores. Send these, the homeless, tempest tossed, to me. I lift my lamp beside the golden door." This proud woman must now be holding her head down in shame and feel sad, as we do. This golden door is now shut to the working people and the disadvantaged in this Country and you, Congressmen, must open it up again.

There has been no Congressional nor Administration assessment of the real level of need in the areas on which we have testified; there has been no Congressional matching of resources to meet our real needs. We urge our representatives to fight this sham budget process masquerading as reconciliation and to reassert their power of the purse over the Reagan Administration in establishing national priorities.●

LET MR. MIGLIORI WORK

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. MILLER of California. Mr. Speaker, today I am introducing legislation to allow one of my constituents to supplement his retirement income by taking fishing parties out in the Pacific Ocean beyond San Francisco Bay.

Under the Merchant Marine Act of 1920, anyone who wishes to engage in coastwise trade such as commercial fishing must prove to the U.S. Coast Guard that the vessel has never been owned by an alien. Despite an exhaustive search by my constituent, Guy Migliori, and the U.S. Government, the owners of the vessel *Jennie May* from the time the Navy sold the boat until Mr. Migliori's purchase in 1974 remain a mystery. Under the 1920 law, even the possibility that the vessel was ever owned by an alien prevents Mr. Migliori from using his boat to transport fishing parties.

I believe that because of Mr. Migliori's extensive effort to find out the owner's identities, and in order to allow him to supplement his retirement income, he should be allowed to use his vessel in this fashion. The bill I am introducing will waive that portion of the law requiring proof that U.S. citizens have always owned the *Jennie May,* and will allow Mr. Migliori to remain a productive member of our society.

The text of the bill follows:

H.R. —

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. The Congress finds that—

(a) the vessel *Jennie May,* vessel numbered 581 279, was built and operated by the United States Navy for service during combat in World War Two;

(b) The *Jennie May* was subsequently sold to unknown persons and ultimately purchased by Guy and May T. Migliori in 1974;

(c) all efforts by the Federal government and private individuals have failed to document the vessel's owners between the time of its sale by the Navy until its purchase by the Migliori in 1974.

SEC. 2. Notwithstanding section 27 of the Merchant Marine Act of 1920 (46 U.S.C. 883) or any other provisions of law, the Secretary of the Department in which the Coast Guard is operating shall cause the vessel *Jennie May,* presently owned by Guy and May T. Migliori of Pleasant Hill, California, to be documented as a vessel of the United States for the purpose of engaging in the coasting trade.●

AFTER OCTOBER 1—THEN WHAT? PART III

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. BIAGGI. Mr. Speaker, today marks a very sad day for the historical tradition this Nation has established in helping those who are least able to help themselves. After two decades of advocacy on behalf of poor people, the Community Services Administration, is closing its doors. Along with this shutdown goes an elimination of the symbol of Federal commitment to the poor, the hungry, the unemployed and the disadvantaged.

This program originated in the House Education and Labor Committee where I have served since my election to Congress 13 years ago. At that time, the Community Services Administration was the Office of Economic Opportunity, the lead agency for the Great Society programs begun in the 1960's under President Lyndon Johnson. With the closing of CSA, there will be 30 percent less money for these antipoverty programs to be administered by a few officials in the Health and Human Services Department which eliminates 900 CSA workers nationwide.

In my own State of New York, the elimination of the Community Services Administration means that New York City, which received $21.5 million in CSA funds last year, could lose as much as $7.4 million under the newly created community services block grant. Under this program, which authorizes $363 million for block grants, the administering agency in the State can take up to 10 percent of these funds for administrative expenses.

In addition to the budget cuts that have to be sustained, there remains great confusion to date because decisions have yet to be made on what agency will administer the block grant and how the funds will be distributed. In turning this program to the States in the Budget Reconciliation Act—a move which I did not support—we have given a program over to those who are least equipped to run these programs because traditionally, States have not run these programs—community action agencies have.

Mr. Speaker, while the Community Services Administration has been eliminated, I do not believe that this Government, nor local community agencies, will turn their backs on the national effort to eliminate poverty in America. For the benefit of my colleagues, I would like to insert an article from yesterday's Washington Post which details the dismantling of the Community Services Administration.

[From the Washington Post, Sept. 30, 1981]

U.S. ANTI-POVERTY AGENCY CLOSES ITS DOORS

(By Kathy Sawyer)

On the walls next to the grainy, enlarged photographs of old women and hungry black children are signs that say things like, "10,200,000 poor Americans are children," and "6,400,000 Americans work but are still poor."

Scrawled on the flip chart at the front of the room, a new message said: "The jobs are at Defense."

The scene was a job seminar for employees of the Community Services Administration, which officially shuts its doors today. It is the first significant federal agency to be wiped out since World War II and, if the Reagan administration has its way, it won't be the last.

For the agency's employees, the end was a hectic blur of 10-hour days (a bureaucratic requirement to fill out their final pay period), union protests, job hunting, anxiety over whether Congress would approve money for severance and lump-sum leave pay, and sadness over the end of an effort to which many of them had felt a personal commitment.

After today, there will be at least 30 percent less money for community programs for the poor and, as veteran anti-poverty worker David Cohen put it, "the symbol of federal commitment will be gone. No longer is there any one place in the federal government whose single purpose is to fight poverty.

Most control over a maximum of $363 million in block grants (possibly less) for 1982 now goes to the states. And in place of more than 900 CSA employees nationwide, officials said, a few dozen employees already at the Department of Health and Human Services will administer the money.

The cost of closing CSA is expected to be about $30 million, including $12 million for severance and leave pay to employes, according to director Dwight Ink. The administration expects the move to save tens of millions a year in the long run; the agency's administrative costs this past fiscal year were $42 million.

In emotional graffiti scrawled all along the corridors of their building, employees vented their bitterness and frustration against the administration over what they see as the unnecessary harshness of the closing. Some walls are simply a final roster, filled with the crayoned autographs of the departing workers.

More than 60 employes of CSA, which used to be called the Office of Economic Opportunity, have worked there since it began in the heady burst of 1960s idealism. They watched the agency evolve from a band of brash, anti-establishment crusaders, proposing to eradicate poverty in 10 years, into an institutional animal plagued with more conventional problems of low budgets and poor management.

In the early days, they were confrontational, often heedless of local officials, or mobilizing busloads of poor people to lobby in Washington, veterans recalled this week.

At first, said Cohen, a grants administrator who has worked at the agency for 16 years, "There was certainly a call to arms. You know, the mayors were 'evil' and the poor people were good and pure of motive. I'm exaggerating, but there was this sort of attitude. . . ."

The poverty fighters wanted to channel power to the disenfranchised poor and there was admittedly, he said, "a certain naivete" in the belief that they could make it work "even though it might require stepping over the local leadership."

Beginning in the late 1960s, local officials were given a bigger role in the effort and the agency switched from confrontation to cooperation with local governments. With Reagan's plan to cut the federal role and shift power to the states, that trend now comes virtually full circle.

Now some employes find themselves preoccupied with their own impending unemployment as well as the deprivations of the people they've tried to serve.

In the last couple of weeks, between 300 and 400 CSA employes signed up for counseling on welfare, food stamps or unemployment insurance, according to outplacement director Robert Wilcox.

Out of 470 employes who signed up for job placement services, 153 have found other jobs, with the Defense Department the most active recruiter, Wilcox said. Around 55 more report jobs in the offing. Some 200 of the total workforce were eligible to retire.

Some CSA employes will continue in temporary positions helping place their coworkers in new jobs (using facilities provided by the Office of Personnel Management) and other close-out activities.

A lawsuit brought by their union, the American Federation of Government Employes, could enable a few of the CSA workers to transfer temporarily to HHS.

"The clerks, computer specialists, and others with transferable skills will have the easiest time finding new positions," said Barbara Morgenstern, a private placement specialist whose firm was hired by CSA. The hardest to place, she said, will be those trained specifically in the social sciences.

"I've sent out lots of forms, but I haven't heard anything positive," said CSA social science analyst Eddie Capers, 28, whose job was to evaluate anti-poverty programs. "It seemed a very good field at the time I got into it."●

H.J. RES. 325, MAKING CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 1982

HON. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. MONTGOMERY. Mr. Speaker, I would like to clarify one point with respect to the appropriations for Veterans' Administration health-care staffing. Section 5010(a)(4) of title 38, United States Code, requires the Director of the Office of Management and Budget, after the enactment of each law making appropriations for the VA, to provide the VA with authority to employ under the three VA health-care accounts the numbers of employees for which funds have been appropriated. The accounts are the medical care account, the medical and prosthetic research account, and the medical administration and miscellaneous operating expenses account. Since VA appropriations laws do not themselves specify employment levels for that agency, it is important that the legislative history of any law making appropriations for the VA be clear and specific as to the numbers of employees for which appropriations have been made.

In this connection, I would note that section 101(e) of the continuing resolution specifies that VA appropriations are being made in the amounts "necessary [for VA accounts] at a rate of operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (H. Rept. No. 97-222) [on the HUD-Independent Agencies Appropriations Act, 1982, H.R. 4034] filed in the House of Representatives on September 11, 1981, as if such act had been enacted into law." With respect to the VA's medical care account, the joint explanatory statement accompanying that conference report on H.R. 4034 makes clear that $330,054,000 and 5,181 staff years were restored to the President's March budget request. When that staffing figure is added to the 181,106 staff years proposed in the March-revised budget, the total is 186,287 staff years, the same number originally proposed for fiscal year 1982 in January of this year by the President's predecessor.

It seems clear to me, in light of the language used in section 101(e) of the continuing resolution and the clear legislative history of the conference report on the HUD-Independent Agencies Appropriations Act, 1982, that it is intended in the continuing resolution to provide appropriations for a pro rata portion of 186,287 staff years, that is 186,287 full-time-equivalent empoyees for the 51-day period covered by the continuing resolution.

Using the same reasoning for the medical and prosthetic research account, it is clear that it is intended in the continuing resolution to provide appropriations for the employment of 4,487 full-time-equivalent employees for the period covered. Likewise, under the medical administration and miscellaneous operating expenses account, it is clear that the continuing resolution is intended to provide appropriations for the employment of 866 full-time-equivalent employees for that period.

Mr. Speaker, I trust that, in accordance with the provisions of section 5010(a)(4) of title 38, United States Code, the Director of the Office of Management and Budget will, following the President's approval of this resolution, immediately provide the VA with these ceilings for the period ending November 20, 1981, together with the necessary funds, and promptly provide the Congress with his certification to that effect.

I have discussed this matter with the distinguished chairman of the subcommittee, Mr. BOLAND, and he fully concurs in my analysis.●

A LOOK AT THE WHOLE FOOD PICTURE

HON. HAROLD L. VOLKMER

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. VOLKMER. Mr. Speaker, I would like to bring to the attention of my colleagues the outstanding achievements and contributions to the food industry rendered by Mr. James D. Wells as evidenced in a recent speech delivered to the chamber of commerce in my hometown of Hannibal, Mo.

Mr. Wells is president and chief executive officer of the William Underwood Co. The company was first founded in 1826 and is a prominent corporate citizen in my district. As the head of a multinational food company, Mr. Wells has a unique perspective of and sensitivity to agricultural issues. His broad background and comprehensive experience in the area of food affords him considerable insight into its present and future developments.

His address sheds valuable light upon the food industry by offering an in-depth analysis of the whys of food prices and the coming changes that will profoundly affect not only the farmer but the consumer, here and abroad. As such, his comments have great relevance to all of us in Congress.

At this time, Mr. Speaker, I am honored to insert the complete text of Mr. Wells' remarks:

Is There A Joseph in the House? (Let's Look at the Whole Picture)

May I begin by telling my own version of a very old story? I am certain that all of you remember the Biblical tale of Joseph who was sold into Egypt. You may recall that he was a junior manager with the firm of Jacob & Sons, an enterprising, family-held company that produced lamb, mutton and other basic foodstuffs in what was then known as the Land of Canaan.

Young Joe, as he was known, had a couple of problems, however. First he was a visionary who could foretell coming events with some accuracy and reliability. Unfortunately, his fellow members of the firm's management team were not pleased with what he predicted. In fact, they were not only not pleased, some of them were downright hostile.

Another of Joseph's problems seemed to be his lack of sensitivity to political realities. Joseph, you will remember, has always been the favorite and protege of Jacob, the company's founder and chief executive officer. Jacob not only indicated that Joseph was to be his successor but outfitted him with a multicolored robe of office. Joseph apparently failed to recognize the galling effect that his brightly hued garment had on his peers. He persisted in flaunting it until one day the other management members shanghaied him while they were all visiting one of their remote facilities. He ended up in Egypt working under less than auspicious circumstances, and, however innocent, eventually landed

While cooling his heels in prison, Joseph continued as an observer of his times, made some rather astoundingly accurate predictions about the future, and eventually came to the attention of Pharaoh.

Not your typical government bureaucrat, Pharaoh was the head man; but he had a unique problem. He had had some premonitions about what future policies his department of agriculture should pursue, but had promptly forgotten them. His questions to Joseph were, "what was I thinking about, why was I thinking it, and what does it all mean?" (Sounds a little like a few modern-day congressmen, doesn't he?)

Joseph accurately weighed the indicators, outlined Pharaoh's previous thoughts, and laid out an agricultural program that set up reserves in times of plenty and provided for times of shortages. As a reward, so the story goes, Joseph was made the number two man in Egypt—chief operating officer of the entire country. From that position he not only dispensed grain to the needy during an ensuing famine (always for a price, of course) but when his former firm came on hard times, he rescued it and its management from financial ruin. (Not to mention starvation.)

Now what has all this to do with us here in Hannibal? I suggest perhaps more than we realize.

American agriculture and our food industry are today faced with problems not unlike those encountered by Pharaoh. There are a lot of unknowns lurking out there, and there are even those who foresee potential world famine. Unfortunately, I don't see any Josephs ready to reveal the ideal solutions. Furthermore, unlike Pharaoh's time, today's food market must be viewed from a global standpoint. No longer can America take comfort from the fact that we have the most efficient agricultural production and processing complex on earth. (And unlike ancient Egypt, we are not free to set our policies based solely on our own interests.)

Rising expectations and incomes in developing countries are providing the basis for competition for the very raw materials that go into our foods, as well as the foods themselves. This competition is affecting and will continue to affect the price we pay for food and the prices farmers get for their produce.

The price of food in this country, by the way, is something to which we are all very sensitive. In most of our homes, someone goes to a grocery store two or three times a week. And when we make a purchase, we pay cash! So, weekly, sometimes even daily, we are reminded that the cost of food is going up. As a result, many of us are inclined to place the blame for inflation and a generally escalating cost of living on the food industry. But let's examine the facts for a moment.

First of all, it is true that the cost of food has increased in the last few years. In fact, since 1967 the cost of food prepared and eaten at home has risen about 150%. That is just about equal to the increases in both the consumer price index and the average hourly earnings during the same period, according to figures released by U.S. Department of Commerce. By way of comparison, today's taxes are 260% higher than they were in 1967; the budget of the Federal Trade Commission, which regulates industry, is 385% above its 1967 level and the cost of operating the legislative branch of our Federal Government has soared an incredible 400% since 1967.

It should be immediately evident that food costs have risen as a result of inflation and not the other way around. An example—the lead sentence in an Associated Press story that ran in the Boston Globe earlier this week said "Breaked by moderating food prices . . . inflation in 1981 is likely to fall from double digits to the lowest level in four years."

Another example—according to a report released by the U.S. Department of Commerce, the percentage of disposable income Americans spend for food has declined from 19.4% in 1950 to 13.6% in 1980. That's a drop of 30%!

How, in the face of spiraling costs and inflationary pressures, has the U.S. food industry been a moderator rather than an escalator of inflation? Well, one answer has been our improved productivity. In recent years, while productivity in the non-farm business sector has been rising at a rate of only 0.8%, productivity in the food processing industry has risen at a 2% rate.

Another factor moderating food cost increases has been the industry's comparatively lower profits. For example, according to Forbes Magazine, the average net profit margin for all U.S. industry in 1980 was 5%. Food industry profit margins for the year ranged from a high of 4.9% for beverages to a low of 1.9% for agri-processors. Even the high, you will note, was below the average. By comparison, the same Forbes article listed the average net profit margin of the publishing industry as 6.1%, the electronics industry at 5.7%, proprietary drugs at 7.1% and international oils at 5.7%.

One interesting sidelight in all of this is the fact that in the 1967 to 1980 period the share of the food dollar received by farmers has not changed, according to the U.S. Department of Agriculture. In 1967, 32 cents of every food dollar went to the people who produced food raw materials. In 1980, it was still 32¢ on every dollar. Labor's share increased from 28¢ to 30¢ during the same period and the cost of everything else that goes into food, including packaging, transportation, energy, profit and taxes, declined by 2%.

I know that it is not news to you here in the heart of America's farmland that the farmer's share of the food dollar has not increased in the past 13 years. You live with those figures every day. And you have witnessed the change in American agriculture that has made it a machine and capital intensive industry as it met the challenge of rising costs and lower profits. Now, as the market for foodstuffs becomes increasingly global, I suggest that there are coming changes that will even more profoundly affect not only the American farmer, but the American consumer as well. And unlike Joseph in ancient Egypt, we may not be masters of our own destiny.

It has been 8 years since OPEC began battering the world with the shock wave of its first gigantic price increase. Eight years since we in this country, for the first time in history, were faced with huge cost increases for all types of energy. No longer can oil companies advertise, as they once did, that the basic price of gasoline has not risen in 20 years. The shock of having gasoline go from around 25¢ a gallon to more than $1.30 a gallon in just over 10 years has been enormous, but even so, we in this country still are not paying the world price for oil products.

We likewise are not paying the world price for food. Our tremendous agricultural productivity, coupled with a food processing industry without peer, provides us with more food, at lower cost, than any other country on earth. For example, according to a report issued by the Department of Agriculture this past April, boneless chuck roast cost about $3.39 a pound in Washington, D.C. The same roast would cost $4.82 a pound in Stockholm, $4.37 a pound in Rome and an astounding $13.59 a pound in Tokyo. (They may be able to produce cars in Japan, but don't do so well with beef.) A pound of pork that would cost $1.76 in Washington, D.C. would be 2.97 in Stockholm, $2.84 in Rome and $4.37 in Tokyo. And it is not just meat for which people in other countries are willing to pay higher prices.

As the expectations and income levels of the developing countries rise, they enter the international marketplace for an ever-widening range of foods. There they compete for farm products that only a few years ago were a problem in this country because we had so much of them. Wheat, corn, sorghum, soybeans and sugar until rather recently were stockpiled in huge quantities in this country—to the extent that we were spending billions of dollars in taxpayers' money just to cover storage costs. And all are now being sold worldwide in an increasingly competitive market.

Now, don't misunderstand. I agree that the benefits received by our farming industry from our increasingly large sale of farm produce in the international marketplace are desirable. I concur that the positive effect of these sales upon our balance of payments is imperative to our economic success. But when we pursue these practices, we must be prepared for the changes they will bring about in our own food industry. We must be prepared to pay at home what others are willing to pay for our products. And we may even have to impose limits on some of the free enterprise aspects of the farming industry if we are to manage well. In other words we, like Pharaoh, will need some sage advice and the courage to act on it if we are to survive in the rapidly moving world of international food supplies.

Let me cite a few examples:

Consolidation of food companies has been an ongoing thing in this country for decades. One food company acquires another and gets bigger. We ourselves, while in no way a giant like General Foods or Kraft, have successfully used this route to growth. In fact, many of the products we produce here in Hannibal are the result of acquisitions we have made in recent years.

Today, however, we are observing some unusual entries in the food company acquisition arena. I'm certain all of you saw the report earlier this month on Occidental Petroleum Company's plan to acquire Iowa Beef, the Nation's largest beef processor. Did you also notice their reason for spending nearly $800 million for what I think we all would agree is an atypical acquisition for an oil company? A. Robert Abboud, Occidental's president, said that his firm selected Iowa beef because "we think food will be in the 1990's what energy has been in the 1970's and 1980's."

Is this a manifestation of the increasing globalization of the world's food supply? Certainly the energy industry has become a prisoner of global politics. Does the future portend the same for food? Is this also an indication of the potential capital—and machine-intensive environment that the food industry will face in the coming decades? Is it a warning that we perhaps need to do a better job of shepherding our agricultural natural resources if we are to avoid the same calamities that have affected the energy community?

North America, and particularly the United States, has been blessed with a climate-soil resource adapted for stable high food production unequaled on earth. It is this resource that has enabled us to feed not only our own population better than any other people in history, but to provide over half of all of the export food available in the entire world market.

Yet, as a recent Wall Street Journal article stresses, we are planting houses, stores and blacktop in what used to be meadows, citrus groves and waving fields of grain. And we are doing it at an alarming rate!

The Journal article asks, "what happens when there is no more farming in Florida? . . . What happens to the citrus industry in America?"

Far-fetched, you say? An overreaction? Let me remind you that Deviled Ham was invented in downtown Boston, Massachusetts. A major reason it is now produced in Hannibal, Missouri is that there are no hog farms left in Boston; there are none of any significance left in New England, nor for that matter, in the entire northeastern United States.

What happens to the grain industry if taxes—both real estate and inheritance—force the children of our current generation of farmers to sell out just to feed the government's insatiable appetite for growth? I suggest that we need some business and political leaders with a Joseph-like vision of the future to tackle that problem. And we need them now!

We also need to realize that the world looks at our success in agri-production about the same way Joseph's brothers viewed his fancy sports jacket. Even though the U.S. is the largest contributor of foodstuffs to programs to alleviate world hunger, the developing countries are expecting, even demanding, that we do more.

At a conference on "Food Security in a Hungry World" held this past spring in San Francisco, the president of the United Nations Food Council stressed the "urgency of increased U.S. assistance to hungry people and nations." We must be politically sensitive to the effect our agricultural bounty has on the perceptions others have of us. To ignore those perceptions is to generate for us the same hostilities that our friend Joseph encountered when he kept wearing his multi-colored robe around his brothers.

And the contribution demands being made on us are exceeded by the increasing competition in the marketplace for American products that are part of our own diets. Let me give you an example close to my own company. In addition to our plant here in Hannibal, Underwood has one in Portland, Maine. There we produce B&M and Friend's Brick Oven Baked Beans. We use millions of pounds of beans every year. In the past year, the cost of raw beans has increased 40%. We even have seen recent spot bean prices that were 90% above last year's quotes.

The major cause of this jump is the demand placed on the bean market by huge U.S. purchases made by the Mexican Government. The pressure on prices has been further increased recently by similar large purchases made by African countries.

The result for us is a continued upward pressure on prices and a squeeze on profits. Not only that, the Mexican Government's purchases have affected the types of beans available. When they offer futures contracts on unplanted beans at much higher prices than the existing market, of course prudent farmers will plant the kinds of beans the Mexican Government will buy. As a consequence, less of the kinds of beans Underwood needs are being planted, and their prices are rising also.

Now I would be the last to decry the free-market aspect of our agricultural industry. It is one of the factors that has made us great. But, we must be prepared to pay the price here at home for the freedoms that such a market gives us.

We must realize that our food prices in the future will be more and more dictated by international events. A drought in China or India can now affect our domestic food prices as much as did the one you suffered through in this part of the country just this past summer. Just as happens in the oil industry, events in distant lands affect our pocketbooks.

There is, however, a major difference between the problems caused by energy price increases and the ones being caused by rising world demand for food. In the food case—we own the well! It behooves us, therefore, to move with caution and judgment to develop the programs, and if need be the laws, that will not only safeguard our own interests but permit us, like Joseph, to provide for the needs of others.

Thank you.●

PLASTIC BULLETS

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Ms. FERRARO. Mr. Speaker, on Sunday September 27 the Ad Hoc Committee for Irish Affairs observed its fourth anniversary. I am proud to be a member of this committee and I recognize its successes in the past, and hopes for future victories.

Unfortunately, for the people of Northern Ireland, these are still not times of peace. Violence and terrorism are increasing and leaving scores of men, women, and children dead. As an attorney and a Member of Congress, I find terrorism appalling. Violence prolongs suffering and destroys the innocent. As Members of Congress we should appeal to the people of Northern Ireland—Protestants and Catholics alike—to help end these senseless killings.

Mr. Speaker, I would also ask the Members of this Congress to call upon Great Britain to bring these troubles to an end. Innocent people are being killed by the indiscriminate use of plastic bullets by the British police forces. This must end.

The British Army and the Royal Ulster Constabulary are supposed to use the bullets to control riots which occur as a result of the hunger strikes by the IRA prisoners. The Thatcher government has instructed that these bullets be used only as a "last resort." There is compelling evidence, however, which proves that this weapon is being used in illegal and criminal ways.

Mr. Speaker, young children are being killed in Northern Ireland by this "harmless bullet" for no apparent reason—except that they are Catholic. In fact, seven people have died from the bullets this year—five of them children under the age of 15. As an advocate of human rights and as the mother of three children, I am appalled by this blatant disregard for the sanctity of human life.

On May 19, 1981, Carol Ann Kelly, aged 12 years, was shot on the side of her head by a British Army patrol. Carol Ann died on May 22. She was not participating in any riot against the British. Rather, Carol Ann was returning home from the grocery store with a carton of milk that her mother sent her out to buy. As Carol Ann was approaching her home a British Army patrol came into view. One of the British soldiers began shooting—and a plastic bullet put a hole in Carol Ann's head.

This incident occurred days after the death of Bobby Sands when IRA terrorists killed five soldiers in South Armagh. As neighbors and friends gathered around the bleeding body of Carol Ann Kelly one of the soldiers shouted "One for our five mates." Mr. Speaker, this was a deliberate act of murder and the British Government made no reprimand, no formal charges, and no arrest. In fact, there is a lack of public statements on the part of the Thatcher government condemning this type of terrorism in Northern Ireland.

I cannot sit back and let these actions go by unnoticed. The British Government must be asked to put an end to this callous use of plastic bullets in Northern Ireland. Revenge will not frighten the people of Ulster into submission, rather, it will provoke more revenge, more violence, and more deaths.

I hope and pray that the time will come when all the Irish people can live in peace and unity. I, therefore, ask all my colleagues to join me in calling upon the British Government to halt the usage of deadly plastic bullets in the North of Ireland.●

IN THE MERRIWELL MOLD

HON. LAWRENCE J. DENARDIS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. DENARDIS. Mr. Speaker, it is my distinct privilege to recognize and commend the accomplishments of a multitalented constituent of mine, Rich Diana. Rich grew up in my hometown of Hamden, Conn., and has continued his outstanding achievements at my alma mater, Hamden High School, by excelling in both academics and athletics at nearby Yale University. I proudly insert the following article on one of Hamden's most prominent native son's which appeared in the October 5, 1981 issue of Sports Illustrated for the benefit of my colleagues in the House:

IN THE MERRIWELL MOLD

Rich Diana is so accustomed to being overlooked that it no longer bothers him much. "At the beginning of every school year I used to wonder why the teachers always called the roll last names first until they got to me," he says. "'Adams, Mary; Brown, John; Diana Rich. Where's Diana? Is Diana Rich here? Where are you, Diana?'"

Where is Diana? His professors at Yale know, if no one else does. He's a crackerjack senior biophysics and molecular biochemistry major, headed, he expects, for medical school. Diana also plays for Yale's football team. That's believable enough, because he stands 5'11" and weighs 215 pounds with an eight-lane neck and the torso of a floor safe—the perfect body for a pulling guard. The surprise is that Diana is a tailback, and not just any tailback. He's a genuine record-breaker who ranks in Eli history right there with Albie Booth, Clint Frank, Calvin Hill, Dick Jauron, John Pagliaro and Frank Merriwell.

Raised in the shadow of the Yale Bowl in nearby Hamden, Diana, the son of a TV repairman of Italian descent, rushed for 1,074 yards on 229 carries last year, the second-highest single-season total in Yale history. He also finished second in the country to Marcus Allen of USC in all-purpose running—rushing, receiving and kick-returning yardage—with 174.9 yards a game to Allen's 179.4. And he fumbled only twice. Says Yale Coach Carm Cozza, "Rich has power and decent speed, but he's got a great, great niftiness. He'll make you miss him. He bends tacklers back pretty good, too. And smart. Is he smart!"

In Yale's season-opening 28-7 victory over Brown, Diana had already run for 190 yards and three touchdowns when Cozza removed him in the fourth quarter. Only then did Eli Sports Information Director Mark Curran learn that recent research had uncovered an error in the Yale record book. What had been considered to be the school's single-game rushing record—a 223-yard performance by Booth against Army in 1929—had included a 79-yard punt return. The actual record belonged to Jauron, who gained 194 yards against Connecticut in 1972. Nevertheless, Cozza was reluctant to reinsert Diana. "I remember doing that for Brian Dowling in 1968," he said, "and he came out needing nine stitches in his face." But Cozza asked Diana if he wanted to go for the mark. Diana said sure. After a two-yard ioss, gains of five and three yards gave him 196 and the record.

"I think I did the right thing for a couple of reasons," says Diana. "First, if I hadn't gone back in, my brother, Vinny, would have killed me. Second, agents have been calling me, asking how I could have gained 1,000 yards last year, finished second in the nation in all-purpose running and still be unknown? I'd say, 'Well, Yale doesn't send out little pamphets about players the way other schools do.' Then I thought, 'Wait. What if I have the talent to be drafted, but I'm not because I haven't had the publicity?' So, breaking that record did get me some publicity."

Last week he rushed for 140 yards on 26 carries in a 27-18 defeat of Connecticut and got a little bit more ink. He scored on a one-yard plunge on Yale's first possession after carrying six times and catching a pass. In the fourth quarter Diana led the Elis to the decisive touchdown. He threw a 22-yard option pass to Tight End Tom Kokoska, and on the next play swept around left end for 28 yards. He then scored from the six, hitting a crack in the left side of the line and spinning like a tornado until he was in the end zone.

Diana is as quiet and modest as he is determined and confident. "Yale is an unusual place for an athlete," he says. "A lot of people here don't even know who I am. And some of those who do have a certain fear of me. I don't know why; I'm a very peaceful person. When I was moving into my room this year, a guy and his girl friend were walking behind me up the stairs. I heard her say to him, 'Oh no. Does he live on your floor, too?' he turns to her and says, 'Shh. He might hear you,' as if I'm some type of a beast or something. I would like to make it known that I'm not a jock. I may not be a Renaissance man, but I'm more than just an athlete."

The Ivy League is one of the few organizations left that treats collegiate athletics the way they were originally intended to be treated, and it's a delight to encounter a legitimate scholar-athlete like Diana. According to the Yale press guide, the football team has 83 former members of high school honor societies, 10 valedictorians, three salutatorians and 16 class presidents. Diana was ranked third in his class of 800 at Hamden High, and at least he's a hero in his hometown. With the exception of another Eli, Whitney, Diana is perhaps Hamden's most prominent native son.

Diana, who has a 3.5 GPA in his grueling discipline, wants to become a surgeon, and he's waiting to hear from such medical schools as Harvard, Yale and NYU after scoring in the 70th percentile on the medical boards. "If I played somewhere else on scholarship, I probably wouldn't be able to devote as much time to studying," he says. "Here, academics are stressed, but so is sports. You can do both seriously."

That means undertaking a punishing schedule—16 hours of class each week and football practice every day from 3:45 until six. "Whether I go to medical school right away or wait depends on how football and baseball go," he says. Oh yes, Diana also plays centerfield for the Elis. Last year he hit .341 with eight homers and a school-record 43 RBIs.

But football is his first love. "You have to become a warrior when you're on the field," he says. It is hard to think of Diana, who has all the meanness and rough edges of a puppy dog, as a warrior. "That may be why I enjoy the game so much," he says. "I expend all my warlike tendencies in football so they don't show in real life." Last week he showed a visitor a film of the little dance he did after a 35-yard touchdown run in the Brown game. He wanted to prove he was capable of displaying emotion on the field. The dance was emotive, but Diana noticed something else in the film. A few yards from the goal line a Brown tackler desperately dived for Diana's ankles. You could see Diana make a tiny jump that was perfectly timed to elude his pursuer's grasp. "You know, I remember seeing that guy," Diana says, running the film back and forth several times. The man was clearly behind him. "I saw him, though," he says. "I don't know how, but I saw him."

Diana studies running backs like Earl Campbell and Walter Payton almost as assiduously as he studies physical chemistry, so maybe it's not so hard to understand his success at carrying the football, even with his linesman's body. "There's so much you can learn just by watching," he says. "I have a knack for observing and absorbing and then applying things I see to my style.

"When I carry the football, there's such an exhilaration going through my body. I've hit home runs and made great catches, but there's nothing in life that can compare with carrying the ball. I love playing football so much that it hurts me to think that in eight more weeks I might not play anymore."●

H.J. RES. 325

HON. LYNN MARTIN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mrs. MARTIN of Illinois. Mr. Speaker, one of the items pushed through in House Joint Resolution 325, the continuing resolution, is of grave concern to me. The Congress seems unwilling to deal separately with the issue of pay raises for ourselves and for the executive branch. I recognize that it is a difficult decision and that everyone is worried about what the folks back home will say. But it seems to me that that makes it even more imperative to discuss any changes in a specific and open manner.

I certainly question the removal of the cap on outside income for Members of the other body. I am wondering what business expense deductions for Congress will be allowable. And I question the propriety of having any changes take place immediately rather than after the next election.

As a member of the Illinois House, I voted against a pay raise, not just because of the dollars involved, but because of the manner in which it was done. No wonder we get the reputation of sneaky. I do not think Congress needs that kind of reputation. Our Members are of too high a quality for that. But there will be such a perception.

I therefore oppose certain provisions of the continuing resolution, H.J. Res. 325.●

THE VALLEY WINERIES

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. STARK. Mr. Speaker, I have taken some time recently to bring to the attention of my colleagues a number of the wineries that I have the privilege to have in my district. Another such winery to add to this long list is the Stony Ridge Winery in Pleasanton, Calif.

This winery and its vineyards date back to the 19th century. Some of the vines are the originals brought over from France in the late 1800's. This award winning vineyard has been producing quality wines for over 100 years.

I wish to share the following article with my colleagues describing the great tradition of Stony Ridge.

STONY RIDGE: CONTINUING A GREAT VALLEY TRADITION

Stony Ridge Winery, located on Vineyard Avenue just to the East of Pleasanton, is surrounded by the historic Ruby Hill Vineyard planted by Lou Crellin in the 1880's. The vineyard is tucked up against the hills at the end of what has been called the Fertile Crescent that includes such famous vineyards (now, alas, no longer producing) as Cresta Blanca and Olivina. This particular microclimate in the Southwest Livemore Valley has gained a reputation over the years for producing some of the state's finest Semillon, Sauvignon Blanc and Chardonnay. Many of the grapes grown in the area can trace their ancestry back to the original cuttings that Louis Mel and Charles Wetmore brought back from Chateau d'Yquem and other premium French vineyards in the late 19th century.

The winery building, an imposing three story brick structure built into the side of a hill, was completed in 1887 and has remained a practicing winery throughout the whole span of winemaking in California. In 1920 the vineyard and winery were acquired by Ernest Ferrario who replanted the vineyard using bud wood from existing vines. Wines produced by Stony Ridge today from the original vineyards are made from these old vines which have a low yield per acre, but intense flavors not found in younger vines.

The winery and vineyard were leased by Harry Rosignana and friends in 1975 from Southern Pacific which acquired it just prior to Ferrario's death. They have updated and modernized the equipment and winemaking techniques and are producing prize winning wines that have attracted the attention of the wine press and consumers.

Recently the winery has been involved in preserving the vineyard as working, productive grape land against the threat of residential and commercial development by a Danville developer who has obtained an option on the vineyard from Southern Pacific.

Local citizens have formed a "Save the Vineyards" committee to protect Stony Ridge and other vineyards from subdivision and concerned wine consumers are rallying to the effort to keep the Livermore Valley a center for the commercial production of first class grapes and wines.

Wines made from grapes grown in Ruby Hill vineyard have won an impressive number of awards for Stony Ridge and other wineries who have bought grapes from the historic vineyard.

The following are wines of Stony Ridge that have won awards this year:

1979 Late Harvest Johannisberg Riesling, Lot I; Gold Medal—Los Angeles County Fair; silver medal—Orange County Fair.

1979 Late Harvest Johannisberg Riesling, Lot II: Gold medal—Orange County Fair; silver medal—Los Angeles County Fair and San Jose Mercury News Awards.

1975 North Coast Cabernet Sauvignon; Gold medal—Orange County Fair.

1979 La Reina Chardonnay; bronze medal—Orange County Fair and San Jose Mercury News Awards.

1979 Pinot Noir; bronze medal—Orange County Fair.

1980 Chevrier Fume (Dry Semillon); bronze medal—Los Angeles County Fair.●

FOR GRACE BAPTIST CHURCH

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. EMERY. Mr. Speaker, I wish to bring to the attention of the House a bill for private relief for the Grace Baptist Church of Portland, Maine, due to a costly bit of advice given it by the Social Security Administration and the Internal Revenue Service, advice that proved not only costly but wrong.

Until 1976 religious and charitable organizations were exempted from paying the social security tax. If coverage was desired, the organization and its employees could waive the exemption by filing a valid waiver certificate with the IRS, as stipulated by section 3121 (b)(8)(B) and (k) of the Internal Revenue Code of 1954. The Grace Baptist Church and its lay employees did not elect to be covered and never filed the required IRS forms to waive its exemption.

In 1976, however, the social security law was amended to provide that if an exempt organization such as the church, although never having filed a valid waiver certificate, paid social security taxes for any period of not less than three consecutive calendar quarters, and if no refund or credit was allowed by the IRS for such taxes paid prior to September 9, 1976, then the organization was deemed to have constructively filed a waiver certificate, as provided by section 3121(k)(4) of the Internal Revenue Code, added effective October 19, 1976 by Public Law 94-563.

The IRS maintains that the church waived its social security tax exemption because for three consecutive quarters in 1974 the church erroneously paid taxes on a single employee. This was done on the advice of the Social Security Administration as the employee in question was covered in his previous job and the church's accountant didn't know whether for that reason taxes had to be withheld for the new job. The Social Security Administration advised the church that they should go ahead and withhold social security tax until the confusion could be cleared up.

The church at all times believed that it was exempt from social security taxes. As late as September 22, 1976, the IRS was continuing to advise the church in writing that it was exempt from taxes because it had never filed a valid waiver certificate. The church attempted to follow the advice of the IRS to insure that it would not jeopardize its exemption. Unfortunately, the IRS now maintains that the church is subject to the tax despite its reliance on the advice of the IRS and recommendations to the contrary prior to the changes in the social security law in 1976.

The IRS has assessed a $9,309.50 deficiency against the church for years 1976, 1977, and 1978. If the IRS is successful, additional taxes will be due for 1979, 1980, 1981, and future years until the church is able to withdraw from the social security system. The total cost to the church is estimated to be over $30,000—all because social security taxes were erroneously paid on one employee 2 years prior to the change in the law.

The unfairness of this tax assessment is obvious, as was the administrative procedure directly perpetrated by the Social Security Administration and the Internal Revenue Service. The intent of the retroactive 1976 legislation was not to force those who did not wish the protections of the social security system to accept their will, hence I believe we have a responsibility to relieve those who were unduly harmed by such actions of the agencies of the Federal Government.●

ANOTHER HIGH-TECHNOLOGY INDUSTRY COULD BE DOOMED

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mrs. BOUQUARD. Mr. Speaker, it is a well-known fact that new orders for nuclear powerplants within the United States have dropped sharply over the past couple of years. Regulatory constraints, financial difficulties of the electric utility industry, and a lessening of energy demand have caused the decline in domestic orders, and have forced U.S. vendors to rely heavily on foreign powerplant buyers for much of their business.

However, an article in the August 31, 1981, issue of Business Week magazine points out that the United States is now also losing much of its overseas market for nuclear plants, fuel, and services. The article printed below, entitled "The U.S. Nuclear Power Industry Cries for Help," indicates that the U.S. share of new international projects over the past 5 years has dropped from 70 percent to less than 50 percent, and of 10 overseas orders just last year, U.S. manufacturers got none.

What this means is that the U.S. nuclear manufacturing industry could very well be on its deathbed. The sluggishiness of our nuclear export market is caused in part by unfavorable financing terms available in the United States compared to what is offered by other countries such as France and the restrictions on our companies in competing against the Japanese Government-industry combine. Survival of the U.S. nuclear powerplant makers is definitely in the balance, and we could be killing yet another of our advanced technology industries.

It is my hope that my colleagues will become as alarmed as I am. We must get to work on licensing reform, international agreements limiting interest rates on export loans, and other solutions to ease the constraints on industries such as nuclear manufacturing if we are to hope that the United States will maintain its position in the world's technology market.

THE U.S. NUCLEAR POWER INDUSTRY CRIES FOR HELP

The U.S. nuclear power plant manufacturing industry may be in its death throes. So says no less a passionate proponent than A. Philip Bray, vice-president and general manager of General Electric Co.'s Nuclear Power Systems Div. in San Jose, Calif.

About 2½ years ago, domestic orders for nuclear power plants were dropping sharply because of falling energy demand, severe regulatory problems, and the growing financial distress of many electric utilities (BW—Dec. 25, 1978). But now the export market also is drying up because foreign power plant buyers can get better financing terms, if not technology, outside the U.S.

GE still has 45 nuclear power units under construction, including 12 overseas, according to Bray. But it has not signed a new construction contract in the past five years, and unless it gets considerable new business in the next couple of years, management may elect to get out of the business.

Irving C. Bupp Jr., associate professor at Harvard's Graduate School of Business, thinks the U.S. industry's struggle to hang on may already have been lost. "There are not going to be any more nuclear [power plant] orders in the U.S. this century," he predicts. There will be some from foreign buyers. But soon "all four remaining U.S. vendors have to decide whether they will continue to commit resources to an industry with no growth prospects." This includes GE and Westinghouse Electric Corp., as well as Combustion Engineering Inc. and the Babcock & Wilcox Div. of McDermott Inc.

PERVASIVE PESSIMISM

Dropouts could come sooner rather than later. The Edison Electric Institute believes that even with U.S. energy demand growing at a scant 2 percent annually, the nation's utilities will have to spend $485 billion by 1990 on new power plant construction and much of this presumably will be nuclear. But others think that this is so much opium-puffing. Harvard's Bupp, for example, figures that even without nuclear power additions beyond those on line in 1979, the electrical service margin for U.S. utilities will still be about 35 percent at the end of the 1980s. Adds Edwin J. O'Connell, vice-president of Bechtel Power Corp., which helped build one-third of all nuclear power plants in the U.S.: "Nothing will happen until someone needs more power."

Even then, there will be the problem of who will pay for it. Chauncey Starr, vice-chairman of the Electric Power Research Institute, is one who believes that there could be U.S. energy shortages in the late 1980s. But the utilities have "no cash flow to support new construction," he maintains.

Battered by inflation, soaring interest costs for nuclear plants under construction, and a holddown on government licensing since the 1979 accident at one of General Public Utilities Corp.'s Three Mile Island power units, most investor-owned U.S. electric power companies are mired in deep financial trouble. Since 1975, they have canceled contracts for about 50 nuclear plants, 16 in 1980 alone, and are deferring many more orders. This is what makes sales of nuclear plants to foreign buyers so important. "U.S. manufacturers have got to be able to sell in the foreign market or they won't stay in business," warns EPRI's Starr. "It's their only market right now."

A DEARTH OF ORDERS

Now the overseas market for U.S. vendors is also failing. Over the past five years, Westinghouse claims that more than $9 billion in foreign orders for nuclear plants, fuel, and services have been snatched from U.S. manufacturers partly because potential buyers could not get financing help in the U.S. As a result, the U.S. share of new international projects in that period dropped from 70 percent to less than 50 percent. Of 10 overseas orders last year, U.S. manufacturers got none. This is critically important in the absence of new orders inside the U.S., says Theodore Stern, executive vice-president of Nuclear Energy Systems for Westinghouse, because "maintaining the technological leadership we've enjoyed can only come from exporting to other countries."

There are four times as many nuclear units planned or under construction outside the U.S. as in this country, according to the Atomic Industrial Forum. And perhaps ironically, most overseas units are being built by foreign licensees of U.S. plant designs. France's Framatome, for example, is a Westinghouse protege, while GE has technology transfer agreements that are being turned into power plant orders by Japan's Hitachi and Toshiba. The latter two companies, along with Tokyo Electric Power Co. and five other Japanese utilities, are currently working on a GE design of an advanced boiling water reactor that will be simpler and therefore cheaper and safer to operate than current models. And they are making such progress that they now are "almost equal" on the technical side and "may be better" in manufacturing hardware than U.S. companies, boasts Masao Takuma, assistant manager of Tokyo Electric's General Planning Div.

A FINANCING HURDLE

Moreover, foreign governments often underwrite nuclear sales, especially in France, where manufacturers have six export units on order or under construction. In Framatome's sale of two 900-Mw reactors to South Korea last November, for example, Banque Francaise du Commerce Exterieur agreed to finance 85 percent of their cost at an interest rate of only 7.6 percent. In the U.S., by contrast, the Export-Import Bank might finance 65 percent of an overseas nuclear plant sale and would charge 10.5 percent interest. For two nuclear units on which GE and Westinghouse are now bidding in Taiwan, the interest rate differential between the U.S. and French terms on a $1.6 billion loan could easily top $500 million over the life of the project. Says Starr: "All manufacturers can now make nuclear power plants that work, so the purchaser tends to buy the one with the least annual capital outlay."

Although Westinghouse and GE both may be discounting U.S. political and economic influence that could help them win upcoming orders in Mexico and Egypt, as well as Taiwan, the financial hurdle—what Westinghouse's Stern terms "predatory financing"—could be a killer. Westinghouse even suggests that France may see an opportunity "to knock out much of its global competition if it can dominate the [power plant] export market over the next few years."

In cases where a nuclear power plant sale may be part of a package of other exports, France is now prepared to provide up to 100 percent financing to would-be buyers. And despite Socialist President Francois Mitterrand's vow to rein in France's ambitious domestic nuclear program, French foreign trade officials expect that this will have no effect on its "full battle" for export sales. Indeed, Mitterrand has pledged to double French aid to developing countries from 0.37 percent to 0.7 percent of his government's gross national product by 1988.

Not surprisingly, U.S. power plant vendors would like similar treatment from the U.S. Export Import Bank in the form of subsidized loans. But they are very unlikely to get it. And that means that the survival of U.S. Nuclear power plant makers may depend on help from somewhere else—perhaps from an international agreement such as the accord worked out recently between the U.S., France, Britain, and West Germany that limits interest rates on aircraft export loans to 12 percent.

LICENSING REFORM

But this will not solve the domestic industry's fundamental, long-term problems at home. And to this end, it is lobbying hard in Washington to get changes in present licensing rules. Particularly costly and unnecessary, it believes, is a provision of the Atomic Energy Act that requires a detailed review of every new power plant, regardless of how many times its design has been used, plus a two-step review for a construction permit and an operating license. This time-consuming process means it takes about 12 years for a new nuclear plant to be put into commercial operation in the U.S., double the time it took a decade ago and double the time it now takes abroad.

The industry has long argued that duplicative reviews are unnecessary, but it has received little sympathy. Recently, however, Morris K. Udall (D-Ariz.), chairman of the House Interior Committee, said he now believes "a high degree of standardization may be the way to avoid many of the pitfalls of the past" in nuclear power plant construction. And the Congressional Office of Technology Assessment has come to the same conclusion from a different direction. Single stage licensing, the Office of Technology Assessment now figures, would encourage U.S. power plant vendors to continue to develop standardized designs. And the utilities would profit because they could order plants with preapproved designs, saving time and money by having only to get site-specific features licensed separately.

THE SLUGGISH EXPORT MARKET FOR NUCLEAR POWERPLANTS

Exporting country	Powerplant sales	
	1958 to 1975	1975 to mid-1981
Belgium	4	
Britain	1	
Canada	4	2
France	7	6
Sweden	2	
United States	41	10
U.S.S.R	20	4
West Germany	4	5
Total	83	27

Data: Atomic Industrial Forum, Westinghouse Electric Corp

GE's Bray, whose company suggested such an arrangement nearly a decade ago, would warmly endorse such regulatory reform. It makes just as much sense to license nuclear powerplant designs as it does to allow the Federal Aviation Administration to approve a new Boeing jet aircraft design, he argues. "Defending each nuclear plant as though it were the first of a kind is killing us," according to Bray.

THE COST OF DELAY

It is also killing the budgets of U.S. utilities. A GE Model-6 boiling water nuclear reactor order by Taiwan in 1974 is now operating at 65% of its rated 1,000-Mw capacity while a similar reactor, ordered by Houston Lighting & Power Co. at the same time, is still awaiting a construction permit and will not be on line until 1990 at the earliest, GE says.

Since each unit costs more than $1 billion, even a year's delay can cost hundreds of millions of dollars in extra interest costs, Bray points out. Thus, without "power worthiness" or "nuclear acceptability certificates," it is not hard to see why U.S. utilities are not going to buy any more nuclear power units, he contends. The electricity consumer also loses, claims Westinghouse's Stern, because "nuclear still represents the lowest cost power generation if we can streamline its licensing."

Some reforms may not be too long in coming. The Nuclear Regulatory Commission, revamped under Reagan, has endorsed consideration of licensing changes and also says it favors granting low-power testing licenses to some new powerplants. Equally significant, the Federal Energy Regulation Commission may soon allow utilities greater flexibility in charging their customers for powerplant construction in progress, in effect cutting their capital cost burden by shifting some of it to consumers.

PHASING OUT

If such reforms take place, Bechtel's O'Connell thinks there could be at least two new U.S. nuclear plant orders next year. But manufacturers are not counting on them and, in any event, a few orders would not be enough to keep them all in business. Thus, Combustion Engineering Inc., which has only 14 nuclear plants under construction and which expects no new orders until sometime in the mid-1980s, is focusing on Navy work, building pressure vessels for other industries, and on going after what Vice-President Donald E. Lyons calls "the strong aftermarket" of nuclear plant servicing and upgrading. And Babcock & Wilcox, which has had seven power plant orders canceled since the accident at Three Mile Island, is diversifying "so that we can continue in a profitable mode if that [nuclear] business never develops," according to Senior Vice-President John H. MacMillan.

At GE, Bray admits that his company's nuclear power business is now "modestly" unprofitable. But he is more concerned about what will happen when its current $5.5 billion backlog is worked down to $1.9 billion by 1985 and there are no new orders. With 68 domestic nuclear plants under construction between them, both GE and Westinghouse would probably have a continuing good business in providing fuel and services. But even if there are new orders many industry insiders do not believe there will be room enough for four nuclear plant builders.

Bechtel's O'Connell suspects demand will still support two producers, and he thinks GE and Westinghouse will eventually split the nuclear plant business as they do with turbines. But Bray worries that there could be no survivors because as the industry shrinks, many parts suppliers could decide not to renew their government eligibility. If that happens, he maintains, there soon may not be enough of them left to support any nuclear plant manufacturer.

Already, "qualified vendors are fading away," Bray warns. "It's the 11th hour." If nothing changes in the next two years, he believes, the U.S. could inadvertently "kill another industry."●

UNIFORM CRIME REPORT FOR 1980

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. HERTEL. Mr. Speaker, the Federal Bureau of Investigation has recently released the Uniform Crime Reports for 1980. This report estimates 3,759,193 burglaries occurred in the United States last year. That means there was approximately one burglary every 8 seconds. This type of offense comprised 28 percent of the total FBI crime index and 31 percent of reported property crime.

Larceny-theft was estimated at a staggering 7,112,657 offenses in 1980. Every 4 seconds, there was one larceny-theft in our Nation; 53 percent of the crime index total and 59 percent of the property crime total were larceny-thefts.

Our citizens are being robbed of billions of dollars annually. The average value of property stolen by larceny-theft was $307, totaling a national loss to victims of $2.2 billion. While burglaries are less frequent, the loss is more profound. The average dollar loss per burglary was $882, with nationally estimated losses of $3.3 billion.

Clearly, the trend is upward for both burglary and larceny-theft with respective growth rates of 14 percent and 8 percent. What used to be a phenomenon of the cities has now spread. well beyond urban boundaries. Larceny-theft has increased in suburban and rural areas, 6 percent and 12 percent, respectively. Burglaries in suburban areas have increased 15 percent, while rural areas have experienced a 13-percent rise.

Our law enforcement efforts have been unable to keep pace with the rapid increases in property crime. I believe it is necessary to go to the root of this crime—the quick conversion of stolen valuables for cash. As a countermeasure to prevent transactions in stolen goods and to aid in the investigation and prosecution of stolen property, I have introduced the Anti-Fencing Act of 1981.

This bill prohibits any dealer in valuables containing gold, silver, platinum, or gems from receiving or purchasing these items from an individual under the age of 18. This accounts for 45 percent of all persons arrested on larceny-theft. This also forbids receipts to intoxicated or drugged sellers.

To aid in the investigation and prosecution of crimes, dealers are also required to secure valid identification from the seller; maintain permanent records of the transaction for at least 1 year, including birthdate, address, and thumbprint of seller; and permanent records would be subject to inspection by any law enforcement official during regular business hours. Finally, the bill forbids any payout in cash for the item received and unaltered retention of the valuable for 7 days by the dealer.

This is a tough bill which is designed to drastically reduce the market for stolen goods. Without easy access to fencing outlets, the love of easy money from stealing is no longer attractive. There are paperwork requirements for dealers which have been reduced to a minimum, but will supply law enforcement officials with solid leads and evidentiary chains which would help prosecution.

I hope the Members of this body will join me in supporting this measure.●

THE F/A-18—WITH WEAPONS SYSTEMS LIKE THIS, WHO NEEDS ENEMIES

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. VENTO. Mr. Speaker, and my colleagues: Wednesday, September 30, 1981, will go down in history as a day of U.S. naval glory and achievement; however, one not rivaling, emphatically not rivaling, the U.S. Navy World War II victory at Midway and the Revolutionary victories of John Paul Jones. On this crisp fall day, an F/A-18 naval aircraft got its first kill in a maneuver hitherto unused in air warfare.

Unfortunately, the first victim of the F/A-18 was not a hostile aggressor's aircraft. No, the F/A-18 struck closer to home. The F/A-18 got one of our own. From the information I have received, an F/A-18 accompanied by a two-seated version of an A-4, a 20-year-old U.S. naval aircraft, was on a vital mission. In the A-4 was a McDonnell Douglas cameraman filming the F/A-18 in "action"—no doubt to convince the F/A-18 skeptics about the merits of this aircraft.

One dramatic shot was to be of the F/A-18 releasing its bombs. While the bomb release mechanism was being operated, the bomb rack fell off. The rack hit the A-4 and knocked it out of the sky. Fortunately, the two crewmen parachuted to safety.

This is another important chapter in the annals of naval history. The F/A-18 is combat-tested. It has a higher kill count of U.S. aircraft than the Soviet Air Force and Navy combined and its technique is brilliant and cost efficient. Rather than using bombs, our first line of defense is now bomb racks.

I must ask, however, what was going on up there. Why is this plane falling apart? Was it a McDonnell Douglas cameraman working and filming in the A-4? Was this film to be a Navy propaganda piece or a McDonnell Douglas promotion? If it was the latter, is the company responsible for the loss of the A-4? I hope the Navy will inform Congress of this incident and the issues I raised in a timely fashion.●

LOCKHEED HAS THE ANSWER WITH IMPROVED C-5

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. GINGRICH. Mr. Speaker, the President has just informed the people of the United States that the budget will have to be cut some more and that even the Defense Department will have to be cut, if the economy is to prosper and we are to have a balanced budget in the next few years. One certain way that some economies can be achieved is to accept the Lockheed fixed price offer to build additional improved C-5's. Thus, we could have more proven transport planes for our Rapid Deployment Force sooner and cheaper that the CX plane whose ultimate costs and performance are as yet unknown. This subject was discussed in the Atlanta Journal of September 21, 1981, in an interview with Congressman LARRY P. MCDONALD. I certainly want to say I agree with what he had to say and include this item in the RECORD as a positive proposal that will benefit our armed services and the taxpayer:

[From the Atlanta Journal, Sept. 21, 1981]

LOCKHEED OFFERS MILITARY NEW DEAL

(By Evan Kossoff)

Lockheed-Georgia Co. has submitted to the U.S. Air Force an 11th-hour proposal that could reverse its recent loss to McDonnell Douglas Corp. and bring to it a multibillion-dollar contract to build military airlift planes.

To help turn the tide, the Marietta firm has offered the Air Force a firm fixed-price contract, something company officials say is "very unusual," especially during inflationary times.

"I think it's a tremendous deal," said Rep. Larry McDonald (D-Ga.), who is a member of the House Armed Services Committee, its Research and Development subcommittee and the airlift subcommittee.

McDonald represents the district that includes Marietta and the Lockheed-Georgia facilities.

"I don't believe the Pentagon can turn a blind eye. It's a whale of a buy," McDonald said.

The new proposal, which provides for construction of 44 modified C-5 aircraft at a fixed price of $4.18 billion, could bring as many as 8,500 jobs to the Marietta-based subsidiary of Lockheed Corp. by 1985, with the period of rejuvenated employment lasting at least through 1987.

Employment would remain higher several years longer if the Air Force decides to buy additional C-5Ns, as the proposed, improved version of the existing C-5A Galaxy is called. The "N" stands for "new."

Lockheed-Georgia has offered to build 44 more C-5Ns for $2.54 billion, and a third order of 44 C-5Ns for $2.4 billion.

An alternative for Lockheed-Georgia is that employment of one of the state's largest employers will remain at about 13,500 until mid-1987, when significant cutbacks could occur.

Lockheed-Georgia last month lost a bid to build a completely new airlift plane, tentatively titled C-X, which could have added more than 12,000 jobs at its peak in 1985 and would have continued to boost employment through 1990.

The Air Force announced Aug. 28 that the proposed C-X military transport plane would be built by the Douglas Aircraft Co. of Long Beach, Calif.—awarding to the McDonnell Douglas Corp. division a contract estimated to be worth $10 billion to $15 billion.

Lockheed-Georgia and Seattle-based Boeing Co. were losers in the CX competition.

The Air Force has not yet revealed the reasons for its decision.

But Lockheed-Georgia rebounded in a Sept. 14 letter to Air Force Secretary Verne Orr offering "proven airlift capability to help satisfy the additional outsize/oversize airlift requirements . . . much sooner than any other approach, at much less cost, with no R&D (research and development) funding and no technical or cost risk to the government."

It is the third time since Lockheed-Georgia submitted its proposal to build a C-X aircraft at the beginning of this year that the company has formally proposed reopening its C-5 assembly line to build modified versions of the C-5A. Each of the three proposals has been slightly different, and the third one is the only one to offer a firm fixed price.

The C-5A is the only existing airlifter capable of carrying "outsized" cargo such as large helicopters and tanks. The proposed C-X would also be able to handle the large cargo.

The Air Force has yet to prove the need for the C-X and its great expense to Congress, so Congress has slowed financing of the program significantly.

The Air Force requested $245.7 million in fiscal 1982 funding. The Senate approved authorization for $1 million, while the House voted $20 million, plus $150 million for purchase of existing wide-body aircraft.

A final decision remains stalled in conference committee.

And it will no doubt be affected by administration budget cuts. Purchase of new military airlifters is "one of those programs (that hangs) in the balance," according to one congressional source.

Similarly, in announcing the C-X contract winner, the Air Force was forced to state that the choice "does not represent an Air Force commitment to build the C-X. Currently the Air Force is evaluating several mixes of out-sized and oversized bulk-capable aircraft, to correct the current shortfall in airlift capability."

The move to correct the shortfall gained steam last year when concern over Middle East developments led observers to believe the United States might have to move in troops and equipment quickly to protect oil fields from the Soviet Union or other encroachers. With the Air Force initially demanding development of a new plane, the C-X program was born. Now, one alternative is Lockheed-Georgia's C-5N.

According to Rep. McDonald, Lockheed-Georgia lost the C-X competition because McDonnell Douglas' proposal had a "remarkably low" price, including guaranteed research and development costs. Production costs, however, were not similarly fixed.

The winner's bid was so low, it not only beat out Lockheed-Georgia—which has built all of the Air Force's airlift craft now in service—but was substantially below the Air Force's estimated project cost.

And, McDonald contends, "If it goes through, you're going to find yourself faced with tremendous overruns . . . (which) leave everyone with a bad taste." Almost all military systems end up with overruns anyway, he added.

In comparison, McDonald said, Lockheed-Georgia has guaranteed a "rock-bottom, fixed price. They're willing to bet their corporation on it."

In the Sept. 14 letter, Roy A. Anderson, chairman of Lockheed-Georgia's parent company, Burbank, Calif.-based Lockheed Corp., also noted other advantages to the C-5N proposal:

If the go-ahead is given by November, the first C-5N would be delivered in operational status in December 1984. The first squadron of 16 aircraft would be ready in 1986, two years before a squadron of C-Xs might be available.

No research and development funding is needed. The amount of money that would be spent developing the CX (pre-production costs) will purchase 17 C-5Ns.

Improvements in the C-5 provide higher payload and range, lower maintenance man hours per flying hour and better dispatch reliability. Stronger wings, scheduled to be installed on the Air Force's existing fleet of C-5As, will be included on the C-5N, as will an improved engine already in existence.

Fewer unknowns exist with the C-5N because it is derived from an existing aircraft and will need less testing.

Lockheed-Georgia has kept most of the tooling from C-5A production, completed several years ago. The tooling is valued today at $875 million.

Lockheed-Georgia offers a five-year warranty.

The 44 C-5s would fill one-half of the nation's 20-million-ton-miles-per-day airlift shortfall cited in a congressionally mandated mobility study.

Cargo-capable wide-body aircraft operated by the nation's major airlines and incorporated in the Civil Reserve Air Force would deliver the balance of the 20 million ton miles per day, the Lockheed letter said.

While Boeing still could come up with an alternative for the Air Force, the current bout to build new military airlift planes looks more like a two-horse race.

"Round 2," Lockheed-Georgia officials say of the battle, conceding the first round to McDonnell Douglas.

"How important is it?" J. W. Currie Jr., a Lockheed-Georgia vice president, said of the C-5N project. "It's obviously $4.18 billion worth of importance to us. It keeps us in the business of building all of the nation's airlifters."

Finally, Currie said, "We're not very gracious losers."●

AD HOC CONGRESSIONAL COMMITTEE FOR IRISH AFFAIRS: 4 YEARS OF ADVOCACY ON BEHALF OF PEACE AND JUSTICE FOR NORTHERN IRELAND

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. BIAGGI. Mr. Speaker, I am pleased to report to the House on Sunday, September 27, the Ad Hoc Congressional Committee for Irish Affairs observed its fourth anniversary. As chairman of this 125-member, bipartisan body, I wish to take this occasion to review the past, analyze the present, and discuss our future activities.

From the outset, the ad hoc committee was formed by and for the millions of Irish Americans who desire peace and justice for Northern Ireland. Specifically, the leadership of the Ancient Order of Hibernians and the Irish National Caucus, two of this Nation's largest and most prestigious Irish American organizations approached me in 1977 and asked me to establish the committee and to serve as its chairman. I accepted this invitation and the committee was established with an initial membership of 30 members. In the succeeding months and years the members of the committee grew. It has always been bipartisan in makeup and activity.

At the time the committee was established, we announced that our goals were threefold in nature:

First, we sought congressional hearings on Northern Ireland;

Second, we sought to change the State Department's visa policy which served to exclude legitimate segments of Irish political thought from entering our Nation; and

Third, we sought to give the President a broader perspective on the Irish question.

Now 4 years later, we have made strides in achieving each of our objectives. In the most general sense, the ad hoc committee has raised the Irish issue from a position of obscurity to one which now regularly commands national and international attention. We have seen Northern Ireland emerge both as a valid foreign policy and political issue in the United States. Our primary role, as a nonofficial and nonlegislative committee, in this matter is to maintain a highly visible profile for the United States as we have a legitimate interest in seeking a just resolution of this situation in this part of the world.

WHAT HAVE WE ACCOMPLISHED TO DATE?

Our bipartisan activities have produced several major initiatives since our formation in 1977. These activities have underscored our success in filling the vacuum created by previous lack of leadership on this issue prior to the formation of the ad hoc committee.

A mere 6 months after the committee began its work. Prime Minister Lynch of Ireland attacked my role as chairman and the work we were seeking to do. As a result, world attention focused on our group and the net effect was a dramatic increase in our membership to over 100 members.

The year 1978 was an active year for the committee in the legislative arena as well. For the first time ever, a special order was conducted on human rights abuses in Northern Ireland in June of that year which focused on the reports of Amnesty International and other international watchdog groups which cited the Royal Ulster Constabulary for numerous violations of human rights of prisoners and prison suspects in Ulster's Maze Prison. As a result of these charges and in response to negative world opinion, the British appointed their own commission to investigate these charges. This Bennett Commission as it was called, confirmed the reports of Amnesty and others and legitimized the claims of the ad hoc committee.

Responding the international pleas for an immediate solution to the human rights problem in the north, I personally led a delegation of House Members and Irish American leaders to Ulster in November of 1978 to get a firsthand account of the situation. Upon our return, I met with then-Assistant Secretary for Human Rights Pat Derian as well as U.N. Ambassador Andrew Young, to express the committee's wish to see the United States speak out on this issue.

The year 1979 saw continued advocacy on behalf of peace and justice in Northern Ireland. In February, the executive committee of the ad hoc committee met and unanimously endorsed a proposal to sponsor a peace forum where all parties and organizations in Ulster would be invited to present and discuss peace proposals. It has been the contention of the committee from its inception that no peace would come to Northern Ireland unless all parties involved in the conflict were a part of the solution. Nobel Price laureate Sean McBride and Irish and European Parliament Deputy Neil Blaney both addressed the committee and endorsed this proposal and the work of the committee.

In May, I introduced House Concurrent Resolution 122, a resolution prompted by the continued inability of the British Government to effect a peaceful solution calling upon them to embark on a new initiative to promote peace and self-determination there. This resolution received strong support from the committee and from the Irish-American community resulting in 120 cosponsors.

The highlight of our accomplishments, which remains the centerpiece of our accomplishments to date, is the August 1979 suspension of arms sales to Great Britain for use in Northern Ireland. This action was generated by the discovery that the United States had regularly made such sales to the RUC—sales which directly violated both the spirit and the intent of our Foreign Assistance Act which prohibits such action to violators of human rights. Thanks to the work of the committee members in highlighting this problem during consideration of the State Department's 1980 appropriations bill, hearings were held in the Foreign Affairs Committee the first time since 1972.

This suspension remains in effect, and was most recently reaffirmed by the administration in a reply to our inquiry earlier this year. The ad hoc committee considers it essential that this suspension remain in effect and will continue to work to insure its retention until peace comes to Northern Ireland.

The ad hoc committee continued to promote the United States role in helping to resolve the Ulster situation throughout 1980. After consulting with former President Carter on several occasions on this matter, Northern Ireland became for the first time a part of the 1980 Democratic Party platform in part due to my testimony before the Democratic National Committee as well as the ad hoc committee's effectiveness in making this a visible issue for the President's campaign.

WHERE ARE WE TODAY?

This year, our bipartisan efforts have produced several important initiatives. As noted above, one of the committee's first actions of the 97th Congress was to contact President Reagan to reaffirm the gun ban suspension.

Our efforts this year also centered around the ongoing hunger strike in Ulster's Maze Prison conducted by inmates seeking basic prison reforms. In March of this year, I was joined by 20 of my colleagues in sending a letter to President Reagan urging that he speak directly with Prime Minister Thatcher and urge her government to abandon their inflexible policy in this matter. We also appealed to Margaret Thatcher personally in a telegram signed by 50 Members urging her to commence negotiations on the hunger strike before any feasible solution was permanently out of reach.

This plea, along with those of Pope Paul II and other world leaders who have spoken out on this matter, fell on deaf ears. The hunger strike continues, seven young men have died and others wait to take their place. British policy in the matter of Northern Ireland has demonstrated itself to be devoid of compassion and disdainful of world opinion.

In order to demonstrate congressional concern for a resolution of the hunger strike in a tangible fashion, I introduced House Resolution 158 which urges the British Government to embark upon a humanitarian resolution of the hunger strike. This solution, which now has over 80 cosponsors, also restates the ad hoc committee's total opposition to all forms of violence which currently exist in the North—both official and civilian. We will continue to push for adoption of this resolution in order to solidify congressional concern in this area and place this House on record in support of a just solution to this issue.

The committee was honored to receive testimony from two witnesses on July 11 of this year who provided first-hand accounts of the current situation in Ulster. Father Brian Brady, religion department head at St. Joseph's College of Education in Belfast and a leader in the human rights movement, presented testimony on economic discrimination in Northern Ireland by American manufacturing firms. We also heard from Mickey Brennan with the AFL-CIO who visited with labor leaders in Ireland and presented his impressions on the current situation to committee members.

Both these witnesses underscored what we of the ad hoc committee have sought to dramatize: The current situation in Northern Ireland is in need of an immediate humanitarian and equitable solution in lieu of the current intransigence of British policy. The ad hoc committee will continue to work to effect such a solution in both the hunger strike as well as an overall solution to the Irish question before any solution permanent exceeds our grasp.

WHERE ARE WE GOING?

The future efforts of the ad hoc committee will be directed toward working to develop an economic assistance package for Northern Ireland in keeping with the historical role of the United States in providing such foreign aid to promote economic and political stability. It is my contention that such aid would be instrumental in returning economic renewal to the north as well as help to stabilize the current situation so that discussion toward a permanent solution could commence with all parties involved. Such aid might also attract additional U.S. investment in this area, and follow the lead of several major firms who have business interests there.

In retrospect, the Ad Hoc Congressional Committee for Irish Affairs can justifiably be proud of the progress we have made in this issue since our beginning in 1977. The issue of Northern Ireland is now a component of our foreign policy and we will continue to work to keep it a viable component of U.S. actions in the international arena. The issues of human rights, economic justice, and humanitarian resolve will continue to highlight our work in helping to promote a peaceful solution for Northern Ireland. Now more than ever, the United States can contribute to a solution to this problem for never has there been greater instability, bloodshed, and strife. Progress has been made, but it is infinitesimal to the work which is yet to be done. We stand ready to work with all parties and individuals in seeking an end to the crisis which faces Northern Ireland.●

FREE CUBAN SUPPORT FOR "RADIO MARTI" EXPRESSED TO PRESIDENT REAGAN

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. McDONALD. Mr. Speaker, it is a well known fact that Castro's radios are filling the airwaves with his communistic propaganda. For too long he has had his own way in this form of radio warfare. Now President Reagan has announced that a counter to Castro's activities, in the form of Radio Marti will begin to broadcast the truth to Cuba and its people. This is long overdue. A letter, expressing strong support, was recently sent to me. It is signed by the heads of important organizations that include the best of the Cuban exiles, such as Dr. Manual Campo, M.D., president of the Physician's Association of Clinics, Hospitals, and Annex; Mr. Andres Nazario Sargent, president of Alpha 66; Mr. Luis Sabines, president of the Latin American Chamber of Commerce; and Mr. Armando J. Ducelo, president of the Sertoma Clubs. Radio Marti can be a positive factor in combatting the spread of Castro's subversion, so I feel it needs the thoughtful support of the Congress. Therefore, I include the text of the letter at this point in the CONGRESSIONAL RECORD.

MIAMI, *September 28, 1981.*

Hon. LARRY McDONALD,
House of Representatives,
Washington, D.C.

DEAR SIR: The undersigned, Directors of the most important Civic, Professional and Labor Organizations in the United States, in exile from Cuba, wish to let you know and express our most profound satisfaction for the announcement made by the Administration of the President Mr. Reagan of the planning of a Radio Broadcasting Station "Radio Marti" to make possible for the Cuban People to learn what is going on in their own country, to be informed of the dictatorial ill-government that they have, to know how that government promote international terrorism and subversion in this hemisphere and in other parts of the world denounced by high public officials in Washington, D.C.

For that reason we have written today to the President of the United States, Mr. Ronald Reagan a letter, the fundamental points of which, we desire that you communicate to the House of Representatives. This request we make because we are convinced that you are one of the most firm enemies of communism in the Legislative Branch of the United States government.

We express to the President our total approval of his Administration and our firm belief that to liberate Cuba from the Marxist tyranny is the only way to stop the subversion, the guerrrillas, and the terrorism that Fidel Castro has been exporting into Latin America the last twenty two years.

Regarding the installation of "RADIO MARTI", we have congratulated the President for the initiative and have suggested that in order to insure its efficient realization, "to invite the most experienced political radio-broadcasters that can be found in the Cuban exile".

They are members of the "Colegio Nacional de Locutores de Cuba en El Exilio" (National Cuban Radio and T.V. Announcers in Exile). It is presided by Mr. Armando Pérez Roura and two of its outstanding members are Ramón Irigoyen and Humberto Estévez.

To participate in this project, consideration should be given to the men best qualified and experienced who at the same time are true defenders of liberty and democracy.

Mr. Armando Pérez Roura is the most respected and admired person of the Cuban Radio Broadcasting Stations today. His thoughts and character were forged in the Castro's prisons and since twelve years ago he is one of the principal forces enhancing our desires to return to our country. His exceptional professional qualities enabled him in the year 1959 to preside the "Inter-American Association of Broadcasters" and at the present time he is its president.

The preceding proposition is based on the merits of the persons mentioned and also in our preoccupation that such a valuable and transcendental initiative could be ruined if it is permitted to take part in the planning or management of it, persons in the Cuban exile who oppose Castro as the person that he is but they accept the Socialist Doctrine.

They work actively in this exile to substitute Castro when he is outsted and they already presume that they will have influence in the Broadcasting Station.

We are also preoccupied for the attitude of some officials in the Department of State who are following the same policy of the administration which appointed them.

Finally Mr. McDonald, we wish to let you know that we feel immense gratitude. After living in the United States many years we have learned to appreciate the true defenders of liberty and the democratic way of life that we hope to have in our country again.

Respectfully,

DR. MANUEL CAMPO, M.D.,
President, Physician's Association of Clinics, Hospitals, and Annex.

ANDRES NAZARIO SARGENT,
President, Alpha 66.

LUIS SABINES,
President, Latin American Chamber of Commerce.

ARMANDO J. DUCELO,
President, Sertoma Clubs.●

IT'S TIME TO GET THE BUDGET UNDER CONTROL

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. RICHMOND. Mr. Speaker, I believe that my colleagues will be interested to know that I am currently preparing legislation that will balance the budget in a way that is fair to all Americans.

The legislation I am working on would do this through a combination of judicious budget cuts and revenue-enhancing measures designed to raise over $40 billion in 1982. Unlike the President's proposals, it would give us a true "share-the-burden" budget, which I invite each and every Member of the House of Representatives to cosponsor on a bipartisan basis.

Mr. Speaker, after Congress enacted President Reagan's tax cut and budget reconciliation bills last summer, the financial community all across our country registered a verdict of "no confidence." Investors voted with their feet. Chaos resulted in the stock and bond markets, with prices falling and interest rates soaring to record heights each week.

It is clear that we will have massive budget deficits year after year, resulting from the ill-considered 3-year tax cut and increased Pentagon spending combined with the Fed's tight lid on monetary growth. Obviously, these policies will not bring interest rates down, as the President had promised, but instead, they will keep interest rates devastatingly high for the foreseeable future.

To mollify Wall Street, the President, in his televised address, led us further down the road to ruin by proposing even more budget cuts that would heap further burdens on the poor and on middle-income America.

Now, the world economy has registered its own vote of "no confidence" in Reaganomics, fearing that continued budget deficits and high interest rates in the United States will drag the economies of our trading partners into the depths.

Before further cuts are proposed to mollify these critics, I believe it is time to consign Reaganomics to the dust bin and enact a sensible economic program that will balance the budget in a way that will share the burden among all Americans.

Last week, I sent a "Dear Colleague" letter explaining my "Share-the-Burden" budget proposal, and I would like to insert it in the RECORD at this point and urge my colleagues to give it their prompt support.

The "Dear Colleague" letter follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., September 24, 1981.

DEAR COLLEAGUE: I am preparing to introduce legislation that would, under the President's economic assumptions, balance the budget for fiscal year 1982 by cutting $6 billion in outlays and by raising almost $40 billion in new revenues—by charging realistic fees for those who use selected government services, by eliminating various tax expenditures that primarily benefit upper income taxpayers, and by increasing excise taxes on cigarettes, liquor and gasoline. I invite you to cosponsor this legislation.

It has become evident during the past weeks that the President's program will not solve the country's economic problems. During the past month, Wall Street has registered its vote of no confidence, foreseeing that continued massive deficits combined with tight money will result in even higher inflation and interest rates than we are now only barely surviving. In addition, recent polls indicate that voters all across the country are rapidly becoming disenchanted with the President's program of slashing benefits that are at the cutting edge of survival for our Nation's poorest citizens and pulling the rug from under workers and the middle class while heaping new tax benefits on the rich.

Tonight the President will address the Nation and propose additional budget cuts, driving his ill-considered policies even further in the wrong direction. While the threat of renewed inflation requires budget restraint, it is time for Democrats and Republicans alike to recognize that we can't break the back of our economic problems by breaking the backs of the middle class and lower income America.

The "Share-the-Burden" budget will provide the restraint called for in today's economic climate without heaping additional travail on those who have been most seriously burdened by the spending cuts that have already been made at the President's request. Instead, this budget proposal would spread the burden fairly.

First, user fees for a variety of government services would be imposed or raised to cover costs. There is no reason why yacht owners should not pay for the services they receive from the Coast Guard, why international travelers should not pay for Customs Services, why inventors should not pay for the protection rendered by the Patent Office, or why recreational and corporate aviation should not pay for safety services rendered by the FAA.

Second, a number of special tax breaks for individuals and businesses would be ended.

Third, excise taxes would be raise on cigarettes, alcoholic beverages and gasoline.

Finally, social security and government pensions would be indexed to either the CPI or average wages, to insure that the income of retirees rise only as fast as the incomes of those who are still working.

It is time for a bipartisan effort to get our economy back in shape, by following a prudent budget policy that requires everyone to sacrifice fairly. This is the goal of the Share-the-Burden budget.

If you wish to cosponsor the Share-the-Burden budget, please let me know or have your staff contact William Buechner at 224-0378.

Sincerely,

FRED RICHMOND.

Enclosure.

The "Share-the-Burden" Budget—Fiscal 1982 savings

[Dollars in millions]

Total savings	$44,519
Spending reductions:	6,439
Index annual increases in social security benefits to the increase in the CPI or the increase in average wages, whichever is lower	3,815
(a) Increase military and Federal civilian retirement benefits in line with inflation annually rather than semiannually	1,696
(b) Index annual increases to the increase in the CPI or average wages, as in No. 4	315
Eliminate revenue sharing for the 11 States with energy severance tax revenues	613
User fees:	2,260
Increase airport user fees for corporate and recreational aviation	800
Impose waterway user fees, to recover one-half of direct costs	560
Raise the international departure fee for passengers leaving in airplanes and ships from current charge of $3 per person to $10	140
Increase patent application and maintenance fees to recover 100 percent of costs	80
Enact user charges for many Coast Guard activities that affect private individuals	680
Reduced tax expenditures:	16,020
Repeal deduction for interest paid on consumer debt	6,040
Repeal deduction for interest on mortgages for other than principal residence	250
End excess of percentage depletion over cost depletion for oil and gas	2,360
End excess of percentage depletion over cost depletion for nonfuel minerals and for fuels other than oil and gas	960
Require that intangible oil and gas drilling costs be amortized rather than expenses	2,925
Eliminate deferral of income of domestic international sales corporations (DISC's)	1,830
Eliminate deferral of income of controlled foreign corporations	520
End capital gains treatment of timber income	685
End capital gains treatment of certain agricultural income, such as from sale of beef and hogs	450
Increased revenues:	19,800
Double the excise tax on alcoholic beverages (current $5.8 billion)	5,500
Double the excise tax on cigarettes and cigars (current $2.6 billion)	2,500
Replace the current 4-cent-per-gallon excise tax on gasoline and diesel fuel with a 14-cent-per-gallon tax effective Oct. 1, 1981, which would be adjusted quarterly thereafter in accordance with changes in producer prices ($13.1 billion in added revenues in 1982) less $2 billion rebate to essential users	11,100

Increase receipts from rents and royalties on the Outer Continental Shelf .... 700●

CURRENT STATE OF THE AGRICULTURAL ECONOMY

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. BEREUTER. Mr. Speaker, as we begin consideration of the Omnibus Food and Agriculture Act of 1981, albeit later than we should, I take this opportunity to call to the attention of my colleagues an article which was published in the September 28, 1981, issue of Business Week, relating to the current state of the agricultural economy in this Nation. Our farm producers are in dire straits, with farm income this year predicted to be the lowest since the Great Depression. I recommend that my colleagues, especially those from urban areas, take a moment to read this objective account before we begin consideration of amendments to the farm bill as scheduled next week. The article follows:

THE RIPPLES OF A FARM RECESSION

Crushed between plummeting commodity prices and record interest rates, the U.S. farm economy is staggering toward one of its worst performances since the Depression. Net farm income, after plunging 40 percent last year to $20 billion, may reach only that level again in 1981, according to the latest Agriculture Dept. forecast. Adjusted for inflation, the two-year total will be the lowest since the mid-1930s. Although most farm operators today are much larger and better capitalized than they were then, says Kenneth Bader, chief executive officer of the American Soybean Assn., "the income outlook is close to a disaster."

That also means a grim outlook for the broad section of the U.S. economy that depends on agriculture for its revenues. Last year, farmers spent nearly $100 billion for various materials, such as pesticides and fertilizer, as well as for services and credit. Says Richard C. Pottorff, senior agricultural economist for Data Resources Inc.: "The ripples will be felt by a broad range of suppliers, including farm machinery manufacturers, who can ill afford a drop in sales."

EMBARRASSING REAGAN

The plunge in farm income could not come at a worse time for the Reagan Administration, which is trying to win Senate approval of major cuts in programs during debate over the omnibus 1981 farm bill. Consequently, the Administration is scrambling to find remedies that will bolster farm prices without swelling federal outlays. On Sept. 3, for example, the Agriculture Dept. announced plans for a wheat acreage reduction program for the 1982 season that would require farmers to plant less to qualify for crop loans but would cost the Treasury nothing. Similarly, officials are close to announcing a reserve and loan program for corn farmers. Says Agriculture Secretary John R. Block: "I am not very happy [about resorting to such programs], but philosophically, I am much more opposed to low farm prices."

Prices of a wide range of agricultural products have dropped to their lowest levels of 1981, reflecting both the high cost of financing inventories and fears that U.S. stocks this fall will be huge. This summer, for example, American farmers reaped a record 2.75 billion-bu. wheat crop, 15% larger than last season. Economists are also forecasting bumper U.S. crops of corn, soybeans, cotton, and rice. And while world demand for those commodities remains strong, the U.S. faces heightened competition for export sales from other nations that have had large harvests. The Agriculture Dept.'s broad index of farm prices has declined steadily this year, dropping more than 2% just since July.

THE COST SQUEEZE

Meanwhile, farmers are being hit by soaring costs of production, dominated by high interest rates. Most are paying anywhere from 16% up to prime—levels lower than many small companies because of competition among rural banks and cooperative lenders. But a large proportion of those credits is either at variable rates or maturities of 90 days. And because farmers are discouraged from selling crops at current low prices, many will be forced to continue rolling over debt at high interest rates.

One such operator is Wayne K. Nelson, who raises winter wheat, sorghum, and sunflower seeds on a 10,000-acre family farm in Winner, S.D. Selling this summer's harvest of 35,000 bu. of hard red wheat would force Nelson to take something less than the cost of growing it, but he is also facing some $100,000 in debt payments by yearend. Instead, he hopes to qualify for aid for farms, such as his, that have been affected by adverse weather.

"Sure you think about whether this is all worth it," he says. "But this is not a very good time to sell out."●

EMERGENCY PETROLEUM ALLOCATION ACT

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. BROWN of Ohio. Mr. Speaker, the Emergency Petroleum Allocation Act was passed in 1973 as a 2-year petroleum price and allocation control bill. It was renewed in 1975 and extended to September 30, 1981, because the Congress recognized the political value of keeping price controls on crude oil and petroleum products—especially gasoline—despite the real economic dangers of continuing a program whose greatest result had been the subsidization of importing OPEC oil.

Two days ago the Emergency Petroleum Allocation Act finally expired. President Reagan dismantled the implementation of the EPAA on January 28 when he removed the last of price controls on domestically produced crude oil.

What has happened since January 28? According to a recent report of the Energy Information Service at the University of Houston, the United States produced 8.63 million barrels a day during both June and July, reversing the downward trend in domestic production of the last several years. Significantly, the increase in June and July was due entirely to higher production in the lower 48 States. U.S. oil consumption in July of 15.2 million barrels a day was the lowest domestic consumption since May 1975, and 745 million barrels a day less than 1 year ago.

With an increasing supply side and a decreasing demand side, the now free market in oil has reversed the low production, high consumption, and high imports of the 8 years of the EPAA in just the 7 months since full decontrol began.

There are now certain companies within the oil industry, however, which realize that Federal price controls can render protection from competition that neither the free market nor our usual notions of antitrust policy would allow. In this regard, I am introducing into the record excerpts from a most interesting article by Dr. Edward T. Mitchell, entitled "Protection for Petroleum Refiners", from the July/August issue of Regulation magazine, a publication of the American Enterprise Institute.

Dr. Mitchell is professor of business economics at the University of Michigan, and an adjunct scholar at the American Enterprise Institute. This article provides an excellent analysis of why certain elements in the petroleum industry are working so hard to revitalize price and allocation controls. I have not included the entire article, in order to save taxpayer dollars, but I strongly support the reading of his entire analysis. I will first quote his closing statement and follow with the excerpts:

> The arguments for special assistance to domestic refiners, or just to domestic nonintegrated refiners, are based primarily on economic misconceptions. Unfortunately, weak arguments have not been a serious hindrance to the cause of domestic refinery protectionism in the past, as the record of the last six administrations shows. But this administration is seeking to forestall protection. Can President Reagan persuade Congress to go along?

[From the Regulation Magazine, July/August 1981]

PROTECTION FOR PETROLEUM REFINERS?

(By Edward J. Mitchell)

THE GENERAL CASE FOR ASSISTING DOMESTIC REFINERS

Supporters of allocation argue that, until recently, crude oil has always been available to the independent refiner, but that changes in the world market, in particular the use of direct sales to consuming nations and the reduction in arms-length sales by major oil companies, have left a much narrower market available to independent refiners. Since no refiner can operate successfully at less than a high percentage of capacity, some independent refiners may find themselves disadvantaged by a lack of raw material. As a result, an efficient and otherwise economically viable refiner may find itself bypassed by the world crude oil distribution system, with competition and economy reduced as a result.

The second issue raised by supporters of allocation concerns the reliability and competitiveness of imported petroleum products. (Over the last two decades, U.S. refiners were protected from foreign competition, first by import quotas and then by entitlement subsidies under the subsequent price control programs.) It is said that having to import refined petroleum products carries with it a national security risk similar to that involved in having to import crude oil. Furthermore, foreign refineries allegedly possess certain artificial advantages, such as lower pollution control costs and freedom from the Jones Act requirement to use more costly U.S. tankers.

Finally, it is claimed that because of changes in the demand for refined products, domestic refining is becoming unprofitable at the very time that refiners should be making investments in new capacity to meet that changing demand. This seeming paradox could lead to product shortages unless government action is taken.

The proposals for government action put forward at congressional hearings follow these concerns closely, calling for: (1) a systematic program of redistributing access to crude oil supplies in order to equalize availability or price or both; (2) tariffs or import fees to shelter U.S. refiners from foreign competition; and (3) assorted tax incentives to make new refinery investment in the United States attractive.

In my view, each of these proposals is anticompetitive and would be costly to the American consumer. What they would do is not equalize the relative positions of independent refiners and major refiners, or U.S. and foreign refiners, but subsidize independent and domestic refiners without economic or national security justification. The disadvantages faced by domestic independent refiners, alleged to be artificial in some sense, are in fact primarily real. In some case the disadvantages are technical, deriving from the scale of operations; in other cases they are organizational or managerial, the result of past business decisions. In any event, they surface at this time because the regulations and subsidies that have hidden them for more than two decades are now gone and refiners are exposed to the bright light of free market competition.

THE STATE OF REFINERY ECONOMICS

Before we can deal with policy questions, we must understand where we are and how we got there. In the past decade, rising crude oil prices have raised prices of refined products to the point where the volume of these products that consumers now wish to buy falls far short of existing refining capacity. In other words, there is a world-wide glut of refinery capacity. Table 1 indicates how low the levels of capacity utilization have been around the world in recent years. These low rates are the natural result of higher crude prices. In general, a rise in the price of any particular factor of production reduces the demand for, and hence the value of, all complementary factors. Thus, the rise in crude prices has created a glut of tankers, pipelines, and gasoline stations, as well as refineries. This is not to say that each specific complementary asset faces a drop in demand. Within the overall trends there are always subcurrents running in the other direction. Demand for light products such as gasoline will remain strong and the need for conversion capacity to yield unleaded gasoline will actually grow. But the underlying condition is general overabundance of refinery capacity.

TABLE 1.—UTILIZATION RATES OF REFINERY CAPACITY, SIX COUNTRIES, 1979–80

[In percent]

Country	Rate of utilization	
	1979	1980
Italy	48	48
Netherlands	65	62
West Germany	71	66
United Kingdom	77	63
Japan	80	73
United States	83	74

The natural economic consequence of this is retrenchment. Some refineries will close as their profit margins fail to cover operating or variable costs. Which refineries these will be depends upon a host of factors, including the technical efficiency of the plant, its location, its product mix and required crude inputs, and not least of all, the entrepreneurial abilities of its owners or managers. The process of retrenchment to a new equilibrium has been going on among foreign refiners, but not here, ever since the Arab embargo of 1973. It did not occur here because domestic refining capacity was sheltered from foreign competition, mainly through the entitlements subsidy, which gave all domestic refiners crude oil at prices below the world market. Note in Table 1 the relatively high levels of capacity utilization that U.S. refiners enjoyed in 1979-80. Even as late as January 1, 1981, in fact, they were operating at more then 77 percent of capacity. But this fell sharply with decontrol, reaching 67 percent for the week of July 17, 1981.

More than this, a specific class of refiners has been sheltered from even domestic competition—primarily by means of the "small refiner bias" that existed under both the entitlements program and the earlier Mandatory Oil Import Program. Because small refiners have been doubly sheltered, the adjustment to decontrol required of them is doubly severe.

Non-integrated refiners argue now that they are technically efficient firms with low or moderate operating costs, as long as they can obtain raw material on equal terms with integrated refiners. This is a specious argument. The economic measure of a firm is not its technical or engineering efficiency, but its ability to convert the least costly inputs into the most valued outputs. To succeed, entrepreneurs must be good at buying inputs and selling outputs. Otherwise, they should be employed as engineers, not as entrepreneurs. Refinery capacity that is efficient and well-located will in fact be utilized because it will, through employment policy, sale, or merger, come under the control of better managers. In the end, the market will give us those combinations of equipment and managers that yield the lowest overall costs.

EQUAL ACCESS

It is of course true that non-integrated refiners have more trouble keeping their refineries operating at high levels of utilization than integrated refiners, especially when crude oil is temporarily scarce. This is said to be a disadvantage to non-integrated refiners, which it certainly is, and thus a justification for government intervention to compensate for the disadvantage, lest efficient capacity lie idle and competition diminish.

But all business decisions have advantages and disadvantages. If they did not, making business decisions would be easy and decision makers would not be as well paid as they are. The advantage of buying crude in spot markets is that it has generally been cheaper there because those markets give refiners unlimited flexibility in their search for the best deal available at any particular moment. The disadvantage is that, in tight spot markets, crude may be more expensive and certainly is harder to come by than crude that is assured by long-term contract.

If the present disadvantags of past business decisions were an acceptable rationale for special assistance, however, integrated refiners would have to be subsidized in periods of crude abundance when spot prices fall below long-term contract prices. A symmetrical buy-sell program would have to be instituted that required non-integrated refiners to share the benefits of low spot prices with integrated refiners. More generally, all business decisions would have to be subsidized by government programs that distributed the advantages of "correct" decisions (at any point in time) to all competing businesses that had made "incorrect" decisions. It is easy to see what the outcome of that approach would be: there would be no incentive for any firm to make the correct decision, since any benefits would be distributed among all competitors.

A high quality of access to crude oil costs more than a low quality of access. Refiners who complain that they cannot conclude long-term deals with foreign producing governments, because those governments require capital investments or tie-ins of various sorts, are merely recognizing the high price of access. It is understandable why they would prefer to acquire this access by having our government seize it from those who have already chosen to pay for it; it is not understandable why anyone would regard this as equitable.

But regardless of equity, such a program is clearly inefficient. Who would buy a high quality of access to foreign crude if the government could redistribute part of that crude without compensation? The proposal for a systematic program to redistribute high-quality access is a prescription for collective nonaccess. Such a program would run directly counter to one of the few unanimously held positions on national energy policy: the need for security of crude oil supplies.

The point is that to purchase or not to purchase quality access to crude oil is a business decision. Refiners do not come into the world integrated or non-integrated. They choose to become one or the other, and they will make the right choice only if they bear the costs and benefits of that choice.

CONCENTRATION AND COMPETITION AFTER DECONTROL

One of the arguments used to justify assistance to the "independent" refiners, either by guaranteeing them access to supplies or by providing some other subsidy, is that the existence of a large "independent" segment of the market increases competition. Part of the folklore of the petroleum market is that "independent" refiners provide a degree of competition disproportionate to their size. The absence of systematic research demonstrating that the "independents" play that kind of special role leaves the idea at best a hypothesis, and not a working assumption.

Compared to other industries in the United States, the degree of concentration in petroleum refining has always been moderate. In 1978, the four-firm concentration ratio for U.S. refiners was 32 percent of all (that is, the largest four firms accounted for 32 percent of all crude oil run through industry refineries), and the eight-firm ratio was 56 percent. With decontrol placing the industry squarely in the world refining market, the degree of effective concentration will be reduced even further. In 1978, the four-firm concentration ratio for world refining was about 22-23 percent, the eight-firm ratio about 33-35 percent. Transportation costs are relatively low in world petroleum trade and products flow quickly whenever price discrepancies open up. The domestic industry will be exposed to a huge export refinery capacity built in recent decades in the Caribbean, Mediterranean, and northern Europe. In the one refined product where free trade has been allowed in this country, residual fuel oil imports into the East Coast, U.S. prices are totally determined by the sum of foreign export prices and transportation costs. And while import volumes of lighter products are not apt to be as large as those of residual fuel oil, the vast capacity abroad will exert enormous competive pressure on the U.S. market. The size of the domestic "independent" sector would seem to be an exceedingly minor factor in the context of this world market. Complete disappearance of the U.S. "independents"—something that is never going to happen—would raise the low world concentration ratios by at most a percentage point or two.

A more fundamental question is raised, however, when a subsidy is considered to help one segment of an industry compete with another. The economic purpose of competition is to select the lowest-cost firms and force them to pass their low costs on to consumers. Competitors that require subsidies to compete are not in fact low-cost firms. Subsidizing them supports inefficiency, not efficiency. For this reason, academic economists condemn proposals to induce competition by protecting or preserving certain competitors.●

BANKS MUST PLAY MORE ACTIVE ROLE IN HEDGING

HON. ED JONES

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. JONES of Tennessee. Mr. Speaker, I rise today to share with my colleagues the unique expertise of a dear friend in the banking profession, Mr. Jack Robison. Mr. Robison is currently vice president of the commodity division of First Tennessee Bank in Memphis, Tenn.

In that capacity, he has brought a great deal of knowledge and experience in agricultural lending and in commodity lending. That is especially important since First Tennessee Bank is among the leaders in the agricultural financing field in the mid-South. He has been involved previously in the commodity industry and has been a wealth of advice and information to me personally in assessing the credit problems that arise in agricultural lending.

With that as an introduction, I submit for the RECORD the following article which appeared in the September issue of the American Banking Association's monthly publication. Mr. Robinson's article is entitled "Banks Must Play More Active Role in Hedging." I am sure that his colleagues in the banking profession, especially those closely involved in farm lending, found it to be as informative as I did and I wanted to share it with the Members of this House at this appropriate time as we consider important farm legislation.

The article follows:

AG BANKS MUST PLAY MORE ACTIVE ROLE IN HEDGING

ALMOST EVERYTHING YOU NEED TO KNOW ABOUT COMMODITIES TRADING—AND WHERE TO FIND OUT ABOUT THE REST

(By Jack Robison)

Over the years, our agricultural schools have done an excellent job in teaching our young farmers to grow more produce per acre at the cheapest cost, but have done an incompetent job in teaching them how to market their crops. However, I realize that as long as there were high support prices and huge inventories help by the Commodity Credit Corp., there was no need for a marketing plan; very little fluctuation in commodity prices occurred.

Today, it's different. There is a market-oriented farm program that allows prices to respond to market signals rather than being set by government policies.

BANKS LAG

Today's and tomorrow's highly unstable farm prices have increased the farmer's and his bankers' interest in hedging his products. Unfortunately, the farmer is progressing faster than his banker in perfecting this skill. This will eventually lead to trouble, because the banker must be a willing and knowledgeable partner to any successful marketing plan. Probably one of the main reasons for the relatively low number of farmers who actually use the futures market is the lack of effective relationships with knowledgeable bankers. Financial institutions must play a more active role if agricultural producers are to develop better marketing plans.

STEP BY STEP

Once the advisability of hedging is accepted and a fundamental philosophy is adopted, the first task of the producer is to submit in writing to his bank a policy statement and operating plan outlining what he is seeking to accomplish. Listed below are some of the steps that should be taken before and during a hedging program's execution:

(1) Identify the options available for hedging (to be discussed).

(2) Estimate production costs, profit targets, and how much risk can be afforded.

(3) Estimate prospective returns based on forward prices and anticipated price levels.

(4) Evaluate production risks in the hedging plan. There are dangers in forward selling. One of the most serious is that a crop failure might force a farmer to buy his way out of a forward contract at a loss. Consequently, when production risks are substantial, forward sales should be limited.

Information on crop prospects becomes more meaningful as the growing season progresses from one stage to another. Success at each stage—planting, germination of seed, ripening, harvest, etc.—improves the prospects of a good crop. Hence, there usually are several opportunities to sell a share of the expected production as the season progresses.

(5) Decide at the outset the objective of the hedge plan, whether it be to provide straight price protection by locking in a specific price, or to engage in "basis trading," or both.

"Basis" is the difference, at any one point in time, between a commodity's cash price and its futures price, as quoted on a futures exchange. Components that make up the basis are: (a) transporation cost; (b) storage cost, including interest and insurance; (c) handling cost; and (d) seller's profit margin.

A commodity's local basis is a function of the local supply and demand, which could be affected by any of the following: (a) availability of local storage and handling equipment; (b) availability of transportation and distribution facilities; (c) availability of storage financing; and (d) seasonal cash-flow needs of producers and warehousemen.

If basis trading is to be used, both the producer and the banker should acquaint themselves thoroughly with the various basis relationships with which they will be concerned, and become accustomed to analyzing the market in terms of the basis.

(6) There should be a clear understanding of the extent to which the bank will fund margin calls. Policy on this varies from bank to bank and could become a problem during years of wide price swings. If a bank does not agree to finance margin calls, the farmer must have his own reserves to cover them, or risk having his futures position liquidated. Premature liquidation would place the farmer in a speculative position with his growing crop and could prevent him from recovering any loss sustained on the futures account.

(7) Require the borrower to select his broker. It is usually unwise for the bank to make this decision.

(8) The borrower should furnish confirmation copies and monthly report statements of any transactions with futures brokers. This would assure the bank that the position is a hedge, not a speculation. Remember: An over-hedged position can be just as disastrous as an open position.

(9) The borrower should agree to the following: All funds in any brokerage account are to be payable directly to the bank to pay the outstanding portion of the indebtedness; any excess will be returned to the borrower.

(10) Decide, before the need arises, whether the borrower is going to be able to liquidate his position without the bank's permission. (The answer is usually "no.")

(11) Borrower and lender should agree upon whether the lender can liquidate the broker's account without permission from the borrower. This should be done only in extreme situations.

(12) If the customer has an accountant, the accountant should be advised of the plan.

(13) A system of procedures, record-keeping, and reporting should be developed as early as possible and refined until it is satisfactory to all parties involved.

MARKETING TOOLS

Bankers should be able to discuss marketing strategy with producers and assist them in developing a marketing plan. More than one tool can—and in many instances, should—be used in any hedging endeavor.

Some tools are: futures market, physical forward contracts, delayed pricing, technical analysis, and fundamental analysis.

Now let's examine the advantages, disadvantages, and uses of these.

FUTURES MARKET

Futures trading is conducted by open-outcry auction on an organized exchange. A futures contract is a firm commitment to make or accept delivery of a specified quantity and quality of a commodity during a specific month in the future, at an agreed-upon price.

ADVANTAGES

Terms of futures contracts are highly standardized.

Integrity of futures contracts is secured by margin deposits.

A position in the market can be adjusted quickly and easily.

DISADVANTAGES

Bankers must post with the exchange an original—and, at times, variable—margin which can be expensive in interest cost.

A solid working knowledge of the futures market is essential, because one of its biggest challenges is selecting the futures option to use and knowing when to roll hedges from one option to another. For instance, in wheat, there are seven different contracts traded on four different commodity exchanges.

The producer continues to have a basis risk.

Some farmers must guard against becoming full-time speculators and part-time farmers.

PHYSICAL FORWARD CONTRACTS

Many farmers who sell forward do so in cash transactions rather than in futures. All commodities do not have a futures market or, if available, not an active one. Also, the risk of adverse basis changes and the call for additional margin deposits make futures less attractive to farmers than cash forward contracts.

One of the methods used is referred to as "selling the actual forward at a fixed price." Listed below are the advantages and disadvantages associated with this contract.

ADVANTAGES

The seller has an assured outlet. This can be especially important for perishable and semi-perishable commodities.

Usually, the producer will not have to put up original or variation margin.

Both market and basis risks are hedged.

Many times, a contract can be tailored more closely to meet a producer's needs with respect to quantity, quality, place, and time of delivery as well as other terms.

In some commodities, acres can be sold in lieu of a specific number of bushels of grain or bales of cotton; this is usually to the advantage of the farmer. The purchaser gets only what the farmer produces, and the farmer is not penalized if he makes a short crop.

DISADVANTAGES

Price declines may make it impossible for a forward purchaser to honor his commitments. Therefore, knowledge of the buyer's credit-worthiness is an absolute prerequisite to intelligent forward-contracting by farmers. Here, bankers can be most helpful, for they usually are one of the best sources of credit information.

Once a contract is entered into and conditions change, the possibilities of renegotiating the contract are small.

The best or better deals are sometimes hard to locate, requiring a large amount of time and effort.

PRICING ARRANGEMENTS

Farmers who wish to speculate on the price level—or have to, because of the lack of what they believe are fair forward-purchase offers—can usually enter into what is commonly referred to as a deferred pricing arrangement. In this, all terms except price are determined in advance. Such agreements always provide methods for setting or fixing the price at a later date.

These agreements commonly specify two things: a base price and a differential for the farmer's product as compared to the base price. The base price can be either the cash price for spot delivery of the commodity at a specified location or a commodity exchange quotation for a particular option month.

The most common practice is for the buyer to give the farmer a stipulated price differential relative to the price for a given futures contract on any day between the date of the agreement and the date that trading in the selected futures contract stops. At a later date, when the farmer thinks the futures price is not likely to improve or go higher, he advises the buyer that he wishes to fix the price. When the price is fixed, the farmer then knows exactly what he will receive for his products. This procedure is referred to as selling "on call."

The advantages and disadvantages of selling on call are essentially the same as selling forward at a fixed price (as I discussed above), with the exception that the farmer still has a market risk until he fixes the price.

DELAYED PRICING

The practice whereby a farmer delivers and transfers title of his crop to a buyer, but delays setting the price, is known as delayed pricing.

ADVANTAGES

In periods during the heavy harvest movement, especially in areas where there is limited on-farm and country elevator-storage space, it is necessary to move grain and other crops to other locations, such as grain terminals, processors, and export points. If a farmer has taken no action to sell his crop by harvest time, this may be the best sale available to him.

For a farmer seeking a sale in which he can continue to speculate on favorable changes in the basis and the general price level, this is a way he can accomplish his purpose. Normally, there is an improvement in the basis following the harvest period. However, there are storage charges that the farmer must pay the elevator. Also, the farmer should remember that the basis, as well as the market, could work against him.

DISADVANTAGES

Keeping in mind that title has passed from the farmer, his assurance of getting paid rests on securing a valid claim against the buyer and the financial strength of the buyer. Normally, default by the buyer would result in the farmer losing only the difference between the contract price and the current cash price. However, in delayed pricing arrangements, where the farmer gives up title to his crop without receiving payment, he might well lose the full value of the crop. Here, again, the banker can be a tremendous help in assisting him to assess his risks.

VISUAL CLUES

Technical analysis, or "charting," involves plotting past prices. Charting has won a large following of those who profess to see in the visual representation of price movement not only a record of past and present market conditions, but important clues to events which have yet to unfold. Because different traders may see different patterns in the same series of prices, technical analysis tends to be subjective. Whether it is useful or not for price forecasting is a matter of controversy. However, many believe it is worth the time and effort to keep a chart; the exercise of updating it gives the producer a better "feel for the market."

FINDING FACTS

Fundamental analysis is simply identifying factors affecting the supply and demand for a commodity and assessing their effects on price. Factors to be considered are plantings, production, stocks, weather, numbers of livestock raised or on feed, and general economic conditions. The following are some of the sources of information available to farmers for use in making their decisions on when to sell, how to sell, and how much to sell: U.S. Department of Agriculture, state universities, brokerage firms, and commodity exchanges.

By far, the best of these sources is the U.S. Department of Agriculture. Much of the information contained in this article was obtained from it.

The USDA published a wide range of reports useful to farmers in making production and pricing decisions. These reports fall into three major categories: crop and livestock production reports, market news reports, and situation reports. Most reports are furnished without charge.

The crop and livestock production reports provide information on planting, stocks, numbers of livestock on feed, livestock slaughter, and production. They are released throughout the year on pre-scheduled dates. Commodity traders follow these releases closely, and markets can often be observed to respond to information in the reports. Copies and a schedule of release dates may be ordered from: Crop Reporting Board, Economics and Statistics Service, U.S. Department of Agriculture, Washington, D.C. 20250.

OTHER REPORTS

USDA Market News collects and disseminates current information on prices and related statistics. For many commodities, price quotations are released to news media daily and published reports are mailed weekly from offices throughout the country. Information about Market News reports may be obtained from: Information Division, Agricultural Marketing Service, U.S. Department of Agriculture, Washington, D.C. 20250.

The USDA situation reports are published several times yearly to provide detailed discussion and analysis of demand-and-supply conditions for agricultural commodities. Some of the various reports cover: dairy, wheat, agricultural finance, fertilizer, farm real estate, and supply-demand estimates. These reports may be ordered from: Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

In seeking other sources of information, most states have extension specialists, located at state universities, who keep abreast of the current situation and outlook for commodities of interest to their farmers. Some issue newsletters on a regular basis. As you might suspect, a large volume of information is available through local brokerage firms. Such information includes basic booklets on futures markets, the fundamental concepts of hedging, and details about the contracts for specific commodities. Most brokerage firms also distribute periodic commodity newsletters, which give the firm's analysis of the market situation in each commodity.

A close relationship between the banker and the farmer's broker is almost a necessity. The broker, who is anxious to work closely with the lender, should follow the policies developed between the banker and his customer.

KNOW THE BASICS

Bankers and farmers are finding themselves in the business of trading in tomorrows, and the time to learn how is today. Lenders should take the lead in this endeavor. No other group has the credibility and intimate knowledge of the farmer's managerial ability or of his financial capacity.

Questions about commodity futures usually have no textbook solutions. Because each situation is different, appropriate solutions begin with a fundamental, conceptual understanding of how futures markets operate and how they can be used to both protect lenders and expand credit. Although this understanding in no way replaces the judgment factor of evaluating credit, it can enhance it.●

THE DANGEROUS COMMODITY IS OIL, NOT URANIUM

HON. MARILYN LLOYD BOUQUARD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mrs. BOUQUARD. Mr. Speaker. In the wake of the Israeli bombing of the nuclear reactor in Iraq, response by U.S. media included focusing on several frightening myths regarding nuclear energy and proliferation. I would like to share with my colleagues a speech presented to the American College of Nuclear Physicians on September 18, 1981, by Mark P. Mills, in which he asserts that the need and "gluttonous appetite" for Eastern oil is the real cause for alarm. Mr. Mills, a physicist and director of the Washington, D.C. Office of the Scientists and Engineers for Secure Energy, Inc. (SE_2), proceeds to systemmatically dispel the myths highlighted by our media in their attempt to deal with a complex issue.

We, as legislators, must realize that while nuclear energy is a dangerous commodity in the wrong hands, the real danger is the lessening of the Western world's influence in oil-dominated international relationships. I hope you will take a few minutes to read the following comments that aid in understanding the political reality at hand.

Can We Live With Nuclear Energy?

(By Mark P. Mills)

In the maelstrom of verbiage following the Israeli bombing of the reactor in Iraq, a few essential facts have been buried and some dangerous myths reinforced.

The dangerous commodity is oil, not uranium. It is because of the need for Iraqui oil that France agreed to sell the technology. It is because of the Western World's gluttonous appetite for oil that Iraq has the money. It is because of the importance of Eastern oil that one research reactor in Iraq is so frightening out of so many hundreds of similar research reactors around the world.

It is because of oil that the entire Middle-East tinderbox and incidents like the Israeli bombing are treated with such delicacy. (Indeed, OPEC's response to the incident was by its own historical standards, a marvel of restraint.)

It is fashionable, however, to look for scapegoats. Rather than looking to the reason for the fact that the United States is today two times more dependent on Arab members of OPEC than it was in 1973 (in spite of reductions in imports last year) we seek to blame the "nuclear genie" for our problems in the Middle East by repetition of tired myths.

The first myth is that there is a secret technological nuclear "formula." For example, while addressing the Iraq incident and the broader issue of nuclear proliferation ABC News' "Nightline" (June 9, 1981) clearly implied that the United States has let this nuclear "secret" out of the bag. Much of the blame was placed on the Eisenhower Administration's "Atoms for Peace" program and the increasing use of commercial nuclear generating stations.

Nuclear science was implicitly treated like the secret chemical formula for "coke." The fact is that the "secret" was announced to the world on July 16, 1945 when the U.S. exploded the first atomic bomb. Once it is known that something can be done, others can discover how and do it themselves. This is the nature of knowledge. Knowledge, once it exists, cannot be wished away.

And knowledge of nuclear forces is at once awesome and frightening. It is the first time in the history of civilization that man has tapped the ultimate forces of nature. Learning to use nuclear energy for the benefit of mankind while restricting its abuses will undoubtedly be a test of the maturity of modern society.

If modern television is any indication of our maturity though, we have a lot of growing up to do. ABC's "Nightline" attempted to deal with this esoteric and complex issue in predictable fashion: plenty of footage of mushroom clouds, bland assertions that any country building any kind of reactor is doing so to make material for bombs, and further that any college student can build a bomb in his basement.

Thus the proliferation issue, hidden in a cloud of expert jargon, is confused by two prevalent myths. The first is that denying ourselves the use of commercial nuclear energy will somehow stop the international spread of nuclear knowledge and materials. The second is that international proliferation and the terrorist "basement-bomb" scenarios are one and the same.

The term "nuclear proliferation" generally encompasses two distinct concerns: the first is the desire of a national or subnational group to make nuclear weapons. The other is that widespread use of commercial nuclear energy could make it easy for terrorists and any average college student to engage in basement-bomb construction.

In public discussions, such as the "Nightline" segment, commercial uses for uranium are implicitly damned because of the military's use for the same starting material. Too often it is assumed that the commercial nuclear industry is responsible for weapons proliferation.

This thesis is no more accurate than assuming that any chemical industry, whether engaged in manufacturing nylons, medicines or piping, is tacitly engaged in stockpiling napalm. (Even though any competent chemist is capable of assembling devastating and virulent poisons.)

However, the very word "nuclear" evokes fear in many people's hearts. But this is no reason to conveniently gloss over critical, indeed fundamental, differences between different types of nuclear technologies.

The existence of commercial nuclear stations is essentially unrelated to the military complex with its specialized and dedicated nuclear facilities engaged in the production of nuclear weapons. Furthermore, the existence of commercial nuclear-electric generating stations in the United States cannot accelerate the ability of third world nations to make nuclear bombs. (In fact, one could well argue that if the U.S. used more nuclear and coal energy, and less oil, it could export more needed resources to the resource-poor third world and keep our nuclear technology safely within our own boundaries.)

In any case, the technology is different. The Iraqi reactor was one-fiftieth the size of a nuclear electric generating station and cost a fraction of the amount. The design is totally different. And, the Iraqi reactor's fuel is virtually directly useable bomb-grade material. By contrast, commercial reactor fuel is as useful for making nuclear bombs as is "Coke" for making Molotov cocktails.

The frightening lesson the Iraqis taught the world (as did the Indians in 1974) is that when a nation wants to build nuclear bombs, it doesn't build large, expensive and complex electric generating stations, but small, research reactors.

On the other hand, the Canadians have shown the world that even a nation with one of the world's most sophisticated and well-developed commercial nuclear programs does not inevitably produce nuclear weapons.

A related issue, however, is the popular conviction that if suitable material is stolen, a terrorist in possession of a college student's project could make a basement-bomb. This immensely popular mythology was again reinforced by ABC's "Nightline" and also a recent issue of "Time". According to the magazine: "Even U.S. college students, poring through declassified Government technical papers, have put together designs for rudimentory A-Bombs."

The fact that no terrorist, college educated or otherwise, has constructed an atomic bomb is certainly not a consequence of humanitarian or philosophical aversions but the direct result of two factors. One, technical fixes work in this arena. It is technically possible to make the appropriate material exceedingly difficult to steal, or once stolen, to prevent it from being useful. Secondly, the mythology of the ease with which sophisticated or rudimentory atomic weapons can be constructed is just that, mythology, promulgated by technically simplistic popular magazine articles and the occasional college student.

At the very least, this myth either overlooks or implicitly denigrates the skill and intelligence of the scientific community of India. It took a large team of highly trained specialists, with dedicated national attention and funds, years before it succeeded in producing the "peaceful" atomic explosion in that country in 1974.

Nonetheless, the notion that fabricating an A-bomb is a trivial exercise has become a popular myth, reinforced by Hollywood stereotypes and such "newsworthy" items as a Princeton college student's claim to have designed an A-bomb. A careful examination of this junior physics project reveals that it is not even an inept design for an atomic bomb with many crucial "ingredients" and considerations totally missed.

Indeed, that college student's advisor on the project pointed out that questions relating to the "workability" of the design simply didn't have any meaning.

But what, for example, does Hans Bethe, Nobel laureate in physics and former member of the Manhattan Project, have to say on this topic? When directly confronted with this question: Suppose one had all the open literature on making a bomb including the student papers, and one had all the enriched uranium or plutonium needed—where would one be in the construction of an atomic bomb? Dr. Bethe's response: "Nowhere."

While such confidence from so august a scientist provides reassurance about basement-bomb bugaboos, it should not leave us complacent in the international proliferation area.

As frightening as the fact may be, we must face the reality that any nation with an industrial base, that truly wants to build a nuclear bomb can and will if it so desires. The knowledge exists. The cost is not great.

In fact, a study by the Los Alamos Laboratory in 1973 pointed out that with 10 years work any country could make 10 bombs for about $100 million (in 1972 dollars).

Several years ago the International Institute for Strategic Studies issued a report on "Nuclear Power and Weapons Proliferation" which stated: "In the final analysis, it would be illusory to think that nuclear weapons proliferation could be severely limited by imposing controls on the sale of nuclear power facilities. The fundamental problem remains: minimizing the motivation nations have to acquire nuclear weapons altogether. This involves issues far beyond the realm of nations' interest and involvement in the development of nuclear power to generate electricity."

The Carter Administration, in seeking new wisdom on this old problem, created the two-year, 46-country study called the International Fuel Cycle Evaluation. It also concluded, in essence, that nuclear proliferation is a political not a technical problem.

The ability to reduce or remove the desire for industrialized nations to make nuclear weapons must come from what Harvard physicist Richard Wilson has simply called "the carrot and stick approach."

The United States' ability to influence other nations is directly related to the health of our economy, our ability to export commodities including energy and resources, and our political strength and stability.

"The carrot and the stick" are often one and the same thing. If the U.S. were to be a prime supplier of a key commodity—the "carrot"—the receiving nation would have a vested interest in accommodating gently worded requests. The implicit possibility of a damaging embargo functions as the stick. This is, in essence, the lesson well-learned by OPEC.

The "carrot and stick" approach to any problem sounds simplistic especially in relation to the complexity and vagueries of international politics. Nonetheless, this nontechnological fix has been at the heart of successful solutions to political relationships for eons.

Unfortunately the international balances are all wrong these days. The Western world is frustrated by conventional approaches to the Middle East dilemma because the Western world's problem is not energy, but oil. With literally hundreds of research reactors all over the world, the importance of one more in Iraq is not the consequence of a secret nuclear "formula" suddenly unveiled, but of oil-dominated international relationships.

While nuclear energy is a dangerous commodity in the wrong hands, it is perhaps more dangerous to ignore the realities of the modern world. The knowledge exists. We are forced to deal with it rationally.

Several decades ago the man who is often mistakenly blamed for starting it all, Albert Einstein, said: "The release of atomic energy has not created a new problem. It has merely made more urgent the necessity of solving an existing one."●

A REGION OF INSECURITY

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, October 2, 1981

● Mr. CHAPPELL. Mr. Speaker, I want to bring to the attention of my colleagues an article in the September issue of Seapower magazine entitled, "A Region of Insecurity: U.S. Indifference, Soviet Buildup Create New Dangers in Asia." The article, by David Fitzgerald and Michael Moodie, delineates in great detail the qualitative and quantitative buildup of Soviet Armed Forces in Asia—far exceeding the U.S.S.R.'s own defensive needs—and the U.S. willingness and ability to respond.

While the Soviet ground and air buildup in the Far East continue at a pace, it is the growth of Soviet naval power which is of greatest concern. That power is characterized by two important trends; Fleet modernization and a growing emphasis on antisubmarine warfare. About one-third of Moscow's submarine fleet now operates in the Pacific. In addition to ballistic missile submarines, the Soviets have had since early 1979 the ASW carrier *Minsk* and its escorts in the area. In recent years, the new ships assigned to the Pacific Fleet have added some 800,000 tons and brought its total number to over 750 vessels.

For the United States to continue "the previous policy of benign neglect would be a serious mistake." U.S. industry depends on East Asia for large quantities of titanium, zirconium, rubber, tin, and tungsten. And the area contains some of the world's most important sealanes carrying vital commodities not only to the United States but also to our allies in the Far East. Japan, for example, imports 75 percent of her oil through the Malaccan, Lombok, and Sunda Straits and the dynamic economies of the Southeast Asian nations depend on these avenues to transport their trade.

Clearly our national security in the Far East depends on our keeping our seaplanes of commerce and communication secure. We must maintain our maritime superiority for as Messrs. Fitzgerald and Moodie note, "there really is no viable alternative—to support American interests across a wide range of geopolitical scenarios."

I found Messrs. Fitzgerald and Moodie's article thoughtful and provocative. I would like to share it with my colleagues and ask that it be reprinted in the RECORD:

A REGION OF INSECURITY—U.S. INDIFFERENCE, SOVIET BUILDUP CREATE NEW DANGERS IN ASIA

(By David Fitzgerald and Michael Moodie)

With the end of the Vietnam war, American defense planners turned their eyes away from the restless Asian littoral of the Pacific. Out of inclination, the Carter administration initially gave almost exclusive priority to the defense of Western Europe. Out of necessity, it was forced to focus on the Persian Gulf. As a consequence, little attention has been given to Asian security.

But to continue the previous policy of benign neglect would be a serious mistake.

The United States ignores security matters in East Asia at its own great risk. U.S. interests in the area are large, complex, and increasing. Some of the world's most important sea lanes pass through the region, carrying vital commodities not only to the United States but to key friends and allies such as Japan, the Philippines, and Australia. The region also constitutes a large reservoir of raw materials, most of which are in short supply in the industrial democracies. The United States itself imports large quantities of titanium, zirconium, rubber, tin, and tungsten from East Asia.

The continued economic vitality of the area is a further U.S. concern. Economically, the Pacific Basin is one of the most dynamic regions of the world, reflecting a rate of annual economic growth well above the world average. Japan and the members of the Association of Southeast Asian Nations (ASEAN), moreover, are among America's most important trading partners. Several of them also play a key regional role in the U.S. global security system, and would provide facilities, forces, and funds for a joint defense effort to confront commonly perceived naval and military threats.

Given those and other important American interests in the Asian-Pacific region, the United States has no choice but to respond to the increasingly uneasy security situation in the area. Problems already developing at a rapid rate in East Asia would have a particularly important impact on the U.S. Navy because they might well affect, adversely, the forces available to the Navy to carry out its missions elsewhere in the world. Noted Asian scholar Robert Scalapino, writing in Foreign Affairs, suggested the twin hallmarks of the Asian scene today are "fragility and fluidity."

Two new geopolitical factors that threaten to disrupt Asia's fragile, fluid balance of power are the growth of Soviet naval and military forces in the area and increased domestic and regional political instability that could erupt into conflict at almost any time.

QUALITATIVE AND QUANTITATIVE BUILDUP

The growth of Soviet armed strength in Asia far beyond the USSR's own defense needs troubles many states in the area. In recent years Moscow has built up its forces in the Soviet Far East both quantitatively and qualitatively. Since the deterioration of Sino-Soviet relations, which almost came to a head during the 1969 border tensions, the Soviet Union has stationed about 44 divisions in Asia, totaling between 300,000 and 400,000 combat personnel. Included in that total are several armored divisions equipped with T-62 tanks and BM-21 rocket launchers. These forces are without question deployed against China. Because of the long-term buildup, more recent qualitative force improvements, such as the introduction of new tank units, have not generated excessive concern in most Asian capitals (other than Peking itself).

What is more worrisome to U.S. friends in the area, especially the Japanese, is the parallel Soviet buildup of forces in the Kurile Islands north of Japan. According to officials of the Japanese Defense Agency quoted in the 10 January 1980 issue of Aviation Week and Space Technology, there is in the Kuriles a nucleus of 10,000 to 12,000 men—a force which could easily be expanded to division size, and already equipped with MI-24 Hind D helicopters and heavy artillery.

Soviet military exercises on the Kuriles within sight of Japan's northernmost island of Hokkaido also have upset the Japanese. Such Soviet actions provide a handy defensive screen behind which Moscow could convert the Sea of Okhotsk and its approaches into a Soviet preserve.

Moscow also has nearly 2,000 aircraft stationed in the Far East. Included in the total are MiG-23, -25, and -27 fighters, a variety of transports, and TU-16 Badger, TU-95 Bear, and Backfire bombers.

While the Soviet ground and air buildup in the Far East is sobering, it is the growth of Soviet naval power in the region that generates the most intense concern. According to Stuart Johnson and Joseph Yager of the Brookings Institution, two trends characterize recent Soviet developments in the Far East: fleet modernization and a growing emphasis on antisubmarine warfare (ASW). About one-third of Moscow's submarine force, including Delta 2 ballistic missile submarines in the Sea of Okhotsk, now operates in the Pacific. Kresta-class cruisers and Krivak-class destroyers form the backbone of the surface fleet. The introduction of such first-line ships into the Soviet Pacific Fleet has of course greatly increased Moscow's capability to operate over longer ranges and for longer periods of time.

The arrival of the ASW carrier Minsk and its escorts in early 1979 substantially enhanced the already formidable capabilities of the Soviet Pacific Fleet. In all, the new ships assigned in recent years added 800,000 tons to the fleet and brought its total number to over 750 vessels. The Minsk can carry 30 to 35 aircraft, depending on the specific mix of V/STOL (vertical/short takeoff and landing) fighters and helicopters carried. Another important addition to the fleet has been the modern LPD (amphibious transport dock) Ivan Rogov, which gives the USSR an amphibious capability in the region for the first time.

In addition to fighting ships, the USSR operates intelligence ships almost constantly in the waters around Japan, and Soviet intelligence and reconnaissance aircraft frequently skirt Japanese airspace.

The threat generated by growing Soviet power in the Western Pacific is obvious. The Japanese are particularly concerned that the introduction of new amphibious capabilities heightens the danger that the Soviet Union will be able to launch a direct attack against Japan. The Japanese newspaper Sankei reported a Japanese Defense Agency assessment:

"If hovercraft are used it will be possible to land in Hokkaido within a little less than 20 minutes [from Soviet-occupied Kunashiri]. It means that Japan has been put into the situation where a dagger has been thrust at its throat."

The Japanese recognize, of course, that such Soviet action is most unlikely except in the context of a general breakdown of East-West relations.

A POTENTIAL FOR BLOCKADE

However, Japan shares a broader concern with all U.S. friends and allies in the region—namely, that the Soviet fleet now has developed to the point where it could dominate the Pacific sea lanes. Japan imports 75% of it oil from the Middle East. That oil must pass though the Malaccan, Lombok, and Sunda Straits, to say nothing of the constricted sea lanes around Japan itself, to get to Japan. The dynamic economies of the ASEAN states depend on seaborne trade traversing those same sea lanes.

There is now a real fear, therefore, that the Soviet Union could blockade those sea lanes. That fear is not diminished by reports which have circulated that Moscow has stationed submarines, armed with cruise missiles, in the vicinity of the Straits of Malacca where they would be in position to sink allied shipping in the event of hostilities.

The Soviet threat to the sea lanes of the Western Pacific has been exacerbated by a further development favorable to Moscow: Soviet access to Vietnam's naval base at Cam Ranh Bay. The importance of the base would be difficult to overestimate. First, it is close to the Straits of Malacca, Lombok, and Sunda. Second, its use brings Soviet military forces closer to the largest U.S. naval facility in the region, at Subic Bay in the Philippines. Third, it provides a convenient base for both ship and aircraft surveillance activities. Finally, and perhaps most important, access to Cam Ranh Bay greatly increases the mobility of the Soviet Pacific fleet, at the same time it extends its reach. Perhaps the fleet's most serious disadvantage is the geographic difficulty it faces in operating out of its bases in Soviet Asia at Vladivostok and on the Kamchatka Peninsula. With the exception of Petropavlosk, the Soviet ports are icebound several months each year. To reach the high seas, vessels operating from those ports must transit the choke points of Japan's Soya, Tsugaru, and Tsushima Straits. Moreover, Vladivostok is far distant from the most probable centers of Soviet naval activity in the Indian Ocean and South Pacific. Cam Ranh Bay, 1,000 miles south of Vladivostok, alleviates most of these shortcomings.

The potential threat inherent in growing Soviet power in Pacific Asia is not only military; there is a political dimension as well. In crises short of actual conflict, Soviet threats to shipping in the area could, if the Kremlin so decided, raise the cost of trade by driving up insurance rates or forcing merchant ships to take safer routes (south around Australia, for example) that are longer, more time consuming, and thus more costly. The Soviets thus could apply very heavy pressure on regional economies.

More important, the perception among Asian leaders of unchecked Soviet power in the region could make those decisionmakers more accommodating to Moscow's policies. Any such development would be particularly disturbing if the need to accommodate were strongly felt in Peking and/or Tokyo.

THREATS TO REGIONAL PEACE

The second major threat to U.S. interests in the Pacific Basin is the increasing regional instability flowing from historical regional rivalries, more recent domestic discontent, or lagging economic performance. The instability problem is most acute in Southeast Asia, although the still unsettled state of affairs on the Korean peninsula also could lead to a conflict situation. In South Korea domestic political difficulties pose an ominous threat; instability could well be the pretext for renewed aggression from the north.

Widespread conflict in Southeast Asia also could jeopardize the economic advances made by many of the region's non-Communist states. The biggest immediate problem is Vietnam, whose aggressiveness disturbs all states in the region. The threat of further fighting in Indochina remains high, although the level of tension in the area diminished somewhat during the past year. Conflict nevertheless continues in Cambodia, Thailand faces steady pressures against its border, and Mainland China remains unhappy with the present stalemate. Given such tension and turmoil, prospects for stability are not high.

Regional stability could be further upset by domestic upheaval in, and/or internal challenges to, some Southeast directly involving the Soviet Union or not, the U.S. Navy's tasks would be: first, when and if appropriate, to exert political pressure, through asserting a naval presence in the area of crisis, for favorable resolution of the problem; and second, to offset any similar moves the Soviet Union might make with its own Pacific Fleet. (One example: the U.S. Navy might be dispatched to the choke-points around Indonesia to prevent the Soviet Union from exerting uncontested pressure by threatening to close the straits.)

In their excellent Brookings study, *Force Without War*, Barry Blechman and Stephen S. Kaplan identify the difficulties always facing decisionmakers who use naval power as an instrument of political influence. The omnipresent problems cited are made even more difficult today with the growth of the Soviet navy, which now, for the first time, poses a global obstacle to the unhampered use of American naval forces. Moreover, the increasing sophistication of the non-aligned states in Asia, and throughout the Third World, about the use of naval power as a political instrument, as well as the buildup of regional navies, may make them less susceptible in any case to friendly U.S. naval pressure. (Soviet naval pressure, less friendly, might for that reason be more successful.)

MUSCULAR PRESENCE

The peacetime role of the U.S. Navy in the Pacific is, simply, to promote stability and provide to America's friends and allies an overt, and muscular, symbol of the U.S. commitment to regional progress and development. The impact of the U.S. naval presence in the Western Pacific thus is as much psychological as it is political or military—as was well demonstrated by the consternation exhibited by U.S. friends in the region when, as mentioned earlier, the United States denuded the Seventh Fleet in order to send vessels to the Indian Ocean after the fall of the Shah of Iran and seizure of the American embassy in Tehran. An earlier example is the uproar that occurred after the U.S. "swing strategy"—calling for the shift of naval/military assets from the Pacific to the Atlantic in event of conflict with the Soviet Union—was publicized.

The Navy is not, of course, the only policy instrument on which American decision-makers must rely in peacetime to promote regional stability in Pacific Asia. In fact, it is not, and should not be considered, the primary instrument. Rather, naval forces play a supporting role to political, economic, and diplomatic policies. Symbols of strength which certainly no hostile nation can safely ignore, they nevertheless should be used sparingly.

THE SUBIC IMPERATIVE

Obviously, whether during peacetime, in a crisis situation, or in time of war, the successful exploitation of naval forces in the Western Pacific depends in large part on those forces being on the scene—particularly since the sprawling geography of the area, as well as present military trends, demands immediate response if naval forces, or any other, are to be effective. That response can be timely only if naval forces are positioned in strength in the region on a continuing basis. And the factors determining a continuing presence are the number of ships in the fleet and the availability of support facilities.

For that reason alone, continued U.S. access to the Subic Bay naval base is extremely important. Were the U.S. Navy forced to leave the Philippines, it might be impossible to find adequate and/or early alternatives that would allow the Navy to respond as quickly to contingencies throughout the region. The Marianas have been suggested as one option, but they can only be considered a fall-back position, and would greatly increase the distance the fleet would be from probable areas of conflict and, therefore, lessen the time the U.S. Navy would have available to respond in times of crisis.

How the United States balances its need for continued access to Subic Bay with other foreign policy goals in the Philippines will thus be an extremely difficult policy problem for the Reagan administration to resolve.

The Subic facilities will be useless, of course, unless the Navy has the ships it needs to carry out all of its worldwide responsibilities. But, as mentioned earlier, the continuing deployment in the Indian Ocean demonstrates how over-extended the U.S. Navy is at present. It is therefore difficult to conceive how American naval forces could, in the foreseeable future, respond effectively to simultaneous crises in the Indian Ocean and Pacific Asia. Thus, even in peacetime, the dispatch of forces to other areas has diluted the symbolic, supportive role the Navy plays in the Western Pacific.

HOW MUCH HELP FROM JAPAN?

The United States does not have to do the job alone, however. U.S. allies in the region can and must do more. Japan, in particular, can play a greater role in bolstering security in the Pacific.

Japan has, in fact, if somewhat belatedly, recognized the need to pay greater attention to military issues. At the end of December 1980 Tokyo announced it would increase its 1981 defense budget by 7.6%. While that increase is not as much as American officials want, it does represent a greater increase than was provided in the previous year's budget. Moreover, the summary of Japan's most recent White Paper on Defense demonstrates a new Japanese perspective, stating that "the White Paper is designed to include a description based upon the recognition that Japan must now consider her defense from a global perspective. . . . Because it was realized to be very important to grasp the situation in global scope, special chapters on military environments in the Middle East and Southeast Asia are included . . . for the first time this year."

There are, in naval terms, several tasks on which Japan could concentrate without violating its constitutional requirement to develop only defensive capabilities. If, for example, Japan would improve its maritime reconnaissance, build up its ASW capabilities, and take over the air defense of Japan itself, the end result would be a strengthening of U.S. forces in the region. Suffice it to say that the Japanese recognize these possibilities and are looking at a number of ways to improve their self-defense capacity in the areas stipulated.

Nevertheless, the question remains: Will Japan become more active in furthering the security of Pacific Asia? The answer depends to some extent on Japan's future relationship with the United States. At present, unfortunately—but understandably—the Japanese appear to retain a nagging fear, in the wake of the American debacle in Vietnam, that the United States has little interest in Pacific security. That does not mean, however, that Japan itself will step in to play a more assertive role in maintaining peace in the region. On the contrary, it may make Tokyo more accommodating to prevalent security trends in the region. It is more likely that Japan will shoulder a greater defense burden if it is convinced it is doing so as a partner of the United States.

IMPROVED COMMUNICATIONS

Australia is another American ally in the region likely to play an increasingly important role in the years ahead. Australian Prime Minister Malcolm Fraser has stated that "Australia [has] an interest in seeing that Soviet power in the Pacific and Southeast Asia is balanced by the power of other major states or by appropriate regional arrangements." That interest stems, of course, from Australia's strategic location, its vast resources and growing economy, and its own longtime commitment to democratic ideals.

Moreover, although Australian leaders recognize that their country will never be able to handle regional security threats on its own, they are planning major improvements in Australia's defense capabilities. Said improvements include: higher manpower expenditures; the selection of a new combat aircraft (either the F-16 or F-18); and modernization of facilities in the country's northern and western regions.

In addition, the Australian navy is undertaking the largest peacetime shipbuilding and base modernization program in the country's history. Moreover, Australia some time ago offered the United States the opportunity to develop a naval facility at Cockburn Sound on its west coast, and approved U.S. use of communication facilities at the North-West Cape.

Japan and Australia are only two of the Pacific Asian states improving their defense capabilities. Others are following suit. Indonesia, for example, is building up its navy through the acquisition of corvettes, fast attack craft, and submarines, and is also upgrading its air force and overhauling and re-outfitting existing army equipment.

Like Indonesia, Thailand is a member of ASEAN and could play an important role in maintaining regional security—as it probably should; Thailand is the country most immediately threatened by Vietnam's aggression and must also cope with the tragedy of the ever-swelling numbers of Vietnam refugees. Guerrilla activities in some sections of Thailand compound the difficulties facing Thai leaders.

Thailand's major priority is, and necessarily must be, dealing with the country's short-term problems. Over the longer term, however, Thailand could become a key player in regional affairs. Politically, it has participated with its ASEAN partners in coordinating successful diplomatic campaigns against Vietnam and marshaling international support for the ASEAN cause. As a member of ASEAN, Thailand is also linked to some of the region's most vibrant economies. Like Australia, its strategic location makes it a natural link between the Indian and Pacific basins—the same location gives it the potential for being the site of facilities that might offset Soviet access to Cam Ranh Bay.

But to be an effective regional actor Thailand must improve its military capabilities. Bangkok hopes to continue bolstering its forces with additional procurement of highly versatile aircraft as well as fast attack missile patrol boats. That will help, of course. But unless the United States increases its own capability for assisting Thai and other indigenous forces, it must face the consequences of inadequately protecting American interests.

That may be the most important fact of geopolitical life in the region for U.S. decisionmakers to learn. Because, like it or not, none of the efforts of the other nations in the area can be truly effective without the continued presence of the United States in Asia. Only a major power can offset the adverse trends of recent years. The United States does not have to, and should not, work alone. It should, rather, ensure that its own efforts contribute to the development of a regional capability among friends and allies that will allow them to withstand pressures from potential adversaries.

The United States is a necessary but not all-sufficient component of the regional security system, informal as it may be. The U.S. Navy is a vital part of the American contribution to that system which, if it is to be effective and if U.S. goals in the area are to be achieved, must be given greater attention as a powerful and flexible policy instrument in the Pacific Asian region.●

SENATE—*Monday, October 5, 1981*

(Legislative day of Wednesday, September 9, 1981)

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Reverend Robert S. Strain, associate in the Prayer Breakfast Fellowship, Washington, D.C., offered the following prayer:

Good morning.

Let us pray.

Blessing and honor and glory and power be to our God. May His name be reverenced among the nations—His awesome power respected by all people—His sure justice regarded in every place.

Praise to You, Almighty and Everlasting God.

You beautifully schedule the seasons;

You mysteriously govern all circumstances;

You sovereignly order our lives;

Yet You have given us willpower to be your partners in providence.

Let all the people praise the living God.

Your Holy Spirit has breathed a freedom into the people of this Nation. As stewards of that sacred trust, we assemble again today, acknowledging our personal inadequacy and our great need of godliness. Forgive us, Lord, and rescue us from sin which so besets us.

May we ask of You, a merciful and fatherlike God, that we might hear Your counsel today, in order to maintain discretion and preserve knowledge; that the resourcefulness of all citizens might come together for the common good; and that in today's deliberations we shall work with the awareness that all our ways are in the full view of the Lord.

We remember that Jesus Christ the Lord has taught that we should—

Love our enemies and pray for those who persecute us.—Matthew 5:44.

So we proceed accordingly, in His name. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I understand there is a possibility, at least, that we shall be able to succeed in the effort to consider the telecommunications bill around noon. There is no agreement to that effect, but I am advised there is that possibility. While that possibility is being explored, I think it will be a good time to arrange for morning business. So I should like to put this unanimous-consent request.

Mr. President, I ask unanimous consent that, after the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business to extend not later than 12 noon, in which Senators may speak for not more than 10 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have no requirement for my remaining time under the standing order. I am prepared to yield it to any Senator or yield it to the minority leader if he wishes additional time.

Mr. ROBERT C. BYRD. Mr. President, I thank the distinguished majority leader. I shall accept his offer. I may not need time, but I appreciate the offer and I accept it.

Mr. BAKER. I thank the minority leader.

Mr. President, I yield the remainder of my time to the control of the minority leader.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mrs. KASSEBAUM). The minority leader is recognized.

Mr. ROBERT C. BYRD. Madam President, I thank the distinguished majority leader.

THE REAGAN DEFENSE DECISIONS

Mr. ROBERT C. BYRD. Madam President, the long-awaited package of decisions announced this past Friday on America's strategic weapons systems raises important and troubling questions.

It has been made abundantly clear by the present administration over the last 9 months that our defenses are inadequate. Indeed, all during the election campaign, prior to the inauguration of the President and the advent of this new administration, we heard the same refrain: "Our defenses are inadequate." There has been a constant stream of rhetoric suggesting that our strategic posture is dangerously weak. In particular, the administration has emphasized that there is a dangerous and growing strategic arms imbalance with the Soviet Union which must be repaired quickly and with large new investments of funds.

For example, Secretary Weinberger, in his defense budget presentations last March, stated that:

> **One of the most disturbing developments we confront is the continuing deterioration of the balance in intercontinental nuclear arms. We must make large investments in this area to deter the ultimate catastrophe. It is unacceptable to find ourselves today facing the prospect of Soviet strategic superiority and to watch the Soviet Union mass-producing both land-based missiles and a manned bomber fleet.**

Arms control negotiations, it was said, had only the effect of restraining our own strategic arms programs while the Soviet Union continued to build a powerful missile arsenal. This Soviet missile force will soon apparently be able to overwhelm our land-based missile force in a first strike.

Such a frightening prospect, Secretary Weinberger stated, required immediate action. He said:

> **We must begin now. We no longer have the luxury of a leisurely period in which to correct years of neglect. We no longer have that comfortable reassuring abundance of economic, political, and military power, which permitted us to withstand and overcome error in earlier periods. The margin for error is gone.**

Madam President, the decisions announced by the President this past Friday do not, unfortunately, reassure me that our strategic posture is being put on a firm footing. They do not reassure me that the margin of error is being erased.

The decisions to put an initial force of 35 MX missiles in Titan silos in the mid-1980's and to begin producing the B-1 bomber raise more questions than they answer.

We have heard much during the campaign and subsequent thereto concerning the so-called window of vulnerability. Will the window of vulnerability to Soviet missile attack be closed shut by this administration's decision? Will putting these new, more powerful, more accurate missiles into vulnerable silos make it appear that America would consider a strategic first strike against the Soviet Union? Is that decision calculated to stabilize the balance of strategic power, or will it have the effect of destabilizing that precarious equation?

Will it make the most accurate of our missiles vulnerable to immediate destruction as a result of a preemptive Soviet strike? Will it require us to formulate a "launch on warning" strategy which shortens the time frame available to correct mistakes?

How realistic is the proposition that new research and development is needed on the "big bird" basing mode? It was my impression that this option had been examined rather thoroughly and rejected more than once before. How realistic is doing 3 more years of research on the "deep underground basing" mode? Is this a credible proposition, or simply a

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

way, as Joseph Kraft put it yesterday, of "throwing our hand in" on the attempt to protect our land-based missiles from Soviet attack?

Earlier this year, the administration appointed a high-level commission, the Townes Commission, to examine the strategic options. What were the results of that Commission's work? Where is the report?

The bomber decision is also very troubling to me. It is generally agreed that the B–1 bomber will not be able to perform its primary mission, which is the penetration of Soviet air space by the end of this decade. Why do I emphasize "Soviet" air space? Because it is obvious to everyone that that is our strongest, most dangerous, most likely adversary in any war, be it conventional or otherwise, or any nuclear war, which we hope and believe sane men and women would never engage in.

Since our B–52 force will retain that penetration capability nearly as long as the B–1, I am at a loss to understand what this $200-million-per-copy aircraft is really going to buy us.

Why are we not proceeding with an all-out acceleration of the Stealth aircraft, an aircraft which will be able to perform that primary mission through the end of this century?

We have known for a long time that a very high-stakes money game was going on relating to the administration's bomber decision. We saw leak after leak emanating from the Pentagon with reference to highly classified information on Stealth technology. There was a great debate and tug of war within our defense community as to whether we should go all out for the Stealth or, instead, simply continue Stealth research while we produced the B–1. The administration, apparently, has chosen the latter approach.

We read of a campaign that was being conducted by the Air Force top command, a campaign on the Hill, to convince Congress to accept their approach on this question. But we did not hear the B–1 argument from the highly respected commander of the Strategic Air Command General Ellis. General Ellis sought to have us go all out for the Stealth bomber. Instead, we have opted for the used-car technique. We will sink many billions of dollars in this B–1 used car—a used car because it will not pass the test of penetration of Soviet air defenses by the late 1980's. It will be obsolete for that purpose.

In order to buy the B–1, will we have to phase out our B–52's earlier? Will we, therefore, reduce our cruise missile program? How many aircraft will be retired? How will that reduce our cruise missile force?

Can we be sure that the B–1 program will not delay the Stealth program? Can we be sure that our production base will be able to handle two aircraft? Can we be sure that cost overruns, the development of a lobby composed of contractors and political interests, will not develop around the B–1 program and keep it alive longer than it is now projected for?

Madam President, there are certainly many valuable and worthy aspects of the announcements made by the President on our strategic programs. The upgrading of our command and control capabilities, the commitment to the new D–5 submarine-launched missile, and the commitment to the MX missile production itself are to be commended. But on the key systems, I fear, we are embarking on a path of buying outmoded equipment, sinking billions upon billions of dollars of the taxpayers' money in an outmoded aircraft that will cost, I understand, between $200 million and $250 million per plane. At the same time, we are forgoing opportunities to upgrade our arsenal with the most sophisticated weaponry.

We are not addressing in a credible fashion America's "window of vulnerability." To delay the MX basing mode decision until 1984 is simply to delay repairing the strategic imbalance for too long. It is deferring what is admittedly a hard series of choices indefinitely.

The MX proposal that has now come from the administration is a decision to delay a decision on a basing mode for the MX for at least 3 years.

It is also somewhat difficult to understand why the administration has decided to invest in new air defense systems, particularly in ringing the country with AWACS aircraft, while it neglects to upgrade our defenses against missile attack. Do we really expect the Soviet Union to attack us with their bomber force? Is it not far more likely that, if an attack comes, it will be by intercontinental ballistic missiles? And so if we are trying to save money wherever we can, what is the logic of using an aircraft for a strategic defense role which is primarily adaptable for regional defense needs, in areas like Europe and the Middle East?

Last, Madam President, there is no indication of what the components of this program will cost. Clearly there will be large savings resulting from the basing mode delay. But we do not have the necessary details.

But in any event, these will be but temporary savings, and at what cost to our ultimate security?

I am pleased that the Armed Services Committee has decided to take a comprehensive and fresh look at the decisions and their long-term implications.

In that regard, I must say that I was shocked to hear that the chairman of the Armed Services Committee had not been consulted by the administration in advance of its decisions announced on Friday.

The committee will give serious attention to these matters, I am sure. The Senate will give serious attention to them. I intend to give serious attention to them.

The American people expect us to insure that the future security of the Nation is being attended to properly and that the basic security decisions of their Government are not grounded so much on political considerations as on the real and raw hard factors involving technology that can only assure us of the security that this Nation deserves.

Mr. President, I yield to the distinguished Senator from Wisconsin (Mr. PROXMIRE) such time as he may require.

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

Mr. PROXMIRE. I thank the minority leader.

THE GENOCIDE CONVENTION AS INTERNATIONAL LAW

Mr. PROXMIRE. Madam President, on many occasions I have spoken about the Genocide Convention and urged its ratification by the United States. Its moral basis is clearly beyond dispute. But critics have questioned its practical value as international law.

These critics disparage the role international law plays in the world order and in our moral behavior. Nevertheless, for all its infirmities, international law has been helpful in thwarting many of the destructive forces that have plagued mankind.

But no international law can be effective if it is not actively supported by the major world powers such as the United States of America. By our indifference to the Genocide Convention we open ourselves to accusations by our enemies of tacitly encouraging potential violators.

The most infamous example of genocide was Nazi Germany's program of mass murder during World War II. The Third Reich's presumption that these hideous crimes could be pursued with impunity was no doubt encouraged by the timid reactions of France and England to Germany's repeated violations of international law in the Third Reich's early years.

Madam President, it is contrary to every tenet of the American Republic that we do not recognize genocide as an international crime. If genocide is not recognized by us as internationally reprehensible, what offense to "life, liberty and the pursuit of happiness" can we as a nation object to persuasively in the opinion of mankind?

In a world that turns to the United States for moral and ethical leadership, it is embarrassing that we have not ratified the Genocide Convention. It is time for us to reflect in international law what we vowed in the Declaration of Independence.

Only the whole world united behind the Genocide Convention can hope to discourage potential violators. Therefore, I urge my colleagues to join me in adding the United States to the roster of nations—every developed, every major nation in the world, 85 nations, have already ratified this convention to outlaw the planned, premeditated murder of an entire ethnic group—so we may at last take our proper place on this issue.

Madam President, I yield the floor.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business.

(The remarks of Mr. HAYAKAWA at this point concerning the submission of a resolution are printed later in today's RECORD under Resolution Submitted.)

Mr. ROBERT C. BYRD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

WALTER J. STEWART: A DEDICATED PUBLIC SERVANT

Mr. TSONGAS. Mr. President, I join with my colleagues on both sides of the aisle in commending Walter J. Stewart, who has served the public with distinction for three decades. Walter "Joe" Stewart has compiled a solid record of dedicated public service in his 30 years with the U.S. Senate. By his own ability and enterprise, he rose from the position of Senate page to high positions serving Senate Democrats under the leadership of Senator ROBERT C. BYRD.

Joe Stewart has worked closely with Senator BYRD during the last 10 years. In 1971, he left the professional staff of the Senate Committee on Appropriations to become legislative assistant to Senator BYRD, which position he filled diligently for 6 years.

He became assistant to the majority leader for floor operations in 1977; 2 years later, Majority Leader BYRD nominated him as Secretary for the Majority of the Senate. Joe was elected, and served the Senate Democrats with distinction until January 1981, when he was elected Secretary for the Minority.

Joe Stewart has served the Senate Democrats long and well. That service is appreciated not only by his Democratic friends but also by our colleagues across the aisle. He has consistently conducted himself in a fair, evenhanded, professional manner. He is well respected and well liked.

Mr. President, I suppose Joe Stewart's high standing on Capitol Hill is partly the result of how he came to high responsibility here. Slowly and diligently, he worked his way up, mastering the fine points of the legislative process over the years. At each step in his career, he showed the ability to excell.

He was president of the class of 1953 at the Capitol Page School. Shortly after joining the staff of the Democratic Cloakroom, he was made supervisor of the Cloakroom staff. By 1955, he was an assistant to the Secretary of the Majority. All the while, he was attending college and then law school at night. He finally received his LL.B. from American University Law School in 1963, the same year that Senator ROBERT C. BYRD received his law degree.

Mr. President, Walter "Joe" Stewart worked his way up, earning positions of high public responsibility. His professional and personal qualities have won our profound appreciation. Now, as he undertakes new challenges in private industry, I wish Joe Stewart well and thank him for a long succession of jobs well done.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

THE RETIREMENT OF JOE STEWART

Mr. BOREN. Mr. President, I would like to add my voice to those of my colleagues in expressing regret at the retirement of Joe Stewart from active service in the Senate.

While I am, of course, delighted that he will remain in Washington, I will miss his capable assistance here in the Senate. For 30 years, from service as a page to the highest staff positions of the Senate, Joe Stewart has proven himself to be an extremely capable individual, and a man of intergrity. His knowledge and hard work have been invaluable in allowing us to perform the duties required of us. We will miss his judgment and ability.

JOE STEWART WILL BE MISSED

Mr. LAXALT. Mr. President, Joe Stewart's 30 years of service in the Senate will be greatly missed. He has been a tremendous asset to both Republican and Democratic Senators. It was a pleasure to work with a man who labored so diligently on Senatorial matters. Indeed, the Nation will miss his services.

TRIBUTE TO JOE STEWART

Mr. LONG. Mr. President, I would like to take this opportunity to thank Joe Stewart for his many years of service to the U.S. Senate.

Joe has been here for 30 years, almost as long as I have. And, in those years I have witnessed firsthand each step of his career.

From Senate Page to Secretary of the Minority, Joe's record has always been one of excellence and competency.

I have no doubt that he will have continued success in his new position within the private sector.

All of us who have known and worked with Joe will miss him.

JOE STEWART RETIRES FROM THE SENATE

Mr. CHILES. Mr. President, I want to join with other Senators in marking with praise and admiration the retirement of Joe Stewart from the Senate. Joe was a true "Senate" man. He literally grew up in the U.S. Capitol and he was schooled in the ways of the Hill as few men are. I take special pride in the fact that Joe is a Floridian and was brought to Washington by my predecessor Senator Spessard Holland, who appointed Joe a page in 1951.

Joe exemplified the qualities of intelligence, professionalism, and drive that all Senators value in a staff member. Beyond that Joe brought a spirit of cooperation and comity to his position that is so essential to the legislative process. For Senators and staff alike, Joe was often the vital link, the man who knew what was going on and why. I know I speak for many Senators when I point out that Joe's summary of legislation and the surrounding debate was usually the analysis that was right on target.

Joe's service to the Senate has involved a number of significant positions. In 1953, Joe joined the staff of the Democratic Cloakroom and soon thereafter became supervisor. He subsequently served as Assistant to the Secretary of the Majority, professional staff member on the Committee on Appropriations, and Legislative Assistant to Senator ROBERT C. BYRD. All Joe's many talents and abilities came into play in 1977 when he became Assistant to the Majority for Floor Operations and later served as Secretary for the Majority. This adds up to 30 years of service to the Senate and the country. It is a distinguished record in which Joe can take great pride.

Mr. President, I want to wish Joe every good fortune in his new career in the private sector. The Senate will miss him. I will miss him.

A TRIBUTE TO WALTER J. STEWART

Mr. NUNN. Mr. President, I would like to add my tribute and farewell to an esteemed servant of the Senate, Walter J. Stewart. Joe has dedicated more than half of his life to the Senate and his length of service to this body alone marks him for high praise and commendation.

In 1951, "Joe" Stewart began his service as a page sponsored by the late Senator from Florida, Spessard Holland. He graduated from the Capitol Page School as president of his class 3 years later. While attending undergraduate and law schools at night, he worked for the Senate full time as director of the Democratic Cloakroom and administrative assistant to the Secretary for the Majority. Upon his graduation from American University Law School and acceptance to the D.C. Bar, he became a permanent professional staff member of the Senate Appropriations Committee.

In 1971, my distinguished colleague from West Virginia, ROBERT C. BYRD, appointed Joe Stewart his legislative assistant. When the Senator became majority leader in 1977, Joe Stewart became the Assistant to the Majority Leader for Floor Operations. After almost 30 years in the Senate, Joe was made Secretary for the Majority in 1979 and in 1981 Secretary to the Minority.

This exemplary record of devotion to this august body deserves not only the highest praise and commendation, but a debt of gratitude impossible to repay.

I, personally, on more than one occasion, have looked to Joe for his able assistance on the floor of this Chamber.

His dedication, energy and skill will be keenly missed by all of us. I know all of my colleagues wish him our best in all of his future endeavors.

THE DEVASTATING IMPACT OF HIGH INTEREST RATES

Mr. BOREN. Mr. President, I am continuing today my series of speeches on interest rates. Since June of this year, I have been daily entering remarks into the RECORD, either orally or in writing, concerning the devastating impact high interest rates have had and are continuing to have on this Nation's economy.

In that regard, I would note for my colleagues that soon the third quarterly survey of credit conditions for small businesses should be forthcoming from the National Federation of Independent Businesses.

The NFIB has over half a million member firms which they survey each quarter to determine their economic health. The results are then printed and widely distributed.

It will be interesting to compare the survey for the third quarter of 1981 with the second quarter report that was released in July. Compiled by William C. Dunkelberg of Purdue University and Jonathan A. Scott of Southern Methodist University, the second quarter report said that credit market conditions had deteriorated dramatically for small businesses. I am afraid that when the third quarter report is released, it will begin with the same notation.

While the full text of the report and its accompanying charts are too voluminous to reprint in the RECORD, I would like to recall some of the details now in anticipation of the next edition.

The dominant feature of the last report was stated in the following manner: "For the first time in the history of the quarterly survey, interest rates-financing was ranked more frequently as the single most important problem than any other problem."

The percentage of firms reporting higher interest rates increased from 17 percent in April to 30 percent in July. More importantly, Mr. President, the survey showed that financing conditions were expected to deteriorate over the next quarter—that is, the quarter in which we are currently engaged—by 14 percent of all of the firms surveyed.

I will be interested, Mr. President, how far above the 30-percent level will be the percentage of firms reporting higher interest rates in the third quarter and even more interested to see how far above 14 percent will be the number of firms expecting conditions to deteriorate in the last quarter of this year.

In all 31 percent of the responding firms in the July report listed interest rates-financing as the single most important problem in the current year. That represented a 6-percent increase from the first quarter, and was nearly eight times higher than the 4-percent figure reported in 1977. I believe we will see that trend of increasing numbers hold in the third quarter.

To put it another way, "financing" was typically cited by less than 10 percent of the firms as their most important problem in past years. The second quarter report made that problem No. 1.

The report concluded that the figures reflected the general deterioration of small firm balance sheets over the last few years. Given what has occurred with interest rates in the last couple of months since that report was issued, I think we could add another sentence to that saying that not only have the balance sheets of small businesses deteriorated, but so have the number of small businesses themselves.

Mr. President, when the third quarter report is published, I anticipate that the numbers will be worse, the plight of small business will be worse, and more disappointing than anything else, interest rates will be worse.

FOR THE NEXT TO LAST TIME

Mrs. HAWKINS. Mr. President, late on Tuesday night the Senate approved House Joint Resolution 265, authorizing an increase in the public debt limit to $1,079,800,000 through the end of fiscal year 1982. Although I voted for House Joint Resolution 265, I did so with reluctance and only because I believe that the era of deficit spending is drawing to a close and that the Government's bills must be paid.

While some doubt whether the pledge of a balanced budget in fiscal year 1984 can be honored, there is no doubt in my mind that President Reagan is firmly committed to doing so. Given the disastrous effects on the poor and the elderly from inflation caused by the continual flow of deficits almost without end. I will do all I can to help redeem his pledge.

The Federal Government has balanced its books only once in the last 21 years. And over that same period, Federal indebtedness rose from $554 billion to $995 billion, an increase of 80 percent. With the action taken yesterday, we breach the $1 trillion mark.

It is not a coincidence that during the past two decades, inflation rose from 1 percent to double-digit levels and remained there on a sustained basis never seen before in our history.

I believe deficit spending is one fiscal practice we cannot afford to become a tradition. The apparent inability of the Federal Government to adhere to a responsible fiscal plan not only generates inflation, but it weakens the respect the American people have for their Government. The American people have learned that deficits do matter, and that they are the source of many of our economic problems. Yet, the Government appears to take little heed of this cause and effect relationship. Or, if it understands it, nevertheless nothing is done about it.

In many ways, the Reagan administration promises to initiate changes in the way the Federal Government does business. I believe they will successfully tackle the problem that has escaped others, balancing the Federal books. For that reason, I have decided to support yet another increase in the public debt, albeit with misgivings.

However, there is no guarantee that in the future a less concerned administration and Congress will remember the experience of the last two painful decades.

Congress should therefore quickly clear the legislation a majority of the American people have sought for some time, a constitutional amendment requiring a balanced Federal budget. Early next spring, the Senate is expected to take up Senate Joint Resolution 58 which requires a three-fifths vote of both Houses of Congress to run a deficit. By making it as difficult to run a deficit as it is to end a filibuster, we can raise an important barrier that future administrations and Congresses would have to pass before overriding the commonsense notion that spending more than you take in is a dangerous practice.

AMERICANS WANT STRONG CLEAN AIR ACT

Mr. STAFFORD. Mr. President, environmental laws, in general, and the Clean Air Act, in particular, have long enjoyed strong support from the American public. That condition remains the fact today.

The Senate Committee on Environment and Public Works has completed its hearings on review of the Clean Air Act and the staff of the committee is working on preparation of a document that will serve as a working paper for fine tuning the law.

As my committee begins this critical phase of its task, I am delighted to note that a recent New York Times/CBS News public opinion poll reached the conclusion that a majority of Americans support continued strong protection of the environment, even if it requires economic sacrifice.

That poll was taken during a period of economic uneasiness and during a period when we are all being told that our goals will have to be adjusted because of the economic realities of life in America these days.

I was particularly delighted to note in the results of the poll that those Americans who live in the West are even stronger in support of the environment than the national average.

It is my judgment that Americans want a strong Clean Air Act and that their support of the current law is not diminished by the arguments that environmental laws should be eased to reduce the economic and regulatory burdens on business and industry.

I am pleased that the most recent poll available supports that judgment.

Mr. President, I ask unanimous consent that a news report and a table, based on the New York Times/CBS News poll, and written by that able reporter, Philip Shabecoff, be printed in the RECORD. The article appeared in the New York Times on Sunday, October 4, 1981.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POLL FINDS STRONG SUPPORT FOR ENVIRONMENTAL CODE

(By Philip Shabecoff)

A large majority of the American public supports continued strong protection of the environment even if it requires economic sacrifice, according to the latest New York Times/CBS News Poll.

The poll results suggest that the policies of the Reagan Administration, which would relax environmental laws to ease the economic and regulatory burden on business and industry, are out of tune with the sentiments of most Americans.

Better than two out of three people questioned agreed that "we need to maintain present environmental laws in order to preserve the environment for future generations." Fewer than one in four felt "we need to relax our environmental laws in order to achieve economic growth."

When confronted with a specific alternative, keeping air pollution laws "as tough as they are now" even if "some factories might have to close," nearly two-thirds of the sample of 1,479 Americans of voting age in the poll said they would keep the law tough. The poll was taken by telephone from Sept. 22 through Sept. 27.

HIGH STANDARD NARROWLY SUPPORTED

Even when presented with an extreme choice, the proposition that "protecting the environment is so important that requirements and standards cannot be too high, and continuing environmental improvements must be made regardless of cost," the largest number of respondents agreed. The margin was small, 45 percent to 42 percent, and the rest did not know or had no answer.

Only when the question of energy production versus environmental protection was raised did support for the environment soften.

Sixty-one percent of those polled said that they favored increased drilling for oil and natural gas off the California coast, while 26 percent said that the risks were too great. Those questioned evenly divided, 45 percent in favor and 45 percent opposed, on whether oil drilling should be permitted in Federal wilderness areas.

Although the degrees of intensity vary, support for strong environmental protection in the poll cut across age, income, education and racial lines and even political parties and ideological groups. Republicans and Democrats, liberals and conservatives all indicated support for strong antipollution laws.

LINK TO POPULARITY APPEARS SLIGHT

The divergence of public opinion from the environmental policies of the Reagan Administration does not appear to have any sharp impact on the public's perception of the President himself, at least not yet.

Asked if they trusted the President to make the right kinds of decisions about the environment, 50 percent of those polled said yes, 33 percent said no and 17 percent did not know or had no answer.

This was a lower degree of trust than that afforded Mr. Reagan on military and budget issues. But it was higher than the 44 percent who trusted his decisions on Social Security.

Mr. Reagan and his chief environmental aids, Interior Secretary James G. Watt and Ann M. Gorsuch, administrator of the environmental Protection Agency, have all stated that they intend to meet public health and environmental goals. But they have also said that the laws and rules for protecting the environment must be adapted to sustain economic growth and permit the development of domestic energy sources.

73 PERCENT UNAWARE OF WATT

Secretary Watt has been a particular target of environmental groups, editorial cartoonists and other critics for his efforts to make public lands and waters and their resources more readily accessible to economic development. But the Times/CBS News poll showed that 73 percent of those interviewed did not know enough about him to give an opinion and another 10 percent had no answer. Of the rest, 7 percent had a favorable opinion and 11 percent an unfavorable opinion.

Both the trust of Mr. Reagan on environmental polices and the lack of knowledge about Mr. Watt may reflect the fact that, while the Administration has stated its environmental policies, they have not been fully put into effect, and thus people have not been directly affected.

Moreover, there have been no environmental crises recently on the scale of a Love Canal chemical dump or Three Mile Island nuclear accident.

Thus, only 1 percent of those polled responded "the environment" when asked what was the most important problem facing the country today; 65 percent mentioned inflation, unemployment and other economic problems and 10 percent, foreign policy issues.

The poll results suggest that environmental issues could raise political problems for the President and the Administration if the stated policies have the deleterious effect that environmental groups have said they fear.

The poll findings indicate that Americans have considerable interest in and strong feelings about environmental issues. The Times/CBS News survey, moreover, is consistent with the findings of other polls in recent months and years.

These samples of opinion indicate that the public has definite feelings about the environment, and that, despite disenchantment with government, most people want an activist policy of environmental protection.

SOME TRADEOFFS ACCEPTABLE

The Times/CBS News poll also suggests, however, that the public is not ready to accept all of the demands of environmentalists, and in some cases would accept such tradeoffs as between energy development and easing of environmental protection.

Young people, urban dwellers and people living in the Eastern and Western areas of the country give the strongest support to environment protection, according to the poll. Older, rural people and Southerners are less committed to such protection.

Young people in particular seem to feel deeply about environmental issues. The question of keeping environmental laws unchanged was answered in the affirmative by 80 percent of those polled who were 18 to 29 years old. In contrast, 59 percent of those in the 45 to 64 age bracket favored this view.

Black people questioned in the poll also gave strong support to environmental protection. Fifty-four percent of blacks said, for example, there should be environmental protection at any cost, compared to 44 percent of whites.

However, many black respondents gave a very broad interpretation of environmental problems, citing such issues as slums, poor housing and "crime in the streets."

1,479 ADULTS INTERVIEWED

The poll is based on telephone interviews with 1,479 adults around the United States. The telephone exchanges called were selected by a computer from a nationwide list. The method assured that each region of the country would be represented in proportion to population. For each exchange, telephone numbers dialed were made up of randomly selected digits, thus reaching listed and unlisted residential numbers.

The results have been weighed to take account of household size and to adjust for variations in the sample relating to region, race, sex, age and education.

In theory, it can be said that in 95 cases out of 100 the results based on the entire sample differ by no more than 3 percentage points from what would have been obtained by interviewing all adult Americans. The error for smaller subgroups is larger, depending on the number in the subgroup.

The theoretical errors do not take into account a margin of additional error resulting from the various practical difficulties in taking any survey of public opinion.

GROUP DIFFERENCES AND SIMILARITIES ON THE ENVIRONMENT

	Percentage of group who—			
	Trust Reagan to make right decisions about the environment	Want to maintain present environmental laws even at cost in economic growth	Favor keeping present air pollution laws even if some factories must close	Want continuing environmental improvements made regardless of cost
National	50	67	51	45
Age:				
18 to 29 yr	49	80	77	61
30 to 44 yr	52	69	67	46
45 to 64 yr	51	59	51	35
65 and over	48	53	37	33
Residence:				
Large city	47	74	66	56
Suburb	51	68	67	47
Small city	48	65	54	42
Rural	52	63	56	41
Annual income:				
Under $10,000	40	69	53	45
$10,000 to $20,000	51	70	60	46
$20,000 to $30,000	50	68	66	47
$30,000 to $40,000	59	66	66	43
More than $40,000	64	65	66	45
Race:				
Black	22	65	54	54
White	54	67	61	44
Party identification:				
Democrat	40	73	59	49
Independent	49	64	62	45
Republican	66	62	60	39
Ideological label:				
Liberal	48	72	70	55
Moderate	53	68	61	47
Conservative	53	67	59	42
Region:				
East	51	71	67	48
Midwest	50	62	59	46
South	51	65	51	40
West	49	69	70	48

Note: Poll of 1,479 adults conducted Sept. 22–27.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 84–689, appoints the following Senators to attend the North Atlantic Assembly to be held in Munich, Germany, October 11–16, 1981; the Senator from Maryland (Mr.

Mathias), chairman; the Senator from Pennsylvania (Mr. Specter); and the Senator from Delaware (Mr. Biden), vice chairman.

TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981

Mr. BAKER. Mr. President, what is the business pending before the Senate?

The PRESIDING OFFICER. The business pending before the Senate is a motion to proceed on S. 898.

The majority leader.

Mr. BAKER. Mr. President, I have no further debate on the motion.

The PRESIDING OFFICER. All those in favor, signify by saying, "Aye.'

Mr. FORD. Mr. President, I believe the minority side wishes to have some discussion. I believe the rule is that Senator Hollings would go first today, as if he were in continuous debate from last Thursday. Am I correct?

Mr. BAKER. The Senator is correct.

Mr. FORD. The parliamentary procedure would be that the Chair would recognize the Senator from South Carolina.

Mr. BAKER. If he seeks recognition.

Mr. HOLLINGS addressed the Chair.

Mr. FORD. The Senator is seeking recognition.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I thank the distinguished Senator from Kentucky and the distinguished majority leader.

Mr. President, in previous discussion, I had agreed to the bill being laid before the Senate at 12 noon today—just that, an agreement that we go ahead with the consideration of the bill. I have checked with the minority leader, and I am ready to proceed to the bill being laid before the Senate; then, if we wish, we can enter into an agreement about the votes. We also have discussed that, and I will be glad to do that.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. BAKER. Personally, I would have no objection to stacking votes on amendments. I urge that Senators call up their amendments today and debate them, and I will go about the clearance process on this side to stack them, say, to begin at 10:30 tomorrow. But because of the clearance process, I cannot agree to that at this moment. I believe I will be able to agree to it shortly.

Mr. HOLLINGS. We will check with the leadership on this side.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (S. 898) to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Commerce, Science, and Transportation with an amendment to strike out all after the enacting clause, and insert the following:

TABLE OF CONTENTS

Sec. 2. Findings.

TITLE I—GENERAL

Sec. 101. Purposes.—Federal Communications Commission.
Sec. 102. Application of Act.
Sec. 103. Definitions.
Sec. 104. Findings/transition plan.

That this Act may be cited as the "Telecommunications Competition and Deregulation Act of 1981".

TITLE II—DOMESTIC TELECOMMUNICATIONS

Sec. 201. Statement of policy.
Sec. 202. Authority of Commission.
Sec. 203. Classification of carriers.
Sec. 204. Resale.
Sec. 205. Carrier requirements.
Sec. 206. Technical and conforming.
Sec. 207. Technical and interconnection.
Sec. 208. Provision of regulated services.
Sec. 209. Information on charges, etc.
Sec. 210. Tariffs.
Sec. 211. Copies of contracts.
Sec. 212. Technical.
Sec. 213. Valuation of carrier property.
Sec. 214. Construction, acquisition, or operations.
Sec. 215. Technical.
Sec. 216. Technical.
Sec. 217. Technical.
Sec. 218. Technical.
Sec. 219. Technical.
Sec. 220. Records and accounts.
Sec. 221. Technical.
Sec. 222. Access charges.
Sec. 223. Technical.
Sec. 224. Regulation of pole attachments.
Sec. 225. Technical.
Sec. 226. Exchange telecommunications area.
Sec. 227. Fully separated affiliate.
Sec. 228. A.T. & T. transition to full separation.
Sec. 229. 1956 consent decree.
Sec. 330. Employee protection.
Sec. 231. Technical.
Sec. 232. Technical.
Sec. 233. Protection and restoration of essential telecommunications.
Sec. 234. Customer-premises equipment and information services.
Sec. 235. Transition.
Sec. 236. Basic telecommunications services.
Sec. 237. Ownership or control of cable television systems.
Sec. 238. Network planning and management.
Sec. 339. Penalties.
Sec. 240. Reciprocal rights.

TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Mandamus to compel furnishing of facilities.
Sec. 302. Petition for enforcement of order for payment of money.
Sec. 303. General provisions relating to proceedings—witnesses and depositions.
Sec. 304. Use of Joint Boards—cooperation with State commissions.
Sec. 305. Joinder of parties.
Sec. 306. Documents filed to be public records—use in proceedings.
Sec. 307. Designation of agent for service.
Sec. 308. Limitations as to actions.
Sec. 309. Provisions relating to orders.
Sec. 310. General penalty.
Sec. 311. Unauthorized publication of com-

TITLE IV—CONFORMING AMENDMENTS

munications.
Sec. 401. Title 18.
Sec. 402. Clayton Act.
Sec. 403. Transition of Commission authority.
Sec. 404. Applicability of antitrust laws.
Sec. 405. International telecommunications.
Sec. 406. International economic competition evaluation.
Sec. 407. Oversight.
Sec. 408. Effective date.
Sec. 409. Separability clause.

FINDINGS

Sec. 2. The Congress hereby finds and declares that—

(1) rapid advances in telecommunications technologies are making possible competition among providers of telecommunications services;

(2) competition is a more efficient regulator than Government of the provisions of diverse telecommunications services and, as competition continues to develop, deregulation of telecommunications carriers and services should occur.

(3) the Nation's domestic and international telecommunications carriers, facilities, and services are vital national resources which are critical to meeting the needs of national defense and security and emergency preparedness and to maintaining the economic competitiveness and technological leadership of the United States; and

(4) the transition to competition and deregulation must be accompanied by appropriate safeguards to assure that basic telecommunications services are universally available at reasonable charges throughout the United States.

TITLE I—GENERAL

PURPOSES—FEDERAL COMMUNICATIONS COMMISSION

Sec. 101. (a) Sections 1 through 5 of the Communications Act of 1934 (and all cross references thereto), hereinafter referred to as the "1934 Act" (47 U.S.C. 151) are redesignated as sections 101 through 105, respectively.

(b) Section 101 of the 1934 Act, as redesignated by subsection (a), is amended to read as follows:

"PURPOSES OF THE ACT; FEDERAL COMMUNICATIONS COMMISSION

"Sec. 101. For the purpose of making available, so far as possible, to all the people of the United States, rapid efficient, nationwide and worldwide telecommunications services with adequate facilities at reasonable charges; for the purpose of the national defense and security and emergency preparedness; for the purpose of promoting safety of life and property through the use of telecommunications; for the purpose of providing universal basic telecommunications service at reasonable charges; for the purpose of encouraging continuing improvements in telecommunications service in all areas of the United States; for the purpose of encouraging competition in the provision of telecommunications; for the purpose of encouraging continuing improvement in the use of technologies; for the purpose of promoting the technological leadership of United States telecommunications equipment and service suppliers; and for the purpose of promoting interstate and foreign commerce in telecommunications services, there is hereby created a commission to be known as the Federal Communications Commission, which shall be constituted as hereinafter provided, and which shall execute and enforce the provisions of this Act.".

APPLICATION OF ACT

Sec. 102. Section 102 of the 1934 Act, as redesignated by section 101(a), is amended to read as follows:

"APPLICATION OF ACT

"Sec. 102. (a) The provisions of this Act shall apply to and the Commission shall exercise jurisdiction with respect to: all interexchange and foreign telecommunications and all transmission of electromagnetic energy by radio, which originates or is received within the United States; the licensing and regulating of all radio stations as hereinafter provided; and all persons engaged within the United States in such telecommunications or such transmission of energy by radio.

"(b) Except as otherwise provided in title II, and subject to the provisions of section 301 of this Act, nothing in this Act shall be construed to apply or to give the Commission jurisdiction with respect to charges, practices, services, facilities, records, accounts, or regulations for or in connection with exchange telecommunications services. Any carrier engaged in interexchange or foreign telecommunications solely through physical connection of the facilities of another carrier not directly or indirectly controlling or controlled by, or under direct or indirect common control with such carrier shall not be subject to Commission jurisdiction.".

DEFINITIONS

SEC. 103. Section 103 of the 1934 Act, as redesignated by section 101(a), is amended to read as follows:

"DEFINITIONS

"SEC. 103. For the purposes of this Act, unless the context otherwise requires, the term—

"(1) 'Affiliate' means any organization or entity which does not provide regulated telecommunications services (other than a fully separated affiliate) and which is under direct or indirect common ownership or control with another entity, or is owned or controlled by another entity. For the purposes of this paragraph, the terms 'ownership' and 'owned' mean a direct or indirect equity interest (or the equivalent thereof) of more than 50 percent of an entity.

"(2) 'Amateur station' means a radio station operated by a duly authorized person interested in radio technique solely with a personal aim and without pecuniary interest.

"(3) 'Basic telecommunications service' means the provision to the general public on a universal basis of the minimum transmission capability necessary for two-way telecommunications services including basic telephone service.

"(4) 'Basic telephone service' means a basic telecommunications service which allows natural persons to communicate with each other by voice over exchange, interexchange, or foreign telecommunications facilities.

"(5) 'Broadcast station', 'broadcasting station', or 'radio broadcast station' means a radio station equipped to engage in broadcasting.

"(6) 'Broadcasting' means telecommunications by radio intended to be received by the public, directly or by the intermediary of relay stations.

"(7) 'Chain broadcasting' means simultaneous broadcasting of an identical program by two or more connected stations.

"(8) 'Commission' means the Federal Communications Commission.

"(9) 'Construction permit' or 'permit for construction' means that instrument of authorization required by this Act or the rules and regulations of the Commission made pursuant to this Act for the construction of a station or the installation of apparatus for the transmission of energy, or communications, or signals by radio, by whatever name the instrument may be designated by the Commission.

"(10) 'Corporation' includes any corporation, joint-stock company, or association.

"(11) 'Dominant-regulated carrier' means any telecommunications carrier which is classified as a dominant-regulated carrier under section 203(b) or section 203(c). Such term includes—

"(A) any person who owns or controls a dominant-regulated carrier to the extent that such entity provides interexchange or exchange telecommunications service; and

"(B) any organization and entity (other than a fully separated affiliate) to the extent that such entity provides an interexchange or exchange telecommunications service.

"(12) 'Exchange telecommunications' means telecommunications which both originate and terminate within the same exchange telecommunications area.

"(13) 'Exchange telecommunications area', 'exchange area', or 'exchange' means a geographic area configured by a State commission for telecommunications purposes.

"(14) 'Foreign telecommunications' or 'foreign transmission' means telecommunications or transmission from or to any place in the United States to or from a foreign country, or between a station in the United States and mobile station located outside the United States.

"(15) 'Foreign telecommunications carrier' or 'foreign information supplier' or 'enterprise' or 'entity' means any telecommunications carrier or enterprise or entity of which at least 20 percent of the capital stock or equivalent ownership is owned or controlled by a foreign person or a domestic person acting in behalf of a foreign person.

"(16) 'Great Lakes Agreement' means the agreement for the promotion of safety on the Great Lakes by means of radio in force and the regulations referred to therein.

"(17) 'Harbor' or 'port' means any place to which ships may resort for shelter or to load or unload passengers or goods, or to obtain fuel, water, or supplies. This term shall apply to such places whether proclaimed public or not and whether natural or artificial.

"(18) 'Information' means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds, or other symbols.

"(19) 'Information service' means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information which may be conveyed via telecommunications, except that such service does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.

"(20) 'Interexchange telecommunications' means telecommunications between a point or points located in one exchange telecommunications area and a point or points located in one or more other exchange areas, including the origination and termination of such telecommunications within each such separate exchange area.

"(21) 'Land station' means a station, other than a mobile station, used for radio communication with mobile stations.

"(22) 'Licensee' means the holder of a radio station license granted or continued in force under authority of this Act.

"(23) 'Mobile service' means the radiocommunication service carried on between mobile stations and land stations, and by mobile stations communicating among themselves.

"(24) 'Mobile station' means a radio-communication station capable of being moved and which ordinarily does move.

"(25) 'Mobile telecommunications service' means the offering for hire of mobile service.

"(26) 'National Communications System' means a confederation of the telecommunications assets of the agencies and departments of the Federal Government.

"(27) (A) 'Operator' on a ship of the United States means, for the purpose of parts II and III of title III of this Act, a person holding a radio operator's license of the proper class as prescribed and issued by the Commission.

"(B) 'Operator' on a foreign ship means, for the purpose of part II of title III of this Act, a person holding a certificate as such of the proper class complying with the provisions of the radio regulations annexed to the International Telecommunication Convention in force, or complying with an agreement or treaty between the United States and the country in which the ship is registered.

"(28) 'Person' includes an individual, partnership, association, joint-stock company, trust, corporation, or any Government agency.

"(29) (A) 'Radio officer' on a ship of the United States means, for the purpose of part II of title III of this Act, a person holding at least a first or second class radiotelegraph operator's license as prescribed and issued by the Commission. When such person is employed to operate a radiotelegraph station aboard a ship of the United States, such person is also required to be licensed as a 'radio officer' in accordance with the Act of May 12, 1948.

"(B) 'Radio officer' on a foreign ship means, for the purpose of part II of title III of this Act, a person holding at least a first or second class radiotelegraph operator's certificate complying with the provisions of the radio regulations annexed to the International Telecommunication Convention in force.

"(30) 'Radio station' or 'station' means a station equipped to engage in radio communication or radio transmission of energy.

"(31) (A) 'Radiotelegraph auto alarm' on a ship of the United States subject to the provisions of part II of title III of this Act means an automatic alarm receiving apparatus which responds to the radiotelegraph alarm signal and has been approved by the Commission.

"(B) 'Radiotelegraph auto alarm' on a foreign ship means an automatic alarm receiving apparatus which responds to the radiotelegraph alarm signal and has been approved by the government of the country in which the ship is registered: Provided, That the United States and the country in which the ship is registered are parties to the same treaty, convention, or agreement prescribing the requirements for such apparatus. Nothing in this Act or in any other provision of law shall be construed to require the recognition of a radiotelegraph auto alarm as complying with part II of title III of this Act, on a foreign ship subject to such part, where the country in which the ship is registered and the United States are not parties to the same treaty, convention, or agreement prescribing the requirements for such apparatus.

"(32) 'Reciprocal rights' or 'reciprocal terms and conditions' means those rights, terms, and conditions established for United States telecommunications carriers in foreign markets that are significantly equivalent to those established for foreign telecommunications carriers in United States markets. The term 'reciprocal rights' includes rights of access to and establishment in foreign markets.

"(33) 'Regulated carrier' means a carrier classified as a regulated carrier pursuant to section 203(a) or section 203(c).

"(34) 'Regulated telecommunications service' or 'regulated service' means basic interexchange telephone service, including access to such service, any basic telecommunications service designated by the Commission pursuant to section 236 and which the Commission determines shall be regulated pursuant to section 236, and any telecommunications service or facilities not subject to effective competition as determined by the Commission pursuant to sections 203(c) and 235(b).

"(35) 'Resale' means the reoffering, with or without adding value, by any person for a profit of any telecommunications service which has been obtained from a carrier.

"(36) 'Safety convention' means the International Convention for the Safety of Life at Sea in force and the regulations referred to therein.

"(37) (A) 'Ship' or 'vessel' includes every description of watercraft or other artificial contrivance, except aircraft, used or capable of being used as a means of transportation on water, whether or not it is actually afloat.

"(B) A ship shall be considered a passenger ship if it carries or is licensed or certified to carry more than 12 passengers.

"(C) A cargo ship means any ship not a passenger ship.

"(D) A passenger is any person carried on board a ship or vessel except (i) the officers and crew actually employed to man and operate the ship, (ii) persons employed to carry on the business of the ship, and (iii) persons on board a ship when they are carried, either because of the obligation laid upon the master to carry shipwrecked, distressed, or other persons in like or similar situations or by reason of any circumstance over which neither the master, the owner, nor the charterer (if any) has control.

"(E) 'Nuclear ship' means a ship provided with a nuclear powerplant.

"(38) 'State' means the several States and includes the District of Columbia and the territories and possessions of the United States.

"(39) 'State commission' means the commission, board, or official (by whatever name designated) which under the laws of any State has regulatory jurisdiction with respect to exchange telecommunications services.

"(40) 'Station license', 'radio station license', or 'license' means that instrument of authorization required by this Act or the rules and regulations of the Commission made pursuant to this Act, for the use or operation of apparatus for transmission of energy, or telecommunications, or signals by radio, by whatever name the instrument may be designated by the Commission.

"(41) 'Tariff' means a schedule governing any generally applicable charge, characteristic, regulation, or practice associated with a regulated telecommunication service.

"(42) 'Telecommunications' means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information, by means of electromagnetic transmission, with or without benefit of any closed transmission medium, including all instrumentalities, facilities, apparatus, and services (including the collection, storage, forwarding, switching, and delivery of such information) essential to such transmission.

"(43) 'Telecommunications carrier' or 'carrier' means any person, including any government or quasi-government entity which offers any telecommunications service or facilities used by any person to provide telecommunications services. A person engaged in any nontelecommunications activities, in providing any information service or information software, in producing or marketing equipment, or a person engaged in broadcasting, or in providing any cable service, shall not, insofar as such person is so engaged, be deemed a carrier. The shared use of telecommunications equipment, facilities, or services among Government agencies, or the provision of telecommunications equipment facilities, or services by any Government agency to any other Government agency shall not be sufficient to deem such Government agencies to be a carrier.

"(44) 'Telecommunications service' means the offering for hire of telecommunications facilities, or of telecommunications by means of such facilities.

"(45) 'Transmission of energy by radio', 'radio transmission of energy', or 'transmission of electromagnetic energy by radio' means the transmission of electromagnetic energy through space without benefit of a closed transmission medium and includes both such transmission and all instrumentalities, facilities, and services incidental to such transmission.

"(46) 'Transmission facilities' or 'telecommunications facilities' means equipment (including wire, cable, microwave, satellite, and fibre-optics) which transmit information by electromagnetic means or which directly support such transmission, but does not include customer-premises equipment.

"(47) 'United States' means the several States and territories, the District of Columbia, and the possessions of the United States.".

FINDINGS/TRANSITION PLAN

Sec. 104. (a) The Congress hereby finds and declares that—

(1) the basic goals of the 1934 Act continue to be valid, and it is in the public interest to continue efforts to attain these goals;

(2) basic telecommunications service must and can be provided and maintained at reasonable charges in an environment of increased competition through appropriate financial and procedural safeguards incorporated into statutory and regulatory policies and industry relationships;

(3) although complete deregulation of all interexchange telecommunications carriers and services may eventually be achieved pursuant to the amendments made by this Act, regulation of carriers which offer telecommunications services in any geographic area or market which are not subject to effective competition as determined by the Commission or which provide basic telecommunications service should continue until such services are subject to effective competition or the universal provision of basic telecommunications service at reasonable prices can be assured through marketplace competition;

(4) current and projected public, business, and governmental needs for additional telecommunications and information services and equipment are highly diverse;

(5) advances in technology can make possible new and diverse telecommunications services and equipment previously unavailable to the public and can satisfy specialized consumer needs;

(6) modern efficient interexchange telecommunications services are essential to interstate and foreign commerce; technological and other advances have largely removed any valid or meaningful distinction between interstate interexchange and intrastate interexchange telecommunications; and differing policy and regulatory treatment of interexchange telecommunications based on State boundaries would create artificial and irrational barriers burdening interstate and foreign commerce and reducing important public benefits;

(7) the characteristics of the United States telecommunications industry which evolved during the development of essentially universal basic telephone service cannot adequately provide for the creativity, technological and service innovation, responsiveness to consumer needs, operating efficiencies, and related factors required to exploit fully technological opportunities beneficial to the consumer;

(8) decisions of the courts and the Commission have indicated a clear need for congressional guidance;

(9) increased competition in the supply of telecommunications and information services and equipment and selective deregulation have already produced significant benefits for the telecommunications and information consumer;

(10) further competition and deregulation can result in increased benefits to the consumer and additional opportunity to exploit new technologies and should be explicitly encouraged through appropriate statutory policies and guidelines;

(11) reliance solely upon competition and deregulation may not assure fully the provision of rapid, efficient, and survivable nationwide and worldwide telecommunications to serve vital national defense and security and emergency preparedness needs without appropriate structural and procedural safeguards incorporated into statutory and regulatory policies and industry relationships;

(12) a technologically advanced and internationally competitive United States telecommunications industry is vital to the economic welfare and national security and defense of the United States; and

(13) an orderly transition is necessary to achieve the purposes of this Act.

(b)(1) The Commission shall establish a plan to carry out the provisions of this title to foster marketplace competition and to implement deregulation no later than the dates specified therein (or where no date is specified at the earliest practicable date), for interexchange telecommunications services, equipment, and carriers.

(2) The transition plan established pursuant to paragraph (b)(1) shall provide for—

(A) the classification of carriers (pursuant to section 203 of the 1934 Act) to carry out the policy of this title;

(B) the establishment and implementation of an accounting system (pursuant to section 220 of the 1934 Act);

(C) a procedure (pursuant to sections 227 and 228 of the 1934 Act) to implement the provisions of this title relating to the formation of fully separated affiliates and to monitor compliance with such provisions;

(D) a plan for integrating rates for regulated interexchange telecommunications services that have previously been offered pursuant to separate State and Federal tariffs not later than 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981;

(E) financial and procedural safeguards appropriate to assure that implementation of the amendments made by this Act will not result in unreasonable charges for basic telecommunications services; and

(F) practices and procedures for exchange access charges (pursuant to section 222 of the 1934 Act).

TITLE II—DOMESTIC TELECOMMUNICATIONS

STATEMENT OF POLICY

Sec. 201. (a) The heading for title II of the 1934 Act is amended to read as follows:

"TITLE II—DOMESTIC TELECOMMUNICATIONS".

(b) Section 201 of the 1934 Act is amended to read as follows:

"STATEMENT OF POLICY

"Sec. 201. It is the policy of the United States to rely wherever and whenever on marketplace competition and on the private sector to provide all telecommunications services, and thereby to reduce and eliminate unnecessary regulation including the regulation of telecommunications facilities to the extent there is effective competition with respect to such facilities. Marketplace competition will result in technological innovation, operating efficiencies, and availability of a wide variety of telecommunications technologies that are now or may become available in the future, and will promote the equitable and efficient use of such technologies to provide services to all geographical areas of the United States. Where effective competition does not now exist, it is the policy of the United States to encourage the development of such competition, and pursuant to an appropriate transition in accordance with this Act, to deregulate telecommunications services while establishing safeguards to prevent anticompetitive practices, or adverse impact upon the national defense and security or emergency preparedness. Whenever the Commission finds it necessary to regulate the provision of basic telephone or basic telecommunications service in order to ensure their universal and reasonable availability, or to regulate telecommunications services or facilities which are not subject to effective competition, such regulation shall be minimal and strictly in accordance with this Act. Prior to the deregulation of basic telephone or basic telecommunications service in any particular geographic area or market, the Commission must find that such basic telephone or basic telecommunications service are subject to effective competition and will continue to be universally and reasonably available. Unless the Commission in any particular case shall find otherwise, it shall be presumed that there are no basic technological, operational, or economic factors which would necessarily preclude the provision of any telecommunications service under conditions of competition. Competition in the provision of telecommunications from foreign persons and their United States affiliates is welcome to the extent that United States persons are permitted reciprocal rights of access to and the right of establishment in the home markets of those foreign persons who seek access to the United States market.".

AUTHORITY OF COMMISSION

SEC. 202. Section 202 of the 1934 Act is amended to read as follows:

"AUTHORITY OF COMMISSION

"SEC. 202. (a) The Commission shall exercise only so much of the powers conferred upon it under this title as is essential to the purposes of this Act, and shall revise, reduce, or eliminate any rule or regulation prescribed pursuant to this title with respect to any telecommunications service or any carrier operating in any market or geographic area as competition develops except that Commission rules or regulations prescribed pursuant to sections 233, 234(c)(1), and 238 of this title shall take precedence if the revision, reduction, or elimination thereof may result in an adverse impact upon the national defense and security or emergency preparedness or upon the economic competitiveness and viability of United States suppliers of telecommunications equipment and telecommunications services relative to competing foreign suppliers and their United States affiliates.

"(b) The Commission shall have continuing authority over the provision of regulated telecommunications services and carriers.

"(c) In addition to any other authority which the Commission may exercise under this Act, the Commission shall have authority over any dominant-regulated carrier and its affiliates (other than any fully separated affiliate) for the purpose of—

"(1) dealing with anticompetitive practices between any fully separated affiliate and the dominant-regulated carrier or its affiliates; and

"(2) protecting users of telecommunications services in connection with dealings between any dominant-regulated carrier and its affiliates and any fully separated affiliate.

"(d) Except as provided in sections 227 and 228, nothing in this Act is intended to preclude management personnel of a dominant-regulated carrier from directing the operations of any dominant-regulated carrier, any affiliates, and any fully separated affiliates, except that costs of such direction shall be properly allocated to any dominant-regulated carrier, any affiliates, and any fully separated affiliate.

"(e) The Commission shall assure that the implementation of the amendments made by the Telecommunications Competition and Deregulation Act of 1981 shall not result in unreasonable charges for basic telephone service. The Commission shall adopt, whenever necessary, a mechanism such as a surcharge on access charges established pursuant to section 222 in order to accomplish the purposes of this subsection.

"(f) Except as provided in sections 229(b)(1) and 237, neither the Commission nor any State commission shall prevent or limit the use of any technology or improvement in the provision of telecommunications services.

"(g) The Commission shall not have any authority to include in any license issued under title III any term or condition which is inconsistent with any limitation imposed upon the regulatory authority of the Commission in this title.

"(h)(1) No executive agency of the United States, including the Commission, and no State or political subdivision or agency thereof may establish, fix, or otherwise restrict the rates charged any person for the receipt, use, or sale of cable channel capacity or time on such channels or cable service (as defined in section 229(g)(1)) or other competitive services.

"(2) Notwithstanding paragraph (1), a State or political subdivision or agency thereof may—

"(A) require the dedication of access channels for governmental, public, or educational access and may establish, fix, or otherwise restrict the rates on a nondiscriminatory basis charged for the use or sale of cable channel capacity or time on such channels; and

"(B) establish, fix, or otherwise restrict the rates charged any person for retransmission of broadcast signals whenever such State, subdivision, or agency determines, in accordance with guidelines the Commission shall prescribe, that there are no reasonably available alternative electronic media services to such broadcast signal retransmission services.

"(i) The Commission shall establish reasonable ceilings for the fees to be paid to States or any political subdivision thereof by operators of cable service systems receiving franchises from such State or political subdivision thereof and, periodically upon its own motion or upon petition, may review the appropriateness of such ceilings and make adjustments therein.

"(j) The Secretary of Commerce is authorized to collect information on the competitiveness of United States suppliers of telecommunications equipment and services, foreign direct investment in the domestic telecommunications industry, foreign laws and administrative controls on access of United States persons to foreign markets, the degree of reciprocity in foreign markets to United States persons, the United States share of global markets, and such other information as the Secretary deems necessary, and shall report any findings to the Congress on a periodic basis.".

CLASSIFICATION OF CARRIERS

SEC. 203. Section 203 of the 1934 Act is amended to read as follows:

"CLASSIFICATION OF CARRIERS

"SEC. 203. (a) Not later than 30 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall identify, and cause to be published in the Federal Register, a list of those carriers which are fully subject to regulation by the Commission on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 and which on such date of enactment were deriving revenues from the procedures to allocate the costs and divide the revenues associated with the provision of basic telephone service, commonly known as separations and settlements and division of revenues. Carriers identified under this subsection shall be classified as regulated carriers.

"(b) The regulated carrier which is referred to in section 229 shall be further classified as a dominant-regulated carrier.

"(c)(1) The Commission may classify or reclassify as a regulated carrier any carrier which offers interexchange telecommunications services or facilities where it determines after a hearing on the record that—

"(A) such services or facilities are not subject to effective competition;

"(B) Federal regulation of such carrier is required to accomplish the purposes of this Act; and

"(C) the benefits of such regulation outweigh the costs.

"(2) For purposes of this title, telecommunications service of facilities offered by such carrier shall be considered to be subject to effective competition in a particular geographic area or market if there is a reasonably available alternative in such area or market to such service or facilities which are offered by unaffiliated persons and which are the same as, or substantially similar to the telecommunications service or facilities offered by such carrier. In determining whether there is a reasonably available alternative in the relevant area or market, the Commission shall consider—

"(A) the number and size of unaffiliated providers of service or facilities;

"(B) the extent to which service or facilities are available from unaffiliated providers in the relevant geographic area or market;

"(C) the ability of such unaffiliated providers to make such service or facilities readily available at comparable rates, terms, and conditions;

"(D) whether the service or facilities are necessary to the Nation during a state of public peril or disaster or other national emergency; and

"(E) other indicators of the extent of competition.

"(3) Whenever the Commission classifies or reclassifies a carrier as a regulated carrier pursuant to this subsection, it shall at the same time and based upon the same criteria determine which telecommunications services or facilities offered by such carrier are not subject to effective competition. Such services shall be designated as 'regulated services'.

"(d) The Commission shall, upon its own motion or upon petition, classify or reclassify as a dominant-regulated carrier any regulated carrier which is dominant in the provision of regulated telecommunications services in a substantial percentage of the total number of markets or submarkets for telecommunications services or any foreign telecommunications carrier, and which is owned or controlled by a foreign government.

"(e) The Commission may, upon its own motion or upon petition, reclassify and dominant-regulated carrier as a regulated carrier, and any regulated carrier as an unregulated carrier.

"(f) The Commission shall review the classification of carriers not less than once every 3 years.

"(g) Any interexchange carrier not classified as a regulated carrier shall be an unregulated carrier.".

RESALE

SEC. 204. Section 204 of the 1934 Act is amended to read as follows:

"RESALE OF TELECOMMUNICATIONS SERVICES

"SEC. 204. (a)(1) Except as otherwise provided in this Act, the Commission shall not regulate the resale of any telecommunications service except that the Commission may regulate or restrict the resale of any regulated telecommunications service by a foreign entity to the extent that such resale services offered by United States telecommunications persons are regulated or restricted in the home country of such entity and such regulation or restriction does not provide reciprocal opportunities for United States persons to participate in the resale market.

"(2) No carrier may establish or enforce any restrictions on the resale or other use of any regulated service provided by such carrier.

"(3) If a quasi-governmental entity which has a statutory monopoly for the delivery of letters offers any telecommunications service by resale or otherwise, such entity shall meet the requirements of section 227 with regard to its provision of such telecommunications services. Nothing herein shall be construed to authorize such entity or affiliate to provide the electronic delivery of messages to nonaffiliates.

"(b) Except as authorized by the Commission, no dominant-regulated carrier may engage in any resale activity other than through a fully-separated affiliate.".

CARRIER REQUIREMENTS

SEC. 205. Section 205 of the 1934 Act is amended to read as follows:

"PRESCRIPTION OF CARRIER REQUIREMENTS

"SEC. 205. (a) Consistent with the purposes of this Act and the policy of this title, the Commission may—

"(1) prescribe different requirements for different regulated carriers, or

"(2) exempt carriers in whole or in part, from the requirements of this title,

if it finds that such different requirements or exemption is consistent with the public interest.

"(b) The Commission shall not have the authority, with respect to unregulated carriers (including any fully separated affiliate of a dominant-regulated carrier), to impose any requirements which are not specifically provided in this title.".

TECHNICAL AND CONFORMING

SEC. 206. Section 206 of the 1934 Act is amended by—

(1) amending the heading to read as follows:

"LIABILITY OF CARRIERS FOR DAMAGES; RECOVERY OF DAMAGES";

(2) inserting "(a)" immediately before the first sentence thereof; and

(3) striking "common" wherever it appears therein and substituting "regulated".

TECHNICAL AND INTERCONNECTION

SEC. 207. (a) Section 207 of the 1934 Act is amended by—

(1) redesignating such section and all cross references thereto as subsection (b) of section 206;

(2) striking the heading thereof; and

(3) striking "common" wherever it appears therein and by substituting "regulated".

(b) Title II of the 1934 Act, as amended, is further amended by inserting immediately after section 206 thereof the following new section:

"INTERCONNECTION

"SEC. 207. (a) In addition to that interconnection required under section 233(a), every telecommunications carrier, and any entity or affiliate described in section 204(a)(3)—

"(1) shall, if a reasonable request is made, establish interconnection of its regulated service—

"(A) with any telecommunications carrier;

"(B) with any telecommunications facility or private telecommunications system; and

"(C) with any customer premise equipment which is owned or leased by a customer of such carrier and which meets such standards as the Commission may establish under section 234(c)(1); and

"(2) may not discriminate in an unreasonable or anticompetitive manner with respect to the charges, terms, and conditions for interconnection of its regulated service.

"(b) The Commission shall have authority—

"(1) to specify or to approve the manner, rates, terms, and conditions for the provision by any regulated carrier of regulated telecommunications services or facilities to other carriers or customers of such carrier;

"(2) to specify or to approve the manner, rates, terms, and conditions for interconnection between regulated telecommunications services or facilities and exchange telecommunications services or facilities;

"(3) to specify or to approve the manner of interconnection between the regulated telecommunications services and facilities of a regulated carrier or an exchange carrier and—

"(A) any telecommunications facility or any private telecommunications system which meets such uniform, minimum, and technical standards as the Commission may establish by rule; and

"(B) any customer-premises equipment which is owned or leased by a customer of such regulated carrier or exchange carrier and which meets such standards as the Commission may establish under section 234(c)(1); and

"(4) to prohibit discrimination by regulated carriers or exchange carriers.

"(c) Any person who violates any provision of this section or any rule or order promulgated thereunder shall be liable to the United States for an amount not to exceed $250,000.".

PROVISION OF REGULATED SERVICES

SEC. 208. (a) Section 208 and all cross references thereto of the 1934 Act are redesignated as section 225(a).

(b) Title II of the 1934 Act, as amended, is further amended by inserting immediately after section 207 thereof the following new section:

"PROVISION OF REGULATED SERVICES BY TELECOMMUNICATIONS CARRIERS

"SEC. 208. (a) It shall be the duty of every carrier providing regulated telecommunications service to furnish such service upon reasonable request therefor; and, in accordance with the orders of the Commission, in cases where the Commission, after opportunity for hearing, finds such action necessary or desirable in the public interest, to establish through routes and charges applicable thereto and the divisions of such charges, and to establish and provide facilities and regulations for operating such through routes.

"(b) Telecommunications carriers engaged in providing regulated telecommunications service shall establish just, reasonable, and nondiscriminatory tariffs for and in connection with such service, and any such tariff that is unjust or unreasonable, or that results in any unjust or unreasonable discrimination, preference, or advantage with respect to any person (including any fully separated affiliate), class of persons, or locality for or in connection with like telecommunications services is hereby declared to be unlawful.".

INFORMATION ON CHARGES, ETC.

SEC. 209. (a) Section 209 of the 1934 Act and all cross references thereto of the 1934 Act are redesignated as subsection (b) of section 225.

(b) Section 225(b) as so redesignated is amended by striking the heading thereof, and by inserting "regulated" immediately before "carrier".

(c) Title II of the 1934 Act, as amended, is further amended by adding immediately after section 208 thereof the following new section:

"INFORMATION ON TELECOMMUNICATIONS CHARGES AND PRACTICES

"SEC. 209. (a) Within such reasonable time as the Commission shall prescribe, every carrier shall file with the Commission, publish, and make available for public inspection tariffs for regulated services and showing the practices and regulations affecting such charges. Such tariffs shall contain such other information, and be kept open for public inspection in such places, as the Commission may by regulation require. Each such schedule shall give notice of its effective date, and each such carrier shall furnish such tariffs to each of its interconnecting carriers.

"(b)(1) Unless otherwise provided by or under authority of this Act, no carrier shall engage or participate in regulated telecommunications services unless tariffs have been filed and published in accordance with the provisions of this Act and with the regulations made thereunder.

"(2) No carrier shall—

"(A) charge, demand, collect, or receive a greater, lesser, or different compensation for any regulated telecommunications service or for any service in connection therewith than the charges specified in the tariff then in effect;

"(B) refund or remit by any means or device any portion of the charges so specified; or

"(C) extend to any person any privileges or facilities, or employ or enforce any regulations or practices affecting such charges, except as specified in such tariff.".

TARIFFS

SEC. 210. (a) Section 210 of the 1934 Act and all cross references thereto are redesignated as section 230.

(b) Section 230 as is redesignated by subsection (a) is amended by striking "common" wherever it appears therein.

(c) Title II of the 1934 Act, as amended, is further amended by inserting immediately after section 209 thereof the following new section:

"TARIFFS

"SEC. 210. (a)(1) Except as provided in subsection (b), no new or revised tariff proposed by any carrier for regulated telecommunications services (including interconnection arrangements under section 207) shall take effect until it has been either accepted, or accepted with conditions.

"(2)(A) Not later than 90 days after the date of filing with the Commission of a proposed tariff, the Commission shall make an initial determination as more particularly set forth in subparagraph (B), or shall set forth specific requirements for additional information or justification. Whenever the Commission has set forth such requirements, it may extend such period for not more than an additional 90 days.

"(B) The Commission may—

"(i) accept a tariff as filed;

"(ii) condition the acceptance of a tariff upon compliance with such requirements as it determines necessary to carry out the policy of this title; or

"(iii) reject a tariff, if it determines that such tariff is prima facie unlawful or where the Commission is not satisfied, on the basis of the information or justification provided, that such tariff is prima facie lawful.

"(3) During such period or extended period, the Commission may offer assistance to facilitate public negotiation between the carrier proposing such tariff and any other interested party or parties opposing such tariff in order to arrive at a mutually agreeable tariff. Any mutually agreeable tariff may be recommended to the Commission, which recommendation shall not be binding upon the Commission, but which the Commission shall duly consider in deciding whether to accept, accept with conditions, or reject the tariff initially proposed.

"(4) The Commission shall give public notice whenever making an initial determination under paragraph (2). Upon timely request therefor by the carrier initially proposing such tariff, or by any other interested party or parties for good cause shown (unless, where the Commission has rejected the proposed tariff, such carrier shall object), the Commission shall hold a hearing concerning the lawfulness of such initially proposed tariff. In any such hearing the burden of proof to show that the initially proposed tariff is just and reasonable shall be upon the carrier initially proposing such tariff, and the Commission shall decide the matter as expeditiously as possible.

"(5) Pending any hearing under paragraph (4) of this subsection, any tariff accepted or accepted with conditions by the Commission shall have effect. Any tariff rejected by the Commission shall have no effect, and any lawful tariff previously in effect for the same or like telecommunications service shall remain in effect.

"(6) Upon completion of any hearing under paragraph (4) of this subsection, the Commission may accept, accept with conditions, or reject such tariff as initially proposed. Any tariff rejected by the Commission shall have no effect, and any lawful tariff previously in effect for the same or like telecommunications service shall remain in effect.

"(b)(1) Any carrier, except a dominant-regulated carrier, may elect to file a new or revised tariff pursuant to this subsection.

"(2) At the discretion of the Commission, any dominant-regulated carrier may file any new or revised tariff pursuant to this subsection.

"(3) Subject to the provisions of paragraph (4) of this subsection, any tariff filed pursuant to this subsection shall take effect on the effective date specified in such filing, unless the Commission for good cause shall specify, by rule or order in any particular case, a longer period not to exceed 30 days.

"(4) The Commission shall give public notice of the filing of such new or revised tariff within 15 days of such filing. Any party in interest may file with the Commission, within such reasonable time as the Commission shall specify, but in no event later than 30 days from the date of such notice, a petition for hearing concerning the lawfulness of such tariff, which petition shall set forth specific allegations of fact sufficient to show that the petitioner is a party in interest and that the tariff constitutes a prima facie violation of the provisions of this title. The petitioner shall serve a copy of such petition upon such carrier, which carrier shall have the opportunity to reply within a reasonable period of time as specified by the Commission. Not later than 30 days from the time for filing such reply, the Commission, on the basis of the tariff and pleadings filed or on the basis of other information within the knowledge of the Commission, shall either grant or deny such petition. Whenever the Commission shall grant such a petition it shall hold a hearing concerning those issues raised in the petition which the Commission determines are substantial and material questions relating to such violation. Upon completion of such hearing, the Commission shall either accept, accept with conditions, or reject such tariff, and shall make findings of fact and conclusions of law with respect to the allegations set forth in the petition.

"(c) Neither the Commission nor any State commission shall consider revenues derived from unregulated activities.

"(d) The Commission may exempt any regulated carrier from the provisions of this section and section 209.".

COPIES OF CONTRACTS

SEC. 211. Section 211 of the 1934 Act is amended to read as follows:

"COPIES OF CONTRACTS TO BE FILLED

"SEC. 211. (a) Every regulated carrier shall file with the Commission copies of all contracts, agreements, or arrangements with other carriers in relation to any regulated telecommunications service.

"(b) The Commission shall have authority to require the filing of any other contracts, agreements, or arrangements of any regulated carrier and shall have authority to exempt any carrier from submitting copies of contracts, agreements, or arrangements as the Commission may determine.".

TECHNICAL

SEC. 212. Section 212 of the 1934 Act is amended by inserting "regulated" immediately before "carrier" and "carriers" wherever it appears therein.

VALUATION OF CARRIER PROPERTY

SEC. 213. (a) Section 213(a) of the 1934 Act is amended to read as follows:

"(a) After opportunity for hearing, the Commission, where necessary for the proper administration of this Act, including the purposes of section 222 of this title, may make a valuation, as of such date as the Commission may designate, of all or of any part of the property owned or used by any regulated carrier.".

(b) The first sentence of subsection (c) of section 213 of the 1934 Act is amended to read as follows: "The Commission may at any time require any regulated carrier to file with the Commission a statement showing the original cost at the time of dedication to telecommunications use of all or of any part of the property owned or used by such carrier.".

(c) Section 213(e) of the 1934 Act is amended by striking "common" and substituting "regulated".

(d) Section 213(g) of the 1934 Act is repealed.

(e) Section 213(h) and all references thereto (if any), are redesignated as section 213(g).

CONSTRUCTION, ACQUISITION, OR OPERATION

SEC. 214. Section 214 of the 1934 Act is amended to read as follows:

"NOTICE AND APPROVAL OF FACILITIES CONSTRUCTION, ACQUISITION, OR OPERATION

"SEC. 214. (a) Subject to subsection (b), upon notification to the Commission any regulated carrier may—

"(1) undertake the application of any new interexchange transmission facilities or of any extension thereof;

"(2) acquire or operate any such facility or extension thereof; or

"(3) engage in telecommunications over or by means of such new facility or extension.

"(b)(1) The Commission may by rule or order require a dominant-regulated carrier to obtain from the Commission a certificate that the present or future public convenience and necessity require or will require the construction, extension, acquisition, operation, or use of any new or extended interexchange transmission facility, other than switching facilities.

"(2) Nothing in this section shall be construed to require a certificate or other authorization from the Commission for any installation, replacement, or other changes in plant, operation, or equipment, other than new construction, which will not impair the adequacy or quality of service provided.

"(3) The Commission may, upon application, authorize in whole or in part a long-term facilities construction plan for a dominant-regulated carrier. Upon authorization of such plan such carrier shall not be required to obtain separate certification under paragraph (1) of this subsection for each element of such plan. The Commission may condition any authorization upon appropriate safeguards and submission to the Commission of periodic reports in such form and containing such information as the Commission may require in order to monitor the implementation and operation of such plan. The Commission shall take all appropriate steps to ensure that such plan is being carried out under such safeguards as the Commission shall have established.

"(4) The Commission may by rule or order require that a regulated carrier may not discontinue, reduce, or impair regulated service to a community or part of a community unless it obtains from the Commission a certificate that the present or future public convenience will be served by the discontinuance, reduction, or impairment of regulated telecommunications services.

"(c) Upon receipt of any notification or application under the provisions of subsections (a) and (b), the Commission shall cause notice thereof to be given to the Secretary of Defense, the Secretary of State (with respect to notifications or applications involving service to foreign points), and the Secretary of Commerce.

"(d) The Commission shall have power to issue a certificate for the facilities or plan for which application was made; to refuse to issue a certificate; to issue a certificate for a portion or portions of a facility or plan or extension thereof, or discontinuance, reduction, or impairment of service, described in the application. The Commission may attach to the issuance of the certificate such terms and conditions as in its judgment the public convenience and necessity may require. After issuance of such certificate a carrier may, without securing approval other than such certificate, comply with the terms and conditions contained in or attached to the issuance of such certificate and proceed with the construction, extension, acquisition, operation, or discontinuance, reduction, or impairment of service authorized thereby. Any construction, extension, acquisition, operation, discontinuance, reduction, or impairment of service contrary to the provisions of this section may be enjoined by any court of competent jurisdiction.

"(e)(1) Upon petition or upon its own initiative, the Commission may, after full opportunity for a hearing, authorize or require by order any dominant-regulated carrier which is party to such proceeding to provide itself with adequate facilities, and to extend its facilities, for the expeditious and efficient performance of its service as a carrier of regulated services. No such authorization or order shall be made unless the Commission finds that such provision of facilities, or extension, is reasonably required in the interest of public convenience and necessity and, that the expense involved therein will not impair the ability of such carrier to perform its duty to the public.

"(2) Notwithstanding any other provision of this Act, the Commission may, by rule or order, require a regulated carrier in the State of Alaska to provide itself with adequate facilities or extend its facilities for the expeditious and efficient performance of its service as a carrier of basic telecommunications services. No rule or order shall be made unless the Commission finds that such provision of facilities or extension is reasonably required in the present or future public interest, convenience or necessity, and that the expense involved therein will not impair the ability of such carrier to perform its duty to the public.

"(f) The Commission may, upon appropriate request, authorize temporary or emergency augmentation of facilities or services or discontinuance, reduction, or impairment of facilities or services without regard to the provisions of this section.

"(g)(1)(A) Any dominant-regulated carrier and any other regulated carrier, if the Commission shall so order with respect to the information required pursuant to subsection (g)(1)(A)(ii) shall maintain and file with the Commission a description of the operational protocols and technical interface requirements for connection with or use of any regulated telecommunications services, and report regularly to the Commission—

"(i) any material change relating to such protocols, or interface requirements which has been adopted or implemented, or which is required by the specific design or development of any service, facility, or equipment including any information or technical requirements relating to the capacity of services, facilities, or equipment to function effectively and efficiently if connected to any regulated telecommunications service or facility furnished by a dominant-regulated carrier;

"(ii) summaries of construction programs or activities intended to maintain, extend, or expand the regulated telecommunications services or facilities of regulated carriers if such information affects the interconnection of service offerings of competing carriers or persons seeking interconnection with such services or facilities of such carrier; and

"(iii) such additional information relating to any regulated telecommunications services, the disclosure of which the Commission determines to be necessary on its own initiative or in response to a petition submitted by any interested person.

"(B) Information required to be filed by a dominant-regulated carrier under subparagraph (A) may not be disclosed to a fully separated affiliate (or to an affiliate providing support (manufacturing, research and development) for the fully separated affiliate prior to full separation required in section 228) until filed pursuant to paragraph (2), below.

"(2) In any case in which a submission to the Commission is required under paragraph (1), any person may obtain the information which is the subject of such submission upon reasonable request and payment of reasonable copying and processing fees, unless the Commission after consultation with the Secretary of State, the Secretary of Defense, and the Secretary of Commerce, determines that the furnishing of such information would be detrimental to the national defense and security or to the emergency preparedness of the Nation or the technological or economic competitiveness of the United States telecommunications industry or is otherwise inconsistent with this Act. In the case where one or more of the Secretaries cited above object to the public release of such information, the Commission may not make such material available without the approval of the President.

"(3) The Commission shall prescribe procedures to implement this subsection not later than 180 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981.".

TECHNICAL

SEC. 215. (a) The first sentence of section 215(a) of the 1934 Act is amended by—

(1) striking "(a)(1)"; and

(2) striking "common carrier" and substituting "regulated carrier".

(b) Section 215 (b) and (c) of the 1934 Act is repealed.

TECHNICAL

SEC. 216. The heading of section 216 of the 1934 Act is amended by inserting "OPERATING" before "TRUSTEES".

TECHNICAL

SEC. 217. Section 217 of the 1934 Act is amended by striking "common" and substituting "regulated".

TECHNICAL

SEC. 218. The first sentence of section 218 of the 1934 Act is amended by inserting "regulated" before "carriers".

TECHNICAL

SEC. 219. The heading of section 219 of the 1934 Act is amended by inserting "AUTHORITY TO REQUIRE" before "ANNUAL".

RECORDS AND ACCOUNTS

SEC. 220. (a) Section 220(a) of the 1934 Act is amended to read as follows:

"(a)(1) The Commission may, in its discretion, prescribe the forms of any and all accounts, records, and memoranda to be kept by regulated carriers subject to this Act, including the accounts, records, and memoranda of the movement of traffic, as well as of the receipts and expenditures of moneys.

"(2) Not later than the first anniversary of the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall prescribe, and within the period prescribed by the Commission all regulated carriers shall comply with, guidelines of general applicability relating to accounts, records, and memoranda which shall be designed at a minimum to accomplish a complete and proper allocation of all revenues and costs, including joint and common costs, costs incurred by affiliates other than fully separated affiliates, and any costs incurred before such date of enactment between regulated equipment and services and unregulated equipment and services. The Commission may require any regulated carrier to establish and maintain such other separate accounts and supporting records and memoranda as the Commission determines necessary to carry out the purposes of this Act.".

(b) Section 220(b) is amended to read as follows:

"(b)(1) The Commission shall establish and prescribe—

"(A) the classes of property used by any regulated carrier for the provision of telecommunications services which are subject to the regulatory authority of the Commission under this title; and

"(B) the methods by which investments in such classes of property may be recovered.

"(2) The methods specified in paragraph (1)(B) may include capital recovery schedules or percentage depreciation schedules. Such methods shall—

"(A) provide for the full recovery of any unrecovered amount of invested capital not later than the end of the remaining life of the property involved;

"(B) permit not more than the full amount of invested capital to be recovered;

"(C) for property used by a regulated carrier, include, as an allowable operating expense for ratemaking purposes, depreciation computed under any accelerated methods selected by such regulated carrier which are consistent with the capital recovery schedules or percentage depreciation schedules established and prescribed by the Commission, except that (i) the initial selection shall apply only to property placed in service on or after the first day of the first calendar year which begins after the date of the enactment of the Telecommunications Competition and Deregulation Act of 1981; and (ii) any subsequent changes in such selection shall apply only to property placed in service on or after the date of such selection unless the carrier obtains the permission of the Commission to change such selection as to any other property; and

"(D) for property already in service on the first day of the first calendar year which begins after the date of the enactment of the Telecommunications Competition and Deregulation Act of 1981, include as an allowable operating expense for ratemaking purposes such amounts as may be necessary to recover all embedded invested capital through the use of the remaining life method of capital recovery or some other reasonable method approved by the Commission.

"(3) Any determination of the remaining life of property under paragraph (2) shall take into consideration competition, changes in technology, and remaining economic life.".

(c) Subsection (g) of section 220 of the 1934 Act is amended by adding at the end thereof the following new sentence: "The Commission shall have due regard to the different sizes of carriers in prescribing forms or guidelines under this section.".

TECHNICAL

SEC. 221. (a) Section 221(a) of the 1934 Act is amended by—

(1) striking "telephone company" each place it appears, and substituting "regulated carrier";

(2) striking "telephone companies" each place it appears, and substituting "regulated carriers";

(3) striking "company" each place it appears and substituting "regulated carrier";

(4) striking "companies" each place it appears and substituting "regulated carriers", and

(5) striking "TELEPHONE COMPANIES" in the heading and substituting "REGULATED CARRIERS"

(b) Section 221(c) of the 1934 Act is amended by—

(1) striking "wire telephone communication" each place it appears and substituting "regulated telecommunications service"; and

(2) striking "interstate or foreign telephone toll service" where it appears and substituting "regulated interexchange or foreign telecommunications service".

(c) Section 221(d) of the 1934 Act is amended by—

(1) striking "wire telephone" where it appears; and

(2) striking "interstate or foreign telephone toll service" where it appears and substituting "regulated interexchange or foreign telecommunications service".

ACCESS CHARGES

SEC. 222. Section 222 of the 1934 Act is amended to read as follows:

"EXCHANGE ACCESS

"SEC. 222. (a) It is the purpose of this section to establish a system of charges for exchange access, in order to—

"(1) achieve equitable treatment among all telecommunications carriers and other customers using the services of each exchange carrier through direct or indirect interconnection and to prevent subsidies from exchange services to interexchange services;

"(2) assure that payments and assignments of costs relating to exchange access are carried out in a manner which is open to public examination and which ensures accountability to the public;

"(3) achieve flexibility in accommodating changes in market conditions and technology;

"(4) establish incentives for efficient investment decisions and technological choices; and

"(5) ensure that exchange carriers are compensated equitably for the cost of providing exchange access in order to ensure the universal availability of basic telephone service at reasonable charges.

"(b)(1) The Commission shall at the earliest practicable date establish a Joint Board pursuant to section 410(c) for the purpose of ascertaining the direct, joint, and common costs of exchange telecommunications services and exchange access and apportioning those costs between exchange telecommunications services and exchange access.

"(2) The Joint Board shall appoint and fix the pay of such personnel as may be necessary to assist the Joint Board in carrying out its functions under this section.

"(3) The Joint Board shall submit its initial decisions to the Commission no later than 1 year after the date of establishment of the Joint Board.

"(c) Notwithstanding any other provision of this Act, decisions of the Joint Board pursuant to subsection (b) of this section shall be binding upon the Commission unless the Commission determines it to be arbitrary or capricious or otherwise not consistent with the policy or purposes of this Act.

"(d) The Commission, in accordance with any decision of the Joint Board under subsections (b) and (c) shall establish practices to ascertain and apportion exchange costs between exchange telecommunications services and exchange access and ensure the universal availability of basic telephone service at reasonable charges. The Commission shall establish the form for records, accounts, and memoranda to be kept by carriers providing such exchange access including special forms and practices for exchange carriers not classified as regulated carriers in order to facilitate the filing and processing of such carriers' tariffs.

"(e)(1) Exchange carriers providing exchange access shall file with the Commission tariffs governing the charges, practices, and conditions for exchange access, and such tariffs may be filed jointly. Such charges shall be uniform for comparable types of exchange access.

"(2) In the determination of exchange access costs or calculation of exchange access charges for any of those carriers identified in subsection (d), the Commission may permit the use of statistical cost data representative of the class of such carriers rather than data from individual cost studies where the Commission determines such method to be appropriate and consistent with this section.

"(f) In the case of any exchange carrier which is not classified as a regulated carrier under section 203(a) and where a State certifies to the Commission that it has established a program in accordance with the uniform practices set forth by the Commission consistent with this section to regulate exchange access arrangements, charges, regulations, or practices, the Commission shall delegate authority with respect to all exchange access arrangements, charges, regulations, or practices to the State commission of the State within which such exchange carrier charges. Upon petition of any affected person showing that regulation of exchange access by a State commission is not in compliance with uniform practices established by the Commission, the Commission may prescribe just and reasonable exchange access arrangements, chafges, regulations, or practices. An exchange carrier, may, at its option, file tariffs for exchange access with the Commission.

"(g) The Commission shall promulgate the standards, procedures, and criteria for exchange access charges established under this section not later than 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981.

"(h) The Commission, in accordance with its authority under section 202(e), shall assure that rates for basic telephone services for carriers—

"(1) eligible for telephone loans under the Rural Electrification Act of 1936, as amended,

"(2) not classified as regulated carriers in section 203(a), or

"(3) which provide basic telephone service to, from or within the State of Alaska;

shall, insofar as it is practicable and consistent with other provisions of this Act, not exceed 110 percent of the national average for comparable service, taking into account such factors as distance, duration, and time of day for interexchange service and rate structure and calling scope for exchange service.

"(i) For the purposes of this section, the term—

"(1) 'exchange access' means the provision of services or facilities by an exchange carrier for the purpose of originating or terminating interexchange telecommunications; and

"(2) 'exchange carriers' means any carrier engaged in providing regulated exchange telecommunications service.".

TECHNICAL

SEC. 223. Section 223 of the 1934 Act is amended by inserting the following heading:

"UNLAWFUL USE OF TELEPHONES."

REGULATION OF POLE ATTACHMENTS

SEC. 224. Section 224 of the 1934 Act is amended by—

(1) striking out all after "railroad" and by inserting a period after "railroad" in subsection (a)(1); and

(2) amending subsection (e) to read as follows:

"(e) Each utility specified in subsection (a)(1) shall afford reasonable access for pole attachments to any person providing cable service. The Commission shall have authority to hear and resolve complaints brought under this subsection.".

TECHNICAL

SEC. 225. Section 225 of the 1934 Act, as so designated by section 208(a), is amended by—

(1) amending the heading to read as follows:

"COMPLAINTS TO THE COMMISSION; INVESTIGATIONS; ORDERS FOR PAYMENT OF MONEY";

and

(2) striking "common" whenever it appears therein and substituting "regulated".

EXCHANGE TELECOMMUNICATIONS AREA

SEC. 226. The 1934 Act is amended by adding the following:

"EXCHANGE TELECOMMUNICATIONS AREA

"SEC. 226. (a) Subject to a review by the Joint Board established under section 222 (b)(1), it shall be the responsibility of each State commission to configure exchange telecommunications areas within the borders of each such State. Any such configuration existing as of January 1, 1981, shall be deemed to conform with the criteria set forth in subsection (b). Any reconfiguration by any State commission on or after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 shall be in accordance with the criteria set forth in subsection (b).

"(b) Any reconfiguration of an exchange area by a State commission shall be in accordance with the following criteria of this subsection:

"(1) any such area may encompass one or more contiguous local exchange areas serving common social, economic, and other purposes, even where such configuration transcends municipal or other local governmental boundaries;

"(2) every point within a State shall be included within an exchange area;

"(3) no such area which includes part or all of one standard metropolitan statistical area shall include a substantial part of any other standard metropolitan statistical area, unless the Joint Board shall otherwise allow; and

"(4) except with approval of the Joint Board no exchange area located in one State shall include any point located within another State.

"(c) The provision of mobile telecommunications service under any franchise, certificate of public convenience and necessity or other authorization awarded by a State and within an exchange area configured for such service by a State commission under this section shall be deemed an exchange service for purposes of this Act.".

FULLY SEPARATED AFFILIATE

SEC. 227. The 1934 Act is amended by adding the following:

"FULLY SEPARATED AFFILIATE

"SEC. 227. (a) A fully separated affiliate of a dominant-regulated carrier shall—

"(1) have no more than one member of its governing board who is a member of the governing board or officer or employee of such dominant-regulated carrier or any other affiliate of such dominant-regulated carrier;

"(2) have no officers or employees in command with any such dominant-regulated carrier or any other affiliate of such dominant-regulated carrier;

"(3) have not less than five individuals serving on its governing board of which not more than 50 percent of whom are employees or officers of the fully separated affiliate;

"(4) maintain books, records, and accounts separate from any such dominant-regulated carrier or any affiliate of such dominant-regulated carrier which identify all transactions with such dominant-regulated carrier or any affiliate of such dominant-regulated carrier and prepare financial statements which are in compliance with Federal financial reporting requirements for publicly held corporations and file such statements with the Commission and make such statements available for public inspection;

"(5) consistent with the provisions of this section and section 228, carry out directly (or through nonaffiliates or any other fully separated (affiliate) its own marketing sales, maintenance operations, manufacturing and research and development relating to services, facilities, and equipment offered by such affiliate, except that institutional advertising carried out by such dominant-regulated carrier and any affiliate shall be permitted provided each party pays its pro rata share; and

"(6) consistent with the provisions of this section and section 228, not directly or indirectly own real or personal property, except international telecommunication facilities or property, either jointly or in common with such dominant-regulated carrier and any affiliate.

"(b) A fully separated affiliate may enter into any contract, agreement, arrangement, joint venture, partnership, or other manner of conducting business with its dominant-regulated carrier or any affiliate provided that any—

"(1) sale, exchange, or leasing of property between the parties;

"(2) lending of money or other extension of credit between the parties or between the fully separated affiliate and a third party directly or indirectly guaranteed by the dominant-regulated carrier;

"(3) furnishing of goods, services, and facilities between the parties; or

"(4) transfer to, or use by, or for the benefit of the fully separated affiliate of any assets of the dominant-regulated carrier;

shall be on a fully auditable and compensatory basis, and shall in addition be subject to the requirements established in section 202(d), subsection (d) of this section, and subsections (c) and (d) of section 228. Such conduct of business shall be pursuant to contract and shall be reported to the Commission under such rules as the Commission determines necessary. The Commission shall make such contracts, or portions of contracts, available for public inspection to the extent necessary to ensure proper enforcement of this section.

"(c) Notwithstanding the provisions of subsection (b), a fully separated affiliate may enter into any agreement, contract, joint venture, partnership, or any other manner of business to sell, market, or service exports with any United States entity or entities provided such activities take place outside of the United States without restraining the exports of any other 'United States person'.

"(d) In addition to the requirements of section 207 and section 228, the conduct of business by any dominant-regulated carrier or any affiliate of the dominant-regulated carrier with any fully separated affiliate shall be carried out in the same manner as such business is conducted between such carrier or affiliate and any nonaffiliate. The conduct of business between a dominant-regulated carrier or any affiliate of the dominant-regulated carrier and any fully separated affiliate shall not be based upon, or include, any preference or discrimination arising out of affiliation. The provisions of this subsection shall not be construed to apply to facilities or services which are sold for use, consumption, or resale outside the United States.

"(e)(1) No dominant-regulated carrier shall be deemed to have established a fully separated affiliate unless and until the Commission, upon petition by the dominant-regulated carrier and after an expedited hearing in which any interested party may join, finds that the relationships of such dominant-regulated carrier and affiliates with any fully separated affiliate comply with the requirements of this section and section 228.

"(2) Not later than 45 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall establish procedures for the expeditious consideration of petitions field under this section. Such regulations shall provide that final action on any such petition shall be taken by the Commission not later than 180 days after filing.

"(f) A dominant-regulated carrier or its affiliates shall not disclose to any fully separated affiliate any commercial information acquired in its provision of regulated telecommunications services which would provide an unfair competitive advantage. The Commission may require that specific categories of information (such as directory listings and similar information) shall be made generally available at the same time and at reasonable, nondiscriminatory charges, terms, and conditions.

"(g) The provisions of subsections (b) and (d) shall not apply to the provision of telecommunications facilities, services, or customer-premises equipment for national defense and security, and emergency preparedness or during times of public peril, disaster, or national emergency.

"(h) The requirements of this section (to the extent that such requirements mandate the establishment of a fully separated affiliate) shall not apply to a carrier which on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 was not under direct or indirect common ownership with a dominant-regulated carrier or was not owned by a dominant-regulated carrier. For the purposes of this subsection the terms 'owned' and 'ownership' mean a direct or indirect equity interest (or the equivalent thereof) of more than 50 percent.

"(i) The Commission shall promulgate rules and regulations to carry out this section not later than 180 days after the date of enactment of this Act.

"(j) Any person (other than an individual) who violates any provision of this section or any rule, regulation, or order promulgated thereunder shall be fined not more than $1,000,000 for each such violation.".

A.T. & T. TRANSITION TO FULL SEPARATION

SEC. 228. The 1934 Act is amended by adding the following:

"ARRANGEMENTS RELATING TO RESEARCH, DEVELOPMENT, AND MANUFACTURING ACTIVITIES OF THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY; TRANSITION TO FULL SEPARATION

"SEC. 228. (a) The provisions of this section and section 227 shall apply in any case in which the American Telephone and Telegraph Company and its affiliates (hereinafter referred to in this section as 'A.T. & T.') engages in research and development and manufacturing in support of unregulated equipment and services. Nothing in this section shall prohibit or otherwise restrict any dominant-regulated carrier, affiliate, or fully separated affiliate from exercising its independent, prudent business judgment in connection with business conducted with nonaffiliates.

"(b) (1) Except for any activity in which it was lawfully engaged on the date of the Telecommunications Competition and Deregulation Act of 1981, A.T. & T. may not offer any telecommunications service, telecommunications equipment, customer-premises equipment, or information services on an unregulated basis, until it has filed with and obtained from the Commission approval of a plan demonstrating its proposed method of compliance with the requirements of this section.

"(2) Not later than 180 days of the filing of such plan, the Commission shall enter an order approving the plan or stating the specific parts of the plan which conflict with the provisions of this section or the rules prescribed hereunder. A.T. & T. may file an amended plan, and the Commission shall enter an order approving or disapproving of the amended proposal within 30 days of its filing.

"(3) (A) The plan shall demonstrate that—

"(i) the dominant-regulated carrier and any affiliate have an accounting system which ensures a complete separation between—

"(I) all costs related to services, facilities, and equipment which are developed, manufactured, or offered by such dominant-regulated carrier (other than the costs of any activities which are carried out for the benefit of any fully separated affiliate of such dominant-regulated carrier); and

"(II) all costs of any fully separated affiliate, including those related to services, facilities, and equipment which are developed, manufactured, or offered by any fully separated affiliate of a dominant-regulated carrier, or as the result of any activities which are carried out for the benefit of any fully separated affiliate of such dominant-regulated carrier or any affiliate;

"(ii) such accounting system is established and maintained in a manner which ensures compliance with this Act;

"(iii) the proposed fully separated affiliate complies with the requirements of section 227;

"(iv) the assets proposed for transfer to the proposed fully separated affiliate will be fairly and properly valued; and

"(v) the initial capitalization has been fairly and properly valued.

"(B) After approval of any plan or amended plan a dominant-regulated carrier—

"(i) shall notify the Commission with respect to any minor revision of, or addition to, such plan, and with respect to any minor transfer of assets, including capital, for review by the Commission to ensure that such revision, addition, or transfer complies with the requirements of subparagraph (A); and

"(ii) shall submit any significant revision of, or addition to, such plan, and any significant transfer of assets, including capital, to the Commission for approval in accordance with this paragraph before carrying out such proposed revision, addition, or transfer.

"(c) (1) Not later than the fourth anniversary of the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the final assembly including all aspects integral to final assembly of any equipment which is required to be offered exclusively by a fully separated affiliate shall be provided by a fully separated affiliate or acquired from nonaffiliates.

"(2) Not later than the fourth anniversary of such date of enactment any research and development activity relating to equipment design information used in such final assembly or relating to software programing in support of any equipment or services which are required to be offered exclusively through a fully separated affiliate shall be performed by a fully separated affiliate or a nonaffiliate.

"(3) Not later than the sixth anniversary of such date of enactment any subassembly (including any subassembly specific research and development) within such final assembly of equipment required to be offered exclusively through a fully separated affiliate shall be performed by a fully separated affiliate or a nonaffiliate, except that nothing in this subsection shall, at any time thereafter, be construed to prohibit the fully separated affiliate from acquiring any subassembly from a dominant-regulated carrier or affiliate if a dominant-regulated carrier or affiliate offers to sell the same type of subassembly to nonaffiliates at the same charges and on the same terms and conditions.

"(4) Not later than the sixth anniversary of such date of enactment the manufacturing of any basic component within such final assembly, of equipment required to be offered exclusively by a fully separated affiliate shall be performed through a fully separated affiliate or a nonaffiliate, except that nothing in this subsection shall, at any time, be construed to prohibit the fully separated affiliate from acquiring any basic component from a dominant-regulated carrier or affiliate if a dominant-regulated carrier or affiliate offers to sell the same types of basic component to nonaffiliates at the same charges and on the same terms and conditions. Thereafter, except as otherwise provided in this subsection, all applied research, development, manufacturing, or any related functions or activities in support or unregulated telecommunications equipment or in support of any unregulated service shall be conducted through a fully separated affiliate or a nonaffiliate.

"(5) There shall be established an assets evaluation board, composed of three members as follows: one representative each selected by the Commission and the affected dominant-regulated carrier and a State commissioner selected by the first two. The Board shall determine the value of any assets transferred from the affected dominant-regulated carrier and any affiliate to any fully separated affiliate. Evaluations of such Board shall be binding upon the Commission and upon State commissions. Any failure of the Board to take action shall not delay any such transfer contingent upon either party's option to rescind such transfers upon Board valuation.

"(6) (A) The Commission may grant waivers pursuant to subparagraph (B) of the time requirements of this subsection for a period not to exceed 6 months. The Commission may not grant more than two waivers for any one functional category.

"(B) The Commission may grant a waiver under this subsection where the Commission determines that, because of labor strikes, war, severe economic depression, or acts of God, A.T. & T. cannot timely meet the requirements of this subsection.

"(d) (1) During the applicable time periods established in subsection (c)—

"(A) the services or equipment (including any subassembly, basic component, and research and development) which are subject to any such time period shall be furnished to any fully separted affiliate for an amount which is fully compensatory and which is not less than the cost allocated to such service or equipment in connection with regulated activities carried out by A.T. & T., and such amount shall be no less than the charges for which similar services and equipment would be or are transferred in the marketplace between nonaffiliates; and

"(B) any business which is conducted in connection with any such service or equipment shall be on the same terms and conditions under which similar services and equipment would be or are transferred in the marketplace between nonaffiliates.

"(2) The requirements of paragrph (1) shall not apply, and the conduct of business relating to any service or equipment specified in paragraph (1) may be conducted at charges, terms, and conditions which are more favorable to the recipient than the charges, terms, and conditions under which similar services or equipment would be or are transferred in the marketplace between nonaffiliates, only if A.T. & T. demonstrates to the Commission that the charges, terms, and conditions involved in the conduct of business result from more efficient operation and lower direct costs, and do not result from the allocation of common overhead or other similar factors.

"(e) The Commission shall not have any authority to establish any requirements relating to—

"(1) the structure or organization of any affiliate or fully separated affiliate;

"(2) any activities of a dominant-regulated carrier or person who owns or controls a dominant-regulated carrier which this Act requires to be conducted by a fully separated affiliate; or

"(3) the conduct of business between any dominant-regulated carrier or affiliate and any fully separated affiliate;

which are not consistent with any provision of this section, or section 202, 220, 227, or 229, which establish requirements relating to such structure or organization or to such conduct of business.

"(f) (1) Any manufacturing facilities constructed for the provision of services or equipment which are required to be offered exclusively by a fully separated affiliate commenced after approval of the plan required in subsection (b)(1) shall be owned by a fully separated affiliate.

"(2) Any research and development (including software) associated with any specific service or equipment which is required to be offered exclusively by a fully separated affiliate, commenced after the approval of the plan required in subsection (b)(1) shall be performed by such fully separated affiliate or acquired from nonaffiliates.

"(g) Until 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 a fully separated affiliate may not provide any interexchange telecommunications service or facility described in section 235(b)(1) or any interexchange telecommunications service or facility which is essentially similar to such service or facility.

"(h) Not later than 180 days after the date of enactment of ths subsection, the Commission shall prescribe such rules and regulations as may be necessary to carry out the provisions of this section.

"(i) The restrictions or requirements on any dominant-regulated carrier or affiliate contained in this section are not applicable to transactions involving commodities or services, which are sold for use, consumption, or resale outside the United States or the research, development, and manufacture of those commodities.

"(j) The provisions of this section shall not apply to the provision of telecommunications facilities, services, or customer-premises equipment for national defense and security, and emergency preparedness or during times of public peril, disaster, or national emergency.".

1956 CONSENT DECREE

SEC. 229. The 1934 Act is amended by adding the following:

"AMERICAN TELEPHONE AND TELEGRAPH COMPANY 1956 CONSENT DECREE

"SEC. 229. (a)(1)(A) The final judgment of January 24, 1956, of the United States District Court for the District of New Jersey involving the American Telephone and Telegraph Company and its affiliates (United States against Western Electric, No. 17–49), shall not act as a bar to the American Telephone and Telegraph Company and any affiliates or other persons subject to the provisions of such decree from providing any telecommunications service, telecommunications equipment, customer-premises equipment or information service or from engaging in any other business incidental to such activities, except that any such activity not otherwise permitted by such decree which is not a basic telecommunications service shall be conducted by fully separated affiliates as specified in this title except as provided in section 227(h).

"(B) Such judgment shall not be interpreted to require A.T. & T. to license its patents to any foreign-controlled business entity or its domestic affiliate: *Provided, however,* That this subparagraph shall not in any way affect the consent decree as it applies to United States owned and controlled enterprises.

"(2) The final judgment referred to in paragraph (1) of this section shall have no force and effect with respect to any lawful business activity in which A.T. & T. or any affiliate is engaged in any foreign market.

"(b)(1)(A) Notwithstanding any other provision of this Act, and except as provided in subparagraph (B) and subsections (e) and (f), A.T. & T. or any affiliate thereof (including any fully separated affiliate of A.T. & T.) may not provide (within any area in which A.T. & T. is providing exchange telecommunications service) cable service, alarm service, mass media service, or mass media product through any facility which is owned or controlled by A.T. & T. or any affiliate (including any fully separated affiliate).

"(B) The provisions of this subsection shall not be construed to prohibit A.T. & T. or affiliates (including any fully separate affiliate) of A.T. & T. from—

"(i) leasing or otherwise providing facilities for the provision of any cable service, alarm service, mass media service, or mass media product to any nonaffiliate;

"(ii) providing any information service which does not involve program origination or mass media service; or

"(iii) transmitting television or radio broadcasting signals as a carrier (which does not include the provision of cable service).

"(2) In any case in which A.T. & T. or any affiliate (including any fully separated affiliate) provides facilities for the provision of any alarm service, cable service, mass media service, or mass media product, A.T. & T., any affiliate, or fully separated affiliate shall make such facilities available on a nondiscriminatory basis to any person who originates or otherwise provides any alarm service, cable service, mass media service, or mass media product and who makes a reasonable request for the use of such facilities.

"(c) Nothing in any amendment made to this Act by the Telecommunications Competition and Deregulation Act of 1981 (other than the provisions of subsection (b)(1)(A) of this section and section 237) shall be construed to affect—

"(1) the authority of the Commission to establish rules or requirements relating to the offering of cable service by exchange carriers (or any entity affiliated with any such carrier) directly to subscribers located in their service areas; or

"(2) any rules of the Commission, relating to the offering of such service, which are in effect on the date of the enactment of the Telecommunications Competition and Deregulation Act of 1981.

"(d)(1) Except as otherwise provided, the provisions of this section shall not be construed to limit or restrict the manner in which, or the extent to which, A.T. & T. or an affiliate which is subject to the consent judgment or decree specified in subsection (a) is permitted to engage in, or is engaging in, any activity in accordance with the terms of such judgment or decree on the date of the enactment of the Telecommunications Competition and Deregulation Act of 1981.

"(2) The final judgment described in subsection (a) shall not be construed to require any fully separated affiliate to license its patents or provide technical information to any person.

"(e) Notwithstanding any other provision of this Act, A.T. & T. may, through a fully separated affiliate, in the same manner as provided in section 227, other than any fully separated affiliate which provides any telecommunications service, or information service provide the services described in subparagraphs (B), (C), (D), and (E) of paragraph (3) of subsection (g) and own or obtain the capability to provide such services.

"(f) Notwithstanding the prohibition on A.T. & T. provision of alarm service (within any area in which A.T. & T. is providing exchange telecommunications service) contained in subsection (b)(1)(A) of this section, the Commission, in any particular case, may otherwise permit, but only upon petition and a sufficient showing that there exist within such exchange area comparable and reasonably available private line alternatives to A.T. & T. transmission facilities for the provision of alarm service.

"(g) For purposes of this section—

"(1) The term 'cable service' means the retransmission of any television or radio broadcasting signal, or program origination, for distribution by cable or any other closed transmission medium to multiple subscribers who pay to receive such service.

"(2) The term 'alarm service' includes provision to the public of intrusion, fire alarm, and environmental sensing services.

"(3) The term 'mass media' includes television and radio broadcasting, pay television, and printed or electronic publications (including newspapers, periodicals, and any service or product like or similar to all or part of the traditional function of a newspaper or periodical). Such term does not include—

"(A) directory listings or assistance, consisting of name, telephone number, and address;

"(B) weather or time information;

"(C) any audio information service and any printed institutional, educational, or technical publication of a type which A.T. & T. or any affiliate was engaged in on April 7, 1981;

"(D) printed directory advertising; or

"(E) electronic directory information.

"(4) The term 'electronic directory information' includes general business and product categories, distributors and dealers under the general categories, and customer name, address, telephone number, and trademark or service mark.

"(5) The term 'electronic directory information' does not include information, whether graphic or otherwise, concerning specific products or services of customers, or prices therefor, or any advertising. Such specific information or advertising may not be provided by A.T. & T., or any affiliate but may be provided by other parties who retain control over, and liability for, the content and substance of the information provided.".

EMPLOYEE PROTECTION

SEC. 230. (a) For purposes of this section the term—

(1) "employee" means any employee of a dominant-regulated carrier, or of any affiliate;

(2) "regular employee" means any full-time or part-time employee whose employment is expected to be permanent; and

(3) "transferred employee" means any employee transferred to a fully separated affiliate by a dominant-regulated carrier or by any affiliate.

(b) If a dominant-regulated carrier or any affiliate transfers an employee to a fully separated affiliate, then such transferred employee shall not be deprived of employment, salary or wages, or seniority rights during the 5-year period following the date of such transfer. The requirements of this paragraph shall continue to apply in any case in which the fully separated affiliate retransfers such transferred employee to the dominant-regulated carrier or to any affiliate, except that any such retransfer shall not have the effect of extending the 5-year period specified in the preceding sentence.

(c)(1) A transferred employee shall be entitled to receive payment (in addition to his regular salary or wages) from the fully separated affiliate to which such employee is transferred for reasonable travel expenses and reasonable moving expenses incurred by such employee or any of such employee's dependents if—

(A) such transferred employee changes such employee's domicile as a result of such transfer; and

(B) the distance between the new work location of such transferred employee and the former domicile of such transferred employee exceeds the distance between the former workplace of such transferred employee and such former domicile by 35 miles or more.

(2) If a collective-bargaining agreement applicable to a transferred employee provides transfer benefits which differ from the benefits available to such transferred employee under paragraph (1), then such transferred employee may select the benefits which shall apply. Such selection shall be made through notice to a dominant-regulated carrier or any affiliate involved before the end of the 10-day period following the date on which such transferred employee receives notice of a transfer to a fully separated affiliate. If such transferred employee does not furnish such notice before the end of such 10-day

period, then benefits under the collective-bargaining agreement shall apply.

(d) Any pension benefits, health or disability benefits, death benefits, or insurance benefits to which a transferred employee is entitled shall not be restricted, limited, or reduced as a result of a transfer to a fully separated affiliate, except that the requirements of this paragraph may be superseded by the terms of any collective-bargaining agreement between such fully separated affiliate and any labor entity representing the employees of such fully separated affiliate.

(e)(1) Except as provided in paragraph (2), any collective-bargaining agreement between a dominant-regulated carrier or any affiliate, and any labor entity representing the employees of such a dominant-regulated carrier or affiliate shall continue to apply to any transferred employee during the complete term of such agreement.

(2) A fully separated affiliate, or any person who owns or controls such fully separated affiliate, and any labor entity representing the employees of such fully separated affiliate may enter into a collective-bargaining agreement at any time after the establishment of such fully separated affiliate. Any such agreement—

(A) shall supersede the terms and application of any collective-bargaining agreement specified in paragraph (1); and

(B) shall supersede the requirements of this subsection to the extent such requirements otherwise would apply to such fully separated affiliate.

(f)(1) Except as provided in paragraph (2), if a regular employee is transferred to a fully separated affiliate by a dominant-regulated carrier or by any affiliate, and such regular employee is discharged for other than cause during the 7-year period following the date of such transfer, then such regular employee shall be entitled to receive compensation from such fully separated affiliate in an amount which is not less than the amount of compensation such regular employee would have been entitled to receive from such a dominant-regulated carrier or such affiliate if such dominant-regulated carrier or such affiliate discharged such regular employee for other than cause immediately before the date of such transfer.

(2) If a collective-bargaining agreement between a fully separated affiliate and any labor entity representing the employees of such fully separated affiliate is in effect at the time a regular employee is discharged in the manner specified in paragraph (1), and such collective-bargaining agreement applies to such regular employee and provides benefits which differ from the benefits available to such regular employee under paragraph (1), then such regular employee may select the benefits which shall apply. Such selection shall be made through notice to the fully separated entity before the end of the 10-day period following the date of such discharge. If such regular employee does not furnish such notice before the end of such 10-day period, the benefits under the collective-bargaining agreement shall apply.

(g) If any transferred employee is the subject of a layoff during the 7-year period following the date of the transfer of such transferred employee to a fully separated affiliate, then such transferred employee shall have the first right of rehire in his occupational speciality (or its equivalent) during the 2-year period following the date of the layoff of such transferred employee, except that such right shall not apply unless such transferred employee is physically able, and equipped by training and experience, to perform the duties of the work available. Such fully separated affiliate shall maintain lists of employees who have been separated from employment through layoffs. Such lists shall contain sufficienty detailed information to enable such fully separated affiliate to comply with the requirements of this subsection.

(h) A dominant-regulated carrier or any affiliate shall not reduce the salary or wages of a regular employee, or separate such regular employee from employment through layoff or termination, during the 6-month period immediately before the establishment of a fully separated affiliate by such dominant carrier or by such affiliate unless—

(1) such regular employee consents to such action; or

(2) such action is not related to the establishment of such fully separated affiliate.

(i) The provisions of this section shall not apply to any employee who is transferred to a fully separated affiliate after the 7-year period following the date of the establishment of such fully separated affiliate.

(j) Nothing in this section shall be construed to restrict, limit, or eliminate the authority of a dominant-regulated carrier, an affiliate, or a fully separated affiliate to discharge an employee, or take any disciplinary or other action against an employee, for cause.

(k) For purposes of the enforcement or protection of rights, privileges, and immunities granted or guaranteed in this section, employees shall be entitled to the same remedies as are provided by the National Labor Relations Act in the case of employees covered by such Act. The National Labor Relations Board and the courts of the United States (including the courts of the District of Columbia) shall have jurisdiction and power to enforce and protect such rights, privileges, and immunities in the same manner as in the case of enforcement of the provisions of the National Labor Relations Act.

TECHNICAL

Sec. 231. The 1934 Act is amended by inserting the following:

"Sec. 231. [reserved]".

TECHNICAL

Sec. 232. The 1934 Act is amended by inserting the following:

"Sec. 232. [reserved]".

PROTECTION AND RESTORATION OF ESSENTIAL TELECOMMUNICATIONS

Sec. 233. The 1934 Act is amended by inserting the following:

"PROTECTION AND RESTORATION OF ESSENTIAL TELECOMMUNICATIONS

"Sec. 233. (a) The President shall have authority to require appropriate Federal departments and agencies, and any telecommunications carrier subject to the provisions of this Act, to develop and establish arrangements for such mutual backup, restoration, and interconnection of telecommunications facilities or services as may be necessary to avert public peril or disaster or to ensure the continuity of telecommunications essential to the national defense and security and the prompt restoration of any such telecommunications which may be interrupted by the failure or disruption of the facilities of any one or more such carriers.

"(b) The President shall have authority to require any carrier subject to the provisions of this Act or fully separate affiliate to furnish telecommunications services or facilities or customer-premises equipment to any Federal agency if the President determines that—

"(1) the provision of such services or facilities or customer-premises equipment is necessary and appropriate to promote the national defense and security or the emergency preparedness of the Nation; or

"(2)(A) there is a threat of war with a foreign nation, the Nation is at war with a foreign nation, or there exists a state of public peril or disaster or other national emergency; or

"(B) in order to provide for the national defense or security or the emergency preparedness of the Nation, there is an immediate need for such services and facilities or customer-premises equipment, and such need cannot be met through reliance upon any other source of supply.

"(c) The provisions of section 606(e) shall apply in the case of any determination made by the President under this section.

"(d) The President shall coordinate any Government program for enhancing the survivability of exchange and interchange facilities used to provide foreign communications and protection against unauthorized interception of telecommunications traffic, insuring, where appropriate, the availability of such programs to all telecommunications carriers willing and able to participate in such programs.

"(e) The Chairman of the Commission shall designate one of the Commissioners to serve as the 'National Security-Emergency Preparedness Commissioner' who shall be the Commissioner's representative to the President regarding national defense and security and emergency preparedness matters.

"(f) The President shall appoint an advisory council of not to exceed 15 members to examine the structure, policy, and needs of Federal telecommunications management for national security and emergency preparedness, under deregulation and to ensure that the United States shall have a technologically advanced and economically viable telecommunications industry for the purposes of the national defense and economic advancement.

"(g) The President shall establish a National Communications System and shall be responsible for carrying out the provisions of this section.".

CUSTOMER-PREMISES EQUIPMENT AND INFORMATION SERVICES

Sec. 234. The 1934 Act is amended by inserting the following:

"CUSTOMER-PREMISES EQUIPMENT AND INFORMATION SERVICES

"Sec. 234 (a) Except as provided in this title, neither the Commission nor any State shall regulate the production, marketing, or other provision of customer-premises equipment or information services.

"(b)(1) Not later than 180 days after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, the Commission shall prescribe regulations providing for separate pricing of customer-premises equipment or information services, or cable services as defined in section 229(g)(1) when offered in conjunction with a regulated service by a regulated carrier or an exchange carrier; thereafter, such carriers shall provide such equipment or services only on an unbundled basis in accordance with such regulations.

"(2) Nothing in this section shall be construed to prohibit any State commission from allowing an exchange carrier to offer to residential customers a basic lifeline service within an exchange.

"(c)(1) The Commission may establish and enforce such minimum uniform technical standards for customers-premises equipment as are necessary to prevent technical or operational harm to carrier facilities and to promote national defense and emergency preparedness of the Nation.

"(2) The Commission may establish requirements relating to labeling of customer-premises equipment to indicate the country of origin and to provide such other consumer information as the Commission determines will be of significant interest.

"(d) The use of any information processing capability in support of the provision of a telecommunications service and for the management or control or operation of a telecommunications system or management of a telecommunications service shall not be deemed the provision of an information service within the meaning of this Act.

"(e)(1) Except as provided in sections 227(f), 227(g), 228(i), and 228(j), or as otherwise required by the President under section

233, no later than the second anniversary of the date of enactment of the Telecommunications Competition and Deregulation Act of 1981, no dominant-regulated carrier or affiliate shall provide any customer-premises equipment or any information service, except through a fully separated affiliate.

"(2) Nothing in this section shall be construed to authorize any dominant-regulated carrier or affiliate to engage in any activity described in paragraph (1) which it was not lawfully providing on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 other than through a fully separated affiliate.".

TRANSITION

SEC. 235. The 1934 Act is amended by inserting the following:

"TRANSITIONAL PROVISION OF CERTAIN FACILITIES AND SERVICES

"SEC. 235. (a) The Commission may require any unregulated carrier to continue to interconnect its telecommunications facilities with any person or to continue to provide services which were being provided under tariff on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 for a reasonable period of time upon petition showing that withdrawal of such interconnection or service would result in an unreasonable hardship on such person or when such service is not subject to effective competition. The Commission's authority under this subsection shall cease not later than the second anniversary of the date of enactment of the Telecommunications Competition and Deregulation Act of 1981.

"(b)(1) Each regulated carrier shall continue to provide under tariff, on an unbundled basis pursuant to section 234(b), any telecommunications service which such carrier is providing on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 for a period of not less than 2 years from such date.

"(2) Not later than 2 years after the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 or by such extended time, the Commission shall determine, after an expedited hearing in which any interested party may join—

"(A) which of the telecommunications services described in subsection (b)(1) are not subject to effective competition as defined in section 203(c)(1); and

"(B) which of such services are subject to effective competition.

"(3)(A) Any service which the Commission determines to be subject to effective competition shall be deregulated.

"(B) Any service which the Commission determines not to be subject to effective competition shall continue as a regulated telecommunications service. Upon its own motion, or upon petition, the Commission shall review at least once every 2 years any determination that any telecomunications service (other than basic telephone service) is not subject to effective competition. Upon making a determination that a service is subject to effective competition, the Commission shall deregulate such service.

"(c) Subject to the provisions of subsection (b)(1) of section 234 relating to unbundling, any customer-premises equipment which is being provided by any carrier under tariff on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981 shall continue to be made available under tariff for a period of not less than 2 years from such date.".

BASIC TELECOMMUNICATION SERVICES

SEC. 236. The 1934 Act is amended by inserting the following:

"DETERMINATION OF BASIC TELECOMMUNICATIONS SERVICES

"SEC. 236. (a) The Commission, in accordance with the provisions of subsection (b), may determine what basic telecommunications services, in addition to, or in lieu of, basic telephone service should as a matter of the public interest be universally available at reasonable charges, terms and conditions, whether competitively provided or not.

"(b)(1) Any person may petition the Commission for a hearing to classify any interexchange telecommunications service as among those services described in subsection (a). The Commission shall grant such petition upon a showing that the telecommunications service is necessary to promote the general welfare and to promote the safety of property (insofar as such service relates to the capability of all the people of the United States to communicate with one another).

"(2) Upon granting any petition described in paragraph (1), the Commission shall hold a hearing to determine whether such service should be universally available at reasonable charges, terms and conditions and whether such service must be regulated in whole or in part to ensure such availability. Absent a showing to the contrary, it shall be presumed that unregulated marketplace competition will universally provide such service. The burden shall be on any party advocating regulation to demonstrate clearly and convincingly that regulation is necessary to ensure universal availability at reasonable charges, terms and conditions.

"(c) The Commission may review any determination that any basic telecommunications service shall be regulated to ensure universal availability at reasonable charges, terms and conditions. Upon making a determination that regulation is no longer necessary to ensure such availability the Commission shall terminate regulation of such service.".

OWNERSHIP OR CONTROL OF CABLE TELEVISION SYSTEMS

SEC. 237. The 1934 Act is amended by inserting the following:

"OWNERSHIP OR CONTROL OF CABLE TELEVISION SYSTEMS

"SEC. 237. (a) Except as provided in subsection (c), no regulated carrier (including an exchange carrier regulated by a State) shall engage in the provision of cable services (as defined in section 229(g)(1) in the same operating area, unless the Commission, in any particular case, shall otherwise permit, but only upon a sufficient showing that such provision by a carrier will provide significant additional media diversity and competition. In any particular case, the Commission shall require conditions which foster the purposes and policy of this Act.

"(b) Whenever permitting any carrier and any exchange carrier to provide in the same operating area cable services in addition to regulated services or exchange services, the Commission shall require that a reasonable number of channels be made available for lease on a nondiscriminatory basis to nonaffiliates.

"(c) Carriers serving rural areas with low population densities, as defined by the Commission, may provide cable services in such areas. The Commission shall prescribe regulations to carry out the provisions of this subsection not later than 180 days after the date of enactment of this section.".

NETWORK PLANNING AND MANAGEMENT

SEC. 238. The 1934 Act is amended by adding the following:

"NETWORK PLANNING AND MANAGEMENT

"SEC. 238. (a) Subject to the provisions of subsection (b), it shall be lawful for telecommunications carriers jointly to meet for the purposes of planning or agreeing to—

"(1) the design, development, construction, management, maintenance, or coordination of any network of telecommunications services or facilities (including the establishment of joint or through routes or services); and

"(2) the development of technical standards applicable to such services and facilities.

"(b)(1) Except as provided in paragraph (3), any meeting specified in subsection (a) shall take place after notice is given by the carriers involved to the Commission, and a representative of the Commission shall be given an opportunity to attend, or otherwise monitor, any such meeting at the time it is conducted. The Commission shall make any such notice available at the offices of the Commission for public inspection immediately upon receipt of such notice by the Commission. The failure of the Commission to exercise such authority to attend or otherwise monitor a meeting shall not impair the authority of such carriers to conduct such meeting under this section.

"(2) Except as provided in paragraph (3), a transcript of each meeting shall be filed immediately with the Commission and shall be available at the offices of the Commission for public inspection not later than 30 days after the meeting involved is concluded, except that no transcript made available to the public may contain any material the disclosure of which, in the opinion of the Commission, after consultation with the Secretary of State, the Secretary of Defense, and the Secretary of Commerce, could adversely affect the national defense and security or emergency preparedness of the Nation. Should one or more such officials object to the public release of any material contained in any such transcript, the Commission may not make such material available to the public without the approval of the President.

"(3) The requirements applicable to carriers in paragraph (1) and paragraph (2) shall not apply in the case of—

"(A) any meeting for the purposes specified in subsection (a) which relates to any particular telecommunications service or facility if the carriers involved in such meeting are not in competition with each other with respect to the offering of such service or facility; or

"(B) the routine nondiscriminatory contacts among carriers necessary to reach or execute the joint decisions made at any meeting for the purposes specified in subsection (a).

"(c) The Commission, upon its own initiative or upon the request of any person or interested telecommunications carrier, shall require all telecommunications carriers to engage in meetings for the purpose of—

"(1) assuring the establishment and maintenance of networks of telecommunications services and facilities adequate to maintain the national defense and security and the emergency preparedness of the Nation;

"(2) assuring that all telecommunications carriers have developed and established such plans and arrangements as may be necessary to comply with the provisions of section 233 of this Act.

"(d) Nothing contained in this section shall be construed as exempting any carrier from the antitrust laws for any action taken by such carrier which is a violation of such laws when taken by a single carrier.".

PENALTIES

SEC. 239. (a) Section 214 of the 1934 Act, as amended by this Act, is further amended by adding at the end thereof the following new subsection:

"(h) Any carrier which refuses or neglects to comply with any order of the Commission made in pursuance of subsection (e) (relating to the extension of facilities) shall forfeit to the United States an amount assessed by the Commission in accordance with the procedure established in paragraph (2) and paragraph (3)(A) of section 503(b), which shall not exceed $2,500 for each day during which such refusal or neglect continues.".

(b) Section 210 of the 1934 Act, as amended by this Act is further amended by adding at the end thereof the following new subsection:

"(e) In the case of failure or refusal on the part of any carrier to comply with the provisions of this section or of any regulation or order made by the Commission thereunder, such carrier shall forfeit to the United States an amount assessed by the Commission in accordance with the procedure established in paragraphs (2) and (3)(A) of section 503(b), which shall not exceed $100,000 for each offense, and an amount assessed by the Commission in accordance with such procedure, which shall not exceed $5,000 for each day of the continuance of such offense.".

(c) Section 205 of the 1934 Act, as amended by this Act, is further amended by adding at the end thereof the following new subsection:

"(c) Any carrier, any officer, representative, or agent of a carrier, or any receiver, trustee, lessee, or agent of either of them, who knowingly fails or neglects to obey any order made under the provisions of this title shall forfeit to the United States an amount assessed by the Commission in accordance with the procedure established in paragraph (2) and paragraph (3)(A) of section 503(b), which shall not exceed $25,000 for each offense. Every distinct violation shall be a separate offense, and in the case of a continuing violation each day shall be deemed a separate offense.".

(d)(1) Section 220(d) of the 1934 Act is amended by striking out "the sum of $500" and substituting "an amount assessed by the Commission in accordance with the procedure established in paragraph (2) and paragraph (3)(A) of section 503(b), which shall not exceed $100,000,".

(2) Section 220(e) of the 1934 Act is amended by striking out "$1,000" and substituting "$10,000" and by striking out "$5,000" and substituting "$100,000".

(e) Section 219(b) of the 1934 Act is amended by striking out "the sum of $100" and substituting "an amount assessed by the Commission in accordance with the procedure established in paragraph (2) and paragraph (3)(A) of section 503(b), which shall not exceed $2,500,".

(f)(1) The first sentence of section 503(b)(2) of the 1934 Act is amended—

(A) by inserting "$5,000 for each violation, in the case of a dominant-regulated carrier or other regulated carrier, or" after "exceed"; and

(B) by inserting ", in the case of any other person" before the period at the end thereof.

(2) Section 503(b)(2) of the 1934 Act is amended—

(A) by redesignating subparagraph (A) and subparagraph (B) as subparagraph (B) and subparagraph (C), respectively, and by inserting before subparagraph (B), as so redesignated, the following new subparagraph:

"(A) $500,000, if the violator is a dominant-regulated carrier or other regulated carrier;";

(B) in subparagraph (B) thereof, as so redesignated in subparagraph (A), by inserting "(other than a dominant-regulated carrier or other regulated carrier)" after "this Act"; and

(C) in subparagraph (C) thereof, as so redesignated in subparagraph (A), by inserting "or subparagraph (B)" before the period at the end thereof.

(g) Section 504 of the 1934 Act is amended by adding at the end thereof the following new subsection:

"(d) In any case in which a carrier is required to pay any forfeiture penalty under any provision of this Act, such forfeiture penalty shall not be allowed as an operating expense for ratemaking purposes.".

RECIPROCAL RIGHTS

Sec. 240. (a) For the purpose of ensuring fair and equitable treatment of United States telecommunications enterprises seeking access to foreign markets, the Federal Communications Commission shall have authority to conduct inquiries and establish policies, rules, regulations, and requirements applicable to the entry of foreign telecommunications carriers or foreign entities supplying information services into domestic United States telecommunications markets upon terms and conditions which are reciprocal with the terms and conditions under which United States persons are permitted entry into—

(1) the foreign nation in which the operations of such foreign telecommunications carrier or information supplier are based; and

(2) the foreign nation under the laws of which such foreign telecommunications carrier or information supplier is established. No other provision of this Act shall be construed to limit or otherwise restrict the authority of the Commission established in this section.

(b) The Federal Communications Commission shall adopt such rules, regulations, policies, requirements, and procedures, and may impose such restrictions upon a foreign telecommunications carrier or information supplier as it determines to be necessary or appropriate to carry out the provisions of this subsection and to carry out its determinations under this subsection.

(c) The President may, within 45 days after approval or disapproval by the Commission of an application by a foreign telecommunications carrier or information supplier, veto such decision for foreign policy reasons if, after consultation with the Secretary of Commerce and the Secertary of State, the President determines that such action is contrary to the national interests of the United States.".

TITLE III—MISCELLANEOUS PROVISIONS

MANDAMUS TO COMPEL FURNISHING OF FACILITIES

Sec. 301. Section 406 of the 1935 Act is amended by—

(1) inserting "regulated" immediately before "carrier" where it first appears therein, and

(2) striking "interstate" where it first appears therein and substituting "interexchange".

PETITION FOR ENFORCEMENT OF ORDER FOR PAYMENT OF MONEY

Sec. 302. Section 407 of the 1934 Act is amended by inserting "regulated" immediately before "carrier" wherever it appears therein.

GENERAL PROVISIONS RELATING TO PROCEEDINGS—WITNESSES AND DEPOSITIONS

Sec. 303. Section 409(g) of the 1934 Act is amended by striking "common" wherever it appears therein and subsituting "regulated".

USE OF JOINT BOARDS—COOPERATION WITH STATE COMMISSIONS

Sec. 304. Section 410(c) of the 1934 Act is amended by—

(1) striking "common" wherever it appears therein and substituting "telecommunications", and

(2) striking "interstate and intrastate" and substituting "interexchange and intraexchange".

JOINDER OF PARTIES

Sec. 305. Section 411(b) of the 1934 Act is amended by inserting "regulated" immediately before "carrier" or "carriers" wherever it appears therein.

DOCUMENTS FILED TO BE PUBLIC RECORDS—USE IN PROCEEDINGS

Sec. 306. Section 412 of the 1934 Act is amended by striking "common".

DESIGNATION OF AGENT FOR SERVICE

Sec. 307. Section 413 of the 1934 Act is amended by inserting "regulated" immediately before "carrier" therein.

LIMITATIONS AS TO ACTIONS

Sec. 308. Section 415 of the 1934 Act is amended by inserting "regulated" immediately before "carriers" or "carrier" wherever they appear therein.

PROVISIONS RELATING TO ORDERS

Sec. 309. Section 416 of the 1934 Act is amended by inserting "regulated" immediately before "carrier" therein.

GENERAL PENALTY

Sec. 310. (a) Section 503(a) of the 1934 Act is amended by—

(1) striking "interstate" wherever it appears and substituting "interexchange";

(2) striking "common" wherever it appears therein; and

(3) inserting "regulated" immediately before "carrier" whenever it appears therein.

(b) Subsection (b)(2)(B) of such section, as redesignated by section 226 of this Act, is amended by striking "common" and substituting "telecommunications".

UNAUTHORIZED PUBLICATION OF COMMUNICATIONS

Sec. 311. Section 605 of the 1934 Act is amended by striking "interstate" wherever it appears therein and substituting "interexchange".

TITLE IV—CONFORMING AMENDMENTS

TITLE 18

Sec. 401. Section 2510(10) of title 18, United States Code, is amended by striking out "'common carrier' by section 153(h) of title 47 of the United States Code" and substituting "'telecommunications carrier' by section 103(43) of the Communications Act of 1934".

CLAYTON ACT

Sec. 402. Section 11(a) of the Clayton Act (15 U.S.C. 21(a)) is amended by striking "common carriers engaged in wire or radio communication or radio transmission of energy" and substituting "telecommunications carriers as defined in section 103(43) of the Communications Act of 1934".

TRANSITION OF COMMISSION AUTHORITY

Sec. 403. All orders, determinations, rules, regulations, permits, contracts, certificates, and privileges, which, pursuant to the provisions of titles II and III of the 1934 Act, as amended—

(1) have been issued, made, granted, or allowed to become effective by the Federal Communications Commission; and

(2) were in effect prior to the enactment of this Act,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Commission, by any court of competent jurisdiction, or by operation of law.

APPLICABILITY OF ANTITRUST LAWS

Sec. 404. Nothing in this Act shall be construed to affect the applicability of the antitrust laws of the United States or any defenses or remedies (including structural remedies) available thereunder or as expressing in any manner any sense of the Congress with regard to any pending or future litigation or defenses and remedies relating to such litigation to which any person affected by this Act may be a party.

INTERNATIONAL TELECOMMUNICATIONS

Sec. 405. The provisions of this Act shall not apply to the provision of international telecommunications services or facilities. For the purposes of this section, the term—

(1) "international telecommunications services" means the acceptance, transmission, reception, and delivery of messages terminated or originated outside the United States; and

(2) "international telecommunications facilities" means those facilities intended for the provision of international telecommunications services.

INTERNATIONAL ECONOMIC COMPETITION EVALUATION

Sec. 406. Every final significant rule or order of the Commission affecting international competition shall be accompanied by an analysis of international economic competition prepared by the Department of Commerce, which shall describe and, to the extent feasible, quantify the effect of such decision on international competition and the viability of the United States telecommunications industry, including, but not limited to, the effect of the action on the ability of United States' industry to compete domestically and abroad. In addition, the analysis shall consider whether such action will delay the introduction of new equipment and services, inhibit the cooperation of the United States' entities in competing jointly for foreign or domestic business, impose delays on United States' firms, provide an advantage to foreign telecommunications carriers or suppliers of information or adversely affect research and development by United States' industry.

OVERSIGHT

Sec. 407. The Committee on Commerce Science, and Transportation of the Senate shall conduct oversight hearings to review the implementation of the amendments made by this Act, not less than once each session of Congress.

EFFECTIVE DATE

Sec. 408. Except as otherwise provided in this Act, the provisions of this Act shall take effect upon the date of enactment of this Act.

SEPARABILITY CLAUSE

Sec. 409. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of this Act and the application of such provision to any other person or circumstance shall not be affected thereby.

Mr. BAKER. Mr. President, the distinguished chairman of the Commerce Committee has now arrived. As soon as he is prepared to assume control, I will be happy to yield. For the moment, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I believe we are ready to start, in some orderly fashion, the consideration of amendments.

Today we have before us an extremely vital piece of legislation representing the culmination of efforts begun by members of the Senate Commerce Committee during the 95th Congress. S. 898 is a long overdue response to the pressing need for regulatory reform in the telecommunications industry. Our committee has given this complex issue most extensive and careful consideration, and much credit goes to my colleagues on both sides of the aisle who helped shape this final legislative package.

I am convinced that we have achieved the proper balance between the need to free this growing and dynamic industry from overly restrictive Government regulation, and the necessity of maintaining safeguards to insure that everyone in the United States has access to basic telephone service at reasonable rates. We have also ensured continued technological advances in telecommunications to meet the needs of national defense, security, and emergency preparedness, as well as the expanding needs of business and other consumers.

By freeing the industry from unnecessary and stifling Government controls, S. 898 will greatly enhance competition within the telecommunications field. As my colleagues have seen from experience in other areas, this will result in significant cost savings to consumers, and will encourage creativity and productivity.

The bill is endorsed by the President's Cabinet Council on Commerce and Trade and has been approved by the President with the addition of amendments that will be offered by my distinguished colleague and chairman of the Senate Judiciary Committee, Senator THURMOND. The legislation now before us is fully supported by the administration, is consistent with the administration's conviction that the public is best served, not by artificial constraints created by regulation, but by an environment where business can fairly compete in the marketplace.

The past decade has witnessed the development of two of the most fascinating, yet complex, industries today: The telecommunications and computer industries. The significance of these industries cannot be overstated, either in terms of their potential impact on American society, or of their importance as a vital part of our economy, foreign trade, and our world leadership in telecommunications. Total U.S. exports in telecommunications and information goods, not including services, exceeded $12 billion in 1977, and $15 billion in 1978. Yet, this burgeoning industry is harnessed by a statute enacted by Congress almost 50 years ago. That was when the telecommunications industry consisted of telephones and the telegraph wire. For the average residential consumer, then, the telephone, particularly in the cities, was just becoming commonplace. The telegraph, for the businessman, was significantly aiding rapid communication both domestically and abroad.

Today, dramatic advances in telecommunications and computer technology have made possible entirely new goods and services as well as more efficient modes of providing traditional telephone service. In addition to basic telephone, we now have available telecopiers, automatic answering terminals, data processing terminals, mobile telephones, and home computer terminals. The simple telephone wire is being replaced by transmission mediums nonexistent in 1934: coaxial cable, fiber optics, satellites, microwave systems, and cellular systems. The implication of these technologies for services is enormous: A satellite, for example, can handle about 7 million "bits" of digital data per second, whereas a conventional long-distance telephone circuit can handle less than 10,000. It is very likely that, in the not-too-distant future, sources of information such as newspapers, will not be delivered to us via the print medium, but electronically, over transmission systems linked to home terminals. Questions such as who controls these transmission systems, and who has access to them will become increasingly critical to the free flow of information—the essence of a democratic society.

Current law, the Communications Act of 1934, cannot adequately resolve questions raised in this new environment. Technological development has provided the potential for competition, not only in providing new services, but in the more efficient delivery of traditional services. New technology has not only made competition possible in the regulated telecommunications industry, but has also blurred the lines between this regulated area and the unregulated computer industry—raising doubts about what should not be regulated.

Retaining a body of regulations intended for the telecommunications environment of 1934 in the midst of such dramatic changes in the industry has generated uncertainty and confusion. This is reflected in the protracted proceedings that are commonplace at the Federal Communications Commission and in the lengthy rounds of court challenges which have followed. As a result, the courts have been forced to assume responsbility for setting telecommunications policy. The uncertainty of this environment has stifled competition, inhibited investment, and delayed the public's reception of benefits from the new technology. If it continues, the outdated restraints will result in a loss of the U.S. world leadership in the telecommunications industry and threaten our national security. Another important consideration is that with this environment, we are forced to bear Federal regulatory costs that are higher than necessary.

In 1980, $72.5 million was appropriated to the FCC, and much of this regulation was directed toward issues that would be unnecessary after enactment of this and other communications reform legislation presently under consideration in the Commerce Committee.

Why then, one may ask, does this increasingly competitive industry continue to be regulated as a monopoly; why has Congress failed to respond with a new statement of policy to meet the needs of this new environment?

In the past 5 years, seven major bills have been introduced, a hearing record of more than 9,000 pages has been compiled, and over a thousand witnesses have testified. Yet, not one of those bills has reached the floor of either the House or the Senate for consideration. Why? It is because these bills contained complex and difficult issues on which it was necessary to develop a thorough and comprehensive record to use in drafting appropriate amendments to the 1934 Communications Act.

The issues addressed in this bill touch the lives of each American in a very practical way. S. 898 assures the continued availability of telephone service at reasonable rates. In fact it addresses an issue that is critical to our democracy—the bill assures access to transmission systems which promise to be one of the major means of distributing information throughout our society.

Specifically, this bill establishes as national policy: promotion of marketplace competition, deregulation, and reliance on the private sector to the maximum extent possible for the provision of telecommunications services and equipment. Regulation of basic local and long distance telephone service, will continue in order to insure universal availability at reasonable rates. Other services will be subject to deregulation 2 years after the date of enactment of this legislation, but only if the FCC finds that the service is subject to effective competition.

The bill establishes a classification system according to which telecommunications carriers are designated as: Unregulated (these will include microwave carriers, satellite carriers, and specialized common carriers such as MCI and Southern Pacific); regulated—such as General Telephone and Electronics and United Telecommunications and carriers which own or control facilities for which there is no reasonably available alternative; and dominant-regulated—A.T. & T. The FCC is given the authority to reclassify carriers should the need arise. The bill also addresses problems posed by current industry procedures such as interconnection arrangements and cost allocation methods that need to be revised to accommodate competition.

For example, S. 898 replaces the current separations process with an access charge to compensate exchange carriers for the origination and termination of interexchange services and a surcharge to insure universal availability of basic telephone service at reasonable rates. Under the bill all access charges must be based on the differing costs of various types of exchange access and all surcharges must be applied in a uniform nondiscriminatory fashion.

A major issue has been what the structure and role of A.T. & T., or the Bell System should be in this new competitive environment.

In 1979 A.T. & T., the largest corporation in the world, had revenues exceeding $45 billion—2 percent of the U.S. gross national product. Presently, A.T. & T. dominates all phases of the telecommunications business, and the concerns its presence poses for competitors are legitimate. While competition exists in some areas, such as customer premises equipment, it is only beginning in other areas.

The potential for competition, however, clearly is there. This potential cannot be fully realized, however, without the type of sweeping regulatory reform contained in the legislation now before us. Telecommunications development cannot continue to be thwarted by outmoded regulations imposed by an inadequate statute.

The Federal Communications Commission has been struggling for years in attempts to interpret the 1934 Communications Act to accommodate the increasing competition in the telecommunications industry. The FCC's attempts to refashion the act, however, have been, and will continue to be, challenged in the courts. Potential entrants to the industry are caught up in a neverending battle. The specter of regulation, appellate challenges, and the resulting uncertainty have a chilling effect on investment and growth.

Competition is inhibited, the American people are denied the new goods and services made possible by technology, and our world leadership in one of the most important industries in modern society is threatened. However, just as we do not want the benefits of competition impeded by an outdated statute, neither do we want competition thwarted by "Ma Bell."

Mr. President, the Commerce Committee has grappled arduously with various proposals to assure a competitive environment. This bill, which benefits from the knowledge gained in previous attempts to achieve regulatory reform in communications, adopts reasonable solutions to preserve the major benefits of Bell's integrated system while at the same time providing assurance and safeguards for a competitive environment.

To break up the Bell System—to risk the disruption of our current phone service, to lose the benefit of Bell's technology and innovation in new and competitive services in one of the few remaining areas of U.S. industrial leadership, at a time when many domestic industries have succumbed to Government supported and financed foreign competition—are not risks this Nation can afford. Divestiture proposed as the ideal solution by some, is a drastic remedy with enormous costs and loss of efficiency and with few proven public or social benefits. It is not a solution my committee could recommend.

The solution proposed in S. 898 would permit A.T. & T. to enter, on an unregulated basis, new markets and those markets deregulated by S. 898 or by the FCC pursuant to a finding of effective competition, but only through a fully separated affiliate. After a 2-year transition period, information services, and all telecommunications services found subject to effective competition must be offered by A.T. & T. through a fully separated affiliate.

Customer premises equipment which is being provided by any carrier under tariff on the date of enactment shall continue to be offered by A.T. & T. for a period of not less than 2 years after such date. Thus, a fully separated affiliate will offer only products and services which are both competitive and unregulated; A.T. & T. will offer only regulated telecommunications services.

The conditions an affiliate must meet to be considered fully separated are set forth in the bill. For example, A.T. & T. and the affiliate cannot have common officers or employees; must maintain separate books and accounts; must conduct separate marketing, sales, maintenance operations, and manufacturing, research and development. A.T. & T. must submit a plan to the FCC demonstrating its compliance with the provisions in S. 898 for a fully separated affiliate. That plan must be approved by the FCC before any unregulated services can be offered. After approval of the initial plan, the fully separated affiliate may conduct any legitimate business with the dominant regulated carrier and its affiliates unless it is specifically prohibited by the provisions of this legislation.

Further, the FCC has authority to regulate A.T. & T. and any of its affiliates, other than any fully separated affiliate, to deal with anticompetitive practices in order to protect ratepayers and competitors. For example, if the separated affiliate sells a service to A.T. & T. at a price lower than it sells the service to others, the FCC can order A.T. & T. to pay a fully compensatory price. Furthermore, the bill prohibits A.T. & T. from offering cable or other mass media services.

The bill does allow A.T. & T. to offer electronic yellow pages, weather, time, and sports information but only through a second subsidiary that does not offer transmission services. This is to keep separate A.T. & T.'s role as an originator of information and its role as a primary means of delivering information. Also, the FCC has the authority to insure that A.T. & T. will continue to provide itself with up-to-date facilities so that innovative telecommunications services are available to the public under regulation until such services are subject to effective competition. The dominant-regulated carrier, A.T. & T. can offer transmission facilities and services to the fully separated affiliate but only under tariff. S. 898 also provides for the transfer of assets from A.T. & T. to any fully separated affiliate at a value established by an assets evaluation board. It is the intent of the bill that the value be established, insofar as possible, as if the assets were being transferred between nonaffiliated entities.

I believe the safeguards provided in S. 898—some of which I have just noted—are adequate to insure a competitive environment.

I strongly urge my colleagues in the U.S. Senate to support this critical legislation. The issues are difficult, but they have been deliberated long enough and their resolution cannot be delayed any longer. Solutions to such inherently complex and unprecedented issues cannot be perfect, nor can they provide absolute guarantees that they will work in the intended manner in all instances. The bill requires continuing congressional oversight as implementation proceeds as a means of addressing unintended consequences or unexpected developments.

There is, however, one consequence we can be sure of—that is: If Congress does not take responsibility for establishing telecommunications policy, the American public will suffer, the American economy will suffer, and our world leadership in the telecommunications industry—an industry critical in our modern world—will be threatened by other nations which increasingly have the resources to challenge American exporters abroad and our companies in domestic markets. Therefore, I urge my colleagues to join me in supporting S. 898.

Mr. FORD. Mr. President, S. 898 is a major step forward in our efforts to reshape telecommunications policy. This bill culminates 4 years of work to amend an outdated law to fulfill the present and future needs in telecommunications.

At times the process of amending the current law has been painstakingly slow. Four years of proposals, discussions, and public hearings have better enabled us to examine these most complex issues. S. 898 represents a philosophy that marketplace forces, and not Federal regulatory agencies, should ultimately determine the future of the telecommunications industry. The current regulatory maze impedes service to the public, may raise entry barriers for new innovative telecommunications firms, and encourages established entities to expend valuable resources on regulatory proceedings rather than competing in the marketplace.

S. 898 eliminates unnecessary and burdensome regulation. However, the bill maintains the concept of universal affordable basic telephone service. Other telecommunications services and equipment will be deregulated, either immediately or according to a transition plan established by the Federal Communications Commission.

If no competition exists for a particular service, then that service will not be deregulated until there is, in fact, effective competition. This bill contains several additional measures to insure that a dominant regulated carrier will refrain from anticompetitive activities. A.T. & T., if it wishes to enter into unregulated activities, must establish a fully separate affiliate. A.T. & T. will be prohibited from favoring the fully separate affiliate in any transaction in the parent A.T. & T. and its affiliate. These safeguards against anticompetitive activity have been further strengthened by the amendments offered by Senator THURMOND of the Judiciary Committee.

Competition, not regulation, should be the goal of the telecommunications industry. A truly competitive environment will enable us to best use our resources, and in this manner the public, the beneficiaries of telecommunications, will be best served. I believe S. 898 will best accomplish the goal of telecommunications reform.

Mr. GOLDWATER. Mr. President, I am very pleased that my distinguished colleagues in the U.S. Senate will have the opportunity to consider legislation critical to our Nation's economy and to our world leadership. The legislation now before us, Senate bill S. 898, removes outdated regulations imposed on the telecommunications industry by a statute enacted in 1934.

This long overdue legislation will free the telecommunications industry from unnecessary and inefficient Federal restraints so that it can vigorously expand according to marketplace forces. Our country—the world's most industrialized and technologically advanced nation—was built on a foundation of free enterprise and competition—not Federal regulations, and if we are to maintain our world leadership we must free our industries from unnecessary Federal burdens so that they can freely develop and bring to us all the creativity and productivity we have benefited so much from in the past.

Mr. President, the telecommunications and information industry is a vital part of our Nation's economy; it accounts for approximately 40 percent of our GNP. It is an industry where technological advances are being made at an extremely rapid pace, providing the potential for many new services. These services will be of great benefit to American businessmen in assisting with everyday business transactions and to the consumer. It is an industry critical to the maintenance of our national security and emergency preparedness.

It is also one of the few remaining industries where the United States has retained its world leadership. In 1978, we exported $15 billion worth of telecommunications and information goods. In 1980, the world market for these goods was $40 billion and this market is expected to reach $87.5 billion by 1990. We cannot, especially at a time when our economy is suffering, afford to risk losing our leadership in this area—one which is so critical to modern society and which promises continued growth and job opportunities—because of the inability of Congress to take steps toward deregulating this vital industry.

The ability of our firms to compete in the world marketplace depends on their domestic market base. Retaining regulations intended for the telecommunications industry as it existed in 1934 in the midst of dramatic technological developments has led to a great deal of uncertainty and confusion. The Federal Communications Commission has attempted in various proceedings to ease restrictions on telecommunications carriers and services, but these efforts usually have been challenged in court. The uncertainty generated by attempts to apply a statute that is not suited for today's competitive environment, has stifled competition and inhibited investment.

S. 898, by deregulating those segments of the telecommunications industry where technological advances have made competition possible, will encourage new entrants in this dynamic industry and will force prices closer to costs encouraging economy and efficiency in supply and consumption of facilities and services.

It should come as no surprise that other nations have targeted the U.S. telecommunications market as ripe for aggressive competition. Just as this regulatory reform legislation will open up the industry to greater competition among our domestic enterprises, so will it make it easier for foreign competitors to enter our markets. This will cause many to call for import restrictions. But, trade restrictions are contrary to our policy. We have been a leading proponent of free trade for years. A continuation of this policy benefits our bargaining position with other countries, and enhances our efforts to open foreign markets to U.S. telecommunications exports.

At the same time, examples of foreign anticompetitive practices abound. The office of the U.S. Trade Representative has published an inventory of foreign telecommunications goods and services trade obstacles entitled "Trade Barriers to Telecommunications, Data, and Information Services." To address legitimate concerns raised by such practices, the committee has acted in S. 898 to provide additional tools to the U.S. Government, working in conjunction with private telecommunications manufacturers, carriers and service suppliers, to strengthen free trade and investment in telecommunications and to give increased prominence in economic policy to the American telecommunications industry.

The committee has given to the FCC additional authority to require reciprocity from foreign countries whose telecommunications carriers or firms offering information services seek access to the U.S. market through the export of goods and services or direct investments in the United States.

It is the intention of the committee that the Commission shall use this authority in cooperation with executive agencies to encourage foreign countries to open their domestic markets to U.S. suppliers. Should such efforts fail, however, this authority may be used to deny foreign corporations the advantage of access to our markets while having the benefit of protected domestic markets.

This principle of reciprocity retains our Nation's policy of free trade while at the same time affording our domestic industries some protections from practices in foreign countries which have the effect of foreclosing foreign markets to U.S. exports.

In closing, Mr. President, I cannot too strongly urge my colleagues to support this legislation so vital to our economy, national security, and world leadership. I spent a great deal of time on legislation similar to S. 898 during the last Congress, and I sincerely believe we have deliberated the issues thoroughly. I would like to thank Senator PACKWOOD for his diligent efforts on behalf of this legislation. I hope my fellow colleagues on both sides of the aisle will join us in support of this very carefully produced and very badly needed legislative package.

(By request of Mr. FORD, the following statement was ordered to be printed in the RECORD:)

● Mr. CANNON. Mr. President, I am most pleased to support S. 898, the Telecommunications Competition and Deregulation Act of 1981. This bill represents an earnest effort to amend effectively and realistically the Communications Act of 1934. The present law has served us well for the past 47 years; however, we must now enact legislation which reflects today's technological revelation in communications.

The Senate has sought telecommunications reform for the past 4 years. During the 96th Congress. Senators HOLLINGS, then chairman of the Communications Subcommittee, STEVENS, and I introduced S. 611, a bill to amend the Communications Act. Senators GOLDWATER, SCHMITT, PRESSLER, and STEVENS introduced S. 622, a bill also intended to amend the current act. The coauthors of those two bills, and Senator PACKWOOD then combined our efforts to write S. 2827, the Communications Act Amendments of 1930. S. 898, introduced last April 7, is a continuation of the Commerce Committee's determination to reshape an antiquated telecommunications policy. Chairman PACKWOOD and Subcommittee Chairman GOLDWATER and all others who participated in the various legislative initiatives should be commended for their most diligent work on this complex issue.

S. 898 will have a significant deregulatory effect on the communications industry. The bill will eliminate unnecessary regulation and promote marketplace competition in such areas as resale of communications services and information services. Basic telephone service will continue to be regulated to insure universal service at reasonable rates. Communication services will be deregulated pursuant to a transition plan established by the Federal Communications Commission.

Telecommunications differs from other industries in that one carrier, A.T. & T., dwarfs all other potential entrants and existing competitors in the telecommunications industry. The question, repeatedly raised is the effects on each competitor and consumer if A.T. & T. competes in a deregulated environment. We have attempted to answer this question by establishing stringent standards to discourage anticompetitive activities. A.T. & T. must establish a fully separated subsidiary to offer unregulated services and equipment. S. 898 creates necessary separation requirements which remove incentives or opportunities for a dominant regulated carrier to engage in anticompetitive activities. The full separation between A.T. & T. and its affiliate will permit the Commission to monitor effectively that relationship so ratepayers and users of regulated services will be protected from subsidizing competitive activities by the regulated provider of basic telephone service. Judiciary Committee Chairman THURMOND has aided our efforts by offering amendments that will strengthen this structural separation.

S. 898 includes provisions guaranteeing affordable rural telecommunications services. The access charge mechanism will enable the joint board to replace adequately the current method of allocating subscriber costs without having rural ratepayers bear an unfair share of the cost for telecommunications service.

The communications industry is now embarking on an exciting expansion of both services and equipment. We must reform the present law to meet the challenges that lie ahead in this field. S. 898 will meet these challenges and will be another necessary step in the process of deregulation.●

Mr. SCHMITT. Mr. President, while the Senator from South Carolina is in the Chamber, I shall reminisce a little about how we got started on this bill as a whole. As I am sure he recalls, one of the first set of hearings I had the privilege to attend as a member of the Commerce Committee and a member of the Communications Subcommittee were hearings he organized early in 1977, in which we just generally looked at the broad range of telecommunications activities in the country, some of the then available proposals for revisions of the 1934 act.

I tell the distinguished Senator from South Carolina how much I appreciated that set of hearings, because it began my education of the political and managerial aspects of the telecommunications policy which I could add to the background and experience I had had previously in using modern telecommunications technology.

One of the first things that became apparent to me at that time, as I believe it did to most of those in attendance at those early hearings, was the total inadequecy of the 1934 act to deal with what has happened since 1934.

Mr. President, since that time, we have had a literal explosion of technologies, particularly in the last two decades. These technologies offer options of service to the American people—and indeed the people of the world—that were never envisioned by the framers of the 1934 act, nor could they ever be envisioned at that time.

What has happened is that all the boundaries that were envisioned at that time as existing within telecommunications, all the technical and services boundaries implicit in that act, have disappeared or are disappearing very rapidly. Modern communications technologies have eliminated those now artificial distinctions between various types of services.

S. 898 does not completely make the communications law of this country, as it deals with common carriers, transparent to these new technologies, nor are we yet wise enough to do that, but it begins the process. It takes a giant step forward in recognizing that in the complexities and opportunities of new technologies, as well as in our inability to envision just what may happen next, we must have a statutory framework that offers the necessary flexibility to the marketplace and to the regulators to deal with what is now and what may be.

Frankly, the only way that is going to happen is that most of the regulation that protects the American consumer of communications services be the regulation of the marketplace. So, contrary to some expressions we have heard about this bill, it is this Senator's opinion that this bill begins the dismantling of the monopoly enjoyed by the Bell system for so many years since 1934, a monopoly that, for its time, was a necessary ingredient of the development of a broad base of telecommunications services for the American people and has served the American people extraordinarily well. But times change. Technologies change. The potential of services born of those technologies changes, and we must have a new statute. Although we will debate certain details of this proposed statute, it is my opinion that we have come an extraordinary distance since the early days of 1977, when the Senate began serious consideration of what would be required for the decades before us.

I am gratified to see that the bill we are now considering vindicates some of the early ideas I fostered about needing to draw a boundary around the essential basic voice telephone services to be provided by the monopoly of the Bell System and those services that could be deregulated, with regulation left to the marketplace.

We have come a long way. We are very close to having drawn that boundary, or at least we would set the mechanism in place, if this measure is passed, that would enable that boundary to be drawn over the necessary transition period authorized by the legislation.

Mr. President, 47 years ago the telecommunications industry consisted of telephones and telegraphs, wires and radio, and lots of operators. For the average residential consumer in 1934, the telephone, particularly in the cities, was becoming commonplace.

Today, the telecommunications industry consists of diverse and increasingly complex services and equipment. Technologies range from the modernized telephone system, now aided by sophisticated computer-processing techniques, to video, microwave and space relay links, fiber optics, coaxial cable, and direct broadcast satellites. Services and equipment available to residential consumers and business users include facsimile, automatic answering terminals, sophisticated key, pushbutton telephone and PBX systems, high-speed data communications, electronic mail systems, and many specialized services combining communications and computer-processing techniques.

Yet, in 1981, this industry continues to be guided and regulated by a law enacted by Congress in 1934 and certain judicial and regulatory interpretations of that law that may well have gone beyond any intent ever envisioned by Congress. This law borrowed outdated principles from the regulatory scheme imposed on railroads by the Interstate Commerce Commission in 1887 and fails to address or establish national policy or goals for the telecommunications industry as a whole and for its future. A regulatory system designed to produce universality and homogenity needed in 1934 cannot at the same time respond to the needs of diversity and specialization needed in 1981.

The courts and the Federal Communications Commission have stretched the Communications Act of 1934 to the breaking point. A hodge-podge of competition here, regulated monopoly there and cross-subsidy over there threatens the consumer with ever higher costs and ever higher barriers to modern services.

In response to this policy vacuum, the Senate Committee on Commerce, Science, and Transportation recently reported S. 898, the Telecommunications Competition and Deregulation Act of 1981, to the full Senate by a 16-to-1 vote. This bill basically mandates the dismantling of the Bell system in all areas where consumer interests and national interests would be better served by full and free competition—full and free competition that not only will increase services but also will reduce the cost of those services.

However, on the other hand, our domestic industries are opposed today by government supported and financed foreign competition.

Mr. President, our Nation cannot afford to lose the battle that we face with this competition. Our Nation cannot afford to lose the benefit of existing Bell technology and its capacity for innovation in new and competitive services. Thus, S. 898 would authorize Bell to enter competitive markets so long as it does so through fully separate affiliates.

The bill takes great pains, as has the committee, to insure that the mechanisms are available to provide for clearly fully separate affiliates, ones which will not be able to exercise unfair competitive advantage over other entities offering similar services.

Although the increased competition provided for in S. 898 will provide all consumers with more diverse and more innovative telecommunications services and equipment through competition, residential consumers still must have access to basic voice telephone service at reasonable rates. Unlike the 1934 act, the Senate bill gives the Federal Communications Commission specific authority to insure that basic telephone service remains universally available at reasonable rates.

In the past 5 years, seven major bills have been introduced; a hearing record of more than 9,000 pages has been compiled; and over 1,000 witnesses have testified. The main issue has been and remains the question of the structure and role of American Telephone & Telegraph Co. in this new environment.

A.T. & T., or as it is better known, the Bell System, is the world's largest corporation and dominates many phases of the telecommunications business. Thus, consumers and competitors must be protected to the maximum extent practicable from the possibility of A.T. & T. using revenues derived from basic telephone service to subsidize the development of competitive products and services. Under S. 898, A.T. & T. would be permitted to enter new competitive markets but only through a fully separate affiliate. Such an affiliate must provide its own management, financing, research and development, and manufacturing operations. Existing A.T. & T. services would continue to be regulated until there is an FCC finding that effective competition exists.

Solutions to inherently complex and unprecedented issues cannot be perfect, nor in these uncharted waters can they provide absolute guarantees that they will work as expected in all instances. However, if the Communications Act is not modernized, if the FCC and Congress do not proceed over these waters, the inevitable consequence will be a continuing series of disruptive regulatory and court proceedings which will result in telecommunications policy being developed by the judiciary system and regulatory agencies.

This delays service to the public, creates uncertainty in the investment community, raises entry barriers for innovative small firms, inhibits growth, and forces established firms to expend valuable resources in the regulatory and judicial arenas rather than competing in the marketplace where the public will benefit. Congress has a responsibility to act now before such a crisis occurs.

Mr. President, it gives me great pleasure to join with my colleagues on the Commerce Committee in supporting S. 898, the legislation now before us. This bill, which frees one of our Nation's most vital industries from unnecessary regulatory burdens, is by far the most important piece of legislation the Senate Commerce Committee will report this session. The chairman of this committee, Senator PACKWOOD, is indeed, to be commended for his diligent efforts in leading the committee to a resolution of the very difficult and complex issues that had to be addressed in this legislation. It is a credit to his leadership that the bill was reported overwhelmingly from the Commerce Committee.

I would like to take this opportunity to stress for my fellow colleagues the significance of this legislation which has been based on many years of hearings and hard work. The tremendous technological advances in the telecommunications and computer industries has made possible many new services as well as new ways of delivering traditional services. Given this increasingly competitive environment, the Commerce Committee has been confronted with the need to deregulate the telecommunications industry to allow competition to develop unencumbered by Federal restraints, while at the same time insuring the continuity of local and long-distance phone service at reasonable rates.

I am convinced that this bill achieves the proper balance between the need to free this dynamic industry from overly restrictive Government regulations and the necessity of maintaining our Nation's commitment to universal telephone service at reasonable rates. The committee recognizes that all Americans are entitled to basic telephone service at affordable rates whether they live in urban centers or in more remote rural areas. The bill before us contains specific mechanisms designed to insure the availability of basic service for consumers. S. 898, in fact, contains more protections for basic service than does the Communications Act of 1934.

Although S. 898 would deregulate specialized types of services the bill specifically provides that basic telephone service will continue to be regulated. This service can be deregulated only if the Federal Communications Commission, the FCC, makes a finding that such service is subject to effective competition and will continue to be reasonably available.

Of further potential benefit to consumers is a provision in the bill allowing the FCC to expand upon the definition of basic service. This means that if, in the future, the Commission determines that not only local and long-distance service, but other services as well should be universally available at reasonable rates, it has the power to regulate those services. This insures that all of the American people will receive the benefit of technological developments where they result in services deemed as essential as current local and long-distance service.

When the Commerce Committee began its deliberations on proposals to deregulate the telecommunications industry, a great deal of concern was expressed by rural telephone companies and consumers regarding the continued provision of basic service at affordable rates. The current procedures, known as separations and settlements, provide a formula according to which the various telephone companies participating in the provision of service pay a share of the costs of the plant facilities involved in providing service.

Although these procedures have long existed, they are widely regarded as being incompatible with today's increasingly competitive environment. It is generally agreed that the formula is not based on direct costs and contains subsidies—one being the subsidization of local service by long-distance service. These separations and settlements procedures are not very efficient in directing assistance where it is needed and the effectiveness of these mechanisms is achieving desired social objectives cannot be measured, accounted for, or subjected to public examination.

Further, as long-distance services become increasingly competitive, it is unrealistic to expect some carriers to continue to subsidize local service and not others. The very subsidies that now exist to keep local service at a low cost are now being threatened. S. 898 seeks to insure that the continued development of technology and competition will not hurt local ratepayers and that any subsidies that may be necessary are clearly set out and subject to public scrutiny.

In place of the traditional separations and settlements procedures, the bill authorizes the FCC to adopt a new mechanism such as a surcharge on access charges whenever it is needed to insure that unreasonably high rates do not occur. To assist the FCC in determining what constitutes reasonable rates the distinguished gentleman from Nevada, my colleague, Senator CANNON, offered an amendment in committee stating that rates for basic service in rural areas should not exceed 110 percent of the national average rates for comparable service. This provision, unanimously agreed to by the committee, clearly reflects a policy decision that rural citizens are not second-class citizens and they deserve the same basic services as their urban neighbors at roughly the same cost. In setting out the standard of 110 percent, the committee is making sure that the rates of rural consumers will not escalate by leaving the FCC unclear as to what we meant by reasonable rates. Senator CANNON is, indeed, to be congratulated for his foresight in recognizing a potential problem in implementing the safeguards for rural consumers contained in S. 898.

The 110 percent support threshold established in S. 898 spells out what Congress has in mind as reasonable rates for customers served by eligible rural carriers. This benchmark does not mean that the FCC should, upon enactment of the legislation, reduce existing local rural telephone rates across the board to 110 percent of today's rates.

Instead, the provision recognizes that the profound changes in industry structure and operations contemplated by S. 898 will affect different areas, consumers, and carriers in different ways. For this reason a safety mechanism must be in place to make sure that the replacement of traditional internal support mechanisms within the telephone industry and the implementation of customer premises equipment deregulation do not interfere with providing affordable basic service.

The FCC is given discretion in implementing this safeguard. However, in applying the safety net for local rates, the FCC must take into account rate structure and calling scope to determine categories of service that are comparable, since local charges established by State commissions generally depend on factors such as whether service is flat rate or measured, classes of customers, the size of the exchange or extended area available to the subscriber, and the like. The legislation is meant to protect rural Americans and keep them participating in the nationwide network.

We expect the FCC to use reasonable categories, sampling, averaging, and other techniques to make support available promptly where and when it is needed. There are a number of alternative mechanisms to put the policy of the legislation into practice. It is the result rather than the method that is important here. The legislation does not, and should not, require mathematical precision that could become outdated or protracted proceedings. Fine tuning should occur, for example, only after needed support has begun. In short, the bill requires the FCC to make a good faith effort to carry out the continuing commitment to assure the availability of nationwide basic telephone service at reasonable rates for all Americans, including the individuals, families, farms, small businesses, and others in rural or remote parts of the country.

The 110-percent limit on rural rates is not intended to be used as a reward for inefficient management and wasteful practices. Some have viewed the Federal assistance provided in S. 898 as a disincentive for efficient business practices. Historically, regulatory commissions have been able to carefully scrutinize utility rate hike requests and disallow costs and expenses that do not reflect the legitimate need of the utility. The FCC will be able to continue to perform this watchdog function and also will administer whatever mechanism is adopted to implement our policy of reasonable rates for rural citizens.

Just as the bill provides for the continued availability of basic service at reasonable rates, the bill also contains provisions specifically requiring cooperation among various and competing carriers in providing this service. For example, the Commission is specifically permitted—section 208—to authorize carriers to establish through routes and charges and the divisions of the revenues from such charges derived from providing joint service. Charges in procedures such as separations and settlements and the implementation of access charges are not intended to interfere with the FCC's flexibility to insure that carriers can jointly plan and provide universal basic telecommunications service and share the revenues from such a joint undertaking.

I would like to conclude by strongly urging my colleagues to support this long-overdue legislation. The Senate Commerce Committee has been examining the problems posed by emerging competition in this industry and has sought to produce a bill that allows the full benefits of competition while at the same time protecting the public where competition either does not yet exist or to achieve purposes not fully met by competition, such as promotion of telecommunications to meet the needs of national defense, security, and emergency preparedness. It is my firm belief that S. 898 accomplishes this balance.

Mr. President, I thank again the distinguished Senator from South Carolina for yielding so generously on this matter, and I shall look forward to discussing this and other matters with him as we proceed in the deliberation of this bill.

Mr. PACKWOOD. Mr. President, I wish to make sure I am clear on our understanding and will address this to the Senators from Arizona, Kentucky, and South Carolina.

It is my understanding that we will propose a variety of amendments today, but for the benefit of the Members is it fair to say there will not be votes on these amendments today?

Mr. FORD. Mr. President, if I may respond to the Senator, it is my understanding that it is the wish of several Senators that we proceed with the bill today, and we gave that consent earlier and now we are on the bill, and that those amendments that are proposed today and votes ordered, those votes then start at some time tomorrow, a time to be agreed upon later when other matters are worked out.

So that is my understanding, if that is all right.

Mr. HOLLINGS. That is perfectly agreeable with the Senator from South Carolina.

Mr. FORD. So on that basis we will proceed and any vote ordered we will let them go over.

Mr. PACKWOOD. Mr. President, I see the Senator from Arizona nodding also.

I believe we are ready to start on the amendments.

Mr. GOLDWATER. Mr. President, for the past several years, I have been interested in legislation to upate the Communications Act of 1934. Three years ago I coauthored a bill amending that law with the Senator from New Mexico, Mr. SCHMITT. Today, we in the Senate are finally considering the latest version and successor to the earlier legislation. We now have before us S. 898.

The telecommunications industry is faced with an uncertain future. There are conflicting court opinions, rapidly changing technology and confusion at the FCC. The time has arrived for Congress to set its own policy for this country's telecommunications law, instead of watching as a bystander.

Unlike many bills in Congress, S. 898 is intended to reduce regulation and Government interference, not add to it. And, while the bill aims at increasing competition, it also includes many provisions designed to preserve the fundamental policy of universal services at affordable rates.

The legislation recognizes that the telephone industry has been able to extend ever improving basic services to 95 percent of the American people. The legislation also takes account of the great contributions to the public made by new entrants into the telecommunications field.

Mr. President. I believe S. 898 will achieve the following goals:

First. It will insure the continued universal availability of telephone service at reasonable rates.

Second. It will allow the industry to use the latest technologies to meet the telecommunications needs of the United States without veto by regulatory powers.

Third. It will encourage competition that will promote the availability of innovative services.

Fourth. It will maintain and improve services available in rural areas, where carriers are faced with the unusual problem of serving a few customers in a remote spot at a high cost.

There are some provisions of the bill that should be removed and considered later, after full hearings. I will seek to strike cable television language that interferes with the powers of local government. Also, the Postal Service does not belong in this bill.

But, in general, the bill is fair. It does not please everyone, but it is necessary.

It will serve the economy and the public interest. The removal of unnecessary regulations will help this country maintain its leadership in high technology and continue a very positive contribution to the balance of trade. I urge my colleagues to support our effort to modernize the law under which a vital part of our Nation's economy must operate so that our industries can further develop and bring to the American people continued creativity and progress in the telecommunications field.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter, dated September 29, 1981, from the Coalition to Delete Cable TV provisions from S. 898 and a Dear Colleague letter dated September 30, 1981 from Senators PACKWOOD and CANNON, together with a proposed amendment.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SEPTEMBER 29, 1981.

DEAR SENATOR: We urge you to support the Goldwater amendment to delete the cable provisions from S. 898. This amendment would strike the cable provisions from the Telecommunications Competition and Deregulation Act for procedural reasons: they were inserted into the draft of S. 898 shortly before the Committee on Commerce, Science, and Transportation marked up the bill even though no hearings had been held on cable.

The Goldwater amendment would strike the following three cable provisions:

Prohibition of regulation of cable rates (Section 202(h))

Instructions to the Federal Communications Commission (FCC) to set ceilings on franchise fees (Section 202(i))

FCC regulation of cable company attachments to all utility poles (Section 224)

Our specific concerns about the effect of these provisions are described in an earlier letter (see attached for your information).

We believe cable is a very complex medium, one which is rapidly evolving. Congress should proceed very cautiously before enacting any federal law on cable. At a minimum, all affected parties—states and local governments, rural electrical and telephone cooperatives, independent telephone companies, the cable industry, public and private utilities, and representatives of consumer, educational, religious and other public interest groups—should have their day in court to present their concerns.

In addition to supporting the Goldwater amendment, we urge you to support efforts to delete or amend Section 237 which codifies the FCC ban on telephone companies providing cable service in their local service areas. We believe that inclusion of this provision is premature and may reduce the availability of cable service in areas that are underserved by the cable industry.

Three of these provisions—Sections 202(h), 202(i), and 224—were included in S. 898 without any hearings whatsoever and the cross-ownership ban (Section 237) was included without adequate consideration. We believe that the development of cable policy is so complex and important that it would be inappropriate to rewrite these provisions on the floor. Cable should be the subject of separate legislation after the Commerce Committee completes extensive hearings and field investigations. We hope you will join with Senator Goldwater to help make this possible.

Sincerely,

Alan Beals, Executive Director, National League of Cities; John Gunther, Executive Director, U.S. Conference of Mayors; Bernard F. Hillenbrand, Executive Director, National Association of Counties; Barton Russell, Executive Director, National Association of Towns and Townships; Robert D. Partridge, President and General Manager, National Rural Electric Cooperative Association; Alex Radin, Executive Director, American Public Power Association; Walker Nolan, Vice President for Legislative Affairs, Edison Electric Institute; David Fullarton, Executive Vice President, National Telephone Cooperative Association; A. Harold Peterson, Executive Director, National REA Telephone Association; James Mercer, Executive Director, Organization for the Protection and Advancement of Small Telephone Companies; Sue Miller Buske, Executive Director, National Federation of Local Cable Programmers; and Samuel A. Simon, Executive Director, National Citizens Committee for Broadcasting.

U.S. SENATE,
Washington, D.C., September 30, 1981.

DEAR COLLEAGUE: We have all seen a great deal of activity surrounding the cable provisions of S. 898. Frankly, the degree of controversy in our judgment exceeds the magnitude of the issues involved, but both the cities and the cable industry apparently have dug in their heels on the matter.

When the bill is considered by the Senate we will offer a compromise amendment intended to strike a fair and reasonable solution to the problem. We hope that by offering our compromise we can resolve those cable questions on which the merits are clear, and avoid another protracted battle next year on the same issues.

Our amendment will meet the major complaints of the cities, and will remove the provisions of the bill affecting the rural electric cooperatives. It will:

(1) protect the right of cities to regulate rates for basic cable service under existing and future franchise agreements;

(2) codify the deregulation of only those cable services which historically have not been subject to regulation;

(3) instruct the FCC to continue its present policy on cable franchise fees; and

(4) freeze the substantive provisions of the cable pole access law. The provision of the bill extending the law's coverage to telephone and electric cooperatives would be deleted.

The provision of the bill confirming the right of cities to provide access channels for public, educational and governmental use would remain intact.

In short, our compromise would preserve current laws and practice governing the relationship between cable operators and the cities and the rights of cable companies with respect to pole access. This is a reasonable and fair resolution of the problem, and we hope you will support it.

Sincerely,

HOWARD W. CANNON,
Ranking Minority Member.
BOB PACKWOOD,
Chairman.

Beginning on line 12, page 107, strike out through line 16, page 107, and substitute the following: "nals.".

On page 107, insert the following lines 23 and 24:

"(j) The provisions of subsections (h) and (i) shall not be construed to apply to any franchise agreements which are in effect on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981.".

On page 107, line 24, strike "(j)" and substitute "(k)".

On page 140, strike lines 4 through 12 and substitute "by repealing subsection (e)".

AMENDMENT NO. 541

(Purpose: To delete certain provisions relating to the authority of the Federal Communications Commission, State government, and local government with regard to cable television and to delete provisions relating to pole attachments)

Mr. GOLDWATER. Mr. President, I call up my amendment numbered 541 and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arizona (Mr. GOLDWATER), for himself, Mr. BOSCHWITZ, Mr. LEVIN, Mr. PRESSLER, and Mr. WALLOP, proposes printed amendment numbered 541.

Beginning on line 20, page 106, strike out through line 23, page 107.

On page 107, line 24, strike "(j)" and substitute "(h)".

On page 140, strike lines 2 through 12.

Mr. GOLDWATER. Mr. President, I ask that Senators BOSCHWITZ, LEVIN, PRESSLER, and WALLOP be included as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. Mr. President, my amendment is not directed at the rightness or wrongness of the subject.

As chairman of the Subcommittee on Communications, I have traveled across this country in the last 3 years and during the course of remarks I made on the subject of communications I promised—I repeat—I promised the cable television people there would be no legislation on cable television without hearings.

So this becomes sort of a matter of honor as far as I am concerned because there were no hearings held on cable television and the first I heard of there being an effort in this bill to take away from the mayors of the different towns and cities the rights they now have was when I was home on recess and I started catching the devil from mayors, and I said, "Do not worry. There will be no legislation on cable until we know something about it."

And they showed me the language and there it was.

I wish to explain how that happened because it is a very, very, very unusual procedure to find happening in the Senate or, I might say, the House of Representatives.

Unknown to me, and only 2 days before markup, three provisions relating to cable television were added to S. 898.

One provision would remove some of the jurisdiction of mayors to regulate basic cable subscriber rates if "alternative electronic media services are reasonably available."

Another provision instructs the Federal Communications Commission to put a ceiling on the fees paid to States or cities by cable companies receiving franchises from local governments.

The third provision provides that utilities "shall afford reasonable access for pole attachments to any person providing cable services."

Now, I had assured the mayors earlier this year that there would be no such substantial cable changes affecting the powers of local governments until new and adequate hearings were held. Such hearings have not been held in the Senate during this session of Congress. Almost one-fifth of the membership of our body was not here last year. I think the new Members are entitled to the benefits of a full hearings record.

Therefore, I am offering the amendment striking these particular cable provisions of the bill. This is not to say that I would or would not support any or all of these amendments later on, but I believe local officials and utilities should have their "day in court" timely with Senate action on the subject.

As far as I am able to ascertain by inspecting the record, there was an exchange between the chairman of the committee, Senator PACKWOOD, and the ranking minority member, Senator CANNON, that covered about two or three paragraphs, less than a minute and a minute-and-a-half of colloquy and that not direct, and then the provisions were attached.

The rumor I know is going around that I am favorably inclined toward a compromise to be offered to my amendment by the distinguished Senator from Nevada, and the rumor also says that the National League of Cities approves this.

Let me read a letter that I received from them, and I think all Senators did:

DEAR SENATOR: The National League of Cities remains strongly committed to Senator Goldwater's amendment to strike the cable provisions of S. 898. The amendment proposed on September 30 by Senators Packwood and Cannon is not an acceptable compromise.

Although we appreciate their willingness to compromise, the amendment does not, in fact, adequately address the major problems involved in the bill's cable provisions.

We firmly believe that it is totally inappropriate for the Senate to pass legislation deregulating a major and rapidly growing communications industry without the benefit of any hearings whatsoever. Senator Goldwater's amendment would eliminate the cable provisions from S. 898 because they were included in the bill without such hearings. At this point in the process, it would be extremely difficult to attempt a legislative compromise that would be acceptable to all, given the complexity of the issues.

We have several problems with the proposed compromise amendments.

First, contrary to the letter sent by Senators Packwood and Cannon, the right of cities to regulate basic rates for cable service is not guaranteed by the actual language of the amendment. In fact, the amendment would permit states and local governments to regulate rates only for the "retransmission of broadcast signals."

Neither the bill nor the proposed amendment provides a definition of retransmitted broadcast signals. Basic cable service is often defined very broadly in franchise agreements and may include several channels of locally-originated access programming and programming transmitted by satellite. Cities must have the power to establish in their franchise agreements with cable companies what the term "basic services" means and to regulate the rates charged for such services.

Second, the Packwood-Cannon amendment makes no provision to insure that access for commercial programmers and service providers other than those selected by the cable operator can be guaranteed.

Third, the bill's direction to the FCC to continue setting ceilings on franchise fees would not be affected by the Packwood-Cannon amendment; but there is no assurance that the FCC could not reduce the ceiling substantially or define franchise fees to include contributions to nonprofit groups to finance program production, now required in some franchise agreements, as part of such fees.

The problems raised by the Packwood-Cannon amendment demonstrate the difficulty and imprudence of legislating in a complex area without the benefit of any hearings. The National League of Cities strongly urges you to oppose the Packwood-Cannon amendment and support Senator Goldwater's motion to strike these far-reaching cable provisions.

Sincerely,

ALAN BEALS,
Executive Director.
GEORGE GROSS,
Director, Office of Federal Relations.

Mr. President, I cannot think of a better way to explain what happened than to read from a publication called "Cable-Vision." I believe it is published by the cable television people represented in this city, but I am not certain; however, I assume it to be, and they state the case in a very interesting way and I wish to read this.

I could submit it for the RECORD, but I think the Senate should hear it because if this is the way that we are subjected to achieving legislation in this Chamber then I think things have come to a very bad pass.

This is called—the cover story is called "Endgame."

> People are always sneaking things into legislation. That's the way the game works. If a particular bill is tangentially related to the industry a lobbyist represents, it's fair game for last-minute maneuvering. After all, why chance smacking your face into a brick wall in repetitive open hearings when you can joke a little to the left or right and sprint around it?

That is quite a statement to come from a lobbying group, and I have been around here a long time. I thought I had heard it all.

Let me go on:

> The National Cable Television Association followed this time-honored lobbying tactic last summer. The result was that three provisions highly favorable to the cable industry were added to S. 898, the Senate Commerce Committee's common carrier bill that concerns itself more with restructuring American Telephone and Telegraph Company than tinkering with the fortunes of cable. Since the bill did not focus directly on cable, it was an ideal target for a clever lobbying effort orchestrated by the trade association.
>
> In true cloak-and-dagger fashion, the team of Bob Ross, former NCTA senior vice president; Jim Mooney, executive vice president; and Tom Wheeler, president, cleared the cable provisions with the Commerce Committee staff two days before mark-up of S. 898. The language would accomplish three things: cable companies would be free from regulation of basic cable rates if there exists adequate competition from other electronic media in a particular market; the Federal Communications Commission would be allowed to set a definitive limit on franchise fees, which basically means that the current three to five percent limit would be etched in stone; and utilities would be required to give any cable operator access to poles (see "The offending language").
>
> Analyzed one-by-one, the issues broached by these provisions are nothing new. In fact, most cable representatives believe they should have been codified by Congress years ago. The issues have been aired time and time again in previous attempts to rewrite the Communications Act of 1934, as well as at the FCC, and the perfect vehicle to finally turn their positions into law. Unfortunately the method of attempting to get the provisions through the Senate may, at least for the moment, prove to be their undoing.
>
> SUMMER VICTORY
>
> The morning of July 16 was the beginning of trouble in Paradise. Mark-up of S. 898 was scheduled for 9:30 that summer morning, but before the session began the real action was over. Prior to the session, the early-morning worm-catchers for the National League of Cities were trying to do the same things the NCTA had successfully accomplished two days before: add favorable language for their cause to S. 898. The NCTA headed them off at the coffee cups by supplying its own watchful presence, but the NLC was still given some promises. The Commerce Committee staff granted local governments the right to require the dedication of government, public and educational access channels along with the power to control rates for such channels. Also included was the disclaimer that a city could negotiate "an arm's-length contract" with a cable operator specifying the initial rates that the cable company could charge.

Mr. President, I have read from this publication because, No. 1, it was almost impossible for me to believe that any organization or any man or group of men engaged in lobbying—and let me hastily defend lobbying by saying I do not think Congress could operate without lobbying—but, Mr. President, I could not believe that we have gotten to the point in the relationship between lobbying and legislating that lobbyists could walk into a staff meeting and submit language for a bill and have that accepted.

Mr. President, you may say, well, why did we not catch it? Unfortunately, I serve as chairman of the Intelligence Committee, and the distinguished occupant of the chair (Mr. CHAFEE) is a member of that committee, and we had a hearing that morning on a highly classified subject that required my presence.

So after I had gone, leaving my proxy in all good faith, the bill was passed out. I think the vote was 16 to 1, and it contained the language that had been placed in it by the lobbyists for the cable television.

Let me explain to the cable television people that I have been one of their champions. I have it in my home, I am a great believer in it, but I cannot support an organization that admits to being sort of sneaky-peeky about the way they do things, and I do not like the way that language got into the bill because of some nefarious action between a lobbyist and the staff.

It is not the way to legislate. We have not had hearings on this subject and, as I say, Mr. President, it would not be too bad with me except that I had given my promise, my word, to cable people all over this country that we would not legislate without adequate hearings, and we have not had adequate hearings.

We have never had adequate hearings on cable in the years I have been on the Communications Subcommittee of the Commerce Committee or that I have been chairman of that subcommittee.

So I am just announcing what went on. I might read a little further. This paragraph is entitled "To the rescue."

> The result of the carefully orchestrated cry of protest culminated in the finding of a champion. Two weeks ago, Senator Barry Goldwater (R-AZ), chairman of the Communications Subcommittee, agreed that the cities should have their "day in court." Goldwater announced his intent to introduce an amendment that would strike the cable provisions from S. 898. Citing promises he had made to local officials, Goldwater vowed that separate hearings would be held on the issues before a cable bill is introduced (see "The Senator speaks"). Although Goldwater was one of the 16 senators who voted their approval of S. 898 at mark-up, he indicated that has was a bit hornswoggled as well.
>
> "Senator Goldwater voted by proxy on it [S. 898] with the understanding that there were no cable issues involved," said Earl Eisenhower, press secretary to Goldwater. "He was there at the beginning of mark-up and then had to leave to chair another hearing that he had responsibility for. That's when the two-minute colloquy [between Cannon and Packwood] occurred."
>
> In other words, according to Eisenhower, Goldwater was unaware that the cable provisions had been added to the bill.

As I have stated for the past year or more, I have been promising the people around this country interested in cable, the mayors of the cities, that there would be no legislation unless adequate hearings were held, and I will repeat what I have said before, Mr. President. I may be in favor of this after we have had adequate hearings; I may be opposed to it, but I have offered this amendment today, and I hope it is favorably acted upon, to make sure that at least the mayors of this country will have some little faith left in what honor I might have left. It is a matter that gets down to that with me and not a matter of whether cable is happy or the mayors are happy or unhappy. It is a matter of my having given my word as chairman of the subcommittee that such action would not take place. And it has taken place.

So, Mr. President, I know we are not going to vote today on this matter. We will vote tomorrow. I am happy to have the chance to get my, more or less, full explanation in the RECORD, because many letters have been written on this to colleagues by the League of Mayors and Cities and letters have been written by different Members of the Senate and also by the cable people.

But I hope my colleagues will read this. I hope they will take the opportunity. I mailed each Senator a copy of this unbelievable piece written in Cable-Vision.

I am going to say, Mr. President, my opinion of these people has not gone up. My opinion of cable television remains high and will remain high, in spite of what their lobbyists are trying to do to turn my conviction the other way, that they should not even be allowed to operate cable if they cannot operate more honestly and more decently in the Halls of Congress.

So, I rest my case, Mr. President. I hope that tomorrow, when we get to voting on this, that my colleagues will vote favorably.

I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, did the distinguished Senator from Arizona lay his amendment down or just discuss it?

The PRESIDING OFFICER. The amendment of the Senator from Arizona is pending.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. Mr. President, we are all adults in this body. I think we all realize that those who lobby are like lawyers arguing a case in court. They will put forth their best case. In most instances, they do not argue their opponent's case.

But, as far as the so-called lobbying tactics for this particular provision are concerned, let me set the record straight.

First, there was a staff draft of this bill circulated to Senators several days prior to the markup. In that bill were the provisions to which the Senator from Arizona objects. We did not try to spring anything on anybody at the markup. As a matter of fact, there were no votes at the markup on these provisions because all of those who stayed at the markup apparently had no objections to those provisions in the bill. There were no nefarious backroom deals.

We thought—mistakenly, as it turns out—at the time these amendments were adopted, that we had the acquiescence of those who represent the cities. It turns out that is wrong. But it is not in any sense an effort to sneak something over on them.

In an effort to reach compromise, Senator CANNON and I will offer an amendment to the amendment of the Senator from Arizona, trying to clarify specifically what these provisions do and trying to satisfy those who represent the cities and other municipalities of this country.

I will say to them, although they indicate they are opposed to Senator CANNON's amendment, I will say to them: Between now and tomorrow, think what it is you want if these amendments are pulled down and you have hearings? And then ask yourselves: Do these amendments not satisfy what you want? And also ask yourselves: Are we likely to get as much from the hearings if we have them as we are getting from these amendments?

The amendments that will be offered by Senator CANNON will provide the following:

One, the municipalities can regulate the regular nonpay TV channels. These are the so-called retransmission channels, the nonpay television that most of us watch in our homes. They will not be able to regulate paid TV channels, Home Box Office, or other pay channels that are now pay channels.

They also cannot regulate nontelevision service, such as burglar alarms, smoke alarms, fire alarms, and whatnot that can be carried over cable.

Mr. President, in traveling throughout the State of Oregon during the August recess, I discovered that the biggest fear cities had was political. They were afraid that, once a cable television franchise was created, the rates would go up tremendously on the local programs that people watched and that would rebound negatively to the political detriment of the members of the city council.

This first part of this amendment changes that. They are perfectly free to regulate the so-called nonpay TV channels.

Two, the municipalities can continue to require cable systems to provide so-called access channels for governmental, public or educational or similar use. Access channels, Mr. President, are simply channels that are given away by the cable franchisee, in essence, for whatever purpose the city council wants to use them for. If one of them is to be devoted to broadcasting the city council or zoning committee, fine. If another can be used by a high school for educational channels, fine. They are called access channels and, of course, the municipality can regulate rates on those if they want.

Three, there is no change in the franchise fee language in S. 898, which instructs the FCC to establish reasonable ceilings for franchise fees. The current FCC rules impose a 3-percent gross revenue ceiling on such fees, with exceptions allowed up to 5 percent if justification can be shown.

Four, the pole attachment remains as it currently is. This is in the amendment to be offered tomorrow. The present law says that utilities have to allow cable companies to allow them to use their telephone poles at a reasonable rate. And that is established by the FCC. This bill, in addition, extended that to the cooperatives, to the rural telephone companies. They did not like that. So the amendment to be offered by the Senator from Nevada will take that out and the law will remain exactly as it is today. No change.

Last, there is a grandfather clause that says that this bill in no way affects existing franchises. If in your city you have contracted for 5 or 10 years with the cable company, those provisions will not be affected by this law. If you currently have the right to regulate not only nonpay television by Home Box Office and the pay television, you may continue to regulate it.

Mr. President, I think, in honesty, that takes care of all of the problems that the municipalities have.

If, as a matter of pride, because there were not full hearings on this subject this year, the municipalities want to insist on their amendments, insist on having it taken out, then we can have a vote on that. They may succeed; they may not. But if they do succeed, then I hope they will not be heard in objection to amendments or to a bill that may give them less than they will get tomorrow under Senator CANNON's amendment. I hope they will not be heard in objection later on if what they get is not as much as they would have had if the amendments of the Senator from Nevada are adopted.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I wish to join with the distinguished chairman in discussing this amendment.

One of the things that I really regret here is that our distinguished Senator from Arizona feels that his integrity has been impugned. I do not want a bad taste left on this amendment because I like him. He and I have gotten along well. I understand him, I think, a little bit, as most of us around this Chamber do.

When he speaks the newspapers write and the television cameras whirl. He commands a great deal of attention that some of the other Members of the Senate cannot attain. So I regret that we are now finding those who are opposed to this amendment are using this inference to even get greater support instead of trying to work out an amendment.

So that disturbs me considerably.

Those of us who have less public image sat in hearings for 3 long days on cable television in late 1979. For 3 long, hard days, we listened to testimony.

In this last markup of S. 898, time and time again cable television came up, adding onto the 3 days of hearings that we had, I believe in May and June or maybe June and July, of 1979. In the discussion at the markup, however brief, cable was still there. Even though cable television may not have been a scheduled item, the discussion was there, and I think all of us had the opportunity to hear it.

Mr. President, what my distinguished chairman of the committee and ranking minority member will attempt to do tomorrow, will be to substitute for the amendment of the distinguished Senator from Arizona an amendment that will assure the sanctity of those contracts already granted. It codifies existing law and practice with respect to the several elements.

If I go back and read a little bit of the opinion of the distinguished Senator from Arizona as it relates to this area, and if his thoughts are carried out, the cities will be far worse off than they are now. So the Senator is taking the leadership to not only get the cable amendments out of this bill but he could also introduce a worse bill if his statements of the past are true.

I wish he was here because we wrote legislation as relates to television and radio earlier on a money bill. I did not hear his cries of righteous indignation in this area by putting that on a money bill. I voted against it because of the practice, but I was basically for it. The chairman knows that.

Now that we have had hearings, and there have been three rewrites of this bill—every office having the opportunity to look at rewrites—and then we find that we should still hold further hearings.

I want everyone to know that I strongly support the substitute amendment and I will urge my colleagues to vote for it tomorrow.

A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. FORD. What is the pending business before the Senate?

The PRESIDING OFFICER. The pending business before the Senate is the amendment of the Senator from Arizona.

Mr. FORD. Has there been a motion made as relates to setting that amendment aside?

The PRESIDING OFFICER. There has not been.

Mr. FORD. Does the Senator from South Carolina have a statement to make in this regard?

Mr. HOLLINGS. I would like the Senator from Arizona to be present. I think I can clarify some of the record.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. I hope my comments are coherent in the sense that I was not on the floor during the entire exchange between the Senator from Arizona and the Senator from Oregon, and just more recently the Senator from Kentucky. I imagine many have discerned a feeling of frustration and some despair, perhaps, over the procedures that now take place, which is exactly what the Senator from Arizona is objecting to in his particular amendment.

He says, "Look, I may vote for everything in this amendment, but, as a matter of honor, I do not think it should be allowed to stay in here without my being heard, or more particularly, without the municipalities being heard on this score before we move forward because it is an improper conclusion."

I did hear the first part of his presentation about the first time he heard about the cable amendments was when he got home and got ready for it to be presented by mayors. Let me emphasize that point. The first I heard about it was the day the committee was going to report S. 898. We were struggling along with the publishers' amendment and the burglar alarm amendment, and several others, just before we were going into a markup. Some of the friends in cable TV, of course, said they would appreciate help in sticking with them on the cable television revision in the bill.

I said, "What?"

They said, "The cable TV provisions. They are now going to include cable TV on the common carrier bill."

I said, "Who started that? If we are going to get into common carrier, that is bad enough."

It is like guerrilla warfare. You cannot tell what is being considered, what will be considered, or, in reality, give a comprehensive view to the legislation at hand.

I have been through the long struggle for Government in the sunshine, markups in the sunshine, everybody gets notice and what have you, to bring a bill up. The reason for my resistance last week was not to filibuster as a gimmick to kill a bill but it was to try to get time to get these amendments in order so that they would be pertinent and relevant, and we would be able to present them.

Under the procedures, I was only able to get from the Congressional Research Service the ratepayer protection amendment that I had given them the week before last. Why? Because they had worked all last week and could not get to mine. They were working on the amendments of Senator THURMOND and Senator PACKWOOD. The picture was developing, but it was developing in the dark. It certainly was not in the light.

I could not tell what was going on or what had been agreed to until they called the bill last week. That was the first I heard just exactly what were the Thurmond amendments. I had good ideas, obviously, but not what they actually contained.

Instead of Government in the sunshine, we have surreptitious Government. Go around and get a bill, have hearings, but the hearings do not have to be particularly relevant. Ergo, they are trying now to refer to cable TV hearings in 1979. They come back and they say, "Well, we can say we had hearings back in 1979 on that one. We will put this together and see how many votes we can get here and how many votes we can get there. Or, in particular, they will have to vote for it so we will just put it on the budget reconciliation."

The distinguished Senator from Kentucky said he did not hear cries of indignation. He certainly heard this Senator and it was indignation. There I was working on the reconciliation bill trying to maintain the credibility of the budget process where we would not take formative authorizing legislation and put it on a budget bill. We were not going to be the end-all, see-all of legislation, as a Budget Committee. We certainly were not going to supersede the authorizing committees, which we have been charged time and again with doing, and start putting on a reconciliation bill or a budget bill, a finance bill, a matter that related solely to legislation granting 5-year licenses for TV stations in America rather than a 3-year license. We looked up and we found out that the very people complaining, namely, the authorizing committees, were now the culprits. They were the violators.

So there were cries of indignation because that was put on at the last minute.

This particular provision, in support of what the Senator from Arizona is saying, to my knowledge was a last-minute situation.

So what? Well, we are here and we are debating it. At least we got a little bit of time and a chance to be heard. I thought that my colleagues would support the Senator from Arizona unless there is an agreeable kind of compromise. That is the way this crowd operates. They move you forward and I guess the municipalities and the cable TV have worked it out.

But as the Senator who is the champion of cable television might well say, our champion is the Senator from South Carolina. I am the one who authored and put through the pole attachment bill, which really gave them economic viability. They could not get into any community because the particular utilities—the light company, the telephone company, or otherwise—were giving them prohibitive rates to make the attachment where economically, they could not make it sound. Unless you agreed to that kind of ransom situation, there was not going to be cable television for the viewing public of America. So I took their case to the Congress. We got that through.

I have tried to keep them from being raided by municipal treasuries in the light of the franchise, where we provided for the Federal Communications Commission to provide for that particular franchise. We never did and we represented to the cities and the REA and otherwise, about rates, that we would not touch that until we got to that type of bill.

They have not been heard on the rates and it seems only fair to me that within a municipality—I am not precluding any vote, but certain it is that if a mayor and a council can have anything to do with it, they ought to have some authority relative to the financing of the rates in their own particular community in contrast to being economically prevented by pole attachment gimmickry and otherwise. Certain it is that we do not have to actually force-feed a municipality. There is no reason for us, as a national Congress, to force-feed municipalities and say, "Thou shalt have cable television."

Incidentally, as the cable TV champion, I have yet to get service myself. I do not have it in my home in Charleston, S.C.; I do not have it in my home in Washington, D.C. Be that as it may, I hope we make progress and it will finally get down to me.

Fair is fair and right is right, Mr. President, and they deserve their day in court. You cannot fake the municipalities, with all the other machinations going on in the national Congress—oh, we are going to give you local home rule, we are going to give you block grants, we are going to give you all the responsibility, and, in essence, we have destroyed any chance financially for them to do anything.

The States themselves—40 of the States—have a corporate tax patterned after the Federal. We have reduced taxes in those particular States, so we have reduced services. We have run up interest rates, destroyed the bond markets, and municipalities, trying to assume these kinds of responsibilities now that we are going to have the "new beginning," have no wherewithal financially to move into this field.

Just on a matter of authority and responsibility, I would think the town of Portland, Ore., or Lexington, Ky., or Charleston, S.C., and its mayor ought to have some play in the decision on cable television and not have gotten a bunch of lobbyists up here in Washington to force-feed the municipalities of America without a hearing.

I have served as chairman for the last several years, since our friend, John Pastore, left. I took over and have been for the last 6 years chairman of the Subcommittee on Communications, and I did not know anything about it. I am ranking member. But this lobbyist crowd finds it is good to get past the chairman of the subcommittee, namely, the Senator from Arizona, and the ranking member and make their deals and bring them out. They have the votes. They say, "Call the bill up and we shall get through with it in 2 hours."

Mr. President, these are negotiations that should not go on the floor. They should go on in the hearings, with the staff and everybody working. That is the way of legislation, compromise, and understanding so that, at the time of the vote, everybody has had a chance to be heard. At least then one could say, "Well, I lost, but at least I had a chance to be heard and my constituents were heard, and Congress decided otherwise in their own wisdom. That is their judgment." Here, now, we have the thing so twisted around that the Senator from Arizona has to take the floor and say, it is a matter of honor. And I agree with him. It is a matter of honor. It is a matter of honor among us.

I do not know about an ethics committee, but we do not have to chase around and find out about the illegalities. Ethically, I think the Senator from Arizona, chairman of the subcommittee, ought to know something about what is going on with his legislation—on the thing that he is responsible for, or get another chairman.

That is what it boils down to, Mr. President, The Senators cannot be heard, because they do not know. The municipalities cannot be heard, because they do not know. The lobbyists bring them up and they force-feed them. We shall go into that.

One of my amendments—one which I had a great interest in—had a number of supporters. Now I cannot find its initial supporters. They are making public statements now that this is a good bill. Again, they sat on my sofa and said, "Save me. This legislation is going to kill me. It is going to put me out of business."

Now they come and say, "Oh, we have a little reservation about it, but it is a good bill; it is a good bill."

Why? Because the counsel on the Commerce Committee, the leadership said, "We are going to make you a dominant carrier unless you call off the dogs and quit working on this bill on the Senate side." So the counsel for that particular company called me in my home State and says, "Senator, don't be disturbed, we are going to fight it on the House side."

They can fight it in the British Parliament, as fas as I am concerned. That does not help me.

I say to the Senator, "You are exactly right." You are the subcommittee chairman. I respect you and I respect your statement: "It is a matter of honor. Cities ought to be heard."

We might vote differently, but when we start ramming legislation through here without even a hearing—cable television on common carrier, every bill and every consideration on communications. For 10 years, it all has been separate.

We have had separate parts, separate sections. And we put in a bill to further television. The parts that were left out were attached to the budget reconciliation. So the Senator from Arizona is trying to repair some of that damage and fulfill what is really needed in the broadcast field.

But in the common carrier field, let us cut the little deals, now that we have taken care of the newspaper publishers. They say, "I don't mind when A.T. & T. talks about free enterprise and competitive free enterprise, just do not let them compete with me." So we put in a legal barrier where A.T. & T. cannot compete with that so-called free press.

Free press, free press, pree press. Let us not get so free that people get competitive with it. Let us make absolutely sure that we have a prohibition on A.T. & T.'s getting into this particular measure.

Oh, they can go in and they can put out all the other innovators in communications and put them out of business and everything else, but do not come to the free press and start competing with us.

(Mr. GRASSLEY assumed the Chair.)

UP AMENDMENT NO. 463

(Subsequently numbered amendment No. 577)

(Purpose: Possible cable fee compromise)

Mr. PACKWOOD. Mr. President, I send to the desk an amendment on behalf of Senator CANNON, myself, and Senator D'AMATO, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. PACKWOOD), for himself and on behalf of Mr. CANNON and Mr. D'AMATO, proposes unprinted amendment numbered 463.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on line 12, page 107, strike out through line 16, page 107, and substitute the following "nals.".

On page 107, insert the following at the end of line 23:

"(j) The provisions of subsections (h) and (i) shall not be construed to apply to any franchise agreements which are in effect on the date of enactment of the Telecommunications Competition and Deregulation Act of 1981.".

On page 107, line 24, strike "(j)" and substitute "(k)".

On page 140, strike lines 4 through 12 and substitute "by repealing subsection (e)".

Mr. PACKWOOD. Mr. President, this is the amendment I referred to earlier that will be discussed by Senator CANNON tomorrow. He is not here today. It is the amendment that sets forth the provisions empowering municipalities to have certain powers over cable companies that I described earlier.

It is my understanding that it will be voted on before the amendment of the Senator from Arizona and then his amendment to totally strike will be voted on after that.

Am I correct in that assumption?

The PRESIDING OFFICER. The Senator is correct.

Mr. PACKWOOD. I thank the Chair.

Mr. President, I will not discuss this particular amendment any further.

I might respond to several of the statements made by the Senator from South Carolina.

One, he has indicated that the city council should be entitled to have some little power, some control over the franchises that are granted in this area.

Believe me, they do now. They will under the amendment of the Senator from Nevada and with the single exception of the restriction now placed by the Federal Communications Commission on franchise fees, which is 3 percent of revenues under normal circumstances and 5 percent in extraordinary cases where justification is shown, with that exception, the city council bilaterally contracting with the prospective franchisee is free to do anything it wishes.

It has to do it by contract, but any of these new contracts, any of these new franchises that remain have 2, 3, 4, 5 or more years, and the city council can require anything it wishes in the way of rate regulation, access channels, and rates even on present pay TV, and this bill does not take that right away.

So let us not be under any illusions as to what rights are being taken from the city council. Their rights remain.

Second, as far as the General Telephone dominant carrier argument is concerned, General Telephone is indeed a very, very significant company. It has a franchise monopoly in parts of Los Angeles, Tampa, and, in fact, I think it operates very significantly in the State of the Senator from South Carolina. In Senator HOLLINGS' bill last year, S. 2827, General Telephone was made a dominant carrier. In the bill that we have only A.T. & T. is made a dominant carrier, although it is a close call in my mind as to whether General Telephone should be a dominant carrier or not. Senator HOLLINGS thought it should be last year.

In any event at the moment G.T. & E.

is not a dominant carrier and, consequently, under this bill they will be allowed to provide all kinds of services that A.T. & T. is prohibited from providing, including taking newspaper advertisements, including updating their yellow pages, including anything else they would like to do that A.T. & T. is prohibited from doing.

If the Senator from South Carolina wants to offer an amendment making them a dominant carrier, as he indicated last year, that would be worthy of consideration one way or the other; it is a close call. But I think the reason General Telephone has finally decided to support this bill is that all things considered, not being classified a dominant carrier, is more important to them than any of the other provisions of the bill, as a matter of fact, probably more than all of the provisions of the bill put together.

Lastly, back to this element of surprise: I noticed the Senator from South Carolina has an amendment, a ratepayer amendment of some kind. It may have some merit or it may not. We have never seen it before now. He has sprung it on us today. We are prepared to debate it and try to see whether it has merit.

It will not be the first time an unprinted amendment is offered and it will not be the last time. There are provisions in this bill that were offered in markup that have not had total hearings during this session.

In fact, I think the Senator from South Carolina knows, as do most others, that in almost every bill that comes out of committee, be it Appropriations, Budget or some other committee, amendments are added that often did not have hearings. It does not mean they were sprung suddenly. It does not mean there was some nefarious conduct between parties of interest and staff or Members of the Senate. It does not mean there was any malice.

It is just that no matter how many hearings you have, be it hours, days, or weeks, there will be some areas that you did not cover in the hearings or there may be some changes of circumstances that did not exist at the time the hearings were held.

To say for those reasons alone you will not consider them at markup would not only be foolish, but indeed be contrary to what every committee in this Congress does from time to time.

So let us not be fooled. These cable amendments were not silently hatched in the dead of night and sprung full-blown on the day of the markup. They were in a staff draft several days before the markup. Most of the committee members who attended the markup knew of them. There was no objection raised to them at the time of the markup, and they passed in the bill as the rest of the bill was reported out of committee. Nothing secret, nothing nefarious, nothing illicit about that.

So when we consider these amendments tomorrow, and Senator CANNON arrives to explain his compromise, I hope we will judge them on their merits and not make reference to these amendments being somehow the result of underhanded and under-the-table agreements, known only to a few parties, and sprung at the last moment on the rest of the Senate.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, with regard to the element of surprise, I think I made that clear last week. We were not capable of any surprise last week. I would have loved to have been able to surprise the Senator from Oregon with my amendments. The reason I could not surprise him was that I could not surprise myself, I could not draw it. I had to take the floor. The Senator from Oregon knew that. I said we had not even been able to draw the amendment because I have been in negotiation with Senator THURMOND. We did not even get his. We have not had Mr. Baxter, the Assistant Attorney General in charge of antitrust, send up the administration-considered amendments. We did not even get that until an hour before they wanted to call up this particular bill. We did not know its provisions.

So at least I worked my way in by last week's extended debate to at least be able to surprise; namely, to draw the rate-payer amendment. I gave it to the Senator from Oregon at about 12:10 when he came on the floor to call up the bill. We had not called it up yet, so he had a good 2 or 3 hours to consider it, and there will not be anything much by way of surprise in that we retrench, and that we realize we are a minority, that I am the 1 on the vote of 16 to 1.

Yes, Senator, do not say in one breath how powerful General Telephone is and they have got a monopoly all out on the west coast and should not be a dominant carrier—you are dead right. If I thought I could get the votes, I would put in an amendment to make them a dominant carrier. Does the Senator want me to put all these futile amendments out? I have other work to do. I am not necessarily the telephone man or the communications Senator particularly.

I just, in conscience, hate to see a bill rushed through with my colleagues not even understanding it. If they only understood exactly what we mean when we say "dominant carrier" that would be one thing. But I gave up on that particular proposition in order to at least get a facility provision that they all thought was absolutely necessary. The Senator from Oregon has said it was necessary. He said for 2 years "You should not take all of your facilities out of A.T. & T. and put them in a subsidiary." I do not think you ever should because once you start putting them into a separate subsidiary, then the motivation, the incentive, the tendency—obviously, if I was a good manager of A.T. & T.—would be to take all of my innovations, all of my developmental progress and all of my better service and put it into that particular subsidiary and let the common carrier ratepayer-supported regulated entity coast on the "Bell Telephone Hour" and the smiling faces of the district managers at the rotary clubs for the next 10 years.

They have that good will. That is why you do not see Senators on the floor. Senators cannot believe that that fine, gentle Bell Telephone, Ma Bell, who has done an outstanding job—that is one of the things in the country that is working is our telephone system—would harm anything. And so in trying to protect and develop a field of competition I am relegated into the position of being the single sorehead trying to destroy now what is working in the country; namely, our good communications system.

So they know the power and know how to use the power, and the Senator from Oregon knows exactly, as he moves in chess-game fashion. He continues to checkmate each day and the A.T. & T. crowd moves in on all the Senators. You do not find any of them coming in and asking any questions. You do not find cosponsors for amendments. They will not allow it.

The truth of the matter is that when you get down to the rights of the city council—talk to any mayor if you are a relatively medium- or small-sized town, and you bring in cable TV—I have had many a mayor say, "I tell you I never get more work and more complaints than on the cable television."

They bring it in and then they leave it there. Once they have that market they move on to the next market, and the people get used to a service. But then as the service deteriorates, no improvements, the rates keep going up, the mayors ask, "What can I do?" The only alternative is to get rid of them entirely and try to get somebody else in.

Now, if they can set the fees, if they had some kind of regulatory powers—I am talking about the rights of the mayor. They do not have any. Sure, they have to either kill or let them in or let them out. But that is no regulatory right over them to try to improve the service and bring about reasonable service and reasonable rates. They do not have that kind of authority.

So they have an octopus on their hands that either overpowers them and they let it go and if they do not, they get in such a bad situation whereby then the public can understand that that is all the mayor can do about it, and that is an educational process in itself. But when they finally understand it, then they can corral the votes on the city council and then they can threaten, "All right, now, we have the votes."

The Senator from Oregon knows this procedure—get the votes first. He is the best I have seen at it.

Then the mayor, after he has gotten the votes and everything can say, "All right, you either do this or else we are lifting your franchise and we will give it to somebody else."

Now, that is not proper administration of any kind of facility or service in a community in America. So the city councils do not have those rights and they have not been able to be heard on them and members have not been able to be heard and this substitute does not give a hearing.

The mayors are saying: "Should we go along with the compromise because that is the best we can do?" It is just like GTE: "Can I go along with the compromise? Because, yes, at least I am not a dominant carrier but he will make me a dominant carrier if I complain, so I better go ahead and say it is a fine bill when they tell me it will put them out of business." And that brings to the fore exactly what the Senator from Arizona and the Senator from South Carolina are concerned about. I would strongly urge the adoption of the amendment of the Senator from Arizona. I think it will lend to the credibility of us in the Commerce Committee who have been treating these matters over the many years. It is not good to wheel and deal just with the Washington reps, working out a little amendment and get out a dear colleague letter and say that is a good study.

Let me see if I can find a copy of that letter that they got together on. Here it is.

Well, they dated that the 30th. I received it only now. Talk about your surprises. This is October 5. They had this ready since September 30.

> DEAR COLLEAGUE: We have all seen a great deal of activity surrounding the cable provisions of S. 898.
>
> We have seen a great deal of activity.

I wonder why the activity if everybody has seen it, known it, understood it, and everything else?

> Frankly, the degree of controversy in our judgment exceeds the magnitude of the issues involved.

Put staff together and they will come out with some of the darndest "bunkology" you ever heard of.

> Frankly, the degree of contrversy in our judgment exceeds the magnitude of the issues involved, but both the cities and the cable industry apparently have dug in their heels on the matter.

We are reasonable men. The cities and the cable TV industry, they have dug in their heels? They are arbitrary, we are so reasonable? They signed their names, the ranking minority member and the chairman of the committee. They ought to be embarrassed to put this kind of letter out.

They know the truth. The poor cities have been caught. And if there is any kind of activity, you should try to first find what was going on and, second, try to get a Senator that has not already been committed to a position on this one to give them what? Nothing other than a hearing. That is all the Senator from Arizona is asking for. He is not asking you to take any particular position. But he is saying that on a common carrier bill, for heaven's sake, let us have the cities come in and feel like they have a chance to be heard without all of this bunk about activity and the heels dug in. But we are reasonable men now and are going to give you what you are going to get or else and you go out and get the votes for this one.

And then they list this thing down here, "This is reasonable and fair," it says down here at the bottom.

Well, you heard the chairman and he has been in here for years. I do not think that the Senator from Arizona would get up and say it was a matter of honor if it were not.

The PRESIDING OFFICER. Who seeks the floor?

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. I thank the distinguished Presiding Officer.

Mr. President, the distinguished chairman suggested and I am prepared to call up the ratepayer amendment.

Preparatory to laying that down, though, I would like to make a few comments generally on the bill itself for 1 minute.

As Senators are aware, last Thursday I took the floor to oppose the motion to proceed with S. 898, the Telecommunications Competition and Deregulation Act of 1981. It was not my purpose to filibuster this legislation. And, I might say in emphasis, that obviously you get interested parties and there would be many who would like to filibuster legislation, perhaps carry the debate over until after the break and hopefully the pressure of the appropriations bills, budgetary, defense matters, AWACS debate and everything else of that kind would then say they just do not have time enough.

I am the first and I have drafted and I have submitted over the past several years, as was indicated in earlier debate, legislation to update the 1934 Communication Act. I believe that A.T. & T. should be allowed to come out from under its 1956 consent degree whereby they would not compete in the readily made communications field of data, computerization, information extension, and otherwise. On the contrary, that they would stay just to their common carrier, regular telephone service to the using public. I think they should be allowed to come in because, in reality, they are entering in one form or another. And I do not think the present law permits the proper regulation of opening up this competitive market. So I have been moving for a bill just like many others.

I am not going to now, even though in a minority, I am not going to stand the ground and just say, "Well, we are going to have to filibuster the bill." I hope some will listen. I hope there will be some response and I am very hopeful in the end that we can get some compromises, if not there within the Senate, at least over on the House side, to bring up a responsible measure that will bring the American Telephone and Telegraph Co. into the field of competition in an orderly manner.

I believed then, last week, that we should all have a reasonable time to review the bill. We have had that weekend now and I have sent around a "Dear Colleague" letter and copies of amendments to be presented.

This bill represents 10 years of Senate effort and it will have monumental repercussions on the ratepayers, both large and small, business and residential, as well as within the communications and data processing industries.

Despite the significance of this legislation, it was not until just prior to last Thursday's debate that we saw the final version of a series of amendments negotiated by Senators PACKWOOD and THURMOND.

These amendments alter many of the bill's provisions and deserve thoughtful analysis. I strongly believe that we needed that time to review. We repeatedly heard, Mr. President, the argument that any requirement imposed on A.T. & T. alone would be unfair. In other words, why should A.T. & T. be treated like any other company?

The answer, Mr. President, is that because of its size, its publicly sanctioned position, its control of essential facilities, its very nature and historical genesis mandate that it is just not like everyone else. The fact of the matter is—and let us not get off on the size, which too often is discussed because of the old wag about the 800-pound gorilla who sits anywhere he pleases—it is a publicly sanctioned position which, in turn, has given it that wealth, that power, and that size.

Those who listen, and I who speak, have an equal interest, we have a financial investment. All of us have invested over the many, many years into the tremendous success story of A.T. & T. and we have invested in its sanctioned position. We have guaranteed it a profit.

Heavens above, is that not a wonderful thing? I know all the particular telephone calls I am getting on high interest rates, with small businesses going under. I have lost my automobile dealer and I have lost a lot of good friends with this high interest rate. But here we have an entity that is what? It is guaranteed that it cannot suffer from high interest rates. All it does is to go in and list the interest rates and finances, showing exactly what it is, and it is guaranteed a return. Imagine that.

So they have been built up over the many, many years, and I think in a general sense still feel that trust capacity they have had with the using public. Namely, "If you give us this monopoly, if you give us this protection from loss, if you give us this guaranteed profit, then we, in turn, will guarantee you progress and the best communications system in the entire world."

I think they have filled their contract and filled it admirably. I do not really deprecate in any sense the public relations efforts made by A.T. & T. Like any good company, they should make those. They should have what I have referred to as the smiling division managers at the Rotary Club participating in the community activities. That is good business.

They have not operated necessarily in all times like a monopoly, but they have operated like they did have competition and they did have reason to satisfy the public and keep their skirts clean, moving forward in research, development, and improvements.

But once you have them there, now you are going to take all these moneys, Western Electric, all its financial power, $150 billion, and you are going to say that that can now go, in a general sense, at least beyond the premises equipment, taking the telephones from here and transferring it under S. 898, realizing it will not enter the separate entity.

In fact, in my "Dear Colleague" letter is one of the particular points I am making. Someone asks, "Where did you get the multibillion dollar amount?"

That has been emphasized by A.T. & T. on this separate subsidiary. What will it be the day the law passes? A $17 billion company.

The distinguished Senator from Oregon just referred to a $12 billion company, GTE, next to A.T. & T. Well, GTE will find a $17 billion competitor unregulated the next day, side by side. Much of that financial worth is in all that equipment that you have in your house and everywhere else. You will not be calling about that equipment. You call for the service at A.T. & T. But the equipment will be in that separate subsidiary, unregulated, uncontrolled, and setting its competitive price.

A.T. & T. controls over 80 percent of the communications business. It owns and operates most local telephone systems, with sales of about 70 percent of the telephones, and controls over 90 percent of the long-distance revenues as well as the local and long-distance facilities essential to competitors and customers.

It is very, very difficult to talk sense on this particular point because immediately someone would discern a prejudice or bias. It is hard for them to really come mentally to grips. But let me make an attempt at it by paralleling A.T. & T. with the airline industry.

If this were the airline industry, it would be as though the largest carrier, United, had routes to every airport in the country and abroad, flew 90 percent of the traffic, owned the largest manufacturer of airplanes, Boeing, owned most of the airports in the country, owned most of the taxi services, owned most of the bus and limousine services, and owned the ticket concessions and all the baggage concessions.

Who would propose in a situation of that kind to treat that airline and Air Florida alike? Heavens above.

You and I have to know what we are talking about when we talk about A.T. & T. coming in and getting all wound up and souped up in the conversation of competition. We are trying to bring them into a field which has not developed as a competitive field. I cannot emphasize that enough to my colleagues. If I had all 100 of us here, I would emphasize one thing, that at this particular point there is no competition.

They have some competition on their equipment, but on the general transmission, the general services, long distance and everything else, the Bank of America, Ford Motor Co., Boeing, Chase Manhattan, the big users, those who pay a $60 million telephone bill a year, will tell you that there is not competition. The field of competition is there but it is not there. It is certainly not there with respect to what A.T. & T. is going to get into.

In bringing it in there, cognizant of size and financial power, cognizant of the field itself not having developed properly, we are saying, "All right, let us move ahead anyway, but let us draw clear lines so they will know, the public will know, and its competition will know exactly the ground rules for entering the particular competitive market."

A.T. & T.'s uniqueness derives from more than size and control of key facilities, although with $150 billion in assets it clearly dwarfs such giants as Exxon, General Motors, and IBM. We, the public, have granted A.T. & T. a monopoly. For many years our communications policy placed public support behind, in essence, one company. Given such a public grant, A.T. & T. has developed the best telephone system in the world. In setting a new policy direction, the public role in making A.T. & T. what it is today must not be forgotten.

A.T. & T., Mr. President, is not now free to operate like other companies. It has agreed to restrict itself, under the 1956 consent decree, to only regulated operations.

They consented to that decree, and in the particular charge made in the court proceedings they said, "We will consent to this decree. It is not that we have been unjust or unfair, or inconsiderate."

On the contrary, it was A.T. & T.'s consent which brought them to this particular position.

Now A.T. & T. wishes to participate in the unregulated private arena. In lifting these previous restrictions, we must understand why they were imposed as well as continuing, albeit possibly different, restrictions are necessary.

(Mr. ARMSTRONG assumed the chair.)

Mr. HOLLINGS. Mr. President, A.T. & T. thus is not like everyone else. In changing the 1934 Communications Act to meet today's needs, we, the Congress, have an obligation to consider A.T. & T.'s unique qualities—its public responsibilities, its current operations, its dominance of markets and its control of needed facilities—and fashion responsive policies.

No one is suggesting that A.T. & T. be penalized. All the bills I have worked on have permitted A.T. & T. to partcipate in unregulated markets and to enter new fields that are related to communications. Recognizing A.T. & T.'s uniqueness, these bills, like S. 898, required A.T. & T. to establish a fully separated subsidiary through which it must conduct its unregulated activities. The debate today is joined over the nature of the full separation requirements.

Recognizing there is no magic set of requirements, no formula for the subsidiary, the goal should be an impartial business relationship; a subsidiary which will act as a separate profit and loss center. Yet, at the same time, the entire A.T. & T. firm should receive the benefits of the subsidiary and should not suffer serious diseconomies.

We would not want the subsidiary to be a financial burden on the regularly regulated common carrier service, because, then, there would be a groundswell of let us turn back that law right now and get them out, because our service has suffered so badly and our rates have gone up. That losing proposition of a subsidiary that you put so many restrictions on that it could not possibly make money, it could not possibly succeed, now is damaging the parent company.

That is a concern. Equally, there is a concern of, "Wait a minute, you have taken all of the equipment. You have taken my telephone that is worth at least $50—I could not go out and buy one for less—and you have transferred it out of my home on the books, in essence, from A.T. & T. to the new subsidiary, at a cost of $25. So there, you have bought my new phone worth $50 at a $25 price."

That means it is by one-half, the ownership of telephones in the regular common carrier or A.T. & T. ownership carried on its books, it has depreciated that much in value and, therefore, to get the proper return to make the stockholders happy, to get the money for services, to get the money—what? We need an increase in rates. We have suffered the loss.

Yes, this bill is complicated. Yes, the procedure is complicated. It must be. Therefore, I ask my colleagues to give a little time in considering these particular amendments in this particular bill. The entire A.T. & T. firm should receive the benefits of the subsidiary and should not suffer serious diseconomies.

S. 898, even with the new proposed Thurmond amendments, falls amendments, falls short of this goal. Additionally, the bill creates exemptions where the structural separations requirements will not even apply.

Mr. President, a competitive marketplace must be insured. Because of A.T. & T.'s vast market dominance, true competition does not exist in any communications market. Without meaningful separation between the regulated parent and the unregulated affiliate—subsidiary—competition will not develop, and deregulation will merely permit A.T. & T. to remonopolize outside the protection of regulation. These separation requirements are designed to prevent the parent from using its present market dominance to favor the affiliate over the competitors of the affiliate. They also serve to protect ratepayers. Favoritism can take many forms—loans at low interest, transfers of undervalued equipment or technical market information, and better interconnection rights.

Put yourself, not as some thieving or unconscionable, dishonest, or scheming kind of manager, put yourself as a competitive, honest, aggressive manager that A.T. & T. has—and I say that not in any snide way. I have the greatest respect for Mr. Charlie Brown. I have complimented him many, many times. He is an outstanding head of A.T. & T. Put yourself in his shoes. Put yourself in anyone else's shoes running A.T. & T. with the law, let us say S. 898, enacted and on the statute books of America. Under this bill, you give loans. Everybody is out trying to get a loan. If you are not trying to roll over your loan or pay for your house or help a child get a loan for a house or helping pay for a car or whatever you are doing, you are not living in America this past year. We all have been rolling over loans, getting additional ones, waiting for Reaganomics to work. I hope we can wait long enough. That is another subject I would like to talk on.

But let us say loans come up and the subsidiary says: Look, we go out on the market and the financial counselors say, do not issue those bonds. Do not try to issue stock the way it is now. It will sell off for $20, $21, $22 when we ought to be getting $122.

I am going to watch it closely, Mr. President. I might get a little amendment on there to allow the Senator from Oregon and me to buy a little of this stock. If we can get into that separate subsidiary to go along with my stock ownership, I am a little greedy. On the one hand, I would like to own a little of it and on the other hand, when I get into the Security and Exchange Commission—because I happen to have both budgets. We have the Appropriations Subcommittee of State, Justice, and Commerce, and we get SEC's budget and we get FCC's budget. The Federal Communications Commission is not in the league of the Securities and Exchange Commission. You get the 10-K reports and you have a business doing business or else. You do not have all of this ritualistic legal maneuvering.

We have gotten entirely too litigious in America. We are talking about competing with Japan. There are only 12,000 lawyers in Japan for her 150 million people, half the population of the United States. We have 648,000 lawyers in this country. They are all coming out of the woodwork. Everywhere you look around, we have lawyers doing things. With the FCC in this bill, we will have 748,000 lawyers when we get through with this.

My occupation was law. I wish I could get back to the income.

Mr. President, these lawyers, with loans at low interest rates, will say, do not get that loan, so it is a normal business thing. It is not a sinister, crooked thing. On the contrary, it is very legal and very good business to try to get a loan at a low interest rate.

We are under a growing, burgeoning economy in what we might call the "Sun Belt." A.T. & T. has been a forerunner. They can smell it, they can count it, they can realize it, they can see where the telephones are coming. They can buy a lot, quicker than anybody, in my backyard. They know 5, or 10 years ahead of time that they ought to get a site there and get it in a good place and get it at a reasonable price and hold it for 10 years. Then, thereafter, they get a contract and they build the additional facility when the residential area, let us say, develops. All they have to do is save that X amount of billion dollars for new facilities, for new residential development areas, let us say, in California right on around through the Sun Belt. All they have to do is roll that over; not the loan, just roll over that particular corporate plan. We do not have to go to any particular market.

We will just roll over that amount of billions of dollars and just hold up a year on that and give it to the separate subsidiary; because, after all, it is going to be unregulated. They can make a profit, and we give it a good running start. If we have a slight loss or a consequent loss over the 1 year for those facilities, we go to the Public Service Commission and show our books.

We are not smart enough to go out 10 years ahead and buy all these lots and develop them. Why should we be so smart and judicious and businesslike with a major entity on development when we can hold that back for 3 or 4 years, pick up billions, and take this subsidiary, and we can have it so financially strong with loans and low interest—we give it to them for next to no interest. Who is to say differently, unless we adopt these amendments?

Transfers of undervalued equipment: I have already mentioned my telephone. They can undervalue it when it comes to the telephone and put it back over. How much does a telephone cost? We have to get someone around here who knows something about telephones. I do not know how much one costs. I am going to find out how much it costs before the night is over.

I know that the prices have jumped. We have an exercise that goes on in the U.S. Senate. Some of us retire or lose out; some of us are elected. A whole new crop sets about a whole new change of offices, and every time the offices change, they change the phones. Senator X goes out and Senator Y comes in any says, "I don't like the arrangement," and changes all the phones.

I know from the legislative appropriations bill that I was paying 50-some dollars just to change the phone from here to there, and another $50 to change the phone from there to there and they automatically started charging me. You should see our phone bill that your taxpayers are paying for.

Undervalued equipment, technical market information: They will hire Richard Helms as head of Bell Labs; and everything you find there, keep it a secret. Get a man from the CIA. Talk about a covert activity, if they have any sense at all, if S. 898 passes, they will say, "Yes, we want a lot of scientists a lot of bright people, but let them work like they're working for the KGB. Do not let anybody find out anything at any time. We will come as directors of the company and find out the first order of business, whether we should give it to the public on a regulated basis."

It was not out of benevolence. All these improvements came along because they had nowhere else to go; or they came along only after some of these little competitors, these little fleas around the elephant and these little gnats and mosquitoes around the elephant, picked at us enough to make us give that pushbutton telephone. That is how we finally got it. We found it, but they did not surface it, as they say in the secretive trade.

So, the first order of business with S. 898 is, for heaven's sake, let us get hold of the past Director of the CIA, who understands covert activities, and keep all the developments at Bell Labs secret. Then give them to our subsidiary which has the low-interest loan and a low-valued transfer of equipment and the exclusive first call on the development of the taxpayers' Bell Labs.

That is my Bell Labs up there. I like it. I helped pay for it; you helped pay for it. It belongs to the public generally, but the public generally now is not necessarily going to get its benefits first. They will have to stand in line behind the subsidiary, under this arrangement.

So, we should not underestimate the value and need for clear separations. We had not asked for divestiture. When I was handling this bill for the past 4 years and we had my distinguished colleague Representative Lionel Van Deerlin of California, they called for a divestiture of Western Electric. I mention that only as an indication of our attitude in the approach to this particular measure. We were not asking for total divestiture. But in trying to be reasonable and bring them in, we asked for clear separations.

The antitrust laws cannot adequately fill the role. How many years has the telephone case been going on? Seven years it has been going on. Seven years of A.T. & T. lawyers.

They talk about Legal Services. They do not want the hungry poor to be able to find a lawyer and go before a magistrate to protect his landlord-tenant rights so he will not be ousted onto the sidewalk. If there is domestic difficulty, they do not want access to equal justice under law in America, with the Legal Services Corporation. They do not want the poor to be able to get a lawyer in adoption or child custody cases. No lawyer makes money on those cases. They do not want to fool with them. We oldtimers used to volunteer for that. But the volunteers have gone out the window. They do not want that for the Legal Services Corporation.

But they do want to write off 7 years of expenses for lawyers. Who pays for it? The taxpayers. That is a write-off expense. Large corporations of America can pay hundreds of millions of dollars, in this litigious society we have, and write it all down as a tax writeoff, so that the revenue picture, when we are trying to get the Government back into the black, will be impacted upon further.

But, then, when we get to what we call a new beginning and we get to the hungry poor, they say no for the Legal Services Corporation.

Justice Powell, when he was president of the American Bar Association, sought an implementation of that, with the American Bar trying to fulfill this need in our society, so that we could have justice under law. We are not going to do that. We cannot afford it. We can only afford this crowd and the antitrust lawyers.

The antitrust laws are not adequate. The current Justice Department case has been going on for 7 years, and now, with the new administration, the Justice Department is threatening to shut it down.

Further, MCI, a corporation, in its private antitrust case against A.T. & T., needed many years to gain a $1.8 billion judgment. MCI will not see this money until years of appeals are completed. They had better not count on that yet, because the interest is running. I do not know what it is. It could be 7 to 9 percent in that kind of litigation. I have not been in it recently. I have been it it before, and I can tell you that it is lush, it is plush, and the lawyers have a great temptation to begin to represent themselves.

The worst thing that can happen is to come to a decision, a verdict, a conclusion, a final order. So the lawyers on both sides have a propensity to keep those cases going on, like Tennyson's brook, forever.

Datran went bankrupt before they saw a dime of judgment money. They already had gone bankrupt, out of business; and after the bankruptcy, they finally won their case.

So we are not making up horror stories of any kind. We are telling you what the situation is in the real world.

S. 898, even with the proposed amendments, fails to provide for the kind of structural separations that allow a competitive marketplace to develop.

What we should be seeking in principle is a set of requirements that will make the unregulated affiliate succeed or fail on its own merits. This legislation, on the other hand, allows the affairs of the the regulated parent and the unregulated affiliate to become so intertwined that untangling them is practically impossible. Favoritism can flow endlessly. The legislation then trusts this impossible task of untangling to whom—to the Federal Communications Commission, a regulatory agency that has never been able to even determine the cost of A.T. & T. services.

We have been trying over the years, 15 years to this Senator's experience, to find out the cost of long distance and find out the cost of local service, ever since we have been in this game, and it is a very interesting one, obviously, but it is also frustrating because we will have witnesses come up and say the long distance and business service is subsidizing the residential users, and we will have others come up and say the residential users are subsidizing the business and the long-distance calls.

Wherein is the truth? Ask the FCC. That is a simple question. They have yet to find out. They have tried. They do not have enough accountants. They cannot find the facts. They get the books in and they change again, and they go study some more, and it has been going on.

Now we are asking A.T. & T. to find this obscure thing. Maybe they have a secret agent down there who is in charge of finding that cost? Make him the head of Bell Labs to keep everything a secret because we cannot find out their costs. They just say give it to the FCC, which has proven totally incompetent and incapable of handling it.

More than just to learn cost, try to enforce orders. There have been at least a dozen orders on the particular rates where the Commissioners came back and said there is no economic foundation for this particular rate, to cease and desist. and they have continued to charge a rate and they cannot do anything about it but keep on appealing, and we hire more lawyers and we hire more lawyers and they just go along with advertising lawyers, the "Bell Telephone Hour" lawyers, the district managers at the Rotary Club smiling and going along, there is nothing we can do. Now they say in order to determine those things let the FCC make a determination.

The General Accounting Office just a week before last published a report which in detail discusses those failings.

Here was the audit arm of the National Congress going in in an impartial fashion, not Senators who have been trying to learn of this information or may have developed a particular feel over the years with respect to A.T. & T. or FCC. Here is the impartial body with the credibility that they deserve going in, and we will get that particular report and we will put it in the RECORD later on showing that there is no chance. There is no chance, I should say, for the Federal Communications Commission to make those kinds of findings. They cannot do the job they have right now.

Accordingly, stronger structural separations are essential. We are not just doing it because we have a suspicion. We are not doing it because we think maybe that is an idea, and we know how politicians and regulators are in Washington: If they can think of an idea, if they can think of a regulation, then let us get a vote on it, and see if we cannot put that burden on them. The thrust is otherwise. We are herein trying to remove burdens. We are trying to extinguish regulations. And in order to do so if we can draw those clear lines then we refer nothing back to the FCC. Then we will not be reregulating because in referring back, instead of deregulation, we reregulate. We have provision after provision after provision that we refer back and pat ourselves on the back for being so reasonable about when we are being totally inadequate, on the one hand; impossible, on the other.

True it is. We have agreed on that.

I would like them to start off from scratch and let them get the financing just like any other company.

They will come in and they will constantly use the phrase in the report "any other company," compete in the marketplace like "any other company."

If they could start off, in the first instance, and not have to use the loan authority, the equipment undervaluation, the technical market information and all the other things of the parent company, and treat them like anyone else that did not have all their lawyers and guidance and decisionmakers for them, that would be fine.

But that is not the way they asked for. They say now that they should come to the company rather than the capital market to finance their activities, that like their competitors they should go to the parent company.

Now, requiring them to go to the capital market is fair and so after a certain time the affiliate should be required to go into that market for their financing and I think should be required to make 10 percent of its stock available to the public. Whether to its stockholders or to the general public would be up to them.

Through these two policies, the financial community's view of the affiliate is registered. It is a nonregulatory way to evaluate the success, or failure, of the affiliate and of the separations protections.

Now, let us say a word about the capital market to finance the activities.

When I say "make available" that 10 percent of its stock, A.T. & T. is the best show off Broadway we have today on Capitol Hill. They run around immediately into every Senator's office like Chicken Little, the sky is falling, "This fellow has something; we are not going to have nothing but minority stockholder suits."

Mr. President, nothing could be further from the truth. They said Nissan, the Japanese company, could come in and buy that stock and frustrate the subsidiary. Remember, we are talking about a $17 billion subsidiary, which is bigger than Nissan, No. 1; and No. 2, Nissan right now could go and buy A.T. & T. stock and start a minority stockholder suit.

We do not say that you even give it to Nissan. We say let the company decide and just give it to its stockholders. We want publicly held stock.

I do not have any A.T. & T. stock. Do not give it to me or allow me to buy it or anyone else, but just allow present stockholders, say stockholders as of record January 1980, a year ago, and let them participate in that market.

My point is as long as there is a public market there is a public registration. As long as there is a public registration, there are publicly made financial statements. As long as there are publicly made financial statements, there are public profit and loss statements. As long as there are publicly made profit and loss statements, we can know therein whether or not the subsidiary is acting on its own in the market of free competition. And that is the only way to determine it.

This other way is to petition the FCC as they have it under the law and have a hearing before the Federal Communications Commission, that crowd that cannot even find cost. How can they find whether or not it is competitive?

They do not have to make that kind of determination. They list these things publicly and let there be public stockholders. It is that very process itself that they say they love the free market. Give them a free market, open all-American approach and all they have to do is just list it on the stock exchange after they have given it to the stockholder and everyone will buy it.

I have consulted with the various financial wizards on Wall Street and they have all come up and said it is a heck of a good idea.

They did it with the airlines and had a 10-percent ownership there, but that kind of outside ownership is not to frustrate or thwart or promote nuisance litigation, and that kind of thing, and it would not.

They have lawyers to take care of that now. I imagine they have minority stockholders suits that are going on every day relative to A.T. & T. This bill will not start it and will not stop it.

But what it calls for is public listing. Once we have public listing then we can tell exactly what has happened because we have enough people who can read a financial statement and realize whether or not a company is obeying the law and whether further congressional action is necessary.

Ratepayers should not pay the price of deregulation. As ratepayers, we have built the telephone system we are now using. So far, this bill has focused on the big companies and how they will fare. It has paid scant attention to what will become of the homeowner or small business who will need that regulated telephone service for years to come. Weak structural separation requirements and premature deregulation of A.T. & T.'s services and equipment can result in higher rates. It can also diminish the value of the assets relied on and paid for by the ratepayer. For example, if the parent lends money to the subsidiary at less than market value, the ratepayer loses because, presumably, that money would have been reinvested in the regulated basic telephone business of the parent.

Let me discuss right quickly before laying down our amendment the key elements of the bill in general. Mr. President, it is not my intent to frustrate other Senators who have important business before the Senate, but I am trying to get a comprehensive overview of the bill. It would be my hope if any other Senators want to be heard that they not be bashful. I have not found them so, but if they will come forward, I will be glad to yield. In other words, I am not trying to take up time or monopolize the floor.

On the contrary, I am just trying to get one comprehensive overview on the bill and the misgivings we have and then move on to the amendment, and in this fashion I am confident we will be able to limit the debate on the amendments themselves because what I had to say on the amendments will have been stated in this particular overview.

Let me discuss further key areas in this bill of concern to the ratepayer.

ASSET VALUATION

If the equipment and other assets transferred to the affiliate by the parent are undervalued, regulated service rates will rise at least to make up the difference between the transferred value and the cost to replace the transferred equipment, equipment paid for initially by the ratepayer.

CUSTOMER PREMISES EQUIPMENT

Under the bill as amended by the new proposals, all customer telephones presently in use would be deregulated and transferred to the subsidiary in 4 years.

I want to repeat that statement because I think that is one of the points that some of my colleagues have yet to catch. "Under the bill as amended by the new proposal all customer telephones"—your phone, my phone, phones presently in use—"would be deregulated and transferred to the subsidiary in 4 years."

Such a move will involve extensive valuation calculations, which if improperly performed may severely harm the ratepayer. In addition, this transfer will mean a rapid and enormous change in the local exchange carrier's revenue base which then will result in a substantially decreased contribution from the long-distance revenues now received by local carriers. By keeping this currently tariffed equipment in the rate base for its remaining life, these drastic consequences can be ameliorated.

That is very, very important because the utility commissions and everybody else like that, looking at the decreased contribution from long-distance revenues now received by the local carriers, when you put up the entity, and the separate subsidiary starts with facilities rendering these services, then it should grow bigger—$17 billion doubling in 5 years to a $34 or $35 billion company. It does not have, you know, the regular interest payments and the overhead. It gets all the expertise, special loan rates, and the wonderful equipment plus writeoffs that Congress gave them, and that extravagant tax cut measure. That separate subsidiary can come in and take over all the business and then the common carrier field, the regular telephone service. When they make up during the settlements with the local companies and with the State exchanges, less money is going in, meaning more rates and higher rates, and every Senator voting on it ought to understand exactly what he is voting for.

DUPLICATIVE SERVICES

There are several provisions in the bill which encourage A.T. & T. to locate its new services and sophisticated equipment in the unregulated affiliate. In my view these provisions will erode the quality of our regulated, public telephone network. The most significant of these provisions would let the affiliate offer services similar to those offered by the parent within 2 years of enactment. Combined with the provision which lets the affiliate own transmission facilities, this means that the new, modern, and more efficient network capabilities will be located in the unregulated affiliate. If you want any new capability, you may have to buy it from the subsidiary at a deregulated price.

No limits on it, just whatever they please, looking at their competition, and they momentarily might give you a bargain. But after the competition is gone, they would then have a deregulated monopoly, and you would have deregulated monopoly prices, and there would be nothing under the law that you could do.

Further, it means that A.T. & T. could engage in a "migration" strategy of transferring their existing huge customer base to the affiliate. Since there are not adequate competitive alternatives, customers and competing carriers would be disadvantaged by such erosion and migration strategies. At least the ban on such duplication should be extended for an additional 2 years to give competition that much more time to emerge.

This is somewhat of a retrenchment, Mr. President, in my position. As you all remember, I think this bill was voted out of the Commerce Committee by a vote of 16 to 1. I tried to put a ban on the holding, the ownership and operation of facilities in the subsidiary, which I still think today is just as proper and as required as ever. But being realistic, and understanding I do not have the votes, and would have at least an additional 2 years added to the two for a total of 4 years, so that we can have at least that period of time for the competition to mature and strengthen themselves against the financial and competitive storm when A.T. & T. really hits the road. I would just have to go along and see if I could pick up enough votes on that particular basis.

I really hate to give up the idea of any facility ownership within the subsidiary because it will be a constant gnawing cancer of the management of A.T. & T. trying to do their level best doing their jobs in both directions, make for a successful parent company, make for a successful subsidiary, and for strain between the two. That is just normal, that virus and germ, as it was called.

I sat in the back of the bus when I went to China, the People's Republic of China, and we had Madam Kung, and after 2 weeks there and sitting back in the bus we were talking about reeducation.

She was emphasizing that each person went out and went back in the fields for 3 months every 3 years or some period of time, 1 year every 3 years to go back in the fields and work again and just contribute that work for the people.

Then I said, "When are you going back?" She said, "Oh, yes, I'm required to go back out. Everyone is required to go back out, because if they don't do that, that germ of capitalism, of competitive enterprise, Senator, will take root and the people will begin working for themselves."

There it was in Communist China. I was having an official of the party who had been in charge of our particular group for over 2 weeks finally recognizing the germ of private competitive free enterprise that was normal and natural to try to work and make a profit and better yourself and your family and your community.

And here it is. You have it here, a 4-year ban on that. They will still put their minds, hopefully, to try to give some kind of continued service out of A.T. & T. and the competition finally realizing what the business community has been slow on the uptake to understand. They had no idea in January that they were going to get Reaganomics. They should have understood it. There was no real opposition. It was a veritable footrace.

We are now giving the Government awards to everyone for it. But we started last year with a Democratic House, a Democratic Senate, and a Democratic President. And we had a reconciliation or cut bill in spending of $8 billion. We put in the second concurrent resolution to guide this year further cuts and a $16 billion tax cut. RUSSELL LONG, the Finance Committee, and everybody else was for tax cuts. Everybody is for tax cuts.

Democrats on three occasions this year—if you hear them complaining on the Senate side, go back and look at the rollcall. They voted by 2 to 1 for all those spending cuts. I cosponsored the spending cuts myself and only eight Senators in this body voted against the tax cuts.

So what the business community did not understand is that it was going to happen and go so far. It did get out of hand. Instead of supply side, it turned into "surprise side" economics, because you have a surprise effect now of Government in the red where they knew, with the election of President Reagan, they would have Government in the black sometime during his first term or first 4 years by 1984. He, himself, had represented that.

Now, with a loss of $150 billion in revenues that year, the business community realizes for the first time that they will never get Government in the black or a balanced budget during President Reagan's first term.

So I am just trying to give them a little notice and say: "Here is a bill. You are all claiming to be for it. Now you better get up on the high road and find yourself financing and steady the ship, because I am telling you the winds of unburdenable, unconscionable competition is coming in with a variable size and acumen and talent and momentum of the regulated monopoly becoming unregulated."

Interconnection. As just discussed, the bill is flawed because this unregulated affiliate could control essential facilities needed by ratepayers and competitors and deny service, or interconnection, to customers and competitors alike. If the affiliate can own facilities, including those transferred from the parent, it should assume the responsibility of connecting those facilities upon reasonable request.

TARIFFING

It seems obvious on its face that those services which remain under regulation must be subject to meaningful regulation. Otherwise the ratepayer will not obtain the protections regulation is intended to provide.

S. 898 falls far short in this regard. Notably, it would not permit the FCC to suspend a tariff which it did not find to be lawful, while the tariff was investigated.

Thus, a tariff could be filed and go into effect without a Commission finding that it is lawful.

If this tariff were for exchange access, for example, and it were higher than would ultimately be justified, the competing carriers and hence the ratepayer would be forced to pay that new price and increase their total prices accordingly while the investigation was conducted.

Now, in reality, you are making A.T. & T. the FCC. I am only asking that the present provisions in this regard of the Communications Act of 1934 go back into force. Because they can give notice of 6-months time, at least, not the 90 days provided for in S. 898. We need that time, as has been proven time and again, and not in a triggering fashion as is provided by S. 898.

Now, the yellow pages. The revenues from printed yellow pages exceeded $2 billion last year. That is a lot of money. Some State commissions include their State portions of these revenues when computing the earnings of the local carrier thus aiding the ratepayer. S. 898 would deregulate this activity and move it out of the local carrier's base.

These revenue losses would have to be made up by local rate increases. At the least, this disruption should be postponed for 5 years to permit the local companies to adjust.

Again, I think it should remain there, particularly given the protection that it is given here with the yellow pages from the publishers of America. They got to where they could not compete, could not go out.

Well, if they are really going to treat it as sort of a controlled or regulated kind of entity, then keep it controlled and keep the benefits going to the people who deserve it; namely, the ratepayers of America who have been paying for it all along.

Other problems. This list could go on. For example, S. 898 permits A.T. & T. and the unregulated affiliate to disregard the separations requirements whenever defense contracts or international business is involved. Now, this is an open-ended exception. It is not even restricted to occasions where the separations protections are shown to be a problem. So, there, again, the A.T. & T. is the FCC of its own. No one outside of the Defense or State Department can ever effectively object, and the Congress cannot even object unless it passes another law.

I will be proposing two amendments designed to address what we consider to be the most serious flaws in the bill. One amendment would require the unregulated affiliate to obtain its debts directly from the capital markets and call for 10 percent of the affiliate's stock to be owned outside of the company by an offering to shareholders or to the general public, as the company decides.

Once again, I emphasize, to eliminate that false rumor about Nisson coming in and starting Japanese minority ownership of an American company.

Another amendment which I will present pertains to the needs of ratepayers on such matters as asset valuation, customer premises equipment, duplicative services, tariffs, and yellow-page revenues.

Before I give the explanation of the first amendment, I understand that Senator TOWER and others will be offering amendments to deal with the interconnection obligations of the subsidiary. I join in strong support of Senator TOWER's amendment and would urge each of my colleagues to give it the most earnest consideration and, if possible, support.

UP AMENDMENT NO. 464

(Subsequently numbered amendment No. 578)

(Purpose: To amend the Communications Act of 1934 to ensure that telephone users pay reasonable rates)

Mr. HOLLINGS. If agreeable to the distinguished manager of the bill, I will present what I have characterized as the ratepayer protection amendment. I send this amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS) proposes an unprinted amendment numbered 464.

At the appropriate place insert the following:

RATEPAYER PROTECTION

SEC. . Notwithstanding any other provision of this Act, in order to protect ratepayers of basic, regulated, and exchange telecommunications services, the Commission shall—

(1) review and modify as required any decision of the Assets Evaluation Board (established under section 228(c)(5) of the 1934 Act) to ensure that such decision—

(A) is not arbitrary and capricious,

(B) is not inconsistent with the policy or purposes of this Act, or

(C) does not harm the ratepayers of basic, regulated and exchange telecommunications services;

(2) require that any customer-premises equipment that is recorded in the accounts of the dominant-regulated carrier on the date when a fully separated affiliate is established shall remain under regulation for its remaining life;

(3) provide users of basic telephone service and other regulated telecommunications services with public notice and an opportunity to seek rejection or a hearing with respect to any tariff filed pursuant to section 210(a); and

(4) extend the period specified in section 228(g) of the 1934 Act for a period not to exceed 2 years where the services or facilities specified in such subsection are not subject to effective competition or where it is necessary to protect ratepayers from degraded service, and

For a period of 5 years after the date of enactment of this Act, a State commission shall not be precluded from taking into account for ratemaking purposes revenues derived from printed yellow pages.

Mr. PACKWOOD. Mr. President, let me inquire of the Chair where we are on the amendment of the Senator from Arizona and the Senator from Nevada. Have they been laid aside and is this amendment now being taken up?

The PRESIDING OFFICER. The underlying amendments have not been laid aside.

Mr. HOLLINGS. I ask unanimous consent, Mr. President, that this amendment not interfere with the submission of the Goldwater and the Packwood-Cannon substitute.

Mr. PACKWOOD. I am just trying to protect the Senator from Nevada, giving him a chance to speak tomorrow. I want to be sure that his rights are not precluded.

Absent any other arrangements, in the voting arrangement on tomorrow we would still vote on the amendments of the Senator from Nevada and the Senator from Arizona first before we would vote on this amendment, absent any other order?

The PRESIDING OFFICER. The Chair will advise the Senator from Oregon that the sequence which he has outlined is not necessarily the sequence which would follow. It would depend upon the will of the Members presently on the floor. It is conceivable that the amendment of the Senator from South Carolina can be voted upon prior to the amendment of the Senator from Nevada because it is drafted to be inserted at the appropriate place.

Mr. HOLLINGS. Is it the intention of

the distinguished Senator from Oregon to propose an order that he wishes? There is no design or strategy to interfere with the orderly voting. I think perhaps we are withholding action on the amendment of the Senator from Nevada to allow him to be heard. Whatever the Senator from Oregon would request, I would join in that request.

Mr. PACKWOOD. I do not want this amendment considered with the cable amendment. It is up to the majority and minority leaders to try to work out time agreements now. The Senator should understand we do not want these amendments connected. I do not care whether we vote on the amendment of the Senator from South Carolina or not, but I do not want the amendments considered together.

Mr. HOLLINGS. That would be my feeling, too.

The PRESIDING OFFICER. The Chair will advise that if it is the intention of the Senator from South Carolina that his amendment be considered separately from the underlying amendments, it would require unanimous consent to set aside the amendments now pending.

Mr. HOLLINGS. I am prepared to make that request.

Mr. PACKWOOD. I would have to object to that unanimous consent to take his first if the other two amendments are still in order, assuming this amendment is passed or defeated. In either event, are the other two still in order?

The PRESIDING OFFICER. In the event such a unanimous-consent request were propounded and agreed to by the Senate, then the votes on the underlying amendments would occur upon the disposition of the Hollings amendment.

Mr. PACKWOOD. I have no objection to that, Mr. President. I would ask unanimous consent that this amendment of the Senator from South Carolina be considered first, and that upon its disposition the other two amendments, the amendment of the Senator from Nevada and the amendment of the Senator from Arizona, be in order, although I do not want it to be understood that they will necessarily be the next amendments to be considered. They would simply still be in order. There may be other amendments to be considered before theirs.

The PRESIDING OFFICER. Is the Senator's request to lay aside the pending amendments so that the amendment of the Senator from South Carolina would be considered? If so, the Chair will advise that absent additional action by the Senate, the amendments set aside would automatically recur following the disposition of the amendment of the Senator from South Carolina.

Mr. PACKWOOD. That is my understanding.

Mr. HOLLINGS. I ask unanimous consent that the amendment of the Senator from Arizona and the amendment of the Senator from Nevada be temporarily laid aside.

The PRESIDING OFFICER. Is there objection? Without objection it is so ordered.

Mr. HOLLINGS. Is it the parliamentary ruling that my amendment has now been properly stated?

The PRESIDING OFFICER. The amendment has been stated.

Mr. HOLLINGS. Very good.

The PRESIDING OFFICER. It will be noted that it is not an amendment to the amendments which have been now temporarily set aside.

Mr. HOLLINGS. That is correct. This is an amendment to the bill generally.

This amendment would protect the ratepayers of A.T. & T. by insuring that they do not bear the cost of A.T. & T.'s new deregulated and new market opportunities. I understand, Mr. President, that, after all, in a monopolistic situation, where you have a guaranteed entity and a sole provider of certain public services, the public deserves protection of, let us say, good service and fair rates.

Now you have the unusual situation of taking that regulated entity and letting it use its assets in setting up, let us say, a $17 billion subsidiary. It is the use of the telephone service by ratepayers which has paid for the existing equipment used to provide telephone service and the other assets of the parent company, A.T. & T. Hence, the ratepayers are investors, in a sense, in these assets.

Each of us has not only a passing interest or a personal interest but a financial interest in the assets of the parent company.

With deregulation and the creation of a fully separated subsidiary, A.T. & T. will be able to transfer this equipment and other assets to the subsidiary, and the subsidiary must repay the parent for the "value" of these assets.

This valuation process is very important. It is a very subjective evaluation and if the value is set too low, for example, the ratepayer will suffer. His telephone utility company will have lost an asset which otherwise would have continued to benefit the ratepayer, who would not be adequately compensated for the lost assets. It may then be necessary for regulated service rates to rise, for the various public service commissions, the controlling authorities, to grant a raise in rate to take care of the losses on an undervalued basis. This amendment would require the FCC to adjust any valuation which would harm ratepayers in this manner and otherwise would be inconsistent with the act.

Let me emphasize, Mr. President, the point of existing customer premises equipment.

Over 80 percent of all the telephones and other equipment presently being used by customers are provided by A.T. & T. on a regulated, tariffed basis. If that equipment were abruptly transferred to the unregulated subsidiary, as S. 898 would permit, the existing customers would be severely disadvantaged.

Their equipment would be deregulated without any act or change on their part, and the subisidiary could charge any price it wanted.

With A.T. & T.'s huge share of the market, the deregulated marketplace would be swamped, and the newer competitors do not have the market penetration to be able to provide many of these customers with viable alternatives on such an abrupt change.

This amendment would prevent such an outcome and expose the ratepayer to a much more gradual, less traumatic deregulation process. How? By continuing existing equipment under tariff until the investment therein is recovered.

In other words, Mr. President, rather than have the rhubarb about taking my telephone or your telephone and transferring it to the subsidiary and the argument about its valuation, in contrast, we would require that that equipment stay with A.T. & T., where it is now, until its value has been consumed, has been used. That is only fair because that is what it was represented as, a part of the ratemaking process in the original instance. That equipment was part and parcel of proceedings before the different utility commissions and the costs of installing, and maintaining in the various homes, offices, and businesses and otherwise around, have been part of that rate and represented that it would stay there under certain conditions. Those conditions have not changed.

There have been changed conditions for the company, but not for the representations made at the time the rate was determined and the equipment was in place. So what we are doing here is carrying through the representation made in the original instance so that we shall become, as ratepayers, financial pawns in the exercise of competition by the separate subsidiary of A.T. & T.

As to tariffs, Mr. President, for those services which remain under regulation, the FCC must be able to adequately protect the ratepayer. If a proposed tariff seems unreasonable, the FCC can prevent it from going into effect only by specifically finding it to be unlawful and rejecting it.

Rejection is not only a difficult legal burden, but it may also be impractical, as it could result in service disruptions. The FCC needs the flexibility provided by this amendment and in existing law, to suspend a tariff while it is investigated. In this manner, a tariff which has not been found to be lawful is not allowed to go into effect, and at the same time service is not disrupted.

Duplicative services, Mr. President, S. 898 recognizes that it would be unreasonable to permit the subsidiary to offer services similar to those offered by the parent. From the ratepayers' point of view this action could substantially accelerate A.T. & T.'s incentive to place its most modern facilities and services in the subsidiary. Such a result would harm the quality of services received by the ratepayers and increase their costs. S. 898, however, only prohibits such duplication of service for 2 years.

So, after 2 years, they are into open competition. They can duplicate as they see fit and no restrictions. Ideally, a bill based on competition and deregulation as an alternative to regulation would prohibit such duplication until there was sufficient competition to offer the ratepayers competitive alternatives.

They do not have the ideal situation. We have made studies in public hearings, correspondence, and otherwise with the various users and those who have experts in their companies. I wish I had an expert on the telephone and the telephone rates in my home, and you would in your home, and each small business would in its small business. But go to the large entities—business, banking, manufacturing enterprises of America—and you will find the matter of telephone costs, communication costs, all corralled under the aegis and auspices of a communications ratemaking expert.

They can tell you about trying to find if there is a more economical way to provide the service, anywhere instituting WATS services or WATS lines, whether sufficient competition is developed.

(Mr. NICKLES assumed the chair.)

Mr. HOLLINGS. Mr. President, I am trying to emphasize that permitting A.T. & T. to duplicate facilities and services within the subsidiary is a very dangerous provision, because men of good intent, or otherwise, would certainly take advantage of this, so that it all could be provided in what we would call an unregulated fashion.

I cannot see this other than a policy particularly for the larger users, particularly knowing, as I say, that you hunt where the ducks are, where your competition is, and you know your competition's feel, and you know their customers. You have been given the interconnections.

So, systematically, very quietly, very reasonably, what I would provide, if I were chairman of the board of A.T. & T. and the bill was law on the duplicating of facilities, would be to start moving out my battle strategy immediately, once it came into effect. You would start giving the big users special privileges, and so forth, and you would come in with the subsidiary and say, "Now that we can compete, we are giving you this particular service."

The improvement of that service costs next to nothing, and here it is in the separate subsidiary. If you were the large user, you would be economically foolish not to join in and participate in that extended and improved service.

In many instances, it could be done without cost. It is like a loss-leader in a supermarket. You are going to have loss-leaders over the 2-year period.

Then you put in the full service there, not just the improved service. When the large user comes back to the telephone company and says, "No, I would like to get out from under that," they say, "We don't provide that kind of service anymore. You have to call up the new $17 billion company."

It has gone in there at a certain rate. Certainly, they have sense enough to put it in at competitive rates so that you would get the business and your competitor would not. If they have not had sense enough to do that, then they should be put out of business, and there should be a new head of A.T. & T.

What I am saying is that I tried to keep from the ownership of this particular facility or the capability under the bill of duplicating these services. I did not get enough support for that.

This amendment only suggests that you get an additional 2 or 4 years. I hate to yield on this measure, but I am trying to give a sort of bottom line, compromise version of what is really needed, hoping, without misleading, that on the House side this can be corrected and that we can get a majority vote on the Senate side to recognize the principle.

This really does not provide the full cure. If I can get a majority recognition of the principle, if I can at least bring them that far, I will have that argument in conference later, when we get on the House side, to see if we can eliminate the ownership of facilities and duplication of services by the subsidiary.

The fear was rampant about divestiture, breaking up large corporations, lawsuits, and everything else. On the contrary, the fear should be—but colleagues do not understand it—that we are legislating an unregulated monopoly to take over totally in the communications field.

I hope that this additional 2-year provision on the Senate side will at least recognize the principle; give the House a chance, on the other hand, in recognizing the principle, to perhaps provide a prohibition against duplication outright of these facilities and services; if not, that at least those who will drown in another 2 years will be able to tread water 2 additional years.

In the matter of yellow page revenues, at the present time the revenues generated from printed yellow page advertising are included by some State commissions in those revenues received by the local carrier which are used to determine the rate of return being realized by the carrier. S. 898 would not pemit this practice to continue, and the revenues lost thereby may have to be made up by increasing local subscriber rates. This amendment would permit the State commissions to continue to include these revenues from printed yellow pages for a period of 5 years.

Mr. President, unless someone wishes to be heard, I can proceed to another item.

Mr. PACKWOOD. Mr. President, will the Senator respond to a few questions about this amendment?

Mr. HOLLINGS. Yes.

Mr. PACKWOOD. Bearing in mind that I have not seen this amendment before today, it seems to me that it has five parts.

The first part provides the FCC with the authority to review decisions of the Asset Evaluation Board. Is that correct?

Mr. HOLLINGS. That is right.

Mr. PACKWOOD. One of the amendments to be offered by the Judiciary Committee allows the FCC to appoint all of the three Members of the Asset Evaluation Board, at least one to be a State public utility commissioner. So the FCC would control the Board under that amendment. If the Senator's amendment were adopted, would that alleviate the particular problem we have addressed?

Mr. HOLLINGS. I am not familiar with the particular amendment the Senator says he has worked out with the Evaluation Board.

Mr. PACKWOOD. The Thurmond amendment would allow the FCC to appoint two of the three Members, and the third one would be a State public utility commission. It seems to me that if the Thurmond amendment were adopted or were dropped and the amendment of the Senator from South Carolina were merged, it would take care of this particular problem.

There is no point in having the FCC review the decisions of the Asset Evaluation Board if the FCC appoints two of the three Members.

Mr. HOLLINGS. I believe I can give the distinguished Senator a correct answer when I have a second to look at the amendment.

Mr. PACKWOOD. Let us go to the second part. S. 898 has a 2-year limit on the regulation of customer premise equipment. The Thurmond amendment extends that to 4 years, depending upon the Federal Communications Commission's decision. As I understand the amendment of the Senator from South Carolina, it would extend the regulation of A.T. & T.'s customer premises equipment indefinitely. Is that right?

Mr. HOLLINGS. The financial life.

Mr. PACKWOOD. As determined by the Commission?

Mr. HOLLINGS. That is right.

Mr. PACKWOOD. I have that difference straight.

I do not understand the third part. It has to do with tariffs and the filing period. I do not understand the difference between the Senator's amendment and the present law and the slight change S. 898 makes.

Mr. HOLLINGS. S. 898 provides that the FCC make a determination in 90 days, as I understand it. Under present law, the Communications Act of 1934, the FCC can give public notice for 3 months and suspend that particular rate for 5 months. They have that procedure, and that is what we hope to reinstitute, rather than a mandated FCC determination in 90 days, which is very difficult to comply with under the present procedure, as we know.

Mr. PACKWOOD. One, the FCC under S. 898 can extend the 90 days for an additional 90 days on its own motion.

Again, I wish to make sure that the sole change the Senator from South Carolina is making is to add back the suspension provision.

Mr. HOLLINGS. Yes; is the Senator's question should we add back?

Mr. PACKWOOD. No; is that what the Senator's amendment does?

Mr. HOLLINGS. That is right.

Mr. PACKWOOD. OK.

The fourth part, as I understand it, is that even after the Federal Communications Commission has found that a service or facility is subject to effective competition and thereby allows it to be transferred to the fully separated affiliate, and even though S. 898 with the proposed Thurmond amendment has a 6-month grace period beyond that finding of the Federal Communications Commission that there is effective competition, the Senator from South Carolina would extend that to 2 years?

Mr. HOLLINGS. The Senator from Oregon has it for 2 years. I would extend it for an additional 2 years.

Mr. PACKWOOD. No; that, I think, is the second part of your amendment relating to customer premises equipment. This is services or facilities, not customer premises equipment, as I understand the Senator's amendment.

Mr. HOLLINGS. We can clarify that confusion, but the intent of this particular part of the amendment—I am sure it is drafted in that fashion—is for an additional 2 years to the 2 years now provided by the Senator's amendment under S. 898.

Mr. PACKWOOD. Let us see if we can clarify this part.

Mr. HOLLINGS. All right.

Mr. PACKWOOD. The Senator is aware that apart from customer premises equipment, nothing can be transferred by A.T. & T. to the affiliate without approval of the Federal Communications Commission and they can only make that approval after they have made a finding that there is effective competition.

Mr. HOLLINGS. I understand that.

Mr. PACKWOOD. All right.

Mr. HOLLINGS. Now the customer premises—go ahead. Excuse me.

Mr. PACKWOOD. On the customer premises equipment.

Mr. HOLLINGS. Right.

Mr. PACKWOOD. We had put in a provision that the regulation would extend for 2 years in S. 898. The proposed Thurmond amendment provides that this period may be extended up to 4 years. As I understand on customer premises equipment, the Senator from South Carolina extends that to an indefinite period, the period being whatever the useful life is that the Federal Communications Commission determines the equipment to have.

Mr. HOLLINGS. I think we are confused on the equipment; it is the useful life of the equipment. On the matter of duplicating the services we mandate 4 years, rather than saying the FCC may extend it an additional 2 years for the actual ownership of the facilities in the subsidiary.

Mr. PACKWOOD. What does the Senator mean by "mandate"? The Senator from South Carolina lost me.

Mr. HOLLINGS. We provide just 2 additional years because the Senator, as the Thurmond amendment and S. 898, provides that, yes, the Commission may extend it 2 years, but we actually put it in for 4 years.

Mr. PACKWOOD. This is for customer premises equipment?

Mr. HOLLINGS. Right.

Mr. PACKWOOD. I have that. I understand what that does. I want to know what the fourth part of the Senator's amendment does which relates to services or facilities, other than consumer premises equipment.

Mr. HOLLINGS. Of course, that is the real thrust of the amendment. That is transmission lines, switching facilities, all that other equipment.

Mr. PACKWOOD. As to that equipment, are we agreed that switching facilities, transmission facilities cannot be transferred at all under any circumstances without, one, approval of the FCC and, two, that approval can only be granted by the FCC if they make a determination ahead of time that there is effective competition?

Mr. HOLLINGS. That is right. I understand that.

Mr. PACKWOOD. OK. And so that this cannot be done by sleight of hand or A.T. & T. trying to favor the fully separated affiliate. That has to be done only with the approval of the FCC and S. 898 with the proposed Thurmond amendment has a provision in it that even after competition is found to exist, even after the FCC says, "You can transfer it," there is still a 6-month grace period of regulation, even after the FCC has found there is no reason to continue regulating that service or facility.

Mr. HOLLINGS. The distinguished Senator asked about all the deliberative steps even after. That has already passed while the Senator and I debate it. A.T. & T. told us that is going to happen. The FCC just about told us that is going to happen.

The FCC, mind you me, has been moving for deregulation. They told us the amount and size of the company of $17 billion. That is how we know it. That is not as deliberative and cautionary as the distinguished Senator's question would assume. On the contrary, that is going to occur.

Mr. PACKWOOD. I want to make sure I understand what the Senator's amendment is. What is he saying is going to occur?

Mr. HOLLINGS. Those facilities are going to be transferred into this new company, $17 billion worth.

Mr. PACKWOOD. Which facilities?

Mr. HOLLINGS. They are going to put in not only the particular user premises equipment but, of course, in the financing and bringing about the other transmission they can duplicate them, so with their financial wherewithal and everything else they will start duplicating all these other facilities in the subsidiary, the transmission, switching equipment, all the other, any kind of modern thing. Some things the Senator and I do not know about Bell Labs might have up there this afternoon. What is going in the regular telephone system will never be found in the regular telephone system in all probability. That is why I was emphasizing we are going to put Richard Helms in charge of the board of Bell Labs so whatever they find they will keep it a secret until I get up there and determine how to financially get it into that subsidiary. It is not going to be difficult. That is where it should go.

Mr. PACKWOOD. A tariffed telecommunications service cannot be transferred to a subsidiary without the FCC approving it. Is the Senator saying the FCC is going to willy-nilly approve of it and make the finding of effective competition more or less be a nullity?

Mr. HOLLINGS. We have been into a debate about the FCC. We know about its incompetence and inadequacy. We know now about the intent. They are trying to do away with the fairness rule.

Mr. PACKWOOD. All right.

Mr. HOLLINGS. I do not get all that comfort out of the FCC that the Senator from Oregon seems to get out of the FCC. Rather than refer it to an administrative body, which is politically defunct, which is administratively defunct, that is why I was trying to draw the line so we all know right here and would not have all the hearings, the litigious nature of all the proceedings and the political decision made over there that they do not even need. The FCC does not even need a fairness doctrine any more.

Mr. PACKWOOD. I am trying to get what the amendment of the Senator from South Carolina is.

Mr. HOLLINGS. All right.

Mr. PACKWOOD. Let us go to the yellow pages part, the fifth part. Under S. 898, the yellow pages cannot even be offered by the FSA. These have to be offered by a separate information affiliate.

Mr. HOLLINGS. Right.

Mr. PACKWOOD. And indeed it is a competitive service. I mean A.T. & T. cannot provide the yellow pages. So if indeed this information affiliate is offering printed yellow pages and indeed they are going to have to have competition, then why would the Senator include that profit in the rate base of the regulated parent?

Mr. HOLLINGS. Because that is what is included at that particular time, and I am providing a transition period of 5 years to help in the financing and traumatic impact of at least 20 States where that is included, and in the determination of the particular Commission rate decision for telephone rates in those particular States. They include that $2 billion worth of revenues right this minute from the yellow pages.

Mr. PACKWOOD. I have the Senator's amendment now. I understand it.

Let me go to his assumption. He is saying that the FCC is going to allow these transfers in almost what we would call bad faith, that they are going to make a finding there of competition when there is none and the affiliate is simply going to assume competition. The Senator is saying that because the FCC is incompetent or unjust, or something. Is that correct?

Mr. HOLLINGS. Yes. The Senator may state it that way. That suits me. No one particularly is paying any attention to it.

Mr. PACKWOOD. In that case, they can do it under the present law. They can deregulate A.T. & T. under the present law.

Mr. HOLLINGS. Look. Under the present law, they have been moving in that direction at my insistence. We have been trying to deregulate in an orderly fashion and let a market develop. We come to S. 898.

Mr. PACKWOOD. Now we are getting down to——

Mr. HOLLINGS. Let me complete the thought.

Mr. PACKWOOD. Now we are getting down to the premises of this bill, that things have changed since 1934, that indeed there is competition that did not exist 20 years ago, 30 years ago, and did not exist 5 years ago. We have carefully tried to craft a bill that sets up a fully separated affiliate that could compete with other businesses in a free market economy.

Interestingly, the Senator from South Carolina mentioned some of the opponents of this bill. I think he said there were four. There was General Motors. There are a number of other large companies. There is Honeywell, with revenues of $1.5 billion; Burroughs, with revenues of almost $3 billion, and this is annually. There is Control Data, with revenues of $3.2 billion. There is Rockwell International, with $6 billion; J. C. Penney, with $11 billion; ITT, with $18 billion; Sears Roebuck, with $25 billion.

Indeed, they are opposed to this bill. They are opposed to this bill because they are receiving a special benefit now that anyone else who uses long distance, or most other people who use long distance, do not get. They get this special benefit because they are obtaining private carrier service. They are not making long distance telephone calls any longer through the A.T. & T. MTS network. A.T. & T. is required by the Federal Communications Commission to allow their lines to be used by any so-called private carrier.

What the private carriers and large corporate users are doing is skimming the cream. Let me read you two ads from MCI. MCI is a long-distance phone company. Picture this television screen vertically split, a woman on each side of the screen, the same woman holding a phone and she is talking, and at the bottom of the screen is a meter not unlike a meter at the gasoline pump, and as she is talking, the meter is whirling about, indicating what the cost of the call is. On one side it says A.T. & T., and on the other side it says MCI. Here is the audio on the ad:

> You will see that the same long distance call to the same time and the same place doesn't cost the same. The fact is that it can be half as much on MCI, the nation's long distance phone company. If your long distance bills are more than $25 a month, make one more call to MCI and start cutting your bills down to size.
>
> You haven't been talking too much, you've just been paying too much.

Here is a second ad by MCI:

> Last year we saved the big automakers almost $2 million in long distance bills. We saved the banks $750,000, an oil company a million dollars, a computer company $600,000. All total 40,000 companies used us to cut long distance up to 50 percent. We are MCI, the nation's largest long distance phone company and starting now you can begin saving on long distance on your own home phone.
>
> This year MCI will save Nancy Bryant, who calls her son a lot, $400. We will save Mr. and Mrs. Sadler, whose son is in college, $500. We will save Mrs. Paine $300. If your long distance bills are totalling $25 a month or more call MCI and find out how to start cutting them down to size.

Why does MCI get away with being able to charge less than A.T. & T.? There is a simple reason. During the years of regulation of A.T. & T. we have required them to subsidize rural and residential rates with long-distance rates. So that every one of us when we placed a long-distance phone call, every business, that had a $5,000 or $10,000 or $50,000 bill a month, was subsidizing rural and residential phone rates.

Then along come MCI and Southern Pacific Communications, and the other private carrier long distance companies, and A.T. & T. is compelled to let them use their lines. But those companies pay no subsidy on residential and rural rates. Consequently, they are able to deliver their long-distance calls cheaper.

Do you know what is going to happen? If the present system continues A.T. & T. is going to go to the Federal Communications Commission—if the law is not changed—and they are going to say, "We are losing our profit on long distance. We are losing it to MCI, we are losing it to Southern Pacific Communications, we are losing it to SBS," a small partnership composed of Aetna Insurance, IBM, and Comsat, just a little company, also in the long-distance business.

If this bill does not pass A.T. & T. is going to go to the FCC and say, "We are losing our profit on long distance to these companies, and in order to be competitive we have to cut our long-distance rates, and in order to cut our rates we are going to have to raise residential and rural telephone rates in order to earn the profit we are allowed to receive under the law."

This bill requires that the MCI's of the world and the Southern Pacific Communications henceforth will bear a portion of that subsidy to rural and residential rates, and I make no apology for that, and they should. There is nothing, no reason why, everyone in this country, no matter how poor, no matter how distant, no matter how rural, cannot have a phone at a reasonable price. This bill guarantees that all rural rates and residential rates cannot vary more than 110 percent of the national average.

It is very understandable why General Motors, Ford, and Sears Roebuck, and Penney's opposed to this bill. They are being subsidized, or I should put it the other way, they are not being required to carry the burden that all the rest of us are in making sure that residential and rural America has reasonable phone rates.

They do not give a fig about regulation or deregulation. What they do not want to do is carry the burden that the rest of us carry. There is no other reason why they are opposed to this bill. They have no love or hate for A.T. & T. or no love or hate for MCI or Southern Pacific Communications.

What these big users like are the lower rates they get that the rest of us cannot get because our long-distance phone bill has not gotten to $25 a month. But if you can call MCI and save money, pretty soon Aunt Minnie in East Moline or Uncle John in Dufur, Oreg., are going to pay exorbitant rates for long-distance calls and for local phone calls.

What we have tried to do in this bill is to set up an affiliate, and after a finding by the Federal Communications Commission that they are subject to effective competition, we will allow the competitive services and facilities; and after the Federal Communications Commission determines they are competitive, only then will that affiliate compete in an unregulated market. It will compete with Code-A-Phone, to put a phone in your house; it will compete with General Telephone & Electronics which manufactures equipment for the kind of telephone you buy for your house because we will have determined that there is adequate competition in terms of the telephone itself and the switchboard itself, and that the market will regulate the price, and indeed it does.

We do not have to look at technical magazines. You can look at the Washington Post, the New York Times, the Wall Street Journal, and you can look at any advertisement that goes to the average citizen in this country and see ads for competing phone service. How often do you see, "Why don't you pay for what you get? Why pay for the service you don't need?" Of course, A.T. & T.'s answer is, "When you buy a phone from the General Telephone Co., do they fix your phone?" Maybe not. That is competition. Obviously it is cheaper to install a phone and you do not pay for repair service than if you do. But the competition is there.

Are there errors in this bill? There may be. I have seldom seen a bill that is perfect. But we are trying to move those areas that are competitive into the marketplace.

This fully separated affiliate is required in any of its dealings with a parent, bearing in mind they can have one common director, no common officers, this affiliate is required to deal on an arm's-length basis with the parent, to deal by contract—and every contract is public and reviewable by the Federal Communications Commission, if they choose to review it, but, most important, every single competitor of this affiliate has access to those contracts, and there is no way that A.T. & T. will be able to give a preference to this affiliate.

There is no way they can give a preference to this affiliate, first, under the law; second, if they try to evade the law, which I do not think they would do intentionally, but there is no way under the law they can give a preference, and if they try to evade it you have got dozens, yea, hundreds of competitors out there looking at that affiliate, looking at their relation to A.T. & T. and looking at those contracts. That is a more effective regulator than the Federal Communications Commission.

I would sooner trust my competitors to watch what I am doing than the Federal Government or to put it the other way around, perhaps, if I thought I could get away with something I think I would have an easier chance if I were the size of A.T. & T. of sneaking it by the Federal Communications Commission than I would of sneaking it by my competitors; they have a profit motive to want to watch what I am doing.

Mr. SPECTER. Mr. President, will the Senator yield for a question?

Mr. PACKWOOD. Yes.

Mr. SPECTER. This is an appropriate time, speaking about the provisions of the bill, to consider one aspect which concerns me. Section 404 of the bill provides that—

> Nothing in this Act shall be construed to affect the applicability of the antitrust laws of the United States or any defenses or remedies (including structural remedies) avail-

able thereunder or as expressing in any manner any sense of the Congress with regard to any pending or future litigation or defenses and remedies relating to such litigation to which any person affected by this Act may be a party.

The question I had is just to be sure that the pending litigation of the United States against A.T. & T. in the U.S. District Court for the District of Columbia before Judge Greene will not be affected in any manner by this bill should it become law.

Mr. PACKWOOD. It is not affected by this bill. We directed that the language be drawn specifically so that it would not affect that suit, and I will say to the Senator from Pennsylvania, who had a distinguished career as a district attorney before coming here, that if by chance this language does not do it I am perfectly open to amendment to this language to guarantee it does not affect the antitrust suit.

Mr. SPECTER. As I understand it, Assistant Attorney General Baxter, in hearings before the Judiciary Committee, said on August 6 that there was no intention to abandon or to delay that pending suit. I, for one, consider that to be a very important aspect; that deregulation, which is a laudable goal, has, as a counterpart, effective competition and enforcement of the antitrust laws to see to it that there is such effective competition.

Mr. PACKWOOD. Absolutely. I say again that this bill does not affect it and is not intended to and if, by chance, in the Senator's mind or anyone else's mind this language does not achieve that, I am receptive to changing the language to guarantee that.

Mr. SPECTER. I appreciate that statement from the distinguished Senator from Oregon. I will take that as an invitation to take a closer look and perhaps suggest something specific by way of amendment should I deem that necessary.

Mr. PACKWOOD. I thank the Senator from Pennsylvania.

Mr. SPECTER. I thank the Senator from Oregon.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

Mr. HOLLINGS. Will the Senator withhold on that request?

Mr. PACKWOOD. Yes.

Mr. HOLLINGS. Mr. President, just to get one thing straight about the statement made by the distinguished Senator from Oregon that MCI does not pay the local subsidy. We can argue forever that point as to whether or not there is a local subsidy. I have never seen it proven satisfactorily. In addition, there is an agreement between MCI and A.T. & T. as to the local subsidy MCI is to pay. It works on a sliding scale. They pay 35 percent, 45 percent, or 55 percent of certain amounts. And it is an agreed to contractual situation.

I could argue, as well, as Alfred Kahn, the professor at Cornell, who in a New York Public Service Commission study indicated the residential ratepayer subsidizes the long-distance users. In general, we have had a difficult time proving the existence of a subsidy. That is why we asked A.T. & T. and they will not come out with a particular answer on that score.

I am sorry the Senator from Pennsylvania has made his record but momentarily left the floor, because I would like to address his point, that this particular bill and the treatment of it by the National Congress will not have any effect on the antitrust case. But every time I see a report in the news, it is to the contrary; that if we act, there will not be any need for it.

I hope this clarifies the statement of the manager of the bill, that is, that the intent of this provision is fixed so that there will not be any question about it in law later on.

Mr. PACKWOOD. I might say that this bill is not to be used as the pretext for in any way influencing or affecting that antitrust suit. I cannot guarantee what this or some future administration may do or whether or not they will choose to drop it or choose to prosecute it. But they can do that whether or not this bill passes.

Mr. HOLLINGS. Right. But I just do not want this bill to be blamed for it, and I am sure the Senator agrees. But we are having a difficult time. The administration has said they are not going to dismiss the suit when they come before us on August 6 in the Judiciary Committee, but then in reports coming out of the Department of Justice and the White House, we hear that this is the way the cases should be settled. So that is the frustration we have.

Let me now turn to the point that the Senator from Oregon made that if you do not pass this bill, A.T. & T. will go before the FCC and get a raise in rates.

I want my distinguished colleague to be on notice, as we all are as ratepayers, that they went before; that is, A.T. & T. does not wait on bills to pass the National Congress. I can tell you that they are not bashful. They went in the spring of this year already and have got a rate increase and a guaranteed return of over a 2-percent increase in the percentage of return that they are guaranteed, up from 10.5 to 12.75 percent in earnings. So they have not waited. They are not bashful. They are not waiting on any bills. So there is a bogeyman here that if you do not pass the bill you are going to get a rate increase.

What is going to happen, unless you put safeguards in this bill, is you are guaranteed to have even bigger increases than heretofore. That is the difficulty that we have.

Now, you can talk about the ads that MCI employs, but MCI has just turned their first profit, and they recently had a cumulative loss of $55 million. Southern Pacific, another example that is used by the managers of the bill, has yet to make a profit.

Also, the Senator uses the company SBS. They spent about $500 million and just began operations this year.

Xerox is also used for the authority about the amount of competition. They decided a short time ago to forgo entry into the transmission market. Exxon is also pointed out as providing competition, but it does not offer transmission capacity to any others than themselves.

On the contrary, Mr. President, talking about competition, the International Communications Association, a user organization representing 500 of the largest corporate, governmental, and educational institutions, stated in a paper given to the committee—and this is from the committee record—of which the distinguished Senator is the chairman:

> It is most important to realize that at this time the markets for virtually all telecommunications services . . . are not subject to widespread, effective competition. Traditional common carriers continue to possess a most dominant overall market share for . . . intercity services . . . While competitive suppliers have made some penetration into a number of local or regional markets, they lack, for many reasons, the capacity to engage in widespread, effective competition with the dominant carriers.

Now, that is 500 users. That is not Senator PACKWOOD or Senator HOLLINGS or anyone else on this particular bill.

If you had competition, these companies would not be scurrying around madly. They would be moving forward. If you had fair competition already in the market, they would not have any trouble with their leadtime.

It is the uncompetitive practices that worry me, because the competitive market has not developed.

Let us look at some of the additional quotes from particular companies. Ashland Oil Co.:

> We find that there is not enough competition in the long distance transmission market to give our firm adequate alternatives to satisfy its telecommunications service needs . . . We are doubtful that adequate competition will emerge within the next five years . . .

The Ralston Purina Co. says:

> We feel there definitely is not sufficient competition in the long distance transmission market . . .

The Bank of America says:

> You asked whether we as a user have adequate alternatives to satisfy our telecommunications services needs. The answer is no. The presence of competitors does not mean effective competition exists.

Let me repeat that.

> The presence of competitors does not mean effective competition exists.

Next, the Ford Motor Co. says:

> We agree that effective competition does not exist in today's telecommunications industry.

Lockheed Corp.:

> We do not find sufficient competition in the long-distance transmission market at this time to prevent cost abuses. Present competitive carriers providing long-haul service are weak and cannot compete effectively because of the local distribution monopoly.

I could continue going down and down. We had over three dozen letters coming back quoting time and again from their communications sections in the various large corporations and large users of America that competition does not exist.

On MCI, this is not a bill between the little flea of a gnat MCI and the large, monstrous elephant A.T. & T. A.T. & T. serves me, not MCI. I would not know where to find MCI. I understand it is not on parts of the west coast.

I remember a distinguished witness who made an impression on me, Mr. McGowan of MCI, who testified not once but several times before our committee in the hearings.

But this is not an MCI argument. This is an A.T. & T. argument. I want the local A.T. & T. company that is going to serve me and serve my small business people, serve my residents, and serve my voters in South Carolina to continue to offer good service at reasonable rates. I do not want to let A.T. & T. venture off and be weaning away the facilities over into a subsidiary, move undervalued equipment and move the yellow pages' revenues.

When I go back home, MCI is not going to ask me a question when this bill either passes or falls. But I am going to have people asking me for the ensuing years, "Where were you, Hollings, when that monstrosity passed, and now like the airlines we have no services, increased rates, and everything else of that kind?"

Mr. PACKWOOD. Will the Senator yield?

Mr. HOLLINGS. I am delighted to yield.

Mr. PACKWOOD. What is the biggest metropolitan area of South Carolina?

Mr. HOLLINGS. They argue about it, but Columbia, Greenville, and Charleston are equally competitive.

Mr. PACKWOOD. Roughly, what size?

Mr. HOLLINGS. I would say 250,000.

Mr. PACKWOOD. The biggest metropolitan area in Oregon is Portland. We do not have MCI. We have it in when you can call in on MCI but they have not put in their own transmission facilities. They are using the A.T. & T. interconnect. They are not using the A.T. & T. lines in some cases. They are not even yet into Portland. They will be in, I am told, later this fall so you can call out on MCI.

I hate to tell the Senator this, but they are not interested in areas of 200,000. They want to leave those, let alone areas of 20,000, to A.T. & T. or other telephone companies.

They want to let A.T. & T. have the money losing part of it and they will take the money winning part of it. I can understand that. I can understand why everything the Senator read says there is not effective competition because they are usually located in areas where they can get MCI and take advantage of the ads with rates at half of what they would pay to A.T. & T.

Let me ask this further question: The Senator talked about there is no competition. If there is no competition, are we agreed that those rates will continue to be regulated?

Mr. HOLLINGS. The rates of services offered by the separate affiliate are not going to be regulated. There is no long-distance competition, and by allowing the affiliate to offer services and own facilities, we will extinguish what little could evolve. The Senator does not seem to understand the operation of this particular bill.

Mr. PACKWOOD. I understand the operation of this bill.

Mr. HOLLINGS. Let me complete the answer because I will come back to MCI wanting to serve little towns. They are not lunatics. They are investors. They do not have a monopoly. There is no volunteerism. I find it in President Reagan's talk, but I do not see much about it in the business community. They cannot get volunteerism out of Wall Street right now because the market has gone down. They will not even invest, much less volunteer.

No one is trying to maintain that MCI or any of these people, SBS or Exxon, should be in the shoes of a monopoly. The idea here now is not to automatically deregulate monopolies; the idea here is to develop a competitive market. The idea is that by using a properly separated subsidiary, competition would come about.

When we get to the matter of ownership of stock, I know the distinguished Senator wanted to emphasize that we will have access to all the contracts reviewable by the FCC. Why would they object? Why would they object to any ownership of the stock when they are already listed with the SEC?

That is when we are going to find whether they want to stand for competition because that is going to be the real test. I can tell with those records.

The distinguished Senator from Oregon acts as if there is something sinister or crooked or unwise about the FCC. It is the very nature of it. Senator Schmitt quoted the FCC in a letter of July of this year:

> The decision to install a new switch involves a great deal of management and technological expertise which I frankly do not think the Commission has or should have.

We have few instances in which the FCC has used its authority well.

So when you list the authority in this bill, it is not that we assume that the FCC is sinister or dishonest. It is just they never have used their authority well.

You see, a lot of these things are happening that we do not know about.

Mr. PACKWOOD. When you blink, that is how fast things go.

Mr. HOLLINGS. Yes.

Be that as it may, to list it is not to provide it. I know the Senator from Oregon is frustrated as I am when we put these things into law, and they do not happen. But we can look at the track record of the FCC. That is why we come here and say the FCC is totally inadequate to do it.

But with respect to long-distance competition, the modus operandi here at the present time is not competition. The competitors are all struggling to get in. They have suffered losses. They have won decisions, jury verdicts, but have yet to get a nickle of it. They have gone bankrupt. That is the real record of the real world of the so-called "competition" that they have in the telecommunications field.

I am pro-A.T. & T. I want them in there to compete properly, but I do not want them to overextend and have the temptations of overextension so that once they get that gung ho into the subsidiary, the services back on the farm, the little towns, the metropolitan areas that are relatively small are going to suffer. My crowd is not going to be asking me about the superduper strvicts of MCI and Exxon.

Mr. PACKWOOD. Your customers are going to be asking why their rates are going up and they will be going up because MCI is taking the cream of the crop on long-distance phone calls.

The Senator says the FCC is so incompetent, so overburdened, so impossible, that they cannot regulate effectively and, therefore, everything shall be regulated forever—I sense that is what the Senator is saying—because there is no way we can rely on the FCC to make a finding as to whether or not there is competition. Either they are going to be unethical and immoral and say there is competition when there is now, or incompetent in saying there is competition when there is not.

Either they are going to say that and should have part of the parent, A.T. & T., out with the affiliate, when it should not be shoved out, or, according to the Senator's position, if indeed there is no competition A.T. & T. is going to continue to regulate it, incompetent, apparently, according to the Senator, of regulation. You cannot have it both ways.

You quoted the testimony of Professor Kahn. Let me quote the rest.

> The essential job is to get on with the job, to make the decision to deregulate where we feel confident that that is the thing to do. Where we do not feel confident, to set up mechanisms for making those decisions to give that agency a firm mandate to rely on competition, to the greatest extent feasible, and to put a very heavy burden of proof on the people who ask for exemptions, and I think your bill does that.
>
> Second, the issue is clearly settled so far as terminal equipment is concerned, and I think it is time to move on from that. We all agree, I think generally or almost everybody, that competition is the best way of encouraging the explicitation of the technology in that field, provided we have methods of assuring technical compatibility.

What he is talking about there is the switchboards, the telephones. We are competitive there and the one thing we must do is make sure that there is technical compatibility; that if, indeed, you decide to buy a telephone from somebody other than A.T. & T. or its affiliates, it will plug into the A.T. & T. long line system. Indeed, this bill guarantees that technical compatibility.

Then the professor goes on to say:

> So far as other segments of communications are concerned, there remains one very serious obstacle to effective competition that I want to emphasize, and this is really my second point. That is the internal subsidizations with which this industry is absolutely shot through. That is the system of maintaining charging some customers rates that are far above cost, and the use of those monopoly revenues from some services to provide others at rates below cost.
>
> In interexchange service, as you know, the Bell System has consistently followed the practice of uniform, systemwide average pricing on the basis of average cost, even though the density of its traffic varies and its unit costs differ widely among different routes.
>
> And the other major one, of course, is that local service is subsidized to the tune

> of many billions of dollars annually by toll service * * *

That is, long distance—

> as well as residential by business. This kind of internal subsidization is basically incompatible with competition. Competitors will naturally want to enter the markets where the rates are held way above costs, drawing up the ability of the regulated companies to serve the unprofitable markets.

Mr. President, that is exactly what MCI is doing. They are entering the profitable markets where A.T. & T. has kept the rates, with our acquiescence, higher than cost to subsidize the phones for the millions of people in this country at a rate that they can afford to pay for them. That is basically what this bill is all about, whether or not we are willing to make Ford Motor Co. and General Motors and I.T. & T. and Sears, Roebuck pay their fair cost of the subsidy, along with everybody else that pays long-distance rates.

I see nothing wrong with that, so long as we are going to continue the subsidy, and I support continuing that subsidy. Do you think if I were the Bank of California or the Chase Manhattan Bank and I knew that if this bill passed, my long-distance rates were going to go up so that I bore the same fair share as anyone else, I would say there is effective competition? Of course not. You have a controller of that company saying, "For heaven's sake, if this Packwood bill passes, our telephone rates are going up."

They do not bother to tell you that if those telephone rates do not go up, then the rates in the little towns of this country and other residential rates are going up more than they would otherwise go up.

I understand Chase Manhattan Bank and Bank of California and MCI. I understand exactly what they are doing. I hate to see them take in the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I guess that was the question: Am I taken in? I am taken in, but I am taken in not by the MCI. That would be a clever twist, to think this bill devolved, and it could in some minds, whether you are MCI or you are A.T. & T. The fact of the matter is MCI is not even in the league, not in the State. They could not care less. They go into long distance as all the rest have gone into it.

We have one common carrier and they do not necessarily run out and start putting in telephone lines in these rural areas. If you want to find out the one carrier charged with the particular role and responsibility of giving telephone service to the little ones and who subsidizes it, I pointed already to the agreement made and the entry agreement between MCI and A.T. & T. So that is not in there. If there is any subsidizing, they have agreed to how much of the percentage of the subsidy to pay. They keep subsidizing, subsidizing, and subsidizing.

He is going in and saying, look, here we have MCI and they can get all the big business and poor little A.T. & T. cannot get it, and all my bill does is let A.T. & T. compete on the same basis as MCI so they can get all the big business.

Mr. President, that is outrageous nonsense. Let us go to A.T. & T. How do you think MCI developed in my backyard? Because A.T. & T. was out there who wanted to carry all those long lines into the farmhouses. Since, generally, you have asked what kind of metropolitan areas we have, it is still a rural State. It is 6 out of 10 acres in woodlands. We are in the forests down there.

The fact of the matter remains, Mr. President, this is not a question of whether it is pro bono publico and wants to be subsidized. I shall readily put on the record that MCI wants subsidy, A.T. & T. wants subsidy, and everything else. I just do not happen to pay MCI and do not have to pay MCI. I do A.T. & T., and I do not have any choice in my telephone in South Carolina, and I will have to pay and if I am going to pay, it is going to be a subsidy to that subsidiary. That is what my amendment is trying to prevent. That is what we are all interested in, that we do not subsidize, namely, that business with MCI and A.T. & T. competing.

With respect to dominant carrier and FCC, the distinguished Senator runs the text down in another direction. There are certain things that FCC has done. It has gotten ladies on the Commission, for one thing, distinguished ladies, if you please. Otherwise, in November of last year, they did find whether or not there was a competitive marketing in their competitive carrier rulemaking.

At that particular time, if you please, A.T. & T. contended that the FCC did not even have that kind of authority. They challenged the Commission as legally deficient to make a dominant-nondominant carrier approach to fulfill the regulatory responsibilities. It said that Congress did not give the explicit statutory authority to classify carriers. On the contrary, it is well established that the Commission has broad discretion in choosing how to regulate and they did regulate on a dominant-nondominant fashion. They took a long list of companies They took a long distance carrier—Tele-Prompter, Multimedia—they went right on down.

They said, having found A.T. & T. and the independent telephone companies come within the definition of dominant carriers, all other carriers classified as nondominant could then come into what they called the streamlined tariff rate. This has been at the insistence of the Senator from Oregon and the Senator from South Carolina. We have been commanding them, shoving them, saying we hoped we could get a bill through Congress, but, in the meantime, let us go to deregulation.

My objection, Mr. President, is that the Senator from Oregon has a bill here in S. 898, which is outright reregulation of the FCC. Everything is, the FCC determine this, the FCC determine that. He does not want the clear-cut line of whether or not they can own facilities and get in here. He does not want the clear-cut line of whether the viewing public can look at the market value.

Do not tell me about getting copies of contracts. I have not seen a copy of any contract they have ever had and I have been fooling with the problem for at least 10 years. Why would I run around trying to get copies of contracts? I have work to do. And the using public has work to do. They do not run around and say because they want them, they are going to get them. But I tell you, put your confidence in a man with a dollar in his pocket. If he is going to buy stock, he will watch it like a hawk.

He will get their report. He will study, find out when it is going to give a dividend, where it is expanding, who has been elected the president of it, and whether or not they are operating in a businesslike fashion.

That is going to be my next amendment—not necessarily to complete the debate, because I wish other colleagues would join, and I will be glad to answer questions they may have on the matter of the ratemaking protection amendment.

I will be glad now to proceed to the other amendment, relative to the partial outside ownership, if that is the pleasure of the distinguished Senator.

Mr. PACKWOOD. That is the minority ownership amendment?

Mr. HOLLINGS. Yes.

Mr. PACKWOOD. I will be happy to proceed with that amendment. I have sufficiently discussed the pending amendment.

I am prepared, with perhaps 15 minutes to a side, to vote on the pending amendment tomorrow, and take up the next amendment with a time limit. Why do we not move now to the minority ownership amendment?

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the amendment of the Senator from South Carolina on ratepayer protection be set aside.

The PRESIDING OFFICER (Mr. ABDNOR). Without objection, it is so ordered.

UP AMENDMENT NO. 465

(Subsequently numbered amendment No. 579.)

(Purpose: To require partial outside ownership of the fully separated affiliate)

Mr. HOLLINGS. Mr. President, I submit the partial outside ownership amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> The Senator from South Carolina (Mr. HOLLINGS) proposes an unprinted amendment numbered 465.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 147, insert the following between lines 22 and 23:
>
> "PARTIAL OUTSIDE OWNERSHIP
>
> "SEC. 227A. (a) (1) (A) Each fully separated affiliate of a dominant-regulated carrier shall be organized as a corporation and shall register its securities in accordance with the requirements of the Securities Act of 1933 and the Securities and Exchange Act of 1934.
>
> "(B) The registration requirement established in subparagraph (A) shall apply to a fully separated affiliate regardless of the

number of persons owning shares of stock in such fully separated affiliate.

"(2) A fully separated affiliate shall not have any authority to limit or restrict the transferability of securities issued by such fully separated affiliate.

"(3)(A) No less than 10 percent of the shares of each class of stock originally authorized for issuance by a fully separated affiliate shall be reserved and offered for purchase by persons other than the dominant-regulated carrier or its affiliates or any of its fully separated affiliates at the same subscription price as that paid by the dominant-regulated carrier or its affiliates.

"(B) All stock issued after the initial issuance shall be on a basis proportionate with the initial stock issuance.

"(C) In any case in which the dominant-regulated carrier or any of its affiliates owns shares of stock in the fully separated affiliate, shares of stock held by nonaffiliated persons shall carry the same rights and benefits as shares of stock owned by the dominant-regulated carrier and its affiliates.

"(4)(A) Each fully separated affiliate shall submit a plan to the Commission relating to its initial and any subsequent capitalization. Each such plan shall be reviewed by the Commission within 90 days after submission for purposes of determining whether such plan meets the requirements of this section.

"(B) Failure of the Commission to issue an order under this paragraph before the end of the applicable time period shall constitute approval of the plan or amended plan involved.

"(5)(A) The fully separated affiliate may incur an indebtedness to the dominant-regulated carrier and its affiliates for purposes of the initial capitalization of the fully separated affiliate. The Commission shall oversee this indebtedness to ensure it does not harm the ratepayer of the dominant-regulated carrier and its affiliates. Any such indebtedness shall be paid back by the fully separated affiliate within 7 years after the indebtedness is incurred.

"(B) In any case in which a dominant-regulated carrier or its affiliates engage in any offering of bonds, debentures, or other certificates of indebtedness, such dominant-regulated carrier shall not have any authority to make available the proceeds from such offering for use by, or for the direct or indirect benefit of, any fully separated affiliate of such dominant-regulated carrier.

"(C) Except as provided in subparagraph (A), neither the dominant-regulated carrier nor its affiliates shall make any loan or otherwise lend money to any fully separated affiliate of such dominant-regulated carrier. Neither the dominant-regulated carrier nor its affiliates shall buy or guarantee any bonds, debentures, or other certificates of indebtedness issued by any fully separated affiliate of such dominant-regulated carrier.

"(6) The time limits established by this subsection may be extended by the Commission for a period not to exceed 2 years upon a finding that such an extension would be in furtherance of the purposes of this Act.".

Mr. HOLLINGS. Mr. President, I have yielded a great deal, and I should not have yielded at all, on facilities, in trying to extend 2 years to 4 years. Some colleagues have said, "Why do that?" Because I could not get sufficient support for facilities.

I find that the best way—and this has happened in the airline industry about outside ownership—is if we can get some outside ownership, such as Southern Bell, which is totally owned by A.T. & T.—they own all the stock; if I can get this particular new subsidiary and have some outside ownership, not to exceed 10 percent, a de minimis.

It is not, as minds work in this litigious society of ours, that, ipso facto, that is a minority stockholder suit, because you have minority stockholder suits against A.T. & T. right now. I guess they have enough lawyers to fill up a floor. I will get a Christmas card from that group saying, "You kept us in business, and we can fill out the forms and move over to FCC. I hope we can get a nice new building, with nice new rugs and lighting, a high rise in Virginia, and good food and everything else."

It is like the Law of the Sea Conference, where they are going to end up with gout. Representatives from all these countries all come and eat. No one wants to come to a conclusion, because that is an excuse to go to Geneva and eat all that food.

If you can draw a clear line, when you draw the fuzz lines, when you diffuse and confuse that area and say, "Let FCC decide," and then get the Senators from Oregon and South Carolina—the competence and policy end capability of the Commission—we need not have an argument at all. That need not even be considered.

If you draw a clear line, then all those findings are going to be made, and publicly made by the SEC. You get a report from SEC and find out exactly where they got their money, find out how those forms are to be filled out, and have them publicly opened up with these 10-percent stockholders—which, I hasten to emphasize, can be all A.T. & T. stockholders, so far as this Senator is concerned.

I am not trying to get strange people to come in. I am trying to get people who are interested as stockholders to keep the game honest.

The premise behind establishing a fully separated affiliate (FSA) for a firm's unregulated activities is that the potential for a firm to use its regulated—monopoly—resources to favor its unregulated activities should be minimized. In other words, these unregulated activities should compete on their own merits. S. 898 recognizes that A.T. & T. has the greatest ability to cross-subsidize as it singles that company out as the only carrier which must create such a subsidiary.

Imagine that: A law drawn for A.T. & T. Well, that is what they started with 5 years ago, a Bell bill, and we had a pretty good bill drawn up, between the distinguished Senator from Oregon and myself, but we are switched off now.

While S. 898 requires the creation of a FSA for unregulated activities, the nature of the requirements are weak and would allow the regulated parent and the FSA to engage extensively in intertwined transactions.

Just read that. It is drawn by lawyers, and you can see all the different provisions in there—all the "howevers"—and, you know, you have all kinds of temptations for cross subsidies and intertwined transactions. The line is not clearly drawn in order to deregulate.

It is all too apparent that S. 898 has chosen the form of the FSA without the substance. Full and fair competition cannot develop or exist in such an environment of preference.

Specifically, S. 898 contains no restrictions on the amount of money, either in the form of equity or debt, that A.T. & T. can transfer to the FSA.

It can transfer $1 billion, $10 billion, $17 billion, as they are about to do. We should have that kind of transfer party. When they become that big, they become as big as a budget reconciliation bill in the Government. I would like to be present, since I was present at the first two budget reconciliations, to be present at the A.T. & T. reconciliation, when they transfer $17 billion over there.

Look at them and try to read that contract and try to say they are not compensatory, and you have a good 5-year stay in Washington, if you are going to raise that point.

I begin to understand why they give a Senator at least 6 years here, because if you are going to raise the point that it is not compensatory, then I can tell you here and now that they will tie you up. They have tied up the large Justice Department. The Government has been tied up for 7 years, and they have come to the point of exhaustion, and they are ready to abandon the antitrust suit. So there we are about putting it into the law that it be compensatory.

All I want is to let the investors determine whether or not it is compensatory, and they will make the howl and they will make the record necessary, and Senators and the FCC will not have to make findings.

As Jefferson said, as between a free press and a free government, he would choose the former, because the Government, free as it is, cannot find out what citizens investing and the media that is reporting can find out. Jefferson said, "Give me the free press."

You can see here now, as the A.T. & T. is proceeding in this so-called free government—I do not know where they are, but they are gone; I can tell you that.

Everybody is going to satisfy the little fellow at home, get his telephone service, and everything else.

All I want is for the free press to have a fighting chance and not a lawyer's argument about compensation. They can get investors who own the stock, and they will be able to interview, and they will holler, each with his lawyer, about just 10 stockholders.

Would that not be delightful? A $17 billion subsidiary, $1.7 billion owned by just stockholders.

Let them have a general audit and see back in Portland and back in Charleston what they think of their particular investment, and they will be able to watch it way better than the Senator from Oregon and the Senator from South Carolina who soon gets through with this, forgets it, and moves to AWACS, or some other blooming item. I heard what the President told me about AWACS. But in any event we will not get into that yet. We will have plenty of time I guess to debate that one.

But we will have to move on, but that stockholder will not move on. He will be getting the local reporter and say, "I bought the stock and here is what it did and here is what happened."

He is both. He is stockholder and he is

a telephone user, and you can bet your boots he can find out whether he is losing or winning on the telephone or losing or winning on his stock, and if it is a tie, tie even situation, which we all hope so, then that will work out fine and we will not hear from anyone thereafter.

But the thrust here is that where debt is concerned compensatory would mean the cost of the money to the parent with $150 billion and $50 billion in annual revenues. Do not run over that fast; $150 billion in assets and $50 billion in annual revenues. A.T. & T.'s access to capital is significantly better than the norm while its cost of money is substantially below the market. They have already had one issue. No one else could. They had one issue this year. No one else could have one issue this year. But they had a successful issue already this year of $1 billion.

Here is high interest rates that get most people. Most people do not even know whether A.T. & T. knows about high interest rates.

Maybe we should write Charlie Brown and tell him out in the land they have high interest rates because his company is just barreling on forward. They had a little glinch last year, so they came in and guaranteed themselves 12.75 percent cost of living. They got their COLA. They got their profit guaranteed now.

While the cost of money is substantially below the market, it would be significant and unfair and an advantage for the deregulated affiliate to enjoy the benefits flowing directly from the assets paid for by ratepayers, by being able to rely upon the parent for its financial resources.

If I had a share of stock in MCI, Exxon, Xerox, ITT, or another competitor, which is in this particular field, I think I would feel that I had been disadvantaged and I would be howling. In order to beat those so-called competitors they are going to have to take unfair advantage of my regulated parent and take daddy and let daddy send them to college, let daddy finance the transaction because for the financial transaction to occur there will also be ways for the parent to cross-subsidize its regulated affiliate.

Mind you me, we have two willing partners. I say daddy might be trying to hold up the money and say, "Get a little job on the side and help yourself; it cost too much to send you to college." There might be a willing student and unwilling parent. But herein we have a willing parent and a wiling subsidiary and, as long as we can cross-subsidize and in the confusion of S. 898, then any perception that the subsidiary would compete on its own merits is totally lost.

The authors of S. 898 claim that the Federal Communications Commission will effectively enforce these financial transfers. That would be a regulatory solution in a deregulatory bill. That would be a regulatory solution in a deregulatory bill. I wish someone would listen. That does not seem to impress many people.

Even so, they can give no evidence to justify reliance upon the FCC. It is common knowledge, as repeated several times this afternoon backed up by the recent GAO report, that FCC has a poor history of overseeing common carriers particularly in regard to determining the flow of money in a transaction.

To compound this problem of regutory supervision, the resources of FCC are being cut by the budget reductions. Meanwhile, oversight is thus more illusory than real because we go into the appropriations now and we are thinking about the problem. Senator Packwood has his bill and it is now the law of the land, and I know all these added duties now on FCC as they watch these things. To do so am I going to be loyal for Reaganomics or get further shocks from Stockman's bloated tax cuts that brought us in this position?

Mind you me, we will have a second round of tax cuts, not tax increases. Are we going to go forward as we say and have some more spending cuts to last all year long? Those for next year they gave to us in September before the President's program could even get into force on October 1.

Am I going to be loyal to Reaganomics and cut the FCC? They are not doing the job they are supposed to do now. Can they take on Senator Packwood's job of finding this and determining that and policing the next thing and reregulatory. Those are all words. That is the A.T. & T.-Bell bill for an unregulated monopoly.

As a consequence, I put in an amendment that would require the subsidiary to obtain its financing directly from the capital market and 10 percent of its stock must be available to shareholders or to the open market.

By requiring the subsidiary to look to independent sources it will create a subsidiary which is some incentive to operate on its own merit as an independent profit-and-loss center. The usual reason a subsidiary is created in an important nonregulatory way is to discourage cross-subsidization.

Here is what GE does and large corporate entities in this country who have been successful operating in the various companies and their records are kept totally separate and everything else like that so they can be operated and accounted for and find out which companies make the profit and which are losers and how they can adjust and everything else.

The subsidiary's operations are in a business way of doing it. That is a business way of doing it and they go into the private market, but when you talk about competitive private free enterprise then they do not want to use the financial market. They do not want to use Wall Street. They do not want to use the banks of America. They want to use the big old piggy bank at A.T. & T. that you and I created over these many years. They want to use Charlie Brown's piggy bank. "Do not give us any of this free market competition when it comes to financing this subsidiary. I want Charlie Brown's piggy bank. That is what I want to get my hands on," they say, and "do not put anything in my way. Do not even let me have 90 percent of it," which is more than a gracious plenty to make a success. "I want 100 percent."

It should be noted that the parent will continue to oversee the policy of the subsidiary and reap the benefits from its operations. In other words, by owning 90 percent of the subsidiary shares, the parent has effective management controls over that subsidiary.

This does not in any wise affect, diminish, or blemish in any sense the control by the parent of the subsidiary, and that is not intended.

I know how to go to directors. I know how to put in an amendment on divestiture. I know how to go to officers. I know all the corporate mechanizations that you can go to by way of amendment.

I am just trying to get the best audit that can possibly be had, and that is a single private investor buying that share of stock and watching it over the public counter in America. That is the best policing that we have of all, rather than the regulatory bodies.

Currently, this amendment can in no way be construed as divestiture or promotion of minority suits. The current shareholders of the parent would not be harmed by this measure since they could be given the shares or rights to shares in the separate affiliate. The current shareholders then can start a new argument because that is what they are trying to do at every particular turn.

If they wanted to start that argument, Mr. President, let them all have it. I trust them. They are good stockholders, they are good shareholders, they are smarter shareholders and stockholders than I am. They are making money. They are getting a good return. Press them, right on, let them have all of it. We are not trying to diminish their particular stock value.

This measure is not novel. The FCC employed outside financing in two recent decisions to encourage greater competition where parties otherwise would have had no real incentive to compete to the fullest extent.

So, Mr. President, the solution is A.T. & T. is initially allowed to capitalize the fully separated affiliate.

A.T. & T. can hold 90 percent of the equity in the fully separated affiliate.

All debt from the initial capitalization must be repaid within 7 years, and all of the subsidiary's debt, after the capitalization, must come from independent, unaffiliated sources.

This is the way to really make it operate and get it out there where they say, "Now we want to get out from what we consented to and as of this minute continue to consent to, the 1956 decree, and join the open free market of competition." Welcome. Come on in and enjoy the water. The water is fine and warm and healthy. But do not give us this lingo of coming in to compete, on the one hand, and then saying, "Oh, no, we do not want that kind of competition. We want Ma Bell's piggy bank, and we do not want anybody auditing or anybody knowing."

Just let them own all the profits, and then when they have got that, where is the impetus, where is the incentive, to really have that operated solely on its own?

I think the division and the dividing

line must be absolutely clear, and that is a fatal flaw in this particular bill, without which we cannot support it.

Mr. PACKWOOD. Mr. President, will the Senator yield for a question?

Mr. HOLLINGS. Yes.

Mr. PACKWOOD. This amendment provides a requirement for 10-percent outside ownership, right?

Mr. HOLLINGS. Right.

Mr. PACKWOOD. Will the Senator tell me again what it is he hopes to achieve with that amendment?

Mr. HOLLINGS. Just what would flow from 10-percent ownership in any particular company. Any time you issue shares of stock, then as you and I know, there is a prospectus. If you have ever practiced before the Securities and Exchange Commission and an S-1, as they call the corporation, then you really learn.

You think back in Portland or back in Charleston that you understand corporations. You have drawn charters and bylaws, you have been to many of their meetings and served as an attorney. But I dare say when you come up and call S-1 a public company on a national market in the United States before the Securities and Exchange Commission, particularly at that time before—when Mr. Manny Cohen, who was then chairman—and I have had that experience, you will be amazed at all the things you have to file and keep the proper records for.

You think you have some auditors for your corporation back home; you have, you think, the proper legal provisions, you think you have the accounting, and you think you have the records until you come up here to this SEC. When you get to them, they have a system of recordkeeping, of accounts, reports, and quarterly reports that is the finest audit in the world to keep this as a separate affiliate that it is intended to be in S. 898 which, I take it, to be your intent. That is what it is for.

It is just if they ever own that stock then they will file those forms, and then you will have those interested shareholders, and that in itself is a tonic, and an audit, if you please, will keep it as you and I both want it, way better than the lawyers petitioning each other as to whether to develop competition, whether it is compensatory, whether they find this, whether it is valued that or whether it has done all these other things. You give me that 10-percent ownership and you are on the right road to competition in America.

Mr. PACKWOOD. What information would the FSA have to file under a 10-percent ownership requirement that it is not required to file under section 227 (4) of the bill?

Mr. HOLLINGS. Everything in an SEC report.

Mr. PACKWOOD. What is it?

Mr. HOLLINGS. If you do not think that it is I will get one by tomorrow morning and bring it over and start reading this. If you really want a filibuster, that is a long one, that is the detailed one.

Mr. PACKWOOD. I have seen an SEC report, although I never was an SEC lawyer in practice. I saw the reports for a number of years when I was on the Banking Committee.

But section 227 requires the affiliate to:

> "(4) maintain books, records, and accounts separate from any such dominant-regulated carrier or any affiliate of such dominant-regulated carrier which identify all transactions with such dominant-regulated carrier or any affiliate of such dominant-regulated carrier and prepare financial statements which are in compliance with Federal financial reporting requirements for publicly held corporations and file such statements with the Commission and make such statements available for public inspection;

I want to know what in addition to that you would have to file.

Mr. HOLLINGS. You would have to file—when you say—let me get the S-1 required for publicly held corporations. Let us get the requirements of the SEC. I think a better approach to which, Senator, is, What is your objection to it? Is the inference of your question that you are going to require everything that the SEC requires? Is that what you are saying?

Mr. PACKWOOD. No. I am curious about what additional information would be available. I have some other arguments I want to make, but I am still curious because I am led to believe that what this section provides is the same kind of information being filed with the SEC.

Mr. HOLLINGS. No reason for you and me to remain curious, just provide it. If it is the thrust of your requirement that you have required everything the SEC would require, then let 10 percent be owned by public stockholders and we would know it.

Mr. PACKWOOD. I am trying to get at the reason for your 10 percent. Is it the so-called public disclosure?

Mr. HOLLINGS. Part of it is public disclosure, but more than anything else, from everything I know of the Federal Communications Commission and the SEC, I would love to take a corporation over to the Federal Communications Commission and file all the things you listed. It would be duck soup. I would get it filed and approved the next day. We would pat each other on the back and talk about a lot of things, we would have a lot of conversation. But you would not have the requirements complied with.

You let the attorneys and all review the financial statements. Let us say your provision there is a financial statement for a publicly held company. Let the SEC look at that rather than the FCC and then you have got my fears allayed, and I am a happy man, and I think the using public will be that much happier.

Your basic complaint is again what the FCC will do with this regulation?

They will not even begin to understand it, number one.

Mr. PACKWOOD. Is the competence of the FCC the problem, not that the information is any different? Is the Senator saying that the FCC will not pay any attention to the information or will look at it in the same way?

Mr. HOLLINGS. They will look at it and will not even say—they would try to pay attention.

Mr. PACKWOOD. I wonder if we agree that the same information is there and that there is nothing gained by your amendment in terms of additional information?

Mr. HOLLINGS. No, the same information is not there.

Mr. PACKWOOD. Is it or is it not?

Mr. HOLLINGS. If the same information is there what is your objection?

Mr. PACKWOOD. If it is not there tell me what your amendment offers in addition?

Mr. HOLLINGS. I am telling you that the FCC in its review of all the same things, plus additional reports—and I will be glad to get one of those reports out for you.

Mr. PACKWOOD. That is not my question.

Mr. HOLLINGS. I do not care what your question is. I care what my answer is. I can tell you now that the SEC—I am not going to give you your question back, I am going to give you the proper answer—the Securities and Exchange Commission can take that one thing, the financial statement—that is as different as night from day—between the FCC and the financial statement and the SEC financial statement, and that is what I know, and you do not want to agree to it. You want to say you are given the same requirements knowing you are not given the same requirements, and that is why you are objecting.

Mr. PACKWOOD. No, I want to find out. I want to know what additional information your amendment will require that the bill does not require.

Mr. HOLLINGS. It requires outside stockholders who have an interest to protect.

Mr. PACKWOOD. What additional information that must be filed with public bodies, what different information?

Mr. HOLLINGS. A different financial statement.

Mr. PACKWOOD. In what way is it different?

Mr. HOLLINGS. I will get it for you. I will get one from the SEC.

Mr. PACKWOOD. No, no. Tell me now what information your amendment requires that subsection (4) of section 227 does not require? Not how it is treated by the agency that receives it, just what different information.

Mr. HOLLINGS. The 10-K report. If you want to get technical, if you want to get a little technical——

Mr. PACKWOOD. 10-K, I cannot remember what that is.

Mr. HOLLINGS. Well, if you do not understand what is going on, do not ask the question. A 10-K report——

Mr. PACKWOOD. Sometimes that is the only way I can get to know.

Mr. HOLLINGS (continuing). Is all the costs. They have been able to do it in the SEC. I can tell you what the costs are, the SEC has them. I can give you an answer because I have the floor now. I can give you the costs of producing a barrel of oil.

If you want to know that same requirement that the FCC, if they would have it over there, they have never found out the cost of producing a long-distance call, and you and I have been on that committee for years. I started on there years ago, 15 years ago, with Senator Hugh Scott and Senator Pearson and Senator Norris Cotton, and we never could. They tried to find out the cost of producing a long-distance call, and for 15 years they have not found out. But I can go to the SEC in a 10-K report—you cannot find out from the Department of Energy—and find out the profit made by Exxon and everything else of producing a barrel of oil.

One of the most interesting things you can find out is their equity, you can find out their investment, you can find out what it costs to draw it out of the ground or the refining costs and everything else, and so I put the 10-K reports out for the RECORD and show what the profit is, and I know before the SEC what is happening. That is what I am requiring in my particular amendment that you are resisting in this bill because if it is the same thing as your question continues to infer then why are you objecting?

Mr. PACKWOOD. I have other objections, but you have now confused me because, in response to my earlier question, you said there was no different information. Now you are saying there is different information.

Mr. HOLLINGS. Yes, way better information.

Mr. PACKWOOD. The answer is there is different information?

Mr. HOLLINGS. Certainly. The words "financial statement" to the SEC and the same words "financial statement" to the FCC are entirely different things.

Mr. PACKWOOD. Say that again?

Mr. HOLLINGS. The expression a "financial statement" to the Federal Communications Commission is entirely different than a "financial statement" to the Securities and Exchange Commission. Now, that puzzles you, does it not? But, by gosh, go over there and see what the explanation is.

Mr. PACKWOOD. Do I understand you to be saying that you file the same document, a Xerox of one with the SEC, and, indeed, although they are the same document, they are not the same document?

Mr. HOLLINGS. They are not the same document. It is a wonderful mystery. The SEC lawyers can reach conclusions when they get that same Xerox, but the FCC lawyers, commissioners, and everyone else who have looked at them for 15 years cannot find out what the cost means. They cannot do anything with it. That is what I am saying. You are really getting to the point. That is why you delight in this FCC obscurity and reregulation. You enjoy this because, on the face of it, it looked so plain and easy and reasonable and you knew where you were headed. You are headed for an unregulated monopoly and a bill that tried to get through here 5 years ago.

Mr. PACKWOOD. It is intriguing as to who you talk to. You talk to the stockbroker, and they will tell you that the SEC is the most backward, inane, insane bureaucracy that exists.

Mr. HOLLINGS. Because they do not like those requirements, you are right.

Mr. PACKWOOD. Nothing could be worse.

Mr. HOLLINGS. Yes

Mr. PACKWOOD. You talk with anybody who deals with the EPA, and you get the same thing. You talk with anybody who deals with OSHA, and you get the same thing. By and large, Government is incompetent, by and large; the Senate not excluded, at least as to some of our procedures.

I will tell you what my objection is to your ownership amendment. Part of it is Mr. Baxter's theory. In his testimony before the Judiciary Committee, he indicated that your 10-percent amount is worthless; is not going to accomplish anything.

Mr. HOLLINGS. Who is that?

Mr. PACKWOOD. Assistant Attorney General Baxter. Where is his statement?

Mr. HOLLINGS. He said he would like more than 10 percent.

Mr. PACKWOOD. He certainly thinks your 10 percent is not enough. In answer as to whether your amendment would be helpful, Mr. Baxter said, "Not very much, unless it was a very much larger percentage."

Mr. HOLLINGS. What direction is he coming from? Is he for the Justice Department's suit against the telephone company or not?

Mr. PACKWOOD. Is he for the Justice Department's suit against the telephone company?

Mr. HOLLINGS. Yes; the antitrust suit.

Mr. PACKWOOD. I do not have the foggiest idea.

Mr. HOLLINGS. I do not have the foggiest idea, either. I have seen both statements.

Mr. PACKWOOD. I have never talked with him.

Mr. HOLLINGS. I have seen it reported both ways. He keeps dancing around the fire over there.

Mr. PACKWOOD. I do not think it is my business or the business of any Senator to attempt to interfere with ongoing antitrust suits, and I have not contacted him nor do I intend to.

Mr. HOLLINGS. This bill is interfering with it. You watch it. You watch A.T. & T. run a touchdown with this particular bill, because they are saying the proceedings in the Congress are going to solve the problem for them. We just put it there. We put it into the laws, the politicians. But it just does not happen out that way. You can keep writing it down, but we know the facts of life. And they have no idea of proceeding with the Justice Department suit if this bill passes. They are going to say:

> Congress decided it. They deregulated them. Why should we bother with the matter of a trust violation and everything else like that when Congress has spelled it all out?

And some lawyer will come out and say:

> Section so and so says it is not supposed to have any effect.

It does not make any difference what that says, it is what the intent is. It is the result that is there. Here you deregulate them and let them put all the money in the subsidiary—and that is a congressional intent and that is what the provision provides for.

Mr. PACKWOOD. What provision provides this?

Mr. HOLLINGS. Many of these provisions provide that.

Mr. PACKWOOD. What did you say about the money? They could put all the money in they wanted to?

Mr. HOLLINGS. Sure.

Mr. PACKWOOD. Where do you draw that from?

Mr. HOLLINGS. That is provided in the bill.

Mr. PACKWOOD. Where?

Mr. HOLLINGS. I will get the particular section, if that is what you want. Where is the financial section?

Mr. PACKWOOD. They can put all the money in there they want?

Mr. HOLLINGS. Sure, as long as it is accounted for.

Mr. PACKWOOD. I will wait until you find that in the bill.

Mr. HOLLINGS. In the meantime, if I have the floor—I am not trying to divert from the attention. We will come back to it and show where they can put the money in the subsidiary.

I will read on page 144 of S. 898, Calendar No. 235.

> "(b) A fully separated affiliate may enter into any contract, agreement, arrangement, joint venture, partnership, or other manner of conducting business with its dominant-regulated carrier or any affiliate provided that any—
>
> "(1) sale, exchange, or leasing of property between the parties;
>
> "(2) lending of money or other extension of credit between the parties or between the fully separated affiliate and a third party directly or indirectly guaranteed by by the dominant-regulated carrier;
>
> "(3) furnishing of goods, services, and facilities between the parties; or
>
> "(4) transfer to, or use by, or for the benefit of the fully separated affiliate of any assets of the dominant-regulated carrier;

Mr. PACKWOOD. They can put that all in without any approval?

Mr. HOLLINGS. It should be on a fully auditable and compensatory basis which comes back to the FCC that cannot find out the cost of a long distance call. You and I pay it regularly, but they have not been able to find it out.

Mr. PACKWOOD. Just a moment ago you said they could put all the assets in they wanted.

Mr. HOLLINGS. That is what I said. You asked where it is. Do you disagree that is provided for from where I read?

Mr. PACKWOOD. I disagree it is provided for. They cannot put it in until the FCC evaluates it.

Mr. HOLLINGS. But they can put it in.

Mr. PACKWOOD. Not if the FCC says no.

Mr. HOLLINGS. The FCC can say whether it is properly valued.

Mr. PACKWOOD. If the FCC says "Yes, you can," we really do not need this bill at all. They are going to dismantle all of it.

Mr. HOLLINGS. They are not going

to dismantle it. They have $17 billion already. A.T. & T. told us they have a subsidiary of $17 billion in value.

Mr. PACKWOOD. I am just quarreling with your statement about all of these transfers.

Mr. HOLLINGS. Well, I have showed you the section. We are reading the same thing.

Mr. PACKWOOD. In the section you cited, you simply did not state the part about requiring approval of the Commission.

Mr. HOLLINGS. They report to the Commission under the rules as the Commission determines necessary. How long do you think it will take them to get the rules?

> The Commission shall make such contracts, or portions of contracts, available for public inspection to the extent necessary to insure proper enforcement of this section.

And it goes on about the Commission.

But what in the world does that mean to anybody, when they have not been able to determine the cost of a long-distance call? You do not deny that.

And you act like it is something tricky. I have read out of the bill. There it is under the section there. There is no trick. It is provided for, and they will transfer as much as is necessary. And that is exactly what I would do if I were Charlie Brown and running A.T. & T.

Mr. PACKWOOD. Just to set the record straight—and I am not sure there is much point in delaying the Senate any longer on this—absolutely nothing can be transferred to the affiliate except customer equipment after a certain number of years. No assets, no transmission facilities, no nothing, unless the Federal Communications Commission approves. After 2 years, services or facilities may be transferred if they are subject to effective competition. The FCC must evaluate the assets, or initially an assets evaluation board evaluates the assets. Then and only then can assets be transferred in accordance with the plans structured by the Federal Communications Commission. That is what the bill says.

The Senator from South Carolina and I can argue until midnight as to whether or not the Federal Communications Commission is able, is fair, and is honest. But the bill provides that those transfers cannot take place without FCC approval.

Mr. HOLLINGS. Will the distinguished Senator yield and tell us why they would disapprove it?

Mr. PACKWOOD. No, I will not yield.

Mr. HOLLINGS. You will not tell us why they would disapprove it.

Mr. PACKWOOD. If they argue the position that the FCC is venal and is determined to allow the transfer of these assets without fair assessment, then it really does not matter if we pass this bill or not.

In that case, the FCC can do the same thing under the present telecommunications structure in this country under the 1934 act. They can, by and large, relieve A.T. & T. of all competition today.

This bill is, therefore, extraneous.

If you think that is not the intention of the Federal Communications Commission, if you think that they are going to try to honestly allow competition to where it is justifiable and continue regulation where it is not, then this bill is a good step.

I think there is no purpose in discussing any further whether or not the FCC will make a decision in good conscience and fairness. Either they will or they will not. If they will, this bill points us in the right direction. If they will not, this bill is unnecessary anyway.

Mr. HOLLINGS. Mr. President, we can speak in a very calm voice and refer to the little assets and so on, but I can tell you what they can transfer, and I am reading on line 12, page 144 of the bill.

Money.

M-o-n-e-y. That is what they can transfer.

I asked the distinguished Senator, and he refused to answer, "Under what circumstances can you envision that the FCC would refuse to approve that transfer of money, M-o-n-e-y?" It is not just the equipment. And why, if you want to bring them in on a fair basis of competition, should they get any money from the parent company?

What kind of competition is that?

It seems like with all the other things they could transfer—management personnel; and their lawyers. They could move their customers; they know the market and they know the future; they know things that competitors could not possibly know, they have the research and all the rest—why should they have money?

The argument ought to be otherwise, if they really wanted to compete. But when we point it out, all we hear is, "The FCC is going to have a hearing on it."

Is that not delightful? The FCC cannot find the cost of a long-distance call. The Senator and I pay it regularly and know what it is. It seems like they would have found out by now at the FCC.

We did charge a license fee in filing with the FCC.

They collected, I think, $100 million some dollars over there and did not know how to give it back. They did not know how to reimburse it to the people. They did not know how to account for it. They did not know how to go about transferring it back. If I am not mistaken, I think a lot of that money is still over there. Why? Because they are totally incompetent about the records over there to know where they got it or where to send it back.

We see this regularly. This is not just the A.T. & T. The Commission never has been set upon a good basis for this kind of problem.

It totally obscures the thrust of this measure to come here and act like you have safeguards for the public and then oppose a minimal outside ownership where they would have an interest.

We want to have some outside interest so that they can, should, and would operate as a fully owned subsidiary.

If they had a fully separated subsidiary, and they had some competition in there, having to stand on their own two feet—and that is what the Senator says he wants under his particular amendment—why not go forward with it? Why not have that kind of tonic and order to it so there would be that kind of competition, that kind of oversight, that kind of continuing interest, and those kinds of records that they have in the SEC and know what to do with them when they get them, and know what to see when they see the same 10-K sheet?

It is nice and cute to talk about we all require the same things, but there is the difference as between night and day between the two operations. You get lawyers who say the Securities and Exchange Commission is archaic, but it is because they come into the league and find out all the openness that is required to protect the investing public. At least the investing public knows the value is there, on account of the financial reports. If there is a diminished value at all, it is on account of the operation of the economy and the high interest rates.

If you had the ironclad assurance of SEC requirements, if the same credibility of the SEC extended to the FCC, you would run tomorrow morning. At least the investors know that the records are accurate, well kept, with everything public, and they have a prosecution section there that is zealous.

That is the important thing.

You would get that share of stock, and you would get those reports filed and have some outside interest, minimal as it is.

Are we going to have a balanced budget or are we going back, as they say now, to what the distinguished Jack Kemp says, "We do not worship at the shrine of a balanced budget any more."

Are we going to have total mergers with no antitrust division at all? The new antitrust chief did not think to write a letter on the Conoco deal. You could not get a letter from him on that. The big companies are taking up the others, and you could not find them. You could not find money for an automobile loan, but the big boys found $42 billion in credit and you can bet your boots it was not at 22-percent interest like they charge you and me.

They are into the Eurodollar market and the London branches of the banks, into international shenanigans, into money market funds with no reserve requirements under this Federal Reserve. They are required for all the other banking operations, but they do not even know the money market. They do not know the M1 or the amount of money in currency or on deposit in America. They have no way of telling because they do not have any reserve requirements. They do not know the effect of the NOW accounts or the money market effect.

Now we come with this further bureaucracy of the Federal Communications Commission and that they will look at it and have the reports made and find out whether they have been audited, when they have not fully audited A.T. & T. in their history.

That is what he is asking for when he wants the difference between the Federal Communications Commission and the Securities and Exchange Commission.

They do audit in the SEC, and they do it regularly. Before the distinguished

Senator and a few others came on the floor I have seen and I have used that result, because I wanted to know from different companies really what the cost was so we could find out. We find they do not like the words "obscene profit." Well, there is no such thing as an obscene profit. If I were in Exxon, I would take all the market could bear.

> I am not chairman of the board of Exxon pro bono publico. I do not engage in welfare and I am not there to try to take care of all the health needs and the hunger needs of the world. I am what you call a business entity.

But when it comes down to voting on laws for deregulation and decontrol, and the inadequacy of incentives, it is not whether the profit is obscene or not, but it is whether the profit is sufficient as an incentive that we have.

Here we have just voted on another $12 billion to $15 billion in further of what? In further incentives for oil companies when we were cutting school lunches, cutting day care centers; when we were cutting money to the disadvantaged and public education in the public schools in South Carolina and Mississippi. We are trying to help the disadvantaged get ahead because they did not have enough incentive. So we give the incentive to Exxon that, by the SEC reports, needs everything but incentives.

That is the one thing A.T. & T. does not need. It has plenty of incentive. I have been able to prove it. But when I came around to intelligently debate the A.T. & T. bill, you go over and ask FCC and say, "Mr. FCC, what is the cost of long distance and what is the cost of local calls? Is the long distance subsidizing the local call or is the local call subsidizing the long distance? Are the business users subsidizing the residential users or are the residential users subsidizing the business users?"

There are two groups that actually stonewall you on that. One is the FCC. They will not give an answer. They say they are studying it. Another is the A.T. & T. itself, which says they will not give you an answer; they are studying it.

Mr. President, I believe if I were chairman of the board of General Motors, I could tell you what a right front wheel of a Chevrolet or a Malibu or a Pontiac cost or what the difference is in cost on every item. I would punch the computer buttons and they would spit out the carburetor cost, the rubber cost, and everything else.

I would want to know where I am winning, where I am losing, where I get my supplies. You cannot tell me a magnificent corporation like A.T. & T. does not know the costs. They will not give you the costs.

That is what we are dealing with, Mr. President. But we are engaged in this shibboleth with the Senator from Oregon and acting like everything is great in Kansas City.

We can find out the cost because it is auditable, he says in his bill. By whom? By FCC. I am telling you, Mr. President, that is an outrageous joke on the public, because they have never fully audited anything, much less the provisions of his bill.

Mr. President, that is the point we are trying to make. That is why we insist on some kind of outside ownership. If the FCC did the job, I would write it differently. You can write all you want about the FCC; you are not going to get anything out of that crowd. They do not have it, they are cutting the budget, they are doing what they can, they have all kinds of responsibilities and they do not have any money to do the job. It is a pitiful situation.

That is what we are talking about in this land. We get on the floor and talk about law enforcement on Monday and we talk about that thin blue line that separates civilization from the jungle of terrorism and violence and crime. We say we are behind them on Monday and we want to support them and get in behind and ask the community to change their attitude. That is on Monday.

But on Friday, the thin blue line is not thin enough; we thin it out another 600 FBI agents. We cut 600 FBI agents out on Friday. We cut the Drug Enforcement Administration.

You and I added to the Coast Guard. With all the Haitian and Cuban refugees, we have added responsibility with the 200-mile extended limit, the poor Coast Guard with little kids out there, hard to handle, hardened criminals, doing an outstanding job. This Congress, in the face of cuts, added $300 million. But on Friday, we cut $263 million.

So the words sound pretty and they look pretty in the volumes that we write out. "I said on page so-and-so that the FCC shall audit." They cannot audit. They have not audited anything. They cannot find out the cost of long distance calls that you and I pay them. We know it. You can bring up any chairman, Republican or Democrat, and they will tell you that just has not been done. They cannot do it. They have no idea of doing it.

I think we ought to be fair with each other and say, "A.T. & T., come on into the field of competition. Do not get all this money from your regulated operations. If you are going to get the money, after 7 years, at least go to the private market." We let them have it in 7 years. That would give them a 7-year run, which is subsidized from Charlie Brown's piggy bank.

Mr. President, would you not like to organize a corporation tomorrow, with $150 billion in assets, and go to Charlie Brown and say, "Charlie, pull out the piggy bank. We have expanded communities down in South Carolina, we have new industry, residential development. You are Johnny-on-the-spot. You are out there buying land sites 10 years ahead of development of these residential, industrial developments and everything else of that kind. All you have to do is just forgo that foresight. Instead of buying 10 years ahead, just buy 5 years. Just get 5 years of that money. That is all, just a little bit of money. And bring it in and transfer it and let it be auditable by that crowd up in Washington."

And they will still be auditing after we have spent it, invested it, and expanded and put everybody else out of business. And my rates will have to go up on the local rural users, because they have no particular feel for rural America. That is where the REA has come in to build a telephone line. They lose too much money. A.T. & T. acts like they have gone into places where they have lost money.

(Mr. GORTON assumed the chair.)

Mr. HOLLINGS. Mr. President, I know where they would lose money and I know where REA is in there and some of the independent telephone operators and they are scattered all over the Southland. We would have no phones down there now if we did not have those separate entities.

They have what they call the losers, as they characterize them here, on the floor of the Senate. Take away that subsidy and they are taking away from you and me and you and you, because we have a vested interest in A.T. & T. We do not have to own stock. We have been building it up by paying the rates over these many years to the tune of $150 billion.

That is what we paid for. Do not use it in unfair competition and do not use it in setting up, even for fair competition, an unfair draining of resources that we have built up so you are going to have to come back and ask for increased rates next year.

"You know how the Government and those politicians in Washington are, still in deficit spending. We still have high interest. You know Congress. With that Congress we have, we are going to have to raise the rates."

Mr. President, I do not want to be caught in double teaming of that kind. I want to be able to go out here and at least recognize it, whether we vote for it or not. Vote for the bill and see where the rates and the services go. They are going to fall back on those good district managers.

Leave them alone and let them run forward with all this development financially, weaning away the assets. They can do it under this bill. When you say they cannot do it, it has to be auditable, has to be done this and done that, and the contracts are there for the public, I say, do not give me any of that FCC and the contracts in the public. Just give me 10 percent in the public, the investing public. It can all be A.T. & T. stockholders, let us say that stock to be sold solely to A.T. & T. stockholders. That would make sure that there is an outside interest, that the subsidiary operates as we intend in this national Congress, that it operates as a fully separated subsidiary, in a competitive fashion.

You give me those stockholders and you give me the SEC and I will checkmate them. They do not like that. They have hollered it is divestiture, they have hollered it is Nissan industries going to come in and buy minority stockholders.

Minority suits are not a problem. A.T. & T. already has two floors of lawyer handling minority stockholder suits now. That is nothing new to A.T. & T. They have had minority stockholder suits now many years. They do not have to worry since they have a guaranteed 12.75 percent profit out of FCC in April of this year.

They cannot lose. Do not worry about that. We are talking about your money and my money and your services and my services. That is why we have the need here, something I cannot pay attention to and you cannot and we should not, something that the FCC has proved by record it will not.

Something we know cannot be improved on is free market ownership of a share of stock in a corporation, in America. Give them the ownership and give them the regular financial reports, the quarterly statements, the year-round analysis, and they will be the best audit and tonic, and they will make this provision of Congress work. Otherwise, it is going to work to the detriment of the communications system in this country.

Mr. PACKWOOD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. STEVENS). Without objection, it is so ordered.

Mr. GORTON. Mr. President, I speak in favor of the amendment proposed by Senator HOLLINGS which will require a certain degree of minority stock ownership in the unregulated subsidiary permitted to carry on various telecommunications activities by this bill.

As a member of the Senate Committee, I approached the committee's work on this bill with two goals—to support legislation which would lead to maximum competition in the domestic telecommunications industry and which would, by relying on marketplace competition, reduce the need for Federal regulation.

I share the widely held view that competition in the domestic telecommunications field will ultimately benefit the American consumer by leading to wider consumer choices and faster technological innovation; and if consumers are to reap the maximum benefits of competitive telecommunications, then the American Telephone & Telegraph Co. must be allowed to compete in the provision of unregulated products and services.

The difficulty in permitting A.T. & T. to enter unregulated markets is devising a structure for the unregulated entity which inhibits, if not prevents, A.T. & T.'s ability to use its monopoly rate-based position unfairly to benefit its competitive offerings. It seems to me that the better resolution of this question is that embodied in the amendment now offered by Senator HOLLINGS.

I may say that this is an area in which we must proceed with very considerable caution. If we make a mistake in authorizing these new business activities to an extremely large corporation, in which it has an advantage not available to its competition, we are likely to result in far less competition than that which we have at the present time.

If, on the other hand, we make a mistake by providing inhibitions on the operations of this unregulated subsidiary which are too great, it will be much easier to repair that damage than it will be by going too far in allowing its entry into these fields.

Senator HOLLINGS outside ownership amendment has a number of appeals. First, it slightly lessens the incentive to cross subsidize the affiliate since the parent is not the sole beneficiary of the benefits accruing to the affiliate. Second, and far more important, it establishes fiduciary duties on the part of the affiliate's directors to these minority shareholders. Third, it invokes the additional safeguard afforded by the disclosure and other requirements of the Nation's securities law. Finally, by focusing outside attention on the affiliate's activities, it provides assistance to the Federal Communications in monitoring the relationship between A.T. & T. and its fully separated affiliate.

Last month, the General Accounting Office issued a report entitled "Legislative and Regulatory Actions Needed To Deal With a Changing Domestic Telecommunications Industry." In that report, the GAO recognized the wisdom of requiring the infusion of some independent equity financing for the deregulated, separate affiliates a means of deflecting incentives to engage in anticompetitive conduct and to provide protection to the communications ratepayer. The report discusses the FCC's "Second Computer Inquiry" decision, which also permits A.T. & T. to enter the unregulated telecommunications market through a fully separate affiliate without requiring outside financing. The report states:

> Because of the potential benefits to be gained through a requirement of outside equity participation, we believe that this matter should receive the fullest and most careful consideration by the F.C.C. in connection with its intended review of the proposed structuring and capitalization of separate subsidiaries. . . .
>
> The benefits of an independent equity participation requirement derive primarily, in our view, from the salutary impact which it could have on the incentives of a stand-alone separate subsidiary and from its contribution to facilitating regulatory oversight tasks of the Commission. The added visibility which securities law disclosure requirements would impose on separate subsidiaries with publicly held securities (disclosure of financial and operating information (15 U.S.C. Chapter 2A)), coupled with securities market evaluations of the potential and actual performance of the separate subsidiaries with publicly held securities, would facilitate FCC's as well as competitors' monitoring of the separate subsidiaries' market conduct and provide needed benchmarks for measurement of competitive performance of fully separated entities.

What was stated in that regard with respect to regulation by the FCC is, it seems to me, all the more applicable to us in our even more significant oversight responsibility in passing this proposed bill.

Requiring outside equity financing has been used before in the telecommunications industry as a method for promoting greater competition. In allowing Satellite Business Systems, in 1975, to enter the domestic satellite business, the FCC required the two principal partners—International Business Machines Corp. and Communications Satellite Corp.—to include minority financial participation in order to increase the incentive for the company to compete aggressively against A.T. & T. with whom both of these partners had significant business ties.

For these reasons, I intend to vote for Senator HOLLINGS' amendment which would require 10 percent non-A.T. & T. ownership in the fully separated affiliates. Although I believe that a greater percentage requirement is perhaps more advisable, I have no doubt that the requirement is an important safeguard to include in this important legislation.

I may say that while I join the distinguished Senator from South Carolina in this respect I do not subscribe to all of his concerns about this bill. In the Commerce Committee I voted in favor of its being reported. I believe the amendments which have been agreed to jointly by the Commerce Committee and the Judiciary Committee are important in providing these additional necessary safeguards to see to it that cross-subsidization is prevented.

I do believe, however, that the automatic control which will be provided by outside stockownership is, perhaps, the most significant step which we can take in this regard. But if for some reason or other it does not work out well it can be cured in the future.

In the meantime, however, in allowing so profound a change in the communications industry, a change which I think is necessary, the protection of true competition, the enhancement of real competition, seem to me to be absolutely vital, and I believe the distinguished Senator from South Carolina has made a proposal which merits the support of this body.

The PRESIDING OFFICER. The majority leader.

Mr. HOLLINGS. Mr. President, I will yield to the majority leader. First, I thank the distinguished Senator from Washington.

I would have wished for a larger percentage, a 30-percent substantial ownership. But, at least, for the principle, and particularly since the GAO report came out on September 24, with even the minority of outside interests that is considered noteworthy. In fact, the Commission report cites the cases of Satellite Business Systems and the International Business Machine Corp., and Aetna Casualty Insurance, where they required the minority ownership then and they found that because of the Commission's inability to properly regulate these kinds of things, the creation of the outside interest itself had a salutary effect. With that let me limit my remarks and yield to the distinguished majority leader so that we can proceed then again, I guess, tomorrow.

Mr. BAKER. Mr. President, I thank the Senator for yielding.

Mr. President, I have a number of matters, including the arrangement of the calendar for tomorrow and the schedule of activities of the Senate which I think might be expedited by providing now for the transaction of routine morning business.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business to extend not past 6 p.m. this evening in which Senators may speak.

The PRESIDING OFFICER (Mr. Gorton). Without objection, it is so ordered.

ORDERS FOR TUESDAY

ORDER FOR RECESS UNTIL 11 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 11 a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, the following eight Senators be recognized for not more than 15 minutes each on special orders:

The Senator from Wisconsin (Mr. Proxmire), the Senator from Missouri (Mr. Eagleton), the Senator from California (Mr. Cranston), the Senator from New Jersey (Mr. Williams), the Senator from Illinois (Mr. Dixon), the Senator from Connecticut (Mr. Dodd), the Senator from Virginia (Mr. Warner), and the Senator from Tennessee (Mr. Baker).

The PRESIDING OFFICER. Without objection, it is so ordered.

TELECOMMUNICATIONS

Mr. BAKER. Mr. President, it is my intention on tomorrow, either after the expiration of time allocated to Senators on special orders or at some other appropriate time during the day, to proceed to a brief period for the transaction of routine morning business. After the execution of the orders in favor of Senators on special orders, and perhaps a period for the transaction of routine morning business, the Senate will return to consideration of S. 898, the telecommunications bill.

Mr. President, it would be my hope that we could finish the telecommunications bill tomorrow. The managers, of course, have a much better idea about that than I do. But while the Senate will not be asked to remain late tomorrow night, if we could encroach on our normal 6 o'clock time by just a little and invest that time to finish, I would be prepared to do that.

May I once again urge Senators who have amendments to offer those amendments as early as they reasonably can on tomorrow in the hopes that we can have final disposition of this matter on tomorrow.

Mr. ROBERT C. BYRD. Mr. President, while the distinguished majority leader is talking about the schedule for tomorrow, is he in the position to state the program for Wednesday and also for Wednesday of the following week?

Mr. BAKER. Yes. Mr. President, I thank the minority leader.

ORDER OF BUSINESS ON WEDNESDAY OCTOBER 7, 1981

I would hope—and I must say parenthetically I have not yet had an opportunity to discuss this with the minority leader nor with the chairman of the Finance Committee and the ranking minority Member—but I would hope that if we finish this bill on Tuesday night that we could turn to the consideration of the so-called Bolling bill dealing with the social security provision and that we could finish that with a good day on Wednesday. It would not be my expectation to ask the Senate to remain in late on Wednesday, but Senators should be on notice that it will be a full day on Wednesday, running to the normal hour of about 6 o'clock. If we do not finish the Bolling bill, if, indeed, we reach that on Wednesday, then the Senate will resume consideration of it on Wednesday when we return after the upcoming recess.

After the disposition of the social security bill, Mr. President, we still must deal with the foreign assistance bill, which was taken back to the calendar and which might be motioned up at an appropriate time.

There is a possibility, Mr. President, that we might also consider, shortly after we come back, a measure dealing with dairy price supports. There are other matters that might require attention, Mr. President, including the Department of Justice authorization bill. The leadership will attempt to give Senators as much advance notice as possible.

For the time being, however, I think we would accomplish a great deal if we could finish the telecommunications bill, the social security bill, and then be in a position to consider the Foreign Assistance Act when we return.

ROLLCALL VOTES ON WEDNESDAY

Mr. ROBERT C. BYRD. Mr. President, do I understand the distinguished majority leader to say that, in effect, rollcall votes will occur on Wednesday?

Mr. BAKER. Yes, Mr. President, I would expect rollcall votes throughout the day on Wednesday and that the session on Wednesday will last until, perhaps, 6 o'clock.

Mr. ROBERT C. BYRD. I thank the majority leader.

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 97–19

Mr. BAKER. Mr. President, as in executive session, I ask unanimous consent that the injunction of secrecy be removed from the Constitution of the United Nations Industrial Development Organization (Treaty Doc. No. 97–19) which was transmitted to the Senate today by the President of the United States; and ask that the treaty be considered as having been read the first time; that it be referred, with accompanying papers, to the Committee on Foreign Relations and ordered to be printed; and that the President's message be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The message of the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith a copy of the Constitution of the United Nations Industrial Development Organization (UNIDO). This Constitution was adopted by the United Nations Conference on the Establishment of the United Nations Industrial Development Organization as a Specialized Agency on April 8, 1979, and signed on behalf of the United States of America on January 17, 1980. The report of the Department of State with respect to the Constitution is also transmitted for the information of the Senate.

The Constitution would establish UNIDO as an independent specialized agency of the United Nations system. It does not create a new entity, but rather revises UNIDO's existing legal framework in a way that significantly improves the position of the United States and other major donors in budget, program and assessment determinations.

UNIDO's principal purpose is to foster the industrialization of developing countries. It is currently the third largest executing agency for the United Nations Development Program. UNIDO's wide-ranging activities are geared to aid developing countries in establishing the technical and institutional skills necessary for industrialization. Many of these activities are consonant with United States development priorities, including development of indigenous entrepreneurial and productive capabilities in the private sector. United States commercial and academic interests also benefit from UNIDO activity.

In recent years, there has been growing recognition of the need to formulate more effective institutions within the United Nations system to deal with the problems of development in an increasingly interdependent world. Such institutions need to serve the interests of all member nations and to be governed in a manner that realistically reflects the political and economic situation in the world today.

The Constitution would give UNIDO a new governing machinery that will make it more responsive to its member governments and that will give greater recognition to the special role of major donors, including the United States, other industrial democracies, and the Soviet bloc. If they act together, the major donors will be able to block decisions on UNIDO's program and budgets. In this respect, the Constitution is a precedent-setting document.

The Constitution would also provide a specific right of withdrawal from UNIDO if the United States should ever determine that its interests are not served by continued membership. This could not be accomplished under UNIDO's current statute without withdrawal from the United Nations.

While the Constitution refers to the

objective of helping establish a new international economic order, the United States has made clear its view that this does not refer to any preconceived notion of such an order as outlined in some U.N. resolutions to which the United States has taken exception.

The Constitution offers the United States important advantages over UNIDO's current status. It provides an opportunity to increase UNIDO's effectiveness in promoting economic development in the developing countries and, thus, its contribution to a more equitable and peaceful international environment. In addition to helping create a better institutional framework, ratification of the Constitution by the United States will be a strong reaffirmation of our commitment to the industrial development of the less developed countries and demonstrate our political will to pursue beneficial relations with these countries.

I recommend that the Senate give prompt consideration to the Constitution and advise and consent to its ratification.

RONALD REAGAN.

THE WHITE HOUSE, *October 5, 1981.*

AUTHORIZING A TECHNICAL CORRECTION IN THE ENROLLMENT OF S. 917

Mr. BAKER. Mr. President, I send to the desk, on behalf of the distinguished Senator from Wyoming (Mr. SIMPSON) and the distinguished Senator from California (Mr. CRANSTON), a concurrent resolution to make a technical change in the amendments of the Senate to the amendments of the House on S. 917, the proposed "Veterans' Disability Compensation, Housing, and Memorial Benefits Amendments of 1981," which the Senate passed on October 1, and in which the House concurred on October 2, and I ask for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 38) authorizing a technical correction in the enrollment of S. 917.

There being no objection, the concurrent resolution (S. Con. Res. 38) was considered and agreed to as follows:

S. CON. RES. 38

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate is authorized and directed, in the enrollment of S. 917, an Act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, to increase the rates of dependency and indemnity compensation for the surviving spouses and children of disabled veterans, to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans, to increase the maximum amount payable under the Veterans' Administration automobile assistance and specially adapted housing programs, to expand eligibility for memorial markers, to require advance notification to Congress regarding certain Veterans' Administration reorganizations, and to limit expenditures of medical appropriations in connection with contracting-out studies; and for other purposes, to make the following technical and conforming change: In section 101(a)(7), strike out "$250'" and insert in lieu thereof "$521".

Mr. BAKER. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DRASTIC REDUCTIONS IN THE REVENUE SHARING PROGRAM

Mr. HEFLIN. Mr. President, in his televised message to the American people a few days ago, President Reagan outlined the next steps he intends to take in order to reduce Federal spending.

I was particularly disturbed by the aspect of President Reagan's new proposal which called for a 12-percent reduction in the general revenue sharing program. This distresses me greatly.

I have heard from a number of local and county officials from my home State of Alabama concerning a potential loss of 12 percent of general revenue sharing funds. These city and county officials have already made cuts in programs in order to reduce government spending at a local level. These city and county officials tell me they simply cannot absorb such a drastic cut in their revenue sharing funds at this time without causing severe economic hardships for millions of American citizens.

Further, a drastic reduction in revenue sharing funds could literally endanger the lives and safety of virtually every man, woman, and child in this Nation.

Let us look at the revenue sharing program. Revenue sharing has been one of the most successful Government programs ever to come out of Washington. Revenue sharing is not a giveaway program, but a highly effective vehicle for returning Federal tax dollars to local communities and counties for use by the local governments to meet local needs.

Revenue sharing is one of the only—if not the only—Government program that provides money to local governments with no strings attached. Because of this arrangement, no bureaucrat in Washington can tell local government officials how to spend revenue sharing funds. This has been the great strength of the revenue sharing program—and a goal that I was under the impression the Reagan administration supported. Mr. President, I share with President Reagan in his desire to return more control to city, county and State governments, and, thus to the people.

Mr. President, I share the very grave concerns that have been expressed to me by a number of outstanding city and county leaders from Alabama over this drastic action recommended by President Reagan. I have written to the President requesting that he reconsider this proposal—and for him and his staff to weigh the devastating effects that this action will have on the millions of American citizens who depend upon essential services provided by the nation's cities and counties. At this time, I am urging each Member of the Senate to consider these far-reaching ramifications and reject any cuts in the revenue sharing program.

Congress has made a commitment to the Nation's cities and counties—and more importantly, to the people who live in those communities. To pull the rug out from under these people at this late date—when city and county officials have already budgeted the money it was promised by the Federal Government—would represent a breach of faith with the American people.

The revenue sharing program was begun in 1972 as an integral part of a long-range plan to return government control to the people through their local, city, and county governments. The thought at that time was that Government bureaucrats in Washington had too much to say over how a local government should spend its tax dollars. That was a valid argument then—and it is today.

Revenue sharing has been a success story from the start. Revenue sharing was the lowest administrative costs of any Federal assistance program. Its funds are distributed to city and county governments on a fair and equitable basis.

While control over how revenue sharing funds are spent rests entirely with various city and county governments—as it should—I do not believe it would be inappropriate for me at this time to appraise and comment on how these funds have been spent over the years.

Let me assure each Member of this body, the Members of the House of Representatives and, most importantly, the American people, that revenue sharing funds have not been wasted. With very few exceptions, revenue sharing funds have been used to pay for basic, essential needs of the citizens of this Nation.

A full 15 percent of all revenue sharing funds go to pay for police protection. And with crime rising at a frightening and alarming rate, I dare any Member of the Senate to go to his or her hometown in his or her home State and try to convince his or her neighbors, families and friends that police protection is not an essential service.

And the same rigid standard can be used to judge a number of other basic, essential services which are paid for with revenue sharing funds, including fire protection, health care, highways, and housing, just to name a few.

Great, heavy burdens rest upon the shoulders of each city and county in this Nation to provide a number of essential services to the citizens of this Nation. Over the years, the Federal Government has heaped more and more responsibility on local governments through federally-mandated programs and regulations. I believe the Federal Government has done harmful disservices to the Nation's cities and counties by not only forcing them to fulfill national goals, but by expecting the cities and counties to foot the bill as well.

Mr. President, this is not the time to make drastic reductions in revenue sharing funds. While many of the budget cuts the Congress has made in recent months have been necessary in order to reduce Government spending and encourage economic recovery, these cuts have, in many instances, left local governments holding the bag. By making deep budget cuts, the Congress has stretched the resources of many cities and counties to the breaking point. Many cities, small towns and counties in this Nation simply cannot withstand a drastic reduction of revenue sharing funds without going over the brink of economic disaster.

Now is not the time to pull the rug out from under our city and county governments. If we acquiesce to the President's proposal to slash 12 percent from revenue sharing funds, we will be taking an action that could be interpreted as breaking a covenant with the American people.

Last year, Congress eliminated the State share of the revenue sharing program. But in doing so, the Congress reaffirmed its commitment to continuing the program for city and county governments. Mr. President, I frankly do not believe the American people will stand idly by while the Congress allows the President to significantly reduce the police force in every county, city, hamlet, and burg in the United States.

I admire President Reagan's commitment to reducing Government spending and restoring fiscal integrity to our economic system. As I outlined earlier, I have advocated these same goals and have backed up those words with votes ever since I was elected to the Senate. I share the President's earnest desire to see our economy recovery from the serious ills that now beset it and have supported his economic recovery plan.

But eliminating the revenue sharing program is the wrong way to go about achieving these noble goals. Eliminating the revenue sharing program will not save the people of this Nation money, it will simply shift the burden to our already financially strapped towns and counties. But at what cost?

The revenue sharing program has worked—and you can see examples of this success in thousands of towns and in hundreds of counties in all 50 States of this Nation. I am convinced that this drastic reduction in a program that has an excellent proven track record would would be pennywise and pound-foolish—at best.

Mr. President, I urge my colleagues to join me in beseeching President Reagan not to seek these cuts. We cannot afford to sit idly by and watch our cities and counties face economic peril.

Mr. President, I call to the attention of the Senate three items that appeared in the September 21, 1981, edition of "County News." The first is an article entitled "Revenue Sharing Must Be Saved," the second is an article entitled "The Survival of Revenue Sharing Is Threatened," and the third is "A Letter to the President."

I ask unanimous consent that these three items be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Revenue Sharing Must Be Saved

Less than a year ago, presidential candidate Ronald Reagan told the National Association of Counties that, "I support revenue sharing because it is the only federal program which returns tax revenues back to local communities. I pledge that, when elected, re-enactment of revenue sharing will be among my highest domestic priorities."

And so it was a shock when county officials across the country learned that a proposal was made to the president to cut general revenue sharing by $320 million in fiscal 1982 and abolish the program by 1985.

General revenue sharing must not be abolished. Its survival is closely linked to the financial survival of many American counties.

Frankly, we are stunned that such a proposal is even being considered. General revenue sharing clearly satisfies the president's long-held support of revenue turnbacks. Revenue sharing is not a grant-in-aid program but a turnback of revenues to the political jurisdictions from which they came. Today, with the increased responsibilities being placed on counties because of federal cutbacks, revenue sharing is more important than ever.

General revenue sharing is important for several reasons.

It allows local officials wide discretion to respond to the varying demands of their constituents. And unrestricted aid to local governments helps them meet the costs of uncompensated federally mandated programs.

The low administration cost of revenue sharing makes it the least inflationary aid program for local governments.

A reduction or elimination in revenue sharing cannot be offset by local revenues which are tied principally to the property tax.

And exactly how is revenue sharing spent?

A 1980 NACo survey showed that 60 percent of all counties use revenue sharing for operating expenses—police and fire protection, road maintenance and water quality control.

Fully half of the counties used revenue sharing for human services, and we suspect that percentage has soared as counties have been given more responsibility for these services. Gone are the days when counties could build new buildings. Today they must struggle to provide essential services.

The proposal to cut revenue sharing in the fiscal year that begins in two weeks is devastating for a second reason. County budgets operate on different fiscal years than the federal budget. Many local governments have already made their budgets, including their expected full share of general revenue sharing funds for 1982.

Counties have participated in a partnership with the president. Counties have supported our nation's effort to reduce inflation and balance the budget. The general revenue sharing program was cut by one-third when it was re-enacted last year. NACo will vigorously fight any more cuts.

The Survival of Revenue Sharing Is Threatened

Informed White House sources say President Reagan is about to decide whether to cut general revenue sharing by 5 percent in fiscal 1982 (beginning Oct. 1) and to phase out the program completely by fiscal 1984.

NACo Executive Director Bernard F. Hillenbrand said he was "absolutely stunned" by the announcement and NACo President Richard Conder urged President Reagan to "meet with the NACo leadership before reaching any decision on the proposed cuts."

Newspaper reports quoted "government sources" as saying that the administration is "proposing $16 billion in further budget cuts for 1982 that would include . . . phasing out the CETA job training program and revenue sharing aid to local governments, and abolishing the departments of Education and Energy."

The 5 percent cut in general revenue sharing, if approved by Congress, would amount to about $320 million out of the $4.6 billion made available annually to counties and cities.

Last year Congress extended the program through fiscal 1984, but refused to provide funding for states. Funding for cities and counties is provided via an entitlement, subject to inclusion in an annual appropriations bill. The $4.6 billion has been included in the fiscal 1982 HUD-independent agencies appropriations bill now awaiting final action by the Senate. The House has agreed to this amount, but the president has threatened to veto it because veterans programs in the bill go over his budget request. Senate action on the appropriations bill has been postponed awaiting the president's decision on further budget cuts expected to be announced Sept. 22.

County officials were particularly shocked to hear of the announcement since the president had assured NACo that he wouldn't act on matters affecting local government without consulting with local officials. Indeed, in October 1980 presidential candidate Reagan pledged his support for revenue sharing and said its re-enactment would be "among my highest domestic priorities."

Hillenbrand said, "We must make the President understand that revenue sharing funds already are figured into the budgets of county governments. A loss of those funds, following so closely on the heels of other major cuts, would be devastating."

CONSULTATION URGED

In a telegram to the White House, NACo President Conder urged the President to consult counties before making any decision. "Counties across the nation will be profoundly affected by this proposal and we ask you to meet with us."

Conder noted NACo's important role in achieving passage of the President's earlier budget cuts. "We have supported you and counties have taken more than their fair share of the cuts," Conder said. "Now we must say no more."

Hillenbrand said America's counties courageously supported the administration, "fully believing that all America must help in stopping inflation and bringing about reduced interest rates.

"Our counties have already taken all the cuts they can handle. We are absolutely counting on general revenue sharing funds the next three years to carry counties through this extremely difficult period."

Counties would face enormous financial problems if revenue sharing was abolished because the monies are used in virtually every service county government provides.

USES OF REVENUE SHARING

A 1980 NACo survey showed that revenue sharing accounted for an average 14.54 percent of the general funds available to county government.

If revenue sharing was eliminated the average increase in county property taxes for homeowners would total 19.12 percent.

Designed to share progressive federal income taxes with local governments that traditionally rely on regressive property tax, revenue sharing was intended to help local governments solve diverse local problems. In rural Elk County, Pa., for example, revenue sharing has paid for police and ambulance services. According to Daniel J. Sterbank, the county clerk, in 1980 this county of 37,700 received half its general funds from this one program, and spent more than half of that on operation expenditures.

Nationally, 58.45 percent of the county governments responding to the survey reported using revenue sharing funds for operating or maintenance expenses, not capital outlay. In Allen County, Ky., for example, revenue sharing shored up fire service, police, solid waste disposal, ambulances, a hospital and mental health and mental retardation programs, said Judge Bill Minix, who serves as the elected county executive.

The percentage of counties that use revenue sharing to fund important community services is instructive:

Police and Fire Services, 60.07 percent;
Human Resources, 49.06 percent;
Public Works, 42.72 percent;
Transportation, 42.35 percent;
Environmental Quality, 32.46 percent;
Administration, 31.15 percent;
Recreation and Parks, 20.52 percent;
Other, 18.28 percent;
Housing, Community, Economic Development, Employment and Manpower, 6.90 percent; and
Training, 1.30 percent.

Hillenbrand said that general revenue sharing is "interwoven into the fabric of county government and the loss of the funds would be devastating."

A LETTER TO THE PRESIDENT

DEAR MR. PRESIDENT: We urge you to reject outright any cuts in general revenue sharing or any proposal to phase out this vital program.

General revenue sharing is not a federal handout for cities and counties. It is a careful system that returns some of their citizens' federal taxes to be used locally to meet urgent local needs.

General revenue sharing is a three-year program authorized through 1984. Revenue sharing funds are now in the entire fabric of county government budgets. To local citizens, the funds mean fire trucks, hospital beds, jail cells, ambulances, sewer plants, day-care centers, bridges and policemen.

Most counties face severe fiscal constraints, whether through voter-initiated property tax limitations or because demands for services out-strip their revenue source capability. Since local taxing authority is typically limited to property taxes and service fees, counties need financial assistance to maintain an adequate level of service for the people we represent.

Where can we turn if revenue sharing is abolished?

Counties truly represent the government of last resort, the cutting edge against which the nation's neediest people measure the willingness and capacity of their government to prevent hunger, ensure adequate shelter and health care, provide jobs, and protect the helpless children and elderly in our midst.

For these basic life-sustaining needs, county officials are held accountable.

New pressures are on the way. Counties are absorbing a lion's share of the $40 billion already cut from the federal budget. Many people who will be eliminated from national social programs, or who will have their benefits cut, will turn to counties for help. They will want county general welfare aid, help with fuel bills, summer jobs for their children, shelter and other assistance.

County officials, united through NACo, have joined you in identifying inflation as the nation's number one problem. We have fought, and will continue to fight, side-by-side with you to cut unnecessary government spending, both federal and local.

We are absolutely convinced of your sincere commitment to return control to local governments through block grants and to return federal revenue sources to finance these programs.

Revenue sharing is that ideal revenue source. It collects funds from those most able to pay and returns the funds, at miniscule administrative cost, based upon population, poverty and local tax effort.

We urge you to reject any cuts in revenue sharing and then use it as the best device to fulfill your Oct. 4, 1980 promise to county officials to provide local governments with a national revenue source.

RICHARD CONDER,
President.
BERNARD F. HILLENBRAND,
Executive Director.

CHARLES RALPH PAUL—A GREAT CITIZEN

Mr. HEFLIN. Mr. President, it is with great sadness that I note the death of Charles Ralph Paul, of Geneva, Ala. I knew Ralph personally for a number of years, and will miss not only his friendship, but also his enthusiastic commitment to the Democratic Party and civic affairs. Indeed, throughout his career, Ralph demonstrated an intense and active commitment to the betterment of life in the city of Geneva and the State of Alabama. Throughout his career as an attorney, Ralph consistently demonstrated his uncompromising respect and admiration for his fellow man.

Ralph attended Troy State University and obtained his law degree from the University of Chicago School of Law. He served his country as a naval officer during World War II.

In 1946, he moved to Geneva, where he began his practice as a lawyer. Ralph's contributions to his community are endless. He served as secretary of the Geneva County Democratic Executive Committee for several years, where he worked diligently to preserve and foster the democratic process we are privileged to enjoy today.

He served as president of the Geneva Rotary Club and as president of the Geneva Chamber of Commerce, where his efforts were instrumental toward the development of both the business and civic communities of Geneva. His service as chairman of the Geneva City School Board was exemplary. He served as city attorney for the cities of Hartford, Malvern, and Slocomb. He also served as a member of the Southeast Alabama Regional Planning and Development Commission, as well as the rural area development committee.

Ralph Paul was an outstanding American in every respect. His uncompromising dedication was reflected in his service to his community, to his church, to his profession, and by his unyielding devotion to his beloved family.

I consider myself fortunate to have known Ralph Paul. I wish to extend my sincerest sympathies to Ralph's lovely wife, Jane and his six wonderful children.

Indeed, Ralph's memory will live in the hearts of all who knew him and serve as an inspiration to everyone.

Mr. President, on September 24, 1981, two articles appeared in the Geneva County Reaper. I commend them to the attention of my colleagues, and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

SCHOOLS LOSE A FRIEND

DEAR EDITOR: When the news of Ralph Paul's death reached me Saturday evening, I, like a horde of his other friends, was shocked and left with a hollow and helpless feeling. Mr. Paul was truly an exceptional person. He was a conservative and traditionalist when it came to rearing his family and with the partnership of his able wife, Jane, reared six outstanding children of which they can be proud.

He has served in about every lay leadership role that I can recall with our schools. He was the first chairman of the City Board of Education and gave freely of his time, energy, and legal expertise to build a solid foundation for our school system. He has been instrumental in every tax drive for education for many years and was never too busy to become totally involved gaining financial support for our schools.

The band room at Geneva High School and the visitors bleachers at the football stadium are but two of the many, many projects Mr. Paul spearheaded over the years. He was a man of boundless energy and imagination and brought integrity into every responsibility he undertook whether it was in his practice of law or his many civic endeavors.

There are many appropriate and befitting accolades that can be placed on Mr. Paul but somehow they all seem inadequate. Perhaps it should just simply be stated that Geneva, Alabama, is a much better place to live due to the life and efforts of Ralph Paul. We will all miss him but outside of his immediate family none will miss him more than the Geneva City Schools.

Sincerely,

WYNNTON MELTON,
Superintendent,
Geneva City Schools.

DEATH CLAIMS RALPH PAUL, GENEVA LAWYER

Charles Ralph Paul, an attorney in Geneva, died Saturday afternoon at 4 p.m. at his home 305 N. Trinity Street of an apparent heart attack. He was 64.

Funeral services were at 3 p.m. Monday at the First Union Methodist Church in Geneva with Rev. Elvin T. Edgar, Geneva; Rev. A. Fletcher Howington, Eclectic; and Rev. Ovie W. Mathison, Montgomery officiating. Burial was in Sunset Memorial Gardens in Geneva with Pittman Funeral Home in charge of arrangements.

Born at Henderson in Pike County, Paul attended Troy State University and the University of Chicago, School of Law. He served as a Naval officer in World War II. He moved to Geneva in 1946 and began his practice of law. Since that time he has been prominent in political, business, church and civic affairs in Geneva County and in the state.

At the time of his death he was secretary of the Geneva County Democratic Executive Committee, a position he had held for many years. He was a past president of the Geneva Rotary Club, a past president of the Geneva Chamber of Commerce, former chairman of the city school board, served on the Southeast Alabama Regional Planning and Development Commission and on the Rural Area Development Committee. He was a member of the Geneva County Pensions and Security Board, and was the attorney for the Geneva Water and Sewer Board, and city attorney for Hartford and Malvern and former attorney for the city of Slocomb.

At the First United Methodist Church in Geneva he had taught a Sunday school class for the past 30 years, and was a former chairman of the Administrative Board. He was a former Lay Leader for the Alabama-West Florida Conference, initiating the lay speaking program.

He is survived by his wife, Jane Faulkner Paul; three sons, Joe Paul of Geneva, Jake Paul of Montgomery, and Dr. John Paul of Cincinnati, Ohio; three daughters, Martha Jane Courington of Albertville, Ala.; Mary Anne Tipton of Montgomery, and Susie Owen of Phoenix, Arizona; two brothers, Dr. Thomas Paul, Birmingham, and Ray Paul, Alexandria, Virginia; two sisters, Sarah Peters of Gainesville, Fla., and Irene Paul, Troy; and six grandchildren.

Pallbearers were Oscar Spivey, Pete Brannon, Hamp Morris, Rural Ausley, Claud Hendrix, Wynnton Melton, and Charles Fleming.

Honorary pallbearers were members of the First United Methodist Church Administrative Board and members of Paul's Sunday School Class, and members of the Geneva County Bar Association.

END OF THE HUNGER STRIKE

Mr. DODD. Mr. President, this past Saturday the hunger strike in Northern Ireland finally came to an end after 7 months and after the deaths of 10 young men.

The hunger strike ended because of simple humanitarian concerns. The families of the hunger strikers could no longer sit back silently and watch their loved ones die. A hunger strike is a terrible and cynical weapon to employ for propaganda purposes.

Young men, though willing, are ordered to starve themselves to death to attract worldwide attention to their cause. It is a cause furthered by terrorism and violence outside the H-Block prison as well as within.

Everyone, no matter where they stand on the Irish question, should applaud the end of the hunger strike, and be thankful this terrible ordeal has come to an end. For the hunger strike not only took 10 lives, it took scores of other lives as the Provisional IRA campaign of terrorism and violence mounted.

In the past, I have been critical of the British Government's inflexibility in dealing with the hunger strike issue. Now that the hunger strike has ended, it is essential that the British Government follow through on its assurances of improving prison conditions in Northern Ireland.

I applaud the recent statement by Britain's new Secretary of State for Northern Ireland, James Prior, that progress on prison conditions will now be made with the end of the hunger strike.

We in America must realize, however, that the end of the hunger strike and Britain's apparent willingness to make progress on prison reform will not end the current cycle of violence in Northern Ireland. Only a diplomatic solution achieved with the consent of all parties can insure a stable and prosperous Northern Ireland based on the respect for the fundamental human rights of all within the community.

While my personal preference is for a united Ireland, it is clear that the violence on all sides must end if responsible men and women are to sit down and negotiate an equitable solution. We in the United States can help in that process by refusing to give support to the men of violence on either side.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations and a treaty which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE RECEIVED DURING THE RECESS

Under the authority of the order of the Senate of October 1, 1981, the Secretary of the Senate, on October 2, 1981, received a message from the House of Representatives which announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 304) to establish a national tourism policy and an independent Government agency to carry out the national tourism policy.

The message also announced that the House agrees to the amendments of the Senate to the amendments of the House to the bill (S. 917) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their surviving spouses and children; to authorize the Administrator of Veterans' Affairs to guarantee home loans with provisions for graduated-payment plans; to increase the maximum amount payable in Veterans' Administration specially adapted housing assistance; to expand eligibility for memorial markers; and for other purposes.

The message further announced that the House agrees to the amendment of the Senate to the amendment of the House to the amendment of the Senate to the bill (H.R. 3136) to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker has signed the following enrolled joint resolution:

S.J. Res. 98. Joint resolution to authorize and request the President to issue a proclamation designating October 16, 1981, as "World Food Day".

MESSAGES FROM THE HOUSE

At 3:41 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the following bill, with amendments:

H.R. 3499. An act to amend title 38, United States Code, to extend the Vietnam-era veterans' readjustment counseling program, to provide medical care for Vietnam veterans exposed to herbicide defoliants (including Agent Orange), to recover the cost of certain health care provided by the Veterans' Administration, and for other purposes.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4612. An act to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the following enrolled bill:

S. 304. An act to amend the International Travel Act of 1961 to establish a national tourism policy, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore (Mr. THURMOND).

HOUSE BILL REFERRED

The following bill was read twice by unanimous consent, and referred to the Committee on Agriculture, Nutrition, and Forestry:

H.R. 4612. An act to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

ENROLLED JOINT RESOLUTION SIGNED

The PRESIDENT pro tempore (Mr. THURMOND) announced that on today, October 5, 1981, he signed the following enrolled joint resolution, which had previously been signed by the Speaker of the House of Representatives:

S.J. Res. 98. Joint resolution to authorize and request the President to issue a proclamation designating October 16, 1981, as "World Food Day."

ENROLLED BILL AND JOINT RESOLUTION PRESENTED

The Secretary reported that on today, October 5, 1981, he had presented to the President of the United States the following enrolled bill and joint resolution:

S. 304. An act to amend the International Travel Act of 1961 to establish a national tourism policy, and for other purposes; and

S.J. Res. 98. Joint resolution to authorize and request the President to issue a proclamation designating October 16, 1981, as "World Food Day."

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources:

Edward A. Curran, of Maryland, to be Director of the National Institute of Education; and

Gary L. Jones, of Virginia, to be Deputy Under Secretary for Planning and Budget, Department of Education.

(The above nominations were reported from the Committee on Labor and Human Resources with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. DOLE (for himself and Mr. DeConcini):

S. 1700. A bill to establish a United States Court of Appeals for the Federal Circuit, to establish a United States Claims Court, and for other purposes; to the Committee on the Judiciary.

By Mrs. HAWKINS (for herself, Mr. Denton, Mr. Pell, Mr. Specter, Mr. Symms, and Mr. Thurmond):

S. 1701. A bill to amend title 28, United States Code, to authorize the Attorney General to acquire and exchange information to assist Federal, State, and local officials in the identification of certain deceased individuals and in the location of missing children and other specified individuals; to the Committee on the Judiciary.

By Mr. LUGAR:

S. 1702. A bill to amend the National Housing Act to provide additional mortgage and loan insurance authority; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. GARN (by request):

S. 1703. A bill to enhance the competitiveness of thrift institutions, to protect depositors and creditors of such institutions, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. SYMMS (for himself, Mr. McClure, Mr. Helms, and Mr. Goldwater):

S. 1704. A bill to provide for the minting of United States gold coins; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. CHILES (for himself, Mr. Boren, Mr. Nunn, Mr. Johnston, and Mr. Pryor):

S.J. Res. 112. Joint resolution to create a Committee on Interest Rates and the Availability of Credit; to the Committee on Banking, Housing, and Urban Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DOLE (for himself and Mr. DeConcini):

S. 1700. A bill to establish a U.S. Court of Appeals for the Federal Circuit, to establish a U.S. Claims Court, and for other purposes; to the Committee on the Judiciary.

FEDERAL COURTS IMPROVEMENT ACT OF 1981

● Mr. DOLE. Mr. President, today the Senator from Kansas, along with Senator DeConcini, sends to the desk for appropriate reference S. 1700, a bill entitled "The Federal Courts Improvement Act of 1981."

For years, leading jurists, practitioners and academicians have been struggling with a problem plaguing the judicial branch of our Government—that of striving toward definitive, consistent, and expeditious ruling on issues of nationwide concern. One area where this confusion of diverse adjudication has hit our country hardest has been in court rulings that have handicapped one of our most valued national resources—imaginative and innovative technology. Our country is in the throes of a crisis in industrial innovation that has dulled our will and stifled our determination to lead the world as industrial dreamers and doers. Wave after wave of new technology breaks on our shores weekly from foreign competitors. In spite of these challenges, our own industrial innovations and technological superiority are today threatened by a confusion of rulings and philosophies about patent law protection throughout the various circuits of the country.

These problems have been discussed among those interested in our courts for years. The past several years have seen a flurry of activity in the Congress to attempt to identify and examine a number of problems in the organizational structure and jurisdiction of several of the Federal courts. Hearings have been held discussing some of these problems. The American Patent Law Association, representing more than 4,000 counsel practicing patent, trademark, copyright, and other intellectual property law, testified in favor of S. 1700 at the hearing this spring. Although the American Bar Association House of Delegates has not supported the concept of a unified appellate forum for patent appeals, the American Bar Association's section of patent, trademark, and copyright law has strongly supported a single court of appeals to handle patent matters.

The Industrial Research Institute representing over 250 industrial companies, and the National Small Business Association, representing 50,000 small businesses, and other industry representatives and professionals, testified in favor of the bill. The National Association of Manufacturers has expressed support for the bill as well.

Those hearings have pointed to solutions that I feel are embodied in this legislation.

From the perspective of the judicial branch of our Government, both Chief Judge Howard T. Markey of the U.S. Court of Customs and Patent Appeals and Chief Judge Daniel M. Friedman of the U.S. Court of Claims endorsed the objectives and methods encompassed in the bill. The Judicial Conference of the United States has contributed greatly to the development of this bill and has adopted or recommended to Congress much of the present bill.

This bill is a major omnibus reorganization aimed at resolving some of the myriad structural, administrative, and procedural problems which have impaired the abilities of the Federal courts to deal with a wide range of controversies in the industrial and private sectors and to respond promptly, predictably, and meaningfully to their problem. These problems are highlighted by the inability of our present system to promptly and definitively answer legal controversies of national importance.

The essence of the Federal Courts Improvement Act and its intended results are as follows:

First. It would combine the appellate judges and jurisdiction of the Court of Claims with the judges and jurisdiction of the Court of Customs and Patent Appeals, designating the newly restructured court—the U.S. Court of Appeals for the Federal Circuit. This restructuring will solve the gunshy attitude many corporations, large and small, have had in developing new technology only to find that their investments in technology are not protected. With the present structure of patent appeals defending a patent is a bit like betting on a jockey at the track without knowing what horse he is going to ride. The present system is a forum shopper's delight and an innovator's nightmare. We intend to end that nightmare by consolidating patent appeals.

Second. The second important substantive structural change worked by the bill is to create a new claims court to handle the existing trial jurisdictions of the present Court of Claims. The present court lacks the ability to act decisively and completely in adjudicating many of its cases because of the way it is structured. In effect, it is a two-tier system. This bill will, for the first time, allow the court in resolving certain claims against the Federal Government, the ability to grant litigants efficient, and complete relief by allowing the court to grant injunctive and declaratory remedies.

Third. A number of other more technical changes are addressed by the bill which deal with electronic court reporting, amending the judicial council organization, allowing prejudgment interest in certain cases, limiting chief judges' tenure and modifying retirement provisions for judges.

The Court Improvement Act is one of a series of court reform bills that Congress will look at in the coming months as a part of a comprehensive program designed to improve our court system and enhance citizen access to justice. While we may not be able to please all of the people interested in judicial reform all of the time, this bill addresses a number of problems of national significance with a careful, considered, and measured response. The time has come to act decisively and effectively and I feel confident that the Federal Courts Improvement Act will do just that. I urge my colleagues to vote favorably upon this important measure.

Mr. President, I request unanimous consent that additional explanatory materials, along with the text of S. 1700, the Federal Courts Improvement Act of 1981, which I am sending to the Chair, be included in the Record at the conclusion of these remarks.

There being no objection, the bill and explanation were ordered to be printed in the Record, as follows:

S. 1700

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Courts Improvement Act of 1981".

TITLE I—UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND UNITED STATES CLAIMS COURT

Part A—Organization, Structure, and Jurisdiction

NUMBER AND COMPOSITION OF CIRCUITS

Sec. 101. Section 41 of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended by striking out "twelve" and inserting in lieu thereof "thirteen" and by adding at the end thereof the following:

"Federal______All Federal judicial districts.".

NUMBER OF CIRCUIT JUDGES

Sec. 102. (a) Section 44(a) of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended by adding at the end thereof the following:

"Federal________________________ 12"

(b)(1) Section 44(c) of title 28, United States Code, is amended by adding the following sentence at the end thereof: "While in active service, each circuit judge of the Federal judicial circuit appointed after October 1, 1981, and the chief judge of the Federal judicial circuit, whenever appointed, shall reside within fifty miles of the District of Columbia.".

(2) The first paragraph of section 48 of title 28, United States Code, is amended by striking out the first two sentences and inserting in lieu thereof the following:

"(a) The courts of appeals shall hold regular sessions at the places listed below, and at such other places within the respective circuit as each court may designate by rule:".

(3) Section 48(a) of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended further by inserting at the end of the table of circuits and places the following:

"Federal_____________District of Columbia.".

(4) Section 48(a) of title 28, United States Code, is amended further by striking out the final paragraph and inserting in lieu thereof the following:

"(b) Each court of appeals may hold special sessions at any place within its circuit as the nature of the business may require, and upon such notice as the court orders. The court may transact any business at a special session which it might transact at a regular session.

"(c) Any court of appeals may pretermit, with the consent of the Judicial Conference of the United States, any regular session of court at any place for insufficient business or other good cause.".

PANELS OF JUDGES

SEC. 103. (a) Section 46(a) of title 28, United States Code, is amended by striking out "divisions" and inserting in lieu thereof "panels".

(b) Section 46(b) of title 28, United States Code, is amended—

(1) by striking out "divisions" each place it appears and inserting in lieu thereof "panels"; and

(2) by inserting immediately before the period at the end of the first sentence thereof the following: ", except that the United States Court of Appeals for the Federal Circuit may determine by rule the number of judges, not less than three, who constitute a panel".

NUMBER OF JUDGES FOR HEARINGS

SEC. 104. (a) The first sentence of section 46(c) of title 28, United States Code, is amended by inserting immediately after "three judges" the following: "(except that the United States Court of Appeals for the Federal Circuit may sit in panels of more than three judges if its rules so provide)".

(b) Section 46(d) of title 28, United States Code, is amended by striking out "division" and inserting in lieu thereof "panel".

ORGANIZATION OF UNITED STATES CLAIMS COURT

SEC. 105. (a) Chapter 7 of title 28, United States Code, is amended to read as follows:

"CHAPTER 7—UNITED STATES CLAIMS COURT

"Sec.
"171. Appointment and number of judges; character of court; designation of chief judge.
"172. Tenure and salaries of judges.
"173. Times and places of holding court.
"174. Assignment of judges; decisions.
"175. Official duty station; residence.
"176. Removal from office.
"177. Disbarment of removed judges.

"§ 171. Appointment and number of judges; character of court; designation of chief judge

"(a) The President shall appoint, by and with the advice and consent of the Senate, sixteen judges who shall constitute a court of record known as the United States Claims Court. The court is declared to be a court established under article I of the Constitution of the United States.

"(b) The Claims Court shall at least biennially designate a judge to act as chief judge.

"§ 172. Tenure and salaries of judges

"(a) Each judge of the United States Claims Court shall be appointed for a term of fifteen years.

"(b) Each judge shall receive a salary at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351–361), as adjusted by section 461 of this title.

"§ 173. Times and places of holding court

"The principal office of the United States Claims Court shall be in the District of Columbia, but the Claims Court may hold court at such times and in such places as it may fix by rule of court. The times and places of the sessions of the Claims Court shall be prescribed with a view to securing reasonable opportunity to citizens to appear before the Claims Court with as little inconvenience and expense to citizens as is practicable.

"§ 174. Assignment of judges; decisions

"(a) The judicial power of the United States Claims Court with respect to any action, suit, or proceeding, except congressional reference cases, shall be exercised by a single judge, who may preside alone and hold a regular or special session of court at the same time other sessions are held by other judges.

"(b) All decisions of the Claims Court shall be preserved and open to inspection.

"§ 175. Official duty station; residence

"(a) The official duty station of each judge of the United States Claims Court is the District of Columbia.

"(b) After appointment and while in active service, each judge shall reside within fifty miles of the District of Columbia.

"§ 176. Removal from office

"Removal of a judge of the United States Claims Court during the term for which he is appointed shall be only for incompetency, misconduct, neglect of duty, engaging in the practice of law, or physical or mental disability. Removal shall be by the United States Court of Appeals for the Federal Circuit, but removal may not occur unless a majority of all the judges of such court of appeals concur in the order of removal. Before any order of removal may be entered, a full specification of the charges shall be furnished to the judge, and he shall be accorded an opportunity to be heard on the charges. Any cause for removal of any judge of the United States Claims Court coming to the knowledge of the Director of the Administrative Office of the United States Courts shall be reported by him to the chief judge of the United States Court of Appeals for the Federal Circuit, and a copy of the report shall at the same time be transmitted to the judge.

"§ 177. Disbarment of removed judges

"A judge of the United States Claims Court removed from office in accordance with section 176 of this title shall not be permitted at any time to practice before the Claims Court.".

"(b) The item relating to chapter 7 in the chapter analysis of part I of title 28, United States Code, is amended to read as follows:

"7. United States Claims Court________ 171".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 106. Chapter 9 of title 28, United State Code, and the item relating to chapter 9 in the chapter analysis of part I of such title, are repealed.

INTERLOCUTORY APPEALS FROM CERTAIN ORDERS

SEC. 107. Section 256(b) of title 28, United States Code, is amended by striking out "section 1541(b)" and all that follows through "in that section." and inserting in lieu thereof the following: "section 1292(c)(3) of this title, and the United States Court of Appeals for the Federal Circuit may, in its discretion, consider the appeal.".

REPEAL; ASSIGNMENT OF CIRCUIT JUDGES

SEC. 108. Subsection (b) of section 291 of title 28, United States Code, is repealed.

ASSIGNMENT OF DISTRICT JUDGES

SEC. 109. Section 292(e) of title 28, United States Code, is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals or" and by striking out "in which the need arises".

REPEAL; ASSIGNMENT OF OTHER JUDGES

SEC. 110. Subsections (a), (c), and (d) of section 293 of title 28, United States Code, are repealed.

JUDICIAL CONFERENCE

SEC. 111. Section 331 of title 28, United States Code, is amended—

(1) in the first paragraph, by striking out ", the chief judge of the Court of Claims, the chief judge of the Court of Customs and Patent Appeals,"; and

(2) in the third paragraph, by striking out the second sentence.

RETIREMENT

SEC. 112. (a) Section 372(a) of title 28, United States Code, is amended—

(1) in the third paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals, or"; and

(2) in the fifth paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals, or".

(b) Section 372(b) of title 28, United States Code, is amended by striking out "Court of Claims, Court of Customs and Patent Appeals, or" each place it appears.

REPEAL; DISTRIBUTION OF COURT OF CLAIMS DECISIONS

SEC. 113. Section 415 of title 28, United States Code, and the item relating to section 415 in the section analysis of chapter 19 of such title, are repealed.

DEFINITIONS

SEC. 114. Section 451 of title 28, United States Code (including that section as it will become effective on April 1, 1984), is amended—

(1) in the first paragraph, by striking out "the Court of Claims, the Court of Customs and Patent Appeals,"; and

(2) in the third paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals,".

TRAVELING EXPENSES AND COURT ACCOMMODATIONS

SEC. 115. (a)(1) Section 456 of title 28, United States Code, is amended to read as follows:

"§ 456. Traveling expenses of justices and judges; official duty stations

(a) The Director of the Administrative Office of the United States Courts shall pay each justice or judge of the United States, and each retired justice or judge recalled or designated and assigned to active duty, while attending court or transacting official business at a place other than his official duty station for any continuous period of less than thirty calendar days: (1) all necessary transportation expenses certified by the justice or judge; and (2) a per diem allowance for travel at the rate which the Director establishes not to exceed the maximum per diem allowance fixed by section 5702(a) of title 5, United States Code or, in accordance with regulations which the Director shall prescribe with the approval of the Judicial Conference of the United States, reimbursement for his actual and necessary expenses of subsistence not in excess of the maximum amount fixed by section 5702 of title 5, United States Code. The Director of the Administrative Office of the United States Courts shall also pay each justice or judge of the United States, and each retired justice or judge recalled or designated and assigned to active duty, while attending court or transacting official business under an assignment authorized under Chapter 13 of this title which exceeds in duration a continuous period of thirty calendar days, all necessary transportation expenses and actual and necessary expenses of subsistence actually incurred, notwithstanding the provisions of section 5702 of title 5, United States Code, in accordance with regulations which the Director shall prescribe with the approval of the Judicial Conference of the United States.

"(b) The official duty station of the Chief Justice of the United States, the Justices of the Supreme Court of the United States, and the judges of the United States Court of Appeals for the District of Columbia Circuit, the United States Court of Appeals for the Federal Circuit, and the United States District Court for the District of Columbia shall be the District of Columbia.

"(c) The official duty station of the judges of the United States Court of International Trade shall be New York City.

"(d) The official duty station of each district judge shall be that place where a district court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.

"(e) The official duty station of a circuit judge shall be that place where a circuit or district court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, or that place where the Director provides chambers to the judge where he performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.

"(f) The official duty station of a retired judge shall be established in accordance with section 374 of this title.

"(g) Each circuit or district judge whose official duty station is not fixed expressly by this section shall notify the Director of the Administrative Office of the United States Courts in writing of his actual abode and official duty station upon his appointment and from time to time thereafter as his official duty station may change.".

(2) The item relating to section 456 in the section analysis of chapter 21 of title 28, United States Code, is amended to read as follows:

"456. Traveling expenses of justices and judges; official duty stations.".

(b)(1) Section 460 of title 28, United States Code, is amended to read as follows:

"§ 460. Application to other courts

"(a) Sections 452 through 459 and section 462 of this chapter shall also apply to the United States Claims Court, to each court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, and to the judges thereof.

"(b) The official duty station of each judge referred to in subsection (a) which is not otherwise established by law shall be that place where the court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.".

(2) The item relating to section 460 in the section analysis of chapter 21 of title 28, United States Code, is amended to read as follows:

"460. Application to other courts.".

(c) (1) Chapter 21 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 462. Court accommodations

"(a) Sessions of courts of the United States (except the Supreme Court) shall be held only at places where the Director of the Administrative Office of the United States Courts provides accommodations, or where suitable accommodations are furnished without cost to the judicial branch.

"(b) The Director of the Administrative Office of the United States Courts shall provide accommodations, including chambers and courtrooms, only at places where regular sessions of court are authorized by law to be held, but only if the judicial council of the appropriate circuit has approved the accommodations as necessary.

"(c) The limitations and restrictions contained in subsection (b) of this section shall not prevent the Director from furnishing chambers to circuit judges at places where Federal facilities are available when the judicial council of the circuit approves.

"(d) The Director of the Administrative Office of the United States Courts shall provide permanent accommodations for the United States Court of Appeals for the Federal Circuit and for the United States Claims Court only at the District of Columbia. However, each such court may hold regular and special sessions at other places utilizing the accommodations which the Director provides to other courts.

"(e) The Director of the Administrative Office of the United States Courts shall provide accommodations for probation officers, pretrial service officers, and Federal Public Defender Organizations at such places as may be approved by the judicial council of the appropriate circuit.

"(f) Upon the request of the Director, the Administrator of General Services is authorized and directed to provide the accommodations the Director requests," and to close accommodations which the Director recommends for closure with the approval of the Judicial Conference of the United States.

(2) The section analysis of chapter 21 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"462. Court accommodations.".

(3) Section 142 of title 28, United States Code, and the item relating to section 142 in the section analysis of chapter 5 of such title, are repealed.

Sec. 116. (a) Chapter 21 of title 28, United States Code, is amended by adding the following new section:

§ 463. Expenses of litigation.

"(a) Whenever a Chief Justice, justice, judge, officer, or employee of any United States court is sued in his official capacity, or is otherwise required to defend acts taken or omissions made in his official capacity, and the services of an attorney for the Government are not reasonably available pursuant to chapter 31 of this title, the Director of the Administrative Office of the United States Courts may pay the costs of his defense. The Director shall prescribe regulations for such payments subject to the approval of the Judicial Conference of the United States.".

(b) The analysis of chapter 21 of title 28, United States Code, is amended by adding the following new item:

"463. Expenses of litigation.".

INTERESTS OF THE UNITED STATES IN CERTAIN ACTIONS

Sec. 117. Section 518(a) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or in the United States Court of Appeals for the Federal Circuit".

TRANSMISSION OF PETITIONS IN SUITS AGAINST THE UNITED STATES

Sec. 118. (a) Section 520 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or in the United States Court of Appeals for the Federal Circuit"; and

(2) by striking out "Court of Claims" in the section heading and inserting in lieu thereof "United States Claims Court or in United States Court of Appeals for the Federal Circuit".

(b) The item relating to section 520 in the section analysis of chapter 31 of title 28, United States Code, is amended to read as follows:

"520. Transmission of petitions in United States Claims Court or in United States Court of Appeals for the Federal Circuit; statement furnished by departments.".

BUDGET ESTIMATES

Sec. 119. Section 605 of title 28, United States Code, is amended by inserting immediately before the period at the end of the second undesignated paragraph the following: "and the estimate with respect to the United States Court of Appeals for the Federal Circuit shall be approved by such court" and by striking out "Bureau of the Budget" each place it appears and inserting in lieu thereof "Office of Management and Budget".

DEFINITION OF COURTS

Sec. 120. (a) Section 610 of title 28, United States Code, is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals" and inserting in lieu thereof "the United States Claims Court".

(b)(1) Section 713 of title 28, United States Code, is amended to read as follows:

"§ 713. **Librarians**

"(a) Each court of appeals may appoint a librarian who shall be subject to removal by the court.

"(b) The librarian, with the approval of the court, may appoint necessary library assistants in such numbers as the Director of the Administrative Office of the United States Courts may approve. The librarian may remove such library assistants with the approval of the court.".

(2) The item relating to section 713 in the section analysis of chapter 47, United States Code, is amended to read as follows:

"713. Librarians.".

(c) (1) Chapter 47 of title 28, United States Code, is amended by adding at the end thereof the following new sections:

"§ 714. Criers and messengers

"(a) Each court of appeals may appoint a crier who shall be subject to removal by the court.

"(b) The crier, with the approval of the court, may appoint necessary messengers in such number as the Director of the Administrative Office of the United States Courts may approve. The crier may remove such messengers with the approval of the court. The crier shall also perform the duties of bailiff and messenger.

"§ 715. Staff attorneys and technical assistants

"(a) The chief judge of each court of appeals, with the approval of the court, may appoint a senior staff attorney, who shall be subject to removal by the chief judge with the approval of the court.

"(b) The senior staff attorney, with the approval of the chief judge, may appoint necessary staff attorneys and secretarial and clerical employees in such numbers as the Director of the Administrative Office of the United States Courts may approve, but in no event may the number of staff attorneys exceed the number of positions expressly authorized in an annual appropriation act. The senior staff attorney may remove such staff attorneys and secretarial and clerical employees with the approval of the chief judge.

"(c) The chief judge of the Court of Appeals for the Federal Circuit, with the approval of the court, may appoint a senior technical assistant who shall be subject to removal by the chief judge with the approval of the court.

"(d) The senior technical assistant, with the approval of the court, may appoint necessary technical assistants in such number as the Director of the Administrative Office of the United States Courts may approve, but in no event may the number of technical assistants in the Court of Appeals for the Federal Circuit exceed the number of circuit judges in regular active service within such circuit. The senior technical assistant may remove such technical assistants with the approval of the court.".

(2) The section analysis of chapter 47, United States Code, is amended by adding at the end thereof the following new items:

"714. Criers and messengers.

"715. Staff attorneys and technical assistants.".

OFFICERS AND EMPLOYEES OF THE UNITED STATES CLAIMS COURT

SEC. 121. (a) Section 791(a) of title 28, United States Code, is amended to read as follows:

"(a) The United States Claims Court may appoint a clerk, who shall be subject to removal by the court. The clerk, with the approval of the court, may appoint necessary deputies and employees in such numbers as may be approved by the Director of the Administrative Office of the United States Courts. Such deputies and employees shall be subject to removal by the clerk with the approval of the court.".

(b) Section 792 of title 28, United States Code, and the item relating to section 792 in the section analysis of chapter 51 of such title, are repealed.

(c)(1) Section 794 of title 28, United States Code, is amended to read as follows:

"§ 794. Law clerks and secretaries

"The judges of the United States Claims Court may appoint necessary law clerks and secretaries, in such numbers as the Judicial Conference of the United States may approve subject to any limitation of the aggregate salaries of such employees which may be imposed by law.".

(2) The item relating to section 794 in the section analysis of chapter 51 of title 28, United States Code, is amended to read as follows:

"794. Law clerks and secretaries.".

(d)(1) Section 795 of title 28, United States Code, is amended to read as follows:

"§ 795. Bailiffs and messengers

"The chief judge of United States Claims Court, with the approval of the court, may appoint necessary bailiffs and messengers, in such numbers as the Director of the Administrative Office of the United States Courts may approve, each of whom shall be subject to removal by the chief judge, with the approval of the court.".

(2) The item relating to section 795 in the section analysis of chapter 51 of title 28, United States Code, is amended to read as follows:

"795. Bailiffs and messengers.".

(e) Section 796 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "Director of the Administrative Office of the United States Courts".

(f) Section 797 of title 28, United States Code, and the item relating to section 797 in the section analysis of chapter 51 of such title, are repealed.

(g)(1) The item relating to chapter 51 in the chapter analysis of part III of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The chapter heading of chapter 51 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

ABOLISHMENT OF UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

SEC. 122. (a) Chapter 53 of the title 28, United States Code, and the item relating to chapter 53 in the chapter analysis of part III of such title, are repealed.

(b) Subsection (a) of section 957 of title 28, United States Code, is amended by striking out "(a)" and subsection (b) of such section 957 is repealed.

TECHNICAL AND CONFORMING AMENDMENTS RELATING TO REPEAL OF COURT OF CUSTOMS AND PATENT APPEALS

SEC. 123. Sections 1255 and 1256 of title 28, United States Code, and the items relating to sections 1255 and 1256 in the section analysis of chapter 81 of such title, are repealed.

COURTS OF APPEALS JURISDICTION

SEC. 124. Section 1291 of title 28, United States Code, is amended—

(1) by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "courts of appeals"; and

(2) by adding at the end thereof the following new sentence: "The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the jurisdiction described in sections 1292 (c) and (d) and 1295 of this title.".

INTERLOCUTORY DECISIONS

SEC. 125. (a) Section 1292(a) of title 28, United States Code, is amended—

(1) by striking out "The courts" and inserting in lieu thereof "Except as provided in subsections (c) and (d) of this section, the courts";

(2) by striking out the semicolon at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) by striking out paragraph (4).

(b) Section 1292 of title 28, United States Code, is amended by adding at the end thereof the following new subsections:

"(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

"(1) of an appeal from an interlocutory order or decree described in subsection (a) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title; and

"(2) of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.

"(d)(1) When the chief judge of the Court of International Trade issues an order under the provisions of section 256(b) of this title, or when any judge of the Court of International Trade, in issuing any other interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from its order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

"(2) When any judge of the United States Claims Court, in issuing an interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from its order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

"(3) Neither the application for nor the granting of an appeal under this subsection shall stay proceedings in the Court of International Trade or in the Claims Court, as the case may be, unless a stay is ordered by a judge of the Court of International Trade or the Claims Court or by the United States Court of Appeals for the Federal Circuit or a judge of that court.".

CIRCUITS IN WHICH DECISIONS ARE REVIEWABLE

SEC. 126. Section 1294 of title 28, United States Code, is amended by striking out "Appeals" and inserting in lieu thereof "Except as provided in section 1295 of this title, appeals".

JURISDICTION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SEC. 127. (a) Chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new sections:

"§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit

"(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

"(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

"(2) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1346 of this title, except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), or 1346(e) of this title or under section 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by sections 1291, 1292, and 1294 of this title;

"(3) of an appeal from a final decision of the United States Claims Court;

"(4) of an appeal from a decision of—

"(A) the Board of Appeals or the Board of Patent Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

"(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

"(C) a district court to which a case was directed pursuant to section 145 or 146 of title 35;

"(5) of an appeal from a final decision of the United States Court of International Trade;

"(6) to review the final determinations of the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337);

"(7) to review, by appeal on questions of law only, findings of the Secretary of Commerce under headnote 6 to schedule 8, part 4, of the Tariff Schedules of the United States (relating to importation of instruments or apparatus);

"(8) of an appeal under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461);

"(9) of an appeal from a final order or final decision of the Merit Systems Protection Board, pursuant to sections 7703(b)(1) and 7703(d) of title 5; and

"(10) of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 except as provided in section 4 of that Act.

"(b) The head of any executive department or agency may, with the approval of the Attorney General, refer to the Count of Appeals for the Federal Circuit for judicial review any final decision rendered by a board of contract appeals pursuant to the terms of any contract with the United States awarded by that department or agency which the head of such department or agency has concluded is not entitled to finality pursuant to the review standards specified in section 10 (b) of the Contract Disputes Act of 1978 (41 U.S.C. 609(b)). The head of each executive department or agency shall make any referral under this section within one hundred and twenty days after the receipt of a copy of the final appeal decision.

"(c) The Court of Appeals for the Federal Circuit shall review the matter referred in accordance with the standards specified in section 10(b) of the Contract Disputes Act of 1978. The court shall proceed with judicial review on the administrative record made before the board of contract appeals on matters so referred as in other cases pending in such court, shall determine the issue of finality of the appeal decision, and shall, if appropriate, render judgment thereon, or remand the matter to any administrative or executive body or official with such direction as it may deem proper and just.

"§ 1296. Precedence of cases in the United States Court of Appeals for the Federal Circuit

"Civil actions in the United States Court of Appeals for the Federal Circuit shall be given precedence, in accordance with the law applicable to such actions, in such order as the court may by rule establish.".

(b) The section analysis of chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit.

"1296. Precedence of cases in the United States Court of Appeals for the Federal Circuit.".

INTERSTATE COMMERCE COMMISSION ORDERS; JURISDICTION

SEC. 128. Section 1336(b) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

UNITED STATES AS DEFENDANT; JURISDICTION

SEC. 129. Section 1346(a) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

INTERSTATE COMMERCE COMMISSION ORDERS; VENUE

SEC. 130. Section 1398(b) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

UNITED STATES AS DEFENDANT; VENUE

SEC. 131. Section 1402(a) of title 28, United States Code, is amended by inserting "in a district court" after "civil action".

CURE OR WAIVER OF DEFECTS

SEC. 132. Section 1406(c) of title 28, United States Code, is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

UNITED STATES CLAIMS COURT JURISDICTION AND VENUE

SEC. 133. (a) Section 1491 of title 28, United States Code, is amended to read as follows:

"§ 1491. Claims against United States generally; actions involving Tennessee Valley Authority

"(a)(1) The United States Claims Court shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort. For the purpose of this paragraph, an express or implied contract with the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, or Exchange Councils of the National Aeronautics and Space Administration shall be considered an express or implied contract with the United States.

"(2) To afford complete relief in controversies within its jurisdiction, the court may grant declaratory judgments and such equitable and extraordinary relief as it deems proper, including but not limited to injunctive relief; and the court may, to complete the relief afforded by a judgment, issue orders directing restoration to office or position, placement in appropriate duty or retirement status, and correction of applicable records; and any such orders issued pursuant to a grant of equitable or extraordinary relief or issued to complete relief may be issued to any appropriate official of the United States. In any case within its jurisdiction, the court shall have the power to remand appropriate matters to any administrative or executive body or official with such direction as it may deem proper and just. The Claims Court shall have jurisdiction to render judgment upon any claim by a contractor arising under section 10(a)(1) of the Contract Disputes Act of 1978.

"(b) Nothing herein shall be construed to give the United States Claims Court jurisdiction of any civil action within the exclusive jurisdiction of the Court of International Trade, or of any action against, or founded on conduct of, the Tennessee Valley Authority, or to amend or modify the provisions of the Tennessee Valley Authority Act of 1933 with respect to actions by or against the Authority.".

(b) Section 1492 of title 28, United States Code, is amended by striking out "chief commissioner of the Court of Claims" and inserting in lieu thereof "chief judge of the United States Claims Court".

(c)(1) Sections 1494, 1495, 1496, and 1497 of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The section heading of section 1497 of title 28, United States Code, is amended by striking out "growers," and inserting in lieu thereof "growers' ".

(d) Section 1498 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court";

(2) in subsections (b) and (d), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court".

(e) Sections 1499, 1500, 1501, 1502, and 1503 of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(f) Section 1504 of title 28, United States Code, and the item relating to section 1504 in the section analysis of chapter 91 of such title, are repealed.

(g) Section 1505 of title 28, United States Code, is amended by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court" and by striking out "Court of Claims" the second place it appears and inserting in lieu thereof "Claims Court".

(h) Section 1506 of title 28, United States Code, and the item in the section analysis of chapter 91 of such title, are repealed.

(i) Section 1507 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(j)(1) The item relating to chapter 91 in the chapter analysis of part IV of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The chapter heading of chapter 91 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(3) The item relating to section 1499 in the section analysis of chapter 91, United States Code, is amended to read as follows:

"1499. Liquidated damages withheld from contractors under Contract Work Hours Standards Act.".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 134. Chapter 93 of title 28, United States Code, and the item relating to chapter 93 in the chapter analysis of part IV of such title, are repealed.

REPEAL; CURE OF DEFECTS

SEC. 135. Section 1584 of title 28, United States Code, and the item relating to section 1584 in the section analysis of chapter 95 of such title, are repealed.

REPEAL; TIME FOR APPEAL

SEC. 136. Section 2100 of title 28, United States Code, and the item relating to section 2110 in the section analysis of chapter 133 of such title, are repealed.

COURT OF APPEALS JURISDICTION

SEC. 137. Section 2342 of title 28, United States Code, is amended—

(1) by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "court of appeals";

(2) in paragraph (4), by inserting "and" after the semicolon;

(3) in paragraph (5), by striking out "; and" and inserting in lieu thereof a period; and

(4) by striking out paragraph (6).

PLANT VARIETY PROTECTION OFFICE DECISIONS

Sec. 138. Section 2353 of title 28, United States Code, and the item relating to section 2353 in the section analysis of chapter 158 of such title, are repealed.

UNITED STATES CLAIMS COURT PROCEDURE

Sec. 139. (a) Sections 2501 and 2502(a) of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(b)(1) Section 2503 of title 28, United States Code, is amended to read as follows:

"§ 2503. Proceedings generally

"Parties to any suit in the United States Claims Court may appear before a judge of that court in person or by attorney, produce evidence, and examine witnesses. The proceedings of the Claims Court shall be in according with such rules of practice and procedure (other than the rules of evidence) as the Claims Court may prescribe and in accordance with the rules of evidence applicable to trials without a jury in a district court of the United States. The judges shall fix times for trials, administer oaths or affirmations, examine witnesses, receive evidence, and enter dispositive judgments. Hearings shall, if convenient, be held in the counties where the witnesses reside.".

(2) The item relating to section 2503 in the section analysis of chapter 165 of title 28, United States Code, is amended by striking out "before commissioners".

(c) Section 2504 of title 28, United States Code, and the item relating to section 2504 in the section analysis of chapter 165 of such title, are repealed.

(d) Section 2505 of title 28, United States Code, is amended—

(1) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "report findings" and inserting in lieu thereof "enter judgment".

(e) Section 2506 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(f) Section 2507 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsection (c), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court".

(g) Section 2508 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(h)(1) Section 2509(a) of title 28, United States Code, is amended to read as follows:

"(a) Whenever a bill, except a bill for a pension, is referred by either House of Congress to the chief judge of the United States Claims Court pursuant to section 1492 of this title, the chief judge shall designate a judge as hearing officer for the case and a panel of three judges of the court to serve as a reviewing body. One member of the review panel shall be designated as presiding officer of the panel.".

(2) Section 2509 of title 28, United States Code, is amended—

(A) in subsections (b), (c), (d), and (f), by striking out "trial commissioner" and inserting in lieu thereof "hearing officer";

(B) in subsections (b), (c), and (e), by striking out "chief commissioner" and inserting in lieu thereof "chief judge";

(C) in subsections (b), (f), and (g), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court";

(D) in subsection (d), by striking out "of commissioners";

(E) in subsection (g), by striking out "commissioners" the first place it appears and inserting in lieu thereof "judges"; and

(F) in subsection (g), by striking out "trial commissioners" and inserting in lieu thereof "hearing officers".

(i)(1) Section 2510 of title 28, United States Code, is amended to read as follows:

"§ 2510. Referral of cases by Comptroller General

"(a) The Comptroller General may transmit to the United States Claims Court for trial and adjudication any claim or matter of which the Claims Court might take jurisdiction on the voluntary action of the claimant, together with all vouchers, papers, documents, and proofs pertaining thereto.

"(b) The Claims Court shall proceed with the claims or matters so referred as in other cases pending in such Court and shall render judgment thereon.".

(2) The item relating to section 2510 in the section analysis of chapter 165 of title 28, United States Code, is amended to read as follows:

"2510. Referral of cases by Comptroller General.".

(j)(1) Section 2511 of title 28, United States Code, is amended by striking out ", or of the Supreme Court upon review,".

(2) Sections 2511, 2512, 2513(c), 2514, and 2515(a) of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(k) Section 2517 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsection (b), by striking out the comma at the end thereof and inserting in lieu thereof a period.

(l) Section 2518 of title 28, United States Code, and the item relating to section 2518 in the section analysis of chapter 165 of such title, are repealed.

(m) Section 2519 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(n)(1) Section 2520(a) of title 28, United States Code, is amended—

(A) by striking out "(a)";

(B) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(C) by striking out "$10" and inserting in lieu thereof "$60".

(2) Subsections (b) and (c) of section 2520 of title 28, United States Code, are repealed.

(3) The section heading for section 2520 of title 28, United States Code, is amended by striking out "; cost of printing record".

(4) The item relating to section 2520 in the section analysis of chapter 165 of title 28, United States Code, is amended to read as follows:

"2520. Fees.".

(o)(1) The item relating to chapter 165 in the chapter analysis of part VI of title 28, United States Code, is amended to read as follows:

"165. United States Claims Court
Procedure .... 2501".

(2) The chapter heading of chapter 165 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(p)(1) Section 1926 of title 28, United States Code, is amended to read as follows:

"§ 1926. Claims Court

"(a) The Judicial Conference of the United States shall prescribe from time to time the fees and costs to be charged and collected in the United States Claims Court.

"(b) The court and its officers shall collect only such fees and costs as the Judicial Conference prescribes. The court may require advance payment of fees by rule.".

(2) The item relating to section 1926 in the section analysis of chapter 123 of title 28, United States Code, is amended to read as follows:

"§ 1926. Claims Court

(q)(1) Chapter 165 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 2522. Notice of Appeal

"Review of a decision of the United States Claims Court shall be obtained by filing a notice of appeal with the clerk of the Claims Court within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts.".

(2) The section analysis of chapter 165 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"2522. Notice of Appeal.".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

Sec. 140. Chapter 167 of title 28, United States Code, and the item relating to chapter 167 in the chapter analysis of part VI of such title, are repealed.

COURT OF INTERNATIONAL TRADE; PROCEDURE

Sec. 141. Section 2645(c) of title 28, United States Code, is amended by striking out "Customs and Patent Appeals within the time and in the manner provided in section 2601 of this title" and inserting in lieu thereof "Appeals for the Federal Circuit by filing a notice of appeal with the clerk of the Court of International Trade within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts".

FEDERAL RULES OF EVIDENCE

Sec. 142. Rule 1101(a) of the Federal Rules of Evidence is amended by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "Claims Court" and by striking out "and commissioners of the Court of Claims".

PART B—CONFORMING AMENDMENTS OUTSIDE TITLE 28

Sec. 143. Section 225(f)(C) of the Federal Salary Act of 1967 (2 U.S.C. 356(C)), is amended by inserting "and the judges of the United States Claims Court" immediately before the semicolon at the end thereof.

Sec. 144. Section 7703 of title 5, United States Code, is amended—

(1) in subsection (b)(1), by striking out "Court of Claims or a United States court of appeals as provided in Chapter 91 and 158, respectively, of title 28" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit";

(2) in subsection (c), by striking out "Court of Claims or a United States court of appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit"; and

(3) in subsection (d), by striking out "District of Columbia" and inserting in lieu thereof "Federal Circuit".

Sec. 145. The second sentence of section 71 of the Plant Variety Protection Act (7 U.S.C. 2461) is amended to read as follows: "The United States Court of Appeals for the Federal Circuit shall have jurisdiction.".

Sec. 146. Section 11(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2210(d)) is amended by striking out "Court of Claims of the United States" and inserting in lieu thereof "United States Claims Court".

Sec. 147. Section 204 of title 18, United States Code, and the section heading thereof are amended by striking out "Court of Claims" and inserting in lieu thereof "United

States Claims Court or the United States Court of Appeals for the Federal Circuit".

SEC. 148. Section 39 of the Trademark Act of 1946 (15 U.S.C. 1121) is amended by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "circuit courts of appeal of the United States".

SEC. 149. Section 516A(a)(3) of the Tariff Act of 1930 (19 U.S.C. 1516a(a)(3)) is amended by striking out "subsections (b), (c), and (e) of".

SEC. 150. (a) Section 29 of the Act entitled "An Act to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes", approved August 13, 1946 (25 U.S.C. 70v–3), is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

(b) Subsection (c) of section 29 of such Act is repealed.

(c) Subsection (d) of section 29 of such Act is amended by striking "Supreme Court in accordance with the provisions of section 1255" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit in accordance with the provisions of section 1295".

SEC. 151. Section 2 of the Act of May 18, 1928 (25 U.S.C. 652) is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court" and by striking out "Court of Claims of the United States" and inserting in lieu thereof "United States Claims Court" and by striking out "Supreme Court of the United States" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit".

SEC. 152. Section 7422(e) of the Internal Revenue Code of 1954 is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court".

SEC. 153. Section 7428 of the Internal Revenue Code of 1954 is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

SEC. 154. (a) The second sentence of section 7456(c) of the Internal Revenue Code of 1954 is amended to read as follows: "Each commissioner shall receive pay at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351–361), as adjusted by section 461 of title 28, United States Code, and also necessary traveling expenses and per diem allowance, as provided in the Travel Expense Act of 1949, while traveling on official business and away from Washington, District of Columbia.".

(b) Notwithstanding the preceding paragraph, until such time as a change in the salary rate of a commissioner of the United States Tax Court occurs in accordance with section 7456(c) of the Internal Revenue Code of 1954, the salary of such commissioner shall be equal to the salary of a commissioner of the Court of Claims.

SEC. 155. Section 7482(a) of the Internal Revenue Code of 1954 is amended by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "United States Court of Appeals".

SEC. 156. Section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1)) is amended—

(1) in subparagraph (A), by striking out "Court of Claims" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit"; and

(2) in subparagraph (B), by striking out "United States Court of Claims for judicial review, under section 2510 of title 28, United States Code, as amended herein," and inserting in lieu thereof "Court of Appeals for the Federal Circuit for judicial review under section 1295 of title 28, United States Code,".

SEC. 157. Section 10(c) of the Contract Disputes Act of 1978 (41 U.S.C. 609(c)) is amended by striking out ", or, in its discretion" and all that follows through "of the case".

SEC. 158. Section 713 of title 44, United States Code, is amended—

(1) by striking out "eight hundred and twenty-two" and inserting in lieu thereof "eight hundred and twenty";

(2) by inserting "and" after "Superintendent of Documents;"; and

(3) by striking out "to the Court of Claims, two copies; and".

SEC. 159. Section 1103 of title 44, United States Code, is amended by striking out ", the Court of Claims," and by striking out ", chief judge of the Court of Claims,".

SEC. 160. (a) The following provisions of law are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court";

(1) Sections 1 and 2 of the Act of October 19, 1973 (87 Stat. 466).

(2) Section 8715 of title 5, United States Code.

(3) Section 8912 of title 5, United States Code.

(4) Section 2273(b) of title 10, United States Code.

(5) Section 337(i) of the Tariff Act of 1930 (19 U.S.C. 1337(i)).

(6) Section 606(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2356(a)).

(7) Section 1 of the Act entitled "An Act providing for the allotment and distribution of Indian tribal funds", approved March 2, 1907 (25 U.S.C. 119).

(8) Section 2 of the Act of August 12, 1935 (25 U.S.C. 475a).

(9) Section 6110(i)(1) of the Internal Revenue Code of 1954.

(10) Section 2 of the Act of May 28, 1908 (30 U.S.C. 193a).

(11) Section 7 of the Act of July 31, 1894 (31 U.S.C. 72).

(12) Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a).

(13) Section 183 of title 35, United States Code.

(14) Section 104(c) of the Contract Work Hours and Safety Standards Act (40 U.S.C. 330(c)).

(15) Sections 13(b)(2) and 14 of the Contract Settlement Act of 1944 (41 U.S.C. 113 (b) and 114).

(16) Sections 8(d), 10(a)(1), and 10(d) of the Contract Disputes Act of 1978 (41 U.S.C. 607(d), 609(a)(1), and 609(d)).

(17) Sections 171 and 173 of the Atomic Energy Act of 1954 (42 U.S.C. 2221 and 2223).

(18) Section 10(i) of the Trading with the Enemy Act (50 U.S.C. App. 10(i)).

(19) Sections 103(f), 103(i), 105, 106(a)(6), 108, 108A, and 114(5) of the Renegotiation Act of 1951 (50 U.S.C. App. 1213(f), 1213(i), 1215, 1216(a)(6), 1218, 1218a, and 1224(5)).

(20) Section 4 of the Act of July 2, 1948 (50 U.S.C. App. 1984).

(b) The section heading of section 108A of the Renegotiation Act of 1951 (50 U.S.C. App. 1218a) is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(c) Section 108A of the Renegotiation Act of 1951 (50 U.S.C. App. 1218a) is amended by striking out "Supreme Court upon certiorari in the manner provided in section 1255" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit in accordance with the provisions of section 1295".

SEC. 161. The following provisions of law are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court":

(1) Section 4(c) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(c)).

(2) Section 20 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831s).

(3) Section 403 of the International Claims Settlement Act of 1949 (22 U.S.C. 1642b).

(4) Section 2(a) of the Act of May 15, 1978 (92 Stat. 244).

(5) Section 311(i) of the Federal Water Pollution Control Act (33 U.S.C. 1321(i)).

(6) Section 10(b) of the Intervention on the High Seas Act (33 U.S.C. 1479(b)).

(7) Section 282 of title 35, United States Code.

(8) Section 5261 of the Revised Statutes (45 U.S.C. 87).

(9) Section 41(a) of the Trading with the Enemy Act (50 U.S.C. App. 42(a)).

SEC. 162. The following provisions of law are amended by striking out "United States Court of Customs and Patent Appeals" and "Court of Customs and Patent Appeals" each place they appear and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit":

(1) Section 21 of the Trademark Act of 1946 (15 U.S.C. 1071).

(2) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182).

(3) Section 305(d) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457(d)).

SEC. 163. (a) The following provisions of law are amended by striking out "Court of Customs and Patent Appeals" each place it appears and inserting in lieu thereof "Court of Appeals for the Federal Circuit":

(1) Subsections (d) and (f) of section 516 of the Tariff Act of 1930 (19 U.S.C. 1516(d) and (f)).

(2) Section 516A (c) and (e) of the Tariff Act of 1930 (19 U.S.C. 1516a (c) and (e)).

(3) Section 528 of the Tariff Act of 1930 (19 U.S.C. 1528).

(4) Section 337(c) of the Tariff Act of 1930 (19 U.S.C. 1337(c)).

(5) Section 284(c) of the Trade Act of 1974 (19 U.S.C. 2395(c)).

(6) Section 308(9) of the Ethics in Government Act (28 U.S.C. App.).

(7) Sections 141 through 146 of title 35, United States Code.

(b)(1) The item relating to section 141 in the section analysis of chapter 13 of title 35, United States Code, is amended by striking out "Court of Customs and Patent Apeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".

(2) The section heading for section 141 of title 35, United States Code, is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".

SEC. 164. The following provisions of law are amended by striking out "the United States Court of Claims, the United States Court of Customs and Patent Appeals" each place it appears and inserting in lieu thereof "the United States Claims Court":

(1) Section 6001(4) of title 18, United States Code.

(2) Section 906 of title 44, United States Code.

PART C—MISCELLANEOUS PROVISIONS

CONTINUED SERVICE OF CURRENT JUDGES

SEC. 165. The judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals in regular active service on the effective date of this Act shall continue in office as judges of the United States Court of Appeals for the Federal Circuit. Senior judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals on the effective date of this Act shall continue in office as senior judges of the United States Court of Appeals for the Federal Circuit.

APPOINTMENT OF CHIEF JUDGE OF COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SEC. 166. Notwithstanding the provisions of section 45(a) of title 28, United States Code, the first chief judge of the United States Court of Appeals for the Federal Circuit shall be the Chief Judge of the United States Court of Claims or the Chief Judge of the United States Court of Customs and Patent Appeals, whoever has served longer as chief judge of his court. When the person who first serves as chief judge of the United States Court of Appeals for the Federal Circuit vacates that position, the position shall be filled in accordance with the provisions of such section 45(a).

COURT OF CLAIMS COMMISSIONERS

SEC. 167. (a) Notwithstanding the provisions of section 171(a) of title 28, United States Code, as amended by this Act, a commissioner of the United States Court of Claims serving immediately prior to the effective date of this Act shall become a judge of the United States Claims Court on the effective date of this Act.

(b) Notwithstanding the provisions of section 172(a) of title 28, United States Code, as amended by this Act, the initial term of office of a person who becomes a judge of the United States Claims Court under subsection (a) of this section shall expire fifteen years from the date of his or her appointment to the United States Claims Court, except that no such individual shall serve as a judge after reaching the age of seventy years.

(c) Notwithstanding the provisions of section 172(b) of title 28, United States Code, as amended by this Act, until such time as a change in the salary rate of a judge of the United States Claims Court occurs in accordance with such section 172(b), the salary of such judge shall be equal to the salary of a Commissioner of the Court of Claims.

(d) If any position of commissioner on the United States Court of Claims becomes vacant during the period beginning on the date of enactment of this Act and ending October 1, 1981, such position shall remain vacant during the remainder of such period and shall be filled, after October 1, 1981, by appointment in accordance with section 171 of title 28, United States Code, as amended by this Act.

TVA LEGAL REPRESENTATION

SEC. 168. Nothing in this Act affects the authority of the Tennessee Valley Authority under the Tennessee Valley Authority Act of 1933 to represent itself by attorneys of its choosing.

TITLE II—GOVERNANCE AND ADMINISTRATION OF THE FEDERAL COURTS

PART A—CHIEF JUDGE TENURE

APPOINTMENT AND TERMS OF CHIEF JUDGES OF THE COURTS OF APPEALS

SEC. 201. (a) Section 45(a) of title 28, United States Code, is amended to read as follows:

"(a)(1) The chief judge of the circuit shall be the circuit judge in regular active service who is senior in commission of those judges who—

"(A) are sixty-four years of age or under;

"(B) have served for one year or more as circuit judge; and

"(C) have not served previously as chief judge.

"(2)(A) In any case in which no circuit judge meets the qualification of paragraph (1), the youngest circuit judge in regular active service who is sixty-five years of age or over and who has served as circuit judge for one year or more shall act as the chief judge.

"(B) In any case under subparagraph (A) in which there is no circuit judge in regular active service who has served as a circuit judge for one year or more, the circuit judge in regular active service who is senior in commission and who has not served previously as chief judge shall act as the chief judge.

"(3)(A) Except as provided in subparagraph (C), the chief judge of the circuit appointed under paragraph (1) shall serve for a term of seven years and shall serve after expiration of such term until another judge is eligible under paragraph (1) to serve as chief judge of the circuit.

"(B) Except as provided in subparagraph (C), a circuit judge acting as chief judge under subparagraph (A) or (B) of paragraph (2) shall serve until a judge has been appointed who meets the qualifications under paragraph (1).

"(C) No circuit judge may serve or act as chief judge of the circuit after attaining the age of seventy years unless no other circuit judge is qualified to serve as chief judge of the circuit under paragraph (1) or is qualified to act as chief judge under paragraph (2).".

(b) Section 45(c) of title 28, United States Code, is amended to read as follows:

"(c) If the chief judge desires to be relieved of his duties as chief judge while retaining his active status as circuit judge, he may so certify to the Chief Justice of the United States, and thereafter the chief judge of the circuit shall be such other circuit judge who is qualified to serve or act as chief judge under subsection (a).".

APPOINTMENT AND TERMS OF CHIEF JUDGES OF THE DISTRICT COURTS

SEC. 202. (a) Section 136(a) of title 28, United States Code, is amended to read as follows:

"(a)(1) In any district having more than one district judge, the chief judge of the district shall be the district judge in regular active service who is senior in commission of those judges who—

"(A) are sixty-four years of age or under;

"(B) have served for one year or more as district judge; and

"(C) have not served previously as chief judge.

"(2)(A) In any case in which no district judge meets the qualifications of paragraph (1), the youngest district judge in regular active service who is sixty-five years of age or over and who has served as district judge for one year or more shall act as the chief judge.

"(B) In any case under subparagraph (A) in which there is no district judge in regular active service who has served as a district judge for one year or more, the district judge in regular active service who is senior in commission and who has not served previously as chief judge shall act as the chief judge.

"(3)(A) Except as provided in subparagraph (C), the chief judge of the district appointed under paragraph (1) shall serve for a term of seven years and shall serve after expiration of such term until another judge is eligible under paragraph (1) to serve as chief judge of the district.

"(B) Except as provided in subparagraph (C), a district judge acting as chief judge under subparagraph (A) or (B) of paragraph (2) shall serve until a judge has been appointed who meets the qualifications under paragraph (1).

"(C) No district judge may serve or act as chief judge of the district after attaining the age of seventy years unless no other district judge is qualified to serve as chief judge of the district under paragraph (1) or is qualified to act as chief judge under paragraph (2).".

(b) Section 136(d) of title 28, United States Code, is amended to read as follows:

"(d) If the chief judge desires to be relieved of his duties as chief judge while retaining his active status as district judge, he may so certify to the Chief Justice of the United States, and thereafter, the chief judge of the district shall be such other district judge who is qualified to serve or act as chief judge under subsection (a).".

EFFECTIVE DATE; APPLICABILITY

SEC. 203. (a) The amendments to section 45 of title 28, United States Code, and to section 136 of such title, made by sections 201 and 202 of this part, shall take effect one year after the date of enactment of this Act but shall not apply to or affect any person serving as chief judge on such effective date.

(b) The provisions of section 45(a) of title 28, United States Code, as in effect on the day before the effective date of this part, shall apply to the chief judge of a circuit serving on such effective date. The provisions of section 136(a) of title 28, United States Code, as in effect on the day before the effective date of this part, shall apply to the chief judge of a district court serving on such effective date.

(c) Amendments to section 48 of title 28, United States Code, made by section 101 of this Act, shall take effect on the date of enactment of this Act.

SEC. 204. Section 45(b) of title 28, United States Code, is amended by inserting "of the court in regular active service" immediately after "circuit judges" in the second sentence.

COMPOSITION OF PANEL; REQUIREMENTS AND SIZE

SEC. 205. (a) Section 46(b) of title 28, United States Code, is amended by striking the word "divisions" in both sentences and inserting, in lieu thereof, the word "panels" and by inserting after "three judges" a comma and the following: "at least a majority of whom shall be judges of that court, unless such judges cannot sit because recused or disqualified, or unless the chief judge of that court certifies that there is an emergency including, but not limited to, the unavailability of a judge of the court because of illness."

(b) Section 46(c) of title 28, United States Code, is amended by striking the period at the end of the second sentence, inserting a comma in lieu thereof, and adding the following: "or such number of judges as may be prescribed in accordance with section 6 of Public Law 95–486, 92 Stat. 1633: *Provided*, That any senior circuit judge of the circuit shall be eligible to participate, at his election and upon designation and assignment pursuant to section 294(c) of this title, as a member of an en banc court reviewing a decision of a panel of which such judge was a member."

(c) Section 46(d) of title 28, United States Code, is amended by striking "or a division thereof".

PART C—JUDICIAL COUNCILS OF THE CIRCUITS

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 206. (a) Section 3006A(h)(2)(A) of title 18, United States Code, is amended—

(1) by striking out "judicial council" each place it appears and inserting in lieu thereof "courts of appeals" in each instance; and

(2) by striking out "Judicial Council of the Circuit" and inserting in lieu thereof "court of appeals of the circuit".

(b) Section 3006A(l) of title 18, United States Code, is amended by striking "judicial council" and inserting in lieu thereof "court of appeals".

(c) The amendment made by subsection (a) of this section shall not affect the terms of existing appointments.

PART D—JUDICIAL RESIGNATIONS; PENSIONS

PENSIONS OF JUDGES WHO RESIGN TO ACCEPT EXECUTIVE POSITIONS

SEC. 207. (a) Section 8332(b) of title 5, United States Code, is amended by striking out "and" at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting in lieu thereof "; and", and by inserting at the end thereof the following new paragraph:

"(10) service as a justice or judge of the United States, as defined by section 451 of title 28, and service as a judge of a court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, but no credit shall be allowed for such service if the employee is entitled to a salary or an annuity under section 371, 372, or 373 of title 28.".

(b) Section 8334 of title 5, United States Code, is amended by inserting at the end thereof the following new subsection:

"(l)(1) The Director of the Administrative Office of the United States Courts shall pay to the Fund the amount which an employee may deposit under subsection (c) of this section for service creditable under section 8332(b)(10) of this title if such creditable service immediately precedes service as an employee subject to this subchapter with a break in service of no more than ninety working days. The Director shall pay such amount from any appropriation available to him as a necessary expense of the appropriation concerned.

"(2) The amount the Director pays in accordance with paragraph (1) of this subsection shall be reduced by the amount of any refund to the employee under section 376 of title 28. Except to the extent of such reduction, the amount the Director pays to the Fund shall satisfy the deposit requirement of subsection (c) of this section.

"(3) Notwithstanding any other provision of law, the amount the Director pays under this subsection shall constitute an employer contribution to the Fund, excludable under section 402 of the Internal Revenue Code of 1954 from the employee's gross income until such time as the contribution is distributed or made available to the employee, and shall not be subject to refund or to lump-sum payment to the employee.".

PART E—TEMPORARY ASSIGNMENT OF JUSTICES AND JUDGES

ASSIGNMENT TO OTHER OFFICES WITHIN THE JUDICIAL BRANCH

SEC. 208. (a) Title 28, United States Code, is amended by inserting the following new chapter after chapter 13:

"CHAPTER 14—TEMPORARY ASSIGNMENT OF JUSTICES AND JUDGES TO OTHER OFFICES WITHIN THE JUDICIAL BRANCH

"Sec.
"301. Temporary assignment.
"302. Appointment of successor.
"303. Official duty station.
"304. Return to active service; seniority and precedence.

"§ 301. Temporary assignment

"Any retired justice of the United States, or any judge of the United States in active, senior, or retired status may be temporarily assigned by the Chief Justice to the position of Administrative Assistant to the Chief Justice, Director of the Administrative Office of the United States Courts, or Director of the Federal Judicial Center. Such service shall be without additional compensation.

"§ 302. Appointment of successor

"Upon the temporary assignment of any judge in active status pursuant to section 301 of this title, the President shall, by and with the advice and consent of the Senate, appoint a successor to fill the vacancy resulting from such temporary assignment. After such a successor is appointed if the judge who is temporarily assigned by the Chief Justice pursuant to section 301 of this title dies, resigns, or retires, then a vacancy requiring a further appointment does not occur. If the judge temporarily assigned resumes active service pursuant to section 304(a) of this title, the first vacancy created thereafter on that court shall not be filled.

"§ 303. Official duty station

"Notwithstanding the provisions of sections 374 and 456 or this title, the official duty station of the Administrative Assistant to the Chief Justice, the Director of the Administrative Office of the United States Courts, and the Director of the Federal Judicial Center is the District of Columbia.

"§ 304. Return to active service; seniority and precedence

"(a) Any judge who was in active service at the time of his temporary assignment made pursuant to section 301 of this title may resume such active service upon vacating his temporary assignment.

"(b) For the purposes of seniority and precedence, a judge who resumes active service under subsection (a) shall be considered to have been in continuous active service as a judge of that court.".

(b) The chapter analysis of part I of title 28, United States Code, is amended by inserting the following new item immediately after the item relating to chapter 13:

"14. Temporary Assignment of Justices and Judges to Other Offices Within the Judical Branch .... 301".

PART F—RULES OF PRACTICE

PUBLICATION OF RULES

SEC. 209. (a) Chapter 131 of title 28 of the United States Code is amended by adding at the end thereof the following section:

"§ 2077. Publication of rules; advisory committees

"(a) The rules for the conduct of the business of each court of appeals, including the operating procedures of such court, shall be published. Each court of appeals shall print or cause to be printed necessary copies of the rules. The Judicial Conference shall prescribe the fees for sales of copies under section 1913 of this title, but the Judicial Conference may provide for free distribution of copies to members of the bar of each court and to other interested persons.

"(b) Each court of appeals shall appoint an advisory committee for the study of the rules of practice and internal operating procedures of the court of appeals. The advisory committee shall make recommendations to the court concerning such rules and procedures. Members of the committee shall serve without compensation, but the Director may pay travel and transportation expenses in accordance with section 5703 of title 5.".

(b) The section analysis of chapter 131 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"2077. Publication of rules; advisory committees.".

TITLE III—JURISDICTION AND PROCEDURE

PART A—TRANSFER OF CASES

TRANSFER TO CURE WANT OF JURISDICTION

SEC. 301. (a) Title 28, United States Code, is amended by adding the following new chapter after chapter 97:

"CHAPTER 99.—GENERAL PROVISIONS

"Sec.
"1631. Transfer to cure want of jurisdiction.

"§ 1631. Transfer to cure want of jurisdiction

"Whenever a civil action is filed in a court of the United States, the United States Claims Court, a court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, or a United States bankruptcy court, and that court finds that there is a want of jurisdiction, the court shall, if it is in the interests of justice, transfer such action to any other such court in which the action could have been brought at the time such action was filed, and the action shall proceed as if it had been filed in the transferee court on the date upon which it was actually filed in the transferor court.".

(b) The chapter analysis of part IV of title 28, United States Code, is amended by adding at the end thereof the following:

"99. General Provisions .... 1631".

PART B—INTEREST

INTEREST ON JUDGMENTS AND PREJUDGMENT INTEREST

SEC. 302. (a) Section 1961 of title 28, United States Code, is amended—

(1) by inserting "(a)" immediately before "Interest shall" in the first sentence;

(2) by striking out "at the rate allowed by State law" in the last sentence and inserting in lieu thereof the following: "at the rate established pursuant to section 6621 of the Internal Revenue Code of 1954 as of that date. The Director of the Administrative Office of the United States Courts shall distribute notice of that rate and any changes in it to all Federal judges"; and

(3) by adding at the end thereof the following new subsections:

"(b)(1) Except as provided in paragraph (2) or unless otherwise required by law, in awarding damages to a party the court may add to the sum of actual damages awarded a sum of interest computed over a period before the time of judgment where the facts of the controversy and the manner in which the case was litigated indicate that an award of such prejudgment interest is appropriate to afford the prevailing party complete relief. This prejudgment interest shall be computed at the rate fixed under subsection (a) at the time of judgment and measured from the time that the party against whom damages have been awarded became aware of his potential liability or from the time that he should have become aware of such liability but, in any case, not to exceed a period of five years.

"(2) Interest under paragraph (1) shall not be awarded on losses which will not be incurred until after judgment, nor shall such interest be awarded where such an award would be duplicative of some other sum awarded.

"(c) Interest shall be computed daily to the date of payment and shall be compounded annually.

"(d)(1) In any judgment of any court rendered against the United States for any overpayment with respect to any internal revenue tax, interest shall be allowed at an annual rate established under section 6621 of the Internal Revenue Code of 1954 upon the amount of overpayment, from the date of the payment or collection thereof to a date preceding the date of the refund check by not more than thirty days, such date to be determined by the Commissioner of Internal Revenue. The Commissioner is authorized to tender by check payment of any such judgment, with interest as herein provided, at any time after such judgment becomes final, whether or not a claim for such payment has been duly filed, and such tender shall stop the running of interest, whether or not such refund check is accepted by the judgment creditor.

"(2) Except as otherwise provided in paragraph (1) of this subsection, interest shall be allowed on all final judgments against the United States (including judgments of the United States Claims Court) as provided in subsections (a) and (b).".

(b) Sections 2411 and 2516 of title 28, United States Code, and the items relating to sections 2411 and 2516 in the section analyses of chapter 1661 and chapter 165 of such title, respectively, are repealed.

(c) Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a), is amended by striking out "to which the provisions of subsection 2411(b) of title 28, United States Code apply" and by striking out "in accordance with subsection 2516(b) of title 28, United States Code".

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. Section 753(b) of title 28, United States Code, shall be amended to read as follows—

Each session of the court and every other proceeding designated by rule or order of the court or by one of the judges shall be recorded verbatim by shorthand, mechanical means, electronic sound recording, or any other method, subject to regulations promulgated by the Judicial Conference and subject to the discretion and approval of the judge. Proceedings to be recorded under this section include (1) all proceedings in criminal cases had in open court; (2) all proceedings in other cases had in open court unless the parties with the approval of the judge shall agree specifically to the contrary; and (3) such other proceedings as a judge of the court may direct or as may be required by rule or order of court as may be requested by any party to the proceeding. The Judicial Conference shall prescribe the types of electronic sound recording or other means which may be used.

The reporter shall attach his official certificate to the original shorthand notes or other original records so taken and promptly file them with the clerk who shall preserve them in the public records of the court for not less than ten years.

A reporter shall transcribe such parts of the record of proceedings as may be required by any rule or order of court. Upon the request of any party to any proceeding which has been so recorded who has agreed to pay the fee therefor, or of a judge of the court, the reporter shall promptly transcribe the original records of the requested parts of the proceedings and attach to the transcript his official certificate, and deliver the same to the party or judge making the request.

The reporter shall promptly deliver to the clerk for the records of the court a certified copy of any transcript so made.

The transcript in any case certified by the reporter shall be deemed prima facie a correct statement of the testimony taken and proceedings had. No transcripts of the proceedings of the court shall be considered as official except those made from the records certified by the reporter.

The original notes or other original records and the copy of the transcript in the office of the clerk shall be open during office hours to inspection by any person without charge.

EFFECTIVE DATE

SEC. 402. Unless otherwise specified, the provisions of this Act shall take effect sixty days after the date of enactment of this Act.

EFFECT ON PENDING CASES

SEC. 403. Any matter pending before a commissioner of the United States Court of Claims on the effective date of this Act shall be transferred to the United States Claims Court. Any appeal which has been taken from a district court of the United States prior to the effective date shall be decided by the court of appeals in which it has been filed. Any matter pending before the United States Court of Customs and Patent Appeals or awaiting disposition by the United States Court of Claims on the effective date shall be transferred to the United States Court of Appeals for the Federal Circuit.

EXPLANATION OF THE BILL

During the 96th Congress, the Judiciary Committees of both Houses held extensive hearings on and reported out bills concerning improvements in the structure and administration of the Federal courts. S. 1477 was reported unanimously out of the Senate Judiciary Committee on August 3, 1979 and passed the Senate by unanimous consent on October 30, 1979. H.R. 3806 was reported unanimously out of the House Judiciary Committee on September 5, 1980 and passed the House by unanimous consent. Since the Senate version contained nongermane amendments which the House was unwilling to accept, no further action during the 96th Congress was taken on the proposal.

In the 97th Congress, on January 5, 1981 Senator DeConcini introduced S. 21, which embodied all of the provisions of S. 1477 as passed, with a few minor changes. On April 24 and May 18, 1981, hearings concerning the proposal were held by the Subcommittee on Courts, at which time favorable testimony was received. On June 22, 1981, the Subcommittee reported out S. ----, substantively the same as S. 21, with a few technical changes. On July 20, 1981, the full Committee re-referred S. ---- back to Subcommittee for additional technical amendments. The Subcommittee reported favorably on S. ----, the successor to S. 1477 and S. 21, to the Judiciary Committee on September 28, 1981, on a four to one vote with one abstention. A bill almost identical to S. ----, H.R. 2405, has been reported from the House Subcommittee on Courts, Civil Liberties and the Administration of Justice to the House Judiciary Committee.

TITLE I—TRIAL AND APPELLATE STRUCTURE FOR GOVERNMENT CLAIMS, PATENTS, AND OTHER MATTERS

Organization, Structure and Jurisdiction.—Part A of Title I has three purposes: to fill a void in the judicial system by creating an appellate forum capable of exercising nationwide jurisdiction over appeals in areas of the law where Congress determines there is a special need for nationwide uniformity; to improve the administration of the patent law by centralizing appeals in patent cases; and to provide an upgraded and better organized trial forum for government claims cases. To achieve these goals, the bill establishes a new Federal court of appeals, to be called the United States Court of Appeals for the Federal Circuit. This is accomplished by merging the Court of Claims and the Court of Customs and Patent Appeals. The bill also creates a new article I trial forum known as the United States Claims Court, which would inherit the trial jurisdiction of the Court of Claims.

Court of Appeals for the Federal Circuit.—The bill creates an article III court that is similar in structure to the eleven other courts of appeals. It is composed of the twelve judgeships of the Court of Claims and the Court of Customs and Patent Appeals, which become United States circuit judgeships; those courts are abolished by the merger. The new court is on line with other Federal courts of appeals that is, it is not a new tier in the judicial structure.

The Court of Appeals for the Federal Circuit differs from other Federal courts of appeals, however, in that its jurisdiction is defined in terms of subject matter rather than geography. The new court inherits, in appellate form, substantially all of the jurisdiction of the two courts abolished in the merger. This includes appeals in suits against the government and appeals from the Customs Court, the Patent and Trademark Office, and other statutorily defined agencies. One major exception is in the area of tax suits; under the act, these appeals will be within the exclusive jurisdiction of the new United States Court of Tax Appeals. However, the federal circuit also has expanded the exclusive jurisdiction of patent appeals from district courts throughout the Nation.

Contemporary observers recognize that there are certain areas of Federal law in which the appellate system is malfunctioning. A decision in any one of the eleven regional circuits is not binding on any of the others. As a result, our Federal judicial system lacks the capacity, short of the Supreme Court, to provide reasonably quick and definitive answers to legal questions of nationwide significance. The Supreme Court now appears to be operating at—or close to—full capacity; therefore, in the future the Court cannot be expected to provide much more guidance in legal issues than it now does. Yet the number and complexity of unsettled controversies in the law continues to grow.

Consequently, there are areas of the law in which the appellate courts reach inconsistent decision on the same issue, or in which—although the rule of law may be fairly clear—courts apply the law unevenly when faced with the facts of individual cases. The difficulty here is structural. Since the Supreme Court's capacity to review cases cannot be enlarged significantly, the remedy lies in some reorganization at the intermediate appellate level. This matter has been the subject of intense study over the last decade.[1] Although enactment of the Omnibus Judgeship Act of 1978,[2] which authorized 1952 new federal judgeships, meets some compelling problems of the judicial system, it fails to cure the basic weaknesses that have arisen in judicial structure.

The creation of a new Court of Appeals for the Federal Circuit through a merger of the Court of Claims and the Court of Customs and Patent Appeals (CCPA) addresses these structural problems. The Act provides a new forum for the definitive adjudication of selected categories of cases. At the same time, it improves the administration of the system by reducing the number of decision-making entities within the federal appellate system.

Testimony on the Federal Courts Improvements Act supported the premise that the capacity of the federal appellate courts to provide a nationwide answer to legal questions could be expanded through the establishment of new courts of appeals whose jurisdiction is defined on a topical rather than a geographical basis.[3] The creation of the Court of Appeals for the Federal Circuit provides such a forum for appeals from throughout the country in areas of the law where Congress determines that there is special need for national uniformity. The absence of such a court in the present Federal judicial system has compelled Congress from time to time in the past to create special courts to handle a narrow category of cases.[4]

Although the jurisdiction of the federal circuit is presently delineated in the manner outlined above, the creation of a Federal appellate court with jurisdiction that is defined in terms of subject matter rather than territory provides an institutional structure which the Federal judicial system, as it is presently constituted, lacks.

The committee has determined that an adequate showing has been made for nationwide subject matter jurisdiction in the areas of patent and claims court appeals. It must be understood, however, that it is not the committee's judgment that broader subject matter jurisdiction is intended for this court. A proposal that would provide just such broader jurisdiction—a National Court of Appeals—has been expressly considered by the committee, and rejected. It must therefore be noted that any additional subject matter, or geographic jurisdiction, for the United States Court of Appeals for the Federal Circuit will require not only serious future evaluation, but new legislation.

Throughout the development of this legislation, the committee and its staff have worked closely with the Department of Justice and the judges of the Court of Claims and the Court of Customs and Patent Appeals to assure that the merger of these two

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Footnotes at end of article.

courts is both desirable and feasible. The committee is indebted to the judges of these courts, and particularly to Chief Judge Friedman and to Chief Judge Markey, for their testimony and assistance in understanding the impact of the proposal on their courts. The Committee is satisfied that the merger of these courts would, in fact, produce significant improvements in the federal judicial structure. Hearing testimony supported this proposition. Chief Judge Friedman of the Court of Claims testified at some length as to the substantial benefits that would result from the consolidation of these two courts into a new court of appeals.[5]

From a practical standpoint, a merger of the Court of Claims and the CCPA can be accomplished with virtually no disruption to the people involved. The existing courts already jointly occupy almost all of the Courts Building at Lafayette Square in Washington, D.C. They already share the same library, and court personnel share the same dining facilities. The Court of Claims trial judges (who become judges of the new United States Claims Court) are also located in this building. Furthermore, there is already a standing order of the Judicial Conference allowing the interchange of judges between the two courts.[6]

Indeed, the creation of a single new appellate entity through a merger of these courts has considerable advantages in terms of basic efficiencies and economics. The Court of Claims and the Court of Customs and Patent Appeals were historically justified at the time they were created, and those courts have performed well with the cases that have been assigned to them through the years. But the merger of these two courts reduces overlapping functions and provides for more efficient court administration. For example, there should be considerable savings through the maintenance of one clerk's office instead of two.

At the same time, the consolidation of the two courts brings them administratively into the mainstream of the federal judiciary and upgrades the status of their judges and functions. Although both courts participate in the Judicial Conference[7] and are among the courts within the jurisdiction of the Administrative Office of the United States Courts,[8] their integration into the judicial budgetary and administrative process has been far from total.

On budgetary matters, for example, the proposed budgets for the two courts are routed to the Office of Management and Budget through the Administrative Office, along with the proposed budgets for the district and circuit courts; but, unlike the other courts that are serviced by the Administrative Office, representatives of each of these courts appear directly before the appropriation committees of the Congress to justify their budget requests, in much the same fashion as the Supreme Court. Whatever the historical reason for this practice, there is little justification today for having two courts (other than the Supreme Court) out of the entire Federal judiciary appear separately to explain their budgetary submissions. The merger of the two courts would permit them to be fully integrated into the budgetary process. Thus, merging these two courts into a single court, as a regularized part of the intermediate appellate tier, would assure more effective and rational administration of the Federal judiciary as a whole.

The establishment of the Court of Appeals for the Federal Circuit also provides a forum that will increase doctrinal stability in the field of patent law. Based on the evidence it had compiled, the Hruska Commission singled out patent law as an area in which the application of the law to the facts of a case often produces different outcomes in different courtrooms in substantially similar cases.[9] Furthermore, in a Commission survey of practitioners, the patent bar indicated that uncertainty created by the lack of national law precedent was a significant problem, and the Commission singled out patent law as an area in which widespread forum-shopping is particularly acute.[10]

Although the proposal to centralize patent appeals in a single court is not without its critics, the issue was amply addressed in the hearings held both earlier this year and during the 96th Congress. The great weight of the testimony, which included statements from distinguished jurists, patent practitioners, and representatives of major technologically-oriented business enterprises, confirmed the findings of the Hruska Commission that patent cases are inconsistently adjudicated.

The testimony received by the committee also supported the basic objective of providing for uniformity of doctrinal development in the patent area. The committee found particularly persuasive the testimony of the users of the patent system.

For example, Industrial Research Institute is a private, non-profit corporation with a membership of approximately 250 industrial companies that conduct a major portion of the industrial research and development carried on in the United States. It polled its membership and found them overwhelmingly in favor of centralizing patent appeals in a single court.[11]

The creation of the Court of Appeals for the Federal Circuit will produce desirable uniformity in this area of the law. Such uniformity will reduce the forum-shopping that is common to patent litigation.

The Hruska Commission's patent law consultants, James B. Gambrell and Donald R. Dunner, concluded that forum-shopping on the scale that occurs in patent law increases the cost of litigation and "demeans the entire judicial process and the patent system as well." [12]

Removing the incentive to forum-shop thus will reduce costs to litigants and will also be a positive improvement from the standpoint of the judicial system. Moreover, as the new court brings uniformity to this field of law, the number of appeals resulting from attempts to obtain different rulings on disputed legal points can be expected to decrease.

Likewise, uniformity in the law will be a significant improvement from the standpoint of the businesses that rely on the patent system. Business planning will become easier as more stable and predictable law is introduced. This can have important ramifications upon our economy as a whole. For example, Harry F. Manbeck, Jr., General Patent Counsel of the General Electric Company, testified that stability in the patent law has an effect on technological innovation:

"Patents, in my judgment, are a stimulus to the innovative process, which includes not only investment in research and development but also a far greater investment in facilities for producing and distributing the goods. Certainly, it is important to those who must make these investment decisions that we decrease unnecessary uncertainties in the patent system." [13]

While the suggestion has been made that this objective might be accomplished simply by expanding the jurisdiction of the CCPA, the committee rejected such an approach as being inconsistent with the imperative of avoiding undue specialization within the Federal judicial system. Consequently, the Act adheres to the original philosophy of S. 677 and S. 678 of the 96th Congress which, in the words of Judge Jon O. Newman, represents "a sensible accommodation of the usual preference for generalist judges and the selective benefit of expertise in highly specialized and technical areas." [14]

The Court of Appeals for the Federal Circuit will not be a "specialized court," as that term is normally used. The court's jurisdiction will not be limited to one type of case, or even to two or three types of cases. Rather, it will have a varied docket spanning a broad range of legal issues and types of cases. It will handle all patent appeals, plus government claims cases and all other appellate matters that are now considered by the CCPA or the Court of Claims—cases which contain a wide variety of issues.

This rich docket assures that the work of the proposed court will be broad and diverse and not narrowly specialized. The judges will have no lack of exposure to a broad variety of legal problems. Moreover, the subject matter of the new court will be sufficiently mixed to prevent any special interest from dominating it.

It is important that the docket of the new court be not only varied but also manageable. An analysis of the proposed workload discloses that a merger of the courts will produce a reasonable caseload. The dockets of both existing courts are current. Set out below are tables showing the sources of cases for the proposed court.

Caseload in the Court of Customs and Patent Appeals, fiscal year 1978

	Filed	Terminated
Customs, commerce, and international trade	20	26
Patent and trademarks	133	173
Total CCPA cases	153	199

The docketing of cases in the Court of Claims presents a confusing statistical picture to the uninitiated. Some cases appear on the trial judges' docket and others appear on the docket of the article III judges, while some cases are placed on both dockets. For purposes of projecting the new court's caseload, the relevant statistics are not those that reveal the total caseload of the Court of Claims but rather those that reflect the caseload of the article III judges on the Court. The following table contains those figures.

Appellate caseload in the Court of Claims, fiscal year 1978

Total dispositions by article III judges:	
In chambers	150
Calendar	151
Requests for review	50
Total article III judge workload	351

In addition to inheriting the jurisdiction of the CCPA and of the Court of Claims, the new appellate court will also receive all patent appeals and all appeals in federal contract cases brought against the United States that are presently heard in the regional courts of appeals. On the basis of 1978 figures, the new court will handle approximately 153 cases that otherwise would have been heard by the CCPA, 351 cases that would have been heard by the Court of Claims, and 372 patent or federal contract cases coming directly from the district courts that would have been heard by the regional courts of appeals. This will provide an adequate but not burdensome workload for a court of twelve judges.

Although the workload per judgeship will be lighter here than in the other circuits, a reduced number of appeals is desirable for this court. The Court of Appeals for the Federal Circuit will be considering cases that are unusually complex and technical. Consequently, its cases will be extraordinarily time-consuming, and fewer of them will be appropriate for summary disposition than is true of the cases that make up the dockets of the regional courts of appeals.

In addition, for at least two reasons, it is important that a newly created court with nationwide jurisdiction not be initially overloaded. First, because decisions of this court

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Footnotes at end of article.

will have precedential effect throughout the country, it is important for the judges of the court to have adequate time for thorough discussion and deliberation. Second, because a major purpose of this bill is to create a forum to which Congress can route cases where there is a felt need for uniformity in the national law, it is important for the new court to retain some flexibility in its docket so that there is capacity available when the Congress seeks to use it in the future.

In summary, the consolidation of the Court of Claims and the Court of Customs and Patent Appeals is desirable. It is logistically feasible.

Indeed, it makes maximum use of facilities and personnel that are already a part of the federal system. As Chief Judge Frank M. Coffin noted, the proposal "has the merit of avoiding any net increase in courts." [15] Thus, the bill makes only a modest change in federal appellate court structure. It does, however, create a permanent forum that is capable of exercising nationwide jurisdiction of appeals in categories of cases where there have been special problems of inconsistency in the law. It also provides for increased stability in the patent law by channeling appeals in those cases to a single forum.

United States Claims Court.—The bill also creates a new article I trial forum known as the United States Claims Court. The Claims Court inherits substantially all the trial jurisdiction of the Court of Claims, which under present practice is exercised largely by the commissioners of that court.

The Court is composed of sixteen article I judges who will be appointed by the President, with the advice and consent of the Senate, for a term of fifteen years. As a transitional measure, persons who were in active service as trial judges of the Court of Claims on the effective date of the Act become article I judges of the Claims Court. Like the present Court of Claims and the Tax Court, the Claims Court is authorized to sit nationwide. In organization and procedure it resembles the United States Tax Court.

Changes in the existing structure of the Court of Claims have been advocated by practitioners with extensive experience before the court and by the commissioners themselves.[16] The establishment of the Claims Court accomplishes a much needed reorganization of the current system by assigning the trial function of the court to trial judges whose status is upgraded and who are truly independent.

Presently, the commissioners of the Court of Claims are appointed by the article III judges of that court and do not have the power to enter dispositive orders; final judgment in a case must be made by the article III judges after reviewing findings of fact and recommendations of law submitted by a commissioner. The creation of the United States Claims Court will reduce delay in individual cases and will produce greater efficiencies in the handling of the court's docket by eliminating some of the overlapping work that has occurred as a result of this process.

Conforming Amendments Outside Title 28.—Part B of title I makes technical and conforming amendments outside of title 28 relating to the United States Court of Appeals for the Federal Circuit.

Miscellaneous provisions.—Part C of title I contains sections concerning current service of current judges and Court of Claims commissioners, appointment of the chief judge of the United States Court of Appeals for the Federal Circuit, and TVA legal representation.

TITLE II—GOVERNANCE AND ADMINISTRATION

Title II recognizes that our courts must be properly governed and administered if the goals of fairness and efficiency in the administration of justice are to be achieved.

Chief judge tenure.—Under existing law, the chief judge of each Federal court of appeals or district court is the judge who is most senior in commission and under age 70. Depending on the relative ages and seniority of the judges in a given circuit or district, a court may have a single chief judge for many years, or it may have a rapid turnover in the chief judge's position if several judges on the court reach age 70 within a relatively short period. Either extreme may result in administrative inefficiencies that are a needless additional burden on the already overworked courts.

Part A of title II retains seniority as the basis for the appointment of a chief judge but avoids the extreme of either too lengthy or too short a term by fixing seven years as the maximum term of service and by precluding appointments of a chief judge who is 65 or older at the time of his appointment. Thus, both a minimum and maximum term is established, thereby striking a sound balance between continuity and rotation. As a transitional measure, these changes will not take effect until one year after the date of enactment and will not apply to anyone serving as a chief judge on that effective date.

Precedence and composition of panel.—Part B of title II requires that Federal appellate panels be composed of at least three judges, at least a majority of whom shall be judges of the circuit court, and that the presiding judge be a judge of that court in regular active service. Current law seems to permit appellate courts to sit in panels of less than three judges, and some courts have used panels of two judges for motions and for disposition of cases in which no oral argument is permitted because the case is classified as insubstantial. In order for the Federal system to preserve both the appearance and the reality of justice, such a practice should not become institutionalized.

The disposition of an appeal should be the collective product of at least three minds. Moreover, this section would permit the courts of appeals to sit in panels of three or more judges but less than a full en banc court for cases in which authoritativeness of opinion is particularly useful or in which the issues are especially difficult or important. The circuit courts could continue to adopt local rules permitting the disposition of an appeal in situations in which one of the three judges dies or becomes disabled and the remaining two agree on the disposition; but, in the first instance, all cases would be assigned to panels of at least three judges.

With a substantial number of judges from outside the circuit sitting by designation, and with district judges sitting regularly on the courts of appeals, it is not infrequent that there will be only one circuit judge on a panel or that the presiding judge will be a senior judge or a judge from another circuit. Such situations lead to doctrinal instability and unpredictability in the law of the circuit because district court and court of appeals judges from outside the circuit may not know or may not feel bound by the law of that circuit.

In addition, a strong argument can be made that the law of a particular circuit should be determined by an appellate court, the majority of which should be judges of that circuit. The Bill discourages any unnecessary borrowing of judges and promotes stability and predictability by requiring a majority of each panel to be composed of judges of the circuit court except under specified exigent circumstances.

Judicial Councils.—Part C of title II makes only technical and conforming amendments to sections concerning the judicial councils of the circuit courts.

Retirement and pensions.—Part D of title II addresses the issue of judicial resignation and retirement and also the pension of a government employee who leaves judicial office to serve in other government service.

Section 207 amends sections 8332(b) and 8334 of Title 5 of the United States Code. The amendments concern credit allowed for certain service in a judicial capacity unless the employee is entitled to certain salary or annuity payments. Also the section states how certain pension fund payments are to be handled by the Director of the Administrative Office of the United States Courts and how they are to be treated for tax purposes.

Section 207 requires the Administrative Office of the United States Courts to pay a deposit into the civil service retirement fund for article III judges who resign to accept executive branch positions. Such Federal judges give up a lifetime salary mandated by the Constitution, even though they have not been able to accrue pension benefits for their years of Federal service under the civil service retirement program. Under existing law, such judges are credited for their years of service on the Federal bench but receive a sharply reduced retirement annuity since contributions to the fund were not made during those years. The Act requires the Administrative Office to deposit into the fund an amount sufficient to provide a full retirement annuity for former Federal judges who have foregone their lifetime salaries to accept other employment by the Federal Government.

This amendment is designed to prevent injustice and to avoid penalizing judges who leave the bench to accept Executive appointments.

Temporary assignment of judges to administrative positions.—Part E of title II authorizes an active or retired justice or judge of the United States to be assigned temporarily to the position of Administrative Assistant to the Chief Justice, Director of the Administrative Office of the United States Courts, or Director of the Federal Judicial Center. Such service would be without additional compensation.

This provision makes available to the judiciary the talents of administratively able judges and thereby strengthens the administration of the Federal judiciary. Presently, the Office of the Chief Justice is administratively overloaded; this proposal makes it possible for the Chief Justice to delegate a larger array of his routine administrative duties. This section was first proposed by the Chief Justice of the United States almost a decade ago; the committee is of the opinion that the appropriate appointing bodies should have the flexibility and authority to staff these positions with especially competent and talented members of the Federal judiciary.

The committee is, of course, aware that it may not be necessary to invoke this section in filling the various vacancies. Certainly, the Federal Judicial Center, Administrative Office and Administrative Assistant positions have not suffered in the past from the failure of a sitting judge to be appointed. But the committee is of the view of that there should be the option of filling these vacancies with competent appointments from the Federal judiciary. Although the committee considers this Part to be a very useful measure, it is not designed to provide the ultimate solution to the problems of administering a greatly enlarged Federal judiciary. As the Chief Justice has continuously pointed out, those problems require further study and legislative attention.

Footnotes at end of article.

Publication of rules.—Part F of title II amends chapter 131 of title 28 of the United States Code by adding a new section 2077.

Paragraph (a) calls for the publication of rules governing conduct of the business of the court.

Paragraph (b) requires each court of appeals to create an advisory committee to make recommendations to the judges in formulating rules of practice and of internal operating procedures. This would provide valuable assistance to the judges in developing sound rules and would provide practitioners with useful information and a better understanding concerning the court's business.

TITLE III—JURISDICTION AND PROCEDURE

Transfer of cases.—In recent years, much confusion has been engendered by provisions of existing law that leave unclear which of two or more Federal courts have subject matter jurisdiction over certain categories of civil actions. The problem has been particularly acute in the area of environmental law where misfilings and dual filings have become commonplace.

Part A of title III cures this problem by authorizing any court of the United States that finds it lacks subject matter jurisdiction in a civil action to transfer the case to any Federal court in which the case could have been brought if the transferor court finds that the interests of justice warrant such a transfer.

Interest.—Under current law, the interest rate on judgments in the Federal courts is based on varying State laws and frequently falls below the contemporary cost of money. Part B of title III sets a realistic and nationally uniform rate of interest on judgments in the Federal courts that would be keyed to the prime interest rate as determined by the Internal Revenue Service. This eliminated an economic incentive which exists today for a losing defendant to appeal a judgment and accumulate interest on the judgment award at the commercial rate during the pendency of the appeal.

There are presently no generally applicable guidelines concerning the award of prejudgment interest in Federal courts. Yet such interest may be essential in order to compensate the plaintiff or to avoid unjust enrichment of the defendant. For instance, a plaintiff who is unlawfully deprived of the use of $20,000 in 1976, and who does not receive a judgment until 1979, could have obtained $4,500 in those three years by investing the money at seven percent compounded interest. The bill provides that, where a defendant knew of his liability, interest be awarded for the prejudgment period at a rate that is keyed to the prime interest rate, where this is necessary to compensate the plaintiff. The imposition of such interest would be left to the discretion of the district judge in each case.

Finally, the Committee took this opportunity to consolidate into one statute the three provisions of Title 28 of the United States Code dealing with the award of interest on judgments. Consequently the provisions of this bill for prejudgment interest and a new interest rate on judgments will apply uniformly to suits between private litigants and to suits against the government.

TITLE IV—MISCELLANEOUS PROVISIONS

Title IV contains three sections. The first section amends 28 U.S.C. 753 to allow the use of electronic sound recording, or other methods of recording, in judicial proceedings in addition to those methods which are permitted under existing law, including shorthand or other mechanical means. The second section sets the general effective date of the bill as sixty days after the enactment date. The third provision addresses the issue of the effect of the bill on pending cases.

FOOTNOTES

[1] To increase the capacity of the federal judicial system for definitive adjudication of issues of national law, various proposals for restructuring the federal appellate courts have been considered in recent years by lawyers, jurists, and academicians. Detailed recommendations have been developed by the Study Group on the Caseload of the Supreme Court (the *Freund Committee*), the Committee on Revision of the Federal Court Appellate System (the *Hruska Commission*), and the Advisory Council for Appellate Justice chaired by Professor Maurice Rosenberg. See *Federal Judicial Center*, Report of the Study Group of the Caseload of the Supreme Court (1972); Commission on Revision of the Federal Courts Appellate System, Structure and Internal Procedures: Recommendations for Changes reprinted in 67 F.R.D. 195 (1975); and Advisory Council for Appellate Justice, Recommendations for Improving the Federal Intermediate Appellate System (1975).

[2] Pub.L. No. 95–486.

[3] Written statement of Erwin N. Griswold, former Solicitor General (May 7, 1979) 7; written statement of Professor Paul D. Carrington (May 9, 1979) 2.

[4] For example, the Temporary Emergency Court of Appeals, Pub.L. No. 92–210, and the United States Foreign Intelligence Surveillance Court, 50 U.S.C. 1801 *et seq.*

[5] Oral statement of Chief Judge Daniel M. Friedman (May 7, 1979).

[6] See, Report of the Proceedings of the Judicial Conference of the United States, September 23–24, 1976, at 53.

[7] 28 U.S.C. 331.

[8] 28 U.S.C. 610.

[9] Commission on Revision of the Federal Court Appellate System, Structure and Internal Procedures: Recommendations for Change, 15, 144–57, reprinted at 67 F.R.D. 195, 214, 361–76 (1975) (hereinafter cited as Commission).

[10] Id. at 144–157, 67 F.R.D. at 361–76.

[11] Written statement of Richard C. Witte, Chief Patent Counsel for the Procter and Gamble Company, on behalf of the Industrial Research Institute, Inc. (May 18, 1981).

[12] Commission, supra, at 152. 67 F.R.D. at 370. Mr. Dunner, who is now in private practice, testified in favor of the Court of Appeals for the Federal Circuit. See written statement of Donald R. Dunner (May 7, 1979).

[13] Written statement of Harry F. Manbeck, Jr., General Patent Counsel of the General Electric Company (May 7, 1979), 2; see also, written statement of Donald R. Dunner (May 7, 1979) 7–9.

[14] Written statement of Judge Jon O. Newman (March 20, 1979) 8.

[15] Written statement of Judge Frank M. Coffin (March 20, 1979) 9.

[16] Written statement of Clarence T. Kipps, Jr., Chairman, Court of Claims Committee of the Bar Association of the District of Columbia (May 18, 1981); written statement of Chief Judge Daniel M. Friedman (April 24, 1981) 8–9.●

By Mrs. HAWKINS (for herself, Mr. DENTON, Mr. PELL, Mr. SPECTER, Mr. SYMMS, and Mr. THURMOND):

S. 1701. A bill to amend title 28, United States Code, to authorize the Attorney General to acquire and exchange information to assist Federal, State, and local officials in the identification of certain deceased individuals and in the location of missing children and other specified individuals; to the Committee on the Judiciary.

MISSING CHILDREN ACT

● Mrs. HAWKINS. Mr. President, today I am introducing legislation along with Senators DENTON, PELL, SPECTER, SYMMS, and THURMOND to make progress on our Nation's most difficult missing persons problem, the sudden disappearance of children from their families, and to aid in the identification of the dead who are found without enough evidence to establish their next of kin.

Currently, the FBI maintains a nationwide file on all information sent to it from the 47 States who submit to it computerized information they collect on missing persons disappearing inside their State borders. A nationwide system makes sense. After all, this is the computer age and an era of profound advances in communications technology; 8,000 pieces of information can be stored on a computer chip no larger than a fingernail. Information can be sent without difficulty to other planets and countries.

It is easily within our means to develop a nationwide system for almost any conceivable purpose if the desire is there to do so. Therefore, the country owes a debt of gratitude to the FBI for having the vision to voluntarily provide a national clearing house for missing people.

However, statistics indicate that records for only 10 percent of all missing persons are ever entered into statewide computers. I might add that the overwhelming majority of missing persons are children and therefore only 10 percent enter the national clearinghouse. This is a national disgrace because many missing children become classified as missing because they were abducted and taken against their will to other States and countries.

With such a modest percentage entered into the clearinghouse, it is obvious that steps must be taken to increase the chances that kidnaped children can be located, wherever they are, and returned safely to their homes. We should make it at least as easy for law enforcement officials throughout the country to acquire information about missing children as it is to learn about automobiles and firearms which are also registered through a national computerized information clearinghouse.

My bill does this by requiring by statute that the Attorney General maintain a nationwide computer system for missing persons. And by requiring that a national system be maintained, the Congress can exercise its oversight and control powers to see that this shockingly low rate of utilization is raised.

One reason given by organizations concerned about missing children for the current low utilization rate is a reluctance of local police to enter data about missing children by distraught parents into the statewide system. Indeed, some States do participate more than others as the following list shows, which I ask unanimous consent to enter into the RECORD at this point.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Missing person file activity by State for August 1981

[Populations in millions]

State	Entries	Population	Utilization rank[1]
Alabama	11	3.9	43
Alaska	34	.4	7
Arizona	270	2.7	4
Arkansas	11	2.3	41
California	507	23.7	25
Colorado	276	2.9	5
Connecticut	222	3.1	13
Delaware	31	.6	18
Florida	885	9.8	6
Georgia	87	5.5	31
Idaho	3	.9	42
Illinois	835	11.4	10
Indiana	78	5.5	32
Iowa	193	2.9	12
Kansas	23	2.4	35
Kentucky	83	3.7	25
Louisiana	68	4.2	36
Maine	2	1.1	45
Maryland	589	4.2	46
Massachusetts	318	5.7	16
Michigan	690	9.3	9
Minnesota	296	4.1	11
Mississippi	19	2.5	38
Missouri	500	4.9	3
Nebraska	72	1.6	19
Nevada	18	.8	24
New Hampshire	18	.9	27
New Jersey	424	7.4	15
New Mexico	8	1.3	39
New York	1,446	17.6	8
North Carolina	71	5.9	33
North Dakota	31	.7	20
Ohio	333	10.8	21
Oklahoma	26	3.0	36
Oregon	616	2.6	2
Pennsylvania	291	11.9	22
Rhode Island	188	9.4	28
South Dakota	16	.7	23
Tennessee	47	4.6	34
Texas	850	14.2	14
Utah	12	1.5	37
Vermont	1	.5	44
Virginia	295	5.3	17
West Virginia	11	2.0	40
Wisconsin	1,155	4.8	1
Wyoming	9	.5	29

[1] Order is determined by entries per capita submitted to the FBI.

NOTE.—Hawaii, Montana, Puerto Rico, South Carolina, and Washington submitted no data at all.

SOURCE.—FBI and Bureau of the Census.

Mrs. HAWKINS. Mr. President, tomorrow, I will hold hearings as chairman of the Labor and Human Resources Subcommittee on Investigations and Oversight to learn first hand from parents of missing children about their experiences with local law enforcement officials. One thing I will ask them is their opinion how parents should acquire access to the national clearinghouse to list their missing children when local officials fail to do so since an overwhelming number now are falling down on the job.

We will also hear from a panel of law enforcement officials from across the country who have dedicated themselves and committed their efforts to the search for our children. And we will hear from those whose children are safe at home but who, out of a sense of greater responsibility, have picked up and shouldered the burden of locating missing children as best they can.

Mr. President, my legislation also establishes for the first time a national computerized clearinghouse for information about the dead whose next of kin cannot be identified or located.

Approximately 2,000 times every year cases are closed although positive identification of the dead proves unsuccessful. That means that annually 2,000 new families, along with their friends, must unnecessarily live with false hope and despair forever.

In discussions with the FBI, I have learned that they are willing to set up a system that lessens unnecessary suffering under a proposal called for by this legislation. My bill requires detailed information about the unidentified dead to be entered into a national system 15 days after discovery since almost all other cases are successfully closed within 2 weeks. By cross-checking such information against the nationwide missing persons file, it is hoped that many previously impossible cases can be solved.

In conclusion, I urge my colleagues to support this important initiative that helps families gripped by the fear they will suffer the tragic loss of those nearest to them. As a nation, we have not forgotten soldiers missing in action during the Vietnam war, and as a nation we must not forget missing children and their grieving families.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1701

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Missing Children Act".

SEC. 2. (a) Section 534(a) of title 28, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by redesignating paragraph (2) as paragraph (4);

(3) by inserting after paragraph (1) the following new paragraphs:

"(2) acquire, collect, classify, and preserve any information which would assist in the identification of any deceased individual who has not been identified within fifteen days after the date of the discovery of the deceased individual;

"(3) acquire, collect, classify, and preserve any information from authorized officials of the Federal Government, the States, cities, and penal and other institutions, or from a parent, legal guardian, or next of kin of an unemancipated person, as defined by the laws of the State of residence of such person, which would assist in the location of any missing person who—

"(A) is under proven physical or mental disability making the person a danger to himself or others;

"(B) is in the company of another person under circumstances indicating that his physical safety is in danger;

"(C) is missing under circumstances indicating that the disappearance was not voluntary; or

"(D) is unemancipated as defined by the laws of his State of residence; and"; and

(4) by striking out "exchange these records" in paragraph (4) (as so redesignated) and inserting in lieu thereof "exchange such records or information".

SEC. 3. (a) The heading for section 534 of title 28, United States Code, is amended to read as follows:

"§ 534. Acquisition, preservation, and exchange of identification records and information; appointment of officials".

(b) The table of sections at the beginning of chapter 33 of such title is amended by striking out the item relating to section 534 and inserting in lieu thereof the following new item:

"534. Acquisition, preservation, and exchange of identification records and information; appointment of officials.".●

By Mr. LUGAR:

S. 1702. A bill to amend the National Housing Act to provide additional mortgage and loan insurance authority; to the Committee on Banking, Housing, and Urban Affairs.

FHA REVITALIZATION ACT OF 1981

● Mr. LUGAR. Mr. President, today I will introduce the second piece of my three-part plan to assist the housing industry in meeting the challenges and changing conditions of the eighties.

These three bills will begin the long process of restoring health to the housing economy of the Nation and opportunity to the home buyers of America.

No Senator needs to be told of the problems we face with regard to housing in this country. Mortgage rates are at an alltime high. There will be fewer housing starts this year than in any year since World War II. Unemployment in the construction industry is above 16 percent with almost 1 million workers unemployed. Equally important is the fact that thousands of Americans who want to buy homes cannot do so. There is very limited opportunity for a citizen of moderate means who does not already own a home to buy a home. We could debate the cause of this deplorable situation but the result is the same no matter what the cause. Most people who need homes cannot buy them.

There are four fundamental problems that need to be addressed to restore health to the housing economy of the Nation.

We need to:

Lower interest rates;

Expand the pool of funds available for the secondary housing market;

Restructure FHA; and

Improve the health of the financial institutions serving the housing market.

There is no question that the high interest rates which result from our economic problems is the principle reason for our housing crisis. Fortunately, the President and Congress have implemented an economic recovery program which, over time, will reduce interest rates and create an atmosphere of opportunity for home buyers. It will take longer to achieve our goal than any of us would like. But our economic problems are severe, and it will take constant and concentrated effort to improve the economy.

The other problems facing housing pale in comparison to high interest rates but these must also be addressed if we are to adjust to the new realities of housing finance. The deregulation of financial institutions and the decontrol of interest rates for small savers has meant and will mean that mortgage borrowers will pay the full cost of borrowing.

For over 40 years, that was not the case. Mortgages were subsidized by the small saver. People deposited money at savings and loan associations and were paid a fixed rate of interest well below the interest that could have been earned had the interest rate not been fixed. Consequently, mortgage loans could be made profitably at a cost well below the cost of comparable long-term securities.

For years we enjoyed a relatively stable, low-cost mortgage market. But we enjoyed that market at the expense of millions of Americans who were denied a fair rate of return on their savings account. Moreover, we discouraged saving because the rate was well below the rate of inflation. Today, mortgage borrowers must compete in the financial market with all other borrowers.

We will not have a large pool of bargain savings and loan deposits to finance mortgages. Savings and loan associations will turn, increasingly, to the secondary market for sources of mortgage financing. At the same time, savings banks, credit unions, mortgage brokers, and commercial banks will be increasing their use of the secondary market. When interest rates decline, the demand on the secondary market will be well above past or current levels. In 1980, savings and loan deposits have financed approximately $41 billion or 27 percent of the mortgages. The secondary market financed $72 billion in mortgages or only about half of all mortgages.

It is clear that the secondary market will have to expand significantly if it is to have the capacity to finance an adequate level of mortgages over the next decade.

To meet the need for an expanded secondary housing market Senator ORRIN HATCH and I introduced S. 1678 on September 29. This bill amends the Employee Retirement Income Security Act (ERISA) to remove the barriers which prevent private pension funds from investing in mortgages. ERISA is designed to protect the assets of pension funds.

It has done so, but in a manner which precludes pension funds from investing in mortgages, investments which would yield a better return for the funds and expand the supply of mortgage money for the Nation. Pension fund assets now exceed $600 billion and are expected to exceed $1 trillion by 1990.

Thus even if only 10 percent of the pension funds invested in mortgages, we could almost double the size of the secondary market. Pension funds are the largest single additional source of funds available for use in the mortgage market. Hopefully, pension funds combined with other new sources of funds including vertically integrated realty firms such as Merrill Lynch and owner assisted financing will be able to provide the additional sources of money needed to finance the housing market in the eighties.

If these new sources of money are to be available and if the traditional sources of funding are to remain available, the home finance industry must be permitted to develop instruments and techniques that will allow mortgage lending to compete in the money markets with other lending.

That process has begun. We have significantly broadened the ability of banks and savings and loan associations to use loan instruments that are competitive in today's economy. Variable rate mortgages, adjustable rate mortgages, Canadian rollover mortgages, and others are becoming available. These new instruments will allow mortgage lending to compete for funds.

As we have broadened the ability of private financial institutions to compete; we have not broadened FHA's authority. Today FHA is still limited to the loans which that institution has made for many years. The fixed-rate, 30-year mortgage remains the loan available from FHA. But that loan cannot meet the challenges of mortgage finance in the eighties, especially for the first-time home buyer. FHA must have the authority to develop programs and policies to meet its mandate.

To help FHA meet the demands of the future and the needs of the first-time home buyer, I am today introducing the FHA Revitalization Act of 1981.

The legislation will provide:

FHA with general authority to experiment with innovative financing techniques;

FHA with authority to develop 5-year rollover mortgages and a 5-year security to finance the mortgages;

FHA with authority to insure new condominium units for homeowners and investors;

FHA with authority to insure homes on leased land;

FHA with authority to provide full financing for manufactured housing;

Authority for FHA to expand its insurance of loans on inner city and older homes by waiving HUD minimum property standards in certain instances and making refinancing of rehabilitated homes easily available; and

Expanded loan limits for condominium loans and two- to four-family home loans.

These changes are critical if FHA is to be able to meet the needs of the marginal buyer during the eighties. The conventional mortgage market is offering a tremendous array of low downpayment, insured, innovative loans which have enabled 67 percent of American families to purchase homes. Most home purchases should and can be financed by the private sector. But there will continue to be marginally qualified buyers, young families and others for whom conventional financing will not be suitable.

For that group, innovative FHA programs should be available. But such FHA programs are not available today. Except for the graduated payment mortgage, FHA has not been an innovator. Originally FHA pioneered low downpayment mortgages, mortgage insurance, secondary financing, 30-year loan terms, and a variety of other concepts that are now widely accepted in the private market. These innovations have allowed millions of Americans to become homeowners who would not otherwise have been able to purchase a home.

But FHA has not been an innovator in recent years. It has not pioneered the same kind of exciting new concepts as it did during its early history. FHA has not continued to meet the changing needs of the first-time home buyer as it did 30 years ago. The time has come for a new spirit at FHA. A spirit of innovation and experimentation that has not existed at FHA.

To spark that innovation I have introduced this legislation. It gives FHA general authority to develop new loan forms and techniques and it directs FHA to adopt a number of new financing alternatives that have already been developed by the private sector. But the specific programs listed in the legislation is not exhaustive and is not meant to be. It is my intention that FHA use the talent that exists across the country to develop a variety of new programs that will meet the variety of needs that exist among first-time home buyers.

As we develop new lending techniques and expand the secondary market we should be careful to protect the lending resources we already have. Chief among the home finance institutions are savings and loan associations. For 40 years S. & L.'s have been the major source of home finance in the United States. Today these same institutions are suffering severe problems as they try to adopt to incredible market changes within a very restrictive regulatory framework.

We must improve the health of the S. & L.'s as we moderize the home finance industry. One important action will be to remove the restrictions that prevent S. & L.'s from competing in today's market. The final form of the legislation to accomplish that goal is still being developed. But I am confident that it will be forthcoming, and I feel that it will restore long-term viability to the S. & L. industry.

Another important action that will provide significant assistance to S. & L.'s as they adjust to new market conditions is the Thrift Partnership Act which I intend to introduce next week. This bill will enable savings and loan associations and private investors to trade tax losses on old unprofitable mortgages for increased capital contributions.

Together, these three bills constitute the first attempt at a comprehensive restructuring of housing finance in America. It is not a perfect package. In fact, I expect to see a number of amendments as the bills move through the committee process. I may offer amendments myself.

This package is proposed in order to

get the legislative process started. The housing situation of this country is so serious that we cannot wait to develop the ultimate in housing legislation. We must act and act quickly. By introducing legislation today, we can begin the process. We can receive comments and suggestions. We can hold hearings. And hopefully we can pass these bills before the end of this session.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1702

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "FHA Revitalization Act of 1981".

TITLE I—GENERAL AUTHORITY

Sec. 101. Title II of the National Housing Act is amended by adding at the end thereof the following:

"EXPERIMENTAL INSURANCE AUTHORITY

"Sec. 247. (a) The Secretary may insure under any provision of this title a mortgage or loan which has an adjustable interest rate, which may be required to be refinanced prior to the end of amortization, which involves the payment of discount points by the buyer or seller for the purpose of reducing the nominal interest rate, or which contains other provisions which make the mortgage ineligible for insurance under this title.

"(b) Notwithstanding any other provision of this title—

"(1) the principal obligation of a mortgage or loan insured pursuant to this section may not exceed such percentage of the appraised value of the property covered by the mortgage or loan as of the date the mortgage or loan is accepted for insurance as the Secretary may prescribe; and

"(2) the mortgage or loan shall be subject to such other terms and conditions as the Secretary may prescribe.

"(c) The Secretary may not provide insurance under this section with respect to a mortgage or loan executed by a mortgagor or borrower who, as determined by the Secretary, has owned a dwelling unit within the 3 years preceding the date of the application for insurance.

"(d) Section 245(c) shall apply to a mortgage or loan insured pursuant to this section which contains graduated mortgage provisions if such provisions meet the requirements of section 245.".

Sec. 102. Section 203(b)(2) of such Act is amended by striking out "$76,000", "$92,000", and "$107,000" and inserting in lieu thereof "$120,000", "$180,000", and "$240,000", respectively.

TITLE II—FIVE YEAR MORTGAGES

Sec. 201. Section 203 of the National Housing Act is amended by adding the following new subsection at the end thereof:

"(q)(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection.

"(2) To be eligible for insurance under this subsection, a mortgage shall—

"(A) have a maturity satisfactory to the Secretary, but not to exceed, in any event, five years from the date of execution of the mortgage;

"(B) not provide for complete amortization as of maturity; and

"(C) bear interest at the constant rate applicable to mortgages insured under this section.

"(3) A mortgage insured under this subsection may be refinanced, and the mortgage executed to refinance such earlier mortgage may be insured in accordance with this subsection or subsection (b) if such later mortgage is eligible for insurance under either subsection.".

Sec. 202. Section 302 (b)(1) of the National Housing Act is amended by inserting "or section 203(q)" after "203(k)" in clause (3) of the proviso.

TITLE III—CONDOMINIUMS

Sec. 301. Section 234(c) of the National Housing Act is amended by striking out clause (2) and by redesignating clause (3) as clause (2).

Sec. 302. Section 234(e) of the National Housing Act is amended by adding at the end thereof the following: "Notwithstanding the preceding sentence, the principal obligation of a blanket mortgage on a newly constructed multifamily project may be an amount not to exceed, for such part of the project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), 70 per centum of the appraised value of the property, including the value of units rented by the developer for not to exceed 5 years and units owned by investors, as of the date construction is completed.".

Sec. 303. Section 212(a) of the National Housing Act is amended by striking out the fifth sentence.

TITLE IV—MORTGAGE INSURANCE FOR HOMES ON LEASED LAND

Sec. 401. Section 203 of the National Housing Act is amended by adding the following new subsection at the end thereof:

"(r) The Secretary shall exercise the authority conferred by this section with respect to dwelling units on leased land where the owner of the dwelling unit has, or will during the period of the lease have, an option to purchase the land."

TITLE V—MORTGAGE INSURANCE ON CERTAIN HOMES

Sec. 501. Section 203 of the National Housing Act is amended by adding the following new subsection at the end thereof:

"(s)(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of subsection (b) of this section, except as modified by this subsection.

"(2) To be eligible for insurance under this subsection, a mortgage shall—

"(A) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount which does not exceed 97 per centum of the appraised value of the property;

"(B) have a maturity satisfactory to the Secretary, but not to exceed, in any event, thirty years from the date of the beginning of amortization of the mortgage;

"(C) be secured by a dwelling which satisfies standards prescribed under the National Manufactured Housing Construction and Safety Standards Act of 1974; and

"(D) be secured by a dwelling which is affixed to a site-built permanent foundation.".

TITLE VI—PROPERTY STANDARDS

Sec. 601. Section 203(k) of the National Housing Act is amended—

(1) by inserting "acquisition for the purpose of rehabilitation or the" after "(i) the" in paragraph (2)(A)(i); and

(2) by adding at the end thereof the following:

"(6) A loan may be insured under this section to acquire a property which was constructed 30 or more years prior to the execution of the loan if the property complies with applicable local health and safety codes. Any such loan may be refinanced by the borrower and insured under this subsection during the 5-year period following the acquisition if the maximum principal amount of the loan to refinance does not exceed 97 per centum of the appraised value of the property as of the date of the refinancing and if the property complies with applicable local health and safety codes as of the date of refinancing.".●

By Mr. GARN (by request):

S. 1703. A bill to enhance the competitiveness of thrift institutions, to protect depositors and creditors of such institutions, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THRIFT INSTITUTIONS RESTRUCTURING ACT OF 1981

● Mr. GARN. Mr. President, today, I am introducing, by request of the administration and the Federal Home Loan Bank Board, the Thrift Institution's Restructuring Act of 1981, a bill to promote the competitiveness of thrift institutions and to protect the depositors and creditors of such institutions.

The bill would broaden the investment power and earnings ability of thrift institutions by authorizing them, among other things, to make commercial loans and a wider variety of real estate loans, as well as investing in a greater amount of State or local government securities.

The legislation would also broaden the authority of the Federal Savings and Loan Insurance Corporation with respect to the reorganization, merger, or acquisition of financially troubled thrift institutions.

This bill is the culmination of much effort by the administration and the Bank Board, and I can assure my fellow Senators that it will receive the prompt attention of the Banking Committee.

As I indicated a few weeks ago, I will be introducing a bill in the near future to deal with a broader range of issues than are treated in the administration's legislation. I have waited to introduce my bill in order to be able to review promptly the administration's bill and to decide whether to incorporate parts of it in my bill. I anticipate finalizing and completing my bill within the next few days.

Mr. President, I ask unanimous consent that a section-by-section analysis of the bill be printed in the Record.

There being no objection, the section-by-section analysis was ordered to be printed in the Record, as follows:

Section-by-Section Analysis of the Thrift Institutions Restructuring Act of 1981

TITLE I: FORM OF CHAPTER; DEMAND ACCOUNTS

Section 101. Title: Section 101 states that the bill may be cited as the "Thrift Institutions Restructuring Act of 1981."

Section 102. Chartering and Purpose: This section would revise § 5(a) of the Home Owners' Loan Act of 1933 ("HOLA") to specify that the Bank Board may charter Federal associations known as Federal savings and loan associations or Federal savings banks and that the purpose of such activity shall be to provide thrift institutions for the deposit or investment of funds, and for the extension of credit for homes, and other goods and services. Present language limiting the chartering of Federal mutual savings banks ("FMSBs") and providing them with investment and activity limitations different from those of Federal S&Ls basically is eliminated in order to provide a parity of entitlements between all Federal associations. Consistent with the liberalization of stock conversion options and association investment authority contained in the bill, references in § 5(a) to Federal associations as mutual institutions are deleted, and the purposes of such associations are widened, as indicated previously, beyond the current exclusive focus on housing.

Section 103. Demand Accounts and Capital Stock: This section would revise § 5(b)(1) and (2) of the HOLA. Under revised § 5(b)(1), Federal associations would be able to offer any customer a demand account. At present, Federal S&Ls are not authorized to offer demand accounts; their only transactions account, the NOW account, is statutorily subject to a 30-day notice requirement. Because NOW accounts are not available to corporations or governments, S&Ls are thus cut off from a profitable source of transactions account business. Federal MSBs are allowed to offer demand deposits to customers with which they have a business loan relationship, and are thus handicapped to a lower degree.

In addition, § 5(b)(1) would be amended to lower the statutory notice-of-withdrawal period for savings accounts (including NOW accounts) to fourteen days from the current thirty days. This would put S&Ls on a par with commercial banks with respect to this type of account.

The amendment to § 5(b)(2) would delete an existing prohibition against the issuance of capital stock by Federal S&Ls and substitute an explicit grant of authority to issue such stock. The current prohibition acts to prevent the Bank Board from authorizing Federal stock S&Ls on a de novo basis, for explicit provisions elsewhere now authorize Federal stock associations on a conversion basis, notwithstanding the prohibition contained in § 5(b)(2).

Section 104. Conversions to Federal Charters: This section would amend § 5(i) of the HOLA to allow any institution that is a Federal Home Loan Bank member (or is eligible to become a member) to convert to a Federal S&L, a Federal savings bank, or a Federal mutual savings bank. As part of the conversion process (or thereafter), the converting (or converted) institution could change from the mutual to the stock form (or the reverse) and would be free to elect to designate itself as a Federal S&L, a Federal savings bank, or a Federal mutual savings bank, regardless of its previous denomination. Present law does not allow Federal stock savings banks, and does not authorize de novo charters of Federal savings banks or of Federal stock S&Ls. Moreover, current law does not permit state stock associations to obtain Federal stock charters unless they existed as stock entities before 1976, and forbids chartering of Federal stock associations in states that do not allow state stock institutions. Procedures for conversions back to state institutions would be changed slightly, making explicit provision for conversion to stock institutions, deleting an obsolete reference to the General Manager of the FSLIC and substituting the Bank Board's General Counsel, and striking obsolete provisions pertaining to Treasury or Home Owners' Loan Corporation ownership of Federal association shares. Persons aggrieved by final action of the Bank Board respecting a conversion would be provided the same right of review currently granted in such cases by § 402(j)(4) of the National Housing Act. Because current law may allow Federal mutual savings banks to engage in certain activities and make certain investments not authorized under this bill, revised § 5(i)(4) would permit FMSBs that converted prior to enactment of the bill to continue those activities or investments to the extent authorized by the Bank Board. These grandfathered rights would pass to the successor institution in the event of a merger or consolidation. Grandfathering also would continue to be extended to Federal savings banks that convert to that status from state charters.

Section 105. Conversion from State Mutual to State Stock: This section would amend extensively § 402(j) of the National Housing Act. That provision governs the now-expired moratorium on mutual-to-stock conversions, and is substantially obsolete. Currently significant provisions that would be dropped include a burdensome annual report on conversion activity, and a prohibition against creation of Federal stock institutions in states where stock associations do not exist. As revised, § 402(j) simply would retain current FSLIC jurisdiction over state mutual to state stock conversions involving insured institutions, and would preserve the existing judicial appeal procedure available to persons aggrieved by agency conversion decisions.

Section 106. Technical: This section would amend § 2(d) of the HOLA to ensure that statutory references to Federal S&Ls include all Federal savings banks, not just FMSBs.

Section 107. Technical: This section would establish the duty of the FSLIC to insure the accounts of all Federal savings banks, rather than simply FMSBs, as the statute currently provides.

Section 108. Technical: This section would include Federal savings banks within the listing of entities defined as insured institutions for Savings and Loan Holding Company Act purposes.

TITLE II: INVESTMENTS

Section 201. Overdrafts: This section would amend § 5(c)(1)(A) of the HOLA to provide that overdraft loans could be issued with respect to any transactions account of a Federal association, rather than only against NOW accounts, as is currently the case.

Section 202. Real Property Loans: This section would amend § 5(c)(1)(B) of the HOLA to allow Federal associations to invest up to 100 percent of their assets in loans secured by loans on residential or nonresidential real property. At present, § 5(b)(1)(B) allows 100 percent investment in residential real property loans, but provides an extensive list of loan-to-value ratios that must be observed, depending on the nature of the security property. These statutory restrictions would be eliminated by the amendment. Under current law, nonresidential real estate lending is limited basically to 20 percent of assets, and the loans must be secured by first liens on other improved real estate. The amendment would eliminate the percentage-of-assets and first lien restrictions, as well as dispense with the requirement that the real estate securing the loan be of any particular nature.

Section 203. Time Deposits in S&Ls: This section would amend § 5(c)(1)(G) of the HOLA to allow associations to invest in each other's time and savings deposits. Currently, associations wishing to invest in time and savings deposits must utilize FDIC-insured commercial banks, except to the limited extent authorized under 12 U.S.C. § 1730b.

Section 204. Governmental Securities: This section would amend § 5(c)(1)(H) of the HOLA to allow Federal associations to invest up to 100 percent of their assets in obligations of or issued by State or local governments. At present, investments in such securities are limited to general obligations, and to certain housing-related instruments.

Section 205. Commercial and other loans: This section would amend § 5(c)(1)(L) to allow Federal associations to invest up to 100 percent of their assets in secured or unsecured loans for commercial, corporate, business or agricultural purposes. Federal S&Ls currently have no power to make loans of this kind and FMSBs can only make commercial, corporate or business loans to the extent of 5 percent of their assets, and only within 75 miles of the institution's home office. The section would replace existing paragraph (L), dealing with loans to financial institutions. Loans under section 205 could be made to one borrower only to the extent a national bank having the same capital and surplus could lend to one borrower.

Section 206 Technical: Sections 204 and 206 would amend existing § 5(c)(1)(O) and §5(c)(4)(C) of the HOLA to remove from § 5(c)(4)(C) existing authority for Federal associations to invest in certain insured land development loans and place such authority in § 5(c)(1)(O). This is merely intended to permit an easier reading of § 5(c), as reorganization will place the land development loans in a provision dealing with other insured loans of similar type, and will leave revised § 5(c)(5)(C) to deal solely with foreign assistance investments. In addition, in § 5(c)(1)(O), the amendment would change the name of the "Urban Growth and New Community Development Act of 1970" to the "National Urban Policy and New Community Development Act of 1970."

Section 207. Corporate Securities: This section would amend § 5(c)(1)(P) to allow Federal associations to invest up to 100 percent of their assets in commercial paper and corporate debt securities. The limit on such investment now stands at 20 percent. This provision would replace authority regarding state housing corporation investments that is to be subsumed under section 204, *supra*. An association could invest in one obligor or maker, however, only to the extent allowable for a national bank having the same capital and surplus as the association.

Section 208. Mutual Funds: This section would amend § 5(c)(1)(Q) of the HOLA to allow Federal associations to invest in a wider variety of mutual funds. Currently, associations are restricted to investing in funds having portfolios comprised entirely of assets which they could invest in directly. The amendment would permit investments in mutual funds having portfolios consisting *primarily* of assets in which associations could invest on a direct basis.

Section 209. Consumer loans: This section would create a new § 5(c)(1)(R) of the Home Owners' Loan Act authorizing investments in consumer loans, including inventory and floor planning loans. Without the authority to make loans of the latter two types, the effectiveness of the power to extend consumer credit is substantially diminished. Present law limits Federal association consumer loan authority to 20 percent of assets.

Section 210. Additional Investment Options: This section would provide further liberalization of the investment options open to Federal associations.

1. Equipment Leasing. Revised § 5(c)(2) would give Federal association authority to invest directly in tangible personal property. This new empowerment would enable associations to engage in equipment leasing, an activity that has been profitable for the commercial banking industry.

2. Education Loans. Amended § 5(c)(3)(A) would expand the scope of the current 5 percent-of-assets education loan authority to include any loan for educational purposes. At present, Federals may make such loans only for the purpose of paying for the ex-

penses of university, college or vocational education.

3. Service Corporations. Under amended § 5(c)(4)(B), Federal associations would be able to invest 5 percent of their assets in their service corporation subsidiaries instead of the 3 percent currently authorized. Unlike current practice, there would be no explicit statutory requirement that a portion of the investment authority be used primarily for community, inner-city, and community development purposes. In addition, the bill would clarify the status of subsidiaries of service corporations—so-called "second-tier" service corporations—by specifically stipulating that primary service corporations would be able to invest in such entities regardless of the state-of-charter and stock ownership restrictions that affect Federal association investment in service corporations. Associations are only permitted to invest in service corporations chartered in their home state, and whose stock is available for purchase only by savings and loan associations headquartered in that state, and a recent U.S. District Court case in New Jersey indicated that these restrictions likewise should apply to investments by primary service corporations in their subsidiaries.

6. Foreign Assistance Investments. See Section 206.

7. Small Business Investment Corporations. New § 5(c)(4)(D) would restore authority to Federal associations to invest in Small Business Investment Corporations that inadvertently was deleted from § 5(c) in the course of the reenactment of that provision by Public Law 96–221. This replaces authority to invest in certain state and local government obligations that is to be subsumed under section 204, *supra*.

Section 211. Incidental Activities: This section would create a new § 5(c)(8) that would clarify the power of Federal associations to engage in activities and ventures incidental to the exercise of authority conferred under § 5(b) or (c). For instance, questions have been raised as to the ability of Federals under current law to form joint ventures with investors to facilitate the sale of low-yield mortgages. Given the present power of associations to sell mortgages, new paragraph (8) would remove any doubt as to the authority of those institutions to enter into business relationships designed to facilitate such sale. That paragraph also would remove doubts as to the ability of Federals to engage in correspondent activities, and to issue money orders or cashier's checks.

Section 212. Liquidity Eligible Investments: This section would amend § 5A(b)(1)(B) of the Federal Home Loan Bank Act (12 U.S.C. § 1425a(b)(1)(B)) to specify that members of Federal Home Loan Banks could use their investments in time and savings deposits in other members, or in institutions eligible to become members to help satisfy the statutory requirement that they maintain at all times a certain amount of liquid assets. Present law authorizes time and savings deposits to count toward satisfaction of this liquidity requirement only if the deposits are in Federal Home Loan Banks or commercial banks.

Section 213. Overlapping Jurisdiction: This section would ensure that FSLIC-insured institutions would continue to be exclusively governed by the Savings and Loan Holding Company Act with respect to acquisitions of control by other companies. Without this amendment, such insured institutions conceivably could be required to meet the requirements of both the Bank Holding Company Act and the Savings and Loan Holding Company Act, a burdensome and confusing result.

Section 214. Limitation on branching by Federal associations: This section would limit interstate branching by Federal associations to those which have an asset composition such that they qualify for the benefits of the so-called "bad debt deduction" under the Internal Revenue Code. Furthermore, retention of out-of-state branches would be contingent upon the Bank Board's determination that total assets attributable to branches in the foreign state are such that those branches, taken as a whole (assuming they otherwise were eligible), would qualify for the bad debt deduction. Federals with existing interstate branches would be grandfathered, and state institutions with interstate branches that convert to federal charters would likewise not be forced to give up their out-of-state facilities. In addition, Federals would be able to branch into those states that permit such penetration by out-of-state thrifts. The provision clarifies the fact that branches resulting from the extraordinary powers granted the FSLIC under section 301 of the bill would not be affected by the section 214 limitation. Finally, the section would allow the Bank Board to give Federals up to two years to dispose of illegal branches.

Section 215. Limitation on savings and loan holding company activities: This section would limit the activities permissible for a savings and loan holding company and its non S&L subsidiaries when the company's S&L subsidiary acquires an asset mix such that it no longer qualifies for the bad debt deduction. The activities thereafter permissible would be those available to multiple savings and loan holding companies and their subsidiaries under 12 U.S.C. § 1730a(c)(2). Affected companies would be given three years to either come into conformance or sell the S&L subsidiary.

TITLE III: PREEMPTION OF DUE-ON-SALE PROHIBITIONS

Title III would clarify the non-applicability to federal S&Ls and federal savings banks of state laws prohibiting exercise by lenders of so-called due-on-sale clauses that stipulate that a borrower's mortgage becomes due when he sells his home. The question of whether state or federal law governs the validity of such clauses is a frequent subject of litigation, despite the fact that the great majority of courts, state and federal, have ruled that federal associations are governed exclusively by federal law in this area. Title III also would clarify the preemptive effort of federal law with respect to national banks and federal credit unions.

The need to preserve preemption with respect to due-on-sale is acute. Thrifts' current earnings problems stem directly from the fact that they have large portfolios of low-yield fixed-rate mortgages. It is essential that these mortgages be "rolled-over" and replaced with instruments bearing interest more in keeping with the rates being demanded by depositors for their funds. Under normal circumstances, mortgage loans roll-over roughly every 7–8 years. Where due-on-sale clauses are prohibited, however, effectively allowing automatic assumptions of mortgages, the average life span of the low-yield mortgages that are causing so much difficulty for thrifts increases greatly, since those are precisely the mortgages that sellers of homes wish to pass along to prospective purchasers. Thus, the negative impact on earnings of those mortgages in such localities can be expected to persist far into the future, diminishing the ability of affected thrifts to provide competitive yields on savings and attract an adequate mortgage lending base. In addition, due-on-sale clauses act as a deterrent to further movement by commercial banks into the mortgage lending field.

Specific provision would be made in the amendment for delegation by the Bank Board to its staff, or to the staffs of the Comptroller of the Currency or of the National Credit Union Administration Board, of authority to issue approvals or interpretations, and any lender relying in good faith on the Bank Board's regulations or on its interpretations or those of its staff would be free from application of state law penalties. This delegation and good-faith reliance provision would apply as well to the Bank Board's existing authority to implement the Federal preemption of state mortgage usury laws.

TITLE IV: EXTRAORDINARY AUTHORITY

Section 401 and 402. Emergency Thrift Acquisitions: These sections would allow the FSLIC, regardless of any other law (except antitrust law) to authorize an insured institution eligible for FSLIC assistance to merge with any other insured institution or an FDIC-insured bank, or to be acquired by any holding company. This would enable the FSLIC to arrange mergers of institutions across state lines notwithstanding interstate branching prohibitions, and to let holding companies acquire institutions other than in their home state, or without regard to normal activities restrictions. In making such authorizations, the paramount consideration would be minimize the cost to the FSLIC but the Corporation would have to make a reasonable effort to arrange transactions involving: first, institutions of the same type in the same state; second, institutions of the same type in different states; third, institutions of different types in the same state; and, fourth, institutions of different types in different states. The condition precedent to the use of the authority conferred by this section would be the existence of severe financial conditions which threaten the stability of a significant number of insured institutions or of institutions possessing significant resources. Under section 401(b), the Federal Reserve could approve, in emergencies, bank holding company acquisitions of thrifts, subject to the approval of the thrift's primary Federal regulator.

Section 403. Emergency Stock Charters: This section would allow the Bank Board to authorize (or in the case of a Federally-chartered association, require) a mutual institution to become, or merge into a newly chartered, Federal stock association, regardless of other state or Federal law. These authorizations could be granted only with respect to: (1) an institution in receivership; (2) an institution that has contracted to receive FDIC or FSLIC assistance; or (3) an institution the stability of which is threatened by the existence of severe financial conditions, provided the authorization is likely to improve its financial condition. In cases where the converting institution is FDIC-insured, conversion to a Federal charter would be accompanied by an indemnification agreement between the FDIC and FSLIC that would be negotiated on a case-by-case basis, rather than being tied to the statutory indemnification provisions applicable to ordinary conversions involving changing of deposit insurers.

Section 404. Assistance to Thrift Institutions: This section would allow the FSLIC to provide assistance to any party acquiring a financially troubled insured institution.

Section 405. Conservatorship and Receivership Powers: This section would provide the FSLIC with conservatorship/receivership powers over State-chartered insured institutions approximately equal to those which it now has with respect to Federal associations. While the FSLIC still could accept an appointment as receiver or conservator from a State authority, and operate according to its regulation, the Bank Board would be able to appoint the FSLIC as sole conservator or receiver of a State-chartered insured institution, superseding and preempting any state appointment, upon a determination that the institution was in an unsafe or unsound condition to transact business, had substantially dissipated its assets, or had assets less than its obligations. Under current law, such preemptive power exists only where an institution actually has been closed or a State receiver has been appointed for at least 15 days, where grounds exist identical to those required to appoint a receiver or conservator for a Federal association, and an accountholder has been unable to obtain a full withdrawal of his account.

Section 405 also would clarify the fact that when the FSLIC acts in its capacity as a receiver of a Federal association, it pays the credit obligations of that institution only in its capacity as receiver. The present statutory language raises the possibility that the FSLIC's insurance fund might be held liable for all the debts of a defaulted Federal association. Additionally, the amendment would allow the FSLIC as receiver of a defaulted institution, to make such disposition of the defaulted institution as it determines to be in the best interests of the association, its savers and the Corporation itself. Currently, an anomalous situation exists whereby the ability of the FSLIC to make "such other disposition" of a defaulted S&L as is in the best interests of its insured members applies only to state-charted insured institutions, and not to Federal associations.

Section 406. Assistance to Federal Home Loan Bank Members: Section 406 would allow the Bank Board, upon its determination that severe financial conditions exist threatening the stability of member institutions, to waive the requirement of § 16 of the Federal Home Loan Bank Act that a portion of net earnings of the FHLBanks be set aside semi-annually to a reserve account, and allow the Banks to pay dividends from undivided profits.

Section 407. Borrowing Authority: This would allow the FSLIC to borrow from the FHLBanks, as long as the rate on the loan is not less than the FHLBanks' marginal cost of funds, and the loan is adequately secured.

Section 408. Secondary Insurance Reserve: Section 408 would permit the FSLIC, when it determines extraordinary financial conditions exist increasing the risk to it, to terminate the payback of the secondary insurance reserve and to use the reserve exactly as it uses the primary reserve. The payback could continue thereafter, if otherwise authorized by law. Under present law, the FSLIC's secondary reserve (now approximately $700 million) is required to be paid back to insured institutions under such time as the aggregate of the primary reserve and the secondary reserve is not at least equal to 1¼ percent of the total amount of all accounts of insured members of all insured institutions. The secondary reserve at present may be used only to cover losses of the Corporation, and only to the extent the primary reserve is not available.

TITLE V: MISCELLANEOUS

Section 501. Delegations: Section 501 would allow the Bank Board to delegate any of its functions, except those of promulgating regulations, and performing adjudications. The Federal Reserve already has similar power under 12 U.S.C. § 248.

Section 502. Payment of Attorneys' Fees: This section would clarify that a court may assess attorneys' fees against the Bank Board only in the event the agency loses a lawsuit.

Section 503. Federal Home Loan Mortgage Corporation Authority:

Subsection (a) would authorize the Federal Home Loan Mortgage Corporation to purchase mortgage loans from the Federal Deposit Insurance Corporation and the National Credit Union Administration. The amendment particularly would assist these agencies in the orderly management of their portfolios of acquired mortgage loans, and facilitate the liquidation of the mortgage assets of institutions under their control. The amendment would also equate the FHLMC's purchase authority from the FDIC and NCUA with that from the FSLIC and reflect in general the growing use of the Mortgage Corporation's programs by institutions other than S&Ls.

Subsection (b) would remove the limitation on the number of mortgages more than one year old that the Federal Home Loan Mortgage Corporation could purchase, and would clarify that such mortgages could be purchased from the FDIC, FSLIC and NCUA. The amendment would facilitate the development of special placement and other types of transactions that allow residential mortgage lenders to sell older, low-yielding mortgages in negotiated arrangements. This would improve the liquidity positions of portfolio lenders, and help achieve the objectives of the Depository Institutions Deregulation and Monetary Control Act of 1980 by allowing mortgage lenders to adjust to more volatile interest rate fluctuations.

Subsection (c) would enable the Corporation to buy secured second mortgages where the proceeds are used for purposes other than those already statutorily specified. This authority parallels that of the Federal National Mortgage Association.

Section 504. Collateralization of FHLBank Advances: Section 504 would strike the extensive and detailed statutory collateralization requirements appearing in § 10 of the Federal Home Loan Bank Act, and give the Bank Board authority to prescribe what should constitute acceptable security. In addition, it would correct a technical omission connected with the recent liberalizing by Congress of the stock-to-advances ratio that must be observed by FHLBank members.

Section 505. Insurance of Accounts in Mergers: This section would provide that depositors who have accounts in a FSLIC-insured institution that merges into another such institution in which they have accounts will be able to have separate insurance for the two accounts for a period of six months. Authority to offer short-term dual coverage of this type already is possessed by the FDIC.

Section 506. Deletion of Obsolete Stockholding Requirements: Section 506 would delete obsolete language in § 6(c) of the Federal Home Loan Bank Act that operates to require a handful of FHLBank members to hold stock in excess of the one percent of aggregate loan principal level applicable to all other members.

Section 507. Compensation of Federal Savings and Loan Advisory Council Members: Section 507 would allow the Bank Board to compensate the members of the Federal Savings and Loan Advisory Council, subject to the limitations of the Federal Advisory Committee Act. This would be particularly useful in attracting public interest members of the FSLAC, who currently serve at a considerable financial sacrifice because of the inadequacy of the traveling expense reimbursement currently available to them.

Section 508. Withdrawal from FHLBank Membership: Section 508 would require an institution withdrawing voluntarily from FHLBank membership to pay prepayment penalties in connection with liquidating any indebtedness it owes the Bank, assuming the contract governing the indebtedness calls for imposition of such penalties. In addition, section 508 would prevent institutions leaving the FHLBank System from reentering, except in connection with receiving FSLIC insurance of accounts, and would set a deadline for applying for membership for current nonmembers and newly chartered institutions, beyond which the option of FHLBank membership no longer would be available, except, again, in connection with receiving FSLIC insurance of accounts.●

By Mr. SYMMS (for himself, Mr. McClure, Mr. Helms, and Mr. Goldwater):

S. 1704. A bill to provide for the minting of U.S. gold coins; to the Committee on Banking, Housing, and Urban Affairs.

FREE MARKET GOLD COINAGE ACT

Mr. SYMMS. Mr. President, the questions of creating an international standard of stable value has been the concern of international monetary theorists and policymakers alike, especially in periods when the international monetary system was ailing and proposals for reform were put forward. These proposals have generally fallen into two broad categories. One category links the international standard to a commodity or a basket of commodities. The other group of proposals favors the creation of a credit-based international reserve asset by an internationally controlled world central bank. Recently, in the United States, popular opinion has been increasingly toward adopting proposals of the former type, that is, the gold standard.

However, despite the growing trend toward returning to a gold standard, there has been little discussion as to the type of standard. In the October 1961 issue of the Journal of Law and Economics, Milton Friedman discussed the issue of a real and pseudo gold standard. A real standard allows the market to evaluate the value of one commodity against the value of another commodity.

Today, I am introducing the Free Market Gold Coinage Act with cosponsors, Helms, Goldwater, and McClure, which calls for the establishment of gold coins as an alternative lawful or legal tender without abandoning the dollar and without fixing the price of gold. My bill is designed to put the two systems of currency into direct competition, and to let the market choose, at the margin and over a long-run period of time, which kind of currency shall predominate.

The following is an excerpt from "Going for Solid Gold" by Joe Cobb, director of economic analysis for the Washington-based Council for a Competitive Economy, which appeared in the September 1981 issue of Reason magazine, and I ask unanimous consent that it be printed in the Record at this point.

There being no objection, the article was ordered printed in the Record, as follows:

Going for Solid Gold

(By Joe Cobb)

What's the connection between "choice in currency" and all the traditional, long-standing calls for "putting the United States back on a gold standard"? And what does choice in currency amount to, anyway? Zenith versus Sony versus RCA televisions, or a Rabbit versus a Dodge Omni versus a Chevette—these involve consumer choices; but the money people put on the line in making those choices . . .?

Yes, monetary units too could be open to individual choice, suggested F. A. Hayek, venerable head of the Austrian school of economics, in 1975. At a conference sponsored by the New Orleans-based National Committee for Monetary Reform (James Blanchard's one-man organization that had, along with Segermark and Senator Helms, pushed Congress to relegalize gold ownership), Hayek proposed a nearly heretical idea to all the gold bugs in attendance. The issue is not a gold standard, he implied, but letting individuals in a free market exercise freedom of choice in the monetary units they use.

Why, he asked, shouldn't the British for example, plagued by high rates of inflation in the pound sterling, be permitted to conduct business in London in Swiss francs?

Why should there be a monopoly in each nation regarding money? The idea is deceptively subtle. Hayek had discovered—or at least brought to the attention of the gold bugs—the fact that Gresham's Law works in reverse when the prices of different monetary units are free to change according to supply and demand.

Old Sir Thomas Gresham served Queen Elizabeth I in the 16th century and is given credit for Gresham's Law: Bad money drives out good money. When silver was cheap and gold was dear, the people would pass silver from hand to hand and keep their gold under the mattresses; when silver became relatively scarce, the gold came into circulation and the silver disappeared into savings and hoarding.

But when Gresham observed this phenomenon, the conversion rate (or price) between gold and silver was fixed by law. Professor Hayek simply observed that bad money does not drive out good when monetary prices fluctuate. If different types of paper money were put into mutual competition, he suggested, people could refuse bad money (money with declining purchasing power) and insist upon good money in setting prices or holding cash balances. The less-preferred units would disappear if nobody wanted to use them in commerce, and fear of this result would serve as a restraint upon inflation-prone central banks.

So now there were not just one but two proposals for ending the Fed's devastation of the economy: impose the discipline of gold, or impose the discipline of consumer choice. When the Choice-in-Currency Commission made its appearance in the spring of 1981, it planted one foot in each camp. It would call for Hayek's classic principle of competition, but that competition in the domestic U.S. market would be between Federal Reserve dollars and gold coins.

Why not just stick with the traditional idea of a gold standard? It would try to "make the dollar as good as gold" by fixing the conversion rate between dollars and gold. To maintain the parity, the Fed would be required to hold the supply of dollars proportional to the Treasury's gold reserves—and everyone knows how likely the Fed is to follow such instructions.

Moreover, this kind of proposal has faced political difficulties because it is all-or-nothing: in accepting the classic gold standard, people must agree to a particular conversion rate. Should it be 35 dollars to one ounce of gold? 450 to one? 600 to one? Should it ever be changed? Certainly the economists have been unable to agree on an appropriate ratio, and so "the gold standard" has remained controversial.

The gold standard a la Choice-in-Currency, on the other hand, would not attempt to fix the price of the dollar in terms of gold. It would instead leave both the price and the quantity of monetary units to be determined in the marketplace. Supply and demand would govern the conversion rate, reflecting people's perceptions of the relative values of the competing currencies.

The Fed would be constrained to "keep the dollar as good as gold" by the choices of wage earners, business owners, and investors. If people were cashing in their dollars for gold and demanding payment and interest in gold, the Fed would know that it had left the printing press running too long. If people were amiably accepting either currency, it would know that equilibrium reigned.

Best of all, if the Fed did let the dollar slip in value, the people would have an alternative. Freedom of choice in currency would mean that government could no longer subject its citizens to the tyranny of inflation.

What can the Federal Reserve possibly say against the idea? That it wouldn't work? Who would believe that in a free-market economy, freedom of choice won't work? The real issue will become the Fed's monopoly of the currecny.

Even Milton Friedman, who has never given his blessing to a gold standard but has instead argued for a monetarist proposal to end inflation by keeping the money supply under tight rein—won't he have to endorse the idea? Has he not written a book with the title Free to Choose and been a staunch advocate of empirical testing of economic theories? If the Fed really is as capable of controlling the monetary system as Friedman contends, then it could manage the dollar supply in such a way that the public would continue to demand dollars instead of gold coins.

One of the most persuasive arguments for the gold-coin choice-in-currency proposal is the idea of "disaster insurance." During the 1923 hyperinflation in Germany, people were able to use British pounds, French francs, and US dollars as alternative monetary units, as well as bartering with various common commodities. If the US money and banking system should collapse, however, there would be no alternative currency for Americans to use. Society would collapse economically as well as politically.

In the novel Alas Babylon by Pat Frank, the United States suffers a nuclear attack and the small Florida community that survives it undergoes a social convulsion. The local banker is one of the first to commit suicide.

Economists know that the monetary system is of central importance in a market economy, because all prices and all accounting statements are quoted in units of money. In order for the new currency to function as disaster insurance, it must be named in a way that ensures its soundness.

Where did the "dollar" come from? In the Middle Ages, there was a large silver coin of similar name valued for its quality, and people began to quote prices in its name. Prices in a free market provide information about the relative values of goods and services, and there is very little cost to obtaining this information. A high-quality physical referent for the monetary "unit-name" in which prices are quoted is important for the emergence of a free-market system.

The Spanish milled dollar was in common circulation in the 13 colonies, so Thomas Jefferson proposed that it become the standard unit for the new U.S. decimal currency. The U.S. government didn't invent the money of the new nation, but it did "trademark" it. Within a hundred years, the trademark had already replaced the metal coin itself as the important thing in financial dealings. The government was able to issue legal-tender greenbacks with its trademark alone, and people had to take them at their face value instead of coins.

In Britain, the pound sterling is an obsolete name for a weight of silver, although from 1774, gold was the exclusive legal tender until the Bank of England's pound sterling notes displaced gold coins from most international commerce about the middle of the 19th century. People disagree about whether the banknotes were merely warehouse receipts for gold or silver on deposit or whether they represent a dishonest expansion of circulating credit with nothing to back them, but the only thing that allowed the banknotes to gain currency status was their use of the government's trademark. Similar histories can be told about the franc, the mark the lira, etc.

Edward Gibbon wrote in The Decline and Fall of the Roman Empire that "Augustus was sensible that mankind is governed by names," and it is still very true today. The name of the monetary unit is of central importance to the new gold standard.

It is very difficult for the ordinary citizen to avoid confusion when it comes to finance, inflation, or monetary theory. John Maynard Keynes wrote: "Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose."

This is why most Americans believe that wage and price controls are a good idea. They believe that if prices rise, it is somehow the work of the merchants, not the depreciation of the familiar monetary unit. Since prices are quoted in the standard "name," it is perceived as the fixed element in the language of prices—the proper noun in the syntax of our basic economic information system. Only a little reflection shows us, though, that the real values of commodities and services are elements that change only slowly over time, as productivity improves. Yet there is something comfortable about the old "dollar" even though today it is merely the name of an electronic impulse in the computer of your bank, or the word by which you identify the ciphers on your credit card receipts.

Perhaps the central principle of a good monetary system is that stated by John Locke in 1695: The "unit was and should be a definite weight of bullion, which must not be altered." Bullion—pure, "noble" metal. Definite weight. The monetary system should emerge from the common system of weights and measures; it should not be "invented" by government as an artificial denomination of weight. It was an unfortunate historical accident that the common coin in the 13 colonies was not precisely an ounce of silver, which might have gone by the name "one ounce" without the government trademark "silver dollar."

F. A. Hayek has compared the development of a nation's monetary system to the evolution of its common language—a product of human action but not of human design; a spontaneous order. Because the "dollar" has come down through history as the unit of accounting, it may seem natural that the name-unit of the new currency should be "dollar" also. Yet, for the reasons that John Locke put forth, the idea of a "gold dollar" must be rejected.

Dollar is not a unit of weight, even though it once described a silver coin that had a fixed weight: 371.25 grains of fine silver, as defined in the coinage act of 1792. If the monetary unit is named differently from the definitive weight, specifying its weight becomes a government prerogative. Then it is easy for the government, by redefining that weight, "to debauch the currency," as Keynes noted, "in a manner which not one man in a million is able to diagnose."

Because people use the familiar name to quote prices, the government's trademark on the coinage can become the unit of accounting in lieu of a unit of weight. This is precisely the shift in meaning, however, that ought to be prevented by any modern monetary reform. If a coin is named by its unit of weight, what citizen would be fool enough not to perceive his government's skulduggery were the pound or the ounce or the gram announced no longer to amount to its former quantity? Every man in a million would scoff if the government tried to tell him that a gram of gold did not equal a gram of iron.

Any "gold dollar" currency would inevitably be afflicted by the problem of Gresham's Law. The coins would never circulate, because they would be seen as more valuable than the paper currency with the same name (and hence with a fixed price ratio). The bad money would drive out the good, and nothing would be gained by pretending that the paper was "as good as gold." This is why the United

States, and the rest of the world, slipped so easily off the gold standard in 1933, due to the tendency for gold coins to remain in vaults.

To avoid the problem with government trademarking, the definite weight prescribed by Locke should be the common unit of weight. For the new gold currency, we have, therefore, two choices: grams or ounces. Which unit has a single definition? Which unit has four definitions? (Hint: gold-grams is superior in this respect.) Another consideration counting in favor of the gram is that it is the unit of weight in which every other raw material in international commerce is measured.

A gram of gold this year is worth about $15.00, which would make a 10-gram and a 5-gram gold coin about the right size for many commercial transactions. (For quick mental conversion, a gold price of $466.55/oz. would be exactly $15.00/gram.) A 10-gram goldpiece would be about the size of the US quarter dollar, and a 5-gram goldpiece would be about the size of a US penny.

The first section of the Gold Coinage Act proclaims that "it shall be the policy of the United States to promote the free coinage of gold at a free market price." The idea is that private mints, like the Gold Standard Corporation in Kansas City, ought to be encouraged to produce free-market coins and not be displaced by the US Treasury's coinage.

Why should the government manufacture and issue coins at all? Wouldn't a free-market gold coinage most properly come entirely from private sources instead of from the US Mint? Nobody can quarrel with the logic here, but in practical terms it is important to get the gold bullion out of Fort Knox and into private hands—and there is enormous political opposition to the selling of bullion in large quantities for depreciating dollars.

The development of central banking and legal-tender laws in England during the period of laissez-faire for everything else should be instructive to us if the objective of the new gold standard is to prevent an eventual remonopolization of the currency by government. In England, following the Napoleonic wars, the Bank of England had all the gold. For reasons of physical convenience and safety, nobody saw any problem with this de facto monopoly.

After 1844, the law specified a 100 percent reserve for each Bank of England note (but not for the loans the Bank of England would make against the bank notes); so the practice of central banking seemed like a natural monopoly. In retrospect, we now can see why this was a dangerous political arrangement. The gold in a central vault might be most secure from petty robbery, but it is most vulnerable to grand, political larceny.

Moreover, the most important element in the gold-coin standard is the existence of the coinage, so that people can quote the coins as price units for goods and services. Relatively few gold coins would have to be issued by the US Treasury before the coinage would begin to be used to denominate some kinds of transactions. Given the famous inefficiency of the Post Office and other government service agencies, there is every reason to believe that private mints would supply most of the actual gold coins in circulation unless the coins were marketed to the public as an alternate source of funding for the federal budget deficit.

The process of quoting prices in terms of gold coins is the fundamental thing about a gold-coin standard. The creation of myriad private caches of coins is an important part of the "disaster insurance" scenario, and this can be partially satisfied by "unofficial" coins; but the gold-coin standard will not have taken root in the economic life of the nation until people quote prices in terms of it. This is the basic reason why an official coinage needs to be created. This would open the way for the most logical use of a gold coinage by the free market-in the long-term capital markets.

As a tool in the market, money facilitates "indirect exchange" by providing something that a seller of goods can accept with some confidence that other sellers will accept it from him later. Any indirect exchange, however, that skips over several, perhaps lengthy, periods of time—as in the long-term bond market—exposes the bond buyers (lenders) to a uniquely dangerous kind of risk.

The main risk in modern times is not so much "default risk" but "inflation risk"—will the monetary units in which the debt is to be repaid be worth as much in the future? A bond expert can evaluate the degree of default risk and classify a bond as Aaa or Baa and recommend a higher interest rate for the lower-graded bonds; but how can anyone tell you what the link is between the "1981-dollar" and the "2001-dollar"?

Since 1977 there has been no restriction on the use of gold clauses in contracts, so hypothetically the process should emerge; but it hasn't yet to any noticeable degree. Why not? Could the reason be that nobody trusts gold clauses so long as the basic language of prices is still the "dollar"? If dollars are the exclusive legal tender, what would prevent some future abrogation of gold clauses?

There seems to be an underlying process in the free market, or more particularly in the price system, that causes trade to gravitate toward the common unit of accounting—because that is what the courts would rely on if the contract had to be enforced. Similarly, many civil actions in court don't involve contracts under which the parties might have protected themselves with a gold clause. When someone smashes your car or disrupts your business through negligence, you don't have a contract—yet you might ask a judge to assess damages. Sometimes a judgment can take years of litigation. The main change in existing law made by the Free Market Gold Coinage Act is the principle that individuals in court, and in their dealings with the government itself, should have the right to use the unit of weight of gold to denominate the value at stake.

The real key to the freedom of choice in currency movement is the basic human right to choose and use gold coins recognized by statute. Congressman Crane's bill, the Free Market Gold Coinage Act, is just one specific proposal that meets all the criteria. It is really less of a coinage act than it is a "monetary constitution" for official transactions. In the process of creating a coinage, the bill would simultaneously provide a numeraire for long-term capital transactions and eliminate the monopoly of the Federal Reserve System over the currency.

In contrast, the traditional gold-standard proposals, which would legislate a "gold cover" for the Federal Reserve System—or to fix the quantity of dollars it issues based on the Treasury's holdings of gold—is very much antithetical to the choice-in-currency idea. First, because a "gold cover" would not put gold coins into circulation, it would not satisfy the disaster-insurance requirement; and second, because the expansion of the money supply would still be a monopoly of the government, there would be no genuine halt to price-index inflation.

When the British adopted Peel's Act in 1844, requiring 100 percent gold backing for Bank of England notes, they nevertheless had to suspend the act in 1866. Walter Bagehot reported in his classic Lombard Street (1873): "Three times since 1844 the Banking Department has received assistance, and would have failed without it." Whoever believes that the 19th-century Bank of England model is a good example of the gold standard is playing games with words.

It is hardly an accident that the 19th-century gold-backed currency and banking systems evolved into central bank monopolies, because they were heavily restricted and warped by government finance issues that do not concern our 20th-century economic system. The institutions that were created, like the Federal Reserve System, have survived to perform a different purpose—macroeconomic planning, with monopoly authority. Our legacy from the past is inflation, the boom-and-bust cycle, and sky-high interest rates because there is no underlying connection between the 1981-dollar and any future currency units.

The financial revolution that would result from a successful choice-in-currency campaign would be one of the major transformations in monetary history. By enacting the Free Market Gold Coinage Act, for example, a sovereign government will have voluntarily surrendered its monetary monopoly. Impossible? Popular movements have achieved more startling changes, such as the 17th Amendment to the Constitution allowing for popular election of senators.

Best of all, like other technological revolutions (for example, the development of telecommunications), all progress would be made at the margin as individuals and companies adopted the new procedures for denominating values. On the first day of enactment of the "Free Market Gold Coinage Act," there would be no visible change at all. Yet by the 10th year or the 50th year afterward, the present system of money and credit might be fully transformed into one based on the gram of gold as the "unit of account"—the proper noun in the syntax of the free-market price system.

The report of the US Gold Commission is due on October 1, 1981. Whether or not the commission will recommend a return to a gold standard, and whether or not their recommendation will look like the 19th-century Bank of England system, is very much up in the air.

What the "shadow" Choice-in-Currency Commission will be able to achieve is uncertain. Surveys of public opinion in monetary and fiscal matters reveal a depth of misunderstanding and emotionalism that staggers the imagination. Indeed, due to public ignorance, the "choice in currency" process might be the only way to create a new gold standard, because "information costs" and "transactions costs" alone will prevent any widespread agreement on a particular kind of system. We do not live in a classic, small-group Greek democracy.

Yet, from the international system of weights and measures, provided a vocal minority insists upon it, the fundamental unit of a new gold coin standard can be created. This alone, along with the official recognition of the unit in courts and in all dealings with the government itself (for example, paying taxes and customs duties; receiving tax refunds; etc.) is sufficient, on economic grounds, to transform our financial system and rebuild it on a firm, noninflationary basis that is well suited for the new kinds of electronic payment-systems that the free market is even today creating.

Mr. SYMMS. Mr. President, due to the increased level of discussion concerning the possibility of returning to the gold standard and its possible impact on our national security. I think it would be wise for our colleagues to have the information of who holds the gold, where it is, and what the potential for production of gold in the future is. There is a great deal of misinformation about how this would impact on some countries in the world, namely South Africa and the Soviet Union. I think this information would be valuable. I ask unanimous consent that an article which was published in the Wall Street Journal some time ago be printed in the RECORD.

There being no objection, the article was ordered printed in the RECORD, as follows:

RUSSIA'S GOLD WILL NOT CLOBBER A GOLD STANDARD

(By Roy W. Jastram)

With the appointment of the Gold Commission we are likely to hear a more serious discussion of a return to a gold standard than we have for 50 years. Every time this possibility comes up in a popular forum, the Red Peril will be advanced to counter the gold discipline. The fear is that Russia will clobber the new monetary system with vast outpourings of gold.

Most recently, one of our news magazines had this to say: "The Soviet Union holds an estimated 60 million ounces of gold and unmined reserves of perhaps 250 million ounces more. At today's prices that would give the Soviets a $146 billion stranglehold on the Western economies."

Such gee-whiz figures are supposed to carry the day without further proof. But let us put them in the proper proportion by taking a look at the gold holdings of the major central banks, excluding China, the USSR and associated countries.

Official gold holdings

[September 30, 1980]

	Tons
United States	8, 227
Canada	657
Austria	657
Belgium	1, 063
France	2, 546
German Federal Republic	2, 961
Italy	2, 074
Japan	754
Netherlands	1, 367
Portugal	689
South Africa	374
Switzerland	2, 590
U.K.	584
OPEC	1, 207
Other Asia	607
Other Europe	1, 209
Other Middle East	461
Other Western Hemisphere	654
Rest of world	320
Unspecified	113
Total	29, 110
IMF	3, 217
European Monetary Cooperation Fund	2, 664

This table, taken from the Anual Bullion Review 1980 of Samuel Montagu & Co., is based on IMF statistics.

NOTABLE AND QUOTABLE

As I am politician I will be as vague as possible so that I can escape through as many loopholes as I can create. After all if lawyers can make a living out of loopholes, there's no reason why politicians can't.

This chance to speak is also welcome because I am expected to speak in English. Now English is a wonderful language. When the Malay sultans invited the British to advise them, they found that in English one must follow advice (at least that given by British advisers). The British called the Malay sultans "rulers" which meant of course that they must not rule, only the British would rule. And "speakers" preside over legislative councils and parliaments, not presidents and chairmen. And of course speakers are not allowed to speak. There are other examples. But it must be obvious to you as it is to me that when you speak in English, you don't really mean what you say. Between the vagueness of a politician and peculiarities of the English language, I think I can escape any attempt to hold me to my words.

The Soviet Union's 60 million ounces converts to less than 1,900 tons. This is less than one-fourth of the gold the United States holds all by itself. And, it amounts to about 7 percent of the holdings of the Western economies, depending upon your definition of the latter. Even the 250 million ounces of "unminded reserves"—a highly speculative figure—is less than this country already has sitting in Fort Knox in nice, neat, yellow bars. Some stranglehold.

Now, let's get down to serious matters. In 1966 the Soviet Union ceased selling gold openly on the world markets. Due to official secrecy, plus a penchant to dissemble whenever complete secrecy is impossible, the amount of gold forthcoming from that region can only be approximated. The most authoritative published estimates come from Consolidated Gold Fields Ltd. of London. It is fascinating to converse with their staff. They are constantly working to update their technique for gathering intelligence; most recently, satellite photography has been added to their sophisticated kit of tools.

On the important matter of the net outflow of gold from the Communist sector they give the following figures in tons for the last decade:

Year:	*Net outflow*
1970	−3
1971	54
1972	213
1973	275
1974	220
1975	149
1976	412
1977	401
1978	410
1979	199
1980	90

The highest figure in recent times was for 1978 when net outflow from the Russian sphere amounted to 1.2 percent of the governmental holdings of the free world. Last year this percentage was hardly worth calculating.

Astute analysts of Russian gold activity believe that net outflows from that region occur only to obtain essential foreign exchange. When the Soviets can fund their foreign exchange needs from other exports, they prefer to do so.

Looking directly at production, Consolidated Gold Fields estimates that in 1980 the annual output of the Russian gold mining industry for all purposes was 280 to 350 tons. Russia could produce at this upper figure for a century and just build up to the quantity of gold the central banks of the free world already hold.

But what if Russia wished to step up its gold producing capabilities in order to wreck a gold-based monetary system? How much could it gain by increasing the tons of ore processed? One answer is suggested by data from South Africa.

In 1980 South Africa milled a record 90 million tons of ore, from which 675 tons of gold was obtained. This amounts to 0.24 ounces per ton; a nationwide average for perhaps the most efficient producer of them all.

The point is, Russia is not likely to be able to swamp the world with gold even if it dared divert its sorely tried industrial resources to such a dubious venture.

Mr. SYMMS. Mr. President, the fundamental principle of our economy and our society is the freedom of choice in the marketplace. Our present system endorses the peoples' right to choose in the marketplace but denies them the most basic choice—the freedom of choice in currency.

The Free Market Gold Coinage Act is consistent with the ideas of a free society in that it allows those who wish to commerce in gold, the freedom to do so. A similar bill has been introduced in the House by the distinguished Congressman from Danville, Ill., Dr. DAN CRANE.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1704

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Free Market Gold Coinage Act".

POLICY OF THE UNITED STATES

SEC. 2. (a) It shall be the policy of the United States to recognize the right of free coinage of gold at a free market price.

(b) Nothing in this Act shall be construed to prohibit or to discourage the manufacture or circulation of gold coins by persons or organizations, nor to restrict the free importation or exportation of gold coins for either monetary or nonmonetary purposes.

PUBLIC COINAGE

SEC. 3. (a) (1) The Secretary of the Treasury shall offer the gold bullion reserves of the United States for sale to the public, except that such sales shall only be in the form of gold coins that are minted in accordance with the provisions of this Act.

(2) All such gold coins shall be minted from .900 fine gold of a standard coin alloy that shall be determined by the Secretary.

(3) The weight of each such gold coin, as specified in subsection (b) (1) (A), refers only to the gold content of such gold coin and not to the weight of the standard coin alloy involved.

(b) (1) (A) The Secretary shall mint—

(i) gold coins that weigh 1 troy ounce (31.103 grams);

(ii) gold coins that weigh 1 ounce (28.349 grams);

(iii) gold coins that weigh 10 grams (154.321 grains);

(iv) gold coins that weigh 5 grams (77.161 grains).

(B) Not less than half, as measured by weight, of all such gold coins minted and sold under this Act shall be of the weight specified in clauses (iii) and (iv) of subparagraph (A). After conducting public hearings, the Secretary shall determine the proportion of gold coins described in clauses (i) and (ii) of subparagraph (A) that shall be minted under this Act.

(2) One side of each gold coin described in paragraph (1) (A) (i) shall bear the likeness of John F. Kennedy in left-profile, an inscription of the year in which such gold coin is minted, the inscriptions "Liberty" and "In God We Trust", and an appropriate mint mark that shall be determined by the Secretary. On the other side of each such gold coin, the inscriptions "E Pluribus Unum" and "United States of America" shall surround the inscription "One Troy Ounce Gold" which shall be not less than one-half of the diameter of such gold coin in both height and width.

(3) One side of each gold coin described in paragraph (1) (A) (ii) shall bear the likeness of Abraham Lincoln in right-profile, an inscription of the year in which such gold coin is minted, the inscriptions "Liberty" and "In God We Trust", and an appropriate mint mark that shall be determined by the Secretary. On the other side of each such gold coin, the inscriptions "E Pluribus Unum" and "United States of America" shall sur-

round the inscription "One Ounce Gold" which shall be not less than one-half of the diameter of such gold coin in both height and width.

(4) One side of each gold coin described in paragraph (1)(A)(iii) shall bear the likeness of Thomas Jefferson in left-profile, an inscription of the year in which such gold coin is minted, the inscriptions "Liberty" and "In God We Trust", and an appropriate mint mark that shall be determined by the Secretary. On the other side of each such gold coin, the inscriptions "E Pluribus Unum" and "United States of America" shall, subject to the following sentence, surround the the inscription "10" which shall be not less than one-half of the diameter of such gold coin in both height and width. Immediately below the inscription "10" shall be the inscription "Gold Grams".

(5) One side of each gold coin described in paragraph (1)(A)(iv) shall bear the likeness of Adam Smith in right-profile, an inscription of the year in which such gold coin is minted, the inscriptions "Liberty", "In God We Trust", and "Adam Smith", and an appropriate mint mark that shall be determined by the Secretary. On the other side of each such gold coin, the inscriptions "E Pluribus Unum" and "United States of America" shall, subject to the following sentence, surround the inscription "5" which shall be not less than one-half of the diameter of such gold coin in both height and width. Immediately below the inscription "5" shall be the inscription "Gold Grams".

(c) The edges of all gold coins minted pursuant to this section shall be milled in a manner that will discourage shaving of the edges of such gold coins.

(d) No seigniorage shall be charged by the Secretary for any gold coin minted under this Act, except that the Secretary shall charge a production fee whenever a gold coin that is minted by the Secretary under this Act is sold by the Secretary for the first time or is offered by the Secretary for the first time in an exchange under Section 5(a) for gold bullion or gold coins.

(e) Gold coins with similitude to official United States gold coins minted under this Act may be minted by any person, or organization, whether or not such person mints such coins in the United States, except that such gold coins shall not bear the inscription "United States of America".

FREE MARKET PRICE OF GOLD

Sec. 4. (a)(1) In accordance with regulations that shall be prescribed by the Secretary, the Secretary shall establish a formula for determining on an hourly basis the Official Conversion Rate of gold.

(2) The Secretary shall collect information on gold sales from the organized gold exchanges in London, England, Hong Kong, New York, New York, Chicago, Illinois, San Francisco, California, and the standard metropolitan statistical area in which Los Angeles, California, is located. The Secretary shall use such information together with such formula to determine the competitive market price of gold.

(3) In using such information with such formula, the weight given to the information received from any such gold exchange shall be equal to the ratio, expressed as a percentage, which the total amount of gold sold on such exchange during the period involved bears to the total amount of gold sold on all such gold exchanges during such period.

(b) The competitive market price of gold as determined under this section shall be the Official Conversion Rate between dollars and gold.

PURCHASES AND SALES OF GOLD

Sec. 5. (a) The Secretary shall exchange gold bullion or gold coin from any source for its equivalent weight in gold coins minted under this Act. At the election of the person offering such gold bullion or gold coin to the Secretary, any difference in units of weight shall be paid in dollars at the Official Conversion Rate.

(b) All purchases and sales of gold by the Secretary shall be made at the Official Conversion Rate prevailing at the time of entering into the agreement to buy or sell gold even if the delivery of such gold does not occur at the time of entering into such agreement.

(c) The Secretary shall use the proceeds of the sale of gold coins to redeem and cancel the gold certificates held by the Federal Reserve System, but payments for such certificates shall be at their par value. The Secretary shall make payments for purchases of gold coins and gold bullion from the Exchange Stabilization Fund. When all gold certificates held by the Federal Reserve System have been redeemed and cancelled, the Secretary shall use any additional proceeds from the sale of gold coins to redeem and cancel United States Government obligations held by the Federal Reserve System.

(d) Neither the United States nor any State—

(1) shall impose an excise or transaction or capital gains tax upon the use of gold or upon banking services that involve the promise to pay with gold; or

(2) shall restrict the convenient transfer of any ownership or equity interest in gold, such as checking or savings accounts, or certificates of deposit or promissory notes stated in terms of gold.

(e)(1) If any party to a legal action before any court or administrative agency of the United States or of any State or territory within the jurisdiction of the United States elects to receive any judgment, award, or penalty in gold, the rate of conversion of gold into dollars or dollars into gold shall be the rate that prevailed at the time that the claim or cause of action accrued. The Official Conversion Rate on public record at such time shall be conclusive evidence of such rate. In all claims or causes of action accruing prior to the effective date of this Act, the plaintiff shall have the burden of proving by a preponderance of the evidence the appropriate conversion rate of gold into dollars or dollars into gold. Neither gold nor dollars shall be an exclusive lawful tender in payment of debts.

(e)(2) The following sections of title 31 of the United States Code are repealed: 314, 351b, 371, 392, 395, 396, 404, 444, 451, 455, 457, and 463. All other sections which may not be consistent with this statute shall be repealed.

PROMOTION OF GOLD COINS

Sec. 6. The Secretary shall take all appropriate actions to encourage the public to recognize and use the gold coins minted under this Act.

REGULATIONS

Sec. 7. Not later than six months after the date of the enactment of this Act, the Secretary shall promulgate such regulations and take such other actions as are necessary to carry out the provisions of this Act.

DEFINITIONS

Sec. 8. For purposes of this Act—

(1) the term "production fee" means a fee equal to the cost of minting and selling a gold coin, including labor, materials, dies, use of machinery, overhead expenses, and the current market value of any metal, other than gold, contained in such gold coin; and

(2) the term "Secretary" means the Secretary of the Treasury.

By Mr. CHILES (for himself, Mr. Boren, Mr. Nunn, Mr. Johnston, and Mr. Pryor):

S.J. Res. 112. Joint resolution to create a Committee on Interest Rates and the Availability of Credit; to the Committee on Banking, Housing, and Urban Affairs.

PROTECTION OF CREDIT FOR SMALL BORROWERS

● Mr. CHILES. Mr. President, I am pleased to introduce this joint resolution on behalf of myself and Senators Boren, Nunn, Johnston, and Pryor.

Mr. President, we are faced with a crisis in this country's credit markets. This is not a crisis located on Wall Street, nor located here in the Nation's Capital among those of us who debate economic policy. It is a crisis which reaches every family and every business in America. Anywhere I go in the State of Florida, people tell me that they cannot afford home mortgages; they cannot afford to finance an automobile; they cannot buy farm equipment and supplies.

Even worse, small businessmen are telling me that they can no longer get credit at any price, it is just not available to them. Yet they see tens of billions of dollars made available to huge companies for conglomerate takeovers that produce no economic benefit.

Mr. President, these are not wasteful people trying to borrow for luxuries or speculation. In our modern economy, credit is an absolute necessity for business. People simply cannot pile up cash to finance their inventories, construction, and equipment. At 20 percent interest rates, no one could afford to keep cash sitting around. A free flow of capital to small businesses struggling to compete in the market is essential to our free enterprise system. But when we get into a credit crunch like we face today, it is the small borrowers who get squeezed out.

We see the impact clearly in the number of new housing starts. They have now declined from the 2 million annual level which we need to replace the old housing stock, down to about 1.1 million. The Congressional Budget Office is optimistic about interest rates, and sees mortgage rates coming down to 12½ percent in 1982, raising starts back up to 1.7 million.

However, other forecasters are more realistic. Wharton sees long-term rates about 1.5 percent higher than CBO, and housing starts of only 1.3 million. No matter which number you pick, housing is in awful shape.

If high interest rates are the problem, why do not we just bring them down? Unfortunately, I do not think that is possible to do in the short term, and small business, housing and small farmers cannot survive until we get to the long term.

Some people say that if the Federal Reserve just eased up on the money supply, rates would come down. While I agree that the Fed has been too rigid in its restraint, running the printing presses full blast would just bring us more inflation in a year or so.

When the credit markets saw loose money and large deficits, they would expect tremendous inflation and long-term rates would skyrocket. And that would generate extra pressure in the short-term market, as borrowers refused to pay fantastic rates.

We saw this just 2 weeks ago, when the Fed seemed to be easing up for a few days. While short-term rates came down a little, long-term rates actually went up higher.

Why do not we just balance the budget, and take the pressure off monetary policy? While I share that goal, I just do not see the numbers adding up to a balance. The Congressional Budget Office estimates that with the tax and spending cut laws we have enacted as of today, we face deficits of $80 billion in 1982, $90 billion in 1983, and $100 billion in 1984. And CBO's economic assumptions are almost as optimistic as the administration's.

On top of those deficits, we have about $20 billion a year of off-budget outlays, so the total Federal impact on the credit markets will be between $100 and $120 billion a year.

Mr. President, I ask unanimous consent to insert in the Record at this point a table showing the deficit outlook, derived from the data on pages 4, 5, and 32 of CBO's September 1981 update on the economic and budget outlook (table 1).

There being no objection the table was ordered printed in the Record as follows:

TABLE 1.—PROJECTED DEFICITS, FISCAL YEAR 1982-84

[In billions of dollars]

	Fiscal year—		
	1982	1983	1984
CBO deficit estimates based on enacted tax cut and reconciliation bills	−65	−55	−50
Further cuts assumed in first budget resolution, but not yet enacted	−15	−35	−50
Federal deficit based on currently enacted laws	−80	−90	−100
Off-budget outlays	−21	−13	−11
Total, Federal borrowing	101	103	111
New loan guarantees	80		
Total, Federal impact on credit markets	180		

Mr. CHILES. Mr. President, the President's new package announced last week does not even go halfway toward eliminating deficits. The numbers are just too great. If we passed the President's cuts in defense and exempted social security and medicare from cuts, we would have to cut 36 percent out of all remaining programs to balance the budget in 1984.

That is more than one-third from everything, including veterans' pensions, education programs, highway funds, food stamps, and law enforcement.

That 36 percent would have to be on top of the major cuts we have already enacted. I just do not think the public wants that level of cuts, which means dismantling most of Government.

So unless the President and the majority of Congress are willing to roll back a significant portion of the massive individual tax cuts, we are not going to get close to a balanced budget.

Mr. President, I ask unanimous consent to insert in the Record a table showing how much we would have to cut if we exempted various programs, such as defense and social security (table 2).

There being no objection, the table was ordered printed in the Record, as follows:

TABLE 2.—COMPOSITION OF FEDERAL BUDGET (CBO ESTIMATES BASED ON FIRST BUDGET RESOLUTION ASSUMPTIONS)

[In billions of dollars]

	Fiscal year—		
	1982	1983	1984
Deficit based on currently enacted laws	—80	—90	—100
President's proposed defense cuts	(2)	(5)	(6)
Remaining cuts to balance in 1984			94
Total Federal outlays	720	753	798
Exempt net interest costs	70	71	69
Exempt rest of defense	170	202	227
Exempt social security:			
Cash benefits	151	166	180
Medicare benefits	46	53	59
Remaining outlays to be cut	283	261	263
$94 billion as percent of remaining outlays			(36)
Composition of remaining outlays:			
Veterans benefits	24	25	27
Percent	(8)	(10)	(10)
Highway funds	15	14	14
Percent	(5)	(5)	(5)
Education	15	16	16
Percent	(5)	(6)	(6)

Mr. CHILES. Mr. President, do deficits make a difference in interest rates? They sure do. Particularly when we are expecting strong demand for private borrowing. Stimulating that demand was the intent of the tax cuts, and the incentives we put in for greater capital investment. The private sector is responding to those signals and borrowing heavily for new plant and equipment, as well as for new inventories. It is a classic case of supply and demand driving up prices; in this case, it is the price of money.

On top of the pressure of Federal borrowing competing with a high private demand for money, we are going to have a great deal of uncertainty. All the decline in inflation so far has been due to lower food and fuel prices. A bad harvest in other parts of the world, or a supply interruption from any one of the Middle East oil countries could throw a huge monkey wrench into the CBO and administration economic projections which are based on the optimistic assumption that the world will work peacefully and smoothly for the next 3 years.

The huge tax cuts have just left no margin for error in fiscal policy. While we all live with uncertainty, the credit markets charge a price for it. I would guess that about 2 of the 5-percent spread between inflation rates and interest rates is that uncertainty or risk premium. One Budget Committee witness from a major Wall Street investment firm estimated the risk premium as 4 percent.

After painting such a gloomy picture for continued high interest rates, what do we propose to do?

We believe it is necessary to move on a voluntary basis to a dual system of credit by asking lending institutions to set aside a certain amount of money to lend to small borrowers at a rate they can afford. We have taken as our model the Committee on Interest and Dividends, which was created by executive order and headed by Federal Reserve Chairman Arthur Burns back in 1973.

Faced with a similar credit squeeze, they issued voluntary guidelines for lending institutions, telling them to set up a "dual prime rate" structure, with lower rates for small business, housing and agriculture. The system was not just voluntary, but flexible, with the rates to be determined in accordance with market conditions in each part of the country.

While we do not specify a "dual prime rate" in the amendment, that is what we have in mind by the phrase "affordable prices appropriate to the various regions of the country and type of borrower." We want the committee to have the flexibility to apply its expertise to come up with the most practical guidelines.

The committee would be appointed by the President, but required to report to Congress by January 1, 1982, and every 6 months thereafter.

The Committee on Interest Rates and Credit Availability would be headed by the chairman of the Federal Reserve, and would include both the appropriate Cabinet officers and public members representing the major categories of small borrowers.

What reason do we have to expect lending institutions to respond to voluntary guidelines? There are several reasons.

First off, I believe most bankers are responsible businessmen. They care about their communities and the Nation's economic health. They will respond to a call from the president and the chairman of the Fed.

Second, I know that lending institutions are carefully watching what is happening here in Washington. They know that there is a credit crisis and that in the words of the House minority leader, Bob Michel, "something has to give" pretty soon. They know that there is tremendous pressure on the Fed. To roll the presses and inflate the money supply. They know that there is great pressure for mandatory credit allocation. Either of those two outcomes would be tremendously disruptive to the credit markets.

So I believe the Nation's lending institutions will respond in good faith to a flexible, voluntary set of guidelines.

I know some Members will be concerned about whether such guidelines constitute credit controls, or credit allocation. I would therefore like to address the issue head on, and explain the difference between the kind of "credit protection" we are seeking, and "credit allocation."

In this amendment we are telling the lending institutions that there is a critical economic need we would like them to respond to. We are letting them set the terms of their response, both in how much they will lend to small borrowers, and at what rates.

A real credit allocation system would set maximum rates and minimum reserves of credit for the designated uses. That could be done in two ways.

First, a simple regulatory approach could require each institution to use given percentages of its assets for certain purposes, and set appropriate interest rate changes.

A second approach is already commonly used by the Federal Government. Loans are made directly by Federal agencies or are assured by Federal guarantees. Direct loans allocate their face value of credit to the specified usage.

Guarantees allocate credit by providing below-market interest rates. These Federal credit activities have grown tremendously in recent years, and now account for $147 billion a year.

We at the Senate Budget Committee have taken the lead over the last few years to institute a credit budget to limit this growth. President Reagan has proposed major reductions in Federal credit activities, and I support that approach.

But I point out to my colleagues that some of the largest Federal credit programs are in just the areas we are addressing with this amendment: Housing, small business, and agriculture. These programs have developed over the years because these are the sectors who always get squeezed by high interest rates.

I therefore suggest to my colleagues that if we do not ask the private sector to make credit available to small borrowers on a voluntary basis, we will not be able to withstand the pressures to increase these costly Federal Loan and Guarantee programs. In that case, we would have true credit allocation in a very costly form.

Mr. President, this joint resolution also calls for voluntary guidelines limiting the amount of credit being diverted to conglomerate mergers and corporate takeovers.

At a time when small businessmen cannot get the credit they need to survive, we see tens of billions of dollars diverted for these takeovers.

The evidence has always been that takeovers do not add anything to real economic growth. All they do is concentrate economic power in the hands of a few giant corporations or holding companies. We have heard a lot of talk recently about what we have to do to improve our productivity and compete better in world markets.

When I chaired a special subcommittee on productivity, we found that capital investment is only part of the problem. We have a real problem with a lack of innovative management and worker morale.

When a company is taken over by a conglomerate holding company, you usually make this problem worse.

All too often, the new management knows nothing about how to manufacture and sell the product; all they are concerned about is milking the cash flow for short-term profits. When people up and down the line see their companies taken over by a conglomerate, they know that decisions will be made strictly on a financial basis, without regard to the quality of the product, and morale goes down. We have to start turning that trend around if we are going to improve productivity.

Mr. President, I hope my colleagues will agree that we are proposing a moderate and balanced approach to meeting the credit needs of the Nation's small borrowers, and that the amendment will be adopted.

Mr. President, I ask unanimous consent that a letter from the president of the National Association of Home Builders supporting this joint resolution, a copy of the voluntary guidelines issued in 1973, and a letter from the vice president, Governmental Affairs of the National Small Business Association be printed in the RECORD.

There being no objection, the material was ordered printed in the RECORD as follows:

NATIONAL ASSOCIATION OF HOME BUILDERS,
Washington, D.C., September 30, 1981.
Hon. LAWTON CHILES,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CHILES: On behalf of the more than 123,000 members of the National Association of Home Builders (NAHB), I want to express our support for your resolution which would authorize the President to appoint a Committee on Interest Rates and the Availability of Credit. This Committee would publish, no later than October 31, 1981, voluntary guidelines for the nation's lending institutions to assure an adequate flow of credit to small borrowers. In addition, the Committee would publish guidelines restricting the large-scale diversion of credit to non-productive uses. This would be similar to a mechanism which was used by then Federal Reserve Board Chairman, Arthur Burns, under similar circumstances in 1973.

At todays record high interest rates, the ability to own a home, a fundamental part of the American dream, is becoming a luxury, available only to the wealthy. A modest $60,000 mortgage loan at 9% interest—the going rate two years ago—required a monthly payment of $483. At 17½%, the payment is $880 per month, almost double the payment of two years ago. In order to meet those monthly payments, a family would need an annual income of almost $40,000. Only 18% of the American people have an income high enough to afford that home, and virtually, no first time homebuyer would qualify for a home at those interest rates.

The voluntary guidelines for lending institutions called for in the Chiles Amendment could lead to a dual prime rate, one for major corporate borrowers, and one for small borrowers, such as small businesses, homebuilders and buyers, and owners of small farms. This system would reflect the market conditions in various regions of the country and serve as an informal guarantee of credit availability. Without such a commitment to affordable credit for new borrowers, record high interest rates will guarantee bankruptcy and unemployment for small business and their employees.

I thank you for your attention to this critical issue.

Sincerely,

HERMAN J. SMITH,
President.

COMMITTEE ON
INTEREST AND DIVIDENDS,
Washington, D.C., April 16, 1973.

GUIDELINES FOR DUAL PRIME RATE

The Committee on Interest and Dividends today announced criteria relating to interest rates charged in the domestic market on loans by commercial banks. A major feature of the new criteria, which were issued under the Committee's voluntary program to restrain interest rates, is the provision for a two-tier or "dual prime rate" on business loans.

The purpose of the "dual prime rate" is to afford small business borrowers protection against burdensome increases in interest rates, while at the same time providing a basis for a flexible structure of bank interest rates which is consistent with orderly economic growth.

Further explanations, in the form of questions and answers, will follow shortly.

A copy of the criteria follows:

CRITERIA ESTABLISHED BY THE COMMITTEE ON INTEREST AND DIVIDENDS FOR INTEREST RATES CHARGED BY COMMERCIAL BANKS

1. A major purpose of the criteria described below is to protect small businesses and farm borrowers against burdensome increases in interest rates, and yet make it possible for rates on loans to large national firms to respond flexibly to changes in money market conditions. It is not intended, however, either in the case of loans to large firms or to small firms, to interfere with normal business practices relating to differentials in interest rates that reflect credit risk and similar factors.

2. Major corporations ordinarily have extensive banking relationships across the country. The "large-business prime rate" is to be understood as the rate charged by a commercial bank on short-term loans to large businesses with the highest credit standing. This rate, which corresponds to what is now usually termed the prime rate, generally will apply to borrowers who have access to national money and capital markets.

3. Small businesses and farms normally are restricted to local banking sources and do not have access to national money markets. The "small-business prime rate," which will apply to such borrowers, is to be understood as the best rate charged by a bank to its most credit-worthy local customers. This rate may vary from bank to bank.

4. The interest rate charged by a commercial bank on a business loan, whether to a large or small firm, is part of its structure of rates reflecting degree of risk, size of loan, and other factors. This structure is to be based on the "large-business prime rate" in the case of large borrowers, and on the "small-business prime rate" in the case of small businesses and farms.

5. For present purposes, a small business is any domestic—commercial, industrial, or agricultural—borrower whose total borrowings outstanding at any one time over the preceding 12 months (exclusive of long-term real estate mortgage debt) did not exceed $350,000 and whose assets do not exceed $1 million. This definition covers the great majority of business establishments and farms.

6. Banks may extend application of the small business rate structure to any firm regardless of size.

7. Rates charged by a commercial bank on loans to large firms may respond flexibly to changes in open market interest rates. By keeping the "large-business prime rate" consistent with the cost of borrowing from alternative market sources, the recent large diversion of financing from the commercial paper market to banks would be halted and tendencies toward excessive and unhealthy expansion of bank credit would be moderated.

8. If an increase in the "large-business prime rate" occurs, it should be made in moderate steps in order to avoid disrruptive market effects.

9. Rates charged by a commercial bank to small business and farm borrowers should remains at levels no higher than those prevailing on the date these criteria are issued unless an increase can be fully justified by increases in costs. If increases in these rates occur, they are to be decidedly smaller, and are also to be made less frequently, than changes in rates on loans to large firms.

10. Interest rates charged by banks on home mortgage loans and consumer loans should remain under special restraint. They are to continue relatively stable even if the "large-business prime rate" and associated rates move up significantly.

11. Any increase in rates to small business

and farm borrowers, to home mortgage borrowers, and to consumer borrowers must be justified by increases in the cost of lendable funds and other operating costs related to the commercial banking function, to the extent that such increased costs are not offset by higher earnings on large business loans and other loans and investments. Any increase in rates justified by costs should not be unduly concentrated in any single category of loans.

12. Since under the current economic stabilization program, all segments of our society—business firms and wage earners alike—are called upon to forego for the sake of the general welfare some of the earnings that they might otherwise have realized, banks should accept similar restraints. While present criteria provide for flexibility in the "large-business prime rate," increases in a bank's entire structure of lending rates must in no instance lead to undue increases in the bank's profit margin.

13. If increases in interest rates on loans occur, they shall not raise the bank's overall profit margins on domestic operations (excluding revenues from service functions such as trust departments and data processing) above the average of the best two years in the four preceding calendar years. For purposes of this test, the profit margin is defined as the ratio of net operating income, on a fully taxable equivalent basis before income taxes and securities gains or losses, to gross operating income on a fully taxable equivalent basis.

14. Commercial banks are to continue to meet legitimate credit needs of home buyers, consumers, small business, and farmers. Periodic reports will be required to assure that these needs are being met.

NATIONAL SMALL BUSINESS
ASSOCIATION,
October 5, 1911.

Hon LAWTON CHILES,
Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR CHILES: It is our understanding that you and some of your colleagues will introduce a resolution today calling on the Administration to take action with regard to interest rates and availability of credit.

The National Small Business Association wholeheartedly supports any moves in this direction, providing that actions taken will not add to inflationary pressures at this time.

As you know, the small business sector is among the hardest hit by current high interest rates. It is evident that some interim relief must be provided if small business is to survive during the next 9 to 18 months.

Sincerely,

JEROME R. GULAN,
Vice President, Government Affairs.●

ADDITIONAL COSPONSORS

S. 391

At the request of Mr. CHAFEE, the Senator from North Carolina (Mr. HELMS) and the Senator from Kansas (Mr. DOLE) were added as cosponsors of S. 391, a bill to amend the National Security Act of 1947 to prohibit the unauthorized disclosure of information identifying agents, informants, and sources and to direct the President to establish procedures to protect the secrecy of these intelligence relationships.

S. 959

At the request of Mr. RANDOLPH, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 959, a bill to amend section 103(b)(6) of the Internal Revenue Code, and for other purposes.

S. 1131

At the request of Mr. DANFORTH, the Senator from North Carolina (Mr. EAST) and the Senator from Louisiana (Mr. JOHNSTON) were added as cosponsors of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

SENATE CONCURRENT RESOLUTION 29

At the request of Mr. HOLLINGS, the Senator from Vermont (Mr. LEAHY), the Senator from Maine (Mr. MITCHELL), the Senator from Rhode Island (Mr. PELL), the Senator from New York (Mr. MOYNIHAN), the Senator from Florida (Mr. CHILES), the Senator from New York (Mr. D'AMATO), the Senator from Massachusetts (Mr. TSONGAS), the Senator from Colorado (Mr. HART), ator from Montana (Mr. BAUCUS), the Senator from Michigan (Mr. LEVIN), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of Senate Concurrent Resolution 29, a concurrent resolution disapproving certain coastal zone management Federal consistency regulations.

AMENDMENT NO. 541

At the request of Mr. GOLDWATER, the Senator from Michigan (Mr. LEVIN), the Senator from Wyoming (Mr. WALLOP), the Senator from South Dakota (Mr. PRESSLER), and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of amendment No. 541 proposed to S. 898, a bill to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

SENATE RESOLUTION 221—RESOLUTION RELATING TO PROPOSED SALES OF DEFENSE ARTICLES TO SAUDI ARABIA

Mr. HAYAKAWA submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 221

Whereas the State of Israel is the strongest democratic ally of the United States in the Middle East;

Whereas the Kingdom of Saudi Arabia is a friend and essential partner of the United States; and

Whereas the President has determined that the proposed sale of certain defense articles and defense services to the Kingdom of Saudi Arabia is in the national security interests of the United States: Now, therefore, be it

Resolved, That (a) the Senate finds that the Kingdom of Saudi Arabia—

(1) has conducted an increasingly constructive policy in the Middle East;

(2) has made a major contribution to promoting peace and stability in the Middle East as the Kingdom of Saudi Arabia did by playing a significant role in achieving a cease-fire in Lebanon; and

(3) has taken a first step toward participation in a negotiated peaceful solution in the Middle East by indicating that Arab nations could acknowledge the existence of the State of Israel as part of a general settlement.

(b) It is the sense of the Senate that, 60 days before delivering the first of the Airborne Warning and Control System (AWACS) aircraft or the first of any other defense article proposed for sale to the Kingdom of Saudi Arabia (as described in numbered certifications transmitted to the Congress by the President on September 30, 1981), the President should determine whether or to what extent the Kingdom of Saudi Arabia is continuing the practices and policies described in paragraphs (1) through (3) of subsection (a) and should prepare and transmit a report to the chairman of the Committee on Foreign Relations of the Senate setting forth his determinations.

(c) The Senate hereby expresses its intention to consider and take steps to enact legislation prohibiting the delivery of the defense articles referred to in subsection (b) if the Senate finds that the Kingdom of Saudi Arabia is no longer carrying out the policies and practices described in paragraphs (1) through (3) of subsection (a).

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President.

Mr. HAYAKAWA. Madam President, late last Wednesday night I gave notice to my colleagues that I planned on submitting legislation today relating to the arms sales package to Saudi Arabia.

Since that time I have been extremely concerned about the reports in the press that this issue has our Government officials fighting among themselves. And I had the opportunity to read an article in the fall issue of Foreign Affairs by one of our own, the former Senator, Jacob Javits, about the role of Congress in the Taiwan Relations Act. I have also talked with administration officials and others about what can be done and about my resolution. As a consequence I am convinced that the resolution I am about to submit is a practical alternative that all of us could support.

As I said the other night, I am disturbed at the direction we are taking. It seems to me that this whole matter of the sale of AWACS and other equipment to Saudi Arabia has become a "yes" or "no" issue. The result is bound to be victory for one side and humiliation for the other—the United States being the loser in either case.

I have thought long and hard about the historical, cultural, and strategic aspects of this question. And it seems to me that there are three basic issues in this whole matter. The State of Israel is the strongest democratic ally the United States has in the Middle East. Most of Israel's neighbors do not even recognize Israel's right to exist. It seems to me that from the Israeli point of view, there cannot be peace in the region until they are accepted as a member of the Middle East community.

At the same time the Saudis are also our friends and have demonstrated their willingness to work as a partner with the United States not only as a supplier of oil, but also in providing economic assistance to other moderate states and in its diplomatic role in negotiating the recent cease-fire in Lebanon. However, the Saudis are a member of the Arab community and as such share their concern about the Palestinian question. And from the Saudi point of view, until this issue is resolved there cannot be peace in the region.

The third basic issue is the national security interests of the United States.

Secretary Haig in testimony before the Foreign Relations Committee on September 17 said, and I agree—

> What is at stake is this nation's capacity to develop a strategy that can move the peace process forward and protect our vital interests in an unstable area exposed not only to historic Arab-Israeli rivalries but increasingly to threats from the Soviet Union and its proxies.

It was my desire that the formal notification of the proposed arms sale would offer alternatives. It did not. It included no safeguard for a change of power in Saudi Arabia. It included no provisions for diplomatic recognition of Israel by Saudi Arabia. It gave the Senate no control over the delivery of such equipment in the event of trouble in that area. The administration has verbally given us these assurances, however, I feel that the advice and consent of the Senate is in this case particularly important.

Before I describe what this resolution does, however, I would like my colleagues to know that it is not as strong as I would have liked. I would like very much to see the Saudis recognize the existence of the State of Israel as a condition for the sale. But I am afraid that this condition might be too much too soon.

My resolution lists three items of a diplomatic nature that indicate the Saudi recent positive diplomatic activities.

The operative part of the resolution is twofold—first, 60 days before the delivery of the first AWACS or the first of any part of the package the President should send a report to the Senate indicating the current Saudi situation; second, the Senate is giving notice that it will consider and enact legislation prohibiting delivery of the arms any time it finds the conditions are not being met.

Even though a Senate resolution does not have the force of law, I believe that with enough support from the Senate we can get a commitment from the President that he will make a report to us—and he can make that commitment because parts of the package will be delivered in 1983.

So it is essential we get the support and get this resolution passed before the AWACS vote this month.

Supporting this resolution is not in itself a commitment to vote either way on the sale itself. I, myself, have several concerns such as our arms sales policy but this is one way of meeting one of my major concerns—that is, peace in the Middle East.

I know, Madam President, that many of us still have concerns of a technical nature, and I would not be averse, in fact I would welcome, to having these concerns addressed in this resolution, in fact I would welcome it, provided they are along the lines of the assurances the Saudis have agreed to.

There, Madam President, as I see it, the best argument that can be made for favoring this sale is that it provides a vehicle for establishing peace in the Middle East. I believe, Madam President, it is time for the Senate to play a role in developing a strategy that can move the peace process forward, and this sale affords us just such an opportunity to take advantage of it.

I believe my resolution gives us the chance to do just that.

AMENDMENTS SUBMITTED FOR PRINTING

STORAGE AND DISPOSAL OF NUCLEAR WASTE FROM CIVILIAN NUCLEAR POWERPLANTS

AMENDMENT NO. 576

(Ordered to be referred jointly to the Committee on Energy and Natural Resources and the Committee on Environment and Public Works.)

Mr. McCLURE submitted an amendment intended to be proposed by him to the bill (S. 1662) to establish a limited program for Federal storage of spent fuel from civilian nuclear powerplants, to set forth a Federal policy, initiate a program, and establish a national schedule for the disposal of nuclear waste from civilian activities, and for other purposes.

COMMERCIAL NUCLEAR REPROCESSING

● **Mr. McCLURE.** Mr. President, today I am submitting an amendment to S. 1662 dealing with nuclear reprocessing. As introduced by myself for Senators STAFFORD, SIMPSON, SYMMS, and DOMENICI, the bill does not incorporate any express provisions on nuclear reprocessing. In fact, the bill is carefully drawn to be neutral on the issue of reprocessing and does include provision for the option of direct disposal of spent fuel elements without reprocessing. That result was achieved in the negotiations leading to the consensus bill now pending jointly before the Committee on Energy and Natural Resources and the Committee on Environment and Public Works.

During these negotiations, I felt that now was the appropriate time to introduce directly the nuclear reprocessing option into our nuclear waste legislation. I become convinced during those discussions that some interests remain hesitant about a direct linkage of the two issues in the introduced bill. I agreed, as a result, to the neutrality reflected in S. 1662, while reserving my right individually to propose a separate amendment to serve as a basis for review and consideration of the reprocessing issue in the context of our nuclear waste legislation. The printed amendment I introduce today should provide that legislative basis.

The amendment would authorize the Secretary of Energy to provide encouragement to private parties to initiate commercial reprocessing in the United States. The amendment sets out a nonexclusive list of specific actions the Secretary could take to accomplish such encouragement, if he concludes encouragement is appropriate. Also, the amendment clarifies the legal situation surrounding the licensing of commercial reprocessing and specifies the relationship of the Secretary's activities with the Nuclear Regulatory Commission and the Secretary of State, in their respective areas of responsibility.

I believe that this amendment also is broadly consistent with the administration's decision in March on this issue to encourage commercial reprocessing, prior to any active consideration of direct Federal reprocessing of commercial spent fuel.

In candor, however, I must say that this Senator is prepared to move expeditiously to consider a commitment to Federal reprocessing, if there is a conclusion, as there may be, that notwithstanding the encouragement actions of the Secretary contained in this amendment there is no reasonable prospect of near term and predictable reprocessing by private parties.

At that point, I believe the Secretary should be authorized and directed to initiate immediately efforts to acquire the capablity and facilities to proceed with Federal reprocessing. That authority should include efforts to seek and obtain international cooperation in acquisition and operation of reprocessing facilities, includng financial participation. The amendment submitted today should provide the legislative vehicle to explore all of these processing issues.

Mr. President, I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

In section 101, FINDINGS, on page 6, line 2, strike "and"; on line 7, strike the period and insert in lieu thereof "; and'; and insert new subsection (p) as follows—

"(p) the Secretary should have authority to encourage commercial reprocessing of civilian spent fuel to recover unspent fuel materials for recycle in civilian nuclear powerplants and use in Federal nuclear energy research and development programs.'.

In section 102, PURPOSE, on page 6, line 25, strike "and"; and on page 7, line 5, insert "and (3) encourage commercial reprocessing of spent fuel to recover unspent fuel materials for recycle in civilian nuclear powerplants and use in Federal nuclear energy research and development programs.".

In title III, INTERIM STORAGE OF SPENT FUEL FROM CIVILIAN NUCLEAR POWERPLANTS, on page 25, line 3, insert new section 315 as follows:

"SEC. 315. (a)(1) The Secretary, in consultation with the Commission, is authorized, to the extent he deems it appropriate on the basis of any advantages for purposes of nuclear waste disposal, as well as economic, technical, energy policy, and national security factors, to encourage the initiation of commercial reprocessing in the United States by private parties pursuant to applicable provisions of the Atomic Energy Act of 1954. Such encouragement may include, but need not be limited to (1) provision for technical assistance, (2) contractual arrangements for the supply of spent fuel subject to existing or future Federal ownership for the commercial reprocessing facility, (3) arrangements for Federal ownership (with appropriate compensation (of certain recovered unspent fuel materials, such as plutonium, (4) assistance in satisfying any applicable domestic or international safeguards requirements under applicable Federal law or treaty obligations of the United States, (5) assistance in any international cooperation in the acquisition and operation of commercial reprocessing facilities, including financial participation or other arrangements with foreign governments and international agencies and organizations, and (6) contractual arrangements for the Federal Government to accept nuclear waste, with full cost recovery, resulting from operation of any commercial reprocessing facility.

"(2) The Commission shall facilitate and expedite consideration of any application under existing laws for licensing of any commericial reprocessing facility.

"(3) The Commission shall not be required by any law or court order to conduct a generic environmental statement on mixed oxide as a part of any generic or specific licensing action otherwise required under existing law for any commercial reprocessing facility or facilities.

"(b) The Secretary shall consult from time to time with the Secretary of State regarding the activities under this section to encourage commercial reprocessing in order to assure coordination of such activities with the activities of the Secretary of State in the area of international nuclear nonproliferation policy, generally, and specifically pursuant to the Nuclear Nonproliferation Act of 1978 and other related provisions of Federal law and policy.".●

TELECOMMUNICATIONS DEREGULATION AND COMPETITION ACT OF 1981

AMENDMENT NO. 577

(Ordered to be printed.)

Mr. PACKWOOD (for himself, Mr. CANNON, and Mr. D'AMATO) proposed an amendment to amendment No. 541 to the bill (S. 898) to amend the Communications Act of 1934 to provide for improved domestic telecommunications, and for other purposes.

AMENDMENT NO. 578

(Ordered to be printed.)

Mr. HOLLINGS proposed an amendment to the bill S. 898, supra.

AMENDMENT NO. 579

(Ordered to be printed.)

Mr. HOLLINGS proposed an amendment to the bill S. 898, supra.

AMENDMENT NO. 580

(Ordered to be printed and to lie on the table.)

Mr. TOWER submitted an amendment intended to be proposed by him to the bill S. 898, supra.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public the scheduling of public hearings before the Committee on Energy and Natural Resources to consider the implementation of title I of the Natural Gas Policy Act of 1978. These oversight hearings will be held on Monday, November 2 and Tuesday, November 3, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building.

Those wishing to testify or who wish to submit written statements for the hearing record should write to the Committee on Energy and Natural Resources, room 3104 Dirksen Senate Office Building, Washington, D.C. 20510.

For further information regarding these hearings you may wish to contact Mr. Howard Useem or Ms. Marilyn Burkhardt of the committee staff at 224-5205.

AUTHORITY FOR COMMITTEE TO MEET

SUBCOMMITTEE ON LEGISLATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Legislation, of the Select Committee on Intelligence, be permitted to meet during the session of the Senate on Monday, October 5 at 10:30 a.m., to hold a hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES AND THE SUBCOMMITTEE ON NUCLEAR REGULATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources together with the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Monday, October 5, at 2 p.m., to hold a joint hearing on S. 1662, the National Nuclear Waste Policy Act of 1981; and S. 637, a bill to establish a program for Federal storage of spent fuel from civilian nuclear powerplants, to set forth a Federal policy and initiate a program for the disposal of nuclear waste from civilian activities, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON URBAN AND RURAL ECONOMIC DEVELOPMENT

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Urban and Rural Economic Development of the Committee on Small Business be authorized to meet on Monday, October 5, to hold a hearing on industrial development bonds.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Tuesday, October 6, to hold a hearing on the nominations of Frank Waters to be U.S. District Judge of the Western District of Arkansas;

Hayden Head, Jr., to be U.S. District Judge of the Southern District of Texas;

James Nowlin to be U.S. District Judge of the Western District of Texas; and

William Garwood to be U.S. Circuit Judge for the Fifth Circuit.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON FOREIGN RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Monday, October 5, at 1 p.m., to hold hearings on the AWACS and F-15 enhancement arms sale package to Saudi Arabia.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Tuesday, October 6, at 10 a.m., to hold an oversight hearing on the congressional budget process.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Intergovernmental Relations, of the Governmental Affairs Committee, be authorized to meet during the session of the Senate at 9:30 a.m. on Tuesday, October 6, to discuss elements of the block grants.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Labor and Human Resources Committee be granted permission to meet during the session of the Senate on Tuesday, October 6, to hold hearings on the nominations of William M. Bell to be a member of the Equal Employment Opportunity Commission and Michael J. Connolly to be General Counsel of the Equal Employment Opportunity Commission.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY CONSERVATION AND SUPPLY

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Energy Conservation and Supply of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Tuesday, October 6, at 8:30 a.m. to hold an oversight hearing to consider the Department of Interior's 5-year plan for oil and gas development in the Outer Continental Shelf.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES AND THE SUBCOMMITTEE ON NUCLEAR REGULATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources and the Subcommittee on Nuclear Regulation of the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Tuesday, October 6, at 10:30 a.m. to hold a joint hearing on S. 1662, the National Nuclear Waste Policy Act of 1981; and S. 637, to establish a program for Federal storage of spent fuel from civilian nuclear powerplants, to set forth a Federal policy and initiate a program for the disposal of nuclear waste from civilian activities, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

STRATEGIC ARMS RECOMMENDATIONS

● Mr. KENNEDY. Mr. President, last Friday, President Reagan announced new and far-reaching recommendations for our Nation's future strategic forces not only in this decade but for the remainder of this century and beyond.

There are a number of the President's recommendations that I support. Several of his recommendations are unwarranted and unwise.

I am particularly pleased that the President has given high priority to protecting the command-control communications systems for our strategic forces. In my view, the so-called C^3 vulnerability is even more serious than the vulnerability of our land-based missiles. It is imperative that we move immediately to reduce it, and I will carefully examine the administration's proposals to make sure we are doing enough in this crucial area.

I support the President's decision to proceed with a strong sea-based strategic missile force, including the Trident II missile.

I believe we should vigorously pursue development of the Stealth bomber for the 1990's, but I believe it is a serious mistake to revive the discredited and extravagant B-1 bomber. B-52's fitted with cruise missiles will fully protect the air-leg of our strategic triad until Stealth comes on line.

Moreover, spending on the B-1 is not a sensible defense priority at a time when one of our most pressing needs is to strengthen our conventional military forces. It makes no sense to allocate scarce dollars to the B-1 when we are cutting back on ammunition stockpiles urgently needed by our Armed Forces.

Finally, with respect to MX, the President and the Secretary of Defense deserve credit for rejecting the absurd race-track basing plan. I agree that this plan offers no real additional protection for our land-based missiles against a massive Soviet strike. This country has been spared a costly and unnecessary scheme that would have been highly destructive of large regions of the West.

But the President's alternative on MX has an equally grave strategic drawback. With respect to the problem of vulnerability, MX missiles in fixed, hardened silos provide no more protection than our Minuteman missiles in fixed, hardened silos. In this situation, the right decision is to withhold deployment of MX. We should proceed only with research and development on basing modes that offer genuine hope of strengthening our land-based missile force, such as long-endurance aircraft and deep-silo missile deployment.

Above all, we must make every effort to reach a strategic arms control agreement with the Soviet Union. The Achilles heel of the Reagan defense policy is the absence of any genuine commitment to nuclear arms control.

The peril of our current policy is clear. Without arms control, there may well be no real way to protect our missiles. Without arms control, we may well be pursuing a road that leads only to humanity's final war.

The Congress and the Nation have yet to debate seriously these vital issues of war and peace. I believe that the administration's announcement should mark the beginning, not the end, of a critical national discussion of American strategic policy.●

THE DELINQUENT PAYMENTS ACT OF 1981

● Mr. WEICKER. Mr. President, on May 6, 1981, Senator DANFORTH and I introduced S. 1131, the Delinquent Payments Act of 1981. The bill would require the Federal Government to adopt a standard and sensible business practice; either pay its bills within 30 days or pay interest on the amount due out of existing agency operating funds.

Since introduction of this legislation, I have heard from dozens of small business owners throughout the country. They tell me that they routinely are forced to wait 3 to 4 months for payment of goods and services delivered to the Government. They write off cash flow problems and wasted time spent tracking unpaid bills. And worst of all, increasingly they write of their determination to withdraw from the Federal marketplace.

Take for example, the case of a small computer hardware business in my home State of Connecticut. The firm had to wait more than 6 months for payment of $148,000 after satisfactorily delivering computer components requisitioned by the U.S. Navy.

In Texas, a small construction firm actually withdrew from a Department of Energy project because its invoices were consistently paid late by the Government; a situation that caused deteriorating relations among the company, its bank and suppliers.

The president of a Massachusetts-based high-technology firm writes that he paid an average of 19 percent interest on loans he had been forced to take out in order to compensate for Federal late payments. His records show that for the past 12 months, the Department of Energy consistently paid anywhere from 49 to 73 days after the invoice became due. The Nuclear Regulatory Commission took anywhere from 41 to 97 days to pay its bills.

Unfortunately, the list goes on and on. Altogether, more than one-third of all Federal bills are paid late, according to GAO.

Mr. President, I believe that the current Federal payment practices are irresponsible and insupportable. They cause undue economic hardship for small business, which in turn affects our entire economy.

I firmly believe that S. 1131 will put an end to sloppy Federal payment procedures; and I am delighted to see that 47 of my colleagues have joined Senator DANFORTH and me as cosponsors of the legislation. I now hope for expeditious consideration of S. 1131 by the full Senate, so that small businesses can start counting on more businesslike payment practices from their Government.●

JERE GLOVER: FRIEND OF SMALL BUSINESS

● Mr. SASSER. Mr. President, I wish to call attention to the fact that Mr. Jere W. Glover, a public servant tireless in his concern for improving the relationship of small business and the Federal Government, has left the Government to pursue a career as a private advocate.

Mr. Glover spent a dozen years with Federal agencies, the past 3 of which have been with the Office of the Chief Counsel for Advocacy of the Small Business Administration (SBA).

A native and longtime resident of Ridgely, Tenn., Mr. Glover served SBA as the director of interagency activities, coordinating legislative activities between SBA, various Federal agencies, the White House and Congress.

I personally worked with him and will miss his ideas and efforts in relation to small business policy.

Mr. Glover often appeared before Congress on topics including the future of small business, conglomerate mergers, job creation, innovation, the effects of Federal regulations on small enterprises, and other problems encountered by small businesses in legal challenges of the Federal Government.

Just as important as his original testimony to the Congress was his willingness to followup on these issues with further information.

This input into the decisionmaking process made his contribution even more valuable. His tenacity led to the enactment of three laws concerning the issues of special concern to small business: The Equal Access to Justice Act, the Small Business and University Patent Act, and the Regulatory Flexibility Act. His work on and dedication to the principles of this last act has actually earned him the nickname of "Mr. Reg Flex" in many circles.

One of his most fruitful projects is "The Future of Small Business" report printed by the House Small Business Committee. Mr. Glover was instrumental in the compilation and organization of this report as he drew on the experiences and overview of business and Government that he gained through his previous work at the Federal Trade Commission, the Consumer Product Safety Commission, and the House Small Business Committee.

Both the public and private sectors have been truly privileged to have Mr. Glover represent the views of small businesses before all branches of the Federal Government.

I wish him well as he brings his unique combination of experience, learning and energy to the private sector, where he will be representing small and medium-sized firms in their quest for their fair share of the national economy.●

END OF THE HUNGER STRIKE IN NORTHERN IRELAND

● Mr. KENNEDY. Mr. President, the decision last Saturday by the remaining hunger strikers in Northern Ireland to halt their protest in the Maze Prison means that another sad and tragic chapter in Irish history has ended.

I hope that the British Government will act in a spirit of compassion and reconciliation—not only to implement as rapidly as possible the prison reforms that have been promised, but to reach a settlement of the larger issues that divide the people of Northern Ireland. The strike is over, but the problem of Northern Ireland goes on.●

ADDRESS BY SENATOR GOLDWATER ON THE BIRTHDAY OF HERBERT HOOVER

● Mr. JEPSEN. Mr. President, in his September 25 address to the American people, President Reagan referred to the importance of volunteerism and the need to protect the elderly and poor in this country. These are qualities we in Iowa hold very near and dear to our hearts. In fact, they were two of the basic philosophies identified with the administration of another President and native Iowan, Herbert Hoover.

It is not unusual that President Reagan should emulate those policies espoused by Iowa's most famous citizen because as most of my colleagues will remember, President Reagan spent many of his early years living and working in Iowa. I have no doubt that the spirit of volunteerism and compassion instilled in President Reagan as a young boy were reinforced during his years in Iowa.

I bring this up because as you may know, Mr. President, we recently celebrated Herbert Hoover's birthday at the Hoover Presidential Library in West Branch, Iowa. It was fitting that the keynote address at this ceremony was given by Senator BARRY GOLDWATER, a man who has long been associated with the ideals of individual giving and compassion for his fellow man.

For those unfamiliar with the Hoover Presidency, Senator GOLDWATER's speech will prove to be an informative statement on the life and work of this great man. In addition, the speech is particularly relevant in its association between the ideals espoused by former President Hoover and those being pursued by President Reagan.

Senator GOLDWATER's speech is not only informative, but inspiring and I urge my colleagues to take a minute and read his comments.

Mr. President, I ask that this speech be printed in the RECORD.

The speech follows:

SPEECH BY THE HONORABLE BARRY GOLDWATER

Ladies and gentlemen: As we gather here today in honor of Herbert Clark Hoover, it is far beyond my abilities to catalogue the various ways which this man has affected our nation and the world. For indeed, this "Man For All Seasons" was such a remarkable person, that just one facet of his life would be worthy of many books. The old adage tells us that many men are "Jacks of all trades but, masters of none." In truth, the man we honor here could accurately be described as a Jack of all trades and master of all. No matter what public service or private duty he was called upon for, not only did he give his utmost but, the results that he achieved usually far exceeded expectations. Instead of listing these achievements however, I would prefer to dwell on Herbert Hoover as a distinct product of his environment.

As all of us are well aware, the true measure of a person is that indefinable quality which lets the individual become more than just a mathematical sum of the various physical and social events in his life. To be able to accept the joys and sorrows of life in a humble and gracious manner and assimilate them in a lifetime learning process creates a sum that is vastly larger than the parts. Certainly, Herbert Hoover was such a man.

From his humble beginnings here in Iowa, Hoover learned many of life's values that would stay with him the rest of his life. Even though he was an orphan by the age of ten, his other relatives continued to provide a loving and secure home for this young boy. This early experience must have had a deep and lasting effect for, out of this, we can see three things which were to be this hallmarks. The first of these is love of family and it is here that the central core of Hoover's social philosophy lies. No matter which role he was required to play, either son, brother, nephew, husband or father, the strength of his commitment was never broken by the storms of adversity. For, indeed, Herbert Hoover believed in the sanctity of the family as the bedrock of the unique experiment in government that our Founding Fathers had established. His understanding and belief in this principle was one of the fundamental shaping forces in his attitude toward government. Realizing that government was necessary and that it simply had to assume certain regulatory functions, nevertheless, he was quite unwilling to allow it to take over those roles which rightly belonged to the family. For, as he said in 1928: "As our problems grow, so do our temptations grow to venture away from those principles upon which our republic was founded and upon which it has grown to greatness." And, one of the principles to which he referred was the unique institution of the American family.

The second major influence in this man's life was the compassion for the underprivileged, particularly children. Throughout much of his life, Herbert Hoover was almost constantly involved in projects and causes which would aid and encourage people to reach up and out for a better life. From World War I and the Belgian Food Program through his later years as head of the Boys Club of America, Hoover never shirked from what he considered his duty to help others in their hour of need just as he had been helped as an orphan boy of ten. In all of his humanitarian work, not only was the compassion self-evident but, also, his real concern that the effort so begun should not become a permanent crutch upon which these unfortunate people would lean forever. And, if the aid and assistant were allowed to continue long past the time of actual need then two evils would have been created. One would be the continued existence of an unnecessary bureaucracy which would sap the very foundations of creative labor.

The second would be the creation of a special class of people who would be poorer in spirit because of this paternalistic dole. And, this second evil contains the very seed of the deeper meaning of compassion. Not only did President Hoover display his compassion for his fellowman in many charitable and relief causes, but it also carried over in his philosophy toward peace and war. While devoted to peace and general disarmament, he was also wise enough to see that only through equitable strength could war be averted. And if war came, then, somewhere, a failure had occurred. In the midst of World War II, he said that "Older men declare war. But it is youth who must fight and die. And it is youth who must inherit the tribulation, the sorrow and the triumphs that are the aftermaths of war."

The third quality of life which marked this man for greatness was his concept of volunteerism. From the early days of the Founding of the Republic, the idea of volunteering encompassed that scope of activity beyond normal family life. It was the area in between what the family could do and what government was morally obligated to do. It is in this arena that Hoover, the man, fulfilled the promises and hopes of his forefathers. This concept reached fruition in him as he traveled the world and compared the United States to all the various forms of government that he found. While recognizing the legitimacy of government, he was reluctant, nevertheless, to endow it with powers which he felt could best be used by the people working together for a common good. Volunteering, to him, meant giving of one's time, effort and even money. But, this was no sacrifice too great or too small to help pay for the benefits which he believed and had been bestowed upon him.

Because he felt these qualities of life and lived by them throughout his life, Herbert Hoover will always occupy a special place in American history. And, it may be prophetic that the lessons he preached and practiced more than fifty years ago are beginning to bear fruit in later generations.●

HANDGUNS: PREFERRED INSTRUMENTS OF CRIMINALS

● Mr. KENNEDY. Mr. President, as sponsor in the Senate of the bill (S. 974) to curb the criminal use of handguns, I have long stressed that only criminals and assassins would be affected by this legislation—not law-abiding citizens or sportsmen—since handguns are clearly the weapons of choice among modern criminals.

Small handguns, especially so-called Saturday night specials, have no accurate range beyond a few feet. They have no other purpose except to kill and maim human beings, and to aid and abet criminal violence across our land.

This fact has been made graphically clear once again, in a series of provocative and well-researched articles prepared by reporters of Cox News Service. Their recent series underscores the social and human costs of the escalating handgun violence in our country and what the proliferation of these deadly weapons means for our society.

This series gives testimony to the urgency to limit the sale and distribution of handguns—which too easily fall into the hands of the criminals and psychopaths in our country.

Mr. President, I commend the reporters of Cox News Service for their excellent reporting on handgun violence, and its principal cause—the cheap availability of small handguns who benefit only those who have a criminal intent.

I urge my colleagues to review their findings, and ask that several samples of their excellent series—which appeared in the Miami News—be printed at this point in the RECORD.

The material follows:

[From the Miami News, Sept. 7, 1981]

SNUBBIES

(By Joseph Albright)

WASHINGTON.—With their slender butts and cute little muzzles, they look like toys. One flick on the trigger and out barks one-third of an ounce of lead at 735 miles per hour, shaped to plow a mushroom cavity into someone's gut.

They are the snub-nosed killers: a subspecies of feather-light, extra-short handguns that are inaccurate beyond the range of a card table.

As home-defense devices, they are less humane than electric stun guns, less reliable than full-sized pistols, and probably less effective than shotguns or German sheperds.

Their advantage is that they leave no unsightly bulges when they are concealed. Thus police detectives carry them in arm holsters. Store owners hide them in their belts. Mothers pack them in purses.

As this series of articles will show, snubnosed guns—both cheap and expensive, domestic and foreign made—also have proven to be the overwhelming weapon of choice among modern criminals. Indeed, evidence from Atlanta, Miami and 16 other cities indicates that 2 out of every 3 handguns used in murders, rapes, robberies and muggings were "snubbies"—handguns with barrels protruding no more than 3 inches beyond the cylinder.

Short-barreled guns also run through the history of American assassinations and assassination attempts. A search of historical records showed that since 1835, 10 out of 15 assassins and would-be assassins have chosen extra-small pistols in their assaults on presidents and other political figures.

The starting point for this series is a reel of computer tape imprinted with detailed descriptions of 14,268 crime guns. The guns were seized by police and federal agents in street crimes in 18 metropolitan areas during the first nine months of 1979. The records were funneled into a Treasury Department computer when local police departments called Washington to have the guns traced back to their manufacturer by contacting Treasury's Bureau of Alcohol, Tobacco and Firearms (ATF).

Under the Freedom of Information Act, Cox Newspapers obtained a copy of the tape, after confidential information on the identities on retail gun dealers and gun purchasers had been electronically blocked out. A team of reporters and researchers then sorted the traced guns by makers and models, with the aid of American Management Systems, a computer consulting firm in Rosslyn, Va.

Once assembled, the 250,000 blips of information disclosed in unprecedented detail what kinds of handguns are instruments of crime, where they come from and how long they have been in circulation.

To complete this intelligence report on the weaponry of American crime, reporters also examined 20,000 gun manufacturing and importing records and conducted 75 interviews with U.S. and foreign gun manufacturers, wholesalers, dealers, illegal gun smugglers, law enforcement authorities, legislators and pro- and anti-gun lobbyists.

The study did not cover shotgun and rifle crimes, since nearly all the trace requests involved handguns. In any event, national Justice Department crime surveys indicate that handguns account for more than three-fourths of all gun murders and assaults as well as more than 90 percent of all robberies in which a gun was used.

In describing various handguns, these articles refer to both pistols and revolvers. A pistol is a handgun whose chamber is integral with the barrel. A revolver is a handgun with a cylinder containing multiple chambers that can be discharged in succession.

The official records disclosed that:

The country's leading crime instrument was a short-barreled .22 cal. revolver assembled by the German-owned RG Industries Inc. of Miami. The company assembles the guns out of sets of parts shipped from its German affiliate, Roehm GmbH. One out of every seven handguns seized by police in street crime cases was a Roehm-origin gun, one out of twelve was a Roehm .22-cal. model. RG Industries' fastest seller, a 2-inch-barrel .22 revolver called the RG 14, was the type of gun which the FBI said was fired by John H. Hinckley Jr., accused of attempting to assassinate President Reagan last March. The gun retails for $39.95. (The Roehm GmbH gun firm described in this story has no connection with a larger and better known German company, also called Roehm GmbH, which manufactures plastics and pharmaceutical supplies.)

Contrary to popular impression, most street guns are not cheap, low-caliber, foreign-origin "Saturday Night Specials." Of the 15 leading crime guns reviewed in the Cox Newspapers' analysis only two—the Roehm .22 and the Tanfoglio .25 Titan—fit that exact description. Ten of the 15 leading crime guns were made in America out of U.S. gun parts. Of the American-made guns, seven were made by Smith & Wesson, Colt and Charter Arms, all makers of high-quality, relatively expensive guns. Seven of the 15 crime guns retailed for less than $100. The eight others range from $117 to $330 Ten of the 15 had bullet size of .38 or .357 caliber, the rest were smaller.

The second-ranking crime instrument was the snubnosed American-made Smtih & Wesson .38-cal. Chiefs Special. As the country's leading handgun manufacturer, Smith & Wesson advertises the Chiefs Special as a police "back-up" weapon. It also sells the gun to civilians through sporting goods dealers. In 1979, 1 out of 5 crime guns recovered by police was some kind of a Smith & Wesson. One of 17 was a Smith & Wesson Chiefs Special or one of its virtually identical variants. The Chiefs Special, which is less than half the weight of the traditional Colt six-shooter, sells for $170 to $240.

Both the RG industries .22 and the Smith & Wesson Chiefs Special are examples of snub-nosed guns that are statistically more prone to crime than average handguns. About 4 percent of the handguns in circulation are Roehm-origin .22s, but they represented 7.9 percent of the handguns traced by police at crime scenes. Similarly, Smith & Wesson Chiefs Specials make up no more than 3 percent of the stockpile of handguns in the United States. But Chiefs Specials were traced in 5.9 percent of the 14,268 handgun-related crimes.

One of 20 crime guns is a palm-sized .25-cal. automatic pistol—the Titan—selling for less than $75. The leading source is a pair of factories in Brescia, Italy, owned by Giuseppe Tanfoglio and his four children. Pistol parts from those factories are assembled into guns by two Miami assembly plants, Firearms Import & Export Corp. and Excam Inc. Virtually identical .25 palm pistols also are made by half a dozen American companies, including Raven Arms of Industry, Calif., Bauer Firearms of Fraser, Mich., and Sterling Arms of Lockport, N.Y.

Guns manufactured by Sturm, Ruger & Co., a firm that specializes in long-barreled target and hunting pistols, are much less prone to become involved in crimes than average handguns. In 1979, the company sold 16 percent of all handguns throughout the United States—roughly the same market share it has held for two decades. Yet only 3 percent of the handguns recovered at crime scenes in 1979 were Rugers. Company president William Ruger said his concern "does not make small pocket roscoes (slang for pistol)." Asked why, he said: "Partly it was that I thought they were controversial and partly because I saw no sporting purpose in them."

Recently purchased guns are more likely to be used as crime instruments than older guns. An ATF tabulation shows 18 percent of the crime guns traced in 1979 were a year old or less. The next largest category was 2-year-old guns, representing 10 percent of the crime guns. After that, the percentages trailed off year by year—6 percent of the crime guns were 8 years old, 4 percent 9 years old. It was almost as if guns had a kind of radioactive half-life as crime weapons.

In another indication of the crime-prone tendency of smaller handguns, the main Smith & Wesson wholesaler in Miami, Sidney G. Davies, estimated that only about 1 or 2 percent of the Smith & Wessons he distributes are snub-nosed models called the Chiefs Special, the Chiefs Special Airweight and the Bodyguard. Yet statistics show that 24 percent of the 157 Smith & Wessons recovered in Miami murders, robberies and assaults were these light-framed "snubbies."

THE VICTIMS

The attempted assassination of Ronald Reagan will be recorded in history, but not so the names of Brett Rushing, Sondra Spearman, L. S. Spencer and Fenwick Langlanais. All four were killed within a 57-day period surrounding the Reagan shooting, each a victim of the same type of handgun allegedly aimed at the president—a Roehm RG 14.

Rushing, 34, died on March 28, 1981, after being shot in his Memphis, Tenn., home. His wife was critically wounded. Police held Rushing's cousin, Mark Franklin Farrow, 27, in the prison ward at City of Memphis hospital.

A witness said during dinner, Rushing asked Farrow to pass the biscuits, and Farrow threw a biscuit at Rushing exclaiming, "I'm tired of you making derogatory remarks about me."

A short time later, Rushing was dead, killed by a single shot to the right side.

Ms. Spearman, 28, of Tampa also died on March 28. She was shot in the face with an RG 14 during an argument with a neighbor. Police arrested the neighbor, Paulette Parks, 31, and charged her with first-degree murder.

Spencer, 41, of Austin, Tex., was shot to death May 10 by his commonlaw wife who apparently mistook him for a burglar. Spencer was trying to open the door of the house when he was killed. Police said Maud Nicely yelled, but when Spencer did not respond, she fired a Roehm RG 14 through the door. The bullet struck Spencer in the chest.

Langlanais, 67, of Port Arthur, Tex., died on May 24 when he was struck in the chest by one of three shots fired from a Roehm RG 14. Police said the shooting occurred during a domestic quarrel at his home.

THE HISTORY

Small, easily concealable handguns have been an American institution for a century. Over the years they have been called "last chance guns," "suicide specials," "Lilliput pistols," "belly guns," "ghetto guns" and "the ace in the hole."

Only since the mid-1950's have they been called "Saturday Night Specials," a name said to have been coined by Detroit police to describe the weekend traffic in cheap guns from Ohio.

The first snubbie was the single-shot percussion pistol, the Philadelphia Derringer, introduced in the 1820s by Henry Deringer.

Donald Webster, the leading historian of the cheap small gun, writes: "From the early 1870s until about World War I, Suicide Specials were supplied to the public by every means possible. They were given away for cigar and later cigarette prizes; offered as presents to small boys as soap salesmen door to door."

Colt and Smith & Wesson held the initial U.S. patents on pocket-repeating pistols. When the patents ran out following the Civil War, dozens of companies sprouted up in the Connecticut Valley and elsewhere to turn out cheap copies. Of the companies that made the "Suicide Specials," the only two still in business are Harrington & Richardson of Gardner, Mass., and Iver Johnson Arms of Middlesex, N.J.

An 1887 Sears, Roebuck and Co. catalog listed a mail-order revolver called the "Blue Jacket Number 1." The price was 60 cents.

The first American snub-nosed model to achieve wide popularity was the 1895 Colt "New Pocket Revolver." Colt proclaimed in an 1895 newspaper ad: "Always ready! Perfect Safety! Absolute Accuracy!"

Both World War I and World War II brought flows of imported weapons, some of final quality and others aptly called "junkers." The flow of cheap imports grew to a torrent during the American civil rights rioting of the mid-1960s, a decade during which U.S. per capita handgun ownership jumped by 50 percent. A 1968 federal gun control law shut off imports of small pistols but left open a loophole for the importation of sets of pistol components.

Recent ATF studies show there are now about 54 million pistols and revolvers in the United States. In 1955, there were only 16 million, the bureau estimates.

There is no telling exactly how many of these are short-barreled snubbies. Ruger, who heads the second-largest U.S. handgun manufacturing company, estimated that "perhaps one-third" of 2.1 million handguns sold last year had barrels 3 inches or shorter. James Oberg, president of Smith & Wesson, said that Ruger's estimate "could be about right."

Handguns of all sizes were the instruments of 10,000 murders and another 550,000 crimes of violence, according to 1977 estimates based on a crime victimization study by the U.S. Law Enforcement Assistance Administration.

This means that in a given year, 1 out of every 100 handguns in the nation's private handgun stockpile was involved in a crime.

In a recent article for the Ford Foundation, Philip Cook, a professor at Duke University, wrote: "If current rates of handgun violence persist, the approximately 2 million new handguns sold this year will eventually be involved in almost 600,000 acts of violent crime."

Even so, there has never been any rock-solid proof that the increase in the national handgun population has contributed to the increase in violent crimes over the last 25 years.

The closest the government has come to an official pronouncement on the question came in 1979 when a U.S. Surgeon General's report said:

"Many factors undoubtedly are involved in our high homicide rate. Economic deprivation, family breakup, the glamorizing of violence in the media, and the availability of handguns are all important . . . Easy access to firearms appears to be one factor with a striking relationship to murder. From 1960 to 1974, handgun sales quadrupled . . . During that same period, the homicide rate increased from 4.7 per 100,000 to 10.2 for the overall population—and from 5.9 to 14.2 for young people aged 15 to 24."

GROWTH OF HANDGUNS

Year	Handgun circulation (millions)	U.S. population (millions)	Handguns per 100 people
1945	13	133	9.7
1950	14	151	9.3
1955	16	165	9.6
1960	19	179	10.6
1965	22	193	11.4
1970	31	203	15.3
1975	42	215	19.5
1980	54	226	23.9

Source: Handgun estimates from U.S. Bureau of Alcohol, Tobacco and Firearms. The figures include weapons used by the 700,000 Federal, State, and local law enforcement officers. The estimates do not reflect any estimates of foreign weapons illegally imported into the United States or U.S. weapons exported, either legally or otherwise. Population estimates from U.S. Census Bureau.

[From the Miami News, Sept. 7, 1981]

ASSASSINS HAVE ALWAYS FAVORED SMALL, SNUB-NOSED GUNS

(By Joseph Albright)

WASHINGTON.—Down through American history, the weapons used by 10 of 15 assassins and would be assassins of political figures have been among the most readily concealable variety of pistols then available.

Here, compiled from records at a half-dozen archives, are the 10 instances when small pistols were used:

President Andrew Jackson was in the rotunda of the U.S. Capitol when an assailant, Richard Lawrence, fired two shots and missed on Jan. 30, 1835. Lawrence fired two pocket-sized percussion pistols, which he withdrew from his inside coat pocket.

President Abraham Lincoln was murdered in Ford's Theater in Washington on April 14, 1865. The assailant, John Wilkes Booth, fired a .44-cal. cap-and-ball Derringer measuring 5$\frac{3}{16}$ inches long.

President William McKinley was assassinated on Sept. 6, 1901, as he was about to shake hands with Leon Czologosz in Buffalo, N.Y. Czologosz shot him with a short-barreled .32-cal. Iver Johnson revolver.

President-elect Franklin D. Roosevelt escaped assassination on Feb. 15, 1933, while riding in an open car in Miami. The assailant, Giuseppe Zangara, fired a .32-cal. revolver. The gun, made by the U.S. Revolver Co. had a 5-inch barrel.

Sen. Huey Long (D-La.) was assassinated in the rotunda of the Louisiana State Capitol on Sept. 8, 1935. The murderer, Carl Austin Weiss, used a small .32-cal. Browning automatic pistol.

Sen. Robert F. Kennedy was fatally wounded in a Los Angeles hotel on June 5, 1968, the night of the 1968 California primary. Sirhan Sirhan, the assailant, fired a snub-nosed. 22-cal. Iver Johnson revolver with a 2.5-inch barrel.

Gov. George Wallace of Alabama was wounded while campaigning at a Laurel, Md., shopping center on May 15, 1972. His attacker, Aurther Brener, fired a snub-nosed Charter Arms .38-cal. Undercover revolver with a 2-inch barrel.

President Gerald Ford escaped injury on Sept. 22, 1975, when Sara Jane Moore fired a shot as Ford was leaving a San Francisco hotel. Her gun was a .32-cal. Smith & Wesson Chiefs Special with a 2-inch barrel.

San Francisco Mayor George Moscone was murdered in his office on Nov. 27, 1978. The assailant, former city supervisor Dan White, fired a .32-cal. Smith & Wesson Chiefs Special with a 2-inch barrel.

President Ronald Reagan survived an attempted assassin's bullet outside a Washington hotel on March 30, 1981. The gun the FBI said was taken from the accused attacker, John W. Hinckley, Jr., was a .22-cal. RG 14 revolver with a 2-inch barrel assembled from German-made parts by the Miami-based RG Industries Inc.

Following are five other cases involving other types of assassination weapons:

President James Garfield was shot in the back at a train station in Washington on July 2, 1881, and died the following September. The assassin, Charles J. Guiteau, fired a .44-cal. British Bulldog, a heavy-framed revolver of unknown barrel length.

Former President Theodore Roosevelt was shot and seriously wounded while campaigning for the presidency in Milwaukee on Oct. 14, 1912. The assailant, John Schrank, fired a heavy-framed .38-cal. Colt revolver that was built on a .44-cal. frame. The barrel length is unknown and the gun has been lost.

President Harry Truman escaped death on Nov. 1, 1950, when two Puerto Rican nationalists Grisello Torresola and Oscar Collazo, shot their way into the Blair House in Washington, where Truman was living while the White House was being renovated. The guns taken from the attackers were a German Luger pistol and a Walter P-38 pistol, both full-sized handguns.

President John F. Kennedy was assassinated while riding in a motorcade in Dallas on Nov. 22, 1963. The attacker, Lee Harvey Oswald, fired a mail-order Mannlicher-Carcano rifle from the window of the Texas School Book Depository.

President Gerald Ford escaped assassination on Sept. 5, 1975, in Sacramento when Lynette (Squeaky) Fromme aimed a pistol at him as Ford reached out to shake her hand. The gun was a full-sized Colt 1911 Army model .45-cal. automatic pistol, which she had secreted under her flowing dress.

[From the Miami News, Sept. 7, 1961]

THE ROEHM CONNECTION—W. GERMAN GUN PLANT CONCERNED ITS WEAPON CREATING A BAD IMAGE

(By Henry Eason)

SONTHEIM, WEST GERMANY.—On the outskirts of a Swabian village that rises in medieval quaintness from a sea of swaying wheat and hops, machines roar in a factory that made the parts of the gun which the FBI says was used to shoot President Reagan.

At lunchtime, a siren blares with a sound like a World War II air raid warning. Workers leave tidy, squat, modern buildings, pass under the "Roehm" sign above the plant gate and picnic on the grassy bank of a stream just beyond the employees' parking lot.

The setting is far removed from the street violence in America, where the products of the workers' labor are referred to by police authorities as Saturday Night Specials.

Roehm.

It is a name which, to German customers, means quality drill chucks and other machine tools. Tool and machine-making factories which branch off from the Sontheim-based Roehm GmbH company are in West Germany, France, Italy, Brazil, Denmark and Great Britain. Roehm is a major international competitor in the machine tool field, with sizable sales to American industry. (The company described in this story has no connection with another German company, also called Roehm GmbH, which manufactures plastics and pharmaceutical supplies.)

Roehm also stands for target pistols and blank pistols throughout Europe and in other countries, where handgun control laws strictly regulate concealable pistols and revolvers that use live ammunition.

It is in America that Roehm's cheap .22-cal. revolvers and other live-ammunition handguns attained notoriety long before John Hinckley Jr. was indicted on charges of firing one into the president of the United States.

In 1979, Roehm-made .22-cal. revolvers were the instruments in 1 of every 12 street crimes in which police found a handgun, a computer study by Cox Newspapers of handgun crimes in Atlanta, Miami and 16 other cities showed. No other manufacturer's gun was so frequently found at crime scenes.

As a result of worldwide publicity on its gun because of the assassination attempt on President Reagan, the Roehm family says it has decided to scale down production and sales of its least expensive guns.

Guenther Roehm, a principal officer and stockholder in Roehm GmbH and a part-owner of RG Industries Inc. of Miami, which assembles the cheap handguns, said that continuing to make revolvers such as the RG 14 "is not good for us."

In the first interview granted by any official of the company in more than a decade, Roehm said he is concerned about what he called "an image problem"—one that might give Roehm GmbH a bad name with its machine tool clients and with customers interested in the more expensive handguns that Roehm also sells.

Roehm is a tall, patrician figure who, at 56, has the polished manners of a European diplomat. He speaks English accurately, but haltingly, and was interviewed with the aid of his export manager, Karl Mack.

He is descended from generations of industrialists in Zella Mehlis Suhl, in what is now East Germany. After World War II, he recalled, the Roehm family's factories were in ruins.

The "Americans picked us up because they were not interested to have good companies with high level of production in the East Zone (under Soviet control). So they say take your technical people along with you . . . So we came to a camp in Heidenhein (near Sontheim), and the Americans gave us food . . . So we looked around and . . . we found a small room and we started making our tools again."

The old customers soon returned to Roehm joined by new customers. Some Americans came in the 1950s and interested the Roehms in manufacturing inexpensive handguns for the market in the United States. It was a good market.

Then, as Roehm explained, when the gun control movement gained strength in the United States and cheap exports were banned in 1968, the Roehms became involved in producing some handgun parts in Sontheim which were added to other parts in Florida to make complete handguns that could be sold legally in America.

"So what you want to know," Roehm said, anticipating the question, "is do we go into this cheap business or do we intend to go the other way?

"We want to go in the other way. I have been (to Florida) four weeks ago and I explained to my people there, I want to make better guns, guns I can sell in five, six, eight years in the same way, good guns. We change the finish. We made more precision in the parts and so on. Sometimes the Americans want to go in another way (to reduce cheap handguns).

Roehm would not say directly how he felt about one of the guns made by Roehm and RG allegedly being used to shoot President Reagan, but export manager Mack responded.

"Yes, we heard about it. Sorry for it," Mack said.

He elaborated. "This man could have attacked the president with a bomb or a knife or anything . . . Somebody can make crimes with anything. Of course, it's easier to use a gun for crime."

Mack said he assumes that "most of the guns we make are just used for protection." but added. "It can be that also some guns are also used for crime."

[From the Miami News, Sept. 7, 1981]

Gun Firms Compete in an Arms Race

(By Joseph Albright)

SPRINGFIELD, MASS.—Few outside the gun business have heard about the arms race between the Chiefs Special, a palm-sized .38 revolver made by the long-established Smith & Wesson Co., and a look-alike weapon called the Undercover, made by the up-and-coming Charter Arms Corp.

Yet the collateral damage includes:

Alabama Gov. George Wallace, shot and paralyzed with an Undercover in 1972.

President Gerald Ford, nearly assassinated by a Chiefs Special in 1975. (Sara Jane Moore pulled the trigger but missed.)

San Francisco Mayor George Moscone, murdered with a Chiefs Special in 1978.

Ex-Beatle John Lennon, shot and killed with an Undercover in 1980.

Washington cardiologist Dr. Michel Halberstam, murdered with a Chiefs Soecial in 1980.

Some Chiefs Specials and Undercovers were originally sold to civilians in gun shops with no more paperwork than with any other handgun.

But most, say the presidents of both companies, were sold either to police departments for detectives, or to individual uniformed officers who wanted the tiny, hard-hitting guns as "backups" for their service revolvers.

As it turned out, the qualities that appealed to law-biders have also turned the Chiefs Special and the Undercover into a Cadillac category, coveted by discriminating thugs who would prefer not to use poorly made, small-caliber "Saturday night specials."

In 1979, 5.9 per cent of all handguns recovered in violent crimes in Miami and 17 other cities were Smith & Wesson Chiefs Specials, according to a computer analysis of federal gun-tracing records by Cox Newspapers. Carrying the numbers one step further, there is reason to believe the Chiefs Special in civilian hands is about three times as likely to be used in a crime as a typical handgun.

Here is the chain of statistical evidence suggesting that the Chiefs Special has a higher-than-normal crime rate:

When you add up the serial numbers that the company has assigned to light-frame guns—nearly all of which have been Chiefs Specials—the total is roughly 1.5 million since 1950. No more than one-third of those are still in police hands. Divide the remaining two-thirds (one million) in civilian hands by the total United States stockpile of about 50 million civilian-owned handguns. Result: only about 2 per cent of all civilian-owned handguns are Chiefs Specials, but they are 5.9 per cent of all the handguns involved in violent crimes.

Further calculations show that the Charter Arms Undercover is also about three times as likely to be used in a crime as a typical handgun. There are about 600,000 Undercovers in circulation. One-third of these are in police hands; the remaining 400,000 are in civilian hands. They make up 0.8 per cent of the civilian handgun stockpile, yet 2.7 per cent of all the handguns recovered in violent crimes were Undercovers.

Smith & Wesson president James L. Oberg was asked why the company sells small handguns, in light of studies by the federal Bureau of Alcohol, Tobacco and Firearms showing the prevalence of short-barreled guns as crime instruments.

Oberg replied: "I sell the guns that the market is demanding. We don't have any category for people who are going to keep a weapon in their drawer, but we know they do."

Some of his friends have told him they are reluctant to keep full-sized handguns in their homes, Oberg explained.

When asked how Smith & Wesson determines its "product mix" of standard and short-barreled handguns, Obert said: "I would have to say that we are focusing on dollars more than anything else. Most of our motivation of what we do here is to supply dollars to our stockholders. For us, a great deal of the motivation is to run a profitable company."

After the interview, Oberg mailed a revised version of that statement: "Our purpose is to satisfy the needs of our customers with products which emphasize quality, safety and service. Our mix also has to consider producing an adequate return for our shareholders."

Guenter W. Bachmann, a Smith & Wesson vice president, said the company has no way of knowing whether small handguns such as its Chiefs Special are more likely to be used in crimes than larger handguns.

"Let's face it, they are all concealable," he said.

At the Charter Arms plant in Stratford, Conn., company president David Ecker said he feels "pretty sick" whenever he hears that a Charter Arms Undercover has been found at a crime scene.

"I know I felt a great sigh of relief on hearing that our product wasn't used (in the attempted assassination of President Reagan)," said Ecker. "I do not like to see any of our products used in that way."

One of the roots of the rivalry over the high-class, short-barreled gun market was a decision by New York City police in the late 1940s to arm women officers with an experimental light-framed revolver.

Since then, the rivalry has been fed by two unrelated factors. One was that the basic patents for small handguns expired in the 19th century, leaving a small arms manufacturer virtually no protection against plagiarism in gun designs. The other was the rioting that spread from Watts to Harlem to Detroit in the mid-1960s, generating a huge market for "self-defense" handguns.

In January 1949, a story in the Springfield, Mass., Union recorded a decision by Smith & Wesson, the city's second-largest employer, to begin production of a new so-called light-frame revolver" for policewomen in New York.

"The New York police girls carry these guns in shoulder holsters which outwardly appear to be shoulder bags," the newspaper reported. "The light-frame weapon is widely popular among sporting clubs and shooting ranges."

The new version weighed only 19 ounces. Its butt was as skinny as an umbrella handle. The cylinder was drilled for only five .38 cartridges since it wasn't big enough around for six holes. With its 2-inch barrel, the gun was only 6.5 inches long. It fired with a kick that left the wrist tingling.

The Colt Firearms Division had been selling policemen a similar-looking, slightly heavier .38 snub-nosed revolver called the Detective Special since 1927. For the civilian sector, Colt sold limited numbers of a comparable snub-nosed gun it called the Bankers Special.

And Smith & Wesson was already marketing a rival called the Terrier. A 1952 company catalog said, "This little gun is to be found in a great many homes where it represents a unit of protection for the citizen and his family." It looked like the gun developed for the New York policewomen, but it wasn't as sturdy.

The Smith & Wesson sales force broadened the horizons of the policewomen's revolver by introducing it at a 1950 conference of the International Association of Chiefs of Police in Colorado Springs. As part of the promotion, police delegates were asked to vote on a name for the gun.

"When the votes were counted, the most commonly suggested and appropriate name was the .38 Chiefs Special," Smith & Wesson historian Roy Jinks has written. "The name was officially adopted."

The 1952 Smith & Wesson catalog brimmed with enthusiasm:

The Chiefs Special was a small sideline for Smith & Wesson, the nation's leading pistol manufacturer. Little effort was made to push snub-nosed gun sales to civilians. At the same time, Colt was content to sell its Detective Special largely to policemen.

There was an unfulfilled demand, by 1963 Douglas McClennahan realized it. McClennahan, a young draftsman who had worked at Colt Industries and three other Connecticut gun factories, set out to design a competing snub-nosed gun. In late 1964 he displayed his first prototype to a few gun columnists at a National Rifle Association convention in Los Angeles.

It was to become the basis of Charter Arms, a new company 75 miles down the Connecticut River valley from Smith & Wesson. Initially, its only product was a snub-nosed .38 revolver weighing three ounces less than the Chiefs Special. At $55, it was $17 cheaper than any snub-nosed gun in the Smith & Wesson arsenal.

In a press release to gun writers, Charter Arms explained that the purpose of the "Undercover" was to satisfy a need on the part of "all law enforcement officers and homeowners."

"The new (Undercover) was well received," a writer for Guns & Ammo magazine recalled later. "Even fussy handgunners were soon admiring and buying the all-steel compact."

Charter Arms picked a fortuitous time to enter into the gun market. As Ecker, the company president, recalled: "You had a terrific civil rights problem, with riots all across the country. There was a terrific boom in firearms sales. So any firearm that was being manufactured or imported was being sold."

William B. Gunn, then Smith & Wesson's president, decided he could not ignore the new Undercover.

A clipping from Gunsport Magazine, found in the military history collection of the Smithsonian Institution, described how the country's No. 1 handgun manufacturer reacted:

"Back at the Springfield ranch, the S & W ramrods took a dim view of the business they were losing and decided to sew up the commercial market again by hustling through another production run of 18,000 new Chiefs Specials. Another source said it was three runs of 12,000 each. . . ."

The Gunsport writer, Jan Stevenson, quoted a Smith & Wesson official as saying: "It's true, we are making Chiefs Specials again, and we're putting them on the market as fast as we can."

Today, Smith & Wesson declines to give out production figures for its snub-nosed guns. But from a look at the pattern of serial numbers assigned to Smith & Wesson light-frame guns, it is obvious that the company boosted its production of Chiefs Specials in the years after the Undercover came to market.

A chart of serial numbers published in Jinks' "History of Smith & Wesson" a glossy volume for gun fanciers, indicates that the factory assigned an average of 39,000 serial numbers a year to light-frame revolvers, principally the Chiefs Special, in the 1950s and 1960s.

In a 12-month period ending in 1970, the company used 100,000 light-frame serial numbers. After that, light-frame serial numbers were assigned at the rate of at least 75,000 a year.

Another escalation in the snub-nosed arms race occurred in March 1968 when Smith & Wesson introduced an even more awesome weapon: the world's smallest .357 magnum revolver.

Smith & Wesson had been selling heavy, long-barreled .357 magnums since 1935, when it managed the publicity coup of presenting the first model to FBI Director J. Edgar Hoover. A newspaper clipping of the time proclaimed that film stars Gary Cooper, Clark Gable and Franchot Tone were also among the owners of "the Big Bertha of the handgun field."

A .357 magnum cartridge is one-eighth inch longer than a standard .38 special bullet, although they are virtually the same diameter.

The magnum contains enough extra gunpowder to exert 40,000 foot-pounds of pressure on the bullet, instead of 17,000 foot-pounds for a normal policeman's bullet. That means a .357 magnum can blast through a wall and still kill someone.

Smith & Wesson began efforts to shrink the frame of .357 magnum guns in 1954, at the suggestion of Bill Jordan, then a marksman with the U.S. Border Patrol.

"Until this date . . . no company had ever attempted to perfect a small frame for this cartridge," wrote company historian Jinks.

The result was the Smith & Wesson Combat Magnum, a medium-framed revolver with a standard 4-inch barrel. Jordan, appearing on the 1955 television show "You Asked For It," held up the gun and called it "the answer to a peace officer's dream."

After what Jinks has described as "considerable encouragement from plainclothes law enforcement personnel," the company designed an even smaller .357 magnum during the 1960s. When it was offered to the public in the 1968 catalog, this 31-ounce miniature cannon was fitted with a 2.5-inch barrel, a rounded butt for easy concealment, and quick-draw sights.

Back at Charter Arms, McClennahan and Ecker devised what amounted to a counter-escalation—the Charter Arms .44 Special Bulldog. It was 11 ounces lighter than the miniature Smith & Wesson Combat Magnum, although the dimensions were about the same. It fired a bigger bullet, but one not fast enough to be classified as a magnum.

In a glowing review for the magazine Guns & Ammo, pistol connoisseur Clair Rees said the Charter Arms Bulldog .44 "threw 60 per cent more lead" than ordinary .38 caliber handguns.

"The new gun," Rees wrote, "appealed instantly to many pistoleers who had a need for a relatively small, easily concealed revolver but who lacked faith in the performance of .38 special loads for serious social use."

A Cox Newspapers computer analysis of gun records found that only about 0.2 per cent of guns recovered in 1979 street crimes were Charter Arms Bulldogs—and only 0.8 per cent were S & W Combat Magnums.

One who will be remembered for his "serious social use" of a Charter Arms Bulldog is David Berkowitz, now serving a 315-year sentence as New York's "Son of Sam" killer.

[From the Miami News, Sept. 7, 1981]

POWERFUL GUN LOBBY ROLLS OVER OPPOSITION

(By Cheryl Arvidson)

WASHINGTON.—It comes as no surprise to find the gun lobby loudly opposing proposals that would impose restrictions on shotguns and rifles, require registration or confiscation of firearms or limit availability of the quality handgun.

But the 2-million-member National Rifle Association also is on the front line defending the inaccurate, often poorly made small handgun—a stand seemingly inconsistent with its 110-year history of promoting firearms safety, marksmanship and hunting. This strident opposition to handgun control has effectively eliminated any chance for national legislation to restrict small handguns this year, next year and probably for years to come.

The National Rifle Association, with a $30 million-plus annual budget, is the richest and most influential pro-gun organization in the country, and it is also the most moderate of the three groups that constitute the gun lobby. Headquartered in Washington, the association has a separate lobbying branch, the Institute for Legislative Action, which spends $4 million each year to stop any attempt at gun control, no matter how modest.

Operating out of its own office building complete with gun museum and target range, the association successfully manipulates the scenario that plays out year after year: gun control bills are introduced and left to die in subcommittees without any serious consideration because they just can't be passed in the House or Senate.

"I don't think I've got a snowball's chance in hell to pass it. Congress is just too conservative," said Rep. Marty Russo, D-Ill., about a bill he's been introducing since 1976 to prohibit the sale and manufacture of small handguns, cheap or expensive, by setting length restrictions on pistols and revolvers.

"If the president getting shot and the pope getting shot doesn't rattle these guys, nothing will."

The association defends the snub-nosed handgun as part of its overall goal of preserving the right of citizens to keep and bear arms. With its claims that firearms ownership is a fundamental constitutional right under the Second Amendment, the association sees no middle ground.

"I think that there is room for compromise," Neal Knox, executive director of the association's Institute for Legislative Action, says with a smile. "There are a lot of gun laws on the books I'd like to get rid of. I'm willing to compromise away some of those."

In fact, the association's top priority is passage of a bill that would weaken or eliminate many of the federal gun statutes now on the books. The McClure-Volkmer bill, named after its sponsors Rep. Harold Volkmer, D-Mo., and Sen. James McClure, D-Idaho, is being promoted by the association as getting government off the backs of law-abiding American gun owners and gun dealers. Even though certain provisions concern federal lawmen, the bill has a good chance of passing.

"The handgun is a symbol," explains Rep. John Ashbrook, R-Ohio, one of two congressmen on the association's board of directors. "It's a firearm. It would be the same thing if it were a rifle. The motives, intentions and past records of those who want to take away the handgun are not trusted by those who own the handguns."

The association is opposed to closing a loophole in the 1968 Gun Control Act that, while banning imported handguns, allows foreign parts for "Saturday night specials" to be imported and put onto American-made frames. It is equally opposed to more drastic legislation—offered by Rep. Peter Rodino, D-N.J., and Sen. Edward Kennedy, D-Mass.—that would ban "Saturday night specials" and require a waiting period and police check before any handgun purchase.

As a result, critics claim, the gun lobby has so muddied the water that a rational policy cannot be debated, let alone adopted, at a national level.

"The NRA, unlike any other group in the country, has just made mincemeat of the legislative process," said Sanford Horwitt, a consultant to the National Coalition to Ban Handguns.

"You can't get any kind of reasonable public policy on anything having to do with handguns, which is clearly a problem in this country, because this group refuses to deal with anything that begins to approach a reasonable public policy," Horwitt continued. "Because they have taken this extremist position on handguns, it has ended all discussions of it in the legislative arena. It's more than being single-minded. It's almost no-minded."

With federal channels closed, gun control advocates are coming to believe that local actions—such as a tough anti-gun ordinance recently passed by Morton Grove, Ill.—may offer their best hope of restricting deadly handguns.

Although the Federal Bureau of Alcohol, Tobacco and Firearms has found that most guns used in violent crime had barrel lengths of 3 inches or less, the association sees no link between small guns and crime.

"They're trying to blame the gun for the crime, and they're trying to prohibit all guns," said Knox. "There is no evidence whatsoever that the population of guns, small or large, has any effect on crime."

Russo, a former state attorney for Cook County, Ill., doubts handgun control measures would stop the hardened criminal, but he is convinced that getting rid of small handguns would stop "the heat-of-passion-type situation, the argument, the spontaneous situation."

"There is no other reason why a small, concealable handgun is made in society except to shoot someone," says Russo. "The reason it is made small is so no one knows you've got it on you. With my bill, anyone could buy a gun and keep one at home, it would just be a larger size. It would make your pocket sag a little bit, it would stick out of your trousers. Somebody would see it."

"I've shot bears with handguns with a 3-inch barrel," said Rep. John Dingell, D-Mich., when asked why the association defends the small handgun. He is the other member of Congress on the board of directors of the association. "When I hunt elk, I carry a small .22 automatic to shoot grouse for the pot or finish off elk."

"I'd like to sell tickets to the confrontation, and I'd also like to bet on the bear," answered Horwitt. "The fact is no one goes around shooting bears with a 3- or 4-inch handgun. It just isn't done. If we're down to that as to why someone refuses to support a ban on handguns, we're down to some pretty flaky people."

Knox, asked about the "redeeming social value" of a small handgun, cites his wife's Smith & Wesson Bodyguard, which he gave her for Mother's Day in 1958.

"I've carried my wife's . . . gun with me many a mile while hunting, as a second gun," he said. "I've carried it with me while fishing. I've carried it with me while flying because I did all my flying out in Arizona, and that's some rough country, and a person who doesn't prepare himself . . . is making a mistake."

Knox, who as chief association lobbyist earns $63,000 a year, calls the small handgun "the best possible gun" for protection.

"In the case of a small gun, you can have that thing concealed right near the door, in a book where it's not visible to your neighbors coming in. They'll think you're a little bit strange if you've got a shotgun sitting in the corner by the door. A shotgun by the door, loaded, in my estimation is far more hazardous from an accidental standpoint than is a handgun in a nice, small place of concealment."

Gun supporters also say a small gun is easier for women to shoot, and that the poor can afford a "Saturday night special," but not the better-made—and more costly—"snubbies" and full-sized handguns.

"Looking at it from a racial standpoint," says Ashbrook, "the handgun is the only defensive weapon a poor person can afford. You'd think poor blacks, as victims of crime, would want handgun control, but they don't."

"Blacks had handguns solely for defense more than any other group," observes Knox.

Blacks also are the victims of more handgun crimes, but Knox said that is because "blacks commit more crimes against blacks," not because of the guns.

That reasoning is not upheld by the Congressional Black Caucus, which consistently votes as a bloc against the gun lobby.

Money and strong citizen support explain both the association's power and the trouble encountered by anti-gun groups such as Handgun Control Inc. and the National Coalition to Ban Handguns.

The association's members will contribute money when asked, write lots of letters and make telephone calls to their congressmen or senators to protest restrictive legislation or government regulations. They turn out in large, vociferous numbers at rallies or public meetings where gun control is being discussed. The association's budget is 30 times larger than that of Horwitt's National Coalition to Ban Handguns.

"They'll vote on this issue," said a former aide in the Carter White House. "I daresay there's no issue on which you and I would vote, no one issue alone. That's what makes these groups strong.

Some anti-gun lobbyists contend the power of the association is overrated, but the group's reputation is so formidable that whether the power is real becomes almost irrelevant.

A House staffer recalls lobbying congressmen on gun control legislation and citing public opinion polls showing a majority of Americans in favor of handgun control, only to have the members respond, "It doesn't matter. If they (the gun lobby) only control 2 or 3 per cent of the vote in my district, that's enough because the margin (of victory) is only 5 or 6 per cent."

Russo believes much of the association's strength comes from its ability to convince members that "as soon as they take the handguns, the next thing is your shotguns, then the next thing you know, the Russians will come and you won't have any way of defending yourselves."

"They portray, inaccurately I think, every issue as if the question is whether or not Mrs. Jones who lives in rural Florida is going to be able to have her gun to protect herself from the night rider," said Richard Davis, who was the Treasury official overseeing the Bureau of Alcohol, Tobacco and Firearms in the Carter years.

The association and other progun groups often do raise the confiscation spectre in their mailings. Anti-gun groups point to this in criticizing the association for misrepresentation and distortion, but Knox says that confiscation is exactly what handgun control is all about. The confiscation argument sells well among gun owners because of a basic distrust of government.

"If we only thought (handgun control) was an honest effort to do this and nothing more, we might agree," Ashbrook said.●

USDA INSPECTOR GENERAL ASSESSES FOOD STAMP REFORMS

● Mr. HELMS. Mr. President, as the administration and Congress seek effective means of reducing the overall cost of Federal programs, it becomes increasingly obvious that one of the most effective ways to save the taxpayers money is to ferret out the waste, fraud, and abuse in Federal programs.

In this connection, I was greatly interested to note that the National Welfare Fraud Association held its Ninth Annual Training Conference in San Antonio, Tex., September 20–23. Members of this organization, and other conscientious investigators and prosecutors of fraud, are on the front lines in efforts to restore integrity to many local, State, and Federal programs—particularly within the broad area defined as "welfare"—which are demonstrably susceptible to abuse.

Two leaders of this organization provided useful information to the Committee on Agriculture, Nutrition, and Forestry earlier this year. President Ed Richards, investigator general of the Texas Department of Human Resources, and vice president Billy Davis of the Office of the Auditor General in Florida, both testified before the committee regarding suggestions for improving the administration and integrity of the food stamp program.

John Graziano, Inspector General of the U.S. Department of Agriculture, addressed the opening session of the conference and outlined some of his recommendations to improve the integrity of the food stamp program and reduce its much-publicized vulnerability to fraud.

Mr. Graziano is a forceful Inspector General, who was most impressive during his confirmation hearings before our committee several months ago in expressing his commitment to eliminating fraud within the programs administered by the Department of Agriculture.

Mr. President, I believe Senators and others will be interested in his assessment of the progress of reforms in the food stamp program. I therefore ask that Inspector General John Graziano's speech at San Antonio be printed in the RECORD at the conclusion of my remarks.

The speech follows:

ADDRESS BY JOHN GRAZIANO, INSPECTOR GENERAL, USDA

I would like to thank your President, Ed Richards, for inviting us to address your meeting. We in OIG have been associated with the National Welfare Fraud Association for seven years and, we, like you, want to ensure welfare benefits go to the needy—not the greedy.

We are also pleased to have eight hours of workshop time on your agenda. These workshop sessions will be conducted by Tom Burke, Mary O'Mara, and Carol Leavy of my staff. Their program is designed to enhance your knowledge and skills in ferreting out the fraud and abuse in the Food Stamp Program.

The fraud and abuse in the Food Stamp Program has been widely publicized, most recently on 20/20. As you know, the thrust of the TV program was the lack of attention by local officials.

We have come today to urge you to join with us to eliminate fraud and waste in the Food Stamp Program. We need you to detect and eliminate recipient fraud in the program and to preserve the Food Stamp Program to benefit the truly needy.

As I am sure you are aware, the Food Stamp Program has grown tremendously in the last three years. In FY 1979, the budget amounted to $6.9 billion, and in FY 1980, $9.15 billion. The budget will reach about $11.48 billion in FY 1981. An average 22 and a half (22.6) million people are participating in the Food Stamp Program each month.

POVERTY NO LONGER REQUIRES PEOPLE TO GO HUNGRY

However, to stimulate the economy, decrease the inflation rate and reduce unemployment, the President and the Congress are cutting the Federal budget. Consequently, the Food Stamp Program appropriations have been cut—eligibility tightened, benefits lowered, and resources provided to prosecute fraud more vigorously.

In the future, the program may be cut still further. To preserve food stamp benefits for those who need them, it is imperative that State and local welfare and investigative agencies increase their efforts to reduce the fraud and abuse in the Program.

According to our best estimates, about 10 percent of all monthly issuances are based on recipient "errors"—fraud. This amounts to about $1 billion annually. We must eliminate these "errors".

CHANGES IN THE PROGRAM

The 1979, 1980 and 1981 Amendments to the Food Stamp Act have given the States new resources and incentives to prevent fraud and abuse and to prosecute more vigorously. OIG and the Food and Nutrition Service have worked closely with the Congress in designing these changes. We regard them as vital to promoting the integrity of the Food Stamp Program.

I would like to describe some of these changes to you:

Photo Identification—Photo Identification cards will soon (probably by October 1, 1981) be required in all food stamp project areas with over 50,000 food stamp recipients. The person authorized to receive the coupons will be required to present a photo I.D. to verify his or her identity when being issued coupons. The cashier will be required to write the serial number of the photo I.D. on the Authorization to Purchase (ATP) or Household Issuance Record (HIR) card. Obviously, as in all photo I.D. systems, cooperation at all levels is required if the system is to work.

Social Security Numbers—To help you verify eligibility and facilitate investigations, your State is now allowed to collect and record the Social Security numbers of applicants. New legislation will require Social Security numbers from all members of an applicant household.

Computer Matches—Proposed legislation will also require you to use the Social Security number to match against other computer files. In most States, employers report earnings to the State agency administering Unemployment Compensation Programs. Through ADP, you can use those files to verify earned income and, in some cases, locate earnings of other household members which weren't reported on the Food Stamp application.

The Social Security Administration files are also available. They contain information on Supplemental Security Income (SSI), Social Security Administration (SSA) and Aid to Families with Dependent Children (AFDC) benefits as well as wage data.

You can do much to ensure the integrity of the Food Stamp Program by using these resources to vertify eligibility and benefit levels.

The biggest loss to the Food Stamp Program comes from underreporting income and overstating household size. Although the difference between the appropriate benefit and the actual benefit may be small for the individual household, when all such overissuances are added together, it amounts to a huge loss to the total program. We estimate this area alone comes to about $1 billion annually.

75 PERCENT FUNDING FOR NEW ADP SYSTEMS

To help, Congress has provided for 75 percent Federal funding for the development and implementation of ADP systems. Besides reducing errors and costs, these systems can be used for matching and for providing you with clues to suspicious behavior.

For example, a joint OIG/Dade County, Florida, investigation has just resulted in indictments of several case and issuance workers. The clues which started the investigation came from the computer system. Cases of expedited service were entered into the computer after normal working hours. A high proportion of these same cases were then erased from the system. A suspicious investigator traced these clues and found the caseworkers and a dummy routeman who was redeeming the coupons. (Dorothy Parrish et al.)

CHANGES IN VERIFICATION REQUIREMENTS

Regulations now require more stringent verification before an applicant is certified or recertified. You are now obliged to verify gross income, alien status where applicable, utility and medical expenses, social security numbers, residency and identity. Your State also has the option to order verification of liquid resources, shelter and child care costs, household size and other items.

Certainly our past experience with the Food Stamp Program shows that a program is vulnerable when applicants supply information and that information is not verified. Some people will exploit such a vulnerable situation. We must eliminate such opportunities for fraud. We must verify the information provided by applicants to eliminate the temptation "to cheat a little."

QUALITY CONTROL AND ERROR PRONE PROFILES

The quality control system is up and running. Some of the States you represent will soon be receiving additional Federal funds to administer the Food Stamp Program because of low error rates. However, quality control is not just a chance to compare your error rates against those of other States and possibly qualify for additional funds. It is also a source of cases. We want to urge you to follow through on all cases which are discovered in the course of a quality control review. Moreover, we want you to use the QC information to find areas in which your program is particularly vulnerable. QC can give you clues to areas of investigation which give a high probability of success.

The QC data can be analyzed by statistical methods which group error cases and nonerror cases into categories and give the characteristics of households which are most likely to have errors. These listings of characteristics, (we call them error prone profiles), can be used to select certain kinds of households for more extensive verification and possibly shorter periods of certification. It can also be used to pinpoint those cases which, when investigated, are most likely to be successful. Several States, notably West Virginia and South Carolina, have been very successful. We think this approach is an intelligent one. FNS will be making computer programs available next year which will analyze your quality control data to produce error prone profiles for your use. Also, Carol Leavy will discuss this procedure at length in our workshop.

75 PERCENT FUNDING FOR INVESTIGATIONS AND PROSECUTIONS

USDA is ready to pay 75 percent of State investigative and prosecutive activities in this program. This funding is available, retroactive to October 1, 1978, after an information statement and plan is submitted and approved by FNS. So far, 22 States have applied and been approved for 75 percent funding. We would like that figure to include all 50 States. Questions on 75 percent funding will be addressed in our workshop.

STATE SHARE OF RECOVERIES

To provide additional incentives, to vigorous prosecution of claims, States now will be given 50 percent of all fraud claims and 25 percent of all nonfraud claims recovered, either in cash or by reducing benefits.

REPLACEMENT ATP'S AND COUPONS

Some other changes which will be forthcoming include tightened procedures for lost or stolen coupons or ATP's. No coupons will be replaced after they have been received by the participants unless the coupons are destroyed in a disaster. In any 6-month period, only one ATP which is reported lost, stolen or destroyed after receipt will be replaced. When ATP's or coupons are reported lost or stolen before being received by the recipient, States will be able to require alternate forms of delivery for the replacement. After a second request for a replacement ATP or coupons, the State must use an alternate form of delivery.

WHOLESALERS

FNS will soon be issuing final regulations which will eliminate virtually all wholesalers from the Food Stamp Program. Wholesalers will be allowed to redeem coupons through the banking system only for grocers in an area with no available bank, alcoholic and drug abuse centers, groups of the blind and disabled and specific non-profit buying cooperatives.

CONCLUSION

The changes we have been talking about have been designed to make the Food Stamp Program operate more efficiently and to lessen the opportunities for fraud and abuse.

We have come to you today to ask your help. We hope we can count on you.

We must move away from the conclusion, that after all, it's Federal money, not the States, and it is really a low priority for State and local investigations and prosecution. It's all "our" money and if the American people become disenchanted because of fraud and abuse, the program will lose more credibility and eventually disappear.●

ORDER FOR RECOGNITION OF SENATOR ROBERT C. BYRD ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that on tomorrow after the recognition of the eight Senators on special orders previously granted, the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. BAKER. Mr. President, on tomorrow the Senate will convene at 11 o'clock. After the recognition of the two leaders under the standing order, nine Senators will be recognized for not to exceed 15 minutes each on special orders. After the recognition of the Senators on special orders as heretofore provided, it is anticipated there will be a brief period for the transaction of routine morning business.

After the recognition of Senators on special orders and/or after the execution of the time allocated for morning business, if such is provided for at that time, the Senate will resume consideration of S. 898, the telecommunications bill. It is hoped that the Senate will conclude its debate and considerations of S. 898 and all motions and amendments in respect thereto and have final passage sometime during the day on Tuesday.

The leadership does not expect a late evening on Tuesday but it is possible that the Senate may run slightly beyond the normal hour of 6 p.m., if by doing so it is possible to complete consideration of the telecommunications bill.

On Wednesday, Mr. President, it is the hope of the leadership that we will be in a position to begin consideration of the social security bill. Wednesday will be a full day with rollcall votes expected during the day and running until the normal recess or adjournment hour of approximately 6 p.m.

Mr. President, I have no further business to transact this evening. I inquire of the distinguished minority leader if there is any matter he wishes to address at this time.

Mr. ROBERT C. BYRD. Mr. President, I have nothing. I wish to thank the distinguished majority leader for laying out the program for tomorrow and Wednesday so that Senators who will be planning to secure reservations for visits to their home States during the brief recess may do so accordingly.

Mr. BAKER. Mr. President, I am prepared to yield the floor if there is any further morning business to be transacted.

Mr. President, I ask unanimous consent that after the remarks of the Senator from Maryland (Mr. MATHIAS), the Chair put the Senate in recess until the hour of 11 a.m. tomorrow in accordance with the order previously entered, without intervening business.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

FOR AN OPEN AWACS DEBATE

Mr. MATHIAS. Mr. President, the controversy over AWACS has become controversial.

The national debate over the sale of a package of arms, including five AWACS, to Saudi Arabia should be as open and as wide as possible. Everyone who has an opinion on the subject should not only be free, but must feel free to offer that opinion. The Ambassador of Israel, the Ambassador of Saudi Arabia, each of whom has a professional bias, and the most chauvinistic American who thinks "a plague on both your houses" should be equally able to speak and be heard. That is not only the law in the United States, it is fundamental to our society and to our political process.

But this freedom is not free; it exacts payment in several ways. The first is the obligation to accord the views of others a reasonable degree of attention. The will of the majority has never yet been expressed in a monologue. The chemistry of debate requires both a time to speak and a time to listen in order to produce a result that is greater than the sum of its parts.

The second obligation is to respect an individual decision when it has been made. Each speaker must be the judge of his own motives and each listener must refrain from judging motivations if we are to remain a united and successful Nation and if we are to be able to join together to execute the decision when it is made.

RECESS TO 11 A.M. TOMORROW

The **PRESIDING OFFICER.** Under the previous order, the Senate stands in recess until 11 a.m. tomorrow.

Whereupon, at 6:05 p.m., the Senate recessed until tomorrow, Tuesday, October 6, 1981, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate October 5, 1981:

DEPARTMENT OF JUSTICE

William H. Ewing, Jr., of Tennessee, to be U.S. attorney for the western district of Tennessee for the term of 4 years, vice W. J. Michael Cody, resigned.

Robert W. Foster, of Ohio, to be U.S. Marshal for the southern district of Ohio for the term of 4 years, vice Roy A. Smith, resigned.

HOUSE OF REPRESENTATIVES—*Monday, October 5, 1981*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Wait for the Lord; be strong, and let your heart take courage; yea, wait for the Lord!—Psalm 27: 14.

In this moment of quiet at the beginning of another week we wait upon Your blessing, O Lord, and implore Your favor upon us. May not the demands of the moment or the expediency of our programs keep us from hearing Your word and being in touch with Your eternal presence. Give us the patience to listen to Your truth which is seen in all walks of life, and give us the courage to act for the welfare of our Nation, and all the people. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

CONSENT CALENDAR

The SPEAKER. This is the day for the call of the Consent Calendar. The Clerk will call the first bill on the Consent Calendar.

TRANSFERRING RESPONSIBILITY FOR FURNISHING CERTIFIED COPIES OF MILLER ACT PAYMENT BONDS

The Clerk called the bill (H.R. 1026) to transfer responsibility for furnishing certified copies of Miller Act payment bonds from the Comptroller General to the officer that awarded the contract for which the bond was given.

There being no objection, the Clerk read the bill as follows:

H.R. 1026

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 3 of the Act of August 24, 1935 (49 Stat. 794; 40 U.S.C. 270c), as amended by the Act of August 4, 1959 (73 Stat. 279; 40 U.S.C. 270c), is amended by striking out "Comptroller General" and inserting in lieu thereof "department secretary or agency head of the contracting agency." The second sentence of section 3 of the Act is amended by striking out "Comptroller General" and inserting in lieu thereof "department secretary or agency head of the contracting agency".

● Mr. DANIELSON. Mr. Speaker, the bill, H.R. 1026, gives effect to the recommendations of the Comptroller General. The Miller Act presently establishes performance and payment bonding requirements for most Federal construction contracts. Section 3 of the act requires the Comptroller General to furnish a certified copy of a bond and the contract for which it was given to any person who submits an affidavit that: First, he has supplied labor or materials for the construction, alteration, or repair of any public buildings or public work of the United States, and payment therefor has not been made; or, that second, he is being sued on a bond.

Formerly, the Comptroller General had the responsibility for fixing dates on which the period of limitation for filing suits against Miller Act payment bonds commenced to run. In 1959 the act was amended to eliminate this function. The amendment, which was made on August 4, 1959, by Public Law 86-135, provided that suit must be commenced within 1 year after the date on which the last labor was performed or material was supplied by the person initiating the lawsuit.

The amendment provided for in this bill would relieve the Comptroller General of the duty of furnishing certified copies of bonds and contracts which was a function which actually was related to the duties of the Comptroller General prior to 1959 when the General Accounting Office was required to determine and certify the final settlement date of contracts. Since the General Accounting Office is not so involved in such contract matters, it must obtain the copies of the original bonds and contracts from the contracting department or agency when a subcontractor or materialman requests certified copies of these documents under the law. A more logical and expeditious way of handling such requests would be to require that the agency that awards the contract should supply the copy of the bond and the contract. As recommended by the Comptroller General, this merely requires that the words "department secretary or agency head of the contracting agency" be substituted for "Comptroller General" in the first and second sentences of section 3 of the Miller Act, and this is what this bill would do. The committee agrees that the change recommended by the Comptroller General should be made to the Miller Act. I urge that the bill be considered favorably.●

● Mr. MOORHEAD. Mr. Speaker, in many ways Congress can help in making Government more efficient. H.R. 1026 is a bill that eliminates several mindless procedural steps in furnishing certified copies of Miller Act payment bonds.

The Miller Act establishes performance and payment bonding requirements for most Federal construction contracts. Section 3 of the act requires GAO to furnish certified copies of construction contracts and the performance bond on those contracts to persons requesting copies who have supplied labor or materials on the contract. This bill makes the process more direct by letting the Federal agency giving the contract supply the certified copies of the bond and the contract.

If time is money, then saving time is saving money. Indeed, this bill costs nothing and may produce some savings, while contributing to much needed overall efficiency.

I support this bill and urge my colleagues to vote for it.●

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING SECRETARY OF COMMERCE TO SETTLE CLAIMS FOR DAMAGES RISING BY REASONS OF ACTS FOR WHICH NOAA SHALL BE FOUND TO BE RESPONSIBLE

The Clerk called the bill (H.R. 1029) to amend section 1 of the Act of June 5, 1920, as amended, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration shall be found to be responsible.

There being no objection, the Clerk read the bill as follows:

H.R. 1029

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1 of the Act of June 5, 1920, as amended (41 Stat. 929, as amended; 33 U.S.C. 853), is further amended to read as follows: "The Secretary of Commerce is authorized to consider, ascertain, adjust, and determine all claims for damages, where the amount of the claim does not exceed $2,500, occasioned, subsequent to June 5, 1920, by acts for which the National Oceanic and Atmospheric Administration shall be found to be responsible.".

With the following committee amendment: Page 2, line 10: Strike "shall be found to be" and insert "is".

The committee amendment was agreed to.

● Mr. DANIELSON. Mr. Speaker, the bill H.R. 1029 would amend section 1 of the act of June 5, 1920, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration is responsible.

The provisions of H.R. 1029 were recommended by the Department of Commerce in an executive communication dated July 6, 1977. It is identical to the bill H.R. 234 in the 96th Congress, which was the subject of a favorable report by the Department of the Judiciary Committee dated June 9, 1980.

Under existing law, the Secretary of Commerce has the authority (under 33 U.S.C. 853) to settle claims up to $500 arising by reason of acts for which the National Ocean Survey (an agency of the National Oceanic and Atmospheric Administration) of the Department of Commerce shall be found to be responsible. This authority does not extend to a negligent or wrongful act or omission of a Government employee acting within the scope of his employment which would already be covered under the Federal Tort Claims Act (28 U.S.C. 2671-80). H.R. 1029 would do two things: First, it would make clear that 33 U.S.C. 853 is applicable to all NOAA activities not merely to those of the National Ocean Survey. Second, it would increase the maximum dollar amount of authorized settlements from $500 to $2,500.

The bill, in increasing the dollar amount for authorized settlements from $500 to $2,500 will, provide the authority to settle claims arising from the many diversified scientific endeavors and experiments of that administration. The settlements could be made where the claim arose from damage clearly caused by activities of the National Oceanic and Atmospheric Administration and the Government has a moral obligation to compensate the injury even though there may be an absence of negligence. The examples of such activities as described in the report of the Department of Commerce included weather instrument operations such as the radiosonde. This is a 3-pound device that is sent into the atmosphere by balloon which, after reaching 5 or 6 miles in altitude, is returned to the ground by parachute. In most instances, the instrument reaches the Earth's surface without incident, and many of them are recovered. As a free-falling object, however, there is a possibility that the instrument could frighten domestic animals, or have other possible effects.

During marine surveys, coastal hydrographic ships operate in areas where fishing occurs and, despite precautions, fishing nets, lobster pots, or other fishing gear may be damaged.

The National Earth Satellite Service of NOAA has command and data acquisition stations at Gilmore Creek, Alaska, and Wallops Island, Va. The launching of satellites for atmospheric observations from these stations is accomplished in collaboration with the National Aeronautics and Space Administration (NASA). However, NOAA personnel, facilities and equipments are involved. Satellite launchings always have the potential for damaging their operational sites and contiguous areas.

In addition to the foregoing, there may be damage to private property by triangulation and survey field parties. Most of the work of such parties involves using privately owned land to which access is obtained by established procedures. A site may be used for several months and it is possible that damage could be done to the land and its appurtenances.

The existing language in section 853 of title 33 of the United States Code which provides for the settlement of claims up to $500 has performed a valuable function over the years since enacted in 1920 to provide compensation to persons injured from activities similar to those outlined above. The increase of that authority to the amount of $2,500 is a realistic increase in view of current costs which can be expected in the event of damage claims. Further, the activities of the National Oceanic and Atmospheric Administration are of a unique nature and would give rise to claims which could be settled expeditiously under the authority provided in this bill.

It is recommended that the bill be considered favorably.●

● Mr. MOORHEAD. Mr. Speaker, presently, the tort claims settlement limit for the National Oceanic and Atmospheric Administration is $500. This limit was established in 1920 and has never been changed.

One unusual aspect of the current law is that it does not apply to negligent or wrongful acts of NOAA but rather to acts in which NOAA has a moral obligation to pay. Unfortunately, few activities of NOAA cause less than $500 damage. To trigger a higher settlement level the agency indulges in a legal fiction by admitting legal negligence where there is none. Bad precedent has been set by admitting that sending a weather balloon aloft is a negligent act or the placement of navigation equipment in the conduct of an ocean survey as a legal wrong.

To avoid this undesirable state of affairs I believe that we should adopt H.R. 1029.●

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend section 1 of the Act of June 5, 1920, as amended, to authorize the Secretary of Commerce to settle claims for damages of less than $2,500 arising by reason of acts for which the National Oceanic and Atmospheric Administration is responsible."

A motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Consent Calendar.

GENERAL LEAVE

Mr. WALKER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the two bills just passed.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON MILITARY INSTALLATIONS AND FACILITIES OF COMMITTEE ON ARMED SERVICES TO SIT TODAY DURING 5-MINUTE RULE

Mr. DYSON. Mr. Speaker, I ask unanimous consent that the Subcommittee on Military Installations and Facilities of the Committee on Armed Services be permitted to sit today during proceedings under the 5-minute rule for the purpose of marking up the bills, H.R. 3502, H.R. 4543, and H.R. 4591.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

RICHARD NIXON IS AT IT AGAIN

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANTOS. Mr. Speaker, Richard Nixon is again busy at his old dirty tricks of falsifying facts and rewriting history. The disgraced former occupant of the White House—the only person ever to be driven from our Nation's highest office in shame—continues to tear away at the fabric of our society.

Deliberately ignoring the fact that opposition to the ill-conceived Saudi arms package is both bipartisan and covers the broadest range of our political spectrum, he chooses to scapegoat ethnic groups and impugn the motives of some of our most respected citizens.

No, Mr. Nixon, Senator MARK HATFIELD of Oregon, former Secretary of State Cyrus Vance, former CIA Director Stansfield Turner, and a large majority of the Congress are not puppets of anybody.

They are exercising their best judgment on the basis of one criterion alone: the national security interests of the United States.

It seems, Mr. Speaker, that, contrary to his old promise, we still have Richard Nixon to kick around.

THE ADMINISTRATION'S ASSAULT ON SOCIAL SECURITY

(Mr. RATCHFORD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RATCHFORD. Mr. Speaker, spare the threatened social security recipients. They have to read the newspaper headlines every day to know the administration's latest position on social security. And the latest headlines are not good for 35 million important Americans.

"Basic Social Security Benefits Fair Prey for Future Budget Cuts, Stockman Says," read Friday's headlines. And I heard about the Budget Director's prophesy all weekend in my district. What happened to President Reagan's television pledge of just 10 days ago, that those same millions of Americans on social security did not have to worry? It is about time the administration got its Social Security Act together and kept faith with America's very concerned retirees.

REGULATORY PROCEDURE ACT REPORTED FAVORABLY TO COMMITTEE ON THE JUDICIARY

(Mr. DANIELSON asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. DANIELSON. Mr. Speaker, I am very pleased to announce that on last Thursday, October 1, the Subcommittee on Administrative Law and Governmental Relations of the Committee on the Judiciary, which I have the honor of chairing, reported favorably to the full committee H.R. 746, the Regulatory Procedure Act of 1981.

Regulatory reform has been one of the most talked of subjects of legislation in the last two or three Congresses. The subcommittee has worked long and hard this year, and we have come as close to a consensus as I think is humanly possible.

I am delighted to report, Mr. Speaker, that the three Republican members of my subcommittee joined as coauthors on the bill. In fact, my distinguished colleague, the gentleman from California (Mr. MOORHEAD), moved the bill to the full committee.

I invite all Members who would like to join as cosponsors of the bill, H.R. 746, to call our number, 225-5741. I plan to set hearings before the full committee on Tuesday, October 13, or as soon thereafter as possible. Welcome aboard, and let us pass some good legislation.

BLAMING THE FED WON'T SAVE THE ECONOMY

(Mr. REUSS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks.)

Mr. REUSS. Mr. Speaker, the administration these days is busy repudiating its own economic policy.

Last February 18, the President's economic recovery program enjoined upon the Federal Reserve a supertight money policy. The administration has policed the Fed very closely, and the Fed has dutifully followed the administration's directive from that day to this.

We Democrats have been saying all along that the administration's and the Fed's monetary policy is tighter than it needs to be. That was the message of the Joint Economic Committee Democrats in our annual report of March 2, 1981. That was the message of the House Committee on Banking, Finance and Urban Affairs in its semiannual monetary report of August 4, 1981.

But the administration, and the Fed, have persisted, with consequences disastrous to the Nation and the world. Now, over the weekend, the administration's chief economic spokesman Secretary of the Treasury Regan, proclaims that the Fed's monetary policy is too tight, and should be loosened.

Is this a repudiation of the President's February 18 program? If it is, would not it be more orderly if the President himself, rather than his subordinate officials, told us what the administration's monetary policy is?

But, more important, the Federal Reserve's sin of overtight money is a small sin compared to the administration's monstrous errors of swollen Treasury borrowings and wildcat credit speculation.

Interest rates are outrageously high in part because the Federal Reserve is holding down the supply of money, but the larger fault lies in the administration's complete lack of control over the demand for money.

By huge budget-busting tax cuts and insensate military spending increases the administration insures that the Treasury will be in the market demanding money at a giddy rate. And the administration's big-is-beautiful promerger policy, coupled into its light-hearted attitude toward speculation, insures that the speculators and takeover artists will be adding enormously to the demand for money.

Taken together, that spells high interest rates, and trouble for small business, farming, housing, construction, capital investment, and our neighbors and allies abroad.

Yet our leaders in the administration do nothing to tone down the inordinate demands for credit of the Treasury and the speculators. To call on the Fed to accommodate the continued demand of these sectors—without doing anything to check the demand—is simply to ask the Fed to print more inflationary money which will be sucked up in ever higher interest rates. Truly, we have "blind guides, which strain at a gnat, and swallow a camel."

REAGAN'S HIGH-COST UNILATERAL DISARMAMENT

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, despite a few propaganda protests we can be sure there was elation in the Soviet defense ministry this weekend. They know, I know, and you know Ronald Reagan has just proposed to further strain the American economy in order to provide Soviet war planners with a constellation of easy targets.

Heading the list is the incredibly incompetent plan to put MX missiles in superhardened silos. Let us assume we can triple the silo hardness, which is a generous estimate. The Soviets can neutralize this by improving their accuracy 44 percent. Historically, this has taken them about 4 years. Since the Reagan system will not see the light of day for 5 years, at that point Soviet accuracy will have improved further and Mr. Reagan will have opened the alleged "window of vulnerability" wider than it is today.

The Carter multiple shelter plan would have been about 10 times as resistant to attack as our present silos. I had my doubts about it, but it would have been sufficient if we had used Salt II to constrain the Soviets. Having thrown away this protection, the best the Reagan people could produce is this instantly obsolete concept that is only two times as resistant to attack as what we have today, and is wholly inadequate to deal with Soviet advances which will occur in the interim.

The best thing about the Reagan program is the plan to delay decision on a long-term solution until 1984. Considering the usual schedule slippages, in reality this means 1985, and by then our military security should be in better hands.

U.S. SECURITY ENDANGERED BY PROPOSED AWACS SALE

(Mr. McHUGH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McHUGH. Mr. Speaker, I regret the implication left by President Reagan in his press conference last week that the Government of Israel has unduly sought to influence congressional consideration of the proposed sale of AWACS and other advanced weaponry to Saudi Arabia.

While it is true that the Israelis have made their opposition to this sale well known, it is equally true that the Government of Saudi Arabia has actively sought to encourage support for the sale, both directly and through its paid lobbyists. Moreover, these Saudi efforts have had the active cooperation of the Reagan administration itself, which only recently was shepherding Prince Bandar around the Senate in an effort to win support for the sale.

The President knows that it is not unusual for foreign governments to make their views known to Congress on issues that could affect them. And he also knows that the information provided by those governments is often helpful to us in assessing the consequences of issues that come before us.

The President is certainly correct when he says that American interests must govern in these cases. Indeed, it is precisely our concern for U.S. security interests which prompts many of us in Congress to oppose this sale.

Among the many reasons for concern is the substantial risk that if the U.S. surrenders control of these sophisticated aircraft, they could fall into the wrong hands, thereby jeopardizing U.S. interests. It was not long ago that U.S. secrets were compromised when the Shah of Iran was overthrown and the advanced weaponry we had sold to his government fell into the hands of the present anti-American regime. While we have every hope that the current Saudi regime will remain in power, in that unstable region there are no guarantees. Moreover, since that government is now receiving all pertinent information collected by U.S.-operated AWACS, there is no reason relating to Saudi security to recommend this sale.

The Reagan administration has thus far failed to convince many of us that the sale of AWACS planes will not risk compromising U.S. interests. The President will not do so by implying that our opposition is somehow the result of Israeli pressure, but only by addressing the legitimate questions which have been raised regarding how this sale advances our Nation's vital interests.

□ 1215

BUDGET CUT HYPOCRISY

(Mr. ROEMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROEMER. Mr. Speaker, the next round of budget cuts and tax revenue increases, which must surely come if we hope to reduce the Federal budget deficit, lower interest rates, and balance the budget, will require acceptance by this Congress of a principle of equity that we have resisted with characteristic hypocrisy, this principle being that the burden of reaching a fiscally sound economy should be obtained by asking some economic sacrifice of all Americans and not by playing one region of the country against another or by pitting one economic class against another.

I strongly oppose those politicians in our midst who proclaim that we can achieve a painless victory over inflation, and those who pray defeat in our economic battle so they might achieve partisan political spoils of war.

Difficult times face our Nation, requiring courageous action on the part of this Nation's leadership. Political hypocrisy when dealing with social security problems or congressional pay raises means certain defeat in the battle for economic opportunity and justice.

ISRAEL AND AMERICAN JEWISH COMMUNITY NOT RESPONSIBLE FOR DIFFICULTY IN AWACS SALE

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, when Richard Nixon accuses the Prime Minister of Israel and certain sectors of the American Jewish community as being responsible for the trouble that the Reagan administration has in succeeding with the proposed AWACS sale to Saudi Arabia, he not only acknowledges the trouble that proposed sale is in, but he runs the risk of unleashing something ugly, dangerous, and vicious within the United States of America.

This is not the first time in the history of the Jewish people that they have been used as scapegoats. One would have thought that it would never happen in the United States and certainly not by a former President of the United States of America.

One can only hope that the Reagan administration will not be tempted to follow suit. The AWACS sale is in trouble because it is against the best national security interests of the United States. Sixty-two percent of all Americans polled within this past week have indicated their opposition to the sale for that reason. To suggest that the reason is as Mr. Nixon states it, is both disgraceful and untrue.

DO NOT REPEAL THE CONSERVATION AND SOLAR TAX CREDITS

(Mr. LUJAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LUJAN. Mr. Speaker, last week the President announced a series of new measures to help our Nation remain on the road to economic recovery and to insure that we reach our goal of a balanced budget by 1984. One of the new measures now under review by the administration is the repeal of certain residential and business energy tax incentives. These incentives are intended to encourage consumers and businesses to invest in effective energy conservation measures and promising renewable energy technologies such as solar.

I believe that it would not be in our Nation's best interests to repeal these important tax incentives at this time. As my colleagues are well aware, I have strongly supported the need to maintain effective controls over Federal spending, and to reduce the size and burden of our Government. However, eliminating these tax incentives will threaten the balance of our Nation's energy program, and seriously affect the development of these promising energy options.

On numerous occasions, the Science and Technology Committee has heard about the key role which these tax credits will play in transferring new energy technologies to the marketplace. For example, these tax credits will help encourage homeowners and businesses to use new solar and wind systems that would otherwise be uneconomical. The committee has heard a great deal of testimony indicating that a viable solar industry could not be established in the near future without these incentives. These tax credits can also help us accelerate the use of effective conservation techniques that will help us reduce our reliance on foreign oil.

Our Nation must continue to support our promising activities in conservation and renewable energy. We cannot afford to ignore the key role that this energy option will play in the future. It would be a mistake to eliminate these tax incentives at this time.

CIA DOES NOT NEED NEW BUILDING

(Mr. WINN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WINN. Mr. Speaker, I rise today in opposition to the proposal of the Central Intelligence Agency for construction of a new building. Cost estimates range from $80 to $100 million for such a structure and in these times of needed fiscal restraint, I believe the CIA's request is excessive.

It is vital that we in Congress demonstrate to the people we represent at home our determination to cut the cost of Government. While I support the work of the CIA, a new building for the Agency is not necessary. Unfortunately, a request such as the

CIA's has become the rule instead of the exception in Washington. It is essential that Congress impress upon the Federal bureaucracy the importance of making do with what is available instead of instantly turning to the authorization and appropriations process.

Mr. Speaker, many programs have had to accept the reality of reduced funding in fiscal year 1982 and beyond. We all must realize that nothing is sacrosanct—least of all a new building for the CIA. I would hope that this body would reject the notion of an expensive, new structure for the CIA until this Nation is well on its way to a sound, fiscal position.

SUPPORT FARM EXPORTS

(Mr. COATS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COATS. Mr. Speaker, as we begin debate this week on the 1981 farm bill, those of us who are concerned about the strength of our agriculture sector can only be encouraged by the Reagan administration's announcement late last week that the Soviet Union will be allowed to purchase an additional 18 million metric tons of American wheat and corn in the next 12 months.

Farmers across the Nation are anticipating bumper crops this year. On the basis of several discussions with members of my Fourth District agricultural advisory committee, I have been impressed with the willingness of Indiana farmers to absorb their share of budget reductions, primarily in the form of reduced price supports and subsidies. But in place of these reductions, these farmers need assurance that they will have a market for their crops. I believe the administration's announcement regarding possible Soviet grain sales is an important step in this direction, particularly after several years of almost paralyzing uncertainty.

Over the years, the strength of our agriculture sector has not been based on price supports or Government subsidies, but on expanding exports. Our farm exports have increased from $6.7 billion in 1970 to around $45 billion in 1981. Clearly, our farmers have the capability to feed the world. As Members of Congress, we must work to provide every opportunity available, including the 1981 farm bill, to free the American farmer to realize his potential through agricultural exports. I urge my colleagues to remember the true source of strength of the American farmer as we consider this important legislation.

NEW JERSEY CETA WORKERS FINDING JOBS

(Mrs. FENWICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FENWICK. Mr. Speaker, I think a great many of our colleagues and the public are interested in what has happened to some of those who lost their jobs when the CETA programs were ended. I am proud of my State. Here are some figures for the record.

The New Jersey State Department of Labor has reported that 81 percent of those who applied to the job service seeking employment found jobs; 81.8 percent of the CETA people who applied for jobs got jobs; and 900 more individuals got them on their own.

This record is topped only by Idaho's record with 94.3 percent. It is a record we are proud of in New Jersey. I think it is indeed fortunate.

I have here the list of States that have not done so well. I am proud that New Jersey ranks second among all the rest of the 50 States of the Union.

IRISH HUNGER STRIKE ENDS—WHAT WILL FOLLOW?

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BIAGGI. Mr. Speaker, as chairman of the bipartisan Ad Hoc Congressional Committee for Irish Affairs, I was greatly relieved to see the end of the tragic hunger strike campaign in Northern Ireland.

I strongly endorse the sentiments expressed by Cardinal Tomas O'Fiaich, the Catholic primate of all Ireland who said that now was the time for the British Government to "show generosity and compassion, for rebuilding broken bridges between different sections of the community."

This is the time for reconciliation not recriminations. The Thatcher government should seize the moment and intensify their efforts to come forth with a new initiative aimed at achieving a peaceful political solution with justice for all in Northern Ireland.

I also call upon President Reagan to communicate his hopes for peace in Northern Ireland to Mrs. Thatcher. His influence could be significant in helping to bring peace to this troubled area.

VOTING RIGHTS ACT EXTENSION

Mr. EDWARDS of California. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3112) to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. EDWARDS).

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SENSENBRENNER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 350, nays 4, answered "present" 1, not voting 78, as follows:

[Roll No. 236]

YEAS—350

Addabbo
Akaka
Albosta
Alexander
Annunzio
Anthony
Archer
AuCoin
Badham
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Bliley
Boland
Bolling
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Broomfield
Brown (CO)
Broyhill
Burgener
Burton, Phillip
Butler
Byron
Carman
Carney
Chappie
Clausen
Clinger
Coats
Coelho
Coleman
Collins (IL)
Collins (TX)
Conable
Conyers
Corcoran
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crockett
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Daub
Davis
de la Garza
Dellums
DeNardis
Derrick
Derwinski
Dicks
Dixon
Donnelly
Dorgan
Dornan
Dowdy
Downey
Dreier
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
Edwards (OK)
Emerson
English
Erdahl
Erlenborn
Ertel
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fields
Findley
Fish
Fithian
Flippo
Foley
Ford (MI)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gingrich
Goldwater
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hansen (UT)
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Hollenbeck
Holt
Hopkins
Hoyer
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jeffries
Jenkins
Johnston
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Livingston
Loeffler

Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Lundine
Lungren
Madigan
Marks
Marlenee
Marriott
Martin (IL)
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli
McClory
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Molinari
Montgomery
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nichols
Nowak
Oberstar
Obey
Panetta
Parris
Patman
Pease
Perkins
Peyser
Pickle
Porter
Price
Pursell
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roemer
Rogers
Rose
Rosenthal
Roukema
Roybal
Rudd
Russo
Sabo
Santini
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Simon
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snowe
Snyder
Solomon
Spence
St Germain
Stangeland
Stanton
Stark
Staton
Stenholm
Stokes
Stratton
Studds
Stump
Synar
Trible
Vander Jagt
Vento
Volkmer
Walgren
Walker
Wampler
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

NAYS—4

Goodling
Jacobs
Jeffords
McDonald

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—78

Anderson
Andrews
Applegate
Ashbrook
Aspin
Atkinson
Bafalis
Bailey (MO)
Beard
Boggs
Brooks
Brown (CA)
Brown (OH)
Burton, John
Campbell
Chappell
Cheney
Chisholm
Clay
Conte
Coughlin
Crane, Philip
D'Amours
Dannemeyer
Deckard
Dickinson
Dingell
Dougherty
Edwards (AL)
Emery
Evans (DE)
Fiedler
Florio
Foglietta
Ford (TN)
Gilman
Ginn
Glickman
Guarini
Holland
Horton
Howard
Hubbard
Jones (NC)
Lewis
Luken
Markey
Martin (NC)
McKinney
Moakley
Moffett
Mollohan
Moore
O'Brien
Oakar
Oxley
Pashayan
Patterson
Paul
Pepper
Petri
Pritchard
Roe
Rostenkowski
Roth
Rousselot
Savage
Siljander
Solarz
Swift
Tauke
Tauzin
Taylor
Thomas
Traxler
Udall
Williams (MT)
Williams (OH)

□ 1230

Mr. HENDON changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. MONTGOMERY). The Chair requests that the gentleman from California (Mr. BEILENSON) assume the chair temporarily.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3112, with Mr. BEILENSON, Chairman pro tempore, in the chair.

The Clerk read the title of the bill.

□ 1245

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Friday, October 2, 1981, all time for general debate had expired.

Pursuant to the rule, the Clerk will read the substitute committee amendment recommended by the Committee on the Judiciary now printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 4 of the Voting Rights Act of 1965 is amended by striking out "seventeen years" each place it appears and inserting in lieu thereof "nineteen years".

(b) Effective on and after August 5, 1984, subsection (a) of section 4 of the Voting Rights Act of 1965 is amended—

(1) by inserting "(1)" after "(a)";

(2) by inserting "or in any political subdivision of such State (as such subdivision existed on the date such determinations were made with respect to such State), though such determinations were not made with respect to such subdivision as a separate unit," before "or in any political subdivision with respect to which" each place it appears;

(3) by striking out "in an action for a declaratory judgment" the first place it appears and all that follows through "color through the use of such tests or devices have occurred anywhere in the territory of such plaintiff.", and inserting in lieu thereof "issues a declaratory judgment under this section.";

(4) by striking out "in an action for a declaratory judgment" the second place it appears and all that follows through "section 4(f)(2) through the use of tests or devices have occurred anywhere in the territory of such plaintiff.", and inserting in lieu thereof the following:

"issues a declaratory judgment under this section. A declaratory judgment under this section shall issue only if such court determines that during the ten years preceding the filing of the action, and during the pendency of such action—

"(A) no such test or device has been used within such State or political subdivision for the purpose or with the effect of denying or abridging the right to vote on account of race or color or (in the case of a State or subdivision seeking a declaratory judgment under the second sentence of this subsection) in contravention of the guarantees of subsection (f)(2);

"(B) no final judgment of any court of the United States, other than the denial of declaratory judgment under this section, has determined that denials or abridgements of the right to vote on account of race or color have occurred anywhere in the territory of such State or political subdivision or (in the case of a State subdivision seeking a declaratory judgment under the second sentence of this subsection) that denials or abridgements of the right to vote in contravention of the guarantees of subsection (f)(2) have occurred anywhere in the territory of such State or subdivision and no consent decree, settlement, or agreement has been entered into resulting in any abandonment of a voting practice challenged on such grounds; and no declaratory judgment under this section shall be entered during the pendency of an action alleging such denials or abridgements of the right to vote;

"(C) no Federal examiners under this Act have been assigned to such State or political subdivision;

"(D) such State or political subdivision and all governmental units within its territory have complied with section 5 of this Act, including compliance with the requirement that no change covered by section 5 has been enforced without preclearance under section 5, and have repealed all changes covered by section 5 to which the Attorney General has successfully objected or as to which the United States District Court for the District of Columbia has denied a declaratory judgment;

"(E) the Attorney General has not interposed any objection (that has not been overturned by a final judgment of a court) and no declaratory judgment has been denied under section 5, with respect to any submission by or on behalf of the plaintiff or any governmental unit within its territory under section 5; and no such submissions or declaratory judgment actions are pending; and

"(F) such State or political subdivision and all governmental units within its territory—

"(i) have eliminated voting procedures and methods of election which inhibit or dilute equal access to the electoral process;

"(ii) have engaged in constructive efforts to eliminate intimidation and harassment of persons exercising rights protected under this Act; and

"(iii) have engaged in other constructive efforts, such as expanded opportunity for convenient registration and voting for every person of voting age and the appointment of minority persons as election officials throughout the jurisdiction and at all stages of the election and registration process.

"(2) To assist the court in determining whether to issue a declaratory judgment under this subsection, the plaintiff shall present evidence of minority participation, including evidence of the levels of minority group registration and voting, changes in such levels over time, and disparities between minority-group and non-minority-group participation.

"(3) No declaratory judgment shall issue under this subsection with respect to such State or political subdivision if such plaintiff and governmental units within its territory have, during the period beginning ten years before the date the judgment is issued, engaged in violations of any provision of the Constitution or laws of the United States or any State or political subdivision with respect to discrimination in voting on account of race or color or (in the case of a State or subdivision seeking a declaratory judgment under the second sentence of this subsection) in contravention of the guarantees of subsection (f)(2) unless the plaintiff establishes that any such violations were trivial, were promptly corrected, and were not repeated.

"(4) The State or political subdivision bringing such action shall publicize the intended commencement and any proposed settlement of such action in the media serving such State or political subdivision and in appropriate United States post offices. Any aggrieved party may intervene at any stage in such action.";

(5) in the second paragraph—

(A) by inserting "(5)" before "An action"; and

(B) by striking out "five" and all that follows through "section 4(f)(2).", and inserting in lieu thereof "ten years after judgment and shall reopen the action upon motion of the Attorney General or any aggrieved person alleging that conduct has occurred which, had that conduct occurred during the ten-year periods referred to in this subsection, would have precluded the issuance of a declaratory judgment under this subsection."; and

(6) by striking out "If the Attorney General" the first place it appears and all that follows through the end of such subsection and inserting in lieu thereof the following:

"(6) If, after two years from the date of the filing of a declaratory judgment under this subsection, no date has been set for a hearing in such action, and that delay has not been the result of an avoidable delay on the part of counsel for any party, the chief judge of the United States District Court for the District of Columbia may request the Judicial Council for the Circuit of the District of Columbia to provide the necessary judicial resources to expedite any action filed under this section. If such resources are unavailable within the circuit, the chief judge shall file a certificate of necessity in accordance with section 292(d) of title 28 of the United States Code.".

Mr. EDWARDS of Califorina. Mr. Chairman, I ask unanimous consent that the section be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OFFERED BY MR. EDWARDS OF CALIFORNIA

Mr. EDWARDS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Edwards of California:

Page 5, line 7, insert "commenced before the filing of an action under this section and" after "pendency of an action".

Page 8, line 6, insert after the period but before the close quotation mark the following:

The court, upon such reopening, shall vacate the declaratory judgment issued under this section if, after the issuance of such declaratory judgment, a final judgment against the State or subdivision with respect to which such declaratory judgment was issued, or against any governmental unit within that State or subdivision, determines that denials or abridgements of the right to vote on account of race or color have occurred anywhere in the territory of such State or political subdivision or (in the case of a State or subdivision which sought a declaratory judgment under the second sentence of this subsection) that denials or abridgements of the right to vote in contravention of the guarantees of subsection (f)(2) have occurred anywhere in the territory of such State or subdivision, or if, after the issuance of such declaratory judgment, a consent decree, settlement, or agreement has been entered into resulting in any abandonment of a voting practice challenged on such grounds.

Page 4, line 22, insert "or" after "in the case of a State".

Mr. EDWARDS of California (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. EDWARDS of California. Mr. Chairman, I believe that this amendment is not controversial. The bill now provides that a bailout is barred if a voting discrimination suit is filed after the bailout action is filed. During the committee debate in the full House Committee on the Judiciary, it was suggested that anybody could prevent a clean State or county from bailing out just by filing a suit or a series of suits after the jurisdiction had filed for bailout.

The majority of the subcommittee believes that the dangers of frivolous suits are exaggerated. There are Federal rules that provide that suits could be dismissed rapidly, with attorneys' fees assessed for the party who filed the suit.

There are no such cases now and we cannot imagine it to be a great danger. However, it is of concern to some of our colleagues and so I have introduced this amendment.

This amendment makes it clear that suits filed during pendency of the bailout action—during the pendency of the litigation on the bailout itself—will not act as a bar to the bailout. However, if the action itself is successful, after the jurisdiction is bailed out, then there is an automatic recapture and the jurisdiction is once again subject to section 5 preclearance.

I do not know of any objection to this amendment, Mr. Chairman.

In all other instances, recapture would remain within the discretion of the court.

I believe my amendment is a workable solution to this problem and I urge you to support it.

Mr. HYDE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not going to object to this amendment. It does make the situation slightly better, but it does not clarify the serious problem involving consent decrees. The problem is that consent decrees are often entered to buy peace. Agreement is reached and rather than dismiss the case, as though the claim were without merit, the parties agree and an order is entered in the nature of a consent decree but the consent decree may not admit liability. It may be on a matter that is not fundamental or important. And it seems to me that the court hearing the bailout ought to have discretion to look at the consent decree to see what led to it, what was the rationale, what was the problem complained of, and the correction made.

I want to see maximum discretion in the court so that a bailout is not frustrated on a technicality.

Now, I will not personally—I do know I cannot speak for other members of the committee—object to the amendment of the gentleman from California, but I will in a moment offer an amendment that I think fully covers the situation.

Mr. RAILSBACK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, last Friday I was not able to be present. I was back in my State of Illinois. But I have been very much interested in this particular bill and I want to begin by simply saying that in my judgment there has been a tremendous amount of work done by the members of the subcommittee.

I give a great deal of credit to the chairman, the gentleman from California (Mr. Edwards), and I believe that the ranking minority member, the gentleman from Illinois (Mr. Hyde) has done yeoman work along with the gentleman from California (Mr. Lungren) and the gentleman from Wisconsin (Mr. Sensenbrenner) and the members of the majority of the subcommittee.

In my opinion, a consensus has been reached that there should be indeed an extension of the Voting Rights Act and that the extension should be coupled with a reasonable bailout to permit States and county subdivisions to seek a declaratory judgment that would release them from coverage under section 5 of the act if they can meet certain conditions.

Now, we can quarrel about what constitutes a reasonable bailout, but we cannot quarrel about the need for an extension of the act itself, nor can we quarrel about the enormous benefits gained by blacks, Hispanics, or any of those who have been discriminated against in the electoral process, for I think when we read the record there have been tremendous strides.

Prior to the passage of the act in 1965, the percentage of black registered voters in the now covered States was 29 percent while registration for whites was 73 percent. Today in many States covered by the act, more than one-half of the eligible black citizens are registered and in some States the figure is even higher.

I might just mention in considering the statistics that have been made available to us, there are now many covered States that are doing a much better job than some of our Northern States. I personally have been influenced in addition to my past support for this kind of legislation to strongly support an extension of the Voting Rights Act by conversations and meetings that I have had with those members of the civil rights community who have in the past been in the forefront of working to combat discrimination in the electoral process.

In addition to the few examples of problems that have been cited, these people have expressed to me their genuine concern about permitting the Voting Rights Act to expire. I am influenced by the fact that the three minority members of the subcommittee, including the ranking minority member, the gentleman from Illinois (Mr. HYDE), who, I believe, at one time had reservations about extending the act without nationalizing it. The fact that he has had the courage to reverse his original stance and now is basically supporting an extension of the Voting Rights Act lends impetus to my support.

The act was originally designed to provide swift administrative relief where there was compelling evidence that racial discrimination plagued the electoral process, thereby denying minorities the right to effectively exercise their franchise.

It seems to me that in some areas similar problems still exist and such relief, I think, is vitally important in order that minorities have an opportunity to vote.

I want to say in closing, Mr. Chairman, that at one point we had a series of meetings trying to work out what could have been a compromise bill relating to the bailout. I believe that the bargaining parties on both sides—I had the responsibility of trying to act as a go-between—the parties on both sides in my opinion bargained in good faith. I worked with the gentleman from South Carolina (Mr. CAMPBELL), who I believe reflects and speaks for a rather large number of southern Republicans, some of whom were helped by blacks in their elections, some of whom for a long time have believed in basic due process and fundamental rights, and I give a great deal of credit to them for making what I think was a good-faith effort to try to resolve the dispute over the bailout provisions.

I would like to call the Members' attention to a letter and accompanying data that I received from the Justice Department which is relevant to this debate:

U.S. DEPARTMENT OF JUSTICE,
CIVIL RIGHTS DIVISION,
Washington, D.C., October 1, 1981.
Hon. TOM RAILSBACK,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN RAILSBACK: This is in reply to your letter of August 12, requesting information on operation of the legislation to amend the bail-out provisions of the Voting Rights Act. Please excuse our delay.

You asked us to compare, with respect to each of the objective criteria for a bail-out judgment, the bill reported by the House Judiciary Committee and draft amendments prepared by Congressman Hyde.[1] Under either the Committee bill or Congressman Hyde's draft, a county in a covered state could bring a separate bail-out suit and, if the county and its included government units met the standards, the county could obtain a bail-out judgment. Under the Committee bill, a state could obtain a bail-out judgment only if it and all its counties met the standards. Under Congressman Hyde's draft, a state that met the standards could obtain a bail-out judgment, even though some of its counties could not do so.

The standards which we will discuss are those relating to use of a test or device, compliance with Section 5, denial of preclearance under Section 5, final judgments finding voting discrimination, and use of federal examiners. In accord with your letter, we will not address the "constructive efforts" provisions or the general provisions concerning violation of constitutional or statutory prohibitions against voting discrimination.

1. Use of a test or device

With regard to this aspect of the bail-out standard, the Committee bill and Congressman Hyde's draft are the same. For a jurisdiction subject to the Act's special provisions on the basis of the 1965 or 1970 coverage formula, this element relates to use of a literacy test or other "test or device" within the meaning of Section 4(c). For a jurisdiction covered on the basis of the 1975 amendments, this element relates mainly to use of English-only elections (see Section 4(f)(3)).

We do not have complete information on the use by covered jurisdictions, since August 6, 1974, of "tests or devices." With regard to the jurisdictions covered on the basis of the 1965 or 1970 formula, we are unaware of any jurisdictions not in compliance with the prohibition against use of literacy tests. Regarding the 1975-covered jurisdictions, a basis for coverage was use of English-only elections in November 1974; the Act's prohibition took effect after August 1975.

2. Compliance with Section 5

Under Congressman Hyde's draft, one prerequisite for a bail-out judgment would be compliance with Section 5 during the ten-year period. The Committee bill contains that standard and adds that it means that no change in voting laws was enforced without preclearance and that any change for which preclearance was denied must have been repealed. The Department does not keep records on legislative repeals following a failure to obtain preclearance (unless the jurisdiction submits new legislation to replace the original law subject to objection). We therefore are unable to determine the impact of this additional requirement.

The matter of noncompliance with Section 5, that is, the failure of covered jurisdictions to obtain preclearance of changes in voting laws, was discussed during the recent hearings of the Subcommittee on Civil and Constitutional Rights. When we learn that a covered jurisdiction may be implementing a new voting law that had not been precleared, our practice is to send the jurisdiction a letter requesting compliance with Section 5. (This practice is discussed in the December 24, 1980, letter from former Assistant Attorney General Days to Congressman Edwards.) In calendar year 1980, for example, we sent 124 letters of this type, and most of them resulted in a Section 5 submission to this Department. Other evidence of the problem of noncompliance with Section 5 is litigation to enjoin enforcement of a change that had not received preclearance. This includes suits to bar implementation of changes objected to by the Attorney General. Since August 1974, there have been some 50 suits seeking to enforce compliance with Section 5.

Our administrative efforts and the lawsuits brought by this Department or by private persons indicate that noncompliance with Section 5 is a recurring problem. There are undoubtedly instances of noncompliance that have never been brought to our attention. For this reason, we cannot meaningfully estimate the number of jurisdictions that might be affected by this element of a bail-out standard.

3. Denial of preclearance

This aspect of the bail-out provision is similar under the Committee bill and Congressman Hyde's draft. One difference appears to be that, under the latter, a state's ability to obtain a bail-out judgment would not be affected by denial of preclearance for a county or municipal law. Under the Committee bill, an objection to a county ordinance, for example, would be a bar to bail out by the state as well as by the county. Also, under the Committee bill, the pendency of a Section 5 submission or a Section 5 preclearance suit would be a bar to issuance of a bail-out judgment.

Since August 6, 1974, this Department has objected to a total of 620 changes submitted under Section 5. This total includes objections to 168 changes in state laws. There was an objection to at least one change submitted by each of the following fully covered states: Alabama, Georgia, Louisiana, Mississippi, South Carolina, Texas, and Virginia. Also included are objections to 452 changes submitted by a "political subdivision" or by a unit below the county level; these changes relate to political subdivisions (or their included units) in eight of the nine fully covered states and to 12 political subdivisions not located in a fully covered state.

Attachment A is a list of objections by state.

Sixteen jurisdictions which received objections brought declaratory judgment actions under Section 5. Two of these actions resulted in a preclearance judgment. In two instances, a jurisdiction brought such an action with respect to a change that had not been submitted to the Attorney General; neither one resulted in judicial preclearance.

Attachment B is a list of these cases.

Please note that the Attorney General subsequently withdrew the objections to 269 of the changes. Regarding 132, the objection was withdrawn after the jurisdiction modified the proposed change or a related law; in the other 137 instances, the objection was withdrawn in the absence of such modification (*e.g.*, withdrawal after the jurisdiction provided additional information to this Department).

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[1] We used Congressman Hyde's draft dated July 30, 1981 (4:00 p.m.).

Attachment A indicates, by footnote, the objections that were withdrawn.

4. Judgments determining discrimination

The bail-out provisions of both the Committee bill and Congressman Hyde's draft refer to a final judgment of a federal court (other than denial of a bail-out judgment) determining that denial or abridgment of the right to vote on account of race or color or (in the case of a 1975-covered jurisdiction) membership in a language minority group occurred anywhere in the territory of the state or political subdivision.[2] Such a judgment could result from a suit initiated either by this Department or by a private person.

Since August 6, 1974, at least ten final judgments determining voting discrimination were issued.[3] These judgments relate to or affect ten political subdivisions within five of the covered states—Alabama, Georgia, Louisiana, Mississippi, and Texas. In eight of these suits, this Department initiated the action or participated as amicus curiae. The remaining two were private suits in which the Department did not participate.[4]

Attachment C is a list of these cases.

5. Federal examiners

Under both the Committee bill and Congressman Hyde's draft, a bail-out judgment would be barred if, during the applicable period, federal examiners had been "assigned" to the jurisdiction. There are two possible interpretations to this provision.

It could refer only to use of examiners for the purpose of listing persons who are qualified to vote.[5] If so, the effect would be limited. Since August 6, 1974, federal examiners have been used for this purpose in only two counties, both in Mississippi.

The other possible interpretation is that the provision also refers to assigning examiners for the purpose of receiving complaints at the time of an election at which federal observers are present. Since August 6, 1974, federal observers—and therefore examiners—have been used in a total of 79 counties in nine states. Attachment E shows the use of observers by state by year. Please note that detailed information on the use of observers during the period January 1, 1975, through December 19, 1980, was sent to Congressman Edwards on December 24, 1980, by former Assistant Attorney General Days.

We hope that this information will be of assistance.

Sincerely,

WM. BRADFORD REYNOLDS,
Assistant Attorney General
Civil Rights Division.

Enclosures.

ATTACHMENT A.—LISTING OF OBJECTIONS PURSUANT TO SECTION 5 OF THE VOTING RIGHTS ACT AUG. 6, 1974 THROUGH SEPT. 18, 1981

[Postobjection action code (applicable only for objections after January 1, 1975): A—Compliance without litigation or new submission; B—Litigation: Sec. 5 enforcement action—United States; C—Litigation: Sec. 5 enforcement action—private; D—Litigation: Sec. 5 declaratory relief action; E—Litigation: private non-Sec. 5 action mooted change (court altered procedures underlying the sec. 5 change); F—New submission—no objection; G—New submission—objection; H—Objection withdrawn; I—Change implemented over the objection—appropriate action being considered; J—Recent objection—compliance being monitored. Where an objection was withdrawn by the Attorney General, a footnote indicates the date, and whether the withdrawal occurred after the jurisdiction made an additional change in its election procedures which removed the basis for maintaining the objection]

Jurisdictions affected	Types of changes objected to	Date of objection	Postobjection action
ALABAMA			
Pike County [1]	Methods of election (majority vote; residency requirement; staggered terms)	Aug. 12, 1974	
Sumter County Democratic Executive Committee	Method of election (antisingle shot)	Oct. 29, 1974	
Talladega (Talladega County)	Method of election (numbered posts)	Mar. 14, 1975	A.
Fairfield (Jefferson County)	Annexation	Apr. 10, 1975	H.
Alabaster (Shelby County)	Six annexations	July 7, 1975	I.
Bessemer (Jefferson County)	Seven annexations	Sept. 12, 1975	A.
Phenix City (Russell County) [1]	Method of election (staggered terms)	Dec. 12, 1975	F.
State[1]	Miscellaneous (party nomination date; contested election procedures)	Jan. 16, 1976	F.
Pickens County	Redistricting (Democratic Party Executive Committee)	Feb. 18, 1976	E.
Bibb and Hale Conuties[1]	Consolidation of political units (two counties combined into one judicial district)	Feb. 20, 1976	A.
Mobile (Mobile County) [1]	Form of government (mayor-council); miscellaneous (specified duties for commissioners)	Mar. 2, 1976	A.
Pickens County Board of Education[1]	Methods of election (at-large; numbered posts)	Mar. 5, 1976	E.
Chambers County [1]	Method of election (at-large nomination of county commissioners)	Mar. 8, 1976	F.
Chambers County Board of Education[1]	Methods of election (at-large; numbered posts; majority vote)	Mar. 10, 1976	F.
Hale County[1]	Method of election (at-large)	Apr. 23, 1976	B, D.
Sheffield (Colbert County)	Methods of election (at-large; residency requirement; numbered posts)	July 6, 1976	B.
Hale County[1]	Method of election (at-large)	Dec. 29, 1976	B, D.
Alabaster (Shelby County)	Two annexations	Dec. 27, 1977	I.
Barbour County[1]	Methods of election (at-large; residency requirements)	July 28, 1978	B.
Hayneville (Lowndes County)	Incorporation	Dec. 29, 1978	F.
Clarke County[1]	Method of election (at-large)	Feb. 26, 1979	B.
Pleasant Grove (Jefferson County) [1]	Annexation	Feb. 1, 1980	D.
Selma (Dallas County)	Redistricting	Apr. 28, 1980	C.
Sumter County[1]	Voting methods (voting machines); polling place changes; method of election	Oct. 17, 1980	J.
Barbour County	Redistricting	July 21, 1981	J.
Conecuh County[1]	Method of election (multimember districts)	Sept. 14, 1981	J.
ARIZONA			
Cochise County College Board	Redistricting	Feb. 3, 1975	I.
Apache County High School District No. 90	Special election; bilingual procedures (oral publicity)	Oct. 4, 1976	D.
Apache County High School District No. 90	Special election; polling place; bilingual procedures (oral publicity)	Mar. 20, 1980 [3]	H.
CALIFORNIA			
Yuba County	Bilingual procedures (English-only ballots; candidate qualification statement)	May 26, 1976 [4]	H.
Monterey County	Bilingual procedures (oral assistance; English-only ballots, English-only petitions and information materials)	Mar. 4, 1977	F.
GEORGIA			
Jones County	Polling place	Aug. 12, 1974	
Thomson (McDuffie County)	Methods of election (numbered posts; staggered terms; majority vote)	Sept. 3, 1974	
Wadley (Jefferson County) [1]	Methods of election (numbered posts; majority vote)	Oct. 30, 1974	
Stockbridge (Henry County)	Voter registration procedure	May 9, 1975	A.
Newnan (Coweta County) [1]	Method of election (staggered terms)	June 10, 1975	A.
Macon (Bibb County)	Redistricting	June 13, 1975	F.
Madison (Morgan County) [1]	Methods of election (majority vote; numbered posts)	July 29, 1975	E.
Rome (Floyd County)	60 annexations	Aug. 1, 1975 [5]	H, D.
Harris County Board of Education [1]	Methods of election (at-large; residency requirements)	Aug. 18, 1975	A.
Covington (Newton County) [1]	Methods of election (majority vote; numbered posts; staggered terms)	Aug. 26, 1975	C, F.
Ocilla (Irwin County)	Candidate qualifications (filing fees for alderman and mayor)	Oct. 7, 1975	A.
Rome (Floyd County) Board of Commissioners and Board of Education	Methods of election (majority vote, numbered posts, staggered terms for county commission and board of education; residency requirement for board of education).	Oct. 20, 1975	D.
Crawfordville [1] (Taliaferro County)	Form of government (new charter); methods of election (majority vote; numbered posts)	Oct. 20, 1975	A.
Athens (Clarke County) [1]	Method of election (majority vote)	Oct. 23, 1975	I.
Newton County Board of Education [1]	Methods of election (at-large; multi-member districts; staggered terms; majority vote; residency requirement)	Nov. 3, 1975	F.
Glynn County [1]	Methods of election (majority vote; staggered terms)	Nov. 17, 1975	D, A.
Newton County [1]	Methods of election (at-large; multi-member districts; staggered terms; residency requirements)	Jan. 29, 1976	F.
Sharon (Taliaferro County) [1]	Method of election (residency posts)	Feb. 10, 1976	A.
Wilkes County Board of Education and Commissioners	Methods of election (at-large; residency requirements; staggered terms; numbered posts)	June 4, 1976	D.
Social Circle (Walton County) [1]	Methods of election (staggered terms; increased term)	June 18, 1976	A.
Long County Board of Education [1]	Method of election (residency requirement)	July 16, 1976	F.

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[2] The Committee bill refers, in addition, to any settlement resulting in abandonment of a voting practice challenged as discriminatory and to the pendency of any suit alleging voting discrimination.

[3] Since August 1974, six voting discrimination suits in which this Department participated resulted in settlements. See Attachment D.

[4] We have only limited information on such private suits; the total is probably higher.

[5] Under Section 6 of the Act, the basic function of federal examiners is to determine the qualifications of persons who seek to register to vote. Examiners are also used to receive complaints regarding any election to which federal observers are assigned. See Sections 8 and 12(e) of the Act.

ATTACHMENT A.—LISTING OF OBJECTIONS PURSUANT TO SECTION 5 OF THE VOTING RIGHTS ACT AUG. 6, 1974 THROUGH SEPT. 18, 1981—Continued

[Postobjection action code (applicable only for objections after January 1, 1975): A—Compliance without litigation or new submission; B—Litigation: Sec. 5 enforcement action—United States; C—Litigation: Sec. 5 enforcement action—private; D—Litigation: Sec. 5 declaratory relief action; E—Litigation: private non-Sec. 5 action mooted change (court altered procedures underlying the sec. 5 change); F—New submission—no objection; G—New submission—objection; H—Objection withdrawn; I—Change implemented over the objection—appropriate action being considered; J—Recent objection—compliance being monitored. Where an objection was withdrawn by the Attorney General, a footnote indicates the date, and whether the withdrawal occurred after the jurisdiction made an additional change in its election procedures which removed the basis for maintaining the objection]

Jurisdictions affected	Types of changes objected to	Date of objection	Postobjection action
Monroe (Walton County)	Two annexations	Oct. 13, 1976 [6]	H.
Rockmart (Polk County)	Methods of election (at-large; residency requirements)	Nov. 26, 1976	A.
Palmetto (Fulton County)	Method of election (numbered posts)	Apr. 27, 1977	A.
Bainbridge (Decatur County)	Form of government; methods of election (majority vote; numbered posts)	June 3, 1977	C.
Charlton County [1]	Methods of election (numbered posts; staggered terms)	June 21, 1977	I.
Charlton County Board of Education [1]	Methods of election (at-large; residency requirement; numbered posts; staggered terms; majority vote)	June 21, 1977 [7]	D.
Moultrie (Colquitt County) [1]	Method of election (majority vote)	June 26, 1977	C.
Rockdale County [1]	Methods of election (at-large; numbered posts; staggered terms; majority vote)	July 1, 1977 [8]	H.
City of Palmetto (Fulton County) [1]	Method of election (majority vote)	July 7, 1977	A.
College Park (Fulton County)	Redistricting; seventeen annexations	Dec. 9, 1977 [9]	H, F.
Terrell County Board of Education [1]	Methods of election (at-large; staggered terms; residency districts)	Dec. 16, 1977	C.
Quitman (Brooks County) [1]	Method of election (majority vote)	June 16, 1978	A.
Savannah (Chatham County)	Annexation; methods of election (at-large; numbered posts)	June 27, 1978 [10]	H.
Kingsland (Camden County)	Polling place	Aug. 4, 1978	A.
Mitchell County Board of Education [1]	Methods of election (at-large; numbered posts; majority vote)	Sept. 15, 1978 [11]	H.
Lakeland (Lanier County) [1]	Method of election (numbered posts)	Oct. 17, 1978 [12]	H.
Pike County Board of Education [1]	Methods of election (at-large; residency requirement)	Mar. 15, 1979	C.
Henry County [1]	Methods of election (at-large; residency requirement; staggered terms)	July 23, 1979	G.
Henry County Board of Education [1]	Methods of election (at-large; residency requirement; staggered terms)	...do	C.
Statesboro (Bulloch County) [1]	Annexation	Dec. 10, 1979	A.
Alapaha (Berrien County) [1]	Methods of election (numbered posts; majority vote); voter registration procedure (dual registration); candidate qualification (filing fees).	Mar. 24, 1980	A.
Henry County [1]	Redistricting; method of election (at-large)	May 27, 1980	C.
Dooly County [1]	Methods of election (at-large; residency requirement; staggered terms)	July 31, 1980	C.
Statesboro (Bulloch County)	Annexation	Aug. 15, 1980	A.
DeKalb County	Voter registration procedure (disallowance of neighborhood voter registration drives)	Sept. 11, 1980	C.
Statesboro (Bulloch County) [1]	Method of election (increased terms)	Feb. 2, 1981 [13]	H.
Augusta (Richmond City) [1]	Method of election (majority vote)	Mar. 2, 1981	J.
Griffin-Spalding County Board of Education (Spalding City) [1]	Methods of election (abolition of multimember districts and residency districts; numbered posts)	July 6, 1981	J.
State [1]	Voter registration procedures; miscellaneous (voter assistance)	Sept. 18, 1981	J.
LOUISIANA			
Orleans Parish [1]	Redistricting; methods of election (majority vote; numbered post)	Aug. 15, 1975	F.
State [1]	Method of election (full slate requirement)	Dec. 15, 1975	A.
Rapides Parish	Redistrictings (police jury; school board)	Dec. 24, 1975	E.
Shreveport (Caddo Parish)	Fifty-one annexations	Mar. 31, 1976 [14]	H, F.
Many (Sabine Parish)	Redistricting	Apr. 4, 1976	F.
Ouachita Parish School Board (Ouachita Parish) [1]	Miscellaneous (disenfranchising residents of the city of Monroe from Ouachita Parish school board elections)	Mar. 7, 1977	A.
New Orleans (Orleans Parish)	Polling place	May 12, 1978	A.
Pointe Coupee Parish	Polling place	Aug. 11, 1978	G.
Pointe Coupee Parish	Polling place	Oct. 20, 1978 [15]	H.
Baton Rouge (East Baton Rouge Parish)	Form of government (creation of Division "C" judgeship)	Feb. 7, 1980 [16]	H.
Baton Rouge (East Baton Rouge Parish) [1]	Form of government (creation of Division "D" judgeship)	Feb. 7, 1980 [16]	H.
MISSISSIPPI			
Attala County	Redistricting	Sept. 3, 1974	
Grenada (Grenada County) [1]	Annexation	Feb. 5, 1975 [17]	G, F, H.
Bolivar County Board of Education	Method of election (at-large)	Apr. 8, 1975	B.
Grenada (Grenada County)	Six annexations	May 2, 1975 [17]	F, H.
State [1]	Candidate qualification requirements	Jun. 4, 1975	A.
State [1]	Redistrictings (House; Senate)	June 10, 1975	B, C, G.
Warren County	Polling place	Jun. 16, 1975	A.
Lowndes County Board of Education	Method of election (at-large)	Jun. 23, 1975	A.
Clay County	Two polling places	Jul. 25, 1975	F.
Kemper, Warren, Marshall, Benton and Leake Counties [1]	Method of election (at-large school boards in five counties)	Dec. 1, 1975	A.
Grenada County	Redistricting	Mar. 30, 1976	B, C.
State [1]	Method of election (open primary)	Aug. 23, 1976	G.
Kosciusko (Attala County)	Methods of election (at-large; numbered posts; majority vote)	Sept. 20, 1976	A.
Vicksburg (Warren County)	Annexation	Oct. 1, 1976 [18]	F, H.
Jackson (Hinds County)	Annexation	Dec. 3, 1976 [19]	H.
Tunica County	Method of election (elective to appointive superintendent of education)	Jan. 24, 1977	A.
Lexington (Holmes County)	Method of election (at-large)	Feb. 25, 1977	A.
Lee County	Reregistration	Apr. 4, 1977 [20]	H.
Canton (Madison County)	Redistricting	Apr. 13, 1977	E, F.
Coahoma, DeSoto, Holmes, Humphreys, Leflore, Quitman, Sunflower, Tallahatchie, Tunica, and Yazoo Counties [1].	Methods of election (school boards in 10 counties by at-large; residency districts)	July 8, 1977	A.
Sidon (Leflore County)	Annexation	Oct. 28, 1977	A.
State [1]	Redistricting (House; Senate)	July 31, 1978 [21]	D.
Walthall County	Redistricting	November 27, 1978	A.
State [1]	Methods of election (open primary; majority vote)	June 11, 1979	D.
State [1]	Miscellaneous (three changes restricting assistance to illiterates)	July 6, 1979	A.
Tunica County	Voting methods (paper ballots to voting machines)	Oct. 16, 1979	F.
Louisville Municipal Separate School District (Winston County)	Method of election (majority vote)	Mar. 28, 1980	A.
Orange Grove (Harrison County)	Incorporation	June 2, 1980	A.
Batesville (Panola County)	Redistricting	Sept. 29, 1980	J.
Mendenhall (Simpson County)	Annexation	Jan. 12, 1981	J.
State [1]	Voter purge; Miscellaneous (campaigning restriction near a pollig place)	Apr. 6, 1981	J.
Indianola (Sunflower County)	1965 annexation	June 1, 1981	C.
Holly Springs (Marshall County)	Redistricting	June 9, 1981	J.
NEW YORK			
New York (New York County)	3 polling places	Sept. 3, 1974 [22]	
New York County Democratic Party	Consolidation of political units (leadership areas in 62d State assembly district)	Sept. 3, 1975	A.
New York (New York, Bronx, and Kings Counties)	Miscellaneous (bifurcation of councilmanic districts)	Sept. 18, 1981	J.
NORTH CAROLINA			
Lumberton City School District (Robeson County) [1]	3 annexations	June 2, 1975	C.
Craven City Board of Education	Redistricting; method of election	Sept. 23, 1975 [23]	H.
Robeston County Board of Education [1]	Methods of election (at-large; staggered terms); miscellaneous	Dec. 29, 1975	F.
Williamson (Martin County)	Method of election (staggered terms)	Feb. 4, 1977	A.
Rocky Mount (Edgecombe County)	36 annexations	Dec. 9, 1977 [24]	H.
Pasquotank County	Polling place	Jan. 3, 1978	A.
Laurinburg (Scotland County)	Methods of election (majority vote; separation of electoral contests)	Dec. 12, 1978	A.
Reidsville (Rockingham County)	Method of election (staggered terms)	Aug. 3, 1979	A.
Greenville (Pitt County)	Method of election (majority vote)	Apr. 7, 1980	A.
New Bern (Craven County)	2 annexations	Sept. 29, 1980	J.
SOUTH CAROLINA			
Calhoun County Board of Education [1]	Methods of election (at-large; staggered terms)	Aug. 7, 1974.	
Bishopville (Lee County) [1]	Method of election (staggered terms)	Sept. 3, 1974.	
Bamberg County [1]	Methods of election (at-large; residency requirements; staggered terms)	Sept. 3, 1974; Sept. 20, 1974.	

ATTACHMENT A.—LISTING OF OBJECTIONS PURSUANT TO SECTION 5 OF THE VOTING RIGHTS ACT AUG. 6, 1974 THROUGH SEPT. 18, 1981—Continued

[Postobjection action code (applicable only for objections after January 1, 1975): A—Compliance without litigation or new submission; B—Litigation: Sec. 5 enforcement action—United States; C—Litigation: Sec. 5 enforcement action—private; D—Litigation: Sec. 5 declaratory relief action; E—Litigation: private non-Sec. 5 action mooted change (court altered procedures underlying the sec. 5 change); F—New submission—no objection; G—New submission—objection; H—Objection withdrawn; I—Change implemented over the objection—appropriate action being considered; J—Recent objection—compliance being monitored. Where an objection was withdrawn by the Attorney General, a footnote indicates the date, and whether the withdrawal occurred after the jurisdiction made an additional change in its election procedures which removed the basis for maintaining the objection]

Jurisdictions affected	Types of changes objected to	Date of objection	Postobjection action
Charleston (Charleston County)	7 annexations	Sept. 20, 1974 [25]	
Charleston County [1]	Methods of election (at-large; multimember districts; numbered posts; majority vote; residency requirement)	Sept. 24, 1974.	
Lancaster County [1]	Methods of election (numbered posts; majority vote; residency requirements; staggered terms)	Oct. 1, 1974	
York County	Method of election (at-large)	Nov. 12, 1974.	
Charleston (Charleston County)	Three redistricting plans	Feb. 18, 1975	F.
Clarendon County [1]	Method of election (elected to appointed county supervisor)	Sept. 8, 1975	A.
Bamberg County [1]	Redistricting	July 30, 1976 [26]	H.
Seneca (Oconee County)	Method of election (majority vote)	Sept. 13, 1976	A.
Sumter County School District No. 2 [1]	Methods of election (at-large; residency requirement; appointment of one trustee)	Oct. 1, 1976	A.
Horry County [1]	Method of election (at-large)	Nov. 12, 1976	C, D, F, B.
Cameron (Calhoun County)	Method of election (majority vote)	Nov. 15, 1976	F.
Bishopville (Lee County)	Methods of election (majority vote; staggered terms)	Nov. 26, 1976	F.
Sumter County [1]	Method of election (at-large)	Dec. 3, 1976	B, C.
Calhoun Falls (Abbeville County)	Method of election (majority vote)	Dec. 13, 1976	A.
Pageland (Chesterfield County)	Method of election (majority vote)	Mar. 22, 1977	A.
Hollywood (Charleston County)	Method of election (majority vote)	June 3, 1977	A.
Charleston County	Form of government	June 14, 1977	B, C.
Bamberg County School Board	Method of election (at-large)	Aug. 31, 1977	A.
Chester County [1]	Methods of election (at-large; residency districts for county council and county school board)	Oct. 28, 1977	B.
Allendale County [1]	Method of election (at-large seats for board of education)	Nov. 25, 1977	F.
Colleton County	Form of government; method of election (at-large)	Feb. 6, 1978	B, G.
Mullins (Marion County)	Method of election (majority vote)	June 30, 1978	A.
Marion (Marion County)	Method of election (majority vote)	July 5, 1978	I.
Nichols (Marion County)	Method of election (majority vote)	Sept. 19, 1978	A.
Lancaster (Lancaster County)	Method of election (majority vote)	Sept. 19, 1978	A.
St. George (Dorchester County)	Method of election (staggered terms)	Oct. 2, 1978	I.
Rock Hill (York County)	Method of election (majority vote)	Dec. 12, 1978	A.
Edgefield County	Form of government	Feb. 8, 1979	C.
Colleton County [1]	Miscellaneous (transfer of power to unprecleared authority)	Sept. 4, 1979	I.
Chester County [1]	Miscellaneous (postponement of elections by single-member districts)	Sept. 26, 1979	B.
Colleton County	Method of election (at-large)	Dec. 19, 1979	B.
SOUTH DAKOTA			
Todd County	Redistricting	Oct. 26, 1978	B.
Todd and Shannon Counties [1]	Division of political units	Oct. 22, 1979	B, D.
TEXAS			
State [1]	Voter purge	Dec. 10, 1975	F.
State [1]	Redistricting (State house—Jefferson and Tarrant Counties)	Jan. 23, 1976	E.
State [1]	Redistricting (State house—Nueces County)	Jan. 26, 1976	E.
State [1]	Method of election (convention requirement)	Jan. 26, 1976	A.
Tyler (Smith County)	Redistricting	Feb. 25, 1976	E.
Harris County	Miscellaneous (composition of precinct polling staff)	Mar. 5, 1976 [27]	H.
Forney ISD [28] (Kaufman County)	Methods of election (numbered posts; majority vote)	Mar. 9, 1976	A.
Texas City (Galveston County)	Method of election (numbered posts)	Mar. 10, 1976	A.
Monahans (Ward County)	Method of election (numbered posts)	Mar. 11, 1976 [29]	H.
Dumas ISD (Moore County)	Methods of election (numbered posts; majority vote)	Mar. 12, 1976	A.
Orange Grove ISD (Jim Wells County)	Method of election (numbered posts)	Mar. 19, 1976	A.
Pecos (Reeves County)	Method of election (numbered posts)	Mar. 23, 1976	A.
Chapel Hill ISD (Smith County)	Method of election (majority vote)	Mar. 24, 1976	B.
Luling (Caldwell County)	Method of election (numbered posts)	Mar. 29, 1976	F.
Lockney ISD (Floyd County)	Methods of election (numbered posts; majority vote)	Mar. 30, 1976	A.
San Antonio (Bexar County)	13 Annexations	Apr. 2, 1976 [3]	F, H.
Victoria County	Consolidation of 2 school districts	Apr. 2, 1976 [3]	H.
Frio County	Redistricting	Apr. 16, 1976	C, F.
Liberty ISD (Liberty County)	Methods of election (numbered posts; majority vote)	Apr. 19, 1976	G.
Pettus ISD (Bee County)	Method of election (numbered posts)	May 5, 1976	A.
Lockhart (Caldwell County)	Method of election (majority vote)	May 11, 1976	A.
Rusk (Cherokee County)	Method of election (numbered posts)	May 17, 1976	F.
Trinity ISD (Trinity County)	Method of election (numbered posts)	May 21, 1976	B.
Hereford ISD (Castro, Deaf Smith and Parmer Counties)	Methods of election (numbered posts; majority vote)	May 24, 1976	D, G.
Crocket County	Redistricting	July 7, 1976	B, C.
Waller County	Redistrictings (commissioner, justice, and election precincts)	July 27, 1976	E.
Marshall ISD (Harrison County)	Method of election (majority vote)	July 29, 1976	A.
Hawkins ISD (Wood County)	Methods of election (numbered posts; majority vote)	Aug. 2, 1976	B.
Midland ISD (Midland County)	Methods of election (numbered posts; majority vote)	Aug. 6, 1976 [32]	B, H.
Uvalde County	Redistricting	Oct. 13, 1976	B, C.
Woodville (Tyler County)	Method of election (numbered posts)	Nov. 12, 1976	I.
Westheimer ISD (Harris County)	Special election (creation of a new school district)	Jan. 13, 1977	C, B.
South Park ISD (Jefferson County)	Method of election (numbered posts)	Feb. 25, 1977	A.
Somerset ISD [1] (Atascosa and Bexar Counties)	Method of election (numbered posts)	Mar. 17, 1977	B.
Ralls ISD (Crosby County)	Method of election (majority vote)	Mar. 22 1977	A.
Lufkin ISD (Angelina County)	Methods of election (numbered posts; majority vote)	Mar. 24, 1977	A.
Raymondville ISD (Willacy County)	Polling place	Mar. 25, 1977	A.
Comal ISD (Comal County)	Method of election (numbered posts)	Apr. 4, 1977	G.
Prairie Lea ISD (Caldwell County)	Methods of election (numbered posts; majority vote)	Apr. 11, 1977 [33]	H.
Fort Bend County	Polling places	May 2, 1977	F.
Clute (Brazoria County)	Method of election (majority vote)	June 17, 1977	A.
Caldwell County	Redistricting	Aug. 1, 1978	I.
Lamar CISD [34] (Fort Bend County)	Bilingual procedure (oral assistance)	Oct. 3, 1977 [35]	H.
Fort Worth ISD (Tarrant County) [1]	Miscellaneous (delayed implementation of single-member districts)	Jan. 16, 1978 [36]	H.
Harris County	Polling place	Mar. 1, 1978	A.
Waller CISD (Waller County)	Miscellaneous (election date)	Mar. 10, 1978	F.
Nueces County	Redistricting	Mar. 24, 1978	F.
Southwest Texas Junior College District (Uvalde and Zavala Counties)	Polling place	Mar. 24, 1978	A.
Port Arthur (Jerrerson County)	Consolidation of political units; redistricting (residency districts)	Mar. 24, 1978	D, B.
Neches ISD (Anderson County)	Methods of election (numbered posts; majority vote)	Apr. 7, 1978	A.
Medina County	Redistricting	Apr. 14, 1978	G D, F.
Edwards County	Redistricting	Apr. 26, 1978	C.
Aransas County	Redistricting	Apr. 28, 1978	A.
Corsicana ISD (Navarro County)	Methods of election (numbered posts; majority vote)	Apr. 28, 1978	F.
Harris County School District	Miscellaneous (election datc)	May 1, 1978	H.
Brazos County	Redistricting	June 30, 1978 [37]	H.
Jim Wells County	Redistricting	July 3, 1978	C, G.
Ector County ISD (Ector County)	Methods of election (numbered posts; majority vote)	July 7, 1978	F.
Harrison County	Redistricting	Aug. 8, 1978	E.
Terrell County	Redistricting	Dec. 27, 1978	C, F.
Hereford ISD (Castro, Deaf Smith, and Parmer Counties)	Method of election (numbered posts)	Jan. 18, 1979	A.
Beeville (Bee County)	Method of election (single-member district plan)	Feb. 1, 1979	A.
Alto ISD (Cherokee County)	Methods of election (numbered posts; majority vote)	May 11, 1979	A.
Houston (Harris County)	Fourteen annexations	June 11, 1979 [38]	B, C, F, H.

ATTACHMENT A.—LISTING OF OBJECTIONS PURSUANT TO SECTION 5 OF THE VOTING RIGHTS ACT AUG. 6, 1974 THROUGH SEPT. 18, 1981—Continued

[Postobjection action code (applicable only for objections after January 1, 1975): A—Compliance without litigation or new submission; B—Litigation: Sec. 5 enforcement action—United States; C—Litigation: Sec. 5 enforcement action—private; D—Litigation: Sec. 5 declaratory relief action; E—Litigation: private non-Sec. 5 action mooted change (court altered procedures underlying the sec. 5 change); F—New submission—no objection; G—New submission—objection; H—Objection withdrawn; I—Change implemented over the objection—appropriate action being considered; J—Recent objection—compliance being monitored. Where an objection was withdrawn by the Attorney General, a footnote indicates the date, and whether the withdrawal occurred after the jurisdiction made an additional change in its election procedures which removed the basis for maintaining the objection]

Jurisdictions affected	Types of changes objected to	Date of objection	Postobjection action
San Antonio (Bexar County)	Polling place	Aug. 17, 1979[39]	H.
Comal ISD (Comal County)	Method of election (numbered posts)	Sept. 12, 1979	A.
Lockhart (Caldwell County)	Methods of election (numbered posts; staggered terms)	Sept. 14, 1979	D.
Taylor (Williamson County)	Polling place	Dec. 3, 1979	A.
Atascosa County	Redistricting (commissioners, justice, and constable districts)	Dec. 7, 1979	C.
Medina County	Redistricting	Dec. 11, 1979	C, D, F.
Port Arthur (Jefferson County)	Special election (referendum)	Dec. 21, 1979	G.
La Porte (Harris County)	Form of government; redistricting	Dec. 27, 1979	F.
Port Arthur (Jefferson County)	Special election (referendum)	Jan. 15, 1980	A.
Harris County School District	Miscellaneous (election date)	Jan., 17, 1980	B.
Comal County	Redistricting; voting precincts	Feb. 1, 1980[40]	H.
Jim Wells County	Redistricting	Feb. 1, 1980	G.
Cochran County	Redistricting; voting precincts; polling places	Feb. 25, 1980	C, F.
Port Arthur (Jefferson County)	Annexation	Mar. 5, 1980	D, B.
Nacogdoches ISD (Nacogdoches County)	Redistricting	Apr. 3, 1980	F.
Corpus Christi ISD (Nueces County)	Redistricting	Apr. 16, 1980	F.
Port Arthur (Jefferson County)	Special election (referendum)	July 23, 1980	B, D.
Cleveland ISD (Liberty County)	Method of election (numbered posts)	Aug. 8, 1980	A.
Jim Wells County	Redistricting	Aug. 12, 1980	A.
Victoria (Victoria County)	Four annexations	Sept. 3, 1980[41]	F, H.
Wilson County	Polling place	Nov. 4, 1980	A.
West Orange-Cove CISD (Orange County)	Methods of election (numbered posts; majority vote)	Feb. 9, 1981	J.
Liberty ISD (Liberty County)	Method of election (numbered posts)	Mar. 16, 1981	J.
Burleson County Hospital District (Burleson County)	Polling place	June 5, 1981	J.
VIRGINIA			
Suffolk	Polling place	Sept. 23, 1974[42]	
Lynchburg	Annexation	July 14, 1975[43]	F, H.
Gretna (Pittsylvania County)[1]	Method of election (staggered terms)	Sept. 27, 1979	A.
Hopewell	Form of government (decrease in number of council members)	Oct. 27, 1980	J.
State[1]	Redistricting (State senate)	July 17, 1981	J.
State[1]	Redistricting (State house of delegates)	July 31, 1981	J.

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[1] State enactment. [2] Withdrawn Oct. 8, 1976. [3] Withdrawn May 7, 1980. [4] Withdrawn May 19, 1978 upon receipt of revisions of procedures. [5] Partial withdrawal (47) Oct. 20, 1975; final withdrawal (13) Aug. 5, 1980 upon change in electoral system. [6] Withdrawn Nov. 25, 1977. [7] Declaratory judgment received Nov. 1, 1978. [8] Withdrawn Sept. 9, 1977. [9] Withdrawn to annexations only May 22, 1978. [10] Withdrawn Oct. 2, 1978. [11] Withdrawn May 2, 1979. [12] Withdrawn Feb. 9, 1979. [13] Withdrawn May 13, 1981. [14] Withdrawn May 12, 1978 upon annexation of minority area and change in electoral system. [15] Withdrawn Apr. 17, 1979. [16] Withdrawn Oct. 10, 1980. [17] Withdrawn June 25, 1976 upon annexation of minority area. [18] Withdrawn Apr. 28, 1977 upon submission of single-member district plan. [19] Withdrawn July 27, 1981. [20] Withdrawn Aug. 19, 1977 upon submission of modifications to procedures. [21] Declaratory judgment received June 1, 1979. [22] Withdrawn Nov. 14, 1977 upon addition of other polling places. [23] Withdrawn Mar. 15, 1976. [24] Withdrawn June 9, 1978. [25] Withdrawn May 13, 1975 upon adoption of single-member districts. [26] Withdrawn Nov. 1, 1976. [27] Withdrawn Mar. 11, 1976. [28] Independent School District. [29] Withdrawn June 1, 1976. [30] Withdrawn Jan. 24, 1977 upon change in electoral system. [31] Withdrawn Aug. 16, 1976. [32] Withdrawn Nov. 13, 1978. [33] Withdrawn Mar. 3, 1978. [34] Consolidated Independent School District. [35] Withdrawn Nov. 15, 1977 after modifications to program procedures. [36] Withdrawn Feb. 17, 1978 upon satisfactory implementation. [37] Withdrawn Nov. 15, 1978. [38] Withdrawn Sept. 21, 1979 upon change in electoral system. [39] Withdrawn Mar. 24, 1980. [40] Withdrawn Sept. 22, 1980. [41] Withdrawn Mar. 13, 1981 upon change in electoral system. [42] Withdrawn Oct. 24, 1974. [43] Withdrawn Apr. 12, 1976 upon change in electoral system.

ATTACHMENT B.—SECTION 5 DECLARATORY JUDGMENT ACTIONS (DISTRICT COURT FOR THE DISTRICT OF COLUMBIA)

[Aug. 6, 1974 to Sept. 24, 1981]

Case title	Date filed	Political jurisdiction	Date of decision	Decision
Glynn County, Ga. v. U.S	Jan 12, 1976	Glynn County, Ga	Jan. 12, 1976	Dismissed (new plan precleared).
Wilkes County School District v. U.S	June 14, 1976	Wilkes County, Ga	Apr. 20, 1978	Declaratory judgment denied.
Wilkes County, Ga. v. U.S.	do	do	do	Do.
Whitfield v. U.S.	Sept. 1, 1976	Grenada County, Miss	Mar. 28, 1978	Dismissed (new plan precleared).
City of Rome, Ga. v. Bell	May 9, 1977	Rome (Floyd County), Ga	Apr. 4, 1974	Declaratory judgment denied.
Hale County v. U.S	Feb. 16, 1977	Hale County, Ala.	Sept. 4, 1980	Do.
Horry County, S.C. v. U.S.	Sept. 27, 1977	Horry County, S.C	Dec. 11, 1978	Dismissed (new plan precleared).
Apache County H.S.D. No. 90 v. U.S.	Oct. 20, 1977	Apache County, Ariz	June 12, 1980	Declaratory judgment denied.
Donnell v. U.S[1]	Mar. 7, 1978	Warren County, Miss	July 31, 1979	Do.
Charlton County Bd. of Ed. v. Brooks & U.S.	Mar. 29, 1978	Charlton County, Ga	Nov. 1, 1978	Do.
State of Mississippi v. Bell (reapportionment)	Aug. 1, 1978	State of Mississippi	June 1, 1979	Do.
City of Dallas, Tex. v. U.S[1]	Sept. 5, 1978	Dallas (Dallas County), Tex.	Dec. 7, 1979	Dismissed (new plan precleared).
State of Mississippi v. U.S. (open primary)	Dec. 27, 1979	State of Mississippi	Pending	
Commissioners Court, Medina County, Tex. v. U.S.	Jan. 25, 1980	Medina County, Tex.	Dec. 18, 1980	Dismissed (new plan precleared).
City of Lockhart v. U.S.	Feb. 6, 1980	Lockhart (Caldwell County), Tex	July 30, 1981	Declaratory judgment denied.
City of Port Arthur v. U.S	Mar. 12, 1980	Port Arthur (Jefferson County), Tex.	June 12, 1981	Declaratory judgment denied.
State of South Dakota v. U.S.	Aug. 6, 1980	State of South Dakota	July 31, 1981	Dismissed (pending negotiations).
City of Pleasant Grove, Ala. v. U.S	Oct. 9, 1980	Pleasant Grove (Jefferson County) Ala	Pending	

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[1] No prior administrative review by the Attorney General.

ATTACHMENT C.—FINAL JUDGMENTS SINCE AUG. 6, 1974, IN WHICH A FEDERAL COURT MADE A FINDING OF DISCRIMINATION IN VOTING

Case	Jurisdiction	Role of United States	Date of judgment
Calderon v. McGee C.A. No. W-74-CA-21 (W. D. Tex. 1976)	Waco ISD (McClennon County), Tex.	Amicus	Mar. 29, 1976.
Parnell v. Rapides Parish School Board, 425 F. Supp. 399 (W. D. La. 1976) affirmed in pertinent part, 563 F. 2d 180 (5th Cir. 1977), cert. denied, 438 U.S. 915 (1977).	Rapides Parish School Board, La.	Amicus	Sept. 30, 1976.
Stewart v. Waller, C.A. No. EC-73-42S (N.D. Miss. 1976)	City of West Point (Clay County), Miss.	Intervenor	Dec. 29, 1976.
Kirksey v. Board of Supervisors of Hinds County, Mississippi, 554 F. 2d 139 (5th Cir. 1977) (en banc), cert. denied, 434 U.S. 968 (1977).	Hinds County, Miss.	Amicus (on appeal)	May 31, 1977.
Paige v. Gray, 437 Supp. 137 (M.D. Ga. 1977)	City of Albany (Dougherty Co.), Ga.	Plaintiff	Aug. 24, 1977.
Broussard v. Perez, C.A. No. 76-158(B) (E.D. La. 1978)	Plaquemines Parish, La.	Amicus	July 19, 1978.
Ausberry v. City of Monroe, 456 F. Supp. 460 (W.D. La. 1978)	City of Monroe (Ouachita Parish), La.	([1])	Sept. 7, 1978.
Lodge v. Buxton, C.A. No. 176-55 (S.D. Ga. 1978)	Burke County, Ga.	Amicus	Oct. 26, 1978.
Hendrix v. McKinney, 460 F. Supp. 626 (M.D. Ala. 1978)	Montgomery County, Ala.		Nov. 15, 1978.
United States v. Clarke County Commission, C.A. No. 80-0547-H (S.D. Ala. 1981)	Clarke County, Ala.	Plaintiff	Apr. 17, 1981.

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[1] A dash indicates that the United States did not participate. Our knowledge of private suits is limited. Consequently, this list may not include all federal suits in which a finding of discrimination was made, and where the United States did not participate.

ATTACHMENT D.—SETTLEMENTS SINCE AUG. 6, 1974, OF VOTING DISCRIMINATION SUITS IN WHICH THE DEPARTMENT PARTICIPATED

Case	Jurisdiction	Date of settlement
United States v. City of Kosciusko, C.A. No. EC–77–72–K (N.D. Miss.)	Kosciusko (Attala County), Miss	May 9, 1977.
United States v. City Commission of Texas City, C.A. No. G–77–78 (S.D. Tex.)	Texas City (Galveston County), Tex	Feb. 17, 1978.
United States v. Temple Independent School District, C.A. No. W–78–CA–10 (W.D. Tex.)	Temple ISD (Bell County), Tex	Feb. 22, 1978.
United States v. Thurston County, C.A. No. 78–0–380 (D. Neb.)	Thurston County, Neb	May 9, 1979.
United States v. County of San Juan, C.A. No. 79–507 (D. N. Mex.)	San Juan County, N. Mex	Apr. 8, 1980.
United States v. East Baton Rouge Parish School Board, C.A. No. 76–252 (M.D. La.)	Baton Rouge Parish, La	June 6, 1980.

ATTACHMENT E.—NUMBER OF COUNTIES BY YEAR OF MOST RECENT OBSERVER COVERAGE [1]

State	Year—								
	1974	1975	1976	1977	1978	1979	1980	1981	Total
Alabama	3		3		3		5		14
California						1			1
Georgia			3		1		8		12
Louisiana	1	2	1			3	1		8
Mississippi		5	2	4		8	5	5	29
Nevada					1				1
South Carolina					2				2
Texas			7		3		1		11
Wisconsin					1				1
Total	4	7	16	4	11	12	20	5	79

[1] If, for example, observers had been used in a particular county each year since 1974, that county would be counted only in 1981, that is, the year of its most recent coverage. The table includes only those States in which observers have been used between Aug. 6, 1974, and Sept. 24, 1981.

PARLIAMENTARY INQUIRY

Mr. KINDNESS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state his parliamentary inquiry.

Mr. KINDNESS. Mr. Chairman, I heard at an earlier time the beginning of the reading of the committee amendments, following which the amendment which is currently being discussed came under discussion without action on the committee amendments, as I observed it, in which event, some action should be taken on the committee amendments prior to conclusion of or further process on this amendment, I believe.

If my observation is correct, I would raise the point of order that it is in order for the committee amendments to be acted upon.

The CHAIRMAN pro tempore. These are amendments to the committee amendment in the nature of a substitute and therefore in order.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, if I could ask my distinguished chairman of the subcommittee a question with respect to his amendment that is pending before us.

As I understand one part of the gentleman's amendment seeks to deal with the question brought up during consideration of the bill, and that is pending suits in and of themselves being a bar might be misused such that one could file a pending suit after petition by a court had been first filed, and therefore acts as an automatic bar to bailout; is that correct?

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from California.

Mr. EDWARDS of California. My amendment only applies to suits filed after the filing of the bailout action.

Mr. LUNGREN. So with respect to the question that has arisen in the minds of some about pending suits which may have been brought prior to the petition of the jurisdiction being filed with the particular court, which may or may not be frivolous, that situation would still prevail; is that not correct?

Mr. EDWARDS of California. That is correct, they would still be a bar.

Mr. LUNGREN. So there is nothing with respect to the bar that is in the bill now which would disallow a jurisdiction from bailing out if anybody had filed a suit claiming an abridgment of the right to vote, in any jurisdiction, including any State court, even under any State law, as long as it was done prior to the date that the petition was filed by a jurisdiction seeking to get out from under; is that correct?

Mr. EDWARDS of California. That is correct, but we believe that the danger is minimal. There are provisions both in the Federal courts and in the State courts for dismissal of frivolous suits and for the assignment of court costs and attorney fees to the plaintiff. We suggest that what the gentleman fears is really not of great moment.

Mr. LUNGREN. I thank the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. EDWARDS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HYDE

Mr. HYDE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HYDE: On page 5, line 2, strike "and no" through the semicolon in line 5.

On page 8, line 6, before the period insert "and with respect to which the plaintiff demonstrates that such voting practice would have precluded the issuance of a declaratory judgment under this subsection had such practice occurred during the ten-year periods referred to in this subsection".

□ 1300

Mr. HYDE. Mr. Chairman, this amendment taken in conjunction with the last amendment adopted eliminates the provision in the bill which equates consent decrees and settlements with final judgments for purposes of creating a bar to eligibility for bailout.

I suggest that consent degrees and settlements should be favored by the law, not discouraged. All I want is to restore discretion to the court, and it will be a three-judge court, to look behind any agreements, settlements or consent decrees to see why they were made and what the substance is.

This bill as unamended by my amendment makes a consent decree an absolute bar to any bailout for 10 years.

I am suggesting the court ought to pierce the form and look at the substance, and that is all. A consent decree should be favored. The parties do not all have to trek to Washington to litigate these issues to the bitter end. If they can reach agreement, let us encourage agreements and settlements and consent decrees, but do not make the penalty for such settlement the forebearance of having a bailout for 10 years. Let the court look at the situation.

The language of the bill with the Edwards amendment in it now without my amendment encourages litigation. The law has traditionally encouraged settlement.

I suggest to my colleagues who might want to oppose this amendment, if they look at page 7 of the bill and read lines 1 through 13, that nobody is going to get away with anything. Nobody is going to conduct themselves in an abusive manner concerning voting rights and successfully maintain a bailout. Look at the language:

> (3) No declaratory judgment shall issue under this subsection with respect to such State or political subdivision if such plaintiff and governmental units within its territory have, during the period beginning ten years before the date the judgment is issued, engaged in violations of any provision of the Constitution or laws of the United States or any State or political subdivision with respect to discrimination in voting on account of race or color or (in the case of a State or subdivision seeking a declaratory judgment under the second sentence of this subsection) in contravention of the guarantees of subsection (f)(2) unless the plaintiff establishes that any such violations were trivial, were promptly corrected, and were not repeated.

That is strong language. That will bar any bailout if there has been any violation.

Why slam the door because they have agreed to something and a consent decree was entered? Can we not have the court look at that?

If we look at page 6, lines 4 through 15, the State or political subdivision has to have eliminated voting procedures and methods of election which inhibit or dilute equal access to the electoral process and have engaged in constructive efforts to eliminate intimidation and harassment.

Why slam the door because a consent decree has been issued?

Now, it may be that the consent decree did settle a flagrant situation, but can we not give discretion to the court to look at that? Nobody is going to file a bailout if they have agreed that they have been abusing people's voting rights; but the technicality ought not to foreclose a bailout.

All I am asking is give the court some discretion and eliminate this technicality. It is to make this workable.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Chairman, first of all, I want to commend the gentleman on his efforts to try to resolve this whole problem of extension of the Voting Rights Act in a bipartisan manner and in a manner which can be eminently fair to the covered areas of the entire Nation and the entire principle that we are trying to articulate here of providing equal voting rights without discrimination as far as all Americans are concerned.

Mr. Chairman, I concur with my colleague from Illinois and urge the membership of this body to approach this matter fairly. Consent decrees are commonplace in law, and can be the product of a number of varying motivations. They can, as the chairman of the committee would suggest, represent reprehensible efforts to disenfranchise minority voters. On the other hand, they are more likely to represent good faith disagreement on various questions of law and a good faith effort to resolve those disagreements short of litigation. Rarely is liability determined in consent decrees, and while there may be an agreement between the parties as to what the resolution might be, no effort is made to establish responsibility for the wrong.

The law has traditionally encouraged out-of-court settlements and "consent decrees" where possible. I would question the chairman as to whether the Judicial Conference was consulted on this point because the use of consent decrees as an absolute bar to eligibility for bailout will doubtless have the effect of discouraging settlement and encouraging further and more expensive and more intensive litigation. I cannot imagine that the Conference would have approved or supported such a decision. Since at least two other provisions of the bill permit the content of consent decrees to be examined for purposes of an equitable determination of whether constructive efforts have been complied with, and whether State or Federal laws have been broken, I believe there is sufficient protection already present in the bill.

In addition, if the Department of Justice feels that the jurisdiction is indeed at fault and that its case is strong enough, there is no reason why it should agree to a consent decree and instead push toward a final judgment and ultimate recapture under the parole provision of the bill. I urge the adoption of the amendment.

Mr. HYDE. Mr. Chairman, I thank my friend.

All I am asking is let the court look behind the paper to see the reality.

I thank the gentleman.

Mr. EDWARDS of California. Mr. Chairman, I rise in opposition to the amendment. I consider it a weakening of the bailout provision.

The amendment offered by the gentleman from Illinois (Mr. HYDE) would eliminate consent decrees as a bar to bailout. Now, all lawyers know and certainly all the courts know that even though consent decrees rarely contain admissions of liability, they are treated generally as judgments. We have no choice but to treat consent decrees and settlements in this bill as a judgment.

We have no evidence and the gentleman from Illinois has no evidence that consent decrees have not involved serious voting discrimination. All the evidence is to the contrary, that the jurisdiction agreeing to a consent decree has engaged in discrimination and by agreeing to the consent decree, the jurisdiction is agreeing to desist from the discrimination. The key to this provision is that the jurisdiction agrees to abandon a challenged voting practice.

To accept the amendment would require a judge in the bailout suit to reexamine and to relitigate the facts of a consent decree. Witnesses might have died. Memories might have faded. It simply will not work.

A jurisdiction that believes itself unfairly accused of discrimination should litigate the case at the time the allegations are made in the district court in its vicinity. It should not enter into a consent decree and then plan to litigate the facts of the consent decree later in a bailout suit in Washington, D.C.; but if it decides to enter into a consent decree, it should be prepared to wait the statutory period before filing for bailout.

I suggest that this provision is not a significant deterrent to consent decrees. Jurisdictions usually fold up and quit in litigation because they think they will lose. I doubt if the decision would have anything to do with whether or not there will be a bailout suit on the way.

Mr. SENSENBRENNER. Mr. Chairman, I move to strike the requisite number of words.

I rise in opposition to the amendment.

Mr. Chairman, I oppose an amendment to treat consent decrees differently than final judgments. Approximately half of the voting rights cases are resolved as consent decrees, settlements or agreements. As a general practice such decrees as in other legal matters rarely contain admissions of liability. The agreements are signed because litigation is highly likely to result in a judgment that the jurisdiction's voting practices or methods of election are discriminatory. The jurisdiction's election not to go forward with litigation is not due to financial considerations, since they are signed in the latter stages of a proceeding, often after trial has begun and thus after significant expenses have been incurred.

The operative language in the statutes is that the consent decree, settlement or agreement, has not resulted in abandonment of the challenged voting practice.

Any concerns that frivolous suits would delay the bailout judgment are not supported by the facts. The Federal Rules of Civil and Appellate Procedures provide for summary judgments and penalties in such suits. Many State courts contain identical provisions in their rules of procedure, often with the same rule number as the Federal rule.

The gentleman from California has very succinctly stated that the adoption of this amendment would involve retrying old suits that were settled by consent decree. The evidence is stale. The witnesses may not be available.

Memories may have faded as to exactly what happened.

I agree with the gentleman from California that if a jurisdiction really feels that it is not guilty of discriminatory voting practices, then they ought to try the suit in court and let the court make a determination based upon the evidence one way or the other, rather than signing a consent decree.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I am happy to yield to my friend, the gentleman from Virginia.

Mr. BUTLER. Mr. Chairman, I do not have a copy of the gentleman's statement before me, but it seems to me the gentleman's opening remark indicated that perhaps half these cases are resolved presently by agreement or consent decree or something of that nature. Is that a fair recollection of the statement?

Mr. SENSENBRENNER. Either consent decree, settlement, or some other kind of agreement.

Mr. BUTLER. The reason they are settled is because of the cost of litigation, the expense, and the courts no doubt encourage such settlement; has that been the experience of the gentleman in the past?

Mr. SENSENBRENNER. It is part of the canons of professional ethics for the legal profession to attempt to settle cases before they go to trial, but I would dispute the gentleman's assertion that consent decrees are signed before extensive expenses are incurred.

For example, in McDuffie County, Ga., there was a voting rights suit filed in 1976 and after extensive discovery, a consent decree was signed in 1978. The gentleman and I both know that discovery is an extremely expensive procedure in any kind of litigation.

Mr. BUTLER. Since we are getting to basics, will the gentleman yield for a moment further?

Mr. SENSENBRENNER. I am delighted to.

Mr. BUTLER. Does it cost more to settle a case or to try it?

Mr. SENSENBRENNER. It always costs more to try a case; but reclaiming my time, sometimes most of the expenses in preparation for trial and in discovery have already been incurred at the time the consent decree is entered, such as the case that I cited involving McDuffie County, Ga.

Mr. BUTLER. Well, I ask the gentleman if he will yield further.

Mr. SENSENBRENNER. Delighted to.

Mr. BUTLER. If we use the consent decree as an index of poor performance under the Voting Rights Act, then what is the motivation for counsel to ever settle a case of this nature or agree to any settlement? Is not the only motivation, the only recourse they have in the event of a charge, however baseless, to go to trial and all that expense and litigation? There is no motivation left to settle a case at all.

Is that a fair statement?

Mr. SENSENBRENNER. No, that is not a fair statement.

Mr. BUTLER. Well, would the gentleman explain to me what motivation there would be for a consent agreement? Does not the gentleman agree that they would all disappear in voting cases from now on?

Mr. SENSENBRENNER. I strongly disagree with the assertion my colleague, the gentleman from Virginia (Mr. BUTLER), has made.

The consent decree does not contain an admission of liability; so if the evidence is quite clear that there has been discrimination in voting and a jurisdiction does not want to admit liability, they can always sign a consent decree to avoid having a judgment entered against it.

(Mr. SENSENBRENNER asked and was given permission to revise and extend his remarks.)

The CHAIRMAN pro tempore. The time of the gentleman from Wisconsin has expired.

(At the request of Mr. FISH, and by unanimous consent, Mr. SENSENBRENNER was allowed to proceed for 2 additional minutes.)

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from New York.

Mr. FISH. Just to elaborate on this situation, particularly the one of cost that we keep hearing about, is it not true that virtually all of the consent decrees that we are concerned with involve major issues, such as districting and multimember elections, that they were prolonged processes that involved a considerable amount of expense and would be time consuming to relitigate at this time?

Mr. SENSENBRENNER. The gentleman is absolutely correct.

Mr. FISH. Is it not also true that these consent decrees have been largely entered late in the proceedings and sometimes just at the eve of trial, which proves the point that the jurisdiction could see that it is about to lose.

Mr. SENSENBRENNER. The gentleman is also correct.

Mr. FISH. I would say the fact of late settlement takes some of the starch out of the argument that consent decrees are entered into because of cost, because by the time they are entered into most of the cost as the gentleman has indicated has already been incurred.

Would the gentleman not also say that one of the most telling facts is that in most cases we have been talking about, the court has decided that the plaintiff should be paid court costs and attorney's fees, which means that the court has decided that the plaintiff is the prevailing party.

Mr. SENSENBRENNER. The gentleman is correct specifically on that. If there were no feeling by the court on the merits of the case, the court in its discretion could have denied court costs and attorney's fees to the plaintiff and in most of the consent decree cases, the plaintiffs have received the cost of fees.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment. Let me make it clear to a number of the Members who are not or have not been as involved as those of us on the committee have been, this particular amendment in no way suggests that the court which would be making the decision as to whether a jurisdiction could bail out, this in no way says they cannot look at a consent decree. What it says is that a consent decree, an agreement in the nature of a settlement, will not be an absolute bar.

Now, why is that important? Even if we accept the argument just given by the last two gentleman that most of the settlements indicate that there is a liability on the side of the jurisdiction, it still leaves the question as to those others. Anyone who has been litigating in court in the last 10 years knows that on the State level as well as of the Federal level there is a premium given toward settling cases.

As a matter of fact, in a regular civil case if there is any agreement whatsoever that something ought to be settled in the context of arbitration, in fact you will find yourself in arbitration instead of in the courts themselves.

☐ 1315

The courts encourage settlement for any number of reasons, including the costs involved. But the point is this, we are talking about extending this section of the Voting Rights Act which would otherwise expire. Some jurisdictions, having viewed the expiration date of this section of the Voting Rights Act, could in good faith have entered into a settlement during the past 10 years, having no knowledge whatsoever that the fact that they would enter into that settlement would bar them for 10 years thereafter. In other words, it was an unintended consequence of their act. In no way could they have been aware of the fact that it would have this effect.

So, what we are talking about are jurisdictions who may in good faith, having had a disagreement over the merits of a particular case from the Justice Department or from an aggrieved party, have entered into a settlement, It seems to me that it is very important to recognize that the Judicial Council has, over the last 10 years, recommended to those of us in the Congress that we do everything we can to suggest that settlements ought to be utilized more and more. Here, we are saying to jurisdictions that have followed that direction over the last decade, "Because you did that the court will not even have the opportunity to look into the merits of the case as far as the settlement was concerned."

That in no way says that jurisdictions that are recalcitrant, where there was overwhelming evidence in fact that they were in error, would not have to respond to the facts which make up the substance of the settlement. As a matter of fact, I would ask the gentleman from Illinois (Mr. Hyde), whether it is true that those facts that led up to the consent decree or settlement of whatever nature, would be relevant and would be before the courts to consider on their merits.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I will be happy to yield.

Mr. HYDE. This is a matter that could have been handled in a colloquy on the floor or in the report. Consent decrees may be very serious matters or they could be trivial matters. It all depends on the substance behind the form of disposing of a controversy. All I want is to permit the trial court to look to the reality and the substance rather than the form; that is all. I do not want to let someone get out from under preclearance if they have abused anyone's voting rights, but I want to encourage the settlement of litigation, let the parties get together.

Let us say that someone wanted four voting booths in a black neighborhood, and the election board gave them three. The suit was filed. They say, "You want four, we will give you five." Rather than dismiss the suit, they put it in the form of a consent decree. I would like the court to look at that and say, "That does not bar you from your bailout suit."

Or the courts could say it does. They do not have to relitigate it, we do not have to produce witnesses, but let the court look at it and say to counsel, "What is this all about?"

This is simply a matter of not letting a technicality bar a State from bailout.

Mr. SENSENBRENNER. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I will be happy to yield.

Mr. SENSENBRENNER. I ask the gentleman from Illinois (Mr. Hyde) does not that involve a trying of all the issues that were posed in the suit resolved by the consent decree, whether they were guilty of voting discrimination?

Mr. HYDE. No; it just means, read the decree, say to counsel, "What are the circumstances here, what was involved here?" and make a determination—not relitigation.

The CHAIRMAN pro tempore. The time of the gentleman from California has expired.

(At the request of Mr. Sam B. Hall, Jr., and by unanimous consent Mr. Lungren was allowed to proceed for 2 additional minutes.)

Mr. SAM B. HALL, JR. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield.

Mr. SAM B. HALL, JR. If you have had a protracted case that had reams of testimony presented before a district judge, who is not present or is not available at the subsequent hearing, do you want that district court to have the right to go back and look at that prior case, and review all the evidence?

Mr. HYDE. No, sir. If I were the trial judge and a consent decree was brought to me, and I saw it was that kind of hearing, I would say this would be a bar. There is just too much evidence.

Mr. SAM B. HALL, JR. Does not that in itself cut some of the merit out of the gentleman's amendment, if you just saw a thick record and took that to mean that, "Well, we better not grant this relief," that thick record maybe would be just as legitimate as a short one.

Mr. HYDE. Yes, it would, but I just want to give the trial court some discretion to make a judgment as to whether this is a substantial situation or whether it was just a settlement of something that was trivial. The mere fact that a consent decree was entered into ought not to be a bar. They ought to look to the reality and substance behind it in a summary fashion. That is all. Otherwise, you discourage ever settling anything. You have to litigate to the bitter end. I think that puts a bar on the parties and the courts, that is all. It is not an Earth-shaking matter, just a matter of facilitating the bailout procedure.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois (Mr. Hyde).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. HYDE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 92, noes 285, not voting 56, as follows:

[Roll No. 237]

AYES—92

Archer
Badham
Bailey (MO)
Barnard
Bedell
Bliley
Bowen
Brinkley
Broyhill
Burgener
Butler
Campbell
Carman
Chappie
Collins (TX)
Corcoran
Courter
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Derwinski
Dickinson
Dreier
Emerson
Fields
Findley
Flippo
Fountain
Goldwater
Goodling
Grisham
Hagedorn
Hansen (ID)
Hansen (UT)
Hartnett
Hillis
Huckaby
Hyde
Jeffries
Jenkins
Johnston
Kindness
Kramer
Lagomarsino
Lee
Loeffler
Lott
Lowery (CA)
Lungren
Marlenee
Martin (NY)
McClory
McCollum
McDonald
Miller (OH)
Montgomery
Moore
Moorhead
Mottl
Myers
Napier
Nichols
Oxley
Parris
Patman
Quillen
Rhodes
Roberts (KS)
Roberts (SD)
Robinson
Rousselot
Rudd
Shaw
Shelby
Shumway
Shuster
Smith (AL)
Smith (OR)
Snyder
Solomon
Spence
Stangeland
Stanton
Staton
Stump
Taylor
Wampler
Whitehurst
Whittaker
Winn
Young (FL)

NOES—285

Addabbo
Akaka
Albosta
Alexander
Anderson
Annunzio
Anthony
Applegate
AuCoin
Bailey (PA)
Barnes
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boland
Boner
Bonior
Bonker
Bouquard
Breaux
Brodhead
Broomfield
Brown (CO)
Brown (OH)
Burton, Phillip
Byron
Carney
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Coleman
Collins (IL)
Conyers
Coyne, James
Coyne, William
Crockett
Danielson
Daschle
Daub
Davis
Deckard
de la Garza
Dellums
DeNardis
Derrick
Dicks
Dixon
Donnelly
Dorgan
Dornan
Dougherty
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
Edwards (OK)
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fish
Fithian
Florio
Foglietta
Foley
Ford (MI)
Forsythe
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Glickman
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Gregg
Gunderson
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Harkin
Hatcher
Hawkins
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Holland
Hollenbeck
Holt
Hopkins
Hoyer
Hughes
Hunter
Hutto
Ireland
Jacobs
Jeffords
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
LaFalce
Latta
Leach
Leath
LeBoutillier
Lehman
Leland
Lent
Levitas
Livingston
Long (LA)
Long (MD)
Lowry (WA)
Lujan
Lundine
Madigan
Marks
Marriott
Martin (IL)
Matsui
Mattox
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McEwen
McGrath
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Molinari
Mollohan
Morrison
Murphy
Murtha
Natcher
Neal
Nelligan
Nelson
Nowak
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Perkins

Peyser
Pickle
Porter
Price
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Richmond
Rinaldo
Ritter
Rodino
Roe
Roemer
Rogers
Rose
Rosenthal
Roukema
Roybal
Russo
Sabo
Santini
Savage
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Simon
Skeen
Skelton
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (PA)
Snowe
St Germain
Stark
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tauzin
Vander Jagt
Vento
Volkmer
Walgren
Walker
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitley
Whitten
Williams (MT)
Wilson
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—56

Andrews
Ashbrook
Aspin
Atkinson
Bafalis
Beard
Boggs
Bolling
Brooks
Brown (CA)
Burton, John
Chappell
Cheney
Conable
Conte
Coughlin
Crane, Philip
D'Amours
Dannemeyer
Dingell
Dowdy
Edwards (AL)
Emery
Fiedler
Ford (TN)
Ginn
Guarini
Heckler
Horton
Howard
Hubbard
Jones (NC)
Lantos
Lewis
Luken
Markey
Martin (NC)
Moakley
Moffett
O'Brien
Oakar
Pashayan
Paul
Pepper
Petri
Pritchard
Rostenkowski
Roth
Siljander
Solarz
Tauke
Thomas
Traxler
Trible
Udall
Williams (OH)

□ 1330

The Clerk announced the following pairs:

Mr. Paul for, with Mr. Ford of Tennessee against.

Mr. Edwards of Alabama for, with Mr. Jones of North Carolina against.

Mr. Dannemeyer for, with Mr. Dingell against.

Mr. Cheney for, with Mr. O'Brien against.

Mr. Bafalis for, with Mr. Conte against.

Mr. Philip M. Crane for, with Mr. Horton against.

Mr. Thomas for, with Mr. Petri against.

Mr. Martin of North Carolina for, with Mrs. Heckler against.

Mr. Trible for, with Mr. Lantos against.

Messrs. HUNTER, BENEDICT, PORTER, WORTLEY, LIVINGSTON, McDADE, WILLIAMS of Montana, and LEVITAS changed their votes from "aye" to "no."

Mr. BARNARD changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. BUTLER

Mr. BUTLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUTLER: Page 3, after line 19, insert the following:

(3) by striking out "the United States District Court for the District of Columbia" each place it appears and inserting in lieu thereof "an appropriate United States district court";

Redesignate succeeding paragraphs accordingly.

Page 7, strike out line 22 and insert in lieu thereof the following:

(B) by inserting "(except as otherwise provided in this subsection)" after "accordance";

(C) by inserting "The panel of judges for such action shall be selected by the chief judge of the circuit in which the judicial district is located and shall not include any of the judges normally assigned to such judicial district." after "Supreme Court."; and

Page 7, line 23, strike out "(B)" and insert "(D)" in lieu thereof.

Page 8, after line 23, insert the following:

(c) Effective on and after August 6, 1982, subsections (b) and (d) of section 14 of the Voting Rights Act of 1965 are each amended by striking out "section 4 or".

Mr. BUTLER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Virginia?

There was no objection.

(By unanimous consent, Mr. BUTLER was allowed to proceed for an additional 5 minutes.)

The CHAIRMAN pro tempore. The gentleman from Virginia (Mr. BUTLER) is recognized for 10 minutes in support of his amendment.

Mr. BUTLER. Mr. Chairman, most of the States under the special preclearance requirements of section 5 of the Voting Rights Act have been under this requirement for 17 years.

H.R. 3112 proposes to extend this 17-year period indefinitely with provisio that such covered States or political subdivision will be relieved of this requirement of preclearance if they can establish that certain facts or conditions designed to assure that the objectives of the act have been achieved have existed for a period of more than 10 years.

In my judgment, many of these conditions are unreasonable, if not impossible to achieve; but they are the subject of other amendments. This amendment is addressed to the court which must hear the petition for bailout.

The ability of the petitioning jurisdiction to establish the 10 years of exemplary conduct required by H.R. 3112 depends upon its ability to prove facts, many, many facts; and their relevance to the law before us.

The courts exist to determine facts from the evidence adduced before them; and of course, to apply the law thereto.

In order for the courts to determine facts, the court must have access to the people and the circumstances they observed and the many other things which are relevant to its determination.

Indeed, it would appear to be one of the bases of due process that there should be some reasonable relationship between the facts to be determined and the location of the court to determine them.

Our Federal court system, partly through statute, and partially through case law, has developed the doctrine of forum non conveniens which provides almost a right to a court trial in the most convenient place.

H.R. 3112 would provide, however, that any State or political subdivision desiring to be relieved of the preclearance requirements must prove its facts and argue before the U.S. District Court for the District of Columbia; and no other.

The amendment which I now offer would permit the case to be heard in a three judge U.S. district court where the petitioner is located where the facts arose.

There are many reasons why this amendment is an improvement upon the bill and why it is more reasonable to hear these cases where they arose instead of Washington, D.C.:

In the first place, there is the matter of convenience to the court. How can a court in Washington, D.C., really determine the facts about a complex situation which could be as much as a thousand miles away?

Consider the expense to the parties:

On the one side, you have the unlimited resources of the Federal Government, with no real concern about the cost of the litigation, a tremendous resource advantage, particularly when you recall that the courthouse is but a few blocks away from the Department of Justice.

On the other side, you will have the petitioning political subdivision—let us assume it is a county in Texas.

The county will have to have its own local attorney in Texas, and, in addition, it will have to employ Washington counsel. And they are tremendously expensive—the litigating Washington lawyer is rapidly becoming the highest paid specialist—if that is the word—within the legal profession.

Then you must consider the expense of bringing the proof to Washington. Whether you bring the bodies, or take their depositions, the expense is tremendous. In the latter instance, the court does not get a chance to see or examine the witnesses and this is often critical in a fair determination.

A few weeks ago a majority of this House including Chairman RODINO and EDWARDS joined with me in passing legislation to extend the life of Legal Services Corporation. The principle at stake was the preservation of the access of disadvantaged Americans to our system of justice.

Much the same principle is here involved. The political subdivisions of the covered States, particularly our smaller cities and counties, cannot and should not direct the substantial portion of their resources it would require to come to Washington, D.C., to prove the 10 years of purity that H.R. 3112 would require.

The litigation involving the city of Rome, Ga., is an extreme example but we are told litigation costs of its case exceeded $2 million.

As we cut back on Federal spending, there are many better uses of local dollars than this sort of long range litigations.

But expense is not all of it—consider delay.

Bear in mind that this bailout provision has a potential for well over 800 separate petitions or lawsuits. The crowded docket of the Arlington district court simply does not have the flexibility to absorb these cases—even those which can be quickly disposed of, when and if they can be heard. In many instances, they will be complex cases with all the dilatory and substantive motions, pleas, depositions, summary judgments, or what have you, of an antitrust case.

To argue that these cases be heard in Washington is to argue for delayed justice; and to delay justice is to deny justice.

Consider also the interests of the disadvantaged minority voter who wishes to challenge the petition for bailout.

Bear in mind H.R. 3112 provides that any aggrieved person may intervene in the bailout suit at any time, and that any aggrieved person may petition to reopen the case at any time within 10 years after final judgment of bailout or several very good reasons set forth in the bill.

In my view, the opportunity for such an aggrieved person to assert these rights will be enhanced if he does not have to go to Washington, D.C., to assert them.

The committee report, on page 36, defends the existing provision of section 5 of the Voting Rights Act which permits resort to the Washington, D.C., district court in lieu of administrative preclearance through the Justice Department, and points out that this requirement was based upon the desirability of uniform interpretation of section 5 of the Voting Rights Act.

Whether the logic of this is still defensible or not, I will point out that the amendment which I offer does not disturb this position that the alternative to administrative preclearance remains in the Washington court. That part of section 5 is not touched by this amendment.

You will undoubtedly hear the argument that uniformity of interpretation of the new bailout provisions justifies the inconvenience, the expense, the delay, and the effective denial of due process of limiting bailout jurisdiction to one Washington, D.C. court.

There is absolutely no merit to that. The Supreme Court of the United States functions to resolve such differences. Bear in mind that we are talking about a three-judge Federal court with appeal as a matter of right directly to the U.S. Supreme Court. The same uniformity argument can be applied to every law we have in the United States. Consider antitrust, tax, patent, bankruptcy, every criminal law on the books, commercial law, product liability, ad infinitum.

We rejected that argument almost 200 years ago when we opted for a system of courts allocated according to geography.

The uniformity argument is without substance and I am confident you will recognize that.

The unvoiced argument is that you cannot trust the Federal judiciary to deal fairly with a voting rights case in its own locality. I do not know whether they will have the courage to make such a statement on the floor or not.

We meet that argument in two ways: First, I deny it. Today's Federal judiciary is meeting its responsibility without bias or prejudice and I challenge anyone to produce evidence to the contrary.

If there is anything wrong with the judiciary, it is within the power of our committee to investigate and correct it. Any reflection on the judiciary is a reflection on the Judiciary Committee and how it does its job also.

And, second, we have expressly provided in this amendment that none of the three judges which must be designated to hear the case can be from the district in question.

The substance of local judicial prejudice does not in my view, exist, but nevertheless, we have by this amendment eliminated the appearance of local judicial prejudice as well.

Thus far, we have talked about the proposed amendment for change of the location of the court and why we need it.

Now—let us consider where it fits into the theory of bailout.

The theory behind the bailout proposal is very simple—by holding out to covered jurisdictions in noncompliance with the Voting Rights Act the hope that they can by exemplary performance extending over a period of 10 years extricate themselves from the burdens of administrative preclearance, they will be inspired to improved performance inuring to the benefit of the disfranchised minorities.

But if the promise of bailout is made hollow by withholding reasonable access to the court which hears such cases, then it contributes nothing to improving the voting opportunities of minorities and perpetuates much of the discrimination it would correct.

I urge you therefore, to support this amendment. It would improve the legislation by providing that petitions for bailout would be heard by a three-judge Federal district court in a district of the petitioning jurisdiction with the express limitation that none of the judges designated to hear the case may be from the district in question.

Appeal in such cases is, of course, to the Supreme Court of the United States.

□ 1345

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I am happy to yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding. For those of us who are not lawyers, we are having some difficulty coping with all of this monumental piece of legislation. Could the gentleman tell us what is so sacred about the Federal district court here? Why should everything come here?

Mr. BUTLER. I share the gentleman's curiosity about that.

Mr. ROUSSELOT. What is the argument as to why this Federal court is so sacred and that there is no capability or ability in the other district courts to deal with? Is there some problem we do not understand?

Mr. BUTLER. The argument is sometimes made that it is necessary to have a uniformity of opinion about voting rights cases in the District Court for the District of Columbia.

Mr. ROUSSELOT. This is the only one with any character to understand the issue, or what?

Mr. BUTLER. That is the implication in it, and that certainly is something I resist rather strongly.

The **CHAIRMAN** pro tempore. The time of the gentleman from Virginia has expired.

(At the request of Mr. ROUSSELOT and by unanimous consent Mr. BUTLER was allowed to proceed for 3 additional minutes.)

Mr. BUTLER. I thank the gentleman for his question. Now that we have a little more time I would like to enlarge on that because it is pretty important, it seems to me, where you are going to try a case and determine facts. The gentleman realizes this bill has created 11 different conditions which must be proven, all sorts of ramifications to proof of those conditions which must be proven before a covered jurisdiction can come out of it. Those conditions have to be proven to have prevailed over 10 years. That is a tremendous burden in the first place. But when one considers how much evidence that must involve in terms of proof, how many witnesses one might or could have in that case, and when we consider all of those things, then certainly it is important to be near a court which can have access to the witnesses.

Mr. ROUSSELOT. And the witnesses that could testify as to the validity of those claims would obviously be closer to the local Federal district court involved; is that not true?

Mr. BUTLER. I think conservatively in most cases the District of Columbia court would be 1,000 miles away from the problem area.

Mr. ROUSSELOT. Maybe that is part of the purpose of this legislation, to make it difficult for honest witnesses to be able to be heard in the Washington D.C., court. Otherwise they would have to be transported all the way here; is that not true?

Mr. BUTLER. That could certainly be a consequence as a result of this. It certainly could.

Mr. ROUSSELOT. It is hard to believe that anybody would be that devious.

Let me ask the gentleman another question. Why is the claim made that by the gentleman's amendment passing, and by hearing these cases in the many local district courts involved that this might be a dilatory tactic? Can the gentleman explain why people raise that issue?

Mr. BUTLER. I cannot believe that is seriously raised.

Mr. ROUSSELOT. I would tell the gentleman I have heard it seriously raised to me just a moment ago.

Mr. BUTLER. That, sir, is something that I would challenge anyone to make such assertion from the floor, because the dilatory result would be dumping 800 additional cases in the District of Columbia District Court where it is already overloaded, as the gentleman well knows, and to add these 800 cases, and with the distance involved and all of the time, and time and distance are related to one another in terms of how long it takes the case to be tried. The dilatory effect of the delay would be in the district court, not in the local court. I think the local court would come quickly to it.

Mr. ROUSSELOT. I wanted to clear that up. I appreciate my colleague explaining why just the opposite is the truth. That is just a phony charge, then, that it could be more dilatory for the exclusive jurisdiction to remain in the local Federal district court.

Mr. BUTLER. I cannot believe that is a serious charge.

Mr. ROUSSELOT. That charge probably will not be made, then.

I want to compliment my colleague. His amendment sounds very reasonable. I suppose reason does not always prevail. But I hope in his case it will. I thank the gentleman for his comments and support his amendment.

Mr. BUTLER. I thank the gentleman for his kind comments.

Mr. EDWARDS of California. Mr. Chairman, I rise in opposition to the amendment.

Mr. RATCHFORD. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Connecticut.

Mr. RATCHFORD. Mr. Chairman, it is a great honor for me to rise in support of the extension legislation for the Voting Rights Act of 1965, which I cosponsored earlier this year. In 1965, when the Congress originally approved the act, there were millions of blacks and other minorities in this country who had been denied the right to register, vote, and run for political office. Now, 16 years later, the Voting Rights Act has made it possible for blacks and other minorities to have fair and effective participation in the electoral process.

The Voting Rights Act of 1965 was not passed only to secure the right to register to vote, but to discourage the political manipulation techniques that had been used for over a century to prohibit or suppress minority involvement in Federal, State, and local elections. Before the Voting Rights Act was approved, numerous attempts had been made by the Congress to insure minority voting rights. These measures had attempted to insure such rights by requiring the courts to review case-by-case litigation, but they were ineffective in enforcing the 15th amendment. Some States and localities imposed literacy tests, stringent residency requirements, and other devices that simply deterred blacks from registering to vote. The Voting Rights Act directly and forcefully addressed those denials of the basic rights of all Americans to full participation in the electoral process, and its extension, as embodied in H.R. 3112, is essential if the Congress is to protect those rights.

The House Judiciary Committee's bill will continue the vigorous enforcement provisions of the act which have been used to insure that minorities may exercise their right to vote free of hindrances because of their race, color, religion, or national origin. This bill will continue the provisions which require jurisdictions covered under that act to submit all proposed election law and district changes to the U.S. Department of Justice for review, to insure that discriminatory practices will not become law. Furthermore, it will maintain the provisions where localities cannot bailout of the act unless they can show a solid record of no discrimination in election procedures. Finally, the act imposes bilingual provisions stipulating that non-English ballots may be used at the polls. I commend the committee for the hard work it has done to insure that blacks and other minorities continue to have a voice in the electoral process, a basic right that is guaranteed under the U.S. Constitution.

Although the Voting Rights Act has been in effect for a long time, and has proven to be one of the most successful measures ever enacted by the Congress, the problems it addresses are not yet fully solved. It would be an abridgement of faith to dilute the provisions of H.R. 3112, while there is still evidence of localities covered by the act practicing subtle forms of voting discrimination.

A wide range of techniques have been used over the past 16 years to cancel or disperse minority voting strength. There are still numerous discriminatory barriers in the States and localities covered by the act. A significant disparity exists between the proportion of whites and blacks registered to vote. Blacks and other minorities, in several States, are woefully unrepresented at key levels of government.

The 97th Congress must not permit amendments to H.R. 3112 that would weaken this important bill merely out of empathy with State or local officials who feel they are being punished too harshly for past practices of discrimination. The fact is, discriminatory barriers continue to stand in certain States and localities, discouraging minority participation and obstructing minority rights in elections. We must continue the landmark provisions of the Voting Rights Act until blacks and other minorities throughout this country are allowed to register to vote free of coercion, free of discrimination, free as every American must be free.

Mr. SCHUMER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from New York.

Mr. SCHUMER. Mr. Chairman, I urge the support of my colleagues for the extension of the Voting Rights Act as reported by the Judiciary Committee.

Passage of the Voting Rights Act in 1965 provided for the implementation of the 15th amendment which guaranteed the right to vote free of discrimination based on color or race. The Voting Rights Act specifically prohibited discriminatory voting practices against minority citizens in an important effort to achieve that goal. However, the need for the extension of this act, unamended, has been well demonstrated. Extensive testimony before the House Judiciary Committee has revealed that subtle forms of discrimination are prevalent in some of the States originally targeted in the 1965 legislation and have substantially weakened minority voting power.

Although some abuses of voter registration have continued since the passage of the 1965 act, the Voting Rights Act has been primarily responsible for the increasing participation of minorities in our political system. In growing numbers, minorities have joined the political mainstream as voters, candidates, and public officeholders. The goal of full participation and representation of minorities has been far from realized, however. The extension of the Voting Rights Act is the most basic and necessary step to take in continuing our commitment to achieve that goal.

In closing, I am reminded of the wisdom of the late Roy Wilkins, who stated:

> No American is required to "earn" his rights as a citizen. His human rights come from God and his citizenship rights come from the Constitution.

Voting is a constitutional right for all American citizens. The Voting Rights Act, extended, would include all American people in the governing process—a basis of democracy.

Mr. EDWARDS of California. Mr. Chairman, a majority of the committee thinks it is a very bad idea to change jurisdiction from the district court in the District of Columbia to local district courts. The district court in the District of Columbia has been the court in bailout cases for 16 years and that system has worked very well. There have been more than 20 jurisdictions that have bailed out at little expense and no trouble. None of these jurisdictions has been required to come to Washington for expensive bailout suits. They have all bailed out by consent decree, without expensive trials.

In preparing for the bailout the Justice Department would send investigators to the local area. People did not have to travel to Washington. No witnesses had to come to the District of Columbia to testify. The court records were made by deposition in the local jurisdictions.

Where the Justice Department did contest bailout actions, in every instance but three the covered jurisdiction merely dropped its suit when proof was produced showing that it had failed to meet the test. In the three or four contested bailout suits the jurisdiction just did not have the proof and the bailout suits failed.

The Supreme Court in South Carolina against Katzenbach ruled that vesting jurisdiction exclusively in the D.C. court was an appropriate exercise of the constitutional authority of Congress pursuant to article III of the Constitution, "to ordain and establish" inferior Federal tribunals.

Congress in 1965 vested exclusive jurisdiction over bailout suits in the D.C. courts. Congress acted in 1965 for several good reasons. First to insure uniform application of the bailout standards on a nationwide basis. That is important, Mr. Chairman. Also to ensure impartial decisionmaking free of local bias and political pressures. That is an item also mentioned by my colleague from Virginia (Mr. Butler). We should not have different interpretations of the bailout provisions in different parts of the country, one provision according to a New York district court, one provision according to a Mississippi district court, and so on.

Also, the testimony of the hearings in 1964 and 1965 preparatory for the enactment of the Voting Rights Act indicated that the D.C. court should have exclusive jurisdiction because on some parts of the country district courts in voting rights cases had extremely difficult tasks to perform and sometimes the tasks were almost impossible.

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Almost in every case, numerous appeals were required, even though the compelling evidence was overwhelming of voting discrimination.

Now, the testimony before our subcommittee was still the same. One witness described the case of Connor against Johnson, a Mississippi legislative reapportionment case that went on for 14 years; and it took nine trips to the Supreme Court before effective relief was obtained.

The court in the District of Columbia, Mr. Chairman, now has had 16 years experience. It does an excellent job. We have had no evidence whatsoever that it is not performing satisfactorily. I trust that we shall reject the amendment offered by my distinguished friend, the gentleman from Virginia.

Mr. RODINO. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the distinguished chairman of the Committee on the Judiciary, the gentleman From New Jersey (Mr. Rodino).

Mr. RODINO. I thank the gentleman for yielding.

Mr. Chairman, I want to say that the gentleman has clearly stated why we should reject this amendment.

Those of us who participated in those debates that took place prior to the adoption of the 1965 act know how extensive the arguments were made that all Federal courts should be able to consider voting rights problems, voting rights litigation, voting rights issues. And I believe that time and experience have showed us quite clearly that the D.C. court was the proper court to implement protection for the 15th amendment.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. Edwards) has expired.

(On request of Mr. Rodino and by unanimous consent, Mr. Edwards of California was allowed to proceed for 2 additional minutes.)

Mr. RODINO. If the gentleman will yield further, I would also like to state that the gentleman pointed out at least some cases, but there are a number of cases where, when these issues were before local district courts, we have seen decisions which were not consistent with the Constitution.

There are a number of them. There have been many cases in district courts other than the D.C. court which show the difficulty in obtaining relief in voting rights litigation, even when the facts and law are clear. In Connor against Waller, a three-judge court in Mississippi; in Connor against Finch, a three-judge court in Mississippi; and Perking against Matthews, a three-judge court in Mississippi, litigation had to go all the way to the Supreme Court to get rulings that section 5 preclearance must be followed.

Congress originally placed jurisdiction in the District Court for the District of Columbia to assure uniform interpretation and enforcement of the act. This grant of power was found constitutional in South Carolina against Katzenbach and we should continue it under our new bailout provisions in order to be consistent.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding.

Mr. Chairman, I just want to say that in the enactment of the 1965 Voting Rights Act, I supported vesting jurisdiction in the court in the District of Columbia, and for the very reasons, or for some of the very reasons, that the gentleman has enunicated. However, there have been substantial changes which have occurred in our country and in the areas which are covered. For one thing, we have seen vast improvements with regard to voting rights, voting registration, and elections. Also, we have seen substantial changes in the personnel of the courts. As a matter of fact, I opposed the division of the districts in the Southern part of the country for the very reason that I feared that there would not be fair decisionmaking with regard to the rights of minorities if we provided for this division of the circuits. But that division has now taken place, and for the very reason that we find that there is equity and that there is fairness being articulated by those courts in the area, without fear of the old-time prejudice intervening to make those decisions less than fair.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. Edwards) has again expired.

(On request of Mr. McClory and by unanimous consent, Mr. Edwards of California was allowed to proceed for 2 additional minutes.)

Mr. McCLORY. If the gentleman will yield further, I think it is about time that we restore confidence and support to the Federal judiciary throughout the country and to repose responsibility on those courts for deciding general legislation, and I see no reason why any provisions that we are providing now cannot be fairly and equitably resolved by the courts in those areas. I think that the general law that we are enacting here is general law that all of the district courts should have the right to interpret.

I saw the reason in 1965. I supported the basis for having jurisdiction in the D.C. courts at that time. At the present time, I do not see that reason, and I do not think it is justified that we should perpetuate a situation that prevailed long ago which I think we have outlived now, and I think justifiably so.

Mr. EDWARDS of California. Mr. Chairman, I thank the gentleman for his observations, and I still believe very strongly that the district court in the District of Columbia is doing a very good job, has done so for 16 years, and those same reasons apply to keep jurisdiction here.

Mr. SENSENBRENNER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. Mr. Chairman, I would like to commend the gentleman from California for his statement succinctly stating why the jurisdiction should remain in the U.S. District Court for the District of Columbia.

There is one other feature, that has not been discussed in the debate on this issue so far, and that is the cost to the Federal Government of sending the Justice Department to all of these jurisdictions around the country, as well as assigning judges from outside the jurisdiction in to hear the case, as proposed by the amendment offered by the gentleman from Virginia.

This amendment, perhaps, can be called the Justice Department junketing amendment of 1981, and it should be defeated.

Mr. EDWARDS of California. I thank the gentleman.

Mr. RAILSBACK. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. RAILSBACK. Mr. Chairman, I do want to agree, generally, with the remarks of the chairman of the subcommittee, as well as the remarks of the gentleman who just spoke.

Going back to the 1965 act, where there was a rather broad bipartisan consensus, after debate, that because of the extraordinary remedies that were going to be provided, including preclearance and all of the other provisions for challenge, it would be very well advised to have a uniform court.

I think many Members believe that all of the covered jurisdictions are down South, and that is not the case. There are some jurisdictions in the State of New York, there are some, I believe, in Arkansas, in Alaska, and I think there is good reason to at least have a degree of uniformity in the decisionmaking relating to what I think is a very important constitutional issue.

One of the concessions made by the proponents of the voting rights extension and which I think resulted from the work of the ranking minority Member was that, in the provision for bailout, counties will be permitted to bail out and not just States.

So right now, if this legislation passes—and I believe that it will—then, for the first time, we are going to have a very large number of subdivisions, county subdivisions, that are going to be eligible to bail out.

Now, the estimates are not certain. One of the estimates that I have seen indicates that about 25 percent of the county subdivisions in the covered jurisdictions would immediately be able to bail out. And from that point on, it progresses.

So what I am saying is that the point made by the gentlemen from Wisconsin I think is very appropriate. If you have a very large number of counties that seek to bail out when they are permitted to do so, then I just wonder what would happen, from the standpoint of the Justice Department and its ability to send people around to the various jurisdictions that are seeking to bail out.

In other words, I applaud the compromise that now permits certain counties to bail out without the States themselves having bailed out. But I do think it gives us an additional reason to maintain the court in the District of Columbia.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Virginia.

Mr. BUTLER. I thank the gentleman for yielding.

Mr. Chairman, I want to be sure that the gentleman understands the amendment which I have offered, because we have continued the preclearance supervision of the District Court of the District of Columbia.

Mr. RAILSBACK. I understand.

Mr. BUTLER. I am just a little bit disturbed that those of us who believe in States rights and local governments are shifting all of our responsibilities. A number of us Republicans are involved in that. Here the gentleman is saying that maybe it costs the Justice Department too much to go down to the district and send one lawyer—I assume to send one lawyer—rather than impose upon the counties and the States the tremendous expense of bringing that battery of facts, lawyers, witnesses, and everybody to Washington.

Mr. RAILSBACK. What I am saying is that under this bailout that we are talking about, for the first time we are going to permit a number of counties to bail out, independently of the States. It has been estimated, as I said, that one-fourth of them are going to be eligible to bail out. And then, as I mentioned, it progresses from there.

I guess what I am saying is that I believe that when the Voting Rights Act of 1965 was passed, there was good reason then to have uniform application in these very important cases. I do not always agree with the District of Columbia Court. I do think that there is good reason to have uniformity.

I might add one more thing. In the event there should be a delay—and this has not been mentioned—then there is a special procedure now contained in the legislation that would permit the appointment of additional judges from outside the jurisdiction to come in and hear those cases.

Mr. BUTLER. If the gentleman will yield further, how would the appointment of additional judges outside of the District of Columbia contribute to uniformity?

Mr. RAILSBACK. Let me just answer that question, if I can, and then I will yield to the gentleman.

My feeling is that it would be only in those cases under an amendment adopted, that would only be triggered after 2 years. I would hope that there would not be 2 year delays.

The CHAIRMAN pro tempore. The time of the gentleman from Illinois (Mr. RAILSBACK) has expired.

(On request of Mr. BUTLER and by unanimous consent, Mr. RAILSBACK was allowed to proceed for 2 additional minutes.)

Mr. BUTLER. If the gentleman will yield further, the gentleman said that sometimes he agrees and sometimes he disagrees with the district court. I think the reason is because maybe you have got a different panel. You talk about uniformity, but actually the panels are selected from 11 active and 2 retired appeals judges and 15 acting and 7 retired district judges. Now, that is a total—doing some quick arithmetic—of some 35 judges.

Now, really, when you talk about uniformity, how are you going to get a uniform panel on that?

Mr. RAILSBACK. If I can respond, I would say that I think we are much more likely to have uniformity in the case just cited than if we had judges from New York and judges in Jackson, Miss., or a judge in Alaska. I think what you have is probably a body of opinion that will build up, too, when these counties are seeking to bail out.

I sincerely hope that the bailout works. And I must say that I am not sure that we drew an exactly appropriate bailout mechanism, but I hope that it does work and I hope there are 25 percent of the counties that are eligible to bail out that have been in compliance.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, first of all, I want to congratulate the gentleman as one of those who has been working toward a compromise on this bill for the past 6 months. But on the point raised by the gentleman from Virginia, when he worries about there being maybe 17 judges, or more, in the D.C. courts, does the gentleman realize that if we allowed one-third of all of the 92 district courts who have from 2 to 12 judges to get into the act, we would be in far, far worse shape. So I think we would be eroding one of the most basic parts of the Voting Rights Act that has been extended and upheld by the courts all of these years were we to change the locus of the judges and the courts.

Mr. COLLINS of Texas. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Chairman, in regard to this matter of trial by Federal courts throughout the Nation, whether or not they would adjudicate issues fairly, I just want to discuss the matter of busing.

The CHAIRMAN pro tempore. The time of the gentleman from Illinois (Mr. Railsback) has expired.

(On request of Mr. Collins of Texas and by unanimous consent, Mr. Railsback was allowed to proceed for 3 additional minutes.)

Mr. COLLINS of Texas. If the gentleman will yield further, courts have ordered busing all over the country. We find that down in Texas, court after court throughout the State rules to mandate busing, which is considered a liberal issue. In fact, you will not find a more liberal judge in America than Judge Justice over in Tyler, Tex. So if you all are just looking for liberal judges, they are spread all over the country.

On the other hand, when you come to D.C, you have the most expensive State in which to visit on a business or legal case.

Mr. RAILSBACK. I gather there has been a tremendous record of improvement which is undisputed in all of the southern jurisdictions.

Mr. COLLINS of Texas. I would confirm that there is no doubt about the improvement. In Texas, our officials submitted 16,300 cases, and they only found 130 of them where the Justice Department even raised a question. But we are always required to appear before the court up here in the District of Columbia. In D.C. you have $100-a-day hotel bills, it costs over $500 to fly up here by coach. Why do we not let them try these voting cases down in the district? These local citizens also work for a living. When they come up as witnesses, when they are involved, they have to take off for 3 or 4 days. It is just reasonable to let them try these cases in their own area, so it saves time and expense.

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Mr. ROUSSELOT. I appreciate my colleague yielding.

If uniformity is my colleague's main concern, and he feels that the district court is the best place to do it, maybe all death penalty decisions ought to be brought here. That would give us better uniformity.

Mr. RAILSBACK. Let me say that the reason for having the District of Columbia court hear these cases is because there were some rather extraordinary circumstances that occurred in the country that triggered this rather unique bill, and, frankly, in reviewing the record, I am convinced that at one point in time there were a very large number of practices that the gentleman himself would not condone, and then when they would go into court they were not being treated fairly.

Mr. ROUSSELOT. The gentleman knows that was 17 years ago.

Mr. RAILSBACK. Those that were petitioning against discrimination had a great deal of difficulty getting any kind of relief at all.

Mr. ROUSSELOT. Does the gentleman think all death penalty cases should be transferred here?

Mr. RAILSBACK. I think it is an entirely different case——

Mr. ROUSSELOT. It is different for the death penalty but not for this?

Mr. RAILSBACK. Although I would submit in the case of the death penalty that right now the Supreme Court is the one that will probably ultimately deal with even capital punishment cases.

Mr. ROUSSELOT. That is on ultimate appeal. My point is what is wrong with our district courts? Are they so terrible they do not know how to handle this issue?

Mr. RAILSBACK. I would suggest to my friend from California he ought to go back and check the history of this whole thing. In other worlds, read the history.

Mr. ROUSSELOT. Well, some of us have tried to check the history and we have been told here today that this law has brought a greater advancement of voting rights throughout the country. Coupled with that, the gentleman has not proven his case that all the district courts in this country are incapable of handling the issue.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Railsback) has expired.

At the request of Mr. Rousselot and by unanimous consent, Mr. Railsback was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. If the gentleman will yield further, if uniformity is "the great issue" here, as the gentleman's reason for opposing this amendment, should we then consider transferring jurisdiction to the district court on other issues?

Mr. RAILSBACK. Let me just say again—the gentleman knows I readily concede this—we are dealing with what I think is kind of an extraordinary set of circumstances, really applying to a very basic and fundamental concept.

Mr. ROUSSELOT. What is wrong with the other district courts? Do they not have judges——

Mr. RAILSBACK. I have tried not to interrupt the gentleman.

What I am saying is, the reason for the unique status of having this court in the District to provide uniformity is the unique set of circumstances that led to the problem in the first place. The gentleman is talking about a basic fundamental constitutional right and we find that in this particular case the courts were not doing what they were supposed to be doing.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Railsback) has again expired.

(By unanimous consent, Mr. Railsback was allowed to proceed for 2 additional minutes.)

Mr. SENSENBRENNER. Mr. Chairman, will the gentleman yield?

Mr. RAILSBACK. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. I thank the gentleman for yielding.

I believe the gentleman from Illinois (Mr. Railsback) has done an excellent job in pointing out the necessity of having centralized review, and I would point out that just last June 21, the Supreme Court noted in its review of the preclearance requirements presently in section 5 of the Voting Rights Act, that—

> Centralized review enhances the likelihood that recurring problems will be resolved in a consistent and expeditious way.

That is the Supreme Court speaking in the case of McDaniel against Sanchez which is not more than 5 months old.

Mr. HYDE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, let us make it clear we are talking about the bailout process, not preclearance. Preclearance stays right here in the District of Columbia courts, the district court, and within the Justice Department. When it comes to bailout, the amendment offered by my colleague from Virginia says we have got a Federal court system, let us use it.

This entire bill is directed toward the achievement of access, access to the electoral process, but this amendment offered by my friend from Virginia is directed toward access to the courts.

Does the gentleman mean to say there is only one building, only one geographical location where sensitivity to the Voting Rights Act resides? That is right here in the District of Columbia.

The gentleman talks about uniformity. There are 11 active and 2 retired appeals court justices here in the District. There are 15 active and 7 retired district court judges right here in the District.

Now, what uniformity? Are we going to pick three of those to hear all of these cases? Are we going to pick six of them and put them in two panels? How are we going to get that uniformity with 11 active appellate judges and 15 active trial judges?

We are not, of course. The fact of the matter is, when the U.S. Circuit Court of Appeals in New Orleans or in Atlanta picks three judges to hear this case, not one of them can be from the jurisdiction where the case is brought. So there cannot be redneck justice, backwoods justice, and I suggest to my colleagues, if they are at all conversant with the records of civil rights issue from the 11th circuit and 5th circuit, the 2 circuits now in New Orleans and Atlanta, they ought to know they are sensitive, they are among the leading courts in the country on civil rights issues.

Now, if we are going to burden the already overburdened District of Columbia district courts with these issues, and the gentleman said some 800 may well be eligible, we are going to deny justice. Justice delayed is justice denied. That is a cliche. And it is so because it is true. If only uniformity and justice is obtainable in the District of Columbia, what about first amendment rights cases? What about 14th amendment rights cases? What about 15th amendment rights cases? They are tried all across the country.

But no one, when it gets to this, when it gets to the Voting Rights Act, the only place justice is attainable is here in the District of Columbia.

What about busing? What about prayers in schools? ,The American Civil Liberties Union gets out a bulletin and says, "Do you know there is an effort to deprive, to divest our courts, our Federal courts, from jurisdiction, an attack on the court system."

Well, I suggest to my colleagues, if that is an attack on the court system, we are divesting the accessible court of jurisdiction to hear cases involving people who will be given access to the court.

What about witnesses who want to be heard? All they say is take a deposition. A deposition is not the equivalent of having the witness come into court and be cross-examined and for the court to view the witness, the demeanor, the facility with which they testify. What we are doing is limiting access to justice, and it is wrong.

We have got sensitive judges who have enviable records in civil rights all through the South and this amendment says make justice accessible to litigants and to witnesses and to attorneys, but we are denying that.

I suggest to my colleagues this is an insult to the system and we talk about cost to the Government. The Government has U.S. district attorneys all across the South. That is not an alien part of this country, just as they have in the North. It is the expense to the witnesses and to the local lawyers that have to be matched against the U.S. Government; it is just not fair.

If we are interested in justice, then have it accessible to people and to litigants. Do not make them trek up here to the District of Columbia court, which is overburdened. And if we do not think these judges are capable of administering justice, then we have a burden to sustain that that I suggest we cannot sustain.

Mr. SAM B. HALL, JR. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Virginia, which would establish the jurisdiction of three-judge Federal district courts in localities covered by the special provisions of the act to hear declaratory judgment suits for the granting of bailout under the provisions of the Voting Rights Act Extension of 1981 (H.R. 3112).

It is not a mere rhetorical exercise to mention the constructive work and able contributions which the gentleman has made in Judiciary Committee action on H.R. 3112, and I commend the gentleman for offering his amendment today.

At issue here is not whether or not legislation to extend the 1965 Voting Rights Act is necessary. Indeed, I favor passage of H.R. 3112 as necessary to preserving and protecting the right of all Americans to vote. The committee report very aptly notes that the right to vote is preservative of all other rights and I would not and will not endorse any action which, in my judgment, would serve to threaten access of all citizens of voting age to that most cherished franchise.

At issue here is the credibility of the Federal judicial system itself. H.R. 3112 would extend sole jurisdiction of the District Court for the District of Columbia to hear declaratory judgment suits for granting bailout. I question the wisdom and logic of this action for several reasons but am particularly disturbed over the undeserved slap which this action throws in the face of Federal district judges who presently serve on the bench in areas outside the District of Columbia. I have faith, and I believe the American people share that faith, in the soundness of the Federal judicial system. This faith is founded on the recognition that some of the most historic and courageous decisions handed down on civil rights litigations in the history of American jurisprudence have been rendered by judges of southern heritage sitting on Federal courts located south of the Mason-Dixon line. To call for the District Court for the District of Columbia to have sole jurisdiction to hear declaratory judgment on suits for granting bailout under the Voting Rights Act is to place in disrepute the very system of jurisprudence which has so ably served this country for over 200 years. I speak from firsthand observations as a practicing attorney of 30 years' experience before the courts that the men and women who sit on the bench of the Nation's Federal district courts are citizens of character and of integrity grasping a keen awareness of what is just, what is right, and what is consistent with the constitutional protections of the rights and privileges associated with U.S. citizenship.

Logistically the broadened standard for bailout provided in the bill will very likely result in an escalation of such suits to be filed. I question seriously, in light of the already crowded docket of the District of Columbia District Court, whether that single court alone will be sufficient to handle all bailout cases.

The reasons for proposing the amendment presently under question are sound. It is not good practice to remove a case from the unique circumstances which shape the electoral affairs of a locality. To do so makes it difficult to ascertain the true facts and to render sound judicial judgments.

It is not good government to impose upon local jurisdictions the considerable expense of sending representatives of the political subdivision to Washington; to the expense of having to hire a Washington lawyer familiar with litigating cases in the District of Columbia; to the expense of bringing witnesses from the locality to testify.

Mr. Chairman, I have had experiences in the past in representing school districts in Texas, and as a matter of fact, the first administrative law judge hearing concerning school desegration that was held we had to come to Washington from Waskom, Tex. We had to bring a school superintendent and seven members of that board. We had to bring a host of witnesses.

The CHAIRMAN. The time of the gentleman from Texas (Mr. Sam B. Hall, Jr.) has expired.

(By unanimous consent, Mr. Sam B. Hall, Jr. was allowed to proceed for 1 additional minute.)

Mr. SAM B. HALL, JR. We had to bring bundles of evidence and witnesses. We had to do that on two or three occasions. It worked out very badly from a logistical standpoint.

After that was done for a few times we contacted the Justice Department and they saw the error of their ways at that time and the procedure was changed.

Today, for an administrative hearing you do not have to come to Washington. You go to Dallas or Houston or to a locality in the area where the school districts are located. I think the same thing should hold true in what we are speaking of here today.

I urge the passage of this amendment.

□ 1430

Mr. FAUNTROY. Mr. Chairman, will the gentleman yield?

Mr. SAM B. HALL, JR. I yield to the gentleman from the District of Columbia.

Mr. FAUNTROY. Certainly as the gentleman knows, we are not dealing with questions of busing. We are dealing with questions of voting rights, one of the most precious rights we have in this country.

I would remind the gentleman that the reason for the passage of the Voting Rights Act in the first instance was that we are dealing with cumbersome litigation.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. FAUNTROY, and by unanimous consent, Mr. SAM B. HALL, JR., was allowed to proceed for 2 additional minutes.)

Mr. FAUNTROY. Mr. Chairman, if the gentleman will yield further, one of the reasons for the establishment of the Voting Rights Act of 1965 was a recognition of the fact that the court process in the district courts was cumbersome and took a long time. While I recognize that in the State of Texas the court systems may work very well, but certainly one would not consider a bailout handled by a three-judge court in Sumter, S.C., for example, which has been frustrating the efforts of the Justice Department for 14 years now to correct an obvious violation of the Voting Rights Act. That county took 8 years, between 1967 and 1975, to submit a proposed change to at-large elections to the Justice Department. After submitting that change to the Justice Department in 1975, the Justice Department informed the county that in its view the changes in fact violated the rights of people in that county to vote. The county then filed a series of three or four requests for reconsideration of the decision by the Department of Justice. These delaying tactics extended compliance with the Justice Department directives by several years or more. Finally, the Justice Department took the county to the Federal district court, where a three-judge panel rules that because the Attorney General did not return one of the several responses to the request for withdrawal of its objection within the required 60 days, that the county might continue into a 14th year, the at-large system of discrimination against the citizens of that county.

The point is that, while the need to establish uniform standards is important, we must not also forget that the basic reason this Voting Rights Act was necessary was that the Federal district court systems had failed to adequately protect the rights of citizens in the covered jurisdictions to vote.

Mr. WASHINGTON. Mr. Chairman, I move to strike the requisite number of words.

Mrs. COLLINS of Illinois. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentlewoman from Illinois.

Mrs. COLLINS of Illinois. Mr. Chairman, I rise in opposition to this amendment.

The author of the amendment would have us believe that vesting jurisdiction in the District of Columbia District Court has served to somehow weaken the equitable execution of justice. He pointed out that in many instances, election officials and wronged minorities have had to travel 1,000 miles to have their cases heard. This has not impeded progress.

According to the U.S. Commission on Civil Rights, there still exists today all kinds of voting rights abuses, particularly in the rural areas of the country. It is my belief, however, that to permit the Federal district court in the jurisdictions seeking bailout to hear the cases would be to permit courts composed, in many instances, of jurists who would, because of local political pressures, be a little more inclined to overlook discriminating practices such as gerrymandering district lines, switching to at-large elections or multimember districts to prevent localized black majorities from electing representatives, ad infinitum.

I, therefore, urge my colleagues to vote down this amendment.

Mr. LUKEN. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentleman from Ohio.

Mr. LUKEN. Mr. Chairman, I rise to oppose this amendment that would change jurisdiction of bailout suits from the U.S. District Court for the District of Columbia to the local district courts in the covered jurisdiction.

Requiring bailout cases to be heard by the District of Columbia District Court is necessary to insure uniform application of the bailout standard, to prevent local politics from influencing the judicial decisionmaking, and to expedite the judicial decisionmaking process. In *South Carolina* v. *Katzenbach,* 383 U.S. 301, 331-32 (1966), the Supreme Court upheld this limitation of jurisdiction as an appropriate exercise of the constitutional authority of Congress to "ordain and establish" inferior Federal tribunals (U.S. Constitution, article III, section 1).

The efficacy of the bailout provision would be seriously impaired if jurisdiction were vested in local district courts and the interpretations of the legal standards governing bailout applied in New York were different than those applied in Mississippi. Furthermore, the voting rights cases filed in the southern district courts demonstrate the need for the remedies provided in the act. Relief for the plaintiffs was extremely difficult, if not impossible to obtain; numerous appeals were necessary, even in cases presenting the most compelling facts. This year, statements before the House Subcommittee on Civil and Constitutional Rights demonstrated that this situation still exists. For example, the Mississippi legislative reapportionment case, Connor against Johnson, continued for 14 years, with nine appeals to the Supreme Court, before effective relief for the denial of voting rights was obtained. Not only is this system inefficient, but it is extremely time consuming.

Mr. Chairman, for these reasons I support the language found in H.R. 3112 as reported by the House Judiciary Committee.

Mr. WASHINGTON. Mr. Chairman, I want to rise in opposition to the amendment, and in doing so extend, if I may, the rather candid remarks of my distinguished friend from the District of Columbia.

There are many, many examples of cases in the local Federal court which resulted in verdicts contrary to the standards of the act and contrary to the Constitution of the United States. I think we should keep these in front of us, not in an acrimonious, vindictive sense, but to be realistic in understanding that, to a limited extent, certainly the courts reflect the locale in which they are located. That is a fact of life and I do not think we should shove it under the rug.

There have been any number of cases in southern district courts which illustrate the difficulty in obtaining relief in voting rights litigation, even when the facts and the law were clear, very clear.

Courts have, for example, unlawfully approved and ordered into effect election law changes to which the Attorney General had objected pursuant to section 5. In U.S. against Board of Supervisors of Warren County, Miss., a 1976 case, a three-judge district court in the Southern District of Mississippi ordered into effect a redistricting plan devised by the board of supervisors to which the Department of Justice had objected.

There are instances in which election law changes subject to section 5 review were unlawfully approved even though they had not been submitted for preclearance as required by the law. One such case is Connor against Waller, a 1975 case. There a three-judge court in the Southern District of Mississippi approved and ordered into effect a revised multimember district plan for the State legislature even though the revised plan had not been precleared by the Justice Department or the District of Columbia District Court.

We could go on and on with this, but I simply repeat the remarks of the distinguished gentleman from Illinois (Mr. RAILSBACK) that in light of the additional case load which would be brought about by what is obviously and clearly a much more liberal bailout provision, I think the situation dictates that we do stress that there be uniformity and that we do go to that court that has a repository and a history of having dealt with these kinds of cases. Anything less than that will create a legal jungle and a quagmire, so I am opposed to the amendment.

Mr. MITCHELL of Maryland. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Chairman, I simply wanted to make one observation to my colleague, the gentleman from Texas (Mr. SAM B. HALL, JR.), who said that this would be a slap in the face to the Federal court system. That is simply not true. I think all of us in this room have admired the judges throughout the years in the southern courts who have stood up for what is right. Some have been subjected to harassment and all kinds of ugly treatment, so it is not an indictment or a slap at the judiciary system. It is rather because of the complexity of the issues involved that I think the committee has chosen very wisely to leave authority with the District of Columbia court.

I thank the gentleman for yielding.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentleman from Virginia, yes.

Mr. BUTLER. I thank the gentleman for yielding. I will not take long, but I do want to correct one of the misimpressions which I think the gentleman has. We are sensitive to the arguments the gentleman makes. Its validity is questionable, but the argument is made by the gentleman and the gentleman from the District of Columbia about the possibility of local judicial prejudice.

We think we have met that argument very well in this bill by providing, and I am quoting from the Butler amendment before us:

> The panel of judges for such action shall be selected by the Chief Judge of the circuit.

In Mississippi, that would be in Atlanta, and so forth, selected by the chief judge of the circuit in which the judicial district is located and shall not include any of the judges normally assigned to such judicial district. The local judicial pressure will not be there because the local judiciary would not be the ones hearing the cases, but the witnesses and the petitioners and those who would be burdened with such tremendous expense of trips to Washington would be relieved of that obligation. I think we have met the gentleman's objection, but I do appreciate the gentleman's interest and contribution.

Mr. WASHINGTON. Well, I do not think it has been quite met. I would not say it was a possibility; I would say to the distinguished gentleman from Virginia it is a distinct probability that such cases of crass violation of standards set down by the act and by the Constitution will be continued. It is unfortunate. It is a testy subject. It is a knotty subject. It is a distasteful subject, but it is a fact of life. It is not a possibility. It is a distinct probability.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. WASHINGTON was allowed to proceed for 1 additional minute.)

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the distinguished gentleman.

Mr. EDWARDS of California. Mr. Chairman, I thank the gentleman for yielding.

I think it is also very important to point out that we expect, and I think everyone expects, these bailout suits to be relatively free from long litigation, that a clean record for a period of 10 years will entitle this jurisdiction to a bailout.

The Justice Department and the United States, of course, being the defendant, the Justice Department will investigate the cases. There will be very little litigation actually in Washington. Over half the cases on bailout already were decided by consent decree. I am sure that this will happen often under the new bailout provision in this bill.

I thank the gentleman for yielding.

Mr. KINDNESS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am concerned that sometimes when we set out to do good we end up by not doing well. I am concerned that that is exactly the direction in which we are heading with the provision in the committee version of the bill which would retain the jurisdiction in the U.S. District Court for the District of Columbia for the determination of these bailout cases. There could be quite a number of such cases.

I regret that the chairman of the subcommittee has had to absent himself momentarily from the Chamber. Had he not done so, I did want to ask, and the gentleman is returning down the aisle, I had wanted to ask whether there is an answer available as to the number of cases that might be involved in these several years ahead of jurisdictions applying for bailout; that is, for the declaratory judgment.

Is it correct that there is a potential of somewhere around 2,300 such cases?

I would yield to the gentleman.

Mr. EDWARDS of California. No. There are close to 900 counties in the covered jurisdictions. The best figure that we have, if the gentleman from Ohio will yield, is that about 25 percent of those counties would be eligible to apply for bailout by the time the law becomes effective, which is in 1984. These first cases should be relatively simple, as they involve jurisdictions with insignificant minority populations or jurisdictions which have none of the objective disqualifying factors contained in the bill.

Also, the district court here in the District of Columbia has one of the very best records in the country for not having a backlog and for moving through its docket promptly.

Mr. KINDNESS. I did seek to comment on that judgmental aspect myself, but I was wondering how many cases could we be talking about?

Mr. EDWARDS of California. About 200 cases.

Mr. KINDNESS. About 200 cases?

Mr. EDWARDS of California. About 200 cases.

Mr. KINDNESS. There are about 2,300 or so jurisdictions that are involved, though; is that correct?

Mr. EDWARDS of California. No. There are close to 900 counties involved.

Mr. KINDNESS. Counties?

Mr. EDWARDS of California. Yes.

Mr. KINDNESS. In addition to the States, there are approximately 900 counties?

Mr. EDWARDS of California. Yes. Nine States are fully covered.

Mr. KINDNESS. So we have a potential for quite a number of cases to be considered.

I want to thank the gentleman very much for that information.

I have not practiced law in the various U.S. district courts around the country which cover the area of the jurisdictions that are involved under the preclearance provisions of the Voting Rights Act. I have practiced law in the U.S. District Court for the District of Columbia. That experience has not enabled me to attribute to the U.S. District Court for the District of Columbia any of the exceptional qualities that might be ascribed to a court that had nothing but the very best judges and all the rest were bad. It certainly has not caused me to feel that the U.S. District Court for the District of Columbia is any less able than any other district court.

I think we are engaging in, not logic, but something else in arguing this question that is before us. Time after time the House of Representatives has voted in other types of cases to allow litigation to be conducted in other places in the Federal court system rather than concentrating cases in the U.S. district court. I think it is appropriate that we have done that in other cases. If we could peel away the unusual aura of consideration about this bill and look at the question of where the cases ought to be litigated, I think we will reach the conclusion that it ought to be dispersed.

Mr. GLICKMAN. Mr. Chairman, will my colleague yield?

Mr. KINDNESS. I yield to the gentleman from Kansas.

Mr. GLICKMAN. I suppose my concern is this. Realizing that voting rights has a special status in the aura of the Constitution and we have been operating under a procedure for 17 years whereby the District of Columbia court has had primary jurisdiction in preclearance cases, and as far as I am aware it has worked reasonably well, what is the compelling reason to change it now? I mean, would that not in effect perhaps in a negative way affect the enforcement of voting rights cases? Why change it if it is working? Why fix it?

Mr. KINDNESS. I would point out to the gentleman that of the 24 cases of bailout up to now under the 1965 act, 18 of them are counties of the State of Maine. There is a good reason right there, if the gentleman needs any better reason than that; let us apply it theoretically to the State of Kansas. If the gentleman's constituency had the extraordinary burden of having to litigate a matter such as this——

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent, Mr. KINDNESS was allowed to proceed for 2 additional minutes.)

Mr. KINDNESS. It would be obvious then in somewhat more parochial terms that that is an unjustified physical burden, which is true and unjust in lots of other types of litigation as well.

□ 1445

If we look at it in the context of that general consideration, I think one can see that it is desirable not just to have the litigation concentrated in one court.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Well, I think the gentleman is making a very logical argument, but I think it is also important to note for the record, so that everybody understands, that there are only nine States as such that are already involved in these preclearance provisions, and a State can come in and apply for a bailout of the State and all of the governmental units within the State. So that, from a strictly theoretical standpoint, one can dispose of all of them with only nine suits in the District of Columbia.

Mr. KINDNESS. I will point out to the gentleman that there is another controversy involved in this bill, and it would appear that the States cannot do what the gentleman describes unless every county within that State——

Mr. SEIBERLING. Correct; but nevertheless it is possible.

Mr. KINDNESS. Anything is possible, my dear friend.

Mr. SAM B. HALL, JR. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Texas.

Mr. SAM B. HALL, JR. Mr. Chairman, I would like to make one comment with reference to what the gentleman from Kansas said about operating this way for a great number of years. I recall the case styled Plessy against Ferguson. We operated erroneously under that case until 1954, but when it came time to change, the change was made as it should have been. So, just because we have been operating under this for a number of years does not mean, in my opinion, we cannot change it for the better.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, to answer my friend from Kansas, we are talking about a new ball game now. This is a new procedure. This bailout has a lot more issues than the old bailout, which only asked did they not use an illegal test or device.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this is not a light matter, and I would like to just recall some of the witness testimony from the man who may be more experienced in this area than anyone else, the former Assistant Attorney General of the United States, Drew Days, who was charged with this administration. He said:

> Make no mistake about it. My experience as Assistant Attorney General tells me that shifting jurisdiction from the District of Columbia to the local district courts would not be a simply jurisdictional modification; it would be major undoing of an essential part of the congressional scheme that has helped make the Voting Rights Act as effective as it has been.

I implore you to consider carefully the results of changing the jurisdiction for bailout suit at this point.

Now, there is a bit of irony that we need labor over this so long, because what we have done in what I consider in an act of unusual generosity on the part of the subcommittee is that we have added an additional bailout procedure to the Voting Rights Act of 1965. For us now to come and say as a condition of further liberalizating bailout, which will allow for the first time counties to bail out separate from States, we are now going to change the jurisdiction from which bailout would occur, would be absolutely unthinkable—absolutely unthinkable.

Another point about the subcommittee hearings, the witnesses, many of them from the South, who testified for the extension of the Voting Rights Act made no complaint against the location of the court—no complaint at all. I suggest to the Members that there was a reason for this. There is very little inconvenience because, as those who know how this law is administered will agree. For the most part, depositions are taken at the locus of the application for bailout. This is not a regular trial with witnesses streaming in and out, as occurs in other cases. There are very few witnesses other than those legal representatives of the jurisdictions seeking bailout.

Now, I think that we need to consider what someone dismissed as the unusual aura about this bill, because as we debate in 1981 the importance of extending the Voting Rights Act, where there are hundreds of jurisdictions out of compliance right at this moment—out of compliance because they have not voluntarily submitted evidence of change as is required—a fact frequently not even found out until they apply for bailout, we will be moving backward from the modest progress that has been made. Yes; we need to locate and continue the location of the decisions in the District of Columbia court because if we do not we will be spreading this over 34 district courts throughout the land. I am not demeaning these judges ability to decide these cases; no, there is nothing magic about them, but it was the way we in our wisdom initially determined that this law would be administered because of the unusual nature of the case: Namely, how do we in 1981 make the 15th amendment work?

For reasons of expeditiousness and uniformity, without demeaning any judge anywhere, we say we have to locate the decisions and the appeals in one place. So, please do not think that this is some careless or modest amendment that is here before us. This amendment would gut the Voting Rights Extension Act of 1981. Any change not contemplated without great care in the subcommittee nor in the full committee, but merely by us walking on the floor and all of a sudden, after 17 years saying, "Thank you, district judges, we are now going to let 92 different courts in the United States of America handle this," would be absolutely unthinkable.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

(By unanimous consent, Mr. CONYERS was allowed to proceed for 1 additional minute.)

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to my chairman.

Mr. EDWARDS of California. Mr. Chairman, I want to say that I agree wholeheartedly with what the gentleman from Michigan has stated. This is a devasting amendment, and it goes a long ways toward doing great damage to the Voting Rights Act. It is generally stated that the Voting Rights Act is the most successful civil rights bill in our history, and it is. However, as the gentleman from Michigan points out, today we are adding a bailout, a liberal bailout provision to allow clean jurisdictions to escape from the Voting Rights Act. It would be a great step backward to accept this particular amendment.

Mr. CONYERS. I urge a "no" vote on the amendment.

Mr. KINDNESS. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. Of course.

Mr. KINDNESS. I understood the gentleman from Michigan to quote a former Assistant Attorney General, Drew Days. Is not the testimony referring to changing the jurisdiction from the U.S. District Court for the District of Columbia to the local district courts rather than referring to the amendment offered by the gentleman from Virginia, involving three judge courts that are selected with none of the district court judges being from the jurisdiction that is involved? Would the gentleman care to clarify that that is a different matter on which Drew Days was testifying?

Mr. CONYERS. No; the former Attorney General was very well aware of a possibility that we might change where we hear these cases, and whether the judges should be members of the district court of the District of Columbia. I do not think that he was speaking about a different proposition at all.

Mr. KINDNESS. He was not speaking about the proposition that is before us today.

Mr. CONYERS. No; he was speaking against any change whatsoever in the successful disposition of the locus of the courts for all of these years.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

(At the request of Mr. HERTEL and by unanimous consent, Mr. CONYERS was allowed to proceed for 2 additional minutes.)

Mr. HERTEL. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. Of course.

Mr. HERTEL. Mr. Chairman, I commend the gentleman from Michigan. My colleague from Michigan has pointed out that the district court has been doing an excellent job, that there is no reason to change something. If it is not broke, why fix it? That was stated before. There seems to have been some aspersions cast on the district court, as to the decisions that they have made. It has come to my attention that over the 17 years the district court has never been overruled—never once been overruled on these questions. In fact, it is debatable as to whether there have been any appeals from the district court decisions on the bailout. So, I do not see the need for the amendment at all, or for further discussion of it, really.

Mr. BUTLER. Mr. Chairman, if the gentleman would yield, I want to be sure the gentleman understands——

Mr. CONYERS. Would the gentleman state his point?

Mr. BUTLER. I was preparing to. I want to be sure the gentleman understands that we do not by this amendment disturb the jurisdiction of the district court as an alternative to administrative preclearance.

Mr. CONYERS. We understand that.

Mr. BUTLER. I thank the gentleman.

Mr. CONYERS. I will point out to my colleague, nobody ever goes through preclearance by going to court as the Members all know, because they get it in almost every case by writing the letter to the Attorney General in the Civil Rights Division.

Mr. RODINO. Mr. Chairman, will the gentleman yield?

Mr. CONYERS. I yield to the gentleman from New Jersey.

Mr. RODINO. Mr. Chairman, I thank the gentleman for yielding. I would really like to state we cannot question the sincerity of the Member who offers this amendment, but it seems to me as one who engaged in this debate a long time ago, one of the principal arguments that was made by those who were adamantly opposed to the adoption of any civil rights legislation, especially voting rights, was to place the jurisdiction of the courts outside of the District of Columbia.

Mr. CONYERS. It would be the height of folly, my colleagues for us to consider an additional liberalization of the bailout provision, and at the same time even contemplate changing the D.C. courts as the place the bailouts would be heard.

Mr. JENKINS. Mr. Chairman, I move to strike the requisite numbers of words, and I rise in support of the amendment.

Mr. Chairman, I rise in support of the amendment. I have heard the arguments. Maybe my district is a little unique but I want to point out to the Chairman and to Members of the House some facts that may not be applicable to every district.

My district in the northern part of Georgia has always been under the provisions of this act, since 1960. Yet, eight of my counties do not have a single minority member in the population. Now, you tell us that we have an opportunity to bail out, that you have really liberalized this. All right, that is well and good. That is excellent, but at the same time you are saying that my people, who should have not been under the act in the first place, have to come to the district court in the District of Columbia to apply to bail out from an act that they should not have been under in the first place.

Now, I concede that many States should have been under it, and we are under it because our entire State is under it. I fully understand that, but what you are really saying to me is that one of my little counties, which does not even have a county attorney, with only 5,000 people, they have to employ an attorney to file an action to bail out, when they should not have been included anyway, and they have to come to the District of Columbia to do it.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I will be happy to yield.

Mr. CONYERS. I am glad the gentleman brought this example to the attention of everyone. There are a number of districts—and the gentleman's State contains some—in which they are eligible for bailout and have never sought to apply? Why? Because there is no onerous requirements placed on them, whether they are in or out, as long as they are complying with the law with regard to voter rights changes, annexation, and redistricting. So, there is very good likelihood that in the example the gentleman cites, there will never be a necessity for anybody to ever determine that they should bail out because they are not experiencing any difficulties under the act.

Mr. JENKINS. Yes; they are. Let me explain to the gentleman that there are reasons, because every time they commence to change a polling place, or every time they begin to go from a paper ballot to a machine ballot, they have to comply with the provisions of this act. They should not have had to but they do.

Mr. CONYERS. Mr. Chairman, will the gentleman yield further?

Mr. JENKINS. I will be happy to.

Mr. CONYERS. The gentleman is talking about the requirement of preclearance, not bailout.

Mr. JENKINS. I understand the difference.

Mr. CONYERS. In preclearance you do not have to go into court. Very few have ever gone into court. All you do is write a letter to the Attorney General. He writes you a letter back, and he has the power to object or to clear you.

That is why we have such an expedited and very wonderful working system.

Mr. JENKINS. Mr. Chairman, let me reclaim my time and tell the gentleman why I know better.

As a county attorney of one of these little counties, I wrote a 60-day letter to get the clearance before an election. I never did hear from the Attorney General, so I had to come up here and walk it through myself, for no reason at all.

There are no minorities there; there are no questions of voting rights. I understand the burden because I have been there.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I would like to bring to the attention of my friend, the gentleman from Michigan (Mr. CONYERS), the case of the city of Rome, GA. against the United States, where the Supreme Court held that a jurisdiction cannot get out so long as its State is covered. As long as the State is in, they are in; even though they are clean, even though they have lived up to the law, they are in because the State is in.

By the way, that cost the city of Rome, Ga., against the United States, where the Supreme Court held

Mr. JENKINS. Mr. Chairman, I simply want to say that I understand the reasons for the Voting Rights Act. But my particular area is an area that really should not have been under the act, any more so than North Dakota or Minnesota. But now, you are saying that in order for me to bail out my counties, to bail out from the provisions of an act that really should not have covered them; because you say my district court judges do not have the ability or the integrity to construe the 15th amendment, I have to come to the D.C. court. Furthermore, I would assume that if there are abuses in these district courts, whether they be in Mississippi or Georgia or anywhere else, the Justice Department has the right to appeal those matters.

Mr. CONYERS. Mr. Chairman, just briefly, if the gentleman will yield further, I want to commend him because, as an attorney for his county, he did attempt to preclear. That is more than a lot of them are doing.

Mr. JENKINS. We try to comply with the law.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. JENKINS) has expired.

(On request of Mr. EDWARDS of California, and by unanimous consent, Mr. JENKINS was allowed to proceed for 1 additional minute.)

Mr. EDWARDS of California. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I am happy to yield to the gentleman from California.

Mr. EDWARDS of California. Mr. Chairman, I wish to point out to the gentleman from Georgia that this bailout is particularly designed to help and relieve those counties such as the ones the gentleman represents from the preclearance requirements. Under current law, they cannot bail out.

Mr. JENKINS. That is right.

Mr. EDWARDS of California. Under H.R. 3112 they can bail out. So I should think that the gentleman would support this with enthusiasm.

Mr. JENKINS. Mr. Chairman, I appreciate the subcommittee chairman's doing that, but what the law now provides is that in 2 more years we can then bail out of something we never should have been in in the first place.

Mr. EDWARDS of California. Under the old law they could not bail out at all.

Mr. FLIPPO. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Alabama.

Mr. FLIPPO. Mr. Chairman, I would like to ask the gentleman, since we are talking about bailing out in his areas, this question: Suppose someone files a suit against the gentleman's counties now. Now, is that very expensive, does the gentleman know?

Can the gentleman tell me what it costs to file a suit in the district county against his county to block his opportunity to bail out?

The CHAIRMAN. The time of the gentleman from Georgia (Mr. JENKINS) has again expired.

(On request of Mr. FLIPPO, and by unanimous consent, Mr. JENKINS was allowed to proceed for 2 additional minutes.)

Mr. FLIPPO. Mr. Chairman, can the gentleman answer me as to what it costs to file a suit in the district court that would block his counties from coming out from under this law?

Mr. JENKINS. Well, I do not know the answer.

Mr. FLIPPO. Perhaps we could ask the chairman of the subcommittee.

Mr. JENKINS. I think the attorney fees would be the big item, and obviously we cannot say what those would be.

Mr. FLIPPO. Is it possible that someone could file a suit and block the gentleman's counties from coming out?

Mr. JENKINS. I would assume they could. But I simply want to say that I do not want to be construed as attacking the Voting Rights Act in and of itself. I am simply saying that in my district, where we have 6 percent minorities in the entire district, including Indians, and where I have eight counties that have no minorities of any kind, we should not be covered by the act. Yet we have had to comply with those provisions.

I appreciate the fact that the subcommittee chairman has written into these amendments an escape hatch. I would simply hope that they would permit us to go into a district court in Georgia and not have to make the trip all the way to Washington to get out of what we should never have been under in the first place.

Mr. CONYERS. Mr. Chairman, will the gentleman yield just one more time?

Mr. JENKINS. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I appreciate the gentleman's yielding

I think it is important that the gentleman understand, along with our colleagues, what we are doing here. We are recognizing the need for a bailout about which the gentleman is bitterly complaining.

Mr. JENKINS. Would the gentleman agree with me that we should not be under it?

Mr. CONYERS. Mr. Chairman, I have no idea what the circumstances are.

All I am pointing out to my friend is that if he wants this liberal bailout, we have got to keep the court jurisdiction that controls it where it has been since the creation of this law and which has been sanctioned by the Supreme Court time and time again.

Let us not get carried away on the floor by any particular issues concerning one instance or two instances. What I am saying to the gentleman is that a major historic change has been wrought in bipartisan fashion by the members of this committee, and the gentleman's counties can now come out, and they never could have done that before now.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. JENKINS) has expired.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of this amendment.

Before I speak specifically to the details of the amendment, I have some thoughts about whether in fact what we are doing here is really of any importance. I happen to believe very strongly that this extension is necessary, but I also think that we as Members of the House have every right to expect that we would consider the actual details of the vehicle before us.

I must say that it is somewhat dismaying to be on the floor and talk to some Members who say, "Well, we think on the merits you are correct on this amendment, but I am already committed to a local group in my area that told me that any amendment I might vote for would be gutting the Voting Rights Act, and any possible amendment that would be presented would somehow be against civil rights or voting rights."

The reason it is dismaying to me is because as someone who was a practicing attorney, I always felt that even though I sometimes had a heavy burden to carry when I went into court, at least I had the feeling that the jury was going to listen to me.

Standing on the floor here on the last amendment, I was hearing that people should not really ask what the amendment was all about; they should just hear the name of the sponsor; they should not ask what it is about because every single amendment will somehow gut the act, and they really ought not to worry about this because a particular group has suggested they ought to vote this way or that way.

This reminded me very much of some of the comments from some of the Members on the other side of the aisle when we discussed another matter last week that had to do with home rule. At that time we were told, and, I think, told correctly, that we ought to consider the facts of the proposition before us and not be overcome by emotional and moral blackmail, if you will, and that we ought not to just respond merely because someone has said, "I am the Moral Majority" or "I am the civil rights community, and, therefore, everything I say is correct." The implication is that "if you dare vote against me, you will be immoral or you will be against voting rights."

I would suggest that this amendment is extremely crucial in the consideration of this overall bill. It is not a throwaway amendment. It is an important amendment, and we ought to look at the amendment for what it does and for what it does not do.

There has been the suggestion here that somehow by adopting this amendment we are going to tear the guts out of the jurisdiction that has been given to the District Court for the District of Columbia. That is not true. At the present time there is a bailout provision, but in effect it is a nonusable bailout provision.

There have been 24 jurisdictions that have attempted to use it in the last number of years it has been in existence, 18 of them from 1 State—the State of Maine.

We are talking about a new bailout provision that has new criteria. As a matter of fact, I have heard it said that we have liberalized the rules here. It is true that under this bill counties and other jurisdictions that are within a covered State would have the opportunity to bail out, and that is a liberalization. But a very important point on this ought to be raised here concerning the bailout bill that we created in the committee. In the new bailout concept, there is an additional criteria that does not exist in present law and makes it tougher for those jurisdictions that are presently covered to get out from under. That additional requirement is that they must show that they have taken constructive efforts in some way to increase participation by minorities. There is nothing in the present law that requires that.

When this law was originally passed, certain practices were, in a sense, grandfathered in. If they were not specified tests or devices, they were still allowed, even if they had the effect of diluting full minority participation.

This bailout now requires that they look into those jurisdictions to see if they have eliminated some of those practices which have not previously been considered unlawful and see if they have taken constructive efforts.

So we are talking about a new ball game; we are talking about new criteria.

With respect to the question of preclearance as it exists and as it would exist under this law, it is not changed one iota by this amendment offered by the gentleman from Virginia (Mr. BUTLER). When you preclear, you have to preclear with either the Justice Department, through the Attorney General, or the District Court of Appeals for the District of Columbia.

So in terms of uniformity of judgments as to whether submissions are correct, that will remain. What we are talking about here in an entirely new decision that will be made by the courts. I do not think there has been any showing whatsoever that the District Court of Appeals for the District of Columbia has infinite knowledge and infallible judgment, particularly on something they have not even addressed yet. In fact, if we have said that we needed to bring the Federal courts into greater sensitivity on civil rights over the past 17 years, we ought to make a judgment as to whether we have been effective.

The CHAIRMAN pro tempore (Mr. ECKART). The time of the gentleman from California (Mr. LUNGREN) has expired.

(By unanimous consent, Mr. LUNGREN was allowed to proceed for 3 additional minutes.)

Mr. LUNGREN. Mr. Chairman, maybe some of the people who are opposing this amendment are concerned about the fact that the last President, President Carter, managed to appoint 25 percent of the appeals court judges in the Federal system. I would think they would not be worried about that. He has appointed more members to the Federal court than any other President in the history of the United States.

I believe in fact that some of the outstanding civil rights judges are not just found here in the District of Columbia but are found elsewhere, particularly in those districts in which, under the amendment offered by the gentleman from Virginia (Mr. BUTLER), they would be brought actions for bailouts. So I really wonder whether we think that there is infallibility in judgment here in the District of Columbia and not elsewhere. We should not lightly dismiss the fact that jurisdictions will have the affirmative obligation to bail out, because they do not bail out automatically; they have to go to the courts and prove their case.

That will require them to go to a great deal of expense and a great deal of effort. Is there any reason why they could not do it in the Federal district court closest to them? Is there any real reason why we could not trust the Federal judges? Are we saying that this is a vote of no confidence in the Federal judiciary, that we cannot trust the Federal judiciary to take these cases in hand, so they have to come here in a special circumstance?

I do not think there has been any record for that. As a matter of fact, as a member of the subcommittee I cannot recall any testimony that we took on this subject whatsoever.

Mr. GLICKMAN. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Chairman, there probably was no testimony because of the fact that the District of Columbia court has had jurisdiction for 17 years.

Mr. LUNGREN. Mr. Chairman, if I may reply to the gentleman, at this point we have never had a bailout with these provisions before.

Mr. GLICKMAN. I realize that.

Mr. LUNGREN. So we are talking about apples and oranges. We are not talking about the same thing.

Mr. GLICKMAN. Mr. Chairman, I know that the gentleman from Illinois mentioned that this is a different kind of bailout, but I always viewed voting rights as an unique kind of subject, so perhaps the District Court of Appeals for the District of Columbia is almost a "voting rights court" in some sense.

Mr. LUNGREN. Mr. Chairman, if the gentleman will allow me to continue briefly, then I will be happy to yield back to him.

As a matter of fact, we have been doing some redistricting in my home State of California, and I probably would prefer that the State of California be required to come here and review the new redistricting that has taken place. But we all know that all voting rights cases are not under this law, and many violations, as some might call them, of equal protection under the law take place side-by-side the voting rights law.

Mr. GLICKMAN. But what is the compelling reason for this? The gentleman could probably find reasons why cases should be heard by a district court or a three-judge panel in Mississippi, Alabama, or Kansas, or wherever, but what is the compelling reason why the gentleman would want to make this shift now?

Mr. LUNGREN. There are a couple of reasons, one of which is that counties ought to have an opportunity for having a separate bailout, as was mentioned before, and in most cases they cannot now if they are in a State that is covered. So we are going to have individual counties coming here without the great resources of the State and having an undue burden in terms of expenses, in terms of travel, and in terms of leaving their home regions to come here to present their case.

Second, there is the number of cases, and there has been the suggestion there will only be 800 jurisdictions.

The CHAIRMAN pro tempore. The time of the gentleman from California (Mr. LUNGREN) has expired.

(By unanimous consent, Mr. LUNGREN was allowed to proceed for 2 additional minutes.)

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Mr. LUNGREN. There have also been some assessments that we have as many as 2,300 jurisdictions that may try to avail themselves of this particular section of the bill. To suggest that that will not overburden the court, even if one-fourth of them come here, I think is to say something which does not have a basis in fact. I think we have to have a concern about that.

Third, I would say it seems to me if we do have confidence in the Federal judiciary, we ought to show we have confidence in the Federal judiciary and require a sensitivity to civil rights not just in the District of Columbia, but in all of the district courts throughout this country. It seems to me that unless we absolutely feel that the Federal court judges in those other jurisdictions are incapable because of the sensitivity or political pressure to deal with these cases we ought not to just bring it over here.

If we do have a problem with that, we should get rid of those judges because they are not, in fact, doing what they ought to be doing and what we expect them to do.

Mr. BLILEY. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Virginia (Mr. BLILEY).

Mr. BLILEY. I thank my colleague for yielding. I would like to associate myself with his remarks.

I am in support of this amendment. I would like to mention two reasons. First, the gentleman earlier said that he was not aware that the district court for the District of Columbia had ever been overruled. I would commend to the gentleman the case involving the city of Richmond, presided over by Judge Skelly Wright and two other judges. They were overruled by the Supreme Court. I do not know how many others there were.

Second, in the first case, and I think this is most important, when the judge found against the city in the first round he said to the intervenors, "Go back to Richmond and go before the district court there. They know far more about what to do in this case than we do up here," I think that is what the amendment of my colleague from Roanoke (Mr. BUTLER) is all about. Let the people in the district, in the region, who know more about it, settle the issue and not bring it up here.

The CHAIRMAN pro tempore (Mr. ECKART). The time of the gentleman from California has again expired.

(At the request of Mr. CONYERS and by unanimous consent, Mr. LUNGREN was allowed to proceed for 2 additional minutes.)

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I am happy to yield to the gentleman from Michigan (Mr. CONYERS).

Mr. CONYERS. I thank my colleague for yielding.

My colleague made perhaps a misstatement. The chairman of the subcommittee said there would be 230 jurisdictions immediately eligible.

Mr. LUNGREN. What I was saying was there has been a suggestion that this would be limited to a total number of 800 possible jurisdictions. Some have suggested because of certain definitions it may be closer to 2,300.

Mr. CONYERS. Then I am saddened by the debate for those who support this amendment who are clearly avoiding the reality of the crisis and the harassment that judges in the South have had to go through in connection with civil rights cases in general, with voting rights cases, and even busing cases in particular. It is not a pretty picture. It is a grievous and sore part of our American body politic as we develop.

So to be thinking that a few so-called liberal judges, as the gentleman referred to them, appointed in a previous administration are going to settle a historic problem I think looks away from the nature of the difficulty. The harassment comes from the community. It is not that the judge is going to just get scared for nothing. Remember the Scottsboro case? Remember what happened to the families and the judges in terms of the horrendous pressures they have been subjected to in the last two decades?

I ask the gentlemen to take those into consideration.

Mr. LUNGREN. I appreciate what the gentleman says. But I would suggest some have said we do not have a sensitivity to civil rights on the bench in those other jurisdictions. I would suggest that over the last 17 years that has changed. With all due respect, and realizing there are jurisdictions that are recalcitrant and should remain in, I would still suggest that we have some change in attitude that we have perceived in some parts of the country. I still do not believe all of the angels or all of the devils of this country live in one part of the country or another.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I am happy to yield to the gentleman from Illinois (Mr. HYDE).

Mr. HYDE. Does the gentleman know if he was born when the Scottsboro case was determined?

Mr. LUNGREN. I am sorry, I do not know the date in question.

Mr. HYDE. Does the gentleman know why we went to Montgomery for hearings, and Austin, and why we did not just take their statements or depositions?

Mr. LUNGREN. One of the important reasons was that we wanted to go down and actually hear from the witnesses in those particular cases as to their experiences. In fact, they cataloged a chamber of horrors in many cases which convinced, I think, the gentleman from Illinois (Mr. HYDE) and myself of the fact that we needed preclearance.

Mr. DENARDIS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I am not an attorney. I do not serve on the Judiciary Committee. I am but a freshman in this Chamber. But I have been vitally interested in the Voting Rights Act since it was enacted. This year, upon coming to this Chamber, I have followed the introduction of legislation to extend that act with keen interest. I believe I was the first Member from my side of the aisle to cosponsor its extension, the first to offer testimony in support of it before the Edwards subcommittee, and the first Republican to urge the President to support the legislation.

The question on the amendment before us is whether we allow decentralized review of the bailout provisions of this act. We are establishing new standards for jurisdictions that are seeking to bail out or to remove themselves from the act's coverage, including a change that would permit individual political subdivisions within a covered State to bail out.

In preclearance review we have developed an expertise in the District of Columbia court for a system of centralized review that was born out of necessity.

There is, in my judgment, a logic to continuing this system as applied to the new bailout provisions. Centralized review has worked. It has worked exceedingly well, given the complexity of the problem of preclearance. I think that there is now a body of knowledge on aspects of the Voting Rights Act that can serve this court well as it addresses some new provisions of this act.

Second, notwithstanding the progress that has been made in voting rights, the whole history of the franchise in this country is unfortunately studded with subtle acts of discrimination. While I now range beyond the scope of this particular amendment, it is important, I think, to a discussion of the amendment as part of the act, and looking forward to some additional amendments which will be offered, to make this point. Namely, that threats to voting rights are by no means a thing of the past, although they are certainly a lot more subtle now than in years gone by. No more are impossible literacy tests used to disqualify blacks or language-minority registrants. But now moving the voting booth to an all-white club can just as effectively discourage minorities from exercising their rights.

No more are ballot boxes of black votes unaccountably lost, but shifting from District representation to an at-large system of electing the county council can be as effectively disenfranchising as anything else.

No more are terrorist tactics used to prevent blacks from running for office, but an exhorbitant hike in filing fees can just as effectively keep most minority candidates out of the race.

These examples, drawn from life since the Voting Rights Act was made law, show how even changing what looks innocuous at first can be used to perpetuate discrimination.

What is more, some proposals that have no discriminatory intent can nevertheless have significant and negative effect on minority participation.

Mr. Chairman, the Voting Rights Act has accomplished what 100 years and countless court cases could not accomplish, the enfranchisement of hundreds of thousands of minority Americans. The system, as enacted in 1965, as amended over the years, has worked very well. There are imperfections, to be sure.

It makes no sense to me to change. We talk about progress that has been made, but much still needs to be done. Preclearance provisions have been effectively reviewed here in the District and I think that the new bailout provisions will meet with the same success.

The CHAIRMAN pro tempore. The time of the gentleman from Connecticut has expired.

(By unanimous consent, Mr. DENARDIS was allowed to proceed for 2 additional minutes.)

Mr. DENARDIS. I conclude, Mr. Chairman, by saying that I think that the cumulative effect of this amendment, if enacted, and other amendments, if enacted, will be to weaken the most important piece of civil rights legislation in history. I am against this amendment and, as I read most of the amendments that will be offered, I oppose them, too.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. DENARDIS. I am happy to yield to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman, I rise in strong support of the House Judiciary Committee's bill extending the provisions of the Voting Rights Act.

The most fundamental right supporting our democratic form of Government is the right of individuals to participate—through elections—in the selection of his or her government. Even the first amendment rights of free speech and assembly lose their significance if there is no process for individuals or groups to translate the enjoyment of these rights into action in the voting booth.

The right to vote breathes life into all the other guarantees of our Constitution.

The Declaration of Independence and the Constitution, while nearly perfect in form and substance, were, as we know, not perfect in results. It has been up to the Congress and the courts—to the people really—to refine, to amend and to improve the principles of equality and suffrage enunciated in those documents.

And we have moved forward in the past 200 years to realize the full potential of our system of government. Thus, the Congress and the States in the 12th, 14th, 17th, 20th, 22d, 23d, and 25th amendments moved to improve the election processes for Federal offices. The 15th amendment forbade the denial of the right to vote on account of color. And the 19th amendment extended suffrage to women.

The Voting Rights Act of 1965 was necessary because some State and local officials refused to carry out the mandate of our Constitution. Blacks, particularly in the South, were routinely denied the right of participation in the political process.

That the act has been a success there can be no doubt. At the time of its passage only 32 percent of blacks were registered to vote in the 10 States comprising the Deep South. That figure is now 63 percent.

Should the act be extended without weakening amendments? I believe it should. In the past 5 years, between 1975 and 1980, Mr. Chairman, the Justice Department disapproved over 500 proposed electoral changes submitted for its approval under the act's preclearance requirement. Testimony heard by the Judiciary Committee indicated that jurisdictions continue to defy the act. Almost all of the States covered have faced as many objections within the last 5 years as during the preceding 10 years.

The House should, therefore, accept the Judiciary Committee bill which does the following:

Extends the preclearance provisions until 1992;

Modifies the standard of proof in voting discrimination cases;

Extends the language assistance provisions of the act until 1992; and

Provides a fair and achievable bailout which will allow jurisdictions which have a consistent record of no violations for 10 years to be exempt from preclearance.

Mr. Chairman, I ask my colleagues to support the committee bill to continue the progress we have made to insure the rights of the voting franchise to all.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. DENARDIS. I yield to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. I thank my colleague for yielding. I would like to associate myself with his remarks. It is refreshing to hear his views, and I am happy, indeed, to associate myself with what the gentleman has said about this important act.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. DENARDIS. I yield to the gentleman from New York (Mr. FISH).

Mr. FISH. Mr. Chairman, I, too, would like to compliment the gentleman for his very lucid and cogent expression of support for this measure.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words.

I am sorry our colleague from Georgia (Mr. JENKINS) seems to have left the room for a moment, because I think he raised a point which needs to be responded to. Anyone who is in the circumstances of the nine counties he referred to, that have no minorities and, therefore, no problem under this act, can appreciate the desire not to have to go through a long, complicated, expensive procedure.

But I suggest the best way to avoid that, in terms of the bailout provision, is to have all such cases tried in one court, in this case, the U.S. District Court for the District of Columbia, which has the expertise and the authoritative position to dispose of those cases and to minimize the number of appeals to the Supreme Court. This will minimize the number of appeals from different district courts within a circuit, and will thereby eliminate a lot of the expense that would otherwise be involved in bailout cases.

Any case which involves a decision which a major civil rights group disagrees with is going to end up in the Supreme Court of the United States, unless it is decided by a court that everyone recognizes has been through the mill and speaks authoritatively on the subject of the Voting Rights Act. The best way to accomplish that is to have the cases tried in the same court, regardless of where they originate. The provision for the U.S. District Court for the District of Columbia to try these cases makes a great deal of sense from that standpoint. In the end it is likely to save money and save time of local governments in the kind of situation our colleague from Georgia discussed.

I yield back the balance of my time.

Mr. LOTT. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, first of all I would like to commend and thank the gentleman from Illinois (Mr. HYDE) and the other gentleman from Illinois (Mr. RAILSBACK) as well as the distinguished chairman of the Judiciary Committee for their efforts in working with a variety of individual Members of the House and with outside groups in trying to work out some compromises on this legislation.

This, of course, would also apply to the gentleman from California (Mr. EDWARDS). I know that a sincere effort was made.

Mr. Chairman, I rise in support of the amendment to vest jurisdiction of voting rights bailout suits in local Federal district courts instead of the District Court for the District of Columbia. The exclusive jurisdiction of the District of Columbia courts now provided by the act is a vestige of an outdated fear of backwoods justice in Federal courts in the covered jurisdictions. This fear is no longer justified, if it ever was, and simple fairness requires that it now be removed from the act and the usual rules of Federal jurisdiction be permitted to apply.

In 1965 Congress was moved by the testimony of civil rights attorneys that a fair trial of civil rights issues could not be obtained even in the Federal courts in the South. Whatever the validity of that argument then, it has none today. Most of those judges have long since left the bench, and their replacements were reviewed and confirmed by the other body while it was dominated by Members of the party still holding the majority here in this House. Many of those judges were nominated by President Carter after the legislation creating new judgeships gave him a greater impact on the Federal bench than any President since George Washington.

Federal judges in the South have compiled an unquestionable record of sensitivity to civil rights claims. The judges of the 4th, 5th, and now the new 11th circuits have been constantly praised by the most liberal legal commentators for their willingness to entertain and accept new theories of racial justice. My own State of Mississippi has produced some of the most liberal voting rights decisions in the country. On this record, the committee can no longer claim that judges endorsed by their own party will be any less fair than judges in the District of Columbia.

To its credit, the committee no longer makes that argument. Its report on page 36 states that exclusive jurisdiction "is based upon a desire to assure uniform interpretation and enforcement" of the act. The problem with this argument is that the law does no such thing. The many laws which place jurisdiction over certain regulatory matters in the District of Columbia do assure a certain measure of uniformity because they authorize eventual appeal to the entire Court of Appeals for the District of Columbia Circuit sitting en banc. That court can exercise a unifying discipline over the district court and its own panels.

But the court of appeals has no such authority to supervise the actions of the three-judge district courts created by this statute. A new and fully independent three-judge court is created to hear each and every individual voting rights case which is filed. The panels are selected from 11 active and 2 retired appeals judges, and 15 active and 7 retired district judges. The decisions of these ad hoc tribunals cannot be appealed to the court of appeals for correction. That is not a prescription for uniformity, but for chaos.

Fortunately, uniform application of the law is assured, not by the Federal courts of the District of Columbia, but by the Supreme Court of the United States. The law gives parties before a three-judge court an appeal of right to the Supreme Court, and that Court is obliged by law to decide the appeal. All Members are familiar with the statistics showing the large numbers of discretionary petitions for certiorari which the Court denies each year, but those imposing figures have no bearing here. The Court must affirm or reverse every appeal brought before it from a three-judge court. It does not have to hear oral argument on the case, and it does not always do so, but it must and it does review the record and the briefs and decide every single case on the merits. The Supreme Court, and only the Supreme Court, guarantees uniformity of interpretation.

The Supreme Court will continue to provide that guarantee even if we adopt the amendment to permit these cases to be decided by three-judge district courts in the affected locality. Each of those cases will be appealed, not to the local court of appeals, where some diversity might arguably slip in, but to the Supreme Court, which can be trusted to be true to its own precedents. The committee's support of its bill on the basis of the need for uniformity is simply fallacious.

With that argument out of the way, then the conventional arguments for holding trials in the affected locality become overwhelming. Aside from the extravagant expense involved in hiring Washington attorneys to litigate in Washington, it is simply much easier and much less expensive to gather the vital witnesses in their home districts. The stringent requirements for bailout prescribed by the committee bill make it clear that the committee feels the court should have before it as much information as possible about the conduct of the petitioning jurisdiction. It is quite simply beyond dispute that the local district court is much more likely to gather that evidence than is a court hundreds and thousands of miles from the scene. And if that local court makes any mistake as to the law or the facts, the Supreme Court always stands ready to correct it.

Mr. Chairman, this is an absolutely indispensable amendment. It is beyond dispute that it will improve the quality of justice in this most important area of the law. Of almost equal importance, it will remove from the judges and the citizens of the covered jurisdictions the feeling that they are somehow incapable of dispensing equal justice before the law. It is ironic and inexcusable that this legislation, designed to achieve the great goal of equal justice, is so widely and, in my view, correctly perceived as imposing an indefensible inequality against the citizens of the covered jurisdictions. If we are ever to achieve our goal of trust and cooperation among the races, then we must put this discriminatory vestige of outdated notions firmly and finally behind us. I implore my colleagues to support this amendment.

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I think that it is in the interest of fairness for all citizens that are covered.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Michigan.

The CHAIRMAN pro tempore (Mr. ECKART). The time of the gentleman from Mississippi (Mr. LOTT) has expired.

(On request of Mr. CONYERS and by unanimous consent, Mr. LOTT was allowed to proceed for 1 additional minute.)

Mr. CONYERS. Mr. Chairman, is my colleague, the gentleman from Mississippi, familiar with the case on reapportionment that came from his State that lasted 14 years and required nine trips to the U.S. Supreme Court? Is he aware of that?

Mr. LOTT. It was mentioned here earlier today, and I am familiar with it.

Mr. CONYERS. Does the gentleman envision that would be the way we would be handling these kinds of matters?

Mr. LOTT. I am sure that that is not the case.

Would the gentleman, in turn, acknowledge that some of the most outstanding voting rights cases and civil rights cases have, as a matter of fact, come from Federal district jurisdiction in Mississippi and in the Fifth Circuit Court of Appeals?

Mr. CONYERS. Well, that is true. But why tamper, I ask the gentleman, with a situation that is working so well that no witnesses testified against it in the subcommittee?

Mr. LOTT. We are talking about a new procedure here, the bailout provision that would be heard in the local jurisdictions instead of the District Court of the District of Columbia. It is a different procedure that we are talking about on this legislation.

Mr. CONYERS. But the bailout provisions were meant to get more people to support the Voting Rights Act, not to change the court's jurisdiction. This is going in exactly the opposite way of the Members on both sides of the aisle who have been working to try to resolve this matter.

The CHAIRMAN pro tempore. The time of the gentleman from Mississippi (Mr. LOTT) has again expired.

(In request of Mr. HYDE and by unanimous consent, Mr. LOTT was allowed to proceed for 3 additional minutes.)

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

Mr. Chairman, I would just like to remind my good friend, the gentleman from Michigan, that, yes, we did hear testimony on this issue. We heard a black lawyer from Mississippi named Wilbur Colom, who told me that he would rather file a case before the fifth circuit than the District of Columbia because the greatest sensitivity to civil rights was before the fifth circuit.

So that is testimony that was admitted.

But let me congratulate my friend, the gentleman in the well. I would like to say that I have looked up the figures, and I would like to say to my dear friend, the gentleman from Mississippi, that 72.2 percent of the black people in Mississippi are registered and, in the last election, 1980, 59.5 percent of the black people in Mississippi voted, whereas in Massachusetts, that home of so many great liberal statesmen, 43.6 percent of the black people are registered. And guess how many voted in 1980? 38.4 percent.

Well, let us move to New Jersey, one of the citadels of liberty in this Union, and we find that 48.9 percent of the black population registered in 1980, and 40.2 percent voted.

Now, I put that up against 72.2 percent registered in the State of the gentleman from Mississippi and 59.5 percent voting, and I think you have got a record to be proud of. I congratulate the gentleman from Mississippi.

Mr. LOTT. I certainly thank the gentleman for his comments.

Mr. EDWARDS of California. Mr. Chairman, we have been on this important amendment for over 2 hours. Can we get an agreement as to when we can vote on the amendment? Ten minutes?

Mr. HYDE. Mr. Chairman, we have three Members over here who would like to be heard on the amendment; so we are talking about 15 minutes on this side.

Mr. EDWARDS of California. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 15 minutes.

The CHAIRMAN pro tempore. The Chair will inquire of the gentleman from California whether his unanimous-consent requests includes this amendment and all amendments thereto.

Mr. EDWARDS of California. Just on this amendment, Mr. Chairman.

The CHAIRMAN pro tempore. Just on this amendment.

Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN pro tempore. For what purpose does the gentleman from Louisiana seek recognition?

Mr. MOORE. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN pro tempore. The Chair will first allocate the time among all Members seeking recognition on this amendment.

The Chair has observed the following Members standing: The gentleman from California (Mr. EDWARDS), the gentleman from Illinois (Mr. HYDE), the gentleman from Louisiana (Mr. MOORE), the gentleman from Michigan (Mr. DUNN), the gentleman from New York (Mr. GARCIA), the gentleman from Massachusetts (Mr. FRANK), the gentleman from Virginia (Mr. BUTLER), and the gentlewoman from New Jersey (Mrs. FENWICK).

PARLIAMENTARY INQUIRY

Mr. HYDE. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state it.

Mr. HYDE. Mr. Chairman, I have three Members who want to speak on this side. That is the gentleman from Louisiana, the gentleman from Michigan, and the gentlewoman from New Jersey.

I was assuming 5 minutes apiece, 15 minutes total.

Are we talking about a whole slew of Members who want to talk now?

The CHAIRMAN pro tempore. The Chair will point out to the gentleman from Illinois that the Chair merely allocated the time among those Members who rose by the time that the unanimous-consent request was granted.

Mr. HYDE. Mr. Chairman, having voted on the prevailing side, I move to reconsider the vote by which we limited this to 15 minutes. I have three Members who want to talk on this side.

The CHAIRMAN pro tempore. A motion to reconsider is not in order.

The Chair would suggest to the gentleman from Illinois that those who merely wish to speak for a short time could allocate the remainder of their time to another Member by unanimous consent.

Mr. EDWARDS of California. Mr. Chairman, I ask unanimous consent that all debate on this amendment be closed in 30 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN pro tempore. Members standing at the time the unanimous-consent request was granted will be recognized for 2½ minutes each.

The Chair recognizes the gentleman from Michigan (Mr. DUNN).

Mr. DUNN. Mr. Chairman, I rise in opposition to the amendment and in strong support of the general legislation.

I would like to associate myself with my freshman colleague, the gentleman from Connecticut (Mr. DENARDIS). What the gentleman said is very true. Since coming to this body, my research has indicated that there is a very strong need for continued legislation such as this.

Mr. Chairman, I rise in support of this bill, H.R. 3112, extending the Voting Rights Act into 1992, of which I am a cosponsor.

Mr. Chairman, I see little reason why any of my colleagues here would vote against this legislation. The Voting Rights Act has been a valuable tool in enforcing constitutional rights of minorities to meaningful suffrage. Dilution of minority votes by means of at-large districts, literacy tests, selective placement of polling places, and the deliberate exclusion of minority voters from registration lists are all disgusting disfigurements of our democracy.

Voting rights legislation since 1965 has allowed the Federal Government to pursue its proper role as guardian of the people's right to an equal and meaningful vote. We have seen good results. Percentages of black registered voters have increased substantially over the years. This is reflected by the growing number of black elected officials within the States covered by the act and their increased involvement in the leadership of this country.

We would be fooling ourselves, however, to slap each other on the back and say the job is done. Abuses continue, both flagrant and subtle. States are right now involved in redistricting circuses, from which will spring many highly imaginative plans. Dilution of minority voting power is all too common in these plans, and the Justice Department will be busy trying to defeat such púrposes.

Blacks, of course, are not alone in suffering from discriminatory voting practices. 1975 amendments to the Voting Rights Act focus additionally on members of groups whose primary language is other than English. Bilingual election materials contribute to our having an aware and informed electorate, and are certainly in the best interests of our country. To deny a citizen his right to a knowledgeable vote smacks of invidious intent. The bilingual provisions of the act must also be extended.

Votes we will cast today concern issues at the core of our Government and the democratic philosophy behind it. The Federal Government, and we in Congress especially, must do all that is possible to guarantee everyone's opportunity to vote meaningfully and knowingly. The courts do not hold a monopoly in this responsibility.

I urge my colleagues' support for this bill as reported, and the defeat of amendments designed to cripple it.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Louisiana (Mr. MOORE).

Mr. MOORE. Mr. Chairman, first of all, I resent this procedure. I come from one of the few States covered by the act and, by God, my rights to speak here have been hampered by everybody else standing up, when at the time of the unanimous-consent request only three or four people including myself desired a chance to speak. So I resent that.

I appreciate all of my sanctimonious brethren coming in here and telling me how to run the voting rights in my State, when they do not have anywhere near the voter participation or the registration of minorities in theirs as we have in mine. But be that as it may, I will use the remaining 1 minute that I have left to simply say this:

It is awfully easy to vote for a national park in somebody else's district, it is awfully easy to vote down water projects in somebody else's district. It is awfully easy to be sanctimonious on this issue that does not affect your district or your State. I would hope that you would look at an amendment like this, put easy political votes aside, and act as national legislators. If you will, you must realize that if the Federal court system means anything, it means you ought to be able to go to any Federal court and have your rights sustained. That is the way it is on environmental issues, that is the way it is on busing issues, that is the way it is on everything else. I point to the Fifth Circuit Court of Appeals which covers my State as being probably the most liberal court of appeals in the country, according to the Justice Department. And to say now that every single town and parish in my State still have got to troop to Washington, when we have disproven the original theory behind this provision of jurisdiction in the District of Columbia courts is absolutely ridiculous. We ought to be treated like everybody else and treat these cases like every other case, or the Federal justice system does not mean anything and there is no reason for having district courts. If that is the case, you ought to be able to bring every case up here to Washington and just forget the Federal judiciary system completely as is now constituted. Just as this is illogical, so is the present provision of law on jurisdiction of this act. This amendment should pass.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. GARCIA).

Mr. GARCIA. Mr. Chairman, I am sorry that my colleague, the gentleman from Mississippi, has departed. I believe the intent of this legislation is to increase minority involvement in the political process. I think the proof of the Voting Rights Act is really in the pudding. And that is: How many minorities are going to participate as equals in legislative bodies across the country?

The State of Mississippi, with a black population of 35.2 percent, has 7.3 percent black elected officials. It has 7.3 percent.

The State of Georgia, with a black population of 26.8 percent, has 3.7 percent black officials elected to public office.

And so on and so on and so on throughout the Southern region of our Nation, plus some of our Northern States.

When you talk about jurisdiction, the only place that we can go today that we know is going to be truly bipartisan, truly look at the record as it is, is in the District of Columbia. And I would suggest to those Members who come from States where they have a large minority population that they should look at the record; it speaks for itself.

Mr. HYDE. Mr. Chairman, will my friend, the gentleman from New York, yield to me?

Mr. GARCIA. I yield to my friend, the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I would suggest that my friend became a Congressman with a total of 32,173 votes. If that is participation, I am Mark Twain.

Mr. GARCIA. Mr. Chairman, I will reclaim my time. If this Congress and this Nation had been receptive, I would never have lost that population. And I say to the gentleman, as a Member of this body, as one who has on occasion voted against programs that my community needed. The gentleman should not take the floor and talk about the loss of population in my South Bronx district. It is tough enough.

□ 1545

Mr. HYDE. Mr. Chairman, I move that the gentleman's words be taken down.

The gentleman said I constantly voted against the poor. I have voted for every HEW budget that has come down the pike, and the Voting Rights Act of 1965 I voted for as well.

Mr. GARCIA. Mr. Chairman, if I may, the gentleman from Illinois has made a point. This is an emotional period for all of us. I will strike out the words that are not correct.

Mr. Chairman, I ask unanimous consent that I be allowed to withdraw the words that the gentleman from Illinois (Mr. HYDE) objects to.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I would like to bring up a serious question. I have discussed this with both sides of the aisle, and both sides have agreed that it may be worthy of comment and note.

To me it is shocking that assistance can be rendered to a voter, in what should be the secrecy of the voting booth, when that voter is not blind. We have seen time after time one of each party going with the voter into the voting booth. We know very well what can happen. The corrupt party boss knows how that person has voted. That is not a free and secret ballot. It has been said over and over again, by people who know what trouble is, that no voting right is valid if it is not secret. Only blindness should allow assistance in the voting booth, for one who expects to cast a free vote.

If assistance is needed, it should be rendered outside the booth. It should be rendered with charts and assistance of any kind outside the booth. I do not think there is anybody on this floor that would not agree with me.

We have let this support for assistance to creep into the bill, and I am afraid that now it will be hard to get an amendment to take it out. We have had abuses in both parties, so I am not talking in any partisan way. If anybody has suffered from seeing people under the heel of corrupt party organizations, they know what I am talking about.

We must keep other people out of the booth. Just leave the voter alone in the booth. Assist them outside. Tell them, show them, anything you like, but not in the booth.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas (Mr. GLICKMAN).

Mr. GLICKMAN. Mr. Chairman, I rise in opposition to this amendment which I consider one of the key amendments to this bill. It is so important because it involves who hears cases involving preclearance under the Voting Rights Act and under what circumstances.

For nearly 16 years a procedure has been set up to decide voting rights cases in preclearance situations, and those decisions have been made by a Federal court in the District of Columbia. I have repeatedly asked the question: What is the compelling reason to change the current procedure whereby the District of Columbia court will hear voting rights cases and remove those cases to the circuit courts throughout the country, and not once have I heard an answer to indicate why should we change from the current procedure.

It seems that the burden of proof should be on those who want to make this change, particularly as it relates to an issue involving the right to vote, which is probably even more precious than the right to free speech. Since that burden of proof has not been met, and there has been no compelling reason to ship the court structure or voting rights preclearance cases, I urge rejection of this amendment.

The CHAIRMAN, The Chair recognizes the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Chairman, I ask for a "no" vote, and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. BUTLER).

The question was taken, and on a division (demanded by Mr. BUTLER) there were—ayes 25, noes 32.

RECORDED VOTE

Mr. BUTLER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 132, noes 277, not voting 24, as follows:

[Roll No. 238]

AYES—132

Applegate
Archer
Badham
Bafalis
Barnard
Bereuter
Bevill
Bliley
Bowen
Breaux
Brinkley
Brown (CO)
Broyhill
Burgener
Butler
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Clinger
Coleman
Collins (TX)
Conable
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dickinson
Dreier
Edwards (AL)
Edwards (OK)
Emerson
Erlenborn
Evans (DE)
Evans (GA)
Fields
Flippo
Frenzel
Gingrich
Goldwater
Goodling
Gramm
Grisham
Hagedorn
Hall, Ralph
Hall, Sam
Hansen (ID)
Hansen (UT)
Hartnett
Hatcher
Huckaby
Hyde
Jeffords
Jeffries
Jenkins
Johnston
Kindness
Kramer
Lagomarsino
Latta
Leath
Lee
Levitas
Livingston
Loeffler
Lott
Lowery (CA)
Lungren
Madigan
Marlenee
Martin (NC)
Martin (NY)
McClory
McCollum
McDonald
McEwen
Michel
Miller (OH)
Molinari
Montgomery
Moore
Moorhead
Morrison
Mottl
Myers
Napier
Nichols
O'Brien
Oxley
Parris
Patman
Quillen
Rhodes
Roberts (KS)
Roberts (SD)
Robinson
Roemer
Rogers
Rousselot
Rudd
Santini
Sawyer
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Smith (AL)
Smith (NE)
Smith (OR)
Snyder
Solomon
Spence
Stangeland
Staton
Stenholm
Stump
Tauzin
Taylor
Trible
Vander Jagt
Wampler
Whitehurst
Whittaker
Whitten
Winn
Wolf
Young (FL)

NOES—277

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Atkinson
AuCoin
Bailey (MO)
Bailey (PA)
Barnes
Bedell
Beilenson
Benjamin
Bennett
Bethune
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bouquard
Brodhead
Broomfield
Brown (CA)
Brown (OH)
Burton, Phillip
Byron
Chisholm
Clay
Coats
Coelho
Collins (IL)
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Crockett
D'Amours
Danielson
Daschle
Daub
Davis
Deckard
de la Garza
Dellums
DeNardis
Derrick
Derwinski
Dicks
Dixon
Donnelly
Dorgan
Dornan
Dougherty
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
Emery
English
Erdahl
Ertel
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fithian
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Ginn
Glickman
Gonzalez
Gore
Gradison
Gray
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hamilton
Hammerschmidt
Hance
Harkin
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Howard
Hoyer
Hughes
Hunter
Hutto
Ireland
Jacobs
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
LaFalce
Lantos
Leach
LeBoutillier
Lehman
Leland
Lent
Long (LA)
Long (MD)
Lowry (WA)
Lujan
Luken
Lundine
Markey
Marks
Marriott
Martin (IL)
Matsui
Mattox
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McGrath
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Mollohan
Murphy
Murtha
Natcher
Neal
Nelligan
Nelson
Nowak
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Perkins
Petri
Pickle
Porter
Price
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Richmond
Rinaldo
Ritter
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Roukema
Roybal
Russo
Sabo
Savage
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Simon
Skelton
Smith (IA)
Smith (NJ)
Smith (PA)
Snowe
Solarz
St Germain
Stanton
Stark
Stokes
Stratton
Studds
Swift
Synar
Tauke
Traxler
Udall
Vento
Volkmer
Walgren
Walker
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitley
Williams (MT)
Wilson
Wirth
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—24

Ashbrook
Beard
Benedict
Bonker
Brooks
Burton, John
Crane, Philip
Dannemeyer
Dingell
Fiedler
Horton
Hubbard
Jones (NC)
Lewis
Moffett
Oakar
Pashayan
Paul
Pepper
Peyser
Pritchard
Roth
Thomas
Williams (OH)

☐ 1600

The Clerk announced the following pairs:

On this vote:

Mr. Benedict for with Mr. Dingell against.

Mr. Philip M. Crane for with Mr. Jones of North Carolina against.

Mr. Dannemeyer for with Mr. Moffett against.

Mr. Paul for with Mr. Horton against.

Mr. Thomas for with Mr. Williams of Ohio against.

Messrs. DOUGHERTY, MOLLOHAN and WHITE changed their votes from "aye" to "no."

Mr. WINN changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. CAMPBELL

Mr. CAMPBELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CAMPBELL: Page 4, line 6, strike out "A" and insert "Except as provided in paragraph (6) of this subsection, a".

Page 8, after line 11, insert the following:

"(6) Notwithstanding any other provision of this section to the contrary, a State which would be eligible for a declaratory judgment under this subsection, but for a circumstance or event which rendered any of such State's political subdivisions ineligible as a political subdivision for such a declaratory judgment, may obtain the issuance of a declaratory judgment under this subsection if—

"(A) two-thirds of such State's political subdivisions have obtained such a declaratory judgment; and

"(B) such State has made reasonable efforts to assure the compliance of such State's political subdivisions with this Act.

Page 8, line 12, strike out "(6)" and insert "(7)" in lieu thereof.

□ 1610

Mr. CAMPBELL (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. CAMPBELL. Mr. Chairman, when I announced early last summer my support for extending the Voting Rights Act, I praised the members of the Judiciary Committee for their fine work in exploring ways to build a strong, bipartisan consensus for extending the act. It is in this same spirit that I offer my amendment today, for basically my intention is to break an unfortunate impasse over an issue that need not divide us. The issue is whether a State should be allowed to petition for bailout from the administrative preclearance portion of the act independently of its political subdivisions.

My amendment represents an attempt to steer a middle course between an absolute right of independent bailout for States and the absolute bar to such a bailout presented by the committee bill.

I propose, simply, that a State may petition for independent bailout, but only if it meets two tests:

First, as a threshold test, two-thirds of the State's subdivisions must have already obtained declaratory judgments granting bailout. This provides an objective measurement of a State's good faith, and, as an additional safeguard, holds a State to a higher standard than its counties.

Second, a State must have made reasonable efforts to assure the compliance of its subdivisions. That is, before a State can bailout, it must still have done all that it can fairly be expected to do to protect the right to vote within its territory.

The chief argument against allowing independent bailout for States is that States have a natural, legal responsibility to protect voting rights. The 15th amendment, after all, speaks to the duties of the States to keep the franchise open. States, so the argument goes, have the plenary power to determine the "conditions under which the right of suffrage may be exercised," and therefore, a State must be held strictly accountable for both its actions and for the actions of all of its units of government. As long as a county remains covered by preclearance, then, the State must be covered as well.

To accept this rationale would mean that we would have to impose preclearance on 13 additional State governments, including California, New York, and Massachusetts, in an effort to force them to exercise their plenary State powers over the handful of covered jurisdictions within their borders.

Is the gentleman from California going to ask that his preclearance be imposed on his home State so that the State government of California will exert pressure on its four counties now covered?

Let us be reasonable. There is no evidence that preclearance was originally imposed on State governments under this theory of a State's plenary power. State governments were covered because they sanctioned the use of discriminatory tests or devices and because voter registration was under one-half. Besides, to rely on a State's theoretical power to cure every problem to watch over every local decision is unrealistic. This argument, moreover, fails to appreciate—or respect—the very real limitations imposed on State governments by home rule provisions in their constitutions.

I say let the proper reach of each State's authority remain a question for the courts; let us hold a State that wishes to petition for bailout responsible for doing all that it can reasonably be expected to do to protect the right to vote within its territory.

There is another argument against independent bailout. This is the fear that if, say, a State and several of its counties successfully petition for bailout, the minority voters in the remaining, now isolated, covered jurisdictions would feel that they have been cast adrift with only the Federal Government to look to for protection.

This view surprises me, because I thought this was the argument in favor of a bailout mechanism in the first place for States and counties, as well as the logic behind rejecting nationalization of preclearance.

I have argued strenuously against nationalizing preclearance because of the very real threat that such a step would fatally dilute enforcement of the Voting Rights Act. Violators could then hide behind a mass of covered jurisdictions, avoiding isolation in the spotlight of public attention.

One of the virtues of a fair bailout mechanism is that it works to separate jurisdictions with good voting rights records from those that continue to violate people's right to vote. Public opinion—and the limited resources of the Justice Department—can begin to focus more nearly on the remaining violators. Far from being cast adrift, minorities in those remaining jurisdictions will have at their disposal the full arsenal of legislative, executive, and judicial support, as well as the conscience of the Nation.

Even the best intentioned State government cannot cure or prevent every voting rights violation. That is why the thrust of the Voting Rights Act is Federal protection of a Federal right. Independent bailout will not alter the requirement of preclearance in the jurisdictions that have not bailed out; in fact, it would make Federal oversight more effective.

There is another important point here. Independent bailout for States is necessary if we are to give States a meaningful incentive to take positive steps to protect the right to vote. Under the committee bill, a State has no incentive to review its election laws and its methods of election. As long as there is a recalcitrant county somewhere in its territory, a State cannot bailout and thus has no incentive to do more than sit on the status quo.

We do not need the status quo, Mr. Chairman, we want change—for the better.

Let us give the State governments something to work for—a reward of bailout for exemplary behavior and positive actions to expand the franchise, and a penalty for doing nothing.

And, of course, as an extra precaution, we will have a probation period during which a State that backslides will be brought back under preclearance.

In conclusion, Mr. Chairman, I believe the inclusion of a fair bailout mechanism is essential to giving this legislation the kind of broad support and momentum it will need to win approval in this House and in the Senate. Passage of my amendment for a modified version of independent bailout for State governments will send a message—an important message—that this is a fair bill and one that merits passage by both Houses of Congress and the signature of the President of the United States.

□ 1620

Mr. WASHINGTON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from South Carolina, (Mr. CAMPBELL). Despite his good intentions, the amendment suggests a novel and thoroughly radical departure from the framework of the Constitution. It would absolve the States of all responsibility for election practices within their borders. This has never been done before. The 15th amendment remains wholly consistent with article I, section 2, and with the seventh amendment, in recognizing States—not counties or cities, but States, as constitutionally responsible for voting matters within their borders. It would be extremely reckless to abandon this framework in pursuit of nothing more than an ancillary political compromise. This is too fundamental an issue to be disposed of in that manner, and I hope, on further reflection, that the gentleman's amendment will be withdrawn.

We gave considerable thought to this matter, and what has come out of the Judiciary Committee is a very significant compromise, a compromise which goes well beyond court decisions and well beyond the intent of Congress as recognized in the current law. The current law does not permit counties or other subdivisions which are part of covered States to bail out on their own. the Congress has twice rejected such bailouts below the level of the States as unnecessary and impracticable.

Nevertheless, we have included in H.R. 3112 an expanded bailout which permits counties to come out on their own, even while other counties or the State machinery remains covered. Our provision follows that contained in the substitute introduced by Congressman HYDE. Mr. HYDE argued that it would be fair to permit counties which had themselves avoided violations to bail-out separately. He stressed that one county had no control over another. He also argues that permitting good counties to come out separately would create an incentive, both for other counties and for the States, which would then be able to focus their efforts on encouraging compliance by those counties which remained. However no one suggested that the States should be taken out of the picture altogether.

Despite some reservations—because this expanded bailout is not really necessary, and will increase the potential number of bailout suits—we accepted these arguments. We accepted them in the spirit of bipartisan compromise.

But no one, neither Republican nor Democrat, throughout all those discussions, envisioned the system suggested by the Campbell amendment, which would make the States no longer responsible for the conduct of elections within their boundaries.

In discussions surrounding this amendment, we have heard frequent references to something called home rule. Home rule is a misnomer. It operates in the States about the same way that the Congress allows it to operate in the District of Columbia. Only one covered State, Texas, has anything even in theory which approximates true home rule, where counties are empowered to perform the legislative functions otherwise performed by States. In all other jurisdictions, the counties are dependent in the States, just as the District is dependent on the Congress.

Thus, many State assemblies, operating under laws which contain home rule provisions, regularly set aside a county legislation day, when the State legislature takes up bills which have been proposed on behalf of specific counties. These may be measures specifically applying to a particular county, or they may be laws of general applicability from which individual counties request specific exemptions. In short, with the theoretical exception of Texas, and then more in theory than in practice, home rule means that the State legislature continues to be the responsible or controlling body. A home rule county presents bills to its State legislature for the State's consideration. Home rule does not make the counties sovereign.

So in addition to departing from both accepted practice and from the Constitution, the Campbell amendment would produce protracted litigation and some rather bizarre results. For one thing, it will be very difficult to determine when a violation flowed from a county provision in the first instance, from a provision of State law, or as a consequence of a county's interpretation or administration of a State law of general applicability. And throughout all of this would remain the issue of whether the State knew or should have known that it was legislatively acquiescing to a county practice which violated the act.

For example, within the last year, the State of Alabama passed a measure providing for the appointment of city clerks as deputy voting registrars upon the request of municipal governing bodies. This law had the potential for greatly increasing the convenience of registration, and the numbers of registered voters. However, the legislation was amended to exempt the so-called black belt counties—those with very significant black populations. The effect was to foreclose the possibility of additional voter registration in those counties, as well as the possibility of blacks being made deputy voting registrars.

Another example of how this operates, again in Alabama, occurred when certain counties, all but two of which had black majority populations, asked the State legislature to pass a reidentification law which applied only to themselves, not to other counties. Thus, in these counties, blacks were subjected to an additional barrier—reidentification, often at odd hours and inconvenient locations—that did not apply to the rest of the State.

I would also remind you that in each of the covered States, there is a tradition of the State legislature overruling or preempting other jurisdictions in these matters. Remember it was the State legislatures which called constitutional conventions to disenfranchise blacks. So in addition to the Constitution, there is a history of State action in this area. I am not suggesting that history would repeat itself. The point is that there is no such thing as inviolate home rule by counties, not even in theory, much less in practice. So the suggestion that the States might bail out, but leave their counties behind, is without precedent in law, in history, or in fact.

Finally, I would remind you of the history of compliance under the Voting Rights Act. It is clear from that record that where State attorneys general took a responsible posture toward compliance and monitored the submissions of counties and other, lesser jurisdictions, there have been fewer nonsubmissions as well as fewer objections by the Department of Justice. This is true, for example, of the State of Virginia, where the present problem exists because of actions by the State legislature, but where, in part as a consequence of responsible efforts by past State attorneys general, there are very few objections—I believe just four between 1974 and 1980—and the counties would be eligible to bail out very soon.

By comparison, in Georgia, where the attorney general assumed little responsibility for monitoring compliance, there are a large number of nonsubmissions and a significant record of objections.

Thus, the record is clear that the way to encourage compliance, and to provide an incentive for bailout, both by individual counties and by entire States, is to reject this amendment and adopt the expanded bailout provision contained in H.R. 3112. The bill encourages counties to comply with the act, and does not penalize them for the conduct of other counties which do not. At the same time, it does not set up a false dichotomy between counties and States, and it does not make free States out of counties. It preserves the integrity of the States and does not pretend that they are no more than a loose confederation of counties—a view which I am sure some of the proponents of this amendment would be the first to reject.

I appreciate the sentiments of the gentleman from South Carolina. I understand what he was attempting to accomplish politically, and I understand the reasons why he hoped it would be helpful to this legislation, which he has already indicated an intention to support. I appreciate his efforts.

But it is clear to those of us who have considered this legislation closely over time that his proposal is unworkable, both as a matter of law and of policy. It would make a mockery of the Voting Rights Act. It would needlessly tie up the courts, to no one's gain. It disparages both the role and responsibility of the States, and in so doing suggests an absolutely novel and unprecedented departure from the Constitution. The House would have no choice but to defeat it, and I hope that on reflection the gentleman might withdraw it.

□ 1630

The CHAIRMAN pro tempore (Mr. BEILENSON). The time of the gentleman from Illinois (Mr. WASHINGTON) has again expired.

(At the request of Mr. RAILSBACK and by unanimous consent, Mr. WASHINGTON was allowed to proceed for 2 additional minutes.)

Mr. RAILSBACK. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentleman from Illinois.

Mr. RAILSBACK. Mr. Chairman, I simply want to thank the gentleman for recognizing what I think has been a very constructive effort on the part of the gentleman from South Carolina (Mr. CAMPBELL) and some others that also worked very hard in trying to fashion a compromise that they hope would enlist some support in the other body. We are not sure what the other body is going to do. But, regardless of what they do, I want to express that no one had any more sincere feeling about wanting to vote for the Voting Rights Act with a reasonable bailout, but sincerely believing that the bailout mechanism supported by the committee was not quite good enough although very constructive and very positive. I am glad the gentleman in the well recognizes his contribution, so I thank the gentleman.

Mr. WASHINGTON. I would be less than fair and honest if I not only did not recognize it but make it very clear that I appreciate the gentleman's contribution, as do others.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield?

Mr. WASHINGTON. I yield to the gentleman from South Carolina (Mr. CAMPBELL).

Mr. CAMPBELL. I thank the gentleman—and the gentleman's arguments are not without merit. I do not come here today to try to contradict him.

I do come here and ask the gentleman to consider once again the fact that there is no real incentive for covered States today to go beyond the letter of the law and try to do something to improve voting rights. The concern that we have is that there is no light at the end of the tunnel. Whether a State has one or two recalcitrant counties left, it remains covered.

The CHAIRMAN pro tempore. The time of the gentleman from Illinois has again expired.

(At the request of Mr. CAMPBELL and by unanimous consent, Mr. WASHINGTON was allowed to proceed for 2 additional minutes.)

Mr. CAMPBELL. The argument that cannot be overcome that the gentleman makes, that in my mind cannot overcome, is the argument that if States should be totally responsible for their subdivisions, then why has this same argument not been made to New York or California, States whose subdivisions are covered and, hence, should also have been subject to the actions of the benefit of State coverage to overcome their problems.

I grant that in the past there were specific problems that brought certain States under the act. New York and California were not put under the act because they did not meet the criteria for preclearance.

However, I think that it is also very important that the States that are now trying to come out from preclearance and are applying should be given an incentive to do so and should not be able to hide behind, and I emphasize the term "hide behind" the argument that, "Well, we are treated unfairly, too, because just look at those other States, they were not subject to the same argument that was given against us."

I ask the gentleman to consider that. It is in this spirit that I offer this amendment, and this is my concern.

Mr. WASHINGTON. It is in that spirit that I have responded. I have given a good deal of thought to it.

In the first instance, the States the gentleman cites did not come under the section 4 triggering mechanism and that is historically true. It seems to me, however, we are not really on point.

What we should have before us is not some perceived insult to the States, some hostage holding, or punishment visited upon the States. This is not the issue. I am certain that this was not the motivation for this legislation in 1965. Nor was this the motivation when Congress extended the act.

What they were concerned about, and what we are concerned about now is to put an end to this long travail which has tied up this country over an issue which is ludicrous and contradictory and which makes the Nation look very silly in the eyes of the world. We must resolve this issue once and for all. I suggest we vote this amendment down.

Mr. HYDE. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I just simply want to say we have a conceptual problem here on what is the most effective way to open up the electoral process in areas that are covered. It seems to me commonsense to help complying counties get out and to isolate the recalcitrant counties, to identify them and isolate them, separate them from the other counties and jurisdictions that are obeying the law, both the letter and spirit, and focus the bright light of public opinion, legislative and judicial attention on those counties that are isolated to force them to live up to the law.

This Voting Rights Act is one of the most powerful laws on the books, unused, I might add, atrophied. Whether Republican attorneys general or Democratic attorneys general, they have never used the criminal penalties, the $10,000 fine, 5 years in jail for harassing, obstructing, intimidating people's right to vote.

It would seem to me that we could isolate localities, jurisdictions that are abusing people's voting rights and send a few people to jail. It would have a great therapeutic value.

But if we insist on keeping a State in as long as a single county does not comply, we do destroy the incentive of a State to try and comply and isolate only the offending jurisdictions. Maybe two-thirds is too high. Maybe 75 percent, 80 percent.

But will you not let a State out if most of its counties are out, and isolate those few counties that force of public opinion and judicial activity ought to be directed against?

I think we are making a mistake by not doing that.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to my good friend from South Carolina (Mr. CAMPBELL).

Mr. CAMPBELL. I thank the gentleman for yielding.

The argument the gentleman is making is, of course, the one I have made many times against nationalization, a position some of my friends that have pushed it very hard, basically because nationalization does, in fact, dilute enforcement. But at any time that you can allow a county, and some counties in my State were referred to in earlier debate, to be lost in the whole context that the State is under, then the spotlight is spread and it does not focus.

The gentleman is absolutely right. Our effort is to try to focus that spotlight. I think it is important. I think the point the gentleman made is very important.

Mr. HYDE. You focus the spotlight of attention on enforcement and you narrow the areas where you need to direct it, and you can do it effectively.

I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition to the Campbell amendment. Proponents of this amendment have suggested that because of home rule provisions it is unfair to make States responsible for the action of their counties. In fact, States have broad control over the election processes of their counties and other subdivisions and ample authority to insure compliance with the act and an end to discrimination in voting.

In my own State of Wisconsin, which has a very strong home rule provision, approximately 80 percent of the decisions made in the procedure for conducting elections are done pursuant to the State law and only about 20 percent of those decisions are made at the local level.

□ 1640

In Virginia, the State attorneys general have been aggressive in monitoring local jurisdictions' submission of election law changes, pursuant to section 5 of the Voting Rights Act. As a result, there have been few objections in Virginia and a substantial number of them have been the result of statewide rather than local changes, such as the recent objection to the redistricting of the Virginia State Senate. On the other hand, in States where the State government has taken a less aggressive role, such as South Carolina and Georgia, there has been a history of nonsubmissions by local jurisdictions.

And often in those States where home rule is supposed to be strong, States under the guise of home rule may pass local laws which are discriminatory in fact. In Alabama, for example, according to material supplied to the committee by the Southern Regional Council, the legislature passed a law regarding the appointment of deputy registrars. However, an exemption was granted for a number of counties in the so-called black belt, based on requests from county governments. These are counties in which blacks make up a substantial portion of the population but have been routinely excluded from the political process.

There was testimony before the subcommittee that is set forth on page 16 of the committee report, and I would like to quote one paragraph:

> Another Alabama witness contrasted re-identification bills, where the burden was on elections officials, e.g., Jefferson County, and where the burden was on the voter, e.g., Choctaw County. In Jefferson County, which has a black representative in the legislature, the overall registration for blacks and whites increased by 10 percent following the 1979 voter re-identification. In Choctaw County, white registration declined by 22 percent and black registration by 47 percent following the 1978 voter re-registration.

So here there was a difference in application at the county level that was based on a State law in a supposedly home rule State. Even where home rule exists, States have the authority to override such provisions, to the extent necessary, to eliminate discrimination by legislation or, in some rare cases, by State constitutional amendments.

It also strikes me as ironic, Mr. Chairman, that at a time when the administration and many in Congress are urging that Federal programs should be turned over to the States, there are Members who assert here today that the States are incapable of dealing with a problem as basic as voting discrimination at the county level.

Finally, I believe that the amendment deals with a nonproblem. If a State arrives at a point where two-thirds of its counties are eligible for bailout, there will be great political momentum in the State for eliminating discrimination in the remaining counties so that the State will be able to bail out. I believe that in these cases, the remaining one-third of the counties will be those that have the record of the most egregious violations of the constitutional right to vote. In other words, the best two-thirds of the counties would be eligible to bail out, thus exempting the State; and the worst one-third of the counties would stay under and, consequently, there would be no pressure at the State level for them to clean up their act.

It is not necessary, nor is it fair, for the State to bail out before the job is done.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from New York.

Mr. FISH. I thank the gentleman for yielding, because I would just like to congratulate him. There is little to add to what the gentleman said so effectively.

It does seem to me very clear that in 1870 the Congress recognized the power of States with regard to the exercise of the franchise. Because why else would this body, when fashioning the 15th amendment, have included the prohibition——

The CHAIRMAN pro tempore. (Mr. BEILENSON). The time of the gentleman from Wisconsin (Mr. SENSENBRENNER) has expired.

(On request of Mr. FISH and by unanimous consent, Mr. SENSENBRENNER was allowed to proceed for 2 additional minutes.)

Mr. FISH. The States are mentioned specifically in the language of the 15th amendment, along with the United States and are prohibited from abridging the right to vote. So we recognize in that document that States have an important fundamental power in regard to the franchise. I think, along with that authority goes the responsibility of States to protect the right to vote. And to bail out a State, it seems to me that it is going much too far to ask us not to consider States responsible for all units of government within their territory. They too must meet the exemption criteria. As the gentleman so ably said, to do otherwise would permit a State to abdicate its responsibility over voting. Second, clearly we all know that if a State is bailed out, it would have no incentive to work diligently to eliminate discrimination remaining in covered counties which obviously would be the poorest counties, the most stubborn counties, the ones that have been in violation for the longest time. I think we do a great disservice to voting rights if we accept this amendment.

Mr. SENSENBRENNER. I thank the gentleman from New York for his comments.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from South Carolina.

Mr. CAMPBELL. I thank the gentleman for yielding.

Mr. Chairman, I would only point out that my amendment in its Senate section does require the State to do all that is reasonable within its power to assure voting rights. The first part sets the two-thirds threshold. So I do not at all accept the argument that the amendment does not make the State do everything that they can be reasonably expected to do within their power to do. I accept that as the State's responsibility.

I would only have to ask, though, the gentleman from New York, who, of course, wishes to keep the States from bailing out, if he by the same token intends to vote to put the State government of New York under preclearance because of the fact that it has counties under it.

Mr. FRANK. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think the amendment would be not only a grave error but a turnabout of such dazzling proportions that it might throw people off balance.

The notion that the States should not be held responsible for the behavior of their political subdivisions on a matter as important as the rights of people to vote seems a little bit bizarre in a year in which we have decided that the States ought to be in almost total control of the subdivisions in so many other areas. The House voted, for instance, that the States will have complete control of the small cities' community development block grants. The House has voted in area after area to subject the political subdivisions of the country to total State control with regard to the expenditure of Federal funds.

Now to decide, having put all of this block grant power into the States, and having given the States all of this control, that in fact, on something like voting, the parent-child relationship of the State and the political subdivisions is going to be transmogrified into a kind of distant cousinship, I think does not show proper respect for the importance of voting rights. If in fact there is going to be this view, and it is certainly the legal view, that the State is the responsible entity here, vis-a-vis the subdivisions, this certainly ought to be an important enough one to hold the States to it.

Now, the question is, I guess: Should the States be able to bail out while some of their subdivisions are still in noncompliance?

We are told that the amendment does say that the States will have to show that they did their best. If I have ever heard a potential for difficulty, it is there, where Federal officials will now sit in judgment on whether the States did their best vis-a-vis their counties.

□ 1450

The States are legally responsible and have the legal power. We have enhanced the power of the State over the political subdivisions at almost every turn this year. All of a sudden when we consider voting rights, a different set of rules is supposed to apply.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from South Carolina.

Mr. CAMPBELL. I thank the gentleman for yielding.

I wish to make very clear I am not opposing the fact that the States should utilize every power that they legally can. But I have to continue to go back to the question, and I pose the question to the gentleman from Massachusetts, would the gentleman argue that if the States have this ultimate power, then Massachusetts should be under the Voting Rights Act because it has seven subdivisions under the Voting Rights Act?

Mr. FRANK. No; I would not, although I am glad the gentleman brought that out. I meant to say to the gentleman from Illinois before when the gentleman from Illinois brought forth the statistics on the low percentage of turnout in Massachusetts that I represent three covered communities. I am sorry we have a low voter percentage. I want my communities to stay covered. I invite the gentleman from Illinois to come with me in the next election and help me increase that turnout.

I would certainly like to see it brought up. And if the gentleman would come up and attack me, we might get the turnout up in those areas and I would certainly appreciate the favor.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

Would the gentleman join me in a move to bring the State of Massachusetts under this act and under preclearance so that the Governor or the Senators from the gentleman's State can use their influence to get recalcitrant counties to shape up and obey the law? Then we will bring in Governor Carey of New York, we will bring New York under the act, and Governor Brown of California. And we will have a tidal wave.

Mr. FRANK. I have to reclaim my time. I cannot yield my time for enumeration of every other State. Before the gentleman sings, "We'll Take Manhattan," I would like to get back on the issue.

I have to say, with regard to my Governor and the legislature, they seem to be having enough trouble with congressional redistricting. I do not want to burden them further. As far as extending the act to Massachusetts, no, I do not think it makes sense for the reason—with which I thought the gentleman agreed—that we should not universalize this act.

To universalize the act, I think, is to make an error by making it unenforceably cumbersome.

What we are talking about is that no State is now under the preclearance provision unless it met the standards that were set down in the act. We are not talking here about bringing new entities under the act who have never met the standards, because I thought the gentleman agreed with us that this would clog the processes in a way that could interfere with the proper focus.

So, no, I do not think that anybody who did not originally meet the standards or has not fallen into the point where they meet the standard ought to be brought under this act.

I do welcome the fact my communities are covered by preclearance. I am glad they are going to have to come down here and visit me in the District of Columbia. I do not want to weaken that process one iota, so I cannot accept what the gentleman from South Carolina says. He wants us to say to the States, "Do your best." Under the Constitution of the United States it is very clear that if the States do their best, they will succeed, because the States have under our Constitution plenary power to control the behavior of their subdivisions and the notion that the poor States will try and try and fail is simply fanciful.

The **CHAIRMAN** pro tempore. The time of the gentleman from Massachusetts (Mr. FRANK) has expired.

(By unanimous consent, Mr. FRANK was allowed to proceed for 1 additional minute.)

Mr. FRANK. The notion that the States are going to try and beg and weedle and cajole but the nasty old counties and the nasty old towns will not give in simply does not comply with legal reality. The States have the power to do it. There has been a lot of talk about incentives, about my making States feel nice so they will treat people better. The best incentive we can give is to say to the States, "There is no bailout until you pitch in by using your undoubted constitutional unchallenged power to stop that discrimination; and then you can bail out."

Mrs. CHISHOLM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I shall not be very long.

I would like to say this: I have heard a great deal of reference this afternoon in this Chamber to the use of the word compromise. Now all of us know that compromise is the highest of all arts. It is the cardinal principle on which this Nation is built, because a Nation that is as variegated and as multifaceted as this country is sees the compromise process at work every day in the different regions, the different communities, and the cities, because it is a Nation comprised of all kinds of groups and people of different idealogies and philosophies. But there comes a point when we have to recognize that we can no longer deal with people's human rights or voting rights bit by bit. Why should certain segments of the society have to wait until some point in time when those who are in authority and in control in this society finally make the decision that it is time to really move and have equitability across the board in terms of voting rights.

We constantly tend to go about the business of using different mechanisms and instrumentalities in how to dilute the potential equitability that we need and must have in this country.

First of all, we know that section 5 is truly the lifeblood of the Voting Rights Act and that the evidence bears witness not to the good records of jurisdictions now under section 5 coverage—there is a moral responsibility here—but rather to the continuing need for coverage.

The bailout provision in H.R. 3112 goes as far as possible in allowing those States and those localities with clean records to remove themselves from section 5 coverage.

A State should absolutely not be allowed to bail out unless all of its counties have clean records, because I believe that States do have a constitutional and a moral responsibility to insure that the local governmental units under their jurisdiction meet the standards of the act.

It is important to remember that this section is aimed at a very particular problem, not a particular State, nor a particular region. Section 5 is just designed to monitor those jurisdictions with a history of voting discrimination, and any amendment which attempts to weaken the bailout standards by relieving States of their obligations to insure that all citizens within their boundaries can freely exercise the constitutional right to vote should be defeated, because we would be about the business of moving toward regression and retrogression in this country in terms of a large segment of this society.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, when we are talking about this section of the bill sometimes it is rather difficult to determine on what level we are talking. It reminds me of what someone once said about dealing with the People's Republic of China.

I was advised that they say something on one level and we have to figure out what they are really saying on another. I was reminded of that when during the last vote I talked with some others on the floor and they mentioned to me that they were extremely concerned about what will happen to this legislation once it gets to the other body.

And so I recognize that as we debate this, some believe the best negotiating stance they can have going into a conference sometime in the future is the most ironclad bill possible, even if this may require them to oppose some things which they believe to be reasonable.

I suppose that is a judgment one has to make: whether you go along and support that or whether you attempt to fashion what you believe to be the best possible bill on this floor and then fight for that in conference.

But having said that, it seems to me that we ought to look at the merits of this particular amendment and see what it really does.

There has been some talk about those States which are partly covered, and some talk about bringing any State completely in under preclearance if any section is covered. That argument was made to me when I was first confronted with this question. There were arguments by some people from the deep Southern States that they were being treated unfairly, they were being treated differently than the rest of the country. Therefore, they argued we ought to nationalize it.

After looking at the facts and the pertinent cases, I was absolutely convinced, as the Supreme Court was, that there had been a historical pattern and practice of discrimination with respect to voting rights in those areas. Because of that history, the Court allowed and gave a constitutional imprimatur to preclearance, suggesting in the alternative that it would not be proper to have other areas of the country covered.

So, what do we have? We have nine States in the country that are totally covered—Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, and Virginia. Those are the only ones that would be affected by this bailout modification.

Which other areas would not be affected by this? Which other areas have preclearance in some sections of their jurisdiction but are not covered totally because they did not have a historical pattern and practice? Thirteen of them. There is California. In California we have 58 counties. Four of our counties are covered by preclearance. In Colorado there are 63 counties. One is covered. In Connecticut, out of 169 townships, 3 are covered. Florida, out of 67, 5 are covered. Hawaii, four. They have four jurisdictions. One is covered. Idaho, one out of 183. In Massachusetts, 9 out of 312. In Michigan, 2 out of 154. In New Hampshire, 10 out of 223. New York, 3 out of 62. North Carolina, 40 out of 100. South Dakota, 2 out of 67. Wyoming, 1 out of 23.

□ 1700

What it suggests is that those States are being treated differently. They have the same obligation recently referred to requiring them to do everything they can to eradicate injustice with respect to the voting rights, but evidently, under our definition of what is required for preclearance, they have not done the job in parts of their particular jurisdictions.

I wondered when I was confronted with this how I, as a citizen and a Representative of the State of California, could say to one of my brethren on the floor from Alabama, Alaska, Arizona, Georgia, Louisiana, Mississippi, South Carolina, Texas, or Virginia, that my State ought to be treated differently than their State.

I accept the fact that they were brought into preclearance for the past history of discrimination, but here we are saying if the State does everything it can to cleanse itself under one very high standard and two-thirds of the counties do everything that they can, should they be kept in because there are some recalcitrant counties within their States? If we do not want to treat States differently, then I would have to ask my colleagues, why do we not put the other 13 States under that? But we know why we cannot do that. If we do that we would be strengthening the law to death.

This same argument can be used here. If two-thirds of the counties of some of these States have a pure record and if the State has a pure record, why are we wasting the time of the Justice Department and the courts to review the submissions as they come in year after year and taking away their attention from the truly recalcitrant and bad jurisdictions?

Now, I do not understand why we do not use that same argument in this context as easily as we have in gaining a consensus against a nationalization of the preclearance requirements under the Voting Rights Act.

I would suggest that we look at this with an open mind.

Mr. SMITH of Alabama. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

I want to add my support to the amendment offered by Mr. CAMPBELL to improve the provisions of the Voting Rights Act so as to provide an incentive for States and local jurisdictions to prevent voting rights violations. The committee bill, I feel, does not provide for the necessary incentive for a State or local jurisdiction to closely monitor its election procedures to provide for a more open electoral process. There has been much progress under the Voting Rights Act for which we are thankful and we must insure that this progress continues. The ability of a State to bail out if two-thirds of its jurisdictions have bailed out does provide the necessary incentive for local situations which might be discriminatory.

As a Republican, I am interested in furthering the rights of minorities in this critical area. I want the black residents of my district to rest assured that their voting privileged will not be abridged but that this privileged protection will be enhanced by the addition of this amendment. I urge my fellow Members to support heightened minority voter protection by supporting Mr. CAMPBELL's amendment.

Mr. CAMPBELL. Mr. Chairman, would the gentleman yield?

Mr. SMITH of Alabama. Yes, I yield to my colleague.

Mr. CAMPBELL. I thank the gentleman for his comment.

I wonder if the gentleman is aware that there might be a situation where if the State has no ability to bail out unless every county in the State is then clear and where the State may be attempting to get a county to change its actions, the legal efforts to get a county to change its actions through the Attorney General resulting in a consent decree would then protect a State from bailing out. I wonder if the gentleman is aware of that.

Mr. SMITH of Alabama. Yes, I am aware of that. It does not seem logical to me that if two-thirds of the jurisdictions are permitted to bail out that the State not be permitted.

Mr. CAMPBELL. If the gentleman would yield 1 minute further, is the gentleman also aware that the two-thirds does not allow the State to bail out, nor does the reasonable effort allow the State to bail out? Is the gentleman aware that the State cannot even petition for bailout and the opportunity to prove that it has complied with all the other provisions of the act until it meets these conditions that are in my amendment?

Mr. SMITH of Alabama. Yes; I am aware of that

Mr. SAVAGE. Mr. Chairman, I move to strike the requisite number of words. Mr. Chairman, I rise to support wholeheartedly the extension of the Voting Rights Act—and, I urge its full extension, without a single one of the weakening or limiting proposals before us today.

Today we are faced with a series of votes testing whether this body still claims allegiance to the principle that every citizen has the right to vote in elections free of intimidation, and free of contrivances designed to frustrate or water down the right of franchise. As a lifelong civil rights activist, I fully know and appreciate the importance of extension of the Voting Rights Act, for I have been in the forefront of the struggle to secure for my people those basic elemental rights and privileges that majority America takes for granted.

In this democracy of ours, one of the most cherished principles is the right to vote. Indeed, the right to vote is the cornerstone of our form of government. This being the case, efforts to subvert this right should and must be viewed as a frontal assault on the integrity of our Government, the response to which must be strong remedial action.

It is indisputable fact that for many decades many States and localities, more so than not located in the South, expended great efforts to deny blacks their right of franchise by resort to violence, intimidation, and nefarious tactics. It is equally indisputable that many of these same jurisdictions also resorted to underhanded tactics to dilute the impact of the black vote, thereby diminishing the constitutional principle of one man, one vote.

This widespread pattern of voting abuses perpetrated against blacks finally led Congress to pass the Voting Rights Act of 1965, legislation that has been characterized by Benjamin Hooks, president of the NAACP, as the "single most effective piece of civil rights legislation ever passed".

Now we are here today to vote on extension of this legislation. There seems to be little question that this legislation will pass in some form. The greater question is in what form.

I take this opportunity to remind my colleagues on both sides of the aisle that the very reasons giving birth to this legislation are the very same reasons it should be extended without weakening amendments. This law has proved somewhat effective in broadening black participation in the political process. In Alabama there are now 238 black elected officials, when back in 1968 there were only 24. In South Carolina there are now 238 black elected officials, when back in 1968 there were only 11. In Georgia there are now 249 black elected officials, when back in 1968 there were only 21. These are but a few examples of increased black involvement in the political process that can be traced to enactment of the Voting Rights Act.

While I do not pretend to be satisfied with these results, nevertheless I am somewhat encouraged by them. I hope these statistics portend something for the future in terms of black participation in the political arena.

Let us not emasculate the Voting Rights Act just at the time when increasing numbers of blacks and Hispanics are beginning to realize the potentials inherent in the body politic. Let us not send yet another mixed signal to minorities who believe—with good justification I might add, that this body is as reactionary as the occupant in the White House.

Extension of a strong Voting Rights Act is crucial because a century of court battles under the 14th and 15th amendments of the Constitution produced only occasional pyrrhic victories of uneven application nationwide. This act outlaws literacy tests and poll taxes, and it requires Federal preclearance of any voting change in those States and localities that have systematically abridged the franchise right of blacks and Hispanics.

I strongly urge my colleagues to resist the temptation to water down the preclearance provision in this legislation. It is not burdensome, as some have claimed, nor is it discriminatory. It exists in response to a reality. And this reality is that some States and some jurisdictions still try to dilute the effectiveness of the black vote by resorting to such devices as gerrymandering and switching to at-large districts.

Make no mistake about the import of this legislation. What we will do here today has real as well as symbolic value. Let us rise to the occasion and reaffirm our resolve to protect the right to vote for every American citizen.

All reasonable persons agree that this law has been one of the most effective and needed ever adopted by this august body—and most recognize that violations and intentions to violate it persist, and are corrected or prevented mainly by the present method of administering this law.

But, of course, you already have heard all the facts and figures in this debate. I just want to plead with you, my dear colleagues—to plead not only in behalf of my own hard-pressed people, but for all Americans: Black, white and brown.

We must protect every piece of our ideals, more today than ever, because antidemocratic, antiequality, and antipeople forces in our Nation are currently feeding on our frustrations and drinking of our divisions—and becoming stronger in their hatreds and more threatening in their ignorance.

Do not change the rules for we who only so recently have been permitted a seat at the table. Do not change the rules, as in the poker game where a stranger drew a royal flush and reached for the pot, only to be stopped by another player who held a 3, 5, 6, 7, 9, mixed suit.

"What in the hell is that," the stranger protested, as the other player pointed to a sign that had just been placed on the wall behind the stranger—a sign that read, in ink still wet, that a "3, 5, 6, 7, 9, mixed suit is a fangdangle; and a fangdangle is the highest hand of all in this house tonight."

Do not be unfair. Do not change the rules while we are just learning the game. Do not rip from the beautiful fabric of our democracy, such an essential thread as this law, the shinning protection of our equal right to vote.

The vote is our voice, and to rip it away will not merely expose black nakedness to the rawhide whip of racism—it will undress all America's vitals before the subzero danger of fascism.

My fellow Americans, please hear me today—and, I thank you.

☐ 1710

The CHAIRMAN pro tempore (Mr. BEILENSON). The question is on the amendment offered by the gentleman from South Carolina (Mr. CAMPBELL).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. CAMPBELL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 95, noes 313, not voting 25, as follows:

[Roll No. 239]

AYES—95

Archer
Badham
Bafalis
Barnard
Benedict
Bevill
Bliley
Bowen
Brinkley
Broyhill
Burgener
Butler
Campbell
Chappell
Chappie
Cheney
Coleman
Collins (TX)
Conable
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dickinson
Dornan
Dreier
Edwards (AL)
Emerson
Erlenborn
Fields
Flippo
Forsythe
Gramm
Grisham
Hagedorn
Hall, Ralph
Hall, Sam
Hansen (ID)
Hansen (UT)
Hartnett
Hyde
Jeffries
Jenkins
Johnston
Kindness
Lagomarsino
Latta
Lee
Loeffler
Lott
Lowery (CA)
Lungren
Madigan
Marlenee
Martin (NC)
Martin (NY)
McClory
McCollum
McDonald
Miller (OH)
Montgomery
Moore
Moorhead
Mottl
Myers
Napier
Nichols
O'Brien
Oxley
Parris
Quillen
Rhodes
Roberts (SD)
Robinson
Rogers
Rousselot
Rudd
Shaw
Shelby
Shumway
Shuster
Siljander
Skeen
Smith (AL)
Smith (OR)
Solomon
Spence
Stangeland
Stump
Taylor
Trible
Wampler
Whitehurst
Whitten
Young (FL)

NOES—313

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkinson
AuCoin
Bailey (MO)
Bailey (PA)
Barnes
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune

Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bouquard
Breaux
Brodhead
Broomfield
Brown (CA)
Brown (CO)
Burton, Phillip
Byron
Carman
Carney
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Collins (IL)
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Crockett
D'Amours
Danielson
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dicks
Dixon
Donnelly
Dorgan
Dougherty
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
Edwards (OK)
Emery
English
Erdahl
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Findley
Fish
Fithian
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Goodling
Gore
Gradison
Gray
Green
Gregg
Guarini
Gunderson
Hall (OH)
Hamilton
Hammerschmidt
Hance
Harkin
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Howard
Hoyer
Huckaby
Hughes
Hunter
Hutto
Ireland
Jacobs
Jeffords
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kogovsek
Kramer
Lantos
Leach
Leath
LeBoutillier
Lehman
Leland
Lent
Levitas
Livingston
Long (LA)
Lowry (WA)
Lujan
Luken
Lundine
Markey
Marks
Marriott
Martin (IL)
Matsui
Mattox
Mavroules
Mazzoli
McCloskey
McCurdy
McDade
McEwen
McGrath
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Moffett
Molinari
Mollohan
Morrison
Murphy
Murtha
Natcher
Neal
Nelligan
Nelson
Nowak
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Perkins
Petri
Pickle
Porter
Price
Pritchard
Pursell
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Richmond
Rinaldo
Ritter
Roberts (KS)
Rodino
Roe
Roemer
Rose
Rosenthal
Rostenkowski
Roth
Roukema
Roybal
Russo
Sabo
Santini
Savage
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Simon
Skelton
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (PA)
Snowe
Snyder
Solarz
St Germain
Stanton
Stark
Staton
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tauke
Tauzin
Traxler
Udall
Vander Jagt
Vento
Volkmer
Walgren
Walker
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitley
Whittaker
Williams (MT)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—25

Ashbrook
Beard
Bonker
Brooks
Brown (OH)
Burton, John
Crane, Philip
Dannemeyer
Daschle
Dingell
Fiedler
Horton
Hubbard
Jones (NC)
LaFalce
Lewis
Long (MD)
Oakar
Pashayan
Patman
Paul
Pepper
Peyser
Thomas
Williams (OH)

□ 1720

The Clerk announced the following pairs:

On this vote:

Mr. Philip M. Crane for, with Mr. Patman against.

Mr. Dannemeyer for, with Mr. Horton against.

Mr. Paul for, with Mr. Lewis against.

Mr. Thomas for, with Mr. Williams of Ohio against.

Mr. TAUKE and Mrs. SMITH of Nebraska changed their votes from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1730

AMENDMENT OFFERED BY MR. LUNGREN

Mr. LUNGREN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUNGREN: Page 3, strike out line 5 and all that follows through line 9 and insert in lieu thereof: That subsection

Page 8, line 23, strike out the close quotation mark and the period which follows.

Page 8, after line 23, insert the following:

"(7) The requirement of section 5 of this Act that certain voting qualifications or prerequisites to voting, or standards, practices or procedures not be enacted or sought to be administered without the declaratory judgment described in that section or the submission to the Attorney General described in that section shall continue to apply, with respect to any such qualification, prerequisite, standard, practice or procedure that arises out of redistricting and reapportionment of Congressional districts or the State legislature based on the 1980 census, to a plaintiff that obtains a declaratory judgment under this subsection just as though such declaratory judgment had not been so obtained.".

Mr. LUNGREN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LUNGREN. Mr. Chairman, this amendment is a rather simple amendment dealing with the 2-year effective date. As my colleagues know, the bill before us has within it a bailout provision to allow jurisdictions under the precise criteria we have established to attempt to bail out after they have proven a good record for 10 years.

However, in coming forward with the committee bill we threw in a 2-year delay before any jurisdiction would be able to apply. So, rather than being able to apply in 1982 based on their record from 1972, that is, when the current sections of preclearance expire, the jurisdictions, no matter how good their record had been for 10 years, would be unable to do so for a 2-year period.

When we first discussed this in subcommittee it was unclear why we needed this delay until some brought up the fact of timely redistricting. Many of us, because we are so caught up in congressional redistricting, assumed that all redistricting that would be brought about by the 1980 census would have required a redistricting plan to be submitted and placed into effect before the 1982 expiration date of the current law. However, it was pointed out by a number of members of the civil rights community that because new elections will not take place until after 1982 in certain other legislative races there would be no requirement that they act before the effective date of current law.

To try and take care of that, my amendment does two things. One, it would eliminate the 2-year delay in the effective date and would permit jurisdictions to file for bailout when the provisions of the current law expire in August. However, in its place the amendment would refuse bailout for all submissions arising out of the redistricting and the reapportionment of congressional and States districts based on the 1981 census. In other words, the jurisdiction could proceed to attempt to bailout except with respect to any redistricting in legislative races that would be pursuant to the 1980 census. Therefore, the requirement for preclearance would continue to take care of that very legitimate objection that was raised by a number of people from the civil rights community.

In all other instances, however, bailout would proceed immediately instead of causing the jurisdictions to wait for 2 more years.

I think this is a reasonable way to try and work out the problems that were brought up during our discussions in subcommittee and committee, and I would commend it to the attention of my colleagues.

Mr. EDWARDS of California. Mr. Chairman, I rise in opposition to the amendment.

The subcommittee and the committee considered these alternatives—having the bill become effective almost immediately, or have a 2-year waiting period. After due consideration, and after testimony from previous Assistant Attorneys General before the subcommittee, the Assistant Attorneys General in charge of civil rights, they said, they advised us that it would be important to have a 2-year waiting period. There will be a number of submissions relating to reapportionment and redistricting following the 1980 census and a review of the Justice Department's records show these submissions will continue well past the census itself.

For instance, the Department had 417 such submissions from August 7, 1975 to December 31, 1979, and 445 submissions of that type from January 1, 1971, to August 6, 1975.

The committee believes that a substantial number of jurisdictions will be eligible to file for bailout under this new standard. This will create a huge demand on the resources of the Justice Department. For this work they have a budget of $1.5 million a year and 14 employees.

It is critical, Mr. Chairman, that the Department's section 5 enforcement responsibilities not be diminished and the 2-year delay set forth in the bill will achieve the necessary balance between the Department's duty to enforce section 5 and its duty to represent the Federal Government in these bailout suits.

I oppose the amendment.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to my friend from Illinois (Mr. HYDE).

Mr. HYDE. Does the gentleman have a communication from the Justice Department that I am not privy to saying that they cannot handle these cases when this bill is signed, 2 more years are necessary?

Mr. EDWARDS of California. It is my understanding that this came from testimony by Drew Days.

Mr. HYDE. He has left the Department, Mr. Chairman.

Mr. EDWARDS of California. And Stanley Pottinger.

Mr. HYDE. Both are former Assistant Attorneys General, as I am sure the gentleman knows.

Mr. EDWARDS of California. That is correct. And I have had no communication whatsoever from the present Assistant Attorney General in charge of civil rights.

Mr. HYDE. I have, and I am informed that the Department would be ready to administer this act whenever it is amended. This delay is just a further delay as the gentleman has so resourcefully asserted.

Mr. EDWARDS of California. I thank the gentleman. I hope he would send me a copy of the letter, if he has one. I would suggest that the two witnesses I refer to have had actual experience with the workload resulting from redistricting and reapportionment. Perhaps the current administration might change its view when it has had more experience.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California (Mr. LUNGREN).

The amendment was rejected.

AMENDMENT OFFERED BY MR. HARTNETT

Mr. HARTNETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARTNETT: Page 3, strike out line 5 and all that follows through the end of line 9 and insert in lieu the following:

That subsection

Page 3, after line 19, insert the following:

(3) by inserting "or in any State with respect to which no determination has been made under subsection (b) of this section or in any political subdivision of such State" after "separate unit" the second place it appears;

Redesignate succeeding paragraphs accordingly.

Page 8, after line 23, insert the following:

(b) Section 5 of the Voting Rights Act of 1965 is amended by inserting "or whenever a State with respect to which no prohibition set forth in section 4(a) based upon a determination made under section 4(b) is in effect shall enact or seek to administer any voting qualifications or prerequisites to voting, or standard, practice, or procedure with respect to voting different from that in force or effect on the date of the enactment of the Act entitled 'An Act to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes' which inserted this clause," after "November 1, 1972,".

Mr. HARTNETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

☐ 1740

Mr. EDWARDS of California. Mr. Chairman, we have not seen a copy of the amendment.

Mr. SENSENBRENNER. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. A point of order has been reserved, and it is requested that a copy of the amendment be produced for the chairman of the subcommittee.

Has the gentleman from South Carolina (Mr. HARTNETT) additional copies?

Mr. HARTNETT. Mr. Chairman, I left 25 copies at the desk this morning.

I apologize, Mr. Chairman. I thought I provided an ample number of copies.

Mr. SENSENBRENNER. Mr. Chairman, could the Clerk read the amendment.

The CHAIRMAN. The Clerk will read the amendment.

Mr. HARTNETT. Mr. Chairman, I believe I understood the Chair to say there was no objection to my unanimous-consent request.

I had asked that there be no objection to reading the amendment, since we have not been able to come up with a copy.

The CHAIRMAN. The Clerk will read.

The Clerk reread the amendment.

Mr. HARTNETT. Mr. Chairman, I might not know a lot about law but I can speak to my colleagues at length about justice.

I might not know the exact true meaning of the word equality, but I can tell my colleagues about fairness. And my colleagues can listen to my accent and I guess my colleagues know where I am from. I am from south of the Mason-Dixon line. So I guess my colleagues may say that makes me prejudiced.

My colleagues must feel they should keep the heel of the Federal Government on my neck to see that I shed my prejudice, my bigotry.

My amendment is what this act is all about, Mr. Chairman. Giving to all the citizens of this great Nation reassurance that they also are welcome to be enfranchised and have their ballot counted and be able to register to vote.

What we are saying to our black brothers and sisters in Montana and Utah and Idaho and Iowa, and Wisconsin, and Washington, we are not really concerned about their voting rights, because all of their elected officials are pure, but those of them who hold public office in South Carolina, as the distinguished delegate from Washington referred to this afternoon, "We are concerned about yours."

Well, I submit to the distinguished gentleman from Illinois that black people have not made progress in this country only because of their brethren in the South, but because of the unified effort of their people across the length and breadth of this land, and I am asking my colleagues to make all the States in this Nation of ours come under the preclearance section so that continued progress can be made.

I am anxious to hear the argument against my amendment. My colleagues are going to say, "Oh, but it will cost a lot." My colleagues mean we spend billions for defense but not a few pennies for voting rights and civil rights? And my colleagues say but the paperwork will be insurmountable.

I say to this body that we probably use more paper in Washington, D.C., than all the other nations of the world. A few sheets of paper to keep someone from casting a ballot? And my colleagues will say if we bring all the States under this act what a great burden it is going to be on the Justice Department.

I say to this body we have justly applied in this act a bailout provision which means if a State comes under the act and submits to the Justice Department that it has no problems, it will be from under the Voting Rights Act shortly.

But in those States where they cannot prove they are pure, where they cannot prove they are not discriminating, they will remain under it.

In Massachusetts—we have heard a lot about Massachusetts this afternoon—we do not know how many minority voters there are because they are not required to put their race on their voter registration card. And in Wisconsin, the great independent commonwealth and republic of Wisconsin, all you have to do is prove that you are over 18 years of age, that you reside in the State of Wisconsin. How does one know what minority participation is in the great State of Wisconsin? From a census count, from an actual count of minority voters at the polling place and on the record books?

I am saying for too long we have not brought in all of our black brothers and sisters across this country and said to them, "We care about your vote, too," and in Utah, "We care about your vote in Oregon just as we care about your brothers' and sisters' votes in South Carolina. We want you also to have the equal protection of the laws of this great United States of America so that you know that no one will tamper with what is your right to cast a ballot free from discrimination, free from harassment, that you can walk in and register to vote and look forward to some day holding public office in a State which exercises no prejudice and no bigotry."

I am saying to the gentleman from Michigan, I want to hear your argument when you take this podium to tell me why you want to extend the act in time, but not in boundary. I want to extend it in boundary and in geography. I want the same minority member in South Dakota or North Dakota to have the protection that that man or woman in South Carolina or North Carolina has. And the gentleman might say I am going to strengthen it to death.

How can this gentleman strengthen a law to death?

The CHAIRMAN. The time of the gentleman from South Carolina (Mr. HARTNETT) has expired.

(By unanimous consent, Mr. HARTNETT was allowed to proceed for 3 additional minutes.)

Mr. HARTNETT. Mr. Chairman, I am going to be really interested in the argument that is going to be put forth by those of my colleagues who look down their noses at those of us because we happen to have been born in the cotton fields. All of you are privileged, but we are not. You will say it is too costly, you will say it does not need to be extended because we are not prejudiced. Billions for defense, but not a nickle for voting rights and civil rights, will that be your battle cry?

There will be paperwork. But will it be the burden of the courts in this great bureaucracy of ours? If you come under and prove you are clean, under the bailout provision which has so justly been inserted in this bill, that new State can come from under immediately, but in the event one person, one person, was being discriminated against in his right to register and right to vote, think of what we would be doing here today by extending this act to cover all 50 States of this great Nation. We would be assuring that one individual we are concerned about his right.

I want to hear the gentleman's argument, Mr. Chairman. I want the gentleman to tell me why if he wants to strengthen and extend the voting rights, which is really a civil right, tell me why we cannot do it for all of the Americans in this country. Tell me why we cannot extend it to the far Pacific Ocean all the way from the pure South Atlantic coast. That is what I want to know. Tell me what is wrong with guaranteeing voting rights and civil rights to every American, not because they live in a different geographic district or area, but to Americans everywhere, a right that has justly been given to my people.

I want to share that right with the people and I want to hear the argument that those of my colleagues are going to put forth justifying not strengthening the law.

Mostly we pass laws that are so strong we do not have to worry about them. Now we want one that is not so strong?

Mr. CONYERS. Mr. Chairman will the gentleman yield?

Mr. HARTNETT. I will yield to the gentleman from Michigan in a minute.

I am looking forward to the gentleman's contribution which I am confident will be meaningful as always.

I want the gentleman to explain to me, I want the gentleman to explain how he could go back to Michigan and say to his people, "I am concerned about the minorities in South Carolina but not so in Oregon. I am not worried about them. They have got good elected officials out there. They will take care of those people but those guys from South Carolina we cannot trust them."

I am concerned about the minorities. I say to my colleagues it is time that we extended this right to minorities everywhere in this country and I for one, one poor Member from South Carolina, that land of bigotry and prejudice, I for one want to hear the argument the gentleman is going to put forward in opposition to this amendment.

The CHAIRMAN. The gentleman from Wisconsin (Mr. SENSENBRENNER) reserves a point of order.

Mr. SENSENBRENNER. Mr. Chairman I withdraw my point of order and I rise in opposition to the amendment.

Mr. Chairman, I would be delighted to tell my distinguished colleague from South Carolina (Mr. HARTNETT) why his amendment is a bad one.

His amendment is a bad one simply because it would raise serious constitutional questions of the validity of the entire Voting Rights Act. When the Supreme Court of the United States upheld the Voting Rights Act in 1966, in the case of South Carolina against Katzenbach, it stated that the section 5 preclearance procedures were tailored precisely to meet a specific problem for which an extensive record of evidence had been amassed by the Congress of the United States.

And I point out to my colleague from South Carolina that there are jurisdictions outside of the South that are covered by section 5 preclearance.

There are more people residing in New York City who are covered by section 5 preclearance than in the entire State of South Carolina. The gentleman may recall that the election for mayor, and city council members, and other city officials was postponed by order of the Justice Department in the courts because the section 5 preclearance procedures had not been complied with.

The triggering method of this act has nationwide application and is designed to isolate those areas where specific problems occur, and that is why certain States are covered, certain counties are covered outside of covered States.

So, it is not a discriminatory act. It does apply nationwide. The adoption of the gentleman's amendment might make the Voting Rights Act unconstitutional under the Katzenbach decision.

Mr. HARTNETT. Mr. Chairman, will the gentleman yield?

Mr. SENSENBRENNER. I yield to the gentleman from South Carolina.

Mr. HARTNETT. I thank the gentleman for yielding.

I commend the gentleman for the valuable contribution which he has made to this act and to many other bills that have come under the Judiciary Committee.

I ask the gentleman if he is not saying in fact when the court ruled 12 years ago, or more now, that there were extraordinary conditions which existed at that time in various areas of our country? Is the gentleman not saying now that that situation has not changed and probably is not going to change for 10 years. If anything, it has remained the same or gotten worse, but in other areas of the country not covered by this act, it has probably gotten better when in fact perhaps in the last 15 years or more it may have gotten worse in other areas of the country which have never been covered by this act and would not be by granting of the extension or true extension of the Voting Rights Act covering all of those areas?

Would that not insure it would never get any worse and always be good in those areas of the country where at that time an extraordinary situation did not exist?

Mr. SENSENBRENNER. Whether things have gotten better or worse is purely a subjective determination, and beauty is in the eyes of the beholder.

I would point out a substantial percentage of the total objections that have been made by the Justice Department under section 5 of the Voting Rights Act have taken place since the last extension of that act was enacted by the Congress in 1975.

The record that the Subcommittee on Civil and Constitutional Rights of the Committee on the Judiciary has amassed in 17 days of hearings, with over 100 witnesses, very clearly demonstrates the need for the extension of this act with the triggering method that has been contained in the act since it was originally enacted by the Congress in 1965.

Mr. HARTNETT. If the gentleman will yield further, could the distinguished gentleman from Wisconsin give me the percentage of minority eligible registered voters versus that of white registered eligible voters? Does the gentleman have that from the State of Wisconsin?

Mr. SENSENBRENNER. In the State of Wisconsin we do not even have registration in most of its areas. One can walk in and vote by declaring that he is over 18 years old, a U.S. citizen and a resident of the State of Wisconsin for 10 days.

I am certain that the State of South Carolina and other States do not have these kinds of open registration procedures. They work quite well.

Mr. HARTNETT. Could the gentleman tell me the percentage of participation of minorities versus that of white majorities in the election process in the State of Wisconsin?

Mr. SENSENBRENNER. I do not have those statistics off the top of my head. But in terms of total eligible voters, turnout at the polls in the State of Wisconsin, with our registration law, we ranked fourth or fifth in the country in the 1980 Presidential election.

Wisconsin had somewhere in the neighborhood of a 65- to 68-percent turnout.

Mr. RODINO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amedment.

I shall not consume the 5 minutes.

I merely want to state that the gentleman would actually by his amendment completely overturn the thrust of what we are attempting to do here.

We have brought forth a bill which would extend the Voting Rights Act which seeks to protect the rights of individuals in those areas where there has been a history of discrimination. Where evidence has been amassed that discrimination existed in those areas being covered. Then we included the opportunity for those areas that have been covered to bail out if they meet certain requirements.

Now, the gentleman would say let us apply this nationwide. Let us not do something that is capricious and unconstitutional. There is no evidence that in other than the 22 States that are covered that there is a need to extend the provisions of this act.

So I would urge my friend and my colleague to consider the fact that we would be misapplying the resources of the Government other than where they are required.

□ 1800

I would urge the gentleman to recognize that it was not intended to punish or penalize an area of the country for anything other than the fact that there were those who were being denied a basic constitutional right and this is the reason for this act. The reason for our coming before this body to extend it is because the record continues to reveal discrimination in those areas.

Mr. HARTNETT. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman.

Mr. HARTNETT. Mr. Chairman, what the gentleman says is correct. I commend the gentleman for the work that he has done as the chairman of the very august committee in bringing the bill to the floor and those who helped put in the bailout provision, I commend all of them.

What I am asking the gentleman from New Jersey is under the amendment which I have offered, all the States of the Union would be brought under the bailout provision which the gentleman has so justly inserted in this bill, they could immediately bail out if they could prove right away that no discrimination existed. So in effect they would only be under it for a short period of time if no discrimination existed. If it did, however, we would then be bringing additional States under where discrimination does exist and that is what we want to do.

Mr. RODINO. I want the gentleman to recognize that to bring them under and to impose upon them this kind of nationwide coverage and preclearance requirements would be to say that we had evidence without any hearings that these areas should be covered. This, I am sure, the gentleman is not seeking to do.

Mr. WOLPE. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman.

Mr. WOLPE. Mr. Chairman, I thank the gentleman for yielding. I want to associate myself with the remarks of the gentleman from New Jersey. I think it is clear that extending the preclearance provisions to all 50 States would do irreparable harm to both the bill's effectiveness and its constitutionality.

Mr. Chairman, I want to associate myself with the remarks of the gentleman from New Jersey. I rise in strong support of H.R. 3112, the Voting Rights Act extension, and in opposition to the amendment. I believe that this bill, which received overwhelming bipartisan support in the Judiciary Committee, provides the most effective way to continue the protections of the Voting Rights Act of 1965. In particular, I feel it is essential to support the section 5 preclearance provisions of the committee bill.

In its 16-year history, the Voting Rights Act has proven to be the most important civil rights legislation ever passed by Congress. Largely because of this law, registration and voting by minority citizens has increased dramatically, as has the number of minority elected officials. The discriminatory practices of an earlier era have been largely eradicated, and more and more Americans are being given a real opportunity to exercise the most important right and responsibility of citizenship.

Nevertheless, the recurring theme in testimony by more than 100 witnesses before the committee was that threats to the political equality of minorities continue to exist. For this reason, I believe it is essential that Congress approve the preclearance provisions of the legislation in a form which will make them effective and enforceable. The committee bill provides that form—it requires that those local jurisdictions with a proven history of voting discrimination seek Department of Justice approval before making changes in voting laws.

Extending the preclearance provisions to all 50 States would do irreparable damage to the law's effectiveness. Rather than making enforcement more equitable, the amendment before the House would make the bill largely unenforceable. In this time of programmatic and budgetary reductions, the Department of Justice simply does not possess the resources to consider and investigate proposed voting law changes in every local jurisdiction nationwide.

The preclearance provisions of the committee bill apply to local governments in 24 States from coast to coast; they discriminate against no State or region. If indeed the encompassed jurisdictions can demonstrate that they have followed the letter and spirit of the law, then this bill provides a fair method for them to obtain exemption from the requirements. Furthermore, any other States which are found to systematically violate the voting rights of minorities can easily be brought under the coverage of the preclearance provisions.

Congress has an opportunity today to extend and promote the progress and justice that have come from 16 years of protection under the Voting Rights Act. The committee provisions for preclearance provide the most effective way to maximize that protection. I urge my colleagues to defeat the amendment and support the passage of H.R. 3112.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from New York.

Mr. WEISS. Mr. Chairman, I, too, want to associate myself with the gentleman's remarks, to commend him, the distinguished chairman of the subcommittee and all the members of the committee.

There is no issue more fundamental to the continuation of our democracy than voting rights. This distinguished body is now deliberating the landmark legislation which guarantees all U.S. citizens their 14th and 15th amendments right to vote. We can expect opposition to the bill before us. Some of my colleagues argue that certain provisions of H.R. 3112 are too onerous, too stringent, that standards should be relaxed. They attempt to weaken the heart of the Voting Rights Act, section 5, and they will attempt to weaken, if not repeal entirely, the bilingual provisions of the Voting Rights Act. But their opposition is met with the facts and figures that should remind all of us that voting discrimination in the United States is a present problem, not an historical relic. Their opposition is met with my commitment and the commitment of a majority of my distinguished colleagues that there can be no compromise, no half-way measures, when it comes to the right of all Americans to vote.

The Voting Rights Act has indeed brought the right to vote to millions of American citizens. It has outlawed literacy tests, poll taxes, English-only elections and intimidation and harrassment of minority voters. The act has been responsible for not only increasing minority participation, but for increasing minority representation. In 1965, there were about 100 black elected officials from the Deep South. Today, there are over 3,000. This is clearly a sign of success.

But let us look more closely at these figures. In the House of Representatives, there is only one black from a covered State, our Colleague MICKEY LELAND from Texas. There is not a single black representative from South Carolina, Georgia, Alabama, and Mississippi. There is not a single black who holds a statewide office in the United States in 1981. Many of the 3,000 black elected officials were elected from towns where the black population makes up 80 percent of the total population of about 1,000. There are only a few blacks who hold serious policy-making positions in the covered jurisdictions. The figures seem impressive. In many respects they are impressive. But we are a long way from finished in the struggle which this Congress began so valiantly in 1965.

Members of the House and Senate oppose the Voting Rights Act because they say it singles out the South. But what happened several weeks ago in my own city of New York reminded all of us that the Voting Rights Act is there to protect minorities wherever the violation.

When the Voting Rights Act was passed in 1965, it was designed to address the problems of blacks who had been systematically, often violently, disenfranchised. In 1975, Congress recognized that language minority citizens had also been disenfranchised by many of the same subtle and blatant forms of discrimination that hampered black voting strength. Congress recognized also that certain citizens had an additional burden in voting—many of them could not speak English. And so we enacted bilingual elections for Hispanics, American Indians, Asian Americans, and Eskimos.

Critics of bilingual elections are fond of saying, "If they want to come here, why don't they learn English?" But can we really ask that question of Navajos in Arizona, of Eskimos in Alaska, of Mexican Americans in New Mexico who were here before the *Mayflower* landed on our shores? Can we ask it of Puerto Ricans, who are U.S. citizens, one and all? I think not.

The bilingual election provisions do not expire until 1985 because of a legislative drafting error that occurred in 1975. Critics of bilingual elections have suggested that we wait until 1985 to review the bilingual provisions. Let us be frank, what they are really saying is: Let us wait until 1985 to repeal these provisions.

I have been vastly impressed by the broad support for the Voting Rights Act from individuals and organizations throughout the country. The bill, including the bilingual election provisions, is supported by civil rights organizations, the religious community, labor, women's groups. There is, from what I can see, no organized opposition to the Voting Rights Act. Sadly, the opposition comes mainly from Members of Congress.

Unless this body supports H.R. 3112 racial and language minority citizens in the United States will be thrust back to the dark ages of voting discrimination that we have only just begun to move away from.

I urge my colleagues to support this bill and in doing so, to reaffirm our commitment to voting rights for all U.S. citizens.

Mr. LELAND. Mr. Chairman, will the gentleman yield?

Mr. RODINO. I yield to the gentleman from Texas.

Mr. LELAND. Mr. Chairman, section 5 of the 1965 Voting Rights Act provides that any covered State or jurisdiction that wants to change its election procedures must submit the change to the Justice Department for approval. The amendment before us today proposes to extend this provision nationwide. I am opposed to the amendment to make this provision extend to all States. It would be arbitrary, wasteful, and unenforceable to attempt such a move.

It would be arbitrary because preclearance was devised as a remedy to a specific problem—the problem of using a test or device to allow citizens to vote. Jurisdictions that must comply are those that used tests of qualifications to allow citizens to vote in the 1964, 1968, and 1972 Presidential elections, and where the voter registration and turnout in those elections was less than 50 percent. This remedy has been upheld by the Supreme Court in 1966 and 1980. Also on the basis of witnesses to the Subcommittee on Civil and Constitutional Rights the record of violations in States covered by the act clearly justified the use of preclearance.

One of the most serious problems inherent in the application of this provision nationwide is the constitutionality of such a provision. For a nationwide preclearance provision to be upheld as constitutional, it is clear that there must be a demonstration similar to the cases already tested in the Supreme Court.

It would be wasteful to require the Federal Government to protect rights that are primarily the responsibility of State governments. However, if a State does not protect this right, it is the responsibility of the Federal Government to insure that each citizen's individual right is protected. Through section 5 of the Voting Rights Act, the Federal Government protects those rights violated by State and local governments.

Section 5 is intended for a specific type of problem, that of preventing the use of discriminatory devices and tests. Section 5 has clearly demonstrated its effectiveness as it now exists. Many local jurisdictions have made attempts to replace literacy tests and other forms of voter discrimination. These have involved changes in redistricting, at-large elections, annexations, runoff requirements, and many other means to prevent minorities from participating fully in the election process. Over 800 of the proposed changes have been blocked since 1965 because of section 5. This provision has been simple and expedient.

Finally, I am opposed to the extension of section 5 nationwide because it is unenforceable. At this time, proposed election changes are submitted, with backup information, to the Justice Department. Within 60 to 120 days of a decision is made to approve or reject the change. No travel is required and there are no hearings. Often only the initial submission is required. The Justice Department staff which handles voting change submissions under section 5 is small, but efficient. There is currently no backlog of cases. Application of section 5 nationwide would require a tremendous increase in staff and funds to the Department. Nationwide coverage would overwhelm the Department making it necessary for staff to divert attention from areas with a demonstrated need to areas which have not been shown to deny or abridge the right to vote.

In the next few years, there will continue to be a strong need for section 5, especially with the 1980 decennial census forthcoming. Redistricting will be occurring in many States and opportunities for dilution of minority participation will increase. Section 5 will insure that blacks and minorities have access to the electoral process of our great country. I cannot support any amendment that would diminish the most effective piece of legislation to be passed by Congress in the past two decades.

Mr. HYDE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. It is very painful for me to disagree with my valued colleague, the gentleman from South Carolina, because he possesses a rare quality, too rare in this Chamber, and that is of sincerity and willingness to fight for something he believes in no matter how unpopular it is, and certainly the view the gentleman has expressed here is unpopular, but the gentleman from South Carolina (Mr. HARTNETT) is willing to fight for his community, for his State, and for what he believes in. If we all had that dedication and commitment, this would be a better body and certainly a better country.

But notwithstanding, I think it must be pointed out that this amendment moves in the wrong direction. Rather than extending preclearance, which is an extreme remedy, we should be trying to limit preclearance only to those areas where a history of voting rights abuses can be shown. Now, that history has not been shown and ought not to be presumed in places outside of where it presently applies.

The thrust of our efforts should be to eliminate, emancipate counties and States from the burden, and it is a burden, not a burden in time or effort, but there is a stigma attached to having to get permission to change your election laws; but I suggest that to make the preclearance section nationwide would kill the bill. That would truly gut the bill, because the submissions from every village, county, township, hamlet, State or parish in the country, would overwhelm the Justice Department.

So first of all, it would be absolutely unadministerable and, therefore, would render the act a nullity.

The preclearance sections have done some good. There are voting rights abuses that are persistent and pernicious; but we should isolate those areas, make them comply, give them an opportunity to escape from the preclearance section, not take the preclearance process, which is extreme and spread it across the Nation, to the Virgin Islands, Guam, and Puerto Rico and the rest of the country.

Second, the only reason preclearance is constitutional, as the court has told us in Katzenbach against Morgan, is because it is an extreme response to an extreme situation; namely, the use of tests or devices which barred minorities from the electoral process. There would be no constitutional basis in Minnesota, in Nebraska, North Dakota, or other noncovered jurisdictions for making those jurisdictions preclear their election law changes.

I understand what motivates the gentleman. The ideal of equal protection of the law is more violated than observed, it seems to me, in many of our actions; but what he proposes would be unconstitutional, in my opinion. It would be unwise. Let us move in the other direction. Let us help counties bail out. Let us help States bail out. Let us not impose this extreme burden where it does not belong.

Mr. HARTNETT. Mr. Chairman will the gentleman yield?

Mr. HYDE. I am honored to yield to my friend.

Mr. HARTNETT. I would just ask the distinguished gentleman, I understand that the gentleman was the driving force, along with the gentleman from Michigan, in having the bailout provision inserted in the bill and I commend both gentlemen for that.

What I am trying to say or ask, the court that ruled for 15 or more years ago that extraordinary conditions then existed in South Carolina cannot prove to me now that those same extraordinary conditions exist in South Carolina and do not elsewhere. Fifty-five percent of my eligible blacks are registered to vote, 60 percent of my whites; so it is a very close ratio of eligible blacks to whites that are registered to vote.

I am saying to the gentleman that I do not think that that condition exists any longer in South Carolina any more than I think it exists in Oregon. We would be starting from square one if we made this law applicable to all 50 States and then we could all take our turns in bailing out under the provision which we have put into the act.

Mr. HYDE. Well, the act is applicable to the entire country if you want to bring a court action. It is preclearance that is not applicable; but if under section 3(c) of the Voting Rights Act, abuse occurs, you can go into a court, get a declaratory judgment, get preclearance mandated, as they did in Pensacola, Fla., this winter, to a jurisdiction that was not under the act; but to require preclearance of everybody is to destroy the act. It is a useful act. It is a good act. We should move in the other direction and isolate the areas that ought to have preclearance, not spread it across the country where it would be unenforceable.

Mr. COLLINS of Texas. Mr. Chairman, I move to strike the requisite number of words.

I join the gentleman from South Carolina. I rise in favor of the amendment.

Mr. Chairman, this is the fairest amendment that has been submitted on this floor today; it makes sense. It speaks with logic and the only objection that I have heard is the fact that it will mean the Justice Department will have a little more work to do.

What this amendment does is this. It simply says that every State in the United States will be treated exactly the same, that we will again have equality in these United States, once and for all.

Now, I heard the distinguished gentleman, the chairman of the Judiciary Committee, say that one big problem is that we have discrimination in America. Do you know why Texas is under this act? The word "discrimination" did not come up. Texas was not under it in 1964. Texas was not under it in 1965.

In 1975 the law made a statement that if you have 5 percent of your population that is of a single language minority group and it composes more than 5 percent of your population, then everybody in the State gets to come under this act.

Well, I will tell you what it has done to us down in my State. We have had 16,208 of these cases that we have had to file. Of those the Justice Department only objected to 130. Now, that does not look like a State that is trying to abuse the law or cause trouble. Only one case is reviewed every time we had 123 that were accepted.

I have heard so much about what was the original purpose of the bill. Well, the purpose of this bill was voter registration. Now, we do not have a system in Texas like they have in Wisconsin. That does not sound like a system. It sounds kind of like mob voting. In Wisconsin they just walk in the door and vote; but I will tell you, where you have registration in Texas, our system is pretty good. All you do is mail in a postcard the first day you arrive and in 30 days you can vote; that is the system and it works.

I want to tell you how actively we vote down in Texas, because people talk about does everybody vote? In my congressional district we had 275,234 people vote last time, 275,000. In the average Texas district we had 189,000 voters who voted in 1980.

I called for research on districts that need help around the country. I asked are there districts around America where they do not vote? There is a district up here in New York named the 21st District that had 32,000 people vote. There is a district over in New York called the 12th that had 40,000 people vote. Out there in the Seventh District of Illinois, they had 94,000. There were 87,000 in Michigan's 13th District.

☐ 1810

Now, what I am saying is, Where these districts only have 80,000 voters, why should they be advising us down in my district in Texas where we have 275,000 people voting? I want to tell the Members one thing that keeps coming back. Remember there are only nine States that are mandated for full coverage under this law. Only nine States are subject to the benefits this act is providing. There are 14 States that are given partial coverage. What gets me is—and I heard the gentleman from Louisiana saying that there are some people speaking in a sanctimonious voice—here you get a chance to speak with clarity, a chance to show how fair you are. If you are from one of those 27 States that does not have the requirements of this law, join with the gentleman from South Carolina when he says that he wants to extend the full benefits everywhere. In California, which is a great State, there are four little counties named Kings, Merced, Monterey, and Yuma. Let us broaden the base for all California.

In Massachusetts they have Sandwichtown, Shirleytown, Sunderlandtown, but I never saw Boston covered under it. I looked out there in States like Illinois, New Jersey, Pennsylvania—metropolitan States, but not included.

Take Michigan, only one town was covered in Michigan, a town called Buena Vista Township.

Mr. CONYERS. Mr. Chairman, will the gentleman yield at that point?

Mr. COLLINS of Texas. I yield.

Mr. CONYERS. There are two townships covered in Michigan. I beg to differ with the gentleman.

Mr. COLLINS of Texas. I am delighted. Will the gentleman tell me what the other one is?

Mr. CONYERS. The other one's name I do not know, but there is one in one Democratic Member's district and one in one Republican Member's district.

Mr. COLLINS of Texas. I want all the rest of the towns in Michigan to join us, too.

Mr. LELAND. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman.

Mr. LELAND. I thank my friend and colleague from Texas. I would like to ask, he referred to the numbers of registered voters in his district. Can he tell me how many actually registered?

Mr. COLLINS of Texas. Registered, I do not know actually. I know how many voted.

Mr. LELAND. How many voted?

Mr. COLLINS of Texas. The people that voted in 1980 in the Third District of Texas were 275,234.

Mr. LELAND. How many of those people voting in the gentleman's district were minority?

Mr. COLLINS of Texas. We do not keep that classification in our district. Everybody is plain American; we treat them all alike, whether they are Irish or whatever.

Mr. LELAND. Is the gentleman familiar with his district in terms of the separation of minorities, categories?

The CHAIRMAN. The time of the gentleman from Texas has expired.

(At the request of Mr. HARTNETT and by unanimous consent, Mr. COLLINS of Texas was allowed to proceed for 2 additional minutes.)

Mr. HARTNETT. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I will be glad to yield to the gentleman who brought this excellent amendment to the floor.

Mr. HARTNETT. The gentleman and I have listened very carefully this afternoon, and other than the objection of its causing the Justice Department a little additional work, and other than the objection that it may be a little paperwork and it may be declared unconstitutional if it were enacted nationwide—after all, we all took an oath to uphold the Constitution, and so forth—has the gentleman heard any other objections to making this law nationwide other than the fact that it may be declared unconstitutional by the Supreme Court?

Mr. COLLINS of Texas. I thank the gentleman. If I could first answer this, one of the gentlemen offered a constructive amendment on the floor, Mr. BUTLER of Virginia, and he said, "Let's have voting rights issues tried by courts throughout the country." This bill narrows this thing down to the District of Columbia, where it never affects the 27 States excluded in the bill. I think the gentleman has raised a real fundamental point about the fairness that we have overlooked here this afternoon with other amendments. The gentleman's amendment would completely clarify and expand the bill to allow all States to participate and share equally as we have listened to them wanting to broaden these benefits of the act.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. COLLINS of Texas. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I get a feeling, a sort of vibration, that my friend in the well is opposed to the Voting Rights Act; am I correct?

Mr. COLLINS of Texas. That certainly is right.

Mr. HYDE. Would not the amendment of the gentleman from South Carolina further that opposition by making it unenforceable?

Mr. COLLINS of Texas. I have read the Constitution. I am not a lawyer. This Chamber is full of lawyers, but I would think they would treat all States exactly equal, perfectly equal. We have a situation where 9 States under the Voting Rights Act are burdened with all its paperwork; 14 States share partial treatment; 27 States get a free ride. I am convinced the Supreme Court would vote in fairness and equity for all 50 States to participate and share voting rights equally.

Mr. HYDE. If my friend would join us in trying to narrow that list, preclear until we finally got down to zero in this country rather than trying to extend it from the Atlantic to the Pacific——

Mr. COLLINS of Texas. The gentleman is saying there are two ways to balance this bill. One is to bail States out, one is to bail States in. If we cannot bail States out, let us join the gentleman from South Carolina and bail everybody from the other States in.

Mr. GARCIA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment. I will not take the 5 minutes.

I would like to say to my colleague from South Carolina that I detected, as he was addressing the House a great deal of sincerity. I would just like to say to him that I can understand his frustration. The fact is, as a New Yorker, as one who, as I said on Friday during the course of the debate, was a product of the Voting Rights Act, I was elected in 1965 in the district, an assembly district, or as the gentleman would probably term it, a House of Representatives seat for the State of New York. Prior to the Voting Rights Act that would have been impossible.

One of the basic problems we face, all of us here, and I think we are as equally guilty as the State legislatures and everybody else, I think our basic problem as elected officials, especially at the legislative end, is that we all look to protect ourselves. There is not a difference, whether they are in South Carolina or in the State of New

York. I can tell the gentleman that in the reapportionment we just went through in the city council of the city of New York, which was held up—probably the first time in my knowledge that an election was held up. I know there are many members of legislative bodies who have good intentions, and they would like to do the right thing for minorities. They may not be minorities but they want tq do the right thing. But, when it comes to reapportioning, I do not care who they are, we are all going to look to protect that which we have.

So, the Voting Rights Act, what the gentleman has said as it pertains to his frustration as a southerner, is one that I can understand.

However, the proof, as I said during the course of my last discussion on this floor earlier today, is that it is the number of people who actually get elected. It is not what we say here, you and I, it is the number of people in the various legislative bodies throughout the country, whether they be in South Carolina or whether they be in my State, the State of New York, that are going to sit in those bodies as equals, and the numbers sometimes do not prove out what they should be according to the percentile of the people who live within those States. I think what we are trying to do in those areas where we know that this is taking place, the county of the Bronx, the county of Manhattan, or New York County, the county of Kings, or Brooklyn, these are three counties that have in the last reapportionment proven that they reapportioned in a fashion and way that was discriminatory against minorities. I say this to the gentleman because I think it is important. We are all elected officials, and I just think we try to protect ourselves, but I can understand the gentleman's frustration.

But, I would hope that in his State as well as my State, that all people have a chance to represent and serve.

Mr. HARTNETT. Mr. Chairman, will the gentleman yield?

Mr. GARCIA. I yield to the gentleman.

Mr. HARTNETT. Mr. Chairman, I thank the gentleman for his contribution. I would say to him that in my State of South Carolina, which is a small State, we have, in proportion to our black population, more members of our State representatives than there are minority Members of this U.S. House of Representatives, so we have made great strides. Perhaps this can be attributed to this act, but what I am saying to the distinguished gentleman from New York is, to my knowledge, the distinguished chairman and the committee held no investigative hearings in other parts of the country. They only assumed that in South Carolina the condition which existed 15 years ago still exists, and they had no hearings to investigate whether or not those conditions presently exist. Other parts of the country, I want to guarantee to everybody across this country, those conditions will not exist without the Federal courts doing something about them.

□ 1820

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina (Mr. HARTNETT).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. HARTNETT. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and nine Members are present, a quorum.

Mr. HARTNETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. BUTLER

Mr. BUTLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUTLER: Page 5, line 23, insert "and has not been withdrawn by the Attorney General" after "court" but before the close parenthesis.

Mr. BUTLER. Mr. Chairman, I know the hour is late. I am reluctant to trespass further upon the time of the Members, but I feel some responsibility to the State I represent to at least point out the errors in this bill, the errors which are being imposed upon my State, among others.

This is a simple amendment. As the Members know, the bill provides that a declaratory judgment shall issue only if the court "determines that during the 10 years preceding the filing of the action" the Attorney General has not interposed any objection.

This is the requirement. That is the condition, further qualified by the words, "that has not been overturned by a final judgment of a court."

Now, I would add the words, "and has not been withdrawn by the Attorney General."

In my judgment, it was the intention to put this in the bill. I call the attention of the Members to page 42 of the committee report, and I quote:

> The committee believes that the absence of objections which have not been set aside by the District of Columbia District Court or withdrawn by the Attorney General is an essential criterion for bailout.

Now, let me read that to the Members again. The following is in the committee report:

> The committee believes that the absence of objections which have not been set aside by the District of Columbia District Court or withdrawn by the Attorney General is an essential criterion for bailout.

Now, what we have in the bill is that one of the conditions is that the Attorney General has not interposed any objection that has not been overturned by a final judgment, but what is in the report about being withdrawn by the Attorney General is not in the bill.

Mr. Chairman, all I am asking the Members to do today is to put in the bill what is in the report.

Mr. EDWARDS of California. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is our belief that the language is in the bill, and we want to make it very clear that what the gentleman is seeking is in the bill, but in seeking to insert this language, the gentleman from Virginia, I believe, would confuse the issue.

There are two types of withdrawals issued by the Justice Department under the act. Under the first, the jurisdiction submits a request for reconsideration of an objection within 10 days after the objection has been interposed. The reconsideration request is filed under Justice Department procedures and should be supported by new information which the jurisdiction believes should lead the Department to reconsider. If the Department agrees, the objection is withdrawn and is treated as if it had never been interposed. In other words, it is an objection that has been withdrawn; it can be treated as if it had never been interposed, and it would not be a bar to bailout.

If, however, on the other hand, an objection is interposed and then the jurisdiction alters the voting change to conform to the Department's objection and the Attorney General does not object; the objection has not been withdrawn. The previous objection has not been withdrawn and will be a bar to bailout under this new bailout standard.

Mr. Chairman, this is only fair and reasonable, because the jurisdiction has proposed a discriminatory change that was rejected.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Virginia.

Mr. BUTLER. Mr. Chairman, I thank the gentleman for yielding.

I understand the gentleman's explanation, and, of course, it goes a long way toward satisfying what I wanted to put in the bill; that is that it has not been withdrawn by the Attorney General.

Now, what the gentleman is saying is that when the Attorney General does not withdraw it, then it is not withdrawn, and I cannot argue with that. But if the Attorney General has in fact withdrawn it, is that not a situation where the act has been complied with, and is it not unfair that we should not penalize that jurisdiction by requiring 10 more years of administrative preclearance?

I am not trying to cripple the act. The gentleman will recall that in the full committee we had no opportunity to really review this question. This is the first time I as a member of this committee or a Member of this body have had an opportunity to raise this sort of question, and I apologize to the House for not taking care of it before. It is the sort of thing we should take care of in the committee.

But clearly, I say to the gentleman from California, if the Justice Department has withdrawn its objection, then the reason for the objection is gone, and the penalty should not be imposed.

Mr. Chairman, I insist that the amendment is well taken and is entirely consistent with the report.

Mr. EDWARDS of California. Mr. Chairman, I want to make it very clear that if the objection is withdrawn there is no violation, and the objection would not bar the bailout.

Mr. Chairman, I oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. BUTLER).

The amendment was rejected.

AMENDMENT OFFERED BY MR. BUTLER

Mr. BUTLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUTLER: Page 5, line 24, insert "(except a submission that has been abandoned, withdrawn, or effectively superseded by acceptable action on the part of the State or political subdivision making such submission)".

Mr. BUTLER. Mr. Chairman, once again I apologize to the House for trespassing further on the time of the Members, but this amendment comes very close to a problem in my State and I do not think I would be performing my duty if I did not ask the Members to make this change in the law.

What has happened in Virginia is that the Virginia Senate and House of Delegates have passed their redistricting legislation, have submitted it in its entirety, as they have always done, and have had an objection interposed by the Department of Justice.

The representatives of the Virginia Legislature met with the Department of Justice and received its complaints, the general assembly was reconvened, the redistricting legislation was reenacted to meet the objections of the Department of Justice, and there are no present objections to those redistrictings.

However, that first objection still stands. If that objection still stands, then it will be 10 years, after 17 previous years under the act, before the State of Virginia can become eligible to be relieved from the burdens of preclearance.

□ 1830

The performance of the State of Virginia has been exemplary. So far as I know, these are the only two disqualifying objections for the State of Virginia and they have been corrected.

What this amendment would propose is, as my colleagues know, and as I read previously, the Attorney General has not interposed any objection and no declaratory judgment has been entered under section 5 with respect to any submission. I would now qualify that language with the following language: "except a submission that has been abandoned, withdrawn, or effectively superseded by acceptable action on the part of the State or political subdivision making such submission."

What I am saying is that a State which receives the objection and immediately accedes to the objection of the Department of Justice ought not to be penalized for 10 years thereafter. That is the effect this bill would have on the State of Virginia unless my amendment is accepted.

Mr. EDWARDS of California. Mr. Chairman, I rise in opposition to the amendment.

I understand the message from our esteemed colleague from Virginia. He refers to the two objections lodged recently against Virginia's 1980 redistricting plan as the sole factor preventing an otherwise clean Virginia from escaping the burden of section 5 preclearance until 1991. However, the gentleman fails to mention that a similar redistricting plan was submitted to the Justice Department in 1971 and objected to. The issue in 1971 was the same North-South line through Norfolk that the Justice Department opposed this year. Indeed, in its 1981 letter of objection the Justice Department specifically referred to its earlier objection to the same plan.

So one must question the innocence of a jurisdiction submitting the same plan 10 years ago.

Moreover, Mr. Chairman, the section 5 objection criterion is but one part of the whole picture and should not be looked upon or looked at in isolation. For example, one of the other requirements of the new bailout formula is that the jurisdiction make constructive efforts to eliminate intimidation and harassment, and to expand opportunities for increased minority participation in registration and voting.

I think I also ought to point out that these objections are not entered lightly. Each objection goes through many levels of review by the Department of Justice and is considered carefully, often entered only after long negotiation with the submitting jurisdiction. Indeed, Drew Days, former Assistant Attorney General for the Civil Rights Division, testified to the time spent providing advice to jurisdictions prior to receiving any submissions. A jurisdiction need not submit a change blindly, but can have the benefit of the Justice Department's advice and assistance in whatever amount the jurisdiction desires.

I would hope in the future the State of Virginia and other States would always take advantage of this long period of negotiation and this assistance and not get caught with an objection on something that could have been cured before the submission is made because I would say to the gentleman that the Department of Justice objects very, very reluctantly.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. Of course I yield to the gentleman from Virginia.

Mr. BUTLER. I thank the gentleman for yielding. I appreciate his reference to the 1971 redistricting decision and its lines. I am told that the objection was withdrawn.

The gentleman realizes that that controversy disappeared in the litigation over the one-man, one-vote question and went into the Federal court. But that was in 1971. That was 10 years ago.

I insist that the record of my State is an exemplary one, and if the gentleman from California will recognize that this is the same line I applied twice, and that those are the only objections in a 10-year period, that we have complied and our State has complied with the submissions. We have had the leadership, we have done what was expected of us, and in this particular instance the State of Virginia quickly complied with the suggestions of the Department of Justice. Perhaps they were influenced by the fact that they are confronted with an election this fall, and they really had no alternative to argue whether it was a right objection or a wrong objection, but they did comply. The general assembly met promptly and adopted acceptable lines.

On the basis of that sort of conduct we are still to be penalized for an additional 10 years. I do not think that the bailout is meaningful under those circumstances and I would urge the House to adopt my amendment.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, I would love to go over the history of Virginia since 1965 with reference to the Voting Rights Act, and I suppose I will after we finish with this legislation. But if this objection were to be excused in bailout considerations, we would be encouraging violations of the law.

What is so blatant about this particular exception that is paraded before us is that it is the same violation 10 years apart, the same violation of trying to redraw district lines depriving tens of thousands of people in that State from the right that the State was already warned against violating, and here they come back again with the same violation.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Virginia (Mr. BUTLER).

The question was taken; and on a division (demanded by Mr. BUTLER) there were—ayes 18, noes, 27.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. COLLINS OF TEXAS

Mr. COLLINS of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. COLLINS of Texas: Page 4, line 8, insert "the Government has failed to disprove by a preponderance of the evidence the contention of the plaintiff that" after "determines that".

Mr. COLLINS of Texas. Mr. Chairman, I can well understand how some of you get restless. But I want to remind you if you are from one of those nine States you would understand why we ask for equity.

This amendment strictly places the burden of proof on the Government instead of on the defending local jurisdiction. As I was saying, you sometimes get restless as we bring in these amendments, but you have no idea how restless you get if you are one of those nine States that have to live with this Voting Rights Act. Texas simply went under it because 5 percent of the people in our State happen to be of Latin American origin. Because of the fact that these people have a historic minority background, so in 1975 our State went under this.

Now, what we are asking here is why should the State jurisdiction, because many came from a neighbor country, they did not ever say Texas had ever discriminated; the law said because 5 percent of them there were of Mexican American ancestry or Hispanic, whichever it was, that we have the burden of proof on us to prove no discrimination.

Suppose you are out here and you live in a little county and you are required to go up and defend against the U.S. Government. You have very, very limited resources with your county attorney that is representing you. Or suppose you are a small school board. All you have is one little attorney representing you, and here is the tremendous Justice Department.

In all fairness, in all fairness, the burden ought to be on the Federal Government, just as it is on any type of trial where the normal case proceeds. This is a case where we have a Voting Rights Act, where it is unfairly burdened on only nine States. We turn around and, in addition to putting the overloaded burden on them, we say that the burden of proof is up to them to prove their innocence.

Maybe the issue goes to trial. If the Government accused you of murder, the Government would prove the case, the Government would have the burden of proof in the case, but here they go in there and they accuse some community of some type of discrimination. I want to remind you again that our record in Texas is excellent. We have gone in with 16,208 cases and only 130 have even had objections to them.

□ 1740

I cannot understand why the act ever asked us in turn to follow up and make us prove that we are innocent when we already have a record of 123 to 1 in cases that are going through with no objection at all from the Justice Department.

Mr. RODINO. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I shall not take 5 minutes, but I merely want to point out that this amendment offered by the gentleman from Texas would unreasonably shift the burden of proof in bailout cases to the Government. Under current law the burden is on the covered jurisdiction, since the relevant facts relating to the conduct of the jurisdictions and elected officials are peculiarly within the knowledge of the States and political subdivisions themselves. It is this reasoning which led to the U.S. Supreme Court upholding this burden in South Carolina against Katzenbach. I believe that the gentleman from Texas, in offering this amendment, would just overturn present law. For this reason, I oppose the amendment and I urge that it be defeated.

Mr. HYDE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, very reluctantly I oppose the amendment offered by my friend, the gentleman from Texas, because in a bailout suit one who files the petition makes the allegations that that jurisdiction has complied with the law for 10 years, has made all submissions timely, has engaged in constructive action, and he who alleges must prove. The burden of proof should be with the moving party who files the bailout. There should not be a presumption that you have complied with the law in this statutory action.

How could the Government, which is the respondent, disprove that you have taken constructive action? It just makes a jumble of the normal procedure in court and, however well intended, I think would make the Act most difficult to administer and enforce and, therefore, I oppose this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. COLLINS).

The amendment was rejected.

AMENDMENT OFFERED BY MR. BUTLER

Mr. BUTLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. BUTLER: Page 6, beginning in line 4 strike out "and all governmental units within its territory".
>
> Page 6, line 6, strike out "have" and insert "has" in lieu thereof.
>
> Page 6, line 7, strike out "inhibit or dilute" and insert "the court finds inhibited or diluted".
>
> Page 6, line 9, strike out "have" and insert "has" in lieu thereof.
>
> Page 6, line 10, insert "any" before "intimidation".
>
> Page 6, line 10, insert "the court finds existed" after "harassment".
>
> Page 6, line 13, strike out "have" and insert "has" in lieu thereof.

Mr. BUTLER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. BUTLER. Mr. Chairman, once again I apologize for trespassing on the time of the committee, but this is a significant amendment, to me.

H.R. 3112 says that a declaratory judgment shall issue only if such court determines that during the 10 years preceding the filing of an action—and then we come to section (F) which says:

> Such State or political subdivision and all governmental units within its territory have eliminated voting procedures which inhibit or dilute the equal access to the electoral process.

If you listen closely to that, what it says is that the court must find that they have eliminated something, the existence of which has not been established.

My amendment would simply say that before you have to prove that you have eliminated the voting procedures and methods of election which inhibit or dilute equal access, the court must first find that such circumstances exist.

This amendment says that the court must find circumstances which inhibited or diluted equal access. Similarly, H.R. 3112 also requires that the petitioning jurisdiction "has engaged in constructive efforts to eliminate intimidation and harassment of persons exercising rights protected under the act."

Here again the existence of intimidation and harassment has not been proven. So how do you prove that you have eliminated what is not established to have existed?

Once again, this amendment would require constructive efforts to eliminate intimidation and harassment "which the court finds existed."

Basically, what the committee bill says, the court must find that you no longer beat your wife. My amendment says that you need not prove to the court that you have stopped beating your wife until the court finds that you have been beating your wife. This may be a technical amendment, but there are an awful lot of things that have to be proven in order to get out from under this act, and this puts a tremendous burden on the petitioning jurisdictions, and I am anxious to clarify what must be proven.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, we find the amendment acceptable and unobjectionable, and we will accept it on this side.

Mr. EDWARDS of California. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I suggest the amendment of the gentleman from Virginia would introduce substantial confusion into a carefully drafted provision. As the section reads now, the jurisdiction seeking bailout is required to come forward with proof that its methods of election and voting procedures have neither the purpose nor the effect of discriminating. Many of the methods of election and voting procedures that would have to be eliminated under this section—unless the jurisdiction could show they are nondiscriminatory—are those that are familiar abuses from the hearing record.

My colleague's amendment would introduce confusion into the section by requiring more complex court proceedings within the bailout suit and could result in putting the burden of proof on the Justice Department and private parties defending the bailout suit to prove what would amount to a discrimination or dilution case.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Illinois.

Mr. HYDE. Would the gentleman agree with me that where no harassment or intimidation of minorities exists—for example, the gentleman from Georgia (Mr. JENKINS) cited a county where there are no minorities. It is very difficult to prove a negative, and you have not done something which is impossible to do, because you do not have the factors necessary for this harassment or intimidation.

Is it the gentleman's understanding that that would not be an element of proof if it would be impossible to be shown because there has been no intimidation or harassment of minorities?

Mr. EDWARDS of California. That is my understanding, yes.

Mr. HYDE. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. BUTLER).

The amendment was rejected.

The CHAIRMAN. Are there additional amendments to section 1?

The Clerk will read.

The Clerk read as follows:

SEC. 2. Section 2 of the Voting Rights Act of 1965 is amended by striking out "to deny or abridge" and inserting in lieu thereof "in a manner which results in a denial or abridgment of" and is further amended by adding at the end of the section the following sentence: "The fact that members of a minority group have not been elected in numbers equal to the group's proportion of the population shall not, in and of itself, constitute a violation of this section.".

□ 1850

The CHAIRMAN. Are there amendments to section 2?

AMENDMENT OFFERED BY MR. BLILEY

Mr. BLILEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BLILEY: Page 8, strike out line 24 and all that follows through line 6 on page 9.

Redesignate succeeding sections accordingly.

Mr. BLILEY. Mr. Chairman, the bill reported by the House Judiciary Committee would change a nonexpiring section of the Voting Rights Act of 1965. This amendment would strike the committee's changes in favor of existing law. Those of my colleagues who have been petitioned by various groups not to accept any amendment that would gut the law can freely vote for this amendment because all they are doing is voting to continue existing law.

However, why should they vote for the amendment on its merits? What the committee bill does is substitute effect for intent. What it would say is that any jurisdiction, any State that is covered by this act, that is, in any jurisdiction where you have a town or city or a county, in which you have at-large elections, no matter how many years ago they were set up, no matter whether they were voted on by the people in a referendum, if a group goes into court and says they have the effect of discriminating against us, automatically you will be forced to go into a ward system or a district system or a quota system, whatever one may choose to call it.

Why did this amendment come about? It came about, as I understand it, because of the case of Mobile against Bolden in which 70 years ago the people of Mobile decided they were going to elect their commissioners in a certain way and they went into court and said, but it has the effect of discriminating.

The Supreme Court said, "You have not proved intent," and agreed with the city of Mobile.

I say to my colleagues that the States that are covered under the act today and have at-large elections could have hundreds of towns and cities brought into court and made to change their style of electing elected officials.

Under the Bill of Rights and the Constitution of this country, we say and we advertise we govern by the consent of the governed. I would say if this were to happen it would hardly be the fact.

Mr. FRANK. Mr. Chairman, I move to strike the requisite number of words.

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. FRANK. I yield to the gentleman from New Jersey.

Mr. MINISH. I thank the gentleman for yielding.

Mr. Chairman, I rise today to express my vigorous and unqualified support for H.R. 3112, the extension of the Voting Rights Act, as reported by the Judiciary Committee.

I remember the debate on the House floor back in 1965, when Congress originally passed the Voting Rights Act. I was proud to be an initial supporter of the legislation, part of the great strides made in civil rights during the Johnson years, as I am proud to support this bill today.

The 1965 Voting Rights Act has been praised by Members on both sides of the aisle as the most effective piece of civil rights legislation ever enacted by the U.S. Congress. To dismantle this legislation today would be a profound loss to the American people and to the ideal of democracy.

If the Voting Rights Act were not extended, it would mean that we in the House are willing to settle for less than what is socially right in American society. Not only would we negate those civil rights gains so painstakingly achieved in the early 1960's, but what is even worse, we would be denying our time honored commitment of assuring legal rights to all Americans. We would regress from the more enlightened position of legislating equal access to the ballot box for all Americans, to an inferior prejudicial social consciousness reminiscient of 100 years ago.

I wish that there were no need for a Voting Rights Act. Unfortunately however, the 1981 committee hearing record, 18 days of hearings with over 100 witnesses, conclusively illustrated that voting rights violations continue to exist in the covered jurisdictions. Not only is voting discrimination still possible, it is even common in some areas. For this reason, I believe it vital that the act be reauthorized and extended.

The more vociferously the opponents of reauthorization contend that the provisions of the act are not needed, the more it causes me to pause and think: Why do they protest so much? For if the provisions are not needed, then why be afraid to have the law on the books? Some people erroneously believe that the impact of the law unfairly falls only upon Southern States, but I am quick to cite that many States in my own area of the Northeast are covered jurisdictions banning the use of literacy tests.

Mr. Chairman, I believe that this is a sound piece of legislation which addresses the problem of confronting and controlling discrimination as it affects our most cherished right, the voting right, which is the foundation of our American political system.

Mr. FRANK. Mr. Chairman, this amendment would in fact gut the bill fairly effectively. What has happened which requires this language is a recent Supreme Court decision, with the members of the court somewhat all over the lot and no majority opinion able to come forward.

What we have under this Court opinion is an interpretation of the language which says that to find discrimination in a way that would trigger the remedies of this act you have to prove intent.

In other words, Mr. Chairman, somebody in one of the legislative bodies would have to be dumb enough to get up and say, "Let us discriminate." Unless you have someone willing to do that, you would have trouble meeting the proof of intent.

What this does is to give a license to sophisticated discriminators.

Now, sophisticated discriminators may be a relatively recent addition to the political scene. Twenty years ago the bigots were more accommodating. They did not hide their bigotry. But they were caught at it and we passed this bill and what we now have is a situation in which they do not say these things in public.

If there is anybody who ought to understand how legislators can achieve an intent without saying it explicitly, it is the Members of this body. If there is anybody here who does not understand how to achieve a result with a wink or blink and nod and not the right words, we will have classes outside later and all will know how to do it.

So that is the question. Should we give a license to sophisticated discrimination?

What the bill says is that you will be judged by the result if the laws are in a form which results in a denial or abridgement of the rights of the minority group, and it includes specifically a disavowal of any effort to require quotas.

It says, in the language that the gentleman would strike:

> The fact that members of a minority group have not been elected in numbers equal to the group's proportion of the population shall not in of itself constitute a violation of this section.

So we are not imposing a quota, nor asking for a simple head count. What we are saying is "this is now 1981. The bigots have gotten a little smarter and, so have the not-so-bigoted who are not so crazy about equal rights." People have gotten a little more sophisticated and, in fact, as every legislator knows, it is possible to bring about inequitable results without getting up and making an announcement of it.

This does not say that in an at-large election if you do not have enough minority groups you are in violation of the law. It says if the court looks at what they have done and says they have acted in a manner which resulted in the denial or abridgement of rights they are in violation.

I do not think honestly there is a Member of this body who does not understand exactly what is at stake here. The question is, whether simply by letting people whisper the words they used to say publicly we are going to give them a license to discriminate.

This amendement would make it virtually impossible to enforce the bill. I think it has to be defeated or in fact we have wasted a considerable part of the people's time today.

Mr. SENSENBRENNER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Section 2 of the committee bill, as amended, is an exercise of the broad remedial power of Congress to enforce the rights conferred by the 14th and 15th amendments. This includes the power to prohibit voting in electoral practices and procedures which have a racially discriminatory effect.

The Supreme Court of the United States in the case of the *City of Rome* v. *United States*, 446 U.S. 156, as well as in the case of Fullilove against Klutznick also decided in 1980, has reached this result.

The purpose of section 2 of the committee bill, which the gentleman from Virginia's amendment attempts to delete, is to clarify the standard of proof in establishing violations of the Voting Rights Act.

Congress intended that the same standard of proof apply throughout the act, but that different remedies would apply depending upon when the violation occurred.

Thus administrative preclearance would be the remedy for discriminatory voting changes in covered jurisdictions and that judicial remedies would be applied to existing discriminatory voting practices in the covered jurisdictions, or to existing practices or changes in the noncovered jurisdictions.

The bold approach of the Voting Rights Act of 1965 which set it apart from the other actions by the Congress to protect the right to vote was the type of remedy to apply to correct voting discrimination.

Congress did not intend that a proof of a violation of the act would differ from section to section.

The gentleman from Virginia (Mr. BLILEY), in his argument in favor of this amendment is implying that all at-large elections are per se discriminatory. That is not the case.

Although there is ample research which supports the conclusion that many of the so-called reforms at the turn of the century, such as at-large elections, were designed to include or dilute the voting strength of many on the basis of race or class, section 2 of the bill does not make such practices per se unlawful. Only those voting practices and methods of election which result in discrimination against persons on the basis of race, color or membership in a language minority group, as defined by the act, are prohibited by the Voting Rights Act.

Finally, I would point out that there is nothing contained in section 2 in the bill as reported by the committee that insures a right of proportional representation.

□ 1900

Consequently, if a community that is 40 percent minority elects a 35-percent black city council, there is no per se violation of the Voting Rights Act, nor is there a violation per se if that community should elect a 45- or 50-percent minority city council.

For those reasons the amendment offered by the gentleman from Virginia should be defeated.

Mr. BUTLER. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the amendment.

Mr. Chairmam, I just want to be sure that the membership understands what we are about, because I think this is probably the most significant change we have made in the act.

Though the Judiciary Committee focused primarily on developing legislation which would assure that Southern States remain covered by the special provisions of the act, it also undertook to define a standard to judge discrimination in voting rights litigation generally. The Supreme Court's decision in City of Mobile against Bolden (1980), raised the issue of what is the appropriate standard by which to judge discrimination in voting rights litigation: The showing of a purposeful intent or the showing of imbalanced or discriminatory effects. In its decision, the Court held that an electoral scheme which is racially neutral on its face, violates the 15th amendment only if it is motivated by a discriminatory purpose or intent. As stated in its report, the committee disagreed with the Supreme Court of the United States. As such the committee has proposed an amendment to section 2 of the act which would establish a results test, or what the gentleman from Virginia (Mr. BLILEY) has called an effects test, as a single standard to judge discrimination in voting rights litigation in order to circumvent the Court's decision, the decision of the Supreme Court.

The results test contained in the legislation reported by the Judiciary Committee would be established by a change in the existing section 2. This is section 2 of the act that I have before you and you will notice what is stricken out by the bill and what is added by H.R. 3112 is underlined; so the effect of this amendment would be to restore as to the law in section 2 with deleting what is underlined and reinserting what is presently there. So it would say, go back to where we were to begin with. The bill would amend section 2 by striking out "to deny or abridge," and inserting in lieu thereof, "in a manner which results in a denial or abridgement of"—effectively replacing intent with the result.

Although the sponsors of this amendment are quick to dismiss the contention that it would establish a precedent for proportional representation, it is difficult to interpret the intentions of the sponsors or the effect of this amendment in any other way. By focusing on the results of voting practices and procedures access to the political process becomes defined not by the vote of individuals being equal, but by the voting strength of groups being equivalent. For example, the committee report states, and I invite the membership to listen to what the committee report says about what this amendment does:

> It would be illegal for an at-large election scheme for a particular state or local body to permit a bloc voting majority over a substantial period of time consistently to defeat minority candidates or candidates identified with the interests of a racial or language minority.

By so stating, the sponsors of this amendment have expressed their belief that minority groups within the electorate have the right to elect representatives who are members of their own group or subjectively determined to be affiliated with their interests.

Thus, the effect of this amendment, if the amendment of the gentleman from Virginia is not adopted and the results test is inserted into the law, is to open every single at-large voting scheme in the United States with a substantial minority in that area to attack as a violation of the Voting Rights Act.

Now, none of this is necessary to the extension of the act at all. It is not necessary to overrule the Supreme Court of the United States. It is a very enlightened opinion. It has a very sound basis. Section 2 is tied to the 15th amendment as was intended.

I would urge us to accept the amendment of the other gentleman from Virginia.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Illinois.

Mr. McCLORY. As I understand the amendment that we are considering now, it is an amendment which would undo or override a decision of the U.S. Supreme Court in the case of City of Mobile against Bolden.

I would further ask this question: I am concerned about cases of annexation or disconnection which are frequent moves made by municipalities and other bodies sometimes for the purpose of encompassing an industrial area or disconnecting an area that is undesirable for one reason or another.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

(At the request of Mr. McCLORY and by unanimous consent, Mr. BUTLER was allowed to proceed for 2 additional minutes.)

Mr. McCLORY. Mr. Chairman, if the gentleman will yield further, that when such action is taken it could be interpreted as adversely affecting a person's opportunity, for instance, to get elected to public office as a result of his or her ethnic or minority or racial identification.

Am I correct on that interpretation?

Mr. BUTLER. I cannot say that the gentleman is incorrect. The only thing I can say to the gentleman is that when we change from an intention test to a results test, then you are only limited by your imagination, because who knows what the results are, or it is a computer run. It is a numbers game. This is not what we set out to do.

Mr. McCLORY. Mr. Chairman, if the gentleman will yield further, what we intended through the Voting Rights Act of 1965 and through its extensions is to take care of those cases where there was discrimination intended and perpetrated as a result of action which was taken by a State or by a subdivision thereof. This would go beyond that. Whether there is any intent or not would make no difference at all. If the result was to affect adversely the interests of some person based upon his or her ethnic or racial status, then the annexation or disconnection would be voided.

Mr. BUTLER. It would go beyond that and it would go behind that, so that existing situations would be subject to litigation regardless of the original purpose or even the reasonably foreseeable effect.

Mr. COLLINS of Texas. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Chairman, the gentleman from Virginia is an outstanding lawyer and well acquainted with the legal facts, and I am not a lawyer; but it was my understanding that Justice Stewart noted in the Bolden case that the black voters in Mobile voted and they registered without hindrance. The judge thought that was a deciding factor.

As I understand the 15th amendment guarantees any group the right to equal access to the ballot box. That is what the 15th amendment guarantees. What we are seeing here today, of course, is the fact that this bill that we have on the floor is asking Congress to override a ruling of the Supreme Court.

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

(At the request of Mr. COLLINS of Texas, and by unanimous consent, Mr. BUTLER was allowed to proceed for 3 additional minutes.)

Mr. BUTLER. Mr. Chairman, I yield to the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Chairman, it is my understanding that here we have in this bill as it came out from the Judiciary Committee, an attempt by the Judiciary Committee through this bill to override the ruling of the Supreme Court of the United States. It is an unusual situation when we see the liberals, that speak so often and so eloquently on this floor in behalf of the Supreme Court, to say that here they think the Supreme Court is wrong. And we should legislate to overrule the Supreme Court.

What is the net effect of what the gentleman says with his amendment?

Mr. BUTLER. The net effect of this amendment is not only to overrule the Supreme Court, but to bring into question every at-large voting scheme in the United States and consequently a court-imposed interpretation of a proportionate representation as a requirement of law. I do not think that is what we want to do.

Mr. COLLINS of Texas. Well, I thank the gentleman.

I want to ask everyone to join in support of the gentleman from Virginia (Mr. BLILEY). I think this is one of the most important amendments that we have had on the floor this year.

Mr. EDWARDS of California. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

I certainly hope that I do not take much time at this late hour, but this is really a very important amendment and one that we should take very seriously and should defeat overwhelmingly.

Section 2 was designed in 1965 by this Congress to stop the maintenance by State and local governments of laws that discriminate in voting or methods of elections. It does apply nationwide, so the Supreme Court in 1980 was interpreting an act of Congress and interpreted in a way that we did not intend in 1965. It said that there must be direct proof of a discriminatory intention to establish a violation of section 2. The Court rejected the overwhelming proof that the Mobile system of at-large elections resulted in discrimination against the black voters in that city.

Now, the problem with this ruling, this very radical ruling, contrary to what Congress intended, is that it is an impossible burden to prove intent to discriminate, even where the system clearly discriminates.

☐ 1910

It requires the courts to read the minds of the people, who are certainly going to deny it, or read the minds of people who have been dead for 30 or 40 years. This bill makes a simple and sensible change. It says discrimination can be proved if either discriminatory purpose or discriminatory result is shown. This makes it possible to prove a case where there actually is discrimination, and it allows the court to take into account a number of relevant factors in making its decision.

Mr. RODINO. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the distinguished chairman.

Mr. RODINO. Mr. Chairman, I thank the gentleman for yielding. I would merely like to point out that this is not just an interpretation on the part of the Judiciary Committee. The Justice Department took a position in the case of Lodge against Buxton, whereby it established what had originally been the intent of the Congress, that where there was discriminatory effect, then there was indeed a violation of section 2 of the Voting Rights Act.

Mr. EDWARDS of California. The chairman is correct.

Mr. RAILSBACK. Mr. Chairman, may I ask the gentleman from California to yield?

Mr. EDWARDS of California. I yield to the gentleman.

Mr. RAILSBACK. Mr. Chairman, I thank the chairman for yielding. I simply wanted to make it very clear that it is my understanding that large elections are not necessarily prohibited, only where the effect is to discriminate. Am I correct?

Mr. EDWARDS of California. The gentleman from Illinois is correct. It is something that might well be taken into account by the Court, and there is no question of any quota system or proportional representation, and the bill so states on page 9.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Massachusetts.

Mr. FRANK. Mr. Chairman, I thank the gentleman for yielding. The point should be made that this is not a complete overturning, in fact, of the Bolden case, because the court does say that the at-large system—the dissenters say the very fact of at-large is a problem, and the bill explicitly repudiates that in the language the gentleman just read. In addition, I would like to quote from the dissenting views of the gentleman from Virginia, a member of the committee, who says on page 70:

> The intent test defined by the court is a stringent standard which requires that "a smoking gun" must be shown to successfully prove voting discrimination.

If the amendment is adopted we will have what the gentleman from Virginia characterizes as a stringent standard, but requires that a "smoking gun" must be shown to successfully prove voting discrimination. I think the gentleman from Virginia was more accurate when he wrote this report than when he spoke today, and I hope the House will adhere to his earlier views.

Mr. CONYERS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, might I merely add, in hopefully closing the debate, that the most important sentence in the Voting Rights Act would be made a nullity if we do not eliminate the intent requirement that is now operative. Here is the one sentence that requires that we look at the effect, the result, or the purpose, and not the intent. This is the section that would require criminal-specific intent if we do not defeat the present pending amendment:

> No voting qualifications or prerequisite to voting or standard or standard practice or procedure shall be imposed or applied by any state or political subdivision to deny or abridge the right of any citizen to vote on account race, color, or in contravention of the guarantees set forth in this section.

Clearly, to all of those who have wondered how we can include those prospective jurisdictions that may violate the Voting Rights Act, the answer is, this is how, through the fair application of section 2. We do not need specific criminal intent on the part of any local or State officials to determine that a violation has occurred. So I encourage every Member to read the report of the committee at page 29 where Attorney General Katzenbach clearly explained why specific intent was neither intended by the Congress or required to effectuate this section. I urge that the amendment be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia (Mr. BLILEY).

The amendment was rejected.

The CHAIRMAN. Are there further amendments to section 2? If not, the Clerk will read section 3.

The Clerk read as follows:

> SEC. 3. Section 203(b) of the Voting Rights Act of 1965 is amended by striking out "August 6, 1985" and inserting in lieu thereof "August 6, 1992".

Are there amendments to section 3?

AMENDMENT OFFERED BY MR. M'CLORY

Mr. McCLORY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. McCLORY: On page 9, strike out line 7 and all that follows through line 9, and insert in lieu thereof the following:
>
> SEC. 3. The Voting Rights Act of 1965 is amended—
>
> (1) by striking out Section 203; and
>
> (2) in sections 204, by striking out ", or 203"; and
>
> (3) in section 205, by striking out ", 202, or 203" and inserting in lieu thereof "or 202".

Mr. McCLORY. Mr. Chairman, my amendment would strike the provisions of title II of the existing act which require that States and localities all over this country print bilingual election material for certain, but not all, language minorities. It does not touch the preclearance requirements of sections 4 and 5 and therefore would not endanger language minorities covered by the preclearance provisions of title I of the act. I am pleased to say that my feelings on this matter are shared by the gentleman from California (Mr. McCLOSKEY).

Under existing law, which this bill would extend until 1992, any State or political subdivision in this country may be required to provide registration notices, voting forms, instructions, assistance or other materials or information relating to the electoral process. In order to become subject to this Federal mandate, more than 5 percent of citizens of voting age residing in the jurisdiction must be members of a "single language minority" as defined in the act and the illiteracy rate of these groups must be higher than the national average. The definition of single language minority is limited to those of American-Indian, Asian-American or Spanish heritage. Other mother tongues, of which there are some 90 according to the 1970 census, are ignored and the definition does not even require an inability to speak English.

As is the case in so many efforts by Congress to help disadvantaged Americans, this portion of the Voting Rights Act is far too broad in its effect. I have no difficulty whatsoever with local governments deciding on their own to provide multilingual election materials for language minorities within their boundaries. This has been done in Texas and New Mexico, two States covered by the act, and in Maine, a State which is not covered. In the latter, its efforts are designed to reach a group not even eligible under the current provisions: French-Americans.

The majority will argue that the cost of bilingual ballots is minimal. However, no effort was made in the hearing process to accurately survey the costs or to establish how much of a burden they were putting on State and local governments. No doubt they will cite us testimony from their hearings to bolster their position. Unfortunately, those hearings are not yet printed and therefore not available to this body, with the result that we must take their word for its import.

I certainly do not deny that many jurisdictions have benefited from the use of bilingual ballots. It is likely that these same jurisdictions would likely pass laws to provide bilingual ballots to minority voters if title II were repealed. Several, as I have already mentioned, already have. I am concerned more with the costs this legislation mandates and the burden it places on jurisdictions which have not demonstrated any real need.

In an effort to find out for myself information which the subcommittee chose not to develop, I wrote the jurisdictions covered by the act and asked for cost estimates from them. Seventeen States responded and I placed those responses in last Friday's RECORD. To summarize, the State of California reported that $645,754.23 was spent in 38 California counties covered by the act in the 1980 general election with a similar amount in the primary election or a total of more than $1.2 million. In San Francisco alone, where Chinese ballots must be prepared, the cost was $40,542 for the general election of 1980.

Rose Mofford, secretary of state of the State of Arizona, noted that her entire State was covered and that that broad coverage placed a great burden on small jurisdictions within it who had a very small fractional percentage of the population who were members of the qualified covered minority. "Having the entire State of Arizona covered under the Voting Rights Act," she said, "does place some additional financial burden on areas that are struggling to remain fiscally sound."

In Wyoming, Thyra Thompson, secretary of state, noted that the cost in each of the 23 counties in her State covered by the bilingual provisions was "doubled by the bilingual requirements." She noted further that county clerks in her State have, time and time again, "stated that many people with Spanish surnames are offended by the implication that they could not read and understand English."

In Oregon, it cost the secretary of state's office $7,285 per vote during the 1980 primary election and $4,273 per vote in the 1980 general election in order to conform to the Federal mandate contained in this act.

Similarly in Kansas, Jack H. Brier, secretary of state, noted that election officers contend that ballots need not be printed in Spanish since the "people requesting Spanish ballots do not need them." The cost per ballot in Kansas was $188.56.

The waste award, however, goes to Scotts Bluff County, Nebr., which spent $17,673.26 during the 1980 primary election, and $16,044.68 during the 1980 general election, with the result that not one voter requested a bilingual ballot. Not one. But Scotts Bluff County was mandated by the language to incur that expense—needlessly.

In Idaho, the cost of printing and preparing bilingual ballots, as compared to the number requested, was again significant. During the Presidential preference primary of 1976, 1980 figures were not available, $261.50 was spent and two Spanish ballots were cast. In the primary election the figure was $458.85 without a single Spanish ballot being cast. During the general election, the figure improved, with $375.18 being spent and nine ballots being cast.

The thrust of my amendment is to return to the States the responsibility to prepare bilingual ballots where necessary in order to benefit its bilingual population. We often write overly broad statutes which have overly broad effects and, in so doing, set in motion programs which create an inertia of their own. We have been trying for years to turn around our economy as a result of many of the same mistakes. On March 13, 1980, minority counsel for the subcommittee asked Drew Days, President Carter's appointee to the Civil Rights Division, what the costs were with regard to bilingual ballots. Mr. Days had no response, stating, to the surprise of no one, that no one agency in the Government was charged with monitoring the expenses placed upon States and local governments by the 1975 amendments to the Voting Rights Act.

The majority takes pains to point out that the attorney general for New York testified in favor of the bilingual ballot provisions. However, it apparently failed to contact the secretary of state's office. George V. Palmer, assistant executive director of the State board of elections, noted that it is "important to draw a careful distinction between programs which seek to assist disadvantaged people fully to participate in the democratic process and those which may tend purposefully to perpetuate cultural differences."

In closing, let me say that the language in the bill is too narrowly applied, too sensitive to specific constituencies to the exclusion of others, and much too overboard with regard to its effect. My amendment would repeal those sections and once again permit local government to decide whether a need exists for multilingual ballots.

I urge the adoption of the amendment.

□ 1920

Mrs. SCHROEDER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Voting Rights Act extension, H.R. 3112, is one of the most significant bills we will have before us this session. Yet, seldom has a bill come before us so encumbered by myths.

Particularly hobbled by myths are the minority language provisions, which authorize voting assistance to Hispanics, American Indians, Asian Americans, and Alaskan Natives. The lack of voting assistance for these groups has acted as an electoral bar, just as literacy tests stopped the blacks from voting in the sixties.

Myth No. 1 is that bilingual elections are unnecessarily costly—not true. According to testimony before the House Judiciary Subcommittee on Civil and Constitutional Rights, language assistance costs account for only a small fraction of the total election costs. Initial costs in California were high, but they have streamlined procedures and the costs are minimal. For example, in Los Angeles County in the 1980 elections, $135,000 or only 1.2 percent of the total election budget went toward implementing the minority language provisions.

The Voting Rights Act requires oral assistance at the polls, but this should not increase the cost at all since bilingual poll workers do not cost more than English-speaking poll workers.

The cost issue has never been significant outside of California. My colleague from California circulated a "Dear Colleague" letter that gives examples of bilingual ballots that he claims are unnecessarily costly. I do not think we can put a price tag on the right to vote.

Myth No. 2 is that bilingual elections promote cultural separatism. Testimony before the subcommittee indicated the opposite to be true—bilingual elections lead to a high degree of participation and representation of minorities. New Mexico, for example, has had bilingual election assistance since 1912, and it has the highest degree of Hispanic participation and representation of any State in the country. In my own State of Colorado today, 9 percent of our legislature is Hispanic compared to 3 percent in 1974. I think the minority language provisions have promoted such participation.

Myth No. 3 is that since the bilingual provisions do not expire until 1985, we don't need to deal with them until then—wrong. This is just a glorified way of gutting the provisions. The minority language provisions do not expire in 1982 because of a legislative drafting error in 1975—they were never intended to be viewed separately from the other provisions of the act.

There have been moves to eliminate the provisions since the debate began in 1975. A review of the subcommittee testimony shows that the language minority provisions are just as needed today as they were in 1975. I think we need to give these provisions the same commitment we give to all the other provisions of the Voting Rights Act. If we strike or weaken the provisions, we are devaluing the votes of countless Americans.

I urge my colleagues to vote down any amendment to strike or weaken the minority language provisions.

Mr. SENSENBRENNER. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. Mr. Chairman, I would like to commend the gentlewoman from Colorado (Mrs. SCHROEDER) for her statement.

What the gentlewoman is stating so very eloquently is that those jurisdictions that have attempted to isolate the number of minority language voters and to channel the bilingual election materials to those voters only have been able to hold down the cost of compliance with this section of the Voting Rights Act to a reasonable sum.

On the other hand, the jurisdictions that have made no attempt to do that have ended up having to spend large amounts of money per minority language ballot cast.

So if the jurisdiction does fall under the minority language provisions of the act, they should have an incentive to try to find out who needs these materials as a way of reducing their costs.

Mrs. SCHROEDER. Mr. Chairman, I thank the gentleman from Wisconsin (Mr. SENSENBRENNER), and I hope that every one of the Members listened to him because that is so very important as we deal with myth No. 1 about costs. A lot of the costs are really unfair, and it is because jurisdictions have been doing things that they have not been mandated to do by the law. I cannot emphasize that enough.

□ 1930

The CHAIRMAN pro tempore. The time of the gentlewoman from Colorado has expired.

(By unanimous consent, Mrs. SCHROEDER was allowed to proceed for 5 additional minutes.)

Mr. FISH. Mr. Chairman, will the gentlewoman yield to me on myth No. 2?

Mrs. SCHROEDER. I yield to the gentleman from New York.

Mr. FISH. I want to thank the gentlewoman for bringing this very important focus into the area. We are not talking about illegal aliens, we are not talking about refugees, and we are not talking about immigrants. We are talking about American citizens whose ancestors have been in this country longer than those of many of us. It is for reasons beyond their control that they have had bad educational opportunities and other barriers to assimilation in the mainstream of American life and that they simply cannot speak English. I would imagine it is also true that most of the people we are concerned about are quite elderly. I think that is an awfully important point to bring out because we are talking about the voting rights of American citizens.

Mrs. SCHROEDER. I thank the gentleman. He and I both serve on the Immigration Subcommittee and I think one of the things we have to point out to this House is that Immigration has allowed people to become American citizens who are over 50 years of age, who have resided here a certain number of years. They still have to know about American history and American Government, but they are being exempted from some of the language provisions. To deny them their voting rights would be really very cruel. So Immigration has seen how that is important. We should also.

Mr. FISH. I thank the gentlewoman.

Mr. FLORIO. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from New Jersey (Mr. FLORIO).

Mr. FLORIO. Mr. Chairman, I rise in strong support of this legislation to extend the Voting Rights Act without any weakening amendments. I commend my colleagues, the distinguished chairman of the Judiciary Committee, PETER RODINO, and the subcommittee chairman, DON EDWARDS, for their outstanding effort in bringing forth the bill before us today.

We stand here today in the midst of a vital period of reappraisal about the role of government in the lives of our citizens. Many words have been spoken in this Chamber this year about proposals to rearrange our Nation's priorities as we strive for economic health. The debate today is perhaps the most important of the year. We meet to determine the extent to which our citizens may have access to the electoral and governmental processes.

This legislation has symbolic and practical significance. On a symbolic level, we are saying to the disenfranchised and discriminated that the Congress of the United States believes in equality of access to the system. We are saying that all citizens have a stake in the future of our Nation, and that they all may participate in determining that future by being able to vote. At a time when the Federal Government is retreating from prior commitments to our children, the elderly, the sick, and the disadvantaged, we must stand firm today and approve this extension of the Voting Rights Act.

The practical significance of this bill is that the Judiciary Committee has endorsed continued strong enforcement of the Voting Rights Act, insuring that the enormous progress by minorities in registration and office holding will continue in covered States. This reaffirms the position that the Federal Government will act to enforce the rights of the people. The committee has also included a reasonable and fair mechanism that allows political jurisdictions that have had a history of complying with the law to be exempt from the preclearance requirement of the law after 1984. Preclearance has necessitated the submission to the Justice Department of all proposed changes in districts and election laws, so that it may be verified that such changes do not reduce the voting power of minorities within covered jurisdictions. The committee appropriately offers an incentive for jurisdictions to take positive steps toward assuring nondiscrimination in voting. This new "bailout" mechanism will allow counties, cities, or States to obtain this exemption, by showing that they have successfully held nondiscriminatory elections in the previous 10 years. Following the exemption, that political jursidiction would be on a 10-year probationary period, during which improprieties may be brought to the attention of the U.S. district court by the Attorney General or any aggrieved person.

Let me comment on the language provisions as recommended by the committee. This bill extends for 7 years the requirement that jurisdictions with language minority groups constituting at least 5 percent of the voting age population provide voting instructions in the minority language. This provision is of key importance to millions of Americans who are not proficient in the English language. The Congress in 1975 recognized that substantial discrimination existed against Hispanics, American Indians, Alaskan Natives, and Asian Americans. The Voting Rights Act was amended to require that language assistance be provided to these citizens.

I support the extension of this provision to 1992. To my colleagues who wish to repeal or alter this language provision I would say that the issue really is participation. Careful targeting of election information into minority language communities can greatly reduce the cost of producing this material. Approval of the amendment offered by our colleague from Illinois, Mr. MCCLORY, would strike these provisions from this bill, allowing them to expire in several years. What kind of a message would this send to the language minority citizens of our Nation who aspire to exercise their franchise? The committee has taken the responsible course of continuing to work toward assimilating these people into our political system. This provision should remain in the bill, in the best interests of our non-English-speaking citizens.

As the House considers this legislation today, many speakers cite the Voting Rights Act of 1965 as the most successful civil rights legislation in history. It can be said to be so successful because it included strong provisions built on a moral statement that all citizens are entitled to vote and government should facilitate, not obstruct, that right. Let us not be lulled into complacency by the success of this law. Much has been accomplished, but these gains can be only temporary if the law does not remain alert to less obvious discriminatory barriers to voting. The Congress has a chance today to send a message to millions of our Nation's people. I hope that my colleagues send the right message and vote to extend the Voting Rights Act without weakening amendments.

(At the request of Mr. BURGENER and by unanimous consent, Mrs. SCHROEDER was allowed to proceed for 3 additional minutes.)

Mr. BURGENER. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from California (Mr. BURGENER).

Mr. BURGENER. If the gentlewoman would be kind enough to yield to engage in myth No. 4, supposing you and I found ourselves in Mexico as legal new citizens of some type. For whatever reason, we did not speak Spanish. Then along came an election, and being public spirited, new Mexican citizens, we wanted to vote. Is it possible, does the gentlewoman think, we would not be able to find out what and who was on the ballot?

Mrs. SCHROEDER. I think the problem with the gentleman's scenario is maybe he missed my myth No. 2, which is the people affected were here before we were, even if our ancestors were on the Mayflower. The analogous problem would be if you were an Aztec living in Mexico and the Spanish then came in. That is the analogy that is valid, because the Spanish were in parts of the United States first and the Indians we are talking about were here first, as were the Eskimos, and some of the Asian-Americans were here first.

Mr. BURGENER. I would like to make two points if the gentlewoman would be so generous. No. 1, I think it is a myth that Spanish-speaking people cannot find out how to vote, how their friends are voting, or to become educated. I think that is a myth.

No. 2, I think it creates a lot of resentment against them and works against them being accepted in this country, to print ballots in something other than English. I think it defeats the very thing that the gentlewoman is trying to accomplish. I think the amendment makes a lot of sense.

Mrs. SCHROEDER. If I may take my time back, I certainly hope people will not support the amendment because I honestly feel we have had no evidence presented to the committee, nor have I seen any evidence in my State that printing and helping people in a bilingual situation has pushed them out of society, but rather brought them in to the process. There is no evidence it discourages people from learning English, to become more of the mainstream, and to be part of the main culture. I think those facts are terribly important. We want all people to feel like they are equal participants in Government, or it is terribly dangerous if they feel shut out. We are all equal taxpayers.

Mr. FISH. Will the gentlewoman yield again?

Mrs. SCHROEDER. I yield to the gentleman from New York (Mr. FISH).

Mr. FISH. Is not the answer to what the gentleman said found in the figures such as 30 percent greater registration by Hispanics since the amendment of 1975, and the far greater number of officeholders?

Mrs. SCHROEDER. The gentleman is absolutely correct. After the bilingual provisions passed there has been many more people participating, many more bilingual officeholders. I think many are more motivated to better their English language skills because they feel more a part of America, and they have more allegiance to America. They have a bigger stake in America because they have a bigger voice.

I understand the gentleman's problem. But with a name like Schroeder, if my colleagues will remember, we ended up not speaking German in this country by all of one vote of a prior Congress. That is a little bit different, I suppose, but nevertheless I think it is just terribly important to remember that the statistics and all of the facts and all of the witnesses in all of the hearings, the cultural separatism issue could not be substantiated. The facts show just the reverse. I think everybody wants English language skills but some are older and it is a little late, we stretched the law to allow them to become citizens and we should not deny them the most important rights of citizenship, the right to vote.

Mr. RAILSBACK. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from Illinois (Mr. RAILSBACK).

Mr. RAILSBACK. Mr. Chairman, I want to commend the gentlewoman for her statement. I agree with what she said.

I would simply add to that, or maybe even ask the gentlewoman if it is not true that in some of those jurisdictions where they had very high startup costs that now they have gone to a facsimile ballot as well as targeting, and they have greatly reduced their costs?

The gentlewoman made the point many more Hispanics are voting, and I do agree with the thrust of her argument, that what we have done is have encouraged them to become more interested in government and hopefully they will learn English.

Mrs. SCHROEDER. The gentleman is exactly correct, because, first of all, on the ballots, with just the names, it is very easy. You do not translate PAT SCHROEDER into Spanish. It is just PAT SCHROEDER.

□ 1940

The CHAIRMAN. The time for the gentlewoman from Colorado (Mrs. SCHROEDER) has expired.

(By unanimous consent, Mrs. SCHROEDER was allowed to proceed for 1 additional minute.)

Mrs. SCHROEDER. The biggest problem and one of the most costly items is when they have to translate ballot proposals on amendments. But those are based on State laws. They have to publish them in English. I even have trouble reading them in English. I am a lawyer and often feel in my State I have to read amendments 15 times to figure out whether it says "yes" when I vote "no" or whether if I vote "yes" when it means "no."

Probably the best we could do is to say States allowing ballot amendments have to put them all in something that a layman can understand. But that is not the issue in front of us. You are correct that "translating" candidate-only ballots is very simple and very cheap. The rest is required because of State laws allowing other issues on the ballots.

In summary, before people proceed to stampede to do something that everybody thinks is popular, please deal with the facts and not the myths.

We have not even mentioned the native Americans and Eskimos. The State of Alaska stated bilingual provisions were terribly successful, and I think it would be terrible to roll back on this important provision, expanding voting rights to many who consider us immigrants and themselves natives by an imperialistic notion that one must be fluent in the English language to participate in the most important privilege of citizenship.

Mr. LUNGREN. Mr. Chairman, I move to strike the requisite number of words.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding.

Mr. Chairman, because there was no information in the committee hearings, I undertook, as I said, to communicate with the secretaries of state, and I received replies from 17 of the secretaries of state. I inserted those replies in the RECORD. And also I alluded to some of them here. Every one of these secretaries of state complained about the extra cost that they were being put to that they should not be put to. And there is no diminution in cost. In the State of North Dakota, which is covered, they undertook a bilingual election process in American Indian language. But there is no printed language. And the tribal meetings of the Indians are held in English, written in oral English. It is so absurd to require the election materials to be published and circulated in an Indian language which is not written, which does not exist, and which the Indians themselves do not use. That just shows the utter absurdity of this.

Mr. LUNGREN. I thank the gentleman for his comments.

Mr. Chairman, this is an important part of this bill. I realize the hour is late and we are dealing with a section of the bill that is piggybacked off of the other section of the bill. I think that is unfortunate, but I do believe that it deserves the attention of the Committee. I am sorry that in the committee and subcommittee we were not able to give it the attention it deserved. It did not get the extensive hearings we got on the other sections. We did not answer a number of the questions raised here in a factual manner.

The question of a myth about the fact that this will expire is in fact not a myth. The fact is that this will not expire, as will the preclearance sections of the bill. The fact that this is justified to be extended for 10 more years so that it will be coterminous with the preclearance section is no longer valid, since in the bill before us the preclearance section is now in perpetuity. Those jurisdictions that are under the gun with respect to preclearance will remain there unless and until they are able to bail out, so it is not a 10-year limitation. So this will be again out there by itself.

I actually think the best thing we could do would be to defer consideration of this at this time because, apparently, from the tenor of the evening, it is not getting the attention it deserves—and it deserves a real look.

It is very difficult, even, to understand what we are doing here. If we were to take a poll of the Members in the House, I wonder how many of them would know that there are two separate sections which deal with bilingual ballots, two separate sections with different triggers. One section, which covers about 30 States, is the section we are talking about, and another section, which covers Alaska, Arizona, Texas, five counties in Florida, three in California, two in New York and South Dakota, two townships in Michigan and one county each in Colorado and North Carolina.

The first one, the one we are dealing with here, is triggered in this way: It is triggered for those jurisdictions where more than 5 percent of the voting age persons are members of a single-language minority—American Indian, Asian, of Spanish descent—and the illiteracy rate of such persons as a group is higher than the national illiteracy rate.

How do we determine what the illiteracy rate is? We have mandated here in Congress that the illiteracy rate means failure to complete fifth grade. When you add those things together, there is even no necessary finding that the people are in fact illiterate; that is, unable to speak English. There is no finding whatsoever. If you look at census data, it appears difficult to actually prove that 5 percent of the voting-age persons are members of a single-language minority. As a matter of fact, in this section it refers to persons, not citizens; therefore, those people who may fall into these categories but are not citizens, and therefore have no ability to vote, still trigger the requirement that certain sections of this country come into compliance with the requirement for bilingual ballots.

Now, what is the other section of the bill? The section we are not dealing with, how does it trigger bilingual ballots?

The CHAIRMAN. The time of the gentleman from California (Mr. LUNGREN) has expired.

(By unanimous consent, Mr. LUNGREN was allowed to proceed for 5 additional minutes.)

Mr. LUNGREN. Under section 4, that section which will not be affected in any way by this bill, bilingual ballots may be required in those jurisdictions where they have not had bilingual ballots and less than 50 percent of the voting-age persons registered on November 1, 1972, or less than 50 percent of the voting-age persons voted in Presidential elections in November 1972.

That is the same type of trigger we have required for preclearance in the racial discrimination section. Why have we done that? Because we think that there is a connection between those jurisdictions not assisting their citizens with dual or multilanguage ballots and the fact that they have less than 50 percent voter participation. There is a causal connection, we think, between not assisting those people and the fact that they do not participate. That protection is not affected. In those areas the bilingual ballots will still be required. We are talking about an entirely different thing, where the triggering mechanism merely is the number of people, for instance, in California, who happen to have a Spanish surname, and, within that group, the number of people who have not graduated from fifth grade.

□ 1950

Now, what happens is this. It means that in my State where we have had a large number of people come from Mexico, who have gone through the process, and legally become citizens, who have, as a requirement of this citizenship, developed an understanding of English, are considered illiterate even though they can read the ballots if they have not completed fifth grade. They participate in our system. So what are we doing here?

We are actually requiring something that has no basis in fact with respect toward the voting participation because that is taken care of in a different section.

What we have done here is to say that because we do not recognize languages other that English as having the same level of acceptance in our society, and because those jurisdictions have not, therefore, printed ballots in more than one language, we have made a judgment that they must be attempting to limit the participatory rights of those people in the voting process.

There are no facts to support that. As a matter of fact, one of my constituents, Commissioner Steven Horn, of the Civil Rights Commission, in writing his remarks against the position of other Commissioners on the Civil Rights Commission, suggested that we remember that equal protection is not a matter of group protection, it is a matter of individual protection. He went on to say that to suggest to people in our society that somehow they can become full members of that society in an economic sense without knowledge of English, when we know every study shows this inability to speak English makes it more and more difficult to get truly functioning jobs in our economy, is wrong.

As a matter of fact, we are suggesting that in the most effective thing that these citizens can do in exercising their right to vote, they do not even have to use English. How can you convince them now as they are going through the school process, they should learn English to become fully functioning members of our economy?

There are certain clues we give them in terms of how you fully participate. And the official ballot is one of the most important clues.

There was mention a little earlier about some Members being on the Subcommittee on Immigration. I am privileged to serve on that subcommittee. One of the things we have discovered with respect to the acceptance of refugees in the community is the degree of their ability to speak English.

We have found more and more that no matter how much money we pour out to assist them, we cannot get them off welfare if they do not learn English.

You can be a Ph. D. from Vietnam and not be able to get a job if you do not have simple English skills. You can be unskilled, but knowing English you can have a job in southern California.

We have made mistakes in terms of directing our refugee program there. That ought to give us a clue here. We are not talking about getting rid of bilingual ballots in those areas where we have established some evidentiary findings that there has been some discrimination. Those areas will still be covered.

What we are saying here is the overload, the overbreadth we have created in the past law ought to be brought in now.

I wish we had more facts upon which to make this judgment. We did not have the time in subcommittee to deal with this issue. I think it would be far better for us to put this off to another time, but now we must deal with it. It is extremely important.

Mr. GLICKMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is a very important amendment and one that in my judgment has been a rather close issue for a while, but I have come down in opposition to the amendment basically for the following reasons.

I think that the right to vote is so fundamental, is so important, much more important even than the right to free speech, that I think that it has to be preserved even if it costs some States and local communities some extra money to print up bilingual ballots.

But I do believe that there are some philosophical issues here that need to be addressed.

In all candor, I was worried that if we had bilingual ballots and coupled these with bilingual education, and if we so encouraged people who came to this country they did not have to learn English, that we would create a Quebec in the United States.

We do not want to be creating a Quebec in the United States, and all that such separation could institutionally mean for us down the road.

For that reason I have been a supporter of efforts to restrain what I call extra zealous efforts by the Department of Education to impose bilingual education on States and local school boards because it is a function of our Nation to encourage people to speak English. But this issue relates to the right to vote, which is the most fundamental of all rights. And it looks to me as if what this amendment would do is restrict access to the polls for lots and lots of people who have come into this country over the last 10 or 15 years, hundreds of thousands of Spanish-speaking, primarily Spanish-speaking immigrants, although it may be other types of immigrants. This amendment will discourage them from participating in our system.

And while I grant you there may be some additional costs imposed, I think that that discouragement to participate in the system, which this amendment will do, shifts the burden of proof, and will make it very difficult, if not impossible, for hundreds of thousands of U.S. citizens to exercise their constitutional rights.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding because I have a letter here from the secretary of state of the State of Kansas dated June 17, 1981, and he states to me, "It appears that there is little or no use of these ballots as evidenced by the 1980 report," and he reports that the cost of these ballots in Kansas was $957 in one county and in the other county was $598, for a total of $1,556, and only one ballot was asked for and only one ballot was cast.

Now it seems to me absolutely absurd for the State of Kansas to be covered by this law requiring an expenditure of more than $1,500 for one vote to be cast.

We can provide assistance to a person and States do that. We have always had assistance to voters whether they understand English, whether they are blind or handicapped or whatever.

But to require Kansas and 50 States of this Nation to provide bilingual or multilingual election information at extreme cost seems to me to be just absurd.

Mr. GLICKMAN. If I may reclaim my time, I guess I go back to the point that the right to vote is so critical in America that I am willing to pay those costs at least to have the bilingual ballot printed.

I must tell the gentleman in the State of Kansas during the last election, not only did we have ballots on individuals bilingual, we had ballots on propositions, some very, very complicated propositions. Even if you understood English, like I do, I could not understand them very well when I went into the ballot box.

I would like to say my main point is this: Because we have had the enormous influx of immigrants, primarily Spanish-speaking immigrants, over the last 15 or 20 years, I think it is worth extending this provision for 10 or 15 years.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Michigan.

Mr. CONYERS. I thank the gentleman for yielding.

The gentleman is quite right and for all secretaries of state who are printing hundreds of thousands of ballots that are not used, the simple instruction is after the first time do not print them.

Mr. McCLOSKEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I would like to speak in response to the gentlewoman from Colorado, to what she referred to as a myth, and speak to the concept of a dream that has occurred in this country for nearly the full 200 years since we declared independence.

That dream has been that a person could come from a foreign country, speaking a foreign language, and find in this Nation equality of opportunity so that that person, man or woman, could be a success in this country. That success and equality of economic opportunity has been achieved by people from Greece and people from Poland and people from Germany and Scandinavia. In our most recent three decades we have seen people come here from Hungary as refugees from the Hungarian revolution and from Czechoslovakia.

We now have Koreans, Vietnamese, and Cambodians coming to this country. There is no question but that if they are to achieve equality of opportunity and to have a place of employment other than stoop labor in the fields or working in the sculleries in hotels, they must know the English language.

That American dream has been that parents worked so that their children could get an education, so that they could achieve the success that that first generation of immigrants could not achieve, because of their inability to speak the English language.

Now, I think it is a trap and a delusion to hold out to people of minority races from different countries that this privilege of voting is so important that they should be encouraged not to learn the English language and be entitled even so to exercise this priceless privilege of voting.

The voting right is indeed a privilege. If you come to this country as an alien, in order to become a citizen of this country you must take a test on the Constitution and upon the laws of this country in the English language.

If you are born to foreign parents or foreign-speaking parents in this country, you are entitled and in many cases mandated to go to school through the high school years. In California every child of foreign parents must finish 12 years of education.

We are spending over $300 million, if I recall correctly, for bilingual education to assist the children of foreign-speaking parents to learn the English language. It seems to me that, as a matter of principle, the privilege of voting is not infringed by the requirement of an understanding of the English language.

Now, cost has been mentioned. The cost is no longer a major problem as to the dollars involved. It was in the initial days of the act, but as the States and municipalities and counties become accustomed to it, the cost has become relatively minor. I think in 1980 the cost was less than $1 million in the State of California, and less than 2 percent of total ballot costs.

But the fact of the matter is that that cost on local government is a mandated cost by the Federal Government, and at a time when we are trying to balance the Federal budget, when we may very well consider terminating Federal revenue sharing, because there is no longer revenue to share with the State and municipal and county governments. We are federally imposing cost on local governments which is perceived by the local taxpayer and local governments to be unjust and unwarranted.

□ 2000

Let me quote the figures from my city of Redwood City. The city of Redwood City, with a population of 54,000, in 1980 spent $1,784 for bilingual materials. The city had 8,622 Spanish origin citizens. Sixty citizens requested bilingual materials, but only 25 actually voted.

Now, the cost of $1,784 to give 25 people the privilege to vote in Spanish is a cost which cannot be understood and accepted by local citizens. There is a principle here. If we are going to impose the costs to vote in a foreign language, that imposition by the Federal Government ought to stand the test of cost effectiveness. Throughout this country there are people in these areas where these bilingual ballots are printed which preceive the Federal Government as unable to cut costs. Of all these billions of dollars they see us spending as we try to cut what now appears to be a $60 billion deficit in spite of our cut of $36½ billion a couple of months ago, to the public this particular cost is perceived as unwarranted, as unjust and unnecessary and as an indication that Congress is imposing unwanted costs on local governments and taxpayers.

Again, it is not the dollars, but what the benefit is that is achieved by those dollars. Back in 1974 when we passed the bilingual ballot, we had the luxury of trying such an experiment. It was fathered by the honorable subcommittee chairman, the gentleman from California (Mr. EDWARDS).

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. McCLOSKEY was allowed to proceed for an additional 30 seconds.)

Mr. McCLOSKEY. Mr. Chairman, in 1974 when we created this luxury, a luxury that is known to no other country in the world, we had gone some 20 years with a relatively balanced budget, with relative control over inflation. In the last 7 years we have gone to an average 10 percent of Federal deficit spending, with an average 11-percent inflation over the last 4 years. Now the public scrutinizes our work to see what we are willing to do, not only to cut our Federal costs, but the costs that the Federal Government imposes on local taxpayers as well.

For the principle that I have expressed, because of the fact of this mandated Federal cost and the few people that take advantage of it, I think we ought to pass the amendment.

Mr. ROYBAL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, 16 years ago, when the Voting Rights Act was originally passed, President Johnson stated that, "Unless the right to vote be secured and undenied, all other rights are insecure and subject to denial for all our citizens," The right to cast an informed, intelligent vote is the cornerstone of any democracy, for without it, democracy ceases to exist. History has proven that the Voting Rights Act, particularly the 1975 provision calling for bilingual elections, has secured this right for millions of minorities throughout the country. The number of Hispanic people who registered to vote in California alone increased by 38 percent from 1976 to 1980. In Colorado, the figure was 41 percent, and in Texas, an astounding 64 percent. Nationally, Hispanic registration increased by 30 percent while the overall population increase was less than 10 percent. The increases in the number of Hispanics who actually voted is equally impressive. Overall, Hispanic turnout increased by 19 percent in the United States from 1976 to 1980. However, in the five Southwestern States containing the largest number of Hispanics, the increase in Hispanic voter turnout was 31 percent for the 4-year period. This increase in Hispanic voter turnout is impressive, particularly in view of the fact that voter turnout nationwide has been steadily decreasing since 1960.

We have heard arguments challenging the cost, the usefulness, and the wisdom of requiring bilingual elections. As a Representative from Los Angeles, a county which contains one of the largest populations of Hispanic people in the world, I feel qualified to rebut these arguments.

In my home county of Los Angeles, costs of bilingual elections have dropped dramatically since the 1976 primary election when bilingual materials were sent to every registered voter and cost $854,000. In the November election of that year, we provided the same services at a 60-percent cost reduction. Costs have diminished to the point that in the 1980 general election, our county spent $135,000 on the bilingual provision out of a total election cost of $7 million. This figure represents less than one-sixth of the initial cost and approximately 1.9 percent of the total election costs for the county.

In San Francisco, bilingual costs were roughly $50,000 in 1980, just 5 percent of the total spent on elections. San Diego County has a list of approximately 75,000 voters who have requested bilingual materials and to whom bilingual materials are mailed. The cost of furnishing bilingual materials in San Diego has decreased by 50 percent in 4 years and was just $54,000 in the 1980 election.

Clearly, arguments against the bilingual provision of the act based on cost have no foundation. This amendment if adopted would put a price tag on our fundamental right to vote.

Related to the cost argument is the argument that in some areas, bilingual materials are underutilized; hence, the "price per request" figures are very high. In support of this argument, studies are often cited that show a low number of requests to the secretary of state for bilingual elections material. These data are grossly misleading. March Fong Eu, secretary of state for California, has stated:

> The low rate of requests is not necessarily an indication of the actual need in the State or in these respective counties.

The cost per request is determined by dividing the number of requests into the total cost. In some counties, the cost per request does appear outrageously high. Part of the reason for that is because it is assumed that the number of requests referred to is for bilingual ballots. In fact, in some counties everyone receives a sample bilingual ballot. Therefore, there are no requests made. In still other counties, the "number of requests" refers to the requests for State-produced pamphlets. The State pamphlets have nothing to do with local compliance costs. Hence, any attempt to measure local costs with requests for State materials is clearly erroneous.

The final argument often heard against the bilingual provision of the Voting Rights Act is the most irresponsible and illogical. This is the argument that by providing bilingual election materials, we somehow foster separatism and encourage an "American Quebec." The problems of the French people in Quebec are complex and it would be presumptuous of me to pretend to analyze then here and now. Suffice it to say that bilingualism did not cause the problems in Quebec; official and social discrimination against the French language did.

Participation in the democratic process, no matter in what language, does not in fact foster separatism, but exclusion from the voting process definitely does. No less an authority than Prof. Archibald Cox has been quoted as saying that "the best way to avoid a separatist movement in this country is to encourage participation in the exercise of the right to vote."

Mr. Chairman, who would let this act expire would set a very dangerous precedent. Our whole history is one of expanding and encouraging the right to vote. Every schoolchild knows that in the beginning of our country, only white male landowners over 21 could vote. Since then, barrier after barrier that would obstruct the right to vote has been removed. In 1975, when we added the bilingual provisions to this act, we removed the language obstacle for many of our citizens who are more fluent in a language other than English. That action was in harmony with our history and our tradition.

Let me conclude my remarks by quoting from an editorial in the April 13, 1981, edition of the Los Angeles Times:

> In 1965, this Nation sent a signal to minorities. It said simply that the right to vote was fundamental and would be protected. Any wholesale revamping of the Voting Rights Act would send the opposite signal—one that would be an intolerable affront to democracy.

I urge my colleagues to support the basic ideal upon which any democracy rests and cast their vote against this amendment.

Mr. FISH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wonder if I could have the attention of the gentleman who just left the well, the gentleman from California (Mr. Roybal).

I would like to pursue one of the aspects that the gentleman covered in addition to the cost being minimal in California and New York and other examples. The gentleman addressed briefly the challenge of cultural separatism, or another Quebec, that I have heard several Members talk about.

□ 2010

I think we have an example, not in the gentleman's State but in New Mexico, where bilingualism has been a matter of policy since 1912. I would like to give the gentleman the opportunity to expand on results of this experience in the Southwest.

Mr. ROYBAL. If the gentleman will yield, I happen to have been born in the State of New Mexico. My people have been there since the early founding of the city of Santa Fe. I know for a fact that bilingual and trilingual ballots have been used in New Mexico since 1912. I also know for a fact that in total numbers there are more public officials with Spanish surnames serving in State legislatures and city councils and in the Congress of the United States than almost any other State in the Union. That kind of involvement in the democratic process does not spell separatism.

The matter of using bilingual ballots has, in fact, a long history of voter response in a language other than English which has made it possible for these people to participate in the voting process on an equal basis with all other Americans. I will conclude by saying again that the history of participation on the part of those individuals who use the bilingual ballot has for years been shown to be most effective. The State that has led the way was New Mexico, but other States are not far behind seeking not separatism but to be included in the voting process.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. McCLORY. Mr. Chairman, I thank the gentleman for yielding, because I would like to point out that the city of Los Angeles is, of course, free to provide all of the election materials in multiple languages that it chooses; and it has as a result of this legislation, however, been required to expend $656,000 and use 53,000 ballots there at a cost of $12.30 a ballot. That was in the 1978 election. I might say that the San Francisco Sunday Examiner and chronicle of May 6, 1979, delineates what the cost to Californians is and comes out strong in support of amendments to the law sponsored by the gentleman from California, Mr. McCloskey, and the gentleman from California, Mr. Bill Thomas, citing the fact that this is a waste of the taxpayers' money.

Mr. FISH. I would like to have a Californian comment on this because the information that came to my attention for the general election of 1980 in Los Angeles County was that the general election budget was $7,000,000, and of that only $135,000, or 1.9 percent, was spent complying with the bilingual provisions of the Voting Rights Act. Does the gentleman care to explain the difference between what I just said and what the gentleman from Illinois (Mr. McClory) previously testified to?

Mr. ROYBAL. I think, first of all, that there is a great deal of difference. One of the authorities on this subject matter however is the gentleman from California, Mr. McCloskey, who testified before the committee that the costs involved were minimal.

Mr. McCLOSKEY. If the gentleman will yield, that is correct. I think that the costs have been reduced to something around 2 percent or under of the total ballot costs in all the jurisdictions, but I wanted to point out that that was a cost imposed by the Federal Government on each municipality and county government involved.

When the gentleman uses the example of New Mexico, New Mexico as a State had used the bilingual ballot for many years, and the Federal law was not required to impose it on the State of New Mexico. New Mexico's experience is irrelevant, really, in this debate because we are talking about here being federally required.

Mr. FISH. It may be irrelevant on the issue of the cost, but it was not brought up on that basis, but to answer the charge of cultural separatism, which my colleague from California (Mr. Roybal) so ably did.

Mr. McCLORY. I think the State of Hawaii probably does the greatest job as far as multilingual ballots are concerned, but even the secretary of state of Hawaii says that if it were not for the Federal law, he would not be burdened with these additional expenses which are required under the Federal mandate.

Mr. FRENZEL. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I did not intend to participate in this debate, but having missed my supper, I was overcome by hunger pangs. That stimulated my vocal chords.

I am also not an expert in this field, which would seem to qualify me with all the other speakers, since apparently the committee did not do much of a job in looking into this situation, nor did it in fact hold any hearings this year. At least it has not printed any results of hearings, except for last year. And, apparently, the situation was not very well discussed, if at all, within the committee.

I must say that back in the early 1970's, before this feature was a part of the Voting Rights Act, I myself was much taken by this provision. I tried to put it into the election law. At that time the House had better judgment and overcame my enthusiasm.

I must confess that having experienced the effect of this law since it became a part of the Voting Rights Act, I now know that I was wrong.

The strength of the United States of America has at least partly lain in the fact that most of its citizens have had a willingness to communicate in a common language. Most of those citizens, as a result, were able to develop some upward mobility within our economic system.

It seems to me that if we encourage our citizens not to learn English, at least to the extent that they can participate in a simple election process, we are condemning them to some kind of second class citizenship that I would prefer not to encourage.

Where there is need, as there was in New Mexico, local laws can be employed to take care of that need. But, for us to force on our communities where there is no need seems to me to be a terrible mistake. The Federal dictate is unreasonable. It requires ballots on the basis of surname, rather than of language. States, on their own, know for whom, if any, to prepare foreign language ballots.

If a person is not able to read a ballot, how is that person going to learn to read a mortgage contract? How is that person going to understand a very simple lease agreement? How is he or she going to fill out a welfare form, to do most of the things that are necessary to gain some sort of economic self-sufficiency in our society? I think what we are doing is simply condemning those people that we are interested in helping to a permanent second class status. In my judgment, it is a mistake. I think the amendment of the gentleman of Illinois should be adopted.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I will be delighted to yield.

Mr. KAZEN. Did I understand the gentleman to infer that only English-speaking should live in this country?

Mr. FRENZEL. The gentleman——

Mr. KAZEN. Or can vote in this country?

Mr. FRENZEL. I made no such statement. I am sorry the gentleman interpreted it that way.

Mr. KAZEN. Well, I understood the gentleman to say that no person could vote unless he spoke English, and that was the way it is supposed to be in this country.

Mr. FRENZEL. The gentleman may not have been—or perhaps——

Mr. KAZEN. I just wanted to make sure.

Mr. FRENZEL. Perhaps I did not make it clear to the gentleman. I believe it is unnecessary to furnish by Federal law foreign language ballots in the United States of America, and I think it discourages the incentive for people to learn our language, in which case they are likely to move upward in our economic much more quickly.

☐ 2020

Mr. KAZEN. Mr. Chairman, will the gentleman yield further?

Mr. FRENZEL. I am delighted to yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, let me just tell the gentleman that as far as that point is concerned, there are some people living in this country who would deserve American citizenship to be granted by taking the exam in their own language. This House has at various times passed such a bill to exempt certain people from taking the exam in English, but the other body has killed that bill.

Let me tell the gentleman, coming from where I come from in South Texas, that we have a lot of aliens who would make wonderful citizens, who have lived here all their lives, who have given sons in the service of this country, and who are glad to be here. And as one alien mother told me when I went to the funeral of a Vietnam serviceman "Estoy Argullosa I am proud to have given this country the life of a son."

Mr. FRENZEL. I thank the gentleman for this contribution.

Mr. KAZEN. And, Mr. Chairman, I say to the gentleman, that that spirit is what makes a good citizen of this country.

Mr. FRENZEL. Mr. Chairman, I decline to yield further to the gentleman. However, I thank the gentleman for his contribution, and he has made an important point. I do not think it bears on the point I was trying to make.

In my part of the country there are also many people who came here with only a language other than English, or who were here with a different language. They were of humble circumstance. They, or their children learned English. They found their lot much enhanced by learning our common language.

The CHAIRMAN. The time of the gentleman from Minnesota (Mr. FRENZEL) has expired.

(On request of Mr. McCLORY, and by unanimous consent, Mr. FRENZEL was allowed to proceed for 1 additional minute.)

Mr McCLORY. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Chairman, I just want to point out that this amendment does not deprive any State or any locality of providing multiple language ballots or various kinds of election materials relating to the voting process, and I would not want to take any action to do any such thing.

I have been a staunch supporter of the Voting Rights Act since 1965. I was one of the original sponsors of the legislation. But what I am talking about is mandating the State of Texas, for instance, with regard to voting practices when the State of Texas has its own laws and is taking care of the subject through its own processes. For the Federal Government to mandate additional expense on Texas or Hawaii or any other State just seems to me to be unconscionable.

Mr. GOLDWATER. Mr. Chairman, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from California.

Mr. GOLDWATER. Mr. Chairman, I rise in opposition to the amendment which would eliminate the bilingual requirements in the Voting Rights Act.

Earlier this year, I had cosponsored legislation to eliminate the bilingual requirements. I cosponsored the bill in response to what appeared at the time to be an outrageous "cost to use" ratio, and I felt there must be a better and more reasonable application of the idea.

However, after reviewing the testimony before the Judiciary Committee, I am convinced that much of the excess cost is a direct result of California State laws in regard to preelection voting materials and outreach programs and the manner in which some counties implemented the 1975 act. It is apparent that there has been massive misunderstanding which has resulted in unnecessarily expensive application of the law in some cases.

At the outset, I would like to clarify a point which might seem obvious, but in reviewing my mail on the subject, apparently is not. The 5 percent minority language trigger applies only to voting age citizens. Many of my constituents are concerned that we are somehow accommodating illegal aliens or recent immigrants. Many people apparently do not know that there are American citizens who were born in this country and in some cases whose families have been here for generations who do not speak English. The reason why these people are in this situation is central to the issue itself, and I shall address that later in my remarks.

In the past, bilingual ballots and voter information have constituted an inordinate expense in the State of California. In fairness, we ought to point out that elections in the State of California are expensive propositions regardless of the bilingual requirements. California State law requires that preelection pamphlets be printed and distributed to every registered voter. There is not just one pamphlet. There are two. One is for the county election and one is for the State election. In some cases these pamphlets are as long as 100 pages. These pamphlets were sent to each registered voter and if there were three registered voters in one household, that household received three pamphlets. I understand that the State is now trying to send only one per household, but this helps to illustrate why it has been so expensive.

Also, after the 1975 act, different counties handled the bilingual requirements in different ways. Los Angeles County printed voter information in Spanish and English and blanketed the entire county. Los Angeles County, however, planned ahead and asked each recipient to indicate whether they wanted election information in Spanish in the future. This information was used to target only Spanish-speaking voters in the following election. Los Angeles County spent $854,000 for that first blanketing effort in the 1976 primary election. Because of targeting, that cost decreased to $355,000 for the 1976 general election. By the 1980 election, the cost decreased to $135,200 and represented only 1.9 percent of the total election budget. I think that's a reasonable cost to pay for enfranchising American citizens.

The key is reasonable application. Targeting has proven successful and Federal law makes it an allowable way to fulfill the bilingual requirements. I was pleased that the committee included report language which specifically encourages local election officials to work closely with language minority citizens in their communities and devise an effective and cost-efficient way to target or direct their efforts only where language assistance is actually required.

Finally, I would like to briefly address the philosophical arguments surrounding this issue.

English is, in fact, the de facto official language of this country. Aside from the fact of common usage—which is a fairly strong indicator of an official language—the law reinforces the fact in several important areas at both the Federal and State level. These areas include our naturalization laws; our jury laws and State laws which dictate that English will be the language of instruction in schools. This is well and good, and commonsense should tell us that promoting the commonality of language is good for our society. In terms of helping to mainstream non-English-speaking minorities in this country, it is also just plain good sense to encourage learning the English language, and in fact, the current generation of young people are becoming more and more English speaking and bilingual.

We have got to be honest enough, however, to recognize that in the past some of our citizens were denied a reasonable opportunity to learn English. There were very real cultural and legal barriers. The situation was different from European immigrants whose children attended public schools and mixed in a diverse society, thus promoting English for the 2d generation. In many cases, the kids were bilingual while their parents spoke only their native language. It was an evolutionary process and it is more than likely that by the 3d generation, the children spoke only English.

There are now American citizens who have lived on reservations or in barrios who were as confined in terms of the rest of society as my ancestors were in the programs in Poland. What was a natural evolution in language usage for European immigrants simply did not happen in many sections of this country.

I see the bilingual requirement as a catchup measure; as part of an evolutionary process that should have taken place a generation ago. I do not believe bilingual ballots represent a threat to the commonality of the English language. I also do not believe providing bilingual ballots ought to be part of the law indefinately. I view this requirement as a relatively short-term measure to accommodate special circumstances and insure that certain American citizens can exercise the most precious of our rights—the right to vote.

Mr. GARCIA. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would just like to start off by saying that on behalf of those who are supporting the continuation of the bilingual provision I want to assure the Members that it is not a conspiracy on our part that the use of the English language is not prevalent in all parts of the country. That is obvious.

What we are trying to do with this provision is to design a way to give Hispanics and other language minorities access to the political process. Political issues are not always simple, as many of us understand. Political referendums often deal with complex and very lengthy topics.

English is not the first language of all American citizens, and as far as I am concerned, it is, therefore, necessary that some people living in an area where there is a very significant minority population, be provided with an opportunity to participate.

The best example I can give the Members—and I have it here—is proposition 13. This is proposition 13. Let me just read section 1 to the Members, if I may. In doing so, I would hope that those Members who are scholars would be able to give me a hand in some of those areas I may not understand.

> Section 1a. The maximum amount of any ad valorem tax on real property shall not exceed 1 percent of the full cash value of such property. The 1-percent tax is to be collected by the county and apportioned according to law to the districts within the counties.

I hope that the Members are with me so far. Let me continue.

> The limitation shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective."

That is just section 1a. This is proposition 13, probably the most famous proposition we have ever had in the United States. And we owe it to the people of California.

This is section 2a:

> The full cash value means the county assessors' evaluation of real property as shown on the 1975-76 tax bill under "full cash value," or taxes, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment.

Now, we could go on and on and on. Just let me say to all of the Members in the Chamber today that more than ever in the history of our country we are, in terms of bond issues and in terms of referendums every year, going to the polls to vote.

I can assure the Members that the prison bond issue we have in the State of New York is going to be as complex as proposition 13. There are, I understand, seven propositions in the State of Texas. There are something like six or seven propositions—and the Members can correct me if I am wrong—in the State of California, and so on, and so on.

The point I am trying to make is: that when people go into that voting booth and close the curtain behind them and stand there, they have not only to read all these things but they then have to cast ballots for us, because we want to get elected, of course. So they have to vote for us at the same time they have to read all these propositions.

I am going to say that this is probably the best example as to why bilingual ballots are necesary as they pertain to voters.

Let me go one step further, if I may. Within the Hispanic community we have, just like the major TV networks ABC, NBC, and CBS, an international network called SIN—Spanish International Network—a television network, with a one-half hour daily segment that is a broadcast from Washington, D.C., to every major Hispanic city throughout this country. So that means that the Hispanics in this country are not only well informed but they know the issues because the issues are being transmitted to them in the Spanish language.

We have over 183 radio stations. We have close to 150 Spanish language newspapers. This means we are not dealing with an electorate that does not know the issues. We are dealing with an electorate that knows the issues. However, the problem may be that they do not understand all that is on the ballot and all the terms of the elective offices.

The CHAIRMAN. The time of the gentleman from New York (Mr. GARCIA) has expired.

(On request of Mr. BURGENER, and by unanimous consent, Mr. GARCIA was allowed to proceed for 1 additional minute.)

Mr. BURGENER. Mr. Chairman, will the gentleman yield?

Mr. GARCIA. I yield to the gentleman from California.

Mr. BURGENER. Mr. Chairman, I am a little fuzzy on the gentleman's point.

Is the gentleman alleging that proposition 13 passed because Hispanics did not understand it?

Mr. GARCIA. No, I am not saying that at all.

Mr. BURGENER. We had the bilingual ballot when it was passed.

Mr. GARCIA. No, the point I am trying to make, if I may, and the point I would hope we would both be able to converse about here is that the issues in our own individual localities and States are becoming more and more complex.

What I am saying is that we want to be sure that when we bring these issues before the American people, they understand them before they go to vote. That is all I am saying.

Mr. CONYERS. Mr. Chairman, will the gentleman yield?

Mr. GARCIA. I yield to the gentleman from Michigan.

Mr. CONYERS. Mr. Chairman, let me ask, does it make any more sense in Spanish than it does in English when you read it?

Mr. GARCIA. Well, that is my point exactly. There may be some people, I say to my colleague, the gentleman from Michigan, who may understand it.

The **CHAIRMAN.** The time of the gentleman from New York (Mr. GARCIA) has again expired.

(By unanimous consent, Mr. GARCIA was allowed to proceed for 2 additional minutes.)

Mr. GARCIA. Mr. Chairman, let me just say this to my colleague, if I may. There is nobody in this room who is more proud of being an American than I, and I do not say that with any hearts and flowers. I mean that. I was a rifleman with the 3d Infantry Division, I was a person who participated in the Korean war, and I am a product of the United States, born and raised in this country. But all I would like to say to the Members on behalf of Hispanics—and I am going to speak just on behalf of Hispanics—is this:

> Look, we are not trying to get something from you, and we do not want to walk tall. All we want to do is walk alongside of you. We are not looking to take anything over.

Let me just say one other thing. Nobody has ever said to me that democracy is cheap. Sometimes there is a cost to preserve what we have, and that is all I am trying to do in terms of opposing this amendment.

The **CHAIRMAN.** The time of the gentleman from New York (Mr. GARCIA) has again expired.

(By unanimous consent, Mr. GARCIA was allowed to proceed for 2 additional minutes.)

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. GARCIA. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Chairman, I want to say that I respect the gentleman from New York (Mr. GARCIA) as an American, and I respect the gentleman as an American coming originally from Puerto Rico. I respect the Puerto Ricans, and I respect their language and their culture, but that is entirely apart from this subject. What the gentleman in the well is articulating so well is entirely apart from the subject of having the Federal Government mandate election materials and ballots and all kinds of requirements with regard to the election process as conducted by counties and cities and States throughout our country.

In the city of San Francisco, proposition 13 was not only printed in English but it was printed in two dialects of Chinese and Tagalog as well as Spanish, so we are talking about something that is imposing extreme expense on Americans throughout the country, and this would increase, as we have said, as 5 percent or more minority language groups develop in various other parts of our country.

□ 2030

Mr. GARCIA. If I may reclaim my time, in closing, because I know the hour is late, during Hispanic Heritage Week, which was last month, those of us who were Hispanic traveled to many of the Federal agencies. I remember the first time I spoke. I spoke at HEW when Joe Califano was Secretary. I remember he was talking to me about Italians and Hispanics, and how Italians discovered America, and God knows Italians have made their contribution. But I reminded the Secretary, that it may have been an Italian who discovered America, but it was an Hispanic woman that gave him the money to get here.

Mr. LELAND. Mr. Chairman, I move to strike the requisite number of words, and I rise to oppose the amendment.

(The following is a translation of remarks which were delivered in Spanish:)

Mr. LELAND. My colleagues, I want to begin speaking Spanish. I want to begin speaking the language of millions of citizens of this country. Many of you cannot understand me. And if you cannot understand me, nor can you understand 21 percent of the adult citizens of El Paso, Tex.; and nor can you understand 17 percent of all adult workers of the Southwest. These citizens of the United States speak only Spanish. You perhaps cannot understand them nor participate in their culture—but these are citizens of the United States, with the rights of citizens; their culture is an American culture, and an intimate part of our culture which makes it more rich and more strong.

And even though you cannot understand me when I speak Spanish maybe you can begin to understand the hypocrisy of our political system which excludes the participation of Hispanic-Americans only for having a different culture and speaking a different language. Ya Basta!!

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. LELAND. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK (In Spanish). "Si, my colleague, I beg you have pity on us."

(In Italian) "I speak for our Italian citizens. They, too, have a great culture."

Mr. LELAND. Mr. Chairman, I rise in opposition to this amendment to eliminate extension of the language minorities provisions of the Voting Rights Act. We should not defer consideration of the language minorities provision until 1985—when, under the present law, they will expire. In fact, it was a legislative drafting error to allow two different expiration dates for the various provisions of the act to come out of the 1975 amendment of the Voting Rights Act. As a result of this lack of consistency and coordination, the bilingual provisions have been vulnerable to attack—to a dilution of their power, or even to outright elimination. I am extremely concerned now that those who have been critical of bilingual elections from the start are those who want consideration postponed until 1985. I do not think my colleagues should fall for a ruse that would end up gutting the bilingual provisions of the Voting Rights Act altogether.

I think the record is clear that the extension of minority language provisions is necessary. The record is also clear that the costs they would impose are minimal. In Texas, the additional costs for bilingual materials for registration and elections amount to only 10 percent of the total election costs—and perhaps somewhat more in my own Harris County.

The number of Americans for whom Spanish is the principal tongue is enormous. In 1976, the Census Bureau estimated that 17 percent of the adult male work force of the Southwest is Spanish monolingual. It is estimated that another 37 percent is primarily Spanish-speaking with limited English. In other words, about 54 percent of the adult male work force speaks primarily Spanish in the Southwest.

Consider further that the inability to speak English of many adult Mexican American citizens born in the United States or who came here as children, is a consequence of their being denied educational opportunities as children. I ask you, is it not hypocritical to have denied educational opportunities to Hispanics—and to continue to deny educational opportunities to Hispanics—and to now penalize them for not being proficient in English?

It is true that significant improvements have been made—and the statistics are impressive. In Texas, which has 3 million Hispanic American citizens, about 21 percent of the population, voter registration increased 64 percent among Hispanics in the period between 1976 and 1980, compared to a nationwide average increase among Hispanics of 30 percent. Voter turnout increased 49 percent for Hispanic Americans in Texas during the same period. Furthermore, about 80 to 90 percent of those polled by the Southwestern registration and education project found bilingual materials helpful.

In spite of all this, in 1980 only 57 percent of eligible Hispanic voters in Texas were registered and only 25 percent actually voted. This compares to 68 percent for the State as a whole. As for the number of Hispanic elected officials, out of a possible 490 county officials, there are only 17 Hispanics in county office in Texas.

It is clear that if anything, the bilingual provisions of the Voting Rights Act must be reinforced and not weakened. There is considerable work to be done through the Voting Rights Act to counter the gerrymandering, the at-large election schemes, the annexations, and the outright intimidation of voters. There is considerable work to be done to bring language minorities to their just and due level of representation. To dilute these provisions or eliminate them—today or in 1985—is to exclude many American citizens from the political process. It is to commit an injustice which we can only regret at some future date.

□ 2040

Mr. EDWARDS of California. Mr. Chairman, I am wondering if we can get an agreement on time. We have been on this important amendment for more than 2 hours. Five more minutes?

Mr. HYDE. Mr. Chairman, we just have one speaker left on this side. Why do we not finish? Does the gentleman have many more who want to speak on his side?

Mr. ERTEL. Mr. Chairman, I would like to have one opportunity to ask a question.

Mr. EDWARDS of California. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. ERTEL. Mr. Chairman, I would ask the gentleman from California, we have been spending a great deal of time talking about the language of Spanish. Are there any native Americans, by that, Indians, who would have the opportunity to get assistance under this act, that would be struck out by this amendment? For instance, the Indians were really the native Americans, and if they have the right to vote, it seems to me their language, if they have a language and they meet the requirements of this, do we provide them assistance under this act?

Mr. EDWARDS of California. A number of native American tribes are entitled under this act to assistance at the polls. They get assistance at the polls. And if this amendment were adopted, they would be cut out. The answer is yes.

Mr. ERTEL. So, in other words, if we adopt this amendment, we are striking out the assistance for really basically the people that we have come into this country and sort of moved out of the eastern part of the United States and into other areas?

Mr. EDWARDS of California. Yes.

Mr. ERTEL. I thank the gentleman.

Mr. EDWARDS of California. Mr. Chairman, could we have an agreement for 5 minutes on this side and 5 minutes on that side?

Mr. HYDE. Yes.

Mr. EDWARDS of California. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The gentleman from Illinois (Mr. HYDE) is recognized for 5 minutes.

Mr. LUNGREN. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from California.

Mr. LUNGREN. Mr. Chairman, the only point I want to make concerning the eloquent statement of the gentleman from Texas is that, although it is interesting, it has absolutely nothing to do, in terms of Texas, with the amendment before us. The State of Texas is completely in, under the preclearance sections, because of the low voter participation, particularly by the minority groups, especially the Hispanics. There is a relationship there. In the State of Texas, until the 1930's, if you were Hispanic, after I believe it was the sixth grade, you were not able to go to school. So there is a legitimate connection between the State action or inaction and the inability to speak the English language and, therefore, the whole State is caught in the question of preclearance, and that includes the requirement for bilingual ballot.

This section refers to a very different triggering mechanism. It has absolutely nothing to do with the educational requirements of that particular State, even though it is written in there.

Mr. LELAND. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from Texas.

Mr. LELAND. I certainly understand that and feel as the gentleman does, that this does not directly affect Texas because in fact it is under another section, it is protected under another section. But the fact of the matter is that Texas represents the example of what we are talking about when we talk about protecting the interests of people who do not speak English in this country. Texas happens to be my State, which is the only reason that I use Texas as an example.

Mr. LUNGREN. But the reason why Texas was included, the inability of the Hispanic members of that State, was directly related to the lack of educational opportunities presented to them, which I would suggest to the gentleman may or may not be the case in other jurisdictions. And since it is already covered with respect to preclearance, what the gentleman is suggesting by his argument is that we then include this overly broad section for the very reasons that are covered in preclearance and not by section 203.

Mr. LELAND. If the gentleman will yield further, I would just like to respond by saying that my concern is what happens in the totality of this country, as opposed to just operating from a self-interest because I happen to be from Texas. I am concerned particularly about the gentleman from California (Mr. ROYBAL), and the interest of the gentleman from New York (Mr. GARCIA), who have expressed so eloquently their desire to maintain the provisions.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Illinois.

Mr. McCLORY. Mr. Chairman, we have been talking a lot about Hispanics, and Hispanics, of course, are covered under the minority language provisions. But we are also talking about Chinese, we are talking about Tagalog, we are talking about Ilocano in Hawaii. But the reason we need this amendment is that the Federal Government mandates expenses on these States and on these localities which they otherwise would not have to experience. And we should not impose ourselves on them while they are undertaking to comply with the 14th and 15th amendments which we all want to have them comply with, an English language document, by the way.

Mr. HYDE. Mr. Chairman, is the gentleman making a ringing endorsement of home rule when it comes to bilingual ballots?

Mr. McCLORY. I am supporting home rule, I am supporting efficiency and economy at the State and local levels, and I think this is a very good amendment. I hope it will be overwhelmingly supported.

Mr. HYDE. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from California (Mr. EDWARDS) has 5 minutes remaining.

Mr. EDWARDS of California. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I yield to the gentleman from Colorado (Mr. Wirth) such time as he may consume.

Mr. WIRTH. Mr. Chairman, I rise in opposition to the amendment of the gentleman from Illinois (Mr. McClory), which would eliminate provisions of H.R. 3112 which extend the Voting Rights Act's language minority requirements through 1992. The effect of this amendment would be to relegate to last place—behind all other minorities—those whose minority status in our society includes language.

Over 100,000 Hispanic citizens live in the city of Denver and in Boulder County, Colo., both of which are covered by the language minority provisions of the Voting Rights Act. Supporters of the amendment before us would argue that these people—many of them my constitutents—are somehow segregated from the rest of American society by providing them services and basic information in their own language. Just the opposite is true: Bilingual requirements provide an opportunity for language minorities to join the cultural and political mainstream of our society. This is nowhere more true than in voting rights.

Language minorities are effectively denied access to the political process when election materials and assistance are provided only in English. Too often, language minorities cannot fill out registration forms and have difficulty understanding referenda and proposed constitutional amendments.

The bilingual requirements embodied in the current Voting Rights Act insure non-English-speaking citizens a basic right: input into the political decisionmaking process of their communities. As such, the bilingual provisions, rather than encouraging separatism among language minorities, promote participatory democracy and shared responsibility.

When Congress enacted the bilingual voting provisions in 1975, they were scheduled to expire in 1985—unlike the rest of the current Voting Rights Act, which expires in 1982. This simple drafting oversight must not be allowed to form a basis for postponing extension of the bilingual provisions. Both supporters and opponents of these provisions are well aware that by isolating them from the rest of the Voting Rights Act, we effectively nullify bilingual voting rights.

I have noted previously before the House that voting rights are the fundamental preservative of all our other rights and that continuing voting discrimination threatens the concepts of universal suffrage on which our democracy is based. Voting rights for language minorities are a vital component of the progress we have made in insuring a voice for all—they must be continued.

Mr. EDWARDS of California. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. Eckart).

Mr. ECKART. Mr. Chairman, I was intrigued to listen to the parade of speakers today come down to the well and condemn their very own actions. I really do not think that our actions speak as loud as our bilingual words have, particularly in the past year, during the recent campaign.

How many of us did not take out ads in newspapers in Spanish, German, Hungarian, Polish? How many of us did not put out campaign literature in foreign languages or put radio ads on in foreign languages? Why, even the Republican National Committee bragged about the fact that they printed campaign literature in dozens of nationality languages seeking to get the ethnic vote. And now that it comes time to put their money where their mouth is, they refuse to do it.

How many of us have stuffed ourselves with pierogi, chitlins, tortillas, kielbasa, lasagna, matzo ball soup, while we ogle for votes and tell the people how much we are like them? And now we turn our backs on these same people who trusted us with this amendment. Why do we not put our votes where our stomachs have been and where our campaigns have been?

I urge the defeat of the amendment.

Mr. EDWARDS of California. I thank the gentleman.

Mr. Chairman, to close debate on this amendment, I yield to the distinguished majority leader, the gentleman from Texas (Mr. Wright).

The CHAIRMAN. The gentleman from Texas (Mr. Wright) is recognized for 4 minutes.

Mr. WRIGHT. Mr. Chairman, what is involved in this amendment and what is involved in this bill, I think, is very basic to this country. This is that America never has made a mistake when it has trusted the people. It really comes down to that, I think.

The history of our whole Nation may be written as a history of a steady, gradual broadening of the franchise and participation in the good things of this life. We did not set out quite that way. The dream was not fully developed in the beginning, but we did set out differently from other countries. We did not set out, as the British and some of our other European ancestors did, to create an aristocracy as a ruling class and establish it as an exclusive elite to run things for the benefit of all the rest of us. Nor did we set out, as did the French Revolution and the Russian Revolution, to reduce everybody to the lowest common denominator, to destroy the aristocracy and substitute for it a dictatorship of the proletariat. We did not do that.

We set out to do something different. It was to create an equality of opportunity that would let the rising tide lift all the ships, in the words of John F. Kennedy, and that is what we have been about doing. We have been systematically expanding opportunities—opportunities to learn, opportunities to own, above all opportunities to participate in the political processes.

Of course it was not fully true in the beginning. That dream did not come true when we let just those who had large amounts of property vote. But that cruel system fell under Thomas Jefferson's onslaught, and we won the rights of universal manhood sufferage. That's what we called it, but slaves were counted as three-fifths of a person. Finally slavery fell and we adopted the 13th, 14th and 15 amendments.

And, of course, that was not quite good enough either, until finally in God's good time we let women vote, too, and gave impetus to the worldwide movement for equal political rights for womankind.

Still, that was not good enough, so long as great numbers of people were not able to finish 12 years of public schooling, more than 60 percent of those who were black or Hispanic or of minority racial origin did not finish public school only 20 years ago. But they were Americans, nonetheless, and we kept working at it until we brought them into the participation of this democracy of ours. Now some 78 percent finish high school—still not enough, but continued improvement. In 1965 we passed the voting rights bill, which put a stop to the systematic exclusion of racial minorities from the voting place.

We have never made a mistake when we trusted the people. We have never made a mistake when we broadened the franchise. We have never made a mistake when we have given more people a piece of the action in this country. This is what has made America great. We have never made a mistake when we broadened the horizon of educational opportunity to let more people get more education. We have never made a mistake when we let more people vote.

We did not make a mistake when we lowered the voting age to 18 on the ground that people who were able to defend our country and called upon sometimes to give their lives in its defense, ought at least to be able to vote their convictions, whether they are for or against a given proposition or a given candidate or a given party.

Some have criticized the bilingual provisions of the law on the ground of cost in printing ballots. How puerile an argument when the process of democracy itself is at stake? How much is freedom worth? Does it have a price tag?

Now there are people in our country, good citizens, who do not yet speak English very well. They are Americans nonetheless, sometimes the most dedicated Americans, the most devoted.

The most decorated military unit of all, in World War II was the 442d Regimental Combat Team, made up of Japanese Americans. Maybe they didn't speak impeccable English. Perhaps they needed some assistance in the nuances of language. But they showed that they knew what it meant to be Americans.

□ 2050

I am reminded that there never has been since the beginning of our Nation's military history a single American serviceman of Hispanic origin who was ever accused of cowardice or treason.

Roy Benavidez, the most recent earner of the Congressional Medal of Honor, recently when being quizzed about how he felt under those extreme circumstances in which he saved six of his compatriots who had been wounded and otherwise out of action, reported when he was hit in the head three times with a rifle butt, there came to his mind just as his consciousness began to fade and he was just about to pass out, some words from his childhood spoken in the voice of his mother. Those words were: "No te rajes."

Spanish words, yes, but American words, "Don't let them get you down."

That is what it is all about. And that is as American as apple pie—or let me say that is as American as tamales, or matzo ball soup, or spaghetti or corned beef and cabbage or dolmatis or soul food. It is as American as all these things that go to make up this polyglot culture of ours. We do not have to be all the same. We do not have to come out in a single stream of sameness like ores poured into a melting pot. This pluralistic American culture of ours may come out a little more like a fruitcake or a bowl of vegetable stew, each one of our cultures giving a bit of its own flavor to the whole, but each retaining a bit of the integrity of its own identity.

That is what makes America. Adlai Stevenson once said, "America is nothing when it consists of each of us. America is something when it consists of all of us." The Voting Rights Act has helped make a reality of this dream. We have made no mistake by trusting the people. And we will make no mistake by extending this law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. McCLORY).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. McCLORY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 128, noes 284, not voting 21, as follows:

[Roll No. 240]

AYES—128

Applegate
Archer
Badham
Bafalis
Benedict
Bevill
Bliley
Broomfield
Brown (CO)
Burgener
Butler
Carman
Carney
Chappell
Chappie
Cheney
Coleman
Collins (TX)
Conable
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Daub
Derwinski
Dickinson
Dreier
Duncan
Edwards (AL)
Edwards (OK)
Emerson
Erdahl
Erlenborn
Evans (DE)
Fields
Findley
Forsythe
Fountain
Frenzel
Gingrich
Gregg
Grisham
Hagedorn
Hammerschmidt
Hansen (ID)
Hansen (UT)
Hendon
Hiler
Hillis
Hubbard
Hunter
Jeffords
Jeffries
Johnston
Kastenmeier
Kindness
Lagomarsino
Latta
LeBoutillier
Lee
Lent
Lott
Lowery (CA)
Lungren
Madigan
Marlenee
Martin (IL)
Martin (NC)
Martin (NY)
McClory
McCloskey
McDonald
McEwen
McGrath
Michel
Miller (OH)
Mitchell (NY)
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Motti
Myers
Nelson
Nichols
Oxley
Parris
Patman
Petri
Pritchard
Quillen
Regula
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rogers
Roth
Roukema
Rousselot
Rudd
Schulze
Shaw
Shelby
Shumway
Shuster
Skeen
Smith (AL)
Smith (NE)
Smith (OR)
Snyder
Solomon
Spence
Stangeland
Stanton
Staton
Stump
Taylor
Trible
Wampler
Whitehurst
Whittaker
Winn
Wolf
Wylie
Young (FL)

NOES—284

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Atkinson
AuCoin
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Brown (CA)
Broyhill
Burton, Phillip
Byron
Campbell
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Collins (IL)
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Crockett
D'Amours
Danielson
Daschle
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Dicks
Dixon
Donnelly
Dorgan
Dornan
Dougherty
Dowdy
Downey
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
Emery
English
Ertel
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fish
Fithian
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Guarini
Gunderson
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hance
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hertel
Hightower
Holland
Hollenbeck
Holt
Hopkins
Howard
Hoyer
Huckaby
Hughes
Hutto
Hyde
Ireland
Jacobs
Jenkins
Jones (OK)
Jones (TN)
Kazen
Kemp
Kildee
Kogovsek
Kramer
LaFalce
Lantos
Leach
Leath
Leland
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lowry (WA)
Lujan
Luken
Lundine
Markey
Marks
Marriott
Matsui
Mattox
Mavroules
Mazzoli
McCollum
McCurdy
McDade
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Murphy
Murtha
Napier
Natcher
Neal
Nelligan
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Panetta
Patterson
Pease
Pepper
Perkins
Pickle
Porter
Price
Pursell
Rahall
Railsback
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Roemer
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Santini
Savage
Sawyer
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Simon
Skelton
Smith (IA)
Smith (NJ)
Smith (PA)
Snowe
Solarz
St Germain
Stark
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tauke
Tauzin
Traxler
Udall
Vento
Volkmer
Walgren
Walker
Washington
Watkins
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitley
Whitten
Williams (MT)
Wilson
Wirth
Wolpe
Wortley
Wright
Wyden
Yates
Yatron
Young (AK)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—21

Ashbrook
Beard
Bonker
Brown (OH)
Burton, John
Crane, Philip
Dannemeyer
Dingell
Fiedler
Goodling
Horton
Jones (NC)
Lehman
Pashayan
Paul
Peyser
Siljander
Thomas
Vander Jagt
Waxman
Williams (OH)

□ 2100

The Clerk announced the following pairs:

On this vote:

Mr. Philip M. Crane for, with Mr. Jones of North Carolina against.

Mr. Dannemeyer for, with Mr. Horton against.

Mr. Thomas for, with Mr. Williams of Ohio against.

Mr. HUNTER and Mr. MORRISON changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. LUNGREN

Mr. LUNGREN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUNGREN: On page 9, line 7, insert "(a)" after "Sec. 3.".

On page 9, after line 9, insert the following:

"(b) Section 203 of the Voting Rights Act of 1965 is amended by striking out ', including ballots,' each place it appears in subsections (b), (c), and (d) and inserting '(other than ballots)' in lieu thereof."

□ 2110

Mr. LUNGREN. Mr. Chairman, I realize that the hour is late. I realize that it is difficult asking the indulgence of this body 10 minutes after kickoff time, but I did give my commitment to some Members, particularly on the other side of the aisle, that I would offer this amendment.

This amendment deals with the same subject that was the subject of the last amendment, but there is one major difference. This makes one simple change in section 203; that is, it limits the ability of the Federal Government to mandatorily require bilateral assistance, assistance other than ballots, in other words, materials, voting assistance, oral or printed, ballot facsimiles, things of this nature.

The reason I offer this amendment is that during the hearings we constantly heard from those defending the provisions that in fact bilingual ballots were not required, and in fact if a jurisdiction made a good faith effort to create ballot facsimiles, materials, assistance, and so forth, it would not be required. It was never clear, because of the extent and nature of our hearings, as to how extensive that flexibility was, so I offer this amendment as a more moderate effort to accomplish what was attempted by Mr. McCLORY of Illinois.

Mr. EDWARDS of California. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, since we have already debated the fundamentals of this issue, I will be very brief. The bilingual ballot is fundamental to the bilingual voting assistance. The major cost in California, for example, is not the ballot itself but other written registration and voting materials. An example is the initiative ballot in California.

In other States, costs for ballots and other materials is minimal, according to the testimony we had in the committee. The costs in New Mexico are truly insignificant. In Texas, the testimony was that it does not even separate out the costs.

Current law permits a facsimile ballot to satisfy compliance. This reduces the cost down to practically nothing. In San Diego, Calif., all they have is a ballot on the wall in Spanish, so I do urge a "no" vote.

Mr. AuCOIN. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Oregon.

Mr. AuCOIN. Mr. Chairman, I rise in support of the extension of the Voting Rights Act. As cosponsor of H.R. 3112, I feel that this protection given to victims of voting discrimination needs to be continued.

The Voting Rights Act of 1965 has been hailed as one of the most successful civil rights legislation passed by Congress. The purpose of this law is to assure the right of minority citizens to register and to vote. Provisions of the act protect these voting rights as well as offer protection to minorities in jurisdictions where discrimination has been blatant.

As a result of the Voting Rights Act, millions of black and Hispanic American citizens have been given the right to vote. Statistics from the 1980 Presidential election illustrate the success of this act. For example, the rate of black voter registration in Southern States included in the act was estimated to be approximately 59 percent, compared with 29 percent black voter registration before 1965.

Despite this and other success resulting from the act, the Voting Rights Act is still desperately needed. The U.S. Commission on Civil Rights found that the goals of the act have remained unfulfilled. In its September 1981 report entitled "The Voting Rights Act: Unfulfilled Goals," the Commission endorses the extension of the act for another 10 years for a number of reasons. The Commission found that minorities continue to face a variety of problems which the act was designed to overcome. It documents resistance and hostility on the part of many citizens to increased minority participation in almost every aspect of the electoral process. It also points out the resistance of many local jurisdictions to following the letter or the spirit of the preclearance provisions of the Voting Rights Act.

Although the original special provisions of the Voting Rights Act do not apply to my home State of Oregon, the minority language provisions are applicable in certain parts of Oregon. This portion of the law requires covered jurisdictions to conduct elections in one or more languages in addition to English. Two counties in the eastern part of my State—Jefferson and Malheur—must comply with these provisions. Because the Warm Springs Indian Reservation constitutes part of Jefferson County there are over 2,700 American Indians who need to be protected from voting discrimination. At least five percent of the people in Malheur County are Spanish-speaking citizens.

It is quite apparent that there is a need for the extension of the Voting Rights Act and I urge my colleagues to support it.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I rise in strong support of H.R. 3112, a strong reaffirmation of this Nation's commitment to voting rights for all Americans. I plan to support only one amendment to the committee bill—an amendment submitted by Mr. BUTLER of Virginia which would allow bailout provisions to be adjudicated at the appropriate Federal district court with three judges appointed, none from the district involved.

This amendment does not affect the tough preclearance section of the bill nor does it allow local prejudice toward these cases to influence the appointed tribunal. It does greatly reduce the cost of bailout hearings, increases the chance for the whole truth to be revealed at the hearings, and supports the influence of the Federal district courts in these limited cases.

I support a strong Voting Rights Act. In my opinion this amendment strengthens the act while no other amendment meets such a firm test.

Mr. WASHINGTON. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentleman from Illinois.

Mr. WASHINGTON. Mr. Chairman, out of the over 100 witnesses from which the subcommittee heard testimony during its 18 days of hearings, the overwhelming majority specifically stated their support for the language minority provisions of the act.

In 9 of the 18 hearings, over 32 witnesses specifically addressed this issue in some depth. The hearing in Texas on June 5 presented evidence to the subcommittee, by most of the witnesses, that these provisions were key in encouraging language minority citizens to participate in the political process, some for the first time. We also held two hearings in Washington, D.C., on June 10 and June 18 which focused almost exclusively on these provisions.

Witnesses who discussed this issue in more than just passing reference were:

May 6: William Velasquez, Director, Southwest Voter Registration and Education Project.

May 7: Polly Baca Barragan, State Senator, Colorado. Mr. Pablo Sadillo, Director, Hispanic Affairs, U.S. Catholic Conference of Bishops.

May 13: Roberto Mondragon, Lt. Governor, New Mexico.

May 27: Professor Charles Cottrell, Department of Political Science, St. Mary's University, San Antonio, Texas.

June 5: This was a day-long hearing in Texas at which the overwhelming number of the 15 plus witnesses testified on this issue, as well as on Section 5.

June 10: Robert Abrams, State Attorney General, New York State. Congressman Paul McCloskey[1] (R-CA). Congressman

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[1] Indicates opposition to these provisions.

Robert Garcia (D-NY). Arnold Torres, Congressional Liaison, LULAC. Henry Der, Executive Director, Chinese for Affirmative Action, San Francisco, CA.

June 16: Dr. Arthur Fleming, Chairman, U.S. Commission on Civil Rights.

June 18: Barbara Jordan, LBJ School of Public Affairs, University of Texas. Vilma Martinez, President and General Counsel, MALDEF. John Trasvino, Commissioner, Citizens Advisory, Committee on Elections, San Francisco, CA. David Dunbar, General-Counsel, National Council of American Indians.

June 23: Mary Estil Buchanan, Secretary of State, Colorado. Dr. George Sheldon, State Representative, Florida.

ADDITIONAL SUPPORT FOR SECTION 203

California

Resolution by the San Francisco Board of Supervisors. Letter from State Assemblyman Art Agnos (D-S.F.) and from Senator David Roberti (D-L.A.); Letter from Mayor Tom Bradley, Los Angeles, Statement for the Record by Congressman Ed Roybal (D-CA); Resolution by the San Diego County Supervisors. Editorials—L.A. Times and San Diego Tribune.

Arizona

Letter in support of all the provisions of H.R. 3112, as introduced, from Governor Bruce Babbitt.

Alaska

Resolution by the State Legislature in support of H.R. 3112, as introduced.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. LUNGREN).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. JOHNSTON. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by the electronic device, and there were—ayes 124, noes 285, not voting 24, as follows:

[Roll No. 241]

AYES—124

Applegate
Archer
Badham
Bafalis
Bailey (MO)
Beilenson
Benedict
Bevill
Bliley
Brown (CO)
Broyhill
Burgener
Butler
Carman
Carney
Chappell
Chappie
Cheney
Clausen
Coelho
Coleman
Collins (TX)
Craig
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Daub
Derwinski
Dickinson
Dornan
Dreier
Edwards (AL)
Edwards (OK)
Emerson
Erdahl
Erlenborn
Evans (DE)
Fazio
Fields
Findley
Frenzel
Gingrich
Gregg
Grisham
Gunderson
Hagedorn
Hammerschmidt
Hansen (ID)
Hansen (UT)
Hendon
Hiler
Hillis
Hubbard
Hunter
Jeffries
Johnston
Kastenmeier
Kindness
Kramer
Lagomarsino
Latta
LeBoutillier
Lee
Lent
Lewis
Lott
Lowery (CA)
Lungren
Madigan
Marlenee
Martin (IL)
Martin (NC)
Martin (NY)
McClory
McCloskey
McDonald
McEwen
McGrath
Michel
Miller (OH)
Mitchell (NY)
Molinari
Mollohan
Montgomery
Moore
Moorhead
Mottl
Myers
Nichols
Oxley
Panetta
Parris
Petri
Regula
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Roth
Roukema
Rousselot
Rudd
Schulze
Shaw
Shelby
Shumway
Shuster
Smith (AL)
Smith (NE)
Smith (OR)
Solomon
Spence
Stangeland
Staton
Stump
Taylor
Trible
Wampler
Whitehurst
Whittaker
Winn
Wolf
Wylie
Young (FL)

NOES—285

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Atkinson
AuCoin
Bailey (PA)
Barnard
Barnes
Bedell
Benjamin
Bennett
Bereuter
Bethune
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brooks
Broomfield
Brown (CA)
Burton, Phillip
Byron
Campbell
Chisholm
Clay
Clinger
Coats
Collins (IL)
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Crockett
D'Amours
Danielson
Daschle
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Dicks
Dixon
Donnelly
Dorgan
Dowdy
Downey
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (CA)
Emery
English
Ertel
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fenwick
Ferraro
Fish
Fithian
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Guarini
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hance
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hertel
Hightower
Holland
Hollenbeck
Holt
Hopkins
Howard
Hoyer
Huckaby
Hughes
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jenkins
Jones (OK)
Jones (TN)
Kazen
Kemp
Kildee
Kogovsek
LaFalce
Lantos
Leach
Leath
Leland
Levitas
Livingston
Loeffler
Long (LA)
Long (MD)
Lowry (WA)
Lujan
Luken
Lundine
Markey
Marks
Marriott
Matsui
Mattox
Mavroules
Mazzoli
McCollum
McCurdy
McDade
McHugh
McKinney
Mica
Mikulski
Miller (CA)
Mineta
Minish
Mitchell (MD)
Moakley
Moffett
Morrison
Murphy
Murtha
Napier
Natcher
Neal
Nelligan
Nelson
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Patman
Patterson
Pease
Pepper
Perkins
Pickle
Porter
Price
Pritchard
Pursell
Quillen
Rahall
Railsback
Rangel
Ratchford
Reuss
Rhodes
Richmond
Rinaldo
Rodino
Roe
Roemer
Rogers
Rose
Rosenthal
Rostenkowski
Roybal
Russo
Sabo
Savage
Sawyer
Scheuer
Schneider
Schroeder
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Simon
Skeen
Skelton
Smith (IA)
Smith (NJ)
Smith (PA)
Snowe
Snyder
Solarz
St Germain
Stanton
Stark
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tauke
Tauzin
Traxler
Udall
Vento
Volkmer
Walgren
Walker
Washington
Watkins
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitley
Whitten
Williams (MT)
Wilson
Wirth
Wolpe
Wortley
Wright
Wyden
Yates
Yatron
Young (AK)
Young (MO)
Zablocki
Zeferetti

NOT VOTING—24

Ashbrook
Beard
Bonker
Brown (OH)
Burton, John
Conable
Crane, Philip
Dannemeyer
Dingell
Dougherty
Fiedler
Goodling
Horton
Jones (NC)
Lehman
Pashayan
Paul
Peyser
Santini
Siljander
Thomas
Vander Jagt
Waxman
Williams (OH)

☐ 2120

Mr. EVANS of Delaware changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

☐ 2130

Mr. BROWN of Colorado. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would ask the gentlewoman from Colorado (Mrs. SCHROEDER) to enter into a colloquy with me concerning the method we have chosen in this act to identify areas that would require bilingual ballots and bilingual materials as well as assistance. My concern, of course, is for the accuracy of that designation system.

I think it is the will of the majority of this body that we attempt to identify those areas on the basis of individuals who are unable to converse in English or read the ballot. The current statute provides a twofold test, one that identifies people by their heritage and then takes a look at the literacy rate of that heritage nationwide.

Clearly what we are most interested in is the ability of the people within that district to read this English ballot.

I mention this subject because my hope is with the new Census data that may provide us a breakdown not only of heritages within a particular district and county, but may also give us a breakdown of the education level and literacy level in those areas so that we may devise a more accurate test, one that is more successful in identifying areas where these ballots are needed.

My hope is that those sponsors of the bill will be willing to work with us in trying to improve that test as the bill goes to the other body.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I think the gentleman from Colorado very much for his very constructive comments. I think his intentions are to improve the operations of the bill. I think the gentleman was very accurate in pointing out that unfortunately the Census has been using one kind of data and maybe the Census will come up with some other data.

This is a very good issue for the other body I think to look at. When on this side it was not brought up until the gentleman from Colorado brought up the discrepancy. We appreciate this. This will be a part of the RECORD and we hope that the U.S. Senate will take this up when it considers this issue.

Mr. BROWN of Colorado. I thank the gentlewoman.

Mr. GARCIA. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentleman from New York.

Mr. GARCIA. As the chairman of the Subcommittee on the Census and Population, I would just like to say to the gentleman first I appreciate that we had an opportunity to chat prior to the gentleman taking the floor. We will make every effort from the subcommittee point of view to make sure the gentleman gets the information and that we can share that information together. The first thing tomorrow morning we will place that call to the Bureau of the Census to see if we can satisfy the gentleman's needs.

Mr. BROWN of Colorado. I thank the gentleman for his comments and yield back the balance of my time.

Mr. O'NEILL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the Voting Rights Act is one of the greatest congressional achievements of the last generation.

Nothing is more vital in a democracy than the right to vote; without it, democracy is meaningless.

Today, the House has made good on the commitment it made during the great civil rights struggles of the 1960's.

Today the House of Representatives is doing what is right for our country; it is guaranteeing a citizen's most basic right, the right to vote.

And now it is up to the Senate; I challenge the other body to act with the same justice and wisdom that has been shown here today.

With the broad support of the American people, the legislation we approve tonight will be enacted in its entirety; the justice and wisdom shown here today will be reflected in the law of our land.

AMENDMENT OFFERED BY MRS. FENWICK

Mrs. FENWICK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. FENWICK: Page 9, after line 9, insert the following new section:

SEC. 4. Title II of the Voting Rights Act of 1965 is amended by adding at the end the following section:

"VOTING ASSISTANCE

"SEC. 208. Nothing in this Act shall be construed in such a way as to permit voting assistance to be given within the voting booth, unless the voter is blind, or physically incapacitated."

And redesignate succeeding sections accordingly.

Mrs. FENWICK (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mrs. FENWICK. My colleagues, I think we all were moved by the words of the Speaker. Yes; we have voted in this Hall today to keep for all our people the right to vote. But we have not quite finished it because the secret ballot, that is the real key.

This is where my amendment would seek to keep the bosses out of the ballot booth. The voter should not be accompanied unless blind or physically incapacitated, unable to vote on their own. All the instruction and assistance can be given in the hall. But in the booth it should be private.

As one of the great teachers has told me, Victor Gottbaum, there is not any vote that is any good if it is not secret. We know what the bosses can do when they have the right to go into the booth with the voter, and I hope very much that this amendment will be accepted. I do not want to put my colleagues to the strain of a vote.

Mr. HYDE. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Illinois (Mr. HYDE).

Mr. HYDE. I thank my friend from New Jersey. We find the amendment an excellent one. We think it adds to the propriety and merit of this entire Voting Rights Act and so we are pleased to accept it.

May I say to my friend from California (Mr. EDWARDS), I know he has an unbroken string of victories in not accepting any amendments, no matter whether written on parchment or paper, or whether good, bad, or indifferent. I plead with the gentleman to let us have a voice vote on this one and let us prevail, and let us say that the gentleman was not so foolishly consistent as to reject what is unquestionably an improvement to this great bill.

Mr. EDWARDS of California. Mr. Chairman, I reluctantly rise in opposition to the amendment. It has nothing to do with my regard and appreciation for the splendid work that the gentlewoman from New Jersey does on a daily basis, and we are all very grateful to her and I am, too.

However, we have a responsibility here, and no provision of the Voting Rights Act requires that jurisdictions allow persons assisting persons to enter the voting booth with them. How assistance is provided is determined by State laws and is not properly a Federal responsibility.

It should also be noted that the subcommittee which heard over 100 witnesses did not receive any testimony on this issue which the amendment addresses.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of California. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I would say to the gentleman if we had to depend, and I am sure my honored colleague knows if we had to depend on States for every kind of justice we would not have the kind of justice that we want in this country. There are times when the Federal Government must intervene.

Now may I also say that I believe the Justice Department has said that the States cannot allow people to go into the voting booth. This merely reiterates one of the essential rights.

I do not want to call for a vote at this time, Mr. Chairman, but you are tempting me to it.

□ 2140

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from New Jersey (Mrs. FENWICK).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BIAGGI

Mr. BIAGGI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BIAGGI: Page 9, after line 12, insert the following new sections:

SEC. 5. (a) Chapter 2 of title II of the Revised Statutes is amended by inserting after section 25 (2 U.S.C. 7) the following:

"SEC. 25a. Notwithstanding section 25, the Sunday next after the 1st Monday in November in calendar years 1982, 1984, 1986, and 1988, is established as the day for the election, in each of the States and Territories of the United States, of Representatives and Delegates to the Congress commencing on the 3d day of January next thereafter.".

(b) The chapter analysis for chapter 2 of title II of the Revised Statutes is amended by inserting after the item relating to section 25 the following:

SEC. 6. (a) Title 3, United States Code, is amended by inserting after section 1 the following:

"25a. Time of election for 1982, 1984, 1986, and 1988.".

"TIME OF APPOINTING ELECTIONS FOR 1984 AND 1988

"SEC. 1a. (a) Notwithstanding section 1, effective in calendar years 1984 and 1988, the electors of President and Vice President shall be appointed, in each State, on the Sunday next after the first Monday in November.

"(b) Polling places in elections to determine the electors of President and Vice President, held in calendar years 1984 to 1988, shall be opened in each State at the hour of 12 noon and remain open until 9 post meridian (eastern standard time), at which time the polling places shall be closed, except that any such polling place shall not be closed until all qualified voters who present themselves at such polling place before 9 post meridian (eastern standard time) for the purpose of voting shall have had a reasonable amount of time to cast their ballots.".

(b) The chapter analysis for chapter 1 of title 3, United State Code, is amended by inserting after the item relating to section 1 the following:

"1a. Time of appointing electors for 1984 and 1988.".

SEC. 7. Not later than September 30, 1989, the Federal Election Commission shall transmit to the President and to the Congress a report regarding the amendments made by this Act, including—

(1) an analysis of any effects which the amendments made by this Act may have upon the percentages or patterns of voter participation in elections to choose Senators, Members of the House of Representatives, or the electors of President and Vice President, and

(2) recommendations for such legislative or other action as the Federal Election Commission considers appropriate.

Mr. BIAGGI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. EDWARDS of California. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from California reserves a point of order.

Mr. BIAGGI. Mr. Chairman, I do not intend to consume the 5 minutes.

Very frankly, I do not expect there will be a vote on the amendment. My purpose is to have a colloquy with my colleague, the gentleman from Washington (Mr. SWIFT), but what the amendment clearly does is help the Voting Rights Act. It helps increase the amount of participation on the part of the electorate. We are talking about at the same time voting on Sunday.

It is a measure that has been given considerable publicity. The Senate has had hearings and the record of the electorate in our country has been extremely dismal.

Since 1960 there has been a steady decline to the point where we have some 53.9 percent of the electorate participating in the Presidential elections, 34 percent in un-Presidential years. Contrasted to that, in the Western European countries they range from 86 to 90 percent by voting on Sunday.

Mr. Chairman, my same-time/Sunday election amendment seeks to complement the provisions of the Voting Rights Act extension by removing additional barriers that have resulted in steady declines in voter turnout over the past 20 years. In simple terms, both measures seek to achieve maximum voter participation.

Let me review just some of the alarming facts:

Voter turnout in the United States has declined in every Presidential election since 1960; 1980 voter turnout was the lowest for a Presidential election in 32 years, a dismal 53.95 percent; 10 States and the District of Columbia all had voter turnout rates under 50 percent in 1980; 1980 voter turnout declined from 1976 in every Pacific time zone State, where polls were still open when a Ronald Reagan victory was projected by the media; and in non-Presidential election years, the national figures are far worse, with only 34 percent of all eligible voters participating in 1978.

My amendment would help to reverse these extremely dangerous trends by eliminating two known or perceived voting barriers—voter inconvenience, and early election night media projections.

Specifically, the amendment would require that all Federal general elections to be held on Sunday, and all polls across the country open and close during the same 9-hour period of 12 to 9 p.m., eastern standard time, in Presidential election years.

Let me emphasize that the changes I propose are of an experimental nature. They would only apply for a 6-year trial period beginning in 1982, during which time the Federal Election Commission would monitor the impact of the changes on voter turnout. At the end of the experimental period, in 1988, the Federal Election Commission would report their findings and recommend a permanent course of action to the President and Congress.

Why Sunday? Since the overwhelming majority of Americans do not work on Sunday, they would have more hours available to go to the polls, and less "voting obstacles."

In Western European democracies where national elections are held on Sundays, voter turnout is dramatically higher than our own. In elections held in those countries between 1975 and 1981, 90 percent of the Swedes, 89.3 percent of the Austrians, 89 percent of the West Germans, 88 percent of the Italians, and 86 percent of the French voted. These figures are in sharp contrast to our own unacceptable turnout rate of 53.95 percent in 1980.

Not to ignore the major focus of our discussions today, I am convinced that Sunday elections will benefit the minority population more than any other.

A recent census survey shows that 61 percent of the white voting age population voted in 1980 compared to only 51 percent of the blacks and 30 percent of the Hispanics. Consider, if you will, that part of this disparity results from the disproportionately high number of minorities with blue-collar jobs that pay by the hour. Simply stated, a person is far less likely to take time off from work to vote if they are penalized by the loss of pay. I am convinced that changing election day to Sunday—a nonworkday—would help to remedy this problem.

Some have argued that it would be easier to simply make election day a national holiday and leave it on Tuesday. However, since national holidays are also paid holidays, this would be a most expensive proposition. A Congressional Research Service study conducted in 1979 estimates that the Federal Government alone loses $140 million on a national holiday, with State and local governments losing $615 million. Since far more Americans work on Saturday than Sunday the prospect of Saturday elections fails to address the problem of worker inconvenience on election day.

What do religious leaders think about Sunday elections? The President of the U.S. Catholic Conference, the Most Reverend John R. Quinn, wrote:

> I cannot see how Sunday voting would react negatively on church obligations but might rather emphasize the moral aspects of voter responsibility for all citizens . . . voting on Sunday, then, could be quite consistent with Catholic social ministry.

An official from the Episcopal Church Center, the Reverend Charles A. Cesaretti, commented:

> The possibility of having Sunday as an election day raises no problems from a religious standpoint.

While very little hard data is available showing just how much of an impact election night projections have on Western voting patterns, studies that have been conducted indicate the evening western vote in 1980 and 1972—when Nixon was declared the early winner—was affected by the early projections.

Interestingly, a post-1980 election poll of 1,061 Californians showed the "1 in 10—10 percent—of those who said they were registered but did not vote specifically blame their failure to vote on the early network projections."

This same poll also revealed the same-time/Sunday voting was favored by an overwhelming margin of 60 to 36 percent, with 74 percent favoring a prohibition on early election night projections by the media.

Mr. Chairman, our current election process is failing us miserably. Due to an increasing lack of voter participation, our democratic society is growing weaker while well-organized extremist and special interest groups are growing in power and influence. We must take prompt and effective measures aimed at addressing this dangerous problem. I offer my amendment as a responsible and effective bipartisan solution. It is an idea whose time has come.

Mr. SWIFT. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Washington.

Mr. SWIFT. I thank the gentleman for yielding.

I would like to tell the gentleman that the House Administration Committee is well aware of the gentleman's concern on this issue. The committee shares that concern about low-voter turnout. We have held three hearings on the impact of early election projections on the issue the gentleman is concerned about already, and another hearing is set for the end of this month on this very problem.

The chairman of the full committee, the gentleman from California (Mr. HAWKINS), has made it very clear that we intend at that hearing to take testimony from the gentleman and other members who may have similar solutions to this problem and that we will be paying attention to acting on something that is going to relate to the gentleman's problem.

Mr. BIAGGI. I thank the gentleman.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Clerk will complete the reading of the bill.

The Clerk read as follows:

SEC. 4. Except as otherwise provided in this Act, the amendments made by this Act shall take effect on the date of the enactment of this Act.

Mr. DE LUGO. Mr. Chairman, extension of the Voting Rights Act is a step this Congress must take if it hopes to fulfill its role as a body devoted to our Constitution and protective of that document in its entirety. The Voting Rights Act was passed by Congress in recognition of its duty to generate legislation to secure a fundamental provision of our Constitution and the essence of our system of government: The right to vote.

In an age in which we have moved from the buggy to the Maserati, from the *Kittyhawk* to Space Shuttles, it is not surprising that we expect our social mandate to surge forward to resolution within 15 years. But history has shown that social progress is far more deliberate. Experience has shown that while our technology embraces the future, our social development struggles fitfully on the backs of those who relentlessly fight to make even the most elementary step forward.

It is for this reason that I rise today in support of H.R. 3112, the Voting Rights Extension Act. While the Voting Rights Act has been a powerful vehicle for overcoming the barriers raised to prevent blacks and other minorities from exercising their fundamental right to vote, this country has not changed sufficiently to allow us to rely on the good will of jurisdictions targeted in the bill. In the 118 years since the institution of slavery was abolished we have struggled to enforce the fair, just system embodied in our Constitution. We have made strides, particularly in the last two decades; but, we have a long road to travel. We must not let up until we are assured that we have reached our goal.

The bailout provisions in H.R. 3112 provide for assurance that the jurisdictions seeking exclusion from the preclearance requirements of the Voting Rights Act have complied with the law. Any jurisdiction which is not guilty of discriminatory voting practices will have no problem gaining exclusion. Any jurisdiction not meeting the bailout requirements only illustrates the continued need to apply the Voting Rights Act provisions in full force.

I therefore urge the Members of this body to rise to their duty to pass H.R. 3112, entertaining no amendment other than the one proposed by the Judiciary Committee to clarify the bailout provision. To do less will be a gross failure to perform our highest function, sustaining the provisions of our Constitution.

● Mr. PURSELL. Mr. Chairman, the Voting Rights Act of 1965 is one of the most extraordinarily effective actions ever taken by Congress to protect individual rights.

The act should be extended and I rise to indicate my strong support for taking such action.

I believe most States and communities are making a good faith effort to comply with the act and assure minority citizens their right to vote. Even so, the history of this issue cannot be ignored. The importance of this basic freedom requires unusual efforts to protect against abuses.

A persistent pattern of abuse, with widespread resistance to the Constitution and the law, flourished for many decades. The enlightened policies of recent years must not be jeopardized. These relatively recent gains must have time to become rooted in hearts and minds as well as lawbooks. Additional time must be given as assurance to those who have suffered organized discrimination for so long, and for the new practices to become ingrained in social acceptance.

When the Voting Rights Act was passed in 1965, 17 years ago, less than 30 percent of all black people in the South were able to register to vote, compared with nearly 70 percent of the whites. In some jurisdictions, black registration was only 5 to 10 percent.

It was one of the deepest shames and clearest examples of purposeful discrimination in our democracy. By 1972, thanks to concerned efforts under the act, black registration was over 50 percent in the South. It has held steady at around 56 percent for the last 10 years.

The impact of this landmark legislation is also reflected by the upsurge in the number of minority citizens holding elective office. One recent report estimates that black elected officials in the affected areas have increased from about 100 to approximately 2,400.

THE ISSUES

Key provisions of the act expire next August unless Congress extends them. This includes section 5, the critical enforcement section requiring preclearance of new election laws in the 22 States and parts of States covered by the law.

The central issues surrounding extension include:

Whether a change from Justice Department enforcement and preclearance, to enforcement by the courts, will effectively protect voting rights;

Whether the act should be nationwide (opponents favor this if they cannot block extension altogether).

Whether the act is an unfair imposition on one region of the country, since most affected jurisdictions are in the South;

Whether special provisions dealing with the rights of language minorities should be repealed.

PRECLEARANCE

If the act is not extended, preclearance of election laws would be eliminated. This would cause a return to the pre-1965 situation where discriminatory election practices could be corrected only by court action after they were already in place.

A century of litigation demonstrated that court enforcement alone is ineffective in overcoming obstruction of the Constitution. There are many subtle ways to circumvent voting rights guarantees. Each court order can be met with a new variation. That is precisely why the administrative preclearance enforcement procedures had to be adopted.

Redistricting techniques such as racial gerrymandering and annexation, adoption of at-large elections, inconvenient polling places or registration hours, frequent re-registration requirements, and a host of other techniques have been utilized to disenfranchise minorities, and could be again.

The success of the law should not lull us into thinking it is no longer needed. For instance, one affected jurisdiction is currently trying to require a "re-identification"—re-registration—procedure even for those who voted in the last election.

One State reportedly has a 39-percent black population and no black State senators. There are reports from other areas of attempts to change district boundaries to water down minority voting strength.

NATIONWIDE PRECLEARANCE

The right to vote is the law nationwide. All States and local governments are liable to the provisions of the 14th and 15th amendments. The Voting Rights Act does not create those rights, or make them regional in nature. It defends them against violators of the law.

The permanent provisions of the Voting Rights Act ban discrimination and literacy tests nationwide. If a jurisdiction begins practicing discriminatory actions, the permanent provisions of the act provide means to include it under preclearance and other special provisions.

Those without a historical pattern of violation should not be included under special enforcement procedures. As a practical matter, nationwide preclearance can only be viewed as an attempt to defeat the effectiveness of the act. By inundating the Justice Department with reviews, attention would be diluted, enforcement loosened, and discriminatory practices could slip into place.

ADMINISTRATIVE BURDEN

Current evidence indicates that the act is not excessively burdensome to local governments. It is one of the least complicated and least costly procedures to be found in Federal or State law. Only a small percentage of election changes have been found objectionable—about 800 or 35,000—by the Justice Department. However, those cases indicate potentially greater problems if the act is not extended.

It is also reasonable to speculate that the act has had a strong deterrent effect.

REGIONAL BIAS

The Voting Rights Act is not an attempt to discredit the South. It is a redress of specific and well-documented grievances, not a punitive act of regional bias.

LANGUAGE MINORITIES

A separate special provision requires bilingual election assistance in areas where there is a large—over 5 percent—language minority. The bilingual provisions do not expire until 1985. However, it has been suggested that they be repealed now, since the bill before Congress proposes to unify the various expiration dates and extend all temporary provisions until 1992.

Bilingual election information is a significant encouragement for voting participation in areas where large numbers of citizens are not fluent in English. In addition, it would be worthwhile to correct a previous congressional oversight and put all special provisions on the same timetable.

EXTENSION—YES

This Republic is only as strong as it is free. Our Nation is not really free unless our citizens are able to exercise their fundamental rights as citizens. There is no more fundamental right than the right to vote—the right to select those who made the laws and can change the laws.

It is essential to uphold the promises of the Declaration of Independence, and the guarantees of the Constitution.

The Voting Rights Act is not a historical artifact made irrelevant by modern practices. It is a living and useful assurance to minorities that their rights will be protected in fact as in law.

I strongly support and will vote for extension of the Voting Rights Act—and I urge my colleagues to do the same.●

● Mr. LOWRY of Washington. Mr. Chairman, I strongly support the passage of H.R. 3112, the Voting Rights Act extension, as it was reported by the Judiciary Committee on July 31 by an overwhelming bipartisan vote. I also oppose any amendments that would serve, whether intentional, or otherwise, to weaken this monumentally important bill.

On August 6, 1965, when then President Lyndon B. Johnson signed the Voting Rights Act into law in the same room where Abraham Lincoln had signed the Emancipation Proclamation nearly 100 years earlier, he was affirming our Nation's commitment to protecting the rights, privileges, and immunities conferred on former slaves by the 14th and 15th amendments to the Constitution.

These historic amendments were adopted after slavery was abolished to clarify the legal position of those formerly enslaved. The amendments were intended to grant citizenship and assure the right to vote. Of course, it would take the passage of the 19th amendment to the Constitution for black women, and other female citizens, to secure this precious right.

Unfortunately, except during the short-lived period of Reconstruction, when the Federal Government closely monitored and enforced the laws, enfranchisement for black Americans was effectively resisted in most Southern States. The persistence of racism and the unwillingness of whites to allow black Americans to participate in the political life of the community in which they lived, led to the use of economic coercion, beatings, lynchings, and other kinds of intimidation against blacks attempting to exercise their newly won political power.

Later, these exclusionary practices were updated to include the use of literacy tests, poll taxes, and stuffed ballot boxes. All of these devices, and others intended to disenfranchise blacks and other minorities, were banned by the Voting Rights Act of 1965.

The Voting Rights Act, which was passed largely as a result of pressures brought about by the civil rights movement that swept our Nation in the mid-1950's and early 1960's, has been widely heralded as one of the most effective pieces of legislation ever passed by the U.S. Congress. Its effect was instantaneous. Eight days after passage of the act, Federal registrars, assigned by the U.S. Civil Service Commission, enrolled 381 blacks in Selma, Ala. This was a greater number of blacks than had been registered in the previous 65 years.

In addition, prior to passage of the Voting Rights Act, only 29 percent of blacks in the States covered by the act: Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Virginia, were registered to vote. During the same period, 73 percent of the whites were registered. Today, black voter registration in many of the covered States has topped 50 percent of the eligible voters.

The Voting Rights Act, and the climate it has fostered, are responsible for the striking increase in the number of black and Hispanic registered voters, and elected officials in our Nation over the past 17 years. The gains that have been made in minority empowerment have been truly impressive.

However, the tremendous progress that has been made must be weighed against the giant task that lies ahead. blacks, Hispanics, native Americans, and other groups of citizens that face the virulence of racial discrimination are still registered in substantially lower numbers than whites. And the number of minority elected officials is far from representative of the number of racial minorities in the general population.

The House Judiciary Committee's report on H.R. 3112 shows that less than 5 percent of the elected officials in the covered States are black, although 26 percent of the population is black. In addition, most of the minority elected officials hold local positions in small towns. There is not one State that boasts a minority governor, and only a handful of minority group members hold statewide elective office in our country.

The Voting Rights Act is still greatly needed. The abuses that brought it to life have not disappeared. In many cases, they have merely taken on a more subtle and sophisticated form. Racial gerrymandering, annexation, at-large elections, dual registration and reregistration requirements, inconvenient location and hours for registration, and other methods that dilute minority voting strength are being widely used in many of the more than 50 States or 800 jurisdictions covered by the act. In 1981, racial and language minority citizens are still being denied the most cherished and fundamental right offered by the United States—the right to vote.

The bill that we are considering today, H.R. 3112, will extend the 1965 Voting Rights Act, as amended in 1970 and 1975, indefinitely. The heart of the Voting Rights Act, the preclearance section, will remain in force and covered jurisdictions will continue to submit all changes in voting practices and procedures to either the U.S. district court in the District of Columbia for judicial review or to the U.S. Office of the Attorney General for administrative review. In addition, a strong, but fair, bailout procedure has been developed to allow States and other covered jurisdictions who have complied with the act to be released from the preclearance section. The 1975 bilingual amendment, requiring voting assistance to language minorities who experience voting discrimination because of lack of proficiency in the English language, is continued through 1992. Finally, there is a clarification of the standard of proof required in voting discrimination cases that fall under section 2 of the act.

I applaud Chairman PETER RODINO, Chairman DON EDWARDS, and their highly competent and committed staff members, for their fine work on the extension of this landmark legislation. I also applaud the other dedicated members of the Judiciary Committee, the members of the Congressional Black Caucus, and the members of the Hispanic Caucus, for their tireless efforts. I urge my colleagues to pass this vital legislation, without any crippling amendments. The right to vote, the right which is preservative of all others, must be protected for all of our Nation's citizens.●

● Mr. HALL of Ohio. Mr. Chairman, I rise in strong support of H.R. 3112, a bill which extends and amends the Voting Rights Act of 1965.

The Voting Rights Act of 1965 is the most important civil rights legislation ever passed by Congress. It has dramatically altered the face of American politics by striking down barriers intended to keep blacks and other minorities from exercising their constitutional right to vote.

In the first 7 years following the enactment of the act, over 1 million black Americans were added to the voter registration rolls. During the last 5 years, registration of Hispanics increased 30 percent nationally. Since 1965, the number of black elected officials in the 7 States originally covered under the act increased from 156 to 1,813.

The key provision Congress must extend requires local governments with a history of discrimination to submit all proposed election law changes to the U.S. Department of Justice to insure the changes are not discriminatory.

Originally this provision applied to six States in the Deep South, and parts of other States. Later revisions of the act extended the requirement to cover all or parts of 24 States.

Despite the tremendous gains since 1965, there is still an urgent need to continue the Voting Rights Act. There are still problems in registering and voting. The U.S. Commission on Civil Rights, which was established by Congress, has found that harassment and intimidation of minority voters continue to abridge their right to vote.

H.R. 3112 will extend the original preclearance provisions of the act for 2 years, and make some changes beyond 1984.

The right to vote must be upheld. It is the cornerstone of our democracy, and all other rights spring from it. No other law has so successfully enforced that right, and no other law is so necessary to preserve it now.

I urge my colleagues to vote for the passage of the Voting Rights Act extension without any amendments to reduce its strength.●

● Mr. BIAGGI. Mr. Chairman, as a cosponsor of the pending legislation, I rise to urge the House to pass H.R. 3112, the Voting Rights Act extension. I firmly believe that the committee-reported bill should be enacted without major modification. Anything less will represent a retreat by this Congress to 16 years of steady, if not dramatic, progress to expand voting rights opportunities for all Americans.

In the 16-year history of the Voting Rights Act, much has been accomplished. The act was passed in an effort to rid this Nation of the scourge of discrimination directed against minorities seeking to exercise their right to vote. The act was aimed at addressing dual problems—one, of eliminating the devices which permitted discrimination such as literacy tests, and, second, to provide swift administrative relief to aggrieved individuals once discrimination was found. Prior to the enactment of this legislation, the Judiciary Committee had received testimony which talked about litigation which went on for 30 years to end the white primary system which was used in Texas to deny blacks participation in Democratic Party primaries.

The act is a success story—but many more chapters must be entered before we can deem the story completely finished. As we consider a 10-year extension of the act, let us review some of what has been accomplished in the first 16 years. In most of the States now covered under the Voting Rights Act, registration among blacks at the time the act was enacted was under 30 percent. The same figure today is closer to 50 percent, more than twice as many blacks hold elected positions in Southern States under the act today than just 6 years ago. For Hispanics, another minority group which had been disenfranchised by discrimination in the State of Texas—the Voting Rights Act has helped to increase registration by two-thirds. Also in Texas, the number of Hispanic elected officials has jumped by 30 percent between 1976 and 1980. Somewhat closer to home for me, in my home State of New York, registration among Hispanics has increased by some 20 percent just in the past 5 years of operation for the Voting Rights Act.

Yet, this is not to say that we have eliminated the problem of voter discrimination, because we have not. Consequently as long as one person is denied the right to vote, there remains a need for the Voting Rights Act. Today, we continue to have problems both in registration and in voting. The U.S. Commission on Civil Rights, in a major report on the Voting Rights Act, presented some of the following findings:

> First, despite considerable progress, minorities continue to constitute a small percentage of elected officials in virtually all States covered under the preclearance provisions. Blacks constitute no more than 8 percent of all elected officials in Alabama, Georgia, Louisiana, Mississippi, North and South Carolina, Texas, and Virginia
>
> Second, in the Commission's study of voting problems in 70 jurisdictions covered by the preclearance provisions, some minorities found registration officials discourteous or openly hostile and intimidating when they attempted to register. Requests for unnecessary personal information by officials also were found to intimidate minorities . . . the present attitudes of registrars deter minorities from registering.
>
> Third, registration in the jurisdictions studied often took place in locations or at times that were particularly inconvenient for minorities.
>
> Fourth, minorities continue to be harassed or intimidated by election officials when they attempted to vote.

The Civil Rights Commission also presented evidence showing that minorities faced numerous barriers to electing the candidates of their choice including gerrymandering.

This report and evidence presented in hearings of the Judiciary Committee clearly show that, while we may have come a long way in terms of expanding the right to vote to those previously denied, we still have a long way to go.

H.R. 3112 is the way Congress should go to continue to make the progress which will make the right of voting one that is shared by all Americans.

H.R. 3112 would extend all basic features of the Voting Rights Act for an additional 10-year period.

It will extend existing preclearance provisions of the act for 2 years through August 5, 1984. This means that covered States and political subdivisions submit to the Justice Department proposed electoral changes for Department approval unless said jurisdiction could prove that their registration, or voting tests or devices, had not been used in a discriminatory manner.

One of the more important provisions in H.R. 3112 deals with new bailout standards which would become effective after August 5, 1984. Under the bill, individual political jurisdictions could bail out of the preclearance requirements under the act. In order for a State or political subdivision to qualify for bailout, all units of government within its territory are required to meet the bailout criteria. A jurisdiction must prove compliance with a number of conditions before being allowed to bail out. One in particular bears special discussion. The bill states that a jurisdiction must prove that it has used no test or device whose purpose or effect denied or abridged a person's right to vote on account of his race, color, or membership in a language minority. The critical words here are "or effect." This will help address the more subtle but still potent methods of discrimination practiced by some political jurisdictions in this Nation. I will strongly resist any effort to remove that term from this provision of the act. The other requirements for bailout contained in this bill, including elimination of harassment and good-faith efforts to expand the opportunities for minority citizens to register and vote, are all necessary and should be supported without change.

Briefly, two other provisions in the legislation which deserve special support. The first would permit the District of Columbia District Court to retain jurisdiction over a State or jurisdiction even if it qualifies for bailout and is exempted from preclearance requirements. This is simply added protection in the event that new patterns of discrimination are attempted by the jurisdiction.

Finally, the bill continues to prohibit any voting qualification, prerequisite standard practice, or procedure which results in discrimination. Conduct which has the effect, impact, or consequence of discrimination because of race, color, or membership in a language minority group is prohibited and may make a jurisdiction fall under the coverage of the act.

A great deal of discussion can be expected about the provision in the bill which extends the dual language requirements for language minority groups for an additional 10 years. At the time this provision was added to the act, namely with the 1975 amendments, it was shown that for the four groups under the definition of language minority (Spanish heritage, American Indians, Asian Americans, and Alaskan Natives), their participation rates were considerably lower than other language groups. Part of this was attributed to an inability to understand the basic requirements of voting both in terms of registration and actual voting. Consequently, bilingual provisions were provided to these four groups. The committee report states, "Surveys conducted in 1976 and 1980 found that providing bilingual registration and voting materials and oral assistance at the polls encourages voter participation among members of language minority groups."

H.R. 3112 would extend the dual language provisions for 10 years for any jurisdiction in which (a) 5 percent of the citizens of voting age in a jurisdiction are members of a specified language minority group and (b) the illiteracy rate of such persons as a group is higher than the national illiteracy rate. Coverage of this provision extends to political subdivisions in 30 different States.

While I support the objective of this section of the Voting Rights Act, I would hope to establish as a matter of legislative history that there might be some flexibility employed if in fact we are to extend these provisions for an additional 10 years. The flexibility I seek would be to insure that if other language groups were to experience difficulties which impede their ability to vote, the protections of the act could be extended. At the time the Congress enacted these provisions into law in 1975, evidence showed a much higher participation among language groups and consequently it was felt there was no need to include them under these protections. I believe flexibility is necessary to protect all those who potentially might be denied the right to vote because of language difficulties. I hope progress can continue to be made for the four groups already covered under the bill.

I urge the House to give its overwhelming approval today to H.R. 3112 without amendments. We need to be able to go to conference with the Senate with as strong a bill as possible. One might expect a considerably different and possibly weaker bill to emerge from the other body. We must negotiate from a position of strength. H.R. 3112 is the right bill at this time and is the product of extensive deliberation by the Judiciary Committee and its esteemed chairman, Mr. RODINO. The bill enjoys wide support across this Nation from labor, civil rights groups—and colleagues from both sides of the aisle. President Lyndon Johnson, under whose administration the Voting Rights Act became law, once said, "Voting is the first duty of democracy." H.R. 3112 will insure that more Americans be provided with the opportunity to exercise that duty and thus make this Nation a stronger democracy.●

● Mr. GREEN. Mr. Chairman, I rise in support of the Voting Rights Act and its extension. The right to vote is a fundamental freedom and one that must be guaranteed to all Americans. The bill before us does that, and I commend the members of the Judiciary Committee for the efforts they expended in developing a bill which extends the national commitment to voting rights.

It was not so many years ago that a significant number of American citizens were denied the right to vote in direct contravention of the 15th amendment. Congress passed the Civil Rights Acts of 1957, 1960, and 1964 in an attempt to protect the right of black Americans to vote. These laws proved difficult and time consuming to enforce and were often circumvented by the States and local jurisdictions which were denying blacks their vote. In order to remedy this situation, Congress, on a bipartisan basis, enacted the Voting Rights Act of 1965, which guaranteed voting rights through an administrative rather than judicial process. Time has shown us that this approach has worked. While testimony before the Judiciary Committee has provided Members of Congress with evidence that there are still areas in the United States where voting discrimination exists, it is clear that blacks and other minorities have made tremendous strides in registration, voting, and in the number of elected officials. However, the need for Federal vigilance and an enforcement mechanism continues.

The major issue Congress must address in this legislation is the question of preclearance and what the standards are for exemption from these requirements. The voting rights extension contains a fair method for political subdivisions to bail out of the preclearance requirements. The current law will be extended for 2 years, and in 1984 a political unit such as county, independent city, or parish, as well as a State will be able to seek removal from coverage by the act. The criteria for removal are strict, as they should be when protecting a fundamental freedom. Those jurisdictions which have a history of complying with the law will be allowed to bail out. Projections made by the Joint Center for Political Study indicate that 210 of the 847 counties covered by the Voting Rights Act should be eligible for bailout when the new standards go into effect in 1984, with additional jurisdictions exempting themselves each successive year. Finally, not only do I believe we need to retain strict bailout criteria but I also feel the District Court for the District of Columbia should continue to be the court with sole jurisdiction to interpret and enforce this act. It will keep the protection of voting rights out of local pressures on the judiciary.

Another major issue is the protection of the voting rights of bilingual

Americans. In 1975, a provision was added to the Voting Rights Act which provided language assistance to Americans who are not fluent in English. Let me be clear on this issue. I am in favor of all Americans learning to read, write, and understand the English language. However, it is apparent that some Americans have not had the opportunity to do so adequately because they were denied equal educational opportunities. There are many complex issues on our ballots today that affect the welfare of an entire community. If printing a ballot in a language other than English will help a person understand a complex subject that will determine the future of a community, I see no reason why this should not be permitted.

I urge all my colleagues to support the extension of the Voting Rights Act. A vote in favor of this legislation is a vote for a strong and vibrant democracy in which all Americans have an equal voice in the future.●

● Mr. HOLLENBECK. Mr. Chairman, I rise in support of H.R. 3112, the voting rights extension of 1981 as reported by the Judiciary Committee.

Mr. Chairman, fortunately, the question appears not to be whether an extension bill will pass the House but whether it will survive in its current form, or be weakened by compromise amendments. Despite progress in voting rights observation since the 1965 Voting Rights Act, the potential for abuse still remains. Eighteen days of hearings with over 100 witnesses have shown conclusively that voting rights violations continue to exist in covered jurisdictions and even the gains made under the 1965 act are fragile. It is for these reasons that amendments that will alter the bailout conditions established by the bill, or make it more difficult for plaintiffs and the Justice Department to challenge voter discrimination in court should be opposed.

The Constitution's 15th amendment stipulates that the right of citizens to vote shall not be denied or abridged by the United States or by any State on account of race or color. However, as is commonly known, prior to the Voting Rights Act of 1965, many States engaged in practices that effectively abridged minority citizens' right to vote. Poll taxes, racially based redistricting, and literacy tests were among the mechanisms used to prevent minority voters' participation in elections. I am concerned that the removal of administrative review of election changes will see some jurisdictions resorting to more subtle means of diluting minority voting strength.

Low voter registration percentages among minorities as well as documented cases of ongoing abuse make it the responsibility of this body to protect the most basic right of citizenship—the right to vote. By extending the voting rights statute as reported by the Judiciary Committee and by opposing any weakening amendments, I feel we will have met our responsibility.●

● Mr. FASCELL. Mr. Chairman, I rise in strong support of H.R. 3112, the Voting Rights Act Amendments of 1981.

There can be little doubt that one of the most fundamental rights of any citizen is the right to vote. Yet some of our colleagues here today will argue that this right has been secured for all Americans, and that we no longer need to enforce this right through legislative means.

I am pleased to know that, in some areas of the country, this is true. Progress most certainly has been made. But the Voting Rights Act has not achieved all of its goals, and it has not outlived its purpose.

How can we hope to hear the voices of all Americans if we hinder their right to vote? How can we hope to eliminate the inequality and the inequity which exists in our society if we do not help secure for all citizens their most effective means for changing the system—their right to elect their representatives in government?

I truly hope that some day we, in Congress, will not need to speak in this Chamber to argue the merits of this act; that future generations will look back in history and wonder why legislation was ever necessary to insure that all Americans had the right to vote. Until that day arrives, however, there must be no retreat from our goal.

I urge our colleagues, on behalf of all Americans, to support H.R. 3112.●

● Mrs. COLLINS of Illinois. Mr. Chairman, I rise in support of H.R. 3112, extension of the 1965 Voting Rights Act.

As all of my colleagues are aware, the Voting Rights Act of 1965 was a significant departure from the efforts of the previous 95 years to enforce voting rights through a single branch of Government—the judiciary. Civil Rights Acts in 1957, 1960, and 1964 streamlined the judiciary, process, but the litigative, case-by-case approach proved a dismal failure.

The constitutionality of the 1965 act was upheld because of the record of continuing voting rights abuses and the application of the act to those areas where such discrimination existed. Results under the act have been dramatic and observable by the increased number of minority registered voters and elected officeholders. Even so, several facts attest to the need for a 10-year extension of this act. They are:

First, minority-elected officials are most frequently found in areas with significant minority populations;

Second, the number of minorities holding statewide office is negligible;

Third, the degree of racially polarized voting is substantial and, therefore, minorities remain closed out of a fully democratic political process; and

Fourth, minority participation, to date, is in large part due to the 1965 Voting Rights Act.

The Voting Rights Act is a law which is disliked by many jurisdictions, but it is protective of minority voting rights.

It is a known fact that, despite increased political participation by minorities in many jurisdictions covered by the special provisions of the Voting Rights Act, minorities continue to face a variety of problems which the act was designed to overcome.

According to the Commission on Civil Rights' report of September 1981, there is still white resistance and hostility by some State and local officials to increased minorities participation in virtually every aspect of the electoral process. The resistance of many local jurisdictions to following either the letter or spirit of the preclearance provisions of the Voting Rights Act is also still the norm.

Minorities continue to be excluded from full participation in the political process in jurisdictions subject to preclearance. For example, harassment and intimidation of minority voters and candidates persist, and registration still is inaccessible to minorities living in rural areas. In many jurisdictions subject to preclearance, the political position of minorities continues to be precarious. With the goal of providing long-term protections for minority participation in the political process, not yet a reality, the Commission has recommended that the provisions of the Voting Rights Act being considered for extension in 1982 should be extended through 1992, an additional 10 years, and that those jurisdictions covered by the 1970 and 1975 amendments to the act be covered until 1992 as well.

Extension of the special provisions of the act would, of course, mean that the Department of Justice could continue to examine and observe complaints concerning the integrity of registration and election activities. It would mean further that covered jurisdictions would have to preclear their redistricting and reapportionment plans developed as a result of the 1980 and 1990 census. I believe this is necessary because unfair redistricting is one of the major mechanisms preventing full minority participation in the political process.

And the area of concern is that minority language citizens, many of whom are from families that have lived in this Nation for generations, continue to face barriers in registering and in voting because of their difficulty with the English language. High illiteracy rates and the denial of equal educational opportunities have impeded the progress of language minorities in achieving full access to political process.

Although bilingual oral assistance in registering and in voting was found by Commission research to be the most important type of bilingual election service needed, minority organizations felt that such assistance was frequently not adequate. The lack of bilingual voter education services and publicity concerning the availability of bilingual election services were other areas found to limit the political participation of language minority citizens.

Section 2 of the Voting Rights Act is a nationwide provision. Lawsuits filed under this section have involved challenges by minorities to alleged discriminatory voting practices or procedures in jurisdictions not covered by the special provisions, but where the challenged practice or procedure was instituted prior to the effective date of coverage under the act.

Section 2 prohibits States or political subdivisions from using voting practices or procedures that deny or abridge the right of any citizen to vote on account of race or color or inclusion in a minority language group. I fully concur with the Commission's recommendation which would change this section to prohibit jurisdictions from maintaining or establishing voting practices or procedures that have the effect of denying or abridging the right to vote on account of race or color or inclusions in a minority language group.

Field research and objection letters issued by the Department of Justice have shown that efforts to establish voting practices or procedures having a discriminatory effect on minorities continue. For example, a jurisdiction's effort to annex a predominantly white residential area may have the effect of decreasing substantially the minority population in the annexing jurisdiction. This decrease could dilute the political strength of the minority community, resulting in the community's inability to elect candidates of its choice.

Similarly, a requirement that illiterate persons can only receive voting assistance from election workers, instead of from persons of their choice, may discourage those persons from voting if there are no minority election workers and they feel intimidated by white election workers.

The effects of certain practices and procedures can be the result of past and present intentional discrimination against minorities or the result of a jurisdiction's insensitivity to minority interests. Since some jurisdictions do not consider the effects of their voting practices and procedures on their minority populations, it is important that minorities themselves have some effective mechanism for seeking redress.

Another area of my special concern is that still today some jurisdictions subject to the Voting Rights Act found that certain voting practices and procedures limited the ability of persons to exercise their rights to vote effectively. Practices such as denying a person the right to take a self-marked sample ballot into the poll, not allowing an illiterate person to secure assistance in voting from an individual of his or her choice, and failing to make registration more accessible to rural, low-income persons may also be barriers to other voters regardless of where they live. Therefore, I submit to you, that practices such as those found in covered jurisdictions are pervasive nationwide and suggest that perhaps we need to develop a Federal election law setting certain minimum standards for registering and voting that should be implemented. Such a Federal election law would identify those areas Congress finds to be so fundamental to the electoral process that they should not be denied to any citizen.

On the subject of preclearance and noncompliance, let me remind Members that section 5, which has had a far-reaching impact in preventing both blatantly and subtly discriminatory changes, requires jurisdictions subject to preclearance either to submit for preclearance any proposed change in voting practices or procedures to the Attorney General or to obtain a declaratory judgment in the U.S. District Court for the District of Columbia that the proposed change is not discriminatory in purpose or effect.

This section 5 was designed to provide a speedy mechanism for the review of voting changes that could potentially undercut full minority participation in the political process. Given the efforts of jurisdictions to circumvent court decisions that abolished discriminatory voting practices, section 5 provided an ongoing review of all changes in voting practices or procedures.

According to the Commission report, as the suspension of literacy tests and devices as well as the Federal examiner provisions of the act have helped to raze many of the barriers to black registration and voting in the covered States, whites have resorted to changing the governmental structures to assure that black political power will be kept to a minimum: First, gerrymandering district lines to avoid black majorities; second, switching to at-large elections or multimember districts to prevent localized black majorities from electing any representatives at all; and third, annexing predominantly white suburban areas to majority black cities to avoid black control are some examples of the types of changes section 5 has been used to invalidate.

Since 1975, the Department of Justice has been involved in 48 cases, involving noncompliance with an objection interposed by the Attorney General under section 5 and was the plaintiff in 29 of those cases.

Jurisdictions subject to preclearance submitted over 30,000 changes in voting practices or procedures between 1975 and 1980 for Federal preclearance under section 5 of the Voting Rights Act. Although most changes are innocuous, the Department of Justice's review of proposed voting changes regularly uncovers proposed voting practices or procedures that would be discriminatory in purpose or effect. Again quoting from the committee report, between 1975 and 1980, the Department of Justice issued 236 objection letters to proposed changes, an average of 39 objections per year.

Although 236 objection letters may appear insignificant compared to the total number of submissions made in the same time period, the potential effect on minority political participation of each proposed change to which the Department of Justice has objected is significant or one example is sufficient. The Department of Justice's objection letter to proposed annexations in Houston, Tex., clearly prevented the dilution of the city's minority population which would have made it even more difficult for minorities to elect candidates of their choice under the city's at-large election system. As a result of the objection letter, Houston was forced to redraw in such a manner as to provide for the election of nine council members from single-member districts and five on an at-large basis. Previously, only one black and no Mexican-American had ever been elected to the Houston City Council. The first election after redistricting saw three new minorities elected (two blacks and one Mexican-American), increasing the number of minorities on the city council to four. The effect of this one objection letter, then, was surely significant to the minority population in Houston.

One can only conclude, therefore, that the Department of Justice's section 5 review is still a vital mechanism for uncovering proposed changes in voting practices or procedures that could be discriminatory in purpose or effect.

My colleagues, if we are to truly succeed in protecting the integrity of American democracy, we must extend the 1965 Voting Rights Act which is still needed by black and minority Americans. We must pass this legislation full strength, not diluted or washed down by weakening amendments. Unfortunately, the horror stories of systematic efforts to not register blacks are not yet buried in the past.

Accordingly, I strongly urge my colleagues to pass H.R. 3112, without weakening amendments.●

● Ms. MIKULSKI. Mr. Chairman, I rise to express my staunch support for the passage of H.R. 3112, the Voting Rights Act extension. In addition, I would like to voice my vigorous objection to any attempts to weaken the bill's provisions.

I am one who firmly believes that the Federal Government should zealously guard this right of American citizenship. In this connection, I believe that extension of the protection that this landmark legislation affords is absolutely essential to preserving the voting franchise for those who may otherwise be deprived of the rights guaranteed to them under our Constitution.

Moreover, Mr. Chairman, extension of this act is critical at this particular moment in our history. The Federal Government, through changes in philosophy and budgetary priorities, has found it increasingly easy to turn its back on safeguarding the civil and human rights of its citizens. We must not let this trend sway us on this issue. Protection of the voting franchise, a constitutional right, is the province of the Federal Government. The Federal Government must continue its vigilence, by means of this carefully crafted law. It is our role to insure the rights of all citizens, regardless of race, ethnic origin, or language.

I would just like to add that the core provisions in this act for Justice Department approval of a State's proposed electoral changes are not excessively onerous for jurisdictions not attempting to break the law.

I believe that preclearance is well justified by the result that it brings about—the free exercise of a right basic to our freedom: the right to vote.

Accordingly, I would urge my colleagues to expeditiously pass the voting rights extension into law and to resist any attempt to weaken the bill's provisions.●

● Mr. FITHIAN. Mr. Chairman, I welcome this opportunity to record my support of H.R. 3112, which extends the Voting Rights Act of 1965. I intend to oppose any attempts to enervate this legislation through weakening amendments.

The House Judiciary Committee has labored long and hard over this bill, and has achieved what I believe to be a fair and workable compromise. The fact that the committee approved this legislation by a margin of 23 to 1 should clearly demonstrate the bipartisan approval of those of our colleagues who have studied this issue most thoroughly.

In a time when the terms "mandate" and "majority" are gaining increased coinage, I believe it is necessary for us to insure that these words do not become worthless and inflated by their very proliferation. The piece of legislation we have before us now has done more than any other law enacted during this century to make sure that the views of all our fellow Americans may be heard.

The goal of the Voting Rights Act when it was passed in 1965 was to permit and to help implement the registration of all potential voters and to assure that they could cast their votes with equality and impartiality. Statistics furnish overwhelming evidence of the success of this act. In the 1980 Presidential election, for example, the rate of black voter registration in the States covered in this act was estimated to be 59 percent, as opposed to 29 percent of black registered voters in the covered States prior to 1965. Similarly, registration among Hispanics in one State increased by two-thirds after the addition of the language assistance provisions in 1976.

Our self-congratulation would be premature, however, were we to rest content at this point and claim that the full purpose of the act had been attained. During the 2 months in which hearings were conducted on this bill, the Judiciary Committee was presented with disturbing evidence of continued systematic discrimination. This evasion of the democratic process assumed many forms: Racial block voting, at-large elections, absentee ballots, and the dilution of minority votes through annexation were some of the more large-scale devices by which minority voices were stifled.

H.R. 3112, which reauthorizes the Voting Rights Act for an additional 10 years, contains three key provisions:

First, it continues the section 5 preclearance provisions of the act while providing strong and reasonable incentives for States and counties to bail out from the preclearance requirements;

Second, it strengthens section 2 to make it easier to challenge discriminatory voting practices in court; and

Third, it continues until 1992 the requirement of bilingual election materials and voting assistance.

There have been attempts, Mr. Chairman, to amend the act to make the preclearance mechanism apply to all 50 States. While appearing to be fair and even desirable, the reality of such a change would be quite the opposite. The price of nationwide application would be enormous, in terms of both actual cost and productive execution of the statute. The act has been most successful because it targets those areas where a specific problem has and does exist.

Some Members of Congress and officials in areas covered by section 5 have expressed a desire for bailout rights by demonstrating that discrimination in voting practices is no longer a problem in their communities and, thereby, allowing them to be released from the preclearance requirements. I believe that H.R. 3112 as approved by the Judiciary Committee now includes effective safeguards, as well as offering incentives to covered jurisdictions to maintain fair voting practices. Further attempts to weaken these provisions should be considered unacceptable.

Therefore, I urge all of my colleagues to join with me in supporting this bill as reported out of committee. Meaningful participation in our political and social system for all the diverse groups which make up our Nation is essential if we hope ever to eliminate racial discrimination and overcome its destructive impact in our world.●

● Mr. EDGAR. Mr. Chairman, I rise today to voice my strong support for H.R. 3112, the Voting Rights Act extension. The Voting Rights Act of 1965, and its successors in 1970 and 1975, is a model of what good government can do. In the 15 years since the passage of the act we have seen tangible results. Registration among minority voters has risen, and the number of minority elected officials has grown. We have come far, but who can say we have come far enough?

In 1965, when the Voting Rights Act first became law, poll taxes, literacy tests, and gerrymandering were common practices in many sections of the United States. These actions, motivated by racism, effectively denied access to the political system to black Americans. This systematic exclusion, in direct violation of the 15th amendment, created two societies in America, one white and one black. This forced separation led to the violence and hatred that erupted in the late sixties.

Recognizing this inequity, Congress set to finding a solution. Discrimination was prevalent in many areas of America, but the most serious problems were found in the South. In 1964, only 7 percent of voting age blacks were registered to vote in Mississippi. This appalling statistic was consistent throughout the region. Along with outlawing discriminatory practices, the act required that certain jurisdictions with a history of discrimination clear any changes in voting procedures with the Department of Justice. Within 2 years after passage of the act, 60 percent of voting age blacks in Mississippi were registered.

It is ironic that only 15 years after its passage, the Voting Rights Act is under serious attack. Its opponents wisely do not question the intent of the act. Instead they seek to remove its teeth. The preclearance provisions are the main issue in contention. It is these provisions that give the act its enforcement powers, that have made it as strong as it has been. Opponents argue against them in two ways. First they say that the work of the act has been done, that reform has been made, that minority enfranchisement has been achieved. That what we have now is good enough. I submit that it is not.

According to a report issued by the U.S. Commission on Civil Rights, registration rates for minorities continue to lag well behind the rates for whites. Registration figures for jurisdictions covered by the preclearance provisions of the act show that between 63 and 78 percent of whites were registered to vote, contrasted with between 44 and 69 percent for minorities. The Commission concluded that serious barriers still exist for minority voters.

The second argument offered by enemies of the act is that the preclearance provisions discriminate against one section of the country, the South. They argue that the administrative burden is too great, and not applied fairly to all of the United States. I find this argument particularly specious in light of some of the jurisdictions covered by the act. They include: the State of Alaska, 3 counties in California, 1 county in Hawaii, 17 towns in Maine, 9 towns in Massachusetts, including Amhurst, and the city of New York. In sum, the test applied by the act is fair, and has been applied equally to all areas which have consistently discriminated against minorities.

Finally, opponents of the act argue that it costs too much, that its provisions place a heavy burden on some States and localities. I say that no price is too high to pay to insure democracy. I say that we owe our citizens what is promised in the Constitution; a complete, unhindered right to participate in this Government. For too long this right has been denied.

My feeling is that the Voting Rights Act is opposed because it has worked so well. It refuses to remain silent or to go away. It has been here the past 15 years, protecting the rights of the weak and the powerless. But this fight, this struggle, has only begun. Fifteen years is a short amount of time compared to the over 200 years of discrimination. Let us not stop at the beginning.●

● Mr. FRENZEL. Mr. Chairman, today we are considering H.R. 3112, which would extend the enforcement provisions of the 1965 Voting Rights Act. The act has made the promise of equal participation in the American political process a reality for millions who were previously disenfranchised. For this reason I support extension of the act and will vote for it even if it has not been properly amended.

I do, however, feel that after a decade and a half jurisdictions covered by the preclearance requirement with the Justice Department which have good compliance records should have a reasonable prospect of being relieved of those burdens. The committee bill clearly does not allow for this. I have seen no amendment yet which appears to provide a reasonable bailout provision, but I must express my disappointment with the committee's failure to make such an improvement. It is evident that the committee did a poor job of preparation for this extension.

I shall support an amendment to relieve the unnatural and unnecessary jurisdiction of the District of Columbia courts. There is no history of failure in other jurisdictions.

I am also concerned about the multilingual provisions of the committee bill. I have been convinced that such requirements are not only extraordinarily unwieldy and expensive, but are also unwise as social policy.

The Congress should commit itself to mainstreaming those citizens whose first language is not English. It should also protect those citizens who want to use another language. But it seems to me to be encouraging isolation to demand a printing in other languages. Part of the strength of our country has been the willingness of our people to share a common language. I think it not unreasonable to rely on the States to provide non-English ballots if they need them.●

● Mrs. CHISHOLM. Mr. Chairman, I rise in opposition to the amendment. The Voting Rights Act was amended in 1975 to require bilingual voting assistance in 200 counties throughout the country and in the entire States of Texas, Arizona, and Alaska. These provisions were added to the Voting Rights Act after Congress found that members of language minority groups were often excluded from the electoral process. The act defines language minority group as persons who are American Indian, Asian American, Alaskan Natives or of Spanish heritage. This definition is based on evidence of voting discrimination presented to Congress in 1975.

There are those who argue that the cost of providing minority language assistance is excessive. The right to vote is a basic constitutional right, the protection of which cannot be measured in dollars, moreover, the hard evidence bears witness to the spuriousness of this argument. Where language assistance in registration and voting is implemented effectively, costs are a mere fraction of total election expenses. In 1980, general election costs in Los Angeles County were $7 million; of that, only $135,000 or 1.2 percent was spent on providing language assistance. In Orange County, Calif., in 1978, compliance with the bilingual provisions represented only 3.4 percent of total election costs. In Santa Clara County, Calif., bilingual compliance represented only 1.5 percent of total election costs in the same year. Testifying before the Judiciary Subcommittee, New York State Attorney General Robert Abrams said that the ongoing financial burden of bilingual elections was minimal—that startup costs were the most expensive, but still low—$30,000 out of a $16 million budget for the New York City Board of Elections. New Mexico's Lieutenant Governor testified that the cost of providing bilingual assistance was not even an issue. Recently, I received a letter from Mr. Ray Ortiz, registrar of voters for San Diego County, Calif., explaining how he operates a minority language voter assistance program which has been praised both for its effectiveness and low cost. A key method used by Mr. Ortiz is "targeting"—producing written bilingual materials only for those voters requesting them, keeping printing and mailing costs down. Mr. Ortiz increased Hispanic registration in San Diego County from 42,000 to 73,000 since 1979. At the same time, he cut expenses from $126,000 in the 1976 general election to $54,000 in 1980. This evidence clearly demonstrates that cost is not an issue.

There are those who say that all American citizens should speak English, whether U.S. citizens should be fluent in English is not the issue. The issue is that every U.S. citizen has the constitutional right to vote, and, that there are many who cannot exercise that right without language assistance. We do not ask these same citizens if they are fluent in English before accepting their local and Federal tax dollars.

Many U.S. citizens who are not fluent in English have come to this country as adults or have been raised in areas like the Southwest where another language predominated, Puerto Ricans in New York are U.S. citizens, yet, many of them were born and raised on an island where Spanish was their first and often their only language spoken as U.S. citizens. Many language minorities, especially Hispanics, who were here or came here as young children, cannot speak English because they have been denied equal educational opportunities—attending schools which were and continue to be both segregated and inferior; 45 percent of all Hispanics over the age of 65 have not had more than the 5 years of formal schooling.

The purpose of the bilingual voting assistance provisions is to permit those persons, victims of education inequality, to vote.

There are those who argue that minority language assistance in voting promotes cultural and political separatism. But, far from promoting separatism, these provisions encourage language minority citizens, through the opportunity to participate in the political process, to become part of the mainstream of American life.

Although the bilingual provisions do not expire until 1985, it is crucial that they be renewed now, when review was begun on the Voting Rights Act earlier this year, a number of bills had been introduced seeking the repeal of these provisions. The House Judiciary Subcommittee heard extensive testimony supporting the language assistance provisions. The record overwhelmingly demonstrates that these provisions continue to be necessary. If the bilingual provisions were to be considered again prior to 1985, it is unlikely that the record would be significantly different than at present.

The minority language assistance provisions of the Voting Rights Act allow limited or non-English speaking U.S. citizens—citizens who contribute to this country's Federal and local tax base—to exercise their constitutionally guaranteed right to vote. I wholly support the Judiciary Committee's informed decision to extend these provisions at this time.

I urge you to vote against this amendment and any amendment which seeks to abridge or deny U.S. citizens their constitutional right to vote.●

● Mr. DONNELLY. Mr. Chairman, since the 15th amendment to the Constitution was ratified, it has been the supreme law of the land that the right of all citizens to participate in our governmental process is not subject to racial qualification. Yet it was only with the Voting Rights Act of 1965 that Congress took the necessary steps to guarantee that fundamental right to all.

For the last 16 years, it has been possible to correct instances of racial discrimination through a swift administrative process. The results have been dramatic. Registration of blacks has doubled in Louisiana, increased 1½ times in Alabama, and increased fully eleven-fold in Mississippi. The number of minorities in elected positions in the States covered by the act's enforcement provisions has gone from less than 100 to more than 2,400.

Unfortunately, the job is not finished. Testimony before the Committee on the Judiciary and statements from some Members representing the covered States demonstrate that vestiges of discrimination remain.

The right to vote is too important for us to allow any weakening of the guarantees contained in the Voting Rights Act extension reported by the Judiciary Committee.●

● Mr. TAUZIN. Mr. Chairman, over the course of several years as a member of the Louisiana State Legislature I participated in a complete rewrite of my State's election laws. As lead author of the bills providing most of this extensive rewrite, I and my dear friend and colleague, Charles Bruneau, guided these changes through the legislative process to final passage and signature into law. It was a long and arduous process and the changes we made were far reaching and profound, to the point of structuring an election procedure unique among our sister States.

At the culmination of this long process, we watched and waited for the clearance of our work by the Justice Department pursuant to the mandate of the 1965 Voting Rights Act. In fact, during the legislative process, many inquiries to and from the Justice Department were exchanged in an effort to clarify intent and effect—to facilitate a favorable preclearance process. As we waited, I confess to feeling the frustration of many in my State who have resented the imposition of Federal preclearance upon the deliberation and business of our State's legislative body. And I, too, felt a surge of real anger at the thought that our intentions and motives in writing those election law changes were at that very moment being dissected, examined, questioned, and even possibly rendered suspect in the minds of junior attorneys within the Justice Department whom I assumed had been assigned the task—young Harvard attorneys perhaps, reared, I surmised, in the school of thought that all southerners were racists at heart anxiously poised and determined to reimpose Jim Crow at the first faint glimmer of Federal acquiescence and ambivalence.

Then my own mind focused on Jim Crow and on the ugly, sordid history of Louisiana's poll taxes and voter tests. I traced, in that historical reference, the bold arrogant image of racial prejudice and exploitation, spread like some hideous scar upon the face of our democracy. And I saw clearly the message written into the 1965 Voting Rights Act—no more would those who have presumed the exclusive privilege of the ballot box be able, within the thin veil of legitimately executed law, to impose a barrier between some of this Nation's citizens and the ballot box. No more would those jurisdictions, notorious in their disregard of the most essential and sacred right of its citizenry to vote, be permitted to further abuse the bedrock tenets of a truly free democracy: Access to the ballot box—the capacity to approve of, or conversely to renounce and dismiss those in authority—the ability to offer oneself for public office—the right simply to be heard, perhaps as a candidate for office or as a supporter or opponent of one who is a candidate, or perhaps merely as the thundering force of a single digit registered for or against a proposition or an individual. All of these would never again be compromised on an altar of hate, bigotry, and prejudice. There is, after all, no room for compromise here, not on this most sacred charge of our basic law:

> The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color, or previous condition of servitude. (U.S. Constitution, 15th amendment.)

And so this young State legislator restrained his feelings of frustration and waited for the preclearance process to be complete—supplying responses to inquiries as they developed.

We saw in the late 1970's the changes which we in Louisiana had proposed and passed to our election laws, win the approval of the Justice Department in its preclearance process. And when all was said and done, I reflected with some degree of shame, I must admit, upon my own earlier presumption that others would judge our work from a biased, perhaps even prejudicial viewpoint.

It had been somewhat of a hassle, I confess, a real inconvenience to have to answer and explain to attorneys at Justice.

But how small a price to pay for the assurance that not only in Louisiana, but in jurisdictions within all or parts of 23 States, with a similar history of voting rights violations, voting rights could not and would not be abused again. My resentment, my hurt sense of pride in our work, my small inconvenience—what tiny insignificant things weighed against the enormity of that democratic principle—the right to vote.

Quite the contrary—I resent those who would abuse it. I take pride in this Nation and in this body for its dedication to it. I will inconvenience myself to no end to preserve, protect, and defend it. And I join in this historic movement to extend it. Mr. Speaker, I will be proud to cast the vote of the people of the Third Congressional District of Louisiana in favor of the extension of the 1965 Voting Rights Act.

In the Deep South, there is ample evidence of the effectiveness of the Voting Rights Act. The States of Louisiana and Mississippi, according to the Joint Center of Political Studies, are the States with the highest number of blacks in office. The States with the biggest increases in black officials from July 1979 to July 1980 were Mississippi, Louisiana, and Texas.

The Voting Rights Act is working, and it should keep on working.●

● Mr. CLAY. Mr. Chairman, I rise in support of the extension of the 1965 Voting Rights Act. This act, more than any previous civil rights legislation in our Nation's history, has proven to be a monumentally significant milestone in the Federal Government's constitutionally mandated guardianship for the rights, liberties, and freedom of all of our Nation's citizens.

As was the case over 100 years ago, this august and deliberative body finds itself faced, once again, with a compelling and fundamental issue affecting minorities. Specifically, the membership of the U.S. House of Representatives must reaffirm or reject our moral and constitutionally mandated obligation to pursue by every means available to us, the full and equal inclusion of all of our people into the mainstream of American's democratic way of life.

I know, Mr. Chairman, and fellow Members that it will come as no surprise to you to hear me say, as a legislator who is uniquely affected by the possible outcome of this debate, that I favor the extension of the 1965 Voting Rights Act. I do, however, want you to know that I see broader implications in our decision at this point in history pertaining to the very future and destiny of, not only black and other similarly affected minorities, but of our Nation as a whole.

We as a nation are strong, but nonetheless divided by differing sociocultural, political, and economic backgrounds. Are we willing to continue our forward momentum in America's bold and noble attempt to achieve a free and just democratic society? Or, will we embrace the politics of reversal and retreat; the super rich against the wretchedly poor, the tremendously strong against the miserably weak? Do we as a Nation give in to the seductive lure of narrow self-interest philosophies of a select few who lust for absolute power? Or, do we heed the lessons of history, recognizing that a house divided against itself will not stand for long?

Mr. Chairman, let me share with you my sense of where the American "Ship of State" is headed. I believe that unsteady hands are currently at the helm * * * and rather than meet the sacred duty and tremendous challenge of navigating a steady course, we are being steered off course into a vast sea of uncharted, troubled waters. Our great "Ship of State" already caught up on the ebb and flow of sweeping historic changes, finds itself swirling about in wave after wave of continuous conflict. Our constitutional masthead is beginning to buckle under a raging windstorm of greed, hatred, racism, classism, socioeconomic strife, and political disarray. To make matters worse—our ship's rudder of reason seems badly damaged. There is panic and confusion on deck. Cowardly executive, legislative, and judicial crewmen attempt to abandon ship en masse.

Mr. Chairman, perched atop a Jim Crow's nest in isolation and solitary disenfranchisement—black people cast their eyes on the horizons of tomorrow and see that we are headed directly toward an awesome tidal wave. If we capsize, our sinking is forever in the depths of hellish oblivion.

Mr. Chairman, we have the power to avoid such a tragedy, for ours is a sturdy vessel built from the blood, sweat, tears, hopes, aspirations, and courage of a people in search of a better tomorrow.

Mr. Chairman, and esteemed fellow Members, I shall not use this occasion to castigate those who pretend not to hear the roar and demands for justice. I shall not reproach those who pretend that they cannot see a further need for vigilant safeguarding programs which better the conditions of others far less fortunate than themselves.

I will not criticize those who no longer see the need for the Voting Rights Act. Nor will I question the motives, wisdom, and patriotism of those who speak out in opposition to this act. Or, worst yet, I do not begrudge those who dare not speak because of cowardice and trepidation. I can only hope that greater than any notions to the contrary, the principles of simple decency and fairness will ultimately prevail.

As the saying goes, "You cannot possibly have a broader basis for any Government than that which includes all the people, with all their rights in their hands, and with an equal power to maintain their rights." Mr. Chairman, the Voting Rights Act for the past 16 years has enabled many Americans to maintain these rights.

Let me say, further, in paraphrasing a quote from William Lloyd Garrison, you can be certain that those Americans who are affected by this act are in earnest on this issue—we will not equivocate, we will not excuse, we will not retreat a single inch, and we will be heard.

Mr. Chairman, let the record show that I stand in favor of extending the 1965 Voting Rights Act.

Let the record show that I stand in favor of equal access, equal participation, and equal opportunity in the electoral process.

Let the record show that I stand shoulder to shoulder with all people of good conscience and firm convictions to work unceasingly for a better America.●

● Mr. LONG of Louisiana. Mr. Chairman, I strongly support the extension of the Voting Rights Act of 1965. I strongly oppose any amendments which would weaken the effect and success of this very important legislation.

The Voting Rights Act is one of the most successful laws ever passed by the Congress. We can be proud of the increased numbers of minority citizens who are registered, who vote, and who hold elected office as a result of this act.

The improvement is good, but we are far from finished with the struggle which this Congress began in 1965. The great progress that has been made must not make us forget the giant task which still lies ahead.

The Voting Rights Act is still greatly needed. The abuses that brought it to life have not disappeared. In many cases they have only taken on a more subtle and sophisticated form. Those who oppose it are wise not to question its intent—instead they are trying to remove its teeth. It would be a great shame to water down the provisions of the act while there is still evidence of voting discrimination. We must continue those provisions until blacks and other minorities throughout this land are allowed to register to vote free from fear, free from discrimination, free as every American must be free.

President Lyndon Johnson, under whose administration the Voting Rights Act became law, once said, "Voting is the first duty of democracy." By extending this act, we will make sure that all Americans will be able to do their duty and, therefore, make this Nation a stronger democracy.

Maybe some day future generations will look back on history and wonder why legislation was ever necessary to make sure all Americans had the right to vote. Until that day arrives, though, there can be no retreat.●

● Mr. TRIBLE. Mr. Speaker, I support the permanent provisions of the Voting Rights Act of 1965. These provisions apply equally to all 50 States and guarantee that all Americans may exercise their constitutional right to vote.

Today, the House is considering H.R. 3112, to extend the temporary provisions of the act, provisions which for 16 years have required automatic Federal review of every electoral decision in a small number of States, including my own State of Virginia.

The burden which H.R. 3112 seeks to extend does not apply to every jurisdiction in the country, but rather to just a few States and political subdivisions. If the requirements of this bill were applied nationwide, I would support it. If there was a meaningful "bailout" provision, I would support it. This legislation includes neither, and I must oppose it.

The record of the Commonwealth of Virginia in guaranteeing the voting rights of her citizens during the past 16 years is exemplary. Today, black Virginians are full participants in the election process. The fact is, Virginia has a higher percentage of black citizens registered and voting in 1980 than Massachusetts, New Jersey, New York, and other States which are not subject to the temporary provisions of the act on a statewide basis. According to Census Bureau data, 49.7 percent of black citizens in Virginia are registered and 42.9 percent voted in 1980. Massachusetts, New Jersey, and New York had 43.6 percent, 48.9 percent, and 46.5 percent, respectively, of black citizens registered in 1980 and 38.4 percent, 40.2 percent, and 40.4 percent voted.

For 16 years Virginia has complied with the spirit and letter of the Voting Rights Act. Today, all Virginians can freely participate in the election process. There are no second-class citizens in Virginia. And yet this bill will extend the onerous temporary provisions once again.

I enthusiastically support the right of all citizens to participate equally in the electoral process. My vote against H.R. 3112 is a vote against the second-class status which this Congress wishes to impose on my State without just cause. The time has come to discontinue sanctions based on the practices of the past.●

The CHAIRMAN. Are there further amendments to the bill?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose, and the Speaker pro tempore (Mr. FOLEY) having assumed the chair, Mr. BOLLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3112) to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes, pursuant to House Resolution 222, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. BUTLER

Mr. BUTLER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. BUTLER. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BUTLER moves to recommit the bill, H.R. 3112, to the Committee on the Judiciary.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. McCLORY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 389, noes 24, not voting 20, as follows:

[Roll No. 242]

AYES—389

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Anthony
Applegate
Aspin
Atkinson
AuCoin
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Bedell
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Boner
Bonior
Bouquard
Bowen
Breaux
Brodhead
Brooks
Broomfield
Brown (CA)
Brown (CO)
Broyhill
Burgener
Burton, Phillip
Byron
Campbell
Carman
Carney
Chappell
Chappie
Cheney
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Coleman
Collins (IL)
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Craig
Crockett
D'Amours
Danielson
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
DeNardis
Derrick
Derwinski
Dicks
Dixon
Donnelly
Dorgan
Dornan
Dougherty
Dowdy
Downey
Dreier
Duncan
Dunn
Dwyer
Dymally
Dyson
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fields
Findley
Fish
Fithian
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Gingrich
Ginn
Glickman
Goldwater
Gonzalez
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall (OH)
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (UT)
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Holland
Hollenbeck
Holt
Hopkins
Howard
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Lantos
Latta
Leach
Leath
LeBoutillier
Lee
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Madigan
Markey
Marks
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli
McClory
McCloskey
McCollum
McCurdy
McDade
McEwen
McGrath
McHugh
McKinney
Mica
Michel
Mikulski
Miller (CA)
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Moffett
Molinari
Mollohan
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nelson
Nowak
O'Brien
Oakar
Oberstar
Obey
Ottinger
Oxley
Panetta
Patman
Patterson
Pease
Pepper
Perkins
Petri
Pickle
Porter
Price
Pritchard
Pursell
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Rodino
Roe
Roemer
Rogers
Rose
Rosenthal
Rostenkowski
Roth
Roukema
Roybal
Russo
Sabo
Santini
Savage
Sawyer
Scheuer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shumway
Shuster
Siljander
Simon
Skeen
Skelton
Smith (AL)
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snowe
Snyder
Solarz
Spence
St Germain
Stangeland
Stanton
Stark
Staton
Stenholm
Stokes
Stratton
Studds
Swift
Synar
Tauke
Tauzin
Taylor
Traxler
Udall
Vento
Volkmer
Walgren
Walker
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitley
Whittaker
Whitten
Williams (MT)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

NOES—24

Archer
Bliley
Brinkley
Butler
Collins (TX)
Crane, Daniel
Daniel, Dan
Daniel, R. W.
Dickinson
Hansen (ID)
Johnston
Lott
McDonald
Montgomery
Nichols
Parris
Robinson
Rousselot
Rudd
Shelby
Stump
Trible
Wampler
Whitehurst

NOT VOTING—20

Ashbrook
Beard
Bonker
Brown (OH)
Burton, John
Crane, Philip
Dannemeyer
Dingell
Fiedler
Goodling
Horton
Jones (NC)
Lehman
Pashayan
Paul
Peyser
Solomon
Thomas
Vander Jagt
Williams (OH)

□ 2200

The Clerk announced the following pairs:

Mr. John L. Burton with Mr. Ashbrook.

Mr. Dingell with Mr. Philip M. Crane.

Mr. Jones of North Carolina with Mr. Brown of Ohio.

Mr. Peyser with Mr. Dannemeyer.

Mr. Lehman with Ms. Fiedler.
Mr. Bonker with Mr. Vander Jagt.
Mr. Thomas with Mr. Pashayan.
Mr. Williams of Ohic with Mr. Solomon.
Mr. Paul with Mr. Horton.
Mr. Goodling with Mr. Beard.

So the bill was passed.

The result of the vote was announced as above recorded.

The title was amended so as to read: "A bill to amend the Voting Rights Act of 1965 to extend the effect of certain provisions, and for other purposes.".

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. CAMPBELL. Mr. Speaker, I cast my vote in favor of H.R. 3112 because I believe it is important that we continue our national commitment to protect the right to vote. I consider this bill deficient in some respects, however, and I expect the Senate to consider the merits of the arguments raised against certain provisions.

In conclusion, I am glad the House approved this legislation, but I regret the unwillingness of many of its proponents to consider reasonable changes in its details.

The fact that a position was taken to oppose all amendments and treat them as destructive instead of constructive regardless of the merits of any particular amendment in my opinion was very shortsighted.

GENERAL LEAVE

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on the bill just passed.

The SPEAKER pro tempore (Mr. FARY). Is there objection to the request of the gentleman from Ohio?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3364, NATIONAL MINERALS SECURITY ACT

Mr. MILLER of Ohio. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 3364, the National Minerals Security Act.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

RESPONSIBLE REVENUE ACT OF 1981

(Mr. ERTEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ERTEL. Mr. Speaker, today I am introducing the Reponsible Revenue Act of 1981. On September 24, the President, facing a ballooning 1982 Federal deficit, asked the American people to support an additional $16 billion in budget cuts. So unnerving are the prospects of a $60-plus billion 1982 Federal deficit, that the President has retreated on his promise not to cut defense spending. He now proposes to cut defense expenditures in 1982 by $2 billion and through 1984 by $13 billion. A $60 billion 1982 deficit certainly would keep interest rates at historically high levels and end any change of balancing the budget in 1984.

I share President Reagan's distress over the prospects of a 1982 deficit greater even than the 1981 deficit. But, all of us in this House, Democrats and Republicans alike, are also concerned that the magnitude of the additional domestic program cuts the President is seeking will poke holes in the safety net he wants so much to protect.

The Responsible Revenue Act of 1981, coupled with the defense cuts President Reagan already has offered, will reduce the 1982 deficit by $17.1 billion. This is $1 billion more than the President says is necessary to get his economic program back on track. Furthermore, the Responsible Revenue Act of 1981 reduces the deficit without necessitating additional cuts to worthwhile domestic assistance programs, of course, domestic programs which are ineffective or marred by fraud, waste, and abuse should still be cut.

One of the primary contributing factors to the ballooning deficit is the overly generous tax cut bill enacted last summer. The tax cut passed by the House provided an estimated $42 billion more in tax relief than originally requested by President Reagan.

Many of these provisions, like the charitable contribution deduction for nonitemizers, the marriage penalty offset and the increased incentives for individual retirement savings, are reforms long overdue and must not be tampered with now.

Other provisions, however, clearly benefit only special interests. The Responsible Revenue Act of 1981 repeals the special interest provisions of last summer's tax cut. At the same time, the Responsible Revenue Act repeals special interest tax loopholes already in the Internal Revenue Code.

The Responsible Revenue Act of 1981 would do the following:

First. Repeal the royalty owners' exemption from the windfall profits tax and the reduced windfall profits tax rate on newly discovered oil enacted as part of last summer's tax cut. Fiscal year 1982 savings would be $1.3 billion.

Second. Repeal the provision of the new tax cut permitting through leasing arrangements the transfer of the investment tax from companies which cannot claim their entire credit to companies which can. Reportedly, Alan Greenspan, chairman of the Council of Economic Advisers under President Ford and sometime adviser to President Reagan, has called this provision the corporate equivalent of food stamps. Fiscal year 1982 savings would be $2.6 billion.

Third. Repeal the percentage depletion for oil and gas, and substitute instead actual cost depletion accounting. Fiscal year 1982 savings would be $2.2 billion.

Fourth. Repeal expensing of intangible drilling costs and replace it with a 5-year amortization. The House and Senate last summer rejected expensing in favor of 10-5-3. Fiscal year 1982 savings would be $2.5 billion.

Fifth. Repeal the foreign tax credit for oil and gas extraction taxes. Fiscal year 1982 savings would be $1.8 billion.

Sixth. Repeal the deferral of income of Domestic International Sales Corporations (DISC). Only the largest one-tenth of 1 percent of America's corporations benefit from this provision and the contribution to America's exports is minimal at best. Fiscal year 1982 savings would be $1.8 billion.

Seventh. Repeal the deferral of U.S. taxation of undistributed profits of U.S. companies operating through foreign subsidiaries. Fiscal year 1982 savings would be $2.9 billion.

Mr. Speaker, let me emphasize again that this legislation when packaged with the defense cuts already planned by the President will reduce the 1982 Federal deficit by $17.1 billion. That is $1 billion more than the President is seeking.

PERSONAL EXPLANATION

Mr. LUKEN. Mr. Speaker, I ask to include in the RECORD the observation that had I been present for the vote on the Hyde amendment, I would have voted in opposition to the Hyde amendment. The reason I was not present is the great improvement in the airplane service.

GENERAL LEAVE

Mr. ADDABBO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

FRANK SINATRA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 30 minutes.

Mr. ADDABBO. Mr. Speaker, I was recently privileged to attend a fundraising concert in New York City to benefit the Police Athletic League. The league has performed outstanding services for the youth of New York City for more years than I can remember. It was, I am happy to say, one of the most enjoyable nights that I have spent in my lifetime. Along with thousands of others, I joined in a spontaneous standing ovation for the man who had just donated his time and his talents for this magnificent cause and who had—as always—performed beautifully. I refer of course to Frank Sinatra, who has thrilled millions of people over a lifetime of singing.

As I stood there amid thousands of cheering voices, I reflected that the sometimes-tumultuous life of this outstanding person and the controversy that sometimes surrounds him had often made many forget the great works of charity performed by this wonderful American.

And as we approach Columbus Day on October 12, a day in which we celebrate not only the accomplishments of that great explorer, but the achievements of those Italian Americans who came afterwards, it seems appropriate that we take a moment to say thanks to Mr. Sinatra.

Mr. Speaker, as an Italian American, I am very proud of the role that our people have historically played in helping our country become great through the long years of our development. From the beginning of the American experiment, the Italian American community has offered its sons and daughters for leading roles through each era. This continues today.

Frank Sinatra deserves praise not for his considerable and awesome talents but for his continual willingness to go out of his way to help others who are in need. Mr. Speaker, I refer to one of the greatest entertainers that the world has known since the day of Al Jolson—Frank Sinatra.

There is little that needs to be said about this American institution. Because of his unique ability to entertain and to appeal to millions of us who have been his fans for decades, everything possible that could be written has been written about the man, his career, his private life, and his friendships.

What has not been written about, however, is the effort he has given to the charitable works throughout the world. This is a man who remembers how it was to be poor in New Jersey as a child. This is a man who for all of his fame and fortune never really left the streets of urban America where he grew up. In recent years almost all of his efforts have been devoted to raising money for worthy causes in countries all around the globe.

This great entertainer, who made the song "My Way" internationally famous, has performed for free in so many places and in so many countries that he must find it difficult to keep track. In these instances he has said time and time again that he performs these benefit shows to help repay the world for the kindnesses and affection shown him throughout the years. That is a courteous thing to say, but the fact of the matter is that he has raised money for educational, religious, and health facilities in countries where the vast majority of people have no idea who he is.

That a man who has been at the top of his field for so many years and who has become rich and famous in the process should devote so much of his time and energy is as unusual as it is commendable.

I think that this Nation owes Frank Sinatra a round of applause.

Mr. Speaker, the P.A.L. program description of Mr. Sinatra's performance at Carnegie Hall with the famed jazz pianist, George Shearing, probably says it as succinctly as possible and I include this brief article in the RECORD:

FRANK SINATRA

Tonight's performance marks the fourth time the incomparable Frank Sinatra has graced the Carnegie Hall stage with his electrifying presence, bringing to the concert the experience of four decades of the ultimate in entertainment and showmanship.

This man represents the essence of the American dream—from humble beginnings in Hoboken, New Jersey, Sinatra persevered in his pursuit of an entertainment career and rose to a status unequalled by any other performer generation after generation. But it was not just hard work and luck that helped him realize his goals—Sinatra is gifted with a phenomenal talent for capturing the hearts of his audience through his inimitable style and grace. This talent was recognized in a relatively short time for show business—in only 4 years, Sinatra rose from singing headwaiter at the Rustic Cabin roadhouse to a legendary headliner at the Paramount theatre.

Since then, Sinatra has continued to dazzle critics and his world-wide audiences with his magical mastery of vocal stylization. He is a perfectionist, and the time and attention he dedicates to each song has resulted in a list of legendary classics too lengthy to mention.

His talent doesn't stop with the music business, however. As an actor, Sinatra continues to stun audiences with his portrayals, which range from light-hearted comedies, ("A Hole in the Head" and "Come Blow Your Horn") to high-stepping musicals, ("Guys and Dolls" and "Pal Joey") to intense dramas ("The Man with the Golden Arm" and "The Manchurian Candidate"). Not only have critics praised him lavishly, but also his peers, and recognizing his outstanding capability as an actor, they have twice awarded him the coveted Academy Award, first in 1946 for his performance in "The House I Live In" then again in 1953 for his unforgettable role as Maggio in the film classic "From Here to Eternity."

Tonight's performance is an example of another, lesser-known side of Frank Sinatra—his dedication to charitable and humanitarian causes. The list of organizations that he has dedicated his time and energies to is almost limitless, and covers a wide range of causes: the World Mercy Fund, the Red Cross, Memorial Sloan-Kettering Cancer Center, Cabrini Medical Center, and the Faith and Hope Rehabilitation Centre in Egypt, for which he dedicated an unparalleled concert amidst the Pyramids. The PAL has always received special attention from this dedicated man and his generous efforts and loyalty have enabled the PAL to continue building a future for youth.

Tonight Mr. Sinatra is joined by famed jazz pianist George Shearing, another giant in the music business who shares the same kind of talent, drive and energy that made "Ol' Blue Eyes" famous. Shearing, a Londoner, blind from birth, showed such incredible talent for jazz improvisation that by the age of 19, the BBC offered him his own show. After coming to the United States, Shearing began the most important aspect of his career—developing his own unique style. His quartet, formed in 1949, has since continued to top all jazz charts, and Shearing himself has been named the number one pianist in over a dozen nations. He has expanded his repertoire to include classical music, and is a frequent performer with a number of symphony orchestras around the country. The combination of these two musical greats is an unprecedented occasion for PAL.

SARATOGA NATIONAL HISTORICAL PARK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

● Mr. BINGHAM. Mr. Speaker, I am today introducing legislation which would revise the boundaries of the Saratoga National Historical Park in the State of New York. The Saratoga National Historical Park was established in 1938 to commemorate the Battle of Saratoga and the American patriots who fell there. The Battle of Saratoga, in which Gen. Horatio Gates stopped the British forces under General Burgoyne on the road to Albany, was a significant event in the long struggle for American independence. The American victory there bolstered the morale of the Revolutionary Army and was instrumental in bringing France into the war.

The Saratoga National Historical Park is a 2,603 acre park which is composed of four pieces, each of which relates to the events of 1777. The entire park area is one of the few areas where it is possible to see an 18th century battlefield almost in its entirety. But, unfortunately, significant areas of the battlefield are not included in the park—including the location of the American headquarters, the American hospital, and the place where the largest portion of the American fortified flank stood against the British. The legislation I am introducing today will unify the park and bring into the national parks system areas that are of great historical significance. Inclusion of these areas will make even better a fine national historical park, to the benefit of the people of the capital district, Saratoga, and of the United States as a whole.

I am pleased to note that Senator Moynihan has intoduced identical legislation in the Senate. I look forward to speedy action on this legislation.●

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. Mazzoli) is recognized for 5 minutes.

● Mr. MAZZOLI. Mr. Speaker, I was unavoidably absent for recorded votes on Thursday, October 1, 1981, and Friday, October 2, 1981.

Had I been present on Thursday, I would have voted:

"Yea" on rollcall No. 225, approving the Journal of Wednesday, September 30, 1981;

"Nay" on rollcall No. 226, adoption of the conference report on S. 304, the National Tourism Policy Act;

"Nay" on rollcall No. 227, rejecting the motion to table the motion to discharge the District of Columbia Committee from further consideration of House Resolution 208, disapproving the District of Columbia Sexual Assault Reform Act of 1981;

"Yea" on rollcall No. 228, adoption of the motion to discharge the District of Columbia Committee from further consideration of House Resolution 208, disapproving the District of Columbia Sexual Assault Reform Act of 1981;

"Yea" on rollcall No. 229, adoption of the motion to consider House Resolution 208;

"Yea" on rollcall No. 230, adoption of the motion to limit debate on House Resolution 208 to not more than 2 hours;

"Yea" on rollcall No. 232, adoption of the House Resolution 208, disapproving the action of the District of Columbia Council in approving the District of Columbia Sexual Assault Reform Act of 1981; and

"Yea" on rollcall No. 233, passage of H.R. 4612, to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982.

Had I been present on Friday, October 2, 1981, I would have voted:

"Yea" on rollcall No. 235, approving the Journal of Thursday, October 1, 1981; and

"Yea" on rollcall No. 235, adoption of the rule providing for the consideration of H.R. 3603, the Food and Agriculture Act of 1981.●

WATERWAY USER BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. Wyden) is recognized for 5 minutes.

● Mr. WYDEN. Mr. Speaker, today I am introducing legislation aimed at bolstering U.S. maritime commerce and the waterway transportation system that helps support that commerce.

My bill is in response to President Reagan's proposal for waterway user fee legislation which would require users to pick up the entire tab for maintaining and improving the Nation's waterway systems. I regard Mr. Reagan's proposal as regressive and counterproductive to expanding U.S. trade and transportation. In essence, the administration's proposal is nothing more than a new tax—a tax that could be devastating for the Pacific Northwest and other areas dependent on a developing waterway system.

In the Pacific Northwest, for example, the waterway user fee legislation proposed by President Reagan would harm the Columbia/Snake River system and the Port of Portland by:

Retarding development of barge traffic on the Columbia and Snake Rivers;

Diverting cargoes to foreign ports;

Fueling inflation by adding the cost of raw materials used in manufacturing of consumer goods that are transported by waterborne system; and

Curtailing U.S. exports, especially bulk commodities such as wheat, coal, fertilizer, and wood products.

Specifically, Mr. Reagan's waterway user tax proposal could result in a loss of 4 to 5 million tons of cargo annually from Columbia and Snake River ports.

That translates into a loss of $750 million in commerce to communities along the river system, and a potential loss of 15,000 jobs. For a region already reeling with double digit unemployment because of what high interest rates have done to housing and timber industries, this additional blow would be staggering.

My bill, on the other hand, recognizes that waterway improvements are the result of a Federal-private partnership and should continue to be funded by that partnership. Substituting a uniform national fee on all commerce for the administration's proposal of selective fees on different segments of our national waterways, my bill splits the cost of the operation and maintenance of both shallow- and deep-draft waterway improvements 50-50 between the Federal Government and users.

Under my bill, the user's portion would be paid through a tonnage tax levied at the point of U.S. Customs. The tax would be pegged to specific commodities, but would be the same regardless what port of entry was used.

I believe my bill represents a solid alternative to the Reagan waterway user fee proposals. It raises revenues, but it does not balkanize our transportation system, nor shackle it. No issue could be more important, as a sound national transportation system is essential to a productive economy.

Mr. Speaker, I include the entire text of my bill to be printed in the Record:

H.R. 4691

A bill to establish a national policy of promoting and facilitating the operation, maintenance and development of deep-draft seaports, inland river ports and domestic waterways necessary for foreign and domestic waterborne commerce; and to require recovery of a portion of certain expenditures of the United States Corps of Engineers for the operation, maintenance and construction of inland shallow-draft and deep-draft navigational channels and other projects as appropriate

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Port and Waterways Maintenance, Development and Improvement Act of 1981".

TITLE I—FINDINGS, DECLARATION OF PURPOSES, AND DEFINITIONS

FINDINGS

Sec. 101. The Congress finds and declares that—

(1) the nation has been and continues to be blessed with a viable marine transportation system within the United States, including a network of commercial deep-draft seaports, inland shallow-draft ports, and a multi-purpose domestic waterway system adequate to accommodate the needs of foreign and domestic commerce, to promote economic stability, and to provide for the national security of the United States; and that it is in the national interest to continue to maintain, develop and improve such a system;

(2) development and maintenance of the national system of transportation necessary to promote and accommodate foreign and domestic waterborne commerce has been accomplished through a productive partnership of the Federal Government, State, and local public ports and municipalities, and private interests, in which the Federal government has developed and maintained the navigability of ports and waterways and facilitated maritime commerce, while inland river ports and deep-draft seaports have provided the necessary landside port facilities and other navigational improvements necessary to accommodate foreign and domestic waterborne commerce;

(3) each of the deep-draft ports, inland river ports, and waterways regions has its own concerns, problems, and opportunities, which affect the flow of international and interstate commerce;

(4) ports and waterways in the United States are significant generators of customs duties and other national and regional revenue, providing jobs, economic stability and growth, domestic and foreign shippers, producers, consumers, and receivers of international commerce have been well-served by the nation's competitive system; and

(5) there has been a serious delay in the authorization of new deep-draft and inland shallow-draft navigation channel projects by the Congress, and that there is a backlog of economically justified and needed navigation projects which, if implemented, would enhance the overall efficiency of our nation's transportation system.

DECLARATION OF PURPOSES

SEC. 102. It is the purpose of this Act to—

(1) provide a national policy that recognizes the significant role and importance of waterborne commerce to the economic well-being of the United States;

(2) establish a procedure to facilitate the orderly authorization of necessary maintenance, operation, and construction projects for deep-draft and inland shallow-draft navigational improvements;

(3) provide the means to finance the maintenance, operation, and construction of navigation projects to promote the efficient movement of domestic and foreign waterborne commerce;

(4) provide for the recovery of 50 per centum of certain costs and expenditures of the United States Army Corps of Engineers for the operation, maintenance, and construction of deep-draft and inland shallow-draft navigation projects; and

(5) provide the authorization necessary for local and State port authorities to raise revenues as appropriate and necessary to invest in certain new construction for waterways development projects.

DEFINITIONS

Sec. 103. As used in this Act, the term—

(1) "commercial navigation" shall refer to those specific waterways and those navigational improvements that are used in common, contract or other carriers for hire and owners or operators of private cargo vessels;

(2) "inland shallow-draft" refers to any improved waterway operated and maintained by the United States, the improvement to which are primarily for the use of commercial non-oceangoing navigation and does not include the Great Lakes, their interconnecting channels and the Saint Lawrence Seaway;

(3) "deep-draft channels of ocean, coastal or Great Lakes ports of the United States" shall mean all waterway channels or ocean, coastal or Great Lakes ports of the United States of a federally authorized depth greater than fourteen feet other than those administered by the Saint Lawrence Seaway Development Corporation;

(4) "new construction" refers to projects requiring congressional authorization. For the purpose of determining the non-Federal public body's share of the cost of new construction, the cost of new construction shall include those components of the project that are the responsibility of the local assurer (that is, spoils disposal sites, berth-to-channel dredging, right-of-way, and so forth); and

(5) "directly allocated and attributable to commercial navigation" shall refer to the cost allocation of a project assigned to commercial navigation for cost recovery purposes (A) for projects authorized only for navigation, 50 per centum of all costs less any specifically assigned costs for other purposes are to be assigned to commercial waterway transportation; (B) for multiple-purpose projects for which costs have been assigned to navigation, costs assigned to commercial waterway transportation will be in accord of 50 per centum of that assignment; and (C) for all other multiple-purpose projects providing navigation benefits but for which there have been no cost assignments, costs assigned to commercial waterway transportation will consist of 50 per centum of all specific navigation costs. Expenditures on channel improvements for the Mississippi River and tributaries project will be considered maintenance.

TITLE II—COST RECOVERY

SEC. 201. (a) In order to recover 50 per centum of all costs associated with the operation, maintenance and construction expenditures of the United States Army Corps of Engineers directly allocated and attributable to commercial navigation, for all deep-draft and inland shallow-draft projects authorized by Congress, there shall be imposed upon all international commerce uniform commodity-specific tonnage charges of such values as are determined by the Secretary of the Treasury, upon the commerce at the time of entry into or exit from the United States.

(b) As soon as possible after the date of enactment of this Act, the Secretary of the Treasury shall promulgate a rate system sufficient to cover the costs enumerated in section 201(a), with such system subject to approval by Congress. Every three years thereafter, the uniform commodity-specific tonnage charges and the structure of such system of charges shall be reviewed and necessary revisions shall be recommended to Congress for approval.

(c) The charge collected under this section shall be collected by the Customs Service, at the same time and in a manner consistent with customs collections authorized by law.

(d) The charge collected under the provisions of this section shall be deposited in the Inland Waterways Trust Fund established by section 203 of the Inland Waterways Revenue Act of 1978 (Public Law 95-502). The revenues collected under the provisions of the Inland Waterways Revenue Act of 1978 shall continue to be deposited in the Inland Waterways Trust Fund as provided by law.

(e) Effective upon passage of this Act and hereafter, the Inland Waterways Trust Fund established by section 203 of the Inland Waterways Revenue Act of 1978 shall be known as the Ports and Waterways Trust Fund.

OPERATION AND MAINTENANCE

Sec. 202. The Secretary of the Army, acting through the Chief of Engineers, may utilize funds deposited in the Ports and Waterways Trust Fund for the Federal share of operation and maintenance costs incurred for deep-draft and inland shallow-draft waterways subject to the congressional authorization and appropriations process.

NEW CONSTRUCTION

Sec. 203. (a) The Secretary of the Army, acting through the Chief of Engineers, shall biennially recommend to the Congress that new construction projects be authorized for deep-draft and inland shallow-draft waterways, upon completion of the necessary engineering and environmental studies and cost estimates.

Sec. 203. (b) The Secretary of the Army, acting through the Chief of Engineers, may utilize funds deposited in the Ports and Waterways Trust Fund for the Federal share incurred by new construction of deep-draft and inland shallow-draft projects subject to the congressional authorization and appropriations process.

LOCAL COST SHARING

Sec. 204. (a) Projects with a depth greater than 13.5 meters shall be authorized only after agreement from a non-Federal public body to pay and reimburse the Federal Government 50 per centum of the project construction costs and expenditures that are directly allocated and attributable to commercial navigation.

Sec. 204. (b) Prior to the initiation of construction, such non-Federal public body shall provide to the Secretary of the Army evidence that it has established a mechanism that will assure payment.

Sec. 204 (c) Public works owned by the United States, and connected with ports and waterways, and offshore bar channelization projects, shall not be for purposes of this Act considered new construction with a depth greater than 13.5 meters. Such projects shall not be subject to the 50 per centum non-Federal share requirement, nor shall they require local sponsorship.

Sec. 204. (d) Agreements with non-Federal public bodies to carry out obligations required by this Act may relate to the timing and extent of such obligations to projects or to separable units, features, or segments of such projects as the Chief of Engineers determines to be reasonable and otherwise within the requirements of this Act and the authorizations for the improvements concerned. Such agreements may reflect that they do not obligate future State legislative appropriations for their performance or payment when obligating future appropriations or other funds would be inconsistent with State constitutional limitations.

Sec. 204. (e) The Secretary of the Army, acting through the Chief of Engineers, shall determine project construction costs and expenditures that are directly allocated and attributable to commercial navigation after consultations with the local sponsor (non-Federal public body) and after conducting public hearings and permitting not less than forty-five days for public comment.

Sec. 204. (f) The requirement in this Act for non-Federal reimbursement to the Federal Government for new construction expenditures by the Corps of Engineers for improvements for deep-draft channels or ocean, coastal or Great Lakes ports or inland shallow-draft waterways applies to any construction, rehabilitation, or alteration project for which initial construction funds are provided to the corps on or after the beginning of the first fiscal year after the date of enactment of this Act.

Sec. 204. (g) One-half of the entire amount of the new construction expenditures to be reimbursed pursuant to the requirements of this Act, once construction is completed and the project becomes available for use shall be reimbursed within the life of the project but in no event to exceed fifty years after the date the project becomes available for use, as determined by the Chief of Engineers.

Sec. 204. (h) Any non-Federal public body that signs an agreement under the terms of section 202 of this Act is authorized to recover all or a portion of the public body's share of the cost of the work to be performed through its existing funding sources authorized by its own enabling authorization, and all or part through the collection of fees from commercial vessels utilizing such projects.

Sec. 204. (i) The consent of Congress is hereby given to any port authority in the United States to impose and collect a seaport user fee in the form of duty of tonnage or ad valorem duty for the purposes and in the manner provided in this section. Such seaport user fee may be imposed only upon vessels or cargo engaged in foreign trade which utilize the facilities or services of such port.

Sec. 204. (j) For the purposes of this Act, to utilize the facilities or services of such port means to—

(1) cross or duly establish harbor line of port;

(3) otherwise employ or benefit from services in or provided by the ports; and

Sec. 204. (k) In the case of river ports or harbors located adjacent to a navigable waterway, the Secretary of the Army shall determine whether a port or ports shall have the authority to impose and collect a seaport user fee.

Sec. 204. (l) The user fee will be imposed upon all such vessels in a nondiscriminatory fashion regardless of the type of vessel, public or private berth destination, the type of international cargo handled, the type of berthing, bunkering, or lightering operation contemplated, or the type of facilities of services to be used.

Sec. 204. (m) All revenues generated by such user fee will be placed in a separate, interest-bearing escrow account for the benefit of the port and obligated or expended only in accordance with the provisions of this Act.

Sec. 204. (n) The Secretary of the Army, in consultation with the Secretaries of State, Commerce, Transportation, Treasury, Energy, and Agriculture, the Attorney General of the United States, and the Director of Office of Management and Budget and with the approval of Congress, may promulgate and revise regulations and guidelines to govern the programs of non-Federal fee collection that may be undertaken pursuant to the authority of this section.

Sec. 205. Whenever a non-Federal public body agrees in writing with the Secretary of the Army to pay for its share of the cost of a new construction project and the project is subsequently authorized, the Secretary shall direct such study and estimates and reviews as are necessary, and will seek completion of such reports, and commencement of construction within three years of this initiation.

Sec. 206. Payments by a non-Federal public body under the terms of this title shall be made to the Secretary, who shall deposit such payments in the general fund of the Treasury.

Sec. 207. Once a new construction project is completed and becomes available for use, its annual operation and maintenance costs shall be covered and paid for under the provisions of section 201 of this Act.

TITLE III—PROJECT AUTHORIZATIONS

Sec. 301. Non-Federal public bodies are authorized to develop new construction projects independently, without congressional authorization, if they agree to pay 100 per centum of the costs of the new construction. Such projects must, however, meet all required statutory and regulatory provisions applicable to projects funded under the provisions of this Act.

TITLE IV—REPORTS TO CONGRESS

Sec. 401. The Secretary of the Army shall prepare a report to be submitted annually to Congress, on or before March 1, listing all pending studies of navigation projects and all construction projects in progress.

Sec. 402. The Secretary of the Army shall review and study the authorization process for navigation projects to identify and recommend procedures to improve response time and reviews necessary by the various Federal agencies in all federally required permits for such projects. This study shall be submitted to Congress on or before March 31, 1982, and shall be prepared in consultation with the Secretaries of Commerce, Interior and Transportation.

Sec. 403. The Secretary of the Army shall report to Congress on or before September 30, 1982, and annually before the start of each fiscal year thereafter, on the actual and anticipated receipts of the United States pursuant to section 201 of this Act and on the actual and anticipated operation and maintenance expenditures of the United States Army Corps of Engineers directly allocated and attributable to commercial navigation.●

CONGRESSMAN WEISS URGES DISAPPROVAL OF AWACS SALE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WEISS) is recognized for 5 minutes.

● Mr. WEISS. Mr. Speaker, last week President Reagan formally proposed the sale of AWACS planes and enhancement equipment for F-15 planes to Saudi Arabia. We in Congress now have an obligation to reject that plan. I want to express again my strong opposition to the sale and to urge my colleagues to act immediately to pass the pending resolution of disapproval for that sale.

Providing this military equipment to the Saudis would be a grave mistake. The President would be undermining America's alliance with Israel and rewarding Saudi Arabia's rejection of the Middle East peace process. The United States would gain nothing of strategic importance from the sale, and we would risk putting sophisticated military equipment in the hands of the Soviet Union. We in Congess have a responsibility to the American people—who already have expressed opposition to the proposed sale—to block the sale.

Saudi Arabia is, at best, an uncertain ally. Saudi leaders have declared a holy war against Israel and have considered themselves at war with her since Israel was founded in 1948. The AWACS the President wants to provide could be used to monitor Israel's military movements and communications and to spy on Israel's military plans and tactics. These highly sophisticated planes could also be used to engage with other nations in a common war against Israel. The Sidewinder missiles and long-range fuel tanks that also are part of the package further increase the dangers to Israel. The fuel tanks are really of no use to Saudi Arabia except for missions directed against Israel.

Suggestions by U.S. officials that restrictions be placed on the use of the AWACS have been flatly rejected by Saudi Arabia. Indeed, Saudi leaders demand that they be allowed to use the AWACS against all enemies, including Israel. That the President denies the very serious threat that this proposed sale would pose, in spite of these facts, defies all reason.

The President has offered an unrealistic picture of strategic military reasons for making the sale. Despite significant U.S. military aid in the past, the Saudis have not helped protect our Nation's military interests in the Persian Gulf region. The Saudis even refuse to allow the United States to gain access to Saudi military facilities. It is foolish to expect the Saudis to provide support after we increase their military capabilities. The administration has received no assurances in return for making the AWACS proposal.

Saudi disregard for U.S. interests is exemplified by their rejection of the Camp David accords for peace in the Middle East and by their staunch financial and political support for the terrorist Palestine Liberation Organization. In other ways, as well, the Saudis have failed to prove themselves to be a reliable ally. The strains on our Nation's economy due to our reliance on imported oil have been caused largely by Saudi Arabia, which is our largest single oil supplier. The argument made by the administration that the Saudis will exert themselves as a moderating force in OPEC in order to slow rising oil prices is groundless. In just the 3 years since the United States provided the original package of F-15 fighter planes, the cost per barrel of oil from Saudi Arabia has nearly tripled. It is also important to remember that the Saudis have in the past used U.S.-supplied military equipment in violation of export sales conditions set by the United States. In the 1973 Yom Kippur war, for example, such American military goods were used in support of the Syrians in the Golan Heights battle

The possibility that the AWACS and the F-15 add-ons might be used against Israel is really sufficient reason on its own to reject the President's proposal. Israel is our Nation's closest and strongest ally in the volatile Middle East. By working with Israel, the United States has encouraged constructive interdependence between Middle Eastern nations, established at the very least the basis for long-sought-after peace, and entered into mutually beneficial trade relations. Israel can fairly be credited with helping to establish and preserve diplomatic, economic, and strategic stability in the troubled region.

As my colleagues are aware, the sale also would violate the conditions set for the original 1978 sale of F-15 jets requested by Saudi Arabia. That sale was approved by Congress only on the condition that the F-15's would not be enhanced by the United States for a longer flight range or made into attack planes. Yet the President seems determined to ignore this agreement.

A majority of Americans seem to share my concern about the sale. Recent surveys consistently have found that approximately 60 percent of those polled objected to the proposal. I have received letters and phone calls from my constituents expressing virtually unanimous opposition to the President's plan.

This public opposition is accurately reflected in congressional concern. On February 17 of this year, nine Members of the Senate Foreign Relations Committee wrote to the President expressing grave reservations about the then-anticipated proposal. From the House Foreign Affairs Committee, 19 Members wrote to the Secretary of State on March 3 to convey their deep concern. And in the full House, I have joined with more than 240 cosponsors, at last count, in support of the formal resolution of disapproval of the sale, and there now appears to be a majority of our colleagues in the Senate in opposition to the sale. Given this background, it is irresponsible of the administration to push forward relentlessly with this proposal. The sale would be a dreadful mistake which the American people would live to regret. The AWACS deal must be disapproved.●

ADVICE FROM FRIENDS: LET AMERICANS EAT BUTTER

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. GIBBONS) is recognized for 5 minutes.

● Mr. GIBBONS. Mr. Speaker, because we have set our Nation's dairy price supports too high, farmers have naturally overproduced, and the taxpayer-consumer is now the not-so-proud owner of mountains of butter, cheese, and nonfat dried milk. It is estimated that in Government warehouses, we currently own about 440 million pounds of butter, 545 million pounds of cheese, and about 765 million pounds of nonfat dried milk. This works out to 8 pounds of dairy products for every single American. These stockpiles, which are filling Government warehouses and caves from coast to coast, continue to grow day by day. It is like a scene out of the "Sorcerer's Apprentice," with the magic brooms carrying milk, not water.

The situation is a national scandal, one that is not talked about enough, since it is so hard to imagine or believe the magnitude of the stockpiles.

The long-range solution is to lower the level of price supports so that farmers will begin to reduce production in line with the demand of consumers for milk products. In the farm bill and amendments to its dairy provisions, we will have the opportunity to take this long-overdue step.

In the short run, what do we do with this mountain of dairy produce? Much of it will go bad and does need to be disposed of.

As the chairman of the Ways and Means Trade Subcommittee, I would like to warn that we must not dispose of these goods through subsidized exports in a way which will hurt some of our oldest and best allies and trading partners. A massive and uncontrolled sale of subsidized butter, cheese, and nonfat dried milk would severely depress the world price for these products—and create an economic crisis for New Zealand, a country which depends on dairy exports for 17 percent of its international earnings.

Equally important from a trade standpoint is the fact that subsidized dairy exports will undermine the U.S. position as world leader in trying to end agricultural export subsidies. At the present time, we are pursuing cases, in the GATT and through our own section 301 trade law, aimed at stopping farm export subsidies by the Common Market in products such as poultry, wheat flour, wheat products, and sugar. Our ability to argue these cases and to take a leadership role in this important effort will be badly hurt by continued subsidized exports of dairy products.

Also, such sales are an insult to the taxpayer-consumer-owner of these stockpiles. At a time when butter costs about $2 a pound in the retail stores and when the Government is supporting the price at about $1.50 a pound through its warehouse purchases, how can we defend giving this butter to New Zealand for 70 cents a pound, or selling it directly on the world market to the Soviets and East Europeans for about $1.05 a pound? Surely, sales of taxpayer-owned butter at these rates should earn the largest Golden Fleece Award of all time.

To me the best thing that we can do with these surpluses is work them into the domestic and foreign food aid and food donation programs, which are being so heavily slashed by the administration's budget cuts.

Recently, the chairman of the New Zealand Dairy Board, who is, of course, deeply concerned about the uncontrolled subsidized export of these commodities, analysed the situation and came up with the most logical modest proposal:

> The United States Government has a surplus stock of about 200,000 tons of butter, as well as large surpluses of cheese and skim milk powder. One might ask what they should do with it. *The elementary answer is that having already bought and paid for these products, the American people are entitled to eat them—which would give them by far the best value for their money.* (Italics added.)

These are words of blinding commonsense from old friends. I hope that we will have the foresight in the farm bill to encourage domestic donation programs for these stockpiles and end the excessive price supports which have brought this embarrassment of riches.

Increased internal consumption is our best hope for avoiding disrupting world trade in dairy products and in setting a precedent for a new round of unfair trade competition through the use of agricultural export subsidies.●

EXPLANATION AS TO VOTE

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. DANIELSON) is recognized for 10 minutes.

● Mr. DANIELSON. Mr. Speaker, I was unable to be present on the floor of the House of Representative on October 1, 1981, when the House voted on rollcall No. 225, and approved the Journal of Wednesday, September 30, 1981. Had I been present, I would have voted "yea."●

FAIR REPRESENTATION ON THE FEDERAL RESERVE BOARD OF GOVERNORS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from South Dakota (Mr. DASCHLE) is recognized for 5 minutes.

● Mr. DASCHLE. Mr. Speaker, I am today introducing a resolution expressing the sense of the House concerning future appointments to the Board of Governors of the Federal Reserve System.

The Federal Reserve Act provides,

> In selecting the members of the Board, not more than one of whom shall be selected from any one Federal Reserve district, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country.

The congressional intent of this statement is unequivocal. Congress recognized the diversity of our Nation and the strength which is a product of our national diversity. Congress intended the Board of Governors of the Federal Reserve System to fully and faithfully represent the diversity of society in general.

Unfortunately, this provision of our public law has not been adhered to and has in fact been ignored. For example, of the 60 members of the Board of Governors who have served more than 6 months, only 7 had agricultural experience and since 1959 no President has appointed a member of the Board of Governors from either the commercial or agricultural sector. Agriculture, small business, small financial institutions, the Midwest and West have not been afforded adequate representation on the Board of Governors.

The resolution I am introducing today expresses the sense of the House of Representatives that the President, the Senate, and the Senate Committee on Banking, Housing, and Urban Affairs, in considering the nomination of individuals to the Board of Governors of the Federal Reserve System, should abide by the specific provisions of the Federal Reserve Act requiring fair representation of regional and economic interests among the membership of the Board. The next vacancy on the Board of Governors will occur on January 31, 1982, and it is essential the spirit and intent of the law concerning appointments to the Board of Governors be complied with on this important and other future appointments.

Mr. Speaker, I include the text of this resolution for printing in the RECORD:

H. RES. 239

Resolution expressing the sense of the House of Representatives that the President, the United States Senate, and the Senate Committee on Banking, Housing, and Urban Affairs, in considering the nomination of individuals to the Board of Governors of the Federal Reserve System, should abide by the specific provisions of the Federal Reserve Act requiring fair representation of regional and economic interests among the membership of such Board

Whereas the Board of Governors of the Federal Reserve System directly oversees the growth of the monetary aggregates and the availability of credit and establishes monetary policy, all of which substantially affect every sector of the national economy;

Whereas the Federal Reserve Act provides that not more than one member of the Board of Governors shall be selected from any one Federal Reserve District and that due regard shall be given to obtaining a fair representation of financial, agricultural, industrial, and commercial interests and of the geographical divisions of the country among the membership of the Board;

Whereas the present composition of the Board of Governors does not conform to the spirit of these statutory provisions because no individual who has been appointed to the Board since 1959 fairly represents the agricultural or commercial interests of the national economy;

Whereas the impact of Federal Reserve policy is particularly significant upon such agricultural and commercial interests which, by law, are to be represented on the Board;

Whereas small businesses constitute the largest part of the agricultural and commercial sectors of the national economy;

Whereas the problem of the lack of full representation of regional and economic interests on the Board of Governors lies not in the language of the Federal Reserve Act but in the lack of attention given to such language during the nominating process; and

Whereas the next vacancy on the Board of Governors of the Federal Reserve System will occur on January 31, 1982, and preparations for nominating an individual to fill such vacancy have already begun: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that the President of the United States, with the advice and consent of the United States Senate on the favorable recommendation of the Senate Committee on Banking, Housing, and Urban Affairs, should select individuals for appointment to vacancies on the Board of Governors of the Federal Reserve System in accordance with the provisions in section 10 of the Federal Reserve Act (12 U.S.C. 241) so that this Nation's agricultural and commercial interests, including small businesses, will no longer be underrepresented on the Board.●

LEAVE OF ABSENCE

(By unanimous consent, leave of absence was granted to:)

Mr. JOHN L. BURTON (at the request of Mr. WRIGHT), for today, on account of necessary absence.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DYSON) to revise and extend their remarks and include extraneous material:)

Mr. BINGHAM, for 5 minutes.
Mr. GONZALEZ, for 15 minutes.
Mr. ANNUNZIO, for 5 minutes.
Mr. MAZZOLI, for 5 minutes.
Mr. WYDEN, for 5 minutes.
Mr. GIBBONS, for 5 minutes.
Mr. WEISS, for 5 minutes.
Mr. DANIELSON, for 10 minutes.
Mr. DASCHLE, for 5 minutes.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DE LUGO, to revise and extend his remarks on the Voting Rights Act in the Committee of the Whole today, H.R. 3112.

Mr. CAMPBELL to revise and extend his remarks immediately after the vote on H.R. 3112.

(The following Members (at the request of Mr. LUNGREN) and to include extraneous matter:)

Mr. ROBERTS of South Dakota.
Mr. BEREUTER in two instances.
Mr. LEBOUTILLIER.
Mr. CORCORAN.
Mr. MCCLORY in three instances.
Mr. BETHUNE.
Mr. LOTT.
Mr. COUGHLIN.
Mr. LEE.
Mr. KEMP in two instances.
Mr. DUNCAN.
Mr. CHAPPIE.
Mr. SMITH of New Jersey.
Mr. GREEN.
Mr. MORRISON.
Mr. MOLINARI.
Mr. COURTER.
Mr. PURSELL.

(The following Members (at the request of Mr. DYSON) and to include extraneous matter:)

Mr. MAZZOLI.
Mr. LUKEN.
Mr. STOKES.
Mr. MINISH in two instances.
Mr. FRANK.
Mr. WAXMAN.
Mr. RATCHFORD.
Mr. BINGHAM in two instances.
Mr. MCDONALD in four instances.
Mr. LAFALCE.
Mr. OTTINGER.
Mr. ANDERSON in 10 instances.
Mr. GONZALEZ in 10 instances.
Mr. ROSENTHAL in 10 instances.
Mrs. BOUQUARD in five instances.
Mr. HAMILTON in 10 instances.
Mr. BROWN of California in 10 instances.
Mr. ANNUNZIO in six instances.
Mr. JONES of Tennessee in 10 instances.
Mr. BONER of Tennessee in five instances.
Ms. MIKULSKI
Mr. FORD of Michigan.
Mr. BOLAND.
Mr. RODINO.
Mr. AUCOIN.
Mr. FLORIO in two instances.
Mr. GUARINI in two instances.
Mr. EDGAR.
Ms. FERRARO.
Mr. HALL of Ohio.
Mr. DYSON.
Mr. PEASE.
Mr. FAZIO.
Mr. SMITH of Pennsylvania.
Mr. SCHUMER.
Mr. MILLER of California.
Mr. SWIFT.
Mr. DASCHLE.
Mr. LOWRY of Washington.

ENROLLED BILL SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4048. An act granting the consent of Congress to the agreement between the States of Kansas and Missouri establishing their mutual boundary in the vicinity of the French Bottoms near Saint Joseph, Mo., and Elwood, Kans.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 304. An act to amend the International Travel Act of 1961 to establish a national tourism policy, and for other purposes.

ADJOURNMENT

Mr. DYSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10:10 p.m.), under its previous order, the House adjourned until Tuesday, October 6, 1981, 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2308. A letter from the Secretary of Education, transmitting proposed final regulations to govern the experimental program for opportunities in advanced study and research in education, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

2309. A letter from the Chairman, Federal Communications Commission, transmitting various proposals for revision of the Communications Act of 1934; to the Committee on Energy and Commerce.

2310. A letter from the Deputy Secretary of State, transmitting notice that it is in the national interest to grant assistance to private sector organizations within the country of Nicaragua pursuant to section 620(q) of the Foreign Assistance Act; to the Committee on Foreign Affairs.

2311. A letter from the Deputy Secretary of the Treasury, transmitting a draft of proposed legislation to amend the revenue sharing program to reduce the level of funding authorized to provide general purpose fiscal assistance to local governments; to the Committee on Government Operations.

2312. A letter from the Acting Secretary of the Interior, transmitting a report on the proposed modification of the Guernsey Dam, North Platte River project Wyo., pursuant to section 5 of Public Law 95-578; to the Committee on Interior and Insular Affairs.

2313. A letter from the Acting Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation under the authority of section 244(a)(1) of the Immigration and Nationality Act, together with a list of the persons involved, pursuant to section 244(c) of the act; to the Committee on the Judiciary.

2314. A letter from the Acting Director, National Institutes of Health, Public Health Service, Department of Health and Human Services, transmitting a report on the study of the desirability of mandatory age retirement for certain pilots, pursuant to section 1 of Public Law 96-171; to the Committee on Public Works and Transportation.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CRAIG:

H.R. 4676. A bill to amend the Internal Revenue Code of 1954 to limit to $5,000 the amount a Member of Congress may deduct from his income taxes as living expenses; to the Committee on Ways and Means.

By Mr. ERTEL (for himself and Mr. HOLLENBECK):

H.R. 4677. A bill to reduce the Federal deficit by repealing certain provisions of the Economic Recovery Tax Act of 1981 and certain additional tax expenditures; to the Committee on Ways and Means.

By Mr. GIBBONS:

H.R. 4678. A bill to amend the Internal Revenue Code of 1954 to repeal LIFO recapture in the case of certain corporate liquidations; to the Committee on Ways and Means.

By Mr. HERTEL:

H.R. 4679. A bill to amend title 18 of the United States Code to regulate certain transactions in valuables in order to facilitate investigations of theft and prevent fencing of stolen property; to the Committee on the Judiciary.

By Mr. LAGOMARSINO:

H.R. 4680. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income amounts received from certain sales of wetlands to the United States, any State, or certain tax-exempt organizations, if the primary use of such land after the sale is for purposes of fish and wildlife conservation or preservation as a natural area; to the Committee on Ways and Means.

By Mr. LEE:

H.R. 4681. A bill to amend the Clean Air Act to promote competitiveness in the motor vehicle aftermarket and to preserve consumer freedom of choice to select parts and service of the consumer's own choosing, and for other purposes; to the Committee on Energy and Commerce.

By Mr. MINISH:

H.R. 4682. A bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years, to extend certain other provisions for an additional 7 years, and for other purposes; to the Committee on the Judiciary.

By Mr. MOTTL:

H.R. 4683. A bill to amend the Age Discrimination in Employment Act of 1967 to eliminate the upper age limitation of 70 years of age established in section 12 of such act; to the Committee on Education and Labor.

H.R. 4684. A bill to discontinue annual and quadrennial adjustments in the pay of Members of Congress and to provide for a reduction in the pay of Members of Congress effective for any pay period based on any increase in the Consumer Price Index published during the preceding pay period, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. RINALDO:

H.R. 4685. A bill to require the enactment of special legislation to continue the expenditure or obligation of funds on any major civil acquisition whenever the cost of such acquisition has increased or, on the basis of estimates, will increase by 25 percent or more; to the Committee on Government Operations.

By Mr. TAUKE:

H.R. 4686. A bill to eliminate the new eligibility requirements for receipt of unemployment compensation by ex-service members which were added by the Omnibus Budget Reconciliation Act of 1981 and to provide certain limitations on the amount of unemployment compensation payable to ex-service members; to the Committee on Ways and Means.

By Mr. BINGHAM:

H.R. 4687. A bill to revise the boundaries of the Saratoga National Park in the State of New York, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DANIELSON (for himself and Mr. MOORHEAD):

H.R. 4688. A bill to amend the Military Personnel and Civilian Employees' Claims Act of 1964 to increase from $15,000 to $20,000 the maximum amount that the United States may pay in settlement of a claim under section 3 of that act; to the Committee on the Judiciary.

By Mr. NICHOLS (for himself and Mr. MITCHELL of New York):

H.R. 4689. A bill to amend the Uniform Code of Military Justice; to the Committee on Armed Services.

By Mr. SCHULZE:

H.R. 4690. A bill to allow articles withdrawn from a bonded manufacturing warehouse to be delivered into successive bonded storage warehouses located anywhere in the United States for the purpose of exportation, and for other purposes; to the Committee on Ways and Means.

By Mr. WYDEN:

H.R. 4691. A bill to establish a national policy of promoting and facilitating the operation, maintenance, and development of deep-draft seaports, inland river ports, and domestic waterways necessary for foreign and domestic waterborne commerce; and to require recovery of a portion of certain expenditures of the U.S. Corps of Engineers for the operation, maintenance, and construction of inland shallow-draft and deep-draft navigational channels and other projects as appropriate; jointly, to the Committees on Public Works and Transportation and Merchant Marine and Fisheries.

By Mr. WHITEHURST:

H.J. Res. 334. Joint resolution to designate December 24, 1981, as "National Military Families Day"; to the Committee on Post Office and Civil Service.

By Mr. MOTTL:

H. Con. Res. 198. Concurrent resolution prohibiting use of Federal funds for foreign travel by Senators, Representatives, and officers and employees of the Congress, unless such travel is specifically authorized by a recorded three-fourths vote of the House involved; to the Committee on House Administration.

By Mr. SMITH of New Jersey:

H. Con. Res. 199. Concurrent resolution expressing the sense of the Congress that the policy of apartheid of the Government of the Republic of South Africa is morally reprehensible; to the Committee on Foreign Affairs.

By Mr. RINALDO:

H. Res. 238. Resolution calling on the Governors of the Federal Reserve System to encourage banks to make loans available for productive uses while eliminating loans for speculative and unproductive uses; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DASCHLE:

H. Res. 239. Resolution expressing the sense of the House of Representatives that the President, the U.S. Senate, and the Senate Committee on Banking, Housing, and Urban Affairs, in considering the nomination of individuals to the Board of Governors of the Federal Reserve System, should abide by the specific provisions of the Federal Reserve Act requiring fair representation of regional and economic interests among the membership of such Board; to the Committee on Banking, Finance and Urban Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

197. By the SPEAKER: Memorial of the Legislature of the State of California, relative to the sale of airborne warning and control system aircraft to Saudi Arabia; to the Committee on Foreign Affairs.

198. Also, memorial of the Legislature of the State of California, relative to the impact of Internal Revenue Service regulations on the Cal-Vet farm and home loan program; to the Committee on Ways and Means.

199. Also, memorial of the Legislature of the State of California, relative to food stamps; jointly, to the Committees on Agriculture and Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHAPPIE:

H.R. 4692. A bill authorizing the President of the United States to award, in the name of the Congress, the Medal of Honor to Ernest L. Wrentmore; to the Committee on the Judiciary.

By Mr. HUTTO:

H.R. 4693. A bill for the relief of Hubertus Dudart, Jacoba Hovis Dudart, Harry Edvard Marinus Dudart, and Willeke Elizabeth Dudart; to the Committee on the Judiciary.

By Mr. MITCHELL of New York:

H.R. 4694. A bill for the relief of Paclav Wesley Haramule; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2: Mr. Foglietta, Mr. Frenzel, Mr. Garcia, Mr. Hughes, Mr. Markey, Mr. Nelson, Mr. Regula, Mr. Robinson, and Mr. Seiberling.

H.R. 27: Mr. Carman.

H.R. 52: Mrs. Boggs, Mr. Clinger, Mr. Florio, Mr. Gonzales, Mr. Hiler, Mr. Nelligan, and Mr. Young of Alaska.

H.R. 845: Mr. Kemp and Mr. Petri.

H.R. 1909: Mr. Walgren.

H.R. 2017: Mr. Quillen.

H.R. 2052: Mr. Montgomery.

H.R. 2467: Mr. Fary, Mr. Mottl, and Mr. Roth.

H.R. 2640: Mr. Mineta, Mr. Hughes, Mr. Mitchell of New York, Mr. Forsythe, and Mr. Won Pat.

H.R. 2883: Mr. Martin of New York.

H.R. 3070: Mr. Corcoran.

H.R. 3355: Mr. Dyson, Mr. McGrath, Mr. Shamansky, Mr. Glickman, Mr. Rangel, Mr. Hiler, Mr. Hunter, Mr. Davis, Mr. Eckart, Mr. Miller of Ohio, Mr. Fish, Mr. Udall, Mr. Rinaldo, Mr. Fauntroy, Mr. Schumer, Mr. Clinger, and Mr. Dornan of California.

H.R. 3364: Mr. Siljander.

H.R. 3498: Mr. McCollum.

H.R. 3984: Mr. Dornan of California.

H.R. 4154: Mr. Fithian.

H.R. 4418: Mr. Gingrich.

H.R. 4449: Mr. Collins of Texas, Mr. Dougherty, Mr. Duncan, Mr. Hughes, Mr. Lott, Mr. McGrath, Mr. Montgomery, Mr. O'Brien, Mr. Railsback, Mr. Rudd, Mrs. Schneider, Mr. Shaw, Mr. Snyder, Mr. Weber of Ohio, Mr. Wylie, Mr. Young of Alaska, and Mr. Hagedorn.

H.R. 4460: Mr. Wolpe, Mr. Gore, Mr. Rangel, Mr. Crockett, Mr. Vento, Mr. Kogovsek, Mr. Hughes, and Mr. Conte.

H.R. 4467: Mr. Dougherty, Ms. Oakar, and Mr. Boner of Tennessee.

H.R. 4528: Mr. Martin of New York and Mr. Whittaker.

H.R. 4554: Mr. Dornan of California.

H.R. 4673: Mr. Sharp.

H.J. Res. 200: Mr. Carman.

H.J. Res. 268: Mr. Madigan and Mr. Dixon.

H.J. Res. 321: Mr. Derwinski and Mr. Roemer.

H.J. Res. 323: Mr. Weber of Minnesota, Mr. Robert W. Daniel, Jr., Mr. Jones of Tennessee, Mr. Dan Daniel, Mr. Butler, Mr. Hansen of Idaho, Mrs. Bouquard, Mr. Daschle, Mr. Addabbo, and Mr. Pepper.

H. Con. Res. 161: Mr. Hall of Ohio, Mr. Wolpe, Mr. Frank, Mr. Ottinger, Mrs. Schroeder, Mr. Markey, Mr. Foglietta, Mr. Fauntroy, Ms. Mikulski, Mr. Edgar, Mr. Dwyer, Mr. Kildee, Mr. Stark, Mr. Phillip Burton, Mr. Yates, Mr. Bonior of Michigan, Mrs. Chisholm, Mr. Coelho, Mr. Vento, Mr. Studds, Mr. Leland, Mr. Ford of Michigan, Mr. Oberstar, Mr. Ratchford, Mr. Bingham, Mr. Bedell, Mr. Dellums, Mr. Neal, Mr. Bonker, and Mr. Barnes.

H. Con. Res. 166: Mr. Hartnett and Mr. Mitchell of New York.

H. Con. Res. 173: Mr. Wilson of Texas, Mr. Dreier, Mr. Derwinski, and Mr. Bailey of Pennsylvania.

H. Con. Res. 187: Mr. Brodhead, Mr. Foglietta, Mr. Fiedler, Mr. Scheuer, Mrs. Schroeder, Mr. Waxman, Mr. Frank, Mr. Frost, Mr. Dwyer, Mr. Solarz, Mr. Wyden, Mr. Mineta, Mr. Fauntroy, Mr. Kramer, Mr. Schumer, Mr. Pepper, Mr. Harkin, Mr. Kildee, Mr. Florio, Mr. Moffett, Mrs. Heckler, Mr. Carmen, Mr. Rodino, Mr. Lowry of Washington, Mr. Mica, Mr. Dornan of California, Mr. Fazio, Mr. Rosenthal, Mr. Stark, Mr. Ottinger, Mr. Atkinson, Mr. Edgar, Mr. Markey, Mr. Yatron, Mr. Porter, and Ms. Ferraro.

H. Res. 211: Mr. Rinaldo.

H. Res. 233: Mr. Dougherty, Mr. Fauntroy, Mrs. Fenwick, Mr. Florio, Mr. Mitchell of Maryland, Mr. Moffett, Mr. Nowak, Mr. Ottinger, Mr. Rinaldo, and Mr. Roe.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3364: Miller of Ohio.

PETITIONS, ETC.

Under clause 1 of rule XXII,

231. The SPEAKER presented a petition of the Connecticut State Council of Machinists, Kensington, relative to decontrol of natural gas prices, which was referred to the Committee on Energy and Commerce.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3566

By Mr. OTTINGER:

—Page 70, after line 23, insert the following new section and redesignate subsequent sections accordingly:

NOMINATION FOR THE POSITION OF ASSISTANT SECRETARY OF STATE FOR HUMAN RIGHTS AND HUMANITARIAN AFFAIRS

Sec. 713. (a) The Congress finds that—

(1) the United States has long been a leading defender of the basic rights of persecuted, oppressed, and endangered people around the world, and should continue in this role; and

(2) effective foreign policy formulation requires that the President and the Secretary of State possess current and accurate information derived from continuous observation and review of all matters pertaining to human rights and humanitarian affairs (including matters relating to refugees, prisoners of war, and members of the United States Armed Forces missing in action).

(b) It is the sense of Congress that—

(1) a strong commitment to the defense of human rights should continue to be a central feature of American foreign policy; and

(2) the President, not later than 60 days after the date of enactment of this Act, should submit to the Senate the name of a nominee for the position of Assistant Secretary of State for Human Rights and Humanitarian Affairs, as established by section 624(b) of the Foreign Assistance Act of 1961.

H.R. 3603

By Mr. GLICKMAN:

—Page 77, after line 2, insert the following new section:

Sec. 1012. Section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) is amended by adding as the end thereof the following new subsection (d):

"(d)(1) There is hereby established in the Treasury a revolving fund to be known as the Commodity Credit Corporation Revolving Fund for Export Market Development and Expansion, which shall be available without fiscal year limitation for use by the Commodity Credit Corporation (hereinafter referred to in this subsection as the 'Corporation') for financing in accordance with this section and section 5(f) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c)—

"(A) commercial export sales of. United States agricultural commodities out of private stocks or stocks owned or controlled by the Corporation on credit terms of not to exceed three years;

"(B) export sales of United States breeding animals (including, but not limited to, cattle, swine, sheep, and poultry), including the cost of freight from the United States to designated points of entry in other nations; and

"(C) the establishment of facilities in importing countries to improve the capacity of such countries for handling, marketing, processing, storing, or distributing fungible agricultural commodities produced in and exported from the United States (through the use of local currency generated from the sale of United States agricultural commodities).

"(2) The Corporation shall use the revolving fund only to extend credit for purposes of market development and expansion and only where there is substantial potential for developing or enhancing regular commercial markets for United States agricultural commodities.

"(3) The Secretary of agriculture shall ensure that the revolving fund is used in such a manner as to involve equitable use of the funds to finance sales to the greatest feasible number of countries consistent with maximizing market opportunities. In carrying out this objective, the Secretary shall establish procedures under which—

"(A) not less than 85 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the purposes provided in clause (A) of paragraph (1) of this subsection; and

"(B) not to exceed 25 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the financing of credit sales to any one country for the purposes described in paragraph (1) of this subsection.

"(4) There are authorized to be appropriated to the Commodity Credit Corporation Revolving Fund for Export Development and Expansion such sums as Congress shall deem necessary to carry out the provisions of this subsection. All funds received by the Corporation in payment for credit extended by the Corporation using the revolving fund, including interest or other receipts on investments and credit obligations, in financing export sales of the type specified in paragraph (1) of this subsection shall be added to and become a part of such revolving fund.

"(5) The Secretary shall submit an annual report to Congress not later than December 1 of each year with respect to the use of the revolving fund in carrying out export credit sales by the Corporation in the previous fiscal year. Such report shall include the names of the countries extended credit under such programs, the total amount of such credit in the case of each such country in such fiscal year, names of such U.S. organizations whose exports are supported through the use of the fund and the total amount of credits provided to each such organization, and a discussion and evaluation of the market development and expansion activities of the Corporation under this subsection during such fiscal year. The first such report shall be submitted to Congress not later than December 1, 1982.

"(6) The revolving fund created by this subsection is abolished effective October 1, 1985, and all unobligated money in such fund on September 30, 1985, shall be transferred to and become part of the miscellaneous receipts account of the Treasury.

"(7) The authority provided under this subsection shall be in addition to, and not in place of, any authority granted to the Secretary or the Corporation under any other provision of law."

"(8) The authority provided by this subsection to incure obligations to make loans shall be effective only to the extent that such obligations do not exceed annual limitations on new direct loan obligations which shall be provided in annual appropriations Acts.".

By MR. GUNDERSON:

—Page 190, line 11, after the comma insert the following new subsection (and redesignate succeeding subsections accordingly):

"(3) an assessment of how reductions in commodity price support programs have affected family farmers and the family farm structure,".

—Page 222, after line 25, add the following new title:

TITLE XVII—IMPORTED MEAT

SEC. 1701. Section 20 of the Federal Meat Inspection Act (7 U.S.C. 620) is amended by adding at the end thereof a new subsection (f) as follows:

"(f) Notwithstanding any other provision of law, all meat products imported into the United States shall be subject to the inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such imported meat products that do not meet such standards shall not be permitted entry into the United States. Neither shall such products be imported which have been produced using agricultural chemicals, animal drugs, or medicated feeds which are not currently approved for the same use in the United States. The Secretary of Agriculture shall enforce this provision through the imposition of random inspections for such residues and species verification. The provisions of this subsection shall not be deemed to permit the imposition of standards with respect to imported meat that are less stringent than standards imposed under the other subsections of this section. The Secretary may issue such regulations as are necessary to carry out the provisions of this subsection.".

By Mr. OBERSTAR:

—Page 86, after line 25, insert the following new section:

CONGRESSIONAL REVIEW OF CERTAIN EXPORT SALES OF COMMODITY CREDIT CORPORATION STOCKS

SEC. 1210. (a) Notwithstanding any other provision of law, no agreement providing for the sale, barter, or exchange of a quantity of commodities owned or controlled by the Commodity Credit Corporation which has a value of more than $5,000,000, which is to be exported, and for which the value to be received is less than 85 per centum of the value of such quantity shall be valid—

(1) until the Secretary of Agriculture submits a report to the Speaker of the House of Representatives and the President of the Senate specifying in detail the terms of such agreement; and

(2) unless the Congress does not adopt a concurrent resolution disapproving such agreement before the expiration of 30 days of continuous session of the Congress beginning on the day such report is submitted.

(b) For purposes of subsection (a)(2)—

(1) continuity of session is broken only by an adjournment of the Congress sine die; and

(2) days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in computing the 30-day period described in such subsection.

(c) For purposes of subsection (a), the term "value" means the fair market value on the world market.

(d) Subsection (a) shall not apply to any agreement entered into before the date of the enactment of this Act.

H.R. 4560

By Ms. MIKULSKI:

—Page 18, line 22, strike out "$97,712,000" and insert in lieu thereof "$156,000,000"

By Mr. SIMON

—Page 46, line 1 strike out "notwithstanding section 482(d) of the Higher Education Act" and insert in lieu thereof the following: "pursuant to section 482(d) of the Higher Education Act, except that subparagraph (A) of paragraph (3) of such section shall be applied by substituting "$1,200" for "$1,100": *Provided further*, That the assessment rates shall be 12.5 percent in the case of total discretionary income which does not exceed $5,000, 15 percent in the case of total discretionary income which exceeds $5,000 and does not exceed $10,000, 17.5 percent in the case of total discretionary income which exceeds $10,000 and does not exceed $15,000 and 20 percent in the case of total discretionary income which exceeds $15,000: *Provided further*, That the family contribution schedule for the 1981-1982 academic year shall also be the family contribution schedule for the 1982-1983 academic year, except that the assessment rates set forth in this paragraph shall apply: *Provided further*, That "effective family income" under section 482(b)(3) of the Higher Education Act shall mean, with respect to a student, the annual adjusted family income, as determined in accordance with regulations prescribed by the Secretary, received by the parents or legal guardians of the student minus Federal taxes paid of payable with respect to such income, and shall include any effective student income after any offset as determined by regulations prescribed by the Secretary: *Provided further*, That any amount paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student, and one-half any amount paid the student under chapters 34 and 35 of title 38, United States Code, shall be treated as student financial assistance".

By Mr. WAXMAN

—Page 25, line 6, strike out "$140,039,000" and insert in lieu thereof "$142,039,000"; and insert before the period in line 9 the following: "and $2,000,000 shall be made available to carry out section 309 of the Public Health Service Act".

Page 22, line 2, strike out "$191,965,000" and insert in lieu thereof "$191,465,000"; in line 10 on that page strike out "$9,589,000" and insert in lieu thereof "$9,089,000"; in line 18 on that page strike out "$46,252,000" and insert in lieu thereof "$45,752,000"; and in line 3 on page 23 strike out "$36,502,000" and insert in lieu thereof "$36,002,000".

EXTENSIONS OF REMARKS

THE AWACS SALE, ANOTHER STRATEGIC BLUNDER

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. RATCHFORD. Mr. Speaker, as the foreign affairs committees of both Houses prepare to vote this week on the administration's unfortunate plan to offer the Saudis five AWACS aircraft and enhancement equipment for its F-15 fighters, it is necessary to bring into focus the principle strategic considerations upon which the proposed sale rests.

Interestingly, over the course of this often emotional and intense debate the Saudis themselves have done little to improve American sentiment. Saudi Arabia continues to represent a negative influence on the Middle East peace process. Its stalwart opposition to the Camp David accords and its role of financier to the Palestinian Liberation Organization have created grave doubts as to their ultimate intentions vis-a-vis Israel.

President Reagan has understandably cast the debate in terms of American strategic interests in the Middle East, but even this justification for the sale is severely flawed. The sale would merely serve to further escalate the dangerous arms buildup in the region—a prospect that this Nation is hardly in a position to finance and one that only brings Israel closer to the brink of renewed conflict with its more hostile neighbors. Further, the administration has been hard pressed to offer significant evidence of a Saudi need for enhanced offensive capability. If defense of Saudi oilfields is the compelling argument that the administration presents, then I suggest that a more direct defense might be preferred.

Indeed early warning protection of the oilfields is desirable, but continued coverage by U.S. Air Force planes under American command and control would be far preferable. If an increased American tactical air capability is required in the region, then let that be the focus of our debate. But to suggest that a large, high performance fleet of F-15's directed by AWACS-supplied combat information is not a threat to the security of our treasured ally Israel is sheer folly. In fact, it would seem that any effort to improve Saudi security through the introduction of offensive capabilities fails to recognize that any future Israel-Arab conflict would necessarily involve that nation.

I urge colleagues to join the growing opposition to this proposed sale, which would dramatically increase tension in the region and threaten the strategic balance that this Nation must be committed to achieve.●

AMBASSADOR KIRKPATRICK ATTACKS ETHIOPIA'S RED TERROR

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. McDONALD. Mr. Speaker, our Ambassador to the United Nations, Dr. Jeane J. Kirkpatrick, made a magnificent speech in the United Nations General Assembly on Friday afternoon in response to a vituperative diatribe against this country made by one of the Kremlin's stooges, the Foreign Minister of the Ethiopian dictatorship. This regime is kept in power by the usual Communist "Afrika Korps" of Soviet generals and military advisers, East Germans to run the secret police, and Cuban troops to occupy the country and protect the Marxist-Leninist butchers in Addis Ababa from the just retribution of the Ethiopian people.

I am sure my colleagues recall the novel "The Spike" by Robert Moss and Arnaud deBorchgrave, a best seller last year and this year which explored in fictional terms manipulation of the media by editors who kill or "spike" stories that show the Soviet Union and its allies in an unfavorable light. How remarkable indeed it is that neither the New York Times nor Washington Post nor any other newspaper I saw this weekend carried any mention of Ambassador Kirkpatrick's speech which exposed the Ethiopian regime as the successor in cruelty and atrocity to Idi Amin's Uganda.

Perhaps part of the source of decisions to spike reports of Ambassador Kirkpatrick's speech was the fact that she was able to utilize material from an organization with a high reputation among liberals, Amnesty International, to attack the "Big Lie" smears of the Kremlin's Ethiopian satrapy.

The speech, which I strongly commend to the attention of my colleagues, follows:

> Mr. President, I speak this afternoon less in reply than in protest against the speech made yesterday by the Ethiopian Minister of Foreign Affairs. His strident and vituperative attack on the United States went beyond even what we have come to expect from such quarters.
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> Mr. President, the remarks of the Ethiopian Foreign Minister represent an extreme example of what is known as the Orwellian inversion of the truth. The pattern is a simple one: He accuses others of committing crimes which have, in fact, been perpetrated by his own regime and by those countries with which his regime is allied.
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> He speaks, for example, of "the extermination of Africans" by "sabre-rattling warmongers (who) are either directly or through their paid agents engaged in a savage massacre of men, women, and children around the globe—and all this in the name of justice and democracy." In fact, it is his own regime that is guilty of the very savagery of which he speaks. According to Amnesty International, it is estimated that some 30,000 persons in Ethiopia were summarily executed for political reasons between 1974 and 1978—10,000 in 1977 alone. During the so-called Red Terror, which climaxed in February 1978, the Ethiopian police and army squads murdered some 5,000 grade school, high school, and university students and imprisoned some 30,000 others—this in a country whose entire student population was only 36,000 ten years ago.
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> Again, according to Amnesty International 12-year-old children were among those immersed in hot oil, sexually tortured, or flung out of windows and left to die in the streets. Again, according to Amnesty International, the relatives of the children were prohibited by state edict from mourning, yet at the same time were encouraged to buy back the body for burial—a practice that came to be called: "paying for the bullet." All this wholesale massacre was committed in the name of justice and democracy—in the name of a liberating revolution.
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> The Ethiopian Foreign Minister told us that his country's "epochmaking popular revolution . . . ushered in an era of prosperity and equality." Yet the respected African scholar Colin Legum wrote of Ethiopia at the end of 1978 that, "There are today perhaps a hundred times the number of political prisoners than in the worst period of the late Emperor Haile Selassie's rule."
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> There are at least 300 to 400 arrests every week in Addis Ababa alone. Many of those arrested simply disappear and are presumed executed. Last year Amnesty International published the names of a number of long-term prominent political prisoners whose food, brought in daily, had been turned away by prison officials in 1979. This usually meant that the prisoner had been summarily executed. Amnesty's request for information about several prominent "disappeared political prisoners" and its separate appeal for information about Pastor Gudina Tumsa have gone unanswered. So have its protests against the arrest and torture of church members.
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> The Minister for Foreign Affairs of Ethiopia accused the United States of "stifling progressive movements, undermining sovereign states," and engaging in a "massive military buildup" that has increased tensions in the region.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Yet it is his own regime that is engaged in a war against its own ethnic minorities—among them the Eritreans, the Somalis, and the Tigreans.

It is his own regime that has recently made a pact with two countries that specialize in subverting sovereign states and fomenting regional instability.

It is his own regime that received from the Soviet Union more that $1 billion in military equipment in late 1977 and early 1978—which is over twice as much military aid as the United States provided to that country during a quarter of a century under the late Haile Selassie.

It is his own regime that now hosts—and depends upon for its survival—some 15,000 Cuban military personnel and some 1,000-1,500 Soviet military advisors.

Mr. President, in a characteristic attempt to find scapegoats to account for the failure of his own regime, the Ethiopian Foreign Minister charged that the "imperialist forces" are preventing his country from devoting itself to the tasks of development. The truth, Mr. President, is exactly the reverse. It is his regime's devotion to war—and to the imposition of totalitarian rule over its population—that is responsible for the diversion of its energies and resources from the task of development. Indeed, its policies have caused so much hardship and disruption that more than a million and a half people have been forced to flee to neighboring countries to seek refuge.

In addition, Mr. President, the Ethiopian Foreign Minister speaks of lasting peace being restored in Afghanistan and Kampuchea "only if the people concerned are left on their own without any form of imperialist meddling." Mr. President, I do not take issue with that statement. But surely everyone in this hall knows that the only "imperialist meddling" in Afghanistan is being done by some 85,000 Soviet troops against whom the entire Afghan population is engaged in heroic resistance. And it should not be necessary to point out here that Kampuchea is occupied today by 200,000 troops from Vietnam. These are "imperialist meddlers." Indeed, the government of Ethiopia is integrated into this imperialistic network through friendship treaties, including military clauses, with the Soviet Union, Libya, and South Yemen.

Mr. President, the Ethiopian Minister of Foreign Affairs has repeated the charge that the United States is using biological warfare against the people of Cuba. The American delegation dealt with this subject at length on September 25th when we pointed out that Cuban health officials themselves had told officials of the Pan American Health Organization, American diplomats in Havana, and tropical health specialists both in the United States and other countries that the current epidemic of dengue fever in Cuba had been introduced into the country by Cuban troops returning from Africa. It was only after this quiet consultation that Fidel Castro decided to blame the disease on the United States. The Ethiopian Foreign Minister has now repeated that lie. He adds to this the charge of racism and asserts that the World Health Organization has reached the conclusive verdict that no such disease exists in Africa. In fact, Mr. President, Professor Wilbur Downs of Yale University, an internationally distinguished authority on the subject, has written in a book entitled "Arthropod Borne Viruses of Vertebrates" that dengue virus type one and type two are found in West Africa as far south as South Africa, meaning in the Angola area. And the American Public Health Association states in the book, "Control of Communicable Diseases in Man," that the dengue viruses "have been recovered from West Africa," meaning in the Angola area.

Mr. President, these unfounded charges against the United States are particularly unseemly in light of the fact that the United States, through the Pan American Health Organization, has provided hundreds of tons of a pesticide to fight that self-same epidemic in Cuba.

The Ethiopian Minister of Foreign Affairs has decried a "crisis of consensus" in the United Nations, a crisis he characteristically blames on my country. But the true crisis of consensus, Mr. President, is rooted in the Orwellian falsehoods spread by countries that are concerned principally with shifting the blame onto others for their own internal failures and external acts of aggression. A real consensus, Mr. President, must be based upon a spirit of cooperation and a genuine commitment to the truth. We remain committed to that kind of consensus, but we cannot sit by silently when the Big Lie echoes in these chambers.●

NATIONAL DIABETES WEEK

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. MINISH. Mr. Speaker, I would remind my colleagues that today marks the opening of National Diabetes Week, a designation which I was happy to join my esteemed colleague from New Jersey, Mr. FORSYTHE, in supporting.

The purpose of this week in part is to encourage public support of the many fine organizations which are striving to combat this destructive disease; I for one am proud of my association with the Union Chapter of the Juvenile Diabetes Foundation, which works alongside the American Diabetes Association and other worthy groups to forward medical research and to assist the victims of the various types of diabetes. Yet another purpose of National Diabetes Week which is of great importance must not be ignored: Now is an appropriate time to encourage public knowledge and understanding of this deadly disease, which afflicts some 10 million Americans, 300,000 fatally each year. Itself the third leading cause of death, diabetes often complicates other ailments of the heart, the kidneys, the nervous system, and other areas.

At a time when Government is being cut back in so many areas, I think that this is an appropriate time to reaffirm that our national commitment to conquering diabetes, as well as other killer diseases like cancer, must be continued at a level which has proven so productive of progress in the last few years. Coordination and support by the Federal Government has been a decisive factor in many breakthroughs large and small. Although the temptation will exist at this time to cut back radically in this area as we have in so many others, I would hope that the human as well as the economic costs of failing to sustain our massive research program will be duly considered. We must see this fight through to the end.

At this time, let me also commend the local chapters of concerned citizens around the country who contribute so much of their time, their effort, and their wealth to making diabetes a thing of the past. Your achievements in this cause have been great; may you even surpass them in the future.●

MEMORIAL TO REV. JAMES REDDING

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. STOKES. Mr. Speaker, I consider it a distinct honor and a privilege to bring to the attention of my colleagues in the House the monumental accomplishments and challenging legacy of the late Rev. James Redding of Cleveland, Ohio. Dr. Redding was the founder of Helping Hand Halfway Home, Inc.

Mr. Speaker, although Reverend Redding passed away in 1980, the Board of the Helping Hand Halfway Home, Inc. is carrying on in the great tradition of Reverend Redding. On October 23, 1981, they will have their first annual memorial and fundraising affair for the late Reverend Redding and the Helping Hand Halfway Home, Inc.

As they prepare for this affair which will be the major mechanism to raise funds for the continuation of Reverend Redding's dream and former inmates hopes for the future, I feel that it would be appropriate to review the life of Rev. James Redding. At this time, I want to reflect on what Reverend Redding accomplished in his lifetime and how he extended a helping hand to people drowning in the sea of life.

Mr. Speaker, Reverend Redding was widely respected and revered by people of every economic level in the city of Cleveland. They called him the peacemaker. He was the bridge between the rejected and the rejectors.

Mr. Speaker, Reverend Redding was all that and much more. He was, simultaneously, the friend of the inmate and their challenger. He was the warrior against the injustices inflicted on the black community in Hough and at the same time the advocate for self-help. His character can best be described as the quiet storm, always moving into new territory, with the predetermined purpose of washing away social injustice and bringing on a new season of hope for the hopeless.

To fully grasp and comprehend the depth of his character, Mr. Speaker, we have to go back in time to the year, 1950. It was that year that many people considered Reverend Redding, a black man in a major industrial city, to have accomplished all that he could want—a skilled job and a decent wage.

However, Mr. Speaker, this was not enough for Reverend Redding. He was designed to do something more. Reverend Redding was fully aware of that. He decided to become an active servant of God. He entered divinity school part time at night in addition to working during the day. Restless about the length of study and eager to help those in trouble, Reverend Redding volunteered to become a prison chaplain at the house of correction in Cleveland.

Mr. Speaker, from that point on, the inmates were mesmerized by Reverend Redding's firm sincerity. Reverend Redding embraced the opportunity and worked diligently in helping these human beings who needed a strong helping hand. With only the promise of a helpful ear and utmost confidence, Reverend Redding became the pastor and guiding force for many former inmates. Accordingly, he became a permanent fixture, of sorts, in the hearts of the inmates and in the halls of the penal institutions in Cleveland.

Mr. Speaker, coupled with the success with the inmates, Reverend Redding, in 1954, reached his goal of becoming an ordained Baptist minister. With that achievement, he left his machinist job and took an office job which provided less monetary benefits but a tremendous amount of personal gratification to have more time with the inmates. With that opportunity, he put his God-given talents to work in the best interest of those persons he felt he was chosen to lead—the inmates. For them, Reverend Redding was indeed their key and gateway to a better future.

He approached this task which others shunned. Everyday, he approached it with renewed vigor, confidence, and as a master advocate on behalf of these human beings. In the final analysis, Reverend Redding always won the battle which was a job and a miraculous new beginning for the former inmates. This was all the payment he ever wanted or needed.

Mr. Speaker, realizing that the services he had provided on a one-to-one basis were in need by many others, Reverend Redding embarked on the arduous task and dream of opening a permanent facility which could help former inmates enter society after reaching the redemption point. In 1964, Reverend Redding resigned his job to cultivate his dream. Thus, Cleveland witnessed the birth of the Helping Hand Halfway Home, Inc. With a group of Cleveland's leading citizens on the board, and Louis B. Seltzer as president, the corporation spearheaded a citywide fundraising campaign.

This successful campaign resulted in a new beginning for the inmates and Rev. James Redding. He bought a place in the Hough area, once a millionaire's mansion, where 22 former inmates could live temporarily while rebuilding their lives. While he was getting this needed facility underway, a woman deeded over to the Halfway House a nearby house to establish a Halfway Home for women.

Today, 17 years later, the philosophy of Reverend Redding is still the mainstay and anchor of the Helping Hand Halfway Home, Inc. Primary emphasis is placed on helping the inmates to achieve what Reverend Redding so aptly called habilitation. He once said,

> Too much emphasis is place on rehabilitation of prisoners. How can you rehabilitate anyone who has never been habilitated—equipped to being with?

Mr. Speaker, Reverend Redding was right. For a number of reasons, many inmates had not been rehabilitated in the correctional institutions. His task then and the mission of the Helping Hand Halfway Home, Inc., today is to get them adjusted to society and to become positive contributors in society.

The Helping Hand Halfway Home, Inc. instituted a cadre of programs to meet that need. They include courses taught by outstanding members of the community, instruction in survival skills, counseling and preparation for job interviews. The success ratio is astounding when you take into consideration that the average stay for the inmate is usually only 60 days. This dream, this vision, and tenacity for safely and effectively getting former inmates back into society has been the result of one courageous man—the late Rev. James Redding.

Reverend Redding's influence was not limited to the Helping Hand Halfway Home, Inc. His work and influence transcended all facets and segments of the community, particularly in the Hough area. it crystallized in 1967 during the riots in the Hough area. With flames engulfing the streets and minds of blacks fed up with the injustices in society, Reverend Redding became the eye of the storm. He is credited as being the force which stopped many of the rioters. He was also the man who dissected and articulated the problem and called for the eradication of the injustices which lighted the fuse in Hough during 1967.

Mr. Speaker, as I have said, Reverend Redding was a man of intense dreams. He had the courage to pursue his dreams. For that reason, many former inmates and people in the Hough neighborhood have escaped the nightmare of hopelessness.

Although many of us today still mourn the loss of Reverend Redding, we take comfort and encouragement from the fact that the institutions he setup are lasting monuments to him and to the community. With those thoughts in mind, I join with his lovely wife, Margaret and the Board of the Helping Hand Halfway Home, Inc. in saluting and memoralizing the life of Rev. James Redding.●

TRIBUTE TO JIM PERRY

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. WAXMAN. Mr. Speaker, I should like to call to the attention of my colleagues and the general public the outstanding service Mr. Jim Perry of Los Angeles, Calif., has given to the Los Angeles Fire Department and the United Firefighters of Los Angeles City. I have prepared the following statement of commendation and appreciation in honor of Jim Perry's retirement from both the department and the union he has served so selflessly. Jim's friends, coworkers, and brothers and sisters from the labor movement saluted him at a farewell country dance and dinner on October 2, 1981.

> As a lifetime citizen of Los Angeles and as a dedicated supporter of the trade union movement, I am doubly grateful to Jim Perry. My family and I, along with all other citizens are indebted to him for his work through the years as a firefighter. His distinguished record includes several citations for heroism and lifesaving actions. His selfless intervention to save a human life was recognized not only by the department but also by the American National Red Cross.
>
> As a trade unionist, Jim Perry has distinguished himself in many capacities. He has served his union and the men and women it represents as a skillful reporter, photographer and editor guaranteeing the swift flow of reliable information to members of the firefighters union and their families.

During his years with the firefighters union, Jim distinguished himself not only as a communicator, but as an elected leader and skillful negotiator. Now first vice president of local 112, Jim rose to this position after years of continuous service on union committees and on major special assignments. Jim's union work took him beyond the confines of the firefighters and into the leadership structure of the Los Angeles County AFL-CIO, and Valley Labor Political Education Committee (VALPEC).

Jim Perry is a man of broad interests and varied talents. The people of Los Angeles, and the men and women of the Los Angeles Fire Department, as well as the members of the United Fire Fighters of Los Angeles City have benefited enormously from Jim's intelligence, dedication, and generosity of spirit. In our city Jim earned the respect not only of the firefighters' community, but, also of the representatives of the mass media with whom he dealt so extensively, and the representatives of city government who found in Jim a fair and reasonable adversary.

I join Jim Perry's many other admirers in saluting him, and wishing him a healthy and active retirement.●

THE JUSTICE DEPARTMENT WILL NOT RETREAT

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. McCLORY. Mr. Speaker, some recent reports in the media have implied that the Justice Department was diminishing its enforcement of our Nation's civil rights laws. Such reports are misleading and inaccurate according to the Assistant Attorney General in charge of the Justice Department's Civil Rights Division.

In order to set the record straight as to the policies of the Reagan administration, I am attaching a statement issued recently, which was reproduced in the Saturday, October 3, issue of the Washington Post.

Assistant Attorney General Reynolds' statement follows:

[From the Washington Post, Oct. 3, 1981]

(William Bradford Reynolds)

THE JUSTICE DEPARTMENT WILL NOT RETREAT

On Sept. 23, I testified in Congress concerning the administration's policy on Justice Department enforcement of equal employment opportunity laws. On Sept. 24, The Post, citing my testimony, reported that the administration "will not go to court to win class action decisions in job bias cases." The Post also reported subcommittee chairman Augustus F. Hawkins' remark: "If you're going to proceed this way, you're going to have to triple the staff [of the Justice Department's Civil Rights Division] because the caseload will increase." The article shows a fundamental misunderstanding of my testimony and, I fear, conveys to the public the erroneous impression that the Justice Department will henceforth bring a separate lawsuit on behalf of each individual employee victimized by employment discrimination based on race, sex, religion or national origin. The issue of equal employment opportunity is too important and too sensitive to permit public misperception of the administration's policies in this critical area to go uncorrected.

The confusion shown by Hawkins' quoted remarks in The Post's story apparently springs from a misunderstanding of the subtle legal distinction between a "class action" suit and a "pattern or practice" suit. Class action suits are brought by private litigants and seek to redress a common injury suffered by a "class" of persons. The Justice Department is not now and has never been authorized to bring class action suits. Instead, it is authorized under Title VII of the 1964 Civil Rights Act and other civil rights laws to bring suits against state and local authorities based on a claim of a "pattern or practice" of unlawful employment discrimination.

When the department prevails in such a lawsuit, each employee or job applicant unlawfully discriminated against by the employer is entitled to enter the litigation and prove that he or she is entitled to affirmative relief such as back pay, retroactive seniority, and hiring and promotion priority. For example, in a "pattern or practice" suit currently being litigated, more than 600 persons have already sought to enter the litigation and file individual claims of injury following the district court's finding of a pattern of racially and sexually discriminatory practices in several job categories. The department will examine each of those claims and pursue those that are valid.

As I made clear in my testimony, the Justice Department does not intend to retreat one step from its enforcement of "pattern or practice" lawsuits under the civil rights laws. Not only will there be no change of policy to an individualized case approach as suggested in The Post article but, in my view, such a change would be extremely unwise.

The policy change, as I stated in my testimony, concerns only the range of remedies the department will seek in court following a finding of employment discrimination. In the past, the department has routinely sought as an element of relief in this area, imposition of mandatory race and sex hiring goals designed to benefit a group of persons, without regard to whether those preferred are themselves victims of the employer's discriminatory practices. We no longer will insist on or in any respect support the use of numerical or statistical formulas providing to non-victims of discrimination preferential treatment based on race, sex, national origin or religion. Such race-conscious or sex-conscious preferences are, as history has shown, divisive techniques that go well beyond the remedy that is necessary to redress, in full measure, those injured by a particular employer's discriminatory practices.

Henceforth, the department will emphasize a three-pronged remedial formula consisting of 1) specific affirmative relief for individual victims of proven discriminatory practices; 2) increased recruitment efforts directed at the group or groups previously disadvantaged, including, where appropriate, recruitment goals so as to bring into the employer's pool of qualified applicants increased numbers of minorities and women; and 3) injunctive relief requiring color-blind and sex-neutral nondiscriminatory employment practices in the future. Non-discriminatory hiring and promotion from an appropriate pool of applicants will, we believe, fully correct the effects of past discriminatory practice.●

QUEENS VILLAGE RESIDENTS ATTAIN SCOUTING'S HIGHEST HONOR

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. LeBOUTILLIER. Mr. Speaker, since 1913, the Boy Scouts of America have taught the young men of our country the values, skills, and determination necessary to discharge their duties as citizens and leaders.

I am proud to acknowledge two Queens Village residents, Stephen Botten and James Hendry, who have attained Scouting's highest award for achievement, the rank of Eagle Scout.

Capturing a spirit so necessary to the vitalization of any neighborhood, Messers. Botten and Hendry successfully completed projects which will provide lasting benefits to their community.

Mr. Botten distinguished himself with a project that resulted in extensive repairs to a neighborhood church hall. This hall can now be used for the church's Sunday school and meetings of various church and community organizations.

Mr. Hendry's endeavors led to the renovation of the backstops and fences surrounding a Little League field in his area. This effort improved the safety and playing conditions for hundreds of youths who regularly utilize this facility.

These young men deserve our recognition, appreciation, and encouragement. I am confident they will continue to excel and be of even greater service to both their community and their country.●

PRIVATE CONTRIBUTIONS TO THE ARTS ARE REALLY FROM THE PUBLIC PURSE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. LaFALCE. Mr. Speaker, as we are well aware, the theme of the administration's budget cutting is to get Government "off our backs" and place greater reliance upon the private sector for the support of many programs. It remains to be seen whether all those programs which experienced severe budget cuts will remain viable because of private support.

We are already witnessing, as Bill Branche points out in an article in the Niagara Falls, N.Y., Niagara Gazette, successful private fund raising drives on behalf of the arts. Branche reminds us, however, that we cannot put the funds accrued through such drives totally in the category of "private" giving. In point of fact, they are tax expenditures.

Branche does not suggest that tax incentives for charitable contributions are ill-advised. He simply reminds us that Government support can be given both by direct budget outlays and through tax subsidies. The private sector has not abandoned the arts because the Government has not either.

Mr. Branche's article follows:

PRIVATE CONTRIBUTIONS TO THE ARTS ARE REALLY FROM THE PUBLIC PURSE

(By Bill Branche)

The Buffalo Philharmonic Orchestra has just announced that it has raised $1,080,452 through its annual fund drive and several special projects.

The Albright-Knox Art Gallery has just begun its annual membership campaign, hoping to increase its membership from the present 6,000 to 7,200 at rates ranging from $15 to $500 a year.

These are the fund drives I happen to have heard about in the last few days. In fact, similar projects are carried out by all arts organizations at all times of the year. The sums raised are staggering—many millions of dollars on the Niagara Frontier, and many hundreds of millions across the nation.

Arts institutions are not the only ones delighted by such figures.

So are the budget-cutters in Washington. These sums, they say, justify their contention that the government can cut its grants to the arts in half—or more—because the "private sector" will fill the gap, at no cost to the taxpayers.

Put aside the question of whether private citizens and corporations will come through with $200 or $300 million extra, especially in view of the belief of many observers that the steep increase in private contributions to the arts in the last 15 or 20 years is due to the example set by local, state, and federal governments.

The point I want to make is that these "private" contributions to arts organizations (and to many other kinds of organizations) are, to a considerable extent, public contributions. They come out of the United States Treasury. Not directly, to be sure. But the Treasury would have got a considerable part of this money if it hadn't been given to arts and other non-profit organizations. This is because such gifts reduce the givers' taxable incomes, and thus reduce the amount of money they have to pay the Treasury in taxes.

I'm not campaigning against tax-deductible gifts to the arts. Tax-deductible gifts combined with government contributions and such genuinely private sources of income as ticket sales make a fairly solid base of support for the arts. But the so-called "private," tax-deductible gifts have two serious faults.

First, they are an expenditure of public money over which the public has no control. No representatives of the public oversee the distribution of this money. It goes to whomever the givers happen to favor.

Second, we all have to pay higher taxes to make up for the money the government loses by allowing gifts to the arts to be tax-deductible. Mobile or Xerox or some other corporate giant gets to put its name on the theater program, the art exhibit catalog, or the public television show, but it's really our money that made it possible.

Thus it is deceptive for Washington officials to talk about "private-sector giving" as though it cost the public nothing.

And it is dangerous to the arts when they are forced to rely almost exclusively on "private" giving. In the days before government giving, it was the great institutions that got the money—the Metropolitan Opera, the Philadelphia Orchestra, the Art Institute of Chicago, and—in regional terms—the Buffalo Philharmonic and the Albright-Knox. This was partly because there was a certain snobbery among givers, and partly—maybe mostly—because they didn't know who else to give their money to. The state and federal government arts agencies, with their democratic approach to nominations for grants and their exhaustive expert screening processes, have widened the field of giving, and "private" contributors have often followed their lead.

I repeat, I'm not campaigning against tax-deductible giving. For all its faults, it has worked reasonably well in combination with other sources of revenue for the arts.

But it's important that the public (and the government) understand that these gifts aren't money from heaven and that private givers don't have angelic wisdom when they decide what arts and artists will get their money.●

WHAT WE NEED NOW IS PATIENCE

HON. TRENT LOTT

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. LOTT. Mr. Speaker, I rise today to call attention to an excellent piece of commentary written by Mr. Robert McHugh, executive editor of the Sun-Herald in my congressional district. The article counsels patience with the economic recovery program and carries words of wisdom I believe Members of this body will find meaningful. I present it here for your consideration:

[From the Sun-Herald, Mississippi Gulf Coast, Sept. 27, 1981]

(By Robert McHugh)

OUR PATIENCE, NOT CONTROLS, IS NEEDED NOW

If the Reagan economic program, which doesn't even go into effect until Oct. 1, does not make everybody rich by Nov. 1, many bitter complaints will be heard around the country.

The economic quacks will come forth with nostrums of every description, guaranteed to do a better job than Reagan's budget and tax reductions. Already, congressmen are speaking of reorganizing the Federal Reserve, putting a windfall profits tax on interest income, controlling credit and instituting wage and price controls.

We all remember President Nixon's experiment with price controls in the 1970's. They did nothing but discourage production and throw the country into an economic slump.

We also had price and wage controls during World War II, which worked to some extent because the nation was in a patriotic rapture. But even then, there was a black market. Price controls, history proves, can't be enforced.

The first ruler I can find who tried them was Diocletian, emperor during the fading days of the Roman empire. If anybody could make price controls work, it had to be Diocletian. He threatened the death penalty for all who asked for more or paid more than the controlled prices listed in his imperial decree.

The preamble to his decree, written 16 centuries ago, reads as if Jimmy Carter wrote it. Diocletian told his subjects it was their greed that was responsible for rising prices. Carter tried to tell Americans the same thing just a few years ago. But there the comparison ends.

Diocletian not only set prices on such commodities as wine, oil and meat, he even plunged into the service industry, telling barbers that a shave could cost no more than today's equivalent of a half cent.

The wages he set would drive PATCO President Robert Poli mad. A donkey driver could take only a ration of bread and olives plus four cents for a day's work.

But even with the death penalty as an enforcement weapon, Diocletian couldn't make his controls stick. He did manage to stabilize conditions long enough to maintain his army, which is a concern of President Reagan's today. But the controls just dwindled away for lack of efficient enforcement.

Let us face the facts: Price and wage controls are a snake oil nostrum that never has worked well and will not work now.

In the Soviet Union, prices are rigidly controlled. On paper, the system looks good. Prices on eggs, milk and meat have not changed since 1962. The only problem is that those artificially low prices guarantee constant shortages. What is the use of having a low price on eggs if you can't find them at the market?

Americans are constitutionally impatient. During the Reagan honeymoon period, the new president was cheered lustily for cutting fat out of the bloated federal establishment. But now, with revised figures arguing for even more budget cuts, his popularity is on the decline.

Even the Senate majority leader, Howard Baker, and House minority leader Bob Michel have been telling Reagan additional budget cuts will be difficult to get through Congress. And they are reflecting the views of their constituents.

If the American public will not support additional budget reductions, they will soon see their representatives in Congress turning to the old snake oil economic medicines that history has shown to be worthless.

The combination of cuts in spending to reduce the federal deficit and tax reductions will not work overnight. Perhaps in the end they will not be as successful as we'd like. But they constitute the only reasonable solution for our economic ills advanced thus far. We must be patient enough to give them time to work.

If we aren't, the economic quacks will take over with their promises of quick fixes. Diocletian couldn't make quick fixes work in Rome in 301 A.D. Nixon couldn't make them work in the United States in the 1970's. They don't work in the Soviet Union. And they won't work here in the 1980's.●

AIDING FLEEING HAITIANS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. OTTINGER. Mr. Speaker, I am including in today's RECORD an important article by Mr. Clemard Joseph Charles which recently appeared in the New York Times. Mr. Charles, the chairman of the Federation for the Reunification of Haiti, rightly criticizes the Reagan administration's disturbing policies toward Haitian refugees.

Once again, the administration is demonstrating its racism by treating

Haitians so morbidly differently than Cuban and Asian refugees, denying political asylum to thousands of Haitian refugees fleeing from tyranny and oppression. Just last week, the administration issued an Executive order authorizing the Coast Guard to intercept and turn around ships off the coast of Haiti that are suspected of carrying illegal immigrants. This proposal was formulated under an agreement with the Haitian Government, and will result in the return of many Haitians to the brutal human rights atrocities perpetrated by President Duvalier.

Those Haitians who have succeeded in arriving in the United States to the promise of freedom and liberty are being sent to detention centers throughout the country, including some in cold northern climates. As Mr. Charles states in his article:

> To somebody from a tropical climate, already closeted in gloom, clad in rags and starved for his own foods, this meant being sent to a frozen wasteland like Siberia. The comparision itself should give us pause.

Clearly, the administration's proposal casts doubt on our Nation's historical humanitarian commitment to those fleeing the tyranny and oppression. Returning Haitians to those deplorable conditions is tantamount to our complicity in these human rights violations. This threatens our long-term interests in the Caribbean by handing the cause of freedom to the Communists, and risking our relationship with a future Haitian Government should the Haitian people, as Mr. Charles states, "retake our homeland" and return to a Haiti that is free of the repressive Duvalier regime.

I commend Mr. Charles' article to the attention of my colleagues.

[From the New York Times, Sept. 29, 1981]

AIDING FLEEING HAITIANS

(By Clemard Joseph Charles)

A newspaper photograph recently gave me a disquieting feeling of "déjà vu." It showed two helmeted riot policemen dragging off a Haitian at the Krome North detention center in Miami after "disturbance in the camp."

Suddenly memory swept over me. The policemen, grim-lipped, were pulling the terrified prisoner. I looked at the prisoner's face. His expression—his stance. It is I, years ago, being dragged off by "Papa Doc" Duvalier's thugs to the beginning of a bitter 10-year prison term.

In Miami, how could this happen? In Port-au-Prince, after all, I was guilty of something—I was in opposition to cruelty and tyranny, and I suspected that I would have to pay the price. But what terrible crime had the man in the photograph committed? He had turned against his keepers. The truth is sad. The fact in that it was not a riot but a stampede that developed as a result of a rumor that the United States Government would send him to another camp, in northern Montana. To somebody from a tropical climate, already closeted in gloom, clad in rags, and starved for his own foods, this meant being sent to a frozen wasteland, like Siberia. The comparison itself should give us pause. And what was worse, the rumor was accurate!

The man in the photograph had gone through terrible hardships—the real threat of death at sea, to reach the land of the free.

However, those Haitian who risked their lives to fight injustice, and who fled so as to fight another day, are being treated by the Government more harshly than any refugees in recent United States history.

To find that they are incarcerated and treated worse than convicted felons—to find that Haitians are in overcrowded cells in Brooklyn, in three places in Upstate New York, Kentucky, West Virginia, Texas, and in the camp at Fort Allen, Puerto Rico, defies all understanding.

It is unbelievable to me that the stated purpose of the United States Immigration and Naturalization Service is the return of the refugees to Haiti, which means certain imprisonment and death.

The Service says that the Haitians were "picked up on the water" and are therefore "illegal aliens" who never technically entered the United States and who therefore could be "excluded," a legal process swifter than deportation. To me, this is an argument that would do credit to a fascist—not to a United States official.

Certain Cuban "boat people" are considered criminals and undesirables, and yet they have been given asylum. The Haitians are not criminals but genuine refugees from tyranny, oppression, and poverty, and they are getting the shortest shrift of all.

There are some 1.5 million Haitian expatriates all over the world. There are perhaps 300,000 Haitians in the United States, including the more than 2,200 now in jail, many of whom want to rejoin the five million on the island who have been suffering under "Baby Doc" Duvalier's rule.

Wouldn't it be much better—more humane—for the United States Government to give these unfortunate Haitians asylum, particularly now that the Duvalier regime is shakier than ever? Americans should examine their consciences.

We are but a small, battered, lonely group. We are separated from the United States by language and culture. But we are human beings and an injustice to even the least of us reflects on all humans.

Haitians are a proud people. We do not wish to remain in the United States. We wish to return to a Haiti that is free of the Duvalier regime and of totalitarianism of both the right and the left. We are not waiting for others to carry out a revolution for us. We are organizing and fighting for our own freedom.

But listen carefully. the "Haitian troubles" are no longer merely Haitian troubles. They have become United States troubles. The United States' tradition of generosity and haven for the oppressed is endangered. The concept of freedom and democracy for which Americans have fought for more than 200 years and Haitians have fought for 177 years is endangered.

We will fight the Ton Ton Macoute—the regime's "hit men"—and the corrupt and venal Duvaliers. We are not asking for American blood. We have been shedding our own, and the time is very fast approaching when the hated dictator inevitably will go.

Americans will never regret it when we retake our homeland. We will not be a second Cuba; we will not be another Angola. We will do our job and it is clearly evident that Washington must do its job. We cannot fight the United States' monstrous bureaucracy. We cannot establish United States national policy.

We can only hope for help.●

PERSONAL EXPLANATION

HON. TOM CORCORAN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. CORCORAN. Mr. Speaker, due to hearings in Chicago related to the Clean Air Act and previous commitments in my district on October 1 and 2 I was unable to be present and voting on a number of issues during the course of those 2 days. If I had been present, I would have voted in the following way:

OCTOBER 1, 1981

On a motion to approve the House Journal of Wednesday, September 30, "yea."

On a motion to suspend the rules and agree to the conference report on S. 304, National Tourism Policy Act, "no."

On a motion to table the motion to discharge House Resolution 208, a resolution disapproving the action of the D.C. Council in approving the D.C. Sexual Assault Act of 1981, "no."

On a motion to discharge the Committee on the District of Columbia from further consideration of House Resolution 208, "yea."

On a motion for the immediate consideration of House Resolution 208, "yea."

On a motion to limit debate on House Resolution 208 to not more than 2 hours, "yea."

On adoption of House Resolution 208, "yea."

On final passage of H.R. 4612, a bill to temporarily delay the October 1, 1981, increase in the price support level for milk and to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning June 1, 1982, "yea."

OCTOBER 2, 1981

On a motion to approve the House Journal of Thursday, October 1, "yea."

On adoption of the rule to H.R. 3606, Agriculture and Food Act of 1981 "yea."●

STORAGE OF NUCLEAR WASTE A TIME FOR ACTION

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. BEREUTER. Mr. Speaker, I wish to bring to my colleagues attention an article that recently appeared in the Wall Street Journal titled:

"Waiting on Washington, Nuclear Plants Squeeze More Waste Into On-Site Storage."

As a member of the House Interior Committee who is involved in the mark up of legislation in this area, I found this article to be a lucid description of the current problems and circumstances related to the storage of spent fuel from our domestic nuclear powerplants. It is crucial that this Nation expeditiously implement a comprehensive program for the safe and retrievable storage of high-level waste generated by our domestic nuclear energy industry.

Mr. Speaker, I request permission to have the text of the article as it appeared in the September 16, 1981, edition of the Wall Street Journal reprinted in full.

[From the Wall Street Journal, Sept. 16, 1981]

[WAITING ON WASHINGTON, NUCLEAR PLANTS] SQUEEZE MORE WASTE INTO ON-SITE STORAGE

(By Arlen J. Large)

SCRIBA, N.Y.—The James A. FitzPatrick nuclear power plant stands here churning out electricity on the shore of hazy Lake Ontario. On an upper floor of the reactor building, Robert Burns is peering into a 38-foot-deep pool of remarkably transparent blue water, where divers have started attaching hoists to submerged gray metal cages.

The cages hold used-up uranium fuel rods, standing upright in the pool and spaced far enought apart to prevent a disastrous chain reaction. Mr. Burns is overseeing an activity common these days in nuclear plants: "Re-racking" the inventory of spent fuel so that more can be crowded into the same limited space.

This expensive chore is required because of continued paralysis in Washington over the ultimate way to dispose of nuclear waste. Congress faces many conflicting plans, including an Energy Department idea to put spent fuel into bombs. Meanwhile, utilities that own nuclear plants are scrambling to come up with storage techniques.

The Nuclear Regulatory Commission says it has given permission to 50 of the 71 licensed operating nuclear plants to put more old rods in their storage pools. Twelve plants have had to re-rack fuel twice. Ten more applications' are pending for NRC staff approval.

The FitzPatrick plant here, owned by the New York State Power Authority, received its NRC go-ahead in June. Its storage pool has spaces for 760 bundles of old fuel rods. Right now 428 of them are filled, but another 188 will be used up this fall when the reactor is closed for refueling. That means the anticipated refueling a few years from now will exhaust the pool's capacity, so the utility is moving now to make more room.

When the re-racking is finished next March, Mr. Burns says, the pool will have space for 2,244 fuel bundles, or assemblies. He estimates that should take care of the reactor's storage needs until 1993.

Like many other nuclear-plant owners, the utility has bought new aluminum racks with boron sandwiched within the cage walls. In the sometimes unfortunate jargon of the nuclear industry, boron is a "poison" that stops neutrons from banging into the fissionable uranium atoms remaining in the spent fuel, thus preventing a chain reaction. "That allows you to store the fuel bundles a lot closer together," says Mr. Burns.

Duke Power Co. used the neutron-absorbing racks this year to increase to 1,312 from 750 spaces the storage capacity in a pool used jointly by Oconee Units One and Two in South Carolina. In New Jersey, Public Service Electric & Gas Co. this summer finished re-racking the pool at its Salem Unit One plant, creating 1,170 spaces for fuel rod bundles where there were 264 before.

More is involved than just buying new boron racks and hiring divers to install them. Here at FitzPatrick, where the storage pool is next to the heat-producing core high in the reactor building, heavy steel columns had to be installed to handle the extra weight of the added fuel rods. And more rods mean more "decayed" heat in the pool, requiring extra effort to cool the water.

According to the Edison Electric Institute, a trade group of privately owned utilities, nobody has made a good estimate of how much all this re-racking costs. It's at least in "the tens of millions of dollars," says an Edison analyst, and the cost is passed on to electricity users.

It wasn't supposed to be this way. Until the mid/1970s, utilities had expected to hold spent fuel in their on-site storage pools briefly and then ship it off to "reprocessing" plants. There, the remaining fissionable uranium and the plutonium created in the reactors would be separated out for reuse as fuel. The radioactive liquid residue would be solidified, encapsuled in glass or ceramic, and buried. But for political and technical reasons, this has never come about.

Plans for reprocessing plants in Illinois and New York failed. A consortium of companies known as Allied General Nuclear Services started building a reprocessing plant at Barnwell, S.C., but ran into White House concern about proliferating supplies of plutonium that could be used to make bombs. President Ford said reprocessing would be discouraged, and at the request of President Carter, the NRC refused to give the Barnwell plant an operating license.

As a consolation to the utilities, President Carter said it would be okay for the federal government to operate one or more spent-fuel storage repositories to take the load off the fast-filling local reactor pools. But there's tremendous local opposition to any site's consideration for such an "away-from-reactor" repository, and the idea died last year in Congress.

Enter the Reagan administration, with pro-nuclear and free-enterprise statements that seem contradictory, at least to some utility lobbyists. Utility spokesmen this summer warned Congress that an away-from-reactor federal storage repository may be needed as early as 1986 because of the brimming pools at some reactors. But the Reagan White House has reversed the Carter policy on federally run sites, saying spent fuel storage is the utilities' responsibility.

Simultaneously, the Reagan administration has reversed the Carter policy on spent-fuel reprocessing, saying recovery of uranium and plutonium is the "cornerstone" of managing the nuclear waste problem.

This is the complex state of affairs that faces Congress. A House Interior subcommittee begins trying today to draft timetables for underground nuclear waste burial. The nuclear industry still probably won't get its requested away-from-reactor temporary storage site, but it's anxious for some form of disposal plan that will show nuclear critics that progress is being made on the waste problem.

Rep. Manuel Lujan is pushing a bill intended to start the reprocessing of spent fuel from civilian reactors at Barnwell. Five directors appointed by the President would supervise the plant until it got an NRC license, and then it would be turned over to a new consortium of private stockholders. Mr. Lujan's plan hasn't been endorsed by the administration, but the New Mexico Republican says the bill is consistent with Mr. Reagan's views. Final action on this proposal, and on nuclear waste generally, isn't expected until next year.

So far, government has kept a rigid distinction between civilian nuclear power and military production of uranium and plutonium bombs. One reason is technical. Plutonium produced as a by-product of uranium fission in a power-generating reactor is, in effect, overcooked, and doesn't make good bombs.

However, Energy Department scientists believe they have found a way to purify civilian reactor plutonium into bomb-grade material. Under one plan, the department later this decade would acquire some spent reactor fuel, separate the plutonium at a weapons plant and treat it with lasers for bomb production.●

RIGHT TO VOTE

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. FRANK. Mr. Speaker, the secretary of the Commonwealth of Massachusetts, Michael Joseph Connolly, has been a strong supporter of measures to extend to all Americans the right to vote. Secretary Connolly in the discharge of his duties has been firmly committed to removing obstacles that might be placed in the way of any citizen who desires to exercise his or her franchise. He recently wrote a letter to the editor of the Boston Herald American reaffirming his strong view that the bilingual provisions of the Federal Voting Rights Act should be maintained. As the chief elections official of the Commonwealth of Massachusetts, who has performed his job very well, Secretary Michael Joseph Connolly speaks with a great deal of authority on this subject.

I am pleased that he has spoken out so forcefully on this important issue and I think his views should be shared with the membership. A copy of the letter follows:

THE SECRETARY DISAGREES

As the chief Elections official of Massachusetts, I am writing in response to the September 15, 1981 editorial, "Phase Out Bilingual Voting." I disagree strongly with the Herald's viewpoint.

The Voting Rights Act has required that election materials, including ballots, be provided in certain other languages wherever more than five percent of the voting age citizens belong to certain language minorities, and when the illiteracy rate is higher than the national average. This provision of the Act does not now apply to Massachusetts, although the 1980 census results may soon do so in some cities or towns here for the first time. Elsewhere, bilingual voting proved invaluable in providing access to the electoral process for non-English-speaking American citizens. As the editiorial mentioned, it has indeed given these people a sense of full participation in our democracy.

Massachusetts has voluntarily taken many steps to increase voting participation by citizens who do not speak or read English well. The Legislature has mandated that voter registration forms in both Spanish and English be available throughout the Commonwealth. For all state elections, the Elections Division of my office prepares specimen ballots and voter information booklets in Spanish. Altogether, we have printed voter registration materials in eight languages: Spanish, Portuguese, French, Polish, Italian, Greek, Chinese, and English. All these steps have been well received and have been instrumental in improving participation in elections.

The right to vote belongs to all Americans, regardless of the language they speak. I urge Congress to renew the entire Voting Rights Act, including the important bilingual voting provisions.●

SQUABBLE AND WOBBLE

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. BINGHAM. Mr. Speaker, it is quite possible that President Reagan and his associates may prove to be the most inept team in this century to conduct America's foreign policy. The prospect may offer some comfort to partisan Democrats, but it is a scary one.

A truly devastating comment on the performance of the Reagan team is provided by the usually mild James "Scotty" Reston in yesterday's New York Times under the heading "Squabble and Wobble":

SQUABBLE AND WOBBLE

(By James Reston)

WASHINGTON, Oct. 3—Since World War II, the United States has had Presidents who have personally dominated the foreign policy of the nation—John Kennedy, Richard Nixon and Jimmy Carter, for example—and other Presidents such as Harry Truman, who delegated this responsibility to Secretary of State Acheson, and Dwight Eisenhower, who left the burden primarily to Secretary of State Dulles.

Now we have a President who is neither dealing effectively with foreign policy himself, nor delegating authority to his Secretary of State or anybody else. To put the point as gently as possible, this is becoming a bit of a mess.

For example, in his latest news conference, President Reagan made two points that attracted particular attention:

In his opening prepared statement, he said it was his duty to define and defend our broad national security interests; that the Congress had an important role in this process; and then, in a clearly calculated shot at the Israelis, he added that "it is not the business of other nations to make American foreign policy."

In the same news conference, he then demanded for the United States the right of intervention he had pointedly rejected for Israel. "I have to say that Saudi Arabia we will not permit to be an Iran . . . there's no way that we could stand by and see that (country) taken over by anyone that would shut off that oil . . ."

That is both a commitment and a contradiction, made off-the-cuff without any consultation with the Congress, without any evidence of a clear threat to the security of Saudi Arabia, without any justification for the comparison with Iran and without the slightest indication of how he could fail to "permit" an internal uprising against the ruling monarchy in Saudi Arabia if one should occur.

Another example: though the President was quite direct in telling Israel not to interfere directly or indirectly with American foreign policy, he was apparently quite indifferent to the central questions of U.S.-Israeli relations when he met with Prime Minister Begin in Washington last month.

After seeing the President, Mr. Begin met with the members of the Senate Foreign Relations Committee. Senator Pell of Rhode Island asked him what had been said in the White House about the West Bank and the Israeli settlements there. The Prime Minister replied that this topic had not been discussed between them.

Senator John Glenn of Ohio said he must have misunderstood the answer to Senator Pell's question. Mr. Begin assured him that he had not misunderstood. Senator Glenn than asked, I am told, whether the President had raised the question of using U.S. weapons in the Israeli raids on the nuclear facility in Iraq and on the P.L.O. headquarters in Beirut. Had any understanding been reached about what were offensive and defensive weapons? Mr. Begin's answer was that the President had not talked to him about these matters either.

This misconduct of policy in the Middle East is becoming not only a problem but a bit of a diplomatic scandal. The Israelis are sore about President Reagan's public rebuke. The Saudis are bewildered by the conflict between the White House and the Senate over the delivery of the AWACS and other military equipment, and they are furious at Mr. Reagan's presumption to speak publicly about what he would "permit" to happen in their country.

Meanwhile, even the Republican leaders in the Senate are irritated by the way the whole AWACS deal has been bungled. First, it was sprung on them without adequate consultation, which allowed time for the opposition to mobilize 50 senators against it. Then Richard Allen, the White House national security adviser, was assigned the job of repairing the damage.

When Mr. Allen talked with Senator Glenn about the possibility that some senators might help arrange a compromise with the Saudis for joint control of the AWACS, so that the deal could be accepted by the Senate, Secretary Haig protested.

According to The Wall Street Journal, he was reported to have said he didn't want "any (obscenity) senators running foreign policy." Senator Howard Baker of Tennessee, the majority leader, was reported to have replied that he didn't want "any (obscenity) Secretary of State running the Senate."

So for the time being, "squabble and wobble" is the rule of the day not only on foreign policy but also on defense policy. As a down-payment on a more expensive strategic security system later on, the President has asked, as a compromise, for "only" 100 MX missiles and 100 B-1 bombers; the cost for this "interim" program is expected to be $180.3 billion.

The problem is not that Mr. Reagan meant to avoid raising the tough questions with Mr. Begin, or infuriate the Saudis. It is that he is giving the impression that he's a nice guy who doesn't really mean anything, and is neither in charge, nor willing to decide who, if anyone, should be in charge.●

UNPAID TAXES AND LOANS COSTING AMERICANS MILLIONS DAILY

HON. ED BETHUNE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. BETHUNE. Mr. Speaker, Uncle Sam's sloppy debt collecting has allowed defaults and delinquencies to reach $25 billion. In interest alone, this is costing Americans about $10.3 million a day.

According to the "Report on Strengthening Federal Credit Management" prepared by OMB, most delinquent debt involves unpaid taxes and loans that had not been repaid by small businesses, farmers, students, foreign countries, and others.

A breakdown of Federal loans, in default or delinquent, tells quite a story: $2.2 billion owed to the Department of Education for student loans; $1.3 billion due to the Department of Agriculture, mostly for loans to farmers and businesses; $1.8 billion in delinquent loans at the Small Business Administration; $1 billion in overdue loans to the Department of Housing and Urban Development; and $2 billion-plus in delinquencies owed to various other agencies.

Mr. Speaker, if the Federal Government—the Nation's biggest banker—were subject to its own financial regulations, the Treasury would be closed down.

No bank or savings and loan could operate as sloppily as Uncle Sam's bank and still stay afloat. Federal regulations simply would not allow a financial institution to hold $25 billion in delinquent debt.

Fortunately, OMB has announced a policy to crack down on delinquent debts, and legislation has been introduced to reduce delinquent debt by giving the collection activities to private credit bureaus.

Although the efforts by OMB and others to crack down on this problem are welcome. Congress needs to help by passing the credit-budget proposal Mr. MINETA and I have coauthored. We now have over 200 cosponsors. The credit budget would not only help reduce the overdue debt problem by putting discipline in our system but it could also help reduce inflation and interest rates. Clearly, this problem deserves congressional consideration.●

EDITORIAL COMMENT

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. BEREUTER. Mr. Speaker, from time to time, I read editorials in the newspapers that service my congressional district that I think have a message that should be shared with my colleagues. Today I call to your attention two that have appeared in recent weeks in the Sioux City Journal.

The first, "Long Session," provides some insight into the congressional debate on the President's latest series of budget-cutting proposals. One paragraph in particular deserves highlighting:

> In all the varied reactions to the Reagan calls for further economies, nowhere have we heard any reasoned alternatives. The only Democratic reaction has been to dig in, to refuse to consider further cuts on domestic programs.

The second editorial, "Charitable View" also contains an important message. The writer refutes concern that Americans may reduce their contributions to charity because of the new tax law.

I am inserting both editorials in the RECORD:

[From the Sioux City Journal, Sept. 27, 1981]

LONG SESSION

Now the going gets tough. Reagan's personality won't be enough to carry his newest economic proposals through Congress.

Initial congressisonal reaction to the president's latest budgetary proposals gives promise of much pulling and hauling on individual segments of the recommendations.

Reagan is seeking an additional $13 billion in spending reductions and $3 billion in added tax revenues, all aiming toward a federal fiscal deficit of $43.1 billion in 1982.

Predictably, Congressional Republicans are making supportive sounds for Reagan's budget-cutting efforts. But even GOP mainliners like Senate Republican Leader Howard Baker of Tennessee figure there will most certainly be an effort in Congress to make deeper cuts in defense spending.

Equally predictable were the responses of Congressional Democrats, who scored the president for meanness of spirit, and charged that the presidential speech represented an "admission that his economic proposals have been thus far an abysmal failure."

That last assertion is a bit strange, since none of Reagan's economic proposals so far have been put into effect.

In all the varied reactions to the Reagan calls for further economies, nowhere have we heard any reasoned alternatives. The only Democratic reaction has been to dig in, to refuse to consider further cuts on domestic programs.

That may be good politics, but it's poor planning. And it is going to make for an engrossing session of Congress.

[From the Sioux City Journal, Sept. 4, 1981]

CHARITABLE VIEW

Charitable organizations have been warned that the Reagan administration's big tax cuts may cost them billions of dollars in lost donations by reducing the incentive for charitable giving. We think this wholly cynical view of charity by a Washington think tank underestimates the generosity of Americans and misjudges the motives for giving.

And on a pragmatic level, we would hope that Americans who voted for Reagan would realize that failure to continue their charitable contributions can have a disastrous effect on the entire Reagan program.

Americans donated $45 billion last year to nonprofit hospitals, universities, museums, cultural activities, and anti-poverty and religious groups. The Urban Institute, an independent research organization in Washington, estimates that these agencies will receive $18 billion less under the new tax law in the next four years than they would have under the old.

The Institute predicts that giving will decline because new law reduces the maximum tax rate on unearned income to 50 percent from 70 percent. As a result, the rich can keep 50 cents of the dollars they were giving to charity, instead of only 30 cents—charity, in effect, will cost them more.

The Urban Institute's view may be overly pessimistic, underestimating the tax reduction's effect in increasing individual income, thus making it easier to support charities. The disincentive for the rich will also be offset to a yet-undetermined degree by new donations from millions of lower income persons, who are permitted for the first time by the new law to deduct charitable gifts from their income tax, even though they do not itemize their deductions.

The Institute's predictions, moreover, fail to take into account the sense of obligation ingrained in the American character. The moral commitment to improve society and provide for the less fortunate has made Americans the world's most generous people.

But if the Institute's figures are even partly correct, nonprofit institutions face a decline in private donations at the same time government is reducing its social services budgets. Competing for fewer dollars, charitable organizations will be under greater pressure than ever before to demonstrate the effectiveness of what they do, and the efficiency with which they do it. And this need to become accountable may prove more beneficial than harmful.

Charitable and cultural institutions that can obtain measurable results should have first call on public donations. Those that cannot demonstrate their worth to society should expect to lower their ambitions—or go out of business.

Most of the amenities that enrich contemporary life—the arts, higher learning, social services, and religion—are supported wholly or in part by private gifts. The gifts, in turn, enrich the giver culturally or spiritually. The millions of Americans who participate in this mutually beneficial exchange should not be deterred by a tax law that simply makes us all more affluent.●

TRAVEL AND TOURISM IS VITAL TO ECONOMY

HON. CLINT ROBERTS

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. ROBERTS of South Dakota. Mr. Speaker, I was very pleased with recent House action to adopt the conference report on S. 304, the National Tourism Policy Act of 1981. The House and Senate conferees agreed to a compromise measure which is basically identical to the administration-endorsed H.R. 1311, which passed the House by a 3-to-1 margin on July 28. As a cosponsor of H.R. 1311, I felt the issue of tourism promotion and the importance of tourism to our Nation's economy was much too critical to further delay the Federal Government's participation in the marketing process; and I am pleased that my colleagues have also indicated their support by adopting the conference report.

I have long believed that the promotion of tourism deserves a more prominent role within our Government because of the huge economic dividends that can be realized—in jobs, in sales revenues, and in reducing our balance-of-payments deficit. There is no question that the tourism industry is a significant contributor to our national economy.

In my home State of South Dakota, tourism is second only to agriculture as the largest revenue producer in the State. Tourism is the third largest retail industry in the United States and the fourth largest export industry. The economic potential of tourism is virtually unlimited, and I believe this was the time to make the commitment necessary to promote this vital industry.

We in the United States have not done our part to keep pace with the growth of international tourism. As that industry has grown, the number of foreign travelers to the United States has not increased proportionately. We presently enjoy only 7.8 percent of the world's tourists; and in 1979 alone, tourists around the world spent an estimated one-half trillion dollars. It is not difficult to see the economic advantages of increasing the percentage of tourists which visit the United States.

At a time when we are facing serious decisions concerning our Nation's economy, I believe it is in our best interests to become more aggressively involved in promoting the United States as a travel destination for foreign visitors.

I am grateful that so many of my colleagues agreed that the time had come to enact a comprehensive national tourism policy and to accept the Federal role as the catalyst for coordinating a national tourism promotion effort. The National Tourism Policy Act of 1981 is the realistic vehicle for attaining the benefits to our national economy that travel and tourism offer.●

THE LIFO RECAPTURE SHOULD BE REPEALED

HON. SAM GIBBONS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. GIBBONS. Mr. Speaker, today I have introduced a bill, H.R. 4678, to amend the Internal Revenue Code of 1954 to repeal LIFO recapture in the case of certain corporate liquidations.

The LIFO recapture provision was added to the Internal Revenue Code by section 403(b) of the 1980 Windfall Profit Tax Act and will become effective next year. It will in effect create double taxation of inventory profits caused by inflation for taxpayers using the LIFO inventory method when their businesses are sold or liquidated. Prior law would tax such profits only once.

The LIFO inventory method is an acceptable method of accounting for inventories. Many regard it as the preferred method for measuring business income because it matches current costs with current revenues. When a corporation sells its assets and liquidates, or merely distributes its assets to the shareholders in liquidation, the provision would tax the inflation-induced gain inherent in its LIFO inventory. This would be a tax in addition to the tax at the shareholder level. The provision therefore runs counter to the policy of the Internal Revenue Code adopted in 1954 that gain on liquidation of a corporation should be taxed only once.

Even though there would be no tax under the provision if there were no inflation, the provision fails to grandfather the inflationary gain arising before its effective date. It does not apply in the case of other inventory methods; it singles out LIFO since it does not apply to the inflationary gain inherent in the other assets of the corporate business.

The provision was adopted by a Senate floor amendment and to this date, it has not been considered by either congressional tax committee. No public hearings have been held on it. It was accepted at the conference on the Windfall Profit Tax Act, but with a deferred effective date, January 1, 1982, to allow time for consideration on its merits by the tax committees.

If this provision becomes effective, its principal adverse impact will be on small, closely held businesses. The mere threat that it will become effective in 1982 is already causing many small businesses to consider accelerating their plans to sell out. Once effective, the provision will encourage small businesses to be acquired by large businesses in tax-free transactions since the provision does not apply to these tax-free transactions. Large corporations which continue indefinitely and are not liquidated are unaffected by the provision. If this trend continues, it will result in further concentration of small businesses into larger ones, and a decreased significance of closely held businesses in our economic system.

The provision should be repealed. Action must be taken on this matter before the end of this year before the provision becomes effective. Otherwise, taxpayers and particularly small, closely held businesses will face double taxation of inflation-induced inventory profits beginning in 1982.●

ANDERSON COMMENTS ON ICC CHAIRMAN

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. ANDERSON. Mr. Speaker, I have been disturbed by the spate of written and oral discussion, critical of the new Chairman of the Interstate Commerce Commission, Reese Taylor.

While we should all welcome the spirited analysis of public policy, there has been little of this in the diatribes attacking Chairman Taylor. And for good reason. There has been little public policy made during his brief tenure to date.

It has been feared, apparently, that Chairman Taylor would singlehandedly "turn the clock back" and return the ICC to the days of rigid regulation. This, some imagine, is the mandate with which he took office. But, frankly, I cannot imagine President Reagan appointing someone with such a mandate. Whatever any of us may think about this administration's overall goals and policies, surely we must all agree that this is an administration that is dedicated to the reduction of economic regulation. Would such an administration want to have as Chairman of the ICC an avowed regulator? I suspect not. And should an individual, once installed in office, demonstrate himself to be possessed of such atavistic leanings, I further suspect that the administration would work for his removal.

Has Chairman Taylor demonstrated any such predilection? I think not. In his first major appearance as Chairman, Mr. Taylor held up a copy of the Motor Carrier Act of 1980—legislation which passed the House by a vote of 367 to 13—and called it his bible. In so doing, he acquitted himself of being the avid regulator that some have accused.

To be sure, the Motor Carrier Act was not a total deregulation bill. Rather, it was designed to achieve the regulatory reform of the trucking industry, and in so doing, to increase competition, thereby facilitating efficient, effective motor carrier service.

Nothing in the Motor Carrier Act authorizes or justifies first, the failure to implement an effective motor carrier enforcement program; second, the lack of any meaningful examination of tariffs; third, overly broad grants of operating authority; fourth, a concerted effort to reduce the Commission's budget to a point where all meaningful programs would have to be either curtailed or eliminated; fifth, an ineffective examination of an applicant's fitness and safety record; or sixth, the issuance of a motor carrier certificate without a proper insurance filing.

I have said on previous occasions that I believe the Commission needs to step up its enforcement activities, and have worked to make sure that its budget is adequate to meet this need.

In addition, I agree with the Chairman that the granting of every application filed, without a case-by-case evaluation of the evidence presented, is a clear violation of the congressionally prescribed entry standards set forth in the Motor Carrier Act.

So, what has the new Chairman done to stoke the fears of those who choose to believe he will return us to the days when our land-based transportation industry was awash in regulation; regulations which were reduced under a Democratic Congress and Democratic administration?

I do not know. But let me say this: The Subcommittee on Surface Transportation has been charged with the annual oversight of the Motor Carrier and Household Goods Transportation Acts of 1980. That is an obligation we will faithfully execute.

I supported the enactment of these laws. And I stand by them, and will continue to stand by them. To date, I have seen no evidence indicating that anything otherwise can justifiably be said about Reese Taylor. I do, of course, reserve the right to criticize the Chairman, should such criticism become warranted. To date, it has not. And just as I felt it would be wrong to hesitate in coming to his defense today, I will not hesitate should I see the Commission taking our transportation industry down the wrong overly regulated road, tomorrow.●

CLYDE PANGBORN'S HISTORIC FLIGHT

HON. SID MORRISON

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● **Mr. MORRISON.** Mr. Speaker, today, I had the honor of participating in a special ceremony at Arlington National Cemetery honoring Clyde Pangborn, a Washingtonian who accomplished the first, nonstop, trans-Pacific flight. Excerpts from that ceremony follow:

A representative for the Federal Aviation Administration, Associate Administrator for Policy and International Aviation, Donald R. Segner, was present at the ceremony. Mr. Segner remarked, "A famous boss of mine, Robert Gross, always challenged us to 'look beyond the horizon' and see that the 'skies are unlimited.' Mr. Pangborn had the foresight to do this, and it is remarkable what he, as an individual achieved for the expansion of aviation. He continually looked above and beyond the horizon. It is a privilege and an honor to be here today to commemorate the historic anniversary of Clyde Pangborn's flight."

Nowadays with Concordes and Boeing 747's the norm, it's hard to remember what aviation was like just 50 or 60 years ago. Back then rocket ships were part of science fiction, super savers were thrifty housewives and air traffic controllers were the farmers who allowed planes to land on their back forty.

Fifty years ago today, one of our native sons earned a place for himself and Washington State in the history books of the world. It must have been a large dose of frontier spirit that prompted Clyde Pangborn to make his now famous flight across the Pacific ocean. Today, we are here to remember that history-making event.

Pangborn, or Pang as his friends called him, and a partner, Hugh Herndon, made the first, non-stop, trans-Pacific flight. Their famous oceanic crossing began in Sabishiro Beach, Japan and ended 4,558 miles, 41 hours and 13 minutes later in Wenatchee, Washington.

The two pilots were flying a small, red, single-engine plane which carried neither radio, life raft nor oxygen. Instead, "Miss Veedol" was loaded with 914 gallons of gasoline and 45 gallons of oil, fried chicken, sandwiches and tea. Shortly after take-off, Pang jettisoned the landing gear to lessen the drag.

The course he plotted took them from Sabishiro up past the Kurile Islands, over the North Pacific, along the Aleutian Islands, across the Gulf of Alaska to landfall at Vancouver Island off the coast of British Columbia. As the "Miss Veedol" climbed higher, the sun went down and the high altitude air grew painfully cold. Their canteens clogged and tea froze. A thin layer of ice formed on the wings threatening to drag the plane out of the sky. At one point, Pang braved a 110 mile per hour, subzero wind at 17,000 feet to walk out on the wing and remove part of the landing gear which was still dangling from the plane.

On a cold field in Wenatchee, a small group of relatives and friends anxiously waited for hours for some sign of the "Miss Veedol". An intrepid reporter for the Wenatchee World, Carl Cleveland, had commandeered the little airport's only phone and was ready to report news of the first successful trans-Pacific crossing.

At approximately 7:14 a.m. on October 5, 1931, the "Miss Veedol" roared over the bluffs east of Wenatchee and was brought into a successful "belly landing". Who among the group assembled that day would have dreamed that 50 years later a space shuttle would land on another spot in the West, this time after circling an entire planet.

It was the dashing daredevils of the early 1900's Barnstormer Era who prompted evolution of a technology which has revolutionized this country. In addition to his successful trans-Pacific crossing, Pang barnstormed continually for eleven years in every state of the Union carrying with him 150,000 passengers.

In this way, Pang brought a glimpse of the future to people in small and large towns across the country. And, today, air transportation is American society's most vital communications mechanism.

This ceremony is an opportunity to remember an important part of our history and honor one of the chief contributors to that history.●

LEARNING FROM THE MEDFLY CRISIS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● **Mr. BROWN of California.** Mr. Speaker, last week the House Agriculture Subcommittee on Department Operations, Research, and Foreign Agriculture, which I chair, held a hearing on the recent Mediterranean fruit fly outbreak. We called upon witnesses from the Department of Agriculture, the States of Florida and California, and a number of representatives from the farm sector. Much of the testimony centered around whether the various elements involved in the Medfly eradication efforts were following the best scientific procedures in the decisions being made. The decision of whether to spray baited pesticide from the air or continue ground-based operations; questions surrounding the possible release of fertile flies by mistake; questions about rapid identification of the pests and notification of other States; and other scientific and technical questions proved the most difficult.

I am led to conclude that many of the difficulties which were encountered in our Medfly problem were due to a lack of information. The public outcry was fueled by misinformation or incomplete information about the pest control strategies being used. The field operations encountered situations that conflicted with the scientific knowledge about the Medfly. And the people charged with making critical decisions about the pest control strategies had these information problems multiplied at their levels.

I do not blame any one element of this eradication effort. I would just like to make the point that there were some obvious problems with the way that the program was carried out. Emergency situations such as the Medfly outbreak test the scientific, political, and social bases of our society. It is apparent that we have much to do and much to learn from this latest situation, as the following editorial from Environment points out:

EDITORIAL

The discovery of two Mediterrean fruit flies in a citrus tree in a San Jose, California, backyard on June 5, 1980, eventually triggered one of the biggest environmental news stories of the year. The med-fly, considered one of agriculture's most devastating pests, caused great concern in the nation's top agricultural state. Ironically for such a serious pest, it took almost two weeks to get a positive identification because of the casual way in which the matter was handled. This was the beginning of a long series of mistakes that has plagued efforts to eradicate the pest. The general public, as is the case with most environmental issues, has been fooled into thinking that the pest control managers and scientists know all the facts.

The med-fly story is simply a case of making decisions with inadequate knowledge. It is symptomatic of a much larger problem—the need for funding of the biological and ecological research necessary to solve this and other environmental problems. To further complicate matters there was little wholistic perspective on the part of the decisionmakers. Detailed plans to study or even monitor the effects of the chosen management strategy on other parts of the system were lacking. For example, the full effects of the aerially applied malathion bait sprays on humans, honeybees, and other beneficial insects is still not known.

People have been lulled into thinking that many of our environmental problems have been solved during the 1970s. There have been advances, but the basic problems of air pollution, water pollution, toxic chemicals, nuclear power, and so on are still with us. Under the Reagan Administration there will be less funding for environmental research and regulatory agencies will be downgraded. Environmental issues such as the med-fly problem will continue to be handled on a crisis basis.

Many biological, ecological, and political lessons can be learned from the med-fly eradication project. When one considers that over $100 million has already been spent on eradicating the med-fly, it is clear that several hundred thousand dollars a year allotted to research in this area would have been money well spent. There are still many unknowns regarding the biology of the med-fly. It is not known if aerial application or ground application of malathion is more effective, or how effective the soil treatment with insecticides is, or the best method for monitoring adult fly populations (the traps currently used attract less than one out of a hundred flies). There is doubt as to the safety and environmental impact of malathion. These aspects of the problem will never become known unless someone investigates them.

There is also the question of the use of sterile flies as part of an eradication program. For control this technique may be useful, but for eradication it is questionable.

The embargo on fruits and vegetables has been only partially successful as people have continued to move potentially infested fruit out of quarantined zones—perhaps due to lack of confidence in their government. And agribusiness has used the med-fly issue to discredit the governor of California. This is pure politics since the governor and agribusiness have been battling for years. Unfortunately, politics is a part of every environmental problem. But the charges and countercharges only confuse and mislead the public.

The most important lesson to be learned from the med-fly is that we are still operating in a knowledge vacuum when dealing with most resource management and environmental issues. To solve these problems research funding must be increased and the role of politicians in biological and ecological issues minimized.—Donald Dahlsten.●

FURTHER THOUGHTS ON AUTO AFTERMARKET COMPETITION

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. LEE. Mr. Speaker, the compromise bill I am introducing today is responsive to numerous conversations I have had with Members regarding my introducing a possible compromise in language to H.R. 2310 which deals with the warranties contained in the Clean Air Act. This compromise measure would establish a 12 month/12,000 mile production and performance warranty instead of eliminating them totally, as does H.R. 2310. While it must be recognized that a mandated warranty of any duration creates a disruption of the marketplace, nevertheless this compromise effectively minimizes any such disruption and preserves consumer freedom of choice by establishing a mandated warranty that closely conforms to the voluntary commercial warranty now offered by the vehicle manufacturer. I believe this is an eminently fair compromise that addresses the anticonsumer and anticompetitive issues created by the Clean Air Act warranties.

In 1977 Congress recognized the performance warranty as anticonsumer and monopolistic and reduced that warranty to 2 years or 24,000 miles with very limited exceptions. Unfortunately the Environmental Protection Agency has ignored the mandate from Congress of 1977 and has rolled back the law to pre-1977 through contorted interpretations of the provisions of the law. EPA has, in effect, expanded the 1977 warranty to include a whole laundry list of parts subject to a 5-year or 50,000-mile warranty. To make matters worse, the EPA regulations state that other components that need to be adjusted, repaired, or replaced to enable the primary components to function properly must also be included in the warranty.

Congress had as its intention to allow the independent automotive industry the opportunity to continue to compete in the marketplace to service the Nation's vehicles. The 1977 amendments additionally preserved for the consumer his freedom of choice to select parts and services unfettered by unnecessary and unauthorized Federal fiat. EPA, through its actions, has forced the situation backward so that a consumer purchasing a 1981 or 1982 vehicle is virtually forced to return his car to the franchise dealer for all parts and all service for the unreasonably long period of 5 years or 50,000 miles for fear of voiding his warranty.

EPA is selling this 5/50 warranty by misleading the vehicle owner into believing that he is getting something for nothing, thus removing any incentive to treat the vehicle with due care. In fact this can result in a number of premature failures and actually dirtier air rather than cleaner air. All of the detrimental effects of the warranty on the independent aftermarket are incurred when the warranty document is placed in the glove compartment, but under the EPA regulations that warranty is more illusory than real in its actual benefits to the vehicle owner.

The compromise bill I am introducing today is the end result of months of work by my staff and a number of automotive aftermarket associations, the largest of which is ASIA, the Automotive Service Industry Association, and the concepts of which were supported before Mr. WAXMAN's subcommittee in recent testimony by other aftermarket organizations. Those organizations are: the Automotive Parts Rebuilders Association, the Motor and Equipment Manufacturers Association, Automotive Warehouse Distributors Association, the Automotive Parts and Accessories Association, the Automotive Service Council, the Independent Automotive Service Association and the Automotive Legislative Council of America. All of these groups supported the concept of this compromise bill to eliminate the efforts of EPA to ignore the will of Congress and rewrite the law as it chooses.

This compromise bill will be dealt with first by the Subcommittee on Health and the Environment chaired by the Honorable HENRY A. WAXMAN of California. I am sure that in the spirit of fairness this compromise legislation will be reported out favorably from that subcommittee. Such action will allow the independent automotive aftermarket to continue to complete in the open marketplace to service the vehicles of this Nation, instead of permitting a Federal agency to mandate a monopoly in parts and service to the vehicle manufacturer's franchised dealers. It also would restore the consumers' rights regarding the servicing of their vehicles.

For over 50 years the independent automotive aftermarket industry has performed 75 to 80 percent of the service work in this country by reason of free consumer choice and not by Federal law. Should EPA be allowed to continue to circumvent the clear congressional intent to avoid a monopolistic situation in the aftermarket, as they apparently have been able to do through twisted interpretations of current law, the industry will not be able to compete and the consumer will ultimately suffer.

I urge my colleagues to join me in supporting this compromise to protect the consumer and to allow the small businessman operating an independent facility to continue to service the cars of the Nation rather than be put out of business through bureaucratic demands that are contrary to the precepts of the free enterprise system.

The text of compromise bill follows:

H.R. 4681

A bill to amend the Clean Air Act to promote competitiveness in the motor vehicle aftermarket and to preserve consumer freedom of choice to select parts and service of the consumer's own choosing, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

AMENDMENTS TO THE CLEAN AIR ACT

SECTION 1. (a) Production Warranty and Parts Certification. (1) Section 207(a)(1) of such Act is amended by striking out "(A) designed, built, and equipped" and all that follows through the end of such paragraph (I) and by substituting in lieu thereof "equipped with emission control components (as defined in Section 207(b)(2) designed to enable such vehicle or engine to conform at the time of sale with applicable regulations under Section 202 for the first 12 months or the first 12,000 miles, whichever first occurs."

(2) Section 207(a)(2) of such Act is amended by striking it out in its entirety.

(3) Section 207(a)(3) of such Act is amended by redesignating it as Section 207(a)(2) and by striking the words "or primary" in the last sentence thereof.

(4) The amendments made by this subsection shall take effect with respect to model years beginning after the enactment of this Act.

(b) PERFORMANCE WARRANTY.—(1) Section 207(b)(2) of such Act is amended by striking out "device or system" and substituting in lieu thereof "components."

(2) Section 207(b)(2)(B) of such Act is amended to read as follows:

"(B) it fails to conform with regulations under Section 202 for a period of use of the first 12 months or the first 12,000 miles whichever first occurs, and"

(3) Paragraph (2) of Section 207(b) of such Act is amended by striking out "No such warranty shall be invalid" and all that follows down through the end of such paragraph (2) and by substituting in lieu thereof the following:

"For purposes of the warranty under this subsection, the term emission control component shall mean only a catalytic convert-er, thermal reactor, or other component installed on or in a vehicle for the sole purpose of reducing vehicle emissions. Such term shall not include vehicle components which were in general use prior to model year 1968."

(4) The amendments made by this subsection shall take effect with respect to model years beginning after the date of enactment of this Act.

(c) INSTRUCTIONS.—(1) Section 207(c)(3)(A) of such Act is amended in the first sentence by striking out "and such instructions shall correspond to regulations which the Administrator shall promulgate." and in the second sentence by striking out "which has been certified as provided in subsection (a)(2) of this section."

(2) Subsection (B) of such Section 207(c)(3) is amended by striking out "; except that the prohibition" and all that follows down to the period at the end thereof.

(3) The amendments made by this subsection shall take effect with respect to model years beginning after the date of enactment of this Act.

(d) STATE STANDARDS RESPECTING PARTS.—(1) Section 209(b)(1) of such Act is amended by inserting "insofar as numerical emission levels are concerned," after "waive application of this section".

(2) Section 209(b)(1)(C) of such Act is amended by striking out "and accompanying enforcement" and substituting in lieu thereof "and new motor vehicle certification and other new motor vehicle test."

(3) Section 209(c) of such Act is amended by striking it in its entirety.

(e) CLARIFICATION OF TAMPERING PROVISION.—

(1) Section 203(a)(3)(A) of such Act is amended to read as follows:

"(3)(A) for any person to remove or render inoperative any part or component placed on or in a motor vehicle or motor vehicle engine for the sole purpose of controlling emissions in compliance with regulations under this title prior to its sale and delivery to the ultimate purchaser, or for any manufacturer or dealer knowingly to remove or render inoperative any such part or component after such sale and delivery to the ultimate purchaser, except as may be temporarily necessary in connection with routine maintenance; or"

(2) Section 203(a)(3)(B) of such Act is amended to read as follows:

"(3)(b) for any person engaged in the business of repairing, servicing, selling, leasing or trading motor vehicles or motor vehicle engines, or who operates a fleet of motor vehicles, knowingly to remove or render inoperative any part or component placed on or in a motor vehicle or motor vehicle engine for the sole purpose of controlling emissions in compliance with regulations under this title following its sale and delivery to the ultimate purchaser, except as may be temporarily necessary in connection with routine maintenance; or."

(3) Section 203(a)(4)(C) is amended by striking out the words "Except as provided in subsection (C)(3) of Section 207 of this Title" at the beginning thereof.

(f) NEW MOTOR VEHICLE EMISSION STANDARDS IN NONATTAINMENT AREAS.—Section 177 of the Clean Air Act is amended by inserting "(which shall not include any provision similar to Sections 207 (a) or (b) of this Act)" before "relating to control of emissions. . . ."

SEC. 2. GENERAL EFFECTIVE DATE.—Except as otherwise specifically provided in Section 1 of this Act, the amendments made by Section 1 shall take effect on the date of enactment of this act.●

THE AMERICAN DREAM IS BECOMING A NATIONAL NIGHTMARE.

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. DUNCAN. Mr. Speaker, I am sure all of my colleagues are aware of the dire straits the homebuilding industry has been in for the past few years, and that it is now in its most serious depression since World War II. We must do all we can to help revive this important and vital industry. There people are good deserving citizens, and have always contributed to the strength and vitality of our country. Through the years this industry has perhaps been used as a tool to help regulate the economy, perhaps more than any other segment of our economy. I have always found homebuilders willing to carry their share of burdens, but I think they have gone as far as they can or should.

I would take this opportunity to call to the attention of my colleagues a short recent publication of the National Association of Home Builders, which explains the plight of this industry, as well as certain recommendations that could alleviate the problem, to some extent. Mr. Speaker, I think these aspirations are justifiable, and I can support them. I recommend that my colleagues take a few minutes to read this objective account, which I ask be printed in the RECORD at this point.

THE AMERICAN DREAM IS BECOMING A NATIONAL NIGHTMARE

YOUR CONSTITUENTS NEED YOUR HELP

The current housing depression is the longest and most severe since World War II.

High interest rates have proven to be the most perverse form of credit allocation ever devised against small business and potential home owners.

The chart at left illustrates just one indicator of the depth of the housing depression these interest rates have caused. Since 1979, the difference between new homes built and the number needed has reached nearly two million units.

And instead of threatening to worsen this situation, America's governmental policies should be geared towards turning it around. Because if housing can be made healthy once again, so can much of the rest of our economy.

But recent proposals by the Reagan Administration to reduce federal credit guarantees could lead to the demise of the Farmers Home Administration's, the Federal Housing Administration's and the Veterans Administration's housing programs. All are crucial to the first time home buyer and the ability of millions of Americans to purchase a home.

The bottom line is this.

The housing industry has demonstrated over and over again its willingness to sacrifice. We've supported all of President Reagan's budget cuts, including housing programs.

Now, however, we've been asked to give up a non-subsidy program. A program that has made money for the taxpayer every year of its existence.

Our industry is already on the rocks. We cannot allow it to die.

WHAT YOU CAN DO

First, reduce the federal deficit and federal demands for new credit to help convince the financial industry that we are serious about bringing inflation down. A direct consequence will be lower interest rates.

Cut the budget—including defense programs. Housing programs have already been slashed by 30 percent.

If necessary to hold the FY '82 deficit to $42.5 billion, delay individual tax cuts. This, by itself, could save billions of dollars.

Second, pass H.R. 3614 and S. 1348 or S. 1656, which would make Revenue Bonds for housing a workable program as the 96th Congress intended.

The problem is that regulations published by the Administration for single family housing are unworkable. In effect, the action of Congress has been administratively vetoed. Moreover, the Administration still has not proposed regulations for multifamily housing, leaving that program in limbo in a time of crisis.

Third, pass S. 1678, which would allow pensions to invest in mortgages. Today, pension funds can be used to finance all manner of exotic projects—but not housing for people.

And fourth, oppose the Administration's credit guarantee restrictions that would kill FHA, FmHA, and VA. Such a policy could well make it impossible for first-time home buyers and veterans without hefty cash reserves to purchase a home. It will also eliminate the fixed-term, 30-year mortgage, relied upon by most Americans for home financing.

WE FACE A CRISIS

Skyrocketing interest rates have ravaged much of our national economy. They are devastating the housing industry, creating untold hardships nationwide.

High interest rates have dashed the hopes and dreams of millions of Americans who want to own their own home. Now, that's a financial impossibility for more than 90 percent of working families throughout the United States.

Truly, what once was the American dream—homeownership—has become an impossibility. A national nightmare.

It means that hundreds of thousands of Americans are forced out of work. Your constituents—carpenters, plumbers, electricians, concrete workers, real estate sales people and untold others—are losing their jobs.

The "housing industry" isn't big business. It's mostly small businessmen and women whose livelihood is rapidly drying up.

The housing industry, too, is all of the people and products it takes to create a home. To find the money. To process the sale. To furnish the home.

As interest rates bring a halt to the sounds of hammers and saws, so do they stop, or seriously curtail, those business activities across the economy that depend upon housing for survival.

In fact, we estimate that unless something is done to bring interest rates down—and fast—every Congressional district in America will see at least 5,000 households unemployed by Christmas because of the construction crisis. Five thousand families in each Congressional district losing an income.

We want to prevent that catastrophe.

But we must have your help.

OTHER RECOMMENDATIONS

1. Mandate the Federal Reserve Board to review its policies.

Provide Congressional oversight by allowing two-thirds of the Congress to veto Fed actions.

Allow the money supply to move to upper Fed targets.

Disallow lines of credit for non-productive takeovers and mergers to reduce the drain on credit.

Place small business representatives on the Fed.

2. Revise the Consumer Price Index, which now grossly overstates the true inflation rate. Housing's 44 percent of the index overstates actual inflation by two to three percent.

3. Place reserve requirements on Money Market Funds (money chasing money).

4. Pass H.R. 178 and H.R. 1250, which provide tax-free savings for first-time homebuyers.

5. Pass H.R. 1932 and S. 790, which provide a five percent tax credit for purchase of inventory homes.

6. Delay any legislation on further restructuring of the savings and loan industry.

7. Pass legislation that will allow VA buyers to pay discount points.

8. Oppose all efforts to limit the mortgage interest deduction, the only major tax break left to middle-class Americans.

ANATOMY OF THE HOUSING CRISIS

Housing production is the lowest since 1946 * * * 937,000 starts in August. Housing Demand (need) over 2 million units/year.

Unemployment at 16.7 percent: 2,810,100 man years of employment are being lost.

Negative impact on the economy since 1978 is $238 billion. $49.2 billion in wages gone unearned. $15.66 billion tax revenue is being lost.

Construction firms out of business up 41 percent. Failure rate of subcontractors is up 120 percent.

Thousands are being laidoff in related industries: Firms like G.E., Johns/Manville, Owens-Corning, Weyerhaeuser, Boise-Cascade, U.S. Steel, Dow Chemical, Whirlpool, and many others.

Homeownership—the cornerstone of American society is being threatened.

WE COULD BE LOSING SOMETHING VERY BASIC TO OUR SOCIETY

Homeownership is more than the American Dream * * * it is the cornerstone of Democracy. A free society can only flourish if goals or dreams are established and sought after.

For generations the way to get ahead in America was to work hard and some day own your own home.

That home, the reason millions strive to succeed, is now being priced beyond the reach of over 90% of working American families.

Why?

High Interest Rates.

The homebuilding industry is being devastated. Its ability to bounce back is in question.

Something must be done quickly or something very basic to our society, the free enterprise system and Democracy will be lost.

We must not forget. Housing is an essential human need.

YOU CAN HELP END OUR NIGHTMARE

We have discussed the crisis that faces our housing industry, that faces America.

We have outlined what the future will be like for many Americans unless Congress takes action.

The five thousand unemployed families in each Congressional district by Christmas.

The millions of Americans who need a place to live and can't afford to buy because interest rates make it simply impossible.

We have outlined steps you can take to help bring this crisis to an end.

We, the National Association of Home Builders, urge your support on behalf of all your constituents.

We ask you to help end the nightmare we face.●

ABORTION IS NOT A RELIGIOUS ISSUE

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. SMITH of New Jersey. Mr. Speaker, the question of the relationship between religious views and public policy concerns us all, particularly on the issue of abortion.

Some people seem intent on cutting off opposition to abortion by labeling it a religious issue. This is curious, because nobody ever suggested that the strong religious views which motivated a chain of American statesmen—from George Washington to Abraham Lincoln to Martin Luther King, Jr.—thereby made their political causes religious issues.

In a pluralistic democracy, every individual—no matter from where he derives his political opinions—is free to influence the Government. Yet today, some proabortionists are invoking a totally, nonhistorical and fallacious version of the separation of church and State to, in effect, muzzle their opponents who happen to be motivated by religious convictions. This intolerance is a threat to pluralism in our country.

It is high irony, too, for many atheists are just as opposed to abortion as are Christians and Jews. Abortion is not a religious issue.

I think the following article merits the careful attention of my colleagues. It was written by John Klenk, and appeared in the September 12 issue of Human Events:

[From the Human Events, September 12, 1981]

WHY ABORTION IS NOT A RELIGIOUS ISSUE

(By John D. Klenk)

During the May 21 debate in the U.S. Senate on restricting Federal payments for abortions, one pro-abortion senator accused his opponents of a "Cotton Mather mentality," of "a religious moralism I cannot share and I find narrow and unforgiving." Another senator who favors Federal funding for abortions declared, "We do not legislate in God's name but in the name of the people of this country and its Constitution. That is the precept that is going to be violated by this type of legislation, and there will be no end to it."

Obviously, many defenders of fetal human life are motivated by religious convictions. If one believes that God has created even the youngest child in his image, and if one further believes that God has willed the adult community to nurture and preserve that child from the earliest moments of its existence, then one is properly horrified by the violent destruction of that life.

A casual observer might conclude from the Senate debate that (a) strong religious convictions should not inform public policy; (b) persons holding those convictions should somehow be disenfranchised from deciding such policy; and (c) strong religious views about public policy questions are incompatible with civil liberty and constitutionalism.

Surely the Founders knew better. George Washington, for example, said in his Farewell Address: "Of all the dispositions and habits which lead to political prosperty, religious and morality are indispensable supports * * *. And let us with caution indulge the supposition that morality can be maintained without religions * * * reason and experience both forbid us to expect that national morality can prevail to the exclusion of religious principle. It is substantially true that virtue or morality is a necessary spring of popular government."

And the Declaration of Independence validates its political manifesto with the premise that God has created all men equal and that the Creator has endowed all men with "certain inalienable rights"—foremost among them life—and it is to secure those God-given and inalienable rights that "governments are instituted among men." The Founders knew a great deal about the separation of church and state. But they didn't much care for the separation of God and human dignity, nor for the separation of religious values and public policy.

Take away God and you take away the wellspring of "inalienable" rights which it is the function of government to protect. Take away God, some of us would argue, and you also inevitably take away the specialty of man, who is special precisely because he bears God's image. And you undermine the moral obligation of government to guard the "inalienable" rights of persons who are too small to defend themselves and too inaudible to plead for help.

Thus, no incantations of the "separation of church and state" can erase the perfectly legitimate place of religion in establishing fundamental principles that become fleshed in public policy.

All of this does not make abortion a "religious issue," however, any more than the civil rights and antiwar movements were "religious issues" by virtue of their conspicuous religious support. In fact, a very strong case can be made against abortion on strictly non-theistic grounds.

Secular reasons for opposing abortion include:

The Hippocratic Oath from pagan Greece specifically forbids abortion ("and especially I will not aid a woman to procure abortion").

The Declaration of Geneva from the World Medical Association pledges, "I will maintain the utmost respect for life from the time of conception until death."

The U.N. Declaration on Rights of the Child declares that children need "special safeguards and care, including appropriate legal protection, before as well as after birth."

The fact that the United States legislation against abortion which sprang up in the 19th Century came about from the medical community's opposition to abortion, based upon new scientific findings (particularly in the field of embryology) that human life began before "quickening." Religious groups did not play a significant role in the drive to prohibit abortion.

These and other secular arguments come from an unexpected source: the physician who once directed the largest abortion clinic in the world where by his own admission he presided over 60,000 deaths. He was a founder of the National Association for Repeal of Abortion Laws (NARAL, later renamed the National Abortion Rights Action League), with which he worked to dismantle anti-abortion laws in New York and throughout the country. His published writing about the "safety" of abortion helped sway the Supreme Court in *Roe* v. *Wade* (1973, the decision that struck down state restrictions against abortions).

He is Dr. Bernard Nathanson. In his book Aborting America, Dr. Nathanson traces his growing doubts about abortion, a process of disillusionment that finally led to his resignation from NARAL and to his present conviction that abortion should be severely proscribed.

Dr. Nathanson describes himself as a "committed athiest" whose opinions about abortion "have never been influenced in the slightest by the empires of faith." "I have reached my conclusions very reluctantly, after six years of self-examination," he confesses. "Let me state once again that this is a humanistic philosophy drawn from modern biological data, not from religious creeds."

He says—Sen. East take note—that "the obvious scientific conclusion is that alpha [the fetus] is demonstrably an independent human entity [life]. The obvious moral conclusion is that alpha's destruction cannot be justified unless, on clear medical grounds, the mother's life is at stake. A life is a sound humanistic basis on which to sanction the intentional destruction of human life; nothing else is. The sociological conclusion is that abortion is not just a private matter, it has to do with all of us."

He emphasizes the non-sectarian and scientific history of anti-abortion statutes in the 19th Century. "Even the Protestant clergy were not a major factor in these laws. Rather, the laws were an achievement of the American Medical Association and the 'regular' physicians, who were combatting fly-by-night medical practice * * *. An emphasis on ethics, the Hippocratic Oath, and the absolute value of human life was also part of the regularization of American medicine."

How then did the abortion question come to be labeled a "religious issue" in a way that, for example, nobody tagged the civil rights movement a "religious issue" despite the vastly greater clerical involvement in the latter?

Here, Dr. Nathanson admits to the dirty tricks of his colleagues and himself in NARAL a decade ago. For calculated propaganda purposes, they set up the Roman Catholic Church as the heavy. The tactic proved successful, and before long abortion had been manufactured into a religious issue in popular opinion. In the process, the complex questions of intra-uterine human value were sidestepped.

"The pro-abortionists also seek to rule out discussion of abortion in advance because it is a 'religious issue,'" Dr. Nathanson now observes. "Our movement persistently tarred all opposition with the brush of the Roman Catholic Church or its hierarchy, stirring up anti-Catholic prejudices, and pontificated, about the necessity for 'separation of church and state' * * *. As if no organized religious group has ever intruded into public affairs before, including the crusades on women's suffrage, civil rights and Vietnam."

Does abortion have to be a religious issue? Definitely not. For as Dr. Nathanson says; "Even if God does not exist, the fetus does."●

TRIBUTE TO THE SOLIDARITY MOVEMENT

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. FLORIO. Mr. Speaker, the historic achievement of the Polish workers in creating and sustaining the first free and independent trade union movement in the Communist world has excited the deep admiration of supporters throughout the world. There seems to be no end to the amount the world can learn from the Poles.

Since its birth in the strikes of August 1980, Solidarity's membership has rapidly swollen to 10 million, three times the membership of the Polish Communist Party.

Solidarity now effectively represents the workers of Poland. This triumph is a tribute to the courage, and skill of Lech Welesa, the Solidarity leadership, and the valiant working people of Poland. At a time when unrestrained violence and terrorism are regularly employed to affect political change, the actions of Poland's Lech Walesa and the Solidarity movement are as unique as they are courageous.

Solidarity has added a hopeful new chapter to the story of nonviolence, for this is the first time that this mode of action has been used to a telling effect against a totalitarian adversary. While many other rebellious movements of our era have pursued noble ends with cruel or even criminal means, Solidarity means and ends have been one. Its members have fought for tolerance by being tolerant; they have fought for truth by telling the truth; and they have gained freedom by practicing freedom. I urge my colleagues to salute the achievements of the Solidarity movement, and help provide it with the strength and wisdom it will require in the months ahead.●

BACKGROUND INFORMATION ON TERMINATING MEDICARE AND MEDICAID REIMBURSEMENT FOR INEFFECTIVE DRUGS

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. WAXMAN. Mr. Speaker, under leave to extend may remarks in the RECORD, I include the following:

BACKGROUND INFORMATION ON TERMINATING MEDICARE AND MEDICAID REIMBURSEMENT FOR INEFFECTIVE DRUGS

(SECTION 2103 OF THE BUDGET RECONCILIATIOIN ACT OF 1980)

Section 2103: This section was effective October 1, 1981. It provides for termination of Medicare and Mediaid reimbursement for pre-1962 drugs at the time the Food and Drug Administration (FDA) determines that such a drug is ineffective for *all* claims made about it and issues a Notice of an Opportunity for a Hearing (NOOH). If a drug is determined to be effective for one or more claims, but ineffective for all others, or if there is a "compelling justification" for the continued availability of a drug, then Federal reimbursement will not be discontinued. A State can continue to reimburse for these drugs regardless of any Federal action.

FDA PROCEDURE IN DRUG EFFICACY STUDY IMPLEMENTATION (DESI)

Before 1962, a drug manufacturer had to prove that a drug was safe before it could be sold. In 1962, the Congress amended the law to require a manufacturer to prove that a drug also was effective and required that pre-1962 drugs be reviewed by the FDA to determine if they were effective. The review did not begin until 1967 due to lawsuits by drug manufacturers challenging its implementation and inadequate resources in the FDA. Between 1967-1969 the National Academy of Sciences reviewed over 3400 pre-1962 drugs and made recommendations to the FDA. Between 1968-1974, the FDA received those recommendations and reviewed the same drugs; and then the FDA made an initial finding of effectiveness and requested the submission of additional data by the drug manufacturers. After reviewing any additional data the FDA made or will make a final determination. If a drug manufacturer disagrees with the decision, it can request a hearing before the FDA by showing there is additional data to be considered.

Drugs Subject to Section 2103: There are 365 drugs still in the review process. 99 of these (and 26 related drugs—for a total of 125) have been determined to be ineffective for claims and have NOOHs outstanding. So on October 1, 1981, these 125 lost reimbursement. Of the remaining 266 drugs, 210 could be subject to the amendment at some future date.

ARGUMENTS MADE AGAINST SECTION 2103

1. Medicare and Medicaid beneficiaries will be discriminated against by being denied access to drugs lawfully available to other citizens; and such a limitation is inconsistent with the basic statutory scheme to reimburse for all legally marketed drugs.

Response: For every ineffective drug affected, there is a substitute drug which has been proven effective and which can be paid for in lieu of the ineffective drug. The basic statutory scheme was changed by the 1981 Budget Reconciliation Act. States are now allowed to institute restrictions on the availability of drugs.

2. Drug Companies will be denied due process.

Response: The procedure for reviewing these drugs has been extensive and fair. Companies have had 19 years to develop and submit data to influence FDA's final decision. The only open question on the FDA's decision is whether a drug company can justify to FDA the necessity of reassessing its decision and conducting a hearing. Of the 3400 drugs under review, only three have had hearings granted. These suspect drugs have been on the market and paid for during the entire review.

3. FDA has changed its preliminary finding of ineffectiveness 152 times.

Response: This is misleading. The "preliminary" finding being referred to was made between 1968-1974. Since then FDA asked for additional data and made a determination and issued a NOOH. FDA did change that initial or preliminary finding 152 times; but it has changed its final decision (made at the time it issues an NOOH) only 15 times in 900 drugs.

4. The Department of Health and Human Services (HHS) doesn't know which drugs are affected; and physicians and pharmacists would be burdened with lengthy lists.

Response: HHS provided the Subcommittee on Health and Environment with a list, dated September 1, 1981, of the affected drugs. Physicians, in some States, and pharmacists in most States already operate from a list. Adding these additional drugs is not burdensome.

5. The Department of HHS has consistently opposed this type of provision.

Response: Two previous Secretaries of the Department, including Caspar Weinberger in 1975, told Congress that reimbursement should be stopped in the manner carried out by section 2103. Two previous Surgeon Generals and two previous FDA Commissioners also recommended similar termination of reimbursement. In fact, between 1971 and 1972, Public Health Hospitals under the Department of Health and Human Services and Veterans Administration and Department of Defense facilities discontinued use of all pre-1962 drugs which were determined by FDA to be ineffective.

6. A U.S. District Court approved a September 24, 1984 deadline for FDA to make its decision on these drugs. Congress shouldn't act till then.

Response: By September 24, 1984 FDA must make its final decisions on effectiveness and grant any hearings based on these decisions. Hearings could take several more years. This later time is no more appropiate than October 1, 1981 because hearings still will not have been conducted. Congress is only stopping reimbursement, not the sale of the drugs.

7. CBO indicated that there are no costs or savings related to section 2103.

Response: This is true; but the GAO reported in 1972, 1974, and 1980 that savings could be derived by stopping reimbursement and recommended such termination. At this time of deep and severe budget cuts in Medicaid and all other programs, it is inappropriate and extremely unwise for the Federal government to spend money on drugs which do not work and which have been determined to be ineffective after years of careful and thorough review.●

BASKETBALL'S 90TH ANNIVERSARY SEASON

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. BOLAND. Mr. Speaker, I take this time to inform my colleagues that basketball, the world's most widely played team sport, is about to enter its 90th season.

Basketball was created in December of 1891 by Dr. James Naismith, a physical education instructor at the YMCA Training School—now Springfield College—in my hometown of Springfield, Mass. Dr. Naismith's task was to develop an indoor game that would offer strenuous physical activity and competition; a game that would bridge the seasonal gap between such popular spectator sports as baseball and football. Dr. Naismith hung a peach basket at either end of the Springfield College gym, divided his class into two nine-man teams, tossed up a soccer ball, and a new sport was born. Despite some minor evolution in rules and the size of teams, the game of basketball today is essentially the same as it was at its inception.

Few team sports enjoy the international popularity of basketball. It is played by men and women, at all levels of competition, in every part of the world. More than 100 million people watch organized games in the United States each year and the game's international appeal was evidenced by its inclusion in the Olympic games in 1936.

The relationship between Springfield, Mass., and the game of basketball did not end in 1891. In 1968, the city became the home of the Basketball Hall of Fame, a shrine which traces the history of the sport and the lives of its greatest stars. Uniforms, equipment, team and individual photographs, and a replica of the original basketball court give fans of all ages an opportunity to become more familiar with some of the game's most memorable moments. In addition, one of Springfield's favorite sons, Larry O'Brien, continues to serve as commissioner of the National Basketball Association. Larry has brought to the commissioner's office the same skill and dedication that marked his service as a Cabinet officer and an official of the Democratic Party.

Mr. Speaker, basketball is a game which requires agility, concentration, stamina, and teamwork. It has an exciting history and a bright future, and I am sure that its 90th season will provide countless hours of excitment for players and spectators alike.●

OPPOSING AMENDMENT TO FARM BILL

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. AuCOIN. Mr. Speaker, Congressman GARY LEE will be offering an amendment to the farm bill which removes the exclusion for State and local energy assistance payments in determining income for food stamp benefits. I urge my colleagues' opposition to his amendment.

Oregon supports legislation which maintains the current energy income exclusions. I wrote to Congressman FRED RICHMOND, chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, to explain why it is necessary to exclude Federal, State, and local energy assistance payments. I'd like to share my letter with other Members of Congress to help them fully understand the issue.

HOUSE OF REPRESENTATIVES,
Washington, D.C., September 10, 1981.

Congressman FREDERICK RICHMOND,
Chairman, Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, Washington, D.C.

DEAR FRED: I am writing to express my interest over the outcome of the food stamp provisions contained in the farm bill. I am concerned about the particular issue of counting state and local energy assistance payments as income in determining food stamp benefits.

The State of Oregon is supporting your legislation which maintains the current energy income exclusions. As you're aware, the food stamp reauthorization bill, as passed the Senate, amends current law to include state and local energy assistance allowances as income.

In the 1979-81 Biennial Budget, one of the steps Oregon took to cut back Public Assistance Programs was to reduce cash assistance grants to families in the Aid to Families with Dependent Children Program. However, Oregon was able to identify a portion of the grant as energy assistance. By doing this, Oregon was able to use the provision in the Food Stamp Act of 1980 which excludes energy assistance payments in determining food stamp benefits. As a result, the reduction in AFDC cash assistance was offset somewhat by increased food stamps. The actions Oregon took in reducing federally matched AFDC payments saved the federal government more money in the AFDC program than it cost the federal government in the Food Stamp Program.

If the Senate version becomes law, Oregon's AFDC clients will see their total benefits (cash and food stamps) significantly reduced by the resulting reduction in food stamp benefits. Because of a severe shortage of State funds, the State is not able to increase cash benefits to clients to compensate them for the potential loss in food stamp benefits.

Fred, I realize this will be an item for discussion when the food stamp conferees meet after the passage of the House farm bill and I urge you not to recede to the Senate position on this issue. It is important that no changes are made to this provision of current law. As you are keenly aware, drastic cutbacks in eligibility were made in the Omnibus Reconciliation Bill and further reductions would be devastating to low income families.

With warm personal regards,

Sincerely,

LES AUCOIN,
Member of Congress.●

OUR VETERANS AND THE PRESIDENT'S BUDGET CUT PROPOSALS

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. GUARINI. Mr. Speaker, it came as quite a shock to learn from the Veterans of Foreign Wars that Mr. Reagan's proposed additional 12 percent budgetary cuts would mean a $421 million cut in veterans' programs for fiscal year 1982.

This $421 million would be in addition to the $110 million cut earlier by the Reagan administration from the veterans' affairs budget. This $110 million cut has resulted in these reductions in veterans' benefits: A $300 restriction on the burial allowance to those in receipt of compensation or pension payable to the Veterans Administration; a reduction from 12 months to 3 months following separation from active duty, the time the VA will treat dental conditions; the termination of flight training for those Vietnam veterans not enrolled by August 31, 1981; correspondence courses will be reimbursed at 55 percent instead of 70 percent; the end of the VA educational loan program for those not continuing their full-time training in the first 2 years after the expiration of the GI bill delimiting date or not pursuing flight training courses; the termination for planned VA hospitals in Camden and Baltimore; and the end of expansion plans for many standing VA health facilities.

There were many Members of Congress, including myself, who fought hard against the original VA cuts requested by the President. Through our support much money was restored. Now the President is requesting a 12-percent cut from many programs for fiscal year 1982. However, this 12-percent cut would not be derived using the budget figures agreed upon by Congress, it would be derived using the budget figures submitted by Mr. Reagan to Congress on March 10, 1981. According to the VFW this would be a $421-million cut in VA benefits.

Mr. Speaker, I view this budget cutting procedure as a sham. Already this year Congress has worked hard to restore vital moneys to the VA budget. Now we once again have the President undermining the budget process with one of the most deserving groups in this country getting gored.

While I will continue working to cut all unnecessary funds from the Federal budget, I will work with equal fervor for those programs which bring advancement and dignity to the people of this country. The programs benefiting our outstanding veterans qualify without a doubt. We must not let fiscal austerity become fiscal folly by shortchanging our deserving veterans.

Thank you, Mr. Speaker.●

SPEECH WINNERS

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. DYSON. Mr. Speaker, in late September, the St. Marys County Fair sponsored speech competitions for local students in southern Maryland. All of the speeches written and delivered at the fair were excellent and indicative of the quality of education St. Marys County affords its students.

Mr. Speaker, in recognition of the winners of the junior and senior competition I would like to submit the speeches of Aileen Bizup, junior winner from Esperanza Middle School, and Anthony Curtis, senior winner from Leonardtown High School.

WINNING COUNTY FAIR SPEECHES

JUNIOR WINNER

(By Aileen Bizup)

Gather 'round. Sit back and let me tell you a story. It's a story that has been forgotten through the shuffle of ages. This is the story of my voyage to Maryland aboard the Ark.

Permit me to introduce myself. My name is Martha Freeman. I was a passenger aboard the Ark.

We left England early on a November morning as the brisk morning breezes gently filled our sails. The air chilled me as I fumbled around below the deck trying to find my bunk. I finally found it and jammed all my belongings into the small space provided. Then I went back on deck, but before long I was forced below by those rough talking sailors. Imagine that! They said that I was in the way, and that women on ships are useless!

The first day out Father Andrew White led us in the prayer that we would see land again. We prayed to Saint Clement. After all, it was his feast day.

A few days later there came a most violent storm. The clouds were so dark that I could barely tell night from day. The winds were of such a frightful speed that I had to stay below to keep from being blown away. Our large vessel practically sank under the pounding of the water. We hoped that the Dove could withstand the tortuous weather. She was a much smaller boat.

It was three days before the good Lord had pity on us, and the sea calmed. Our worst fears had come true. The Dove was nowhere in sight! Everyone was sure that she had sunk to the depths of the ocean. One hundred fifty of our friends were gone. Every day we prayed for the sunken Dove.

We had been at sea for about a month when Christmas arrived. It was a joyous time as always. Food and wine were available to all the passengers and crew. Such a party! My, but those sailors can drink a lot! The next morning, however, 30 people were sickened with a strange fever and a full dozen died. Christmas came and went, and we continued to sail on toward our destiny without the Dove.

About mid-January we reached the island of Barbados to re-stock our supply of water. We were at anchor for only a short time when a small vessel appeared on the horizon. Could it be? Yes, it was our lost companion, the Dove. The reunion was a joyous one. We waved at each other across the water and danced and sang for hours on end. The Dove had turned back to England when that terrible storm hit us. And frightfully so! She started out a few days later and chased us all the way across the Atlantic. Together again we set sail toward Hades Island.

The plan was to stop at Hades' next door neighbor, St. Christopher's, to replenish our supply of food. However, when we stopped at Hades' an escaped slave warned us to skip that next step. It seems that the slaves on St. Christopher's had overthrown their masters. They were planning to capture the first ship that came to the island. Well, that first ship would have been ours. We made sure to pass that island.

All in all the trip really was quite smooth, and the winds really did treat us quite well.

We reached the Chesapeake Bay on the twenty-seventh day of February. It was a full two months earlier than we'd scheduled. The next day we set sail up the Potomac. The scenery was beautiful. There were gently rolling hills and an abundance of trees and fish. The grasses would be greener than any found in England, and the many fruits would be sweet and delicious.

There was a swift wind blowing, so we kept sailing for a fairly long time. We wanted to pass by all the Indians, although they turned out to be quite friendly and helpful. At that moment, however, I was not quite sure of them.

We finally landed on Heron's Island, so named for its great abundance of heron. We renamed it St. Clement's on Thanksgiving. The prayer of our first day at sea had been answered. Father Andrew White here said his first Mass on St. Marys County shores.

A small cross was built in honor of the occasion.

Even though the voyage was much shorter than expected, we had only one day's rest. We had plenty of work to do. Everyone began to clear the land for our first spring's crops.

The next time we get together, I'll tell you about our first encounter with the Indians.

SENIOR WINNER

(By Anthony Curtis)

As Hugh O'Brien once said, "I believe that every man and woman, if given the opportunity and encouragement to recognize their own potential, regardless of background, has the freedom to choose for themselves in our world. Will he or she be a taker or a giver in life? Will he or she be satisfied merely to exist? Or will he or she seek a meaningful purpose? Will he or she dare to dream the irresponsible dream?"

Even though this was said a while ago, it still stands true today. Everyone must have a dream, and for many, that dream is success. But to achieve success, several elements are involved.

One element is leadership and to achieve leadership again, several elements must be involved and those elements are what I call a recipe for leadership.

As with any good recipe, you need to start with the ingredients that will make your dish a creation. In my recipe such ingredients consist of ambition, responsibility, and aggressiveness. But I warn you, they are quite rare and for some next to impossible to attain. But for others they are quite obtainable.

To use these ingredients to achieve the finest, one must have a knowledge of them and for that reason I feel we should take a separate look at each ingredient and explain its value.

For our first ingredient we have ambition. Ambition isn't hard to find and it is accompanied by a driving feeling for success. It is when you know what you want and are determined to achieve that goal.

Ambition is when you don't mind suffering the difficulties of schooling and hard work because you are sure all that hard work will pay off in the end.

For our next ingredient we have responsibility. Responsibility must be found in practice. A business leader has a lot of responsibility on his shoulders no matter what business that leader is in.

But responsibility lies not only with the person at the top of the ladder but with those of us who have the ambition to reach the top. You must remember that responsibility begins early in life. It is measured by our performance in school and our involvement in community affairs.

For the final ingredient, we have aggressiveness. Aggressiveness in our free enterprise system is essential. As Americans we are free to dream and achieve our greatest hopes. As one great American once said, "We should not let our fears get in the way of pursuing our hopes." With these great words, John F. Kennedy's aggressiveness took him all the way to the White House.

All these ingredients I have just mentioned are excellent ones, but if they are taken too far they can be dangerous in their own separate ways.

Ambition can lead to obsession; responsibility can lead to overbearingness; and aggressiveness can lead to arrogance. So please use these ingredients only for good for you and all the people you deal with every day. This concludes may recipe for leadership.

But wait! We haven't a topping. Every good dish needs a topping, something that will enhance it and make it stand out among others.

In my recipe such a topping should consist of honesty and human kindness because to me success without these qualities is like a cake without icing. It becomes tasteless and people begin to lose interest.

Certainly, there have been people who have made it to the top dishonestly, but they didn't have the respect and admiration of their colleagues, and, without that, you have nothing.

So this really does conclude my recipe for leadership. Stir well, follow all directions, let simmer one lifetime and the results are up to you.●

IN HONOR OF MICHAEL AUBERGER FOR HIS AWARD AS AN OUTSTANDING HANDICAPPED FEDERAL EMPLOYEE

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. LUKEN. Mr. Speaker, it is a pleasure and privilege to recognize and commend Michael Auberger for his many years of outstanding service to Cincinnati and the State of Ohio. Mr. Auberger, who's been a quadriplegic since the age of 15, will be honored in a special event that recognizes his productivity, intelligence, and inherent desire to do the best possible job.

Cincinnati will give special tribute to him on October 8 by holding an awards ceremony to honor 10 Outstanding Handicapped Federal Employees of the Year. This appreciation day will acknowledge Michael Auberger's ability to discard self-pity, and develop into an outstanding citizen of his country.

For most quadriplegics, such a handicap would have defeated them but for Michael Auberger, it has served to make him a better person. Despite his handicap, he has completed high school, college, skills training at Goodwill Industries, worked at home on business accounts, managed a band, and helped his father design homes. His parent's home, which Michael designed, is just one example of his creativity.

In 1978, Mr. Auberger was hired as a tax engineer by the Internal Revenue Service. Despite skepticism from his employers, he was able to handle the job, and in a short time, his production exceeded the other trainees. Soon afterward, Mr. Auberger was named Southwestern Ohio Goodwill Worker of the Year. Following that honor, the local Goodwill Industries nominated him for the National Goodwill Worker of the Year. He competed with 166 other entries from the United States and 25 foreign countries and won. Recently, Mr. Auberger was reassigned to the Adjustment Branch, Tax Accounts Division, as a GS-6/7 trainee tax examiner.

We in Cincinnati are privileged to have a man of such great determination and leadership ability. Michael Auberger has been selected for intelligence, perseverance, and bravery, and deserves a day of honor for his immeasurable public service. Speaking for the people of the Second District of Cincinnati, and the United States as a whole, I would like to thank Michael Auberger for his great determination in establishing a productive career.●

MEDAL OF HONOR TO ERNEST WRENTMORE

HON. GENE CHAPPIE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. CHAPPIE. Mr. Speaker, today, I am introducing legislation to authorize the President of the United States to award, in the name of Congress, the Medal of Honor to Ernest L. Wrentmore of Penn Valley, Calif. Mr. Wrentmore, at the age of 13, was likely the youngest man to have served in the American Expeditionary Forces in France during World War I.

Mr. Wrentmore was wounded and gassed while carrying a message between units of the American Army during the Meuse-Argonne offensive of October 1918. Due to a technical oversight at the time of his discharge, then Private Wrentmore did not receive proper recognition for his valor. In light of Mr. Wrentmore's contribution, I believe that the adage "better late than never" is particularly appropriate and that Congress should now demonstrate appreciation on the Nation's behalf.

Mr. Wrentmore was awarded the Purple Heart by the War Department in May 1933. He again came to the service of his country during World War II when he served as a captain in the U.S. Air Force.

I believe that this Congress should finally recognize the heroic actions of Mr. Wrentmore, which were carried out at a time when he was no more than a boy, and authorize that the Medal of Honor be awarded. The bill follows:

H.R. 4692

A bill authorizing the President of the United States to award, in the name of the Congress, the Medal of Honor to Ernest L. Wrentmore

Be it resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any provision of section 3744 of title 10, United States Code, the President of the United States is authorized to award, in the name of the Congress, the Medal of Honor to Ernest L. Wrentmore, formerly a private, Company I, Sixtieth Regiment, United States Infantry, in recognition of his great courage on October 14, 1918, when he was dispatched by his company commander to carry messages across a bullet-swept field to another unit of our troops, thus permitting his company to advance.●

EXECUTIVE PAY CAP—NO WAY TO RUN THE COUNTRY

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. BARNES. Mr. Speaker, last week we had a golden opportunity to correct a serious injustice. We had an opportunity to move toward reestablishing a Federal pay system which would encourage high-caliber Federal employees essential to the operation of the Government to stay with us. We had a chance to undo the inequitable and foolish pay cap on Federal executives which has proven so costly to all Americans. But, despite a strong effort to deal with this matter forthrightly, Congress failed again during action on the continuing appropriations bill on September 30.

I know that many of my colleagues would argue that no pay increase for Federal executives would be reasonable during this period of fiscal austerity. However, they say that every year when this issue comes up, and I think the excuse for inaction has finally run its course. Even President Reagan now supports a pay increase for top Federal executives, the people he needs to make his economic recovery program work.

Congress failure to act last Wednesday only lends credence to the cruel joke of the Ed Meese doll. Members may recall that recently Mr. Meese, the top assistant to the President, placed a doll on his desk which he used as a pincushion. He dubbed the doll "the typical bureaucrat—it sits on papers and does nothing." What Congress has done only continues to foster this kind of attitude. Congress ridicules Federal employees. It freezes their pay. It lauds the private sector at their expense. It threatens thousands of Federal personnel with RIF's. And then the Members of this body watch with irritation as Government employees fail to perform at their best.

The wonder is that so many of our top people continue to serve this country so well. We owe those who have chosen not to flee to the private sector or into retirement a debt of gratitude. We also owe them a reasonable rate of pay. A reasonable rate of pay enables executives to remain in the Federal service without jeopardizing their retirement years. It would raise morale, which Donald Devine, Director of the Office of Personnel Management, has characterized as "alarming." Morale problems can lead to repeated mistakes, inability to accomplish assignments efficiently, loss of institutional memory, and weakness in policymaking and decisionmaking. There are indeed tremendous hidden costs in continuing the pay cap which we cannot begin to measure.

On August 20, 1981, Paul Volcker, Chairman of the Federal Reserve Board, wrote to Senator Stevens of Alaska to express his concerns:

> As a result of this problem, salary distinctions are insufficient to reflect accurately differences in levels of responsibilities. Due to the pay cap * * *, the Board's officer salary structure is so severely compacted that salaries of 76 percent of the Board's staff are currently frozen. After October 1 of this year, assuming retention of the pay cap, that figure will increase to 91 percent.

Mr. Speaker, that is no way to run the organization charged with national responsibility on monetary policy. Mr. Volcker went on to say that:

> I realize that in a period of severe budgetary restraint it is difficult to argue for pay increases for the highest paid Government workers. However, I do believe the situation has become sufficiently serious that the only responsible course is to take prompt action to lift the pay cap.

Mr. Speaker, we can do the responsible thing on November 20, when the present pay cap expires. We can provide incentive to our top people to stay with us. This administration places a big emphasis on incentives, and I hope those of us who have worked on this issue for a long time will have its support now.●

COLUMBUS DAY

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. RODINO. Mr. Speaker, on Monday, October 12, the Nation again will honor Christopher Columbus in national celebration. This holiday holds, of course, special meaning for those who are of Italian descent. And it is gratifying to know that Americans of all ethnic heritages join enthusiastically in observing this national holiday.

This broad support for this commemoration is a tribute not only to the courage and vision of the navigator from Genoa who discovered our new and blessed world. It is a symbol also of the diversity of America that has been responsible for the greatness of our Nation and continues to be a major source of our strength.

It has been said of America that we have been the "half-brother of the world." That certainly has been true. But it is also true that we have been dedicated to full brotherhood, full partnership in a land where all people, regardless of origin, can achieve their full potential. This dedication to this dream can be traced to Christopher Columbus, who is rightly credited with being the father of immigration.

On Sunday, October 11, it will again be my pleasure to take part in the annual Columbus Day Parade in Newark, N.J. Hundreds of thousands will be on hand for this event. Ten thousand will take part in the march in the 10th Congressional District's salute to Columbus and to the cultural significance of this special day. The parade's grand marshal will be the talented actor, Danny Aiello.

I take pride in the many people in my district who this year, as in times past, have worked so hard to make this parade a success. In particular, I want to acknowledge the efforts of Mr. Ace Alagna, publisher of the Italian Tribune-News and executive director of the parade.

When Congress passed my legislation in 1968 making Columbus Day a national holiday, I believed it would go a long way toward celebrating the countless contributions of Americans of Italian descent to American culture, and that it would proclaim the greatness of America as a Nation forged from so many nations and so many peoples. I believe this holiday has truly helped us to appreciate each heritage as a priceless strand woven into the rich, resplendent tapestry of American culture.

Looking to the future, Mr. Speaker, I urge my colleagues to join me in cosponsoring a resolution introduced by Representative BRUCE VENTO of Minnesota that would authorize the President to establish a special advisory commission to plan for a nationwide celebration in 1992 of the 500th anniversary of the discovery of America by Columbus. With our Latin American neighbors, I hope that we can plan a series of events that will enhance the understanding and appreciation of our American heritage and will affirm our dedication to cooperation and mutual respect in facing future challenges.●

FORTIETH ANNIVERSARY OF BABI YAR

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Ms. FERRARO. Mr. Speaker, Sunday, October 4, marked the 40th anniversary of one of history's most brutal tragedies—a tragedy which must never be forgotten. At a ravine outside the city of Kiev, on September 29 and 30, 1941, 33,771 Jewish men, women, and children were slaughtered by a Nazi special squad. Frightened, defenseless, with no warning of what was to come, these victims of Nazi hatred were lined up and shot, their bodies falling into the pit called Babi Yar.

One woman managed to escape; her story recalls its unspeakable horrors. She remembers that some of the doomed turned completely gray in the time it took for them to be stripped and shot. Cries from the waiting children got so piercing that from time to time some German soldier or policeman would lose his temper, snatch a child away from its mother, swing back and fling the baby over the wall into the pit like a piece of wood. What was beyond the wall could not be seen. But the sound of machineguns continued to be heard.

The only ones who returned from the other side were Germans and police, and they came to take more people beyond the wall.

By 1943, almost 100,000 Jews had been murdered and lay buried in this pit. These people were killed not because they were criminals, not even because they were an enemy in armed conflict, but because theirs had been the privilege of high purpose and ancient wisdom. They died having no weapons they could use against their oppressors. It is their courage and innocence we honor here today.

Babi Yar is tragic not only for the mass extermination which took place there, but also for the apathy of the local population, who did little to help their Jewish neighbors. This tragedy, and all of the holocaust which threatened the very existence of the Jewish world, should rest heavily upon the conscience of peoples everywhere. We must not forget what happened at Babi Yar.

Today the brutal execution of the Jews at Babi Yar is still not officially recognized by the Soviets. Indeed, state harassment of Soviet Jews continues. They are persecuted for attempting to emigrate. They are denied the opportunity to study the history, culture, and religion of their people. It is even difficult for Jews to lay a wreath to honor those who died at Babi Yar. In spite of this, Jews and their friends within the Soviet Union continue to demand the right to remember what has been; the memory of Babi Yar must be constantly recalled to prevent future physical and cultural genocide from occurring. We must not forget the dead, or how to grieve, or why, for to ignore Babi Yar, to mask its horrors, is to condone every atrocity in the history of mankind.

I was not born a Jew, but, in the words of Evgenii Yevtushenko, "Today I am a Jew," and I mourn with you our loss. "I, too, have become a soundless cry over the thousands" who lie buried there, and I can never forget. Thank you.●

OPPOSE THE EXPORT OF ALASKA NORTH SLOPE OIL TO JAPAN

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. FLORIO. Mr. Speaker, the proposal to export Alaska North Slope oil to Japan is contrary to our national interests. Such a proposal would be harmful to our defense capability, would increase our dependence on foreign energy sources, and would be costly to the Government. I urge my colleagues to oppose any such recommendation.

As we are all aware, the export of Alaskan crude oil is restricted by the Export Administration Act of 1979 (Public Law 96-72). The law restricted the export or exchange of Alaska North Slope crude oil until September 1983. Only under the most critical emergency circumstances would we be permitted to export, sell or swap Alaskan produced oil.

I am convinced that the export of Alaskan oil will invariably threaten our energy security. Imports would increase about 10 percent and we would become more dependent on insecure foreign oil supplies. During times of national emergency our access to crude oil would be jeopardized.

Moreover, the export of oil would threaten the development and viability of our domestic energy transportation system. It has been pointed out that the need for at least a third of all American tanker tonnage would be eliminated. Thus, the Defense Department would have fewer U.S.-flag tankers available during national emergencies. We must not permit the proposed sale to Japan.●

ADMIRAL RICKOVER—KEEP HIM ON DECK

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. McDONALD. Mr. Speaker, in the October 1981 issue of Armed Forces Journal International, I read an article by R. James Woolsey, which brought back many memories, on the matter of Adm. Hyman G. Rickover.

It was back on April 8, 1976, that I made the observation to my colleagues that the Soviets are not nearly so safety conscious for their own sailors or for the people they visit. This was on the occasion of hard intelligence information received from British and Norwegian sources that serious problems, including radiation sickness, exist on a continuing basis in Russian nuclear-powered submarines. Radiation leakage worldwide is a matter of fact.

In contrast, thanks mostly to Hyman G. Rickover, admiral, U.S. Navy, American nuclear-powered subs prowl the waters in absolute safety throughout the free world. As a matter of fact, if there is anything in existence today that is an absolute deterrent to Soviet Communist expansion, it is the American nuclear force Navy. From the training of the officers and enlisted personnel that man these submarines, to the finished product of the submarine itself, Admiral Rickover has guaranteed not only safety, but as well, the most formidable and efficient nuclear naval strike force of either the free or Communist world. Admiral Rickover is a patriot who has battled both the bureaucracy within the Government, and those who attempt to hurt the American taxpayer with cost overruns. For these reasons and many more, Admiral Rickover should continue in his noble service to this Nation—and the freedom of the entire world.

I therefore wish to share with my colleagues those remarks of R. James Woolsey, who is the former Under Secretary of the Navy and was general counsel to the Senate Armed Services Committee.

Article follows:

RICKOVER'S LENGTHENING SHADOW

(By R. James Woolsey)

One of this century's unique figures is about to be in the news again. By February of even-numbered years, since time out of mind, the Secretary of the Navy has had to decide whether to extend Admiral Hyman G. Rickover's active duty for yet another two years. The current Secretary, John Lehman, can expect at least as much advice on this pending decision as countless of his predecessors—from such random quarters as the odd congressional committee chairman, passers-by on the street, and other casually interested folks, such as, say, the President. The decision is usually made by the preceding summer or early fall, so the papers are probably in Secretary Lehman's in-box by now—sitting there staring at him. (I have the timing and mechanics of this process pretty well in mind. I signed the last Rickover extension, as Acting Secretary, in the fall of 1979.)

The object of all this biennial attention is not only Washington's ultimate survivor, he is—more importantly—one of its perennial winners. The two traits are not unrelated. As the years have rolled on he has come to know more and more about the business of building and operating nuclear-powered ships. He and his staff have such a combination of institutional memory and expertise, especially compared to the civilians who come and go from the Defense Department, that they win a good many more than they lose. He has both survived because he wins and won because he has survived.

For many years he has played the Hill the way Casals played the cello, but many of his strongest congressional supporters—Pastore, Rivers, Hebert—are no longer around. And he is not the darling of the new military reform movement.

Rickover's influence, in the Navy and in the country, has spread light-years beyond the construction of naval nuclear reactors. Seeing the need for better-educated officers and enlisted men to run his power plants, for example, he has become a major force in education at the Naval Academy and in the NROTC program. His "why-not-the-best" standards about nuclear ship propulsion have affected the rest of the Navy as well, to the point that generations of nonnuclear officers have gnashed their teeth, and worse, at having to go to a special school on conventional propulsion before assuming their sea-going commands. Many of them argue strongly that the time would better be spent on tactics and other subjects.

Rickover is the scourge of the conglomerate builders of nuclear-powered warships, insisting on maintaining a whip hand over his projects that leaves very little room for their corporate notions of profit, and none for the Washington lawyers who handle their claims against the Government. (He scorns the latter breed even more, if that is possible, than he does whiz kid systems analysts.) "I treat the Government's money as if it were my own," he is fond of saying. There are several corporate board rooms where they must wonder if Hyman Rickover has ever spent a nickel on himself. His offices, by the way, have always been intentionally dilapidated—"every penny goes for nuclear power."

THE REST OF US CAN SECOND GUESS THE NUCLEAR NAVY WITH A LOT LESS EFFORT THAN IT TOOK HIM TO BUILD IT

In the strength of his no-nonsense personality, in the indomitability of his will, and in his—well—prickliness, Rickover resembles only a few modern figures. To me the closest parallels are Charles DeGaulle and Menachem Begin. These sorts of men simply have a greater specific gravity than the rest of mankind. They distort the force fields around them, bending more of the world to their wills than seems possible or reasonable, especially to those who get bent. Such men can be infuriating to deal with, even for statesmen—recall Churchill's saying that the greatest cross he had to bear was the Cross of Lorraine. And when such people are wrong their mistakes can be as lasting as their triumphs.

But the DeGaulles, the Begins, and the Rickovers are the people whose impacts reach far beyond, and last long after, their own lives. You disagree with the Kindly Old Gentleman, as he is sometimes dubbed in the Pentagon, about the proper size for aircraft carriers, or any of a number of other subjects? You are one of those unfortunates who has had a major (or even minor) set-to with him and—remember feeling as if you had gone 12 rounds with Ali? I understand, believe me.

Still, keep a few things in mind: there is no Soviet skipper, anywhere in the world, who sleeps soundly in his sea cabin. He can never be sure that he isn't in the cross hairs of the periscope of one of Rickover's marvelous, quiet black attack boats. And, as we fuss with the M-X and the agonizingly hard problem of fixing the vulnerability of our ICBMs, we have some breathing space—because some more of Rickover's products, carrying their Poseidon and Trident missiles, slip silently on patrol somewhere beneath the Atlantic and Pacific. His ships are commanded and operated by some of the most extraordinarily able and professional men you will ever meet. Their standards, and those of many of their colleagues in other parts of the Navy, have been shaped directly and indirectly by Rickover's will and perfectionism. (One would wish that his influence in the civilian nuclear power industry had been greater—Rickover-trained people don't turn the wrong valves the way they did at Three-Mile Island.) Yes, his standards are so high that there are only two-thirds as many such nuclear-trained officers as we need, and the ships are so expensive that we can't afford nearly enough of them. But unlike much in our modern society, and much in our military establishment, they work, and they work safely and superbly. Could we do better—say, have more ships and crews—by cutting some of Rickover's perfectly square corners? Maybe, but the rest of us can second-guess the nuclear Navy with a lot less effort than it took him to build it—the institution that is his lengthened shadow.

So join the watch to see whether John Lehman signs those papers or not. But while you're wondering whether Rickover will retire this winter or will be sitting there in his office, growling into his telephone, in the 21st century—and whatever your preference in the matter—undertake an instructive little intellectual exercise: try to think of another living American to whom you owe more.●

OPPOSE SOCIAL SECURITY CUTS

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. SCHUMER. Mr. Speaker, I would like to remind my colleagues today of my continuing support for the social security system and of my vehement opposition to any proposed cuts in benefits for retirees.

Income security for senior citizens originated as an American tradition in 1935. Since that time, the social security program has progressed and expanded to provide necessary, even lifesaving, benefits for 36 million Americans. Over half of all older Americans today depend on social security as their main source of income, and disabled persons and financially distressed surviving spouses have avoided economic disaster with social security income support and medical assistance.

Any proposal by the administration or the Congress to reduce benefits for retirees—including the deferment of the cost-of-living increase—would be cruel and untimely. The 97th Congress must act to keep the social security system financially stable—but without denying older Americans the security that they have earned. A number of alternative financing proposals for the social security system are being considered by the Congress, including the limited use of general revenues to help fund the program. Our responsibility is to examine critically these proposals, and explore viable new ones, not sacrifice the needs of the very people that the social security system was designed to protect.●

AWACS: A FAVOR WE DON'T HAVE TO DO

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. BINGHAM. Mr. Speaker, Hobart Rowen, the nationally syndicated columnist, recently examined the case being made against the sale of AWACS radar planes, refueling tankers, and fighter aircraft equipment to Saudi Arabia and found it "Overwhelming and compelling." I find his conclusions significant not simply because they are succinct and logical, but also because he refutes the claim that we owe the Saudis this one because of their moderation on oil prices. Mr. Rowen is widely respected for his economic expertise, and not for detailed knowledge of Middle East or Israeli politics, and this serves to lend further credence to his article, which was published in the Washington Post on October 1. I include it at this point in the RECORD, and commend it to the attention of my colleagues.

[From the Washington Post, Oct. 1, 1981]

AWACS: A FAVOR WE DON'T HAVE TO DO

(By Hobart Rowen)

The hype for the sale of five AWACS radar planes and related military equipment to Saudi Arabia is reaching a crescendo. Head counts in the Senate appear to show a majority fear the equipment is too sophisticated for the Saudis, and eventually might fall into the hands of the Russians.

The argument that the AWACS sale is not in the best interests of the United States, it seems to me, is overwhelming and compelling. The case is so strong that it flushes out desperate, bottom-of-the-barrel arguments from the prosale crowd.

The easiest to dispose of is the plea that we "owe" the Saudis this one because they created an oil glut in order to help the United States. Columnist Carl T. Rowan writes that oil prices have come down recently because "the Saudis pumped more oil than was good for them." That's pure baloney, and know who says so? My favorite source on this subject, Saudi Oil Minister Sheik Yamani, when he talks candidly at home, and abandons the propaganda line he uses for his lectures in Paris or New York.

In an interview that appeared simultaneously Sept. 8 in the English-language Arab News and in the Arabic daily, Al-Sharq Al Aswat, Yamani admitted that the Saudis had not created the current glut in order to befriend the United States. The glut arose, he said, because demand had fallen in response to high prices that OPEC had ill advisedly put into effect in 1979 and 1980.

A detailed quote from Yamani is instructive: "The present situation is different from the past when, during 1979 and 1980, the oil-price hike from a little over $12, to $32 or more, caused an enormous rush in investment in energy resources, with the view of cutting down on oil consumption and developing energy alternatives to reduce dependence on oil.

"This resulted in a fall in OPEC's shares in the market from over 31 million barrels daily in 1979 to much less than 24 million barrels this year. Some analysts, however, expect OPEC's share to fall in the early '90s to less than 15 million barrels daily. This would mean a collapse of the organization and a lot of economic hardships for Saudi Arabia, which basically relies on its oil revenue."

That's Sheik Yamani talking. He added:

"The oil prices must be brought down, if we can, or at least remain at the present level for a long period until we are able to hold back investors from searching (for) energy alternatives, and until OPEC restores its previous position." As he should, Yamani is trying to take care of Saudi interests, not U.S. interests.

So much for the suggestion that we need to sell AWACS to the Saudis either to thank them for pumping a lot of oil (they're doing that because they've got a big budget to support) or for not raising prices (that's because, as Yamani says, they know that higher prices will accelerate the switch away from oil). Wall Street oil expert Henry L. Wojtyla, uncannily right so far, estimates that non-OPEC oil sources are growing at an impressive 5 percent a year, presaging about an equivalent decline in the need for OPEC oil.

As Peter Lubin, a foreign policy analyst and associate of the conservative Center for International Security here, suggested in recent congressional testimony, the Saudis and the rest of OPEC are going to be fighting with others for a share of the market: the West doesn't have to do favors or grovel for oil—especially favors as big as the AWACS.

But if the glut is bad business now for the Saudis and the rest of OPEC, imagine what will happen if and when Iran once again begins to produce oil as it did under the shah—4, 5 or 6 million barrels a day. Clearly, that could result in a major break in oil prices that could have an even more devastating impact on the Saudi economy than Yamani allows in his candid interview.

And that's where the AWACS in Saudi hands could pose a danger to the West that has received almost no attention. British Professor J. B. Kelly, one of the world's leading experts on Saudi Arabia and the Gulf countries, raises the frightening possibility that the Saudis, their military strength augmented both symbolically and in reality by the AWACS, would "bully" their neighbors into holding oil production down, or actually take Persian Gulf territory, as Kelly charges they have done in the past.

This is not mere fantasy. Kelly documents the history of Saudi invasions of and territorial demands on the weaker sheikdoms in the Persian Gulf over the years. Although the Saudis obviously don't like him, Kelly's expertise on the Middle East is highly regarded in the Reagan administration and on Capitol Hill. He asks precisely the right question on the proposed AWACS sale: "What is the U.S. going to get out of it?" Clearly, it's not oil, it's not bases. It would appear to be nothing at all, except, perversely, a new oil crisis enforced by Saudi AWACS.●

HIGH INTEREST RATES HURT LOGGERS

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. SWIFT. Mr. Speaker, the loggers in the Northwest haven't worked in months. High interest rates stole their jobs.

You see, where I come from timber still makes up a big part of the economy. So, when interest rates soar, our people not only hurt in the homebuilding field and real estate, it also backs up right through the lumberyards to the mills and into the woods—we get a double and triple whammy.

But the viciousness of high interest rates does not stop with the wood products industry. Everyone is hurting: savings and loans, auto dealers, consumers—everyone.

Most importantly, the small businessman is being killed. There he sits, the forgotten giant of our economy. While Mr. Volcker of the Federal Reserve tells us we must bear a little pain, that small businessman is in agony. All of them are in difficult times; many are facing bankrupcy; too many have already lost that battle.

The small businessman is the backbone of our free enterprise system. He provides more jobs than all of the big businesses combined. He provides our best opportunity for the economic growth our Nation needs. He provides diversity of enterprise nowhere to be found in the more centralized economies of noncapitalist systems. Yet, the small businessman is being strangled by high interest rates.

If interest rates approaching 20 percent—and many have been paying even higher—were totally out of our control, it would be easier to understand. But, to a very major degree, interest rates are adjustable by the Federal Reserve. And, after years of demonstrating clearly that such a high-interest-rate policy has not and will not work to reduce inflation—but, rather adds to it—the Fed still persists in damaging our economy with that failed and misguided policy.

In last Friday's Wall Street Journal, there was an article that pointed out the magnitude of this problem. According to the article, real interest rates—the difference between prevailing rates and the underlying rate of inflation—have soared in recent months, to twice the level traditionally present in the economy. The article pointed out that these abnormally high interest rates of 5 to 6 percent have played a large part in our current economic malaise.

The article also points out that although the Fed adjusted interest rates upward last year in an effort to meet inflation levels, the Fed has not done us the favor of reducing them now that inflation has dropped from the 20 percent of that time to the 9 percent annual rate this year; all a tad insensitive if I do say so myself.

And where is the President? Awfully silent these days. But we can still hear the echo of his last statement—a ringing endorsement of this policy that seems to say we'll beat inflation by bankrupting America's housing industry, the wood products industry, the automobile industry—dealers and all—and by driving out of the marketplace thousands upon thousands of small businessmen all over America.

It is time for President Reagan to demonstrate his ability to change policy without blinking an eye. For him to sit down with Chairman Volcker and talk as tough with him about high interest rates as he did with Congress and with the American people about the rest of his economic program. The silence from the White House on this issue must end.

And, Congress cannot sit idly by either. The Federal Reserve Board is an independent agency. It was designed that way to protect it from the whimsy of political influence, but not to insulate it entirely from the commonsense policy that is being urged upon it by millions of Americans. To remain totally insulated from any input of the American people would be an abuse of the protections Congress provided—an abuse Congress may be forced to correct if the Fed will not listen to reason. In doing so, there is the risk Congress could be irresponsible and go too far. That is not a possibility I would like to face. But, if the Fed will not listen, if it will not be sensitive enough to make the distinction between real interest rates and nominal interest rates, it may be a risk we have to take.

The American people need relief from this awful, awful policy of slow economic death by suffocation from high interest rates.●

ST. MICHAEL'S CELEBRATES 150TH ANNIVERSARY

HON. JOSEPH F. SMITH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. SMITH of Pennsylvania. Mr. Speaker, I rise today to share with the Members of this House the celebration which occurred on September 29 in my district. On that Sunday several hundred friends and neighbors gathered to remember a single spiritual event in the city of Philadelphia which occurred 150 years ago.

On April 5, 1831, the Right Reverend Francis Patrick Kenrick, coadjutor bishop of Philadelphia and future archbishop of Baltimore, together with Rev. John Hughes, future archbishop of New York, and six laymen incorporated St. Michael's Roman Catholic Church of the Northern Liberties and Kensington. The original parish boundaries encompassed one-third of the present city of Philadelphia. These dedicated and courageous men represented hundreds of fellow immigrants who would work for, sacrifice for, pray for, and dream about a church in which they could freely worship God, educate their children, and center their parish and community life. The founding pastor, Rev. Terence James Donaghoe, assisted in the blessing of the cornerstone on April 18, 1833, and the dedication of the new church at Second and Jefferson Streets on September 28, 1834.

From the beginning, St. Michael's placed great emphasis on its teaching mission: The spiritual training and education of its members. Great sacrifices were made to provide facilities for lay teachers, St. Elizabeth Seton's Sisters of Charity, the Sisters of St. Joseph, and the Christian Brothers to impart to future citizens the knowledge, discipline, and spiritual values which are part of the soul of America. On September 7, 1833, four "Dublin Ladies" traveled to Philadelphia from New York on the new locomotive "John Bull." Under the leadership of Mary Frances Clarke and Father Donaghoe, they formed a new religious order in America: The Sisters of Charity of the Blessed Virgin Mary. Their first mission was teaching in St. Michael's Parish. Today, that order of religious women, headquartered in Dubuque, Iowa, teaches in more than 30 States and its members are a major spiritual and intellectual force on the American scene.

St. Michael's Literary Society for study, debate, and discussion was formed many years ago. For more than 50 years, graduates of St. Michael's Commercial School have been eagerly sought by businesses because of the excellent training and willingness to work. The Sodality of the Blessed Virgin Mary, the Holy Name Society, and other organizations have provided for the spiritual development of adults and families. For many years, St. Michael's Camp provided an opportunity for children's vacations outside the city. In times of economic difficulty, St. Michael's offered such assistance as an inexpensive parish store for children's shoes. Through all these years, St. Michael's has consistently fostered, encouraged, and strengthened the family, the basic social unit which caused America to flourish.

On May 8, 1844, the feast of the Apparition of St. Michael the Archangel, the new St. Michael's Church experienced its baptism of fire. The church, school, and rectory were burned to the ground by a howling mob of "Native Americans" who began their march, ironically, from Independence Hall. Many citizens were injured, some were killed, and many homes and businesses were ransacked or destroyed by those who acted under the ignominious banner of "America for Americans." After the military restored order, the parishioners built a temporary chapel in 4 days and began the difficult task of building a new church on the ruins of the old.

By 1853, a new church and rectory had been completed but a heavy debt remained and there was no school building. Under the leadership and direction of the fourth bishop of Philadelphia, St. John Neumann, the present school building was erected by the assistant pastor, Rev. Daniel Sheridan. Very soon, the new school had an enrollment of more than 1,000 pupils. St. John Neumann had a special love for St. Michael's. He visited there frequently, ordained two priests in the church, and confirmed hundreds of the children of St. Michael's on three separate occasions there.

On July 17, 1856, a second great tragedy struck St. Michael's. An excursion train carrying children of St. Michael's to a picnic collided with another train near Ambler, Pa. More than 60 were killed, including Father Sheridan, hundreds were injured, and a pall of sorrow surrounded St. Michael's as the bodies of its children were brought in for a final blessing. St. John Neumann hurried to St. Michael's to visit the injured and to console the bereaved families of the dead. In the darkest hour of the parish history, Almighty God sent one of his saints to help the people of St. Michael's to bear the fierce suffering visited upon them.

In 1858, the Christian Brothers came to St. Michael's to teach boys and the first brother there became the president of LaSalle College which was founded in St. Michael's in 1863.

Through 150 years of frequent persecution, two great tragedies, wars, and economic depressions, St. Michael's has been a model of courage, strength, and spiritual inspiration. The parishioners of St. Michael's have defended America in every conflict since the church was founded. The Sisters of St. Joseph, who have taught there for more than 100 years, were commended by Congress as "Angels of the Battlefield" for their care and comfort of the wounded and dying at Gettysburg and other places in the Civil War. The priests of St. Michael's have quickly volunteered as chaplains to bring the sacraments and consolation of God to young soldiers far from home. The children of St. Michael's became bishops, priests, religous, missionaries, laborers and lawyers, dockworkers and doctors.

Most importantly, the people of St. Michael's have continued in their chosen vocations to worship God, extend tolerance, understanding, and help to their neighbors, and to bring the blessings of the Creator upon our Nation. Their courage, determination, and faithfulness have brought living reality to the phrase, "One nation, under God."

I salute Rev. Edward V. Kelly, pastor of St. Michael's, and all its parishioners, past and present, upon their 150th anniversary. May the blessings and gifts which they have brought to us be visited upon them a thousandfold.●

THE COUNTRY PHILOSOPHER

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. DYSON. Mr. Speaker, within an hour's drive south from Washington, D.C., lies some of the most beautiful rural country in the world. It is there that the rolling hills of southern Maryland meet the Potomac River to the west and the Patuxent River to the east. It is a special country and breeds special people, people who adhere to a philosophy nurtured by their love of God and their love of the countryside that surrounds them.

I would like to single out a special person who writes a column in southern Maryland titled "The Country Philosopher" which reflects the spirit inherent in all southern Marylanders who have lived among its rolling hills. Amos Arthur Holmes is the "Country Philosopher," a man who has been able to set on paper the moods, the enchantment and the spirit that is the embodient of southern Maryland.

Years ago, when I would sit on the porch of my family's farmhouse, I would listen to my grandfather spin tales and reflect on the fabric of life in the country. Amos Holmes recaptures those days for me. He is one of a dwindling breed of country philosophers. Fortunately, they are still a valuable part of the social fabric in rural areas. As the pace of life continues to increase, the country philosopher's role becomes even more important. They remind us of the value of reflection.

Mr. Speaker, one of Amos Holmes' recent columns reminded me of the importance of the country philosopher and I would like to share that column with my colleagues in the House.

[From the Maryland Independent, September 30, 1981]

WITH OPEN EYES

(By Amos Arthur Holmes)

Some weeks ago I sat in my backyard. The sun had disappeared behind the huge oak trees across the road and there was a chill to the air that told of the coming of autumn. The leaves were still green but soon the magic of nature would paint them gold and yellow and orange. My mind leaped ahead and I had visions of frost and pumpkins and cold apple cider.

I watched a pair of cardinals flitting about beneath the weigelia bushes beside the house, the female looking drab beside the rich, colorful plumage of her mate. Of all the birds in the fields and woods those cardinals were my favorites. They had a companionship, a friendship, a bountiful aura of caring for one another that made their existence beautiful. It was as if they knew that love was a blessing given not just to man but to every living thing.

A young, gray squirrel, filled with exuberance, raced across the lawn and up a tree. He stopped, tail swishing, and looked at me in friendly inquisitiveness, and then, in youthful zest, climbed to the highest branches in search of the tasty succulent acorn.

I looked across the road and saw my garden, wilted and forlorn now except for the marigolds and asters which refused to die. Those few months ago I had planted tiny seeds in the warm earth and watched as small sprouts turned miraculously into lush plants. The corn, proud and tall, and the melons lying fat and juicy. I had cultivated and weeded in the hot sun and my perspiration had cleansed both heart and soul. My mind could still picture the yellow squash, the slender green beans. I smiled as I remembered the day I parted the tomato plant and saw the turtle, looking guilty, with the half eaten tomato as testimony to his pilfering.

I heard the merry, tinkling laugh of my granddaughter as that tiny bit of heaven came running around the corner of the house. When she saw me, she scrambled into my lap and I told her about the cardinals and the squirrel.

An old woman came slowly down the road carrying her basket of apples. Each evening she made this pilgrimage and each evening she distributed amongst her neighbors the plump, red jewels from her orchard. I was stirred by this generosity and I thought of the magnificent benefits we receive from having good neighbors.

I got up from my chair and walked around to the front of the house. The waters of Breton Bay lay still and peaceful and the setting sun added colossal colors to the blue placid water.

"Amos, come to dinner."

I thought of the people now gathered in my dining room. My wife, whose love was brighter and warmer than the fire in the hearth, would be adding last touches to her table. My daughters whose affection and humor made my days glorious and good. The grandchildren filling the house with laughter and youth.

I thought of the table simply laden with delicious food; the brown, juicy roast covered with potatoes and carrots, the smooth brown, spicy gravey whose aroma swelled the appetite to bursting, the cucumbers and onions in vinegar, the dish of hot biscuits, the apple pie and hot steaming coffee.

I stood there and reviewed the blessing in my life. I thought of the grand things of nature that God had given us in His merciful caring. The towering mountains, the vast, rolling oceans, the trees and flowers, the birds and animals. I thought of laughter and love, the birth of a child, the serenity of friendship. I thought of all those things that make life challenging and worthwhile.

And as I turned to enter my house I thought of those people, those thousands upon thousands of people, who believe that God is dead.

And I could have cried at their blindness.●

THE VAPORING OF AN IMPOTENT BODY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. McDONALD. Mr. Speaker, the noted newspaper columnist James J. "Jack" Kilpatrick recently wrote a column which was published across the country in numerous newspapers including the September 22 edition of the Baltimore Sun, in which he correctly described the United Nations General Assembly as a monument to imbecility, in recounting how the General Assembly once again had refused to let representatives of Namibia speak while at the same time permitting the Soviet-financed terrorists of the South West Africa People's Organization (SWAPO) to participate in a debate on the independence of Namibia.

I concur with Jack Kilpatrick when he points out that the United Nations has no valid authority to dictate the future of Namibia.

Namibia, a country with a population of less than 1 million persons in a territory twice the size of California, was first colonized by Germany in the 1880's. British South Africa took the territory from the Germans in 1915 during World War I. In 1920, the League of Nation mandated Namibia then known as German South West Africa, to Great Britain as a trust territory. Great Britain permitted its South African colony to exercise the mandate.

As anyone with elementary knowledge of international law must know, neither the League of Nations Covenant nor the United Nations Charter contain any provisions for the transfer of trust territories from the League to the United Nations except on a voluntary basis. Great Britain, acting through its South Africa colony, declined to agree to a transfer. When South Africa achieved its independence from Great Britain in 1961, it assumed continued responsibility for the trust territory of Namibia, and that is the legal status of Namibia today.

As Jack Kilpatrick says, "The notion that the league formally transferred its mandates to the U.N. is a notion spun from moonbeams. The chain of title is not there. No such testamentary proof exists."

South Africa has agreed to the full independence of Namibia, subject to the willingness of the people of Namibia to agree to hold an election of constituent assembly to write a new constitution which will provide for local self-government.

The problem is that the United Nations General Assembly has designated the Soviet-sponsored terrorists of SWAPO as the "sole and authentic" representative of the people of Namibia. SWAPO consists of a guerrilla group of dissidents from Namibia who have military bases in the southern area of Marxist Angola. SWAPO is financed by the U.N. General Assembly, the Kremlin, and the Marxist government of Angola. SWAPO terrorists are trained and equipped by the Soviet Union and by the 38,000 Cuban soldiers and East German and Soviet technicians in Angola. Their goal is, in the words of Jack Kilpatrick, "to seize power in Namibia by force of arms."

The duly elected Government of Namibia, consisting of a 50-member National Assembly and a 12-member Council of Ministers who exercise all legislative and executive powers now, and the Democratic Turnhalle Alliance (DTA), Namibia's governing majority political party, are disinclined to go forward with an election as long as the United Nations continues to try to rig any election so that SWAPO wins and can take over Namibia. Namibia has vast uranium and other mineral resources and a strategic deep water port which would make a favorable harbor for Russian nuclear submarines to interrupt the shipping traffic from the Persian Gulf to the NATO countries and to the United States.

The problem in Namibia is the United Nations.

A few months ago, the Washington Post's renowned editorial columnist, Philip Geyelin, wrote a column entitled "United Nations: An Outrage," in which he pointed out that the United Nations is an institution in which a full two-thirds of its 153 General Assembly votes represents less than 10 percent of the world population and for which a small minority of 30 practicing democracies contributes more than two-thirds of the financial support. The United Nations, in short, is an institutional outrage, a moral swamp. It operates much of the time by the mob rule of a Third World majority in close alliance with its Communist bloc. By its rules and procedures, it reduces the superpowerful United States to rear-guard blocking actions, by Security Council veto or, as one American representative puts it, by 'abstaining things to death'."

At this very time the U.S. Congress is considering a request for an appropriation of $700 million as the U.S. contribution to the U.N. budget for fiscal year 1982; $700 million is a lot of hard-earned taxpayer money to support an international body described even by the notoriously liberal Washington Post as "an institutional outrage, a moral swamp."

At the very least, Congress should include in both the U.S. State Department appropriation bill and the Foreign Assistance Act appropriations bill a specific prohibition against use of U.S. tax dollars by the United Nations to finance terrorism, whether it be by the Palestine Liberation Organization (PLO) or by the South West African People's Organization each of which receives millions of dollars each year from the United Nations General Assembly to support pro-Soviet terrorist activities. I suggest the following amendment to be included in each of the appropriations bills when they are considered by Congress:

> None of the funds appropriated in this title shall be made available for the United States share for any programs for the Palestine Liberation Organization (PLO) or the South West African People's Organization (SWAPO).

A prohibition of this kind was contained in the Foreign Assistance Appropriations Act continuing resolution for fiscal 1980, but the liberals and other special interest groups with a pro-Soviet tilt, managed to lobby it out of the final appropriations legislation. It is time for Members of Congress to stand up and be counted—are they for United Nations financing of the terrorists of the PLO and SWAPO or are they against it?

[From the Sun, Sept. 22, 1981]

THE VAPORINGS OF AN IMPOTENT BODY

(By James J. Kilpatrick)

NEW YORK.—The General Assembly of the United Nations, that monument to imbecility, acted in character again the other day. By a vote of 117-0, the assembly adopted another of its resolutions against South Africa, and once again the assembly violated the most elementary principles of fair play and parliamentary privilege.

Such expressions of hypocritical unanimity have become commonplace in these gaudy realms of make-believe. In theory, member nations subscribe to the original purpose of the United Nations. That was to provide a forum in which all nations—repeat, all nations—could be heard. In theory, member nations also subscribe to the principle that all nations should respect the borders of all other nations.

In practice, and notably in the matter of South West Africa, also known as Namibia, these theories disappear into the gaseous clouds. Here the rule is that all nations may be heard in the forum—all nations, that is, except the one nation most intimately and directly concerned in the matter: South Africa.

The purpose of the assembly's most recent resolution was to condemn South Africa for an incursion into Angola. Very well. But if King Hypocrisy were not presiding over this mummery, the assembly would equally have condemned Angola for harboring forces of SWAPO (South West African People's Organization), whose purpose is to seize power in Namibia by force of arms.

Hypocrisy is defined as "a feigning to believe what one does not." It is "the false assumption of an appearance of virtue." In the matter of Namibia, the assembly feigns to believe that the United Nations has some valid authority to dictate the future of South-West Africa. But this is not so, and any person capable of tracing the last days of the old League of Nations knows it is not so. The notion that the league formally transferred its mandates to the U.N. is a notion spun from moonbeams. The chain of title is not there. No such testamentary proof exists.

The assembly also feigns to believe that all acts of international meddling are bad, but this appearance of virtue is false. The SWAPO terrorists are armed by the Soviet Union. No one denies it. The terrorists are supported and trained by thousands of Cuban troops. No one denies it. In the assembly, the matter is simply not discussed.

Here at the U.N. the notion is carefully fostered that only one outfit embodies the longing of all the people of Namibia for independence, and that outfit is SWAPO. The notion is fatuous.

The guerrillas of SWAPO seek power for the Ovambo, who make up something less than half of the population. But the Ovambo are themselves divided into seven Bantu tribes; and beyond the Ovambo are such tribes as the Damara, the Herero, the Kavango and the Nama. There is no "Namibian people." There is no sense of national loyalty, no universal hunger on the part of "Namibians" for a flag to call their own. There is only a hunger on the part of a relatively few ambitious men for wealth and power.

It is all dumbshow. The assembly's resolutions, devoid of the slightest power even to influence or persuade, are no more than tales told by idiots, full of sound and fury, signifying nothing.

No self-respecting nation—not South Africa, not Israel in other contexts, not any of the great powers—will surrender its national interest to the vaporings of an impotent body.

It is lunacy to suppose that South Africa will accept any imposed "solution" that creates a Marxist state upon its northern border and jeopardizes access to Walvis Bay.

If the old mandated territory of South West Africa is to be cut loose, it will have to be cut loose with strings still attached. In the 20 years that the Namibian question has been debated, no one yet has mastered such a feat of legerdemain.

Reading an inch-thick stack of windy resolutions, I wonder anew: Why the United Nations? Seriously, why? Its purpose as a forum has been reduced to a nullity. Its portentous demands have less weight than a resolution of the Maryland Audubon Society demanding the resignation of Interior Secretary James Watt. Perhaps we should carry news of the U.N. back on the comic pages to dwell with Doonesbury and his friends.●

EXPLANATION OF CONFERENCE REPORT ON THE CONTINUING RESOLUTION (H.J. RES. 325)

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. FAZIO. Mr. Speaker, on September 30, 1981, the House and Senate approved the conference report to House Joint Resolution 325, the Continuing Appropriations for Fiscal Year 1982. During the conference committee proceedings the segment of the resolution regarding the appropriations for the legislative branch was amended to include the following three provisions: First, beginning in fiscal year 1983 there will be a permanent appropriations for the salary of Members of Congress, and Members will receive the same annual cost-of-living adjustment that the President approves for Federal white-collar employees. Second, the ceiling on tax deductions allowed Members for away-from-home expenses will be removed. Third, the statutory ceiling on honoraria of $25,000 for Members of the Senate only has been lifted.

As chairman of the Legislative Branch Appropriations Subcommittee, I felt that the information and data made available to the conferees, which ultimately led to agreement on these amendments, would be of assistance to each of you. I have therefore included that information which is most relevant to the issues at hand.

Since October 1969, the Consumer Price Index has increased over 135 percent. Since 1969, the hourly earnings index has increased over 130 percent. Since 1969, the private sector executive salaries have increased over 116 percent, not counting bonuses and fringe benefit increases. Since 1969, rank and file Government employees at GS-1 through GS-15, step 4 have received 118 percent in pay increases. Since October 1969, Congressmen have received only 43 percent in pay increases. Since March 1977, the pay ceiling on Congressmen has increased only 5.5 percent while the cost of living has increased by over 47 percent. By the end of fiscal year 1982, when our next pay increase should take effect, the CPI will have increased by over 60 percent without any additional pay adjustment.

Yet, despite the disparities between the rising Consumer Price Index and the salary level of Federal elected officials, Congress has been loath to grant even nominal cost-of-living adjustments for themselves.

Each session we engage in such rhetoric as, "this is not a good year to adjust our salaries." This year in particular, when millions of Americans are being affected by cuts in Federal programs, it is said that this is an especially bad time. Yet I would suggest that there is never a good time. There will always be a sizable, although shifting, percentage of this body which could find ample justification to defer the acceptance of a pay adjustment. However, over time the result is to deny to us and our families any semblance of financial parity. One year the Congress is castigated for not arresting bracket creep and the next for cutting the subsidy to some interest in our society. As with our constituents, we face the rising cost of higher education, as well as the basic necessities. However, we should receive no more of an annual adjustment that we are able to pay our own and other Federal employees. So we are talking about basic equity, and the facts of the matter show all too clearly that a cost-of-living adjustment is more than justified and in fact is desperately needed. Under the Constitution, we are the only ones empowered with the responsibility to raise our salaries. Thus, let us openly and decisively face up to this situation; in other words, as the President paraphrased the other night, "who else but us, when else but now."

The House of Representatives is not a body composed of extremely wealthy individuals. The vast majority of Members depend almost solely on their congressional salaries as their only income. Over 50 percent of the current Members of the House have been elected since 1974. Thus, the average Member is younger with the responsibility of supporting a young family. The expenses associated with such are similar to those of millions of Americans; yet, unlike other individuals, most Members of Congress must maintain two residences: one in their congressional district and one in the Washington area, an extremely costly region of our Nation. In Montgomery County the average price of a home is $99,000, a 95-percent increase since 1976. In Arlington County, the average home costs $106,000, a 75-percent increase since 1976. thus, many Members cannot even afford to bring their families to Washington. Yet, they still must pay a mortgage on their home in their district and rent or purchase another place of lodging in Washington. This, with no financial renumeration.

When we speak of adjusting Members' salaries in accordance with the President's recommendation for white collar Federal employees, we are not talking about enormous raises. Quite the contrary, we are talking only of a nominal adjustment, one which is far below that received by individuals in the private sector, and far below even that received by Federal retirees, social security recipients, and others whose incomes are indexed to the consumer price index.

This adjustment to Members' salaries is not retroactive and will not become effective until fiscal year 1983. Therefore, Members and other individuals under the cap will never receive the 23-percent cost-of-living adjustments lost over the past 3 years. Salaries of Members of Congress, Cabinet members, and senior executives in the Federal Government will remain capped. Thus, they will not receive even the modest 4.8-percent increase white-collar workers will get. Once again, the effort to adjust the salaries of these individuals, senior executives in particular, was unsuccessful.

Senator Stevens authored an amendment which would have adjusted the salaries of Executive Schedule III, IV, and V personnel to help compensate for the past 3 years that their salaries have been capped. The cost of this adjustment would have totaled $217.5 million; yet, by reducing the current rate of retirement of Federal executives, it would have saved the Federal Government well above that figure and enabled essential Government services to continue uninterrupted.

As a result of pay inequities, there has been a massive exodus of top Government executives who are retiring at the earliest possible date or resigning before reaching retirement eligibility. The retirement rate for Federal executives in the 55- to 59-year-old age group who are at the pay cap was 15.5 percent in March 1978; 28.9 percent in March 1979; 74.6 percent in March 1980, and 94.7 percent in August 1980, the latest date for which figures were available.

A recent report by the General Accounting Office illustrated the dollar and cents effort of this early retirement phenomenon. If an individual who has 30 years of Government service and is at the maximum pay level of $50,112.50 retires, he or she will receive within a 3-year time period $92,828 in pension benefits. That person will no doubt be replaced by an individual who also qualifies for the $50,112.40 ceiling, with a 3-year salary of $150,338. Thus, it will cost the taxpayers an additional $67,000 per executive over a 3-year period.

GAO also concluded that if a 16.8-percent catchup raise were approved, the retirement rate would substantially decrease. And, even at the higher rate, while executives' salaries over a 3-year period would be $175,593, this would still be cheaper by over $60,000 than retiring an executive and replacing him.

Furthermore, by continuing the cap for senior officials but allowing cost-of-living raises for all other Federal employees, by 1981 individuals at the GS-14, step 8 level, will be earning the maximum pay. This will mean that over 45,000 Federal employees will be under the cap, and earning the same amount as their high level superiors.

It is indeed unfortunate that we were not able to take the steps necessary to stop the "brain drain" that is occurring within the Federal Government. It is a ludicrous policy that results in the loss of top-notch talent compounded by an additional cost to our taxpayers, and is therefore an issue which Congress should address at the earliest possible opportunity.

As for the removal of the current $3,000 tax deduction allowed Members of Congress for legitimate business expenses, this rate was established in 1952 and has not been altered since. This, despite the fact that the cost of living in Washington has risen over 250 percent in the past 29 years. At that time, Members of Congress were earning $12,500 a year.

Let me clarify this matter by explaining that under the provisions of this amendment, Members can deduct all ordinary and necessary reimbursable business expenses incurred away from home, just like all business men and women in the private sector. It is our hope that guidelines can be developed by the IRS before this provision goes into effect in calendar—taxable—year 1982. Two points that must be noted: All expenses must be substantiated, and any expenses shared by other family members will have to be prorated. This amendment creates parity between Members of Congress and other taxpayers who have similar business situations.

The amendment regarding the removal of the ceiling on honoraria affects only the Senate. The House has strict rules which prohibit Members from accepting more than 15 percent of their congressional salary from honoraria and/or outside earned income. This amendment did not preempt the House rules. Under 7 percent of all House Members earn the maximum allowed from honoraria—currently $9,100.

In closing, I insert a short article by Prof. Norman J. Ornstein of Catholic University in Washington, D.C., which appeared in the July 13, 1981, issue of Newsweek. Professor Ornstein refutes many of the negative accusations about Members of Congress by detailing their responsibilities, obligations, and working conditions, and discussing their compensation as compared to that of their private sector counterparts. The article is very revealing and worthwhile reading material.

Don't Be Beastly to Congress

(By Norman J. Ornstein)

America's second favorite indoor sport is knocking politicians. True, this has long been the case—it goes back well before Mark Twain referred to Congress as America's only native criminal class, or Will Rogers said we have the best politicians money can buy. But lately, the criticism of our government and our leaders has been at almost a fever pitch. If the news on Congress doesn't focus on Abscam, sex scandals or alcoholism, it features tales of overseas junkets, overgenerous political perks or oversize Congressional office buildings. Political cynicism and public bitterness over our politicians' venality are rising at an even faster rate than the national debt.

None of the news stories are made up, but they tell only a small part of the story. I have watched Congress and Washington closely for more than a dozen years, most of it from the outside, and I can add with total confidence the following startling assertions:

1. Congress is clean and honest. I would bet a lot of money that the proportion of alcoholics, drug abusers, homosexuals, bribe takers and sex maniacs is no greater in Congress than it is among any other group of people with similar high-pressured jobs, whether they be doctors, lawyers, dentists, journalists, bankers or industrialists. In fact, it is probably less. But a congressman

sleeping with a lobbyist or even his own wife (if it's on the Capitol steps) is news, while a businessman's affair is not—and even if the latter makes the headlines, it's not generalized in the same way. The plain fact is, however, that the overwhelming majority of people in Congress are of the basic, dull, family-oriented variety.

2. Congress works hard. The average member of Congress works 70 to 80 hours a week on public business, ranging from committee hearings to floor debate to meetings with constituents. The workweek is usually seven days, four or five in Washington and the weekend back in the district—a nomadic existence that strains family life and physical well-being. Everyone derides Congressional recesses, including the President, and newsmen are especially fond of poking fun at the Congress's own term for them, "district work periods." In fact, they are district work periods. Most legislators go back to their districts and work long hours—meeting with individuals, visiting senior-citizen homes or community centers. We all try to have it both ways: we accuse the member of Congress of "losing touch" if he doesn't spend a lot of time back home, and of "laziness" if he misses a vote or a meeting in Washington—but then we deride him when he tries to meet all our demands.

3. Most Congressional 'junkets' are in the public interest. It is the rare trip that is taken for pleasure alone. Most Congressional travel is brief, with as much time in the air as on the ground, and involves far more work than play. Our domestic and foreign policies are shaped by Congress; we need to have congressmen travel. We would be in a fine mess if we forced our legislators to become insulated from the outside world. We cannot possibly set the best policies for the United States in agriculture, arms sales, energy or any other area without seeing how our key allies in Europe do things or how they feel about our policies. We also need direct contact with the Russians, the Chinese, the Salvadorans and every other nation. Congressional trips inform and educate, and an informed and educated Congress is in everyone's interest.

4. Congress's working conditions should be improved. Capitol Hill is filled with uncomfortable offices. It may be hard to believe—for those who read about expensive, posh office buildings (and the cost overruns are inexcusable)—but, despite the odd exception, legislators and their staffs do not luxuriate in plush offices with fancy furniture. They sweat and strain in overcrowded offices with too many people and too much noise. Few if any businesses would tolerate such a setup. Congress should have better office arrangements.

5. Members of Congress are underpaid. Every attempt to increase Federal pay results in a cacophony of screams of outrage. Of course, it is hard for the average citizen to feel sorry for a poor congressman trying to get by on "only" $60,000 a year. But the fact is that in Washington—where a truly modest family home in a decent location goes for $200,000 and up—$60,000 does not go very far. This is especially true for a member of Congress, who must maintain two residences, including one in the district. Moreover, for most members, serving in Congress means a substantial financial sacrifice; their "peers"—lawyers, lobbyists and consultants—command anywhere from two to five times a Congressional salary. Our best public servants regularly receive lucrative opportunities out of government. We should keep Congressional pay at a level where legislators like Sen. Pete V. Domenici (with eight kids waiting to go through college) are not forced out of public life because they can't afford it.

I am well aware that many people will greet my claims about Congress with disbelief and outrage. But many others—including, I suspect, some who make their living reporting on Congressional scandal and sloth—will recognize their truth. I hope the latter group will start to echo my themes, or at least to counter some of the worst negative excesses. I hope that people and organizations with some clout and prestige will apply some resources to recognizing and rewarding our best public servants, instead of publicizing and emphasizing our worst.

For the foreseeable future we will be living in a political system where citizen demands exceed public supplies, where government services are cut back and redistributed, taking more from some than from others. There is no better way to commit societal suicide than to reinforce the erroneous belief that Congress is a collection of corrupt, venal, greedy and hypocritical characters who, by extension, make unfair and illegitimate decisions. I for one would rather have Congress making tough decisions than any other legislature on earth, or than any other collection of people I could name.●

FARMWORKER PROTECTIONS THREATENED

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. FORD of Michigan. Mr. Speaker, I am opposed to each of the amendments to H.R. 4560, the Labor-HHS Appropriations bill, which the gentleman from New Hampshire will offer tomorrow. But I will limit my remarks at this time to the amendment that would weaken OSHA protections for workers in businesses employing 50 employees or fewer. Mr. Gregg's amendment will do great harm to thousands of American workers, but I am especially alarmed because the amendment will weaken OSHA protections for farmworkers, the poorest and most politically voiceless group of working people in our Nation.

Do farmworkers need protection from unsafe working conditions? Their average life expectancy is 49 years. They and their children work backbreaking hours in all kinds of weather, in fields sprayed with dangerous pesticides, on and near farm machinery that can chop off a leg or a hand in a flash. Agriculture is the third most dangerous industry in the United States. And the attitude of many farmers toward the health, safety, and welfare of their workers is one of utter indifference.

That is a harsh statement, but no one who has seen—as I have—the conditions under which many farmworkers, and particularly migrant farmworkers, must live and work can doubt its truth. The recent Washington Post series investigating the living conditions of farmworkers within 2 hours of Washington, D.C., should shock the conscience of every Member of the House. I am appending excerpts from that series to these remarks for the benefit of Members who were not in Washington during the August recess.

The same farmers who draw their workers from such labor camps as the Westover, Md. camp described by the Post would be exempted from OSHA standards by Mr. Gregg's amendment if they employed fewer than 50 workers. Why? Is it because these workers deserve less protection? Because workers on medium-sized farms have fewer accidents or work under safer conditions than those who labor on larger ones? Is it because their employers are more concerned about their welfare than Del Monte or Campbell's would be?

There is no rational explanation for the gentleman from New Hampshire's amendment other than a calculation that these workers are not worth spending tax money to protect. I, for one, am unwilling to take such a position. I hope the great majority of my colleagues are equally unwilling.

Mr. Speaker, I know that proper enforcement of OSHA alone will not solve all the problems confronting America's farmworkers. That is not at issue here. What is at issue is whether two thirds of our farm laborers should be exempted from OSHA's protections. For that is what a vote for the Gregg amendment will do.

No hearings have been held to justify such a result. No evidence has been presented to the Congress to support such an exemption. I hope my colleagues will join me and defeat this amendment.

[From the Washington Post, Aug. 26, 1981]

WESTOVER: KNOWN FAR AND WIDE AS PLACE TO AVOID

(By Ward Sinclair)

PRINCESS ANNE, MD.—Just as prisons, ghettos and sin strips have their own notoriety, the complex of long, gray, weather-beaten buildings along the highway south of here has achieved a special renown.

Past the creek where people fill their jugs with drinking water, up the dusty road past the signs that warn visitors away, around the ditches filled with stagnant water and the gaping bins of garbage, this is the Westover migrant farm labor camp.

During the summer, as many as 700 itinerant laborers will stay here as they harvest the vegetables and melons from the fields of Somerset County. In migrant circles, all the way to Texas and California, Westover is regarded as a place to avoid.

It is the biggest and most infamous among dozens of rundown camps amid the fecund vegetable fields on the Eastern Shore of Maryland, Delaware and Virginia. Maryland's Commission on Migratory and Seasonal Farm Labor is so exercised about Westover that it wants Gov. Harry Hughes to close the place.

The controversy is such that the state health department has taken over inspection functions from Somerset County. The commission has urged that unless major improvements are made or a replacement is erected—which the growers say is not in the cards—the camp should not operate next year.

"This place takes the cake," said Carol Budi, a veteran public health nurse who supervises a federally funded migrant health clinic on the edge of the camp. "I have never seen anything like the intensity of this—the closeness of the people, the lack of sanitation, the violence, the sickness. I can't believe we haven't had a full-blown epidemic here this summer."

But perspectives vary.

Last June, Ed Long Jr., one of the growers who lodges his migrant workers here, told the commission that there is not a motel on Maryland's touristy Eastern Shore any better than Westover's newest building, a building that was used part of this year, then boarded up when its occupants left and not made available to other migrants.

Westover is a sprawling complex of two dozen barracks-type buildings, separated by stretches of grass and dirt roads. Families live in single-room units without running water. Most units have refrigerators and small gas plates for cooking; sometimes doors, sometimes not. The single window is sometimes screened, sometimes not. Latrines offer stools without stalls, gang showers with no privacy, grime covered lavatories.

The Westover camp differs from most other migrant facilities on the Eastern Shore only in its size. Some other camps on the shore house up to several hundred migrants, but Westover, with a capacity estimated at around 700, has on occasion had as many as 900 at one time, according to the state commission.

State health inspectors have visited the place intermittently throughout this harvest season, checking for violations, but the chief inspections here, as at other camps, occur before the season. Once a farmer's camp meets the minimal requirements, the crews move in. The deterioration goes on apace and, migrant-aid workers report, inspectors are rarely seen again.

The Westover camp goes back to the New Deal years, when it was set up for the Civilian Conservation Corps. During World War II, it was a holding pen for German military prisoners, who worked the nearby field. For about the last decade, the Somerset County Growers Association has housed its migrant workers here.

Conditions at Westover were discussed during a 1979 congressional hearing on the administration of federal laws regulating the labor contractors who hire migrants. Rep. Henry B. Gonzalez (D-Tex.) is contemplating House subcommittee hearings next month on migrant housing problems, with a possibility of field hearings and site visits here and in Virginia and Delaware.

As depressing as Westover might be it also has a less tangible side, a bleak spirit not unlike one might have found in the prison it once was. Admittance is routinely denied to outsiders, who encounter warning signs at the camp manager's office. Growers this summer ejected the oncamp clinic, saying they needed the space for migrants (who, it turned out, never occupied the building). The only recreational facilities are a few swings for the children and a pool table for workers in the commissary.

Labor crew leaders caution their workers to avoid the reporters who occasionally slip into camp. "I don't want no trouble," said Eugenio Herrera, a crew leader, when he found some of his Mexican-American field hands providing details on the camp.

The state commission's report on Westover was issued in May. As of last week, Somerset growers were contending they had had no official notice of the study—even though farmer Dennett Butler, also a Somerset County commissioner, is a member of the governor's advisory group and Ed Long Jr. went before the state body in June to protest the findings.

"I am on the state commission, but the report has never been sent to us. A lot of things they put in there were judgment decisions, but I'd be the first to admit that some of the buildings need rehabilitation," Butler said. "The only part that is alarming to me is that I don't see how they can justify complete demolition. It boils down to a judgment thing. We feel we are complying. We passed all the state regulations this year, but our interpretation is that the regulations are too stringent at times."

Butler and Charles Bruce, president of the Somerset growers, said that farmers have been unable to obtain long-term Farmers Home Administration financing to replace the camp, in part because many of them are older men who do not want to commit their estates to potential debt on a rebuilding project.

A different view is taken by Sue Canning, an official of the Delmarva Rural Ministry, an ecumenical organization that contracts with the federal government to provide health care for migrants in the three states.

"Not one of these low-interest, long-term FmHA projects has been funded in the eastern migrant stream above Florida," she said. "If farmers sought change, it could be achieved. It is a bummer to go to Westover, particularly knowing we have laws on the books, and see a camp like that."

[From the Washington Post, Aug. 27, 1981]

WESTOVER, MD.—Plantains and mangoes are not Carol Budi's real business, but when the Haitians rushed from their bleak barracks to met the van rolling in the other day from Baltimore, full of those tropical staples, she acted like the proudest merchant in town.

Budi is a nurse-practitioner, a nurse who diagnoses and prescribes for patients, not a mango vendor. But medicine as it is practiced here at the Westover migrant farm worker camp near the town of Princess Anne is something else again.

It is tropical fruit, antibiotics, fear of guns. It is threats, awesome worms in children's stomachs, filth. It is angry farmers, abysmal camps, fear of epidemic.

Budi decided that one way to combat the depression and hypertension so common among the Haitian field hands was to provide some foods they were accustomed to. With Department of Agriculture approval for the use of food stamps, she set up a buyers' co-op for the workers and a happy ray of mangoes and plantains beamed down on Westover.

That was a bright spot, but others are less so. There was the time Sister Jane Houtman, another nurse, was runoff the road by a resentful migrant crew leader. Last year a crew chief brandished a gun in front of another nurse from the Delmarva Rural Ministry. And this summer, farmers ejected Budi and her crew from the Westover camp. Confrontations are common events, fear a constant companion.

That's the way it is in the farm labor camps on the Eastern Shore of Maryland, Delaware and Virginia and it is a special kind of medicine these nurses are practicing, a special kind of patient they are treating.

An estimated 6,000 or more migrant farm laborers have worked the vegetable and fruit farms of Delmarva this summer and many of them have been touched by the nurses and volunteers who staff four clinics the Rural Ministry operates.

The migrant health and legal aid programs that are funded with Federal grants have caused controversy nationally, as they have here on the Eastern Shore. But in many instances those services, now ticketed for funding cutbacks by the Reagan administration, are all that stand between the migrants and desperate illness or deprivation.

To hear Budi or Sister Regina Hudson, who supervises the Delmarva migrant clinic at Nassawadox, Va., recite the infirmities found in the labor camps in their areas is to hear a catalogue of infirmity more common in the underdeveloped world: Active tuberculosis, venereal disease, ear and upper respiratory infection from the dirt, dermatitis, hypertension, diabetes, parasites, endemic diarrhea.

Budi's experience with migrant health has taken her to camps in New York and Wisconsin. "This place [Westover] takes the cake," she said. "This camp could not exist in Wisconsin. The laws are tougher."

One of Budi's special cases in recent weeks has been an 8-year-old Haitian boy with an abdomen severely distended from parasitic infection. Tests disclosed a massive collection of worms in his body. "These things make me think I'm in the Third World," she said. "I woke up last night just thinking of that boy."

Nurses and medical aides on the Eastern Shore attribute many of these problems to the lack of sanitation in the camps. But even though dirty water, open garbage containers and inadequate sanitary facilities are common, the camps pass minimum state and county standards with little or no difficulty.

"Migrants are very special people, with very special needs," Budi said. "Nobody attends to them, so you feel compelled to help them while they are here."

Not that this is so easy. Local resistance to nurses from the clinics and the lawyers and the paralegals from the migrant legal aid centers on the Eastern Shore makes the task more difficult. Health and legal workers, often barred from some camps, say they are made so uncomfortable when visiting that they prefer to deal with patients and clients in neutral settings.

Charles Bruce, head of the Somerset County growers' group that operates Westover, complained that migrant-health nurses, particularly Catholic nuns from the order of Daughters of the Holy Spirit, have "agitated" to stir antagonism toward the farmers.

"They haven't made things very nice for us," Bruce said. "They've gone way beyond providing health care. We don't even know how many workers are in the camp—but they do. They go around with yellow pads, knocking on every door. I say they were checking on us as managers of the camp."

Migrant legal-aid workers have their problems, too. "Through threat and intimidation, the crew leaders frighten their workers from talking to attorneys about cases of physical abuse, underpayment of wages and the like," said Michael T. Robinson, head of the legal aid center in Belle Haven, Va. "We try to get the workers off the camps, distribute our cards to them and we let them call us collect if they are having trouble."

Another factor in the mix, however subtle, is that growers in some places are important politically. The operators of the Westover camp include a Somerset County commissioner and a state delegate, R. C. Biggy Long. Another nearby camp is owned by a state Democratic central committeeman.

In Virginia, the state commission on migratory labor is headed by Philip McCaleb, who also is president of the potato and vegetable growers in Northampton and Accomack counties. Inland toward the Shenandoah fruit country, the family of U.S. Sen. Harry F. Byrd Jr. (Ind.-Va.) operates a camp for migrant apple pickers.

So it goes in places like Westover, which, with a capacity for an estimated 700 workers, is the largest of the camps on the Delmarva Peninsula. Treating the workers is one thing. Being allowed to treat them is still another.

In July the nurses operating their clinic in a ramshackle old barracks building at Westover were told by the farmers that they would have to vacate. The building was needed to house more migrants, they were told. It was too bad about the painting and refurbishing the nurses had done on their own time. Too bad about the cleaning job they had done. So the nurses moved into a trailer hastily towed to a site outside the main camp, yet still on the growers' land.

Migrants never occupied the barracks after the nurses left. Bruce said that was because the workers did not show up. But there's more. He said that next year, because of their "agitation," the nurses will not be allowed into the camp—nor will they be permitted to set up their clinic on the perimeter.●

WATER PRICING REFORM: THE TIME IS NOW

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 5, 1981

● Mr. MILLER of California. Mr. Speaker, it is time that the administration and the Congress act to end one of the most wasteful and destructive policies of this Government: The unjustifiable subsidization of Federal irrigation water.

Continued subsidies to farmers, which were originally intended to stimulate settlement of the arid West, not only cost the taxpayer billions of dollars, but also encourage the construction of dubious irrigation projects and the excessive use of millions of acre feet of water every year.

In 1981 alone, the General Accounting Office has released two major studies highlighting the extravagance of the Federal irrigation program. In one review of six projects, each originally justified as "paying for itself," GAO found that the public—not the beneficiaries—will pay between 92 percent and 97 percent of the multibillion dollar costs of these projects.

In another study, GAO found that as much as 30 million acre feet of federally developed water stand unallocated and unpaid for. Of course, when Members of Congress came to their colleagues, pitchforks in hand, to request Federal, interest-free financing of these white elephants, the pleas were justified on the grounds that the water was urgently needed, and that the costs would be fully repaid. Well, it turns out that neither was the case, and the taxpayer has been left holding the bills.

Cheap water encourages wasteful misuse. In Israel, where farmers grow twice as much per acre with less quality water, a different attitude prevails because water is dear and the price is high. As has been demonstrated conclusively in the case of energy resources, people become more interested in conserving a limited resource when we remove the artificial Government price supports and allow the market to determine price.

When the delivery of irrigated water honestly reflects its true development and delivery costs, alternatives such as waste water reclamation and desalinization, as well as revised cropping patterns, conservation, and improved groundwater management—all reviled by big water users today—become feasible.

The potential for helping to solve Western water woes through pricing reform is becoming increasingly obvious to observers regardless of political ideology. The Rand Corp., after studying water problems in my home State of California, concluded that water misuse was due to "a myriad of legal and institutional restrictions on water pricing, transfer, sale, and use * * * [which] dictate that water use be inefficient."

Because of the enormous subsidy, farmers irrigate low-quality lands, using large amounts of water to purge salts from the soils, but actually worsening their problem in the long run. Prof. Robert M. Adams of the University of Chicago has noted a disturbing similarity between overirrigation of marginal lands in ancient Mesopotamia and in the contemporary Imperial Irrigation District in southern California.

It is worth noting that a recent study by the California Department of Water Resources has estimated that as much as 400,000 acre-feet of water a year could be conserved in the Imperial District. That is just one area where open-ditch irrigation wastes enormous amounts of precious water. Westwide, it has been estimated that 82 percent of irrigation water flows through unlined ditches, contributing to the 50-percent waste in irrigation water noted by GAO.

By contrast, lined canals or sealed pipes, while not as glamorous as new dams and ditches, can save major amounts of water. So can modern irrigation techniques like sprinklers, which use only one-fifth as much water as ditch irrigation. Drip irrigation uses just 1 percent of the water of a ditch-irrigated field. These alternative irrigation technologies are available today; they are not being used adequately because the Federal and State governments are protecting inefficient uses of water through lax pricing policies which include massive subsidies.

Some argue that any effort to reform water policy is necessarily "anti-West." That is simply not true. George F. Will, the highly regarded conservative columnist has noted: "Compared with some cowboys—symbols of rugged individualism: hairy-chested, leathery-skinned, crow's-feet around the eyes—who use heavily subsidized water, graze their cattle on public land for a pittance and have their market protected by beef import quotas—compared with such Marlboro men, the average inner-city welfare mother is the soul of self-reliance."

In another column, "The Water Gluttons: Not True Conservatives" from the Baltimore Sun, August 30, 1981, Mr. Will challenges the Reagan administration and its supporters to apply their goal of putting an end to outmoded and unjustified Federal support programs to the water subsidies:

> Unreasonably cheap water encourages, for example, wasteful "flood irrigation" * * * When spurred by rising prices [American agriculture] will make extraordinary efficiencies in water use * * * of 20 to 50 percent. But the Reagan Administration is chock full of Westerners blind to the connection, philosophical as well as etymological, between conservation and conservatism, properly understood. The administration is apt to defend the traditional Washington role regarding water, primarily a role of providing subsidized water for the West—a tradition dating from the days when westward migration had to be encouraged. Out West, detestation of the Federal government by "sagebrush rebels" stops well short of a desire for fewer reclamation dollars. And reverence for the market stops well short of a belief that users should pay market value for water.

Let us remember: those are the astute comments of George Will, one of our leading proadministration, conservative writers.

Fortunately, Mr. Will may be wrong about the administration, because there are encouraging signs that Mr. Reagan is going to move to end these massive subsidies and, in doing so, probably effect the most significant improvement in the use of Federal water in history. I hope the message gets through to the Congress, too.

Mr. Speaker, I have already introduced legislation to end water subsidies, to encourage more efficient use of water, and to improve the management of Federal water resources, which I hope becomes the object of consideration in the very near future. I would like to have a copy of that leg-

islation printed in the RECORD at this point:

H.R. 2606

A bill to establish an improved system for water pricing from Federal projects in order to reduce unjustified subsidies, to more rapidly recover costs, to encourage conservation and the more efficient use of water resources, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be known as the Water Pricing Reform Act of 1981.

SEC. 2. Any repayment contract or water service contract entered into subsequent to the date of the enactment of this Act by the Secretary of the Interior or his designee pursuant to the Reclamation Act (43 U.S.C. 391) as amended and supplemented, hereinafter referred to as the "Reclamation Act", shall be in accordance with all provisions of this Act. This Act shall apply to all such contracts regardless of their duration or any other prior contracts entered into by the Secretary or his designee.

EXISTING CONTRACTS

SEC. 3. No provision of this Act shall be construed to repeal, amend, or supersede any existing lawful contract entered into prior to the date of enactment of this Act.

WATER PRICES

SEC. 4. (a) Any long-term, interim, or amendatory contract hereafter entered into by the Secretary pursuant to the Reclamation Act shall require the repayment of costs by the contractor for water delivered under such contract at a rate at least equal to the cost of delivery to the United States, including the costs of operating and maintaining the Federal project, and construction costs properly allocated to irrigation.

(b) Each contract entered into pursuant to the Reclamation Act between the Secretary and a contractor, involving a project authorized by the Congress subsequent to the date of the enactment of this section, or a project for which no contract has previously been executed by the Secretary, shall require the recovery of costs at a rate determined by the Secretary which shall include, at a minimum—

(1) all construction costs properly allocable to irrigation;

(2) all operation and maintenance costs; and

(3) interest on the charges contained in (1) and (2) of this subparagraph. Interest shall be calculated so as not to exceed the rate equal to the annual yields on interest-bearing marketable securities for the longest term sold by the United States at the time of such contract, but in no case at a rate less than 2 per centum.

(c) The Secretary may, at his discretion, establish a rate higher than that provided in subsection (a) and (b) of this section for the purpose of encouraging conservation or the more efficient use of water resources.

(d) Each contract entered into pursuant to this Act shall require the Secretary to recalculate, no less frequently than every year, the rates established pursuant to subsection (a), (b), or (c) of this section, and to modify each contract to reflect the alteration of cost.

(e) No water service contract entered into subsequent to the date of this Act shall be of a duration greater than ten years.

REPAYMENT TERM

SEC. 5. Section 9(d)(3) of the Reclamation Project Act of 1939 (43 U.S.C. 485) is amended to read as follows:

"(3) That the general repayment obligation of the organization shall be spread in annual installments, of number and amounts fixed by the Secretary in order to achieve the timely repayment of all appropriate costs to the United States consistent with the annual payment capacity of the organization but under no circumstance to exceed forty years.".

CONTRACT CONFORMITY

SEC. 6. Notwithstanding the provisions of subsection D of section 4 of the Second Deficiency Appropriations Act of 1924 (43 Stat. 702) or section 9(d)(3) of the Reclamation Project Act of 1939 (43 U.S.C. 485) or any other provision of law or contract, no contract hereafter entered into by the Secretary shall be reduced on the basis of a contractor's ability to pay.

WATER RESALES

SEC. 7. No water sold pursuant to a contract with the Secretary may be resold by any contractor without the prior written permission of the Secretary. The Secretary shall establish, in reviewing applications for the resale of such water, a price for such resales which shall prevent speculation by contractors, and may require the payment of a reasonable fee to the United States either by the seller or purchaser of the water in order to compensate the United States for administrative expenses, to encourage efficient use of the water resources, or for other purposes which he shall deem reasonable.

PUBLIC PARTICIPATION AND CONGRESSIONAL REVIEW

SEC. 8. (a) No contract whose duration is longer than six months shall be approved by the Secretary unless—

(1) potentially affected parties have been notified by the Secretary of all negotiating and discussion sessions, and have been afforded the opportunity to observe all such sessions (which shall be conducted in a readily accessible, public place);

(2) copies of such contract have been made available to interested or potentially affected parties for at least ten days;

(3) an opportunity for public comment has been accorded such interested or potentially affected parties, and the Secretary has responded to such comments in writing;

(4) a public hearing has been provided on such contract if the Secretary determines that the pending contract merits such a hearing.

(b) Any contract involving the sale or delivery of more than fifty thousand acre-feet in any year shall be submitted to the Congress for approval.

Last, I want to insert into the RECORD a copy of an editorial from the Washington Post, September 30, 1981, and also an editorial from the Los Angeles Herald-Examiner, April 17, 1981, which discuss the need for the water pricing reforms I have proposed:

[From the Los Angeles Herald Examiner, Apr. 17, 1981]

THE VALUE OF WATER

Finally, an eminently reasonable idea has emerged from the static over what to do about California's looming water shortage: apply the economics lesson from the gas shortage by increasing agriculture's price of water.

This capital idea, contained in a bill introduced Wednesday by California Rep. George Miller, D-Richmond, is one the Herald Examiner began proposing long ago. Mind you, we do not mean that consumer prices should be raised. Consumers are already paying the fair-market value of water. We mean agricultural prices should be raised so that farmers also pay the fair-market value. As it is, farmers who use federally developed water pay ridiculously low prices, about 5 to 15 percent of the true value, according to one study. The taxpayers subsidize them for the rest.

This outrageous subsidy made sense a century ago, when it was used to cajole small farmers into heading west to settle the then-untamed lands. But nowadays, small farming has become big agribusiness, and taxpayers are subsidizing the players in that game: oil companies, railroads and wealthy absentee landowners who can well afford to pay what the water is worth. The subsidy was continued with little public protest for years, under the assumption that cheap water meant cheap food. But now, with the very real threat of a crippling drought in California and the nation, it is clear that these priorities must be reviewed.

There's absolutely no doubt that unreasonably low prices encourage inefficient use of water. Practically every independent study ever conducted has concluded that when water is realistically priced, use becomes far more judicious. Moreover, a 1978 Agriculture Department study even found that increasing the cost of water would also result in better crop yield per acre and a higher profit margin. Greater efficiency would of course prove an enormous boon to water-conservation efforts, since farmers use fully 85 percent of all water consumed in this state. That's right all the water we wash our dogs or slake our thirsty lawns with, *plus*, all the water that industries and municipalities gulp down, accounts for a measly 15 percent of the whole.

So it stands to reason that any conservation effort—without which the water crisis cannot be alleviated, Peripheral Canal or not—must begin with agriculture. But no one has yet been able to convince the powerful and profit-conscious farm lobby or timid and contribution-conscious legislators of that. Congressman Miller, then, deserves credit for guts on top of a sense of realism and fairness in introducing his bill (which, by the way, has nothing to do with the Peripheral Canal or the federal Land Reclamation Act).

Having said that, we add a note of temperance: The bill is a hopeful start, but it is not quite as strong as we would like. Federal water cost is calculated on a number of factors, but two important ones are cost of delivery and interest on the long-term loans to build the projects. The bill would authorize the Interior Department to begin charging its agricultural customers full cost of water delivery from existing projects once current contracts expire. But because of contractual obligations, it cannot charge interest on the construction loans, though that accounts for some 80 percent of the subsidy, according to Miller. So federally developed water prices will rise, but they will rise slowly as contracts expire, and still fall far below the fair-market value.

New customers on new projects, however, will have to pay both the full cost of delivery and up to 2 percent interest on the government loan. That provision will surely help keep agricultural waste from getting worse, although it won't do anything to coax current customers to reduce inefficient use—the real problem.

Still, the bill is important, for it correctly acknowledges the water shortage as an economic issue that can be resolved, in large part, through the same economic principles being successfully used to offset the oil shortage. And it may be the best compromise possible right now between water conservationists and farm interests. Last year, a much stronger bill (requiring full-cost payment on water for more than 960 acres of land) withered on the floor. We hope that this time around, legislators keep the majority interest in mind and muster the courage and sense to approve this bill.

[From the Washington Post, Sept. 30, 1981]

PAYING FOR WATER

President Reagan has taken a brave first step by proposing that the federal government recover what it spends on building waterways, ports and other water development projects of the Corps of Engineers. His proposal deserves to be strengthened and supported by Congress. Then the legislators and the administration can finish the job by applying the same principle to the companion projects built by the Bureau of Reclamation for irrigation.

Once upon a time federally subsidized water projects made sense. Relatively small expenditures on harbors and canals yielded large payoffs in transportation and trade. Irrigation projects encouraged farmers to settle the open West. Water seemed limitless, so there was no need to worry about waste from underpriced supplies. It cost the government next to nothing to borrow money, and a trillion-dollar federal debt had not been dreamt of.

Now the obvious waterway improvements have been made, and current grandiose navigation projects tend to benefit only those who get the contracts to build them. The West has been settled. The federal budget is the country's central economic concern. And a looming water shortage, exacerbated by massive agricultural waste, threatens the future of the 17 western states.

The administration has proposed that user fees be charged to recover the full cost of the federal investment in navigation projects. While that would be an undeniable improvement over the current practice of government-pay-all, many of today's projects are so ill-advised that users will never materialize and the government will still be left with the bill. A better solution would require the potential beneficiaries to share in the up-front costs of building the project. That will quickly sort out the sensible projects from the boondoggles.

Although all federal irrigation projects are said to require "full repayment" by the users, that description is a fiction. A recent General Accounting Office study of six of these full repayment schemes found that the taxpayer subsidy ranged from 92 to 98 percent of the total cost. In every case, users were to repay less than 10 percent of the cost. The discrepancy comes from a variety of creative accounting measures, including not counting the government's interest costs. The result is that users of one South Dakota project, for example, will pay $3.10 per acre-foot of water that costs the government $131.50 to deliver.

Rep. George Miller of California has introduced a sensible bill that would reduce, though not eliminate, the federal subsidy. Like cost sharing for navigation projects it would increase federal revenues and curtail a subsidy program that has long since outgrown its original rationale. More important it would stop the dangerous waste to precious water that is encouraged—even enforced—by a price that bears no relation to cost. The analogy to the government's past policy of artificially holding down the price of oil is an exact one.

These changes will not come easily. All water projects are politically sacrosanct in Congress, and the administration has no desire to alienate the 17 western states by tightening up to irrigation program. Yet billions of federal dollars are at stake. As more and more important social programs fall by the wayside, these watery wasters cannot remain immune much longer. As the question goes: if not now—when?

The time for this legislation has certainly come. Enactment of my legislation will make better use of our national water resources without excessive Federal regulation; it will stop the drain of billions of dollars to subsidize irrigators who can afford to pay for the water they use; it will check the continued construction of overblown, indefensible public works projects; and not unimportantly, it will help the farmer by stimulating greater efficiency in his operation without injuring his profits. In fact, a recent study by the U.S. Department of Agriculture concluded that farm profits could actually increase because of the enhanced efficiency resulting from water pricing reform.

This legislation meets all of these goals. It deserves prompt and positive enactment by the Congress.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, October 6, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

OCTOBER 7

9:00 a.m.

Foreign Relations

To continue hearings on the Airborne Warning and Conrol System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia.

4221 Dirksen Building

Select on Intelligence

Closed business meeting.

224 Russell Building

10:00 a.m.

*Judiciary

To hold oversight hearings on the activities of the Public Integrity Section of the Department of Justice.

2228 Dirksen Building

Joint Economic

Economic Goals and Intergovernmental Policy Subcommittee

To hold hearings on the effects of defense spending on the economy.

2218 Rayburn Building

10:30 a.m.

Commerce, Science, and Transportation

To hold hearings on the nominations of Malcolm M. B. Sterrett, of Maryland, and Frederic N. Andre, of Indiana, each to be a Member of the Interstate Commerce Commission.

235 Russell Building

2:00 p.m.

Foreign Relations

Business meeting, to consider the proposed Airborne Warning and Control System (AWACS) and the F-15 enhancements arms sales package to Saudi Arabia, and other pending calendar business.

4221 Dirksen Building

OCTOBER 14

9:00 a.m.

Governmental Affairs

Energy, Nuclear Proliferation, and Government Processes Subcommittee

To hold oversight hearings on Soviet energy and Western European energy security matters.

3302 Dirksen Building

9:30 a.m.

Judiciary

Agency Administration Subcommittee

To hold oversight hearings on the implementation of the Military Personnel and Civilian Employees Claims Act of 1964, title XXI of the Criminal Code.

357 Russell Building

Judiciary

Constitution Subcommittee

To resume hearings on S.J. Res. 110, amending the Constitution to establish legislative authority in Congress and the States with respect to abortion, and other related measures.

2228 Dirksen Building

10:00 a.m.

Agriculture, Nutrition, and Forestry

Agricultural Research and General Legislation Subcommittee

To hold hearings on the Commodity Futures Trading Commission's pilot program in options trading for nonagricultural commodities.

324 Russell Building.

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss the present conditions of the mass refugee asylum process.
412 Russell Building

2:00 p.m.
Judiciary
To hold hearings on S. 1639, to modernize the extradition laws of the United States.
2228 Dirksen Building

OCTOBER 15

9:00 a.m.
*Banking, Housing, and Urban Affairs
Business meeting, to mark up S. 1230, authorizing the minting of special coins commemorating the 1984 summer Olympic games in Los Angeles, Calif.
5302 Dirksen Building

9:30 a.m.
Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 134, S. 1422, and S. 1444, bills authorizing the Administrator of General Services to donate certain Federal personal property to State and local governments.
1318 Dirksen Building

Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold hearings on S. 1226, to establish the National Nuclear Property Insurance Corporation, to provide supplemental insurance coverage for certain clean-up costs following damage to nuclear powerplants.
Room to be announced

Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings on State implementation of certain Federal regulations, focusing on standards of the Occupational Safety and Health Administration.
Room to be announced

Judiciary
*Constitution Subcommittee
To resume oversight hearings on the implementation of the Freedom of Information Act, and on S. 1247, S. 1235, and S. 587, bills providing for the protection of certain confidential information from the disclosure requirements of the Freedom of Information Act.
2228 Dirksen Building

10:00 a.m.
Environment and Public Works
To hold oversight hearings to review those programs administered by the Environmental Protection Agency, and on the proposed budget for the EPA.
4200 Dirksen Building

Governmental Affairs
To hold hearings on pending nominations.
3302 Dirksen Building

10:30 a.m.
Energy and Natural Resources
To hold hearings on S. 1674, modifying certain provisions of the Revised Organic Act of the Virgin Islands and providing certain other authorities affecting the territories and possessions of the United States.
3110 Dirksen Building

1:30 p.m.
Judiciary
Security and Terrorism Subcommittee
To resume hearings on the origin, direction, and support tactics of terrorism.
2228 Dirksen Building

OCTOBER 16

9:30 a.m.
Commerce, Science, and Transportation
Merchant Marine Subcommittee
To hold hearings on proposed legislation permitting certain liner vessel operators in the foreign commerce of the United States to participate in domestic trade between Unalaska Island, Alaska and the west coast of the continental United States.
235 Russell Building

Finance
Taxation and Debt Management Subcommittee
To hold hearings on miscellaneous tax proposals.
2221 Dirksen Building

10:00 a.m.
Energy and Natural Resources
To resume hearings on S. 1544, authorizing funds for fiscal years 1982, 1983, and 1984 for State and local energy block grant programs.
3110 Dirksen Building

Environment and Public Works
To hold hearings on John A. Todhunter, of Maryland, to be Assistant Administrator of Pesticides and Toxic Substances of the Environmental Protection Agency.
4200 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss policies relating to deportation and exclusion.
412 Russell Building

Judiciary
Security and Terrorism Subcommittee
To continue hearings on the origin, direction, and support tactics of terrorism.
6226 Dirksen Building

Judiciary
*Separation of Powers Subcommittee
To resume hearings on S. 1647, restricting the power of Federal courts in matters of court-ordered school busing, focusing on certain community problems.
2228 Dirksen Building

OCTOBER 19

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee
To hold hearings on S. 750 and S. 1288, bills providing energy tax credits for industrial and commercial business to encourage investment in new energy conserving equipment.
2221 Dirksen Building

Judiciary
Constitution Subcommittee
To resume hearings on S.J. Res. 110, amending the Constitution to establish legislative authority in Congress and the States with respect to abortion, and other related measures.
2228 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee and Water and Power Subcommittee
To hold joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

2:00 p.m.
Finance
Oversight of the Internal Revenue Service Subcommittee
To hold hearings on the recovery of attorneys fees in tax cases.
2221 Dirksen Building

Governmental Affairs
Intergovernmental Relations Subcommittee
To hold hearings to discuss alternative Federal housing programs.
3302 Dirksen Building

OCTOBER 20

9:00 a.m.
Labor and Human Resources
To hold oversight hearings on the implementation of the Comprehensive Employment Training Act (CETA).
4232 Dirksen Building

9:30 a.m.
Agriculture, Nutrition, and Forestry
Agricultural Credit and Rural Electrification Subcommittee
To hold oversight hearings on the bidding, purchasing, and elections processes of the Rural Electrification Administration.
324 Russell Building

Commerce, Science, and Transportation
Surface Transportation Subcommittee
To hold oversight hearings on the implementation of the Household Goods Transportation Act (Public Law 96-454).
1318 Dirksen Building

Governmental Affairs
Civil Service, Post Office, and General Services Subcommittee
To hold hearings on S. 1421, to establish the National Archives and Records Administration as an independent executive agency.
3302 Dirksen Building

10:00 a.m.
Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To hold hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Energy and Natural Resources
To hold joint hearings with the Committee on Environment and Public Works' Subcommittee on Nuclear Regulation on S. 1606, to provide for a nuclear property damage insurance fund, and to provide additional funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building

Environment and Public Works
Business meeting, to mark up S. 1192, providing for the completion of Union Station, Washington, D.C., as primarily a transportation center, S. 1493, deauthorizing certain water resource projects within the jurisdiction of the U.S. Army Corps of Engineers, and other pending calendar business.
4200 Dirksen Building

Environment and Public Works
Nuclear Regulation Subcommittee
To hold joint hearings with the Committee on Energy and Natural Resources on S. 1606, to provide for a nuclear property damage insurance fund, and to provide additional funds for the cleanup of the contaminated nuclear facility at Three Mile Island.
3110 Dirksen Building

Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

OCTOBER 21

9:00 a.m.
Governmental Affairs
To hold hearings to examine the current acquisition process in the Department of Defense.
3302 Dirksen Building

9:30 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To hold oversight hearings on certain activities of the Advisory Commission on Intergovernmental Relations.
224 Russell Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
To hold hearings on the nomination of Susan M. Phillips, of Iowa, to be a Commissioner of the Commodity Futures Trading Commission.
324 Russell Building

Commerce, Science, and Transportation
Business, Trade, and Tourism Subcommittee
To continue hearings on S. 1233, establishing a service industries development program in the Department of Commerce.
235 Russell Building

Judiciary
To resume hearings on S. 326, prohibiting a refiner, other than an independent or small refiner, from operating a gas station in the United States, and making it unlawful for a supplier to practice price discrimination in the sale of motor fuel.
2228 Dirksen Building

Labor and Human Resources
Alcoholism and Drug Abuse Subcommittee
To hold hearings to examine the impact of marihuana on youth, focusing on the areas of health and education
4232 Dirksen Building

Labor and Human Resources
Education Subcommittee and Employment and Productivity Subcommittee
To hold joint oversight hearings on the implementation of vocational education and youth employment programs.
1224 Dirksen Building

2:00 p.m.
Environment and Public Works
Environmental Pollution Subcommittee
To hold hearings on S. 1018, authorizing funds through fiscal year 1986 for the protection and conservation of fish and wildlife resources along the coastal barriers of the Atlantic and gulf coasts.
4200 Dirksen Building

OCTOBER 22

9:00 a.m.
Governmental Affairs
Energy, Nuclear Proliferation, and Government Processes Subcommittee
To hold oversight hearings on certain activities of the Office of Surface Mining—Reclamation and Enforcement, Department of the Interior.
Room to be announced

9:30 a.m.
Governmental Affairs
Intergovernmental Relations Subcommittee
To resume hearings on fiscal disparities within the Federal Government.
6226 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to discuss temporary worker programs of the Federal Government.
2228 Dirksen Building

Labor and Human Resources
To hold oversight hearings on activities relating to affirmative action of the Office of Federal Contract Compliance Programs, Department of Labor.
4232 Dirksen Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Forestry, Water Resources, and Environment Subcommittee
To hold hearings on S. 705, authorizing the conveyance of certain National Forest System lands.
324 Russell Building

Governmental Affairs
To resume oversight hearings on the Congressional budget process.
3302 Dirksen Building

Judiciary
*Juvenile Justice Subcommittee
To hold hearings on the early detection of juvenile crime.
5110 Dirksen Building

OCTOBER 23

10:00 a.m.
Energy and Natural Resources
Energy Regulation Subcommittee and Water and Power Subcommittee
To resume joint oversight hearings on hydroelectric development and related licensing procedures.
3110 Dirksen Building

Judiciary
Criminal Law Subcommittee
To hold hearings on violent crime task forces.
2228 Dirksen Building

Judiciary
Separation of Powers Subcommittee
Business meeting, to mark up S. 1647, restricting the power of Federal courts in matters of court-ordered school busing.
5110 Dirksen Building

OCTOBER 26

9:30 a.m.
Judiciary
Courts Subcommittee
To hold hearings on S. 653, proposed Habeas Corpus Procedures Amendments Act.
2228 Dirksen Building

Judiciary
Juvenile Justice Subcommittee
To hold hearings on the judicial systems' policies relating to correctional institutions and sentencing of juveniles.
357 Russell Building

OCTOBER 27

9:00 a.m.
Governmental Affairs
To resume hearings to examine the acquisition process of the Department of Defense.
3302 Dirksen Building

9:30 a.m.
Labor and Human Resources
To hold hearings on S. 1483, proposed Radiation Exposure Compensation Act.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To hold oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

2:00 p.m.
*Judiciary
To hold oversight hearings on merger policy in the private sector.
2228 Dirksen Building

OCTOBER 28

9:30 a.m.
Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on alleged corruption in the International Longshoremen's Association's influence and control over the waterfront industry along the east and gulf coasts.
3302 Dirksen Building

*Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building

*Labor and Human Resources
Labor Subcommittee
Business meeting, to consider S. 1182, improving the administration of the Longshoremen's and Harbor Workers' Compensation Act by removing certain inequities, reducing incentives for fraud and abuse, and assuring immediate compensation benefits and competent medical treatment for injured employees.
4232 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Energy and Mineral Resources Subcommittee
To continue oversight hearings on America's role in the world coal export market.
3110 Dirksen Building

Governmental Affairs
To hold hearings on S. 864, to require each executive agency to submit an annual report to the President on the adequacy of its internal accounting and administrative control systems.
Room to be announced

OCTOBER 29

9:30 a.m.
Commerce, Science, and Transportation
Business, Trade and Tourism Subcommittee
To hold hearings on S. 1256, to regulate interstate commerce by protecting the rights of consumers, dealers, and end users.
235 Russell Building

Governmental Affairs
Permanent Subcommittee on Investigations
To continue hearings on alleged corruption in the International Longshoremen's Association's influence and control over the waterfront industry along the east and gulf coasts.
224 Russell Building

Judiciary
Courts Subcommittee
To hold hearings on the future income of individuals claiming bankruptcy.
5110 Dirksen Building

Judiciary
Immigration and Refugee Policy Subcommittee
To continue hearings on granting amnesty to certain illegal aliens.
2228 Dirksen Building

Special on Aging
To hold hearings on the employment of the elderly.
6226 Dirksen Building

10:00 a.m.
Energy and Natural Resources
Public Lands and Reserved Water Subcommittee
To hold hearings on S. 625, revising the boundary of Voyageurs National Park in the State of Minnesota.
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

Governmental Affairs
To resume oversight hearings on the congressional budget process.
3302 Dirksen Building

OCTOBER 30

10:00 a.m.
Judiciary
To resume oversight hearings on the implementation of the Copyright Act of 1976, focusing on section 101 relative to cable TV policy.
2228 Dirksen Building

NOVEMBER 2

10:00 a.m.
Energy and Natural Resources
To hold oversight hearings on the implementation of Title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (P.L. 95-621).
3110 Dirksen Building

NOVEMBER 3

10:00 a.m.
Energy and Natural Resources
To continue oversight hearings on the implementation of Title I, establishing wellhead prices for natural gas, of the Natural Gas Policy Act (P.L. 95-621).
3110 Dirksen Building

Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 4

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1541, proposed Retirement Income Incentives and Adminstrative Simplification Act.
4232 Dirksen Building

NOVEMBER 5

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

Veterans' Affairs
To hold oversight hearings on the implementation of the Office of Management and Budget's circular A-76, providing for the contracting out of certain hospital care for veterans.
412 Russell Building

10:00 a.m.
Judiciary
Juvenile Justice Subcommittee
To hold hearings to examine the impact of media on juveniles.
6226 Dirksen Building

NOVEMBER 10

9:30 a.m.
Labor and Human Resources
To resume hearings on S. 234, to encourage the establishment of home health care programs and to provide expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

NOVEMBER 11

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

NOVEMBER 12

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To continue hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

Veterans' Affairs
To hold oversight hearings on the effects of the use of Agent Orange.
412 Russell Building

10:00 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

2:00 p.m.
Judiciary
Criminal Law Subcommittee
To continue hearings on S. 101 and S. 751, bills to eliminate or establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

NOVEMBER 17

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, proposed Retirement Income Incentives and Administrative Simplification Act.
4232 Dirksen Building

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building

CANCELLATIONS

OCTOBER 15

9:30 a.m.
Judiciary
Criminal Law Subcommittee
To resume hearings on S. 101 and S. 751, bills to eliminate and establish an alternative to the exclusionary rule in Federal criminal proceedings.
5110 Dirksen Building

OCTOBER 22

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1554, S. 1253, S. 482, and S. 440, bills to amend the Federal Criminal Code with respect to the circumstances under which a person charged with or convicted of a crime may be released on bail or personal recognizance.
Room to be announced